Department of Human Services (DHS)
Revenue Narrative

Forecast methods and assumptions

Revenue for the Oregon Department of Human Services comes from funding sources classified as the state General Fund, Other Funds and Federal Funds. Three major methodologies are used to project revenues for the department:

- The category of expenditures based on estimated Average Daily Populations (ADP) and Cost per Case (CPC) is primarily used for federal entitlement grants.
- Grant cycles and where they fall within the biennium are considered for block grants. Assumptions based on the results of prior grant averaging and the anticipated effect of the federal budget process both are used to project the amount of funds that will be received.
- 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 that will change the projections for a specific time period.

DHS projects revenue based on assumptions that take into account:

- Essential packages that adjust the existing base budget to the 2013-15 modified current service level (MCSL) for all legislatively approved programs. Essential packages include phasing program changes in or out, 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 revenue available to DHS programs;
- Expected non-mandated program caseload changes; and

- Recent changes in state or federal statutes and regulations that affect the availability or timing of revenue receipts.

Fee schedules and proposed increases

The Department uses fees as a funding source. See the Fee Listing Report for details.

Significant known federal revenue changes or risk factors

The possibility of sequestration being implemented at the federal level could cause a significant impact in federal funding for programs related to Child Welfare, Self Sufficiency and Vocational Rehabilitation. The impact could be up to $9.1M dollars for the biennium. The grants that are impacted by sequestration are called out in the narrative that follows.

Self Sufficiency Program

<u>Temporary Assistance for Needy Families (TANF)</u>

Changes to the calculation formula for the caseload reduction credit resulted in the Self Sufficiency Program (SS) not receiving as much credit as the program realized in the past. This reduction was due mainly to a shift in the baseline data being used, with the baseline moving forward to federal fiscal year 2005. Instead of comparing current caseload to older caseloads that were much higher, the comparison is to a caseload that reflects the agency’s efforts to significantly reduce caseload.

Additionally, if the agency does not meet the federal requirements for monitoring clients’ work, a penalty causes the maintenance of effort requirement to increase an additional 5 percent of the base. This means that rather than the maintenance of effort being set at 75 percent of the base year, it is set at 80 percent of the base year.

Child Care and Development Fund (CCDF)

The Deficit Reduction Act (DRA) reauthorized CCDF for five years and increased appropriations requiring additional state matching funds. SS estimates overall demand for child care subsidies will increase due to the added TANF work requirements.

Targeted case management (TCM)

The DRA contains a more stringent definition for TCM services, while third-party liability language has been changed to reflect that any legally responsible entity can be considered a third-party resource payer before Medicaid pays. Any program that currently uses Medicaid and has another funding source may be at risk for Medicaid reductions. The TCM statute allows the rules of third-party liability to determine if Medicaid will cover services that are normally provided under another program authority, including resources available through SS programs.

Child Welfare

Eligibility for Title IV-E adoption assistance

Beginning with FFY 2010, the eligibility criteria for certain children for IV-E adoption assistance has been modified and more children are eligible for assistance. These changes are being phased in to cover all children by FFY 2018.

Targeted case management (TCM)

Oregon's child welfare system effectively utilizes Medicaid through TCM. The DRA contains a more stringent definition of TCM services, while third-party liability language is changed to reflect that any legally responsible entity can be considered a third-party resource payer before Medicaid pays. Any program that currently uses Medicaid and has another funding source may be at risk for Medicaid reductions. The TCM statute allows the rules of third-party liability to determine if Medicaid will cover services that are normally provided under another program authority, including resources available through child welfare programs.

Title IV-B child welfare services

In FFY 2008, a new requirement was added to states' Title IV-B reporting. By FFY 2012 states must be achieving 90 percent performance in caseworkers visiting children in foster care on a monthly basis. States submitted targets for performance for each year up to FFY 2012 showing how they intended to improve performance from their base year up to the 90 percent mark. Failure to meet these targets results in a penalty in the form of an increase in state match requirement for their IV-B CWS grant. Oregon failed to meet its target for FFY 2009, which will cause a 1 percent increase (from 25 percent to 26 percent) in the state match required for the FFY 2010 grant. Oregon continued to fall below the required 90 percent mark in FFY2011 resulting in the state match rate for the FFY2012 grant going from 26 percent to 30 percent.

