
Oregon Health Policy Board Oregon's Action Plan for Health

January 26, 2011

The logo for the Oregon Health Authority. It features the word "Oregon" in a smaller, orange, serif font positioned above the word "Health". "Health" is written in a large, blue, serif font. Below "Health", the word "Authority" is written in a smaller, orange, serif font. The entire logo is set against a light blue background that has a white, rounded rectangular shape behind it.

Oregon
Health
Authority

An urgent call to action

- Health care costs are unsustainable. Oregon is facing a \$3.5 billion shortfall; health care costs are 16% of state general fund and eat up an increasing portion of state spending.
- In 2009, the Oregon legislature created the nine-member Oregon Health Policy Board charged to create a comprehensive plan for health reform for our state.

An urgent call to action

- Over the past 12 months the Board has heard from hundreds of Oregonians around the state.
 - Monthly public meetings that are also live web streamed across the state
 - Six community meetings around the state to get feedback on the Oregon Health Insurance Exchange and the Action Plan for Health. Over 850 people participated.
 - OHA created a tool for on line feedback about the Exchange and elements of the Action Plan; over 600 individuals commented.
 - OHA staff have met with over 400 stakeholders as individuals or in small groups
 - Email comments and questions from over 100 people.

An urgent call to action

- The Board has also been advised by over 300 people from all walks of life who participated in committees, sub-committees, work groups and task forces:
 - Public Employers Health Purchasing Committee
 - Health Care Workforce Committee
 - Administrative Simplification Committee
 - Health Equity Policy Review Committee
 - Health Improvement Plan Committee
 - Health Incentives and Outcomes Committee
 - Medical Liability Taskforce
 - Health Information Technology Oversight Council (HITOC)
 - Patient-Centered Primary Care Homes Standards Workgroup

What did we hear

Everyone is facing the same challenge:

- cost of health care and coverage is too high,
- outcomes are unsatisfactory,
- care is fragmented.

The Triple Aim

Action plan recommendations aimed at achieving these three important objectives:

- 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 for everyone.

Action Plan identifies 8 key strategies for achieving the Triple Aim:

1. Reduce costs and improve value and quality by using our purchasing power to change how we deliver and pay for health care;
 - Introduce innovative payment methods that reward efficiency and outcomes.
 - Move to patient-centered primary care, first for the Oregon Health Authority lives, including Medicaid recipients, state employees and educators.
 - Establish a value-based benefit design that removes barriers to preventive care
 - Promote local and regional accountability for health care
 - Reduce administrative costs
 - Operate within a fixed budget

Action Plan identifies 8 key strategies for achieving the Triple Aim:

2. Establish an Oregon Health Insurance Exchange to increase access to affordable health insurance for individuals and small businesses
3. Shift our focus to prevention
 - Decrease obesity by making healthful food and beverage options widely available and increasing physical activity opportunities
 - Create tobacco-free environments, prevent initiation of tobacco use and support cessation
4. Improve health equity
 - Provide incentives to include community health workers in health care teams
 - Recruit and retain a workforce that is racially and ethnically diverse and culturally competent

Action Plan identifies 8 key strategies for achieving the Triple Aim:

5. Build and retain a health care workforce for Oregon
 - Expand opportunities for clinical training by decreasing unnecessary and duplicative processes
 - Attract and retain a primary care workforce by revitalizing Oregon’s primary care loan repayment program
6. Set standards for safe and effective care
 - Ensure that electronic health information is available when and where it is needed by setting health information exchange policies, requirements, standards and agreements
7. Promote and develop regional accountability for health and health care
8. Measure progress with sound metrics
 - Oregon Scorecard
 - Uniform quality measures within OHA

Accomplishments so far....

- **Administrative simplification**

Board approved administrative simplification workgroup recommendation that basic administrative transactions between health care providers and health plans are done in a uniform way for regulated health insurers.

- o DCBS established work group to develop rules
- o Within OHA, PEBB has included in contracts and Medicaid developing contract language.

