
Oregon Health Authority 2015–2017 Budget Overview

Oregon Health Authority
Presented to the Human Services Legislative Subcommittee
on Ways and Means
March 11, 2015

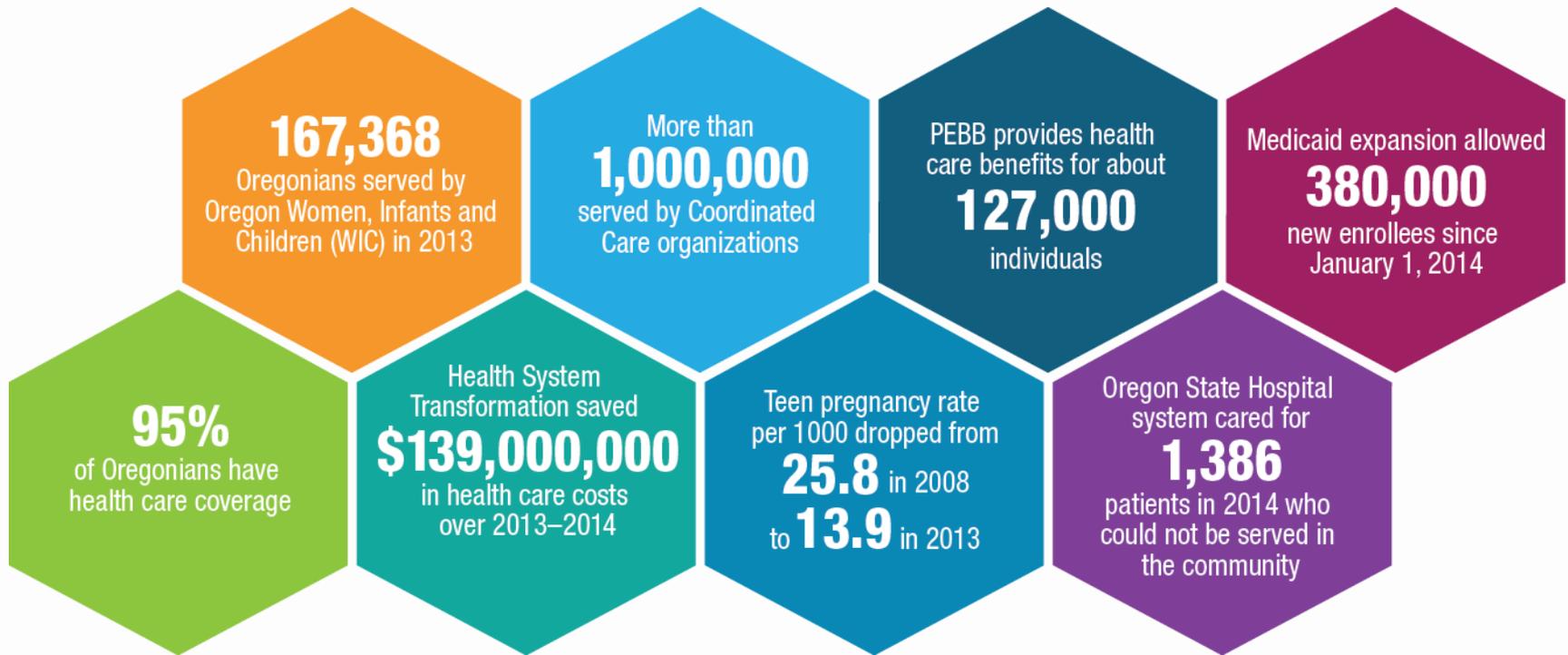
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Oregon Health Authority

- Created by the 2009 Oregon Legislature (HB 2009) to be the state's single point of accountability for health service delivery and sustainable health care costs.
- OHA goals are to ensure better health, better health care and lower costs.
- 2015–2017 Governor's budget: \$18.791 billion total fund
- Positions/FTE: 4,414 positions/4,347.21 FTE

