

Human Services

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	2003-05 Actuals	2005-07 Legislatively Approved	2007-09 Governor's Recommended
General Fund	\$2,327,359,143	\$2,673,762,689	\$3,401,716,650
Lottery Funds	5,528,967	9,312,000	12,032,591
Other Funds	1,133,946,466	1,229,887,293	1,615,121,070
Federal Funds	4,779,788,980	5,121,268,585	6,101,642,917
Other Funds (Nonlimited)	27,385,393	29,331,072	30,240,335
Federal Funds (Nonlimited)	944,024,084	1,063,545,688	1,086,632,027
Total Funds	\$9,218,033,033	\$10,127,107,327	\$12,247,385,590
Positions	9,756	9,749	10,311
Full-time Equivalent	9,283.70	9,317.88	9,893.22

Overview

The Governor’s recommended budget for Human Services is intended to protect and promote the health and safety of all Oregonians. The agencies within this program area provide services such as physical health, mental health and addiction, as well as public health services, employment and family support services that promote self-sufficiency and economic stability, child protective services for abused or neglected children and long-term care services for Oregon’s seniors and people with disabilities.

Although the last several years have seen significant reductions in human services programs because of declining state and federal revenues, the budget takes advantage of an improving state economy and begins the important task of rebuilding the state’s critical human services safety-net.

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Recommended Budget

Overall, the Governor's recommended budget includes \$12.2 billion total funds for the Human Services Program Area. This is a 20.9 percent increase from the 2005-07 Legislatively Approved Budget (LAB). The budget includes \$3.4 billion General Fund, which is 27.2 percent above the LAB.

The main goal of the Governor's budget for Human Services is to make health care more affordable and available to all Oregonians. By investing in ways to cut the cost of health care and expand health coverage, the Governor seeks to improve the lives of hundreds of thousands of Oregonians, while strengthening the social and economic fabric of the state. Better, more affordable health care offers the hope of a bright future for children and adults alike, and serves as the foundation for continuing prosperity.

Enacting the Governor's Healthy Kids Plan is a critical first step toward an affordable, universally accessible health care system. There are about 117,000 Oregon children, or about one in eight, who are uninsured. The budget proposes a realistic plan to deliver health-care coverage to more than 102,000 kids who otherwise would have no coverage in the next three years. The Healthy Kids Plan will provide affordable, comprehensive health coverage options for every Oregon child under age 19. The Plan reduces barriers to enrolling children and keeping them enrolled, and expands affordable coverage options to working families whose incomes are too high to qualify for help under the state's existing programs. The Healthy Kids Plan also invests in the expansion of school-based health centers, adding 13 new centers bringing the total number to 60 centers in 25 counties, and expands the availability of proven preventive mental health and dental sealant programs for Oregon's kids. The Healthy Kids Plan will be funded through a proposed increase in tobacco taxes.

The budget also makes investments to expand the availability of substance abuse treatment, including outpatient and residential treatment as well as supported housing, with particular emphasis on treatment for parents struggling with substance abuse and invests in a new youth substance abuse prevention initiative.

Other highlights of the budget include:

- Services for Children and Families. The budget invests in a continuum of services for children and families aimed at keeping children safe and at supporting strong, financially secure families. To that end, the governor's budget expands drug and alcohol intervention and treatment services targeted at children and families who are at risk, or already involved in the child welfare system. In addition, the budget includes other targeted investments like: expanding the number of families served by the Healthy Start program, expanding the number and capacity of Oregon's Crisis Relief Nurseries, expanding the state's investment in Community Schools, more supports for child welfare workers, revenue to support services like emergency shelters for homeless and runaway youth, and an investment in proven underage drinking and juvenile crime prevention programs. In addition, the budget includes significant investments in self-sufficiency programs including the re-design of Oregon's TANF program, and improved opportunities for low-income families to access quality child care through the Employment Related Day Care program.

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- Health Care for Low-income Adults. All Oregonians bear the cost of providing health care to the uninsured. The budget makes a significant investment to support the growing demand for health care services for categorically eligible adults covered through the OHP Plus program. The budget also expands coverage for low income adults by making a significant investment in the Oregon Health Plan (OHP) Standard program. The additional investment will allow the program to provide health services to 10,000-15,000 additional low-income adults. The budget also expands health care family planning services, covering an additional 26,000 individuals through the Family Planning Expansion Project.
- Health protection and promotion. The budget makes critical investments in state and local public health infrastructure and in programs that assure Oregonians have safe drinking water and access to emergency health services. The budget also significantly expands Oregon's tobacco cessation efforts, an investment designed to save lives and reduce health care costs for all Oregonians.
- Re-design of Oregon's Mental Health System. The budget invests both in the expansion of community services for people with mental illness and in the construction of a new State Hospital System. The investments in the budget will dramatically enhance Oregon's community mental health services, including crisis, supported employment, and supported housing services. The budget also continues the state's expansion of community-based mental health services delivery and begins implementation of the Phase II Master Plan calling for the reconstruction of the Oregon State Hospital.
- Seniors and People with Disabilities. Recognizing the increasing demands on Oregon's long-term care system, the Governor's budget makes targeted investments in the service delivery and quality assurance infrastructure supporting Oregon's most vulnerable seniors and people with disabilities. In addition, the Governor's budget invests additional resource in the state's Senior Health Insurance Benefits Assistance Program, benefiting all Medicare-eligible seniors.
- Commission for the Blind. The Governor's budget continues all programs, with enhancements for staff growth and ensures compliance with maintenance of effort requirements.

