

Frequently Asked Questions about Oregon's Value-Based Payment Compact

1. What is the Oregon Value-Based Payment (VBP) Compact?

The Oregon VBP Compact is a voluntary commitment by payers and providers across the state to participate in and spread VBPs. The Compact is based on the work of the Sustainable Health Care Cost Growth Target Implementation Committee (Cost Growth Implementation Committee) which was charged by the legislature to identify mechanisms to lower the growth of health care spending in Oregon to a financially sustainable rate. The Committee identified VBP as a critical strategy to lower costs, and developed a set of VBP principles which serve as the basis of the [VBP Compact](#).

2. What is the relationship between – and the difference between – the VBP Compact and the Health Care Cost Growth Target Program?

Participation in the Health Care Cost Growth Target Program (as directed by SB 889) is required for payers and providers. All payers and third-party administrators with at least 1,000 covered Oregon lives across all lines of business must submit cost growth target data. Provider organizations do not have data submission requirements.

The annual per capita health care cost growth target is 3.4% for 2021-2025 and 3.0% for 2026-2030. Payer and provider organization cost growth will be measured relative to the target each year and reported, and payers and provider organizations that don't meet the cost growth target without good reason may be subject to performance improvement plans and financial penalties.

The VBP Compact is a strategy recommended by the Health Care Cost Growth Target Implementation Committee to move the state towards achieving the annual per capita health care cost growth target. The use of VBPs is the first of several strategies that the Committee will recommend to reduce cost growth.

Participation in the VBP Compact is voluntary. There is no penalty for not meeting targets established by the Implementation Committee. Rather, the Compact is an aligned effort to change payment mechanisms to improve care and value across the state.

3. Why should my organization sign the VBP Compact?

Oregon has long been a national leader in health system transformation, focused on creating a system for delivering affordable, high value coordinated quality care. By signing the VBP Compact, payers and providers will participate in setting a new standard for an equitable, sustainable health care system in the state.

4. What is my organization committing to? Is the VBP Compact legally binding?

The VBP Compact demonstrates a commitment to a set of VBP principles drafted by the Cost Growth Implementation Committee to increase the spread of VBP across Oregon. While the Compact is not legally binding, signatory organizations are expected to adhere to the principles, which lay out a plan for increasing the use of advanced VBP models.

As laid out in the principles, the advanced VBP model of prospective budget-based and quality-linked payment (i.e., Health Care Payment Learning and Action Network (LAN) category 4) should be the primary VBP models used, when feasible. When they aren't feasible, VBP models that include shared savings and downside risk (LAN categories 3A and 3B) should be used. See the [VBP Compact](#) for

specific VBP targets to be achieved, which will require payer and provider collaboration and partnership.

5. Would my organization be left out of anything by not signing?

The VBP Compact is an aligned statewide effort toward system change to improve care throughout the state. Having all payers and providers at the table will ensure success in improving healthcare quality while reducing cost and add to Oregon’s reputation as a national leader in healthcare transformation.

6. Does my organization need to sign the Compact to be considered for participation in a workgroup?
In order to participate in a workgroup to implement the VBP Compact, organizations need to sign the Compact.

7. Given that my organization is signing the Compact in 2021, I’m not sure we will reach the 2021 VBP target. Should I still sign?

We encourage all payers and providers to sign the Compact and work in good faith to achieve the targets. Participation contributes to a broader statewide effort to move away from a fee-for-service system, and the more organizations that participate, the faster we will make progress.

8. What will happen if my organization signs and doesn’t achieve the targets?

There will be no penalty for not meeting the targets. However, there will be public reporting on Compact target progress. Specifically, a VBP Implementation Workgroup, whose goal is to ensure the Oregon VBP Compact is successfully implemented, will develop a VBP Roadmap that outlines a plan for implementing the Compact. Progress on the Roadmap goals will be included in an annual report submitted to the organizations that convene signers of the Compact*, the Sustainable Health Care Cost Growth Target Implementation Committee and the Oregon legislature.

9. Will health plans that sign the VBP Compact be required to work together to streamline quality measures and definitions?

The VBP Compact Implementation Workgroup will identify opportunities for alignment in multiple areas, including measures, and drive towards alignment. A goal of the Workgroup is to streamline quality measures and definitions, though there are not specific requirements that Compact signers do so.

10. Does the VBP Compact recognize that VBPs may need to be different across care delivery areas, such as behavioral health, hospitals, or specialty care?

The VBP Compact Implementation Workgroup will explore different payment models and technical assistance appropriate for a variety of care delivery areas and experience with value-based payment. Payers, provider organizations and OHA’s Transformation Center will strive to coordinate development of technical assistance to support providers in their success under advanced value-based payment models.

11. This looks like something payers have to do – what’s the role of providers?

* Oregon Association of Hospitals and Health Systems, Oregon Health Authority, Oregon Health Leadership Council, Oregon Medical Association, Public Employees’ Benefit Board/Oregon Educators Benefit Board.

Both payers and providers are being asked to sign the Compact because achieving the goals of the Compact will require partnership and collaboration across the health care system. Technical assistance will be available to providers to facilitate the shift to VBP.

The Compact supports the state's commitment, per the [recommendations](#) of the Sustainable Health Care Cost Growth Target Implementation Committee, to hold payers and providers accountable for maintaining a 3.4% total cost of care growth target for 2021-2025 and then 3.0% for 2026-2030. Providers and payers will need to contain costs and demonstrate their efforts to do so, including through increased adoption of VBPs. Transitioning from fee-for-service to VBP is a shared responsibility.

12. By signing the VBP Compact, is my organization bound to enter into any type of a contract?

Signatories to the VBP Compact are not bound to enter into any specific contracts. There is an expectation that signatories work to achieve the principles laid out in the [VBP Compact](#).

13. These targets are different than those required of CCOs through CCO 2.0. What targets are CCOs required to meet?

These targets are more aggressive than those under the CCO 2.0 contract. Given the urgent need to contain statewide costs and respond to health system funding instability during the pandemic, the Sustainable Health Care Cost Growth Target Implementation Committee recommended a faster rate of adoption of VBPs across the state. We hope all CCOs will consider signing the Compact; a majority already have.

14. Is my organization on its own to achieve these targets? What kind of support will be provided?

A VBP Implementation Workgroup (Workgroup), whose goal is to ensure the Oregon VBP Compact is successfully implemented, is currently under development. As laid out in the [Workgroup charter](#), the Workgroup will identify paths to accelerate the adoption of VBP across the state; develop technical assistance to meet the needs of diverse providers; highlight challenges and barriers to implementation and recommend policy change and solutions; coordinate and align with other state VBP efforts; and monitor progress on achieving the Compact principles, including the VBP targets.

15. How can I keep apprised of statewide progress towards achieving the targets?

Refer to the joint Oregon Health Leadership Council and Oregon Health Authority [VBP Compact website](#).

16. If I want to sign the Compact, who should I contact?

Reach out to VBP.compact@dhsosha.state.or.us.