

Legislative Fiscal Office

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To: Human Services Subcommittee

From: Gregory Jolivette, Legislative Fiscal Office

Date: June 17, 2021

Subject: SB 5529 – Oregon Department of Human Services - Aging and People with Disabilities Work Session Recommendations

Oregon Department of Human Services – Aging and People with Disabilities

	2017-19 Actual	2019-21 Legislatively Approved	2021-23 Current Service Level	2021-23 LFO Recommended
General Fund	1,003,008,085	1,087,718,803	1,481,364,327	1,435,740,472
Other Funds	207,265,917	309,106,426	238,998,859	295,042,288
Federal Funds	2,118,092,505	2,592,370,983	2,686,892,994	2,939,859,067
Total Funds	3,328,366,507	3,989,196,212	4,407,256,180	4,670,641,827
Positions	1,475	1,544	1,713	1,804
FTE	1,398.84	1,503.74	1,704.43	1,760.80

Attached is the 2021-23 Legislative Fiscal Office recommended budget for the Aging and People with Disabilities program. The LFO recommended total funds budget is 17.1% above the 2019-21 legislatively approved budget and 6.0% above the 2021-23 current service level (CSL). The General Fund budget is 32.0% above 2019-21.

Adjustments to Current Service Level

See attached “Work Session” spreadsheet.

The 2021-23 LFO recommended budget includes the following adjustments to the Aging and People with Disabilities current service level budget:

Package 087 - August Special Session. This package provides a net increase of \$0.1 million General Fund, \$0.8 million Federal Funds, and seven positions (7.00 FTE) for Provider Time Capture.

Package 088 - September E-Board. This package increases Other Funds expenditure limitation by \$31.4 million for waived case management costs. This change will allow the agency to track personal service costs in a manner that will generate additional federal funds.

Package 095 - GB Fall Reshoot. This package reduced the program budget by \$1.9 million total funds for adjustments related to postage and the transfer of two positions (2.00 FTE) to Child Welfare Design and Delivery.

Package 102 - Community Abuse Determination Project. This package provides \$2.5 million General Fund and 12 positions (10.56 FTE) to meet increased workload demands associated with abuse screenings, investigations, policy development, training, and operational support for program staff and contractors.

Package 103 - Oregon Project Independence Expansion and Family Caregiver Support. This package provides \$4.4 million General Fund, \$40.4 million Federal Funds, and 52 positions (18.81 FTE) to expand Oregon Project Independence (OPI) as well as create a new Family Caregiver Supports program. ODHS is in the process of obtaining a waiver for federal matching funds. The additional federal funds anticipated are included in this package.

Package 125 - EAU Business Process Change. This package reduces General Fund by \$0.7 million and increases Other Funds by the same amount to reflect the expected increase in estate recovery efforts for reinvestment in DHS programs and to improve integrity to DHS programs through increased communication, recovery, productivity, accuracy and efficiency. Position costs for this package are reflected in Shared Services.

Package 207 - Provider Time Capture. This package provides \$1.8 million General Fund and \$1.0 million Federal Funds to support the implementation of a time, attendance and payment system for HomeCare Workers and Personal Support Workers. Impacted program areas include Aging and People with Disabilities within in ODHS and the Health Systems Division in the Oregon Health Authority.

Package 801 - LFO Analyst Adjustments. This package adjusts the Aging and People with Disabilities budget to reflect the Spring 2021 caseload forecast and workload, changes in cost per case, the extension through Q3 of the one-time 6.2% enhanced FMAP related to the COVID-19 public health emergency, and postage and handling. Additionally, there is an adjustment to remove an inflationary adjustment to special payments that was added to the current service level budget in error. Also included in this package are the following:

- Infectious Disease Control and Prevention. This package provides \$1.2 million General Fund and six positions (6.00 FTE) to provide technical assistance regarding practices in long-term care facilities.
- Improved Access to Mental Health Treatment Services. The LFO recommends adoption of a budget note directing ODHS to work with the Oregon Health Authority to identify barriers that individuals served by Aging and People with Disabilities and the Office of Developmental Disabilities experience accessing and receiving mental health treatment services through Medicaid.
- Long-Term Care Investment Package. This package includes \$132.2 million total funds (\$44.4 million General Fund and \$87.8 million Federal Funds) for enhanced rates for wages in assisted living, memory care, skilled nursing facilities, and in-home care services; \$12.2 million total funds (\$1.4 million General Fund and \$10.8

million Other funds) for workforce development and training; and; \$14 million Other Funds for a new Capital Improvement and Emergency Preparedness program. LFO recommends the adoption of two budget notes to provide guidance on elements of this package: one related to the Long-Term Care Capital Improvement and Emergency Preparedness Program, and the other related to the Workforce Development and Training investment.

- In addition, the Long-Term Care Investment includes HCBS General Fund of \$82.9M associated with the HCBS State Investment discussed below. This would fund cost of living adjustments in assisted living, memory care, skilled nursing facilities, and in-home care services; increased wages for adult foster home workers, and homecare and personal support workers. It also funds hazard pay for homecare and personal support workers and adult foster home providers. There will also be federal matching funds available for many of these HCBS investments and ODHS should request the additional federal fund limitation and any needed position authority when it reports to the Human Services Subcommittee on the status of the HCBS spending plan and the implementation of proposals included in the plan.
- Home and Community-Based Services 10% FMAP. The American Rescue Plan Act (ARPA) provides enhanced federal funding for state Medicaid spending on Home and Community Based Services (HCBS). Specifically, beginning April 1, 2021 and through March 31, 2022, states are eligible to receive a 10% increase in their federal medical assistance percentage for specified HCBS. States are required to use *state funds* equivalent to the amount of the federal funds attributable to the increased FMAP to implement one or more activities to enhance, expand, or strengthen HCBS, including long term services and supports.
- As required by the Centers for Medicare and Medicaid Services (CMS) guidelines, ODHS worked with HCBS stakeholders to develop a list of proposals to enhance, expand or strengthen HCBS, and on June 11, 2021 submitted Oregon’s proposed HCBS spending/investment plan to CMS for review and approval. The ODHS plan includes proposed one-time and ongoing spending totaling \$565.3 million (\$269.8 million General Fund, and \$295.5 million Federal Funds).
- The LFO Analyst Adjustment to the Aging and People with Disabilities budget for the HCBS 10% FMAP (1) provides Federal Fund expenditure limitation of \$107.6 million; and, (2) designates/earmarks an equivalent amount of General Fund monies as the “HCBS State Investment.” LFO also recommends the adoption of a budget note requiring ODHS to periodically report to the Human Services Subcommittee on the status of the HCBS spending plan and the implementation of proposals included in the plan. Finally, LFO recommends the subcommittee direct the Department of Administrative Services to unschedule \$68.0 million of the General Fund amount in the Aging and People with Disabilities budget for the HCBS spending plan until ODHS can update the Legislature on the details of the CMS-approved plan.

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.

The LFO recommends the Subcommittee approve a 2021-23 ODHS Intellectual and Developmental Disabilities budget of:

\$1,435,740,472	General Fund
\$295,042,288	Other Funds
\$2,939,859,067	Federal Funds
1,804	Positions
1,760.80	FTE

Performance Measures

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

Budget Notes

Long-Term Care Capital Improvement and Emergency Preparedness Program

Budget Note #1: The Oregon Department of Human Services is directed to adopt rules for the administration of the Long-Term Care Capital Improvement and Emergency Preparedness Program, including requirements and criteria for the application, approval, distribution, and oversight of the program. In making grant award decisions, the department is directed to consider and prioritize high Medicaid-census buildings, aging buildings, and upgrades; and, to ensure equitable access across the State. Eligible expenditures include emergency power sources, air quality and HVAC improvements, infectious disease prevention strategies and equipment, technology to facilitate virtual visits and telehealth for residents, and room reconfigurations that reduce the risk of transmitting infectious diseases. The Department is directed to present information to the Human Services Subcommittee of the Joint Committee on Ways and Means during the 2022 legislative session on the status of program implementation, the number of applications received, and total awards made by type of facility.

