

## Analysis

### Item 26: Department of Human Services

#### Program Risk Mitigation

---

**Analyst:** Laurie Byerly

**Request:** Increase General Fund by \$3,138,271, increase the Other Funds expenditure limitation by \$154,498, increase the Federal Funds expenditure limitation by \$2,519,456, and establish 38 permanent full-time positions (33.19 FTE) to help mitigate program risks.

**Analysis:** Since the 2019 legislative session, the Department of Human Services (DHS) has identified four efforts or initiatives needing additional resources to mitigate potential program risks:

- 1) Provider Time Capture – this information technology project, which will help DHS meet federal requirements around electronic visit verification for Medicaid personal care and home health services, is not expected to be ready by the mandatory January 1, 2021 start date. The agency is requesting 13 positions (13.00 FTE) to ensure the program is implemented on time and to avoid a potential loss of federal funding due to non-compliance.
- 2) Adult Abuse Investigation Due Process – with 12 positions (12.00 FTE), this effort would create a unit to assist individuals facing substantiated abuse findings in receiving notification of those findings and access to an appeals process.
- 3) Occupational Health, Safety, and Emergency Management – currently DHS has three permanent staff assigned to conduct emergency planning, assess threats, make safety recommendations, and coordinate with other jurisdictions. The agency is requesting 6 additional positions (6.00 FTE) to increase its capacity to address these responsibilities.
- 4) Client and Community Outcomes – this initiative adds 7 positions (4.41 FTE) to operate a demonstration project embedding operational functions, such as contract management and workforce development, closer to local field operations to improve responsiveness, increase efficiencies, and provide more robust program support.

As noted above, these position requests were not brought forward as critical needs by DHS or the Governor during the 2019 legislative session, which means they were unavailable for prioritization within either the DHS or the statewide 2019-21 legislatively adopted budget. Of the four items, only the provider time capture issue appears to necessitate consideration for action during the 2020 legislative session; this is primarily due to the potential loss of Medicaid funding if the state fails to comply with the federal law. More review and analysis from the Legislative Fiscal Office, along with legislative direction, is needed to develop a specific recommendation.

**Legislative Fiscal Office Recommendation:** The Legislative Fiscal Office recommends that the request for positions to mitigate program risk, with the exception of the provider time capture component, be deferred to the 2021 legislative session or later; the provider time capture element is recommended for additional review and potential funding during the 2020 legislative session.

26  
Department of Human Services  
Streepey/Webb

---

**Request:** Acknowledge receipt of the report and recommend an increase of \$3,138,271 General Fund, \$154,498 Other Funds expenditure limitation, \$2,519,456 Federal Funds expenditure limitation, and the establishment of 38 positions (33.19 FTE) in the 2020 Legislative Session to fund critical positions in the Department of Human Services.

**Recommendation:** Acknowledge receipt of the report and consider the request in the 2020 Legislative Session.

**Discussion:** The Department of Human Services (DHS) has experienced a variety of workload challenges in prior years, including changes to federal and state law, demographic shifts, and increased complexity to the service delivery environment and client needs. The Department has submitted two other position-related letters to the Interim Joint Committee on Ways and Means regarding the need to fund double filled positions and to strengthen the child welfare system based on the recommendations of Alvarez & Marsal (A&M). This DHS letter is the third position-request letter addressing four key areas of the Department's work not adequately addressed with the other position related requests. These four bodies of work are areas carrying substantial risks to the Department and Oregonians if workforce deficits are not filled. The areas include electronic visit verification for Medicaid personal care and home health services, due process proceedings for individuals facing substantiated abuse findings, emergency preparedness, and additional operational support for district offices.

A detailed breakout of the critical position request is shown below:

Division	Unit	Number of Positions
Aging and People with Disabilities (APD) Program	APD Program Design	25
Central Services Program	Human Resources	9
Central Services Program	Director's Office	1
Central Services Program	Office of Reporting, Research, Analytics and Implementation	1
Shared Services Program	Office of Facilities	1
Shared Services Program	Office of Contracts and Procurement	1
Total Requested Positions		38

Specifically, 13 of the 38 positions are within the Aging and People with Disabilities (APD) program and are in response to mandatory federal requirements surrounding electronic visit verification systems for certain Medicaid services. Failure to comply carries significant financial risk to the state through an incremental reduction to federal matching funds until compliance is met. The fiscal impact to the General Fund from these 13 positions is \$1.1 million. Another 12 positions within APD are to ensure individuals facing substantiated abuse findings receive the necessary due process. There is a backlog of work in this area that if unmet could put pressure in other service areas, for example, individuals may drop out of the labor market. The fiscal impact to the General Fund from these 12 positions is \$1.1 million.

