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# MEMORANDUM

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**To:** Human Services Subcommittee

**From:** Linda Ames, Legislative Fiscal Office  
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**Date:** June 9, 2015

**Subject:** SB 5526: Oregon Health Authority – Medical Assistance Programs  
Work Session Recommendations

## Oregon Health Authority – Medical Assistance Programs

	2011-13 Actual	2013-15 Legislatively Approved	2015-17 Current Service Level	2015-17 LFO Recommended
General Fund	850,961,311	1,001,520,202	1,852,327,029	1,101,730,078
Other Funds	1,878,229,292	2,180,918,663	886,015,451	1,890,979,987
Federal Funds	4,096,613,488	8,760,150,153	8,909,693,375	10,692,310,560
<b>Total Funds</b>	<b>\$6,825,804,091</b>	<b>\$11,942,589,018</b>	<b>\$11,648,035,855</b>	<b>\$13,685,020,625</b>
Positions	397	498	528	516
FTE	387.71	489.85	519.85	507.35

Attached are the recommendations from the Legislative Fiscal Office for the Oregon Health Authority – Medical Assistance Programs (MAP). The LFO recommended total funds budget is 14.6% higher than the 2013-15 legislatively approved budget. This is primarily the result of the continuation of the Affordable Care Act expansion of health coverage under Medicaid to all persons under 138% of the federal poverty level. The General Fund budget is 10.0% higher than the 2013-15 budget. The recommended budget contains the following:

- Continues to cap cost increases at 3.4% per person per year.
- Continues the hospital assessment per HB 2395, and utilizes a total of \$145 million of hospital assessment expected to be left over at the end of the current biennium.
- General Fund savings from the Spring 2015 caseload forecast, federal match rate changes, the May tobacco tax forecast, and additional drug rebate revenues for a total of \$131 million.
- Cost of the MAGI Transfer Project and eligibility staff required to continue the hybrid process of enrolling members and doing redeterminations.
- Partially restores dental benefits that were reduced in 2010 and 2012.

## **Adjustments to Current Service Level:**

See attached "SB 5526 Work Session" spreadsheet dated 6/9/15.

LFO recommends the Subcommittee approve a 2015-17 OHA Medical Assistance Programs preliminary budget of:

\$ 1,101,730,078	General Fund
\$ 1,890,979,987	Other Funds
\$10,692,310,560	Federal Funds

516 Positions  
507.35 FTE

## ***Accept LFO Recommendation***

*Move the LFO preliminary budget recommendations to SB 5526.*

## **Performance Measures**

All agency performance measures will be presented for approval as part of the final action on the OHA budget.

## **Recommended Changes to Appropriation Bill:**

The Medical Assistance Programs budget is part of SB 5526, which is the budget bill for the entire Oregon Health Authority. The recommended amendments to SB 5526 will be presented after work sessions are completed on all parts of the budget.

**OREGON HEALTH AUTHORITY: MEDICAL ASSISTANCE PROGRAMS**

**2015-17 RECOMMENDED BUDGET**

	GEN FUND	LOTTERY	OTHER	FEDERAL	NL Other Funds	NL Fed Funds	Total Funds	POS	FTE	Comments
<b>2013-15 Legislatively Approved Budget (As of May 2015)</b>	1,001,520,202	-	2,180,918,663	8,760,150,153	-	-	11,942,589,018	498	489.85	
<b>2015-17 Current Service Level Estimate</b>	1,852,327,029	-	886,015,451	8,909,693,375	-	-	11,648,035,855	528	519.85	
<b>2015-17 Governor's Budget</b>	1,217,143,114	-	1,956,882,370	10,003,650,030	-	-	13,177,675,514	527	518.85	
<b>2015-17 LFO RECOMMENDED BUDGET</b>	1,101,730,078	-	1,890,979,987	10,692,310,560	-	-	13,685,020,625	516	507.35	

