OHA Medical Assistance Programs Governor's Balanced Budget 2013-2015

Oregon Health Authority
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Goals of the MAP Program and Expected Outcomes

Medical Assistance Programs (MAP) is the state Medicaid agency, which provides health care coverage to over 660,000 Oregonians.

- Oregon Health Plan
- Non-OHP Programs

Mission:

- Better health, better care, and lower costs

Program Goals

Short/long term goal:

- Better health, better care, lower costs through coordinated care organizations (CCOs)

The Governor's 2013-15 Balanced Budget:

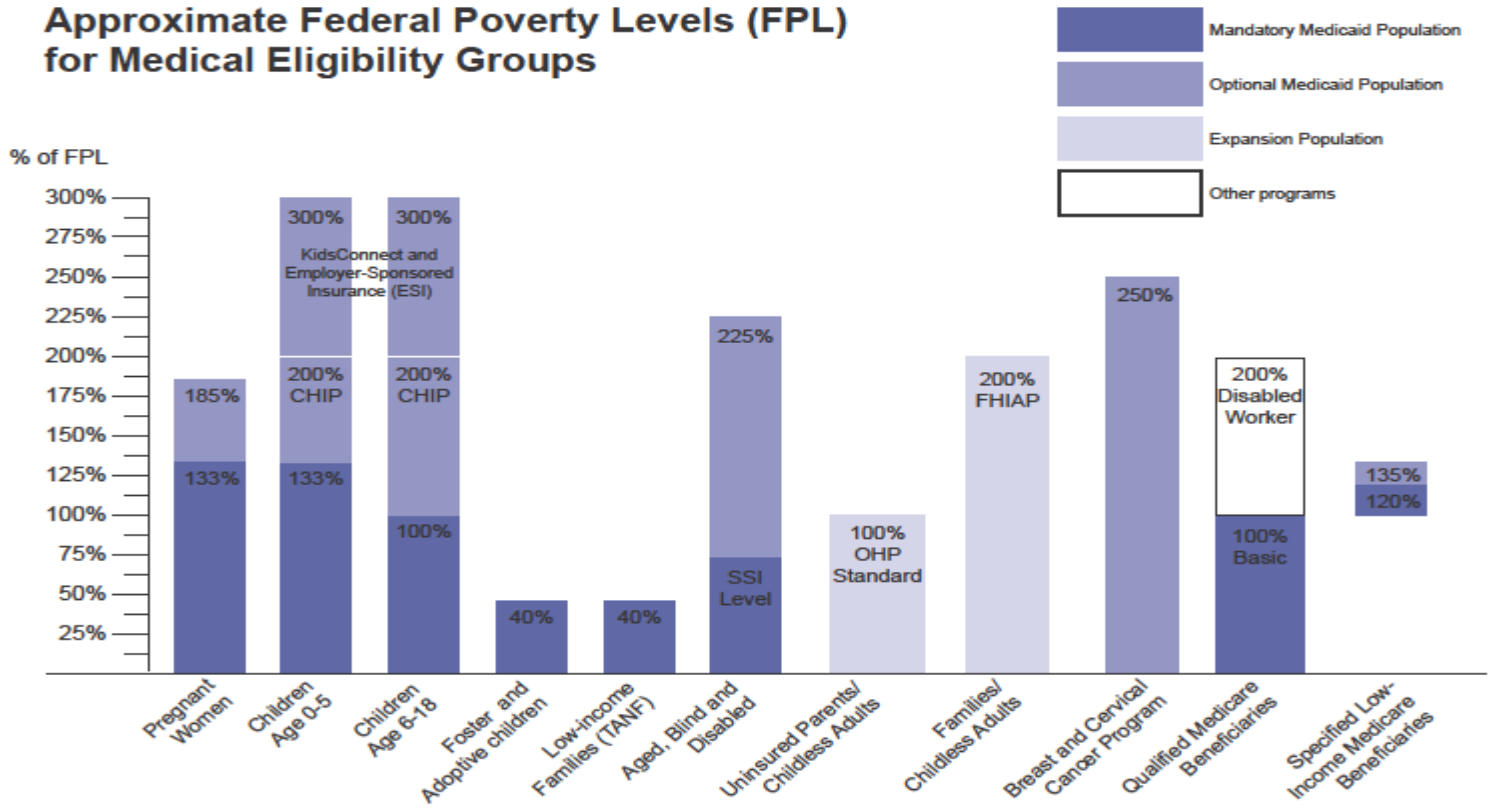
- Lowers Oregon Health Plan cost growth
- Funds OHP to targeted and sustainable growth, meeting the agreement with our federal partner, Centers for Medicare and Medicaid Services (CMS)
- Eliminates the insurance premiums assessment
- Continues and expands the hospital assessment
- Increases access to health care coverage to more than 180,000 through the Affordable Care Act

