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CERTIFICATION

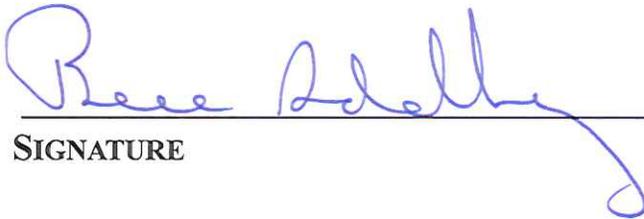
I hereby certify that the accompanying summary and detailed statements are true and correct to the best of my knowledge and belief and that the accuracy of all numerical information has been verified.

Oregon Health Authority

500 Summer Street NE
Salem, OR 97301

AGENCY NAME

AGENCY ADDRESS



SIGNATURE

Director

TITLE

Notice: Requests of those agencies headed by a board or commission must be approved by those bodies of official action and signed by the board or commission chairperson. The requests of other agencies must be approved and signed by the agency director or administrator

Agency Request

Governor's Recommended

Legislatively Adopted

Budget Page _____

**76th OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5529-A

JOINT COMMITTEE ON WAYS AND MEANS

Carrier – House: Rep. Freeman

Carrier – Senate: Sen. Bates

Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 20 – 4 – 1

House – Yeas: Beyer, Buckley, Cowan, Freeman, Garrard, Komp, Kotek, McLane, Nathanson, Richardson, G. Smith, Whisnant

– Nays: Thatcher

– Exc: Nolan

Senate – Yeas: Bates, Devlin, Edwards, Johnson, Monroe, Nelson, Verger, Winters

– Nays: Girod, Thomsen, Whitsett

– Exc:

Prepared By: Kelly Freels and Kate Nass, Department of Administrative Services

Reviewed By: Linda Ames, Legislative Fiscal Office

Meeting Date: June 8, 2011

Agency

Oregon Health Authority

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Biennium

2011-13

Budget Summary*

	2009-11		2011-13		Committee Change from 2009-11 Leg Approved	
	Legislatively Approved Budget (1)(2)	Current Service Level (2)	Governor's Budget	2011-13 Committee Recommendation	\$ Change	% Change
General Fund	\$ 1,462,047,999	\$ 2,777,278,386	\$ 1,727,653,691	\$ 1,720,507,026	\$ 258,459,027	+17.7%
Lottery Funds	10,903,639	11,452,559	11,142,377	10,779,583	(124,056)	-1.1%
Other Funds	1,382,518,232	1,440,556,620	1,350,027,958	1,922,720,601	540,202,369	+39.1%
Federal Funds	4,900,795,113	5,552,455,781	3,848,439,531	4,854,422,771	(46,372,342)	-0.9%
Other Funds Non-limited	2,902,669,952	3,281,581,521	3,254,911,521	3,294,911,521	392,241,569	+13.5%
Federal Funds Non-limited	104,800,827	107,103,462	4,374,411	107,103,462	2,302,635	+2.2%
Total	\$ 10,763,735,762	\$ 13,170,428,329	\$ 10,196,549,489	\$ 11,910,444,964	\$ 1,146,709,202	+10.7%

Position Summary

Authorized Positions	4,030	3,935	3,625	4,086	+56.00	+1.4%
Full-time Equivalent (FTE) Positions	3,638.62	3,879.11	3,563.19	4,030.76	+392.14	+10.8%

(1) Includes adjustments through May 2011.

(2) Unaudited dollars and positions used as the estimated history for the new Oregon Health Authority.

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Health Authority is funded with a mix of General Fund, Lottery Funds, Other Funds and Federal Fund revenues. Most General Fund is used as match to receive Federal Funds. Lottery Funds finance gambling addiction prevention and treatment services. Other Fund revenues come from a wide variety of sources including tobacco taxes, Medicaid provider taxes, bond issuances, grants, beer and wine taxes, fees, estate collections, health care premiums, third party recoveries, pharmaceutical rebates, transferred federal funds from other state agencies, and charges for services. Since 2003, health care provider taxes have been a significant source of Other Funds revenue. These taxes are used to support higher Medicaid reimbursement for services as well as benefits for the Oregon Health Plan. The 2011 legislature continues the one percent insurer tax and expands the hospital provider tax. Surplus insurer's tax revenue is used to ensure access for children. Increased hospital provider tax resources buy down provider rate reductions, while an additional increase in the hospital provider tax (tier 2) may be available to the hospitals to moderate their rate reductions, with the understanding that hospitals are solely liable for the risk. The total expansion in hospital provider taxes accounts for about \$446.1 million in Other Funds revenue and an additional \$733.9 million in federal Medicaid revenue.

The Subcommittee approved several fee increases in the Medical Marijuana Program with resulting revenue used to restore funding for several public health programs. The annual fee for medical marijuana cardholders will double to \$200. Growers who are not currently cardholders will have a new annual fee of \$200. Only Supplemental Security Income (SSI) recipients will be eligible to receive a reduced priced card of \$20. In the past Oregon Health Plan (OHP) and food stamp recipients also received a reduced price card. The budget also includes revenues from fee increases made during the 2009-11 biennium and continued in Senate Bill 5530, the fee ratification bill for Public Health fees.

Other Fund revenues for Nonlimited expenditures are for self-insurance payments in the Public Employees Benefit Board, and insurance premium payments in the Oregon Educators Benefit Board and the Oregon Medical Insurance Pool (OMIP). Nonlimited Other Funds also come from infant formula rebates in the Women, Infants and Children (WIC) program. The largest source of Federal Fund revenues comes from the Title XIX Medicaid program, and to a lesser extent, the Child Health Insurance Program (CHIP). Nonlimited Federal Funds are for the Women, Infants and Children (WIC) nutrition program.

Summary of Human Services Subcommittee Action

The Oregon Health Authority (OHA) is a new agency. It was created by the 2009 Oregon Legislature (House Bill 2009) to bring most health-related programs into a single agency to maximize its purchasing power and to contain rising health care costs statewide. OHA is overseen by a nine-member, citizen-led board called the Oregon Health Policy Board. Members are appointed by the Governor and confirmed by the Senate.

OHA's mission is to help people and communities achieve optimum physical, mental and social well-being through partnerships, prevention, and access to quality, affordable health care. It has three goals to transform the health care system in Oregon: improve the lifelong health of Oregonians; increase the quality, reliability, and availability of care for all Oregonians; and lower or contain the cost of care so it is affordable to everyone.

OHA combines the Public Employees Benefit Board (PEBB), the Oregon Educators Benefit Board (OEBB), the Office of Private Health Partnerships, and the Oregon Medical Insurance Pool (from the Department of Consumer and Business Services) with the health services programs from the Department of Human Services (DHS): Medical Assistance programs, Addiction and Mental Health programs, and Public Health programs. OHA will be the largest health care purchaser for the state of Oregon, purchasing health care for about 800,000 Medicaid clients, state employees, and local educators

The Joint Committee on Ways and Means Human Services Subcommittee heard agency and public testimony on the agency's budget over the course of several months. The Subcommittee approved a budget for the Oregon Health Authority of \$1.7 billion General Fund, \$11.9 billion total funds and 4,030.76 full-time equivalent (FTE) positions. This is 18 percent General Fund and 11 percent total funds higher than the 2009-11 Legislatively Approved Budget (LAB). General Fund increases mostly to replace enhanced Federal Medical Assistance Percentage (FMAP) dollars that ended in the 2009-11 biennium, and to pay for caseload growth. Total funds increase primarily because of the hospital provider tax expansion, coupled with the non-add double-count of some administrative costs in the new agency. Although the budget increases significantly, it is well below the amount needed to replace one-time federal revenue and to pay for caseload growth.

The approved budget continues most services, but for some programs at a reduced funding level. The budget assumes savings of \$239 million General Fund in the second year of the biennium from health care delivery system transformation proposed in House Bill 3650. A cut to health care provider reimbursement is reduced to 11.2 percent on average, primarily because of the hospital tax expansion. The Governor's budget included a 19 percent reduction. Budget support continues for operations at the newly constructed Oregon State Hospital and maintains funding for local community mental health programs.

The recommended budget for OHA includes a reduction of \$62.4 million General and \$0.4 million Lottery Funds for a supplemental ending balance. The reduction is intended to be applied against spending levels in the second year of the biennium and to not affect program delivery in the first year. To reinforce that intent, the agency's budget bill includes specific language allowing the agency to expend up to 54 percent of its total biennial General Fund appropriation in the first year of the biennium. The amount of the reduction for the supplemental ending balance may be restored during the February 2012 session to the agency for the second year of the biennium depending on economic conditions. Therefore, the Co-Chairs of the Joint Committee on Ways and Means expect the agency director to closely monitor the quarterly revenue forecast and other economic indicators to gauge adequacy of funding in the second year and manage the budget accordingly.

A more detailed description of major changes for each program area follows.

Health Programs

Health Programs consists of Medical Assistance Programs, the Public Employees' Benefit Board (PEBB), the Oregon Educators Benefit Board (OEBB), and Private Health Partnerships, as well as program support and administration. It is the largest of the Oregon Health Authority program area budgets.

The Medical Assistance Program (MAP) includes the Oregon Health Plan (OHP), Non-Oregon Health Plan (Non-OHP), and the Children's Health Insurance Program (CHIP). Almost all the General Fund in Health Programs is contained in these three programs. OHP is expected to provide medical care to over 600,000 low income Oregonians in 2011-13. Services include physician, pharmaceutical, hospital, vision, dental, and other acute care services. The Health Plan includes the state's Medicaid waiver programs (OHP Plus and OHP Standard), and the Children's Health Insurance Program.

The Non-OHP budget includes payments on behalf of Qualified Medicare Beneficiaries for certain forms of Medicare cost sharing such as co-payments or coinsurance. This budget also contains a General Fund "clawback" payment to the federal government that is required under the Medicare Modernization Act (MMA). In addition, this part of the budget includes funding for the state's Breast and Cervical Cancer program and the Citizen Alien Waived Emergency Medical program.

Health Services also includes two high-risk insurance programs, the Oregon Medical Insurance Pool and the new Federal Medical Insurance Pool. These programs provide health insurance coverage to those unable to obtain insurance coverage because of health conditions.

The Subcommittee approved a budget for Health Programs of \$10.0 billion total funds, which is about 11 percent more than the 2009-11 LAB. The increase is primarily the result of additional hospital provider tax revenues. The approved General Fund budget of \$913.9 million is about 26 percent above the LAB and is mostly to replace enhanced Federal Medical Assistance Percentage (FMAP) dollars that ended in the 2009-11 biennium.

The agency-wide budget reshoot increases General Fund expenditures by \$4.7 million, total fund expenditures by \$202.0 million and FTE by 205.78 positions. Position increases result from two program transfers. The OHP-only eligibility unit will transfer from the Department of

Human Services to OHA and be combined with outreach functions (194.70 FTE). The Care Assist drug program will move from Public Health and be combined with other prescription drug activities within MAP (9.00 FTE).

The reshoot updated the budget for revenue and program changes. Oregon's federal FMAP rate is slightly lower, the spring 2011 caseload forecast resulted in savings, the March tobacco tax forecast increased revenue, and the delayed hospital facility settlement results in savings. It corrects for the Governor's "intent" budget. Program phase-ins and outs are adjusted downward and the funding is corrected for the Type B hospitals. Expenditure limitation is provided to fully fund expected spending in the new Federal Medical Insurance Pool (FMIP).

The Co-chair adjustments reduced General Fund by \$0.8 million through a 6.5 percent Services and Supplies reduction taken in all agency budgets. In addition, nine vacant positions were eliminated (8.04 FTE). After accounting for the co-chair adjustments, the Subcommittee budget increased General Fund by \$15.5 million, Other Funds by \$470.1 million and Federal Funds by \$815.9 million with the increase primarily from the expanded hospital provider tax. The negotiated tax increase is used to buy down all provider rate reductions from 19 percent to 11.4 percent, on average. Revenue from this tax increase will also increase hospital benefits for clients in the Oregon Health Plan (OHP) standard program, dependent on the passage of Senate Bill 204, and provides the Oregon Health Sciences University a \$12 million increase in intergovernmental transfers. The Subcommittee used \$3.5 million General Fund to further reduce the rate cut to 11.2 percent. These reductions are from the current 2009-11 provider rates.

The Subcommittee discussed their concerns about the affect of the provider rate reductions on access to health care. They were unable to address all issues, but did use \$10 million of excess insurer's tax revenue to eliminate rate reductions for primary care providers to help ensure access for children. They also replaced General Fund with \$13.3 million of insurer's tax revenue to fund medical services for children. Outreach efforts for the Healthy Kids program are reduced by \$2.5 million and the funding is reprioritized to ensure access for children. The rate reduction for rural ambulance services is also reduced with \$0.3 million General Fund. The Subcommittee requested OHA work with dental organizations and return in February 2012 with a plan to adjust dental reductions in a way that will protect pregnant women and children.

The budget increases Other Funds and Federal Funds expenditure limitation in anticipation of a further hospital provider tax increase (tier 2) that will be available to hospitals only and used to further moderate their rate reduction with the understanding that hospitals are solely liable for the risk.

The Subcommittee discussed their concerns regarding the \$239 million budget reduction in the second year of the biennium, as a result of anticipated savings from health care transformation. The passage of HB 3650, as well as other policy bills, will provide the health care system with tools to help bring down costs to providers. However, there are on-going concerns that the system cannot transform as quickly as assumed in the budget.

The Subcommittee reinstated reductions proposed by the Governor. Funding for 26 of the 39 prioritized line reductions is reinstated. The rate reduction for Type A and B hospitals is eliminated. Funding is reinstated for mental health prescription drugs. Based on updated information, savings are included in the Subcommittee budget for a revised estimate of Medicaid Management Information System (MMIS) phase-in costs, the

settlement costs for MMIS reconciliation and lower estimates of “clawback” payments to the federal government. A lower May 2011 forecast of tobacco tax revenue increases General Fund costs.

The Subcommittee approved funding to expand medical assistance eligibility for low-income and uninsured women diagnosed with breast or cervical cancer (Senate Bill 433). It also funded a program to continue to provide medical liability insurance premium subsidies to physicians and nurse practitioners in underserved rural communities (Senate Bill 608).

The supplemental statewide ending balance plan reduced the Health Programs budget by \$33.1 million General Fund.

Addictions and Mental Health

Mental health services are provided to people who have been clinically diagnosed as having a serious mental or emotional disorder. Illnesses include schizophrenia, bipolar disorder, and major depression. Medicaid-eligible persons receive mental health diagnoses and treatment under the Oregon Health Plan (OHP). Mental health organizations receive capitation payments and manage much of the risk of providing treatment for OHP eligible persons with mental disorders. A substantial amount of OHP mental health and addiction service capitation expenditures and some fee-for-service payments are included in Health Programs.

Mental Health and Addiction Services is composed of three main programs: community mental health, alcohol and drug treatment and prevention, and the Oregon State Hospital (OSH) and Blue Mountain Recovery Center (BMRC). Most of the positions associated with this budget are staff at OSH or BMRC.

The Subcommittee approved a budget for Addictions and Mental Health (AMH) of \$958.6 million total funds, which is 5.2 percent more than the 2009-11 LAB. The approved General Fund budget of \$644.3 million is about 10.7 percent more than LAB. The increases result primarily from caseload increases, the backfill of one-time federal revenue, and the phase-in of hospital staff added in 2009-11 to full biennial costs.

The reshoot adjustments for AMH increased the budget by \$4.1 million total funds, including a \$21.3 million General Fund increase and 258 positions (262.86 FTE). The adjustments include transferring children’s community mental health funding from the Early Learning Council, the replacement of federal revenue reductions with General Fund because of the decrease in the projected federal match rate, and continuing the Alcohol and Drug Policy Commission. In addition, the reshoot adds back the positions and FTE for OSH staffing that were inadvertently omitted in the Governor’s budget.

The Subcommittee budget partially restores funding for reductions to community mental health programs (\$15.0 million General Fund) and the state hospital (\$11.9 million General Fund) taken in the Governor’s budget. The Subcommittee recommended budget for community mental health programs is intended to bring funding to approximately 2009-11 LAB levels. The restoration of funding at the state hospital is intended to avoid closing wards in the newly constructed Salem campus. Eight management positions are eliminated at the hospital as part of the agency plan to live within reduced resources at the hospital. The Subcommittee budget also funds the operations of the Behavioral Health Integration Project, maintains funding for the suicide hotline, and adds \$100,000 for Oxford Houses.

The Co-Chairs statewide adjustments reduced AMH's Services and Supplies budget by 6.5 percent and eliminated vacant positions, reducing the budget by \$3.4 million General Fund and 66 positions (61.59 FTE).

With some projected carryover of savings at the state hospital from the 2009-11 biennium, the Subcommittee reduced General Fund by \$2.6 million and backfilled with available other funds. In addition, the Subcommittee used additional Substance Abuse Prevention and Treatment Federal grant carryover resources to backfill \$0.8 million General Fund.

There was significant discussion during the hearings regarding the appropriate placement for patients in the state hospital, including both forensics patients and neuro-gero patients. The following budget note was approved regarding the forensics patients:

Budget Note:

The Oregon Health Authority is directed to work with the Psychiatric Security Review Board (PSRB) to determine the need for community placements for PSRB patients at the Oregon State Hospital for whom a hospital level of care is not necessary on an on-going basis, and recommendations for meeting this need. The recommendations should address the potential need for additional 16-bed residential treatment facilities as well as other types of facilities. This report should be prepared for consideration in the February 2012 legislative session.

The Subcommittee also approved the following budget note related to providing treatment to people involved in the local criminal justice system:

Budget Note:

The Oregon Health Authority is directed to convene a statewide workgroup to identify the needs of people who are involved in the criminal justice system for minor violations, who have mental illness and could be placed more appropriately in settings where they could receive mental health treatment. The group is expected to develop recommendations for methods to divert this group for appropriate and effective mental health care in the community. This report should be prepared for consideration in the 2013 legislative session.

The supplemental statewide ending balance plan reduced the Addictions and Mental Health budget by \$23.4 million General Fund and \$0.4 million Lottery Fund.

Public Health

Public Health provides a diversity of services to improve, protect, and promote the health of all Oregonians. The division manages more than 100 prevention-related programs that detect and halt the spread of disease, protect against environmental hazards, and promote healthy behaviors. As a system, much of the work is carried out by local county health departments which are supported in their work by state Public Health Division staff.

The Subcommittee approved a budget for Public Health of \$491.6 million total funds, which is six percent less than the 2009-11 LAB. The approved General Fund budget of \$32.6 million is about 29 percent below the LAB. The large reduction in General Fund is mostly from three factors: a shift in program funding from General Fund to Medical Marijuana revenue, the transfer of the Care Assist Prescription Drug program to the Medical Assistance program, and lower program levels from allotment cuts made in the 2009-11 biennium.

The agency-wide reshoot of the budget removed \$8.2 million General Fund and \$40.6 million total funds from the Public Health budget. It continues the 2009-11 allotment reductions for the Contraceptive Care services (CCare), and HIV/Sexually Transmitted Disease/Tuberculosis services and outreach efforts. In addition, Public Health will hold positions vacant and conserve Services and Supply expenditures to achieve a \$2.1 million General Fund savings.

The reshoot also increased the Tobacco Use Reduction Act revenues by \$1.5 million based on the May 2011 forecast. Eight permanent positions are approved for the Medical Marijuana Program. These staff were previously approved as Limited Duration. The agency-wide reshoot also includes a number of technical adjustments and transfers that better align staffing and functions within the new agency.

The Co-chair adjustments reduced General Fund by \$0.6 million as a result of the 6.5 percent Services and Supplies reduction taken in all agency budgets. Eleven vacant positions (4.60 FTE) were eliminated in Public Health.

The Subcommittee restored all programs included in the Governor's Early Learning Council to the 2009-11 spending level. They also used revenue generated from the Medical Marijuana program fee increases to restore most of the Emergency Medical Services (EMS) (\$1.75 million), including the mobile training unit and EMS for Children program. The new revenue also restores about three-quarters of the 2009-11 spending level for the Safe Drinking Water Program (\$3.0 million), all funding for the School Based Health Centers and partially restores the CCare program (family planning). The Subcommittee used \$2.3 million General Fund to restore reductions for immunization funding, the Women Infant and Children (WIC) Farmer's Market program and the Senior Farmer's Market Program, and the remaining Governor's budget reduction to the CCare program.

The supplemental statewide ending balance plan reduced the Public Health budget by \$1.2 million General Fund.

Shared, Central and Direct Charge Services (including Capital Improvement)

Core administrative functions for OHA are divided into three sections: Shared Services, Central Services and Direct Charge Services. Shared Services is a new administrative model that is being tested with creation of the new Oregon Health Authority. OHA and the Department of Human Services (DHS) will share common administrative functions. OHA will house the information system and security functions, while DHS will house many of the remaining functions including financial services, budget, human resources, facilities, and procurement. All these core functions will serve both agencies. For accounting purposes, all Shared Service expenditures are treated as non-add Other Funds because these expenditures are a double count of costs in Direct Services.

Central Services include functions that are housed separately in each agency because they are directly related to policy and program in the agency. For OHA, this includes the director's office, communications, portions of budget and human resources, policy and performance,

multicultural health, and debt service. Direct Charge Services pay for central government assessments and usage charges. Included are the state government service charges, risk assessments, State Data Center usage charges, facility charges, and information technology direct charges. In addition, the funding to pay for shared service expenditures received from both OHA and DHS are included in this budget.

The Subcommittee approved a budget for the Shared, Central and Direct Charge Services of \$426.7 million total funds. This cannot be compared to 2009-11 because the 2009-11 expenditures did not include the new double-count of Shared Services expenditures. The approved General Fund budget of \$129.8 million is about 21 percent above the LAB, as a result of increases in the Oregon State Hospital replacement project debt service.

The agency-wide reshoot assumes OHA will hold positions vacant and conserve Services and Supply expenditures to achieve a \$5.9 million General Fund and \$10.7 million total funds savings. It increases Other Funds by \$18.6 million and Federal Funds by \$50.7 million for three IT projects: Health Insurance Exchange, the Self-Sufficiency and Modernization and the Child Care Automated Billing System. The shared services double-count makes up a majority (\$19.9 million) of the Other Funds increase, with the remaining \$1.8 million Other Funds expenditure limitation to continue a health study financed with several small grants. Limited duration positions necessary to support the IT projects are expected to be approved administratively by the Department of Administrative Services.

The reshoot includes three technical adjustments that move costs to the correct cost center. Administrative hearings costs for OHA are moved from the Department of Human Services to Central Services (\$1.5 million General Fund and \$0.5 million Federal Funds). Debt Service and the cost of issuance are moved from Capital Construction to Central Funds (\$6.3 million Other Funds) all within OHA. An error in package 084 moves costs from AMH to Direct Services. Finally, facility costs for the OHP-only eligibility unit are moved from DHS to OHA.

The Co-chair adjustments reduced General Fund by \$1.8 million through a 6.5 percent Services and Supplies reduction taken in all agency budgets. The Subcommittee increased resources for information systems within Shared Services by \$2.2 million Other Funds and 6.62 full-time equivalent positions to continue the Behavioral Health Integration Project in AMH. They also reduced funding for safety net clinic grants by \$3.5 million Other Funds. These resources will be used elsewhere in the Health Services budget. The Subcommittee abolished three positions and established three new positions for a Chief Financial Officer, a Human Resources Director, and the Director of Pharmaceutical Programs. The agency is reviewing other position changes that are needed to “true up” its Central and Shared Services staffing, and is expected to return to the Emergency Board or the Joint Interim Committee on Ways and Means by November 2011 with a final staffing plan for Central and Shared Services.

The supplemental statewide ending balance plan reduces the Shared, Central and Direct Charges and Services budget by \$4.7 million General Fund.

Funding for the Oregon State Hospital Replacement Project is not included in this bill, but is expected to be included in the statewide Capital Construction bill.

Summary of Performance Measure Action

See attached Legislatively Adopted 2011-13 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5529-A

Oregon Health Authority - Summary
 Kelly Freels - (503) 378-3119
 Kate Nass - (503) 378-3742

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2009-11 Legislatively Approved Budget at May 2011 *	\$ 1,462,047,999	\$ 10,903,639	\$ 1,382,518,232	\$ 2,902,669,952	\$ 4,900,795,113	\$ 104,800,827	\$ 10,763,735,762	4,030	3,638.62
2011-13 ORBITS printed Current Service Level (CSL)*	\$ 2,777,278,386	\$ 11,452,559	\$ 1,440,556,620	\$ 3,281,581,521	\$ 5,552,455,781	\$ 107,103,462	\$ 13,170,428,329	3,935	3,879.11
2011-13 Governor's Recommended Budget*	\$ 1,727,653,691	\$ 11,142,377	\$ 1,350,027,958	\$ 3,254,911,521	\$ 3,848,439,531	\$ 4,374,411	\$ 10,196,549,489	3,625	3,563.19
Total Reshoot Adjustments (from GRB)	14,962,146	0	101,183,161	0	120,757,845	0	236,903,152	477	477.14
Total Subcommittee Adjustments (from GRB)	(22,108,811)	(362,794)	471,509,482	40,000,000	885,225,395	102,729,051	1,476,992,323	(16)	(9.57)
TOTAL ADJUSTMENTS	\$ (7,146,665)	\$ (362,794)	\$ 572,692,643	\$ 40,000,000	\$ 1,005,983,240	\$ 102,729,051	\$ 1,713,895,475	461	467.57
SUBCOMMITTEE RECOMMENDATION *	\$ 1,720,507,026	\$ 10,779,583	\$ 1,922,720,601	\$ 3,294,911,521	\$ 4,854,422,771	\$ 107,103,462	\$ 11,910,444,964	4,086	4,030.76
% Change from 2009-11 Leg Approved Budget	17.7%	-1.1%	39.1%	13.5%	-0.9%	2.2%	10.7%	1.4%	10.8%
% Change from 2011-13 Current Service Level	-38.1%	-5.9%	33.5%	0.4%	-12.6%	0.0%	-9.6%	3.8%	3.9%
% Change from 2011-13 Gov's Recommended Budget	-0.4%	-3.3%	42.4%	1.2%	26.1%	2348.4%	16.8%	12.7%	13.1%

*Excludes Capital Construction Expenditures

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5529-A

Oregon Health Authority - Health Services Programs
Kelly Freels - (503) 378-3119

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2009-11 Legislatively Approved Budget at May 2011 *	\$ 726,423,629	\$ 0	\$ 1,213,880,749	\$ 2,862,669,952	\$ 4,248,325,814	\$ 0	\$ 9,051,300,144	370	340.75
2011-13 ORBITS printed Current Service Level (CSL)*	\$ 1,815,429,894	\$ 0	\$ 1,161,640,938	\$ 3,241,581,521	\$ 4,906,881,135	\$ 0	\$ 11,125,533,488	332	321.20
2011-13 Governor's Recommended Budget*	\$ 927,628,388	\$ 0	\$ 1,092,772,597	\$ 3,254,911,521	\$ 3,289,615,065	\$ 0	\$ 8,564,927,571	341	329.33
Reshoot Adjustments (from GRB)									
Corrections to get to "Governor's Intended" budget	58,234,181	0	1,443,494	0	29,472,442	0	89,150,117	0	0.00
Other Reshoot Issues									
Lower FMAP rate	11,088,130	0	339,577	0	(11,427,707)	0	0	0	0.00
Caseload changes	(3,710,337)	0	(650,528)	0	(11,992,541)	0	(16,353,406)	0	0.00
Tobacco tax increase	(6,507,941)	0	6,507,941	0	0	0	0	0	0.00
Facility settlements	(1,520,247)	0	2,029,685	0	1,305,446	0	1,814,884	0	0.00
Tobacco Settlement funding	(30,000,000)	0	30,000,000	0	0	0	0	0	0.00
Early Capitation Payment (at higher FMAP)	(6,054,304)	0	0	0	6,054,304	0	0	0	0.00
Corrections to phase-ins and phase-outs	(42,062,319)	0	0	0	22,384,551	0	(19,677,768)	0	0.00
Correction to Type B hospital DRG Methodology	12,751,423	0	(7,239,206)	0	9,346,282	0	14,858,499	0	0.00
Transfer of Care Assist Drug Program from PH	3,450,000	0	11,000,000	0	9,012,563	0	23,462,563	9	9.00
OHP Processing from DHS	9,060,563	0	2,791,988	0	11,068,576	0	22,921,127	196	194.70
Grant limitation and position adjustments	0	0	220,000	0	2,881,628	0	3,101,628	5	2.08
Establish limitation for FMIP	0	0	41,341,684	0	41,341,684	0	82,683,368	0	0.00
Subtotal Reshoot Adjustments	4,729,149	0	87,784,635	0	109,447,228	0	201,961,012	210	205.78
Subcommittee Adjustments (from GRB)									
Co-Chairs Statewide Adjustments									
Pkg 801: Targeted Statewide Adjustment									
Services and Supplies 6.5% Reduction	(844,646)	0	0	0	0	0	(844,646)	0	0.00
Pkg 802: Vacant Position Savings	0	0	(326,144)	0	(457,837)	0	(783,981)	(9)	(8.04)
Pkg 819: Supplemental Statewide Ending Balance	(33,144,832)	0	0	0	0	0	(33,144,832)	0	0.00
Other Recommended Adjustments									
Pkg 810: LFO Analyst Adjustments									
Remove savings - mental health preferred drug list	6,432,508	0	1,786,091	0	14,322,526	0	22,541,125	0	0.00
Correction to Reshoot - MMIS phase-in not needed	(12,500,000)	0	0	0	(12,500,000)	0	(25,000,000)	0	0.00
MMIS reconciliation - 09-11 carried over as OF	(5,000,000)	0	5,000,000	0	0	0	0	0	0.00
Revised estimate for cost of "clawback"	(9,000,000)	0	0	0	0	0	(9,000,000)	0	0.00
Reinstate funding for 26 of 39 lines	22,200,000	0	0	0	37,637,880	0	59,837,880	0	0.00
Tobacco tax forecast decline - March to May 2011	6,971,000	0	(6,971,000)	0	0	0	0	0	0.00
Eliminate rate reduction for Type A hospitals	3,400,000	0	0	0	5,764,360	0	9,164,360	0	0.00
Eliminate rate reduction for Type B hospitals	9,100,000	0	0	0	15,428,140	0	24,528,140	0	0.00
Invest in rural ambulances	300,000	0	0	0	508,620	0	808,620	0	0.00
SB 433 - treatment of cancer	819,163	0	153,462	0	2,772,251	0	3,744,876	0	0.00
SB 608 - subsidy for liability insurance - rural practitioners	2,904,175	0	3,200,000	0	0	0	6,104,175	1	0.75
Additional resources to modify rate reduction	3,155,454	0	0	0	5,349,757	0	8,505,211	0	0.00
Provide health care for children	(13,300,000)	0	13,300,000	0	0	0	0	0	0.00
Reduce outreach for Healthy Kids	0	0	(2,500,000)	0	(4,238,500)	0	(6,738,500)	0	0.00
Ensure access for children - primary care investment	0	0	10,000,000	0	16,954,000	0	26,954,000	0	0.00

*Excludes Capital Construction Expenditures

Hospital provider tax - buy down rate reduction	0	0	234,100,000	0	396,900,000	0	631,000,000	0	0.00
OHSU additional Intergovernmental Transfer	0	0	12,000,000	0	0	0	12,000,000	0	0.00
Hospital provider tax - potential unspecified resources to hospitals	0	0	200,000,000	0	337,000,000	0	537,000,000	0	0.00
Subtotal Subcommittee Adjustments	<u>(18,507,178)</u>	<u>0</u>	<u>469,742,409</u>	<u>0</u>	<u>815,441,197</u>	<u>0</u>	<u>1,266,676,428</u>	<u>(8)</u>	<u>(7.29)</u>
TOTAL ADJUSTMENTS	<u>\$ (13,778,029)</u>	<u>\$ 0</u>	<u>\$ 557,527,044</u>	<u>\$ 0</u>	<u>\$ 924,888,425</u>	<u>\$ 0</u>	<u>\$ 1,468,637,440</u>	<u>202</u>	<u>198.49</u>
SUBCOMMITTEE RECOMMENDATION *	<u>\$ 913,850,359</u>	<u>\$ 0</u>	<u>\$ 1,650,299,641</u>	<u>\$ 3,254,911,521</u>	<u>\$ 4,214,503,490</u>	<u>\$ 0</u>	<u>\$ 10,033,565,011</u>	<u>543</u>	<u>527.82</u>
% Change from 2009-11 Leg Approved Budget	25.8%	0.0%	36.0%	13.7%	-0.8%	0.0%	10.9%	46.8%	54.9%
% Change from 2011-13 Current Service Level	-49.7%	0.0%	42.1%	0.4%	-14.1%	0.0%	-9.8%	63.6%	64.3%
% Change from 2011-13 Gov's Recommended Budget	-1.5%	0.0%	51.0%	0.0%	28.1%	0.0%	17.1%	59.2%	60.3%

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5529-A

Oregon Health Authority - Addictions and Mental Health
Kate Nass - (503) 378-3742

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2009-11 Legislatively Approved Budget at May 2011 *	\$ 582,153,130	\$ 10,903,639	\$ 36,094,719	\$ 0	\$ 281,842,375	\$ 0	\$ 910,993,863	2,417	2121.48
2011-13 ORBITS printed Current Service Level (CSL)*	\$ 754,795,312	\$ 11,452,559	\$ 42,198,445	\$ 0	\$ 291,255,922	\$ 0	\$ 1,099,702,238	2,430	2414.30
2011-13 Governor's Recommended Budget*	\$ 622,115,523	\$ 11,142,377	\$ 39,255,258	\$ 0	\$ 278,024,837	\$ 0	\$ 950,537,995	2,179	2153.57
Reshoot Adjustments (from GRB)									
Corrections to get to "Governor's Intended" budget									
Reverse Early Learning Council Transfer	21,099,283	0	0	0	2,558,139	0	23,657,422	0	0.00
Correction to GRB: OSH positions	0	0	0	0	0	0	0	270	273.40
Other Corrections to GRB	781,383	0	0	0	(19,071,093)	0	(18,289,710)	0	0.00
Other Reshoot Issues	0	0	0	0	0	0	0	0	0.00
Decrease in estimated federal match rate	655,665	0	0	0	(655,665)	0	0	0	0.00
Continue federal grant LD positions	0	0	0	0	778,326	0	778,326	4	4.00
Continue Alcohol & Drug Policy Commission	0	0	300,000	0	0	0	300,000	2	1.50
Technical adjustments and transfers	(1,220,351)	0	(4,051)	0	(1,109,038)	0	(2,333,440)	(18)	(16.04)
	0	0	0	0	0	0	0	0	0.00
Subtotal reshoot adjustments	21,315,980	0	295,949	0	(17,499,331)	0	4,112,598	258	262.86
Subcommittee Adjustments (from GRB)									
Co-Chairs Statewide Adjustments									
Pkg 801: Targeted Statewide Adjustment									
Services and Supplies 6.5% Reduction	(3,436,692)	(112,404)	0	0	0	0	(3,549,096)	0	0.00
Pkg 802: Vacant Position Savings	0	0	(54,783)	0	(415,449)	0	(470,232)	(66)	(61.59)
Pkg 819: Supplemental Statewide Ending Balance	(23,368,881)	(390,969)	0	0	0	0	(23,759,850)	0	0.00
Other Recommended Adjustments									
Pkg 810: LFO Analyst Adjustments									
Adj Gambling Addiction revenue to May 2011 forecast	0	140,579	0	0	0	0	140,579	0	0.00
Partially restore GRB cuts to community mental health	15,000,000	0	0	0	0	0	15,000,000	0	0.00
Reduce ELC mental health from CSL to 09-11 level	(700,000)	0	0	0	0	0	(700,000)	0	0.00
Use additional SAPT carryover resources	(800,000)	0	0	0	800,000	0	0	0	0.00
Partially restore GRB cuts to State Hospital	11,900,000	0	0	0	500,000	0	12,400,000	0	0.00
Eliminate 8 management positions in State Hospital	0	0	0	0	0	0	0	(8)	(8.00)
Resources (OSH) available to carryover to 2011-13	(2,600,000)	0	2,600,000	0	0	0	0	0	0.00
Restore funding for Suicide Hotline	487,500	0	0	0	0	0	487,500	0	0.00
Additional funding for Oxford Houses	100,000	0	0	0	0	0	100,000	0	0.00
Pkg 401: Behavioral Health Integration Project (BHIP)	4,300,000	0	0	0	0	0	4,300,000	3	2.64
Subtotal Subcommittee Adjustments	881,927	(362,794)	2,545,217	0	884,551	0	3,948,901	(71)	(66.95)
TOTAL ADJUSTMENTS	\$ 22,197,907	\$ (362,794)	\$ 2,841,166	\$ 0	\$ (16,614,780)	\$ 0	\$ 8,061,499	187	195.91
SUBCOMMITTEE RECOMMENDATION *	\$ 644,313,430	\$ 10,779,583	\$ 42,096,424	\$ 0	\$ 261,410,057	\$ 0	\$ 958,599,494	2,366	2,349.48
% Change from 2009-11 Leg Approved Budget	10.7%	-1.1%	16.6%	0.0%	-7.2%	0.0%	5.2%	-2.1%	10.7%
% Change from 2011-13 Current Service Level	-14.6%	-5.9%	-0.2%	0.0%	-10.2%	0.0%	-12.8%	-2.6%	-2.7%
% Change from 2011-13 Gov's Recommended Budget	3.6%	-3.3%	7.2%	0.0%	-6.0%	0.0%	0.8%	8.6%	9.1%

*Excludes Capital Construction Expenditures

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5529-A

Oregon Health Authority - Public Health
Kelly Freels - (503) 378-3119

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2009-11 Legislatively Approved Budget at May 2011 *	\$ 46,009,414	\$ 0	\$ 73,077,999	\$ 40,000,000	\$ 262,744,113	\$ 102,729,051	\$ 524,560,577	740	688.39
2011-13 ORBITS printed Current Service Level (CSL)*	\$ 53,013,067	\$ 0	\$ 76,394,629	\$ 40,000,000	\$ 258,495,326	\$ 102,729,051	\$ 530,632,073	697	679.53
2011-13 Governor's Recommended Budget*	\$ 38,729,624	\$ 0	\$ 79,876,268	\$ 0	\$ 199,494,320	\$ 0	\$ 318,100,212	631	616.75
Reshoot Adjustments (from GRB)									
Corrections to get to " Governor's Intended" budget									
Add'l fed match/decreased caseload CCare	(1,660,151)	0	0	0	(18,000,000)	0	(19,660,151)	0	0.00
Continue HST reductions	(605,644)	0	0	0	0	0	(605,644)	0	0.00
Continue reductions to outreach	(303,247)	0	0	0	0	0	(303,247)	0	0.00
Other unspecified reductions	(2,139,939)	0	0	0	0	0	(2,139,939)	0	0.00
Other Reshoot Issues									
Adjust TURA revenues to May 2011 Forecast	0	0	1,468,709	0	0	0	1,468,709	0	0.00
Medical Marijuana - continue staffing as permanent	0	0	855,530	0	0	0	855,530	8	8.00
Federal grants - adjust limitation, extend LD positions	0	0	0	0	3,220,771	0	3,220,771	10	9.50
Technical adjustments and transfers	(3,450,000)	0	(11,000,000)	0	(9,012,563)	0	(23,462,563)	(9)	(9.00)
Subtotal reshoot adjustments	(8,158,981)	0	(8,675,761)	0	(23,791,792)	0	(40,626,534)	9	8.50
Subcommittee Adjustments (from GRB)									
Co-Chairs Statewide Adjustments									
Pkg 801: Targeted Statewide Adjustment									
Services and Supplies 6.5% Reduction	(582,627)	0	0	0	0	0	(582,627)	0	0.00
Pkg 802: Vacant Position Savings	0	0	(203,966)	0	(487,764)	0	(691,730)	(11)	(4.60)
Pkg 819: Supplemental Statewide Ending Balance	(1,181,918)	0	0	0	0	0	(1,181,918)	0	0.00
Other Recommended Adjustments									
Pkg 810: LFO Analyst Adjustments									
Reverse Pkg 501 Early Learning Council transfer	1,467,060	0	0	40,000,000	50,324,985	102,729,051	194,521,096	70	66.65
Fund the following with increased fee revenue:									
Emergency Medical Services	0	0	1,750,000	0	0	0	1,750,000	2	2.00
Drinking Water Program	0	0	3,000,000	0	(900,000)	0	2,100,000	(6)	(6.00)
Restore reduction to School Based Health Centers	0	0	500,000	0	0	0	500,000	0	0.00
Partially restore reduction to CCare	0	0	1,150,000	0	9,900,000	0	11,050,000	0	0.00
Other Funds adjustment to GRB	0	0	(5,700,000)	0	0	0	(5,700,000)	0	0.00
Restore Governor's Immunization program cut	1,200,000	0	0	0	1,200,000	0	2,400,000	0	0.00
Restore remainder of Governor's CCare cut	850,000	0	0	0	8,100,000	0	8,950,000	0	0.00
Restore WIC/Seniors Farmers Market program	264,000	0	0	0	762,426	0	1,026,426	0	0.00
Subtotal Subcommittee Adjustments	2,016,515	0	496,034	40,000,000	68,899,647	102,729,051	214,141,247	55	58.05
TOTAL ADJUSTMENTS	\$ (6,142,466)	\$ 0	\$ (8,179,727)	\$ 40,000,000	\$ 45,107,855	\$ 102,729,051	\$ 173,514,713	64	66.55
SUBCOMMITTEE RECOMMENDATION *	\$ 32,587,158	\$ 0	\$ 71,696,541	\$ 40,000,000	\$ 244,602,175	\$ 102,729,051	\$ 491,614,925	695	683.30
% Change from 2009-11 Leg Approved Budget	-29.2%	0.0%	-1.9%	0.0%	-6.9%	0.0%	-6.3%	-6.1%	-0.7%
% Change from 2011-13 Current Service Level	-38.5%	0.0%	-6.1%	0.0%	-5.4%	0.0%	-7.4%	-0.3%	0.6%
% Change from 2011-13 Gov's Recommended Budget	-15.9%	0.0%	-10.2%	0.0%	22.6%	0.0%	54.5%	10.1%	10.8%

*Excludes Capital Construction Expenditures

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5529-A

Oregon Health Authority - Central, Share and Direct Charge Services, plus Capital Improvement
Kelly Freels - (503) 378-3119

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2009-11 Legislatively Approved Budget at May 2011 *	\$ 107,461,826	\$ 0	\$ 59,464,765	\$ 0	\$ 107,882,811	\$ 2,071,776	\$ 276,881,178	503	488.00
2011-13 ORBITS printed Current Service Level (CSL)*	\$ 154,040,113	\$ 0	\$ 160,322,608	\$ 0	\$ 95,823,398	\$ 4,374,411	\$ 414,560,530	476	464.08
2011-13 Governor's Recommended Budget*	\$ 139,180,156	\$ 0	\$ 138,123,835	\$ 0	\$ 81,305,309	\$ 4,374,411	\$ 362,983,711	474	463.54
Reshoot Adjustments (from GRB)									
Corrections to get to "Governor's Intended" budget									
Additional unspecified reduction	(5,889,566)	0	(4,800,000)	0	0	0	(10,689,566)	0	0.00
Other Reshoot Issues									0.00
Federal grants-adjust limitation	0	0	1,758,478	0	50,696,940	0	52,455,418	0	0.00
Shared Services Limitation for IT projects	0	0	18,565,809	0	0	0	18,565,809	0	0.00
Tech adjustment: OAH expenditures from DHS	1,500,000	0	0	0	500,000	0	2,000,000	0	0.00
Tech adjustment: move debt service	0	0	4,943,262	0	0	0	4,943,262	0	0.00
Tech adjustment: move cost of issuance	0	0	1,306,738	0	0	0	1,306,738	0	0.00
Tech adjustment: correct pkg 084 error	1,169,801	0	4,051	0	1,109,038	0	2,282,890	0	0.00
OHP processing from DHS to OHA - facility cost	295,763	0	0	0	295,762	0	591,525	0	0.00
Subtotal reshoot adjustments	(2,924,002)	0	21,778,338	0	52,601,740	0	71,456,076	0	0.00
Subcommittee Adjustments (from GRB)									
Co-Chairs Statewide Adjustments									
Pkg 801: Targeted Statewide Adjustment									
Services and Supplies 6.5% Reduction	(1,817,955)	0	0	0	0	0	(1,817,955)	0	0.00
Pkg 819: Supplemental Statewide Ending Balance	(4,682,120)	0	0	0	0	0	(4,682,120)	0	0.00
Other Recommended Adjustments									
Pkg 810: LFO Analyst Adjustments									
Establish/Abolish OHA leadership positions	0	0	0	0	0	0	0	0	0.00
Fund Safety Net Clinic grants at reduced level	0	0	(3,500,000)	0	0	0	(3,500,000)	0	0.00
Pkg 401: Behavioral Health Integration Project (BHIP)	0	0	2,225,822	0	0	0	2,225,822	8	6.62
Subtotal Subcommittee Adjustments	(6,500,075)	0	(1,274,178)	0	0	0	(7,774,253)	8	6.62
TOTAL ADJUSTMENTS	\$ (9,424,077)	0	20,504,160	0	52,601,740	0	63,681,823	8	6.62
SUBCOMMITTEE RECOMMENDATION *	\$ 129,756,079	0	158,627,995	0	133,907,049	4,374,411	426,665,534	482	470.16
% Change from 2009-11 Leg Approved Budget	20.7%	0.0%	166.8%	0.0%	24.1%	111.1%	54.1%	-4.2%	-3.7%
% Change from 2011-13 Current Service Level	-15.8%	0.0%	-1.1%	0.0%	39.7%	0.0%	2.9%	1.3%	1.3%
% Change from 2011-13 Gov's Recommended Budget	-6.8%	0.0%	14.8%	0.0%	64.7%	0.0%	17.5%	1.7%	1.4%

*Excludes Capital Construction Expenditures

Legislatively Approved 2011-13 Key Performance Measures

Agency: OREGON HEALTH AUTHORITY

KPM #	Legislatively Proposed KPMs	Customer Service Category	Request	Most Current Result	Target 2012	Target 2013
1	ALCOHOL AND DRUG TREATMENT EFFECTIVENESS (income) – The percentage of clients whose income increases by completing alcohol and drug treatment services		Approved KPM			
2	ALCOHOL AND DRUG TREATMENT EFFECTIVENESS – ITRS - The percentage of children reunited with parents participating in Intensive Treatment Recovery Services		Approved KPM			
3	ALCOHOL AND DRUG TREATMENT EFFECTIVENESS (school performance) – Percentage of children whose school performance improves after receiving alcohol and drug treatment		Approved KPM	76.80	70.00	70.50
4	8 th GRADER USE OF ALCOHOL – Percentage of 8 th graders who have used alcohol within the past 30 days		Approved KPM	25.00	24.00	
5	8 th GRADER USE OF ALCOHOL – Percentage of 8 th graders who have used illicit drugs within the past 30 days		Approved KPM	16.00	15.00	
6	ALCOHOL AND DRUG TREATMENT SERVICES – CRIME-FREE – The percentage of clients who remain crime free during alcohol and drug treatment services		Approved KPM			
7	PROBLEM GAMBLING – Percentage of adults who gamble much less or not at all 180 days after ending problem gambling treatment		Approved KPM	72.20	76.50	77.00
8	CHILD MENTAL HEALTH SERVICES – The percentage of children receiving mental health services whose attendance at school improves		Approved KPM			
9	YOUTH MENTAL HEALTH SERVICES – ARRESTS – The percentage of children demonstrating a decrease in the number of arrests in the 12 months following the initiation of mental health services		Approved KPM			
10	ACCESS TO MENTAL HEALTH SYSTEM – The percentage of people with severe emotional disorders or severe mental illness served within the public mental health system		Approved KPM			
11	DOLLARS SPENT ON MENTAL HEALTH SERVICES – FACILITY VS COMMUNITY – The percentage of dollars spent on facility-based mental health services compared to community-based mental health services		Approved KPM			
12	RESTRAINT RATE – Reduction in restraint hours per thousand patient hours at Oregon State Hospital		Approved KPM	0.33	0.25	0.15
13	SECLUSION RATES – Occurrences of seclusion per 1,000 patient hours in facility-based mental health care		Approved KPM			
14	LENGTH OF STAY AT OREGON STATE HOSPITAL – Reduction in overall length of stay at Oregon State Hospital (days)		Approved KPM	201.00	190.00	180.00

Legislatively Approved 2011-13 Key Performance Measures

Agency: OREGON HEALTH AUTHORITY

KPM #	Legislatively Proposed KPMs	Customer Service Category	Request	Most Current Result	Target 2012	Target 2013
15	PREVENTIVE SERVICES FOR OREGON HEALTH PLAN (OHP) CHILDREN – Utilization rate of preventive services for children birth through 10 years old covered by OHP		Approved KPM	4.78	4.95	5.00
16	PREVENTIVE SERVICES FOR OREGON HEALTH PLAN (OHP) YOUTH AND ADULTS - Utilization rate of preventive services for youth and adults 11 years old and older covered by OHP		Approved KPM	0.88	0.98	1.00
17	APPROPRIATE PRENATAL CARE FOR OREGON HEALTH PLAN (OHP) CLIENTS – Percentage of pregnant OHP clients who received an appropriate number of prenatal care visits while on OHP		Approved KPM	59.10	65.50	67.10
18	PREVENTIVE QUALITY INDICATOR (PQI) – HOSPITALIZATIONS FOR AMBULATORY CARE SENSITIVE CONDITIONS OF OHP CLIENTS – The rate of ambulatory care sensitive condition hospitalizations of Oregon Health Plan clients by condition		Approved KPM			
19 a	SAFETY NET CLINIC USE – MEDICAID – Oregonians on Medicaid served by safety net clinics as a percentage of total Oregonians on Medicaid		Approved KPM			
19 b	SAFETY NET CLINIC USE – MEDICARE – Oregonians on Medicare served by safety net clinics as a percentage of total Oregonians on Medicare		Approved KPM			
19 c	SAFETY NET CLINIC USE – UNINSURED – Uninsured Oregonians served by safety net clinics as a percentage of total uninsured Oregonians		Approved KPM			
21	HEALTHY KIDS CONNECT PARTNER PERFORMANCE AND MEMBER SATISFACTION – The percentage of Healthy Kids Connect (HKC) and Healthy Kids ESI members who rate their experience with their contracted insurance carriers as “good” or “excellent”		Approved KPM			
22	HEALTHY KIDS MEMBER OUT OF POCKET EXPENSE – The percentage of Healthy Kids Connect (HKC) members who spend less than 5% of their annual family income for healthcare expenses		Approved KPM			
23	OPHP TRAINING – Percentage of attendees rating the training received as “meets or exceeds learning experience expectations”		Approved KPM	94.90		
26	TEEN SUICIDE – Rate of suicides among adolescents per 100,000		Approved KPM	8.70	8.40	8.40
27	TEEN PREGNANCY – Number of female Oregonians ages 15-17, per 1,000, who are pregnant		Approved KPM	25.00	21.50	21.00
28	INTENDED PREGNANCY – Percentage of births where mothers report that the pregnancy was intended		Approved KPM	59.30	60.00	60.50
29 a	EARLY PRENATAL CARE – The percentage of low-income women who initiated prenatal care in the first 3 months of pregnancy compared to non low-income women: a) WIC enrolled (low-income women)		Approved KPM	63.40	66.00	67.00

Legislatively Approved 2011-13 Key Performance Measures

Agency: OREGON HEALTH AUTHORITY

KPM #	Legislatively Proposed KPMs	Customer Service Category	Request	Most Current Result	Target 2012	Target 2013
29 b	EARLY PRENATAL CARE – The percentage of low-income women who initiated prenatal care in the first 3 months of pregnancy compared to non low-income women: a) non-WIC enrolled (non low-income women)		Approved KPM	78.50	81.00	82.00
30 a	TOBACCO USE – Tobacco use among adults.		Approved KPM	15.40	18.30	18.30
30 b	TOBACCO USE – Tobacco use among youth.		Approved KPM	9.90	7.50	7.50
30 c	TOBACCO USE – Tobacco use among pregnant women.		Approved KPM	12.30	10.80	10.80
31	CIGARETTE PACKS SOLD – Number of cigarette packs sold per capita.		Approved KPM	47.20	44.50	43.00
32	CHILD IMMUNIZATIONS – Percentage of 24-35 month old children who are adequately immunized		Approved KPM	65.50	73.50	74.00
33	INFLUENZA VACCINATIONS FOR SENIORS – Percentage of adults aged 65 and over who receive an influenza vaccine		Approved KPM	64.60	70.00	70.00
34	HIV/AIDS – Percentage of reported HIV/AIDS cases interviewed by a local or state public health professional and offered assistance with partner notification and referral to HIV treatment		Approved KPM	74.00	90.00	90.00
35 a	OVERWEIGHT AND OBESITY PREVALENCE – ADULT OVERWEIGHT – The percentage of people who are overweight or obese among Oregonians		Approved KPM	37.10	37.10	37.10
35 b	OVERWEIGHT AND OBESITY PREVALENCE – ADULT OBESITY – The percentage of people who are overweight or obese among Oregonians		Approved KPM	24.80	24.80	24.80
35 c	OVERWEIGHT AND OBESITY PREVALENCE – YOUTH OVERWEIGHT – The percentage of people who are overweight or obese among Oregonians		Approved KPM	15.40	15.40	15.40
35 d	OVERWEIGHT AND OBESITY PREVALENCE – YOUTH OBESITY – The percentage of people who are overweight or obese among Oregonians		Approved KPM	11.20	11.20	11.20
36	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Overall	Approved KPM		95.00	95.00
36	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Accuracy	Approved KPM			
36	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Availability of Information	Approved KPM			

Legislatively Approved 2011-13 Key Performance Measures

Agency: OREGON HEALTH AUTHORITY

KPM #	Legislatively Proposed KPMs	Customer Service Category	Request	Most Current Result	Target 2012	Target 2013
36	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Expertise	Approved KPM			
36	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Helpfulness	Approved KPM			
36	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Timeliness	Approved KPM			

LFO Recommendation:

- Approve deletions of current AMH KPMs # 1 Completion of Alcohol and Drug Treatment, #2 Alcohol and Drug Treatment Effectiveness (employment), #3 Alcohol and Drug Treatment Effectiveness (child reunification), #7 Child Mental Health Services, #8 Adult Mental Health Services, and #9 Mental Health Client Level of Functioning.
- Approve proposed new AMH KPMs #1 Alcohol and Drug Treatment Effectiveness (income), #2 Alcohol and Drug Treatment Effectiveness - ITRS, #6 Alcohol and Drug Treatment Services - Crime Free, #8 Child Mental Health Services, #9 Youth Mental Health Services - Arrests, #10 Access to Mental Health System, and #11 dollars Spent on Mental Health Services - Facility vs Community, and #13 Seclusion Rates.
- Direct the agency to work with Budget and Management and Legislative Fiscal Office in the interim to develop data and targets for the new AMH measures.

- Approve deletions of the current Health Programs KPMs # 26 Ambulatory Care Sensitive (ACS) Hospitalizations of OHP, #35 Safety Net Clinic Use, #2(OPHP) FHIAP Administration Percentage, and #4(OPHP) Customer Service.
- Approve proposed new Health Programs KPMs #18 Preventive Quality Indicator - Hospitalizations for Ambulatory Care Sensitive Conditions of OHP Clients, #19 a,b,c Safety Net Clinic Use, #21 Healthy Kids Connect Partner Performance and Member Satisfaction, and #22 Healthy Kids Member Out of Pocket Expense.
- Direct the agency to work with Budget and Management and the Legislative Fiscal Office in the interim to develop data and targets for the new Health Programs measures.
- Direct the agency to work with Budget and Management and the Legislative Fiscal Office in the interim, and to report back to the Emergency Board or Interim Joint Committee on Ways and Means by August, 2012 with proposed changes to the Health Programs KPMs. The proposal should consider the need for changes resulting from health care transformation, as well as potential measures for PEBB and OEBC.

- Approve deletion of current Public Health KPM #30 Early Prenatal Care, and the new KPM #29 Early Prenatal Care to replace it.
- Approve the new Public Health KPM #35 a-d Overweight and Obesity Prevalence.

- Approve the new customer service KPMs #36 for the agency as a whole
- Approve the remaining measures with targets as shown, reorganize and renumber.

Subcommittee Action:

Approved the LFO recommendation.

**76th OREGON LEGISLATIVE ASSEMBLY – 2012 Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5701-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Richardson
Carrier – Senate: Sen. Devlin**

Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 24 – 0 – 1

House – Yeas: Beyer, Buckley, Cowan, Freeman, Garrard, Komp, McLane, Nathanson, Nolan, Read, Richardson, G. Smith, Thatcher, Whisnant
– Nays:
– Exc:

Senate – Yeas: Bates, Devlin, Girod, Johnson, Monroe, Nelson, Thomsen, Verger, Whitsett, Winters
– Nays:
– Exc: Edwards

Prepared By: Linda Ames, Laurie Byerly, Doug Wilson
Legislative Fiscal Office

Reviewed By: Sheila Baker, Legislative Fiscal Office

Meeting Date: March 5, 2012

<u>Agency</u>	<u>Budget Page</u>	<u>LFO Analysis Page</u>	<u>Biennium</u>
Various Agencies			
Emergency Board	---	---	2011-13

Budget Summary*

* Excludes Capital Construction

	2011-13 Legislatively Adopted Budget	2012 Session Legislatively Approved Budget	Legislative Adjustments (difference between 2012 and 2011-13)	Percentage Change from Legislatively Adopted Budget
<u>Emergency Board</u>				
<u>Emergency Fund</u>				
General Fund - Emergency Fund	\$ 25,000,000	\$ 27,218,734	\$ 2,218,734	8.87%
General Fund - Special Purpose Appropriations				
Public Defense Services Commission	\$ 0	\$ 3,500,000	\$ 3,500,000	-
Oregon Judicial Department	\$ 0	\$ 1,084,432	\$ 1,084,432	-
Allotment mitigation; home foreclosure issues; human services caseloads	\$ 0	\$ 60,000,000	\$ 60,000,000	-
Education programs	\$ 0	\$ 10,000,000	\$ 10,000,000	-
Forestry, fire suppression costs	\$ 4,781,000	\$ 2,660,983	\$ -2,120,017	-44.34%
Early learning programs	\$ 17,649,000	\$ 0	\$ -17,649,000	-100.00%
Employment-related daycare and others	\$ 5,713,750	\$ 0	\$ -5,713,750	-100.00%
Child welfare differential response	\$ 5,000,000	\$ 0	\$ -5,000,000	-100.00%
Department of Human Services/ Oregon Health Authority program costs	\$ 8,000,000	\$ 0	\$ -8,000,000	-100.00%
Oregon Youth Authority	\$ 1,700,000	\$ 0	\$ -1,700,000	-100.00%

Education Program Area

Department of Community Colleges and Workforce Development

General Fund	\$ 403,049,433	\$ 402,796,921	\$ -252,512	-0.06%
General Fund Debt Service	15,341,082	15,693,047	351,965	2.29%
Lottery Funds Debt Service	6,882,643	7,144,080	261,437	3.80%
Other Funds Debt Service	0	200,000	200,000	-

Department of Education

General Fund	\$ 5,498,242,728	\$ 5,501,087,079	\$ 3,344,351	0.06%
Lottery Funds	556,980,287	554,000,717	-2,979,570	-0.53%
Lottery Funds Debt Service	52,311,630	54,160,517	1,848,887	3.53%
Other Funds	55,144,882	60,754,918	5,610,036	10.17%
Other Funds Debt Service	2,464,515	2,525,733	61,218	2.48%

* Excludes Capital Construction

	2011-13 Legislatively Adopted Budget	2012 Session Legislatively Approved Budget	Legislative Adjustments (difference between 2012 and 2011-13)	Percentage Change from Legislatively Adopted Budget
<u>Oregon University System</u>				
General Fund	\$ 596,905,346	\$ 596,893,796	\$ -11,550	0.00%
General Fund Debt Service	72,263,657	71,370,757	-892,900	-1.24%
Lottery Funds	8,825,680	8,592,720	-232,960	-2.64%
Lottery Funds Debt Service	14,133,456	14,394,033	260,577	1.84%
Other Funds Debt Service	23,541,337	23,885,391	344,054	1.46%
<u>Oregon Health & Science University</u>				
General Fund	\$ 66,059,636	\$ 66,041,261	\$ -18,375	-0.03%
<u>Oregon Student Access Commission</u>				
General Fund	\$ 99,921,326	\$ 99,891,570	\$ -29,756	-0.03%
<u>Teacher Standards & Practices Commission</u>				
General Fund	\$ 100,000	\$ 0	\$ -100,000	-100.00%
Federal Funds	0	85,455	85,455	-
<u>Human Services Program Area</u>				
<u>Oregon Health Authority</u>				
General Fund	\$ 1,667,478,497	\$ 1,642,896,745	\$ -24,581,752	-1.47%
Lottery Funds	10,779,583	10,388,614	-390,969	-3.63%
Other Funds	1,918,748,828	1,937,343,629	18,594,801	0.97%
Federal Funds	4,877,574,818	5,030,408,569	152,833,751	3.13%
<u>Department of Human Services</u>				
General Fund	\$ 2,019,007,853	\$ 2,122,494,290	\$ 103,486,437	5.13%
Other Funds	430,256,781	452,262,224	22,005,443	5.11%
Federal Funds	3,131,478,990	3,292,158,766	160,679,776	5.13%

* Excludes Capital Construction

	2011-13 Legislatively Adopted Budget	2012 Session Legislatively Approved Budget	Legislative Adjustments (difference between 2012 and 2011-13)	Percentage Change from Legislatively Adopted Budget
<u>Public Safety Program Area</u>				
<u>Department of Corrections</u>				
General Fund	\$ 1,188,270,117	\$ 1,221,349,965	\$ 33,079,848	2.78%
General Fund Debt Service	133,972,115	138,859,174	4,887,059	3.65%
General Fund Capital Improvement	2,543,185	2,635,425	92,240	3.63%
Other Funds	27,563,757	30,884,955	3,321,198	12.05%
Other Funds Capital Improvement	0	413,449	413,449	-
Federal Funds	6,908,809	7,816,182	907,373	13.13%
<u>Criminal Justice Commission</u>				
Federal Funds	\$ 12,512,069	\$ 19,499,190	\$ 6,987,121	55.84%
<u>District Attorneys and their Deputies</u>				
General Fund	\$ 9,979,285	\$ 10,339,261	\$ 359,976	3.61%
<u>Department of Justice</u>				
General Fund	\$ 53,992,283	\$ 53,831,443	\$ -160,840	-0.30%
Other Funds	225,622,550	224,899,837	-722,713	-0.32%
Federal Funds	107,968,730	107,173,021	-795,709	-0.74%
<u>Oregon Military Department</u>				
General Fund	\$ 14,341,387	\$ 18,757,381	\$ 4,415,994	30.79%
General Fund Debt Service	9,727,048	9,655,111	-71,937	-0.74%
Other Funds	120,644,724	124,763,063	4,118,339	3.41%
Other Funds Debt Service	112,363	660,530	548,167	487.85%

* Excludes Capital Construction

	2011-13 Legislatively Adopted Budget	2012 Session Legislatively Approved Budget	Legislative Adjustments (difference between 2012 and 2011-13)	Percentage Change from Legislatively Adopted Budget
<u>Department of State Police</u>				
General Fund	\$ 215,889,726	\$ 221,145,845	\$ 5,256,119	2.43%
Lottery Funds	6,653,450	6,855,630	202,180	3.04%
Other Funds	93,439,786	93,876,661	436,875	0.47%
Federal Funds	9,122,153	9,644,097	521,944	5.72%
<u>Department of Public Safety Standards and Training</u>				
General Fund Debt Service	\$ 10,968,292	\$ 11,283,810	\$ 315,518	2.88%
Other Funds	33,836,196	32,962,299	-873,897	-2.58%
<u>Oregon Youth Authority</u>				
General Fund	\$ 251,618,682	\$ 250,012,705	\$ -1,605,977	-0.64%
General Fund Debt Service	5,155,518	5,342,506	186,988	3.63%
<u>Economic and Community Development Program Area</u>				
<u>Oregon Business Development Department</u>				
General Fund	\$ 3,851,208	\$ 3,842,479	\$ -8,729	-0.23%
Lottery Funds	57,070,679	56,577,026	-493,653	-0.86%
Lottery Funds Debt Service	79,270,043	82,100,202	2,830,159	3.57%
Other Funds	24,000,075	23,722,575	-277,500	-1.16%
Other Funds Debt Service	1,797,848	2,119,733	321,885	17.90%
Other Funds Nonlimited	196,559,609	193,244,609	-3,315,000	-1.69%
<u>Employment Department</u>				
General Fund	\$ 3,670,948	\$ 3,334,080	\$ -336,868	-9.18%
Other Funds	132,527,941	127,142,810	-5,385,131	-4.06%
Federal Funds - CCDF	128,161,683	134,361,683	6,200,000	4.84%
Federal Funds -Non-CCDF	145,721,505	158,066,704	12,345,199	8.47%

* Excludes Capital Construction

	2011-13 Legislatively Adopted Budget		2012 Session Legislatively Approved Budget		Legislative Adjustments (difference between 2012 and 2011-13)	Percentage Change from Legislatively Adopted Budget
<u>Housing and Community Services Department</u>						
General Fund	\$ 10,018,855	\$	10,155,271	\$	136,416	1.36%
Lottery Funds Debt Service	10,383,766		10,464,685		80,919	0.78%
Other Funds	140,534,236		149,615,398		9,081,162	6.46%
Federal Funds	203,039,554		208,039,554		5,000,000	2.46%
<u>Department of Veterans' Affairs</u>						
General Fund	\$ 6,469,659	\$	6,562,195	\$	92,536	1.43%
<u>Natural Resources Program Area</u>						
<u>State Department of Agriculture</u>						
General Fund	\$ 12,917,172	\$	12,108,804	\$	-808,368	-6.26%
Lottery Funds	6,894,457		7,827,343		932,886	13.53%
Other Funds	52,099,191		52,140,502		41,311	0.08%
<u>Department of Geology and Mineral Industries</u>						
General Fund	\$ 2,465,906	\$	2,464,702	\$	-1,204	-0.05%
Other Funds	7,246,479		8,955,783		1,788,304	23.59%
Federal Funds	3,558,985		5,347,289		1,709,304	50.25%
<u>State Department of Energy</u>						
Lottery Funds	\$ 2,088,439	\$	2,164,185	\$	75,746	3.63%
Other Funds	31,477,822		35,726,832		4,249,010	13.50%
Federal Funds	36,736,670		36,845,834		109,164	0.30%
<u>Department of Environmental Quality</u>						
General Fund	\$ 19,693,974	\$	19,438,356	\$	-255,618	-1.30%
General Fund Debt Service	5,379,568		5,573,180		193,612	3.60%

* Excludes Capital Construction

	2011-13 Legislatively Adopted Budget	2012 Session Legislatively Approved Budget	Legislative Adjustments (difference between 2012 and 2011-13)	Percentage Change from Legislatively Adopted Budget
<u>State Department of Fish and Wildlife</u>				
General Fund	\$ 6,729,454	\$ 6,429,582	\$ -299,872	-4.46%
General Fund Debt Service	338,094	350,262	12,168	3.60%
Other Funds	197,593,072	197,564,072	-29,000	-0.01%
Federal Funds	109,794,486	109,934,486	140,000	0.13%
<u>State Forestry Department</u>				
General Fund	\$ 45,035,023	\$ 47,243,020	\$ 2,207,997	4.90%
General Fund Debt Service	2,836,524	2,938,611	102,087	3.60%
Lottery Funds Debt Service	2,453,947	2,542,324	88,377	3.60%
<u>Land Conservation & Development Department</u>				
General Fund	\$ 10,885,017	\$ 11,132,225	\$ 247,208	2.27%
<u>State Marine Board</u>				
Other Funds	\$ 22,020,102	\$ 23,287,102	\$ 1,267,000	5.75%
<u>Department of State Lands</u>				
General Fund	\$ 0	\$ 681,266	\$ 681,266	-
Other Funds	36,548,525	37,606,122	1,057,597	2.89%
Federal Funds	5,671,787	6,099,914	428,127	7.55%
<u>State Parks and Recreation Department</u>				
Lottery Funds	\$ 79,815,323	\$ 81,546,565	\$ 1,731,242	2.17%
<u>Oregon Watershed Enhancement Board</u>				
Lottery Funds	\$ 64,796,420	\$ 64,012,066	\$ -784,354	-1.21%
<u>Water Resources Department</u>				
General Fund	\$ 20,614,684	\$ 20,359,297	\$ -255,387	-1.24%
Lottery Funds Debt Service	706,751	732,384	25,633	3.63%

* Excludes Capital Construction

	2011-13 Legislatively Adopted Budget	2012 Session Legislatively Approved Budget	Legislative Adjustments (difference between 2012 and 2011-13)	Percentage Change from Legislatively Adopted Budget
<u>Transportation Program Area</u>				
<u>Department of Transportation</u>				
General Fund Debt Service	\$ 15,416,053	\$ 0	\$ -15,416,053	-100.00%
Lottery Funds Debt Service	69,700,542	72,614,930	2,914,388	4.18%
Other Funds	3,201,362,946	3,211,074,312	9,711,366	0.30%
Other Funds Debt Service	351,243,517	367,214,388	15,970,871	4.55%
<u>Consumer and Business Services Program Area</u>				
<u>Department of Consumer and Business Services</u>				
Federal Funds	\$ 753,662	\$ 3,187,702	\$ 2,434,040	322.96%
<u>Oregon Health Licensing Agency</u>				
Other Funds	\$ 6,612,566	\$ 6,591,815	\$ -20,751	-0.31%
<u>Bureau of Labor and Industries</u>				
General Fund	\$ 11,282,811	\$ 11,068,996	\$ -213,815	-1.90%
<u>Administration Program Area</u>				
<u>Department of Administrative Services</u>				
General Fund Debt Service	\$ 6,575,467	\$ 6,813,955	\$ 238,488	3.63%
Lottery Funds Debt Service	8,164,343	8,497,075	332,732	4.08%
Other Funds	397,950,590	395,575,646	-2,374,944	-0.60%
<u>Employment Relations Board</u>				
General Fund	\$ 932,803	\$ 1,932,803	\$ 1,000,000	107.20%

* Excludes Capital Construction

	2011-13 Legislatively Adopted Budget	2012 Session Legislatively Approved Budget	Legislative Adjustments (difference between 2012 and 2011-13)	Percentage Change from Legislatively Adopted Budget
<u>Office of the Governor</u>				
General Fund	\$ 13,339,757	\$ 13,607,119	\$ 267,362	2.00%
Other Funds	2,740,911	2,740,912	1	0.00%
<u>State Library</u>				
General Fund	\$ 2,868,303	\$ 2,848,417	\$ -19,886	-0.69%
<u>Oregon Liquor Control Commission</u>				
Other Funds	\$ 133,668,473	\$ 134,176,446	\$ 507,973	0.38%
<u>Public Employees Retirement System</u>				
Other Funds	\$ 78,010,820	\$ 77,260,820	\$ -750,000	-0.96%
<u>Department of Revenue</u>				
General Fund	\$ 146,373,434	\$ 145,198,243	\$ -1,175,191	-0.80%
<u>Secretary of State</u>				
General Fund	\$ 12,040,291	\$ 11,906,971	\$ -133,320	-1.11%
<u>State Treasurer</u>				
Other Funds	\$ 34,998,684	\$ 35,248,684	\$ 250,000	0.71%
<u>Judicial Branch Program Area</u>				
<u>Judicial Department</u>				
General Fund	\$ 342,262,371	\$ 346,366,819	\$ 4,104,448	1.20%
General Fund Debt Service	16,971,657	20,257,855	3,286,198	19.36%
Other Funds	24,966,976	55,747,370	30,780,394	123.28%
Other Funds Capital Improvement	0	97,460	97,460	-
<u>Commission on Judicial Fitness and Disability</u>				
General Fund	\$ 183,353	\$ 176,934	\$ -6,419	-3.50%

* Excludes Capital Construction

	2011-13 Legislatively Adopted Budget	2012 Session Legislatively Approved Budget	Legislative Adjustments (difference between 2012 and 2011-13)	Percentage Change from Legislatively Adopted Budget
<u>Public Defense Services Commission</u>				
Other Funds	\$ 1,192,555	\$ 3,830,055	\$ 2,637,500	221.16%
<u>Legislative Branch Program Area</u>				
<u>Legislative Assembly</u>				
General Fund	\$ 35,780,449	\$ 35,652,289	\$ -128,160	-0.36%
<u>Legislative Administration Committee</u>				
General Fund	\$ 28,438,846	\$ 28,303,995	\$ -134,851	-0.47%
<u>Legislative Counsel Committee</u>				
General Fund	\$ 8,127,672	\$ 8,527,715	\$ 400,043	4.92%
<u>Legislative Fiscal Officer</u>				
General Fund	\$ 5,596,558	\$ 5,626,531	\$ 29,973	0.54%
<u>Legislative Revenue Officer</u>				
General Fund	\$ 1,903,986	\$ 1,889,455	\$ -14,531	-0.76%
<u>Commission on Indian Services</u>				
General Fund	\$ 395,270	\$ 368,819	\$ -26,451	-6.69%
<hr/>				
General Fund Total			\$ 158,436,374	
Lottery Funds Total			\$ 6,703,657	
Other Funds Total			\$ 119,666,478	
Federal Funds Total			\$ 349,585,545	

Position Summary

	2011-13 Legislatively Adopted Budget	2012 Session Legislatively Approved Budget	Legislative Adjustments (difference between 2012 and 2011-13)	Percentage Change from Legislatively Adopted Budget
<u>Oregon Health Authority</u>				
Authorized Positions	4,089	4,036	-53	-1.30%
Full-time Equivalent (FTE) positions	4,033.27	3,980.27	-53.00	-1.31%
<u>Department of Human Services</u>				
Authorized Positions	7,392	7,405	13	0.18%
Full-time Equivalent (FTE) positions	7,298.44	7,311.44	13.00	0.18%
<u>Department of Corrections</u>				
Authorized Positions	4,511	4,509	-2	-0.04%
Full-time Equivalent (FTE) positions	4,420.74	4,416.55	-4.19	-0.09%
<u>Department of Justice</u>				
Authorized Positions	1,290	1,290	0	0.00%
Full-time Equivalent (FTE) positions	1,270.80	1,268.55	-2.25	-0.18%
<u>Department of Public Safety Standards and Training</u>				
Authorized Positions	137	137	0	0.00%
Full-time Equivalent (FTE) positions	135.79	132.04	-3.75	-2.76%
<u>Oregon Business Development Department</u>				
Authorized Positions	131	132	1	0.76%
Full-time Equivalent (FTE) positions	129.37	129.87	0.50	0.39%
<u>Employment Department</u>				
Authorized Positions	1,500	1,514	14	0.93%
Full-time Equivalent (FTE) positions	1,450.30	1,463.68	13.38	0.92%
<u>Housing and Community Services Department</u>				
Authorized Positions	190	210	20	10.53%
Full-time Equivalent (FTE) positions	168.37	183.72	15.35	9.12%

	2011-13 Legislatively Adopted Budget	2012 Session Legislatively Approved Budget	Legislative Adjustments (difference between 2012 and 2011-13)	Percentage Change from Legislatively Adopted Budget
<u>Department of Geology and Mineral Industries</u>				
Authorized Positions	43	53	10	23.26%
Full-time Equivalent (FTE) positions	42.20	48.57	6.37	15.09%
<u>Department of Energy</u>				
Authorized Positions	127	128	1	0.79%
Full-time Equivalent (FTE) positions	113.23	118.73	5.50	4.86%
<u>Department of Forestry</u>				
Authorized Positions	1,192	1,192	0	0.00%
Full-time Equivalent (FTE) positions	862.32	852.19	-10.13	-1.17%
<u>Department of Fish and Wildlife</u>				
Authorized Positions	1,469	1,467	-2	-0.14%
Full-time Equivalent (FTE) positions	1227.32	1,225.32	-2.00	-0.16%
<u>Department of Consumer and Business Services</u>				
Authorized Positions	930	934	4	0.43%
Full-time Equivalent (FTE) positions	919.68	921.90	2.22	0.24%
<u>Department of Administrative Services</u>				
Authorized Positions	774	773	-1	-0.13%
Full-time Equivalent (FTE) positions	770.67	769.67	-1.00	-0.13%
<u>Oregon Judicial Department</u>				
Authorized Positions	1,878	1,878	0	0.00%
Full-time Equivalent (FTE) positions	1,739.20	1,752.66	13.46	0.77%

Revenue

The budget adjustments in Senate Bill 5701 anticipate a net \$101 million increase in General Fund resources from transfers of Other Funds account balances included in Senate Bill 1579 and other actions. Two major legal settlements contribute to this increase in General Fund resources. First, the State's share of the punitive damages related to the Williams vs. Philip Morris tobacco related case is \$56.2 million. This amount is transferred from the Criminal Injuries Compensation Account by Senate Bill 1579. The second is a multi-state agreement between 49 states and major mortgage lenders over mortgage fraud practices. The amount of \$25.2 million will be directly deposited in the General Fund. Senate Bill 1579 transfers a further \$4 million from the Department of Justice's Education and Protection Fund to the General Fund.

The rebalance plan also assumes a net increase to the June 2012 forecast of \$5 million from lower than anticipated costs related to the issuance of Tax Anticipation Notes (TANs).

Summary of Committee Action

Senate Bill 5701 is the omnibus budget reconciliation bill for the 2012 legislative session, implementing the statewide rebalance plan that addresses changes in projected revenues and expenditures since the close of the 2011 session. The Joint Committee on Ways and Means approved Senate Bill 5701 with amendments to reflect budget adjustments as described below.

Statewide Adjustments/Special Actions

Statewide Restructure of State Government Business Operations

As part of the legislative plan to rebalance the 2011-13 biennium budget, the Co-Chairs of the Joint Committee on Ways and Means included a reduction of \$28 million in combined General Fund and Lottery Funds as part of an effort to restructure state government business operations designed to make permanent changes to the management of agency programs and services. This effort is complementary to the Executive Branch interest in studying and modifying the state's compensation and classification systems to potentially realign the relative balance of management service and represented employees in state government.

Based on this decision, the personal services budgets of selected state agencies were reduced by targeted amounts. These amounts are highlighted in each agency's section of this budget report. The following budget note was adopted, to apply to each agency subject to the management service personal services reduction:

BUDGET NOTE

The budget rebalance plan developed by the Co-Chairs of the Joint Committee on Ways and Means included the elimination of targeted amounts from adopted budgets through actions to be taken to reduce the number of middle managers and public affairs positions in state government and to reduce the amount currently planned for advertising and personal services contracts. In order to make these targeted reductions primarily to personal services appropriations, the Legislative Fiscal Office is directed to work with agencies to identify specific management and other positions to be eliminated as part of a restructuring of business operations aimed at making permanent changes to the management of agency programs and services. Affected agencies are directed to report on the status of this effort, with the assistance of the Legislative Fiscal Office, to the Emergency Board in May 2012. Since these reductions are intended to be permanent, it is expected that no positions recommended for elimination as a result of this plan will be included in the Governor's proposed 2013-15 budget.

E-Government Funding Model Change

The statewide budget rebalance includes General Fund savings in agencies resulting from an upcoming change in the state's e-government funding model. Currently, agencies are assessed by the Department of Administrative Services (DAS) based on the number of an agency's full-time equivalent (FTE) positions to the cost of the statewide contract for e-government services. The expenditure is part of the statewide price list and is budgeted as a State Government Service Charge in an agency's budget.

In November 2011, DAS signed a contract with NICUSA to take over e-government services (the current contract expires in June 2012) using a self-funded model; under the model the vendor will be paid primarily through a convenience fee tied to certain (mostly commercial business) transactions. The new vendor and funding model is projected to be up and running in July 2012; DAS has calculated that it will be able to reduce agency assessments by \$2,232,000 for the last portion of the biennium. Those assessments are eliminated in the DAS budget, along with \$970,912 General Fund budgeted in other state agencies to pay for that assessment.

Emergency Board

The Emergency Board provides General Fund appropriations and Other Funds and Federal Funds expenditure limitation to state agencies for unanticipated needs in approved agency budgets when the Legislature is not in session. As part of the 2011-13 biennium statewide rebalance plan, Senate Bill 5701 adjusts the Emergency Board's general purpose and special purpose appropriations as described below.

General Purpose Emergency Fund

The bill disappropriates \$681,266 General Fund from the Emergency Fund to correspond with a General Fund appropriation to the Department of State Lands, in the same amount, for payment of expenses related to the Portland Harbor Superfund. It also increases the Emergency Fund by \$2.9 million. These two actions leave a balance of \$27.2 million in the general purpose Emergency Fund for the 2011-13 biennium.

Special Purpose Appropriations

Senate Bill 5701 repeals five special purpose appropriations established during the 2011 legislative session for early learning programs and services (\$17.7 million); employment related day care or other supports and services for children and families (\$5.7 million); child welfare differential response (\$5 million); Department of Human Services and Oregon Health Authority caseload and costs for programs and services (\$8 million); and education-related expenses in the Oregon Youth Authority (\$1.7 million). The bill also:

- Reduces a special purpose appropriation for the Department of Forestry by \$2,120,017, with a corresponding \$2,120,017 General Fund appropriation to the Department of Forestry to pay for fire suppression costs.
- Establishes a \$3.5 million special purpose appropriation for the Public Defense Services Commission in the event that the Commission requires additional resources to support trial-level public defense services.
- Establishes a \$1.1 million special purpose appropriation for the Judicial Department to meet any potential operating needs of the courts.
- Establishes a \$60 million special purpose appropriation for potential allotment reduction mitigation; for home foreclosure issues; or for human services caseload increases.
- Establishes a \$10 million special purpose appropriation for the preservation of education programs in case of allotment reductions. This applies to the Community College Support Fund, the Department of Education grant-in-aid programs, and the state General Fund support of the Oregon Health Sciences University.

If the moneys in the special purpose appropriations are not allocated by the Emergency Board before December 1, 2012, the moneys are available to the Emergency Board to be allocated for any purpose for which the Emergency Board lawfully may allocate funds.

Adjustments to Agency Budgets

Education Program Area

Department of Community Colleges and Workforce Development

The Committee approved a 3.5% reduction to the General Fund appropriation for the following programs that had not been subject to the supplemental ending balance adjustment made during the 2011 legislative session:

- Skill Centers – \$19,250
- Trucking Solutions Consortium and loans to students participating in commercial driver training – \$17,500
- National Career Readiness Certificate and on-the-job training programs – \$119,000

The Committee restored \$813,402 for debt service (\$551,965 General Fund, \$261,437 Lottery Funds, and \$200,000 Other Funds) which had been reduced as part of the supplemental ending balance in the 2011 legislative session. The Community College and Workforce Development Department has \$200,000 available in interest earnings on bond proceeds to make a portion of the debt service payment.

As part of the statewide effort to restructure state government business operations and management of agency programs and services, the personal services budget for the agency was reduced by \$95,768 General Fund. A reduction of \$994 General Fund was made for the agency's share of the statewide e-government savings.

Department of Education

The Committee approved a 3.5% reduction to the General Fund appropriation for the Oregon Department of Education (ODE) for the following new programs that had not been subject to the supplemental ending balance adjustment made during the 2011 legislative session:

- School District Collaboration (Senate Bill 252) – \$175,000
- Career and Technical Education (House Bill 3362) – \$70,000
- Accelerated College Credit (Senate Bill 254) – \$8,750
- For Inspiration and Recognition of Science and Technology (FIRST) – \$5,250
- Farm-to-School (House Bill 2800) – \$7,000
- After School Meal and Snack (Senate Bill 480) – \$6,300

An increase of \$5,610,036 Other Funds expenditure limitation was approved for the long-term care and treatment program. The increase supports an additional 271 slots from the implementation of Senate Bill 170 (2011) and \$1.6 million Other Funds for a high-cost reserve and inflation in the average net operating expenditures.

The 2011-13 legislatively adopted budget included \$5 million General Fund to cover the cost from a breach of contract lawsuit. The Department was directed to first use its 2009-11 legislatively approved budget to the greatest extent possible to address the payments, with any remaining balance due to be paid from the 2011-13 appropriation. The Committee approved a reduction of \$2 million General Fund as final payments have been made.

The overall funding level for the State School Fund was increased by \$2.5 million to cover the cost of extending the sunset for the Small School District Supplement Fund until June 30, 2013 (one additional year). Further, the Committee modified the funding sources to address a forecasted decline in Lottery Funds revenues. The General Fund appropriation is increased by \$5,479,570; the Lottery Funds allocation and expenditure limitation is decreased by \$2,979,570 million.

The Committee added \$587,015 General Fund for the Early Head Start Program. With this additional funding, the Department is expected to maintain 59 enrollment slots for the balance of the biennium.

A \$431,521 General Fund reduction in the personal services budget for the agency was made as ODE's share of the statewide effort to restructure state government business operations and management of agency programs and services (\$280,465 Operations, \$151,056 School for the Deaf). The budget was also reduced by \$18,413 General Fund to capture statewide e-government savings.

The Committee restored debt service of \$1,848,887 Lottery Funds and \$61,218 Other Funds to cover obligations that were reduced as part of the supplemental ending balance in the 2011 legislative session.

Oregon Health & Science University

The Committee approved a 3.5% reduction, or \$18,375 General Fund, for new Health Care Loans (House Bill 2397, 2011) that had not been subject to the supplemental ending balance adjustment made during the 2011 legislative session.

Oregon Student Access Commission

Senate Bill 5701 reflects three adjustments to the Commission's budget. The Committee transferred \$34,152 General Fund from the Oregon Opportunity Grants to child care grants to offset the 3.5% supplemental ending balance reduction for that program in the legislatively adopted budget. The second reduced personal services by \$29,294 General Fund for the Commission's share of the statewide effort to restructure state government business operations and management of agency programs and services. The third change was a \$462 General Fund reduction to capture statewide e-government savings.

Teacher Standards and Practices Commission

As part of the Co-Chairs' statewide rebalance plan, the Committee eliminated the \$100,000 General Fund appropriation for the Educator Preparation Improvement Fund established in House Bill 3474 (2011). The Fund remains in statute and the Teacher Standards and Practices Commission may still accept grants, donations or gifts of money.

The Committee also established an \$85,455 Federal Funds expenditure limitation for the Advancing Longitudinal Data for Educational Reform (ALDER) grant funds received through an intergovernmental agreement with the Department of Education. Funds will be used to support staff time, data gathering, and hardware.

Oregon University System

General Fund debt service appropriations for the Oregon University System (OUS) are adjusted based on updated repayment schedules and restorations of supplemental ending balance reductions taken as part of the legislatively adopted budget. General Fund debt service on Article XI-G general obligation bonds was increased by \$1.7 million. General Fund debt service on certificates of participation (COPs) was increased by \$585,977. General Fund debt service for repayment of energy loans to the Department of Energy (SELP) was decreased by \$3.1 million. The net effect of these adjustments is a savings of \$892,900 General Fund. Lottery Funds expenditure limitation for debt service was increased by \$260,577 to meet lottery bond obligations. Sports Lottery was reduced by \$232,960 to make Lottery Funds available to meet debt service obligations, with direction that this reduction be split between the University of Oregon (\$118,613) and Oregon State University (\$144,347), both of which are on track to experience significant increases in athletic revenues in the 2012-13 fiscal year. In addition, Other Funds debt service was increased by \$344,054 to reflect the redirection of lottery bonds proceeds issued in 2007 for capital repair projects to now pay for debt service on existing lottery bonds.

The Committee approved a 3.5% reduction, \$11,550 General Fund, for clinical legal education (House Bill 5056, 2011) that had not been subject to the supplemental ending balance adjustment made during the 2011 legislative session

Human Services Program Area

Oregon Health Authority

The Oregon Health Authority (OHA) budget is organized into several program areas including Health Care Programs, Addictions and Mental Health, and Public Health, as well as Central and Shared Services. Senate Bill 5701 adjusts the OHA budget for updated pricing of program caseloads, costs and revenues, and selected management actions to help “rebalance” the budget. Most notable are additional costs of \$21.3 million General Fund mostly related to a shortfall in personal services funding in the budget, and \$25.0 million General Fund savings primarily related to caseload changes. The rebalance plan includes agency actions to manage a portion of the personal services underfunding. Finally, the rebalance plan includes a number of technical adjustments to fix errors made in the original split of the Department of Human Services (DHS) into two agencies, and to realign resources within OHA. This includes moving 13 positions from OHA to DHS, and a realignment of positions in the Oregon State Hospital.

The budget as adjusted reflects a number of actions to be taken as a result of the \$62.4 million General Fund and \$390,969 Lottery Funds withheld in the legislatively adopted budget for the 3.5% supplemental statewide ending balance. These actions include various program reductions and the use of one-time revenue sources. They also include total administrative reductions of \$15.3 million General Fund, including the expectation that the agency will manage \$8.3 million of the personal services underfunding in the agency through holding position vacancies and other actions. This total also includes a reduction of \$5.1 million General Fund, which is OHA’s share of the statewide effort to restructure state government business operations and management of agency programs and services. The budget was reduced by \$104,840 General Fund and \$100,729 Federal Funds to reflect savings in State Government Service Charges from the changes in the state’s e-government funding model.

With the addition of certain other actions beyond that already described, the approved adjustments result in an overall \$146.5 million increase in the agency’s total funds budget, but a \$24.6 million General Fund decrease. These actions also result in a \$390,969 decrease in Lottery Funds expenditure limitation, an \$18.6 million increase in Other Funds expenditure limitation, a \$152.8 million increase in Federal Funds limitation, and a reduction of 53 positions (53.00 FTE).

A more detailed description of each program area follows.

Health Care Programs

The budget adjustments in Senate Bill 5701 reflect a net reduction of \$34.1 million General Fund in the Health Care Programs budget, with a \$4.3 million increase in Other Funds expenditure limitation and a \$64 million increase in Federal Funds expenditures limitation. Positions are reduced by 18 (18.00 FTE).

The rebalance plan approved by the Committee includes overall savings of \$25.9 million General Fund, primarily as a result of lower caseloads, but also savings from a slight increase in the federal match rate. Increased costs include a shortfall of \$1.2 million in tobacco tax forecast, as well as \$2.6 million in General Fund costs related to the Medicaid Management Information System (MMIS) as a result of new federal requirements. The federal government will contribute \$21.8 million or 90% of these costs. The rebalance also includes an additional \$80 million in Federal Funds expenditure limitation for the Federal Medical Insurance Pool (FMIP), which is a new federal program to provide insurance coverage for high risk individuals.

The Committee approved a number of other actions, partially to manage the \$33.1 million General Fund withheld in the legislatively adopted budget for the 3.5% supplemental statewide ending balance. Federal revenues from both the 2010 and 2011 federal Children's Health Insurance Program Reauthorization Act (CHIPRA) bonuses, totaling \$23.5 million, will replace General Fund. A total of \$16.8 million of insurer's tax revenue will be redirected to help ensure access to health care for children. Of this total, \$11 million will be used to preserve services for children by preventing program reductions in the Oregon Health Plan (OHP) Plus program. These resources come from unallocated funds of \$10 million and an additional \$1 million in reduced marketing/advertising for the Healthy Kids program. Another \$5.8 million will be used in the Family Health Insurance Assistance Program (FHIAP) to prevent further program reductions. These resources result from lower than expected caseloads in Healthy Kids Connect. The following budget note was approved related to the insurer's tax:

BUDGET NOTE

The Oregon Health Authority is instructed to convene a stakeholder work group consisting of all eight health insurers domiciled in Oregon to review whether there is a future for the health insurance premium tax. Further, by December 2012, the work group shall make recommendations on how to address the funding gap that will arise after the September 30, 2013 sunset of the existing tax authority and how to allocate any surplus premium tax revenue in the remaining months of the 2011-13 biennium to health care programs, especially for Oregon's children. The Oregon Health Authority is instructed to memorialize discussions in writing, as well as to provide updates on the work group discussions to the interim health care policy committees.

A number of program reductions are included in this budget, including administrative reductions of \$1.5 million General Fund. In addition, the agency is expected to manage all personal services underfunding within this program area. Membership in FHIAP will be reduced to save \$2 million General Fund, and those clients will be eligible for OHP Standard. Six positions (6.00 FTE) are also eliminated in the program. Funding for outreach workers at Federally Qualified Health Centers will be reduced by \$134,875 General Fund. The Committee approved the addition of \$1 million General Fund to mitigate the earlier reductions to the reimbursement rates for durable medical equipment. These adjustments are expected to be implemented at the same time as the overall rate adjustments for durable medical equipment for the fiscal year beginning July 1, 2012. This budget has also been reduced by \$699,560 General Fund as a result of the statewide effort to restructure state government business operations and management of agency programs and services. The following budget note relating to generic drugs was approved:

BUDGET NOTE

The Oregon Health Authority is directed to pursue a competitive bidding process for the purchase of lowest cost generic drugs within the Medicaid program. The agency shall report back to the Emergency Board by December 2012 on the status and results of this initiative.

At the direction of the Governor and legislative leadership, OHA suspended new program enrollment in OHP Standard effective January 2012. This was done in order to give the Legislature maximum flexibility to rebalance the budget. These resources were not used in the budget rebalance, and the agency is expected to reopen enrollment in this program.

Addictions and Mental Health

Overall budget adjustments for Addictions and Mental Health increase General Fund by \$3.3 million. These adjustments also result in a reduction to Lottery Funds expenditure limitation of \$390,969, an increase in Other Funds limitation of \$5.7 million, and an increase in Federal Funds limitation of \$3.2 million. A total of 35 positions are eliminated (35.00 FTE).

The rebalance plan approved by the Committee includes General Fund costs of \$12 million, primarily a result of underfunded personal services costs. The Oregon State Hospital accounts for \$14.1 million out of the total \$17.5 million General Fund shortfall in personal services funding agency wide. The rebalance plan reports management actions to absorb about 30% of this shortfall. This is a particularly difficult area of the budget in which to manage personal services costs, since holding vacancies of direct-care staff can result in inadequate staffing levels to provide the necessary care, and may also result in higher overtime costs. The rebalance includes a realignment of positions in the Oregon State Hospital. While this has no impact on the budget, it does result in a reduction of 34 positions. An additional Federal Funds expenditure limitation of \$3.9 million is included in the rebalance. A portion of this is needed as a result of more federal resources from Alcohol and Drug program grants than was originally anticipated. The remainder is for additional federal match of General Fund at the state hospital, which was understated in the legislatively adopted budget.

