
Making the Transition to a Sustainable Health Care System The Oregon Approach: so far ...

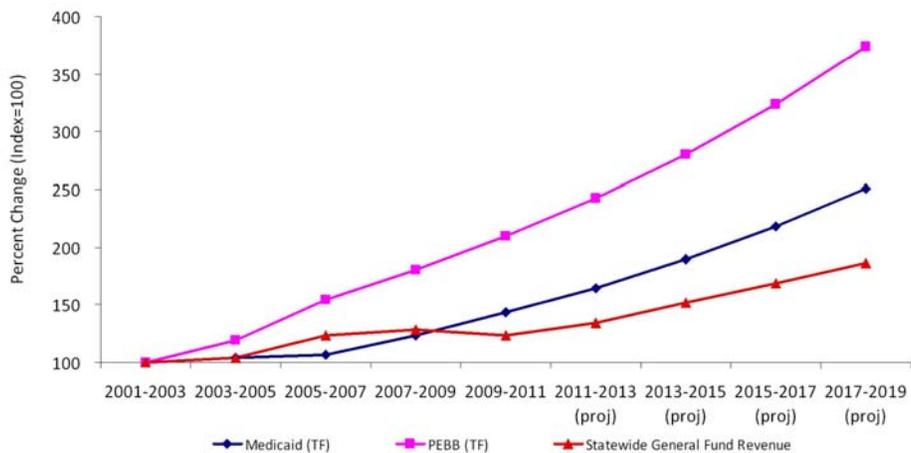
Health Reform in Oregon

- **1988** Governor's Commission on Health Care for the Uninsured – Proposed the Oregon Health Plan
 - **1994** Oregon Health Plan – Prioritized List, High Risk Pool, Employer Mandate
 - **2003** Health Plan Rescue – Hospital Tax, OHP 2
 - **2007** Oregon Health Fund Board
 - **2009** HB 2009 Oregon Health Authority, HB 2116 Healthy Kids
 - **2011** HB 3650 Health Care Transformation, SB 99 The Oregon Health Insurance Exchange
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Unsustainable

- Health care costs are increasingly unaffordable to individuals, businesses, the state and local governments
- Inefficient health care systems bring unnecessary costs to taxpayers and all other purchasers
- Dollars from education, children's services, public safety, salaries and wages

Comparing the rate of increase in Medicaid and PEBB health care expenditures vs rate of increase in state General Fund revenue



Oregon Health Authority + Long Term Care Budget

- 09-11 General Fund = \$1.94 billion
- 09-11 One Time Money = \$.779 billion
- 11-13 Caseload growth = \$.438 billion

Total of above = \$3.16 billion

- Governor's Budget for 11-13 = \$2.3 billion
 - Difference is about \$850 million.
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Ways to Reduce the Cost of Health Care

- Reduce what we pay for it (provider cuts)
- Reduce the number of people covered
- Reduce the benefits covered

... or

- **Change the way care is organized and delivered**
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Senate Bill 1580 (2012) Launches Coordinated Care Organizations (CCOs)

- CCOs are local health entities that deliver health care and coverage for people eligible for Medicaid (the Oregon Health Plan)
- Follow up to 2011's HB 3650
- Strong bi-partisan support
- A year of public input – more than 75 public meetings or tribal consultations
- Built on 1994's Oregon Health Plan that covers 600,000 Oregonians today

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GOAL: Triple Aim

A new vision for a healthy Oregon

- 1 **Better health.**
 - 2 **Better care.**
 - 3 **Lower costs.**
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Coordinated Care Organizations

A local network of all types of health care providers working together to deliver care for Oregon Health Plan clients.

Care is coordinated at every point – from where services are delivered to how the bills are paid.

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CCOs: governed locally

State law says governance must include:

- Major components of health care delivery system
- Entities or organizations that share in financial risk
- At least two health care providers in active practice
 - **Primary care** physician or nurse-practitioner
 - **Mental health or chemical dependency** treatment provider
- At least two community members
- At least one member of **Community Advisory Council**

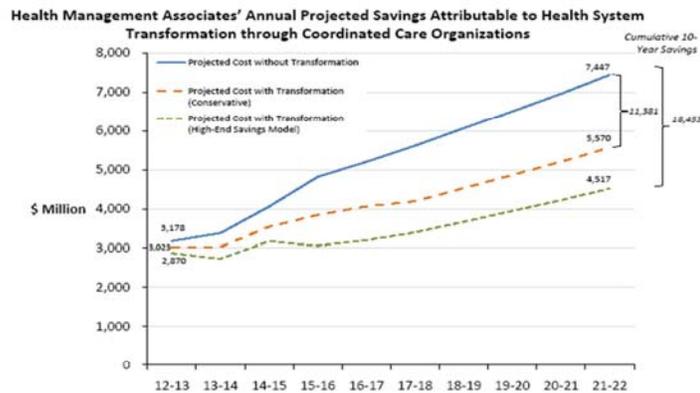
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Changing health care delivery



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Cost of doing nothing...and the opportunity



SOURCE: Health Management Associates
 NOTES: Health Management Associates' projections end in 2019. The 2019-2021 biennium and 2021-2022 state fiscal year were extended forward by the Oregon Health Authority by applying the growth rates in HMA's model.



1/12/2012

Legislative Process

- Context
 - Senate: 16 (D), 14 (R)
 - House: 30 (D), 30 (R)
- Rep. Tim Freeman
 - Ways & Means Subcommittee On Human Services, Co-Chair
- Rep. Mitch Greenlick
 - Health Care Committee, Co-Chair



CCO 1115 Waiver Framework

- Waiver effective July 5, 2012
- Establishment of CCO's as Oregon's Medicaid delivery system in order to improve health, improve healthcare, and lower per capita costs
- Flexibility to use federal funds for improving health
- Federal investment:
 - \$1.9 billion over five years

Oregon's Accountabilities

- Savings:
 - 2% reduction in per capita Medicaid trend
 - Baseline is calendar year 2011 Oregon spend
 - Trend 5.4% as calculated by OMB for President's Budget
 - State to achieve 4.4% by end of year 2 and 3.4% there after.
 - No reductions to benefits and eligibility in order to meet targets
 - Financial penalties for not meeting targets

Oregon's Accountabilities

- Quality:
 - Measurement and benchmarks
 - Financial incentives (sticks and carrots) at CCO level
- Workforce
 - \$2 million per year for primary care loan repayment
 - Training of minimum 300 additional community health workers by end of 2015



For more information

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