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# Health Systems Division Governor's Budget 2017–2019

Oregon Health Authority  
Presented to the Human Services Legislative Subcommittee  
on Ways and Means  
February 9, 2017

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**OHA Mission:** Helping people and communities achieve optimum physical, mental and social well-being through partnerships, prevention and access to quality, affordable health care.

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# Health Systems Division

## Purpose: **Goals and Purpose**

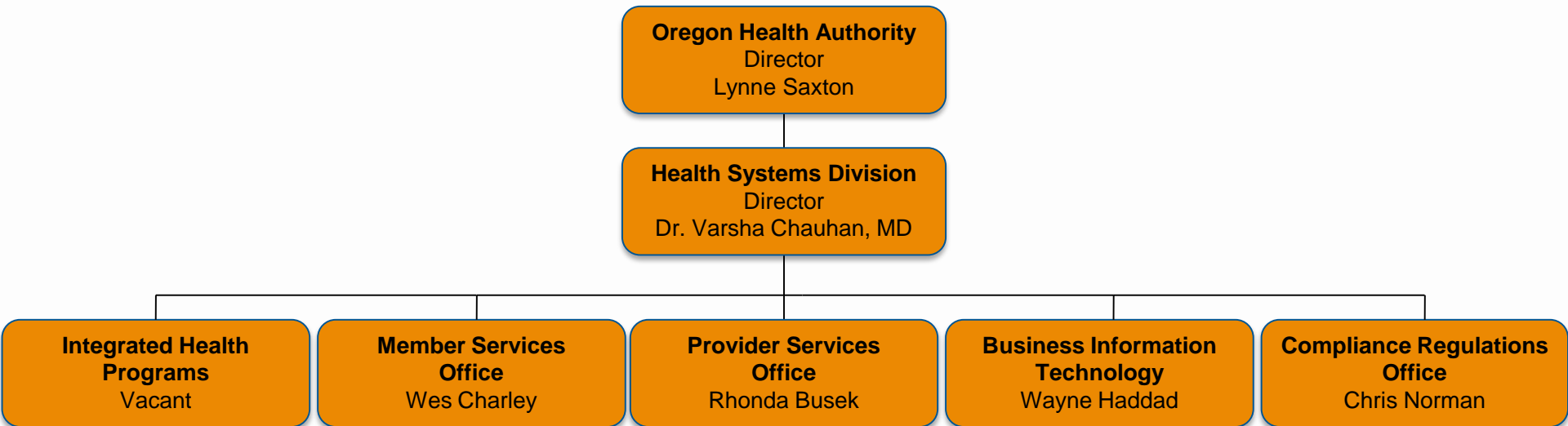
- Build and advance a system of care to create a healthy Oregon.

### Goals:

- Provide access to health care for more than one million Oregonians
- Provide better care, better health at lower costs through use of coordinated care model through CCOs
- Provide oversight and ensure compliance with federal regulations for all Medicaid programs including those operated by DHS
- Support and oversee behavioral health safety net and infrastructure delivered by counties.



# 2017-19 Health Systems Division Organizational chart



17-19 Positions: 816  
FTE: 807.26

# Health Systems Division Summary of Programs

Health Systems Division (HSD) budget includes the following:

- Oregon Health Plan (OHP) – includes physical, behavioral and oral
  - Traditional Medicaid
  - Medicaid Expansion (ACA)
  - Children’s Health Insurance Program (CHIP)
  - CAWEM pregnancy
- Non-Medicaid behavioral health services including:
  - Mental health
  - Substance use disorder
  - Problem gambling services
- Other programs:
  - Medicare Part A & B premium payments for qualifying individuals
  - Medicare Part D prescription drug coverage
  - CAWEM non-pregnancy

# ONE System Update

Oregon Eligibility (ONE), Oregon's new online eligibility system for the Oregon Health Plan, launched successfully on December 15, 2015.

- Basic minimum functionality
- Eligibility based only on income

## 2016: Year of transition

- Making sure member data is accurate
- Opened applicant portal to enhance member access
- Identify buildout needs, pathway to integrated eligibility and ongoing work plan/budget

# ONE System Update, continued

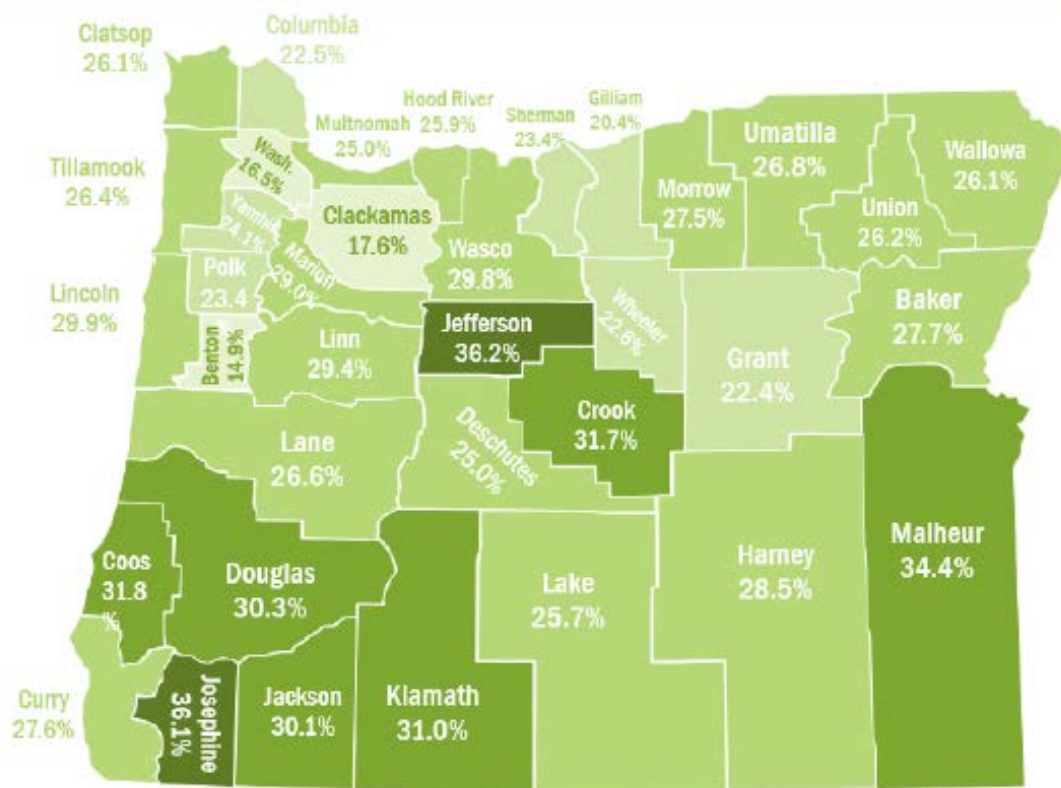
Challenges related to the ONE Eligibility System continue:

- Process
  - Significant manual workarounds impact speed & accuracy
  - ONE only handles income based eligibility, and more complex cases require additional handling
- Technology
  - ONE has only basic minimum functionality and requires continual updates & enhancements
  - ONE is not capable of managing missing information
- People
  - Workforce
  - Hired business IT lead ✓

