



CHANGING GOVERNMENT, CHANGING LIVES

Address to the City Club of Portland
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Hello. Thank you for inviting me here today. It is a true honor. As mentioned in the introduction, my name is Dr. Bruce Goldberg and I am the director of the Oregon Department of Human Services, the largest public agency in the state.

Another way to say that is, “Hello, my name is Bruce, and I am a bureaucrat.”

I know, I know. It’s a slightly different career path than I anticipated when I graduated from medical school.

But after working as a physician in North Carolina and then six years with the Indian Health Service in Zuni, New Mexico, I came to see not only the significant difference excellent medical care can make to an individual person’s life, but also how good public policy, well-run organizations and supportive communities can change the lives of thousands.

Little did I ever think I would wind up as head of DHS.

But I took the job because I profoundly believe in the potential of our public institutions and for the opportunity to improve the lives of so many Oregonians.

To be able to make a difference.

And the truth of the matter is that I have the best job in Oregon and one of the best in the country.

So I am here today, almost three years after taking the job, to make the case to you that some of the most exciting and innovative work happening in our country today – ok, in Oregon – is happening at the Oregon Department of Human Services.

In 1977 Hubert Humphrey said, “...the moral test of government is how that government treats those who are in the dawn of life: the children; those who are in the twilight of life, the elderly; and those who are in the shadows of life, the sick, the needy and the handicapped.”

More than 30 years later, those words are more timely and perhaps more prophetic than ever.

And in Oregon there is a second test:

It’s not only about whether we are doing the right thing by our most vulnerable citizens, but also whether we are doing the smart thing for the entire state.

So today I would like to talk about the challenges of meeting those tests and to specifically address three things.

First, what the real needs are for health and human services here in Oregon.

Second, how government must change if we have any hope of meeting those needs.

And third, how smarter and earlier investments can improve lives, protect precious resources, and build stronger families and communities.

For those of you who are not familiar with your health and human services agency, we run what has traditionally been described as the safety net. Simply put, we help care for our seniors, people living with disabilities, children, and those that have suffered temporary hard times and need a hand.

And during the last year the safety net in Oregon has been pushed to the limit. As you know, the unemployment rate statewide is now more than 12 percent – the highest in memory – and last week it was announced that our own Portland has the fastest growing unemployment rate of any metropolitan area in the country ... higher even than Detroit.

By the most recent count – which was before our economy went into decline – nearly 13 percent – one in eight Oregonians – lived in poverty.

And last month, one in six Oregonians qualified for food stamps. One in six. Look around you – if this room represented the state - that’s more than one person for each table in

this room who would not have enough money to feed her family. And the longer this recession lasts, the higher those numbers grow.

Six hundred thousand people – 17 percent of our state’s population – are without any kind of health insurance.

More than 260,000 Oregonians suffer from drug or alcohol addiction and less than 25 percent of them have access to treatment.

Untreated drug addiction costs us all, not just in the human lives it destroys but also in dollars and cents. According to EcoNorthwest, substance abuse costs Oregon \$5.93 billion each year or \$1,600 per Oregonian.

About seven percent of the Oregon population lives with mental illness, and they, too have a hard time finding treatment in their community. And because so many cannot get the care they need, they end up in hospitals, in jails, or worse, they end up dead. Oregon knows too many such stories.

And since this lunch began today, a DHS hotline received a call from someone reporting that they know of a child who could be abused or neglected.

During this luncheon, there will be at least six more such calls. We receive these reports every eight minutes, more than 65,000 calls per year.

On the opposite end of the life span, we are facing another huge challenge with the coming wave of senior citizens that’s about to hit our state. Not people moving from Florida or Arizona. It’s us. Well, not me of course, but you.

I know that Portland has a national reputation for attracting young people and the new “Creative Class,” but the reality is that the state isn’t getting younger, it’s getting older, and that’s going to have serious implications for our people, our state budget and our government.

In 2010, approximately 13 percent of Oregon’s population will be 65 years or older. By 2030 the percentage will nearly double.

And, since Medicare, our nation’s health insurance for seniors, does not cover one of the things we rely on as we get older, namely long-term care, many of us will impoverish ourselves, and then turn to the state for help.

As you can now see, I am filled with optimism.

In all seriousness, I know first-hand how the human need in our state can seem overwhelming. And after hearing them you may be questioning my statement that I have the best job in the state.

But I am sitting in a unique position, because I know what's being done to address these problems in Oregon.

And because I know that good government matters.

