

Transforming the Oregon Health Plan

**Oregon Health Policy Board
Oregon Health Authority**

Statewide community meetings
September / October 2011



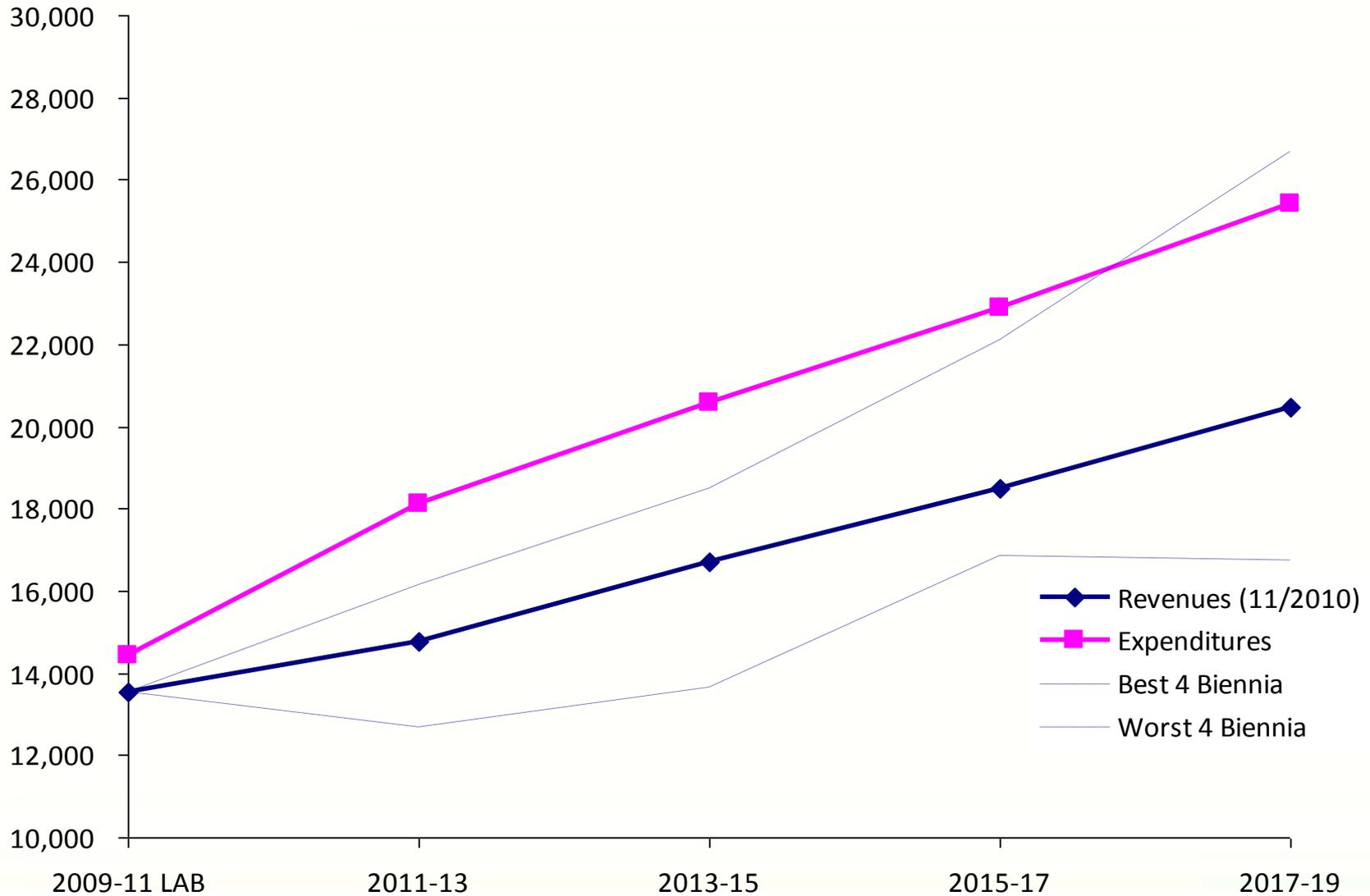
Why transform?

