



State Demonstrations Group

April 30, 2026

Emma Sandoe
Medicaid Director
Oregon Health Authority
500 Summer Street NE, E 49
Salem, OR 97301

Dear Director Sandoe:

The Centers for Medicare & Medicaid Services (CMS) has completed its review of the Designated State Health Program (DSHP) Sustainability Plan for Oregon’s section 1115(a) demonstration, “Oregon Health Plan” (Project Numbers 11-W00415/10 and 21-W-00073/10). As required by the demonstration’s special terms and conditions (STCs), the state must submit for CMS approval, a sustainability plan that outlines the scope of DSHP-funded initiatives the state wants to maintain and the strategy to secure resources to maintain these initiatives beyond the current approval period. We have determined that the DSHP Sustainability Plan is consistent with the requirements outlined in the STCs and are therefore approving it. A copy of the approved DSHP Sustainability Plan is enclosed and has been incorporated into the STCs as Attachment H. CMS published guidance¹ on April 10, 2025, describing concerns about the appropriateness of DSHP. As such, CMS does not anticipate approving or renewing DSHP expenditure authority in the future. Additional information is available on Medicaid.gov.

States are responsible for following all applicable federal law and regulations when they claim and use federal Medicaid and must fully comply with all applicable Medicaid statutes and regulations under a section 1115 demonstration, except where specific provisions have been expressly waived or identified as not applicable for that demonstration. This obligation includes all requirements in Title XIX of the Social Security Act and implementing regulations governing provider screening and enrollment activities, pre- and post-payment review claiming, payment methodologies and rate-setting, utilization controls, and program integrity including processes to identify, investigate, and refer suspected fraud, and methods to receive complaints and identify questionable practices. States must maintain effective systems and safeguards to prevent, detect, and address any fraud, waste, or abuse (FWA) in the delivery of and payment for Medicaid services, including referrals to law enforcement when appropriate.

States should have heightened monitoring and oversight mechanisms in place featuring robust internal controls to identify and remediate all vulnerabilities (including, but not limited to, FWA and beneficiary access issues) inherent in service areas approved as part of a demonstration. At any time, CMS may request that the state provide a plan detailing the state’s systems and safeguards to prevent, detect, and address any FWA relative to this demonstration. Failure to meet program integrity obligations under federal statutes and regulations or under the terms and

¹ www.medicaid.gov/resources-for-states/downloads/dshp-dsip.pdf

conditions of this demonstration approval may result in compliance actions or other enforcement measures that could include requirements to develop and implement corrective action plans, withholdings, deferrals, disallowances, and termination of demonstration authority.

We look forward to our continued partnership on the Oregon Health Plan section 1115(a) demonstration. If you have any questions, please contact your project officer, Kate Friedman, at Katherine.Friedman@cms.hhs.gov.

Sincerely,

4/30/2026

X Andrea J. Casart

Signed by: PIV

Andrea J. Casart
Director
Division of Eligibility and Coverage
Demonstrations

Enclosure

cc: Sasha Zolynas, State Lead, Medicaid and CHIP Operations Group

Attachment H

Designated State Health Programs (DSHP) Sustainability Plan

I. Purpose

The DSHP Sustainability Plan meets the requirements of Section 8.6 of the Oregon Health Plan Section 1115 Waiver Special Terms and Conditions (STCs).¹ The Plan describes the scope of the State's DSHP-funded initiatives and strategies the State is exploring to maintain these initiatives beyond the current waiver period, including potentially through a renewal or extension of waiver authority. The decision to sustain these initiatives is contingent on preliminary data on program efficacy and costs avoided, evolving state and federal priorities, as well as the availability of stable, long-term funding.

II. Overview: DSHP-Funded Initiatives

As outlined in STC 8.3(c), the State received approval for the following DSHP-funded initiatives:

- a) Young Adults with Special Health Care Needs
- b) Health-Related Social Needs (HRSN) Services
- c) HRSN Infrastructure
- d) Reentry Pre-Release Services and Administrative Costs

The State is not pursuing implementation of the Reentry Program during the current waiver period; therefore, it is not included in this Plan.

III. DSHP Initiatives and Intended Approaches to Sustainability

Youth with Special Health Care Needs

A. Overview

In January 2025, the State launched a new set of benefits for certain young adults who qualify as Young Adults with Special Health Care Needs (YSHCN). These members receive enhanced vision and dental services, Early and Periodic Screening, Diagnostic and Treatment (EPSDT) up to age 26, and HRSN services. To qualify, members must be between the ages of 19 and 20, have at least one qualifying health care need that began before age 19, and have individual or family income up to 205% of the federal poverty level. In 2025, approximately 6,000 new young adults who previously did not qualify for Oregon Health Plan (OHP) coverage will receive coverage under YSHCN, while approximately 16,000 existing members will receive enhanced benefits.

