

Letter from the OHA Assistant Director for Medical Assistance Programs

DMAP's contributions to the OHA mission

The OHA Division of Medical Assistance Programs (DMAP) is proud to support the OHA's mission of helping people and communities achieve optimum physical, mental and social well-being through partnerships, prevention and access to quality, affordable health care. DMAP's contributions to the OHA mission include:

- **Partnerships:** DMAP collaborates with partners, stakeholders and over 30,000 health care providers to deliver health care services, promote prevention strategies and increase access to services.
- **Prevention:** DMAP ensures comprehensive health care coverage for uninsured, low-income Oregonians to promote their ability to achieve optimum physical, mental and social well-being. DMAP also works with the contracted managed care organizations who deliver health care services to over 80 percent of the clients served by DMAP to ensure a focus on preventive care.
- **Access to quality, affordable health care:** DMAP delivers services to approximately 530,000¹ people, or one in seven² Oregonians. Through DMAP, health care services reach approximately one in three³ Oregon children, and nearly 44 percent⁴ of Oregon births.

¹ Source: DHS DSSURS, May 15 2010, DMAP Research and Analysis

² Source: DHS DSSURS, May 15 2010, DMAP Research and Analysis; PSU Population Research Center, 2009 Oregon Population Report & Tables

³ Ibid.

⁴ Source: Oregon Vital Statistics 2007 Annual Report, Volume 1, Table 2-14. 2007 is the most recent data available.
<http://www.dhs.state.or.us/dhs/ph/chs/data/annrep.shtml>

DMAP faces complex challenges in meeting the OHA mission given shrinking resources and increased demand. In Oregon, the 2009 Legislative Assembly established the Oregon Health Authority, Oregon Health Policy Board, and Healthy Kids. Through Healthy Kids, All Oregon children now have access to affordable health care coverage.

Thanks to this landmark legislation, as well as the federal American Recovery and Reinvestment Act and Affordable Care Act, general awareness of public health care options has never been higher. It has increased the number of eligible clients DMAP serves and has brought the mission of ensuring health care access into greater focus than ever before.

As DMAP moves to the Oregon Health Authority, we are tasked to look for new and innovative ways to provide access to quality, affordable health care. We need to reform health care delivery, to ensure affordable health access and quality at the same rate that we expand health care coverage.

Programs and services

DMAP's budget is divided into three areas that deliver a range of services to approximately 14⁵ percent of Oregon's 3.8 million residents.

- **Oregon Health Plan (OHP) Medicaid:** Payments for OHP services represent most of DMAP's budget. OHP payments are for services delivered to Medicaid clients. Clients eligible for traditional Medicaid receive services through the OHP Plus benefit package. Low-income adults who do not qualify for traditional Medicaid, but are eligible for Medicaid services through Oregon's Medicaid demonstration, receive services through the OHP Standard benefit package.
- **OHP Children's Health Insurance Program:** CHIP is a program for children and adolescents through age 18 living in households with incomes through 200 percent of the federal poverty level. CHIP covers

⁵ Source: DHS DSSURS, May 15 2010, DMAP Research and Analysis

approximately 54,000⁶ children, accounting for more than 10 percent of OHP enrollees. Children who are eligible for CHIP receive OHP Plus.

- **Non-OHP Medicaid:** This part of the budget covers services for populations not part of OHP. For example, payments cover certain services for women diagnosed with breast or cervical cancer, and limited drug coverage for individuals who were receiving post-transplant services when the state's DHS Medically Needy program ended Jan. 31, 2003.

The need for these services – part of a larger continuum

DMAP delivers and funds affordable physical, dental and mental health care services to people across the human services spectrum: Children in foster care, people who are mentally ill or chemically addicted, low-income people with disabilities, and families experiencing the consequences of poverty.

Nearly 14 percent⁷ of Oregonians are enrolled in the Oregon Health Plan. Since OHP was launched Feb. 1, 1994, over two million⁸ people have been served.

In addition, health care reform at the state and federal levels has greatly increased general awareness of public health care coverage. In turn, there has been an increase in the number of Oregonians now eligible, seeking coverage, and qualifying for DMAP-funded health care.

⁶ Source: DHS DSSURS, May 15 2010, DMAP Research and Analysis

⁷ Ibid.

⁸ Source: DHS DSSURS. The number of distinct Client ID's issued to persons eligible for the Oregon Health Plan from 1994 to present. This number is derived from combining information from Sybase Archives, the Legacy DSSURS warehouse archives, and 7-year eligibility records from the current EDS/HP DSS warehouse archives, and 7-year eligibility records from the current EDS/HP DSS warehouse database.

