

## **PEBB's Vision for 2007**

### **A New State of Health for Members Statewide**

**The Public Employees' Benefit Board** believes the current healthcare system is in crisis. From the member to the provider to the insurer, the system is broken. At this time, PEBB is not confident that the current marketplace can offer a tangible statewide solution for the short or long term.

The depth, breadth, and complexity of this problem require long-term solutions. PEBB has developed the following Vision statement to articulate its desired future. This Vision statement states what the long-term solutions might look like. During the next five or more years, it will serve as a guide for the Board's strategic planning, its decision-making, and its commitment of resources toward achieving that future.

### **PEBB Vision for 2007**

PEBB envisions a new state of health for its members statewide. Key components of the PEBB program will include:

- An innovative delivery system in communities statewide that provides evidence-based medicine to maximize health and utilize dollars wisely.
- A focus on improving quality and outcomes not just providing healthcare.
- The promotion of consumer education and informed choices.
- Appropriate market and consumer incentives that encourage the right care at the right time.
- System-wide transparency through explicit, available, and understandable reports about costs, outcomes and other useful data.
- Benefits that are affordable to the state and employees.

## PEBB Guiding Principles and RFP Preferences

**Background:** In preparation for the release of the PEBB RFI the Board compiled a list of principles to assist potential respondents in understanding PEBB’s Vision and interests. In preparation for the RFP PEBB translated these guiding principles into tangible RFP requirements and scoring elements. For the purposes of discussion, the Vision principles approved by the Board in early September are followed by PEBB working assumptions, RFP preferences, and requirements. (See FACCT Final reports for additional details)

### *LEGEND*

**PEBB Vision Principle:** This language was approved by PEBB in early September for use in RFI.

**PEBB Assumptions:** Statements that summarize some of the concepts or conclusions reached by staff, consultants, and /or technical team from the Vision planning process.

**PEBB Preferences:** Statement of what PEBB would prefer to happen in the delivery system. These items will be included in RFP. Respondents who can achieve goals by 2006 would receive additional points in the RFP scoring.

**PEBB Requirements:** Statement about RFP parameters and examples of minimum requirements.

1. **PEBB Principle:** The Board seeks new “systems” of care that includes coordination, integration, efficiency, and accountability for care across all traditional boundaries. For example, a patient with a chronic disease should have a seamless group of providers who, as a collaborative team, all have access to the same patient information, resources, technology, and common best practices to provide the best and most efficient care. PEBB members should have a medical home that is the core of all services provided.

**PEBB Assumptions:** *PEBB recognizes that these new systems of care depend on the ability of respondents to significantly and fundamentally change the way care is delivered at the primary care level. The development of a medical home for PEBB members requires care delivery team members to successfully create and support these and other critical elements of system redesign. These would include evidence based care, service integration, transparency, and technology to improve the quality of care.*

*PEBB believes that approaching change at this level of the delivery system has significant advantages over more traditional top down organizational efforts to produce meaningful and sustainable delivery system changes. In addition, PEBB acknowledges the important roles of both providers and members in achieving the Vision.*

**RFP Preferences:** *Preferences will be given to respondents who can best demonstrate evidence of both successful existing models and credible implementation plans that are likely to result in system changes.*

**RFP Requirements:** *Respondents must demonstrate ability to achieve a minimum level of priority PEBB criteria by 2006. In addition PEBB seeks to encourage incremental improvement by increasing the number of criteria required by 2007 and 2008. Successful contractors would need to meet these increased requirements each year to be considered for annual contract renewal.*

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- 2. PEBB Principle:** PEBB is willing and excited to explore all options to achieve the new delivery system including statewide and community solutions. For example, PEBB may contract with insurance carriers, independent physician groups, newly created partnerships among providers and vendors, and other pilot programs to achieve an integrated approach to its Vision. PEBB is seeking to contract with providers who are willing to be partners in achieving the Vision and accountable for achieving improved results in the new system of care.

