

HEALTH CARE COST GROWTH & INSURERS' VALUE-BASED PAYMENT COMPACT

Data through 2022 show mixed progress towards commitments

Introduction

In 2021, forty-seven health care entities in Oregon - health insurers, large clinics, health systems, and the coordinated care organizations that serve Oregon Health Plan members - signed a voluntary compact committing to move away from paying for health care on a per-unit basis and moving towards rewarding high-quality and high-value medical care.¹

The effort to develop this Value-based Payment Compact arose out of a shared belief that to successfully prevent health care costs from growing faster than wages and the Oregon economy, health insurers must pay doctors, clinics and hospitals based on whether patients are receiving the right high-quality care at the right time, instead of the number of health care services provided to patients.

Health insurers, large clinics, health systems, and coordinated care organizations committed to spending at least 35% of their total budgets in the form of an advanced value-based payment (VBP) in 2021, increasing to 40% in 2022 and 70% by 2025. Advanced VBP means a payment that is shared savings, shared risk or a capitated arrangement. Advanced VBPs must also have a quality component.

Oregon's health care cost growth target is a goal for the annual per person rate of growth of total health care spending in the state. The program looks at health care spending for health insurance companies and provider organizations and compares that growth to a specific target each year. The program also reports annually on drivers of health care cost growth.

From 2021 to 2022, per person health care costs grew by 2.2% in the Medicare market, 1.5% in the Commercial market and 1.2% in the Medicaid market. Many factors contributed to changes in health care spending. For more information, see [Health Care Cost Growth Trends in Oregon, 2021-2022](#).

This brief uses publicly available data to map health insurer progress adopting value-based payment arrangements and their overall cost growth relative to the cost growth target in 2022.



¹ Oregon Health Leadership Council, Value-Based Payment Compact
<https://orhealthleadershipcouncil.org/oregon-value-based-payment-compact/>

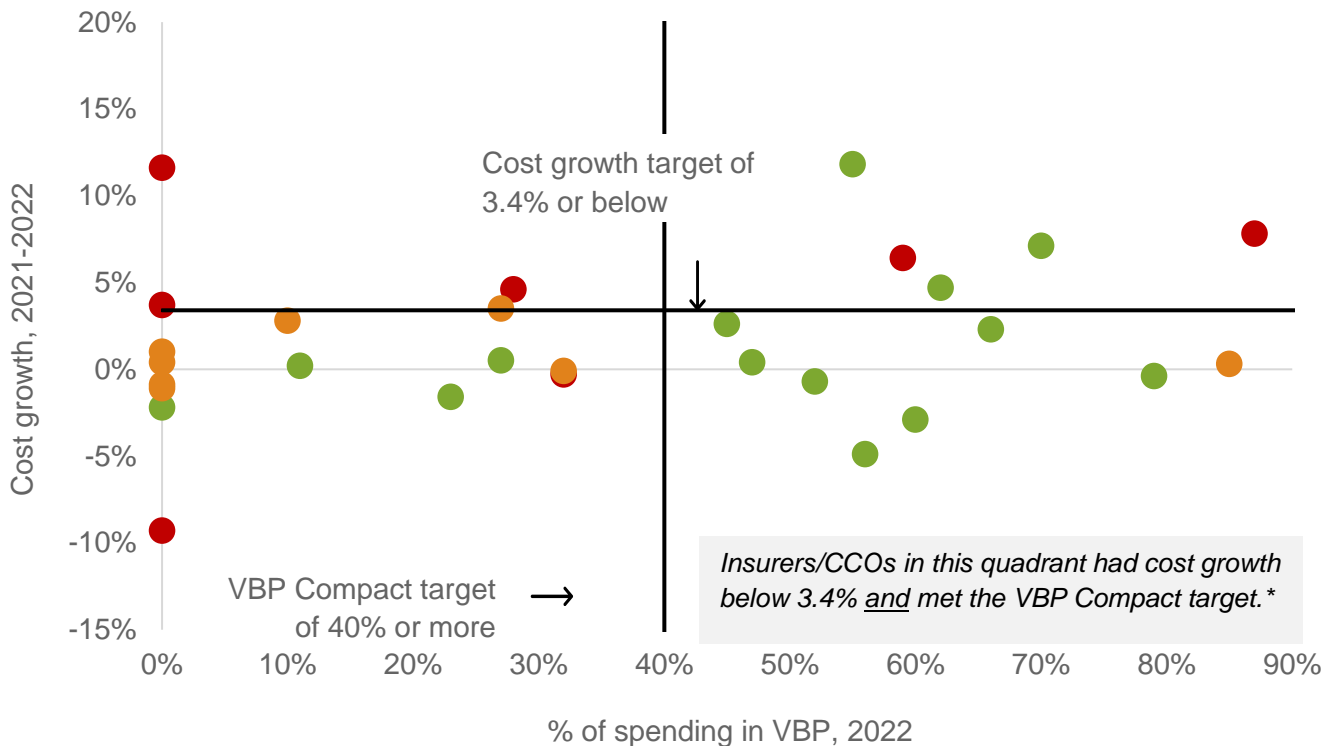
Oregon's Health Insurer Progress on Value-Based Payments and Cost Growth Targets

