Health System Transformation Team Charter

I. Problem Statement

Oregon is facing an unprecedented budget shortfall of $3.5 billion, and the cost of health care for state publicly funded health care is an estimated 16 percent of the general fund budget and growing. The services people receive are not integrated, which leads to poorer health outcomes and higher costs. Treatments for physical health, mental health, substance abuse, oral health and long-term care needs are fragmented and are insufficiently tailored to meet the needs of an increasingly diverse population. If we do not act today to rein in these costs and change the delivery of health care, they will continue to overwhelm the state budget even while delivering unexplained and unnecessary variations in cost, quality and outcomes. Given Oregon's structural budget deficit, we have an imperative.

In short, we have a "burning platform" upon which our health care system rests. The current fiscal climate calls for bold action to design a new, more sustainable platform by fundamentally restructuring our delivery system as an innovative model that doesn't wait for federal health reform to take effect, but positions Oregon to deliver better health care, better health and lower costs.

II. The Solution

Achieve the Triple Aim Objectives – better health, better care, lower cost in a newly designed Medicaid system that provides health care and services to almost 600,000 Oregonians, with the goal of then including broader statewide markets. This will require shared sacrifice, strong leadership and vision for a better future.

The Oregon Health Policy Board's *Action Plan for Health* outlines eight fundamental strategies to achieve an integrated and coordinated system that cares for people through the full continuum of their lives. The first stage of implementing these strategies is created by the budget imperative: focus first on Medicaid.

The transition to a transformed delivery system can be set in motion through the following changes in Medicaid and health and services programs supported with non-Medicaid state funds:

- Coordinate all benefits, including physical health, mental health and addiction services, oral health and long-term care services, through integrated care and service entities serving geographic areas reflective of natural communities of care. In addition, begin to include coordination of social supports that promote health and keep individuals out of high cost medical care;
- Include all Medicaid eligibles, including dual eligibles and beneficiaries of behavioral health Services;
- Blend Medicare and Medicaid Funding for dual/triple eligible to create more efficient use of resources, care management, and to align incentives;
- Eliminate fragmentation of mental, physical, and oral health and long-term care;

- Develop capitation payments and/or global budgets set at levels sufficient to achieve best-practices, provider incentives for prevention efforts, and address unsustainable growth in health care costs;
- Create a framework within which local/community-based health bodies can assume increasing responsibility for health in their community;
- Build upon best practices that exist within communities and focus on evidence-based practices where there is the most potential for impact;
- Employ tactics for system change that will be attractive across all payers.

III. Products

The Health System Transformation Team is chartered by the Oregon Health Policy Board to develop a common vision, to assure the needed expertise and cooperation and to provide guidance for operational planning of the new delivery system model based on integration of physical health, behavioral health, oral health and long-term care; the OHPB's Triple Aim goals; and their eight foundational strategies. The model is to be implemented with a goal of achieving substantive changes no later than July 1, 2012.

The Team charter expires April 6, 2011.

Products of this process will be:

- **Budget**: An estimate of the expected savings to state general fund expected to result from transformation efforts.
- **Legislation:** Draft legislative language to create the legal framework and authorities to implement a high-value, transformed health delivery system in Oregon.
- **Elements of a successful integration and delivery system reform,** including, but not limited to:
  - **Payment reform implementation:** enhanced payment systems for primary care homes, Medicare methodology for hospital inpatient care, innovative systems that reward high-value care;
  - **Benefits and services integration:** includes definition of benefits and services to be provided; definition of an integrated services and health organization; elements of a request for applications/request for proposals;
  - **Metrics:** includes definition of Triple Aim metrics by which the health care delivery system will be held accountable at both the statewide and local level as well as a well-defined process evaluation to guide program development;
  - **Local accountability:** creating a framework within which integrated health and service organizations serving geographic areas reflective of natural communities of care can assume increasing responsibility for health in their community;
  - **Global budget:** methodology for development of fixed budget that grows sustainably.

IV. Principles and Policy Objectives

- Services should be population-based, culturally appropriate, and person-centered. They should address health, long-term care, and support services.
- Wasteful spending for health and long-term care service must be reduced as soon as possible to achieve beneficiary and patient safety and savings goals. It is not enough to bend the cost curve gracefully.
- Services should be coordinated across provider types and service settings, including acute care, long-term care (LTC), and public health to emphasize preventive services and to address social and economic issues bearing on health and well-being.
- Appropriate services should be delivered in the least intensive setting feasible given all available support services.
- Delivery systems should be afforded sufficient flexibility to meet consumer needs, within budgets, within and beyond services explicitly covered under Medicare and/or Medicaid.
- Integrated health and services organizations – IHSOs should be developed to administer benefits for Medicaid eligibles on a risk basis in regions of Oregon, based on geographic areas reflective of natural communities of care. These organizations may be based on partnerships including currently contracting Medicare and Medicaid health plans.
- All clients should be enrolled in an IHSO of their choice.
- Payments to both IHSOs and providers should increasingly be based on outcomes rather than on units of service.
- Consumers should be involved in delivery system reform planning.
- Effectiveness of performance monitoring and metrics (including quality of care and safety) must be increased to match the expanded scope of care and services across divergent settings of care.
- Savings should be shared by federal and state government as well as providers and also used to invest in the development of infrastructure, population health management, delivery of enhanced services (including case management and support services), and oversight of IHSO and provider performance. The state will use its share to address quality of care and services and safety issues, and to reduce the rate of growth in expenditures for health and LTC services.
- Funding streams should be blended for Medicare and Medicaid services to dual eligibles, so that resources are directed for cost-effectiveness, evidence-based practice, and best outcomes.

V. Timing

The Team work plan will be completed by February 14, 2011.

- A model with budget savings/estimates to the Board and the Governor's office by April 6, 2011.

- Products as outlined in Section III, including draft legislation, and an outline of the essential elements of delivery system reform and integrated service delivery by April 6, 2011.

VI. Staff Resources

The Oregon Health Authority will provide staffing to the Team.

VII. Team Membership

(TBA)