Oregon Health Authority
2015–2017
Budget Overview

Oregon Health Authority
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Oregon Health Authority

• Created by the 2009 Oregon Legislature (HB 2009) to be the state’s single point of accountability for health service delivery and sustainable health care costs.

• OHA goals are to ensure better health, better health care and lower costs.

• 2015–2017 Governor’s budget: $18.791 billion total fund

• Positions/FTE: 4,414 positions/4,347.21 FTE
Results for Oregonians

- **167,368** Oregonians served by Oregon Women, Infants and Children (WIC) in 2013
- **95%** of Oregonians have health care coverage
- **$139,000,000** saved in health care costs over 2013–2014
- More than **1,000,000** served by Coordinated Care organizations
- PEBB provides health care benefits for about **127,000** individuals
- Medicaid expansion allowed **380,000** new enrollees since January 1, 2014
- **Teen pregnancy rate per 1000 dropped from 25.8 in 2008 to 13.9 in 2013**
- Oregon State Hospital system cared for **1,386** patients in 2014 who could not be served in the community
Oregon Health Authority
Vision and mission

• Vision – a healthy Oregon

• Mission – help Oregonians and communities achieve optimum physical, dental, mental and social well-being.
2015–17 OHA organizational structure

- Oregon Health Policy Board
  - Oregon Health Authority Director
    - Addictions and Mental Health
      - Behavioral Health Policy and Project Management
      - Oregon State Hospitals and other Institutions
      - Behavioral Health Programs
      - Quality Management
      - Contract and Operations
      - Program Support
      - 2,398 POS / 2,396.39 FTE
      - $1,135.75 B T/F
    - Public Health
      - Office of the State Public Health Director
      - Center for Health Protection
      - Center for Prevention and Health Promotion
      - Center for Public Health Practices
      - Health Licensing Office
      - 715 POS / 695.35 FTE
      - $528.69M T/F
    - Health Care Programs
      - Health Policy Programs
      - Medical Assistance Programs
      - Health Policy and Research
      - Health Analytics
      - Transformation Center
      - Equity and Inclusion
      - Public Employees’ Benefit Board
      - Oregon Educators’ Benefit Board
      - Private Health Partnerships Programs
      - 769 POS / 733.53 FTE
      - $16,719.27B T/F
    - Agency Support
      - Information Services
        - (Shared with DHS)
      - Central Operations
      - Legislative and Governmental Affairs
      - Tribal Liaison
      - Ombudsman Program
      - Communications
      - Human Resources
      - Finance
      - State Assessments
      - 532 POS / 521.94 FTE
      - $407.66M T/F
- 4,414 Positions / 4,347.21 FTE
Oregon health profile

- Ninety-five percent of Oregonians now have health care coverage.
- About half of Oregon’s kids live below the federal poverty level.
- Leading causes of death in Oregon:
  - Tobacco
  - Obesity
  - Substance abuse
## Oregon’s health system transformation model

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Results</th>
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<tbody>
<tr>
<td>Create local accountability for health, outcomes and cost</td>
<td>16 CCOs started in Oregon</td>
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<tr>
<td>Reduce waste</td>
<td>Emergency department costs declined 21 percent</td>
</tr>
<tr>
<td>Improve health</td>
<td>95 percent of Oregonians covered</td>
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<tr>
<td>Align financial incentives</td>
<td>Hospital incentive pool</td>
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<td>Pay for outcomes</td>
<td>CCOs participate in Quality Incentive Pool</td>
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<tr>
<td>Create fiscal sustainability</td>
<td>Currently bending the cost curve</td>
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Oregon’s health system transformation
(agreement with Medicaid)
Oregon Health Authority
2015–17 Governor’s budget

Total fund by program area $18.8 billion

$16.7B
89%
Health Care Programs

$1.1B
6%
AMH

$528.7M
3%
Public Health

$407.7M
2%
Shared Services, state assessments enterprise-wide costs and debt services
Oregon Health Authority
2015–17 Governor’s budget

Total fund by fund type
$18.8 billion

- $10.8B (58%) Federal Fund
- $5.7B (30%) Other Fund
- $2.2B (12%) General Fund
- $10.3M (<1%) Lottery Fund
Oregon Health Authority
2015–17 Governor’s budget

General Fund by program area
$2.2 billion

$1.2B
56%
Health care programs

$760.7M
34%
AMH

$169.5M
8%
Shared Services, debt service, state assessment and enterprise-wide costs

$41.9M
2%
Public Health
2015–17 OHA Governor’s budget by program and category

Budget (in millions)

- Special payments
- Capital outlay
- Services and supplies
- Personal services
- Other expenditures

Diagram showing budget allocations by program and category.
2014 Oregon Health Plan highlights

Funds OHP and lowers costs per agreement with Centers for Medicare and Medicaid Services.