Roughly half of the health insurers met the VBP Compact target of 40% in 2022 and roughly half of health insurers met the cost growth target by keeping their total per person spending below 3.4% growth between 2021 to 2022.

The percent of health insurers meeting these targets increased relative to the prior year's reporting (for the 2021 VBP compact and 2020-2021 cost growth target measurement periods), when about one-third of insurers met each goal. However, the number of health insurers meeting both targets remained steady, at six health insurers.

As in the prior period, the majority of those meeting both targets were **Coordinated Care Organizations (CCOs)** (see green dots in graphic below). Two **Commercial** insurers met both the VBP Compact Target and the cost growth target for 2022. No **Medicare Advantage** insurers met both targets.

6 health insurers met both the VBP Compact Target and cost growth target in 2022*



*Some insurers had cost growth below the 3.4% cost growth target but did not meet the target with statistical significance so are not included in the count of insurers/CCOs who met both targets.

The Oregon Health Authority (OHA) will continue monitoring the voluntary effort to advance VBPs and measure and report on health insurer cost growth relative to the sustainable health care cost growth target.

Health Insurer Progress Towards Meeting VBP Compact and Cost Growth Targets, 2021-2022

Some insurers had cost growth that was at or below the cost growth target but did not meet the target with statistical confidence, as the upper bound of their 95% confidence interval was above the target. These are listed as “indeterminate.” Only insurers who met the cost growth target with statistical confidence are listed as meeting the target.

Six insurers/CCOs successfully met both the VBP Compact and the Cost Growth Target:

- Aetna, Commercial line of business
- IHN CCO, Medicaid line of business
- Kaiser Permanente, Commercial line of business
- PacificSource Central OR, Lane, and Marion Polk CCOs, Medicaid line of business

Notably, eight insurers/CCOs failed to commit any spending in the form of an advanced VBP in 2022, despite signing on to the VBP Compact. The following insurers/CCOs spent 0% on advanced VBPs:

- AllCare CCO, Medicaid line of business
- Atrio, Medicare Advantage line of business
- Cigna, commercial line of business
- Health Net Oregon, commercial line of business
- Providence, commercial line of business
- UnitedHealthcare, commercial line of business
- Moda, Medicare Advantage line of business
- Providence Health Assurance, Medicare Advantage line of business

MET BOTH VBP COMPACT AND COST GROWTH TARGET

Insurer	Line of Business	VBP % (2022)	VBP Compact Target Met?	Cost Growth % (2021-22)	Cost Growth Target Met?
Aetna	Commercial	54%	Yes	-2.2%	Yes
IHN CCO	Medicaid	79%	Yes	-0.4%	Yes
Kaiser Permanente	Commercial	85%	Yes	0.3%	Yes
PacificSource – Central OR	Medicaid	52%	Yes	-0.7%	Yes
PacificSource – Lane	Medicaid	56%	Yes	-4.9%	Yes
PacificSource – Marion Polk	Medicaid	60%	Yes	-2.9%	Yes