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COMMISSION FOR THE BLIND

	2003-05 Actuals	2005-07 Legislatively Approved	2007-09 Governor's Recommended
General Fund	\$1,170,784	\$1,192,304	\$1,570,084
Lottery Funds	0	0	0
Other Funds	2,303,008	2,987,413	2,490,777
Federal Funds	8,564,933	11,116,355	10,699,909
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$12,038,725	\$15,296,072	\$14,760,770
Positions	46	47	50
Full-time Equivalent	43.35	44.60	47.60

Overview

The Commission for the Blind administers programs for the blind in Oregon. The agency provides vocational rehabilitation services, blind vendor management training and assistance, and employment experience through its work activity center and the Industries for the Blind. The agency is broken into five program units:

- The Administrative Services program provides central oversight, accounting, and human resource services for the agency's other programs.
- The Rehabilitative Services program provides training, counseling and guidance, and technology services for eligible legally blind clients who want to go to work or maintain their job. In addition to basic vocational rehabilitation services, this unit includes the teaching of independent living skills and the provision of transitional programming for students before they leave school. The program unit also includes services for the Older Blind that are intended to maintain their independence.
- The Business Enterprises program provides opportunities for the blind to become self-employed and obtain management experience. The blind vending program involves training in vending management. Clients who successfully complete the training then apply to manage a vending site. After placement, the blind vendors continue to receive technical assistance from the agency and are required to pay a percentage of their income into a fund, which pays for training and improvements for vendors.

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- The Industries for the Blind program unit provides work experience through sheltered workshops and work activity centers. Contracts with Multnomah County provide most of the funding for the program. Clients who use the centers are blind and often have another disability. Work Activity Center staff are not state employees.
- The Orientation Center for the Blind program provides skills training for newly blind adults so they may remain as independent as possible. It also operates a Summer Work Experience Program for students to gain work experience and to provide an opportunity for students to have an independent living experience.

Recommended Budget

The Governor's recommended budget for the agency is \$14.8 million total funds. This is a 3.5 percent decrease from the 2005-07 Legislatively Approved Budget. The recommended budget includes a 31.7 percent increase in General Fund, a 16.6 percent decrease in Other Funds and a 3.8 percent decrease in Federal Funds. The increased General Fund will be used to match Federal Funds instead of continuing to use donation dollars as the match. This will maximize federal funding available to the agency and comply with federal maintenance of effort requirements. The budget continues all programs, and upward reclassifies two technology instructor positions which have increased job duties, as well as adds three Rehabilitation Instructor positions to assist the Blind in becoming more independent in all functions of their lives.

Revenue

General Fund and part of the agency's Other Funds are used to match Federal Funds. The principal source of Federal Funds is the Section 110 grant under the Vocational Rehabilitation Act of 1973. These funds are matched at a 21.3 percent state funds to 78.7 percent federal funds rate. Funds for the Older Blind programs and in-service training grants are matched at a 10 percent state funds to 90 percent federal funds rate.

The agency receives Other Funds from a contract with Multnomah County for operation of the Industries for the Blind program, highway vending income, cooperative agreements with school districts, transfers from the Business Enterprise set-aside fund, donations, and interest gained from those donations. Other Funds resources from cooperative agreements, highway vending income, and the Business Enterprise set-aside fund are restricted in their use.

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STATE COMMISSION ON CHILDREN AND FAMILIES

	2003-05 Actuals	2005-07 Legislatively Approved	2007-09 Governor's Recommended
General Fund	\$41,517,568	\$45,995,966	\$64,519,003
Lottery Funds	0	0	0
Other Funds	18,967,385	23,043,849	23,538,795
Federal Funds	217,002	3,823,717	4,501,054
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$60,701,955	\$72,863,532	\$92,558,852
Positions	28	32	34
Full-time Equivalent	24.72	29.50	31.17

Overview

The Oregon Commission on Children and Families (OCCF) is a unique statewide system created by the Legislature in 1993 to improve the quality of life for children and families in Oregon by facilitating a more integrated, accessible, and preventive statewide system of services and supports. The OCCF system includes state agency staff, the Governor-appointed 17 member State Commission and 36 local county commissions on children and families.

The 36 local Commissions on Children and Families are responsible for developing local coordinated comprehensive plans; mobilizing communities; and coordinating programs and initiatives for children 0-18 years of age among community groups, government agencies, private providers and other parties. The State Commission and state agency staff supply policy direction as well as program information, training and technical assistance. The Commission also distributes and administers state and federal funds to counties that support local programs, including juvenile crime prevention, as well as Healthy Start, Crisis Relief Nurseries, and Court Appointed Special Advocates.

Recommended Budget

The Governor's Recommended budget for the Commission is \$92.6 million total funds. This is a 27 percent increase above the 2005-07 Legislatively Approved Budget. The General Fund portion of the budget increases by 40 percent as the result of reinvestment in the Commission's vital programs.

Consistent with his focus on keeping kids safe and families strong, the Governor's recommended budget builds on the existing Commission infrastructure and makes significant new investments to improve the lives of children and families in Oregon.

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The Governor's budget invests an additional \$6 million General Fund in the Healthy Start program. The Healthy Start program is a voluntary home visitation/family support program, offering services to families of first children during the prenatal period or at the time of birth through age three. Research consistently concludes that Healthy Start is highly successful in reducing risk factors for mistreatment of children, and that the program promotes healthy development, readiness for school and family self-sufficiency. Currently only about 41 percent of eligible at-risk first-birth families can be served. The Governor's additional investment will allow the agency to expand services to include more than half, more than 7,600 of eligible families in the State.

The Governor's budget invests an additional \$2.5 million General Fund in Oregon's Crisis Relief Nurseries. Oregon's nine Relief Nurseries (RN) provide comprehensive family services to children under age six in families who are experiencing numerous stresses linked to abuse and neglect. Services are voluntary and may include: parenting education, mental health services, substance abuse assessment and treatment, family strengthening and preservation programs, criminal involvement prevention, special education and advocacy services. The Governor's investment will increase the current capacity of the existing nine Relief Nurseries to reduce waiting lists and serve approximately 600 additional children and their families; grow the number of Relief Nurseries by two; and enhance state technical support for the Relief Nursery program.

