Regence BlueCross BlueShield of Oregon
Small Group Rate Filing
COST CONTAINMENT AND QUALITY IMPROVEMENT EFFORTS

Rates Effective April 1, 2027

Regence BlueCross BlueShield of Oregon (Regence) continually reviews business practices for opportunities to offset rising medical costs while improving the member experience. To this end, Regence is engaged in several quality and cost-containment initiatives for 2027. The total savings of these initiatives is estimated to be range of $4 - $5 PMPM. Regence has either implemented or plans to implement the following new or expanded initiatives since the last filing:

IP to Home Transitions Management – Regence is enhancing its approach to inpatient care transitions by moving toward proactive, member-centered coordination to support members with complex risks for 30 days post-discharge. By providing care management support to members as they transition out of the hospital setting, we are strengthening the continuity of care members receive and ensuring safe and timely transitions. This coordinated approach connects members to the right post-acute resources and support at the right time, improving health outcomes and reducing avoidable readmissions.

Provider Performance Evaluation Framework – Regence has launched a new provider-rating methodology to identify and surface for our members providers with a record of using evidence-based practices, adhering to best practices for patient care and delivering cost-efficiencies. Our provider-search tool prioritizes health care providers with higher performance ratings. The rating framework uses objective vendor-driven data and analytics widely accepted in the industry as well as Regence claims data on cost of care to assign performance ratings to individual providers. Provider ratings are transparent to members and providers. Providers may request reconsideration of their ratings, and we will work with providers who seek to improve their ratings based on the data gathered.

Episodes of Care – *Adding to our portfolio of value-based payment models, Regence is launching a new Episodes of Care program to enhance population health incentives across the care continuum, targeting specialty providers. This program includes data-driven network provider recruiting, targeted engagement around achievable care improvement levers, deep data integrations, cost and quality reporting and program financial reconciliation with the engaged network providers. This program enhances care and outcomes for members by specifically targeting and engaging providers with controllable variation in cost, avoidable complications, and avoidable services, all based on each providers' historical data and performance.*

Inpatient Management Expansion – Regence is expanding its comprehensive approach to manage inpatient short stays through clinical review and collaborative provider engagement. The expansion focuses on ensuring appropriate care decisions by reviewing cases when a member is admitted to a hospital where observation status may be more clinically appropriate. By partnering with providers to

optimize site-of-service and length-of-stay decisions, we help reduce unnecessary hospitalizations while maintaining quality of care.

Utilization Management Expansion – Utilization management, specifically pre-authorization (PA), continues to be one of the most effective ways to control costs and ensure medical appropriateness of care. We continuously review our utilization management criteria and are accelerating the development-to-implementation cycle to align seamlessly with emerging technologies, new medical research, and evolving clinical practice guidelines both for medical services and pharmaceutical drugs. This results in changes to or removal of existing PAs as well as implementation of new PAs. For example, our expansion of air ambulance PA ensures that high-cost service is reserved for truly emergent situations where ground transport is not medically appropriate, helps avoid unnecessary costs and eliminates waste when there is insufficient evidence of safety and efficacy.

Biosimilars Strategy Expansion – Biologic drugs are large-molecule, complex entities for which the traditional generic approval pathways are insufficient to ensure safety and efficacy of equivalent alternative products once the patent on the innovator brand has expired. The FDA established the biosimilar regulatory pathway to approve products that are considered biosimilar and are thus expected to have the same clinical safety and efficacy and bring competitors to the market that can lead to reductions in net prices for these high-cost drugs. New FDA-approved biosimilars entering the market continue to give Regence the opportunity to shift utilization to lower-cost options from the innovator products through preferred product strategy.

Surgery Site of Care – Many procedures and surgeries are done in a hospital setting when a hospital setting is not medically necessary. These procedures can be completed at an ambulatory surgical center (ASC) at a reduced rate. We continue to revise our policies and processes to drive affordability for our members by guiding them to ASCs instead of hospitals for clinically appropriate surgeries and procedures.

Expansion of Claims Editing and Audits – Ensuring payment accuracy via edits, audits and reviews continues to be a vital component of our cost-containment efforts. To ensure claims accuracy, we have implemented an additional claim editor. This additional layer of review goes beyond our existing editors to identify and address billing errors, coding inconsistencies, and overpayments. This will increase accuracy by identifying post-adjudicated, pre-payment claims that are on a path to inaccurate payment and adjusting them to pay in accordance with our reimbursement policies. Additionally, we are increasing our audit capabilities for inpatient claims, implementing additional reviews of claims associated with denials, and expanding data-mining capabilities and post-pay audits.

Level of Service Reviews – To ensure fair and consistent evaluation and management coding and reimbursement, Regence has implemented a focused program to review levels of service. A pre-payment solution that systematically assesses reimbursement code complexity against the patient's clinical condition and the treatment provided, ensuring that coding accurately reflects the intensity of resource utilization in accordance with Centers for Medicare & Medicaid Services (CMS) guidelines.