

Oregon's Health System Transformation

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Oregon
Health
Authority

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

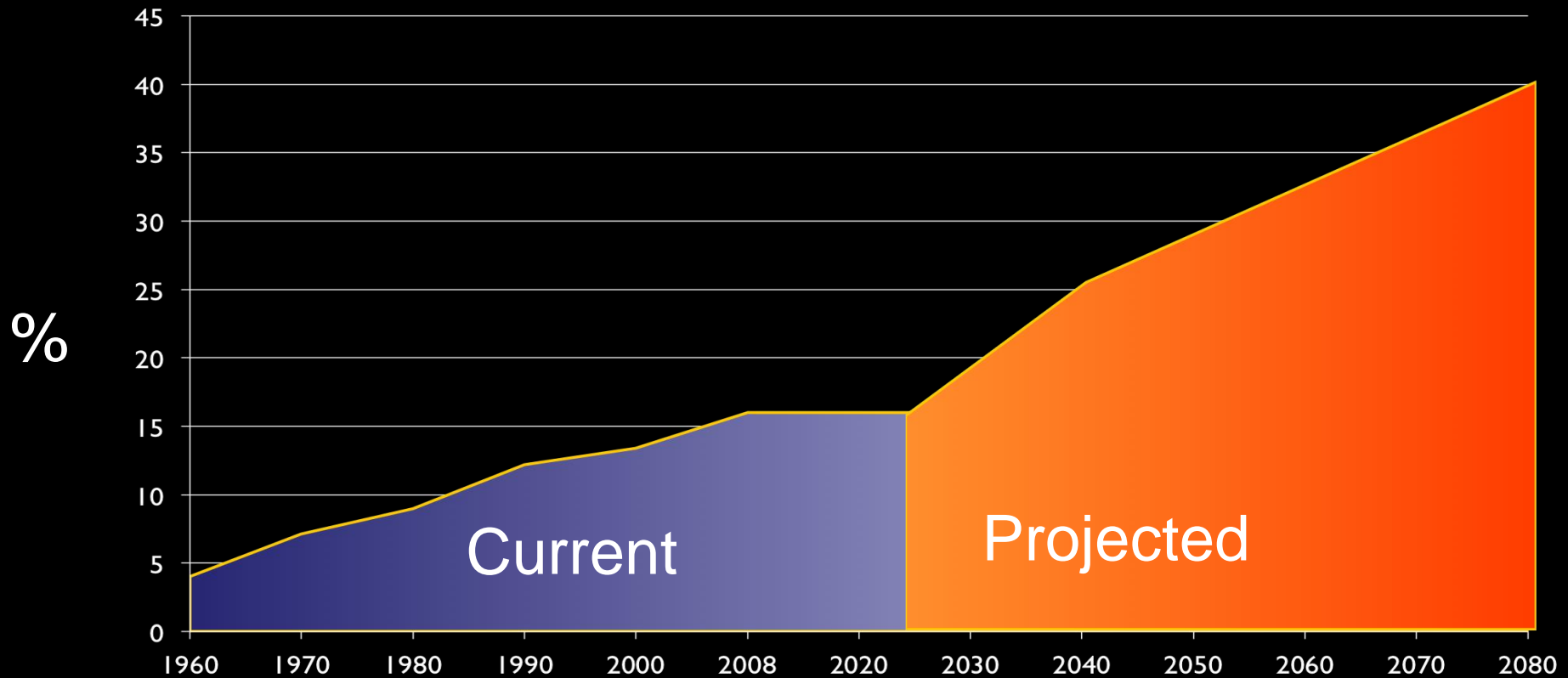
We can't afford this anymore

*If food had risen at the same rates
as medical inflation
since the 1930's:*

- | | |
|---------------------|----------|
| ✓ 1 dozen eggs | \$80.20 |
| ✓ 1 dozen oranges | \$107.90 |
| ✓ 1 pound bananas | \$16.04 |
| ✓ 1 pound of coffee | \$64.17 |

