

**Testimony Before
The Senate Special Committee on Health Care Reform
SB 27-2 Amendments
The Oregon Better Health Act**

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STRUCTURE

➤ **Oregon Better Health Trust Fund:**

Vehicle in which to pool the public resources currently being spent on health care in Oregon

➤ **Oregon Better Health Design Board**

Develop a blueprint for national reform.

11 members appointed by Governor, confirmed by Senate.

All members serve concurrent terms expiring July 1, 2009.

▪ **Responsibilities**

1. Develop a plan to ensure that all Oregonians have access to treatment for a defined set of essential health conditions.
2. Offer a proposal to implement the plan for consideration by the United States Congress as the basis for national health care reform.
3. Oversee an actuarial process to define the set of essential health conditions.
4. Conduct public hearings to determine the adequacy of the defined set of essential health conditions in meeting the goals of the Oregon Better Health.
5. Establish Six Subcommittees
 - (a) Develop options to promote healthy behaviors through strategies that focus on both individual choices and environmental influences. These strategies shall include empowering individuals through education as well as financial incentives and disincentives to assume more personal responsibility for their own health status.
 - (b) Develop options for a mechanism to transfer the value of the public subsidy of employer-sponsored coverage through state and federal tax expenditures to the Oregon Better Health Trust Fund.
 - (c) Make recommendations on the most efficient and effective delivery system models producing quality outcomes for consideration in the actuarial process.

- (d) Make recommendations on how best to maximize the integration of health services with community based long term care services to avoid disruptions in care.
- (e) Develop options to finance and implement the health information technology services and infrastructure.
- (f) Make recommendations concerning how to address the issue of medical liability.

➤ **Oregon Health Services Commission**

- Establishes priorities from among health conditions, including physical, dental, vision, mental and chemical dependency, in 10 categories:
 1. Prevention;
 2. Pregnancy and childbirth;
 3. Acute life-threatening conditions;
 4. Acute non-life-threatening self-limiting conditions;
 5. Catastrophic conditions;
 6. Chronic life-threatening conditions;
 7. Chronic non-life-threatening conditions;
 8. End of life;
 9. Rehabilitation; and
 10. Elective conditions.
- Establishes priorities among categories and within each category -- from the most important to the least important based upon the comparative health benefit of treating each condition for optimizing the health of all Oregonians, based on criteria including, but not limited to:
 1. Social values;
 2. Clinical effectiveness of treatment to produce quality outcomes;
 3. The degree to which medical evidence exists to support the relationship between the treatment and the desired outcome;
 4. The relative cost-effectiveness of drugs, procedures and technologies in terms of the health benefit for the entire population served.

THE PROCESS

➤ Defining a Set of Essential Health Conditions

- The prioritized list is given to an independent actuary to determine the cost of treating each condition on the list.
- The Oregon Better Health Design Board will oversee this actuarial process and – with the involvement and input of affected persons -- will develop the actuarial assumptions to be used. These assumptions must include, but are not limited to:
 1. The actuarial assumptions concerning utilization of services upon the most efficient and effective delivery system models producing quality outcomes, particularly for the management of chronic conditions.
 2. Providers must receive fair and reasonable payments for the covered set of essential health conditions to produce quality outcomes.
 3. Payments to providers may include payment for other than face-to-face encounters with providers.
 4. Payment levels to providers must take into account the need to create incentives that ensure adequate workforce capacity to meet the requirements of the most efficient and effective delivery system models producing quality outcomes.
 5. There must be value based cost-sharing for consumers, with lower or no cost sharing for the treatment of conditions that are higher on the priority list, particularly when the treatment is highly effective in producing quality outcomes, and with higher cost-sharing burdens for the treatment of elective, discretionary conditions and conditions that are lower on the priority list.
- The set of essential health conditions will be determined by:
 1. Dividing the value of the Oregon Better Health Trust Fund by the eligible population to arrive at a capitation rate.
 2. Applying the capitation rate to the prioritized list of health conditions.

➤ Developing a blueprint for national reform

- Within 60 days of the passage of the Act:
 1. The Oregon Better Health Design Board and the Health Services Commission will begin the benefit design process of establishing priorities and determining the cost of treating a defined set of essential health conditions.

2. The Oregon Better Health Design Board shall establish the six subcommittees to begin to carry out their charges.
- For the purpose of the benefit design process it will be assumed that the resources available to the Oregon Better Health Trust Fund will be the total value of the following funds currently being spent on health care each year in Oregon:
 1. Medicare funds assuming the national average reimbursement rate;
 2. Medicaid funds;
 3. General Fund moneys that would otherwise be spent in the Medicaid program; and
 4. The value of state and federal tax expenditures for employer-sponsored health insurance coverage.
 - Based upon the recommendations of the six subcommittees, the Oregon Better Health Design Board will develop a plan to implement the provisions of the Oregon Better Health Act for consideration by the United States Congress as the basis for national health care reform.
 - In developing the plan, the board shall conduct public hearings and solicit testimony and information from a broad range of citizens and stakeholders. The board shall:
 1. Develop a transition plan that details the changes, resources and time frames necessary to make an orderly transition from the current system to the new system.
 2. Conduct public hearings on the proposed plan.
 3. Include recommendations for the appointment of a permanent Oregon Better Health Board which will detail the structure, membership and responsibilities of the permanent board.
 4. Finalize the plan based upon information provided in the public hearings.
 - Submit the plan to the Governor for approval.
 - The plan will be presented for consideration to the next regular or special session of the Legislative Assembly following the Governor's approval. The legislative proposal shall:
 1. Request that the Oregon Congressional delegation submit federal legislation which reflects the plan
 2. Request federal authority to implement portions of the plan as pilot projects.