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# Oregon's Health System Transformation

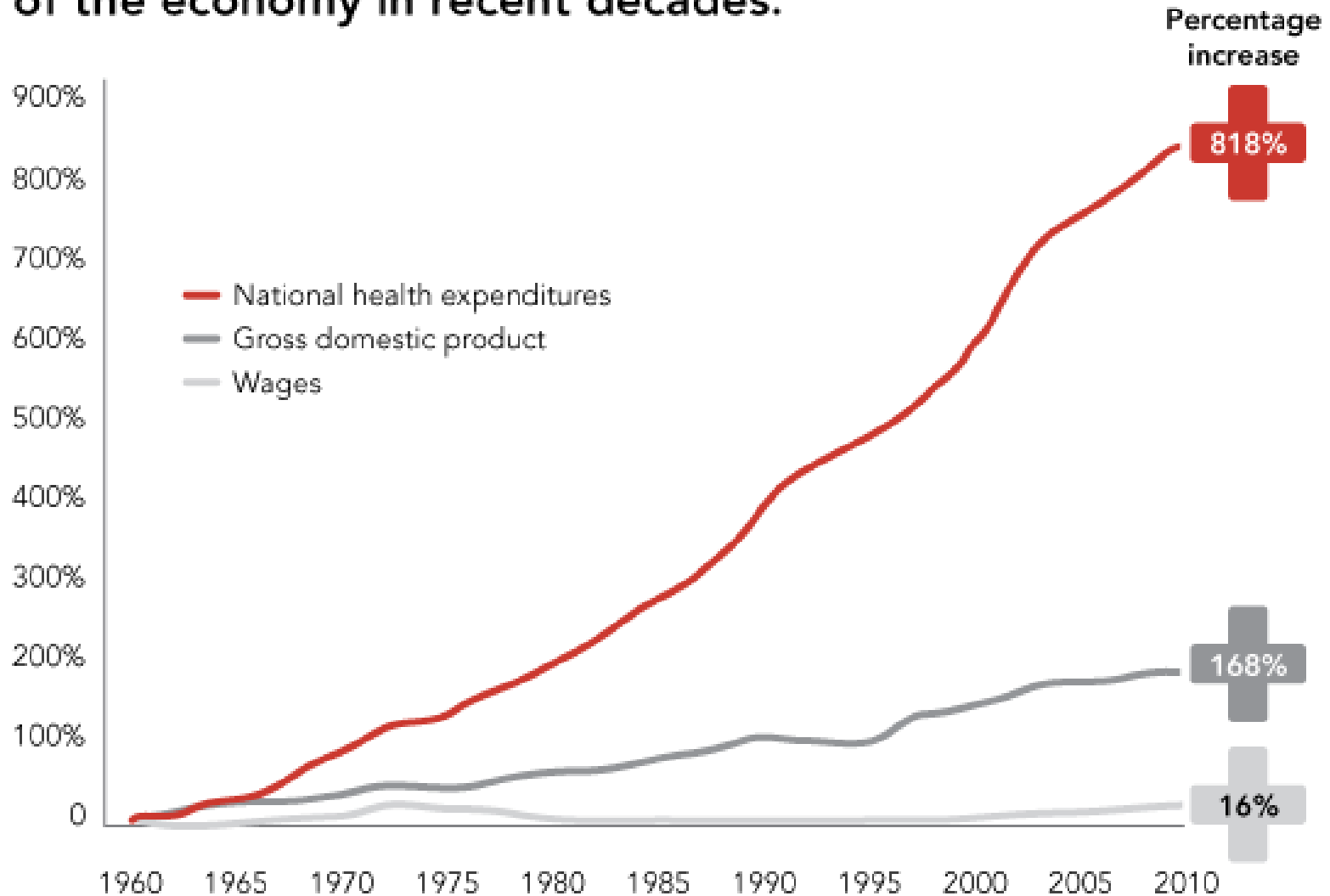
*Health Reform in Oregon: An Update*

