

**2009 Regular Legislative Session**  
**FISCAL ANALYSIS OF PROPOSED LEGISLATION**  
**Prepared by the Oregon Legislative Fiscal Office**

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**MEASURE NUMBER:** HB 2552

**STATUS:** Original

**SUBJECT:** Requires the Department of Human Services to disregard income paid by applicant or recipient for child support or spousal support, in determining the amount of income available for the costs of care of an applicant for or recipient of Oregon Supplemental Income Program medical assistance .

**GOVERNMENT UNIT AFFECTED:** Department of Human Services

**PREPARED BY:** Kim To

**REVIEWED BY:** Sheila Baker

**DATE:** April 2, 2009

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	<u>2009-2011</u>	<u>2011-2013</u>
<b>EXPENDITURES (See Analysis):</b>		
General Fund		
Oregon Supplemental Income Program Expenses <sup>(1)</sup>	\$ 155,155	\$ 250,020
Professional Services and Administrative Expenses	\$ 5,020	\$ -0-
<b>Total General Fund</b>	<b>\$ 144,121</b>	<b>\$ 250,020</b>
Federal Fund		
Oregon Supplemental Income Program Expenses <sup>(1)</sup>	\$ 348,105	\$ 420,993
Professional Services and Administrative Expenses	\$ 5,020	\$ -0-
<b>Total Federal Funds</b>	<b>\$ 369,179</b>	<b>\$ 420,993</b>
Total Fund		
Oregon Supplemental Income Program Expenses <sup>(1)</sup>	\$ 503,260	\$ 671,013
Professional Services and Administrative Expenses	\$ 10,040	\$ -0-
<b>Total Funds</b>	<b>\$ 513,300</b>	<b>\$ 671,013</b>

**EFFECTIVE DATE:** January 1, 2010

**GOVERNOR'S BUDGET:** This bill is not 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.

**ANALYSIS:** This measure

1. clarifies that the Department of Human Services (DHS) may prescribe by rule, within the limits required by federal law, the amounts of income and resources to be disregarded in the determination of the need for and the amount of Oregon Supplemental Income Program medical assistance (OSIPM); and
2. requires DHS to disregard income paid by applicant or recipient for child support or spousal support, in determining the amount of income available for the costs of care of an applicant for or recipient of Oregon Supplemental Income Program medical assistance.

Existing rules already allow DHS to disregard child or spousal support in determining the amount of income available for the costs of care when the client has income above \$2,022. However, federal regulations prohibit this action for clients with income of \$2,022 or below.

(1) To comply with the requirements of this bill and federal law, DHS would have to request approval of a State Plan Amendment (SPA) that would allow an extra personal needs allocation for clients paying child or spousal support. The funding source listed is based on the assumption that the request is approved and Federal Medical Assistance Percentages are applied. If the SPA request is not approved, and DHS still disregards child or spousal support in determining the amount of income available for the costs of care for clients with income of \$2,022 or below, the department would not be able to claim federal matching funds for the program expenses. The \$503,260 total program cost would be all General Fund.

DHS reports that currently, there are 17,503 OSIPM clients who are required to pay a share of their cost of care and who have income at \$2,022 or less. Of these 17,503 clients, 222 have either an active judgment or pending order for child or spousal support. Of the 222 clients, 96 have a court ordered amount totaling \$12,090 for an average monthly payment of \$125.94. Using the monthly average of \$125.94 paid by a total of 222 clients, the total income disregard for child or spousal support by month would be approximately \$27,959. For the 18 months of the 2009-11 biennium, this amount would total \$503,260. Applying the FMAP rate<sup>(2)</sup> of 69.17 percent, the fiscal impact for 2009-11 would be \$155,155 General Fund and \$384,105 Federal Fund. For the full 24 months of the 2011-13 biennium, this amount would total \$671,013. Applying the FMAP rate of 62.74 percent, the fiscal impact for 2009-11 would be \$250,019 General Fund and \$420,993 Federal Fund.

To administer the requirements of this bill, DHS would need to modify the Oregon Access client database to capture those clients who are affected. These modifications to the database will require the services of an application/software engineer. Once the system modifications are completed, an operations and policy analyst is needed to perform business analysis, user acceptance testing and to coordinate implementation with program staff. This contract work is estimated at \$5,020 General Fund and \$5,020 Federal Fund (\$10,040 Total Fund).

(2) This rate is the average rate of the following FMAP rates:  
72.87 percent from January 2010 through June 2010 (enhanced FMAP)  
71.84 percent rate from July 2010 to December  
62.77 percent rate from January 2011 to June 2011.

This bill requires budgetary action for appropriation of General Funds.