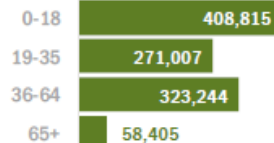
# Health Systems Division: Who We Serve

# Oregon Health Plan Members

Percent of Oregon's population enrolled in OHP, by county  
September 2016



Statewide Total  
Total 1,109,321

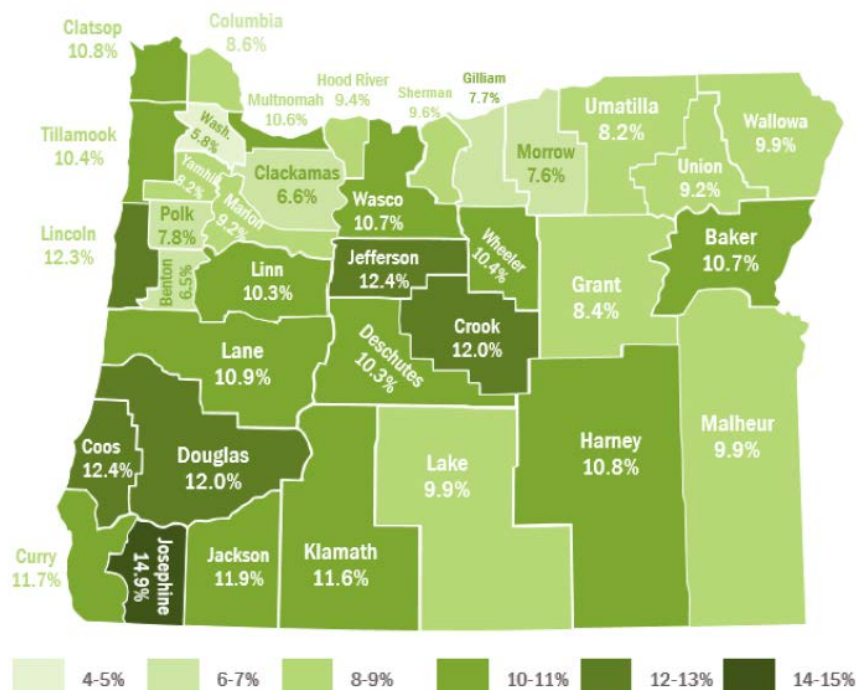


More than **1 in 4**  
Oregonians are enrolled  
in Medicaid.



# Oregon Health Plan Members

The percent of Oregon's population that receives Medicaid coverage through the ACA expansion varies by county. September 2016



Statewide, nearly 40% of CCO members ages 19-64 have some type of employment. And 8% of adult CCO members are working more than full time.

Statewide, one in three Medicaid recipients has coverage through the Medicaid expansion in the Affordable Care Act

# Behavioral Health Needs

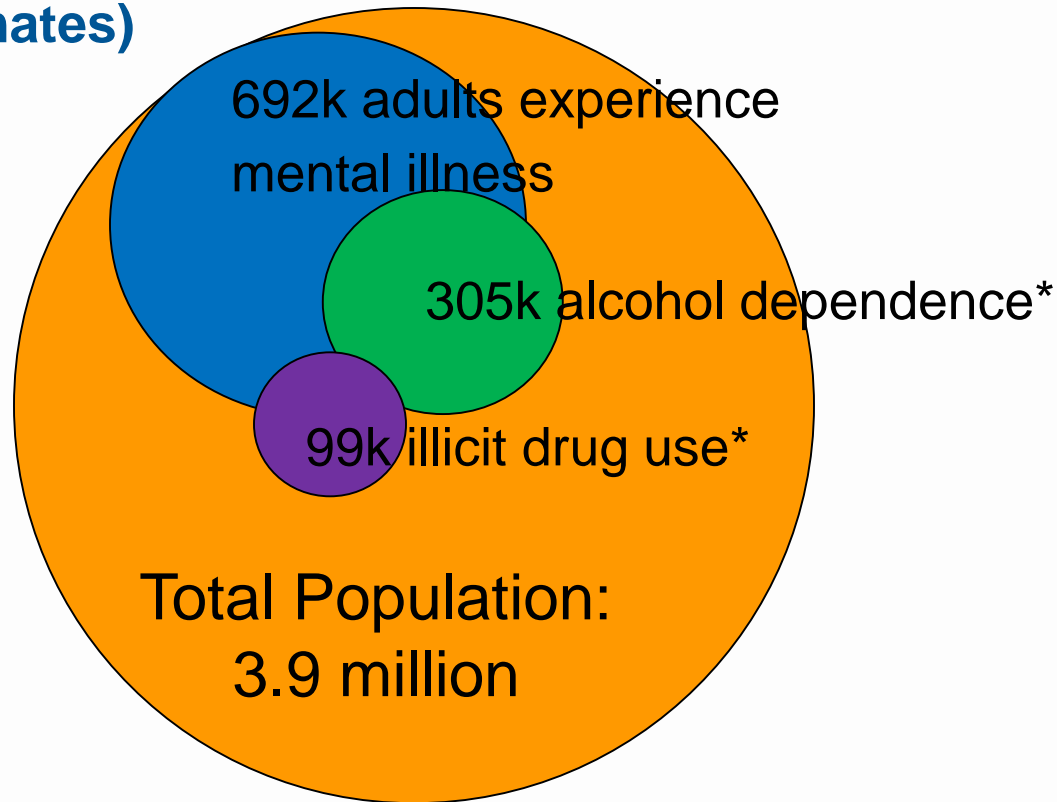
- Suicide is the 2nd leading cause of death among 10–24 year-olds in Oregon.
  - In 2012-13, the Oregon youth suicide rate ranked 14<sup>th</sup> highest among all U.S. states.
- Oregon ranks 4<sup>th</sup> nationally in opioid use
  - 159,000 or 4.7% of Oregonians engaged in non-medical use of pain relievers in the past year.
- Only 46% of adults experiencing a mental health issue received treatment in the previous year.
- 14.6% of adolescents experienced a major depressive episode in the previous year
  - 3.6% higher than the national average.

## Prevalence of Mental Illness in Oregon



Approximately one in six adult Oregonians experience mental illness. (SAMHSA, National Survey of Drug Use and Health, 2013-2014)

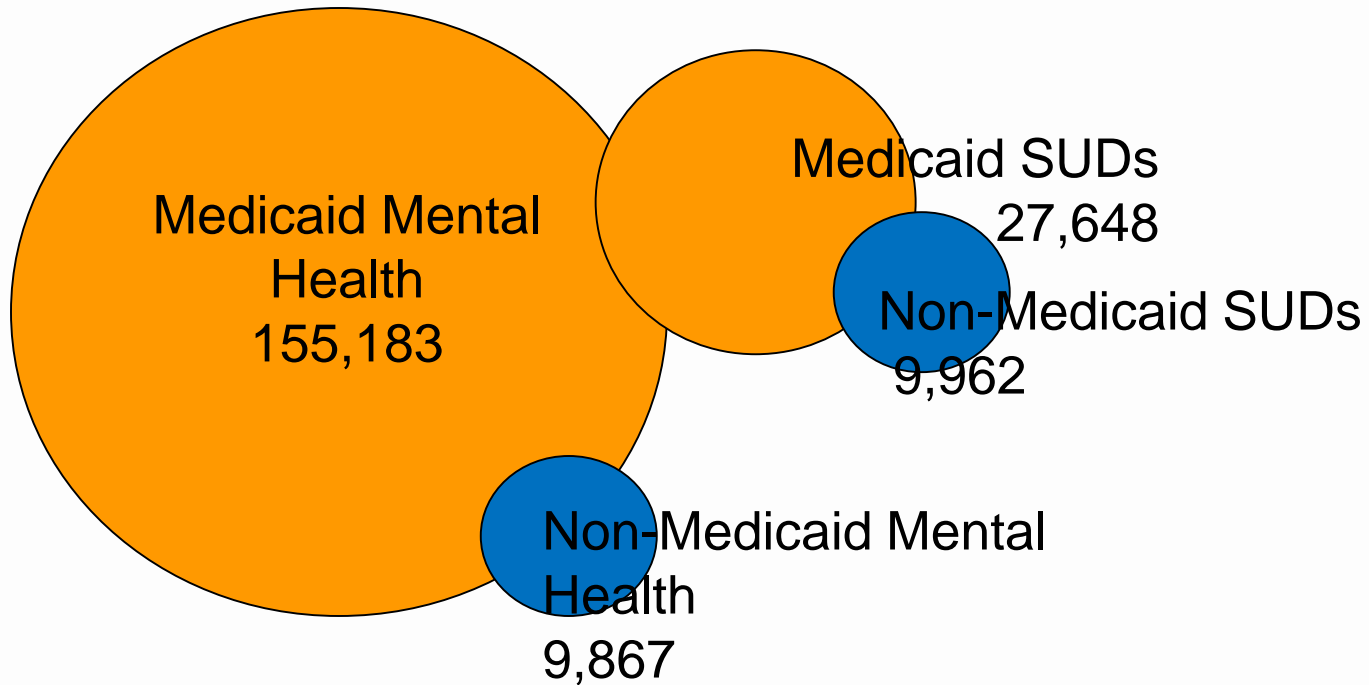
# Prevalence Data: Oregon Mental Illness and Substance Use Disorders (2014 Estimates)



