

Oregon Health Authority (OHA)

Revenue Narrative

Forecast methods and assumptions

Revenue for the Oregon Health Authority (OHA) comes from multiple funding sources classified as the state General Fund, Other Funds, Lottery Funds and Federal Funds. There are three major methodologies used to project revenues for the Authority:

- The category of expenditures based on estimated Average Daily Populations (ADP) and Cost per Case (CPC) is mainly used for federal entitlement grants.
- Grant cycles and where they fall within the biennium are considered for block grants. Assumptions are made to project the amount of funds that will be received. These assumptions consist of prior grant averaging and the anticipated effect of federal budget changes.
- The historical receipt trends method is used for Other Funds sources such as collections of overpayments and fees, unless the agency has additional information such as anticipated special projects that would increase revenue or a temporary need for additional staff.

OHA projects revenues based on assumptions that take into account:

- Essential packages that adjust the existing base budget to the 2011-13 modified current service level (MCSL) for all legislatively approved programs. Essential packages include phasing in or out of program changes, one time costs, Department of Administrative Services inflation factor, mandated caseload changes, and any needed fund shifts;
- Applicable federal funding limits and requirements, including the availability of state funds to meet matching or maintenance of effort (MOE) requirements;
- Changes in federal policies that affect federal revenues available for OHA programs;

- Expected non-mandated program caseload changes; and
- Any recent changes in state or federal statutes and regulations that will affect the availability or timing of revenue receipts.

Fee schedules and proposed increases

The Authority utilizes many fees as funding sources. The majority of these fees are in OHA Public Health. See Fee Listing Report for details.

Significant known federal revenue changes or risk factors

American Recovery and Reinvestment Act of 2009 (ARRA)

Before the ARRA extension expired June 30, 2011, it provided nearly \$1.4 billion in one time federal funds (approximately \$1.1 billion in the 2009-11 biennium and \$0.3 billion in the 2007-09 biennium). These funds helped Oregon support an unprecedented increase in caseloads in a number of our health and human services programs. The largest part of this funding came from the Act’s increase in the federal match rate (FMAP) for Medicaid, which directed an additional \$938.1 million to the Oregon Health Plan.

Other programs that received increased funding through ARRA.

Temporary Assistance to Needy Families (TANF) in Medical Assistance Programs	\$ 1.9 million
Drinking Water Revolving Fund in Public Health	\$28.5 million
Health Information Technology in Medical Assistance Programs	\$ 8.6 million
Assorted Public Health competitive grants	\$18.9 million

Without a rapid recovery of Oregon's economy (and tax receipts), or a significant reduction in demand for services, Oregon is likely to face benefit reductions and eligibility restrictions in a number of these health and human services program areas.

Tobacco settlement

The Department of Justice administers the settlement funds paid to the state by tobacco manufacturers. Although not dedicated to medical assistance programs, OHA receives a portion of the settlement for health care programs.

Tobacco settlement revenues are currently undetermined. The Master Settlement Agreement (MSA) allows the tobacco companies to withhold funds if they can show that states have not properly enforced the escrow provision of the agreement. The companies have satisfied two of the three provisions for withholding funds. If or how much funding the agency will receive from settlement funds is currently unsettled.

Monies from the tobacco settlement funds OHA Public Health, Addictions and Mental Health, and Medical Assistance Programs.

- Revenue budgeted in 2011-13 LAB is \$30 million.

Major funding sources

The following section identifies the major funding sources for OHA. All references to a grant "Title" are referencing the originating statute in the federal Social Security Act.

Federal funds

Access to Recovery Grant (ATR)

ATR is a major federal initiative supported by the Substance Abuse and Mental Health Services Administration (SAMHSA), Center for Substance Abuse Treatment (CSAT). This discretionary grant program represents a major system change for addiction services. ATR includes several unique requirements: An emphasis is placed on recovery support services such as peer-delivered mentoring, coaching, recovery housing, transportation, child care, care coordination and other supports vs. traditional treatment. The state may not “grant” funds to intermediaries or providers, but must administer services using a “voucher system”. A voucher management system must be fully implemented within four months of the official award (9-30-10). Oregon has selected Web Infrastructure for Treatment Services (WITS) as its voucher management system platform. There must be “free and independent choice” in the selection of recovery and treatment services among ATR participants. This means there must be at least two options provided to people seeking an array of services including community and faith-based options.

This grant currently funds OHA Addictions and Mental Health programs. The funding projection is based on the grant cycle.