*December 2013*

*Tina Edlund, Acting Director*



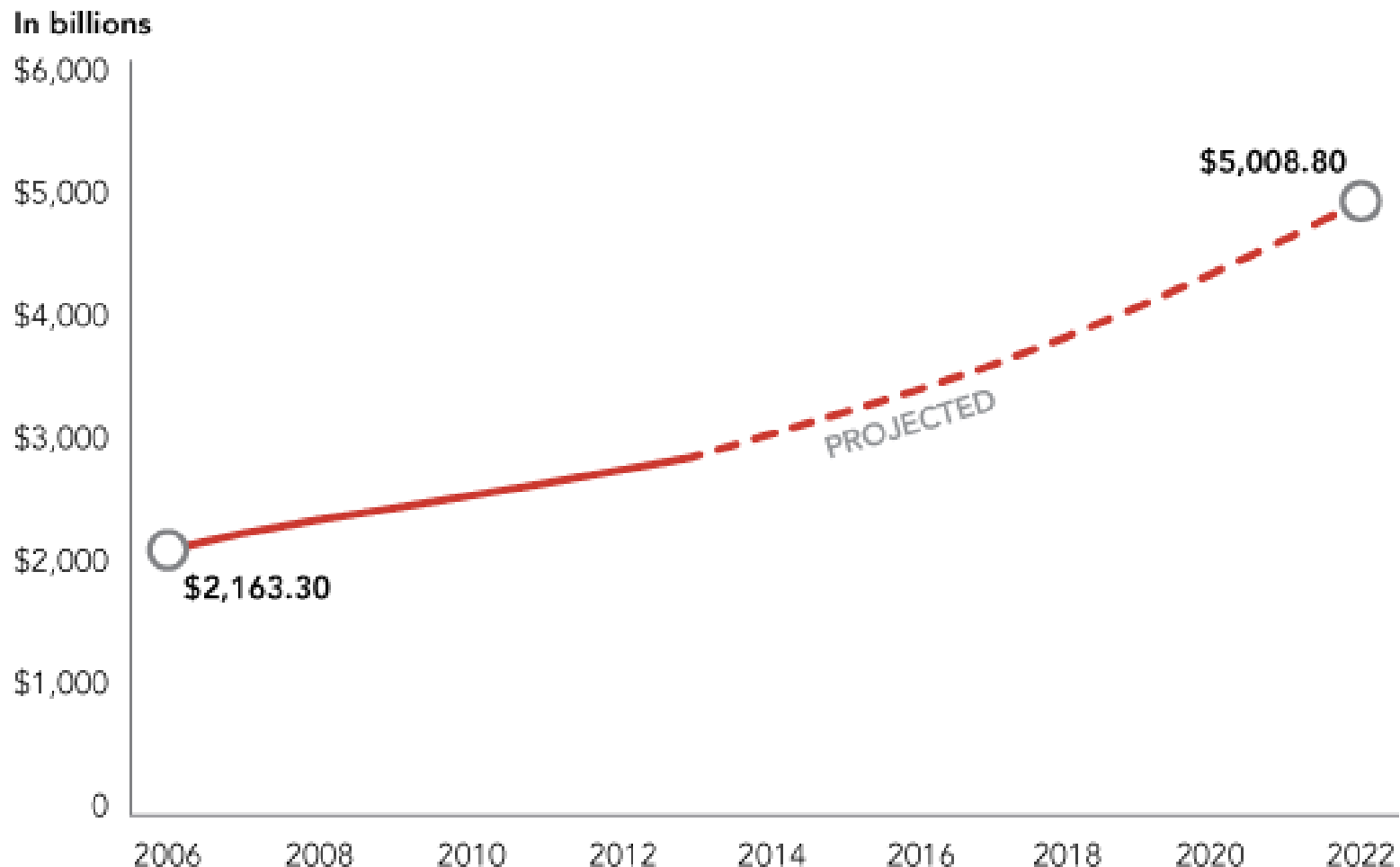
# Health care spending has grown much faster than the rest of the economy in recent decades.



