



## **2017-2019 Policy Option Packages Oregon Health Authority**

Due to the current revenue outlook for the 2017-2019 biennium and a range of health-related needs, the Oregon Health Authority (OHA) has carefully selected Policy Option Packages that align with Governor Brown's priorities or are required to address emerging program or policy issues. The following describes each issue, not listed in priority order:

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### **CLEANER AIR OREGON INITIATIVE (Policy Option Package 401)**

**Need:** This policy option package (POP) would improve the ability of the Environmental Public Health Section of the Public Health Division and protect Oregon communities from environmental health risks. Preventing environmental exposures can reduce the rates of illness and decrease the overall costs of health care in Oregon. Environmental health issues such as childhood lead poisoning, poor air quality and the effects of climate change disproportionately affect low-income and minority populations. Funding this POP would provide OHA the capacity to work with the Oregon Department of Environmental Quality to support and implement health-based environmental regulations to protect the health of all Oregonians.

**Impact:** This POP would expand the Environmental Public Health Section's capacity. Funding would support additional staff for training to respond to general environmental public health concerns as well as emerging issues as they arise. This expanded capacity also would further EPH's efforts in the fields of environmental justice and health equity.

**Request:** 2017-2019 Budget Impact: \$989,185 General Funds

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### **ENHANCING OHA OFFICE OF PROGRAM INTEGRITY (Policy Option Package 402)**

**Need:** This POP ensures a successful and cost-effective fraud, waste and abuse (FWA) detection, prevention and investigation program.

**Impact:** By providing capacity through seven new government auditor 2 (GA 2) positions under the Provider Audit Unit, OHA could implement a more thorough and enterprise-wide fraud, waste and abuse (FWA) detection, prevention and investigation program. Resources would provide the capacity to initiate FWA audits and investigations of Coordinated Care Organizations (CCOs) and their network provider environment, and comply with new and

enhanced CMS-driven program integrity requirements for managed care organizations. POP resources would increase FWA oversight of vulnerable provider types and practices (e.g. home and community based services; long-term care services and supports; durable medical equipment (DME); behavioral health; pharmacy billing; contracted services; and waiver-based services). Investment in this POP also allows for work with FWA contractors to investigate and audit data-based leads and discoveries, augment Medicaid beneficiary fraud investigations and strengthen program integrity principles throughout Medicaid rules.

**Request:** 2017-2019 Budget Impact: \$1,566,735 General Funds

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### **HEPATITIS C TREATMENT EXPANSION (Policy Option Package 403)**

**Need:** Hepatitis C is a viral infection that primarily affects the liver and progresses through several stages of increasing severity. Higher stages of the disease result in chronic liver disease, liver failure and possibly liver cancer. Direct-acting antiviral medications, known as DAAs, are available to treat Hepatitis C infection and frequently result in a cure. In general, DAAs are expensive compared to other prescription drugs.

**Impact:** The Oregon Health Plan (OHP) offers treatment for the disease at stages F3 and F4 (on a F1-F4 scale), and is limited at earlier stages. This POP would provide funds to cover treatment for OHP members beginning at stage F2.

**Request:** 2017-2019 Budget Impact: \$42,623,093 General Funds

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### **JUVENILE FITNESS TO PROCEED (Policy Option Package 404)**

**Need:** This POP corresponds with the Juvenile Fitness to Proceed (Aid and Assist) legislative concept, which would change Oregon revised statutes related to “juvenile fitness to proceed.”

**Impact:** If these changes become law, youth who receive behavioral health services with the aim of restoring their fitness to assist with their legal defense would receive these services in a non-residential setting in their community. This would reduce burden on the youth mental health residential system and generate General Fund savings by decreasing inappropriate use of residential treatment for these youth.

