

Letter from the Director

A more sustainable health system and more efficient agency

Oregon is on a path to addressing the fastest growing portion of the state budget. With the creation of Coordinated Care Organizations in 2012, the Oregon Legislature created a foundation to redesign the state's Medicaid program for better health and more sustainable costs. The system is based on the three goals that have guided the work of the Oregon Healthy Authority since its creation in 2009:

- 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 to everyone.

Research shows that approximately 30 percent of health care spending is wasted. Money spent on repeated or unnecessary testing, red tape and administrative costs, inefficient care, fraud and illness that could have been prevented are draining state, federal and private sector coffers. And many of these costs are driven by people who need better care the most – those with serious or chronic illness.

The coordinated care model gives Oregon a new path. By focusing on chronic disease management and prevention, CCOs will be able to provide better quality care and reduce acute care and emergency room costs. They will be held to quality outcomes a global budget that grows at a fixed sustainable rate. This creates a more stable system, gives incentive for innovation and efficiency, and gives the budget more predictability.

Under the Coordinated Care Organization model, the state has a new Medicaid partnership with the federal government and new accountabilities. In the 1115 waiver received in 2012, the federal government is giving our state the flexibility to move away from a payment system that gives incentives for treatment rather than prevention.

After the close of the 2012 Legislative session, local communities quickly came together to form the new model. By September 2012, there were 13 Coordinated Care Organizations up and running, serving nearly 80 percent of Medicaid clients.

Oregon Health Authority changing as well.

As the private sector health care delivery system has had to improve in order to gain state contracts to serve Medicaid clients, so too is the agency changing. To support Coordinated Care Organizations, sections of the agency that have been uncoordinated are coming together and streamlining. Duplicative processes are being eliminated and there is a drive for innovation.

Over the same period of time the Addictions and Mental Health Division changed its payment model for non-Medicaid clients to align with the Triple Aim and give local communities more flexibility for outcome based care. The Public Health Division has reoriented its focus on key strategic initiatives to improve the health and wellness of everyone in Oregon. And at Oregon State Hospital, improvements to care focused on recovery and hope continue.

Structure of the Oregon Health Authority

The Oregon Health Authority includes the state's publically funded health programs: Medicaid for mental, dental and physical health services, the Office of Private Health Partnership, the Public Employees Benefit Board (PEBB) and the Oregon Educators Benefit Board (OEBB). The Oregon Public Health Division is also part of the Oregon Health Authority as are the campuses of the Oregon State Hospital and Blue Mountain Recovery Center.

Oregon Health Policy Board

The Oregon Health Policy Board is the nine-member citizen board appointed by the Governor that serves as the policy making body for the Oregon Health Authority. Over the next several years, the Board will advance solutions for the key issues in health reform. The Board holds monthly meetings and is the central place for the public and stakeholders to get involved in the discussion.

The members are: Eric Parsons, Chair; Lillian Shirley, Vice Chair; Michael Bonetto, PhD, Brian DeVore; Carlos Crespo, PhD, Felisa Hagins; Chuck Hofmann, M.D.; Carla McKelvey, MD; Joe Robertson, M.D.; Nita Warner.

The impact of the economy on the Oregon Health Authority

The global recession is lingering in our state, meaning there will be a continuing increase in demand for health care for low-income Oregonians through the Oregon Health Plan. Demand for the Oregon Health Plan began to grow aggressively in 2008. There are currently approximately 671,000 people receiving Medicaid benefits, a 56 percent increase over June 2008. While the rate of growth has decreased as the economy improves, based on current eligibility, by June 2015 the total caseload is predicted to be more than 706,000.

Additionally, as the caseload has grown, reduced state revenues have brought approximately \$15.2M in non-program budget general fund reductions to the Oregon Health Authority since the 2011-2103 Legislatively Adopted Budget passed last June. Additionally the number of people employed at the Oregon Health Authority has dropped by 286 since June of 2011.

Setting a course for the future

The last two years have brought challenges and opportunities for the Oregon Health Authority. Even as the effects of the recession continue, we have made great gains towards a future where the health care system is better coordinated and patient-focused. We have worked to improve continually as an agency and to help transform the health system inside and out. And as a state, we are changing the way we do business.

Together, we are working to better address health disparities at the local level and promote a system of quality of services over quantity – where prevention and better management of chronic conditions are the ultimate solutions to better health and better care for Oregonians, at a lower cost to the health care system. The transformation of the health care system under way shows how much we can accomplish if we focus our attention, our efforts and our resources on solving the problems before us. And though we have a long path before us, we are on a path toward a truly healthier Oregon.

Sincerely,

A handwritten signature in black ink that reads "Bruce Goldberg". The signature is written in a cursive style with a long, sweeping tail on the letter "y".

Bruce Goldberg, M.D.
Director-designee, Oregon Health Authority