

# Oregon Legislative Emergency Board Minutes

July 22, 2010

## Members Present

Representative Hunt, Presiding Chair

Senators Bates, Courtney, Girod, Johnson, Monroe, Shields, \*Verger, Whitsett, Winters

Representatives Berger, Buckley, Garrard, Jenson, Komp, Kotek, \*Nathanson, \*G. Smith

(\*via phone conference)

## Members Excused

Senator Nelson

Representative Edwards

Pursuant to the provisions of ORS 291.328, and acting under the authority of ORS 291.326(1)(a), (b), (c), and (d); ORS 291.371; and ORS 291.375, we hereby certify that the Emergency Board, meeting on July 22, 2010 took the following actions:

The meeting was called to order by Representative Hunt at 9:05 a.m. in Hearing Room F of the State Capitol in Salem, Oregon.

### **1. Department of Human Services**

Representative Buckley moved that the Emergency Board allocate \$15,389,091 from the special purpose appropriation made to the Emergency Board by section 74(1), chapter 95, Oregon Laws 2010, to supplement the appropriation made to the Department of Human Services, Seniors and People with Disabilities by section 1(4), chapter 732, Oregon Laws 2009; approve the transfer of General Fund appropriations, increase Other Funds expenditure limitation, increase Federal Funds expenditure limitations, and approve the establishment of 1 position (0.38 FTE), and request the Department of Administrative Services to unschedule Other Funds and Federal Funds expenditure limitation, per the attached schedule; and direct the Department of Human Services to not make reductions as described in its June 2010 General Fund allotment reductions list for the Medicaid Home Delivered Meals program, Assisted Living Facilities, Residential Care Facilities/Providence ElderPlace PACE, and Nursing Facilities, and to report back to the Emergency Board on an offsetting \$10.8 million of other, non-program savings across its budget.

The following is a summary of the request:

The Department of Human Services (DHS) typically submits a plan to rebalance its budget across budget appropriations to the Legislature or the Emergency Board every six months during a biennium. During the February 2010 special session, the Legislature adjusted DHS' budget based on the agency's first rebalance plan for the 2009-11 biennium, and appropriated \$30 million to the Emergency Board as a special purpose appropriation for future DHS needs. In May 2010, DHS provided the Emergency Board with updated financial information which projected a net \$8.7 million General Fund savings overall; however, no further budget adjustments were made at that time.

Most recently, in response to the June 2010 economic and revenue forecast, the Governor directed the Department of Administrative Services to make across-the-board General Fund allotment reductions to bring the statewide budget into balance. DHS' share of the allotment reductions totaled \$158.3 million. Each program area compiled a list of revenues, savings, and program reductions that would be used to offset the \$158.3 million in across-the-board General Fund allotment reductions. Legislative leadership reviewed these allotment reduction plans, and developed a proposal to adjust DHS' plans to maintain some services for the elderly, persons with physical disabilities, children with developmental disabilities, and persons with mental illness. The net budget adjustments proposed for Emergency Board action included both those needed to align the Department's budget to the May 2010 financial update and those needed to implement that legislative proposal.

The legislative proposal allocated \$15.4 million General Fund to DHS from the \$30 million Emergency Board special purpose appropriation created in February 2010, leaving \$14.6 million available in the special purpose appropriation for future needs. The \$15.4 million allocation reflected \$17.1 million General Fund needed to continue selected programs for seniors and people with disabilities and for children and adults with mental illness, with an offsetting \$1.8 million in additional reductions in the Division of Medical Assistance Programs (DMAP). The \$15.4 million net General Fund addition addresses just under 10% of DHS' total \$158.3 million in allotment reductions. The continuing programs included:

To continue through February 2011 (\$13.5 million General Fund)

- In-home Instrumental Activities of Daily Living hours for aged and disabled clients
- Case management for children with developmental disabilities
- Oregon Project Independence in-home services
- Community Developmental Disability Programs (CDDP) and Brokerages Medicaid Targeted Case Management services
- Developmental Disability (DD) Family Support services
- Community Mental Health services for non-Medicaid children and adults

To continue through June 2011 (\$3.6 million General Fund)

- Medicaid Personal Care 20 in-home services for aged and disabled clients, and for persons with mental illness
- In-home supports for children with developmental disabilities

The \$1.8 million General Fund savings in DMAP is expected from drug rebate changes due to national health care reform, and from implementing software for fee-for-service imaging orders and prior authorization for MRI and CT scans. The latter requires one new position (0.38 FTE) to do this work.

