

Tina Kotek, Governor

March 27, 2025

Representative Rob Nosse, Chair
Representative Cyrus Javadi, Vice-Chair
Representative Travis Nelson, Vice-Chair
House Committee on Behavioral Health and Health Care
State Capitol
900 Court St. NE
Salem, OR 97301

Chair Nosse,

OHA is grateful for the opportunity to testify today in support of the -1 amendment to HB 2205. We appreciate the committee considering this important topic.

For context, the Medicaid Coordinated Care Organization (CCO) contract is the single largest contract that the state government manages. It directly impacts the lives of 1.4 million people in our state, many of whom are among our most vulnerable – children, seniors, those with disabilities.

The current CCO contract, originally signed for five years (2020 to 2024), was extended to seven years (2020 to 2026). A further extension would mean this contract remains in effect for nearly twice as long as originally intended. This also means that nearly a decade will have passed since the Oregon Health Authority (OHA) last conducted a CCO procurement – a process that enables us to clarify CCO expectations, strengthen accountability, and ensure alignment with current health system goals.

Much has changed in that time. For instance, since the last procurement, OHA and CCOs have both taken on a range of new responsibilities, including:

- Implementing new programs under the 1115 Waiver Demonstration;
- Leading and managing the state's COVID-19 response; Launching the Basic Health Plan; and
- Expanding coverage through the Healthier Oregon Program.

These are major, transformative initiatives that demand strong partnerships and new capabilities from our CCOs.

Procurements are not only necessary for accountability – they are also strategic opportunities to align policy and performance. OHA is on track to deliver a robust and evidence-based procurement process. Already, we have completed and posted an operational-focused snapshot and issued a Request for Information (RFI). The Oregon Health Policy Board also just completed a multi-month community engagement effort that yielded over 1,000 unique data points – including direct feedback from CCOs. Final findings will be released in April and with other evaluative inputs will define the policy and programmatic objectives of the Request for Applications (RFA) to be released in June.

Governor Kotek has charged OHA with taking a hard look at how the CCO model has evolved over the past 13 years—where it is succeeding, where it is falling short, and how we can scale improvement efforts across the system. This procurement is a critical lever to evaluate historical CCO performance and drive better outcomes for Oregonians moving forward.

Our procurement will place particular focus on the populations and priorities that require the CCO model to work better and work smarter:

- Children: One in two children are on the Oregon Health Plan. We will emphasize early childhood support and prevention.
- Behavioral Health: Consistent with the Governor's priorities, we will center mental and emotional well-being.
- Social Determinants of Health: True to the original vision of the CCO model, we remain committed to addressing the community and social factors that shape whole-person health. At the same time, we must have the flexibility to manage a contract of this size and complexity -- including when to begin a new procurement. Current statute is inflexible. It mandates five-year contracts and requires legislative action for any extension. That is not a nimble or practical approach – especially in the face of rapidly evolving federal guidance and market conditions.

To be clear, the timing will never be perfect. We always will have external factors that merit consideration as to the length of a contract and the timing of a procurement and will never be able to fully predict what challenges may come. OHA understands the concerns some CCOs have raised about the timing of the upcoming procurement, particularly given federal uncertainties. But these concerns are precisely why the state—as the contract holder – needs the ability to respond with agility, work collaboratively with partners, and ensure continuity of care. Flexibility in procurement timing is not a luxury: it is essential to fulfilling our responsibility to Oregonians.

To that end, in front of the committee today is a -1 amendment that

- Maintains the temporary statute extending the current CCO contracts through Dec. 31, 2026; and
- Authorizes the executive branch to extend current and future contracts beyond 5 years, if ever appropriate, to meet the state's goals.

If the Legislature grants this flexibility, OHA intends to extend current contracts by an additional two years. We believe this approach balances the request for stability at this time with the imperative for strengthened accountability and continued innovation – and ultimately, it ensures that we will continue to meet the needs of the Oregonians we collectively serve.

Thank you for your time and consideration. Sincerely,



Séjal Hathi, MD MBA
Director