- Health care costs are increasingly unaffordable to individuals, businesses, the state and local governments
- Inefficient health care systems bring unnecessary costs to taxpayers
- Dollars from education, children's services, public safety
- Even for all we spend, health outcomes are not what they should be – estimated 80% of health care dollars go to 20% of patients, mostly for chronic care
- Lack of coordination between physical, mental, dental and other care and public health means worse outcomes and higher costs

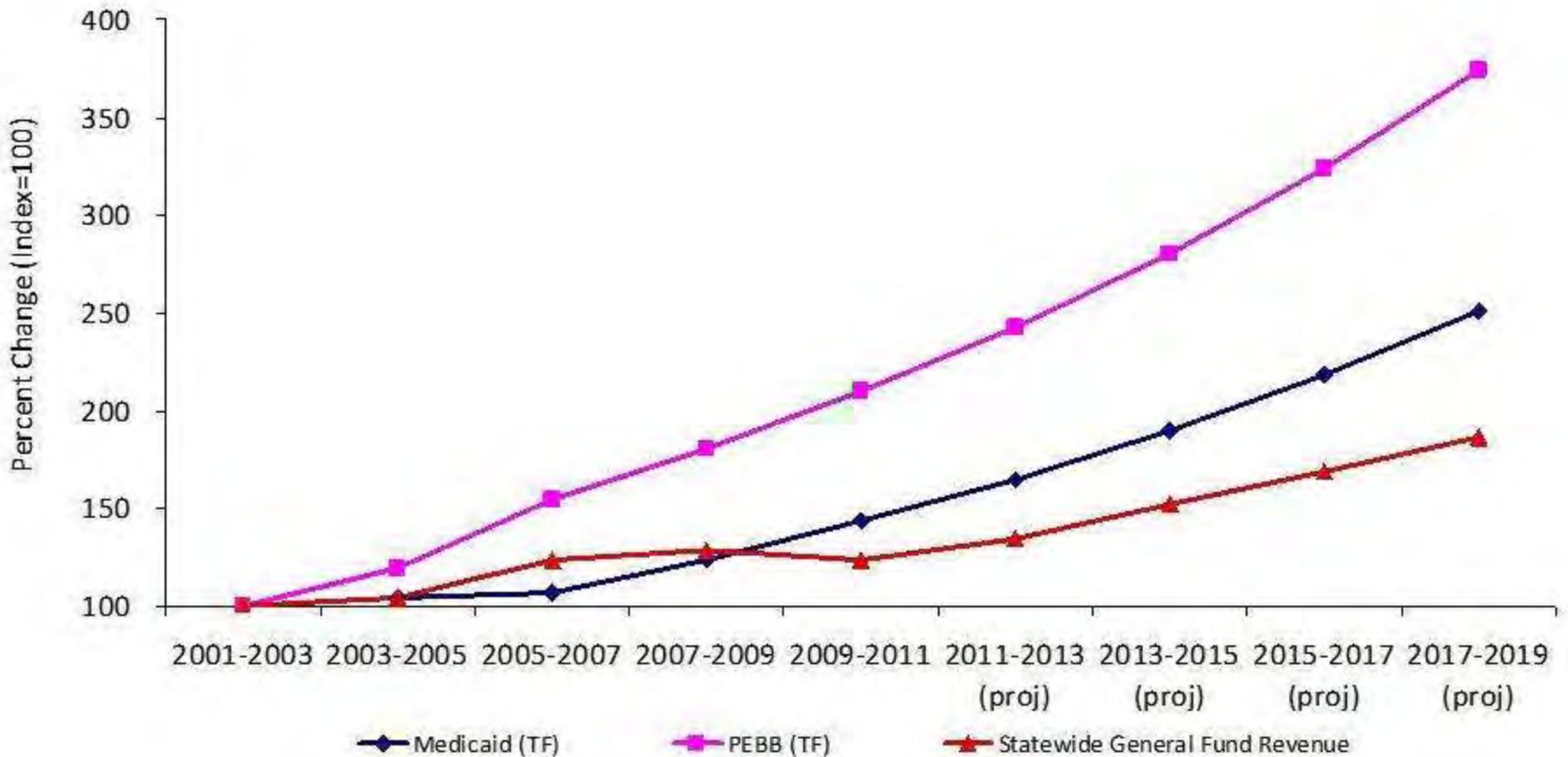
Why now?

