

# **Health Reform in Oregon: Integration of Health, Mental Health and Addictions Programs**

NAMI Annual Statewide Conference  
November 12, 2011



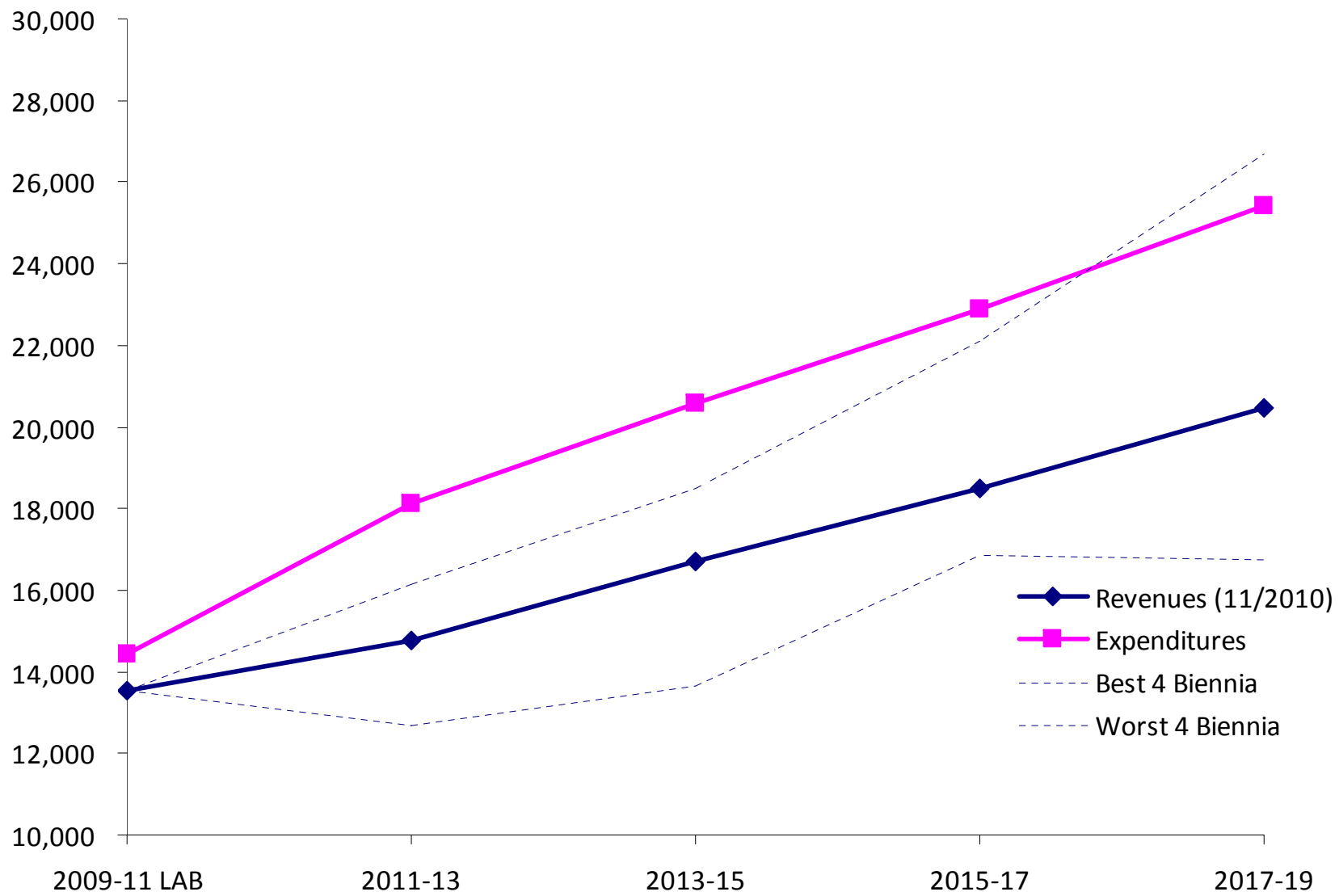
# Why transform?