- Revenue budgeted in 2011-13 LAB is \$6.4 million.

Center for Mental Health Services block grant (CMHS)

Federal CMHS funds are granted to states to carry out activities in the Addictions and Mental Health (AMH) plan for adults with serious mental illness and children with serious emotional disturbances. At least 35 percent of the service funding of each grant must be expended for mental health services for children. Funds for children are contracted in all counties throughout the state.

This grant currently funds OHA Addictions and Mental Health programs. The funding projection is based on the grant cycle.

- Revenue budgeted in 2011-13 LAB is \$9.9 million.

Center for Mental Health Services (CMHS) funded research

CMHS currently funds Oregon's Office of Mental Health Services Data Infrastructure Grant, which is being used to assist AMH in building data infrastructure to meet uniform data set reporting requirements for the Community Mental Health Block Grant. It also is funding the Statewide Coalitions to Promote Community-Based Care Grant, which helps AMH select the most appropriate integrated setting for service delivery to persons with psychiatric disabilities. CMHS revenue is 100 percent federal funds and does not require state match.

These grants currently fund programs in OHA Addictions and Mental Health.

- Revenue budgeted in 2011-13 LAB is \$1.2 million.

Maternal and Child Health Grant (Title V)

The Maternal and Child Health Grant (MCHG) enables states to maintain and strengthen their leadership in planning, promoting, coordinating and evaluating health care for pregnant women, mothers, infants, and children, including children with special health care needs. Grant funds also promote leadership in providing health services for mothers and children who do not have access to adequate health care. MCHG is a formula grant partially based on the state's population of children in poverty. States must expend \$3 for every \$4 of federal funds they receive.

This grant currently funds OHA Public Health programs. The projection of revenue is based on the grant cycle.

- Revenue budgeted in 2011-13 LAB is \$12.4 million.

Medicare (Title XVIII)

Medicare provides federal funding for a portion of the costs of the certification and survey (inspection) of nursing homes. Additionally, federal changes to the Medicare program can impact state program funding, particularly under Medicaid. The Medicare Modernization Act of 2003 (MMA) created a Medicare prescription drug benefit beginning in January 2006. With the creation of this new federally funded benefit for all Medicare beneficiaries, states will no longer be eligible to receive federal Medicaid matching funds for prescription drugs provided to Medicare/Medicaid dual eligible beneficiaries. Additionally, the MMA requires states to submit a monthly payment to the federal government to help fund the Medicare Part D benefit. The net effect of these changes on revenues and expenditures will be assessed continually by OHA as more guidance is released by the federal Centers for Medicare and Medicaid Services (CMS).

Medicaid (Title XIX)

Medicaid provides reimbursement to states for medical care and related services to low income and other medically needy individuals. This includes financing for:

- Health care services provided under the Oregon Health Plan;
- Private insurance premium assistance through the Office of Private Health Partnerships (OPHP);
- Long-term care in institutional and community-based care settings;
- Some client care provided in state hospitals;
- Residential treatment services to adults and youth;
- Central administration of alcohol and drug programs;
- Medical and non-medical transportation for Medicaid eligible individuals;
- Family planning services for individuals not enrolled in the Oregon Health Plan; and
- Uncompensated care provided by hospitals serving a high proportion of Medicaid and uninsured individuals.

State General Funds or Other Funds must be used to match federal Medicaid dollars for administration and direct service payments. The administration match rate is primarily 50 percent. A 75 percent federal fund match is available for skilled professional medical personnel, certification of nursing facilities, and related information systems activities, including the Medicaid Management Information System (MMIS) computer system support and Preadmission Screening and Resident Review (PASRR) activities. The current average federal Title XIX match rate for service payments to providers for the 2011-13 biennium is 62.7 percent. The cost of services and supplies for Family Planning is matched at 90 percent. The Breast and Cervical Cancer program, which is an optional Medicaid program, receives the CHIP Title XXI match rate of 74 percent.

Most of these services in Oregon are provided through Medicaid programs that require waivers of federal requirements. The Oregon Health Plan is the largest of these waiver programs under Section 1115 of the SSA, followed by six waivers operated under Section 1915(c) authority. OHA must obtain approval from the federal Centers for Medicare and Medicaid Services (CMS) to make changes to its Medicaid program whether the changes are Medicaid state plan services or waiver services. This approval process can be lengthy, sometimes affecting the timing of program changes and the receipt of associated federal revenues.

