

# Summary of SB 27

## The Oregon Better Health Act

The Oregon Better Health Act is a self-contained delivery system and benefit design process which will engage Oregonians in the development of a detailed proposal for national health care reform. It is based on a clear set of assumptions concerning the objective of the health care system, the underlying causes of the current crisis, and how health care should be financed and delivered.

This process – which will be completed by July 1, 2009 – will produce a detailed product through which Oregonians can see what a new system would look like if the public resources we are currently spending on health care in Oregon were reorganized based on the assumptions and principles embodied in the legislation. It will use real numbers and a credible actuarial process so that Oregonians currently eligible for Medicare, for example, will be able to compare their current benefits with those they would have available under a reformed system.

It will allow a small employer in Southern Oregon or a large employer in Portland to compare the economic impact of the proposed new system to the economic impact of the current system on the bottom line of their business. In short, consumers (including employees with workplace-based coverage, the uninsured and those on Medicare and Medicaid); employees, providers, insurers and health plans will all be able to compare the current system with how they would fare under the proposal for a new system.

### Structure

Creates the ***Oregon Better Health Design Board*** (Section 5)

- Develops a plan to ensure that all Oregonians have access to treatment for a defined set of essential health conditions.
- Offers a proposal to implement the plan for consideration by the United States Congress as the basis for national health care reform.
- Establish Six Subcommittees (see “Process”).

Creates the ***Oregon Better Health Trust Fund*** (Section 4)

- For the purpose of the benefit design exercise (Section 12) the Board assumes that the total value the Trust Fund will be the sum of the following monies currently being spent on health care each year in Oregon:
  - Medicare funds, assuming the national average reimbursement rate;
  - Medicaid funds used to fund health services of the Oregon Health Plan, including federal matching funds;
  - The value of state and federal tax expenditures for employer-sponsored health insurance coverage.



## **SB 27 Design Process**

The *six subcommittees* (*Section 7*) appointed by the Oregon Better Health Design Board made recommendations concerning

- Options to empower Oregonians through education as well as financial incentives and disincentives to assume more personal responsibility for their own health status.
- Options for a mechanism to transfer the value of the public subsidy of employer-sponsored coverage through state and federal tax expenditures to the Trust Fund.
- *The* most efficient and effective delivery system models for consideration in the actuarial process.
- How best to maximize the integration of health services with community based long term care to avoid disruptions in care.
- Options to finance and implement the health information technology services and infrastructure needed for a new system.
- Options on how to address the issue of medical liability.

### ***Oregon Health Services Commission***

- Establishes priorities from among health conditions, in 10 categories (*Section 18, subsection 3*)
- 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 that have been publicly debated and agreed upon. (*Section 18, subsection 4*)

### **Defining a Set of Essential Health Conditions**

- The prioritized list is given to an independent actuary to determine cost of treating each condition on the list based on assumptions (*Section 18, subsection 6*) developed by the Oregon Better Health Design Board, including:
  1. Assumptions concerning utilization of will be based upon the most efficient and effective delivery system models producing quality outcomes
  2. Providers must receive fair and reasonable payments include payment for other than face-to-face encounters.
  3. There must be value based cost-sharing for consumers.
- The set of essential health conditions is determined by:
  1. Dividing 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.

## **SB 27 – Developing a Blueprint for National Reform**

- The Oregon Better Health Design Board and the Health Service Commission will establish priorities and determine the cost of treating a defined set of essential health conditions.
- Based upon the recommendations of the six subcommittees, the Oregon Better Health Design Board will develop a proposed 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. (*Section 14*)
- The Oregon Better Health Design 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. (*Section 15*)
  4. Finalize the plan based upon the public hearings
  5. 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. (*Section 16*) 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.

### **Timeframe**

#### ***60 days after passage of SB 27***

- Six subcommittees begin their work
- Oregon Better Health Design Board and Health Services Commission begin benefit design process

#### ***Prior to July 1, 2009***

- Benefit and delivery system design process must be completed.
- Oregon Better Health Design Board must submit completed plan to Governor for approval.

#### ***First Regular or Special Session after Governor's approval of plan***

- Plan submitted to Legislative Assembly.