The legislative plan also provided direction to DHS to not take a total of \$10.8 million in General Fund reductions in Medicaid Home Delivered Meals and payments for Assisted Living Facilities, Residential Care Facilities, and nursing facilities. Instead, the Department was directed to find offsetting non-program savings in other areas across its budget, and report back to the Emergency Board on those savings.

The following Committee discussion occurred:

Committee members stated strong support for continuing the identified services to avoid more severe needs and higher future costs for many of these clients, but expressed concern about the scenario after February for those services not funded through June 2011. Concern was also expressed about certain reductions that were not yet restored, such as in the Temporary Assistance to Needy Families and the Employment Related Day Care programs. Members discussed the need to balance

spending funds from the special purpose appropriation now against potential risks to the DHS budget, such as non-General Fund revenue shortfalls, program caseloads and federal penalties, as well as potential needs in other areas of the state budget. It was noted that more information on the broader state and federal revenue picture – including possible Congressional action to continue the American Reinvestment and Recovery Act (ARRA) Medicaid match rate enhancement that ends December 31, 2010 – would be available later this year, and some issues would be expected to be reviewed again. It was also noted that when the 2011 Legislature convenes, it will have more options available to it than does the Emergency Board; for example, some reductions in the Oregon Health Plan budget require statutory change or legislative approval to implement, or programs such as Oregon Project Independence might be restructured to continue services at a lower General Fund cost. There was also discussion of the projected funding shortfalls for the 2011-13 biennium, including an estimated \$1 billion need in the DHS budget to replace one-time federal and other revenues used to support the 2009-11 budget.

DHS representatives were asked for information on the Department's approach for notifying clients, providers and other stakeholders about program reductions. They stated that notices about the continued programs would go out to clients and providers promptly after the Emergency Board acted. DHS' director responded to a question about the additional \$10.8 million in non-program savings across the Department, indicating that it will be difficult after the administrative reductions already made, but that the Department would work over the next month to put a list of such reductions together for the Emergency Board.

The motion carried with no objection voiced. Representative Edwards and Senator Nelson excused.

The meeting was adjourned at 10:15 a.m.

EMERGENCY BOARD:

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Representative Dave Hunt, Presiding Chair

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Representative Peter Buckley, Secretary

ATTEST:

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Ken Rocco, Legislative Fiscal Officer

**DEPARTMENT OF HUMAN SERVICES 2009-11**  
July 2010

Division/Appropriation Reference	Fund Type	Adjustments to Legislatively Approved Budget	Adjustments to Position Authority
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**Transfers, Establishments, and Expenditure Limitation Adjustments:**

**Children, Adults and Families**

Ch 732 1(2)	General	5,149,513	
Ch 732 2(2)	Other Limited	728,528	
Ch 732 4(2)	Federal Limited	-	
	Total	5,878,041	

**Health Services**

Ch 732 1(3)	General	(45,974,091)	
Ch 732 2(3)	Other Limited	-	
Ch 732 4(3)	Federal Limited	1,886,044	
	Total	(44,088,047)	1 position / 0.38 FTE

**Seniors and People with Disabilities**

Ch 732 1(4)	General	55,098,669	
Ch 732 2(4)	Other Limited	-	
Ch 732 4(4)	Federal Limited	25,980,867	
	Total	81,079,536	

**Administrative Services Division**

Ch 732 1(1)	General	2,215,000	
Ch 732 2(1)	Other Limited	-	
Ch 732 4(1)	Federal Limited	415,000	
	Total	1,530,000	

**Debt Service**

Ch 732 1(6)	General	(1,100,000)	
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**Department Total**

	General	15,389,091	
	Other Limited	728,528	
	Federal Limited	28,281,911	
	Total	44,399,530	1 position / 0.38 FTE

**Request Department of Administrative Services to unschedule:**

**Children, Adults and Families**

Ch 732 4(2)	Federal Limited	1,083,824	
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**Health Services**

Ch 732 2(3)	Other Limited	8,086,412	
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**Seniors and People with Disabilities**

Ch 732 2(4)	Other Limited	6,954,451	
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