Medicaid currently funds services in all OHA divisions. Projection methods for service expenditures include the use of estimated Average Daily Populations (ADP) and Cost per Case (CPC) for administrative charges, use of time and effort, and other measures. Title XIX currently provides funding to programs in all sectors of OHA. The projection method used to calculate funding is expenditures based on estimated ADP and CPC.

- Revenue budgeted in 2011-13 LAB is \$4.1 billion.
- These funds require a state funding match.

Public Health federal fund grants

Public Health receives over 90 categorical federal fund grants targeting specific activities. The variety of programs administered by Public Health using federal funds include, but are not limited to, Cancer Prevention, Emerging

Infections, Immunization, HIV prevention and care, Water System Revolving Fund, Beach Safety Assessment and Monitoring, Diabetes Reduction and Disaster Preparedness.

Public Health federal fund grants currently finance programs in OHA Public Health. Public Health projects federal fund grant revenue using applicable federal funding limits and requirements, including the availability of state funds to meet matching or maintenance of effort (MOE) requirements.

- Revenue budgeted in 2011-13 LAB is \$244.6 million.

Nutrition and Health Screening (WIC) program

The Nutrition and Health Screening (WIC) program is a fully federally funded entitlement program that provides individual assessment of growth and health as well as education and counseling on nutrition and physical activity. This includes promoting a healthy lifestyle and preventing chronic diseases such as obesity. The program also provides breastfeeding education and support and referrals to other preventive health and social services.

Services are provided to lower-income women who are pregnant or postpartum and breastfeeding, and children under the age of 5 who have a health or nutrition risk. During 2007, local programs served 168,000 women, infants and children. This includes 40 percent of all infants born in the state; 51 percent of all infants born in rural counties; and one in three Oregon children under the age of 5. More than 72 percent of those served are from working families.

- Revenue budgeted in 2011-13 LAB is \$150.0 million.
- Non-limited federal funds: Federal Entitlement Program

Children's Health Insurance Program (Title XXI)

The Children's Health Insurance Program (CHIP) provides federal matching funds to the state for medical care of children through age 18 who do not have insurance but whose parents earn too much for traditional Medicaid.

These services are covered through the Oregon Health Plan. CHIP also supports private insurance premium assistance through the Office of Private Health Partnerships (OPHP). Average federal Title XXI match rate for the 2011-13 biennium is 74 percent.

These funds currently support programs in OHA Medical Assistance Programs and the Office of Private Health Partnerships. The projection method used to calculate available funds are expenditures based on estimated Average Daily Populations (ADP) and Cost per Case (CPC).

- Revenue budgeted for 2011-13 LAB is \$352.3 million.
- Unlimited federal funds: Federal Entitlement Program

Substance Abuse Prevention Treatment grant (SAPT)

The Substance Abuse Prevention Treatment grant (SAPT) provides monies to fund most alcohol and drug programs and some administrative costs. States that receive the funds must meet federal requirements: 20 percent of the grant must be spent on prevention, and service levels must be maintained for specified populations, such as women and women with children. The one qualifying factor for this grant is that the state must expend a minimum of state and local revenues on SAPT-related services to meet the maintenance of effort requirement. The grant is 100 percent federal funds.

This grant currently funds programs in OHA Addictions and Mental Health. The fund projection is based on grant cycle methodology.

- Revenue budgeted in 2011-13 LAB is \$35.5 million.

Temporary Assistance for Needy Families (TANF; Title IV-A)

Under the Personal Responsibility and Work Act of 1996 (PRWOA), Oregon is eligible to receive an annual Temporary Assistance for Needy Families (TANF) federal block grant. In order to qualify for this grant, the state

must expend a minimum of state and local revenues on TANF related services to meet federal maintenance of effort requirements (MOE).

Some of these state and federal revenues fund Temporary Assistance to Needy Families (TANF) eligible services. In Oregon, these services are Cash Assistance for single and two parent families, DV Emergency Assistance, and Employment and Training (JOBS) services that are part of the Department of Human Services (DHS). OHA and other agencies also use TANF revenue to fund related programs such as alcohol and drug treatment services, transportation, and housing assistance for homeless persons. Administrative and direct service costs can also be reimbursed using TANF revenues. Administrative costs are limited to no more than 15 percent of total TANF expenditures, with certain limited exceptions.

The block grant concept, under which TANF operates, places restraints on service delivery. Federal funds are capped, which means no federal revenue is available for increasing program costs. This limitation on revenue requires Oregon to essentially self-fund any program increases.

