

**Governor's Budget for 2015-2017
December 4, 2014**

- [Click here](#) to access the sections of the **2015-17 Governor's Budget for Department of Human Services, Oregon Health Authority & the Long Term Care Ombudsman** (36 pages)
- [Click here](#) to access the complete version of the **2015-17 Governor's Budget** (576 pages)

On Monday the Governor's Budget for 2015-2017 was released outlining his funding priorities for the upcoming biennium. His key strategies to achieve the vision that Oregonians enjoy good health and the best possible quality of life are to fully implement Coordinated Care Models, focus on prevention of chronic diseases, strengthen the long-term care service system, and improve access to healthy housing and nutrition. His aim is to expand the coordinated care model to cover more public employees and make it available to small businesses to lower costs and improve their competitiveness. He indicated that many of the budgeted investments were made possible through limiting the growth of Oregon's prison population, reduction of public pension liabilities and development of the network of coordinated care organizations.

On Tuesday, Mike McCormick, Director of Aging and People with Disabilities (APD) provided a verbal report to stakeholders on budget detail not available in the Governor's budget document. He indicated that written detail would be provided in the near future, once the information was fully confirmed. Following are notes from the stakeholder budget briefing (some changes may be necessary following receipt of APD's written confirmation of the details):

- Current reimbursement rates are budgeted to remain in effect; no COLAs are budgeted
- A portion (\$4.9 million) of the statutorily set Nursing Facilities (NF) rate increase has been appropriated into the Emergency Fund because the Governor wants to have a discussion on how to begin to align the NF rate increase with per member rates of growth for health care transformation
- All forecasted caseloads are budgeted with all cost per case trends factored in
- Inflation was eliminated
- \$35 million is budgeted to address the additional costs attributed to a 2013 U.S. Department of Labor rule change regarding application of the Fair Labor Standards Act that extended wage and overtime protections to home care/personal support workers
- The following 2013 Special Purpose Appropriation items are budgeted to continue:
 - ✓ Oregon Project Independence expansion at \$10 million
 - ✓ Quality of Care Fund
 - ✓ Mental health and addiction counseling at \$6.1 million

- ✓ Special purpose transportation for seniors at \$5.1 million
- ✓ Personal Incidental Funds for nursing facility residents is budgeted to continue and will go up in January 2016
- ✓ Nursing Facility and Community Based Care data and utilization reports are budgeted to continue
- Funding to continue the caregiver training being provided through Care Partners is not included
- State personnel services are reduced by 3% (assumes a 3% vacancy rate)
- New technology system to manage adult protective services activities is budgeted at \$3.0 million

The new investments made to senior and people with disabilities programs in 2013 through the Special Purpose Appropriation (SPA) were made possible with revenue resulting from modifying the income tax treatment of the elderly medical expenses. Half of the revenue raised through the modification went to essential services and supports for Oregon's elderly and those with disabilities. Stakeholders want the same to occur for the 2015-17 biennium. For this biennium's budget questions to be answered are 1) What amount of revenue is expected to be generated in 2015-17 as a result of the senior medical expense modification? and 2) What is the amount of one-time only SPA items not included in the Governor's budget?

Following are excerpts from the budget pertaining to DHS and APD:

DEPARTMENT OF HUMAN SERVICES

The Governor's Budget for this entire enterprise is \$10,017.7 million total funds, including \$2,680.3 million General Fund and 7,830 positions. This is a 7.8 percent total funds increase (15.3 percent General Fund increase) from the 2013-15 Legislatively Approved Budget.

REVENUE SUMMARY

The federal government is a major partner in funding human services programs. Over 75 percent of DHS's budget (including all Supplementary Nutrition Assistance Payments) is federally funded. As a Human Services Program Area result, the ability to provide program services is greatly influenced by Federal Funds availability and by the rules guiding the use of those funds.

For example, a recent U.S. Department of Labor rule change regarding application of the Fair Labor Standards Act will increase the cost of the state's home and community based care system and result in some program changes. This budget anticipates managing those costs and changes delivery in a way that lowers state financial exposure while preserving program quality and treating workers fairly. In addition, the rate of federal revenue matching for many programs changes annually and is completely outside of the control of state policy. This greatly impacts the amount of General Fund that must be appropriated to maintain a program.

For 2015-17, the Federal Medical Assistance Percentage adjustment is working to the state's budgetary advantage. The federal matching rate will increase from 63.4 percent in 2013-15 to 63.6 percent next biennium. This change is projected to reduce General Fund expenditures by \$18.9 million in DHS's budget.

Aging and People with Disabilities

The Aging and People with Disabilities (APD) program assists seniors and people with disabilities of all ages to achieve well-being through opportunities for community living, employment, family support and services that promote independence, choice and dignity. APD administers Oregon's Medicaid long term care program under a federal Home and Community-Based Care waiver under Section 1915(k) of the Social Security Act. Oregon Project Independence provides in-home services outside of the Medicaid program. Federal Older American Act services include help with abuse prevention, caregiver supports, medication management, nutrition services, senior employment, legal issues, and other support services. The program also includes federally-required supports to aged, blind, and disabled persons who receive Supplemental Security Income.

The Governor's Budget investments in seniors and people with disabilities focus on prevention and community based care as an ongoing priority. The budget continues the significant investments in 2013-15 in this area facilitated by the Community First Choice Option and other targeted investments, including Oregon Project Independence, Aging and Disability Resource Connection mental health funding, and the Gatekeeper program, to prevent the growing number of Oregon seniors from needing Medicaid long term care.

It also emphasizes the state's efforts to enhance the abuse prevention and protection system. Demand for eligibility services, as Medical coverage, continues to increase, both in terms of number of Oregonians needing help and in complexity of the work. Accordingly, this budget also supports a staffing level of 87.2 percent of the workload model, holding Area Agencies on Aging to 95 percent equity. Finally, ongoing federal changes in the regulation of Home and Community Based Care will continue to require attention in terms of implementation and the impact on consumers and providers.

The Oregon Project Independence is an example of a program that reduces the risk of out-of-home placements and promotes self-determination. It could identify Healthy People 10-Year Outcome to "decrease the number of older Oregonians that access Medicaid-funded long-term care." Personal and home care services are delivered via in-home care agencies or registered home care workers. The budget for these services is mainly General Fund with a small amount of Federal match funding. Services are expanded through the utilization of program income generated from client cost sharing based on a sliding fee schedule. The Governor's Budget continues the current level of funding at just over \$20 million total funds.

The Aging and People with Disabilities programs directly link to the 10-Year Plan for Oregon within the Healthy People Outcome Area. The outcome area's vision is that "Oregonians enjoy good health and the best possible quality of life." The 2015-17 Governor's Budget is \$812.8 million General Fund, \$2,754.6 million total funds, and 1,192 positions. This is 13.0 percent above the 2013-15 Legislatively Approved total funds budget. It includes Phase 2 in the development of an integrated statewide Adult Abuse and Report Writing System; Phase 1 planning began in the 2013-15 biennium. A portion of the Nursing Facilities rate increase has been appropriated into the Emergency Fund to begin alignment with per member rates of growth for health care transformation.