

HEALTH PROGRAMS EXECUTIVE SUMMARY

The Oregon Health Plan is our state's Medicaid program. More than 98 percent of the Oregon Health Authority total fund budget is paid to providers for OHP services. Approximately 600,000 Oregonians are forecasted to need some type of OHP coverage during 2011-2013, an increase of 14 percent over 2009-2011.

Through OHP, low-income Oregonians receive care and treatment for physical, mental, dental and vision services. Due to the difficult budget realities and increased caseload demands, there will be budget reductions for 2011-2013 that will affect clients, providers, and local communities over the next few years. These reductions come on top of reductions taken in 2009-2011.

As most of the dollars in the Oregon Health Plan budget go to providers for services, that is where the bulk of the budget reductions will occur. Oregon physical, mental and dental health care providers are facing an unprecedented reduction in rates for OHP in order to meet budget reductions of more than 11 percent.

Summary of 2011-2013 OHP budget reductions:

- Administrative costs in the Division of Medical Assistance Programs will be reduced 16 percent, a total dollar reduction of \$6.8 million.
- Reimbursements to providers of OHP for physical, mental, dental, vision services and products as well as capitation payments to managed care plans will be reduced for a total dollar reduction of \$629.5 million. (For more information on provider reductions, see below.)
- Thirteen services will be cut from the Oregon Health Plan from the prioritized list. The prioritized list ranks health conditions and their treatments from the most effective to the least effective. The draft 2012 prioritized list includes 692 condition and treatment pairings, or lines. The Oregon Health Plan today covers the equivalent of line 1 through line 511 on the 2012 list. The approved budget will only fund lines 1 through 498. This is a total fund reduction of \$20.7 million.

- The budget makes one restoration of hospital services in OHP Standard. Clients will now receive comprehensive inpatient and outpatient care. Prior, OHP covered only emergency or urgent hospital care.

Health program reductions outside of the Oregon Health Plan

- Healthy Kids and Healthy Kids Connect outreach and marketing will be reduced by \$2.5 million in General Fund.
- Funding for safety net clinic grants was reduced by \$3.5 million Other Funds.

Provider Rate Reductions

Due to the severe budget shortfall, provider rates were slated to be reduced an average of 19 percent for all Oregon Health Plan (OHP) providers in the Governor's Balanced Budget.

With an increase of the hospital assessment, lawmakers were able to mitigate those reductions to an approximately 11.2 percent budget target over the biennium. In the 2011-2013 budget, most health care providers will be affected by these reductions. However, lawmakers also were able to maintain funding for primary care because it is foundational to maintaining access to basic health care, which can help prevent more costly health care later.

These reductions will be difficult, and it will be important for providers to have clear, accurate information. The Division of Medical Assistance Programs has begun holding meetings with providers and the most current information about the reductions and how they will be implemented will be updated on the OHA website.

Information detailing rate reductions for individual program types can be found by visiting www.oregon.gov/OHA/healthplan/budget-reductions.

Managed Care

Capitation rates for managed care organizations (MCOs) that serve OHP clients will be reduced, on average about 11 percent over a 24-month period. DMAP is working with the 34 MCOs on implementing these reductions to go into effect no later than Oct. 1, 2011. The MCOs will work with their providers on implementation of the reductions. However, similar to fee-for-service, primary care through MCOs will be supported in order to help maintain access to preventive health care.

More information about the exact rate for each provider type and the date the reductions will go into effect will be available as soon as possible on the OHA Web page at www.oregon.gov/OHA and be sent to provider groups. In addition, DMAP will be holding a series of meetings for providers. Information on dates and times also will be posted on the OHA website.