Oregon Health Fund Board

Strategy Model: Straw Comprehensive Plan (7/24/08)

PROBLEMS AND PRIMARY CAUSES

HEALTH CARE COSTS TOO MUCH & the HEALTH CARE SYSTEM IS NOT FOCUSED ON IMPROVING HEALTH

Why?

1. Consumers and Purchasers do not exert significant influence on costs

- Lack of useful comparative information
- Group purchasers are weak and disorganized

2. Limited incentives for efficiency, quality and innovation in the delivery system

- Lack of standardization
- Under use of clinical practice guidelines
- FFS payment system provides incentives for increased volume, not efficiency or quality
- Local delivery systems are fragmented and uncoordinated
- Lack of IT infrastructure

(cont.)

GOALS AND STRATEGIES

SYSTEM TRANSFORMATION

Outcome Measures (Costs):

- Total costs
- OHP costs
- Commercial premiums/ self-insured costs

Targets:

- Total cost increases = CPI+2%

Outcome Measures (Quality):

- Health Status
- Life Expectancy
- Infant Mortality
- Others TBD

Targets: TBD

Core Strategy

Structure the health care market to reward efficient and high quality insurers and providers

Set high standards and measure success

RECOMMENDATIONS AND INITIATIVES UNDER CONSIDERATION

Set Uniform Standards

- Standardize insurance administrative practices
- Establish standardized clinical quality measures
- Develop evidence-based clinical practice guidelines
- Develop coverage guidelines based on comparative effectiveness research
- Create statewide POLST registry

Measure and Report

- Uniform health care data collection: all payers, all lines of business, all services
- Monitor insured market at community level
- Public reporting of planned hospital and ASC capital expenditures
- Payer contract reporting

Unify Purchasing Power

- Develop Purchasing Cooperative built around public sector purchasers
- Common contract standards among state purchasers, e.g.,
  - Quality metrics
  - Integrated Health Home
  - Clinical practice guidelines
  - Comparative effectiveness guidelines
  - Payment for administrative services
  - Patient decision aids
  - OPDP as prescription drug benchmark
- Consider creation of Insurance Exchange for individual market

Introduce New Models of Care through Community-based Innovation

- Integrated Health Homes (IHHs)
- Integration of behavioral health in OHP
- Support community collaboratives
- Create Accountable Health Communities
- Incentives for culturally-specific approaches to disease prevention and health promotion

Expand use of Health Information Technology

- *[pending recommendations from Governor's health Information Infrastructure Advisory Committee]*

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PROBLEMS AND PRIMARY CAUSES	GOALS AND STRATEGIES	RECOMMENDATIONS AND INITIATIVES UNDER CONSIDERATION
HEALTH CARE COSTS TOO MUCH and the HEALTH CARE SYSTEM IS NOT FOCUSED ON IMPROVING HEALTH		
Why? **3. Lack of effective competition in some areas**	Strategy: ***Create mechanisms to compensate for weak competition***	***Regulation*** ➢ Regulatory review and approval of insurers' administrative costs component of regulated rates ➢ Set ceilings on price increases
4. Poor health and quality of care drive up costs o Lifestyle/ behaviors o Environmental factors o Quality of care	Strategy: ***Develop comprehensive approach to improve the health of the population***	***Invest in Population Health*** ➢ Establish and fund community-centered health initiatives focusing on tobacco use and obesity ➢ Support community collaboratives ➢ Create Accountable Health Communities
5. Cost Shift o Uncompensated/ charity care o Under-compensated care: Medicaid and Medicare	Strategy: ***Address root causes of cost shift***	***Reduce the Cost Shift*** ➢ Reduce uncompensated/ charity care: expand OHP, stabilize and expand private-sponsored coverage ➢ Medicaid deductions from revenue: improve provider payment in OHP ➢ Medicare deductions from revenue: expand Medicare Advantage; payment reform for "low-reimbursed" states
6. Health care workforce supply and composition are misaligned with needs	Strategy: ***Plan for tomorrow's workforce***	***Designate responsible entity for developing statewide health care workforce strategy***

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PROBLEMS AND PRIMARY CAUSES

COVERAGE AND ACCESS TO CARE ARE DECLINING

Why?

1. **High costs**

2. **Lack of public funding for coverage of people who cannot afford it**

LACK OF SYSTEM-WIDE OVERSIGHT & ACCOUNTABILITY

Why? **Fragmented state policy**

GOALS AND STRATEGIES

PROVIDE COVERAGE AND ACCESS TO CARE FOR ALL OREGONIANS

("BRING EVERYONE UNDER THE TENT")

Outcome Measures (Access):
- % Uninsured
- Access to care for needed services

Targets: TBD

Strategy:
Contain costs
[see previous pages]

Strategy:
Public support for coverage of unemployed and low-income people

Strategy:
Create an "integrator/ coordinator" – with authority – for state health policy

RECOMMENDATIONS AND INITIATIVES UNDER CONSIDERATION

Cost containment initiatives [see previous pages]

Expand public programs and leverage federal funds
2009-11
- Expand eligibility for OHP, financed by provider tax and tobacco tax
  - Enroll children with income <300% FPL
  - Expand coverage in OHP Standard for adults <100% FPL

Provide assistance to Oregonians who do not have access to coverage
2011-15
- Provide financial assistance (state contributions on a sliding scale) to people 100-300% FPL
- Offer tax assistance to people 300-400% FPL

Coverage expansions linked to cost containment successes and available funding

Create Oregon Health Authority
- A robust state entity with broad authority
- Strong citizen board
- Competent professional staff and appropriate financing
- Objectivity and credibility to rise above politics of the moment and act in the best interests of Oregonians