Long-Term Care Workforce Development and Training

Budget Note #2: The Oregon Department of Human Services and the Oregon Health Authority shall: (1) Identify barriers that individuals served by Aging and People with Disabilities and the Office of Developmental Disabilities experience accessing and receiving mental health treatment services through Medicaid, and develop strategies to address these barriers; and (2) Assess and develop strategies to remove barriers that prevent individuals with mental illness from accessing long term services and supports. The Departments shall report the results of this work to the human services committees of the Legislative Assembly no later than February 28, 2022.

Improving Access to Mental Health Treatment Services for APD and I/DD Consumers

Budget Note #3: The Oregon Department of Human Services and the Oregon Health Authority shall: (1) Identify barriers that individuals served by Aging and People with Disabilities and the Office of Developmental Disabilities experience accessing and receiving mental health treatment services through Medicaid, and develop strategies to address these barriers; and (2) Assess and develop strategies to remove barriers that prevent individuals with mental illness from accessing

long term services and supports. The Departments shall report the results of this work to the human services committees of the Legislative Assembly no later than February 28, 2022.

Spending Plan for Home and Community-Based Services and Long-Term Services and Supports Investments

Budget Note #4: The Oregon Department of Human Services and Oregon Health Authority shall provide interim reports to the appropriate interim budget committee (either the Joint Committee on Ways and Means or Emergency Board) throughout the 2021-23 interim on the status of implementation of the Home and Community-Based Services (HCBS) and Long-Term Services and Supports (LTSS) investment plan related to Section 9817 of the federal American Rescue Plan Act. The interim reports shall include, but not be limited to, (1) information on the status of federal review of the state's investment plan and any changes to the scope of the activities in the plan; (2) updated estimates of the total amount of funds attributable to the increase in FMAP that Oregon anticipates claiming; and, (3) actual and projected expenditures for activities in the investment plan between April 1, 2021, and March 31, 2024. The Department shall provide the Legislative Fiscal Office a copy of the quarterly spending plans and narrative submissions provided to the U.S. Centers for Medicare and Medicaid Services.

Recommended Changes

The Aging and People with Disabilities budget is part of SB 5529, which is the budget bill for the entire Oregon Department of Human Services. The recommended amendments to SB 5529 will be presented after work sessions are completed on all parts of the budget

OREGON DEPARTMENT OF HUMAN SERVICES: AGING AND PEOPLE WITH DISABILITIES
SB 5529 WORK SESSION

	GEN FUND	OTHER	FEDERAL	TOTAL FUNDS	POS	FTE	Comments
2019-21 Legislatively Approved Budget (As of June 2021)	1,087,718,803	309,106,426	2,592,370,983	3,989,196,212	1,544	1,503.74	
2021-23 Current Service Level	1,481,364,327	238,998,859	2,686,892,994	4,407,256,180	1,713	1,704.43	
2021-23 Governor's Budget	1,413,041,541	267,382,496	2,664,518,069	4,344,942,106	1,692	1,683.43	
2021-23 LFO RECOMMENDED BUDGET	1,435,740,472	295,042,288	2,939,859,067	4,670,641,827	1,804	1,760.80	