**Request:** 2017-2019 Budget Impact: (\$438,984) General Fund savings

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### **MEDICAID MANAGEMENT INFORMATION SYSTEM (MMIS): STRATEGIC PLAN FOR MODERNIZATION (Policy Option Package 405)**

**Need:** The Centers for Medicare and Medicaid Services (CMS) require that all states move their information systems supporting the Medicaid program toward a modular design. This allows systems to be upgraded as programs and technology evolve. Systems must use a competitive process to plan and implement these modular solutions. Oregon’s current Medicaid Management Information System (MMIS) is a monolithic system and was implemented in 2008 to support a fee for service-based model. It later was extensively modified to support Oregon’s capitation-based coordinated care organization (CCO) model.

**Impact:** This POP requests state funds to secure 90 percent federal matching funds to: define Oregon’s Medicaid service delivery strategic plan; evaluate approaches that other states have taken toward modularization; identify options for modular solutions; define certification requirements as required by CMS; and begin the procurement process.

**Request:** 2017-2019 Budget Impact: \$367,739 General Funds

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#### **“ONE SYSTEM” ENHANCEMENTS (Policy Option Package 406)**

**Need:** The Centers for Medicare and Medicaid Services (CMS) offers funding for updating eligibility systems. This package requests authority to fund enhancements to Oregon’s Modified Adjusted Gross Income (MAGI) Medicaid eligibility determination system (called ONE).

**Impact:** OHA has a contract with Deloitte Consulting—the systems integrator that built the ONE system—to continue enhancements during operation. The proposed POP would allow for a plan to update the system several times per year as prioritized by the OHA Health Systems Division. This POP also would support anticipated necessary changes when CMS issues new requirements for MAGI Medicaid eligibility systems. These system enhancements costs are eligible for 90 percent federal matching funds.

**Request:** 2017-2019 Budget Impact: \$1,283,680 General Funds

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#### **OREGON HEALTH PLAN COVERAGE FOR ALL KIDS (Policy Option Package 407)**

**Need:** A percentage of Oregon children do not qualify for full Oregon Health Plan benefits due to federal citizenship status and immigration requirements.

**Impact:** This POP would provide the Oregon Health Plan (OHP) benefit package to children who do not qualify for full OHP benefits solely because they do not meet federal citizenship and immigration status requirements under Medicaid and the Children's Health Insurance Program (CHIP). Income eligibility would include up to 300 percent of the federal poverty level and would cover children through 18 years of age. This POP would similarly aim to raise the number of insured individuals in Oregon.

**Request:** 2017-2019 Budget Impact: \$55,030,483 General Funds

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**OREGON HEALTH PLAN DEMONSTRATION (WAIVER) RENEWAL**  
(Policy Option Package 408)

**Need:** The Centers for Medicare & Medicaid Services (CMS) granted Oregon an initial section 1115 demonstration waiver to implement the innovative Oregon Health Plan (OHP) more than two decades ago. The initial demonstration phased in coverage beginning in 1992 and CMS approved Oregon's current section 1115 demonstration in 2012, beginning Oregon's groundbreaking health system transformation process through the coordinated care model. The current demonstration ends June 30, 2017.

**Impact:** This POP requests that state funds continue and expand Oregon's existing demonstration under Section 1115(a) of the Social Security Act. The demonstration renewal will continue to operate statewide, covering approximately 1.1 million Oregonians who now receive benefits through the OHP. The state seeks to renew this demonstration for the period of July 1, 2017 to June 30, 2022 so that Oregon can evolve health system transformation to the next level through targeted changes of Medicaid and CHIP programs. These changes will allow the state to meet its overall goals to improve patient experience, improve health, and reduce costs. Lack of investment could risk Oregon's ability to support the activities of the waiver renewal and secure federal financial participation funds necessary for funding the OHP.

**Request:** 2017-2019 Budget Impact: \$58,116,974 General Funds

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**OREGON HEALTH AUTHORITY FEE CHANGES** (Policy Option Package 409)

Oregon Environmental Laboratory Accreditation Program (ORELAP) fee changes:

This POP requests ratification of the ORELAP fee establishments and increases that were adopted in June 2016. Fee authority is authorized under ORS 438.620, ORS 475B.560 and implemented under OAR 333-064-0060.