The Committee approved a number of other actions, partially to manage the \$23.4 million General Fund withheld in the legislatively adopted budget for the 3.5% supplemental statewide ending balance. Four wards in the new Oregon State Hospital will not be opened until the beginning of the 2013-15 biennium. This results in one-time General Fund savings of \$19.6 million in 2011-13, primarily as a result of positions held vacant for part of the biennium. Gambling addiction programs have been reduced by \$390,969 Lottery Funds. This is in addition to the program reduction as a result of the 3.5% supplemental ending balance holdback. Funding for the development of new capacity in the community mental health system is reduced by \$2.8 million General Fund, leaving \$4.8 million in the budget to move forward with immediate plans for expansion of capacity.

This budget anticipates using, in the second year of the biennium, \$5.7 million Other Funds from the Community Mental Health (Dammasch) Housing Trust Fund to support program services. This amount is equal to one-half of the current principal in the Fund. The Other Funds will be used to continue to provide community services to children and adults with mental illness. The community housing grant program will continue during the 2011-13 biennium, at reduced levels as funding permits. The following budget note related to the Dammasch Fund was approved:

BUDGET NOTE

Funds from the Dammasch Trust Fund in the 2011-13 budget are being used due to the severe revenue shortfall the state has experienced. Dammasch funds are being used exclusively for vital mental health services. If revenue should substantially increase in the current biennium, the Legislature will restore these funds to their full amount.

This budget has been reduced by \$3.4 million General Fund as a result of the statewide effort to restructure state government business operations and management of agency programs and services. The agency is also expected to manage a portion of the personal services underfunding within this program area.

Public Health

In Public Health, the overall budget adjustments add \$1.8 million General Fund, \$5.1 million Other Funds, and \$5.7 million Federal Funds.

The rebalance plan approved by the Committee includes a General Fund cost of \$1.2 million, primarily a result of underfunded personal services costs. The plan also includes a \$6.2 million Federal Funds expenditure limitation increase for the Office of Family Health and the Office of Environmental Health. This includes grant awards for the Maternal Infant and Early Childhood Home Visiting Program, the WIC Breastfeeding Program, and the Healthy Homes grant.

Actions were approved to manage the \$1.2 million General Fund withheld in the legislatively adopted budget for the 3.5% supplemental statewide ending balance. The agency is expected to manage all personal services underfunding within this program area. This budget has also been reduced by \$303,303 General Fund as a result of the statewide effort to restructure state government business operations and management of agency programs and services. Other approved actions include the transfer of \$1.5 million from the Tobacco Use Reduction Account to the state General Fund.

Central, Shared & Direct Charge Services

The budget adjustments for Central, Shared and Direct Charge Services increase General Fund by \$5.1 million, Other Funds expenditure limitation by \$3.5 million, and Federal Funds expenditure limitation by \$80 million.

The rebalance plan includes a General Fund cost of \$4 million, primarily a result of underfunded personal services costs. The plan also includes a \$3.5 million increase in Other Funds expenditure limitation for Shared Services. Federal Funds expenditure limitation is increased by \$80.4 million to support additional resources for projects supported by the Office of Health Information Technology (OHIT). OHIT has received additional federal grant funds to support the infrastructure that will promote the development of health information technology strategies and applications to support the widespread improvement of the health care system. It also expects to receive \$67.8 million Federal Funds during the biennium to pass through to health care professionals and hospitals in Oregon as incentives to develop electronic health record systems.

The Committee approved a number of other actions, partially to manage the \$4.7 million General Fund withheld in the legislatively adopted budget for the 3.5% supplemental statewide ending balance. The agency is expected to manage all personal services underfunding within this program area. The original \$4.7 million holdback included \$1.9 million General Fund related to debt service, which was added back. This budget has also been reduced by \$691,053 General Fund as a result of the statewide effort to restructure state government business operations and management of agency programs and services.

Department of Human Services

Senate Bill 5701 increases the Department of Human Services (DHS) budget by a net \$103.5 million General Fund, \$22 million Other Funds, \$160.7 million Federal Funds, and 13 positions (13.00 FTE). The 13 positions are moved from the Oregon Healthy Authority, for no net increase between the two agencies. The net adjustments reflect updated pricing of program caseloads, costs and revenues, and selected agency actions to help “rebalance” the legislatively adopted budget; technical adjustments to fix errors made in the initial distribution of resources between DHS and the Oregon Health Authority when that new agency was created; actions to be taken to address the \$73.7 million General Fund unspecified reduction in the legislatively adopted budget for the 3.5% supplemental statewide ending balance; and other actions anticipated in the Ways and

Means Co-Chairs' statewide budget plan. The budget was reduced by \$240,259 General Fund and \$196,576 Federal Funds to reflect savings in State Government Service Charges from the change in the state's e-government funding model. More detailed description of the budget changes and actions in each program area follows.

Central Services

The Central Services budget is reduced by \$522,515 General Fund, \$10,047 Other Funds, \$1.3 million Federal Funds, and 9 positions (8.99 FTE). This includes reductions of \$580,630 General Fund and \$478,824 Federal Funds as part of the statewide effort to restructure state government business operations and management of agency programs and services. This unit is also expected to manage \$310,205 General Fund and \$310,205 Federal Funds in higher-than-budgeted position costs through holding position vacancies and other actions. Technical adjustments are made to move one position (1.00 FTE) into and 10 positions (9.99 FTE) out of this budget.

Children, Adults and Families

Senate Bill 5701 increases funding for Children, Adults and Families (CAF) by \$26.8 million General Fund, \$14.9 million Other Funds, and \$31.1 million Federal Funds. This reflects budget adjustments based on CAF's budget rebalance needs and technical adjustments, the \$28.7 million General Fund reduction made in the 2011-13 legislatively adopted budget for the 3.5% supplemental ending balance, and other actions anticipated in the statewide budget plan.

DHS identified a net \$34.5 million General Fund need in the CAF budget in its financial report to the Joint Interim Committee on Ways and Means in January 2012. The federally-funded Supplemental Nutrition Assistance Program (SNAP) caseload continues significant growth: \$130 million was added to CAF's nonlimited Federal Funds expenditure limitation in December 2011, 5.6% above the legislatively adopted budget level. Caseloads and costs in the Temporary Assistance to Needy Families (TANF) cash assistance programs are forecast to be \$44.1 million General Fund higher than budgeted, with the most notable increase in the TANF Basic caseload, where the average caseload is now projected to be 28,607 monthly, 17.2% higher than the 24,407 average in the legislatively adopted budget. Child Substitute Care caseloads are forecast higher than budgeted, primarily in regular foster care, special contracts, residential treatment, and target children cases. Other substitute care programs show a small savings compared to the budget. Adoptions program caseloads and costs are projected to be lower than funded in the legislatively adopted budget.

Notable revenue adjustments in CAF's budget rebalance and in the statewide budget plan include the use of \$16 million in federal TANF funds received but not spent in the 2009-11 biennium; \$5.1 million in SNAP access and application process bonuses; and \$6.2 million in federal Child Care and Development Fund moneys received from the Employment Department as Other Funds. In addition, \$10 million in federal fiscal year 2013 TANF contingency funds are assumed to replace a \$5 million shortfall in federal fiscal year 2012 funding and to help avoid \$8 million in further reductions in TANF programs.

Key elements of the CAF budget after the Senate Bill 5701 adjustments include the following:

- In the TANF program, basic cash assistance payment levels and income eligibility criteria are unchanged. Current TANF Parents as Scholars clients can complete their education without losing cash assistance. The TANF Family Support and Connections program is maintained at full funding. Adults who meet the federal 60-month time limit in- or out-of-state will not be eligible for TANF in Oregon. The current "job quit"

ineligibility period is extended from 60 to 120 days. Post-TANF payments to working families are ended May 1, 2012, two months earlier than originally budgeted. There continues to be risk in TANF caseloads which are already running above the Fall 2011 forecast level.

- \$9 million in unallocated JOBS funding is maintained for job placement, contracted slots and client support services such as child care and transportation.
- Employment Related Day Care (ERDC) caseloads are funded at an expected 8,500 average cases, with a continued mix of General Fund and federal Child Care and Development Fund moneys. Client co-payments are increased by 10%, an average of \$5 to \$10 monthly for families receiving subsidies. The unallocated \$5.7 million special purpose appropriation to the Emergency Board for ERDC or other supports and services for children and families is eliminated.
- Child welfare services are maintained, including funding for SB 964 (2011) community-based, family preservation and reunification programs. The unallocated \$5 million special purpose appropriation to the Emergency Board for child welfare differential response is abolished. The new initiative to contract for domestic violence advocates in program offices is scaled back, and \$1 million for new infrastructure grants to domestic violence shelters is eliminated. Foster care, adoptions assistance and other child welfare provider reimbursement payments are unchanged from the legislatively adopted budget level.
- Funding for refugee services is decreased by \$100,000, reducing the legislatively adopted budget for the program by less than 1% overall. The \$100,000 reduction is made in federal TANF funds which will be used elsewhere in CAF to free up \$100,000 General Fund.
- Vocational Rehabilitation Services are continued without reduction.

Higher-than-budgeted position costs in CAF total \$15.6 million General Fund and \$15.6 million Federal Funds; these costs will be managed through holding position vacancies and other actions. An additional \$1.9 million General Fund and \$1.9 million Federal Funds reduction is made in CAF self-sufficiency program staffing and other operating costs. The CAF budget is further reduced by \$3 million General Fund, \$180,000 Other Funds and \$2.8 million Federal Funds as part of the statewide effort to restructure state government business operations and management of agency programs and services. Overall, the impact of these actions is expected to reduce CAF staffing by the equivalent of more than 310 positions, and bring field staffing levels for self-sufficiency and child welfare programs down to less than 70% of the workload staffing models for those programs.

Seniors and People with Disabilities

The budget for Seniors and People with Disabilities (SPD) is increased by \$77.2 million General Fund, \$4.4 million Other Funds, and \$129.8 million Federal Funds. Technical adjustments move one position (1.00 FTE) from SPD to the Central Services budget. These budget adjustments address SPD's budget rebalance and technical adjustments, the \$44.1 million General Fund reduction made in the 2011-13 legislatively adopted budget for the 3.5% supplemental ending balance, and other actions anticipated in the statewide budget plan.

DHS reported in January 2012 to the Joint Interim Committee on Ways and Means that caseloads in long-term care facilities for seniors and people with physical disabilities are expected to be down just slightly overall from the caseloads funded in the legislatively adopted budget.

However, costs for in-home cases and community-based care were higher than budgeted, in part because of some clients shifting to home and community-based care settings from Medicare Part A and Part B Buy-in programs that pay Medicare premiums for low-income “dual eligible” seniors who qualify for both Medicare and Medicaid. In the programs serving people with developmental disabilities, caseloads overall were slightly less than initially funded, although costs per case were running higher due to higher client acuity levels and some movement between program settings. Higher Medicaid client participation rates in those programs were expected to provide more Federal Funds to help offset the higher overall costs. Overall, SPD’s budget rebalance showed a small General Fund savings from the legislatively adopted budget, before consideration of the 3.5% supplemental ending balance reduction and the budgeted long-term care reimbursement reduction.

In addition to the unspecified \$44.1 million General Fund reduction for the 3.5% supplemental ending balance, the legislatively adopted budget reflected a reduction of \$51.5 million General Fund, \$147.6 million total funds in the second year of the biennium for long-term care costs for seniors and adults with physical disabilities in in-home services, community-based facilities, and nursing facilities. When repriced for the shift in service settings and costs in the agency’s budget rebalance, to fully restore this reduction would require \$53.4 million General Fund. The adjustments in Senate Bill 5701 include an additional \$40 million General Fund appropriation in this program area, reducing the potential reimbursement reduction from \$53.4 million to \$13.4 million. The Co-Chairs’ intent is that the Governor’s Office, the Oregon Health Authority and DHS will pursue additional federal Medicaid funding or other federal revenue to mitigate or eliminate the full reduction. DHS is expected to report on this issue to the Emergency Board at its May 2012 meeting, with recommendations regarding any further action to be taken at that time. In addition, as part of the Co-Chairs’ budget rebalance plan, an agreement was made to consider using the Emergency Fund to cover the remaining \$13.4 million reimbursement reduction if additional federal funds are not obtainable and the June 2012 Oregon Economic and Revenue Forecast of 2011-13 biennium General Fund revenues, excluding the impact of 2012 legislative session adjustments, exceeds the amount of General Fund revenues in the March 2012 forecast by at least \$25 million.

The approved budget makes no reductions in Oregon Project Independence services, Medicaid adult day services, or Medicaid home-delivered meals programs.

Alternatives to Employment Services, Sheltered Employment, Supported Employment, the Family Support Program and Family-to-Family network for people with developmental disabilities and their families also continue without reductions. The plan avoids further reductions to reimbursement rates for brokerages and community developmental disability programs (CDDPs). It also adds \$7.5 million General Fund for 24-hour residential providers; for supported living providers; and for children’s residential providers including children’s foster care group homes, to bring the 2011-13 biennial budget reductions to no more than 6% below the 2009-11 level. No changes were made at this time for the adult foster care programs, which are currently in collective bargaining negotiations. The following budget note was approved:

BUDGET NOTE

The Department of Human Services is to report to the Emergency Board in September 2012 on the outcome of the negotiations for the adult foster care programs. If the negotiations result in a reduction that is more than 6% below the 2009-11 reimbursement rate, DHS is to identify options for bringing reimbursement for adult foster care programs to no more than a 6% reduction for the balance of the biennium, and include its preferred option in the agency’s next budget rebalance plan.

Costs for crisis diversion and in-home services for some individuals with developmental disabilities will be limited, resulting in budget savings of \$241,149 General Fund and \$956,710 Federal Funds. Clients in three additional state operated group homes for adults with disabilities will be moved to private group homes, for a \$350,190 General Fund and \$571,410 Federal Funds savings this biennium. With three state operated group homes already in the process of being closed, DHS will move a total of 30 clients to private group homes by the end of the biennium, for an estimated net savings of \$1.3 million General Fund and \$3.4 million Federal Funds.

The budget adjustments anticipate \$2.8 million in General Fund savings from a total of \$1.5 million Other Funds and \$1.3 million Federal Funds in increased revenue, based on contractor estimates for higher third-party recoveries for long-term care cases, higher projected estate recoveries, and a new Medicaid 1915(c) waiver for in-home comprehensive services for children with developmental disabilities.

Higher-than-budgeted position costs in SPD total \$9.4 million General Fund and \$10.7 million Federal Funds; these costs will be managed through holding position vacancies and other actions. An additional \$1 million General Fund and \$1 million Federal Funds reduction is made in SPD and Area Agencies on Aging (AAAs) program staffing and other operating costs. The SPD budget is further reduced by \$2.5 million General Fund and \$3.3 million Federal Funds as part of the statewide effort to restructure state government business operations and management of agency programs and services. Overall, the impact of these actions is expected to reduce staffing for AAA, DD, and SPD staffing by the equivalent of 180 positions, with reduced field staffing levels for Medicaid eligibility and case management.

Shared Services

The Shared Services budget is increased by a net \$2.8 million Other Funds and 23 positions (22.99 FTE). Technical adjustments add \$3.5 million Other Funds, based on the transfer of 23 positions to Shared Services from within DHS and the Oregon Health Authority. The budget reflects a reduction of \$716,863 Other Funds as part of the statewide effort to restructure state government business operations and management of agency programs and services. Higher-than-budgeted position costs of \$4 million Other Funds will be managed through holding position vacancies and other actions.

Of note: Senate Bill 5701 abolishes the unallocated \$8 million special purpose appropriation to the Emergency Board established in 2011 for Department of Human Services and Oregon Health Authority caseloads and costs for programs and services. However, the agencies may, if needed, be able to access a part of the new \$60 million special purpose appropriation to the Emergency Board designated for potential allotment reduction mitigation; for home foreclosure issues; or for human services caseload increases.

Public Safety Program Area

Department of Corrections

Senate Bill 5701 adds a net \$38.1 million General Fund for the Department of Corrections (DOC), reflecting a partial restoration of the 2011-13 legislatively adopted budget's adjustment for the supplemental ending balance, a "rebalance" of resources across the agency's divisions, and DOC's share of the statewide effort to restructure state government business operations and management of agency programs and services.

The 2011-13 legislatively adopted budget included a \$48.2 million General Fund (3.5%) reduction for the supplemental ending balance. The Committee restored \$38.1 million resulting in the following reductions and actions the agency must make to close the resulting funding gap:

- The amount of funding dedicated for the reimbursement of counties for the jail costs of incarcerating Ballot Measure 73 offenders is reduced by \$1.6 million General Fund. Requests for reimbursement have been lower than expected for the first six months of the biennium. The agency would need to request further funding or reallocate resources within its budget if requests return to at least the amount assumed in the legislatively adopted budget.
- A greater amount of federal funds through the State Criminal Alien Assistance Program (SCAAP) is now anticipated so \$315,352 General Fund in the Health Services Division may be replaced with an equivalent amount of federal funds.
- The amount of debt service required for 2011-13 is reduced by \$81,641 General Fund through refinancing of existing certificates of participation (COPs). Future biennial budgets will reflect savings due to this refinancing.
- DOC's share of the statewide effort to restructure state government business operations and management of agency programs and services is \$7.9 million General Fund.

BUDGET NOTE

The Department of Corrections is instructed not to close or deactivate any facility or units for the purposes of the \$7.9 million reduction related to the agency's share of the statewide effort to restructure state government business operations and management of agency programs and services without consulting the Emergency Board or the Legislature.

The Committee also approved an agency-wide rebalance of appropriation and expenditure limitation affecting most of the divisions. Overall, this rebalance reflects no net increase in General Fund, a \$98,019 increase in Other Funds expenditure limitation, and a \$7,989 decrease in the Federal Funds expenditure limitation. As part of this rebalance, \$220,875 General Fund is transferred to the Operations Division from the Transitional Services Division accounting for funding for one of the five management positions that were eliminated in the 2011-13 legislatively adopted budget. This bill eliminates the five positions (5.00 FTE) since only the funding was eliminated in the 2011 legislative session. The agency's budget was also reduced by \$266,788 General Fund to capture statewide e-government savings.

The bill also repeals the appropriation section for Chapter 666 (House Bill 2940, 2011) and combines this \$100,095 General Fund appropriation with the primary appropriation for the agency found in Chapter 635 (Senate Bill 5505, 2011). Also established in this bill is an Other Funds expenditure limitation for Capital Improvements of \$413,449 for the replacement of components of the Eastern Oregon Correctional Institution's (EOCI) water heating system utilizing solar panels.

The Other Funds expenditure limitation is increased by \$3.2 million for grants to local jails funded by criminal court fees. This limitation was inadvertently left out of House Bill 2712 (2011). The Federal Funds expenditure limitation is also increased by \$600,000 for a federal grant that the agency has received relating to the Prison Rape Elimination Act (PREA). There are three limited duration positions (0.81 FTE) authorized for the activities associated with this grant.

Oregon Criminal Justice Commission

The Committee approved an increase in the Federal Funds expenditure limitation for the Criminal Justice Commission (CJC) of \$6,987,121 reflecting the amount of federal resources that must be spent by the end of the 2011-13 biennium. At the time final action on CJC's 2011-13 budget was taken during the 2011 legislative session, the amount of available federal funding through various grants was not finalized. These funds will mostly be used for programs similar to drug courts for Ballot Measure 57 offenders.

District Attorneys and Their Deputies

Senate Bill 5701 appropriates \$359,976 General Fund for the District Attorneys and Their Deputies. This increase represents a restoration of the entire amount reduced for the supplemental ending balance in the 2011-13 legislatively adopted budget offset by a \$2,078 General Fund decrease for the e-government adjustment. The only option for adjusting this budget is to reduce the compensation of the 36 locally elected District Attorneys.

Department of Justice

The Committee approved a net reduction of \$160,840 in the General Fund appropriation for the Department of Justice (DOJ). Instead of restoring the \$1.9 million General Fund (3.5%) that had been reduced in the 2011-13 legislatively adopted budget for the supplemental ending balance, several reductions were made to fill the gap. These General Fund adjustments include \$600,652 for the Defense of Criminal Convictions (DCC) program. At this time the agency believes this reduction will not significantly affect the DCC program as long as the target savings from management actions are met and the resources in a special purpose appropriation to the Emergency Board are available for the program. This DCC reduction also leads to decreases in the Other Funds expenditure limitations for the Appellate Division of \$210,442 (one position/1.00 FTE) and for the Trial Division of \$39,347 (0.25 FTE).

The Division of Child Support will use mostly vacancy savings to save \$785,156 General Fund, also resulting in a decrease of \$1,395,709 in federal matching funds. The Committee did approve a \$300,000 General Fund increase and a \$600,000 increase in the Federal Funds expenditure limitation for matching federal funds to continue the development of the replacement of the Division of Child Support's major information management system necessary to keep pace with changing program and federal requirements. The Criminal Justice Division will reduce its District Attorney Assist and Organized Crime programs by \$270,831 General Fund (2 positions/1.00 FTE) which also results in a \$221,874 reduction in the Other Funds expenditure limitation for the Division. Other General Fund reductions include \$10,500 for the grant to Project Clean Slate and \$50,000 from the Civil Rights unit. The change in the General Fund also reflects the use of \$348,950 Other Funds in penalties and other resources collected through the Medicaid Fraud unit to offset an equivalent amount of General Fund.

The DOJ's share of the statewide effort to restructure state government business operations and management of agency programs and services is \$600,000 Other Funds. It is expected all of the agency's programs will be reviewed and that a portion of the resulting reduction could lead to overall General Fund savings as the rate for agency legal services is adjusted.

The Department of Justice has joined the Attorneys General in 49 other states in a financial settlement with major private mortgage lenders. Funding to assist distressed homeowners and direct payments to states are part of this settlement. The following budget note is included for the Department of Justice.

BUDGET NOTE

The Department of Justice may request funding for activities related to mortgage fraud and similar issues from the special purpose appropriation established for this purpose. These activities may include investigation and prosecution of mortgage fraud cases, efforts to assist distressed homeowners access funding made available by the recent multi-state settlement with private mortgage lenders, housing counseling, and other activities relating to possible foreclosures. The Department of Justice shall work with the Department of Consumer and Business Services, the Housing and Community Services Department, and other agencies and entities in formulating a plan for the best use of these funds for presentation to the Emergency Board as part of its request for these funds.

Oregon Military Department

None of the funding reduced in the 2011-13 legislatively adopted budget was restored for the Oregon Military Department. The Committee made further reductions including \$35,046 General Fund in the Operations program through vacancy savings for a facilities engineer position, and transferred \$71,937 in savings from the Capital Debt Service program to the Operations program for general operating services and supplies expenses. The net General Fund increase to the Operations program is \$36,891. The Committee also decreased the Emergency Management program by a total of \$120,897 General Fund. A portion of this reduction is from vacancy savings in the Director of Emergency Management position (\$11,816) with the remainder as the agency's share of the statewide effort to restructure state government business operations and management of agency programs and services (\$109,081).

The Committee appropriated \$4.5 million General Fund to Military Department for depositing into the Oregon Local Disaster Assistance Loan and Grant Account for school districts that have raised at least 50% of the cost from local resources and donations for the replacement and relocation of school buildings damaged or destroyed by a flood that is declared a federal disaster. The Committee also approved \$4 million Other Funds expenditure limitation for the Oregon Local Disaster Assistance Loan and Grant Account for the payment of such expenses.

The Community Support program's Other Funds expenditure limitation is increased by \$118,339 for 2011 fire season expenditures.

The Committee also increased the Capital Debt Service Other Funds expenditure limitation by \$306,589 for cash proceeds from previously issued Seismic Rehabilitation Grant bonding and \$241,578 for cash proceeds from previously issued certificates of participation used to fund various armory capital improvements. These funds will be used in lieu of General Fund, for \$548,167 in General Fund Debt Service savings.

The following budget note was adopted.

BUDGET NOTE

The Military Department is directed to prepare a statewide information technology plan for upgrading Oregon's 9-1-1 system(s) to Next Generation technology. The plan shall include a detailed component to consolidate the state's Public Safety Answering Points based upon the 2012 L.R. Kimball Consolidation Analysis and Next Generation 9-1-1

Implementation Report. The plan is to be submitted through the normal budget review process for an information technology project and be reviewed by the Department of Administrative Services - Information Enterprise Strategy and Policy Division.

Department of State Police

Senate Bill 5701 reflects a net \$5.3 million increase in the General Fund appropriation for the Oregon State Police (OSP), including adjustments for the restoration of the reduction for the supplemental ending balance, adjustments across divisions based on a rebalance plan proposed by the agency, and OSP's share of the statewide effort to restructure state government business operations and management of agency programs and services. The total \$7.8 million reduced in the 2011-13 legislatively adopted budget for the supplemental ending balance (3.5% reduction) is restored across the agency.

The changes in the bill include the adjustment of General Fund appropriations for each division based on updated projected spending for the remainder of the biennium. This "rebalance" of resources generally transfers General Fund from the Forensics and Information Management divisions to the Patrol and Criminal divisions. Major factors for these transfers include final employee compensation decisions greater than what was assumed in the legislatively adopted budget, savings from vacant positions, increasing fuel costs, need to replace patrol car video camera systems, and specific programmatic needs. The Committee also approved a reduction of \$2.5 million General Fund for OSP's share of the statewide effort to restructure state government business operations and management of agency programs and services.

The 2011-13 legislatively adopted budget was also reduced by \$241,486 Lottery Funds for the supplemental ending balance. None of this reduction is restored in this bill. In addition, other cost increases (e.g., employee compensation and fuel costs) have left the Fish and Wildlife Division with a Lottery Funds shortfall of over \$700,000. To avoid further staffing reductions, funding for up to five Fish and Wildlife trooper positions will be transferred from Ballot Measure 76 Lottery Funds to Other Funds resources available from carry-forward of Oregon Department of Fish and Wildlife revenues and vacancy savings. This transfer requires an additional \$436,875 in Other Funds expenditure limitation. An increase of \$202,180 in the Lottery Funds expenditure limitation is also approved taking advantage of a greater use of Lottery Funds balances.

The Committee approved a \$521,944 increase in the Federal Funds expenditure limitation for OSP to execute a spending plan for the use of forfeiture and seizure funds. These federal resources have restrictions on how they may be used; and generally do not include the salaries and benefits of current permanent personnel. They also may not be used to replace or supplant appropriated resources of the agency. OSP plans to use these funds to purchase equipment to increase the productivity and safety of troopers including Tasers, equipment for the bomb squad, "Speak Write" software, and "confidential" funds for Criminal Division detectives.

Department of Public Safety Standards and Training

An increase of \$315,518 General Fund was approved for the Department of Public Safety Standards and Training (DPSST). All of the General Fund for the agency is for Debt Service payments for the certificates of participation (COPs) issued for the construction of the agency's Salem facility. This amount represents what was reduced for the supplemental ending balance during the 2011 legislative session, less the amount of savings from refinancing some of the COPs.

The Committee approved an \$873,897 decrease of Other Funds expenditure limitation for the Criminal Justice Training program. This reduction corresponds with a decrease in the allocation of Criminal Fines Account (CFA) resources to the agency that is included in House Bill 5702 (2012). This allocation adjustment increases the amount of CFA resources available for the General Fund. This reduction in training funding will result in the discontinuation of the child abuse training program and the elimination of six positions (3.75 FTE) including a Training Support Specialist, two Range Masters, a Training Development Coordinator, a Health and Fitness Coordinator and a general trainer position. The agency has stated that these reductions will not affect the number of basic law enforcement training classes.

Oregon Youth Authority

To restore county programs affected by the supplemental ending balance reduction applied in the Oregon Youth Authority (OYA) 2011-13 legislatively adopted budget, the Committee added \$910,596 General Fund for Diversion (\$325,265), Juvenile Crime Prevention (\$276,061), Multnomah County Gang (\$163,264), and Individualized Services (\$146,006). As part of the county funding discussion, state support for the East Metro Gang Enforcement Team (EMGET) was confirmed to be \$1,666,753 General Fund for the 2011-13 biennium. This amount consists of \$566,753 in state General Fund from Multnomah County's gang funding grant along with \$1.1 million in designated EMGET General Fund.

The Committee used \$186,988 General Fund from OYA's operations budget to restore debt service. The budget was also reduced by \$64,628 General Fund to capture statewide e-government savings.

To generate additional program savings, \$1 million General Fund was eliminated from the budget based on lower utilization of about 25 foster care and residential beds. The personal services budget was also reduced by \$1.3 million as part of the statewide effort to restructure state government business operations and management of agency programs and services.

Economic and Community Development Program Area

Oregon Business Development Department

The Committee reduced the agency's General Fund appropriation by \$8,729; reduced Lottery Funds expenditures for operations by \$493,653; reduced Other Funds expenditures for operations by \$277,500; and increased Lottery Funds debt service expenditures by \$2,830,159 and Other Funds debt service expenditures by \$321,885, to restore reductions and fully finance debt service costs on lottery revenue bonds. The budget adjustments will generally allow the agency to implement its budget as it identified it would with the 3.5% holdback that was approved to generate a supplemental statewide ending balance, but with certain modifications. These modifications include limiting the Lottery Funds reduction for the Strategic Reserve Fund to \$700,000; increasing the Lottery Funds reduction for Oregon InC by \$357,000; increasing Lottery Funds for the Government Contract Assistance Program with the understanding that the Department will provide a total of \$290,000 Lottery Funds to that program; and increasing the Lottery Funds reduction to the Oregon Film and Video Office by \$81,125.

The Committee also approved budget adjustments to eliminate any additional grant or loan commitments in the Building Opportunities for Oregon Small Business Today (BOOST) program. The Business, Innovation and Trade Division's Other Funds expenditure limitation was reduced by \$377,500 for the reduction in BOOST program grant expenditures, and Other Funds Nonlimited were reduced by \$3,315,000 for the

reduction in BOOST program loan expenditures. Senate Bill 1579 transfers the combined reduction of \$3,692,500 in uncommitted BOOST program account Other Funds to the General Fund.

Lottery Funds were reduced by \$3,547 for the e-government funding model change. Expenditures were reduced by \$9,006 General Fund and \$432,802 Lottery Funds for the agency's share of the statewide effort to restructure state government business operations and management of agency programs and services. Finally, a \$100,000 Other Funds increase in the Business, Innovation and Trade Division, and one position (0.50 FTE), were approved to implement Senate Bill 817 (2011), which established the Oregon Low Income Community Jobs Initiative.

Employment Department

The General Fund appropriation to Employment Department's Child Care Division was reduced by \$336,868. Of this amount, \$250,000 reflects delayed implementation of a health consultation program model being developed by the Oregon Health Authority that was assumed in the Child Care plan and legislatively adopted budget, and a reduction in administrative costs related to the provision of customized reports for child care providers; the remaining \$86,868 is attributable to the statewide effort to restructure state government business operations and management of agency programs and services.

Senate Bill 5701 amends the agency's Federal Funds expenditure limitations to distinguish expenditures from Federal Funds received for benefits administration and operation of public employment offices from expenditures from federal Child Care and Development Funds.

The Committee increased Federal Funds expenditure limitation for benefits administration and public employment offices by \$12,345,199 and established three limited duration positions (6.50 FTE) to accommodate changes in caseload across several programs, as follows:

- \$1.3 million and 5.00 FTE for timely benefit administration of federal unemployment insurance benefit extensions for two additional months that had been approved by the U.S. Congress as of February 14, 2012;
- \$427,704 for Office of Administrative Hearings adjudication of those benefits;
- \$1.2 million and 3 positions (1.50 FTE) for casework and benefit administration of an anticipated 300 dislocated workers per quarter under a federally approved extension of the expanded Trade Act;
- \$447,958 for information technology expenditures necessary to enable participation in the Treasury Offset Grant Program, which enables the Department to recover employer taxes or benefit overpayments from Federal tax returns; and
- \$9 million for utilization of Federal Funds for administration in place of Other Funds (Reed Act) dollars.

The Employment Department identified \$16.6 million in Child Care and Development Funds carried over from previous biennia. The Committee increased Child Care and Development Federal Funds by \$6.2 million for the Employment Department for allowable child care expenditures, per federal guidelines. The statewide budget plan anticipates this \$6.2 million will be transferred to the Department of Human Services for child care subsidies and related expenditures. Decisions regarding how to utilize the remaining Child Care and Development Funds will be made at a later date.

Other Funds expenditure limitation adjustments resulted in a net reduction of \$5,385,131, consisting of the following:

- An additional \$2.5 million and eight limited duration positions (5.00 FTE) to allow for timely administrative hearings and decisions due to the 2-month extension of federal unemployment insurance benefits, and higher than anticipated caseloads originating in the Department of Education and the Portland Police and Fire Disability Fund;
- An additional \$1.4 million and three limited duration positions (1.88 FTE) associated with the Department's successful grant application for development of a national model workforce registration system;
- A reduction of \$9 million Other Funds due to the receipt and utilization of a like amount of Federal Funds for the administration of Unemployment Insurance activities; and
- A reduction of \$250,000 that is attributable to the statewide effort to restructure state government business operations and management of agency programs and services.

Housing and Community Services Department

The General Fund appropriation for the Department was increased by \$75,956 to restore funding to the General Fund Food Program, and by \$76,910 to restore the 3.5% supplemental ending balance reduction to the Court Appointed Special Advocate (CASA) program transferred and funded in House Bill 4082 (2012). General Fund for the Low Income Rental Housing Fund was reduced by 3.5% (\$16,450). The bill increases Lottery Fund expenditures by \$80,919 for debt service costs on lottery revenue bonds. Other Funds expenditure limitation was increased by a total of \$9,081,162, consisting of \$5 million for the Oregon Energy Assistance Program pursuant to Senate Bill 863 (2011), \$2,697,087 and 20 positions (15.35 FTE) for administration of the Home Ownership Stabilization Initiative, and \$1,384,075 for administration of the CASA program. Federal Funds expenditure limitation was increased by \$5 million to reflect a federal grant award for phase three of the Neighborhood Stabilization Program.

Department of Veterans' Affairs

The Committee increased the General Fund appropriation to the Oregon Department of Veterans' Affairs by a net \$92,536, based on the following adjustments:

- Restoration of \$115,656 of the 3.5% supplemental ending balance adjustment, with the intention that the General Fund appropriation made for Veterans' Disabled Transportation be reduced by \$90,000 in lieu of reductions to other services provided by the Department of Veterans' Affairs; and
- A reduction of \$23,120 that is attributable to the statewide effort to restructure state government business operations and management of agency programs and services.

A technical adjustment was approved to transfer a state agency assessment adjustment from the General Fund appropriation for National Services Organizations to the General Fund appropriation for services provided to the Oregon Department of Veterans' Affairs; this transfer has no net General Fund impact.

Natural Resources Program Area

Department of Environmental Quality

Senate Bill 7501 adds \$193,612 General Fund to restore funding for debt service payments. A one-time \$86,615 General Fund reduction to the Land Quality program captures savings from putting a position on special assignment in the Water Quality program. The agency's share of the statewide effort to restructure state government business operations and management of agency programs and services is \$169,003 General Fund, which was taken in the Water Quality program.

Department of Geology and Mineral Industries

To accommodate increased demand for contract services such as Lidar data collection and FEMA flood hazard mapping, the Committee increased Federal Funds expenditure limitation by \$1,788,385, increased Other Funds expenditure limitation by \$1,709,304, and established 10 limited duration positions (6.37 FTE). General Fund was also reduced \$1,204 in the Geologic Survey program to reflect savings in State Government Service Charges from a change in the state's e-government funding model.

Department of State Lands

For payment of expenses related to the Portland Harbor Superfund, the Committee added \$681,266 General Fund (with a corresponding disappropriation of \$681,266 General Fund from the Emergency Fund) and an increase of \$333,333 Other Funds expenditure limitation.

Other Funds expenditure limitation was increased by \$468,125 for fire suppression and land rehabilitation costs as a result of fire damage during the 2011 fire season on Common School Fund rangeland, and by \$256,139 for completion of the Territorial Seafloor Mapping Project. Federal Funds expenditure limitation was increased by \$428,127 for the Department to finalize administration of existing contract balances for eight federal grants in the Natural Heritage program (\$250,127) and to accept a grant from the Environmental Protection Agency for a Wetland Program Development grant (\$178,000).

State Department of Agriculture

Senate Bill 5701 reflects a number of one-time fund shifts with the agency's budget, using Ballot Measure 66 (M66) ending balance carried over from the 2009-11 biennium and Other Funds in the Animal Health program, to rebalance the 3.5% General Fund supplemental ending balance reductions taken across agency programs as part of the 2011-13 legislatively adopted budget. These rebalance adjustments increase Administration and Support Services by \$29,703 General Fund; increase Food Safety Policy Area by \$150,882 General Fund and \$31,311 Other Funds; decrease Natural Resources Policy Area by \$73,647 General Fund, but increase dedicated Lottery Funds by \$416,788 (which includes about \$290,000 carry forward expenditure limitation for improvements at the Plant Division's Hawthorne facility); and decrease Agriculture Development Policy Area by \$113,203 General Fund, but increase non-dedicated Lottery Funds by \$763.

Additional adjustments were approved to make General Fund available as part of the state-wide budget rebalance plan. These include two fund shifts to use M66 Lottery Funds carry forward to replace General Fund: \$354,631 in the Invasive Weeds program and \$160,724 in the Insect Pest Prevention and Management program. In the Plant Health program, \$10,000 Other Funds was used to replace General Fund. The Agriculture Development and Marketing program was reduced by \$70,000 General Fund to reflect vacancy savings. Finally, General Fund was reduced \$4,328 in the Administrative and Support Services Division to reflect savings in State Government Service Charges from a change in the state's

e-government funding model. The Department's share of the statewide effort to restructure state government business operations and management of agency programs and services is \$197,170 General Fund, which was taken from the Food Safety program.

A 3.5% reduction, \$5,250 General Fund, was approved for individual farm credit mediations (House Bill 5056) that had not been subject to the supplemental ending balance adjustment made during the 2011 legislative session.

State Department of Energy

Senate Bill 5701 adds \$4,249,010 Other Funds expenditure limitation, \$109,164 Federal Funds expenditure limitation, one position and 5.50 FTE for administration of energy incentive programs created or modified by the passage of House Bill 3672 (2011). Lottery Fund expenditures are increased by \$75,746 for debt service costs on lottery revenue bonds.

State Department of Fish and Wildlife

The Committee approved a one-time \$41,000 fund shift, replacing General Fund for services and supplies with Other Funds at the Hatchery Research Center. Funding was adjusted for a fish ladder capital improvement package on Steamboat Creek by decreasing Other Funds capital improvement expenditure limitation by \$70,000 and increasing Federal Funds capital improvement expenditure limitation by \$140,000. When the Natural Resources Subcommittee considered budget requests from the Department, it also recommended the expenditure of \$20,000 from the Commercial Fish Fund to support the Port Orford Ocean Resource Team facility and \$100,000 from the Recreational Shellfish Fund for a subtidal survey of brood stock clams in Tillamook Bay with the understanding that if the Department requires an increase in Other Funds expenditure limitation to accommodate these expenditures they are to return later in the biennium to request such an increase.

In addition, \$12,168 General Fund was restored for debt service payments on outstanding certificates of participation. Finally, General Fund was reduced \$5,368 in the Administration Division to reflect savings in State Government Service Charges from a change in the state's e-government funding model. The Department's share of the statewide effort to restructure state government business operations and management of agency programs and services is \$253,504 General Fund, which was taken from the Fish Division.

A technical correction to the Department's adopted budget eliminates position authority for two positions (2.00 FTE) in the Conservation Strategy program that were added in error. The funding was intended to be used instead for services and supplies

State Forestry Department

The Committee, per the Co-Chair budget plan, restored the 3.5% supplemental ending balance reduction for some agency programs, adding \$1,189,182 General Fund to the Fire Protection program, along with \$102,087 General Fund and \$81,990 Lottery Funds for debt service.

An additional one-time payment of \$200,000 General Fund was approved in the Agency Administration program to fund a position in the Governor's Office to support forest policy issues, in particular finding a solution to the county government financial predicament related to the Oregon & California (O&C) Act reduction in federal forest payments.

The budget for the Private Forests program was reduced by \$932,036 General Fund, affecting 50 positions and 9.92 FTE, for the Department of Forestry's share of reductions to address the statewide General Fund shortfall and budget rebalance. The budget was reduced by \$312,995

General Fund in the Fire Protection program and \$53,178 General Fund for the Department of Forestry's share of the statewide effort to restructure state government business operations and management of agency programs and services.

To cover 2011 fire suppression severity costs, Senate Bill 5701 appropriates \$2,120,017 General Fund for the Fire Protection program. The bill makes a corresponding disappropriation of \$2,120,017 General Fund from the special purpose appropriation made to the Emergency Board for costs associated with contracting for large air tankers and helicopters to supplement fire suppression resources for the 2011 fire season.

General Fund is reduced by \$2,484 in the Protection from Fire program and \$509 in the Private Forests program to reflect savings in State Government Service Charges from a change in the state's e-government funding model.

Department of Land Conservation and Development

To support an anticipated Governor's directive to pilot a regional land use planning project, \$200,000 General Fund was added to the agency's budget to support rulemaking and related activities. In addition, \$350,000 General Fund was appropriated to the Department for distribution to Jackson, Josephine, and Douglas counties through intergovernmental agreements. The counties will use these funds to complete technical studies, mapping, and preparation of materials required for preparing a petition to the Land Conservation and Development Commission for rulemaking to consider regional definitions of agricultural and forest lands.

As part of the statewide rebalance plan, the agency's budget is reduced by \$265,752 General Fund to capture one-time budget savings achieved by holding positions vacant and through the agency director taking a job rotation to the Governor's office. Personal services expenditures are reduced by \$33,801 General Fund to capture the agency's share of the statewide effort to restructure state government business operations and management of agency programs. The budget also reflects a \$3,239 General Fund reduction in State Government Service Charges from a change in the state's e-government funding model.

The following budget note was adopted:

BUDGET NOTE

The Department of Land Conservation and Development shall prepare a report that identifies which counties and cities with a population over 10,000 people have completed or not completed the following:

1. The requirement of urban service agreements contained in ORS 195.
2. Approved facilities plans.

The report shall include the date the county and city's comprehensive plan was approved by the Land Conservation and Development Commission. The report shall include options to bring counties and cities into compliance with the ORS and shall be presented to the Joint Committee on Ways and Means prior to the 2013 legislative session.

State Marine Board

The Oregon State Marine Board (OSMB) Law Enforcement program's funding is increased by a total of \$1.1 million, of which \$757,200 is Other Funds and \$292,800 is Federal Funds that would be transferred from the Facilities program. Of the total amount, \$945,000 would be used to increase funding for fiscal year 2013 law enforcement contracts to a level commensurate with fiscal years 2011 and 2012. Those fiscal year contracts totaled \$5.9 million each.

The Committee also approved a \$105,000 Other Funds expenditure limitation increase for the replacement of marine law enforcement boats. This is in addition to the \$300,000 Other Funds expenditure limitation in the Board's 2011-13 legislatively adopted budget.

Federal Funds expenditure limitation for the Administration and Education program is increased by \$243,200. The limitation would be transferred from the Facilities program for the replacement of the agency's legacy mainframe boat registration system. The project is currently estimated to cost \$310,000. OSMB has identified \$66,800 of Federal Funds in its 2011-13 legislatively adopted budget to partially fund the purchase with the remaining \$243,200 in Federal Funds coming from the Facilities program. Annual operation and maintenance costs are estimated at \$38,250 per year. Federal Funds from the U.S. Coast Guard's Recreational Boating Safety grant would be used to pay for both the registration system's development and ongoing operation and maintenance costs.

The Facilities program's funding is increased by \$509,800 in Other Funds expenditure limitation and the transfer of \$536,000 in Federal Funds expenditure limitation from the Law Enforcement and the Administration and Education programs. According to OSMB, the Federal Funds expenditure limitation is available for transfer because there are insufficient local matching funds for U.S. Fish and Wildlife Service Boating and Infrastructure grants. The \$509,800 in Other Funds expenditure limitation will be used to fund a second round of local grants for facility maintenance and improvements or to match Federal Funds provided through the Clean Vessel Act, which funds vessel waste pump out facilities and dump stations.

These adjustments in Other Funds and Federal Funds expenditure limitation are approved as one-time increases for the 2011-13 biennium and are not to carry forward into the 2013-15 biennium.

State Parks and Recreation Department

Senate Bill 5701 includes an increase of \$1,731,242 in Lottery Funds dedicated to the Parks and Recreation Department, due to a higher than anticipated carryover of Lottery Fund savings from the 2009-11 biennium. This action offsets the 3.5% supplemental ending balance reductions for the Director's Office (\$45,638), Central Services (\$280,114), Park Development (\$592,240), Direct Services (\$673,108), and Community Support/Grants (\$140,142).

The budget is increased by \$861,950 Federal Funds to support disbursement of grant funds received from the U.S. Fish and Wildlife Service for the Natural Heritage Program, and by \$2,190,000 Federal Funds for grant funds from the National Oceanic and Atmospheric Administration and the U.S. Fish and Wildlife Service. The latter funding supports the Park Development program's purchase of property adjacent to the Carl B. Washburn State Park and Ona Beach State Park.

Water Resources Department

Senate Bill 5701 includes an increase of \$25,633 Lottery Funds Debt Service to restore the 3.5% supplemental ending balance reduction. The agency's budget is reduced by \$7,516 General Fund due to savings in State Government Service Charges from a change in the state's funding model for e-government, and by \$247,871 General Fund for the agency's share of the statewide effort to restructure state government business operations and management of agency programs and services.

Oregon Watershed Enhancement Board

The Committee reduced carry forward Lottery Funds expenditure limitation, provided to complete payments during 2011-13 on grants made in the 2009-11 biennium, by \$784,354 because the agency did not need all \$3.3 million in expenditure limitation provided in the 2011-13 legislatively adopted budget to close out these grants.

Transportation Program Area

Department of Transportation

In the Department of Transportation budget, a \$9,211,366 increase in Other Funds expenditure limitation was approved for the Highway Maintenance program for repair of damage sustained during winter storms in 2009 and 2011. The Committee also approved an increase of \$500,000 Other Funds in the Driver and Motor Vehicles (DMV) program to contract with third-party expertise and resources to assist in evaluating DMV's information systems against current and future business needs. The agency expects to develop a prioritized blueprint for moving forward with critical systems modernization initiatives. Deliverables will include prioritized business and technical requirements, environmental/peer analysis, identification of applicable best practices, a comprehensive technology inventory, assessment of the identified technical components to meet current and future needs, and a strategic vision for moving ahead. Subsequent work will include a tactical plan with an interrelated set of viable, prioritized, and phased initiatives.

Debt service on the Oregon Wireless Interoperability Network in the Department of Transportation was decreased by \$15,416,043 General Fund and increased by \$15,970,871 Other Funds. The source of Other Funds is State Highway Funds for the Department of Transportation's share to date of the State Radio Project. Future debt service is expected to be partially paid by the General Fund and State Highway Fund on an assumed benefit ratio of approximately 40% General Fund and 60% State Highway Fund for the 2013-15 biennium and on a calculated benefit ratio in 2015-17 based on the final bond sale amount, and actual usage data; adjusted by actual amounts paid by each fund. To date, General Fund has paid \$14,878,509, 100% of the bond debt.

Department of Transportation Debt Service was increased by \$2,914,388 Lottery Funds to restore the 3.5% supplemental ending balance reduction.

The following budget note was approved:

BUDGET NOTE

The Department of Transportation shall provide a report to the Joint Committee on Ways and Means and the appropriate legislative policy committees by February 2013 on the criteria used for selecting ConnectOregon projects, and the public benefits derived from investments made by ConnectOregon.

Consumer and Business Services Program Area

Department of Consumer and Business Services

The Committee approved a \$2,434,040 Federal Funds expenditure limitation increase and established four limited-duration positions (2.22 FTE) relating to expenditures financed from a U.S. Department of Health and Human Services Health Insurance Rate Review-Cycle II grant. The agency was awarded a \$4,040,777 grant, but only a portion of these funds will be spent this biennium. It is anticipated that the agency will request that the positions be continued, again on a limited-duration basis for the remainder of the Cycle II grant, and request Federal Funds expenditure limitation for the remaining \$1.6 million of grant funds, in its 2013-15 biennium budget request.

Oregon Health Licensing Agency

The Committee approved a decrease of \$20,751 in Other Funds expenditure limitation reflecting the net effect of the fee changes approved in Senate Bill 1579 (2012). The boards affected by these changes include those related to Body Art Practitioners, Respiratory Therapists and Polysomnographic Technologists, Nursing Home Administrators, and Licensed Dietitians. The original license and renewal fees for the Board of Direct Entry Midwifery were approved at \$1,200 per year, with the understanding that the fee increase is necessary by unique circumstances and is not intended to be permanent.

BUDGET NOTE

There was concern with the fee changes for the Board of Direct Entry Midwifery. The agency is directed to report during the 2013 Legislative Assembly on the status of the revenues, expenditures, and current ending balance forecast for the board, including proposals for fee decreases or other regulatory options for the board.

Bureau of Labor and Industries

The Bureau's General Fund personal services expenditures were reduced by a total of \$210,205, for the agency's share of the statewide effort to restructure state government business operations and management of agency programs and services. The budget was also reduced by \$3,610 General Fund for the e-government funding model change.

Administration Program Area

Department of Administrative Services

The 2009-11 budget for the Department of Administrative Services (DAS) contained \$11,271,656 Other Funds expenditure limitation to spend lottery bond proceeds on county court facilities infrastructure projects. Not all of the projects were completed in that biennium, so the agency requested an adjustment to its 2011-13 budget to finish the projects. Accordingly, the Committee approved the establishment of a new Other Funds expenditure limitation of \$3,932,550 specifically for Court Facilities projects. The Committee also decreased the agency's operations Other Funds expenditure limitation by \$1,930,400 to remove spending authority that was initially expected to be used to cover the project costs.

The Committee approved a reduction of \$2,232,000 Other Funds expenditure limitation associated with a change in the state's e-government funding model. Also approved was a technical adjustment to eliminate a position and \$145,000 Other Funds expenditure limitation from the State Controller's Division. The position was added to the budget in the 2011-13 biennium due to a federal requirement that on January 1, 2012, state governments begin to withhold 3% on vendor payments; however, that federal law was repealed in November 2011.

The Committee restored debt service of \$238,488 General Fund and \$332,732 Lottery Funds to cover obligations that were reduced as part of the supplemental ending balance in the 2011 legislative session. To capture the agency's share of the statewide effort to restructure state government business operations and management of agency programs, personal services were reduced by \$2 million Other Funds.

Employment Relations Board

Senate Bill 5701 appropriates \$1 million General Fund to support local government services in the second year of the biennium. The following budget note was adopted:

BUDGET NOTE

The Employment Relations Board is directed to undertake the following items and then report to the appropriate policy committee and the Joint Committee on Ways and Means during the 2013 legislative session:

- Review its administrative processes and procedures and make any necessary changes to improve the timely disposition of hearing and mediation cases;
- Propose to the 2013 Legislature an expedited hearings process as well as any statutory changes that will improve the timely disposition of its hearing and mediation cases;
- Conduct a review of recent opinions issued by the Board and its administrative law judges to evaluate the quality of opinions issued and how they can be improved upon; and
- Report on the number of frivolous claims received and recommendations for reducing the number of any such claims.

Office of the Governor

The Governor's Office budget was increased by a net \$267,362 General Fund, which includes \$375,334 added to restore the 3.5% supplemental ending balance reduction from the 2011 legislative session, and reductions of \$105,000 to the Oregon Education Investment Board and \$2,972 in State Government Service Charges to reflect a change in the state's e-government funding model.

A \$1 Other Funds expenditure limitation was established as a placeholder for future increases to support spending any donations that the Office may receive.

Oregon State Library

As part of the statewide effort to restructure state government business operations and management of agency programs and services, the General Fund personal services budget for the agency was reduced by \$19,886. The following budget note was adopted:

BUDGET NOTE

The State Library is to report to the May 2012 Joint Interim Committee on Joint Ways and Means or the Emergency Board with an analysis of the requests and response received by the Government Research and Electronic Services program. The report shall include the total number of requests received, the nature of requests, and from what entity the request was made, the number of requests that were responded to, and the cost associated with providing responses.

Oregon Liquor Control Commission

The Commission's budget was increased by a net \$507,973 Other Funds, for the following:

- The legislatively adopted budget mistakenly applied a services and supplies reduction to personal services in the Administration and Support Services program of the Oregon Liquor Control Commission, so the technical correction adds \$707,973 Other Funds expenditure limitation.
- A reduction of \$200,000 Other Funds is the agency's share of the statewide effort to restructure state government business operations and management of agency programs and services.

Public Employees Retirement System

The agency's personal services budget was reduced by \$750,000 Other Funds to capture the agency's share of the statewide effort to restructure state government business operations and management of agency programs.

Department of Revenue

The Committee approved a decrease of \$48,504 General Fund to reflect savings in State Government Service Charges from a change in the state's e-government funding model. To capture the agency's share of the statewide effort to restructure state government business operations and management of agency programs, personal services were reduced by \$1,126,687 General Fund.

Secretary of State

Senate Bill 5701 reflects two adjustments to the Secretary of State's budget. The first reduced General Fund appropriations for personal services expenditures by a total of \$128,650, for the agency's share of the statewide effort to restructure state government business operations and management of agency programs and services. The second made a \$4,670 General Fund reduction for the e-government funding model change.

State Treasurer

Other Funds expenditure limitation was increased by \$250,000, for expenditures of grant funds received from the Rockefeller Foundation for the purpose of designing and launching a West Coast Infrastructure Exchange. This increase is approved on a one-time basis and the increase will be

phased-out in the development of the 2013-15 biennium budget. The Treasurer will request grant expenditure authority in his 2013-15 biennium budget request, if additional funding for this initiative is obtained from the Rockefeller Foundation or from other private sources.

Judicial Branch

Judicial Department

Senate Bill 5701 appropriates an additional \$7.4 million General Fund to the Oregon Judicial Department (OJD), partially offsetting the reduction made in the 2011-13 legislatively adopted budget for the supplemental ending balance. The bill also adds \$30.9 million in Other Funds expenditure limitation.

Funding was restored for constitutionally and legally mandated programs, including \$1.9 million for judicial compensation, \$472,922 for jury services, and \$345,207 for Oregon eCourt Program Debt Service. Court Operations, which includes the circuit and appellate courts and administration, are being held to their 2011-13 legislatively adopted budget, which includes \$2 million for Trial and Appellate Courts that was added at the end of the 2011 session. The Chief Justice has total flexibility to move funds and positions within the Operating Programs budget in order to keep the state's unified court system operating. A \$1.1 million General Fund special purpose appropriation to the Emergency Board is included in the bill in the event that the Department requires additional funding for court operations.

The bill includes \$2.4 million General Fund to fund revenue collection activities through the Department of Revenue and the private collection agencies.

BUDGET NOTE

The Oregon Judicial Department is requested to report to the Legislative Fiscal Office on a quarterly basis on the Department's overall revenue activities, including the cost of collection, amounts collected, and collection rates.

The Department's Special Payments were reduced as these payments were not previously subject to the reduction for the supplemental ending balance. County Law Libraries were reduced by \$259,000 General Fund and Conciliation and Mediation Services were reduced by \$259,000 General Fund.

An additional \$2.9 million in General Fund Debt Service was approved for the Oregon eCourt Program to support \$13.7 million in new bonding authority provided for in House Bill 5201. The operations and maintenance appropriation for the Oregon eCourt Program was reduced by \$93,643 General Fund. This action was submitted as part of the Department's reduction plan and is not expected to impact the current roll-out of the program.

The Other Funds expenditure limitation for the Oregon eCourt Program was increased by a total of \$23.4 million, for the following items:

- \$13.7 million in new bonding authority in House Bill 5201;
- \$6 million for previously authorized bonding authority (Senate Bill 5505, 2011);

- \$3.5 million for an available cash balance from previously issued debt; and
- \$134,116 for a fingerprint grant from the Oregon State Police.

The following budget notes were adopted relating to the Oregon eCourt Program.

BUDGET NOTE

The Judicial Department is requested to work with the Legislative Fiscal Office to prepare a revised schedule for completing the deliverables that were defined in the Agreement between the Chief Justice and the Co-Chairs of the Joint Committee on Ways and Means in the SB 5516 (2011) budget report. The Judicial Department and the Legislative Fiscal Office are also requested to establish a regular meeting schedule to review the deliverables and the status of Oregon eCourt. The parties will report to the Chief Justice and the Co-Chairs of the Joint Committee on Ways and Means periodically on the status of the deliverables and the Oregon eCourt program. The Judicial Department will also report as requested to the Joint Committee on Legislative Audits and Technology on the deliverables and the status of the Oregon eCourt program.

BUDGET NOTE

The Oregon Judicial Department (OJD) is requested to develop, by no later than April 1, 2012, a detailed implementation and evaluation plan to manage the pilot court and early adopter court Oregon eCourt implementations. For each trial court, the plan must include a clear definition of the implementation goals & objectives, processes, timelines, and costs; success evaluation criteria and measures for proving successful execution of each plan; and a plan to incorporate the lessons learned after each trial court implementation into subsequent implementations. If OJD determines that the implementation goals & objectives, schedule, or costs should be revised or rebaselined, OJD must immediately provide documentation of any adjustment to the Legislative Fiscal Office (LFO) so that the impact can be calibrated to the affected trial court implementation plan.

LFO will work with OJD to evaluate the success of each pilot and early adopter implementation against the plan. Factors that will be considered will be agreed upon by LFO and OJD and will be documented in each trial court implementation plan. The plan for the initial trial court will specifically include an initial evaluation of the usability of the Odyssey product. Each of the subsequent four early adopter implementations will further test the scalability of the product, and additional components of Oregon eCourt that may have been added; the configurations that have been established; the business functions that have been integrated with the Odyssey product; the system interfaces; and the data conversion plan and implementation.

LFO will request that OJD report after the pilot court and each early adopter implementation on its implementation including a post implementation review of outcomes, success measures and costs, and the lessons learned analysis. OJD should provide recommendations based on these reviews for the next early adopter court. Once all four of the first early

adopters are completed, OJD should conduct a major review to verify that the product(s) and all the methods involved in the implementation for the first five pilot and early adopter courts are sufficient for a successful implementation in Multnomah County. Because Multnomah County is being implemented via a ‘by case-type’ methodology, rather than all case types at once, like the first five trial courts, OJD should provide a Multnomah County-specific implementation and evaluation plan to guide the Oregon eCourt product(s) implementation. Upon completion of this implementation, LFO and OJD will review the Multnomah County implementation against the detailed implementation plan and the OJD assessment to evaluate the success of this implementation. This review will provide the basis for determining readiness of OJD and the contractor for implementing Oregon eCourt in the remaining trial courts.

Other Funds expenditure limitation of \$1.7 million was established for the new and existing Specialty Court grants, which the Department reports will offset the impact of recent General Fund reductions. The Committee also approved a one-time 13.46 FTE increase for the Specialty Courts. The \$1.7 million Other Funds expenditure limitation and 13.46 FTE increase are one-time only, and do not carry forward for the 2013-15 budget.

The Department’s Other Funds expenditure limitation was increased by a total of \$5.5 million for the following purposes:

- \$4.7 million for the State Court Facilities and Security Account for Special Payment transfers to local court security accounts.
- \$670,203 in for new and existing grants for pre-trial release programs and the Citizen Review Board.
- \$226,592 for Debt Service Other Funds expenditure limitation to support the issuance costs of an additional \$13.7 million in bonding.
- \$97,460 Other Funds Capital Improvement for emergency repairs to the Supreme Court Building.
- \$77,860 for a Special Payment to Tri-County Metropolitan Transportation District of Oregon (TRIMET).

This \$5.5 million increase in Other Funds expenditure limitation is a one-time increase and does not carry forward for the 2013-15 budget.

Commission on Judicial Fitness and Disability

The Commission’s Administration program budget was increased by \$6,228 General Fund. The Extraordinary program’s budget was reduced by \$12,647 General Fund, leaving a balance of \$6,200 for any potential prosecutions. The Commission has not prosecuted a case of judicial misconduct in the last two biennia and its total extraordinary budget has been disappropriated each of the last two biennia.

Public Defense Services Commission

Senate Bill 5701 reduces the Commission’s Appellate Division budget by \$112,000 General Fund and increases the Contract and Business Services budget by \$112,000 General Fund. This rebalance action utilizes vacancy savings in the Appellate Division to fund a portion of the Contract and Business Services 3.5% supplemental ending balance holdback which was taken as part of the 2011-13 legislatively adopted budget. A \$3.5 million General Fund special purpose appropriation is included in the bill in the event that the Commission requires additional funding for the trial-level public defense services.

The Public Defense Services Account’s Other Funds expenditure limitation is increased by \$1.4 million for trial-level public defense and by \$1.3 million for the Application and Contribution Program to establish a special payment to the Oregon Judicial Department. In future, the Application and Contribution program is to be budgeted as a special payment rather than as a revenue transfer. The legislative expectation is that the Application and Contribution Program will be funded by the Commission at a level not to exceed \$2.5 million.

Legislative Branch

Budgets for the legislative branch agencies were adjusted for a number of issues, including a change in the way that General Fund reversions are handled for the Legislative and Judicial Branch (see Senate Bill 1579), a reduction in legislative members' budgets, restoration of some supplemental ending balance budget reductions including debt service, and changes in the state's e-government funding model. The net adjustments in Senate Bill 5701 are as follows:

- Legislative Assembly reduced by \$128,160 General Fund.
- Legislative Administration reduced by \$134,851 General Fund.
- Legislative Counsel increased by \$400,043 General Fund.
- Legislative Fiscal increased by \$29,973 General Fund.
- Legislative Revenue reduced by \$14,531 General Fund.
- Commission on Indian Services reduced by \$26,451 General Fund.

**76th OREGON LEGISLATIVE ASSEMBLY – 2012 Session
BUDGET REPORT AND MEASURE SUMMARY**

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: SB 5702-A

Carrier – House: Rep. Cowan

Carrier – Senate: Sen. Verger

Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 24 – 0 – 1

House – Yeas: Beyer, Buckley, Cowan, Freeman, Garrard, Komp, McLane, Nathanson, Nolan, Read, Richardson, G. Smith, Thatcher, Whisnant

– Nays:

– Exc:

Senate – Yeas: Bates, Devlin, Girod, Johnson, Monroe, Nelson, Thomsen, Verger, Whitsett, Winters

– Nays:

– Exc: Edwards

Prepared By: Steve Bender, Legislative Fiscal Office

Meeting Date: March 5, 2012

<u>Agency</u>	<u>Budget Page</u>	<u>LFO Analysis Page</u>	<u>Biennium</u>
Various Agencies – Lottery and Criminal Fine and Assessment Account Allocation Changes	---	---	2011-13

Summary of Revenue Changes

The Oregon Lottery collects revenues from traditional and video lottery gaming. It pays player prizes and its operating expenses out of these revenues and then transfers the balance (net profits) to the Administrative Services Economic Development Fund (EDF). The Department of Administrative Services then distributes funds from the EDF in adherence with constitutional and statutory funding priorities, including specific Legislative allocations.

The March 2012 revenue forecast for available lottery funds in this biennium is \$35,583,512 below the level of revenues assumed in the 2011 Legislatively Adopted Budget, and \$3,681,388 above the approved allocations in the 2011 Legislatively Adopted Budget. The Legislatively Adopted Budget allocations, including the allocations specified in the constitution and not included in this bill, total \$1,091,736,711, compared to the \$1,095,418,099 of total lottery resources projected for the biennium in the March 2012 revenue forecast.

Summary of Committee Action

Allocation of Lottery Revenue

Two allocations are specified in the constitution. The Education Stability Fund receives 18 percent of net lottery proceeds and the Parks and Natural Resources Fund receives 15 percent of net lottery proceeds. The lottery funds transferred to these two Funds change in direct proportion to revenue changes. The March 2012 lottery revenue forecast translates into a \$6,405,019 reduction in revenue to the Education Stability Fund, and a \$5,337,516 reduction to the Parks and Natural Resources Fund, each equivalent to a 3.2% reduction from the levels anticipated in the 2011-13 Legislatively Adopted Budget.

The Committee approved net lottery allocation increases totaling \$3,681,388. Senate Bill 5701 contains Lottery Funds expenditure limitation adjustments for most of the lottery allocation adjustments in this bill. The lottery allocation adjustments include increases totaling \$7,800,212 to pay debt service costs for lottery revenues bonds, and reductions totaling \$3,494,895 to various programs. The debt service allocation increases are necessary to restore the 3.5% lottery allocation reductions approved in the 2011-13 legislatively adopted budget to finance a statewide supplemental ending balance. Although the restorations are less than the \$9.6 million in those 3.5% reductions, they provide sufficient funding for full payment of debt service costs.

Program Allocation Changes

The Committee reduced the lottery allocation to the State School Fund by \$2,979,570. This reduction is backfilled with an equal amount of General Fund in Senate Bill 5701.

Senate Bill 5702 also includes the following lottery allocation reductions:

- Oregon Business Development Department – decreases the allocation for Shared Services operations by \$139,171.

- Oregon Business Development Department – decreases the allocation for Business, innovation, and trade by \$293,896.
- Oregon Business Development Department – decreases the allocation for the Oregon Film and Video Office by \$81,315.
- Office of the Governor – decreases the allocation to the Office of the Governor by \$943 as a technical correction to the allocation amount approved in the 2011 session.
- Oregon University System – decreases the allocation to the Sports Lottery Account by \$232,960.
- Oregon Health Authority – decreases the allocation to the Problem Gambling Treatment Fund by \$390,969.

Debt Service Allocation Changes

The lottery allocation to pay debt service on lottery bonds issued prior to the start of the 2011-13 biennium is increased by \$8,046,216. In the 2011 session, the Legislature reduced the debt service allocation for existing lottery bonds by 3.5% to provide a statewide supplemental ending balance. The debt service allocation increase provides the level of Lottery Funds needed to pay all 2011-13 biennium debt service costs on these bonds.

The lottery allocation to pay debt service on new lottery bonds issued in the 2011-13 biennium is decreased by \$246,004. The allocation for debt service for new Housing and Community Services Department lottery bonds is reduced by \$312,164 (eliminated). Because the 2012 session budget reconciliation delays issuance of the Housing and Community Services Department lottery bonds until Spring 2013, there will be no debt service costs associated with these bonds in the 2011-13 biennium. The debt service allocation for all other new lottery bonds approved in the 2011 session is increased by \$66,160 to restore the 3.5% allocation reduction approved in the 2011 session for the statewide supplemental ending balance. This debt service allocation increase provides the level of Lottery Funds that is forecast to be needed to pay all 2011-13 biennium debt service costs on these bonds. No allocation is provided for lottery bonds approved in the 2012 session. Any such bonds will not be issued before Spring 2013, so there will be no debt service costs associated with them in the 2011-13 biennium.

The Committee updated the formula that the Department of Administrative Services uses to reduce Lottery Funds transfers in the event of a funding shortfall, to reflect the approved changes in the allocations for debt service.

Allocation of Criminal Fine and Assessment Account and Criminal Fine Account Funds

The Committee approved a decrease in the allocation of Criminal Fine and Assessment (CFAA) and Criminal Fine Account (CFA) revenues for the Department of Public Safety Standards and Training of \$873,897. These revenues are collected from fines, assessments, and other financial penalties, imposed on certain convictions for felonies, misdemeanors, and violations. This reduction will result in the termination of the child abuse training program and the elimination of six positions (3.75 FTE) including two range masters, a training support specialist, a training development coordinator, and a health and fitness coordinator. The resources reduced in this bill will be deposited in the General Fund and used to balance the overall state budget. There is a corresponding reduction in Other Funds expenditure limitation in Senate Bill 5701.

Administrative Services Economic Development Fund (Lottery Funds) 2011-13 Biennium

		Current Law 2011-13 Lottery Allocations	February 2012 Lottery Revenue Forecast	Debt Service Allocation Adjustments	2011-13 Budget Reconciliation Adjustments	SB 5702-A Lottery Allocation Adjustments	Revised 2011-13 Lottery Allocations
<u>Lottery Resources</u>							
Beginning Balance		244,821	244,736				244,736
Interest Income		1,100,000	1,100,000				1,100,000
Administrative Savings		8,000,000	8,005,456				8,005,456
Disappropriations & Reversions		1,361,248	1,361,248				1,361,248
Net Lottery Proceeds		1,120,295,553	1,084,706,659				1,084,706,659
Total Lottery Resources		1,131,001,622	1,095,418,099	-	-	-	1,095,418,099
<u>Transfers and Allocations</u>							
<u>Dedicated Transfers</u>							
Ed Stability Fund 18%		203,093,200	196,688,181				196,688,181
Parks & Natural Resources 15%		169,244,333	163,906,817				163,906,817
County Video Lottery	sec. 10, ch. 622, Oregon Laws 2011	37,118,584	37,118,584		-	-	37,118,584
OUS Sports Lottery Account	sec. 9, ch. 622, Oregon Laws 2011	8,825,680	8,825,680		(232,960)	(232,960)	8,592,720
Gambling Addiction Treatment	sec. 11, ch. 622, Oregon Laws 2011	10,972,521	10,972,521		(390,969)	(390,969)	10,581,552
County Fairs Distribution	sec. 12, ch. 622, Oregon Laws 2011	3,600,135	3,600,135			-	3,600,135
County Fairs - Administration (to ODA)	sec. 13, ch. 622, Oregon Laws 2011	18,354	18,354			-	18,354
Total Dedicated Transfers		432,872,807	421,130,272	-	(623,929)	(623,929)	420,506,343
<u>Program Allocations</u>							
Business Development Dept. - Shared services	sec. 3(1), ch. 622, Oregon Laws 2011	6,822,694	6,822,694		(139,171)	(139,171)	6,683,523
Business Development Dept. - BIT	sec. 3(2), ch. 622, Oregon Laws 2011	45,534,264	45,534,264		(293,896)	(293,896)	45,240,368
Business Development Dept. - Film & Video	sec. 3(3), ch. 622, Oregon Laws 2011	1,207,893	1,207,893		(81,315)	(81,315)	1,126,578
Dept. of Education - State School Fund	sec. 4, ch. 622, Oregon Laws 2011	374,741,287	374,741,287		(2,979,570)	(2,979,570)	371,761,717
Governor's Office - Econ. Revitalization Team	sec. 6, ch. 622, Oregon Laws 2011	1,856,674	1,856,674		(943)	(943)	1,855,731
Total Program Allocations		430,162,812	430,162,812	-	(3,494,895)	(3,494,895)	426,667,917
<u>Debt Service</u>							
Business Development Dept. - Old bonds	sec. 8(1), ch. 622, Oregon Laws 2011	79,199,162	79,199,162	2,834,047		2,834,047	82,033,209
Dept. of Transportation - Old bonds	sec. 8(1), ch. 622, Oregon Laws 2011	69,455,197	69,455,197	2,669,851		2,669,851	72,125,048
Department of Education - Old bonds	sec. 8(1), ch. 622, Oregon Laws 2011	47,811,752	47,811,752	1,367,790		1,367,790	49,179,542
Housing & Community Services - Old bonds	sec. 8(1), ch. 622, Oregon Laws 2011	10,045,891	10,045,891	303,452		303,452	10,349,343
Housing & Community Services - New bonds	sec. 8(2), ch. 622, Oregon Laws 2011	312,164	312,164	(312,164)		(312,164)	-
DAS - Pass-through bonds - Old bonds	sec. 8(1), ch. 622, Oregon Laws 2011	6,823,325	6,823,325	238,531		238,531	7,061,856
DAS - Pass-through bonds - New bonds	sec. 8(2), ch. 622, Oregon Laws 2011	1,281,027	1,281,027	46,461		46,461	1,327,488
Oregon University System - Old bonds	sec. 8(1), ch. 622, Oregon Laws 2011	13,223,235	13,223,235	225,167		225,167	13,448,402
Oregon University System - New bonds	sec. 8(2), ch. 622, Oregon Laws 2011	214,871	214,871	7,793		7,793	222,664
CCWD - Old bonds	sec. 8(1), ch. 622, Oregon Laws 2011	6,841,327	6,841,327	236,360		236,360	7,077,687
Water Resources Dept. - Old bonds	sec. 8(1), ch. 622, Oregon Laws 2011	553,635	553,635	18,483		18,483	572,118
Water Resources Dept. - New bonds	sec. 8(2), ch. 622, Oregon Laws 2011	152,455	152,455	5,529		5,529	157,984
State Forestry Dept. - Old bonds	sec. 8(1), ch. 622, Oregon Laws 2011	2,274,497	2,274,497	72,799		72,799	2,347,296
State Forestry Dept. - New bonds	sec. 8(2), ch. 622, Oregon Laws 2011	175,837	175,837	6,377		6,377	182,214
State Department of Energy - Old bonds	sec. 8(1), ch. 622, Oregon Laws 2011	2,079,252	2,079,252	79,736		79,736	2,158,988
Total Debt Service Allocations		240,443,627	240,443,627	7,800,212	-	7,800,212	248,243,839
Total Resources		1,131,001,622	1,095,418,099	-	-		1,095,418,099
Total Transfers and Allocations		1,103,479,246	1,091,736,711	7,800,212	(4,118,824)	3,681,388	1,095,418,099
Ending Balance		27,522,376	3,681,388				-

LOTTERY FUNDS CASH FLOW SUMMARY

	2011-13 Legislatively Adopted Budget	2011-13 Legislatively Approved Budget	Percent Change
ECONOMIC DEVELOPMENT FUND			
RESOURCES			
Beginning Balance	\$244,821	\$244,736	0.0%
REVENUES			
Transfers from Lottery			
Net Proceeds	\$1,120,295,553	\$1,084,706,659	-3.2%
Administrative Savings	\$8,000,000	8,005,456	0.1%
Other Revenues			
Interest Earnings	\$1,100,000	1,100,000	0.0%
Reversions	\$1,361,248	1,361,248	0.0%
Total Revenue	1,130,756,801	1,095,173,363	-3.1%
TOTAL RESOURCES	1,131,001,622	1,095,418,099	-3.1%
DISTRIBUTIONS / ALLOCATIONS			
Distribution of Video Revenues to Counties	\$37,118,584	37,118,584	0.0%
Distribution to OUS Sports Lottery Account	\$8,825,680	8,592,720	-2.6%
Distribution to Education Stability Fund	\$203,093,200	196,688,181	-3.2%
Distribution to Parks and Natural Resources Fund	\$169,244,333	163,906,817	-3.2%
Distribution for Gambling Addiction Treatment Programs	\$10,972,521	10,581,552	-3.6%
Allocation to State School Fund	\$374,741,287	371,761,717	-0.8%
Debt Service Allocations	\$240,443,627	248,243,839	3.2%
Other Agency Allocations	\$59,040,014	58,524,689	-0.9%
TOTAL DISTRIBUTIONS / ALLOCATIONS	1,103,479,246	1,095,418,099	-0.7%
ENDING BALANCE	\$27,522,376	\$0	-100.0%
EDUCATION STABILITY FUND (not including the OGA or ORTDF)			
RESOURCES			
Beginning Balance	0	5,061,518	
Revenues			
Transfer from the Economic Development Fund	192,938,540	187,035,590	-3.1%
Interest Earnings	1,466,342	392,747	-73.2%
Total Revenue	194,404,882	187,428,337	-3.6%
TOTAL RESOURCES	194,404,882	192,489,855	-1.0%
DISTRIBUTIONS			
Interest Distributions	(1,466,463)	(431,799)	-70.6%
Transfers to the State School Fund	(182,239,000)	(182,239,000)	0.0%
TOTAL DISTRIBUTIONS	(183,705,463)	(182,670,799)	-0.6%
ENDING BALANCE	\$10,699,419	\$9,819,056	-8.2%

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 1579-A**Seventy-Sixth Oregon Legislative Assembly – 2012 Regular Session
Legislative Fiscal Office

Prepared by: Ken Rocco
 Reviewed by: Linda Ames, Sheila Baker, Steve Bender, John Borden, Monica Brown, Laurie Byerly, Michelle Deister, Daron Hill, Susie Jordan, John Terpening, and Doug Wilson
 Date: March 5, 2012

Measure Description: SB 1579 implements statutory changes necessary to support the legislatively approved budget and to clarify the application of statutes.

Government Unit(s) Affected: Multiple agencies and local government

Local Government Mandate: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis: This measure implements statutory changes necessary to support the legislatively approved budget and to clarify the application of statutes. The measure declares an emergency and is effective on passage.

The budgetary impacts of provisions of this measure are contained in SB 5701 which is the 2012 session's budget reconciliation bill for the 2011-13 biennium. Other Funds transfers provided in this measure are one-time in nature and only apply to the 2011-13 biennium. Unless otherwise noted, the transfers are to be made on the effective date of measure.

The following table summarizes, by section and agency, the fiscal impact of this measure.

Section/Gov't Unit	Program Change	Fiscal Impact
§1 Department of Administrative Services	Repeals direction to DAS to accept allotment plans allowing agencies to expend up to 54 percent of appropriated amounts in the first fiscal year of the 2011-13 biennium.	No fiscal impact
§2 to §3 Treasurer; Department of Administrative Services	Directs notification to President, Speaker, and Legislative Fiscal Officer when a previously scheduled bond issuance is cancelled.	No fiscal impact
§4 Oregon Health Authority	Changes reporting on the Maternal Mental Health Patient and Provider Education Program from every meeting of the Interim Joint Committee on Ways and Means to at least once during each odd-numbered year session.	No fiscal impact
§5 to §20 Joint Interim Committee on Ways and Means	Changes the reporting requirements of various reports due to the Emergency Board or the Joint Committee on Ways and Means to also include the Joint Interim Committee on Ways and Means.	No fiscal impact

Section/Gov't Unit	Program Change	Fiscal Impact
§21 to §22 Legislative Fiscal Office/Legislative Revenue Office	Requires reports from the Department of Administrative Services on the close of session revenue forecast and the collections of revenue from personal and corporate income taxes be made to the Legislative Fiscal Officer and Legislative Revenue Officer instead of the Emergency Board.	No fiscal impact
§23 Parks and Recreation Department	Eliminates agency requirement to report on fee reductions, waivers, and exemptions on park fees and charges.	No fiscal impact
§24 to §25 Parks and Recreation Department	Eliminates agency requirement to report on use of moneys received from Salmon Registration Plate sales.	No fiscal impact
§26 Department of Justice	Transfers funds from the Criminal Injuries Compensation Fund to the General Fund for general government purposes. These funds represent the State's share of damages recently collected by the Department of Justice for a tobacco-related lawsuit.	\$56,200,000 Transfer to General Fund
§27 Secretary of State	Transfers funds from the Secretary of State's Operating Account (Business Registry fee revenues) to the General Fund for general government purposes. Estimated ending balance after transfer is \$2.2 million.	\$1,057,904 Transfer to General Fund
§28 Business Development Department	Transfers funds from the Building Opportunities for Oregon Small Business Today Account to the General Fund for general government purposes. Estimated balance after transfer is \$1.3 million.	\$3,692,500 Transfer to General Fund
§29 to §30 Governor's Office	Establishes the Governor's Office Operating Fund separate and distinct from the General Fund. Fund will consist of gifts, grants, or contributions.	Indeterminate; \$1 Other Funds expenditure limitation established in SB 5701
§31 Oregon Health Authority	Transfers funds from the Tobacco Use Reduction Account to the General Fund for general government purposes. Transfer shall be made no later than June 30, 2013.	\$1,500,000 Transfer to General Fund
§32 Oregon Health Authority	Transfers funds from the Community Housing Trust Account to the Oregon Health Authority Fund to maintain services in community mental health programs.	\$5,726,586 Transfer to Other Funds
§33 Employment Department	Transfers funds from the Special Administrative Fund to the General Fund for general government purposes.	\$1,100,000 Transfer to General Fund
§34 Employment Department	Transfers funds from the Supplemental Employment Department Administration Fund to the General Fund for general government purposes.	\$9,000,000 Transfer to General Fund
§35 Department of Revenue	Transfers funds from Tax Amnesty Fund to the General Fund for general government purposes	\$3,000,000 Transfer to General Fund

Section/Gov't Unit	Program Change	Fiscal Impact
§36 Education Stability Fund	Modifies the transfer date to September 1, 2012, from June 1, 2012, for the 2011-2012 School Year Subaccount.	No fiscal impact
§37 to §49 Public Defense Services	Separates the Public Defense Services Account from the General Fund. Becomes operative July 1, 2012.	No fiscal impact
§50 Oregon Health Authority	Ratifies fee increases for the Oregon Environmental Laboratory Accreditation Program which had been administratively established at the beginning of the 2011-13 biennium.	Minimal
§51 Department of Veterans' Affairs	Ratifies fee increases for the Conservatorship Program which had been administratively established at the beginning of the 2011-13 biennium.	Minimal
§52 Oregon Health Licensing Agency	Ratifies fee changes for the Oregon Health Licensing Agency, which had been administratively established at the beginning of the 2011-13 biennium, with the one exception. The licensing and renewal fees for the State Board of Direct Entry Midwifery were established at \$1,200 rather than \$1,800.	\$212,375 OF Revenue 11-13 \$334,648 OF Revenue 13-15
§53 Oregon Judicial Department	Transfers funds from the State Court Facilities and Security Account to the General Fund for general government purposes.	\$6,552,125 Transfer to General Fund
§54 Department of Environmental Quality	Transfers funds from the Motor Vehicle Pollution Account to the General Fund for general government purposes. Estimated balance after transfer is \$3.5 million.	\$3,000,000 Transfer to General Fund
§55 Oregon University System	Permits use of previously issued Lottery Bond proceeds to be utilized for debt service for the 2011-13 biennium.	Other Funds expenditure limitation provided in SB 5701.
§56 to §58 Judicial and Legislative Departments	Continuously appropriates the unexpended General Fund budget for the Judicial and Legislative Departments beginning with the 2009-11 biennium.	One-time impact to General Fund resources of \$2,500,000
§59-§71 Multiple agencies	Exempts semi-independent agencies, Oregon Tourism Commission, Oregon Film and Video Office, Oregon Health & Science University, Travel Information Council, Oregon Corrections Enterprises, Oregon Lottery Commission, Commodity Commissions, SAIF, Oregon Health Insurance Exchange Corporation, Oregon Utility Notification Center, Oregon Community Power, and the Citizen's Utility Board from statutes relating to financing agreements (ORS 283.085 - .092).	No fiscal impact

Section/Gov't Unit	Program Change	Fiscal Impact
§72 Department of Justice	Transfers funds from the Protection and Education Revolving Account to the General Fund for general government purposes. An equivalent amount will be transferred to the Protection and Education Revolving Account within two months from a settlement relating to mortgage fraud. The Department of Justice may present a plan to the Emergency Board and request expenditure limitation for these funds.	\$4,000,000 Transfer to General Fund
§73 Department of Administrative Services	Transfers funds from the Insurance Fund to the General Fund for general government purposes. Following the transfer, the projected fund balance is about \$95 million. This transfer does increase the program's unfunded liability, as liabilities are currently estimated to be \$127 million.	\$13,300,000 Transfer to General Fund
§74 Oregon Judicial Department	Permits counties of less than 400,000 inhabitants to determine how to allocate funding for conciliation and mediation services in circuit courts and county law library services. Counties of more than 400,000 inhabitants may expend no more than \$716,000 of the allocated funding for capital outlay for court facilities.	No fiscal impact
§75-78 Oregon Judicial Department	Modifies permissive language concerning the adoption of state standards for court security, emergency preparedness, and business continuity. Authorizes the use of the State Court Facilities and Security Account (Account) for circuit court expenses. Redirects interest earnings in the Account to the General. Limits use of Account for non-personnel related expenditures consistent with an adopted plan, effective July 1, 2013. Repeals expenditure limitation for the 2011-13 biennium.	No fiscal impact
§79 Oregon Judicial Department	Requires the Judicial Department to report the legislature on changes to a compensation plan prior to implementation.	No fiscal impact
§80-82 Department of Human Services	Denies Temporary Assistance to Needy Families (TANF) support to families who met the 60-month federal benefit limit; ends post-TANF payments beginning May 1, 2012, two months earlier than originally budgeted; and increases the ineligibility period to 120 days from 60 days for caretakers separated from employment without good cause (i.e., "job quit").	<\$910,538> General Fund which will be reflected in SB 5701

Section/Gov't Unit	Program Change	Fiscal Impact
§83 Department of Human Services	Permits the department to limit reimbursement paid to Medicaid-certified long term care facilities for the period beginning April 1, 2013 through June 30, 2013.	Indeterminate
§84-85 Department of Education, School Districts	Extends the sunset on the Small School District Supplement Fund for one year (June 30, 2013).	See Revenue Impact Statement; SB 5701 adds \$2,500,000 General Fund to the State School Fund
§86-87 Local Government	Requires the League of Oregon Cities and Association of Oregon Counties to report to the Legislative Fiscal Officer on caseload, revenue, and expenditure information related to municipal and justice courts once every two years.	Minimal
§88-97 Oregon Health Authority, State Treasurer	Requires Oregon Health Insurance Exchange Corporation to establish and deposit moneys into accounts in federally insured depositories. Specifies the corporation's obligations are not a pledge of the full faith and credit of the State.	No fiscal impact
§98 Military Department, Department of Administrative Services	Changes the name of the Oregon Local Disaster Assistance Loan Account to the Oregon Local Disaster Assistance Loan and Grant Account; provides for non-matching grants or loans to local governments and school districts for federally declared emergencies. The Department of Administrative Services will determine the terms and condition for the repayment of loans from the Account, with such repayments to be deposited into the General Fund.	Indeterminate
§99 Multiple agencies	Provides that transfers established in §26-28, 31-35, 53-54, and 72-73 shall be made from moneys in the Funds or Accounts on the effective date of transfer.	No fiscal impact
§100 Employment Department/Department of Transportation	Repeals two statutes requiring reports that are no longer required. Reports were related to federal unemployment and Light Rail Construction.	No fiscal impact
§101 to §103	Conforming amendment to make language changes to various statutes.	No fiscal impact
§104 to §106	Conflict amendments with HBs 4082 & 4163	No fiscal impact
§107 to §108	Captions and emergency clause.	No fiscal impact

Oregon Legislative Emergency Board
Certificate

November 18, 2011

Pursuant to the provisions of ORS 291.328, and acting under the authority of ORS 291.326(1)(a), (b), (c), and (d); ORS 291.371; and ORS 291.375; this hereby certifies that the Emergency Board, meeting on November 18, 2011, took the following actions:

1. Department of Human Services

Approved transfers of General Fund appropriations and increases in Other and Federal Funds expenditure limitation as outlined in the Department of Human Services 2009-11 Close-Out Plan schedule to close out the Department's 2009-11 budget.

/s/ Ken Rocco

Ken Rocco, Legislative Fiscal Officer

DEPARTMENT OF HUMAN SERVICES 2009-11 CLOSE-OUT PLAN
November 2011

Division/Appropriation Reference	Fund Type	Adjustments to Legislatively Approved Budget
<u>Transfers and Expenditure Limitation Adjustments:</u>		
Children, Adults and Families		
Ch 732 1(2) Oregon Laws 2009	General	(4,800,000)
	Total	(4,800,000)
Health Services		
Ch 732 1(3) Oregon Laws 2009	General	(800,000)
	Total	(800,000)
Seniors and People with Disabilities		
Ch 732 1(4) Oregon Laws 2009	General	1,600,000
Ch 732 2(4) Oregon Laws 2009	Other Limited	12,000,000
Ch 732 4(4) Oregon Laws 2009	Federal Limited	15,000,000
	Total	28,600,000
Administrative Services		
Ch 732 1(1) Oregon Laws 2009	General	4,000,000
	Total	4,000,000
Department Total		
	General	-
	Other Limited	12,000,000
	Federal Limited	15,000,000
	Total	27,000,000

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DARON HILL
DEPUTY LEGISLATIVE FISCAL OFFICER

Summary of Emergency Board Action

May 2012

The Legislative Emergency Board met on May 21 – 23, 2012 and considered an agenda of 48 items. The agenda included six agency requests for allocations from the general purpose appropriation made to the Emergency Board; the Board approved five of the agency requests, one of which was approved at an amount less than the request. These allocations included \$593,497 for the Secretary of State, \$550,000 for the Department of Administrative Services for the City of Eugene, \$300,000 for the Department of Justice, and a total of \$170,000 for two requests from the Military Department. There were also two agency requests on the agenda for allocations from special purpose appropriations made to the Emergency Board, totaling \$10.2 million, of which \$8.7 million was allocated. Additional details on these allocations are described below. After the Emergency Board actions, the unallocated balance of the general purpose Emergency Fund is \$25.6 million and the remaining balance of all special purpose appropriations is \$73.4 million.

The agenda included 18 items that requested additional 2011-13 biennium authority to spend Lottery Funds, Other Funds, and Federal Funds. The Emergency Board approved expenditure limitation increases of approximately \$19.7 million Other Funds (including \$13.5 million for the Department of Transportation's rail program) and \$24.1 million Federal Funds (including \$5.5 million for Emergency Unemployment Compensation). Also included was a small increase in Lottery Funds expenditure limitation (\$74,250) for the Parks and Recreation Department. The Emergency Board also authorized the establishment of 42 limited duration positions, with an overall increase of 19.25 FTE; most of these positions resulted from additional federal funding to help unemployment insurance claimants get back to work more quickly (32 positions/15.50 FTE). Also approved was the extension of months to existing positions at the Employment Department for the Emergency Unemployment Compensation program (0 positions/14.50 FTE).

The agenda also included 10 agency reports, which the Emergency Board acknowledged receiving, three of which were in a consent agenda item. The most significant of these was a report from the Legislative Fiscal Office regarding agency plans to accommodate \$28 million in reductions included in the 2011-13 legislatively approved budget. The Emergency Board also heard 20 requests for the submission of federal grant applications, 13 of which were in a consent agenda item (Departments of Education, Community Colleges and Workforce Development, Human Services, Agriculture, Land Conservation and Development, Energy, and Transportation and the Oregon Health Authority). Two of the grant application requests included approvals of associated expenditure limitation increases.

The following is a summary of significant Emergency Board actions taken at the May 2012 meeting:

Education

- Acknowledged receipt of a report on shifting Article XI-F bond proceeds between capital projects at Oregon State University.
- Increased the Federal Funds expenditure limitation of the Department of Community Colleges and Workforce Development by \$851,813 for grants received by the Oregon Youth Conservation Corps, with the understanding that \$500,000 of the amount will be uncheduled until the funds are received.
- Acknowledged receipt of a report by the Legislative Fiscal Office on preliminary findings concerning the 2011-12 School Year Subaccount of

the State School Fund. The Emergency Board provided notice of non-compliance to the Governor for 11 school districts that did not report as required on the use of the funding from the Subaccount.

Human Services

- Increased the Other Funds expenditure limitation of the Long Term Care Ombudsman by \$120,000 and authorized the establishment of one limited duration position (0.50 FTE) for the Senior Medicare Patrol program.
- Acknowledged receipt of reports from the Oregon Health Authority on the Health Insurance

Exchange (HIX) project and on the Health Care System Transformation.

- Approved a request by the Department of Human Services to apply for a federal grant for Education System Collaboration to Increase Educational Stability for Child Welfare.

Public Safety and Judicial Branch

- Allocated \$300,000 from the Emergency Fund to the Department of Justice for costs associated with replacement of the primary information management system for Oregon's Child Support program.
- Allocated \$3,781,798 to the Department of Justice from a special purpose appropriation made to the Emergency Board, increased the Other Funds expenditure limitation by \$2,369,535, and authorized the establishment of five limited duration positions (1.13 FTE) for the Department of Justice for home foreclosure related activities and mediation services associated with the multi-state mortgage foreclosure settlement and SB 1552 (2012) through June 30, 2013; this action also included an allocation to the Housing and Community Services Department (for details, see Economic and Community Development below).
- Allocated \$170,000 from the Emergency Fund to the Military Department for facility and mission requirements at the Portland Air National Guard Base (\$90,000) and the Kingsley Field Air National Guard Base (\$80,000).
- Increased the Federal Funds expenditure limitation of the Military Department by \$5,000,000 and authorized the establishment of 23 limited duration positions (11.50 FTE) for an intergovernmental agreement with the federal government for the Umatilla Chemical Depot, to be unscheduled until a copy of the signed caretaker intergovernmental agreement is provided to the Department of Administrative Services and the Legislative Fiscal Office.
- Established a \$1,804,000 Capital Construction Federal Funds expenditure limitation for the Military Department for the 2011-13 biennium related to a service life extension project at the Milton-Freewater Armory, to be unscheduled until the agency submits more details on the planned project to the Department of Administrative Services and the Legislative Fiscal Office.
- Allocated \$1,084,432 to the Oregon Judicial Department from a special purpose appropriation made to the Emergency Board for court operations, but denied a request for an additional \$4.7 million from the Emergency Fund until more is known about the state's fiscal situation and actual court needs.

- Approved requests to apply for federal grants by the Department of State Police for a Port Security Grant to purchase patrol vessels for the Columbia River and by the Criminal Justice Commission for a re-entry grant through the U.S. Bureau of Justice Assistance.

Natural Resources

- Increased the Other Funds expenditure limitation of the Department of Energy by \$713,675 and authorized the establishment of two limited duration positions (1.08 FTE) to address immediate workload needs in the Energy Facility Siting Division.
- Increased the Federal Funds expenditure limitation of the Department of Land Conservation and Development by \$160,000 for a coastal zone project of special merit grant award.
- Increased the Other Funds expenditure limitation by \$220,175 and the Lottery Funds expenditure limitation by \$73,392 for the Parks and Recreation Department for costs related to the January 2012 floods and damages to state park property.
- Approved a request by the Parks and Recreation Department to apply for a grant from the U.S. Fish and Wildlife Service, National Coastal Wetlands Conservation program.
- Increased the Other Funds expenditure limitation of the Department of State Lands by \$352,000 for a rangeland improvement project in Harney County.

