



Oregon

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Date: April 9, 2009

To: The Honorable Senator Laurie Monnes Anderson, Chair
Senate Health Care and Veterans' Affairs Committee

From: Carol Robinson,
Interim Executive Director, Oregon Health Fund Board
Jeanene Smith MD, MPH
Administrator, Office for Oregon Health Policy & Research

Subject: Senate Bill 453

Thank you allowing us to testify again in support of SB 453. Since your initial hearing on SB 453 on March 10, 2009, we have had several meetings and conversations with third party administrators (TPAs) and some Medicaid managed care organizations to modify language in SB 453 for establishing an all-payer, all-claims reporting program in the Office for Oregon Health Policy & Research (OHPR). We have had very productive conversations and believe that the amendments before you reflect many of the concerns we have heard about the bill as initially written and strengthens the reporting program in whole. OHPR also is in ongoing consultation from states such as Maine that have implemented programs like the one proposed in SB 453 to help refine language reflective in these amendments based on their successful experiences.

Below is summary of the issues we have heard and how we believe is responsive to those concerns in order to create an effective, efficient and equitable reporting program.

1. **Issue:** The independent TPAs and the Medicaid managed care organizations expressed concern over the lack of specific file format and layout proposed in SB 453.

Response: The amendments before you clarify when applicable and available, data will conform to national claims standards, for the HIPAA mandated electronic claims standards and, for paper claims, the CMS required formats. The amendment references the national organizations who define these standards and whose standards are adopted by all payers. By referencing these organizations and not specific forms and formats, the program will remain flexible as standards change and this will also minimize reporting burden by reporting entities in the event national standards do change. The intent of these changes is to make very clear the program will align with national standards where they exist. Where there are not national



standards, OHPR will continue to consult with other states and utilize their expertise as well as that of the industry to help inform the rulemaking process.

Amendment reference: (-2) Page 1, Lines 17-21

2. **Issue:** The language in SB 453 does not currently direct the OHPR Administrator to consult with reporting entities in the rulemaking process.

Response: The Office for Oregon Health Policy & Research expects and welcomes interested stakeholders for this reporting program to be an active participant through the rulemaking process. Although not explicitly cited in statute, the official DHS adopted policy requires each rulemaking process to include entities that will be most effected by the new rules.

Input from reporting entities is critical to development of effective reporting programs from both a policy perspective and to minimize entities reporting burden when possible. Each reporting entity has differing capabilities and capacity that should be considered for the design and implementation of the reporting program. OHPR has a long track record of collaboration and consultation with reporting entities including hospitals, ambulatory surgery centers and commercial insurance carriers. As a concrete example through collaboration with the Oregon Insurance Division (OID), OHPR has published inpatient commercial claims payment information for the last two years. OHPR, OID, the commercial insurance carriers and hospitals spent many meetings collaboratively developing what data is required, how it is required and how data is presented not too dissimilar to the process we are hoping to embark on for this reporting program. Through this collaborative process and the care given to the development of the reporting program on the front end, we have created a project that is efficient, effective and equitable. In addition and to the credit of this process, the program has received national recognition for its innovative step towards increased transparency and creating the ability to allow patients, business, providers, purchasers, and payers to begin the discussion in Oregon about cost, quality and access in the health care system.

3. **Issue:** All TPAs are not licensed by the Oregon Insurance Division and in order to prevent inequity among TPAs, the reporting program should require all TPAs to report.

Response: The intent of the reporting program is to create a program that requires as many entities that pay, process or administer claims in Oregon to submit information. We believe that having as much information as possible about the cost, quality and access of the entire health care delivery system is critical to effective health care reform both at a statewide and community level. We acknowledge and understand the concerns of applying an equitable solution across all TPAs, licensed or not. The amendment before you attempted to capture unlicensed TPAs through allowing OHPR to accept information voluntarily from unlicensed TPAs. Through additional information

we have received since submission of the -2 amendments, we believe a requirement for all TPAs to report should include both licensed and registered TPAs and would provide the equity we all seek for this reporting program.

Amendment reference: (-2) Page 2, Lines 12-16

4. **Issue:** Stakeholders have expressed concern that they may not hold, collect or store the data elements that may be required for reporting.

Response: We understand and appreciate the difficulty of transitioning from using information from a claim for administration and payment for a plan sponsor to reporting claims information as proposed in SB 453. The bill's intent and that of OHPR is to establish the framework for all reporting entities grounded in standards currently used in claims processing in an equitable way. Although we understand the concern, it is unknown if this will be a large problem as conversations with other states with all-payer, all-claims reporting programs have not had this experience. In proposed amendments to SB 453, the reporting program would adhere to national standard formats, where available. Where there are not national standards, OHPR will continue to consult with other states and utilize their expertise as well as that of the industry to help inform the rulemaking process. Not only will these methods create a consistent, uniform reporting program but it will also minimize reporting burden by using standards already in use by reporting entities. OHPR has used this process with great success over the years with a variety of health care data reporting programs and believes this creates an effective, efficient and equitable reporting program.

Amendment reference: (-2) Page 1, Lines 17-21

5. **Issue:** There is concern that some TPAs do not have the capacity or infrastructure to meet the requirements as other reporting entities might have. In addition, TPAs were concerned that they would need sufficient time to comply and asked for more specific language about when the program would start.

Response: The intent of OHPR is to create an effective, efficient and equitable reporting program for all reporting entities. The amendments before you clarify when applicable and available, data will conform to national claims standards, the HIPAA mandated electronic claims standards and, for paper claims, the CMS standard formats. By aligning with national standards, we believe will enhance the capability of reporting entities to efficiently and effectively report the requirements in SB 453.

An exact determination of a threshold for reporting is a process that lends itself to the rulemaking process in collaboration with reporting entities. Other states have taken this approach with great success in meeting the policy objectives and minimizing reporting burden when appropriate.

Amendment reference: (-2) Page 2, Lines 6; Page 2, Lines 28-30; Page 3, Line 1

6. **Issue:** Proprietary information could be used to divulge trade secrets and reduce competition.

Response: We believe this is an important and valuable concept to make sure we get right. The current language in the bill we believe protects reporting entities to the kind of circumstance they want to avoid. In addition, the rulemaking process will also further define which data elements are available that further protect the concerns of reporting entities. The intent of the reporting program is to understand statewide, regional, and community level variation in cost, quality and access. Other states through rulemaking have established other mechanisms to protect sensitive information while maintaining limited public access to information valuable for consumers, providers, purchasers and payers to make more informed health care decisions

In conclusion, we believe that through productive workgroup discussions and the amendments before you, the all-payer, all-claims reporting program proposed in SB 453 will allow Oregonians to objectively ensure their health care system is providing the highest quality care, while containing costs. Specifically, the all-payer, all-claims reporting program will allow:

- Providers to benchmark their performance, identify opportunities for quality improvement, and design effective quality improvement initiatives;
- Purchasers to identify and reward high-performing providers who delivery high-quality, high-value care to their patients;
- Consumers to access information to help guide critical health care decisions; and
- Policy makers to make improved strategic decisions for the priorities of Oregon, both by providing funding and also through the development of public-private partnerships at the local level for development of community specific initiatives.

Thank you for your time and we would be more than happy to answer any additional questions you may have.

Sincerely,

Carol Robinson
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Oregon Health Fund Board

Jeanene Smith MD, MPH
Administrator
Office for Oregon Health Policy & Research