\*Includes children  
12 and up

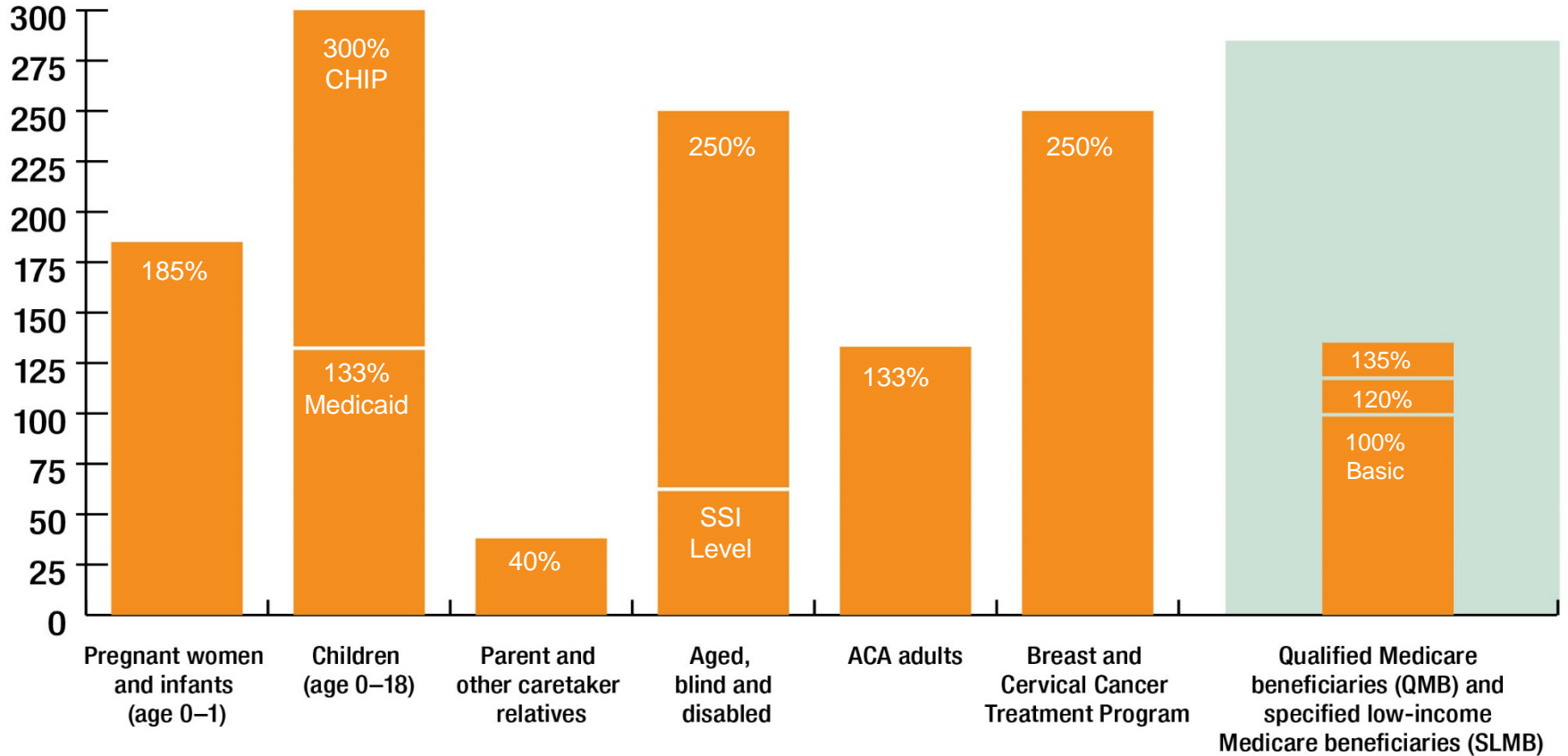
(Source: SAMHSA, Center for Behavioral Health Statistics and Quality, National Survey of Drug Use and Health (NSDUH) 2013-2014)