**Request:** 2017-2019 Budget Impact: \$16,417 Other Funds Limitation

Newborn screening fee change:

This POP requests approval to increase fees for screening newborns. The fee increase will allow all Oregon newborns to be tested for the current panel of disorders and two additional disorders that were recently added to the recommended panel while improving cystic fibrosis screening. Fee authority is authorized under ORS 431A.750, ORS 433.285 and implemented under OAR 333-024-0240.

**Request:** 2017-2019 Budget Impact: \$11,170 Other Funds Limitation

Health care facility construction plan review fee changes:

This POP requests fee increases for construction plan review fees for certain health care facilities licensed by OHA or DHS. Fee authority is authorized under ORS 441.060 and implemented under OAR 333-675-0050.

**Request:** 2017-2019 Budget Impact: \$761,008 Other Funds Limitation

Hospice and in-home care licensing fee changes:

This POP requests increases for annual hospice agency licensure fees and in-home care agency licensure fees to fund personal services and operating expenses for inspection, licensure, and complaint investigation. Fee authority is authorized under ORS 443.860 and ORS 443.315.

**Request:** 2017-2019 Budget Impact: \$175,467 Other Funds Limitation

Office of Health Information Technology fee authority:

This package is necessary to obtain Other Fund authority to enable OHA to collect fees for supporting three health information technology efforts in Oregon: the Oregon Common Credentialing Program as mandated by Senate Bill 604; the statewide Provider Directory; and the CareAccord program. Other Fund authority allows OHA to collect fees and spend those funds to cover these programs' operating costs.

**Request:** 2017-2019 Budget Impact: \$22,983,343 Other Funds Limitation

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**OREGON STATE HOSPITAL IMPROVEMENTS (Policy Option Package 410)**

**Need:** Oregon State Hospital seeks to reduce its reliance on state General Funds by increasing Other Fund reimbursement. By investing in infrastructure improvements, the hospital can certify an additional 454 beds with the Centers for Medicare and Medicaid Services (CMS), which will enable it to bill Medicare, Medicaid and third-party insurances.

**Impact:** With recent improvements, OSH is well positioned to certify an additional 454 hospital-licensed beds with CMS, and has formally applied for certification. Including the 115 beds that are already CMS-certified, this would bring the total number of CMS-certified beds for OSH to 569. If OSH can certify the additional beds, the conservative estimate is a \$30.8 million increase in Other Fund revenues for 2017-2019 and \$40-\$75 million or more in subsequent biennia. However, to achieve and sustain CMS certification, the hospital needs to invest \$23.1 million of this new revenue in utilization management, safety improvements that address treatment and staffing levels, and compliance with CMS regulations. This leaves a potential net General Fund reduction of \$10.3 million in 2017-2019, \$19.4 million in 2019-2021, and \$47.5 million in 2021-2023.

**Request:** 2017-2019 Budget Impact: (\$10,355,765) General Fund savings

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**PUBLIC HEALTH MODERNIZATION FOR OREGON COMMUNITIES**  
(Policy Option Package 411)

**Need:** House Bill 3100 (2015) required state and local public health authorities to assess which core public health needs are being met or lacking in Oregon communities.

**Impact:** This POP would address the significant program gaps identified through a public health assessment and build a sustainable infrastructure to support public health modernization long-term throughout the state. Investments in this POP would provide critical support to local and state public health authorities who serve a necessary role for the function of the public health system as a whole. This request is prioritized by areas where the most significant gaps have been identified, including the ability to fully implement a system of accountability metrics for state and local health departments; modern information technology; health equity; and the ability to provide comprehensive, real-time population health data to inform policy and decision-making.

**Request:** 2017-2019 Budget Impact: \$30,000,000 General Funds

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**STATE GOVERNMENT SERVICE CHARGES & TELECOMMUNICATION** (Policy Option Package 412)

**Need/Impact:** This POP would fund the increased use of the Department of Administrative Services usage-based fees as outlined in the 2017-2019 Price List of Goods & Services for State Government Service Charges.

**Request:** 2017-2019 Budget Impact: \$1,390,305 General Funds

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## OHA–DHS Related Policy Option Packages

### **INTEGRATED ELIGIBILITY PROJECT—OHA Portion of Shared Service** (Policy Option Package 201)

**Need:** DHS seeks legislative approval for a project that would transfer human service eligibility determination functionality to the new ONE eligibility system.

