

OREGON HEALTH AUTHORITY



## Health Reform in Oregon: The Role of Public Purchasers



**Board of Directors**

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**Barney Speight**  
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## DIAGNOSIS ?

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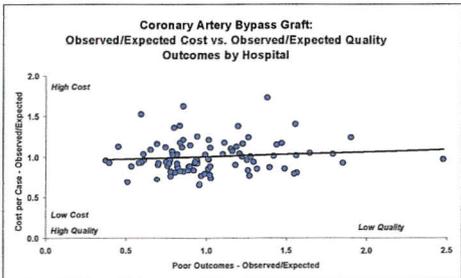
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## Cost and Quality Vary Widely



Source: S. Grossbart, Ph.D., Director, Healthcare Informatics, Premier, Inc., "The Business Case for Safety and Quality: What Can Our Databases Tell Us," 5<sup>th</sup> Annual NPSF Patient Safety Congress, March 15, 2003. 3

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- Transform the way care is delivered
- Simply doing more of what we are doing will only get us more of what we have
- Our access problem is a result of our cost problem ...and our cost problem can be addressed by focusing on quality, primary and preventive care, public health, and changing care delivery models.

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### Health Reform in Oregon

HB 2009 creates the Oregon Health Authority and Oregon Health Policy Board to improve the **HEALTH** of all Oregonians.

Mandates three goals:

- **Access:** Expanding access to health care for every Oregonian;
- **Quality:** Transforming the delivery of health care to make sure everyone receives quality care; and
- **Affordability:** Containing health care costs to make health coverage affordable for all.

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### Strategic building blocks

- Bring "everyone under the tent";
- Set high standards — measure and report;
- Unify purchasing power;
- Stimulate system innovation and improvement;
- Ensure health equity;
- Train a new and revitalized health care workforce;
- Advocate for Federal changes that support Oregon's plan.

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### Coordinating Health Reform in Oregon

Keystone of HB 2009:

- Oregon Health Policy Board (OHPB)
  - Citizen-led board provides direction and accountability.
- Oregon Health Authority (OHA)
  - Single state agency that consolidates and coordinates state health purchasing and aligns programs to maximize efficiencies.

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### Expanding Health Care Coverage in Oregon

- Implement Healthy Kids and provide all children with health care coverage 
- Expand Oregon Health Plan (OHP) – initially adding 35,000 low-income adults
- Develop affordable small business health insurance products, health insurance exchange, etc.
- Assure a trained health care workforce for the 21<sup>st</sup> century

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### Reduce Cost Growth & Improve Quality

- Coordinate and align the State's health care purchasing (850,000 people) to influence local market behavior
- Provide leadership to create a simpler system for all:
  - Accountable, coordinated, integrated, community health care systems
  - Uniform quality standards
  - Reduced administrative overhead

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### Reduce Cost Growth & Improve Quality (cont'd)

- Change the way health care is delivered
- Create new organizations with new accountabilities
- Focus on quality and value
- Use data—establish all-payer, all-claims database, publicly report performance and costs
- Develop standards for and implement patient-centered primary care health homes
- Develop new payment approaches that reward comprehensive management of chronic diseases, quality outcomes and efficient use of resources
- Work on liability reform

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### Reduce Cost Growth & Improve Quality (cont'd)

- Support statewide adoption of health information technology
- Establish a statewide registry of Physician Orders for Life Sustaining Treatment (POLST); and
- Eliminate health disparities

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### Improving the Health of Oregonians

- Connect public health to health care; link prevention and treatment.
  - Expand tobacco and obesity prevention and education
  - Create a coordinated, supportive infrastructure
  - Continue statewide health care acquired infection prevention program; and
  - Develop statewide health improvement plan

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## What does all this mean for purchasers?

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### Oregon Health Authority as a Purchaser

- Health care coverage/purchasing for:
  - Oregon Educators Benefit Board (155,000)
  - Public Employees Benefit Board (128,000)
  - Oregon Health Plan (450,000)
  - High Risk Insurance Pool (15,000)
  - Family Health Insurance Assistance Program (5,000)
  - Healthy Kids (anticipating 80,000)
  - Oregon Health Plan Expansion (anticipating 35,000)
- Drug Coverage through Oregon Prescription Drug Program (130,000)
- Mental health and addictions services through Addictions and Mental Health Division
- Population-based health through Public Health Division
- Policy and Planning through Office of Oregon Health Policy and Research

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### Can We Make a Difference in Local Markets?

- Next to Medicare, the State of Oregon is the largest purchaser of health care services
  - Approximately, 30% of the under-65, insured lives
  - In some counties, almost 40% of under-65, insured lives

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### Focus for 2010 – 2011

- Align and coordinate purchasing policies
  - Evidence-based practices that inform benefit designs and payment policies
  - Payment methodologies/Payment reform
    - Patient-centered Medical Homes (chronic care management)
    - Bundled services
      - Back to the Future: DRG payments for IP hospital care
      - New approaches: pre + acute + post services in 1 price, entire episodes of care
    - Prescription drug policies

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### Active Purchasing for the “Right” Reasons

- We are not trying to combine purchasing pools
- We are not trying to standardize benefit designs
- We are not trying to get a better price through cost shifting on other purchasers
- We are attempting to change how providers and systems of care are organized:
  - Reduce unnecessary variation in utilization
  - Improve accountability for resource use
  - Reward efficiency and quality in lieu of rewards for more “widgets”

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### ‘Single, Mature State Purchaser Seeks Partners for Collaborative, Innovative Relationship & Possible Long-Term Involvement’

- Public Employers Health Purchasing Committee
  - Cathy Bless, City of Portland
  - Ronda Connor, Deschutes County
  - Caren Cox, Multnomah County
  - Joan Kapowich, PEBB/OEBB Administrator
  - Diane Lovell, PEBB
  - Zue Matchett, PERS Retiree Health
  - Lynn McNamara, City County Insurance Services
  - Steve McNannay, OEBB (Chair)
  - Barbara Prowe, Oregon Coalition of Health Care Purchasers
  - Linda Shames, Port of Hood River
  - Madilyn Zike, Marion County

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### The Role of the Committee

- Communication
  - Purchasing issue, problems, best practices, etc.
- Coordination of Joint Activities
  - Voluntary participation
- Alignment of Purchasing Standards
  - Quality metrics
  - Evidence Based Standards for utilization review
- Enhanced Market Presence
  - Local Governments responsible for an estimated 150,000 lives
  - Joint Action on issues carriers cannot effect by themselves

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### Two Types of Work

- A purchaser's role is "member-facing"
  - Deductibles, coinsurance, co-pays, service limits, network adequacy, etc.
- The work of the Health Authority and its partners will be "health system-facing"
  - Introducing payment policies and purchasing standards that change local delivery systems

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### "The Close"

- Thank you for inviting us to your Board meeting!
- We ask CIS and other local government purchasers of health care benefits to support the work of Public Employers Health Purchasing Committee, the Oregon Health Authority & the Oregon Health Policy Board.

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