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# Health System Transformation Team

February 2, 2011



# Agenda

- Governor's welcome and opening remarks
- Introductions
- Review
  - Charter
  - Work products
  - Principles
  - Work plan
- Redesigning our delivery system and budgetary constraints
- Breakout sessions: Year 1 reductions: Making them work
- Report out from break out sessions
- Closing remarks

- **Our work has been chartered by the Oregon Health Policy Board (OHPB) at the request of the Governor**
- **Based on OHPB’s “Action Plan for Health”**
  - **With input from 300 individuals on 20 committees, subcommittees, workgroups, task forces and commissions**
- **All of these meetings are open to the public**
- **We will report to OHPB at its public meetings**
- **There will be opportunity for public testimony at those OHPB meetings**
- **Additional public input will be solicited via email at [ohpb.info@state.or.us](mailto:ohpb.info@state.or.us) and distributed to the team.**

- **Charter**

- Work products:

- **Elements for successful delivery system transformation:**

- **Standards for safe and effective care:** i.e., uniform quality standards, uniform administrative processes, evidence-based care

- **Benefits and services integration:** definition of an integrated, accountable organization, elements of a request for proposals

- **Local accountability:** creating a framework for serving geographic areas reflective of natural communities of care

- **Global budget:** methodology for development of a fixed budget that grows sustainably

- **Budget/Value proposition:** An estimate of the expected savings and quality improvements that will come from transformation efforts.

- **Legislation:** Draft legislative language to create the legal framework and authorities to implement a high-value, accountable health delivery system in Oregon.

- Charter

- Principles and Policy Objectives:

- Services are population-based, culturally appropriate and person centered.
    - Increase value
    - Coordination of services across provider types and service settings
    - Services provided in least intensive setting
    - Flexibility
    - Development of accountable organizations
    - Choice
    - Payment based on outcomes
    - Consumer involvement
    - Metrics and performance monitoring
    - Shared savings
    - Blended funding streams

- Charter

- Timing:

- Work plan completed by February 14<sup>th</sup>
    - Work products completed by April 6<sup>th</sup>, 2011

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# Redesigning our delivery system and budgetary constraints

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. A thin blue horizontal line is positioned just below the "Health" text.

Oregon  
Health  
Authority

## Context

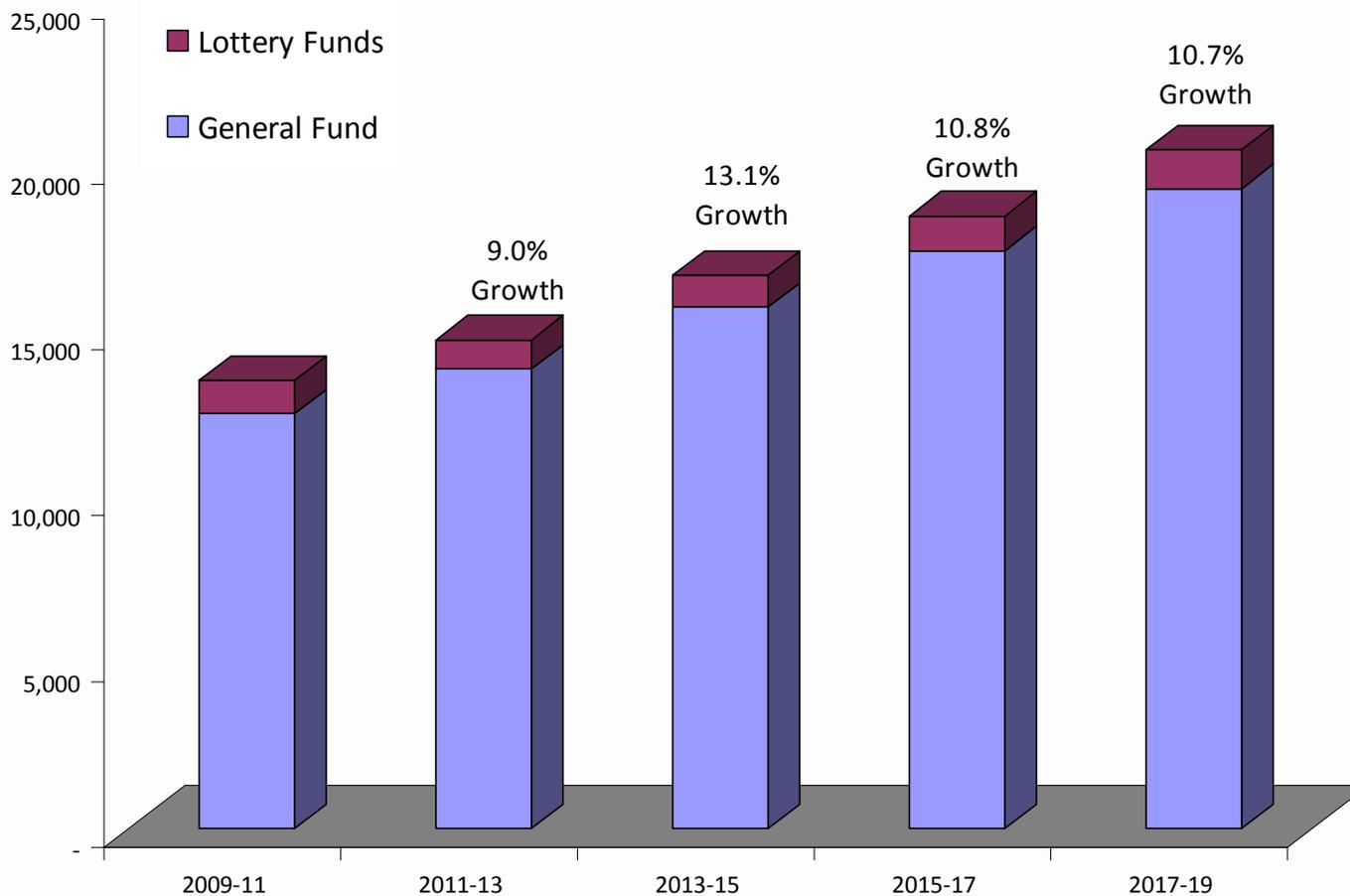
- Health care costs are increasingly unaffordable to individuals, the state, and business
- Current fiscal climate creates imperative and unique opportunity to quickly redesign Oregon's health care delivery system to get better value for all.
- Begin with changes in OHP system and then include broader markets