Summary of Programs

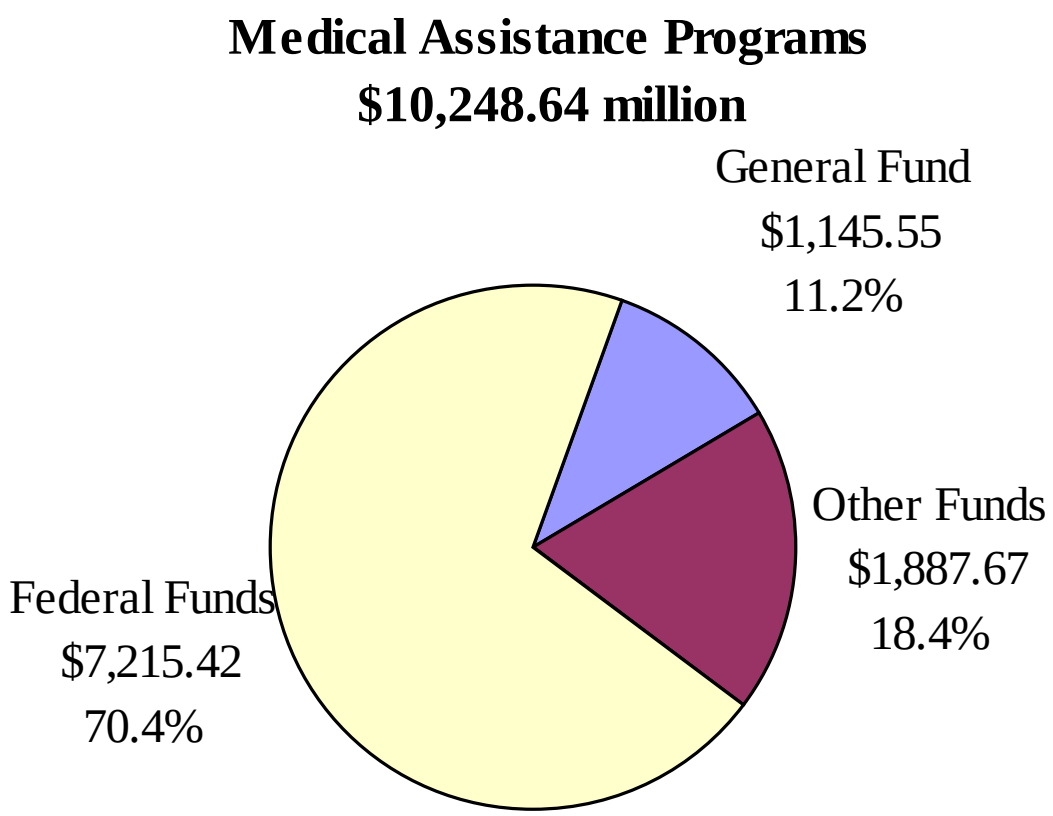
Medical Assistance Programs budget includes the following:

- Oregon Health Plan (OHP)
  - Medicaid
  - Children's Health Insurance Program (CHIP)
- Non-OHP Programs, such as:
  - Breast and Cervical Cancer Medical program
  - Payments to the federal government for Medicare Part D coverage (i.e., clawback payments)
- Other Programs, such as:
  - Pharmacy programs: Oregon Prescription Drug Program (OPDP) and CAREAssist
- Administration

