

OREGON HEALTH AND HEALTH CARE ARE IMPROVING BUT THERE'S MUCH MORE TO BE DONE

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Health care reform was first introduced as an Oregon Business Plan initiative at the 2004 Oregon Leadership Summit. Oregon's employers recognized that our health care system was not delivering sufficient value. The nation and Oregon were spending a much higher share of GDP on health care than other developed nations, with health insurance premiums growing at an unsustainable rate. Quality of care was inconsistent, and many people were left out. Seventeen percent of Oregonians were uninsured at the time.

Oregon has made substantial strides in health care reform in the last decade. Our public and private sectors have worked together to improve access to high quality health care while curbing the growth of costs. Under federal and state reforms, approximately 95 percent of Oregonians are insured today, an increase of 10 percent from a decade ago. Oregon has some of the lowest rates of avoidable hospitalizations in the country and is outperforming national averages on a notable number of widely used health care delivery quality measures such as breast cancer screening and appropriate use of imaging for lower back pain. Collaborative work between the health care industry and the Oregon Health Authority has yielded notable advancements in how health data is used to improve health care decision making.

Almost all of our Medicaid enrollees are now receiving their health care through Coordinated Care Organizations (CCOs), where the funding for physical, mental, and dental health has been aligned to provide integrated and improved care. Over 60 percent of all Oregonians are having their care coordinated through patient-centered primary care homes. Data have indicated a reduction in monthly per capita emergency room visits in recent years while primary care visits have been increasing, indicating that Oregonians are starting to receive better and less costly preventive care and care management services.

But there is more to do. Although Oregon has made progress in chronic disease management, doing better than most states on high blood pressure and cholesterol rates, Oregon has some of the highest rates of depression in the nation. Additionally, there are wide disparities in health outcomes between non-Hispanic whites and other racial and ethnic groups, and between rural and urban residents. Moreover, costs of care in Oregon vary significantly, with some clinics incurring costs 75 percent higher than others in the state. The wide range of disparities that exist throughout Oregon in these key health indicators provides a strong foundation for a coordinated community approach to improving our health and well-being.

Post Affordable Care Act (ACA), the instability in the state's individual and small group insurance markets indicate a need for action. Insurers report that prescription drugs are increasingly absorbing available resources and threaten the sustainability of health care cost growth. And we have much work ahead of us to improve and align the metrics we use to evaluate progress and guide improvement efforts. We face a widening gap in state funding to pay for our expanded Medicaid program which now covers approximately 25 percent of the state's population.

We must dig deeper in our efforts. Improving the effectiveness of our health care system and reducing the cost burden is crucial to the health and productivity of Oregonians and our state's economic growth. In order to realize the full potential of current collaborative efforts, we have to maintain focus and momentum on reforms already underway, including the full integration of services under the Medicaid CCOs and the health system reforms spearheaded by the Oregon Health Leadership Council.

Additionally, we need to focus our collective efforts – health care industry and employers included – to change the underlying determinants of poor health to not only build a healthy future for Oregonians, but also reduce the cost burden on everyone. Oregon's communities are developing local collaborative efforts through which employers, insurers, health care providers, school systems, civic groups, and public sector agencies are aligning and investing resources to improve the health and well-being of their communities. In the coming years, Oregon's business and health care communities can be key leaders in this work.

Successes. Since health care was added to the Oregon Business Plan agenda, the state's business community has been at the table during the development of major health reforms through the Oregon Health Fund Board, the Oregon Health Policy Board, and numerous committees. Businesses have partnered with health care providers and insurers, state and local government, and civic leaders to increase the availability of affordable coverage options, improve the quality of care delivered, and curb cost growth. They created the Oregon Health Leadership Council (OHLHC) to champion collaborative reform efforts across employers, insurers, providers, and the state. And they've supported the Oregon Healthiest State initiative and other collaborative efforts to improve the health and wellness of our communities. Some highlights of Oregon's reform achievements include:

- **Supporting affordable insurance coverage.** Oregon's rate of uninsured has dropped from 17 percent to less than 6 percent in the last 10 years under state and federal health reform efforts. Oregon's employer community was an active supporter of many of the policies that led to the reduction in the uninsured, including Oregon's most recent Medicaid expansion and the creation of Oregon's Health Care Marketplace.
- **Making the most of our public and private investments in health care by improving quality while slowing cost growth.** Private and public purchasers of health care have been driving reform through benefit design, payment reform, and alignment of information technology efforts. Initiatives championed by the Oregon Health Leadership Council, insurance carriers, providers, and the Oregon Health Authority have tested new payment and care coordination models with promising quality and cost outcomes. Some impressive examples:
 - Under Oregon's Medicaid Coordinated Care Organizations (CCOs), avoidable emergency department visits have gone down while more enrollees are receiving their care through patient-centered primary care homes.
 - Oregon's Patient Centered Primary Care Home program has been shown to have saved an estimated \$240 million in health care costs in the first three years of its operation.
 - All Oregon hospitals and a growing number of provider offices are using the Emergency Department Information Exchange (EDIE) and PreManage to identify people accessing care frequently in emergency rooms and get them into more appropriate, effective levels of care.
- **Investing in initiatives that focus upstream to improve Oregon's health and well-being rankings.** Some recent progress includes:
 - Klamath Falls, Oregon's first Blue Zones Project Demonstration community, has seen measureable improvements in community engagement and awareness of the project in just the first year. Project leaders and health experts expect to see measurable improvements in health outcomes in this community after three years of project implementation.
 - The Columbia River Gorge was recently awarded The Culture of Health Prize from the Robert Wood Johnson Foundation for their efforts to bridge disparities in their community by expanding the long-standing use of community health workers. For more than 25 years, The Next Door, a local non-profit organization, has relied on trusted community members to help Latino clients navigate issues or problems that may arise outside the clinic walls. The goal now is to expand that model; train and certify workers, and utilize them in a broader range of nonprofits, clinics, and agencies.
 - The Oregon Healthiest State Financial Well-being Task Force is developing a shared strategy to improve the financial well-being of Oregonians. This group is made up of leaders from the private, non-profit, and public sector including The Standard, The Federal Reserve, Junior Achievement of Oregon and SW Washington, and Bank on Oregon. This Task Force is aligning with and scaling programs and policies that improve the financial literacy and capability of Oregonians. Some of these include the Oregon Retirement Savings Board financial literacy

recommendations, the Asset Development work of the OBC Poverty Task Force, and Catholic Charities' Financial Coaching program.