- **Patient Centered Primary Care Homes**

- o Standards developed
- o Implementation planning beginning within OHA
- o Cooperating with Health Leadership Council in piloting primary care homes

Accomplishments so far....

- Value-based benefit package
 - o Value-based benefit package that removes barriers to preventive care has been developed
 - o Implementation plan being developed to use this package within OHA
- Payment reform
 - Implementation plan being developed to standardize payment for certain providers (e.g., DRG payments to hospitals)

Action plan and federal reform

- Federal reform makes a significant investment in access to health insurance coverage
- Now we need to pair that with changing the way we deliver and pay for health care and shifting our focus to prevention as outlined in the Board's foundational strategies for action.

Next steps

- Final changes made to the plan based on Board discussion
- OHA and Board builds on current accomplishments, begins implementation on key policy initiatives, and works with legislature on required statutory changes

A look at some of 2010's highlights...

The past year was one of challenges and opportunities. The biggest challenge was managing through a record increase in the need for services during a time of budget shortfalls and diminishing resources. We were able to meet this demand within our budget and without asking the Legislature for additional revenues. We accomplished this in part through capitalizing on the opportunities of our work on Transformation Initiatives and Continuing Improvement. This has been an agency-wide effort focusing on improving our organizational efficiency and effectiveness across both OHA and DHS. We have identified \$92 million in savings or avoided costs in both agencies with marked improvements in customer service and quality; this work continues daily.

Enrollment in the Oregon Health Plan is almost 600,000 people, or one in seven Oregonians. As more uninsured Oregonians receive coverage, that helps mitigate the constant upward pressure on costs for us all by reducing the estimated 10 percent of our premiums we are all paying to care for the uninsured.

Ninety-nine percent of our Division's budget goes directly to providing and delivering health care services through the over 30,000 enrolled health care providers. We have increased the number of Oregon Health Plan clients who are in a medical managed care plan to 80 percent of the total; 95 percent are in dental managed care. Through managed care, our clients have access to high-quality care that emphasizes primary care, prevention, and the promotion of healthy lifestyles. This both helps people stay healthier and helps keep costs down by helping providers treat people, not conditions, a strategy that can help avoid expensive medical costs.

Other highlights of our year in review include:

- Oregon was one of 15 states to receive a **CHIPRA** bonus award for making significant progress with enrolling children in Medicaid. Oregon's award was the nation's fourth highest with a \$15,055,255 bonus this year, an increase of \$13,451,919 over our 2009's amount of \$1,603,336.
- DMAP **hosted** a successful national MMIS conference to record-breaking attendance.
- DMAP received approval on the Triennial renewal for the **Oregon Health Plan Demonstration Waiver** allowing Oregon to continue operating under the Prioritized List and expand health care coverage to non-traditional Medicaid clients, such as low-income adults younger than 65, through October 2013.
- A new tax on hospitals allowed expansion of the **OHP Standard** program for adults to increase from a monthly average of 20,00 to 60,000.
- We implemented **Express Lane Eligibility** to use other government agencies to identify and enroll children in OHP. The SNAP - Supplemental Nutritional Assistance

Program was designated an Express Lane Eligibility agency.

- The OHP redetermination process was simplified and now uses just ***one month*** for income verification.
- A new OHP ***interactive*** on-line application was launched.
- DMAP now offers extensive ***Provider Web Portal*** training utilizing tutorials, classrooms, e-courses and live interactive Webinars.

Looking ahead to 2011...

Governor Kitzhaber announces Health Care Transition team

In his December 17 press release, Governor Kitzhaber announced Dr. Bruce Goldberg as co-chairman of his health care transition team and Mike Bonetto as Health Policy Issue manager. The team also includes representatives of health care providers, hospitals, health plans, long term care and mental health advocates and labor.

