

# ANALYSIS

## Item 7: Oregon Health Authority HR 1 Implementation

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**Analyst:** Matt Stayner

**Request:** Increase Federal Funds expenditure limitation for the Oregon Health Authority by \$1,492,712 for the expenditure of federal grant funds awarded by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, to support administrative costs and implementation of systems associated with Section 71119 of U.S. Public Law 119-21.

**Analysis:** The Oregon Health Authority was provided notice in March 2026 of supplemental funding associated with a Government Efficiency Grant awarded to the agency by the Centers for Medicare and Medicaid Services in December 2025 to support administrative costs associated with the community engagement requirements under Section 71119 of U.S. Public Law 119-21, also referred to as House Resolution 1 (HR 1).

This supplemental \$1.5 million Federal Funds is in addition to the initial grant award amount of \$1.96 million. The initial grant funding supported contracted policy and legal consulting and project management in conjunction with \$7.5 million in combined state and federal funding for other administrative activities supporting the implementation of HR 1, including personal services, actuarial services, legal fees, technology system costs, and notification mailing costs.

The Oregon Health Authority has indicated that the supplemental funding will be directed towards community engagement efforts, including grants or direct outreach and engagement, communication and partnership costs, change management, and research and data consulting.

**Recommendation:** The Legislative Fiscal Office recommends that the Emergency Board increase Federal Funds expenditure limitation for the Oregon Health Authority by \$1,492,712 to support administrative costs and implementation of systems associated with Section 71119 of U.S. Public Law 119-21.

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Oregon Health Authority  
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**Request:** Increase Federal Funds expenditure limitation by \$1,492,712 for Medicaid Division to administer the Government Efficiency Grant awarded by the U.S. Department of Health & Human Services.

**Recommendation:** Approve the request.

**Discussion:** The purpose of the Government Efficiency Grant is to support administrative costs in implementing systems associated with Section 71119 of House Resolution 1 (H.R. 1), signed into law on July 4, 2025.

Beginning January 1, 2027, Section 71119 of H.R. 1 will require adults ages 19 to 64 in the Medicaid expansion group to complete at least 80 hours of work or community engagement, such as employment, job training, or volunteering, in the month prior to application or renewal, and to provide documentation to maintain coverage. This requirement could affect up to 462,000 Oregonians.

This request represents the second award of the Government Efficiency Grant. The initial award of \$1,960,784 was included in allocations during the 2026 legislative session; however, the second allotment of \$1,492,712 was not included. U.S. Health & Human Services Centers for Medicare and Medicaid Services awarded this additional funding without a formal application from the Oregon Health Authority (OHA), and the award requires no state match or maintenance of effort. Grant funds will support system development and integration, operational and professional services, and implementation support and training necessary to prepare for H.R. 1 implementation.

The increased Federal Funds expenditure limitation will allow OHA to expend the additional funding awarded to support costs associated with implementing the required system changes established under Section 71119 of H.R. 1.

**Legal Reference:** Increase Federal Funds expenditure limitation established by chapter 587, section 5(1), Oregon Laws 2025, for the Oregon Health Authority, Medicaid Division, by \$1,492,712 for the 2025-27 biennium.

Tina Kotek, Governor

April 29, 2026

The Honorable Senator Kate Lieber, Co-Chair  
The Honorable Representative Tawna Sanchez, Co-Chair  
Interim Joint Committee on Ways and Means  
900 Court Street NE, H-178  
Salem, OR 97301

Dear Co-Chairpersons:

### **Nature of Request**

The Oregon Health Authority (OHA) Medicaid Division is requesting an additional \$1,492,712 in Federal Funds limitation for the second disbursement of a *Government Efficiency Grant* awarded by the U.S. Department of Health & Human Services (HHS), Centers for Medicare and Medicaid Services (CMS). CMS awarded this funding without formal application from OHA; CMS notified OHA of the grant on Mar. 11, 2026. This request is in addition to the initial award of \$1,960,784 for which OHA was notified on Dec. 16, 2025.

### **Agency Action**

The purpose of the Government Efficiency Grant is to support administrative costs implementing systems associated with Section 71119 of House Resolution 1 (H.R. 1), the federal budget reconciliation act signed into law on July 4, 2025.

Beginning Jan. 1, 2027, Section 71119 of H.R. 1 will require adults ages 19 to 64 in the Medicaid expansion group to complete at least 80 hours of work or community engagement—such as employment, job training, or volunteering—in the month prior to application or renewal, with documentation required to maintain coverage. This policy could affect up to 462,000 Oregonians.

OHA was awarded \$1,492,712 to be awarded during the federal fiscal year 2026. The initial award was included in allocations made during the 2026 session. This second allotment was not included. There is no state match or maintenance of effort required. Grant funds will support system development and integration, operational and professional services, and implementation support and training.

Senator Kate Lieber  
Representative Tawna Sanchez  
April 29, 2026

This award will be used to support various costs OHA Medicaid Division is required to incur to establish appropriate systems for implementation of H.R. 1.

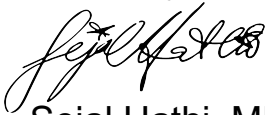
**Action Requested**

The Oregon Health Authority requests \$1,492,712 of additional Federal Funds limitation to administer the *Government Efficiency Grant* offered by the U.S. Health & Human Services, Centers for Medicare and Medicaid Services.

**Legislation Affected**

Oregon Laws 2025 ch 587 5(1) increase Federal Funds \$1,492,712

Sincerely,

A handwritten signature in black ink, appearing to read 'Sejal Hathi', with a stylized flourish at the end.

Sejal Hathi, MD MBA  
Director

EC: Matt Stayner, Legislative Fiscal Office  
Mike Streepey, Department of Administrative Services  
Jason Trombley, Department of Administrative Services  
Kate Nass, Department of Administrative Services  
Amanda Beitel, Legislative Fiscal Office