OHA Routinely Keeping Medicaid Members out of CCOs

As they jump through a difficult re-enrollment process, 147,000 Medicaid members have been caught outside coordinated care organizations with little access to care, which could cause the state and CCOs to lose $200 million per year in Medicaid funding, mostly from federal sources.

The Oregon Health Authority's Medicaid renewal plan is marooning recipients for weeks or months in a separate system outside the state's coordinated care organizations, limiting members access to care and keeping funds away from the local CCOs, in an arrangement that is drawing criticism from state legislators and health care executives.

The state estimates only 15 percent of the Oregon Health Plan applications sent out each month are processed on time without a suspension of coverage.

Medicaid members must renew each year, and at enrollment time, they are mailed a bewildering, 30-page application booklet while the state waits for them to respond; Medicaid, also known as the Oregon Health Plan, is the healthcare program set up to serve the poor and disabled and includes a high number of homeless people and people with difficulty reading English.

Unsurprisingly, a majority of members are lapsing in coverage; when they renew late, the Oregon Health Authority is detouring them from the local CCO that had been managing their care, and instead placing them in its so-called "open-card" system, where their medical needs are provided through a limited network and paid out a claim at a time through a third-party administrator, Kepro.

The number of people in this separate system has grown each month, and hit 147,000 at the latest census in March.

In response to the enrollment mess, Rep. Cedric Hayden, R-Cottage Grove, has proposed pulling Medicaid enrollment from Oregon Health Authority and giving it to the Department of Human Services. A separate measure, House Bill 2979, requires that lapsed members be put immediately back into the CCO that was serving them, and dictates that any new, eligible members go into a CCO within 30 days.

Last week, Republican Secretary of State Dennis Richardson released an audit showing that 71,000 people were hanging on to Medicaid benefits without proof they are still eligible for those benefits. His release followed a story in the Oregonian that showed 14,000 people were having care terminated for ineligibility.

But a far greater number of people are likely being kept from their eligible medical benefits because of the tortuous re-application process, and roughly 30,000 people at any given time are

waylaid in the open-card system. In addition to poor medical access compared to the CCOs, this alternative system lacks the coordination reforms of the CCOs, which have lowered costs for the state while improving care for these vulnerable citizens, which Oregon officials regularly note is a model for the nation.

“That’s where your audit ought to be,” Hayden said. “The CCOs miss out on the money … by the delay in getting eligibility processed. It has lost money to the system of hundreds of millions each biennium due to slow processing.”

Hayden Strikes Iceberg

Oregon Health Authority spokeswoman Courtney Warner Crowell said the state does plan to route people more quickly into CCOs.

“The goal of the health system transformation in Oregon is to move OHP members to the coordinated care model to focus on prevention and care coordination,” Crowell said in a statement. “Medicaid doesn’t keep any funds, it reflects the payments made to providers and draws down federal funds based on payments made, whether these are FFS claims or CCO payments. OHA is committed to providing quality health care for OHP members and is focused on providing better care, better health at a lower cost.”

Hayden, a dentist, told The Lund Report that he stumbled upon the scope of Oregon Health Authority’s alternative healthcare system while trying to improve dental access for working-class women who receive Medicaid while pregnant.

After the better part of a year haggling the Oregon Health Authority to provide him with public documents, he discovered that the state was tasked with providing dental care in a program with an average enrollment of about 2,000 women. Only 12 percent of the women on average accessed dental care and the state only spent $37,000 in 2014.

But that was just the tip of the iceberg. “The problem is much bigger than pregnant women,” Hayden said.

Jon Collins, a health analyst at the Oregon Health Authority, told the House Health Committee in March that as many as 20,000 people end up in the open-card system each month who could be served by the CCOs, and the state takes an average of 45 days to assign or reassign them to a CCO. Some are stuck in open-card for twice that long.

The chief executive of the Portland CCO FamilyCare, Jeff Heatherington, alleged that he thought the state was waiting to move people into the CCOs until they sought care -- dumping them on the CCOs the minute they had large claims to pay.

