



Medicaid Advisory Committee
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January 8, 2024

Dear MAC Members,

As a follow up to my public testimony and written comment submitted at the December 6, 2023 meeting, I wanted to address the questions outlined by the Medicaid Advisory Committee (MAC) memorandum to the Oregon Health Authority (OHA) and Office of Actuarial and Financial Analytics (OAFA), dated December 6, 2023. This response includes the information requested in that memorandum.

My hope is that receiving this information directly addresses the MAC's concerns and makes readily apparent CareOregon and SCAN's shared commitment not only to fulfilling our contractual obligations but also to addressing health inequities.

We would be happy to answer any further questions you may have about this Affiliation and hope the MAC will revisit its recommendation in light of the information provided below.

Sincerely,

A handwritten signature in black ink, appearing to read "Nora Leibowitz".

Nora Leibowitz
Chief Medicaid Programs Officer
CareOregon

Questions 1 and 2: Does CareOregon already serve these populations? If so, how do these programs compare to similar programs that CareOregon operates in Oregon?

RESPONSE: Yes, CareOregon currently serves members who experience housing challenges and those who identify as LGBTQ+. We are proposing to come together with SCAN because SCAN's commitment to the underserved is identical to ours. We are both pioneers in our respective markets in ensuring access to quality care for the underserved and underrepresented.

CareOregon serves LGBTQ+ individuals across all its programs and works to help all Oregonians get gender affirming care. While CareOregon provides health plan coverage to individuals dually eligible for both Medicaid and Medicare, we do not currently have Medicare plans for non-Medicaid eligibles, LGBTQ+ or otherwise. By coming together, we can learn more about serving LGBTQ+ seniors in Medicare Advantage (including the design and development of plans that are tailored to the needs of often underserved seniors) and take such learnings to expand our plan offerings in Oregon.

CareOregon works closely with clinical providers and community-based organizations that serve our members experiencing homelessness. Through partnerships with organizations such as Central City Concern in the Portland Metro area, we help multiple thousands of our members at risk of or experiencing homelessness. Across the country, adults over the age of 55 are the fastest growing unhoused population. SCAN's expertise with seniors and experience providing street medicine through their affiliate Healthcare in Action makes them an ideal partner to learn from as we provide quality services and support to meet the needs of unhoused older adults in Oregon.

Question 3: Can we see comparisons of performance between SCAN Medicare Advantage Health Plan and CareOregon CCOs on the similar or overlapping metrics?

RESPONSE: We have not conducted comparisons for populations within our respective memberships, nor do we believe such comparisons would be indicative of each organization's relative performance on such metrics. SCAN and CareOregon serve different patient populations. Most of our members are non-Medicare Medicaid eligibles, whereas SCAN almost exclusively serves the Medicare population. Baseline scores on quality metrics can vary between Medicare and Medicaid plans, meaning differences in raw quality scores do not necessarily reflect differences in actual performance.

However, looking specifically at quality measures for our Medicare populations as a whole, CareOregon and SCAN perform similarly across a range of metrics. A review of 2024 Medicare Advantage Star ratings shows both plans receive high marks for managing members' chronic, long-term conditions, addressing member complaints when they arise, and supporting members' ability to get information or help when they need it.

Question 4: What is each CCO's current reserve in relation to its risk-based capital requirement?

RESPONSE: OHA requires all CCOs to maintain risk-based capital (RBC) of at least 300%. Our CCOs both maintain RBC over this level. For example, at the end of the third quarter of 2023, Columbia Pacific CCO's RBC was 358.0% and Jackson Care Connect CCO's was 318.6%. Out of an abundance of caution, the CareOregon Board of Directors requires CareOregon as a whole to maintain RBC of at least 600%. As of the end of the third quarter of 2023, CareOregon's RBC was 812.3%.