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Aging and People with Disabilities (APD) and Developmental Disabilities (DD)

Targeted case management (TCM)

The DRA provides a more stringent definition of TCM services. Any program that currently uses Medicaid and has another funding source may be at risk of Medicaid reductions. The TCM statute allows the rules of third-party liability to determine if Medicaid will cover services that are normally provided under another program authority, which could include developmentally disabled programs (DD). Before DHS would be required to stop providing TCM services, viable third-party providers would need to be found to provide or pay for equivalent case management services.

Long-term care reform

The DRA increased the look-back period (the period during which the disposition of assets is reviewed to determine eligibility for services) from three to five years. This change in long-term care asset determinations is a greater administrative burden because staff are required to review more client documents; additionally the change increases technical assistance and training requirements.

Major funding sources

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

Federal funds

Chafee Foster Care Independence grants (Title IV-E)

The Chafee Foster Care Independent Living program was established to assist youth likely to remain in foster care until 18 years of age and children who "age out" of foster care but have not yet turned 21. The program is designed to help eligible youth make the transition from foster care to independent living. This program also includes the Education and Training Vouchers program.

The Chafee Foster Care Independent Living program is funded with a formula grant based on the number of children in the state in foster care.

This program is funded by two grants. The Chafee Education and Training Vouchers Grant is one that may be impacted by sequestration resulting in a $0.3M decrease in Federal Funds for 2013-15.

This grant currently funds DHS Substitute Care programs. The projection of revenue is based on grant cycle. These grants require a 20 percent state match.

- Revenue budgeted in 2011-13 LAB is $7.8 million.
- Revenue budgeted in 2013-15 CSL is $7.1 million.

Child Abuse Prevention and Treatment Act grant

The Child Abuse Prevention and Treatment Act grant (CAPTA) provides funding to help states improve their child protective service system. The funding is administered by the US Department of Health and Human Services, Administration for Children, Youth and Families. Federal legislation authorizes an annual award of funds to states that submit plans designed to improve their child welfare service system every five years and meet certain other eligibility requirements. The amount of CAPTA funding varies from year to year and has no matching requirement. Funding is provided to the state for use on a statewide basis. A portion of the budget is set aside to support three federally mandated CAPTA panels meant to provide citizen review of and recommendations for improvements to the state's child welfare system.

This grant currently funds DHS Child Welfare programs. The projection of revenue is based on grant cycle. This grant will potentially be impacted by sequestration resulting in a $.08M decrease in funding for 2013-15.

- Revenue budgeted in 2011-13 LAB is $0.5 million.
- Revenue budgeted in 2013-15 CSL is $0.6 million.

Child welfare services (CWS) block grants (Title IV-B)

Title IV-B consists of two formula grants. The first is the basic child welfare services grant. It may be used for many services including homemaker, protective and reunification services, and on a limited basis for foster care, adoptions and day care. The amount of federal funding allotted to the state for this grant is based on the state's population of children and state per capita income. IV-B subpart one requires a 26 percent state match.

The second part of Title IV-B is the Promoting Safe and Stable Families grant. The focus of the grant is on family preservation, family support services, reunification, and adoption promotion and support. The amount of federal funding allotted to the state is based on the number of children in the state receiving Supplemental Nutrition Assistance Program (SNAP, formerly food stamps). Match for IV-B sub-part two is a 25 percent state match.

These grants currently fund DHS Child Welfare programs. The projection of revenue is based on the Federal Fiscal Year (FFY) grant cycle, and show a decrease from the previous biennium as a result of decreased carry foreward from the prior phase. . These two grants are subject to sequestration which could result in a federal funding decrease of $.66 M for 2013-15.

- Revenue budgeted in 2011-13 LAB is $14.3 million.
- Revenue budgeted in 2013-15 CSL is $8.8 million.

Developmentally Disabled Service Act (DDSA)

Congress sets a national allocation determining the amount of annual funding for this grant, which is administered by the Developmental Disabilities (DD) Council in partnership with DHS. Program expenditures are limited to programs for clients with developmental disabilities and are guided by a state plan submitted to the federal government. There is a 5 percent limit on administrative expenditures except for expenditures by the DD Council.

This grant currently funds DHS Developmental Disabilities programs. The projection of revenue is expenditures-based using estimated Average Daily Populations (ADP) and Cost per Case (CPC). Federal law requires a state or local match, most of which can be in-kind.