The need for health care coverage

Over fifteen years ago, Oregon was among the first states to test how to significantly expand the number of people benefiting from access to affordable health care coverage. The population of Oregon's Medicaid expansion, OHP Standard, peaked at an estimated 111,000 adults in April 2002.

Without access to affordable health care, including the preventive services OHP emphasizes, people are likely to be less healthy and to die earlier. High-quality health care helps prevent illness and chronic disease by allowing people to obtain treatment before a medical condition reaches a critical, high-cost stage.

The numbers of uninsured people in Oregon have been staggering:

- The U.S. Census Bureau estimates 613,000 Oregonians had no health insurance in 2008, or almost one in six. That is 16.5 percent of Oregon's population, compared with a national rate of 15.1 percent⁹.
- Of Oregonians who are uninsured, approximately 118,000 (12.9 percent) are children and adolescents, according to 2008 state estimates¹⁰.
- Oregon's estimate of residents without health insurance was 16.5 percent in 2008¹¹, up from 10.7 percent in 1996, when the OHP enrollment of the expansion population was near its peak.
- The rate of uninsured children in Oregon rose to 12.9 percent in 2008¹², the most recent year for which state data are available, an increase of more than 50 percent from the 8.2 percent rate in 1996.

⁹ Data source: 2008 American Community Survey (civilian, non-institutionalized population); figures calculated by OHPR, 6/10/2010.

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

- The budget for the health plan’s Standard benefit package supported an average of 26,000 low-income adults during the 2007-2009 biennium, compared with the more than 111,000 adults whom OHP Standard covered at its peak in April 2002.
- Approximately 131,000 Oregon adults would be eligible for and could enroll in OHP Standard if funding were available¹³, according to the state Office for Oregon Health Policy and Research.

To meet these needs, the 2009 Legislative Assembly approved expanding the OHP Standard program to a monthly average of 60,000 low-income adults, and creating the Healthy Kids program to provide health care coverage to 80,000 more children.

The need for economic stability

Delivering health insurance to more Oregonians not only promotes the health of individuals, but benefits the economy.

- Providing health care coverage reduces the cost shift to private payers. Unreimbursed health care is estimated to account for 9 percent of the premium cost for commercial health insurance in Oregon.
- Health insurance helps ensure workers are healthy, contributing to both workforce productivity and family stability.
- Health insurance helps keep kids healthy, enabling them to attend school regularly. When children are unable to go to school, not only does their academic performance suffer, but their parents also may be forced to miss work to care for them.

¹³ Ibid.

- Under Medicaid, every dollar the state invests in health care coverage nets \$1.71 in federal matching dollars¹⁴ that benefit Oregon's economy.

Responding to these needs

So far during the 2009-2011 biennium, DMAP and its partners:

- Delivered affordable health care to approximately 900,000¹⁵ people, of whom approximately 530,000¹⁶ were covered in May 2010. Of these, over 460,000¹⁷ were covered by the OHP Plus benefit package.
- Covered over 54,000¹⁸ children and adolescents through the Children's Health Insurance Program in May 2010, compared with approximately 47,000¹⁹ in May 2009.
- Since June 2009, Medicaid enrollment has increased by 39,829 children due to Healthy Kids expansion, constituting an 18 percent increase in the number of Medicaid-enrolled children.²⁰
- As of June 2010, provided OHP Standard benefit coverage to over 31,000 low-income adults who would not qualify for traditional Medicaid²¹. Since re-opening the OHP Standard reservation list Nov. 1, 2009, more

¹⁴ Source: DMAP Budget Unit, based on an average Medicaid match rate of .6306 over the biennium. This does not factor in the CHIP (Title XXI) match rate.

¹⁵ Source: DHS DSSURS, June 2010

¹⁶ Source: DHS DSSURS, May 15 2010, DMAP Research and Analysis

¹⁷ Ibid.

¹⁸ Source: DHS DSSURS, May 15 2010, DMAP Research and Analysis

¹⁹ Source: DHS DSSURS, May 15 2009, DMAP Research and Analysis

²⁰ Office of Healthy Kids, 8/13/10.

²¹ OHP Standard Monthly Report, dated 8/1/10.

than 142,000 names have been placed on the OHP Standard reservation list, and almost 7,000 more people have been found eligible for OHP Standard benefits.²²

- Starting in July 2010, DHS began drawing 20,000 names each month to increase the enrollment pool, and anticipates that OHP Standard enrollment will increase to an average of 60,000 lives by July 2011.

In addition, DMAP took several steps to strengthen its services to Oregon. The division:

- Increased enrollment in managed care plans to more than 80 percent of total enrollment, giving these clients a medical home and guaranteed access to health care. One strategy to accomplish this was expanding managed care enrollment into Curry, Lincoln and Tillamook counties.
- Strengthened its ability to monitor effective, appropriate and efficient services for fee-for-service (FFS) patients through a new contract for medical and chronic disease case management services and implementing a new process and workgroup to improve quality of care for FFS clients.

