

**Legislative  
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**To:** Human Services Subcommittee

**From:** Laurie Byerly, Legislative Fiscal Office

**Date:** June 27, 2017

**Subject:** SB 5526 – Department of Human Services - Aging and People with Disabilities  
Work Session Recommendations

**Department of Human Services – Aging and People with Disabilities**

|                    | <b>2013-15<br/>Actual</b> | <b>2015-17<br/>Legislatively<br/>Approved</b> | <b>2017-19<br/>Current Service<br/>Level</b> | <b>2017-19<br/>LFO<br/>Recommended</b> |
|--------------------|---------------------------|---|--|--|
| General Fund       | 733,874,670               | 879,498,369                                   | 1,066,550,927                                | 1,030,457,768                          |
| Other Funds        | 165,026,262               | 206,960,674                                   | 223,197,395                                  | 227,622,469                            |
| Federal Funds      | 1,568,835,684             | 2,006,183,952                                 | 2,299,155,462                                | 2,289,137,989                          |
| <b>Total Funds</b> | <b>\$2,467,736,616</b>    | <b>\$3,092,642,995</b>                        | <b>\$3,588,903,784</b>                       | <b>\$3,547,218,226</b>                 |
| Positions          | 1,167                     | 1,246   | 1,368  | 1,452                                  |
| FTE                | 1,151.76                  | 1,2353.28                                     | 1,357.43                                     | 1,388.21                               |

Attached are the recommendations for the Legislative Fiscal Office (LFO) for the Department of Human Services - Aging and People with Disabilities. The LFO recommended total funds budget is 14.7% higher than the 2015-17 legislatively approved budget; General Fund increases by 17.2%. The total funds budget is less than 1% above the 2017-19 current service level. The recommended budget includes the following key budget actions or components:

- Reshoot adjustments to account for caseload growth and cost per case changes based on the spring 2017 forecast. Savings in Community Based Care (CBC) and In Home programs help offset other costs, including a rate increase specifically for Assisted Living, Residential Care, Memory Care and In-home agency providers at \$17.1 million General Fund (\$56.2 million total funds).
- In the nursing facilities program, \$13.8 million Other Funds from long term care facility assessment carryforward revenues cover most of a reshoot gap of \$15.3 million General Fund (\$49.8 million total funds) to cover caseload increases and set

the nursing facility rate per the statutory methodology. Daily rate for year one rate is set at \$301.70 (7.3% increase) and year two rate estimate is \$320.40.

- To finish the project and move to training/operations for the Centralized Abuse Management (CAM) system, the budget includes \$1.7 million General Fund (plus \$2 million from remaining bond proceeds) and 2 full-time permanent positions (1.50 FTE); an operations/policy analyst and one trainer.
- The budget includes an adjustment to the current service level staffing workload model that shifts position start dates out further into the biennium. Twelve positions are also removed from the model and used to create 6 positions (5.28 FTE) to catch up and keep up with facility surveys and corrective action work.
- The budget plan contains the following reductions or projected cost savings:
  - Eliminates the live in program effective October 1, 2017. The program has been phasing out over the last biennium due to high costs resulting from federal overtime rule changes; reduces the budget by \$4.5 million General Fund (\$14.8 million total funds).
  - To capture an estimated 4% caseload reduction expected to materialize due to strengthening the assessment used to determine an individual's level of service need, reduces the budget by \$10.0 million General Fund (\$31.0 million total funds).
  - A recent time study indicates that task times need to be both increased and decreased but it appears there will be a net reduction in hours authorized once the updated timings are implemented; based on this assumption \$12.5 million General Fund (\$40.5 million total funds) is eliminated.
  - Eliminates the discontinued Home Care Choice program, which reduces the budget by close to \$1 million General Fund (\$16.4 million total funds) and 5 positions (5.00 FTE).

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

See attached "SB 5526 Work Session" spreadsheet.

Note: Statewide adjustments are not included in these recommendations. Any needed adjustments will be made in an omnibus bill at the end of session.

LFO recommends the Subcommittee approve a 2017-19 DHS Aging and People with Disabilities preliminary budget of:

|    |               |               |
|----|---------------|---------------|
| \$ | 1,030,457,768 | General Fund  |
| \$ | 227,622,469   | Other Funds   |
| \$ | 2,289,137,989 | Federal Funds |
|    | 1,452         | Positions     |
|    | 1,388.21      | FTE           |

**Accept** LFO Recommendation:

**MOTION:** I move the LFO recommendation to SB 5526. (VOTE)

**OR**

**Change** LFO Recommendation:

**MOTION:** I move the LFO recommendation to SB 5526, with modifications. (VOTE)

### **Performance Measures**

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

### **Recommended Changes**

The Aging and People with Disabilities Budget is part of SB 5526, which is the budget bill for the entire Department of Human Services. The recommended amendments to SB 5526 will be presented after work sessions are completed on all parts of the budget.