This grant currently funds programs in OHA Addictions and Mental Health. The method used to project revenue is the grant cycle.

- Revenue budgeted in 2011-13 LAB is \$1.9 million.

Strategic Prevention Framework State Incentive Grant (SPF-SIG)

SPF-SIG is a five-year grant (ending in 2015) that will enhance the substance abuse prevention system in Oregon. Funding will be directed toward priority problem behaviors identified through collaboration with the State Epidemiological Workgroup within Addictions and Mental Health.

Programs currently funded are in OHA Addictions and Mental Health. The revenue projection is based on the pre-approved annual grant amounts.

- Revenue budgeted in 2011-13 LAB is \$4.3 million.

Office of Policy and Performance federal grants

The Office of Policy and Performance has successfully applied for and has been awarded a number of federal grants. The primary grants are an award from the US Department of Health and Human Services Health Resources and Services Administration (HRSA) for a multi year grant to implement a State Health Access Program (SHAP); and an award from the US Department of Health and Human Services/Office of the National Coordinator for Health Information Technology (ONC) for a multi year Health Information Exchange (HIE) project to align and synchronize resources for statewide Health Information Exchange.

- Revenue budgeted from grants to the Office of Policy and Performance in 2011-13 LAB is \$12.9 million.

Other Funds

Public Employees' Benefit Board (PEBB)

PEBB designs, purchases and administers the benefit program for benefit-eligible state employees. By statute, PEBB has two revenue sources. ORS 243.165 appropriates to the Public Employees' Benefit Account an amount not to exceed 2 percent of the monthly employer and employee contributions to benefits. The amount is currently 0.4 percent. Revenues from this account pay administrative expenses that are PEBB's operating costs. ORS 243.167 continuously appropriates to the Public Employees' Revolving Fund balances to cover expenses incurred in connection with the administration of employee benefits. Revenues from this account pay premiums and premium equivalents for medical and dental benefits.

This revenue currently funds OHA Public Employees' Benefit Board (PEBB) operating costs and premium payment for employee medical and dental benefits. The budget amount is based on actuarial projection of premium composite.

- Revenue budgeted in 2011-13 LAB is \$1.4 billion.

Oregon Educators Benefits Board (OEBB)

The Oregon Education Benefit Board has two sources of revenue authorized in statute for funding operating expenses and establishing a stabilization fund. ORS 243.880 established the Oregon Educators Benefit Account to cover administration expenses. The revenue source authorized for deposit in this account is generated through an administrative assessment built into benefit premiums. The assessment is capped at 2 percent of total monthly premiums. By statute (ORS 243.882), the balance in the account cannot exceed 5 percent of the monthly total of employer and employee contributions for more than 120 days.

ORS 243.884 establishes the Oregon Educators Revolving Fund to pay premiums, control expenditures, provide self-insurance and subsidize premiums. The revenue source is the monthly premium collections which are reconciled and passed-through to the insurance carriers for payment of premiums. The interest earnings retained on the premium collection pass-through enable OEBB to generate a reserve fund for stabilizing premiums.

This revenue currently funds the OHA Oregon Educators Benefit Board (OEBB).

- Revenue budgeted in 2011-13 LAB: \$1.4 billion.

Oregon Medical Insurance Pool (OMIP)

The Oregon Medical Insurance Pool (OMIP) serves as Oregon’s “high-risk” health insurance pool, providing coverage for individuals who are not able to access health insurance in the private market. The pool has two primary funding sources: premiums collected from individual who are insured and insurer assessments. Premiums for OMIP enrollees are set between 100 percent and 125 percent of comparable coverage in the individual market for those that are medically eligible and at 100 percent for those who are eligible for portability coverage.

The majority of the department's revenue comes from an assessment on health insurers to cover losses in the Oregon Medical Insurance Pool (OMIP) account. The OMIP board determines the amount of funds needed to pay the expenses of the pool, beyond premiums paid by individual insureds, and imposes and collects the assessment. The amount assessed is based on each carrier's percent share of the Oregon's medically insured population. With the transfer of the OMIP program from the Department of Consumer and Business Services to the Oregon Health Authority, all premium and assessment revenues will be collected by the Oregon Health Authority in the 2011-2013 biennium.

This revenue currently funds the OHA Oregon Medical Insurance Pool (OMIP).

- Revenue budgeted in 2011-13 LAB: \$411.7 million.

