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State/Territory Name: Oregon

State Plan Amendment (SPA) #: 25-0019

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850

Financial Management Group

October 30, 2025

Emma Sandoe, PhD
Medicaid Director, Oregon Health Authority
500 Summer Street Northeast, E-15
Salem, Oregon 97301-1079

RE: TN 25-0019

Dear Dr. Sandoe:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Oregon state plan amendment (SPA) to Attachment 4.19-A and 4.19-B OR 25-0019, which was submitted to CMS on August 6, 2025. This plan amendment carves out selected high-cost drugs and long-acting reversible contraceptive (LARC) devices from the DRG reimbursement for hospitals and use actual acquisition cost.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2) of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of January 1, 2026. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Diana Dinh at 670-290-885 or via email at Diana.Dinh@cms.hhs.gov.

Sincerely,

[redacted]

Rory Howe
Director
Financial Management Group

Enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 25-0019

2. STATE: OR

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT: (●) XIX ( ) XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
1/1/26

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 440.130(c)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2026 $ ~~3,367,608~~ 3,436,893
b. FFY 2027 $ ~~4,800,862~~ 4,893,242

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-A, Page 30 (NEW)
Attachment 4.19-B, Page 5a

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19-B, Page 5a

9. SUBJECT OF AMENDMENT
This transmittal is being submitted carve out sickle cell gene therapy drugs from the DRG reimbursement for hospitals and use AAC.

10. GOVERNOR'S REVIEW *(Check One)*
( ) GOVERNOR'S OFFICE REPORTED NO COMMENT
( ) COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
( ) NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
(●) OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]

12. TYPED NAME
Emma Sandoe, PhD

13. TITLE
Medicaid Director

14. DATE SUBMITTED
8/6/25

15. RETURN TO
Oregon Health Authority
Medical Assistance Programs
500 Summer Street NE E-65
Salem, OR 97301

ATTN: Jesse Anderson, State Plan Manager

FOR CMS USE ONLY

16. DATE RECEIVED
August 6, 2025

17. DATE APPROVED
October 30, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
January 1, 2026

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, FMG

22. REMARKS
Pen-and-ink change made to Box 6 by CMS with state concurrence

Instructions on Back

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State/Territory: OREGON

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES

DRG Exempt Services:

Selected drugs including Gene Therapies:

Selected high-cost drugs as listed in the state's provider manual are excluded from the Inpatient hospital DRG Reimbursement System. Reimbursement will be based upon the Actual Acquisition Cost as outlined on Attachment 4.19-B #5.a, Outpatient hospital services section.

LARC:

long-acting reversible contraceptive (LARC) devices are excluded from the Inpatient hospital DRG Reimbursement System. The insertion and devices will be reimbursed as outlined on Attachment 4.19-B #5.a, Outpatient hospital services section.

Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of hospital services. The agency's fee schedule rate was set as of 1/1/26 and is effective for services provided on or after that date. All rates are published https://www.oregon.gov/oha/HSD/OHP/Pages/Policy-Hospital.aspx

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State/Territory: OREGON

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES

2.a. OUTPATIENT HOSPITAL SERVICES (Cont)

D. Non-state government owned hospitals:
Payments will be limited to the total available non-state government owned hospital upper payment limit gap calculated in the following section. The distribution of payments will be determined by first calculating a percentage as follows: one quarter of the upper payment limit gap divided by the total non-state government owned DRG hospital outpatient Medicaid fee-for-service payments from the quarter preceding the month of payment. This percentage will then be applied to each non-state government owned DRG hospital's outpatient Medicaid fee-for-service payments from the quarter preceding the month of payment to determine the individual non-state government owned DRG hospital outpatient supplemental payments. This process will be repeated, and payments will be made quarterly.

E. Out-of-State hospitals:
Out-of-state contiguous and non-contiguous hospitals are reimbursed at an APC methodology as outlined in Attachment 4.19-B, 2.a.(B), for outpatient services except for clinical laboratory which are reimbursed at the lesser of billed charges or the OHA fee schedule. There is no cost settlement. The reimbursement for out-of-state contiguous and non-contiguous hospital's will be 80% of Medicare. The Agency will grandfather a reimbursement rate of 50% of the 2024 hospital specific charge master if requested by the hospital. Supporting documentation will be required for this process.

F. Highly specialized out-of-state outpatient hospital services:
Provided by written agreement or contract between OHA and the provider. The rate is negotiated on a provider-by-provider basis and is a discounted rate.

G. Selected Drugs including Gene therapies:
Selected high-cost drugs as listed in the state's provider manual including LARCs. Reimbursement will be based upon the Actual Acquisition Cost (AAC).

Outpatient reimbursement does not exceed applicable Federal upper payment limits.
Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of hospital services. The agency's fee schedule rate was set as of 1/1/26 and is effective for services provided on or after that date. All rates are published https://www.oregon.gov/oha/HSD/OHP/Pages/Policy-Hospital.aspx