



Oregon

Theodore R. Kulongoski, Governor

Department of Human Services

Office of the Director

500 Summer Street NE, E-15

Salem, OR 97301-1097

(503) 945-5944

Fax: (503) 378-2897

TTY: (503) 947-5330



DEPARTMENT OF HUMAN SERVICES BUDGET INFORMATION

2007-09 Biennium

By Policy Option Package

Package number and name: Package 19 Close Eastern Oregon Training Center (EOTC)

Co-Chair change to state funding: Fully restores GRB reduction plan to close EOTC. Restores \$1,120,810 to the EOTC 2007-09 budget.

What was the purpose of the policy package?

- The Governor's budget proposed to transition the remaining 40 individuals currently residing at the EOTC into community group homes or foster care settings. The goal was to begin transitioning individuals out of EOTC in the summer of 2007, with the last resident leaving by May 1, 2008. Cost savings were based on 18 months of savings offset with the cost of moving clients to community-based care settings.

What was changed in the Co-Chair budget?

- Fully restores GBR reduction plan to close EOTC and restores budget reduction of \$1,120,810.

What is the effect of this change?

- EOTC will remain open.
- Savings cannot be used to help other clients and families in the community.

Package number and name: 25 Reduction Option - Eliminate Support of Juvenile Diabetes Database

Co-Chair change to state funding: Eliminates backfill of tobacco tax (\$100,000)

What was the purpose of the policy package?

- The "reduction option" was one offered by Public Health Division in response to the 10% reduction list put forth as required during the Agency Request Budget process.

"Assisting People to Become Independent, Healthy and Safe"
An Equal Opportunity Employer

What was changed in the Co-Chair budget?

- Co-chair budget eliminates the backfill and restores the \$100,000 which juvenile diabetes has had in the base budget.

What is the effect of this change?

- None. Allows program to continue with current budgeted activities of data collection.

Package number and name: Package 90 (Reduction Package) – DRG Cap Rate

Co-Chair change to state funding: Reduces GF by \$21.5 million

What was the purpose of the policy package?

- The GRB includes package 090-12 that reduces the Diagnostic Related Group (DRG) component of managed care organizations' capitation rates for DRG hospital reimbursement from 100% of cost to 90% of cost.

What was changed in the Co-Chair budget?

- The Co-Chair budget further dropped the DRG reimbursement an additional 10% from 90% to 80%. This action increases the reduction from \$21.5 million to \$43 million GF.

What is the effect of this change?

- Adjusts the DRG rate from 90% to 80%.
- By not moving to 100% of cost, this action would continue to increase cost-shifting of hospitals' cost to private payers.
- Private groups' insurance rates would continue to increase in cost. The number of uninsured Oregonians would increase as people can no longer afford their premiums.

Package number and name: 101-1 Child Care Improvements

Co-Chair change to state funding: Reduces package by \$13 million GF

What was the purpose of the policy package?

- Increases the amount of child care subsidy paid on behalf of low-income working families, increases the maximum income limit to 185% federal poverty level and lowers average co-pay for clients by 20%.

What was changed in the Co-Chair budget?

- Reduction of the increase in child care subsidies by half of amount requested in the GRB.

What is the effect of this change?

- Low-income families will continue to have difficulties in locating and securing quality child care resources.

- This action reduces the proportion of providers who would be fully reimbursed by state subsidies. For many low-income families and TANF recipients, this would reduce access to less than half of the providers in the child care market.
- Families without stable, good quality child care arrangements cannot retain employment and would remain on or return to the TANF cash assistance program.

Package number and name: 101-3 Legal Representation

Co-Chair change to state funding: Reduces package by \$1,571,631 GF

What was the purpose of the policy package?

- While the goal continues to be increased legal representation for caseworkers appearing in court, this package will ensure DOJ consultation and legal advice for caseworkers in foster care cases. This consultation will target those cases most in need of legal representation.

What was changed in the Co-Chair budget?

- Reduces the GF requested at GRB for legal representation by one-half from \$3,143,252 to \$1,571,631.

What is the effect of this change?

