

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-25-26
Baltimore, Maryland 21244-1850



State Demonstrations Group

January 19, 2024

Vivian Levy
Medicaid Director
Oregon Health Authority
500 Summer Street NE, E35
Salem, OR 97301

Dear Director Levy:

Oregon submitted a draft Designated State Health Programs (DSHP) Claiming Protocol on February 24, 2023, in accordance with the special terms and conditions (STC), specifically, STC 8.4. The Centers for Medicare & Medicaid Services (CMS) is approving the protocol for the approved DSHP programs, as an attachment to the STCs for Oregon's section 1115 demonstration project entitled, "Oregon Health Plan (OHP)" (Project No. 11-W-00415/10;21-W-00073/0), effective through September 30, 2027. A copy of the approved attachment is enclosed and will be incorporated into the STCs as Attachment G. Attachment G will be updated, upon CMS review and approval of the remaining, submitted DSHP requests.

This approval is conditioned upon compliance with the previously approved STCs, which set forth in detail the nature, character, and extent of anticipated federal involvement in the project. In addition, as stipulated in the STCs, the state must continue conducting monitoring and evaluation of all DSHP-funded initiatives.

We look forward to our continued partnership on the OHP section 1115 demonstration. If you have any questions, please contact your CMS project officer, Felicia Pailen. Felicia can be reached by email at Felicia.Pailen@cms.hhs.gov.

Sincerely,

A rectangular box containing a large black 'X' on the left side and a solid black rectangle on the right side, used to redact the signature of the sender.

X

Andrea J. Casart
Director
Division of Eligibility and Coverage Demonstrations

cc: Nikki Lemmon, State Monitoring Lead, Medicaid and CHIP Operations Group

Enclosures:

Attachment G

Reimbursement and Claiming Protocol for Oregon Designated State Health Programs Determination of Allowable DSHP Costs 11-W-00415/10

Acronyms:

- HSD – Health Systems Division
- ODHS - Oregon Department of Human Services
- OHA – Oregon Health Authority
- OHCS – Oregon Housing and Community Services
- OHP – Oregon Health Plan
- PCA – Program Cost Account
- PHD – Public Health Division
- SFMA – Statewide Financial Management Application

To support the goals of improving health outcomes and promoting health equity, the state may claim federal Financial Participation (FFP) for the following state programs subject to the annual limits and restrictions described in the Standard Terms and Conditions (STCs) Section #8 of Oregon Health Plan's (OHP) Demonstration 11-W-00415/10 through September 30, 2027. This attachment contains the protocol for such determination of cost.

Federal regulation 2 C.F.R. Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires federal grants be provided net of any applicable credits. The state is required to offset all revenues received relating to eligible expenditures identified under this attachment.

All sources of non-federal funding must be compliant with section 1903 (w) of the Act and applicable regulations. In addition, all sources of the non-federal share of funding are subject to CMS approval.

CMS may review the sources of the non-federal share of funding for the demonstration. The state agrees that all funding sources deemed unacceptable by CMS shall be addressed within the timeframes set by CMS. Any amendments that impact the program's financial status shall require the state to provide information to CMS about all sources of the non-federal share of funding. For purposes of expenditures claimed under this protocol, the state cannot utilize provider-related donations as a source of the non-federal share.

Below are descriptions of each DSHP program approved under Project Number 11-W-00415/10. The programs have been arranged based on program groups.

PROGRAM GROUP A: Programs for which all required program funding source information and data to determine expenditures eligible for DSHP may be obtained through a state agency accounting system (other than or in combination with the SFMA). The SFMA may be updated with information from one or a combination of these state sources: R*STARS, Oregon Buys, Workday, ORKIDS, VERSA.

Approved Programs in Appendix

Funding Sources: Programs in this group may use a combination of state general funds (GF), other funds (OF) and grant funds (FF).

For each program in this program group, the state must perform the following steps to determine the amount of the DSHP expenditure eligible for FFP under STC section #8. The payments and associated claimed expenditures for the following programs must be commensurate with actual program service delivered.