Results for Oregonians



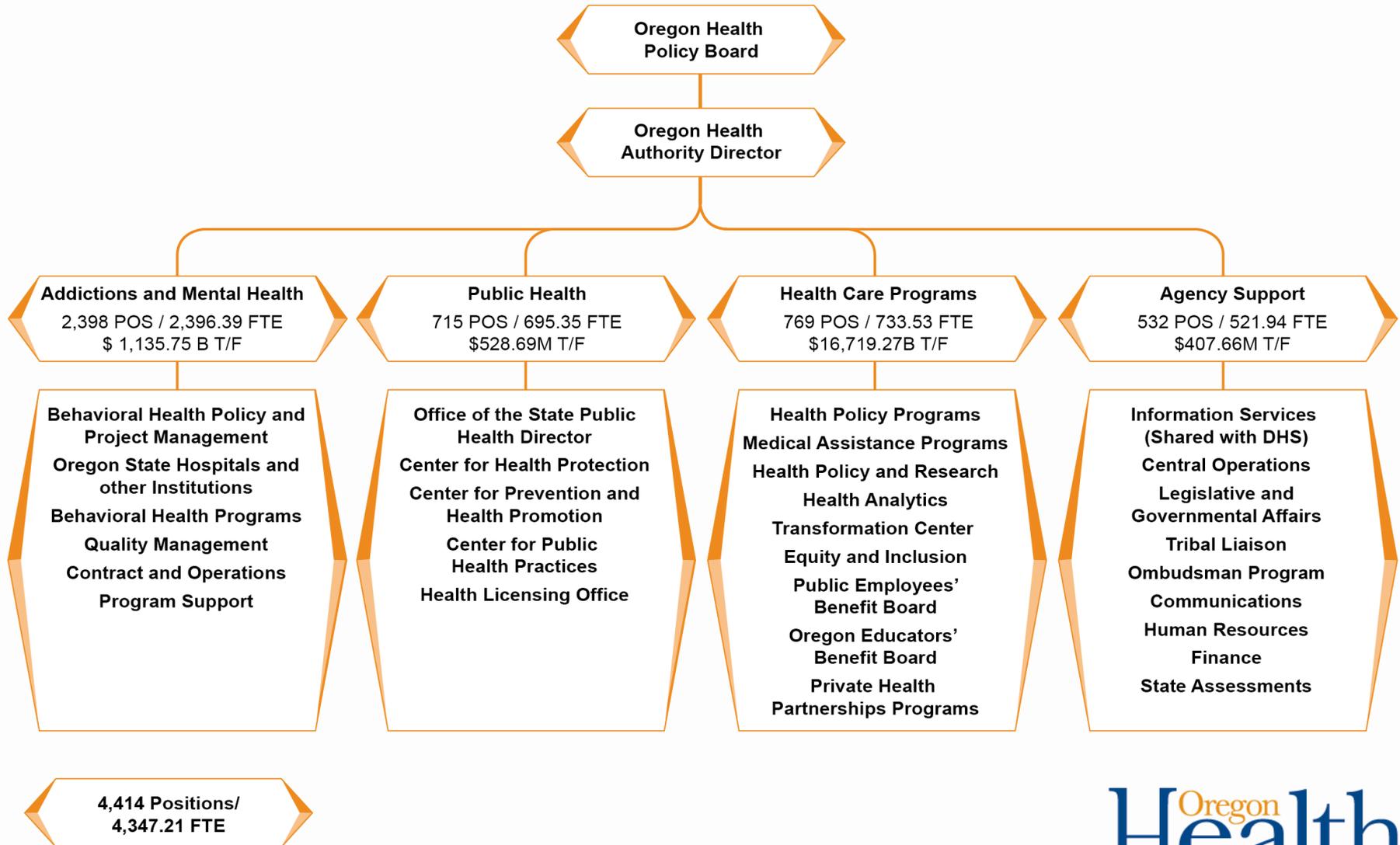
Oregon Health Authority

Vision and mission

- Vision – a healthy Oregon
- Mission – help Oregonians and communities achieve optimum physical, dental, mental and social well-being.



2015–17 OHA organizational structure



Oregon health profile

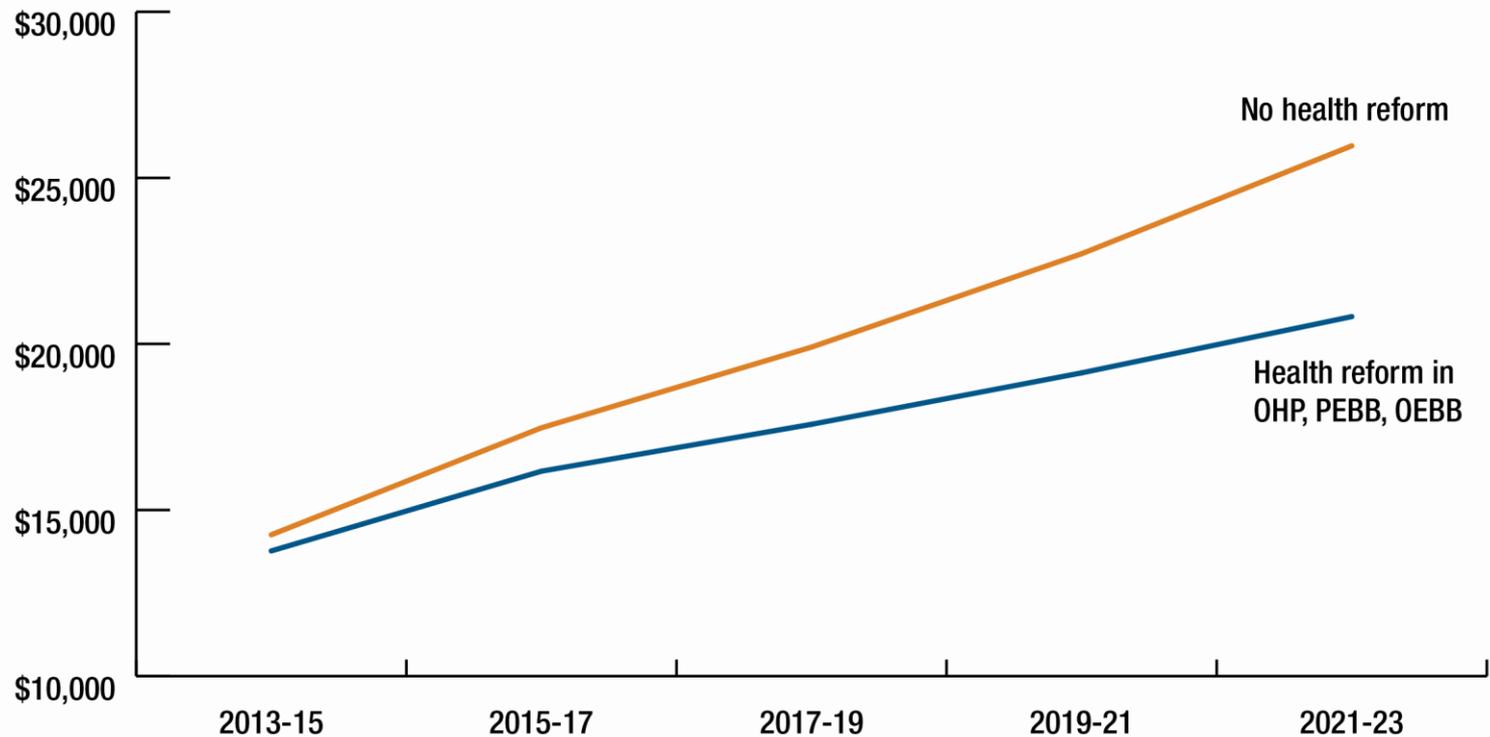
- Ninety-five percent of Oregonians now have health care coverage.
- About half of Oregon's kids live below the federal poverty level.
- Leading causes of death in Oregon:
 - Tobacco
 - Obesity
 - Substance abuse



Oregon's health system transformation model

| Strategies | Results |
|---|--|
| Create local accountability for health, outcomes and cost | 16 CCOs started in Oregon |
| Reduce waste | Emergency department costs declined 21 percent |
| Improve health | 95 percent of Oregonians covered |
| Align financial incentives | Hospital incentive pool |
| Pay for outcomes | CCOs participate in Quality Incentive Pool |
| Create fiscal sustainability | Currently bending the cost curve |

