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# MEMORANDUM

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**To:** *Human Services Subcommittee*

**From:** *Linda Ames, Legislative Fiscal Office*  
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**Date:** June 6, 2013

**Subject:** *HB 5030 – Oregon Health Authority – Medical Assistance Programs*  
*Work Session Recommendations*

## **Oregon Health Authority – Medical Assistance Programs Totals**

	<b>2009-11 Actual</b>	<b>2011-13 Legislatively Approved</b>	<b>2013-15 Current Service Level</b>	<b>2013-15 LFO Recommended</b>
General Fund	710,837,311	869,525,687	1,695,593,933	1,142,827,070
Other Funds	985,711,211	1,900,947,628	683,803,307	1,892,870,618
Federal Funds	3,786,426,126	4,087,351,900	5,897,825,591	6,673,576,731
<b>Total Funds</b>	<b>\$5,482,974,648</b>	<b>\$6,857,825,215</b>	<b>\$8,277,222,831</b>	<b>\$9,709,274,419</b>
Positions	252	449	499	498
FTE	231.38	428.96	490.73	489.85

Attached are the recommendations from the Legislative Fiscal Office for the Oregon Health Authority – Medical Assistance Programs. In summary the LFO recommended total funds budget is 42% higher than the 2011-13 Legislatively Approved Budget. This is primarily the result of the expansion under the Affordable Care Act to expand health coverage under Medicaid to all persons under 138% of the federal poverty level. This expansion will be entirely federally funded through 2016. The recommended General Funds budget is 31% higher than the 2011-13 budget, primarily resulting from program transfers of \$193 million General Fund. It contains the following:

- Continues the hospital assessment to fund the Oregon Health Plan, and implements an additional 1% assessment to go to the Hospital Transformation and Performance Pool (HB 2216);
- Shifts the funding for the current Standard program to 100% federal funds starting January 1, 2014;
- Increases the Tobacco Master Settlement Agreement resources to the Oregon Health Plan by \$86.1 million, for a total of \$116.1 million;
- Incorporates agency “reshoot” adjustments including changes resulting from the federal match rate, caseload forecast changes, and revenues available from the

Children's Health Insurance Program Reauthorization Act (CHIPRA) bonus;

- Incorporates the transfer of Healthy Kids Connect clients to the Oregon Health Plan (HB 2091), and the elimination of the Family Health Insurance Assistance Program (FHIAP) and resulting transfer of some clients to the Oregon Health Plan (HB 2240);
- Funds the Health System Transformation Pool at \$30 million General Fund, to support efforts of Coordinated Care Organizations to transform health care delivery systems.

**Adjustments to Current Service Level:**

See attached "HB 5030 Work Session" spreadsheet dated 6/4/13.

LFO recommends the Subcommittee approve a 2013-15 OHA Medical Assistance Programs preliminary budget of:

\$ 1,142,827,070	General Fund
\$ 1,892,870,618	Other Funds
\$ 6,673,576,731	Federal Funds

498 Positions  
489.85 FTE

***Accept LFO Recommendation***

*Move LFO preliminary budget recommendations.*

**Performance Measures**

All agency performance measures will be presented for review and approval as part of the final action on the OHA budget.

**Recommended Changes to Appropriation Bill:**

The Medical Assistance Programs budget is part of HB 5030, which is the budget bill for the entire Oregon Health Authority. The recommended amendments to HB 5030 will be presented after work sessions are completed on all parts of the budget.

**OREGON HEALTH AUTHORITY: MEDICAL ASSISTANCE PROGRAMS**

**HB 5030 WORK SESSION**

	GEN FUND	LOTTERY	OTHER	FEDERAL	NL Other Funds	NL Fed Funds	Total Funds	POS	FTE	Comments
<b>2011-13 Legislatively Approved Budget (As of December 2012)</b>	869,525,687	-	1,900,947,628	4,087,351,900	-	-	6,857,825,215	449	428.96	
<b>2013-15 Current Service Level Estimate</b>	1,695,593,933	-	683,803,307	5,897,825,591	-	-	8,277,222,831	499	490.73	
<b>2013-15 Governor's Budget</b>	1,145,545,044	-	1,887,671,876	7,215,421,224	-	-	10,248,638,144	495	486.85	
<b>2013-15 LFO RECOMMENDED BUDGET</b>	1,142,827,070	-	1,892,870,618	6,673,576,731	-	-	9,709,274,419	498	489.85	

