
MEMORANDUM

Legislative Fiscal Office
900 Court St. NE, Room H-178
Salem, Oregon 97301
Phone 503-986-1828
FAX 503-373-7807

To: Human Services Subcommittee

From: Laurie Byerly, Legislative Fiscal Office
(503) 986-1833

Date: June 5, 2013

Subject: Department of Human Services (DHS) – SB 5529
Aging and People with Disabilities
Work Session Recommendations

Corrected 6/5/13
(Pos/FTE on line
28 of spreadsheet
and in totals)

DHS – Aging and People with Disabilities (Program Totals)

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 LFO Recommended
General Fund	562,441,264	753,342,731	926,166,377	705,265,861
Other Funds	132,543,213	142,607,411	106,723,038	160,249,068
Federal Funds	1,539,690,113	1,446,384,921	1,654,976,503	1,560,168,061
Total Funds	\$2,234,674,590	\$2,342,335,063	\$2,687,865,918	\$2,425,682,990
Positions	1,284	1,198	1,266	1,243
FTE	1,248.92	1,185.35	1,255.45	1,231.27

Attached are the recommendations from the Legislative Fiscal Office for the Aging and People with Disabilities (APD) program. The LFO recommended budget is 6.4% General Fund (GF) less and 3.56% Total Funds (TF) more than the 2011-13 Legislatively Approved Budget (LAB). However, those comparisons are masked by Pkg. 201, which moves \$125.9 million GF (\$347.8 million TF) from DHS to the Oregon Health Authority to transfer Medicare Buy-in (Part A & B), along with nursing facility extended care programs. If the programs were still in the DHS budget, the recommended budget would be 10.3% GF more and 18.4% more than the 2011-13 LAB. The budget includes the following:

- Standard adjustments for PERS policy changes.
- Budget changes related to 2012 Emergency Board actions.
- Reshoot adjustments to account for caseload and cost per case changes based on the Spring 2013 forecast. Also includes changes driven by updated Federal Medical Assistance Percentage (FMAP) rates, repricing under the APD workload model, a fund shift to account for first quarter sequester impacts, and Other Funds expenditure limitation and limited duration positions to support DHS work under the Oregon Health Authority's State Innovation Grant.

- \$1.6 million GF for research and development account funding to support pilot projects to develop new approaches to long term care services.
- \$15.2 million GF (\$46.8 million TF) to increase home and community based care rates that have been flat since July 2008.
- The budget includes funding to serve more seniors with severe mental illness in the community instead at the more costly Oregon State Hospital, at a cost of \$7.3 million GF (\$10.7 million TF). Another \$1.9 million GF (\$5.3 million TF) will support community capacity need to serve hard to place clients requiring specialized care.
- A new design and restart for the Money Follows the Person program is supported, along with funding for care coordination between local APD and Area Agencies on Aging (AAA) offices and Coordinated Care Organizations (CCOs). The budget also invests in the statewide Aging and Disability Resource Connection (ADRC) program to assist seniors, all individuals with disabilities, and veterans in navigating their options for long term services and supports.
- The budget is predicated on the agency's successful request for a federal waiver under the Community First Choice State Plan Option (K Plan). The budget builds in the required maintenance of effort (MOE) expenditures at \$16.1 million GF. Along with the federal matching component, the funding is used to increase rates, increase the in-home housing allowance to support consumers being served in their own homes, and convert the relative adult foster care program to an in-home program. A portion of the investment is also targeted for home care worker collective bargaining.

Under the K Plan, the state would draw down an additional 6% in FMAP. The match on the MOE spend combined with the extra match in general, is expected to generate about \$92.9 million Federal Funds (FF).

- Another underlying assumption in the budget plan is continuation of the Long Term Care Facility Assessment, which allows \$21.6 million GF to be freed up for other uses. House Bill 2216, which contains the extension, also will provide for higher reimbursement rates and outlines a strategy for helping providers reach a goal of reducing Oregon's long term care bed capacity by 1,500 beds by the end of 2015.

Adjustments to Current Service Level:

See attached "SB 5529 Work Session" spreadsheet dated 6/5/13.