To ensure that our RBC requirements are always satisfied, we included language in the Affiliation Agreement with SCAN that allows CareOregon to defer an annual contribution to HealthRight Group if the net income of all of the CareOregon entities for the year in question is less than 0.5% of the annual aggregate gross revenue of such entities. In addition, the Affiliation Agreement states that no funds will be transferred from either CareOregon CCO to HealthRight or any non-CareOregon affiliate, other than payments made under intercompany administrative agreements, if such transfer would reduce the CCO's reserves below 600% of its RBC. Please see Section 2.7 of the Affiliation Agreement.

As CareOregon does now, we will continue to comply with OAR 410-141-5225 by reporting to OHA any distributions of reserves from a CCO to any affiliate and requesting and receiving prior approval from OHA before any extraordinary dividend occurs.

Question 5: How widespread is the commitment to reducing health disparities and inequities in SCAN? Are there additional examples of this?

RESPONSE: Addressing the largest inequities in their member population is one of SCAN's organizational priorities. Focusing on chronic condition management and prevention, they have worked to eliminate health inequities in key populations related to:

- Flu vaccines for Black/African American members
- Blood sugar control in Hispanic populations
- Statin medication adherence in Hispanic populations

They chose these measures because: flu vaccination is associated with a lower mortality from all causes, stroke, chronic renal disease, DM, pneumonia, COPD, heart diseases and malignancy; a 1% increase in A1c level among patients with type 2 diabetes is associated with an increase in all-cause mortality, heart disease, heart failure, stroke and peripheral vascular disease; and poor statin adherence is associated with increased risk of cancer and cardiovascular mortality. Focusing on these key metrics is a way to improve care for populations with traditionally poorer outcomes, impacting overall health equity as well as differences on the specific measures.

Beyond their efforts to ensure equitable access to quality, affordable care for all our

members, SCAN expresses its commitment to reducing disparities and inequities through its Learning Communities, a benefit available to all SCAN members. Learning Communities offer a safe, virtual space with events on various topics of interest to seniors. Participants can listen to talks, enjoy a social hour with others, or learn a new skill such as navigating the internet or managing chronic conditions that impact quality of life. In addition, we offer caregiver workshops in Spanish and English to help caregivers get support, information and resources.

Finally, the SCAN Foundation’s “Advancing Health Equity in Aging” initiative focuses on health equity. This initiative seeks to build a movement with a sustained focus on reducing health inequities and improving the lives of older adults from historically and currently marginalized communities. The initiative brings together older adults and intergenerational communities representing the lived experience, aging and disability sectors, as well as racial equity and social justice movements.

A 2023 report from the initiative identified three themes for advancing health equity through aging, and nine opportunity areas to effect change. Following the report, the SCAN Foundation funded Equity Community Organizing (ECO) Groups. The goal of the ECO Groups is to reduce health inequities for older adults and implement pathways for advancing health equity. The Foundation prioritized funding for communities of color and communities where race and ethnicity intersect with other factors – such as age, gender, disability, sexual orientation, gender identity, socioeconomic status, geography, language, or immigration status – that lead to inequities.

Question 6: How is the commitment reflected in SCAN’s governance and policies?

RESPONSE: SCAN Health Plan Board of Directors has a standing committee dedicated to Quality and Customer Experience Committee that oversees the plan’s health equity program as well as the overall member experience to ensure that members receive quality care.

Question 7: How, specifically, would the proposed merger with SCAN enhance CareOregon’s ability to continue similar efforts?

RESPONSE: CareOregon’s ability to support our clinical and community partners is very dependent on our resources in a given year. Over the past several years, many Oregonians (including Medicaid members) put off seeking medical care due to the pandemic. This reduced our overall spending, which left us with more funds to support initiatives that benefitted not only our members but our communities at large. We anticipate that as healthier members leave Medicaid in 2023-2024, those who remain will have higher utilization due to greater care needs.

