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

Disabled and Elderly Health Programs Group

AUG 21 2015

Leslie Clement, Acting Medicaid Director
State of Oregon, Oregon Health Authority
500 Summer Street, NE E49
Salem, OR 97301

Dear Ms. Clement:

The Centers for Medicare and Medicaid Services (CMS) has been working with the state of Oregon on their rate setting processes in order to improve the data, assumptions and methodology of setting rates to be more consistent with CMS expectations outlined in federal regulations 42 CFR 438.6(c). When the state initially submitted rates for the calendar year 2015 time period, CMS had a number of questions and concerns about the initial methodology chosen. Since that time, the state has discussed a change to the methodology in setting rates for the Coordinated Care Organization (CCO) delivery system. This change in methodology is intended to:

- Match payment to risk for each CCO and develop a consistent methodology applied to all CCOs.
- Improve credibility with a regional approach and minimize variability within a given region.
- Improve transparency with CCOs and CMS in the rate development process.
- Ensure that the methodology is consistent with all applicable CMS/OACT regulations.
- Incorporate emerging experience from the ACA population.

CMS agrees with the state's general approach for moving forward and appreciates the continued effort and look forward to the final rate certification submissions. Once the state submits its contracts and rate certification, CMS will review those in accordance with our standard processes. Please let us know if we can be of further assistance while you develop the final rate certification.

Sincerely,

James Golden, PhD
Director, Division of Managed Care Plans

Cc: David Meacham, Associate Regional Administrator, Region X