The governor noted that to maintain the current level of services for the 2011-2013 biennium, Oregon will require an additional \$1.234 billion. Without any replacement revenue this amounts to a 39 percent cut. While state revenue growth should increase by \$1.2 billion in the next biennium, the governor cautioned that given the other important public services we must maintain, this new \$1.2 billion cannot all go to health care and must be spread across all the priorities of state government.

Note: We reported earlier that the fall OHP Caseload Forecast predicted the need for medical assistance will continue to be driven by the recession into the year 2013.

- *The monthly average of Oregon Health Plan clients is forecast to increase by 18.5 percent to 669,000 clients by mid-2013.*
- *The number of Oregonians needing long-term care services is growing in response to both the economic downturn and the shifting demographics of the aging population. A nearly seven percent population increase is expected to require long-term care by mid-2013.*

Medical Case Management Consolidation

We will be creating an inhouse medical management team and assure technology requirements are consistent, coordination time is decreased, policy changes are readily identifiable. We will achieve quality client care with cost effectiveness and fiscal responsibility utilizing a variety of delivery strategies. Most importantly, consolidating client information allows informed decisions, improved health outcomes and faster response to our provider and client needs.

Pharmacy

Effective January 1, we implemented changes to ensure that fee-for-service reimbursement reflects the actual costs of filling prescriptions using the *Average Actual Acquisition Cost* model and a revised dispensing fee structure. In addition, we are now part of the Sovereign States

Drug Consortium (SSDC), a multi-state supplemental rebate pool. Drug manufacturers offer rebates, supplemental to federal Medicaid rebates, to state Medicaid programs to increase the utilization of their products and, ultimately, to increase market share. The SSDC negotiates supplemental rebate agreements for these seven states as a single entity, pooling their Medicaid prescription numbers. This harnesses the economy of scale for negotiating with manufacturers, allowing each state to pay only a fraction of what they otherwise would for these drugs.

ABCD III

Background

Oregon's ABCD III project for Oregon's Healthy Kids will build on a number of initiatives designed to promote the healthy development of children. Specifically, Oregon Medicaid in collaboration with state, professional and community partners will use Medicaid's quality improvement processes across systems that influence child development, with the goal of defining quality medical home practice for Oregon's children.

The ABCD III project will last two years. The grant itself was modest, \$60,000. There is no direct financial support going to participating plans for this project, however there is an abundance of non-financial resources.

Update

Oregon is in an excellent position to undertake this project because of the Oregon Healthy Kids program. We can catalyze practice and policy improvements across systems by bringing together primary care, early intervention, and public health. The two primary issues the grant addresses are:

- Capitalize on improvements in the spread of structured screening in primary care and assure sustainable coordination models; and
- Strengthen the relationship between systems of care, including the medical home model.

The following plans will be participating with us in the ABCD III project:

- Kaiser Permanente
- ODS Community Health
- Lane Individual Practice Association (Lipa)
- Providence Health Assurance (PHA)
- Tuality Health Alliance (THA)
- Douglas County IPA (DCIPA)
- Marion/Polk Community Health Plan (MPCHP) and
- CareOregon

Medicaid Health Information Technology

Background

The Health Information Technology for Economic and Clinical Health Act, which was part of 2009's ARRA, stipulated that health care providers can receive up to \$44,000 through Medicare or as much as \$63,750 through Medicaid if they implement and prove "meaningful use" of an EHR system. The federal government's program encouraging the implementation of electronic health records is about to make incentive payments to doctors and hospitals across the country.

On Jan. 3, 2011, eligible health care providers and hospitals may begin signing up for Medicare and in some states, Medicaid electronic health record incentive programs.

Update

Our Medicaid Health Information Technology (M-HIT) Project is developing the Medicaid Electronic Health Records (EHR) Incentive Program and encouraging Medicaid providers to adopt and use certified EHRs for Oregon.

Planning efforts will identify activities needed to connect providers to the Medicaid Health Information Network and to connect the systems to the statewide health information exchange. M-HIT supports the Medicaid share of the development of Oregon's statewide Health Information Exchange (HIE).