# Oregonians Served by Behavioral Health Programs

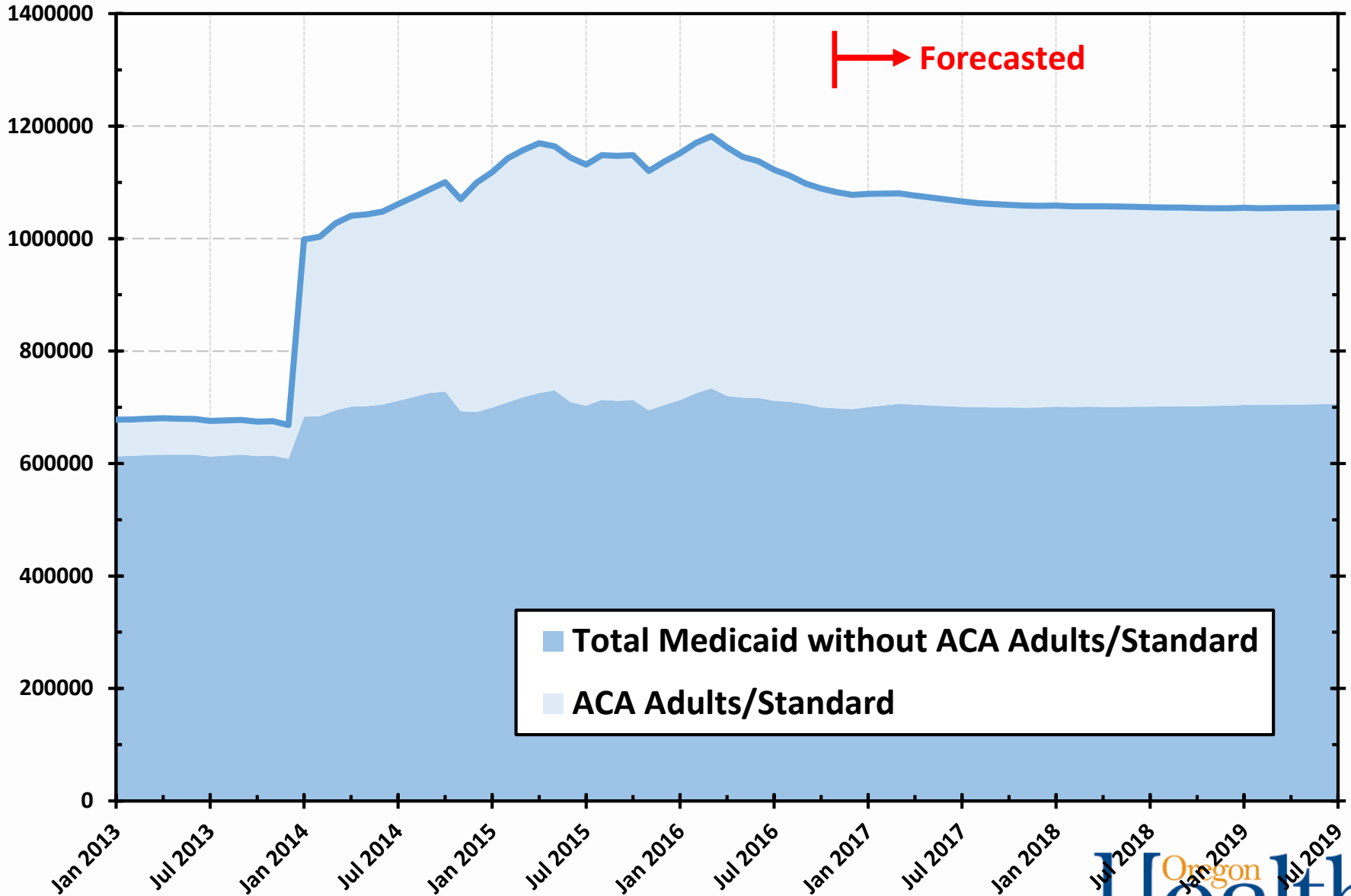


# Breakdown of Medicaid Recipients and Caseload

# Approximate Federal Poverty Levels (FPL) for Medical Eligibility

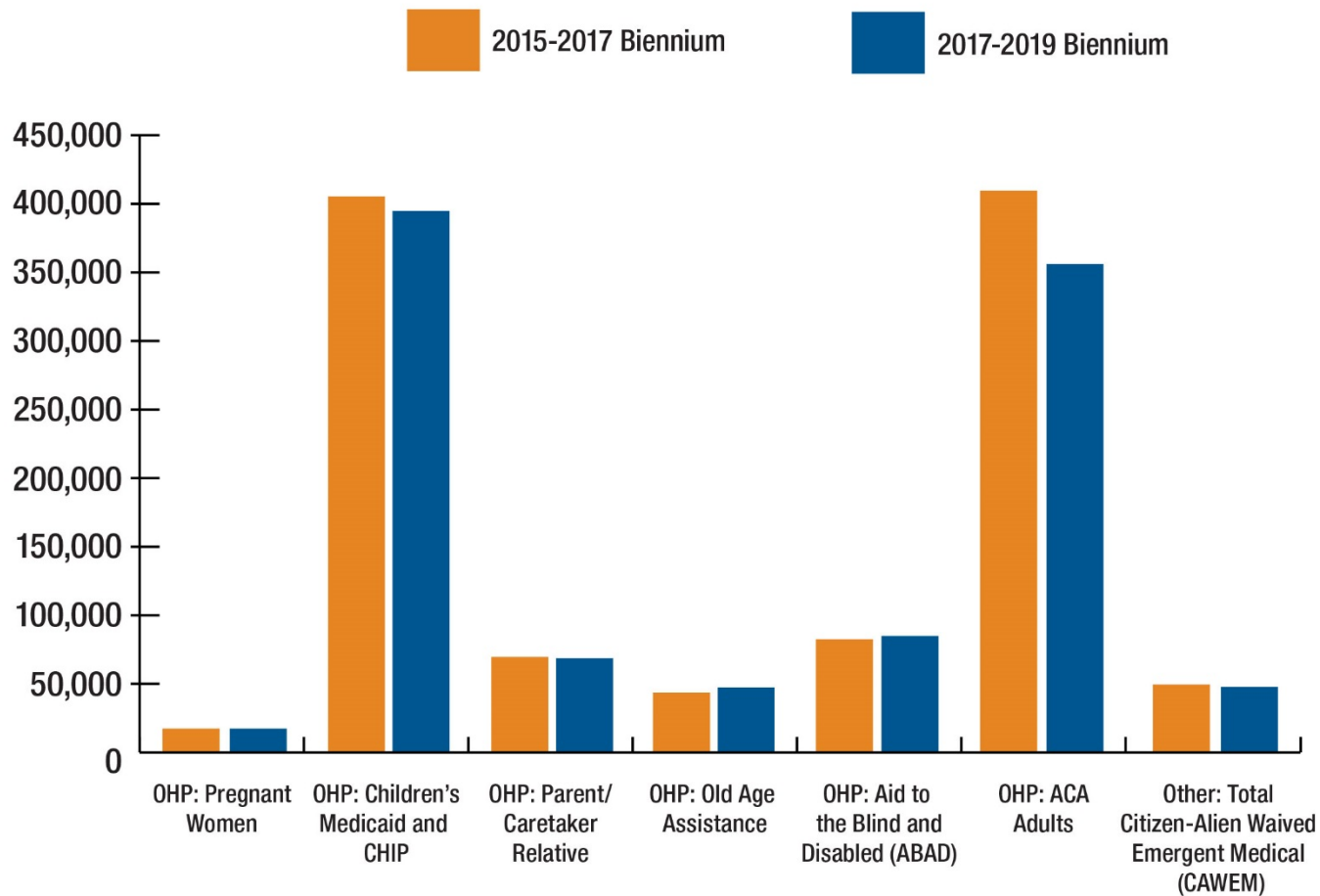


# OHP/Medicaid



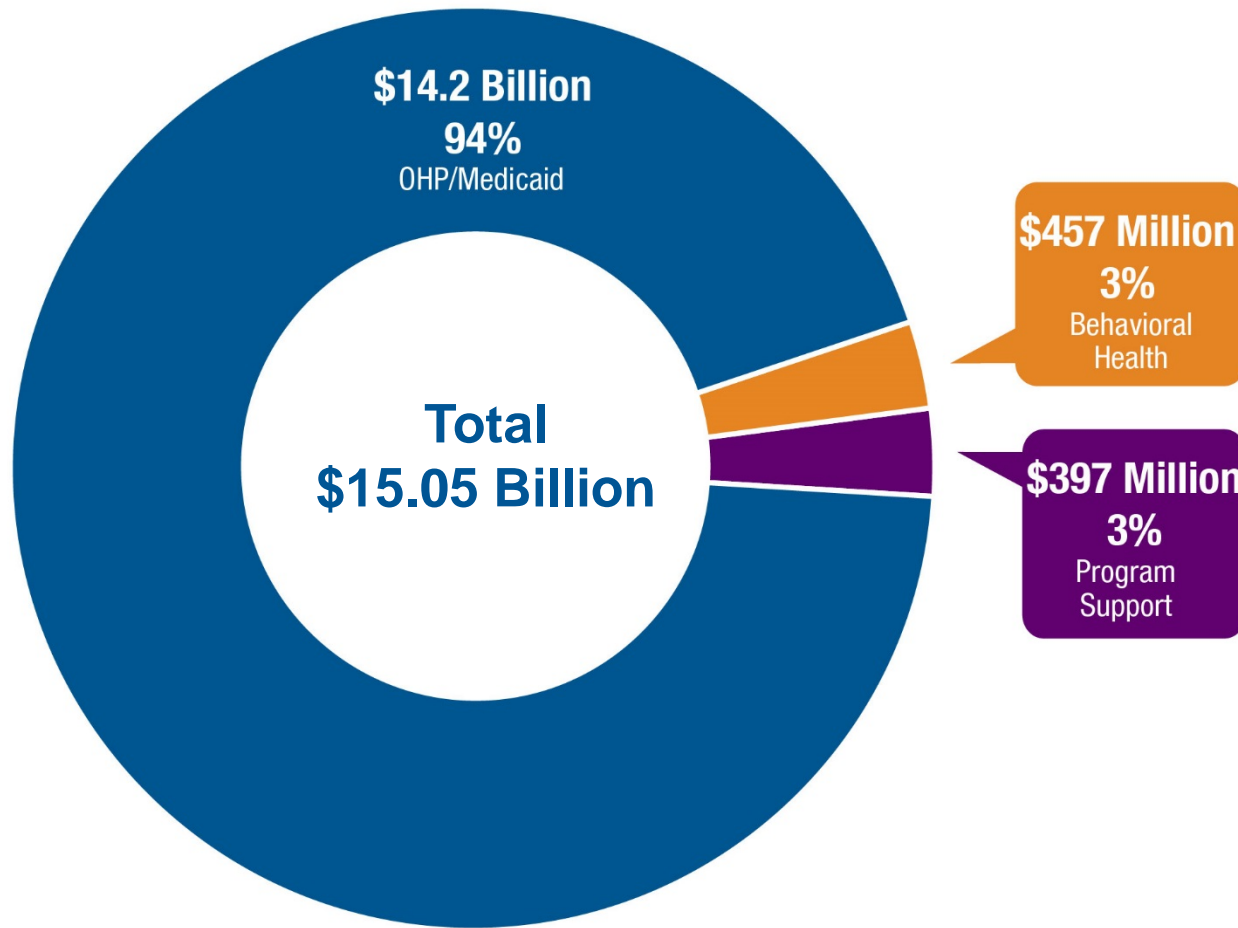
# Breakdown of Caseload

## Biennial average caseload comparison



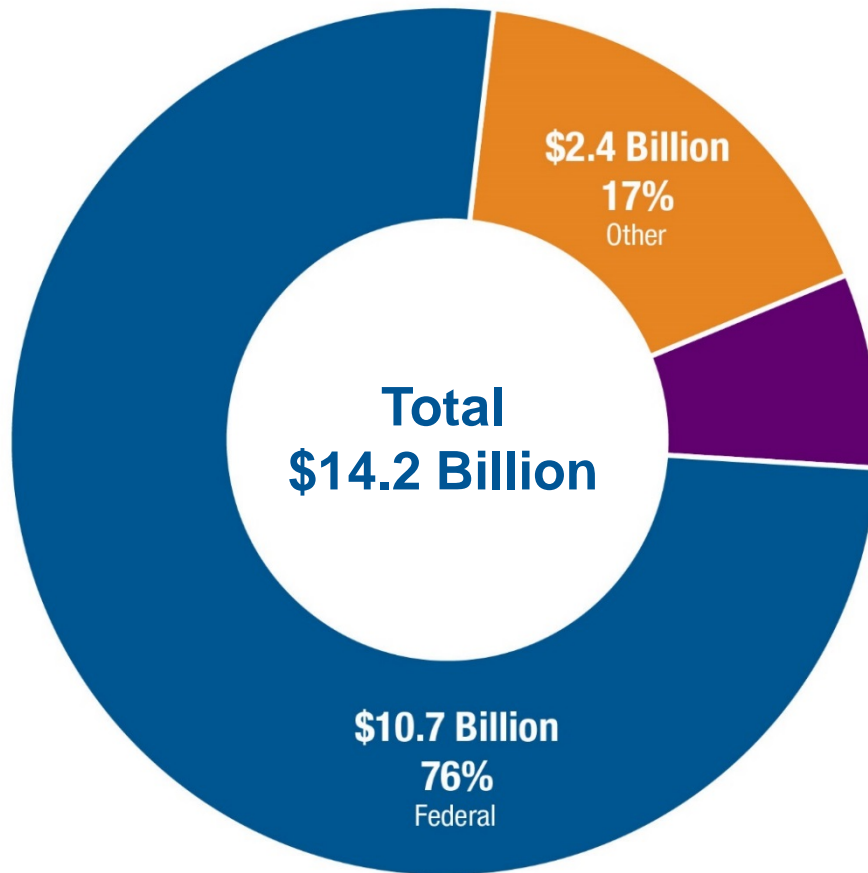


# Health Systems Division Budget 2017-19



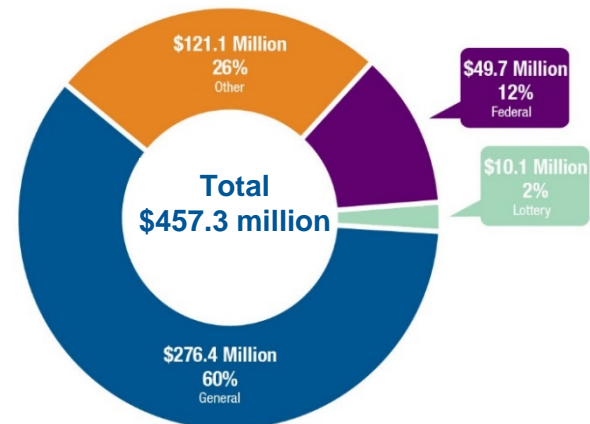
# Health Systems Division Budget 2017-19 by Fund Type

## Medicaid



**\$1.1 Billion**  
7%  
General