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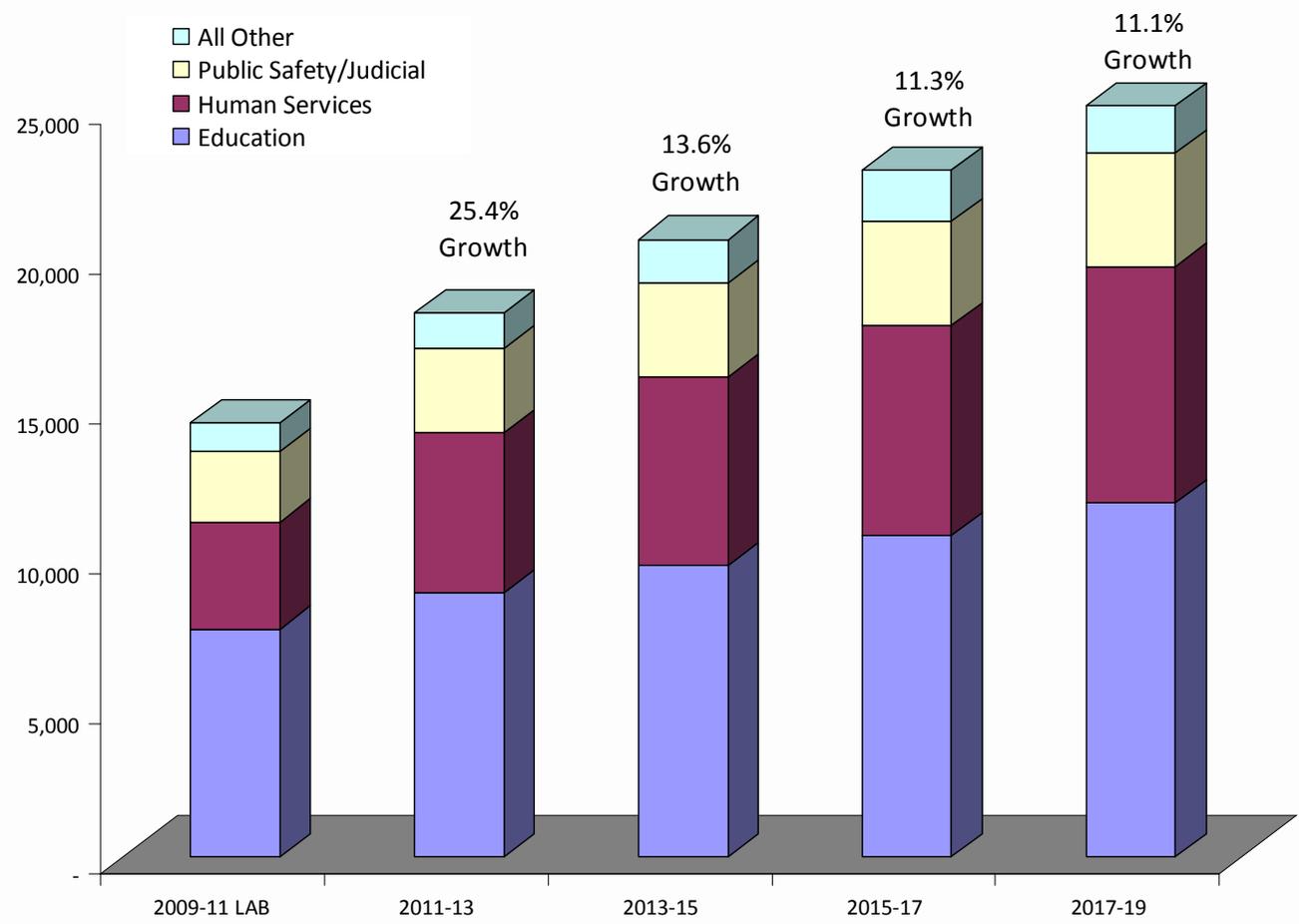
# Long Term Budget Projections for Oregon



