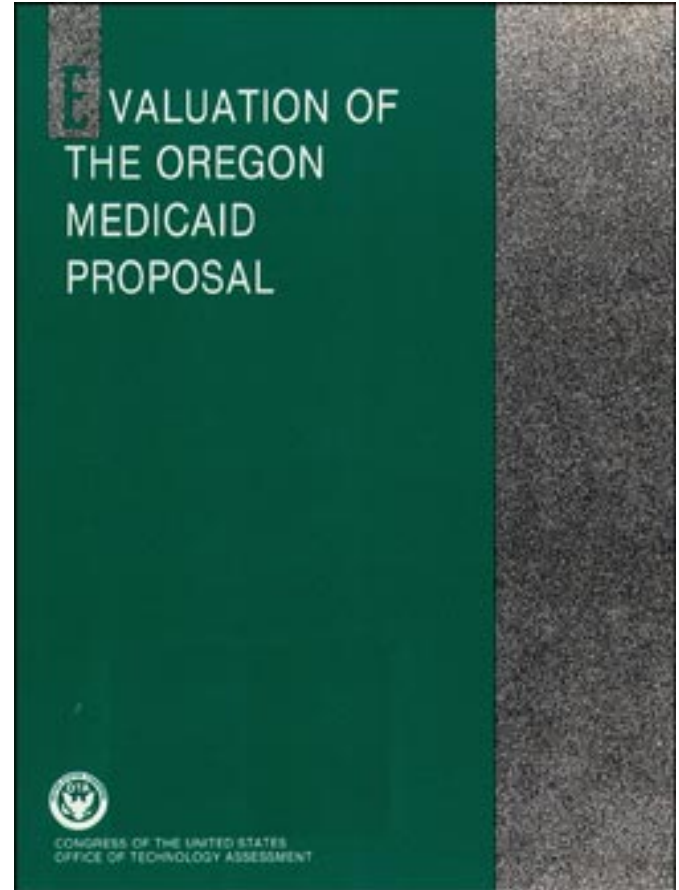


Evaluation of the Oregon Medicaid Proposal

May 1992

OTA-H-531

NTIS order #PB93-116192



Recommended Citation:

U.S. Congress, Office of Technology Assessment, *Evaluation of the Oregon Medicaid Proposal, OTA-H-531* (Washington, DC: U.S. Government Printing Office, May 1992).

For sale by the U.S. Government Printing Office
Superintendent of Documents, Mail Stop SSOP, Washington, DC 20402-9328
I SBN 0-16 -038015-4

Foreword

As part of an eventual statewide set of health insurance reform measures, the State of Oregon has proposed implementing a demonstration program, with Federal cofunding, that would change the State's existing Medicaid program in three fundamental ways. It would: 1) expand coverage to include all persons with incomes up to 100 percent of the Federal poverty level; 2) enroll all covered persons in some form of managed care, such as with a health maintenance organization or a "gatekeeper" primary care physician; and 3) determine acute and primary health care benefits according to a ranked list of services, with actual benefits dependent on the level of program funding.

Concern about the effects of Oregon's Medicaid proposal on program recipients, and the potential ramifications of the proposal for the ongoing national health care debate, prompted Congress to ask the Office of Technology Assessment to examine the proposal in detail. This report was prepared in response to a request from Representative John Dingell, chairman of the House Committee on Energy and Commerce, and Representative Henry Waxman, chairman of the House Subcommittee on Health and the Environment. The request for this study was endorsed by Senator Al Gore, Chairman of the Senate Subcommittee on Science, Technology, and Space, and by the Oregon delegation, including Senator Bob Packwood, Senator Mark Hatfield, Representative Les AuCoin, Representative Peter DeFazio, Representative Mike Kopetski, Representative Ron Wyden, and Representative Robert F. (Bob) Smith.