- Attorneys would not be able to perform case consultation on all foster care cases at the 5th month and 11th month of foster care placements, leading to delays in reunification and delayed exit of children for adoption or other permanent plans.
- Proposed reduction in GF would necessitate a reduction in FF by \$979,718 thus reducing the total amount of the Policy Option Package from \$5,102,698 to \$2,551,349. This is a loss of almost \$1 million in FF.
- Caseworkers would remain with representation duties and would not be freed up to conduct additional contacts with clients.

Package number and name: 101-6 Children's Health and Safety - Dental Sealants

Co-Chair change to state funding: Eliminated the \$300,244 tobacco tax funding

What was the purpose of the policy package?

- Prevent significant dental disease, especially in elementary school children who are low-income or otherwise have limited access to dental care.
- Provide dental sealants to more than 30,000 children in low income schools across the state where 50% or more of its students are eligible for the free and reduced lunch program.
- Provides for onsite screening and sealant placement.
- Purchase of dental sealant equipment to reach 319 eligible elementary schools.
- Improve the overall health of those children, which will improve their ability to be educated and to reach their health and developmental potential.

What was changed in the Co-Chair budget?

- Package was eliminated.

What is the effect of this change?

- Rates of preventable dental disease in children will continue to rise. Program will be unable to provide resources beyond technical to local programs.

Package number and name: 101-7 Improved Addictions Treatment Access (\$10.4 million OLCC Revenue)

Co-Chair change to state funding: Eliminates package 101-7

What was the purpose of the policy package?

- Provide alcohol and drug intensive outpatient for 1,332 people per year who are TANF covered or whose children have been removed by child welfare.

What was changed in the Co-Chair budget?

- Funding was removed for this package.

What is the effect of this change?

- More children and families covered by TANF will end up in the child welfare system, increasing the number of children in foster care.
- Children in foster care due to parental substance abuse will stay longer or will not be reunited with their parents because the parents have been unable to obtain treatment for substance abuse.
- Residential wait lists particularly for adults with children will increase, people will wait longer for treatment, and as a result their children are more likely to be removed by child welfare.

Package number and name: 101-11 Children's Health and Safety -- School Based Health Centers

Co-Chair change to state funding: The request for \$2,038,879 was moved to GF rather than tobacco tax funds

What was the purpose of the policy package?

- To expand health care services provided through the School Based Health Centers by expanding to an estimated 13 new sites.

What was changed in the Co-Chair budget?

- The full funding was provided, but as GF rather than tobacco tax.

What is the effect of this change?

- None. It will still accomplish the intended goals.

Package number and name: 101-15 Healthy Teen Survey

Co-Chair change to state funding: \$689,831 tobacco tax funding eliminated

What was the purpose of the policy package?

- Ensure the on-going collection of basic data regarding the health and behaviors of adolescents in Oregon.
- Provide information that is relied upon by many state and local adolescent programs, non-profits, schools, etc. to assess need for services for adolescents, develop treatment or prevention programs, and evaluate their programs for effectiveness.

What was changed in the Co-Chair budget?

- Package was eliminated.

What is the effect of this change?

- This survey is essential. This makes it uncertain whether the survey will be able to be executed, and ties up a considerable amount of time of professional staff in soliciting funds rather than working toward improving the health of adolescents.
- Without a stable funding source, it may not be feasible to make the necessary commitment to the contract for conducting the survey, and creates a risk that the survey would not be done at all. Lack of these data would jeopardize the ability of many state and local organizations to "make a case" for many federal and private grants.

Package number and name: 102-21 Behavioral Rehabilitation Services (BRS) Rate to Parity with Oregon Youth Authority (OYA)

Co-Chair change to state funding: \$1,768,824 GF

What was the purpose of the policy package?

- To increase the rate paid to contracted providers of DHS BRS services to reach parity with the BRS rate paid to providers of these same services under contract with OYA.

What was changed in the Co-Chair budget?

- The original GRB funded the increased BRS rates at \$8 million for OYA and \$2 million for DHS. While the Co-Chair budget equalizes the increase at \$3 million for each agency, the overall amount for BRS rate increases was decreased by \$4 million.

What is the effect of this change?

