Health vs. Health Care
Health Field Model
Influence Factors on Health Status

- Lifestyle & Behavior: 40%
- Human Biology: 30%
- Medical Care: 10%
- Social: 15%
- Environmental: 5%

Total Investment in Health as % of GDP
Health Expenditures as % of GDP, 2009

Yale Global Health Leadership Institute
Ratio of Social Service to Health Care Spending

*Switzerland and Turkey are missing data for 2009

Yale Global Health Leadership Institute
Adverse Childhood Experiences

Investing in Prevention
Public Resources

1. Fiscal Commons
2. Finite
Medicaid

1. Categorical eligibility
2. Federal matching dollars
3. Cost shifting
The Oregon Health Plan
Coordinated Care Organizations
Federal Waiver

$1.9 billion 5-year investment

Reduction Medicaid cost trend rate from 5.4% to 3.4% by end of second year.

No reduction in enrollment or benefit

Meet rigorous quality and outcome metrics
Areas of Agreement

1. Nobody can afford total cost of care

2. Everyone needs a “third party” to help pay the bill

3. Medicaid should be expanded

4. Some low income people not on Medicaid need subsidy to help buy commercial insurance
Areas of Disagreement

Medicaid
- 133%

Commercial
- 138%
- Subsidy
Cost

Not addressing **System Cost**

... just who pays the bill?
Managing Total Cost of Care
Medicaid Spending Under Current Law and Under the Better Care Reconciliation Act

Source: Congressional Budget Office.
Yearly Savings in millions
Cumulative Savings: $8.6 billion total funds, $6.5 billion federal funds
Network for Regional Healthcare Improvement

Five regional markets: Oregon, Utah, Maryland, St. Louis, Minnesota.

Oregon lowest utilization but highest cost

If two regions with highest cost (OR, MN) reduced spending my 2.5% ($9 pmpm) employers would save $200 million per year
Not reducing amount currently spending

Reducing rate of increase to sustainable level

Reinvest savings in SDH
Oregon’s Journey

1989 — Oregon Health Plan
• Prioritizing for health
• Population health
• Did not address cost

2012 — Coordinated Care Organizations
• Managed total cost of care
• Did not address SDH
The Next Path

Public Health

“Public health saves money, improves our quality of life, helps children thrive and reduces human suffering.”

American Public Health Association
Health Loss Ratio
Counts both medical and social spending)

If the Medical Loss Ratio is 85:15 (85% on medical care and 15% on administrative overhead) then the Heath Loss Ratio is 85:0

• 85% of budget spent on medical care

• 0% of budget spent on social investment
Health Loss Ratio
Counts both medical and social spending)

<table>
<thead>
<tr>
<th>Waiver year</th>
<th>HLR</th>
<th>Medical</th>
<th>Social</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>85:0</td>
<td>85</td>
<td>0</td>
</tr>
<tr>
<td>2018</td>
<td>80:5</td>
<td>80</td>
<td>5</td>
</tr>
<tr>
<td>2019</td>
<td>75:10</td>
<td>75</td>
<td>10</td>
</tr>
<tr>
<td>2020</td>
<td>70:15</td>
<td>70</td>
<td>15</td>
</tr>
<tr>
<td>2021</td>
<td>65:20</td>
<td>65</td>
<td>20</td>
</tr>
</tbody>
</table>