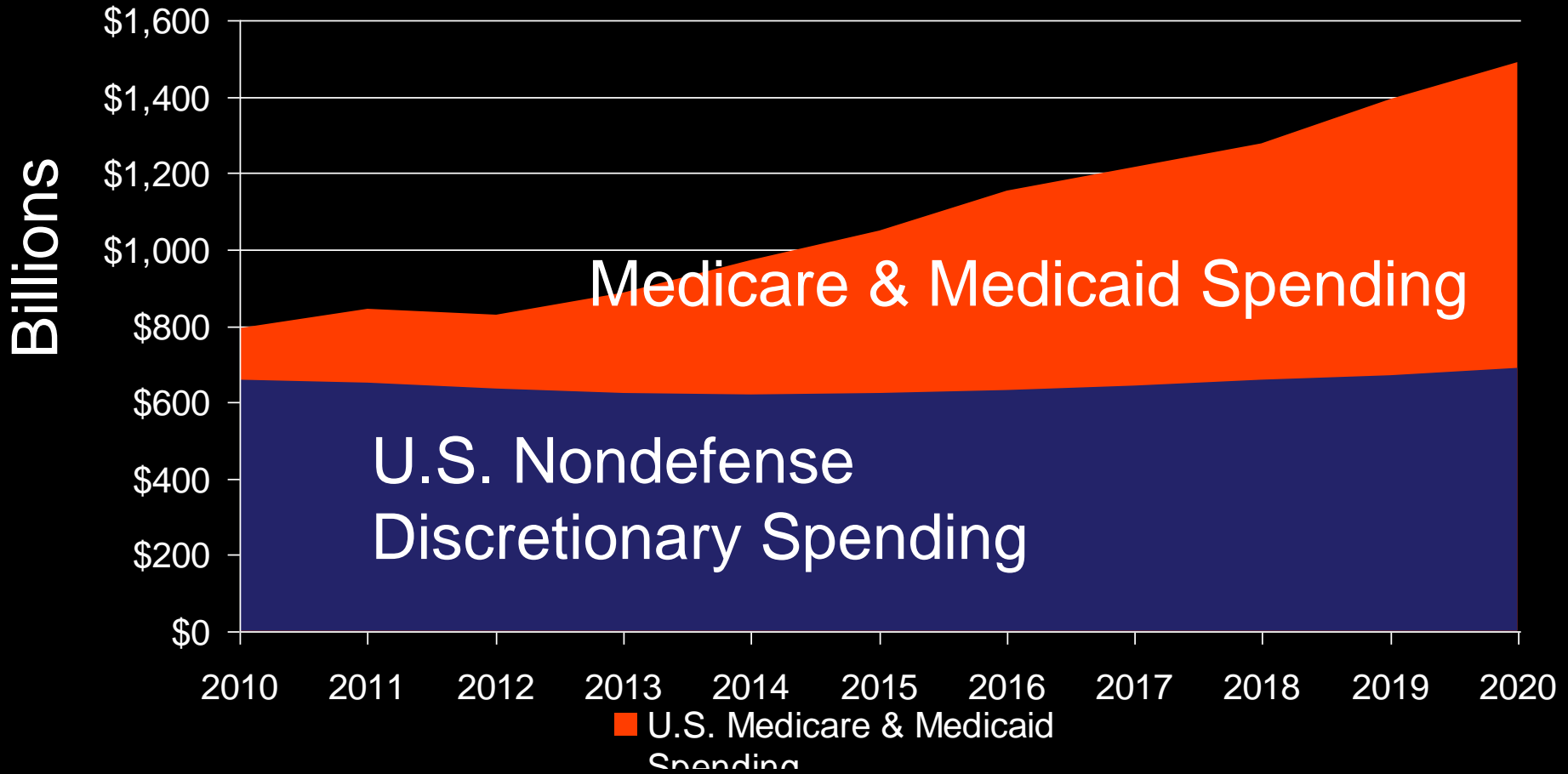


Total Expenditure of Health as Share of U.S. GDP



Source: Organization for Economic Co-Operation and Development, *OECD Health Data*, Feb 2011; U.S. Congressional Budget Office, *The Long-Term Budget Outlook*, June 2010, p. 42