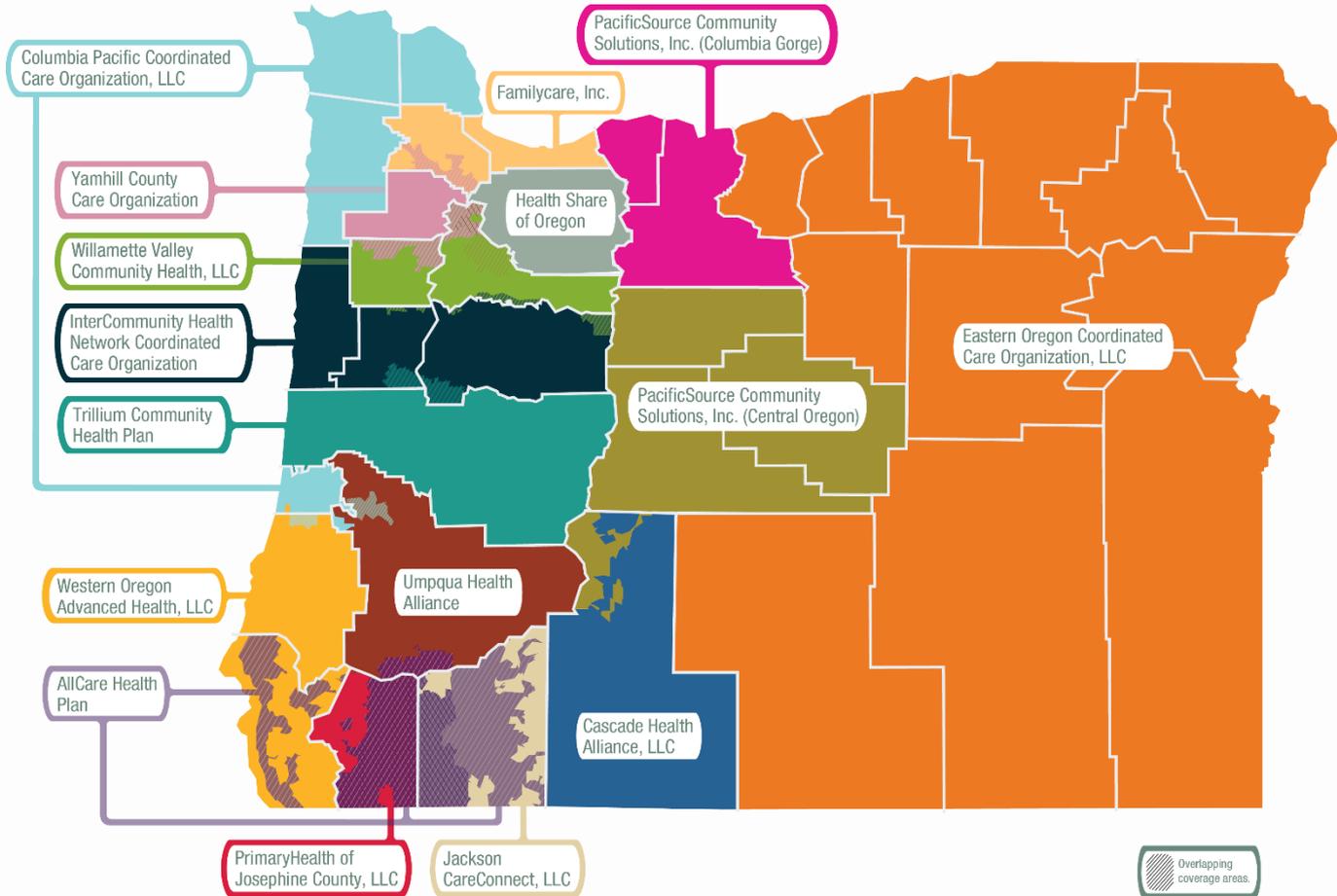
Oregon's health system transformation (agreement with Medicaid)



