

***Oregon Public Health
Association***

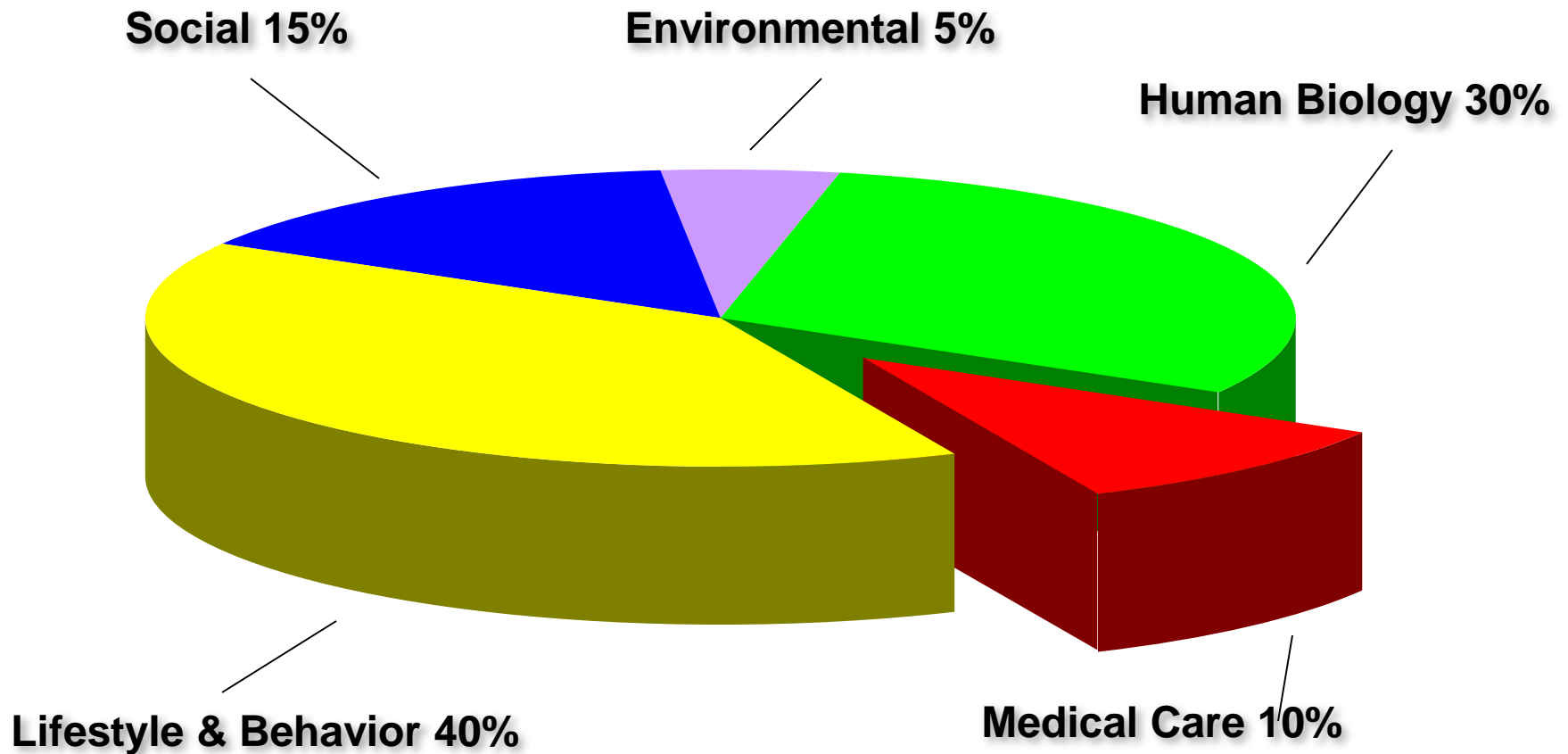
October 10, 2017

John A. Kitzhaber, M.D.

