April 4, 2013

Health Share of Oregon Comments on SB 724

Members of the Senate Committee on Health and Human Services:

Thank you for the opportunity to comment on Senate Bill 724, which would require the Oregon Health Authority (OHA) to develop a payment methodology to reimburse coordinated care organizations' (CCO) costs in providing innovative, nontraditional health services for which there are no established billing codes. CCOs contract with the State to provide high quality, high value, coordinated care to Oregon Health Plan (OHP) members. Health Share of Oregon is the state's largest CCO, serving approximately 165,000 members in the Tri-County area, and is organized as a private non-profit corporation.

Health Share supports SB 724 because CCOs were designed with flexible benefits in mind, flexible benefits should not be considered administrative costs, and public policy should support health care delivery system innovations. In order to achieve the original intent of Medicaid CCOs, the State needs to develop a sensible payment methodology for innovative health services.

The State designed CCOs to be able to provide flexible benefits to support the full health of OHP members—covering not only traditional physical, mental, and oral health care needs, but also addressing social, economic and environmental factors that impact an individual's health. Health Share is very fortunate to have received a federal grant from the Innovation Center to test various flexible benefit and alternative interventions in order to bend the cost curve and improve outcomes for our members. This three year grant allows us to experiment with the exact type of creative approaches the State would like to see the CCOs utilize.

A recent example illustrates this work. A grant-supported community health worker was assigned to an enrollee who has multiple chronic conditions(including serious mental health conditions), frequently uses the emergency department, and is homeless. In order to first gain the trust of this enrollee, the community health worker started by bringing a couple of blankets to him so that he could be warm at night in his car. This simple gesture launched a relationship built on mutual respect and trust, and the enrollee is now in supportive housing and has not visited an emergency department in several months. Those blankets are the essence of flexible benefits. Other examples of flexible benefits include peer support interventions (an intervention that has proven particularly successful in addiction treatment) and such services as home assessments for asthma patients, which might lead to interventions such as the provision of mattress covers or even a decent vacuum cleaner. These examples are not unlike the Governor's often cited air conditioner to keep a person with a diagnosis of heart failure from recurrent hospitalizations. All of these efforts are central to developing a coordinated health care delivery system for a vulnerable and disadvantaged population that achieves cost savings while improving health.

Unfortunately, when our grant ends, we will have no system in place for actually buying those blankets. That is why SB 724 is so critical to the work at hand.

As good stewards of public funds, Health Share aims to keep administrative costs low. Without an appropriate accounting methodology for flexible benefits, the costs associated with these benefits are categorized as administrative costs. However, they are not administrative in nature; they are direct services for OHP members that simply have not been previously contemplated by the medical establishment. Under the current system, CCOs have little incentive to provide flexible benefits because the cost savings achieved by utilization of the services are not recognized as a reduction in health services expenses but instead as increased administrative spending.

This is the time in our health care transformation where we have to ask a very fundamental question: Can we stop thinking about health status as simply the summation of office visits, MRIs, or gall bladder removal and start viewing health status as a measurement of quality of life? Two blankets for a homeless enrollee turned the tide in that person's life. If we can keep a child with asthma in school and engaged in their community by providing the family with a functioning vacuum cleaner, isn't that an improvement in quality of life that our society should recognize as an investment in health rather than an additional administrative cost?

Public policy should encourage lower-cost non-medical solutions to health problems where they are available—not actively discourage them by failing to provide a funding mechanism for flexible benefits. For these reasons, Health Share supports the development of a payment methodology for flexible benefits and urges passage of SB 724.

Respectfully Submitted by Janet L. Meyer, Chief Executive Officer

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