Beer and wine revenue

Beer and wine revenue is collected by the Oregon State Liquor Commission (OLCC) based on a set percentage of tax revenues. Revenue is used for all alcohol and drug programs. OLCC provides an estimate of anticipated beer and wine tax revenue.

Currently funds programs in OHA Addictions and Mental Health.

- Revenue budgeted in 2011-13 LAB: \$18.6 million.

Drug rebates

The Omnibus Budget Reconciliation Act of 1990 requires drug manufacturers to provide rebates from drugs purchased by state Medicaid programs. The Medical Assistance Programs projects these rebates using past expenditure history and expected future trends. Rebates are collected quarterly for the previous quarter's drug claims and based upon rates that are transmitted to the states by Centers for Medicare and Medicaid Services. The

state's rebate contractor generates and mails invoices for each manufacturer based on the number of units dispensed for each drug product made by that manufacturer. Prior period adjustment invoices are also generated quarterly for any previous invoices not paid or necessary adjustments based upon dispute resolution. Checks from manufacturers are received by accounting; the rebate contractor receives a copy of the accompanying "Reconciliation of State Invoice" indicating what payments are being made by line item. This information is tracked for future invoicing. If there are disputes on payment, that information is tracked and worked toward resolution by the rebate contractor. The drug rebate revenue received is based on the OHP fee-for-service drug expenditures forecast and uses the historical percentage of revenue compared to expenditures.

The Affordable Care Act (ACA) affects the drug rebates received. ACA requires CMS to revise the calculations it uses as determinants of the unit rebate amount. ACA also requires that a portion of these rebates be returned to the federal government, resulting in a reduction in the rebate amount previously received by OHA. In addition, effective March 23, 2010, ACA requires states collect rebates from drug manufacturers on all prescription drugs paid for by Medicaid managed care organizations. The Authority will begin to invoice manufacturers late in the 2009-2011 biennium retroactive to the effective date.

These funds currently support OHA Medical Assistance Programs.

- Revenue budgeted in 2011-13 LAB: \$44.1 million.

Fees and premiums

Public Health generates Other Funds revenue from fees for activities in such areas as licensing of facilities, including hospital and special inpatient care facilities; registration inspection and testing of X-ray equipment; and testing and certification of Emergency Medical Technicians.

Mental Health uses licensing fees to finance the cost of certifying private mental health agencies that wish to bill private insurance companies.

MAP uses the OHP premiums to fund the caseloads for families, adults, and children, taking into account the collection rate.

Fees and premiums currently fund programs in OHA Addictions and Mental Health, Public Health and Medical Assistance Programs. The projection method used is historical receipt trends.

Law Enforcement Medical Liability Account (LEMLA)

This program was a pilot project during the 1991-93 biennium. The 1993 Legislature permanently approved continuing the program commencing with the 1993-95 biennium. The program is funded with Other Funds revenue from assessments added to fines and bail forfeitures paid into the courts system. LEMLA makes payments to medical providers for services to persons injured as a result of efforts by law enforcement. A small portion of this fund is used to administer the program.

This fund currently supports OHA Medical Assistance Programs. The projection method is based on estimates from Department of Revenue and Justice.

- Revenue budgeted in 2011-13 LAB: \$2.7 million.

Provider tax

During the 2003 Oregon Legislative session, HB 2747 was passed imposing taxes on four types of businesses that provide health services to many of Oregon's Medicaid clients, including hospitals and Medicaid managed health care plans. DHS was given oversight of the taxes. Effective September 30, 2009, the hospital tax and the Medicaid MCO tax ended. In HB 2116, the Oregon Legislature re-established the hospital tax and instituted a new health insurer's tax to support the Oregon Health Plan. The insurer's tax is one percent of health premiums. HB 2116 specifies that certain Medicaid MCO types are subject to the insurer's tax.

Hospitals

Under HB 2116, the Director of OHA sets the hospital tax rate. The tax is imposed on both inpatient and outpatient net revenues from diagnosis-related group (DRG) hospitals. Currently, the tax rate is set at 2.32 percent. The hospital tax provides approximately \$45 million per quarter, with a \$130 million federal match, for a total of \$175 million per quarter. The hospital tax pays for enhanced payments to hospitals and funds 50,000-60,000 clients in the Standard OHP program. This tax is due to sunset September 30, 2013.

- Revenue budgeted in 2011-13 LAB: \$833.2 million.