**PEBB Assumptions:** *PEBB welcomes innovations and solutions from the marketplace to serve the needs of PEBB's 115,000 members and the state of Oregon. At the same time, PEBB believes that the development of integrated solutions for defined regions represents the best opportunity to move the Vision forward.*

**RFP Preferences:** *Preferences will be given to respondents who are able to develop the most comprehensive solutions rather than multiple disconnected carve out options (primary care, behavioral health, wellness, etc.) Preferences will be given to qualified parties who are willing to develop strategies and "systems of care" that can produce comprehensive integrated services for PEBB members.*

*RFP preferences will be given to respondents who are able to translate PEBB's Vision work including criteria and priorities into realistic and workable innovations. These innovations may include new partnerships, operating models, and funding arrangements including incentives or others suggested by respondents.*

*RFP preferences will be given to respondents who can best demonstrate evidence of both successful existing models and credible implementation plans that are likely to result in system changes.*

**RFP Requirements:** *Requirements will include requesting bids by counties. Respondents may respond to single county, several counties, or all counties statewide.*

*PEBB retains the right to mix and match best solutions and negotiate with respondents to produce best overall outcome for PEBB members.*

*RFP requirements will require respondents to bid a complete set of services that provide comprehensive coverage for PEBB population served e.g. hospital in single county can respond but must include coverage of all PEBB services (primary care provider, behavioral health, wellness, etc.) to qualify for consideration.*

*In the event that respondents have explored and exhausted reasonable options for developing a comprehensive set of services and are unable to do so, PEBB will allow respondents to bid on a subset of services. Respondents will need to demonstrate how and why they chose to do so. In addition they would be required to explain how their proposed approach would address the overall preference for systems of care.*

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3. **PEBB Principle:** PEBB is committed to making critical, large-scale changes at all levels of the program to achieve meaningful, sustainable, results with the desired outcomes. The Board is further committed to achieving greater value for members, the state, and providers of wellness, prevention, and care. Implementing this element of the Vision requires that PEBB:

- Dramatically shift its focus to outcomes and results.
- Clearly articulate expectations for improved clinical and population-based outcomes (not service-based outcomes).
- Establish benchmarks against which to measure the improved health status of PEBB members.
- Move from financial arrangements that are focused on discounted fees to models that reward demonstrated improvements in value and health outcomes.

**PEBB Assumptions:** *PEBB is willing to make program changes supported by evidence that will improve quality and outcomes. PEBB will articulate its expectations for providers related to clinical improvements and outcomes. PEBB will develop benchmarks that can be used by all stakeholders to measure the effectiveness of the 2007 Vision programs. PEBB is also willing to engage its members in information, education, and program changes. PEBB is also willing to consider plan design changes, provider selection changes, member incentives, etc. when evidence can demonstrate significant improvements in quality and health outcomes.*

**RFP Preferences:** *Preferences will be given to respondents who are able to demonstrate the capabilities to produce, track and report PEBB member health status benchmarks including clinical outcomes.*

*RFP preferences will be given to respondents who are able to provide evidence of pay for performance programs or other incentives that reward improvements in value and health outcomes.*

**RFP Requirements:** *Requirements will include specific minimum criteria for reporting and improvements in health outcomes over time. Contract renewals will require that contractors are able to demonstrate required incremental improvements over time.*

*RFP Requirements will include affirmative confirmation of respondent's willingness to participate in the PEBB "Council of Innovators". Building on the successes of the PEBB FACCT Technical committee and stakeholder forums, PEBB would like to create a new team that is dedicated to collaborating with PEBB on the achievement of the 2007 Vision. The Council will consist of PEBB representatives, and executive leadership, medical directors and/or other appropriate technical resources representing 2006 contractors. In addition PEBB may ask other technical experts from the public or private sector to join the Council. The new group would actively participate in the review and evaluation of PEBB's implementation of the 2007 Vision plans including criteria and benchmark reporting and monitoring as well as collaborating on the development of ongoing PEBB program improvements. RFP respondents will be asked to commit the staff resources and designate the personnel who would participate in the RFP responses. Additional scoring preferences will be given to respondents who can demonstrate a willingness to learn, share and adapt as part of the collaborative effort with PEBB and other successful contractors.*

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4. **PEBB Principle:** PEBB is committed to achieving value for its members and the state, and meeting its statutory mission of "providing high quality benefits at a cost affordable to the state and employees."