## Non-Medicaid Behavioral Health

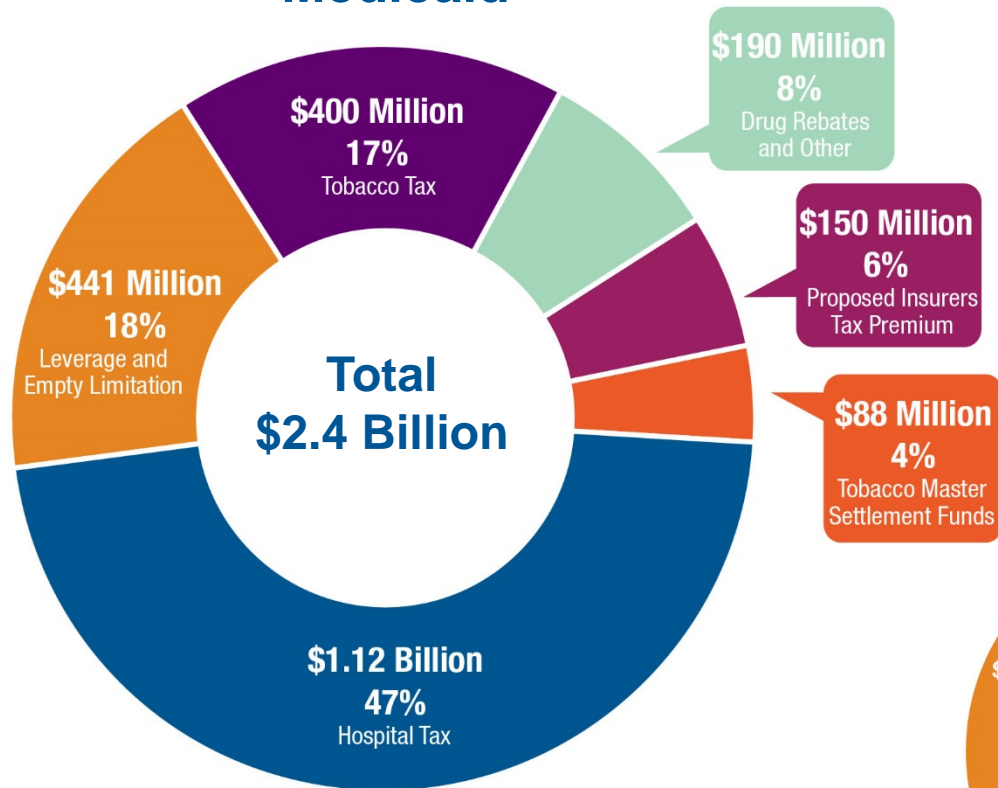


**\$49.7 Million**  
12%  
Federal

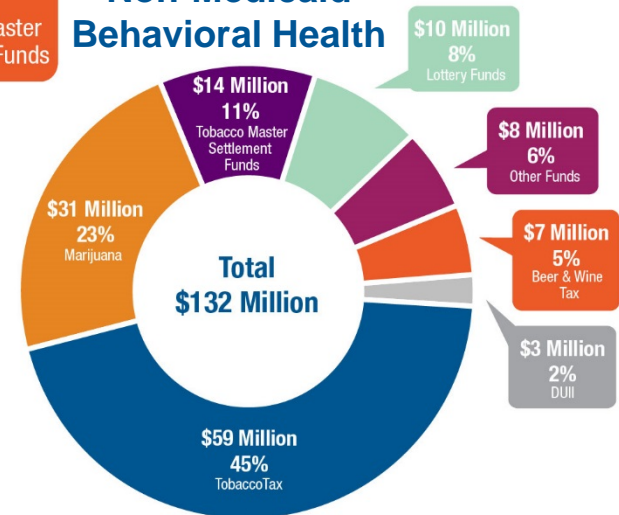
**\$10.1 Million**  
2%  
Lottery

# Health Systems Division Budget 2017-19 by Other Funds

## Medicaid



## Non-Medicaid Behavioral Health



# Health Systems Division

## Major Budget Drivers & Risks

### Major impacts on budget

- Caseload
  - Caseload changes between eligibility categories
  - Caseload changes between categories with different federal match rates
  - Federal policy changes
- OHP Benefit Package
  - 2017-19 budget reflects current benefits
  - Prioritized list disciplines package



