



May 2, 2023

The Honorable Senator Elizabeth Steiner, Co-Chair  
The Honorable Representative Tawna Sanchez, Co-Chair  
Joint Committee on Ways and Means  
900 Court St. NE  
H-178 State Capitol  
Salem OR 97301

RE: ODHS Spring 2023, 21-23 Biennium Rebalance Report

Dear Co-Chairpersons:

## **Nature of the Request**

The Oregon Department of Human Services (ODHS) requests receipt of this letter as its Spring 2023 Rebalance Report for the 2021-23 biennium.

## **Background**

Based on actual expenditures through February 2023 and updated projections through the end of the 2021-23 biennium, ODHS is projecting a \$91,054,824 General Fund net savings for the rebalance issues.

ODHS has identified \$41,046,262 in General Fund budget challenges and \$132,101,086 in General Fund savings. Additionally, the agency is projecting a decrease for Other Funds limitation by \$185,634 and a decrease of Federal Funds limitation by \$65,894,142.

<b>Overview of ODHS General Fund Standpoint</b>	
Program	Rebalance Request
Aging and People with Disabilities	\$ (41,021,547)
Intellectual and Developmental Disabilities	\$ (54,063,391)
Child Welfare	\$ (11,022,962)
Self Sufficiency	\$ 7,053,076
Vocational Rehabilitation	\$ -
Other including debt service	\$ 8,000,000
<b>TOTAL General Fund</b>	<b>\$ (91,054,824)</b>

### Aging and People with Disabilities (APD)

APD has a net savings of \$41 million General Fund, a net decrease of \$91 million Federal Funds limitation.

Major APD General Fund savings are:

- \$31.4 million – ARPA-HCBS 10 Percent Spend Plan. Due to unprecedented additional pandemic-related 10% Federal Medical Assistance Percentage (FMAP) increase that consequently must be reinvested in Home- and Community- Based Services(HCBS), ODHS had to revamp the contracting and procurement, hire additional staff and develop a spending plan. The U.S. Department of Health and Human Services (HHS), through the Centers for Medicare & Medicaid Services (CMS), has notified states that they now have an additional year – through March 31, 2025 – to use one-time funding made available by the American Rescue Plan Act (ARPA) to enhance, expand and strengthen HCBS for people with Medicaid who need long-term services and supports. In order for APD to meet required Maintenance of Effort, they will need to continue spending in the 2023-25 biennium. The amount requested to be carried over is the best estimate at the time of this report.
- \$5.2 million – Healthier Oregon Program caseload decrease, according to the Spring 2023 caseload forecast update. The initial Healthier Oregon forecast was based on estimates of the non-citizen population in Oregon who would qualify and was completed immediately after the inauguration of the program in July 2022. The decrease is based on the current rate of uptake, which is much slower than initial estimates.

- \$2.2 million – 1115 Medicaid waiver. POP 103 in 2021-23 approved ODHS to move forward requesting an 1115 Medicaid waiver to create a new Family Caregiver Assistance Program (FCAP) and bring Oregon Project Independence (OPI) under Medicaid reimbursement. Since July 2021, APD submitted a waiver application to CMS and has been negotiating with them for approval. We don't expect CMS approval until at least January 2024.

### Intellectual and Developmental Disabilities (IDD)

IDD has a net savings of \$54.1 million General Fund, and a net increase of \$29 million Federal Funds expenditure limitation.

Major IDD General Fund savings are:

- \$63.2 million – ARPA-HCBS 10 Percent Spend Plan. Like APD above, these funds will be carried forward to the 2023-25 biennium and must be spent by March 31, 2025.
- \$12.2 million – Participation Update. This requests a fund shift due to participation being higher than budgeted. More claims were eligible for federal Medicaid match than anticipated, decreasing the General Fund costs and increasing the Federal Fund cost.

Major IDD General Fund challenges:

- \$25.9 million – Most of this adjustment (\$14.3 million) for the 2021-23 biennial budget is driven by the increased Cost Per Case (CPC) for adult in-home services. There are increases for both children and adults utilizing in-home services. There are more individuals choosing to access services from in-home provider agencies, rather than choosing to employ a Personal Support Worker (PSW) directly. There is also a very slight increase in the proportion of authorized hours being used, possibly due to stabilization of provider infrastructure and improving availability of workforce. For children, hour utilization increased because of the temporary program implemented during the federal Public Health Emergency (PHE) declaration that allowed parents of minor children to become their paid caregivers. Without changes in State law, the option to pay parents ends May 11, 2023, with the end of the PHE. The rest of this adjustment (\$11.6 million) is due to the Spring 2023 Caseload Update. Adult 24-hour residential,

Children In-home Services and Adult In-Home Services both show increased caseloads around two-three percent. This resulted in a higher than anticipated increase in caseload of individuals accessing I/DD system and services.