CareOregon and SCAN’s contributions to establish HealthRight will go into an Opportunities

Fund, which will be used to pay for initiatives that support the purposes of CareOregon and SCAN, including investments to benefit vulnerable populations in Oregon. The Opportunities Fund will give CareOregon access to a larger pool of capital to fund health equity initiatives and provide CareOregon access to more diverse revenue streams to balance unpredictable swings in funding and utilization. Thus, building programs in collaboration with SCAN will allow us to do things we cannot afford on our own. Those activities have not been determined as we are waiting for state permission to collaborate at the level this requires. However, building on the work CareOregon does now, the transaction could allow us to undertake additional work in the following areas:

- Improving access to appropriate care for chronically ill individuals, including helping our partners increase housing stock to reduce homelessness and coordinating home-based care for individuals leaving the streets for supportive housing. CareOregon was recently able to commit to providing temporary bridge funding to allow Central City Concern to purchase a 60 unit building in SE Portland while waiting for promised city, county and state funding to arrive. We look forward to finding additional ways to support care for individuals with significant clinical and social needs and to working with our partners to make real change in our communities.
- Supporting additional cohorts of behavioral health providers. In 2023, CareOregon introduced an investment aimed at transforming specialty behavioral health organizations across Oregon to simultaneously put people with behavioral health needs at the center of care delivery and helping care teams thrive. Through a collaborative process CareOregon's Strategic Healthcare Investment for Transformation (SHIFT) program will build member-driven, outcomes-focused, team-based care models that reduce health disparities, assure timely access to care, and prepare providers for advanced value-based payment models. In December 2023 we announced the eight SHIFT participant organizations, and Phase I (self-assessment and planning) is occurring January – June 2024. SHIFT is intended to spread its participants' learnings through information sharing at the regional and state levels. Any funding for additional cohorts will depend on CareOregon's overall financial health; joining HealthRight will provide the kind of financial stability that will allow us to spread successful programs to benefit providers and members.
- Expanding members' ability to access information and support. We recognize that technology is advancing ever more quickly and that this can provide opportunities to support our members in new ways. We are currently working on a member app, but this is just a first step. Pooling our resources with SCAN under HealthRight will allow us to build new services that our members will not just want, but come to expect, over the coming years, improving our ability to provide stellar communications, care coordination and access to care.

Question 8: What does CareOregon and its CCOs gain from sending its capital to another entity to support its work?

RESPONSE: CareOregon is investing in the establishment of a new parent organization. Its partner SCAN has already invested \$240 million in this new entity. Both CareOregon and SCAN see their investments as seed money for growth, including, but not limited to, increasing CareOregon's footprint in Oregon, expanding to additional programs (such as a Program for All-Inclusive Care for the Elderly – PACE) and expanding services for existing members (such as home-based care for formerly houseless individuals with significant care needs).

CareOregon firmly believes that by pooling resources, this affiliation will improve its ability to fulfill its mission of creating quality and equity in individual and community health. Oregon's Coordinated Care Model was established to improve quality and reduce cost growth through payment methodologies that focus on prevention, improving health equity and reducing health disparities. Both CareOregon and SCAN believe this transaction will help CareOregon further these goals. The financial realities of regional health plans severely constrain the number of health equity programs and initiatives that SCAN and CareOregon can develop, fund, and maintain. The additional scale created by this transaction will facilitate further investments and create new opportunities for HealthRight Group that would be unavailable to CareOregon and SCAN as separate organizations. Similarly, the most advanced value-based payment methodologies require a level of expertise and technological investment that HealthRight Group and CareOregon cannot implement alone. By spreading the administrative costs associated with such initiatives across both CareOregon and SCAN, HealthRight Group will have the ability to be more innovative and ambitious.

CareOregon and its CCOs will benefit from diversification in two ways. First, we recognize that CCO members benefit from the coordinated services and care they receive from our providers. Where we can invest in the development of needed services and programs, we can further improve outcomes for members. Ensuring that the clinical and health-related services members need are available benefits our members, provider well-being and our communities.

Second, having programs and services in addition to Medicaid will help the organization weather financial changes. Medicaid membership grew during the COVID public health emergency and now some of those members are leaving. Many of the CCO members leaving the program are healthier, while individuals with chronic conditions or other significant health needs remain. Our mission is to serve every member and we will enthusiastically continue to do so; diversifying our services can help financially support our work during the coming years.

