

## Oregon's 1115 Medicaid Demonstration: New Partnerships to Power Up a Transformed System of Care

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The Affordable Care Act (ACA) challenged states to rebuild a health care system universally viewed as broken. Oregon embraced the challenge with a mix of quality improvement and cost containment strategies reflected in its approved 1115 Medicaid Demonstration. The plan is fundamentally changing the entire system of care for publically insured individuals in Oregon. Beyond new policies and outcome metrics, this type of system change will require new relationships between all parts of the system. Foundations have a responsibility to help forge and support these new relationships in transforming a system to one with more equity and better outcomes.

Long wary of supporting public programs for fear of simply being put in a position to supplant government funding, foundations must find their new place in helping demonstrate system change. People should be at the center of any high-quality health system, not the source of funding and systems providing services. The question should no longer be: Are we just supplanting government funding? The question should be: Are we supporting services that, at their core, reflect what all people deserve: high-quality, respectful, affordable, and economically sustainable?

### DEMONSTRATING CHANGE

Section 1115 of the Social Security Act provides states additional flexibility to design and improve Medicaid and the Children's Health Insurance Program (CHIP). The ACA requires increased public participation and greater transparency of demonstration projects under Section 1115. In effect, this has changed the fundamental relationship between federal agencies, such as the Centers for Medicare and Medicaid Services, and their state-level counterparts. Once based on rule establishment and enforcement, these agencies are figuring out how to create relationships that accommodate innovation and a sense of urgency critical for changing well-established systems of care.

Like most other states, the ballooning costs of Medicaid and CHIP provided the urgency in Oregon. As a result, the state now has a federally approved blueprint for change in its 1115

Medicaid Demonstration. It also has a \$1.9 billion federal commitment over five years to help build out this new system of care. The deliverables, negotiated under these new relationships, have ushered in a new type of momentum that will drive system change.

### COORDINATED CARE ORGANIZATIONS

If Oregon's 1115 Medicaid Demonstration is the blueprint for a new system of care, Oregon's coordinated care organizations serve as the structural detail. Coordinated care organizations are networks of health care providers (physical health care, addictions and mental health care, and, increasingly, dental care) working together in their local communities to serve people who receive health care coverage under the Oregon Health Plan (Medicaid).

There are currently 15 coordinated care organizations focused on prevention and disease management services in communities across Oregon. They have one budget that grows at a fixed rate for mental, physical, and, increasingly, dental services. Coordinated care organizations are governed by a partnership among health care providers, community members, and stakeholders in the health system. They have financial responsibility and risk, as well as accountability for health outcomes of populations served.

Community advisory councils operate within each coordinated care organization to advise and make recommendations regarding strategic direction. Councils are designed to enable consumers, which comprise a majority of the councils, to take an active role in improving their own health and that of their family and community members. They also serve as an important component of directing care and improving health indicators at the local level.

### THE IMPORTANT ROLE OF PHILANTHROPY

Achieving results under Oregon's 1115 Medicaid Demonstration project will take a fundamental change in relationships across all sectors. With increasing urgency, other states are moving quickly down this path. Foundations have

the potential to support change agents in ways that empower and provide a level of flexibility to help transform systems of care. The Portland, Oregon-based Cambia Health Foundation is strategically partnering with organizations and initiatives that will be critical to achieving a successful new system of care. Realizing our important role in being a good partner in transforming care, we identified a path to create a diversified grant portfolio that will help:

- make health care more affordable, understandable, and equitable for individuals and their families;
- create an economically sustainable system of care with a payment model that is focused on outcomes; and
- support quality improvement and innovation through integrated, person-centered services.

The foundation is committed to finding a “sweet spot” where these outcomes intersect with work to transform care under Oregon’s 1115 Demonstration Project. Two strategic grants that exemplify this work are addressing the core tenants of the demonstration project: quality, savings, transparency, and workforce.

- Virginia Garcia Health Center, a federally qualified health center, is a pilot site for an initiative that developed and is testing an alternative payment methodology (APM) that aligns payment systems with services provided by a patient-centered integrated care team. The project will shift emphasis from volume and procedures to value and outcome through simultaneous cost, quality, and service-level analysis. The current system turns to three levers to address issues: cut services to people, cut provider rates, or cut the number of people enrolled. These actions always shift costs to other public or private health systems. APM is a cornerstone of transforming health systems and achieving the triple aim of improved care for individuals, improved population health, and decreased costs across the health delivery system. A \$122,000 grant over two years is providing additional flexibility and staff support to transform business and service models of care. Equally important, it is providing resources to help with culture change and additional stress created by the significant uncertainty when you lead change.
- Community health workers play several important roles: promoting health within the community in which they reside; serving as a liaison between communities, individuals, and coordinated care organizations; providing culturally and linguistically appropriate health or nutrition education; and advocating for individual and community health. The Portland State University School of Community Health is coordinating multiple stakeholders to create core training and competency standards for this work while maintaining the unique role community health workers play in their communities and health service delivery systems. To help develop these new relationships, the foundation started its commitment with a \$70,000

### Quality

Vast arrays of quality metrics are shifting the system from one based on fee for service to one based on pay for performance.

### Savings

Oregon agreed to reduce Medicaid expenditure trends by two percentage points by the end of the second full year of the wavier period.

### Transparency

Savings cannot be achieved by cutting services, degrading quality, or reducing payment rates. Advancing transparency about the system and services must accompany information necessary for enrollees to make informed choices.

### Workforce

In addition to providing training and development for 300 community health workers by 2015, Oregon will establish its own loan repayment program for primary care providers who agree to work in rural or underserved communities.

planning grant. Under tight timelines, the funding supported the formation of a diverse stakeholder group to develop strategic plans and priorities important to sustained change. The project furthers Oregon’s reform efforts to not only improve the standard of care, but also promote a diverse health care workforce and fully integrating community health workers into coordinated care organizations and other health service delivery systems.

## PARTNERS FOR HEALTH

Relationships will need to continue changing as new systems of care take hold. In Oregon the Medicaid Demonstration is just the beginning. High-quality, affordable, equitable, and economically sustainable should be goals for all aspects of our health system. Public, private, and nonprofit sectors will intersect within an increasingly interdependent system of care in every state. Foundations are in an excellent position to utilize financial and knowledge resources to facilitate and grow these new relationships. **It is imperative that we guide our influence as grantmakers in health to find new opportunities to become funding partners for health.**

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