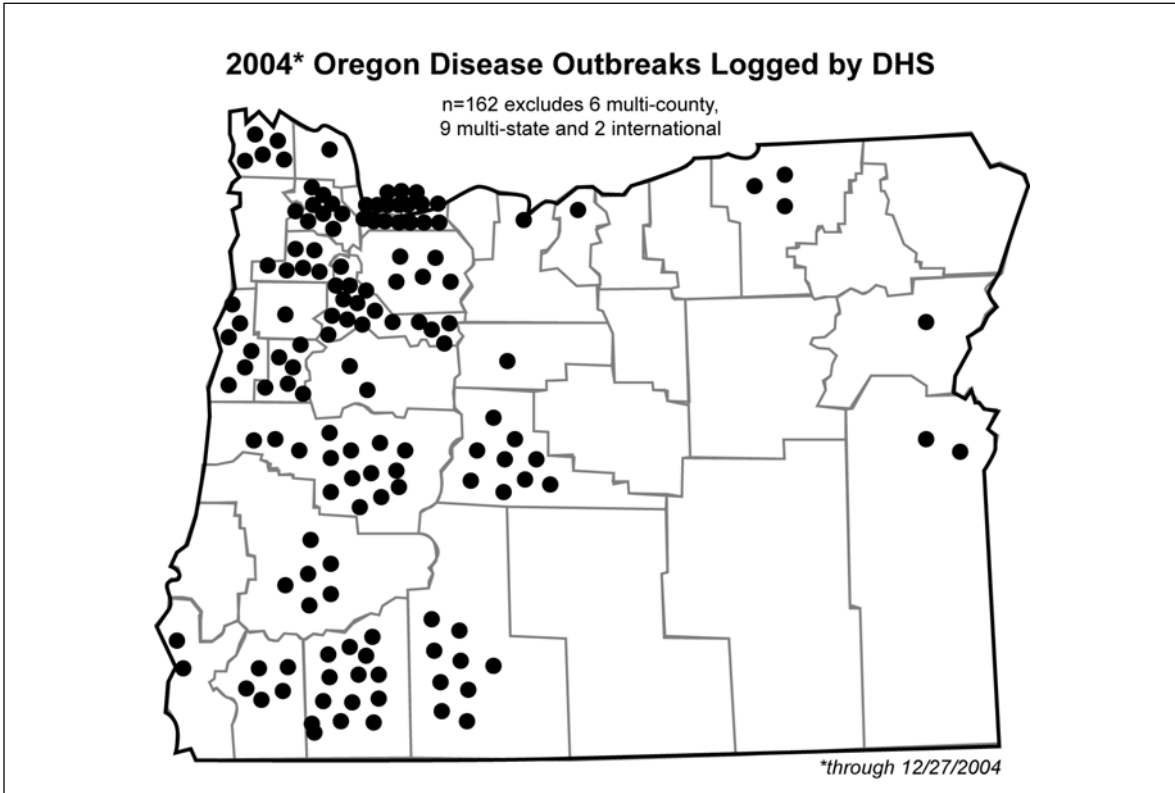


Major Budget Drivers and Environmental Factors

Major health trends will impact future public health programs and services:

- ◆ Rising health costs and fewer people with health insurance will create a greater need for safety net clinics and other ways to access health care, such as school-based health centers, and migrant and community health clinics.
- ◆ The aging of Oregon's population, accompanied by a rise in chronic diseases such as cancer, stroke and heart disease, will bring higher demand for medical treatment and higher medical care costs. Increased efforts to prevent and manage chronic illness can reduce these costs and prevent disability and premature death.
- ◆ The continued and rapid growth of racial, ethnic and special needs populations will require culturally appropriate outreach and service delivery.
- ◆ Renewed threat of emerging infections such as SARS, antibiotic resistant bacteria and new strains of influenza requires ongoing monitoring, rapid detection and identification of new pathogens, creating a demand for trained epidemiologists and new technologies. Disease outbreaks may occur anywhere in Oregon. The following map displays outbreaks identified in 2004.

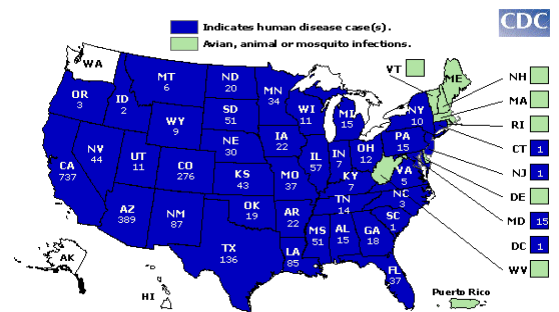
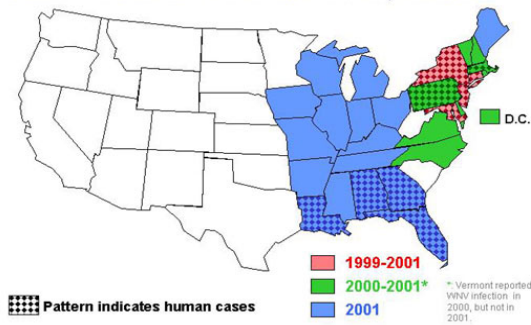
Department of Human Services
 Health Services
 2005 Ways and Means Presentation – Phase 2



The emergence of West Nile virus illustrates the rapidity with which infectious diseases can spread.

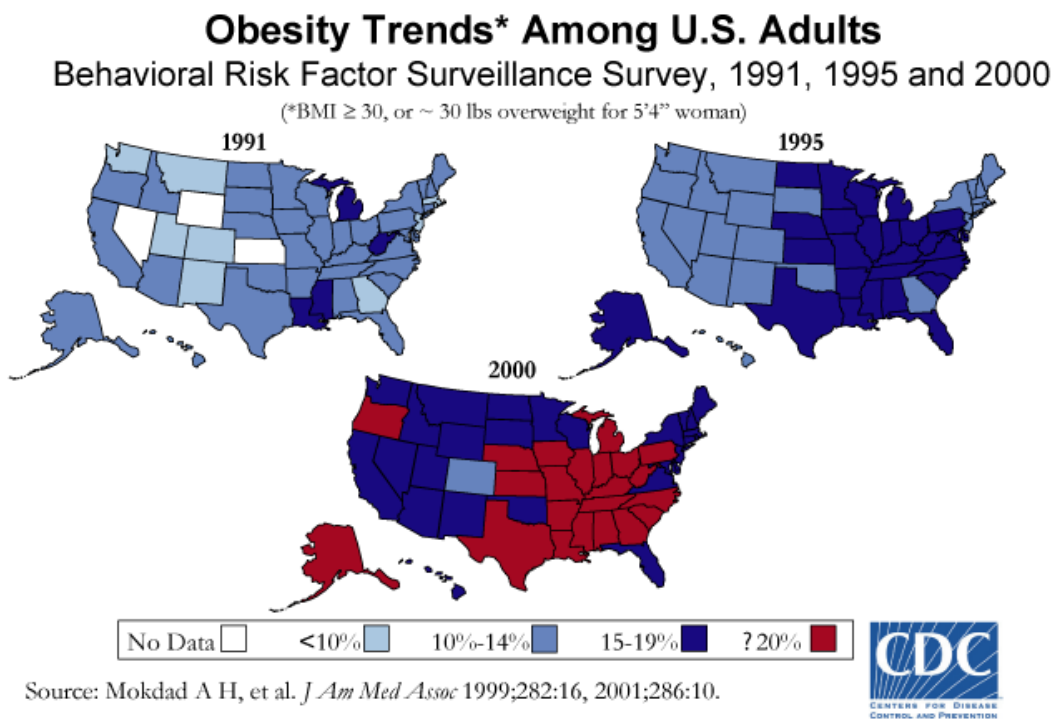
2004 West Nile Virus Activity in the United States

West Nile Virus in the United States, 1999-2001



Department of Human Services
Health Services
2005 Ways and Means Presentation – Phase 2

- ◆ The potential for a bioterrorist attack or other public health emergency calls for ongoing planning, both within the public health system and with external response partners.
- ◆ Future vaccine shortages will require intensive, time-consuming administration to determine how to allocate supplies to those most in need, to do so and respond to concerns from citizens and providers.
- ◆ A shortage of trained public health and direct care workers limits the ability of public and private agencies to deliver effective services. New strategies are needed to train, recruit and retain properly trained personnel.
- ◆ Obesity has become epidemic and is now the second leading cause of death and disability. This epidemic and the illnesses that result from it, such as diabetes, high blood pressure, heart disease, strokes and other disabilities, will place enormous demands on the health care system.



