



March 4, 2025

Oregon State Legislature  
House Committee on Behavioral Health and Health Care  
900 Court St NE  
Salem, OR 97301

Re: Support for HB 2205

Dear House Committee on Behavioral Health and Health Care,

I am writing on behalf of Yamhill Community Care (YCCO) in support of HB 2205. YCCO is a coordinated care organization serving more than 35,000 Oregon Health Plan members in Yamhill County and parts of Washington and Polk Counties. We are also the Early Learning Hub for Yamhill County.

HB 2205 extends the length of CCO contracts to 10 years with a five-year check-in.

Longer-term CCO contracts are being proposed for several reasons:

1. Long-term investments: CCOs are ill equipped to make longer-term investments in such initiatives as housing and workforce development when they are unsure whether they will continue to exist beyond the next five years. Business certainty is needed to ensure stable funding over long time horizons.
2. Health Related Social Needs: As a result of Oregon's 1115 Waiver approved in 2022, a fledgling network of community-based organizations has been organized around the CCO model to provide rental assistance, nutrition, and other benefits to members. These networks risk falling apart if disruption enters the CCO model at this stage.
3. Continuity of care for members: In 2019, the CCO procurement caused tens of thousands of members to have to change health care providers. Why force Oregonians to disrupt their care to serve the needs of government and business?

Using the Situation, Background, Assessment, and Recommendation (SBAR) technique that is common in health care, we will show how 10-year CCO contracts are better for members, local communities, and the state.

## **Situation**

CCOs are not ordinary contractors—rather, CCOs are community assets, deeply embedded in the fabric of their communities. When it comes to procurement, CCOs do not compete on price. CCOs are local entities designed to focus on quality, outcomes, innovation, transformation, and reinvestment into the local community.

## **Background**

Despite the language in statute, CCO contracts have never been five years; the first two cycles of CCO contracts have been for eight and seven years, respectively. The original CCO contracts were evergreen; the five-year limitation was not added until SB 725 in 2013, which specifically said the CCO contract “May be terminated if a coordinated care organization fails to meet outcome and quality measures specified in the contract or is otherwise in breach of the contract.”

In practice, CCO contracts are for a period of *one year*, because contract provisions and rates are updated annually. What we are really talking about here is the *procurement cycle*, or to say it another way, changes to service area. The fact is, in the past 12 years, there has been very little change to service areas. That is for good reason, since CCOs were originally set up to be local organizations serving their unique communities.

## **Assessment**

Oregon is facing considerable uncertainty from the federal government; the last thing we need is to be focused on bureaucratic processes. Arguments against 10-year contracts are seldom made on the basis of improved member outcomes: instead, it's all about business and power, or “economies of scale,” which is consolidation by another name. One can find various examples of longer-term contracts throughout government; for instance, Program of All-Inclusive Care for the Elderly (PACE), a Medicare-Medicaid program serving frail elderly through a local model similar to CCOs. Another example of a 10-year contract is between Metro Regional Government and Waste Management.

Consider the following when thinking about whether a 10-year contract is good for members:

- HRSN networks have recently been built and should not be disrupted.
- Governor Kotek has asked CCOs to invest in behavioral health, housing, and workforce. This request is not just to one company, but rather, whole communities (providers, developers, and other partners).
- There is a significant cost to procurement to both CCOs and the state; what value are we getting through that process, and wouldn't it be better spent on members?

### **Recommendation**

Extend CCO contracts to 10 years with a five-year check-in prescribed by OHA by rule that includes:

1. Quality metrics performance for the preceding five years
2. External Quality Reviews<sup>1</sup> for the preceding five years
3. The level of meaningful participation by the CCO's Community Advisory Council

You may hear that OHA lacks the power to hold CCOs accountable without a procurement. But that is a nonstarter because they already have the ability through law, rule, and contract to issue sanctions, fines, and even to revoke a CCO's contract. If it is all but impossible to remove a CCO, then that would be the case in a procurement, too.

You may also hear that procurement is the only way to initiate new programs and deliverables. However, this isn't true. Just look at the recent 1115 Waiver, approved in the fall of 2022, nearly three years after the last CCO procurement.

### **Conclusion**

It is time to emphasize innovation and transformation. We appreciate Oregon's commitment to the successful CCO model and ask your support to ensure stability and predictability as the model continues to evolve.

Sincerely,



Seamus McCarthy, Ph.D.  
President & Chief Executive Officer

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<sup>1</sup> External Quality Reviews assess, on a three-year rotating basis: 1) Provider network standards (availability of services, provider selection, sub-contractual relationships, practice guidelines); 2) Operational standards (quality assurance, performance improvement, confidentiality, enrollment/disenrollment, information systems); and 3) Member-facing standards (coordination & continuity of care, coverage and authorization of services, Member rights & protections, grievances and appeals, Member information, emergency & post-stabilization services).