Economic and Community Development

- Allocated \$3,850,000 to the Housing and Community Services Department from a special purpose appropriation made to the Emergency Board and authorized the establishment of one limited duration position (0.50 FTE) for counseling services, legal assistance, and outreach to homeowners for home foreclosure related activities associated with the multi-state mortgage foreclosure settlement and SB 1552 (2012) through June 30, 2013; this action was a joint request with the Department of Justice (see Public Safety and Judicial Branch above for additional details).
- Increased the Federal Funds expenditure limitation of the Employment Department by \$5,500,000 and authorized the extension of existing limited duration positions (14.50 FTE) for the federal Emergency Unemployment Compensation program, and increased the Federal Funds expenditure limitation by \$1,527,235 for Child Care and Development Fund expenditures.
- Increased the Federal Funds expenditure limitation of the Employment Department by \$2,991,915 and authorized the establishment of 32 limited duration positions (15.50 FTE) related to a federal grant to expand programs designed to get

unemployment insurance claimants back to work more quickly and to reduce errors and fraud in claims processing.

- Increased the Federal Funds expenditure limitation of the Oregon Business Development Department by \$480,000 related to a federal grant from the Small Business Administration for State Trade and Export Promotion.
- Increased the Other Funds expenditure limitation of the Department of Veterans' Affairs by \$125,000, established a Federal Funds Capital Construction expenditure limitation for the 2011-13 biennium in the amount of \$499,163, and established an Other Funds Capital Construction expenditure limitation for the 2011-13 biennium in the amount of \$268,780 to build and operate an electronic medical records system and install a secure access system for staff and patients at the Veterans' Home in The Dalles.

Transportation

- Increased the Other Funds expenditure limitation by \$13,500,808 and the Federal Funds expenditure limitation by \$5,141,157 for the Department of Transportation for costs in the agency's rail program.
- Approved requests by the Department of Transportation to apply for federal grants from the Federal Transit Authority related to Bus Livability and the Bus and Bus Facilities grant programs.

Consumer and Business Services

- Acknowledged receipt of a report from the Health Licensing Agency on the status of fee changes.

Administration

- Allocated \$550,000 from the Emergency Fund to the Department of Administrative Services for a grant to the City of Eugene for public safety costs associated with the 2012 U.S. Olympic Team Trials to be held at Hayward Field in June.

- Allocated \$593,497 from the Emergency Fund to the Secretary of State for reimbursement of state and county costs associated with the special elections necessary to fill a vacancy in the 1st Congressional District.
- Established a new Other Funds expenditure limitation for the Public Employees Retirement System of \$2,071,410 and authorized the establishment of three limited duration positions (1.62 FTE) to recover overpayments to certain retirement system benefit recipients.
- Acknowledged receipt of reports by the Department of Administrative Services on bond refinancing, compensation plan changes, and 2013-15 uniform rent rates.
- Acknowledged receipt of a report by the Oregon Liquor Control Commission on revenues and expenditures compared to projections.
- Acknowledged receipt of a report by the Legislative Fiscal Office on agency plans for accommodating reductions of \$28 million General Fund and \$3.8 million Other Funds included in the 2012 session rebalance of the 2011-13 biennium legislatively approved budget; and approved various appropriation transfers and Other Funds expenditure limitation increases within selected state agencies to clarify organizational changes resulting from the reduction. Direction was also provided to the Department of Administrative Services to ensure that the permanent changes recommended in the report would be reflected in the 2013-15 budget and to affected state agencies to implement the recommended changes to the 2011-13 budget. Modifications were made to the Legislative Fiscal Office recommendations for the Department of Corrections and the Department of Forestry.

Emergency Fund Balance Summary		
	Agency Request	Full Board Action
General Purpose Emergency Fund		
Appropriation (after 2012 Session adjustments)	27,218,734	27,218,734
Allocations to date		
Reservations		
Unallocated/Unreserved Balance	27,218,734	27,218,734
# May 2012 Requests - General Purpose		
1 Secretary of State - Special Elections Costs	(685,000)	(593,497)
2 Oregon Judicial Department - Court Operations	(4,709,600)	
17 Oregon Military Department - Portland Air National Guard Base	(90,000)	(90,000)
18 Oregon Military Department - Kingsley Field Air National Guard Base	(80,000)	(80,000)
50 Legislative Fiscal Office - Child Support System Funding for Department of Justice	(300,000)	(300,000)
53 Legislative Fiscal Office - Olympic Trials Public Safety for Department of Administrative Services	(550,000)	(550,000)
Total Requests - General Purpose	(6,414,600)	(1,613,497)
General Purpose Unallocated/Unreserved Balance after 5/12 (if requests approved)	20,804,134	25,605,237
Special Purpose Appropriations - Agency Specific (includes 2012 Session actions)	82,145,415	82,145,415
Allocations/Transfers to Date		
Unallocated Balance	82,145,415	82,145,415
# May 2012 Requests - Special Purpose Appropriations - Agency Specific		
2 Oregon Judicial Department - Court Operations	(1,084,832)	(1,084,432)
21 Department of Justice - Home Foreclosure	(4,796,632)	(3,781,798)
21 Housing and Community Services Department - Home Foreclosure	(4,300,000)	(3,850,000)
Total Requests - Special Purpose - Agency Specific	(10,181,464)	(8,716,230)
Special Purpose - Agency Specific - Unallocated Balance after 5/12 (if requests approved)	71,963,951	73,429,185

Oregon Legislative Emergency Board
Certificate

May 23, 2012

Pursuant to the provisions of ORS 291.328, and acting under the authority of ORS 276.309, 291.326(1)(a), (b), (c), and (d); ORS 291.371; and ORS 291.375; this hereby certifies that the Emergency Board, meeting on May 23, 2012, took the following actions:

1. Secretary of State

Allocated \$593,497 from the Emergency Fund established by section 1, chapter 600, Oregon Laws 2011..... \$ 593,497 to supplement the appropriation made to the Secretary of State, by section 1(2), chapter 411, Oregon Laws 2011, Elections Division, for costs associated with the Special Primary Election and the Special General Election held to fill a vacancy in the 1st Congressional District.

2. Judicial Department

Allocated \$1,084,432 from the special purpose appropriation made to the Emergency Board by section 17(1), chapter 110, Oregon Laws 2012..... \$ 1,084,432 to supplement the appropriation made to the Judicial Department by section 1(2), chapter 634, Oregon Laws 2011, Operations, for court operations.

3. Department of Education

Approved, retroactively, the submission of a federal grant application by the Department of Education to the U.S. Department of Education, Office of Migrant Education, in the amount of \$132,000 for the Consortium Incentive Grant.

4. Oregon University System

Acknowledged receipt of a report from the Oregon University System on plans by Oregon State University to shift Article XI-F (1) general obligation bond proceeds between athletic capital construction projects.

5. Community Colleges and Workforce Development

Increased the Federal Funds expenditure limitation established for the Department of Community Colleges and Workforce Development by section 4, chapter 616, Oregon Laws 2011, by \$851,813..... \$ 851,813 for the Oregon Youth Conservation Corps, with the understanding that the Department of Administrative Services will unschedule \$500,000 of the expenditure limitation pending notification of grant awards for 2013.

6. Community Colleges and Workforce Development

Approved, retroactively, the submission of a federal grant application by the Department of Community Colleges and Workforce Development to the U.S. Department of Labor, Employment and Training Administration, in the amount of \$5,469,260 from the Workforce Innovation Fund.

7. Long Term Care Ombudsman

Increased the Other Funds expenditure limitation established for the Long Term Care Ombudsman by section 2, chapter 184, Oregon Laws 2011, by \$120,000..... \$ 120,000 and authorized the establishment of one half-time limited duration position (0.50 FTE) for the Senior Medicare Patrol program.

8. Oregon Health Authority

Approved, retroactively, the submission of a federal grant application by the Oregon Health Authority to the U.S. Department of Health and Human Services, Grants to Support Oral Health Workforce Activities, in the amount of up to \$500,000 a year for three years, beginning September 1, 2012 and ending August 31, 2015, to increase children’s access to preventive dental health services by utilizing Expanded Practice Dental Hygienists in the statewide school-based dental sealant program.

9. Oregon Health Authority

Approved, retroactively, the submission of a federal grant application by the Oregon Health Authority to the Centers for Disease Control and Prevention, Cancer Prevention and Control Programs, in the amount of up to \$7,200,000 a year for five years, beginning June 30, 2012 and ending June 29, 2017, to continue statewide activities to promote and provide breast and cervical cancer screening services for under- and uninsured women.

10. Oregon Health Authority

Approved, retroactively, the submission of a federal grant application by the Oregon Health Authority to the U.S. Food and Drug Administration in the amount up to \$1.5 million for the first year and up to \$3 million per year for years two through four, for the Tobacco Regulation Awareness, Communication, and Education Program Grant.

11. Oregon Health Authority

Approved the submission of a federal grant application by the Oregon Health Authority to the U.S. Centers for Disease Control and Prevention in the amount of \$234,824 per year for two years, to provide service to additional tobacco Quit Line callers.

12. Oregon Health Authority

Acknowledged receipt of a report from the Oregon Health Authority and the Health Insurance Exchange Corporation on the Health Insurance Exchange Information Technology project and the Health Insurance Exchange Corporation set-up project.

13. Oregon Health Authority

Acknowledged receipt of a report from the Oregon Health Authority on the Health System Transformation and Coordinated Care Organizations.

14. Department of Human Services

Declined to consider the request for submission of a federal grant application by the Department of Human Services to the Centers for Medicare and Medicaid Services in the amount of \$1 million a year for three years, to help identify efficient, effective, and economical procedures for background checks for certain employees of long term care facilities and providers.

- 15. Department of Human Services**
 Approved, retroactively, the submission of a federal grant application by the Department of Human Services to the National Association of State Directors of Developmental Disabilities Services, for up to \$43,200 for participation in the National Core Indicators Project.
- 16. Department of Human Services**
 Approved the submission of a federal grant application by the Department of Human Services to the U.S. Department of Health and Human Services, in the amount of \$250,000 per year for two years, to improve educational stability and permanency outcomes for middle- and high-school aged children in the child welfare system.
- 17. Military Department**
 Allocated \$90,000 from the Emergency Fund established by section 1, chapter 600, Oregon Laws 2011..... \$ 90,000
 to supplement the appropriation made to the Military Department by section 1(2), chapter 623, Oregon Laws 2011, Operations, for operation and maintenance costs at the Portland Air National Guard Base.
- 18. Military Department**
 Allocated \$80,000 from the Emergency Fund established by section 1, chapter 600, Oregon Laws 2011..... \$ 80,000
 to supplement the appropriation made to the Military Department by section 1(2), chapter 623, Oregon Laws 2011, Operations, for operation and maintenance costs at the Kingsley Field Air National Guard Base.
- 19. Military Department**
 Increased the Federal Funds expenditure limitation established for the Military Department by section 3(1), chapter 623, Oregon Laws 2011, Operations, by \$5,000,000..... \$ 5,000,000
 and approved the establishment of 23 limited duration positions (11.50 FTE) for an intergovernmental agreement with the federal government for the Umatilla Chemical Depot, with the understanding that the Department of Administrative Services will unschedule the expenditure limitation until a copy of the signed caretaker intergovernmental agreement is provided to the Department of Administrative Services and the Legislative Fiscal Office.
- 20. Military Department**
 Established for the 2011-13 biennium a Federal Funds Capital Construction expenditure limitation for the Military Department in the amount of \$1,804,000..... \$ 1,804,000
 for the Milton-Freewater Armory, with the understanding that the Department of Administrative Services will unschedule the expenditure limitation until a copy of the final construction contract is provided to the Department of Administrative Service and the Legislative Fiscal Office.

21. Department of Justice

Housing and Community Services Department

Allocated \$3,781,798 from the special appropriation made to the Emergency Board by section 15(1), chapter 110, Oregon Laws 2012 \$ 3,781,798 to supplement the appropriation made to the Department of Justice by section 1, chapter 575, Oregon Laws 2011; allocated \$3,850,000 from the special appropriation made to the Emergency Board by section 15(1), chapter 110, Oregon Laws 2012 \$ 3,850,000 to supplement the appropriation made to the Housing and Community Services Department by section 1, chapter 574, Oregon Laws 2011; increased the Other Funds expenditure limitation established for the Department of Justice by section 2, chapter 575, Oregon Laws 2011, by \$2,369,535 \$ 2,369,535 and authorized the establishment of five limited duration positions (1.13 FTE) for the Department of Justice and one limited duration position (0.50 FTE) for the Housing and Community Services Department for activities through June 30, 2013 related to mortgage fraud and foreclosure.

22. Criminal Justice Commission

Approved, retroactively, the submission of a federal grant application by the Criminal Justice Commission to the U.S. Department of Justice in the amount of \$750,000 for services related to offender re-entry and recidivism reduction, with the understanding that the grant will not be accepted without a waiver from the match requirement or an existing source of funds for the match is identified.

24. Department of State Police

Approved, retroactively, the submission of a federal grant application by the Department of State Police to the U.S. Department of Homeland Security in the amount of \$240,000 for the purchase of two patrol boats for the Fish and Wildlife Division.

25. Oregon Business Development Department

Approved, retroactively, the submission of a federal grant application by the Oregon Business Development Department to the U.S. Small Business Administration in the amount of \$600,000 for funds available under the State Trade and Export Promotion program, and increased the Federal Funds expenditure limitation established for the Oregon Business Development Department by section 4(1), chapter 579, Oregon Laws 2011, Business, innovation and trade, by \$480,000..... \$ 480,000 with the understanding that the Department of Administrative Services will unschedule the expenditure limitation pending award of the grant.

- 26. Employment Department**
 Increased the Federal Funds expenditure limitation established for the Employment Department by section 12(1), chapter 110, Oregon Laws 2012, by \$1,527,235..... \$ 1,527,235
 for expenditures related to child care; and
 increased the Federal Funds expenditure limitation established for the Employment Department by section 12(2), chapter 110, Oregon Laws 2012, by \$5,500,000..... \$ 5,500,000
 and added months to 40 existing limited duration positions (14.50 FTE) for expenditures related to unemployment insurance benefit administration.
- 27. Employment Department**
 Approved, retroactively, the submission of a federal grant application by the Employment Department to the U.S. Department of Labor in the amount of up to \$3 million for Reemployment Eligibility Assessment, authorized the establishment of 32 limited duration positions (15.50 FTE), and increased the Federal Funds expenditure limitation established for the Employment Department by section 12(2), chapter 110, Oregon Laws 2012, by \$2,991,915..... \$ 2,991,915
 for receipt of the grant.
- 28. Department of Veterans' Affairs**
 Approved, retroactively, the submission of a federal grant application by the Department of Veterans' Affairs to the U.S. Department of Veterans' Affairs for a State Home Construction Grant in the amount of \$499,163, increased the Other Funds expenditure limitation established for the Department of Veterans' Affairs by section 2(1), chapter 587, Oregon Laws 2011, by \$125,000..... \$ 125,000
 established for the 2011-13 biennium a Federal Funds Capital Construction expenditure limitation in the amount of \$499,163 \$ 499,163
 and an Other Funds Capital Construction expenditure limitation in the amount of \$268,780 \$ 268,780
 for improvements to the Oregon Veterans' Home in The Dalles.
- 29. Department of Agriculture**
 Approved, retroactively, the submission of a federal grant application by the Department of Agriculture to the U.S. Food and Drug Administration in the amount of \$300,000 to conform to the national Manufactured Food Regulatory Program Standards.
- 30. Department of Agriculture**
 Approved, retroactively, the submission of a federal grant application by the Department of Agriculture to the U.S. Food and Drug Administration in the amount of \$300,000 to achieve and maintain international accreditation for the Department's food testing laboratory.
- 31. Department of Land Conservation and Development**
 Approved, retroactively, the submission of a federal grant application by the Department of Land Conservation and Development to the National Oceanic and Atmospheric Administration in the amount of \$100,000 to help communities manage and reduce exposure to natural hazard risks.

- 32. Department of Land Conservation and Development**
 Increased the Federal Funds expenditure limitation established for the Department of Land Conservation and Development by section 3, chapter 254, Oregon Laws 2011, by \$160,000 \$ 160,000
 for supplemental federal funds received.
- 34. Department of Energy**
 Increased the Other Funds expenditure limitation established for the Department of Energy by section 1, chapter 632, Oregon Laws 2011, by \$713,675 \$ 713,675
 and authorized the establishment of two limited duration positions (1.08 FTE) for energy facility siting activities.
- 35. Department of Energy**
 Approved, retroactively, the submission of a federal grant application by the Department of Energy to the U.S. Department of Energy, State Energy Program, in the amount of \$750,000 to devise a strategy to identify and finance energy retrofit opportunities in public buildings.
- 36. Parks and Recreation Department**
 Increased the Other Funds expenditure limitation established for the Parks and Recreation Department by section 1(4), chapter 584, Oregon Laws 2011, Direct services, by \$220,175 \$ 220,175
 and increased the Lottery Funds expenditure limitation established for the Parks and Recreation Department by section 2(4), chapter 584, Oregon Laws 2011, Direct services, by \$73,392 \$ 73,392
 to repair damage sustained during the January 2012 storm event.
- 37. Parks and Recreation Department**
 Approved the submission of a federal grant application by the Parks and Recreation Department to the U.S. Fish and Wildlife Service, National Coastal Wetlands Conservation Grant Program, in the amount of \$675,000 for the acquisition of approximately 167 acres of coastal estuary and associated freshwater wetlands in Sand Lake, Oregon.
- 38. Department of State Lands**
 Increased the Other Funds expenditure limitation established for the Department of State Lands by section 1(5), chapter 412, Oregon Laws 2011, Capital improvements, by \$352,000 \$ 352,000
 for capital improvement expenditures to convert rangeland to more productive use, with the understanding that the Department of Administrative Services will unschedule \$250,000 of the expenditure limitation until certain preliminary wetland, water rights, and archeological survey work is completed.
- 39. Department of Transportation**
 Approved, retroactively, the submission of a federal grant application by the Department of Transportation to the Federal Transit Administration, State of Good Repair Program, in the amount of \$3,420,430 to purchase six new rural service vehicles and replace 11 rural services vehicles on behalf of local transit districts.

- 40. Department of Transportation**
 Approved, retroactively, the submission of a federal grant application by the Department of Transportation to the Federal Transit Administration, Bus and Bus Facilities Discretionary Grant Program, in the amount of \$2,741,657 for capital improvement and facility assistance on behalf of Hood River Transportation District, Coos County, Yamhill County, City of Woodburn, Sunset Empire Transportation District, and the City of Salem.
- 41. Department of Transportation**
 Increased the Federal Funds expenditure limitation established for the Department of Transportation by section 3(5), chapter 542, Oregon Laws 2011, Rail, by \$5,141,157 \$ 5,141,157
 and increased the Other Funds expenditure limitation established for the Department of Transportation by section 2(14), chapter 542, Oregon Laws 2011, Rail, by \$13,500,808 \$ 13,500,808
 for passenger rail projects.
- 43. Health Licensing Agency**
 Acknowledged receipt of a report from the Health Licensing Agency on the status of fee changes.
- 45. Oregon Liquor Control Commission**
 Acknowledged receipt of a report from the Oregon Liquor Control Commission describing revenues and expenditures by program as compared to projections.
- 46. Department of Administrative Services**
 Approved the 2013-15 uniform rent rates as proposed by the Department of Administrative Services and required under ORS 276.309.
- 47. Department of Administrative Services**
 Acknowledged receipt of a report from the Department of Administrative Services on the implementation of compensation plan changes and position allocations.
- 48. Department of Administrative Services**
 Acknowledged receipt of a report from the Department of Administrative Services on the state's Certificates of Participation debt service savings as a result of refinancing.
- 49. Public Employees Retirement System**
 Established an Other Funds expenditure limitation for the Public Employees Retirement System in the amount of \$2,071,410 \$ 2,071,410
 and authorized the establishment of three limited duration positions (1.62 FTE) for recovering overpaid retirement benefits.
- 50. Legislative Fiscal Office (for Department of Justice)**
 Allocated \$300,000 from the Emergency Fund established by section 1, chapter 600, Oregon Laws 2011..... \$ 300,000
 to supplement the appropriation made to the Department of Justice by section 1, chapter 575, Oregon Laws 2011, for costs associated with the replacement of the primary information management system for Oregon's child support program.

51. Legislative Fiscal Office

Acknowledged receipt of a report from the Legislative Fiscal Office on the 2011-2012 School Year Subaccount, and approved providing notice of non-compliance to the Governor for the 11 school districts that failed to submit a report under SB 5553 (2011).

52. Legislative Fiscal Office

Acknowledged receipt of a report on agency plans to accommodate a combined \$28 million General Fund/Lottery Funds reductions assumed in the rebalanced 2011-13 biennium legislatively approved budget from an effort to restructure state government business operations; approved the transfer of General Fund appropriations and Lottery Funds expenditure limitations and increased Other Funds expenditure limitation, per the attached schedule, and directed the Legislative Fiscal Office to provide the details of the reduction plans to the affected agencies for implementation in the 2011-13 budget and to the Department of Administrative Services for inclusion in the development of the 2013-15 budget. The Legislative Fiscal Office will continue to work with the Department of Corrections and the Department of Forestry to refine reduction plans with a subsequent report to the Emergency Board in September 2012 on these two agencies.

The Department of Corrections was directed to eliminate 21 management or public affairs positions effective July 1, 2012 from the positions included in the Legislative Fiscal Office recommendation. In addition, the Department of Corrections was instructed to identify another 20 management positions that will not be included in the agency proposed budget for 2013-15. The Department will report to the Legislative Fiscal Office by September 7, 2012 on all positions that will not be included in the 2013-15 proposed budget.

The Department of Forestry was directed to maintain the wildland fire supervisor positions and forest manager position in the Protection from Fire program and the forest manager position in the Private Forests program listed in the Legislative Fiscal Office recommendation through the 2012 fire season. The Department was directed to work with the Legislative Fiscal Office and stakeholders on alternative fire and private forest program actions to accommodate the \$205,496 General Fund reduction associated with these positions; if no suitable reductions can be identified from program changes, vacancy savings, or other administrative actions that have no adverse effect on the provision of fire protection and forest management activities, the Legislative Fiscal Office will recommend restoration of the funding from the Emergency Fund when reporting to the Emergency Board in September 2012.

53. Legislative Fiscal Office (for Department of Administrative Services)

Established a General Fund appropriation for the Department of Administrative Services and allocated \$550,000 from the Emergency Fund established by section 1, chapter 600, Oregon Laws 2011..... \$ 550,000 to the newly established appropriation for payment as a grant to the City of Eugene for costs associated with public safety at the 2012 U.S. Olympic Team Trials.

/s/ Ken Rocco

Ken Rocco, Legislative Fiscal Officer

**Budget Adjustments Related to \$28 Million Reduction - Various Agencies
May 2012**

Agency/Division/ Appropriation Reference	Fund Type	Adjustments to Legislatively Approved Budget
Department of Agriculture (ODA)		
Agricultural development		
Ch 409 1(4), Oregon Laws 2011	General Fund	(197,170)
Food safety		
Ch 409 1(2), Oregon Laws 2011	General Fund	<u>197,170</u>
ODA Total	General Fund	-
Department of Fish and Wildlife (ODFW)		
Wildlife Division		
Ch 573 1(2), Oregon Laws 2011	General Fund	(13,473)
Fish Division		
Ch 573 1(1), Oregon Laws 2011	General Fund	54,342
Administrative Services Division		
Ch 573 1(3), Oregon Laws 2011	General Fund	<u>(40,869)</u>
ODFW Total	General Fund	-
Oregon Business Development Department (OBDD)		
Business, innovation and trade		
Ch 579 3(1)(a), Oregon Laws 2011	Lottery Funds	35,867
Shared services		
Ch 579 2(3), Oregon Laws 2011	Other Funds	278,604
Ch 579 3(1)(b), Oregon Laws 2011	Lottery Funds	<u>(35,867)</u>
OBDD Total	Lottery Funds Other Funds	- 278,604
Bureau of Labor and Industries (BOLI)		
Operations		
Ch 576 2, Oregon Laws 2011	Other Funds	115,600
Wage Security Fund		
Ch 576 3(1), Oregon Laws 2011	Other Funds	<u>94,400</u>
BOLI Total	Other Funds	210,000
Department of State Police (OSP)		
Patrol services, criminal investigations and gaming enforcement		
Ch 635 1(1), Oregon Laws 2011	General Fund	(686,290)
Fish and wildlife enforcement		
Ch 635 1(2), Oregon Laws 2011	General Fund	141,675
Forensic services and State Medical Examiner		
Ch 635 1(3), Oregon Laws 2011	General Fund	291,856
Administrative services, information management and Office of the State Fire Marshal		
Ch 635 1(4), Oregon Laws 2011	General Fund	<u>252,759</u>
OSP Total	General Fund	-



Summary of Emergency Board Action September 2012

The Legislative Emergency Board met on September 14, 2012 and considered an agenda of 47 items. The agenda included two requests for allocations from the general purpose appropriation made to the Emergency Board; the Board approved one of the requests, an allocation of \$50,000 for the Department of Agriculture to be used in combination with other funding to help those affected by fires in southeastern Oregon. There were also two agency requests on the agenda for allocations from special purpose appropriations made to the Emergency Board, totaling \$6.1 million, of which \$4.6 million was allocated. Additional details on these allocations are described below. After the Emergency Board actions, the unallocated balance of the general purpose Emergency Fund is \$25.6 million and the remaining balance of all special purpose appropriations is \$68.8 million.

The agenda included 16 items that requested additional 2011-13 biennium authority to spend Lottery Funds, Other Funds, and Federal Funds. The Emergency Board approved expenditure limitation increases of approximately \$28.6 million Other Funds (including \$20 million for the Department of Forestry's fire program) and \$3.8 million Federal Funds (including \$1.8 million for Oregon Watershed Enhancement Board restoration grants). Also included was a small increase in Lottery Funds expenditure limitation (\$27,862) for the Parks and Recreation Department. The Emergency Board also authorized the establishment of 6 limited duration positions, with an overall increase of 2.04 FTE.

The agenda also included 8 agency reports, which the Emergency Board acknowledged receiving, three of which were in a consent agenda item. The most significant of these reports was a report from the Department of Forestry on the 2012 fire season. The Emergency Board also heard 22 requests for the submission of federal grant applications, 15 of which were in a consent agenda item (Departments of Education, Justice, Human Services, Housing and Community Services, Parks and Recreation, Energy, Agriculture, Forestry, and Transportation and the Oregon Health Authority). Two of the grant application requests included approvals of associated expenditure limitation increases.

The following is a summary of significant Emergency Board actions taken at the September 2012 meeting:

Education

- Increased the Other Funds expenditure limitation of the Oregon Student Access Commission by \$201,660, and authorized the establishment of one limited duration position (0.33 FTE) to address workload and information system needs of the Office of Degree Authorization, with the understanding that \$100,000 of the amount will be unscheduled until a business case and project plan is approved.
- Approved, retroactively, a request by the Department of Education to apply for a federal grant in the amount of \$7 million over four years to enhance the current English Language Proficiency Assessment.

Human Services

- Approved, retroactively, a request by the Department of Human Services to apply for a

federal grant in the amount of \$2.3 million over three years to help improve the state's Aging and Disability Resource Center program.

- Approved, retroactively, a request by the Department of Human Services to apply for a federal grant in the amount of up to \$1.5 million over three years to help children in the child welfare system effectively connect or reconnect with family members.
- Approved a request by the Department of Human Services to apply for a federal grant to support programs to prevent elder abuse.
- Approved, retroactively, requests by the Oregon Health Authority to apply for federal grants to increase participation in the "Living Well" programs, to enhance protocols for improving public health response to outbreaks of foodborne illness, to improve the delivery of immunization services, to enhance the software used to collect

restaurant inspection information, to improve interoperability and integration across health, public health, and human services information systems, and to develop capacity for standardized collection, reporting, and analysis of data on the quality of health care provided to adults covered by Medicaid

- Approved a request by the Oregon Health Authority to apply for a federal grant in the amount of up to \$60 million over 3.5 years to test new health care payment and service delivery models in the context of larger health system transformation.

Public Safety and Judicial Branch

- Allocated \$2,000,000 to the Public Defense Services Commission from a special purpose appropriation made to the Emergency Board for trial level public defense.
- Increased the Federal Funds expenditure limitation of the Judicial Department by \$452,400 for the Oregon Juvenile Court Improvement Program.
- Deferred a request by the Military Department for an allocation of \$1.1 million from the Emergency Fund for various agencies conducting coastal debris cleanup resulting from the Japanese tsunami event, but directed the Department of Administrative Services to begin coordinating the financial aspects of this activity and report back to the Emergency Board in December 2012 on updated cost figures and estimates of future need for each of the participating agencies.
- Increased the Other Funds expenditure limitation of the Military Department by \$109,087, and authorized the establishment of two limited duration positions (0.58 FTE) for outreach and recruitment activities related to a Veterans in Transit training program, with the understanding that the Department of Administrative Services will un-schedule the increase until grant funds have been awarded.
- Acknowledged receipt of a report by the Military Department on its long-range strategic plan.
- Approved, retroactively, a request by the Military Department to apply for a federal grant in the amount of \$250,000 for the purpose of biomass utilization.
- Increased the Other Funds expenditure limitation by \$40,000 and the Federal Funds expenditure limitation by \$120,000 of the Military Department for a grant of up to \$160,000 to the City of Salem to fund the installation of a flood warning system on the Mill Creek tributary in southern Marion County, with the understanding that the Department of Administrative Services will un-schedule the expenditure limitation increases

until the Military Department receives grant approval from the Federal Emergency Management Agency.

- Approved a request by the Department of Justice to apply for a federal grant for a pilot project to establish parenting time orders concurrently with initial child support orders.

Natural Resources

- Increased the Other Funds expenditure limitation of the Department of Forestry by \$20,000,000 for expenses incurred in the 2011-13 fire seasons, with the understanding that the Department of Administrative Services will un-schedule the increase until the expenditure limitation is needed.
- Acknowledged receipt of a report by the Department of Forestry on the 2012 fire season and General Fund reductions and directed the agency to complete a specific plan to meet the remaining \$152,318 General Fund reduction in the Fire Protection program such that there is no adverse effect on fire prevention and report on the plan at the December 2012 meeting of the Emergency Board.
- Increased the Federal Funds expenditure limitation of the Department of Land Conservation and Development by \$100,000 for the receipt of a grant to help communities deal with threats posed by coastal hazards and climate risks.
- Increased the Other Funds and Federal Funds expenditure limitations for Department of Agriculture programs, including the transfers of unneeded expenditure limitations between the programs, and authorized the establishment of 3 limited duration positions (1.13 FTE) for the federal Manufactured Food Regulatory Program; the net result of the action was an Other Funds expenditure limitation increase of \$941,000 and no change in the Federal Funds expenditure limitation.
- Allocated \$50,000 from the Emergency Fund to the Department of Agriculture, with the understanding that an equal amount will be committed from the Governor's Strategic Reserve Fund, and increased the Federal Funds expenditure limitation of the Department of Agriculture by \$100,000, with the understanding that the Department of Administrative Services will un-schedule the Federal Funds expenditure limitation increase until the funds are received, and directed the Department of Agriculture to report to the Emergency Board in December 2012 on the efforts to provide financial assistance to those affected by rangeland fires in southeastern Oregon.
- Increased the Federal Funds expenditure

limitation of the Oregon Watershed Enhancement Board by \$1,800,000 and increased the Other Funds expenditure limitation of the Department of Fish and Wildlife by \$800,000 for expenditure of 2012 Pacific Coastal Salmon Recovery Fund grant monies.

- Increased the Other Funds expenditure limitation by \$421,925 and the Lottery Funds expenditure limitation by \$27,862 for the Parks and Recreation Department for Federal Emergency Management Agency reimbursements for January 2012 storm damage.
- Increased the Federal Funds expenditure limitation of the Parks and Recreation Department by \$82,260 for receipt of a grant to assist the agency with Native American cultural items.
- Approved, retroactively, a request by the Parks and Recreation Department to apply for a grant to defray initial costs of coastal tsunami debris cleanup and increased the Federal Funds expenditure limitation of the Parks and Recreation Department by \$50,000 for receipt of the grant.
- Acknowledged receipt of a report by the Department of State Lands on the Portland Harbor Superfund site budget for the 2011-13 biennium.
- Approved, retroactively, requests to apply for federal grants by the Department of Agriculture to remove trade barriers for Christmas tree exports and to meet standards for exporting blueberries, by the Parks and Recreation Department to defray costs of coastal tsunami debris cleanup, by the Department of Energy to support the development of biomass wood-to-energy cluster projects, and by the Department of Forestry to build an alternative access road to state and federal lands.

Economic and Community Development

- Approved, retroactively, a request by the Department of Veterans' Affairs to apply for a federal grant in the amount of up to \$26 million for the purpose of building a third veterans' home in Roseburg.
- Approved, retroactively, a request by the Department of Housing and Community Services to apply for a federal grant to help develop and subsidize rental housing.

Transportation

- Established a Federal Funds (Federal Revenues) Capital Construction expenditure limitation for the Department of Aviation in the amount of \$614,000 for the 2011-13 biennium for the Aurora State Airport air traffic control project.
- Acknowledged receipt of report by the Department of Aviation on actions taken to improve its business practices.
- Acknowledged receipt of a report by the

Department of Transportation on the status of the Innovative Partnership Program.

- Approved, retroactively, a request by the Department of Transportation to apply for a federal grant to provide partial funding for an electronic fuels tax system.

Consumer and Business Services

- Approved, retroactively, a request by the Department of Consumer and Business Services to apply for a federal grant and increased the Federal Funds expenditure limitation by \$451,354 to expand the scope and capacity of Oregon's Clearinghouse for Health Insurance and Advocacy program, known as Oregon Health Connect.

Administration

- Increased the Other Funds expenditure limitation of the Oregon Liquor Control Commission by \$5,320,000 for agents' compensation and by \$600,000 for bank card fees due to realized and anticipated increases in sales in the 2011-13 biennium.
- Acknowledged receipt of a report by the Oregon Liquor Control Commission on revenues and expenditures compared to projections.
- Allocated \$2,600,000 to the Department of Revenue from a special purpose appropriation made to the Emergency Board for the Elderly Rental Assistance and Nonprofit Housing programs.
- Acknowledged receipt of a report by the Department of Revenue on the Technology and Process Reengineering project.
- Increased the Other Funds expenditure limitation of the Citizens' Initiative Review Commission by \$114,999 for 2012 initiative review costs, increased the Other Funds expenditure limitation of the Oregon Health Licensing Agency by \$15,872 for services provided to the Citizens' Initiative Review Commission, and directed the Commission to report to the Emergency Board in December 2012 on the initiative review process, with the understanding that the Department of Administrative Services will unschedule the \$75,000 Other Funds expenditure limitation provided to the Department of Administrative Services in HB 2634 from the 2011 session.
- Acknowledged receipt of a report by the Department of Administrative Services on bond refinancing.

Emergency Fund Balance Summary			Agency Requests	Full Board Action
General Purpose Emergency Fund				
	Appropriation (after 2012 Session adjustments)		27,218,734	27,218,734
	Allocations to date		(1,613,497)	(1,613,497)
	Reservations			
	Unallocated/Unreserved Balance		25,605,237	25,605,237
#	September 2012 Requests - General Purpose			
17	Oregon Military Department, et. al. - Coastal Tsunami Debris Cleanup		(1,090,718)	
29	Department of Agriculture - Financial Assistance on Southeastern Oregon Rangeland Fires		(50,000)	(50,000)
	Total Requests - General Purpose		(1,140,718)	(50,000)
	General Purpose Unallocated/Unreserved Balance after 9/12 (if requests approved)		24,464,519	25,555,237
	Special Purpose Appropriations - Agency Specific (includes 2012 Session actions)		82,145,415	82,145,415
	Allocations/Transfers to Date		(8,716,230)	(8,716,230)
	Unallocated Balance		73,429,185	73,429,185
#	September 2012 Requests - Special Purpose Appropriations - Agency Specific			
2	Public Defense Services Commission - Trial Level Public Defense Costs		(3,500,000)	(2,000,000)
49	Department of Revenue - Elderly Rental Assistance Programs		(2,600,000)	(2,600,000)
	Total Requests - Special Purpose - Agency Specific		(6,100,000)	(4,600,000)
	Special Purpose - Agency Specific - Unallocated Balance after 9/12 (if requests approved)		67,329,185	68,829,185

Additional detail and complete minutes of Emergency Board meetings are available on the Legislative Fiscal Office website: www.leg.state.or.us/comm/lfo/home.htm

Oregon Legislative Emergency Board
Certificate

September 14, 2012

Pursuant to the provisions of ORS 291.328, and acting under the authority of ORS 286A.160(3); 291.326(1)(a), (b), (c), and (d); 291.371; and 291.375; this hereby certifies that the Emergency Board, meeting on September 14, 2012, took the following actions:

1. Judicial Department

Increased the Federal Funds expenditure limitation established for the Judicial Department by section 4, chapter 634, Oregon Laws 2011, by \$452,400 for the Oregon Juvenile Court Improvement Program.

2. Public Defense Services Commission

Allocated \$2,000,000 from the special purpose appropriation made to the Emergency Board by section 4(1), chapter 110, Oregon Laws 2012, for trial level public defense, to supplement the appropriation made to the Public Defense Services Commission by section 1(2), chapter 636, Oregon Laws 2011, for the Public Defense Services Account.

**3. Higher Education Coordinating Commission
Oregon Student Access Commission**

Increased the Other Funds expenditure limitation established for the Oregon Student Access Commission by section 2, chapter 541, Oregon Laws 2011, by \$201,660 and established one limited duration full-time position (0.33 FTE) to address workload and information system needs of the Office of Degree Authorization, with the understanding that the Department of Administrative Services will unschedule \$100,000 of the amount related to the information system until Legislative Fiscal Office and Department of Administrative Services staff review and approve a business case and project plan.

4. Department of Education

Approved, retroactively, the submission of a federal grant application by the Department of Education to the U.S. Department of Education in the amount of \$7 million over four years to enhance the current English Language Proficiency Assessment.

5. Department of Human Services

Approved, retroactively, the submission of a federal grant application by the Department of Human Services to the U.S. Administration on Aging for up to \$2.3 million over three years to help improve the state's Aging and Disability Resource Center program.

6. Department of Human Services

Approved, retroactively, the submission of a federal grant application by the Department of Human Services to the U.S. Administration on Aging for \$723,700 to support programs to prevent elder abuse.

7. Department of Human Services

Approved, retroactively, the submission of a federal grant application by the Department of Human Services to the U.S. Department of Health and Human Services, for up to \$1.5 million over the next 3 years to help children in the child welfare system effectively connect or reconnect with family members.

10. Oregon Health Authority

Approved, retroactively, the submission of a federal grant application by the Oregon Health Authority to the U.S. Administration on Aging, for up to \$575,000 a year for three years, to increase the number of people who participate in interactive Living Well programs that provide real-life skills and tools for living a healthy life with chronic health conditions, including diabetes, arthritis, heart disease, hypertension, asthma, and depression.

11. Oregon Health Authority

Approved, retroactively, the submission of a federal grant application by the Oregon Health Authority to the Centers for Disease Control and Prevention for up to \$500,000 a year for an indefinite number of years, starting in 2013, to enhance protocols for improving public health response to outbreak of foodborne illness by improving the collection, analysis, reporting, and usefulness of foodborne illness data in order to control and prevent foodborne disease.

12. Oregon Health Authority

Approved, retroactively, the submission of a federal grant application by the Oregon Health Authority to the Centers for Disease Control and Prevention in the amount of up to \$1,700,350 over two years, to improve the delivery of immunization services in Oregon by strengthening the program's information technology systems.

13. Oregon Health Authority

Approved, retroactively, the submission of a federal grant application by the Oregon Health Authority to the U.S. Food and Drug Administration, in the amount of up to \$60,000 for one year, to enhance the software used to collect restaurant inspection information.

14. Oregon Health Authority

Approved, retroactively, the submission of a federal grant application by the Oregon Health Authority to the U.S. Department of Health and Human Services, in the amount \$1.125 million, to improve interoperability and integration across health, public health, and human services information systems.

15. Oregon Health Authority

Approved, retroactively, the submission of a federal grant application by the Oregon Health Authority to the U.S. Department of Health and Human Services, in the amount of up to \$1 million per year for two years, to develop the agency's capacity for standardized collection, reporting, and analysis of data on the quality of health care provided to adults covered by Medicaid through the new Coordinated Care Organizations, as well as to incorporate requirements contained in the recently approved federal Medicaid waiver.

16. Oregon Health Authority

Approved the submission of a federal grant application by the Oregon Health Authority to the U.S. Department of Health and Human Services, in the amount of up to \$60 million over 3 ½ years, to test new health care payment and service delivery models in the context of larger health system transformation.

17. Military Department

Deferred action on the request by the Japan Tsunami Marine Debris Task Force to allocate \$1,090,718 from the Emergency Fund for the clean-up of debris from the March 11, 2012 tsunami in Japan, with instruction that the Department of Administrative Services report to the December 2012 meeting of the Emergency Board with updated cost figures and estimates for each affected agency and to the 2013 Legislature on its policies, practices, and procedures governing the accounting and accountability for disaster related expenditures by state agencies.

18. Military Department

Increased the Other Funds expenditure limitation established for the Military Department by section 2(1), chapter 623, Oregon Laws 2011, by \$109,087 and authorized the establishment of two limited duration positions (0.58 FTE) for Administration, with the understanding that the Department of Administrative Services will unschedule the expenditure limitation increase until it has been notified that Portland State University has been awarded the Innovative Transit Workforce Development Program grant and that the Military Department has been officially notified by Portland State that it is a grant sub-recipient.

19. Military Department

Acknowledged receipt of a report from the Military Department on its long-range strategic plan.

21. Military Department

Approved, retroactively, the submission of a federal grant application and by the Military Department to the U.S. Department of Agriculture, U.S. Forest Service, in the amount of \$250,000 for a Hazardous Fuels Biomass Utilization grant.

22. Department of Justice

Approved, retroactively, the submission of a federal grant application by the Department of Justice to the U.S. Department of Health and Human Services, Office of Child Support Enforcement, in the amount of up to \$400,000 (\$100,000 per year for up to four years) for a pilot project to establish parenting time orders concurrently with initial child support orders.

24. Department of Veterans' Affairs

Approved, retroactively, the submission of a federal grant application by the Department of Veterans' Affairs to the U.S. Department of Veterans' Affairs for a State Home Construction Grant of up to \$26 million for the purpose of building a third veterans' home in Roseburg.

25. Housing and Community Services Department

Approved, retroactively, the submission of a federal grant application by the Housing and Community Services Department to the U.S. Department of Housing and Urban Development in the amount of up to \$3 million for Section 811 Project Rental Assistance Demonstration Program funds.

26. Department of Forestry

Acknowledged receipt of a report from the Department of Forestry on General Fund reductions and the 2012 fire season, and directed the Department of Forestry to complete a specific plan to meet the remaining unresolved \$152,318 General Fund reduction in the Fire Protection program, such that there is no adverse effect on fire protection, and to report on the plan at the December 2012 meeting of the Emergency Board.

27. Department of Forestry

Increased the Other Funds expenditure limitation established for the Department of Forestry by section 2(2), chapter 537, Oregon Laws 2011, Fire protection, by \$20,000,000 for expenses incurred in the 2011-13 fire seasons, with the understanding that the Department of Administrative Services will unschedule the increase until the need for the additional expenditure limitation is demonstrated.

28. Department of Agriculture

Authorized the establishment of 3 limited duration positions (1.13 FTE), approved the transfer of Other Funds and Federal Funds expenditure limitations, and increased Other Funds and Federal Funds expenditure limitations for the Department of Agriculture, per the attached schedule, for Food Safety, Natural Resources, and Agricultural Development programs.

29. Department of Agriculture

Allocated \$50,000 from the Emergency Fund established by section 1, chapter 600, Oregon Laws 2011, to supplement the appropriation made to the Department of Agriculture by section 1(4), chapter 409, Oregon Laws 2011, Agricultural development, with the understanding that an equal amount will be committed from the Governor's Strategic Reserve Fund; increased the Federal Funds expenditure limitation established for the Department of Agriculture by section 4(3), chapter 409, Oregon Laws 2011, Agricultural development, by \$100,000, with the understanding that the Department of Administrative Services will unschedule the Federal Funds expenditure limitation increase until the funds are received by the Department of Agriculture; and directed the Department of Agriculture to return to the Emergency Board in December 2012 with a status report on the efforts to provide financial assistance to those affected by rangeland fires in southeastern Oregon.

30. Department of Agriculture

Approved, retroactively, the submission of two federal grant applications by the Department of Agriculture to the U.S. Department of Agriculture, Technical Assistance for Specialty Crops program, to continue efforts to remove trade barriers for Christmas tree exports and for a new program to assist meeting with South Korea's standards for imported blueberries.

**31. Oregon Watershed Enhancement Board
Department of Fish and Wildlife**

Increased the Federal Funds expenditure limitation established for the Oregon Watershed Enhancement Board by section 6, chapter 588, Oregon Laws 2011, by \$1,800,000 and increased the Other Funds expenditure limitation established for the Department of Fish and Wildlife by section 2(1), chapter 573, Oregon Laws 2011, Fish Division, by \$800,000 to allow expenditure of Pacific Coastal Salmon Recovery Fund resources.

32. Parks and Recreation Department

Approved the submission of a federal grant application by the Parks and Recreation Department to the National Marine Fisheries Service, National Oceanic and Atmospheric Administration, for up to \$150,000 to defray the costs of coastal tsunami debris clean-up.

33. Parks and Recreation Department

Increased the Other Funds expenditure limitation established for the Parks and Recreation Department by section 1(4), chapter 584, Oregon Laws 2011, Direct services, by \$421,925, and increased the Lottery Funds expenditure limitation established for the Parks and Recreation Department by section 2(4), chapter 584, Oregon Laws 2011, Direct services, by \$27,862 for costs related to January 2012 storm damage.

34. Parks and Recreation Department

Approved, retroactively, the submission of a federal grant application by the Parks and Recreation Department to the National Marine Fisheries Service, National Oceanic and Atmospheric Administration, and increased the Federal Funds expenditure limitation established for the Parks and Recreation Department by section 3(2), chapter 584, Oregon Laws 2011, Direct services, by \$50,000 for initial costs of coastal tsunami debris clean-up.

35. Parks and Recreation Department

Increased the Federal Funds expenditure limitation established for the Parks and Recreation Department by section 3 (3), chapter 584, Oregon Laws 2011, Community support and grants, by \$82,260 for assistance with Native American cultural items.

36. Department of State Lands

Acknowledged receipt of a report from the Department of State Lands on the Portland Harbor Superfund site budget for the 2011-13 biennium.

37. Department of Land Conservation and Development

Increased the Federal Funds expenditure limitation established for the Department of Land Conservation and Development by section 3, chapter 254, Oregon Laws 2011, by \$100,000 for assistance to communities to help deal with threats posed by coastal hazards and climate risks.

38. Department of Energy

Approved, retroactively, the submission of a federal grant application by the Department of Energy to the U.S. Forest Service for \$150,000 to support the development of biomass wood-to-energy cluster projects.

39. Department of Aviation

Acknowledged receipt of a report from the Department of Aviation on managing resources, as directed by budget note.

40. Department of Aviation

Established for the 2011-13 biennium a Federal Funds (Federal Revenues) Capital Construction expenditure limitation for the Department of Aviation in the amount of \$614,000 for the Aurora State Airport air traffic control project.

41. Department of Transportation

Acknowledged receipt of a report from the Department of Transportation on the implementation of the Oregon Innovative Partnerships Program.

42. Department of Transportation

Approved, retroactively, the submission of a federal grant application by the Department of Transportation to the Federal Highway Administration in the amount of \$250,000 to provide partial funding for an electronic fuels tax system currently in development.

43. Department of Consumer and Business Services

Approved, retroactively, the submission of a federal grant application by the Department of Consumer and Business Services to the U.S. Department of Health and Human Services, and increased the Federal Funds expenditure limitation established for the Department of Consumer and Business Services by section 2, chapter 617, Oregon Laws 2011, by \$451,354 to work with the Oregon Health Authority to expand the scope and capacity of Oregon's Clearinghouse for Health Insurance and Advocacy Program.

45. Oregon Liquor Control Commission

Acknowledged receipt of a report from the Oregon Liquor Control Commission on sales, revenue, and available expenditure limitation related to agents' compensation and credit card fees, as directed by budget note.

46. Oregon Liquor Control Commission

Increased the Other Funds expenditure limitation established for the Oregon Liquor Control Commission by section 1(1), chapter 578, Oregon Laws 2011, Administrative expenses, by \$600,000 for expenses related to bank card fees, and increased the Other Funds expenditure limitation established for the Oregon Liquor Control Commission by section 1(2), chapter 578, Oregon Laws 2011, Agents' compensation, by \$5,320,000 for expenses related to agents' compensation, due to realized and anticipated increases in sales.

47. Department of Administrative Services

Acknowledged receipt of a report from the Department of Administrative Services on the state's Lottery Revenue Bond debt service savings as a result of refinancing.

**48. Citizens' Review Initiative Commission
Oregon Health Licensing Agency**

Increased the Other Funds expenditure limitation established for the Citizens' Initiative Review Commission by section 13, chapter 365, Oregon Laws 2011, by \$114,999 for 2012 initiative review costs; increased the Other Funds expenditure limitation established for the Oregon Health Licensing Agency by section 1, chapter 539, Oregon Laws 2011, by \$15,872 for services provided to the Citizens' Initiative Review Commission; and directed the Citizens' Initiative Review Commission to report to the Emergency Board in December 2012 on the 2012 initiative review process; with the understanding that the Department of Administrative Services will unschedule the \$75,000 Other Funds expenditure limitation provided to the Department of Administrative Services by section 12, chapter 365, Oregon Laws 2011.

49. Department of Revenue

Allocated \$2,600,000 from the special purpose appropriation made to the Emergency Board by section 6(1), chapter 625, Oregon Laws 2011 to supplement the appropriation made to the Department of Revenue by section 5, chapter 625, Oregon Laws 2011, for making payments authorized by ORS 307.244 and 310.630 to 310.706 for the elderly rental assistance program.

50. Department of Revenue

Acknowledged receipt of a report from the Department of Revenue on the Technology and Process Reengineering project.

51. Legislative Fiscal Office (for Military Department)

Increased the Other Funds expenditure limitation established for the Military Department by section 2(3), chapter 623, Oregon Laws 2011, Emergency management, by \$40,000, and increased the Federal Funds expenditure limitation established for the Military Department by section 3(2), chapter 623, Oregon Laws 2011, Emergency management, by \$120,000, with the understanding that the Department of Administrative Services will unschedule the Other Funds and Federal Funds expenditure limitation increases until the Military Department receives grant approval from the Federal Emergency Management Agency.

52. Department of Forestry

Approved, retroactively, the submission of a federal grant application by the Department of Forestry to the U.S. Department of the Interior, Bureau of Land Management, in the amount of \$55,000, for the building of an alternative access road to state and federal lands.

/s/ Ken Rocco

Ken Rocco, Legislative Fiscal Officer

ODA Transfers and Expenditure Limitation Adjustments:

			Positions	FTE
Food safety				
Ch 409 2(2)	Other Limited	1,304,000		
Ch 409 4(1)	Federal Limited	89,505		
	Total	1,393,505	3	1.13
 Natural resources				
Ch 409 2(3)	Other Limited	(1,100,000)		
Ch 409 4(2)	Federal Limited	919,446		
	Total	(180,554)		
 Agriculture development				
Ch 409 2(4)	Other Limited	737,000		
Ch 409 4(3)	Federal Limited	(1,008,951)		
	Total	(271,951)		
 Department Total				
	Other Limited	941,000		
	Federal Limited	0		
	Total	941,000	3	1.13

**STATE OF OREGON
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KEN ROCCO
LEGISLATIVE FISCAL OFFICER

DARON HILL
DEPUTY LEGISLATIVE FISCAL OFFICER

Summary of Emergency Board Action

December 2012

The Legislative Emergency Board met on December 12, 2012 and considered an agenda of 33 items. The agenda included two requests for allocations from the general purpose appropriation made to the Emergency Board; neither of which were approved, although the Emergency Board did allocate Emergency Fund dollars to the Bureau of Labor and Industries for the rehiring of two Wage and Hour Division positions. There were also three agency requests on the agenda for allocations from special purpose appropriations made to the Emergency Board, totaling \$43.9 million, all of which was allocated. Additional details on these allocations are described below. In addition, the Emergency Board transferred the remaining balances from special purpose appropriations to the general purpose legal citation. After the Emergency Board actions, the unallocated balance of the general purpose Emergency Fund is \$50.4 million with a zero balance in special purpose appropriations.

The agenda included 18 items that requested additional 2011-13 biennium authority to spend Lottery Funds, Other Funds, and Federal Funds. The Emergency Board approved expenditure limitation increases of approximately \$413.5 million Other Funds (including \$330.8 million for the Oregon Health Authority's rebalance) and \$234.2 million Federal Funds (including \$129 million for the Oregon Health Authority rebalance and \$86.7 million for the Department of Human Services rebalance). The Emergency Board also authorized the establishment of 80 limited duration positions, with an overall increase of 20.17 FTE.

The agenda included 8 agency reports, which the Emergency Board acknowledged receiving. The most significant of these was a report from the Department of Administrative Services on the redirection of \$6.8 million of assessment revenues. The Emergency Board also heard eight requests for the submission of federal grant applications, four of which were in a consent agenda item (Departments of Housing and Community Services, Parks and Recreation, and Transportation). Two of the grant application requests included approvals of associated expenditure limitation increases.

The following is a summary of significant Emergency Board actions taken at the December 2012 meeting:

Education

- Approved, retroactively, a request by the Governor's Office to apply for a federal Race-to-the-Top grant in the amount of \$20.5 million; increased the Federal Funds expenditure limitation for the Early Learning Council by \$1,223,658; increased the Other Funds expenditure limitation for the Employment Department by \$1,658,526; and authorized the establishment of five limited duration positions (0.65 FTE) for early learning activities, with the understanding that the expenditure limitation increases will be uncheduled until the grant funds are received.
- Increased the Other Funds expenditure limitation of the Governor's Office by \$825,616 for Early Learning Council expenditures.

Human Services

- Approved a rebalance of the Oregon Health Authority's current biennium budget by

approving the transfer of General Fund appropriations, increasing the Other Funds expenditure limitation by \$330,849,514, increasing the Federal Funds expenditure limitation by \$128,951,616, authorizing the establishment of 72 limited duration positions (18.77 FTE), and increasing the Other Funds nonlimited expenditure authority by \$21,320,100, with the understanding that the Department of Administrative Services will unchedule a total of \$5,237,309 General Fund, \$1,444,016 Other Funds, and \$10,000,000 Federal Funds expenditure limitation.

- Approved a rebalance of the Department of Human Services' current biennium budget by allocating \$40,097,207 General Fund from the special purpose appropriation made to the Emergency Board for human services caseloads and other specified costs, approving the transfers of General Fund appropriations, increasing the

Other Funds expenditure limitation by \$61,532,972, and increasing the Federal Funds expenditure limitation by \$86,709,356, with the understanding that the Department of Administrative Services will unschedule \$60 million Other Funds expenditure limitation and \$101,918 General Fund.

- Acknowledged receipt of a report by the Oregon Health Authority on the agency's efforts to pursue a competitive bidding process for generic drugs within the Medicaid program.

Public Safety and Judicial Branch

- Allocated \$1,102,857 to the Department of Justice from a special purpose appropriation made to the Emergency Board for the on-going costs of the defense of the revenue stream from the Master Settlement Agreement with tobacco companies.
- Approved, retroactively, requests by the Department of Corrections to apply for a federal grant in the amount of \$191,768 from the U.S. Department of Justice for the Circles of Support and Accountability Training and Technical Assistance Project and in the amount of \$291,797 from the U.S. Department of Justice to provide advanced-level skills training for probation officers.
- Acknowledged receipt of a report by the Department of Corrections and the Oregon Health Authority on the purchase of pharmaceutical drugs for the inmate health services program, with instructions to the agencies to report again to the Joint Committee on Ways and Means during the 2013 session.
- Increased the Other Funds expenditure limitation of the Military Department, Community Support program, by \$133,355 for 2012 fire season activities.
- Increased the Other Funds expenditure limitation of the Military Department's Community Support program by \$300,000 and the Federal Funds expenditure limitation for the Oregon Youth Challenge program by \$650,000.
- Approved a request by the Department of Public Safety Standards and Training to apply for a federal grant from the White House Office of National Drug Control Policy in the amount of \$100,000 for training to support Oregon's drug enforcement and investigators and professionals, and increased the Federal Funds expenditure of the agency by \$50,000.
- Increased the Other Funds expenditure limitation of the Judicial Department by \$580,000 for specialty court operations, by \$380,000 for general operations, and by \$110,000 to address deferred maintenance issues with the Supreme Court Building.

Natural Resources

- Acknowledged receipt of a report by the Department of Forestry on the 2012 fire season, allocated \$2,660,983 from a special purpose appropriation made to the Emergency Board for fire protection expenses, and deferred a request for an allocation of \$22,093 General Fund from the Emergency Fund to the 2013 session when an agency rebalance can occur.
- Increased the Federal Funds expenditure limitation for the Department of Fish and Wildlife's Wildlife Division by \$1,219,834, increased the Federal Funds expenditure limitation for the Fish Division by \$1,555,846, and authorized the establishment of three limited duration positions (0.75 FTE) and the reclassification of two positions in the Fish Division.
- Deferred a request by the Department of Agriculture for an allocation of \$446,040 from the Emergency Fund to pay for research on the co-existence between canola, other brassicas crops, and Willamette Valley specialty seed crops to the 2013 session.
- Increased the Federal Funds expenditure limitation of the Department of Agriculture by \$101,200 to perform work on a federal grant related to increasing exports of blueberries to South Korea.
- Acknowledged receipt of a report by the Department of Agriculture on the use of \$50,000 of emergency funds approved at the September meeting of the Emergency Board to help those affected by rangeland fires in SE Oregon, with direction to the agency to report to the Joint Committee on Ways and Means during the 2013 session.
- Increased the Federal Funds expenditure limitation of the Department of Environmental Quality for the Air Quality program area by \$900,000 and transferred \$300,000 of Federal Funds expenditure limitation from the Cross Program area to the Air Quality program area.
- Approved, retroactively, the submission of a federal grant application by the Parks and Recreation Department to the North American Wetlands Conservation Act in the amount of \$60,000 to enhance the Sullivan Gulch Channel.

Economic and Community Development

- Approved a request by the Department of Housing and Community Services to apply for a federal grant to the U.S. Department of Housing and Urban Development for a National Foreclosure Mitigation Counseling grant of up to \$807,804 to provide foreclosure intervention counseling to owner-occupants of single-family

properties who are delinquent on their mortgages and/or at risk of default or foreclosure.

Transportation

- Increased the Other Funds Capital Construction expenditure limitation for the Department of Transportation by \$4,187,246 for the Portland Drive Testing Center remodeling and upgrade project.
- Increased the Federal Funds expenditure limitation for the Department of Transportation's Public Transit Division by \$12,800,000 for federal transit grant reimbursement and the Other Funds expenditure limitation by \$900,000 for federal cost allocation.
- Approved, retroactively, requests by the Department of Transportation to apply for a federal grant from the Federal Motor Carrier Safety Administration in the amount of \$154,824 to support agency efforts to comply with revised federal regulations from Commercial Driver Licenses and Commercial Learner Permits and to the Federal Transportation Administration in the amount of \$2,400,000 to construct a trail between Warren Creek and Lindsey Creek State Park.
- Increased the Other Funds Capital Construction expenditure limitation for the Department of Aviation by \$48,000 for the Chiloquin State Airport apron rehabilitation, obstruction removal, and lighting project.

Consumer and Business Services

- Allocated \$76,069 General Fund from the Emergency Fund for the Bureau of Labor and Industries to fund the restoration of two positions in the Wage and Hour Division temporarily suspended due to General Fund reductions made in the current biennium budget. The agency had requested restoring 12 positions using Other Funds from the Wage Security Fund and Prevailing Wage Rate Fund. The Board action was taken with the understanding that an equivalent amount of Other Funds will be reappropriated from the Wage Security Fund and Prevailing Wage Rate Fund to the General Fund during the 2013 session.
- Increased the Federal Funds expenditure limitation of the Bureau of Labor and Industries by \$41,123 for increased caseload and program costs in federal contracts with the Equal Employment Opportunity Commission and the U.S. Department of Housing and Urban Development.

Administration

- Established an Other Funds expenditure limitation for the Department of Administrative Services of \$11,965,254 for distributions to taxing districts of funds from the Shared Services Fund related to the Strategic Investment Program.
- Acknowledged receipt of a report by the Department of Administrative Services on expenditures not anticipated in the agency's current biennium budget by using \$6.8 million of resources from savings and the over-collection of assessment dollars from state agencies for Department services. The agency was instructed to unschedule \$2 million Other Funds expenditure limitation planned to be used for a review of the replacement of the state's Human Resource system and to report to the Joint Committee on Ways and Means during the 2013 session on possible inclusion of a capital construction project for the steam tunnel repair project to the list of 2011-13 capital construction projects.
- Acknowledged receipt of a report from the Department of Administrative Services on the coordination of funding requests related to removal of tsunami debris from Oregon's coastline.
- Acknowledged receipt of a report from the Citizens' Initiative Review Commission on the 2012 initiative review process.
- Acknowledged receipt of a report from the Oregon Liquor Control Commission on quarterly sales, revenue, and available expenditure limitation related to bank card fees and agent compensation.
- Deferred a request by the Treasurer of State to the 2013 session for the establishment of three permanent positions to plan for and initiate replacement of the agency's Local Government Investment Pool Voice Response System, with the understanding that the agency would continue to use existing staff and administratively established positions, where necessary, to both maintain the functionality of the Voice Response System and to develop a business case for the modernization of the Voice Response System. Any approval of the actual replacement of the system or other components of the agency's cash management system was deferred until the 2013 session.
- Transferred \$24,968,138 from unallocated balances in special purpose appropriations made to the Emergency Board for specified uses to the general purpose appropriation legal citation. The result of this action establishes a balance of \$50,447,306 in the general purpose Emergency Fund.

Emergency Fund Balance Summary		
	Agency Requests	Full Board Action
General Purpose Emergency Fund		
Appropriation (after 2012 Session adjustments)	27,218,734	27,218,734
Allocations to date	(1,663,497)	(1,663,497)
Unallocated/Unreserved Balance	25,555,237	25,555,237
# December 2012 Requests - General Purpose		
16 Department of Forestry - Fire severity costs in addition to special purpose appropriation request	(22,093)	
18 Department of Agriculture - Canola research	(446,040)	
33 Bureau of Labor and Industries - Position restoration	-	(76,069)
39 Legislative Fiscal Office - Transfer of unused special purpose appropriation amounts to Emergency Fund	24,968,138	24,968,138
Total Requests - General Purpose	24,500,005	24,892,069
General Purpose Unallocated/Unreserved Balance after 12/2012	50,055,242	50,447,306
Special Purpose Appropriations - Agency Specific (includes 2012 Session actions)	82,145,415	82,145,415
Allocations/Transfers to Date	(13,316,230)	(13,316,230)
Unallocated Balance	68,829,185	68,829,185
# December 2012 Requests - Special Purpose Appropriations - Agency Specific		
6 Department of Human Services - 2012 budget rebalance	(40,097,207)	(40,097,207)
10 Department of Justice - Defense of the Tobacco Master Settlement Agreement	(1,102,857)	(1,102,857)
16 Department of Forestry - Fire severity costs for the 2012 fire season and 2013 insurance premium	(2,660,983)	(2,660,983)
39 Legislative Fiscal Office - Transfer of unused special purpose appropriation amounts to Emergency Fund	(24,968,138)	(24,968,138)
Total Requests - Special Purpose - Agency Specific	(68,829,185)	(68,829,185)
Special Purpose - Agency Specific - Unallocated Balance after 12/2012	0	0

Additional detail of Emergency Board meetings are available on the
Legislative Fiscal Office website: www.leg.state.or.us/comm/lfo/home.htm

Oregon Legislative Emergency Board
Certificate

December 12, 2012

Pursuant to the provisions of ORS 291.328, and acting under the authority of 291.326(1)(a), (b), (c), and (d); 291.371; and 291.375; this hereby certifies that the Emergency Board, meeting on December 12, 2012, took the following actions:

1. Treasurer of State

Deferred to the 2013 legislative session consideration of a request from the Treasurer of State to establish three permanent full-time positions to plan for and initiate replacement of the agency's Local Government Investment Pool Voice Response System, with the understanding that the Treasurer may continue to use existing staff and administratively established positions where necessary to both maintain the functionality of the Voice Response System and to develop a business case for the modernization of the Voice Response System.

2. Judicial Department

Increased the Other Funds expenditure limitation established for the Judicial Department by section 1, chapter 110, Oregon Laws 2012, specialty courts, by \$580,000, and increased the Other Funds expenditure limitation established for the Judicial Department by section 2(1), chapter 634, Oregon Laws 2011, Operations, by \$380,000 for expenditures of grant renewals.

3. Judicial Department

Increased the Other Funds expenditure limitation established for the Judicial Department by section 13, chapter 110, Oregon Laws 2012, capital improvement, by \$110,000 to address deferred maintenance issues with the Supreme Court Building.

4. Oregon Health Authority

Approved the transfer of General Fund appropriations, increased Other Funds expenditure limitations, increased Federal Funds expenditure limitations, and authorized the establishment of 72 positions (18.77 FTE) for the Oregon Health Authority; with the understanding that the Department of Administrative Services will unschedule General Fund, and Other Funds and Federal Funds expenditure limitation; per the attached table.

5. Oregon Health Authority

Acknowledged receipt of a report from the Oregon Health Authority on the agency's efforts to pursue a competitive bidding process for generic drugs within the Medicaid program.

6. Department of Human Services

Allocated \$40,097,207 from the special purpose appropriation made to the Emergency Board by section 15(1), chapter 110, Oregon Laws 2012, to supplement appropriations made to the Department of Human Services, approved the transfer of General Fund appropriations, increased and transferred Other Funds expenditure limitations, and increased Federal Funds expenditure limitations; with the understanding that the Department of Administrative Services will unschedule General Fund and Other Funds expenditure limitation; per the attached table.

7. Department of Corrections

Approved, retroactively, the submission of a federal grant application by the Department of Corrections to the U.S. Department of Justice in the amount of \$191,768 for the Circles of Support and Accountability (COSA) Training and Technical Assistance Project.

8. Department of Corrections

Approved, retroactively, the submission of a federal grant application by the Department of Corrections to the U.S. Department of Justice in the amount of \$291,797 to provide advanced-level skills training for probation officers.

9. Department of Corrections

Oregon Health Authority

Acknowledged receipt of a report from the Department of Corrections and Oregon Health Authority on the purchase of pharmaceutical drugs for the inmate health services program, with the understanding that the agencies will report by April 2013 on steps taken to reduce the cost of pharmaceuticals, which could include, but is not limited to: a) utilizing the Oregon Prescription Drug Program (OPDP), b) working with the Oregon Health Authority to explore 340-B eligibility, and c) resolving whether non-drug supplies can be purchased through OPDP or multiple group purchasing organizations.

10. Department of Justice

Allocated \$1,102,857 from the special purpose appropriation made to the Emergency Board by section 57(1), chapter 600, Oregon Laws 2011, to supplement the appropriation made to the Department of Justice by section 1, chapter 575, Oregon Laws 2011 for ongoing legal costs associated with the defense of the revenue stream from the Master Settlement Agreement.

11. Military Department

Increased the Other Funds expenditure limitation established for the Military Department by section 2(4), chapter 623, Oregon Laws 2011, Community support, by \$133,355 for 2012 fire season expenses.

12. Military Department

Increased the Other Funds expenditure limitation established for the Military Department by section 2(4), chapter 623, Oregon Laws 2011, Community support, by \$300,000, and increased the Federal Funds expenditure limitation established for the Military Department by section 3(3), chapter 623, Oregon Laws 2011, Community support, by \$650,000 for the Oregon Youth Challenge Program.

13. Department of Public Safety Standards and Training

Approved the submission of a federal grant application by the Department of Public Safety Standards and Training to the White House Office of National Drug control Policy in the amount of \$100,000 for the Oregon High Intensity Drug Trafficking Area Training Initiative; and increased the Federal Funds expenditure limitation established for the Department of Public Safety Standards and Training by section 3, chapter 586, Oregon Laws 2011, by \$50,000.

15. Housing and Community Services Department

Approved the submission of a federal grant application by the Housing and Community Services Department to the U.S. Department of Housing and Urban Development for a National Foreclosure Mitigation Counseling grant of up to \$807,804 to provide foreclosure intervention counseling to owner-occupants of single-family properties who are delinquent on their mortgages and/or at risk of default or foreclosure.

16. Department of Forestry

Acknowledged receipt of a report from the Department of Forestry on the 2012 fire season; allocated \$2,660,983 from the special purpose appropriation made to the Emergency Board by section 6(1), chapter 537, Oregon Laws 2011, for fire protection expenses, to supplement the appropriation made to the Department of Forestry by section 1(1), chapter 537, Oregon Laws 2011, Fire protection; and deferred to the 2013 legislative session consideration of the request for an allocation of \$22,093 from the general purpose Emergency Fund.

17. Department of Fish and Wildlife

Increased the Federal Funds expenditure limitation established for the Department of Fish and Wildlife by section 4(2), chapter 573, Oregon Laws 2011, Wildlife Division, by \$1,219,834; increased the Federal Funds expenditure limitation established for the Department of Fish and Wildlife by section 4(1), chapter 573, Oregon Laws 2011, Fish Division, by \$1,555,846; and authorized the establishment of three limited duration positions (0.75 FTE) and the reclassification of two positions; to accommodate unanticipated federal revenues and to complete federal contracts.

18. Department of Agriculture

Deferred to the 2013 legislative session consideration of the request by the Department of Agriculture for an allocation of \$446,040 from the general purpose Emergency Fund to fund research on issues surrounding growing of canola.

19. Department of Agriculture

Increased the Federal Funds expenditure limitation established for the Department of Agriculture by section 4(2), chapter 409, Oregon Laws 2011, Natural resources, by \$101,200 for a grant to help meet Korea's phytosanitary requirements for importation of blueberries.

20. Department of Agriculture

Acknowledged receipt of a report from the Department of Agriculture on use of emergency funds approved at the September 2012 meeting of the Emergency Board to help those affected by rangeland fires in Southeast Oregon.

22. Department of Environmental Quality

Increased the Federal Funds expenditure limitation established for the Department of Environmental Quality by section 5(1), chapter 536, Oregon Laws 2011, Air quality, by \$900,000, and authorized within the Federal Funds expenditure limitations established for the Department of Environmental Quality by section 5, chapter 536, Oregon Laws 2011, the transfer \$300,000 from subsection (4), Cross program, to subsection (1), Air quality, for final payments of diesel engine and exhaust improvement grants and purchase of air quality monitoring equipment.

23. Parks and Recreation Department

Approved, retroactively, the submission of a federal grant application by the Parks and Recreation Department to the U.S. Fish and Wildlife Service in the amount of \$60,000 to enhance the Sullivan Gulch Channel.

24. Department of Aviation

Increased the Other Funds Capital Construction expenditure limitation established for the Department of Aviation by section 1(10)(d), chapter 742, Oregon Laws 2007, and increased by section 1(1), chapter 79, Oregon Laws 2012, by \$48,000, for the Chiloquin Apron Rehabilitation, Obstruction Removal and Lighting project.

25. Department of Transportation

Approved, retroactively, the submission of a federal grant application by the Department of Transportation to the Federal Motor Carrier Safety Administration in the amount of \$154,824 to support agency efforts to comply with revised federal regulations for Commercial Driver Licenses and Commercial Learner Permits.

26. Department of Transportation

Approved, retroactively, the submission of a federal grant application by the Department of Transportation to the Federal Transportation Administration in the amount of \$2,400,000 to construct a trail between Warren Creek and Lindsey Creek State Park.

27. Department of Transportation

Increased the Other Funds Capital Construction expenditure limitation established for the Department of Transportation by section 1(5), chapter 615, Oregon Laws 2011, Portland drive testing center, by \$4,187,246 for facility upgrade and remodeling.

28. Department of Transportation

Increased the Federal Funds expenditure limitation established for the Department of Transportation by section 3(4), chapter 542, Oregon Laws 2011, Public transit, by \$12,800,000 for federal transit grant reimbursement to local recipients, and increased the Other Funds expenditure limitation established for the Department of Transportation by section 2(13), chapter 542, Oregon Laws 2011, Public transit, by \$900,000 for federal cost allocation.

29. Department of Administrative Services

Acknowledged receipt of a report from the Department of Administrative Services on Improving Government expenditures that were not anticipated in its legislatively adopted budget for 2011-13, with instructions that the Department: a) unschedule the \$2 million designated for scoping the HR system replacement project until the scoping project and the replacement project are reviewed by the appropriate legislative committee, b) report during its 2013-15 budget request hearing to the Joint Committee on Ways and Means on savings and outcomes achieved by the other eleven Improving Government projects, and c) report to the Joint Committee on Ways and Means as soon as the final costs of the steam tunnel repair project are known and request the inclusion of a capital construction project to the list of 2011-13 approved projects, if necessary.

30. Department of Administrative Services

Established for the 2011-13 biennium an Other Funds expenditure limitation for the Department of Administrative Services in the amount of \$11,965,254 for distributions to taxing districts from the Shared Services Fund.

31. Department of Administrative Services

Acknowledged receipt of a report from the Department of Administrative Services on the coordination of funding requests related to removal of debris from Oregon's beaches created by the tsunami that devastated Japan in March 2011.

32. Citizens' Initiative Review Commission

Acknowledged receipt of a report from the Citizens' Initiative Review Commission on the 2012 initiative review process.

33. Bureau of Labor and Industries

Allocated \$76,069 from the Emergency Fund established by section 1, chapter 600, Oregon Laws 2011, to supplement the appropriation made to the Bureau of Labor and Industries by section 1, chapter 576, Oregon Laws 2011 to fund two positions in the Wage and Hour Division until the end of the biennium, and requested that an equivalent amount of Wage Security and Prevailing Wage Rate funds be reallocated back to the General Fund during the 2013 legislative session.

34. Bureau of Labor and Industries

Increased the Federal Funds expenditure limitation established for the Bureau of Labor and Industries by section 4, chapter 576, Oregon Laws 2011, by \$41,123 for increased caseload and program costs in federal contracts with the Equal Employment Opportunity Commission and the U.S. Department of Housing and Urban Development.

35. Oregon Liquor Control Commission

Acknowledged receipt of a report from the Oregon Liquor Control Commission on sales, revenue, and available expenditure limitation related to agents' compensation and credit card fees, as directed by budget note.

36. Office of the Governor

Employment Department

Approved, retroactively, the submission of a federal grant application by the Office of the Governor to the U.S. Department of Education and the U.S. Department of Health and Human Services in the amount of \$20.5 million for a Race-To-The-Top grant; increased the Federal Funds expenditure limitation established for the Office of the Governor by section 135, chapter 37, Oregon Laws 2012, Early Learning Council and Youth Development Council, by \$1,223,658; increased the Other Funds expenditure limitation established for the Employment Department by section 2(1), chapter 339, Oregon Laws 2011, Operating budget, by \$1,658,526; and authorized the establishment of three limited duration positions (0.39 FTE) in the Governor's Office for the Early Learning Council and two limited duration positions (0.26 FTE) in the Employment Department for the 2011-13 biennium activities under this federal grant; with the understanding that the Department of Administrative Services will unschedule the limitation increases until the funds are received from the federal government.

37. Office of the Governor

Increased the Other Funds expenditure limitation established for the Office of the Governor by section 134, chapter 37, Oregon Laws 2012, Early Learning Council and Youth Development Council, by \$825,616 to cover expenditures.

39. Legislative Fiscal Office

Transferred unallocated balances in the amount of \$24,968,138 from special purpose appropriations made to the Emergency Board to the general purpose appropriation legal citation, per the attached table.

/s/ Ken Rocco

Ken Rocco, Legislative Fiscal Officer

OREGON HEALTH AUTHORITY 2011-13
December 2012

<u>Division/Appropriation Reference</u>	<u>Fund Type</u>	<u>Adjustments to Legislatively Approved Budget</u>	<u>Adjustments to Position Authority</u>
<u>Transfers, Allocation, Establishments, and Expenditure Limitation Adjustments:</u>			
Programs			
Ch 580 1(1)	General	(678,149)	
Ch 580 2(1)	Other Limited	330,398,308	
Ch 580 4(1)	Federal Limited	98,237,280	
	Total	427,957,439	22 positions / 6.27 FTE
Central Services			
Ch 580 1(2)	General	678,149	
Ch 580 2(2)	Other Limited	451,206	
Ch 580 4(2)	Federal Limited	30,714,336	
	Total	31,843,691	50 positions / 12.50 FTE
Department Total			
	General	-	
	Other Limited	330,849,514	
	Federal Limited	128,951,616	
	Total	459,801,130	72 positions / 18.77 FTE
Ch 580 5(3)	Other Non-limited	21,320,100	

Request Department of Administrative Services to unschedule:

Programs			
Ch 580 1(1)	General Fund	5,237,309	
Shared Services			
Ch 580 2(3)	Other Limited	1,444,016	
Central Services			
Ch 580 4(2)	Federal Limited	10,000,000	

DEPARTMENT OF HUMAN SERVICES 2011-13			
December 2012			
Division/Appropriation Reference	Fund Type		Adjustments to Legislatively Approved Budget
Transfers, Allocations, and Expenditure Limitation Adjustments:			
Children, Adults and Families			
Ch 621 1(2), OL 2011	General		15,208,014
Ch 621 2(2), OL 2011	Other		(6,136,367)
Ch 621 3(2), OL 2011	Federal		18,987,971
		Total	28,059,618
Seniors and People with Disabilities			
Ch 621 1(3), OL 2011	General		25,763,775
Ch 621 2(3), OL 2011	Other		7,665,889
Ch 621 3(3), OL 2011	Federal		67,721,385
		Total	101,151,049
Central Services			
Ch 621 1(1), OL 2011	General		101,918
Ch 621 2(1), OL 2011	Other		60,000,000
		Total	60,101,918
Debt Service			
Ch 621 1(4), OL 2011	General		(976,500)
Shared Services			
Ch 621 2(4), OL 2011	Other		3,450
Department Total			
	General		40,097,207
	Other		61,532,972
	Federal		86,709,356
		Total	188,339,535
Request Department of Administrative Services to unschedule:			
Central Services			
Ch 621 1(1), OL 2011	General		101,918
Ch 621 2(1), OL 2011	Other		60,000,000

Special Purpose Appropriation Transfer Detail

Oregon Laws 2011 Chapter/Section	Agency/Purpose	Amount
Chapter 625, sec. 6(1)	Department of Revenue - Elderly Rental Assistance Program payments	(300,000)
Chapter 600, sec. 57(1)	Department of Justice - Tobacco Master Settlement Agreement litigation and Defense of Criminal Convictions program	(897,143)
Oregon Laws 2012 Chapter/Section	Agency/Purpose	
Chapter 110, sec. 15(1)	Various Agencies - Allotment mitigation, home foreclosure, human services caseload costs	(12,270,995)
Chapter 110, sec. 16(1)	Various Agencies - Allotment mitigation for Community College Support Fund, Department of Education Grant-in-Aid, Oregon Health and Sciences University	(10,000,000)
Chapter 110, sec. 4(1)	Public Defense Services Commission - Trial level public defense	(1,500,000)
Total transfers from special purpose appropriations		(24,968,138)
Chapter 600, sec. 1, OL 2011	Emergency Board -- General Purpose	24,968,138
Net General Fund Change		0

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: HB 5052-A

Carrier – House: Rep. Smith

Carrier – Senate: Sen. Girod

Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 24 – 0 – 2

House

Yeas: Barker, Buckley, Frederick, Freeman, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson

Nays:

Exc: Hanna

Senate

Yeas: Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc: Bates

Prepared By: Daron Hill, Legislative Fiscal Office

Reviewed By: Legislative Fiscal Office staff

Meeting Date: March 22, 2013

Agency

Various Agencies

Biennium

2011-13

Budget Summary

	2011-13 Legislatively Adopted Budget	2011-13 Legislatively Approved Spending Level	2011-13 Committee Recommendations	Percentage Change from Legislatively Approved Spending Level
<u>Education Program Area</u>				
<u>Community Colleges and Workforce Development</u>				
Other Funds	\$ 6,869,643	\$ 16,674,093	\$ 835,000	5.01%
<u>Department of Education – State School Fund</u>				
General Fund	\$ 5,155,269,981	\$ 5,160,749,551	\$ 8,096,204	0.16%
Lottery Funds	556,980,287	554,000,717	-8,096,204	-1.46%
<u>Oregon University System</u>				
Lottery Funds	\$ 22,959,136	\$ 22,986,753	\$ -187,232	-0.81%
<u>Human Services Program Area</u>				
<u>Department of Human Services</u>				
General Fund	\$ 2,036,853,446	\$ 2,180,437,090	\$ 5,000,000	0.23%
<u>Oregon Health Authority</u>				
General Fund	\$ 1,721,639,876	1,697,058,124	-5,000,000	-0.29%
Lottery Funds	\$ 10,779,583	\$ 10,338,614	\$ -230,568	-2.23%

	2011-13 Legislatively Adopted Budget	2011-13 Legislatively Approved Spending Level	2011-13 Committee Recommendations	Percentage Change from Legislatively Approved Spending Level
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Public Safety Program Area

Department of Corrections

General Fund	\$ 1,324,785,417	\$ 1,362,844,564	\$ 0	0.00%
Other Funds	27,563,757	31,298,404	5,616,553	17.95%
Federal Funds	6,908,809	7,816,182	871,678	11.15%

District Attorneys & their Deputies

General Fund	\$ 9,979,285	\$ 10,339,261	\$ 250,000	2.42%
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Oregon Military Department

General Fund	\$ 24,068,435	\$ 28,582,492	\$ -120,265	-0.42%
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Oregon State Police

General Fund	\$ 216,465,576	\$ 221,721,695	\$ 0	0.00%
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	2011-13 Legislatively Adopted Budget	2011-13 Legislatively Approved Spending Level	2011-13 Committee Recommendations	Percentage Change from Legislatively Approved Spending Level
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Economic & Community Development Program Area

Oregon Business Development Dept.

Lottery Funds	\$ 136,340,722	\$ 138,677,228	\$ -1,160,310	-0.84%
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Oregon Employment Dept.

Other Funds	\$ 132,896,826	129,170,224	119,108	0.09%
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Federal Funds	\$ 273,883,188	303,447,537	8,214,583	2.71%
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Department of Veterans' Affairs

General Fund	\$ 6,469,659	\$ 6,562,195	\$ 0	0.00%
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Natural Resources Program Area

Department of Agriculture

Lottery Funds	\$ 6,894,457	7,827,343	-400	-0.01%
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Other Funds	\$ 52,099,191	53,081,502	1,084,000	2.04%
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Department of Forestry

General Fund	\$ 47,871,547	\$ 52,842,614	\$ 1,059,636	2.01%
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Land Use Board of Appeals

General Fund	\$ 1,295,278	\$ 1,295,278	\$ 36,631	2.83%
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	2011-13 Legislatively Adopted Budget	2011-13 Legislatively Approved Spending Level	2011-13 Committee Recommendations	Percentage Change from Legislatively Approved Spending Level
<u>Oregon Marine Board</u>				
Other Funds	\$ 22,020,102	\$ 21,984,696	\$ 250,000	1.14%
<u>Parks and Recreation Department</u>				
Lottery Funds	\$ 79,815,323	\$ 81,647,819	\$ -1,053,314	-1.29%
Federal Funds	\$ 12,733,936	15,918,146	1,645,011	10.33%
<u>Department of State Lands</u>				
Other Funds	\$ 26,494,275	\$ 27,903,872	\$ 1,350,000	4.84%
<u>Watershed Enhancement Board</u>				
Lottery Funds	\$ 64,796,420	\$ 64,012,066	\$ -832,938	-1.30%
<u>Transportation Program Area</u>				
<u>Department of Aviation</u>				
Other Funds	\$ 5,676,565	\$ 5,676,565	\$ 180,000	3.17%

	2011-13 Legislatively Adopted Budget	2011-13 Legislatively Approved Spending Level	2011-13 Committee Recommendations	Percentage Change from Legislatively Approved Spending Level
<u>Consumer and Business Services Program Area</u>				
<u>Board of Chiropractic Examiners</u>				
Other Funds	\$ 1,261,261	\$ 1,261,261	\$ 69,550	5.51%
<u>Oregon Health Licensing Agency</u>				
Other Funds	\$ 6,612,566	\$ 6,607,687	\$ 397,779	6.02%
<u>Board of Psychologist Examiners</u>				
Other Funds	\$ 965,662	\$ 965,662	\$ 70,000	7.25%
<u>Administration Program Area</u>				
<u>Department of Administrative Services</u>				
General Fund	\$ 8,172,526	\$ 8,961,014	\$ 250,000	2.07%
Lottery Funds	11,740,796	12,073,528	-78,446	-0.65%
<u>Office of the Governor</u>				
Lottery Funds	1,855,731	1,855,731	-40,436	-2.18%

	2011-13 Legislatively Adopted Budget	2011-13 Legislatively Approved Spending Level	2011-13 Committee Recommendations	Percentage Change from Legislatively Approved Spending Level
<u>Legislative Branch Program Area</u>				
<u>Legislative Administration</u>				
General Fund	\$ 28,438,846	\$ 28,749,433	\$ 250,000	0.87%
<u>Judicial Branch Program Area</u>				
<u>Judicial Department</u>				
General Fund	\$ 359,234,028	\$ 367,952,634	\$ -144,202	-0.04%
Other Funds	\$ 24,966,976	\$ 56,914,830	\$ 0	0.00%
<u>Public Defense Services Commission</u>				
General Fund	\$ 222,524,924	\$ 224,541,855	\$ 1,500,000	0.67%
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General Fund Total	\$	\$	\$ 11,178,004	
Lottery Funds Total			-11,679,848	
Other Funds Total			9,971,990	
Federal Funds Total			10,731,272	
			Total	20,201,418

Position Summary

	2011-13 Legislatively Adopted Budget	2011-13 Legislatively Approved Spending Level	2011-13 Committee Recommendations	Percentage Change from Legislatively Approved Spending Level
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Economic & Community Development Program Area

Oregon Employment Dept.

Authorized Positions	1,500	1,549	46	2.97%
Full-time Equivalent (FTE) positions	1,436.90	1,481.21	19.98	1.35%

Summary of Revenue Changes

House Bill 5052 rebalances the State's budget with available resources. Additional General Fund revenues are available from the current ending balance. Lottery funds are reduced in several agencies due to the latest revenue forecast. Other and Federal Funds revenues include available ending balances and grant awards.

Summary of Capital Construction Subcommittee Action

House Bill 5052 is an omnibus budget reconciliation bill implementing actions needed to rebalance, address technical adjustments, and modify appropriations and limitations for some agencies during 2011-13 biennium.

Education Program Area

Department of Community Colleges and Workforce Development

The Subcommittee recommends an increase of \$835,000 Other Funds expenditure limitation for the Department of Community College and Workforce Development (CCWD) for three programs. An estimated \$200,000 is needed for the "Common Core State Standards and Assessments – K-12 Postsecondary Alignment" grant which is for promoting the use of assessments in determining a student's readiness for placement into postsecondary courses. The second program is the "Oregon Credit When It's Due" which supports the expansion of reverse transfer projects in the State. These projects are designed to give associate degrees to former Community College students who have transferred to four-year institutions when they have earned sufficient credits. This is a two year grant where it is estimated that \$300,000 will be spent in 2011-13 with most of the funding being sent to Community Colleges. The final \$335,000 is needed for the "Certified Work Ready Communities" program which is a part of a strategy to enable communities to demonstrate that they have the skilled workforce necessary for a company to locate or expand in the community. Funding for this program is from the Oregon Business Development Department and the Employment Department.

Oregon Department of Education – State School Fund

Lottery Funds expenditures for the State School Fund are reduced by \$8,096,204 to rebalance the state's lottery budget to the March 2013 revenue forecast. HB 2837 reduces the allocation of Lottery Funds to the agency by the same amount. All statutory Lottery Funds allocations, excluding allocations to pay debt service, are reduced by 2.18% in the 2011-13 biennium budget rebalance, to reduce total allocations of Lottery Funds to the amount now forecast to be available.

A corresponding increase of \$8,096,204 General Fund is provided in this bill to backfill this loss of Lottery Funds.

Oregon University System

Lottery Funds expenditures are reduced by \$187,232 to rebalance the state's lottery budget to the March 2013 revenue forecast. HB 2837 reduces the allocation of Lottery Funds to the agency by the same amount. All statutory Lottery Funds allocations, excluding allocations to pay debt service, are reduced by 2.18% in the 2011-13 biennium budget rebalance, to reduce total allocations of Lottery Funds to the amount now forecast to be available. Lottery Funds are used in the agency budget to support athletic programs, with a small percentage going to scholarships for graduate students.

Human Services Program Area

Department of Human Services

The Subcommittee approved the appropriation of \$5 million General Fund to the Department of Human Services. As part of the agency's 2011-13 rebalance in December 2012, a budget gap was identified in the agency's JOBS program. Budget savings in the Oregon Health Authority are now being moved to the Department of Human Services to address this shortfall. The Subcommittee requested that the Department of Administrative Services unschedule the funds until after the spring caseload forecast is complete and the overall budget situation is known.

Oregon Health Authority

The Subcommittee approved the disappropriation of \$5 million General Fund from the Oregon Health Authority. As part of the agency's 2011-13 rebalance in December 2012, slightly over \$5 million savings were identified in Medical Assistance Programs. Five million of these funds are now being removed from the Medical Assistance Programs budget and appropriated to the Department of Human Services to cover a potential budget shortfall in that agency.

Lottery Funds expenditures are reduced by \$230,568 to rebalance the state's lottery budget to the March 2013 revenue forecast. HB 2837 reduces the allocation of Lottery Funds to the agency by the same amount. All statutory Lottery Funds allocations, excluding allocations to pay debt service, are reduced by 2.18% in the 2011-13 biennium budget rebalance, to reduce total allocations of Lottery Funds to the amount now forecast to be available. Lottery Funds are used in the agency budget to support gambling addiction treatment programs.

Public Safety Program Area

Department of Corrections

The Subcommittee approved rebalancing General Fund resources to address the Department of Correction's reorganization implemented by the new director effective April 2012, and management actions taken to address unspecified vacancy savings, mid-management and services and supplies reductions previously approved by the legislature. In general, the agency is able to cover the estimated \$57.5 million shortfall by holding positions vacant (\$17.2 million), savings in services and supplies (\$13.3 million), reduction of medical services (\$12.1 million), savings in debt service from refinancing (\$7.2 million), reducing jail bed reimbursements based on most recent claims (\$6.3 million), and closure of a 50-bed treatment program at Powder River (\$1.4 million). The Subcommittee approved establishing a debt service limitation of \$683,992 Other Funds as part of the rebalance.

The Subcommittee approved an increase of \$79,385 Other Funds and \$871,678 Federal Funds expenditure limitation to allow the recording of broadband telecommunication and network assets from the Oregon Health Network.

The Subcommittee also approved an increase of \$1.8 million Other Funds expenditure limitation to allow the agency to expend carryover balances in Community Corrections' grants for the Linn County Domestic Violence Court (\$23,000), American Recovery and Reinvestment Act (\$291,000), and \$1.486 million in supervision fees.

The Subcommittee approved an Other Funds increase of \$3,053,176 for county juvenile and adult corrections programs and facilities and drug and alcohol programs.

District Attorneys & their Deputies

The Subcommittee approved an increase of \$250,000 General Fund for cost of living adjustments in January and December 2012, employee benefits in excess of the statewide composite rate, and a pay scale increase for the Yamhill County District Attorney. The state maintains a two-tier pay scale for District Attorneys based on county population -- \$90,972 when the population is below 100,000, and \$107,952. As of July 1, 2012, the population in Yamhill County exceeded 100,000.

Oregon Military Department

The Subcommittee made the following adjustments to the Military Department's 2011-13 approved budget.

The Subcommittee approved a \$981,021 reduction in General Fund for the Department's Capital Debt Service and Related Costs program. The Department identified savings to certificates of participation (\$132,932), Article XI-Q bonds (\$616,197), and Article XI-M and XI-N Seismic

bonds (\$231,892) in excess of what is needed to meet outstanding 2011-13 debt service obligations. The savings arose from more favorable interest rates on issued debt than was originally budgeted.

The Subcommittee also approved the following one-time actions:

- The Subcommittee increased the General Fund for the Department's Operations program by \$601,756 due to savings from the Capital Debt Service program, which includes Debt Service saving from Seismic Rehabilitation Grant Program bonding, to fund eight armory and one Portland Airbase maintenance and improvement projects. The General Fund will make available \$1.5 million in matching Federal Funds and \$154,030 in Other Funds (U.S. Department of Energy grant to a private contractor). The Department does not require additional Federal or Other Funds expenditure limitation.
- The Subcommittee increased the General Fund for the Department's Emergency Management program by \$41,000. The General Fund will be used to fund the State's Search and Rescue Coordinator position through the remainder of the biennium.
- The Subcommittee increased the General Fund for the Department's Community Support - Oregon Youth Challenge Program by \$218,000 due to savings from the Capital Debt Service from Seismic Rehabilitation Grant Program bonding. The increase in General Fund is to be used only as a contingency against a possible decrease in program funding due to federal government's sequestration. Federal sequestration could reduce federal matching funds for the program from 75% Federal Funds 25% state funds to 70% Federal Funds and 30% state funds. The Committee directed that the Department of Administrative Services un-schedule the \$218,000 appropriation until the Military Department is able to document that federal sequestration will adversely impact program funding this biennium.

Oregon State Police

The Subcommittee approved rebalancing \$1.5 million General Fund to the Patrol, Criminal, and Gaming appropriation from one-time savings in Administration and Criminal Justice Information Systems. The resources will be utilized to cover extraordinary costs within the Gaming Division, and recruitment and equipment purchases in the Patrol Division.

Economic & Community Development Program Area

Oregon Business Development Department

Lottery Funds expenditures are reduced by a total of \$1,160,310 to rebalance the state's lottery budget to the March 2013 revenue forecast. HB 2837 reduces the allocation of Lottery Funds to the agency by the same amount. All statutory Lottery Funds allocations, excluding allocations to pay debt service, are reduced by 2.18% in the 2011-13 biennium budget rebalance, to reduce total allocations of Lottery Funds to the amount now

forecast to be available. The reductions to the agency consist of a \$990,130 reduction to Business, Innovation and Trade, a \$145,632 reduction to Shared Services, and a \$24,548 reduction to the Oregon Film and Video Office.

