

February 7, 2025

Jacob Parks  
Contracts Manager  
Health Share of Oregon  
2121 SW Broadway, Suite 200  
Portland, OR 97201

**Delivered via** email to [parksj@healthshareoregon](mailto:parksj@healthshareoregon) & CCO Deliverables Portal  
Submission ID: S-2593

**NOTICE TO CURE BREACH OF CONTRACT  
ADMINISTRATIVE NOTICE OF NONCOMPLIANCE  
AND  
NOTICE OF INTENT TO IMPOSE CORRECTIVE ACTION  
RELATING TO HEALTH SHARE OF OREGON CONTRACT NO. 161759**

Dear Mr. Parks,

Health Share of Oregon (“HSO”) is party to a Medicaid Health Plan Services Contract with the Oregon Health Authority (OHA) for Coordinated Care Organization (CCO) services effective January 1, 2020, which will expire on December 31, 2025, Contract No. 161759 (the “Contract”).<sup>1</sup>

The purpose of this letter is to notify HSO that OHA has determined HSO is in breach of the Fraud, Waste and Abuse (“FWA”) requirements under the Code of Federal

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<sup>1</sup> <sup>1</sup> The Contract has been amended and restated annually since it was first executed on January 1, 2020 (the “Effective Date”). Unless otherwise expressly noted in this letter, all references to the parties’ obligations and rights under the Contract are those that have existed since its Effective Date; however, the section references are those that are found in the [2024](#) Amended and Restated Contract.

Regulations (“CFR”) and the Contract. In accordance with Secs. 6 and 8 of Exh. B, Pt. 9 and Sec. 9, Para. a, Sub.Para. (4) of Exh. D of the Contract, this letter serves as Administrative Notice that OHA intends to impose the Sanction of a Corrective Action Plan (“CAP”) to be drafted and implemented by HSO by no later than ninety (90) calendar days from the date of this letter as further described below.

## **AGENCY AUTHORITY**

Each CCO must comply with all applicable federal and state laws and regulations, State Plan requirements, and contract provisions applicable to its participation in the Oregon Health Plan and in the provision of services to Medicaid members. CCO compliance includes, in relevant part, the obligation to develop and implement a fraud, waste, and abuse prevention and detection program in accordance with 42 CFR Part 438 [Subpart H](#) and as further set out Exh. B, Pt. 9 of the Contract. As the single state Medicaid agency for Oregon, OHA is responsible for and has broad authority to monitor and audit CCOs to ensure their compliance with these requirements and to verify the accuracy and appropriateness of payment, utilization of services, medical necessity, medical appropriateness, grievances, quality of care, and access to care. OHA’s authority to monitor CCO compliance with the foregoing requirements is set forth in 42 CFR § [438.66](#), 42 CFR Part 438 Subpart H, Exh. B, Pt. 9, Sec. 1 of the Contract, and all other applicable state and federal laws and contract terms.

If, in exercising its oversight role, OHA determines a CCO is not in compliance, OHA may, among other remedies, impose a Sanction requiring the CCO to develop and implement a time-specific CAP (as defined in OAR [410-141-3500](#)) as set forth in Secs. 1, 2, 3, and 6 of Exh. B, Pt. 9 and Sec. 9, Para. b, Sub.Para. (3) of Exh. D of the Contract, OAR [410-141-3530](#), and 42 CFR § [438.702\(b\)](#).

## **EVALUATION AND FINDINGS OF NONCOMPLIANCE**

In conducting its 2024 evaluation of HSO’s FWA program, OHA found HSO’s 2024 FWA Prevention Handbook, FWA Prevention Plan, and FWA Assessment insufficient. The deficiencies in all three documents were initially identified in calendar years 2022 or 2023 (or both) and remain unresolved.

OHA has advised HSO of its failure to resolve OHA's CY 2022 and CY 2023 findings on numerous occasions. Most recently, OHA provided HSO with written notice to cure its breach on July 12, 2024, and August 26, 2024. In addition, OHA met with HSO to discuss OHA's findings and provide guidance on how HSO can achieve compliance on July 29, 2024. To date, HSO has failed to achieve compliance and remains in serious breach of the terms and conditions of the Contract as detailed below.