M-HIT will assist Oregon health care providers with the costs of implementing electronic health records, through the distribution of incentives payments. For more information about the incentives, visit www.cms.gov/EHRIncentivePrograms.

Registration for the Oregon incentive program will begin this summer.

For More Information

- **Oregon Health Authority (OHA) Transition** — To track the transition process, visit the Transition Web site at www.oregon.gov/oha/transition. Click on the "submit your suggestions" link to share ideas for a smooth transition, or e-mail to HB2009.transition@state.or.us.
- **Medicaid Management Information System Implementation (MMIS)** — Stay up-to-date with news on claim processing and other transactions updates and changes by eSubscribing to [Provider Matters](#).
- **Federal health care reform** — With its own health care reform efforts already underway, Oregon is well positioned to implement the federal legislative changes. For more information, visit the Oregon Health Authority Web site at www.oregon.gov/OHA.
- **Transformation Initiative** — Enabling DHS to continue providing quality services in a time when demand is outpacing revenue and create a culture of continuous improvement where change is driven by staff. www.oregon.gov/DHS/transformation.

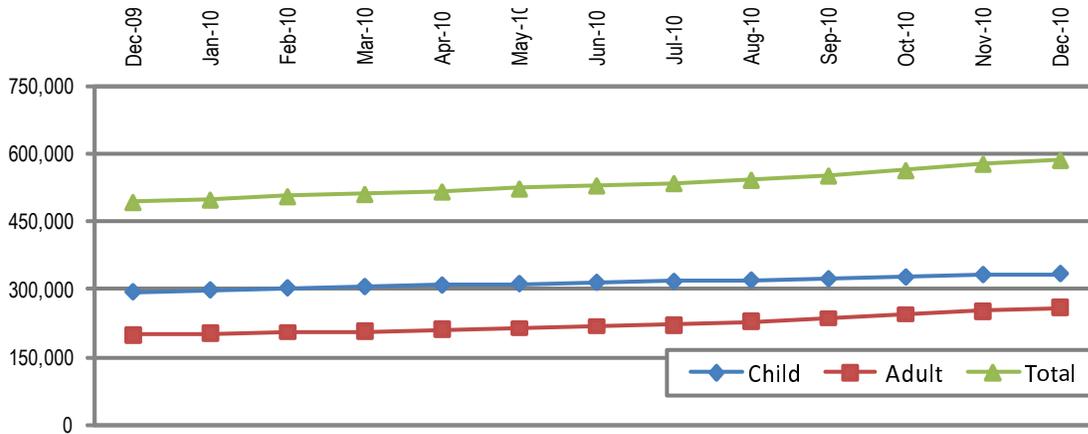
Demonstration and State Plan Amendment Status

The following table outlines the status of Demonstration and State Plan amendments (SPAs) under review by the Centers for Medicare and Medicaid Services (CMS). To view the entire notices of rule making, go to www.dhs.state.or.us/policy/healthplan/rules/notices.html.

