

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2087 - B**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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Date: 6/20/2013

Measure Description:

Allows a designee of a correctional facility to apply for medical assistance on behalf of person residing in the correctional facility for establishing eligibility for medical assistance during a period of hospitalization that will occur outside of the correctional facility. Modifies requirements for comprehensive local plan adopted by local mental health authority.

Government Unit(s) Affected:

Oregon Health Authority (OHA), Oregon Youth Authority (OYA), Department of Corrections, local correctional facilities, local mental health authorities.

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.

Analysis:

House Bill 2087 B-Engrossed authorizes the Department of Corrections, the Oregon Youth Authority, and local correctional facilities to apply for medical assistance on behalf of inmates of the facilities, rather than the inmates being required to apply for themselves. The bill does not declare an emergency and would be assumed to be effective January 1, 2014.

This bill is anticipated to realize savings for the state. However, at this time, the full fiscal impact of this bill is indeterminate. As a point of reference, the Oregon Health Authority (OHA) provides the following information: OHA reports that corrections officials estimate that as many as 75% of potentially eligible inmates refuse to apply for Medicaid benefits given the choice. This bill allows a proxy or designated representative to complete and submit the application. With passage of this bill, it is anticipated that a larger number of inmates will be eligible for medical assistance coverage, and the state would be able to claim Medicaid matching funds for hospital inpatient care provided to incarcerated individuals through the Medical Assistance Programs (MAP), per federal law and regulation, which could result in savings for the Department of Corrections, Oregon Youth Authority, and local correctional entities. OHA estimates that the Department of Corrections could save approximately \$13 million in the 2013-15 biennium. The Oregon Youth Authority (OYA) estimates approximately \$70,000 in savings a biennium, based on actual hospitalization payments for youth under the custody of OYA. Extrapolating from data provided by Multnomah County, the Oregon Health Authority estimates that Multnomah County could save roughly between \$0.75 and 1.0 million in the 2013-15 biennium from submitting claims for inpatient services to Medicaid.

The Oregon Health Authority notes that the responsibility and liability for the information provided on the inmates' applications would be with the designated representative (i.e., the state or local entity that submits the application). This could result in overpayments that the entity would need to repay.

Currently, the OHA does not include corrections inpatient expenses in their budget. Should this bill become law, the Oregon Health Authority will require General Fund dollars and Federal Fund limitation to handle the increased claims. However, additional analysis would be required to determine the final impact of the bill. In addition, the Department of Corrections requires more time and further analysis to predict the workload and expenditures that would be involved in applying for medical assistance. The Oregon Youth Authority will use existing staff and resources to apply for medical assistance on behalf of youths under its custody.

The bill also allows local mental health authorities flexibility in developing Biennial Implementation Plans by removing specific requirements regarding the timing of the Biennial Implementation Plans. The amendment also requires the plans be coordinated with community health improvement plans developed by coordinate care organizations (CCOs). Complying with these provisions would not result in a fiscal impact for the Oregon Health Authority and local mental health authorities.

In addition, the bill resolves technical conflicts in the event that House Bill 2216, House Bill 2240, House Bill 2859, and House Bill 3458 become law. These provisions make no substantive changes, and would not result in a fiscal impact.