As part of his investments throughout the juvenile dependency system, the Governor's budget increases, by \$1 million General Fund, the state's funding for the Court Appointed Special Advocates program (CASA), an investment that will allow that program to increase service levels from 30 percent of all children and youth who need a CASA to approximately 38 percent and reinforce the statewide CASA infrastructure. In addition, counties will receive an additional \$2 million to implement their juvenile crime prevention plans, expanding services to an estimated 30 percent more high-risk and Native American Youth.

The Governor's budget kicks off two new initiatives in this budget, including \$1 million General Fund of new funding for homeless and runaway youth programs to support services like emergency shelters as well as services that target access to education, employment assistance and related skill building for homeless and runaway youth. In addition, as part of his effort to make "every school a community school" in Oregon, the Governor's recommended budget includes an investment in the expansion of the state's Community Schools programs, including grant dollars for up to five communities to implement a community schools initiative.

Finally, the Governor's budget invests in the Commission's infrastructure in two ways: First by increasing by \$3 million General Fund the state's commitment to the work of Oregon's 36 local commissions; and second, by enhancing the state agency's ability to provide enhanced program technical assistance and data collection and evaluation. Both investments are critical to facilitating the Commission system's ability to continue leveraging additional resources and mobilizing community coalitions around local support for children and families.

Revenue

General Fund is the largest revenue source for the Commission. It supports most of the funding streams and staff. Most of the Commission's Other Funds are federal revenues transferred from other agencies.

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These include Title XX (Social Services Block Grant), Title IV-B(2) (Safe and Stable Families), and Title XIX Medicaid funds received from the Department of Human Services. The Employment Department transfers Child Care and Development Block Grants to the Commission.

The Commission receives Federal Funds from U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention, to support high-risk Juvenile Crime Prevention grants. The agency also receives a federal grant for Positive Youth Development, from the U.S. Department of Health and Human Services.

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DEPARTMENT OF HUMAN SERVICES

	2003-05 Actuals	2005-07 Legislatively Approved	2007-09 Governor's Recommended
General Fund	\$2,268,588,095	\$2,600,209,813	\$3,309,709,877
Lottery Funds	5,528,967	9,312,000	12,032,591
Other Funds	1,087,058,613	1,139,732,042	1,491,467,930
Federal Funds	4,770,177,063	5,106,328,513	6,086,441,954
Other Funds (Nonlimited)	27,385,393	29,331,072	30,240,335
Federal Funds (Nonlimited)	944,024,084	1,063,545,688	1,086,632,027
Total Funds	\$9,102,762,215	\$9,948,459,128	\$12,016,524,714
Positions	9,613	9,605	10,111
Full-time Equivalent	9,148.13	9,179.53	9,707.33

Overview

The Department of Human Service (DHS) directly serves over one million Oregonians with a broad array of social services through over 200 programs. These services are delivered through a network of state offices, county and local governments, private non-profit entities, and health plans. The Department is responsible for services to Oregon's low-income and vulnerable citizens, including public assistance, protective services, health care, mental health and substance abuse treatment services, vocational rehabilitation, and long-term care for seniors and people with physical and/or other disabilities. The Department also provides public health services benefiting every Oregonian.

The mission of DHS is to assist people to become independent, healthy, and safe. The four agency goals are:

- People are living as independently as possible.
- People are healthy.
- People are safe.
- People are able to support themselves and their families.

The DHS budget is organized around four program areas in six divisions.

- Department Wide Support Services: Now known as the Administrative Services Division (ASD), this division provides overall guidance and direction to DHS leading the agency to become more client- focused and driven to achieving better outcomes through strong and accountable management of resources. ASD provides consistent and coordinated administrative services for the entire

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department, including information technology, human resources, forecasting and finance and policy analysis.

- **Children, Adults, and Families (CAF):** This division includes vocational rehabilitation services to individuals with disabilities seeking employment, services and benefits to low-income families working to become self-sufficient, and child protection services for abused and neglected children. Department field offices that deliver these and other services are also included in the budget for this division, as is funding to support foster and adoptive parents.
- **Health Services:** This program area includes three divisions:

Public Health Division – This division works with county health departments to protect, promote and preserve all Oregonians’ health. Core public-health functions include preventing epidemics and controlling disease, ensuring safe food and water, and promoting healthy behaviors.

Division of Medical Assistance Programs – This division manages the Oregon Health Plan, delivering medical, dental and behavioral health services for about one out of every 10 Oregonians. A priority list of medical conditions and treatments stresses prevention and most-effective treatments.

Addiction and Mental Health Division (AMHD) – AMHD is the state’s primary coordinator of services to help Oregonians with alcohol and other drug-abuse problems through prevention, intervention and treatment. The Oregon State Hospitals in Salem and Portland and the Blue Mountain Recovery Center in Pendleton are administered by this division. This division also supports the state’s gambling addiction treatment services.

- **Seniors and People with Disabilities (SPD):** This division serves Oregon’s most vulnerable, low-income seniors and people with physical disabilities through a continuum of long-term care services, ranging from in-home supports to facility-based, residential care. This division also facilitates services for adults and children with developmental disabilities in a variety of in-home and residential facilities. The division budget includes field office staff that provides these services.

Recommended Budget

The Governor’s recommended budget for DHS is \$12.0 billion total funds, which represents a 20.79 percent increase from the 2005-07 Legislatively Approved Budget. The recommended budget includes \$3.3 billion General Fund, which is 27.3 percent above the Legislatively Approved Budget. A detailed description of the Governor’s recommended budget for DHS is included in the four program cluster summaries that follow.

Revenue

Details about the sources of these funds are included in each of the four program cluster summaries that follow.

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DEPARTMENT WIDE SUPPORT SERVICES

	2003-05 Actuals	2005-07 Legislatively Approved	2007-09 Governor's Recommended
General Fund	\$122,495,818	\$130,852,904	\$176,946,586
Lottery Funds	0	0	0
Other Funds	\$16,354,865	\$38,378,682	\$53,621,594
Federal Funds	\$154,243,371	\$219,609,362	\$254,187,509
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$293,094,054	\$388,840,948	\$484,755,689
Positions	988	1,029	1,126
Full-time Equivalent	950.80	986.13	1,098.39

Overview

The Department of Human Services (DHS) Department Wide Support Services, now known as the Administrative Services Division (ASD), provides coordinated administrative services to all areas of the Department. Its core functions include Administrative Services, Finance and Policy Analysis, Office of Information Services, and Office of the Director. The services provided by all of these units support and benefit the entire department.

