From:	Sandoe Emma K
To:	Zolynas, Sasha (CMS/CMCS); Adams, Myla (CMS/CMCS); Frandson, Jason (CMS/CMCS); Cuerdon, Melissa (CMS/CMCS); Nehrt-Flores, Rebecca (CMS/CMCS); Eitel, Alexandra (CMS/CMCS; Nawara, Lorraine (CMS/CMCS; Friedman, Kate (CMS/CMCS; Rashid, Mehreen (CMS/CMCS)
Cc:	Soliz Ruben; ANDERSON Jesse; Evans Allyson Boney; Steph Jarem (she/her); Baden David; Calloway Rachel Elizabeth; Wilson Jessica L; Wunderbro Thomas; Hathi Sejal
Subject:	Prioritized List Conversation Follow-Ups
Date:	Tuesday, December 23, 2025 5:09:00 PM
Attachments:	image001.png

CMS team,

Thank you for the discussion regarding Oregon's Phase-Out Plan and approach to relevant State Plan Amendments for the Prioritized List of Health Services (the "Prioritized List"). We appreciate the offer for technical assistance in this work. As we move towards submitting the Phase Out Plan, the State would like to confirm our understanding of what is required under our current 1115 waiver Special Terms and Conditions (STCs), specifically STC 13.9.

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We would like to ask for written clarification on how key elements and functions of the Prioritized List as it works today, described below, could be authorized through the state plan authority, and whether denials based on lack of medical necessity due to limited evidence of efficacy, largely consistent with what is currently below the funding line, would be permitted after December 31, 2026.

How the Prioritized List Works Today

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services, hospital services).

- To determine the ranking, each line on the list is scored. The full ranking methodology is published on the commission's website. In general, lines containing treatments and conditions with a higher impact on population health are ranked higher than treatments and conditions with a lower health impact.
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    - Examples include acupuncture for tension headaches and eyelid surgeries for more conditions.
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- If not, to comply with STC 13.9 can Oregon continue to describe covered services as ranked condition-treatment pairings as a clinical guidance list within the state plan without reference to a funding line?

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If continuing key elements and functions of the Prioritized List as it works today in a state plan amendment is not permissible under Oregon's current 1115 waiver STCs, can CMS answer the following:

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Emma Sandoe, PhD (she/her)
Medicaid Director
OREGON HEALTH AUTHORITY
emma.sandoe@oha.oregon.gov
Mobile: (503) 302-5396
For scheduling please contact: Janine.L.Stephens@oha.oregon.gov

Medicaid Customer Service Survey

From:	Friedman, Kate (CMS/CMCS)
To:	Sandoe Emma K; Zolynas, Sasha (CMS/CMCS); Adams, Myla (CMS/CMCS); Frandson, Jason (CMS/CMCS); Cuerdon, Melissa (CMS/CMCS); Nehrt-Flores, Rebecca (CMS/CMCS); Eitel, Alexandra (CMS/CMCS); Nawara, Lorraine (CMS/CMCS); Rashid, Mehreen (CMS/CMCS)
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Subject:	RE: Prioritized List Conversation Follow-Ups
Date:	Monday, December 29, 2025 6:34:02 AM
Attachments:	image001.png

Hi Emma,

Thank you for your email, confirming receipt. We will follow up with responses as soon as we are able.

Have a great rest of your week and Happy New Year!
Kate

Katherine Friedman
Project Officer
Division of Eligibility and Coverage Demonstrations
State Demonstrations Group
Center for Medicaid & CHIP Services | Centers for Medicare & Medicaid Services
Phone: 410-786-5119

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Sent: Tuesday, December 23, 2025 8:09 PM
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Emma Sandoe, PhD (she/her)
Medicaid Director
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emma.sandoe@oha.oregon.gov
Mobile: (503) 302-5396
For scheduling please contact: Janine.L.Stephens@oha.oregon.gov