Health vs. Health Care

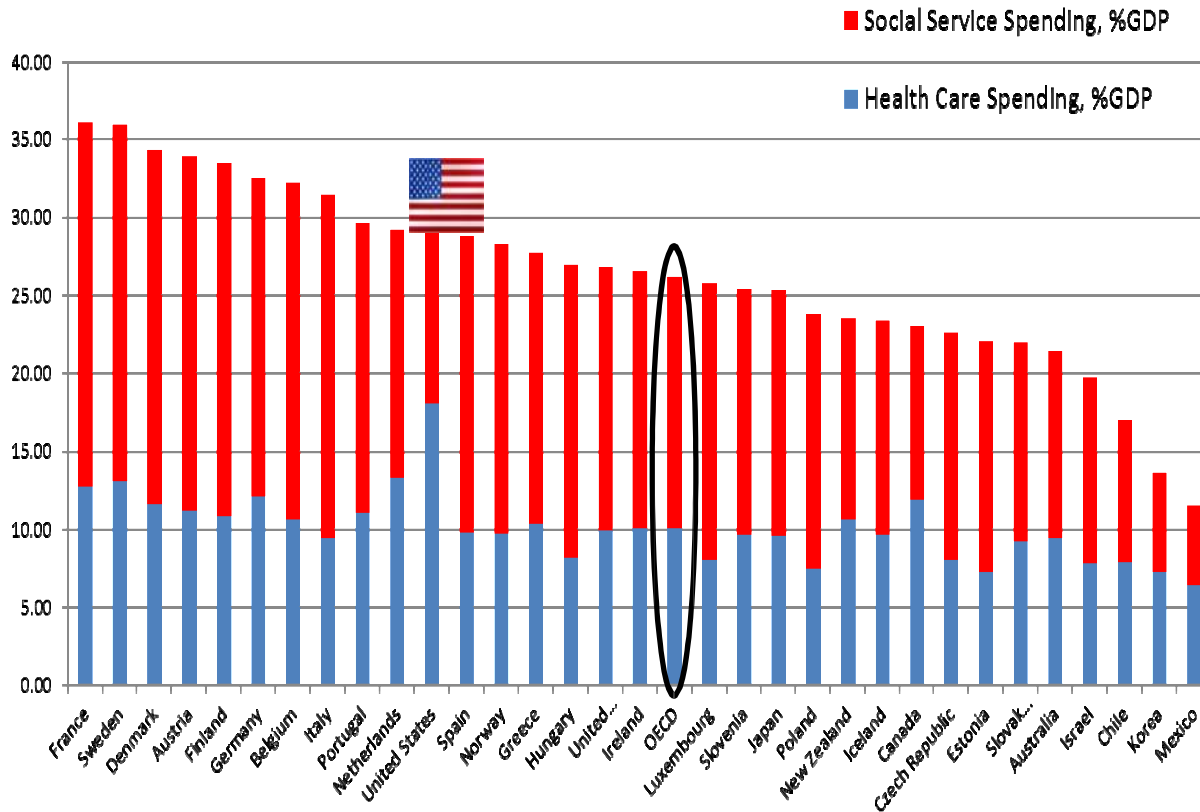
Health Field Model

Influence Factors on Health Status

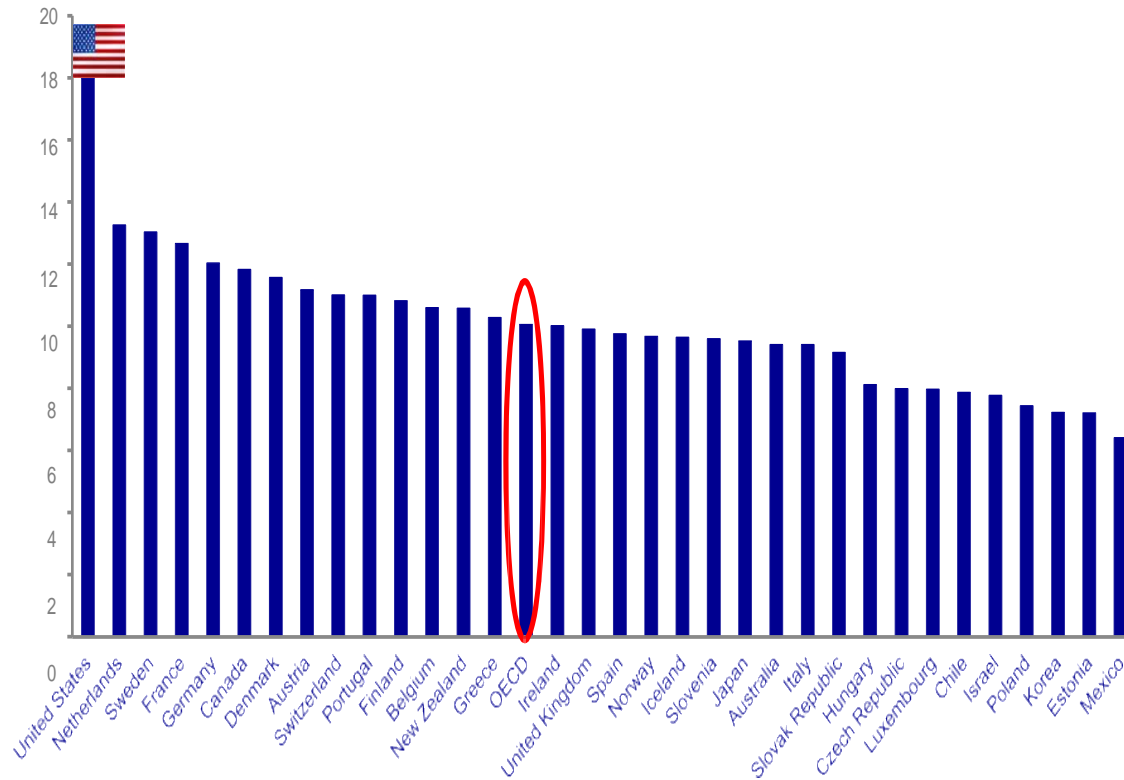


Source: McGinnis J.M., Williams-Russo, P., Knickman, J.R. (2002). *Health Affairs*, 21(2), 83

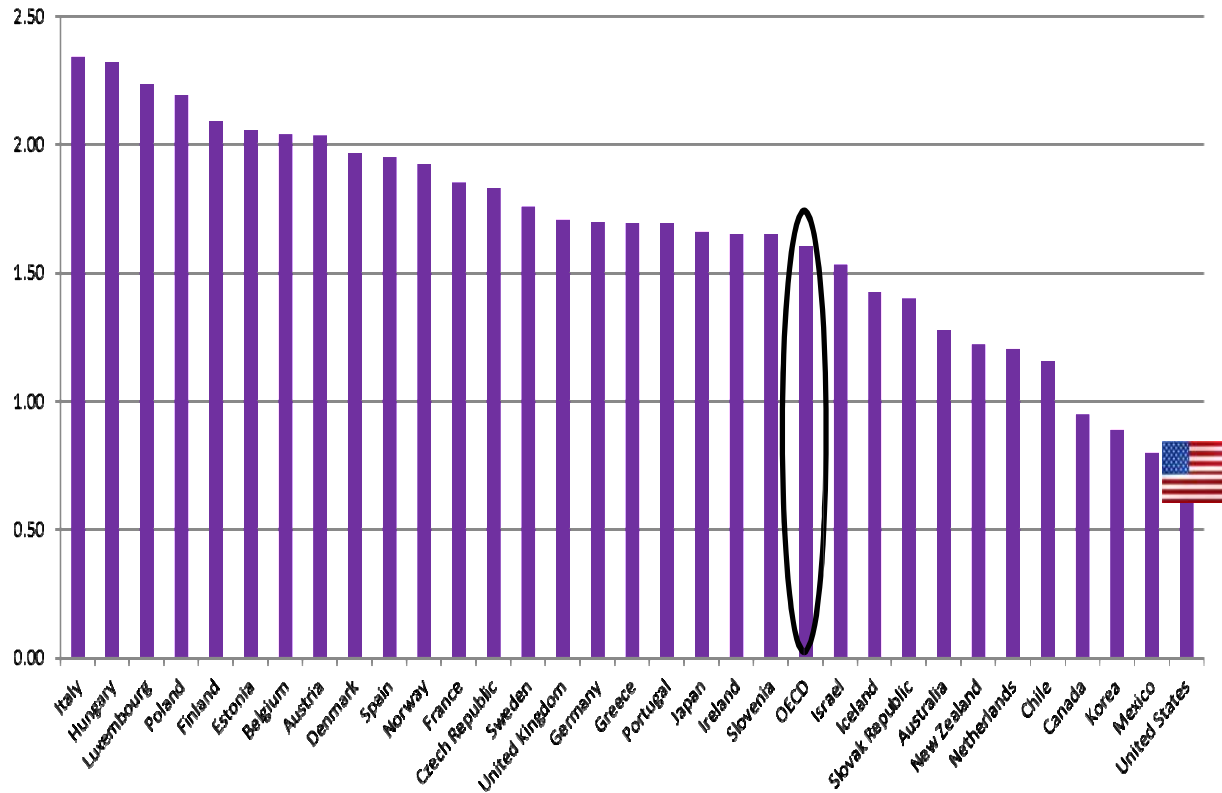
Total Investment in Health as % of GDP



Health Expenditures as % of GDP, 2009



Ratio of Social Service to Health Care Spending



*Switzerland and Turkey are missing data for 2009

Yale Global Health Leadership Institute

Adverse Childhood Experiences

Investing in Prevention



Public Resources

1. Fiscal Commons

2. Finite

Medicaid

1. **Categorical eligibility**
2. **Federal matching dollars**
3. **Cost shifting**

The Oregon Health Plan

Coordinated Care Organizations

Federal Waiver

\$1.9 billion 5-year investment

Reduction Medicaid cost trend rate from 5.4% to 3.4% by end of second year.

