
MEMORANDUM

Legislative Fiscal Office
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To: *Human Services Subcommittee*

From: *Linda Ames, Legislative Fiscal Office*
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Date: June 18, 2013

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

Oregon Health Authority – Agency Totals

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 LFO Recommended
General Fund	1,443,369,071	1,697,058,124	2,660,872,973	2,012,069,056
Lottery Funds	9,587,187	10,388,614	11,479,452	10,545,832
Other Funds	1,194,926,995	2,278,872,544	1,042,348,235	5,389,309,310
Other Funds-NL	2,695,615,819	3,316,231,621	3,706,979,341	276,417,565
Federal Funds	4,371,907,321	5,159,360,185	6,747,393,211	7,484,857,524
Federal Funds-NL	98,526,066	107,103,462	107,103,462	106,880,067
Total Funds	\$9,813,932,459	\$12,569,014,550	\$14,276,176,674	\$15,280,079,354
Positions	4,097	4,108	4,201	4,473
FTE	3,665.65	3,999.04	4,156.50	4,111.88

Attached are the recommendations from the Legislative Fiscal Office for the Oregon Health Authority. They are the aggregate of all the individual program budgets that you have already approved for OHA.

Adjustments to Current Service Level:

See attached "HB 5030 Work Session" spreadsheet dated 6/18/13.

Accept LFO Recommendation

Move the LFO recommendation to HB 5030.

Performance Measures:

See attached “Legislatively Proposed 2013-15 Key Performance Measures” form.

Accept LFO Recommendation

Move the LFO recommendation on Key Performance Measures.

Budget Notes:

See the attached proposed budget notes.

Accept LFO Recommendation

Move the LFO recommended budget notes.

Recommended Changes to Appropriation Bill:

The Legislative Fiscal Office recommends a budget of \$2,012,069,056 *General Fund*, \$10,545,832 *Lottery Funds*, \$5,389,309,310 *Other Funds*, \$7,484,857,524 *Federal Funds*, \$276,417,565 *Other Funds Non-limited*, \$106,880,067 *Federal Funds Non-limited*, and 4,473 positions (4,111.88 FTE) and that House Bill 5030 be amended accordingly. Conceptual amendments are attached.

Move to adopt the LFO recommended conceptual amendments.

HB 5030 Final Subcommittee Action:

Final Motion:

Move HB 5030 to the full committee with a “do pass” recommendation, as amended.

OREGON HEALTH AUTHORITY
HB 5030 WORK SESSION SUMMARY

	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)	1,697,058,124	10,388,614	2,278,872,544	5,159,360,185	3,316,231,621	107,103,462	12,569,014,550	4,108	3,999.04	
2013-15 Current Service Level Estimate (at Governor's Budget)	2,660,872,973	11,479,452	1,042,348,235	6,747,393,211	3,706,979,341	107,103,462	14,276,176,674	4,201	4,156.50	
2013-15 Governor's Budget	2,048,424,832	10,541,165	2,207,683,112	8,137,100,777	3,653,714,210	107,103,462	16,164,567,558	4,456	4,137.31	
2013-15 LFO RECOMMENDED BUDGET	2,012,069,056	10,545,832	5,389,309,310	7,484,857,524	276,417,565	106,880,067	15,280,079,354	4,473	4,111.88	
Public Health	34,935,418	-	86,287,938	248,662,135	40,000,000	102,729,051	512,614,542	707	688.21	
Addictions and Mental Health	669,881,817	10,545,832	40,831,722	278,947,329	-	-	1,000,206,700	2,505	2,236.89	
Medical Assistance Programs	1,142,827,070	-	1,892,870,618	6,673,576,731	-	-	9,709,274,419	498	489.85	
Office of Private Health Partnerships	1,744,848	-	22,703,500	116,408,995	236,417,565	-	377,274,908	62	15.67	
PEBB	-	-	1,541,152,046	-	-	-	1,541,152,046	20	19.50	
OEBB	-	-	1,639,851,974	-	-	-	1,639,851,974	24	24.00	
Central/Shared/Assessments	91,738,123	-	159,239,080	167,262,334	-	-	418,239,537	657	637.76	
Debt Service (Assessments)	70,941,780	-	6,372,432	-	-	4,151,016	81,465,228	-	-	
TOTAL 2013-15 OHA RECOMMENDED BUDGET	2,012,069,056	10,545,832	5,389,309,310	7,484,857,524	276,417,565	106,880,067	15,280,079,354	4,473	4,111.88	
Change from 2011-13 Approved	315,010,932	157,218	3,110,436,766	2,325,497,339	(3,039,814,056)	(223,395)	2,711,064,804	365	112.84	
Change from 2013-15 CSL Estimate	(648,803,917)	(933,620)	4,346,961,075	737,464,313	(3,430,561,776)	(223,395)	1,003,902,680	272	(44.62)	
Change from 2013-15 Governor's Budget	(36,355,776)	4,667	3,181,626,198	(652,243,253)	(3,377,296,645)	(223,395)	(884,488,204)	17	(25.43)	
% Change from 2011-13 Approved	18.6%	1.5%	136.5%	45.1%	-91.7%	-0.2%	21.6%	8.9%	2.8%	
% Change from 2013-15 CSL Estimate	-24.4%	-8.1%	417.0%	10.9%	-92.5%	-0.2%	7.0%	6.5%	-1.1%	
% Change from 2013-15 Governor's Budget	-1.8%	0.0%	144.1%	-8.0%	-92.4%	-0.2%	-5.5%	0.4%	-0.6%	

