



2014 Legislative End of Session Report

Department of Human Services



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March 31, 2014

EXECUTIVE SUMMARY:

The 2014 Legislative Session featured robust discussions around budget and policy for the Department of Human Services (DHS). For your review, this end of session report contains a brief overview of new legislation and key budget highlights by program.

The economy continued to show improvement in the February revenue forecast, providing additional funds to the legislature. DHS entered the session facing a \$101 million budget shortfall, primarily due to a two percent holdback and salary pot requests. In recognition of these challenges, the legislature worked diligently to protect against cuts to DHS programs. At this time, DHS does not anticipate program cuts. Budget highlights for the agency include a fully restored two percent holdback, partially funded salary pot request, and new investments in APD programs and services.

Of the 266 bills introduced during the session, the DHS Legislative Unit tracked 81. Program areas of focus included Child Welfare, Adults & People with Disabilities, Adult Abuse Prevention & Investigation, and Licensing & Regulatory Oversight. In particular, HB 4151, HB 4156 and SB 1542 contain substantive impacts to DHS programs. Additionally, the budget bill (HB 5201) included five policy notes of significance to the agency.

In holding to a commitment of transparency and accountability, various representatives of the agency met with legislators and/or provided formal testimony. With the exception of its support for HB 4156, DHS remained neutral on all 2014 bills. The agency also participated in informational hearings on Human Trafficking, Public Assistance Integrity, Long Term Care Services and the Stabilization & Crisis Unit.

AGING AND PEOPLE WITH DISABILITIES

KEY BILLS

SB 1542

SB 1542 requires the Home Care Commission to establish a program that will support Oregonians who pay privately for in-home care and would like to utilize the existing Home Care Worker Registry. SB 1542 is technically effective upon passage, but the bill requires the program to be operational in July 2015.

SB 1553

SB 1533 establishes a statewide Public Guardian in the Office of the Long Term Care Ombudsman. Public guardian services provide much-needed supports for individuals who are incapable of safely making decisions on their own behalf, but do not have the means nor the family supports to have a professional or family guardian. SB 1553 passed the Legislature unanimously. The bill is effective upon passage, and requires the Public Guardian office to be operational by July 2014.

APD BUDGET HIGHLIGHTS

The budget adjustments approved by the Subcommittee for the Aging and People with Disabilities (APD) program include an increase of \$12.2 million General Fund, a decrease of \$6.8 million Other Funds limitation, and a decrease of \$4.0 million Federal Funds limitation.

During the Special Session in September 2013, the Legislature passed a bill to modernize and reform the senior medical deduction. At that time, members of the Legislature expressed their intent to reinvest savings from the senior medical deduction changes into senior programs as follows:

- \$5M for senior transportation
- \$10M for Oregon Project Independence
- \$26M to be determined in the 2014 Session

With regard to the \$26M referenced above, the Legislature decided toward the end of the 2014 Session to make several allocations of some of those funds to support the following work:

- Enhance transportation services further for seniors and people with disabilities
- Increase, from \$30 to \$60 per month, the amount of personal incidental funds nursing facility residents (Medicaid consumers) keep each month

- Expand evidence-based health promotion program
- Conduct a General Assistance study and make recommendations, at a minimum, for a program designed to provide temporary cash assistance to low-income, childless adults with disabilities
- Enhance caregiver training
- Fund the newly-created Public Guardian and Conservator program
- Re-establish annual reporting for long-term care facilities
- Plan for the “Ready to Work” registry (as envisioned in HB 4151, described below)
- Support Oregonian’s access to information on long term care facilities

Several other investment recommendations are pending, with reports and final decisions due in May. These include investments in improving mental health services for seniors, enhancing Older Americans Act-funded programs, and investing in adult protective services technology.

APD BUDGET NOTES

Oregon Project Independence (OPI) expansion. DHS will begin planning a pilot project to expand OPI services to people with disabilities effective July 1, 2014. We will need to report our progress and funding plan to the May, 2014 Emergency Board.

Registry Coordination. DHS will report on the “Ready to Work” registry and associated rules required by HB 4151. DHS will also need to address progress and options for streamlining processes for fitness determinations in the long term care workforce.

OFFICE OF ADULT ABUSE PREVENTION & INVESTIGATION

KEY BILLS

HB 4151

HB 4151 directs DHS to adopt policies and guidelines to plan for development and standardization of resources and technology to create database, registry or other electronic record of reports and investigations of abuse, to standardize procedures and protocols for reports and investigations of abuse, and to promote and coordinate communications and information sharing with law enforcement agencies. It directs Department to augment its existing criminal background check system with regularly updated registry of persons working or seeking to work in certain facilities providing care to vulnerable persons and as home care workers. Finally, it requires Department to notify adult foster home if person applying for admission is on probation, parole or post-prison supervision after being convicted of sex crime, and allows adult foster home to refuse admission to person, or to transfer or discharge resident, who is on probation, parole or

post-prison supervision after being convicted of sex crime. HB 4151 is effective on passage.