Public Health Program Changes and Improvements Over the Past 10 Years

Major changes have occurred in public health at both the broad organizational level and within the diverse array of programs.

Changes in the Structure of DHS

The reorganization of the Department in 2001 integrated public health with other health-related services in a newly formed **Health Cluster**. Realignment has been achieved in the provision of administrative support, budget, finance, human resources and other business functions that were previously decentralized. In addition, opportunities have been created for integrated program planning and implementation. For example, in teen suicide prevention, public health staff are teamed with the clinical and program resources of mental health. Similarly, OMAP and public health have joined forces to use the broad reach of the Oregon Health Plan to help reduce tobacco use, reduce the effects of asthma and encourage behaviors that reduce the likelihood of diabetes, strokes and heart disease.

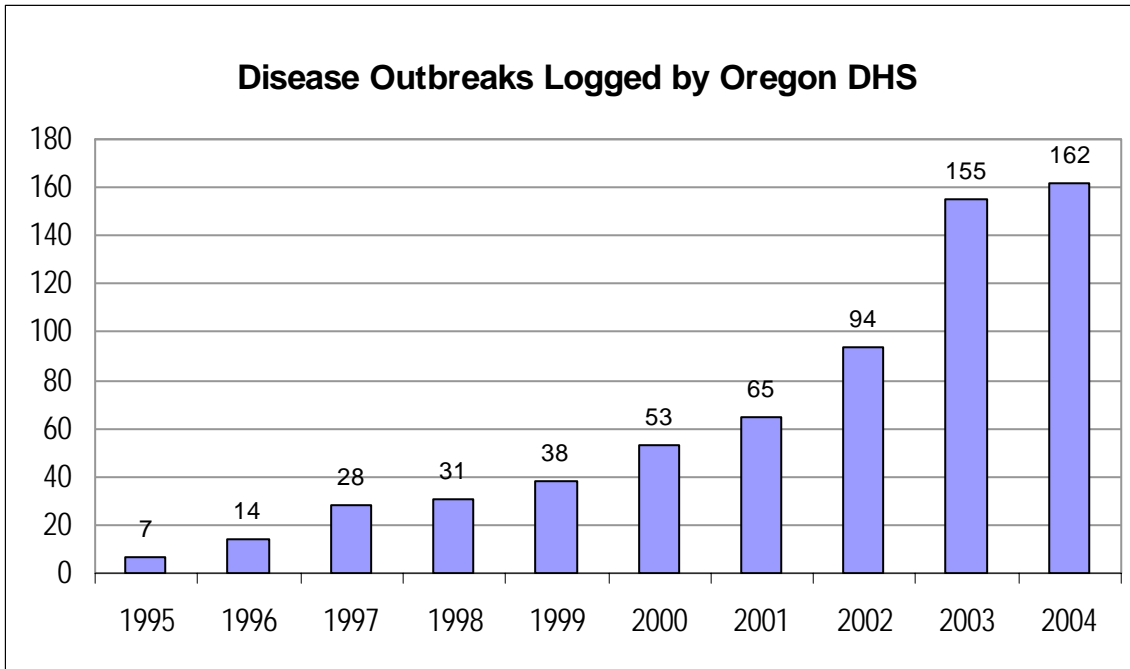
Despite these gains, however, the elimination of the position of the former Health Division Administrator has been perceived as a significant loss of focused leadership. Following discussion with a legislative workgroup and in concert with the Conference of Local Health Officials, which represents county health departments, a Public Health Director was recruited who will oversee state programs beginning in March 2005 and provide leadership for Oregon's complex public health systems.

The Health Care Safety Net

The implementation of the Oregon Health Plan (OHP) expanded access to health care for many Oregonians. For those not covered by the OHP or other health insurance, **safety net clinic** capacity was to be expanded. Over time OHP funding has become more problematic and physician participation has declined. Rural areas of the state have seen access problems increase. Since 2001, as the federal government initiated a national expansion of federally qualified health centers, Oregon has seen an increase in the number of clinics. However, physician shortages, especially in rural areas of the state as well as in specialties, have increased. The J-1 Visa Physician Waiver Program in has helped, but other broad based efforts will be needed as well.

Communicable Disease

Before 1995, the Department's **communicable disease** prevention staff was comprised of five persons who analyzed reportable disease cases, investigated outbreaks, and assisted local health-department personnel. In 1994, Oregon competed successfully to become one of four states to be funded by the CDC to establish an Emerging Infections Program. This program, which now employs 16 epidemiology and laboratory staff, has greatly increased the state's ability to detect, investigate, and control emerging infections that crop up with some regularity. Staff members hired with this funding communicate regularly with physicians, hospital infection-control personnel, and Oregon's county health departments to identify emerging communicable-disease concerns. The growth in outbreak investigations illustrates the result of investment in this area which has also benefited from emergency preparedness funding.



Public Health Laboratories

The State **Public Health Laboratories** have adopted tests for emerging new diseases (West Nile Virus, SARS, Hantavirus, Hepatitis C), bioterrorism threats (anthrax, plague, tularemia) and increased lab-based surveillance (antibiotic resistant bacteria in meat, bacterial DNA “fingerprinting”). In addition, newborn screening tests have been expanded from six to 26 disorders per infant, testing technologies have been modernized, and workload has increased from 3.4 million tests in the 1993-95 biennium to 12 million tests in the 2003-05 biennium with only a slight increase in staff.

After almost 30 years at Portland State University (PSU), it will be necessary for the laboratory to move to a new location at the end of 2006 due to non-renewal of its current lease. The Department of Administrative Services has purchased a vacant building that will be remodeled for occupation by both the DHS public health lab and the Department of Environmental Quality (DEQ) lab. The new laboratory will provide a safer working environment, enhanced laboratory capability and badly needed space. Because space at PSU had been

available at very low cost, the move will also result in a rent increase effective January 1, 2007.