Sources: McKinsey, "Accounting for the Cost of U.S. Health Care" (2011),  
Center for American Progress

THE HUFFINGTON POST

## Health care spending is projected to nearly double in the next decade.



Notes: The health spending projections were based on the National Health Expenditures released in January 2013. The projections include impacts from the Affordable Care Act. Numbers may not add to totals because of rounding.  
Source: Centers for Medicare & Medicaid Services, Office of the Actuary

THE HUFFINGTON POST

# Future of Medicare

	2000	2025
Number of beneficiaries	39.5M	69.7M
Beneficiaries as share of pop.	13.8%	20.6%

2004 - Medicare accounted for 8% of all federal income taxes.

2015 – 19%

2025 - 32%

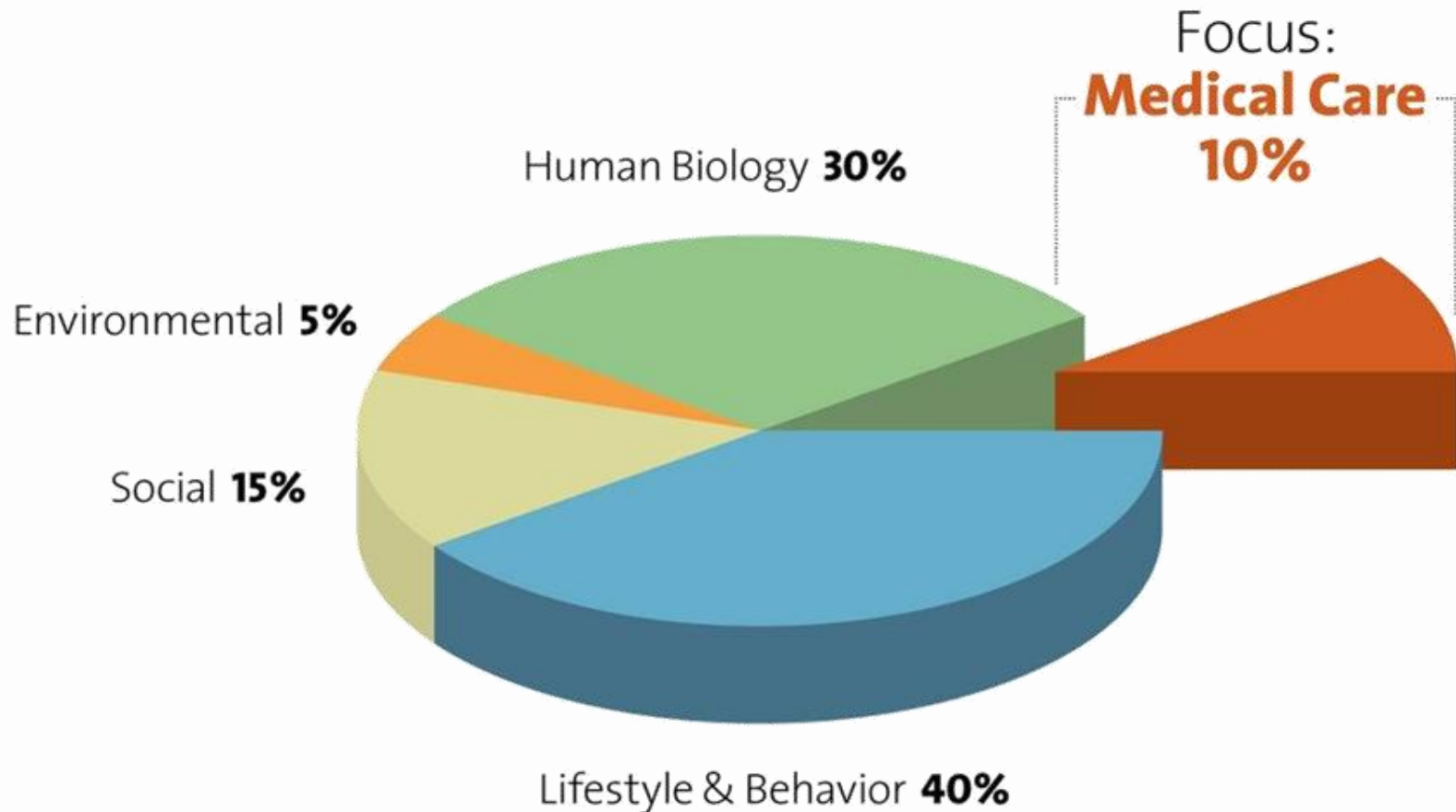
# Traditional budget balancing

- Cut people from care
- Cut provider rates
- Cut services

# The Fourth Path

- Change how care is delivered to:
  - Reduce waste
  - Improve health
  - Create local accountability
  - Align financial incentives
  - Pay for performance and outcomes
  - Create fiscal sustainability

# Wrong focus = wrong results



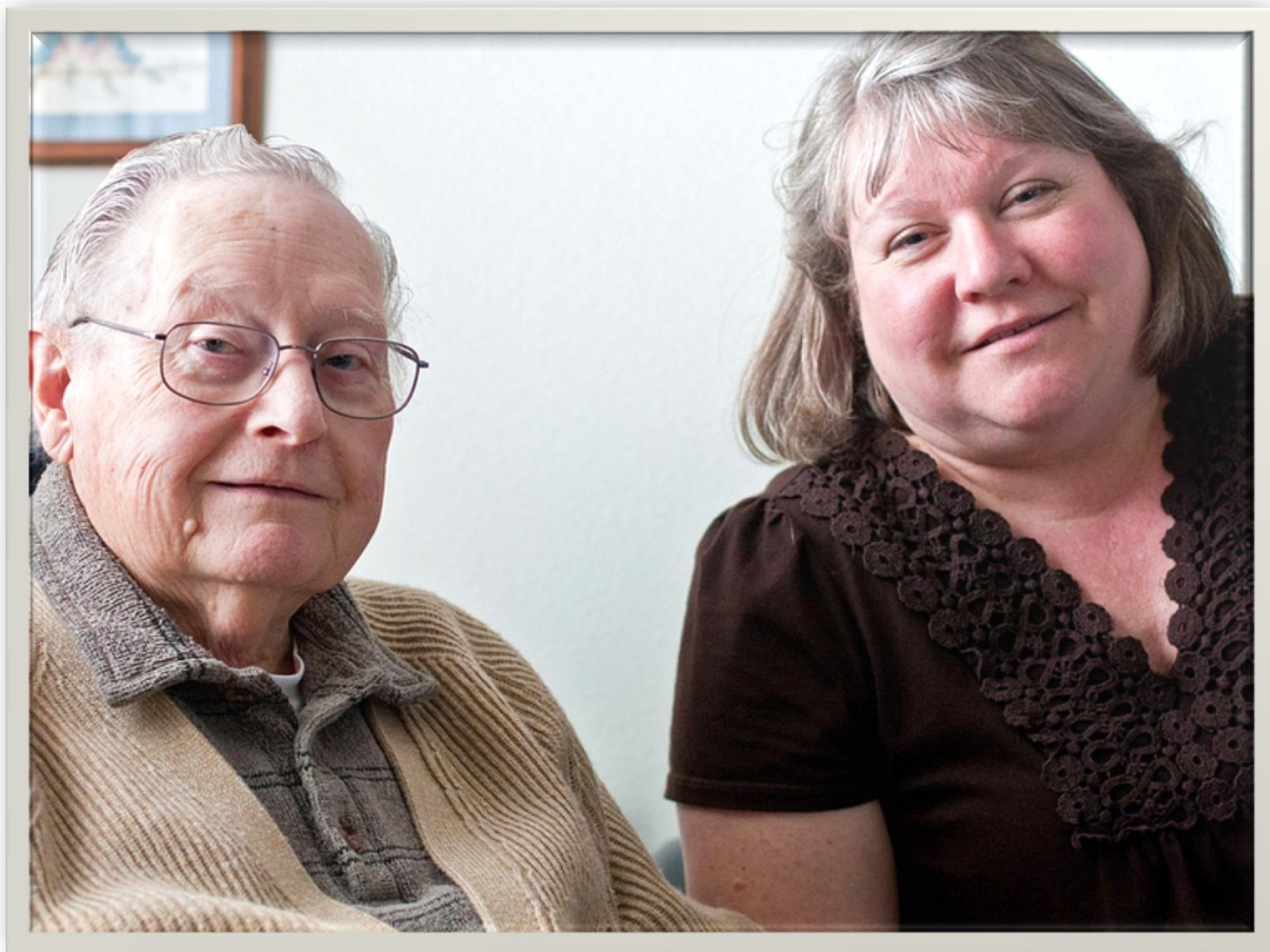
# Behavioral health – a key piece of the puzzle

