

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2393**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: 3/11/2015**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:

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

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 public or medical assistance for which the Department of Human Services (DHS) or the Oregon Health Authority (OHA) has a warrant. The Lottery is required to inform DHS and OHA of these individuals, and to place a 30-day hold on these winnings. These requirements apply to overpayment of public and medical 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.

Note that under current practice, Video LotterySM prizes of up to \$1,250 can be paid directly by Video LotterySM 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 public or medical assistance for which a warrant 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 a 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 a 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.

This bill requires budgetary action for the allocation of General Fund.