
Oregon Health System Transformation

June 3, 2011



Oregon Health Policy Board Action Plan identifies 8 key strategies for achieving the Triple Aim of better health, better health care and lower costs:

1. Reduce costs and improve value and quality by using our purchasing power to change how we deliver and pay for health care;
 - Introduce innovative payment methods that reward efficiency and outcomes.
 - Move to patient-centered primary care, first for the Oregon Health Authority lives, including Medicaid recipients, state employees and educators.
 - Establish a value-based benefit design that removes barriers to preventive care
 - Promote local and regional accountability for health care
 - Reduce administrative costs
 - Operate within a fixed budget

Action Plan identifies 8 key strategies for achieving the Triple Aim:

2. Establish an Oregon Health Insurance Exchange to increase access to affordable health insurance for individuals and small businesses
3. Shift our focus to prevention
 - Decrease obesity by making healthful food and beverage options widely available and increasing physical activity opportunities
 - Create tobacco-free environments, prevent initiation of tobacco use and support cessation
4. Improve health equity
 - Provide incentives to include community health workers in health care teams
 - Recruit and retain a workforce that is racially and ethnically diverse and culturally competent

Action Plan identifies 8 key strategies for achieving the Triple Aim:

5. Build and retain a health care workforce for Oregon
 - Expand opportunities for clinical training by decreasing unnecessary and duplicative
 - Attract and retain a primary care workforce by revitalizing Oregon’s primary care loan repayment program
6. Set standards for safe and effective care
 - Ensure that electronic health information is available when and where it is needed by setting health information exchange policies, requirements, standards and agreements
7. Promote and develop regional accountability for health and health care
8. Measure progress with sound metrics
 - Oregon Scorecard
 - Uniform quality measures within OHA

