CorrectionalHealthPartners

April 2, 2012

Tammy L. Hurst, Contract Specialist
Office of Contracts and Procurement
250 Winter Street NE, 3rd Floor
Salem, Oregon 97301

Re: CCO Letter of Intent to Apply - RFA #3402

Dear Ms. Hurst,

Please accept this Letter of Intent to Apply under RFA #3402 from Correctional Health Partners. We believe the Oregon Health Authority will find our application to be of unique value to the State of Oregon generally, and to the corrections systems of the State specifically. In particular, we intend to make application with the collaboration of the Department of Corrections (ODOC).

1. ***What is Applicant's Legal Entity name, Oregon headquarters location, and key contact person?***

Correctional Health Partners (CHP), a Denver based company, has its primary corporate offices at 1515 Arapahoe Street, Building 1, Suite 300, Denver, CO, 80202. Our local Oregon address is 2108 Mistletoe Rd., Dallas, OR 97338. The key contact person for this RFA will be Michael Taaffe, who can be reached at 503-686-5898.

2. ***What is the Applicant's desired service area by county or zip code?***

Correctional Health Partners anticipates primarily serving active ODOC inmates who are hospitalized more than 23 hours under the CCO contract with OHA. In addition, CHP anticipates development of programming for recently released inmates in collaboration with ODOC to more effectively transition parolees into the community through a combination of parole, health, and other wraparound services. Such services could be available to county jails when interested.

Therefore, CHP's services for hospitalized inmates would focus on those areas where ODOC facilities are located and where hospital inpatient services typically occur including Multnomah, Marion, Washington, Clackamas, Coos, Umatilla, Malheur, Baker, and Crook Counties.

In the future, when programming for recently released inmates allows, coverage for parolees could be state-wide, depending on where covered parolees settle in the community.

### 3. *Who are the Applicant's key potential Affiliates or sponsoring organizations, if known?*

CHP has been the clinically enhanced third party administrator for the Oregon Department of Corrections since 2009. In that capacity, CHP has managed the healthcare for inmates who must leave ODOC facilities to seek appropriate specialty or hospital care. While the Centers for Medicare and Medicaid Services (CMS) since the late 1990's has permitted billing Medicaid for inmates who are hospitalized for more than 23 hours, as a practical matter, this has been difficult to operationalize for most states.

Under the Oregon Health Plan, eligibility for Medicaid is income determined and nearly all inmates would qualify but for their incarceration. ODOC, like many states' corrections departments, are exploring ways to simplify the process of billing Medicaid for qualifying hospitalizations while not foregoing provider network stability or utilization data integrity for purposes of accurate reporting.

The CCO structure under this RFA would allow for seamless care for inmates regardless of the setting or payor source, whether ODOC or OHA. CHP currently pays claims on behalf of ODOC and anticipates creating a "pay and chase" methodology with OHA to pay qualifying inpatient claims and then reconciling with OHA as a coordination of benefits/subrogation issue.

### 4. *What is the Applicant's desired member capacity? If the Applicant desires to have no limit on capacity, so state.*

ODOC currently has approximately 14,000 inmates in their facilities. We have not yet determined with ODOC what methodology would be used to establish eligibility for a qualifying hospitalization. If inmates are made eligible only as an extended hospital stay is anticipated due to medical condition, then the actual number of enrollees could be quite small, perhaps as small as 200 members per year. If it is determined that a more robust enrollment process is in the State's interest, then perhaps the upper limit could, in the extreme, be closer to the full 13,000 population of ODOC. Post-parole medical services under the CCO, if pursued and developed, would add an undetermined number of parolees to the CCO membership.

5. ***Does the Applicant, or an Affiliate or intended subcontractor of the Applicant, have a contract with the Oregon Health Authority as a Medicaid managed care organization (MCO)? If so, does Applicant expect that contract to be terminated immediately before the effective date of Applicant's CCO Contract?***

CHP does not currently have a contract with the Oregon Health Authority as a Medicaid MCO.

6. ***Is the Applicant, or an Affiliate or intended subcontractor of the Applicant, licensed or expected to be licensed as an insurer (including health care service contractor) with the Oregon Insurance Division?***

CHP is currently licensed in the State of Oregon as a Third Party Administrator. Our license number is 822076. We do not at this time anticipate becoming licensed as a health care service contractor with the Oregon Insurance Division. CHP, and our parent company Physician Health Partners (PHP), are quite experienced at managing risk contracting; however, the size of the anticipated population and actual risk under this CCO is too small to be actuarially sound. We would prefer to process claims on inmate qualifying hospitalizations as a cost-plus contract and then rebilling OHA to recoup the costs at Medicaid rates thus allowing the State to capture federal FFP.

7. ***Does the Applicant, or an Affiliate or an intended subcontractor of the Applicant, have or expect to have a contract as a Medicare Advantage Plan with the Center for Medicare and Medicaid Services (CMS)?***

Not under this RFA process. However, our parent company PHP manages a global capitation contract for Medicare Advantage under United Healthcare for approximately 16,000 lives, and was also recently one of only 32 organizations nationally that were named as a Pioneer ACO by CMS for an additional approximate 26,000 lives. Since CHP and PHP share infrastructure and other human resources, the capability to operate as an MA plan, if otherwise financially and actuarially feasible, would be possible.

8. ***Attachment 3 describes four possible Application timelines in 2012. Which due date does the Applicant elect for submitting its Technical and Financial Applications?***

Due to the need to develop clearer operational plans with ODOC and possibly with OHA, CHP anticipates applying under the following timelines:

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| **Technical/Cost Application dates:** | August 1/August 8 |
| **Medicaid Contract effective:** | November 1, 2012 |

Please feel free to contact me or Michael Taaffe if you have any further questions regarding this intent to apply under RFA #3402.

Sincerely,

Geoffrey R. Archambeau, CEO