

# **A Brief History of Oregon's Health System Transformation**

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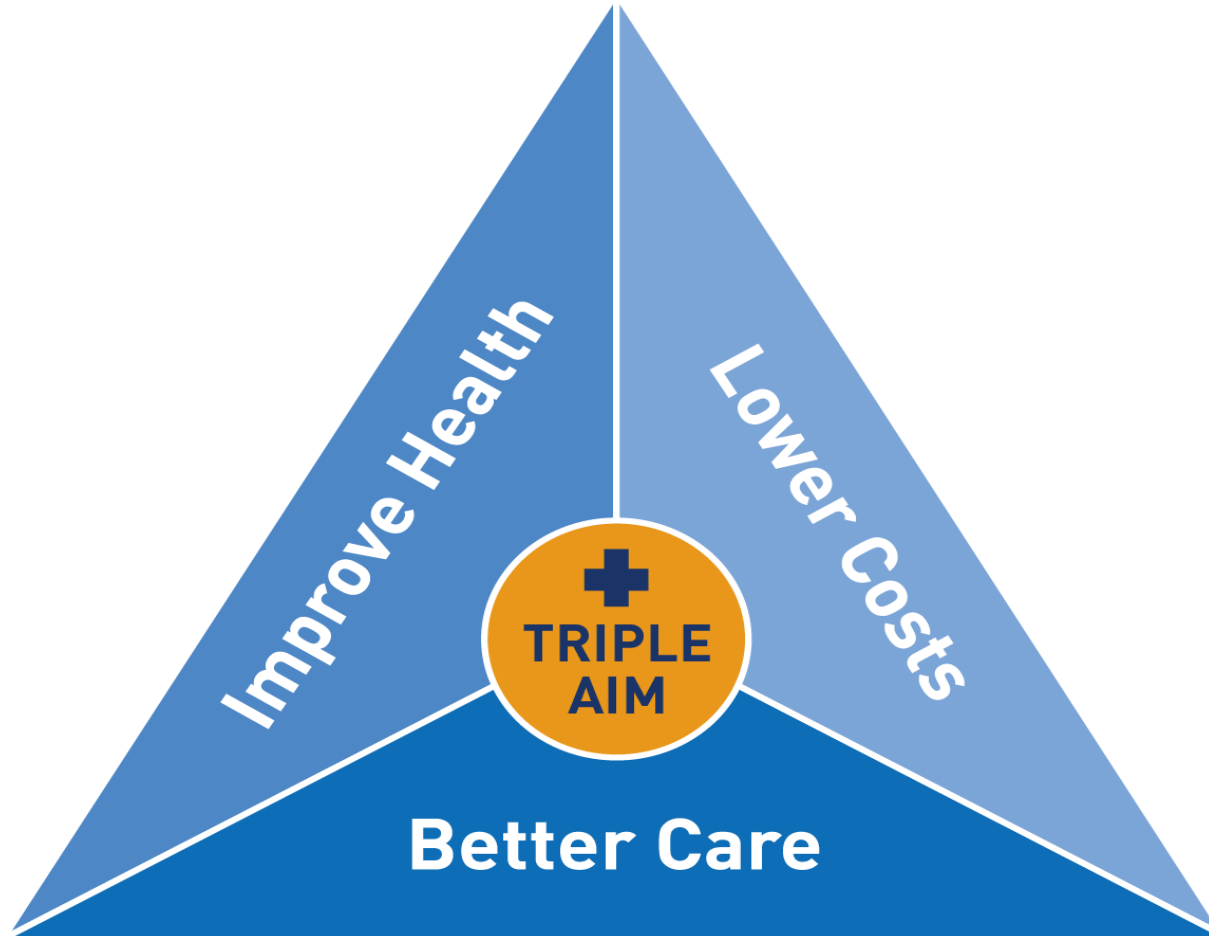
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# The Environment a Decade Ago

- Health care costs rising faster than any other economic indicator
- Stealing dollars from other important human endeavors e.g. education and public safety
- Large budget shortfalls resulting from the “great recession”
- Great disparities in health outcomes and access to care among communities of color
- Healthcare quality unacceptably substandard
- Too many Oregonians without access to affordable health care
- A belief that we could, and had to, do better!