2021-23 LFO RECOMMENDED BUDGET ADJUSTMENTS DETAIL

2021-23 Current Service Level Estimate	1,481,364,327	238,998,859	2,686,892,994	4,407,256,180	1,713	1,704.43	
LFO Recommendations for Existing Packages							
Pkg 087: August Special Session Rollup	106,422	-	793,681	900,103	7	7.00	Provider Time Capture Staff
Pkg 088: Sptptember Special Session Rollup	-	31,390,809	-	31,390,809	-	-	Waivered Case Management Costs
Pkg 095: GB 2020 Fall Reshoot	(1,078,692)	(88,951)	(725,791)	(1,893,434)	(2)	(2.00)	Postage and trander of positions
Pkg 102: Community Abuse Determination	2,549,127	-	-	2,549,127	12	10.56	Increased licensing workload needs
Pkg 103: OPI Expansion and Family Caregiver Support	4,367,260	-	40,371,221	44,738,481	52	18.81	Staff for expansion and new program
Pkg 125: EAU Business Process Change/Prog Integrity	(748,860)	748,860	-	-	-	-	Increased recoveries
Pkg 207: Provider Time Capture - M&O	1,814,048	-	1,000,000	2,814,048	-	-	System implementation
Other Recommended Adjustments							
Pkg 801: LFO Analyst Adjustments							
Caseload	(8,260,925)	-	(12,554,714)	(20,815,639)	-	-	Spring 2021 Reshoot
Cost Per Case	15,008,456	-	23,809,263	38,817,719	-	-	Spring 2021 Reshoot
Workload	2,384,701	-	2,377,121	4,761,822	16	16.00	Spring 2021 Reshoot
HCW Trust Increase (Worker's Benefits)	1,872,874	-	3,676,382	5,549,256	-	-	Spring 2021 Reshoot
Reg FMAP	6,460,090	10,573	(6,470,663)	-	-	-	Spring 2021 Reshoot
Enhanced FMAP Q1	(25,919,562)	-	25,919,562	-	-	-	Spring 2021 Reshoot
Enhanced FMAP - Q2&Q3	(51,384,637)	-	51,384,637	-	-	-	Spring 2021 Reshoot
Virtual Visit & Technology	-	-	4,907,407	4,907,407	-	-	Spring 2021 Reshoot
Postage and Handling	60,137	5,556	(52,061)	13,632	-	-	Spring 2021 Reshoot
HCBS 10% FMAP	(107,603,685)	-	107,603,685	-	-	-	
HCBS State Investment	107,603,685	-	-	107,603,685	-	-	
Infectious Disease Control and Prevention	1,200,000	-	1,200,000	2,400,000	6	6.00	
Technical Adj	(39,818,944)	(823,418)	(78,073,657)	(118,716,019)	-	-	Inflation calculation error in special payments
Long-Term Care Investment Package							
HCBS - Enhanced Rate for Wages	22,700,000	-	48,300,000	71,000,000	-	-	10% rate increase effective 10/1/21
SNF - Enhanced Rate for Wages	18,100,000	-	30,000,000	48,100,000	-	-	4% rate increase effective 10/1/21
SNF - COVID -19 Enhanced Rate	3,614,650	-	9,500,000	13,114,650	-	-	Extends current temporary 5% increase
Workforce Development and Training	1,350,000	10,800,000	-	12,150,000	-	-	Adds Budget Note
Capital Improvement and Emergency Preparedness	-	14,000,000	-	14,000,000	-	-	Adds Budget Note/Another \$16M in HCBS GF
Total adjustments LFO Rec from CSL	(45,623,855)	56,043,429	252,966,073	263,385,647	91	56.37	
TOTAL 2019-21 LFO Recommended Budget	1,435,740,472	295,042,288	2,939,859,067	4,670,641,827	1,804	1,760.80	
\$ Change from 2019-21 Approved							
	348,021,669	(14,064,138)	347,488,084	681,445,615	260	257.06	
% Change from 2019-21 Approved							
	32.00%	-4.55%	13.40%	17.08%	16.84%	17.09%	
\$ Change from 2021-23 CSL Estimate							
	(45,623,855)	56,043,429	252,966,073	263,385,647	91	56.37	
% Change from 2021-23 CSL Estimate							
	-3.08%	23.45%	9.41%	5.98%	5.31%	3.31%	
\$ Change from 2021-23 Governor's Budget							
	22,698,931	27,659,792	275,340,998	325,699,721	112	77.37	
% Change from 2021-23 Governor's Budget							
	1.61%	10.34%	10.33%	7.50%	6.62%	4.60%	