

**Legislative
Fiscal Office**

Oregon State Capitol
900 Court Street NE, H-178
Salem, OR 97301
503-986-1828

Ken Rocco, Legislative Fiscal Officer
Paul Siebert, Deputy Legislative Fiscal Officer



**Joint Committee on
Ways and Means**

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To: Human Services Subcommittee
From: Tom MacDonald, Legislative Fiscal Office
Date: June 13, 2019
Subject: SB 5525 – Oregon Health Authority - Oregon State Hospital
Work Session Recommendations

Oregon Health Authority – Oregon State Hospital

	2015-17 Actual	2017-19 Legislatively Approved	2019-21 Current Service Level	2019-21 LFO Recommended
General Fund	453,736,884	509,076,125	494,313,354	499,314,517
Other Funds	17,734,460	36,145,203	70,340,663	70,328,792
Federal Funds	45,372,776	34,852,587	38,792,314	38,929,554
Total Funds	516,844,120	580,073,915	603,446,331	608,572,863
Positions	2,269	2,286	2,283	2,284
FTE	2,268.82	2,279.45	2,282.82	2,283.82

Attached are recommendations from the Legislative Fiscal Office (LFO) for the Health Systems Division budget within the Oregon Health Authority (OHA). The recommended LFO total funds budget is 4.9 percent higher than the 2017-19 legislatively approved budget. The recommended General Fund budget represents a 1.9 percent decrease compared to 2017-19. This difference is mostly the result of a General Fund increase approved as part of the May 2019 rebalance to support costs in 2017-19, but which are not part of this recommendation.

The budget includes the following:

- *Suicide prevention* - \$967,310 General Fund to support ligature removal, facility alterations, and other environmental changes to reduce the risk of patient injury and suicide. This investment is consistent with conforming to heightened safety requirements by the Centers for Medicare and Medicaid and The Joint Commission.
- *Hepatitis C treatment* - \$1,631,971 General Fund to expand hepatitis C treatment to patients.

- *Shift differentials* - \$1,942,248 General Fund to pay for contractual nursing staff shift differential costs.

Apart from these changes, the hospital is struggling to collect the amount of Other Funds revenue assumed in its budget for Medicare billings. The budget recommendation does not make adjustments related to this issue due to OHA’s ongoing work to assess and resolve the challenges.

\$	499,314,517	General Fund
\$	70,328,792	Other Funds
\$	38,929,554	Federal Funds

2,284 Positions
2,283.82 FTE

Adjustments to Current Service Level

See attached “Work Session Presentation Report.”

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 2019-21 Oregon State Hospital preliminary budget of:

Accept LFO Recommendation:

MOTION: I move the LFO recommendation to SB 5525. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation to SB 5525, 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 SB 5525, which is the budget bill for the entire Oregon Health Authority. The recommended amendments to SB 5525 will be presented after work sessions are completed on all parts of the budget.

**OREGON HEALTH AUTHORITY: OREGON STATE HOSPITAL
SB 5525 WORK SESSION**

Includes Capital Improvement	GEN FUND	LOTTERY	OTHER	FEDERAL	NL Other Funds	NL Fed Funds	Total Funds	POS	FTE	Comments
2017-19 Legislatively Approved Budget (As of June 2019)	509,076,125	-	36,145,203	34,852,587	-	-	580,073,915	2,286	2,279.45	
2019-21 Current Service Level	494,313,354	-	70,340,663	38,792,314	-	-	603,446,331	2,283	2,282.82	
2019-21 Governor's Budget	500,754,610	-	68,740,488	38,653,318	-	-	608,148,416	2,345	2,314.32	
2019-21 LFO RECOMMENDED BUDGET	499,314,517	-	70,328,792	38,929,554	-	-	608,572,863	2,284	2,283.82	

2019-21 LFO RECOMMENDED BUDGET

1	2019-21 Current Service Level Estimate	494,313,354	-	70,340,663	38,792,314	-	-	603,446,331	2,283	2,282.82	
2	LFO Recommendations of Existing Packages										
3	Pkg 095: December 2018 Rebalance	459,634	-	(11,871)	137,240	-	-	585,003	1	1.00	Technical adjustments
4											
5	Other Recommended Adjustments										
6	Pkg 801: LFO Analyst Adjustments										
7	Suicide prevention / ligature removal	967,310	-	-	-	-	-	967,310	-	-	Maintains compliance with CMS and JCAHO
8	Nursing staff shift differentials	1,942,248	-	-	-	-	-	1,942,248	-	-	
9	Hepatitis C treatment	1,631,971	-	-	-	-	-	1,631,971	-	-	
10											
11	Total Adjustments from CSL	5,001,163	-	(11,871)	137,240	-	-	5,126,532	1	1.00	
12											
13	TOTAL 2019-21 Recommended Budget	499,314,517	-	70,328,792	38,929,554	-	-	608,572,863	2,284	2,283.82	
14											
15	Change from 2017-19 Approved	(9,761,608)	-	34,183,589	4,076,967	-	-	28,498,948	(2)	4.37	
16	Change from 2019-21 CSL Estimate	5,001,163	-	(11,871)	137,240	-	-	5,126,532	1	1.00	
17	Change from 2019-21 Governor's Budget	(1,440,093)	-	1,588,304	276,236	-	-	424,447	(61)	(30.50)	
18											
19	% Change from 2017-19 Approved	-1.9%		94.6%	11.7%			4.9%	-0.1%	0.2%	
20	% Change from 2019-21 CSL Estimate	1.0%		0.0%	0.4%			0.8%	0.0%	0.0%	
21	% Change from 2019-21 Governor's Budget	-0.3%		2.3%	0.7%			0.1%	-2.6%	-1.3%	