



December 21, 2017

An open letter to the Portland-area health care community from Director Patrick Allen:

In recent days our partners at FamilyCare announced the company will close its Medicaid health plan at the end of this year due to financial problems. Like many people in the Portland area, I am disappointed FamilyCare is shutting its doors. FamilyCare's decision stems from a protracted rate dispute between our organizations; however, we both worked hard to keep FamilyCare in the market in 2018.

My top priority is to protect Oregon Health Plan members during this transition. Today I'm pleased to announce FamilyCare accepted in principle our offer to extend their contract another 31 days to ensure a smooth transition for FamilyCare members.

FamilyCare is one of 16 coordinated care organizations, or CCOs, across the state. Coordinated care organizations link vulnerable, low-income Oregonians to effective services that improve health outcomes and lower health care costs. CCOs are private companies paid to deliver services to people on Medicaid. They are responsible for their own business decisions and costs.

Last week FamilyCare asked my agency to plan to transition its members to other coordinated care organizations. We are working with FamilyCare and other coordinated care organizations (Health Share, Willamette Valley Community Health and Yamhill Community Care) to arrange an orderly transition and keep members connected to the care they need.

I want all FamilyCare providers to know they should continue to treat and serve FamilyCare members without delay or disruption during this transition.

What the transition means for FamilyCare members and providers

- If you are a FamilyCare member: You are still covered by the Oregon Health Plan and all of your benefits remain in place. Before Feb. 1, 2018, a coordinated care organization will be assigned to serve you. You can continue to see your current doctor and other health care providers. Your new CCO will honor FamilyCare's prior authorizations, appointments (including transportation), procedures and prescriptions. You'll receive a letter with more information soon.
- If you are a provider: Please continue seeing FamilyCare members per your current contract terms. You will be reimbursed for your services. Your patients' new CCOs will work with you to transition care and pay for pre-approved services.

- If you are a FamilyCare employee: I appreciate your commitment to your members and your track record of innovation. Health Share will be announcing job openings in the coming weeks and providing information about on-site job fairs.

OHA's role in setting CCO rates

When I started at OHA in September, I brought an open mind and fresh eyes to my role. I had experience regulating commercial health plans. I was acutely aware of the difficult relationship between FamilyCare and OHA, and the mistrust on both sides. I told OHA employees I expected our agency to act with integrity, transparency and accountability. I looked forward to a different relationship with FamilyCare.

Like many people, my team and I asked questions about how CCO rates are set and whether FamilyCare's rates are fair, unbiased and actuarially sound. We brought in two independent firms to evaluate OHA's rates and the process the agency uses to set them. The independent reviewers confirmed Oregon's rate-setting process is unbiased, applies actuarially sound practices, and complies with federal law. We worked hard to address FamilyCare's financial problems while respecting the integrity of a rate-setting process that must be fair across all CCOs and accountable to Oregon taxpayers.

I want to clear up some common misunderstandings about CCO rates. The rates are designed to provide CCOs the resources to give Oregon Health Plan members access to the care they need, deliver on 18 health outcome, quality and member satisfaction measures, and manage taxpayer dollars appropriately.

The rates are set based on an objective formula that's consistent for all 16 CCOs and reflects the risks of the member population each CCO serves. CCOs do not negotiate their own rates with OHA, as health plans do in the commercial market. Rates are not based on a CCO's unique costs and business model – it's up to each CCO to adjust its business model to Oregon's objective rate structure. Oregon's rates must live up to our promise to the federal government and Oregon taxpayers to hold the growth of Medicaid costs to 3.4 percent or less each year.

I appreciate FamilyCare's agreement to extend their contract and work together with OHA to ensure a more orderly transition for their members. I ask for the patience and support of all our partners as we undertake this change. I will keep you informed as we go through this process.

Sincerely,

Patrick M. Allen
Director, Oregon Health Authority