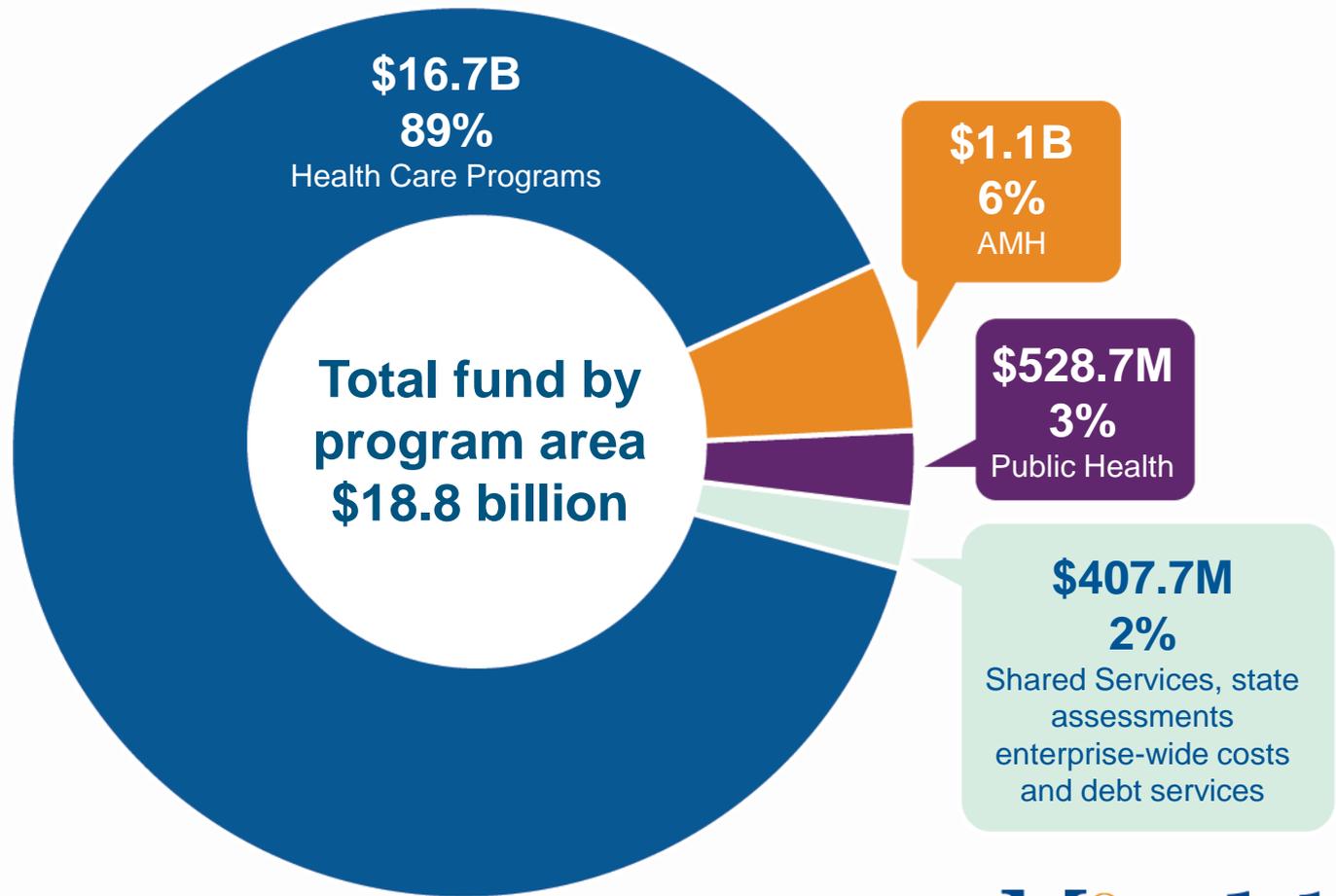
Oregon's Coordinated Care Model



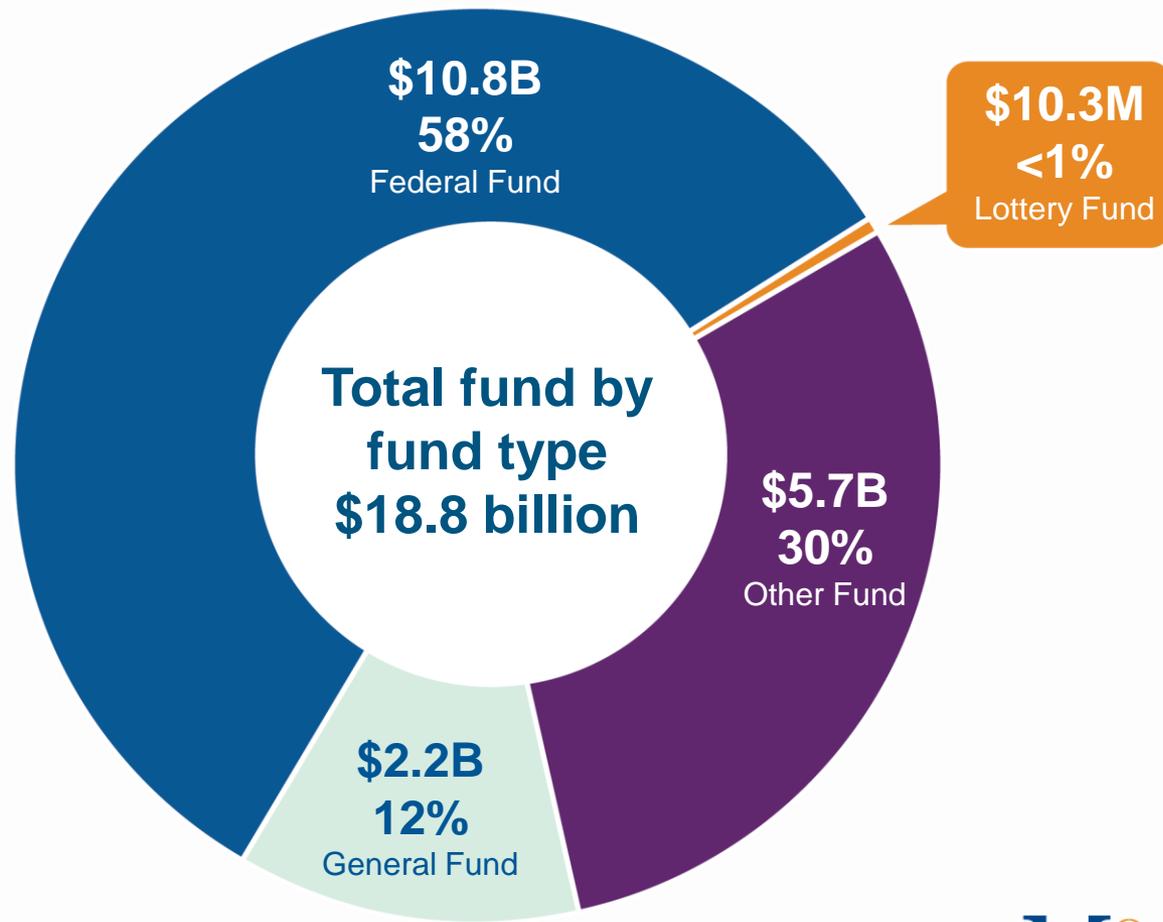
Coordinated care organization service areas



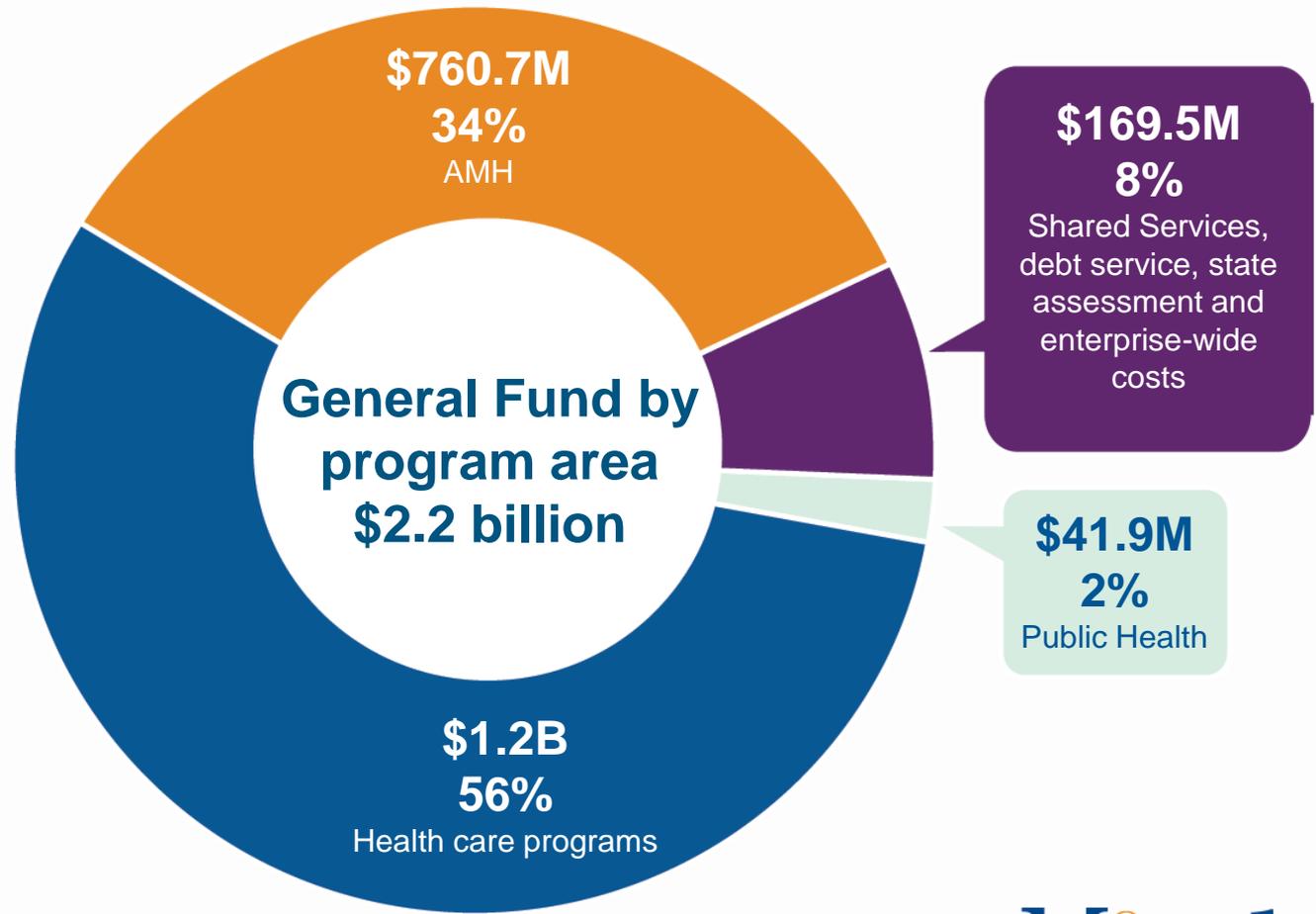
Oregon Health Authority 2015–17 Governor's budget



