



Date: May 3, 2023

TO: The Honorable Deb Patterson, Chair
Senate Health Care Committee

FROM: Dave Inbody, CCO Operations Director
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SUBJECT: HB 2446 – Extension of CCO Contract to no later than December 31, 2026

The Oregon Health Authority (OHA) contracts with 16 Coordinated Care Organizations (CCOs) to provide healthcare services to more than one million Oregonians through the Oregon Health Plan (OHP). These contracts are for a term of five years, as indicated in [ORS 414.590\(2\)](#), with the current contracts are set to expire on December 31, 2024. Absence of this legislation, OHA would need to conduct an extensive, two-year procurement process starting in Fall 2023 with a release in early 2024. (During this same period, OHA is preparing for and implementing a new 1115 waiver, conducting redetermination efforts for all OHP members as a result of the public health emergency ending, and establishing a new Basic Health Program.

Given the number of significant projects OHA is responsible for during this same period, HB 2446 calls for the current contracts with CCOs be extended for two years to December 31, 2026. As a result, the contract procurement period would be delayed for two years to 2025-2026. This two-year delay will enable OHA and CCOs to focus on implementing the new 1115 waiver, completing the redetermination process and working together to establish the Basic Health Program. The two-year extension is ideal, as all three of these priority projects will be completed by 2025 when the contract procurement process is scheduled to begin

Significant changes have occurred since the last procurement process in 2018-2019. Eligibility for CCO coverage has expanded to include members of the new Healthier Oregon Program, as well as veterans having access to dental services. Membership will be further

extended with the addition of the Basic Health Program in 2024. With the new 1115 waiver, benefits will expand to include housing, nutrition and climate supports. More than \$1 billion has been invested to improve the behavioral health program. CCOs play a key role in the utilization of those funds.

All these changes have altered the expectations for CCOs in providing services. The procurement process offers an opportunity for re-examining the role of a CCO and re-calibrating expectations for healthcare provision in Oregon. It allows the state to conduct a comprehensive assessment of a CCO's ability to provide a broader scope of services to meet the needs of an expanding population of covered individuals. Through the evaluation of past performance, determinations can be made whether changes are necessary. This process allows input from health care providers, communities and members on the effectiveness of the current model. It is a challenging, yet necessary step to ensure the access to care and quality of service intended for OHP members. This delay will enable OHA to successfully carry out these responsibilities.

Although this two-year delay is necessary to provide the level of commitment needed to effectively complete the procurement process, any further delay could be detrimental. Extending the current contract for two years will align the new contract with the next 1115 waiver. However, a further delay would cause the procurement process to conflict with the implementation of the next waiver creating a staffing and resource challenge the delay is intended to prevent. These contracts are some of the largest held by the State of Oregon, valued at billions of dollars per year. It is the responsibility of the state to ensure these funds are being spent in an efficient manner and that members are receiving appropriate access to health care. The procurement process offers a periodic opportunity for the state to conduct a comprehensive assessment of how effectively OHP services are being provided.

For more information about the procurement process and the CCO model, please refer to the [CCO Contract Procurement Report](#) submitted to the Joint Ways and Means Subcommittee on Human Services on February 1, 2023.