**2015-17 WORKING BUDGET ADJUSTMENTS DETAIL**

1	<b>2015-17 Current Service Level Estimate</b>	1,852,327,029	-	886,015,451	8,909,693,375	-	-	11,648,035,855	528	519.85	
2	<b>LFO Recommendations of Existing Packages</b>										
3	Pkg 082: December 2014 EBoard actions										
4	FQHC cost increases/new methodology	6,300,000			16,620,629		22,920,629				
5	Health insurer fee increase	4,616,550			19,253,924		23,870,474				
6	Cost per case impact	(31,000,287)		(17,789,055)	(168,569,079)		(217,358,421)				
7	Transfers	3,413,405		131,024	38,116,021		41,660,450	(1)	(1.00)		
8	Pkg 090: Analyst adjustments										
9	Continue hospital assessment	(400,100,000)		854,130,207	1,218,806,449		1,672,836,656				SB 2395
10	Hospital assessment split transformation pool	(68,000,000)		68,000,000			-				
11	Use carryover hospital assessment	(125,000,000)		125,000,000			-				
12	Use all Tobacco Master Settlement Agreement (TMSA)	(13,000,000)		13,000,000			-				
13	IMD increased match - A&D residential	(2,000,000)			2,000,000		-				
14	Fund Psychiatric Emergency Services	263,000			737,000		1,000,000				
15											
16	<b>Other Recommended Adjustments</b>										
17	Pkg 801: LFO Analyst Adjustments										
18	TMSA adjustments	35,240,000		(35,240,000)			-				Includes transfers for tobacco/PE
19	MAGI Transfer Project/eligibility staff	12,444,201			67,610,638		80,054,839				
20	Caseload forecast - Spring 2015	(83,900,460)		(13,826,338)	539,336,613		441,609,815				
21	Additional drug rebate revenue	(10,000,000)		10,000,000			-				
22	FMAP match rate change	(22,915,342)			22,915,342		-				
23	Additional hospital assessment carryforward	(20,000,000)		20,000,000			-				
24	Add'l OF revenue, including hospital assess, drug rebate	(26,000,000)		26,000,000			-				Rate will float from 5.3% base rate
25	Partially restore dental benefits	3,919,181			29,990,506		33,909,687				
26	Three add'l FQHCs to alternative payment methodology	1,103,000			3,215,000		4,318,000				Moves 3 to APM July 1, 2015
27	Tobacco tax forecast - May 2015	(14,088,000)		14,088,000			-				
28	Technical adjustments and transfers	(1,916,225)		(58,529,976)	(7,438,905)		(67,885,106)	(11)	(11.50)		Moves CareAssist to Public Health
29	Adjustment to CSL for Attorney General rates	24,026		674	23,047		47,747				End of Session bill will adjust
30											
31	<b>Total Adjustments from CSL</b>	<b>(750,596,951)</b>	<b>-</b>	<b>1,004,964,536</b>	<b>1,782,617,185</b>	<b>-</b>	<b>2,036,984,770</b>	<b>(12)</b>	<b>(13)</b>		
32											
33	<b>TOTAL 2015-17 Recommended Budget</b>	<b>1,101,730,078</b>	<b>-</b>	<b>1,890,979,987</b>	<b>10,692,310,560</b>	<b>-</b>	<b>13,685,020,625</b>	<b>516</b>	<b>507.35</b>		
34											
35	<b>Change from 2013-15 Approved</b>	<b>100,209,876</b>	<b>-</b>	<b>(289,938,676)</b>	<b>1,932,160,407</b>	<b>-</b>	<b>1,742,431,607</b>	<b>18</b>	<b>17.50</b>		
36	<b>Change from 2015-17 CSL Estimate</b>	<b>(750,596,951)</b>	<b>-</b>	<b>1,004,964,536</b>	<b>1,782,617,185</b>	<b>-</b>	<b>2,036,984,770</b>	<b>(12)</b>	<b>(12.50)</b>		
37	<b>Change from 2015-17 Governor's Budget</b>	<b>(115,413,036)</b>	<b>-</b>	<b>(65,902,383)</b>	<b>688,660,530</b>	<b>-</b>	<b>507,345,111</b>	<b>(11)</b>	<b>(11.50)</b>		

	GEN FUND	LOTTERY	OTHER	FEDERAL	NL Other Funds	NL Fed Funds	Total Funds	POS	FTE	Comments
38										
39	% Change from 2013-15 Approved	10.0%	-13.3%	22.1%			14.6%	3.6%	3.6%	
40	% Change from 2015-17 CSL Estimate	-40.5%	113.4%	20.0%			17.5%	-2.3%	-2.4%	
41	% Change from 2015-17 Governor's Budget	-9.5%	-3.4%	6.9%			3.9%	-2.1%	-2.2%	