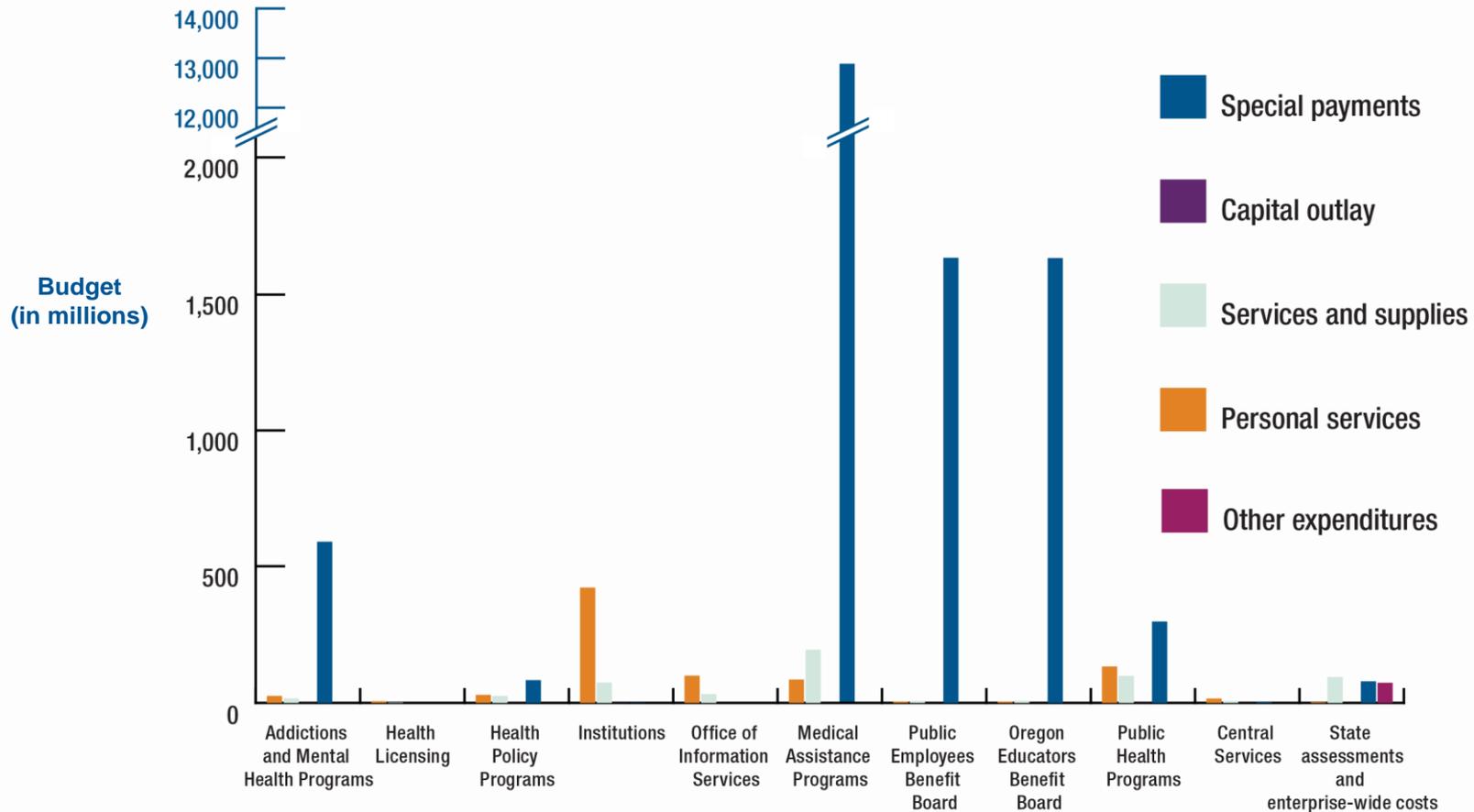
Oregon Health Authority 2015–17 Governor's budget



Oregon Health Authority 2015–17 Governor's budget



2015–17 OHA Governor's budget by program and category



2014 Oregon Health Plan highlights

Funds OHP and lowers costs per agreement with Centers for Medicare and Medicaid Services.

