



February 24, 2023

The Honorable Andrea Valderrama, Co-Chair
The Honorable Wlinsvey Campos, Co-Chair
Joint Committee on Ways and Means Human Services Subcommittee
900 Court St. NE
Salem, Oregon 97301

SUBJECT: Follow up to questions – February 20, 2023, informational hearing

Dear Co-Chairs and Members of the Committee:

The Oregon Health Authority wishes to provide information on questions asked in the February 20, 2023, informational hearing on Medicaid and the Medicaid 1115 Demonstration waiver. Below and attached you will find information.

With the number of demonstration waivers and innovation, are Oregonians healthier than other states? What are the results of waivers to-date?

In the fall of 2021, OHA and OHSU released the [evaluation of Oregon’s 2017-2022 Medicaid waiver](#). An overview of the results is available [here](#), with the high-level takeaways being:

- Progress on Behavioral Health was mixed
- Oral Health Integration Measures improved
- Despite challenges, CCOs expanded spending on Health-Related Services

The waiver evaluation is focused on Oregon and is not designed to compare Oregon with other states. However, the Centers for Medicare & Medicaid Services (CMS) collects monitoring metrics that allows for comparison between states. There are a variety of different metrics, which are included in the attached spreadsheet for your review. For example, we can say that Oregon has the 7th highest rate of follow-up after emergency department visit for mental illness within 7 days (among 38 states that reported).

Information about declining FMAP

The recent decline in Oregon’s FMAP rate was due to Oregon’s average per capita income increasing faster than the U.S. average per capita income during the years used to calculate the 2024 FMAP rate. This means Oregon’s share of U.S. per capita income increased, therefore decreasing the FMAP.

Percent change in per capita personal income

Year	Oregon	U.S.
2019-2020	+8.1%	+6.2%
2020-2021	+8.1%	+7.3%

February 24, 2023
Page 2 of 2

Attached is a more general answer describing how the FMAP rates are calculated and includes a chart with the historical changes FMAP rates.

Sincerely,

A handwritten signature in blue ink that reads "James M. Schroeder". The signature is written in a cursive style with a large, stylized initial "J".

James M. Schroeder
Interim Director

Guide to changes in Oregon's Federal Medicaid Assistance Percentages (FMAP)

February 21, 2023

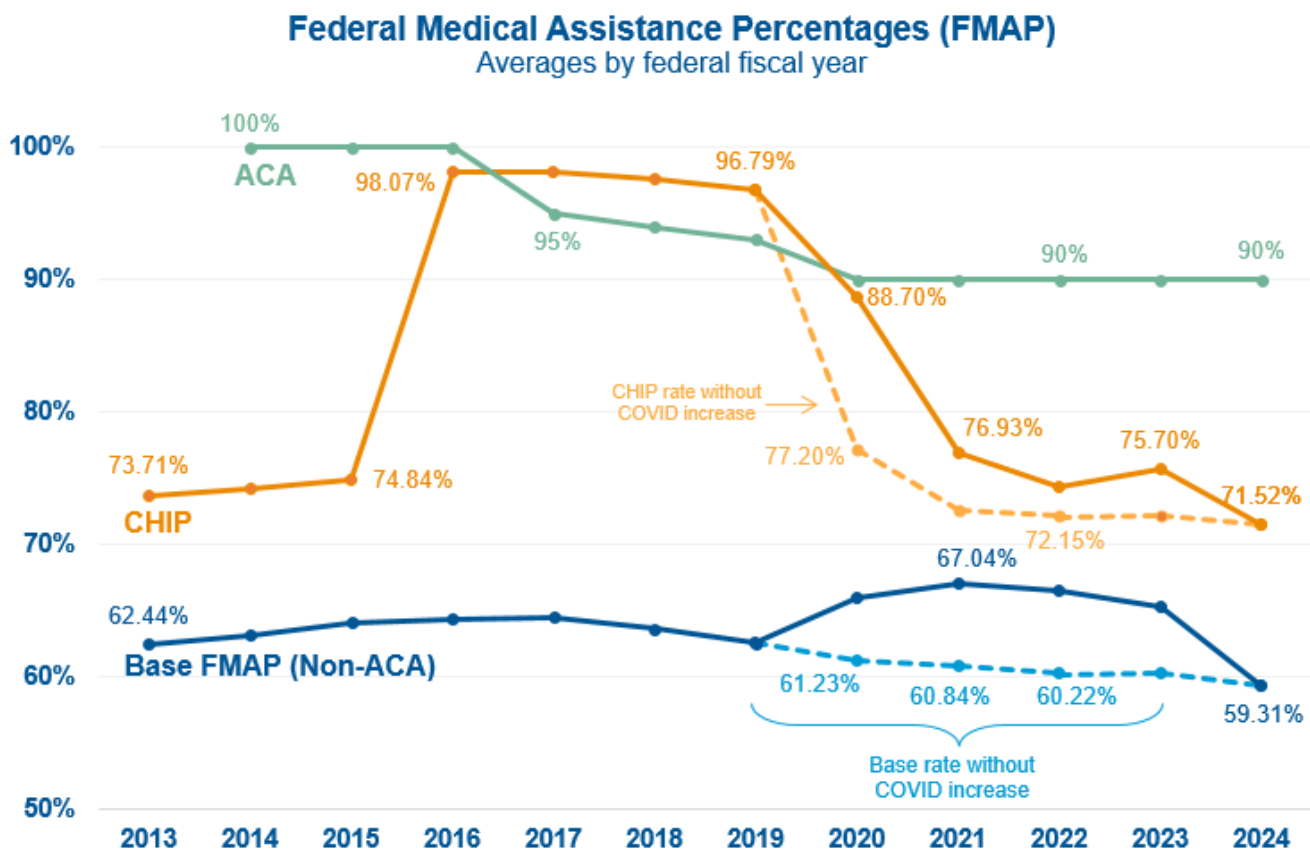
The Federal Medicaid Assistance Percentage (FMAP) is the share of Medicaid benefits costs paid by the federal government.

