

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

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**MEASURE NUMBER:** HB 2728

**STATUS:** Original

**SUBJECT:** Creates a new category of assistance provided by the Oregon Health Plan for individuals 21 years of age who, at age 18, were in foster care

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

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**REVIEWED BY:** John Britton, Sheila Baker

**DATE:** April 3, 2009

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	<u>2009-2011</u>	<u>2011-2013</u>
<b>EXPENDITURES:</b>		
General Fund		
Personal Services	\$ 206,445	\$ 564,963
Services and Supplies	\$ 132,347	\$ 184,759
Special Payments	\$ 1,121,102	\$ 3,700,219
<b>Total General Fund</b>	<b>\$ 1,459,893</b>	<b>\$ 4,449,940</b>
Federal Funds		
Personal Services	\$ 205,215	\$ 560,576
Services and Supplies	\$ 198,291	\$ 184,693
Special Payments	\$ 2,306,004	\$ 6,219,939
<b>Total Federal Funds</b>	<b>\$ 2,709,509</b>	<b>\$ 6,965,207</b>
Total Funds		
Personal Services	\$ 411,660	\$ 1,125,539
Services and Supplies	\$ 330,637	\$ 369,451
Special Payments	\$ 3,427,105	\$ 9,920,157
<b>Total Funds</b>	<b>\$ 4,169,402</b>	<b>\$ 11,415,147</b>

**POSITIONS / FTE:**

9/4.28

16/10.89

**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:** House Bill 2728 creates a new category of eligibility (individuals 21 years of age who, at age 18, were in foster care) for medical assistance through the Oregon Health Plan (OHP). This measure requires the Department of Human Services (DHS) to submit, no later than March 31, 2010, an application to the regional office of the Centers for Medicare and Medicaid Services (CMS) to amend the state Medicaid plan in order to claim federal matching funds under Title XIX Medicaid for the assistance proposed by this bill.

The bill does not specify whether DHS is required to transition this new eligibility group to OHP Standard and/or Plus, or if the department must create a new separate benefit package that would accommodate the clients until they are 21 years of age. Also, the bill does not stipulate if DHS must carry out the provisions of the bill if the application to amend the state Medicaid plan is denied by the federal Medicaid program. The funding source listed is based on the assumption that the application is approved and the appropriate federal match rates are applied. If the application is denied, the department would not be able to claim federal matching funds for the program. The total program cost would be all General Fund.

Currently, when individuals leave foster care at the age of 18, they are encouraged to apply for medical assistance through Children, Adults and Families (CAF) Self Sufficiency Programs (SSP). If they are eligible, these individuals would typically transition to a medical assistance program offered for individuals up to the age of 19. At age 19, if eligible and having no breaks in coverage, these individuals would transition to the OHP Standard medical benefits offered by the Department of Medical Assistance Programs (DMAP).

To comply with the requirements of this bill, DHS would need to coordinate, modify and enhance current processes to ensure benefits are transitioned at each of these stages without disruption or termination. The Administrative Services Division (ASD) would oversee this administrative component of this effort. The Office of Document Management (ODM) would process all applications through the Electronic Document Management System (EDMS). For the 2009-11 biennium, the initial influx of application processing work would require two Data Entry Operators (1.13 FTE for the 2009-11 biennium and 1.00 FTE for the 2011-13 biennium). Enhancements to the Medicaid Management Information System (MMIS) would need to be made to add the new eligibility group. DHS anticipates contracting with a vendor to carry out these enhancements. The contract is estimated at \$132,000 (1,320 hours of work at a cost of \$100 per hour). Total 2009-11 biennium costs for the Administrative Services Division (ASD) would equal \$376,371 (\$91,543 Personal Services and \$284,828 Services & Supplies). Total 2011-13 biennium costs for ASD would equal \$314,160 (\$81,103 Personal Services and \$233,057 Services & Supplies). With CMS certification of the MMIS funding, these costs are calculated at 75% Federal Funds (\$221,152) and 25% General Fund (\$155,219).

If this bill passes, the Department of Medical Assistance Programs (DMAP) reports that the new eligibility group would add a biennial average of approximately 354 new clients for the 2009-11 biennium and 1,025 new clients for the 2011-13 biennium. Using the 2007-09 pricing model, DMAP estimates assistance benefits (Special Payments) costs at \$3,427,105 total funds for the 2009-11 biennium and \$9,920,157 total funds for the 2011-13 biennium. Using the enhanced federal match rate, this would equal \$1,121,102 General Fund and \$2,306,006 Federal Funds for the 2009-11 biennium, and \$3,700,219 General Fund and \$6,219,393 Federal Funds for the 2011-13 biennium. Note that using the 2007-09 pricing model underestimates Special Payments. For example, using the Governor's Recommended Budget pricing model would add \$146,029 General Fund and \$300,368 Federal Fund to Special Payments in 2009-11 because the monthly cost per eligible increases due to medical inflation.

In addition, with the caseload increase, DMAP would require a half-time Public Service Representative 3 position (0.38 FTE and \$43,242 in 2009-11 and 0.50 FTE and \$44,814 in 2011-13) as well as additional Services and Supplies funding for communication and training expenses (\$11,787 in 2009-11 and \$26,461 in 2011-13). Most administrative expenses qualify for a 50% federal match rate.

Based on the assumption of approximately 354 new clients for the 2009-11 biennium and 1,025 new clients for the 2011-13 biennium and using the Children, Adults and Families (CAF) Division workload model, the division would require 2.77 FTEs for the 2009-11 biennium and 9.39 FTEs for the 2011-13 biennium to process applications and determine eligibility for new and continuing clients. Total 2009-11

biennium costs for CAF would equal \$310,897 (\$276,875 Personal Services and \$34,022 Services & Supplies). Total 2011-13 biennium costs for CAF would equal \$1,109,555 (\$999,622 Personal Services and \$109,933 Services & Supplies). Most administrative expenses qualify for a 50% federal match rate.

The following is a listing of positions:

	<u>2009-2011</u>	<u>2011-2013</u>
<b>POSITIONS / FTE:</b>		
Administrative Services Division (ASD)		
Data Entry Operator	2/1.13	1/1.00
Division of Medical Assistance Programs (DMAP)		
Public Service Representative 3	1/0.38	1/0.50
Children, Adults and Families Division (CAF)		
Human Services Specialist 1	1/0.83	3/2.01
Human Services Specialist 3	2/1.66	5/4.03
Human Services Specialist 4	1/0.10	2/1.13
Principal Executive Manager B	1/0.12	2/1.14
Office Manager 3	1/0.06	2/1.08
Total CAF	6/2.77	14/9.39
<b>TOTAL</b>	<b>9/4.28</b>	<b>16/10.89</b>

The Legislative Fiscal Office notes that the CAF position estimates are generated by CAF's medical eligibility workload staffing model, and may change with further review of how the new workload would actually be staffed.

This bill requires budgetary action for appropriation of General Funds and the establishment of positions.