# Health Systems Division

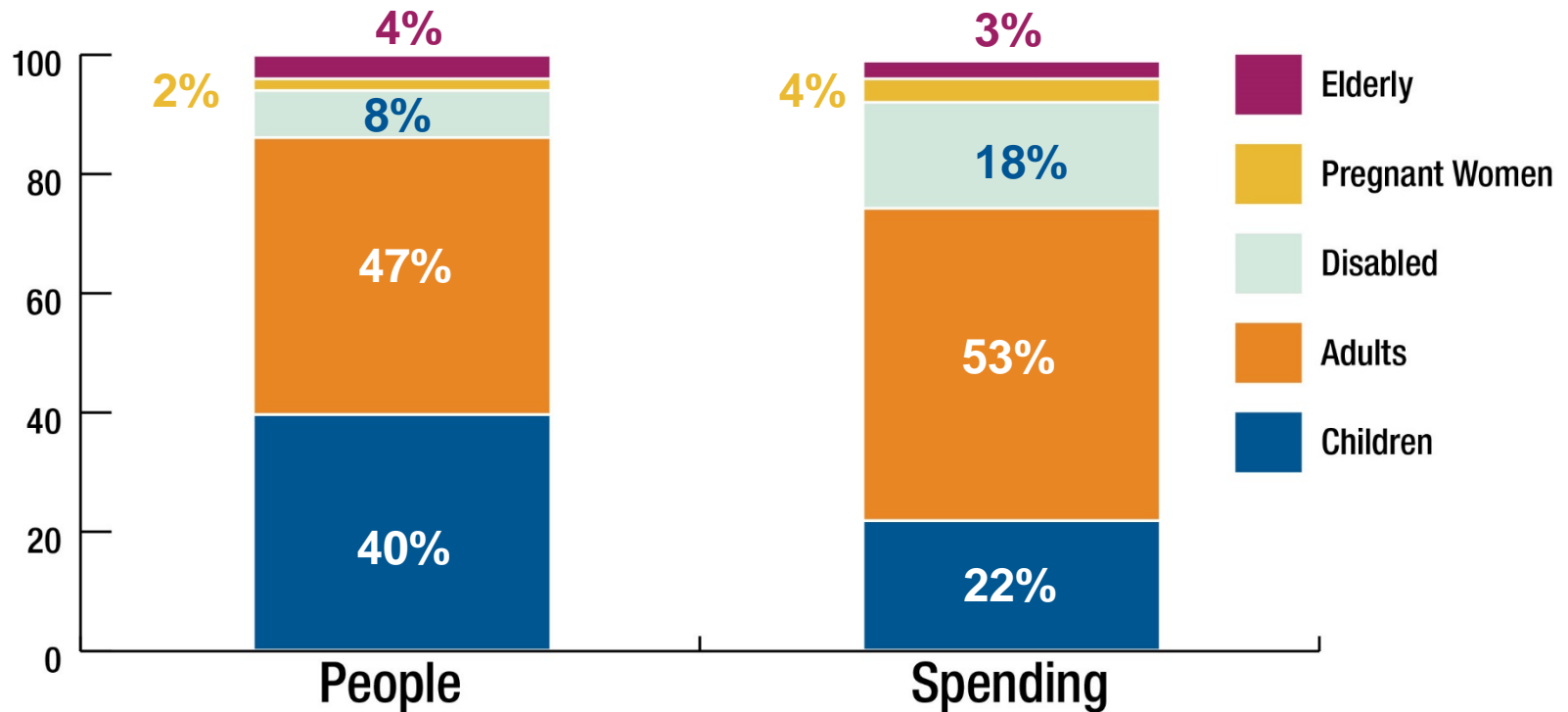
## Major Budget Drivers & Risks

### Major impacts on budget (continued)

- Revenue
  - Federal match rates
  - Use of one-time funding sources
  - Revenue forecast changes (tobacco tax, tobacco settlement, Other Fund sources)
- Cost Per OHP Member
  - Actuarially sound capitation rates for coordinated care organizations
  - Pharmacy trend
  - Medical Inflation (sustainable rate of growth)
- ONE Eligibility System Buildout
  - MMIS updates, transition to integrated eligibility system



# Comparison of OHP Population Groups and Expenditures January–December 2016



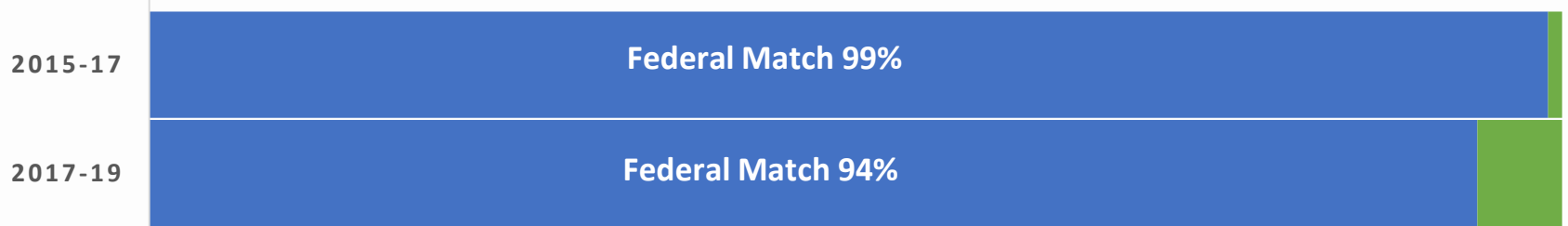
# Oregon Health Plan Financing

(biennial averages)

## Non-ACA Rate Groups (i.e. Children, Disabled Adults, Foster Children, etc.)



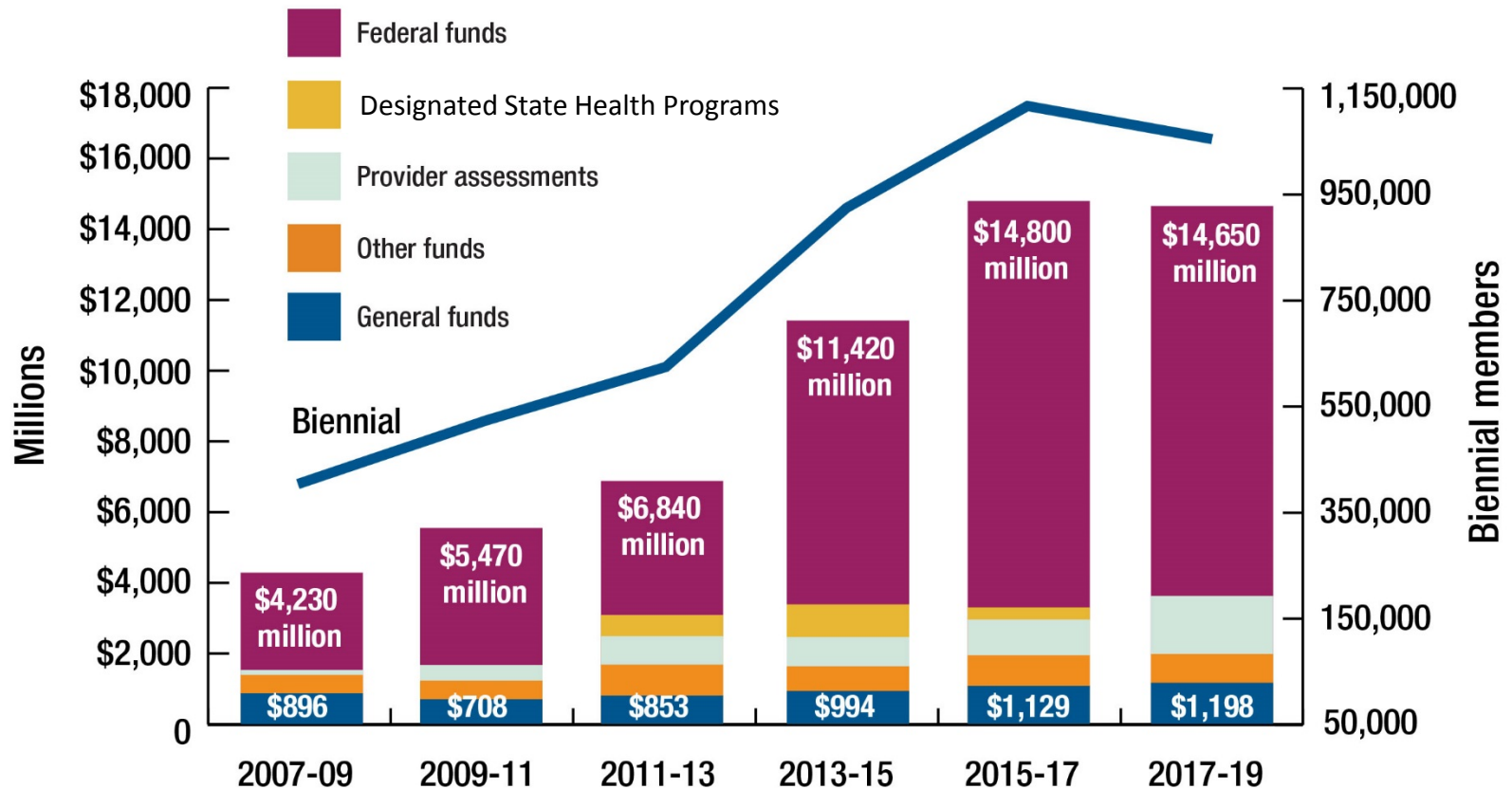
## ACA Rate Group (i.e. Newly Eligible ACA Adults)