- Revenue budgeted in 2011-13 LAB is $4.1 million.
- Revenue budgeted in 2013-15 CSL is $4.1million.

Oregon Disability Determination Services (DDS)

Oregon Disability Determination Services (DDS) provides timely and accurate eligibility determinations for Oregon citizens applying for Social Security disability benefits. Although the disability program, as part of the Social Security Administration (SSA), is administered by the federal government, state agencies make the initial medical determination of disability. The Oregon DDS currently has more than 200 staff and is 100 percent federally funded.

- Revenue budgeted in 2011-13 LAB is $60.0 million.
- Revenue budgeted in 2013-15 CSL is $60.0 million.

DD Housing Trust Funds

The Developmental Disabilities program manages three budget funds for housing people with developmental disabilities. Two of the accounts contain the proceeds from the sale of the Fairview State Training Center and the third is an operating fund for expenses such as maintenance, development and technical assistance.

The DD Community Housing Section allocates funds and provides oversight and technical assistance to develop, adapt and maintain safe and appropriate housing for children and adults with developmental disabilities receiving services funded and licensed by Developmental Disabilities programs. Often, providing these services requires that housing be constructed, modified or adapted in order to assure that homes are safe and adapted to the unique needs of the persons who live there.

When Fairview was downsized and then closed, the DD Community Housing Section, in partnership with private nonprofit housing developers, constructed or remodeled 200 homes to provide housing for residents and persons misplaced in nursing homes. The homes incorporate many specialized features and were funded by the sale of general obligation bonds. The 13-15 budgeted amount does not include the balance remaining from the sale of Fairview.

- Revenue budgeted in 2011-13 LAB is $1.8 million.
- Revenue budgeted in 2013-15 CSL is $3.4 million.

Family Violence Prevention grant

The Family Violence grant is a discretionary grant that supports states in the establishment, maintenance and expansion of programs and projects to prevent incidents of family violence as well as programs that provide immediate shelter and related assistance for victims of family violence and their dependents. This grant is used in support of the Domestic Violence program.

This grant currently funds DHS Child Welfare programs. The projection of revenue is based on grant cycle. The grant is 100 percent federal funds and could be impacted by sequestration resulting in a decrease in federal funding of $0.4M for 2013-15.

- Revenue budgeted in 2011-13 LAB is $2.5 million.
- Revenue budgeted in 2013-15 CSL is $2.6 million.

Supplemental Nutrition Assistance Program (SNAP)

The SNAP program provides children and low-income people access to food, a healthy diet and nutrition education. The program is 100 percent federally funded by the Department of Agriculture Food and Nutrition Service (FNS). SNAP benefits are distributed by DHS in the form of an Electronic Benefits Transfer (EBT) card, known as the Oregon Trail Card. The cashout program provides SNAP benefits to selected elderly clients in four counties using a direct cash payment. These benefits are also 100 percent federally funded.

The SNAP employment and training program provides some reimbursement to families and individuals participating in educational activities and finding employment. The program is 100 percent federally funded up to the state's specified cap. Expenditures above the cap are funded with 50 percent state funds and 50 percent federal funds.

FNS funds 50 percent of the state's administrative costs for operating the SNAP EBT program, the cashout program and the employment and training program. States may receive enhanced funding for up to 60 percent of their administrative costs if their SNAP error rate is below the national average.

This grant currently funds programs in DHS Self Sufficiency and Aging and People with Disabilities. The projection of revenue is based on estimated Average Daily Populations (ADP) and Cost per Case (CPC).

- Revenue budgeted in 2011-13 LAB is $2.4 billion.
- Revenue budgeted in 2013-15 CSL is $2.5 billion.

Foster care and adoption services (Title IV-E)

The foster care and adoption assistance program is an entitlement program funded under the Social Security Act, Title IV-E. Children taken into custody due to imminent risk of harm because of abuse and neglect are provided foster care placement and medical care through grant funding. Title IV-E eligibility is based on a number of factors including the income of the child and the family. Title IV-E-eligible children are also categorically eligible for Medicaid.