Question 9: How will co-mingling these dollars with SCAN affect CareOregon CCOs' money available for the Supporting Health for All through Reinvestment (SHARE) initiative and other community investments?

RESPONSE: As required by the CCO contracts, CareOregon's CCOs will maintain the same responsibility for SHARE and other community investments as previously. Becoming part of HealthRight Group will not change the amount of funding CCOs will be required to contribute or impact the decision-making related to distribution of these funds.

In addition, in response to Question 5 from the Oregon Health Authority (submitted on December 4, 2023), we addressed the question of how distribution of SHARE and Health-Related Services investments will be determined. Specifically, SCAN and CareOregon do not anticipate any material changes to how the CCOs decide on the distribution of budgeted SHARE and Health-Related Services dollars. Currently, the CCOs budget for the SHARE program in accordance with OAR 410-141-3735 and the policies submitted to and approved by OHA pursuant to OAR 410-141-3845(3). Post-closing, these same processes will remain in place, and CareOregon's CCOs will continue to distribute SHARE funds in alignment with community priorities identified in each CCO's community health improvement plan and will:

- Include any statewide priorities for SHARE spending that are identified in the contract between CCOs and OHA (currently housing-related services and supports);
- Include a role for the CCO's community advisory council;
- Involve community partnerships, with a portion of dollars going to SDOH-E partners (see definitions below); and
- Fit into one of four SHARE Initiative domains related to the social determinants of health and equity: economic stability, neighborhood and built environment, education, and social and community health.

Both SCAN and CareOregon have prioritized programs that improve the social determinants of health of their respective members. One of the purposes of this affiliation is to share learnings across the organizations' respective Medicaid and Medicare populations and geographies. The parties expect to constitute organization-wide committees to discuss and coordinate the implementation of best practices and innovative new programs related to social determinants of health.

CareOregon and SCAN's information and idea sharing will not impact how CareOregon makes decisions related to SHARE spending and Health-Related Services dollars. CareOregon is retaining all its existing programs and staff, including the staff in charge of distributing SHARE and Health-Related Services dollars. HRG's reserve powers with respect to budgeting and spending are limited to approval of operating and capital budgets developed and approved by the management and boards of CareOregon and its affiliated CCOs, and do not extend to dictating how budgeted dollars are distributed. As such, CareOregon and its affiliated CCOs will

continue to decide how budgeted SHARE and Health-Related Services dollars are spent, with a focus on how such dollars can best serve the unique needs of each CCO's service area.

Question 10: Why is the creation of a CareOregon-funded foundation tied to the SCAN acquisition?

RESPONSE: The CareOregon Board has had discussions over the past few years about creating a foundation as many health systems and payors in our market, including OHSU, Legacy and Cambia, use them to support their respective missions. In its conversations with SCAN related to the planned affiliation under HealthRight, a core principle for CareOregon was that CareOregon would remain committed to and focused on its members and communities. CareOregon identified the Affiliation as an opportune time to formally launch an Oregon-focused foundation, which the organization has been exploring for quite some time. Further, The Foundation demonstrates CareOregon's steadfast and focused commitment to Oregon communities, healthcare providers and Medicaid members. The CareOregon board's decision to establish the Foundation will help ensure sustained mission-aligned investments in Oregon.

CareOregon's mission is to inspire and partner to create quality and equity in individual and community health. We have demonstrated our commitment to this mission, our members, and Oregon communities in all our work over the last thirty years. The establishment of the CO Foundation is simply another way to operationalize that commitment by directly funding organizations that are doing work in alignment with our mission through a vehicle with a sole purpose of serving the needs of Oregonians.

Question 11: What benefit does CareOregon gain through the initial transfer of \$50 million to HealthRight?

