

JOHN A. KITZHABER, M.D.  
GOVERNOR



September 7, 2001

Tommy G. Thompson  
Secretary, U.S. Department of Health and Human Services  
200 Independence Avenue, SE  
Washington, D.C. 20201

Dear Secretary Thompson:

I am writing to request an extension of Oregon's Section 1115 Oregon Health Plan (OHP) Medicaid Demonstration Waiver (# 11-P-90160/0-01) as provided for by Section 703 (a)(5)(B)(6) of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000. This is a request for a three-year extension. The current OHP waiver extension ends January 31, 2002.

The Oregon Health Plan is a success. Program objectives have been met and sound quality assurance practices are in place. The *OHP* waiver has meant that since February 1, 1994, in addition to more than 260,000 people traditionally eligible for Medicaid services, each month an average of 84,000 more Oregonians with family incomes below 100% of the federal poverty level have had access to comprehensive, high quality health care. This care is available at no or very little cost to beneficiaries. Because of OHP's unique blend of managed care and prioritization of health services, the program has reduced federal government expenditures compared with what they would have been had Oregon continued its pre-waiver Medicaid program. The OHP was the 1996 Winner of Harvard University's John F. Kennedy School of Government *Innovations in American Government* Program.

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Additionally, as a result of the Oregon Health Plan, we are focusing heavily on prevention issues to improve health and quality of care for OHP clients. *OHP's* emphasis on prevention has produced measurable results. For example, the Centers for Disease Control and Prevention's national immunization survey showed Oregon's childhood immunization rates improved dramatically. Oregon's immunization rates ranked it 20<sup>th</sup> among states, up from 49<sup>th</sup> in 1999. *OHP* was identified as a major contributor to that improvement. The OHP waiver has allowed investment in the development of preventive programs, the hiring of an OHP prevention coordinator, and the creation of a joint prevention-focused database with the state health division.

Much of this work is being accomplished through an OMAP management and quality initiative called Project: **PREVENTION!** which is a collaborative effort involving the OHP managed care plans, the Oregon Health Division, county health departments, sister agencies, and private organizations. The purpose of this program is to accelerate preventive services and develop system-wide prevention efforts through required individual plan prevention projects and statewide prevention initiatives with performance measurement and contract requirements. Under this program, particular statewide successes are being shared ("best practices") and being realized in ongoing work with early prenatal care, pediatric immunizations, tobacco cessation, diabetes management, asthma management, and early childhood cavities prevention. For example, the Consumer Assessment of Health Plans Survey reveals 70% of OHP smokers are being asked to quit by their providers. This survey put us within one percentage point of the national, NCQA HEDIS 90<sup>th</sup> percentile benchmark.

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The OHP has fostered a more stable system of health financing in Oregon through reduced cost-shifting, and made health care expenditures for low-income Oregonians more predictable while substantially complying with each of the Terms and Conditions of the demonstration. Attachment 1 are samples of our quarterly reports showing details of our compliance, and Attachment 2 identifies the Terms and Conditions that Oregon asks to modify.

Oregon is requesting a modification to the Budget Neutrality Term and Condition. Specifically, the annual growth rate percentage for Phase I and Phase II populations has been 5.95 and 5.84 percent. Actual experience, both nationally and in Oregon, indicates there was a significant underestimate based on a unique period. The base year period (1998) represented the lowest percent in average annual increase, having been experienced only in that calendar year. Oregon requests 17.1 percent for Phase I and 16.8 percent for Phase II. Medical prices and utilization, which are the two factors accounting for average annual growth, are expected to increase in general. The needs of the Phase II population, in particular, will result in higher annual growth. The Phase II population uses durable medical equipment and pharmaceuticals at a higher rate than Phase I.

In accordance with public notice requirements, Oregon will submit a notice for publication in major Oregon newspapers. In addition, we will have in-depth discussions and requested comments from Prepaid Health Plans, interested associations, organizations, advocates, medical professionals and all Oregon Tribal Chairs. Oregon Medicaid staff also meet quarterly with Tribal representatives, Indian Health Services (IHS) staff, and Directors of IHS clinics and at our most recent meeting in August this waiver request was discussed.

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Please let Mark Gibson, Senior Policy Analyst, at (503) 378-6502 know what, if any, additional information you will need in order to grant us a three-year extension to our current waiver so that we can continue our innovative program without interruption.

Sincerely,

Handwritten signature of John A. Kitznaber, consisting of the initials 'JAK' followed by a flourish.

John A. Kitznaber, M.D.

Enclosures

cc: Gordon H. Smith, U.S. Senator  
Ron Wyden, U.S. Senator  
Earl Blumenauer, U.S. Representative  
Peter DeFazio, U.S. Representative  
Darlene Hooley, U.S. Representative  
Greg Walden, U.S. Representative  
David Wu, U.S. Representative  
Gene Derfler, President, Oregon Senate  
Mark Simmons, Speaker, Oregon House of Representatives  
Bob Mink, Director, Oregon Department of Human Services  
John Santa M.D., Administrator, Office of OHP Policy and Research  
Hersh Crawford, Administrator, Office of Medical Assistance Programs  
Barry Kast, Assistant Director, Health Services  
Lydia Lissman, Assistant Director, Seniors and People with Disabilities  
Thomas Scully, Administrator, U.S. CMS  
Robert Reed, U.S. CMS Region X  
Juli Harkins, U.S. CMS

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**Attachment 2**

Requirement #	Cite	Requirement	Action	Where addressed/explanation
12	Terms & Conditions (7/30/1998)	Continuation Application	Delete	October 30 of prior year. <span style="float: right;">4<sup>th</sup></span>
13	Terms & Conditions (7/30/1998)	Adverse selection eligibles		Done at origin, no longer relevant, complete.
26	Terms & Conditions (7/30/1998)	Eligibility oversight plan MEQC pilot	Delete	Complete.
29	Terms & Conditions (7/30/1998)	Criteria for premium, sub-part A. (3) (reason for denial of premium waiver request)	Delete	All monitoring regarding dis-enrollments, request for waivers, and number of waiver request by type are reported quarterly. Current MMIS does not capture premium waiver appeal denial reasons.