

# Oregon Health Policy Board Oregon Blueprint for Health

## An Urgent Call to Action

The Oregon Health Policy Board believes that Oregon must act now to redesign the state's health systems to improve the health of *all* Oregonians and be accountable to the needs of local communities, all at a price that we can afford.

Without action, the current dire circumstances will only get worse:

- The rising costs of health care have made it increasingly unaffordable for individuals, businesses, and for the state. Businesses, faced with a 125 percent increase in premiums over the last 10 years, are dropping health insurance coverage because they can't afford it anymore, leaving thousands of Oregonians without access to primary and preventive health care. Almost 650,000 Oregonians, or 17 percent of the state's population, were uninsured in 2009, which is higher than the national average.
- Even when Oregonians have health insurance coverage, they often have problems getting in to see a doctor. One out of 10 Oregonians who have health insurance still don't have a usual source of care. For Oregon's increasingly diverse population, finding a health care provider who understands their culture or language adds an additional challenge.
- The quality of the health care we receive and the resulting health outcomes are inconsistent. Only 50 percent of adult diabetics receive recommended care. Only 43.7 percent of adults age 50 or older receive recommended screening and preventive care. Nationally it is estimated that about 30 percent of care provided to patients is either unnecessary or does not lead to improved health. These problems are only more severe for Oregon's communities of color and other underserved or vulnerable populations.

We must address one of the most troubling symptoms of our fragmented and fragile health system – the lack of coordination and integration across our system. Patients often demand and get care that does not improve their health, and never know the true cost of their care because someone else is paying for it. Healthcare providers are responsible for (and get paid) when patients are in their own facilities, but there is typically no coordination between different types of providers. Our mental health, substance abuse, and oral health care needs are too often unaddressed by a fragmented and complicated system. Employers frequently purchase health insurance coverage based on price alone, and not on quality or evidence. Efforts to improve health in the medical system are too often disconnected from efforts at the community level leading to lack of coordination and fragmented services for consumers.

And while the federal healthcare reform package increases access to and funding for health care in a variety of ways, it simply is not sufficient or sustainable in and of itself. Without finding solutions that also focus on value, and are tailored and unique to our state, costs will continue to spiral upwards and the quality of care will continue to suffer. Oregon deserves better and Oregonians are demanding bold ideas and actions.

## Our Vision: World-class Health and Health Care for all Oregonians

Simple but bold, this statement reflects the Oregon Health Policy Board's (OHPB) vision for a healthy Oregon. To achieve this vision, Oregon must maximize the value of public and private resources spent on health care by achieving world-class results. We believe we can achieve this vision by focusing on three aims:

- Improve the lifelong health of all Oregonians,
- Increase the quality, reliability and availability of care for all Oregonians, and
- Lower or contain the cost of care so it is affordable for everyone.

This “Triple Aim” is the catalyst for the change that will be required to transform Oregon’s current health care system into a sustainable, high-quality *health* system. This transformation will not be easy and it will not happen overnight. It takes thoughtful and strategic planning to chart the course for fundamental change.

### Sidebar on Health Consequences of a Fragmented Health System:

All across Oregon – in family living rooms, school classrooms and hospital emergency rooms – we see the human impact of the escalating costs of health care every day.

- Children miss school, or come to school sick, because their families can’t afford to take them to the doctor. These children get left behind academically, with consequences that can last a lifetime in decreased earnings, poorer health, and are more likely to need and use other social support services.
- People with chronic diseases do not see their doctors as often as they should or take the medications they need to control their conditions. Over 19,000 people die each year in Oregon from chronic disease, and those diseases cost the state more than \$1.4 billion annually.
- People with serious mental illnesses die, on average, 25 years earlier than the general population. This is due to largely preventable medical conditions such as cardiovascular disease, diabetes, respiratory illness and infectious diseases.
- One-third of the recent increase in medical costs in Oregon is attributed to obesity.
- Alcohol abuse costs Oregon’s economy \$3.2 billion per year, and the number of Oregon eighth-graders who’ve had a drink in the past 30 days is twice the national average.