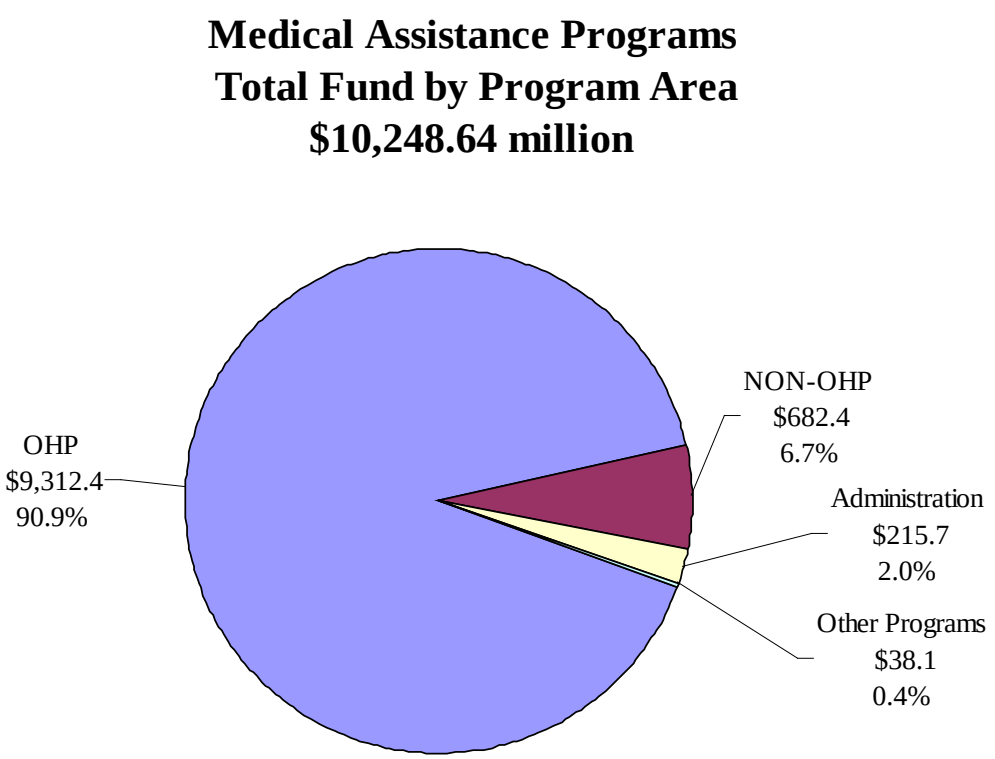
Approximate Federal Poverty Levels (FPL) for Medical Eligibility Groups



2013-15 Governor's Balanced Budget



2013-15 Governor's Balanced Budget



The Context of Our Work

- Unsustainable health care costs
- Rising needs (caseload)
- Uncoordinated health care system
- Federal health reform (ACA)

Program History: Budget Balancing 11-13

Coverage of people maintained.

- Reduce provider payment rates
  - Cut managed care and fee-for-service rates (August – October 2011)
- Cut benefits
  - Eliminated 13 lines from Prioritized List (January 2012)
  - Reduced dental benefits (January 2012)

Program History: Health System Transformation

- Legislature passes Health System Transformation and Coordinated Care Organization (CCO) legislation (HB 3650, 2011 regular session)
- Legislature passes SB 1580 launching CCOs
- OHA submits waiver request March 1, 2012, to Centers for Medicare & Medicaid Services (CMS)
- Health System Transformation waiver approved (July 2012)
- RFPs completed – First CCOs operational (August 2012)
- CMS approves Accountability Plan (December 2012)

Health System Transformation

Change the health system to achieve better health, better care, and lower costs

- Benefits and services: integrated and coordinated
- One global budget that grows at a fixed rate
- Metrics: standards for safe and effective care
- Local accountability for health, outcomes and cost
- Local flexibility

Coordinated care organizations (CCOs)

- A local network of all types of health care providers working together to deliver care for Oregon Health Plan clients
- Governed by health providers, consumers, those taking financial risk