1. State identifies DSHP allowed program from Attachment F, from the statewide Financial Management Application (SFMA), the states' official Book of Record.
2. State identifies in the accounting system the Fund Table (state fund only) for the allowable DSHP expenditure.
 - a. State identifies the specific Program Cost Account (PCA) coding element for allowable DSHP expenditure. The PCA identifies/links the Fund Structure, Appropriation number, Program Structure, Project (number) and Grant (number) structures.
 - b. State identifies the specific Index coding element for allowable DSHP expenditure. The Index identifies/links the Fund Structure, Appropriations number, Organizational Structure, Projects, and Grants. Both the PCA and Index determine how the transaction will be posted to the agency's accounting structure.
 - c. State identifies the specific Transaction coding element for allowable DSHP expenditure. The Transaction Code determines the general ledger (GL) accounts and financial tables to which a transaction will be posted.
3. State identifies the Agency Object coding element that identifies services reimbursed for DSHP allowable expenditure. The Agency Object code is used to group transactions, e.g., by the kind of expenditure and service paid for.

Any combination of the above codes can identify the DSHP allowable expenditure.

4. Source data systems access internal data and coding tables and assign accounting coding element structures based on entry data (i.e., coding element: Fund Code/PCA/Index/Transaction Code/Agency Object).
 - a. As payment documents are received, they are coded into the accounting system using the coding element structure as described in Steps 1 – 3 above. After data is entered into the accounting system for payment, it receives a second approval by the supervising manager.
5. For each program in this group that involves contractual services, the state must perform the following additional steps to determine the amount of the DSHP expenditure eligible for FFP under STC section #8.
 - a. Each interface sub-system contains vendor and program service detail that identifies the DSHP allowable expenditure, per STC section #8, paid to the vendor.
 - b. When program services are presented for payment in the interface sub-system, the sub-system data interfaces into SFMA using the coding element structure as described in Steps 1 – 3 above and a warrant for payment is produced by SFMA. After data is entered into the accounting system for payment, it receives a second approval by the supervising manager.
6. Allowed DSHP expenditures, per STC section #8, are paid to the provider of the service.
7. An additional 2% of expenditures is removed from the Direct Services total to account for services delivered to individuals who do not meet citizenship or immigration status requirements.
8. After these exclusions are deducted from the total expenditure amount, the DSHP eligible amount remains.
9. The state submits a claim for FFP based on the total computable expenditure incurred by the state in making the eligible payment to DSHP provider. The

expenditure claims must be claimed in accordance with STC section #8 and the individual DSHP program as allowed by OHP 11-W-00415/10.

The state attests expenditures used are correct and verifiable as DSHP allowable. The state further attests state fund only funds expended per STC #8 are used for DSHP allowable program services.

Source data is from the state SFMA accounting system, the 'book-of-record' for the state. The service eligible for DSHP has a unique coding structure (i.e., Index/Program Account Code, Object/Transaction Code, Fund Code), so expenses specific to DSHP will be so identified. Expenditures, prior to purchase, are approved by staff with approved delegated authority and processed with appropriate coding structure.

For each program in this group that involves contractual services, source data is from the R-Base database system (R-Base), a contract database subsidiary system for accounting data to the SMFA accounting system, the official 'book-of-record' for the state. The R-Base system tracks payments against the contract amount. Contract data is entered and processed with appropriate data to access the coding structure. The system calculates the payment dates and computes the monthly payment amounts. Each service eligible for DSHP allowable funds has a unique coding structure (i.e., Index/Program Account Code, Object/Transaction Code, Fund Code), so those services with state Funds only will be so identified. Coding tables in R-Base are accessed that assign in SFMA the coding structure and are interfaced to SFMA system from which provider payment warrants and expense reports are produced specifically identifying the DSHP allowable expenditure.

Some programs may have contracts that are structured to pay service providers 1/12th of the annual contract. At the end of the contract term, a reconciliation and settlement is done after providers report on expenditures made.

1. Prior period reconciliations are reviewed for each contract to determine what percentage of the contract has been spent by the provider.
 - a. For new contracts, a comparable contract is used as a proxy to determine the initial percentage until historical data is available.
2. The state further reduces the historical percentages by 5 percent, and then by another 2 percent to reflect the reduction required for individuals who do not meet citizenship or immigration status requirements.
3. The state applies the resulting percentage to the amount of the 1/12th payment and claims this amount for DSHP.
4. After each agency reconciliation, the calculation is reviewed and adjusted as needed. During this reconciliation process, under-claiming of available DSHP-eligible expenditures could be claimed and any over-claiming would be returned.