Federal financial participation is available at the Medicaid FMAP rate for program costs (average biennium FMAP for 2011-13 is 62.23 percent), and at the rate of 50 percent for administrative expenditures necessary for the proper and efficient administration of the Title IV-E state plan. The state's cost allocation plan identifies which administrative costs are allocated and claimed under this program. Federal financial participation also is available at the rate of 75 percent for the costs of:

- Training personnel employed or preparing for employment by the state or local agency administering the plan; and

- Providing short-term training to current or prospective foster or adoptive parents and the members of the state licensed or approved child care institutions providing care to foster and adopted children receiving Title IV-E assistance.

All training activities and costs funded under Title IV-E must be included in the state agency's training plan that is part of the Child Welfare services plan.

This grant currently funds DHS Child Welfare programs. The projection of revenue is based on estimated Average Daily Populations (ADP) and Cost per Case (CPC). The increase in expected revenue is based on the case load forecast showing an increase in cases.

- Revenue budgeted in 2011-13 LAB is $210.2 million.
- Revenue budgeted in 2013-15 CSL is $262.3 million.

Medicare (Title XVIII)

Medicare provides federal funding for a portion of the costs of the certification and inspection of nursing homes. Federal changes to the Medicare program can affect state program funding, particularly under Medicaid. The Medicare Modernization Act of 2003 (MMA) created a Medicare prescription drug benefit that began in January 2006. With the creation of this new benefit for all Medicare beneficiaries, states are no longer 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.

Medicaid (Title XIX)

Medicaid provides reimbursement to states for medical care and medical 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.

Medicaid also pays, at the normal Medicaid match rate, the Medicare Part B outpatient benefit premium for Oregon Health Plan clients and other Medicare beneficiaries with incomes up to 135 percent of the federal poverty level (FPL). For clients between 120 percent and 135 percent of FPL, the federal match is 100 percent up to an allotment cap. For dual-eligible clients with income at or exceeding 135 percent FPL, there are no Medicaid funds used toward the Part B premium payment. Medicare Part A hospital premiums also are paid for Medicaid clients who have income at or below 100 percent FPL.

State General Fund 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 2013-15 biennium is 62.23 percent. The cost of services and supplies for family planning is matched at 90 percent.

Most services in Oregon are provided through seven Medicaid programs that require waivers of federal requirements. The Oregon Health Plan is the largest of these waiver programs. DHS 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 DHS programs. The projection of revenue is based on estimated Average Daily Populations (ADP) and Cost per Case (CPC) for Administrative charges, use of time and effort and other measures.

- Revenue budgeted in 2011-13 LAB is $2.4 billion.
- Revenue budgeted in 2013-15 CSL is $2.67 billion.

Medicaid XIX Local Match

The Developmental Disabilities (DD) program matches Medicaid Title XIX funds with funds or services from transit districts, community developmental disability programs and others for providing enhanced non-medical transportation and administrative costs.

- Revenue budgeted in 2011-13 LAB is $13.8 million.
- Revenue budgeted in 2013-15 CSL is $13.8 million.

Older Americans Act

Funds are allocated to Oregon annually through the Older Americans Act. The Aging and People with Disabilities (APD) program allocates program funds by a federally approved population formula to the 17 area agencies on aging. Emphasis is placed on serving the most economically and socially needy persons 60 years of age and older. There is a 15 percent match requirement of which 10% is met by area agencies on aging and 5% from state sources through local funds, in-kind and Oregon Project Independence (OPI) allocations.

- State administration funds provide for state plan administration. There is a 25 percent match requirement met with OPI funds.

- Title III funds provide for support services such as transportation, legal assistance, in-home care, and congregate and home-delivered meals programs. The act allows for provision of in-home services for frail individuals to prevent premature institutionalization and preventive health services for elderly clients in rural areas. Title III also provides funding for family caregiver support and training and services to prevent abuse of the elderly. The match requirement ranges from 15 to 25 percent depending on whether the funds are paying for administration or program expenditures.
- Title V programs subsidize part-time paid community service work for low-income persons, aged 55 and over and job training skill. There is a 10 percent match requirement, which is met by the program operators.
- Title VII funding provides support for the long-term care ombudsman and prevention of elder abuse, neglect and exploitation. No match is required for Title VII.
- The Nutrition Services Incentive Program grant (NSIP) supplements Title III-C local funds to provide nutrition services to eligible Older Americans Act participants. Funds are 100 percent federal. No match is required.

This grant currently funds APD programs. The projection of revenue is based on actual and projected federal awards.

- Revenue budgeted in 2011-13 LAB is $31.3 million.
- Revenue budgeted in 2013-15 CSL is $31.3 million.