That's a lesson we all learned in the wake of Hurricane Katrina.

The citizens of Louisiana and Mississippi were left abandoned and bewildered as the rest of the world watched in horror. A subsequent report by Congress showed that disengagement at the top levels of government and an unwillingness to bulldoze through barriers created the resulting calamity.

The report simply said, "... Katrina was a national failure, an abdication of the most solemn obligation to provide for the common welfare."

So in the aftermath of Katrina there was a lot of analysis of whether a large-scale government failure was inevitable. The question was raised: is it even possible for government to do anything right? To do anything at all?

Then, in Oregon, another storm came.

In December of 2007, as you will recall, a massive front slammed into the Oregon coast, resulting in disaster declarations in nine counties, hundreds of millions of dollars in damage and the decimation of the town of Vernonia. Entire forests were blown down in the raging winds. Power outages were rampant. Roads were closed. People were shut off and isolated.

Government responded.

At DHS, many of our employees, themselves in the storm's path, were facing flooding of their own homes and concerns for their own families. But through it all, they showed an uncommon dedication that exemplifies the simple mission of DHS, which is to above all else Help People.

They went door-to-door checking on clients who are housebound, bringing them food or medicine. They contacted anxious parents whose children were in foster care to assure them that all was well. They moved supplies to nursing homes and health care facilities and helped with evacuations. They were on the ground in Vernonia and other

communities giving out food stamps and vouchers to people who were suddenly out of work, had no home or access to their bank accounts, and were destitute.

Our staff did not let red tape or bureaucracy get in the way of getting the job done. In an emergency, suddenly you are free to do things differently.

Today it's not a rain storm, it's not a wind storm, but we have a human storm. A human emergency. A health and human services emergency.

The growing number of seniors, numbers of people with disabilities who need help caring for themselves, the numbers needing mental health care, the abused and neglected children – that's a human emergency here in Oregon.

So in Oregon, we need to take the lessons learned during the December storm – to think differently and to do things differently – and respond to this emergency.

And I'm happy to say at DHS, we are. If you don't believe me, just ask President Obama.

Last January, like people across America and around the world, I watched President Obama's inauguration address. I was expecting him to give us his agenda for our country and lay the path for the work ahead. And he did.

What he also did – and what I wasn't expecting – was to describe the transformation we have underway at Department of Human Services in Oregon.

About half-way through his speech he began talking about government as a force for good in our country.

"The question we ask today is not whether our government is too big or too small, but whether it works – whether it helps families find jobs at a decent wage, care they can afford, a retirement that is dignified." He went on to talk about the importance of being innovative, thinking long term, breaking through the bureaucratic barriers that keep us from doing our jobs. And he also called on all government to restore the public trust and strive for greatness.

He could not have described better what we are doing at DHS.

A few months after I started this job and just three months into a new two-year budget cycle, the Department of Human Services was \$172 million in debt and, by any measure, did not have the confidence of the public or the legislature.

Add to that the continual struggle to meet growing need with declining revenues.

So we started asking ourselves some hard questions.

What would it really take to have a truly world-class human services agency? The kind of agency that Oregonians can believe in?

What do we have to do to get there?

It was clear the old ways weren't working. We had to change.

So with the approval of the Governor and the legislature, we brought in a global firm that is a leader in teaching businesses and organizations to run more efficiently.

They use the kind of methods familiar to many in the business world – techniques such as Lean – that relentlessly look for and eliminate waste, re-engineer work flows and improve business processes. The techniques used by the most successful and creative companies in the world.

It's the way the Japanese learned to re-engineer their workplace to make better cars at a better price. We figured if Toyota deserves the best, so do our clients.

The results were illuminating and surprising.

I will confess that there was some uneasiness about bringing in this consultant. Workplace efficiency was seen as a euphemism for downsizing. There was fear that they would recommend massive layoffs and budget cuts for efficiency's sake. And to be honest, I think that's what the consultants expected, too.

But what they found instead is that there is one key difference between government and business.

In business, when demand goes up, you increase capacity and you have more revenue.

But for us at DHS, when demand goes up during a recession – for food stamps or the Oregon Health Plan – there is no more money. In fact, there is less.

And if a business were to see its demand for its product expand faster than it could meet, people may have to wait a couple of weeks for a car or the holiday season's hot toy.

In my business, when there is a backlog, people don't eat, children are unsafe, and seniors are put at risk.

In other words, government can't be run like a business. It has to be run BETTER than a business.

