

Please note that the following represents preliminary recommendations only. The material has not yet been analyzed or approved by the DAS Budget and Management division (BAM) or by the Governor's Office.

**DRAFT – initial estimates**

**Department Of Human Services**  
**Summary of Issues and Management Actions by Cluster**  
**as of January 2004**

Following is a summary of the Department of Human Services current estimated financial status. The purpose of this report is to provide a description of the issues (problems and savings) as well as management actions the department would propose related to covering issues within the existing operational scope of the department. This is a preliminary estimate of issues, which will be updated to reflect changes to known issues as well as identification of any new items. The department will be revising these estimates in preparation for the April Emergency Board meeting at which time the department plans to present a complete rebalance plan proposal. A summary of major issues follows.

Children, Adults and Families

Overall TANF cash assistance and Domestic Violence Emergency Assistance costs are higher than estimated at LAB. For TANF cash assistance, caseloads are slightly lower than anticipated while cost per case is running somewhat higher, resulting in an overall cost of \$2.3 million GF. The expected number of Domestic Violence cases is higher while cost per case is lower, resulting in a net cost of \$3.1 million GF.

Employment Related Daycare caseloads are expected to be lower than LAB while the estimated cost per case is expected to be higher. The net impact of these two factors is a savings of \$2.0 million GF.

Food Stamp caseload growth is projected to be higher than LAB, resulting in an increase of federal funds of \$15.2 million (no GF required).

In child welfare Substitute Care and Adoption Assistance caseloads are expected to

**DRAFT**

**DRAFT**

**DRAFT – initial estimates**  
**Department Of Human Services**  
**Summary of Issues and Management Actions by Cluster**  
**as of January 2004**

be higher than LAB, resulting in a cost increase of \$4.6 million GF.

In addition to these program changes, additional federal revenues are also available for use. These anticipated revenues are a combination of anticipated TANF carry forward and bonus funds, Social Service Block Grant and Title IV-B funds. The department would propose using these to offset current GF needs, resulting in additional GF savings of \$16.9 million.

A separate management action the department will propose is to hire 7 limited duration positions to expand the overpayment recovery efforts. It is expected this would result in an overall net savings of \$0.8 million GF in the current biennium. If this expansion proves successful, the department would propose a policy package, for the 2005-07 biennium, to make these positions permanent.

Community Human Services

As outlined above, caseload changes in Children, Adults and Families program areas result in an overall need for additional staff in Self-Sufficiency and Child Welfare areas beyond that included in the LAB. The additional staffing need is based upon current approved staffing standards. However, as a management action, the department proposes that the workload for the increased caseload be absorbed within existing staff levels as provided in the LAB. The department is seeking to begin a staffing study to address staffing of the major Self-Sufficiency program areas. The department is also looking at potential technology solutions in both program areas which may help reduce future staffing needs and improve overall service levels for clients. A future rebalance plan may either include a funding request for such technology or a request for additional staffing if the technology solutions do not appear to be cost beneficial.

Health Services

**DRAFT**

**DRAFT**

**DRAFT – initial estimates**  
**Department Of Human Services**  
**Summary of Issues and Management Actions by Cluster**  
**as of January 2004**

The LAB assumed that waivers to the Oregon Health Plan would be approved by the federal government in sufficient time to enable implementation of the revised program January 1, 2004. Federal approval has not yet been granted. We are currently assuming the earliest implementation date would be May 1, 2004. Additional costs associated with this delay are \$7.3 million GF.

Increases in Medicare “Part B” buy-in premiums and costs related to coverage of eligibles beyond federal enrollment allotment caps results in cost increases of \$10.0 million GF. The department would propose implementing action to bring overall enrollment within federal limits, thus saving \$2.7 million GF of that cost.

Recent magistrate's recommendations in *Spry v. Thompson*, if approved by the court, would direct the department to discontinue the use of co-payments for the OHP Standard population. If the department is required to discontinue charging co-pays for this client population effective March 1, 2004 there will be an additional estimated cost of \$9.9 million GF.

