

**77<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2013 Session  
BUDGET REPORT AND MEASURE SUMMARY**

**JOINT COMMITTEE ON WAYS AND MEANS**

**MEASURE: HB 5030-A**

**Carrier – House: Rep. Nathanson  
Carriers – Senate: Sen. Winters  
Sen. Bates**

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**Action:** Do Pass as Amended and as Printed A-Engrossed

**Vote:** 17 – 9 – 0

House

Yeas: Barker, Buckley, Frederick, Jenson, Komp, Nathanson, Read, Tomei, Williamson

Nays: Freeman, Hanna, Huffman, McLane, Richardson, Smith

Exc:

Senate

Yeas: Bates, Devlin, Edwards, Hansell, Johnson, Monroe, Steiner Hayward, Winters

Nays: Girod, Thomsen, Whitsett

Exc:

**Prepared By:** Kate Nass and Dustin Ball, Department of Administrative Services

**Reviewed By:** Linda Ames, Legislative Fiscal Office

**Meeting Date:** June 28, 2013

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Agency

Oregon Health Authority

Biennium

2013-15

## **Budget Summary\***

	2011-13 Legislatively Approved Budget <sup>(1)</sup>	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$\$ Change	% Change
General Fund	1,642,896,745	2,589,171,390	1,940,448,038	297,551,293	18.1%
General Fund Capital Improvements	0	679,238	679,238	679,238	0.0%
General Fund Debt Service	54,161,379	71,022,345	70,941,780	16,780,401	31.0%
Lottery Funds	10,388,614	11,479,452	10,545,832	157,218	1.5%
Other Funds	2,268,193,143	1,042,330,900	5,382,936,878	3,114,743,735	137.3%
Other Funds Debt Service	10,679,401	17,335	6,372,432	-4,306,969	-40.3%
Other Funds Nonlimited	3,316,231,621	3,832,299,341	276,417,565	-3,039,814,056	-91.7%
Federal Funds	5,159,360,185	6,747,393,211	7,484,857,524	2,325,497,339	45.1%
Federal Funds Nonlimited	102,729,051	102,729,051	102,729,051	0	0.0%
Federal Funds Debt Services Nonlimited	4,374,411	4,374,411	4,151,016	-223,395	-5.1%
<b>Total</b>	<b>12,569,014,550</b>	<b>14,401,496,674</b>	<b>15,280,079,354</b>	<b>2,711,064,804</b>	<b>21.6%</b>

## **Position Summary**

Authorized Positions	4,108	4,201	4,473	365
Full-time Equivalent (FTE) positions	3,999.04	4,156.50	4,111.88	112.84

<sup>(1)</sup> Includes adjustments through December 2012

\* Excludes Capital Construction expenditures

## **Summary of Revenue Changes**

The Oregon Health Authority is funded with a mix of General Fund, Lottery Funds, Other Funds and Federal Funds revenues. Most General Fund is used as match to receive Federal Funds. Lottery Funds finance gambling addiction prevention and treatment services. Other Funds revenue comes from a wide variety of sources including tobacco taxes, Medicaid provider assessments, bond issuances, grants, beer and wine taxes, fees, estate collections, health care premiums, third party recoveries, pharmaceutical rebates, transferred federal funds from other state agencies, and charges for services.

House Bill 2216 continues the hospital provider assessment for two more years. This is expected to generate an additional \$600 million Other Funds to be used to help pay for the Oregon Health Plan. The bill also implements an additional one percent assessment to establish the Hospital Transformation and Performance Program to assist hospitals to implement health care transformation. Other Funds revenue related to the

hospital assessment is expected to total \$745 million, and federal matching revenues will be over \$1.2 billion. This budget also includes \$120.1 million of Tobacco Master Settlement Agreement revenues.

The Subcommittee approved fee increases for Emergency Medical Services. This is the third and final increase that was planned with stakeholders in 2009 and is estimated to generate about \$100,000 Other Funds during the biennium. A decrease in certain medical marijuana fees was also approved. Cardholders on the Supplemental Nutrition Assistance Program will have fees reduced from \$100 to \$60, while cardholders on the Oregon Health Plan will have fees reduced from \$100 to \$50.

### **Summary of Human Services Subcommittee Action**

The Oregon Health Authority (OHA) was created by the 2009 Oregon Legislature (House Bill 2009) to bring most health-related programs into a single agency to maximize its purchasing power and to contain rising health care costs statewide. OHA is overseen by a nine-member, citizen-lead board called the Oregon Health Policy Board. Members are appointed by the Governor and confirmed by the Senate. OHA's mission is to help people and communities achieve optimum physical, mental and social well-being through partnerships, prevention, and access to quality, affordable health care. It has three goals to transform the health care system in Oregon: improve the lifelong health of Oregonians; increase the quality, reliability, and availability of care for all Oregonians; and lower or contain the cost of care so it is affordable to everyone.

The Joint Committee on Ways and Means Human Services Subcommittee heard agency and public testimony on the agency's budget over the course of several months. The Subcommittee approved a budget for the Oregon Health Authority 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 Nonlimited, and \$106,880,067 Federal Funds Nonlimited, for a total funds budget of \$15,280,079,354 and 4,473 positions (4,411.88 FTE). This is 18.6 percent General Fund and 21.6 percent total funds higher than the 2011-13 Legislatively Approved Budget.

General Fund increases as a result of a program transfer from the Department of Human Services, as well as investments in the community mental health system. Caseload, inflation, and debt service also contribute to the increase. Total funds increase \$2.7 billion over the 2011-13 level. This is largely a result of the expansion of health coverage under Medicaid to all persons under 138 percent of federal poverty level, effective January 2014. Services for most of these new clients will be paid for with 100 percent Federal Funds for the first three years. Other contributors include the additional one percent hospital assessment, Designated State Health Programs (DSHP) resources, inflation and caseload cost increases, and the program transfer from the Department of Human Services.

Health care costs in the Oregon Health Plan are capped at an increase of 4.4 percent in the first year of the biennium, and 3.4 percent in the second year, based on Oregon's current federal waiver. Those increases are fully funded in this budget. The approved budget makes significant investments in the community mental health system. In addition, the new Junction City state hospital facility is expected to open in early 2015, and operational costs are included in this budget.

The Subcommittee reviewed the packages used to build the Governor's budget and the agency's repricing ("reshoot") adjustments for caseload, cost-per-case, and other changes since the Governor's budget was developed. Also included in the Subcommittee's recommended budget are

Emergency Board actions taken in the 2011-13 interim that have an impact on the agency's 2013-15 budget. This includes the May 2012 Emergency Board that made adjustments to the agency's budget per direction from House Bill 4131 (2012) and December 2012 rebalance adjustments.