- While BRS providers will receive the same BRS rate for serving children regardless of whether they are children from DHS or OYA, the package is an overall decrease of \$4 million from the GRB.

Package number and name: Package 102-24 Increase Fee for Service for Provider Groups Below 75% Medicare

Co-Chair change to state funding: Eliminates package 102-24, cuts \$2,193,565

What was the purpose of the policy package?

- Package 102-24 requests funding to change the reimbursement methodology for physicians and providers of radiology, laboratory, physical/occupational therapy and speech/audiology services. This proposal sets the benchmark of 75% of 2006 Medicare rates.

What was changed in the Co-Chair budget?

- The Co-Chair budget eliminates this package.

What is the effect of this change?

- Rates will not keep pace with increased cost of health care services.
- Oregon Health Plan clients' access to physician services would likely continue to suffer as health care costs increase and providers choose not to participate in the program.
- These rates have not been increased since 2000.

Package number and name: 102-25 Independent Status for Home Care Commission

Co-Chair change to state funding: Removes all package funding of \$158,963

What was the purpose of the policy package?

- The Home Care Commission (HCC), which collectively bargains with home care providers, needs to be statutorily outside DHS-SPD as an independent commission. The commission is now fully implementing its constitutional and statutory responsibility for training, maintaining a registry of providers and bargained contracted grievances. By law, these functions cannot be maintained in DHS. This package moves the HCC budget from DHS into a stand-alone commission.

What was changed in the Co-Chair budget?

- The additional funding to meet the budgetary needs of a stand-alone commission was not approved.

What is the effect of this change?

- The funding was to maintain the current level of funding in the HCC budget. This will reduce the resources available to the HCC for operating costs.

Package number and name: 102-27 Developmentally Disabled Provider Rates

Co-Chair change to state funding: Additional funding of \$4,892,433 was added to the existing package of \$12 million for a total of \$16,892,433

What was the purpose of the policy package?

- Increases the Developmentally Disabled (DD) provider rates and other payroll expenses. Also adds funding for the DD rate restructure pilot assessment tool.

What was changed in the Co-Chair budget?

- Additional funding of \$4,892,433 was added to existing package of \$12 million for a total of \$16,892,433.

What is the effect of this change?

- The proposed package at \$12 million funded a provider rate increase for 12 months of the 07-09 biennia. The additional funding in the Co-Chair budget funds the DD provider rate increase for an additional six months for a total of 18 months in 07-09 biennia.
- An increase in DD provider rate increase will slow down the rate of turnover in the industry which will provide consistency and stability for our clients.

Package number and name: 102-28 Transfer AAA 95% Statutorily Required Equity Requirement

Co-Chair change to state funding: Reduces state funding by \$2,667,965

What was the purpose of the policy package?

- The action phased in a 95% calculated equity for the Transfer AAAs per the legislative intent in House Bill 2288 and Oregon Administrative Rule 411-002-0175. In the 2003 legislative session, legislation passed that requires DHS to annually calculate the actual cost of running field offices for SPD with state employees which results in a budget level of not less than 95% of the amount that would be budgeted for Transfer AAA offices. Currently the five Transfer AAAs are at an average of 84%. This package increased those AAAs to 95%.

What was changed in the Co-Chair budget?

- Decrease funding from \$5.8 million to \$3.1 million. This action will place equity at 90% in the 2007-09 biennium.

What is the effect of this change?

- Transfer AAA offices will be at 90% equity and have 5% less funding than a traditional SPD office with similar cost.
- Continued under-funding will erode client services around the state.

Package number and name: 103-33 Access to Health Care – Emergency Medical System/
Trauma System

Co-Chair change to state funding: Eliminates \$2,035,027 in tobacco tax support, keeps the \$228,592 GF support

What was the purpose of the policy package?

- Address the deficiencies in the state EMS and trauma systems that were identified by a national assessment and by an Oregon advisory committee.
- Improve comprehensive statewide planning, systems development and technical assistance.
- Add a third mobile training unit and to increase ability to take training to local EMS agencies and providers, to make it easier for them to maintain appropriate skills.
- Develop a system to collect and analyze local and state EMS data, as part of quality improvement efforts in the local and state programs.
- Improve safety of the public by promptly investigating complaints from the communities about providers; there are not currently enough staff to investigate all complaints and in a reasonable timeframe.