- High costs are unsustainable
- A better way to deal with budget shortfall than cutting people from OHP
- Cost shifts to Oregon businesses and families
- The budget reality calls for real system change for the long term

Projected costs / state revenue



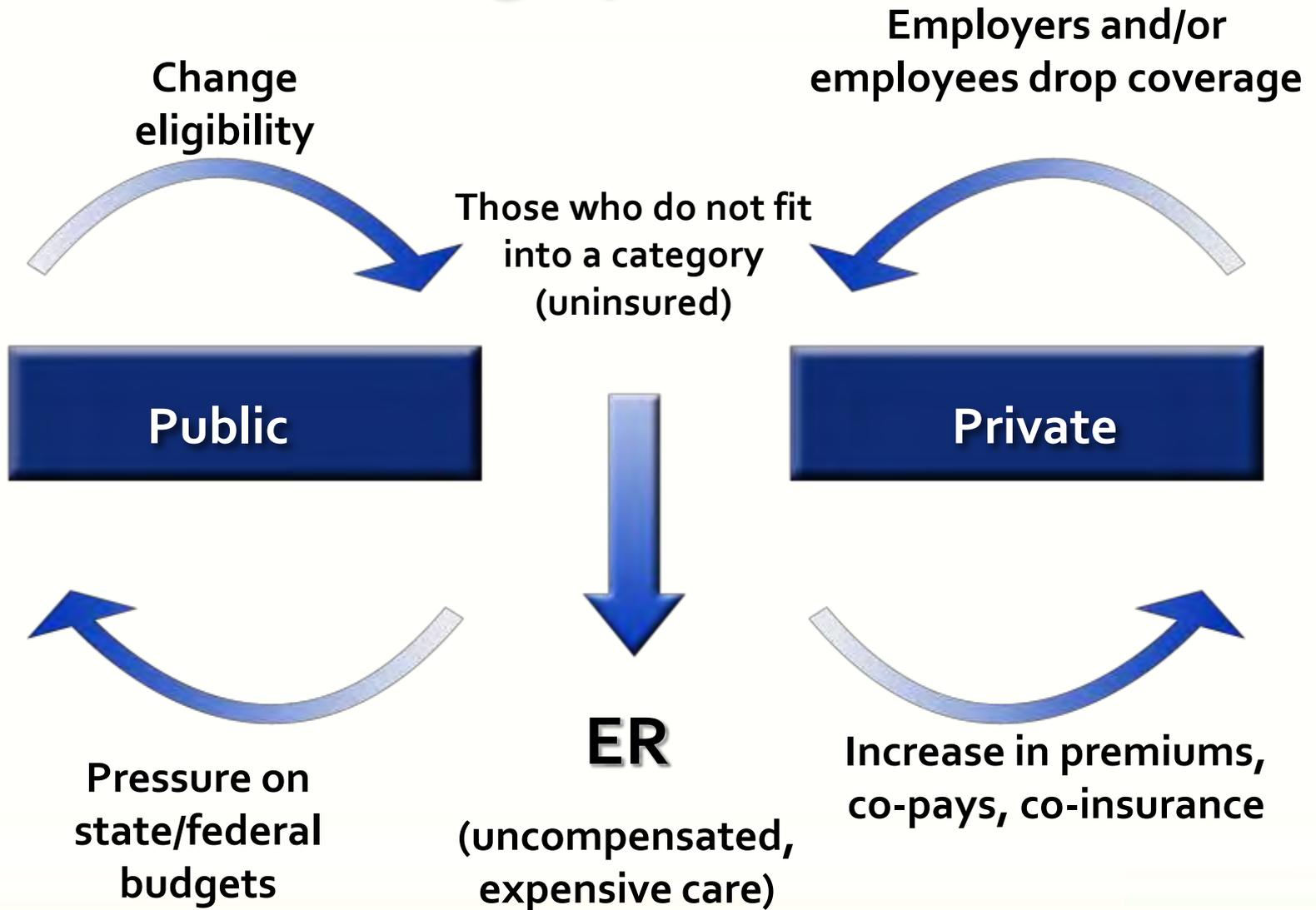
State health expenditures vs. revenues



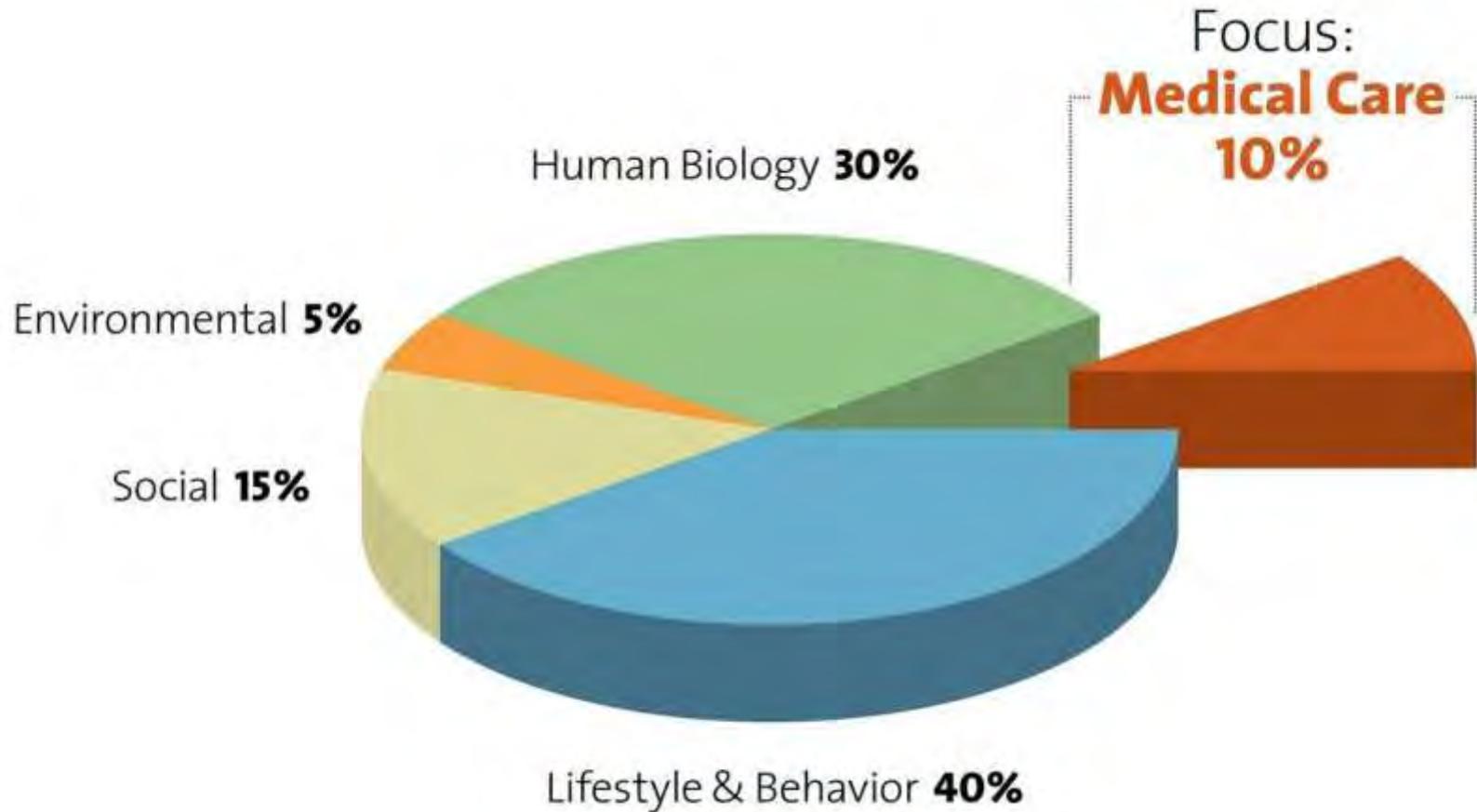
Oregon Health Plan

- Cost: 2011-2013, \$5.184 billion
- Serving about 600,000 Oregonians

The cost-shifting cycle



Wrong focus = wrong results





GOAL: Triple Aim

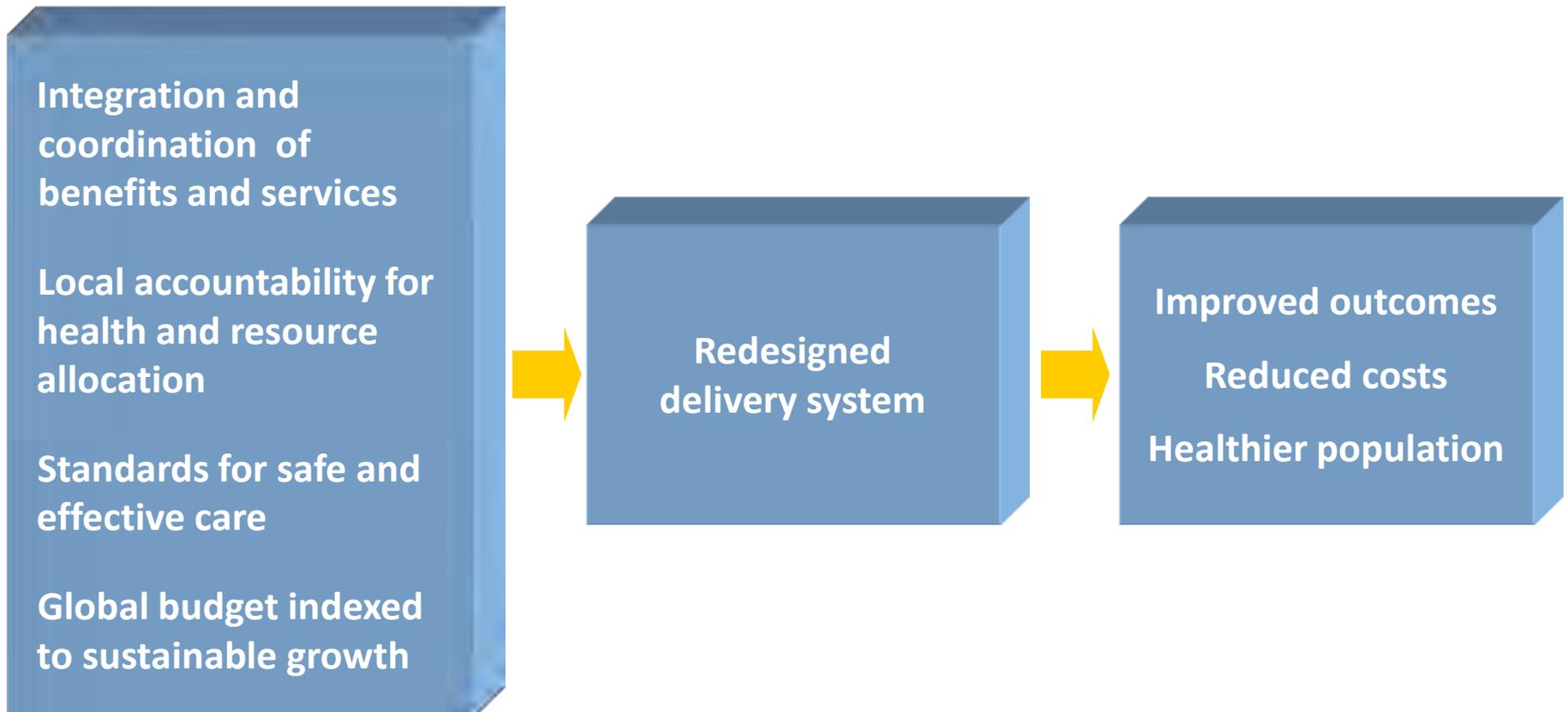
A new vision for a healthy Oregon

- 1 Better health.**
- 2 Better care.**
- 3 Lower costs.**

House Bill 3650