**DEPARTMENT OF HUMAN SERVICES: AGING AND PEOPLE WITH DISABILITIES**  
**SB 5526 WORK SESSION**

|  | GEN FUND      | LOTTERY | OTHER       | FEDERAL       | NL<br>OTHER | NL<br>FEDERAL | TOTAL<br>FUNDS | POS   | FTE      | Comments |
|--|---------------|---------|-------------|---------------|-------------|---------------|----------------|-------|----------|----------|
| <b>2015-17 Legislatively Approved Budget<br/>(As of June 2017)</b> | 879,498,369   | -       | 206,960,674 | 2,006,183,952 | -           | -             | 3,092,642,995  | 1,246 | 1,235.28 |          |
| <b>2017-19 Current Service Level</b>                               | 1,066,550,927 | -       | 223,197,395 | 2,299,155,462 | -           | -             | 3,588,903,784  | 1,368 | 1,357.43 |          |
| <b>2017-19 Governor's Budget</b>                                   | 991,999,727   | -       | 218,311,152 | 2,204,521,559 | -           | -             | 3,414,832,438  | 1,451 | 1,381.93 |          |
| <b>2017-19 LFO RECOMMENDED BUDGET</b>                              | 1,030,457,768 | -       | 227,622,469 | 2,289,137,989 | -           | -             | 3,547,218,226  | 1,452 | 1,388.21 |          |

**2017-19 LFO RECOMMENDED BUDGET ADJUSTMENTS DETAIL**

|    |  |               |   |             |               |   |   |               |       |          |  |
|----|--|---------------|---|-------------|---------------|---|---|---------------|-------|----------|--|
| 1  | <b>2017-19 Current Service Level Estimate</b>      | 1,066,550,927 | - | 223,197,395 | 2,299,155,462 | - | - | 3,588,903,784 | 1,368 | 1,357.43 |  |
| 2  |  |               |   |             |               |   |   |               |       |          |  |
| 3  | <b>LFO Recommendations for Existing Packages</b>   |               |   |             |               |   |   |               |       |          |  |
| 4  | Pkg 095: December 2016 Rebalance                   |               |   |             |               |   |   |               |       |          |  |
| 5  | Move ORLO to APD + other transfers                 | 10,176,299    | - | 1,364,893   | 16,480,931    | - | - | 28,022,123    | 83    | 83.00    | Licensing & compliance back to program         |
| 6  | Pkg 102: Centralized Abuse Management (CAM) System |               |   |             |               |   |   |               |       |          |  |
| 7  | Finish project, training, operations & maintenance | 1,694,922     | - | 2,050,000   | 147,945       | - | - | 3,892,867     | 2     | 1.50     | Ops & Policy + training; bond proceeds balance |
| 8  | <b>Other Recommended Adjustments</b>               |               |   |             |               |   |   |               |       |          |  |
| 9  | Pkg 801: LFO Analyst Adjustments                   |               |   |             |               |   |   |               |       |          |  |
| 10 | Caseload forecast/Cost per case CBC and in Home    | (13,157,570)  | - | -           | (31,248,674)  | - | - | (44,406,244)  | -     | -        | CBC ↓ 1.8%, In Home up but fewer live in       |
| 11 | Caseload forecast/Cost per case Nursing Facilities | 15,312,793    | - | 2,988,834   | 31,512,272    | - | - | 49,813,899    | -     | -        | Caseload ↑ 2.1%, 1st year rate at \$301.70     |
| 12 | Workload model update spring forecast              | 1,596,671     | - | -           | 1,593,483     | - | - | 3,190,154     | 1     | 1.00     | Field and AAA workload                         |
| 13 | FMAP Rate Change                                   | (7,808,676)   | - | (13,518)    | 7,822,194     | - | - | -             | -     | -        | Fed @ 63.53% ↑ from 63.26% estimate            |
| 14 | Reorganization (PDS)                               | 1,903,127     | - | 7,517       | 108,221       | - | - | 2,018,865     | 9     | 9.00     | Information Technology Business Support        |
| 15 | Mass Transit Recentralization                      | (350,387)     | - | (3,165)     | -             | - | - | (353,552)     | -     | -        | Return to SAEC; manage centrally               |
| 16 | Reduce Services & Supplies by 3%                   | (351,488)     | - | (325,064)   | (336,892)     | - | - | (1,013,444)   | -     | -        | 15% Reduction List                             |
| 17 | Vacancy Savings @ 3%                               | (3,047,913)   | - | (21,882)    | (3,892,899)   | - | - | (6,962,694)   | -     | -        | 2% higher than GB level                        |
| 18 | Deny GF backfill for capped federal grants         | (548,791)     | - | -           | -             | - | - | (548,791)     | -     | -        | Manage to available resources                  |
| 19 | Correct CSL for General Assistance                 | (153,350)     | - | -           | 153,350       | - | - | -             | -     | -        | Allowable to charge Medicaid                   |
| 20 | Modify CSL staffing increase                       | (16,684,645)  | - | -           | (12,077,503)  | - | - | (28,762,148)  | -     | (58.00)  | AAA and state staff (116 APD field)            |
| 21 | Further reduce state field staff in CSL            | (570,983)     | - | -           | (569,101)     | - | - | (1,140,084)   | (12)  | (6.00)   | APD field impact only                          |