## Total (Weighted)



# Medicaid Historical Spending





# Health Systems Division

## Major Program Changes

### Medicaid expansion under the Affordable Care Act

- Expanded eligibility to over 380,000 adults with incomes at 133 percent of the federal poverty level and below
  - Federal funding for ACA adults scales down as follows:
    - Calendar year 2014-16 – 100 percent
    - Calendar year 2017 - 95 percent
    - Calendar year 2018 - 94 percent
    - Calendar year 2019 - 93 percent
    - Calendar year 2020 and all subsequent years - 90 percent

# Health Systems Division

## Major Program Changes

- Pursuing one hundred percent federal match for services coordinated by tribal health programs
- Implementing care coordination for tribes
- Additional funding for CCO wraparound services for children
- Implementation of Psychiatric Emergency Services setting and rules
- Partnering with counties to support restructure of local mental health programs
- Compliance, oversight and quality control
- Year one: ONE Eligibility System build out
  - Applicant portal is open
  - Identified buildout requirements

# Health Systems Division Major Program Changes

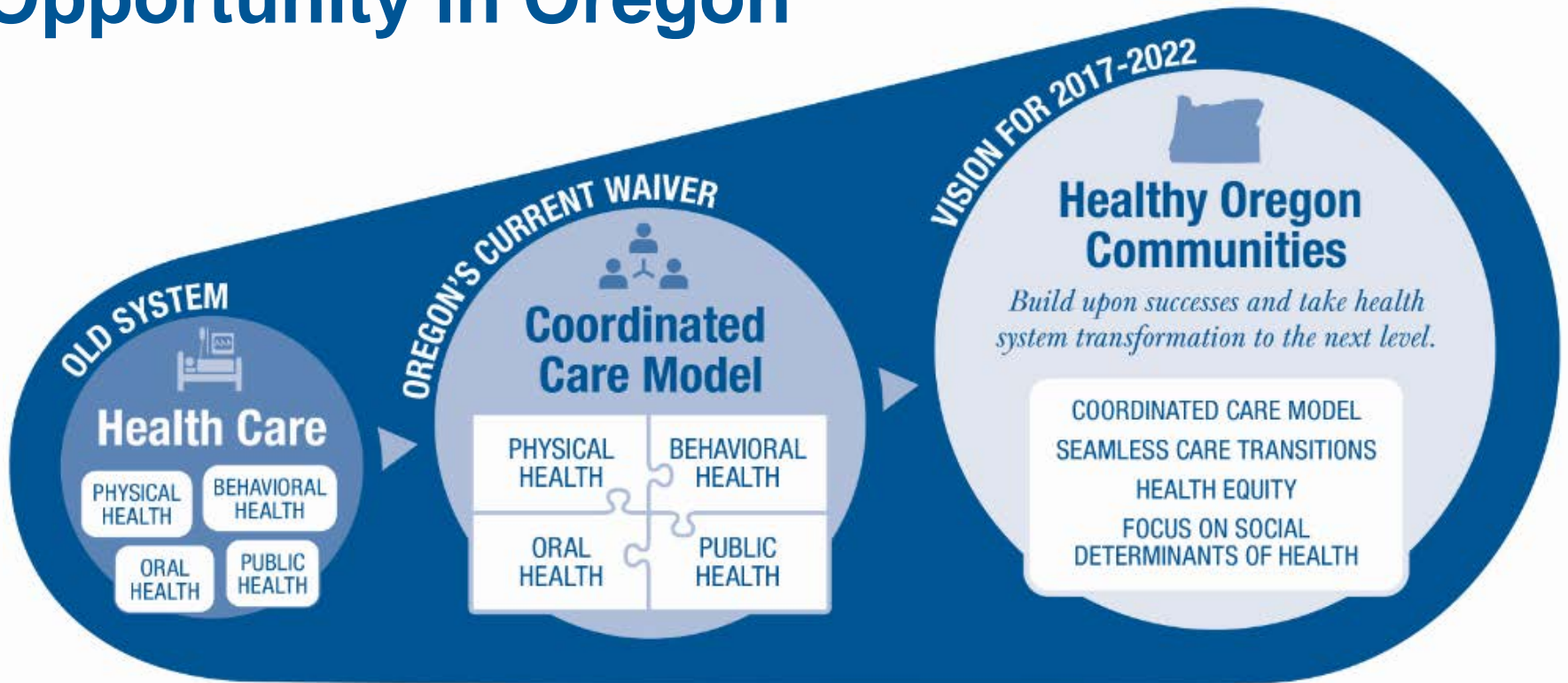
Major program changes impacting 2015-17 OHP coverage:

- Applied Behavioral Analysis
- Treatment of back pain
- High cost drug therapy for Hepatitis C
- Expansion of adult dental services



# Health Systems Division: Past, Present and Future

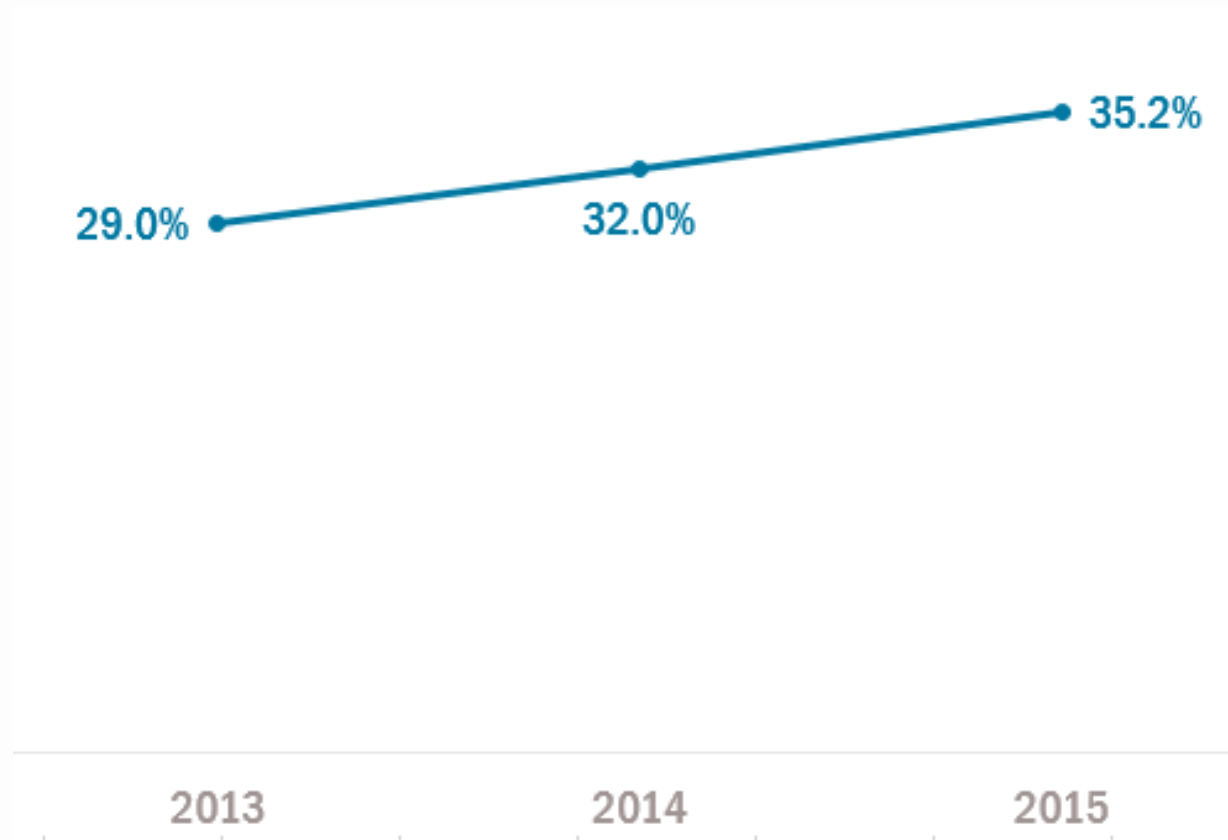
# Opportunity in Oregon



The recently approved waiver renewal allows Oregon to retain Oregon's health system transformation and continue our model of care for another 5 years. New policy in the waiver includes: tribal health improvements, one year extension of HTPP program, and enrollment of dual eligible individuals into CCOs.



