

**OREGON HEALTH FUND BOARD – Delivery Systems Committee**

March 13, 2008  
1:00 – 5:00 pm

Port of Portland, Commission Room  
121 NW Everett St.  
Portland, Oregon

**MEMBERS PRESENT:** Dick Stenson, Chair  
Maribeth Healey, Vice-Chair  
Tina Castanares, MD, (by phone)  
David Ford  
Bill Humbert  
Carolyn Kohn  
Diane Lovell  
Stefan Ostrach  
Ken Provencher  
Mike Shirtcliff, DMD  
Rick Wopat, MD  
Charlie Tragesser  
Mitch Anderson  
Dale Johnson  
Bart McMullan, MD  
Lillian Shirley, RN  
Vickie Gates

**MEMBERS ABSENT:** Doug Walta, MD, Vice-Chair  
Vanetta Abdellatif

**STAFF PRESENT:** Alyssa Holmgren, Operations Policy Analyst, OHPR  
Jeanene Smith, MD, Administrator, OHPR  
Ilana Weinbaum, Policy Analyst  
Zarie Haverkate, Communications Coordinator

**ALSO ATTENDING:** Senator Kurt Schrader  
Cindy Becker, COHO  
Tina Kitchen, Seniors and People with Disabilities  
Eileen Brady, Oregon Health Fund Board  
Bill Kramer, Consultant  
Denise Honzel, Exchange Workgroup

**ISSUES HEARD:**

- Call to Order/Review of 2/21 Meeting Minutes
- Testimony from Senator Schrader on Cost Containment Strategies
- Accountable Health Organization Discussion
- Demand Adjustment Cost Containment Strategies
- Public Testimony
- Supply Adjustment Cost Containment Strategies
- Prioritization of Key Effective Cost Containment Strategies
- Invited Testimony and Public Testimony: Oregon Association of Hospitals and Health Systems

These minutes are in compliance with Legislative Rules. Only text enclosed in italicized quotation marks reports a speaker's exact words. For complete contents, please refer to the recordings.

Chair Stenson

I. **Call to Order/Approval of 02/21/ Meeting Minutes**

- Meeting was called to order at approximately 1:00 pm. There is a quorum.

**Motion** to approve minutes is seconded. **Motion passed unanimously.**

Staff provided updates on:

- Health Fund Board meeting has moved to March 20 in Portland and requested that committee chairs be present to give reports on progress.
- New system for meeting notifications enables individual sign-up.
- Northwest Health Foundation has a blog at [www.talkhealthreform.org](http://www.talkhealthreform.org) where public will be able to post comments.
- OHSU is having a forum in April in Medford on health reform. Barney Speight, Director, OHFB, and many committee members will be participating.

Senator Scharader II. **Testimony from Senator Schrader on Cost Containment Strategies**

Senator Schrader commented on the points from the Committee's cost containment matrix from 02/21/08. Input included:

- Supported redesigning the Certificate of Need program and regional health planning.
- Agreed with strategies proposed under comparative effectiveness and suggested a focus on diagnostic services.
- Urged that redesigning provider payment strategies was vital.
- Discussed need reorganize the prioritized list.
- Suggested pay-for-performance should not just be considered for hospitals but for individual physicians, nurse practitioners and other providers.
- Expressed concern about reimbursement rates that include capitol investment costs.
- Discussed the employer's role in paying for healthcare costs and referred to healthcare payments that are part of workers' compensation. Suggested looking into opportunities to combine workers' compensation and health insurance markets.
- Stated that all health care providers, insurers, hospitals, doctor groups, should be required to participate in the Oregon Health Fund program.
- Suggested a review medical underwriting policies and ERISA.
- Called for more information about insurance mandates.
- Called for tort reform.

***Discussion/Questions***

- Discussion on the cost to small businesses.
- Discussion on certificate of need, cost of technology including oncology centers, MRI's being purchased in areas that already have several versus being able to provide basic coverage to Oregonians.
- To a question on long-term care needs, Senator Schrader asserted there was a need for integration of:
  - long term health care into current physical system
  - mental health into physical health

- To a question on what he saw as the basic health care package, Senator Schrader responded that:
  - He is concerned that the current Oregon Health Plan (OHP) will be the base plan and stated that it is not affordable.
  - He does not believe we can provide universal healthcare.
  - The state needs more data and is looking to the committees to provide information.
- Discussion on cost of bringing everyone to the level of OHP and debate on what the actual cost would be and whether or not it was affordable.
- The Senator stated that the legislature is placing a higher priority on education than on healthcare.

Chair Stenson thanked Senator Schrader for his support and for addressing the committee.

**John McConnell**

**III. Accountable Health Organization Discussion (See Power Point presentation).**

Dr. John McConnell, Oregon Health and Sciences University, discussed his experience working with the Oregon Health Policy Commission (OHPC) in estimating costs and responded to the Committee's Cost Containment Strategies. **(See Exhibit Materials 4.)**

- Defined an ACO as designed by Elliott Fisher and Jack Lindberg of Dartmouth. **(See Exhibit Materials 2.)**
- ACOs do not need to change any contractual relationships and can be created through empirical aggregation of claims data.
- Emphasized ability to compare data across ACOs.
- Can do risk adjustment of data.
- Variation of procedures utilization across ACOs can be identified.
- Discussed performance measures, local accountability and payment reform.
- Discussed the Medicare Physician Group Practice Demonstration being conducted (2004-2008) and Vermont's proposal to implement an ACO pilot project in 2011 to track performance measurement and change reimbursement **(see Exhibit Materials 3)**.
- Challenges listed.
- Highlighted advantages of model.