SB 1577

SB 1577 defines a vulnerable adult to include persons with impaired mental condition, dementia, intellectual or developmental disability or brain injury. It requires law enforcement agencies to adopt written procedures for investigating reports of missing vulnerable adults, and to develop minimum requirements for training LE officials to interact with persons experiencing impairment. SB 1577 took effect March 3, 2014.

CHILD WELFARE

KEY BILLS

HB 4156

HB 4156 authorizes DHS to appear as party in juvenile court proceeding without appearance of Attorney General at any hearing held after hearing on jurisdictional petition required by statute, and any proceeding where district attorney represents state and positions of department and state are not in conflict. HB 4156 is effective on passage.

HB 4007

HB 4007 prohibits district school board from imposing time limitation on consent given to resident student to attend schools of another school district. Requires district school board to give consent to enable student whose legal residence changes to different school district during school year to complete school year in school district. HB 4007 took effect March 3, 2014.

CHILD WELFARE BUDGET HIGHLIGHTS

The budget adjustments approved by the Subcommittee for the Child Welfare (CW) program reflect an increase of \$16.5 million General Fund, a decrease of \$1.6 million Other Funds limitation, and an increase of \$5.2 million Federal Funds limitation.

While forecasts for individual CW caseloads have fluctuated between the spring and fall forecasts, these changes did not drive any budget adjustments. The rebalance does include savings from a change in the Federal Medical Assistance Percentage (FMAP), decreasing General Fund need by \$0.9 million. Based on the latest federal estimates, the 2013-15 biennial average FMAP rate will increase from 63.06% to 63.40%, which reduces the state contribution percentage.

In the agency's 2011-13 budget, a one-time revenue source (federal grant) was used to sustain the post-adoptions program. However, the one-time action was not reversed as planned. A portion of the FMAP General Fund savings is used to cover the oversight and to maintain the program at the 2013-15 legislatively adopted level. Also included is spending authority and eight limited duration positions (8.00 FTE) to support work under a federal grant, which supports recruiting resource families for foster children, in May 2013.

The Subcommittee added \$800,000 General Fund to establish necessary legal, financial, and administrative foundations to launch a Pay for Prevention effort in Oregon. The money will go to the Center for Evidence-Based Policy at OHSU for conducting economic research, developing provider capacity, and building a performance measurement, accounting and reporting system. The ultimate goal of the initiative is to identify young children most at-risk, implement evidence-based supports designed to achieve specific outcomes, and invest in performance-based contracting that links payment to outcomes through social impact financing.

CHILD WELFARE BUDGET NOTES

Developing options for legal services for the Child Welfare program. This directs the Department of Justice and DHS to prioritize developing options for legal services for the Child Welfare program, and report on these efforts to the Joint Committee on Ways and Means during the 2015 legislative session. In addition, no later than September 1, 2014, the Department of Justice and the Department of Human Services will also provide a joint written status report to the Legislative Fiscal Office on the specific options under consideration and progress being made on the development of those options.

DEVELOPMENTAL DISABILITIES SERVICES

KEY BILLS

HB 4114

HB 4114 authorizes court to appoint protected person special advocate in protective proceeding at any time after appointment of fiduciary. HB 4114 took effect March 6, 2014.

HB 4009

HB 4009 provides that Department of Education is responsible for provision of educational services to students admitted to pediatric nursing facilities and for payment of costs for those services. HB 4009 takes effect July 1, 2014.

DD BUDGET HIGHLIGHTS

The budget changes approved by the Subcommittee in House Bill 5201 for the Developmental Disabilities Services (DD) program reflect net increases of \$21.9 million General Fund, \$1,291 Other Funds expenditure limitation, and \$41.8 million Federal Funds expenditure limitation.

Both caseloads and cost per case in DD programs are expected to be higher than the previous forecast, driving an increase of \$10.8 million General Fund (\$22.0 million Federal Funds). Caseload counts are growing and clients are moving between service categories, primarily because under the K Plan services must be provided to all eligible applicants. Costs per case are also going up due to increasing client acuity. While the legislatively adopted budget attempted to build in K Plan impacts, some elements, such as significantly more children entering the DD system or side effects of brokerages being pushed to capacity, were not anticipated in the previous forecast. These and other issues will continue to be risks moving forward.

The caseload associated costs are partially offset by FMAP rate savings of \$4.9 million General Fund and participation rate adjustments resulting in savings of \$1.3 million General Fund.

Other program costs covered in the rebalance include \$1.3 million General Fund (\$2.6 million total funds) to keep funding for the Community Developmental Disability Programs (CCDP) at 94% equity; a budget estimate error resulted in the equity level being underfunded. Another budget change provides \$1.9 million General Fund (\$5.2 million total funds) to cover a 6% interim rate increase for DD employment services providers (this item was included after discussion during November 2013 Legislative days).