No reduction in enrollment or benefit

Meet rigorous quality and outcome metrics

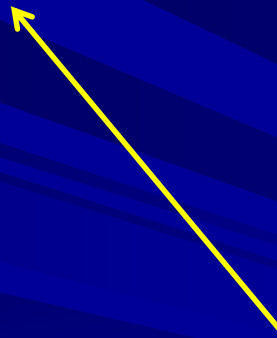
Areas of Agreement

1. Nobody can afford total cost of care
2. Everyone needs a “third party” to help pay the bill

Medicaid

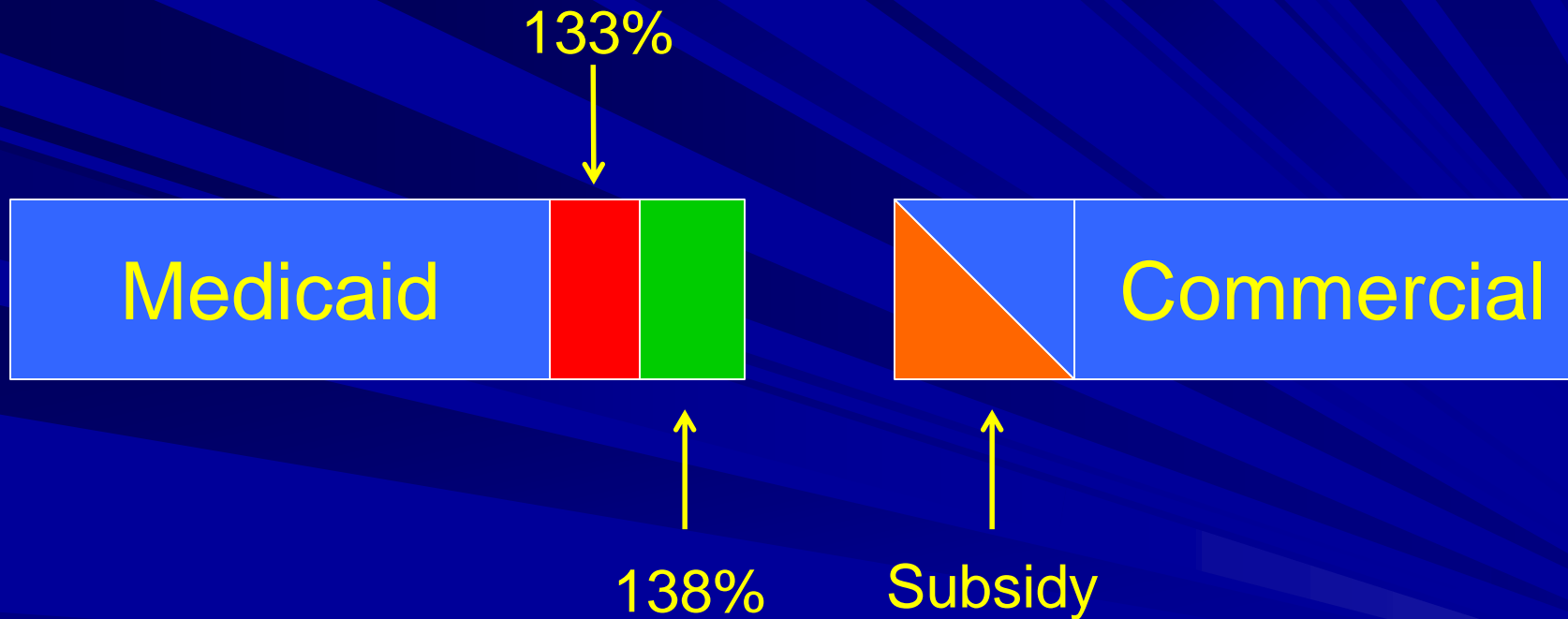
