

Letter from the Director

A new direction for health and health care in Oregon.

Health care's unsustainable costs are one of the key drivers of budget pressure in Oregon: they accounted for 22 percent of the Oregon state total funds budget in the 2009-2011 biennium.

If Oregon does not take action to contain the rising cost of health care, an increasing proportion of our resources will be diverted to cover medical inflation rather than funding health care for children and low-income adults, the state's safety net or other important services. By reducing the underlying cost of medical care by even one percent a year, Oregon would save approximately \$21 billion in public and private expenditures over the next ten years, including an estimated \$330 million in state General Fund expenditures.

In response to increasing cost pressures, the 2009 the Oregon Legislature created the Oregon Health Authority (OHA) and Oregon Health Policy Board (OHPB) with a clear direction to innovate, improve, and rework the state health care system for three goals:

- Improve the lifelong health of all Oregonians;
- Increase the quality, reliability and availability of care for all Oregonians; and,
- Lower or contain the cost of care so it is affordable to everyone.

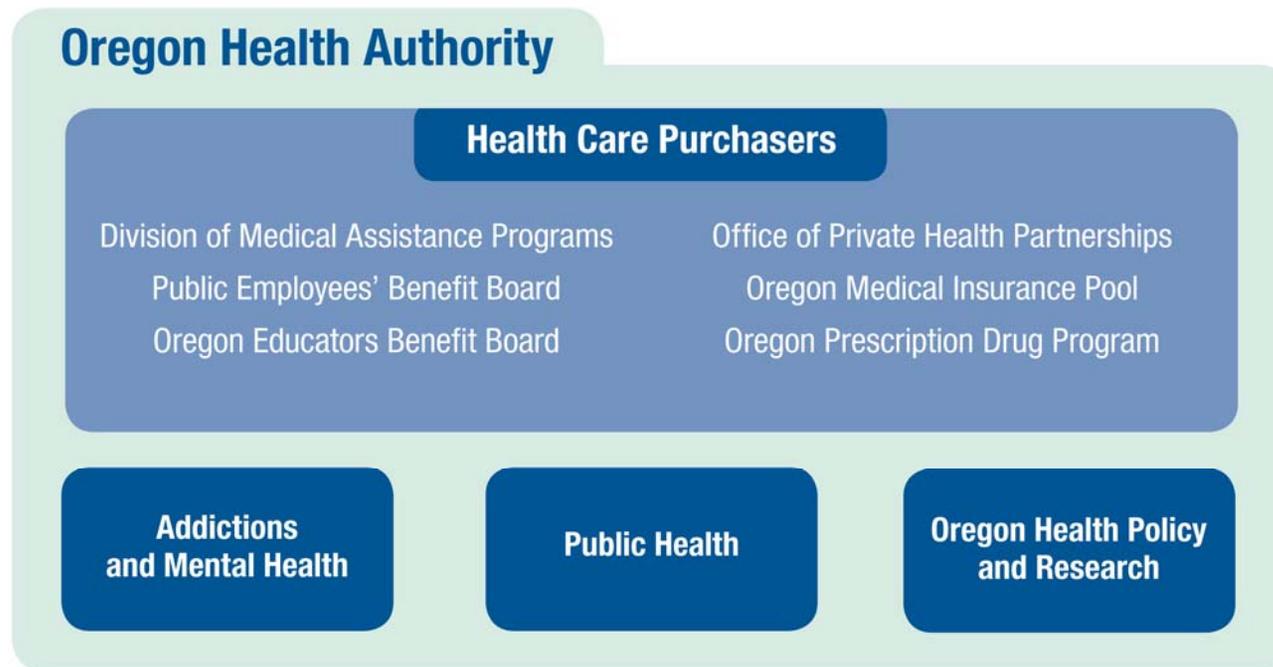
OHA will be the largest health care purchaser for the state of Oregon. OHA purchases health care for approximately 800,000 people – clients, customers, state employees, and educators. With this purchasing power and smarter, more strategic purchasing we will negotiate for lower costs, improved quality and better access.