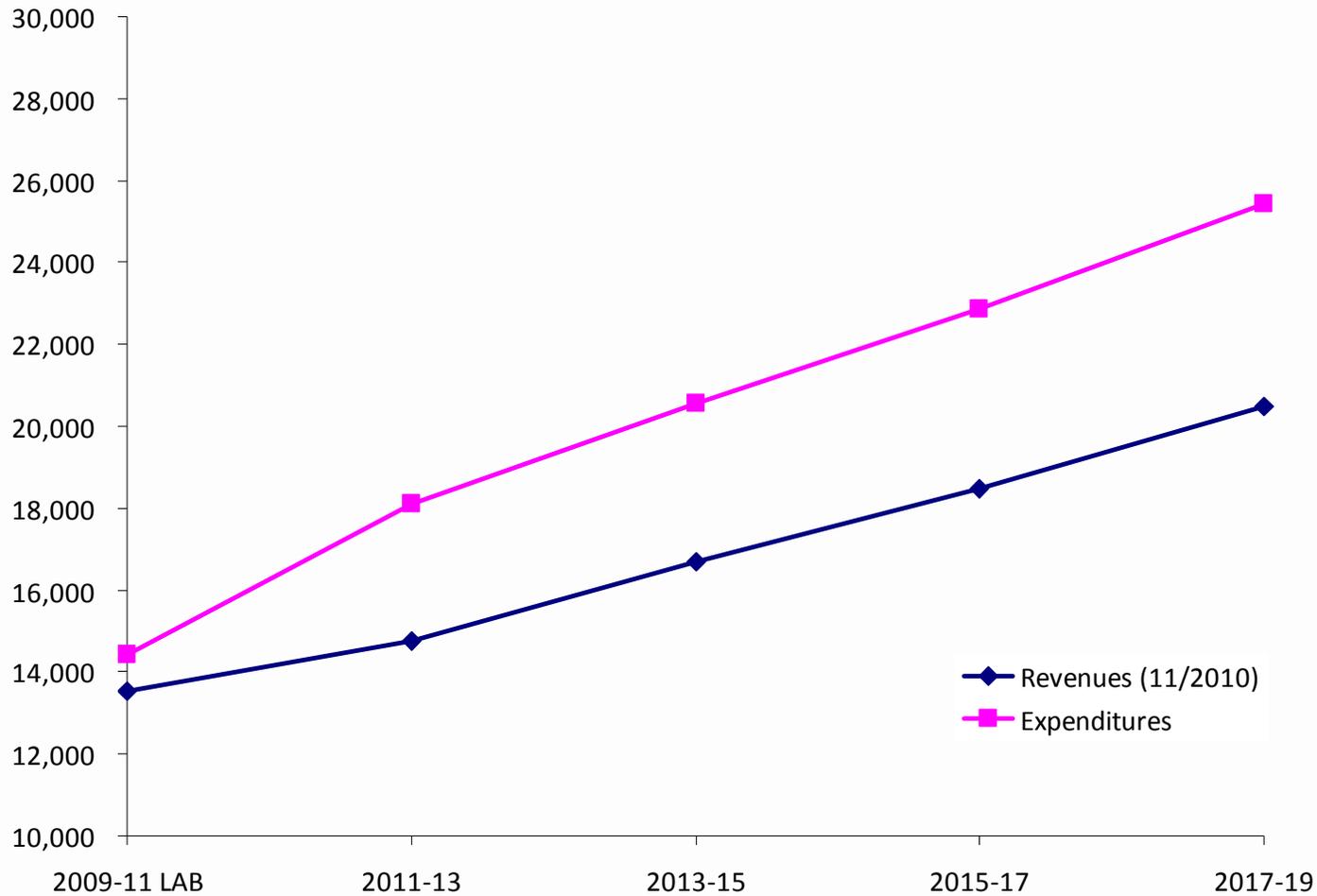
# Long Term Revenues



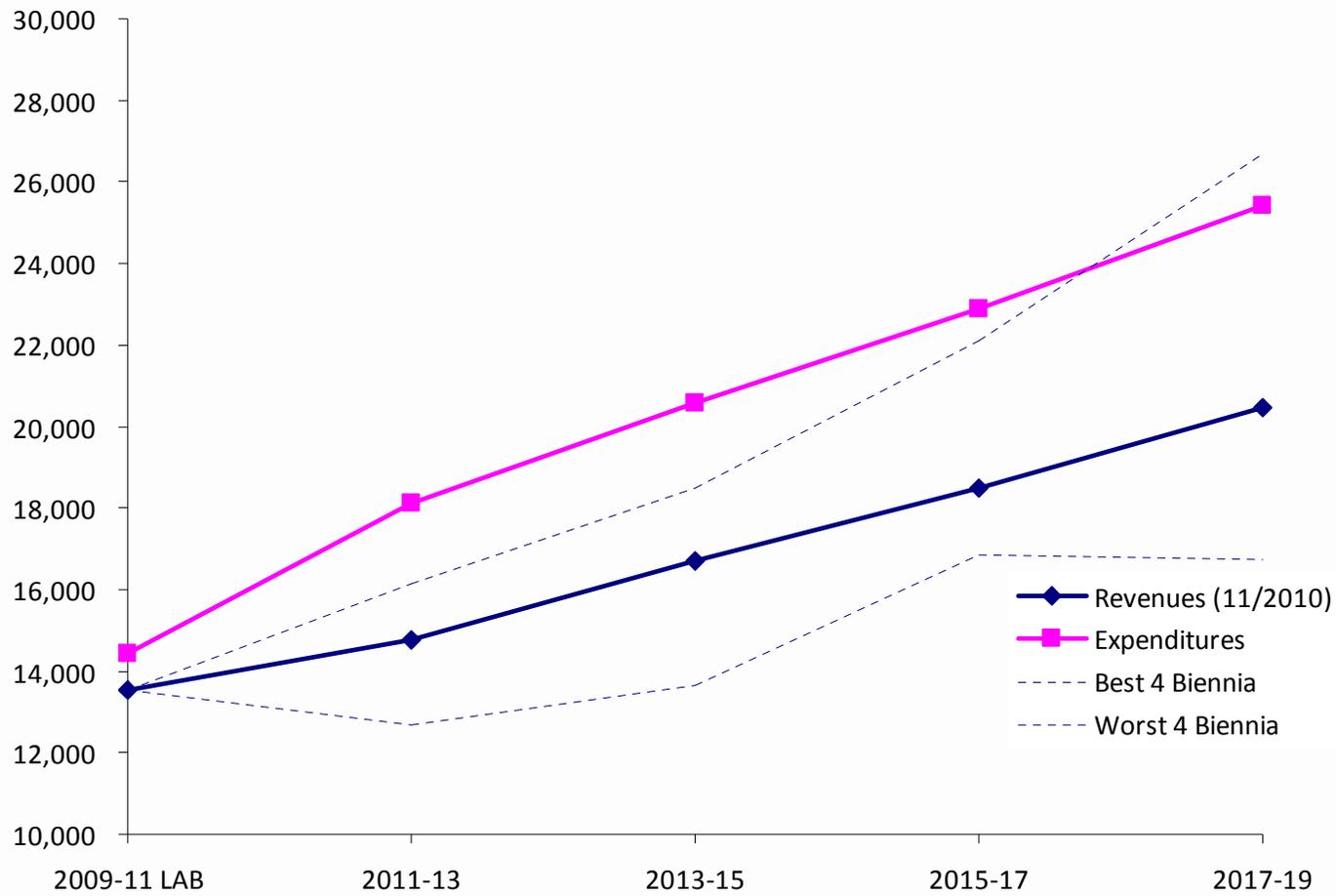
