

**2010 Special Session**  
**FISCAL ANALYSIS OF PROPOSED LEGISLATION**  
**Prepared by the Oregon Legislative Fiscal Office**

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**MEASURE NUMBER:** HB 3664                      **STATUS:** Original  
**SUBJECT:** Creates new category of medical assistance provided by the Oregon Health Plan for individuals from 18 to 21 years of age  
**GOVERNMENT UNIT AFFECTED:** Oregon Health Authority, Department of Human Services  
**PREPARED BY:** Kim To  
**REVIEWED BY:** John Britton, Sheila Baker  
**DATE:** February 4, 2010 <Corrected>

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	<u>2009-2011</u>	<u>2011-2013</u>
<b>EXPENDITURES:</b>		
General Fund		
Personal Services	\$ 45,924	\$ 61,052
Services and Supplies	\$ 53,236	\$ 31,311
Special Payments	\$ 364,294	\$ 1,659,724
<b>Total General Fund</b>	<b>\$ 463,454</b>	<b>\$ 1,752,087</b>
Federal Funds		
Personal Services	\$ 21,488	\$ 28,576
Services and Supplies	\$ 109,941	\$ 19,050
Special Payments	\$ 723,631	\$ 2,795,910
<b>Total Federal Funds</b>	<b>\$ 855,060</b>	<b>\$ 2,843,536</b>
Total Funds		
Personal Services	\$ 67,412	89,628
Services and Supplies	\$ 163,177	50,361
Special Payments	\$ 1,087,925	4,455,634
<b>Total Funds</b>	<b>\$ 1,318,514</b>	<b>4,595,623</b>

**POSITIONS / FTE:**

1/0.67                      1/1.00

**EFFECTIVE DATE:** On Passage

**INTERIM JOINT COMMITTEE ON WAYS AND MEANS:** The budgetary impact of this bill was not reviewed and approved by the Interim Joint Committee on Ways and Means Committee and is not included in the omnibus budget bill to be introduced by the committee.

**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:** <Corrected for number inversion and typographical errors> House Bill 3664 creates a new category of eligibility (individuals under 21 years of age who, at 18 were in foster care or under state assumed financial security) for medical assistance through the Oregon Health Plan (OHP) Plus program. Under existing statutes, when children leave foster care at age 18, they are encouraged to apply for medical assistance through the Children, Adults and Families (CAF) Self Sufficiency Programs (SSP). If

determined eligible, there is usually a transition to a CAF medical program for children. Upon turning 19, the child would then typically transition to the OHP Standard program maintained by the Division of Medical Assistance Programs (DMAP) as long as there is no break in coverage. Passage of this bill would allow this new categorically needy group of individuals between 18 to 21 years old to apply for OHP Plus benefits at any time before their 21<sup>st</sup> birthday.

Note this measure requires the Oregon Health Authority (OHA) 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 stipulate if OHA 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. Although DHS and OHA are proactively exploring alternative funding options to cover expenditures from this bill, the total program cost could be all General Fund if the waiver request is denied.

If this bill passes, the Department of Medical Assistance Programs (DMAP) reports that the new eligibility group would add a biennial monthly average of approximately 98 new clients for the 2009-11 biennium and 400 new clients for the 2011-13 biennium. DMAP estimates assistance benefits (Special Payments) costs at \$1,087,925 Total Funds for the 2009-11 biennium and \$4,455,634 Total Funds for the 2011-13 biennium. With the federal match rate, this would equal \$364,294 General Fund and \$723,631 Federal Funds for the 2009-11 biennium, and \$1,659,724 General Fund and \$2,795,910 Federal Funds for the 2011-13 biennium.

Based on DMAP assumption of new clients, the CAF division would require one permanent full time Human Services Specialist 3 position (\$67,412 Total Funds and 0.67 FTE for the 2009-11 biennium / \$89,628 1.00 FTEs for the 2011-13 biennium) to process applications and determine eligibility for new and continuing clients. With the federal match rate, this would equal \$45,924 General Fund and \$21,488 Federal Funds for the 2009-11 biennium, and \$61,052 General Fund and \$28,576 Federal Funds for the 2011-13 biennium.

Services and Supplies (\$163,177 Total Funds for the 2009-11 biennium and \$50,361 Total Funds for the 2011-13 biennium) include training, communications, and information technology expenses. To comply with the requirements of this bill, DHS would need to coordinate, modify and enhance current processes to ensure benefits are transitioned without disruption or termination. 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 Total Funds for the 2009-11 biennium. Funding split assumes CMS certification of the MMIS funding. The remaining \$31,177 Services and Supplies Total Funds for the 2011-13 biennium and \$50,361 Total Funds for the 2011-13 biennium reflect administrative costs including communication/outreach efforts, as well as medical identification cards and training for new clients.

Note that the agency's calculations are based on an optimistic assumption that CMS approvals will be received in a timely manner enabling a program start date of May 1, 2010. Actual approval may take longer. If so, the program cost for the 2009-11 biennium would be less.

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