So we dug in. We brought the Lean method of improving work to DHS and also embarked on a fundamental change in culture. To become more transparent, more accountable and better at what we do.

And after more than a decade of increased demand and lack of investment, the consultants told us that there were areas where we are between 10 and 30 percent understaffed, particularly in direct client services such as child welfare. To fix this would not simply require staff, but also to re-engineer our work processes.

Part of that re-engineering is to start on the frontlines and survey employees a nerve-wracking experience for any boss, let me tell you.

Our employees were asked: what drives you to come to work every day? Are your clients getting the best service possible from the state? What needs to change? What's getting in your way?

If I were to ask you to guess why people work for DHS, I can guess what you'll say: job security and benefits. I know that stereotype – I fight against it every day.

And I'm happy to tell you that you're wrong. The single motivating factor that keeps people coming to work every day is helping people and a desire to serve. Not job security, not benefits. A desire to help people.

We also learned there is a deep level of frustration our employees have with unnecessary work processes and outdated policies that keep them from doing their jobs well.

The most vitriolic anti-government blog is a nothing compared to a state worker who knows what needs to be done to help a client but can't do it because of red tape or bureaucracy.

Employees – like all Oregon taxpayers – also want more accountability and more transparency in state government.

That's something I can really work with.

So we launched a Transformation Initiative, which is all about eliminating those barriers and letting the workers tell us what needs to be done better than getting out of their way and letting them do it.

And before you give in to the dark forces of cynicism and think this is just another gimmick, let me tell you, it came at the nick of time. Here is just one example.

As you know, the past year in Oregon has been extraordinarily difficult for many families.

The need for food stamps and cash assistance in Oregon has increased 30 percent over this past year, and it is likely to go up even more next year.

People have been streaming into our offices seeking help. They have had long stretches of unemployment, have exhausted all other resources and find themselves in desperate situations. In some counties in Oregon, 25 percent of the population now receives food stamps.

Very quickly last year we started seeing backlogs and benefits were delayed.

That was not acceptable.

So we declared an emergency and using those Lean techniques, the front-line workers and managers broke apart our food stamp intake system – questioned everything about it and created a client-focused, more efficient method for enrollment.

And it worked. It worked. In the face of increased demand for food stamps unlike anything anyone has ever seen, Oregonians are now receiving their benefits, on average, nine days sooner than they were before. And in most places in the state, it's same-day service.

As Kathryn Phillips, a new food stamp customer leaving a branch office in Portland told her local paper, "I get to walk out of here and go to the grocery store."

Our customer satisfaction rate is now more than 98 percent. And not only that, we did NOT sacrifice quality as we got faster. We just received an audit report from the U.S. Department of Agriculture showing that our accuracy in determining income and eligibility was better than last year.

We not only kept our heads above water to serve the clients, we made our services better. It wasn't always easy – we were under a hiring freeze and imposed furlough days – but we did it.

That is changing government to change lives.

And because of our ability to use resources more efficiently, by being better fiscal managers – even in the face of unprecedented demand for our services – DHS ended the fiscal year with a balanced budget.

The goal is simple: do the right work the right way while getting the most out of the public's dollar so we can better target those resources towards services.

There are more than 80 initiatives underway in the agency and more than 2,000 people have been trained in the Lean way of working.

Some improvements will be big and some small. Some save a huge amount of money, some save just a little but mean a great deal to the people doing the job.

As with any large undertaking, there will be setbacks and it won't all go perfectly. But even the most conservative members of the Oregon legislature are excited about what we are doing, and our employees are leading not just a series of process changes, but a culture change.

Here's why we must improve: the work we do is too important to Oregon. We HAVE to be the best.

As you know, more than 90 percent of the state budget goes to education, public safety, and health and human services. The DHS budget is about 25 percent of the state budget overall.

DHS provides direct one-on-one service to more than one in every four Oregonians or about one million people every year. From job skills training – to parents who need a hand getting their life back on track – to the nearly half a million Oregonians on the Oregon Health Plan. Taking care of children and seniors. Supporting people with disabilities so they can live as independently as possible.

And through our public health programs we provide services to everyone – from making sure that the water we drink is clean to helping the state prepare for a potential H1N1 flu pandemic this fall.

But we do not do it alone. In fact, we don't even do most of it. Only a small portion of my budget goes to pay for staff or overhead.

Eighty-three percent of the DHS budget is not spent at our headquarters or on state employees – it goes out to communities to pay local businesses and citizens for services.