Health System Transformation

CCO focus:

- Integration of benefits and services—physical health, behavioral health, oral health
- Focus on primary care and prevention
- Focus on patient-centered care; e.g., chronic disease management and patient-centered primary care homes
- Accountable for health outcomes
- Community based health workers/non-traditional health workers
- Implementing alternative payment methodologies that align payment with health outcomes

Health System Transformation

Integration of Services into CCO contract and rates:

January 2013

- Mental health: Supported employment and assertive community treatment

July 2013

- Residential alcohol and drug
- Non-emergent medical transportation
- Dental – optional

In 2014

- Dental – mandatory

Health System Transformation

CCOs: Governed locally

Governance must include:

- Major components of health care delivery system
- Entities or organizations that share financial risk
- At least two health care providers in active practice
  - Primary care physician or nurse-practitioner
  - Mental health or chemical dependency treatment provider
- At least two community members
- At least one member of Community Advisory Council

Health System Transformation

CCOs: Governed locally

Community Advisory Council

- Majority of members must be consumers
- Must include representative from each county government in service area
- Duties include Community Health Improvement Plan and reporting on progress

Health System Transformation

Accountability & Performance Metrics

- CCO Quality Pool Metrics
  - Establish a financial incentive pool to reward CCO for improving quality.
  - The Metrics & Scoring Committee identified 17 metrics.
  - The quality pool will initially be funded as a portion of the expected increase in global budgets for CCOs.
  - Each CCO will be eligible for a maximum amount, based on size.
  - Quality pool funds remaining after the first round will be available to CCOs that meet benchmarks on four “challenge” measures—a subset of the quality pool measures.
- Statewide Quality and Access Test
  - OHA will conduct an annual assessment of quality and access to ensure that the demonstration’s cost control goal in not being achieved at the expense of quality.
  - If quality and access diminish at the statewide level, the state will face significant financial penalties.

Major Budget Drivers

Health System Transformation – Sustainable growth

Expenditure Growth Reduction (2% test)

- Waiver requirement/agreement with federal government
- Per Member Per Month (PMPM) growth targets for CCO enrollee expenditures
  - Baseline is calendar year 2011
  - 4.4% increase for year one of 2013-15 biennium (1 percentage point less than 5.4%)
  - 3.4% increase for year two of 2013-15 biennium (2 percentage points less than 5.4%)
  - 3.4% increase for each year of 2015-17 biennium

Major Budget Drivers

Health System Transformation – Federal investment/agreement

Designated State Health Programs (DSHP)

- $1.9 billion over five years of waiver
- $910 million DSHP included in GBB
- Must meet growth reduction target AND improve on quality and access measures
- DSHP funding is reduced if targets are not met:
  - If 4.4% year-one target is not met, DSHP reduced by $54 million resulting in total loss of $145 million in federal funds in the second year.
  - The Quality and Access Test metrics also need to be met.

Major Budget Drivers

How DSHP funding works:

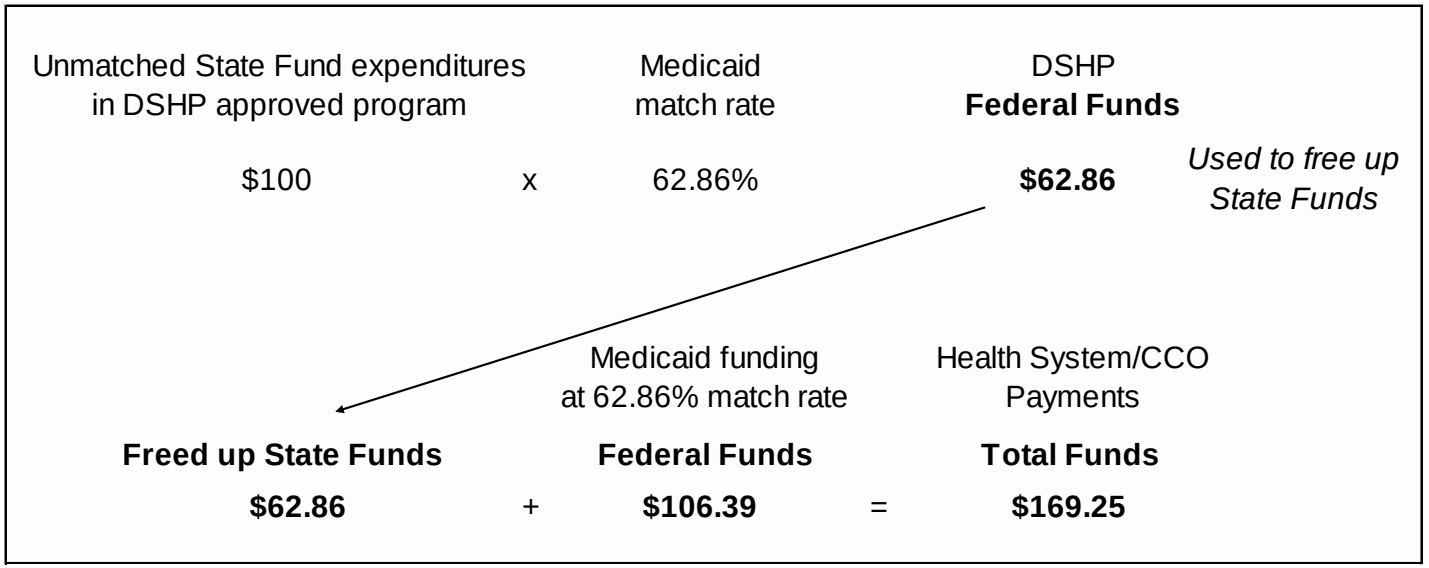
- Waiver allow us to match funds that support services and programs to meet health needs that Medicaid, as it is currently structured, does not.

- By obtaining federal matching payments for such programs, state funds are freed up that can be reinvested in Medicaid.

- If DSHP programs are reduced, we lose that portion of the funding.