Medicare & Medicaid Spending



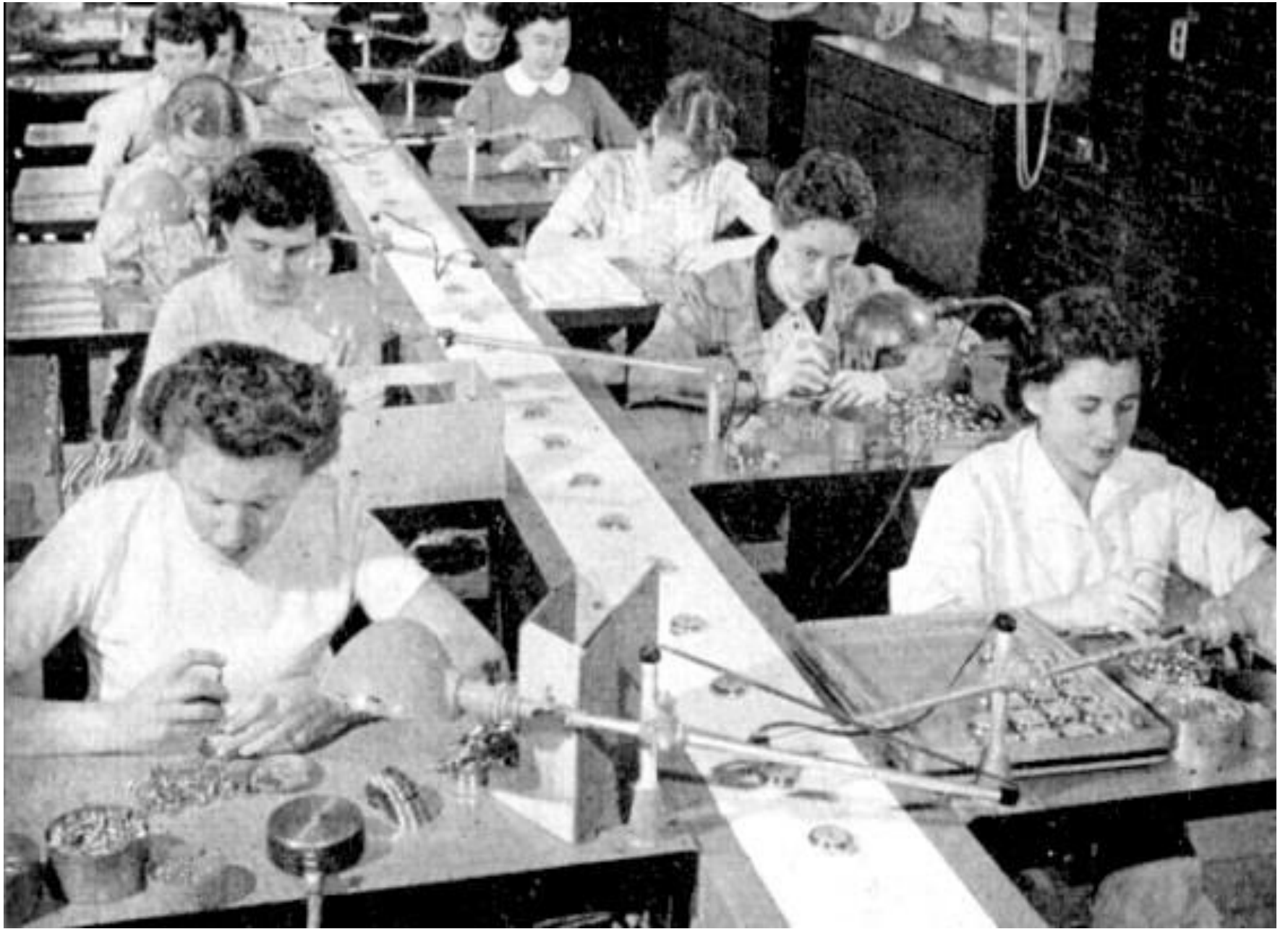
Traditional budget balancing

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

Meanwhile.....