• Increase of 4.4 percent in per capita expenses in year one
• Increase of 3.4 percent in per capita expenses in year two

Expands coverage in January 2014 to 380,000 people. These health care costs are 100 percent federally funded in 2013–2015.

• Reduced medical debt to individuals and families
• Timely access to effective health care

Additional highlights will be presented by divisions.
OHP caseloads

After ACA expansion

- OHP Standard
- OHP Plus
Comparison of OHP population groups and expenditures January – December 2014

- **People**
  - Elderly: 2%
  - Pregnant women: 9%
  - People with disabilities: 42%
  - Adults: 43%

- **Spending**
  - Elderly: 4%
  - Pregnant women: 20%
  - People with disabilities: 50%
  - Adults: 23%
  - Children: 3%
Ninety-eight percent goes to direct provision of health services:

• Eighty-nine percent ensures services are provided through doctors, nurses, pharmacists, dentists, hospitals, mental health providers and other health/health care providers in every community throughout Oregon.

• Nine percent goes to direct services provided by the state in public health and Oregon State Hospital.

• Less than two percent is used for Shared Services, state assessment and debt service.
What drives the OHA budget

Factors that influence OHA caseloads and cost of care include:

- Economy: poverty, unemployment
- Social issues: untreated mental health and substance abuse, homelessness, disparities
- State and federal policy including Oregon’s Health System Transformation
Medical Assistance Program caseloads
History and forecast

MAP caseload history

MAP caseload forecast (S 2015)
Expanded eligibility to over 380,000 adults with incomes at 133 percent of the federal poverty level and below.

- Receiving 100 percent federal funding through calendar year 2016
- Federal funding for ACA adults scales down as follows:
  - Calendar year 2017 – 95 percent
  - Calendar year 2018 – 94 percent
  - Calendar year 2019 – 93 percent
  - Calendar year 2020 and all subsequent years – 90 percent
OHA significant budget issues

Designated state health programs (DSHP) waiver:

- Provides federal match for services/programs not traditionally funded by Medicaid, allowing more state funds to be reinvested in OHP.
  - Federal - $1.9 billion over five years of waiver
  - $376 million (total funds) in 2015–17 Governor’s budget

- Must meet growth reduction target (3.4 percent) and improve on quality and access test measures to retain funding.
  - If 3.4 percent target is not met, DSHP is reduced by $68 million
  - This would result in a total loss of $188 million per year.
OHA significant budget issues

Other fund – short term revenues in the OHA budget

• Current hospital assessment tax funds OHP >$1 billion
• Master Settlement Agreement $137 million
• Both of these revenues free up General Fund dollars needed for OHP
• Attaining the triple aim requires fiscal responsibility from all health care partners including OHA
Medical Assistance Programs
Oregon Health Plan General Fund history

- 2003-05: $649
- 2005-07: $797
- 2007-09: $879
- 2009-11: $694
- 2011-13: $818
- 2013-15 LAB: $87
- 2015-17 GB: $1,039
- Total: $3,091
Risks/Concerns

- Changes in federal policy
- Financially sustainable model
- Achieving health systems transformation
- Ongoing mechanics of enrollment
- The march to Kentucky (conversion)
- Expensive treatment advances
# OHA Progress

<table>
<thead>
<tr>
<th>Where we’ve been</th>
<th>Where we are going</th>
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<tbody>
<tr>
<td>Divisions and programs with separate missions and visions</td>
<td>One mission, one vision, restructure designed to achieve measurable results</td>
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<tr>
<td>Grant oriented</td>
<td>Outcomes oriented</td>
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<td>Policy and program focused</td>
<td>Customer focused</td>
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<td>Dysfunctional technology services</td>
<td>Reliable technology services</td>
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<td>Managers define solutions</td>
<td>Staff are empowered to lead</td>
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<td>Crisis driven, reactive</td>
<td>Proactive, innovative and responsive</td>
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<td>Government services operate in relative isolation</td>
<td>Collaborative partner</td>
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OHA focus on implementation

Results focused now that CCO’s are operational:

- Structural improvements based upon results, regulatory clarity, and effective achievement of better care, better health, lower costs
- Realign AMH and MAP services related to the new CCO model
- Identify population and manage mental health services
- Integration of physical, mental and dental health
Things to keep in mind during budget development

• Most resources are devoted to direct health care delivery (89 percent) with limited investment in prevention or public health (<3 percent).
• No rainy day fund or reserve funding for health care.
In conclusion

• 89 percent of the OHA budget goes to the direct provision of health care services
• State funded health care programs exist as a part of our larger health care system (institutions, PEBB, OEBB)
• OHA budget and operating plan is focused on measureable results and accountability for:
  – Quality care
  – Financial sustainability
  – Better health for all Oregonians