Nutrition Services Incentive Program (NSIP)

The Nutrition Services Incentive Program grant (NSIP) supplements Title III-C and local funds to provide nutrition services to eligible Older Americans Act participants. Funds are 100 percent federal. No match is required.

This grant currently funds APD programs through Area Agencies on Aging. Projection is based on history of fund awards from the U.S. Administration on Aging.

- Revenue budgeted in 2011-13 LAB is $3.5 million.
- Revenue budgeted in 2013-15 CSL is $3.5 million.

Oregon Project Independence

Oregon Project Independence (OPI) is a state-funded program offering in-home services and related supports to individuals 60 years of age and older or to people who have been diagnosed with Alzheimer's or a related dementia disorder.

OPI is administered locally by area agencies on aging throughout the state. Client eligibility is determined based upon an assessment of functional ability and natural supports related to activities of daily living. The OPI program has no financial asset limitations. A sliding fee scale is applied to clients with net monthly income between 100 and 200 percent of the federal poverty level (FPL) to pay toward the cost of service. A small minority with income above 200 percent of the FPL pay the full rate for services provided. They generally do so because they need the case management, ongoing support and monitoring that are provided in addition to the actual purchased services.

The OPI program historically has been funded by General Fund and for a short time by excess revenue in the Senior and Disabled Property Tax Deferral Revolving Account. However, due to sharply declining revenue, funds are no longer available from the Department of Revenue property tax deferral account for transfer to the OPI fund. Aging and People with Disabilities received legislatively appropriated General Funds for the purpose of continuing OPI.

- Revenue budgeted in 2011-13 LAB is $9.5 million.
- Revenue budgeted in 2013-15 CSL is $9.5 million.

Quality of Care Fund

During the 2009 Legislative Session, HB 2442 required the establishment of the Quality of Care Fund and increases in fee schedules for adult foster homes, residential care and assisted living facilities, as well as increases in state civil penalties. Revenue collected from APD and DD licensing fees and civil penalties are dedicated to promoting quality of care and life in long-term care settings, including enhancement and maintenance of long-term care facility licensing and regulatory activities and additional training and technical assistance for facilities.

Refugee resettlement

The refugee resettlement program provides time-limited cash and medical assistance as well as social services to refugees entering the country. The refugee resettlement program and administration expenditures are 100 percent federal funds, as defined by the Immigration and Nationality Act of 1980.

These grants will potentially be reduced as a result of sequestration resulting in a reduction of $0.4M in 2013-15.

- Revenue budgeted in 2011-13 LAB is $10.2 million.
- Revenue budgeted in 2013-15 CSL is $10.0 million.

Rehabilitation Act grants (US Department of Education)

The Rehabilitation Act grants are the major funding source for programs provided through Vocational Rehabilitation Services. Rehabilitation Act grants currently fund DHS VR – Basic Rehabilitative Services programs. The projection of revenue is based on grant cycle.

Section 110 (Basic 110 Grant)

Basic 110 Grant, which is available to assist people with disabilities in becoming employed, is a formula grant based on the state's population and per capita income. The funds available to Oregon are divided between Vocational Rehabilitation (87.5 percent) and the Commission for the Blind (12.5 percent). These federal funds must be matched with state funds. Revenues are expected to increase due to additional caseload.

- Revenue budgeted in 2011-13 LAB is $54.1 million.
- Revenue budgeted in 2013-15 CSL is $69.6 million.

Section 633 (Title VI-C grant for supported employment)
This grant assists the state in developing programs with public and private agencies for training and services leading to supported employment for individuals with severe disabilities. The grant is 100 percent federal funds and does not require state match, however it is scheduled to roll into the Basic Rehabilitation Grant amount.

- Revenue budgeted in 2011-13 LAB is $0.6 million.
- Revenue budgeted in 2013-15 CSL is $0.5 million.

Section 711 (independent living rehabilitation, Part B)
Independent living rehabilitation funds support the state Independent Living Council and Independent Living Centers. This grant is subject to sequestration resulting in revenue reduction of $.08M.

- Revenue budgeted in 2011-13 LAB is $626.0 million.
- Revenue budgeted in 2013-15 CSL is $545.6 million.

Assistive technology

The Assistive Technology Act of 1998 supports state efforts to improve the provision of assistive technology (AT). Grant funds allow implementation of programs designed to meet the AT needs of individuals with disabilities, including plans that improve access to and acquisition of AT devices and services for individuals with disabilities.