In addition, the Board and OHA are charged with developing outcome-based strategies that will lower costs to individuals, governments and businesses, focus on prevention and wellness to improve health and create a plan for all Oregonians to have access to affordable health care by 2015.

Work is moving quickly to meet those goals. Community members were recruited and appointed for the Oregon Health Policy Board. Fourteen committees and workgroups are focusing on strategies and recommendations for the Board on controlling costs and improving quality: they are examining everything from electronic health records to public employee health purchasing to medical liability issues.

Structure of the Oregon Health Authority

The Oregon Health Authority is part of a reduction in the number of state agencies in Oregon. It combines the Public Employees Benefit Board (PEBB), the Oregon Educators Benefit Board (OEBB) and the Office of Private Health Partnerships (OPHP) with portions of the former DHS into one agency.



Oregon Health Policy Board

The Oregon Health Policy Board is the nine-member citizen board appointed by the Governor that serves as the policy making body for the Oregon Health Authority. Over the next several years the Board will advance solutions for the key issues in health reform. The Board holds monthly meetings and is the central place for the public and stakeholders to get involved in the discussion.

The members are: Eric Parsons, Chari; Lillian Shirley, Vice Chair; Michael Bonetto, PhD, Eileen Brady; Carlos Crespo, PhD, Felisa Hagins; Chuck Hofmann, M.D.; Joe Robertson, M.D.; Nita Warner.

Continual improvements

The Oregon Health Authority will be continuing transformation of public services started by the Department of Human Services two years ago. The principles of lean management, continual improvement, and involvement by frontline staff are being utilized to form the new agency. That work will be expanded to PEBB, OEBC, and the other offices or agencies now included in the Health Authority.

This work focuses on lean management systems, reducing red tape, and empowering front-line workers to do their work better. Since 2008, through a variety of improvement projects, OHA has achieved \$32,452,481 million of savings through things such as improved billing processes, better document management, and better tracking of everything from client records to specimens at the state health laboratory.

Sharing services with the Department of Human Services

The creation of the Oregon Health Authority does not mean the creation of unnecessary or duplicative administrative functions. This Agency Request Budget presented has nearly all the administrative functions of OHA and DHS continuing to be shared in order to maximize efficiencies and avoid unnecessary costs.

Additionally, DHS branches and service eligibility workers will continue to serve as front-line contacts for clients who need Medicaid services provided through the new Oregon Health Authority. OHA and DHS will also continue to work wherever possible to provide client-focused programs that prioritize cost-effective and comprehensive services.

This collaboration of resources and work will be an important key to the success of both agencies moving forward.

The impact of the economy on the Oregon Health Authority

The global recession is lingering in our state, meaning there will be continued increased demand for health care for low-income Oregonians through the Oregon Health Plan. Demand for the Oregon Health Plan began to grow aggressively in January 2008. There are currently approximately 527,839 people receiving Medicaid benefits. By June 2013 the total caseload is predicted to increase to 665,220, a 26 percent rise.

Additionally, reduced state revenues have brought approximately \$17.0 million in non-program budget reductions to the Oregon Health Authority since the 2009-2011 Legislatively Adopted Budget passed last June.

Budget and human need realities

We have many challenges before us.

Based on the feedback from local communities through a series of community forums in the spring, the Oregon Health Authority built the 2011-2013 Agency Request Budget as a needs-based budget that acknowledges the level of investment required to meet Oregonians' health and health care needs.

However, economic realities have overtaken the possibility of meeting actual need in Oregon. In this presentation, the Essential Budget Level is laid out to show increases in mandated caseload, inflation, loss of funds from other sources. Also included is the 25 percent reduction list requested by Governor Kulongoski.

It is our hope that as state-wide priorities are set for the 2011-2013 budget, this document will provide more details about our Oregon's health and health care needs, and what OHA is doing to address those needs to improve lifelong health, increase access and quality, and lower costs.

Sincerely,

A handwritten signature in cursive script, reading "Bruce Goldberg", followed by a vertical red line.

Bruce Goldberg, M.D.
Director-designee, Oregon Health Authority