

Another \$112 million in Medicaid errors estimated

By **CLAIRE WITHYCOMBE**
Capital Bureau

SALEM — Oregon may have erroneously paid, allocated, inaccurately recorded or over-claimed \$112.4 million in health care funds, according to a letter Oregon Health Authority Director Pat Allen sent Friday to Oregon Gov. Kate Brown.

That figure is on top of the state's estimated overpayment of \$74 million to coordinated care organizations, or CCOs, the state's regional networks of

Medicaid providers, between 2014 and 2016.

Allen's letter follows his statement to legislators this week that the state was likely to see more processing problems come out of the state's health agency.

"...We note that this is likely not an exhaustive and final list of all known issues facing the agency," Allen wrote Friday. "It is also likely that the details of these issues will evolve as we research them and consult in more detail with subject matter experts."

Allen documented two

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Oregon Health Authority Director Pat Allen

main types of issues: those relating to \$44.5 million in possible payment errors; and issues relating to the allocation of about \$67.9 million of funds, which range from charging the wrong section of

the state's budget to claiming federal funds for certain procedures that cannot be paid for with federal money.

Allen was careful to note that all of those numbers are estimates, and sub-

ject to change based on deeper research into the problems.

Two weeks ago, it came out that the state had overpaid CCOs by approximately \$74 million for certain patients who were eligible for both Medicaid and Medicare due to classification errors.

But the state says \$74 million is still an estimate. Medicare, a program funded solely by the federal government, may share some of the tab.

The state has already recouped \$10.1 million of that \$74 million figure from CCOs. In Oregon, about 1.1 mil-

lion people are on Medicaid, which is funded jointly by the state and the federal government and covers the poor and other qualifying groups. Medicare is the health care coverage program for those 65 and older.

Allen said in the Friday letter that the agency will create an issue log to document ongoing problems and provide bi-weekly reports to the governor and state lawmakers.

The news also comes prior to the completion of an OHA audit by the secretary of state, expected to be released by early December.

Ethics commission denies Kitzhaber settlement

By **PARIS ACHEN**
Capital Bureau

SALEM — The Oregon Government Ethics Commission on Friday voted 7-to-1 to deny a proposed settlement in which former Gov. John Kitzhaber agreed to pay \$1,000 to resolve ethics complaints that he and first lady Cylvia Hayes used their public positions for profit, failed to disclose conflicts of interest and inappropriately accepted gifts.

Kitzhaber on Wednesday admitted he violated state ethics laws on four occasions and said he did so unintentionally. The former governor said he did not disclose a conflict of interest related to Hayes' paid consulting contracts based on the advice of his attorney at the time.

Kitzhaber said he was surprised by the commission's decision, because ethics commission staff members had proposed the terms of the agreement.

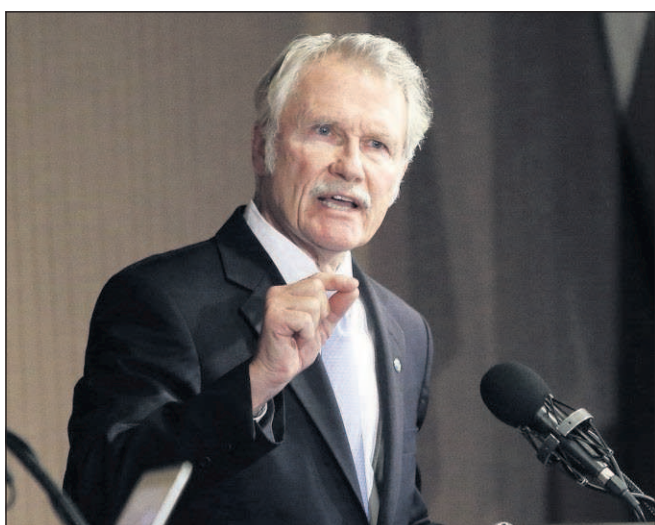
News of the proposed settlement spawned criticism that the penalty was too lenient on Kitzhaber's missteps during his role as the state's highest elected official.

Several ethics commissioners said they wanted to require Kitzhaber to pay a more severe fine given the former governor's high-profile position. Accepting the settlement could threaten the legitimacy of the watchdog agency, they asserted.

