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# MEMORANDUM

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**To:** *Human Services Subcommittee*

**From:** *Linda Ames, Legislative Fiscal Office*  
*(503) 986-1816*

**Date:** June 18, 2013

**Subject:** *HB 5030 – Oregon Health Authority – Addictions and Mental Health*  
*Work Session Recommendations*

## **Oregon Health Authority – Addictions and Mental Health 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	579,019,341	660,110,475	720,853,475	669,881,817
Lottery Funds	9,587,187	10,388,614	11,479,452	10,545,832
Other Funds	31,358,629	47,823,010	45,568,906	40,831,722
Federal Funds	232,001,936	280,940,716	183,129,459	278,947,329
<b>Total Funds</b>	<b>\$851,967,093</b>	<b>\$999,262,815</b>	<b>\$961,031,292</b>	<b>\$1,000,206,700</b>
Positions	2,454	2,334	2,306	2,505
FTE	2,123.20	2,316.99	2,298.22	2,236.89

Attached are the recommendations from the Legislative Fiscal Office for the Oregon Health Authority – Addictions and Mental Health. In summary the LFO recommended total funds budget is 0.1% higher than the 2011-13 Legislatively Approved Budget, while the recommended General Funds budget is 1.5% higher than the 2011-13 budget.

However, these comparisons do not account for the transfer of Medicaid funding to Medical Assistance Programs for the 2013-15 biennium. This transfer totals \$68 million General Fund and \$183 million total funds. Once this is accounted for, the recommended General Fund budget is 11.8% higher than 2011-13, and totals funds are 18.4% higher.

The ACA expansion will have a significant effect on this budget. Many of the services now provided are paid with General Fund, because clients do not have insurance and are not eligible for Medicaid. After the expansion, a significant number of these clients will qualify for Medicaid, and services will be paid at 100% federal funds for three years. It is estimated that this will free up \$45 million General Fund in this budget, that will no longer be needed for current clients, and can be used to expand services. The Governor's budget leaves these "reinvested" dollars in the budget. This is a large increase in services that is not reflected in the budget comparisons above. The recommended budget directs many of these "reinvested" dollars for specific purposes.

The recommended budget contains the following:

- Approves \$41 million of General Fund reductions to the state hospital and Blue Mountain Recovery Center. Reductions approved from the Governor's budget include closing Blue Mountain January 1, 2014, continuing 2011-13 reductions in non-direct care and administration in OSH, closing one geropsychiatric ward, and restructuring the pharmacy in OSH. Additional recommendations include \$7 million reduction in overtime and non-direct care staffing costs.
- Includes operating costs for the new Junction City facility for three months. This net cost, after accounting for the closures of the Portland and Blue Mountain facilities, is \$2.7 million General Fund for the 2013-15 biennium.
- Includes a plan to increase provider rates using additional federal matching resources as well as "reinvested" dollars.
- Adds \$26.6 million General Fund to increase capacity in the community mental health system. This is in addition to the \$19.7 million in current service level that remains after the Spring 2013 forecast changes. The plan includes three residential treatment homes in Pendleton, on the Eastern Oregon Training Center (EOTC) campus.
- Adds \$7.5 million General Fund in specific program enhancements for community mental health.
- Invests \$20 million General Fund in children's mental health services.

**Adjustments to Current Service Level:**

See attached "HB 5030 Work Session" spreadsheet dated 6/17/13.

LFO recommends the Subcommittee approve a 2013-15 OHA Addictions and Mental Health preliminary budget of:

\$ 669,881,817	General Fund
\$ 10,545,832	Lottery Funds
\$ 40,831,722	Other Funds
\$ 278,947,329	Federal Funds

2,505 Positions  
2,236.89 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.

**Budget Notes:**

See the attached proposed budget notes.