- Creates a new vision for the Oregon Health Plan
- Passed with broad bi-partisan support
- Emphasizes better health – recognizes if we deal with budgets alone, we won't succeed
- Transforms the system to meet the outcomes we need

Vision of HB 3650



Focus on

- Local control and innovation
- Community-level accountability for improving health
- Services that are person-centered, provide choice, and emphasize independence
- Prevention and maximizing the use of primary care health homes
- Improving health equity and reducing health disparities
- Evidence-based practices and health information technology
- High-quality data to measure health outcomes, quality, and cost

Coordinated Care Organizations

- Community-based, strong consumer involvement in governance that bring together the various providers of services
- Responsible for full integration of physical, behavioral and oral health
- Global budget
 - Revenue flexibility to allow innovative approaches to prevention, team-based care
 - Opportunities for shared savings
- Accountability through measures of health outcomes

Key element: Global budget

- Global budgets based on initial revenue/expenditure target and then increased at agreed-upon-rate rather than historical trend
 - Management of costs – clear incentives to operate efficiently
 - More flexibility allowed within global budgets, so providers can meet the needs of patients and their communities
 - Accountability is paramount
 - There are opportunities for shared savings when patients remain healthy and avoid high-cost care

Key element:

Accountability and metrics

Incentives & measurements for: right care, right time, right place by the right person

- Activities geared towards health improvement
- Hospital quality and safety
- Patient experience of care
- Health outcomes

Results

Ted Hanberg, 83, was in and out of the hospital until a coordinated care team helped him get congestive heart failure under control

Since then he hasn't had a return to the hospital in six months and is living independently with his wife and daughter.