Major Budget Drivers

Federal investment/agreement & how DSHP funding works



Major Budget Issues

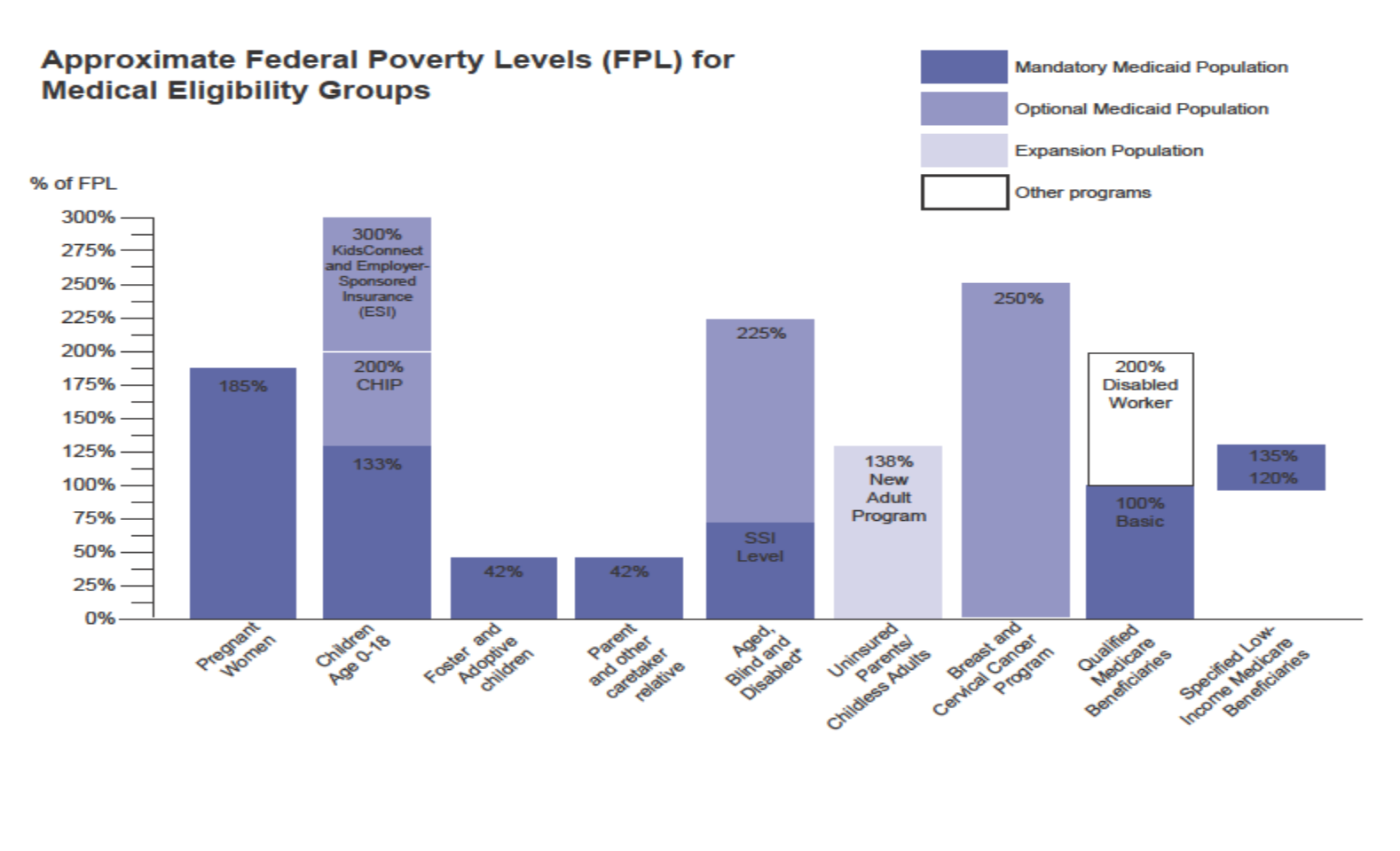
ACA Expansion in January 2014

- Over 180,000 through new Medicaid coverage. These health care costs are 100% federally funded in 2013-2015
  - 30% of state's remaining uninsured Oregonians, mostly adults
  - Reduced medical debt & cost shift, increased access to care

Governor's Balanced Budget

- OHP Standard population will be eligible for 100% federal funding as "new eligibles"

Populations - ACA Expansion



Major Budget Issues

Provider Assessments

Assessment on insurance premiums (established by HB 2116, 2009 Legislative Session):

- Expires September 30, 2013, under current law
- GBB eliminates assessment

Assessment on large hospitals' net revenue:

- Expires September 30, 2013, under current law
- GBB continues assessment

Major Budget Issues

Assessment on large hospitals' net revenue (continued):

- 1% increase on assessment to fund the Hospital Transformation Performance Program
  - Requires statute changes
  - Requires waiver amendment
  - Measures under development
  - Will require hospitals and CCOs to work together

- Hospital Access to Care Fund to replace the hospital adjustment in the capitation rates as a mechanism to pay back the assessment
  - Requires statute changes
  - Requires waiver amendment

Major Budget Issues

Governor's Balanced Budget Investments:

- $30 million (General Fund) – Health System Transformation Fund
  - Targeting innovative opportunities to improve quality, decrease costs through better coordination and partnerships with CCOs and communities

- $4.6 million (General Fund) – Rural malpractice coverage

Major Budget Issues

Governor's Balanced Budget Revenues/Savings:

- $910 million – Designated State Health Programs (DSHP)
- $600 million – Hospital assessment
- $160 million – General Fund dollars
- $120 million – Tobacco master settlement agreement
- $313 million – Tobacco tax revenue
- Preferred drug list (PDL) extended
- Mental health drugs added to PDL

Proposed Legislation

- House Bill 2216
  - Makes conforming changes necessary for the proposed extension of the hospital assessment to fund the Oregon Health Plan in the Governor's Balanced Budget

- House Bill 2090
  - Makes conforming changes necessary for the proposed extension of Practitioner-Managed Prescription Drug Plan (i.e., preferred drug list) and to include mental health drugs in the plan.

MAP Organization Structure

Restructuring to meet Health System Transformation needs