OHA logo

Medicaid Customer Service Survey

Outlook

RE: Prioritized List Conversation Follow-Ups

From Friedman, Kate (CMS/CMCS) <Katherine.Friedman@cms.hhs.gov>
Date Tue 1/20/2026 5:22 AM
To Sandoe Emma K <Emma.Sandoe@oha.oregon.gov>; Zolynas, Sasha (CMS/CMCS) <sasha.zolynas@cms.hhs.gov>; Adams, Myla (CMS/CMCS) <Myla.Adams@cms.hhs.gov>; Frandson, Jason (CMS/CMCS) <Jason.Frandson@cms.hhs.gov>; Cuerdon, Melissa (CMS/CMCS) <Melissa.Cuerdon@cms.hhs.gov>; Nehrt-Flores, Rebecca (CMS/CMCS) <rebecca.nehrtflores@cms.hhs.gov>; Eitel, Alexandra (CMS/CMCS) <Alexandra.Eitel@cms.hhs.gov>; Nawara, Lorraine (CMS/CMCS) <Lorraine.Nawara1@cms.hhs.gov>; Rashid, Mehreen (CMS/CMCS) <mehreen.rashid@cms.hhs.gov>
Cc Soliz Ruben <Ruben.Soliz@oha.oregon.gov>; ANDERSON Jesse <Jesse.ANDERSON@oha.oregon.gov>; Evans Allyson Boney <Allyson.B.Evans@oha.oregon.gov>; Steph Jarem (she/her) <STEPHANIE.JAREM@oha.oregon.gov>; Baden David <DAVID.BADEN@oha.oregon.gov>; Calloway Rachel Elizabeth <Rachel.E.Calloway@oha.oregon.gov>; Wilson Jessica L <JESSICA.L.WILSON@oha.oregon.gov>; Wunderbro Thomas <THOMAS.WUNDERBRO@oha.oregon.gov>; Hathi Sejal <Sejal.Hathi@oha.oregon.gov>; Casart, Andrea (CMS/CMCS) <Andrea.Casart@cms.hhs.gov>; Ross, Heather (CMS/CMCS) <Heather.Ross@cms.hhs.gov>; Mealue Marybeth <Marybeth.Mealue@oha.oregon.gov>

Hi Emma,

Thanks for your patience. We hope to have you responses in the next few days.

Best,
Kate

From: Sandoe Emma K <Emma.Sandoe@oha.oregon.gov>
Sent: Friday, January 16, 2026 6:31 PM
To: Friedman, Kate (CMS/CMCS) <Katherine.Friedman@cms.hhs.gov>; Zolynas, Sasha (CMS/CMCS) <sasha.zolynas@cms.hhs.gov>; Adams, Myla (CMS/CMCS) <Myla.Adams@cms.hhs.gov>; Frandson, Jason (CMS/CMCS) <Jason.Frandson@cms.hhs.gov>; Cuerdon, Melissa (CMS/CMCS) <Melissa.Cuerdon@cms.hhs.gov>; Nehrt-Flores, Rebecca (CMS/CMCS) <rebecca.nehrtflores@cms.hhs.gov>; Eitel, Alexandra (CMS/CMCS) <Alexandra.Eitel@cms.hhs.gov>; Nawara, Lorraine (CMS/CMCS) <Lorraine.Nawara1@cms.hhs.gov>; Rashid, Mehreen (CMS/CMCS) <mehreen.rashid@cms.hhs.gov>
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Subject: RE: Prioritized List Conversation Follow-Ups

Kate,

Can you please provide an update as to when CMS would be able to provide a response? As we have discussed, we and Oregon partners are eager for your

feedback and having response prior to our legislative session which begins in two weeks is crucial. We are happy to take responses as they are available knowing that different teams in CMS may have different timelines for response.

Emma Sandoe, PhD (she/her)
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Medicaid Customer Service Survey

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Sent: Monday, December 29, 2025 6:34 AM
To: Sandoe Emma K <Emma.Sandoe@oha.oregon.gov>; Zolynas, Sasha (CMS/CMCS) <sasha.zolynas@cms.hhs.gov>; Adams, Myla (CMS/CMCS) <Myla.Adams@cms.hhs.gov>; Frandson, Jason (CMS/CMCS) <Jason.Frandson@cms.hhs.gov>; Cuerdon, Melissa (CMS/CMCS) <Melissa.Cuerdon@cms.hhs.gov>; Nehrt-Flores, Rebecca (CMS/CMCS) <rebecca.nehrtflores@cms.hhs.gov>; Eitel, Alexandra (CMS/CMCS) <Alexandra.Eitel@cms.hhs.gov>; Nawara, Lorraine (CMS/CMCS) <Lorraine.Nawara1@cms.hhs.gov>; Rashid, Mehreen (CMS/CMCS) <mehreen.rashid@cms.hhs.gov>
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[1] 2012-2017 Amended Special Terms and Conditions, STC 18. g. Funding Line for the "2012-2013" Prioritized List of Health Services. i. Beginning January 1, 2012, the 2012-2013 Prioritized List of Health Services contains 692 lines. Lines 1-498 are funded to provide the OHP Plus and Standard benefit packages. ii. The 2012-2013 Prioritized List will stay in effect until September 30, 2014 to allow time for a transition from the ICD-9 code system to the new, more extensive ICD-10 codes, which is currently underway. iii. Beginning October 1, 2014, the 2014-2015 Prioritized List of Health Services will go into effect and will change the line number, structure and composition as a result of the biennial review and the conversion to ICD-10-CM. The State will maintain the funding line at the same position relative to the 2012-2013 List (currently between Chronic Sinusitis and Keratoconjunctivitis and Corneal Neovascularization) on the 2014-2015 List and for the remainder of the Demonstration. (https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/or/Health-Plan/or-health-plan2-stc-07052012-06302017-correction-062013.pdf)