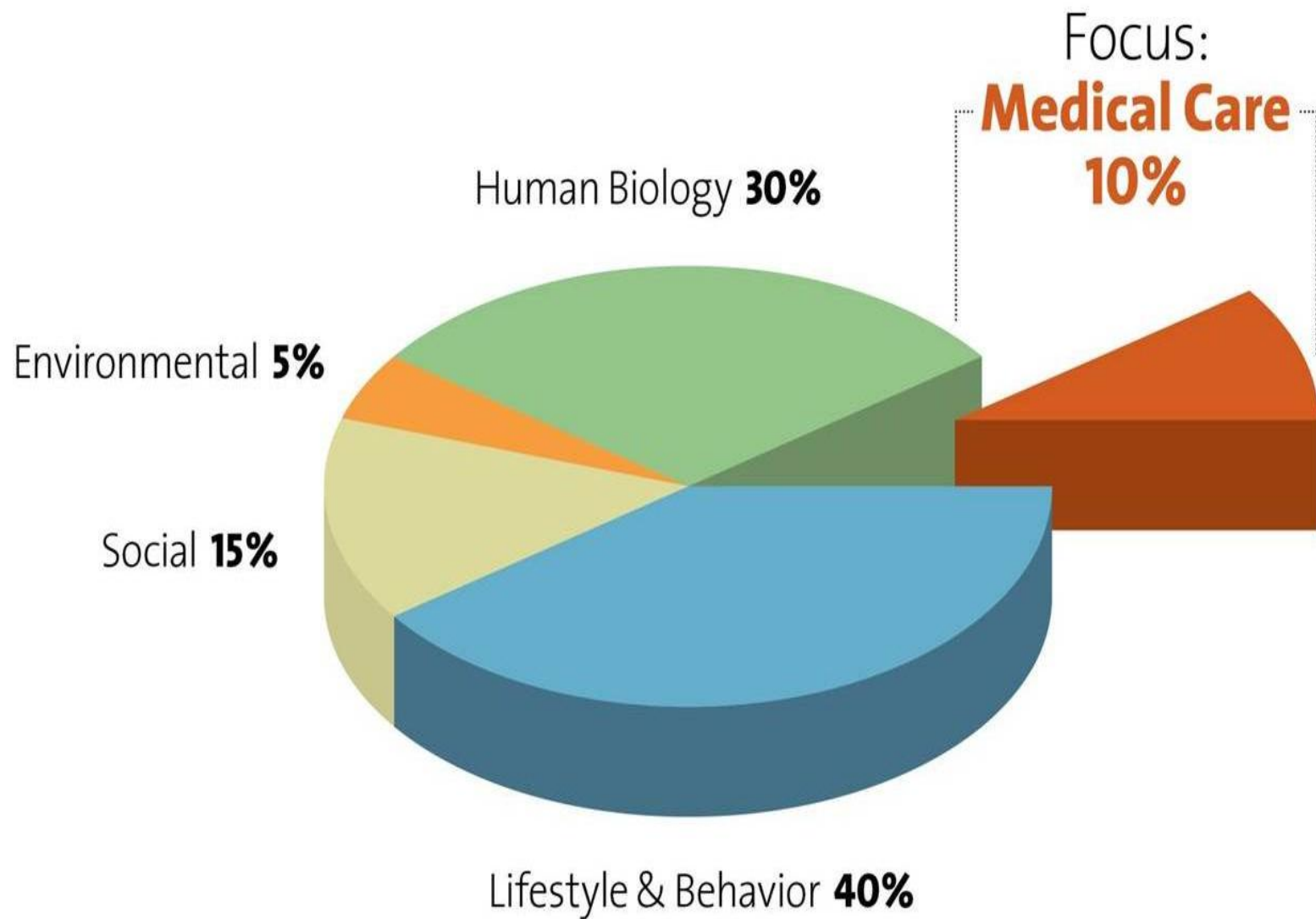
The Fourth Path

- Change how care is delivered to:
 - Focus on health
 - Reduce waste
 - Improve health
 - Create local accountability
 - Align financial incentives
 - Fiscal sustainability