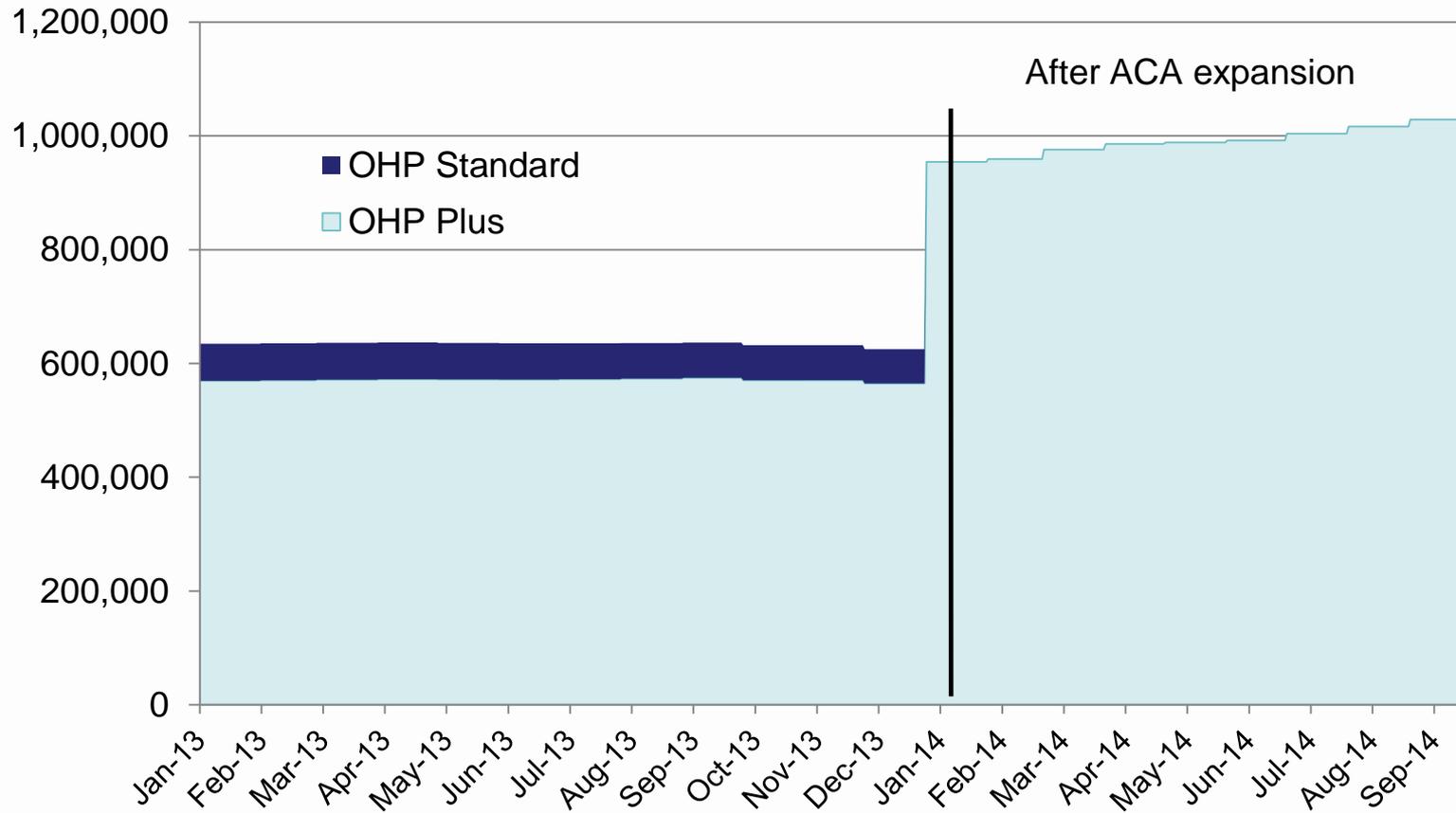
- Increase of 4.4 percent in per capita expenses in year one
- Increase of 3.4 percent in per capita expenses in year two

Expands coverage in January 2014 to 380,000 people. These health care costs are 100 percent federally funded in 2013–2015.

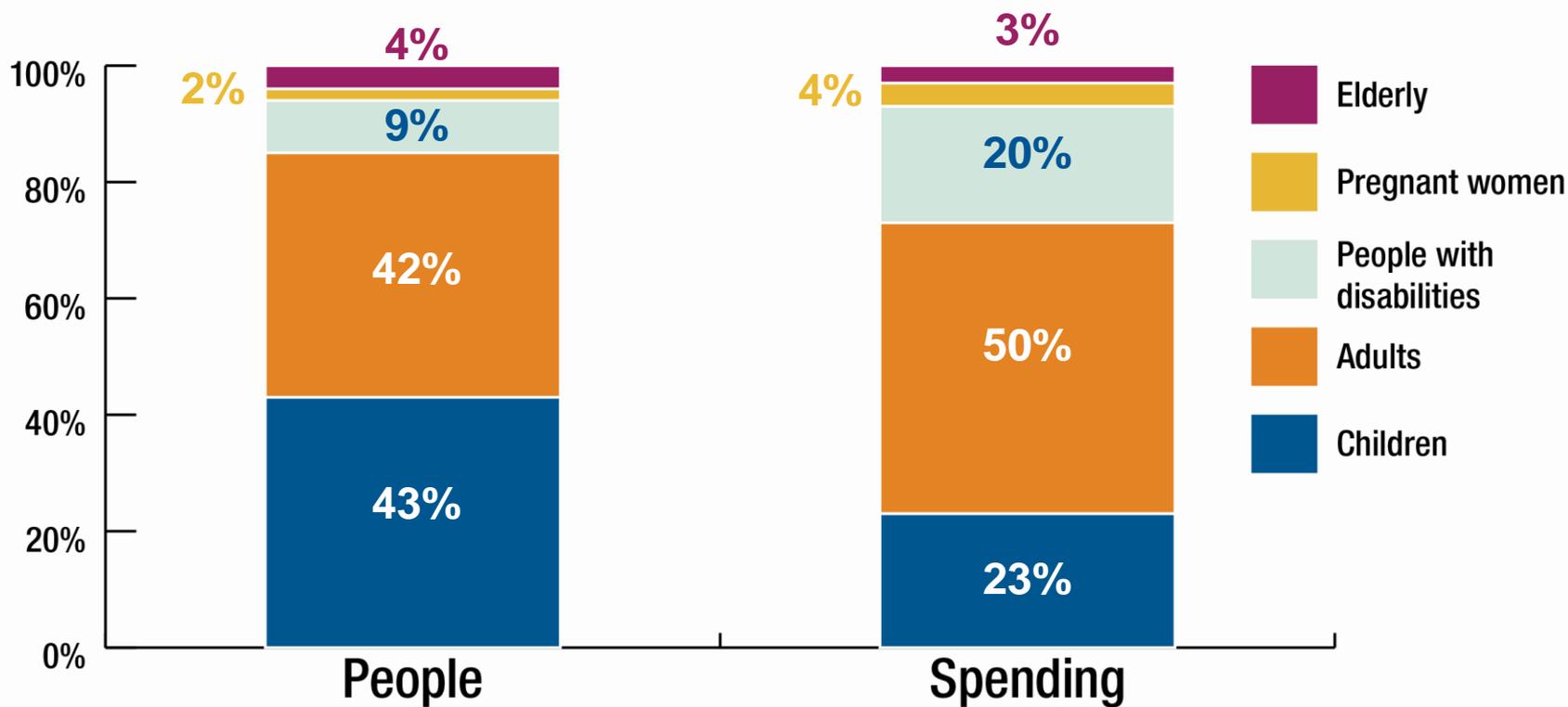
- Reduced medical debt to individuals and families
- Timely access to effective health care

Additional highlights will be presented by divisions.

