

Judge orders Oracle to keep hosting Oregon's Medicaid system

February 26 2015, by Gosia Wozniacka

(AP)—An Oregon judge has ordered technology giant Oracle Corp. to continue hosting Oregon's Medicaid health insurance system for low-income Oregonians even after the company's contract expires this weekend.

Marion County Circuit Judge Courtland Geyer ruled Wednesday that Oracle should host Medicaid for another year. He granted the preliminary injunction until February 2016.

Geyer said he was more convinced by the testimony of the state's witnesses than by that of Oracle's witnesses, and that the state's case was likely to succeed on its merits.

Earlier this month, Oracle notified Oregon that it does not intend to renew the contract and would terminate hosting on Saturday. Oregon sued to compel Oracle to continue hosting.

Oregon officials argued in court that Oracle had promised five months ago that the contract would be renewed, and as a result they did not seek alternate hosting services. Officials also said a termination of hosting would cause "irreparable harm" to thousands of people who would not be able to enroll or re-enroll in Medicaid and access health services.

Oracle argued it didn't make a promise, it only agreed to negotiate, and was not legally obligated to do business with Oregon after the contract expires.

The court fight has occurred amid a larger legal battle over the failure of Oregon's health care exchange portal, Cover Oregon, which was also built by Oracle. Oracle and Oregon previously sued each other over that failure. Last spring, the state ditched the Cover Oregon portal and decided to switch to the federal portal, HealthCare.Gov.

Despite Cover Oregon's failure, Oregon has continued to use parts of the Oracle-built system to determine whether applicants are eligible for Medicaid and for enrollment. The system's hardware is on servers that are hosted by Oracle's cloud-management branch.

The state is now adopting technology from Kentucky for Medicaid enrollment—but that switch won't be completed until January 2016. In the meantime, the judge's ruling will allow the state to renew its contract with Oracle and to use Oracle hosting.

Oracle officials declined to comment on the judge's order. Oregon praised the ruling, saying it would allow the state to "keep the lights on" for Medicaid.

"We are pleased we have been granted the extension of time needed to continue using the existing technology services," Oregon Health Authority spokeswoman Susan Wickstrom said in a statement, "by which time we will have implemented the system we are transferring in from Kentucky."

Medicaid serves more than 1 million people in Oregon, about a quarter of the state's population. Coverage is good for 12 months and then must be renewed. Oregonians can sign up for or re-enroll in Medicaid year-round.

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