RESPONSE: As discussed in our response to question 8, pooling resources with SCAN through HealthRight will improve CareOregon's ability to fulfill its mission of creating quality and equity in individual and community health. We will be able to purchase services and technology for a better price than we could on our own, such as financial and human resources software that allows us to efficiently run our business. Other projects that have not been possible on our own can be done in collaboration with SCAN, benefitting both organizations' members. Further, as described in our July 5, 2023 response to the Oregon Health Authority's inquiries, HealthRight has committed CareOregon's entire \$50 million contribution to the HealthRight Opportunities Fund to be used on projects and services that directly benefit CareOregon and its members. We have not yet determined the projects to be funded, but funds could be used for shared infrastructure investments (with costs proportionally allocated to CareOregon based on the

benefits received) and the development or expansion of programs that serve the populations of CareOregon's primary service areas, and Oregonians in general.

Question 12: What supports will HealthRight provide?

RESPONSE: The close community connection between CareOregon and its members is a key part of what makes us successful. Both CareOregon and SCAN support CareOregon continuing to provide the services it currently provides to its members, meaning we do not plan to change the staff who currently support the CCOs, Medicare duals plan, or other CareOregon programs.

Additionally, CareOregon and SCAN do not expect any wholesale transfer of services from CareOregon to SCAN (or any other HealthRight affiliate). We do see opportunities for integration and shared investments that will improve both organizations without sacrificing community connections. By way of example, SCAN and CareOregon have identified human resources, information services and finance functions, as initial focus areas for integration. Once CareOregon and SCAN are both part of HealthRight, and with key contracts expiring in the next 12 to 18 months, we will have the opportunity to contract for new unified financial, human resources, and IT systems. We expect this to create financial and operational efficiencies without any reduction in staff or impact on members.

Similarly, with respect to finance, both parties have similar statutory accounting obligations. The parties hope to that improved software will help existing staff implement better, more efficient accounting and financial reporting processes. With respect to Health Share, CareOregon remains committed to providing the services currently provided to Health Share and does not plan to change the staff who currently support Health Share. CareOregon's existing staff will continue to serve Health Share following integration. Ensuring that Health Share's business is effectively served will be a primary priority in the development of any integrated operations at HealthRight.

Question 13: If CareOregon is currently receiving those supports locally, what is the benefit of receiving them from HealthRight?

RESPONSE: Please see the responses above.

Question 14: Is there a loss, economic or otherwise, to the state of Oregon in transferring these functions out of state?

RESPONSE: No, and as CareOregon joins HealthRight, most functions will be conducted by the staff performing them now. Furthermore, neither organization anticipates staff reductions associated with the combination. The sharing of services is intended to address particularly challenging staffing and operational needs. Where CareOregon staff take on roles at HealthRight, they will not be expected to move locations and we anticipate that most will continue to reside where they have previously. Furthermore, CareOregon currently has a hybrid workforce, with many employees working remotely, including some residing outside of Oregon. Due to employment market conditions, there may well be new jobs created for HealthRight or SCAN added in Oregon.

Question 15: What is CareOregon's plan for monitoring how this change may affect day-to-day operations of the CCOs?

RESPONSE: CareOregon has substantial experience with significant integrations and we are comfortable supporting the state's programs in fast-changing and dynamic environments. This has included bringing behavioral health and dental benefits administration into CareOregon, enrolling and managing the members of FamilyCare who transitioned when that CCO shuttered, and taking on new responsibilities at the CCO 2.0 re-procurement. Any function that is integrated at HealthRight will occur through systematic development and implementation as an internal enterprise project, and will include planned launch, employee training, engagement plans, and development of key performance indicators. As an example of the oversight we already experience and expect to continue in the future, CareOregon provides administrative services to Health Share of Oregon CCO. These activities are governed by an Administrative Services Agreement (ASA). Making any changes to the ASA, including but not limited to changing what entity does the contracted work, involves a detailed review process and sign off by Health Share, as documented in the ASA. These processes will not change as a result of this Affiliation.

CareOregon and SCAN are currently working together through an Implementation Development Office (IMO) staffed by both organizations and guided by a steering committee made up of executive leadership from CareOregon and SCAN. The group meets to manage cross-organization functional workgroups, identify organizational needs and track joint decisions from the organizations' executive leadership.