Oregon Employment Department

The Subcommittee recommends additional Federal Funds expenditure limitation of \$8,214,583, additional Other Funds expenditure limitation of \$119,108, and 46 positions (19.98 FTE) are approved for the Employment Department, for the following purposes:

- Trainings provided to child-care providers, funded through the federal Child Care Development and Development Block Grant: \$550,000;
- Efforts to improve unemployment insurance program integrity, funded through receipt of a federal grant: \$1.4 million, 17 positions (3.6 FTE);
- Expenses associated with administering federal extensions of Emergency Unemployment Compensation: \$6.3 million, 27 positions (15.75 FTE);
- Contracted positions for employment services to eligible individuals under the Workforce Investment Act: \$69,108 Other Funds, 2 positions (0.42 FTE);
- Additional caseload in the Office of Administrative Hearings: \$50,000 Other Funds (0.21 FTE).

Oregon Department of Veterans' Affairs

The Subcommittee recommends a technical correction to properly allocate \$113,331 of the General Fund appropriation to partner agencies of the Oregon Department of Veterans' Affairs.

Natural Resources Program Area

Department of Agriculture

The Subcommittee increased the Other Funds expenditure limitation for the Commodity Inspection program at the Department of Agriculture by \$1,084,000 to accommodate increased demand for specialized commodity certifications and produce inspections.

Lottery Funds expenditures are reduced by \$400 to rebalance the state's lottery budget to the March 2013 revenue forecast. HB 2837 reduces the allocation of Lottery Funds to the agency by the same amount. All statutory Lottery Funds allocations, excluding allocations to pay debt service, are reduced by 2.18% in the 2011-13 biennium budget rebalance, to reduce total allocations of Lottery Funds to the amount now forecast to be available. Lottery Funds are used in the agency budget to support the operations of the County Fair Commission.

Department of Forestry

The Subcommittee approved an appropriation of \$1,059,636 General Fund to the Department of Forestry for costs associated with the extended 2012 fire season, unbudgeted district emergency fire cost deductibles, changes in forest land classification, and increases in initial attack resources and the fire insurance premium.

Land Use Board of Appeals

The Subcommittee approved an appropriation of \$36,631 General Fund to avoid personal services shortfall and the agency's ability to meet statutory case review deadlines forcing land development projects to be delayed or withdrawn.

Oregon Marine Board

The Subcommittee approved an increase of \$250,000 Other Funds in the Facilities Grant Program for a facility grant to Metro to complete work on a multi-phased boating access improvement project. The grant is funded by a repayment of grant funds from the city of Portland for a grant project that is no longer eligible for the grant.

Oregon Parks & Recreation Department

The Subcommittee approved a Federal Funds expenditure limitation increase of \$1,645,011 to expend three federal grants awarded in 2012. The first two grants are from the US Department of the Interior, Fish and Wildlife Services. \$1,259,000 is passed through to Benton County to implement the county's Habitat Conservation Plan and associated Prairie Conservation Strategy. \$292,611 is passed through to Yamhill Soil and Water Conservation District for a grant awarded in October 2012. The funds will support continued outreach and education associated with Yamhill County's Habitat Conservation Plan completion.

In September 2012, the federal Institute of Museum and Library Services awarded a Connecting to Collections Statewide Planning grant to the Department. The purpose is training and mentoring for heritage organizations in the state. The total award was \$241,810, of which the Department plans to use \$93,400 in 2011-13.

The Subcommittee reduced constitutionally dedicated Lottery Funds expenditure limitation for the Parks and Recreation Department to align the Department's budget with the March 2013 Lottery revenue forecast. The total expenditure limitation reduction is \$1,053,314. The reductions are spread among several divisions: Director's Office (\$96,542), Central Services (\$50,000), Park Development (\$360,000), Community support and grants (\$296,772), and Oregon State Fair and Exposition Center (\$250,000).

Department of State Lands

The Subcommittee approved an increase in Other Funds expenditure limitation of \$1,200,000 for Portland Harbor Superfund site. Costs are for evaluating ownership of contaminated areas. An insurance settlement provides the funding.

In addition, the Subcommittee approved an Other Funds expenditure limitation increase of \$150,000. This limitation covers the 2011-13 portion of a grant awarded to the South Slough National Estuarine Research Reserve. The grant's purpose is assisting community partners and technical advisors in developing a common understanding of the estuary to support its future health. The grant is from the University of New Hampshire, National Estuarine Research Reserve System Science Collaborative. The total is \$549,846, to be used from September 2012 through August 2014.

Oregon Watershed Enhancement Board

Lottery Funds expenditures from the constitutionally dedicated Watershed Improvement Grant Fund are reduced by \$832,938 to rebalance the state's lottery budget to the March 2013 revenue forecast. Constitutionally dedicated Lottery Funds allocations are currently anticipated to be 4.54% below the level assumed in the May 2011 Lottery Forecast for the 2011-13 biennium. Use of unallocated balances in the Watershed Improvement Grant Fund offset some of the reduction caused by declining Lottery revenue forecasts, reducing the impact of the revenue declines. Use of unallocated balances in the Watershed Improvement Operating Fund are projected to completely offset declining Lottery revenue forecasts, averting the need for expenditure limitations reductions to agencies receiving Lottery Funds from the Operating Fund at this time. Lottery Funds expenditure limitation for monies in the Grant Fund are used in the agency budget to make local grants.

Transportation Program Area

Department of Aviation

The Subcommittee approved an Other Funds expenditure limitation increase of \$180,000 for the Department of Aviation. The Department had several unexpected operations expenses such as:

- an overlap in transferring contracted support services from the Department of Administrative Services to the Department of Transportation (ODOT),
- training and equipment to meet ODOT's accounting standards,
- payment of two mediated settlements,
- wholesale fuel purchases for the three airports that sell fuel to pilots, and
- an unscheduled pavement improvement project at Crescent Lake.

Consumer and Business Services Program Area

Board of Chiropractic Examiners

The Subcommittee approved an Other Funds limitation increase for the Oregon Board of Chiropractic Examiners in the amount of \$69,550 for the purpose of paying Attorney General fees resulting from litigation of contested cases.

Oregon Health Licensing Agency

The Subcommittee approved an increase in Other Funds limitation of \$397,779 for the following purposes:

- \$174,455 for DAS Risk Management
- \$92,630 for Attorney General fees
- \$130,694 for Policy Analyst position

Board of Psychologist Examiners

The Subcommittee approved an increase of \$70,000 Other Funds limitation for the Board of Psychologist Examiners to cover contractor services and attorney general fees associated with contested case hearings.

Administration Program Area

Department of Administrative Services

The Subcommittee approved an appropriation of \$250,000 General Fund to for a World War II Memorial. The funds are intended to be used as matching funds for private donations.

Lottery Funds expenditures are reduced by \$78,446 to rebalance the state's lottery budget to the March 2013 revenue forecast. HB 2837 reduces the allocation of Lottery Funds to the agency by the same amount. All statutory Lottery Funds allocations, excluding allocations to pay debt service, are reduced by 2.18% in the 2011-13 biennium budget rebalance, to reduce total allocations of Lottery Funds to the amount now forecast to be available. Lottery Funds are passed through this budget on to counties to support the staging of county fairs across the state.

Office of the Governor

Lottery Funds expenditures are reduced by \$40,436 to rebalance the state's lottery budget to the March 2013 revenue forecast. HB 2837 reduces the allocation of Lottery Funds to the agency by the same amount. All statutory Lottery Funds allocations, excluding allocations to pay debt service, are reduced by 2.18% in the 2011-13 biennium budget rebalance, to reduce total allocations of Lottery Funds to the amount now forecast to be available. Lottery Funds in the Governor's Office fund the Economic Revitalization Team, also known as the Office of Intergovernmental and Regional Solutions.

Legislative Branch Program Area

Legislative Administration

The Subcommittee approved an appropriation of \$250,000 General Fund for the initial planning of the Oregon Capitol Master Plan.

Judicial Branch Program Area

Oregon Judicial Department

The Subcommittee approved a decrease of \$144,202 General Fund for debt service. The agency's appropriation exceeded the amount needed to pay its debt service costs by this amount. Other Funds expenditure limitation in the amount of \$134,116 is transferred from the expenditure limitation for eCourt bond proceeds to the agency's general Other Funds expenditure limitation. This amount of expenditure limitation, approved for grant proceeds unrelated to eCourt, had been added to the eCourt bond proceeds Other Funds expenditure limitation instead of to the agency's general Other Funds expenditure limitation in error.

Public Defense Services Commission

The Subcommittee approved an increase of \$1,500,000 General Fund appropriation to the agency for trial-level public defense services. The increase is to address costs incurred and projected for the current biennium. It is currently forecast that the Commission will need additional funds to cover the full costs incurred this biennium, including costs that will not be paid until the after the 2013-15 biennium begins.

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: SB 5549-A

Carrier – House: Rep. Nathanson

Carrier – Senate: Sen. Winters

Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 23 – 0 – 3

House

Yeas: Barker, Buckley, Frederick, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson

Nays:

Exc: Freeman, Hanna

Senate

Yeas: Bates, Devlin, Edwards, Girod, Hansell, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc: Johnson

Prepared By: Dustin Ball, Blake Johnson and Kate Nass, Department of Administrative Services

Reviewed By: Laurie Byerly and Linda Ames, Legislative Fiscal Office

Meeting Date: May 10, 2013

Agency

Department of Human Services

Oregon Health Authority

Biennium

2011-13

DHS Budget Summary

	2011-13 Legislatively Approved Budget ⁽¹⁾	2011-13 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
			\$ Change	% Change
General Fund	\$ 2,168,567,997	\$ 2,168,567,997	\$0	0.0%
General Fund Debt Service	\$ 16,869,093	\$ 16,869,093	\$0	0.0%
Other Funds	\$ 514,095,196	\$ 516,471,949	\$ 2,376,753	0.5%
Federal Funds	\$ 3,378,868,122	\$ 3,427,786,418	\$ 48,918,296	1.4%
Federal Funds Nonlimited	\$ 2,514,345,331	\$ 2,514,345,331	\$0	0.0%
Total	\$ 8,592,745,739	\$ 8,644,040,788	\$ 51,295,049	0.6%

Position Summary

Authorized Positions	7,405	7,411	6	0.1%
Full-time Equivalent (FTE)	7,311.44	7,312.13	0.69	0.0%

OHA Budget Summary

	2011-13 Legislatively Approved Budget ⁽¹⁾	2011-13 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
			\$ Change	% Change
General Fund	\$ 1,637,896,745	\$ 1,638,993,077	\$ 1,096,332	0.01%
General Fund Debt Service	\$ 54,161,379	\$ 53,065,047	\$ (1,096,332)	-2.0%
Lottery Funds	\$ 10,158,046	\$ 10,158,046	\$0	0.0%
Other Funds	\$ 2,338,722,544	\$ 2,355,777,262	\$ 17,004,718	0.7%
Other Funds Nonlimited	\$ 3,316,231,621	\$ 3,316,231,621	\$ 0	0.0%
Federal Funds	\$ 5,159,360,185	\$ 5,185,712,295	\$ 26,352,110	0.5%
Federal Funds Nonlimited	\$ 107,103,462	\$ 107,103,462	\$0	0.0%
Total	\$ 12,623,683,982	\$ 12,667,040,810	\$ 43,356,828	0.3%

Position Summary

Authorized Positions	4,108	4,108	0	0.0%
Full-time Equivalent (FTE)	3,999.04	3,999.04	0.00	0.0%

⁽¹⁾ Includes adjustments through March 2013

Summary of Revenue Changes

Senate Bill 5549 rebalances budgets for the Department of Human Services (DHS) and Oregon Health Authority (OHA) with available resources. OHA and DHS programs and operations are funded by a mix of General Fund, Lottery Funds, Other Funds, and Federal Funds. The rebalance plan results in no change in General Fund revenue. About \$20 million in additional Other Funds revenue is primarily due to increased costs in the Oregon Health Plan (OHP) Standard program, which is funded through provider assessments and matched with Federal Funds through the Medicaid program. These matching federal dollars are reflected in just over \$75 million in additional Federal Funds revenue, which also includes a significant increase related to the Self Sufficiency Modernization project.

Summary of Human Services Subcommittee Action

The Human Services Subcommittee approved a budget rebalance plan that carries out the DHS and OHA programs and operations for the remainder of the 2011-13 biennium. The plan reflects updated estimates of various caseload costs, other program costs and savings, and non-General Fund revenues. It shifts General Fund appropriations between budget structures, but both DHS and OHA expect to complete the 2011-13 biennium within each agency's current General Fund budget. The plan approved by the Subcommittee requests that the Department of Administrative Services reschedules \$1,469,444 General Fund for DHS and \$237,309 General Fund for OHA. The rebalance plan includes net increases in Other Funds expenditure limitation (\$19,381,471) and Federal Funds expenditure limitation (\$75,270,406).

DEPARTMENT OF HUMAN SERVICES

The Subcommittee rebalance plan expects DHS to complete the 2011-13 biennium within its current General Fund budget, which includes \$5 million General Fund added to DHS budget in HB 5052 (2013). Those dollars were unscheduled until the agency updated its 2011-13 caseload and budget estimates. Of the \$5 million, the plan requests that \$1,469,444 General Fund be rescheduled at this time; the rest would remain unscheduled pending final biennium close out adjustments. The plan also adds \$2,376,753 Other Funds expenditure limitation, \$48.9 million Federal Funds expenditure limitation, and six limited duration positions (0.69 FTE).

The rebalance plan in the Children, Adults, and Families (CAF) program area results in a net savings of \$976,500 General Fund, an increase of \$417,556 Other Funds expenditure limitation, and an increase of \$54,082,870 Federal Funds expenditure limitation. For Self Sufficiency programs, the 2011-13 biennial average caseload for the Temporary Assistance for Needy Families (TANF) program has decreased from the fall forecast. This is in part due to federal action in January 2013 extending the Emergency Unemployment Compensation program, which helps mitigate an expected increase in TANF cases built into the fall forecast. However, costs per case for some program components have increased since that last forecast, driving a net increase of \$1,469,444 General Fund. The Subcommittee budget rebalance plan includes the request to reschedule a portion (\$1,469,444) of the HB 5052 funding to allow DHS to cover increased caseload costs while continuing to serve Job Opportunity and Basic Skills (JOBS) clients. Additionally, the rebalance plan also includes \$46,511,044 Federal Funds expenditure limitation to

complete the 2011-13 biennium portion of the Self Sufficiency Modernization (SSM) project. While additional federal revenues for the project were expected all along, the agency held its request for expenditure limitation pending a review of overall project limitation needed to close out the biennium.

The rebalance plan increases Federal Funds expenditure limitation by \$7.2 million for the Vocational Rehabilitation program, based on federal grant authority and projected expenditures under the current five-year plan.

In Child Welfare, the rebalance plan accommodates a net \$77,489 General Fund increase resulting from fluctuations in costs per case for substitute care and adoptions. Also associated with caseload changes is a net increase of \$417,556 Other Funds and \$1,358,675 Federal Funds. The plan includes a technical adjustment moving \$976,500 General Fund from Child Welfare to Central Services. In the CAF program support budget, \$45,117 total funds is added to cover recently announced telecomm rate increases.

The Subcommittee rebalance plan for Seniors and People with Disabilities (SPD) reflects a net decrease of \$192,976 General Fund and \$6,334,050 Federal Funds expenditure limitation. The plan increases Other Funds expenditure limitation by \$1,959,197 and adds six limited duration positions (0.69 FTE). The net position change for SPD is five positions (-0.31 FTE) due to the transfer of one position (1.00 FTE) from SPD to Central Services. Ongoing actions to reduce administrative expenditures are part of the plan.

In the Aged and Physical Disability (APD) programs, changes in caseload and cost per case are driving net increases of \$45,939 General Fund, \$1,381,007 Other Funds expenditure limitation, and \$638,790 Federal Funds expenditure limitation. The program is also requesting an increase of \$931,089 General Fund to address an accounting error that applied an incorrect federal match rate on expenditures; a corresponding Federal Funds decrease is included. A prior uptick in projected estate recoveries results in a need of an additional \$1 million Other Funds expenditure limitation.

The rebalance plan for APD includes \$240,845 Other Funds expenditure limitation and six limited duration positions (0.69 FTE) to carry out the DHS efforts under the State Innovation Model (SIM) grant that OHA was awarded on February 21, 2013. APD is responsible for working with OHA, Coordinated Care Organizations (CCOs), and stakeholders to promote alignment between medical care and long-term care services. The agency is also involved with payment transformation/financial accountability initiatives falling under the model. Grant funding supports three program analysts, a policy analyst, an information specialist, and an administrative support position. Project activities include creating memorandums of understanding between CCOs and long term care organizations, supporting policy development/direction, and performing data collection and analysis. Activities are expected to continue through the fall of 2016.

Participation rate, caseload, and cost per case changes in the Developmental Disabilities (DD) program result in net decreases of \$1,422,745 General Fund, \$662,655 Other Funds, and \$5,170,020 Federal Funds. Drivers include higher costs for adult foster care and DD client shifts between state and group homes.

The Subcommittee also approved an increase of \$690,416 General Fund to address an accounting error that applied an incorrect federal match rate on expenditures; a corresponding Federal Funds expenditure limitation decrease is included. The plan includes a technical adjustment moving \$385,952 total funds and one position (1.00 FTE) from SPD to Central Services. In the SPD program support budget, \$24,294 total funds is added to cover recently announced telecomm rate increases.

For Central Services, the Subcommittee approved an increase of \$1,169,476 General Fund and Federal Funds (cost allocation) from the two technical adjustments noted previously: transfer in from CAF (Child Welfare) of \$976,500 General Fund incorrectly applied in December 2012 and the transfer in of one position (\$385,953 total funds, 1.00 FTE). No changes were made in Shared Services or Debt Service budget structures.

Even though the DHS budget is balanced with this plan, potential areas of risk and uncertainty remained in the budget. For example, the plan is contingent on the agency's ability to continue to manage caseloads and for projected revenues to materialize. The TANF caseload is particularly sensitive to the economy and is very challenging to predict during the transition from recession to recovery. In addition, while DHS expects to manage internally impacts of federal sequestration (reduced grants over the last quarter of 2011-13), and a small caseload amount in SPD, there may be unforeseen consequences that could affect the agency's budget or program delivery.

OREGON HEALTH AUTHORITY

The Subcommittee approved a budget plan for the Oregon Health Authority (OHA) that completes the 2011-13 biennium within its current General Fund budget, after shifting appropriations between budget structures. The plan adds \$17,004,718 Other Funds expenditure limitation and \$26,352,110 Federal Funds expenditure limitation.

The rebalance plan makes several adjustments to Medical Assistance Programs (MAP). Rebalance issues in this program result in overall net savings of \$1,291,792 General Fund, a net increase of \$17,961,249 Other Funds, and a net increase of \$32,162,407 Federal Funds. The plan includes General Fund savings of \$1.2 million from slightly lower caseloads, and a reduction in General Fund need due to an increase in tobacco tax revenue of \$2.0 million. These savings are offset by a General Fund need of \$2.7 million (\$8.4 million total funds) due to a one-time shift caused by the difference in timing of payments for fee-for-service clients transitioning into Coordinated Care Organizations. The rebalance plan includes an unspecified management action in the amount of \$751,851. As a result of the December 2012 rebalance, \$237,309 General Fund was uncheduled and the Subcommittee requests this be rescheduled to reduce the expected shortfall and unspecified management action.

The Oregon Health Plan (OHP) Standard caseload is higher than originally projected. Additional expenditure limitation of \$15.6 million Other Funds and \$26.2 million Federal Funds is included in the Subcommittee's rebalance plan to accommodate the increased caseload level.

The plan for Public Health results in an increase of \$142,000 Other Funds expenditure limitation to reflect a higher forecast for tobacco tax revenues for the Tobacco Use Reduction Account.

The Subcommittee plan for Central and Shared Services includes a net increase in General Fund of \$2.4 million to fund state assessments and risk charges after accounting for cost allocation actuals to date. Adjustments between fund sources for cost allocation also include a decrease in Other Funds of \$1.1 million and an increase in Federal Funds of \$1 million. Interest earnings on bond proceeds generated \$1.1 million more than anticipated, which will be applied to General Fund debt service, resulting in a corresponding General Fund savings to the budget. Finally, Federal Funds limitation is reduced by \$4.8 million to reflect updated expenditure projections related to the State Innovation Model grant.

While this plan leaves OHA balanced, there are no resources available if caseloads go up, costs increase, or revenues come in lower than expected over the next few months. These are always risks. In particular, the timing and amount of revenues received by MAP through the Designated State Health Program (DSHP) continues to be a budget risk.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5549-A

Department of Human Services/Oregon Health Authority
 Dustin Ball, Blake Johnson, Kate Nass -- (503) 378-3119

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
SUBCOMMITTEE ADJUSTMENTS (from LAB)									
Department of Human Services									
Children, Adults and Families	\$ (976,500)	\$ 0	\$ 417,556	\$ 0	\$ 54,082,870	\$ 0	\$ 53,523,926	0	0.00
Seniors and People w ith Disabilities	\$ (192,976)	\$ 0	\$ 1,959,197	\$ 0	\$ (6,334,050)	\$ 0	\$ (4,567,829)	5	-0.31
Central Services	\$ 1,169,476	\$ 0	\$ -	\$ 0	\$ 1,169,476	\$ 0	\$ 2,338,952	1	1.00
TOTAL Department of Human Services	\$	\$ 0	\$ 2,376,753	\$ 0	\$ 48,918,296	\$ 0	\$ 51,295,049	6	0.69
Oregon Health Authority									
Health Care Programs	\$ (1,291,792)	\$ 0	\$ 17,961,249	\$ 0	\$ 32,162,407	\$ 0	\$ 48,831,864	0	0.00
Public Health	\$ -	\$ 0	\$ 142,000	\$ 0	\$ -	\$ 0	\$ 142,000	0	0.00
Central Services	\$ 238,371	\$ 0	\$ (1,243,931)	\$ 0	\$ (3,556,069)	\$ 0	\$ (4,561,629)	0	0.00
Direct Charge Services	\$ 2,149,753	\$ 0	\$ 145,400	\$ 0	\$ (2,254,228)	\$ 0	\$ 40,925	0	0.00
Debt Service	\$ (1,096,332)	\$ 0	\$ -	\$ 0	\$ -	\$ 0	\$ (1,096,332)	0	0.00
TOTAL Oregon Health Authority	\$	\$ 0	\$ 17,004,718	\$ 0	\$ 26,352,110	\$ 0	\$ 43,356,828	0	0.00
TOTAL ADJUSTMENTS	\$	\$ 0	\$ 19,381,471	\$ 0	\$ 75,270,406	\$ 0	\$ 94,651,877	6	0.69
SUBCOMMITTEE RECOMMENDATION *	\$	\$ 0	\$ 19,381,471	\$ 0	\$ 75,270,406	\$ 0	\$ 94,651,877	6	0.69



Oregon

John A. Kitzhaber, MD, Governor

Department of Administrative Services

Budget and Management Division

155 Cottage Street NE U10

Salem, OR 97301

PHONE: (503) 378-3106

FAX: (503) 373-7643

DATE: September 6, 2013

TO: George Naughton, Department of Administrative Services
Ken Rocco, Legislative Fiscal Office

FROM:  Dustin Ball, Policy and Budget Analyst
Budget and Management Division

SUBJECT: 2013 Session Budget Report Correction: Senate Bill 728-B

ISSUE: The budget report for SB 728 mistakenly placed \$19,784 General Fund in SCR 010-45 Shared Services instead of SCR 010-50 Statewide Assessments and Enterprise-wide Costs.

The \$19,784 General Fund is for facilities, information technology and human resources costs associated with the Operations and Policy Analyst 3 position (0.75 FTE) added by the bill. The purpose of this new position is to collect, analyze, and provide information to the newly created State Trauma Advisory Board.

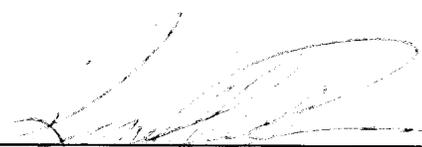
The \$19,784 was mistakenly placed in the wrong SCR.

ACTION TO BE TAKEN: Move the \$19,784 General Fund from SCR 010-45 Shared Services to SCR 010-50 Statewide Assessments and Enterprise-wide Costs

CLARIFICATION/CORRECTION ACKNOWLEDGED:



George Naughton
Department of Administrative Services



Ken Rocco
Legislative Fiscal Office

Attachments

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: SB 728-B

Carrier – House: Rep. Freeman

Carrier – Senate: Sen. Bates

Action: Do Pass the A-Engrossed Measure as Amended and be Printed B-Engrossed

Vote: 26 – 0 – 0

House

Yeas: Barker, Buckley, Frederick, Freeman, Hanna, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson

Nays:

Exc:

Senate

Yeas: Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc:

Prepared By: Dustin Ball, Department of Administrative Services

Reviewed By: Linda Ames, Legislative Fiscal Office

Meeting Date: June 14, 2013

Agency

Oregon Health Authority

Biennium

2013-15

Budget Summary*

	2011-13 Legislatively Approved Budget ⁽¹⁾	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$\$ Change	% Change
General Fund	\$ 0	\$ 0	\$ 179,692	\$ 179,692	100.0%
Total	\$ 0	\$ 0	\$ 179,692	\$ 179,692	100.0%

Position Summary

Authorized Positions	0	0	1	1
Full-time Equivalent (FTE) positions	0.00	0.00	0.75	0.75

(1) Includes adjustments through December 2012.

* Excludes Capital Construction expenditures

Summary of Revenue Changes

Senate Bill 728 makes no changes to the fees charged or revenue generated by the Oregon Health Authority. This bill is funded with a General Fund appropriation.

Summary of Human Services Subcommittee Action

Senate Bill 728 establishes a 17-member State Trauma Advisory Board within the Oregon Health Authority to advise the authority with regards to the state emergency medical services and trauma system. The bill directs the Board to analyze data related to the state's emergency medical services and trauma system, and to make evidence-based decisions in suggesting improvements to the system. In order to gather and analyze emergency medical services and trauma system data that will enable the State Trauma Advisory Board to make evidence-based decisions, the Oregon Health Authority will need to establish a full-time Operations and Policy Analyst 3 position to collect and analyze the data to provide information to the board.

The bill includes \$179,692 General Funds for one Operations and Policy Analyst 3 position (0.75 FTE) and related Services and Supplies.

Summary of Performance Measure Action

There is no performance measures established for the State Trauma Advisory Board.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 728-B

Oregon Health Authority
Dustin Ball -- 503-378-3119

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 020-04 - Public Health									
Personal Services	\$129,057	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$129,057	1	0.75
Services and Supplies	\$30,851	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$30,851		
SCR 010-50 - Statewise assessments and Enterprise-wide Costs									
Services and Supplies	\$19,784	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$19,784		
TOTAL ADJUSTMENTS	\$179,692	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$179,692	1	0.75
SUBCOMMITTEE RECOMMENDATION *	\$179,692	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$179,692	1	0.75
% Change from 2011-13 Leg Approved Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% Change from 2013-15 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: HB 3460-A

Carrier – House: Rep. Buckley

Carrier – Senate: Sen. Prozanski

Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 19 – 7 – 1

House

Yeas: Barker, Buckley, Frederick, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson

Nays: Freeman, Hanna

Exc:

Senate

Yeas: Bates, Devlin, Edwards, Steiner Hayward, Winters, President Courtney

Nays: Girod, Hansell, Monroe, Thomsen, Whitsett

Exc: Johnson

Prepared By: Dustin Ball, Department of Administrative Services

Reviewed By: Linda Ames, Legislative Fiscal Office

Meeting Date: June 19, 2013

Agency

Oregon Health Authority

Biennium

2013-15

Budget Summary *

	2011-13 Legislatively Approved Budget ⁽¹⁾	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$\$ Change	% Change
Other Funds	\$ 0	\$ 0	\$ 803,276	\$ 803,276	100.0%
Total	\$ 0	\$ 0	\$ 803,276	\$ 803,276	100.0%

Position Summary

Authorized Positions	0	0	4	4
Full-time Equivalent (FTE) positions	0.00	0.00	3.66	3.66

(1) Includes adjustments through December 2012.

* Excludes Capital Construction expenditures

Summary of Revenue Changes

House Bill 3460 requires the Oregon Health Authority (OHA) to register medical marijuana facilities. The bill authorizes OHA to adopt rules establishing fees to register a medical marijuana facility. Other Funds revenue from fees paid by medical marijuana facilities for the 2013-15 biennium is forecasted at \$900,000.

Summary of Human Services Subcommittee Action

House Bill 3460 requires OHA to establish and administer a new registration system for medical marijuana facilities to facilitate the transfer of usable and immature marijuana between grow sites and registry identification cardholders, and their designated primary caregivers. OHA will be responsible for inspecting sites for compliance with regulations regarding zoning, proximity to other facilities and other requirements outlined in the bill. Along with the new registration requirements, OHA will be charged with processing new applications and criminal background checks, and handling paperwork regarding notices to applicants whose request were denied. In addition, the agency will need to modify its existing Oregon Medical Marijuana Program data system. The bill becomes operative March 1, 2014.

The bill includes \$803,276 Other Funds expenditure limitation, to be used in part to pay for four permanent positions (3.66 FTE) for the 2013-15 biennium. Of the four positions, two are Compliance Specialist 3 positions for the site inspection/compliance activities, and two are Office Specialist 2 positions for the processing and registering of medical marijuana facilities.

Summary of Performance Measure Action

None.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 3460-A

Oregon Health Authority
Dustin Ball -- 503-378-3119

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	0.00
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	0.00
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 020-06 Public Health									
Personal Services	\$ 0	\$ 0	\$ 491,311	\$ 0	\$ 0	\$ 0	\$ 491,311	4	3.66
Services and Supplies	\$ 0	\$ 0	\$ 42,850	\$ 0	\$ 0	\$ 0	\$ 42,850		
SCR 010-50 Statewide Assessments & Enterprise-Wide Costs									
Services and Supplies	\$ 0	\$ 0	\$ 122,613	\$ 0	\$ 0	\$ 0	\$ 122,613		
Special Payments	\$ 0	\$ 0	\$ 146,502	\$ 0	\$ 0	\$ 0	\$ 146,502		
TOTAL ADJUSTMENTS	\$ 0	\$ 0	\$ 803,276	\$ 0	\$ 0	\$ 0	\$ 803,276	4	3.66
SUBCOMMITTEE RECOMMENDATION *	\$ 0	\$ 0	\$ 803,276	\$ 0	\$ 0	\$ 0	\$ 803,276	4	3.66
% Change from 2011-13 Leg Approved Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
% Change from 2013-15 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: HB 2445-B

Carrier – House: Rep. Nathanson

Carrier – Senate: Sen. Steiner Hayward

Action: Do Pass the A-Engrossed Measure as Amended and as Printed B-Engrossed

Vote: 24 – 0 – 2

House

Yeas: Barker, Buckley, Frederick, Freeman, Hanna, Huffman, Jenson, Komp, Nathanson, Read, Richardson, Tomei, Williamson

Nays:

Exc: McLane, Smith

Senate

Yeas: Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc:

Prepared By: Dustin Ball, Department of Administrative Services

Reviewed By: Linda Ames, Legislative Fiscal Office

Meeting Date: June 26, 2013

Agency

Oregon Health Authority

Biennium

2013-15

Budget Summary *

	2011-13 Legislatively Approved Budget ⁽¹⁾	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$\$ Change	% Change
General Fund	\$ 0	\$ 0	\$ 4,000,000	\$ 4,000,000	100.0%
Total	\$ 0	\$ 0	\$ 4,000,000	\$ 4,000,000	100.0%

Position Summary

Authorized Positions	0	0	3	3
Full-time Equivalent (FTE) positions	0.00	0.00	2.19	2.19

(1) Includes adjustments through December 2012.

* Excludes Capital Construction expenditures

Summary of Revenue Changes

House Bill 2445 makes no changes to the fees charged or revenues generated by the Oregon Health Authority (OHA). This bill is funded with a General Fund appropriation.

Summary of Human Services Subcommittee Action

Senate Bill 2445 requires the Oregon Health Authority to develop and continuously refine an evidence-based system of care that meets the developmental needs of adolescents, and to establish procedures and criteria for certifying and decertifying school-based health centers. The bill requires the agency to convene work groups to recommend best practices for school-based health centers. A separate work group is required to develop recommendations on the use of school-based health centers for children who qualify for medical assistance. OHA is required to report on the progress of this work group to an interim committee by December 31, 2013.

The bill expands the definition of “school-based health center” and requires OHA to use funds allocated by the Legislative Assembly for the expansion and continuation of school-based health centers, and to direct funds to communities with certified school-based health centers and to communities planning for certified school-based health centers. The \$4 million General Fund included in the bill will allow the agency to provide funding to existing school-based health centers to bring all centers closer to parity in state funding, as well as provide funding to centers that are in the planning or construction stages. Centers currently receiving \$41,000 per year are expected to receive \$53,000 per year. In addition, the funding includes approximately \$750,000 to provide financial incentives to promote better business practices, such as improved billing rates and adoption of electronic health records. Two full-time positions and one half-time position (2.19 FTE) are included to support the expansion of the system.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 2445-B

**Oregon Health Authority
Dustin Ball -- 503-378-3119**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	0.00
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	0.00
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 020-06 - Public Health									
Personal Services	\$ 338,405	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	338,405	3 2.19
Services and Supplies	\$ 30,522	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	30,522	
Special Payments	\$ 3,572,600	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,572,600	
SCR 010-50 - Statewide Assessments & Enterprise-Wide Costs									
Services and Supplies	\$56,706	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$56,706	
Special Payments	\$1,767	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$1,767	
TOTAL ADJUSTMENTS	\$4,000,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$4,000,000	3 2.19
SUBCOMMITTEE RECOMMENDATION *	\$4,000,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$4,000,000	3 2.19
% Change from 2011-13 Leg Approved Budget	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	
% Change from 2013-15 Current Service Level	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: HB 2836-A

Carrier – House: Rep. Williamson

Carrier – Senate: Sen. Winters

Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 25 – 0 – 1

House

Yeas: Barker, Buckley, Frederick, Freeman, Hanna, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson

Nays:

Exc:

Senate

Yeas: Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Whitsett, Winters

Nays:

Exc: Thomsen

Prepared By: Kate Nass, Department of Administrative Services

Reviewed By: Kim To, Legislative Fiscal Office

Meeting Date: June 28, 2013

Agency

Oregon Health Authority

Biennium

2013-15

Budget Summary*

	2011-13 Legislatively Approved Budget ⁽¹⁾	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$\$ Change	% Change
General Fund	\$ 0	\$ 0	\$ 869,386	\$ 869,386	100.0%
Total	\$ 0	\$ 0	\$ 869,386	\$ 869,386	100.0%

Position Summary

Authorized Positions	0	0	1	1
Full-time Equivalent (FTE) positions	0.00	0.00	0.75	0.75

⁽¹⁾ Includes adjustments through December 2012

* Excludes Capital Construction expenditures

Summary of Revenue Changes

House Bill 2836 adds \$869,386 General Fund to the Oregon Health Authority’s budget for the 2013-15 biennium.

Summary of Public Safety Subcommittee Action

Currently, Oregon law has no uniform procedure for determining fitness in juvenile proceedings, whether a youth is able to aid and assist in their defense, and does not specify options for the court when a youth is found unfit to proceed. House Bill 2836 codifies the conditions, standards, and procedures for determining if individuals under 18 years of age in a delinquency petition are fit to proceed. The bill outlines the definition of unfit and provides statutory structure and timeliness for raising the issues of fitness, obtaining fitness evaluations, challenging evaluations and administering restorative services in cases involving a person less than 18 years in delinquency petition. The bill also specifies qualifications for evaluators and reporting requirements for evaluations.

The bill requires the Oregon Health Authority (OHA) to formalize and administer the fitness to precede evaluation process, including developing training standards for psychiatrists, licensed psychologists and licensed clinical social workers conducting the evaluations and developing guidelines for conducting evaluations. OHA must also provide courts with a list of qualified evaluators. Additionally, OHA will oversee a program to provide restorative services to youths who have been determined unfit to proceed and have been determined by the courts to have the potential to gain or regain fitness to proceed in the foreseeable future. OHA must provide or arrange for the provision of restorative services within 30 days of receiving a court order. The bill adds \$869,386 General Fund to OHA’s 2013-15 budget and one position (0.75 FTE) to carry out this work.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 2836-A

Oregon Health Authority
Kate Nass -- 503-378-3742

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	0.00
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	0.00
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
020-05 Addictions and Mental Health									
Personal Services	\$ 114,667	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 114,667	1	0.75
Services and Supplies	\$ 734,935	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 734,935		
010-50 State Assessments and Enterprise-Wide Costs									
Services and Supplies	\$ 19,784	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,784		
TOTAL ADJUSTMENTS	\$ 869,386	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 869,386	1	0.75
SUBCOMMITTEE RECOMMENDATION *	\$ 869,386	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 869,386	1	0.75
% Change from 2011-13 Leg Approved Budget	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%		
% Change from 2013-15 Current Service Level	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%		

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: HB 5030-A

**Carrier – House: Rep. Nathanson
Carriers – Senate: Sen. Winters
Sen. Bates**

Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 17 – 9 – 0

House

Yeas: Barker, Buckley, Frederick, Jenson, Komp, Nathanson, Read, Tomei, Williamson

Nays: Freeman, Hanna, Huffman, McLane, Richardson, Smith

Exc:

Senate

Yeas: Bates, Devlin, Edwards, Hansell, Johnson, Monroe, Steiner Hayward, Winters

Nays: Girod, Thomsen, Whitsett

Exc:

Prepared By: Kate Nass and Dustin Ball, Department of Administrative Services

Reviewed By: Linda Ames, Legislative Fiscal Office

Meeting Date: June 28, 2013

Agency

Oregon Health Authority

Biennium

2013-15

Budget Summary*

	2011-13 Legislatively Approved Budget ⁽¹⁾	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$\$ Change	% Change
General Fund	1,642,896,745	2,589,171,390	1,940,448,038	297,551,293	18.1%
General Fund Capital Improvements	0	679,238	679,238	679,238	0.0%
General Fund Debt Service	54,161,379	71,022,345	70,941,780	16,780,401	31.0%
Lottery Funds	10,388,614	11,479,452	10,545,832	157,218	1.5%
Other Funds	2,268,193,143	1,042,330,900	5,382,936,878	3,114,743,735	137.3%
Other Funds Debt Service	10,679,401	17,335	6,372,432	-4,306,969	-40.3%
Other Funds Nonlimited	3,316,231,621	3,832,299,341	276,417,565	-3,039,814,056	-91.7%
Federal Funds	5,159,360,185	6,747,393,211	7,484,857,524	2,325,497,339	45.1%
Federal Funds Nonlimited	102,729,051	102,729,051	102,729,051	0	0.0%
Federal Funds Debt Services Nonlimited	4,374,411	4,374,411	4,151,016	-223,395	-5.1%
Total	12,569,014,550	14,401,496,674	15,280,079,354	2,711,064,804	21.6%

Position Summary

Authorized Positions	4,108	4,201	4,473	365
Full-time Equivalent (FTE) positions	3,999.04	4,156.50	4,111.88	112.84

⁽¹⁾ Includes adjustments through December 2012

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Health Authority is funded with a mix of General Fund, Lottery Funds, Other Funds and Federal Funds revenues. Most General Fund is used as match to receive Federal Funds. Lottery Funds finance gambling addiction prevention and treatment services. Other Funds revenue comes from a wide variety of sources including tobacco taxes, Medicaid provider assessments, bond issuances, grants, beer and wine taxes, fees, estate collections, health care premiums, third party recoveries, pharmaceutical rebates, transferred federal funds from other state agencies, and charges for services.

House Bill 2216 continues the hospital provider assessment for two more years. This is expected to generate an additional \$600 million Other Funds to be used to help pay for the Oregon Health Plan. The bill also implements an additional one percent assessment to establish the Hospital Transformation and Performance Program to assist hospitals to implement health care transformation. Other Funds revenue related to the

hospital assessment is expected to total \$745 million, and federal matching revenues will be over \$1.2 billion. This budget also includes \$120.1 million of Tobacco Master Settlement Agreement revenues.

The Subcommittee approved fee increases for Emergency Medical Services. This is the third and final increase that was planned with stakeholders in 2009 and is estimated to generate about \$100,000 Other Funds during the biennium. A decrease in certain medical marijuana fees was also approved. Cardholders on the Supplemental Nutrition Assistance Program will have fees reduced from \$100 to \$60, while cardholders on the Oregon Health Plan will have fees reduced from \$100 to \$50.

Summary of Human Services Subcommittee Action

The Oregon Health Authority (OHA) was created by the 2009 Oregon Legislature (House Bill 2009) to bring most health-related programs into a single agency to maximize its purchasing power and to contain rising health care costs statewide. OHA is overseen by a nine-member, citizen-lead board called the Oregon Health Policy Board. Members are appointed by the Governor and confirmed by the Senate. OHA's mission is to help people and communities achieve optimum physical, mental and social well-being through partnerships, prevention, and access to quality, affordable health care. It has three goals to transform the health care system in Oregon: improve the lifelong health of Oregonians; increase the quality, reliability, and availability of care for all Oregonians; and lower or contain the cost of care so it is affordable to everyone.

The Joint Committee on Ways and Means Human Services Subcommittee heard agency and public testimony on the agency's budget over the course of several months. The Subcommittee approved a budget for the Oregon Health Authority of \$2,012,069,056 General Fund, \$10,545,832 Lottery Funds, \$5,389,309,310 Other Funds, \$7,484,857,524 Federal Funds, \$276,417,565 Other Funds Nonlimited, and \$106,880,067 Federal Funds Nonlimited, for a total funds budget of \$15,280,079,354 and 4,473 positions (4,411.88 FTE). This is 18.6 percent General Fund and 21.6 percent total funds higher than the 2011-13 Legislatively Approved Budget.

General Fund increases as a result of a program transfer from the Department of Human Services, as well as investments in the community mental health system. Caseload, inflation, and debt service also contribute to the increase. Total funds increase \$2.7 billion over the 2011-13 level. This is largely a result of the expansion of health coverage under Medicaid to all persons under 138 percent of federal poverty level, effective January 2014. Services for most of these new clients will be paid for with 100 percent Federal Funds for the first three years. Other contributors include the additional one percent hospital assessment, Designated State Health Programs (DSHP) resources, inflation and caseload cost increases, and the program transfer from the Department of Human Services.

Health care costs in the Oregon Health Plan are capped at an increase of 4.4 percent in the first year of the biennium, and 3.4 percent in the second year, based on Oregon's current federal waiver. Those increases are fully funded in this budget. The approved budget makes significant investments in the community mental health system. In addition, the new Junction City state hospital facility is expected to open in early 2015, and operational costs are included in this budget.

The Subcommittee reviewed the packages used to build the Governor's budget and the agency's repricing ("reshoot") adjustments for caseload, cost-per-case, and other changes since the Governor's budget was developed. Also included in the Subcommittee's recommended budget are

Emergency Board actions taken in the 2011-13 interim that have an impact on the agency's 2013-15 budget. This includes the May 2012 Emergency Board that made adjustments to the agency's budget per direction from House Bill 4131 (2012) and December 2012 rebalance adjustments.

The Subcommittee approved the following two packages related to PERS that cover the entire agency:

- Package 092 – PERS Taxation Policy: This package reflects the policy change in Senate Bill 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.
- Package 093 – Other PERS Adjustments. This package reflects the policy change in Senate Bill 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent. An administrative action by the PERS Board, as directed by a budget note in the Senate Bill 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

A more detailed description of major changes for each program area follows.

Medical Assistance Programs

Medical Assistance Programs provides health services through the Oregon Health Plan (OHP), Non-Oregon Health Plan (Non-OHP), and the Children's Health Insurance Program (CHIP) to qualifying low-income Oregonians and their families to improve their health status and promote independence. The Subcommittee approved a total funds budget of \$9,709,274,419, which includes \$1,142,827,070 General Fund, and 498 positions. This is a 41.6 percent total funds increase over the 2011-13 Legislatively Approved Budget. This is primarily the result of the expansion under the Affordable Care Act to expand health coverage under Medicaid to all persons under 138 percent of the federal poverty level. This expansion will be entirely federally funded through 2016.

Other contributors include the additional one percent hospital assessment, Designated State Health Programs (DSHP) resources, inflation and caseload cost increases, and program transfers. These program transfers include \$183.3 million total funds (\$68.1 million General Fund) consisting of Medicaid services moving to this budget from Addictions and Mental Health, and \$344.4 million total funds (\$125.8 million General Fund) consisting of health-related elements of long term care moving to this budget from the Department of Human Services. The recommended General Fund budget is 31.4 percent higher than the 2011-13 Legislatively Approved Budget, primarily resulting from these program transfers.

Health care costs in the Oregon Health Plan are capped at an increase of 4.4 percent in the first year of the biennium, and 3.4 percent in the second year, based on Oregon's current federal waiver. Those increases are fully funded in this budget. The recommended budget includes the continuation of the current hospital assessment which is scheduled to sunset in September of 2013 under current law and implements an additional 1 percent hospital assessment to establish the Hospital Transformation and Performance Program. This is contingent on the passage of House Bill 2216, and is estimated to raise a total of \$745 million Other Fund revenues and result in additional federal matching revenues of over \$1.2 billion. The budget also shifts funding for the OHP Standard program to 100 percent Federal Funds starting January 1, 2014 and increases Tobacco Master Settlement Agreement resources for OHP from \$30 million in the 2011-13 biennium to \$116.1 million in 2013-15.

As a result of the Affordable Care Act (ACA) expansion, Healthy Kids Connect clients will move to OHP (House Bill 2091). In addition, the Family Health Insurance Assistance Program (FHIAP) will end January 2014, with some clients shifting to OHP and others will be able to purchase health insurance through CoverOregon, Oregon's health insurance exchange (House Bill 2240). This budget includes the OHP funding for both of those populations. The Subcommittee also approved \$30 million General Fund for the Health System Transformation Fund to support efforts of Coordinated Care Organizations (CCOs) to transform health care delivery systems. The following budget note was approved regarding the Health System Transformation Fund, to specify the distribution methodology and clarify that no one CCO would receive more than a total of \$5.25 million out of the \$30 million Fund:

Budget Note:

The Health System Transformation Fund provides a strategic investment in Coordinated Care Organizations to engage in projects that support better health, better health care and lower costs in their communities. Each CCO will be eligible for a minimum potential award of \$1.25 million with a possible additional allocation, not to exceed \$4 million for an individual CCO, based on the CCO's average monthly member count.

The Oregon Health Authority will establish a process for approving and awarding the Health System Transformation Funds to Coordinated Care Organizations. CCOs will be asked to submit a proposal for up to the total dollar allocation for which they are eligible, describing the project objective, purpose and goals. Projects under implementation or proposed projects should be innovative, scalable, transferable and related to CCO transformation plans and the overall goals of transformation with a focus on, but not limited to:

- Information technology systems and CCO infrastructure including additional investment in electronic medical records (EMR) and claims processing systems.
- Population health management, case management, disease management, and achieving quality metrics.
- Provider panel and clinic enhancements to provide extended primary care services to high risk Oregon Health Plan members.

The agency will report on the implementation of the program, based on the following budget note:

Budget Note:

The Oregon Health Authority shall report to the Legislature during the 2014 and 2015 legislative sessions on the implementation of a grant program using the Health System Transformation Fund. The reports should include details of the process used for distribution, the dollar amounts distributed, to whom, for what purpose, and expected outcomes. The reports should also describe any preliminary results available, including outcome measures, as well as expected next steps.

A \$4.5 million General Fund reduction to caseload funding was approved, related to the anticipation that more women will have health insurance after January 2014, and so will not need the services of the Breast and Cervical Cancer treatment program. The Subcommittee clarified that all women who qualify will still get services under this program.

The Subcommittee recommended budget incorporates agency "reshoot" adjustments including changes resulting from the federal match rate, caseload forecast changes and revenues available from the Children's Health Insurance Program Reauthorization Act (CHIPRA) bonus. The

Subcommittee acknowledged that the level of uncertainty is much greater for these caseload forecasts and funding assumptions than ever before, given the scale of system change happening over the next few years and assumptions around how federal partners will determine the match rate. In addition, the Subcommittee discussed the need for further information regarding the CoverOregon cost allocation. The budget currently includes less than half of CoverOregon's initial estimate of this cost. The Subcommittee approved 85 additional staff for the call center, in order to assist in the transition of the ACA expansion. Again, there is uncertainty around the actual need. Once there is a better understanding of costs and savings associated with the expansion and system changes, OHA may need to revisit the funding assumptions in the recommended budget.

Public Employees' Benefit Board

Public Employees' Benefit Board (PEBB) designs, contracts, and administers the medical, dental, vision, life, accidental, disability, long-term care insurance, and flexible spending accounts for state employees and their dependents. The Subcommittee approved a total funds budget of \$1,541,152,046, a nine percent increase over the 2011-13 legislatively approved level. This increase is primarily due to including fully insured benefit costs in the budget for PEBB.

The Subcommittee recommended budget for PEBB eliminates all Other Funds Nonlimited authority, and instead moves all expenditure limitation to Other Funds Limited. In addition, the Subcommittee included both self-insured and fully insured benefit costs in PEBB's budget. In the past the PEBB budget reflected only the self-insured benefit costs.

While the Subcommittee recognized that year over year benefit cost growth and the number of employees are variables that will impact the expenditures in the 2013-15 biennium, the budget caps PEBB's Per Employee Per Month benefit expenditure growth at 4.4 percent for 2013, 3.4 percent for 2014, and 3.4 percent for 2015. These growth rates are consistent with Oregon's Medicaid waiver. The Subcommittee acknowledged that while the expenditure limitation could be increased at a later date, they expected the agency to manage the program within the capped limitation amount.

Oregon Educators Benefit Board

Oregon Educators Benefit Board (OEBB) provides value-added medical, dental, vision, and disability benefit plans for members in educational entities located throughout Oregon including school districts, educational service districts, community colleges, and some charter schools. The Subcommittee approved a total funds budget of \$1,639,851,974, an 11.5 percent increase over the 2011-13 legislatively approved level. The increase is primarily a result of adding the administration of the Oregon Homecare Insurance Program to OEBB. Without that program change, the increase would be only 5.7 percent for the biennium.

The Subcommittee recommended budget for OEBB eliminates all Other Funds Nonlimited authority, and instead moves all expenditure limitation to Other Funds Limited. The recommended 2013-15 budget also includes an increase as a result of the added administration for the Oregon Homecare Insurance Program, which is funded by the Department of Human Services. The Subcommittee recommended the following budget note:

Budget Note:

The Oregon Educators Benefit Board (OEBB) is directed to appoint a work group for the purpose of developing and analyzing strategies to better systems of care among physicians, hospitals and other providers with the goal of better health outcomes and lower overall healthcare for OEBB members.

This work group shall consist of the OEGB administrator, as well as members representing the OEGB board, the insurance carriers serving OEGB, hospitals and health systems, physician groups, and individuals receiving benefits from OEGB.

This work group shall report back to the 2014 legislative session the following:

1. Payment and delivery reform options intended to incent the development of systems of care, in contrast to episodes of care.
2. A plan to implement approaches to better inform OEGB members of the benefits of their health care coverage, information to allow more informed choices, and out of pocket cost for care options.
3. Reimbursement and other data from health care entities, in a format useful to achieve the goals of transparency and development of a baseline for health care costs.
4. This does not apply to type A or B hospitals as described in ORS 442.470 or rural critical access hospitals as defined in ORS 315.613.

Office of Private Health Partnerships

The Office of Private Health Partnerships (OPHP) includes several programs that maximize resources, share costs, and provide access to quality health care for all Oregonians through partnerships with private insurance companies. The Subcommittee recommended budget for OPHP is \$377,274,908 total funds, of which \$1,744,848 is General Fund, and 62 positions (15.67 FTE). Total funds are 53 percent lower than the 2011-13 legislatively approved levels, while General Fund is 75 percent lower. Most of the programs in OPHP will end January 2014 when the Affordable Care Act expansion takes effect.

The Subcommittee incorporated the fiscal impacts associated with House Bill 2091, House Bill 2240, and House Bill 3458 in OHA's 2013-15 budget bill. House Bill 2091 abolishes the Healthy Kids Connect program and transfers all Healthy Kids Connect clients to the Oregon Health Plan. The Subcommittee's recommendation includes moving all clients enrolled in Healthy Kids Connect to OHP by the end of December 2013. House Bill 2240 eliminates the Family Health Insurance Assistance Program (FHIAP) in OPHP as of January 2014 to align with the Affordable Care Act. Some clients will shift to OHP while others will be able to purchase health insurance through CoverOregon, Oregon's health insurance exchange. House Bill 3458 eliminates the Oregon Medical Insurance Pool (OMIP) in OPHP at the end of December 2013. Under the Affordable Care Act, these individuals can no longer be denied health coverage because of a pre-existing medical condition. This bill also establishes the new Oregon Reinsurance Program for 2014 through 2016. The Subcommittee recommendation includes the fiscal implications of both these changes. The Federal Medical Insurance Pool is also phased out.

Addictions and Mental Health

Addictions and Mental Health (AMH) provides treatment services to those afflicted with addictions and mental health disorders. Services are delivered through community non-profit providers, county mental health agencies, as well as the state hospital system. The Subcommittee recommended budget for AMH is \$1,000,206,700 total funds, of which \$669,881,817 is General Fund, and 2,505 positions (2,236.89 FTE). This is a total fund increase of 0.1 percent and a General Fund increase of 1.5 percent compared to AMH's 2011-13 legislatively approved budget. However, this budget includes a \$68 million General Fund, \$183 million total funds, transfer of Medicaid funding to the Medical Assistance Programs within OHA. Once this is accounted for, the total funds budget is an 18.4 percent increase and the General Fund budget is an 11.8 percent increase from the 2011-13 level.

The Affordable Care Act expansion will have a significant effect on this budget. Many of the services now provided are paid with General Fund, because clients do not have insurance and are not eligible for Medicaid. After the expansion, a significant number of these clients will qualify for Medicaid, and services will be paid at 100percent Federal Funds for three years. It is estimated that this will free up \$45 million General Fund in this budget, which will no longer be needed for current clients, and can be used to expand services. The Subcommittee's recommended budget directs many of these "reinvested" dollars for specific purposes. These additional resources are not included in the biennial comparisons above.

The Subcommittee approved \$41 million of General Fund reductions, compared to the current service level budget, to the Oregon State Hospital (OSH) and Blue Mountain Recovery Center (BMRC). This includes closing BMRC on January 1, 2014 for \$12.9 million General Fund savings. Also included are the continuation of the 2011-13 reductions in non-direct care and administration in OSH for \$9.7 million General Fund savings, closing one geropsychiatric ward for \$8.8 million General Fund savings, restructuring the pharmacy operations for \$3.0 million General Fund savings, and \$7 million General Fund reduction in overtime and non-direct care staffing costs. Senate Bill 5507 includes the capital construction expenditure limitation to continue building the Junction City campus of the Oregon State Hospital. The Subcommittee recommended budget includes operating costs for the new Junction City facility for approximately the last three months of the 2013-15 biennium. This net cost, after accounting for the closures of the Portland campus and BMRC, is \$2.7 million General Fund, and 17.17 FTE.

The Subcommittee recommended budget includes an additional \$26.6 million General Fund to increase capacity in the community mental health system. This is in addition to the \$19.7 million in the current service level that remains after the Spring 2013 forecast changes. The \$26.6 million includes \$9.9 million General Fund redirected from the "reinvested" resources. The plan includes three residential treatment homes in Pendleton, on the Eastern Oregon Training Center (EOTC), that are scheduled to open by January 1, 2014 and provide about 40 jobs.

An additional \$21.8 million General Fund was approved for the expansion of children's mental health services. This includes \$1.8 million for the Early Assessment and Support Alliance (EASA) that was included in Package 404. This total includes \$7.5 million General Fund that is redirected from the "reinvested" resources. The agency provided a preliminary expenditure plan to the Subcommittee for both the adult and children's system. This is a significant investment in the community mental health system. The agency will establish and track performance outcomes for these investments, holding both the agency and their partners accountable.

The Subcommittee recommended budget includes a plan that increases provider rates using additional federal matching resources as well as the "reinvested" dollars. For residential facilities within the community mental health system, the agency expects to achieve provider rate equality by using the state resources freed up through more widespread use of federal matching available under the 1915i waiver. The resources will be used to bring the lower paid providers up to the same level as the higher paid providers. These same resources will also be used to provide a 2.4 percent increase in rates over the current levels, to the extent that resources are available. In addition, the agency expects to use a portion of the "reinvested" resources within their budget, up to \$7.6 million General Fund, to ensure that all providers within the community mental health system receive a 2.4 percent rate increase over the current level.

For the alcohol and drug residential system, the agency will use a portion of the "reinvested" resources within their budget to increase youth room and board rates from \$30 per day to \$60 per day, effective July 1, 2013. The agency will do a study of both the adult and youth systems to examine costs at facilities, and examine whether facilities are maximizing their revenues such as federal match. In addition, AMH will consider the overall capacity of the system and identify areas where there is potential to serve more patients with intensive outpatient treatment rather than

in residential facilities. The agency will report the results of their work to the 2014 Legislature, and recommend other rate increases, if any, and their costs.

During budget development, it became clear that the methodology used in forecasting caseloads is not adequate. To a large extent, caseload forecasts are based on current utilization of services which have been held at reduced levels due to budget reduction decisions, thus holding caseload forecasts at the same reduced levels. In the interim, the forecast unit of OHA will work with AMH program experts, the Legislative Fiscal Office, and the Chief Financial Office of the Department of Administrative Services to review caseload forecast methodologies, processes, and available data, and agree on needed changes. These changes will be in place in time for development of the 2015-17 Governor's budget.

Package 404 was approved, which provides a \$1.8 million General Fund investment to expand the Early Assessment and Support Alliance (EASA) program statewide (part of the children's mental health system investments). An additional \$4.2 million General Fund is invested in supported housing and peer delivered services, while \$1.5 million is added for supported employment, all within the community mental health system.

This budget does not include any backfill of federal sequestration reductions for either community mental health or addictions programs. If sequestration reductions continue in this area, the agency may need to revisit that issue later in the biennium. The following budget notes were approved by the Subcommittee related to AMH community services programs:

Budget Note:

The Oregon Health Authority shall report to the Emergency Board or Interim Joint Committee on Ways and Means by September 2014 on the implementation of the program investments in the community mental health system included in the 2013-15 legislatively adopted budget. The report should include details of the specific program investments, progress to date, and expected and actual outcomes.

Budget Note:

The Department of Human Services (DHS) and the Oregon Health Authority (OHA) are directed to submit reports to the 2015 Legislature on how they have each responded with plans and/or actions that address the recommendations for the agencies contained in the 2013 *Report on Senior and Disability Mental Health and Addictions* in regards to the following:

- Create greater access to mental health and addiction services geared to the needs of seniors and persons with disabilities.
- Increase the capacity of the OHA Addictions and Mental Health program and providers to serve severely impaired seniors and persons with disabilities.
- In the health care transformation process, clarify the collaboration between the Coordinated Care Organizations and the DHS Aging and People with Disabilities (APD) program to develop best practices in dealing with the dual-eligible populations.
- Establish the role that senior and disability mental health and addictions will play in the re-definition of community-based long term care through APD.
- Provide for greater geriatric training for professionals in the system.

- Create greater public awareness of mental health and addictions issues among seniors and persons with disabilities.
- Create ability to track and report on Mental Health and Addiction.
- Services to elderly and persons with disabilities.

Public Health

Public Health supports the goals of Oregon's transformation of the health care and education systems by promoting population-based prevention initiatives. Public Health is made up of three centers overseen by an Office of the State Public Health Director. The Center for Health Protection provides a consistent approach to protecting health and programs that touch every hospital, drinking water system and restaurant in Oregon. The Center for Prevention and Health Promotion provides community-oriented prevention and clinical prevention services and works with community partners and local public health, school-based health centers, health care providers, and Coordinated Care Organizations. The Center for Public Health Practice is the historical core of public health including vital records and partners with local communities and local public health, particularly on communicable disease control.

The Subcommittee approved a budget for Public Health of \$512,614,542 total funds, including \$34,935,418 General Fund, and 707 positions. Total funds are 0.4 percent more than the 2011-13 Legislatively Approved Budget, while General Fund is 1.5 percent more than the 2011-13 level. This budget maintains current program levels.

The Subcommittee eliminated \$1.3 million General Fund of excess 2013-15 ending balance for Contraceptive Care services (CCare) and reduced CCare funding by \$1.0 million General Fund to account for the anticipated impact of the Affordable Care Act expansion. It is anticipated that many clients currently being served with this program will have insurance beginning in 2014, and will not utilize the services of the CCare program. In addition, the Subcommittee used \$1.5 million Other Funds of fee revenue from the medical marijuana program to replace \$1.5 million General Funds in the CCare program. With the funding changes to the CCare program, the Subcommittee expects the agency to provide informational updates on the budgeted and actual costs.

The Subcommittee added \$4.0 million from the Tobacco Master Settlement Agreement resources for tobacco prevention, education, and cessation programs. Fee increases were approved for Emergency Medical Services. This is the third and final increase that was planned with stakeholders in 2009 and is estimated to generate about \$100,000 Other Funds during the biennium. A decrease in certain medical marijuana fees was also approved. Cardholders on the Supplemental Nutrition Assistance Program will have fees reduced from \$100 to \$60, while cardholders on the Oregon Health Plan will have fees reduced from \$100 to \$50. The agency is expected to have enough ending balance reserves to adjust to this decrease in revenue.

Central Services, Shared Services, State Assessments and Enterprise-wide Costs

Core administrative functions for OHA are divided into three sections. Central Services includes all governance functions specifically for the operation of OHA, such as the director's office, communications, a portion of budget and human resources, the Office of Equity and Inclusion and the Office of Health Information Technology. It also includes the Office for Health Policy and Research, which has been instrumental in supporting health care transformation. Shared Services provides administrative services to both OHA and the Department of Human Services (DHS), regardless of where each function is housed. State Assessments and Enterprise-wide Costs includes the budget to pay for central

government assessments and usage charges, as well as debt service. Included are state government service charges, risk assessments, State Data Center usage charges, and rent. This budget also includes the funding for Shared Services.

The Subcommittee recommended a budget of \$499,704,765 total funds, including \$162,679,903 General Fund, and 657 positions. This is a 2.4 percent total fund decrease from the 2011-13 legislatively approved budget, primarily due to phasing out the expenditure limitation related to the Health Insurance Exchange Information Technology (HIX IT) project. The recommended budget includes adjustments to the 2013-15 budget related to the roll-up of Emergency Board actions and adjustments to true up funding for cost allocation, based on actual experience during the 2011-13 biennium. This includes an addition of \$2.3 million General Fund and a decrease of Other and Federal Funds, consistent with adjustments to the agency's 2011-13 budget in May 2013.

The Subcommittee recommended budget includes \$1.6 million General Fund to support the Patient Safety Commission, per Senate Bill 483. Also included in the recommended budget is an investment of \$2.1 million General Fund with a total of \$3.5 million to support health care transformation within the Office of Health Policy and Research. This includes data collection and analysis of the all-payer-all-claims database, implementation of patient centered primary homes, and research and analysis for the Health Evidence Review Commission. As part of the agency's current budget and continuing in 2013-15, Central Services includes funding of \$100,000 for the African American Health Coalition for physical activity programs and to conduct a survey to collect data on barriers to accessing health activities among the African American population.

Package 401 was approved for \$0.7 million General Fund, \$3.7 million total funds and 12 positions to improve the agency's computer and network infrastructure. This is expected to put the agency on a five-year replacement cycle for personal computers. The Subcommittee also approved Package 406 to meet the expanding need for information technology planning and policy, including the continuation of the development of CareAccord, which is the secure mechanism to exchange health information, and support of the Health Information Technology Oversight Council (HITOC).

With the continuation of building the Junction City site of the Oregon State Hospital, the Subcommittee approved the increase in information technology staff to support the new hospital's information technology systems and additional Other Funds debt service related to the project. Total debt service costs included in this budget is \$70.9 million General Fund and \$81.5 million total funds.

The recommended budget eliminates the remaining expenditure limitation of \$19.8 million total funds and 48 positions related to the Health Insurance Exchange Information Technology project, since that work has now moved over to CoverOregon. The budget also adds \$16.7 million total funds limitation and 52 permanent positions for on-going Information Technology needs for both OHA and DHS, including Modernization and OR-KIDS systems. This is in line with the agency's direction of maintaining a core set of trained staff at the agency rather than relying on vendors for IT needs.

The statewide administrative savings of \$2.1 million General Fund, \$9.5 million total funds, are included in this budget. This is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session. In addition, another \$2.1 million General Fund, total of \$3.8 million, administrative savings is accounted for in this budget, with expectations that the agency will hold vacancies and reduce services and supplies to meet the budget reduction target.

Summary of Performance Measure Action

See attached Legislatively Adopted 2013-15 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5030-A

Oregon Health Authority

Kate Nass -- 503-378-3742 & Dustin Ball -- 503-378-3119

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$1,697,058,124	\$ 10,388,614	\$2,278,872,544	\$ 3,316,231,621	\$5,159,360,185	\$ 107,103,462	\$ 12,569,014,550	4,108	3,999.04
2013-15 ORBITS printed Current Service Level (CSL)*	\$2,660,872,973	\$ 11,479,452	\$1,042,348,235	\$ 3,832,299,341	\$6,747,393,211	\$ 107,103,462	\$ 14,401,496,674	4,201	4,156.50
2013-15 CSL Adjustment	\$ 0	\$ 0	\$ 0	\$ (125,320,000)	\$ 0	\$ 0	\$ (125,320,000)	0	0.00
2013-15 Revised CSL	\$2,660,872,973	\$ 11,479,452	\$1,042,348,235	\$ 3,706,979,341	\$6,747,393,211	\$ 107,103,462	\$ 14,276,176,674	4,201	4,156.50
Total Subcommittee Adjustments	\$ (648,803,917)	\$ (933,620)	\$4,346,961,075	\$ (3,430,561,776)	\$ 737,464,313	\$ (223,395)	\$ 1,003,902,680	\$ 272	\$ (45)
TOTAL ADJUSTMENTS	\$ (648,803,917)	\$ (933,620)	\$4,346,961,075	\$ (3,430,561,776)	\$ 737,464,313	\$ (223,395)	\$ 1,003,902,680	\$ 272	\$ (45)
SUBCOMMITTEE RECOMMENDATION *	\$2,012,069,056	\$ 10,545,832	\$5,389,309,310	\$ 276,417,565	\$7,484,857,524	\$ 106,880,067	\$ 15,280,079,354	4,473	4,111.88
% Change from 2011-13 Leg Approved Budget	18.6%	1.5%	136.5%	-91.7%	45.1%	-0.2%	21.6%		
% Change from 2013-15 Current Service Level	-24.4%	-8.1%	417.0%	-92.8%	10.9%	-0.2%	6.1%		

*Excludes Capital Construction Expenditures

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5030-A

Oregon Health Authority - Medical Assistance Programs

Kate Nass -- 503-378-3742

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 869,525,687	\$ 0	\$ 1,900,947,628	\$ 0	\$ 4,087,351,900	\$ 0	\$ 6,857,825,215	449	428.96
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 1,695,593,933	\$ 0	\$ 683,803,307	\$ 0	\$ 5,897,825,591	\$ 0	\$ 8,277,222,831	499	490.73
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
Package 081: May 2012 E-Board	\$ (841,902)	\$ 0	\$ (31,839)	\$ 0	\$ (792,902)	\$ 0	\$ (1,666,643)	(12)	(11.88)
Package 090: Analyst Adjustments									
Continue current hospital assessment	\$ (361,000,000)	\$ 0	\$ 600,000,000	\$ 0	\$ 322,000,000	\$ 0	\$ 561,000,000		
Additional 1% hospital assessment-Quality Performance Pool	\$ 0	\$ 0	\$ 145,000,000	\$ 0	\$ 230,000,000	\$ 0	\$ 375,000,000		
OHP Standard "new ly eligible"-100% Federal Funds	\$ (185,000,000)	\$ 0	\$ 0	\$ 0	\$ 185,000,000	\$ 0	\$ 0		
Increase Tobacco Master Settlement funding	\$ (86,100,000)	\$ 0	\$ 86,100,000	\$ 0	\$ 0	\$ 0	\$ 0		
Add Health System Transformation Pool	\$ 30,000,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,000,000		
Continue physical health Preferred Drug List Savings from ACA for Breast & Cervical Cancer Pgm	\$ (4,500,000)	\$ 0	\$ 0	\$ 0	\$ (11,017,241)	\$ 0	\$ (15,517,241)		
Package 092: PERS Taxation Policy	\$ (75,527)	\$ 0	\$ (6,299)	\$ 0	\$ (92,096)	\$ 0	\$ (173,922)		
Package 093: Other PERS Adjustments	\$ (603,496)	\$ 0	\$ (50,333)	\$ 0	\$ (735,888)	\$ 0	\$ (1,389,717)		
Package 094: December 2012 Rebalance	\$ (58,281,612)	\$ 0	\$ 368,781,536	\$ 0	\$ 385,958,721	\$ 0	\$ 696,458,645	8	8.00
Package 201: APD program transfer to OHA	\$ 125,761,280	\$ 0	\$ 0	\$ 0	\$ 218,620,495	\$ 0	\$ 344,381,775		
Package 810: LFO Analyst Adjustments									
Caseload Adjustments (Spring 2013 forecast)	\$ 17,241,544	\$ 0	\$ 3,683,746	\$ 0	\$ (775,717,091)	\$ 0	\$ (754,791,801)		
Primary care rate change	\$ 2,400,000	\$ 0	\$ 0	\$ 0	\$ 114,100,000	\$ 0	\$ 116,500,000		
Outreach grants from CoverOregon	\$ 0	\$ 0	\$ 719,914	\$ 0	\$ 0	\$ 0	\$ 719,914	6	6.00
Tobacco tax forecast adjustment	\$ (1,554,411)	\$ 0	\$ 1,554,411	\$ 0	\$ 0	\$ 0	\$ 0		
CHIPRA Bonus	\$ (25,782,855)	\$ 0	\$ 0	\$ 0	\$ 25,782,855	\$ 0	\$ 0		
FMAP rate change	\$ (10,561,026)	\$ 0	\$ (322,364)	\$ 0	\$ 10,883,390	\$ 0	\$ 0		
Reduction in estimated amount of claw back charge	\$ (5,400,000)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (5,400,000)		
Cost allocation charges to CoverOregon	\$ 4,900,000	\$ 0	\$ 0	\$ 0	\$ 4,900,000	\$ 0	\$ 9,800,000		
Reduce call center staffing	\$ (1,000,000)	\$ 0	\$ 0	\$ 0	\$ (1,000,000)	\$ 0	\$ (2,000,000)	(14)	(14.00)
Transfer of HKC to OHP (HB 2091)	\$ 10,244,021	\$ 0	\$ 0	\$ 0	\$ 29,195,318	\$ 0	\$ 39,439,339	1	1.00
Eliminate FHIA P, transfer clients to OHP (HB 2240)	\$ 2,277,275	\$ 0	\$ 0	\$ 0	\$ 42,959,787	\$ 0	\$ 45,237,062		
Use of carryover tobacco tax revenue	\$ (4,000,000)	\$ 0	\$ 4,000,000	\$ 0	\$ 0	\$ 0	\$ 0		
Technical adjustments and transfers	\$ 1,447,438	\$ 0	\$ 30,281	\$ 0	\$ 359,421	\$ 0	\$ 1,837,140	10	10.00
TOTAL ADJUSTMENTS	\$ (552,766,863)	\$ 0	\$ 1,209,067,311	\$ 0	\$ 775,751,140	\$ 0	\$ 1,432,051,588	-1	-0.88
SUBCOMMITTEE RECOMMENDATION *	\$ 1,142,827,070	\$ 0	\$ 1,892,870,618	\$ 0	\$ 6,673,576,731	\$ 0	\$ 9,709,274,419	498	489.85

% Change from 2011-13 Leg Approved Budget	31.4%	0.0%	-0.4%	0.0%	63.3%	0.0%	41.6%
% Change from 2013-15 Current Service Level	-32.6%	0.0%	176.8%	0.0%	13.2%	0.0%	17.3%

*Excludes Capital Construction Expenditures

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5030-A

Oregon Health Authority - Public Employees' Benefit Board
Dustin Ball -- 503-378-3119

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 0	\$ 0	\$ 8,715,361	\$ 1,405,241,260	\$ 0	\$ 0	\$ 1,413,956,621	19	18.50
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 0	\$ 0	\$ 9,248,755	\$ 1,752,335,080	\$ 0	\$ 0	\$ 1,761,583,835	20	19.50
2013-15 CSL Adjustment	\$ 0	\$ 0	\$ 0	\$ (40,000,000)	\$ 0	\$ 0	\$ (40,000,000)	0	0.00
2013-15 Revised CSL	\$ 0	\$ 0	\$ 9,248,755	\$ 1,712,335,080	\$ 0	\$ 0	\$ 1,721,583,835	20	19.50
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
Package 092: PERS Taxation Policy	\$ 0	\$ 0	\$ (10,467)	\$ 0	\$ 0	\$ 0	\$ (10,467)		
Package 093: Other PERS Adjustments	\$ 0	\$ 0	\$ (83,633)	\$ 0	\$ 0	\$ 0	\$ (83,633)		
Package 094: December 2012 Rebalance	\$ 0	\$ 0	\$ 0	\$ 26,000,000	\$ 0	\$ 0	\$ 26,000,000		
Package 810: LFO Analyst Adjustments									
Reprojection & Capping of expenditure growth	\$ 0	\$ 0	\$ 0	\$ (206,337,689)	\$ 0	\$ 0	\$ (206,337,689)		
Switch Non-limited to Limited expenditures	\$ 0	\$ 0	\$ 1,531,997,391	\$ (1,531,997,391)	\$ 0	\$ 0	\$ 0		
TOTAL ADJUSTMENTS	\$ 0	\$ 0	\$ 1,531,903,291	\$ (1,712,335,080)	\$ 0	\$ 0	\$ (180,431,789)	0	0.00
SUBCOMMITTEE RECOMMENDATION *	\$ 0	\$ 0	\$ 1,541,152,046	\$ 0	\$ 0	\$ 0	\$ 1,541,152,046	20	19.50
% Change from 2011-13 Leg Approved Budget	0.0%	0.0%	17583.2%	-100.0%	0.0%	0.0%	9.0%		
% Change from 2013-15 Current Service Level	0.0%	0.0%	16563.3%	-100.0%	0.0%	0.0%	-12.5%		

*Excludes Capital Construction Expenditures

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5030-A

Oregon Health Authority - Oregon Educators' Benefit Board
Dustin Ball -- 503-378-3119

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 0	\$ 0	\$ 10,886,968	\$ 1,459,320,100	\$ 0	\$ 0	\$ 1,470,207,068	25	22.75
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 0	\$ 0	\$ 10,690,359	\$ 1,628,294,000	\$ 0	\$ 0	\$ 1,638,984,359	21	21.00
2013-15 CSL Adjustment	\$ 0	\$ 0	\$ 0	\$ (85,320,000)	\$ 0	\$ 0	\$ (85,320,000)	0	0.00
2013-15 Revised CSL	\$ 0	\$ 0	\$ 10,690,359	\$ 1,542,974,000	\$ 0	\$ 0	\$ 1,553,664,359	21	21.00
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
Package 092: PERS Taxation Policy	\$ 0	\$ 0	\$ (10,412)	\$ 0	\$ 0	\$ 0	\$ (10,412)		
Package 093: Other PERS Adjustments	\$ 0	\$ 0	\$ (83,197)	\$ 0	\$ 0	\$ 0	\$ (83,197)		
Package 094: December 2012 Rebalance	\$ 0	\$ 0	\$ 961,224	\$ 85,320,000	\$ 0	\$ 0	\$ 86,281,224	3	3.00
Package 810: LFO Analyst Adjustments									
Switch Non-limited to Limited expenditures	\$ 0	\$ 0	\$ 1,628,294,000	\$ (1,628,294,000)	\$ 0	\$ 0	\$ 0		
TOTAL ADJUSTMENTS	\$ 0	\$ 0	\$ 1,629,161,615	\$ (1,542,974,000)	\$ 0	\$ 0	\$ 86,187,615	3	3.00
SUBCOMMITTEE RECOMMENDATION *	\$ 0	\$ 0	\$ 1,639,851,974	\$ 0	\$ 0	\$ 0	\$ 1,639,851,974	24	24.00
% Change from 2011-13 Leg Approved Budget	0.0%	0.0%	14962.5%	-100.0%	0.0%	0.0%	11.5%		
% Change from 2013-15 Current Service Level	0.0%	0.0%	15239.5%	-100.0%	0.0%	0.0%	0.1%		

*Excludes Capital Construction Expenditures

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5030-A

Oregon Health Authority - Office of Private Health Partnerships
Dustin Ball -- 503-378-3119

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 7,002,275	\$ 0	\$ 73,049,970	\$ 411,670,261	\$ 313,391,459	\$ 0	\$ 805,113,965	43	42.36
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 38,183,853	\$ 0	\$ 52,061,803	\$ 411,670,261	\$ 234,587,910	\$ 0	\$ 736,503,827	61	59.75
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
Package 090: Eliminate portions of FHIAP, OMIP, FMIP	\$ (11,619,748)	\$ 0	\$ (29,063,664)	\$ (178,585,131)	\$ (110,121,849)	\$ 0	\$ (329,390,392)		
Package 092: PERS Taxation Policy	\$ (7,137)	\$ 0	\$ (5,843)	\$ 0	\$ (10,169)	\$ 0	\$ (23,149)		
Package 093: Other PERS Adjustments	\$ (57,029)	\$ 0	\$ (46,689)	\$ 0	\$ (81,255)	\$ 0	\$ (184,973)		
Package 094: December 2012 Rebalance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 54,262,291	\$ 0	\$ 54,262,291		
Package 810: LFO Analyst Adjustments									
Transfer of HKC to OHP (HB 2091)	\$ (22,100,723)	\$ 0	\$ 41,738	\$ 0	\$ (59,684,426)	\$ 0	\$ (81,743,411)	(3)	(17.81)
Eliminate FHIAP; transfer clients to OHP (HB 2240)	\$ (2,514,368)	\$ 0	\$ (65,778)	\$ 0	\$ (2,543,507)	\$ 0	\$ (5,123,653)	0	(22.50)
Eliminate OMIP; establish Reinsurance (HB 3458)	\$ 0	\$ 0	\$ (133,067)	\$ 3,332,435	\$ 0	\$ 0	\$ 3,199,368	4	(3.02)
Eliminate Information, Education and Outreach	\$ (140,000)	\$ 0	\$ (85,000)	\$ 0	\$ 0	\$ 0	\$ (225,000)	0	(0.75)
TOTAL ADJUSTMENTS	\$ (36,439,005)	\$ 0	\$ (29,358,303)	\$ (175,252,696)	\$ (118,178,915)	\$ 0	\$ (359,228,919)	1	-44.08
SUBCOMMITTEE RECOMMENDATION *	\$ 1,744,848	\$ 0	\$ 22,703,500	\$ 236,417,565	\$ 116,408,995	\$ 0	\$ 377,274,908	62	15.67
% Change from 2011-13 Leg Approved Budget	-75.1%	0.0%	-68.9%	-42.6%	-62.9%	0.0%	-53.1%		
% Change from 2013-15 Current Service Level	-95.4%	0.0%	-56.4%	-42.6%	-50.4%	0.0%	-48.8%		

*Excludes Capital Construction Expenditures

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5030-A

Oregon Health Authority - Addictions & Mental Health
Kate Nass -- 503-378-3742

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 660,110,475	\$ 10,388,614	\$ 47,823,010	\$ 0	\$ 280,940,716	\$ 0	\$ 999,262,815	2,334	2,316.99
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 720,853,475	\$ 11,479,452	\$ 45,568,906	\$ 0	\$ 183,129,459	\$ 0	\$ 961,031,292	2,306	2,298.22
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
Package 070: Revenue Reductions	\$ 0	\$ 0	\$ (332,811)	\$ 0	\$ 0	\$ 0	\$ (332,811)	(1)	(1.00)
Package 081: May 2012 E-Board	\$ (2,824,075)	\$ 0	\$ (173,860)	\$ 0	\$ (372,646)	\$ 0	\$ (3,370,581)	(17)	(16.50)
Package 090: Analyst Adjustments									
Continue current non-direct care reductions at OSH	\$ (9,697,920)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (9,697,920)		
Close Blue Mountain Recover Center 1/1/2014	\$ (12,853,099)	\$ 0	\$ (2,353,423)	\$ 0	\$ (860,893)	\$ 0	\$ (16,067,415)		
Close on geropsychiatric ward at OSH	\$ (8,839,080)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (8,839,080)	(43)	(43.00)
Restructure pharmacy operations at OSH	\$ (3,000,000)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (3,000,000)		
Eliminate provider rate increases	\$ (8,448,361)	\$ (230,863)	\$ (620,544)	\$ 0	\$ (5,688,113)	\$ 0	\$ (14,987,881)		
Reduce Lottery to May 2013 revenue forecast	\$ 0	\$ (679,478)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (679,478)		
Package 092: PERS Taxation Policy	\$ (894,362)	\$ (2,589)	\$ (41,760)	\$ 0	\$ (76,437)	\$ 0	\$ (1,015,148)		
Package 093: Other PERS Adjustments	\$ (7,146,378)	\$ (20,690)	\$ (333,681)	\$ 0	\$ (610,767)	\$ 0	\$ (8,111,516)		
Package 094: December 2012 Rebalance	\$ (1,225,822)	\$ 0	\$ 0	\$ 0	\$ 100,207,846	\$ 0	\$ 98,982,024		
Package 403: OSH Replacement Project	\$ 2,748,509	\$ 0	\$ (454,441)	\$ 0	\$ (38,563)	\$ 0	\$ 2,255,505	278	17.17
Package 404: Strengthen Community Mental/A&D Systems									
Early Assessment and Support Alliance (EASA)	\$ 1,790,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,790,000		
Supported housing/peer delivered services	\$ 4,210,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,210,000		
Supported employment	\$ 1,500,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,500,000		
Package 810: LFO Analyst Adjustments									
Caseload Adjustments (Spring 2013 forecast)	\$ (25,469,543)	\$ 0	\$ 0	\$ 0	\$ (12,627,564)	\$ 0	\$ (38,097,107)		
FMAP rate change	\$ (625,840)	\$ 0	\$ 0	\$ 0	\$ 625,840	\$ 0	\$ 0		
Invest in community mental health system	\$ 26,600,000	\$ 0	\$ 0	\$ 0	\$ 9,400,000	\$ 0	\$ 36,000,000		
Reduce "reinvested" dollars to pay for capacity	\$ (9,900,000)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (9,900,000)		
Invest in children's mental health services	\$ 20,000,000	\$ 0	\$ 0	\$ 0	\$ 6,400,000	\$ 0	\$ 26,400,000	4	4.00
Include "reinvested" dollars in children's mental health	\$ (7,500,000)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (7,500,000)		
Reduce overtime & non-direct care staffing at OSH	\$ (7,000,000)	\$ 0	\$ (272,659)	\$ 0	\$ 0	\$ 0	\$ (7,272,659)	(10)	(10.00)
Technical adjustments and transfers	\$ (2,395,687)	\$ 0	\$ (154,005)	\$ 0	\$ (540,833)	\$ 0	\$ (3,090,525)	(12)	(12.00)
TOTAL ADJUSTMENTS	\$ (50,971,658)	\$ (933,620)	\$ (4,737,184)	\$ 0	\$ 95,817,870	\$ 0	\$ 39,175,408	199	(61.33)
SUBCOMMITTEE RECOMMENDATION *	\$ 669,881,817	\$ 10,545,832	\$ 40,831,722	\$ 0	\$ 278,947,329	\$ 0	\$ 1,000,206,700	2,505	2,236.89

% Change from 2011-13 Leg Approved Budget	1.5%	1.5%	-14.6%	0.0%	-0.7%	0.0%	0.1%
% Change from 2013-15 Current Service Level	-7.1%	-8.1%	-10.4%	0.0%	52.3%	0.0%	4.1%

*Excludes Capital Construction Expenditures

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5030-A

Oregon Health Authority - Public Health
Dustin Ball -- 503-378-3119

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 34,410,315	\$ 0	\$ 77,503,193	\$ 40,000,000	\$ 255,979,822	\$ 102,729,051	\$ 510,622,381	706	686.82	
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 39,210,011	\$ 0	\$ 82,039,976	\$ 40,000,000	\$ 260,312,432	\$ 102,729,051	\$ 524,291,470	699	685.32	
SUBCOMMITTEE ADJUSTMENTS (from CSL)										
Package 081: May 2012 E-Board	\$ (184,720)	\$ 0	\$ (150,348)	\$ 0	\$ (318,540)	\$ 0	\$ (653,608)	(3)	(3.00)	
Package 092: PERS Taxation Policy	\$ (26,003)	\$ 0	\$ (95,545)	\$ 0	\$ (192,829)	\$ 0	\$ (314,377)	\$ 0	\$ 0	
Package 093: Other PERS Adjustments	\$ (207,777)	\$ 0	\$ (763,450)	\$ 0	\$ (1,540,799)	\$ 0	\$ (2,512,026)	\$ 0	\$ 0	
Package 094: December 2012 Rebalance	\$ 0	\$ 0	\$ (42,877)	\$ 0	\$ 11,101,871	\$ 0	\$ 11,058,994	11	5.89	
Package 810: LFO Analyst Adjustments										
Tobacco Tax Forecast Adjustment (May 2013)	\$ 0	\$ 0	\$ (48,000)	\$ 0	\$ -	\$ 0	\$ (48,000)	\$ 0	\$ 0	
Excess 2013-15 ending balance for CCare	\$ (1,300,000)	\$ 0	\$ 0	\$ 0	\$ (11,700,000)	\$ 0	\$ (13,000,000)	\$ 0	\$ 0	
CCare saving from ACA expansion	\$ (1,000,000)	\$ 0	\$ 0	\$ 0	\$ (9,000,000)	\$ 0	\$ (10,000,000)	\$ 0	\$ 0	
Replace GF with OF in CCare	\$ (1,500,000)	\$ 0	\$ 1,500,000	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ 0	
Tobacco Master Settlement revenues for tobacco prevention, education and cessation programs	\$ 0	\$ 0	\$ 4,000,000	\$ 0	\$ 0	\$ 0	\$ 4,000,000	\$ 0	\$ 0	
Technical adjustments and transfers	\$ (56,093)	\$ 0	\$ (151,818)	\$ 0	\$ 0	\$ 0	\$ (207,911)	\$ 0	\$ 0	
TOTAL ADJUSTMENTS	\$ (4,274,593)	\$ 0	\$ 4,247,962	\$ 0	\$ (11,650,297)	\$ 0	\$ (11,676,928)	8	2.89	
SUBCOMMITTEE RECOMMENDATION *	\$ 34,935,418	\$ 0	\$ 86,287,938	\$ 40,000,000	\$ 248,662,135	\$ 102,729,051	\$ 512,614,542	707	688.21	
% Change from 2011-13 Leg Approved Budget	1.5%	0.0%	11.3%	0.0%	-2.9%	0.0%	0.4%			
% Change from 2013-15 Current Service Level	-10.9%	0.0%	5.2%	0.0%	-4.5%	0.0%	-2.2%			

*Excludes Capital Construction Expenditures

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5030-A

Oregon Health Authority - Central, Shared Services, State Assessments & Enterprise-wide Costs
Kate Nass -- 503-378-3742

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 126,009,372	\$ 0	\$ 159,946,414	\$ 0	\$ 221,696,288	\$ 4,374,411	\$ 512,026,485	532	482.66	
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 167,031,701	\$ 0	\$ 158,935,129	\$ 0	\$ 171,537,819	\$ 4,374,411	\$ 501,879,060	595	581.98	
SUBCOMMITTEE ADJUSTMENTS (from CSL)										
Pkg 081: May 2012 EBoard actions	\$ 0	\$ 0	\$ (454,553)	\$ 0	\$ 0	\$ 0	\$ (454,553)	(2)	(2.00)	
Pkg 090: Analyst adjustments										
Administrative reductions - hold vacancies/S&S	\$ (2,060,415)	\$ 0	\$ (231,075)	\$ 0	\$ (1,540,984)	\$ 0	\$ (3,832,474)			
Funding for Patient Safety Commission	\$ 1,600,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,600,000			
Pkg 091: Statewide administrative savings	\$ (2,090,200)	\$ 0	\$ (5,658,403)	\$ 0	\$ (1,701,861)	\$ 0	\$ (9,450,464)			
Pkg 092: PERS taxation policy	\$ (35,935)	\$ 0	\$ (258,799)	\$ 0	\$ (33,965)	\$ 0	\$ (328,699)			
Pkg 093: Other PERS adjustments	\$ (287,135)	\$ 0	\$ (2,067,925)	\$ 0	\$ (271,400)	\$ 0	\$ (2,626,460)			
Pkg 094: December 2012 EBoard	\$ (8,570,075)	\$ 0	\$ (1,028,000)	\$ 0	\$ 7,306,676	\$ 0	\$ (2,291,399)	30	29.00	
Pkg 401: PC & Network Infrastructure Investments	\$ 666,667	\$ 0	\$ 2,359,143	\$ 0	\$ 666,667	\$ 0	\$ 3,692,477	12	10.56	
Pkg 402: Health Systems Transformation	\$ 2,115,946	\$ 0	\$ (311,665)	\$ 0	\$ 1,662,916	\$ 0	\$ 3,467,197	2	2.00	
Pkg 403: OSH Replacement Project Next Phase	\$ 78,345	\$ 0	\$ 7,547,022	\$ 0	\$ 0	\$ 0	\$ 7,625,367	3	0.80	
Pkg 406: Health Information Technology	\$ 1,004,489	\$ 0	\$ 0	\$ 0	\$ 999,683	\$ 0	\$ 2,004,172	11	9.42	
Pkg 810: LFO Analyst Adjustments										
True-up cost allocation/rent	\$ 2,302,737	\$ 0	\$ (346,862)	\$ 0	\$ (1,624,029)	\$ 0	\$ 331,846			
Eliminate remaining limitation/positions for HIX IT	\$ 0	\$ 0	\$ (9,920,600)	\$ 0	\$ (9,920,600)	\$ 0	\$ (19,841,200)	(48)	(48.00)	
Add limitation/positions for on-going IT needs	\$ 0	\$ 0	\$ 16,739,148	\$ 0	\$ 0	\$ 0	\$ 16,739,148	52	52.00	
Update debt service (including sequestration)	\$ (80,565)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (223,395)	\$ (303,960)			
Technical adjustments and transfers	\$ 1,004,343	\$ 0	\$ 308,952	\$ 0	\$ 181,412	\$ 0	\$ 1,494,707	2	2.00	
TOTAL ADJUSTMENTS	\$ (4,351,798)	\$ 0	\$ 6,676,383	\$ 0	\$ (4,275,485)	\$ (223,395)	\$ (2,174,295)	62	55.78	
SUBCOMMITTEE RECOMMENDATION *	\$ 162,679,903	\$ 0	\$ 165,611,512	\$ 0	\$ 167,262,334	\$ 4,151,016	\$ 499,704,765	657	637.76	
% Change from 2011-13 Leg Approved Budget	29.1%	0.0%	3.5%	0.0%	-24.6%	-5.1%	-2.4%			
% Change from 2013-15 Current Service Level	-2.6%	0.0%	4.2%	0.0%	-2.5%	-5.1%	-0.4%			

*Excludes Capital Construction Expenditures

Legislatively Approved 2013-15 Key Performance Measures

Agency: **OREGON HEALTH AUTHORITY**

KPM #	Customer Service Category	Request	Most Current Result	Target 2014	Target 2015
1	INITIATION OF ALCOHOL AND OTHER DRUG DEPENDENCE TREATMENT - Percentage of members with a new episode of alcohol or other drug dependence who received initiation of AOD treatment within 14 days of diagnosis	New	27.00	27.81	28.35
2	ENGAGEMENT OF ALCOHOL AND OTHER DRUG DEPENDENCE TREATMENT - Percentage of members with a new episode of alcohol or other drug dependence who received two or more services within 30 days of initiation visit	New	9.00	9.27	9.45
3	FOLLOW-UP AFTER HOSPITALIZATION FOR MENTAL ILLNESS - Percentage of enrollees 6 years of age and older who were hospitalized for treatment of mental health disorders and who were seen on an outpatient basis or were in intermediate treatment within seven days of discharge	New	57.60	61.00	68.00
4	MENTAL HEALTH ASSESSMENT FOR CHILDREN IN DHS CUSTODY - Percentage of children in DHS custody who receive a mental health assessment within 60 days of initial custody	New	56.00	60.00	90.00
5	PHYSICAL HEALTH ASSESSMENT FOR CHILDREN IN DHS CUSTODY - Percentage of children in DHS custody who receive a physical health assessment within 60 days of initial custody	New	67.10	70.00	90.00
6	FOLLOW-UP CARE FOR CHILDREN PRESCRIBED WITH ADHD MEDICATION (INITIATION) - Percentage of children newly prescribed attention-deficit/hyperactivity disorder (ADHD) medication who had at least three follow-up care visits within a 10-month period, one of which was within 30 days of when the first ADHD medication was dispensed: INITIATION	New	52.30	52.00	TBD
7	FOLLOW-UP CARE FOR CHILDREN PRESCRIBED WITH ADHD MEDICATION (CONTINUATION AND MAINTENANCE) - Percentage of children newly prescribed attention-deficit/hyperactivity disorder (ADHD) medication who had at least three follow-up care visits within a 10-month period, one of which was within 30 days of when the first ADHD medication was dispensed: CONTINUATION AND MAINTENANCE	New	61.00	63.00	TBD
8	30 DAY ILLICIT DRUG USE AMONG 6TH GRADERS - Percentage of 6th graders who have used illicit drugs in the past 30 days	New	1.80	1.77	1.75
9	30 DAY ALCOHOL USE AMONG 6TH GRADERS - Percentage of 6th graders who have used alcohol in the past 30 days	New	6.70	6.60	6.50

Legislatively Approved 2013-15 Key Performance Measures

Agency: **OREGON HEALTH AUTHORITY**

KPM #		Customer Service Category	Request	Most Current Result	Target 2014	Target 2015
10	30 DAY ILLICIT DRUG USE AMONG 8TH GRADERS - Percentage of 8th graders who have used illicit drugs in the past 30 days		Approved KPM	9.00	8.87	8.73
11	30 DAY ALCOHOL USE AMONG 8TH GRADERS - Percentage of 8th graders who have used alcohol in the past 30 days		Approved KPM	19.60	19.31	19.01
12	30 DAY ILLICIT DRUG USE AMONG 11TH GRADERS - Percentage of 11th graders who have used illicit drugs in the past 30 days		New	22.20	21.87	21.53
13	30 DAY ALCOHOL USE AMONG 11TH GRADERS - Percentage of 11th graders who have used alcohol in the past 30 days		New	35.90	35.36	34.82
14	PRENATAL CARE (POPULATION) - Percentage of women who initiated prenatal care in the first 3 months of pregnancy		New	75.10	79.00	89.00
15	PRENATAL CARE (MEDICAID) - Percentage of women who initiated prenatal care within 42 days of enrollment		New	65.30	69.00	89.00
16	PRIMARY CARE SENSITIVE HOSPITAL ADMISSIONS/INPATIENT STAYS - Rate per 100,000 client years of admissions (for 12 diagnoses) that are more appropriately treated in an outpatient setting		New	2,091.00	TBD	TBD
17	PATIENT CENTERED PRIMARY CARE HOME (PCPCH) ENROLLMENT - Number of members enrolled in patient-centered primary care homes by tier		New	51.70	60.00	100.00
18	ACCESS TO CARE - Percentage of members who responded "always" or "usually" too getting care quickly (composite for adult and child)		New	83.00	85.00	87.00
19	MEMBER EXPERIENCE OF CARE - Composite measurement: how well doctors communicate; health plan information and customer service (Medicaid population)		New	78.00	81.00	84.00
20	MEMBER HEALTH STATUS - Percentage of CAHPS survey respondents with a positive self-reported rating of overall health (excellent, very good)		New	23.00	28.00	33.00
21	RATE OF TOBACCO USE (POPULATION) - Rate of tobacco use among adults		Approved KPM	22.00	18.00	17.00
22	RATE OF TOBACCO USE (MEDICAID) - Percentage of CCO enrollees who currently smoke cigarettes or use tobacco every day or some days		New	31.00	26.00	24.00

Legislatively Approved 2013-15 Key Performance Measures

Agency: **OREGON HEALTH AUTHORITY**

KPM #		Customer Service Category	Request	Most Current Result	Target 2014	Target 2015
23	RATE OF OBESITY (POPULATION) - Percentage of adults who are obese among Oregonians		Approved KPM	27.00	30.00	TBD
24	RATE OF OBESITY (MEDICAID) - Percentage of Medicaid population who are obese		New	37.00	40.00	TBD
25	PLAN ALL CAUSE READMISSIONS - Percentage of acute inpatient stays that were followed by an acute readmission for any diagnosis within 30 days and the predicted probability of an acute readmission for members 18 years and older		New	11.30	10.90	10.50
26	EFFECTIVE CONTRACEPTIVE USE (POPULATION) - Percentage of reproductive age women who do not desire pregnancy using an effective method of contraception		New	53.20	55.20	56.20
27	EFFECTIVE CONTRACEPTIVE USE (MEDICAID) - Percentage of reproductive age women who do not desire pregnancy using an effective method of contraception		New	58.60	60.60	61.60
28	FLU SHOTS (POPULATION) - Percentage of adults ages 50-64 who receive a flu vaccine		New	37.40	45.00	57.00
29	FLU SHOTS (MEDICAID) - Percentage of adults ages 50-64 who receive a flu vaccine		New	42.20	50.50	57.00
30	CHILD IMMUNIZATION RATES (POPULATION) - Percentage of children who are adequately immunized (immunization series 4:3:1:3:3:1:4)		New	66.60	72.00	80.00
31	CHILD IMMUNIZATION RATES (MEDICAID) - Percentage of children who are adequately immunized (immunization series 4:3:1:3:3:1:4)		New	68.40	74.00	82.00
32	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Overall	Approved KPM		95.00	95.00
33	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Accuracy	Approved KPM		95.00	95.00
34	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Availability of Information	Approved KPM		95.00	95.00

Legislatively Approved 2013-15 Key Performance Measures

Agency: **OREGON HEALTH AUTHORITY**

KPM #		Customer Service		Most Current	Target 2014	Target 2015
		Category	Request	Result		
35	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Expertise	Approved KPM		95.00	95.00
36	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Helpfulness	Approved KPM		95.00	95.00
37	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Timeliness	Approved KPM		95.00	95.00

LFO Recommendation:

Approve the KPMs as proposed. Approve targets for 2014 and 2015 as shown. Agency will set remaining targets as information becomes available. The agency may also modify the targets for KPMs 1 and 2 when the preliminary baseline numbers become final.

