

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 570 - 6**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

Prepared by: MaryMichelle Sosne

Reviewed by: Gregory Jolivette

Date: 5/2/2023

Measure Description:

Requires Department of Human Services to contract with up to two agencies providing agency with choice services.

Government Unit(s) Affected:

Department of Human Services

Summary of Fiscal Impact:

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

Summary of Expenditure Impact:

	2023-25 Biennium	2025-27 Biennium
Department of Human Services		
General Fund		
Personal Services	\$474,801	\$765,875
Services and Supplies	\$292,945	\$76,913
Special Payments	\$14,868,714	\$118,943,126
Total General Fund	\$15,636,460	\$119,785,914
Federal Funds		
Personal Services	\$474,801	\$765,875
Services and Supplies	\$292,975	\$76,906
Special Payments	\$27,980,605	\$223,832,453
Total Federal Funds	\$28,748,381	\$224,675,234
Total Fiscal Impact	\$44,384,841	\$344,461,148
<i>Total Positions</i>	7	7
<i>Total FTE</i>	4.25	7.00

Analysis:

SB 570-6 requires the Department of Human Services (DHS) to contract with up to two consumer-directed employers to provide administrative support and promote agency for individuals who use choice services. The request for proposal must be initiated no later than July 1, 2025. By January 1, 2027, DHS must provide a report to the interim legislative human services committee on the consumer-directed employer program implementation.

The measure requires DHS to adopt rules establishing hourly rates for consumer-directed employers. DHS is directed to establish a maximum percentage that may be used for administrative costs and a minimum percentage that must be used for care worker compensation. Consumer-directed employers are required to prove that increases in rates are passed on to workers through wages and benefits and provide financial details for personnel-related costs.

Additionally, DHS must establish rules permitting consumer-directed employers to pay wages and benefits for care workers. The consumer-directed employers are required to offer compensation comparable to the compensation established in the senior and disability services collective bargaining agreements. Collective bargaining for senior and disability services is conducted by the Home Care Commission and the Department of Administrative Services.

The measure requires DHS to convene an advisory committee of stakeholders to study implementation barriers for the private pay home care worker program and prescribes study requirements. The study must be submitted by January 1, 2026, to the interim legislative health and human services committees.

The fiscal impact of the measure is \$44.4 million total funds for the 2023-25 biennium. The majority of the fiscal impact is associated with payments to providers, estimated to be \$14.9 million General Fund and \$28 million Federal Funds or \$42.9 million total funds. The remaining costs are associated with support staffing (\$1 million total funds) and completing the study (\$475,500 total funds).

The \$42.9 million in provider payments covers the transition of payments from in-home care providers to in-home agency care providers from March 2025 through June 2025. Provider payment costs will backfill the difference in funding between the current in-home care rate and the in-home agency rate. Currently, DHS pays an average hourly rate of \$17.77 per hour and the in-home agency hourly rate averages \$41.00 per hour, a difference of \$23.23 per hour. Between March 2025 and June 2025, it is assumed that approximately 6,000 of the total 12,000 cases will transition to in-home agency care providers.

The following seven positions (4.25 FTE) are anticipated to be needed to manage the program:

- One full-time permanent Human Services Manager 2 position (0.75 FTE) to administer and oversee the program.
- One full-time permanent Operations and Policy Analyst 3 position (0.75 FTE) to oversee the policy impacts of the program.
- Two full-time permanent Operations and Policy Analyst 2 position (0.50 FTE each) to monitor compliance, program integrity and coaching for the consumer-directed employer contracts.
- One full-time permanent Training and Development Specialist 2 position (0.50 FTE) to serve as the trainer for approximately 850 case managers.
- One full-time permanent Training and Development Specialist 1 position (0.50 FTE) to support the Training and Development Specialist 2 and conduct supplemental training.
- One full-time permanent Fiscal Analyst 3 position (0.75 FTE) to provide rate analysis and fiscal oversight.

One-time costs to complete the required study, including costs associated with the advisory committee, are projected to be \$237,500 General Fund and \$237,500 Federal Fund. The estimate is based on prior study costs.

The fiscal impact for the 2025-27 biennium is \$344.4 million total funds. The increase is attributed to provider payments extending to the full projected caseload of 12,000 for a full 24 months with a projected cost of \$342.7 million total funds. The remaining \$1.7 million is due to the seven positions scaling up to 7.00 FTE from 4.25 FTE.

This measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact on the State's General Fund.