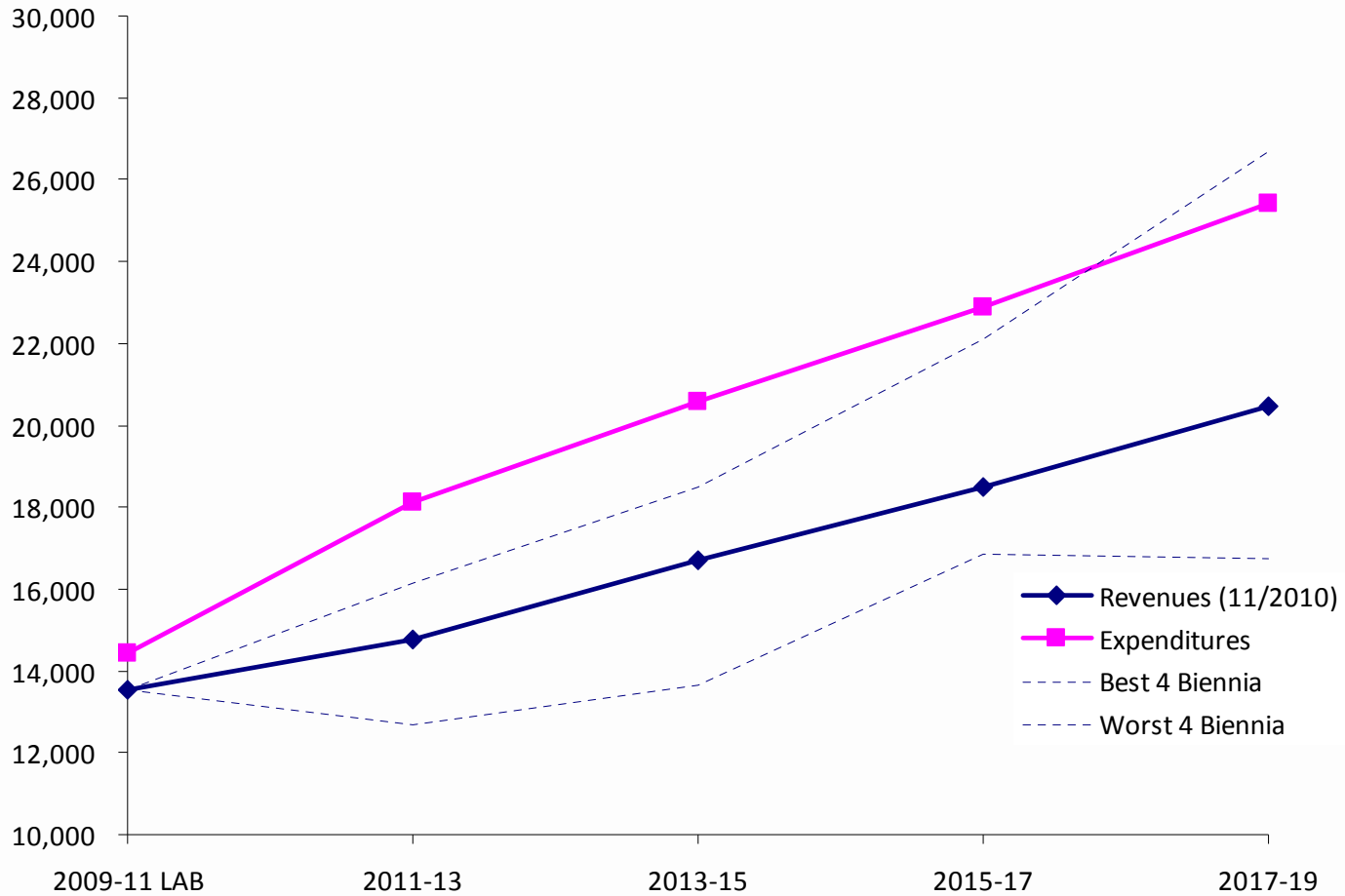
Current Context

- Health care costs are increasingly unaffordable to individuals, the state, and business
- Current fiscal climate creates imperative and unique opportunity to quickly redesign Oregon's health care delivery system to get better value for all.
- Begin with changes in OHP system and then include broader markets