Notes: Excludes Capital Construction; Capital Improvement included in AMH

Legislatively Proposed 2013-15 Key Performance Measures

Agency: **OREGON HEALTH AUTHORITY**

KPM #	Customer Service Category	Request	Most Current Result	Target 2014	Target 2015
1	INITIATION OF ALCOHOL AND OTHER DRUG DEPENDENCE TREATMENT - Percentage of members with a new episode of alcohol or other drug dependence who received initiation of AOD treatment within 14 days of diagnosis	New	27.00	27.81	28.35
2	ENGAGEMENT OF ALCOHOL AND OTHER DRUG DEPENDENCE TREATMENT - Percentage of members with a new episode of alcohol or other drug dependence who received two or more services within 30 days of initiation visit	New	9.00	9.27	9.45
3	FOLLOW-UP AFTER HOSPITALIZATION FOR MENTAL ILLNESS - Percentage of enrollees 6 years of age and older who were hospitalized for treatment of mental health disorders and who were seen on an outpatient basis or were in intermediate treatment within seven days of discharge	New	57.60	61.00	68.00
4	MENTAL HEALTH ASSESSMENT FOR CHILDREN IN DHS CUSTODY - Percentage of children in DHS custody who receive a mental health assessment within 60 days of initial custody	New	56.00	60.00	90.00
5	PHYSICAL HEALTH ASSESSMENT FOR CHILDREN IN DHS CUSTODY - Percentage of children in DHS custody who receive a physical health assessment within 60 days of initial custody	New	67.10	70.00	90.00
6	FOLLOW-UP CARE FOR CHILDREN PRESCRIBED WITH ADHD MEDICATION (INITIATION) - Percentage of children newly prescribed attention-deficit/hyperactivity disorder (ADHD) medication who had at least three follow-up care visits within a 10-month period, one of which was within 30 days of when the first ADHD medication was dispensed: INITIATION	New	52.30	52.00	TBD
7	FOLLOW-UP CARE FOR CHILDREN PRESCRIBED WITH ADHD MEDICATION (CONTINUATION AND MAINTENANCE) - Percentage of children newly prescribed attention-deficit/hyperactivity disorder (ADHD) medication who had at least three follow-up care visits within a 10-month period, one of which was within 30 days of when the first ADHD medication was dispensed: CONTINUATION AND MAINTENANCE	New	61.00	63.00	TBD
8	30 DAY ILLICIT DRUG USE AMONG 6TH GRADERS - Percentage of 6th graders who have used illicit drugs in the past 30 days	New	1.80	1.77	1.75
9	30 DAY ALCOHOL USE AMONG 6TH GRADERS - Percentage of 6th graders who have used alcohol in the past 30 days	New	6.70	6.60	6.50