Sub-Committee Action:

Approved the LFO recommendation.

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: SB 421-C

Carrier – House: Rep. Nathanson

Carrier – Senate: Sen. Prozanski

Action: Do Pass the B-Engrossed Measure with Amendments to Resolve Conflicts and be Printed C-Engrossed

Vote: 26 – 0 – 0

House

Yeas: Barker, Buckley, Frederick, Freeman, Hanna, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson

Nays:

Exc:

Senate

Yeas: Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc:

Prepared By: Kate Nass, Department of Administrative Services

Reviewed By: John Terpening, Legislative Fiscal Office

Meeting Date: June 28, 2013

Agency

Oregon Health Authority

Psychiatric Security Review Board

Biennium

2013-15

Budget Summary*

Oregon Health Authority

	2011-13 Legislatively Approved Budget ⁽¹⁾	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$\$ Change	% Change
General Fund	\$ 0	\$ 0	\$ 169,571	\$ 169,571	100.0%
Total	\$ 0	\$ 0	\$ 169,571	\$ 169,571	100.0%

Position Summary

Authorized Positions	0	0	0	0
Full-time Equivalent (FTE) positions	0.00	0.00	0.00	0.00

Budget Summary*

Psychiatric Security Review Board

	2011-13 Legislatively Approved Budget ⁽¹⁾	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$\$ Change	% Change
General Fund	\$ 0	\$ 0	\$ 36,100	\$ 36,100	100.0%
Total	\$ 0	\$ 0	\$ 36,100	\$ 36,100	100.0%

Position Summary

Authorized Positions	0	0	0	0
Full-time Equivalent (FTE) positions	0.00	0.00	0.00	0.00

⁽¹⁾ Includes adjustments through December 2012

* Excludes Capital Construction expenditures

Summary of Revenue Changes

Senate Bill 421 adds \$169,571 General Fund to the Oregon Health Authority's budget and \$36,100 General Fund to the Psychiatric Security Review Board's budget for the 2013-15 biennium.

Summary of Human Services Subcommittee Action

Senate Bill 421 authorizes a district attorney to petition the court to initiate commitment proceedings if there is reason to believe a person is an extremely dangerous mentally ill person, and if committed by the court, the person may be supervised by the Psychiatric Security Review Board (PSRB). A person must be committed to the state hospital or a secure intensive community inpatient facility and PSRB must hold a hearing six months after the commitment and then every two years to determine the status of the commitment.

The bill adds \$36,100 General Fund appropriation to the Psychiatric Security Review Board's 2013-15 biennium budget to cover the administrative costs associated with the estimated 12 individuals that are anticipated to be admitted as a civil commitment under this bill. This includes board member hearing reimbursements, Attorney General fees, and other hearings costs for the estimated 12 hearing days and six appeals per biennium. Additionally, the bill adds \$169,571 General Fund appropriation to the Oregon Health Authority's 2013-15 biennium budget to cover the additional length of stay costs at the Oregon State Hospital as those committed await PSRB hearings and discharge placement.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 421-A

Oregon Health Authority
Kate Nass -- 503-378-3742

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	0.00
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	0.00
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
SCR 020-05 - Addictions & Mental Health									
Personal Services	\$ 147,205	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 147,205	0	0.00
Services and Supplies	\$ 22,366	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,366		
TOTAL ADJUSTMENTS	\$ 169,571	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 169,571	0	0.00
SUBCOMMITTEE RECOMMENDATION *	\$ 169,571	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 169,571	0	0.00
% Change from 2011-13 Leg Approved Budget	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% Change from 2013-15 Current Service Level	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Psychiatric Security Review Board
Kate Nass -- 503-378-3742

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	0.00
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	0.00
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
SCR 010-00 - General Program									
Personal Services	\$ 15,600	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,600	0	0.00
Services and Supplies	\$ 20,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,500		
TOTAL ADJUSTMENTS	\$ 36,100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,100	0	0.00
SUBCOMMITTEE RECOMMENDATION *	\$ 36,100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,100	0	0.00
% Change from 2011-13 Leg Approved Budget	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% Change from 2013-15 Current Service Level	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5006-B

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Nathanson
Carrier – Senate: Sen. Winters**

Action: Do Pass the A-Engrossed Measure with Amendments to Resolve Conflicts and be Printed B-Engrossed

Vote: 26 – 0 – 0

House

Yeas: Barker, Buckley, Frederick, Freeman, Hanna, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson

Nays:

Exc:

Senate

Yeas: Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc:

Prepared By: Monica Brown, Legislative Fiscal Office

Reviewed By: Daron Hill, Legislative Fiscal Office

Meeting Date: July 7, 2013

Agency

Various

Biennium

2013-15

Summary of Capital Construction Subcommittee Action

House Bill 5006 allocates resources from the Criminal Fine Account (CFA). The CFA includes criminal fines and other financial penalties imposed on conviction for felonies, misdemeanors, and violations other than parking infractions which are collected through the courts – the Oregon Judicial Department (OJD) for the circuit courts and the local Municipal (city) and Justice (county) Courts and remitted to the Department of Revenue.

ORS 137.300 establishes the CFA and identifies program priorities, but does not specify a funding level for the programs. Expenditure limitations for programs receiving CFA allocations are established in the separate appropriation bills for the various receiving agencies. Once the specific program allocations have been made, the balance of revenues in the CFA is deposited into the General Fund.

For the 2013-15 biennium, the revenue forecast inclusive of the changes in HB 2562 for the CFA totals \$112.1 million. The Capital Construction Subcommittee approved allocations to agencies totaling \$67.1 million, leaving a balance of \$45 million to be deposited into the General Fund. The specific allocations accomplished through this bill are outlined in the following table:

Agency/Program (Bill number containing expenditure authority)	Allocation
<i>Department of Public Safety Standards & Training (HB 5042)</i>	
Operations	\$ 24,410,000
Public Safety Memorial Fund	110,000
Subtotal:	<u>\$ 24,520,000</u>
<i>Department of Justice (HB 5018)</i>	
Child Abuse Multidisciplinary Intervention (CAMI)	\$ 9,982,089
Criminal Injuries Compensation Account (CICA)	8,520,223
Regional Assessment Centers	764,721
Child Abuse Medical Assessments	646,707
Subtotal:	<u>\$ 19,913,740</u>
<i>Oregon Judicial Department (HB 5016)</i>	
State Court Facilities & Security Account	\$ 6,414,462
Court Security Program	2,960,118
Subtotal:	<u>\$ 9,374,580</u>
<i>Oregon Health Authority (HB 5030)</i>	
Emergency Medical Services & Trauma Services	\$ 331,824
Alcohol & Drug Abuse Prevention	42,884
Law Enforcement Medical Liability Account (LEMLA)	1,300,000
Intoxicated Driver Program	4,323,000
Subtotal:	<u>\$ 5,997,708</u>
<i>Department of Corrections (HB 5005)</i>	
County correction programs and facilities, and alcohol and drug programs	<u>\$ 4,257,421</u>
<i>Department of Human Services (SB 5529)</i>	
Domestic Violence Fund	\$ 2,224,675
Sexual Assault Victims Fund	533,332
Subtotal:	<u>\$ 2,758,007</u>
<i>Oregon State Police (HB 5038)</i>	
Driving Under the Influence Enforcement	<u>\$ 253,000</u>
<i>Governor's Office (SB 5523)</i>	
Arrest & Return for Extradition	<u>\$ 22,500</u>
Total Allocations:	<u>\$ 67,096,956</u>

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5506-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Kotek
Carrier – Senate: Sen. Girod**

Action: Do Pass as Amended and be Printed A-Engrossed

Vote: 24 – 2 – 0

House

Yeas: Barker, Buckley, Frederick, Freeman, Hanna, Huffman, Jenson, Komp, Nathanson, Read, Smith, Tomei, Williamson

Nays: McLane, Richardson

Exc:

Senate

Yeas: Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc:

Prepared By: Jack Kenny, Department of Administrative Services

Reviewed By: Daron Hill, Legislative Fiscal Office

Meeting Date: July 7, 2013

Agency

Various

Biennium

2013-15

Summary of Subcommittee Action

Senate Bill 5506 limits the maximum amount of bonds and third party financing agreements state agencies may issue and the amount of revenue state agencies may raise from such issuance. The proceeds from the issuance of bonds are included as revenues in agency budgets. This bill also allocates the federal tax-exempt private activity bond volume cap allowed under the Internal Revenue Code of 1986, as amended, to certain state agencies and the Private Activity Bond Committee established in ORS 286A.615.

The Subcommittee reviewed amendments to Senate Bill 5506 for the following purposes:

- 1) The Subcommittee increased the Oregon University System (OUS), Article XI-G general obligation bond authorization to \$117,861,000 for eight newly approved projects and two projects approved during previous legislative sessions. Amendments identify maximum amounts for specifically identified projects. Projects are described later in this report.
- 2) The Subcommittee increased the Department of Community Colleges and Workforce Development Article XI-G general obligation bond authorization to \$125,081,600. The Subcommittee approved the XI-G general obligation bond authorization for capital construction financing for 16 Oregon Community College projects approved in Senate Bill 5507 totaling \$108,581,600 and to reauthorize \$16,500,000 for two projects approved during previous legislative sessions.

The Subcommittee approved the establishment of certain limits on future requests for state-funded projects.

- 3) The Subcommittee increased the Oregon University System, Article XI-F general obligation authorization to \$390,977,500 to provide the bond financing for the University System's self-supporting capital construction projects including \$316,800,000 for 12 new projects, as well as reauthorization of certain projects approved during previous legislative sessions. Amendments identify maximum amounts for specifically identified projects. The Oregon University System was also provided \$50,000,000 in direct revenue bond authority. Projects are described later in this report.
- 4) The Subcommittee amended the issuing agency reference for Article XI-M and Article XI-N Seismic Rehabilitation Bonds to the Oregon Business Development Department reflecting changes made in Senate Bill 813. The Subcommittee authorized \$15,000,000 for Article XI-M (Seismic Rehabilitation of Public Education Buildings) and \$15,000,000 for Article XI-N (Seismic Rehabilitation of Emergency Services Buildings) bonds.
- 5) The Subcommittee approved the Department of Environmental Quality, Article XI-H general obligation authority of \$10,000,000.
- 6) The Subcommittee increased the Department of Administrative Services Article XI-Q general obligation authority to \$426,052,000 to reflect net changes in funding for projects owned or operated by the state. Increases include the following: various university system projects, the Linn County Veterans' Home, Gilchrist Forest acquisition, detailed planning and design for the State Capitol renovation, and the Multnomah County Courthouse. A table listing all projects comprising the XI-Q authorization is included later in this report.

The Subcommittee approved amendments directing an amount not to exceed \$15 million in Article XI-Q bond proceeds be deposited to the Oregon Courthouse Capital Construction and Improvement Fund, and identified allowable uses of bond proceeds in that fund. Prior to issuance of bonds for such purposes, there are a number of triggers that must occur. There are also amendments to make this project an allowable use of Article XI-Q bonds.

- 7) The Subcommittee increased the Department of Transportation's Article XI, Section 7 general obligation authority to \$453,725,000 to provide Oregon's share of the initial contribution for construction of the Interstate 5 Bridge Replacement Project. The Subcommittee also approved an authorization to the Department of Transportation of \$663,000,000 in Toll-backed revenue bonds for the Interstate-5 Bridge Replacement Project. The bill prohibits the State Treasurer from issuing any bonds for the Interstate 5 Bridge Replacement Project until the conditions set forth in section 3 (4), chapter 4, Oregon Laws 2013 (Enrolled House Bill 2800), including commitment of sufficient funds by the State of Washington by September 30, 2013. The bill permits substitution of Highway User Tax Bonds for Article XI, Section 7 bonds (with corresponding and offsetting changes in amounts approved for each bond type).

An authorization of \$846,690,000 in Department of Transportation Highway User Tax revenue bonds was approved for eligible construction projects. Oregon Transportation Infrastructure revenue bonds were authorized at \$20,400,000.

- 8) The Subcommittee reduced the State Department of Energy Article XI-J general obligation authority to \$60,000,000 from \$100,000,000 in the Governor's Budget to reflect recent activity history with the understanding the agency can return to request additional authority in the 2014 Session if necessary. The Subcommittee reduced the State Department of Energy's direct revenue bond authority to \$20,000,000 from \$25,000,000 with the understanding the agency can return to request additional authority in the 2014 Session, if necessary.
- 9) The Subcommittee reduced the Department of Veterans' Affairs' Article XI-A general obligation authority to \$60,000,000 from \$100,000,000 in the Governor's Budget to reflect recent activity history with the understanding the agency can return to request additional authority in the 2014 Session if necessary.
- 10) The Subcommittee approved a \$10,235,000 authorization to the Water Resources Department for issuance of Article XI-I (1) General Obligation bonds.
- 11) The Subcommittee reduced Housing and Community Services Department, Article XI-I (2) general obligation authority to \$25,000,000 from \$50,000,000 in the Governor's Budget to reflect recent activity history with the understanding the agency can return to request additional authority in the 2014 Session if necessary. The Subcommittee reduced Housing and Community Services Department's direct revenue bond authority to \$150,000,000 from \$300,000,000 and pass-through revenue bond authority to \$150,000,000 from \$200,000,000 to reflect recent activity history with the understanding the agency can return to request additional authority in the 2014 Session.
- 12) The Subcommittee increased the Department of Administrative Services, Lottery Revenue Bond limit to \$157,557,715. The increase reflects reauthorization of funding for the Roseburg Veterans' Home approved in the 2011 Session. Other increases include funding for

the following projects: Coos Bay Rail Link; Salem-Keizer Transit Center; Oregon Convention Center hotel, Umatilla Industrial Park Road Extension; North Central Education Service District digital switch infrastructure; and grants to maintain affordable housing, Connect Oregon V; and the Lane Transit EmX extension. Amounts for regional planning grants and for Oregon Business Development Department's Special Public Works Fund were reduced from levels in the Governor's Budget. The Subcommittee also funded a Willamette Falls property acquisition, certain arts projects, funding for home energy efficiency programs, and grants for water development and infrastructure.

Budget Note:

If the local and/or regional public sponsors acquire the portion of the property immediately adjacent to Willamette Falls, the partners will work with the State Parks and Recreation Commission to designate the site as a State Historic Site to be managed by Oregon Parks and Recreation Department and developed in partnership with the public sponsors.

If the local and/or regional public sponsors do not acquire the property adjacent to Willamette Falls, the State Parks and Recreation Commission will seek to acquire the property necessary for public access to that property.

- 13) The Subcommittee reduced Oregon Business Development Department's direct revenue bond authority from \$60,000,000 in the Governor's Budget to \$35,000,000, and its pass-through revenue bond authority for industrial development bonds from \$125,000,000 to \$65,000,000 to reflect recent activity history with the understanding the agency can return to request additional authority in the 2014 Session.
- 14) The Subcommittee reduced the Oregon Facilities Authority pass-through revenue bond authority from \$750 million in the Governor's Budget to \$450 million to reflect recent activity history with the understanding the agency can return to request additional authority in the 2014 Session.

Detail of projects authorized for the Oregon University System through bond financing is included below.

Oregon University System

System-wide projects

The Subcommittee approved the following four system-wide projects and financing authorizations totaling \$85,000,000 total funds:

- Capital renewal, code compliance, and safety: approved \$30,000,000 Article XI-Q bonds to maintain facilities throughout the Oregon University System and keep the deferred maintenance backlog from growing. These projects do not involve acquisition of buildings, structures, or land. Debt service on the Article XI-Q bonds will be paid with General Fund.

- Miscellaneous Student Building Fee projects: approved \$20,000,000 Article XI-F (1) bonds for small planning, code compliance, acquisition, additions, remodels, and other projects. Student building fees constitute the source for debt service on the Article XI-F (1) bonds.
- Commercial Paper: approved \$15,000,000 Article XI-F (1) bonds to provide short-term financing for capital projects. Debt service on the Article XI-F (1) bonds will be repaid with revenues from long-term project financing or other campus revenues.
- Financing Agreements: approved \$20,000,000 to provide system-wide capacity to enter into leases or other arrangements that contractually result in ownership of land, improvements, structures, or other property.

Eastern Oregon University

The Subcommittee approved the following project for Eastern Oregon University:

- Eastern Learning Commons planning and design development: approved \$2,000,000 Article XI-Q bonds for the development of plans for a multi-building complex for on-campus and distance education, including a classroom building with a data center and information technology space and a separate residence hall. Following completion of the planning process, EOU is expected to request authorization of approximately \$26 million in state bonds to execute the project over two phases. Debt service on the bonds will be paid with General Fund.

Oregon Institute of Technology

The Subcommittee approved the following two projects for the Oregon Institute of Technology, totaling \$12,000,000 total funds.

- Cornett Hall renovation study, design and planning: approved \$2,000,000 Article XI-Q bonds for the development of plans for renovation or replacement of a 1960's era building. Following completion of the planning process, OIT is expected to request authorization of approximately \$30 million in state bonds to execute the project. Debt service on the planning bonds will be paid with General Fund.
- Wilsonville Campus Renovation: approved \$10,000,000 Article XI-F (1) bonds to complete the purchase of the In-Focus building and make tenant improvements. OIT will pay debt service on the bonds with tuition and building lease revenues.

Oregon State University

The Subcommittee approved the following seven projects, totaling \$98,920,000 total funds.

- Classroom building and quad: approved the sale of \$32,500,000 Article XI-G bonds to construct a new classroom building with space for the University Honors College and an integrated resource center. OSU intends to use OUS revenue bonds as match for the Article XI-G bonds; debt service on the revenue bonds will be repaid with forecasted growth in non-resident tuition revenue. Debt service on the Article XI-G bonds will be paid with General Fund.
- Cascades Campus Expansion: approved \$4,000,000 Article XI-G bonds, \$12,000,000 Article XI-Q bonds and \$4,000,000 Article XI-F (1) bonds to acquire and renovate several buildings to expand the campus in Bend to offer a four-year undergraduate program. The number and

location of buildings to be acquired have not been determined. The Article XI-G bonds will be matched with donations. Debt service on the Article XI-G and Article XI-Q bonds will be paid with General Fund. Debt service on the Article XI-F (1) bonds will be paid with tuition revenue.

- Chemical, Biological, and Environmental Engineering Building: approved \$20,000,000 Article XI-G bonds to construct an instructional and research building intended to promote collaboration among OSU researchers, start-up companies, and established businesses in the science and engineering of sustainable energy and materials. Match for the Article XI-G bonds will come from gifts and donations. Debt service on the Article XI-G bonds will be paid with General Fund.
- Modular Data Center: approved \$7,000,000 Article XI-Q bonds to create small data centers throughout campus intended to support research, instructional and administrative activities. Debt service on the Article XI-Q bonds will be paid with tuition revenue.
- Underground communications infrastructure: approved \$10,000,000 Article XI-Q bonds to expand OSU's communications system to increase internet and other communications capacity. Debt service on the Article XI-Q bonds will be paid with tuition.
- Housing and dining upgrades: approved \$9,500,000 Article XI-F (1) bonds to make improvements in five residence halls. Debt service on the Article XI-F (1) bonds will be paid with housing and dining fees.

Portland State University

The Subcommittee approved the following three projects, totaling \$74,000,000 total funds:

- School of Business Administration addition, renovation, and deferred maintenance: approved \$10,000,000 Article XI-G bonds and \$30,000,000 Article XI-Q bonds to expand and modernize an existing building housing the School of Business Administration and the Graduate School of Education. Gifts and donations will be used as match for the Article XI-G bonds. Debt service on the Article XI-G bonds and Article XI-Q bonds will be paid with General Fund.
- Stott Center Educational Facility renovations and deferred maintenance: approved \$20,000,000 Article XI-G bonds, \$2,000,000 Article XI-Q bonds, and \$2,000,000 Article XI-F (1) bonds to renovate and expand a 1960s facility for athletics, health and physical education classes, student recreation, and inter-mural sports. The project will add a new 5,000 seat basketball arena, athletics sports courts and practice courts that will also be used for credit bearing classes and offices. It will also replace outdated building systems and address deferred maintenance needs. Gifts and donations will be used to fund the Article XI-G bond match. Debt service on the Article XI-G and Article XI-Q bonds will be paid with General Fund. Debt service on the Article XI-F (1) bonds will be paid with revenues from ticket sales and concession sales received during events held at the arena.
- Land acquisition: approved \$10,000,000 Article XI-F (1) bonds for purchase of land under the university-owned University Center building. Debt service on the Article XI-F (1) bonds will be paid with savings from lease payments that will no longer be owed.

Southern Oregon University

The Subcommittee approved the following three projects totaling \$38,000,000 total funds:

- Theatre Arts Building expansion and remodel: approved \$11,000,000 Article XI-Q bonds to expand and remodel of the Theatre Arts Building. This replaces a \$5.5 million allocation of Article XI-G bonds approved in 2009 but not sold because the university was unable to raise matching funds. Debt service on the Article XI-Q bonds will be paid with General Fund.
- Student Recreation Center: approved \$20,000,000 Article XI-F (1) bonds to create a new student fitness center. Debt service on the Article XI-F (1) bonds will be paid with student building fee revenues.
- Cascades Hall replacement: approved \$7,000,000 Article XI-F (1) bonds to construct a new dining facility that will serve as a space for campus meetings and events. Food service revenues will be used to pay debt service on the Article XI-F (1) bonds.

University of Oregon

The Subcommittee approved the following six projects, totaling \$239,665,000 total funds:

- Straub and Earl Halls classrooms expansion: approved \$11,000,000 Article XI-G bonds to expand and remodel two existing buildings to add classroom capacity and address deferred maintenance needs. Gift and grant revenues will be used as match for the Article XI-G bonds. Debt service on the bonds will be paid with General Fund.
- Science Commons and Research Library expansion and remodel: approved \$8,375,000 Article XI-G bonds to remodel the existing underground library and construct an above ground expansion for instruction and research. UO will match the Article XI-G bonds with gifts and donations. Debt service on the bonds will be paid with General Fund.
- Museum of Natural and Cultural History library shelving project: \$990,000 Article XI-Q bonds for equipment and exhibition space needs. Debt service on the Article XI-G bonds will be paid with General Fund.
- Student Recreation Center expansion and renovation: approved \$50,250,000 Article XI-F (1) bonds to renovate and expand the existing student recreation center. Debt service on the Article XI-F (1) bonds will be paid with a new \$38 per term student building fee approved in a fall 2012 student referendum.
- Erb Memorial Student Union expansion and renovation: approved \$84,300,000 Article XI-F (1) bonds to renovate and expand the existing Erb Memorial Union that houses student organization and programs, student government, multi-cultural programs, and food and other retail operations. Debt service on the Article XI-F (1) bonds will be paid with a new \$69 per term student building fee approved in a fall 2012 student referendum.

- University Housing expansion: approved \$84,750,000 Article XI-F (1) bonds to construct four separate housing facilities with approximately 800 beds. Revenues from housing rents and retail food service will be used to pay debt service on the Article XI-F (1) bonds.

Western Oregon University

The Subcommittee approved the following project at \$17,200,000 total funds:

- New College of Education Facility: approved \$1,400,000 Article XI-G bonds and \$15,800,000 Article XI-Q to construct a new building for the College of Education. The Article XI-G bonds will be matched with donations. Debt service on the bonds will be paid with General Fund.

Reauthorized projects: The Subcommittee reauthorized the sale of bonds for the following six projects totaling \$89,610,500 total funds, approved in prior biennia:

- Oregon University System Capital Renewal, Code, and Safety, originally approved in 2007: \$3,300,000 Article XI-F (1) bonds;
- Oregon State University Strand Agricultural Hall deferred maintenance, originally approved in 2009: \$6,586,000 Article XI-G bonds and \$4,847,000 Article XI-Q bonds;
- Oregon State University Biofuels Demonstration Project, originally approved in 2009: \$4,000,000 Article XI-G bonds;
- Oregon State University Student Experience Center, originally approved in 2011: \$42,700,000 Article XI-F (1) bonds;
- Oregon State University New Residence Hall, originally approved in 2011: \$19,000,000 Article XI-F (1) bonds; and
- Oregon State University Memorial Union Renovation, originally approved in 2011: \$9,177,500 Article XI-F (1) bonds.

Article Xi-Q Authority

<u>Oregon Health Authority</u>		
State Hospital Replacement Project	\$	<u>86,860,000</u>
<u>Department of Human Services</u>		
Self-Sufficiency Modernization System	\$	<u>14,360,000</u>
<u>Department of Corrections</u>		
Deferred Maintenance	\$	<u>5,050,000</u>
<u>Oregon Youth Authority</u>		
Electronic Security & Deferred Maint.	\$	<u>5,165,000</u>
<u>Military Department</u>		
Scharff Hall Armory	\$	2,870,000
Roseburg Armory		2,280,000
Medford Armory		2,445,000
Baker County Readiness Center		<u>1,235,000</u>
Subtotal	\$	<u>8,830,000</u>
<u>Department of Justice</u>		
Support Enforcement System	\$	<u>14,410,000</u>
<u>Judicial Department</u>		
e-Court System	\$	24,855,000
Supreme Court Building		4,465,000
Multnomah County Courthouse		<u>15,270,000</u>
Subtotal	\$	<u>44,590,000</u>
<u>Oregon University System</u>		
Stott Center PSU	\$	2,000,000
School of Business PSU		30,000,000
Theater Arts SOU		11,000,000
New College of Ed WOU		15,800,000
Cornett Hall OIT		2,000,000
Learning Commons EOU		2,000,000
Strand Hall OSU (auth in 2009)		4,847,000
Cascades Campus OSU		12,000,000
Modular Data Center OSU		7,000,000
Underground Commun. Infrastructure OSU		10,000,000
Library Shelving		990,000
Capital Renewal, Code and Safety		<u>30,000,000</u>
Subtotal	\$	<u>127,637,000</u>
<u>Department of Revenue</u>		
Core System Replacement	\$	<u>27,050,000</u>
<u>Legislative Administration</u>		
Capitol Master Plan	\$	<u>35,115,000</u>
<u>Department of Transportation</u>		
State Radio Project	\$	<u>40,730,000</u>
<u>Department of Forestry</u>		
Gilchrist Forest Acquisition	\$	5,275,000
Eastern Lane Headquarters		<u>1,795,000</u>
Subtotal	\$	<u>7,070,000</u>
<u>Department of Veterans' Affairs</u>		
Linn County (Lebanon) Veterans' Home	\$	<u>4,065,000</u>
<u>Oregon Business Development Dept</u>		
Innovation Infrastructure	\$	<u>5,120,000</u>
TOTAL	\$	<u>426,052,000</u>

Senate Bill 5506, SECTIONS 1 - 3.

<u>Program Designation</u>	<u>2011-13 Legislatively Approved</u>	<u>2013-15 Governor's Budget</u>	<u>2013-15 Committee Recommendations</u>	<u>Changes from Governor's Budget</u>
<u>GENERAL OBLIGATION BONDS</u>				
General Fund Obligations				
Oregon University System (Art. XI-G)	\$ 17,608,000	\$ 17,608,000	\$ 117,861,000	\$ 100,253,000
Dept of Com. Col. & Workforce Dev. (Art. XI-G)	\$ 24,500,000	\$ 16,500,000	\$ 125,081,600	\$ 108,581,600
Dept of Environmental Quality (Art. XI-H)	\$ 16,740,000	\$ 10,000,000	\$ 10,000,000	\$ 0
Oregon Business Development Dept. (Art. XI-M)	\$ 7,614,000	\$ 15,000,000	\$ 15,000,000	\$ 0
Oregon Business Development Dept. (Art. XI-N)	\$ 0	\$ 15,000,000	\$ 15,000,000	\$ 0
Dept of Administrative Services (Art. XI-Q)	\$ 200,645,000	\$ 332,265,000	\$ 426,052,000	\$ 93,787,000
Dedicated Fund Obligations				
Dept. of Transportation (Art. XI, Sec. 7)	\$ 0	\$ 453,320,000	\$ 453,725,000	\$ 405,000
Dept of Veterans' Affairs (Art. XI-A)	\$ 100,000,000	\$ 100,000,000	\$ 60,000,000	\$ (40,000,000)
Oregon University System (Art. XI-F(1))	\$ 166,722,070	\$ 348,222,070	\$ 390,977,500	\$ 42,755,430
Water Resources Department (Art. XI-I(1))	\$ 15,000,000	\$ 10,235,000	\$ 10,235,000	\$ 0
Housing and Com. Services Dept (Art. XI-I(2))	\$ 50,000,000	\$ 50,000,000	\$ 25,000,000	\$ (25,000,000)
Department of Energy (Art. XI-J)	\$ 150,000,000	\$ 100,000,000	\$ 60,000,000	\$ (40,000,000)
Total General Obligation Bonds	\$ <u>748,829,070</u>	\$ <u>1,468,150,070</u>	\$ <u>1,708,932,100</u>	\$ <u>240,782,030</u>
<u>REVENUE BONDS</u>				
Direct Revenue Bonds				
Housing and Com. Services Department	\$ 300,000,000	\$ 300,000,000	\$ 150,000,000	\$ (150,000,000)
Department of Transportation				0
Infrastructure Fund	\$ 18,360,000	\$ 20,400,000	\$ 20,400,000	\$ 0
Highway User Tax	\$ 663,000,000	\$ 846,690,000	\$ 846,690,000	\$ 0
Toll-Backed Revenue Bonds	\$ 0	\$ 0	\$ 663,000,000	\$ 663,000,000
Oregon Business Development Department	\$ 100,000,000	\$ 60,000,000	\$ 35,000,000	\$ (25,000,000)
Department of Energy	\$ 25,000,000	\$ 25,000,000	\$ 20,000,000	\$ (5,000,000)
Oregon University System	\$ 0	\$ 5,880,000	\$ 50,000,000	\$ 44,120,000
Department of Administrative Services Lottery				0
Revenue Bonds	\$ 233,330,000	\$ 155,380,000	\$ 157,557,715	\$ 2,177,715
Total Direct Revenue Bonds	\$ <u>1,339,690,000</u>	\$ <u>1,413,350,000</u>	\$ <u>1,942,647,715</u>	\$ <u>529,297,715</u>

Pass Through Revenue Bonds

Oregon Business Development Department				
Industrial Development Bonds	\$ 125,000,000	\$ 125,000,000	\$ 65,000,000	\$ (60,000,000)
Oregon Facilities Authority	\$ 550,000,000	\$ 750,000,000	\$ 450,000,000	\$ (300,000,000)
Housing and Com. Services Department	\$ 125,000,000	\$ 200,000,000	\$ 150,000,000	\$ (50,000,000)
Total Revenue Bonds	\$ <u>2,139,690,000</u>	\$ <u>2,488,350,000</u>	\$ <u>2,607,647,715</u>	\$ <u>119,297,715</u>

OTHER FINANCING AGREEMENTS

Department of Administrative Services	\$ <u>12,500,000</u>	\$ <u>103,975,000</u>	\$ <u>40,000,000</u>	\$ <u>(63,975,000)</u>
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**Senate Bill 5006, SECTION 4.
Private Activity Bond Allocation for 2014 and 2015 Calendar Years.**

Allocation For:	2011-13 Legislatively Approved Budget		Subcommittee Recommendation	
	2012 Calendar Year	2013 Calendar Year	2014 Calendar Year	2015 Calendar Year
Oregon Business Development Department:	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000
Housing & Community Services Department:	\$125,000,000	\$125,000,000	\$125,000,000	\$125,000,000
State Department of Energy:	\$ 15,000,000	\$ 15,000,000	\$ 10,000,000	\$ 10,000,000
Private Activity Bond Committee:	\$183,952,030	\$183,952,030	\$195,438,535	\$195,438,535
TOTAL:	\$363,952,030	\$363,952,030	\$370,438,535	\$370,438,535

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: SB 5507-A

Carrier – House: Rep. Smith

Carrier – Senate: Sen. Girod

Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 22 – 4 – 0

House

Yeas: Barker, Buckley, Frederick, Huffman, Jenson, Komp, Nathanson, Read, Smith, Tomei, Williamson

Nays: Freeman, Hanna, McLane, Richardson

Exc:

Senate

Yeas: Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc:

Prepared By: Jack Kenny and Bill McGee, Department of Administrative Services

Reviewed By: Paul Siebert, Legislative Fiscal Office

Meeting Date: July 7, 2013

Agency

Capital Construction – various agencies

Department of Veterans' Affairs

Department of Forestry

Biennium

2013-15

2011-13

2009-11

Budget Summary

	2011-13 Legislatively Approved Budget⁽¹⁾	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$ Change	% Change
Other Funds	\$ 469,027,017	\$ 0	\$ 265,625,458	\$ (203,401,559)	-43.4%
Federal Funds	\$ 36,051,831	\$ 0	\$ 2,466,205	\$ (33,585,626)	-93.2%
Total	\$ 505,078,848	\$ 0	\$ 268,091,663	\$ (236,987,185)	-46.9%

2011-13 Expenditure Limitation Adjustments

Department of Veterans' Affairs

Other Funds	\$ 4,000,000	\$ 4,000,000
Federal Funds	\$ 6,840,377	\$ 6,840,377

2009-11 Expenditure Limitation Adjustments

Department of Forestry

Other Funds	\$ 5,200,000	\$ 5,200,000
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⁽¹⁾ Includes adjustments through December 2012

Summary of Revenue Changes

Other Fund revenues are from the proceeds of the issuance of Article XI-Q bonds, the depreciation component of the Uniform Rent program and other deposits in the Department of Administrative Services Capital Projects Fund established by ORS 276.005, PGE hydroelectric re-licensing agreement, Oregon Military Department Capital Construction Account (surplus property sale proceeds), energy incentive payments, rental income, proceeds from aircraft registration fees assessed in accordance with ORS 837.040 and 837.045, and state gasoline tax and driver and vehicle related fees. Federal Funds revenues are from National Guard Bureau, the Federal Aviation Administration's General Aviation Entitlement Program, and the Federal Airport Improvement Program.

Summary of Capital Construction Subcommittee Action

Senate Bill 5507 provides six-year expenditure limitation for new capital construction projects. Projects in excess of \$1 million that build, acquire, adapt, replace, or change the use or function of a facility are categorized as capital construction projects. All capital projects in excess of \$1 million require a separate Capital Construction expenditure limitation established by the Legislature or the Emergency Board. Senate Bill 5507 also extends the six-year expiration dates and expenditure limitations for specified projects and authorizes the sale of Military Department property as required by ORS 396.515 (4).

Oregon Health Authority

State Hospital Replacement Project: \$79,401,530 Other Funds (Article XI-Q bonds) is approved for completion of the project to provide new mental health facilities to replace the State Hospital constructed in 1883 (implementation of the Oregon State Hospital Framework Master Plan). Funding provides for construction of the 174 bed Junction City campus, expected to be completed by the end of calendar year 2014. Project funding includes development and implementation of the Behavioral Health Integration Project (BHIP). Debt service will be paid with General Fund.

Department of Administrative Services

HVAC Improvement Projects: \$4,921,160 Other Funds (Capital Projects Fund) is approved to provide HVAC system upgrades on several state-owned buildings. Planned improvements include the Portland State Office Building, the Human Services Building and various other projects.

Roof Replacements: \$1,303,942 Other Funds (Capital Projects Fund) is approved to provide roof replacements or repairs on several state buildings. Planned work includes roof replacement at the Real Estate Building and the Central Point Building.

Public Utility Commission Building Exterior Replacement: \$4,740,390 Other Funds (Capital Projects Fund) is approved to replace exterior siding and window glazing, replace interior sheet rock and install a new roof.

Elevator Upgrades: \$961,420 Other Funds (Capital Projects Fund) is approved for the repair and upgrade to code for elevators in the Eugene State Office Building.

Carpet Replacements: \$3,744,374 Other Funds (Capital Projects Fund) is approved to fund carpet replacements at several state buildings including Agriculture, Revenue and Human Services buildings.

Planning: \$350,000 Other Funds (Capital Projects Fund) is approved to contract with various architects, engineers and other specialists to develop feasibility analyses and reliable cost information; to prepare preliminary design for small to medium-sized projects; and evaluate options to solve maintenance problems.

Executive Building Renovation: \$800,000 Other Funds (Capital Projects Fund) is approved for architectural design work, engineering plan and budget development for a major renovation of the Executive Building planned for 2015-17.

Department of Veterans' Affairs

Linn County (Lebanon) Veterans' Home: \$4,000,000 Other Funds (Article XI-Q Bonds) and \$6,840,377 Federal Funds - (United States Department of Veterans' Affairs construction grant) is approved for design and construction work on the second state veterans' home. To comply with the current facility design requirements from the United States Department of Veterans' Affairs, the total additional cost needed to construct this facility is projected to be \$10.8 million. The project requires a 35 percent state and local match and is expected to be completed in 2014. Capital construction expenditure limitation was established for this project beginning in the 2011-13 biennium.

Department of Transportation

Region 1 (Portland) Facilities Consolidation Project: \$1 Other Funds (fee revenue) is approved as a placeholder for a project to consolidate a number of facilities within the Portland Metro area.

The Subcommittee approved the extension of the project expiration dates and expenditure limitations for the following projects: the Transportation Building Renovation Center (Other Funds): extended to June 30, 2015; Baker City and East Portland Highway Facilities (Other Funds): extended to June 30, 2015; and the Sisters Maintenance Station (Other Funds): extended to June 30, 2014.

Department of Aviation

Cottage Grove State Airport: \$400,000 Federal Funds (Federal Aviation Administration) and \$40,000 Other Funds (aircraft registration fees) is approved to conduct design engineering needed to ascertain the required scope and cost of a runway rehabilitation project. Rehabilitation is necessary to meet safe operating conditions based on the most recent Pavement Condition Index survey.

Department of Fish and Wildlife

Clackamas Hatchery Intake System: \$1,000,000 Other Funds (Portland General Electric re-licensing settlement agreement) is approved for design and preliminary construction of an intake system at the Clackamas Hatchery.

Department of Forestry

Gilchrist Forest Land Acquisition: \$5,200,000 Other Funds (Article XI-Q Bonds) is approved to purchase some of the remaining available tracts in the Gilchrist Forest. Expenditure limitation for this purchase was added to the existing expenditure limitation for a similar project approved by the 2009 Legislative Assembly (and increased by the 2011 Legislative Assembly). This increase in expenditure limitation will expire June 30, 2015. Debt service for XI-Q bonds will be paid from the General Fund.

East Lane Headquarters Building: \$1,750,000 Other Funds (Article XI-Q bonds) is approved to make improvements at the Springfield facility to increase safety and functionality. The project includes installation of site utility improvements and construction of a multi-use building to

house a fire cache, vehicle repair and equipment fabrication shop. In addition, the project includes fire crew support facilities, and the conversion of an existing vehicle repair building into fire engine and equipment storage facilities.

Oregon Military Department

Sharff Hall Armory: \$2,781,000 Other Funds (Article XI-Q Bonds) is approved for the acquisition of a former US Army Reserve site in Portland, Oregon (\$1.2 million) and for design and construction of needed additions and alterations to convert the facility into an armory (\$1,581,000). The remodel is extensive including the following: replacement of window glazing systems, evaluation of energy and water saving measures, replacement/refurbishment of HVAC systems, upgrades to electronic security systems, upgrades to kitchen, storage and vehicle maintenance bays and other improvements.

Roseburg Armory: \$2,230,416 Other Funds (Article XI-Q Bonds) is approved for a service life extension project to renovate the facility. The project includes the design and construction of additions and alterations to the armory. Funding will address severe deficiencies in the electrical, mechanical and structural components of the facility.

Medford Armory: \$2,391,660 Other Funds (Article XI-Q Bonds) is approved for a service life extension project to renovate the facility. The project includes the design and construction of additions and alterations to the armory. The remodel will replace the HVAC system, upgrade window glazing systems, information technology systems, restrooms, kitchen, administrative and storage areas, and evaluate and implement feasible energy and water savings measures.

Baker City Readiness Center: \$1,189,579 Other Funds (Article XI-Q bonds) is approved to affect the transfer of real property with Baker County, to conduct demolition of the County Extension Building, and to construct a new Military Vehicle Storage Compound. Federal Funds Capital Construction expenditure limitation for the project may be requested at a future date once funding is secured from the federal government.

Christmas Valley Land Acquisition: \$220,000 Other Funds (energy incentive funds/rental income) is approved to complete the purchase of 2,296 acres for the possible development of a utility-scale solar project and a potential military training site. This amount will allow for the final installment payment for this acquisition.

Milton-Freewater Armory: \$1,804,000 Federal Funds (National Guard Bureau) is approved for a service life extension project to renovate the facility. The work will include installing efficient heating and cooling systems and utility systems upgrades. The project also includes replacement of certain windows, doors and facility-related equipment. Federal Funds expenditure limitation for this project was originally approved by the Emergency Board (May 2012), however, that expenditure limitation expired and additional time is needed to complete construction and expend the funds.

Planning and Design: \$282,445 Other Funds (Capital Construction Account) and \$262,205 Federal Funds (National Guard Bureau) is approved for planning and preliminary design work at a number of sites throughout the state where the agency is planning future capital construction projects

The Subcommittee approved the extension of the project expiration dates and expenditure limitations for the following projects: the Ontario Readiness Center (Other Funds): extended to June 30, 2014; the Ontario Readiness Center (Federal Funds): extended to June 30, 2014; and the Dallas Readiness Center land acquisition (Other Funds): extended to June 30, 2015.

The subcommittee also approved the sale proposal from the Oregon Military Department, as required by ORS 396.515 (4), for the sale of the Baker City Armory.

Oregon State Police

The Subcommittee approved the extension of the project expiration date and expenditure limitation for the Oregon Wireless Interoperability Network (Federal Funds) to December 30, 2013.

Oregon Youth Authority

Electronic Security Projects: \$2,116,810 Other Funds (Article XI-Q Bonds) is approved to acquire and install security systems, including improved and expanded key control access systems, and CCTV systems.

Deferred Maintenance: \$2,958,131 Other Funds (Article XI-Q bonds) is approved to address highest priority deferred maintenance projects to provide a safe and secure environment for the public and residents. Projects are located at facilities throughout the state and address a range of needs including fire alarms, water and electrical systems and structural repairs.

Department of Corrections

Deferred Maintenance: \$4,961,000 Other Funds (Article XI-Q bonds) is approved to address highest priority deferred maintenance projects. Projects are located at facilities throughout the state and address a range of needs including HVAC repairs, security and electrical systems changes and some structural improvements.

The Subcommittee approved the extension of the project expiration dates and expenditure limitations for the following projects: Deferred Maintenance and Assessment (Other Funds): extended to April 30, 2014; and Deferred Maintenance (Other Funds): extended to April 30, 2014.

Judicial Department

Supreme Court Building Renovation: \$4,400,000 Other Funds (Article XI-Q bonds) is approved for the early stages of needed renovations. This funding will be used to address major safety issues with the exterior of the building, water penetration through the façade, and dry-rot in wooden-framed windows. This project will fund terracotta exterior repair and sealing, window repair, project management and the review and planning of future phases of critical interior renovation work.

Legislative Administration

State Capitol Master Plan: \$34,500,000 Other Funds (Article XI-Q bonds) is approved to complete the detailed pre-construction planning and design phase of the project to address life-safety concerns through seismic upgrades and other critical needs, including fire and electrical systems. Furthermore this project will address public access and improve operational efficiency of the Capitol.

Community Colleges and Workforce Development

The Subcommittee approved a budget of \$108,581,600 Other Funds (Article XI-G bonds) for 16 new construction and deferred maintenance projects at 16 community colleges:

- Blue Mountain Community College Applied Animal Science Education Center: approved \$3,331,350 Other Funds (Article XI-G bonds) to construct new facilities for animal science and agriculture programs. The project includes classrooms and office building, indoor and outdoor arenas, a hay barn, horse pens and mare motels, tack storage lockers and round pens. Match for the Article XI-G bonds will come from grants, donations, corporate scholarships, and possibly a district bond levy.
- Central Oregon Community College Academic and Student Services Center: approved \$5,260,000 Other Funds (Article XI-G bonds) to provide state funds to retire outstanding Central Oregon Community College general obligation bonds sold for construction of a building leased to Oregon State University for operation of its Cascades campus. Once the debt is repaid, the COCC will terminate the contract with OSU and remodel the building for college academic and student support use. Match on the Article XI-G bonds would be paid with COCC funds.
- Chemeketa Community College Applied Technology Classroom Center: approved \$8,000,000 Other Funds (Article XI-G bonds) to construct new space for the Welding/Metal Fabrication and Machining programs and to remodel existing space to accommodate college services displaced by the new construction. Match for the Article XI-G bonds will come from proceeds of a district bond levy approved in May 2008.
- Clackamas Community College Clairmont Career and Technology Education Center: approved \$8,000,000 Other Funds (Article XI-G bonds) to replace a 1960's era building that will provide additional classroom and industrial space. In addition, the horticulture program, the joint Clackamas/Oregon State University Extension Service office, and industrial technology programs will be located in the new facility. Match for the Article XI-G bonds will come from Extension Service revenues, a capital campaign, and proceeds from a district bond levy.
- Clatsop Community College Health and Wellness Center: approved \$7,990,000 Other Funds (Article XI-G bonds) for construction of a new facility with gymnasium, fitness room, equipment storage, lockers, showers, and wellness activity area for physical education, community education, and health and wellness programs. Match for the Article XI-G bonds will come from proceeds of a legal settlement, a tuition surcharge, and fundraising.

- Columbia Gorge Community Advanced Technology Center, phase two: approved \$7,320,000 Other Funds (Article XI-G bonds) for construction of a facility on the Hood River campus to support science, technology, engineering, and mathematics programs. Match for the Article XI-G bonds will come from fundraising and proceeds of a district bond levy.
- Klamath Community College Student Success and Career-Technical Center: approved \$7,850,000 Other Funds (Article XI-G bonds) for construction of a new facility housing a research library and computer labs, a testing center, tutoring and advising areas, and space for GED, Adult Basic Education, and English as a Second Language programs. The project will also expand the Career Technical Education center for auto and diesel mechanics and construction management programs. Match for the Article XI-G bonds will come from college reserve funds, foundation and federal grants, and district general obligation bonds.
- Lane Community College The Center for Student Success: approved \$8,000,000 Other Funds (Article XI-G bonds) to remodel an existing 1960s era building that houses the library, tutoring center, bookstore, Academic Learning Skills Department, and Culinary Arts and Hospitality programs to provide a student centered learning environment that integrates academic support services and resources with technology and facilities that promote individual and group learning. Match for the Article XI-G bonds will come from proceeds of a district bond levy approved in November 2008.
- Linn-Benton Community College Nursing and Allied Health Facilities: approved \$8,000,000 Other Funds (Article XI-G bonds) for construction of a new facility for 12 Allied Health programs located in proximity to major healthcare providers or education centers. The funds will also be used to repurpose space on the Albany campus that become available after the health programs are relocated. Match for the Article XI-G bonds will come from private donations and revenues from a district bond levy.
- Mt. Hood Community College Student Services Enhancement: approved \$8,000,000 Other Funds (Article XI-G bonds) to remodel and expand student service facilities, centralizing academic advising, career counseling, financial aid, admissions, registration, testing, business office and other functions. Match for the Article XI-G bonds will come from a district bond levy or a secured loan to be repaid with tuition revenue.
- Portland Community College Health Professions Center: approved \$8,000,000 Other Funds (Article XI-G bonds) to construct or purchase and remodel a facility near the Sylvania campus for Dental Hygiene, Dental Assisting, Dental Lab Technology, Radiography, and Nursing programs. Match for the Article XI-G bonds will come from proceeds from a district bond levy passed in 2008.
- Rogue Community College Health and Science Center: approved \$8,000,000 Other Funds (Article XI-G bonds) to increase space for health science programs by constructing new facilities or buying and remodeling existing ones. Match for the Article XI-G bonds will come from partnership contributions, grants, and capital campaign contributions.
- Southwestern Oregon Community College Health and Science Technology Building: approved \$8,000,000 Other Funds (Article XI-G bonds) for construction of a new facility with laboratory, classroom, and auxiliary space for expansion of allied health and science programs. The

facility will support increased use of technology and distance education in health and science programs. Match for the Article XI-G bonds will come from private grants and donations and, if necessary, revenues from a district bond levy.

- Tillamook Bay Community College: Career and Technical Workforce Facility: approved \$2,000,000 Other Funds (Article XI-G bonds) to construct a new building that will house OSU Extension Services and Open Campus programs, Oregon Regional Solutions, Tillamook County Economic Development Council, and the college Small Business Development Office as well as classroom, office, and laboratory space for career and technical education, natural resources, and hospitality and tourism programs. Match for the Article XI-G bonds will come from college reserve funds, partnerships and fundraising, and proceeds from a district general obligation bond.
- Treasure Valley Community College Workforce Vocational Center: approved \$2,830,250 Other Funds (Article XI-G bonds) for construction of a new facility to expand space for welding training and to house Natural Resource, Renewable Energy, Wild Land Fire, Construction Trades, and Waste Water Management programs. Match for the Article XI-G bonds will come from funding raising or proceeds from district bonds or a district bond levy.
- Umpqua Community College Industrial Technology Building: approved \$8,000,000 Other Funds (Article XI-G bonds) to construct a new facility on campus for automotive, manufacturing, construction, and welding technology programs. The college had planned to match the Article XI-G bonds with proceeds from a district bond levy which was defeated by the voters in May 2013. Alternatives for generating the match from grants, donations, and other sources are being explored.

The Subcommittee approved the extension of the project expiration dates and expenditure limitations for the following projects: Clackamas Community College – Harmony Campus Phase II: extended to June 30, 2017; and Umpqua Community College – Roseburg Regional Health Occupation Training Center: extended to June 30, 2017.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5507-A

Various Agencies

Jack Kenny -- 503-378-3107; Bill McGee - 503-378-2078

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS	FEDERAL FUNDS	CCWD XI-G Bond Expenditures	TOTAL FUNDS	POS	FTE
<u>COMMITTEE AUTHORIZATIONS</u>								
<u>Legislative Administration Committee</u>								
State Capitol Master Plan	\$ 0	\$ 0	\$ 34,500,000	\$ 0	N/A	\$ 34,500,000	0	0.00
<u>Judicial Department</u>								
Supreme Court Building Renovation	\$ 0	\$ 0	\$ 4,400,000	\$ 0	N/A	\$ 4,400,000	0	0.00
<u>EDUCATION PROGRAM AREA</u>								
<u>Department of Community Colleges and Workforce Development</u>								
Blue Mountain - Animal Science Ed. Center	\$ 0	\$ 0	N/A	\$ 0	\$ 3,331,350	\$ 3,331,350	0	0.00
Central Oregon - Academic & Student Svcs Ctr	\$ 0	\$ 0	N/A	\$ 0	\$ 5,260,000	\$ 5,260,000	0	0.00
Chemeketa - Applied Technology Classroom	\$ 0	\$ 0	N/A	\$ 0	\$ 8,000,000	\$ 8,000,000	0	0.00
Clackamas - Clairmont Career/Tech Center	\$ 0	\$ 0	N/A	\$ 0	\$ 8,000,000	\$ 8,000,000	0	0.00
Clatsop - Health and Wellness Center	\$ 0	\$ 0	N/A	\$ 0	\$ 7,990,000	\$ 7,990,000	0	0.00
Columbia Gorge - Advance Technology Center	\$ 0	\$ 0	N/A	\$ 0	\$ 7,320,000	\$ 7,320,000	0	0.00
Klamath - Student Success & Career/Tech Center	\$ 0	\$ 0	N/A	\$ 0	\$ 7,850,000	\$ 7,850,000	0	0.00
Lane - Center for Student Success	\$ 0	\$ 0	N/A	\$ 0	\$ 8,000,000	\$ 8,000,000	0	0.00
Linn Benton - Nursing & Allied Health Facilities	\$ 0	\$ 0	N/A	\$ 0	\$ 8,000,000	\$ 8,000,000	0	0.00
Mt. Hood - Student Services Enhancement	\$ 0	\$ 0	N/A	\$ 0	\$ 8,000,000	\$ 8,000,000	0	0.00
Portland - Health Professions Center	\$ 0	\$ 0	N/A	\$ 0	\$ 8,000,000	\$ 8,000,000	0	0.00
Rogue - Health & Science Center	\$ 0	\$ 0	N/A	\$ 0	\$ 8,000,000	\$ 8,000,000	0	0.00
Southwestern - Health & Science Building	\$ 0	\$ 0	N/A	\$ 0	\$ 8,000,000	\$ 8,000,000	0	0.00
Tillamook Bay - Career & Tech. Workforce Fac.	\$ 0	\$ 0	N/A	\$ 0	\$ 2,000,000	\$ 2,000,000	0	0.00
Treasure Valley - Workforce Vocational Center	\$ 0	\$ 0	N/A	\$ 0	\$ 2,830,250	\$ 2,830,250	0	0.00
Umpqua - Industrial Arts Center	\$ 0	\$ 0	N/A	\$ 0	\$ 8,000,000	\$ 8,000,000	0	0.00
<u>HUMAN SERVICES PROGRAM AREA</u>								
<u>Oregon Health Authority</u>								
State Hospital Replacement	\$ 0	\$ 0	\$ 79,401,530	\$ 0	N/A	\$ 79,401,530	0	0.00
<u>PUBLIC SAFETY PROGRAM AREA</u>								
<u>Oregon Military Department</u>								
Sharff Hall Armory	\$ 0	\$ 0	\$ 2,781,000	\$ 0	N/A	\$ 2,781,000	0	0.00
Medford Armory	\$ 0	\$ 0	\$ 2,391,660	\$ 0	N/A	\$ 2,391,660	0	0.00
Roseburg Armory	\$ 0	\$ 0	\$ 2,230,416	\$ 0	N/A	\$ 2,230,416	0	0.00
Baker City Readiness Center	\$ 0	\$ 0	\$ 1,189,579	\$ 0	N/A	\$ 1,189,579	0	0.00
Christmas Valley Land Acquisition	\$ 0	\$ 0	\$ 220,000	\$ 0	N/A	\$ 220,000	0	0.00
Planning and Predesign	\$ 0	\$ 0	\$ 282,445	\$ 262,205	N/A	\$ 544,650	0	0.00
Milton-Freewater Armory	\$ 0	\$ 0	\$ 0	\$ 1,804,000	N/A	\$ 1,804,000	0	0.00

Department of Corrections

Deferred Maintenance	\$	0	\$	0	\$	4,961,000	\$	0	N/A	\$	4,961,000	0	0.00
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Oregon Youth Authority

Electronic Security Projects	\$	0	\$	0	\$	2,116,810	\$	0	N/A	\$	2,116,810	0	0.00
Deferred Maintenance	\$	0	\$	0	\$	2,958,131	\$	0	N/A	\$	2,958,131	0	0.00

TRANSPORTATION PROGRAM AREA**Department of Transportation**

Region 1 Facilities Consolidation Project	\$	0	\$	0	\$	1	\$	0	N/A	\$	1	0	0.00
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Department of Aviation

Cottage Grove State Airport Runway Rehab	\$	0	\$	0	\$	40,000	\$	400,000	N/A	\$	440,000	0	0.00
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ADMINISTRATION PROGRAM AREA**Department of Administrative Services**

HVAC Improvement Projects	\$	0	\$	0	\$	4,921,160	\$	0	N/A	\$	4,921,160	0	0.00
Roof Replacements	\$	0	\$	0	\$	1,303,942	\$	0	N/A	\$	1,303,942	0	0.00
Public Utility Comm Bldg Exterior Replacemet	\$	0	\$	0	\$	4,740,390	\$	0	N/A	\$	4,740,390	0	0.00
Elevator Upgrades	\$	0	\$	0	\$	961,420	\$	0	N/A	\$	961,420	0	0.00
Carpet Replacements	\$	0	\$	0	\$	3,744,374	\$	0	N/A	\$	3,744,374	0	0.00
Planning	\$	0	\$	0	\$	350,000	\$	0	N/A	\$	350,000	0	0.00
Executive Building Renovation	\$	0	\$	0	\$	800,000	\$	0	N/A	\$	800,000	0	0.00

NATURAL RESOURCES PROGRAM AREA**State Department of Fish and Wildlife**

Clackamas Hatchery Intake System	\$	0	\$	0	\$	1,000,000	\$	0	N/A	\$	1,000,000	0	0.00
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State Forestry Department

East Lane Headquarters	\$	0	\$	0	\$	1,750,000	\$	0	N/A	\$	1,750,000	0	0.00
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TOTAL

	\$	0	\$	0	\$	157,043,858	\$	2,466,205	\$	108,581,600	\$	268,091,663	0	0.00
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2011-13 Supplemental Expenditure Limitation Adjustments**Department Veterans' Affairs**

Lebanon Veterans Home	\$	0	\$	0	\$	4,000,000	\$	6,840,377	N/A	\$	10,840,377	0	0.00
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2009-11 Supplemental Expenditure Limitation Adjustments**State Forestry Department**

Gilchrist Forest Land Acquisition	\$	0	\$	0	\$	5,200,000	\$	0	N/A	\$	5,200,000	0	0.00
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**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5532-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Nathanson
Carrier – Senate: Sen. Johnson**

Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 26 – 0 – 0

House

Yeas: Barker, Buckley, Frederick, Freeman, Hanna, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson

Nays:

Exc:

Senate

Yeas: Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc:

Prepared By: Jim Carbone, Department of Administrative Services

Reviewed By: Steve Bender, Legislative Fiscal Office

Meeting Date: July 7, 2013

Agency

Various Agencies – Lottery Allocation

Biennium

2013-15

2011-13

Summary of Revenue Changes

The Oregon Lottery collects revenues from traditional and video lottery gaming. It pays player prizes and its operating expenses out of these revenues and then transfers the balance (net profits) to the Administrative Services Economic Development Fund (EDF). The Department of Administrative Services (DAS) then distributes funds from the EDF in adherence with constitutional and statutory funding priorities, including specific Legislative allocations. The amounts outlined in this bill are based on the Lottery revenue forecast from the DAS Office of Economic Analysis as of May 16, 2013. As actual amounts vary, the allocations or distributions set forth within may also vary – in some cases requiring related expenditure limitation adjustments.

The Oregon Lottery transfers Lottery Funds to the Administrative Services EDF on a quarterly basis. From each quarterly transfer, a number of dedicated distributions are required by the Oregon Constitution or are provided for in Oregon Revised Statutes (ORS), including:

- The Oregon Constitution requires that 18 percent of net proceeds be distributed to the Education Stability Fund.
- The Oregon Constitution requires that 15 percent of net proceeds be distributed to the Parks and Natural Resources Fund.
- Oregon statute requires that 2.5 percent of net proceeds of video lottery gaming be distributed to the counties for economic development projects. Beginning with the 2005-07 biennium, 50 percent of the operating costs for the Economic Revitalization Team (ERT) established by ORS 284.555 are also funded from this source. Beginning with the 2013-15 biennium, 50 percent of the new funding for Regional Solutions positions in Oregon Business Development Department are also funded from this source.
- Oregon statute requires that one percent of net profits be distributed to the Sports Lottery Account for sports programs at state institutions of higher education and for scholarships.
- Oregon statute requires that one percent of net profits be transferred to the Oregon Health Authority for Gambling Addiction prevention and treatment programs.
- Oregon statute requires that one percent of the net profits, not to exceed \$1.53 million annually, be transferred to the County Fair account. The maximum amount is adjusted each biennium pursuant to certain changes in the Consumer Price Index.
- Oregon statute requires that annual debt service payments for outstanding lottery bonds be satisfied before allocating for other purposes.

Finally, the Legislature makes other allocations from the EDF within authorized public purposes. These purposes include job creation, economic development and public education. Currently, the bulk of allocations are made to the Department of Education for the State School Fund and to the Oregon Business Development Department for various program expenditures. During the 2013-15 biennium, debt service requirements will comprise approximately 23.4 percent of the total distributions from this account.

Debt service allocations are paid annually. Interest earned on the EDF remains within the fund itself. If at the end of any quarter funds remain undistributed, they will remain in the EDF for allocation in future quarters. If in any quarter revenue in the EDF is insufficient to pay for quarterly distribution of allocations, DAS will first fund debt service obligations. Remaining revenues will be distributed in a prorated manner.

Summary of Capital Construction Subcommittee Action

Allocation of Lottery Revenue

Senate Bill 5532 allocates lottery revenue from the EDF. The amounts outlined in this bill are based on the Lottery revenue forecast from the DAS Office of Economic Analysis as of May 16, 2013. The attached tables display the Lottery Funds allocated by the Subcommittee from the EDF. These include allocations authorized in this bill, SB 5532, as well as SB 813 and HB 2323. The 2013-15 allocations are summarized below.

- A total of \$241.6 million Lottery Funds is allocated for debt service for outstanding bonds. These funds are allocated to the DAS since the DAS Capital Investment Section manages debt service for the state. DAS will transfer the necessary funding to the Department of Education, Oregon University System, Oregon Business Development Department, Housing and Community Services Department, Department of Transportation, Department of Community Colleges and Workforce Development, Department of Forestry, Department of Energy, and the Water Resources Department for the payment of debt on existing lottery bonds. No allocations are included to pay debt service for lottery revenue bonds issued in the 2013-15 biennium.
- The State School Fund is allocated \$327.4 million Lottery Funds.
- A total of \$65.3 million Lottery Funds is allocated for the programs of the Oregon Business Development Department. This total excludes amounts allocated for debt service payments on Lottery revenue bonds, but includes \$7.7 million in SB 5532 for Shared Services; \$54.2 million in SB 5532 for Business, Innovation and Trade; and \$1.1 million in SB 5532 for the Film and Video Office. Note that additional lottery allocations are made in SB 813 (\$281,076 for Seismic Rehabilitation Grants) and HB 2323 (\$100,000 for the Oregon Growth Board and \$1.9 million for the Oregon Growth Fund).
- The Office of the Governor is allocated \$3.3 million Lottery Funds for the Economic Revitalization Team. Half of this funding will come from a reduction in the video lottery proceeds that are distributed to counties for economic development.
- The Department of Forestry is allocated \$2.9 million Lottery Funds for the Eastern Oregon Forest Collaboration.

Education Stability Fund

A constitutional amendment approved by Oregon voters in 1997, and amended in 2002, requires that 18 percent of net lottery proceeds be transferred to the Education Stability Fund. Interest earnings on this fund are continuously appropriated for the benefit of education programs. These earnings are split 75 percent to the Oregon Education Fund, which is currently used to help pay debt service on lottery bonds that were previously issued for the Department of Education, and 25 percent to the Oregon Student Access Commission for Opportunity Grants.

Ten percent of the amount deposited in the Education Stability Fund is deposited into the Oregon Growth Account within the Fund. All declared earnings from this account are continuously appropriated to the Oregon Education Fund and the Oregon Student Assistance Commission. The transfers and distributions relating to the Education Stability Fund as described here are established by the Oregon Constitution and by other statutes – therefore Senate Bill 5532 does not include provisions relating to them.

Parks and Natural Resources Fund

Ballot Measure 76, approved by Oregon voters in 2010, requires 15 percent of net lottery proceeds to be transferred to the Parks and Natural Resources Fund. This fund is continuously appropriated for the benefit of parks and recreation and for native species protection and restoration. This transfer is established by the Oregon Constitution. Senate Bill 5532, therefore, does not include provisions relating to it.

County Economic Development

ORS 461.547 requires that 2.5 percent of net proceeds of video lottery gaming be distributed to the counties for economic development projects. Beginning with the 2005-07 biennium, 50 percent of the operating costs for the Economic Revitalization Team (ERT) established by ORS 284.555 have also been funded from this source.

The Subcommittee approved allocating a fixed dollar amount for county economic development during the 2013-15 biennium, rather than the percentage allocation described in statute. The fixed dollar amount is \$33,849,166, which is equal to 2.5 percent of the amount of video lottery proceeds forecasted in the May 2013 revenue forecast, minus one-half of the Economic Revitalization Team allocation and one-half of the new funding for Regional Solutions positions in Oregon Business Development Department.

Gambling Addiction Prevention and Treatment

The 1999 Legislature statutorily dedicated one percent of net lottery proceeds to be transferred to the Oregon Health Authority to fund gambling addiction programs in the state.

Instead of the percentage allocation described in statute, the Subcommittee approved a fixed allocation of \$10,545,832 for the 2013-15 biennium.

Oregon University System Sports Lottery Account

Beginning in 2007, one percent of net lottery proceeds are dedicated to the Oregon University System for distribution to institutions to offset the costs of intercollegiate athletic programs and for academic scholarships.

Instead of the percentage allocation described in statute, the Subcommittee approved a fixed allocation of \$8,000,000 for the 2013-15 biennium.

County Fairs

The 2001 Legislature statutorily dedicated one percent of net lottery proceeds, with certain limitations, for distribution to county fair programs throughout the state. This amount is adjusted by inflation each biennium.

Instead of the percentage allocation described in statute, the Subcommittee approved a fixed allocation of \$3,669,380 for the 2013-15 biennium.

Lottery Funds Expenditure Limitation

Lottery Funds expenditure limitation related to these allocations is generally contained within the respective agency budget bills and in House Bill 5008.

2011-13 Lottery Allocation Change

The 2011-13 allocation of Lottery Funds from the Administrative Services Economic Development Fund for County Fairs is increased by \$10,349.

LOTTERY FUNDS CASH FLOW SUMMARY

	2011-13 Estimated Budget	2013-15 Legislatively Adopted Budget
ECONOMIC DEVELOPMENT FUND		
RESOURCES		
Beginning Balance	\$333,528	\$3,491,087
REVENUES		
Transfers from Lottery		
Net Proceeds	1,071,637,267	1,054,583,137
Administrative Savings	8,005,457	
Other Revenues	4,027,987	1,400,000
Total Revenue	1,083,670,711	1,055,983,137
TOTAL RESOURCES	1,084,004,239	1,059,474,224
DISTRIBUTIONS / ALLOCATIONS		
Allocation of Video Lottery Revenues to Counties	(36,309,783)	(33,849,166)
Allocation to OUS for Sports Lottery Account	(8,405,488)	(8,000,000)
Distribution to the Education Stability Fund	(194,335,690)	(189,824,965)
Distribution to the Parks and Natural Resources Fund	(161,946,409)	(158,187,471)
Allocation to the Problem Gambling Treatment Fund	(10,350,984)	(10,545,832)
Allocation to the State School Fund	(363,665,513)	(327,374,109)
Debt Service Allocations	(248,243,839)	(241,594,783)
Other Agency Allocations	(57,255,446)	(75,097,898)
TOTAL DISTRIBUTIONS / ALLOCATIONS	(1,080,513,152)	(1,044,474,224)
ENDING BALANCE	\$3,491,087	\$15,000,000
EDUCATION STABILITY FUND		
(not including Oregon Growth Account)		
RESOURCES		
Beginning Balance	5,061,518	7,584,467
Revenues		
Transfer from the Economic Development Fund	184,804,102	170,842,468
Interest Earnings	618,295	984,890
Total Revenue	185,422,397	171,827,358
TOTAL RESOURCES	190,483,915	179,411,825
DISTRIBUTIONS		
Oregon Education Fund - Lottery Bond Debt Service	(493,010)	(738,668)
Oregon Student Access Commission - Opportunity Grants	(164,337)	(246,222)
State School Fund	(182,239,000)	0
TOTAL DISTRIBUTIONS	(182,896,347)	(984,890)
ENDING BALANCE	\$7,587,568	\$178,426,935

2013-15 LOTTERY FUNDS ALLOCATIONS AND EXPENDITURES

	New Lottery Funds Allocation	Beginning Lottery Balance	Interest and Other Earnings	LAB Expenditure Limitation	Ending Lottery Balance
ECONOMIC DEVELOPMENT FUND					
DEBT SERVICE COMMITMENTS					
Department of Education Outstanding bonds	41,488,406	454,559		41,942,965	
Oregon University System Outstanding bonds	25,550,980	20,509		25,571,489	
Oregon Business Development Department Outstanding bonds	47,857,951	168,986		48,026,937	
Housing and Community Services Dept. Outstanding bonds	9,411,695	17,271		9,428,966	
Department of Transportation Outstanding bonds	93,841,992	111,978		93,953,970	
Department of Administrative Services Outstanding bonds	8,808,024	84,366		8,892,390	
Community Colleges & Workforce Development Outstanding bonds	9,380,970	140,057		9,521,027	
Department of Forestry Outstanding bonds	2,519,440	3,692		2,523,132	
Department of Energy Outstanding bonds	2,162,153	3,897		2,166,050	
Water Resources Department Outstanding bonds	573,172	853		574,025	
OTHER ALLOCATIONS					
Oregon University System Sports Lottery Account	8,000,000			8,000,000	
Department of Education State School Fund	327,374,109			327,374,109	
Oregon Growth Fund	1,900,000				
DAS - Distribution to County Fairs	3,669,380	23,682		3,669,380	23,682
Oregon Business Development Department Shared Services	7,819,653			7,819,653	
Business, Innovation, Trade	54,432,117	4,069,326		58,501,443	
Film and Video	1,130,544			1,130,544	
Office of the Governor Economic Revitalization Team	3,261,204	84,902		3,261,204	84,902
Oregon Health Authority Problem Gambling Treatment Fund	10,545,832		7,338	10,545,832	7,338
Forestry Department Eastern Oregon Forest Collaboration	2,885,000			2,885,000	
TOTAL ECONOMIC DEVELOPMENT FUND	\$662,612,622	\$5,184,078	\$7,338	\$665,788,116	\$2,015,922
EDUCATION STABILITY FUND / OREGON EDUCATION FUND					
Oregon Student Access Commission Oregon Opportunity Grants	246,222	2,704,861		246,223	2,704,860
Department of Education Outstanding Education bonds	738,668	271,976		428,111	582,533
TOTAL EDUCATION STABILITY FUND / OEF	\$984,890	\$2,976,837	\$0	\$674,334	\$3,287,393



JOHN A. KITZHABER, MD
Governor

August 14, 2013

The Honorable Kate Brown
Secretary of State
136 State Capitol
900 Court Street NE
Salem, OR 97301

Dear Secretary Brown:

Under Article V, section 15a, of the Oregon Constitution, the Governor has the power to veto "single items in appropriations bills, without thereby affecting any other provision of such bill." Exercising that constitutional authority, I hereby disapprove and veto Sections 99(4), 99(5), and 100 of Enrolled House Bill 5008 without affecting the remaining provisions of the bill.

House Bill 5008 is an appropriations bill that includes actions regarding the legislatively adopted budget for the Public Employees' Benefits Board (PEBB) and the Oregon Educators' Benefit Board (OEBB). In my view, we should be expecting better value from our health care partners and creating a health care delivery system that is accountable for the money paid. PEBB and OEBB members have stepped up over the past two years with increased contributions and in taking greater responsibility for their personal health. It is now time to increase the accountability from our health system partners.

The budget from HB 5030 reflects my expectation that PEBB and OEBB not take the traditional pathway of budget balancing that only shift costs to members but rather fundamentally changes how care is delivered to members and their families. By improving health, eliminating waste and controlling costs, we want to ensure that PEBB and OEBB members have the care they need today and in the future. As a responsible employer, we want to continue to collaborate with our employees on how best to improve employee health. Together we have made headway on these fronts, and there is a lot more to be done. This is a step to get more value for the employee's and taxpayers' dollars.

Accordingly, I am exercising my constitutional authority to disapprove and veto Sections 99(4), 99(5), and 100 of Enrolled HB 5008 without affecting the remaining provisions of the bill.

Sincerely,

A handwritten signature in black ink, appearing to read "John A. Kitzhaber".

John A. Kitzhaber, M.D.
Governor

LJR/smg

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5008-A

JOINT COMMITTEE ON WAYS AND MEANS

Carrier – House: Rep. Buckley

Carrier – Senate: Sen. Devlin

Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 22 – 2 – 2

House

Yeas: Barker, Buckley, Frederick, Huffman, Jenson, Komp, Nathanson, Read, Smith, Tomei, Williamson

Nays: Freeman, Hanna

Exc: McLane, Richardson

Senate

Yeas: Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc:

Prepared By: Linda Ames, Legislative Fiscal Office

Reviewed By: Daron Hill, Legislative Fiscal Office

Meeting Date: July 8, 2013

Agency

Emergency Board

Various Agencies

Biennium

2013-15

2011-13

2013-15 Budget Summary*

	<u>2011-13 Legislatively Approved Budget</u>	<u>2013-15 Legislatively Adopted Budget</u>	<u>2013-15 Committee Recommendation</u>	<u>Committee Change</u>
<u>Emergency Board</u>				
General Fund - General Purpose	-	-	\$ 30,000,000	\$ 30,000,000
General Fund - Special Purpose Appropriations				
State employee compensation changes	-	-	\$ 86,500,000	\$ 86,500,000
Home health care worker compensation	-	-	\$ 12,900,000	\$ 12,900,000
Oregon State Library	-	-	\$ 1,702,192	\$ 1,702,192
Department of Education - student assessments	-	-	\$ 4,600,000	\$ 4,600,000
Department of Education - youth development	-	-	\$ 1,789,557	\$ 1,789,557
Department of Housing and Community Development - Oregon Hunger Response Fund	-	-	\$ 225,000	\$ 225,000
Oregon Health Authority - A&D rate increases	-	-	\$ 3,300,000	\$ 3,300,000
Oregon Health Authority - Dental Pilots	-	-	\$ 100,000	\$ 100,000
<u>Various Agencies - Omnibus Adjustments</u>				
General Fund	-	-	\$ (190,669,103)	\$ (190,669,103)
General Fund Debt Service	-	-	\$ (761,790)	\$ (761,790)
Lottery Funds	-	-	\$ (1,719,018)	\$ (1,719,018)
Lottery Funds Debt Service	-	-	\$ (1,307,446)	\$ (1,307,446)
Other Funds	-	-	\$ (5,660,297)	\$ (5,660,297)
Federal Funds	-	-	\$ (1,629,523)	\$ (1,629,523)
<u>ADMINISTRATION PROGRAM AREA</u>				
<u>Department of Administrative Services</u>				
General Fund	-	-	\$ 1,150,000	\$ 1,150,000
Lottery Funds	-	-	\$ 21,380	\$ 21,380
Other Funds	-	-	\$ 54,596,958	\$ 54,596,958

*Excludes Capital Construction

2013-15 Budget Summary*

	<u>2011-13 Legislatively Approved Budget</u>	<u>2013-15 Legislatively Adopted Budget</u>	<u>2013-15 Committee Recommendation</u>	<u>Committee Change</u>
<u>Office of the Governor</u>				
General Fund	-	-	\$ 9,174	\$ 9,174
Lottery Funds	-	-	\$ 900,000	\$ 900,000
<u>Department of Revenue</u>				
General Fund	-	-	\$ 3,196,495	\$ 3,196,495
General Fund Debt Service	-	-	\$ 1,554,716	\$ 1,554,716
Other Funds	-	-	\$ 26,903,021	\$ 26,903,021
<u>Secretary of State</u>				
General Fund	-	-	\$ 9,174	\$ 9,174
<u>Treasurer of State</u>				
Other Funds	-	-	\$ 9,174	\$ 9,174
<u>CONSUMER AND BUSINESS SERVICES PROGRAM AREA</u>				
<u>Bureau of Labor and Industries</u>				
General Fund	-	-	\$ 6,881	\$ 6,881
Other Funds	-	-	\$ 2,293	\$ 2,293
<u>ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA</u>				
<u>Oregon Business Development Department</u>				
General Fund Debt Service	-	-	\$ 280,954	\$ 280,954
Lottery Funds	-	-	\$ 1,374,525	\$ 1,374,525
Other Funds	-	-	\$ 29,752,779	\$ 29,752,779
Other Funds Non-limited	-	-	\$ 12,000,000	\$ 12,000,000
<u>Housing and Community Services Department</u>				
General Fund	-	-	\$ 225,000	\$ 225,000
Other Funds	-	-	\$ 5,076,190	\$ 5,076,190

*Excludes Capital Construction

2013-15 Budget Summary*

	<u>2011-13 Legislatively Approved Budget</u>	<u>2013-15 Legislatively Adopted Budget</u>	<u>2013-15 Committee Recommendation</u>	<u>Committee Change</u>
<u>Department of Veterans' Affairs</u>				
General Fund Debt Service	-	-	\$ 852,814	\$ 852,814
Other Funds	-	-	\$ 65,000	\$ 65,000
 <u>EDUCATION PROGRAM AREA</u>				
<u>Department of Education</u>				
General Fund	-	-	\$ (8,826,545)	\$ (8,826,545)
Lottery Funds	-	-	\$ 12,826,545	\$ 12,826,545
Other Funds	-	-	\$ 12,000,000	\$ 12,000,000
Federal Funds	-	-	\$ 1,000,000	\$ 1,000,000
 <u>Department of Community Colleges and Workforce Development</u>				
Other Funds	-	-	\$ (307,051)	\$ (307,051)
Other Funds Debt Service	-	-	\$ 307,051	\$ 307,051
 <u>Oregon Health and Science University</u>				
General Fund	-	-	\$ 1,000,000	\$ 1,000,000
 <u>Higher Education Coordinating Commission</u>				
General Fund	-	-	\$ 859,630	\$ 859,630
 <u>Oregon University System</u>				
General Fund	-	-	\$ 15,674,000	\$ 15,674,000
 <u>HUMAN SERVICES PROGRAM AREA</u>				
<u>Oregon Health Authority</u>				
General Fund	-	-	\$ (1,940,000)	\$ (1,940,000)
Other Funds	-	-	\$ (3,160,291,391)	\$ (3,160,291,391)
Other Funds Nonlimited	-	-	\$ 3,160,291,391	\$ 3,160,291,391

*Excludes Capital Construction

2013-15 Budget Summary*

	<u>2011-13 Legislatively Approved Budget</u>	<u>2013-15 Legislatively Adopted Budget</u>	<u>2013-15 Committee Recommendation</u>	<u>Committee Change</u>
<u>Department of Human Services</u>				
General Fund	-	-	\$ 5,000,000	\$ 5,000,000
Other Funds	-	-	\$ 1,000,000	\$ 1,000,000
Federal Funds	-	-	\$ 9,700,000	\$ 9,700,000
<u>Long Term Care Ombudsman</u>				
General Fund	-	-	\$ 785,488	\$ 785,488
<u>JUDICIAL BRANCH</u>				
<u>Judicial Department</u>				
General Fund	-	-	\$ 634,980	\$ 634,980
Other Funds	-	-	\$ 335,001	\$ 335,001
<u>Public Defense Services Commission</u>				
General Fund	-	-	\$ 2,409,367	\$ 2,409,367
<u>LEGISLATIVE BRANCH</u>				
<u>Legislative Administration Committee</u>				
General Fund Debt Service	-	-	\$ 1,421,341	\$ 1,421,341
Other Funds	-	-	\$ 615,000	\$ 615,000
<u>NATURAL RESOURCES PROGRAM AREA</u>				
<u>State Department of Agriculture</u>				
General Fund	-	-	\$ 34,060	\$ 34,060
Lottery Funds	-	-	\$ (21,380)	\$ (21,380)
<u>Columbia River Gorge Commission</u>				
General Fund	-	-	\$ (79,873)	\$ (79,873)
<u>Department of Land Conservation and Development</u>				
General Fund	-	-	\$ 196,000	\$ 196,000

*Excludes Capital Construction

2013-15 Budget Summary*

	<u>2011-13 Legislatively Approved Budget</u>	<u>2013-15 Legislatively Adopted Budget</u>	<u>2013-15 Committee Recommendation</u>	<u>Committee Change</u>
<u>Department of Environmental Quality</u>				
Other Funds Debt Service	-	-	\$ (17,140,278)	\$ (17,140,278)
<u>State Department of Energy</u>				
Other Funds	-	-	\$ 9,876,190	\$ 9,876,190
<u>State Department of Fish and Wildlife</u>				
General Fund	-	-	\$ 115,940	\$ 115,940
<u>State Forestry Department</u>				
Other Funds	-	-	\$ 120,000	\$ 120,000
Federal Funds	-	-	\$ 3,000,000	\$ 3,000,000
<u>Parks and Recreation Department</u>				
Other Funds	-	-	\$ 5,069,882	\$ 5,069,882
<u>Department of State Lands</u>				
Other Funds	-	-	\$ 307,360	\$ 307,360
Federal Funds	-	-	\$ 135,000	\$ 135,000
<u>Water Resources Department</u>				
Other Funds	-	-	\$ 10,242,513	\$ 10,242,513
<u>PUBLIC SAFETY PROGRAM AREA</u>				
<u>Department of Corrections</u>				
General Fund	-	-	\$ 2,340,830	\$ 2,340,830
<u>Oregon Criminal Justice Commission</u>				
General Fund	-	-	\$ 10,190,000	\$ 10,190,000
<u>Department of Justice</u>				
General Fund	-	-	\$ 3,683,276	\$ 3,683,276
General Fund Debt Service	-	-	\$ 1,601,856	\$ 1,601,856
Other Funds	-	-	\$ 14,377,862	\$ 14,377,862
Federal Funds	-	-	\$ 27,447,707	\$ 27,447,707

*Excludes Capital Construction

2013-15 Budget Summary*

	<u>2011-13 Legislatively Approved Budget</u>	<u>2013-15 Legislatively Adopted Budget</u>	<u>2013-15 Committee Recommendation</u>	<u>Committee Change</u>
<u>Oregon Military Department</u>				
General Fund	-	-	\$ 290,000	\$ 290,000
General Fund Debt Service	-	-	\$ 314,523	\$ 314,523
Other Funds	-	-	\$ 237,345	\$ 237,345
<u>Oregon State Police</u>				
General Fund	-	-	\$ 3,387,000	\$ 3,387,000
<u>Department of Public Safety Standards and Training</u>				
Other Funds	-	-	\$ 1,000,000	\$ 1,000,000
<u>Oregon Youth Authority</u>				
General Fund	-	-	\$ 126,673	\$ 126,673
Other Funds Debt Service	-	-	\$ 384,877	\$ 384,877
<u>TRANSPORTATION PROGRAM AREA</u>				
<u>Department of Transportation</u>				
General Fund Debt Service	-	-	\$ (757,944)	\$ (757,944)
Other Funds	-	-	\$ 56,885,788	\$ 56,885,788
<hr/>				
2013-15 Budget Summary				
General Fund Total	-	-	\$ (4,568,334)	\$ (4,568,334)
Lottery Funds Total	-	-	\$ 12,074,606	\$ 12,074,606
Other Funds Total	-	-	\$ 218,056,658	\$ 218,056,658
Federal Funds Total	-	-	\$ 39,653,184	\$ 39,653,184

*Excludes Capital Construction

2011-13 Supplemental Appropriations

	<u>2011-13 Legislatively Approved Budget</u>	<u>2011-13 Committee Recommendation</u>	<u>Committee Change</u>
<u>Emergency Board</u>			
General Fund	-	\$ (50,447,306)	\$ (50,447,306)
<u>Oregon University System</u>			
Other Funds	-	\$ (2,329,480,585)	\$ (2,329,480,585)
Other Funds Non-limited	-	\$ (2,236,635,139)	\$ (2,236,635,139)
<u>Military Department</u>			
General Fund	-	\$ (460,000)	\$ (460,000)
General Fund Debt Service	-	\$ (26,748)	\$ (26,748)
<u>Oregon Youth Authority</u>			
General Fund	-	\$ 200,000	\$ 200,000

2013-15 Position Summary

	<u>2011-13 Legislatively Approved Budget</u>	<u>2013-15 Legislatively Adopted Budget</u>	<u>2013-15 Committee Recommendation</u>	<u>Committee Change</u>
<u>Office of the Governor</u>				
Authorized Positions	-	-	3	3
Full-time Equivalent (FTE) positions	-	-	3.00	3.00
<u>Department of Revenue</u>				
Authorized Positions	-	-	31	31
Full-time Equivalent (FTE) positions	-	-	31.00	31.00
<u>Oregon Business Development Department</u>				
Authorized Positions	-	-	3	3
Full-time Equivalent (FTE) positions	-	-	3.00	3.00
<u>Department of Education</u>				
Authorized Positions	-	-	3	3
Full-time Equivalent (FTE) positions	-	-	3.38	3.38
<u>Higher Education Coordinating Commission</u>				
Authorized Positions	-	-	6	6
Full-time Equivalent (FTE) positions	-	-	3.69	3.69
<u>Long Term Care Ombudsman</u>				
Authorized Positions	-	-	8	8
Full-time Equivalent (FTE) positions	-	-	3.81	3.81
<u>Department of Corrections</u>				
Authorized Positions	-	-	-197	-197
Full-time Equivalent (FTE) positions	-	-	-65.31	-65.31
<u>Criminal Justice Commission</u>				
Authorized Positions	-	-	1	1
Full-time Equivalent (FTE) positions	-	-	0.88	0.88

2013-15 Position Summary

	<u>2011-13 Legislatively Approved Budget</u>	<u>2013-15 Legislatively Adopted Budget</u>	<u>2013-15 Committee Recommendation</u>	<u>Committee Change</u>
<u>Oregon State Police</u>				
Authorized Positions	-	-	15	15
Full-time Equivalent (FTE) positions	-	-	4.38	4.38
<u>Department of Public Safety Standards and Training</u>				
Authorized Positions	-	-	4	4
Full-time Equivalent (FTE) positions	-	-	3.52	3.52
<u>Department of Transportation</u>				
Authorized Positions	-	-	2	2
Full-time Equivalent (FTE) positions	-	-	2.00	2.00

Summary of Revenue Changes

The General Fund appropriations made in the bill are within resources available as projected in the May 2013 economic and revenue forecast by the Department of Administrative Services Office of Economic Analysis, supplemented by transfers from various agency accounts to the General Fund for general governmental purposes as authorized in House Bill 2322, plus other actions to reduce state agency expenditures.

Summary of Capital Construction Subcommittee Action

House Bill 5008 appropriates General Fund to the Emergency Board for general purpose and targeted special purpose appropriations, and makes other adjustments to individual agency budget and position authority as described below.

Emergency Board

The Emergency Board allocates General Fund and provides Lottery Funds, Other Funds, and Federal Funds expenditure limitation to state agencies for unanticipated needs in approved agency budgets when the Legislature is not in session. The Subcommittee appropriated \$30 million General Fund to the Emergency Board for general purposes.

House Bill 5008 makes eight special purpose appropriations to the Emergency Board, totaling \$111.1 million General Fund:

- \$86.5 million General Fund for allocation to state agencies for state employee compensation changes.
- \$12.9 million General Fund for allocation to state agencies for compensation changes for home health care workers who are not state employees.
- \$1,702,192 General Fund for second year operational costs for the Oregon State Library. The 2013-15 budget for the State Library provides for only one year of budget authority for the agency (see House Bill 5022). The release of this appropriation, by either the Legislature or the Emergency Board, is contingent on a successful reorganization plan being submitted and approved by the Legislature in 2014.
- \$4.6 million for the Department of Education for costs over and above the amount included in the Department's budget bill (Senate Bill 5518) relating to assessments and other resources aligned to common core standards including those assessments required under the federal Elementary and Secondary Education Act (ESEA). The Department of Education must report on what assessments it plans to implement and on the most current estimates of the costs for each component of the assessment when making the request for this special purpose appropriation.
- \$1,789,557 General Fund for the Department of Education's Youth Development Division. This amount represents program funding for the second year of the biennium for youth development grants, performance-based contracts, and services provided at the local level. Prior to requesting this special purpose appropriation, the Youth Development Council will report back to the Joint Committee on Ways and Means during the 2014 Legislative Session with a plan for investing and distributing these funds. The plan must take into account (1) the furtherance of the policy directives and youth academic and developmental outcomes outlined in House Bill 3231; (2) Oregon's

40/40/20 educational goals; and (3) the Oregon Education Investment Board's Strategic Plan. In developing this plan, the Youth Development Council shall consult with representatives of youth, parents, schools, service providers, labor, business, local governments, tribal governments, and communities.

- \$225,000 General Fund one-time funding for the Oregon Hunger Response Fund, for allocation to the Housing and Community Services Department after receipt of the agency's report on alternate, sustainable service delivery models, pursuant to a budget note.
- \$3.3 million General Fund for the Oregon Health Authority for adult residential room and board rate increases within the alcohol and drug system, after receipt of the agency's study on both the youth and adult system, during the 2014 legislative session. Based on the findings of that study, some or all of this funding could be allocated at that time.
- \$100,000 General Fund for the Oregon Health Authority for staffing needs related to the Dental Pilot Projects. These projects were established in Senate Bill 738 (2011), but no funding was provided. While the funding for the pilots is expected to come from foundations and private funders, the agency needs staff to manage the program.

If these special purpose appropriations are not allocated by the Emergency Board before December 1, 2014, any remaining funds become available to the Emergency Board for general purposes.

Adjustments to Approved 2013-15 Budgets

OMNIBUS ADJUSTMENTS

Omnibus adjustments reflect budget changes in multiple agencies based on reductions in Department of Administrative Services' assessments and charges for services, a reduction to the Attorney General rates, an increase resulting from a new Secretary of State Archives assessment, and debt service adjustments. Also included is a 5% reduction to services and supplies (excluding the fixed costs of State Government Service Charges, Attorney General charges, rent, and fuel and utilities) that is applied to General Fund and certain Lottery Funds only. Total savings are \$36.5 million General Fund, \$1.7 million Lottery Funds, \$5.7 million Other Funds, and \$1.6 million Federal Funds.

Omnibus adjustments also include a 2% supplemental ending balance holdback that is applied primarily to General Fund, and excludes debt service as well as selected programs. This reduction may be restored during the 2014 legislative session depending on statewide economic conditions. Agency detail for this adjustment is shown in Attachment A. Total budget reductions include \$154.9 million General Fund and \$1.4 million Lottery Funds.

