

**CERTIFIED MAIL, RETURN RECEIPT REQUESTED**

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**Date Mailed: January 21, 2025**

**STATE OF OREGON  
OREGON HEALTH AUTHORITY  
HEALTH POLICY AND ANALYTICS DIVISION  
SUSTAINABLE HEALTH CARE COST GROWTH TARGET PROGRAM**

In the Matter of:

Health Share of Oregon, an Oregon  
Nonprofit Corporation

For the Cost Growth Target  
measurement period: 2021-2022

Agency No. **CGT-2023-PAYER-11**

**NOTICE OF PROPOSED DETERMINATION  
AND RIGHT TO REQUEST A HEARING**

Oregon Health Authority's (OHA) Sustainable Health Care Cost Growth Target Program (CGT) is tasked with monitoring the cost of health care in Oregon and holding payers and provider organizations accountable for cost growth that exceeds the annual target with statistical confidence and without an acceptable reason. The CGT is governed by Oregon Revised Statutes (ORS) 442.385 through 442.386 and Oregon Administrative Rules (OAR) Chapter 409, Division 65.

Per ORS 442.386 and OAR 409-065-0035, OHA reviews underlying cost drivers and reasons for cost growth and makes a determination as to whether such conditions or factors, or combination of such conditions or factors, suffices as reasonable cause for an entity to exceed the cost growth target for the measurement period.

Now, therefore, upon due consideration of the circumstances, including the mandatory cost growth target data submissions, supplemental information provided by the entity, and the entirety of OHA's record, OHA enters the following Notice of Proposed Determination.

### **Procedural History and Findings of Fact**

OHA's CGT conducted its cost growth review under OAR 409-065-0035, which requires that OHA conduct analyses to understand potential systematic causes or other factors that might result in payers or provider organizations exceeding the cost growth target. The cost growth target for 2021 through 2025 is 3.4%.<sup>1</sup>

Health Share of Oregon, an Oregon Nonprofit Corporation (HSO) is a payer in Oregon and is a mandatory reporter under OAR 409-065-0010. On or around April 20, 2023, OHA notified HSO that it was subject to the cost growth target program for the 2023 data cycle, with a data submission due date of September 1, 2023.

On or around August 31, 2023, HSO submitted its mandatory data submission (CGT-1) to OHA. HSO submitted a separate CGT-1 file for each of its five payer partners (CareOregon, Kaiser, PacificSource, Moda, and Providence). OHA generated an initial data validation summary for each of these files on or around August 31, 2023. Due to issues identified in the PacificSource file following review of these validation summaries, PacificSource resubmitted its CGT-1 file on or around October 17, 2023. OHA and HSO held separate validation meetings with each of HSO's partners on or around the following dates: Providence (September 26, 2023); Kaiser (October 9, 2023); CareOregon (October 16, 2023); Moda (October 23, 2023); and PacificSource (October 31, 2023).

Following these meetings, OHA combined all CGT-1 data files from HSO partners and generated a validation summary for the combined file on or around November 1, 2023.

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<sup>1</sup> The cost growth target value for 2021-2025 was established by the Cost Growth Target Implementation Committee, as documented in their January 2021 Recommendations Report.  
<https://www.oregon.gov/oha/HPA/HP/HCCGBDocs/Cost%20Growth%20Target%20Committee%20Recommendations%20Report%20FINAL%2001.25.21.pdf>

OHA met with HSO to review the combined data file and validation output on or around November 6, 2023 and considered the file to be validated shortly thereafter.

On or around May 9, 2024, OHA notified HSO of the cost growth data that were to be reported publicly in OHA's 2024 Cost Growth Target Annual Report, for the 2021-2022 cost growth measurement period. This report was released publicly on or around May 28, 2024.

OHA identified HSO as having cost growth over the target between calendar years 2021 and 2022 for the following markets: **7.1%, Medicaid.**

On or around July 25, 2024, OHA notified HSO that it had exceeded the cost growth target for the 2021-2022 measurement period pursuant to OAR 409-065-0035(3).

OHA met with HSO in August of 2024 to discuss potential reasons for excess cost growth for Medicaid from 2021-2022. See Attachment 1 for meeting dates and participants. HSO also answered additional questions from OHA during follow-up communication after this meeting.