"That is really troubling to me that we are excusing the behavior of the highest official of our state because he sought counsel," said Commissioner Charles Starr.

"I think a larger fine is necessary for our reputation as a commission ... because anybody serving at the highest level has a greater responsibility to the public."

Commission Chairman Dan Golden was the dissenting vote in the rejection of the settlement. He said the \$1,000 sanction was appropriate, based on the commission's formula for calculating fines. Kitzhaber had no prior ethics violations, which factored into



Don Ryan/Associated Press

Former Gov. John Kitzhaber.

the recommended penalty, said Ron Bersin, commission executive director.

The proposed settlement "treated this former governor like we do other officials at a higher level," Golden said. "There is no amount that addresses the loss of credibility and the things associated with the fall of this public figure."

Friday's denial means that ethics investigators will write a report on the findings of their probe of the allegations. Once submitted to the commission, the report becomes a public record. Settlement

negotiations could continue simultaneously.

The proposed settlement, which Kitzhaber signed, stated that he violated Oregon law four times by benefiting from frequent flier miles he accrued from state travel between 2011 and 2013 and failing to disclose conflicts of interest related to Hayes' consulting company in 2013.

The company, 3E Strategies, received paid consulting contracts from 2011 to 2013.

In a statement Wednesday, Kitzhaber said he accepted full responsibility for the violations.

"I apologize to Oregonians for failing to disclose a potential conflict of interest, although the ethical violations at issue were wholly unintentional," Kitzhaber said.

"In the case reviewed by the Ethics Commission, I did not perceive a conflict of interest because I understood the work that Ms. Hayes was doing for various non-profit organizations was not directed at trying to shape or influence state policy but, rather, to educate people regarding the issues to which she had committed her professional career."

Kitzhaber argued that he also received advice from his attorney that he did not need to disclose a potential conflict.

Ethics Commissioner Alison Kean said she would like to see evidence of that legal advice, which had not been revealed to date as part of the investigation.

The commission voted unanimously in July to pursue an official investigation of the former governor and his fiancée.

The agency in February 2015 had suspended a preliminary review of three complaints of alleged ethics violations against the couple, triggered by pending state and federal investigations.

Mom speaks on behalf of teen accused of wildfire

PORTLAND — Those close to a 15-year-old boy accused of starting a wildfire by tossing fireworks

backlash and that the boy's school-age siblings might face retaliation.

The blaze, which started along a trail in Oregon's scenic Columbia River Gorge says he is from a church-going large Ukrainian family mortified by what happened.

'This is a trauma for him. It was his mistake.'

Mother of accused teen

The teen, from Vancouver, Washington, has been charged with reckless burning and other offenses in Hood River Juvenile Court.

His mother told the Oregonian/OregonLive that "this is a trauma for him" and "it was his mistake." She said she fears a public

Sept. 2, forced evacuations, closed an interstate highway, and scorched more than 75 square miles.

Hood River County District Attorney John Sewell hasn't released the boy's name. He says confidentiality is necessary to protect his parents.

The case has sparked fierce debate over the potential consequences for the boy, including whether his family should be financially liable for damages.

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ON THE RECORD

DUII

• At 11:09 a.m. Friday, Marsha Waugh, 60, of Seaside, was arrested by the Seaside Police Department on Holladay Drive and charged with driving under the influence of intoxicants. Her blood alcohol content was 0.22.

• At 1:55 p.m. Friday, Susan Stacks, 60, of Nehalem, was arrested by the Seaside Police Department on Cooper Street and S. Wahanna Road and charged with DUII. Her blood alcohol content was 0.19

Assault

• At 11:27 p.m. Saturday, Jesse Alan Peasley, 35, of Astoria, was arrested by the Clatsop County Sheriff's Office on the 1260 block of Niagara Avenue and charged with fourth-degree assault and harassment. He allegedly was involved in a physical domestic dispute with a woman.

Sex abuse

• At 12:34 a.m. Sunday, Matthew Stineman, 30, of Astoria, was arrested by the Astoria Police Department at Annie's Saloon strip club and charged with second-degree sex abuse and harassment. He allegedly touched a woman inappropriately while receiving a lap dance.