

**Designated State Health Program (DSHP)
Oregon Health Authority (OHA)
May 16, 2013 Board meeting**



Background and Development:

- In July 2102, the federal government approved Oregon's significant amendment request to its 1115 Medicaid demonstration waiver
 - To allow the state to move forward with the Governor's health care change initiative
- Over the next five years, Oregon will utilize federal Medicaid investments to increase local health care access to better coordinated, more patient-centered care as part of its delivery system transformation.
- The approved waiver provisions allow Oregon post-secondary education institutions expenditures to be included under the "Designated State Health Programs (DSHP)"



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Governor's and OHA's request to CC:

- The purpose of DSHP is to improve access and quality of care for community members, many of whom are Medicaid beneficiaries, by supporting the development of a qualified health care workforce through education and training.
- As a result, the 1115 waiver allows Oregon universities, OHSU, and nine Oregon community colleges to certify health education and training expenditures. Once certified, the Oregon Health Authority (OHA- Oregon's Medicaid agency) is allowed to draw federal matching funds related to those expenditures.
- OHA has requested all the nine (9) community colleges including PCC that have health programs to enter into an IGA (intergovernmental agreement) with OHA to certify these expenditures and agreeing to a specific process for the fund transfer.
- In Jan/Feb 2013, CC's were sent the IGA to sign.



3 Major Questions from the CC's about the IGA:

1. Is this proposed waiver process as proposed in the IGA legal?

- a) In February, OCCA engaged Washington, DC law firm of Eyman and Associates (with Medicaid Waiver expertise) to review the OHA Intergovernmental Agreement (IGA) for legality
- a) Finding: Legal for Federal Waiver 1115 as mentioned
- a) PCC FY 2011-12 annual G/F expenditures from health programs were \$7.3 million (1/3 of it was from CCSF allocation) . Non General Fund (CLIMB) \$1.0 million.



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3 Major Questions from the CC's about the IGA (continued):

2. Why the transfer of funds as proposed—when State receives the Medicaid funds, they send to the CCs and then the CCs remit back the same amount?

- a) Both the DC attorney and CC Business Managers don't think that it is necessary to do this transfer.
- b) OHA insists that it is necessary and it is still in the revised IGA
- c) CCs determine to treat this as a 'pass-thru', not affecting revenue or expenditures
- d) The mechanic of handling this transfer in the final version of the IGA is now in compliance with both the Oregon Budget law and General Accepted Accounting Principles.



3 Major Questions from the CC's about the IGA (continued):

3. How can CCs limit role & liability in this IGA?

- a) We were concerned about the lack of role clarity and one-sided exposure for CCs. We worked with OHA to revise the IGA since Feb to:
 - i. Limit the scope to just certifying the quarterly and annual expenditures and remitting the funds back to the state.
 - ii. Specify that CC will rely on OHA's guidance to define and identify the allowable DSHP expenditures, the process including the fund transfer.
 - iii. If CMS disallows any expenditures, OHA (State) is on the hook, not Community Colleges.
 - iv. Mutually hold harmless (before it was pretty one sided in favor of the State)
- b) PCC risks are mainly the regular operational risk of any agreement:
 - i. PCC being negligence
 - ii. The regular transaction type related risk... loss of transfer, funds went to the wrong place etc
 - iii. Frivolous claims



Summary:

- It is a political decision from the Governor to seek the waiver and with the Fed's approval, he wants this IGA happened. OHSU & OUS schools already inked it.
- The IGA arrangement is legal
- Despite our concerns about the transfer process, it is now in compliance with the budget law and accounting rules by the way we plan to treat it.
- We have minimized the risks to PCC



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Next Steps:

- PCC to execute the DSHP/IGA with OHA
- Work with OHA to implement the provisions in the IGA



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Thank you!

Questions?



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