What was changed in the Co-Chair budget?

- Eliminated the \$2+ million that would have come from the proposed increase in tobacco tax funding.

What is the effect of this change?

- Program will not be able to address deficiencies and to ensure that the public is protected as it should be.
- The state's EMS and trauma systems will fall further behind the rest of the nation due to failures in systems development, inadequate quality improvement, inaccessible training and delayed compliance activities.

Package number and name: Package 103-36 Expansion in OHP Standard Program

Co-Chair change to state funding: Eliminates package 103-36 from budget

What was the purpose of the policy package?

- Package 103-36 would increase by approximately 10,000 to 15,000 the number of people served in the Oregon Health Plan (OHP) Standard program by using new tobacco tax revenue.

What was changed in the Co-Chair budget?

- The Co-Chair budget eliminates this package.

What is the effect of this change?

- OHP Standard will likely remain closed to new enrollment, except for limited periods necessary to keep the program at the sustainable level. Ten thousand to 15,000 uninsured Oregonians would not gain access to health coverage.
- The uninsured rate for adults would likely continue to increase in Oregon.

- DHS would continue to struggle to address health issues for uninsured parents with children in the child welfare system.

Package number and name: 103-39 Equitable Alcohol & Drug Treatment (\$4 million GF)
Co-Chair change to state funding: Eliminates package 103-39

What was the purpose of the policy package?

- Bring the alcohol and drug outpatient treatment funding for those counties that are below the statewide average to the statewide average to allow those counties to serve more people with substance abuse problems.

What was changed in the Co-Chair budget?

- Funding was removed from this package.

What is the effect of this change?

- Without the policy package funding, establishing equity in funding treatment would require reducing allocations to 21 counties in order to add resources to 13 counties with below-average funding. Services would be reduced in 21 counties, fewer people served in those counties and service delivery systems would be disrupted.
- All of the counties have wait lists for outpatient services, and the public system is only able to meet about 48% of the need for alcohol and drug treatment; this adjustment will make this worse in 21 counties.

Package number and name: 104-45 Early Assessment & Support Teams (EAST)
(\$4.3 million Tobacco Tax)

Co-Chair change to state funding: Eliminates package 104-45

What was the purpose of the policy package?

- Intervene early with young people who are experiencing symptoms of psychosis as a result of a mental illness.
- Provide strength-based services to support the young person and family to achieve recovery, improve educational work, improve family coping skills, and continue development to adulthood.
- Support youth in having meaningful educational and/or work experiences, social lives and building relationships.
- Assist young people in having lives and avoiding a lifetime of disability and reliance on the public system.

What was changed in the Co-Chair budget?

- Funding was removed for this package.

What is the effect of this change?

- 540 young people will continue to experience psychosis, decline in functioning, experience mental health crises, be repeatedly hospitalized, fail in school, have problems with their families, and experience periods of homelessness.

- Without this treatment and support, many of these young people will become disabled enough to qualify for a lifetime of public disability at great expense to society.

Package number and name: 105-48 Preparedness and Health Care: Support of Local Health Departments and Emergency Preparedness Core Capacity

Co-Chair change to state funding: Eliminates package 105-48 request of \$5 million GF

What was the purpose of the policy package?

- Double the "per capita" support to local health departments from current 58 cents per person to \$1.16 per person. This will help improve the capacity of local health departments to protect the public.
- Make a modest improvement in the limited staffing in local health departments and the state staff who support community health activities, to improve their ability to adequately respond to communicable disease outbreaks (e.g. E-coli, tuberculosis, noro virus etc.) and other community health concerns.
- Increase local public health department staff who would respond to emergency situations such as emerging infections, medical disasters or other health hazards beyond the scope of categorical funding restrictions of current federal preparedness funding.

What was changed in the Co-Chair budget?

- The \$5 million package was eliminated.

What is the effect of this change?

- Local health departments will continue to have meager resources, and will continue to struggle to protect their communities when disease outbreaks occur.
- Local health departments will be further limited in their capacity to properly monitor and address health hazards in their communities.
- In a widespread outbreak or other health emergency, the public's health may be at risk.