Demonstration Amendments		
Description	Status	Rule Change?
<i>No demonstration amendments are currently under review.</i>		
Medicaid SPAs		
Targeted Case Management — These amendments make technical adjustments to existing programs and will neither affect benefits to clients nor DMAP operational procedures. Note: A CMS moratorium on rules for targeted case management has delayed the process.		
<ul style="list-style-type: none"> Children who are the responsibility of child welfare 	Submitted 6/27/08	No
<ul style="list-style-type: none"> Self sufficiency program 	Submitted 3/17/10	No
Condition of eligibility — Current policy requires clients to pursue Third Party coverage as a requirement to get Medicaid. This is a technical amendment to include Medicare coverage.	Submitted 7/14/10	Yes
1915(i) state plan option for Home Based Habilitation, HCBS Behavioral Habilitation, HCBS Psychosocial Rehabilitation for persons with Chronic Mental Illness — The 1915(i) option allows additional flexibility in designing a complete care system for persons with Chronic Mental Illness.	Submitted 7/29/10	Yes
Pharmacy Rate — Revising the payment methodology by moving away from the old standard of the Average Wholesale price. This standard will be replaced with the Average Acquisition Cost (AAC) and where no AAC exists, the Wholesale Acquisition Cost +6.25% will be used. The dispensing fees will be 3-tiered based upon claim volume.	Approved 1/3/11	Yes
Managed Care Copay — Amended to allow the department to implement copayments for clients receiving the OHP Plus benefit package and enrolled in managed care. The copayments will be equal to those currently imposed under the fee-for-service delivery system.	Approved 1/3/11	Yes
Hospital — never events (HAC) . Submitted to implement changes to prevent the payment of health care acquired conditions. These are conditions that would have been reasonably avoided through the application of evidence-based practices.	Submitted 8/13/10	Yes
Tribal Consultation — CMS requirement to add a state tribal consultation process into state plan.	Submitted 9/30/210	No
Estate recovery — Revised to clarify that the state recovers for any allowable medical assistance payments made on behalf of the individual.	Submitted 12/17/10	Yes
OHA structure — Revised to reflect the change from DHS to OHA as the Medicaid agency.	Submitted 1/7/11	Yes
Children's Health Insurance Plan (CHIP) SPAs		
CAWEM Prenatal Plus — Add Lane County to Citizen-Alien/Waved Emergency Medical (CAWEM) prenatal services pilot project.	Approved 12/30/10	Yes
Income requirement — Revise income verification requirement for medical assistance from two to one month.	Approved 12/30/10	Yes

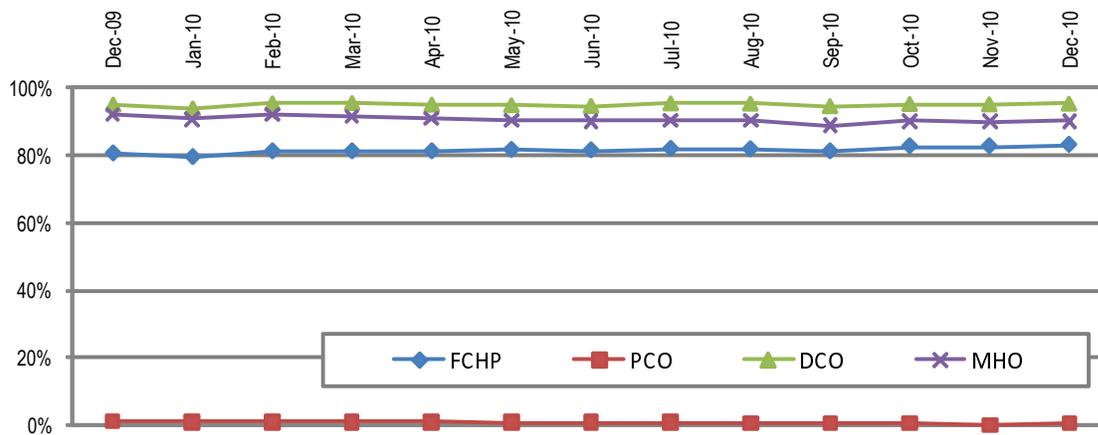
Enrollment Snapshot - December

Number of Oregonians on Medicaid: Total, Adults and Children



Medicaid Enrollment	December 2009	December 2010	Percent Increase
Children (18 and under)	298,600	337,498	13.03
Adults	199,850	258,627	29.41
Total	498,450	596,125	19.6

Percent Enrolled in Managed Care: FCHP, PCO, PCM, DCO, and MHO



Managed Care Enrollment	December 2009	December 2010	Percent Increase
Fully Capitated Health Plans/ Physician Care Organization	372,587	460,948	23.72
Primary Care Managers	5,395	3,563	- 33.98
Dental Care Organizations	439,932	529,235	20.30
Mental Health Organizations	426,353	500,704	17.44