### Child Welfare (CW)

CW has a net savings of \$11 million General Fund, a net decrease of \$0.17 million Other Funds limitation and net decrease of \$3.9 million Federal Funds limitation.

Major CW General Fund savings are:

- \$5.9 million – Spring 2023 Caseload Forecast Update. Regular Foster Care (2.6 percent decrease), Residential Treatment (7.6 percent decrease) and Focus Supports (9.2 percent decrease) caseload decreases are the major contributor to these savings.
- \$5.1 million – One time program savings. The \$3.3 million of which was in the Strengthening, Preserving, & Reunifying Families (SPRF) budget related to the application of one-time federal funds, from the final close out of the IV-E Waiver.

### Self-Sufficiency Programs (SSP)

SSP has a net challenge of \$7.1 million General Fund. This is attributed to the Spring 2023 Caseload Update. The increase in caseload for TANF is about 2.8 percent. Although TANF fell in 2020 and 2021 due to the enhanced Unemployment Insurance program, it is now higher than before the pandemic for both one-parent and two-parent households. The usual increase in exits for seasonal employment (in spring and summer) hasn't occurred in the past few years, a pattern that is expected to continue.

### Central Services (Central)

Central Services has a net challenge of \$8 million General Fund. This is attributed to the Humanitarian Mission spending. Since early fall of 2022, ODHS has partnered with community-based organizations, local government partners, health systems and education partners to provide temporary shelter, culturally specific meals, immigration legal services, weekly resource coordination and system navigation to individuals and

families who are arriving from the southern border. This funding is needed to cover the cost of current services for the remainder of the 2021-23 biennium.

### Potential Risk Factors and Outstanding Issues

ODHS continuously monitors and informs about ongoing potential risks and outstanding issues that are outside of our control by engaging with the Governor's Office and LFO. Examples include the following:

- Caseload and CPC fluctuations are an ongoing factor that is influenced by the economy, employment, and global or local events. Spring and Fall forecasting helps ODHS to be prepared for such fluctuations to the best extent possible.
- Migration of population between states that impacts availability of workforce levels needed to maintain services for the population ODHS supports.
- Natural disasters or public health emergencies.
- Global economic and political environment that impacts the levels of immigration to the state of Oregon.
- Federal policies that directly impact the population that ODHS serves, including immigration policies.
- Federal regulations and penalties due to maintenance of effort and requirements of minimum participation rates.
- Legislative actions that impact cost drivers.
- The hybrid work structure that is not yet accounted for in workload models or workforce classification structure creates challenges for ODHS to keep up with the demand and pace of the evolving operations needs.
- Retiring legacy IT systems and transitioning to the new systems.

### **Agency Request**

Acknowledge receipt of the ODHS Spring 2023 Rebalance Report.

### **Legislation Affected**

See Attachment A.

Sincerely,



Fariborz Pakseresht  
Director



Rob Kodiriy  
Interim Chief Financial Officer

ENC: Summary Table; Attachment A – Legislation Affected; Attachment B – Caseload Forecast Changes.

EC: Amanda Beitel, Legislative Fiscal Office  
Gregory Jolivette, Legislative Fiscal Office  
Kate Nass, Department of Administrative Services  
Mike Streepey, Department of Administrative Services

<b>Summary of ODHS Challenges and Savings by Fund Type (in Millions)*</b>				
<b>Challenges</b>	<b>General Fund Need/(Savings)</b>	<b>Other Fund Need/(Savings)</b>	<b>Federal Funds Need/(Savings)</b>	<b>Total Funds Need/(Savings)</b>
Humanitarian Mission	\$ 8.0	\$ -	\$ -	\$ 8.0
SSP Spring '23 Caseload	\$ 7.1	\$ (0.0)	\$ -	\$ 7.0
I/DD Spring 23 Caseload Updates	\$ 11.6	\$ -	\$ 22.6	\$ 34.2
I/DD CPC Update	\$ 14.3	\$ -	\$ 27.2	\$ 41.5
ARPA FF True Up	\$ -	\$ -	\$ 5.0	\$ 5.0
SACU OT LOA	\$ 0.1	\$ -	\$ 0.1	\$ 0.2
<b>Total Challenges</b>	<b>\$ 41.0</b>	<b>\$ (0.0)</b>	<b>\$ 54.9</b>	<b>\$ 96.0</b>
<b>Savings</b>				
CW Spring '23 Caseload	\$ (5.9)	\$ (0.2)	\$ (3.9)	\$ (9.9)
CW Program One Time Savings	\$ (5.1)	\$ -	\$ -	\$ (5.1)
APD Spring '23 Caseload	\$ (2.2)	\$ -	\$ (5.8)	\$ (8.0)
21-23 POP 103 Delayed Start; Family Caregivers and OPI Expansion	\$ (2.2)	\$ -	\$ (38.6)	\$ (40.8)
ARPA-HCBS 10% Spend Plan Savings (APD & I/DD)	\$ (94.6)	\$ -	\$ (87.9)	\$ (182.5)
Healthier Oregon Program updated caseload (APD & I/DD)	\$ (6.8)	\$ -	\$ -	\$ (6.8)
I/DD Participation rate update	\$ (12.2)		\$ 12.2	\$ -
I/DD Enhanced FMAP Q8 General Fund Savings	\$ (3.1)	\$ -	\$ 3.1	\$ -
<b>Total Savings</b>	<b>\$ (132.1)</b>	<b>\$ (0.2)</b>	<b>\$ (120.8)</b>	<b>\$ (253.1)</b>
<b>Net ODHS Spring 2023 Rebalance</b>	<b>\$ (91.05)</b>	<b>\$ (0.19)</b>	<b>\$ (65.89)</b>	<b>\$ (157.13)</b>
* Due to rounding, numbers may not add up precisely to totals.				