Legislatively Proposed 2013-15 Key Performance Measures

Agency: **OREGON HEALTH AUTHORITY**

KPM #		Customer Service Category	Request	Most Current Result	Target 2014	Target 2015
10	30 DAY ILLICIT DRUG USE AMONG 8TH GRADERS - Percentage of 8th graders who have used illicit drugs in the past 30 days		Approved KPM	9.00	8.87	8.73
11	30 DAY ALCOHOL USE AMONG 8TH GRADERS - Percentage of 8th graders who have used alcohol in the past 30 days		Approved KPM	19.60	19.31	19.01
12	30 DAY ILLICIT DRUG USE AMONG 11TH GRADERS - Percentage of 11th graders who have used illicit drugs in the past 30 days		New	22.20	21.87	21.53
13	30 DAY ALCOHOL USE AMONG 11TH GRADERS - Percentage of 11th graders who have used alcohol in the past 30 days		New	35.90	35.36	34.82
14	PRENATAL CARE (POPULATION) - Percentage of women who initiated prenatal care in the first 3 months of pregnancy		New	75.10	79.00	89.00
15	PRENATAL CARE (MEDICAID) - Percentage of women who initiated prenatal care within 42 days of enrollment		New	65.30	69.00	89.00
16	PRIMARY CARE SENSITIVE HOSPITAL ADMISSIONS/INPATIENT STAYS - Rate per 100,000 client years of admissions (for 12 diagnoses) that are more appropriately treated in an outpatient setting		New	2,091.00	TBD	TBD
17	PATIENT CENTERED PRIMARY CARE HOME (PCPCH) ENROLLMENT - Number of members enrolled in patient-centered primary care homes by tier		New	51.70	60.00	100.00
18	ACCESS TO CARE - Percentage of members who responded "always" or "usually" too getting care quickly (composite for adult and child)		New	83.00	85.00	87.00
19	MEMBER EXPERIENCE OF CARE - Composite measurement: how well doctors communicate; health plan information and customer service (Medicaid population)		New	78.00	81.00	84.00
20	MEMBER HEALTH STATUS - Percentage of CAHPS survey respondents with a positive self-reported rating of overall health (excellent, very good)		New	23.00	28.00	33.00
21	RATE OF TOBACCO USE (POPULATION) - Rate of tobacco use among adults		Approved KPM	22.00	18.00	17.00
22	RATE OF TOBACCO USE (MEDICAID) - Percentage of CCO enrollees who currently smoke cigarettes or use tobacco every day or some days		New	31.00	26.00	24.00

Legislatively Proposed 2013-15 Key Performance Measures

Agency: **OREGON HEALTH AUTHORITY**

KPM #		Customer Service Category	Request	Most Current Result	Target 2014	Target 2015
23	RATE OF OBESITY (POPULATION) - Percentage of adults who are obese among Oregonians		Approved KPM	27.00	30.00	TBD
24	RATE OF OBESITY (MEDICAID) - Percentage of Medicaid population who are obese		New	37.00	40.00	TBD
25	PLAN ALL CAUSE READMISSIONS - Percentage of acute inpatient stays that were followed by an acute readmission for any diagnosis within 30 days and the predicted probability of an acute readmission for members 18 years and older		New	11.30	10.90	10.50
26	EFFECTIVE CONTRACEPTIVE USE (POPULATION) - Percentage of reproductive age women who do not desire pregnancy using an effective method of contraception		New	53.20	55.20	56.20
27	EFFECTIVE CONTRACEPTIVE USE (MEDICAID) - Percentage of reproductive age women who do not desire pregnancy using an effective method of contraception		New	58.60	60.60	61.60
28	FLU SHOTS (POPULATION) - Percentage of adults ages 50-64 who receive a flu vaccine		New	37.40	45.00	57.00
29	FLU SHOTS (MEDICAID) - Percentage of adults ages 50-64 who receive a flu vaccine		New	42.20	50.50	57.00
30	CHILD IMMUNIZATION RATES (POPULATION) - Percentage of children who are adequately immunized (immunization series 4:3:1:3:3:1:4)		New	66.60	72.00	80.00
31	CHILD IMMUNIZATION RATES (MEDICAID) - Percentage of children who are adequately immunized (immunization series 4:3:1:3:3:1:4)		New	68.40	74.00	82.00
32	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Overall	Approved KPM		95.00	95.00
33	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Accuracy	Approved KPM		95.00	95.00
34	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Availability of Information	Approved KPM		95.00	95.00