- Health care costs are increasingly unaffordable to individuals, businesses, the state and local governments
- Inefficient health care systems bring unnecessary costs to taxpayers
- Dollars from education, children's services, public safety
- Even for all we spend, health outcomes are not what they should be – estimated 80% of health care dollars go to 20% of patients, mostly for chronic care
- Lack of coordination between physical, mental, dental and other care and public health means worse outcomes and higher costs

# Why now?

- High costs are unsustainable
- A better way to deal with budget shortfall than cutting people from OHP
- Cost shifts to Oregon businesses and families
- The budget reality calls for real system change for the long term

# Projected costs / state revenue



# GOAL: Triple Aim

A new vision for a healthy Oregon

- 1 Better health.**
- 2 Better care.**
- 3 Lower costs.**

# House Bill 3650

- Creates a new vision for the Oregon Health Plan
- Passed with broad bipartisan support
- Emphasizes better health – recognizes if we deal with budgets alone, we won't succeed
- Transforms the system to meet the outcomes we need

# Focus on

- Local control and innovation
- Community-level accountability for improving health
- Services that are person-centered, provide choice, and emphasize independence
- Prevention and maximizing the use of primary care health homes
- Improving health equity and reducing health disparities
- Evidence-based practices and health information technology
- High-quality data to measure health outcomes, quality, and cost

# Coordinated Care Organizations

- Community-based, strong consumer involvement in governance that bring together the various providers of services
- Responsible for full integration of physical, behavioral and oral health
- Global budget
  - Revenue flexibility to allow innovative approaches to prevention, team-based care
  - Opportunities for shared savings
- Accountability through measures of health outcomes

# Key element: Global budget

- Global budgets based on initial revenue/expenditure target and then increased at agreed-upon-rate rather than historical trend
  - Management of costs – clear incentives to operate efficiently
  - More flexibility allowed within global budgets, so providers can meet the needs of patients and their communities
  - Accountability is paramount
  - There are opportunities for shared savings when patients remain healthy and avoid high-cost care

# Key element: Accountability and metrics

Incentives & measurements for: right care, right time,  
right place by the right person

- Activities geared towards health improvement
- Hospital quality and safety
- Patient experience of care
- Health outcomes

	<b>Not working</b>	<b>Better</b>	<b>Even better</b>
<b>Payment</b>	<b>Fee for service</b>	<b>Episode-based reimbursement</b>	<b>Quality Global budgeting</b>
<b>Incentives</b>	<b>Conduct procedures</b>	<b>Evidenced-based care Pay for performance</b>	<b>Address root causes Reduce obstacles to behavior change</b>
<b>Metrics</b>	<b>Revenue improvement</b>	<b>Quality Reduced hospitalization Reduced disparities</b>	<b>Better health Improved quality of life Reduced costs</b>
<b>Governance</b>	<b>Informal relationships &amp; referrals</b>	<b>Joint partnerships between organizations (e.g., mental health &amp; behavioral health)</b>	<b>New community accountability linking ALL</b>

# Long-term

- Begin to use redesigned delivery system platform for other state contracts:
  - PEBB
  - OEBS
- Redesigned delivery system could be core component of health insurance exchange and an opportunity for private sector to participate