This grant is a revenue source of the Oregon Disabilities Council, which was transferred to Vocational Rehabilitation (VR) within the VR – Basic Rehabilitative Services program in the 2007-09 biennium. This grant is subject to sequestration resulting in revenue reduction of $0.1M.

- Revenue budgeted in 2011-13 LAB is $0.8 million.
- Revenue budgeted in 2013-15 CSL is $0.8 million.

Social Services Block Grant (SSBG, Title XX)

The Social Services Block Grant (SSBG) is one of the most flexible grants provided by the U.S. Department of Health and Human Services. The objective of SSBG is to provide the social services that best meet the needs of individuals residing in the state. Oregon uses SSBG to fund varied programs, including employment-related day care, crisis nurseries, supportive remedial day care and the social service components of residential treatment programs. SSBG has no matching or maintenance of effort requirements. This grant is potentially impacted by sequestration which could result in a $3.1M reduction to the funding level.

This grant currently funds DHS Child Welfare programs. The projection of revenue is based on the grant cycle.

- Revenue budgeted in 2011-13 LAB is $41.4 million.
- Revenue budgeted in 2013-15 CSL is $42.0 million.

Children's Health Insurance Program (Title XXI)

The Children's Health Insurance Program (CHIP) provides federal matching funds 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 OHP. CHIP also supports private insurance premium assistance through the Office of Private Health Partnerships (OPHP).

This grant currently funds DHS Child Welfare programs. The projection of revenue is based on estimated Average Daily Populations (ADP) and Cost per Case (CPC).

- Revenue budgeted in 2011-13 LAB is $8.2 million.
- Revenue budgeted in 2013-15 CSL is $5.2 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, domestic violence emergency assistance, and employment and training (JOBS) services. DHS and other agencies also use TANF revenue to fund related programs such as foster care, prevention services, 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 DHS Self Sufficiency. The projection of revenue is based on the grant cycle.

- Revenue budgeted in 2011-13 LAB is $326.5 million.
- Revenue budgeted in 2013-15 CSL is $330.6 million.

Money Follows the Person grant

First authorized under the Deficit Reduction Act of 2005, the federal Money Follows the Person (MFP) rebalancing demonstration program provides assistance to states to balance their long-term care systems and help

Medicaid enrollees' transition from institutions to the community. The MFP demonstration program is designed to help states shift Medicaid's long-term care spending from institutional care to home- and community-based services (HCBS). Congress initially authorized up to $1.75 billion in federal funds through fiscal year 2011. States were intended to use the funds to increase the use of HCBS and reduce institutionally based services; eliminate barriers and mechanisms in state law, state Medicaid plans, or state budgets that prevent or restrict the flexible use of Medicaid funds; strengthen the ability of Medicaid programs to assure continued provision of HCBS to individuals who transition from institutions; and ensure that procedures are in place to provide quality assurance and continuous quality improvement of HCBS. The Affordable Care Act extended the MFP Program through the 2016 FFY and appropriated an additional $2.25 billion in federal funds to the program.

Other Funds

Care of state wards

Trust recoveries are Other Funds collected from SSA, SSI and child support payments and used to reimburse the state for the maintenance cost of children in care. Trust recoveries come from collection of SSI disability payments (24 percent), child support payments (53 percent) and SSA death and survivor benefits (23 percent). Trust recoveries are used in place of General Funds to match Title XIX federal funds for the long-term care program.

Trust recoveries currently fund Child Welfare (CW) and SPD programs. The projection of revenue is based on caseload trends and historical receipt trends. Revenues are projected to decline due to reduced receipts.

- Revenue budgeted in 2011-13 LAB is $16.7 million.
- Revenue budgeted in 2013-15 CSL is $12.8 million.

Collection of overpayment

Overpayment recoveries are recovered program dollars incorrectly paid to or for clients through client error or fraud. Recovery may be made in any of several program areas including food stamps, child care, public assistance cash and public assistance grant reductions. The projection for these revenues are developed using past performance, inflation and changes in caseloads and regulations as indicators of future trends. Public assistance recoveries are applied against program expenditures during the month of the recovery. Food stamp and child care overpayment recoveries are budgeted as Other Funds.

