

# **Oregon Health Policy Commission Road Map for Health Care Reform (Draft)**

## **Executive Summary**

The Oregon Health Policy Commission (OHPC) was asked by Governor Kulongoski to develop recommendations for a system of affordable health care that is accessible to all Oregonians. Throughout 2006, the Commission has worked diligently and collaboratively to develop concrete, realistic reforms that Oregonians can implement over the next five years. The recommendations outlined in this report are intended both as a road map for reform and as a reference for health care reform discussions in the 2007 legislative session and beyond.

### **Vision**

**Provide all Oregonians affordable access to a high value health care system that ensures positive outcomes and promotes healthy lives.** An affordable health care system is one in which all Oregonians: participate in both the benefits and the costs of a reformed health care system; have access to affordable, high quality health care; and are adequately protected against financial ruin associated with catastrophic medical expenses. A reformed, high value health care system is one that will provide all Oregonians access to high quality, coordinated, safe care; ensure efficient, evidence-based care; and support continuous improvement.

### **Why Reform Is Needed**

The health care system we have now is inefficient, expensive and often fails to ensure good outcomes. Health care costs are high and continue to rise. Increasingly unaffordable health care jeopardizes Oregonians' health status and the state's economic future. In 2004, one in six Oregonians, or 609,000 people (including over 117,000 children), were uninsured. Low-income Oregonians are at increased risk. Many employed individuals also lack insurance coverage. The uninsured are less likely to get routine care and more likely to delay treatment resulting in serious and costly conditions. In addition, many Oregonians lack both access to quality care and information about care costs and standards. Without good information it is difficult for people to be active participants in their own care.

All Oregonians pay the costs of system inefficiencies and services for the uninsured through higher medical bills, insurance premiums, and taxes. Providers treat uninsured patients, often providing care for which they are not paid. To recoup their costs, providers must increase costs to insured patients through higher charges to insurers. Employers pay more for insurance for their employees and are hurt by work time lost to illness. In 2003, the Institute of Medicine estimated that the 41 million people without insurance in the United States cost an annual total of \$65 billion to \$130 billion in poorer health and earlier death.

## **Note: Full draft report will be released soon for public input**

The OHPC believes the economic and human costs of these system inefficiencies must be addressed, and to do this, the Commission started with the following guiding principles for health care reform.

### **OHPC Guiding Principles for Health Care System Reform**

- Health care is a shared social responsibility. Everyone must take responsibility for reform.
- Oregon needs a plan that can be realistically implemented over the next five years by improving on existing system structures and defining new ways to provide care more effectively.
- The health care system is sustainable only if reforms address the relationship between access, cost containment, transparency, and quality.
- Resources will always be limited so decisions about covered benefits must be made through a rational process to achieve access for all Oregonians.
- Reforms must both increase insurance coverage and maintain a strong safety net that serves those who lack insurance.
- Delivery system reforms must improve service integration and align payment incentives to prioritize prevention, continuity of care, and care management.
- Reforms must maximize available federal (especially Medicaid), state, and private financing.
- Coordination with other reform efforts in the state is essential to achieve concrete reforms.

### **Reform Recommendations**

Create a high value health system through the following state policies:

- ❑ A Health Insurance Exchange, an entity that can bring individuals, coverage options, employers, and public subsidies together in a way that currently does not exist in Oregon;
- ❑ Publicly-financed coverage and insurance subsidies to ensure affordable coverage for lower-income Oregonians;
- ❑ A requirement that every Oregonian purchase affordable health insurance; and
- ❑ A broad-based employer contribution.

Create a high value health care system by implementing the following delivery system changes:

- ❑ Drive public-private collaboration on value-based purchasing, managing for quality, and making the system more transparent;
- ❑ Develop widespread and sharable electronic health records;
- ❑ Improve health care safety;
- ❑ Help all Oregonians establish a medical home; and
- ❑ Support community-based innovations that align resources for more cost-effective, higher quality care.

The OHPC reform plan also underscores the need for a thoughtful evaluation plan and includes sustainable financing options to support system change.