MET EITHER VBP COMPACT OR COST GROWTH TARGET

Insurer	Line of Business	VBP % (2022)	VBP Compact Target Met?	Cost Growth % (2021-22)	Cost Growth Target Met?
Advanced Health	Medicaid	55%	Yes	11.8%	No
Aetna	Medicare Advantage	96%	Yes	2.2%	Indeterminant
AllCare CCO	Medicaid	0%	No	-2.2%	Yes
ATRIO	Medicare Advantage	0%	No	-9.3%	Yes
Cascade Health	Medicaid	62%	Yes	4.7%	No
Cigna	Commercial	0%	No	0.4%	Yes
Columbia Pacific CCO	Medicaid	66%	Yes	2.3%	Indeterminant
Eastern Oregon CCO	Medicaid	94%	Yes	2.6%	Indeterminant
Health Net Company	Medicare Advantage	*	No	0.1%	Yes
Health Net Oregon	Commercial	0%	No	-1.1%	Yes
Health Share	Medicaid	70%	Yes	7.1%	No
Jackson Care Connect CCO	Medicaid	47%	Yes	0.4%	Indeterminant
Kaiser Permanente	Medicare Advantage	87%	Yes	7.8%	No
Moda	Commercial	32%	No	-0.1%	Yes
PacificSource – Gorge	Medicaid	45%	Yes	2.6%	Indeterminant
PacificSource – Community	Medicare Advantage	32%	No	-0.3%	Yes
Providence	Commercial	0%	No	1.0%	Yes
Trillium Tri-County CCO	Medicaid	11%	No	0.2%	Yes
Trillium Southwest CCO	Medicaid	23%	No	-1.6%	Yes
UnitedHealthcare	Commercial	0%	No	-0.9%	Yes
UnitedHealthcare	Medicare Advantage	59%	Yes	6.4%	No
Yamhill Community Care	Medicaid	27%	No	0.5%	yes

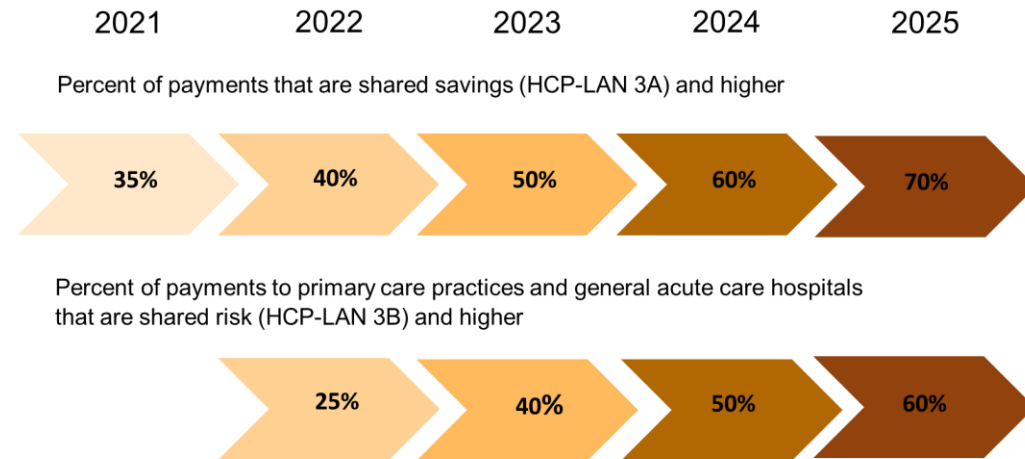
MET NEITHER VBP COMPACT NOR COST GROWTH TARGET

Insurer	Line of Business	VBP % (2022)	VBP Compact Target Met?	Cost Growth % (2021-22)	Cost Growth Target Met?
Health Net Oregon	Medicare Advantage	*	No	4.2%	No
Moda	Medicare Advantage	0%	No	11.6%	No
PacificSource Health	Commercial	10%	No	2.8%	Indeterminant
Providence Health Assurance	Medicare Advantage	0%	No	3.7%	No
Regence	Commercial	27%	No	3.5%	Indeterminant
Regence	Medicare Advantage	6.8%	No	4.6%	No

** Payment arrangements for Health Net’s Medicare Advantage companies show a combined percent of VBP payments of 3A or higher of 7%. Separate estimates of payment arrangements for those companies (for which cost growth is measured separately) are not available.*

For More Information

VALUE-BASED PAYMENT COMPACT TARGETS



DATA SOURCES

2021-2022 cost growth target data for insurers/CCOs is publicly available in the [Health Care Cost Growth Trends in Oregon, 2021-2022 Report](#) and [Public Databook](#).

2022 payment arrangement data for insurers/CCOs is publicly available in the [2022 Oregon Health Care Value-Based Payment Report](#).

FOR MORE INFORMATION

Contact us at HealthCare.CostTarget@oha.oregon.gov

You can get this document in other languages, large print, braille, or a format you prefer. Contact the Sustainable Health Care Cost Growth Target Program at 503-385-5948 or email HealthCare.CostTarget@oha.oregon.gov.