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Gov. Kitzhaber and health care transformation, continued

Here's what Gov. John Kitzhaber had to say in his state of the state address Friday about the prospects of Oregon obtaining extra federal aid for its transformation of delivering state-supported health care to low-income Oregonians (known as the Oregon Health Plan, supported by the federal Medicaid program).

For every dollar Oregon puts up for the program, the federal government puts up \$2. (The ratio was greater in 2009-11 — for every 30 cents by Oregon, 70 cents came from the feds— but that extra aid to all states was discontinued by the current Congress.)

These remarks, which were not part of his advance text to the Portland City Club, were added after Kitzhaber met Wednesday with President Obama's deputy chief of staff, health-care policy adviser and the acting administrator of the Centers for Medicare and Medicaid Services. (The previous administrator was Dr. Donald Berwick, who had a working relationship with Kitzhaber, but he left his position early after the Senate did not act on his nomination.) Kitzhaber was in Washington, D.C., to participate with President Obama in a meeting related to another issue.

“We took documentation that ran through the OMB (federal Office of Management and Budget) that shows that Oregon saved the federal government \$15 billion over the past 20 years with the Oregon Health Plan — and that we can save them \$20 billion over the next 10 years with our new health-care reform. We asked them for several hundred million dollars a year each year for the next five years to help us make this transition. The response was extraordinarily positive. (Applause)

“So what that means is that we will most likely have the resources necessary to make this transition. Those dollars are not going to come to Oregon to prop up the current delivery model. They will only flow through the coordinated-care organizations that are actually going to produce those savings over the next 10 years. So (lawmakers) acting early in February to authorize the full build-out of the health insurance exchange and to authorize the expansion of the coordinated-care organizations give Oregon the best and perhaps only chance we've got to create a health-care system that is actually financially sustainable.”

Earlier in the week, a consultant presented findings to the Oregon Health Policy Board that while the shift to coordinated-care organizations focusing on prevention of illness and care of chronically ill, higher-cost patients will save money in the long run, it also will save less than half the \$239 million that the governor and lawmakers assumed in putting together the current two-year state budget. State officials said at the time they hope extra federal aid will close that gap.

— Peter Wong



This entry was written by [Peter Wong](#), posted on January 14, 2012 at 2:44 pm, filed under [Capitol Watch](#) and tagged [Gov. John Kitzhaber](#), [health care transformation](#), [Oregon Health Plan](#), [Oregon state of the state](#), [Portland City Club](#), [President Obama](#). [Bookmark the permalink.](#)

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