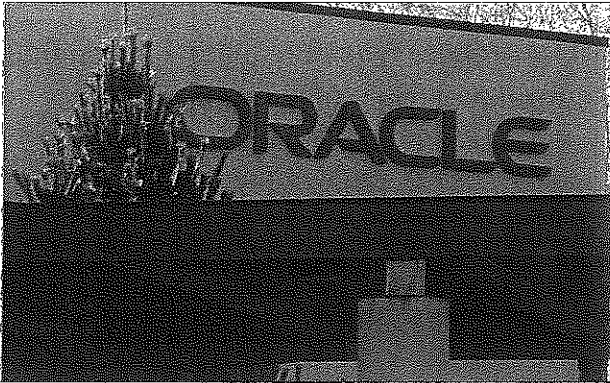


## Oregon sues software giant Oracle over Medicaid system

By Gosia Wozniacka, Associated Press | Published: Feb 18, 2015 at 4:04 PM PST (2015-02-19T04:04:02Z) | Last Updated: Feb 19, 2015 at 2:13 AM PST (2015-02-19T02:13:82Z)



PORTLAND, Ore. (AP) — Oregon has filed a [new lawsuit](#)

(<http://media.katu.com/documents/Oregon+sues+Oracle+again+Complaint.pdf>) against Oracle Inc. saying the company is planning to pull the plug on hosting the state's Medicaid system, which could jeopardize health insurance enrollment and re-enrollment for thousands of low-income Oregonians.

### **>>Read the lawsuit**

(<http://media.katu.com/documents/Oregon+sues+Oracle+again+Complaint.pdf>)

According to the lawsuit, Oracle promised the state it would renew the contract for hosting Medicaid enrollment, but it suddenly notified officials earlier this month that hosting would terminate at the end of February. The state says this will bring enrollment in the Oregon Health Plan, the state's version of Medicaid, to a grinding halt; it wants a judge to force Oracle to continue working with the state.

Oregon's Medicaid system, which runs on Oracle technology, processes 26,000 low-income people each week, according to the state's complaint. People can sign up for Medicaid year-round.

The lawsuit was filed in Marion County Circuit Court on Friday. Oracle was the main technology contractor for the botched Cover Oregon health insurance exchange, which also included a Medicaid enrollment system.

Oracle disputes Oregon's characterization of the disagreement. In a letter to Oregon officials, Oracle's senior vice president and general counsel Dorian Daley said Oracle made no binding promises to Oregon and the hosting contract does not contain a provision to renew it. The letter was provided by company spokeswoman Deborah Hellinger.

In the letter, Oracle blames the Oregon Health Authority, which oversees Oregon's Medicaid program, for not having a contingency plan.

Oregon Health Authority officials did not respond to repeated calls for comment about why Oregon didn't find a different hosting company, knowing that litigation between the state and Oracle was imminent. State officials also did not explain how long it would take to find a new hosting service or how manual processing of Medicaid enrollment would look like if Oracle terminates the hosting.

In April, Oregon ditched the Oracle-built exchange and switched to the federal exchange, HealthCare.gov, to sign up Oregonians for private health insurance. When the federal portal finds that a person may be eligible for Medicaid, it sends the information back to the state. HealthCare.Gov does not handle Medicaid enrollment because each state is responsible for managing its own Medicaid enrollment system.

Oregon hoped to salvage parts of the Oracle technology to build its Medicaid site, but officials later decided against working with Oracle. The state is now adopting technology from Kentucky for Medicaid enrollment — but that won't be completed until December. In the meantime, the state has continued to use Oracle's software and hosting to run Medicaid.

Oracle's letter says the company no longer wants to do business with Oregon because of what it believes are absurdities in the state's legal actions. The state has previously sued the Redwood City, California-based company over the Cover Oregon debacle, claiming that Oracle officials lied, breached contracts and engaged in "a pattern of racketeering activity."

In its complaint, Oregon seeks a permanent injunction to bar Oracle from doing business with the state in the future.

This, the letter from Oracle states, "is simply incompatible with continuing to ask Oracle to enter into new agreements with the State."

Oracle says the state's "defaming" of Oracle and its work directly clash with its claim that the Oracle system is indispensable to Medicaid's functioning.

"Now you are demanding that Oracle keep that very same system — the system that the State has been telling the world does not work — up and running because it is critical to signing up thousands of Oregonians for Medicaid," the letter states.

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### **Comprehensive Cover Oregon Coverage:**

**Below is a list of the major stories that KATU's On Your Side Investigators uncovered in the Cover Oregon debacle and/or posted on KATU.com.**

- **Congress to Kitzhaber: Send us Cover Oregon records**  
(<http://www.katu.com/news/investigators/Congress-to-Kitzhaber-Send-us-Cover-Oregon-documents-291942651.html>)
- **Oracle tries again to get Cover Oregon lawsuit in federal court**