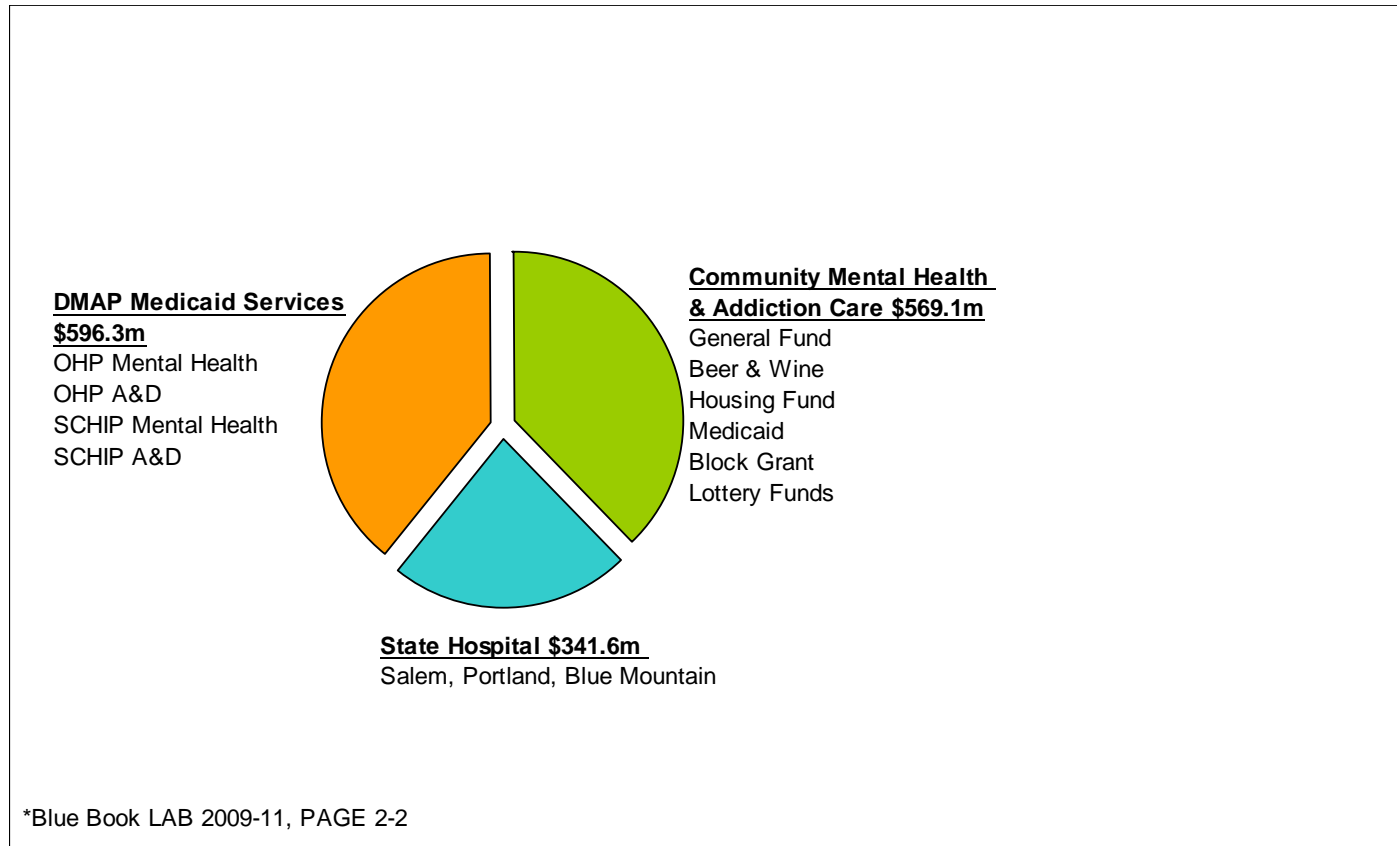
# Challenges

- Change is difficult
- Time is short
- Federal approvals are necessary
- Transitioning from current models while maintaining access to care and community infrastructure