- Administrative Services brings a Department-wide approach to communications, contracts and procurement, facilities, financial services, human resources, and information technology services.
- Finance and Policy Analysis provides fiscal and policy analysis on issues related to DHS budget and operations. This includes caseload and cost-per-case forecasting, development and monitoring of the Department's budget, and the development and coordination of rates paid to providers.
- Office of the Director provides overall guidance and direction to DHS. Several other services also reside in the Office of the Director including the Governor's Advocacy Office, audit and consulting services, and tribal relations.

In addition, ASD serves customers external to the Department including other state agencies, the Governor's Office, the Legislature, and local governments.

Highlights of the recommended budget include:

- Department of Human Services Infrastructure. The Governor's recommended budget provides funding to the Department of Human Services to strengthen its ability to be fiscally and operationally accountable, improving its capacity to serve Oregonians and fulfill its mission. Actions include improving the ability to recover overpayments and implementation of recommendations coming out

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of a comprehensive operational review of the Department such as enhancing the agency's actuarial and caseload forecasting services.

Recommended Budget

The Governor's recommended budget for ASD is \$176.9 million General Fund and \$484.8 million total funds. The budget includes funding for the development, maintenance, and execution of a \$12 billion budget; preparation of forecasts for major caseload driven programs in adult and child welfare, health services, and seniors and people with disabilities; development and maintenance of information systems critical to the core business functions of client eligibility, benefits, and case management; research and evaluation; training of over 9,900 employees; and human resource services for over 9,900 employees in more than 160 locations statewide.

Two of the more significant information technology projects include the Medicaid Management Information System (MMIS) and the Statewide Automated Child Welfare Information System (SACWIS). The replacement of MMIS which supports Medicaid administration and payments is a critical on-going multi-biennia effort. To comply with federal requirements, DHS must also replace SACWIS which supports the child welfare program.

Revenue

The cluster's recommended budget is 36.5 percent General Fund, 11.1 percent Other Funds, and 52.4 percent Federal Funds. Other Funds come from various Public Health grants. Federal Funds support the administrative costs related to Medicaid, Food Stamps, Temporary Assistance to Needy Families, Title IV-E Foster Care and Adoption Assistance, Basic 110 grant for Vocational Rehabilitation and Title XX Social Services Block Grant.

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CHILDREN, ADULTS AND FAMILIES

	2003-05 Actuals	2005-07 Legislatively Approved	2007-09 Governor's Recommended
General Fund	\$366,399,108	\$436,306,729	\$568,964,280
Lottery Funds	0	0	0
Other Funds	\$130,819,993	\$127,482,671	\$135,910,142
Federal Funds	\$760,714,194	\$787,436,300	\$839,144,170
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	\$854,200,185	\$960,816,637	\$983,902,976
Total Funds	\$2,112,133,480	\$2,312,042,337	\$2,527,921,568
Positions	4,297	4,194	4,491
Full-time Equivalent	4,079.51	4,037.64	4,371.30

Overview

The Children, Adults, and Families (CAF) division of the Department of Human Services provides policy and program support for benefits and services to help low-income families become self-sufficient while creating a safe and permanent living environment for children. There are three major program areas in CAF:

- **Self-Sufficiency:** These services focus on supporting people to prepare for, find, and keep jobs. The array of services include monthly cash payments through the Temporary Assistance for Needy Families (TANF) federal grant, emergency assistance, employment related daycare, employment and training through the JOBS program, and food stamps.
- **Child Safety:** Services are intended to protect child safety and support families to develop the capacity to provide appropriate care to their children when a child safety threat is identified. These services include protecting children from abuse and neglect, improving parent's ability to care for and protect their children, securing foster care for children who are abused or neglected, providing residential treatment for children with special needs, arranging adoptions for children.
- **Vocational Rehabilitation:** These services are designed to assess, plan, develop, and provide vocational rehabilitation services to eligible individuals with disabilities to prepare them for and engage in gainful employment.

Highlights of the recommended budget include:

- **Services for Children:** The recommended budget invests in a continuum of services for children and families aimed at keeping children safe and at supporting strong, financially secure families. Investments include strengthening supports for child welfare worker caseload, expanding legal

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services for dependency cases, and providing financial assistance for needy relatives who provide foster care to abused or neglected children.

- Temporary Assistance for Needy Families (TANF) Reauthorization: One of the most significant impacts of the federal Deficit Reduction Act of 2005, is changes made in the TANF program through the reauthorization of that program. The Governor's budget funds a comprehensive re-design of Oregon's TANF program, designed to both ensure the health and well-being of children in TANF families and to help parents achieve self-sufficiency through sustained employment.
- Employment Related Daycare: The Governor's budget makes significant investments to allow more low-income working families access quality child care. Actions include reducing co-pays for families, expanding the programs income eligibility limits, and increasing the subsidies families pay child care providers.

Recommended Budget

The Governor's recommended budget for CAF is \$569.0 million General Fund and \$2.5 billion total funds. Each month, this budget will provide about 430,000 individuals in roughly 230,000 Oregon households with food stamp benefits. Under current self sufficiency programs, it is estimated that 18,500 households will receive TANF cash assistance, roughly 10,000 of which will receive training through the JOBS program each month. These caseloads will change with the implementation of the re-design of Oregon's TANF program. In addition, this budget will support approximately 10,000 families who receive assistance with child care costs through the Employment Related Daycare (ERDC) program. And finally, the budget supports an ever-growing food stamp caseload, continuing the direct investment to put food on the table of over 400,000 families, seniors and individuals with disabilities.

