

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop: S2-26-12
Baltimore, Maryland 21244-1850



State Demonstrations Group

Lori Coyner, MA
State Medicaid Director
Oregon Health Authority
421 SW Oak Street, Suite 875
Portland, OR 97204

Dear Ms. Coyner:

Thank you for the recent submittal of Oregon's application to renew your section 1115 demonstration to continue the Oregon Health Plan and the state's innovative work to transform the delivery of health care through coordinated care organizations (CCO). I am excited about the progress Oregon has made over the last four years and look forward to partnering with the state on a renewal to maintain Oregon's momentum to continue to transform the Medicaid delivery system. CMS is supportive of Oregon's health system transformation and we have viewed Oregon efforts as a promising model.

In 2012 we were pleased to partner with the state to develop the current 1115 waiver that allowed Oregon to replace a previously fragmented system with CCOs that integrate and coordinate physical, behavioral, and oral health. The initial results in improving quality and health outcomes are encouraging, such as the significant reduction in emergency department visits since 2011, as shown in the state's recent quarterly legislative report. We are encouraged both with Oregon's progress and its commitment to continue to advance the state's transformation goals, including deepening the integration of care, continuing to improve health outcomes while holding down costs, and adopting further improvements relating to health equity, social determinants of health, and Tribal health programs. CMS is committed to working with Oregon on the renewal, which proposes to maintain its same basic CCO model with a heightened focus on particular areas discussed above. We look forward to working with Oregon on these issues, which raise new and important policy considerations. We are committed to working through the major policy questions in the waiver by the end of the year.

As we have discussed, this fall we will work together on:

- Flexible services in global budgets,
- Value-based purchasing requirements,
- Hospital Transformation Performance Program,
- Tribal uncompensated care and care coordination for American Indians/Alaska Natives,
- Quality incentive program, and

- Other strategies to expand access to person-centered, coordinated care for vulnerable populations.

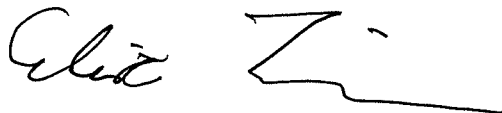
Early next year we will intend to focus with you on:

- Coordinated Health Partnerships and related funding requests, and
- Sustainable rate of growth (2% test) and reinvestment of shared savings in health-related services.

If you have any questions, please feel free to contact your project officer for this demonstration, Ms. Erica Dimes. Ms. Dimes contact information is as follows:

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Sincerely,



Eliot Fishman
Director

Enclosures

cc: Mr. David Meacham, Associate Regional Administrator, Region X