

ANALYSIS

Item 5: Oregon Health Authority Reproductive Health

Analyst: Matt Stayner

Request: Allocate \$10,000,000 General Fund from the Emergency Fund to the Oregon Health Authority to facilitate payments to Planned Parenthood affiliates in Oregon for reproductive health services in lieu of federal Medicaid Funds no longer available to Prohibited Entities, as defined by Section 71113, Public Law 119-21.

Analysis: House Resolution 1 (H.R. 1) included Section 71113 that prohibited the use of federal Medicaid funds for any “Prohibited Entity”, as defined in the bill, for a period of one-year beginning July 4, 2025. This period roughly aligns with state fiscal year 2026. The definition of Prohibited Entities applies only to the two Oregon based affiliates of Planned Parenthood.

Anticipating the possibility of this prohibition, the Legislature, during the 2025 regular session, appropriated \$10 million General Fund to the Oregon Health Authority specifically for distribution to reproductive health care providers in response to reductions in federal funding for health care services, with direction to prioritize the highest volume providers operating across multiple counties. The Oregon Health Authority (OHA) entered into grant agreements with Planned Parenthood of the Columbia/Willamette (PPCW) and Planned Parenthood of Southwestern Oregon (PPSO) as the sole recipients of the \$10 million in appropriated funding “to assist Recipient to provide the full scope of reproductive health services to as many people as possible across Oregon given the impacts of changes to funding at the federal level.” The grant agreements also state that an acceptable use of the funding is “covering cost of services to OHP members.” Both Planned Parenthood affiliates, PPCW and PPSO, are enrolled providers in the Oregon Health Plan (OHP) and the Oregon Contraceptive Care (CCare) program.

OHA has proposed a Fee for Service (FFS) carve-out to pay Planned Parenthood affiliate reimbursement claims during the period that federal Medicaid funds are not available. To implement the proposed FFS carve-out, OHA intends to modify the Medicaid Management Information System (MMIS) to assign special provider identification numbers to the Planned Parenthood affiliates so that claims entered in the system would route to the FFS program rather than to CCOs. This will ensure that state funds will be used exclusively, and that no federal Medicaid monies are provided to Planned Parenthood affiliates during the prohibition period. Although there are anticipated costs associated with the MMIS changes, OHA reports that the agency would reprioritize work plans to accomplish this work with no additional resources. OHA has also stated that there would be no additional administrative costs to implement or operate the work around.

As shown in the table included in OHA's request letter, payments to PPCW and PPSO for services provided through OHP and CCare totaled \$20.2 million during state fiscal year (FY) 2025 (July 1, 2024, to June 30, 2025). While the split between state funding and federal funding has been provided for the CCare and FFS programs at OHA, the amount of state funding supporting CCO reimbursements to the Planned Parenthood affiliates is not delineated.

Using the proportional allocation illustrated by the FFS payments as a proxy, the federal portion of CCO payments would be an estimated \$4.8 million, resulting in a funding distribution of \$10.8 million state funds, and \$9.4 million federal funds over both programs. However, it is important to note that the current FFS program for these services includes a larger proportion of state funds than the CCO program, which is likely to result in actual federal payments for both programs ranging between \$9.4 to \$11 million. The FY 2025 claims payments to Planned Parenthood affiliates are a good, but imperfect estimate for FY 2026, as the actual claims for FY 2026 may vary significantly in both programs. Within the FFS and CCare programs, state funds and Federal Funds are discretely budgeted and expended. State funds can readily be used to continue supporting reimbursements to Planned Parenthood for both programs. However, the CCO funding mechanics are significantly more complicated with some state funding already associated with services provided by Planned Parenthood built into the CCO capitation payments.

The payment prohibition contained in H.R.1 does not make a significant enough change to require an adjustment to CCO capitation rates under federal rules according to OHA, and Oregon statute may preclude OHA from making a change to the CCO contracted rate in the absence of a federal requirement. Referencing the table summarizing FY 2025 claims payments to Planned Parenthood included in the request, replacing Federal Funds in all programs and the state funds portion of CCO payments would be \$15.9 million, or \$17.5 million if inflated at a 10% rate. Information provided on the inflation rate of year-over-year growth in patient visits and associated expenses references 10-15%.

Detailed claims projections were not available at the time of this analysis and recommendation. This makes it difficult for the Legislative Fiscal Office to determine the actual amount necessary to cover the federal portion without also duplicating some state costs. Based on the \$17.5 million estimate, and considering that the budget report for HB 5025 (2025) and executed grant agreements state that the \$10 million already distributed to PPCW and PPSO was intended to address reductions in federal funding for reproductive health care services, LFO recommends that \$7.5 million additional state funds be provided to the OHA to facilitate service reimbursement payments to Planned Parenthood affiliates as described in the request.