On an average daily basis, there will be about 11,600 children in foster care. This caseload has increased significantly since 2004. Approximately half of these are special needs children who will receive financial assistance and Medicaid coverage. In addition, on an average daily basis, about 11,000 kids will be supported under the Adoption Assistance program. This caseload has been climbing steadily for several biennia.

Revenue

The cluster's recommended budget is 22.5 percent General Fund, 5.4 percent Other Funds, and 72.1 percent Federal Funds. The largest sources of Other Fund revenues are the Child Care Development Fund transfers from the Employment Department; recoveries of assistance payments such as cash, food stamps, Medicaid, fees and licensing for nursing facilities, marriage, adoption, trust and agency receipts; and criminal fines and assessments.

- Child Care Development Fund: The Employment Department receives federal Child Care Development Funds and transfers these funds to CAF. The ERDC programs utilize these funds.
- Overpayment Recoveries: Overpayment recoveries are recovered program dollars incorrectly paid to clients through client error or fraud. There are three different areas of recoveries: Food Stamps, Public Assistance cash, and Public Assistance grant reductions. Under federal Food Stamp

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regulations, 35 percent of fraud overpayment collections, and 20 percent of non-fraud overpayment collections, may be retained by the state to offset administrative expenditures incurred by the Food Stamp program. Public Assistance recoveries are applied against program expenditures during the month of recovery.

- Trust Recoveries: Client funds are used to reimburse the state for the maintenance cost of children in care.

The primary sources of Federal Funds include Title IV-A TANF, Title IV-B Child Welfare Services, Title IV-E Child Welfare, Title XIX Medicaid, Title XX Social Services Block Grant, Title XXI Children's Health Insurance Program, and Food Stamps.

- Title IV-A Temporary Assistance for Needy Families: This annual block grant funds Cash Assistance for single and two parent families, Emergency Assistance, and Employment and Training services (JOBS program). Some childcare services and other support services, like transportation, are also funded with TANF.
- Title IV-B Child Welfare Services: Protects and promotes the welfare of children, family preservation services, reunification, and adoption services.
- Title IV-E Child Welfare: Provides for foster care and adoption assistance.
- Title XIX Medicaid: Provides reimbursement for medical care of low-income and other medically needy individuals.
- Title XX Social Services Block Grant: In addition to the Child Care Development Fund, Oregon also applies Social Services Block Grant revenues to meet childcare costs, employment-related day care, Crisis Nurseries, and Pre-Delinquent/Level 7 Youth.
- Title XXI Children's Health Insurance Program: Provides reimbursement for medical care of children and teens through age 18 whose parents earn too much for traditional Medicaid, but do not have employer-based insurance. These services are covered through the Oregon Health Plan.
- Food Stamps: Food subsidy benefits determined by household size and income. The Food Stamp program also provides limited employment and training services for unemployed family members.

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HEALTH SERVICES

	2003-05 Actuals	2005-07 Legislatively Approved	2007-09 Governor's Recommended
General Fund	\$997,036,696	\$1,155,183,248	\$1,547,755,787
Lottery Funds	\$5,528,967	\$9,312,000	\$12,032,591
Other Funds	767,515,134	\$810,105,534	\$1,126,762,390
Federal Funds	\$2,577,025,837	\$2,651,685,384	\$3,347,860,945
Other Funds (Nonlimited)	\$27,385,393	\$29,331,072	\$30,240,335
Federal Funds (Nonlimited)	\$89,823,899	\$102,729,051	\$102,729,051
Total Funds	\$4,464,315,926	\$4,758,346,289	\$6,167,381,099
Positions	2,219	2,304	2,516
Full-time Equivalent	2,122.53	2,202.66	2,430.08

NOTE: Totals in the table above include Capital Improvement and Capital Construction funds that are designated for the Oregon State Hospital.

Overview

The Health Services (HS) program area of the Department of Human Services provides policy and program support for benefits and services that help keep Oregonians healthy through three divisions; Addictions and Mental Health Division (AMHD), Division of Medical Assistance Programs (DMAP) and the Public Health Division (PHD). The primary services within this program area include:

- Medical Assistance Programs.
- Mental health services.
- Chemical dependency services.
- Broad based public health initiatives such as emergency preparedness and safe drinking water programs.

Most program area services are provided through contracts with county or private providers. The mission of Health Services is to improve the health of all Oregonians by promoting healthy communities and individual behaviors; preventing unnecessary death and disability; supporting the best possible treatment of mental illness and alcohol, tobacco, and other drug dependencies; and ensuring access to adequate health care.

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The Division of Medical Assistance Programs administers medical coverage through the Oregon Health Plan which is funded in part with Medicaid and Children's Health Insurance Program (CHIP) federal funds. Oregon Health Plan eligibility, in part, is based on a family's or individual's income relative to the Federal Poverty Level. The table below displays various 2006 eligibility levels.

Percent of Federal Poverty Level (Annual Income)				
Number in Family	73%	100%	133%	185%
1	\$7,154	\$9,800	\$13,034	\$18,130
2	\$9,636	\$13,200	\$17,556	\$24,420
3	\$12,118	\$16,600	\$22,078	\$30,710
4	\$14,600	\$20,000	\$26,600	\$37,000

The Oregon Health Plan (OHP) covers:

- People who receive cash assistance under the Temporary Assistance for Needy Families (TANF) program. The program has historically served both single- and two-parent families.
- Families that become employed and no longer need cash assistance through TANF. Currently, these families remain eligible for medical coverage up for 12 months after cash assistance ends.
- Children in foster care or for whom adoption assistance payments are made.
- Children in families with incomes up to 185 percent of the Federal Poverty Level (FPL).
- Pregnant women and their newborns with incomes under 185 percent of the FPL. This is known as the Poverty Level Medical program.
- People who are 65 or over who have income under 73 percent of the FPL.
- Blind and disabled persons who have income under 73 percent of the FPL.
- 24,000 adults with incomes under 100 percent of the FPL.