“We see a large number of people come on and fall off and come on and fall off,” said Bill Murray, the chief operating officer at FamilyCare. “Most of them have a disruption. It’s a phenomenal number of people who don’t have coverage for an entire year.”

Byzantine Enrollment Process

Under Oregon Health Authority Director Lynne Saxton, the state agency enacted the byzantine re-enrollment process as it tried to recover from the Cover Oregon technology failure fiasco.

Collins told the House Health Committee in March that each month they mail 80,000 of these 30-page applications, and 60 percent, or 48,000 of them, go unrenewed, either because the previously enrolled person declares they're no longer eligible, or because the former Medicaid member never responds.

Of the remaining 32,000 people, only about 12,000 -- or 15 percent of the total each month -- renew their applications seamlessly. The rest are cast into the open-card system where the state is paid retroactively until it eventually hands the member off to a CCO.

To give a worse-case scenario, Collins said that an applicant whose Medicaid expired on March 31 could turn in their application on March 25, but the system would already have ended their coverage by default. The Oregon Health Authority would then take until May 15 -- six weeks -- to process the application, which would provide the agency with retroactive payments back to March 31. But the Medicaid member wouldn't get back into a CCO until June 1, and the CCO would lose two months of payments.

Murray believes that the Oregon Health Authority is keeping lapsed applicants in a silo to minimize financial risk. By stranding members in this system, it doesn't have to pay premiums to CCOs, and would have fewer losses if a person turns out to be ineligible.

Despite the complaints of the CCOs, Crowell said the OHA is actually holding back CCO members for the organizations' benefit: "It would not be fair to make the CCO responsible for services while the member was not enrolled in the CCO and the CCO could not actively work with the member to manage their health care."

However, over-using the open-card waystation deprives the CCOs of about $200 million a year, most of that federal dollars that never come into the state and are not invested in the healthcare system.

The open-card network pays providers less than those contracted with the CCOs, leaving fewer providers willing to contract through Kepro and making it more difficult for patients to receive care. Records show total payments to the Oregon Health Authority for open-card of $987 million in fiscal year 2016.

The situation is a nightmare for patients and providers. When a patient lapses in coverage, she loses access to her medications, and must pray that providers will continue to provide her care without being sure they'll get paid. Hospitals may send her to collections or take the loss as charity care.

The enrollment process under Saxton is also a marked departure from the administration of her predecessor, Dr. Bruce Goldberg, who worked with the Department of Human Services on a special waiver to automatically enroll anyone who had applied for Food Stamps, since the Medicaid expansion gave healthcare benefits to anyone eligible for food assistance in Oregon.

Goldberg's policy led to a surge in Medicaid enrollment that outpaced nearly every other state and maximized the federal investment in the state's healthcare system, which the state has reported added 23,000 jobs to the industry as well as increased rolls to 1.1 million. The windfall helped boost the reserves of CCOs and greatly increased their cash flow.

Those rolls have steadily decreased since the new OHA redetermination process was implemented in March 2016, from 1.1 million Medicaid Oregon Health Plan members to about 1 million today.

While criticism of the Oregon Health Authority has been led by Republicans, the House Health Chairman, Rep. Mitch Greenlick, D-Portland, dressed down the director of the Oregon Health Authority at that meeting earlier this year and laid waste to her agency's handling of Medicaid enrollment.

"I would submit this is a problem of organizational culture. If it was a part of your culture to say every eligible person, every person in this state who is eligible for Medicaid would be on the Oregon Health Plan, and you will do everything possible to make sure they get on it, you would be doing something different," said Greenlick. "You would not be sending out 80,000 applications that have a 30-page application and say, 'Boy, I hope everybody fills it out and gets back to us, and if they don't they must not be eligible anymore. But if they show up later, we'll put them back on.' You would be doing something entirely different.

"You would not be throwing those things out to people who are functionally illiterate, who speak a different language, who no longer have an address, who don't have a telephone. You would be doing something very different if your own measure of success were that every eligible person in the state was on the Oregon Health Plan. It would be a different organizational culture."