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Medicaid Customer Service Survey

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Subject: RE: Prioritized List Conversation Follow-Ups

Hi Emma,

Please see responses to your questions in red below. As we make the shift from 1115 authority to state plan, DBC will be taking the lead. Should you have any further questions and/or need additional technical assistance, please reach out to Sasha who can coordinate the DBC team (Myla, Jason, Melissa, and Becca).

Thanks,
Ali

From: Sandoe Emma K <Emma.Sandoe@oha.oregon.gov>
Sent: Tuesday, December 23, 2025 8:09 PM
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Subject: Prioritized List Conversation Follow-Ups

CMS team,

Thank you for the discussion regarding Oregon's Phase-Out Plan and approach to relevant State Plan Amendments for the Prioritized List of Health Services (the "Prioritized List"). We appreciate the offer for technical assistance in this work. As we move towards submitting the Phase Out Plan, the State would like to confirm our understanding of what is required under our current 1115 waiver Special Terms and Conditions (STCs), specifically STC 13.9.- At its extension in 2022, Oregon and CMS agreed that an 1115 waiver of Amount, Duration, and Scope was no longer needed in the demonstration, as the state no longer used the Prioritized List to scale the benefit package but instead, the Prioritized List is used to evaluate what is covered within the existing scale of the benefit package. The state agreed to sunset the 1115 authority by 1/1/2027. The state will ensure that all covered services are described in the state plan and comport with state plan amount, duration and scope requirements.

We aim to make the minimal changes necessary to Oregon's Medicaid program as we work to comply with our current 1115 waiver STCs and expiring waiver authority to ensure a smooth transition for our members, providers, and Coordinated Care Organizations.

We would like to ask for written clarification on how key elements and functions of the Prioritized List as it works today, described below, could be authorized through the state plan authority, and whether denials based on lack of medical necessity due to limited evidence of efficacy, largely consistent with what is currently below the funding line, would be permitted after December 31, 2026.

How the Prioritized List Works Today

Currently, the Health Evidence Review Commission (HERC, an independent commission granted authority through state statute) develops the Prioritized List of Health Services in Oregon through a robust, public process. The output of this process is as follows:

- A ranked list of conditions paired with treatments supported by medical evidence, including guideline notes that clarify the specific clinical criteria, which is used to guide coverage decisions and utilization management policies. (See the full list as it stands today through 12/31/25: Oregon Health Authority : Prioritized List of Health Services : Health Evidence Review Commission : State of Oregon).
- The ranked list includes treatments that fall under both mandatory and optional Medicaid services (e.g. physician services, dental services, hospital services).
- To determine the ranking, each line on the list is scored. The full ranking methodology is published on the commission's website. In general, lines containing treatments and conditions with a higher impact on population health are ranked higher than treatments and conditions with a lower health impact.
    - For example, treatments for schizophrenia and preventive services rank higher than surgeries for nasal polyps or treatments for acute anal fissure (office visits, preferred medications, and diagnostic tests are covered for all conditions).
- The ranked list is divided by a funding line set by the Oregon Legislature, which CMS has not allowed Oregon to move the upwards since 2012.[1]
- Treatment-condition pairings ranked above the funding line are generally "covered" and treatment-condition pairings below the line are not.
- Many services that appear below the funding line would be considered 'not medically necessary' by other Medicaid programs. A limited number of other

services may be considered medically necessary, but are not covered due to the funding line, which results from budget limitations.
    - Examples include acupuncture for tension headaches and eyelid surgeries for more conditions.
- Services for conditions above the line still need to meet the definitions of medically necessary and appropriate as defined in Oregon Administrative Rule to be covered for an individual. Pairings below the line can be covered if a health plan or Oregon Health Authority (OHA) grant an exception, such as if treating the below-the-line condition will positively impact comorbid conditions which appear "above the line." Health plans and OHA generally review these denials to ensure there is no relevant comorbidity and denials can be appealed by the member.
    - For example, allergy shots to treat allergic rhinitis generally are not covered but are covered based on comorbidity for a patient with asthma, for whom treating the allergic rhinitis would improve the patient's asthma.