Six positions, estimated to cost the General Fund \$0.5 million, are to enhance emergency preparedness efforts for the Department's statewide workforce and to develop continuity of operations plans. The remaining seven positions are for key administrative and operational needs, particularly to provide regional support in areas such as contracts, facilities management and human resources. A regional support effort will allow the agency to tailor solutions for the diversity of needs arising at the local level. The fiscal impact to the General Fund from these seven positions is \$0.4 million.

The Department will coordinate approval of requested position classifications and compensation with the Department of Administrative Services Chief Human Resources Office.

As previously discussed, the Department has submitted two additional letters to address other personnel-related needs, namely double filled positions and staffing needs regarding A&M's assessment of the child welfare system. The Department reports that the four areas of critical work highlighted with this letter represent demands on the Department that must be met, either through savings elsewhere in the budget or through additional resources. Clear and timely requests for additional positions, as demonstrated through this letter, are part of the DHS' solution to managing double filled management practices, which over time have resulted in a degree of budget instability and management complexity.



# Oregon

Kate Brown, Governor

Department of Human Services

*Office of the Director*

500 Summer St. NE, E-15

Salem, OR 97301

Voice: 503-945-5600

Fax: 503-581-6198

December 9, 2019

The Honorable Senator Elizabeth Steiner Hayward, Co-Chair  
The Honorable Senator Betsy Johnson, Co-Chair  
The Honorable Representative Dan Rayfield, Co-Chair  
Interim Joint Committee on Ways and Means on Human Services  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301-4048



Re: Request for funding and position authority to effectively serve Oregon's most vulnerable residents

Dear Co-Chairpersons:

### **Nature of the Request**

DHS requests that the Committee acknowledge receipt of this report and recommends an increase of \$3,138,271 General Fund, \$154,498 Other Funds expenditure limitations and \$2,519,456 in Federal Funds limitation, establishment of 38 Positions (33.19 FTE) for consideration in the 2020 Legislative Session. This is the third of three related requests.

### **Agency Action**

The Oregon Department of Human Services (DHS) serves people across the lifespan, keeping them safe and helping them reach their potential. The DHS strategic vision is to create a person-centered delivery system that provides services in a seamless and integrated manner, across the entire continuum of life, and in strong partnership with other public, private and community organizations. This request is an important step toward improving vital systems within DHS that have been identified as agency vulnerabilities post-Legislative session.

DHS is a nearly \$12.5 billion organization with more than 9,000 staff in hundreds of locations that serve 1.5 million Oregonians through programs and services aimed at safety, well-being, and independence. DHS delivers services through five main program areas: Self-Sufficiency, Child Welfare, Aging and People with Disabilities, the Office of Developmental Disabilities Services, and Vocational Rehabilitation.

*"Assisting People to Become Independent, Healthy and Safe"*

This letter is part three of a three-part request to obtain funding and position authority that limits the future use of double fills, except in very specific, short-term situations, and sets the stage for a well-built organization that has the infrastructure, people, data and outcomes necessary to best support our communities.

In order to prevent the future use of double fills, the agency has identified a number of key positions that are necessary to respond to the changing needs of the populations we serve, comply with new legislation and equip DHS to prevent and respond to emergencies.

The agency has performed a thorough inventory of current and emerging needs as well as risk mitigation efforts that cannot be satisfactorily addressed without additional staffing. While it would not be feasible to comprehensively address every new position need across the agency, the positions in this package represent four bodies of work that, without the workforce to address them, would result in significant risk for the agency and Oregonians. These bodies of work include:

- Provider Time Capture Project: Congress passed the 21st Century CURES Act in late 2016. One component of this law is a requirement that States implement electronic visit verification systems for all Medicaid personal care services and home health services that require an in-home visit by a provider. Implementation is mandatory. Oregon just received a good faith extension of one year. Failure to implement by Jan. 1, 2021 is subject to incremental FMAP reductions up to 1 percent. Estimated penalties, including continued state staffing for the current manual process and printing costs, come to a five-year total of approximately \$51.5 million. At this time, we will be unable to avoid the above penalties without the additional staffing. To address this demand, DHS requests the establishment of 13 Positions (13.00 FTE).
- Adult Protective Services Community Abuse Determinations: The Department of Human Services and its contracted Area Agency on Aging (AAA) partners conduct more than 13,000 adult abuse investigations each year, and the volume continues to increase. The agency requires sufficient staff to notify perpetrators, who have been substantiated for abuse or neglect, and ensure they have an opportunity for due process. If these individuals do

not receive notification of our findings, they don't have access to an appeals process. Our findings may negatively impact their ability to earn an income as they would not qualify for positions requiring a background check under ORS 443, as substantiated abuse is cause for a denial. With these positions, the agency will create a unit that provides access to necessary due process for individuals facing substantiated abuse findings. The request includes 12 positions (12.00 FTE) to start up the new unit.