### **FWA Prevention Handbook**

#### **Requirement No. 1:**

Establishment and identification of the members of a Regulatory Compliance Committee, which shall include Contractor's Chief Compliance Officer, senior level management employees, and two members of the Board of Directors. The Regulatory Compliance Committee will be responsible for overseeing CCO's FWA prevention program and compliance with the requirements of the Contract.

**Citation(s):** 42 CFR § [438.608\(a\)\(1\)\(iii\)](#); Contract Exh. B, Pt. 9, Sec. 11, Para. b, Sub.Para. (2).

#### **Finding No. 1:**

HSO has not met these requirements over the course of various deliverable submissions in CY 2023 and CY 2024. In the most recent FWA Prevention Handbook submission in CY 2024, HSO was not able to show evidence of a compliance team that oversees the FWA program and activities.

**Unresolved since: 2023**

#### **Required Corrective Action:**

Provide HSO's committee charter for CY 2025, which must (i) identify HSO's Regulatory Compliance Committee staff and (ii) demonstrate that the Committee is staffed with members who are qualified and capable of fulfilling their oversight obligations of HSO's FWA prevention program and for ensuring compliance with the terms and conditions of the Contract.

**Requirement No. 2:**

Establishment of a division, department, or team of employees that is dedicated to, and is responsible for, implementing the Annual FWA Prevention Plan and which includes at least one professional employee who reports directly to the Chief Compliance Officer. Contractor must demonstrate continuous work toward increasing qualifications of its employees. Investigators must meet mandatory core and specialized training program requirements for such employees. The team must employ, or have available to it, individuals who are knowledgeable about the provision of medical assistance under Title XIX of the [Social Security] Act and about the operations of health care Providers. The team may employ or have available through consultant agreements or other contractual arrangements, individuals who have forensic or other specialized skills that support the investigation of cases.

**Citation(s):** 42 CFR § [438.608\(a\)\(1\)\(vii\)](#); Contract Exh. B, Pt. 9, Sec. 11, Para. b, Sub.Para. (3).

**Finding No. 2:**

HSO has not provided sufficient evidence that the employees responsible for implementing HSO's FWA Prevention Plan are qualified to perform their jobs.

**Unresolved since: 2022**

**Required Corrective Action:**

- A. Provide HSO's training plan for CY 2025 that demonstrates staff obtain anti-fraud-related certifications and continuing education units through webinars and/or anti-fraud conferences offered by anti-fraud organizations including but not limited to the National Health Care Anti-Fraud Association and Association of Certified Fraud Examiners.
- B. Hire an investigator/auditor on the compliance team who holds a current anti-fraud-related certification or is currently enrolled in one or more certification programs that meet the core and specialized training required for the position.
  - Provide job/position descriptions and the resumes for each individual on HSO's compliance team for CY 2025 who are knowledgeable about the provision of medical assistance under [Title XIX](#) of the Social Security Act and about the operation of health care Providers.

- C. Hire or contract with an individual on the compliance team who has forensic or specialized skills that support the investigation of cases.

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**Requirement No. 3:**

A system to provide and require annual attendance at training and education regarding Contractor's Fraud, Waste, and Abuse policies and procedures. Such training and education must include, without limitation, the right, pursuant to Section 1902(a)(68) of the Social Security Act, to be protected as a whistleblower for reporting any Fraud, Waste, or Abuse. Contractor's system for training and education must provide all information necessary for its employees, Subcontractors and Participating Providers to fully comply with the Fraud, Waste, and Abuse requirements of this Contract. All such training and education must be specific and applicable to Fraud, Waste, and Abuse in the Medicaid program. All training must include Medicaid-specific referral and reporting information and training regarding Contractor's Medicaid Fraud, Waste, and Abuse policies and procedures, including any time parameters required for compliance with Exh. B, Pt. 9. All such training and education must be provided to, and attended by, Contractor's Compliance Officer, senior management, and all of Contractor's other employees.

