



Director's Office

John A. Kitzhaber, MD, Governor



TO: Linda Ames, Legislative Fiscal Office

FROM: William J. Coulombe, Budget Director Oregon Health Authority

SUBJECT: 10.5% General Fund Reduction Request

DATE: November 14, 2011

**Attached is the requested list of 10.5% in reduction options for the Oregon Health Authority in 3.5% increments.**

As in prior reduction requests, each OHA division considered key criteria in attempting to prioritize where to offer the program and administrative reductions, including:

- The OHA Triple Aim of lowering or containing the costs of care, improving the quality, reliability, and availability of care, and improving the lifelong health of all Oregonians
- Reducing non-program administrative costs
- Known elements of health care transformation including federal legislation
- Federally mandated programs
- Levels of need (proportion of state's population affected)
- Number of clients served
- Federal financial participation requirements including maintenance of effort (MOE) and federal matching requirements

This reduction list includes a greater than 10.5% cut in administrative costs. However, as most of OHA's budget goes to direct client services, administrative savings alone are not enough to meet the reduction target. Therefore this list does identify client service reductions and cuts to programs in local communities.

This list reflects work that has been done to find increased efficiencies and that work is ongoing. With the proposed transformation of the Oregon Health Plan delivery system, OHA will continue to look for ways to streamline processes to support the work being done by our partners in the private health care community. In addition, we are working closely with the Enterprise Leadership Team and the Office of the COO to determine if there are statewide reduction options that should be considered within the context of our agency options.

## Budget reduction memorandum

And finally, within the OHA general fund budget, there are approximately \$71 million of budgeted line items which include debt service, state government service charges, and facility rent charges. At this point, we are awaiting guidance from the Department of Administrative Services as to how reductions at the state level might affect the OHA general fund budget for these individual items.

Thank you,  
William J. Coulombe  
Budget Director  
Oregon Health Authority