

**Legislative
Fiscal Office**

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**Joint Committee on
Ways and Means**

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To: Human Services Subcommittee
From: Linda Ames, Legislative Fiscal Office
Date: June 7, 2017
Subject: HB 5026 – Oregon Health Authority - Oregon State Hospital
Work Session Recommendations

Oregon Health Authority – Oregon State Hospital

	2013-15 Actual	2015-17 Legislatively Approved	2017-19 Current Service Level	2017-19 LFO Recommended
General Fund	388,702,108	452,013,672	531,068,904	454,869,747
Other Funds	93,956,584	23,951,824	25,611,323	66,196,851
Federal Funds	45,451,223	49,397,904	35,847,166	35,475,733
Total Funds	\$528,109,915	\$525,363,400	\$592,527,393	\$556,542,331
Positions	2,369	2,269	2,438	2,289
FTE	2,052.74	2,262.90	2,433.32	2,282.95

Attached are the recommendations from the Legislative Fiscal Office for the Oregon Health Authority - Oregon State Hospital. The LFO recommended total funds budget is 5.9% higher than the 2015-17 legislatively approved budget. The General Fund budget has increased only 0.6%, or \$2.9 million, as the hospital continues to generate increasing amounts of Other Funds revenue through Medicare billing. This revenue has been used to reduce the General Fund. The recommended budget includes the following:

- Maintains current capacity at both the Junction City and Salem campuses. Two wards and the three cottages are expected to remain closed at Junction City, while the cottages at Salem will remain closed.
- Package 410: Oregon State Hospital Improvements which includes \$40.5 million of Other Funds revenue that is used to reduce General Fund by \$30.1 million and funds 32 new positions to continue the compliance, billing, and accreditation activities related to continued revenue generation. The increase in Medicare funding results from work the agency has been doing over the last two years to

obtain certification of all hospital-licensed beds with CMS, and to improve billing practices to maximize these revenues.

Adjustments to Current Service Level

See attached “HB 5026 Work Session ” spreadsheet.

Note: Statewide adjustments and six-year capital construction expenditures are not included in these recommendations. Any needed adjustments will be made in end of session bills.

LFO recommends the Subcommittee approve a 2017-19 OHA Oregon State Hospital preliminary budget of:

\$ 454,869,747	General Fund
\$ 66,196,851	Other Funds
\$ 35,475,733	Federal Funds

2,289 Positions
2,282.95 FTE

Accept LFO Recommendation:

MOTION: I move the LFO recommendation to HB 5026. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation to HB 5026, with modifications. (VOTE)

Performance Measures

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

Recommended Changes

The Oregon State Hospital budget is part of HB 5026, which is the budget bill for the entire Oregon Health Authority. The recommended amendments to HB 5026 will be presented after work sessions are completed on all parts of the budget.

**OREGON HEALTH AUTHORITY: OREGON STATE HOSPITAL
2017-19 RECOMMENDED BUDGET**

Includes Capital Improvement	GEN FUND	LOTTERY	OTHER	FEDERAL	NL Other Funds	NL Fed Funds	Total Funds	POS	FTE	Comments
2015-17 Legislatively Approved Budget (As of June 2017)	452,013,672	-	23,951,824	49,397,904	-	-	525,363,400	2,269	2,262.90	
2017-19 Current Service Level	531,068,904	-	25,611,323	35,847,166	-	-	592,527,393	2,438	2,433.32	
2017-19 Governor's Budget	436,573,335	-	66,297,954	34,477,750	-	-	537,349,039	2,369	2,188.57	
2017-19 LFO RECOMMENDED BUDGET	454,869,747	-	66,196,851	35,475,733	-	-	556,542,331	2,289	2,282.95	725,501 Cap Impr

2017-19 WORKING BUDGET ADJUSTMENTS DETAIL

1	2017-19 Current Service Level Estimate	531,068,904	-	25,611,323	35,847,166	-	-	592,527,393	2,438	2,433.32	
2	LFO Recommendations of Existing Packages										
3	Pkg 095: December 2016 EBoard actions	-	-	212,600	-	-	-	212,600	1	1.00	Technical adjustment
4	Pkg 410 Oregon State Hospital Improvements	(30,055,888)	-	40,489,029	-	-	-	10,433,141	32	27.63	
5											
6	Other Recommended Adjustments										
7	Pkg 801: LFO Analyst Adjustments										
8	Junction City - continue closure of 3 cottages and 2 wards	(34,458,324)	-	-	-	-	-	(34,458,324)	(140)	(137.00)	Maintains current capacity
9	Reduced coverage of Collaborative Problem Solving	(4,222,695)	-	-	-	-	-	(4,222,695)	(13)	(13.00)	Maintains base amount: \$3.9 m
10	Maintain closure of two cottages at Salem campus	(6,195,867)	-	-	(371,433)	-	-	(6,567,300)	(29)	(29.00)	
11	Technical adjustments and transfers	(1,266,383)	-	(116,101)	-	-	-	(1,382,484)	-	-	
12											
13	Total Adjustments from CSL	(76,199,157)	-	40,585,528	(371,433)	-	-	(35,985,062)	(149)	(150)	
14											
15	TOTAL 2017-19 Recommended Budget	454,869,747	-	66,196,851	35,475,733	-	-	556,542,331	2,289	2,282.95	
16											
17	Change from 2015-17 Approved	2,856,075	-	42,245,027	(13,922,171)	-	-	31,178,931	20	20.05	
18	Change from 2017-19 CSL Estimate	(76,199,157)	-	40,585,528	(371,433)	-	-	(35,985,062)	(149)	(150.37)	
19	Change from 2017-19 Governor's Budget	18,296,412	-	(101,103)	997,983	-	-	19,193,292	(80)	94.38	
20											
21	% Change from 2015-17 Approved	0.6%		176.4%	-28.2%			5.9%	0.9%	0.9%	
22	% Change from 2017-19 CSL Estimate	-14.3%		158.5%	-1.0%			-6.1%	-6.1%	-6.2%	
23	% Change from 2017-19 Governor's Budget	4.2%		-0.2%	2.9%			3.6%	-3.4%	4.3%	