**Citation(s):** 42 CFR § [438.608\(a\)\(1\)\(iv\)](#); Contract Exh. B, Pt. 9, Sec. 11, Para. b, Sub.Para. (7).

**Finding No. 3:**

HSO's FWA training system does not include a process for ensuring training of subcontractors and providers, Oregon Medicaid-specific reporting information, nor adequate documentation and tracking that verifies whether HSO board members, executives, employees, subcontractors, or providers have completed required training.

**Unresolved since: 2022**

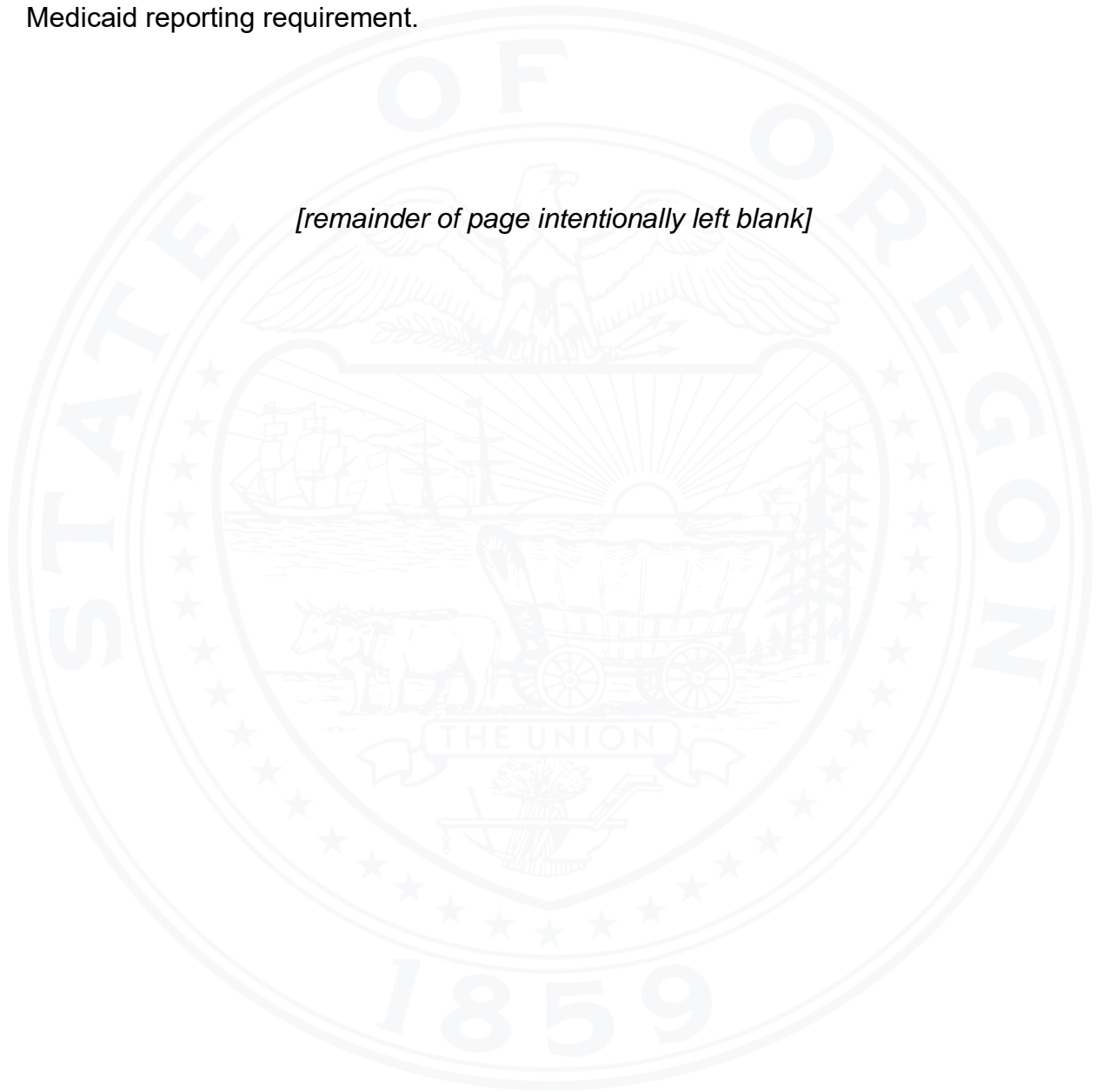
**Required Corrective Action:**

- Provide HSO's training schedule for CY 2025 which must include compliance/FWA training for Providers, senior management, and board of directors, within ninety (90) days of implementation of the CAP.
- Provide HSO's policy for CY 2025, which must include: (i) a description of HSO's process for ensuring its Subcontractor and Participating Provider's are trained upon contracting, (ii) copies of the training materials, which must include the

required content, and (iii) a description of how HSO will track Subcontractor and Participating Provider attendance at and completion of the required training.

- B. Provide copies or evidence of training materials for CY 2025 specific to the Oregon Medicaid reporting requirement.

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**Requirement No. 4:** A system to provide annual education and training to Contractor's employees who are responsible for credentialing Providers and Subcontracting with third parties. Such annual education and training must include material relating to, as set forth in 42 CFR §§ 438.608(b) and 438.214(d): (i) the credentialing and enrollment of Providers and Subcontractors and (ii) the prohibition of employing, Subcontracting, or otherwise being Affiliated with (or any combination or all of the foregoing) with sanctioned individuals.

**Citation(s):** 42 CFR §§ [438.608\(b\)](#) and [438.214\(d\)](#); Contract Exh. B, Pt. 9, Sec. 11, Para. b, Sub.Para. (8).

**Finding No. 4:**

HSO has not sufficiently demonstrated that annual training is provided to employees responsible for credentialing providers and/or subcontracting with third parties.

**Unresolved since: 2022**

**Required Corrective Action:**

- A. Describe HSO's plan for CY 2025 to provide education and training to employees who are responsible for credentialing providers and subcontracting with third parties.
