2007 Regular Legislative Session FISCAL ANALYSIS OF PROPOSED LEGISLATION Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2406 STATUS: A-Engrossed

SUBJECT: Creates Medically Involved Home Care Program

GOVERNMENT UNIT AFFECTED: Department of Human Services

PREPARED BY: John F. Borden **REVIEWED BY:** John C. Britton

DATE: June 21, 2007

	2007-2009	2009-2011
EXPENDITURES:		
Department of Human Services		
Personal Services – General Fund	\$ 136,726	\$ 420,033
Personal Services – Federal Fund	\$ 136,714	\$ 420,017
Personal Services - Sub Total	\$ 273,440	\$ 840,050
Services and Supplies – General Fund	\$ 56,752	\$ 103,675
Services and Supplies – Federal Fund	\$ 56,721	\$ 103,638
Services and Supplies – Sub Total	\$ 113,473	\$ 207,313
Special Payments – General Fund	\$ 1,163,999	\$ 5,188,057
Special Payments – Other Fund	\$ 23,579	\$ 29,067
Special Payments – Federal Fund	\$ 2,057,863	\$ 8,102,061
Special Payments – Sub Total	\$ 3,245,441	\$ 13,319,185
Total General Fund	\$ 1,357,477	\$ 5,711,765
Total Other Fund	\$ 23,579	\$ 29,067
Total Federal Funds	\$ 2,251,298	\$ 8,625,716
All Funds Total	\$ 3,632,354	\$ 14,366,548

POSITIONS / FTE: 5/2.59 8/7.25

EFFECTIVE DATE: On passage

GOVERNOR'S BUDGET: This bill is anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: This measure creates the Medically Involved Home Care Program within the Department of Human Services (DHS). DHS is to adopt administrative rules for the criteria for determining the need for, and the extend of, assistance in providing in-home nursing care, durable medical equipment and respite care for children with physical or developmental disabilities. Under this measure DHS would be required to begin enrolling 125 children by January 1, 2008 and then enroll an additional 25 children per calendar year. DHS is to seek a federal waiver from the U.S. Department of Health and Human Services, Center for Medicare and Medicaid Services for the program.

Although this measure is effective on passage, DHS assumes that a CMS waiver will take approximately six months to obtain and provide for up to 200 clients. This makes the program's operative date January 1, 2008. CMS waiver approval is necessary in order for Oregon to obtain federal matching funds. In absence of a CMS-approved waiver, the cost of this measure would need to be funded exclusively with General Fund.

DHS estimates that the Medically Involved Home Care Program will experience an initial program enrollment of 30 clients on January 1, 2008 and then a gradual phase-in of six additional clients per month during the 2007-09 biennium and two clients per month for the 2009-11 biennium with enrollment reaching 182 clients by June 2011. In other words, client enrollment reaches the CMS waiver cap of 200 clients during the 2011-13 biennium.

Medically Involved Home Care Program clients will come from a mix of clients new to DHS and existing DHS clients transferred from other DHS programs within the Seniors and People with Disability Division. Additionally, DHS estimates that new and existing clients will qualify and become enrolled in the Oregon Health Plan as a result of this program.

DHS estimates the fiscal impact of this measure to be \$3.6 million total funds (2.59 FTE) for 18-months of the 2007-09 biennium and \$14.4 million total funds (7.25 FTE) for 24-months of the 2009-11 biennium. General Fund would comprise approximately 40% of expenditures, Federal Funds 60%, and a nominal amount of Other Funds. The per-client cost is estimated to be \$3,000 per month per client and is based on the current maximum Medically Involved rate.

The DHS fiscal impact is reduced or offset by approximately \$800,000 in General Fund savings arising from the transfer of Kids Long-Term Family Support clients to the Medically Involved Home Care Program. DHS notes that this General Fund would now be eligible for federal matching funds, assuming CMS waiver approval, and would therefore leverage an additional \$1.2 million in Federal Funding for this program.

DHS estimates that approximately 12 clients would require some home modifications at a cost of \$10,000 per home.

The fiscal impact of adding new Oregon Health Plan clients as a result of this measure is estimated to be \$574,886 total fund for the 2007-09 biennium and \$1.9 million for the 2009-11 biennium. General Fund would comprise approximately 40% of these expenditures, Federal Funds 60%, with a nominal amount of Other Funds.

DHS positions would, as with the program's client base, phase-in over the course of two biennia. For example, a Service Coordinator position would be added every six months to maintain a Service Coordinator to client ratio of 1:36. Other staff would also be added such as Referral Coordinator, program unit manager, and a half-time Office Specialist position. The positions would be supported with services and supplies, including department-wide administrative overhead charges. These costs would be eligible for a 50% Federal Funds match.

Approximately 90% of the DHS fiscal impact comprises special payments of fund to program clients.

DHS' primary budget bill (HB 5031) has been amended to include the fiscal impact of this measure.