Legislatively Proposed 2013-15 Key Performance Measures

Agency: OREGON HEALTH AUTHORITY

KPM #		Customer Service	Request	Most Current	Target 2014	Target 2015
		Category		Result		
35	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Expertise	Approved KPM		95.00	95.00
36	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Helpfulness	Approved KPM		95.00	95.00
37	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Timeliness	Approved KPM		95.00	95.00

LFO Recommendation:

Approve the KPMs as proposed. Approve targets for 2014 and 2015 as shown. Agency will set remaining targets as information becomes available. The agency may also modify the targets for KPMs 1 and 2 when the preliminary baseline numbers become final.

Sub-Committee Action:

Proposed Budget Notes for HB 5030

Budget Note #1: Medical Assistance Programs

The Oregon Health Authority shall report to the Legislature during the 2014 and 2015 legislative sessions on the implementation of a grant program using the Health System Transformation Fund. The reports should include details of the process used for distribution, the dollar amounts distributed, to whom, for what purpose, and expected outcomes. The reports should also describe any preliminary results available, including outcome measures, as well as expected next steps.

Budget Note #2: Medical Assistance Programs

The Health System Transformation Fund provides a strategic investment in Coordinated Care Organizations to engage in projects that support better health, better health care and lower costs in their communities. Each CCO will be eligible for a minimum potential award of \$1.25 million with a possible additional allocation, not to exceed \$4 million for an individual CCO, based on the CCO's average monthly member count.

The Oregon Health Authority will establish a process for approving and awarding the Health System Transformation Funds to Coordinated Care Organizations. CCOs will be asked to submit a proposal for up to the total dollar allocation for which they are eligible, describing the project objective, purpose and goals. Projects under implementation or proposed projects should be innovative, scalable, transferable and related to CCO transformation plans and the overall goals of transformation with a focus on, but not limited to:

- Information technology systems and CCO infrastructure including additional investment in electronic medical records (EMR) and claims processing systems.
- Population health management, case management, disease management, and achieving quality metrics.
- Provider panel and clinic enhancements to provide extended primary care services to high risk Oregon Health Plan members.

Budget Note #3: Oregon Educators Benefit Board

The Oregon Educators Benefit Board (OEBB) is directed to appoint a work group for the purpose of developing and analyzing strategies to better systems of care among physicians, hospitals and other providers with the goal of better health outcomes and lower overall healthcare costs for OEBB members.

This work group shall consist of the OEBB administrator, as well as members representing the OEBB board, the insurance carriers serving OEBB, hospitals and health systems, physician groups, and individuals receiving benefits from OEBB.

The work group shall report back to the 2014 legislative session the following:

1. Payment and delivery reform options intended to incent the development of systems of care, in contrast to episodes of care.
2. A plan to implement approaches to better inform OEBC members of the benefits of their health care coverage, information to allow more informed choices, and out of pocket costs for care options.
3. Reimbursement and other data from health care entities, in a format useful to achieve the goals of transparency and development of a baseline for health care costs.
4. This does not apply to type A or B hospitals as described in ORS 442.470 or rural critical access hospitals as defined in ORS 315.613.

House Bill 5030

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Oregon Department of Administrative Services)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Appropriates moneys from General Fund to Oregon Health Authority for certain biennial expenses.

Limits biennial expenditures from fees, moneys or other revenues, including Miscellaneous Receipts, tobacco tax receipts and certain federal funds, but excluding lottery funds and other federal funds, collected or received by authority for certain purposes.

Limits biennial expenditures by authority from certain lottery moneys for certain purposes.

Limits biennial expenditures by authority from certain federal funds for certain purposes.

Authorizes specified nonlimited expenditures.