- B. Provide the training materials that will be used to conduct credentialing training during CY 2025.

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**Requirement No. 5:**

Procedures to routinely verify whether services that have been represented to have been delivered by Participating Providers and Subcontractors were received by Members, to investigate incidents where services were not delivered or where Member paid out of pocket for services, and to collect any associated Overpayments. Such verification of services must be made by: (i) mailing service verification letters to Members, (ii) sampling, or (iii) other methods.

**Citation(s):** 42 CFR § [438.608\(a\)\(5\)](#); Contract Exh. B, Pt. 9, Sec. 11, Para b, Sub.Para. (13).

**Finding No. 5:**

HSO's FWA Prevention Handbook deliverable submissions for CY 2022, 2023, and 2024 did not provide sufficient evidence that HSO has a method for verifying whether services represented to have been delivered by Network Providers have in fact been received by Members, including, but not limited to, services that are monitored by HSO's Subcontractors.

**Unresolved since: 2022**

**Required Corrective Action:**

- A. Describe HSO's plan for monitoring its Subcontractors for CY 2025, which must include identifying oversight areas and the plan to analyze the information reported by Subcontractors.
- B. Demonstrate HSO's implementation of a plan for conducting service verification audits during CY 2025. Such plan must demonstrate that investigations of incidents where services were not delivered or where Members paid out of pocket for services and/or collect any associated overpayments are a component of HSO's service verification audit process.

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**Requirement No. 6:**

If Contractor suspects an Overpayment identified during a PI Audit or investigation is due to Fraud, Waste, or Abuse, such Overpayment must be reported to OHA's Office of Program Integrity and the Medicaid Fraud Control Unit at Oregon Department of Justice. All such reports made by the Provider, Subcontractor, or other third-party must include a written statement identifying the reason(s) for the return of the Excess Payment.

**Citation(s):** 42 CFR § [438.608\(a\)\(2\)](#); Contract Exh. B, Pt. 9, Sec. 11, Para. b, Sub.Para. (16), Sub-Sub.Para. (c).