Wasted health care \$

- Dollars are wasted when there is:
 - Over treatment
 - Failure to coordinate
 - Failure in care delivery
 - Excessive administrative spending
 - Excessive pricing
 - Fraud and abuse





No child should go to the ED with asthma

Malik, 8, used to go to the ER with asthma attacks as much as twice a month. Thanks to a coordinated care pilot project and a community health worker, he is avoiding the hospital.

More stories at: www.health.oregon.gov



Photo: Oregonian



**Health care competitors
not collaborators**

5 Ingredients for changing health care delivery

Benefits and services are integrated and coordinated

One global budget that grows at a fixed rate

Metrics: standards for safe and effective care

Local accountability for health and budget

Local flexibility

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

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.

Focus on

- Innovation in how care is delivered and paid for
- Community-level accountability for improving health
- Services that are person-centered, provide choice, and emphasize independence
- Improving health equity and reducing health disparities
- Evidence-based practices and health information technology
- High quality data to measure health outcomes, quality, and cost

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**

Community Advisory Council

- Majority of members must be consumers
- Must include representative from each county government in service area
- Duties include Community Health Improvement Plan and reporting on progress



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

Benefits & services are integrated and coordinated

- Physical health, behavioral health, dental health
- Focus on chronic disease management
- Focus on primary care
- Get better outcomes:
 - Health equity
 - Prevention
- Workforce: Community health workers/non-traditional health workers
- Electronic health records

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

1115 WAIVER

- Establishes CCOs as delivery system for Medicaid
- Flexibility in use of federal funds to meet outcomes
- Financial savings – reduce per capita trend by 2 percentage points
- Accountable for outcomes and quality – “sticks and carrots”
- Financial penalties for not achieving goals
- Transparency
- Investment in workforce – primary care and community health workers

STATUS TODAY

- February 2012: Bipartisan legislation passed
- March – July: 1115 Waiver and statewide procurement for CCOs
- 13 CCOs certified and now operational
- On Sept. 1 ~80% of Medicaid recipients to get care through a CCO
- “Proof of concept” in Medicaid, then to extend the model.



**Across Oregon, unprecedented
collaboration**

SO WHAT DOES THIS MEAN FOR PUBLIC HEALTH?

Does public health become part of the
health care delivery system?

or

Does the health care delivery system
become part of public health?

OPPORTUNITY

- Cannot simply do more of the same
- New mindset that embodies purpose and meaning and the mutual obligations that bind us together
- Opportunity to create new and better methods for contributing to the health and well being of our state/nation
- Combine creativity and foresight to invent new institutional forms
- In other words.....transformational change to both health care and public health
- Public health can lead the way!!!

FERTILE ENVIRONMENT

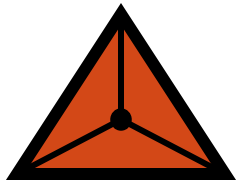
- Coverage provided by insurance reform will allow public health to focus on health rather than on health care delivery for uninsured.
- Common goal of improving health and addressing chronic illness and leading causes of morbidity and mortality can bring population and individual health together.
- Large investments in data – H.I.T.
- Opportunity to better address social determinants of health.
- New organizational structures will need public health leadership

WHAT WILL HELP....

- Realign funding within and between both Public and Individual health
 - Reduce the number of “siloes” funding streams
 - Joint investments in population health and community benefit dollars
 - Greater flexibility to focus on common goals
 - System wide accountability
 - New incentives

WHAT WILL HELP....

- Enhanced workforce
 - Quantity
 - Skill – organizational development, change management, collaboration, media
- Leadership – boards, leadership teams
- Vision for better future



The future belongs to those who create it.