Although not reflected in the Continuing Service Level budget, DMAP will implement several reductions in the 2009-2011 biennium. These reductions are DMAP's response to the General Fund shortfall and the Governor's request for a 9 percent General Fund reduction. Many of the reductions described below align us with federal health care reform, Oregon's health care reforms, and the OHA's Transformation Initiatives:

- Medicare correct coding initiative – This will allow OHA to avoid paying for claims rejected by Medicare for inaccurate coding. It will also avoid paying for inaccurately-coded claims for Medicaid clients.

²² Ibid.

- No payment for health-care-acquired conditions (“never events”) – DMAP will no longer pay for “never events” (conditions that would have been reasonably avoided through application of evidence-based practices) that occur in the hospital setting.
- Prior authorization (PA) centralization – DMAP will no longer contract out PA review services for specific surgical services, inpatient rehabilitation services, and imaging services.
- OHP Plus copayments for clients enrolled in managed care – OHP Plus clients in managed care would be subject to the same copayment requirements as OHP fee-for-service clients.
- Third-party liability initiative – OHA will continue efforts to identify and pursue sources of third party liability to generate additional savings above the \$30 million (Total Fund) included in the 2009-2011 budget.
- Net savings due to national health care reform drug rebate changes – New requirements to pursue drug rebates for prescriptions paid by managed care organizations will cause the department to gain drug rebate revenue. This gain offsets the loss of some drug rebate dollars paid for fee-for-service prescriptions.
- Fee-for-service imaging services – Cost savings through use of decision support software for imaging orders and requiring PA for magnetic resonance imaging (MRI) and computerized tomology (CT) scans.

If these reductions continue into the 2011-2013 biennium, the Governor’s Recommended Budget for 2011-2013 will provide more detail.

Rising need, workload challenges and transformation

Enrollment in OHP is at record levels. This reflects Oregon’s growing population and worsening economic conditions, which also are driving increases in the number of people eligible for Temporary Assistance for Needy Families and food assistance.

To use its resources most effectively, DMAP has enthusiastically embraced the DHS Transformation Initiative to identify smarter ways to deliver services.

Most recently, DMAP completed several initiatives to create a preferred drug list (PDL) for physical health drugs. This requires providers to request prior authorization for any physical health drugs not listed on DMAP's PDL. Drugs on the physical health PDL, and the new mental health PDL, do not require copayments, which also encourages clients and prescribers to use preferred drugs. The anticipated savings for the physical health PDL alone are over \$4.4 million (Total Funds) for the last 18 months of the biennium (Jan. 1, 2010 to June 30, 2011).

DMAP also completed an initiative to end paper communications to enrolled fee-for-service providers. Mass mailings to providers moved to Web-based communications in mid-2009, saving the department thousands of dollars in postage and printing costs.

Many trainings for fee-for-service providers also moved to a Web-based format, providing weekly training opportunities for all enrolled providers while eliminating the cost of travel and printed materials and improving customer satisfaction.

The Electronic Billing Initiative has resulted in more than \$650,000 in savings since December 2008. This initiative encourages fee-for-service providers who have historically billed DMAP using paper claim forms, to start billing electronically using Electronic Data Interchange or the Provider Web Portal. Over 90 percent of incoming FFS claims are now electronic. This reduces processing time and the chance for errors, so that providers receive more timely and accurate payments.

The Electronic Billing Initiative has expanded to include promoting other electronic business practices, such as direct deposit of provider checks and use of the electronic remittance advice. These paperless practices would eliminate the cost of printing and mailing paper checks and paper remittance advices (the multi-page forms that tell providers the status of their submitted claims).

During 2010, DMAP will continue to build on these successes, as well as continue streamlining the prior authorization process, and continue best practices for identifying third party liability more easily and quickly.²³

DMAP is working hard to deliver effective services efficiently. The most recent data from the federal Centers for Medicare and Medicaid Services show Oregon ranked 32nd lowest nationally on expenditures per Medicaid recipient and 46th lowest on Medicaid expenditures per state resident. Compared to other states, Oregon receives an excellent return on every Medicaid dollar spent.

Summary

All Oregonians benefit when their neighbors have regular access to affordable care that keeps them healthy, enables them to work, contributes to positive birth outcomes and reduces cost-shifting to private payers. The Oregon Health Plan, which complements other OHA services, delivers effective services in a program that continues to identify and implement new efficiencies.

Investments proposed in DMAP's agency request would make major progress in achieving comprehensive health care reform that benefits all Oregonians.



Judy Mohr Peterson
OHA Assistant Director for Medical Assistance Programs

²³ DMAP Transformation Team, 6/21/10.