¹ **STC 8.6: Sustainability Plan.** The DSHP Sustainability Plan will describe the scope of DSHP-funded initiatives the state wants to maintain and the strategy to secure resources to maintain these initiatives beyond the current approval period. The state shall submit the DSHP Sustainability Plan to CMS no later than December 31, 2025, after the approval of this authority. Upon CMS approval, the plan will be appended as Attachment H to these STCs. Any future modifications for the DSHP Sustainability Plan will require CMS approval.

DSHP Sustainability Plan

B. Approach to Sustainability

The State seeks to explore the following potential financing option to sustain YSHCN beyond the current waiver period:

- *State Funds:* The State will explore state funds, including general funds and other funding streams, to sustain YSHCN during the 2027 legislative session. The viability of this funding will depend on state administration priorities and current budget to support a new initiative.

HRSN Services

A. Overview

The State launched its HRSN initiative in March 2024 using a phased rollout. As part of this initiative, the state is offering the following services:

- Housing supports, including rent/temporary housing and utilities costs for six months, tenancy supports, home changes for health (i.e., medically necessary air conditioners, heaters, and other devices for medical treatment and prevention), and home changes for safety (i.e., home modifications and remediations).
- Nutrition supports, including medically tailored meals and assessment for medically tailored meals, pantry stocking and fruit and vegetable benefit,² and nutrition education.
- Outreach and engagement (O&E), including to support potentially eligible members with accessing HRSN services and connect them with other medical, peer, social, educational, or legal services they may need.

These services are designed to support members who are facing life challenges or transitions in maintaining engagement with the healthcare system and staying healthy. Members must meet program-specific criteria (e.g., qualify for a covered population), domain-specific criteria (e.g., meet social and clinical risk factors), and service-specific eligibility criteria (e.g., be pregnant, a child, or YSHCN) to qualify.

B. Approach to Sustainability

The State seeks to explore the following potential financing options to sustain HRSN Services beyond the current waiver period:

- *State Funds:* The State will explore state funds, including general funds and other funding streams, to sustain HRSN services during the 2027 legislative session. The viability of this funding will depend on state administration priorities and current budget to support a new initiative.
- *Coordinated Care Organization (CCO) Financing:* The State will explore opportunities to align with CCO initiatives to sustain HRSN services. Options may include:

DSHP Sustainability Plan

² The State plans to launch the HRSN Pantry Stocking and Fruit & Vegetable Benefit services in June 2026.

- The Supporting Health for All through REinvestment (SHARE)³ program, which requires CCOs to allocate a portion of their net income or reserves to address social determinants of health; and
- Transitioning HRSN supports to Value-Added Services (known in Oregon as Health-Related Services),⁴ which similarly provide housing and nutrition supports but as optional, non-covered services, or in-lieu of services.

HRSN Infrastructure

A. Overview

As part of its Section 1115 Waiver, the State received federal authority for infrastructure investments to support the development and implementation of HRSN services. These investments, known as Community Capacity Building Funds (CCBF), were disbursed to community organizations through two rounds of grant funding to help them develop capacity to become HRSN providers. Allowable uses of funds fell into four major categories: Technology; Development of Business and Operational Practices; HRSN Workforce Development; and Outreach, Education, and Convening.

CCOs served as grant administrators for CCBF and awarded applicants in partnership with the State. A portion of CCBF was also set aside for use by the Nine Federally Recognized Tribes in Oregon. Additionally, in 2025, CCOs were given the opportunity to apply for and receive CCBF for direct use to support demonstrated service challenges with HRSN housing supports.

B. Approach to Sustainability

The HRSN Infrastructure program has been a key source of funding to support infrastructure-building and capacity development for community partners to become HRSN providers. OHA plans to build upon the progress made through this funding but will not require new funding to do so. Once community partners become registered HRSN providers, they may begin billing for services in accordance with the HRSN fee schedule. The HRSN fee schedule service rates are intended to sustain long-term operations and reimburse providers for costs incurred during service provision; as such, they serve as a new source of ongoing, sustainable funding.

³ See [here](#) for more information on the SHARE initiative.

⁴ See [here](#) for more information on CCOs' Health-Related Services.