



Oregon

Theodore R. Kulongoski, Governor

Department of Human Services

Office of the Director
500 Summer St. NE, E-15
Salem, OR 97301-1097
503-947-5110
Fax: 503-378-2897
TTY: 503-947-5080

December 14, 2009



The Honorable Peter Courtney, Co-Chair
The Honorable Peter Buckley, Co-Chair
Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Re: Retroactive Request to Apply – Competitive – Non-ARRA Funded
CHIPRA Quality Demonstration Grant Program (DHS-OHPR-50)

Dear Co-Chairpersons:

The Division of Medical Assistance Programs (DMAP) in conjunction with the Office for Oregon Health Policy and Research (OHPR), Department of Human Services (DHS), requests retroactive permission to apply from the Joint Committee on Ways and Means for Oregon to apply for a Children's Health Insurance Program Reauthorization Act (CHIPRA) Quality Demonstration Program grant from the federal Centers for Medicare and Medicaid Services (CMS). DHS will be the applicant for a multi-state collaborative project, including Alaska and West Virginia, in which Oregon will serve as the lead.

The grant announcement was released September 30, 2009, and the application is due on or before January 8, 2010. This is a separate appropriation from those available under the American Recovery and Reinvestment Act (ARRA).

General Grant Information: The multi-state collaborative will apply for \$5 million per year over a five year project period for a total of \$25 million. Funding subsequent to the first year will be available to those applicants who meet annual benchmarks as outlined in their project operation plan. The funds will be distributed to each participant state as determined by the grant budget and will not be spent solely in Oregon.

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The CHIPRA quality demonstration grant will support state and national efforts to establish and evaluate a national quality system for children's health care which encompasses care provided through the Medicaid program and the Children's Health Insurance Program (CHIP). While evaluation of quality of care in different provider-based health care models, including the medical home model, will be specific to children for this grant purpose, information yielded through this effort will likely inform future health care delivery system improvements for both children and adults.

Briefly, a medical home is a regular source of medical care that delivers the services needed to achieve optimal individual and population health. Studies have shown that this model may yield better health outcomes. However, a comprehensive analysis evaluating quality of care between medical homes in Oregon as compared to other sources of care, such as traditional primary care offices across a variety of payment structures, has not been conducted.

State Match Requirement and Impact: Applicant states are not required to provide any source of matching funds; however, there are certain activities for which funds are prohibited from use. For example, funds cannot be used to match any other Federal funds or provide infrastructure for which Federal Medicaid matching funds are available at the 90/10 matching rate. The grant will likely require two to three additional FTE for grant management and project oversight which will be fully funded through grant dollars. Position approval and increased expenditure limitation will be requested at a future Emergency Board.

Description of the Grant: This grant will fund activities that directly support the DHS mission and goals, specifically by producing better outcomes for clients and ensuring that people are healthy, as well as activities outlined in HB 2009: 1) improving measurement and reporting of health care quality data; and 2) developing standards and quality measures for patient-centered primary care homes.¹ By supporting a comprehensive evaluation of quality in children's health care across multiple regions, the grant activities will contribute to the improved health of tens of thousands of children in Oregon and across the nation.

¹ For purposes of this grant application, the terms medical home and patient-centered primary care home are synonymous.

The grant guidance does not require that activities conducted through this project be sustained when the funding period is over. However, this grant will provide the infrastructure necessary to continue improving the quality of health care provided in Oregon within current funding mechanisms without needing to be sustained as a direct activity itself. The information obtained through this evaluation process will inform Oregon's quality improvement processes, such as Medicaid's Performance Improvement Projects, and Oregon Health Plan evaluation strategies which are currently funded activities. This grant will ensure that the State is using the best methods available for evaluating and improving its health care delivery system, particularly for children.

CMS will provide successful applicants with up to five years of funding, with the first year of funding spanning February 2010 through February 2011. The activities outlined in this grant proposal will improve the quality of care delivered to children in Oregon as well as inform national efforts on the development of a quality system for children's health care. The proposed grant activities for the first year will include:

- Creating a final Operational Plan for development and implementation of a quality evaluation framework;
- Evaluating the design and implementation of the medical home model at different stages of development and in different settings;
- Comparing the acceptability and utility of different children's health care quality metrics across provider types, delivery systems, and regions; and
- Assessing the impact of health information technology (HIT) on children's health care quality.

A variety of stakeholders, including but not limited to those described here, will participate in the proposed grant activities. Through this evaluation, Oregon will partner with the Medicaid managed care organizations and other providers caring for children through Medicaid and CHIP. The Oregon Primary Care Association (OPCA) and CareOregon will be key partners in providing technical assistance to medical home providers. Through relationships already established by the OPCA, the goal is to engage both urban and rural providers in this quality improvement initiative.

The most valuable partnership that will be formed is that between Oregon and the other states choosing to participate in this application. Not only will Oregon be

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forming partnerships with other states' Medicaid/CHIP Agencies, but also other external stakeholders, similar to those listed above, for each respective state. Oregon shares similarities in population and geography with the potential collaborators, and the State could learn valuable information when comparing the quality of its health care delivery system to systems in different regions. These results could lead to a more immediate and greater understanding of what is needed to improve children's health care at both regional and national levels.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'JS', with a stylized flourish at the end.

Jim Scherzinger
Deputy Director of Finance

CC: John Britton, Legislative Fiscal Office
Sheila Baker, Legislative Fiscal Office
Blake Johnson, Department of Administrative Service