Challenges. While we have made some clear advances in coverage, cost, and quality, there is still much to do. Health care expenditures equate to 17 percent of our gross state product. On many health outcome indicators, we are not leading the nation. We need to maintain focus on work that we've begun, building on successful collaborations and expanding the impact of our system improvement efforts.

Key challenges for our state:

- **Oregon is not as healthy as we think.** Over 17 percent of Oregonians smoke and 1 in 4 is obese. Tobacco and obesity are the two most preventable causes of death and disease, costing Oregonians billions of dollars a year in medical expenditures and lost productivity. Oregon is ranked 23rd and 28th on binge drinking and drug poisoning deaths respectively. Oregon also has the highest rate in the country of adults reporting poor mental health.
- **We have a state budget structural deficit that must be addressed with sustainable approaches.** We have made progress transforming how our health care is financed and delivered, our efforts are being overshadowed by a structural budget deficit. The Oregon Health Authority is projecting over a \$900 million deficit in state funds for the 2017-19 biennium to support the Oregon Health Plan. This deficit can be attributed to several dynamics, including growth in the reduction in federal funding for the 2014 Medicaid low-income adult expansion authorized by the Affordable Care Act.
- **We continue to need innovative approaches to address the root causes of poor health and high costs.** We recognize that there are wide ranging disparities in many health indicators for some groups of Oregonians, based on race, ethnicity, poverty, age, and other factors. More providers in rural regions of Oregon are seeing notably lower quality of care scores than those in the Portland metropolitan area. There is strong support for additional investment and experimentation around new integrated models of care that target these inequities in medical care, behavioral health, social well-being, and environmental factors.
- **We need to keep driving forward on health data infrastructure improvements.** There are many public and private collaborative efforts underway to align health system metrics and the underlying sources of clinical, cost, and health outcome data. This work is difficult and involves many stakeholders, but is key to improving how health care is delivered and engaging patients in their own care.

Proposed Health Reform Priorities

Oregon's employer community believes the accomplishments of the last decade and work currently underway is on the right course. We have witnessed an extraordinary level of collaboration between public and private sectors at the state and local level. To continue the momentum in 2016 and beyond, we propose a three-prong strategy.

1. ***We must continue to drive our collaborative health transformation efforts to continue to make gains in efficiency and quality, as well as curbing cost growth.*** Improving the effectiveness of our health care system and reducing the cost burden is crucial to the health, productivity, and financial stability of Oregonians. Some specific areas of work before us include:
 - Supporting the collaborative work of OHLC, OHA, and other partners to improve the exchange and use of health information for improvement of both health outcomes and health care system reform
 - Provide our input on approaches to curb the growing cost of pharmaceuticals under discussion in the Oregon Legislature
 - Supporting OHA and community level efforts to improve the effectiveness of Oregon's mental health system, reducing the stigma of treatment and improving access to mental health care in the same way we do physical health

- Identifying key actions Oregon can make to stabilize Oregon’s insurance market and make insurance more affordable for Oregon’s employers and employees.

2. **We must work together to find sustainable, economically sensible approaches to addressing the structural state funding problems.** This approach must be two-fold. First we need to ways to address the current shortfall in Medicaid and other essential state services. Additionally Oregon must redesign how our public and private resources are invested. We must develop a budget framework and public/private collaborative approaches to identifying and investing our collective resources where they will make the biggest positive impact on Oregonians’ lifelong health, wellness, and productivity. Over the upcoming year, the employer community will continue to develop budget and cost impact models that can be used to change the way Oregon invests its resources.

3. **We must pull together our collective efforts and resources to implement evidence-based, outcome-focused approaches to build a culture of health across Oregon.**

We propose to engage the Oregon Business Plan and other key forums to identify and move forward on initiatives that align resource investments around key strategies that will have a positive long-term impact on health and life-long productivity of Oregonians.

Additionally, supporting efforts underway such as the Oregon Healthiest State initiative will accelerate our progress by addressing the upstream determinants of health and well-being. Oregon Healthiest State was founded to ignite a movement that expands what works to improve health in Oregon. It involves both those with primary responsibility for better health outcomes and those who haven’t always seen themselves as health leaders. Oregon Healthiest State aims to align funding and support to scale what works so that key sectors act individual and in collaboration, adopting best-practices to improve health and well-being in their organization and community. Since its launch in 2013, the initiative has identified a number of opportunities that would move the dial on health and well-being in the state if scaled. These are:

- Foster cross sector collaboration to improve well-being. To do this, we encourage the leadership community to make targeted investments in community-based work, like the Blue Zones Project, so that more communities are supported to transform for better health and well-being.
- Create healthier, more equitable communities, ensuring community-based strategies are inclusive, and include the voice of community leaders representing populations experiencing disparities.
- Focus our attention on the upstream determinants of health by supporting initiatives that address health in one of the five well-being domains: Financial, social community, physical, and purpose.