### Oregon’s Solutions

The ideas in this report have come from Oregonians themselves. This *Blueprint* builds directly on the recommendations developed through an extensive public process lead by the Oregon Health Fund Board in 2007 and 2008. Over the past year, the Oregon Health Policy Board (OHPB) and Oregon Health Authority were advised by over 300 people from all walks of life to

serve on almost 20 committees, subcommittees, workgroups, taskforces, and commissions to examine all aspects of the health and health care system. More than 850 people attended six community meetings across the state to provide input to the Board. Likewise, many groups around the state such as the Oregon Health Leadership Task Force, OSPIRG, and countless individuals and community groups have provided input. Through this process, the Board heard input from all sides of the problems we face, some of which is conflicting. While not all perspectives can be represented in the document, it is this diversity of perspectives that will lead to successful reforms. We want to thank and salute their efforts and willingness to tackle these thorny issues. Without their input, wisdom and support, the concepts outlined in this *Blueprint* would never have been possible.

### Committee side bar

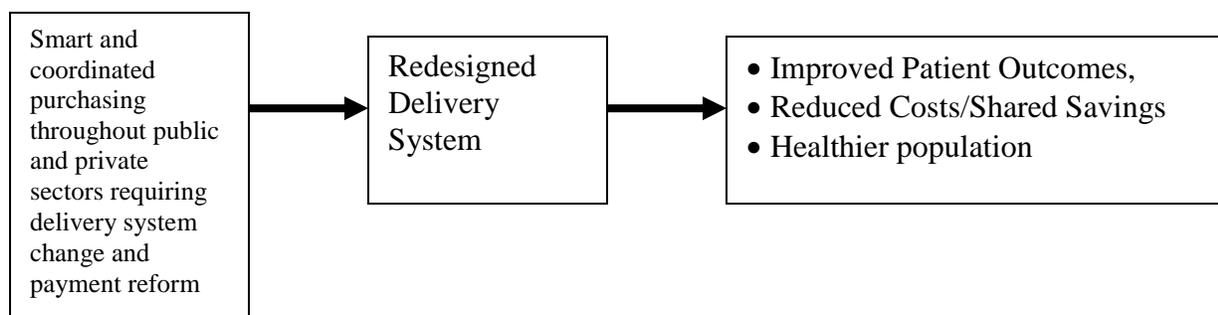
The Oregon Health Policy Board convened the following committees to develop recommendations in key system reform areas:

- Administrative Simplification Workgroup
- Health Equity Review Committee
- Health Improvement Plan Committee (HIP)
- Incentives and Outcomes Committee
- Medical Liability Taskforce
- Public Employers Health Purchasers Committee
- Workforce Committee

## Our Theory of Change

If we want to improve the health of our state, everyone must work together and be accountable to each other in a new way – we have to stop passing the buck to the next player in the circle. We must create a common accountability for health and for stewardship of our fiscal resources.

To do that will require changing our health care delivery system so that it gets us the outcomes we want at a price we can afford. We must align our reform efforts across the entire health care delivery system around the Triple Aim. This will require participation and new accountability from all Oregonians, providers, insurers, governments, employers, and communities.



## Our Key Strategies

The Board has identified four strategies that will establish the foundation for this real change. Each builds on and complements each other, and each element is needed if we are to achieve the Triple Aim.