Currently these funds support programs in the CW and APD programs. The projection of revenue is based on historic receipt trends.

- Revenue budgeted in 2011-13 LAB is $18.1 million.
- Revenue budgeted in 2013-15 CSL is $18.1 million.

Client account collections estate recoveries

Other Funds are collected from the estates of clients to reimburse previous cost of care. Collections are used to reimburse cost and offset both the Title XIX program cost and General Fund costs.

Currently funds APD programs. The projection of revenue is based on estimated Average Daily Populations (ADP) and Cost per Case (CPC). Revenues are projected to increase as a result of increased receipts.

- Revenue budgeted in 2011-13 LAB is $16.8 million.
- Revenue budgeted in 2013-15 CSL is $18.7 million.

Domestic violence receipts

Enacted in 1981, marriage license fees are dedicated to fund the domestic violence program. The marriage license fee is currently $25. Legislation directed that the unitary tax and the criminal fines and assessments account provide additional funding for this program. Expenditures are limited to the amount of revenue actually received.

Domestic violence receipts currently fund programs in the Self Sufficiency (SS) programs. The projection of revenue is based on historical receipt trends for marriage license fees and Department of Revenue projections for criminal fines and assessments accounts.

- Revenue budgeted in 2011-13 LAB is $1.2 million.
- Revenue budgeted in 2013-15 CSL is $1.2 million.

<u>Fees and premiums</u>

The CW programs collects fees for adoption home study and registry, sexual abuse therapy fees, and fees for fingerprinting under ORS 409.015. Specific fee amounts are:

- Independent Adoption Placement Reports cost $675; $550 passes through to private agencies.
- The fee for registration with the mutual consent registry is $25. This registry allows individuals who have been a party to adoption access to other party information where both parties have registered and consented to disclosure.
- The non-identifying registry allows registrants to provide genetic, social and health history only for use in the adoption registry. The cost for this registry is $45.
- The cost of an adoption assisted search is $400 for the first search request and $200 for subsequent search requests. This allows individuals to request the agency's assistance in locating biological family members.

For the OHP Standard program, persons age 19 and over in the adults, couples and families eligibility categories are charged a premium on a sliding scale, based on income. Those in the zero to 10 percent of the federal poverty level do not pay premiums while persons with incomes in the 10 to 100 percent FPL pay premiums that range from $9 to $20 per family per month.

These fees currently fund CW programs. The projection of revenue is based on historical receipt trends.

Local school funding for rehabilitation services

Other Funds from local schools are used as the 21.3 percent state match needed for the Basic 110 Grant for rehabilitation services which is funded with 78.7 percent federal funds. The Youth Transition Project (YTP) is a collaborative program with school districts that assists youth with disabilities in their transition from school to the community work force. DHS initially pays schools for 100 percent of their eligible vocational rehabilitation services, and the schools then reimburse DHS for the state match portion for the federal funds.

Local school funding for rehabilitation services currently funds CW programs. The projection of revenue is capped based on agreements with schools.

- Revenue budgeted in 2011-13 LAB is $2.1 million.
- Revenue budgeted in 2013-15 CSL is $1.9 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 long-term care facilities (nursing homes) and Programs of All-Inclusive Care for the Elderly (PACE). DHS was given oversight of the taxes. The long-term care facilities tax increases nursing facility rates and improves the financial stability of the nursing home industry. Effective Sept. 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 OHP. The insurer's tax is 1 percent of health premiums. HB 2116 specifies that certain Medicaid MCO types are subject to the insurer's tax.

Long-term care facilities tax

The current tax rate is set to collect up to 6 percent of resident service revenues of non-exempt long-term care facilities. Revenue projections are based on previous years' cost reports, current year tax reports, and a growth factor. At present, the agency collects approximately $10 million per quarter in Other Funds through this tax. The federal match is approximately $16 million per quarter. Provider tax dollars are used to offset general fund expenditures for nursing facility services.

The provider tax will sunset in June 2014. DHS is submitting a legislative concept to extend the provider tax, but passage is not certain. General Fund revenues will be necessary to backfill the lost provider tax if it is not extended. Additionally, President Obama has proposed a decreasing the maximum collections to three percent. This grant is subject to sequestration and may result in $3.9M reduction in funding.

- Revenue budgeted in 2011-13 LAB is $79.7 million.
- Revenue budgeted in 2013-15 CSL is $110.0 million