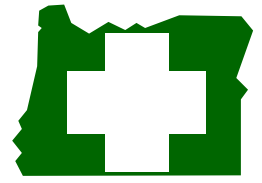


SB 329: Healthy Oregon Act

Why health care reform makes good fiscal sense



Why is reform needed?

- One in six Oregonians, including many working Oregonians, were uninsured in 2006. Those at a low income are especially vulnerable. People without insurance are less likely to get routine care and more likely to delay treatment, resulting in serious and costly medical conditions.¹
- Health care costs are increasing by an average of 10% a year, while personal income is growing at 2%. Increasingly unaffordable health care jeopardizes not only Oregonians' health status but also our state's economic future.²
- As health care costs rise, the percentage of employers who offer health insurance drops. In 2004, less than 53% of private employers offered insurance to employees, the lowest percentage since 1998.³
- Medical debt is common. A recent national survey found that one out of six non-elderly adults - 29 million people - had recent or accrued medical debt.⁴
- Many Oregonians lack access to information about costs and quality. Without good information, it is hard for people to actively understand, plan for and participate in their own health care.
- There is overwhelming agreement that the health care delivery system we have now is inefficient, expensive and often fails to ensure good outcomes.

Everyone already pays for the uninsured.

Let's start paying for something that works better.

All Oregonians pay the costs of system inefficiencies and services for the uninsured through higher medical bills and insurance premiums, increased consumer prices, and higher taxes.

Oregon bears a heavy cost for having a large uninsured population. The estimated cost of uncompensated care in hospitals alone was \$299 million in 2004 and that number continues to increase. Researchers estimate that total uncompensated care costs (for hospital, physician and other care) will be \$534 million in 2008.⁵ Both state government and the insured pay for this care. Uncompensated care accounts for 10% of the cost of insurance premiums. This amounts to a "hidden tax" on Oregonians.⁶

In 2005, health services for the uninsured increased annual private health insurance premiums in Oregon by an estimated \$372 for individual coverage and \$1,128 for family plan. Without meaningful reform, these costs will continue to grow. In 2010, the costs incurred by uninsured Oregonians could increase annual insurance premiums in the state by \$544 for individual and \$1,886 for family coverage.⁷

Senate Bill 329 offers health care reform that will increase productivity and strengthen our economy.

Senate Bill 329 seeks to ensure that all Oregonians are covered by a health insurance plan that provides high quality, effective, safe, patient-centered, evidence-based and affordable health care delivered at a lower cost. Another goal is to bring all partners to the table to create a system of public/private health care partnerships that foster public involvement and oversight, consumer choice, and competition within the health care market place. SB 329 recognizes that for reform to be financially sustainable, investments that ensure everyone has access to health care must be paired with delivery system reforms to make the system more efficient and accountable.

(continued on reverse)

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¹ Oregon Health Policy and Research. *2006 Snapshot Update of Oregon's Uninsured* (February 2006) and *Trends in Oregon's Health Care Market and the Oregon Health Plan* (February 2007). Available on the OHPR website: <http://www.ohpr.state.or.us>.

² Ibid.

³ Oregon Health Policy and Research. *Trends in Oregon's Healthcare Market and the Oregon Health Plan*. February 2007. Sixty-two percent of Oregonians receive health insurance coverage through their employers.

⁴ Robert W. Seifert and Mark Rukavina. "Bankruptcy Is The Tip Of A Medical-Debt Iceberg." *Health Affairs*, March/April 2006; 25(2): w89-w92.

⁵ Stoll K, "Paying a Premium: The Added Cost of Care for the Uninsured." *Families USA*, 2005.

⁶ "Covering the Uninsured: The Cost to Oregon DRAFT", John McConnell, et al., 2007.

⁷ Stoll K, "Paying a Premium: The Added Cost of Care for the Uninsured." *Families USA*, 2005.