The state receives a different federal match rate depending on whether a person is categorically eligible for the OHP, or whether the child qualifies for the more beneficial CHIP match rate. The program area primarily responsible for OHP eligibility determinations is Children, Adults and Families (CAF).

The Addiction and Mental Health Division serves people who are not eligible for OHP but who have a mental illness or a chemical dependency. These services are provided through a variety of settings that range from community-based residential and vocational centers to regional acute care hospitals and state institutions.

In recent years, services to people with mental illness have changed. In the past, people with severe and persistent mental illnesses would stay at large state hospitals for extended periods of time. Now they get intense short-term inpatient care at local hospitals. Depending on the outcome of these services, the patient may move up to the state hospital, or be discharged to community outpatient services. Mental health has also moved from a fee-for-service system to a managed care system.

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Chemical dependency services include prevention, intervention, and treatment. The Department works with networks of community coalitions and treatment providers to deliver chemical dependency services.

The Public Health Division touches every person, every day, and helps Oregon communities create healthy environments so those who live there can be well. Public health is based on science and focuses on population groups rather than on the individual. It emphasizes preventing illness and injury rather than treating a medical condition that has already occurred. Many public health activities are invisible to the public but they quickly become apparent when there are wide-scale health threats, such as a communicable disease outbreak, bioterrorist threat, contamination in the air, food or water, or escalating chronic disease. The mission of this division is to protect and promote the health of all the people of Oregon by:

- Protecting individuals and communities against the spread of disease, injuries, and environmental hazards.
- Promoting and encourage healthy behaviors.
- Responding to disasters and assist communities in recovery.
- Assuring the quality and accessibility of health services.

Highlights of the recommended budget include:

- Healthy Kids Plan: 117,000 Oregon children, or about one in eight, are uninsured. The Governor's recommended budget proposes a realistic plan to deliver health-care coverage to more than 102,000 kids who otherwise would have no coverage in the next three years. The Healthy Kids Plan will provide affordable, comprehensive health coverage options for every Oregon child under age 19. The Plan reduces barriers to enrolling children and keeping them enrolled, and expands affordable coverage options to working families whose incomes are too high to qualify for help under the state's existing programs. The Healthy Kids Plan also invests in the expansion of school-based health centers, adding 13 new centers bringing the total number to 60 centers in 25 counties, and expands the availability of proven preventive mental health and dental sealant programs for Oregon's kids. The Healthy Kids Plan will be funded through a proposed increase in tobacco taxes.
- Health Care for Low-income Adults: All Oregonians bear the cost of providing health care to the uninsured. The recommended budget makes a significant investment to support the state's commitment to the growing demand for health care services for categorically eligible adults covered through the OHP Plus program. The recommended budget also expands coverage for low income adults by making a significant investment in the OHP Standard program. The additional investment will allow the program to provide health services to 10,000-15,000 additional low-income adults. The recommended budget also invests in an expansion of health care family planning services, covering an additional 26,000 individuals through the Family Planning Expansion Project.

Human Services

- Health protection and promotion: The Governor's recommended budget makes critical investments in state and local public health infrastructure and in programs that assure Oregonians have safe drinking water and access to emergency health services. The budget also significantly expands Oregon's tobacco cessation efforts, an investment designed to save lives and reduce health care costs for all Oregonians.
- Re-design of Oregon's Mental Health System: The recommended budget invests both in the expansion of community services for people with mental illness and in the construction of a new State Hospital System. The investments in the recommended budget will dramatically enhance Oregon's community mental health services, including crisis, supported employment, and supported housing services. The budget also continues the state's expansion of community-based mental health services delivery and begins implementation of the Phase II Master Plan calling for the reconstruction of the Oregon State Hospital.
- Chemical Dependency Services: The Governor's Recommended Budget makes investments to expand the availability of substance abuse treatment, including outpatient and residential treatment as well as supported housing, with particular emphasis on treatment for parents struggling with substance abuse. In addition The Governor also invests in a new youth substance abuse prevention initiative.

Recommended Budget

The Governor's recommended budget for HS is \$1.5 billion General Fund and \$6.1 billion total funds.

Oregon Health Plan: The Oregon Health Plan will provide access to health care for about 412,000 Oregonians each month. About 388,000 of these clients will receive the full benefit package offered by the Oregon Health Plan Plus program. The remaining 24,000 clients qualify for the Oregon Health Plan Standard program, receiving a smaller benefit package. The Governor's recommended budget also includes funding to increase the Standard program by up to 15,000 clients per month.

The Governor's budget includes proposed increases in payments in fee-for-service for physicians and hospitals, as well as increased capitation rates for Oregon's managed care organizations.

Mental Health and Public Health: Over the course of the biennium, over 200,000 children, adolescents and adults will receive community-based mental health treatment and crisis response services. The Governor's budget includes increased investments to these services. Within public health programs, General Fund support for family planning services will be increased along with increased funding for School Based Health Centers and Tobacco Prevention Education funded in part with the proposed new tobacco tax revenue.

Revenue

About 25.4 percent of HS's budget is General Fund, 17.9 percent Other and Lottery Funds and 56.7 percent Federal Funds. The cluster also gets Federal Fund revenues from a variety of sources. The primary source of Federal Funds is the Medicaid program. Other smaller federal sources include the Children's Health Insurance Program, the Center for Mental Health Services Block Grant, and the Substance Abuse Prevention Treatment grant.

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- **Medicaid:** The Oregon Health Plan operates under a federal Medicaid demonstration waiver. This waiver grants Oregon greater flexibility than a traditional Medicaid program. The current waiver expires in 2007 and, pursuant to federal requirements, the Governor in October 2006 submitted a request to continue the current waiver with some additional flexibilities.
- **Children's Health Insurance Program (CHIP):** The CHIP program was enacted by Congress to increase the number of children covered by state sponsored health care. The CHIP program encourages states to cover more children by providing a heightened federal match for CHIP expenditures.
- **Mental Health Services Block Grant:** This federal block grant provides funding for adult community support services and for local services for emotionally disturbed children and adolescents.
- **Substance Abuse Prevention Treatment Grant:** This federal block grant for substance abuse treatment and prevention has a maintenance of effort requirement. This requires Oregon to spend state resources for alcohol and drug programs at a level that is at least equivalent to the preceding two-year period.

