FACT SHEET

APD Budget Note Stakeholder Meeting

Discussion Draft: Brainstorming for the Future and Federal Authorities

Issue:

The Legislature, and many concerned stakeholders, are invested in ensuring that Oregon's system of long term services and supports remains sustainable in the future. Concerned about the state general fund growth from biennium to biennium, legislators have established a stated goal of ten percent growth per biennium.

In the past, the Department has prepared lists of possible reductions to control future growth. We will also have to prepare reduction options in the upcoming budget build. Additionally, the Lewin Group recently reported on strategies that could be utilized to limit future growth. These strategies have impacts on consumers that are problematic to the Legislature and stakeholder community. Legislators, stakeholders, and Aging and People with Disabilities (APD) Leadership want solutions that:

- Minimize the impact to consumers
- Maximize federal funds
- Will save state funds in the long term

APD, in conjunction with its stakeholders, needs to provide leadership to ensure these goals are met.

Background:

Currently, Medicaid long term services and supports are provided through the following federal authorities:

- 1915(c) -- Home and Community Based Waiver: used to provide case management services for older adults and people with physical disabilities.
- 1915(k) – Community First Choice Option: used to provide home and community-based services to consumers with an enhanced federal match rate.
- 1905(a) – State Plan Personal Care Services: providing consumers with up to 20 hours/month of personal care.

- 1915(i) – Home-based habilitation, behavioral habilitation, and psychosocial habilitation for consumers diagnosed with a mental illness.
- 1915(j) – Independent Choices Program: a cash-and-counseling program in which consumers use funds to purchase personal services and supports.

Another Federal Authority Available:

Section 1115 Demonstration:

Section 1115 of the Social Security Act gives the Secretary of Health and Human Services authority to waive provisions of major health and welfare programs authorized under the Act, including certain Medicaid requirements, and to allow a state to use federal Medicaid funds in ways that are not otherwise allowed under federal rules. The authority is provided at the Secretary's discretion for demonstration projects that the Secretary determines promote Medicaid program objectives. There are comprehensive Section 1115 Medicaid waivers that allow broad changes in eligibility, benefits, cost sharing, and provider payments.

States such as Minnesota and Washington are using 1115 authorities to expand services while providing a plan to limit cost increases to their programs. Although Oregon has used this authority to create the Oregon Health Plan and the more recent changes to establish Coordinated Care Organizations, it can also be used for innovative long term services and supports.

In an 1115 waiver, expenditure limits are measured against projected spending. It also allows some regulations to be waived. Finally, pre-Medicaid preventative services can be a part of the packaged solution so long as total expenditures do not exceed the ten-year trend, and this work is underway in Minnesota and Washington.

Brainstorming for the future:

Further Questions to Explore:

- Assuming that enhanced federal matching remains available, should Oregon explore different available authorities?
- Should limits on services be explored? If so, what type?
- Should changes to income limits be explored? Should different limits be applied to different situations?
- Should Oregon invest in preventative services to serve a broader range of consumers? E.g. Respite for family caregivers?
- Should we introduce more flexibility in funding non-Medicaid case management, consumer technology and home modifications, and unpaid caregiver and consumer training and education?