***Discussions/Questions***

- Model would enhance transparency.
- Discussion over who would provide bonuses and what percent of savings should go back to providers. Committee members felt part of savings should go back to community.
- Discussion about similarities with HMO model but would incorporate performance measures to look for overuse and underuse. Dr. McConnell responded that managed care focused on per capita cost only and ACOs would look to reduce costs while still hitting quality targets.
- ACO model can incorporate a broad set of measures.
- Three things necessary to make ACOs work:
  - Public Reporting
  - Economic Incentives
  - Community Involvement

- Discussion of current overutilization of technology.
- Value in model is in presentation of aggregated information.
- Discussion on how the integrated health home fits into the model and funding.
- Brings transparency and would allow community understanding and involvement.
- Value and limitations of quality and cost data discussed.
- Dr. McConnell told the committee that Dr. Elliott Fisher has said he would consider coming to Oregon to present to the Committee and Health Fund Board.

Chair Stenson

**IV. Demand Adjustment Cost Containment Strategies (See Exhibit Materials 4)**

- Discussion of difficulties associated with merging workers' compensation and health insurance markets. Reference to previous pilots.
- Discussion of provider issues including:
  - Requiring providers to accept Medicare and Oregon Health Fund Program enrollees to spread out burden
  - Concern of creating barriers to bringing more physicians into the state.
- Public health strategies discussed including changing document language from "public health" to "population-based public health."
- Health Plan Design discussed with staff to rework 2<sup>nd</sup> statement.
- Creating Culture of Health discussed. Committee consensus that it was too vague - needs to have more teeth and be more specific. Committee comments that public health strategies are important but might not fit into cost containment strategies.
- Shared Decision Making discussion included use of patient-decision aids and need to train health care providers in how to engage patient's in decision-making processes.

Chair Stenson

**V. Supply Adjustment Cost Containment Strategies (See Exhibit Materials 5)**

- Targeted Capital Investment was discussed.
  - Concern expressed in creating another bureaucracy.
  - Suggestion to make a strong statement that certificates of need currently does not work.
  - Committee was polled and staff will incorporate comments using language of ACO to encompass:
    - Aggregation of information obtained at local level
    - Transparency of information
    - Need to build framework of ACO
- Comparative Effectiveness/Medical Technology Assessment was discussed.
  - Remove the word "new" from first statement concerning "evaluation of new devices."
  - Needs stronger language.

Discussion was interrupted to allow for scheduled public testimony.

## VI. Public Testimony

- Scott Kipper, Administrator for the Division of Insurance, responded to the Committee's health plan regulations document under "Goal: Correcting the Health Care Price Signal" and the five bulleted points listed below. Written testimony provided.
  - Set minimum loss ratios
    - Also discussed investments as not a part of loss ratio but used in other determinations.
  - Cap on administrative costs and/or profits and net income of insurance providers.
  - Adding investment income and insure profits as key factors to be reported and considered in the rate approval process
  - Increase transparency by defining insurance rate filings as public records
  - Expand scope of insurance rate reviews of larger groups
- Kevin Earls, Vice President, Finance and Health Policy, Oregon Association of Hospitals and Health Systems (OAHHS) and Jane-Ellen Weidanz, OAHHS Director of Public Policy, presented testimony in follow-up to Kevin Earls' comments at last Committee meeting. Powerpoint presentation and written testimony provided.
  - Discussion on increased utilization and "volume of consumption" by individuals resulting in higher costs.
  - Discussion about whether the rate of increase in uncompensated care that is absorbed by other parts of the delivery system.
  - Suggestion that despite uncompensated care, profit by hospitals is high.
  - Chair Stenson asked for Kevin Earls and Jane-Ellen Weidanz to return to the March 31 meeting.
  - Regulatory, including CON (certificate of need), has limited merit.

Chair Stenson

## IX. Adjourn

Chair Stenson adjourned the meeting at 5:25 p.m.

**Next meeting is March 31, 2008.**

Submitted By: Paula Hird

Reviewed By: Ilana Weinbaum

### EXHIBIT SUMMARY

1. Minutes of 02/21/08 for Review and Approval
2. Fisher, Elliott S., Mar 6, 2006. *The Implications of Regional and Provider-specific Variations in Medicare Spending for Medicare Payment Reform*
3. Vermont Pilot of Community Based Payment Reform: Accountable Care Organization
4. Delivery Systems Committee Cost Containment Strategies (for discussion): Goal: Adjust Demand on Cost Containment Strategies
5. Delivery Systems Committee Cost Containment Strategies (for discussion): Goal: Adjust Supply of Care through Incentives to Encourage Provision of Effective and Efficient Care