The Subcommittee approved the following two packages related to PERS that cover the entire agency:

- Package 092 – PERS Taxation Policy: This package reflects the policy change in Senate Bill 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.
- Package 093 – Other PERS Adjustments. This package reflects the policy change in Senate Bill 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent. An administrative action by the PERS Board, as directed by a budget note in the Senate Bill 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

A more detailed description of major changes for each program area follows.

#### Medical Assistance Programs

Medical Assistance Programs provides health services through the Oregon Health Plan (OHP), Non-Oregon Health Plan (Non-OHP), and the Children's Health Insurance Program (CHIP) to qualifying low-income Oregonians and their families to improve their health status and promote independence. The Subcommittee approved a total funds budget of \$9,709,274,419, which includes \$1,142,827,070 General Fund, and 498 positions. This is a 41.6 percent total funds increase over the 2011-13 Legislatively Approved Budget. This is primarily the result of the expansion under the Affordable Care Act to expand health coverage under Medicaid to all persons under 138 percent of the federal poverty level. This expansion will be entirely federally funded through 2016.

Other contributors include the additional one percent hospital assessment, Designated State Health Programs (DSHP) resources, inflation and caseload cost increases, and program transfers. These program transfers include \$183.3 million total funds (\$68.1 million General Fund) consisting of Medicaid services moving to this budget from Addictions and Mental Health, and \$344.4 million total funds (\$125.8 million General Fund) consisting of health-related elements of long term care moving to this budget from the Department of Human Services. The recommended General Fund budget is 31.4 percent higher than the 2011-13 Legislatively Approved Budget, primarily resulting from these program transfers.

Health care costs in the Oregon Health Plan are capped at an increase of 4.4 percent in the first year of the biennium, and 3.4 percent in the second year, based on Oregon's current federal waiver. Those increases are fully funded in this budget. The recommended budget includes the continuation of the current hospital assessment which is scheduled to sunset in September of 2013 under current law and implements an additional 1 percent hospital assessment to establish the Hospital Transformation and Performance Program. This is contingent on the passage of House Bill 2216, and is estimated to raise a total of \$745 million Other Fund revenues and result in additional federal matching revenues of over \$1.2 billion. The budget also shifts funding for the OHP Standard program to 100 percent Federal Funds starting January 1, 2014 and increases Tobacco Master Settlement Agreement resources for OHP from \$30 million in the 2011-13 biennium to \$116.1 million in 2013-15.

As a result of the Affordable Care Act (ACA) expansion, Healthy Kids Connect clients will move to OHP (House Bill 2091). In addition, the Family Health Insurance Assistance Program (FHIAP) will end January 2014, with some clients shifting to OHP and others will be able to purchase health insurance through CoverOregon, Oregon's health insurance exchange (House Bill 2240). This budget includes the OHP funding for both of those populations. The Subcommittee also approved \$30 million General Fund for the Health System Transformation Fund to support efforts of Coordinated Care Organizations (CCOs) to transform health care delivery systems. The following budget note was approved regarding the Health System Transformation Fund, to specify the distribution methodology and clarify that no one CCO would receive more than a total of \$5.25 million out of the \$30 million Fund:

**Budget Note:**

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.

The agency will report on the implementation of the program, based on the following budget note:

**Budget Note:**

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.

A \$4.5 million General Fund reduction to caseload funding was approved, related to the anticipation that more women will have health insurance after January 2014, and so will not need the services of the Breast and Cervical Cancer treatment program. The Subcommittee clarified that all women who qualify will still get services under this program.

The Subcommittee recommended budget incorporates agency "reshoot" adjustments including changes resulting from the federal match rate, caseload forecast changes and revenues available from the Children's Health Insurance Program Reauthorization Act (CHIPRA) bonus. The

Subcommittee acknowledged that the level of uncertainty is much greater for these caseload forecasts and funding assumptions than ever before, given the scale of system change happening over the next few years and assumptions around how federal partners will determine the match rate. In addition, the Subcommittee discussed the need for further information regarding the CoverOregon cost allocation. The budget currently includes less than half of CoverOregon's initial estimate of this cost. The Subcommittee approved 85 additional staff for the call center, in order to assist in the transition of the ACA expansion. Again, there is uncertainty around the actual need. Once there is a better understanding of costs and savings associated with the expansion and system changes, OHA may need to revisit the funding assumptions in the recommended budget.

#### Public Employees' Benefit Board

Public Employees' Benefit Board (PEBB) designs, contracts, and administers the medical, dental, vision, life, accidental, disability, long-term care insurance, and flexible spending accounts for state employees and their dependents. The Subcommittee approved a total funds budget of \$1,541,152,046, a nine percent increase over the 2011-13 legislatively approved level. This increase is primarily due to including fully insured benefit costs in the budget for PEBB.

The Subcommittee recommended budget for PEBB eliminates all Other Funds Nonlimited authority, and instead moves all expenditure limitation to Other Funds Limited. In addition, the Subcommittee included both self-insured and fully insured benefit costs in PEBB's budget. In the past the PEBB budget reflected only the self-insured benefit costs.

While the Subcommittee recognized that year over year benefit cost growth and the number of employees are variables that will impact the expenditures in the 2013-15 biennium, the budget caps PEBB's Per Employee Per Month benefit expenditure growth at 4.4 percent for 2013, 3.4 percent for 2014, and 3.4 percent for 2015. These growth rates are consistent with Oregon's Medicaid waiver. The Subcommittee acknowledged that while the expenditure limitation could be increased at a later date, they expected the agency to manage the program within the capped limitation amount.

#### Oregon Educators Benefit Board

Oregon Educators Benefit Board (OEBB) provides value-added medical, dental, vision, and disability benefit plans for members in educational entities located throughout Oregon including school districts, educational service districts, community colleges, and some charter schools. The Subcommittee approved a total funds budget of \$1,639,851,974, an 11.5 percent increase over the 2011-13 legislatively approved level. The increase is primarily a result of adding the administration of the Oregon Homecare Insurance Program to OEBB. Without that program change, the increase would be only 5.7 percent for the biennium.

The Subcommittee recommended budget for OEBB eliminates all Other Funds Nonlimited authority, and instead moves all expenditure limitation to Other Funds Limited. The recommended 2013-15 budget also includes an increase as a result of the added administration for the Oregon Homecare Insurance Program, which is funded by the Department of Human Services. The Subcommittee recommended the following budget note:

#### **Budget Note:**

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 for OEBB members.

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

This 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 cost 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.

#### Office of Private Health Partnerships

The Office of Private Health Partnerships (OPHP) includes several programs that maximize resources, share costs, and provide access to quality health care for all Oregonians through partnerships with private insurance companies. The Subcommittee recommended budget for OPHP is \$377,274,908 total funds, of which \$1,744,848 is General Fund, and 62 positions (15.67 FTE). Total funds are 53 percent lower than the 2011-13 legislatively approved levels, while General Fund is 75 percent lower. Most of the programs in OPHP will end January 2014 when the Affordable Care Act expansion takes effect.

