

April 1, 2021

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Oregon Takes Major Step Towards Advancing Value-Based Payments to Improve Quality, Control Cost Growth in Health Care

40 Organizations Sign Voluntary Compact Covering two-thirds of people in Oregon

The Oregon Health Authority (OHA) along with the Oregon Health Leadership Council announced that 40 organizations have [signed a compact](#) to adopt “value-based payments” which reward health care quality rather than health care quantity. This nation-leading initiative extends the quality improvement and cost-growth containment goals established through Oregon’s coordinated care model from public programs to the private sector. The agreement targets moving to 70% of payments following advanced value-based payment methods over five years and supports the work of the [cost growth target program](#), which is beginning implementation this year.

Signatories of the voluntary compact include the largest health systems and commercial insurers, along with public programs such as the Public Employees Benefit Board, among others. With these organizations and Oregon’s Medicaid program, which contains value-based payment requirements, two-thirds of people

in Oregon will receive health care from an organization that has committed to the value-based payment model.

“Extending the value-based payment innovations of our coordinated care model into the private sector on a voluntary basis is a huge step forward for high-quality, affordable care across Oregon,” said **Jeremy Vandehey, director of the health policy and analytics division at OHA**. “We believe this model—which will give providers the flexibility to ensure their patients receive the care they need—is the way forward for health care, and we applaud the signers of this compact for their leadership in taking this bold step. We see this as deeply intertwined with our cost growth target program, whose primary goal is to achieve savings for our state and its residents without sacrificing quality or access.”

“Oregon health leaders recognize that the health care system in the United States, which spends 75% more per person than that of any other wealthy country and gets shorter lifespans in return, is ripe for reform,” said **Christopher F. Koller, president of the Milbank Memorial Fund**, a national health policy foundation dedicated to advancing population health. “Oregon’s value-based payment compact aligns goals among providers and payers and sets a new national standard. With similar commitments to broad insurance access, comprehensive primary care, and health care costs growth targets, this value-based payment compact is the fourth corner of the foundation for an equitable, sustainable health care system for all people in Oregon.”

“Affordable, high quality healthcare is a goal we all share for all people in Oregon. Our value-based payment work with commercial health care along with public markets is one more way to extend Oregon’s transformation journey into achieving that shared goal,” said **Greg Van Pelt, president of the Oregon Health Leadership Council**, which is collaborating with OHA in leading this work. “We know that value-based payment arrangements are an important tool for the future for health care, and by Oregon providers and payers linking arms, we are working on a shared vision and a leadership role in creating that future.”

“Oregon’s hospitals have long been part of the work to move toward a system of value based payments, and we support the compact because aligning incentives improves quality and value,” said **Becky Hultberg, president and CEO, Oregon Association of Hospitals and Health Systems**. “It’s a testament to health care leadership in Oregon that providers and payers representing two out of three residents in our state have signed on. When our goals are aligned around what’s best for the patient, we create an environment that sparks the innovation Oregon is known for. We look forward to continuing this work.”

In Oregon’s health care transformation efforts, value-based payments are one of a few key tools to achieve meaningful cost containment while prioritizing quality care. Value-based payments support flexible, patient-centered care delivery that keeps people healthy, rather than following a volume-based, fee-for-service model, in which payments are tied to procedures or office visits. The compact’s principles direct signers to establish advanced value-based “payment models with

upside risk only, combined upside and downside risk, as well as prospective payment models.” Under all of these models, providers are able to de-emphasize patient volume and focus on keeping individuals healthy with high-quality, multi-faceted services.

The compact envisions a transition over the next several years to new payment models, with principles setting out a target of moving 70% of payers’ payments to an advanced value-based payment model by 2024. The compact also makes clear that changes “should be designed to promote health equity, as well as to mitigate adverse impacts on populations experiencing health inequities,” and lays out a variety of strategies to achieve that goal.

Signatory organizations as of 3/31/21

- AllCare Health
- Asante
- CareOregon
- Columbia Pacific Coordinated Care Organization
- Eastern Oregon Coordinated Care Organization
- Health Net of Oregon
- Health Share of Oregon
- Intercommunity Health Network Coordinated Care Organization
- Jackson Care Connect
- Kaiser Permanente Northwest
- Legacy Health System
- Moda Health
- Oregon Association of Hospitals and Health Systems
- Oregon Department of Consumer and Business Services
- Oregon Educators Benefit Board
- OHSU Health
- Oregon Health Authority
- Oregon Medical Association

- PacificSource
- PacificSource Health Plans
- PacificSource Community Health Plans
- PacificSource Community Solutions on behalf of
 - PacificSource Community Solutions – Central Oregon
 - PacificSource Community Solutions – Columbia River Gorge
 - PacificSource Community Solutions – Lane
 - PacificSource Community Solutions – Marion Polk
- Portland Coordinated Care Association
 - The Portland Clinic
 - Northwest Primary Care
 - Compass Oncology
- Providence Health and Services in Oregon
- Providence Health Plan
- Public Employees’ Benefit Board
- Regence Blue Cross BlueShield of Oregon
- Salem Health Hospitals and Clinics
- Samaritan Health Plans
- Samaritan Health Services
- The Oregon Clinic
- Trillium Community Health Plan
- Tuality Healthcare
- Umpqua Health Alliance
- Yamhill Community Care

Moving forward, OHA will partner with OHLC on a VBP Implementation Workgroup, whose goal is to ensure the Oregon VBP Compact is successfully implemented. The workgroup will identify paths to accelerate the adoption of VBP

across the state; highlight challenges and barriers to implementation and recommend policy change and solutions; coordinate and align with other state



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