



OFFICE OF THE DIRECTOR

Kate Brown, Governor

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Authority

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January 26, 2018

The Honorable Governor Kate Brown  
254 State Capitol  
Salem, OR 97301

RE: Oregon Health Authority Bi-Weekly Update on Ongoing and Emerging  
Issues

Dear Governor Brown:

This letter is the Oregon Health Authority's (OHA's) January 26 bi-weekly issue update. This update includes an update on one previously documented issue.

OHA's Issue Resolution Leadership Team has met several times in December and January to develop a charter, governance structure, and issue log format, which we expect to finalize in the coming weeks. We are also continuing ongoing research and analysis into previously documented issues and documenting new issues. As noted in our previous update, once we establish the final template for our internal issue log, we will change the format of these bi-weekly updates to include a brief cover memo and the most recent version of the issue log.

### **Eligibility Coding for Rate Development**

As previously documented, this issue relates to an error in the Program Eligibility Reporting Code (PERC) has led to incorrect codes being assigned to some members in the data used for capitation rate development purposes.

OHA has researched and analyzed this issue in the context of the 2018 CCO rate development. In the vast majority of cases, the PERC code accurately reflects an individual member's eligibility category. In some instances, redeterminations have led to a mismatch between the PERC code and the correct eligibility category, mostly children in the Child 0-1 and Child 1-5 categories. This is due to the fact that, for children, the PERC code also includes an age component (e.g., Child 0-1, Child 1-5). As a child ages and moves from one category to the next, the PERC code should change to reflect the correct category. Due to redeterminations, PERC codes for some children were not updated to reflect the child's current age. CCOs

Honorable Governor Kate Brown

January 26, 2018

Page 2 of 2

have been paid according the correct age and eligibility category, but the data used for rate development reflected eligibility based on the PERC codes.

OHA is in the process of working with CCOs to adjust rates due to the impact of recent determinations and other emerging factors. We plan to include an adjustment to align the eligibility category used for rate development with the eligibility category used to pay CCOs in this broader rate update. We are in the process of analyzing whether this had a material impact on prior years' rate development.

Please don't hesitate to contact me with any questions you may have.

Sincerely,

A handwritten signature in blue ink, appearing to be 'P. Allen', with a long horizontal stroke extending to the right.

Patrick M. Allen  
Director

CC: Fariborz Pakseresht, Director, DHS