Commercial
Insurance

Group
Individual



3. Medicaid should be expanded
4. Some low income people not on Medicaid need subsidy to help buy commercial insurance

Areas of Disagreement



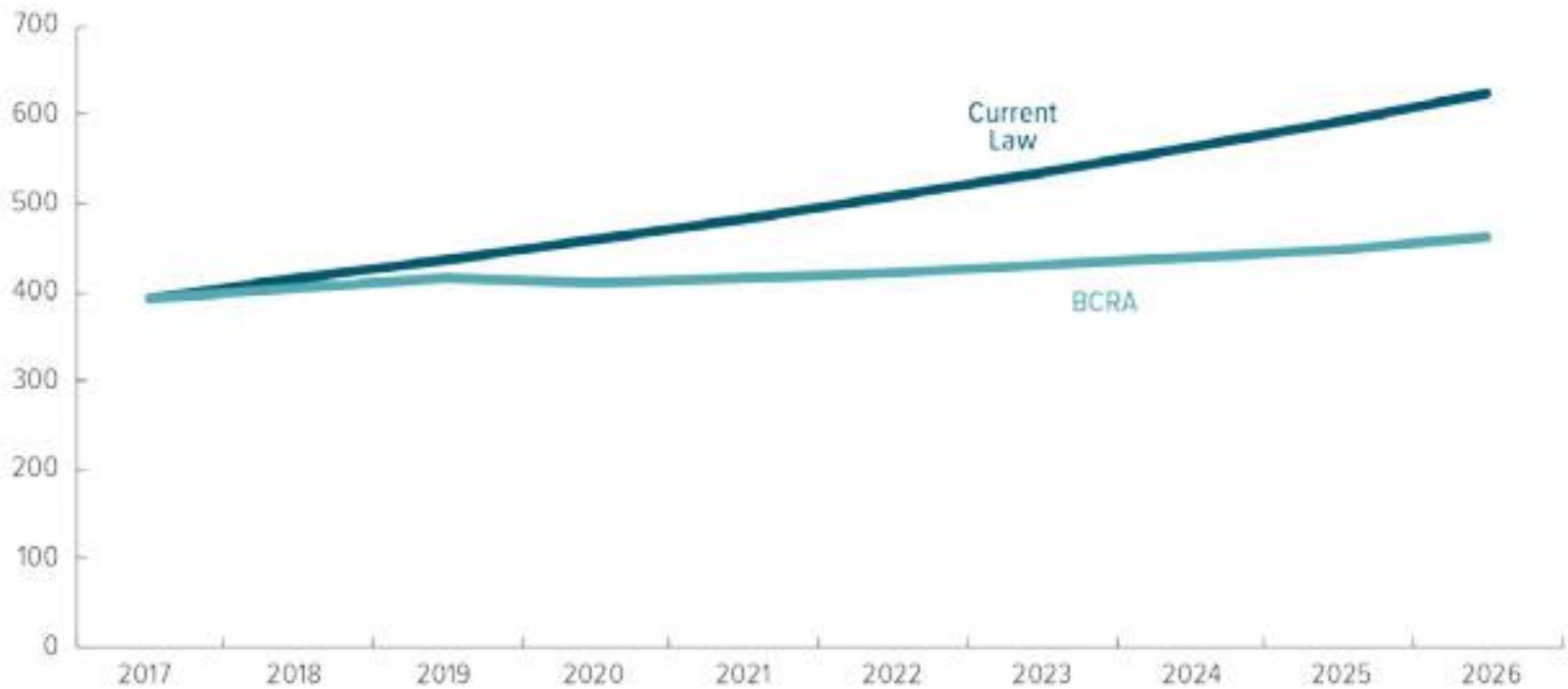
Cost

Not addressing System Cost
... just who pays the bill?