- ***Aligned purchasing*** — Smart and coordinated purchasing throughout the public and private sectors, together with payment reform strategies, can and will change the way care is delivered and population health is managed. If instituted thoughtfully, this redesign of the healthcare delivery system will produce better health outcomes at lower costs. This will be accomplished through two key organizations:
  - The Oregon Health Authority was created to coordinate the State’s existing patchwork system of public insurance purchasing, community services, and public health initiatives. OHA is also working to empower local communities to be accountable for their own health and health care delivery as well as partnering with the private sector to create system wide care improvement and cost reduction.
  - A public corporation will be created to implement Oregon’s Health Insurance Exchange with a broad mission to be accountable to the public for achieving all elements of the Triple Aim for all Oregonians and managing public and private funding for lives using the services of the corporation.
- ***Local accountability*** — Health and healthcare – particularly primary care, chronic care management and population health changes – are best designed and managed within natural healthcare eco-systems<sup>1</sup>. Integrated systems in each region of Oregon should be accountable for continuous improvement and innovation toward meeting the needs of their own communities.
  - Develop and implement regional organizations that are responsible and accountable to the residents within the area, and meet the unique needs of the region. These new organizations should be accountable for improving the health of their communities and managing their health care resources.
- ***Standards for safe and effective care*** — Our medical professionals must pool their knowledge and create a learning network of care based on experience and outcomes evidence, and then act within these standards to deliver increasingly safe and effective care. The purchasers must contract for and expect this level of excellence.
  - Implement patient-centered primary care homes throughout the state.
  - Develop Oregon-based best practice guidelines and standards of care, and use them in a variety of ways to drive down costs and unnecessary care.
  - Use the All-Payers All-Claims database to understand variations in care across the state, as well as analyze costs.
  - Implement a value and evidence-based benefit plan for use in state-purchased coverage, and the Oregon Health Insurance Exchange.

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<sup>1</sup> Elliot Fisher

- Pass and implement administrative simplification legislation that will streamline insurance administrative processes.
- ***Living within our means*** — We will be unable to continue to dedicate an ever increasing amount of our financial resources to healthcare services – at the expense of all other services, including education and national security. As such, we must learn to create and innovate within a budget. We must do it now and use our budgeting process to excite a new era of innovation.
  - Cap overall health care expenditure increases to a specified economic index, forcing innovation and efficiency while maintaining quality.
  - Develop new payment methodologies that distribute existing funds in ways that promote health and reward efficiency and high-quality.
  - Aggregate and leverage a wide variety of funding streams into a single source that is used by regional integrated health systems.

The sense of urgency to implement these strategies as soon as possible is driven by some simple but staggering figures:

- If we had successfully implemented strategies that held the rate of medical inflation to the Consumer Price Index (CPI) over the last five years, health care expenditures in Oregon would have been over \$10 billion or 9 percent lower.<sup>2</sup>
- If we had stopped the growth of obesity during the past five years, we would have saved \$1 billion in health care expenditures.
- Using bundled or episode-based payments for care related to 10 common acute and chronic conditions would have reduced expenditures by approximately [redacted] over the past five years.<sup>3</sup>

## Cross-cutting Foundational Considerations

The Board acknowledges there are several cross-cutting issues that frame the work around our key strategies.

- ***Consumer and Patient Engagement*** — At the core of Oregon’s health reform efforts is the patient. Every other player in the system must be responsible for and accountable to this consumer. Likewise, consumers need to be responsible for their own health and behaviors that contributed to their health status. Patient and family engagement are critical and the delivery system must become more patient- and family-centered.

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<sup>2</sup> The price of consumer goods increased at an average rate of 2.4% per year between 2005 and 2009 according to the Bureau of Labor Statistics’ Consumer Price Index (CPI). In contrast, Oregon’s total health care expenditures increased at an average rate of 7.7% per year between 1991 and 2004 according to the Center for Medicare and Medicaid Services’ National Health Expenditure Data. Although more recent health expenditure data is not available, if health care expenditures grew in line with CPI rather than continued on at 7.7%, Oregon would have saved over \$10 billion from 2005-2009 even after accounting for new medical spending attributable to population growth rather than the price of health care.

<sup>3</sup> Acute conditions include hip replacement, knee replacement, bariatric surgery and acute myocardial infarction. Chronic conditions include asthma, chronic obstructive pulmonary disorder, congestive heart failure, coronary artery disease, diabetes and hypertension.

Responsibility for patient engagement should be clearly articulated and allocated among providers, patients, and plans. When patients and families participate as full partners with health care professionals to improve their health, system performance improves.