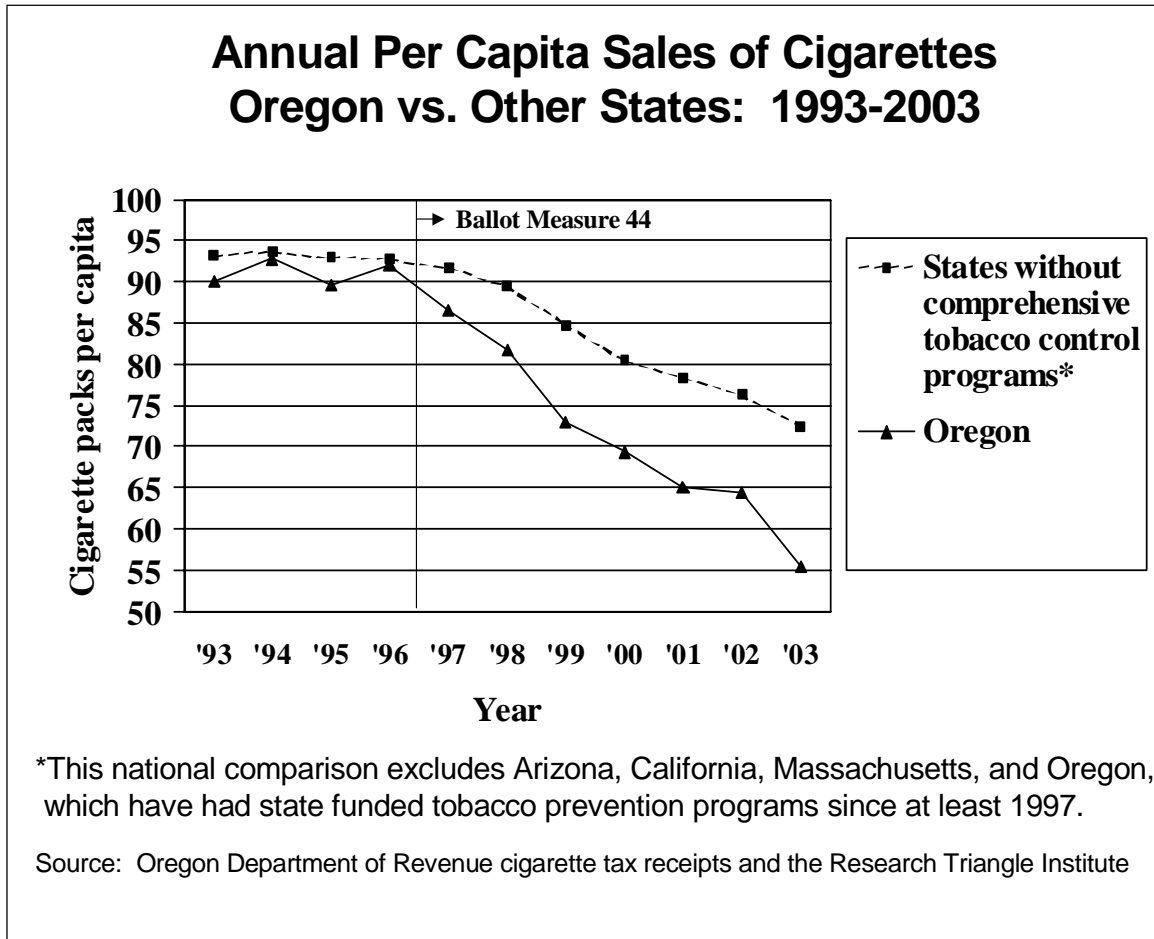
Chronic Disease Prevention

Since 1994, public health programs to help Oregonians **prevent and manage chronic diseases** have expanded from a focus on early detection of breast and cervical cancer and tobacco control to include arthritis, asthma, cancer control, diabetes, heart disease and stroke, and physical activity, nutrition, and obesity. With the exception of tobacco control, these programs are funded primarily by the CDC and bring \$8.6 million annually to Oregon to reduce the personal and economic burden of these leading causes of disability and death. Because of these programs, hundreds across the state are working together to make sure patients with chronic diseases receive clinical services that prevent disease complications. Communities are supporting physical activity, healthy food choices and tobacco-free environments. And state and local public health agencies continue to work for policies, systems and programs that support and promote healthy lifestyles for all Oregonians.

Tobacco Control

Tobacco-related illness is the leading cause of death in Oregon. In 1995 Oregon launched its first statewide strategic plan for **tobacco use reduction**. Based on goals in that plan, voters passed Ballot Measure 44 in 1996 which established and funded the state's first comprehensive tobacco control program. This program worked with county health departments, tribes, schools, health systems and community organizations, and included a statewide media outreach program and a toll-free quit line for smokers. From the beginning, careful measures were taken to gather and analyze data to understand the results. Since the program started, Oregon has experienced significant decreases in the use of tobacco by youth, adults and pregnant women, and an overall per capita consumption decrease of 42 percent, among

the best in the nation. In 2003 the program was briefly defunded to fill budget gaps and was reinstated later that year at 30 percent of its former funding level. With decreased funding, substantially fewer Oregonians are receiving services to reduce tobacco use and to help smokers quit.



HIV

People with HIV are living longer because of the introduction of effective antiretroviral medications and receive services for longer periods of time. This increased cost has resulted in the need to re-evaluate the services that are to be provided and the eligibility criteria that determines who may receive them.

Improved treatment effectiveness has led some to have less concern about their “high risk” behaviors that may lead to infection. To counter this reduced deterrence, the HIV program targets messages to reach people engaged in high risk activities as well as include their input in developing prevention messages.

Genetics

Public health **genetics** is an emerging topic in public health. Funding for an Oregon program was authorized in 2001 and provided the resources and staffing to complete the first state assessment and planning process, resulting in Oregon’s Strategic Plan for Genetics and Public Health (2002). The most significant programmatic changes have been the shift from planning to the initiation and implementation phase of activities across multiple areas of public health interest. Early program have included education and training, data collection, review of related statutes and rules, and research and planning.

Reproductive Health

The **Family Planning Expansion Project (FPEP)** began in January 1999 as a five-year Medicaid waiver to expand Family Planning Services throughout the state. It was renewed again January 2004 and is now in year one of an additional three-year waiver. In 1998, before FPEP began, there were approximately 52,000 individuals receiving services at 97 participating clinics. By the end of FY 2004, those numbers had increased to more than 136,000 individuals receiving services in 155 participating sites, with more than 99,000 of those served through FPEP funding.

Early Childhood

The Babies First! program began in 1990 as a **high-risk infant monitoring and follow-up** program and has been integrated with other child health service models over the years. Over the past ten years much work has been done to clarify the role of the nurse home visitor. Practice has been standardized through the use of research-based tools. Babies First! has created the foundation for other public health nurse programs such as childcare consultation. In addition, in 1995 the Healthy Start program was implemented and these two programs have become more integrated and complementary in many local health departments since that time. Babies First! state general funding has remained level. Targeted case management and administrative claims through Medicaid have enabled local health departments to serve more children and families in Oregon.

Drinking Water

Originally passed by Congress in 1974 to protect public health by regulating the nation's **public drinking water** supply, the Safe Drinking Water Act requires many actions to protect drinking water and its sources: rivers, lakes, reservoirs, springs, and ground water. The number of EPA-established safe drinking quality standards for public water systems has increased from 23 in 1987 to 92 in 2004. The percentage of Oregonians receiving safe drinking water at all times during the year increased from 50 percent in 1995 to 95 percent in 2003. By meeting federal standards the state retains control of drinking water regulations rather than relinquishing authority to the federal EPA.

In 1997, the Safe Drinking Water Revolving Loan Fund was established in Oregon in partnership with the Oregon Economic and Community Development Department. By early 2005 more than \$100 million in loans have been made to over 60 Oregon communities for safe drinking water

construction projects from 1998 through 2004. The last recognized waterborne disease outbreaks in Oregon occurred in 1992 and 1997.