***Accept the LFO Recommendation***

*Move the LFO recommended budget notes.*

**Recommended Changes to Appropriation Bill:**

The Addictions and Mental Health 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: ADDICTIONS AND MENTAL HEALTH  
HB 5030 WORK SESSION**

Includes Capital Improvement; not Capital Construction	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>	660,110,475	10,388,614	47,823,010	280,940,716	-	-	999,262,815	2,334	2,316.99	59,900,000 Cap Constr
<b>2013-15 Current Service Level Estimate</b>	720,853,475	11,479,452	45,568,906	183,129,459	-	-	961,031,292	2,306	2,298.22	
<b>2013-15 Governor's Budget</b>	678,368,170	10,541,165	40,664,019	275,586,729	-	-	1,005,160,083	2,523	2,254.89	79,401,530 Cap Constr
<b>2013-15 LFO RECOMMENDED BUDGET</b>	669,881,817	10,545,832	40,831,722	278,947,329	-	-	1,000,206,700	2,505	2,236.89	679,238 Cap Impr

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

1	<b>2013-15 Current Service Level Estimate</b>	720,853,475	11,479,452	45,568,906	183,129,459	-	-	961,031,292	2,306	2,298.22	
2	<b>LFO Recommendation of Existing Packages</b>										
3	Pkg 070: Revenue reductions	-	-	(332,811)	-	-	(332,811)	(1)	(1.00)		
4	Pkg 081: May 2012 EBoard actions	(2,824,075)	-	(173,860)	(372,646)	-	(3,370,581)	(17)	(16.50)		
5	Pkg 090: Analyst adjustments										
6	Continue 2011-13 non-direct care reductions in OSH	(9,697,920)	-	-	-	-	(9,697,920)	-	-		
7	Close Blue Mountain Recovery Center 1/1/2014	(12,853,099)	-	(2,353,423)	(860,893)	-	(16,067,415)	-	-	Adjusted for double count in GB	
8	Close one geropsychiatric ward in OSH	(8,839,080)	-	-	-	-	(8,839,080)	(43)	(43.00)		
9	Restructure pharmacy operations in OSH	(3,000,000)	-	-	-	-	(3,000,000)	-	-		
10	Eliminate provider rate increases	(8,448,361)	(230,863)	(620,544)	(5,688,113)	-	(14,987,881)	-	-	Funded with add'l match; "reinvest" \$	
11	Reduce Lottery to expected revenue (May 2013 forecast)	-	(679,478)	-	-	-	(679,478)	-	-		
12	Pkg 092: PERS taxation policy	(894,362)	(2,589)	(41,760)	(76,437)	-	(1,015,148)	-	-		
13	Pkg 093: Other PERS adjustments	(7,146,378)	(20,690)	(333,681)	(610,767)	-	(8,111,516)	-	-		
14	Pkg 094: December 2012 EBoard actions	(1,225,822)	-	-	100,207,846	-	98,982,024	-	-		
15	Pkg 403: OSH Replacement Project Next Phase	2,748,509	-	(454,441)	(38,563)	-	2,255,505	278	17.17	Adjusted for support positions	
16	Pkg 404: Strengthen Community Mental/A&D systems										
17	Intensive Treatment and Recovery Services (ITRS)	-	-	-	-	-	-	-	-	GB at \$2.6 million; reduced need - AC	
18	Oregon Psychiatric Access Line for Kids (OPAL-K)	-	-	-	-	-	-	-	-	GB at \$1.5 million	
19	Early Assessment and Support Alliance (EASA)	1,790,000	-	-	-	-	1,790,000	-	-		
20	Supported housing/peer delivered services	4,210,000	-	-	-	-	4,210,000	-	-	GB at \$5.2 million	
21	Supported employment	1,500,000	-	-	-	-	1,500,000	-	-		
22	<b>Subtotal recommended existing packages</b>	<b>(44,680,588)</b>	<b>(933,620)</b>	<b>(4,310,520)</b>	<b>92,560,427</b>	<b>-</b>	<b>42,635,699</b>	<b>217</b>	<b>(43.33)</b>		
23	<b>Other Recommended Adjustments</b>										
24	Pkg 810: LFO Analyst Adjustments										
25	Caseload adjustments	(25,469,543)	-	-	(12,627,564)	-	(38,097,107)	-	-	\$19.7 m GF remains of CSL funding	
26	FMAP rate change	(625,840)	-	-	625,840	-	-	-	-		
27	Invest in capacity in community mental health system	26,600,000	-	-	9,400,000	-	36,000,000	-	-	Includes 3 RTHs in Pendleton	
28	Reduce "reinvested" dollars to pay for capacity (Line 27)	(9,900,000)	-	-	-	-	(9,900,000)	-	-		
29	Invest in children's mental health services	20,000,000	-	-	6,400,000	-	26,400,000	4	4.00		
30	Include "reinvested" dollars in children's health (Line 29)	(7,500,000)	-	-	-	-	(7,500,000)	-	-		

