FISCAL IMPACT OF PROPOSED LEGISLATION — Measure: SB 626 - A

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:
Expands scope and duties of Long Term Care Ombudsman to include adult foster homes, and to address needs of residents of care facilities who have mental illness or developmental disabilities. Renames Long Term Care Advisory Committee as Residential Facilities Advisory Committee and increases committee membership.

Government Unit(s) Affected:
Office of the Long-Term Care Ombudsman, Department of Human Services, Oregon Health Authority

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.

Summary of Expenditure Impact – Long Term Care Ombudsman:

	2013-15 Biennium	2015-17 Biennium
General Fund		
Personal Services	808,170	1,239,194
Services and Supplies	304,486	466,878
Total Funds	**$1,112,656**	**$1,706,072**
Positions	8	8
FTE	5.63	7.50

Analysis:
Senate Bill 626 A–Engrossed takes effect on January 1, 2014 and expands the duties of the office of the Long Term Care Ombudsman (LTCO) to advocate for residents of care facilities who have mental illness or developmental disabilities. The legislation also makes changes to the Long Term Care Advisory Committee, which is responsible for monitoring the Long Term Care Ombudsman Program and producing an annual program report. The bill expands the committee's scope, renames it the "Residential Facilities Advisory Committee", and increases the committee's membership from seven to nine members.

The Long Term Care Ombudsman estimates there are approximately 7,600 persons living in 1,816 licensed adult foster homes and group homes in Oregon serving persons with developmental disabilities and mental illness. Based on the Ombudsman's experience in supervising over 200 volunteers visiting over 2,320 licensed long term care facilities, the LTCO estimates that the expanded responsibilities will require additional staff (six full-time Deputies, one half-time Volunteer Recruiter, and one Administrative Specialist) to work with approximately 125 new certified volunteers. The associated fiscal impact for this work is anticipated to be $1,112,656 General Fund, and eight positions (5.63 FTE) for the 18 months of 2013-15 biennium; and $1,706,072 General Fund, and eight positions (7.50 FTE) for the 2015-17 biennium.

LTOC's fiscal impact includes one-time (equipment, training) and ongoing (rent, travel) costs associated with almost doubling the agency's size. In addition, the fiscal addresses costs for the facility poster required under the bill and for per diem/expenses attributable to the two new committee members.

The Department of Human Services (DHS) and the Oregon Health Authority (OHA) are required to provide LTCO, at least quarterly, bed counts for each of the residential facilities under the LTCO's scope of responsibility. This reporting is expected to have little to no fiscal impact on either agency.

The bill changes the current disposition of civil penalties recovered from residential facilities and adult foster homes. Currently, these penalties are deposited into the Quality Care Fund, and can be used by DHS for training, technical assistance, quality improvement initiatives, and licensing activities. Under SB 626-A, the civil penalties associated with residential facilities and adult foster homes that serve persons with mental illness or developmental disabilities would instead go into the Long Term Care Ombudsman Account. Statute allows the LTCO to use funds in this account, which are budgeted with Other Funds expenditure limitation, to carry out any program responsibilities.

This disposition change is roughly estimated to redirect about $7,500 per month in civil penalties from the Quality Care Fund to the LTCO account, or about $135,000 in the 2013-15 biennium. The amount associated with civil penalties for mental health providers is unknown. Since the number of, timing of, and cash flow for these civil penalties fluctuate and are somewhat indeterminate, this fiscal impact statement does not identify a specific amount for expenditure in 2013-15. However, once revenues accrue and civil penalty trends solidify, these revenues could be budgeted in future biennia to offset or augment agency General Fund expenditures.

While the change will divert future revenues from the Quality Care Fund, the fiscal impact on DHS programs and expenditures is indeterminate. The fund was created in 2009 to provide training to providers and improve quality of care. However, while some expenditures have been covered by the fund, no consistent spending patterns from the fund have been established. The fund's current balance of about $1.4 million has been identified by the Legislative Fiscal Office as a potential resource for use within the 2013-15 budget.