**Impact:** This will integrate eligibility for Non-MAGI-Medicaid, ERDC, SNAP and TANF programs. The OHA portion of operations & maintenance funding is what is represented on this POP.

**Request:** 2017-2019 Budget Impact: \$10,762,599 Other Funds Limitation

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### **INFORMATION SECURITY & PRIVACY OFFICE INVESTMENTS—OHA Portion of Shared Service** (Policy Option Package 202)

**Need:** The Information Security and Privacy Office (ISPO) is a DHS/OHA shared-service program responsible for the physical, personnel, and technical aspects of DHS/OHA information privacy and security protection.

**Impact:** Increased investment strengthens the proactive awareness and education program for OHA and DHS employees to ensure security against threats and vulnerability. POP resources would improve environment security and reduce repeat incidents through more timely investigation, root-cause analysis, and mitigation of vulnerabilities. Resources would reduce risk, increase compliance, and ensure vendor accountability via early integration of consistent and relevant information security and privacy standards for contracts and projects.

**Request:** 2017-2019 Budget Impact: \$211,454 General Funds

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### **SECRETARY OF STATE (SOS) AUDITS & FEDERAL FUND PAYMENTS—OHA Portion of Shared Service** (Policy Option Package 203)

**Need:** The federal government will no longer pay for performance (versus compliance) audits. The SOS has stated that 39.42 percent of their audits are performance audits, meaning that these audits can only be paid for by General Fund dollars and can no longer be billed as performance audits to the federal government.

**Impact:** This request would fund shift dollars from federal to general funds due to this change. The other alternative involves SOS to no longer complete performance audits on OHA and DHS and lower their price list of costs to both agencies.

**Request:** 2017-2019 Budget Impact: \$1,364,312 General Funds

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**OPAR POSITION RECONCILIATION—OHA Portion of Shared Service**  
(Policy Option Package 204)

**Need:** This POP is important to Office of Payment Accuracy and Recovery’s (OPAR) ability to work with program and federal partners to ensure service excellence and accountability in our SNAP, TANF, ERDC, and Medical programs.

**Impact:** The POP would reconcile and create the positions and funding necessary to sustain OPAR’s budget and operations. Once positions are created and approved, OPAR would be in a one position per person situation allowing for more efficient management and budgeting, and providing certainty regarding OPAR’s ability to sustain Service Level Agreements over the long-term. This would require establishing 23 positions and abolishing 17 for a total net biennial cost of approximately \$2.2 million to OHA and DHS combined.

**Request:** 2017-2019 Budget Impact: \$493,863 General Funds

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**BACKGROUND CHECK UNIT WORKLOAD—OHA Portion of Shared Service**  
(Policy Option Package 205)

**Need:** Package requests additional capacity to meet demand of currently required background checks within required time limits and to meet projected needs due to program growth and new federal and state statutes implementing during the 2017-2019 biennium. Steadily increasing numbers of background checks per year and growing complexity of work combined with stagnant or decreased staffing for the Background Check Unit (BCU) over the last few biennia have resulted in mounting backlogs and processing timelines for background checks.

**Impact:** Added capacity for meeting program goals and customer service benchmarks.

**Request:** 2017-2019 Budget Impact: \$221,932 General Funds

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**FAMILY LEAVE AND MEDICAL ACT/OREGON FAMILY LEAVE ACT REQUESTS—**  
**OHA Portion of Shared Services**  
(Policy Option Package 206)

**Need:** Failure to respond in a timely manner to requests from staff for FLMA/OFLA during a time of physical and emotional distress results in low employee morale and loss of faith in the organization to support employees during a time of their highest need.

**Impact:** Request additional staff resources to timely process FLMA/OFLA requests to meet federal and state processing requirements and to properly monitor and provide quality monitoring to ensure appropriate use of FMLA/OFLA statutes.

**Request:** 2017-2019 Budget Impact: \$64,300 General Funds