# Long Term Expenditures



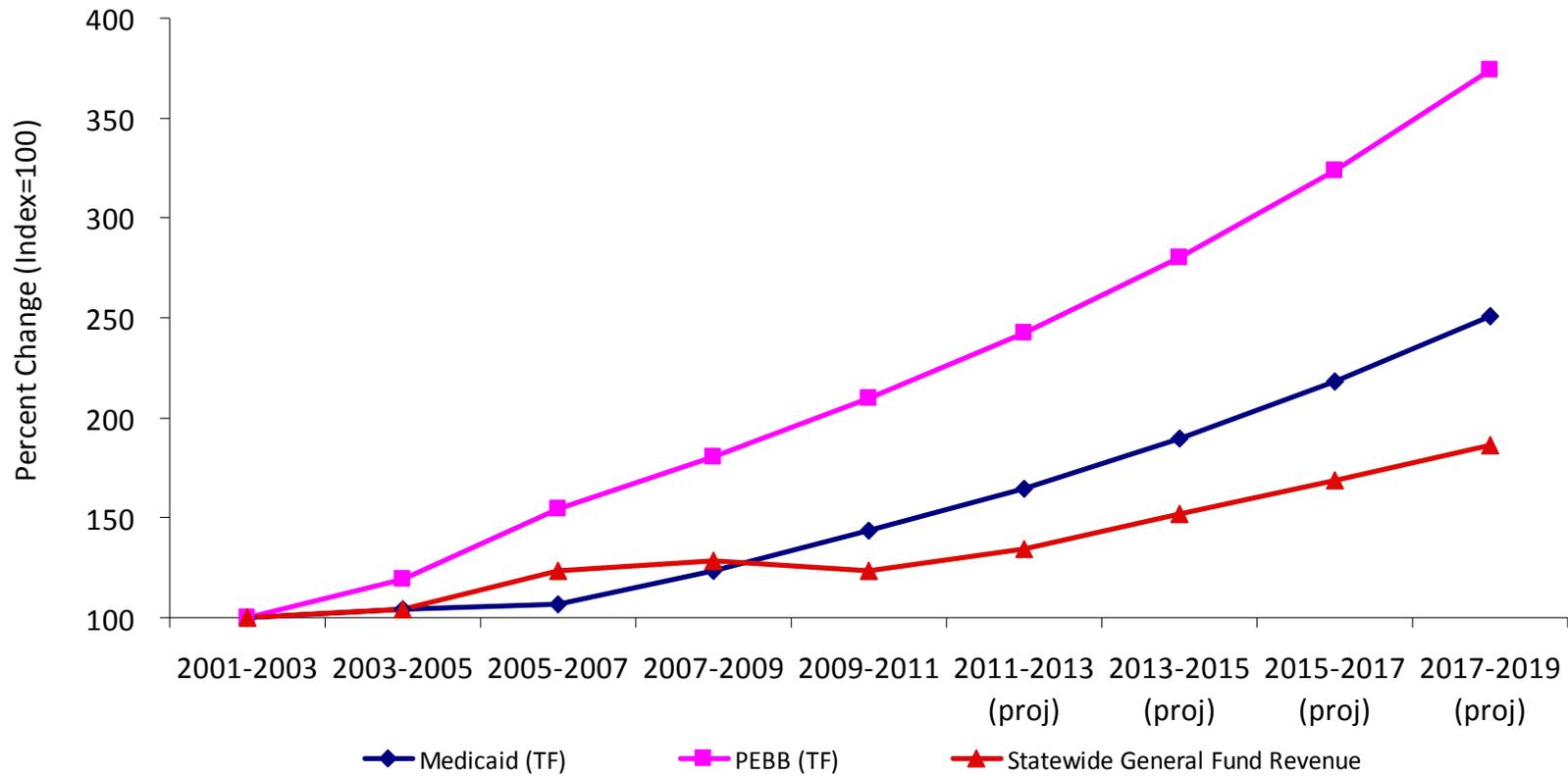
# Long Term Budget



# Long Term Budget



## Comparing the rate of increase in Medicaid and PEBB health care expenditures vs rate of increase in state General Fund revenue