The accounting reports pull data directly from SFMA via standard system reports, and custom designed reports using the weekly accounting data uploaded.

Report Format: Report design is based on the unique coding structure to pull out the DSHP allowable expenditures. Data will be compiled and reported from the SFMA accounting database.

PROGRAM GROUP B: Programs for which all funding sources for the program may be obtained through the SFMA but for which external reporting is required to identify expenditures eligible for DSHP. The SFMA may be updated with information from a combination of these sources: R*STARS, Oregon Buys, Workday, and additional reporting requirements, described below.

Approved Programs in Appendix

Funding Sources: Programs in this group may use a combination of state general funds (GF), other funds (OF) and grant funds (FF).

For each program in this program group, the state must perform the following steps to determine the amount of the DSHP expenditure eligible for FFP under STC #8. The payments and associated claimed expenditures for the following programs must be commensurate with actual program service delivered.

1. State identifies DSHP allowed program from Attachment F, from the statewide Financial Management Application (SFMA), the states' official Book of Record.
2. State identifies in the accounting system the Fund Table (state fund only) for the allowable DSHP expenditure.
 - a. State identifies the specific Program Cost Account (PCA) coding element for allowable DSHP expenditure. The PCA identifies/links the Fund Structure, Appropriation number, Program Structure, Project (number) and Grant (number) structures.
 - b. State identifies the specific Index coding element for allowable DSHP expenditure. The Index identifies/links the Fund Structure, Appropriations number, Organizational Structure, Projects, and Grants. Both the PCA and Index determine how the transaction will be posted to the agency's accounting structure.
 - c. State identifies the specific Transaction coding element for allowable DSHP expenditure. The Transaction Code determines the general ledger (GL) accounts and financial tables to which a transaction will be posted.
3. State identifies the Agency Object coding element that identifies services reimbursed for DSHP allowable expenditure. The Agency Object code is used to group transactions, e.g., by the kind of expenditure and service paid for.

Any combination of the above codes can identify the DSHP allowable expenditure.

4. Source data systems access internal data and coding tables and assign accounting coding element structures based on entry data (i.e., coding element: Fund Code/PCA/Index/Transaction Code/Agency Object).
 1. As payment documents are received, they are coded into the accounting system using the coding element structure as described in Steps 1 – 3 above. After data is entered into the accounting system for payment, it receives a second approval by the supervising manager.
5. For each program in this group that involves contractual services, the state must perform the following additional steps to determine the amount of the DSHP expenditure eligible for FFP under STC #8.
 1. Each interface sub-system contains vendor and program service detail that identifies the DSHP allowable expenditure, per STC #8, paid to the vendor.
 2. When program services are presented for payment in the interface sub-system, the sub-system data interfaces into SFMA using the coding element structure as described in Steps 1 – 3 above and a warrant for payment is produced by SFMA. After data is entered into the accounting system for payment, it receives a second approval by the supervising manager.
6. Allowed DSHP expenditures, per STC #8, are paid to the provider of the service.
7. The state submits a claim for FFP based on the total computable expenditure incurred by the state in making the eligible payment to DSHP provider. The expenditure claims must be claimed in accordance with STC #8 and the individual DSHP program as allowed by OHP 11-W-00415/10.

The state attests expenditures used are correct and verifiable as DSHP allowable. The state further attests state fund only funds expended per STC #8 are used for DSHP allowable program services.

Source data is from the state SFMA accounting system, the 'book-of-record' for the state. The service eligible for DSHP has a unique coding structure (i.e., Index/Program Account Code, Object/Transaction Code, Fund Code), so expenses specific to DSHP will be so identified. Expenditures, prior to purchase, are approved by staff with approved delegated authority and processed with appropriate coding structure.