### **Findings of Determining Reasonableness Process**

As a result of the reasonableness discussion and data review process, OHA identified the following major cost drivers for HSO from 2021-2022:

1. **Increased payments for behavioral health services** – HSO implemented OHA's Behavioral Health Directed Payment program early, in 2022 instead of 2023. This program increased the allowed amount (contracted rate) for reimbursement of behavioral health services. Behavioral health rate increases were made to improve workforce shortages and expand behavioral health care in the region. The increased payments drove up the amount paid for HSO member care on a per member per month basis.
2. **Early implementation of mandated increase in hospital DRG rates** – OHA mandated temporary rate increases for DRG hospitals for CY23 due to the upward cost pressures faced by hospitals during COVID-19. HSO implemented these increased rates early, which drove the cost of care upward in this measurement period.

## PROPOSED DETERMINATION

Following a review of CGT data and additional information on health care spending, OHA has determined that HSO's health care cost growth for Medicaid from 2021-22 was:

- **Due to acceptable reason(s).** HSO will not be held accountable for cost growth in this measurement period and no further action is required for this measurement period.

Please see Attachment 2 for a running summary of HSO's cost growth performance over time.

Dated this 21 day of January 2025.

By:



Sarah Bartelmann, MPH  
Cost Programs Manager  
Oregon Health Authority

## IMPORTANT NOTICES

**PETITION FOR RECONSIDERATION:** You may file a Petition for Reconsideration ("Petition") pursuant to OAR 409-065-0050 within 30 days from the date this proposed order was mailed (See the "Date Mailed" on the first page). The Petition must include the specific grounds for reconsideration, and may be supported by written argument or attachments explaining why you believe OHA erred in its decision. This Petition will initiate an informal review process under OAR 409-065-0050.

The Petition must be submitted via email to [HealthCare.CostTarget@oha.oregon.gov](mailto:HealthCare.CostTarget@oha.oregon.gov).

**NOTICE OF RIGHT TO REQUEST A HEARING:** You are entitled to a hearing as provided by the Administrative Procedures Act (chapter 183, Oregon Revised Statutes), OAR

409-065-0050 and OAR 137-070-0075. You are entitled to be represented by an attorney at the hearing. Legal aid organizations may be able to assist a party with limited resources. The Oregon Health Authority will be represented by an Assistant Attorney General from the Oregon Department of Justice.

To request a contested case hearing, your request must be in writing and must be received within twenty (20) calendar days from the date this Order was personally served, mailed, or electronically transmitted to you, based on the date at the top of this document.

A request sent by U.S. mail is “received” on the date it is postmarked. Your request may also be emailed. Your request should be sent to:

HealthCare.CostTarget@oha.oregon.gov

or

421 SW Oak Street, Suite 875  
Attn: Cost Growth Target Program  
Portland, OR 97204

If you submit a request for a contested case hearing, you will be notified of the time and place of the hearing. Information on the hearing process will be provided to you in accordance with ORS 183.413(2). Any hearing will be conducted by an administrative law judge from the Office of Administrative Hearings, assigned as required by ORS 183.635.

If you fail to request a hearing within the time allowed, if you request a hearing and subsequently withdraw your request for a hearing, if you request a hearing and fail to appear for the hearing, or if a hearing is scheduled and you later notify OHA that you will not appear at the specified time and place, you will have waived your right to a hearing, and this proposed order will become a final order by default. If OHA issues a final order by default, it designates its file on this matter, including all materials that you have submitted relating to this matter, as the record in this case for purposes of proving a prima facie case.

**NOTICE TO ACTIVE DUTY SERVICEMEMBERS:** Active-duty service members have a right to stay these proceedings under the federal service members Civil Relief Act. For more information contact the Oregon State Bar at 800-452-8260, the Oregon Military Department at 503-584-3571, or the nearest United States Armed Forces Legal Assistance Office through <http://legalassistance.law.af.mil>. The Oregon Military Department does not have a toll-free telephone number.

**Attachment 1: Meeting Dates and Participants**

Meeting Date	Participants
August 5, 2024	Sarah Bartelmann (OHA), Sam Smith (OHA), Mark Lewis (HSO), Tyson Reed (Wakely Consulting Group), Byron Hauck (HSO)

**Attachment 2: Cost Growth Target Performance Over Time**

Health Share of Oregon’s Medicaid Cost Growth

Measurement Year	Cost Growth %	Status	Determination
2021-2022	7.1%	Not Met	Reasonable