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Summary

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Lack of Transparency at the Oregon Health Plan: Simple Questions, Difficult Answers

By Shirley Iverson

Before Oregonians are asked to approve any expansion of state-sponsored health care, we deserve to know how existing state programs are working. Transparency is crucial to government accountability for tax dollars spent.

The Oregon Health Plan (OHP) is a tax-funded program utilizing state general fund and federal Medicaid dollars, in a 40%-60% split, to provide medical coverage for eligible low-income Oregonians. OHP is a prioritized, rationed system. All medical services and diagnoses have been itemized, then numerically prioritized. The legislature sets the level of available services. The 2007-2009 total funds budget for the program covering the portion of the population that is low-income qualified, but not otherwise mandated to receive Medicaid funds, is \$477 million. This program, known as OHP Standard, represents slightly more than 10% of the total health care spending administered by the Department of Human Services (DHS). The legislature can set the caseload total for this program based on budget considerations.

In an effort to assess OHP Standard for accuracy, errors and adherence to eligibility requirements, we asked DHS the following questions (The full written questions and answers from DHS are posted on Cascade’s website, www.cascadepolicy.org):

Q. Are mistakes (errors) made in OHP eligibility?

A. Yes. DHS states, “Due to the complexity of eligibility rules for medical programs, mistakes can be made in determining eligibility.”

Q. If there are errors, how many?

A. “It would be difficult to provide a number of errors on medical programs at any given time.”

Q. What percent of caseload is currently not eligible?

A. “Again, this isn’t a statistic that is available.”

Q. Do the errors cost tax dollars? If so, how much?

A. DHS does not know the impact. Errors in eligibility are not reported as a budget impact. “Many case reviews find families ineligible for the program they are currently in, but in many cases they are still eligible for another program.”

Q. Are management actions taken to monitor and/or follow recommendations for more accurate eligibility?

A. “[P]rogram integrity continues to be a priority.” However, DHS does not share a plan for this effort or show improved error accountability.

Q. Can this information be more readily available to the public?

A. Shouldn’t it be? But DHS disagrees. “It would be difficult to provide information based on reviews of cases from the OHP Statewide Processing Center....The intent of the reviews is for performance evaluations and to identify training needs.”



The DHS responses to these simple questions represent a serious lack of transparency and accountability on behalf of one of Oregon's largest government agencies. Before any expansion of health care programs is attempted, these failures must be corrected.

Due to the failure of DHS to answer questions regarding current program accuracy, we referred to past years for error information. In 2002 the Oregon Secretary of State Audit Division completed its first and only review of new eligible clients in OHP and published their report ([#2002-03](#)), "Department of Human Services: Oregon Health Plan Eligibility Review." The report states:

"We recommend that the department strengthen its management controls over the OHP eligibility determination process. The department should develop policies and implement procedures to ensure that coverage is limited to eligible individuals....

"We estimate the annual cost of covering ineligible recipients in the three high-risk populations we tested to be \$4.3 million, of which 2.9 million would be preventable....

"In addition, allowing a self-declaration of United States citizenship on the mail-in application for OHP increases the risk of providing full OHP coverage to ineligible non-citizens. We estimate the annual cost at \$1.7 million, if 1 percent of the adults receiving full OHP coverage are, in fact, ineligible non-citizens."

The verification of citizenship became a federal requirement in 2005 and was implemented for OHP in September 2006. The projected \$1.7 million cost over 4½ years, until the implementation of mandated citizenship review, can be projected as \$7.65 million misspent tax dollars. It is unclear if the projected \$4.3 million cost continues, due to lack of a comprehensive follow-up plan from DHS after the 2002 audit. (The DHS QC FFY2002 Annual Report states a 10.5% error rate; the FFY2003 Annual Report states a 10% error rate. Both report failure to determine eligibility based on income as the greatest reason for errors, consistent with the Secretary of State audit.)

The Secretary of State audits are website available. Locating DHS website info concerning eligibility errors is currently more difficult and is never posted in terms of cost to taxpayers.

As we demand transparency from government, we must have access to information to make informed decisions. DHS needs to conduct thorough eligibility reviews of OHP and publish an annual error report on the Internet. Further, DHS needs to define errors as potential misspent tax dollars, not just as a percentage of cases. As the Oregon Health Fund Board, the governor and the legislature look for ways to expand health care access, they should not rely on the Oregon Health Plan as a model until the Department of Human Services solves its transparency and accountability problems.

Shirley Iverson is a consultant for the Government Transparency Project at Cascade Policy Institute. From 1988 to 2005, Ms. Iverson held several high-level leadership positions within the Oregon Department of Human Services.

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