Declares emergency, effective July 1, 2013.

A BILL FOR AN ACT

Relating to the financial administration of the Oregon Health Authority; appropriating money; limiting expenditures; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. There are appropriated to the Oregon Health Authority, for the biennium beginning July 1, 2013, out of the General Fund, the following amounts, for the following purposes:

(1) Programs	\$	1,888,525,426	1,848,709,915
(2) Central services and State Assessments	\$	88,197,823	91,738,123
(3) Capital improvement.....	\$	679,238	
(4) Debt service	\$	71,022,345	70,941,780

SECTION 2. Notwithstanding any other law limiting expenditures, the following amounts are established for the biennium beginning July 1, 2013, as the maximum limits for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, tobacco tax receipts, provider taxes, Medicare receipts and federal funds for indirect cost recovery, Supplemental Security Income recoveries, Women, Infants and Children Program food rebates, the Coordinated School Health Program, the Edward Byrne Memorial State and Local Law Enforcement Assistance Grant Program, homeland security and emergency preparedness and response services, but excluding lottery funds and federal funds not described in this section, collected or received by the Oregon Health Authority, for the following purposes:

(1) Programs	\$	2,052,981,887	2,063,406,407
(2) Central services and State Assessments	\$	24,582,544	25,117,290
(3) Shared administrative services	\$	123,746,249	134,121,790
(4) Debt service	\$	6,372,432	

SECTION 3. Notwithstanding any other law limiting expenditures, the amount of

Note: For budget, see 2013-2015 Biennial Budget

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

10,545,832

1 ~~\$10,541,165~~ is established for the biennium beginning July 1, 2013, as the maximum limit for
2 payment of expenses from lottery moneys allocated from the Administrative Services Eco-
3 nomic Development Fund to the Oregon Health Authority for gambling addiction treatment
4 and prevention.

5 **SECTION 4.** Notwithstanding any other law limiting expenditures, the following amounts
6 are established for the biennium beginning July 1, 2013, as the maximum limits for payment
7 of expenses from federal funds, excluding federal funds described in section 2 of this 2013
8 Act, collected or received by the Oregon Health Authority, for the following purposes:

9	(1) Programs	\$	7,939,007,016	7,317,595,190
10	(2) Central services and State Assessments	\$	198,093,761	167,262,334

11 **SECTION 5.** For the biennium beginning July 1, 2013, the following expenditures by the
12 Oregon Health Authority are not limited:

13 ~~(1) Expenditures from the Public Employees' Revolving Fund for administration of de-~~
14 ~~pendent care assistance as authorized by ORS 243.221 (2)(c) and expense reimbursement~~
15 ~~plans as authorized by ORS 243.221 (2)(d).~~

16 ~~(2) Expenditures from the Public Employees' Revolving Fund for health insurance pre-~~
17 ~~mium subsidies and self-insurance as authorized by ORS 243.167.~~

18 ~~(3) Expenditures from the Oregon Educators Revolving Fund for benefit plan premiums~~
19 ~~and self-insurance as authorized by ORS 243.870 and 243.884.~~

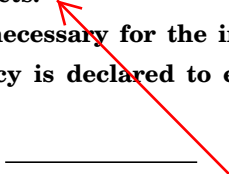
20 ~~(4) Expenditures from the Oregon Educators Revolving Fund for administration of flexi-~~
21 ~~ble benefit plans as authorized by ORS 243.874.~~

22 (5) Expenditures from the Women, Infants and Children Program food vouchers.

23 (6) Expenditures for the federal funds debt service on Build America Bonds.

24 (7) Expenditures from the Oregon Medical Insurance Pool Account for payment of claims
25 and third party administration contracts.

26 **SECTION 6.** This 2013 Act being necessary for the immediate preservation of the public
27 peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect
28 July 1, 2013.
29



in the Oregon Medical Insurance program, and for payment of claims and other costs associated with administration and support in the Oregon Reinsurance Program.

Add PEBB Other Funds expenditure limitation, excluding operating costs, of \$1,531,997,391.
Add OEGB Other Funds expenditure limitation, excluding operating costs, of \$1,628,294,000.