For each program in this group that involves contractual services, source data is from the R-Base database system (R-Base), a contract database subsidiary system for accounting data to the SMFA accounting system, the official 'book-of-record' for the state. The R-Base system tracks payments against the contract amount. Contract data is entered and processed with appropriate data to access the coding structure. The system calculates the payment dates and computes the monthly payment amounts. Each service eligible for DSHP allowable funds has a unique coding structure (i.e., Index/Program Account Code, Object/Transaction Code, Fund Code), so those services with state Funds only will be so identified. Coding tables in R-Base are accessed that assign in SFMA the coding structure and are interfaced to SFMA system from which provider payment warrants and expense reports are produced specifically identifying the DSHP allowable expenditure.

The accounting reports pull data directly from SFMA via standard system reports, and custom designed reports using the weekly accounting data uploaded.

Report Format: Report design is based on the unique coding structure to pull out the DSHP allowable expenditures. Data will be compiled and reported from the SFMA accounting database.

Program: OHA, HSD, M110/Drug Addiction Treatment and Recovery Act Funding

Specific to program processes steps: Oregon Ballot Measure 110 (M110) funds are being distributed to Behavioral Health Resource Networks (BHRNs) for substance use disorder treatment and recovery through grant agreements. The BHRNs are then required to submit quarterly expenditure and programmatic data reports to OHA. Once expenditure reports are received, the data is automatically compiled and validated for analysis and external reporting, and the following steps are taken to extract DSHP eligible expenditures.

1. BHRN partners are instructed to allocate expenditures in two ways, into both budget categories and service areas. Note the total expenditure amount is to be equal between budget categories and service areas.
 - a. These reports contain expenditure data categorized into the following 5 *budget categories*:
 - i. Personnel Costs
 - ii. Program Staff Training Costs
 - iii. Services and Supplies Costs
 - iv. Capital Outlay Costs
 - v. Admin Costs.
 - b. Additionally, the reports have a secondary categorization of the expenditure data by 7 *service areas*:
 - i. Screening Assessments and Comprehensive Behavioral Health Needs Assessment
 - ii. Individual Intervention Planning, case management and connection to services
 - iii. Low Barrier Substance Use Disorder (SUD) Treatment
 - iv. Peer support, mentoring, and recovery services

- v. Housing Services
- vi. Harm Reduction Intervention
- vii. Supported Employment

2. The expenditure data is then manually compiled into the categories described in the table below:

Consolidated Expenditures Report
Budget Category Totals
Direct Services
Housing/Capital Outlays/SUD (excluded)
Other (excluded)

3. The costs associated with Capital Outlay (budget category), Housing Services (service area) and Low Barrier Substance Use Disorder Treatment (service area) are excluded from DSHP eligibility.
 - a. The state assumes all Housing Services and Low Barrier Substance Use Disorder Treatment (service areas) expenditures include unallowable DSHP expenditures. Therefore, these entire service areas are excluded.
 - b. Some expenditures have been allocated across both budget categories and service areas and will have to be excluded. If the sum of Capital Outlay, Housing Services, and Low Barrier Substance Use Disorder Treatment is greater than the total expenditures for the BHRNs partner that quarter, the entire partner’s expenditures are excluded from DSHP claiming during the reported quarter.
4. Expenditures which are DSHP ineligible per STC #8.2 of OHP 11-W-00415/10 and expenditures where the use of state grant funds cannot be determined by the reporting, are excluded from DSHP eligibility.
 - a. As part of the BHRN report, BHRNs are required to submit a qualitative narrative that describes how funding was spent in each budget category and service area. Each narrative is reviewed to exclude unallowable expenditures.
 - b. Unless the exact prohibited expenditure amount can be identified through the BHRN report narrative, the entire budget category or service area for which the expenditure is reported under is excluded.
 - c. BHRN partners who provide services to individuals in jail or correctional facilities are excluded entirely from DSHP claiming because the associated costs cannot be separated.
5. An additional 2% of expenditures is removed from the Direct Services total to account for services delivered to individuals who do not meet citizenship or immigration status requirements.
 - a. Administrative costs may be reported in the Services and Supplies budget category. Since Services and Supplies can include administrative costs for supplies, if those costs cannot be specifically identified, the expenditures will be considered a direct service and 2% is taken off the entire Services and Supplies expenditure.
6. After these exclusions are deducted from the total expenditure amount, the DSHP eligible amount remains.