OHA's letter notes that the requested funding amounts are not likely to support the program claims for the entire fiscal year. Requests for additional funding should be supported with detailed claims projections.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board allocate \$7,500,000 General Fund from the Emergency Fund to the Oregon Health Authority to facilitate payments to Planned Parenthood affiliates in Oregon for reproductive health services.

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Oregon Health Authority
Trombley

Request: Allocate \$10 million General Fund from the State Emergency Fund to the Oregon Health Authority to continue payments to entities that are prohibited from receiving federal Medicaid funds under Section 71113 of House Resolution 1 (H.R. 1).

Recommendation: Approve the request.

Discussion: In July 2025, H.R. 1 was signed into law. Section 71113 in H.R. 1 prohibits the use of federal Medicaid funds for entities meeting the definition of a “Prohibited Entity” for one-year. In Oregon, Planned Parenthood of the Columbia Willamette (PPCW) and Planned Parenthood of Southwestern Oregon (PPSO) fall under the federal definition of a “Prohibited Entity.”

Currently, both PPCW and PPSO are enrolled providers in two health care plans – Oregon Health Plan (OHP) and ContraceptiveCare (CCare) – that leverage federal Medicaid funds to support services to enrolled members. In Fiscal Year 2025, OHP funds for services totaled \$18.7 million (state and federal funds) and CCare funds for services totaled \$1.8 million (state and federal funds).

If funded, reimbursement claims could be submitted for OHP-supported services dated retroactively back to July 4, 2025, the effective date of Section 71113 of H.R. 1. Payments for these services would be processed weekly. For CCare reimbursements, claims would be processed monthly based on existing timelines. OHA anticipates if the request is funded, resources could cover current claims and commitments through April 1, 2026.

Legal Reference: Allocate \$8,400,000 from the State Emergency Fund to supplement the appropriation made by chapter 587, section 1(1), Oregon Laws 2025, for the Oregon Health Authority, Medicaid Division, for the 2025-27 biennium.

Allocate \$1,600,000 from the State Emergency Fund to supplement the appropriation made by chapter 587, section 1(4), Oregon Laws 2025, for the Oregon Health Authority, Public Health Division, for the 2025-27 biennium.

Tina Kotek, Governor

November 10, 2025

The Honorable Senator Rob Wagner, Co-Chair
The Honorable Representative Julie Fahey, Co-Chair
Emergency Board
900 Court Street NE, H-178
Salem, OR 97301

Dear Co-Chairs:

Nature of Request

The Oregon Health Authority (OHA) Medicaid and Public Health Divisions request \$10 million General Fund to continue Oregon Health Plan (OHP) and Oregon ContraceptiveCare (CCare) service payments to Planned Parenthood of the Columbia Willamette (PPCW) and Planned Parenthood of Southwestern Oregon (PPSO). This funding would ensure uninterrupted access to essential preventive reproductive health services for OHP and CCare members receiving care at these affiliates and would replace the federal Medicaid funds no longer available due to recent federal action.

During the 2025 legislative session, OHA was directed to distribute \$10 million General Fund to the highest volume providers operating across multiple counties in the state. Those funds were distributed as one-time grants to Planned Parenthood providers to stabilize current payments in anticipation of upcoming federal reductions. Acceptable use of funds includes, but is not limited to, costs associated with stabilizing clinical operations to provide ongoing access to reproductive health services, covering cost of services to OHP members due to a stated gap between cost of care and current Medicaid rates for some covered services, and covering the cost of clinical operations to prevent the need to close clinics.

Planned Parenthood reports that between July 1 and Oct. 31, 2025, the affiliates provided nearly \$10 million in family planning care to patients covered by Medicaid, with a \$6.2 million gap caused by non-reimbursement. During this period they accrued \$9 million in payroll expenses and additional revenue loss associated with withdrawal from a laboratory cooperative agreement due to H.R.1 impacts. Reporting on the use of the \$10 million appropriated by the Legislature and distributed by the OHA is due in 2026.

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On July 4, 2025, President Trump signed into law House Resolution 1 (H.R. 1), which includes Section 71113 *Federal Payments to Prohibited Entities*. Effective immediately upon enactment, this provision prohibits the use of federal Medicaid funds for any entity meeting the definition of a “Prohibited Entity” for the period of one-year. In Oregon, only PPCW and PPSO fall under this definition.

Agency Action

PPCW and PPSO operate eleven (11) health centers in Oregon and one (1) in Vancouver, Washington. They provide high-quality comprehensive reproductive health care, including sexually transmitted infection testing and treatment, contraception, cancer screening and prevention, pregnancy tests and counseling, and abortion care.