We write \$13 million worth of checks every single day, nearly \$5 billion every year. We pay small businesses, hospitals, doctors and nursing homes. We pay foster parents, mental health treatment facilities and home care workers.

We pay small businesses like Shangri La Corporation based in Salem, which provides job training and residential treatment for people with developmental disabilities or mental illness in multiple locations across that state.

We pay doctors like Chuck Hoffman, an internist in private practice in Baker City, Oregon who treats Oregon Health Plan clients.

We pay Phyllis Wagner, a foster mom who for 35 years has been caring for medically fragile foster children in her Portland home.

The Department of Human Services has an impact – not just a human impact – but also an economic impact – in every town in Oregon. We account for one-third of the health care and social assistance gross domestic product in the state and 55,000 jobs, mostly at small businesses and non-profits.

In some places, the local hospital and other local health and human services providers are the largest employer in town. So not only are human services important for Oregon's most vulnerable citizens, but they are a cornerstone of the economy and the community.

So let me get back to that's why we must do better.

However, if we are truly going to help people and support our communities, we need to do more than transform how our government works. We have to transform how we think of government and what we want government to do.

That means confronting and taking on root cause issues. Innovating. Preventing problems early to avoid both human and financial costs later on.

So let me conclude by briefly talking about just three ways we can transform our communities, improve our health and get better value for our public investments.

1. Invest in community-based mental health and addictions.
2. Make health care more affordable and available for everyone and transform our health care system to get better value and improved health for all.
3. Focus on healthy aging and keeping seniors at home and in their communities.

I know that over the past few weeks you have had some distinguished speakers here at the City Club. Former Governor John Kitzhaber. Current Attorney General John Kroger.

And I'm not sure if you caught this, but I sure did – they both spoke about how important early intervention and treatment are – whether for individuals in need of health care or for families who are on the brink of disaster due to drug or alcohol addiction.

So let's talk about drug and alcohol addiction.

And let me be very clear here: Untreated alcohol and drug addiction drives my business. They are among the single greatest causes of child abuse, poverty and homelessness. It causes families to crumble and lives to collapse.

Unfortunately, the way we approach this as a state and as a community is not working.

I already mentioned that substance abuse costs Oregonians some \$6 billion per year. Yet, despite the fact that every dollar we invest in addictions treatment yields a return of between \$4 and \$7, we continue to invest in the destruction addictions cause, rather than in treatment.

Consider this:

Sixty percent of the children in our child welfare system are there because their parents have an issue with drugs or alcohol.

Sixty percent. Sixty percent!

For each child in foster care, we are paying \$24,000 per year for each foster child rather than paying \$2,000 per year for treatment for a parent. And once a child enters foster care they face huge barriers to success and a healthy life. They are more likely to drop out of school, less likely to go to college, more likely to go to prison, more likely to be a teen mom.

Imagine how many people we would save, how many families would remain intact, how many more college graduates we would see, if we just made smarter investments earlier with an eye on the long-term payoff rather than the short-term cost.

Now there are many causes of child abuse.

However, one thing is clear, making investments in root cause issues, like parental addiction, and preventing kids from being abused and scarred makes more sense than taking care of abused children. It's not only the moral thing to do, it's a better way to use our state dollars.

The same is true, as I mentioned earlier, for community mental health services. Early, readily available community treatment not only improves people's lives but in the long-run is more cost-effective than dealing with end-stage complications.

So let's turn to health care.

As you know, health care is too expensive for too many families, and as more Oregonians are out of work, more people, more children, are losing their coverage.

Fortunately, last month, the Governor, the legislature, hospitals and insurance companies stepped up to the plate and put together an innovative package – the Healthy Kids Plan – to make sure all children in Oregon have access to health care – and we added 35,000 more adults through the Oregon Health Plan. A truly amazing accomplishment in the middle of a historic recession.

In Oregon, children will now get the care they need to keep them strong and thriving.

They will get the dental care they need to avoid chronic tooth decay.

Their mental health and behavioral issues can be properly addressed and they will have the eyeglass that will – if they get the ones my parents chose for me – both mortify them and allow them to read the blackboard.

In Oregon, children will no longer be held back from reaching their full potential simply because they don't have health care.

But that's only a start.

Despite these efforts, too many in our state still cannot afford basic health care.

We all know the issues: Health care is too expensive for people, for employers and it's consuming an increasingly larger percentage of the Oregon Health Plan budget.

This is not sustainable. We cannot simply cover more people in a broken system, we must also get a handle on the high costs – getting the right care in the right way – and focusing on root causes.