Includes Capital Improvement; not Capital Construction		GEN FUND	LOTTERY	OTHER	FEDERAL	NL Other Funds	NL Fed Funds	Total Funds	POS	FTE	Comments
31	Reduce overtime & non-direct case staffing in OSH	(7,000,000)	-	(272,659)	-	-	-	(7,272,659)	(10)	(10.00)	
32	Technical adjustments and transfers	(2,395,687)	-	(154,005)	(540,833)	-	-	(3,090,525)	(12)	(12.00)	
33	<b>Subtotal other LFO recommended adjustments</b>	<b>(6,291,070)</b>	<b>-</b>	<b>(426,664)</b>	<b>3,257,443</b>	<b>-</b>	<b>-</b>	<b>(3,460,291)</b>	<b>(18)</b>	<b>(18.00)</b>	
34	<b>Total adjustments LFO Rec from CSL</b>	<b>(50,971,658)</b>	<b>(933,620)</b>	<b>(4,737,184)</b>	<b>95,817,870</b>	<b>-</b>	<b>-</b>	<b>39,175,408</b>	<b>199</b>	<b>(61.33)</b>	
35	<b>TOTAL 2013-15 LFO Recommended Budget</b>	<b>669,881,817</b>	<b>10,545,832</b>	<b>40,831,722</b>	<b>278,947,329</b>	<b>-</b>	<b>-</b>	<b>1,000,206,700</b>	<b>2,505</b>	<b>2,236.89</b>	
36	Change from 2011-13 Approved	9,771,342	157,218	(6,991,288)	(1,993,387)	-	-	943,885	171	(80.10)	
37	Change from 2013-15 CSL Estimate	(50,971,658)	(933,620)	(4,737,184)	95,817,870	-	-	39,175,408	199	(61.33)	
38	Change from 2013-15 Governor's Budget	(8,486,353)	4,667	167,703	3,360,600	-	-	(4,953,383)	(18)	(18.00)	
39	% Change from 2011-13 Approved	1.5%	1.5%	-14.6%	-0.7%			0.1%	7.3%	-3.5%	
40	% Change from 2013-15 CSL Estimate	-7.1%	-8.1%	-10.4%	52.3%			4.1%	8.6%	-2.7%	
41	% Change from 2013-15 Governor's Budget	-1.3%	0.0%	0.4%	1.2%			-0.5%	-0.7%	-0.8%	
42	<b>Comparison without \$68 m GF transfer to MAP</b>										
43	% Change from 2011-13 Approved	11.8%	1.5%	-14.6%	40.3%			18.4%			

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**Addictions and Mental Health Division  
Legislative Plan (LP) Recommendations  
Mental Health Investments for the 13/15 Biennium**

June 5, 2013

**Mental Health Capacity Investments**

<b>Recommendations for LP</b>	<b>General Fund Recommendation</b>	<b>FF</b>
Caseload 11/13 Roll-up	\$ 10.82	\$ 7.90
Gero Development	\$ 7.00	\$ 9.90
Juvenile PSRB	\$ 3.32	\$ -
Pendleton Plan (EOTC)	\$ 5.86	\$ 1.38
Civil Development	\$ 4.25	\$ 1.21
PSRB Development	\$ 1.36	\$ 0.23
Crisis Services	\$ 3.73	\$ -
Jail Diversion	\$ 3.00	\$ -
AMHI	\$ 6.93	\$ -
<b>Legislative Plan Total</b>	<b>\$ 46.27</b>	<b>\$ 20.62</b>

