

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: HB 2393 - A3**Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session  
Legislative Fiscal Office***Only Impacts on Original or Engrossed  
Versions are Considered Official***Prepared by: Kim To  
Reviewed by: Laurie Byerly, Linda Ames, Steve Bender  
Date: 6/17/2015**Measure Description:**

Requires Oregon State Lottery to hold lottery prize in excess of \$600 that is owed to person that has not repaid overpayment of public assistance or medical assistance benefits.

**Government Unit(s) Affected:**

Department of Human Services (DHS), Oregon Health Authority (OHA), Oregon State Lottery

**Summary of Expenditure Impact:**

	<b>2015-17 Biennium</b>	<b>2017-19 Biennium</b>
<b>EXPENDITURES</b>		
General Fund	\$105,762	\$24,012
Federal Funds	99,138	17,388
<b>Total Expenditures</b>	<b>\$204,900</b>	<b>\$41,400</b>
<b>REVENUES</b>		
State Share	\$27,042	\$27,042
Federal Share	182,910	182,910
<b>Total Projected Recovered Funds</b>	<b>\$209,952</b>	<b>\$209,952</b>
<b>NET IMPACT</b>	<b>\$5,052</b>	<b>\$168,552</b>

**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 2393 requires the Oregon State Lottery Commission to develop rules to hold lottery prizes in excess of \$600 in order to ascertain if the individuals entitled to these winnings have received an overpayment of assistance for which the Department of Human Services (DHS) or the Oregon Health Authority (OHA) is authorized to, and has issued, a final order for overpayment. The Lottery is required to inform DHS and OHA of these individuals, and to place a hold on these winnings for 30 days, or until DHS or OHA has notified the Lottery that a garnishment proceeding will not be initiated, whichever is shortest. These requirements apply to overpayment of assistance first issued on or after the January 16, 2016 effective date. The bill directs the Lottery, OHA and DHS to enter into an agreement to establish and manage this data exchange. The bill specifies that payment of any past-due child support has priority over the recovery of any overpayment of assistance. The – A3 amendment rewords language regarding overpayment and issuance of final order. The – A3 amendment does not change the fiscal determination.

Note that under current practice, Video Lottery<sup>SM</sup> prizes of up to \$1,250 can be paid directly by Video Lottery<sup>SM</sup> retailers at the retail location. These prizes are generally not paid at Lottery Headquarters, and as such would not be subject to the process specified in the bill.

### Oregon State Lottery

The bill requires the Oregon State Lottery Commission to establish and operate a data match system using automated data exchanges with DHS and OHA to identify individuals who have received an overpayment of assistance for which a final order for overpayment has been issued. Lottery estimates the initial one-time cost to establish this data exchange and match system to be approximately \$163,500 General Funds. This amount includes staff time, programming charges, as well as legal and equipment expenses. Lottery estimates the on-going information technology cost of maintaining the system to be approximately \$19,800 General Fund per biennium. In addition, Lottery estimates that the cost to process the garnishment and remit funds to be approximately \$100 per claim. Based on DHS and OHA projections of 9 claims per month, the claim cost would total \$21,600 General Fund per biennium.

In accordance with the Oregon Constitution, Lottery's administrative funds can only be used for the administration of the lottery. As such, if this bill passes, DHS/OHA will enter into an agreement with Lottery to pay the one-time costs to establish the system, as well as the on-going monthly expense, and the cost per claim.

### Department of Human Services (DHS), Oregon Health Authority (OHA)

The Office of Payment Accuracy and Recovery (OPAR) reports that there is currently a total of \$56,665,083 in overpayments of benefits to 23,419 DHS/OHA clients. Based on July 2010 – June 2012 data from the May 2013 Secretary of State audit of Public Assistance, OPAR extrapolates that there could potentially be 9 data matches to the Lottery system per month at an average of \$972 per claim (\$8,748 per month / \$209,952 per biennium). Based on OPAR's analysis of recovery, 12.88% (27,042) of Total Funds will be attributed to the State, and 87.12% (\$182,910) to Federal recovery.