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# 2011-13 Budget



# 2011-13 Budget

## Dept of Human Services

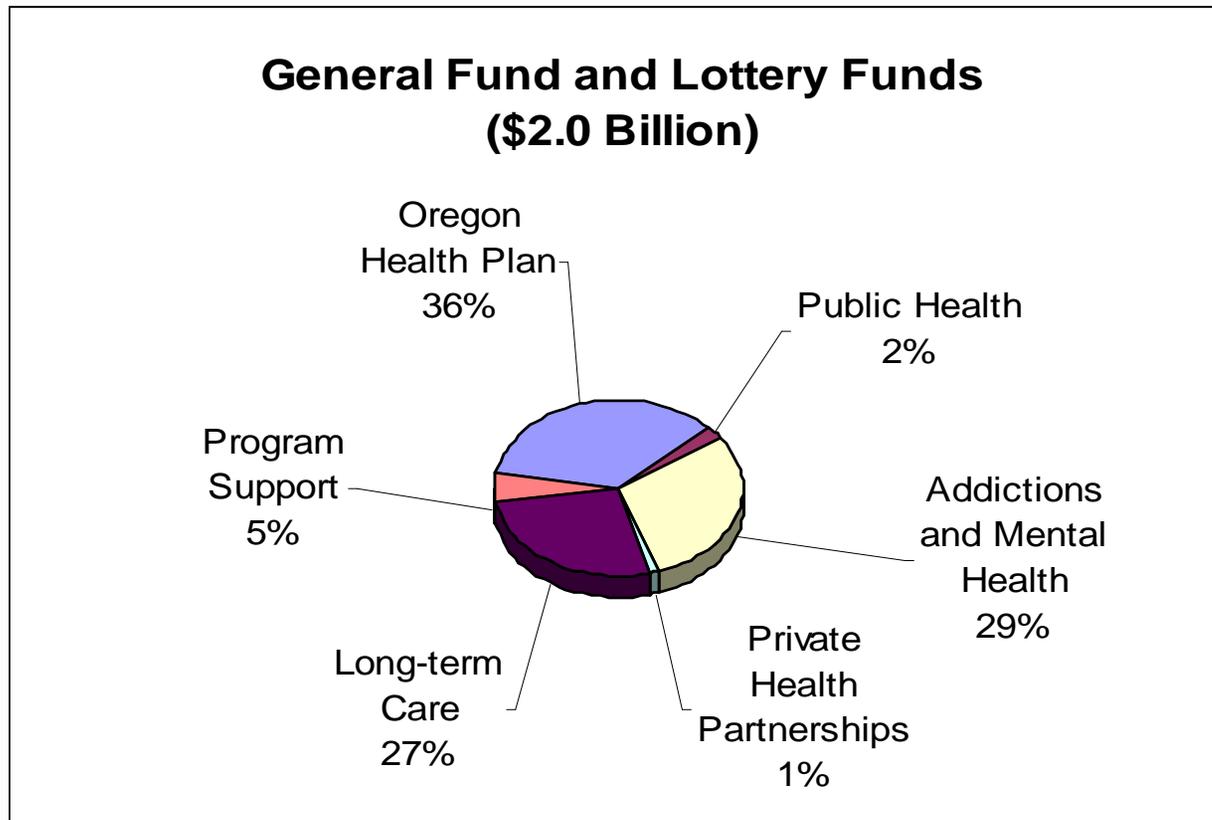
- Children, Adults and Families (CAF)
- Seniors and People with Disabilities
  - Long-term Care
  - People with Developmental Disabilities



## Oregon Health Authority

- Oregon Health Plan
- Public Health
- Addictions and Mental Health
- Oregon Educators Benefit Board
- Public Employees Benefit Board
- Oregon Medical Insurance Pool
- Private Health Partnerships

# Oregon Health Authority & Long-term Care



# OHA + Long Term Care Budget

09-11 General Fund            \$1.94

09-11 One Time

    federal stimulus            .675

    provider tax tail            .116

    tobacco settlement        .030

    other                        ( .042)

11-13 Caseload                .438

To account for caseload + one time money (no other inflators) = \$1.2 billion

# OHA + Long Term Care Budget

- 09-11 General Fund = \$1.94 billion
- 09-11 One Time Money = \$.779 billion
- 11-13 Caseload growth = \$.438 billion
- Total of above = \$3.16 billion
  
- Amount proposed in GBB for 11-13 = \$2.3 billion
  
- Amount to make up with reductions in provider payments & provider benefits combined with the substantive system redesign is about \$850 million.

