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VIA EMAIL AND FIRST-CLASS MAIL:

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Oregon Health Authority Health Care Market Oversight  
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Department of Consumer and Business Services  
PO Box 14480  
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Re:008 SCAN Group – CareOregon

Please see my comments on the proposed transaction between SCAN Group and CareOregon and where SCAN Group will be renamed HealthRight and become the parent company of CareOregon.

I voice opposition to this merger as there would be no benefit to Oregon Medicaid members or local communities. The only individuals that would benefit from this merger would be senior management at both SCAN and CareOregon by having their salaries increased. No additional benefits or value would be added to the State of Oregon or Medicaid members.

As a former CareOregon employee of seventeen (17) years, I have questions which should be considered and addressed prior to approval of the proposed transaction between SCAN Group and CareOregon. CareOregon has been in operation for over 28 years; however, the organization still does not have the basic functions of a health insurance plan down even after this period of time.

1. CareOregon's membership consists of 550,000 Medicaid members and 14,000 Dual-Eligible Medicare/Medicaid members. SCAN's business model focuses entirely on Medicare members. *What benefits are to be achieved by the Oregon Health Authority, members, and the taxpayers by SCAN and CareOregon merging?* The primary beneficiaries of this merger would be senior management at SCAN and CareOregon in increased salaries.
2. Why have CareOregon's senior management positions and organization chart increased exponentially in the past seven years? In July 2015, CareOregon's organizational structure was much more streamlined and effective. CareOregon has grown as a company and hiring personnel is necessary; however, from 2015 to 2023, the organization has increased to a

structure that now consists of seven (7) Chief positions, 3 Senior Vice President positions, 31 Vice President positions, and 60 Director positions. Additionally, as evidenced in the table below, the member counts of CareOregon and affiliated entities have not increased substantially to necessitate this drastic increase in senior management and staff positions, and it appears that ‘economies of scale’ for operational processes are not understood and/or utilized by senior management to improve operational efficiencies and effectiveness. Why is this? Is the CEO trying to make the organization seem 'bigger' than it really is by hiring an exorbitant number of senior management as a way to make it look like he's running a much larger organization and worthy of an increased salary? Not only did I see the extreme top-heaviness of the organization, but staff employees also see these positions being created and wonder why.

Date	June 2015			Mar 2019		Feb 2021	April 2022	Sept. 2023
Employee Count	528			749		968	1032	1,340
Date	July 2015	April 2016	June 2017	Jan 2019	Jan 2020	Jan 2021	Jan 2022	Sept 2023
OHP Member Counts (HSO, CPCCO, JCC)	225,795	202,265	176,045	361,561	391,920	458,221	494,221	552,182

**Reference:** CareOregon All Staff Meetings, <https://www.oregon.gov/oha/hsd/ohp/pages/reports.aspx>

As of September 2023, **there were 1,340 personnel working at CareOregon and affiliated entities; 64 open positions posted, and a total of 792 position descriptions.**

In a February 2023 All-Staff meeting, a statement was made that ‘*an organization our size should have 200-250 position descriptions and we have too many position descriptions*’. The next individual to present went on to state, ‘We are going to be posting for three new Director positions in the Human Resources department.’ There is a pattern of hypocrisy where CareOregon’s actions conflict with their stated values of being good stewards of taxpayer money. The number of senior management positions within CareOregon is way out of line compared to other commercial and non-commercial health insurance plans. As a non-profit organization funded entirely by federal and State of Oregon funds, CareOregon and affiliated entities should be held to an even higher standard of financial stewardship than commercial health plans.

- Value-Based Payments (incentive payments) made to providers for meeting health related metrics are calculated incorrectly by CareOregon personnel and overpayments in excess of \$10 million are paid to providers annually. Not only are metrics and payments incorrect, these payment inaccuracies overstate the Medical Loss Ratio Requirements reported by CareOregon. Additionally, incorrect calculations of provider metrics attainment distorts the accuracy of any type of analysis/reporting for improvements in member’s health and on achieving the Triple Aim of ‘Better Health, Better Care, and Lower Costs’.

4. Some health-insurance operations at CareOregon are lacking any type of basic internal control structure. In 2021, CareOregon was the target of an Electronic Funds Transfer fraud resulting in two (2) separate unauthorized electronic fund transfers totaling \$1.6 million that was sent to an unknown party. The individual who performed the review of the incident identified that, *'Inadequate knowledge, expertise, oversight, and leadership resulted with improperly trained Provider Relations Specialists and contributed significantly to the failure in the Electronic Funds Transfer (EFT) process'*.
5. In 2012, SCAN paid fines of \$323 million for fraudulent Medicare billing and not disclosing contractually required financial information to MediCal, the state's Medicaid program.

**Reference:** <https://www.healthcarefinancenews.com/news/scan-health-plan-pays-record-323m-overpayment-settlement>

To summarize, I oppose the proposed transaction between SCAN Group and CareOregon. There is a pattern of hypocrisy where CareOregon's actions conflict with its stated values around being good stewards of taxpayer money. Moreover, the situations I've experienced working at CareOregon would not be tolerated in commercial or for-profit health insurance plans and personnel would be held accountable as shareholder wealth would be compromised. This does not appear to be the strategy at CareOregon as I continue to see an organization that does not hold senior management accountable for performing the roles they were hired.

Newly hired personnel enjoy working at CareOregon because there is no accountability, longer term employees dislike it because there is no accountability.....

Sincerely,

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