<b>LP Investments (POPs)</b>	<b>GF</b>	<b>FF</b>
Supported Employment Services	\$ 1.50	\$ -
Supported Housing	\$ 4.21	\$ -
<b>Legislative Plan Total</b>	<b>\$ 5.71</b>	<b>\$ -</b>

<b>MH Reinvestment</b>	<b>GF</b>
<b>Recommendations for LP</b>	
Mental Health Capacity Investments	\$ 9.90
Child Investment	\$ 7.50
Provider COLA	\$ 7.60
Case Management/ACT	\$ 5.50
Data Information and Performance Implementation/Staffing	\$ 3.00
<b>Legislative Plan Total</b>	<b>\$ 33.50</b>

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**Addictions and Mental Health Division  
Legislative Plan (LP) Recommendations  
Mental Health Investments for the 13/15 Biennium  
June 5, 2013**

<b>Children and Young Adult Mental Health</b>	<b>General Fund Recommendation</b>
Early Assessment and Support Alliance	\$ 1.80
Young Adult Community Hubs	\$ 2.25
Youth and Young Adult Support Technical Assistance	\$ 0.53
Mental Health Services Access for Schools	\$ 5.00
System of Care and Wraparound	\$ 4.00
Family Support Technical Assistance	\$ 0.53
Parent Child Interaction Therapy	\$ 2.31
Trauma Initiative Training and Technical Assistance	\$ 0.80
Mental Health Promotion and Prevention	\$ 3.00
Collaborative Problem Solving Technical Assistance	\$ 0.08
Adolescent Depression Screening Training	\$ 0.50
Oregon Psychiatric Access Line for Kids	\$ 1.00
<b>Legislative Plan Total</b>	<b>\$ 21.80</b>

**Response to LFO Regarding Current Legislative Plan**  
Addictions and Mental Health Division  
*June 5, 2013*

At the request of the Legislative Fiscal Office, this document provides input regarding the legislative plan for the Addictions and Mental Health Division (AMH) budget. Recommendations to invest General Funds are based on policy which will, to the maximum extent possible, address services that focus on programs for children through young adults, ages 0 to 25, and programs that build opportunities for people with a mental illness to live in the most integrated community setting.

***Children and Young Adult Mental Health***

AMH suggests the following services as part of the legislative plan;

- **Early Assessment and Support Alliance (EASA)** – Expands statewide this prevention and intervention program for young adults with psychosis.
- **Young Adult Community Hubs** – As an extension of the EASA programs, provides statewide outreach and supports to young adults with mental health challenges other than psychosis so they can thrive in the community.
- **Youth and Young Adult Support Technical Assistance** – Increases services for the young adult population, including crisis services, peer-delivered services and drop-in services.
- **Family Support Technical Assistance** – Increases peer-delivered supports and services for families throughout Oregon.
- **Parent Child Interaction Therapy** – Replicates this younger-child service that has demonstrated positive outcomes for children at risk. Enables programs to become self-sustaining through billing insurance.
- **Trauma Initiative** – Trains health care providers to screen for traumatic experiences such as abuse, neglect, or bullying, and contributes to a trauma-informed system of health care.
- **Mental Health Promotion and Prevention** – Folds mental health promotion and prevention into the existing prevention system so communities can identify early indications of problems and foster mental health. This is Oregon's first major investment in mental health prevention and promotion to stem the ever growing need for mental health services.



- **Collaborative Problem Solving Technical Assistance** – Builds on the current efforts to advance this practice, which reduces the use of seclusion and restraint in child programs.
- **Adolescent Depression Screening Training** – Provides training to primary care providers in use of an adolescent depression screening tool. This will positively affect suicide rates and advance the work of CCOs to provide depression screenings.
- **Mental Health Service Access for Schools** – Enhances the availability of services to students. The aim will be to capitalize on existing structures and integrate services into the community system of care.
- **System of Care and Wraparound** – Increases the availability of high fidelity Wraparound services in the state.
- **Oregon Psychiatric Access Line for Kids** – Creates a child psychiatric consultation phone service for pediatricians. AMH will, with input from the Oregon Pediatric Society, examine the best way to implement and fund this service.