Food Safety

The Department of Human Services is responsible for developing and enforcing health standards to ensure that food served at public eating establishments is safe and wholesome. DHS assures that the program is implemented consistently by providing training and technical assistance to the food service industry, local health departments and the general public. DHS sets performance standards and oversees the work of county health departments, which provide licensing, inspection and enforcement functions at the local level.

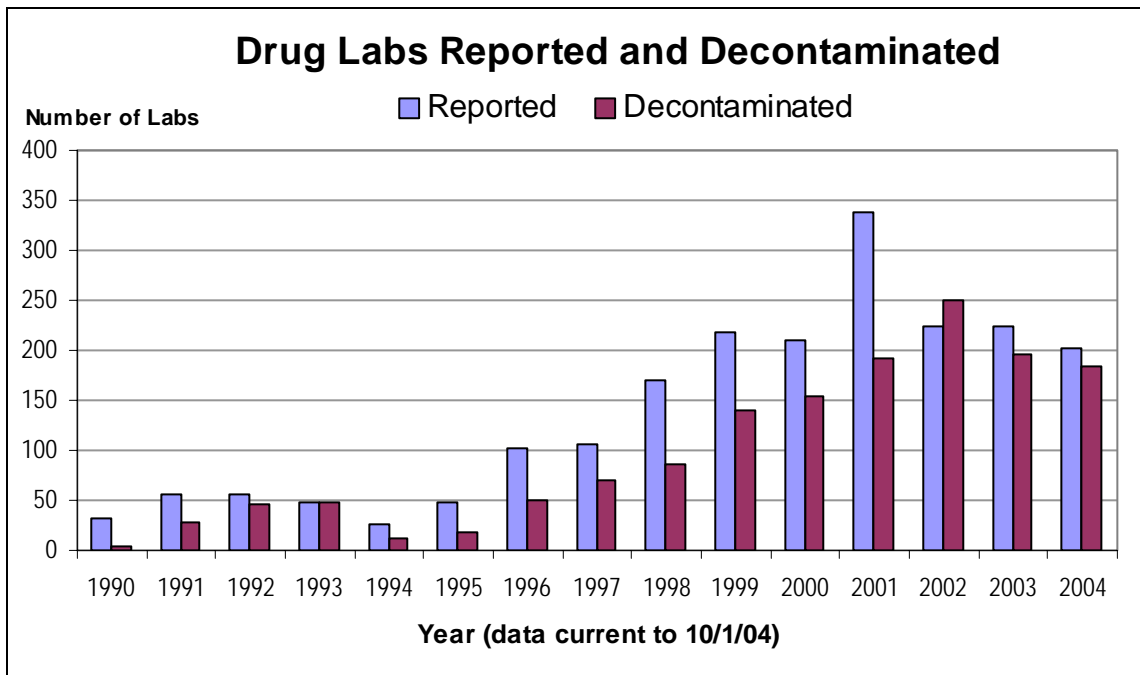
Significant changes over the past 10 years have improved both the process and the outcome of this important work, including:

- ◆ Mandatory food safety training;
- ◆ Adoption of the US FDA Food Code, based on the latest science in food safety;
- ◆ The 2003 passage of HB 3156 which fundamentally changed the relationship between DHS and local health departments, and reinforced the Department's role in providing leadership and consistency to food safety efforts statewide.

Clandestine Meth Labs

During the past ten years, significant changes have been made in the method and chemicals used to produce **methamphetamine**. What was once a difficult substance to produce is now easily made using common chemicals that are readily obtained, such as ephedrine. In 1994, 27 new meth labs were reported to the Department. As of December 2004, 229 new labs had been reported during the year, an increase of 748 percent. Fees were instituted in

the early 1990s for certification of cleanup contractors, for DHS review of specific cleanup efforts for individual properties, and for issuance of certificates of fitness. In 2003 legislation passed requiring DHS staff to notify neighbors of nearby drug labs, allowing them take precautions to protect family members. Recent steps have been taken to slow down production of methamphetamine by restricting sales of ephedrine products.



Emergency Medical Services

During the last 10 years, several improvements have occurred with regard to Oregon's **trauma system**. While some state and regional trauma hospitals have determined that it is too costly to provide trauma care, Oregon's 43 trauma hospitals continue to provide trauma care to those suffering trauma injuries. During the last four years, a shift by the Department from a regulatory stance to one of technical assistance has resulted in stronger hospital trauma process improvement programs. Additionally, emphasis on the care of the pediatric and geriatric trauma patients has resulted in the development and integration of a strong EMS for Children program, and the

National Geriatric Emergency Medical Services education was implemented to better recognize the unique issues encountered when caring for these patients. An effective trauma registry helps local, regional and state trauma systems review their effectiveness through the identification of injuries, and the monitoring and evaluation of care, final disposition and patient outcome.

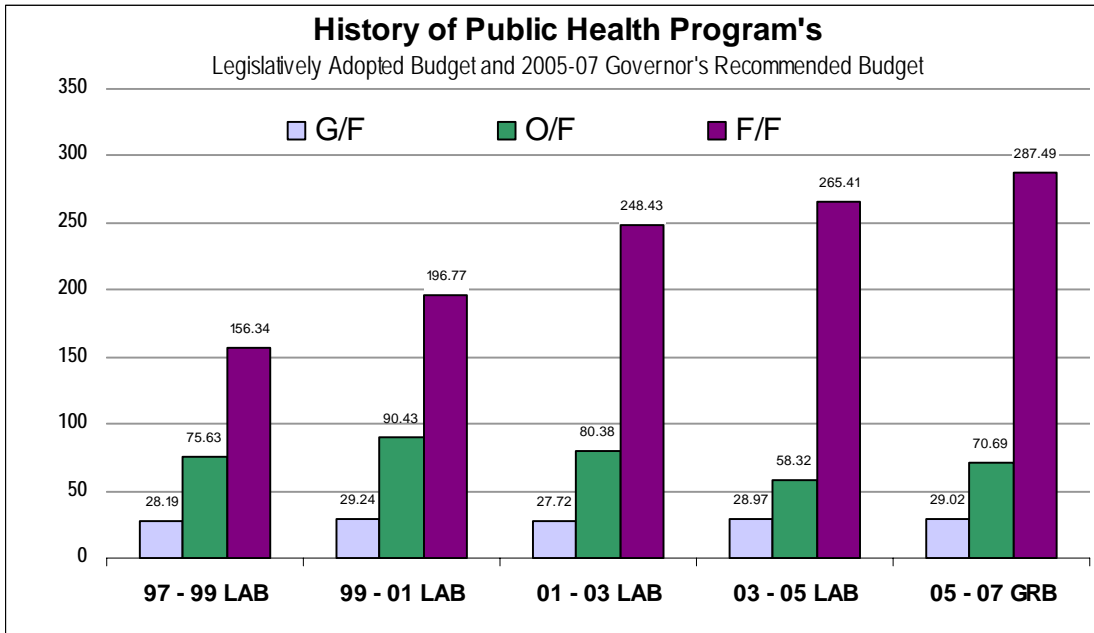
Emergency Preparedness and Bioterrorism

Public health has emerged as a component of public safety and security. Prior to the October 2001 anthrax attacks in the U.S., Oregon had the distinction of experiencing the only documented case of **bioterrorism** in this country. In 1984, Rajneeshee religious cultists contaminated restaurant salad bars in The Dalles with Salmonella typhimurium to prevent residents from participating in local elections. State public health epidemiologists and laboratory technicians were instrumental in identifying this event. The anthrax attacks in the fall of 2001 led Congress to appropriate almost \$1 billion nationally to improve public health capacity to respond to bioterrorism and other public health emergencies. As a result, public health preparedness has become an integral part of domestic preparedness efforts as local health departments and the state more fully integrate with emergency management and public safety agencies to improve disaster outcomes for all Oregonians and their communities.