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# TRANSFORMING OUR HEALTH CARE DELIVERY SYSTEM

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Oregon  
Health  
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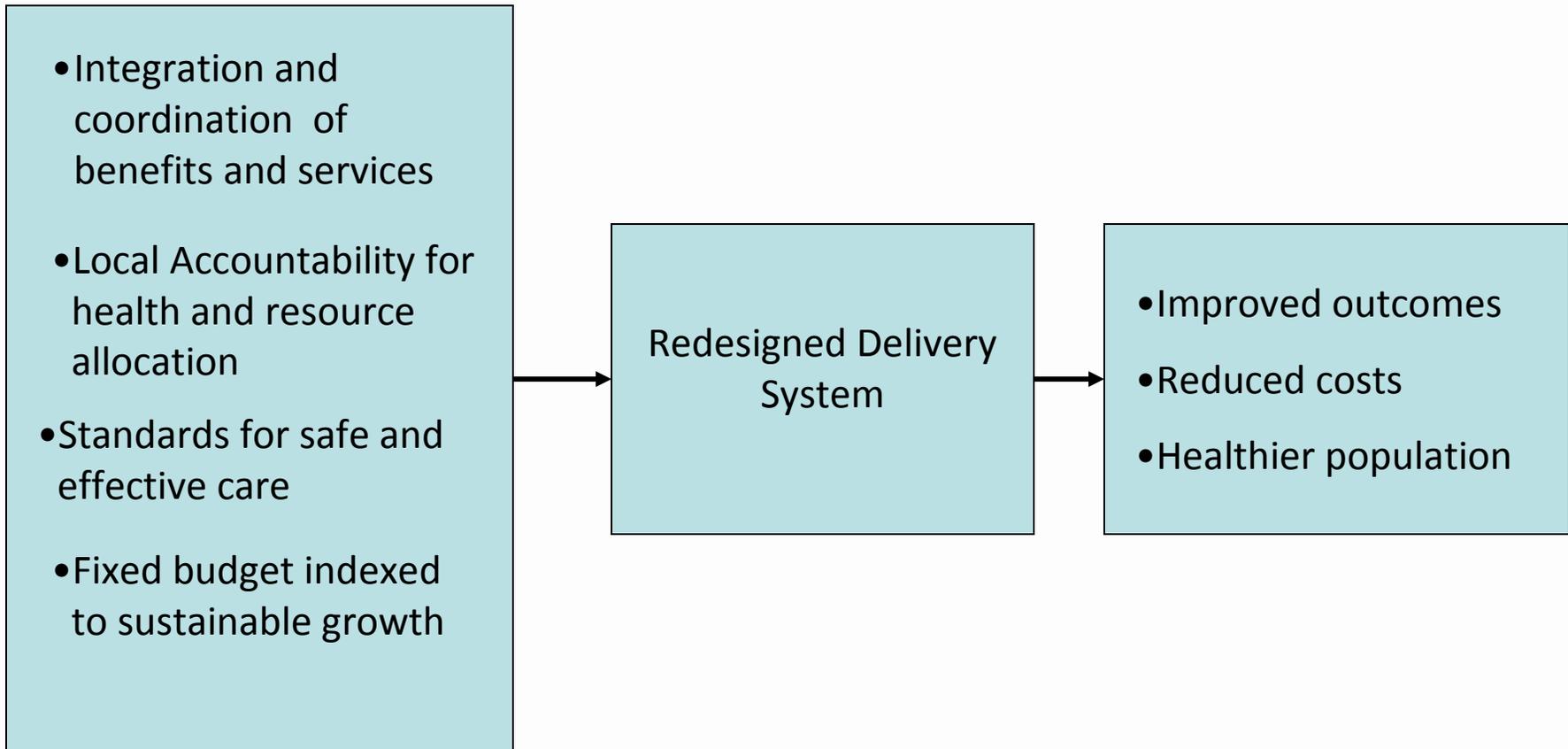
# Vision

- Restructure our health care delivery system as an innovative model to deliver better health, better health care and lower costs (the Triple Aim)
- Begin with Medicaid and those with both Medicare and Medicaid funding – dual eligibles
- Create local accountability for health of that population and for use of health services, their budget, mechanisms of payment

# Vision

- Establish metrics/outcomes for which health delivery system will be accountable;
- Align providers of care to better support individual's goals and needs;
- Align incentives – for both individuals and clinicians - to support outcomes, value, and prevention; and
- Reduce and simplify administration of and navigation through the health care system.

