



## **An Open Letter to Our Community**

September 2025

Dear Lane County Community Members,

We are writing to share urgent updates regarding the status of Oregon's Medicaid program including impacts on healthcare providers and Oregon Health Plan (OHP) Lane County members.

As a reminder, the Lane Community Health Council is a part of the PacificSource Community Solutions CCO model in Lane County. As a 501(c)3 nonprofit, we serve as the independent Community Governing Board for PacificSource Community Solutions Lane County CCO (Medicaid). Within the scope of our work, we work with the Lane County CCO (Medicaid) Community Advisory Council and related committees, as well as the Lane County Community Health Assessment (CHA) and Lane County Community Health Improvement Plan (CHP).

Due to rising healthcare costs and insufficient funding from the Oregon Health Authority (OHA) to support Oregon's Coordinated Care Organization (CCO) model, the future of our local Medicaid program is at risk. These financial pressures are separate and distinct from any potential financial strains caused by recent federal Medicaid policy changes. We are asking the OHA, state legislators, and the Governor's Office to come together with our local community to take immediate action to ensure stability of the Medicaid program.

Each year, the OHA establishes funding rates for CCOs to cover healthcare expenses for OHP members and administrative costs associated with operating a CCO. Several factors are considered including historic healthcare expenses, projected utilization of services, and regional uniqueness.

Unfortunately, for the past two years, CCO rates across Oregon have not kept up with rising healthcare costs causing significant financial strain. In some cases, CCOs have spent a portion of their contractually required reserves to pay for healthcare expenses, undermining their long-term financial sustainability of Medicaid.

***The 2026 CCO rates recently proposed by the OHA fall short of the current cost trend, raising serious financial viability concerns for PacificSource Lane County CCO and other CCOs across the state.*** PacificSource Community Solutions (PacificSource) has operated the CCO for the Lane County region since 2020. Since inception, the number of people covered by PacificSource in Lane County region has been approximately 80% of the current Medicaid population in Lane County .

There is an impact to local healthcare providers continuing to operate within a fragile delivery system post-pandemic. The mounting financial pressures on CCOs are exacerbating this issue. While PacificSource has made it clear that it does not want to cut provider rates, under current conditions, CCOs will have no other option but to reduce provider payments or narrow their provider networks.

Furthermore, the OHA is proposing to reduce the annual CCO Quality Pool fund—funding that to date, has been distributed to healthcare providers when certain quality metrics are achieved—to cover CCO rate increases in 2026. This cost shifting exercise is not a sustainable solution; it simply pulls revenue from one source of provider funding and moves it to another.

While the impact on local healthcare providers will be significant, the people who will feel the impact the most are our OHP members. OHP members may experience reduced services or fewer available providers. While a last resort, the state may have to explore extreme options to weather the current financial crisis. Some of these measures include changing Medicaid eligibility, reducing the types of services that are covered by the Medicaid benefit, or creating different tiers of Medicaid coverage for eligible populations.

Through its partnership with the Lane Community Health Council, PacificSource has invested millions in Medicaid savings back into the Lane County community. These investments have supported community health initiatives that provide vital safety net services to people on OHP, such as food security, housing, youth behavioral health and healthcare workforce. Without adequate CCO rates, local funding for programming to support people on OHP will be greatly reduced, if not eliminated.

Please join us as we call on the OHA, state legislators, and the Governor's Office to take the following actions to address this crisis:

- *Ensure that CCO rates are sufficient to support the costs of the Medicaid program so that access to care and provider stability are not threatened;*
- *Convene a broad stakeholder workgroup to review the issues and advise on community-centered solutions that ensure long-term sustainability of the Medicaid program; and*
- *Find an alternative to using the CCO Quality Pool funds to partially fill the CCO funding gap.*

We remain committed to transparency and collaboration as we work to ensure a strong and equitable healthcare system for all. Thank you for your continued trust and partnership.

Regards,

Rhonda Busek, Lane Community Health Council Executive Director

Cc: Lane Community Health Council Board