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## Implementing Federal Health Reform in Oregon

### **Working to lower the cost of care**

The Oregon Health Authority will use purchasing power to change how we deliver and pay for health care. This will happen through aligning public purchasing, reducing administrative costs, changing how we pay, establishing value-based benefits, and setting budgets.

Health care is expensive and becoming more so by the day. Health care accounts for an estimated 16 percent of Oregon's state General Fund budget, which is currently threatened by a \$3.5 billion shortfall. Everyone is feeling the squeeze: businesses struggle to provide their employees with health insurance and increasingly require employees to pay a greater share of the bill; public insurance roles expand as deficits strain Oregon's budgets; individuals put off necessary care until health problems become emergencies. Left unchecked, this trend will undermine our best efforts to improve Oregonians' health. We must act now to bend the cost curve. While cost reduction will come from a variety of overall improvements to the health system, such as improved prevention strategies, increased equity and other actions, there are specific cost-related steps that will be taken.

Oregon's Action Plan includes cost reduction tactics, such as aligning health care purchasing for the more than 850,000 people who receive health care through the Oregon Health Authority; reducing administrative overhead in the health care industry; crafting value-based essential benefit plans that remove barriers to preventive care in association with innovative payment strategies that reward efficiency and outcomes; and setting "global" budgets for health care.

### **Quality, affordable health care in Oregon**

Federal tax credits will subsidize premium costs for individuals up to 400% of federal poverty level, which is approximately \$88,000 for a family of four. Beginning in 2014, these subsidies will be available through Oregon's health insurance exchange, a central marketplace for health insurance. Certain small businesses that offer health insurance will receive tax credits.

When all reforms are implemented:

- Plans must cover anyone who applies regardless of pre-existing conditions.
- Insurers will not be able to rescind coverage except in cases of fraud.
- Insurers will not be able to limit benefits paid within a given year or over a lifetime.

### **Shift focus to prevention**

Prevention improves health, lower costs and allows smarter allocation of resources. Almost 40 percent of deaths in the U.S. are caused by modifiable factors such as tobacco use, poor diet and physical inactivity, and alcohol use. At the same time, 75 cents of every health care dollar is spent on the treatment of chronic conditions. The Oregon Health Policy Board is calling for a focus on prevention both within the health care system and beyond it, in the places we live, learn, work and play. The board's Action Plan calls for a health system that integrates public health, health care and community-level health improvements to achieve a high standard of overall health for all Oregonians regardless of income, race, ethnicity or geographic location. Reforms must occur in every one of those settings if we hope to improve lifelong health for all Oregonians.

A new focus on prevention will also mean that our health system will strive to prevent chronic diseases by reducing obesity, tobacco use, and drug and alcohol abuse. In addition, we must increase coordination and reduce duplication among public health, addictions and mental health, health care systems and communities by supporting innovation and integration.

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Federal reform provides funding opportunities for prevention and public health, including funding for lowering childhood obesity and increasing health surveillance, community health centers and new school-based health clinics.

### **Improving quality and efficiency**

The Oregon Health Authority is leading the way to deliver quality, efficient and affordable health care. Federal reform will create a national set of quality standards. In Oregon, measures for quality and efficiency have been developed that promote the vision for a healthy Oregon, while ensuring that state quality measures do not over-burden providers.

### **Establish a health insurance exchange to make it easier for Oregonians to get affordable health insurance**

A health insurance exchange is a central marketplace for health insurance that provides one-stop shopping for individuals and small businesses to compare rates, benefits and quality among plans. The exchange will also administer the new federal health insurance tax credits for those who qualify and make it easier to enroll in health insurance. In addition, the exchange will be the conduit through which individuals with income up to 400 percent of the federal poverty level (\$88,200 for a family of four in 2010) will access the federal premium tax credits that will make health insurance much more affordable for many people. The exchange also will provide access to cost-sharing assistance for individuals with income up to 250 percent of the federal poverty level.

### **Administrative simplification**

OHA is working to reduce administration overhead and red tape in health care. Simplifying administrative processes, such as billing, helps reduce administrative costs. Plans for streamlining administrative processes for providers and insurers in Oregon will save an estimated \$93 million each year.

### **Health information exchange and other health information technologies**

Electronic health information systems also help simplify administrative processes, while improving the quality of care. The Oregon Health Authority is building an infrastructure for an electronic health information system so that every time a patient sees a doctor, their medical history will be easily accessed and up-to-date, and their records kept private. Federal health reform also requires certain transactions be electronic. Oregon can decide to take the federal reforms further by doing more to simplify administrative processes and requiring more electronic transactions.

### **Medical liability**

Federal reform created funding opportunities to explore alternative medical liability models. Plans to improve the medical liability system and reduce the medical errors are underway in Oregon, as the Health Policy Board explores whether to change state's medical liability system.

### **Payment reform**

Payment reform, changing how medical services are paid for, will ensure that we pay for what works and that how way we pay for health care aligns with the vision for a healthy Oregon. Federal reform creates funding opportunities for pilot projects that pay for health care in new ways. In 2012 and 2013, OHA will work with providers, purchasers and other stakeholders to target key cost, quality, and efficiency concerns. It will do this by introducing innovative payment methods that reward efficiency and outcomes

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(e.g., bundled payments, pay for performance and other methods) first within OHA programs and then throughout other health care programs.

### **Workforce**

Stabilizing and increasing Oregon's health care work force is a top priority. To ensure that Oregonians can get the health care they need, when and where they need it, the OHPB believes we must engage health care providers in making fundamental changes to the way health care is delivered; improve the capacity and distribution of the primary care workforce; and increase the number of health care professionals by expanding education and training opportunities.

The **Oregon Health Authority** is the organization at the forefront of lowering and containing health care costs, improving quality of care, and increasing access to health care in order to improve the lifelong health of all Oregonians. Go to [www.Oregon.gov/OHA/Action-Plan](http://www.Oregon.gov/OHA/Action-Plan) for more information on Oregon's Action Plan for Health.

Get involved! Connect with us at [www.Facebook.com/OregonHealthAuthority](https://www.Facebook.com/OregonHealthAuthority).