# Concept



# Concept

- Multi-year plan to meet budgetary constraints and redesign system
- **Year 1** - Reductions in payments and benefits to meet budget targets. Design changes to OHP delivery system and get necessary federal approvals to implement by July 1, 2012 (or sooner if possible) and avoid further cuts in payment and benefits.
- **Year 2** – Implement OHP changes.

# Concept

## Year 2 Changes to include:

- Coordination/integration of physical health, mental health, oral health and long term care, elimination of fragmentation in system
- Federal approval to pool Medicare and Medicaid funds for those who have health care paid for by both (“dual” and “triple” eligibles) brings additional dollars into a now integrated system
- Organizations to manage to budgets fixed to growth in state revenue or some other standard
- Local community accountability and management to metrics, outcomes and resource allocation
- Build on best practices in state and local communities

# YEAR 1 REDUCTIONS

- Provider Rate Reductions of 16-19% in Medicaid managed care, long term care, and fee for service programs
- Reductions in client benefits: move line in OHP by about 40 diagnoses
- Reductions in state administrative costs
- Additional ideas as generated by team

# YEAR 2 SAVINGS

- **Savings based on:**
  - Ability to reduce preventable conditions
  - Widespread use of primary care medical homes
  - Improved outcomes due to enhanced care coordination and care delivered in most appropriate setting
  - Reducing errors and waste
  - Innovative payment strategies
  - Use of best practices and centers of excellence
  - Single point of accountability for achieving results

## YEAR 3+

- Begin to use redesigned delivery system platform for other state contracts:
  - PEBB
  - OEBC
- Redesign delivery system could be core component of health insurance exchange and an opportunity for private sector to participate

# TRANSITION

- Establish common vision of better future
- Shared sacrifice among industry
- Flexibility at both state and federal level to allow organizations ability to better manage reductions in year 1
- Begin transition to newly designed system in year 2. Earlier transition will mean less of a rate and service reduction.

# RISKS/CONCERNS

- Reductions based on 09-11 spend and medical inflation is not figured in, thus making them steeper
- Ability to make transformational system changes will be more difficult in context of rate reductions
- Access to care could suffer – how can we mitigate
- Will need federal approvals
- If reductions are too steep, infrastructure will be lost
- Need to guard against cost shift to private sector

# Small Group Session

- What ideas do you have to manage within the cuts proposed in Year 1 and at the same time preserve access and quality?
  - Do you have better ideas for attaining the kind of savings we need to achieve in Year 1?
  - What are your ideas for achieving the necessary savings?
  - Brainstorm for twenty minutes.
  - Don't get stuck in the details.
- What are your best two ideas – those that are most substantive (will make a difference in the budget) and achievable?
- For those two ideas, what needs to happen for them to be successful? What barriers need to be removed (could be statutory, etc)? Are there things the state can do to help?

# More Information and Public Input:

## Health Systems Transformation Team website:

[www.oregon.gov/OHA/health-system-transformation.shtml](http://www.oregon.gov/OHA/health-system-transformation.shtml)

## Materials:

- Agendas, meeting materials, minutes and audio recordings will be posted online as they're finalized

## Public and stakeholder input:

- Input sent by e-mail will be forwarded to HSTT members and staff each week  
[ohpb.info@state.or.us](mailto:ohpb.info@state.or.us)
- Oral testimony can be provided at public testimony time of OHPB meetings  
[www.oregon.gov/OHA/OHPB/meetings/](http://www.oregon.gov/OHA/OHPB/meetings/)
- Additional input will be solicited throughout the process; more information will be posted on the HSTT website and sent through e-mail and social media

## Receive updates and learn of input opportunities:

[www.facebook.com/oregonhealthauthority](http://www.facebook.com/oregonhealthauthority)

[www.twitter.com/OHAOregon](http://www.twitter.com/OHAOregon)

Email updates: [www.bit.ly/hG4MMb](http://www.bit.ly/hG4MMb)