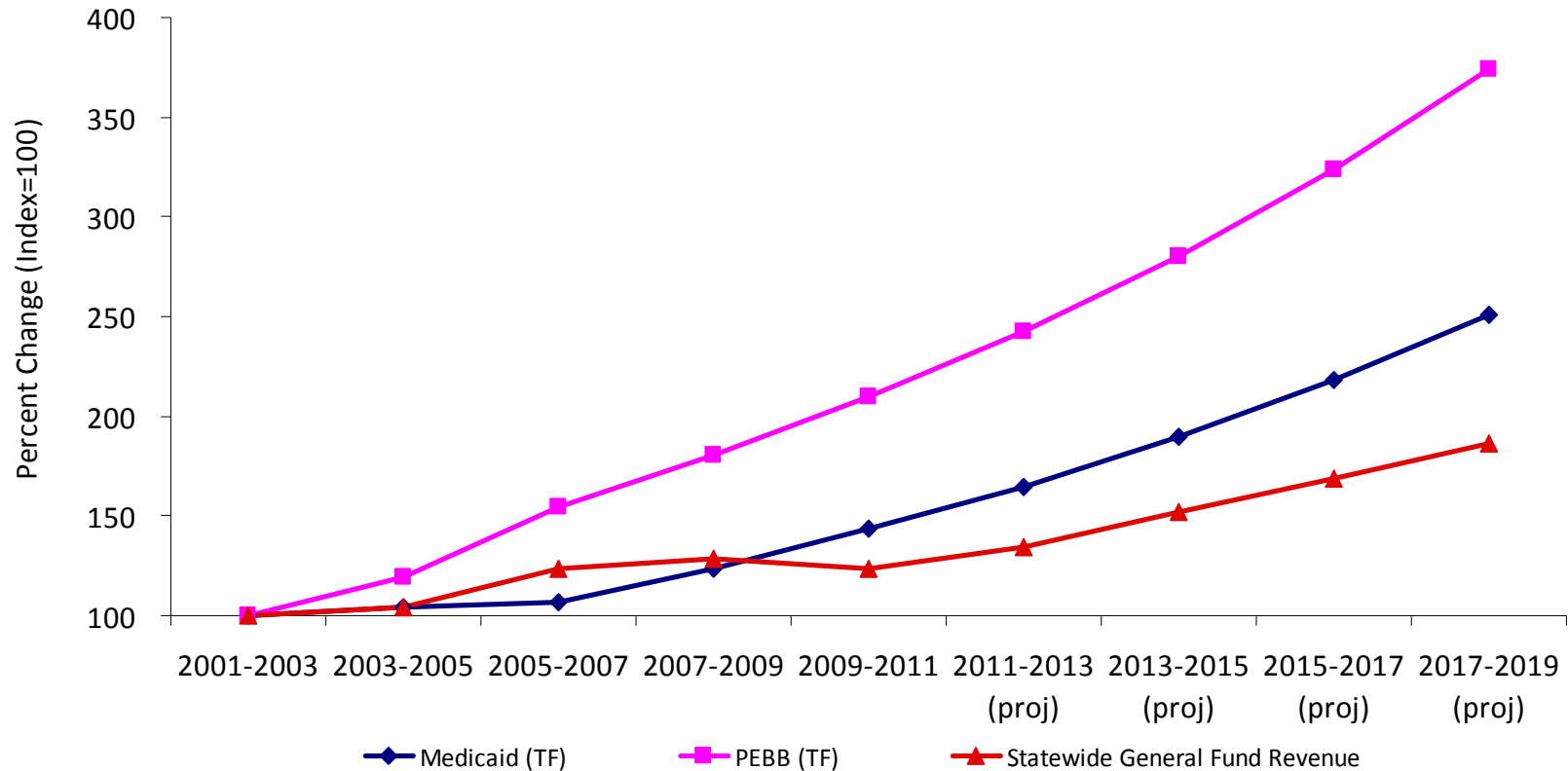
Long Term Budget Projections for Oregon



Long Term Budget



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



Transforming Oregon's Health Delivery System



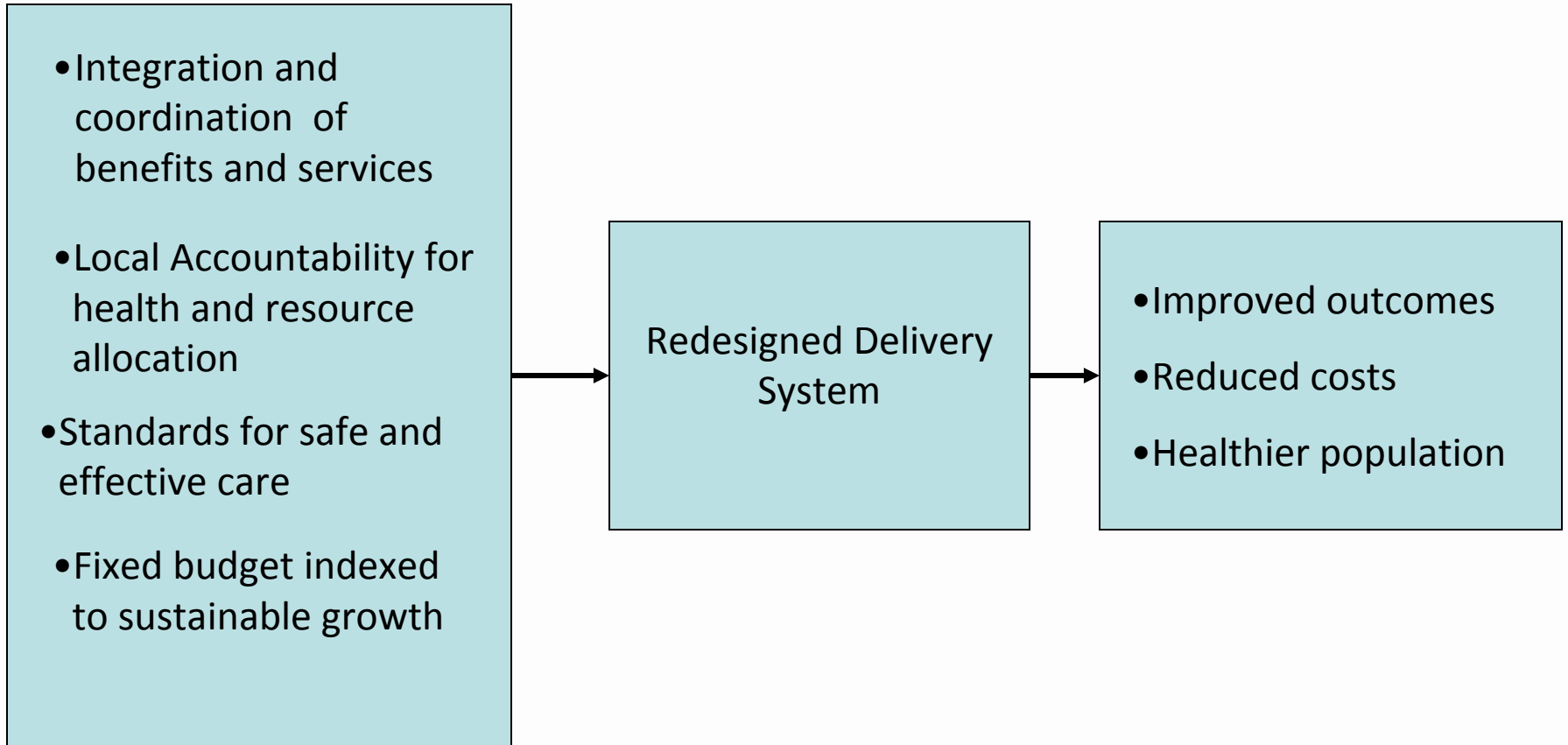
Vision

- Restructure our health care delivery system as an innovative model to deliver better health, better health care and lower costs (the Triple Aim)
- Begin with Medicaid and those with both Medicare and Medicaid funding – dual eligibles
- Create local accountability for health of that population and for use of health services, their budget, mechanisms of payment

Vision

- Establish metrics/outcomes for which health delivery system will be accountable;
- Align providers of care to better support individual's goals and needs;
- Align incentives – for both individuals and clinicians - to support outcomes, value, and prevention; and
- Reduce and simplify administration of and navigation through the health care system.

Concept



Concept

- Multi-year plan to meet budgetary constraints and redesign system
- **Year 1** - Reductions in payments and benefits to meet budget targets. Design changes to OHP delivery system and get necessary federal approvals to implement by July 1, 2012 (or sooner if possible) and avoid further cuts in payment and benefits.
- **Year 2** – Implement OHP changes.

Concept

Year 2 Changes to include:

- Coordination/integration of physical health, mental health, and oral health; elimination of fragmentation in system
- Federal approval to pool Medicare and Medicaid funds for those who have health care paid for by both (“dual” and “triple” eligibles) brings additional dollars into a now integrated system
- Organizations to manage to budgets fixed to growth in state revenue or some other standard
- Local community accountability and management to metrics, outcomes and resource allocation
- Build on best practices in state and local communities

YEAR 1 REDUCTIONS

- Provider Rate Reductions of 10% to 12% in Medicaid managed care and fee for service programs