# Goals of Reform



**Sustainable Cost Growth**

# Traditional Attempts at Lowering Health Care Costs and Balancing Budgets

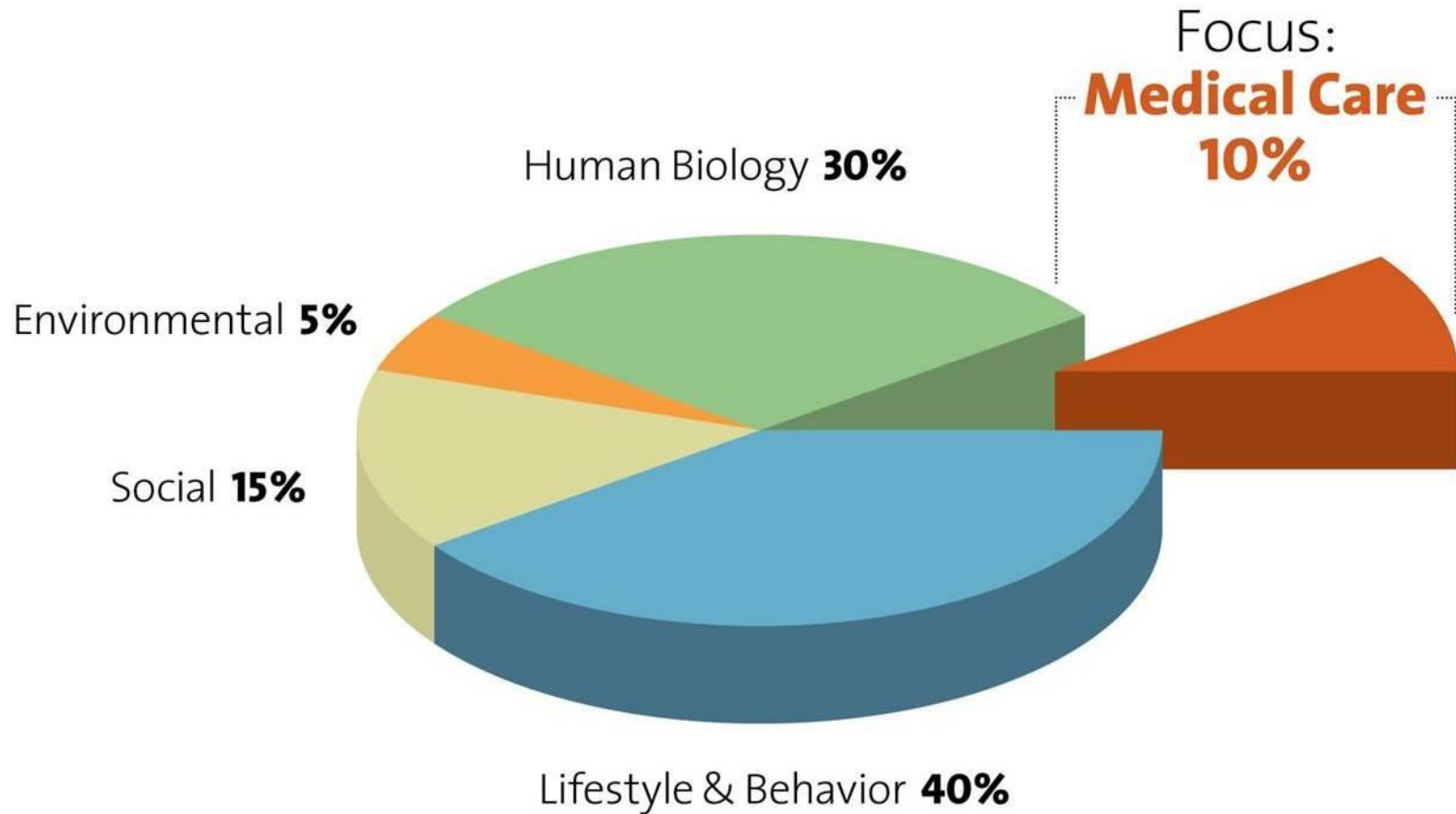
- Cut people from care
- Cut/Reduce services
- Cut provider rates and shift costs

# A Fourth Path

## Fundamentally Change How Care is Delivered To:

- Improve health - not just deliver health care
- Better coordinate care at patient and financing level
- Integrate our public health, physical, mental and dental health systems
- Create fiscal sustainability
- Measure performance
- Assure accountability for health and financial outcomes
- Engage people in their own health
- Pay for outcomes, not activities
- Provide clear and transparent information

# Wrong Focus = Wrong Results



**Over a year of workgroups, public meetings  
and listening sessions**



# ALL HEALTH AND HEALTH CARE ARE LOCAL

- Organizing and aligning health care providers, community organizations and consumers toward a common goal and purpose
- Creating a common set of clinical aims and administrative expectations



# Oregon's Coordinated Care Model

Local  
Accountability &  
Governance

Global Budget  
with Fixed Rate  
of Per Capita  
Growth

Integrated and  
Coordinated  
Care

At Risk for  
Quality  
(Metrics)

Flexibility

# The vision of the coordinated care model ultimately extends beyond the clinic walls



Source: Public Health Institute

# Strategy

- Begin with Medicaid
- Demonstrate “proof of concept”
- Extend to other state purchased markets - public employees, teachers
- Extend to commercial market

# Oregon's 1115 Medicaid Waiver

- 1115 Medicaid demonstration waiver
  - Submitted March 1, 2012, Approved July 5, 2012
  - Establishes CCOs as Oregon's Medicaid delivery system
  - Flexibility to use federal funds for improving health
  - Federal investment of \$1.9b over 5 years
  - Oregon's accountabilities
    - 2 percentage point reduction in per capita Medicaid trend
    - No reductions in benefits or eligibility
    - Financial penalties for not meeting cost savings or quality goals
    - Quality metrics

**PROGRESS**

**and**

**CHALLENGES**