LFO recommends the Subcommittee approve a 2013-15 DHS Aging and People with Disabilities preliminary budget as follows:

\$ 705,265,861	General Fund
\$ 160,249,068	Other Funds
\$ 1,560,168,061	Federal Funds

1,243	Positions
1,231.27	FTE

Accept LFO Recommendation

Move the LFO recommendation for Aging and People with Disabilities.

Performance Measures

See attached "Legislatively Proposed 2013-15 Key Performance Measures" form for measures tied to this specific program. An agency-wide report will be presented for review and approval as part of the final action on the DHS budget.

Accept LFO Recommendation

Move the LFO recommendation on Key Performance Measures for Aging and People with Disabilities.

Budget Notes

The Legislative Assembly is invested in ensuring that local resources exist to serve seniors, people with disabilities, individuals with mental illness, and individuals with physical or mental health needs in need of community transitions or placement. More capacity is needed to divert or transition individuals currently residing in the Oregon State Hospital or other costly inpatient settings.

As the Department conducts regional meetings required under House Bill 2216, the Department of Human Services should consult at the state level and with local communities regarding the need for more community based settings for these populations. The Department shall also engage with local nursing facility providers that are considering taking advantage of the capacity reduction initiatives contained in HB 2216 to assess opportunities for more residential and supported housing capacity development for the afore-mentioned populations.

The Department, in partnership with the provider community, shall track and report on discussions about capacity reduction and transition. The first report will be to the Joint Committee on Ways and Means during the 2014 Legislative Session. The second report will be to the Interim Joint Committee on Ways and Means or the Emergency Board, during or near November 2014.

Accept LFO Recommendation

Move approval of the budget note.

Recommended Changes to Appropriation Bill

The Aging and People with Disabilities budget is part of SB 5529, which is the budget bill for the entire Department of Human Services. The recommended amendments to SB 5529 will be presented after work sessions are completed on all parts of the budget.

DEPARTMENT OF HUMAN SERVICES: AGING AND PEOPLE WITH DISABILITIES PROGRAM
SB 5529 WORK SESSION

CORRECTED - 6/5/13

	GEN FUND	LOTTERY	OTHER	FEDERAL	NL Other Funds	NL Fed Funds	Total Funds	POS	FTE	Comments
2011-13 Legislatively Approved Budget (As of December 2012)	753,342,731	-	142,607,411	1,446,384,921	-	-	2,342,335,063	1,198	1,185.35	
2013-15 Current Service Level Estimate (at Governor's Budget)	926,166,377	-	106,723,038	1,654,976,503	-	-	2,687,865,918	1,266	1,255.45	
2013-15 Governor's Budget	724,970,961	-	158,592,080	1,562,744,643	-	-	2,446,307,684	1,298	1,285.77	
2013-15 LFO RECOMMENDED BUDGET	705,265,861	-	160,249,068	1,560,168,061	-	-	2,425,682,990	1,243	1,231.27	

1 2013-15 LFO RECOMMENDED BUDGET ADJUSTMENTS DETAIL

2

3 2013-15 Current Service Level Estimate 926,166,377 - 106,723,038 1,654,976,503 - - 2,687,865,918 1,266 1,255.45

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5 LFO Recommendations for Existing Packages