OHP caseloads



Comparison of OHP population groups and expenditures January – December 2014



Where the OHA budget is spent

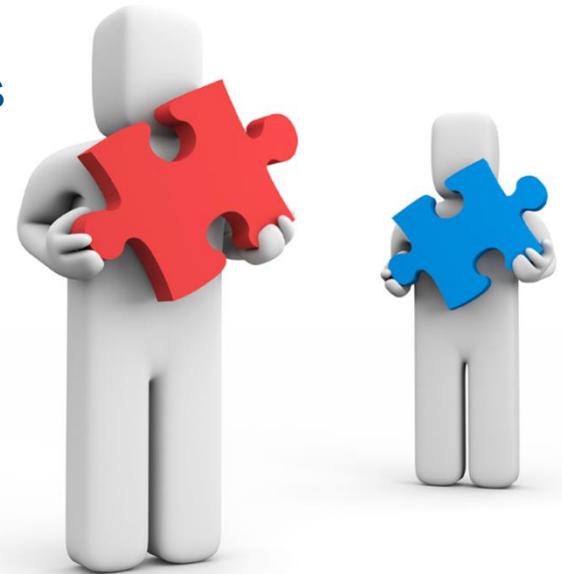
Ninety-eight percent goes to direct provision of health services:

- Eighty-nine percent ensures services are provided through doctors, nurses, pharmacists, dentists, hospitals, mental health providers and other health/health care providers in every community throughout Oregon.
- Nine percent goes to direct services provided by the state in public health and Oregon State Hospital.
- Less than two percent is used for Shared Services, state assessment and debt service.

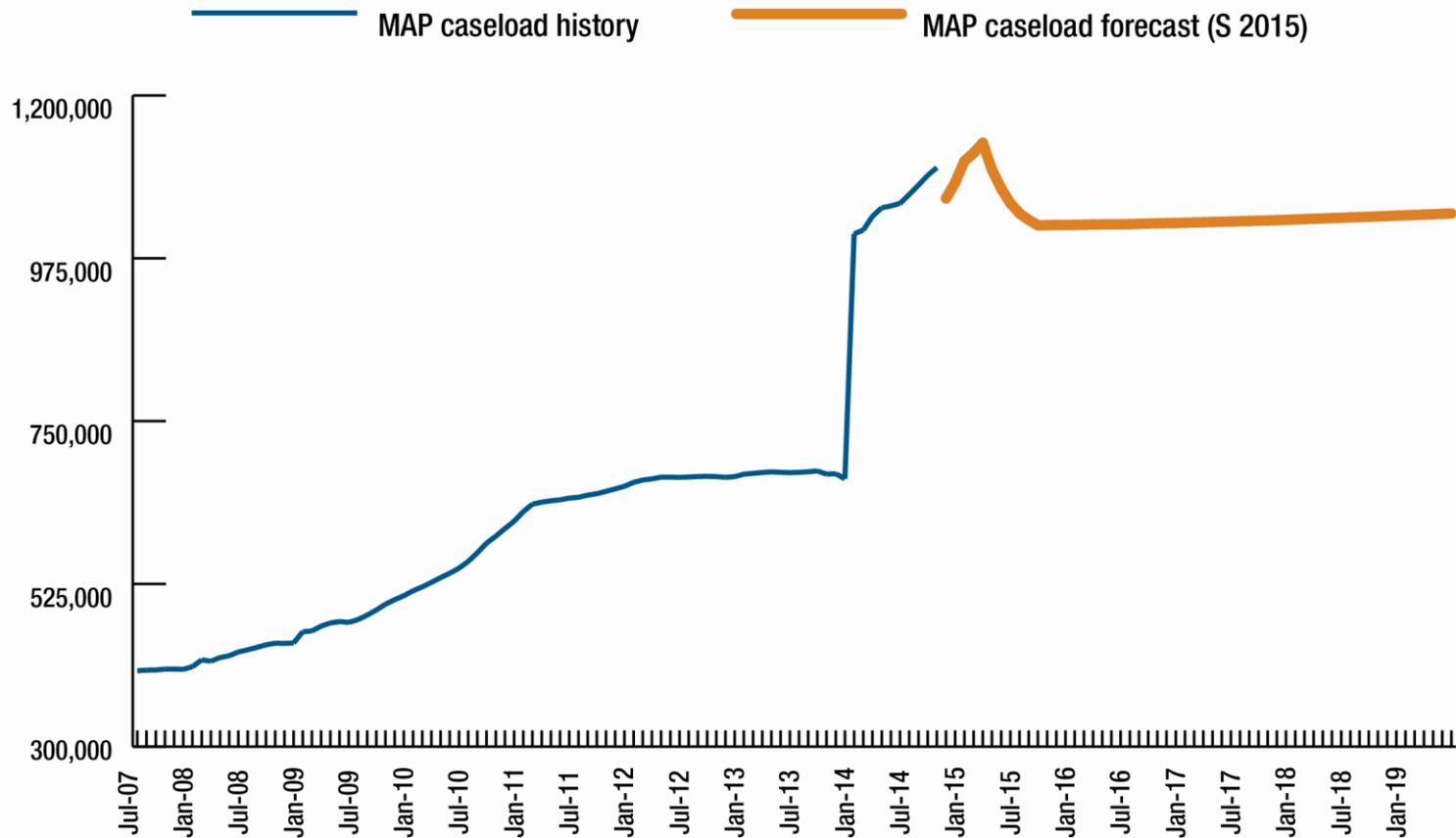
What drives the OHA budget

Factors that influence OHA caseloads and cost of care include:

- Economy: poverty, unemployment
- Social issues: untreated mental health and substance abuse, homelessness, disparities
- State and federal policy including Oregon's Health System Transformation



Medical Assistance Program caseloads History and forecast



OHA significant budget issues

Expanded eligibility to over 380,000 adults with incomes at 133 percent of the federal poverty level and below.