Reduction in State General Fund Support

While the overall public health budget has grown over the past decade, the General Fund share has declined in total dollars and dramatically dropped as a share of total fund revenues. Most new public health **resources** have come from increased federal grants for services such as vaccines, control of emerging infections, chronic disease prevention and emergency preparedness. These federally funded developments have been good for the public health system. But it has become increasingly true that federal, not state, policy initiatives are shaping the future of Oregon's public health system.

Department of Human Services
Health Services
2005 Ways and Means Presentation – Phase 2



Recent Budget Reductions and Restorations

The 2003-2005 legislatively-approved budget resulted in a loss of more than \$1.1 million in public health general funds:

- ◆ A \$393,000 GF reduction, along with the loss of corresponding federal fund match, eliminated five full-time positions from the health systems planning program. Loss of staff has slowed the designation of health professional shortage areas, a necessary step in making communities eligible for federal resources, and curtailed assistance to communities wanting to establish health care clinics or obtain primary care practitioners and other health care professionals.
- ◆ A reduction of \$780,000 GF to the Office of Public Health Systems removed 5 positions (3.77) FTE from the environmental services program. The result is a diminished ability to respond to environmental health hazards. The program was restructured to focus on household lead abatement and clandestine drug lab cleanup, including public notifications and licensing of decontamination contractors. Other environmental toxin

concerns now receive minimal response and are handled solely on an urgent, emergency basis.

- ◆ In February 2003, General Funds dedicated to supporting school-based health centers (SBHCs) were eliminated after voters rejected the Measure 28 tax increase, but the legislature later restored funding. However, the interruption had a significant impact:
 - Seven SBHCs closed their doors; five have since reopened.
 - Seventy-five percent of staff in state-funded SBHCs were laid-off.
 - Sixty-six percent of all SBHCs were forced to make operational changes, including reduction in hours or days open.
 - Mental health services were eliminated in 25 percent of all SBHCs, including those that closed.
 - Final encounter data sets were not collected from sites during service years 2002-2004.

Cost Containment and Cost Avoidance

- ◆ By billing for vaccine administered to insured clients, the Immunization Program has collected more than \$.5 million which was used to purchase additional vaccine that was not covered in the past.
- ◆ In 2004 there were 140 clinics in all 36 counties providing family planning services to more than 136,000 women and men annually representing a \$196 investment per client per year. These services are paid for through a 9 to 1 federal match through the Family Planning Expansion Waiver.
- ◆ When calculating the Medicaid cost for birth and the first year of infant health, the Family Planning Expansion Waiver has avoided over \$110 million in costs since 1999. With recent federal approval, the program will now continue for another three years.
- ◆ The Oregon MothersCare (OMC) program helped nearly 2000 Oregon women begin early prenatal care in 2003. Three quarters of these women have no health insurance for prenatal care when they come to an OMC site. Early prenatal care helps to identify problems and prevent more costly complications.
- ◆ The Dental Sealant program has provided protective sealants to 33 percent of 8-year-old children who are eligible for free or reduced priced lunches. The rate of all 8-year-old children with dental sealants in Oregon is 42 percent, compared to the national average of 23 percent, indicating a cost savings to Oregon families for restorative dental care.
- ◆ The Perinatal Health Program provides smoking cessation counseling and referral through the OHP Maternity Case Management program. Research on maternal smoking cessation has estimated that smoking cessation programs save \$3 for every \$1 spent in maternity care.

Department of Human Services
Health Services
2005 Ways and Means Presentation – Phase 2

- ◆ Regionalization of newborn screening for genetic disorders of body chemistry to include Alaska, Nevada, Idaho, Oregon, Hawaii, and military bases has produced large economies of scale in processing 230,000 samples per year. As a result, Oregon's Public Health Laboratories are more efficient and the cost to Oregon taxpayers reduced. Further savings have been achieved through the automation of laboratory methods such as robotic processing or machine extraction of specimens.
- ◆ Participation in the 340B Drug Pricing Program (Public Health Service Act) allows the HIV Client Services Program to provide adherence activities, pay insurance premiums and offer clients direct access to life sustaining medications. Drug costs are discounted, or rebates paid by the pharmaceutical industry, for clients who adhere to their treatment program. When clients do not follow their drug regimens, health outcomes are compromised and costs increase.

Professional Services and Purchasing Contracts

The Public Health Programs have utilized professional services and purchasing contracts for specialized medical and technical expertise, specialized technical equipment, and promote public awareness and motivation

The Oregon State Public Health Laboratory (OSPHL):

- ◆ Contracts with Oregon Health & Science University for specialized expertise in metabolic disorders, endocrine disorders and hemoglobinopathies.
- ◆ Uses purchasing contract leases for the tandem mass spectrometers used in the expanded newborn screening testing, and purchase of genetic amplification and sequencing equipment for the rapid detection and identification of viral and bacterial agents such as West Nile virus, influenza and anthrax.
- ◆ Uses purchasing contracts to obtain the best price for high volume laboratory supplies such as newborn screening, HIV and chlamydia test kits.

The Office of Public Health Systems (OPHS):

- ◆ Has interagency agreements with the Oregon Department of Economic and Community Development to operate the safe drinking water loan fund and with the Oregon Department of Environmental Quality to protect the drinking water sources of Oregon communities.
- ◆ Has service contracts with county health departments and the Oregon Department of Agriculture to oversee smaller public water systems at the local level.

- ◆ Has contracted continuing medical education (CME) through rural hospitals to provide pre-hospital education classes targeting pediatric injury care to some 900 EMTs, nurses and physicians.

The Office of Family Health (OFH):

- ◆ Collaborates with public and private organizations through contracts or in-kind services for health professional consultation for priority program areas such as services for children with special health needs, dental health, child and adolescent nurse practitioner, and program evaluation.

The Office of the State Public Health Officer (OSPHO):

- ◆ Uses contracts with local health departments, regional organizations for planning and coordination of hospital bioterrorism readiness, emergency preparedness exercise training, off-location server maintenance for the Health Alert Network, and various contracts for studies on public health assessments and patient safety adequacy.

The Office of Disease Prevention and Epidemiology (ODPE):

- ◆ Contracts with Vector Control Districts to assist with monitoring and tracking the West Nile Virus as it moves into Oregon.
- ◆ Contracts with Cascade AIDS Project for the AIDS Hotline, which provides education, resource and referral services to anyone who calls.
- ◆ Contracts for HIV social marketing campaigns, which, through the use of billboards and bus panels, encourage people to seek HIV testing.
- ◆ Contracts with a Pharmacy Benefits Manager to manage all full-pay clients, which allows for purchase of HIV drugs at reduced costs.

- ◆ Contracts to provide tobacco cessation telephone support for Oregonians ready to quit. Callers receive tailored counseling sessions, quit kits and referral to further cessation services.
- ◆ Has media contracts for public health campaigns in tobacco, diabetes and arthritis, primarily through television and radio advertisements, and print material.

