

From: William (Bill) Murray
Sent: Wednesday, November 29, 2017 2:26 PM
To: ROBISON Laura <Laura.Robison@dhsosha.state.or.us>
Cc: Kevin Clancy <kevinc@familycareinc.org>; Jeff Heatherington <JeffH@familycareinc.org>; Art Suchorzewski <ArtS@familycareinc.org>
Subject: FW: CCO Update on 2018 Rate Review

Laura,

We applaud OHA's decision to seek an independent analysis of the 2018 rate-setting process for the coordinated care organizations. However, as discussed during our meeting on November 15, 2017, FamilyCare is concerned that the regulatory and actuarial reviews lack the independence that was originally desired and the scope of the reviews, as outlined in the service agreements you provided, is not sufficient to render complete and comprehensive assessments. As you have explained, in establishing the scope of the reviews, time constraints were a consideration by OHA. However, FamilyCare is concerned that the lack of independence and limitations on scope may lead to inconclusive or disputed results.

We appreciate you disclosed that the firm chosen for the actuarial review – Lewis & Ellis – is not independent as the firm was engaged in a review of Oregon's capitation rates for the Centers for Medicare and Medicaid Services (CMS) as recently as 2016. We are very concerned that this puts the firm in a very compromised position of possibly having to reach conflicting conclusions from its prior work. Although we recognize that the Oregon Health Authority (OHA) has asked Lewis & Ellis to utilize staff not engaged in the prior Oregon work, we believe it difficult, if not impossible, for the firm to conduct its review with the necessary independence given its prior engagement. Similarly, we have the same independence and conflict concerns with the legal compliance review is being conducted by Manatt, a firm that has previously done work for OHA and worked in conjunction with Optumas on capitation payment rate issues and Oregon's waiver renewal. It is our understanding that the selection of Manatt was made by the Department of Justice.

In addition, as discussed, we are concerned that the service agreement for the actuarial review includes a specific exclusion related to two of the most significant issues identified by FamilyCare. The service agreement states: "Note that a review of and opinion with respect to Agency's policy decisions to truncate base data and review administrative costs or opportunities to improve efficiency is not within the scope of the engagement." It is still unclear to us what these policies are and whether any detailed justification for those policies exist, and the exclusion of these decisions from the review only furthers the uncertainty of report's findings. As discussed, OHA's/Optumas' explanations of the base data policy has been inconsistent and has not aligned with the documentation FamilyCare has received.

Finally, we are concerned that neither firm has requested anything from the CCO's. We understand and appreciate that you have provided the firms with the CCO Questions and Concerns document. However, as we discussed, the Optumas' responses to a number of FamilyCare's questions are not accurate or

complete. Any reliance the firms place on this information would result in incorrect conclusions or findings.

Thank you for acknowledging the magnitude of FamilyCare's concerns and the steps you and the Authority are taking to insure the rate-setting process is compliant with all legal and regulatory standards. If you have any questions about this communication or would like to discuss it further, please let me know.

Thank you,
Bill