# AMH System Change

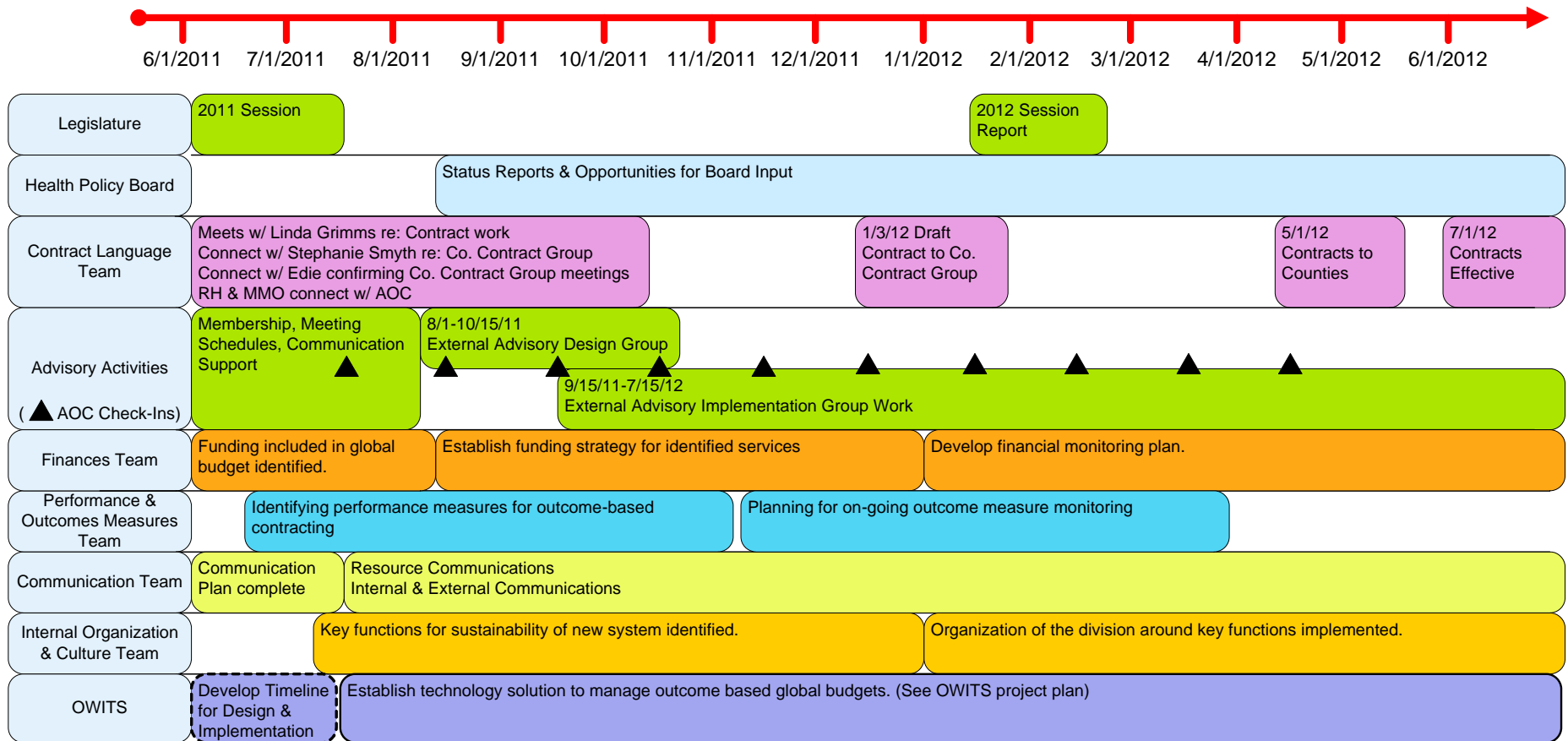
- In addition to the work to develop CCOs, AMH has undertaken a parallel but separate system change effort with Oregon's county governments to restructure the publicly funded addiction and mental health system for people who are not eligible for the Oregon Health Plan and for services not reimbursable under Medicaid.
- The goals for this system change work are similar to those of HB 3650 and include:
  - Emphasizing early intervention to promote independence, resilience, recovery and health and to avoid long - term costs including loss of employment, damage to family stability, increased health care costs, and criminal justice involvement
  - Providing flexibility to local communities to enable them to better serve people with addictions and mental health needs
  - Improving accountability in the community-based addictions and mental health system
  - Ensuring consumer and family involvement in both the planning and ongoing governance of the system
  - Reducing reliance on high-cost, restrictive institutional care over the long term, increasing the availability of high quality community-based addictions services and mental health care