Other Fund revenues come from tobacco taxes, client contributions, drug rebates, third party recoveries, beer and wine taxes, and Women, Infant, and Children (WIC) food voucher rebates.

- **Tobacco Taxes:** The balanced budget for HS includes almost \$540 million of Tobacco Tax revenue for the Oregon Health Plan, Kids Health programs and the Tobacco Use Reduction Account.
- **Client Contributions:** Clients are required to pay a variety of co-payments and premiums that help finance the costs of providing their health care.
- **Drug Rebates:** Current drug pricing practices include rebates from pharmaceutical companies. The level of these rebates is negotiated with the individual supplier.
- **Third Party Recoveries:** Some Oregon Health Plan clients have other groups that are liable to pay some of their health care costs. The Oregon Health Plan recoups some of its costs from these third-party payers.
- **Beer and Wine Taxes:** Approximately 50 percent of Oregon's beer and wine tax revenues are passed to HS to finance substance abuse prevention and treatment programs.
- **WIC Food Vouchers:** Similar to drug rebates, the WIC program is given rebates from grocery outlets. The client is charged retail price for the food purchases, and then the supplier issues a rebate to the WIC program.

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SENIORS AND PEOPLE WITH DISABILITIES

	2003-05 Actuals	2005-07 Legislatively Approved	2007-09 Governor's Recommended
General Fund	\$782,656,473	\$877,866,932	\$1,016,043,224
Lottery Funds	0	0	0
Other Funds	\$172,368,621	\$163,765,155	\$175,173,804
Federal Funds	\$1,278,193,661	\$1,447,597,467	\$1,645,249,330
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$2,233,218,755	\$2,489,229,554	\$2,836,466,358
Positions	2,109	2,078	1,978
Full-time Equivalent	1,995.29	1,953.10	1,807.56

Overview

The Seniors and People with Disabilities Division (SPD) has three main programs. First, it assists clients with the costs of long-term care. Second, it administers the federal Older Americans Act. Third, it provides cash assistance to people with long-term disabilities. Long-term care services are provided to the elderly and people with both physical and developmental disabilities. These long-term care services are also provided in a variety of settings that include the client's home, private residential facilities, state operated group homes, and one state operated institution.

Case management is provided by a combination of state staff, county governments, local Area Agencies on Aging (AAA), and private sector brokerages. The programs within SPD are among the fastest growing in the state budget. This growth has been driven by the increasing number of elderly and disabled Oregonians who are federally entitled to long-term care.

Highlights of the recommended budget include:

- Seniors and People with Disabilities. Recognizing the increasing demands on Oregon's long-term care system, the Governor's budget makes targeted investments in the service delivery and quality assurance infrastructure supporting Oregon's most vulnerable seniors and people with disabilities. The budget also includes an expansion over current levels in Oregon Project Independence.

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Recommended Budget

The Governor's recommended budget for SPD is \$1.0 billion General Fund and \$2.8 billion total funds.

Aged and Physically Disabled Services – Each month, approximately 27,500 seniors and people with disabilities will receive Long Term Care services from the Department of Human Services. With this budget these clients can continue to choose between receiving their services in their own home or from a variety of residential service providers.

Developmental Disabilities (DD) - Each month, over 7,000 people with developmental disabilities will receive services from the state. These services include medical assistance, in-home supports, residential group homes and institutional care. The budget maintains services for clients under the *Staley* settlement agreement and makes an investment to increase reimbursement to DD service providers.

Revenue

About 35.8 percent of SPD's budget is General Fund and 58.0 percent Federal Fund revenues from a variety of sources. These sources include:

- Medicare: The cluster receives Medicare funding to survey and certify nursing homes.
- Medicaid: Medicaid is the primary source for funding SPD long-term care programs. Under a federal waiver, Oregon may use federal Medicaid funds to provide either institutional or community-based care. These expenditures require state matching funds. This matching rate is based on the strength of the state's economy compared to the national average.
- Older Americans Act: The Older Americans Act provides support services for clients who are 60 years of age or older. These funds pass through SPD on their way to AAAs. The AAAs provide the required non-federal match, which ranges between 10 and 25 percent.
- Food Stamps: SPD completes food stamp eligibility for elderly and disabled clients who qualify for these services. State contributions to administer eligibility determinations are matched 50/50 with federal dollars. The actual food stamp benefits are included within the budget for the Children, Adults and Families program area.

Only 6.2 percent of this cluster's budget comes from Other Funds. These Other Fund revenues come from estate collections, Supplemental Security Income reimbursements, licensing fees, and fees for service.

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LONG TERM CARE OMBUDSMAN

	2003-05 Actuals	2005-07 Legislatively Approved	2007-09 Governor's Recommended
General Fund	\$580,293	\$545,205	\$934,144
Lottery Funds	0	0	0
Other Funds	1,430,912	1,445,936	1,765,750
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$2,011,205	\$1,991,141	\$2,699,894
Positions	8	8	11
Full-time Equivalent	8.00	8.00	10.00

Overview

The Long Term Care Ombudsman (LTCO):

- Investigates and resolves complaints made by, or on behalf of, long-term care facility residents.
- Monitors the implementation of federal, state, and local laws, rules, and policies that affect long-term care residents.
- Promotes quality long-term care.
- Protects resident rights.
- Makes recommendations to the Legislature and the Governor about long-term care issues.

The LTCO relies on a network of about 240 individuals to recruit and train local volunteers and to visit the more than 42,000 long-term care beds licensed in Oregon. Currently, approximately 140 agency volunteers are trained by LTCO's full-time staff to protect the resident's rights and assist the resident in resolving complaints. In addition to training and supporting the volunteer network, the full-time staff also helps to resolve the most complex resident complaints.