Why health care reform makes good fiscal sense



The health reform developed through SB 329 promises to increase productivity and strengthen our economy in the following ways:

- ***A reform plan that ensures all Oregonians have access to health care will reduce health insurance premiums for everyone.***
 - All Oregonians share the cost of care for the uninsured by way of higher insurance premiums. Successful health care reform that reduces uncompensated care promises to reduce health insurance premiums by 10%.
- ***Health is more than health care: SB 329 recognizes that our system needs to be focused on ensuring Oregonians are healthy and productive.***
 - Oregon's large uninsured population has costs beyond the direct cost of providing health services to people without insurance.⁸ Much of the cost is due to the poorer health experienced by the uninsured, who forgo needed care in favor of every day necessities like food and rent. The Institute of Medicine assesses the economic benefit of better health outcomes by getting all uninsured Americans continuous health insurance coverage (and appropriate health care) at between \$65 and \$130 billion a year.⁹ Insured employees are healthier, miss less work, and are more productive when they are on the job.
- ***SB 329 offers delivery system reforms to control costs and improve care, including:***
 - *Implement electronic health records* to make providers more efficient and allow them to avoid unnecessary or duplicative tests and procedures. An estimated 9% to 20% of laboratory tests could be avoided if the records were immediately available to the clinician, saving up to \$31.8 billion annually in medical costs nationally.¹⁰ This could be as much as \$39 million a year in Oregon.¹¹
 - *Reduce health care-acquired infections* to slow the increase of insurance premiums and help make coverage more affordable. The average hospital stay in Oregon was \$32,000 higher when the patient experienced a health care-acquired infection (HAI).¹²
 - *Reduce medication errors* to lower costs and improve health outcomes. The Institute of Medicine estimated 7,000 deaths a year are due to medication errors.¹³ Each preventable adverse drug event added \$2,000 to hospital costs, totaling \$2 billion nationally. Reducing medication errors could lower hospital care costs by as much as \$24.7 million a year and save as many as 86 lives in Oregon.
 - *Improve public reporting of medical cost and quality information* to help consumers make informed decisions about their care and will give providers an incentive to increase quality and efficiency.
- ***State dollars that Oregon invests in expanding coverage will draw new federal matching funds into the state—dollars that otherwise would not flow into our economy.***

SB 329 would maximize available federal funding in order to make health care more affordable to lower income Oregonians. Estimates prepared for the Oregon Health Policy Commission indicate that federal funds under Medicaid could grow by over \$800 million a year under comprehensive health reform.¹⁴

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⁸ *Hidden Costs, Value Lost: Uninsurance in America*, Institute of Medicine. 2003. Estimated value of improved health for currently uninsured who gains coverage: \$1,645 to \$3,280 a year.

⁹ "Covering the Uninsured: What Is It Worth?", Wilhelmine Miller, et al. *Health Affairs - The Uninsured, Value of Coverage* Web exclusive. March 31, 2004.

¹⁰ Bates DW, Kuperman GJ, Rittenberg E, Teich JM, Fiskio J, Ma'luf N, et al. *A Randomized Trial of a Computer-Based Intervention to Reduce Utilization of Redundant Laboratory Tests*, *Am J Med* 1999; 106(2): 144-150.

¹¹ Oregon 2006 population (3,690,505) was 1.23% (PSU report) of U.S. population (299,398,484, U.S. Census).

¹² "Infections Due to Medical Care in Oregon Hospitals, 2003-2005" Research Brief by Office for Oregon Health Policy & Research. November 2006. Available at <http://www.oregon.gov/DAS/OHPPR/RSCH/>.

¹³ "To Err Is Human: Building a Safer Health System," Linda T. Kohn, Janet M. Corrigan, and Molla S. Donaldson, Editors, Institute of Medicine. National Academy Press, 2000.

¹⁴ "Covering the Uninsured: The Cost to Oregon DRAFT", John McConnell, et al., 2007.