Budgetary Issues

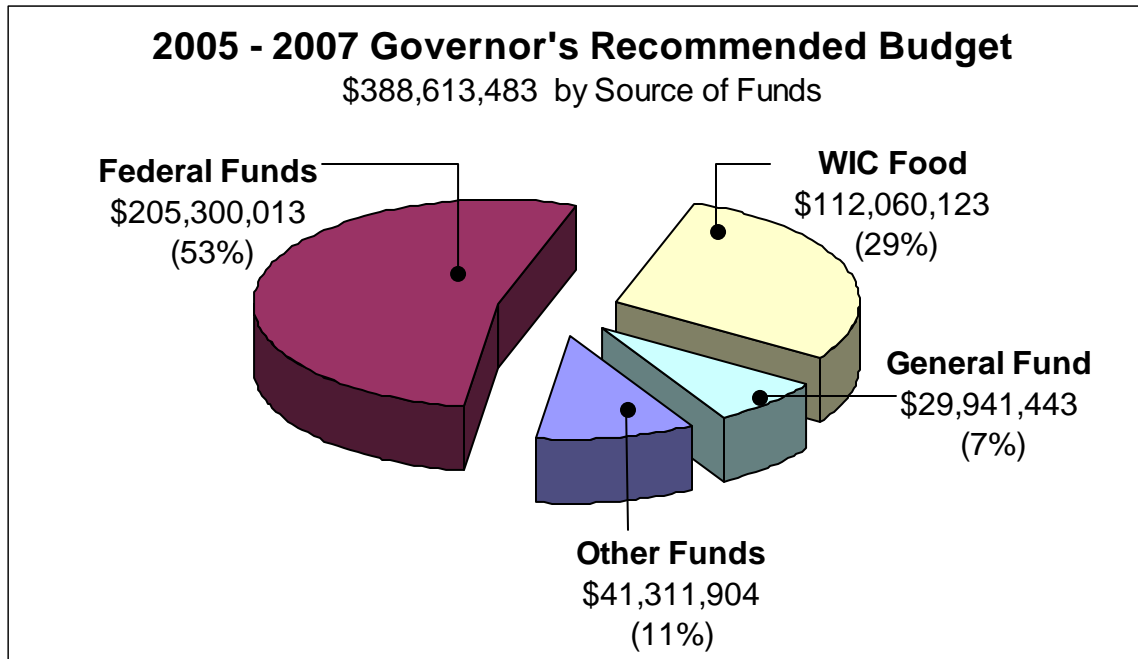
Role of targeted grants

State general fund makes up only seven percent of the DHS public health budget. Counties invest local revenues, often in amounts exceeding the per capita public health funds they receive from the state.

Federal funds, however, in the form of grants, make up 53 percent of the DHS public health budget (82 percent including WIC food vouchers). These grants come in narrow funding streams to meet targeted needs, and DHS uses them to fill in system gaps and strengthen the state's capacity to address core public health needs. Recent grants include funding for hepatitis C prevention and education, oral health collaboration, safe practices implementation (medical errors), and youth suicide prevention.

DHS uses these grants to assemble larger programs — for instance, chronic disease prevention is a mosaic of individual federal grants — asthma, arthritis, diabetes, breast and cervical cancer. Similarly, targeted grants for youth suicide prevention, oral health, environmental lead reduction and prenatal care, among others, work together to improve the health status of Oregon's children.

Other fund and fee revenue constitutes more than 11 percent of the public health budget (14 percent when including WIC-Infant Formula Rebate).



Role of Other Fund and fee sources

Many public health services such as drinking water, newborn screening, restaurant licensing, and vital records are supported by fees established in statute or by administrative rule, assuming that the costs are borne by the public in relation to their use or value. These fees are primarily within the regulatory aspects of public health which licenses, inspects, or certifies individuals, facilities or devices.

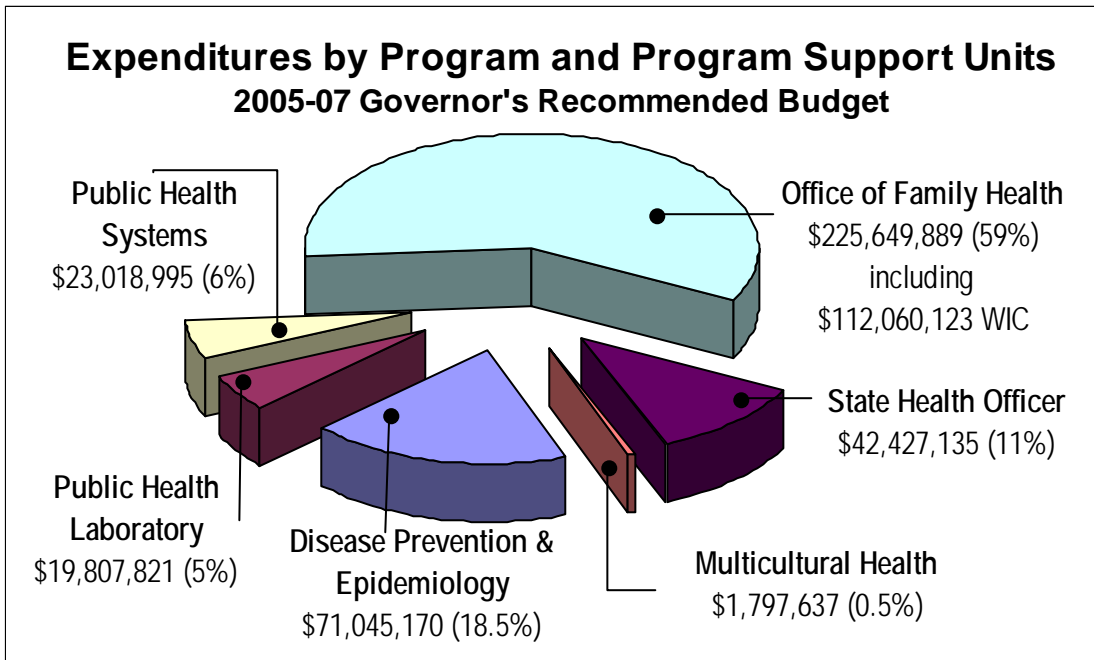
The most significant fee changes over the past three biennia have included the newborn metabolic screening program and vital records. A statutory increase to the newborn screening from \$16 to \$30 per document, was authorized under HB 2268 in the 2001 session. This fee had not been adjusted since 1993. The vital records fee was increased last biennium from \$15 to \$20 and was last adjusted in 1991. Vital Records has a federal contract with the National Center for Health Statistics to gather and provide data as required by federal law. New fees have been established for voter approved initiatives or new programs authorized by the legislature.

Department of Human Services
Health Services
2005 Ways and Means Presentation – Phase 2

In the 2001-2003 Legislatively Adopted Budget, the Tobacco Prevention and Education Program (TPEP) was funded at \$23.1 million, including a \$5 million enhancement from the Tobacco Master Settlement Agreement. During the special sessions, this \$5 million investment was redirected back to the Oregon Health Plan, reducing the TPEP to \$18.1 million, funded solely from the dedicated tobacco tax revenues (TURA).

In the 2003-2005 Legislatively Adopted Budget, the TPEP was reduced further when \$10 million in TURA revenues were redirected to the Oregon Health Plan. With the latest economic forecast, the Governor's Recommended Budget funding for TPEP is presently at \$5.1 million.

Proposed changes to Public Health fees are included in the Governor's Recommended Budget as Policy Package #139. The Department of Administrative Services has administratively approved the proposed fee adjustments, and they must be Legislatively sanctioned to be continued into the 2005 – 2007 biennium.