6 Pkg 081: May 2012 E-Board	(1,270,991)	-	-	(1,329,871)	-	-	(2,600,862)	(14)	(14.00)	Span of control roll-up
7 Pkg 092: PERS Taxation Policy	(204,672)	-	(1,406)	(289,741)	-	-	(495,819)	-	-	Eliminate non-resident tax remedy
8 Pkg 093: Other PERS Adjustments	(1,635,423)	-	(11,234)	(2,315,173)	-	-	(3,961,830)	-	-	COLA modification and admin actions
9 Pkg 094: December 2012 Rebalance	-	-	-	8,457,706	-	-	8,457,706	-	-	DSHP Waiver
10 Pkg 108: APD - Healthy People										
11 Innovations, Research, and Development	1,600,000	-	-	-	-	-	1,600,000	-	-	Funds pilot projects
12 Home and Community Based Funding	9,100,000	-	-	20,120,628	-	-	29,220,628	-	-	Rate increases
13 Mental Health - Community Based instead of OSH	7,300,000	-	-	3,433,056	-	-	10,733,056	-	-	Supports 40 slots
14 Community Options for Special Populations	1,983,845	-	-	3,324,523	-	-	5,308,368	-	-	Develop provider base
15 NF Assessment, Rates, Caseload	-	-	-	-	-	-	-	-	-	Moved to Pkg 813
16 State Plan K Option	-	-	-	-	-	-	-	-	-	Moved to Pkg 812
17 Reinstate Money Follows the Person	(770,180)	-	-	770,180	-	-	-	-	-	New design; partner w/DD & AMH
18 Care Coordination (APD-AAAs-CCOs) and ADRCs	1,800,000	-	-	5,022,752	-	-	6,822,752	5	4.40	Aligns with HB 3650(2011) aims
19 Long Term Care 3.0 Infrastructure	2,000,000	-	-	2,000,000	-	-	4,000,000	2	2.00	Avoid system breakdown
20 Increase Certified Nursing Assistant Staffing	675,000	-	120,000	1,215,309	-	-	2,010,309	-	-	Final phase; 2.46 staffing ratio
21 Pkg 201: Medicare Buy-in/NF Acute Services to OHA	(125,968,532)	-	-	(221,783,403)	-	-	(347,751,935)	-	-	CCO leverage/incentives
22 Subtotal recommended existing packages	(105,390,953)	-	107,360	(181,374,034)	-	-	(286,657,627)	(7)	(7.60)	

23

24 Other LFO Recommended Adjustments

25 Pkg 810: LFO Analyst Adjustments

26 First Quarter Sequestration Impact	311,625	-	-	(311,625)	-	-	-	-	-	Remaining risk about \$2.2 million
27 FMAP Change (Federal percentage increase)	(3,856,962)	-	(9,837)	3,866,799	-	-	-	-	-	From 62.86% to 63.06%
28 Caseload/Cost per Case (Spring 2013 Forecast)	(23,332,189)	-	(3,529,837)	(41,369,940)	-	-	(68,231,966)	12	12.00	2013-15 avg 30,092 LTC clients