- 2011 analysis – **physical health care costs decreased an average of \$3,603 per year**
  - Sample: 703 OHP clients who accessed addiction treatment
  - Projects to more than \$2.5 million saved for the sampled group alone
- 20% of patients are driving 80% of health care costs
  - Many are people with complex health needs that are very often complicated by untreated or poorly managed addictions and mental illness

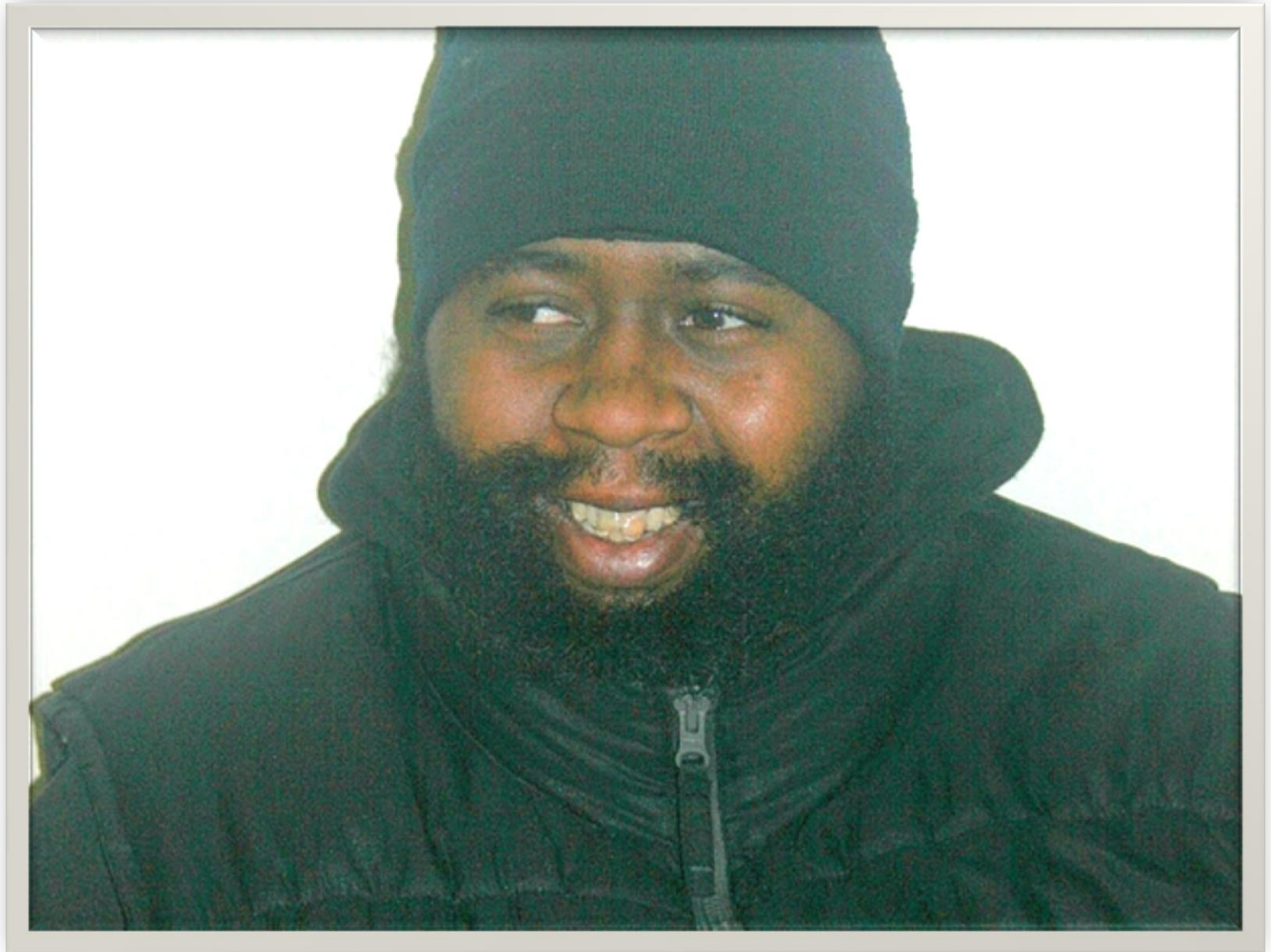


# WHAT DOES CHANGING HEALTH CARE LOOK LIKE?









## Current state

### Payment models

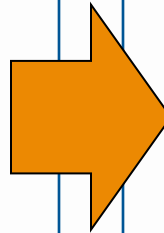
Paying for quantity (Fee for Service)

### Incentives

- Conduct procedures
- Fill beds

### Metrics

Net revenue



## Future state

### Payment models

Paying for quality and health

### Incentives

- Reduce obstacles to behavior change