**PEBB Assumptions:** *PEBB does not believe that a change in the traditional "benefit program" (co-payments, coverage issues) alone can result in improved quality and affordability and therefore it is seeking changes in the delivery system that will produce greater quality and cost stabilization in the future. PEBB acknowledges that the implementation of the elements of the 2007 Vision may require additional short-term resource investment to produce the desired outcomes in quality and future cost stabilization.*

**RFP Preferences:** *Preferences will be given to respondents who are able to translate PEBB's Vision into innovations that will result in improved health outcomes, member engagement and communications and more appropriate use of health benefit dollars.*

**RFP Requirements:** *Requirements will require disclosure of process measures and outcomes. RFP will require proposed funding detail and rates for comparison and scoring purposes. RFP will require that respondents provide confirmation and rates of current PEBB plan design. Respondents may also suggest changes in plan design that*

*support the Vision. PEBB will require that respondents conduct patient satisfaction surveys and release results.*

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5. **PEBB Principle:** PEBB recognizes that the different areas of the state have different resources and capabilities and encourages the development of the most effective delivery system models in each area while continuing to strive for and reward high quality care everywhere.

**RFP Preferences:** *PEBB will give preference to respondents that demonstrate the greatest ability to achieve the Vision statewide or by region rather than to award preferences for the highest number of counties served.*

**RFP Requirements:** *Requirements will include a minimum level of technical and programmatic requirements for every respondent regardless of region, program, or population served. PEBB will request bids by counties. Respondents may respond to single county, region(s), or all counties statewide. PEBB retains the right to mix and match best solutions and negotiate with respondents to produce best overall outcome for PEBB members.*

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## PROGRAM SPECIFICS

6. **PEBB Principle:** PEBB will support processes to identify and apply evidence-based benefit designs, treatments, formulary, and other services. PEBB will develop specific resources to work on evidence-based products, including reference pricing. The Vision requires that patients receive care based on the best available scientific knowledge. It should not vary from clinician, clinic, or area. The focus will change dramatically to outcomes and results. This will improve care and reduce waste. The process and findings of evidence-based reviews are public. PEBB supports the option to decline or disallow conflict of interest in the evidenced-based process.

**RFP Preferences:** *Preferences will be given to respondents who can demonstrate current capabilities in applying evidence based practices as well as the most successful implementation strategies to apply evidence based strategies as appropriate (i.e. clinical guidelines, plan design innovations, evidence based formulary, incentives to reduce inappropriate variations).*

*RFP preferences will be given to respondents who embrace PEBB's request for transparency by proposing opportunities to share data and collaborate on expansion of evidence based medicine as appropriate.*

*RFP preferences will be given to respondents who are able to outline specific plans to incorporate evidence based clinical guidelines, reporting of evidence based progress and use of incentives to increase use of evidence based medicine in practice, plan design and incentives to improve appropriate care and reduce inappropriate clinical variations.*

**RFP Requirements:** *PEBB will issue a minimum of two RFP's including Medical with and without prescription drugs and an RFP for a carve out prescription drug program. Requirements will include ability to meet specific program elements for comparison purposes (PEBB medical plan design and alternative plan design, prescription drug program with current PEBB Rx plan design, alternative Rx plan design and evidence based referenced priced formulary). Respondents will be asked to confirm and price these program specifications. In addition respondents will be asked to suggest plan design changes that include evidence based plan design changes or other innovations that advance the Vision.*

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- 7. PEBB Principle:** PEBB acknowledges the need for and is willing to devote technical resources to developing benchmarks, mining data, reporting on data and demonstrating short-term and long-term program results. The system operates with enhanced information technology. Technology improves access to all information and supports better clinical decision-making and patient information. PEBB believes that recognizing and rewarding high quality providers is an important goal and that investment in better information systems is a necessary and urgent precondition to implementation of comparative profiling systems.

**PEBB Assumptions:** *PEBB recognizes there is considerable disparity among potential providers in the availability and use of enhanced technology platforms. PEBB also recognizes that some organizations have already made significant changes at the practice level and large capital investments towards information systems while others have only begun to make these changes and investments. PEBB believes that enhanced technology is a key component needed to achieve improvements in health outcomes and reporting.*

**RFP Preferences:** *Preferences will be given to respondents who have already implemented or have demonstrated plans to implement and purchase technology platforms (EMR, E-prescribing, patient email) by 2006 and 2007.*

*RFP preferences will be given to respondents who are currently participating in regional and national technology and quality projects including electronic medical records, Diabetes Collaborative, etc.*

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8. **PEBB Principle:** PEBB supports implementation strategies that apply these PEBB principles to selected health conditions, which might be chosen according to prevalence, health burden, high variation, or high cost. In addition, PEBB encourages use of patient information tools (e.g., decision support tools, second opinion services) as a “bridge” in the referral process – a way to slow down the rush to intervene and allow the patient to fully understand implications and choices.