The Subcommittee incorporated the fiscal impacts associated with House Bill 2091, House Bill 2240, and House Bill 3458 in OHA's 2013-15 budget bill. House Bill 2091 abolishes the Healthy Kids Connect program and transfers all Healthy Kids Connect clients to the Oregon Health Plan. The Subcommittee's recommendation includes moving all clients enrolled in Healthy Kids Connect to OHP by the end of December 2013. House Bill 2240 eliminates the Family Health Insurance Assistance Program (FHIAP) in OPHP as of January 2014 to align with the Affordable Care Act. Some clients will shift to OHP while others will be able to purchase health insurance through CoverOregon, Oregon's health insurance exchange. House Bill 3458 eliminates the Oregon Medical Insurance Pool (OMIP) in OPHP at the end of December 2013. Under the Affordable Care Act, these individuals can no longer be denied health coverage because of a pre-existing medical condition. This bill also establishes the new Oregon Reinsurance Program for 2014 through 2016. The Subcommittee recommendation includes the fiscal implications of both these changes. The Federal Medical Insurance Pool is also phased out.

#### Addictions and Mental Health

Addictions and Mental Health (AMH) provides treatment services to those afflicted with addictions and mental health disorders. Services are delivered through community non-profit providers, county mental health agencies, as well as the state hospital system. The Subcommittee recommended budget for AMH is \$1,000,206,700 total funds, of which \$669,881,817 is General Fund, and 2,505 positions (2,236.89 FTE). This is a total fund increase of 0.1 percent and a General Fund increase of 1.5 percent compared to AMH's 2011-13 legislatively approved budget. However, this budget includes a \$68 million General Fund, \$183 million total funds, transfer of Medicaid funding to the Medical Assistance Programs within OHA. Once this is accounted for, the total funds budget is an 18.4 percent increase and the General Fund budget is an 11.8 percent increase from the 2011-13 level.

The Affordable Care Act 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 100percent Federal Funds for three years. It is estimated that this will free up \$45 million General Fund in this budget, which will no longer be needed for current clients, and can be used to expand services. The Subcommittee's recommended budget directs many of these "reinvested" dollars for specific purposes. These additional resources are not included in the biennial comparisons above.

The Subcommittee approved \$41 million of General Fund reductions, compared to the current service level budget, to the Oregon State Hospital (OSH) and Blue Mountain Recovery Center (BMRC). This includes closing BMRC on January 1, 2014 for \$12.9 million General Fund savings. Also included are the continuation of the 2011-13 reductions in non-direct care and administration in OSH for \$9.7 million General Fund savings, closing one geropsychiatric ward for \$8.8 million General Fund savings, restructuring the pharmacy operations for \$3.0 million General Fund savings, and \$7 million General Fund reduction in overtime and non-direct care staffing costs. Senate Bill 5507 includes the capital construction expenditure limitation to continue building the Junction City campus of the Oregon State Hospital. The Subcommittee recommended budget includes operating costs for the new Junction City facility for approximately the last three months of the 2013-15 biennium. This net cost, after accounting for the closures of the Portland campus and BMRC, is \$2.7 million General Fund, and 17.17 FTE.

The Subcommittee recommended budget includes an additional \$26.6 million General Fund to increase capacity in the community mental health system. This is in addition to the \$19.7 million in the current service level that remains after the Spring 2013 forecast changes. The \$26.6 million includes \$9.9 million General Fund redirected from the "reinvested" resources. The plan includes three residential treatment homes in Pendleton, on the Eastern Oregon Training Center (EOTC), that are scheduled to open by January 1, 2014 and provide about 40 jobs.

An additional \$21.8 million General Fund was approved for the expansion of children's mental health services. This includes \$1.8 million for the Early Assessment and Support Alliance (EASA) that was included in Package 404. This total includes \$7.5 million General Fund that is redirected from the "reinvested" resources. The agency provided a preliminary expenditure plan to the Subcommittee for both the adult and children's system. This is a significant investment in the community mental health system. The agency will establish and track performance outcomes for these investments, holding both the agency and their partners accountable.

The Subcommittee recommended budget includes a plan that increases provider rates using additional federal matching resources as well as the "reinvested" dollars. For residential facilities within the community mental health system, the agency expects to achieve provider rate equality by using the state resources freed up through more widespread use of federal matching available under the 1915i waiver. The resources will be used to bring the lower paid providers up to the same level as the higher paid providers. These same resources will also be used to provide a 2.4 percent increase in rates over the current levels, to the extent that resources are available. In addition, the agency expects to use a portion of the "reinvested" resources within their budget, up to \$7.6 million General Fund, to ensure that all providers within the community mental health system receive a 2.4 percent rate increase over the current level.

For the alcohol and drug residential system, the agency will use a portion of the "reinvested" resources within their budget to increase youth room and board rates from \$30 per day to \$60 per day, effective July 1, 2013. The agency will do a study of both the adult and youth systems to examine costs at facilities, and examine whether facilities are maximizing their revenues such as federal match. In addition, AMH will consider the overall capacity of the system and identify areas where there is potential to serve more patients with intensive outpatient treatment rather than



in residential facilities. The agency will report the results of their work to the 2014 Legislature, and recommend other rate increases, if any, and their costs.

During budget development, it became clear that the methodology used in forecasting caseloads is not adequate. To a large extent, caseload forecasts are based on current utilization of services which have been held at reduced levels due to budget reduction decisions, thus holding caseload forecasts at the same reduced levels. In the interim, the forecast unit of OHA will work with AMH program experts, the Legislative Fiscal Office, and the Chief Financial Office of the Department of Administrative Services to review caseload forecast methodologies, processes, and available data, and agree on needed changes. These changes will be in place in time for development of the 2015-17 Governor's budget.

Package 404 was approved, which provides a \$1.8 million General Fund investment to expand the Early Assessment and Support Alliance (EASA) program statewide (part of the children's mental health system investments). An additional \$4.2 million General Fund is invested in supported housing and peer delivered services, while \$1.5 million is added for supported employment, all within the community mental health system.

This budget does not include any backfill of federal sequestration reductions for either community mental health or addictions programs. If sequestration reductions continue in this area, the agency may need to revisit that issue later in the biennium. The following budget notes were approved by the Subcommittee related to AMH community services programs:

**Budget Note:**

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:**

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.

### Public Health

Public Health supports the goals of Oregon's transformation of the health care and education systems by promoting population-based prevention initiatives. Public Health is made up of three centers overseen by an Office of the State Public Health Director. The Center for Health Protection provides a consistent approach to protecting health and programs that touch every hospital, drinking water system and restaurant in Oregon. The Center for Prevention and Health Promotion provides community-oriented prevention and clinical prevention services and works with community partners and local public health, school-based health centers, health care providers, and Coordinated Care Organizations. The Center for Public Health Practice is the historical core of public health including vital records and partners with local communities and local public health, particularly on communicable disease control.