**Finding No. 6:**

HSO's documentation has not sufficiently demonstrated HSO's process to report overpayments related to FWA.

**Unresolved since: 2023**

**Required Corrective Action:**

Provide HSO's updated policy for CY 2025 that includes the provision that HSO's program integrity staff is required to report, in accordance with Exh. B, Pt. 9, Sec. 17 of the Contract, overpayments which are suspected to be a result of FWA.

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## **FWA Annual Prevention Plan**

### **Requirement No. 7:**

Routine internal monitoring, reporting, and program integrity auditing of Fraud, Waste, and Abuse risks. Contractor must provide a work plan which lists all program integrity audits planned for the Contract Year, identifies individual(s) or department resources used to conduct the reviews, data or information sources, whether each review is conducted in person/on-site, and when each review is scheduled to begin.

**Citation(s):** 42 CFR § [438.608\(a\)\(1\)\(vii\)](#); Contract Exh. B, Pt. 9, Sec. 12, Para. a, Sub.Para. (1), Sub-Sub.Para. (a).

### **Finding No. 7:**

HSO's FWA Annual Prevention Plan did not include information regarding routine internal monitoring, reporting, and program integrity ("PI") auditing of FWA risks, data information or sources, and whether each review is conducted in person/on-site.

**Unresolved since: 2022**

### **Required Corrective Action:**

- A. Provide HSO's plan for CY 2025 to conduct routine internal monitoring, reporting, and PI auditing of FWA risks, data information or sources. Such plan must also identify when audits will be conducted in person/onsite.
- Develop process for CY 2025 for planning regular program integrity audits within ninety (90) days of implementation of the CAP.

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**Requirement No. 8:**

Routine internal Monitoring, reporting, and auditing of other related compliance risks. Contractor must provide a copy of its criteria or checklist developed and implemented to perform routine internal monitoring and routine evaluation of Subcontractors and Participating Providers for other related compliance risks. Contractor must provide a work plan which lists all compliance reviews planned for the Contract Year, identifies individual(s) or department resources used to conduct the reviews, data or information sources, whether each review is conducted in person/on-site, and when each review is scheduled to begin.

***Citation(s):*** 42 CFR § 438.608(a)(1)(vii); Contract Exh. B, Pt. 9, Sec. 12, Para. a, Sub.Para. (1), Sub-Sub.Para. (b).

**Finding No. 8:**

HSO's FWA Annual Prevention Plan did not include a list of compliance reviews planned for the year including data/information sources and start dates.

**Unresolved since: 2022**

**Required Corrective Action:**

Develop and begin implementing a work plan that specifies the compliance reviews planned for CY 2025.

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**Requirement No. 9:**

Investigation of potential Fraud, Waste, and Abuse and other related compliance problems as identified in the course of self-evaluation and PI Audits.

**Citation(s):** 42 CFR § 438.608(a)(1)(vii); Contract Exh. B, Pt. 9, Sec. 12, Para. a, Sub.Para. (1)(e-f)

**Finding No. 9:**

HSO's FWA Annual Prevention Plan did not include a sufficient description of HSO's process for conducting investigations of potential FWA or other potential compliance problems.

**Unresolved since: 2022**

**Required Corrective Action:**

- Describe in its CY 2025 FWA Prevention Plan the process HSO will follow when conducting investigations (i) in response to reported instances of potential FWA and (ii) as a result of identifying potential FWA in the course of self-evaluation and PI audits.
- Describe in its CY 2025 FWA Prevention Plan HSO's process for conducting investigations of other potential compliance problems (i) in response to a report and (ii) as a result of identifying other potential compliance problems in the course of self-evaluation and PI audits.

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**Requirement No. 10:**

Prompt and thorough correction of any and all incidents of Fraud, Waste, and Abuse and other related compliance problems and/or coordination of suspected criminal acts with law enforcement agencies, in a manner that is designed to reduce the potential for recurrence.