- Reductions in client benefits: move line in OHP by about 14 diagnoses
- Reductions in state administrative costs

YEAR 2 SAVINGS

- **Savings based on:**

- Ability to reduce preventable conditions
- Widespread use of primary care medical homes
- Improved outcomes due to enhanced care coordination and care delivered in most appropriate setting
- Reducing errors and waste
- Innovative payment strategies
- Use of best practices and centers of excellence
- Single point of accountability for achieving results

YEAR 3+

- Begin to use redesigned delivery system platform for other state contracts:
 - PEBB
 - OEBB
- Redesigned delivery system could be core component of health insurance exchange and an opportunity for private sector to participate

Current Status

- Health care workforce legislation (related to OHA):
 - SB 879: uniform standards for student clinical placement
 - HB 2366: develop strategic plan for recruiting primary care providers
 - SB 608: implement medical liability insurance premium program
- SB 99: Oregon Health Insurance Exchange; beginning in 2014, 350,000 additional Oregonians will have access to health insurance coverage through the Exchange
- Health System Transformation: HB 3650
 - Creates Coordinated Care Organizations (CCO): integrated care at the community level operating within a fixed budget, starting with Medicaid
 - Focus on outcomes, prevention, coordinated care
 - Emphasizes alternative payment methodologies, patient-centered primary care homes, team-based care
 - Medical liability: Oregon Health Authority directed to develop recommendations for legislative and administrative remedies for reducing costs attributable to defensive medicine.

Transition

- Establish common vision of better future
- Shared sacrifice
- Flexibility at both state and federal level to allow organizations ability to better manage reductions in year 1
- Begin transition to newly designed system in year 2. Earlier transition will mean less of a rate and service reduction.