The Subcommittee approved a budget for Public Health of \$512,614,542 total funds, including \$34,935,418 General Fund, and 707 positions. Total funds are 0.4 percent more than the 2011-13 Legislatively Approved Budget, while General Fund is 1.5 percent more than the 2011-13 level. This budget maintains current program levels.

The Subcommittee eliminated \$1.3 million General Fund of excess 2013-15 ending balance for Contraceptive Care services (CCare) and reduced CCare funding by \$1.0 million General Fund to account for the anticipated impact of the Affordable Care Act expansion. It is anticipated that many clients currently being served with this program will have insurance beginning in 2014, and will not utilize the services of the CCare program. In addition, the Subcommittee used \$1.5 million Other Funds of fee revenue from the medical marijuana program to replace \$1.5 million General Funds in the CCare program. With the funding changes to the CCare program, the Subcommittee expects the agency to provide informational updates on the budgeted and actual costs.

The Subcommittee added \$4.0 million from the Tobacco Master Settlement Agreement resources for tobacco prevention, education, and cessation programs. Fee increases were approved for Emergency Medical Services. This is the third and final increase that was planned with stakeholders in 2009 and is estimated to generate about \$100,000 Other Funds during the biennium. A decrease in certain medical marijuana fees was also approved. Cardholders on the Supplemental Nutrition Assistance Program will have fees reduced from \$100 to \$60, while cardholders on the Oregon Health Plan will have fees reduced from \$100 to \$50. The agency is expected to have enough ending balance reserves to adjust to this decrease in revenue.

### Central Services, Shared Services, State Assessments and Enterprise-wide Costs

Core administrative functions for OHA are divided into three sections. Central Services includes all governance functions specifically for the operation of OHA, such as the director's office, communications, a portion of budget and human resources, the Office of Equity and Inclusion and the Office of Health Information Technology. It also includes the Office for Health Policy and Research, which has been instrumental in supporting health care transformation. Shared Services provides administrative services to both OHA and the Department of Human Services (DHS), regardless of where each function is housed. State Assessments and Enterprise-wide Costs includes the budget to pay for central

government assessments and usage charges, as well as debt service. Included are state government service charges, risk assessments, State Data Center usage charges, and rent. This budget also includes the funding for Shared Services.

The Subcommittee recommended a budget of \$499,704,765 total funds, including \$162,679,903 General Fund, and 657 positions. This is a 2.4 percent total fund decrease from the 2011-13 legislatively approved budget, primarily due to phasing out the expenditure limitation related to the Health Insurance Exchange Information Technology (HIX IT) project. The recommended budget includes adjustments to the 2013-15 budget related to the roll-up of Emergency Board actions and adjustments to true up funding for cost allocation, based on actual experience during the 2011-13 biennium. This includes an addition of \$2.3 million General Fund and a decrease of Other and Federal Funds, consistent with adjustments to the agency's 2011-13 budget in May 2013.

The Subcommittee recommended budget includes \$1.6 million General Fund to support the Patient Safety Commission, per Senate Bill 483. Also included in the recommended budget is an investment of \$2.1 million General Fund with a total of \$3.5 million to support health care transformation within the Office of Health Policy and Research. This includes data collection and analysis of the all-payer-all-claims database, implementation of patient centered primary homes, and research and analysis for the Health Evidence Review Commission. As part of the agency's current budget and continuing in 2013-15, Central Services includes funding of \$100,000 for the African American Health Coalition for physical activity programs and to conduct a survey to collect data on barriers to accessing health activities among the African American population.

Package 401 was approved for \$0.7 million General Fund, \$3.7 million total funds and 12 positions to improve the agency's computer and network infrastructure. This is expected to put the agency on a five-year replacement cycle for personal computers. The Subcommittee also approved Package 406 to meet the expanding need for information technology planning and policy, including the continuation of the development of CareAccord, which is the secure mechanism to exchange health information, and support of the Health Information Technology Oversight Council (HITOC).

With the continuation of building the Junction City site of the Oregon State Hospital, the Subcommittee approved the increase in information technology staff to support the new hospital's information technology systems and additional Other Funds debt service related to the project. Total debt service costs included in this budget is \$70.9 million General Fund and \$81.5 million total funds.

The recommended budget eliminates the remaining expenditure limitation of \$19.8 million total funds and 48 positions related to the Health Insurance Exchange Information Technology project, since that work has now moved over to CoverOregon. The budget also adds \$16.7 million total funds limitation and 52 permanent positions for on-going Information Technology needs for both OHA and DHS, including Modernization and OR-KIDS systems. This is in line with the agency's direction of maintaining a core set of trained staff at the agency rather than relying on vendors for IT needs.

The statewide administrative savings of \$2.1 million General Fund, \$9.5 million total funds, are included in this budget. This is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session. In addition, another \$2.1 million General Fund, total of \$3.8 million, administrative savings is accounted for in this budget, with expectations that the agency will hold vacancies and reduce services and supplies to meet the budget reduction target.

## **Summary of Performance Measure Action**

See attached Legislatively Adopted 2013-15 Key Performance Measures form.

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**HB 5030-A**

**Oregon Health Authority**

**Kate Nass -- 503-378-3742 & Dustin Ball -- 503-378-3119**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$1,697,058,124	\$ 10,388,614	\$2,278,872,544	\$ 3,316,231,621	\$5,159,360,185	\$ 107,103,462	\$ 12,569,014,550	4,108	3,999.04
2013-15 ORBITS printed Current Service Level (CSL)*	\$2,660,872,973	\$ 11,479,452	\$1,042,348,235	\$ 3,832,299,341	\$6,747,393,211	\$ 107,103,462	\$ 14,401,496,674	4,201	4,156.50
2013-15 CSL Adjustment	\$ 0	\$ 0	\$ 0	\$ (125,320,000)	\$ 0	\$ 0	\$ (125,320,000)	0	0.00
2013-15 Revised CSL	\$2,660,872,973	\$ 11,479,452	\$1,042,348,235	\$ 3,706,979,341	\$6,747,393,211	\$ 107,103,462	\$ 14,276,176,674	4,201	4,156.50
Total Subcommittee Adjustments	\$ (648,803,917)	\$ (933,620)	\$4,346,961,075	\$ (3,430,561,776)	\$ 737,464,313	\$ (223,395)	\$ 1,003,902,680	\$ 272	\$ (45)
<b>TOTAL ADJUSTMENTS</b>	<b>\$ (648,803,917)</b>	<b>\$ (933,620)</b>	<b>\$4,346,961,075</b>	<b>\$ (3,430,561,776)</b>	<b>\$ 737,464,313</b>	<b>\$ (223,395)</b>	<b>\$ 1,003,902,680</b>	<b>\$ 272</b>	<b>\$ (45)</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$2,012,069,056</b>	<b>\$ 10,545,832</b>	<b>\$5,389,309,310</b>	<b>\$ 276,417,565</b>	<b>\$7,484,857,524</b>	<b>\$ 106,880,067</b>	<b>\$ 15,280,079,354</b>	<b>4,473</b>	<b>4,111.88</b>
% Change from 2011-13 Leg Approved Budget	18.6%	1.5%	136.5%	-91.7%	45.1%	-0.2%	21.6%		
% Change from 2013-15 Current Service Level	-24.4%	-8.1%	417.0%	-92.8%	10.9%	-0.2%	6.1%		