Department of Human Services
Health Services
2005 Ways and Means Presentation – Phase 2

Essential and Policy Option Packages

The following is a summary of the packages and adjustments that were incorporated in the development of the 2005-07 budget for the Health Services, Public Health Services. Expanded descriptions of each package listed in the table below follows this summary:

	General Funds	Other Funds (Limited and Non-Limited)	Federal Funds (Limited & Non-Limited)	Total Funds	Pos	FTE
Base Budget	29,816,825	65,263,135	286,002,575	381,082,535	530	518.02
Analyst Adjustment	(1,083)	(1,015)	(2,953)	(5,051)	0	0.00
Revised Base Budget	29,815,742	65,262,120	285,999,622	381,077,484	530	518.02
Essential Packages						
Pkg 010- Vacancy Factor and Non PICS Personal Services Adjustments	318,684	761,313	1,911,373	2,991,370	0	0.00
Pkg 021-Phase In	0	2,978,064	3,060,329	6,038,393	26	26.00
Pkg 022-Phase Out	0	(1,314,941)	(39,959)	(1,354,900)	0	0.00
Pkg 030-Inflation/Price List Adj	572,541	1,217,199	6,090,469	7,880,209	0	0.00
Pkg 050-Fund Shift	0	(101,498)	101,498	0	0	0.00
Pkg 070 Revenue Shortfall	0	(920,038)	2	(920,036)	(9)	(9.50)
Total Essential Packages	891,225	2,620,099	11,123,712	14,635,036	17	16.50
Adjustments to Achieve the Governor's Recommended Budget:						
Pkg 084- November 2004 Emergency Board	627,040	2,340,443	6,611,698	9,579,181	12	12.00
Pkg 090-Analyst Adj	(2,207,564)	(289,724)	(15,705,968)	(18,203,256)	(3)	(1.35)
Pkg 096-Analyst Fund Shift	315,000	(315,000)	0	0	0	0.00
Total Adjustments	(1,265,524)	1,735,719	(9,094,270)	(8,624,075)	9	10.65
Policy Packages included in the Governor's Recommended Budget:						
Pkg 122 Child and Adolescent Health Risk Reduction – School Based Health Centers	500,000	0	0	500,000	0	0.00
Pkg 139 SB 333 Fee Increase		1,025,038		1,025,038	9	9.50
Total Policy Packages	500,000	1,025,038		1,525,038	9	9.50
Gov. Rec. Budget	29,941,443	70,642,976	288,029,064	388,613,483	565	554.67

Department of Human Services
Health Services
2005 Ways and Means Presentation – Phase 2

Base Budget: This is the 2003-05 Legislatively Approved Budget as of the April 2004 Emergency Board with personal services increased to 2005-2007 costs. This would include 24 months of any cost of living adjustments in the 2003-05 biennium, any step increases planned for employees in the 2005-07 biennium and 24 months of any step increases granted to employees in the 2003-05 biennium.

Package 010: Vacancy Factor and Non PICS Personal Services

Adjustments – The Vacancy Factor calculation projects budget changes related to staff turnover and position vacancy in the 2005-07 biennium. Non-PICS Personal Services inflation includes any items not part of the PICS generated totals. These include unemployment assessment, overtime, temporary services, shift differential, and Mass Transit Tax. The general inflation factor of 2.4 percent was applied to these Non-PIC’s Personal Service items.

Package 010: Non PICS Personal Services Adjustment

Package Detail	General Fund	Other Funds	Federal Funds	Total Funds
Vacancy Savings	(20,116)	(6,001)	(20,483)	(46,600)
Pension Bond Contribution	223,872	550,867	129,022	903,761
Non-PICS Personal Services less Pension Bond Contribution	114,928	216,447	1,802,834	2,134,209
Total	318,684	761,313	1,911,373	2,991,370

Department of Human Services
Health Services
2005 Ways and Means Presentation – Phase 2

Package 021: Phase In – This package is related to new programs and expansion of non-mandated programs funded for less than 24 months during the 2003-05 biennium, but needing a full 24 months in the 2005-07 biennium. The costs for the additional months of funding needed to achieve the 24-month funding level are included in this package. Phase-in costs in this budget structure are:

Package 021: Phase In

Package Detail	General Fund	Other Funds	Federal Funds	Total Funds	Pos	FTE
Phase-in of a new Ryan White Grant program that started April 2004.	0	0	429,349	429,349	0	0
Phase-in of increased limitation for the Newborn Screening Program	0	2,459,584	0	2,459,584	0	0
Continuation of limited duration positions at Public Health related to on-going programs.	0	518,480	2,630,980	3,149,460	26	26.00
Total	0	2,978,064	3,060,329	6,038,393	26	26.00

Package 022: Phase Out – This package is related to any programs permanently eliminated during the 2003-05 biennium, to remove costs in the base budget for the months the program operated during 2003-05. Phase-outs are also related to decreased costs resulting from discontinuation of pilot project programs and other one-time costs that will not be continued in the 2005-07 biennium. The decreased costs from phased-out programs in this budget structure are:

Package 022: Phase Out

Package Detail	General Fund	Other Funds	Federal Funds	Total Funds
Phase out of the 2001-03 ending balance increase for the Tobacco Use Reduction	0	(1,114,941)	0	(1,114,941)
Miscellaneous Phase-outs in Office of Disease Prevention and Epidemiology (ODPE)	0	0	(39,959)	(39,959)
Phase-out Avon Donation	0	(200,000)		(200,000)
Total	0	(1,314,941)	(39,959)	(1,354,900)

Department of Human Services
Health Services
2005 Ways and Means Presentation – Phase 2

Package 030: Inflation and Price List Adjustments – The standard inflation factor of 2.4 percent and the Department of Administrative Services (DAS) Price List was used for calculating general increases for Services and Supply, Capital Outlay, and Special Payments. An additional 2.6 percent was added for specifically identified medical services expenditures that meet the definition to qualify for this higher inflation factor. The results of Package 090 delayed implementation of inflation until January 2006.

Package 030: Inflation and Price List Adjustments

Package Detail	General Fund	Other Funds	Federal Funds	Total Funds
Non-Personal Services expenditures - standard inflation rate.	514,207	1,111,756	5,788,488	7,414,451
Incremental medical inflation for qualifying medical services expenditures.	58,334	105,443	301,981	465,758
Total	572,541	1,217,199	6,090,469	7,880,209

Package 050: Fund Shifts – This package reflects significant budgeted changes in existing programs. Fund shift affecting this budget structure are:

Package 050: Fund Shifts

Package Detail	General Fund	Other Funds	Federal Funds	Total Funds
Shift Office of Disease Prevention and Epidemiology position funding from Other Funds to Federal Funds.	0	(101,498)	101,498	0
Total	0	(101,498)	101,498	0

Department of Human Services
 Health Services
 2005 Ways and Means Presentation – Phase 2

Package 070 Revenue Shortfall – This package includes Other Funds and Federal Funds expenditure reductions necessary to adjust Essential Budget Level to available revenues:

Package 070: Revenue Shortfall						
Package Detail	General Fund	Other Funds	Federal Funds	Total Funds	Pos	FTE
Revenue Shortfall resulting from expiration of temporary administrative approval of SB 333 Fee Increase, approved for 2003-05 biennia only, in the Office of Vital Records-Center of Health Statistics	0	(920,038)	2	(920,036)	(9)	(10)
Total	0	(920,038)	2	(920,036)	(9)	(10)

Department of Human Services
Health Services
2005 Ways and Means Presentation – Phase 2

Package 084: November 2004 Emergency Board – Reflects 2005-07 biennium impact of the actions taken at the November 2004 Oregon Legislative Emergency Board meeting that affected the Health Services, Public Health Services of the Department of Human Services. These actions are:

Package 084: November 2004 Emergency Board						
Package Detail	General Fund	Other Funds	Federal Funds	Total Funds	Pos	FTE
Public Health Services contracted with Nevada for testing two specimens per newborn (rather than one) and for testing Idaho newborns for congenital adrenal hyperplasia (CAH) and hemoglobinopathies, such as sickle cell disease.	0	115,799	0	115,799	1	1.00
Provides additional authority for sanitary compliance inspections, investigation of drinking water contaminations, and corrective enforcement actions of public water systems.	0	540,572	512,100	1,052,672	7	7.00
Increased Other Funds limitation for additional revenues from the HIV/TB/STD Program due to increased efforts in pursuing drug rebates and from the client cost share payment program.	0	1,225,000	0	1,225,000	0	0.00
Increase Other Fund limitation for the Susan G. Komen Foundation grant in the Breast and Cervical Cancer Program	0	459,072	0	459,072	0	0.00
The Office of Family Health's FPEP program experienced an increase caseload and increases in Federally Qualified Health Centers (FQHC) reimbursement rates.	627,040	0	5,639,598	6,266,638	0	0.00
Additional limitation for the increase workload in the WIC Program related to the Federal program core requirements, including increased emphasis in peer counseling, fraud prevention, and increased training of local WIC agencies.	0	0	460,000	460,000	4	4.00
Total	627,040	2,340,443	6,611,698	9,579,181	12	12.00

Department of Human Services
Health Services
2005 Ways and Means Presentation – Phase 2

Package 090: Analyst Adjustments – Additional proposed actions to achieve the Governor’s Recommended Budget that affected the Health Services, Office of Public Health Services of the Department of Human Services.

Package 090: BAM Analyst Recommended Adjustments

Package Detail	General Fund	Other Funds	Federal Funds	Total Funds	Pos	FTE
Eliminates 3 Drinking Water Inspector positions and reduce statewide effort in water system sanitary survey inspections, investigations and resolution of drinking water contamination.	(200,000)	0	0	(200,000)	(3)	(1.35)
Eliminate the Emergency Medical Services continuing education programs for pediatric trauma treatment.	(200,000)	0	0	(200,000)	0	0.00
Eliminates the Juvenile Diabetes Database. The database collects data from health care providers and schools regarding children diagnosed with diabetes.	(100,000)	0	0	(100,000)	0	0.00
Reduces the Family Planning Expansion Program by 35%. This program has a 9:1 Federal/State match.	(1,600,000)	0	(14,400,000)	(16,000,000)	0	0.00
Reduce the 2005-07 EBL Inflation to delay CPI effective date to January 2006	(106,070)	(274,637)	(1,296,817)	(1,677,524)	0	0.00
Savings related to the Oregon State "Smart Buy" purchasing program.	(1,494)	(15,087)	(9,151)	(25,732)	0	0.00
Miscellaneous Employment Relations Board adjustments	318	186	609	1,113		
Total	(2,207,564)	(289,724)	(15,705,968)	(18,203,256)	(3)	(1.35)

Package 096: Analyst Adjustments – CFAA Fundshift – This package shifts the Criminal Fines and Assessment Account (CFAA) from Other Funds to General Funds.

Package 096: Analyst Adjustments - CFAA Fundshift

Package Detail	General Fund	Other Funds	Federal Funds	Total Funds	Pos	FTE
CFAA Fundshift	315,000	(315,000)	0	0	0	0

Policy Package 122 – Child and Adolescent Health Risk Reduction – Improves identification of child and adolescent health risk factors by expanding access to care in school-based centers. To identify and address health risk factors among Oregon’s children and adolescents, this package will provide expanded access to care through the addition of school-based health centers in areas of significant unmet need for preventive and primary care for school-aged children and adolescents.

Policy Package 139 (SB 333 Fee Increase) — Fee increases for statewide immunization registry, vital records, drinking water certification and other related public health issues. After establishment of these fees, and DAS administrative approval under the SB 333 process, the fees must be approved by the Legislature to be continued into the 2005-07 biennium.

Other Fund Balances

Other fund ending balances exist within the regulatory programs of Public Health. Revenues from licensing, inspections, certifications, contracts, inter-governmental agreements and sales of certificates are used to support the Other Fund Programs within Public Health. Some program areas with ending balances exceeding three to six months of estimated expenditure levels, anticipate spending down the balances to alleviate the need for future fee

increases. Other program areas have adopted temporary fee reductions through the administrative rules process.

Proposed Legislation

Senate Bill 99 – Genetic Privacy

In order to simplify Oregon’s genetic privacy statutes and to reduce administrative burdens on health care providers and institutions, this concept eliminates special requirements related to disclosure of genetic information for treatment, payment and healthcare operations. Current law requires medical providers to obtain authorization to record genetic test results. Requirements for health care providers to inform individuals of the risks and benefits of genetic testing and to obtain consent prior to genetic testing would remain in place.

The HIPAA Privacy Rules allows use and disclosure of protected health information without authorization for “treatment, payment and health care operations.” Oregon’s current statutory requirements go above and beyond the requirements imposed by the federal HIPAA rules. This concept would bring Oregon’s law more in line with national regulations and decrease administrative work for health care providers.

Senate Bill 225 – Immunizations Law Changes

This concept requires international college students entering Oregon to meet the state’s immunizations requirements for measles vaccination. It also allows Oregon Immunization ALERT to release immunization records to authorized users for individuals 18 years or older (such as college students) without a signed release from the person whose record is being requested. This will allow educational institutions access to Immunization ALERT records.

The concept also gives students transferring to schools within the United States a grace period to provide their immunization records until the mandatory exclusion day for all Oregon student.

Senate Bill 189 – Pediatric Immunizations

Health Services is prohibited by law from purchasing or distributing a pediatric vaccine necessary for school entry if the vaccine contains thimerosal. There is an exception for trace amounts. Thimerosal is a derivative of ethylmercury and has been used as an additive to vaccines since the 1930s because it is effective in killing bacteria. There is no evidence of any harm caused by low levels of thimerosal but there is a national goal to reduce or remove thimerosal from vaccines as a precautionary measure.

This concept would modify the statute to clarify that it applies to all pediatric vaccines for use in all children and allow the state to distribute thimerosal-containing vaccines for pediatric use if the only product available causes an undue burden on immunizations providers. The Health Services policy will remain to purchase and distribute only thimerosal-free vaccines except in cases where 1) no other product is available and 2) the available products cause an undue burden on providers. This is currently the case with flu vaccines.

Senate Bill 221 – Special Studies Statute

Oregon law allows the Department of Human Services to procure health records for the purposes of special morbidity and mortality studies. With limited exceptions, DHS has no authority to compel physicians, hospitals and others to provide data needed for public health investigations. Their cooperation is contingent on the expectation these health records will be confidential.

Department of Human Services
Health Services
2005 Ways and Means Presentation – Phase 2

In a recent court case involving a DHS investigation into the transmission of hepatitis C, a judge ruled that if a plaintiff wanted the records to prosecute a tort, DHS was compelled to turn them over and to reveal the sources of the information. Providers are unlikely to participate in future special studies if the state is not able to assure confidentiality protections. Even if we could compel release of the information, judicial delays and lack of active cooperation from physicians and hospitals could delay our ability to identify the cause of an epidemic, thereby prolonging it. This concept would further clarify the confidentiality provisions of the Special Studies statute and facilitate critical public health investigations.