



Greg Van Pelt Testimony on Senate Bill 568  
Senate Health Care and Human Services Committee  
February 25, 2013

Chair Monnes Anderson, Members of the Committee, for the record, my name is Greg Van Pelt. I am the CEO of Providence Health and Services in Oregon and a member of the Oregon Health Leadership Council. I am here today to share with you our strong support for the passage of Senate Bill 568 and the entire package of bills connected to the Oregon Health Plan budget this session.

The Oregon Health Leadership Council was formed in 2008 after Oregon's leading business associations called providers and insurers to the table to work together to control health care costs. We've spent the last five years working together to great success, for example:

- Working with the March of Dimes, the OHLC and 35 Oregon hospitals have agreed to stop the elective delivery of babies prior to 39 weeks. This action has improved outcomes for moms and babies, and had a significant impact on the number of babies requiring neonatal services.
- Five health plans, four state insurance purchasers and 14 medical groups have deployed 23 registered nurses to manage the care of patients with complex, chronic medical conditions. This two-year pilot project has reduced emergency room visits, hospital admissions, lab tests and prescriptions, while improving patient satisfaction with their care.
- Five health plans teamed up to reduce unnecessary, high-cost imaging, which also can lead to harmful radiation exposure in patients. The cost savings so far exceeds \$9 million.

Providence was also awarded a \$17.3 million CMS Innovation Center grant over three years that has become a springboard for Health Share of Oregon to create a regional system to better serve the Medicaid population in the Portland metro area. The grant facilitates the build out of complementary care model interventions and the hiring and training of new community health outreach workers -- all to achieve improved care coordination, develop enhanced systems for learning and collaboration, and help our community create a sustainable system of care.

Highlights and achievements include:

- Placement of community outreach workers in five clinics;
- Build out of hospital to home care transitions in Portland area hospital medical and surgical wards with support workers and transition nurses;
- Mental health intensive transition teams and standardized work flows;
- Expanding the ED Guide program (for Medicaid and uninsured) that has already touched 4,500 lives with education and guide services, with 98% of patients receiving appointments within 12-24 hours of being guided; and
- Expanding the standardized discharge program with medication reconciliation.

These initiatives represent just a few of the successes achieved at the OHLC and Health Share tables. We are proud of our work, which has intentionally been done collaboratively, out of public view and, until now, out of the political process.

Two years ago, Governor Kitzhaber asked us to engage in his efforts to bend the cost curve in Medicaid. Despite our reluctance to engage in the political process, we knew that if we did not engage in a discussion about the long-term restructuring of the health care system – and how to pay for it – all of our initiatives would be for naught. The impact of increased health care costs and cost-shifting are real, and we all acknowledged the need to be a partner in finding a new way to deliver services more effectively and efficiently.

Many of our organizations had already engaged heavily in the health care transformation discussions and pilot projects. Nearly all of the members of OHLC are now partners in the Coordinated Care Organizations that are forming to serve our communities across Oregon. Providence Health and Services is a partner in Health Share of Oregon as well as the other geographic regions in which we operate hospitals and clinics – Seaside, Newberg, Hood River and Medford. We are all-in and determined to make transformation work in Oregon.

When OHLC was approached and asked to work collaboratively on how to fund CCOs in this biennium, we knew this would be a challenge, but one we agreed to take on – together. Over several months, we worked collaboratively with OHA and the Governor's staff to develop policy and budget concepts on which we could all agree and based on numbers we all understood. The end result was a OHP budget package that includes four components:

1. Continued cost-reduction from increasing the efficiency in the delivery of Medicaid services in Oregon. Overall, the system must reduce an additional \$350 million in costs this biennium.
2. Passage of the OHP budget funded at the level capped by the agreement with the federal government including uses of general fund, tobacco taxes and the tobacco master settlement.

3. A commitment of resources including a two-year extension of the current hospital provider assessment. In addition, hospitals have agreed to an additional assessment of 1% to create the Hospital Transformation Performance Program. This program is designed to help drive health system transformation by creating incentives for hospitals to make improvements on 3-5 attainable quality and patient safety goals; and
4. The policy components of Senate Bill 568.

Senate Bill 568 addresses two critical components of the package: Alternative dispute resolution and a two-year extension of the rate setting policy for non-participating providers.

The alternative dispute resolution provision was originally established in HB 3650 which required the Oregon Health Authority to establish, by rule, a process for resolving conflicts between a health care entity (such as a hospital or provider group) and a CCO concerning creation and initial contracting phase. SB 568 extends this process to the termination, extension or renewal of that entity's contract. This is important because as we change the way we do business in the health care industry, we know that we will all have different approaches to that change. By establishing an ongoing process for resolving those conflicts, we expect to resolve disputes faster, with less acrimony, and get on with the business of transforming our health care system and improving patient outcomes. The extension of the alternative dispute resolution process follows good business practices.

The bill also extends for two years the current policy on non-participating inpatient and outpatient hospital rate setting. Current law provides that for non-participating providers in a CCO, the payment rate is equal to 4% less than the Oregon Health Authority established base rate for participating providers. This provision creates pressure for both hospitals and CCOs to reach a participating provider agreement.

Thank you for the opportunity to share with you OHLC's support of the OHP budget package and Senate Bill 568. I am happy to answer any questions.