Program: OHA, Public Health, Public Health Modernization

Specific to program processes steps: For service level expenditure reporting that is not available directly through Oregon’s SFMA, expenditures are obtained through analysis of reports submitted to the

State by grantees. This requires a manual collection and analysis of the combination of these reports.

1. Reports are received from counties, tribal entities, and community-based organizations quarterly and annually. Quarterly reports are broken down by month and annual reports are higher level summaries. Quarterly reports are more detailed and are used for DSHP expenditure data.
 - b. These reports contain expenditure data categorized into the following *budget categories* (*categories vary among the report types*):
 - i. Salary and Fringe
 - ii. Professional Services/Contracts
 - iii. Personnel Services (Salaries and Benefits)
 - iv. Travel
 - v. Travel and Training
 - vi. Services and Supplies
 - vii. General Supplies
 - viii. Medical Supplies
 - ix. Equipment (not capital)
 - x. Capital Purchases and Equipment
 - xi. Capital Outlay
 - xii. Other
2. The expenditure data is manually compiled into the categories shown in the table below.

Consolidated Expenditures Report
Total Reimbursable Expenditures
Direct Services
Capital Outlays (excluded)
Other (excluded)

3. For Staffing and Admin/Indirect expenditures, OIS uses a work charge code that identifies a specific PCA code for this body of work. Through a monthly process completed by the Cost Allocation team, the expenditure is moved to the Public Health Modernization project budget associated with the PCA (number) which is funded with general fund grant (number).
4. Expenditures which are DSHP ineligible per STC #8.2 of OHP 11-W-00415/10 and expenditures where the use of state grant funds cannot be determined by the reporting, are excluded from DSHP eligibility.
5. An additional 2% of expenditures is removed from the Direct Services total to account for services delivered to individuals who do not meet citizenship or immigration status requirements.
6. After these exclusions are deducted from the total expenditure amount, the DSHP eligible amount remains.

Program: OHA, Non-Medicaid MH - SE06, Choice Model Services

Specific to program processes: For service level expenditure reporting that is not available directly through Oregon’s SFMA, expenditures are obtained through analysis of reports submitted to the State by providers. This requires a manual collection and analysis of the combination of these reports.

1. Reports are received from providers quarterly. These reports are used for DSHP expenditure data.
 - a. These reports contain expenditure data categorized into the following *budget categories*:
 - i. Personnel Services (Salaries and Benefits)
 - ii. Professional Services/Contracts
 - iii. Travel and Training
 - iv. General Supplies
 - v. Medical Supplies
 - vi. Capital Outlay
 - vii. Indirect Costs
 - viii. Other
2. The expenditure data is manually compiled into categories shown in the table below.

Consolidated Expenditures Report
Direct Services
Other Qualifying Expenditures
Housing (excluded)

3. Expenditures which are DSHP ineligible per STC #8.2 of OHP 11-W-00415/10 and expenditures where the use of state grant funds cannot be determined by the reporting, are excluded from DSHP eligibility.
4. An additional 2% of expenditures is removed from the Direct Services total to account for services delivered to individuals who do not meet citizenship or immigration status requirements.
5. After these exclusions are deducted from the total expenditure amount, the DSHP eligible amount remains

APPENDIX
Approved Programs as of August 4, 2023

Group A

- ODHS, Child Welfare, Family of Origin Supports
- ODHS, Child Welfare, FOCUS
- ODHS, Child Welfare, Other Medical
- ODHS, Child Welfare, Strengthening, Preserving and Reunifying Families
- ODHS, Developmentally Disabled Services, SE #150 Family Support
- OHA, Non-Medicaid MH - SE05, Assertive Community Treatment Services (ACT)
- OHA, Non-Medicaid MH - SE08, Crisis and Acute Transition Services (CATS)
- OHA, Non-Medicaid MH - SE13, School-Based Mental Health Services
- OHA, Non-Medicaid MH - SE15, Young Adult Hubs Program (YAHP)
- OHA, Non-Medicaid MH - SE20, Non-Residential Community Mental Health Services for Adults, including housing support
- OHA, Non-Medicaid MH - SE38, Supported Employment Services

Group B

- OHA, HSD, M110/Drug Addiction Treatment and Recovery Act Funding
- OHA, Non-Medicaid MH - SE06, Choice Model Services