- ***Shifting Focus to Prevention*** — Every aspect of the health system needs to prioritize prevention – from benefit design to primary care homes to integration of public health efforts. Efforts are already underway to move towards a benefit design that eliminates barriers to preventive services. Patient centered primary care homes standards have been developed and are being piloted across the state. A robust primary care home has as its core prevention activities and services. Work must continue on ways to integrate and connect public health activities around prevention with clinical practices on a local and regional basis.
- ***Access*** — Ensuring all Oregonians have access to affordable health services that are accessible and culturally-competent requires a multi-pronged effort. This effort should include coverage expansions; easier ways for people to assess their options, with streamlined enrollment processes; better access to appropriate care for all Oregonians; and improvements in health equity that will ensure this promise is met for everyone in the state. For the population to achieve optimal health outcomes, available services must be effective and appropriate to their level of need. The availability of services and barriers to access must be understood and delivered in the context of the varied social landscape of the state, including diverse culture, language, income-level, geography, health-status and other social and economic factors.
- ***Health Equities*** — Any reform efforts to improve our health system must also focus on eliminating health disparities and inequities, which are a result of historical health, economic and social policies in the United States and Oregon, by providing culturally-specific, effective care for all Oregonians. These policies have historically disadvantaged communities of color and other diverse communities, often with tragic consequences. Oregon’s population is increasingly diverse and our changing demographics have profound challenges and implications for Oregon’s health care system and our ability to provide effective care, not the least of which is having a provider workforce that reflects Oregon’s growing diversity. Despite these challenges, there are many opportunities to create equitable health outcomes for all of Oregon, including:
  - Using community health workers as members of primary care provider teams has the potential to improve health outcomes, especially in communities of color or other underserved communities.
  - Requiring cultural competence continuing education for licensed health care professionals will improve provider-patient communication and health outcomes by training the workforce to better understand social and cultural influences that affect patient health.
  - Collecting and analyzing data at the levels of race, ethnicity, national origin, language, ability, sexual orientation and occupation will help us better understand the health outcomes and quality of care our communities are receiving, and know if our efforts to reduce inequities and disparities are working.

- **Federal Health Reforms** — Oregon’s reform work will be shaped by the Patient Protection and Accountable Care Act (ACA) that passed in early 2010. Bottomline, federal reform by itself will not create healthy Oregonians, control costs, or fundamentally change the delivery system. It does provide us with funding opportunities for planning and implementation activities around comprehensive reform efforts we think will accomplish our Triple Aim. Notable elements of federal reform include:
  - Increased funding for care delivery settings that focus on preventive and primary care will foster Oregon’s goal to improve the availability and affordability of high quality patient centered primary care homes for everyone. It also allows for experimentation with new models of payment and care delivery. Implementation of these innovative care models will be supported by the recruitment, development, coordination and retention of a robust health care workforce, trained to deliver care in new ways in the areas where they are needed.
  - Primarily federally-funded expansions of coverage through Medicaid for adults up to 133 percent of poverty will mean most low-income people in Oregon will have access to health insurance coverage. Increased safety net funding will provide access to care for people who do not qualify for Medicaid.
  - Federally funded tax credits for people up to 400 percent of poverty will allow more individuals and families afford private health insurance premiums. Many people will also qualify for cost-sharing assistance to help lower their out-of-pocket costs.
  - New federal health insurance reforms make insurance companies more accountable and remove barriers to coverage that in the past kept sick people from getting the coverage they needed, or charged them much more for coverage if they could find it. Recognizing the changing face of families, federal law now allows adult children to stay on their parents’ health insurance plan until they are 26. This is a population that has historically high rates of uninsurance.

## Measures of Progress

If Oregon is to transform its health care system, we need to know where things stand now and if our efforts are moving the state closer towards world-class health for all Oregonians. We also need to put tools into the hands of consumers, purchasers, and policy makers so they have the information they need to make good decisions. Dynamic and robust data systems, and well as in-depth analysis of the data, will provide that type of transparency and the following efforts will help us achieve it:

- **Oregon Scorecard** — The Board is developing an data snapshot of health and health care in Oregon to provide a starting point for measuring system with respect to the Triple Aim. As the *Scorecard* develops, it should serve as one of many resources for informing policy decisions, setting targets for future performance and evaluating the impact of reform strategies.
- **Oregon All-Payer, All-Claims (APAC) Reporting System** — Beginning in 2012, Oregon will have a consolidated dataset from Medicare, Medicaid, commercial insurers, third party administrators and pharmacy benefit managers and will enable us to see how performance varies between geographic areas and health systems within the state.