Another technical change in this program area is a title clarification. To better reflect the consumers being served by this program, DHS is now referring to this program as Intellectual and Developmental Disabilities (I/DD).

Lastly, the Ways and Means Subcommittee added \$490,000 General Fund (\$1,136,368 total funds) to cover a gap in some CDDP budgets due funding formula changes that left 11 of the programs with budgets below 2011-13 levels. This action supports program stability while the Department and the CDDPs are transitioning to a workload, instead of caseload, model for 2015-17 budget development.

SELF SUFFICIENCY PROGRAM

KEY ITEMS

Self Sufficiency staff participated over the last several months on a legislative workgroup focused on improving program integrity in public assistance programs. Members of the workgroup reached general consensus on several recommendations including investing in training for DHS staff to help identify and report suspected fraud, improving communication and collaboration between DHS investigators and law enforcement, and possibly placing the names of SNAP recipients on EBT cards. An informational hearing was held on February 24th in the House Human Services and Housing Committee, during which DHS testified and presented the recommendations from the work group. We will continue to work with legislators, advocates, law enforcement, and others on work group recommendations.

SELF SUFFICIENCY BUDGET HIGHLIGHTS

The budget adjustments approved by the Subcommittee for the Self Sufficiency Program (SSP) reflect net decreases of \$19.8 million General Fund, \$13.1 million Other Funds limitation, and \$7.4 million Federal Funds limitation.

Rebalance adjustments account for projected growth of about three percent in the overall 2013-15 SNAP caseload from the previous forecast. Embedded in the net increase is a decrease in the number of SSP households receiving SNAP, while the number of APD households receiving SNAP continues to grow. Caseloads in the TANF cash assistance programs are down one percent from the spring numbers, at a biennial average of 33,591 families. Overall caseload savings of \$1.0 million General Fund are included in the rebalance calculation.

During the 2014 Session, the Legislature made two significant investments in the Self Sufficiency program. First, Legislators made a one-time investment of \$200,000 (General Fund dollars) to support nutritional programs. Half of this money will help increase the number of summer and after-school food sites by at least 50 over the next year. The other half, which will be matched with \$100,000 in Federal Funds, will be used to help seniors and other groups with low participation rates access SNAP benefits, update online tools, and develop client education materials around protecting benefit cards.

Second, the Legislature increased the Employment Related Day Care (ERDC) expenditure limitation by \$2,200,000. This action should allow DHS to achieve an average monthly caseload of 8,500 over the last 12 months of the biennium. While the budget continues to be inadequate to meet program needs—there are currently over 800 families on the waiting list—many Legislators are committed to investing and improving the ERDC program. With that in mind, you will find a budget note below regarding an improvement the Legislature would like to see with ERDC.

SELF SUFFICIENCY BUDGET NOTES

Employment Related Day Care (ERDC) modification. The Early Learning Division's Office of Child Care and DHS will convene a workgroup of stakeholders to develop a set of policy recommendations on how best to modify the ERDC program to provide child care subsidies to working parents enrolled in higher education. The agencies will report these recommendations back to the Emergency Board in May 2014, with the expectation that rulemaking to implement legislatively approved changes would follow soon after. Program elements to address within the recommendations should include eligibility criteria, work hour requirements, school attendance verification, academic standing expectations, limitations on assistance, TANF leavers, families having children with special needs, program exit income limits, child care quality, data reporting, caseload priorities, and program evaluation.

OFFICE of VOCATIONAL REHABILITATION SERVICES

KEY ITEMS & BUDGET HIGHLIGHTS

The Office of Vocational Rehabilitation Services (OVRs) tracked a handful of bills, but did not have any priority bills during this session. That being said, OVRs' budget was a concern since staff saw costs per case rise higher than expected since the end of the 2013 Session. Cost drivers were due to such circumstances as higher expenses for some services and new referrals having much more complex or costly needs than existing clients. To maintain the program and cover these costs without implementing an Order of Selection (which is a priority waiting list), the Legislature approved an additional \$2,200,000 General Fund dollars for investment in OVRs.

SHARED & CENTRAL SERVICES

KEY BILLS

HB 4122

HB 4122 requires state contracting agency or public corporation that implements information technology initiative to obtain quality management services from qualified contractor if value of information technology initiative exceeds \$5.0 million or meets criteria or standards that State Chief Information Officer or Director of Department of Administrative Services specifies by rule or policy. HB 4122 is effective on passage.

DHS BUDGET

Budget information is provided in each of the program areas above. For a more detailed description please go to <http://www.oregon.gov/dhs/aboutdhs/dhsbudget/Pages/index.aspx> and then click on the 2014 Budget Report towards the bottom of the page. The DHS information begins on page 43.

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