Oregon’s Health Reform Efforts: Costs, Care, Coordination

The 20th Princeton Conference
State Efforts to Control Total Health Care Costs
May 23, 2013

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Oregon Governor John Kitzhaber
Traditional budget balancing

- Cut people from care
- Cut provider rates
- Cut services
Wrong focus = wrong results

- Human Biology: 30%
- Social: 15%
- Environmental: 5%
- Lifestyle & Behavior: 40%

Focus: Medical Care 10%
The Fourth Path

- Change how care is delivered to:
  - Reduce waste
  - Improve health
  - Create more local accountability
  - Align financial incentives
  - Create fiscal sustainability
Oregon chose a new way

- Governor’s vision
- Robust public process
- Bi-partisan support
  - 2011, HB 3650 (House Vote – 59-1)
  - 2012, SB 1580 (House Vote – 53-7)
- Federal waiver approved - $1.9B
- 15 new CCOs certified and launched
Changing health care delivery

- Benefits and services are integrated and coordinated
- One global budget that grows at a fixed rate
- Metrics: standards for safe and effective care
- Local accountability for health and budget
- Local flexibility
Coordinated Care Organizations

A local network of all types of health care providers working together to deliver care for Oregon Health Plan clients.

Care is coordinated at every point – from where services are delivered to how the bills are paid.

15 CCOs now up and running, accounting for 90+% of Medicaid population
Federal Framework

- Waiver effective July 5, 2012

- Establishment of CCO’s as Oregon’s Medicaid delivery system in order to improve health, improve healthcare, and lower per capita costs

- Flexibility to use federal funds for improving health.

- Federal investment:
  - $1.9 billion over five years
Oregon’s Accountabilities

- **Savings:**
  - 2% reduction in per capita Medicaid trend
  - Baseline is calendar year 2011 Oregon spend
  - Trend 5.4% as calculated by OMB for President’s Budget
  - State to achieve 4.4% by end of year 2 and 3.4% thereafter.
  - No reductions to benefits and eligibility in order to meet targets
  - Financial penalties for not meeting targets

- **Quality:**
  - Strong criteria
  - Financial incentives (sticks and carrots) at CCO level

- Transparency and workforce investments
# Performance Metrics

## Preliminary Quarterly Data

### Quality Data

<table>
<thead>
<tr>
<th>CATEGORIES</th>
<th>Oregon Pre-CO Baseline*</th>
<th>Benchmark</th>
<th>Oct-Dec 2012 Preliminary Data*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention Quality Indicators (per 100,000 member years)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PQI 01: Diabetes Short-Term Complication Admission Rate</td>
<td>192.9</td>
<td>62.7</td>
<td>254.1</td>
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<tr>
<td>PQI 05: Chronic Obstructive Pulmonary Disease Admission Rate</td>
<td>454.6</td>
<td>559.0</td>
<td>322.5</td>
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<tr>
<td>PQI 08: Congestive Heart Failure Admission Rate</td>
<td>336.9</td>
<td>380.7</td>
<td>248.2</td>
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<tr>
<td>PQI 16: Adult Asthma Admission Rate</td>
<td>53.4</td>
<td>63.4</td>
<td>64.6</td>
</tr>
<tr>
<td>Ambulatory Care (per 1,000 member months)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>outpatient Utilization</td>
<td>364.2</td>
<td>439.0</td>
<td>310.5</td>
</tr>
<tr>
<td>Emergency Department Utilization</td>
<td>81.0</td>
<td>44.4</td>
<td>50.8</td>
</tr>
</tbody>
</table>

May 2013

* Based on encounter data received and processed through 4/12/12. No incurred but not reported (IBNR) claims have been assessed. These data will fluctuate and should be considered preliminary.

* Oregon baseline measures are state-wide values from calendar year (CY) 2011 and are based upon predecessor Managed Care Organizations (MCOs).

+ Data will be available in the next quarterly report.
## Utilization Data

<table>
<thead>
<tr>
<th>Categories</th>
<th>Oregon Pre-Cco Baseline</th>
<th>Benchmark</th>
<th>Oct-Dec 2012 Preliminary Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient - Medical /Surgical Patient Days</td>
<td>252.6</td>
<td>In Development</td>
<td>218.3</td>
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<tr>
<td>Inpatient - Maternity Patient Days</td>
<td>73.8</td>
<td>In Development</td>
<td>60.0</td>
</tr>
<tr>
<td>Inpatient - Newborn Patient Days</td>
<td>88.8</td>
<td>In Development</td>
<td>66.7</td>
</tr>
<tr>
<td>Inpatient - Mental Health Patient Days</td>
<td>55.7</td>
<td>In Development</td>
<td>53.9</td>
</tr>
<tr>
<td>Outpatient - Primary Care Medical Visits</td>
<td>2,800.3</td>
<td>In Development</td>
<td>2,927.5</td>
</tr>
<tr>
<td>Outpatient - Specialty Care Visits</td>
<td>3,917.8</td>
<td>In Development</td>
<td>3,514.3</td>
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<tr>
<td>Outpatient - Mental Health Visits</td>
<td>912.6</td>
<td>In Development</td>
<td>953.2</td>
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<tr>
<td>Outpatient - Dental Visits (Preventive)</td>
<td>532.9</td>
<td>In Development</td>
<td>Data Pending</td>
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<tr>
<td>Outpatient - Emergency Department Visits</td>
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<td></td>
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<tr>
<td>Outpatient - Pharmacy Prescriptions Filled</td>
<td>9,297.7</td>
<td>In Development</td>
<td>7,947.3</td>
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<td>Outpatient - Labs and Radiology (Service Units)</td>
<td>4,739.3</td>
<td>In Development</td>
<td>4,300.0</td>
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<tr>
<td>Outpatient - Freestanding Ambulatory Surgical Center Procedures</td>
<td>24.6</td>
<td>In Development</td>
<td>20.1</td>
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</table>
Patient-centered primary care home enrollment
Percentage of patients who were enrolled in a recognized patient-centered primary care home. (CCO Incentive Measure)

State Benchmark 100%
2012 State Baseline 51.7%

Data source: CCO self-report
Benchmark source: Metrics and Scoring Committee consensus
Ambulatory care: Emergency department utilization
Rate of patient visits to an emergency department.
(CCO Incentive Measure)

State Benchmark: 44.4/1,000 member months
2011 State Baseline: 61.0/1,000 member months
(A lower score is better.)

Data source: Administrative (billing) claims
Benchmark source: 2011 National Medicaid 90th percentile

2011 baselines are pre-CCO and are based on data from the predecessor care organization.
How we move forward –

*Health Reform 2.0*

- Changing care model to bend the cost curve
- Align purchasing of care model - begin with Oregon Health Plan – extend to other state purchasing and align with private sector purchasing
Lessons Learned

- Governor’s leadership – vision vs. process
  - “If not this... then what?”
- Overall transparency in public process
- Statewide engagement/inclusion
- Competency of Oregon Health Authority
- Business community support
- Bipartisan support
  - 2011, HB 3650 (House Vote – 59-1)
  - 2012, SB 1580 (House Vote – 53-7)
To learn more....

www.health.oregon.gov