- **Oregon Health Information Exchange** — This will vastly improve the availability and quality of data about health care processes and patient health outcomes.

## Our Infrastructure Proposal: Partners for Health

The Board proposes an infrastructure for our transformed health care system, one in which existing players may have new roles and functions, while new entities are created to further the Triple Aim.

### **The Oregon Health Authority**

The Oregon Health Authority, which purchases health care for almost 850,000 people, is working to align purchasing strategies across the state's health programs, including Public Health, the Oregon Health Plan, HealthyKids, employee benefits and public-private partnerships. This alignment allows the OHA to focus on health and preventive care, provide access to health care, reduce health disparities, and reduce waste in the health care system. OHA can provide technical and policy assistance to local communities as they transition to being accountable for their own health and health care delivery systems. As a major health care purchaser, the OHA can coordinate and partner with the private sector to create and implement system-wide care improvement and cost reductions.

The Oregon Health Policy Board and the Oregon Health Authority leadership are responsible for setting annual and long-term targets for the Triple Aim goals in Oregon, and to track and monitor all statewide progress towards achievement of these goals. This includes population health goals, such as reducing obesity and tobacco use, as well as improved patient outcomes. Plans for achieving Triple Aim goals must also take into account the changing demographics of Oregonians.

### **A Public Corporation that will Administer the Health Insurance Exchange**

A public corporation should be established with a broad mission to be accountable for organizing the purchasing of health insurance in (at a minimum) the individual and small group insurance markets, as proscribed by federal health reform. It is also responsible for achieving all elements of the Triple Aim for all Oregonians, and managing and maintaining a global healthcare budget for lives using the services of the corporation. The corporation should be responsible for:

- Assuring all health insurance contracts are aligned to achieve the same outcomes and administrative efficiencies.
- Selecting benefit designs and the qualified health plans to administer them for the federal insurance exchange for small groups and individuals.
- Serving as the fiduciary entity for all revenue received and distributed for people using the services of the corporation.
- Furthering policies that move toward locally accountable care.
- The authority to expand to serve this role across additional publicly and privately insured populations.

## **Locally Accountable Care**

The Board believes that communities hold great promise for fundamental change through organizing an efficient use of resources and tailoring health improvement initiatives to meet the needs of their residents. The actual organization of some of these local entities is beginning to develop and there are several communities around the state who are working to organize planning efforts at the local level. The development of these local entities should be a priority of the Oregon Health Authority and the new public corporation that is administering the health insurance exchange.

The Board envisions these local entities will establish governance structures to:

- Create relationships and contracts with providers in a health system that integrates physical, behavioral and public health.
- Assume accountability for quality of services delivered and health outcomes within their integrated health system(s).
- Create a collaborative environment for the local integrated health systems to innovate towards achieving local triple aim goals and staying within the local global budget.
- Create a culture of health in their locality.
- Set, measure, and track local progress on Triple Aim goals.

## **Qualified Health Plans**

Federal health reform will dictate the baseline for qualified health plans. Oregon will have an opportunity to set higher standards, particularly for those plans contracting with the new public corporation, to orient their services towards achieving Triple Aim goals while still offering risk management, care coordination and administrative support services.

## **Coordinated Health Care Providers**

Health care providers are key partners in true system reform. Their insight and experience will be critical in changing system incentives in ways that improve the coordination of care and health outcomes, reduce or eliminate unnecessary or duplicative care, and ultimately control costs in a transformed and accountable health system. They also have a vital role in engaging patients in their own health, as well as integrating and coordinating public health activities with their clinical practices.

