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Oregon hospitals recognize that we must provide leadership to reform our health care system in order to ensure sustainability into the next decade. As we make our way down this path, we find that Oregon's hospitals and health systems are at various levels of readiness to tackle the associated challenges that are inherent in such a significant change in the way we deliver and are paid for care.

The Oregon Association of Hospitals and Health Systems has developed the following set of Guiding Principles on Health Reform Implementation in response to the State's Health System Transformation Team's (HSTT) recommendations for health care reform. These principles represent a shared vision around how Oregon's Coordinated Care Organizations (CCOs - also referred to as ACOs) are formed, structured and governed.

PRAGMATISM

1. The timeline to achieve substantial delivery system change and associated cost savings must be realistic.

FLEXIBILITY

2. Accountable Care Organizations (ACOs) are one option for organizing and delivering health care and should be complemented with other alternatives.
3. ACOs should be free to negotiate with providers for health services under various reimbursement methodologies, balancing payment for quality with payment for volume.
4. We recommend starting ACOs in a handful of key markets around the state, and using the experience to improve upon and expand the model. Providers should not be compelled to participate in an ACO. Non-participants may be asked to share in the associated costs through a fee or tax on medical claims, however.

REGULATORY OVERSIGHT

5. ACOs should have adequate networks that support quality patient transitions between care settings.
6. Clear and defined limits around the social supports and services for high-cost, high-acuity populations must be set. Required benefits should be clarified by the state.
7. The reporting burden should be minimized for ACOs and their providers; the Oregon Health Authority (OHA) should look to existing data sources such as the All Claims All Payer Database as a resource to potentially avoid new provider data requests.

8. The state's ACO framework should be compatible with Medicare and other payers. The ACO concept should be scalable to allow for direct contracting with commercial payers or self-insured groups.

REGIONS

9. It is unclear how and if Oregon's small and rural hospitals that cover large geographic areas can effectively transition into an ACO model. Therefore, these hospitals will need special consideration and support as the payment and delivery system shifts. FQHCs, rural health clinics (RHCs) and safety net clinics should be strongly supported to ensure their critical role in providing primary care and medical home services for underserved populations.
10. Oregon's ACO model needs to be flexible regarding governance, size, and participation. It must function in diverse marketplaces.

FINANCIAL SUSTAINABILITY

11. ACOs should be adequately capitalized and planned as a long-term endeavor. ACO budgets should be set in a manner that reflects the cost of care for a defined population, and sets minimum guaranteed funding levels. Financial adjustments should be made to acknowledge delivery system costs for indigent and uninsured care, in addition to adjustments for the actuarial risk of the population and adverse selection issues. Payments to providers should contain sufficient flexibility to address the unique needs of their population.
12. The legislation should codify that providers and ACOs are able to participate in shared savings arrangements brokered between the state and federal government. ACOs should be free to determine how to best distribute shared savings.
13. The state should share in the financial and organizational responsibility by creating stop loss/reinsurance for extraordinary cases and managing "out-of-area" services.

GOVERNANCE & ACCOUNTABILITY

14. Regional ACOs' governance must accommodate local needs, minimize additive cost, and reflect established best practices.
15. The structure of an ACO should incentivize patient accountability and stewardship of health care resources.
16. ACOs and providers must be protected from antitrust, Stark, anti-kickback, and civil monetary penalty laws.