**DEPARTMENT OF HUMAN SERVICES: AGING AND PEOPLE WITH DISABILITIES**  
**SB 5526 WORK SESSION**

|  | GEN FUND             | LOTTERY  | OTHER              | FEDERAL              | NL<br>OTHER | NL<br>FEDERAL | TOTAL<br>FUNDS       | POS           | FTE             | Comments                                      |
|--|----------------------|----------|--------------------|----------------------|-------------|---------------|----------------------|---------------|-----------------|---|
| 22 Repurpose APD field positions reduced above     | 570,983              | -        | -                  | 569,101              | -           | -             | 1,140,084            | 6             | 5.28            | 4 Survey & 2 Compliance Start 10/1/17         |
| 23 Eliminate live in program; effective 10/1/17    | (4,502,000)          | -        | (41,302)           | (10,290,379)         | -           | -             | (14,833,681)         | -             | -               | Approximately 235 clients still in program    |
| 24 Strengthen assessment                           | (10,000,000)         | -        | -                  | (21,000,000)         | -           | -             | (31,000,000)         | -             | -               | Estimated 4% caseload reduction               |
| 25 Implement new in home algorithm, per time study | (12,500,000)         | -        | -                  | (28,000,000)         | -           | -             | (40,500,000)         | -             | -               | Rolling implementation plan starting 10/1/17  |
| 26 Use provider tax balance to offset NF costs     | (13,854,831)         | -        | 13,854,831         | -                    | -           | -             | -                    | -             | -               | One-time fundshift                            |
| 27 Increase CBC and in home agency rates           | 17,143,417           | -        | -                  | 39,010,478           | -           | -             | 56,153,895           | -             | -               | 5% July 2017 and 2.5% July 2018               |
| 28 Eliminate discontinued Home Care Choice Program | (960,737)            | -        | (15,436,070)       | -                    | -           | -             | (16,396,807)         | (5)           | (5.00)          | Insufficient participation; suspended 1/31/17 |
| 29   |                      |          |                    |                      |             |               |                      |               |                 |   |
| 30 <b>Total adjustments LFO Rec from CSL</b>       | <b>(36,093,159)</b>  | <b>-</b> | <b>4,425,074</b>   | <b>(10,017,473)</b>  | <b>-</b>    | <b>-</b>      | <b>(41,685,558)</b>  | <b>84</b>     | <b>30.78</b>    |   |
| 31   |                      |          |                    |                      |             |               |                      |               |                 |   |
| 32 <b>TOTAL 2013-17 LFO Recommended Budget</b>     | <b>1,030,457,768</b> | <b>-</b> | <b>227,622,469</b> | <b>2,289,137,989</b> | <b>-</b>    | <b>-</b>      | <b>3,547,218,226</b> | <b>1,452</b>  | <b>1,388.21</b> |   |
| 33   |                      |          |                    |                      |             |               |                      |               |                 |   |
| 34 <b>\$ Change from 2015-17 Approved</b>          | <b>150,959,399</b>   | <b>-</b> | <b>20,661,795</b>  | <b>282,954,037</b>   | <b>-</b>    | <b>-</b>      | <b>454,575,231</b>   | <b>206</b>    | <b>152.93</b>   |   |
| 35 <b>% Change from 2015-17 Approved</b>           | <b>17.16%</b>        |          | <b>9.98%</b>       | <b>14.10%</b>        |             |               | <b>14.70%</b>        | <b>16.53%</b> | <b>12.38%</b>   |   |
| 36 <b>\$ Change from 2017-19 CSL Estimate</b>      | <b>(36,093,159)</b>  | <b>-</b> | <b>4,425,074</b>   | <b>(10,017,473)</b>  | <b>-</b>    | <b>-</b>      | <b>(41,685,558)</b>  | <b>84</b>     | <b>30.78</b>    |   |
| 37 <b>% Change from 2017-19 CSL Estimate</b>       | <b>-3.38%</b>        |          | <b>1.98%</b>       | <b>-0.44%</b>        |             |               | <b>-1.16%</b>        | <b>6.14%</b>  | <b>2.27%</b>    |   |
| 38 <b>% Change from 2017-19 Governor's Budget</b>  | <b>38,458,041</b>    | <b>-</b> | <b>9,311,317</b>   | <b>84,616,430</b>    | <b>-</b>    | <b>-</b>      | <b>132,385,788</b>   | <b>1</b>      | <b>6.28</b>     |   |
| 39 <b>% Change from 2017-19 Governor's Budget</b>  | <b>3.88%</b>         |          | <b>4.27%</b>       | <b>3.84%</b>         |             |               | <b>3.88%</b>         | <b>0.07%</b>  | <b>0.45%</b>    |   |