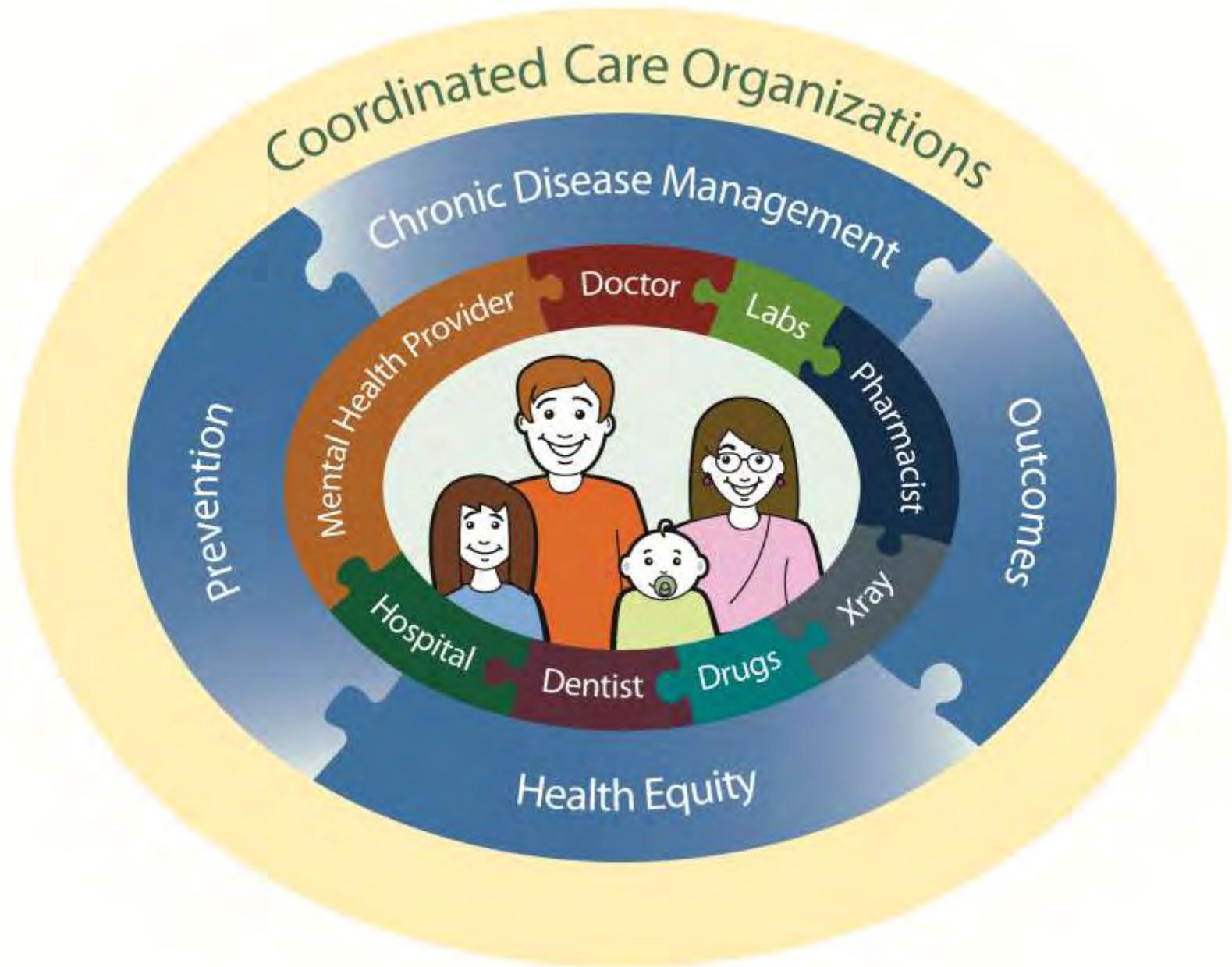


	Not working	Better	Even better
Payment	Fee for service	Episode-based reimbursement	Quality Global budgeting
Incentives	Conduct procedures	Evidenced-based care Pay for performance	Address root causes Reduce obstacles to behavior change
Metrics	Revenue improvement	Quality Reduced hospitalization Reduced disparities	Better health Improved quality of life Reduced costs
Governance	Informal relationships & referrals	Joint partnerships between organizations (e.g., mental health & behavioral health)	New community accountability linking ALL

Better health & value comes from:

- 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

Better health, better care, lower costs



Long-term

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

Challenges

- Change is difficult
- Time is short
- Federal approvals are necessary
- Transitioning from current models while maintaining access to care and community infrastructure

Timeline & public process

- Through Nov. 2011: Public input opportunities and information sharing
 - ▶ Monthly Oregon Health Policy Board meetings
 - ▶ 4 Governor work groups
 - ▶ Statewide presentations & community meeting
- Nov. 2011 – Update to Legislature
- Dec. 2011: Final proposal for implementation to Legislature
- Feb. 2012: Legislative session & public hearings
- March 2012: If passed, send CCO plan for federal approval
- Late spring/summer 2012: First CCO launches

Oregon Health Policy Board

Nine-member, citizen-led, established to make policy and reform recommendations. Members appointed by the Governor and confirmed by the Senate