How are FMAP rates calculated?

FMAP rates change annually and are driven by the ratio between the US and Oregon's per capita personal income. States with average per capita income receive an FMAP of 55%, but no state can receive less than 50% or more than 83%.

To receive an increase in the FMAP, a state must experience a decline in its share of U.S. average per capita income. For example, if Oregon's average per capita personal income remained the same but U.S. average per capita income increased, then Oregon's FMAP rate would increase because its share of the U.S. economy would have declined.

Changes in FMAP rates do not immediately capture recent economic trends because the FMAP rate calculation relies on three-year averages beginning five years prior to the rate year. For example, the 2024 rate calculation uses per capita averages for 2019, 2020, and 2021. Due to this lag, a state could see a reduction in its FMAP rate even as its economy is declining, and vice versa.



Due to the COVID-19 public health emergency (PHE), each state’s base FMAP rate saw a temporary 6.2% increase beginning January 1, 2020. The PHE is expected to end of May 11, 2023 and the temporary increase will phased out over the course of calendar year 2023 according to the following schedule (in percentage points):

Date (CY 2023)	Base FMAP increase	CHIP FMAP increase
January 1 to March 31	6.2	4.34
April 1 to June 30	5.0	3.5
July 1 to September 30	2.5	1.75
October 1 to December 31	1.5	1.05

The Children’s Health Insurance Program (CHIP) uses an enhanced FMAP calculated by reducing each state’s Medicaid share by 30%. For FY 2016 through FY 2019, the Affordable Care Act (ACA) increased states’ enhanced FMAPs by 23 percentage points. Subsequent legislation, however, phased out this increase according to the following schedule:

Federal Fiscal Year	ACA enhanced FMAP (CHIP) rate increase
2016 - 2019	23 percentage points
2020	11.5 percentage points
2021	No increase, reverts to regular enhanced FMAP

The current FMAP rate for the ACA expansion population is 90%. It is not tied to per capita income.

When do FMAP rates become available?

Official *preliminary* FMAP rates are released in the spring two years prior to the rate year. For example, the 2024 preliminary rate was released in spring 2022. The preliminary rates are then revised and made final in the fall of the same year. For example, the preliminary 2024 rate was revised and finalized in the fall of 2022.

During the budget development process, when neither preliminary nor final rates are available, Oregon Health Authority staff project match rates for the out years. Projected match rates are based on current federal policy and estimates for Oregon and U.S. per capita income from the Oregon Office of Economic Analysis.