- Address root causes

### Metrics

- Aggregate improvement in health status and quality of life
- Reduced health care costs

# Coordinated Care Organizations

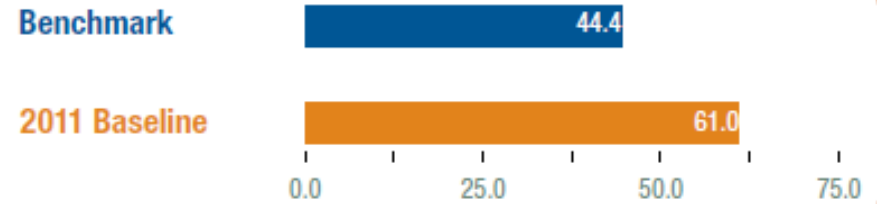
- There are 16 CCOs in every part of Oregon serving ~95% of OHP clients
- Governed by a partnership among health care providers, consumers, those taking financial risk
- Consumer advisory councils
- Mental, physical, dental care held to one budget
- Responsible for health outcomes
- Receive incentives for quality
- Budgets grow at 3.4% per capita per year

**2013-2015** CCO budget is 2 percentage points per capita below national growth trends

# Transparency

- CCOs accountable for 33 measures of health and performance
- Results are reported quarterly and posted on Oregon Health Authority website
- CCO financial data posted quarterly