MCO

Included in HB 2116, all health insurers, including specific Medicaid managed care organizations, are assessed a 1 percent tax through the bill's sunset date of September 30, 2013. The funds are deposited into the health system fund to assist in covering the cost of the Healthy Kids program.

- Revenue budgeted in 2011-13 LAB: \$28.1 million.

Insurers Tax

HB 2116 created the Health Care for All Oregon Children program and established a 1 percent assessment on health insurers. The bill went into effect October 1, 2009. This assessment is collected by the Department of Consumer and Business Services and transferred to the health system fund. The estimated 2011-13 transfer to the Health System fund is \$126.4 million. The funds are used to cover the cost of the Healthy Kids program.

- Revenue budgeted in 2011-13 LAB: \$106.5 million.

Public Health Other Funds sources

Public Health has more than 150 sources of Other Funds revenue. These revenue sources include negotiated agreements to provide services, lab fees, inspection fees, certification fees, grant awards, client co-pays and other charges. The large number of revenue streams reflects the variety of programs and services administered by Public Health. These diverse programs include: Cavity Prevention, Tobacco Prevention, Juvenile Violence Prevention, Medical Marijuana Certification, Environmental Laboratory Accreditation, Coordinated School Health, Breast Cancer Screening, Radiation Control, Drinking Water Operator Certification, Drug Lab Clean-Up, Health Records and Statistics, Newborn Screening, and Cross Connection and Backflow Inspection. See Fee Listing Report for details.

The largest other fund revenue source supporting Public Health programs is the non-limited Women, Infants, and Children (WIC) infant formula rebate.

- Revenue budgeted for the WIC Infant Formula rebate in 2011-13 LAB is \$40 million.

Public Health projects other fund revenue sources using historic data, contract agreements, anticipated levels of service and changes to fees.

- Revenue budgeted for the remaining Other Funds sources in 2011-13 LAB is \$74.8 million.

Office of Policy and Performance Other Funds sources

Policy and Performance has successfully applied for and has been awarded Other Fund grants from a number of private funders, including the Robert Wood Johnson Foundation and the American Cancer Society. The primary focus of these grants is the study of the effect of healthcare on adults enrolled in the Oregon Health Plan through Oregon Health Sciences University (OHSU).

- Revenue budgeted in 2011-13 LAB is \$5.1 million.

Tobacco tax

Tobacco tax revenues approved in 1996 Ballot Measure 44 were appropriated to the Department of Human Services. The revenues support additional program delivery positions to perform eligibility determinations for the Oregon Health Plan (OHP) and also support OHP caseloads. Tobacco tax revenue is projected to increase in 2011-13. The Office of Economic Analysis forecasts Tobacco tax revenue using a 12-month moving average consumption level developed from the Department of Revenue's tax distribution record data. Price effects and per capita consumption effects are applied, as well as the forecast for the 18-year-old and older population.

The tobacco tax currently provides revenue for OHA Medical Assistance Programs and Public Health.

- Revenue budgeted in 2011-13 LAB is \$351.1 million.

Third party recoveries

The Third Party Recovery Program recovers medical portions of the collections from insurance companies, providers, and clients, and cash assistance by filing liens on personal injury settlements when clients are involved in accidents. The state's share of the recovery becomes Other Fund revenue used in the Medical Assistance Programs (MAP) to offset Medicaid expenditures.

The Office of Payment Accuracy and Recovery (OPAR) includes five units that recover Medicaid related funds: Overpayment Recovery Unit, Estates Administration Unit, Medical Payment Recovery Unit, Personal Injury Liens Unit and the Provider Audits Unit.

A number of factors will affect recoveries in the coming two biennia, including OPAR's efforts to increase cost avoidance efforts through provider education and an emphasis on up front payment accuracy and coordination of benefits. Increased cost avoidance results in fewer dollars being paid out by the program and directly impacts the amount of recovery to be expected.

Recovery program funds currently support OHA Medical Assistance Programs.

Lottery funds

The Legislature has the authority to allot funds to OHA. ORS 461.549 reserves 1 percent of the state's lottery proceeds for OHA. For the 2011-13 biennium, HB 5035 sets Lottery proceeds allotted to OHA at a fixed amount of \$10.9 million. Lottery funds may be used only for problem gambling treatment and prevention services.

Lottery funds currently support programs in OHA Addictions and Mental Health. Projections are based on amounts provided by the Department of Administrative Services Office of Economic Analysis.

- Revenue budgeted in 2011-13 LAB is \$10.9 million.