## **Overview of Our Reform Plan**

While it is critical we adopt some structural changes to our system immediately to address the urgency of our health care crisis; the Board understands that some reforms must, by necessity, have a more gradual glide path towards change. We recognize that not every insurance company, hospital, health care provider, community, employer or consumer is ready for the changes that must happen to transform our system, and that our strategies must be flexible and accommodate all levels of preparedness. We also understand that our early efforts must earn the confidence of the state before we can move on to implement other necessary reforms.

Our goal is create the process and structures in which progress can be made towards aligning state purchasing, creating local accountability, and standardizing care, and do this all while living

within our means. But make no mistake, change will happen and everyone needs to take steps to make the transition as graceful as possible. The timeline below provides an outline for implementation of these actions and Board recommended sequencing.

### **2009-2011 Biennium**

- **Oregon Health Authority** is launched and begins to better align state purchasing and support community level **integration of public health and health care systems**.
- **Oregon Health Policy Board** creates a Blueprint for Health in Oregon to guide policymaking.
- Legislative action in 2011 authorizes a **Health Insurance Exchange as a public corporation**.
- Strategic and operational plans for an **Oregon Health Information Exchange** are developed.
- Begin implementation of **primary care homes** including integration of behavior health services across OHA lines of business.
- Set the stage for broader payment reform with legislative action to **standardize provider payments** statewide.
- Establish **key information tools** to educate policy development, address health disparities, and reform evaluation including the all-payer, all-claims database and a complete database of workforce capacity.
- **Federal health reforms** begin including elimination of pre-existing coverage limits for children and lifetime limits for everyone, as well as allowing children to remain on parents insurance through age 26.

### **2011-2013 Biennium**

- Oregon Health Authority successfully **aligns purchasing policy** across all OHA lines of business and **sets statewide system performance goals**.
- **Health Insurance Exchange Board** is established and begins implementation of insurance exchange that begins with individuals and small groups.
- The OHA works actively with communities to develop and **implement regional organizations that are responsible and accountable** for improving the health of their communities and managing their health care resources.

- Begin phasing in **standard electronic methods** for billing, payment, and communicating financial information between health plans and providers.
- The state leads the charge on reducing tobacco use by instituting **tobacco-free campus** policies are adopted in state agencies and addiction and mental health facilities.
- Complete planning for using evidence-based care guidelines to clarify physician responsibilities for avoiding **malpractice liability** and propose legislation if the concept proves likely to improve patient safety and reduce liability costs.

### 2013-2015 Biennium

- January 1, 2014 – **Oregon Health Insurance Exchange** begins operation and enrollment in Exchange plans begins.
- January 1, 2014 – **Federal insurance expansions** through Medicaid and tax credits begin. All insurance is guarantee issue and renewable.
- Achieve **widespread adoption and use of electronic health records** among a majority of Oregon providers, to support clinical decision-making, improve patient care and coordination, employ evidenced-based practices, and enhance public health data and surveillance.
- Jan. 1, 2014 – All health plans and providers are using **standard electronic methods** billing, paying, and communicating financial information.
- Continue to change incentives by **implementing bundled payment and other innovative payment approaches** focused on improving performance and reducing costs in key focus areas.

### 2015-2017 Biennium

- **Health improvement and health care decisions are integrated locally.**
- Patients have **access to their personal health information** and the ability to share that information with others involved in their care.
- The **Oregon Health Authority and the Oregon Health Insurance Exchange continue to drive payment reform** and improved incentives through state purchasing and public/private partnerships.

## 2017 and the Vision Beyond

- Oregonians health status is ranked the highest in the nation overall, and by sub-populations.
- Every Oregonian has high quality, affordable health care.
- Consumers can get the care and services they need close to home, from a team of health professionals who understand their culture and speak their language.
- Consumers, providers, community leaders, and policy makers have the specific quality information they need to make better decisions and keep delivery systems accountable;
- New payment systems and quality standards contain costs by emphasizing value and outcomes instead of rewarding volume;
- Communities and health systems work together to find innovative solutions to reduce overall spending, eliminate inequities, increase access to care and improve health;
- Electronic health information is available when and where it is needed to improve health and health care through a secure, private health information exchange.

# OHPB Blueprint for Health Draft Outline

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