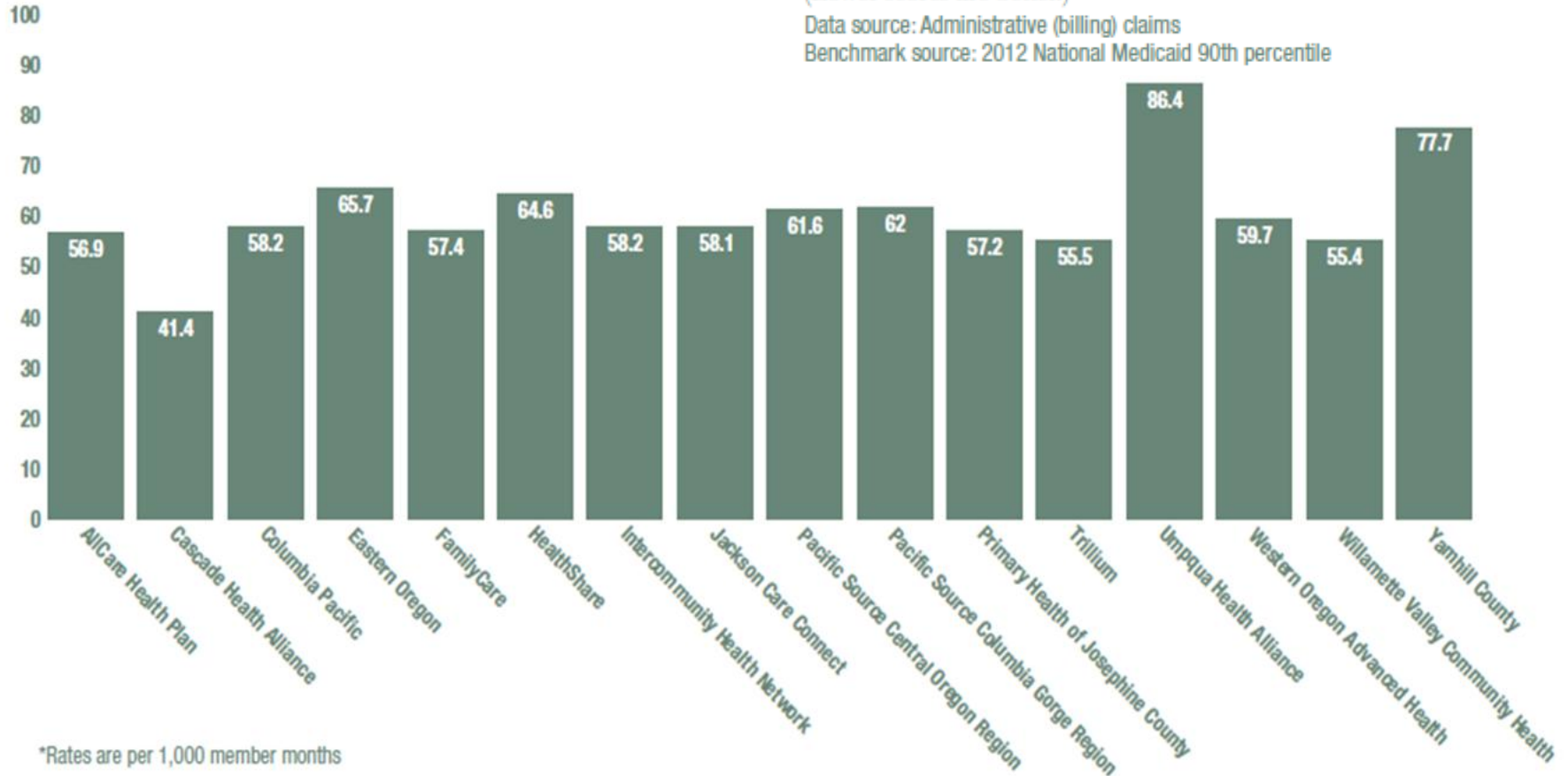
# Use of Emergency Dept.



(Lower scores are better.)

Data source: Administrative (billing) claims

Benchmark source: 2012 National Medicaid 90th percentile



\*Rates are per 1,000 member months



# CCOs Early Work...

- Reducing unnecessary ER visits
- Working to better integrate mental and physical health care
- Developing a complex care model for patients with chronic and complex conditions
- Hiring community outreach workers to help people manage the most acute and chronic conditions
  - Includes addiction and mental health peer support specialists

# Better Health and Value Through:

- Innovation
- Focus on chronic disease management
- Focus on comprehensive primary care and prevention
- Alternative payment for quality and outcomes
- More home- and community-based care, community health workers/traditional health workers
- Electronic health records – information sharing
- Tele-health
- New care teams
- Use of best practices and centers of excellence

# Transformation Center Goals:

- Champion and promote health system transformation in partnership with CCOs, providers and communities
- Build an effective learning network for CCOs
- Foster the spread of transformation beyond Medicaid
- Ensure state agency operations, policies and procedures support transformation

# RESULTS TO DATE

# Meeting the triple aim – What we are seeing so far...

- ✓ Every CCO is living within its global budget.
- ✓ The state is meeting its commitment to reduce Medicaid spending trend on a per person basis by 2 percentage points.
- ✓ State-level progress on measures of quality, utilization, and cost (for the first 6 months of 2013) shows promising signs of improvements in quality and cost and a shifting of resources to primary care.
- ✓ Progress will not be linear, but data are encouraging.

