

News release

January 10, 2012

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Health care costs to the state can be reduced \$3.2 billion over five years

Oregon Health Policy Board hears testimony showing substantial reduced costs to the state as communities begin planning for new way of delivering health care

Oregon is moving forward toward implementing a new way of business for the Oregon Health Plan that will bring better care and lower costs, according to testimony today before the Oregon Health Policy Board about Coordinated Care Organizations (CCOs).

Coordinated Care Organizations were created with strong bipartisan support through House Bill 3650 last year to improve the health care delivery system for low-income Oregonians. Under the legislation, a final implementation proposal will be reviewed in the coming February session.

Conservative estimates show that, pending final approval by lawmakers in February, CCOs could save Oregon more than \$1 billion in state and federal dollars over the next three years and more than \$3 billion over five years, according to financial projections presented by independent consultants Health Management Associates today. If local communities move to the Coordinated Care Model faster, the cost reductions to the state would come earlier.

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“Coordinated Care Organizations give local health systems the tools they need to shift the focus from the emergency room and acute care to prevention, early intervention and chronic disease management. With bold movement forward we will get improved health and the cost reductions that we know will follow,” says Governor John Kitzhaber. “Next month we will send the implementation plan to the Legislature and upon approval will be ready to move quickly to make this vision a reality.”

Today, OHP clients statewide must navigate among 16 managed care organizations, 10 mental health organizations, and eight dental care organizations. As proposed by HB 3650, CCOs are local health entities that deliver health care and coverage for people eligible for Medicaid. Each would have a single point of accountability for health outcomes and have one budget that grows at a fixed rate for behavioral, physical and ultimately dental care. “It is clear there are substantial cost reductions that come from delivering more coordinated and patient-centered care,” says OHPB chair Eric Parsons. “The sooner we take action, the sooner we can begin stemming the spiraling cost of health care.”

Across the state, health systems are beginning to make plans for Coordinated Care Organizations.

Speaking before the board, George Brown, M.D., spoke about unprecedented cooperation among major health systems in the metro region to pull together a Coordinated Care Organization. Brown is CEO of Legacy Health and represents the newly formed Tri-County Medicaid Collaborative.

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“This is the first time all these health care entities have worked together in a coordinated way with one unifying goal, and that is both unique and groundbreaking,” Brown told the board. “We all know that the current system is unsustainable and inaction is not an option. We are committed to transforming the health care system in this region to better serve our community.”

Since the passage of HB 3650, health system representatives from Lane County, Southern Oregon and Central Oregon have also presented to the board their efforts to work in new kinds of partnerships under Coordinated Care Organizations.

As the board finalizes the implementation proposal, state officials are working with the U.S. Centers for Medicare and Medicaid Services on federal waivers that will allow CCOs the flexibility to manage care for the best health outcomes. Officials are also discussing the possibility of financial investments from the federal government in anticipation of future cost reductions.

The meeting today opens the final round of public comment on the CCO implementation proposal before it is sent to the Legislature for final approval. The proposal can be reviewed and commented on at www.health.oregon.gov.

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