Consider this: right now almost three-quarters of health care costs are accounted for by heart disease, diabetes, certain cancers and obesity. And what they all have in common is that they are largely preventable or even reversible by changes in nutrition, physical activity and lifestyle.

It's simply not going to be enough to extend insurance coverage to individuals to treat those illnesses. We also have to change our system's emphasis to focus on prevention, primary care and public health.

And when we need treatment, we have to be certain we get only those things that work to treat our problems and keep us – not the health care industry – healthy.

Almost 25 percent of the care we currently get does little to improve our health. That along with the administrative waste we all experience – whether in understanding and paying our health care bills or in understanding where to go and how to get care – has to go.

It's amazing. We have a simple pill that cures some cancers, but we have to make it through an extremely complex system to get it, if we can get it at all. And good luck trying to figure out how much it costs.

There is a better way. Thanks to the hard work of Representative Mitch Greenlick and Senator Alan Bates, and many others, a piece of legislation was passed to drive a health care agenda to contain health care costs, improve health care quality and assure that everyone in the state gets basic health care.

It establishes the Oregon Health Authority which is charged with and given the tools to shift the state's approach to health care towards an emphasis on health, primary care and prevention, administrative simplification, cost-containment and evidenced-based outcomes; on fundamentally transforming the way we finance and deliver health care in Oregon and on assuring that no one is left out; and positioning us perfectly to take advantage of any national health reform efforts.

That's a big charge, and I mention it today with some trepidation, for just this week, I was asked by the Governor to lead that effort. Hopefully, you can have me back in the future to discuss this in more depth.

For seniors ...

In Oregon, we believe that people should be allowed to age in their own homes and their own communities if at all possible. We want that for our parents, and when it is our turn, we want it for ourselves.

Oregon has a rich tradition of providing in-home care and community based services like foster care that allow seniors to stay safe and independent. In fact, we lead the nation in providing early, cost-effective support that helps people avoid expensive nursing home care.

But I worry that we are not adequately prepared for the aging demographics I mentioned earlier. Our investments are not keeping up with the population growth and no matter how efficient we get, if we don't start preparing today, too many seniors will lose the care that allows them to thrive at home and in their communities.

We need to assure home and community services are available for seniors and focus on keeping seniors healthy and functional.

I believe we are at a pivotal moment in our state and we have the opportunity to continue the Oregon tradition of independence and innovation. But as I said, it takes asking ourselves some difficult questions: what does it really take to create the kind of state that truly supports all of its citizens?

What does it take from the government?

What does it take from the people?

Are we passing the moral test?

In some places – as I've laid out – we are doing better. In others, we have a long way to go. But there is a path we can take by being smart and strategic.

By investing in what does work and stopping what doesn't. By demanding more from ourselves and from each other.

The need is great. The challenges are huge.

But as I mentioned before, I am optimistic. Look at the legislative session that just ended.

I know – because they told me – that lawmakers' phones and email boxes were buzzing with communications from Oregonians who wanted to protect the basic human services that help children, seniors, the disabled, the unemployed.

Oregonians do not want the budget balanced on the backs of our most vulnerable citizens.

So, when the state was facing both an unprecedented increase in need and loss of revenue, the smart thing happened.

As you may know, part of the federal stimulus package was supposed to go to help states meet the human service needs brought on by the recession. And that's what happened.

Lawmakers set priorities to target services toward getting Oregon through these tough economic times.

That meant some cuts were made and some services were postponed, which has a real impact on people. But overall we did not go backwards in our protections for seniors, children and the disabled and when it comes to health care. We moved forward.

These are smart investments made today that are going to save money later. That is rebuilding the public trust.

And as we look to the future and the kind of state we want Oregon to be – we all have an important job to do.

Our job at DHS is to keep getting better so that trust is deserved and to be better stewards of the public dollar so we can serve more people.

As we move forward with our transformation efforts, we are going to have even better results to report. But as I hope I have made clear, we are just a small part of it. Without the small business owners and local communities, the work would not get done.

So I am asking for your help in supporting us in doing the right thing – in making the smart and early investments that are good for families and good for the state. In getting at the root causes like drug and alcohol addiction, preventable diseases that drive up health care costs and early in-home care for seniors.

When we change government we can change lives – but only if it truly is a government that works for and with the people.

How we care for those who are in the dawn of life, the twilight of life and in the shadows of life is the moral test of us all.

And in Oregon, with a bit more work, I believe we can meet that test.