# Early data

- ✓ Decreased emergency department visits and expenditures.  
Visits down 9%.
- ✓ Increased primary care visits and expenditures.  
Visits up 18%.
- ✓ Increased enrollment in patient-centered primary care homes
- ✓ Decreased hospitalization for congestive heart failure, chronic obstructive pulmonary disease and adult asthma
- ✓ Increased adoption of electronic health records
- ✓ Decreased all-cause hospital readmissions.  
Down 12%.

# Race and ethnicity – 2011 baseline data

- ✓ Show broad disparities for most metrics – points to where efforts should be focused to achieve health equity
- ✓ Collecting these data is the beginning of understanding variation and disparity by race and ethnicity
- ✓ The handful of metrics where disparities are reduced may point to opportunities and best practices
- ✓ Progress data by race and ethnicity will begin to be reported in next quarterly report

# AFFORDABLE CARE ACT



# Affordable Care Act (ACA) Overview

- **Largest changes in health care in 50 years**
- **Coverage and access**
  - Medicaid expansion
  - Health insurance exchanges

# One OHP: Prevention and full health benefits

Right now, the Oregon Health Plan has two main benefit packages:

- **OHP Plus**, a full benefit package
- **OHP Standard**, a limited benefit package

In 2014, all OHP Standard members, and people who are newly eligible, will have the same full health benefits as OHP Plus members.

## OHP Standard Benefits



# OHP Fast-Track Enrollment

- Fast-track: It's an easy way to enroll in the Oregon Health Plan
- It is available for adults who have already been screened for other benefits
- They do not have to apply, since they've already been screened
- Coverage begins January 1
- More than 88,000 people have already signed up through fast-track
- Already reduced uninsured rate by 16%



**Fast-track Enrollment**  
**As easy as 1-2-3**

1. Receive a fast-track enrollment letter
2. Complete, sign and return the form
3. **Congratulations!**  
You are now enrolled into the Oregon Health Plan. Health coverage starts January 1, 2014.

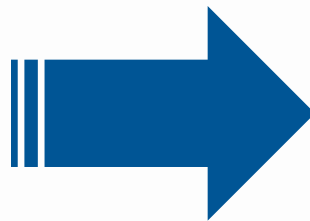
The graphic includes a background image of a 'Fast-track enrollment for the Oregon Health Plan' form.

# Projections - by 2016

500,000

more Oregonians will have health care coverage

**Today: 83%**  
of Oregonians have  
health care coverage



**By 2016: 95%**  
of Oregonians could  
have health care  
coverage

# Where will people get care?

- ~50% of uninsured have usual source of care
- Strong network of federally qualified and rural health centers in Oregon
- Loan repayment program to draw more providers into our state
- Tax credits and help with malpractice premiums to keep rural providers from leaving
- More capacity through increasing the numbers of community health workers and CCOs working to transform how care is being delivered
- Patient Centered Primary Care Homes

# What this means for behavioral health

- Many people who were on the OHP waiting list had mental health and substance abuse problems – a large driver of costs in criminal justice, foster care
  - More than half the kids in foster care have parents with substance abuse problems
- Court-mandated alcohol and drug treatment will now be covered for most people
- Because of better mental health and addiction treatment, our counties and cities will see fewer people in jails
- People leaving prison and jail will get mental health and addiction treatment without delay

# NEXT STEPS

# Next steps for health system transformation

- Aligning care models, standards and reporting in Oregon Health Plan, PEBB/OEBB and through Cover Oregon
- Leverage work to reduce costs, increase transparency in commercial market
- Focus on equity in quality and access to care for all Oregonians
- Share best practices through learning collaboratives
  - Including integration of behavioral and physical health



# Partnerships with CCOs

## Investments in community mental health

- Adults – Assertive Community Treatment
  - Provides case management and assertive community treatment to help people avoid hospitalization, shorten hospital stays
- Children – System of Care/Wraparound
  - Increases the availability of services around the state, providing intensive care coordination for children with emotional and behavioral disorders

**To learn more....**

**[www.health.oregon.gov](http://www.health.oregon.gov)**