



## **PROGRESS REPORT 1 – July 30, 2008**

### ***The journey to transforming health care***

The Oregon Health Fund Board is a month away from producing its draft plan for health care reform.

When the seven Board members met July 24, Executive Director Barney Speight laid out the final pieces of a framework for transforming Oregon's health care system. The framework is a tool to aid the Board in synthesizing its thinking with the committee recommendations, expert testimony and public input gleaned over the last year.

After Director Speight's presentation, the Board had several hours of discussion and heard [final reports](#) from the committees on Health Equities and Federal Laws. Board members will meet again on August 5 and August 27.

The framework is viewable on the Board web site as a diagram and two power point [presentations](#) called *Straw Comprehensive Plan-Access* and *Straw Comprehensive Plan-System Transformation*. Following are key concepts of the framework to guide you in reading the slides.

#### **TWO TRACKS WORK IN CONCERT TO MAKE MAJOR PROGRESS BY 2015**

Built on public/private health insurance, the framework proceeds along two parallel tracks to essentially bring everyone into the tent and build a new system of care in a staged approach over the next seven years.

Proceeding on the tracks simultaneously reduces rising costs and provides greater quality and equity of care. By 2015, Oregon should have made major progress towards its vision.

#### **TRACK 1: EXPAND ACCESS & SUSTAIN AFFORDABLE COVERAGE**

- *Reduce the number of uninsured.* Renew and revise the Oregon Health Plan to cover children and expand access to a large number of low-income adults within the next two years. Use a mix of taxes to pay for expansion and invest in important public health issues. Improve payments to providers serving the Medicaid population and capture more federal money to pay for their care.
- *Capture Federal matching funds* available to reduce the number of uninsured, and reduce the financial burden on covered Oregonians who currently help pay for this care through higher insurance premiums. Every state dollar captures \$1.60 in federal match.

- *Stabilize and expand private-sponsored coverage.* Reverse the trend that has health care costs far outpacing the growth of the economy, greatly impacting public programs and employer-based coverage, the insurer for most Oregonians. Before many taxpayers will support expansions of coverage, they first must see proven success in controlling costs.
- *Of note:* The Board discussed increasing expansion levels to adults. Continuing concern for workers without employer coverage and the small group market led the Board to ask Director Speight for additional input on an insurance exchange without an individual mandate and an outline for a public plan.

#### **TRACK 2: REFORM HEALTH CARE PAYMENT AND DELIVERY SYSTEMS**

- Oregonians cannot realize the advances in health that we desire without *overhauling the way we pay for and deliver health care*. The second rail of reform lays a new foundation so that going forward we are building on solid ground, knowing that the money we invest will produce the outcomes we desire, and that health care will be affordable for families, businesses, providers and taxpayers - resistant to the next economic downturn.

- The broad components: control costs, set uniform standards, introduce a new model of care, invest in public health, create transparency and performance measurements, plan for tomorrow's health care workforce, align public sector purchasing strategies, stimulate health information technology.
- The goal for containing costs: keep annual increases in health care spending close to the Consumer Price Index (CPI), i.e. *peg them to CPI +1-2%*. The savings could be significant.
- To control costs, we must be clear about what we're paying for and whether it is working. We currently don't have that information.
  - Collect key performance data from hospitals, doctors, and insurers to build a trusted source of information. Begin a benchmarking process.
  - Measure and report the information we collect. Let business and consumers know how insurers and providers compare and how communities stack up for the care they are offering. Let providers know where they stand and who among their peers may offer a better way for doing business.
  - Set statewide standards. Health outcome targets, cost increase targets, and clinical guidelines and protocols.
  - Pay providers to keep us healthy. They currently are paid per treatment code, not by health outcome. Reward the use of evidenced-based and value-based care. Oregon already possesses significant knowledge and experience to do this.
  - New models of health care. Develop new models for managing chronic disease care and treatment outside the hospital setting. Diabetes, congestive heart failure, coronary artery disease, asthma and depression are major drivers of poor health and health care costs.
- Broaden the focus on public health and reward innovative community initiatives. Dedicate tax money to reducing behaviors that cause chronic conditions. Work with schools, employers and community organizations to target these diseases. Partner with the Oregon non-profits already leading this quality effort to magnify results.
- Standardize billing practices among insurers, thus creating less complexity for providers and consumers and reducing the administrative overhead and paperwork. More regulatory oversight of insurers' administrative costs.
- Cap the rate of increase that providers can charge insurers and consumers.
- Unify and increase purchasing power. Leveraging major health care purchasers' power to bargain and pay for the best and most cost-effective care will provide a model for controlling costs. Such a pilot could begin with public sector purchasing.
- Plan for tomorrow's workforce. With an aging population and a renewed focus on primary care, it is clear that Oregon will need a greater number of health care workers in the future, especially in rural areas. Strengthen Oregon's initiatives to train, recruit, license, and retain a modern workforce.
- Establish strong oversight. Authorize a robust independent citizen commission to oversee and integrate health policy, regulation and purchasing in the best interest of Oregon; analogous to the state's Board of Education or Transportation Commission.

*Next steps:* These elements are snapshot pieces of reform. On August 5 and 27, the Board will further discuss and revise the straw plan and craft it into their draft plan of reform.

#### Contact Information

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#### Board Meeting Calendar:

##### Tuesday August 5

9:30 am to 5:00 pm  
Paradigm Conference Center  
3009 SE Chestnut  
Milwaukie, Oregon

##### Wednesday, August 27

Noon to 5:00 pm  
Sheraton Portland Airport Hotel  
Mt. Hood Conference Room  
8235 NE Airport Way  
Portland, Oregon