Question:

Based on the description above, can Oregon port the prioritized list over to a state plan amendment submission?- no, in accordance with state plan requirements, CMS's expectation would be that the state describe coverage for each service under the appropriate benefit category including any limitations to services and whether limits can be exceeded based on medical necessity. The state can continue to use the prioritized list to guide medical necessity criteria.

- If not, to comply with STC 13.9 can Oregon continue to describe covered services as ranked condition-treatment pairings as a clinical guidance list within the state plan without reference to a funding line?- states do not include medical necessity criteria in their state plan. This information can be included in the state's provider/beneficiary manuals
- If not, to comply with STC 13.9 can Oregon continue to describe covered services as unranked condition-treatment pairings as a clinical guidance list within the state plan without reference to a funding line?- no, see above
- Would denials based on lack of medical necessity due to limited evidence of efficacy, largely consistent with what is currently below the funding line, be permitted after December 31, 2026?- we defer to the state to determine whether a service meets the state's medical necessity criteria. CMS's expectation is that should a service be denied, the state provides an appeal process consistent with federal requirements.

Compliance Strategy Based on Current Understanding

If continuing key elements and functions of the Prioritized List as it works today in a state plan amendment is not permissible under Oregon's current 1115 waiver STCs, can CMS answer the following:

1. Would Oregon be able to continue to rely on the HERC to review the medical evidence and guide decisions on efficacy, medical appropriateness, and medical necessity criteria through a transparent, public process under a SPA?- CMS defers to the state to determine their medical necessity process
2. Could the HERC produce under state plan authority clinical coverage policies that would establish the criteria for medical necessity determinations and utilization management policies statewide (for services under the HERC's existing scope)?- CMS defers to the state
3. Would it be CMS' understanding then that all benefits categories would be outlined in the state Medicaid plan with applicable amount, duration, and scope, capturing some services previously below the funding line, and further specificity on benefit limitations that reflect HERC's robust process would be included in the HERC's clinical coverage policies (for services under HERC's existing scope)?- yes, the state should amend their state plan to specify the amount, duration and scope of all covered services including any limitations to those services (specifying whether the limits can be exceeded based on medical necessity).
4. Would it be CMS' understanding then that Coordinated Care Organizations and OHA would not be able to make coverage decisions based on the position of a treatment-condition pair relative to the funding line, but instead would rely on 1) what is covered in the state plan and 2) the medical necessity as defined by the state?- yes, that is correct. The coverage of services would be based on the coverage parameters outlined in the state plan and medical necessity criteria determined by the state.

We would appreciate written confirmation on these questions whether the Prioritized List, in its current form as described above, could be authorized through the state plan, and if not, that the state's proposed approach to phase out the Prioritized List and transition to the state plan described above would be in compliance with its current 1115 STCs and federal state plan rules.

[1] 2012-2017 Amended Special Terms and Conditions, STC 18. g. Funding Line for the "2012-2013" Prioritized List of Health Services. i. Beginning January 1, 2012, the 2012-2013 Prioritized List of Health Services contains 692 lines. Lines 1-498 are funded to provide the OHP Plus and Standard benefit packages. ii. The 2012-2013 Prioritized List will stay in effect until September 30, 2014 to allow time for a transition from the ICD-9 code system to the new, more extensive ICD-10 codes, which is currently underway. iii. Beginning October

1, 2014, the 2014-2015 Prioritized List of Health Services will go into effect and will change the line number, structure and composition as a result of the biennial review and the conversion to ICD-10-CM. The State will maintain the funding line at the same position relative to the 2012-2013 List (currently between Chronic Sinusitis and Keratoconjunctivitis and Corneal Neovascularization) on the 2014-2015 List and for the remainder of the Demonstration. (https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/or/Health-Plan/or-health-plan2-stc-07052012-06302017-correction-062013.pdf)

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Medicaid Customer Service Survey

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Subject: RE: Prioritized List Conversation Follow-Ups

Thank you Ali,

We would like to ask for confirmation around the statement "The state can continue to use the prioritized list to guide medical necessity criteria." Could you please confirm that through its state plan authority, Oregon will be able to continue to use the clinical criteria detailed in the prioritized list to guide the state's medical necessity criteria, but not to continue to make coverage and denial decisions based on the ranked position of a treatment-condition pair relative to the funding line? The authority for coverage and denial decisions would be through the state plan, not the current prioritized list authority.

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Medicaid Customer Service Survey

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Subject: RE: Prioritized List Conversation Follow-Ups

Hi Emma,

Sorry for the delayed response. Yes, your understanding is correct, the prioritized list can still be used for medical necessity criteria but the authority for coverage and denials would be the state plan. I've passed the reins to the state plan OR team. As additional questions come up or should you need additional technical assistance please feel free to reach out to Sasha to coordinate the federal review team.

Thanks,

Ali