

HB 4039: Rate process improvement for Oregon's Medicaid Program

Oregonians in every community rely on Medicaid to access health care. Oregon's Medicaid program, the Oregon Health Plan (OHP), provides coverage to more than 1.4 million Oregonians, including one in two children and one in three adults. Nearly 93% of OHP members are enrolled in a coordinated care organization (CCO), which partners with providers, hospitals, and community-based organizations (CBOs) to deliver care.

How CCO funding works

CCOs are paid a fixed per member per month (PMPM) rate set annually by the Oregon Health Authority (OHA). This payment must cover all member care and required services, including primary care, behavioral health, dental care, pharmacy, specialty care, and hospital services as well as transportation, technology, health related services, and more. When costs rise faster than rates, the entire system is strained.

Growing financial pressure across the system

For years, providers have asked the Legislature to address inadequate Medicaid payments. These pressures are growing as Medicaid providers and CCOs face increasing financial strain due to rising workforce, pharmaceutical, facility, and technology costs; higher enrollment and acuity; added care and reporting requirements without new funding; and administrative complexity that limits local flexibility. Providers and payers have repeatedly offered solutions – such as reducing administrative burden, improving data accuracy, and aligning policy goals with available funding – but many of these efforts did not move forward. Looking ahead, Oregon also faces significant uncertainty as federal Medicaid changes per H.R.1 are implemented.

How HB 4039 helps

HB 4039 is a pragmatic, process improvement bill that increases transparency, predictability, and data quality without reducing benefits or eligibility. Specifically, the bill would:

- Increase engagement and information-sharing among OHA, CCOs, dental subcontractors, providers, hospitals, CBOs, patient advocates, and the public
- Engage the Oregon Health Policy Board, the oversight board for the OHA, in community engagement and agency reports on process and outcomes
- Align OHA and CCO data to improve rate accuracy
- Require 90 days' notice before changes to open-card fee schedules take effect
- Separately price new benefits or contract requirements
- Require transparent pricing methods and an independent review of risk adjustment
- Strengthen cost impact analysis in Medicaid rulemaking

Why this matters

HB 4039 improves rate setting processes for Oregon's Medicaid delivery system, protects access to care, and supports responsible management of public resources during a period of significant fiscal uncertainty.

HB 4039 is supported by a broad coalition of Medicaid providers and payers

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CCO Oregon is a nonprofit, statewide member association for coordinated care organizations, hospitals, health systems, providers, and other system partners. CCO Oregon's vision is lower costs, increased access to quality care and health-related social needs, improved outcomes, and a sustainable workforce across the delivery system through the widespread implementation of the coordinated care model. CCO Oregon members convene to identify and advance evidence-based, stakeholder-driven strategies that support coordinated care and health transformation.

CCO Oregon