Both affiliates are enrolled providers in OHP and CCare¹. These programs use federal Medicaid dollars to reimburse providers for services to enrolled members. In fiscal year 2025 (July 1, 2024 through June 30, 2025), PPCW and PPSO provided care to approximately 70,000 OHP members across nearly 90,000 visits and about 5,000 CCare members across nearly 7,000 visits.

Medicaid (OHP + CCare) claims payments to PPs
for FY25 dates of service (in millions):*

OHP FFS payments – State funds	\$4.1
OHP FFS payments – Federal funds	\$3.0
OHP CCO payments – All funds	\$11.3
Total OHP payments – All funds	\$18.4
CCare payments – State funds	\$0.2
CCare payments – Federal funds	\$1.6
Total CCare payments – All funds	\$1.8
Total Medicaid (OHP FFS + CCare) payments – State funds	\$4.3
Total Medicaid (OHP + CCare) payments – Federal/CCO funds	\$15.9
Total Medicaid (OHP + CCare) payments – All funds	\$20.2

¹ CCare is Oregon’s 1115 family planning Medicaid waiver and is one of three funding sources that make up the Reproductive Health Access Fund (RHAF), administered by OHA’s Reproductive Health Program. RHAF’s other two funding streams include: Title X (federal funds not impacted by H.R. 1) and Reproductive Health Equity Act (RHEA) state funding.

To maintain access to services at PPCW and PPSO for OHP and RHAF members, OHA identified a recommended approach to disburse these funds through a Fee-For-Service (FFS) Carve-Out. OHA would fully carve out PPCW and PPSO from CCOs and reimburse them directly through OHP FFS using state funds for the duration of the prohibition and subject to available General Fund resources. This approach avoids CCO capitation rate adjustments and requires:

- Assigning a new provider type/specialty number to identify PP providers in the OHP claims processing system—the Medicaid Management Information System (MMIS)
- Configuring MMIS to allow FFS billing
- Amending CCO contracts to remove PPCW and PPSO payment responsibility from CCOs
- Adding a rate modifier to align payment with current blended FFS and CCO rates

If funding is appropriated, PPCW and PPSO would be able to submit claims for reimbursement as soon as OHA receives the funds. These claims could be submitted retroactively for services provided on or after July 4, 2025, the date of H.R.1 enactment for the prohibition provision. Ongoing claims and payments would be processed on a weekly basis, consistent with standard OHP FFS processing timelines.

For CCare reimbursement through the Reproductive Health Access Fund (RHAF), the Reproductive Health Program would adjust its claims processing system to replace federal Medicaid dollars with state funds. Because CCare members are not enrolled in CCOs, no contract amendments would be necessary. Claims would continue to be processed monthly, following existing CCare timelines.

Importantly, this approach assumes both affiliates remain enrolled Medicaid providers. If the federal government mandates their disenrollment prior to requested funds being fully expended, OHA would notify the Legislature of the requirement then distribute any remaining state funds via direct grants with required reporting on its use toward encounters.

The OHA Medicaid Division and Public Health Division requests do not constitute the full amount of claims likely to be experienced by either affiliate if not for the prohibition provision in H.R.1. However, the amounts identified would support the affiliates through April 1 based on current claims and a commitment from affiliates

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to maintain services despite any shortfall if encounters increase. Additional state support is necessary to prevent the closure of Planned Parenthood health centers and to sustain access to reproductive health care for OHP members. The two Planned Parenthood affiliates report that they are navigating an unsustainable funding gap of about 50% total affiliate revenue due to a loss of Medicaid dollars, and without state intervention they will no longer be able to cover the ongoing costs of providing care. Provided the limited resources available to the Emergency Board, the OHA is not requesting the full amount of payments Planned Parenthood affiliates would otherwise receive for the full year if not prohibited from federal reimbursement due to H.R.1. Additional consideration for need could be contemplated at the next legislative session that adjourns in March, and is not in the purview of this interim request.

Action Requested

The OHA Medicaid Division requests \$8.4 million General Fund and the Public Health Division requests \$1.6 million General Fund from the Emergency Board's general purpose appropriation to continue payments to prohibited entities under H.R.1 Section 71113 from receiving federal Medicaid funds. Is.

Legislation Affected

Oregon Laws 2025, Ch. 587 1(1) increase General Fund by \$8,400,000

Oregon Laws 2025, Ch. 587 1(4) increase General Fund by \$1,600,000

Sincerely,



Sejal Hathi, MD MBA
Director

EC: Matt Stayner, Legislative Fiscal Office
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