The overall managed care-related component of the budget is \$3.6 million higher than anticipated in LAB. The actual mix of populations and rates served in managed care is somewhat different than budgeted in LAB. Specific client group categories have different costs per person, with some categories more expensive in managed care and some categories more expensive in fee-for-service. The mix of managed care enrollees by client group also impacts this portion of the budget.

Anticipated savings from FFS drug management actions are lower than what was anticipated in LAB, resulting in additional costs of \$6.9 million GF.

The January forecast of medical eligibles resulted in a significant overall reduction in costs. Actions taken during the last biennium have had a much greater impact than originally anticipated. Changes to this forecast result in an overall savings of \$92.4 million GF. Offsetting a portion of these savings is a reduction in expected premium collections related to the lower eligible forecast. The reduction in

**DRAFT**

**DRAFT**

**DRAFT – initial estimates**  
**Department Of Human Services**  
**Summary of Issues and Management Actions by Cluster**  
**as of January 2004**

expected premium collections results in an \$11.0 million GF cost.

Costs are less than anticipated for hospital quarterly pass thru payments (related to Capital, Direct Medical Education, Indirect Medical Education, and regular Disproportionate share costs). These lower costs result in savings of \$7.9 million GF.

Available Tobacco Tax revenues are higher than projected for the LAB. The revised Department of Revenue forecast increased expected 2003 collections as well as increased the expected levels for the 2003-05 biennium. The availability of this additional revenue results in a \$3.7 million GF savings from the LAB.

Ongoing expansion of Bio-terrorism preparedness activities and funding from the federal government creates a need for additional federal fund limitation of \$10.3 million (no GF required). The latest award is related to expanded public preparedness activities, including expanded hospital preparedness.

Oregon has received approval for a number of public health grants for which the department had requested permission and received approval to apply. The department will at a future Emergency Board request necessary actions related to other and federal fund limitation needs for those grants.

Senior and People with Disabilities

The January forecast of Nursing Facility client counts is above the levels projected at LAB. This caseload had been expected to continue to decline this biennium and reach a sustained level. Based on the current forecast, this stabilization will occur at a higher caseload level than anticipated at LAB. This change to the forecast results in an overall cost of \$16.2 million GF above the LAB.

The January forecast of Substitute Home client counts is below the levels projected at LAB. This lower estimate results in a savings of \$5.2 million GF.

**DRAFT**

**DRAFT**

**DRAFT – initial estimates**  
**Department Of Human Services**  
**Summary of Issues and Management Actions by Cluster**  
**as of January 2004**

The January forecast of In-Home Care programs is below the levels projected at LAB. This lower estimate results in a savings of \$11.2 million GF.

Adjustments to anticipated overall federal matching funds results in GF savings of \$15.2 million. Programs added back during the latter part of the legislative session did not have match rates adjusted to reflect the latest revised rates. This action corrects the state and federal fund mix to reflect those changes.

Case management costs related to clients with developmental disabilities were estimated at higher levels for LAB than will be required. This change results in a savings of \$2.8 million GF.

Staley Support Brokerage Services planned for in 2003-05 had been projected to include 10 brokerages. One brokerage ceased operations after the beginning of the biennium; other brokerages will absorb the workload. Savings, of \$1.1 million GF occur with the transfer back to the State of the funding the closed brokerage had received for on-going operating costs. Estimated need for the Comprehensive Services plans is less than what had been anticipated at LAB, resulting in savings of \$0.3 million GF.

Enrollment in the restored General Assistance program has been less than originally anticipated. The program, which is now limited to SSI eligible clients, was restarted October 1, 2003. The lower initial enrollment results in savings of \$2.2 million GF.

The percentage of developmentally disabled clients who were Medicaid eligible in the 2001-03 biennium was higher than had been budgeted. This higher level of participation is expected to continue during the 2003-05 biennium. This change in participation rates results in a savings of \$7.6 million GF.

**DRAFT**

**DRAFT**