**RFP Preferences/Requirements:** *Preferences or requirements will be given to those respondents who have successfully implemented or plan to implement decision support tools by 2006 and 2007.*

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9. **PEBB Principle:** In the new delivery system, patients receive the information they need and are given the opportunity to exercise the degree of control they choose over decisions that affect them. The new system should be able to accommodate patient preferences and encourage shared decision-making. The system should also provide patient-preferred methods of communication and treatment such as e-mail, telephone, and group visits.

**PEBB Assumptions:** *PEBB’s greatest opportunity for success is the engagement of the member and provider at the level of care including having the appropriate tool and information at the point of decision making.*

**RFP Preferences:** *Preferences will be given to respondents who can demonstrate the ability to incorporate these methods of care and communication.*

**RFP Requirements:** *RFP may include requirements for specific tools by 2006 and 2007.*

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10. **PEBB Principle:** PEBB supports positive, sustained relationships between doctors and patients and supports strategies that improve the communications and quality of care actually provided through those relationships over strategies that might undermine them.

**PEBB Assumptions:** *PEBB’s greatest opportunity for success is the engagement of the member and provider at the level of care as opposed to more top down strategies that create barriers for both providers and members.*

**RFP Preferences:** *Preferences will be given to those respondents who are best able to demonstrate strategies that engage the primary care providers and other care team staff in the development of care systems that improve quality and promote and enhance the relationship between member and provider.*

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11. **PEBB Principle:** Transparency is system-wide. All stakeholders have access to all information about health plans, hospitals, clinical practices, and costs to make decisions. The information includes safety, patient satisfaction, evidence-based practice, and quality and performance indicators.

**RFP Preferences:** *Preferences will be given to respondents who are willing to move to transparency in all appropriate interactions with PEBB and PEBB members.*

**RFP Requirements:** *To be determined based on FACCT recommendations on transparency and reporting of data and outcome.*

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## INCENTIVES

12. **PEBB Principle:** Provider and member incentives are aligned with each other. The system should provide incentives to providers to align their practice with system goals to achieve improved outcomes and quality.

**PEBB Principle:** PEBB supports the use of modest financial incentives to encourage members to select evidence-based treatments. Members can be expected to pay a higher share of costs for treatments that are not supported by evidence.

**PEBB Principle:** PEBB is hesitant to increase employee cost sharing purely as a means of cutting utilization without regard to evidence or effectiveness.

**PEBB Principle:** PEBB seeks to balance the opportunity for members to receive care from the highest quality providers with its desire to support the providers and health organizations in local communities. Where there is good evidence that superior care is available outside of the local community, PEBB supports the use of incentives to encourage members to seek the best available care.

**PEBB Principle:** PEBB is sensitive to the potential impact of strategies that might direct patients to receive care away from their local hospital and provider community and only supports such strategies where a strong likelihood of significant net benefit exists.

**RFP Preferences:** *Preferences will be given to respondents who support PEBB's Vision and can demonstrate the ability to design and implement incentive programs that align PEBB's providers and PEBB members with the Vision goals.*

*RFP preferences will be given to providers who have good evidence that demonstrates significant and meaningful differences in quality and outcomes.*

**RFP Requirements:** *May include a minimum requirement for some level of pay for performance or incentives.*

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**ADMINISTRATIVE ISSUES**

**PEBB Assumptions:** *Highest priority will be given to the RFP categories that address the Vision criteria. David Lansky presented these recommendations at the November Board meeting. In addition to these priorities PEBB will also score respondents in their ability to achieve administrative and financial requirements. These would include the following elements:*

- *Funding methodology for overall program*
- *Rates*
- *Overall administration depending on approach*
- *Customer service*
- *Out of state and out of area coverage*
- *Network or provider capacity*
- *Technology requirements*
- *Other quality or reporting requirements*

**Document History:**

PEBB Vision Principles draft discussed at Board Meeting	09.07.2004
PEBB Vision Principles revised for RFI release	09.10.2004
PEBB RFP Guiding Principles draft presented to Board	11.02.2004
PEBB RFP Guiding Principles revised and presented to Board	11.16.2004