DEPARTMENT OF HUMAN SERVICES: AGING AND PEOPLE WITH DISABILITIES PROGRAM
SB 5529 WORK SESSION

CORRECTED - 6/5/13

	GEN FUND	LOTTERY	OTHER	FEDERAL	NL Other Funds	NL Fed Funds	Total Funds	POS	FTE	Comments
29 Repricing under workload model	1,080,916	-	-	190,190	-	-	1,271,106	2	1.92	AAAs @ 95% Equity
30 OHA State Innovation Grant	-	-	1,725,631	-	-	-	1,725,631	6	5.50	Limited duration positions
31 Double Count Correction	(4,685,004)	-	-	(1,279,875)	-	-	(5,964,879)	(34)	(34.00)	CSL Pkg 040 error
32 Use Quality Care Fund	(1,000,000)	-	1,000,000	-	-	-	-	-	-	One-time offset of GF expenditures
33 Technical adjustments and transfers	(650,201)	-	(2,592)	(202,176)	-	-	(854,969)	(2)	(2.00)	MT/UA to SAEC; pos tsfs in/out
34 Pkg 812: State Plan K Option										
35 Required Maintenance of Effort (\$16.1 million GF)										
36 Increase HCBS Rates (augments Pkg. 108 increase)	6,080,000	-	(1,353,208)	12,884,155	-	-	17,610,947	-	-	3.5% Oct-13 and 3.5% Jul-14
37 In-Home Housing Allowance	1,140,000	-	(253,726)	2,415,779	-	-	3,302,053	-	-	Inc from \$710 to \$1,200 per month
38 Convert Relative Adult Foster Home to In-Home	2,990,000	-	(665,476)	6,336,122	-	-	8,660,646	-	-	K chg; holds providers harmless
39 Increase in bargaining pool	5,876,038	-	(1,307,815)	12,451,939	-	-	17,020,162	-	-	Inc bargaining pool for HCWs
40 Savings resulting from higher K FMAP %	(58,825,510)	-	-	58,825,510	-	-	-	-	-	
41 Pkg 813: HB 2216 - NF Assess & Caseload Reduction										
42 Reinstate NF Assessment and Rates	(21,595,022)	-	59,642,098	68,353,351	-	-	106,400,427	-	-	Includes reimbursement rate inc
43 Decrease Nursing Facility Caseload	(19,043,254)	-	(1,826,568)	(35,594,637)	-	-	(56,464,459)	-	-	Reduce 1,500 beds by end of 2015
44 Subtotal other LFO recommended adjustments	(115,509,563)	-	53,418,670	86,565,592	-	-	24,474,699	(16)	(16.58)	
45										
46 Total adjustments LFO Rec from CSL	(220,900,516)	-	53,526,030	(94,808,442)	-	-	(262,182,928)	(23)	(24.18)	
47										
48 TOTAL 2013-15 LFO Recommended Budget	705,265,861	-	160,249,068	1,560,168,061	-	-	2,425,682,990	1,243	1,231.27	
49										
50 \$ Change from 2011-13 Approved	(48,076,870)	-	17,641,657	113,783,140	-	-	83,347,927	45	45.92	
51 % Change from 2011-13 Approved	-6.38%	0.00%	12.37%	7.87%	0.00%	0.00%	3.56%	3.76%	3.87%	
52 \$ Change from 2013-15 CSL Estimate	(220,900,516)	-	53,526,030	(94,808,442)	-	-	(262,182,928)	(23)	(24.18)	
53 % Change from 2013-15 CSL Estimate	-23.85%	0.00%	50.15%	-5.73%	0.00%	0.00%	-9.75%	-1.82%	-1.93%	
54 % Change from 2013-15 Governor's Budget	(19,705,100)	-	1,656,988	(2,576,582)	-	-	(20,624,694)	(55)	(54.50)	
55 % Change from 2013-15 Governor's Budget	-2.72%	0.00%	1.04%	-0.16%	0.00%	0.00%	-0.84%	-4.24%	-4.24%	
56										
57 \$ Change from 2011-13 LAB w/o Pkg. 201 (OHA tsf)	77,891,662	-	17,641,657	335,566,543	-	-	431,099,862	45	45.92	
58 \$ Change from 2011-13 LAB w/o Pkg. 201 (OHA tsf)	10.34%	0.00%	12.37%	23.20%	0.00%	0.00%	18.40%	3.76%	3.87%	

Legislatively Proposed 2013-15 Key Performance Measures

Agency: HUMAN SERVICES, DEPARTMENT of

Mission: Assisting people to become independent, healthy and safe.

Current KPM #	Proposed KPM #	Legislatively Proposed KPMs	PGM	Agency Request	Most Current Result	Target 2014	Target 2015
10		ACCESS TO I&R and I&A - Access to accurate and consistent Information & Referral and Information & Assistance for people who are not currently served by SPD.	APD	Proposed Delete KPM	97.40		
	10	LTC NEED PREVENTION - Percentage of seniors (65+) needing publicly funded long term care services.	APD	Proposed New KPM <i>replaces KPM #10</i>	5.34	5.00	5.00
11		SENIORS LIVING OUTSIDE OF NURSING FACILITIES - The percentage of Oregon's seniors <i>receiving SPD long-term care services</i> who are living outside of nursing facilities.	APD	Proposed Delete KPM	83.60		
	11	LTC RECIPIENTS LIVING OUTSIDE OF NURSING FACILITIES - The percentage of Oregonians accessing publicly funded long term care services who are living outside of nursing facilities.	APD	Proposed New KPM <i>replaces KPM #11</i>	84.21	85.09	85.96
16		ABUSE OF SENIORS AND PEOPLE WITH DISABILITIES The percentage of seniors and adults with physical disabilities experiencing abuse.	APD	Proposed Delete KPM	0.59		
	16	RE-ABUSE OF SENIORS AND ADULTS WITH DISABILITIES % of individuals who have experienced re abuse within a one year period.	APD	Proposed New KPM <i>replaces KPM #16</i>			

LFO Recommendation:

Approve delete/new (replacement) requests for current KPMs #10 and 11, with targets as displayed.

Deny request to delete/replace KPM #16. Retain KPM #16 as a placeholder performance measurement for Adult Protective Services and direct the agency to develop an alternative KPM for 2015-17, with the understanding that DHS will continue to capture, analyze, and report on abuse-related data as part of the agency's overall program management responsibilities.