# 2009-2011 MENTAL HEALTH & ADDICTION EXPENDITURES\*

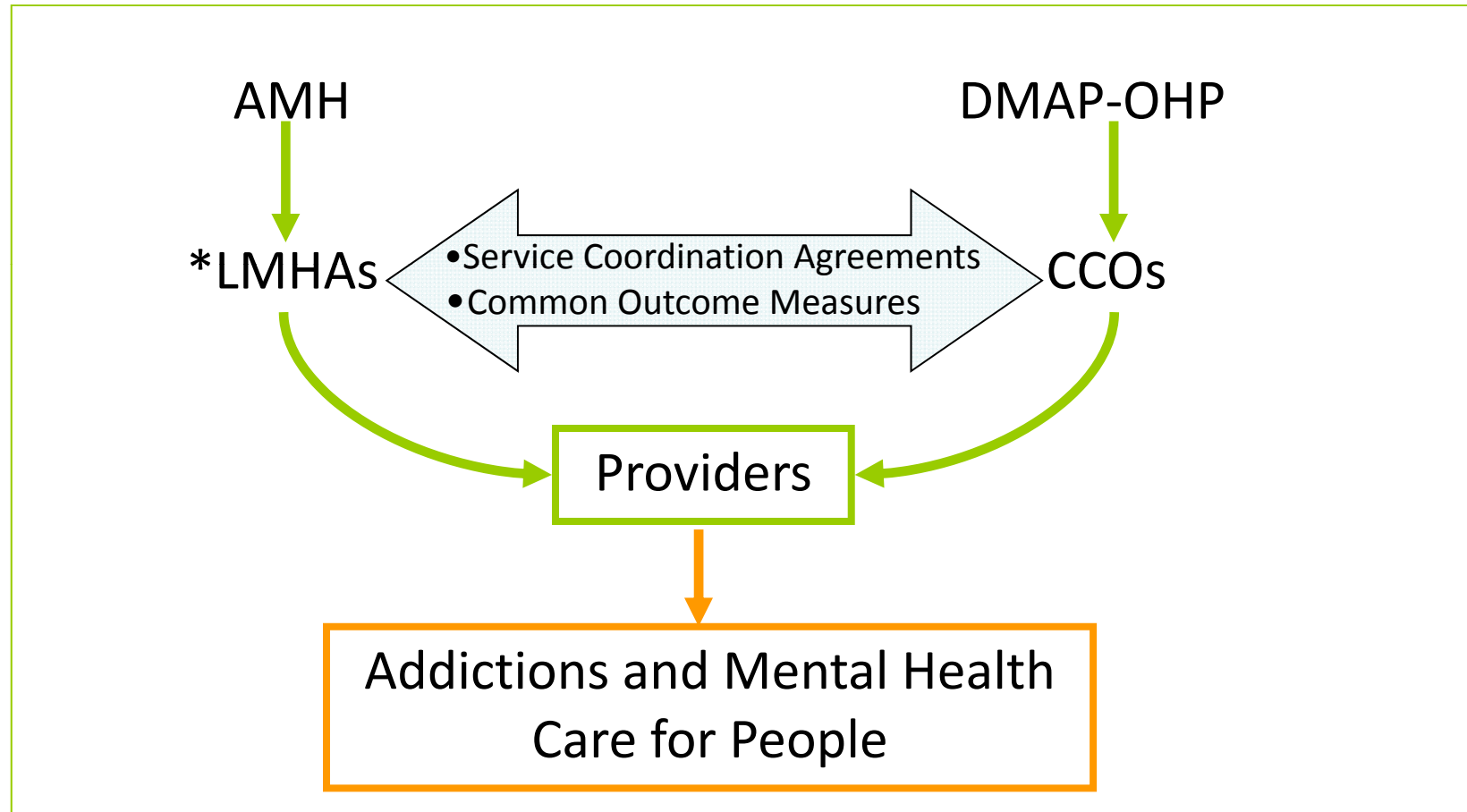


\*Blue Book LAB 2009-11, PAGE 2-2

# AMH system change timeline



# Future addictions & mental health care system



\*LMHA is Local Mental Health Authority