\*Excludes Capital Construction Expenditures

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**HB 5030-A**

**Oregon Health Authority - Medical Assistance Programs**

Kate Nass -- 503-378-3742

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 869,525,687	\$ 0	\$ 1,900,947,628	\$ 0	\$ 4,087,351,900	\$ 0	\$ 6,857,825,215	449	428.96
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 1,695,593,933	\$ 0	\$ 683,803,307	\$ 0	\$ 5,897,825,591	\$ 0	\$ 8,277,222,831	499	490.73
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
Package 081: May 2012 E-Board	\$ (841,902)	\$ 0	\$ (31,839)	\$ 0	\$ (792,902)	\$ 0	\$ (1,666,643)	(12)	(11.88)
Package 090: Analyst Adjustments									
Continue current hospital assessment	\$ (361,000,000)	\$ 0	\$ 600,000,000	\$ 0	\$ 322,000,000	\$ 0	\$ 561,000,000		
Additional 1% hospital assessment-Quality Performance Pool	\$ 0	\$ 0	\$ 145,000,000	\$ 0	\$ 230,000,000	\$ 0	\$ 375,000,000		
OHP Standard "new ly eligible"-100% Federal Funds	\$ (185,000,000)	\$ 0	\$ 0	\$ 0	\$ 185,000,000	\$ 0	\$ 0		
Increase Tobacco Master Settlement funding	\$ (86,100,000)	\$ 0	\$ 86,100,000	\$ 0	\$ 0	\$ 0	\$ 0		
Add Health System Transformation Pool	\$ 30,000,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,000,000		
Continue physical health Preferred Drug List Savings from ACA for Breast & Cervical Cancer Pgm	\$ (4,500,000)	\$ 0	\$ 0	\$ 0	\$ (11,017,241)	\$ 0	\$ (15,517,241)		
Package 092: PERS Taxation Policy	\$ (75,527)	\$ 0	\$ (6,299)	\$ 0	\$ (92,096)	\$ 0	\$ (173,922)		
Package 093: Other PERS Adjustments	\$ (603,496)	\$ 0	\$ (50,333)	\$ 0	\$ (735,888)	\$ 0	\$ (1,389,717)		
Package 094: December 2012 Rebalance	\$ (58,281,612)	\$ 0	\$ 368,781,536	\$ 0	\$ 385,958,721	\$ 0	\$ 696,458,645	8	8.00
Package 201: APD program transfer to OHA	\$ 125,761,280	\$ 0	\$ 0	\$ 0	\$ 218,620,495	\$ 0	\$ 344,381,775		
Package 810: LFO Analyst Adjustments									
Caseload Adjustments (Spring 2013 forecast)	\$ 17,241,544	\$ 0	\$ 3,683,746	\$ 0	\$ (775,717,091)	\$ 0	\$ (754,791,801)		
Primary care rate change	\$ 2,400,000	\$ 0	\$ 0	\$ 0	\$ 114,100,000	\$ 0	\$ 116,500,000		
Outreach grants from CoverOregon	\$ 0	\$ 0	\$ 719,914	\$ 0	\$ 0	\$ 0	\$ 719,914	6	6.00
Tobacco tax forecast adjustment	\$ (1,554,411)	\$ 0	\$ 1,554,411	\$ 0	\$ 0	\$ 0	\$ 0		
CHIPRA Bonus	\$ (25,782,855)	\$ 0	\$ 0	\$ 0	\$ 25,782,855	\$ 0	\$ 0		
FMAP rate change	\$ (10,561,026)	\$ 0	\$ (322,364)	\$ 0	\$ 10,883,390	\$ 0	\$ 0		
Reduction in estimated amount of claw back charge	\$ (5,400,000)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (5,400,000)		
Cost allocation charges to CoverOregon	\$ 4,900,000	\$ 0	\$ 0	\$ 0	\$ 4,900,000	\$ 0	\$ 9,800,000		
Reduce call center staffing	\$ (1,000,000)	\$ 0	\$ 0	\$ 0	\$ (1,000,000)	\$ 0	\$ (2,000,000)	(14)	(14.00)
Transfer of HKC to OHP (HB 2091)	\$ 10,244,021	\$ 0	\$ 0	\$ 0	\$ 29,195,318	\$ 0	\$ 39,439,339	1	1.00
Eliminate FHIA P, transfer clients to OHP (HB 2240)	\$ 2,277,275	\$ 0	\$ 0	\$ 0	\$ 42,959,787	\$ 0	\$ 45,237,062		
Use of carryover tobacco tax revenue	\$ (4,000,000)	\$ 0	\$ 4,000,000	\$ 0	\$ 0	\$ 0	\$ 0		
Technical adjustments and transfers	\$ 1,447,438	\$ 0	\$ 30,281	\$ 0	\$ 359,421	\$ 0	\$ 1,837,140	10	10.00
<b>TOTAL ADJUSTMENTS</b>	<b>\$ (552,766,863)</b>	<b>\$ 0</b>	<b>\$ 1,209,067,311</b>	<b>\$ 0</b>	<b>\$ 775,751,140</b>	<b>\$ 0</b>	<b>\$ 1,432,051,588</b>	<b>-1</b>	<b>-0.88</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 1,142,827,070</b>	<b>\$ 0</b>	<b>\$ 1,892,870,618</b>	<b>\$ 0</b>	<b>\$ 6,673,576,731</b>	<b>\$ 0</b>	<b>\$ 9,709,274,419</b>	<b>498</b>	<b>489.85</b>

% Change from 2011-13 Leg Approved Budget	31.4%	0.0%	-0.4%	0.0%	63.3%	0.0%	41.6%
% Change from 2013-15 Current Service Level	-32.6%	0.0%	176.8%	0.0%	13.2%	0.0%	17.3%