Another statewide adjustment, which is included in agency budget bills and not in House Bill 5008, affects most state agencies. Package 091 (Statewide Administrative Savings) is a placeholder for administrative efficiencies and associated budget reductions in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Subcommittee affirmed that the reductions, at \$62.0 million total funds, are permanent and ongoing as they reflect fundamental changes in business processes. The Department of Administrative Services (DAS) will continue to work on details of these reductions with agencies and report to the Joint Committee on Ways and Means during the 2014 session. Agencies should direct concerns regarding permanency or implementation of the reductions to DAS. The Department will include a plan for resolving any issues related to these reductions as part of its 2014 report.

ADMINISTRATION

Oregon Department of Administrative Services

House Bill 5008 includes one-time General Fund appropriations to the Department of Administrative Services (DAS) for the following purposes:

- \$500,000 to the East Valley Water District to support completion of an environmental impact study on a proposed water storage project.
- \$250,000 to the Historic Public Market Foundation to assist with development of the James Beard Public Market in Portland.
- \$400,000 for distribution to 211info, which is a statewide, nonprofit information and referral service for community and social services. The state currently supports about one-third of the organization's operating budget, primarily through contracts with individual state agency programs for specific services. 211info also receives funding from local governments, other nonprofits, grants, and foundations. This direct General Fund appropriation is intended to help 211info maintain statewide program access over the 2013-15 biennium. An additional request to support around-the-clock operations was not funded; right now 211info operates Monday through Friday from 8 am to 6 pm. To gain a better understanding of how state agencies can most effectively use 211info and to provide the legislature information to help evaluate potential future funding requests, the Subcommittee adopted a budget note:

Budget Note:

The Department of Administrative Services shall work with other state agencies to identify all information and referral services for state government, with a primary focus on help lines (for example, 1-800 numbers). The Department will submit a report to the Joint Committee on Ways and Means during the 2014 legislative session summarizing the purpose, scope, and cost of each service. For each state agency currently using 2-1-1 the report shall also provide information on the service(s) being provided, including but not limited to, contract provisions, utilization, benefits, costs, and budget. Finally, the report shall include an analysis of potential cost savings or efficiencies that might be achieved by broader use of 2-1-1.

The Subcommittee added \$27,100,007 Other Funds expenditure limitation for one-time cost of issuance and special payments associated with the disbursement of proceeds from several Lottery Bond sales; projects are detailed below and approved in the Lottery Bond bill (Senate Bill 5533). There is no debt service in the 2013-15 biennium as the bonds will not be sold until the spring of 2015. Debt service in 2015-17 is calculated at a total of \$4,882,645 Lottery Funds: \$2,193,283 for the Lane Transit project; \$1,835,741 for the Portland Convention Center hotel project; \$637,464 for the Confederated Tribes of Umatilla; and \$216,157 for the North Central Education Service District project.

- \$10,239,248 Other Funds for disbursement to Metro for the purpose of assisting with the development of a hotel near the Portland Convention Center.
- \$3,562,986 Other Funds for disbursement to the Confederated Tribes of Umatilla for construction a 1.5 mile road extension from the Port of Umatilla into the Confederated Tribes of Umatilla, which will open additional industrial land for development.
- \$1,042,755 Other Funds for disbursement to North Central Education Service District for partial funding of digital switch technology acquisition that would serve the educational and public safety needs of Wheeler, Gilliam, and Sherman Counties.
- \$12,255,018 Other Funds for disbursement to the Lane Transit District for the West Eugene EmX extension project.

House Bill 5008 includes Other Funds expenditure limitations for the following purposes:

- \$400,000 one-time Other Funds increase to support a DAS contract with the Province of British Columbia on behalf of Multnomah County. The county wants to contract with Partnerships BC, which is a government-owned infrastructure development company, to develop a business case for a new Multnomah County Courthouse. Oregon counties are prohibited from contracting with foreign governments, but the state is allowed. This contract will be issued outside the normal, competitive procurement process because under ORS 190 DAS may enter into intergovernmental agreements with foreign governments and bypass this process. Multnomah County will pay for the planning work through DAS to Partnerships BC.
- \$2,955,118 Other Funds increase to the Enterprise Asset Services budget unit to correct a mistake when too much services and supplies expenditure limitation was inadvertently removed from the program in House Bill 5002, the budget bill for the Department of Administrative Services.
- \$24,141,833 one-time increase to the Shared Services Fund to accommodate first year payments from the Fund to counties. In 2007 the Legislature established a new program, the Shared Services Fund, to provide state support to local taxing districts affected by participation in the Strategic Investment Program. Local taxing districts are now eligible to receive payments from the state that are calculated to equal 50% of the personal income tax revenue attributable to the earnings of persons employed as result of a SIP property tax exemption. These payments would otherwise have gone to the state General Fund.

The Subcommittee increased Lottery Funds by \$21,380 to reflect additional Lottery Funds for County Fairs support. The funding is available due to the termination of the County Fair Commission, for which the Department of Agriculture had received Lottery Funds for minimal administrative support of Commission operations.

The Subcommittee also added the following budget note on how to best meet the information technology needs of small state agencies:

Budget Note:

The Department of Administrative Services is directed to report back to the February 2014 Legislative Session with a plan to address the specific needs of smaller (<300 FTE) agencies with regard to Information Technology and Telecommunications Management. The Department shall also report on resources that will be necessary to implement such a plan and how those resources would be funded.

Office of the Governor

A \$900,000 Lottery Funds limitation and three limited duration Principal Executive/Manager F positions (3.00 FTE) are added to the Office of the Governor. These positions will focus on streamlining the permitting process for significant projects across all levels of government; federal, state, county and city.

The Subcommittee approved budget adjustments for an increase in the statutorily set salary for statewide elected officials as provided for in House Bill 2322. The statewide elected officials include the Governor, Secretary of State, State Treasurer, Attorney General, and the Commissioner of Labor and Industries. Each is to receive a salary increase of \$5,000 per year, beginning on January 1, 2014. The impact on the Office of the Governor is an increase of \$9,174 General Fund, including other payroll expenses. Statewide elected officials last received a salary

increase in July of 2009. Statutory Judgeships are also to receive a salary increase (see Judicial Branch program area narrative). The compensation for members of the Legislative Assembly remains unchanged.

The following budget note was approved:

Budget Note:

The Joint Committee on Ways and Means approved a budget with House Bill 5028, the budget bill for the Oregon Business Development Department, that concerned the Regional Solutions program. That budget note is repealed, and the following, also concerning the Regional Solutions program, is adopted.

The Transportation and Economic Development Subcommittee approved a \$1 Other Funds expenditure limitation for the Oregon Business Development Department for Regional Solutions. Prior to legislative approval of any increase in the expenditure limitation for this program, the Office of the Governor shall report to the Interim Joint Committee on Ways and Means with a request to introduce a bill, for consideration during the 2014 Session of the Legislative Assembly, to establish the Regional Solutions program. In addition to any other provisions in this report that the Governor may include, the report shall include requested provisions to: provide for the establishment of Regional Solutions Centers; identify the membership, governance and duties of the Centers; establish criteria on the use of funds allocated to the program; define the process for the development and approval of funding proposals; establish authority for the Oregon Business Development Department to distribute moneys to projects funded under the program and to provide effective oversight of the uses of the moneys so distributed; and delineate the activities and responsibilities of the Oregon Business Development Department for administering the program. The Office of the Governor shall submit this report to the Interim Joint Committee on Ways and Means no later than during the Legislative Days in November 2013.

Department of Revenue

The Subcommittee approved funding for the implementation of the replacement of the agency's core information technology applications (Core System Replacement project). The estimated one-time cost of implementation totals \$70.9 million and is scheduled to be fully completed by the 2017-19 biennia. Overall, the project will be funded with \$12.5 million of General Fund and \$58.4 million of Article Q-bonds. General Fund will provide for Debt Service repayment. Ongoing costs are roughly estimated at 2-3 times the initial one-time costs.

For the 2013-15 biennium, the Subcommittee approved \$26.5 million of Other Funds expenditure limitation for development costs, which will be financed with Article XI-Q bonds approved in House Bill 5506. Personal Services are increased by \$6.0 million Other Funds (31 positions/31.00 FTE), \$18.8 million Other Funds for Services and Supplies, and \$1.7 million for Capital Outlay. Major costs include: \$11.3 million for vendor contract payments; \$1 million for vendor contracted maintenance; \$1.5 million for an independent quality assurance/control vendor; and \$3 million in vendor contract contingency costs.

Unless otherwise approved by the Legislature or the Emergency Board, the positions budgeted for the Core System Replacement project are established as permanent full-time positions under the following conditions: (a) the positions will be abolished on or before the completion of the project; (b) the positions are to remain in the Core System Replacement program (i.e., CSR summary cross reference) and may not be transferred to any other program or used for any other purpose other than the development to the Core System Replacement project; and (c) the positions may not to be included in any permanent finance plan action.

The Subcommittee appropriated \$3.6 million General Fund for the agency's payments to the Department of Administrative Services for State Data Center charges and for vendor contract maintenance costs to support the ongoing maintenance of the vendor product after installation.

The Subcommittee appropriated \$1.6 million in General Fund Debt Service to support repayment of Article XI-Q General Obligation bond proceeds approved in SB 5506. General Fund Debt Service for the 2015-17 biennium will total \$10.1 million. Other Funds expenditure limitation of \$521,182 is included for the cost of issuance of the bonds.

The Department of Administrative Services is requested to unschedule \$13 million of Other Funds expenditure limitation related to the May 2014 Article XI-Q bond sale pending a Department of Revenue report to the Legislature in 2014 on the status of the project.

The Subcommittee adopted the following budget note:

Budget Note:

The Department of Revenue (DOR) is directed to work with the Department of Administrative Services (DAS) in the development and implementation of the Core Systems Replacement Project. DAS is to provide DOR with the oversight of the project, including support for project management, information technology systems development lifecycle, procurement, quality assurance, and other needs to successfully complete this project.

DOR is to submit updated key foundational project management documentation, each accompanied by an independent quality control review, to Legislative Fiscal Office (LFO) on or before February 1, 2014, as available for review.

DOR and DAS are directed to report to LFO every six months through the biennium on the status of the project using DOR's standard project management reports as well as provide copies of all Quality Assurance and Quality Control and Independent Verification and Validation reports upon their receipt by the agency.

The Subcommittee disappropriated \$440,937 General Fund and reduced Other Funds expenditure limitation by \$146,979 from the Administration program due to the passage of Senate Bill 184, which allows for agencies to send notification by first class mail, or in some cases by an alternative method such as e-mail, in lieu of certified mail. The reduction is the difference in cost between certified mail and first class postage that is estimated to be realized by the agency.

Secretary of State

The Subcommittee approved budget adjustments for an increase in the statutorily set salary for statewide elected officials as provided for in House Bill 2322. The statewide elected officials include the Governor, Secretary of State, State Treasurer, Attorney General, and the Commissioner of Labor and Industries. Each is to receive a salary increase of \$5,000 per year, beginning on January 1, 2014. The impact on the Secretary of State is an increase of \$9,174 General Fund, including other payroll expenses. Statewide elected officials last received a salary increase in July of 2009. Statutory Judgeships are also to receive a salary increase (see Judicial Branch program area narrative). The compensation for members of the Legislative Assembly remains unchanged.

Treasurer of State

The Subcommittee approved budget adjustments for an increase in the statutorily set salary for statewide elected officials as provided for in House Bill 2322. The statewide elected officials include the Governor, Secretary of State, State Treasurer, Attorney General, and the Commissioner of Labor and Industries. Each is to receive a salary increase of \$5,000 per year, beginning on January 1, 2014. The impact on the Treasurer is an increase of \$9,174 Other Funds expenditure limitation, including other payroll expenses. Statewide elected officials last received a salary increase in July of 2009. Statutory Judgeships are also to receive a salary increase (see Judicial Branch program area narrative). The compensation for members of the Legislative Assembly remains unchanged.

CONSUMER AND BUSINESS SERVICES

Bureau of Labor and Industries

The Subcommittee approved budget adjustments for an increase in the statutorily set salary for statewide elected officials as provided for in House Bill 2322. The statewide elected officials include the Governor, Secretary of State, State Treasurer, Attorney General, and the Commissioner of Labor and Industries. Each is to receive a salary increase of \$5,000 per year, beginning on January 1, 2014. The impact on the Bureau of Labor and Industries is an increase of \$6,881 General Fund and \$2,293 Other Funds expenditure limitation, including other payroll expenses. Statewide elected officials last received a salary increase in July of 2009. Statutory Judgeships are also to receive a salary increase (see Judicial Branch program area narrative). The compensation for members of the Legislative Assembly remains unchanged.

ECONOMIC AND COMMUNITY DEVELOPMENT

Oregon Business Development Department

The Subcommittee increased the General Fund appropriation by \$280,954, to fully-fund 2013-15 biennium debt service costs for Article XI-Q general obligation bonds issued to finance Innovation Infrastructure projects. Debt service costs are higher than originally projected, because the bonds are not eligible to be issued on a tax-exempt basis. This increase will provide a total of \$694,286 General Fund to pay 2013-15 biennium debt service costs on the \$5,000,000 project. Debt service costs will increase to \$1.4 million in the 2015-17 biennium.

The Subcommittee established two new Lottery Funds expenditure limitations, and approved the establishment of three full-time, limited-duration positions (3.00 FTE). The first Lottery Funds expenditure limitation of \$1,124,525 supports three limited-duration positions housed in the Shared Services/Central Pool program area, and associated services and supplies costs. These include two positions in regional governance solutions and one position for West Coast Strategies. The second newly-established Lottery Funds expenditure limitation provides \$250,000 for Business, Innovation and Trade for an ongoing Economic Gardening services pilot project. Both of these Lottery Funds expenditure limitations are approved on a one-biennium basis, and will be phased out in the development of the Department's 2015-17 biennium current service level budget.

The bill includes several budget adjustments to allow expenditures of bond proceeds authorized for the Department by Senate Bill 5506 and Senate Bill 5533, and payment of the costs of issuing those bonds. The Other Funds expenditure limitation for the cost of issuing Article XI-Q bonds for the agency is reduced by \$115,000, and the Other Funds expenditure limitation for the cost of issuing lottery revenue bonds for the re-

capitalization of the Special Public Works Fund is reduced by \$132,221 from the levels approved in House Bill 5028, the Department's budget bill. These adjustments will provide expenditure limitation of \$120,000 for the cost of issuing the Article XI-Q bonds, and \$258,580 for the cost of issuing the lottery revenue bonds. These costs will be funded from bond proceeds.

The Subcommittee increased the Other Funds expenditure limitation for the seismic rehabilitation grant program by \$30,000,000 to permit expenditure of bond proceeds approved for that program. Finally, the Subcommittee increased the agency's Nonlimited Other Funds expenditures in the Infrastructure Finance Authority by \$12,000,000 for expenditure of lottery revenue bond proceeds transferred to the Special Public Works Fund. Loan award expenditures from the Special Public Works Fund are not limited in the Department's budget.

Housing and Community Services Department

The Subcommittee approved Other Funds expenditure limitation to enable the Department to expend \$5 million in bond proceeds and \$76,190 for cost of issuance for preservation of existing affordable housing. The funds will help provide financing for the acquisition of affordable housing properties with expiring subsidies from owners who do not wish to renew their federal contracts; the properties will be acquired by new owners who commit to keeping them affordable to low-income Oregonians, rather than having the units convert to market-rate housing. The proceeds are anticipated to provide gap financing to preserve an estimated 200 units of affordable housing. The bonds are included in Senate Bill 5533.

The bill includes \$225,000 General Fund for one-time funding for the Oregon Hunger Response Fund for the first year of the biennium. An additional \$225,000 General Fund is included as a special purpose appropriation to the Emergency Board.

Department of Veterans' Affairs

Expenditure limitation is provided to the Oregon Department of Veterans' Affairs for cost of issuance in the amount of \$65,000 Other Funds, and a General Fund appropriation for debt service in the amount of \$502,814, related to the issuance of \$4 million in Article XI-Q bonds for completion of construction of a second Veterans' Home skilled nursing facility in Linn County. Other and Federal Funds Capital Construction expenditure limitation to spend the Article XI-Q bonds and federal matching funds from the U.S. Department of Veterans' Affairs is included in Senate Bill 5507.

A one-time General Fund appropriation of \$350,000 is made to the Oregon Department of Veterans' Affairs for veterans' suicide prevention and crisis intervention telephone counseling services, allocated pursuant to the following budget note:

Budget Note:

The Oregon Department of Veterans' Affairs shall establish a veterans' crisis suicide line that offers free, anonymous assistance, 24 hours a day, to active-duty service members, veterans and their families. The Department shall establish an RFP process for the line to contract with a provider that has a contractual affiliation with the National Suicide Prevention Line and the National Veteran's Crisis Line, and has capacity to answer at least 30,000 veteran or suicide calls per year. The Department shall establish the line within 90 days of passage.

EDUCATION

Department of Education

The State School Fund is adjusted in this bill to reflect a rebalance of statewide resources, decreasing General Fund and increasing Lottery Funds expenditure limitation by \$12,826,545.

The Other Funds expenditure limitation of the Department of Education for the Grant-in-Aid budget unit is increased by \$11,341,084 and the Other Funds expenditure limitation for the Operations unit of the Department of Education is increased by \$658,916 for increased resources for the Network of Quality Teaching and Learning. The funding is contingent on the increased distribution of up to \$12 million from the Common School Fund over and above the standard distribution according to the policy adopted by the State Land Board on April 14, 2009. The increased resources for the Network will be used for grants, contracts and other assistance distributed to school districts, education service districts, and other entities as well as for agency staffing and associated costs for the following components of the Network: (1) \$2.6 million for Educator Effectiveness, (2) \$1.2 million for Student Centered Learning, (3) \$500,000 for Educator Preparation, (4) \$1.0 million for Closing the Achievement Gap, (5) \$2.2 million for Aligning Professional Development Plans to School Improvement Objectives and Educators' Needs, and (6) \$4.5 million for Supporting Implementation of Common Core Standards. Three new limited duration positions are established (two Education Program Specialist 2 and a Program Analyst 4) and the FTE is increased on two other Program Analyst 4 positions for a total FTE increase of 3.38 FTE. This \$12 million increase is a one-time increase for only the 2013-15 biennium.

The Subcommittee approved an increase of \$2.0 million General Fund in the amount appropriated for the strategic initiatives in the grant-in-aid budget unit. These additional funds are for an increase in resources for the Seamless Transitions policy package (package 305) for collaboration or consortiums of post-secondary institutions and school districts to increase the award of college or community college credits for high school students. The combined funding of this \$2.0 million and the \$2.0 million appropriated for this purpose in Senate Bill 5518, is to be used to support the Eastern Promise consortium and the expansion of consortiums into other regions of the state.

The bill includes \$1.5 million General Fund for Student Achievement Improvement Grants established in House Bill 2322. The Department of Education is to award at least two grants per congressional district to schools considered high poverty under Title I of the federal Elementary and Secondary Act, serving students in grades Kindergarten to 8th grade that are in the bottom five percent of all schools based on the rating system used by the Department for academic performance. The funds are to be used to hire at least one licensed teacher at the school. The grant program is only authorized for the 2013-15 biennium.

The following budget notes were approved:

Budget Note:

The Oregon Department of Education is instructed to report to the Interim Joint Committee on Ways and Means before January 1, 2014 on progress on implementing its 2013-15 strategic plan. This first report is to be a baseline for future reports to the Legislature for measuring the success of transforming the agency to focus more on assisting and collaborating with educational partners, closing the achievement gaps, and being more "results-focused." The report should include the following:

1. A breakdown of the agency's education programs and services with a description of each program and service, including overall purpose, description of federal or state laws or rule that govern the program, target group served, overall funding by fund type, amount of program funding, amount of staff resources dedicated to the program based on FTE, amount spent on administrative costs at the state level, and description of measurements use to gauge the performance of the program or service.
2. Actions taken by the agency in the past six months to become more collaborative with partners and to improve customer service.
3. Actions taken by the agency in the past six months to increase the share of funding the agency receives that is passed through to educational partners.
4. Comparison of the staffing levels and operations of the Oregon Department of Education with education agencies in other states with similar missions and responsibilities.
5. Description of changes in the overall measures and metrics established by the agency as part of it strategic plan development.

The Department will consult with the Legislative Fiscal Office in determining the level of detail included in item #1 above and how specific the program level that should be in the report to the Legislature. In addition to the report due by January 1, 2014, the Department is instructed to provide updated information on the items above during the budget presentation to the Joint Committee on Ways and Means during the 2015 Legislative Session.

Budget Note:

The Department of Education shall not purchase or acquire the interim item bank and related assessments from Smarter Balance Assessment Consortium. The Department shall provide each district with available funds to administer a locally selected and established interim growth assessment system for students in grades Kindergarten through ninth that is capable of informing instruction and measuring student academic performance against a stable scale irrespective of grade level.

The Subcommittee approved an increase of \$500,000 General Fund for the Farm to School program described in ORS 336.431. This program enables schools to offer fresh, locally sourced products and to promote mutually beneficial educational activities and focus on children's long-term health habits. In addition, Federal Funds expenditure limitation for early learning programs was increased by \$1.0 million to reflect a larger carry-forward of child care related funds from 2011-13.

Department of Community Colleges and Workforce Development

A specific Other Funds expenditure limitation for debt service for Article XI-G bonds is established in the amount of \$307,051 for the Department of Community Colleges and Workforce Development. A corresponding reduction in another Other Funds expenditure limitation for the Department is made for a net change of zero across the entire agency.

Oregon Health and Science University

House Bill 5008 includes a General Fund appropriation of \$1,000,000 through the Department of Administrative Services, for the Primary Health Care Loan Forgiveness Program in the Office of Rural Health at the Oregon Health and Science University. This program provides loans to eligible primary care practitioners enrolled in an approved rural-specific Oregon training Program, and was established in 2011. This provides additional funding for the 2013-15 biennium.

Higher Education Coordinating Commission

The Subcommittee approved an increase of \$859,630 General Fund for the budget for the Higher Education Coordinating Commission (HECC) to reflect the added responsibilities of House Bill 3120 and Senate Bill 270. Both of these bills are related to post-secondary education governance. This funding is in addition to the amount already included in House Bill 5033, the budget bill for the HECC. This funding will be used to fund six permanent positions (3.69 FTE) – a manger, two Operations/Policy Analyst 4 positions, two Education Program Specialist 2 positions, and one Procurement and Contract Specialist 3 position. The manager position is budgeted to start in October of 2013 with the remaining positions to start in April 2014. The following budget note was approved:

Budget Note:

Prior to final adoption of any significant change to the distribution of the Community College Support Fund, the Higher Education Coordinating Commission is directed to consult with the appropriate legislative committees including the interim policy committees with jurisdiction on post-secondary education issues and the interim Joint Committee on Ways and Means or Emergency Board on the proposed distribution change.

Oregon University System

The Subcommittee increased the General Fund appropriation for public university support by \$15,000,000 with direction that the money be used to reduce resident undergraduate tuition increases at the state's seven public universities. The Subcommittee adopted the following budget note to limit tuition increases on resident undergraduate students:

Budget Note:

In adopting the budget for the Oregon University System, the Legislature intends that increases in the base rates for tuition paid by resident undergraduate students on all seven campuses and one branch campus (EOU, OIT, OSU, OSU-Cascades, PSU, SOU, UO and WOU) may not exceed an average of 3.5% at any individual campus in any given year of the 2013-15 biennium. For students choosing the Tuition Promise program at WOU, rates of increase over the prior cohort may not exceed 5.7% in any given year. These limits on tuition shall apply to all seven campuses and one branch campus for the next two academic years (2013-14 and 2014-15) regardless of the outcome of any governance changes that may be implemented during the biennium.

House Bill 5008 includes General Fund appropriations to the Oregon University System (OUS) State Programs budget unit for the following purposes:

- \$1,200,000 to expand fermentation science programs at Oregon State University.
- \$250,000 one-time appropriation to Oregon State University for technical assistance to help shellfish hatchery larval production affected by ocean acidification and assist with the maintenance of OSU's Mollusca Brood Stock Program with the intent to produce larval strains more resilient to the adverse effects of ocean acidification.
- \$80,000 to increase the base funding for the Labor Education and Research Center at the University of Oregon.

The Subcommittee adopted the following budget note related to public university support of State Programs with non-state funding:

Budget Note:

It is the expectation of the Legislature that university support for State Programs housed within the Oregon University System be maintained or increased in the same manner as other university programs during the 2013-15 biennium.

The Subcommittee also approved a decrease of \$856,000 General Fund from the budget for the Oregon University System to reflect the shifting of various responsibilities in House Bill 3120 and Senate Bill 270 from the Chancellor's Office (CO) to the Higher Education Coordinating Commission (HECC). Both of these bills are related to post-secondary education governance. This reduction related to transfer of duties from CO to HECC rolls-up to a \$1,200,000 General Fund reduction in the 2015-17 biennium.

HUMAN SERVICES

Oregon Health Authority

The Subcommittee added \$1,360,000 General Fund to the Oregon Health Authority for the following purposes:

- \$200,000 General Fund for providing fresh Oregon-grown fruits, vegetables and cut herbs from farmers' markets and roadside stands to eligible low-income seniors under the Senior Farm Direct Nutrition Program. Another \$100,000 General Fund was added for the same purpose for eligible individuals through the Women, Infants and Children Program.
- \$260,000 General Fund to increase reimbursements for ambulance transport services.
- \$200,000 General Fund for the Oregon State Hospital to contract for legal services from the Marion County District Attorney, to address the issue of chronically violent patients at the hospital.
- \$700,000 General Fund for breast and cervical cancer screening services. Of this total, about \$400,000 is needed to backfill funding shortfalls in the first year of the biennium related to reductions in funding from the Komen Foundation, as well as reductions resulting from federal sequestration.

The transfer of \$100,000 General Fund from the CCare program to the Oregon Vasectomy Project was approved. This will supplement the project's \$10,000 Title X federal funds.

The Subcommittee approved additional rate increases for the Alcohol and Drug system in Addictions and Mental Health (AMH). A total of \$800,000 General Fund will be used to provide a 2.4% rate increase effective July 1, 2013, and another \$1.4 million General Fund will be used to increase the room and board rate for youth residential beds from \$60 per day to \$90 per day effective July 1, 2013. (The agency's regular budget bill, House Bill 5030, already increases those rates from \$30 per day to \$60 per day.) The funding for these changes comes from two sources: \$1.7 million from the "reinvested" dollars in the AMH budget, resulting from dollars freed up as more clients will have insurance beginning January 2014, and \$500,000 General Fund from the Intensive Treatment and Recovery Services (ITRS) program. With the Affordable Care Act expansion, many of the ITRS clients will have insurance, and less General Fund will be needed to maintain the program level.

ITRS is reduced an additional \$3.3 million General Fund, and this funding is placed in a special purpose appropriation in the Emergency Board, to be available for rate increases in the adult residential system for alcohol and drug treatment for the second year of the biennium. As documented in the budget report for House Bill 5030, the agency will do a study of both the youth and adult systems and report to the 2014 Legislature. Based on the findings of that study, some or all of this special purpose appropriation could be allocated at that time. The Legislature could also decide to reduce the youth rate based on the results of that study.

House Bill 5030, the budget bill for the Oregon Health Authority, eliminated all Other Funds Nonlimited authority for the Public Employees' Benefit Board and the Oregon Educators Benefit Board, and instead moved all expenditure limitation to Other Funds Limited. This bill reverses that, resulting in a decrease in Other Funds Limited of \$3.2 billion and an increase in Other Funds Nonlimited of the same amount.

The following budget notes related to the Oregon State Hospital and the Blue Mountain Recovery Center were approved:

Budget Note:

The Oregon Health Authority shall report to the interim Joint Committee on Ways and Means or the Emergency Board by December 2013 on recommendations for decreasing the use of overtime and improving patient and staff safety at the Oregon State Hospital.

In order to make recommendations, the Oregon State Hospital will form a work group that will include representation from some of the major classifications of employees, particularly those providing direct care of patients, such as psychologists, psychiatrists, registered nurses, mental health therapists, mental health therapy technicians, mental health security technicians, and managers.

The report should include the following:

- Data on overtime hours worked and costs over the last 12 to 18 months, as well as the reasons for the use of this overtime. Details on mandated overtime should be reported.
- Data on the numbers and types of assaults on patients and staff over the last 12 to 18 months, as well as the costs, both direct and indirect, associated with those assaults. The report should also contain information on the concentration of those assaults involving a small number of individuals.
- Recommendations for reducing overtime and reducing assaults, and the status of implementing those recommendations. The report should include, but not be limited to, recommendations related to the float (relief) pool, such as the appropriate mix of permanent full-time, permanent part-time, limited duration, and temporary positions. The report should also consider recommendations for working with the Marion County District Attorney to address issues related to chronically violent patients.

Budget Note:

The Oregon Health Authority shall report to the appropriate legislative committee in September and December on the planning for the transfer of patients from the Blue Mountain Recovery Center (BMRC) pending its closure on January 1, 2014. Additionally, the Oregon Health Authority shall convene a workgroup comprised of the appropriate representatives of the various stakeholder groups, to identify future options for BMRC staff and facilities. The workgroup will have the following charge:

- (1) To identify needed services for Eastern Oregon's most vulnerable people, including those with:
 - (a) acute and chronic mental illness who require special services to enable them to successfully function in society;

- (b) substance abuse and subsequent involvement with the criminal justice system; and
- (c) mental illness and additional complications arising from age-related conditions.

- (2) To advise the legislature and the Oregon Health Authority on strategies to best retain the existing specialized mental health workforce in the region; and
- (3) To advise the legislature and the Oregon Health Authority on the best utilization of the current facilities and identify additional capital improvements to provide the above-identified services.

Department of Human Services

The Subcommittee added \$5 million General Fund and \$9.7 million Federal Funds expenditure limitation (\$14.7 total funds) to the Aging and People with Disabilities budget for the following purposes:

- \$1,300,000 General Fund and \$2,900,000 Federal Funds limitation to advance the implementation date for home and community based care rate increases from October 1, 2013 to July 1, 2013. Rates have been flat since July 2008 and were increased as part of the Department's budget as approved in Senate Bill 5529.
- \$2,500,000 General Fund and \$5,600,000 Federal Funds limitation to partially restore the instrumental activities of daily living (IADL) reduction that occurred in January 2012. Using available funding, the Department will develop and implement a plan to restore hours to the maximum extent possible. The plan may include a phased-in restoration as the Department conducts eligibility re-assessments for consumers served in long term care programs.
- \$700,000 General Fund to augment \$1.6 million General Fund already approved to support projects (innovations and pilots) to develop new approaches to long term care services. The additional amount includes \$350,000 General Fund for a grant to the Neighborhood Housing and Care Program, which is implementing a model for serving people living with HIV/AIDS in their homes. The average age and acuity of these individuals is growing along with the baby boomer population.
- \$500,000 General Fund and \$1,200,000 Federal Funds limitation to help cover Homecare Worker compensation costs associated with nurse delegation duties.

The 2013-15 budget approved for the Department of Human Services (DHS) in Senate Bill 5529 continued some reductions in developmental disability program budgets for community programs and brokerages. These reductions left equity (parity) relative to state office costs at levels ranging from 85% to 95%, depending on the budget component (e.g., case management and brokerage options). After completion of the DHS budget in Senate Bill 5529, DHS discovered that, within the budgeted funding level for these programs and with some updated assumptions in the budget model, equity for both programs could be brought up to 94% across all components. The Subcommittee approved the Department's plan to realign the budgets for the programs and implement the revised parity level. DHS is currently developing workload-based models for both programs and plans to build those models into the agency's 2015-17 budget proposal.

The Subcommittee added \$1,000,000 Other Funds expenditure limitation for the Employment Related Day Care (ERDC) program to help cover child care provider rate increases while providing subsidies to as many employed parents as possible. This funding is currently available due to lower than expected 2011-13 utilization of federal Child Care Development Fund dollars by the Child Care Division; General Fund may be needed in future biennia to cover these expenditures.

Long Term Care Ombudsman

The Subcommittee added \$585,488 General Fund and seven permanent positions (2.81 FTE) to support work under Senate Bill 626, which expands duties of the Long Term Care Ombudsman to advocate for residents of care facilities who have mental illness or developmental disabilities. There are about 7,600 persons living in 1,816 licensed adult foster homes and group homes in Oregon serving persons with developmental disabilities and mental illness.

To provide the subject matter expertise needed to develop and refine the expanded program, the agency would add one permanent full-time Program Analyst 4 position. Five full-time deputy ombudsman positions (Program Analyst 2 classification) would ultimately be needed to work with approximately 125 new volunteers. Consistent with an expected gradual ramp-up for the new program, four of these positions would be phased in over the last 12 months of the 2013-15 biennium, with the fifth position phased-in at the start of the 2015-17 biennium. A half-time volunteer recruiter position (Program Analyst 1) would also be required to develop and maintain volunteer ranks and an Administrative Specialist would help support the new program, staff, volunteers, and an expanded advisory committee.

In addition, to help the agency better serve its existing clients, the Subcommittee increased the agency's budget by \$200,000 General Fund, which covers salary and other costs associated with adding one full-time deputy ombudsman position (1.00 FTE). This position will supervise 25 to 30 additional volunteers, increasing facility coverage (visits) with an emphasis on adult foster homes.

JUDICIAL BRANCH

Judicial Department

The Subcommittee increased the General Fund appropriation for judicial compensation by \$634,980, to finance a second salary increase for judges during the 2013-15 biennium. Judicial salaries are established by statute. House Bill 2322 increases the salaries of judges by \$5,000 per year beginning January 1, 2014, and by an additional \$5,000 per year beginning January 1, 2015. The 2013-15 biennium cost of the House Bill 2322 salary increases totals \$2,539,916. House Bill 5016, the budget bill for the Judicial Department, includes \$1,934,859 General Fund to fund the first \$5,000 salary increase. The General Fund increase included in this bill provides the additional funds needed to pay the second \$5,000 salary increase for the six months that it will be in effect in the 2013-15 biennium.

An Other Funds expenditure limitation increase of \$335,000 was approved for operations, for costs of issuing Article XI-Q bonds to finance a \$4.4 million capital construction project to renovate the exterior of the Supreme Court Building, and to finance a \$15 million grant to support development of a new courthouse for the Multnomah County Circuit Court in Portland. The cost of issuing the bonds will be financed from the proceeds of the bonds.

The Subcommittee also established a \$1 Other Funds expenditure limitation for the Oregon Courthouse Capital Construction and Improvement Fund. This newly-established Fund will hold Article XI-Q bond proceeds and county matching funds, and will be used to fund the purchase, remodeling or construction of courthouses owned or operated by the State. Senate Bill 5506 authorizes \$15 million of Article XI-Q bond proceeds that would be deposited into this Fund. The Legislative Assembly or the Emergency Board must increase the \$1 expenditure limitation, before bond proceeds and county matching funds could be distributed to the county for a construction project.

The Subcommittee reduced the Other Funds expenditure limitation on expenditures of Article XI-Q bond proceeds for Oregon eCourt by \$190,767, to correct an error in House Bill 5016, the Judicial Department's budget bill.

Public Defense Services Commission

The Subcommittee increased the General Fund appropriation for Professional Services by \$2,409,367. This increase includes three components:

- General Fund is increased \$2,400,000 to reduce trial-level juvenile dependency caseloads and improve the quality of legal services in juvenile dependency and termination of parental rights cases. The approved funding level will support an approximate 4.5% average reduction in the caseloads of attorneys providing these services, however, the agency may choose to distribute available funds on a pilot project basis. The agency will make caseload reductions conditional upon agreement to implement established best practices, and will evaluate the impacts of the caseload reductions.
- General Fund is increased \$864,567 to increase compensation paid to public defender contractors, hourly-paid attorneys, and hourly-paid investigators. The funds provided by this action will be added to the \$2,135,433 General Fund appropriated to the Commission for this same purpose in House Bill 5041, to provide a total of \$3,000,000 for compensation increases. From the \$3,000,000 available, the agency is to allocate \$2,329,729 to reduce the average salary differential between public defender salaries and district attorney salaries, allocate \$218,141 to increase the compensation rates for hourly-paid attorneys, and allocate \$452,130 to increase the compensation rates for hourly-paid investigators.
- General Fund is reduced \$855,200 as a result of passage of Senate Bill 40, which reduces crimes for the unlawful manufacture and possession of marijuana and marijuana products. The fiscal impact of these actions will reduce costs to the Commission by this amount.

LEGISLATIVE BRANCH

Legislative Administration Committee

The Legislative Administration Committee has increased expenditures related to the Capitol Master Plan project. The bill establishes an Other Funds limitation of \$615,000 for the cost of issuance of Article XI-Q bonds for the project. It also includes a General Fund appropriation of \$1,421,341 for the debt service on the bonds issued for the 2013-15 biennium. Expenditure limitation for the project costs are provided in SB 5507 (the capital construction bill).

Legislative Fiscal Officer

House Bill 5008 establishes an Other Funds account called the Legislative Fiscal Office Operating Fund.

NATURAL RESOURCES

State Department of Agriculture

The bill adds \$34,060 General Fund to increase special payments to USDA-APHIS-Wildlife Services for predator control activities. \$65,940 General Fund was also added to the Department of Fish and Wildlife for the same purpose. With these increases, state-support in both

departments for predator control activities will be equalized at \$415,889 for the 2013-15 biennium. The Subcommittee added the following budget note related to this increase:

Budget Note:

The Department of Fish and Wildlife and the Department of Agriculture shall, using information provided by USDA-APHIS-Wildlife Services, report to the appropriate subcommittee of the Joint Committee on Ways and Means during the 2015 Regular Session on wildlife conflicts responded to by Wildlife Services agents by species, resource type, and methods used to address the conflict, summarized by county.

The Subcommittee reduced Lottery Funds by \$21,380 to reflect the ending of the County Fair Commission, for which the Department had received funding for minimal administrative support. The moneys will now instead be added to the Lottery Funds support for County Fair payments by the Department of Administrative Services.

Columbia River Gorge Commission

The budget for the Columbia River Gorge Commission was reduced by \$79,873 General Fund to match the lower appropriation made by the State of Washington for Columbia River Gorge Commission activities.

State Department of Energy

House Bill 5008 increases the Department's Other Funds expenditure limitation by \$9,876,190 for home energy efficiency programs that will further the Ten Year Energy Plan goal of meeting new electric energy load growth through energy efficiency and conservation. This expenditure limitation includes \$76,190 for cost of issuance associated with \$5 million in Lottery Bond proceeds, as well as \$4.8 million in unexpended public purpose charge single family weatherization funding transferred from the Housing and Community Services Department in House Bill 2322.

The bill clarifies the use of Lottery Funds by the Department of Energy, to be consistent with the agency's adopted budget.

Department of Environmental Quality

House Bill 5008 removes \$17,140,248 Other Funds expenditure limitation for debt service payments mistakenly added in Senate Bill 5520. This subsection of Senate Bill 5520, the budget bill for the Department of Environmental Quality, is not necessary because the agency was also provided nonlimited Other Funds authority to pay debt service costs during the 2013-15 biennium in the same bill. This adjustment will prevent authorized Other Fund debt service payments from being erroneously doubled counted in 2013-15.

Department of Land Conservation and Development

The Subcommittee approved \$116,000 General Fund to supplement grant funding for the Southern Oregon Regional Land Use Pilot Program. The bill also includes \$80,000 General Fund for a grant to the Columbia River Gorge Commission for continuation of work on urban planning issues inside the Oregon portion of the National Scenic Area in the Columbia River Gorge. In addition, a reduction of \$35,000 General Fund in the Planning Program was approved because rulemaking will not be required to implement provisions of House Bill 2202 to mining on land zoned for exclusive farm use.

State Department of Fish and Wildlife

The Subcommittee added a one-time \$50,000 General Fund appropriation as state match for a study on the effects of cormorant predation on listed salmonids. The state support will be matched with \$150,000 Federal Funds to hire seasonal positions to conduct population surveys, conduct diet studies to help verify the extent of salmonid predations, and assist in on-going hazing efforts.

The bill also adds \$65,940 General Fund to increase special payments to USDA-APHIS-Wildlife Services for predator control activities. \$34,060 General Fund was also added to the Department of Agriculture for the same purpose. With these increases, state-support in both departments for predator control activities will be equalized at \$415,889 General Fund for the 2013-15 biennium. The Subcommittee added the following budget note for both agencies:

Budget Note:

The Department of Fish and Wildlife and the Department of Agriculture shall, using information provided by USDA-APHIS-Wildlife Services, report to the appropriate subcommittee of the Joint Committee on Ways and Means during the 2015 Regular Session on wildlife conflicts responded to by Wildlife Services agents by species, resource type, and methods used to address the conflict, summarized by county.

State Forestry Department

The Department has received a pre-award notice from the U.S. Department of Agriculture regarding the availability of \$3 million of federal legacy dollars to be applied to the Gilchrist Forest acquisition. Limitation in that amount is added for the 2013-15 biennium. The total amount includes \$600,000 for recently-available infill acreage.

To cover the expense of bond issuance for the Gilchrist Forest purchase and the East Lane construction, the Subcommittee increased Other Funds expenditure limitation by \$120,000.

The Department is directed to use up to \$200,000 of the Forest Revenue CSF account to supplement Policy Package 486, SB 5521 (2013), for the same purposes as Package 486. Package 486 provided \$250,000 Other Funds expenditure limitation to meet statutory requirements for forest research and monitoring on the Elliott State Forest.

The following budget note was approved for the State Forestry Department:

Budget Note:

Senate Bill 5521 (2013) provided \$2,885,000 Lottery Funds limitation to the Department of Forestry for the Governor's dry-side forest health collaboration effort for a new business model to improve federal forest project management and technical and scientific support. In administering the funding, the department is authorized to also consider a small grant program and a limited duration liaison position, from the \$2,885,000, at the department's discretion. The small grants are to be administered by the Oregon Watershed Enhancement Board using the Board's existing expenditure limitation. The position, if created, is to be the state's point of contact for the US Forest Service, congressional delegation, local forest collaborative groups, and the state Legislative Assembly.

The Department is directed to report to the Legislature in February 2014 on specific plans, expected outcomes, progress, and the amount of federal funding and support provided to the collaboration.

Parks and Recreation Department

Other Funds expenditure limitation is increased by \$5,000,000 for lottery bond proceeds designated to be passed through to a local recipient for the Willamette Falls project. In addition, the limitation is increased by \$69,882 for cost of issuance expenses. There is no debt service in the 2013-15 biennium as the bonds will not be sold until the spring of 2015. Debt service in 2015-17 is \$0.9 million Lottery Funds.

Department of State Lands

House Bill 5008 increases the Department's Other Funds expenditure limitation by \$307,360. This is for unspent limitation associated with the conversion of 960 open rangeland acres currently leased for livestock grazing. The acreage will be converted to about 620 acres of irrigated agriculture land. The expenditure limitation was authorized by the Emergency Board in May, 2012. Due diligence review and determination of wetlands, required before undertaking the conversion, has taken longer than expected. After the final wetlands determination report in July 2013, the agency can move ahead to complete the project.

The Subcommittee increased the Federal Funds expenditure limitation in anticipation of two Environmental Protection Agency grants to develop scientifically based tools for functions-based, watershed-scale approach to wetlands mitigation in Oregon. The Department expects final notification on the grants in September 2013. The total amount is \$135,000. The Department of Administrative Services (DAS) is requested to unschedule the limitation until such time as State Lands notifies DAS and the Legislative Fiscal Office that the funds are awarded.

Water Resources Department

The Subcommittee approved \$10,242,513 Other Funds expenditure limitation from bond proceed resources for water supply projects including, but not limited to, statewide piping and lining open, rock or dirt-lined irrigation canal projects; implementation/completion of the Umatilla Basin Aquifer Recovery Project, repairing the Dam at Wallowa Lake and constructing a new reservoir in Juniper Canyon; the Willamette Basin Long-Term Water Allocation Study; the Deschutes Basin Study; and development of above and below ground water storage projects with partners in Oregon, Washington State, and Canada.

PUBLIC SAFETY

Department of Corrections

If House Bill 3194 becomes law, the operational budget for the Department of Corrections (DOC), excluding Community Corrections, is reduced by \$19.7 million General Fund and 197 positions (65.31 FTE). This reduction eliminates most of the mandated caseload estimate included in House Bill 5005, and reflects a decrease in projected bed utilization of approximately 700 in 2013-15 from the April 2013 corrections forecast. Although the operational budget is decreased overall, the Department did receive \$168,302 General Fund and 0.79 FTE to support the transitional leave program requirements in House Bill 3194.

The Subcommittee made several modifications to DOC's Community Corrections budget. First, \$9 million General Fund was approved to enhance baseline funding for community corrections programs. Further, if House Bill 3194 becomes law, baseline funding is increased to total

\$215 million, or an additional \$8.09 million General Fund. At \$215 million, the Community Corrections baseline would be \$33 million, or 18%, above the 2011-13 legislatively approved budget. Also, conditional on passage of House Bill 3194, \$5 million General Fund was approved for jail support. DOC will distribute these dollars to counties based on each county's proportion of the baseline funding formula.

The following budget note was approved:

Budget Note:

As in the 2011-13 legislatively approved budget, the Department of Corrections is instructed to address the level of unspecified reductions in its budget without closure of existing facilities and without use of layoffs to reach the reduction goal. A report on what steps may be needed to reach reduction goals will be presented to the Joint Committee on Ways and Means during the February, 2014 legislative session.

Criminal Justice Commission

House Bill 3194 creates the Justice Reinvestment Account (Account) to support grants to counties for programs to reduce recidivism and decrease utilization of state prison capacity. However, the bill itself does not establish a funding level. The Subcommittee approved \$10 million General Fund for the Account with the understanding that an additional \$5 million would be approved during the February 2014 legislative session if the legislative assembly receives a 2013-15 General Fund forecast that is higher than the close of session forecast. This approval was made with the understanding that the Governor's Office will also direct the Criminal Justice Commission (CJC) to allocate \$5 million in federal funds from the 2012 and 2013 Byrne/Justice Assistance Grants for similar grants to counties. In the 2015-17 biennium, the current service level is expected to total \$20 million General Fund for the Account.

The Subcommittee also approved \$190,000 General Fund and the phase-in of one Program Analyst 4 (0.88 FTE) to support grant administration and the Task Force on Public Safety as authorized in House Bill 3194.

The following budget note was approved:

Budget Note:

CJC is directed to administer the Justice Reinvestment Program and Specialty Courts Grant Programs during 2013-2015 using General, Other and Federal Funds. CJC will work with the Justice Reinvestment Grant Review Committee and the Criminal Justice Commission to distribute and allocate these different funds in an efficient and effective manner. CJC will report back on the results of this work during the February 2014 legislative session.

Department of Justice

The Subcommittee approved an increase in Other Funds (Criminal Fine Account) expenditure limitation by \$700,000 to support an increased allocation to Child Abuse Multidisciplinary Intervention (CAMI). With this adjustment, CAMI would receive in total General Fund and Criminal Fine Account allocations, \$10.7 million or 9.9% increase over the 2011-13 legislatively approved budget.

An increase of \$1.8 million General Fund was approved for the Oregon Domestic and Sexual Violence Services Fund (ODSVS). If House Bill 3194 becomes law, an additional \$2.2 million General Fund, for a total of \$4 million, is approved. These adjustments augment the \$4.4 million General Fund authorized in House Bill 5018.

This bill includes a reduction in the Other Funds expenditure limitation for the Department of Justice's Civil Enforcement Division of \$471,040. During consideration of House Bill 5018, this amount was shifted from the Non-limited budget category. Upon further review, restitution and refund payments from the Protection and Education Revolving Account can correctly be categorized as Non-limited.

The Subcommittee approved the first phase of funding to replace the Child Support Enforcement Automated System (CSEAS). This approval included \$1.6 million General Fund for debt service on XI-Q Bonds authorized in Senate Bill 5506, \$14.1 million Other Funds expenditure limitation, and \$27.4 million Federal Funds. In total, the CSEA projected is estimated to cost \$109.4 million with federal funding supporting two-thirds of the project. The Subcommittee also approved the following budget note:

Budget Note:

The Department of Justice (DOJ) is directed to work with the Department of Administrative Services (DAS) in the development and implementation of the Child Support System Modernization project. DAS is to provide support to and collaborate with the DOJ in the information technology systems development lifecycle, procurement, quality assurance, and other support needed to successfully complete this project. DOJ and DAS are directed to report to the Legislative Fiscal Office at a minimum of every six months through the remainder of the biennium on the status of the project as well as provide copies of all Quality Assurance, Quality Control, and Independent Verification and Validation reports upon their receipt by the agency. DOJ is also to submit an update on the status of foundational project management documentation, including copies of completed documents, each accompanied by independent quality control review, to LFO by December 1, 2013.

The Subcommittee approved budget adjustments for an increase in the statutorily set salary for statewide elected officials as provided for in House Bill 2322. The statewide elected officials include the Governor, Secretary of State, State Treasurer, Attorney General, and the Commissioner of Labor and Industries. Each is to receive a salary increase of \$5,000 per year, beginning on January 1, 2014. The impact on the Department of Justice is an increase of \$9,174 Other Funds expenditure limitation, including other payroll expenses. Statewide elected officials last received a salary increase in July of 2009. Statutory Judgeships are also to receive a salary increase (see Judicial Branch program area narrative). The compensation for members of the Legislative Assembly remains unchanged.

The Subcommittee also authorized \$75,000 General Fund to support the Oregon Crime Victims Law Center. Further, the Defense of Criminal Conviction program was reduced by \$391,724 General Fund to reflect a smaller increase in mandated caseload.

Oregon Military Department

The Subcommittee appropriated \$275,000 of General Fund for the Oregon Local Disaster Assistance Loan and Grant Account under the Emergency Management program for possible loans or grants from the account. The Department will need to request Other Funds expenditure limitation from either the Legislature or the Emergency Board specific to a local disaster in order to expend funds from the Account.

The bill includes \$15,000 General Fund for the Oregon Youth Challenge program for the reimbursement of fuel costs of participating youths' parents or legal guardians who travel to the program to visit their children. The Oregon Youth Challenge program is to establish a reimbursement policy for such expenses and is to expend no more than the appropriation provided, unless federal matching funds are available for this purpose.

General Fund Debt Service of \$314,523 was approved to support repayment of Article XI-Q General Obligation bond approved in Senate Bill 5506 for the 2013-15 biennium (Sharff Hall – Portland and Roseburg Armory). The appropriation reflects a reduction of \$78,840 for General Fund Debt Service savings from previously issued bonds. The General Fund Debt Service for the 2015-17 biennium will total \$2.2 million and will include Debt Service costs for Sharff Hall, the Medford Armory, the Roseburg Armory, and the Baker City Readiness Center. The Subcommittee also approved \$237,345 Other Funds expenditure limitation for the cost of issuance for the four projects.

Oregon State Police

To address concerns for diminishing availability of public safety services in some Oregon counties, particularly in the areas of patrol and criminal investigations, the Subcommittee approved \$1.16 million General Fund and 10 trooper positions (2.50 FTE) within the Patrol Division, \$462,000 General Fund and four trooper positions (1.00 FTE) within the Criminal Division, \$1.47 million General Fund for forensic equipment and one Forensic Scientist (0.88 FTE), and \$300,000 General Fund to support contractual payments for medical examiner services in Southern Oregon.

Department of Public Safety Standards and Training

The Subcommittee approved \$1 million Other Funds (Criminal Fine Account) expenditure limitation and four Public Safety Training Specialist 2 positions (3.52 FTE) to support the Oregon Center for Policing Excellence.

Oregon Youth Authority

The General Fund appropriation for the East Multnomah County gang funding is increased by \$126,673 for extraordinary inflation associated with personnel costs. Total funding with this addition is \$1,833,428.

Because of savings in capital projects, Oregon Youth Authority is able to redirect unspent funds to debt service, eliminating the need for the same amount of General Fund. The Subcommittee approved establishing a new other Funds expenditure limitation for \$384,877 for debt service. The General Fund reduction is included in the omnibus adjustments.

TRANSPORTATION

Department of Transportation

Senate Bill 665 proposed moving the Statewide Interoperability Coordinator (SWIC) position and support for the Statewide Interoperability Executive Council from the Department of Transportation to the Department of Administrative Services. The bill was not heard. The agencies are instructed to complete planning for the transfer and report to the February 2014 Legislature on status of the federal FirstNet grant funding and how the SWIC's salary and other expenses will be paid. Two positions that were eliminated from the Department of Transportation's Highway Maintenance unit budget in anticipation of Senate Bill 665's passage are restored. They are a Project Manager 3 and an Operations and Policy Analyst 4. Other Funds expenditure limitation is increased by \$391,871 in Personal Services to support the positions.

House Bill 3137 permits an individual to submit to the Department of Transportation a voluntary odometer reading for a vehicle over ten years old as part of transfer of any interest in the motor vehicle. The measure has a fiscal impact to the Driver and Motor Vehicles Division. If the bill becomes law, it is understood that the Department may proceed with implementation if the National Highway Traffic Safety Administration odometer fraud grant in the same amount, for which the Department applied in May, 2013, is awarded. If the grant is not awarded and the Department can find no other funding to implement the measure, the Department may request funding from the Legislature in February 2014.

The Subcommittee approved an increase in Other Funds expenditure limitation in the Transportation Program Development section of \$42,000,000 in lottery bond proceeds for ConnectOregon V. In addition, the limitation is increased by \$691,683 for cost of issuance expenses. There is no debt service in the 2013-15 biennium as the bonds will not be sold until the spring of 2015. Debt service in 2015-17 is \$7.6 million Lottery Funds. The following direction was provided:

Budget Note:

In order to ensure Connect Oregon Funds are used efficiently and effectively, the department shall take steps to ensure that projects are delivered on time and on budget. Actions shall include, but not be limited to, the withholding of five percent of the moneys awarded. Of the amount withheld under this section, the department shall release to the recipient:

- (a) Eighty percent when the recipient has completed the project.
- (b) Twenty percent when the recipient has submitted and the department has accepted the final performance measure report as established by agreement between the department and the recipient. The department may not pay and the recipient forfeits the amount withheld under this paragraph if the recipient does not submit a final performance measure report before the due date in a manner that is acceptable to the department as established by the agreement between the department and the recipient. Additionally, if the recipient does not submit the performance measure report before the due date, the recipient may not apply for another performance grant during the next application cycle.

Public Transit Other Funds expenditure limitation is increased by \$3,500,000 lottery bond proceeds for the Salem Keizer Transit Center. In addition, the Other Funds limitation is increased by \$62,986 for cost of issuance expenses. There is no debt service in the 2013-15 biennium as the bonds will not be sold until the spring of 2015. Debt service in 2015-17 is \$0.6 million Lottery Funds.

General Fund debt service in Senate Bill 5544 for the Lane Transit EmX project is eliminated, for a reduction of \$757,944. Lottery Funds debt service for this borrowing will begin in the 2015-17 biennium.

Other Funds expenditure limitation is increased in the Rail Division by \$10,000,000 for lottery bond proceeds for Coos Bay Rail. In addition, the limitation is increased by \$239,248 for cost of issuance expenses. There is no debt service in the 2013-15 biennium as the bonds will not be sold until the spring of 2015. Debt service in 2015-17 is \$1.8 million Lottery Funds.

Adjustments to 2011-13 Budgets

Emergency Board

House Bill 5008 disappropriates \$50,447,306 General Fund from the Emergency Board. This represents all remaining appropriation in the Emergency Board for the 2011-13 biennium.

Oregon University System

The Subcommittee acted to align 2011-13 Other Funds expenditure limitations, adopted for the Oregon University System (OUS) before Senate Bill 242 (2011) was passed, with current budget reality, by removing a total of \$2,329,480,585 Other Fund limited and \$2,236,635,139 Other Funds non-limited authority approved by the Legislature during the 2011 Regular Session. With the passage of Senate Bill 242 (2011) the Oregon University System and its seven public universities were reorganized as non-state agencies. Part of this change involved removing OUS from being subject to Other Funds expenditure limitation by the Legislature.

Oregon Youth Authority

House Bill 5008 includes a supplemental General Fund appropriation of \$200,000 for operations.

Military Department

The Subcommittee disappropriated \$460,000 of General Fund for the Oregon Local Disaster Assistance Loan and Grant Account, which is in the Emergency Management program. There are currently no outstanding loan or grant requests for the account. The Subcommittee also disappropriated \$26,748 of General Fund Debt Service savings from the Capital Debt Service and Related Costs program.

Agency Name	Appropriation Description	Bill Number	Section/ Sub	Fund	General Fund	Lottery Funds	Other Funds	Federal Funds
ADMINISTRATION								
ADVOCACY COMMISSIONS OFFICE	Operating Expenses	SB 5501	01	GF	(8,301)	-	-	-
DEPT OF ADMIN SERVICES	Chief Operating Office	HB 5002	01-01	GF	(5,511)	-	-	-
DEPT OF ADMIN SERVICES	Enterprise Asset Management	HB 5002	01-02	GF	(25,298)	-	-	-
DEPT OF ADMIN SERVICES	Oregon Public Broadcasting	HB 5002	01-03	GF	(10,000)	-	-	-
DEPT OF ADMIN SERVICES	Oregon Historical Society	HB 5002	01-04	GF	(15,000)	-	-	-
SECRETARY OF STATE	Administrative Services	SB 5539	01-01	GF	(39,053)	-	-	-
SECRETARY OF STATE	Elections Division	SB 5539	01-02	GF	(136,133)	-	-	-
DEPT OF REVENUE	Administration	SB 5538	01	GF	(1,121,210)	-	-	-
DEPT OF REVENUE	Property Tax	SB 5538	02	GF	(289,008)	-	-	-
DEPT OF REVENUE	Personal Tax and Compliance	SB 5538	03	GF	(1,329,932)	-	-	-
DEPT OF REVENUE	Business	SB 5538	04	GF	(446,852)	-	-	-
DEPT OF REVENUE	Elderly Rental Assistance and Nonprofit Housing	SB 5538	05	GF	(113,440)	-	-	-
EMPLOYMENT RELATIONS BOARD	Operating Expenses	HB 5010	01	GF	(38,817)	-	-	-
OFFICE OF THE GOVERNOR	Operating Expenses	SB 5523	01	GF	(205,081)	-	-	-
OFFICE OF THE GOVERNOR	Expenses for Duties	SB 5523	02	GF	(1,000)	-	-	-
OREGON STATE LIBRARY	Operating Expenses	HB 5022	01	GF	(32,951)	-	-	-
CONSUMER AND BUSINESS SERVICES								
BUREAU OF LABOR AND INDUSTRIES	Operating Expenses	HB 5020	01	GF	(234,674)	-	-	-
ECONOMIC DEVELOPMENT								
ECONOMIC AND COMMUNITY DEVELOP	Arts Commission	HB 5028	01-01	GF	(89,679)	-	-	-
ECONOMIC AND COMMUNITY DEVELOP	Business, Innovation and Trade	HB 5028	03-01	LF	-	(1,178,533)	-	-
ECONOMIC AND COMMUNITY DEVELOP	Business, Innovation and Trade - Seismic Rehab	SB 813	18e-01	LF	-	(3,208)	-	-
ECONOMIC AND COMMUNITY DEVELOP	Shared Services	HB 5028	03-02	LF	-	(136,228)	-	-
ECONOMIC AND COMMUNITY DEVELOP	Shared Services - Seismic Rehab	SB 813	18e-02	LF	-	(2,413)	-	-
ECONOMIC AND COMMUNITY DEVELOP	Oregon Film & Video Office	HB 5028	03-03	LF	-	(23,072)	-	-
ECONOMIC AND COMMUNITY DEVELOP	Oregon Growth Board	HB 2323	14	LF	-	(2,000)	-	-
ECONOMIC AND COMMUNITY DEVELOP	Oregon Industrial Site Readiness Program	SB 246	08	LF	-	(3,585)	-	-
ECONOMIC AND COMMUNITY DEVELOP	Beginning and Expanding Farmer Loan Program	HB 2700	07	LF	-	(4,552)	-	-
DEPT OF HOUSING/COMMUNITY SVCS	Operating Expenses	HB 5015	01	GF	(169,304)	-	-	-
DEPT OF VETERANS AFFAIRS	Services Provided by ODVA	HB 5047	01-01	GF	(82,086)	-	-	-
DEPT OF VETERANS AFFAIRS	County Payments	HB 5047	01-02	GF	(91,535)	-	-	-
DEPT OF VETERANS AFFAIRS	Vet's Services Organizations Payments	HB 5047	01-03	GF	(2,212)	-	-	-
EDUCATION								
DEPT OF EDUCATION	Operations	SB 5518	01-01	GF	(909,397)	-	-	-
DEPT OF EDUCATION	Oregon School for the Deaf	SB 5518	01-02	GF	(222,340)	-	-	-
DEPT OF EDUCATION	Early intervention services and early childhood special education programs	SB 5518	02-01	GF	(2,720,844)	-	-	-
DEPT OF EDUCATION	Other special education programs	SB 5518	02-02	GF	(857,426)	-	-	-
DEPT OF EDUCATION	Blind and Visually Impaired Student Fund	SB 5518	02-03	GF	(19,769)	-	-	-
DEPT OF EDUCATION	Breakfast and summer food programs	SB 5518	02-04	GF	(46,375)	-	-	-
DEPT OF EDUCATION	Strategic investments	SB 5518	02-05	GF	(436,976)	-	-	-

Agency Name	Appropriation Description	Bill Number	Section/ Sub	Fund	General Fund	Lottery Funds	Other Funds	Federal Funds
DEPT OF EDUCATION	Other grant-in-aid programs	SB 5518	02-06	GF	(80,053)	-	-	-
DEPT OF EDUCATION	Oregon prekindergarten program	SB 5518	02-07	GF	(2,548,483)	-	-	-
DEPT OF EDUCATION	Other early learning programs	SB 5518	02-08	GF	(673,910)	-	-	-
DEPT OF EDUCATION	Youth development programs	SB 5518	02-09	GF	(114,982)	-	-	-
OREGON EDUCATION INVESTMENT BRD	Operating Expenses	SB 5548	01	GF	(123,176)	-	-	-
STUDENT ASSISTANCE COMMISSION	Oregon Opportunity Grants	HB 5032	01-01	GF	(2,269,536)	-	-	-
STUDENT ASSISTANCE COMMISSION	OSAC operations	HB 5032	01-02	GF	(63,076)	-	-	-
STUDENT ASSISTANCE COMMISSION	Other payments to individuals and institutions	HB 5032	01-03	GF	(28,985)	-	-	-
COMMUNITY COLLEGES DEPARTMENT	Operations	HB 5019	01-01	GF	(275,715)	-	-	-
COMMUNITY COLLEGES DEPARTMENT	Skills centers	HB 5019	01-03	GF	(12,000)	-	-	-
HIGHER EDUCATION COORD. COMM.	Operations	HB 5033	01	GF	(45,957)	-	-	-
HUMAN SERVICES								
LONG TERM CARE OMBUDSMAN	Operating Expenses	HB 5024	01	GF	(39,554)	-	-	-
COMMISSION FOR THE BLIND	Operating Expenses	HB 5003	01	GF	(31,287)	-	-	-
PSYCHIATRIC REVIEW BOARD	Operating Expenses	HB 5040	01	GF	(46,969)	-	-	-
DEPT OF HUMAN SERVICES	Central Services, Statewide Assessments & Enterprise-wide Costs	SB 5529	01-01	GF	(3,618,994)	-	-	-
DEPT OF HUMAN SERVICES	Child Welfare, Self Sufficiency, and Vocational Rehabilitation Services	SB 5529	01-02	GF	(16,897,531)	-	-	-
DEPT OF HUMAN SERVICES	Aging and People with Disabilities and Developmental Disabilities Programs	SB 5529	01-03	GF	(25,049,879)	-	-	-
OREGON HEALTH AUTHORITY	Programs	HB 5030	01-01	GF	(36,974,198)	-	-	-
OREGON HEALTH AUTHORITY	Central Services, Statewide Assessments and Enterprise-wide Costs	HB 5030	01-02	GF	(1,834,762)	-	-	-
JUDICIAL BRANCH								
JUDICIAL FIT OR DISABILITY COM	Administration	HB 5017	01-01	GF	(3,849)	-	-	-
JUDICIAL FIT OR DISABILITY COM	Extraordinary expenses	HB 5017	01-02	GF	(206)	-	-	-
JUDICIAL DEPARTMENT	Operations	HB 5016	01-02	GF	(5,455,635)	-	-	-
JUDICIAL DEPARTMENT	Mandated Payments	HB 5016	01-03	GF	(296,940)	-	-	-
JUDICIAL DEPARTMENT	Electronic Court	HB 5016	01-04	GF	(37,415)	-	-	-
JUDICIAL DEPARTMENT	Third-party Debt Collections	HB 5016	01-06	GF	(239,201)	-	-	-
JUDICIAL DEPARTMENT	Oregon Law Commission	HB 5016	05	GF	(4,492)	-	-	-
JUDICIAL DEPARTMENT	Council on Court Procedures	HB 5016	06	GF	(1,040)	-	-	-
JUDICIAL DEPARTMENT	Conciliation & mediation services in circuit courts	HB 5016	07-01	GF	(144,248)	-	-	-
JUDICIAL DEPARTMENT	Operating law libraries or providing law library services	HB 5016	08-01	GF	(144,248)	-	-	-
PUBLIC DEFENSE SERVICES	Appellate Division	HB 5041	01-01	GF	(291,347)	-	-	-
PUBLIC DEFENSE SERVICES	Professional Services	HB 5041	01-02	GF	(4,617,158)	-	-	-
PUBLIC DEFENSE SERVICES	Contract and Business Services Division	HB 5041	01-03	GF	(65,418)	-	-	-
LEGISLATIVE BRANCH								
LEGISLATIVE ADMIN COMMITTEE	General program	HB 5021	01-01	GF	(533,335)	-	-	-
LEGISLATIVE ASSEMBLY	Biennial General Fund	HB 5021	04	GF	(266,482)	-	-	-
LEGISLATIVE ASSEMBLY	77th Leg Assembly	HB 5021	05-01	GF	(338,307)	-	-	-
LEGISLATIVE ASSEMBLY	78th Leg Assembly	HB 5021	05-02	GF	(176,899)	-	-	-
LEGISLATIVE COUNSEL COMMITTEE	Operating Expenses	HB 5021	08	GF	(200,172)	-	-	-

Agency Name	Appropriation Description	Bill Number	Section/ Sub	Fund	General Fund	Lottery Funds	Other Funds	Federal Funds
LEGISLATIVE FISCAL OFFICER	Operating Expenses	HB 5021	11-01	GF	(73,889)	-	-	-
LEGISLATIVE REVENUE OFFICE	Operating Expenses	HB 5021	12	GF	(51,399)	-	-	-
INDIAN SERVICES COMMISSION	Operating Expenses	HB 5021	13	GF	(9,186)	-	-	-
NATURAL RESOURCES								
DEPT OF GEOLOGY AND INDUSTRIES	General Fund	HB 5014	01	GF	(51,519)	-	-	-
DEPT OF PARKS AND RECREATION	General Fund	HB 5034	01	GF	(20,000)	-	-	-
LAND USE APPEALS BOARD	General Fund	SB 5531	01	GF	(30,950)	-	-	-
DEPT OF WATER RESOURCES	Water resources program	SB 5547	01	GF	(540,096)	-	-	-
DEPT OF AGRICULTURE	Administrative and Support Services	SB 5502	01-01	GF	(33,821)	-	-	-
DEPT OF AGRICULTURE	Food Safety	SB 5502	01-02	GF	(130,436)	-	-	-
DEPT OF AGRICULTURE	Natural Resources	SB 5502	01-03	GF	(140,392)	-	-	-
DEPT OF AGRICULTURE	Agricultural Development	SB 5502	01-04	GF	(79,760)	-	-	-
DEPT OF ENVIRONMENTAL QUALITY	Air quality	SB 5520	01-01	GF	(114,865)	-	-	-
DEPT OF ENVIRONMENTAL QUALITY	Water quality	SB 5520	01-02	GF	(392,845)	-	-	-
DEPT OF ENVIRONMENTAL QUALITY	Land quality	SB 5520	01-03	GF	(15,194)	-	-	-
DEPT OF FISH AND WILDLIFE	Fish Division	HB 5013	01-01	GF	(252,570)	-	-	-
DEPT OF FISH AND WILDLIFE	Wildlife Division	HB 5013	01-02	GF	(9,787)	-	-	-
DEPT OF FISH AND WILDLIFE	Administrative Services Division	HB 5013	01-03	GF	(29,412)	-	-	-
DEPT OF FISH AND WILDLIFE	Capital Improvement	HB 5013	01-05	GF	(2,912)	-	-	-
DEPT OF FORESTRY	Agency administration	SB 5521	01-01	GF	(4,000)	-	-	-
DEPT OF FORESTRY	Fire protection	SB 5521	01-02	GF	(771,994)	-	-	-
DEPT OF FORESTRY	Private forests	SB 5521	01-03	GF	(286,486)	-	-	-
DEPT OF LAND CONSERVTN/DEVELOP	Planning program	SB 5530	01-01	GF	(211,684)	-	-	-
DEPT OF LAND CONSERVTN/DEVELOP	Grant Programs	SB 5530	01-02	GF	(24,653)	-	-	-
COLUMBIA RIVER GORGE COMMISSION	Operating Expenses	SB 5511	01	GF	(17,820)	-	-	-
PUBLIC SAFETY								
BOARD OF PAROLE/POST PRISON	General Fund	HB 5035	01	GF	(79,300)	-	-	-
OREGON STATE POLICE	Patrol services, criminal investigations and gaming enforcement	HB 5038	01-01	GF	(2,965,500)	-	-	-
OREGON STATE POLICE	Fish and wildlife enforcement	HB 5038	01-02	GF	(57,000)	-	-	-
OREGON STATE POLICE	Forensic services and State Medical Examiner	HB 5038	01-03	GF	(742,545)	-	-	-
OREGON STATE POLICE	Administrative Services, information management and Office of the State Fire Marshal	HB 5038	01-04	GF	(928,850)	-	-	-
DEPT OF CORRECTIONS	Operations and health services	HB 5005	01-01	GF	(17,849,890)	-	-	-
DEPT OF CORRECTIONS	Administration, general services and human resources	HB 5005	01-02	GF	(2,570,120)	-	-	-
DEPT OF CORRECTIONS	Offender management and rehabilitation	HB 5005	01-03	GF	(1,281,735)	-	-	-
DEPT OF CORRECTIONS	Community corrections	HB 5005	01-04	GF	(4,342,090)	-	-	-
DEPT OF CORRECTIONS	Capital Improvements	HB 5005	01-06	GF	(53,975)	-	-	-
CRIMINAL JUSTICE COMMISSION	General Fund	HB 5007	01	GF	(277,465)	-	-	-
DISTRICT ATTORNEYS/DEPUTIES	Department of Justice for District Attorneys	SB 5517	01	GF	(209,190)	-	-	-
DEPT OF JUSTICE	Office of AG & administration	HB 5018	01-01	GF	(6,000)	-	-	-
DEPT OF JUSTICE	Civil enforcement	HB 5018	01-02	GF	(77,855)	-	-	-
DEPT OF JUSTICE	Criminal Justice	HB 5018	01-03	GF	(168,930)	-	-	-
DEPT OF JUSTICE	Crime victims' services	HB 5018	01-04	GF	(114,900)	-	-	-
DEPT OF JUSTICE	Defense of criminal conviction	HB 5018	01-05	GF	(379,270)	-	-	-

Agency Name	Appropriation Description	Bill Number	Section/ Sub	Fund	General Fund	Lottery Funds	Other Funds	Federal Funds
DEPT OF JUSTICE	Child Support Division	HB 5018	01-06	GF	(465,565)	-	-	-
DEPT OF MILITARY	Administration	SB 5534	01-01	GF	(88,729)	-	-	-
DEPT OF MILITARY	Operations	SB 5534	01-02	GF	(127,396)	-	-	-
DEPT OF MILITARY	Emergency Management	SB 5534	01-03	GF	(37,768)	-	-	-
DEPT OF MILITARY	Community Support	SB 5534	01-04	GF	(4,114)	-	-	-
OREGON YOUTH AUTHORITY	Operations	HB 5050	01-01	GF	(5,017,373)	-	-	-
OREGON YOUTH AUTHORITY	Juvenile crime prevention/diversion	HB 5050	01-02	GF	(351,862)	-	-	-
OREGON YOUTH AUTHORITY	East Multnomah County gang funding	HB 5050	01-03	GF	(34,135)	-	-	-
OREGON YOUTH AUTHORITY	Multnomah County Gang Services	HB 5050	01-04	GF	(67,542)	-	-	-
OREGON YOUTH AUTHORITY	Capital Improvements	HB 5050	01-06	GF	(14,763)	-	-	-
TRANSPORTATION								
OREGON DEPT OF TRANSPORTATION	PTD: Elderly & People w/Disabilities Transportation Pgm	SB 5544	02	GF	(40,000)	-	-	-
TOTAL					(154,895,175)	(1,353,591)	-	-

LFO Budget Highlights: 2013-15 Legislatively Adopted Budget

Human Services Program Area

The agencies in the Human Services program area work with local governments, private for-profit and non-profit organizations, communities, and individuals to provide cash and employment assistance, nutrition assistance, medical coverage, long-term care and other support to low-income individuals and families, including Oregonians with disabilities; intervene in cases of child abuse and neglect; offer treatment services to persons with mental disorders, alcohol or drug addictions; regulate the state's public health systems; supervise placements for those with mental illness who have been found guilty of committing a crime; and advocate for residents of long-term care facilities.

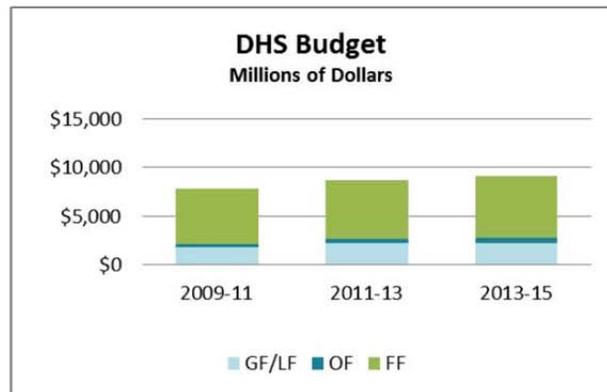
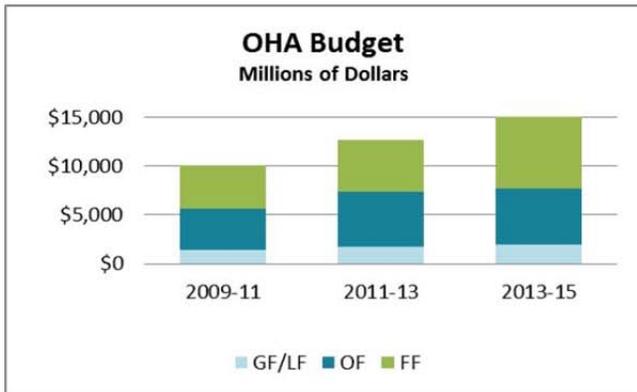
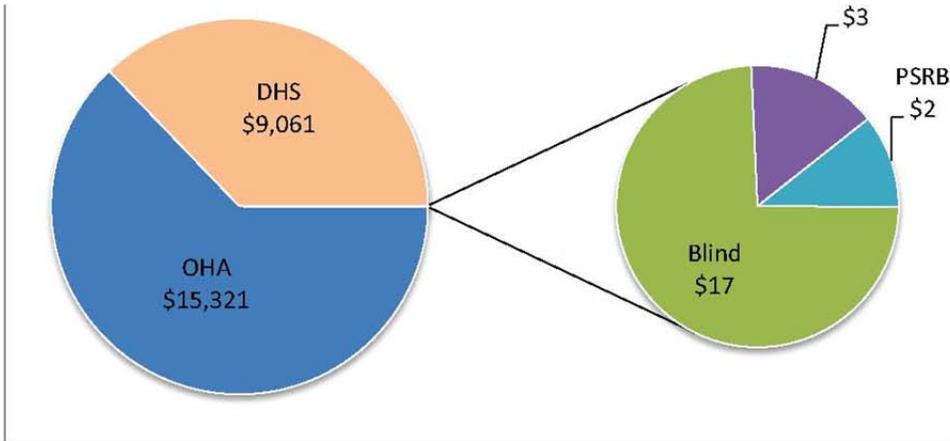
The 2013-15 legislatively adopted budget for the human services agencies totals \$4.24 billion combined General Fund and Lottery Funds, and \$24.40 billion total funds. This is 8.2% more than the 2011-13 legislatively approved budget in General Fund and Lottery Funds resources, and a 14.2% increase in total funds. The combined General Fund and Lottery Funds budget is \$322 million more than in the 2011-13 biennium, while the total funds budget for the program area is a \$3.04 billion increase from the 2011-13 biennium. A significant portion of the total funds increase is the result of the expansion of health care coverage under Medicaid to all persons under 138% of the federal poverty level, effective January 2014.

The Human Services program area budget includes \$6.2 billion Other Funds. The PEBB/OEBB resources make up over half of this total. Other significant sources are Medicaid provider assessments, tobacco taxes, tobacco master settlement revenues, bond proceeds for the Oregon State Hospital replacement project, transfers from other state agencies, and various fees.

At \$13.9 billion, Federal Funds include matching funds such as Medicaid, capped block grants such as Temporary Assistance to Needy Families (TANF), numerous other federal grants, and Nonlimited funds, primarily for Supplemental Nutrition Assistance Program (SNAP/food stamps) benefits.

The first chart below shows the 2013-15 total funds budget for the agencies in this program area. The following charts show budget comparisons for the last three biennia for the Oregon Health Authority (OHA) and the Department of Human Services (DHS).

Human Services Program Area
2013-15 Total Funds Budget = \$24,404 Million
Dollars in Millions



Oregon Health Authority

The Oregon Health Authority (OHA) was created by the 2009 Legislature (HB 2009) to bring most health-related programs into a single agency to maximize its purchasing power and to contain rising health care costs statewide. The 2013-15 legislatively adopted budget for OHA is \$1.97 billion General Fund and \$15.32 billion total funds. This represents a 16.5% increase in General Fund and a 20.9% increase in total funds since 2011-13.

General Fund increases as a result of a program transfer from the Department of Human Services, as well as investments in the community mental health system. Caseload, inflation, and debt service also contribute to the increase. Total funds increase \$2.7 billion over the 2011-13 level. This is largely a result of the expansion of health coverage under Medicaid to all persons under 138% of the federal poverty level, effective January 2014. Services for most of these new clients will be paid with 100% Federal Funds for the first three years. Other contributors include the additional 1% hospital assessment, Designated State Health Programs (DSHP) resources, inflation and caseload cost increases, and the program transfer from the Department of Human Services.

As in other agencies, OHA's 2013-15 legislatively adopted budget reflects several statewide budget adjustments. This includes the Governor's proposed administrative savings, and a 5% reduction to services and supplies. It also includes a 2% supplemental ending balance holdback applied to General Fund, totaling \$38.8 million. This reduction may be restored during the 2014 legislative session depending on statewide economic conditions.

More detail follows on OHA's four major program areas: Medical Assistance Programs; Public Employees' Benefit Board (PEBB) and Oregon Educators Benefit Board (OEBC); Addictions and Mental Health; and Public Health.

Medical Assistance Programs

Medical Assistance Programs (MAP) is the state Medicaid agency, which provides medical care to about 660,000 low income Oregonians primarily through the Oregon Health Plan. It is funded with a combination of state funds and federal matching Medicaid funds. After January 1, 2014, the program is expected to add over 200,000 adults as a result of the Affordable Care Act expansion, funded entirely with federal funds through 2016. Many of the current clients in Healthy Kids Connect and the Family Health Insurance Assistance Program (FHIAP) will also shift to the Oregon Health Plan during the biennium.

The 2013-15 legislatively adopted budget is \$1.1 billion General Fund and \$9.7 billion total funds. This is a 40% total funds increase over the 2011-13 legislatively approved budget, primarily the result of the expansion under the Affordable Care Act. Health care costs in the Oregon Health Plan are capped at per-client increases of 4.4% in the first year of the biennium, and 3.4% in the second year, per Oregon's current federal waiver. Those increases are fully funded in this budget. The continuation of the current hospital assessment generates \$1.6 billion in additional resources to help pay for the Oregon Health Plan, after accounting for federal matching revenues. An additional 1% assessment will assist hospitals to implement health care transformation. This budget also increases Tobacco Master Settlement Agreement resources for the Oregon Health Plan from \$30 million in the 2011-13 biennium to \$116.1 million in 2013-15.

PEBB/OEBB

The Public Employees' Benefit Board (PEBB) contracts for and administers medical and dental insurance programs for state employees and their dependents, while the Oregon Educators Benefit Board (OEBB) contracts for insurance for various school, education service, and community college districts throughout the state. The 2013-15 legislatively adopted budget for PEBB is \$1.54 billion Other Funds, while the budget for OEBB is \$1.64 billion Other Funds. The budget for PEBB is moved from Other Funds Nonlimited to Other Funds Limited, to provide more accountability. The PEBB budget was also changed to include both self-insured and fully insured benefit costs. In the past the PEBB budget reflected only the self-insured benefit costs. In addition, the PEBB budget was constructed to reflect a per-employee growth rate of 4.4% for 2013, 3.4% for 2014, and 3.4% for 2015. These growth rates are consistent with Oregon's Medicaid waiver.

Addictions and Mental Health

The Addictions and Mental Health (AMH) budget supports treatment services to those with addictions or mental health disorders. Services are delivered through community non-profit providers, county mental health agencies, and the Oregon State Hospital system, which has facilities in Salem, Portland, and Pendleton.

The 2013-15 legislatively adopted budget is \$652.7 million General Fund and \$983 million total funds. This is a total fund decrease of 1.6% and a General Fund decrease of 1.1% compared to AMH's 2011-13 budget. However, this budget includes a \$68 million General Fund, \$183 million total funds, transfer of Medicaid funding to the Medical Assistance Programs within OHA. Once this is accounted

for, the total funds budget is a 16.7% increase and the General Fund budget is a 9.2% increase from the 2011-13 level.

The Affordable Care Act expansion will have a significant effect on this budget. Many of the services now provided are paid with General Fund, because clients do not have insurance. After the expansion, a significant number of these clients will qualify for Medicaid, and services will be paid at 100% federal funds for three years. It is estimated that this will free up \$45 million General Fund in this budget, which can be used to expand services. These additional resources are not included in the biennial comparisons above.

The budget adds \$26.6 million General Fund to increase capacity in the community mental health system. This is in addition to the \$19.7 million in current service level that remains after the Spring 2013 forecast changes. The plan includes three residential treatment homes in Pendleton, on the Eastern Oregon Training Center campus. An additional \$21.8 million General Fund is also included for the expansion of children's mental health services.

The new Junction City hospital facility is expected to open 125 of its 174 beds approximately the last quarter of the biennium. Blue Mountain Recovery Center is expected to close the end of December 2013, and the lease on the Portland facility ends March 2015. The budget includes \$79.4 million of bond revenues to complete the Junction City facility.

Public Health

Public Health supports the goals of Oregon's transformation of the health care system by promoting population-based prevention initiatives. The program manages more than 100 prevention-related programs that halt the spread of disease, protect against environmental hazards, and promote healthy behaviors. Much of the work is carried out by local county health departments which are supported in their work by Public Health staff.

The 2013-15 legislatively adopted budget is \$516.8 million total funds, which is 0.6% more than the 2011-13 legislatively approved budget level. The adopted General Fund budget of \$38.6 million is 12.2% above the 2011-13 level of \$34.4 million.

Generally, this budget maintains current program levels. The Contraceptive Care services (CCare) budget is adjusted to remove \$1.3 million General Fund of excess

ending balance, and is reduced by \$1 million General Fund to account for the anticipated impact of the Affordable Care Act expansion when many clients currently being served in this program will have insurance. The budget includes \$4 million of Tobacco Master Settlement Agreement resources for tobacco prevention and cessation programs. Finally, the budget increases the funding for breast and cervical cancer screening services by \$700,000 General Fund. This is partially needed to backfill funding shortfalls in the first year of the biennium.

Oregon Health Authority (OHA) – Agency Totals

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 Legislatively Adopted
General Fund	1,443,369,071	1,692,058,124	2,660,872,973	1,972,206,670
Lottery Funds	9,587,187	10,158,046	11,479,452	10,545,822
Other Funds	1,474,116,113	2,355,777,262	1,042,348,235	3,841,163,081
Other Funds (NL)	2,695,615,819	3,316,231,621	3,832,299,341	1,904,711,565
Federal Funds	4,371,907,321	5,185,712,295	6,747,393,211	7,485,009,093
Federal Funds (NL)	98,526,066	110,103,462	107,103,462	106,880,067
Total Funds	\$10,093,121,577	\$12,670,040,810	\$14,401,496,674	\$15,320,516,298
Positions	4,097	4,108	4,201	4,482
FTE	3,665.65	3,999.04	4,156.50	4,119.23

Agency Overview

The Oregon Health Authority (OHA) was created by the 2009 Legislature (HB 2009) to bring most health-related programs into a single agency to maximize its purchasing power and to contain rising health care costs statewide. OHA is overseen by a nine-member, citizen-led board called the Oregon Health Policy Board. Members are appointed by the Governor and confirmed by the Senate.

OHA's mission is to help people and communities achieve optimum physical, mental, and social well-being through partnerships, prevention, and access to quality, affordable health care. It has three goals to transform the health care system in Oregon: improve the lifelong health of Oregonians; increase the quality, reliability, and availability of care for all Oregonians; and lower or contain the cost of care so it is affordable to everyone.

Beginning in 2011-13, the Oregon Health Authority combined the Public Employees' Benefit Board (PEBB), the Oregon Educators Benefit Board (OEBB), the Office of Private Health Partnerships, and the Oregon Medical Insurance Pool, with the health services programs from the Department of Human Services (DHS): Medical Assistance programs, Addictions and Mental Health, and Public Health. OHA will be the largest health care purchaser for the state of Oregon, purchasing health care for over 1,000,000 Medicaid clients, state employees, and local educators by the end of 2013-15.

OHA is the largest agency within the Human Services program area, making up about 63% of total program area expenditures. Overall, OHA's 2013-15 legislatively adopted budget comprises about 12% of the state's combined \$16.4 billion General Fund and Lottery Funds budget, and 26% of the state's total funds budget.

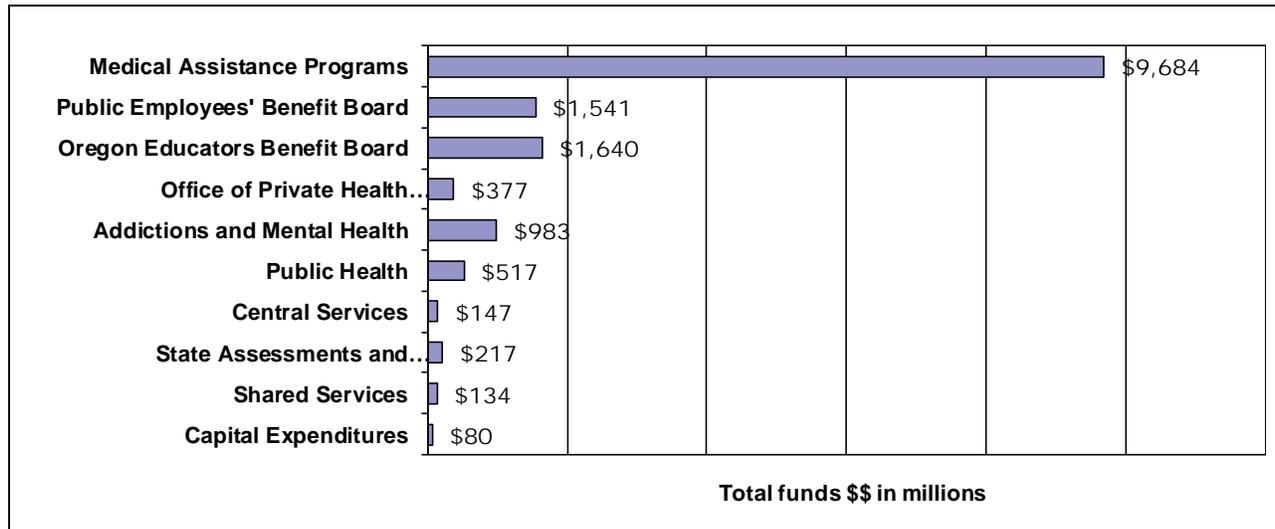
The numbers in all the charts for this agency have been adjusted in 2009-11 to include the new programs that have been moved into OHA from other agencies beginning in 2011-13. While these numbers are estimates, it does provide context for how the program costs have changed over time.

The OHA budget is organized into ten program areas:

- **Medical Assistance Programs** includes the Oregon Health Plan.
- **Public Employees' Benefit Board** provides health insurance for state employees.
- **Oregon Educators Benefit Board** provides health insurance for various school, education service, and community college districts throughout the state.
- **Office of Private Health Partnerships** administers programs that rely on partnerships with private insurance companies.
- **Addictions and Mental Health** includes community mental health services; alcohol and drug treatment and prevention; the Oregon State Hospital and Blue Mountain Recovery Center; and gambling treatment and prevention.
- **Public Health** includes community health, environmental public health, family health, and disease prevention and epidemiology.
- **Central Services** includes the OHA Director's Office, and central administrative support functions.

- **State Assessments and Enterprise-wide Costs** includes central government assessments and usage charges, and agency-wide costs such as rent, as well as the debt service payments on OHA’s capital construction financing.
- **Shared Services** provides administrative services to both OHA and DHS.
- **Capital Expenditures** support the Oregon State Hospital (OSH) facility replacement project and limited capital improvements for OSH.

The chart below shows how OHA’s \$15.32 billion total funds legislatively adopted budget for 2013-15 is allocated among these program areas.



Revenue Sources and Relationships

For the 2013-15 biennium, the General Fund supports 13% of OHA’s budget. Almost all of the General Fund is used as match or to meet state maintenance of effort requirements to receive federal funds. The OHA budget includes \$10.5 million of statutorily dedicated Lottery Funds for gambling addiction prevention and treatment services.

Other Funds revenues support 37% of OHA expenditures. These come from a wide variety of sources including tobacco taxes, Medicaid provider taxes, Article XI-Q bonds, grants, beer and wine taxes, fees, estate collections, self-insurance payments, health care premiums, insurer assessments, third party recoveries, pharmaceutical rebates, transferred federal funds from other state agencies, and charges for services. Since 2003, health care provider assessments have been a significant source of Other Funds revenue. These assessments are used to support the Oregon Health Plan. The 2013 Legislature continued the current hospital provider assessment, which was scheduled to sunset in September of 2013 (HB 2216). An additional 1% assessment was also included, to establish the Hospital Transformation and Performance Program. The total assessment is expected to raise \$745 million Other Funds revenues and result in additional federal matching revenues of over \$1.2 billion.

This budget includes some Nonlimited expenditures. Nonlimited expenditures can be increased administratively as long as revenue is available. Nonlimited Other Funds primarily represent insurance premium payments, insurer assessments in OMIP, insurer assessments to pay claims costs under the new Oregon Reinsurance Program, and infant formula rebates in the Women, Infants and Children (WIC) program.

Federal Funds support 50% of OHA expenditures in the legislatively adopted budget for the 2013-15 biennium, and total almost \$7.6 billion. The largest source of these Federal Funds comes from the Title XIX Medicaid program, and to a lesser extent, the Children’s Health Insurance Program (CHIP). Nonlimited Federal Funds are for the Women, Infants and Children (WIC) nutrition program.

Budget Environment

Given the broad range of Oregonians it serves, and multiple funding sources, OHA must operate within a complex and dynamic budget environment. Demographics and economics, federal law and funding, health care cost inflation and utilization, and state policies and politics all greatly influence this budget.

Demographics and Economics

Population changes, especially the number of people who are elderly, disabled, or living in poverty, greatly affect the need or demand for OHA services. The health of the economy also has a significant effect on this budget. Typically, when the economy is poor, demand for OHA services increases and program caseloads grow. Caseload forecasts attempt to factor in projected economic conditions, but considerable risks always remain.

Federal Law and Funding

Federal revenue supports about 50% of OHA's total expenditures. Federal revenue is tied to a significant body of law and federal administrative rules. A number of OHA's programs, such as the Oregon Health Plan (OHP), are governed by waivers of certain federal regulations. The waivers must be approved by federal agencies, with later approvals again if the state wants to make program changes. Federal laws generally require state staff to ensure that federal regulation and policy is carried out consistently or that information management systems are capable of producing federally required reports. Most of the General Fund in OHA's budget is used to match Federal Funds or to meet federal maintenance of effort (MOE) requirements. As a result, General Fund budget reductions often also result in federal revenue reductions, and might jeopardize the state's ability to meet federal match or MOE requirements, thus forfeiting federal funds or incurring penalties.

Federal funding levels are also subject to statutory change or program re-interpretation. For example, the new federal health care reform law requires states to maintain eligibility levels that were in place when the legislation passed, March 23, 2010. This eliminates one of the tools the state has used historically to control costs. The Affordable Care Act will significantly change Oregon's Medicaid program, as health coverage will be expanded to all adults under 138% of the federal poverty level, effective January 1, 2014. About 200,000 adults are expected to be added to the program during the 2013-15 biennium, at a cost of about \$1.2 billion. This expansion will be entirely federally funded through 2016. The OHA budget must adjust to changing federal program and revenues on an on-going basis.

Health Care Cost Inflation and Utilization

The biggest single share of OHA's budget is medical costs. At the legislatively adopted budget level, OHA uses \$9.4 billion of its \$15 billion total funds budget for direct payments to acute health care providers or Medicare premium payments in the OHP, Non-OHP, and CHIP budgets. In the past, health care inflation rates have significantly outpaced general economic inflation rates, as well as the rate of state revenue growth. As a result, health care has consumed a larger share of the total state budget. However, under Oregon's current Medicaid waiver, per-client cost increases are capped at 4.4% in the first year of the biennium, and 3.4% in the second year. This represents a significant change from the past.

Politics

About 81% of the OHA budget is earmarked for special payments to individuals, local governments, insurance companies, health care providers and suppliers, and others who deliver services. As a result, numerous organizations, trade associations, labor unions, advocates, and clients have a direct economic interest in the budget. When budget reductions need to be made, or major enhancements are proposed, these groups become actively involved in the politics that surround the OHA budget.