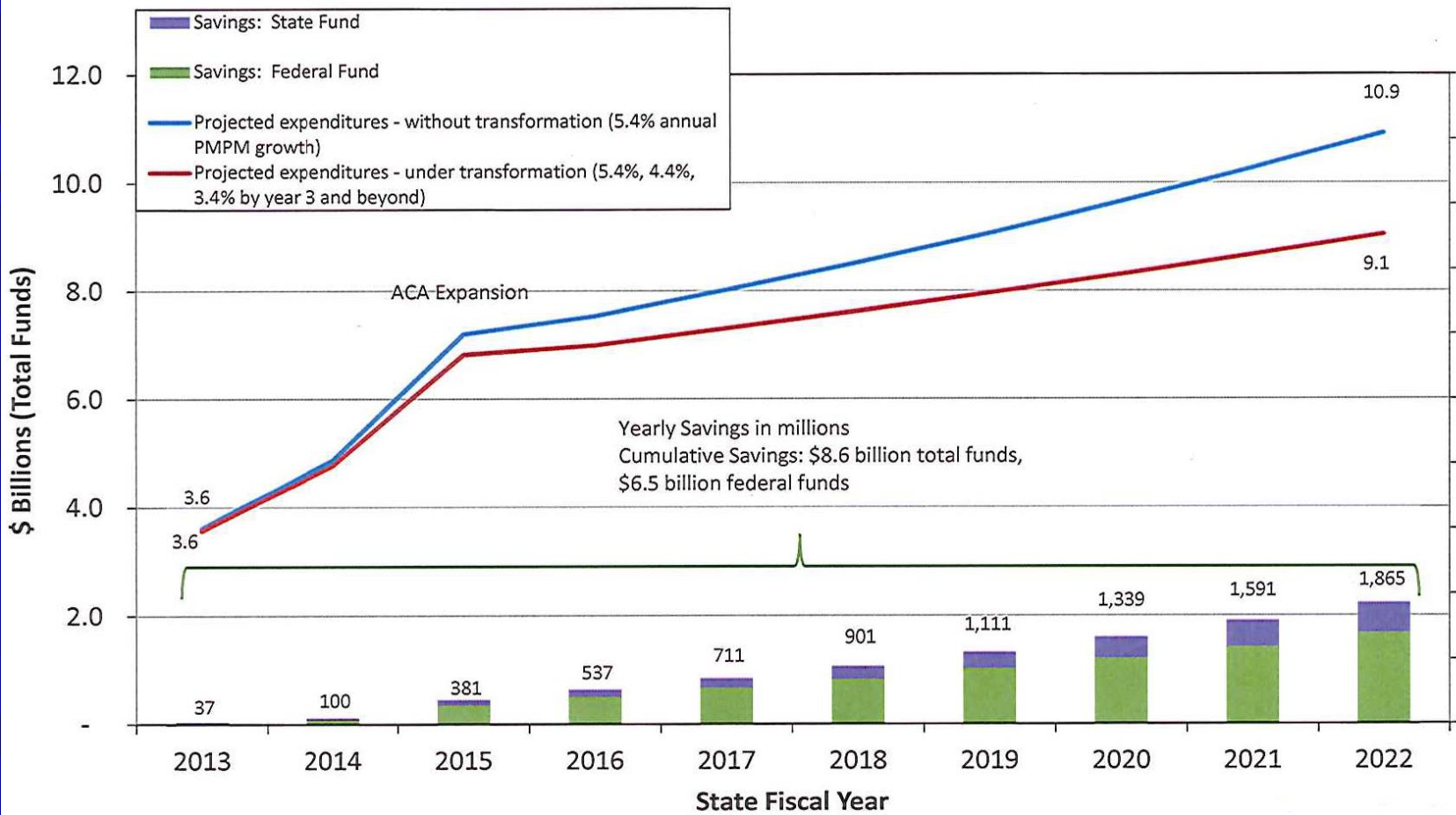
Managing Total Cost of Care

Medicaid Spending Under Current Law and Under the Better Care Reconciliation Act

Billions of Dollars



Source: Congressional Budget Office.



Network for Regional Healthcare Improvement

Five regional markets: Oregon, Utah, Maryland, St. Louis, Minnesota.

Oregon lowest utilization but highest cost

If two regions with highest cost (OR, MN) reduced spending by 2.5% (\$9 pmpm) employers would save \$200 million per year

Not reducing amount currently spending

Reducing rate of increase to sustainable level

Reinvest savings in SDH

Oregon's Journey

1989 — Oregon Health Plan

- Prioritizing for health
- Population health
- Did not address cost

2012 — Coordinated Care Organizations

- Managed total cost of care
- Did not address SDH

The Next Path

Public Health

“Public health saves money, improves our quality of life, helps children thrive and reduces human suffering.”

American Public Health Association



Health Loss Ratio

Counts both medical and social spending)

If the Medical Loss Ratio is 85:15 (85% on medical care and 15% on administrative overhead) then the Health Loss Ratio is 85:0

- 85% of budget spent on medical care
- 0% of budget spent on social investment

Health Loss Ratio

Counts both medical and social spending)

Waiver year	HLR	Medical	Social
2017	85:0	85	0
2018	80:5	80	5
2019	75:10	75	10
2020	70:15	70	15
2021	65:20	65	20