\*Excludes Capital Construction Expenditures

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**HB 5030-A**

**Oregon Health Authority - Public Employees' Benefit Board**  
**Dustin Ball -- 503-378-3119**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 0	\$ 0	\$ 8,715,361	\$ 1,405,241,260	\$ 0	\$ 0	\$ 1,413,956,621	19	18.50
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 0	\$ 0	\$ 9,248,755	\$ 1,752,335,080	\$ 0	\$ 0	\$ 1,761,583,835	20	19.50
2013-15 CSL Adjustment	\$ 0	\$ 0	\$ 0	\$ (40,000,000)	\$ 0	\$ 0	\$ (40,000,000)	0	0.00
2013-15 Revised CSL	\$ 0	\$ 0	\$ 9,248,755	\$ 1,712,335,080	\$ 0	\$ 0	\$ 1,721,583,835	20	19.50
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
Package 092: PERS Taxation Policy	\$ 0	\$ 0	\$ (10,467)	\$ 0	\$ 0	\$ 0	\$ (10,467)		
Package 093: Other PERS Adjustments	\$ 0	\$ 0	\$ (83,633)	\$ 0	\$ 0	\$ 0	\$ (83,633)		
Package 094: December 2012 Rebalance	\$ 0	\$ 0	\$ 0	\$ 26,000,000	\$ 0	\$ 0	\$ 26,000,000		
Package 810: LFO Analyst Adjustments									
Reprojection & Capping of expenditure growth	\$ 0	\$ 0	\$ 0	\$ (206,337,689)	\$ 0	\$ 0	\$ (206,337,689)		
Switch Non-limited to Limited expenditures	\$ 0	\$ 0	\$ 1,531,997,391	\$ (1,531,997,391)	\$ 0	\$ 0	\$ 0		
<b>TOTAL ADJUSTMENTS</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,531,903,291</b>	<b>\$ (1,712,335,080)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (180,431,789)</b>	<b>0</b>	<b>0.00</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,541,152,046</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,541,152,046</b>	<b>20</b>	<b>19.50</b>
% Change from 2011-13 Leg Approved Budget	0.0%	0.0%	17583.2%	-100.0%	0.0%	0.0%	9.0%		
% Change from 2013-15 Current Service Level	0.0%	0.0%	16563.3%	-100.0%	0.0%	0.0%	-12.5%		

\*Excludes Capital Construction Expenditures

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**HB 5030-A**

**Oregon Health Authority - Oregon Educators' Benefit Board**  
**Dustin Ball -- 503-378-3119**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 0	\$ 0	\$ 10,886,968	\$ 1,459,320,100	\$ 0	\$ 0	\$ 1,470,207,068	25	22.75
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 0	\$ 0	\$ 10,690,359	\$ 1,628,294,000	\$ 0	\$ 0	\$ 1,638,984,359	21	21.00
2013-15 CSL Adjustment	\$ 0	\$ 0	\$ 0	\$ (85,320,000)	\$ 0	\$ 0	\$ (85,320,000)	0	0.00
2013-15 Revised CSL	\$ 0	\$ 0	\$ 10,690,359	\$ 1,542,974,000	\$ 0	\$ 0	\$ 1,553,664,359	21	21.00
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
Package 092: PERS Taxation Policy	\$ 0	\$ 0	\$ (10,412)	\$ 0	\$ 0	\$ 0	\$ (10,412)		
Package 093: Other PERS Adjustments	\$ 0	\$ 0	\$ (83,197)	\$ 0	\$ 0	\$ 0	\$ (83,197)		
Package 094: December 2012 Rebalance	\$ 0	\$ 0	\$ 961,224	\$ 85,320,000	\$ 0	\$ 0	\$ 86,281,224	3	3.00
Package 810: LFO Analyst Adjustments									
Switch Non-limited to Limited expenditures	\$ 0	\$ 0	\$ 1,628,294,000	\$ (1,628,294,000)	\$ 0	\$ 0	\$ 0		
<b>TOTAL ADJUSTMENTS</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,629,161,615</b>	<b>\$ (1,542,974,000)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 86,187,615</b>	<b>3</b>	<b>3.00</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,639,851,974</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,639,851,974</b>	<b>24</b>	<b>24.00</b>
% Change from 2011-13 Leg Approved Budget	0.0%	0.0%	14962.5%	-100.0%	0.0%	0.0%	11.5%		
% Change from 2013-15 Current Service Level	0.0%	0.0%	15239.5%	-100.0%	0.0%	0.0%	0.1%		

\*Excludes Capital Construction Expenditures



**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**HB 5030-A**

**Oregon Health Authority - Office of Private Health Partnerships**  
**Dustin Ball -- 503-378-3119**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 7,002,275	\$ 0	\$ 73,049,970	\$ 411,670,261	\$ 313,391,459	\$ 0	\$ 805,113,965	43	42.36
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 38,183,853	\$ 0	\$ 52,061,803	\$ 411,670,261	\$ 234,587,910	\$ 0	\$ 736,503,827	61	59.75
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
Package 090: Eliminate portions of FHIAP, OMIP, FMIP	\$ (11,619,748)	\$ 0	\$ (29,063,664)	\$ (178,585,131)	\$ (110,121,849)	\$ 0	\$ (329,390,392)		
Package 092: PERS Taxation Policy	\$ (7,137)	\$ 0	\$ (5,843)	\$ 0	\$ (10,169)	\$ 0	\$ (23,149)		
Package 093: Other PERS Adjustments	\$ (57,029)	\$ 0	\$ (46,689)	\$ 0	\$ (81,255)	\$ 0	\$ (184,973)		
Package 094: December 2012 Rebalance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 54,262,291	\$ 0	\$ 54,262,291		
Package 810: LFO Analyst Adjustments									
Transfer of HKC to OHP (HB 2091)	\$ (22,100,723)	\$ 0	\$ 41,738	\$ 0	\$ (59,684,426)	\$ 0	\$ (81,743,411)	(3)	(17.81)
Eliminate FHIAP; transfer clients to OHP (HB 2240)	\$ (2,514,368)	\$ 0	\$ (65,778)	\$ 0	\$ (2,543,507)	\$ 0	\$ (5,123,653)	0	(22.50)
Eliminate OMIP; establish Reinsurance (HB 3458)	\$ 0	\$ 0	\$ (133,067)	\$ 3,332,435	\$ 0	\$ 0	\$ 3,199,368	4	(3.02)
Eliminate Information, Education and Outreach	\$ (140,000)	\$ 0	\$ (85,000)	\$ 0	\$ 0	\$ 0	\$ (225,000)	0	(0.75)
<b>TOTAL ADJUSTMENTS</b>	<b>\$ (36,439,005)</b>	<b>\$ 0</b>	<b>\$ (29,358,303)</b>	<b>\$ (175,252,696)</b>	<b>\$ (118,178,915)</b>	<b>\$ 0</b>	<b>\$ (359,228,919)</b>	<b>1</b>	<b>-44.08</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 1,744,848</b>	<b>\$ 0</b>	<b>\$ 22,703,500</b>	<b>\$ 236,417,565</b>	<b>\$ 116,408,995</b>	<b>\$ 0</b>	<b>\$ 377,274,908</b>	<b>62</b>	<b>15.67</b>
% Change from 2011-13 Leg Approved Budget	-75.1%	0.0%	-68.9%	-42.6%	-62.9%	0.0%	-53.1%		
% Change from 2013-15 Current Service Level	-95.4%	0.0%	-56.4%	-42.6%	-50.4%	0.0%	-48.8%		

