

SUBCOMMITTEE RECOMMENDATION

Item 10: Oregon Health Authority Fall 2025 Rebalance

To: Ways and Means Full Committee
From: Human Services Subcommittee
Carrier: Senator Campos

The Human Services Subcommittee received a report from the Oregon Health Authority on its fall 2025 budget rebalance request.

The budget rebalance report detailed requested adjustments for changes in revenue forecasts, available revenues, changes in caseload-related costs, programmatic savings, operational challenges, proposed program expansions, and technical adjustments totaling \$141.2 million General Fund.

Assumed combined caseload cost savings in both the Medicaid and Healthier Oregon programs of \$193.7 million General Fund are additive to a \$30.2 million General Fund savings due to an increase in the federal Medicaid assistance percentage.

Coordinated care organization rate increases for calendar year 2026, totaling \$155.1 million General Fund, are partially offset by a reduction in the Quality Incentive Program for both the 2025 and 2026 calendar years, totaling \$63.1 million General Fund.

The rebalance also assumes a transfer of \$24 million Other Funds from the Department of Consumer and Business Services of insurer tax revenues exceeding

the funding needed for the reinsurance program that will be used to offset General Fund support of the Oregon Health Plan.

Budgetary challenges include \$10.3 million General Fund in costs associated with covering federally required Medicaid services that were previously unfunded on the prioritized list. The agency is also requesting the expansion of the Behavioral Health Intensive Services Unit and the Behavioral Rehabilitative Services program at a combined cost of \$20 million General Fund.

Updated caseload costs and revenue forecasts during the 2026 legislative session may substantively change the required budget adjustments as presented in the report.

The Human Services Subcommittee recommends that the Joint Interim Committee on Ways and Means acknowledge receipt of a report from the Oregon Health Authority on its fall 2025 budget rebalance request, with the understanding that the Legislative Fiscal Office will develop recommendations for budgetary changes to be included in a budget reconciliation bill during the 2026 legislative session.