Package number and name: 106 – 60 Infrastructure

Co-Chair change to state funding: Reduces package by \$254,705

What was the purpose of the policy package?

- To add three Internal Auditor 3 positions (two staff auditors and one information technology (IT) auditor) to allow the unit to identify and recommend actions to mitigate more risks. The IT auditor would have allowed the audits unit to be proactive participants in system design and implementation, improve data security and confidentiality, assess risks and vulnerabilities to present systems and those in development, and be able to identify better internal controls for all IT systems. In addition, this proposed IT auditor will add value to the work of the rest of the unit by enabling existing staff to better address IT issues in all ensuing audit work.

What was changed in the Co-Chair budget?

- The Co-Chair budget removes the funding for the three requested Internal Auditor positions.

What is the effect of this change?

- The department will not be able to address as many high-risk areas identified through federal agencies' audit plans and the DHS annual risk assessment. Some high-risk areas will not be addressed and be eliminated from the audit plan due to the lack of audit staff. This will result in increased financial risk for the department.

Package number and name: 107 Youth Substance Abuse Prevention (\$3 million OLCC)

Co-Chair change to state funding: Eliminated \$3 million in OLCC funding and replaced with \$1.9 million GF

What was the purpose of the policy package?

- Provide funding for the counties and tribes to support community coalitions and establish 23 more community coalitions.
- These local groups will adopt evidence-based local strategies to reduce substance use and abuse and to monitor the effectiveness of these strategies.
- Implement the evidence-based model of prevention and treatment for substance-abusing parents or high-risk families known as Strengthening Families Program.
- This evidence-based practice is proven to reduce adolescent alcohol, tobacco and marijuana use. It is the first preventive intervention demonstrated to reduce the onset of methamphetamine use among adolescents.
- Fund a statewide suicide prevention phone line to answer calls and make referrals.

What was changed in the Co-Chair budget?

- Funding is reduced to \$1.9 million GF.

What is the effect of this change?

- There will be no additional local support for prevention activities and no additional community coalitions.
- Communities will continue to struggle with increasing rates of underage drinking, binge drinking and increase in use of methamphetamines by young people.
- Underage drinking leads to early and strong addiction among youth, dangerous behaviors, traffic accidents, risky sex, school failure, unintended pregnancies and illegal activities.

Package number and name: Package 108 Uncompensated Care Pool Funded by Tobacco Tax Revenue

Co-Chair change to state funding: Eliminates package 108, cuts \$5 million tobacco tax funding

What was the purpose of the policy package?

- Package 108 requests \$5 million in new tobacco tax revenue to raise the rates for the lowest reimbursed Diagnostic Related Groups (DRG) hospitals to obtain greater

payment equity among DRG hospitals. It is anticipated that eight hospitals would experience an increase in their base DRG unit value.

What was changed in the Co-Chair budget?

- The Co-Chair budget eliminates this package.

What is the effect of this change?

- The anticipated increase in the base DRG unit value rates for eight DRG hospitals would not increase.
- The opportunity to lessen cost-shift to private payers with this package would be foregone.
- Lost opportunity to achieve equity among DRG hospitals.

Package number and name: 109 Nursing Facilities Staffing Commission

Co-Chair change to state funding: Reduces funding by \$1.5 million to the existing package of \$3 million for a total package of \$1.5 million

What was the purpose of the policy package?

- Governor Kulongoski appointed the Nursing Facilities Staffing Commission in July 2006 and charged it with recommending strategies to enhance Oregon's minimum Certified Nursing Assistant staffing ratios to maximize quality outcomes for nursing facility residents. The commission recommended increasing the current ratio of 1.66 hours per resident day to 2.46. The commission additionally recommended that the state implement monitoring and enforcement rules to ensure compliance with new staffing standards.

What was changed in the Co-Chair budget?

- Package was reduced from \$3 million to \$1.5 million.

What is the effect of this change?

- Proposed package at \$3 million would have funded rate increases for 6 months of the 07-09 biennia. The Co-Chair budget further delays implementation of the staffing standards. It is unknown at this time what the implementation schedule would finally be.
- Less service for clients.
- Safety issues for clients on short-staffed shifts.
- Nursing facilities out of compliance with state standards.