- Occupational Health, Safety and Emergency Management Program: During an emergency – whether it's a massive, regional earthquake or a community fire – DHS has a significant role to play in the health and safety of Oregonians. This includes the safety of more than 9,500 employees at 170 sites throughout Oregon. DHS also has a statewide responsibility to administer mass care, including shelter and food, to Oregonians during emergencies.

Ideally, when a threat is made at an office, the Occupational Health, Safety and Emergency Management Program would respond by conducting a site security assessment and making safety recommendations. Currently, however, we cannot meet the local need, leaving many still vulnerable to a threat.

Additionally, Oregonians with low incomes, housing instability or other barriers often participate in public sheltering at the highest rates. The safety and response of DHS's massive statewide workforce could be an invaluable resource for community recovery. This response takes planning and coordination with multiple jurisdictions. Yet, current operations are extremely limited and unsustainably managed by double fills, limited duration positions, and job rotations, with only three permanent positions performing this work. This presents a significant risk for the agency, resulting in a direct impact on the life safety of DHS and OHA employees and all Oregonians impacted by disasters. DHS requests 6 positions (3.78 FTE) to increase capacity for the responsibilities DHS has in responding to major events where Oregonian's health, welfare and safety may be at risk.

- Strengthening Performance to Client and Community Outcomes Project: DHS delivers direct services to Oregonians through district offices around the state. Key administrative functions are currently centralized away from

district offices. This has led to challenges, including delayed responses to facility needs, services that are unavailable to district offices in an emergency, or services that are disconnected from the intricacies of local needs such as contract management and workforce development – all of which eventually cause inefficiencies, inadequate focus on program goals and diminished outcomes. To improve the quality of life in communities and focus leadership on driving toward program outcomes, DHS is requesting positions in key operational functions in the field close to the Oregonians they serve. This aspect of the package adds 7 positions (4.41 FTE) to operate as a demonstration project providing local support to field office operations.

### Combined Ask

The three packages are detailed below. This letter relates to **Package 3**.

### **Package 1: Clears current double-fills**

Positions	FTE	General Fund	Other Funds	Federal Funds	Total
331	312.50	\$39,920,940	\$735,607	\$29,659,556	\$70,316,103

### **Package 2: Creates new positions recommended or supported by Alvarez & Marsal**

	FTE	General Fund	Other Funds	Federal Funds	Total
90 Positions	68.15	\$8,551,386	\$55,762	\$4,418,335	\$13,025,483
Infrastructure	0	\$5,780,000	\$0	\$2,738,096	\$8,518,096
<b>TOTAL</b>	<b>68.15</b>	<b>\$14,331,386</b>	<b>\$55,762</b>	<b>\$7,156,431</b>	<b>\$21,543,579</b>

### **Package 3: Creates new positions (unrelated to Alvarez & Marsal work)**

Positions	FTE	General Fund	Other Funds	Federal Funds	Total
38	33.19	\$3,138,271	\$154,498	\$2,519,456	\$5,812,225

**Total**

	FTE	General Fund	Other Funds	Federal Funds	Total
459 Positions	413.84	\$51,610,597	\$945,867	\$36,597,347	\$89,153,811
Infrastructure	0	\$5,780,000	\$0	\$2,738,096	\$8,518,096
TOTAL	413.84	\$57,390,598	\$945,867	\$39,335,444	\$97,671,907

**Action Requested:**

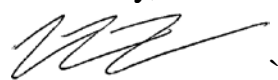
DHS requests that the Committee acknowledge receipt of this report and recommend an increase of \$3,138,271 General Fund, \$154,498 in Other Fund expenditure limitation and \$2,519,456 in Federal Funds expenditure limitation, as well as establishment of 38 positions (33.19 FTE) for consideration in the 2020 Legislative Session.

**Legislation Affected:**

Program	Legislation impacted	Fund Type	Requested Funding
Central Services/SAEC	ch 668 1(1)	General	\$921,666
Central Services/SAEC	ch 668 2(1)	Other	\$25,088
Central Services/SAEC	ch 668 3(1)	Federal	\$691,078
APD/IDD	ch 668 1(4)	General	\$2,216,605
APD/IDD	ch 668 2(4)	Other	\$129,410
APD/IDD	ch 668 3(4)	Federal	\$1,828,378

If you have questions, please contact Eric Moore at 503-884-4701.

Sincerely,



Eric Luther Moore  
DHS Chief Financial Officer



cc: Laurie Byerly, Legislative Fiscal Office  
Ken Rocco, Legislative Fiscal Office  
George Naughton, Department of Administrative Services  
Tamara Brickman, Department of Administrative Services  
Ali Webb, Department of Administrative Services  
Mike Streepey, Department of Administrative Services