\*Excludes Capital Construction Expenditures

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**HB 5030-A**

**Oregon Health Authority - Addictions & Mental Health**  
**Kate Nass -- 503-378-3742**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 660,110,475	\$ 10,388,614	\$ 47,823,010	\$ 0	\$ 280,940,716	\$ 0	\$ 999,262,815	2,334	2,316.99
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 720,853,475	\$ 11,479,452	\$ 45,568,906	\$ 0	\$ 183,129,459	\$ 0	\$ 961,031,292	2,306	2,298.22
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
Package 070: Revenue Reductions	\$ 0	\$ 0	\$ (332,811)	\$ 0	\$ 0	\$ 0	\$ (332,811)	(1)	(1.00)
Package 081: May 2012 E-Board	\$ (2,824,075)	\$ 0	\$ (173,860)	\$ 0	\$ (372,646)	\$ 0	\$ (3,370,581)	(17)	(16.50)
Package 090: Analyst Adjustments									
Continue current non-direct care reductions at OSH	\$ (9,697,920)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (9,697,920)		
Close Blue Mountain Recover Center 1/1/2014	\$ (12,853,099)	\$ 0	\$ (2,353,423)	\$ 0	\$ (860,893)	\$ 0	\$ (16,067,415)		
Close on geropsychiatric ward at OSH	\$ (8,839,080)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (8,839,080)	(43)	(43.00)
Restructure pharmacy operations at OSH	\$ (3,000,000)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (3,000,000)		
Eliminate provider rate increases	\$ (8,448,361)	\$ (230,863)	\$ (620,544)	\$ 0	\$ (5,688,113)	\$ 0	\$ (14,987,881)		
Reduce Lottery to May 2013 revenue forecast	\$ 0	\$ (679,478)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (679,478)		
Package 092: PERS Taxation Policy	\$ (894,362)	\$ (2,589)	\$ (41,760)	\$ 0	\$ (76,437)	\$ 0	\$ (1,015,148)		
Package 093: Other PERS Adjustments	\$ (7,146,378)	\$ (20,690)	\$ (333,681)	\$ 0	\$ (610,767)	\$ 0	\$ (8,111,516)		
Package 094: December 2012 Rebalance	\$ (1,225,822)	\$ 0	\$ 0	\$ 0	\$ 100,207,846	\$ 0	\$ 98,982,024		
Package 403: OSH Replacement Project	\$ 2,748,509	\$ 0	\$ (454,441)	\$ 0	\$ (38,563)	\$ 0	\$ 2,255,505	278	17.17
Package 404: Strengthen Community Mental/A&D Systems									
Early Assessment and Support Alliance (EASA)	\$ 1,790,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,790,000		
Supported housing/peer delivered services	\$ 4,210,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,210,000		
Supported employment	\$ 1,500,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,500,000		
Package 810: LFO Analyst Adjustments									
Caseload Adjustments (Spring 2013 forecast)	\$ (25,469,543)	\$ 0	\$ 0	\$ 0	\$ (12,627,564)	\$ 0	\$ (38,097,107)		
FMAP rate change	\$ (625,840)	\$ 0	\$ 0	\$ 0	\$ 625,840	\$ 0	\$ 0		
Invest in community mental health system	\$ 26,600,000	\$ 0	\$ 0	\$ 0	\$ 9,400,000	\$ 0	\$ 36,000,000		
Reduce "reinvested" dollars to pay for capacity	\$ (9,900,000)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (9,900,000)		
Invest in children's mental health services	\$ 20,000,000	\$ 0	\$ 0	\$ 0	\$ 6,400,000	\$ 0	\$ 26,400,000	4	4.00
Include "reinvested" dollars in childrens' mental health	\$ (7,500,000)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (7,500,000)		
Reduce overtime & non-direct care staffing at OSH	\$ (7,000,000)	\$ 0	\$ (272,659)	\$ 0	\$ 0	\$ 0	\$ (7,272,659)	(10)	(10.00)
Technical adjustments and transfers	\$ (2,395,687)	\$ 0	\$ (154,005)	\$ 0	\$ (540,833)	\$ 0	\$ (3,090,525)	(12)	(12.00)
<b>TOTAL ADJUSTMENTS</b>	<b>\$ (50,971,658)</b>	<b>\$ (933,620)</b>	<b>\$ (4,737,184)</b>	<b>\$ 0</b>	<b>\$ 95,817,870</b>	<b>\$ 0</b>	<b>\$ 39,175,408</b>	<b>199</b>	<b>(61.33)</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 669,881,817</b>	<b>\$ 10,545,832</b>	<b>\$ 40,831,722</b>	<b>\$ 0</b>	<b>\$ 278,947,329</b>	<b>\$ 0</b>	<b>\$ 1,000,206,700</b>	<b>2,505</b>	<b>2,236.89</b>

% Change from 2011-13 Leg Approved Budget	1.5%	1.5%	-14.6%	0.0%	-0.7%	0.0%	0.1%
% Change from 2013-15 Current Service Level	-7.1%	-8.1%	-10.4%	0.0%	52.3%	0.0%	4.1%