Package number and name: 110 Enhanced TPEP – Reduce Tobacco Tax Funding by \$12 Million, Adjusts Package to \$6 Million Total

Co-Chair change to state funding: Reduction of \$12 million in proposed tobacco tax support

What was the purpose of the policy package?

- To expand the comprehensive Tobacco Prevention and Education Program's activities to reduce the burden of tobacco on Oregon.

- POP #110 brings TPEP closer to the Centers for Disease Control and Prevention's recommended funding levels for Oregon. The CDC recommends Oregon spend \$42 million/biennium; the POP brought Oregon's funding up to around \$34 million/biennium.

What was changed in the Co-Chair budget?

- Reduced the GRB of \$18 million to \$12 million that would have come from the proposed increase in tobacco tax funding.

What is the effect of this change?

- TPEP's structure includes funding for community, school and multicultural programs, public awareness and education, cessation, surveillance and evaluation, enforcement and administration.
- Funding TPEP at the reduced level would mean fewer schools would have tobacco prevention and education programs, fewer multicultural programs would be funded to address tobacco-related disparities, county health departments would receive less money to do community-based tobacco prevention, fewer tobacco users would receive services through the Oregon Quit Line, the public awareness campaign would reach fewer Oregonians with the messages about the dangers of tobacco.
- There will continue to be a cost to Oregon both monetarily with increased health care costs and by an increase in the quality of lives.

Package number and name: 111 Continue Drug Court Funding

Co-Chair change to state funding: Eliminates package 111

What was the purpose of the policy package?

- Continue funding for Drug Court programs established in 2005-07 and implement additional programs in 2007-09 to serve 800 nonviolent substance abuse offenders.
- NOTE: This is pass-through funding for the Criminal Justice Commission.

What was changed in the Co-Chair budget?

- Funding was removed.

What is the effect of this change?

- Judicially supervised, effective treatment will not be available to substance abuse offenders who are nonviolent.
- Without treatment they will be incarcerated and upon release will continue to abuse drugs and commit crimes.
- More children will enter the child welfare system.

Package number and name: Family Planning Expansion Project (FPEP) Increase

Co-Chair change to state funding: Increases funding by \$1.5 million GF in addition to the \$1.5 million GF requested.

What was the purpose of the policy package?

- Increase FPEP provider reimbursement rates.
- Expand the FPEP population by as many as 26,000 more clients.
- Implement needed state processes to assist clients in obtaining the needed documents under the Deficit Reduction Act (DRA) which requires citizenship and identity verification without delaying or foregoing services.

What was changed in the Co-Chair budget?

- Increases from \$1.5 million GF in the GRB to \$3 million GF in Co-Chair budget.

What is the effect of this change?

- Will ensure the program has ability to achieve desired outcome.

Package number and name: Oregon Project Independence (OPI)

Co-Chair change to state funding: Reduces Oregon Project Independence (OPI) Other Fund expenditure limitation

What was the purpose of the policy package?

- The current 2005-07 OPI budget of \$12 million was increased by \$3.9 million of additional Senior Property Tax Deferral Other Fund revenue for the 2007-09 GRB. This adjustment reduces the Other Fund expenditure limitation in the OPI program by \$3.9 million and keeps the OPI program funded at \$12 million.

What was changed in the Co-Chair budget?

- This adjustment reduces the Other Fund expenditure limitation in the OPI program by \$3.9 million and keeps the OPI program funded at \$12 million.

What is the effect of this change?

- Maintains current funding level, established reserve beginning balance of any funding that exists in the Senior Property Tax Deferral account which is retained in the Department of Revenue.
- Will delay the implementation of these services for disabled clients.

Package number and name: Network of Care Pilot

Co-Chair change to state funding: Adds \$500,000

What was the purpose of the policy package?

- The department did not put a policy package forward.

What was changed in the Co-Chair budget?

- The Co-Chair budget increases the ASD budget by \$500,000.

What is the effect of this change?

- The funding would be used for technology system modifications to assist in the implementation of the pilot project.