

News release

Jan. 24, 2012

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Final proposal to improve care, lower costs for Oregon Health Plan moves forward

Today, the Oregon Health Policy Board voted to send the implementation proposal for coordinated care organizations to state lawmakers for final approval. The action is the next step in improving the Oregon Health Plan for better health and lower costs as laid out in House Bill 3650, passed by the legislature in 2011.

The proposal lays out the governance, global budget and criteria for coordinated care organizations. Under HB 3650, CCOs will be the local entities delivering health coverage and care for OHP clients' mental health and addictions, physical and ultimately dental needs. Building on work shown to be successful across Oregon, CCOs will shift focus and financial incentives away from emergency and acute health care, toward prevention, early intervention and community-based management of chronic conditions. This will be a change from today's fragmented and costly system of 16 managed care organizations, 10 mental health organizations and eight dental care organizations that OHP clients must navigate.

The proposal approved by the board today will go to the state legislature for approval in the February session. It comes after months of public comment through statewide community meetings and policy work groups.

"I want to thank the Oregon Health Policy Board and the thousands of Oregonians who provided their input to help create a better way to deliver care that focuses on improving health, keeping people from emergency or acute care, and lowers costs for the state," said Gov. Kitzhaber. "I urge the legislature to quickly approve the proposal so we can get to work improving care in our communities."

According to a third-party analysis, the state could realize substantial cost savings through coordinated care organizations. Estimates show that CCOs could save Oregon \$3 billion over five years.

(more)

If approved by the legislature, the plan for coordinated care organizations requires federal approval. State officials say the first CCOs could begin operation by July 2012.

"Across the state, communities are coming together to build models of better health care," said Eric Parsons, Chair of the Oregon Health Policy Board. "The proposal for the legislature provides clear detail on the criteria, governance and budget structure so communities can take the next steps forward."

For further information, visit health.oregon.gov.

Background information

Definition of coordinated care organization: CCOs will be locally governed entities that will deliver health care coverage and care to approximately 600,000 Oregonians on the Oregon Health Plan. CCOs will have one budget that grows at a fixed rate for mental, physical and ultimately dental care. CCOs will bring forward new models of care that are patient-centered and team-focused. They will have flexibility within the budget to deliver required outcomes. Finally, CCOs will be governed by a partnership among health care providers, community members and stakeholders within the health system who hold financial responsibility and risk.

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