

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 1538 - 2

81st Oregon Legislative Assembly – 2022 Regular Session
Legislative Fiscal Office*Only Impacts on Original or Engrossed
Versions are Considered Official*Prepared by: Haylee Morse-Miller
Reviewed by: Tom MacDonald, Sean McSpaden
Date: February 21, 2022**Measure Description:**

Establishes COFA Dental Program in Oregon Health Authority to provide dental care to low-income citizens of Pacific Islands in Compact of Free Association who reside in Oregon.

Government Unit(s) Affected:

Oregon Health Authority (OHA), Information Technology

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2021-23 Biennium	2023-25 Biennium
General Fund	\$314,543	\$180,000
Other Funds	394,949	0
Federal Funds	808,628	0
Total Funds	\$1,518,120	\$180,000
Positions	0	0
FTE	0.00	0.00

Analysis:

SB 1538 - 2 establishes the Compact of Free Association (COFA) Dental Program in the Oregon Health Authority (OHA). The program is to provide oral health care to low-income citizens of COFA nations who live in Oregon and do not qualify for Medicaid or the Children’s Health Insurance Program. Enrollees are eligible for the types and extent of oral health care OHA determines will be provided to medical assistance recipients, with no copayments, deductibles, or cost-sharing required. The measure outlines qualification requirements and requires OHA to create an application process for the program that includes culturally and linguistically appropriate assistance in-person and by phone for applicants and enrollees. The measure also requires outreach to facilitate applications and enrollment in the program. There is no effective date and the measure is assumed take effect January 1, 2023.

OHA estimates this measure to cost \$1,123,171 total funds in 2021-23, which includes \$314,543 General Fund. This estimate reflects two expenses: the ongoing cost of providing dental benefits to eligible COFA citizens and one-time expenses for modifying the ONE eligibility system. The ongoing cost of providing dental benefits is estimated to be \$45,000 General Fund in 2021-23 and \$180,000 General Fund in 2023-25. This estimate assumes 250 COFA citizens will meet the eligibility requirements for the dental benefit established in the measure. Covered individuals are those who have an income of less than 138 percent of the federal poverty level and are not eligible for Medicaid. The estimated number of eligible individuals is based on input provided by OHA through its work with stakeholders.

The remaining portion of the fiscal impact is for one-time estimated costs for modifying the ONE eligibility system to determine eligibility for the new dental-only benefits for eligible COFA citizens. These updates are estimated to cost \$1,078,171 total funds, which includes \$269,543 General Fund, in 2021-23. This work includes related updates to the system's interface with the Medicaid Management Information System and its ability to select managed care plans. The costs reflect estimates provided by OHA's Medicaid system contractors for required contractual work, including for business analysts, system configuration, testing, and project management activities. As executive branch agencies, OHA and DHS must comply with the Office of the State Chief Information Officer information technology investment oversight and independent quality management services policies and related statutes. OHA's cost estimate assumes work on the system changes would begin immediately to meet the January 1, 2023 benefit start date and will be eligible for \$808,628 in federal matching revenue. This revenue is not guaranteed and will require approval from the Centers for Medicare and Medicaid Services.

Included in the expenditure summary table above is \$394,949 in the 2021-23 biennium. This amount does not represent a true expense related to the overall cost of the measure, but rather Other Funds expenditure limitation that would be needed to properly budget for expenses paid through OHA's Shared Services budget structure. The funding for the Shared Services budget is included in the General Fund and Federal Funds amounts discussed above.