In response, Saxton blamed the problem on the new information technology system for enrollment that the state adopted after the collapse of Cover Oregon, and cast it as a problem with the Obamacare Medicaid expansion.

"With the population we've been working with for decades, we do a very good job, the numbers support that," Saxton said.

But the numbers don't back up her claim. The only groups who have maintained coverage without significant lapses are those who receive Medicaid for a reason other than low income levels -- seniors, foster children and people with disabilities.

In her testimony, Saxton lumped in with the Medicaid expansion two groups who have been served by the Oregon Health Plan for 20 years -- pregnant women and children, who have actually been disenrolled at a higher rate than the low-income adults added with Obamacare.

HB 2979

The March hearing led Greenlick to support House Bill 2979, which Hayden drafted and would require the Oregon Health Authority to put lapsed members immediately back into their CCO without waylaying them in their open-card network. The state would have 30 days to assign new members to a CCO.

Hayden said he wanted to go further -- and restore responsibility for Medicaid enrollment to the Department of Human Services, which has case managers already helping poor and disabled people with other services available to them.

HB 2979 passed out of the House Health Committee unanimously but the bill got sidetracked to the Committee on Ways & Means, where it may not resurface.

Sen. Elizabeth Steiner Hayward, D-Beaverton, who co-chairs the subcommittee that controls the fate of HB 2979, acknowledged the problem, telling low-income advocates at a hearing last week that she was working on decreasing the number of people in open-card and minimizing the lag time.

But her co-chairman, Rep. Dan Rayfield, D-Corvallis, was noncommittal about HB 2979 -- saying only that he was also aware of the problem and working with the agency that created the problem -- the Oregon Health Authority -- to fix it, and suggested he may support a less direct approach than a change of statute, such as budget note. “We’re looking at various mechanisms to deal with this issue,” he told The Lund Report.

On Thursday, Rayfield was also dismissive of Richardson’s audit and the Oregonian story, insinuating that Richardson was making a partisan attempt to derail budget negotiations and proposed tax increases on hospitals and insurers: “It’s the biggest non-story.”

A day earlier, Rayfield said he and other people working on the healthcare budget had been aware of the Oregon Health Authority’s problems confirming the income levels of its members for about a year as the agency struggles to switch accounting systems. “Throughout this process, we have chosen to prioritize getting people healthcare. It appears the only one who has not been aware of this is our secretary of state.”

Rep. Rob Nosse, D-Portland, put the number of people caught up in Richardson’s audit in context, while also supporting Hayden and House Bill 2979, and a second bill, House Bill 2838, which would allow the CCOs to fund third-party application assisters for Medicaid members. “The discrepancy is about 15,000. It is a relatively small number for a very large program that serves a million people in our state.”

Budget Deal

Hayden serves on the bipartisan group meeting behind closed doors to hash out a tax package to fill a funding gap for the Oregon Health Plan, and he said they were considering a $575 million increase in the hospital assessment, which he supported, and a 1.5 percent assessment on all insurance policies regulated by the state of Oregon -- a policy he was less likely to support, since the money would be paid by middle-class insurance holders but pay for Medicaid.

Last August, the Oregon Health Authority announced a $900 million budget gap, driven by increases in the state share of Medicaid funding, for both the Obamacare population and the traditional members.

The announcement came as a collective of unions and liberal groups called Our Oregon, backed by Democratic Gov. Kate Brown, sought to pass Measure 97, which would have raised $5 billion in corporate taxes. Our Oregon wanted to increase state revenues to provide more stable funding for the public school system, but also to backfill the budget hole at the Oregon Health Authority.

Measure 97 was soundly defeated by the voters, 59-41. Since that time, Democrats have proposed a number of smaller tax increases to finance the budget deficits that were reported during the Measure 97 campaign. But they need Republican support for any tax increase, and with less than two months left in the 2017 legislative session, they have yet to reach an agreement.

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