All of the factors described above tend to make significant policy changes difficult. A proposed program change might have a significant fiscal impact, might be inconsistent with federal law (or at least require a lengthy federal approval process), might challenge past policy direction and create controversy, or might simply be unable to survive navigation through the political process.

Legislatively Adopted Budget

The 2013-15 legislatively adopted budget for the Oregon Health Authority is \$1.97 billion General Fund and \$15.32 billion total funds. For comparison, OHA's 2011-13 legislatively approved budget was \$1.69 billion

General Fund and \$12.67 billion total funds. The 2013-15 legislatively adopted budget is 16.5% General Fund and 20.9% total funds more than the agency's 2011-13 legislatively approved budget.

As in many other agencies, OHA's 2013-15 legislatively adopted budget reflects several statewide budget adjustments. This includes the Governor's proposed administrative savings, and a 5% reduction to services and supplies. It also includes a 2% supplemental ending balance holdback applied to General Fund, totaling \$38.8 million. This reduction may be restored during the 2014 legislative session depending on statewide economic conditions. This budget also reflects Public Employees Retirement System (PERS) savings as a result of SB 822, totaling \$9.3 million General Fund and \$16.9 million total funds.

General Fund increases as a result of a program transfer from the Department of Human Services, as well as investments in the community mental health system. Caseload, inflation, and debt service also contribute to the increase. Total funds increase \$2.7 billion over the 2011-13 level. This is largely a result of the expansion of health coverage under Medicaid to all persons under 138% of the federal poverty level, effective January 2014. Services for most of these new clients will be paid with 100% Federal Funds for the first three years. Other contributors include the additional 1% hospital assessment, Designated State Health Programs (DSHP) resources, inflation and caseload cost increases, and the program transfer from the Department of Human Services.

Health care costs in the Oregon Health Plan are capped at an increase of 4.4% in the first year of the biennium, and 3.4% in the second year, based on Oregon's current federal waiver. Those increases are fully funded in this budget. The adopted budget also makes significant investments in the community mental health system. In addition, the new Junction City state hospital facility is expected to open in early 2015, and operational costs are included in this budget.

More detail follows on each of the major program areas in OHA.

Letter from the Director

A more sustainable health system and more efficient agency

Oregon is on a path to addressing the fastest growing portion of the state budget. With the creation of Coordinated Care Organizations in 2012, the Oregon Legislature created a foundation to redesign the state's Medicaid program for better health and more sustainable costs. The system is based on the three goals that have guided the work of the Oregon Healthy Authority since its creation in 2009:

- Improve the lifelong health of all Oregonians;
- Increase the quality, reliability and availability of care for all Oregonians; and,
- Lower or contain the cost of care so it is affordable to everyone.

Research shows that approximately 30 percent of health care spending is wasted. Money spent on repeated or unnecessary testing, red tape and administrative costs, inefficient care, fraud and illness that could have been prevented are draining state, federal and private sector coffers. And many of these costs are driven by people who need better care the most – those with serious or chronic illness.

The coordinated care model gives Oregon a new path. By focusing on chronic disease management and prevention, CCOs will be able to provide better quality care and reduce acute care and emergency room costs. They will be held to quality outcomes and a global budget that grows at a fixed sustainable rate. This creates a more stable system, gives incentive for innovation and efficiency, and gives the budget more predictability.

Under the Coordinated Care Organization model, the state has a new Medicaid partnership with the federal government and new accountabilities. In the 1115 waiver received in 2012, the federal government is giving our state the flexibility to move toward a system focused on prevention and management of chronic conditions, rather than just treatment.

After the close of the 2012 legislative session, local communities quickly came together to form the new model. By November 2012, 15 Coordinated Care Organizations were operating and serving nearly 90 percent of Medicaid clients.

Oregon Health Authority changing as well

As the private sector health care delivery system has improved to gain state contracts to serve Medicaid clients, so too is the Oregon Health Authority changing and improving. To support Coordinated Care Organizations, sections of the agency that have previously been separated in silos are coming together, duplicative processes are being streamlined and there is a drive for innovation.

For example, Addictions and Mental Health changed its payment model for non-Medicaid clients to align with the OHA health transformation goals of better health, better care and lower costs, giving local communities more flexibility for outcome based care. In addition, Public Health has reoriented its focus on key strategic initiatives to improve the health and wellness of everyone in Oregon and at the Oregon State Hospital, improvements to care focused on hope and recovery continue.

Structure of the Oregon Health Authority

The Oregon Health Authority includes the state's publically funded health programs: Medicaid for mental, dental and physical health services, the Office of Private Health Partnership, the Public Employees Benefit Board (PEBB) and the Oregon Educators Benefit Board (OEBB). Public Health is also part of the Oregon Health Authority as are the campuses of the Oregon State Hospital and Blue Mountain Recovery Center.

Oregon Health Policy Board

The Oregon Health Policy Board is the nine-member citizen board appointed by the Governor that serves as the policy making body for the Oregon Health Authority. Over the next several years, the board will advance solutions for the key issues in health reform. The Board holds monthly meetings and is the central place for the public and stakeholders to get involved in the discussion.

Members: Eric Parsons, Chair; Lillian Shirley, Vice Chair; Michael Bonetto, PhD; Brian DeVore; Carlos Crespo, PhD; Felisa Hagins; Chuck Hofmann, M.D.; Carla McKelvey, M.D.; Joe Robertson, M.D.; Nita Warner.

Other Considerations: The impact of the economy on the Oregon Health Authority

The global recession is lingering in our state, increasing the demand for health care among low-income Oregonians through the Oregon Health Plan. Demand for the Oregon Health Plan began to grow aggressively in 2008. Currently, there are approximately 671,000 people receiving Medicaid benefits, a 56 percent increase over June 2008. While the rate of growth has decreased as the economy improves, based on current eligibility, by June 2015 the total caseload is predicted to be more than 706,000.

As the caseload has grown, the state has seen approximately \$15.2 million in non-program budget general fund reductions to the Oregon Health Authority since the 2011-2013 Legislatively Adopted Budget passed last June. In addition, the number of people employed at the Oregon Health Authority has dropped by 286 since June of 2011.

Setting a course for the future

The last two years have brought challenges and opportunities for the Oregon Health Authority. Even as the effects of the recession continue, we have made great gains towards a future where the health care system is better

coordinated and patient-focused. We have continually worked to improve as an agency and to help transform the health system inside and out. And as a state, we are changing the way we do business.

Together, we are working to better address health disparities at the local level and promote a system of quality of services over quantity – where prevention and better management of chronic conditions are the ultimate solutions to better health and better care for Oregonians, at a lower cost to the health care system. The transformation of the health care system under way shows how much we can accomplish if we focus our attention, our efforts and our resources on solving the problems before us. And though we have a long path before us, we are on a path toward a truly healthier Oregon.

Sincerely,

A handwritten signature in cursive script that reads "Bruce Goldberg". The signature is written in black ink and is positioned below the word "Sincerely,".

Bruce Goldberg, M.D.
Director, Oregon Health Authority

2013-2015 Budget Summary

Oregon is keeping our promise to reduce the growth of health care costs while improving the quality of care in our state. Combined with new options for Oregonians through Cover Oregon, our state's insurance marketplace, up to 95% of Oregonians could have health care coverage by 2016.

The 2013-2015 budget:

- Based on a public-private partnership where health care is delivered through local coordinated care organizations (CCOs).
- Supports better access to health care in local communities, including a loan repayment program for new primary care providers.
- Substantially increases funding for community mental health for children and young adults so they don't slip through the cracks and face more serious problems later in life.
- Provides more investment in tobacco prevention and cessation to help improve health and lower costs.

Reduces wasteful spending

The budget lowers the growth of health care spending by 2 percentage points per capita in Medicaid, reducing waste and inefficiency, while making substantial new investments in community mental health to improve lives and reduce costs into the future.

Brings healthcare to more people

The budget makes it possible for more low-income Oregonians to receive health care coverage through the Oregon Health Plan (OHP). This will bring financial stability to hundreds of thousands of people and families, and lower medical debt to local providers. It will end today's "health care lottery" that creates winners and losers depending on whether they were lucky enough for their name to be drawn.

Legislative Highlights

More access to health care

In 2010, the federal government enacted the Affordable Care Act (ACA). The ACA aims to decrease the number of uninsured Americans and reduce the overall costs of health care. During the 2013 Legislative Session, five key pieces of legislation passed to bring Oregon into compliance with the provisions of the ACA, update related programs and help reduce premium costs to consumers.

HB 5030

The Oregon Health Authority (OHA) budget for 2013-15 includes federal funding for coverage of approximately 180,000 new low-income adults who will qualify for the Oregon Health Plan under the new ACA guidelines for Medicaid. This will bring people into physical, mental and dental health care who have never been qualified before.

The 2013-2015 budget ends the so-called "Oregon Health Care Lottery," for adults who are qualified for care even under current income limits. Beginning in 2014 through 2016, coverage for those newly eligible for OHP will be funded by the federal government.

Oregon Health Authority

2013 Legislative Highlights

Additionally, income limits are changing and OHP will be open to adults who earn up to 138 percent of the Federal Poverty Level. That's about \$15,800 a year for a single person or \$32,500 a year for a family of four.

In Oregon, we are doing things differently than other states. New Medicaid enrollees will join local coordinated care organizations, which are designed to provide better care while holding costs down.

House Bill 2240-A

This bill implements federal requirements in the Oregon insurance code and abolishes the Oregon Medical Insurance Program (OMIP) and the Federal Health Insurance Assistance Program (FHIAP), which become obsolete with the provisions of the ACA.

House Bill 3458-A

This bill establishes the Oregon Reinsurance Program, which will help to stabilize rates and premiums for in the health insurance market by providing supplemental reinsurance for insurance carriers.

House Bill 2859-A

This bill updates Oregon's medical assistance programs to reflect federal Medicaid and Children's Health Insurance Program changes. It allows OHA, the Department of Human Services (DHS) and Cover Oregon to share information for purposes of processing eligibility for medical assistance, health insurance exchange, premium tax credits and cost-sharing reductions.

Additionally, this bill establishes an 11-member Task Force on Individual Responsibility and Health Engagement charged with developing recommendations to improve patient engagement and accountability when it comes to their own health, disease prevention and wellness activities.

House Bill 2091-A

The bill also ends the Healthy Kids Connect program and allows children to be quickly transferred to the OHP. Families will be notified of the change and there will be hands-on transition planning.

Other Key Initiatives

Hospital Assessment Renewal

The hospital assessment is a revenue stream created by the Legislature in 2003 to finance OHP services. House Bill 2216 extends the hospital assessment for two more years and also appropriates an additional one percent of the assessment for a hospital transformation and performance fund. It's expected that much of the savings anticipated by the shift to CCOs will come from reduced utilization of hospital services. The fund will help hospitals reduce unnecessary hospital utilization and improve client outcomes.

Additionally, House Bill 2216 extends the long term care facility assessment through June 30, 2020 and requires DHS to take steps to reduce overall nursing facility bed capacity by 1,500 beds by December 31, 2015.

Primary Care Loan Repayment

Senate Bill 440

This bill establishes the Primary Care Provider Loan Repayment Program within OHA, a requirement of the state's CMS waiver. The program invests \$4 million this biennium for a loan repayment program for primary care physicians who agree to work in rural or underserved communities and to serve Medicaid patients. The new program will help address the need for primary care providers in parts of the state where they are in short supply.

Medical Liability Reform

Senate Bill 568

This bill requires OHA to adopt a dispute resolution process to resolve disagreements involving termination, extension or renewal of contract between health care entities and CCOs.

Cultural Competency

Limited access to health care disproportionately affects minority communities, creating racial and ethnic health disparities. In order to address these issues, we must develop health-promoting strategies designed to meet the unique needs of the various population groups.

Today the way we gather data from our clients and the general population – about people's ethnicity, race, language preference and disabilities – is inconsistent and insufficient.

House Bill 2134

This bill creates a uniform standard for demographic data collected by both OHA and DHS. That includes the vital statistics unit in public health, Oregon Health Plan and DHS clients, and grant recipients for OHA agencies.

Accurate data collection will increase our understanding of different populations so that we can do a better job serving them.

House Bill 2611

This bill requires the 21 health boards that license health professionals to report to OHA how many of those professionals are taking cultural competency trainings every two years. This includes nurses, doctors, chiropractors, massage therapists and home care workers.

The Legislature also gives medical boards the right to include cultural competency education as a prerequisite for licensure.

Streamlined Credentialing

Senate Bill 604, the product of a workgroup consisting of hospitals, insurers, and health care providers, directs OHA to establish a single database that organizations seeking to credential providers must access to obtain the information. This will reduce duplicative efforts by hospitals, doctors, insurers, and health care providers.

Public Health Initiatives

SB 375A creates a Stroke Advisory Committee in the Oregon Health Authority and **SB 728B** creates the State Trauma Advisory Board (STAB) in statute. This bill also provided funding for a full-time position to collect and analyze data related to the state's emergency medical services and trauma system, and to provide the information to the board. The data will enable STAB to make evidence-based decisions in suggesting improvements to the system.

The Legislature allocated \$700,000 General Fund for breast and cervical cancer screening services in **HB 5008**, the budget reconciliation bill. Of this total, about \$400,000 is needed to backfill funding shortfalls in the first year of the biennium, related to reductions in funding from the Komen Foundation, as well as reductions resulting from federal sequestration. The Breast and Cervical Cancer Program currently serves more than 5,000 women a year.

Oregon Health Authority

OHA Mission Statement

The mission of the Oregon Health Authority is helping people and communities achieve optimum physical, mental and social well-being through partnerships, prevention and access to quality affordable health care.

The Health Authority will transform the health care system of Oregon by:

- Improving the lifelong health of Oregonians
- Increasing the quality, reliability, and availability of care for all Oregonians
- Lowering or containing the cost of care so it's affordable to everyone

Each program area of the Oregon Health Authority also has a specific area of focus to support the agency mission.

OHA Central and Shared Services

OHA Central Services supports the OHA mission by providing leadership in several dedicated key policy and business areas. This service area contains the following key areas:

OHA Office of the Director and Policy

The Office of the Director and Policy is responsible for overall leadership, policy development and administrative oversight for the Oregon Health Authority. This office coordinates with the Governor's Office, the Legislature, other state and federal agencies, partners and stakeholders, local governments, advocacy and client groups, and the private sector.

The OHA Director's Office provides leadership in achieving the mission of the agency to help people and communities achieve optimum physical, mental and social well-being through partnership, prevention and access to quality, affordable health care. The clear direction of OHA is to innovate, improve and rework the state health care system to meet three goals:

- Improve the lifelong health of all Oregonians;
- Increase the quality, reliability and availability of care for all Oregonians; and
- Lower or contain the cost of care so it is affordable to everyone.

OHA Office of Human Resources

The dedicated human resources department for the OHA business partners is charged with delivering services to internal customers with quality and timeliness. The dedicated areas will provide services focusing on people

strategy development; work force strategies to meet the agency's unique business needs; consolidation of work force strategic plans and HR policy development.

OHA Office of Budget, Planning and Analysis

The Office of Budget, Planning and Analysis (BPA) supports the mission of the Oregon Health Authority by providing leadership and collaboration for the strategic decisions of the programs by providing an in-depth knowledge of OHA financial processes, federal program and fiscal policy, business line funding streams, and state budget processes.

OHA Office of Communications

The OHA Office of Communications (OC) supports the mission of the Oregon Health Authority by providing information to employees, clients, legislators, stakeholders and interest groups, providers and partners, local governments, other state and federal agencies, policymakers, the news media, targeted audiences, and the general public. The office also provides support to the department's priority projects as defined by the agency's director and cabinet. The staff ensures that OHA complies with all statutory and legal requirements pertaining to public records requests, and other communication issues.

OHA Office of Equity and Inclusion

The Office of Equity and Inclusion (formerly the Office of Multicultural Health and Services - OMHS) strives to realize its vision of all people, communities and cultures co-creating and enjoying a healthy Oregon. The mission of the Office of Equity and Inclusion (OEI) is to engage and align diverse community voices and the Oregon Health Authority to assure the elimination of avoidable health gaps and promote optimal health in Oregon.

OHA Office for Oregon Health Policy and Research and the Office of Health Analytics (OHPR/Health Analytics)

The Office for Oregon Health Policy and Research (OHPR) was created in the early days of the Oregon Health Plan to be a resource to both the Executive and Legislative branches of state government on health policy and data analysis. Since moving into the newly formed Oregon Health Authority (OHA), the Office and the developing Office of Health Analytics continue to provide key functions for health system transformation and implementation of health reform. The Office for Oregon Health Policy and Research (OHPR) provides health policy analysis and development; coordinates strategic and implementation planning; conducts policy and health services research and evaluation to provide information needed for statewide and Oregon Health Authority (OHA) policy development, implementation and evaluation. It also provides technical assistance to OHA programs and other agencies on policy implementation, as well as monitoring national and state or local health innovations in order to provide information to OHA staff, the Governor's Office and the Legislature on emerging health care policy and delivery trends.

OHA Office of Health Information Technology (OHIT)

The Office of Health Information Technology (OHIT) is a central service office ensuring that, as part of all Oregon health reform efforts, any and all projects that should or could incorporate health information technology components are coordinated and funding sources maximized.

OHA SHARED SERVICES

OHA Shared Services supports both DHS and OHA by providing leadership in the delivery of efficient, consistent and coordinated administrative services to all programs within both departments. OHA Shared Services contains the following key programs:

OHA Office of Information Services (OIS)

The Office of Information Services (OIS) is a shared service provider for both the Department of Human Services and the Oregon Health Authority providing information technology (IT) systems and services that support 16,000 agency staff and partners located at 350 locations throughout Oregon.

Information Security Office (ISO)

The Information Security Office (ISO) is a shared service office providing information security services for DHS and OHA. ISO encompasses several programs focusing on protecting confidential information assets and educating staff, volunteers and partners of DHS and OHA on how to protect this information and report incidents when they occur. When compliance is compromised, ISPO takes appropriate enforcement action.

Medical Assistance Program

Vision

Improved access to effective, high-quality services for low-income and vulnerable citizens through innovation, collaboration, integration and shared responsibility.

Mission Statement

Provide a system of comprehensive health services to qualifying low-income Oregonians and their families to improve their health status and promote independence.

Goals

- Support effective and efficient systems that directly promote access to health care for low-income Oregonians;
- Support the entire health care provider system in Oregon by paying for needed services using federal matching funds to the extent appropriate;
- Maintain managed care / coordinated care enrollment at no less than 80 percent to promote access and to control health care costs;
- Improve the quality of health care for all Oregonians, especially for low-income Oregonians;
- Collaborate with legislators, advocacy groups, business partners, health care providers and the general public to improve health outcomes;
- Promote the use of prevention and chronic disease management services by all Oregonians, especially those with low incomes and special medical needs; and,
- Work with other insurers to improve health outcomes for all Oregonians.

Statutory Authority

Medical Assistance Program (MAP)

The Oregon Health Plan is not a federally mandated program, but supported by Medicaid and the Children's Health Insurance Program (CHIP). Title XIX and Title XXI of Social Security Act, respectively, provide the federal authorization. Oregon administers the program under the authority of the federally approved Medicaid State Plan, CHIP State Plan, and Oregon Health Plan Medicaid demonstration waiver.

The Oregon Health Plan is established and authorized in Oregon Revised Statute (ORS) 414.018 through 414.760.

Medical Assistance Program (Non-OHP)

CAWEM: The federal government authorizes the CAWEM program under section 1903(v) of the Social Security Act. The Oregon Legislature provides the authority for covering the program under Oregon Revised Statute (ORS) 414.025.

Breast and Cervical Cancer Medical: The federal government authorizes the Breast and Cervical Cancer Program under section 1902(z)(1)(aa) of the Social Security Act. The Legislature established the program at ORS 414.532 through 414.540.

Qualified Medicare Beneficiaries: The federal government authorizes the Qualified Medicare Beneficiaries program under section 1902(a)(10)(E) of the Social Security Act. Under state law, the Legislature authorizes the program at ORS 414.033 and 414.075.

Limited drug coverage program for transplant clients: There are no federal matching funds in this program. The Legislature created this program with a budget note to Senate Bill 5548 in during the 2003 legislative session.

Payments to the federal government for Medicare Part D: The federal government requires states to pay the federal government for Medicare Part D drug coverage provided to dual-eligible Medicaid clients under section 1935(c) of the Social Security Act.

Medical Assistance Program –Other Programs and Support

MAP program & support and Processing Center: The Oregon Health Plan is not a mandatory program, but it is supported federally by Medicaid and the Children’s Health Insurance Program (CHIP). Title XIX and Title XXI of the Social Security Act, respectively, provide the federal authorization. Oregon administers the program under the authority of the federally approved Medicaid State Plan, CHIP State Plan, and Oregon Health Plan Medicaid demonstration waiver. The Oregon Health Plan is established and authorized in Oregon Revised Statute (ORS) 414.018 through 414.760.

Pharmacy Programs: OPDP was authorized in the 2003 legislation through Senate Bill (SB) 875. Ballot Measure 44 of 2006 opened the uninsured discount program to all residents. SB 362 of 2007 extended the discount program to underinsured and group business to the private sector. Also in 2007, SB 735 authorized Group Purchasing Organizations for all groups in OPDP.

CAREAssist is authorized by the federal Ryan White Act. This act provides funds to states to purchase drugs or health care insurance that provides a drug benefit for HIV positive individuals.

LEMLA: The Oregon Legislature authorizes the program under Oregon Revised Statute (ORS) 414.805 through 414.815.

Public Employees' Benefit Board (PEBB)

Vision

PEBB seeks optimal health for its members through a system of care that is patient-centered, focused on wellness, coordinated, efficient, effective, accessible, and affordable. The system emphasizes the relationship between patients, providers, and their community; is focused on primary care; and takes an integrated approach to health by treating the whole person.

Key Components of the PEBB program are:

- Benefits that are affordable to the state and employees;
- Accessible and understandable information about costs, outcomes, and other health data that is available for informed decision-making;
- An innovative delivery system in communities statewide that uses evidence-based medicine to maximize health and utilize dollars wisely;
- A focus on improving quality and outcomes, not just providing healthcare;
- Promotion of health and wellness through consumer education, healthy behaviors, and informed choices; and,
- Appropriate provider, health plan, and consumer incentives that encourage the right care at the right time and place.

Statutory Authority

The Public Employees' Benefit Board authority lies in ORS 243.061 through ORS 243.302.

Oregon Educators Benefit Board (OEBB)

Vision

OEBB will work collaboratively with districts, members, carriers and providers to offer value-added benefit plans that support improvement in members' health status, hold carriers and providers accountable for outcomes, and provide affordable benefits and services.

Key components of the OEBB program are:

- Value-added plans that provide high-quality care and services at an affordable cost to members.
- Collaboration with districts, members, carriers and providers that ensures a synergistic approach to the design and delivery of benefit plans and services.
- Support improvement in members' health status through a variety of measurable programs and services.
- Measurable goals and programs that hold carriers and providers accountable for health outcomes.
- Encourage members to take responsibility for their own health outcomes.

Statutory Authority

OEBB was established under Senate Bill 426 in 2007. The OEBB Board, functions and responsibilities are authorized under ORS 243.860 to .886.

Office of Private Health Partnerships (OPHP)

Vision

The Office of Private Health Partnerships (OPHP) provides access to health insurance through programs for low-income, high-risk, and uninsured Oregonians. OPHP encourages and assists Oregon small businesses and consumers in making informed health insurance choices by providing outreach, education, and referral services.

OPHP administers the following programs:

- Family Health Insurance Assistance Program (FHIAP) – FHIAP helps uninsured, income-eligible Oregonians pay the monthly premium for private health insurance through subsidies on an income-based sliding scale. FHIAP will operate through December 2013, and close in January 2014 as enrollees transition to other state programs due to changes driven by the federal Affordable Care Act (ACA) implementation.
- Oregon Medical Insurance Pool (OMIP) and Federal Medical Insurance Pool (FMIP) – OMIP and FMIP provide insurance coverage for people who can't obtain medical insurance due to preexisting health conditions, or who exhaust health insurance benefits and have no other options. Both programs will operate through December 2013, and close in January 2014 as enrollees transition to other state programs and commercial coverage as the guaranteed issue component of the federal ACA law is implemented.
- Healthy KidsConnect (HKC) – The HKC program manages the private market insurance component of Healthy Kids, which provides coverage for uninsured children age 18 and under. HKC will operate through December 2013, and close in January 2014 as enrollees transition to other state programs due to changes driven by the federal Affordable Care Act (ACA) implementation.

- Information, Education, and Outreach (IEO) – IEO educates employers, employees, industry professionals, civic groups, community partners, and the public on a variety of state programs, resources for Oregonians, state and federal reforms, as well as changes in insurance law. IEO also connects business owners with health insurance producers in their community. The IEO program will operate through December 2013, and close in January 2014 due to changes driven by the federal ACA implementation.

Statutory Authority

OPHP programs are governed by a series of Oregon Revised Statutes: FHIAP – ORS 414.841 through 414.872; HKC – ORS 414.231, 414,826, and 414,828; OMIP and FMIP – ORS.735.600 through 735.650; and OPHP as a whole – ORS 735.700 through 735.714.

The FHIAP program is matched with federal Medicaid funds, and is therefore subject to the maintenance of effort established in the state’s Section 1115 waiver. Both the FHIAP and HKC programs are matched by federal CHIP funds, and are therefore governed in part by the CHIP State Plan.

Addictions and Mental Health

Vision

Addictions and Mental Health (AMH), as part of the Oregon Health Authority, envisions a healthy Oregon where mental health disorders and addictions are prevented and treated through education, early intervention and access to appropriate health care.

Mission Statement

The mission of AMH is to assist Oregonians to achieve optimum behavioral, physical and social well-being. By providing access to mental health and addiction services and supports to meet the needs of adults and children, AMH helps Oregonians to live, be educated, work and participate in their communities. The mission is accomplished by working in partnership with individuals and their families, counties, other state agencies, providers, advocates and communities to accomplish the following goals:

Goals

- Improve the lifelong health of all Oregonians;
- Improve the quality of life for the people served;
- Increase the availability, utilization, and quality of community-based, integrated health care services;
- Reduce overall health care and societal costs through appropriate investments;
- Increase the effectiveness of the integrated health care delivery system;
- Increase the involvement of individuals and family members in all aspects of health care delivery and planning;

- Increase accountability of the integrated health care system; and
- Increase the efficiency and effectiveness of the state administrative infrastructure for health care.

Statutory Authority

Community Mental Health and Addiction Services

- ORS 430 provides OHA the statutory framework for the development, implementation and continuous operation of the community treatment programs to serve people with addiction disorders and mental health disorders subject to the availability of funds.
- Alcohol and Drug Programs operate under the authority of Oregon Revised Statute (ORS) 430.254 through 430.426 and ORS 430.450- 430.590 and Federal PL 102-321 (1992) Sections 202 and 1926.
- Problem gambling treatment and prevention services are mandated by Oregon Revised Statute (ORS) 413.520, which directs the Oregon Health Authority to develop and administer statewide gambling addiction programs and ensure delivery of program services.

Block Grant

Federal legislation 1992 PL 102-321 authorized community mental health services funded in small part by the Substance Abuse and Mental Health Services Block Grant.

Facilities

Statutory or legislative provision for the Oregon State Hospital and the state-delivered Secure Residential Treatment falls under ORS 179, which covers general powers, duties and responsibilities to supervise state institutions. ORS 443.465 provides oversight for secure residential treatment homes and facilities.

Commitment types

- Civil Commitments: Oregon Revised Statute (ORS) 426 provides OHA the statutory framework to deliver mandated treatment to persons, who because of a mental illness, are a danger to themselves or others.
- Guilty except for insanity:
 - Under ORS 161.390, AMH provides treatment services in OSH and in the community for individuals who have been found guilty of a crime except for insanity.
 - Under ORS 419C.532, AMH provides treatment services for youth who have been found responsible except for insanity. Treatment is provided in the Secure Adolescent Inpatient Program, OSH and in the community.

Mental Health Evaluations

Under ORS 161.370, AMH is delegated to provide the evaluation services to determine if an allegedly mentally ill individual who is accused of a crime is fit to proceed through the judicial processes.

Oregon State Hospital Replacement Project

The Oregon State Hospital Replacement Project (OSHRP) was initially authorized by the Legislative Emergency Board in September 2006. The project was fully authorized during the 2007 session by House Bill 5005 and House Bill 5006. It was reauthorized in 2009 by Senate Bill 5505 and Senate Bill 5506. The 2011 session reauthorized the project in House Bill 5005 and House Bill 5006. Additionally, all Capital Improvements beyond the OSHRP follow federal requirements under the Americans with Disabilities Act which requires people to be served in a safe, accessible environment.

Public Health (PH)

Vision: Lifelong health for all people in Oregon

Mission: Promoting health and preventing the leading causes of death, disease and injury in Oregon

Goals

1) Making Oregon one of the healthiest states in the nation

PH aims to make Oregon one of the top 10 healthiest states in the U.S. by 2017. To achieve this goal, Oregon must address the three leading causes of death in the state: tobacco use, obesity and overweight, and heart disease/stroke. And, Oregon must reduce family violence. Increasing Oregon communities' resilience to emergencies of all kinds also will help to make Oregon one of the healthiest states.

2) Making Oregon's public health system into a national model of excellence

To fully achieve its vision of lifelong health for all people, Oregon's public health system must transform itself into a national model of excellence. A system that is a model of excellence will work with emerging health care partners, such as Coordinated Care Organizations (CCO), in new ways; ensure appropriate consideration of health issues in all policy making; partner with the private sector and other agencies to perform health impact assessments; and maintain disease investigation and data collection capabilities. Public health accreditation, which recognizes health departments that perform all of the core functions, is one mechanism Oregon will use to ensure the system conforms to national standards.

Statutory Authority

The Oregon Health Authority plays a central role in ensuring the health of all people in Oregon.

Chapters 431 and 433 of the Oregon Revised Statutes set forth hundreds of code sections enabling and mandating a wide range of public health activities carried out by Public Health and its county partners.

The power and duty to promote and protect the public's health is reserved to the states under amendment X of the U.S. Constitution. Title 42, among other titles, of the US Code authorizes federal funding for numerous public health programs carried out at the state level.

Oregon Health Authority

2013 – 2015 Legislatively Adopted Budget

Criteria for 2013 -2015 Budget Development

The OHA Budget was developed following the Department of Administrative Services guidelines/instructions pertaining to the base budget established in 2011 -2013, and associated/known changes that influence or change the base budget going into the 2013 -2015 biennium. These processes include accounting for caseload changes, inflation factors, phase in or phase out of programs, and meeting statutory obligations. The OHA mission is foremost the most important driving criteria of budget development. The OHA mission allows programs to strategize, redirect the focus of Oregon's system of health care to health, and better align all resources towards the 10 year plan for Healthy People as outlined by the Governor. OHA programs have also identified objectives which contribute to the Oregon Benchmarks and Key Performance Measurements approved by the Legislature.

The OHA Mission

The mission of the Oregon Health Authority is helping people and communities achieve optimum physical, mental and social well-being through partnerships, prevention and access to quality affordable health care.

The Health Authority will transform the health care system of Oregon by:

- Improving the lifelong health of Oregonians
- Increasing the quality, reliability, and availability of care for all Oregonians
- Lowering or containing the cost of care so it's affordable to everyone

The 10 Year Plan for Healthy People

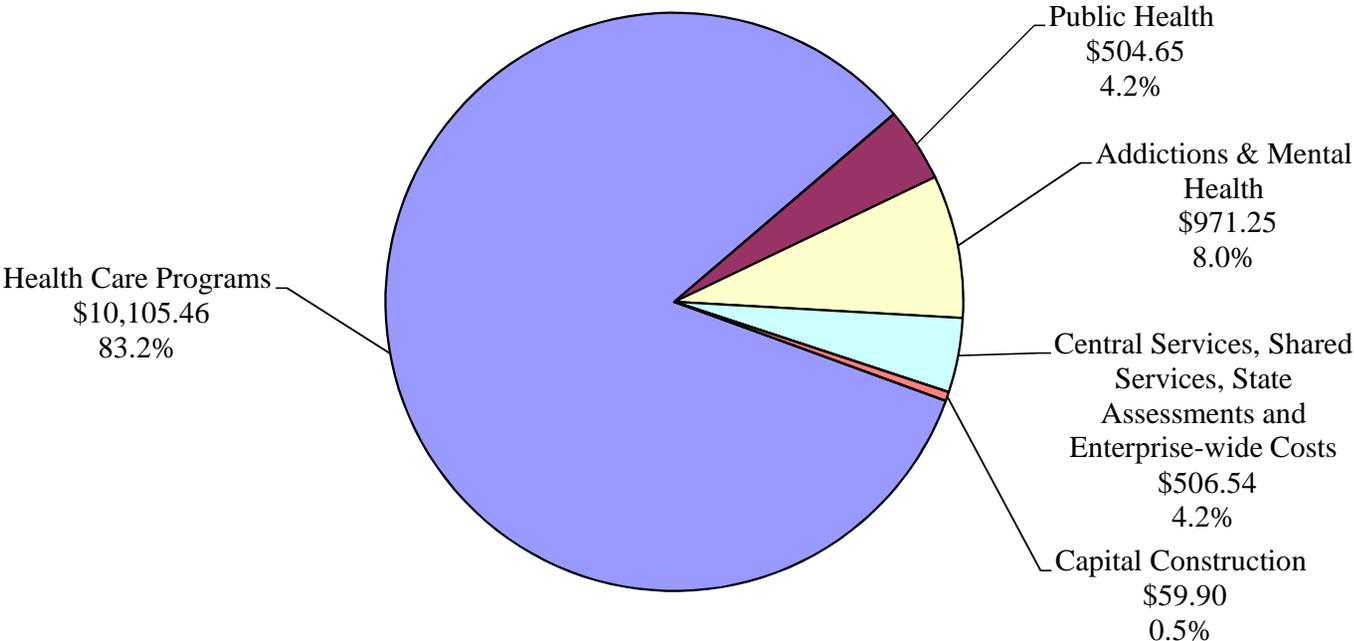
The Governor has presented five Healthy People strategies as key to enabling a healthy Oregon:

- Fundamentally changing how health care is delivered in Oregon, including integration and coordination of benefits and services, local accountability for health and resource allocations, standards for safe and effective care, and developing a global Medicaid budget tied to a sustainable rate of growth.
- Shift resources to focus on prevention of chronic disease
- Ensure financial stability and adequate array of supports for the long term service system for Oregonians (both children and adults) with intellectual and other developmental disabilities.
- Ensure all Oregonians have access to decent housing which meets their basic needs and allows them to reach their full potential.
- Ensure access to sufficient, nutritious and affordable food for all Oregonians including improving the food supply available to Oregonians, and improving the quality of food that is made available to promote nutritious options, such as eating more fruit and vegetables.

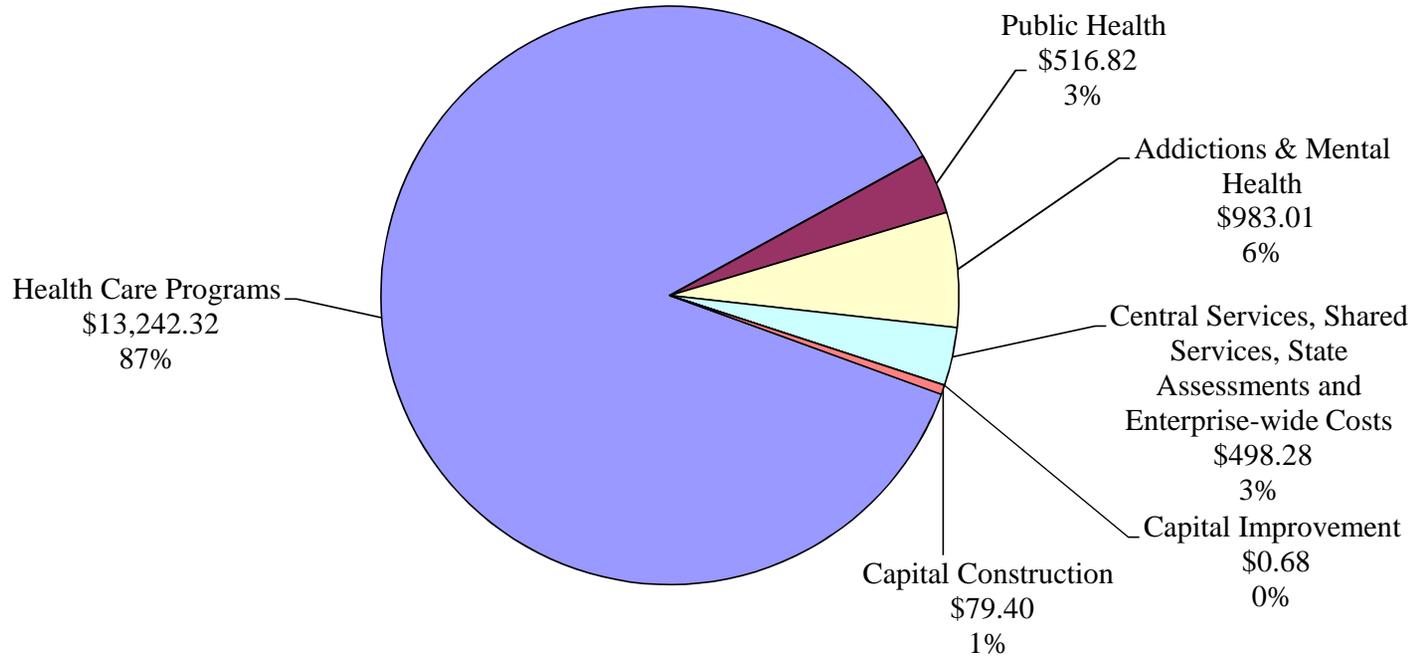
Funding Streams and Challenges

As with each budget development cycle, the need for services continues to rise. OHA face a large funding challenges in its' 2013-15 budget cycle. The loss of the Other Fund revenue from the provider and hospital taxes would have created a significant General Fund backfill need. The Agency, the Governor's Office and the Legislature engaged stakeholders regarding the funding gap and potential options to mitigate the problem. As part of the Legislatively Adopted Budget, a 2 year extension of the Hospital Assessment provided a significant source of Other Fund revenue necessary to fill the G/F backfill need. Also, there is a significant reliance upon federal funding within the OHA budget. As part of the 13-15 biennium, OHA obtained additional federal Medicaid funding for Designated State Health Programs (DSHP) that allow for match of existing General Fund dollars (elsewhere within OHA and DHS) to be reinvested in Health System Transformation. This DSHP leverage is only available for a 5 year time period, at which time an alternative revenue source (e.g. G/F backfill) will be necessary in order to sustain the Medicaid enrollment.

**Oregon Health Authority (OHA)
2011-13 Legislatively Approved Budget
Total Fund by Program Area
\$12,147.79 million**



**Oregon Health Authority (OHA)
2013-15 Legislatively Adopted Budget
Total Fund by Program Area
\$15,320.52 million**



Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Oregon Health Authority
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-000-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2011-13 Leg Adopted Budget	4,089	4,033.27	12,001,337,489	1,721,639,876	10,779,583	1,989,328,229	4,877,574,818	3,294,911,521	107,103,462
2011-13 Emergency Boards	(53)	(53.00)	146,455,831	(24,581,752)	(390,969)	18,594,801	152,833,751	-	-
2011-13 Leg Approved Budget	4,036	3,980.27	12,147,793,320	1,697,058,124	10,388,614	2,007,923,030	5,030,408,569	3,294,911,521	107,103,462
2013-15 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(17)	(5.77)	62,847,683	59,206,873	52,545	(679,257)	4,267,522	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			6,198,900	16,860,966	-	(10,662,066)	-	-	-
Base Nonlimited Adjustment			412,067,820	-	-	-	-	412,067,820	-
Capital Construction			(59,900,000)	-	-	(59,900,000)	-	-	-
Subtotal 2013-15 Base Budget	4,019	3,974.50	12,569,007,723	1,773,125,963	10,441,159	1,936,681,707	5,034,676,091	3,706,979,341	107,103,462
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	10,363,925	4,807,191	4,801	4,522,119	1,029,814	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	5,139,022	2,835,798	1,666	1,208,573	1,092,985	-	-
Subtotal	-	-	15,502,947	7,642,989	6,467	5,730,692	2,122,799	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	89	89.00	152,058,257	118,155,629	800,963	(65,988,830)	99,090,495	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(1,123,383,459)	2,142,847	-	(392,337,448)	(733,188,858)	-	-
Subtotal	89	89.00	(971,325,202)	120,298,476	800,963	(458,326,278)	(634,098,363)	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	472,563,909	55,186,632	230,863	125,589,504	291,556,910	-	-
State Gov't & Services Charges Increase/(Decrease)			5,023,110	2,293,087	-	595,506	2,134,517	-	-

Summary of 2013-15 Biennium Budget

Oregon Health Authority
Oregon Health Authority
2013-15 Biennium

Leg. Adopted Budget
Cross Reference Number: 44300-000-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal	-	-	477,587,019	57,479,719	230,863	126,185,010	293,691,427	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	99	99.00	2,185,121,898	83,332,723	-	18,319,852	2,083,469,323	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	1	619,538,915	-	(587,226,215)	(32,312,699)	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	(6)	(6.00)	282,288	(545,812)	-	983,467	(155,367)	-	-
Subtotal: 2013-15 Current Service Level	4,201	4,156.50	14,276,176,674	2,660,872,973	11,479,452	1,042,348,235	6,747,393,211	3,706,979,341	107,103,462

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Oregon Health Authority
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-000-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2013-15 Current Service Level	4,201	4,156.50	14,276,176,674	2,660,872,973	11,479,452	1,042,348,235	6,747,393,211	3,706,979,341	107,103,462
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	(1)	(1.00)	(332,811)	-	-	(332,811)	-	-	-
Modified 2013-15 Current Service Level	4,200	4,155.50	14,275,843,863	2,660,872,973	11,479,452	1,042,015,424	6,747,393,211	3,706,979,341	107,103,462
080 - E-Boards									
081 - May 2012 E-Board	(34)	(33.38)	(6,145,385)	(3,850,697)	-	(810,600)	(1,484,088)	-	-
082 - September 2012 E-Board	-	-	-	-	-	-	-	-	-
083 - December 2012 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	(34)	(33.38)	(6,145,385)	(3,850,697)	-	(810,600)	(1,484,088)	-	-
Policy Packages									
090 - Analyst Adjustments	(43)	(43.00)	558,205,156	(663,856,215)	(910,341)	798,439,552	603,117,291	(178,585,131)	-
091 - Statewide Administrative Savings	-	-	(9,450,464)	(2,090,200)	-	(5,658,403)	(1,701,861)	-	-
092 - PERS Taxation Policy	-	-	(1,876,174)	(1,038,964)	(2,589)	(429,125)	(405,496)	-	-
093 - Other PERS Adjustments	-	-	(14,991,522)	(8,301,815)	(20,690)	(3,428,908)	(3,240,109)	-	-
094 - December 2012 Rebalance	52	45.89	970,751,779	(68,077,509)	-	368,671,883	558,837,405	111,320,000	-
801 - End-Of-Session Bill Adjustments	-	-	-	-	-	-	-	-	-
802 - Supplemental Statewide Ending Balance	-	-	-	-	-	-	-	-	-
803 - HB 2322 Program Change Bill	-	-	-	-	-	-	-	-	-
810 - LFO Analyst Adjustments	1	(45.73)	(857,162,467)	(36,245,104)	-	3,182,172,704	(639,570,027)	(3,363,296,645)	(223,395)
820 - End of Session Bill (HB 5008)	-	-	(44,986,511)	(45,081,035)	(10)	(1,628,351,035)	151,569	1,628,294,000	-
201 - APD - Program transfer to OHA	-	-	344,381,775	125,761,280	-	-	218,620,495	-	-
401 - PC & Network Infrastructure Investments	12	10.56	3,692,477	666,667	-	2,359,143	666,667	-	-
402 - Health Systems Transformation	2	2.00	3,467,197	2,115,946	-	(311,665)	1,662,916	-	-

Summary of 2013-15 Biennium Budget

Oregon Health Authority
Oregon Health Authority
2013-15 Biennium

Leg. Adopted Budget
Cross Reference Number: 44300-000-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
403 - OSH Replacement Project Next Phase	281	17.97	89,282,402	2,826,854	-	86,494,111	(38,563)	-	-
404 - Strengthen Comm'ty Mental Health Svcs & ITRS	-	-	7,500,000	7,500,000	-	-	-	-	-
405 - Ofc of Equity & Inclusion - Health Equity	-	-	-	-	-	-	-	-	-
406 - Health Information Technology	11	9.42	2,004,172	1,004,489	-	-	999,683	-	-
Subtotal Policy Packages	316	(2.89)	1,050,817,820	(684,815,606)	(933,630)	2,799,958,257	739,099,970	(1,802,267,776)	(223,395)
Total 2013-15 Leg Adopted Budget	4,482	4,119.23	15,320,516,298	1,972,206,670	10,545,822	3,841,163,081	7,485,009,093	1,904,711,565	106,880,067
Percentage Change From 2011-13 Leg Approved Budget	11.10%	3.50%	26.10%	16.20%	1.50%	91.30%	48.80%	-42.20%	-0.20%
Percentage Change From 2013-15 Current Service Level	6.70%	-0.90%	7.30%	-25.90%	-8.10%	268.50%	10.90%	-48.60%	-0.20%

Department-Wide Priorities for 2013-15 Biennium

Priority (ranked with highest priority first)	2 Program/Div (Orbits B Level)	3 (Orbits A Level Title)	4 Is Program leveraged for the DSHP Waiver?	5 Program Unit/Activity Description	6 Identify Key Performance Measure(s)	7 Primary Purpose Program-Activity Code	8 GF	9 LF	10 OF	11 NL-OF	12 FF	13 NL-FF	14 TOTAL FUNDS	15 Pos.	16 FTE	17 New or Enhanced Program (Y/N)	18 Included as Reduction Option (Y/N)	19 Legal Req. Code (C, F, or D)
1	Medical Assistance Prgms- OHP Payment	OHP & CHIP	No	The Oregon Health Division provides physical, mental health and dental services to qualifying low-income and vulnerable Oregonians. The division pays managed care organizations to provide most of the care on a per capita basis with rates that are set by an independent actuary to reflect the cost of providing services. Some services are paid on a fee-for-service basis with rates that are typically less than cost. The Children's Health Insurance Program (CHIP) provides physical health, mental health and dental services to uninsured Oregon children. The division pays managed care organizations to provide most of the care on a per capita basis with rates that are set by an independent actuary to reflect the cost of providing services. Some services are paid on a fee-for-service basis with rates that are typically less than cost.	Preventive services for OHP youth and adults, Preventive services for OHP children, Appropriate prenatal care for OHP clients, PQI Hospitalizations of OHP clients	12	743,803,384		1,808,123,789		6,202,437,956		\$ 8,754,365,129			N	N	F
2	Medical Assistance Prgms- OHP Payment	Non-OHP	Small amount	Breast and Cervical Cancer Medical program, which provides comprehensive health coverage to uninsured women who have been diagnosed with breast or cervical cancer; 2) the Citizen/Allen Waived Emergency Medical (CAWEM) program, which provides emergency medical services to children and adults who are ineligible for medical assistance solely because they do not meet the Medicaid citizenship or immigration status requirements; 3) the Health Insurance Premium program, which reimburses clients for employer-sponsored insurance premiums. Non-OHP also includes "clawback" payments to the federal government to help pay for the Medicare Prescription Drug (Part D) program.	Preventive services for OHP youth and adults, Preventive services for OHP children, Appropriate prenatal care for OHP clients, PQI Hospitalizations of OHP clients	12	304,134,995		12,903,523		351,855,180		\$ 668,893,698			N	N	
3	Medical Assistance Prgms- OHP Payment	Pharmacy Programs	No	Pharmacy Programs provide Oregonians access to reduced priced drugs through the Oregon Prescription Drug Program (OPDP). OPDP also provides consolidated purchasing power for the Oregon Education Benefit Board by jointly purchasing prescription drugs with the state of Washington through the NW Drug Consortium. Pharmacy Programs also provides health insurance to persons who are HIV positive through CAREAssist, Oregon's version of the Ryan White AIDS Drug Assistance Program.	Reduced cost of prescription drugs by consolidating all OHA drug purchasing in one. Provide drug assistance to individuals with the state who are HIV positive.	12	3,710,279		58,825,446		10,423,057		\$ 72,958,782	12	12.00	N	Y	
4	Addictions and Mental Health Program	Alcohol and Drug Treatment	Small amount	Alcohol and drug treatment programs provide an array of services tailored to the clients' needs. These include: assessment, detoxification, and individual, group and family counseling, residential treatment, and medications.	Completion of alcohol & drug treatment, Alcohol & drug treatment effectiveness: Employment, Child reunification, School performance	12	26,744,369		15,696,871		51,453,199		\$ 93,894,439			N	Y	S,F
5	Addictions and Mental Health Program	Community Mental Health	Partially	Community programs provide a range of services tailored to the consumer's needs, including community/outpatient intervention and therapy, case management, residential and foster care, supported education, acute hospital care, and crisis and pre-commitment services. The community also provides supervision and treatment for persons under the jurisdiction of the Psychiatric Security Review Board.	Mental health client level of functioning, Child & Adult Mental Health Services	12	267,607,426		1,544,988		160,198,063		\$ 429,350,477			N	Y	S,F
6	Public Health Programs	Center for Prevention and Health Promotion	Yes	Responsible for chronic disease prevention and health promotion, injury prevention, Prescription Drug Monitoring program, Women, Infants and children (WIC) Nutrition program, family planning, oral health, prenatal care, newborn hearing screening, and school-based health centers.	Teen suicide, Tobacco use, Cigarette packs sold, Teen pregnancy, Early prenatal care	10	18,079,411		27,328,065	40,000,000	143,938,202	102,729,051	\$ 332,074,729	207	203.62	N	Y-Partial	S,F
7	Public Health Programs	State Public Health Director	No	Responsible for state emergency preparedness, planning, and response.		8,10	2,027,614		7,831,080		33,203,679		\$ 43,062,373	81	75.79	N	N	S,F
8	Public Health Programs	Center for Public Health Practice	Yes	Responsible for state support to local health departments core capacity in disease control and surveillance, HIV/STD/TB, immunization, statewide communicable disease control and testing, maintaining vital records and health statistics.	HIV rate, child immunizations, Influenza vaccinations for seniors	8,10	17,798,063		33,115,517		53,412,822		\$ 104,326,402	266	254.79	N	Y-Partial	S,F
9	Public Health Programs	Center for Health Protection	Yes	Responsible for the State Drinking Water Program (Primacy) and EPA Revolving Loan Fund which provides approx. \$12M annually to local water systems for capital improvement initiatives. Also identifying and preventing environmental and occupational safety hazards, and initiatives such as the health facilities licensure, quality improvement and regulation, medical marijuana, and Patient Safety Commission.		9,10	733,288		18,528,825		18,099,219		\$ 37,361,332	161	160.61	N	N	S,F
10	Addictions and Mental Health Program	State Hospital System	3 Non-Medicaid Gero units	The State Hospitals - located in Salem and Portland provide 24-hour supervised care to people with the most severe mental health disorders, many of whom have been committed to the Department are a danger to themselves or others, including people who have been found guilty except for insanity.	OSH restraint rate, OSH length of stay	12	318,790,748		12,258,655		42,813,461		\$ 373,862,864	1,933	1,924.82	Y	Y	S,F

Department-Wide Priorities for 2013-15 Biennium																		
Priority (ranked with highest priority first)	2	3	4	5	6	7	9	10	11	12	13	14	15	16	17	18	19	
	Program/Div (Orbits B Level)	(Orbits A Level Title)	Is Program leveraged for the DSHP Waiver?	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, F, or D)
11	Addictions and Mental Health Program	Gambling Treatment and Prevention	No	Gambling treatment and prevention programs provide an array of services tailored to the clients' needs. These include: assessment; individual, group and family counseling; and residential treatment.	Gambling Treatment Effectiveness	12	0	7,862,185	0		0		\$ 7,862,185			N	N	S
12	Addictions and Mental Health Program	State Delivered SRTF's	No	The state operated 16-bed facilities permit the safe movement of persons from the State Hospital(s) into the community that current providers choose not to serve.		12	5,298,310		494,210		2,039,254		\$ 7,831,774	46	46.00	Y	N	S,F
13	Private Health Partnerships	State High Risk Pool (OMIP)	Yes	OMIP, in cooperation with the FMIP program, offers guaranteed-issue health insurance coverage for individuals, regardless of income level, who are unable to obtain medical insurance because of health conditions.		12	0	0	400,652	132,917,565	54,262,291	0	\$ 187,580,508	7	1.75	N	N	
14	Private Health Partnerships	Healthy KidsConnect (HKC)	No	HKC is the private market insurance component or "mini-exchange" portion of the state's Healthy Kids program. Healthy Kids provides health insurance options for uninsured children age 18 and under, regardless of family income. HKC provides choices for families that earn too much to qualify for the Oregon Health Plan, but can't afford to pay the full cost of private health insurance premiums on their own.		12	149,426	0	3,743,047	0	10,926,602	0	\$ 14,819,075	19	4.19	N	N	F
15	Private Health Partnerships	Family Health Insurance Assistance Program (FHIAP)	No	FHIAP helps uninsured, income-eligible Oregonians afford private health insurance. The program subsidizes a portion of the member's monthly health insurance premium. A member's subsidy level decreases as their annual income increases. FHIAP members are responsible for their own co-payments and deductibles.		12	1,512,731	0	3,684,890	0	10,328,885	0	\$ 15,526,506	31	7.75	N	Y	
16	Private Health Partnerships	Federal High Risk Pool (FMIP)	No	FMIP, in cooperation with the OMIP program, offers guaranteed-issue health insurance coverage for individuals, regardless of income level, who are unable to obtain medical insurance because of health conditions.		12	0	0	13,931,687	0	40,890,795	0	\$ 54,822,482	0	0.00	N	N	
17	PEBB Stabilization	Stabilization	No	(1) There is created the Public Employees' Revolving Fund, separate and distinct from the General Fund. The balances of the Public Employees' Revolving Fund are continuously appropriated to cover expenses incurred in connection with the administration of ORS 243.105 to 243.285 and 292.051. Assets of the Public Employees' Revolving Fund may be retained for limited periods of time as established by the Public Employees' Benefit Board by rule. Among other purposes, the board may retain the funds to control expenditures, stabilize benefit premium rates and self-insure. The board may establish subaccounts within the Public Employees' Revolving Fund. (2) There is appropriated to the Public Employees' Revolving Fund all unused employer contributions for employee benefits and all refunds, dividends, unused premiums and other payments attributable to any employee contribution or employer contribution made from any carrier or contractor that has provided employee benefits administered by the board, and all interest earned on such moneys.	243.167 Public Employees' Revolving Fund; continuing appropriation to fund	10			28,515,000				\$ 28,515,000	0	0.00	N	N	S
18	PEBB Self-Insurance	Self-Insurance	No	(1) There is created the Public Employees' Revolving Fund, separate and distinct from the General Fund. The balances of the Public Employees' Revolving Fund are continuously appropriated to cover expenses incurred in connection with the administration of ORS 243.105 to 243.285 and 292.051. Assets of the Public Employees' Revolving Fund may be retained for limited periods of time as established by the Public Employees' Benefit Board by rule. Among other purposes, the board may retain the funds to control expenditures, stabilize benefit premium rates and self-insure. The board may establish subaccounts within the Public Employees' Revolving Fund. (2) There is appropriated to the Public Employees' Revolving Fund all unused employer contributions for employee benefits and all refunds, dividends, unused premiums and other payments attributable to any employee contribution or employer contribution made from any carrier or contractor that has provided employee benefits administered by the board, and all interest earned on such moneys.	243.167 Public Employees' Revolving Fund; continuing appropriation to fund	10			1,228,764,282				\$ 1,228,764,282	0	0.00	N	N	S

Department-Wide Priorities for 2013-15 Biennium

Priority (ranked with highest priority first)	2 Program/Div (Orbits B Level)	3 (Orbits A Level Title)	4 Is Program leveraged for the DSHP Waiver?	5 Program Unit/Activity Description	6 Identify Key Performance Measure(s)	7 Primary Purpose Program- Activity Code	8 GF	9 LF	10 OF	11 NL-OF	12 FF	13 NL-FF	14 TOTAL FUNDS	15 Pos.	16 FTE	17 New or Enhanced Program (Y/N)	18 Included as Reduction Option (Y/N)	19 Legal Req. Code (C, F, or D)
19	PEBB Flex Benefit Admin	Flex Benefit Admin	No	(1) In addition to the powers and duties otherwise provided by law to provide employee benefits, the Public Employees' Benefit Board may provide, administer and maintain flexible benefit plans under which eligible employees of this state may choose among taxable and nontaxable benefits as provided in the federal Internal Revenue Code. (2) In providing flexible benefit plans, the board may offer: (a) Health or dental benefits as provided in ORS 243.125 and 243.135. (b) Other insurance benefits as provided in ORS 243.275. (c) Dependent care assistance as provided in ORS 243.550. (d) Expense reimbursement as provided in ORS 243.560. (e) Any other benefit that may be excluded from an employee's gross income under the federal Internal Revenue Code. (f) Any part or all of the state contribution for employee benefits in cash to the employee. (3) In developing flexible benefit plans under this section, the board shall design the plan on the best basis possible with relation to the welfare of employees and to the state.	243.221 Options that may be offered under flexible benefit plan	10				820,080			\$ 820,080	0	0.00	N	N	S
20	OEBB Stabilization	Stabilization	No	There is created the Oregon Educators Revolving Fund, separate and distinct from the General Fund. Moneys in the Oregon Educators Revolving Fund are continuously appropriated to the Oregon Educators Benefit Board to cover the board's expenses incurred in connection with the administration of ORS 243.860 to 243.886. Moneys in the Oregon Educators Revolving Fund may be retained for limited periods of time as established by the board by rule. Among other purposes, the board may retain the funds to pay premiums, control expenditures, stabilize premiums and self-insure.	243.884 Oregon Educators Revolving Fund; continuous appropriation to board; purposes; rules; moneys paid into fund	10				1,628,294,000			\$ 1,628,294,000	0	0.00	N	N	S
							1,710,390,044	7,862,185	3,275,690,527	1,802,031,645	7,186,282,665	102,729,051	\$ -	2,763	2,691.32			

Oregon Health Authority 2013 – 2015 Legislatively Adopted Budget

OHA General Fund 10 % Reduction Options & approaches taken:

A large proportion of the OHA budget is expended for services provided to clients. There are basically four types of budget reduction options available to the Agency. The initial 10% list as required to be submitted in the Agency Request Budget is enclosed with those items that were taken, assumed to be a part of the Governor's Balanced Budget and/or those which were taken as part of the Legislatively Adopted Budget being illustrated by a "strike-through the narrative portion of the list.

1. Program support/administrative reductions
2. Program eligibility restrictions (in some areas)
3. Program services/benefits reductions
4. Service provider payment rate reductions

As part of the Governor's Balanced Budget (GBB), General Fund reductions and fund shifts were also considered for their potential to "save" Oregon money. While some of the reductions in the GBB remained intact and taken as part of the Legislatively Adopted Budget, some were modified or restored. Additionally, the Legislatively Adopted Budget reduced the OHA General Fund appropriation for 5% administrative reductions in Services and Supplies totaling \$4,197,470. An end of session action to create a "2% Holdback" was also taken for \$38,808,960 General Fund. The expected intent of the 2% holdback is to allow agencies to request that the funding be restored if the state's economic forecast remains steady with the expected General Fund revenues as stated by the State Economist at the close of session. The summary of these items affect the OHA programs in the following:

Central Office

Administrative reductions in General Fund through staff reductions or cuts to professional service contracts are included in the GBB for \$2,258,887. As OHA continues with Health Systems Transformation efforts, these

reductions may have a direct impact for the Director's Office, Office of Health Policy and Research, Office of Equity and Inclusion, as well as many of the OHA dedicated services (Budget Planning and Analysis, Communications, and Human Resources.) With the corresponding F/F and O/F match, this is a Total Fund reduction of \$4,192,390.

Corresponding adjustments are made throughout the Central budgets for all anticipated PERS adjustments.

Medical Assistance Programs (MAP)

In the GBB Package 090, the following adjustments are made:

The first program item is the continuation of the enforceable physical health preferred drug list, which is set to end in statute in January 2014. This reduction includes \$2,337,592 G/F. While the GBB included the option to make the mental health preferred drug list enforceable to save \$2,570,000, this reduction was restored by Ways and Means and not taken.

G/F support in the Breast and Cervical Cancer Program is reduced by \$4.5M. It is expected that most of the caseload for this program will become fully eligible and funded under the health care expansion of the Affordable Care Act. OHP Standard is reduced by \$185M G/F. It is expected that most of the caseload for this program will become fully eligible and funded under the health care expansion of the Affordable Care Act.

The GBB and LAB both assume a continuation of the hospital assessment and reduces G/F support by \$361M. This does not affect the MAP program, but rather shifts the budget from G/F to O/F.

Corresponding adjustments are made throughout the MAP budget for all anticipated PERS adjustments.

Addictions and Mental Health (AMH)

G/F reductions included in the GBB and LAB of \$9,697,920 assume the continuation of cost reduction measures for "non-direct care staff" implemented by Oregon State Hospital in the 2011-13 biennium;

The G/F reduction of \$15,962,595 was assumed for the planned closure of Blue Mountain Recovery Center, and the closure of one non-certified Geropsychiatric ward at the Oregon State Hospital is projected to save \$8,839,080. W&M also assessed a \$7M General Fund reduction with the expectation that OSH make further reductions in overtime costs attributed to non-direct care staffing. HB 5008 also made a \$3.3M General Fund reduction to the ITRS program, but was placed in a special purpose appropriation if needed.

Outsourcing the Oregon State Hospital pharmacy services is expected to generate \$3M in G/F savings; and lastly another \$8,636,754 related to the continuation of no cost of living increases to community contracts. This cost of living reduction was restored by the W&M committee by “redirecting” savings of the AMH spring caseload, specifically targeting legislative priorities of services in the Community Mental Health system.

Corresponding adjustments are made throughout the Addictions and Mental Health budget for all anticipated PERS adjustments.

Public Health (PH)

Other Fund Expenditure limitation is adjusted by \$203,940 for the Tobacco Prevention and Education Program (TPEP) that is funded through the statutorily dedicated Tobacco Use Reduction Account (TURA).

The W&M subcommittee also reduced General Fund appropriation to the Contraceptive Care (C-Care) program by \$1.3M attributed to the ending balance of 11-13 used to pay a one-time payment to the federal government. An additional \$1M G/F reduction was also made in anticipation of the C-Care clients who may otherwise be eligible for services under the ACA expansion. Lastly, a \$1.5M G/F reduction was replaced with Other Fund revenues expected to be generated by the Oregon Medical Marijuana Program revenues.

Corresponding adjustments are made throughout the Public Health budget for all anticipated PERS adjustments.

Office of Private Health Partnerships (OPHP)

With the anticipated coverage of Oregonians under the ACA, the OPHP GBB G/F budget was reduced by \$11,619,748 in FHIAP. Legislative action transferred an additional \$22,100,723 General Fund from the OPHP budget to the Oregon Health Plan for transitioning the Oregon Healthy Kids Connect Program. An additional \$2,514,368 in G/F was reduced to reflect the elimination of the FHIAP program under HB 2240, and a \$140,000 reduction was taken for the elimination of the information, education and outreach that accompanied the OPHP programs. Corresponding adjustments are made throughout the Office of Private Health Partnership budget for all anticipated PERS adjustments.

Oregon Educator's Benefit Board and the Public Employees Benefit Board (OEBB/PEBB)

Corresponding adjustments are made throughout the OEBB and PEBB budgets for all anticipated PERS adjustments.

Shared Services

The Governor's budget requires increased efficiency in the operation of state government, calls for additional savings in administrative expenditures, and allows for the reinvestment of some of the savings realized through efficiencies into agency programs or to other initiatives that will further improve the administrative operations of state government. Package 091 was included in all agency budgets as a placeholder for administrative efficiencies to be found in Finance, IT, HR, Accounting, Payroll, and Procurement activities. The Improving Government subcommittee of the Enterprise Leadership Team will be identifying proposed efficiencies or changes in the delivery of service to meet the funding level in the Governor's budget, and will work with individual agencies on the impact to their budget, along with reinvestment opportunities.

In the GBB, Other Fund limitation was decreased in the OHA-DHS Shared Services area by \$9,343,303, which may potentially affect services provided within/and across both agencies. As part of the OHA-DHS Reshoot of their budgets, this amount was adjusted to \$5,176,526 to align with prioritization within the two agencies.

Corresponding adjustments are made throughout the Shared Service budget for all anticipated PERS adjustments.

10% General Fund / 10% Other & Federal Fund Reduction Options
(Limited Other and Federal Funds only - does not include non-limited funds)

Current Service Level Budget - OHA

2,672,352,425 1,042,015,424 6,751,767,622 10,466,135,471

10% Target

267,235,243 104,201,542 675,176,762 1,046,613,547

revised 11-6-2013

DSHP Yes or No	Accumulative % Reduction of CSL GF	Agency Priority	Program Area	Reduction Description	Federal Approval required? (Y/N)	GF & LF	OF	FF	TF	# of Employees Affected	Employee FTE Affected	Impact of Reduction on Services and Outcomes
No	-0.06%	1	OHA Central Services & Administration	Hold positions vacant: This action includes leaving positions vacant within the OHA Director's Office, Office of Health Policy & Research, Budget & Planning Analysis, and OHA Communications. This Reduction Option taken as part of the Governor's Balanced Budget .	No	\$ (1,471,300)	\$ (70,125)	\$ (1,337,580)	\$ (2,888,005)	(16)	(13.84)	Holding these positions vacant and/or elimination of these positions will reduce reaction time to requests, services to program areas, cause delays in recruitment efforts, delay Health Systems Transformation work and assist the CCOs and other panels and boards.
No	-0.15%	2	MAP Admin & Program Support	The MAP Admin and program support budget includes the Medicaid Health Director, Oregon Healthy Kids, MAP Program support and the Office of Client and Community Services Processing Center.	No	(\$2,500,000)	\$ -	\$ (2,500,000)	\$ (5,000,000)	(8)	(8.00)	This combination of reductions will affect positions, services and supplies and professional service contracts. Staff positions affected through layoff will be both management service and represented staff.
No	-0.20%	3	AMH - Admin and Program Support	Maintain current vacancies, including 2 mgmt positions which would collapse the mgmt structure and merge adult and child mental health units in addition to holding an additional 11 positions vacant.	No	\$ (1,501,512)	\$ (108,460)	\$ (636,064)	\$ (2,246,036)	(13)	(13.00)	This action will result in longer response times for requests for information, files and data on Medicaid expenditures. There will be less support available to individuals to assist patients in transitioning from the state hospital and less support for those who need alcohol and drug free housing in developing and managing new Oxford Houses.
No	-0.21%	4	OPHP IEO	Reduce IEO administration by 5% in Services & Supplies. This item taken as part of the Governor's Balanced Budget.	No	(19,790)		\$ (19,790)		0	0.00	Decreases the program's ability to provide training and education activities on statutory changes, program changes, and health options available to small businesses and the general public.
Partially	-0.23%	5	PH Admin and Program Support	PH would make administrative reductions throughout the Office of The State Public Health Director as well as the 3 Centers which support all PH activities throughout it's programs.	No	\$ (700,000)		\$ (700,000)		(3)	(3.00)	This combination of reductions will affect positions, services and supplies and professional service contracts. Staff positions affected through layoff will be both management service and represented staff.

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No	-0.71%	6	AMH-BMRC	AMH - Closure of the Blue Mountain Recovery Center for the last 18 months of the 13-15 biennium, with the transition of patients to OSH and Junction City - whichever is more appropriate for the level of care needed. This Reduction Option taken as part of the Governor's Balanced Budget. This reduction option was decreased in the Legislatively Adopted Budget.	No	\$ (12,853,099)	\$ (2,508,025)	\$ (860,893)	\$ (16,222,017)	(136)	(97.62)	Early closure of Blue Mountain Recovery Center (BMRC). BMRC's closure was originally scheduled for Spring 2015. This action would close the facility earlier and move those patients not ready to transition to community settings to the Salem campus of the Oregon State Hospital. This move would put the Salem campus at nearly 90% of available occupancy - assuming current census and not counting the Portland campus of the hospital. There will be a loss of 60 psychiatric hospital beds in the system, until the completion of the Junction City hospital. Once that facility is opened, it will lessen the burden on the Salem campus. At 90% capacity, the Salem campus will not be able to meet the needs of incoming patients, including the aid and assist patients that are mandated to be admitted within seven days of the order promulgation. Loss of this ability will create an increase in the wait list in local acute psychiatric hospitals as well as potential burden on jail populations. As such, if OSH is operating at a 90% capacity, there is increased levels of violence from patients to staff.
No	-1.08%	7	AMH - OSH	The Oregon State Hospital will continue the Non-Direct Care/Administrative cost reduction measures that have been implemented during the 2011-13 biennium and prior. These measures include a department-wide hiring freeze, and targeted reductions of all Service & Supply expenditure budgets, and change the float pool from permanent full-time positions to temporary positions thereby eliminating cost-of-benefits. This Reduction Option taken as part of the Governor's Balanced Budget.	No	\$ (9,697,920)	\$ -	\$ -	\$ (9,697,920)	(32)	(32.00)	These measures include a department-wide hiring freeze, and targeted reductions of all Service & Supply expenditure budgets, and change the float pool from permanent full-time positions to temporary positions thereby eliminating cost-of-benefits.
No	-1.10%	8	AMH	Defer the capital improvement budget for another biennium.	No	\$ (679,238)	\$ -	\$ -	\$ (679,238)	-	-	This action defers the capital improvement budget for the third biennium in a row. Due to new construction for the Salem campus of the hospital system, and the planned construction of a new facility in Junction City, it is anticipated that the need for remodel or improvement projects is low, which will allow this move without great risk to the agency.
Yes	-1.42%	9	AMH	AMH - Eliminate Cost of Living Increases in the Current Service Level budget for those areas that OHA has discretion over COLAs such as program service contracts. This Reduction Option revised and taken as part of the Governor's Balanced Budget.	No	(8,448,364)	(633,368)	(5,789,074)	(14,870,803)			This would be the second biennium that providers were not given an increase for providing services. As actual costs do increase, this means there would be less ability to provide the same level of service to clients in the community programs. There would likely be reductions in workforce in community providers and the loss of some smaller providers due to the inability to secure funding through other sources. This action will lead to a loss of residential capacity in the community system.

10% General Fund / 10% Other & Federal Fund Reduction Options
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No	-1.48%	10	AMH - A & D Treatment	Parent Child Interaction Therapy (PCIT) reduction. This reduction cuts nearly \$1.8 million under service element A&D 60 for special projects.	No	(1,787,086)	\$ -	\$ -	(1,787,086)			Without this project, there will be a loss of infrastructure for Parent Child Interaction Therapy, an EBP addressing disruptive behavior disorders in young children. Adverse effects would be experienced by communities poised to train clinicians and implement PCIT. Families whose children exhibit these disorders would not be served. This will result in the need for child welfare services relating to permanency, increase in school failure, out-of-home placement, crime, special education, and K-12 grade repetition. This reduction will jeopardize the Maintenance of Effort (MOE) requirement of the Substance Abuse Prevention and Treatment (SAPT) block grant.
Yes	-1.81%	11	AMH-CMH	Propose select Mental Health program reductions from the 2011-13 reduction list.	No	(8,701,985)	\$ -	\$ -	(8,701,985)			This reduction will significantly affect 2,983 Oregonians with mental illness. Access to crisis services, acute psychiatric treatment (in a hospital setting), medications and case management services will be reduced by this reduction. This will likely result in people becoming more ill, doing poorly in school, experiencing strained family relationships and in some instances people will become homeless or may be jailed. There will be increased demands on the crowded state hospital. These reductions could jeopardize the Maintenance of Effort requirements for the Mental Health Block Grant.
Yes	-1.88%	12	AMH - Community BH	1% reduction in flexible funding for community mental health, A&D tx, A&D prevention, Problem Gambling treatment and prevention services. (revised at GBB)	No	(1,890,281)	\$ -	\$ -	(1,890,281)	-	-	To accomplish the 5% reductions target equates to a 1% reduction in funding for community addictions and mental health services. This will result in more than 16,000 adults, youth and children a year not eligible for Medicaid or insurance funding not receiving needed mental health and addictions services. Other non-Medicaid community services would be reduced for all individuals. Without these services individuals who are very ill may injure themselves or others. There would be an increase in deaths related to mental health crises in the community. Counties would not be able to fully meet their statutory obligations to investigate civil commitments. Without treatment people will continue to abuse alcohol & drugs, be at risk for infectious diseases, commit crimes, endanger their children, and lose their jobs. This will increase health costs, child welfare caseloads and reduce the ability of TANF clients to become employable. This reduction jeopardizes the MOE requirements for federal block grants.
Yes	-1.89%	13	PH	Parasitology and Syphilis Testing at State Public Health Laboratory	No	(200,000)	\$ -	\$ -	(200,000)	(1)	(1.00)	The State of Oregon would stop conducting parasitology testing and syphilis testing (RPR and FTA) for statewide disease control purposes. Local and state disease control programs will be unable to diagnose and prevent these infections, which will spread in the community, resulting in greater morbidity and mortality. Public Health will be unable to fulfill its statutory requirement to provide testing to local health departments for reportable diseases (ORS 433.012). This could have a potential impact on CCO funding since this General Fund is used as match for the federal Medicaid DSHP waiver.

10% General Fund / 10% Other & Federal Fund Reduction Options
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Current Service Level Budget - OHA

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Yes	-1.91%	14	PH	State Support to Local Health Departments	No	\$ (623,459)	\$ -	\$ -	\$ (623,459)	-	-	Local County Public Health Departments (LPHD) would receive \$1.03 per capita per year for public health services rather than \$1.11 per capita per year. The impact by county would vary. These state funds are to conduct early detection, epidemiological investigations, and prevention activities to help report, monitor, and control communicable diseases, like influenza and foodborne illnesses. In addition, because these state dollars are used to provide the required match on several federal funding sources including the Public Health Preparedness Program, millions of dollars of other federal grant funds may be jeopardized.
No	-1.98%	15	OPHP-FHIAP	Reduce the G/F support for Office of Private Health Partnership. This would be administered as a reduction to FHIAP subsidy payments. Adjustments to the FHIAP Budget are accounted for in the Governor's Balanced Budget.	No	(1,802,383)		\$(2,907,069)	\$(4,709,452)			Reduces the amount of GF-supported subsidy payments and the associated federal match for FHIAP enrollees, resulting in a reduction of approx. 617 lives covered by the FHIAP program (24 month average).
No	-2.07%	16	MAP	Make the physical health preferred drug list (PDL) enforceable. Amendments to ORS 414.325 become operative January 2014 that effectively end the enforcement of a physical health preferred drug list. These savings are phased out of the Current Service Level (CSL) budget for Medical Assistance Programs. There is a Legislative Concept to continue the enforceable PDL. This Reduction Option taken as part of the Governor's Balanced Budget.	No	(2,337,592)	\$(391,742)	\$(4,653,629)	\$(7,382,963)			The enforceable physical health preferred drug list has been in effect since April 2011. It generates significant savings in the Medical Assistance Programs budget. Without the authority to continue the list, there is little or no ability for OHA to control its expenditures on prescription drugs for Oregon Health Plan clients.
No	-2.16%	17	MAP	Make the mental health preferred drug list (PDL) enforceable. Prescribers of mental health medications would be required to adhere to the PDL. Exceptions to the PDL would be administered by prior authorization. An enforceable PDL for mental health medications would increase usage of preferred drugs. There would be no limitation on access to prescriptions under this reduction. Before being placed on the PDL, drugs are subjected to rigorous evidence review. This projection uses the latest MH drug cost information and assumptions from OSU Pharmacy College. Grandfathering current MH drug prescriptions for existing clients is one of the new assumptions. LEGISLATIVE ACTION REQUIRED. CMS APPROVAL REQUIRED (assumes January 1, 2014 implementation date). This Reduction Option taken as part of the Governor's Balanced Budget. This reduction was removed in the Legislatively Adopted Budget.	Yes, CMS would need to approve a Medicaid SPA.	\$(2,570,040)	\$(32,754)	\$(6,691,827)	\$(9,294,621)			Many mental health organizations, including the National Alliance of Mental Illness (NAMI), strongly oppose putting mental health drugs on an enforceable PDL stating that many drugs have little research or outcome data to be evaluated properly.
Potentially	-2.30%	18	MAP	Eliminate the Indirect Medical Education (IME) component of the Graduate Medical Education (GME) program. The agency would eliminate Medicaid payments to teaching hospitals that help offset indirect costs associated with their GME programs. IME includes indirect costs that arise from the inexperience of residents such as extra medical tests and reduced productivity. CMS APPROVAL REQUIRED (assumes January 1, 2014 implementation date).	Yes, CMS would need to approve a Medicaid SPA, new capitation rates and MCO contracts	\$(3,710,000)	\$(940,000)	\$(7,740,000)	\$(12,390,000)			This reduction would mean that hospitals would have less incentive to train new physicians. The impact on the provider workforce may limit access to quality health care for all Oregonians.

10% General Fund / 10% Other & Federal Fund Reduction Options
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Potentially	-2.66%	19	MAP	Eliminate the Direct Medical Education (DME) component of the Graduate Medical Education (GME) program. The agency would eliminate Medicaid payments to teaching hospitals that help offset costs associated with their graduate medical education programs. DME includes costs associated with stipends or salaries for residents, payments to supervising physicians, and direct program administration costs. CMS APPROVAL REQUIRED (assumes January 1, 2014 implementation date).	Yes, CMS would need to approve a Medicaid SPA, new capitation rates and MCO contracts	\$ (9,540,000)	\$ (2,410,000)	\$ (19,910,000)	\$ (31,860,000)			This reduction would mean that hospitals would have less incentive to train new physicians. The impact on the provider workforce may limit access to quality health care for all Oregonians.
No	-2.67%	20	MAP	Reduce specific Oregon Health Plan fee-for-service (FFS) rates by 5%. The agency would implement targeted FFS rate reductions in the following areas: physicians and other professional services, except for primary care; anesthesia; therapies; durable medical equipment; ambulance; home health; vision; dental; mental health, except for assessment and treatment planning; and, inpatient and outpatient rates to large hospitals (those with 50 beds or more). CMS APPROVAL REQUIRED (assumes January 1, 2014 implementation date).	Yes, CMS would need to approve a Medicaid SPA.	\$ (321,582)	\$ (193,149)	\$ (967,343)	\$ (1,482,074)			Because the agency has already implemented Oregon Health Plan (OHP) rate cuts during the 2011-13 biennium, the Centers for Medicare and Medicaid Services (CMS) would be reluctant to approve further rate reductions. CMS would require extensive analysis and documentation demonstrating that OHP clients would still have adequate access to services following such cuts.
No	-2.69%	24	OHA Central Services & Administration	Reductions to Services & Supplies: This action includes reduction of professional services, publicity & publications, and Attorney General fees. This Reduction Option taken as part of the Governor's Balanced Budget.	No	\$ (589,115)	\$ (151,950)	\$ (203,404)	\$ (944,469)			Reduces the use of outside expertise to work on major projects and initiatives including Health Systems Transformation & CCOs. Will slow progress on work towards Governor's initiatives. May cause delays in program implementation, causing non-compliance for the agency which could result in loss of funding or penalties.
No	-2.79%	22	MAP Admin & Program Support	The MAP Admin and program support budget includes the Medicaid Health Director, Oregon Healthy Kids, MAP Program support and the Office of Client and Community Services Processing Center.	No	(\$2,500,000)	\$ -	\$ (2,500,000)	\$ (5,000,000)	(8)	(8.00)	This combination of reductions will affect positions, services and supplies and professional service contracts. Staff positions affected through layoff will be both management service and represented staff.
No	-2.82%	23	AMH - Admin and Program Support	Maintain current vacancies, hold an additional 8 positions vacant.	No	\$ (1,015,143)	\$ -	\$ (552,210)	\$ (1,567,353)	(8)	(8.00)	This action will result in longer response times for requests for information, files and data on Medicaid expenditures. There will be less support available to individuals to assist patients in transitioning from the state hospital and less support for those who need alcohol and drug free housing in developing and managing new Oxford Houses.
Partially	-2.85%	24	PH Admin and Program Support	PH would make administrative reductions throughout the Office of The State Public Health Director as well as the 3 Centers which support all PH activities throughout its programs.	No	\$ (700,000)	\$ -	\$ -	\$ (700,000)	(3)	(3.00)	This combination of reductions will affect positions, services and supplies and professional service contracts. Staff positions affected through layoff will be both management service and represented staff.
No	-2.85%	25	ORHP-IEO	Reduce IEO administration by 5% in Services & Supplies. This item taken as part of the Governor's Balanced Budget.	No	(19,790)		\$ (19,790)	\$ (19,790)	0	0.00	Decreases the program's ability to provide training and education activities on statutory changes, program changes, and health options available to small businesses and the general public.
No	-2.96%	26	AMH - OSH	Outsource Pharmacy - This Reduction Option taken as part of the Governor's Balanced Budget.	No	\$ (3,000,000)	\$ -	\$ -	\$ (3,000,000)			This requires the installation of an automated pharmacy system, which is currently being pursued.
No	-2.99%	27	AMH - Program Support	Targeted reduction of Personal Services Contracts that support both Mental Health and Alcohol and Drug programs.	No	\$ (693,069)	\$ (17,896)	\$ (346,441)	\$ (1,057,406)	-	-	This would reduce several personal services contracts by 50%. Contract reductions would include the suicide helpline, Morrow County Warmline, support for Oxford Houses, supported employment, and Afro Centric Services through the Oregon Health Sciences University. Reductions in these contracts will increase the need for face-to-face crisis services and reduce culturally specific services for African Americans.

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revised 11-6-2013

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Yes	-3.32%	28	AMH - OSH	Close one Geropsychiatric Ward - discharge at least 24 patients from unit that serves older clients with psychiatric and behavioral symptoms and younger brain injured adults with similar symptoms will be closed without community alternatives. It is unknown at this time who might be eligible for SPD services. This Reduction Option taken as part of the Governor's Balanced Budget.	No	\$ (8,839,080)	\$ -	\$ -	\$ (8,839,080)	(43)	(43.00)	This reduction closes 1 ward in the Geropsychiatric Hospital Program that serves clients who themselves or whose services are not eligible for Medicaid reimbursement. The hospital would lose 24 beds and patients formerly served will be discharged into existing community programs that were unable to meet their complex medical, behavioral and mental health needs in the first place. This cut will destabilize the planning for the replacement of OSH which assumes a growth in the population. Program cuts of this magnitude may require suspension of the mental health civil commitment statutes found in ORS 426.005 through 429.320. This action could lead to increased costs in community settings for both Community Mental Health and Aging and People with Disabilities programs. Implementation requires additional community resources for consumers with dementia and/or traumatic brain injury. Movement of such patients from Oregon State Hospital, however, is in line with existing plans for treatment of such patients in more appropriate less restrictive, community-based settings.
	-3.95%	29	AMH - Community BH	11% reduction in flexible funding for community mental health, A&D tx, A&D prevention, Problem Gambling treatment and prevention services. Note: this action includes 10% of the Lottery Fund reduction - at \$1.1 million.	No	\$ (16,779,366)	\$ -	\$ -	\$ (16,779,366)	-	-	To accomplish the 10% reductions target equates to an additional 11% reduction in funding for community addictions and mental health services (total 12%). This will result in more than 16,000 adults, youth and children a year not eligible for Medicaid or insurance funding not receiving needed mental health and addictions services. Other non-Medicaid community services would be reduced for all individuals. Without these services individuals who are very ill may injure themselves or others. There would be an increase in deaths related to mental health crises in the community. Counties would not be able to fully meet their statutory obligations to investigate civil commitments. Without treatment people will continue to abuse alcohol & drugs, be at risk for infectious diseases, commit crimes, endanger their children, and lose their jobs. This will increase health costs, child welfare caseloads and reduce the ability of TANF clients to become employable. This reduction jeopardizes the MOE requirements for federal block grants.
No	-4.02%	30	AMH - Program Support	Discontinue the Compass Project - Eliminate 6 positions and terminate contract with FEI (\$741,000)	No	\$ (1,835,617)	\$ -	\$ (102,301)	\$ (1,937,918)	(6)	(6.00)	This project is an effort to replace old, outdated contracting and data systems. It would position the mental health and addictions programs for linkage to the Coordinated Care Organizations. This action could result in the project to replace legacy systems incomplete. Further, by eliminating the positions associated with the project, there would be a negative impact on the ability to fully implement the portions of the project that are completed. This action would put completion of the project at risk, and eliminates staffing intended to support the system once fully operational.

10% General Fund / 10% Other & Federal Fund Reduction Options
(Limited Other and Federal Funds only - does not include non-limited funds)

Current Service Level Budget - OHA

2,672,352,425 1,042,015,424 6,751,767,622 10,466,135,471

10% Target

267,235,243 104,201,542 675,176,762 1,046,613,547

revised 11-6-2013

DSHP Yes or No	Accumulative % Reduction of CSL GF	Agency Priority	Program Area	Reduction Description	Federal Approval required? (Y/N)	GF & LF	OF	FF	TF	# of Employees Affected	Employee FTE Affected	Impact of Reduction on Services and Outcomes
No	-4.06%	31	PHD	Contraceptive Care	No	(1,119,366)		(10,074,294)	\$ (11,193,660)			This cut would mean 40,741 fewer reproductive health services visits for under or uninsured men and women. As a result the number of Medicaid-paid births in Oregon would increase, and more than \$10 million dollars in federal matching funds would be lost.
No	-4.13%	32	PH	School Based Health Centers (SBHCs)	No	(1,800,000)		-	\$ (1,800,000)			An estimated 7,000 school-aged youth would not receive preventive physical and mental health services if the program were reduced and some centers would close (state support to 15 to 22 SBHCs would be eliminated). Client level impact will result in increases in foregone care including reductions in preventive care visits & screenings, treatment for acute and chronic illness or disease, immunizations, reproductive health services, mental or emotional conditions, delayed care that then requires more complex/expensive treatment.
No	-4.13%	33	OPHP-IEO	Reduce IEO administration by an additional 5% in Services & Supplies. Entire budget was eliminated in the Legislatively Adopted Budget.	No	\$ (19,790)	\$	\$	\$ (19,790)			Further erodes the program's ability to provide training and education activities on statutory changes, program changes and health options available to small businesses and the general public.
No	-4.19%	34	OPHP-FHIAP	Reduce the GF support for Office of Private Health Partnership. This would be administered as a reduction to FHIAP subsidy payments. Adjustments to the FHIAP Budget are accounted for in the Governor's Balanced Budget.	No	(1,802,383)		\$ (2,907,069)	\$ (4,709,452)			Reduces the amount of GF supported subsidy payments and the associated federal match for FHIAP enrollees, resulting in a reduction of approx. 617 lives covered by the FHIAP program (24 month average).
No	-4.34%	35	MAP	Eliminate coverage for specific dental services for Oregon Health Plan (OHP) Plus adult clients. The agency would no longer cover the following dental services for adults (including pregnant adults) receiving the OHP Plus benefit package: root canals for permanent teeth and retreatment of root canals (i.e., endodontics); full and partial dentures; and crowns. Oregon Health Plan coverage is based on the Prioritized List of Health Services. The dental services eliminated for OHP Plus adults under this reduction are those found on lines 414, 436, 468, 477, 480 and 494 of the prioritized list. The Health System Transformation waiver Special Terms and Conditions (STCs) prohibits the state from reducing eligibility or benefits. Because CMS approval is required assumes January 1, 2014 implementation date.	Yes, CMS would need to approve a waiver amendment, Medicaid SPA, new capitation rates and MCO contracts.	\$ (3,995,971)	\$ -	\$ (12,728,484)	\$ (16,724,455)			Adults receiving the OHP Plus benefit package could end up requiring more teeth extracted if they cannot be restored. Loss of denture coverage would prevent these clients from getting dentures to replace missing teeth, which can result in difficulty eating and finding employment. With reduced dental benefits, clients may access the emergency department more often because of unmet dental needs.
No	-5.63%	36	MAP	Eliminate non-emergent dental coverage for OHP Plus non-pregnant clients. OHP Plus non-pregnant adults would have the same dental coverage as provided by the OHP Standard benefit package, which limited to emergency dental services (e.g., acute infection or abscess, severe tooth pain, tooth re-implantation and extraction of symptomatic teeth). The Health System Transformation waiver Special Terms and Conditions (STCs) prohibits the state from reducing eligibility or benefits. LEGISLATIVE ACTION REQUIRED. Because CMS approval is required assumes January 1, 2014 implementation date.	Yes, CMS would need to approve a waiver amendment, Medicaid SPA, new capitation rates and MCO contracts.	\$ (34,415,950)	\$ -	\$ (78,342,816)	\$ (112,758,766)			Non-pregnant adults who receive the OHP Plus benefit package would receive the same limited dental package as provided to OHP Standard clients. OHP Standard dental benefits are limited to services requiring immediate treatment and are not intended to restore teeth. Services provided include treatment for the following: acute infection; acute abscesses; severe tooth pain; tooth re-implantation when clinically appropriate; and extraction of teeth, limited to those teeth that are symptomatic. Lack of comprehensive dental benefits and untreated oral health conditions can cause disfiguring tooth loss and decay that can limit employment options and lower self-esteem. Problems with oral health can exacerbate and cause other serious health conditions.

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No	-5.66%	37	MAP	Eliminate coverage for therapy services for Oregon Health Plan (OHP) Plus non-pregnant adults. The agency would eliminate physical therapy, occupational therapy, and speech therapy from the OHP Plus benefit package for non-pregnant adults. The Health System Transformation waiver Special Terms and Conditions (STCs) prohibits the state from reducing eligibility or benefits. LEGISLATIVE ACTION REQUIRED. Because CMS approval is required assumes January 1, 2014 implementation date.	Yes, CMS would need to approve a waiver amendment, Medicaid SPA, new capitation rates and MCO contracts.	\$ (666,225)	\$ -	\$ (1,109,901)	\$ (1,776,126)	(1)	(0.50)	Non-pregnant adult Oregon Health Plan clients needing these services would experience prolonged health care issues affecting their ability to become self-sufficient. Hospital stays and the length of time for recovery from orthopedic surgery would increase. This reduction would negatively impact health system transformation as fewer services and dollars would be available.
No	-5.70%	38	MAP	Eliminate coverage for prosthetic devices, hearing aids, chiropractic services and podiatry services for Oregon Health Plan (OHP) Plus non-pregnant adults. The agency would eliminate coverage for prosthetic devices, hearing aids, chiropractic services, and podiatry services from the OHP Plus benefit package for non-pregnant adults. The Health System Transformation waiver Special Terms and Conditions (STCs) prohibits the state from reducing eligibility or benefits. LEGISLATIVE ACTION REQUIRED. Because CMS approval is required assumes January 1, 2014 implementation date.	Yes, CMS would need to approve a waiver amendment, Medicaid SPA, new capitation rates and MCO contracts.	\$ (1,055,976)	\$ (1,943)	\$ (1,762,446)	\$ (2,820,365)			Health care needs for a significant number of non-pregnant adult Oregon Health Plan clients, especially seniors and people with disabilities would go unmet. For example, individuals would live without prosthetic devices for amputated limbs; individuals with hearing impairments would go without necessary aids; and, individuals with diabetic or neuropathic conditions would go without foot care treatment. In some instances, other agency programs would have to fund these services. This reduction would negatively impact health system transformation as fewer services and dollars would be available.
No	-5.96%	39	MAP	Eliminate dental coverage for Oregon Health Plan (OHP) Plus non-pregnant adults and OHP Standard clients. The agency would eliminate the remaining non-pregnant adult dental coverage for the OHP Plus and OHP Standard benefit packages. The Health System Transformation waiver Special Terms and Conditions (STCs) prohibits the state from reducing eligibility or benefits. LEGISLATIVE ACTION REQUIRED. Because CMS approval is required assumes January 1, 2014 implementation date.	Yes, CMS would need to approve a waiver amendment, Medicaid SPA, new capitation rates and MCO contracts.	\$ (7,072,321)	\$ -	\$ (22,724,861)	\$ (29,797,182)			The lack of a dental benefit for non-pregnant adults on the Oregon Health Plan (OHP) would cause adverse effects on their physical health, such as diabetes and cardiovascular disease. Emergency room visits would increase. The OHP dental care organization infrastructure would be threatened with the loss of the adult population. This reduction would negatively impact health system transformation as fewer services and dollars would be available.