***Citation(s):*** 42 CFR § 438.608(a)(1)(vii); Contract Exh. B, Pt. 9, Sec. 12, Para. a, Sub.Para. (1), Sub-Sub.Paras. (g-h).

**Finding No. 10:**

HSO's FWA Annual Prevention Plan does not include a process for prompt and thorough correction of FWA incidents and other related compliance problems.

**Unresolved since: 2022**

**Required Correction Action:**

- Describe in its CY 2025 FWA Prevention Plan the process HSO will follow to promptly and thoroughly correct FWA incidents.
- Describe in its CY 2025 FWA Prevention Plan the process HSO will follow to promptly and thoroughly correct other compliance-related incidents.

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**Requirement No. 11:**

HSO's Annual FWA Prevention Plan must include risk evaluation procedures to enable compliance in identified problem areas such as claims, Prior Authorization, service verification, utilization management and quality review. Contractor's annual risk evaluation/assessment must identify a methodology for assessing risk of Fraud and the likelihood and impact of potential Fraud. The Fraud risk assessment may be integrated into Contractor's overall compliance risk assessment or be performed separately from Contractor's overall compliance risk assessment.

**Citation(s):** Contract Exh. B, Pt. 9, Sec. 12, Para. a, Sub.Para. (2).

**Finding No. 11:**

HSO's FWA Annual Prevention Plan has not included evidence of risk evaluation procedures.

**Unresolved since: 2022**

**Required Corrective Action:**

- Demonstrate in the FWA Annual Prevention Plan for CY 2025 that HSO has procedures in place that enables the organization to evaluate risk in identified problem areas directly related to FWA.
- Provide evidence that risk assessments have been implemented for CY 2025 and provide a plan to ensure regular monitoring of completion.

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**Requirement No. 12:**

HSO's must develop and implement an annual plan to perform program integrity audits of Providers and Subcontractors that will enable HSO to validate the accuracy of Encounter Data against Provider charts.

**Citation(s):** 42 CFR § [438.608\(a\)](#); Contract Exh. B, Pt. 9, Sec. 12, Para. a, Sub.Para. (3).

**Finding No. 12:**

HSO's FWA Annual Prevention Plan does not include a process for conducting encounter data validation activities.

**Unresolved since: 2022**

**Required Corrective Action:**

Describe in its CY 2025 FWA Prevention Plan HSO's process for conducting encounter data validation (EDV) activities during CY 2025 (i.e., validating the accuracy of encounter data against provider charts during review of medical records).

**Based on the findings above, OHA is exercising its rights under 42 CFR § [438.710\(a\)](#), OAR 410-141-3530, Exh. B, Part 9, Secs. 6 and 8, and Sec. 9, Para. a, Sub.Para (4) of Exh. D of the Contract to notify HSO of OHA's intent to impose a Corrective Action Plan as set out below.**

## **CORRECTIVE ACTION PLAN & CURE REQUIREMENTS**

In order to cure its breach of the Contract, HSO must, **no later than (30) calendar days** of receipt this letter, implement a CAP as set forth below. All Findings must be corrected within **ninety (90) days** from implementation of the CAP.

1. A plan for correcting the twelve (12) "Findings" in accordance with each of the corresponding "Required Corrective Actions" identified above in this Notice. Using the Corrective Action Plan Workbook provided by OHA, the CAP shall include all of the following:

- A description of the issues, circumstances, and factors that caused Contractor to breach the Contract and why the breach continued for more than two Contract Years.
- Designate and identify the single point of contact who will be responsible for ensuring (i) HSO implements the CAP and (ii) the issues, circumstances, and factors that caused the breach to occur and continue for so long do not reoccur.
- Describe and outline in sufficient detail how HSO will dedicate internal organizational resources to remediate the issues described in this Notice and Order and provide evidence and assurances of how HSO's single point of contact (under a above) will develop, implement, and provide oversight of the CAP.
- A detailed description of the actions and activities that will be undertaken to correct the areas of non-compliance (i.e., which personnel will be responsible for correcting each area of non-compliance and how the corrective action will be implemented).
- A detailed description of the policies and processes that will be put in place, beyond those identified in the FWA documents required to be corrected and/or implemented, to ensure HSO continues to comply with its Fraud, Waste, and Abuse obligations under the Contract through CY 2026 (e.g., compliance review by a third-party).
- A timeline that shows how HSO will make continual monthly improvement toward resolution of the Findings and implementation of the Required Corrective Actions identified above and fully corrected within ninety (90) days of OHA's approval of HSO's CAP; and
- A list of the relevant documentation that will be submitted to OHA together with the reports that will be required to be submitted to OHA evidencing progress towards achieving compliance. These reports must (i) adhere to instructions in the OHA Corrective Action Plan Workbook, and (ii) clearly demonstrate progress during the reporting period.

2. HSO's first report shall be due no later than 30 days after the CAP has been approved by OHA.
3. All subsequent reports shall be submitted to OHA every 30 days after the first report is submitted to OHA.
4. HSO's final report shall be due ninety (90) days after the CAP has been approved by OHA.
5. All reports shall be submitted via administrative notice through the CCO Deliverables Portal using submission ID S-2593.

In accordance with Sec. 6, Para. c of Exh. B, Pt. 9 of the Contract, HSO shall submit the above CAP to OHA via Administrative Notice through the CCO Deliverables Portal as submission ID S-2593, no later than thirty (30) days of the date of receipt of this Notice. Likewise, in accordance with Sec. 6, Para. c of Exh. B, Part 9 of the Contract, upon receipt of HSO's CAP, OHA shall review the CAP for compliance with this Notice.

In the event OHA determines that the CAP does not sufficiently address the issues identified in this Notice or does not comply with the required elements identified above in this Notice, OHA will, in accordance with Sec. 6, Para. c of Exh. B, Part 9 of this letter, pursue the administrative process set forth in Sec. 5 of Exh. D of the Contract and require that HSO make additional revisions and resubmit for approval.

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**HSO MUST REMEDY ITS NONCOMPLIANCE AS SET FORTH IN THIS NOTICE  
WITHIN NINETY (90) CALENDAR DAYS  
OF OHA'S APPROVAL OF HSO'S CORRECTIVE ACTION PLAN**

OHA will monitor HSO's compliance with this Sanction, including the development of a sufficient and adequate CAP and its implementation. Nothing in this Notice limits OHA's authority to, and OHA expressly reserves the right to, impose additional Sanctions, remedies, or both as permitted under the Contract, or as may otherwise be provided by law and in equity, up to and including termination of the Contract.

### **APPEAL RIGHTS**

If HSO believes it has not violated the provisions set forth above and has information relevant to its compliance that it believes OHA should consider, HSO has the right to appeal this Notice by filing a written request for Administrative Review with the OHA Medicaid Director within thirty (30) days of receipt of this Notice pursuant to Exh. B, Part 9, Sec. 8 and OAR [410-120-1580](#)(4)-(6). In such event, in order to be effective, the request for Administrative Review shall be sent via email to:

Veronica Guerra  
CCO Operations Deputy Director  
Medicaid Division  
Oregon Health Authority  
[Veronica.Guerra@oha.oregon.gov](mailto:Veronica.Guerra@oha.oregon.gov)

Sincerely,



Emma Sandoe  
Oregon Health Authority  
500 Summer St. NE, E-20  
Salem, OR 97301  
[Emma.Sandoe@oha.oregon.gov](mailto:Emma.Sandoe@oha.oregon.gov)  
Cc via email:

Mindy Stadtlander, CCO Chief Executive Officer  
Michelle Jabczynski, CCO Compliance Officer  
Beth Spinning, CCO Chief Operations Officer  
Sejal Hathi, OHA Director  
Emma Sandoe, OHA Medicaid Director  
Vivian Levy, OHA Deputy Medicaid Director



Dave Inbody, OHA CCO Operations Director  
Cheryl Henning, OHA CCO Contracts Administrator  
Leslie Ayhens RN, OHA CCO Quality Assurance Manager  
Contract File