**2013-15 LFO RECOMMENDED BUDGET ADJUSTMENTS DETAIL**

1	<b>2013-15 Current Service Level Estimate</b>	1,695,593,933	-	683,803,307	5,897,825,591	-	-	8,277,222,831	499	490.73	
2	<b>LFO Recommendations of Existing Packages</b>										
3	Pkg 081: May 2012 EBoard	(841,902)		(31,839)	(792,902)	-	-	(1,666,643)	(12)	(11.88)	
4	Pkg 090: Analyst adjustments										
5	Continue current hospital assessment	(361,000,000)	-	600,000,000	322,000,000	-	-	561,000,000	-	-	Rate at 4.3%
6	Additional 1% hospital assessment-Quality Performance Poo	-	-	145,000,000	230,000,000	-	-	375,000,000	-	-	
7	OHP Standard as "newly eligible" at 100% Federal Funds	(185,000,000)	-	-	185,000,000	-	-	-	-	-	
8	Increase Tobacco Master Settlement funding	(86,100,000)	-	86,100,000	-	-	-	-	-	-	Total of \$120.6 m GB; \$116.1 m LFO
9	Add Health System Transformation Pool	30,000,000	-	-	-	-	-	30,000,000	-	-	Same as Gov budget
10	Continue physical health Preferred Drug List	(2,337,592)	-	(391,742)	(4,653,629)	-	-	(7,382,963)	-	-	HB 2090
11	Create mental health enforceable Preferred Drug List	-	-	-	-	-	-	-	-	-	HB 2090 does not contain provision
12	Savings from ACA for Breast & Cervical Cancer program	(4,500,000)	-	-	(11,017,241)	-	-	(15,517,241)	-	-	
13	Pkg 092: PERS taxation policy	(75,527)	-	(6,299)	(92,096)	-	-	(173,922)	-	-	
14	Pkg 093: Other PERS adjustments	(603,496)	-	(50,333)	(735,888)	-	-	(1,389,717)	-	-	
15	Pkg 094: December 2012 EBoard rebalance	(58,281,612)	-	368,781,536	385,958,721	-	-	696,458,645	8	8.00	
16	Pkg 201: APD program transfer to OHA	125,761,280	-	-	218,620,495	-	-	344,381,775	-	-	Pay Medicare Part A&B premiums for low-income clients
17	<b>Subtotal recommended existing packages</b>	<b>(542,978,849)</b>	-	<b>1,199,401,323</b>	<b>1,324,287,460</b>	-	-	<b>1,980,709,934</b>	<b>(4)</b>	<b>(3.88)</b>	
18	<b>Other Recommended Adjustments</b>										
19	Pkg 810: LFO Analyst Adjustments										
20	Caseload adjustments	17,241,544	-	3,683,746	(775,717,091)	-	-	(754,791,801)	-	-	
21	Primary care rate change	2,400,000	-	-	114,100,000	-	-	116,500,000	-	-	
22	Healthy Kids grants from CoverOregon	-	-	719,914	-	-	-	719,914	6	6.00	Limited duration positions
23	Tobacco tax forecast adjustment	(1,554,411)	-	1,554,411	-	-	-	-	-	-	
24	CHIPRA bonus	(25,782,855)	-	-	25,782,855	-	-	-	-	-	
25	FMAP rate change	(10,561,026)	-	(322,364)	10,883,390	-	-	-	-	-	
26	Reduction in estimated amount of clawback charge	(5,400,000)	-	-	-	-	-	(5,400,000)	-	-	
27	Cost allocation charges to CoverOregon	4,900,000	-	-	4,900,000	-	-	9,800,000	-	-	
28	Reduce call center staffing	(1,000,000)	-	-	(1,000,000)	-	-	(2,000,000)	(14)	(14.00)	GB included 99 positions
29	Transfer of HKC to OHP (HB 2091)	10,244,021	-	-	29,195,318	-	-	39,439,339	1	1.00	
30	Eliminate FHIAP; transfer clients to OHP (HB 2240)	2,277,275	-	-	42,959,787	-	-	45,237,062	-	-	
31	Use of carryover tobacco tax revenue	(4,000,000)	-	4,000,000	-	-	-	-	-	-	
32	Technical adjustments and transfers	1,447,438	-	30,281	359,421	-	-	1,837,140	10	10.00	
33	<b>Subtotal other LFO recommended adjustments</b>	<b>(9,788,014)</b>	-	<b>9,665,988</b>	<b>(548,536,320)</b>	-	-	<b>(548,658,346)</b>	<b>3</b>	<b>3.00</b>	

	GEN FUND	LOTTERY	OTHER	FEDERAL	NL Other Funds	NL Fed Funds	Total Funds	POS	FTE	Comments	
34	Total adjustments LFO Rec from CSL	(552,766,863)	-	1,209,067,311	775,751,140	-	-	1,432,051,588	(1)	(0.88)	
35	<b>TOTAL 2013-15 LFO Recommended Budget</b>	<b>1,142,827,070</b>	-	<b>1,892,870,618</b>	<b>6,673,576,731</b>	-	-	<b>9,709,274,419</b>	<b>498</b>	<b>489.85</b>	
36	Change from 2011-13 Approved	273,301,383	-	(8,077,010)	2,586,224,831	-	-	2,851,449,204	49	60.89	
37	Change from 2013-15 CSL Estimate	(552,766,863)	-	1,209,067,311	775,751,140	-	-	1,432,051,588	(1)	(0.88)	
38	Change from 2013-15 Governor's Budget	(2,717,974)	-	5,198,742	(541,844,493)	-	-	(539,363,725)	3	3.00	
39	% Change from 2011-13 Approved	31.4%		-0.4%	63.3%			41.6%	10.9%	14.2%	
40	% Change from 2013-15 CSL Estimate	-32.6%		176.8%	13.2%			17.3%	-0.2%	-0.2%	
41	% Change from 2013-15 Governor's Budget	-0.2%		0.3%	-7.5%			-5.3%	0.6%	0.6%	
	<b>Comparison without \$68 m GF transfer from AMH and \$125</b>										
42	<b>m GF transfer from DHS</b>										
43	% Change from 2011-13 Approved	9.1%		-0.4%	55.1%			33.9%			