Many individuals—both in favor of and opposed to the Oregon proposal—have urged OTA to explicitly recommend whether the proposed demonstration should be approved or to explicitly conduct a political analysis on the need for rationing health care services. We felt that at least one organization examining the Oregon proposal should confine its examination to technical critique and evaluation of potential consequences—both positive and negative—of the proposed demonstration. This is the approach OTA took. We hope that the resulting report will therefore be not only useful to the Congress and others as they look at the Oregon plan but also relevant to States and other parties as they consider ways to reform the health care system.

This OTA assessment was greatly assisted by an advisory panel, chaired by Lincoln Moses, Professor of Statistics, Stanford University. In addition, a large number of individuals, including many from the State of Oregon, provided information and reviewed drafts of the report.

OTA gratefully acknowledges the contribution of each of these individuals. As with all OTA reports, the final responsibility for the content of the assessment rests with OTA.


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NOTE: OTA appreciates and is grateful for the valuable assistance and thoughtful critiques provided by the advisory panel members. The panel does not, however, necessarily approve, disapprove, or endorse this report. OTA assumes full responsibility for the report and the accuracy of its contents.

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List of Acronyms

ADA	— Age Discrimination Act of 1975	IPA	— independent practice association
AFDC	— Aid to Families with Dependent Children	IRB	— institutional review board
AFDC-UP	— Aid to Families with Dependent Children-Unemployed Parent	MHC	— migrant health center
AHA	— American Hospital Association	NASBO	— National Association of State Budget Officers
AIDS	— acquired immune deficiency syndrome	NGA	— National Governors Association
ALS	— amyotrophic lateral sclerosis	NICU	— neonatal intensive care unit
CABG	— coronary artery bypass graft	NMES	— National Medical Expenditure Survey
CAD	— coronary artery disease	NP	— nurse practitioner
CBO	— Congressional Budget Office (U.S. Congress)	OAH	— Oregon Association of Hospitals
CHC	— community health center	OBRA	— Omnibus Budget Reconciliation Act
CHD	— county health department	OHD	— Oregon Health Decisions
COBRA	— Consolidated Omnibus Budget Reconciliation Act	OHP	— Office of Health Policy (State of Oregon)
CPT-4	— Current Procedural Terminology, 4th Edition	OMA	— Oregon Medical Association
CT	— condition-treatment (pair)	OMAP	— Office of Medical Assistance Programs (State of Oregon)
DCO	— dental care organization	OMPRO	— Oregon Medical Peer Review Organization
DHHS	— U.S. Department of Health and Human Services	OPCA	— Oregon Primary Care Association
DRG	— diagnosis-related group	OSIP	— Oregon Supplemental Income Program
DSH	— disproportionate-share hospital	OTA	— Office of Technology Assessment (U.S. Congress)
DTP	— diphtheria, tetanus, and pertussis (combination vaccine)	PCCM	— primary care case manager
EPSDT	— Early and Periodic Screening, Diagnosis, and Treatment	PCO	— physician care organization
FCHP	— fully capitated health plan	PHP	— prepaid health plan
FDA	— Food and Drug Administration (Public Health Service)	PLM	— poverty level medical
FFS	— fee-for-service	PTCA	— percutaneous transluminal coronary angioplasty
FPL	— Federal poverty level	QMB	— Qualified Medicare Beneficiaries
FQHC	— federally qualified health center	QWB	— Quality of Well Being (scale)
FY	— fiscal year	RFA	— request for application
GA	— general assistance (State of Oregon)	RHC	— rural health clinic
GAO	— General Accounting Office (U.S. Congress)	SB 27	— (Oregon) Senate Bill 27
HCFA	— Health Care Financing Administration (DHHS)	SIPP	— Survey of Income and Program Participation
HIV	— human immunodeficiency virus (AIDS virus)	SSA	— Social Security Administration (DHHS)
HMO	— health maintenance organization	SSI	— Supplemental Security Income (program) (Social Security Administration)
HPV	— human papillomavirus	USPSTF	— United States Preventive Services Task Force
HSC	— (Oregon) Health Services Commission		
ICD-9-CM	— International Classification of Diseases, 9th Revision, Clinical Modification		