### ***Adult Mental Health Services***

The legislative plan calls for a funding increase in community mental health services. AMH recommends the following investments in community mental health capacity:

- Fully fund operations of the community mental health facilities developed during the 2011-2013 biennium.
- In partnership with DHS Adults and People with Disabilities, develop 40 community geropsychiatric beds. This will enable individuals currently served at the state hospital to be served in a less restrictive setting through local community programs.
- Invest in services for Juvenile Psychiatric Security Review Board (JPSRB). This provides the necessary funding to significantly improve safety for juveniles under the JPSRB who are housed in the psychiatric residential facility for youth who have pleaded responsible except for insanity.

- Develop two residential treatment homes in Pendleton on the grounds of the former Eastern Oregon Training Center and a third home on the same property to provide voluntary crisis drop-off services.\*
- Allocate funding for 25 community placement beds for people who are civilly committed and face significant barriers to discharge from the state hospital.\*
- Fund one additional residential treatment home for PSRB clients so there are more placement opportunities for them to “step down” from secure residential treatment facilities.\*
- Invest in mental health crisis response services, including mobile response and crisis respite services, so people can avoid costlier levels of care.
- Assign funding for jail diversion services to keep people with mental illness from unnecessary incarceration in local jails.
- Allocate funding for the Adult Mental Health Initiative (AMHI). This program provides supported housing and wraparound services to help people successfully transition from licensed facilities to the community.
- Invest in additional supported housing to provide opportunities for persons with a mental illness to live in the most integrated community setting.
- Expand supportive employment statewide. This evidence-based program advances the effort to integrate individuals with a mental illness into the community.
- Provide funding for a 2.4 percent cost of living increase for mental health service providers. The agency will make every effort to achieve this increase by first aligning services within allowable federal expenditures.
- Increase capacity to provide case management and assertive community treatment to help people avoid hospitalization or shorten hospital stays.

### ***System-wide Impact***

- Continue implementation of the new data system that will provide improved financial oversight and measure targeted performance metrics.
- Ensure adequate state staffing to implement, measure and monitor the investment being made by the Legislature. AMH will realign existing staff and add four new positions to meet these requirements.

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\* Costing for these programs assumes that, with the 2014 Medicaid expansion, most of the individuals served will be covered through CCOs such as Eastern Oregon Coordinated Care Organization.

## **Proposed Budget Notes for HB 5030 Addictions and Mental Health**

### **Budget Note #1:**

The Oregon Health Authority shall report to the Emergency Board or Interim Joint Committee on Ways and Means by September 2014 on the implementation of the program investments in the community mental health system included in the 2013-15 legislatively adopted budget. The report should include details of the specific program investments, progress to date, and expected and actual outcomes.

### **Budget Note #2:**

The Department of Human Services (DHS) and the Oregon Health Authority (OHA) are directed to submit reports to the 2015 Legislature on how they have each responded with plans and/or actions that address the recommendations for the agencies contained in the 2013 *Report on Senior and Disability Mental Health and Addictions* in regards to the following:

- Create greater access to mental health and addiction services geared to the needs of seniors and persons with disabilities.
- Increase the capacity of the OHA Addictions and Mental Health program and providers to serve severely impaired seniors and persons with disabilities.
- In the health care transformation process, clarify the collaboration between the Coordinated Care Organizations and the DHS Aging and People with Disabilities (APD) program to develop best practices in dealing with the dual-eligible populations.
- Establish the role that senior and disability mental health and addictions will play in the re-definition of community-based long term care through APD.
- Provide for greater geriatric training for professionals in the system.
- Create greater public awareness of mental health and addictions issues among seniors and persons with disabilities.
- Create ability to track and report on Mental Health and Addiction.
- Services to elderly and persons with disabilities.