Recommended Budget

The Governor's Recommended Budget for LTCO is \$2.7 million total funds. This is a 35.6 percent increase from the 2005-07 Legislatively Approved Budget. As Oregon's aging population continues to grow, particularly those over the age of 85, the complexity of care they require also grows. To meet the growing demand, and to better protect frail seniors and people with disabilities in our long-term care

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system, the Governor's Recommended Budget increases the agency's staffing levels to allow the agency to increase the number of volunteer ombudsman by 40-50 percent.

Revenue

The LTCO's expenses are eligible for federal match under Medicaid and the Older Americans Act. General Fund dollars appropriated to LTCO are sent to the Department of Human Services (DHS). DHS matches this transfer with Federal Funds and then returns the total to LTCO. The Medicaid match rate is 50 percent state, and 50 percent federal. The Older Americans Act revenues are matched 25 percent state, and 75 percent federal. Once returned, the LTCO spends the resources as Other Funds.

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OFFICE OF PRIVATE HEALTH PARTNERSHIPS

	2003-05 Actuals	2005-07 Legislatively Approved	2007-09 Governor's Recommended
General Fund	\$14,770,356	\$24,971,937	\$23,873,528
Lottery Funds	0	0	0
Other Funds	23,582,905	62,676,053	95,855,818
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$38,353,261	\$87,647,990	\$119,729,346
Positions	52	52	100
Full-time Equivalent	51.50	51.50	92.12

Overview

The Office of Private Health Partnerships (OPHP) administers the Family Health Insurance Assistance Program (FHIAP). This program was approved by the 1997 Legislature and started in July 1998. It provides direct subsidies to working people below 185 percent of the federal poverty level. These subsidies allow working people and their families to purchase private health insurance. OPHP also provides assistance to small businesses that want to set up health insurance programs for their employees and individuals seeking health insurance. Additionally, they provide training throughout the state for insurance agents and other stakeholders related to state healthcare programs, and maintain an active agent referral system for both individuals and businesses.

During the 2001-03 biennium, the Legislature approved an expansion of the FHIAP program. This expansion was part of larger federal waivers related to the Oregon Health Plan. The waivers allow Oregon to claim federal Medicaid funds to help finance FHIAP, but come with a requirement that the State of Oregon maintain its financial commitment to the FHIAP program for five years. In essence, this maintenance of effort requirement mandates that Oregon continue its current expansion of the FHIAP program through the first several months of the 2007-09 biennium. Renewal waivers have been submitted to continue the current program.

The Governor's budget also implements the Healthy Kids Plan, which is designed to ensure that all children under age 19 have access to health-care coverage, regardless of income, assets, pre-existing medical conditions or citizenship. Depending on a child's circumstances, he or she will enroll in a Medicaid program, an employer-sponsored plan, or in a competitively selected, privately administered, insurance product. All children will qualify assuming, with certain exceptions, they have been uninsured for 60 days or more.

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Under the Healthy Kids Plan, families with incomes below 200 percent of the federal poverty level will pay no premiums or co-pays for their children. Families with higher incomes, up through 349 percent of the poverty level, will pay a portion of their children's premiums based on a sliding scale. Families earning 350 percent or more of the poverty level will pay full premiums.

The Office of Private Health Partnerships (OPHP) will "brand" the term Healthy Kids, work with diverse populations, recruit and train community partners, provide application assistance, purchase multimedia advertising and engage schools and businesses such as utilities and grocery chains as part of the branding and enrollment efforts. OPHP will also be responsible for administering the subsidy program for Employer Sponsored Group Insurance and the private Healthy Kids Plan Insurance product.

Recommended Budget

The Governor's Recommended Budget for this agency is \$119.7 million total funds. This is a 36.6 percent increase over the 2005-07 Legislatively Approved Budget. The recommended budget continues all services of the OPHP and adds the Healthy Kids Program. The budget continues FHIAP at an average of just under 12,450 people each month.

Revenue

FHIAP is funded with a combination of General Fund and federal Medicaid dollars. The federal government sends its Medicaid funds to the Department of Human Services (DHS), which then transfers the funds to OPHP. The OPHP receives this transfer from DHS as Other Funds. General Fund also supports the technical assistance portion of the OPHP. The state portion of the Healthy Kids Program will be funded through an increase in tobacco taxes.

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PSYCHIATRIC SECURITY REVIEW BOARD

	2003-05 Actuals	2005-07 Legislatively Approved	2007-09 Governor's Recommended
General Fund	\$732,047	\$847,464	\$1,110,014
Lottery Funds	0	0	0
Other Funds	0	2,000	2,000
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$732,047	\$849,464	\$1,112,014
Positions	4	5	5
Full-time Equivalent	4.00	4.75	5.00

Overview

The Psychiatric Security Review Board (PSRB) has jurisdiction over criminals who have committed a crime and were found guilty, but for insanity. The Board manages this population through placement at either the Oregon State Hospital or through conditional releases to the community. The Board conducts hearings to decide the best place for these people. The Board may revoke a conditional release and order a person's return to the Oregon State Hospital. It may also discharge people from the Board's control. There are currently about 715 people under the Board's jurisdiction, of which, about 350 are on conditional release in the community.

Senate Bill 232 (2005) expanded the PSRB beginning January 1, 2007, to include a five member juvenile panel. The juvenile panel will be responsible for the disposition of youth who have a serious mental condition or who present a danger to themselves or others beginning July 1, 2007.

Recommended Budget

The Governor's recommended budget for the Psychiatric Security Review Board is \$1.1 million total funds. This is a 30.9 percent increase from the 2005-07 Legislatively Approved Budget. The recommended budget maintains the agency's core programs including the new juvenile panel.

Revenue

The Board's work is financed with General Fund. Other Funds expenditure limitation is for staff and Board member training. This is funded with money left over from an earlier award from the American Psychiatric Association.

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