\*Excludes Capital Construction Expenditures

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**HB 5030-A**

**Oregon Health Authority - Public Health**  
**Dustin Ball -- 503-378-3119**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 34,410,315	\$ 0	\$ 77,503,193	\$ 40,000,000	\$ 255,979,822	\$ 102,729,051	\$ 510,622,381	706	686.82	
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 39,210,011	\$ 0	\$ 82,039,976	\$ 40,000,000	\$ 260,312,432	\$ 102,729,051	\$ 524,291,470	699	685.32	
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>										
Package 081: May 2012 E-Board	\$ (184,720)	\$ 0	\$ (150,348)	\$ 0	\$ (318,540)	\$ 0	\$ (653,608)	(3)	(3.00)	
Package 092: PERS Taxation Policy	\$ (26,003)	\$ 0	\$ (95,545)	\$ 0	\$ (192,829)	\$ 0	\$ (314,377)	\$ 0	\$ 0	
Package 093: Other PERS Adjustments	\$ (207,777)	\$ 0	\$ (763,450)	\$ 0	\$ (1,540,799)	\$ 0	\$ (2,512,026)	\$ 0	\$ 0	
Package 094: December 2012 Rebalance	\$ 0	\$ 0	\$ (42,877)	\$ 0	\$ 11,101,871	\$ 0	\$ 11,058,994	11	5.89	
Package 810: LFO Analyst Adjustments										
Tobacco Tax Forecast Adjustment (May 2013)	\$ 0	\$ 0	\$ (48,000)	\$ 0	\$ -	\$ 0	\$ (48,000)	\$ 0	\$ 0	
Excess 2013-15 ending balance for CCare	\$ (1,300,000)	\$ 0	\$ 0	\$ 0	\$ (11,700,000)	\$ 0	\$ (13,000,000)	\$ 0	\$ 0	
CCare saving from ACA expansion	\$ (1,000,000)	\$ 0	\$ 0	\$ 0	\$ (9,000,000)	\$ 0	\$ (10,000,000)	\$ 0	\$ 0	
Replace GF with OF in CCare	\$ (1,500,000)	\$ 0	\$ 1,500,000	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ 0	
Tobacco Master Settlement revenues for tobacco prevention, education and cessation programs	\$ 0	\$ 0	\$ 4,000,000	\$ 0	\$ 0	\$ 0	\$ 4,000,000	\$ 0	\$ 0	
Technical adjustments and transfers	\$ (56,093)	\$ 0	\$ (151,818)	\$ 0	\$ 0	\$ 0	\$ (207,911)	\$ 0	\$ 0	
<b>TOTAL ADJUSTMENTS</b>	<b>\$ (4,274,593)</b>	<b>\$ 0</b>	<b>\$ 4,247,962</b>	<b>\$ 0</b>	<b>\$ (11,650,297)</b>	<b>\$ 0</b>	<b>\$ (11,676,928)</b>	<b>8</b>	<b>2.89</b>	
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 34,935,418</b>	<b>\$ 0</b>	<b>\$ 86,287,938</b>	<b>\$ 40,000,000</b>	<b>\$ 248,662,135</b>	<b>\$ 102,729,051</b>	<b>\$ 512,614,542</b>	<b>707</b>	<b>688.21</b>	
% Change from 2011-13 Leg Approved Budget	1.5%	0.0%	11.3%	0.0%	-2.9%	0.0%	0.4%			
% Change from 2013-15 Current Service Level	-10.9%	0.0%	5.2%	0.0%	-4.5%	0.0%	-2.2%			

\*Excludes Capital Construction Expenditures

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**HB 5030-A**

**Oregon Health Authority - Central, Shared Services, State Assessments & Enterprise-wide Costs**  
**Kate Nass -- 503-378-3742**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 126,009,372	\$ 0	\$ 159,946,414	\$ 0	\$ 221,696,288	\$ 4,374,411	\$ 512,026,485	532	482.66	
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 167,031,701	\$ 0	\$ 158,935,129	\$ 0	\$ 171,537,819	\$ 4,374,411	\$ 501,879,060	595	581.98	
<b><u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u></b>										
Pkg 081: May 2012 EBoard actions	\$ 0	\$ 0	\$ (454,553)	\$ 0	\$ 0	\$ 0	\$ (454,553)	(2)	(2.00)	
Pkg 090: Analyst adjustments										
Administrative reductions - hold vacancies/S&S	\$ (2,060,415)	\$ 0	\$ (231,075)	\$ 0	\$ (1,540,984)	\$ 0	\$ (3,832,474)			
Funding for Patient Safety Commission	\$ 1,600,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,600,000			
Pkg 091: Statewide administrative savings	\$ (2,090,200)	\$ 0	\$ (5,658,403)	\$ 0	\$ (1,701,861)	\$ 0	\$ (9,450,464)			
Pkg 092: PERS taxation policy	\$ (35,935)	\$ 0	\$ (258,799)	\$ 0	\$ (33,965)	\$ 0	\$ (328,699)			
Pkg 093: Other PERS adjustments	\$ (287,135)	\$ 0	\$ (2,067,925)	\$ 0	\$ (271,400)	\$ 0	\$ (2,626,460)			
Pkg 094: December 2012 EBoard	\$ (8,570,075)	\$ 0	\$ (1,028,000)	\$ 0	\$ 7,306,676	\$ 0	\$ (2,291,399)	30	29.00	
Pkg 401: PC & Network Infrastructure Investments	\$ 666,667	\$ 0	\$ 2,359,143	\$ 0	\$ 666,667	\$ 0	\$ 3,692,477	12	10.56	
Pkg 402: Health Systems Transformation	\$ 2,115,946	\$ 0	\$ (311,665)	\$ 0	\$ 1,662,916	\$ 0	\$ 3,467,197	2	2.00	
Pkg 403: OSH Replacement Project Next Phase	\$ 78,345	\$ 0	\$ 7,547,022	\$ 0	\$ 0	\$ 0	\$ 7,625,367	3	0.80	
Pkg 406: Health Information Technology	\$ 1,004,489	\$ 0	\$ 0	\$ 0	\$ 999,683	\$ 0	\$ 2,004,172	11	9.42	
Pkg 810: LFO Analyst Adjustments										
True-up cost allocation/rent	\$ 2,302,737	\$ 0	\$ (346,862)	\$ 0	\$ (1,624,029)	\$ 0	\$ 331,846			
Eliminate remaining limitation/positions for HIX IT	\$ 0	\$ 0	\$ (9,920,600)	\$ 0	\$ (9,920,600)	\$ 0	\$ (19,841,200)	(48)	(48.00)	
Add limitation/positions for on-going IT needs	\$ 0	\$ 0	\$ 16,739,148	\$ 0	\$ 0	\$ 0	\$ 16,739,148	52	52.00	
Update debt service (including sequestration)	\$ (80,565)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (223,395)	\$ (303,960)			
Technical adjustments and transfers	\$ 1,004,343	\$ 0	\$ 308,952	\$ 0	\$ 181,412	\$ 0	\$ 1,494,707	2	2.00	
<b>TOTAL ADJUSTMENTS</b>	<b>\$ (4,351,798)</b>	<b>\$ 0</b>	<b>\$ 6,676,383</b>	<b>\$ 0</b>	<b>\$ (4,275,485)</b>	<b>\$ (223,395)</b>	<b>\$ (2,174,295)</b>	<b>62</b>	<b>55.78</b>	
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 162,679,903</b>	<b>\$ 0</b>	<b>\$ 165,611,512</b>	<b>\$ 0</b>	<b>\$ 167,262,334</b>	<b>\$ 4,151,016</b>	<b>\$ 499,704,765</b>	<b>657</b>	<b>637.76</b>	
% Change from 2011-13 Leg Approved Budget	29.1%	0.0%	3.5%	0.0%	-24.6%	-5.1%	-2.4%			
% Change from 2013-15 Current Service Level	-2.6%	0.0%	4.2%	0.0%	-2.5%	-5.1%	-0.4%			

\*Excludes Capital Construction Expenditures

## Legislatively Approved 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 Approved 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 Approved 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 Approved 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:**

Approved the LFO recommendation.