



To: Members of the House Committee on Health Care

From: State Representative Maxine Dexter, M.D., House District 33

Date: May 27th, 2021

Subject: Global Budgets for Healthcare

Chair Prusak, Vice-Chairs Hayden and Salinas, Members of the Committee,

For the record, my name is Dr. Maxine Dexter, State Representative for House District 33, encompassing NW Portland and NE Washington County on the indigenous lands of the Cowlitz, Clackamas, and Grand Ronde. I am grateful for this opportunity today to present on the concept of global budgeting for our healthcare system -- I am convinced this is a concept that we must move towards to truly get to making healthcare more flexible in delivery, more innovative in partnership, more sustainable in price and better for all Oregonians.

HB 2810 is my concept bill that would have created a pilot project to trial a global budget for reimbursement of care for PEBB and OEBC members. I had a good idea, and yet it needs more work to become the right policy, able to be successfully executed. I am grateful to the many stakeholders, including those who will also present here for you today, who have already spent hours in discussions, helping me consider this concept and make a plan for how to do it better.

The U.S. healthcare system is the only economic sector that produces goods and services which none of its customers can afford. This lack of affordability is perpetuated by heavy government subsidies, the percentage of which continue to increase and none of which are effectively controlled. This is not a demand-driven, capitalist market; this is an uncontrolled market that serves many interests with the lowest priority going to those who matter most, the people receiving care. In Oregon, according to the OHA, total healthcare payments per person have been increasing at a rate of 5.6% per year, compared to 4.2% nationally ¹. This is, and has been unsustainable and must be addressed definitively. Our return on this investment is not at all what anyone would expect if purchasing a product or service on a truly open

market -- health outcomes in the U.S. fall far below that of many other countries who spend far less per capita ².

Global budgeting for healthcare is the next step in the strategic innovation of Oregon's healthcare system. A global budget means that the state agrees to pay a capitated (or pre-determined, universal) rate per Oregonian, per month, to the healthcare sector for the delivery of high-quality care. This allows the state to budget with clarity and purpose and incentivizes the system to do exactly as it should -- keep people healthy. Capitation leads to prevention and upstream investments in health; it gives predictable and clear funding to the system which allows flexibility for insurers and clinicians to provide patients with the care they need, when they need it, and disincentivizes low-value care, which was 40% of nearly 50 measured services in a 2020 report by OHA ³. Finally, a global budget will lead to care innovation and collaboration as everyone does better when resources are aligned around a universal goal of health.

I live much of this reality every day as a Kaiser Permanente physician. I, as a provider, am able to make shared decisions with my patients and their families about their care. I have only filled out a prior authorization 4 or 5 times in my 13-year career, when I needed to send patients to another state for lung transplants or specialized surgical procedures; I have no idea what my RVUs (Relative Value Unit, the "widgets" of the healthcare world) are or what kind of "productivity" I have; I have never had anyone tell me I cannot choose the best medication for my patient; I know where I rank amongst my peers for identifying the complexities of my patients and addressing those issues; I know what percent of my patients feel "cared for" when they come to see me and I see their direct feedback on how I could do better. I get to collaborate with colleagues from all relevant specialties through systems we have created, allowing us to deliver coordinated, high-quality care with a clearly laid out plan and because we are all paid a salary, no one is motivated by anything other than what is best for our patients. The system is liberating, and validates every day why I trained to be a doctor.

We can make Oregon's system even better because a true, statewide global budget system will open up enormous opportunity. The integration of behavioral health providers, culturally competent services and home health workers; investing in community gardens, recreational centers and health education programs; these are just a few examples of possible innovations that will occur when all stakeholders can pool resources. It is time for our state and partners to commit to a global budget and move us all to a healthier, more equitable future.

House Bill 2810 won't be successful this session, however it has led to an amazing group of people coming together to envision the future we all want to see and know is possible. As you will hear from the presenters after me, we are aligned to create a more sustainable system and know that a global budget is the best way to accomplish this goal. However, this work is far from over. We must continue to have thoughtful and open dialogue and bring more stakeholders to the table. I am deeply grateful to everyone who has already engaged in this work before us, paving the way to the future policy that we intend to bring to this committee once again in 2023, ready to pass, after robust stakeholder engagement and collaboration.

Sincerely,



Representative Maxine Dexter, M.D.
House District 33 (NW Portland and NE Washington County)

¹ - <https://www.oregon.gov/oha/HPA/HP/HCCGBDocs/Cost%20Growth%20Target%20Committee%20Recommendations%20Report%20FINAL%2001.25.21.pdf>

² - <https://www.healthsystemtracker.org/chart-collection/health-spending-u-s-compare-countries/#item-start>

³ - <http://www.orhealthleadershipcouncil.org/wp-content/uploads/2020/07/Oregon-Low-Value-Care-Report-Final-July-2020.pdf>