# KPM: Medicaid members who report feeling “very good or excellent” health status has increased

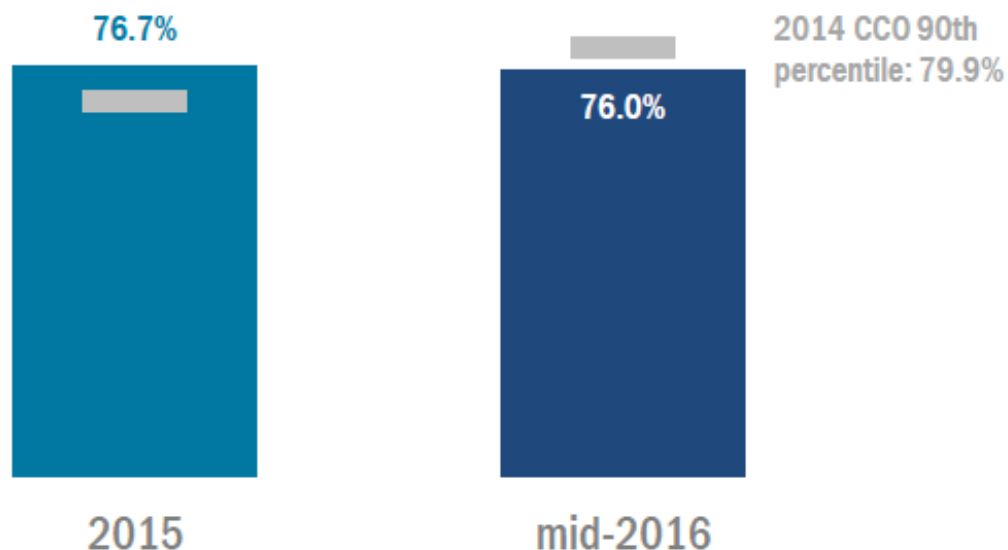


# KPM: Follow-Up After Hospitalization for Mental Illness

## Follow-up after hospitalization for mental illness, statewide.

Data source: Administrative (billing) claims

2015 results have been recalculated according to updated measure specifications and differ from previously-published reports; these results are not directly comparable to earlier reports.



# US Dept. of Justice Oregon Performance Plan



Must meet aggressive three year timeline 7/1/2016 – 6/30/2019:

- Improve transitions of people to integrated settings in the community from higher levels of care.
- Increase number of people who are supported in the community, and avoid incarceration and unnecessary hospitalization.
- Expand services and supports that enable people to live successfully integrated into the community.



# US Dept. of Justice Oregon Performance Plan



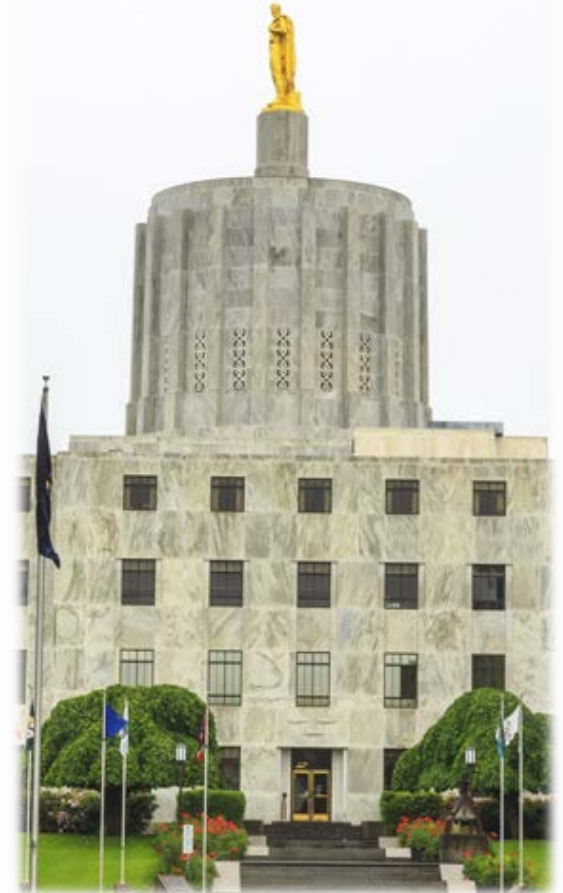
What Oregon's Performance Plan requires:

- Increase Community Integrated Treatment
  - Crisis Services (Mobile Crisis)
  - Assertive Community Treatment (ACT)
  - Supported Housing
  - Peer Delivered Services
  - Supported Employment
  - Criminal Justice
- Decrease Institutional Care
  - Secure Residential Treatment Facilities
  - Emergency Departments
  - Acute Psychiatric Care
  - Oregon State Hospital

# Health Systems Division Proposed Legislation

## Juvenile Fitness to Proceed- SB 49

- The proposed legislation changes the process that is used to order a youth who has been found Unfit to Proceed in Juvenile Court to receive Restorative Services in a secure facility to more closely align with medical necessity by requiring the County Mental Health Program to comment on the necessity of the services.
- Projected General Fund savings \$438,948.



# Health Systems Division Policy Option Packages

- **Hepatitis C treatment expansion-** Expands access to life-saving treatment for Hepatitis C patients to stage 2. Current treatment is only for stage 3 and 4. New Hepatitis C drugs can cure this potentially fatal disease, revolutionizing treatment (\$32 million General Fund).
- **Cover All Kids-** Expands health coverage for Oregon's most vulnerable population – children. This would extend health coverage for nearly 15,000 children who are currently ineligible (\$55 million in General Fund dollars for the biennium), due to immigration status.
- **Juvenile Fitness to Proceed** (Legislative concept)

# OHP Program Reduction Levers & Considerations

Lever	Considerations
Reducing Population(s) Covered	CMS would only allow reductions within ACA adult population, as well as breast & cervical cancer treatment program. <i>-Would require CMS Approval</i>
Reduce Benefits	Under federal law there are limitations on eliminating benefits. <i>-Would require CMS Approval</i>
Reduce Capitation Rates to CCOs	Reducing managed care capitation could impact actuarial soundness of these rates. <i>-Would require CMS Approval</i>
Reduce Fee-for-Service Rates to Providers	Reduction of rates will reduce the number of providers accepting Medicaid members. <i>-Would require CMS Approval</i>
Administrative reductions	Requires reduction in services

**Capitation Rate** is a monthly payment to a managed care plan for each member regardless of the number or actual cost of services provided by the plan. Capitation rates vary by member based on demographics, location, etc., and put the plan fully at risk for the costs and services provided

# Governor's Budget Reductions

- Holding CCO inflation to zero (currently capped at 3.4%)
  - \$94 million General Fund savings
- Reduce inflation for fee-for-service
  - \$10 million General Fund savings
- 1% reduction in administration for CCOs
  - \$15.7 million General Fund savings
- 5-10% OHA administrative reduction
  - \$6.9 million General Fund savings for HSD
- Preferred drug list for mental health drugs
  - \$8.2 million General Fund savings

# Questions?