**ODHS****ATTACHMENT A****2021-23 Spring Rebalance Bill (bill # TBD)****APPROPRIATION AND LIMITATION ADJUSTMENTS**

<b>DIVISION</b>	<b>PROPOSED LEGISLATION / SECTION</b>	<b>FUND</b>	<b>REBALANCE ADJUSTMENT</b>	<b>Appropriation</b>
<b>Central Services</b>	ch 606 1(1)	General	8,000,000	87401
<b>SSP</b>	ch 606 1(3)	General	7,053,076	87102
	ch 606 2(3)	Other	(15,646)	34102
<b>CW</b>	ch 606 1(5)	General	(11,022,962)	87101
	ch 606 2(5)	Other	(169,988)	34101
	ch 606 3(5)	Federal	(3,854,006)	64101
<b>APD</b>	ch 606 1(6)	General	(41,021,547)	87301
	ch 606 3(6)	Federal	(91,001,900)	64301
<b>IDD</b>	ch 606 1(7)	General	(54,063,391)	87303
	ch 606 3(7)	Federal	28,961,764	64303



**Attachment B**

**Total Oregon Department of Human Services Biennial Average Forecast Comparison**

	2021-23 Biennium			% Change Between Forecasts	Spring 2023 Forecast			% Change Between Biennia
	Fall 22 Forecast	Spring 23 Forecast	Change		2021- 23	2023- 25	Change	
<b>Self Sufficiency</b>								
Supplemental Nutrition Assistance Program (Households)	416,697	420,085	3,388	0.8%	420,085	420,349	264	0.1%
Temporary Assistance for Needy Families (Families: Cash/Grants)	18,053	18,563	510	2.8%	18,563	19,180	617	3.3%
<b>Child Welfare (children served)</b>								
Adoption Assistance	10,320	10,293	-27	-0.3%	10,293	10,099	-194	-1.9%
Guardianship Assistance	2,422	2,424	2	0.1%	2,424	2,515	91	3.8%
Out of Home Care <sup>1</sup>	5,042	4,969	-73	-1.4%	4,969	4,724	-245	-4.9%
Child In-Home	1,176	1,106	-70	-6.0%	1,106	1,041	-65	-5.9%
<b>Aging &amp; People with Disabilities</b>								
Long-Term Care: In Home	17,421	17,149	-272	-1.6%	17,149	16,833	-316	-1.8%
Long-Term Care: Community Based	12,210	12,274	64	0.5%	12,274	12,887	613	5.0%
Long-Term Care: Nursing Facilities	3,872	3,852	-20	-0.5%	3,852	3,776	-76	-2.0%
Long-Term Care: Healthier Oregon*	225	11	-214	-1	11	60	49	445.5%
<b>Intellectual and Developmental Disabilities</b>								
Total Case Management Enrollment <sup>2</sup>	32,975	32,829	-146	-0.4%	32,829	35,011	2,182	6.6%
Total I/DD Services	21,389	21,680	291	1.4%	21,680	22,470	790	3.6%
<b>Vocational Rehabilitation</b>	7,715	7,627	-88	-1.1%	7,627	8,919	1,292	16.9%

\*Note: Healthier Oregon categories are based on House Bill 3352 (2021 legislative session), which provides medical assistance for Oregonians who would qualify but for citizenship.

1. Includes residential and foster care.

2. Some clients enrolled in Case Management do not receive any additional I/DD services.