Eric Parsons
Chair



Lillian Shirley
Vice-Chair



Mike Bonetto



Eileen Brady



Carlos Crespo



Felisa Hagins



Chuck Hofmann



Joe Robertson

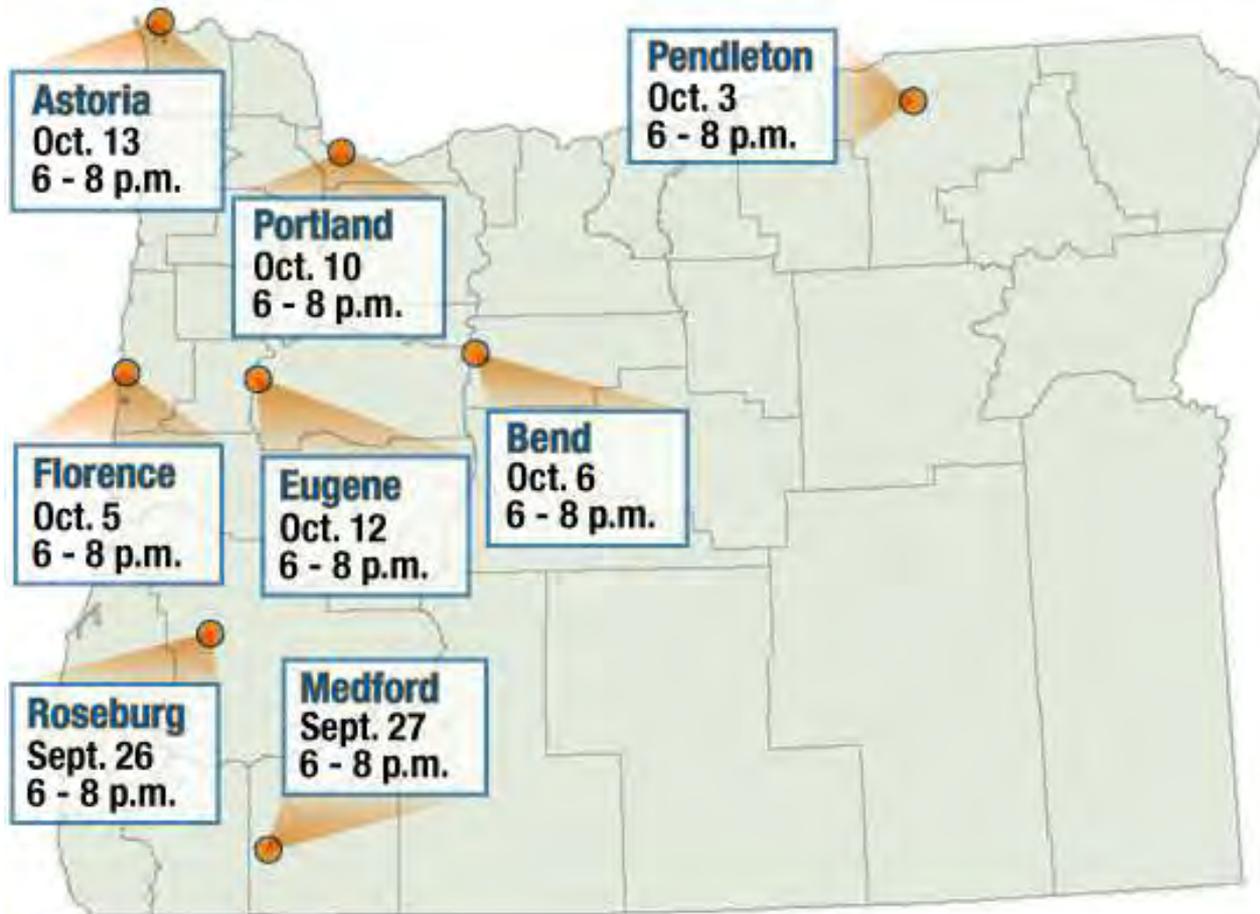


Nita Werner

133 Oregonians – 4 work groups

- **Coordinated Care Organization Criteria**
 - Who, how, where
- **Global Budget Methodology**
 - Criteria for determining global budget funds, shared savings arrangements, stop-loss, risk corridors and risk-sharing arrangements
- **Outcomes, Quality and Efficiency Metrics**
 - Clinical, financial and operational metrics
- **Medicare-Medicaid Integration of Care and Services**
 - Proposals for integrating care for those who are dually eligible for Medicare and Medicaid into CCO framework and for creating virtual integration for long term care services

Community meetings



Learn more. Get involved!

www.health.oregon.gov