- Receiving 100 percent federal funding through calendar year 2016
- Federal funding for ACA adults scales down as follows:
 - Calendar year 2017 – 95 percent
 - Calendar year 2018 – 94 percent
 - Calendar year 2019 – 93 percent
 - Calendar year 2020 and all subsequent years – 90 percent



OHA significant budget issues

Designated state health programs (DSHP) waiver:

- Provides federal match for services/programs not traditionally funded by Medicaid, allowing more state funds to be reinvested in OHP.
 - Federal - \$1.9 billion over five years of waiver
 - \$376 million (total funds) in 2015–17 Governor's budget
- Must meet growth reduction target (3.4 percent) **and** improve on quality and access test measures to retain funding.
 - If 3.4 percent target is not met, DSHP is reduced by \$68 million
 - This would result in a total loss of \$188 million per year.

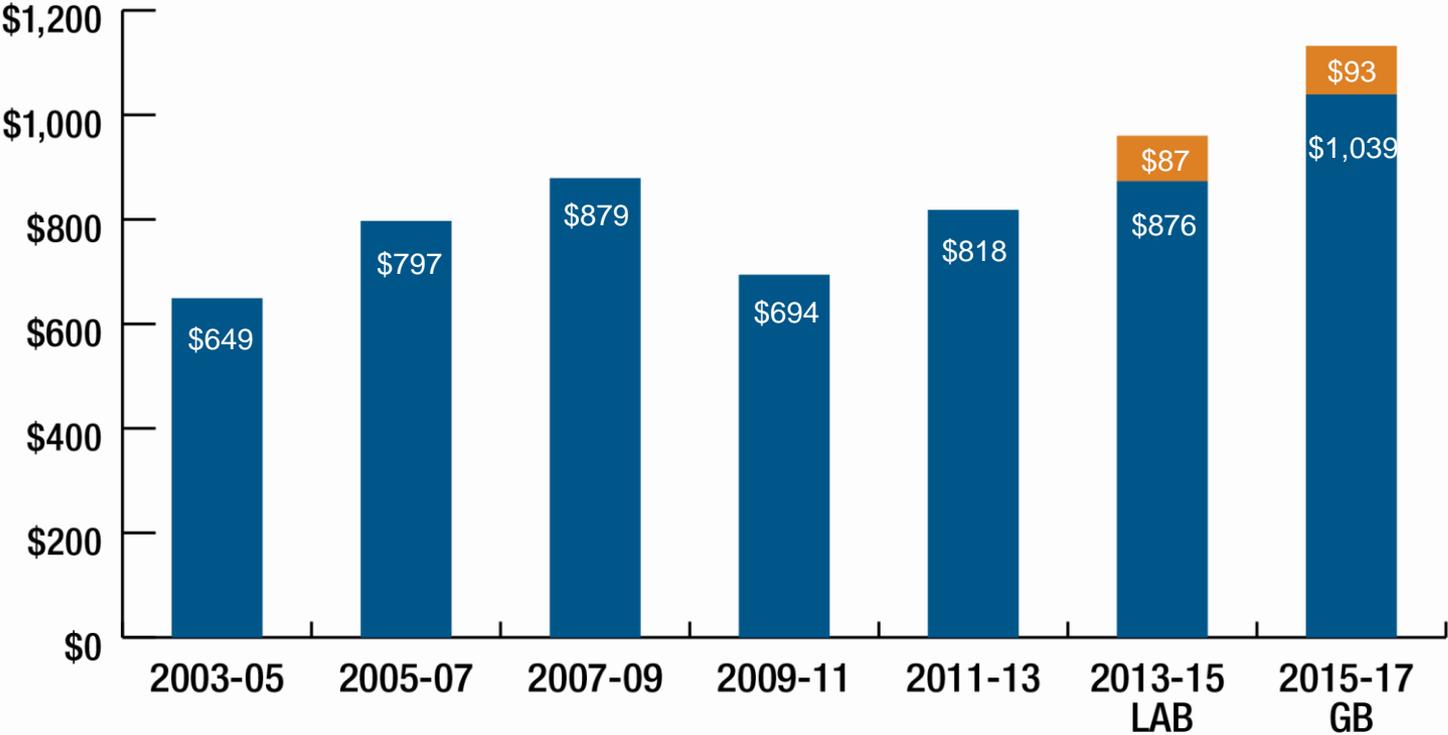
OHA significant budget issues

Other fund – short term revenues in the OHA budget

- Current hospital assessment tax funds OHP >\$1 billion
- Master Settlement Agreement \$137 million
- Both of these revenues free up General Fund dollars needed for OHP
- Attaining the triple aim requires fiscal responsibility from all health care partners including OHA



Medical Assistance Programs Oregon Health Plan General Fund history



Risks/Concerns

- Changes in federal policy
- Financially sustainable model
- Achieving health systems transformation
- Ongoing mechanics of enrollment
- The march to Kentucky (conversion)
- Expensive treatment advances



OHA Progress

| Where we've been | Where we are going |
|---|--|
| Divisions and programs with separate missions and visions | One mission, one vision, restructure designed to achieve measureable results |
| Grant oriented | Outcomes oriented |
| Policy and program focused | Customer focused |
| Dysfunctional technology services | Reliable technology services |
| Managers define solutions | Staff are empowered to lead |
| Crisis driven, reactive | Proactive, innovative and responsive |
| Government services operate in relative isolation | Collaborative partner |

OHA focus on implementation

Results focused now that CCO's are operational:

- Structural improvements based upon results, regulatory clarity, and effective achievement of better care, better health, lower costs
- Realign AMH and MAP services related to the new CCO model
- Identify population and manage mental health services
- Integration of physical, mental and dental health

Things to keep in mind during budget development

- Most resources are devoted to direct health care delivery (89 percent) with limited investment in prevention or public health (<3 percent).
- No rainy day fund or reserve funding for health care.



In conclusion

- 89 percent of the OHA budget goes to the direct provision of health care services
- State funded health care programs exist as a part of our larger health care system (institutions, PEBB, OEBC)
- OHA budget and operating plan is focused on measureable results and accountability for:
 - Quality care
 - Financial sustainability
 - Better health for all Oregonians