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No	-7.92%	40	MAP	Cover 29 fewer lines on Prioritized List of Health Services. Oregon Health Plan (OHP) coverage is based on the Prioritized List of Health Services, which ranks treatment and condition pairs in order of effectiveness. Starting July 1, 2013, OHP would cover lines 1 through 468. The agency would seek federal approval to no longer cover lines 469 through 498 for the OHP Plus and OHP Standard benefit packages. The Health System Transformation waiver Special Terms and Conditions (STCs) prohibits the state from reducing eligibility or benefits. LEGISLATIVE ACTION REQUIRED. Because CMS approval is required assumes January 1, 2014 implementation date.	Yes, CMS would need to approve a waiver amendment, Medicaid SPA, new capitation rates and MCO contracts.	(\$52,338,801)		(\$93,185,646)	\$ (145,524,447)	-	-	This action would have a dramatic impact on health care services that are covered for all OHP clients, including pregnant women, children, and other groups. Coverage for treatments of conditions such as collapsed structure of a lung, hearing loss, adjustment disorders and neonatal eye infections would end. Conditions that may cause significant functional disability would no longer be covered, including urinary incontinence and osteoarthritis and uterine prolapse. Several mental health conditions would no longer be covered, including social phobias and obsessive compulsive disorders which would likely result in broader family and community impacts. In addition, coverage of many basic dental treatments, such as missing teeth, dental caries and dentures, would be eliminated for all eligibility groups. Elimination of coverage of this magnitude would make it very difficult for physical, dental, and mental health providers to deliver high quality, comprehensive care. This proposal would significantly increase administrative burden for providers and for the department.
No	-9.45%	41	MAP	Reduce the DRG hospital component of managed care rates from 80% of Medicare to 70%. The 2013-15 Current Service Level (CSL) budget assumes that, starting January 2014, the base reimbursement rate by managed care organizations, including Coordinated Care Organizations, to DRG hospitals is funded at 80% of Medicare rates. This reduction would lower the base rate to 70% of Medicare. CMS APPROVAL REQUIRED (assumes January 1, 2014 implementation date).	Yes, CMS would need to approve contract and rate changes	\$ (40,826,847)	\$ -	\$ (103,025,602)	\$ (143,852,449)			This reduction would lower the amount of money managed care organizations, including Coordinated Care Organizations, would have in their rates for services provided by hospital that are reimbursed by Medicare based on diagnostic related groups (DRGs).
No	-10.21%	42	MAP	Reduce the DRG hospital component of managed care rates from 70% of Medicare to 65%. The 2013-15 Current Service Level (CCSL) budget assumes that, starting January 2014, base reimbursement rate by managed care organizations, including Coordinated Care Organizations, to DRG hospitals is funded at 80% of Medicare rates. A reduction option higher on the list would lower the base rate to 70% of Medicare from 80%. This reduction would further lower the base rate to 65 percent of Medicare. CMS APPROVAL REQUIRED (assumes January 1, 2014 implementation date).	Yes, CMS would need to approve contract and rate changes	\$ (20,413,423)	\$ -	\$ (51,512,801)	\$ (71,926,224)			This reduction would lower the amount of money managed care organizations, including Coordinated Care Organizations, would have in their rates for services provided by hospital that are reimbursed by Medicare based on diagnostic related groups (DRGs).
Partially	-10.21%	43	All-OHA	Additional program reductions within O/F and F/F programs for HB 3182	Yes, CMS would need to approve a Medicaid SPA for anything affecting MAP Program changes.	\$ -	\$ (95,567,524)	\$ (231,671,914)	\$ (327,239,438)			Addition reductions to meet a 10% reduction in O/F and F/F limitation would affect many PHD programs (e.g. OMMP, Vital Records, PHL, and significant MAP programs such Prescription Drug Monitoring, Care Assist, as well as OHP line items funded by General Fund and Tobacco Tax. These may include reductions to Mental health services for non-pregnant adults, and the other governmental entities which provide leverage for Medicaid funding to Graduate Medical Education (GME) with OHSU, TCM, administrative claiming for Education Service Districts, and Behavioral Rehabilitation Services with ten juvenile justice departments. OPHP and OEBB/PEBB Programs would also have programs affected by limitation adjustments.

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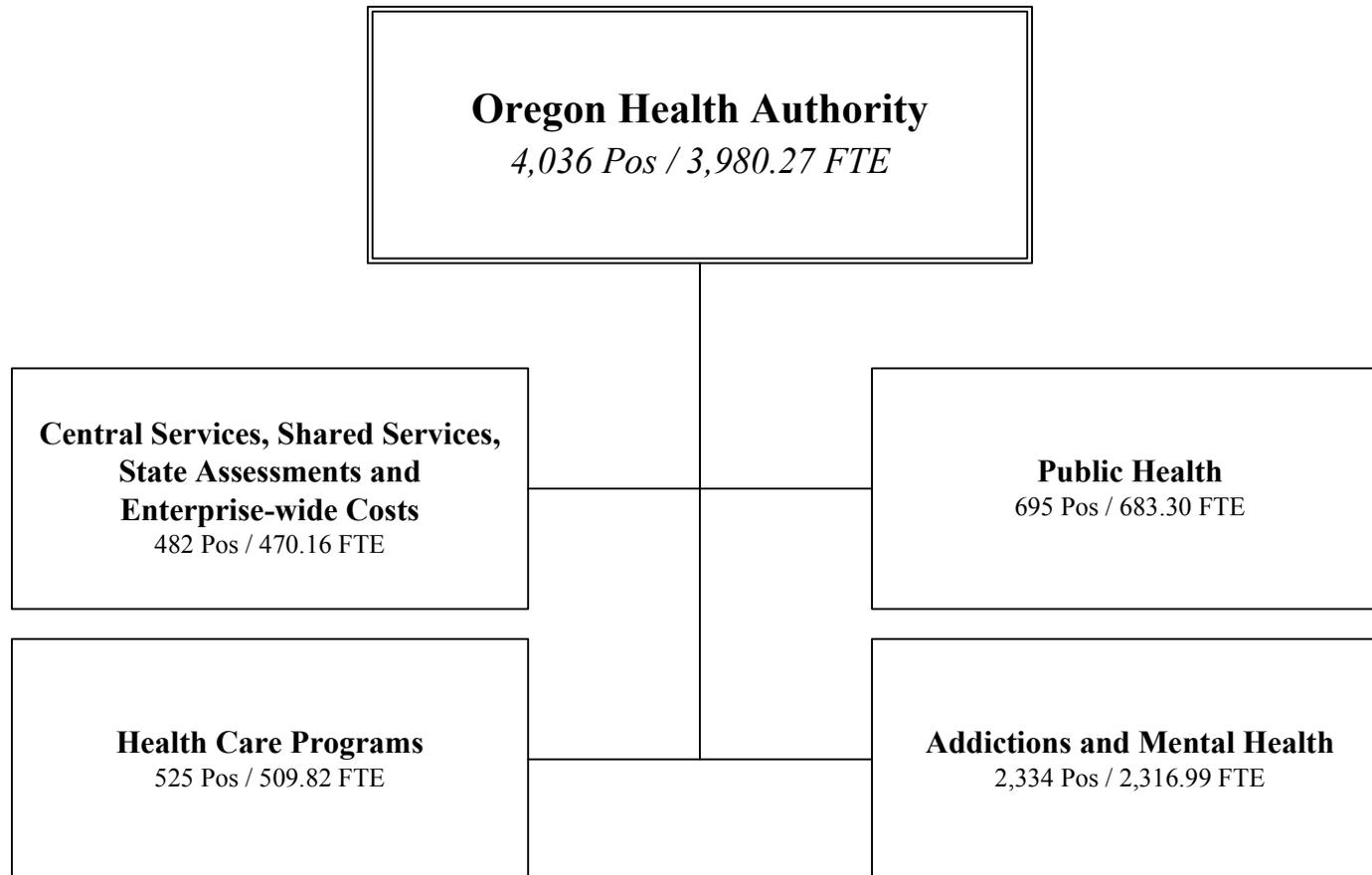
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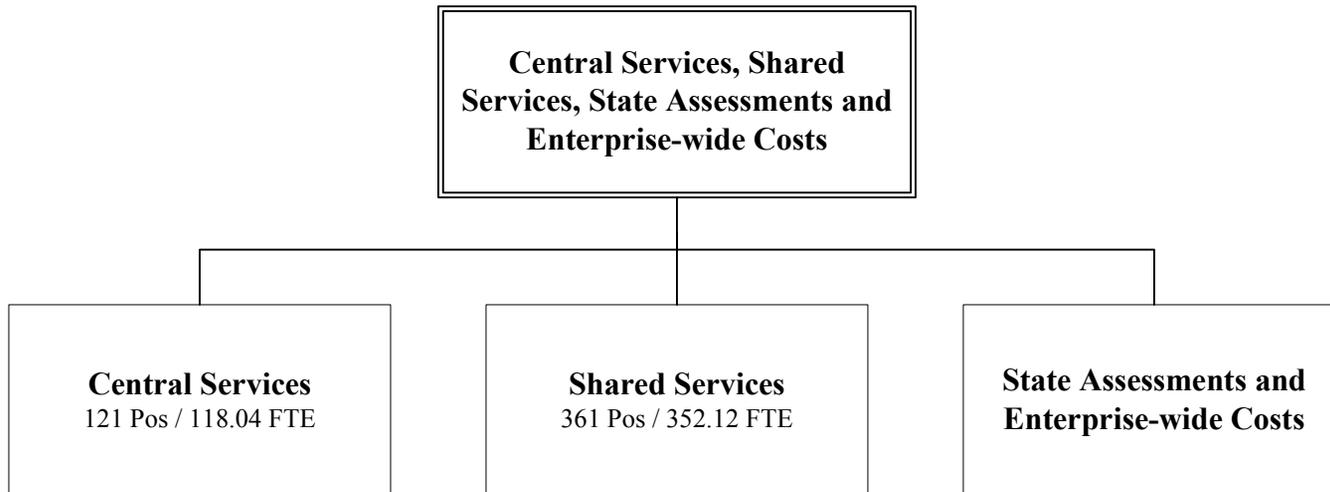
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				revised 11-6-2013		\$ (272,853,861)	\$ (103,035,936)	\$ (666,743,669)	\$ (1,042,633,466)	(278.00)	(236.93)	

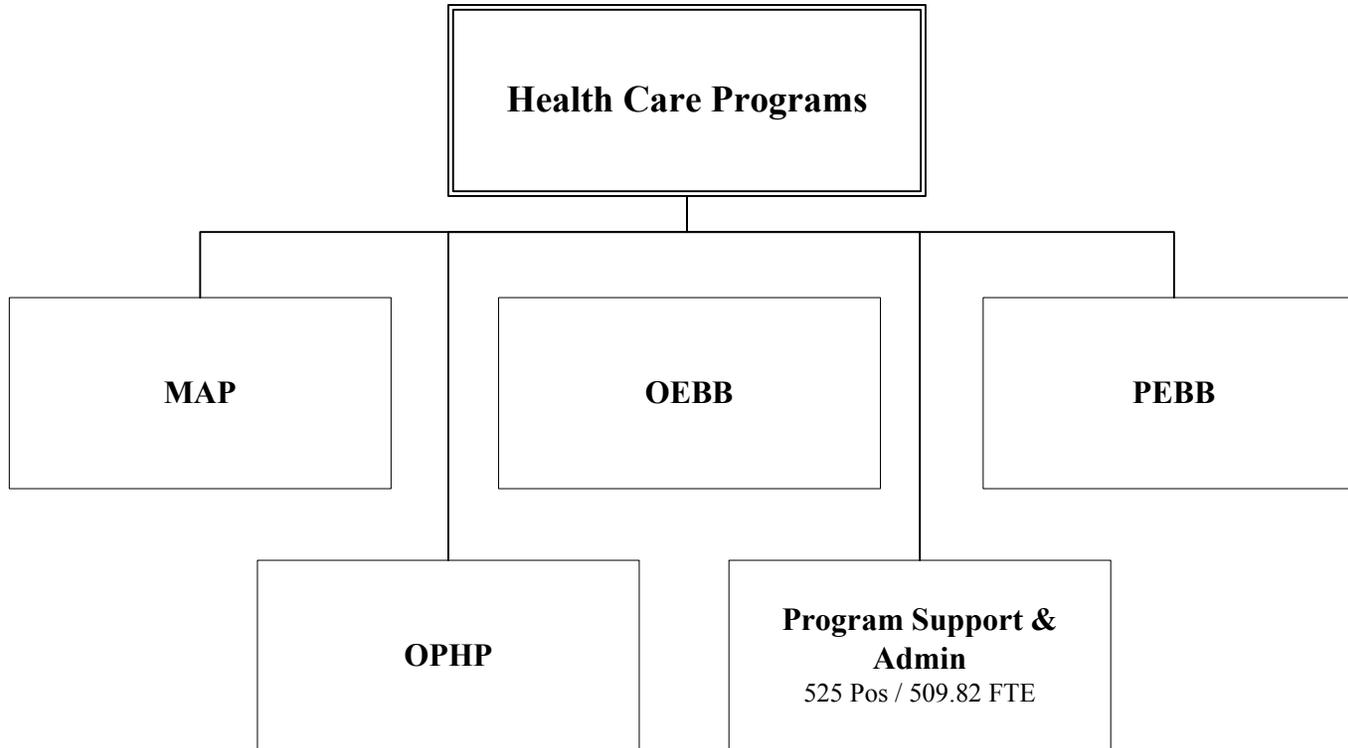
OREGON HEALTH AUTHORITY
2011-13 Legislatively Approved Budget
Budget Structure



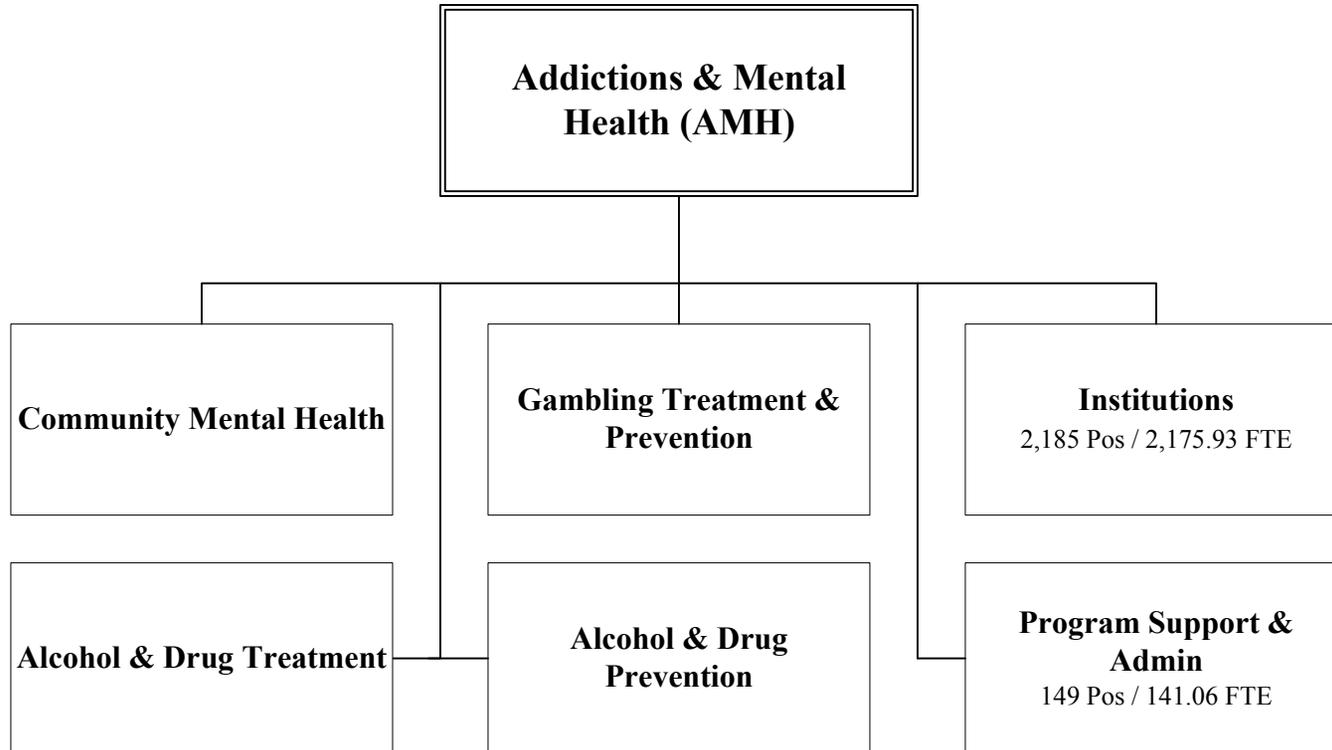
**OREGON HEALTH AUTHORITY
2011-13 Legislatively Approved Budget
Budget Structure**



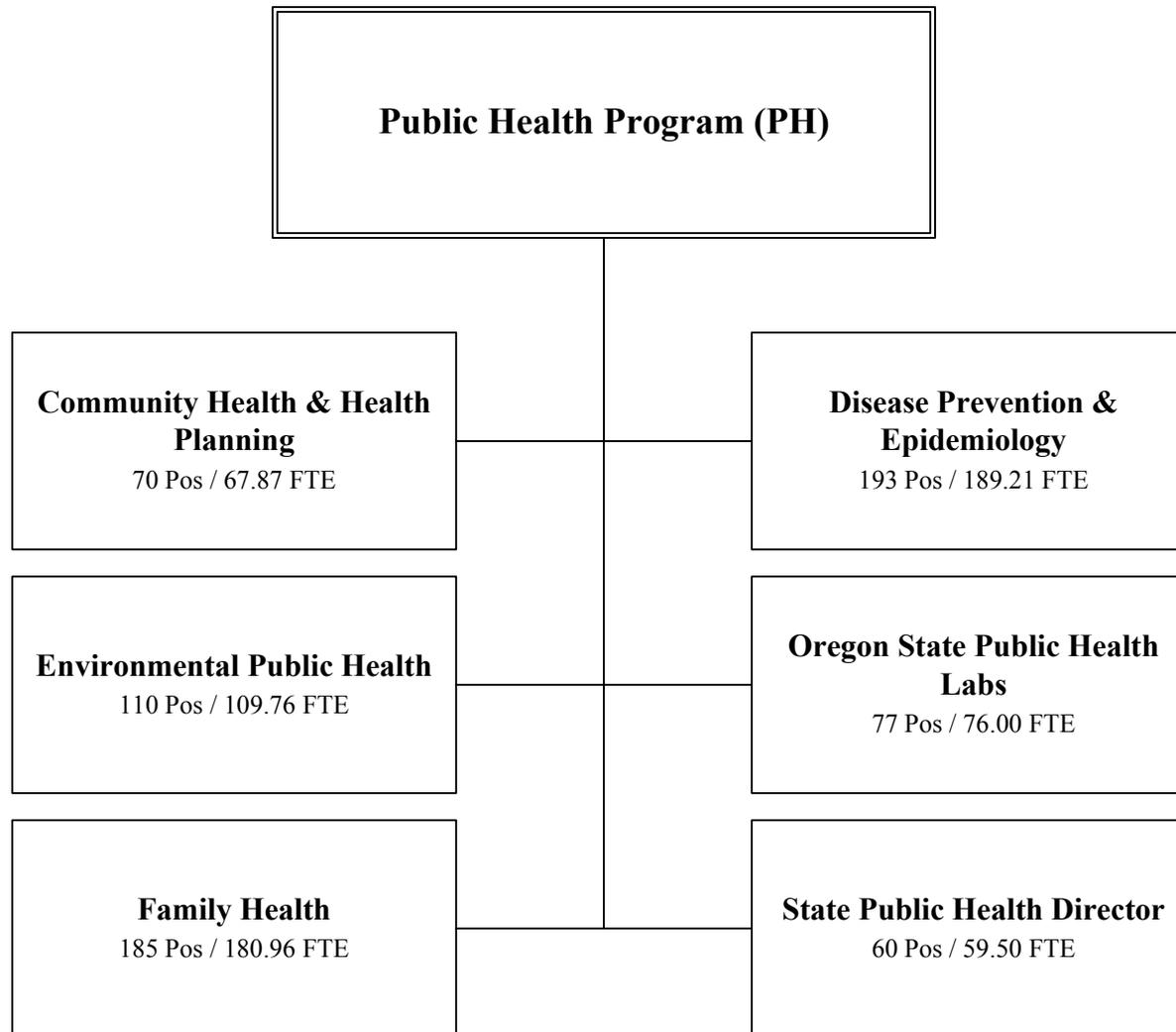
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2011-13 Legislatively Approved Budget
Budget Structure**



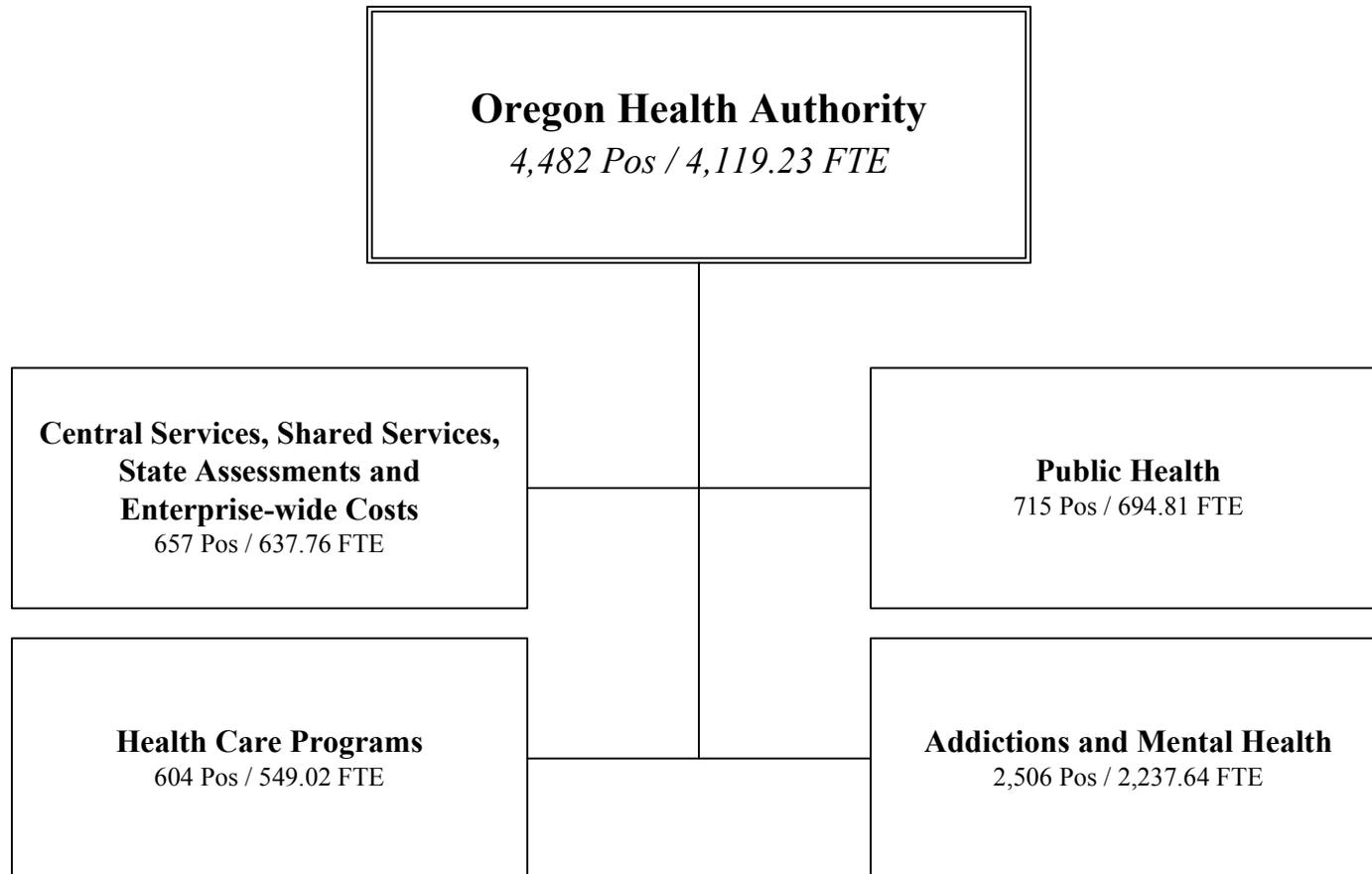
**OREGON HEALTH AUTHORITY
2011-13 Legislatively Approved Budget
Budget Structure**



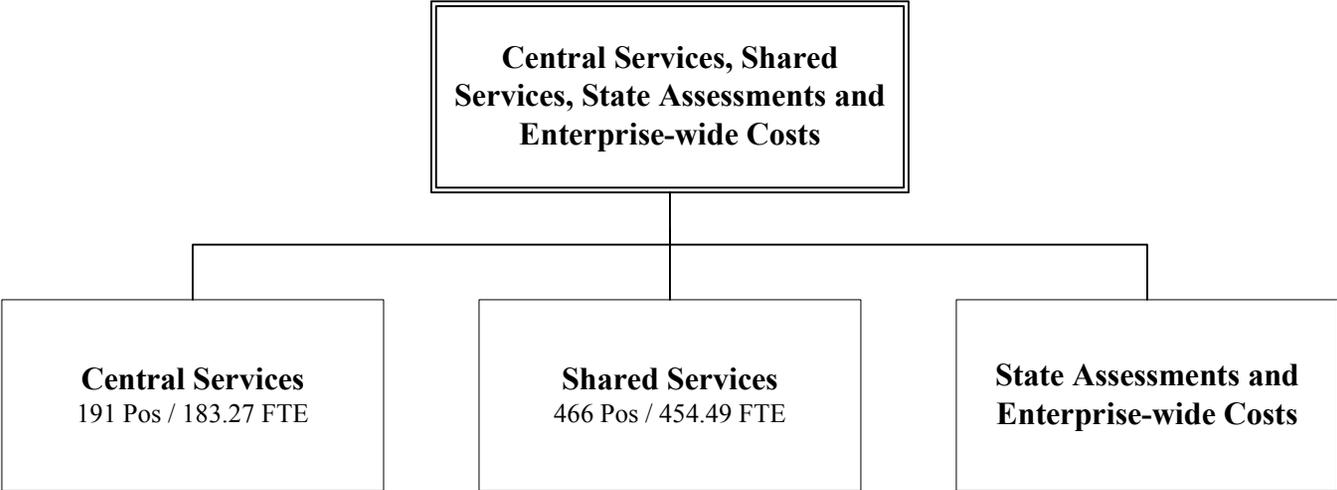
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2011-13 Legislatively Approved Budget
Budget Structure**



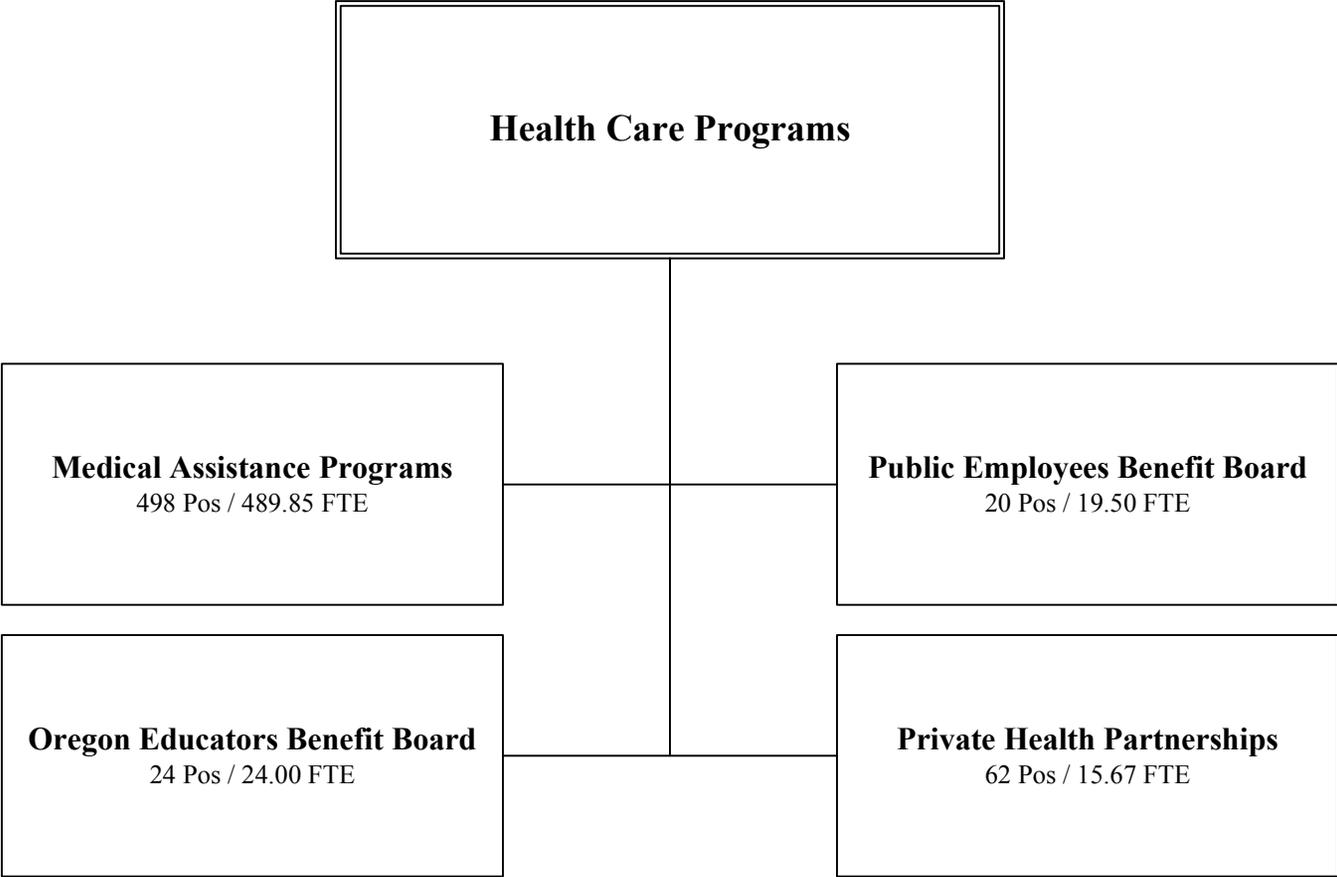
OREGON HEALTH AUTHORITY
2013-15 Legislatively Adopted Budget
Budget Structure



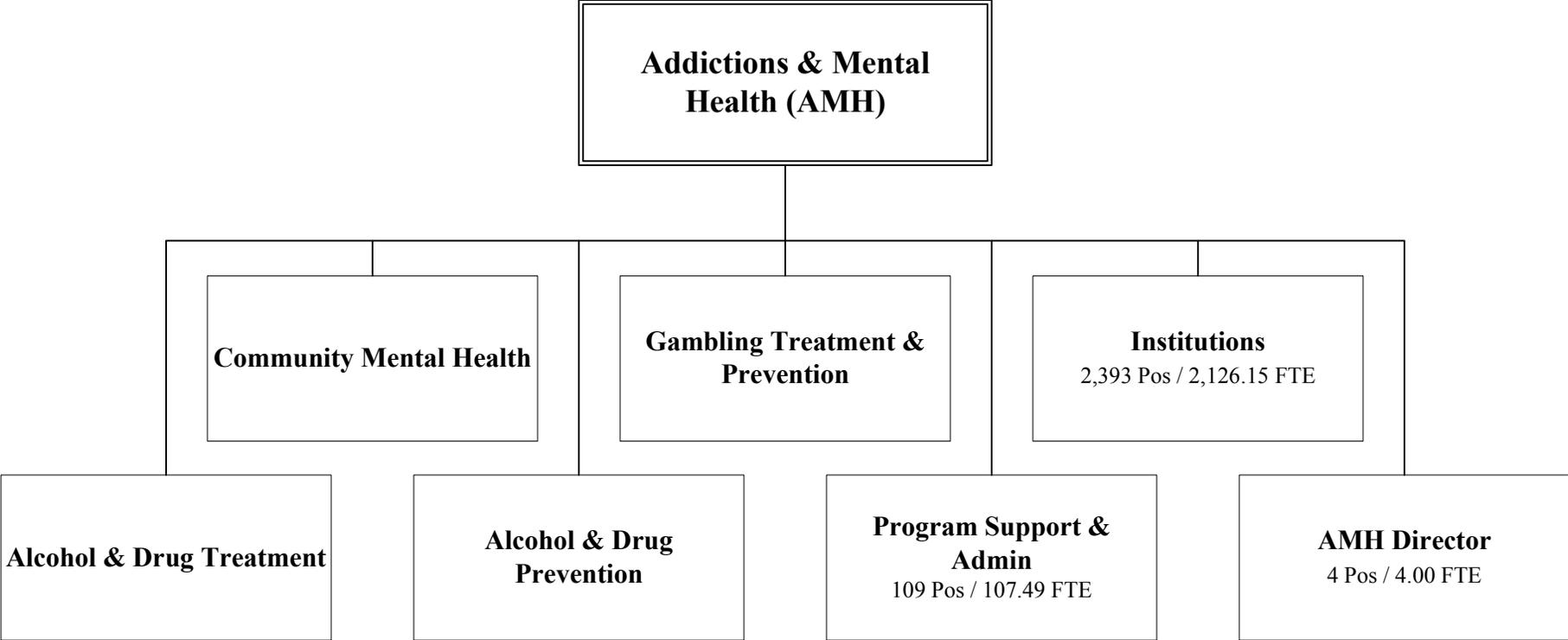
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2013-15 Legislatively Adopted Budget
Budget Structure



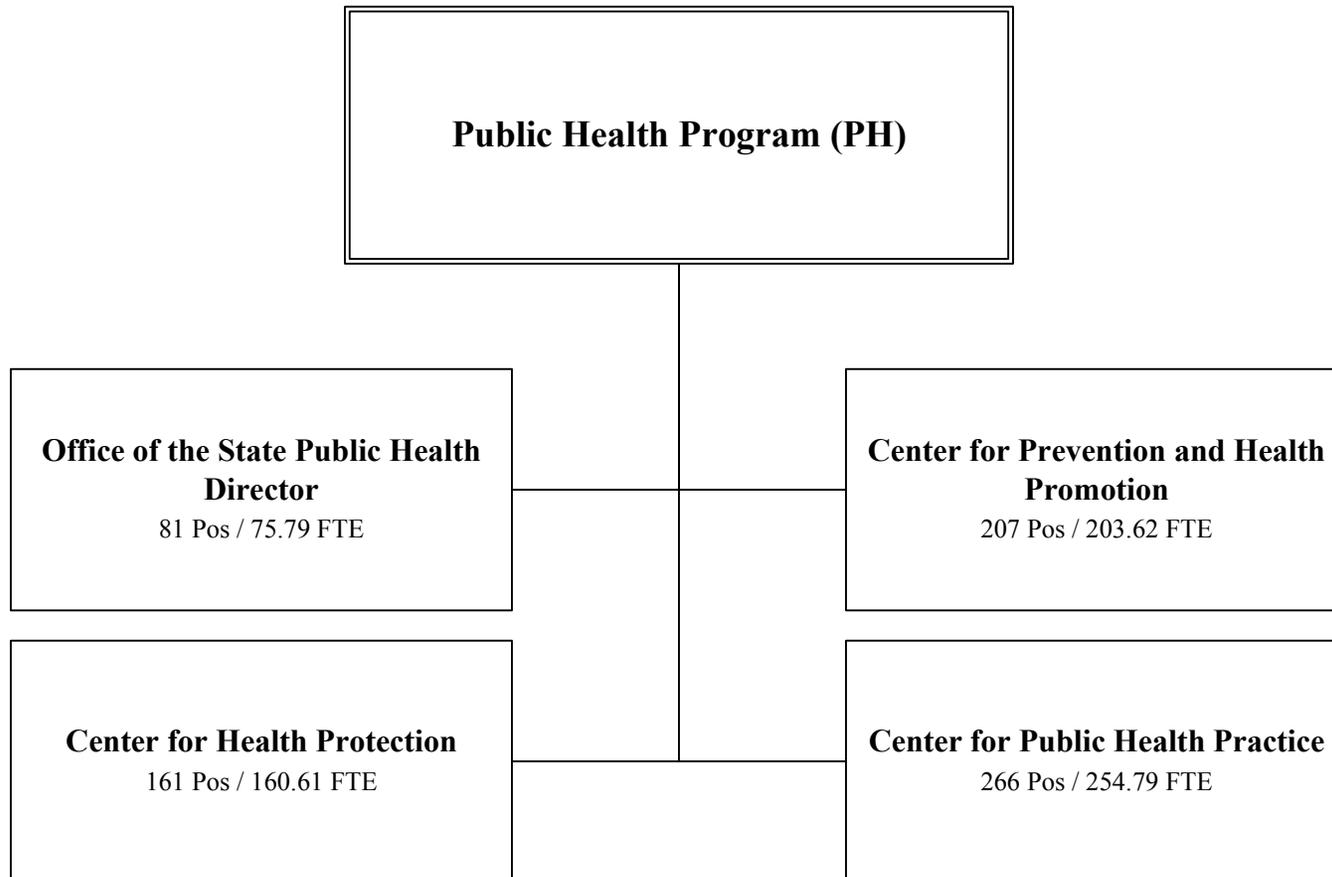
OREGON HEALTH AUTHORITY
2013-15 Legislatively Adopted Budget
Budget Structure



OREGON HEALTH AUTHORITY
2013-15 Legislatively Adopted Budget
Budget Structure



**OREGON HEALTH AUTHORITY
2013-15 Legislatively Adopted Budget
Budget Structure**



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 four 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. Where appropriate, reports from the Office of Economic Analysis are used – Lottery Funds, for example – and analysis from other state agencies that collect revenues for distribution to OHA – Beer and Wine Tax, for example.

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, where those adjustments would have an impact on revenues. 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.

There are still a few grants that are funded with ARRA funds. Most of the grants (such as Title XIX, SNAP, 4-E) no longer have funds available past June 2013. We will continue to do collections of overpayments that involve ARRA funds.

Programs that previously 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.

Designated State Health Programs (DSHP)

In July 2012, CMS approved a comprehensive amendment to Oregon Health Plan waiver to implement health system transformation. In support of health system transformation, the federal government agreed to additional Medicaid funding under the Designated State Health Programs (DSHP). The program authorizes the state to claim federal matching funds for certain state health-related expenditures and program costs that are not otherwise eligible for Medicaid matching funds.

Tobacco settlement (Master Settlement Agreement)

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.

Monies from the tobacco settlement funds OHA Medical Assistance Programs and Tobacco Prevention and Education efforts.

- Revenue budgeted in 2011-13 LAB is \$30 million
- Revenue estimated for 2013-15 LAB was originally at \$116.1 million revised at Reshoot to \$120.6M
OHA Medical Assistance received \$116.1M in the Legislatively Adopted Budget, and \$4M was awarded to PHD for tobacco cessation efforts.

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”. 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. This grant will end 9/29/2014.

- Revenue budgeted in 2011-13 LAB is \$6.4 million
- Revenue estimated for 2013-15 LAB is \$4.1 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
- Revenue estimated for 2013-15 LAB is \$10.9 million
- Revenue estimated for 2015-17 is \$11.1 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. This grant will end 9/30/2013.

- Revenue budgeted in 2011-13 LAB is \$0.2 million
- Revenue estimated for 2013-15 LAB is \$25,000

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 Maternal and Child Health (MCH) Block Grant will request approximately \$12.1 million federal funds for the 2013-15 fiscal years. Presently 30% (\$3.7 million) of the award is transferred to the Oregon Health Science's University- Children's Developmental Rehabilitation Center (CDRC) as an earmark requirement for health services for children with special health care needs.

- Revenue budgeted in 2011-13 LAB is \$12.4 million
- Revenue estimated for 2013-15 LAB is \$12.1 million

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;
- 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 2013-15 biennium is 62.9 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.

In July 2012, CMS approved a comprehensive amendment to Oregon Health Plan waiver to implement health system transformation. In support of health system transformation, the federal government agreed to additional Medicaid funding under the Designated State Health Programs (DSHP). The program authorizes the state to claim federal matching funds for certain state health-related expenditures and program costs that are not otherwise eligible for Medicaid matching funds.

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 \$4.10 billion
- Revenue estimated for 2013-15 LAB is \$6.45 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 \$250.3 million
- Revenue estimated for 2013-15 LAB is \$248.7 million*

*Excluding \$102.7 million Non-limited WIC funds

Nutrition and Health Screening (WIC) program

The Nutrition and Health Screening – Woman, Infants & Children (WIC) program is a fully federally funded 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 2011, local programs served 177,827 women, infants and children. This includes 40 percent of all infants born in the state; 61 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
- Revenue estimated for 2013-15 LAB is \$139.4 million

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 through OHA Medical Assistance Programs. 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.

Effective August 2013, OHA increased CHIP eligibility under the Oregon Health Plan from 200 percent of the federal poverty level (FPL) to 300 percent of the FPL. During the 2013-15 biennium, OHA will transition children from OPHP private insurance premium assistance to Oregon Health Plan CHIP coverage.

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.
- Revenue budgeted for 2013-15 LAB is \$364.4 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
- Revenue estimated for 2013-15 LAB is \$35.5 million
- Revenue estimated for 2015-17 is \$34.2 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, 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
- Revenue estimated for 2013-15 LAB is \$1.9 million
- Revenue estimated for 2015-17 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. This grant will end 6/30/14

- Revenue budgeted in 2011-13 LAB is \$4.3 million
- Revenue estimated for 2013-15 LAB is \$2.1 million

Office for Oregon Health Policy and Research federal grants

The Office for Oregon Health Policy and Research has successfully applied for and has been awarded a number of federal grants. The primary grants are from the US Department of Health and Human Services Health Resources and Services Administration (HRSA) that help support a variety of health reform and transformation activities across several areas of the OHA, including an ongoing cooperative agreement with HRSA's Primary Care Office for supporting state efforts to increase access to primary care including designation of workforce shortage areas that assist communities to recruit providers and/or sustain clinical services, and funding from the Centers for Medicaid and Medicare (CMS) to improve and study children's quality of healthcare services through new models of care such as the patient-centered primary care home in partnership with two other states.

Additionally, a grant has been awarded from the Center for Medicare and Medicare Innovation (CMMI) for a three year grant to support the Oregon State Innovation Model (SIM) Project. SIM resources are used to support capacity building for health transformation by supporting the transformation center, building a robust data analysis capability, and other projects that are designed to develop innovative approaches to achieve the triple aim and spread the Oregon coordinated care model to other populations and payers.

- Revenue budgeted in 2011-13 LAB is \$12.6 million
- Revenue estimated for 2013-15 LAB is \$35.0 million

Other Funds

Public Employees' Benefit Board (PEBB)

Public Employees' Benefit Board (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 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
- Revenue estimated for 2013-15 LAB is \$1.5 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.

Effective January 2013, administration of the Oregon Homecare Insurance Program (OHIP) moved under the Oregon Health Authority (OHA). This new OHA program operates under the management and guidance of OEBB

staff and is able to use OEGB's online benefit management system, MyOEGB. Under an agreement with DHS, OHA will administer the benefit plans for homecare workers.

This revenue currently funds the OHA Oregon Educators Benefit Board (OEGB), and the Oregon Homecare Insurance Program (OHIP).

- Revenue budgeted in 2011-13 LAB: \$1.4 billion
- Revenue estimated for 2013-15 LAB: \$1.6 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. The status of OMIP (as with other programs under the Oregon Health Private Partnership OPHP) will evolve as OHA enters into full implementation of the ACA as anticipated in 2014.

The OMIP program will close in January 2014 due to changes in federal statute prohibiting insurance companies from refusing to sell coverage or renew policies because of a person's pre-existing condition. Estimated revenues reflect operation for six months and the anticipated claims run-out period extending into 2014.

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

- Revenue budgeted in 2011-13 LAB: \$411.7 million
- Revenue estimated for 2013-15 LAB: \$132.9 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.
- Revenue estimated for 2013-15 LAB is \$17.8 million
- Revenue estimated for 2015-17 is \$17.4 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 required that states collect rebates from drug manufacturers on all prescription drugs paid for by Medicaid managed care organizations. The Authority began 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: \$43.6 million
- Revenue estimated for 2013-15 LAB: \$79.3 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.

Medical Assistance Programs uses premiums paid by uninsured adults on the Oregon Health Plan Standard program to offset the cost of their coverage.

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
- Revenue estimated in 2013-15 LAB: \$1.3 million

Provider assessments

During the 2003 Oregon Legislative session, HB 2747 was passed imposing assessments on four types of businesses that provide health services to many of Oregon's Medicaid clients, including hospitals and Medicaid managed health care plans. Effective September 30, 2009, the hospital assessment and the Medicaid MCO assessment ended. In HB 2116 (2009 Legislative Session), the Oregon Legislature re-established the hospital assessment and instituted a new health insurer's tax to support the Oregon Health Plan. The insurer's assessment is one percent of health premiums. HB 2116 specifies that certain Medicaid MCO types are subject to the insurer's assessment. The Oregon Legislature did not extend the one-percent insurer's tax and it expired effective September 20, 2013, providing one quarter of revenue for the 2013-15 biennium.

Hospitals

Under HB 2216 (2013 Legislative Session), the Oregon Legislature extended the hospital assessment to September 30, 2015. As required by Oregon law, the Director of OHA sets the hospital assessment rate after consulting with hospital representative. The assessment is imposed on both inpatient and outpatient net revenues from diagnosis-

related group (DRG) hospitals. Currently, the assessment rate is set at 5.30 percent, but is continually evaluated to determine if any adjustment to the rate is needed to meet funding targets. The hospital assessment provides funding for the Oregon Health Plan, enhanced reimbursement to hospitals, and, once approved by the federal government, incentive payments to hospitals meeting performance metrics.

- Revenue budgeted in 2011-13 LAB: \$783.0 million
- Revenue estimated in 2013-15 LAB: \$863.0 million

MCO

The one-percent assessment on Medicaid managed care organization expired September 30, 2013, providing one quarter of revenue for the 2013-15 biennium.

- Revenue budgeted in 2011-13 LAB: \$28.1 million
- Revenue estimated in 2013-15 LAB: \$10.7 million

Insurers Assessment

The one-percent assessment on Medicaid managed care organization expired September 30, 2013, providing one quarter of revenue for the 2013-15 biennium.

- Revenue budgeted in 2011-13 LAB: \$113.2 million
- Revenue estimated in 2013-15 LAB: \$21.3 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. Public Health projects other fund revenue sources using historic data, contract agreements, anticipated levels of service and changes to fees.

Revenue budgeted - in 2011-13 LAB is \$117.1 million

- Revenue estimated in 2013-15 LAB is \$126.8 million*

*Including \$40.0 million non-limited WIC Infant Formula rebate

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. 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
- Revenue estimated in 2013-15 LAB is \$330.7 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
- Revenue estimated for 2013-15 LAB is \$10.5 million
- Revenue estimated for 2015-17 is \$11.5 million

Oregon Health Authority OHA Rollup 44300-000-00-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
GENERAL FUND REVENUES								
General Fund Appropriation	0050	GF	1,443,402,168	1,697,058,124	2,882,634,485	2,043,789,882	1,972,206,670	
TOTAL REVENUES		GF	1,443,402,168	1,697,058,124	2,882,634,485	2,043,789,882	1,972,206,670	
TOTAL GENERAL FUNDS		GF	1,443,402,168	1,697,058,124	2,882,634,485	2,043,789,882	1,972,206,670	
LOTTERY FUNDS REVENUES								
Beginning Balance	0025	LF				765,978	765,978	
Beginning Balance Adjustment	0030	LF				(765,978)	(765,978)	
Interest Income	0605	LF	-	502,230	7,338	7,338	-	
TOTAL REVENUES		LF	-	502,230	7,338	7,338	-	
TRANSFER IN								
Transfer In - Intrafund	1010	LF	-	26,397	-	-	-	
Transfer in Agency Res Equity	1030	LF	-	70,810	-	-	-	
Transfer in Other	1050	LF	847,169	-	45,871	45,871	-	
Transfer in Administrative Services	1107	LF	8,740,018	10,581,552	11,430,510	10,487,956	10,545,832	
TOTAL TRANSFERS IN		LF	9,587,187	10,678,759	11,476,381	10,533,827	10,545,832	
TRANSFERS OUT								
Transfer Out - Intrafund	2010	LF	-	(26,397)	-	-	-	

Oregon Health Authority OHA Rollup 44300-000-00-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
TOTAL TRANSFERS OUT		LF	-	(26,397)	-	-	-	
TOTAL LOTTERY FUNDS		LF	9,587,187	11,154,592	11,483,719	10,541,165	10,545,832	
OTHER FUNDS REVENUES								
Beginning Balance	0025	OF				303,854,078	305,354,078	
Beginning Balance Adjustment	0030	OF				55,449,876	55,449,876	
Other Selective Taxes	0190	OF	351,622,108	875,067,981	85,700,651	842,261,875	846,173,190	
Business License & Fees	0205	OF	8,001,758	11,213,135	7,379,041	7,379,041	7,379,041	
Non-Business License & Fees	0210	OF	3,905,370	9,541,247	16,139,349	16,139,349	16,139,349	
Charges for Services	0410	OF	20,923,430	24,819,498	31,129,265	29,868,474	29,303,045	
Administrative Service Charges	0415	OF	27,456,883	2,836,220,659	3,272,316,646	3,358,597,870	3,152,120,101	
Care of State Wards	0420	OF	15,502,529	3,311,019	3,366,543	2,618,417	2,369,042	
Fines, Rents and Royalties	0505	OF	578,940	-	-	-	-	
Fines, Rents and Royalties	0510	OF	7,744	-	-	-	-	
General Fund Obligation Bonds	0555	OF				86,860,000	86,860,000	
Certificates of Participation	0580	OF	11,220,698	67,950,170	84,007,806	4,606,276	1,324,073	
Interest Income	0605	OF	1,637,556	7,321,320	8,116,332	8,116,332	8,116,332	

Oregon Health Authority OHA Rollup 44300-000-00-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
Sales Income	0705	OF	5,375,334	8,825,024	7,924,951	7,922,898	7,922,213	
Donations	0905	OF	2,202,355	1,544,728	283,030	283,030	283,030	
Grants (Non-FED)	0910	OF	-	1,102,161	1,188,283	1,188,283	1,188,283	
Loan Repayment	0925	OF	85,715	-	-	-	-	
Insurance Premiums	0965	OF	-	223,896,897	225,550,564	116,712,922	116,712,922	
Other Revenues	0975	OF	878,552,417	649,038,802	687,019,718	941,498,979	963,094,236	
TOTAL REVENUES		OF	1,327,072,837	4,719,852,641	4,430,122,179	5,783,357,700	5,599,788,811	
TRANSFER IN								
Transfer in Intrafund	1010	OF	21,585,349	1,585,269	-	-	-	
Transfer in Agency Res Equity	1030	OF	-	372,427,816	-	-	-	
Transfer in Other	1050	OF	2,566,980,631	32,317,753	30,000,000	120,600,000	116,100,000	
Transfer in Administrative Services	1107	OF	6,500,000	-	-	-	-	
Transfer from Office of the Governor	1121	OF	-	1,191,316	1,191,316	1,191,316	-	
Transfer in Revenue Department	1150	OF	349,565,183	356,325,952	337,663,052	334,429,541	336,734,482	
Transfer in Judicial	1198	OF	1,236,829	1,190,105	-	-	-	
Transfer in Military Department	1248	OF	800,734	-	-	-	-	
Transfer in State Police	1257	OF	36,868	34,144	-	-	-	

Oregon Health Authority OHA Rollup 44300-000-00-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
Transfer in Department of Energy	1330	OF	23,353	48,754	49,924	49,924	49,924	
Transfer in Oregon Youth Authority	1415	OF	225,090	220,000	225,280	225,280	225,280	
Transfer in Commission & Families	1423	OF	1,350,083	742,619	-	-	-	
Transfer in Consumer Business Services	1440	OF	79,954,445	113,105,398	29,004,800	29,004,800	29,004,800	
Transfer in Employment Department	1471	OF	300,000	-	-	-	-	
Transfer in Education	1581	OF	77,440	53,688	-	-	1,191,316	
Transfer in Agriculture	1603	OF	118,174	101,351	103,783	103,783	103,783	
Transfer in Department of Transportation	1730	OF	157,134	-	-	-	-	
Transfer in Health Relations Licensing Board	1833	OF	41,438	44,450	44,450	44,450	44,450	
Transfer in Board of Dentistry	1834	OF	286,285	434,292	445,716	445,716	445,716	
Transfer in Liquor Control Commission	1845	OF	-	18,683,000	17,823,000	17,823,000	17,823,000	
Transfer in Oregon Medical Board	1847	OF	1,020,022	1,405,000	1,640,064	1,640,064	1,553,049	
Transfer in Board of Nursing	1851	OF	-	2,690,848	2,448,822	2,448,822	2,095,628	
Transfer in Board of Pharmacy	1855	OF	345,527	504,390	496,674	496,674	496,674	
Transfer in Housing and Commercial Services	1914	OF	114,498	-	-	-	-	
TOTAL TRANSFERS IN		OF	3,030,719,083	903,106,145	421,136,881	508,503,370	505,868,102	

Oregon Health Authority OHA Rollup 44300-000-00-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
TRANSFER OUT								
Transfer to Intrafund	2010	OF	(21,585,349)	(1,585,269)	-	-	-	
Transfer to Other	2050	OF	(48,247,869)	(248,812)	-	-	-	
Transfer to General Fund	2060	OF	-	(1,500,000)	-	-	-	
Transfer to Counties	2080	OF	(6,502,582)	(7,473,200)	(7,129,200)	(7,129,200)	(7,129,200)	
Transfer to Dept of Human Services	2100	OF	-	(4,600,000)	(4,600,000)	(687,500)	(687,500)	
Transfer to Consumer/Business	2440	OF	(88,697)	-	-	-	-	
Tsfr To Education, Dept of	2581	OF				1,065,943	-	
Transfer to Oregon Health and Science University	2590	OF	(5,500)	-	-	-	-	
Transfer to Health Relations Licensing Board	2833	OF	-	(862,876)	(910,000)	(910,000)	(987,107)	
TOTAL TRANSFERS OUT		OF	(76,429,997)	(16,270,157)	(12,639,200)	(7,660,757)	(8,803,807)	
TOTAL OTHER FUNDS		OF	4,281,361,923	5,606,688,629	4,838,619,860	6,284,200,313	6,096,853,106	
FEDERAL FUNDS REVENUES								
Beginning Balance	0025	FF				184,602	184,602	
Federal Funds Revenue	0995	FF	4,534,726,124	5,182,670,194	6,988,563,986	8,268,404,178	7,610,810,337	
TOTAL REVENUES		FF	4,534,726,124	5,182,670,194	6,988,563,986	8,268,588,780	7,610,994,939	

Oregon Health Authority OHA Rollup 44300-000-00-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
TRANSFERS IN								
Transfer in Housing	1914	FF	824,649	-	-	-	-	
TOTAL TRANSFERS IN		FF	824,649	-	-	-	-	
TRANSFERS OUT								
Transfer to OR Business Development	2123	FF	(60,201,235)	(40,000,000)	(13,500,000)	(13,500,000)	(17,430,791)	
Transfer to Environmental Quality	2340	FF	(1,184,109)	(1,407,012)	(1,466,755)	(1,466,755)	(1,566,805)	
Transfer to Oregon Health and Science University	2590	FF	(3,732,042)	(3,751,151)	(3,751,151)	-	-	
TOTAL TRANSFERS OUT		FF	(65,117,386)	(45,158,163)	(18,717,906)	(14,966,755)	(18,997,596)	
TOTAL FEDERAL FUNDS		FF	4,470,433,387	5,137,512,031	6,969,846,080	8,253,622,025	7,591,997,343	
TOTAL AVAILABLE REVENUES		TF	10,204,784,665	12,452,413,376	14,702,584,144	16,592,153,385	15,671,602,951	

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority
2013-15 Biennium

Agency Number: 44300
Cross Reference Number: 44300-000-00-00-00000

<i>Source</i>	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Lottery Funds						
Interest Income	-	502,230	502,230	7,338	7,338	-
Transfer In - Intrafund	-	-	26,397	-	-	-
Transfer from Agy-Res Equity	-	70,810	70,810	-	-	-
Transfer In Other	847,169	-	-	45,871	45,871	-
Tsfr From Administrative Svcs	8,740,018	10,972,521	10,581,552	11,430,510	10,487,956	10,545,832
Transfer Out - Intrafund	-	-	(26,397)	-	-	-
Total Lottery Funds	\$9,587,187	\$11,545,561	\$11,154,592	\$11,483,719	\$10,541,165	\$10,545,832
Other Funds						
Other Selective Taxes	351,622,108	867,394,627	875,067,981	85,700,651	842,261,875	846,173,190
Business Lic and Fees	8,001,758	11,213,135	11,213,135	7,379,041	7,379,041	7,379,041
Non-business Lic. and Fees	3,905,370	8,978,955	9,541,247	16,139,349	16,139,349	16,139,349
Charges for Services	20,923,430	25,665,527	24,819,498	31,129,265	29,868,474	29,303,045
Admin and Service Charges	27,456,883	20,250,259	20,250,259	18,377,646	19,338,870	1,523,826,101
Care of State Wards	15,502,529	3,311,019	3,311,019	3,366,543	2,618,417	2,369,042
Fines and Forfeitures	578,940	-	-	-	-	-
Rents and Royalties	7,744	-	-	-	-	-
General Fund Obligation Bonds	-	-	-	-	86,860,000	86,860,000
Cert of Participation	11,220,698	67,950,170	67,950,170	84,007,806	4,606,276	1,324,073
Interest Income	1,637,556	149,794	149,520	155,088	155,088	5,116,332
Sales Income	5,375,334	10,239,044	8,825,024	7,924,951	7,922,898	7,922,213
Donations	2,202,355	1,544,728	1,544,728	283,030	283,030	283,030
Grants (Non-Fed)	-	1,417,223	1,102,161	1,188,283	1,188,283	1,188,283
Loan Repayments	85,715	-	-	-	-	-
Insurance Premiums	-	41,341,684	41,341,684	42,995,351	13,931,687	13,931,687

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

**Oregon Health Authority
2013-15 Biennium**

**Agency Number: 44300
Cross Reference Number: 44300-000-00-00-00000**

<i>Source</i>	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds						
Other Revenues	440,648,755	357,718,240	359,444,694	411,568,430	764,858,844	792,457,906
Transfer In - Intrafund	21,585,349	1,585,269	1,585,269	-	-	-
Transfer from Agy-Res Equity	-	89,322,187	89,322,187	-	-	-
Transfer In Other	2,430,154	32,082,000	32,317,753	30,000,000	120,600,000	116,100,000
Tsfr From Administrative Svcs	6,500,000	-	-	-	-	-
Tsfr From Governor, Office of the	-	-	1,191,316	1,191,316	1,191,316	-
Tsfr From Revenue, Dept of	349,889,948	356,325,952	356,325,952	337,663,052	334,429,541	336,734,482
Tsfr From Judicial Dept	1,236,829	1,190,105	1,190,105	-	-	-
Tsfr From Military Dept, Or	800,734	-	-	-	-	-
Tsfr From Police, Dept of State	36,868	34,144	34,144	-	-	-
Tsfr From Energy, Dept of	23,353	48,754	48,754	49,924	49,924	49,924
Tsfr From Or Youth Authority	225,090	220,000	220,000	225,280	225,280	225,280
Tsfr From Child/Fam, Comm on	1,350,083	1,933,935	742,619	-	-	-
Tsfr From Consumer/Bus Svcs	79,954,445	113,105,398	113,105,398	29,004,800	29,004,800	29,004,800
Tsfr From Employment Dept	300,000	-	-	-	-	-
Tsfr From Education, Dept of	77,440	53,688	53,688	-	-	1,191,316
Tsfr From Agriculture, Dept of	118,174	101,351	101,351	103,783	103,783	103,783
Tsfr From Transportation, Dept	157,134	-	-	-	-	-
Tsfr From Health Rel Lic Bds	41,438	44,450	44,450	44,450	44,450	44,450
Tsfr From Board of Dentistry	286,285	434,292	434,292	445,716	445,716	445,716
Tsfr From Or Liquor Cntrl Comm	-	18,683,000	18,683,000	17,823,000	17,823,000	17,823,000
Tsfr From Oregon Medical Board	1,020,022	1,405,000	1,405,000	1,640,064	1,640,064	1,553,049
Tsfr From Nursing, Bd of	-	2,690,848	2,690,848	2,448,822	2,448,822	2,095,628
Tsfr From Board of Pharmacy	345,527	504,390	504,390	496,674	496,674	496,674

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority
2013-15 Biennium

Agency Number: 44300

Cross Reference Number: 44300-000-00-00-00000

<i>Source</i>	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds						
Tsfr From Housing and Com Svcs	114,498	-	-	-	-	-
Transfer Out - Intrafund	(21,585,349)	(3,032)	(3,032)	-	-	-
Transfer to Other	(2,430,154)	(248,812)	(248,812)	-	-	-
Transfer to General Fund	-	-	(1,500,000)	-	-	-
Transfer to Counties	(6,502,582)	(7,473,200)	(7,473,200)	(7,129,200)	(7,129,200)	(7,129,200)
Tsfr To Human Svcs, Dept of	-	(4,600,000)	(4,600,000)	(4,600,000)	(687,500)	(687,500)
Tsfr To Consumer/Bus Svcs	(88,697)	-	-	-	-	-
Tsfr To Education, Dept of	-	-	-	-	1,065,943	-
Tsfr To Or Health & Science U	(5,500)	-	-	-	-	-
Tsfr To Health Rel Lic Bds	-	(862,876)	(862,876)	(910,000)	(910,000)	(987,107)
Total Other Funds	\$1,325,050,264	\$2,023,751,248	\$2,029,873,716	\$1,118,713,115	\$2,298,254,745	\$3,831,337,587
Federal Funds						
Federal Funds	4,436,200,058	4,922,732,981	5,075,566,732	6,880,107,777	8,159,947,969	7,503,930,270
Tsfr From Housing and Com Svcs	824,649	-	-	-	-	-
Tsfr To OR Business Development	(60,201,235)	(40,000,000)	(40,000,000)	(13,500,000)	(13,500,000)	(17,430,791)
Tsfr To Environmental Quality	(1,184,109)	(1,407,012)	(1,407,012)	(1,466,755)	(1,466,755)	(1,566,805)
Tsfr To Or Health & Science U	(3,732,042)	(3,751,151)	(3,751,151)	(3,751,151)	-	-
Total Federal Funds	\$4,371,907,321	\$4,877,574,818	\$5,030,408,569	\$6,861,389,871	\$8,144,981,214	\$7,484,932,674
Nonlimited Other Funds						
Admin and Service Charges	-	2,815,970,400	2,815,970,400	3,253,939,000	3,339,259,000	1,628,294,000
Interest Income	-	7,171,800	7,171,800	7,961,244	7,961,244	3,000,000
Insurance Premiums	-	182,555,213	182,555,213	182,555,213	102,781,235	102,781,235
Other Revenues	437,903,662	289,594,108	289,594,108	275,451,288	176,640,135	170,636,330
Transfer from Agy-Res Equity	-	283,105,629	283,105,629	-	-	-

____ Agency Request
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Legislatively Adopted
Detail of LF, OF, and FF Revenues - BPR012

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority
2013-15 Biennium

Agency Number: 44300

Cross Reference Number: 44300-000-00-00-00000

<i>Source</i>	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Nonlimited Other Funds						
Transfer In Other	2,564,225,712	-	-	-	-	-
Transfer Out - Intrafund	-	(1,582,237)	(1,582,237)	-	-	-
Transfer to Other	(45,817,715)	-	-	-	-	-
Total Nonlimited Other Funds	\$2,956,311,659	\$3,576,814,913	\$3,576,814,913	\$3,719,906,745	\$3,626,641,614	\$1,904,711,565
Nonlimited Federal Funds						
Federal Funds	98,526,066	107,103,462	107,103,462	108,456,209	108,456,209	106,880,067
Total Nonlimited Federal Funds	\$98,526,066	\$107,103,462	\$107,103,462	\$108,456,209	\$108,456,209	\$106,880,067

Agencywide Revenues and Disbursements Summary
2013-15 Biennium

Version: Z-01-Leg. Adopted Budget

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
BEGINNING BALANCE						
0025 Beginning Balance						
Lottery Funds	-	-	-	765,978	765,978	765,978
Other Funds	-	-	-	303,854,078	305,354,078	305,354,078
Federal Funds	-	-	-	184,602	184,602	184,602
All Funds	-	-	-	304,804,658	306,304,658	306,304,658
0030 Beginning Balance Adjustment						
Lottery Funds	-	-	-	(765,978)	(765,978)	(765,978)
Other Funds	-	-	1,500,000	55,449,876	55,449,876	55,449,876
All Funds	-	-	1,500,000	54,683,898	54,683,898	54,683,898
TOTAL BEGINNING BALANCE						
Lottery Funds	-	-	-	-	-	-
Other Funds	-	-	1,500,000	359,303,954	360,803,954	360,803,954
Federal Funds	-	-	-	184,602	184,602	184,602
TOTAL BEGINNING BALANCE	-	-	\$1,500,000	\$359,488,556	\$360,988,556	\$360,988,556

REVENUE CATEGORIES

GENERAL FUND APPROPRIATION

0050 General Fund Appropriation

General Fund	1,443,402,168	1,721,639,876	1,697,058,124	2,882,634,485	2,043,789,882	1,972,206,670
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TAXES

0190 Other Selective Taxes

Agencywide Revenues and Disbursements Summary
2013-15 Biennium

Version: Z-01-Leg. Adopted Budget

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds	351,622,108	867,394,627	875,067,981	85,700,651	842,261,875	846,173,190
LICENSES AND FEES						
0205 Business Lic and Fees						
Other Funds	8,001,758	11,213,135	11,213,135	7,379,041	7,379,041	7,379,041
0210 Non-business Lic. and Fees						
Other Funds	3,905,370	8,978,955	9,541,247	16,139,349	16,139,349	16,139,349
TOTAL LICENSES AND FEES						
Other Funds	11,907,128	20,192,090	20,754,382	23,518,390	23,518,390	23,518,390
CHARGES FOR SERVICES						
0410 Charges for Services						
Other Funds	20,923,430	25,665,527	24,819,498	31,129,265	29,868,474	29,303,045
0415 Admin and Service Charges						
Other Funds	27,456,883	2,836,220,659	2,836,220,659	3,272,316,646	3,358,597,870	3,152,120,101
0420 Care of State Ward						
Other Funds	15,502,529	3,311,019	3,311,019	3,366,543	2,618,417	2,369,042
TOTAL CHARGES FOR SERVICES						
Other Funds	63,882,842	2,865,197,205	2,864,351,176	3,306,812,454	3,391,084,761	3,183,792,188
FINES, RENTS AND ROYALTIES						
0505 Fines and Forfeitures						
Other Funds	578,940	-	-	-	-	-
0510 Rents and Royalties						

Agencywide Revenues and Disbursements Summary
2013-15 Biennium

Version: Z-01-Leg. Adopted Budget

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds	7,744	-	-	-	-	-
TOTAL FINES, RENTS AND ROYALTIES						
Other Funds	586,684	-	-	-	-	-
BOND SALES						
0555 General Fund Obligation Bonds						
Other Funds	-	-	-	-	86,860,000	86,860,000
0580 Cert of Participation						
Other Funds	11,220,698	67,950,170	67,950,170	84,007,806	4,606,276	1,324,073
TOTAL BOND SALES						
Other Funds	11,220,698	67,950,170	67,950,170	84,007,806	91,466,276	88,184,073
INTEREST EARNINGS						
0605 Interest Income						
Lottery Funds	-	502,230	502,230	7,338	7,338	-
Other Funds	1,637,556	7,321,594	7,321,320	8,116,332	8,116,332	8,116,332
All Funds	1,637,556	7,823,824	7,823,550	8,123,670	8,123,670	8,116,332
SALES INCOME						
0705 Sales Income						
Other Funds	5,375,334	10,239,044	8,825,024	7,924,951	7,922,898	7,922,213
DONATIONS AND CONTRIBUTIONS						
0905 Donations						
Other Funds	2,202,355	1,544,728	1,544,728	283,030	283,030	283,030

Agencywide Revenues and Disbursements Summary
2013-15 Biennium

Version: Z-01-Leg. Adopted Budget

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
0910 Grants (Non-Fed)						
Other Funds	-	1,417,223	1,102,161	1,188,283	1,188,283	1,188,283
TOTAL DONATIONS AND CONTRIBUTIONS						
Other Funds	2,202,355	2,961,951	2,646,889	1,471,313	1,471,313	1,471,313
LOAN REPAYMENT						
0925 Loan Repayments						
Other Funds	85,715	-	-	-	-	-
INSURANCE PREMIUM						
0965 Insurance Premiums						
Other Funds	-	223,896,897	223,896,897	225,550,564	116,712,922	116,712,922
OTHER						
0975 Other Revenues						
Other Funds	878,552,417	647,312,348	649,038,802	687,019,718	941,498,979	963,094,236
FEDERAL FUNDS REVENUE						
0995 Federal Funds						
Federal Funds	4,534,726,124	5,029,836,443	5,182,670,194	6,988,563,986	8,268,404,178	7,610,810,337
TRANSFERS IN						
1010 Transfer In - Intrafund						
Lottery Funds	-	-	26,397	-	-	-
Other Funds	21,585,349	1,585,269	1,585,269	-	-	-
All Funds	21,585,349	1,585,269	1,611,666	-	-	-

Agencywide Revenues and Disbursements Summary
2013-15 Biennium

Version: Z-01-Leg. Adopted Budget

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
1030 Transfer from Agy-Res Equity						
Lottery Funds	-	70,810	70,810	-	-	-
Other Funds	-	372,427,816	372,427,816	-	-	-
All Funds	-	372,498,626	372,498,626	-	-	-
1050 Transfer In Other						
Lottery Funds	847,169	-	-	45,871	45,871	-
Other Funds	2,566,655,866	32,082,000	32,317,753	30,000,000	120,600,000	116,100,000
All Funds	2,567,503,035	32,082,000	32,317,753	30,045,871	120,645,871	116,100,000
1107 Tsfr From Administrative Svcs						
Lottery Funds	8,740,018	10,972,521	10,581,552	11,430,510	10,487,956	10,545,832
Other Funds	6,500,000	-	-	-	-	-
All Funds	15,240,018	10,972,521	10,581,552	11,430,510	10,487,956	10,545,832
1121 Tsfr From Governor, Office of the						
Other Funds	-	-	1,191,316	1,191,316	1,191,316	-
1150 Tsfr From Revenue, Dept of						
Other Funds	349,889,948	356,325,952	356,325,952	337,663,052	334,429,541	336,734,482
1198 Tsfr From Judicial Dept						
Other Funds	1,236,829	1,190,105	1,190,105	-	-	-
1248 Tsfr From Military Dept, Or						
Other Funds	800,734	-	-	-	-	-
1257 Tsfr From Police, Dept of State						

Agencywide Revenues and Disbursements Summary
2013-15 Biennium

Version: Z-01-Leg. Adopted Budget

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds	36,868	34,144	34,144	-	-	-
1330 Tsfr From Energy, Dept of						
Other Funds	23,353	48,754	48,754	49,924	49,924	49,924
1415 Tsfr From Or Youth Authority						
Other Funds	225,090	220,000	220,000	225,280	225,280	225,280
1423 Tsfr From Child/Fam, Comm on						
Other Funds	1,350,083	1,933,935	742,619	-	-	-
1440 Tsfr From Consumer/Bus Svcs						
Other Funds	79,954,445	113,105,398	113,105,398	29,004,800	29,004,800	29,004,800
1471 Tsfr From Employment Dept						
Other Funds	300,000	-	-	-	-	-
1581 Tsfr From Education, Dept of						
Other Funds	77,440	53,688	53,688	-	-	1,191,316
1603 Tsfr From Agriculture, Dept of						
Other Funds	118,174	101,351	101,351	103,783	103,783	103,783
1730 Tsfr From Transportation, Dept						
Other Funds	157,134	-	-	-	-	-
1833 Tsfr From Health Rel Lic Bds						
Other Funds	41,438	44,450	44,450	44,450	44,450	44,450
1834 Tsfr From Board of Dentistry						
Other Funds	286,285	434,292	434,292	445,716	445,716	445,716

Agencywide Revenues and Disbursements Summary
2013-15 Biennium

Version: Z-01-Leg. Adopted Budget

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
1845 Tsfr From Or Liquor Cntrl Comm						
Other Funds	-	18,683,000	18,683,000	17,823,000	17,823,000	17,823,000
1847 Tsfr From Oregon Medical Board						
Other Funds	1,020,022	1,405,000	1,405,000	1,640,064	1,640,064	1,553,049
1851 Tsfr From Nursing, Bd of						
Other Funds	-	2,690,848	2,690,848	2,448,822	2,448,822	2,095,628
1855 Tsfr From Board of Pharmacy						
Other Funds	345,527	504,390	504,390	496,674	496,674	496,674
1914 Tsfr From Housing and Com Svcs						
Other Funds	114,498	-	-	-	-	-
Federal Funds	824,649	-	-	-	-	-
All Funds	939,147	-	-	-	-	-
TOTAL TRANSFERS IN						
Lottery Funds	9,587,187	11,043,331	10,678,759	11,476,381	10,533,827	10,545,832
Other Funds	3,030,719,083	902,870,392	903,106,145	421,136,881	508,503,370	505,868,102
Federal Funds	824,649	-	-	-	-	-
TOTAL TRANSFERS IN	\$3,041,130,919	\$913,913,723	\$913,784,904	\$432,613,262	\$519,037,197	\$516,413,934
TOTAL REVENUES						
General Fund	1,443,402,168	1,721,639,876	1,697,058,124	2,882,634,485	2,043,789,882	1,972,206,670
Lottery Funds	9,587,187	11,545,561	11,180,989	11,483,719	10,541,165	10,545,832
Other Funds	4,357,791,920	5,615,336,318	5,622,958,786	4,851,259,060	5,932,557,116	5,744,852,959

Agencywide Revenues and Disbursements Summary
2013-15 Biennium

Version: Z-01-Leg. Adopted Budget

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Federal Funds	4,535,550,773	5,029,836,443	5,182,670,194	6,988,563,986	8,268,404,178	7,610,810,337
TOTAL REVENUES	\$10,346,332,048	\$12,378,358,198	\$12,513,868,093	\$14,733,941,250	\$16,255,292,341	\$15,338,415,798
TRANSFERS OUT						
2010 Transfer Out - Intrafund						
Lottery Funds	-	-	(26,397)	-	-	-
Other Funds	(21,585,349)	(1,585,269)	(1,585,269)	-	-	-
All Funds	(21,585,349)	(1,585,269)	(1,611,666)	-	-	-
2050 Transfer to Other						
Other Funds	(48,247,869)	(248,812)	(248,812)	-	-	-
2060 Transfer to General Fund						
Other Funds	-	-	(1,500,000)	-	-	-
2080 Transfer to Counties						
Other Funds	(6,502,582)	(7,473,200)	(7,473,200)	(7,129,200)	(7,129,200)	(7,129,200)
2100 Tsfr To Human Svcs, Dept of						
Other Funds	-	(4,600,000)	(4,600,000)	(4,600,000)	(687,500)	(687,500)
2123 Tsfr To OR Business Development						
Federal Funds	(60,201,235)	(40,000,000)	(40,000,000)	(13,500,000)	(13,500,000)	(17,430,791)
2340 Tsfr To Environmental Quality						
Federal Funds	(1,184,109)	(1,407,012)	(1,407,012)	(1,466,755)	(1,466,755)	(1,566,805)
2440 Tsfr To Consumer/Bus Svcs						
Other Funds	(88,697)	-	-	-	-	-

Agencywide Revenues and Disbursements Summary
2013-15 Biennium

Version: Z-01-Leg. Adopted Budget

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
2581 Tsfr To Education, Dept of						
Other Funds	-	-	-	-	1,065,943	-
2590 Tsfr To Or Health & Science U						
Other Funds	(5,500)	-	-	-	-	-
Federal Funds	(3,732,042)	(3,751,151)	(3,751,151)	(3,751,151)	-	-
All Funds	(3,737,542)	(3,751,151)	(3,751,151)	(3,751,151)	-	-
2833 Tsfr To Health Rel Lic Bds						
Other Funds	-	(862,876)	(862,876)	(910,000)	(910,000)	(987,107)
TOTAL TRANSFERS OUT						
Lottery Funds	-	-	(26,397)	-	-	-
Other Funds	(76,429,997)	(14,770,157)	(16,270,157)	(12,639,200)	(7,660,757)	(8,803,807)
Federal Funds	(65,117,386)	(45,158,163)	(45,158,163)	(18,717,906)	(14,966,755)	(18,997,596)
TOTAL TRANSFERS OUT	(\$141,547,383)	(\$59,928,320)	(\$61,454,717)	(\$31,357,106)	(\$22,627,512)	(\$27,801,403)
AVAILABLE REVENUES						
General Fund	1,443,402,168	1,721,639,876	1,697,058,124	2,882,634,485	2,043,789,882	1,972,206,670
Lottery Funds	9,587,187	11,545,561	11,154,592	11,483,719	10,541,165	10,545,832
Other Funds	4,281,361,923	5,600,566,161	5,608,188,629	5,197,923,814	6,285,700,313	6,096,853,106
Federal Funds	4,470,433,387	4,984,678,280	5,137,512,031	6,970,030,682	8,253,622,025	7,591,997,343
TOTAL AVAILABLE REVENUES	\$10,204,784,665	\$12,318,429,878	\$12,453,913,376	\$15,062,072,700	\$16,593,653,385	\$15,671,602,951
EXPENDITURES						
General Fund	1,443,369,071	1,721,639,876	1,697,058,124	2,882,634,485	2,048,424,832	1,972,206,670

Agencywide Revenues and Disbursements Summary
2013-15 Biennium

Version: Z-01-Leg. Adopted Budget

Description	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Lottery Funds	9,587,187	10,779,583	10,388,614	11,483,719	10,541,165	10,545,822
Other Funds	3,890,542,814	5,284,239,750	5,302,834,551	4,823,641,495	5,940,798,852	5,745,874,646
Federal Funds	4,470,433,387	4,984,678,280	5,137,327,429	6,970,030,682	8,244,204,239	7,591,889,160
TOTAL EXPENDITURES	\$9,813,932,459	\$12,001,337,489	\$12,147,608,718	\$14,687,790,381	\$16,243,969,088	\$15,320,516,298
REVERSIONS						
9900 Reversions						
General Fund	(33,097)	-	-	-	-	-
ENDING BALANCE						
General Fund	-	-	-	-	(4,634,950)	-
Lottery Funds	-	765,978	765,978	-	-	10
Other Funds	390,819,109	316,326,411	305,354,078	374,282,319	344,901,461	350,978,460
Federal Funds	-	-	184,602	-	9,417,786	108,183
TOTAL ENDING BALANCE	\$390,819,109	\$317,092,389	\$306,304,658	\$374,282,319	\$349,684,297	\$351,086,653

OHA – State Assessments and Enterprise-wide Costs

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 Legislatively Adopted
General Fund	72,339,194	109,206,479	143,963,837	135,501,354
Other Funds	19,631,543	27,118,304	17,894,156	26,839,757
Federal Funds	87,728,659	43,840,796	72,168,731	50,909,614
Federal Funds (NL)	0	4,374,411	4,374,411	4,151,016
Total Funds	\$179,699,396	\$184,539,990	\$238,401,135	\$217,401,741

Program Description

The State Assessments and Enterprise-wide Costs section includes the budget for costs that affect the entire agency. This include central government assessments and usage charges, such as the state government service charges, risk assessments, State Data Center usage charges, Secretary of State audit charges, mass transit charges, and information technology direct charges. This budget also includes all facilities costs including rent, maintenance, and utilities. In addition, the funding to pay for shared services received from both OHA and DHS is included in this budget. Finally, debt service is now included in this section. The debt service costs are for loan repayment related to the construction of the new Oregon State Hospital facilities in Salem and Junction City. This section does not include any staff.

Revenue Sources and Relationships

The 2013-15 legislatively adopted budget is about 62% General Fund, 12% Other Funds, and 25% Federal Funds. Debt service costs include \$70.9 million General Fund, \$6.4 million Other Funds, and \$4.2 million Federal Funds (Nonlimited). Other costs are allocated to the various program areas within OHA. Federal funding is subject to a federally approved cost allocation plan that charges programs for the services received.

Federal Funds in this budget are primarily Title XIX Medicaid administrative reimbursement, but also include funds for administrative support for CHIP and a variety of other smaller federal program funding sources. Federal public health grants also pay a share of these operating costs. The Nonlimited Federal Funds are used to pay debt service on the bonds issued through the federal Build America Bonds program.

Budget Environment

A number of budget updates were needed during the 2011-13 biennium to true up the budget of both OHA and DHS for errors that were made in the original split of these administrative budgets, as well as to account for actual cost allocations that evolved during the biennium.

Legislatively Adopted Budget

The 2013-15 legislatively adopted budget of \$217.4 million total funds is \$32.9 million, or 18%, higher than the 2011-13 legislatively approved budget for total funds. General Fund is \$135.5 million, or \$26.3 million and 24%, more than the 2011-13 budget level. A significant portion of the General Fund increase is related to the increase in debt service, which increased \$16.8 million General Fund and \$12.3 million total funds between 2011-13 and 2013-15.

Budget adjustments include a \$2.1 million General Fund and \$4.3 million total funds reduction for statewide administrative savings. This is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session. While these reductions will occur in Shared Services, this budget contains the General Fund and Federal Funds to support those services. The budget is also reduced by \$0.3 million total funds to true up the budget for actual cost allocation experience and rent adjustments. This adjustment increases General Fund by \$1.7 million, while reducing Federal Funds.

This budget also includes a \$0.7 million General Fund (\$1.3 million total funds) investment to improve the agency's computer and network infrastructure. While the investment is in Shared Services, this is the General Fund and Federal Funds budget to support those services.

OHA – Central Services

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 Legislatively Adopted
General Fund	16,221,657	18,094,685	23,067,864	25,285,865
Other Funds	8,619,854	7,166,945	6,777,338	4,946,150
Federal Funds	25,834,288	172,045,195	99,369,088	116,528,020
Total Funds	\$50,675,799	\$197,306,825	\$129,214,290	\$146,760,035
Positions	141	171	145	191
FTE	124.71	130.54	140.47	183.27

Program Description

As part of the transition to create the new Oregon Health Authority, a new model was developed for providing administrative functions to OHA and the Department of Human Services (DHS). A number of functions such as information technology, financial services, budget, human resources, facilities, and procurement are provided as shared services. While some of the functions are housed in OHA and some in DHS, all functions provide services to both agencies. Following the joint governance model that the two agencies developed, service-level agreements are developed to define the relationship between the agency providing service and the agency receiving the service.

Other functions, including leadership, communications, and portions of budget and human resources, are directly related to policy and program and so are housed separately in each agency. These are the central services in each agency.

The OHA Central Services section includes all governance functions specifically for the operation of OHA:

- Office of Director and Policy
- Office of Human Resources
- Budget Planning and Analysis
- Office of Communications
- Office of Equity and Inclusion
- Office for Health Policy and Research
- Office of Health Information Technology

The Office of Health Policy and Research (OHPR) is a key resource in support of health system transformation. The office provides health policy analysis and development; coordinates strategic and implementation planning; and conducts data collection, statistical analysis, and evaluation to provide information needed for OHA policy development. It also develops financial, performance, and administrative information for the management of OHA, and provides staff support, policy coordination, and project management in support of the Oregon Health Policy Board.

The Office of Health Information Technology (OHIT) provides leadership in health reform technology efforts statewide to ensure coordination and maximize federal and private funding sources. Specifically, this office is responsible for implementing Health Information Exchange (HIE) in the state. This is a key aspect necessary to support Oregon's health system transformation.

Revenue Sources and Relationships

The 2013-15 legislatively adopted budget is 18% General Fund, 3% Other Funds, and 79% Federal Funds. Administrative costs are allocated to the other program areas within OHA. Federal funding is subject to a federally approved cost allocation plan that charges programs for the services received.

Federal Funds in this budget are primarily related to federal grants. The OHPR budget includes \$25.5 million federal funds for the State Innovation System Testing Assistance grant, while the OHIT budget includes \$68 million in federal incentives that will be passed through to Oregon providers to develop electronic health records. Remaining federal funds include Title XIX Medicaid administrative reimbursement, as well as funds

for administrative support for CHIP and a variety of other smaller federal program funding sources. Federal public health grants also pay a share of these operating costs.

Budget Environment

The Central and Shared Services model was new beginning with the 2011-13 biennium. The shared services structure was chosen to help ensure that administrative services are provided cost-effectively without duplication of resources between OHA and DHS.

Legislatively Adopted Budget

The 2013-15 legislatively adopted budget of \$146.8 million total funds is \$50.5 million less than the 2011-13 legislatively approved budget. This reduction is primarily due to the phase-out of the Health Insurance Exchange IT grant, as well as portions of several other grants. The entire Health Insurance Exchange project was moved over to CoverOregon, Oregon's health insurance exchange. General Fund of \$25.3 million to support the 2011-13 legislatively adopted budget is \$7.2 million higher than the 2011-13 approved budget. This is partially due to centralizing more functions and moving related staffing and budget to Central Services.

Budget adjustments include a \$2.1 million General Fund and \$3.8 million total funds reduction that will necessitate holding positions vacant in the Director's Office, Human Resources, Budget, Communications, Office of Equity and Inclusion, and the Office of Health Policy and Research, as well as reduced spending on services and supplies. The budget is also increased by \$0.6 million General Fund to true up the budget for actual cost allocation experience.

Major federal grant adjustments in this budget include the phase-out of the Health Insurance Exchange IT grant, reducing Federal Funds by almost \$40 million. The related positions are eliminated in Shared Services. Federal Funds expenditure limitation of \$25.5 million and 30 positions are added to OHPR for the State Innovation System Testing Assistance grant.

The 2013-15 budget includes \$1.6 million General Fund to support the Patient Safety Commission. This was included as part of SB 483 to improve patient safety and facilitate dispute resolution. This budget also includes a \$2.1 million General Fund (\$3.4 million total funds) investment to support health care transformation within the Office of Health Policy and Research. This will support data collection and analysis of the All Payer All Claims database; implementation of patient-centered primary care homes; and research and analysis for Health Evidence Review Commission to develop evidence-based guidelines. Another \$1 million General Fund and \$2 million total funds is invested to support the expanding need for information technology planning and policy, and to continue the development of CareAccord, the secure mechanism to exchange health information. A number of these activities were being funded with federal grant resources that will end during this biennium.

OHA – Shared Services

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 Legislatively Adopted
Other Funds	NA	124,562,634	134,263,635	134,121,253
Total Funds	NA	\$124,562,634	\$134,263,635	\$134,121,253
Positions	424	361	450	466
FTE	412.53	352.12	441.51	454.49

NOTE: The 2009-11 column above includes positions and FTE, but not the related, non-add Other Funds expenditures, for the OHA Shared Services staffing that is part of the 2011-13 and 2013-15 budget.

Program Description

As part of the transition to create the new Oregon Health Authority, a new model was developed for providing administrative functions to OHA and the Department of Human Services (DHS). A number of functions such as information technology, financial services, budget, human resources, facilities, and procurement are provided as shared services. While some of the functions are housed in OHA and some in DHS, all functions provide services to both agencies. Following the joint governance model that the two agencies developed, service-level agreements are developed to define the relationship between the agency providing service and the agency receiving the service.

Other functions, including leadership, communications, and portions of budget and human resources, are directly related to policy and program and so are housed separately in each agency. These are the central services in each agency.

Shared Services

Services that are shared with DHS, but housed within OHA include the following:

- The **Information Security and Privacy Office** protects the security of all confidential information; educates staff, volunteers, and partners about how to protect confidential information; develops and audits processes for protecting information; and ensures that the Department and its partners meet all federal and state security regulations and contractual obligations.
- The **Office of Information Services** deploys and maintains the hardware and software needed by OHA and DHS employees to do their jobs; oversees the implementation of enterprise-wide technology solutions; ensures the back-up and integrity of data used by employees and partners through Oregon; and provides the information infrastructure and technical support necessary to maintain the business services such as payroll distribution, vendor payments, and personnel actions. Information Services develops new information systems such as the Health Insurance Exchange IT project and the Modernization project.
- **Shared Services Administration** houses the Chief Information Officer and support staff.

Services that are shared with OHA, but housed within DHS include contracts and procurement; caseload forecasting; technical budget and financial services; document management and archiving; forms and distribution; facility management; general human resources; payment accuracy and recovery; continuous performance improvement; audits and consulting; and investigations.

Revenue Sources and Relationships

Shared Services is funded entirely with Other Funds. These Other Funds reflect revenues received from both DHS and other parts of OHA for purchased services. The revenues to pay for Shared Services within the OHA budget are primarily in the State Assessments and Enterprise-wide Costs section budget.

Budget Environment

The Central and Shared Services model was new beginning with the 2011-13 biennium. The shared services structure was chosen to help ensure that administrative services are provided cost-effectively without duplication of resources between OHA and DHS.

As noted above, the Shared Services budget is spent as Other Funds, but the costs are paid by the various program areas in OHA and DHS as General Fund, Other Funds, and Federal Funds in their budgets. Reductions made in the shared administrative services operations reduce costs elsewhere in OHA and DHS.

Legislatively Adopted Budget

The 2013-15 legislatively adopted budget of \$134.1 million Other Funds is \$9.5 million higher than the 2011-13 legislatively approved budget.

Budget adjustments include a \$5.2 million Other Funds reduction for statewide administrative savings. This is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session. While these reductions will occur in Shared Services, the General Fund and Federal Funds budget reductions are included in the State Assessments and Enterprise-wide Costs section.

The 2013-15 budget includes an investment of \$2.4 million Other Funds and 12 positions to improve the agency's computer and network infrastructure. This is expected to put the agency on a five-year replacement cycle for personal computers. Two additional information technology staff are added to support the technology systems in the new Junction City facility of the Oregon State Hospital.

The Shared Services budget eliminates all remaining budget related to the Health Insurance Exchange IT project, including 48 positions. The adopted budget then adds \$16.7 million Other Funds and 52 positions for on-going Information Technology needs for both OHA and DHS, including Modernization and OR-KIDS systems. This is in line with the agency's direction of maintaining a core set of trained staff at the agency rather than relying on vendors for IT needs.

OHA CENTRAL AND SHARED SERVICES

The Oregon Health Authority's Central Services supports the agency mission by providing leadership in the following dedicated key policy and business areas.

Office of the Director and Policy

The Office of the Director and Policy is responsible for overall leadership, policy development and administrative oversight for the Oregon Health Authority. This office coordinates with the Governor's Office, the Legislature, other state and federal agencies, partners and stakeholders, local governments, advocacy and client groups, and the private sector.

The Director's Office provides leadership in achieving the mission of the agency to help people and communities achieve optimum physical, mental and social well-being through partnership, prevention and access to quality, affordable health care. The clear direction of OHA is to innovate, improve and rework the state health care system to meet three goals:

- Improve the lifelong health of all Oregonians
- Increase the quality, reliability and availability of care for all Oregonians
- Lower or contain the cost of care so it is affordable to everyone

Office of Human Resources

The dedicated human resources department for the OHA business partners is charged with delivering services to internal customers with quality and timeliness. The dedicated areas will provide services focusing on people strategy development, work force strategies to meet the agency's unique business needs, and consolidation of work force strategic plans and human resource policy development. Human resource services are aligned with the OHA mission and core values. Service delivery is accomplished in person, by telephone and video conference, email and written communications, classroom training sessions, online training, and various formal and informal meetings.

Office of Budget, Planning and Analysis

The Office of Budget, Planning and Analysis (BPA) supports the mission of the Oregon Health Authority by providing leadership and collaboration for the strategic decisions of the programs by providing an in-depth knowledge of OHA financial processes, federal program and fiscal policy, business line funding streams, and state budget processes.

Office of Communications

The Office of Communications supports the mission of the Oregon Health Authority by providing information to employees, clients, legislators, stakeholders and interest groups, providers and partners, local governments, other state and federal agencies, policymakers, the news media, targeted audiences, and the general public. The office also provides support to the department's priority projects as defined by the agency's director and cabinet.

Communications staff also ensure that OHA complies with all statutory and legal requirements pertaining to public records requests and other related communication issues.

Office of Equity and Inclusion

The Office of Equity and Inclusion (formerly the Office of Multicultural Health and Services) strives to realize its vision of all people, communities and cultures co-creating and enjoying a healthy Oregon. The mission of the Office of Equity and Inclusion (OEI) is to engage and align diverse community voices and the Oregon Health Authority to assure the elimination of avoidable health gaps and promote optimal health in Oregon.

The office organizes its work in terms of four strategic imperatives:

- Assure and sustain an organizational structure that relentlessly pursues health equity and organizational diversity within OHA and in Oregon's health promoting systems
- Foster dynamic, strength-based, and authentic relationships among Oregon's diverse communities, OHA, and Oregon's health promoting systems
- Integrate and use diversity development best practices in recruitment, hiring, retention, performance management, contracting and procurement, and

leadership and employed development within OHA and Oregon's health promoting systems

- Leverage community wisdom, timely data, and research to develop and effectively communicate the rationale for investing in health equity and eliminating avoidable gaps in health outcomes

OEI collaborates with health systems leaders, clinicians, diversity and inclusion professionals, researchers, advocates and community members to promote good health and wellness for all Oregonians through policy development, training and consultation, and community and organizational capacity building. OEI provides consultation to programs within the Oregon Health Authority, local health departments, higher education programs, faith- and community- based organizations, universities, ethnic media outlets, Area Health Education Centers, emerging Coordinated Care Organizations, health and community advocacy organizations, and others working to improve the health of all Oregonians.

Office for Oregon Health Policy and Research and the Office of Health Analytics

The Office for Oregon Health Policy and Research (OHPR) provides health policy analysis and development, coordinates strategic and implementation planning, conducts policy and health services research and evaluation to provide information needed for statewide and Oregon Health Authority policy development, implementation and evaluation. OHPR provides technical assistance to OHA programs and other agencies on policy implementation and monitors national and state or local health innovations in order to provide information to OHA staff, the Governor's Office and the Legislature on emerging health care policy and delivery trends.

The Office of Health Analytics, is a sister office of OHPR, sharing administrative services and working in close collaboration. Health Analytics compiles and analyzes technical and statistical information about Oregon's health system that enables policy makers, practitioners, consumers and researchers to make data-driven decisions. Health Analytics conducts data collection and statistical analysis of utilization and financial data to evaluate OHA program performance and provide data to support health system and program planning and implementation. In addition, this office performs actuarial analysis to support rate development and

benefit design. Further, OHP and Office of Health Analytics are responsible for developing financial, performance and administration information and metrics to support key management and cost decisions within OHA to optimally support its mission.

Office of Health Information Technology

The Office of Health Information Technology (OHIT) is a central service office ensuring that, as part of all Oregon health reform efforts, all projects that should or could incorporate health information technology components are coordinated and funding sources maximized.

The immediate objective of OHIT is to accomplish the goals envisioned by the Oregon Legislature and to take full advantage of the opportunities afforded Oregon by recent federal funding in order to reach these objectives. OHIT will work in close collaboration with the OHA director, deputy director and other OHA governing bodies to convene staff planning and oversight.

OHIT is responsible for providing leadership and coordination across programs, departments and agencies in developing policies and procedures that:

- Accelerate state and federal health reform goals through organized support for adoption, implementation and integration of health information technologies
- Increase and convert health IT funding opportunities from federal agencies, philanthropic organizations and the private sector into results
- Increase collaboration and communication between state agencies and across programs for enhanced planning and shared decision making, leveraged IT purchases and coordination of service delivery

OHA Shared Services

OHA Shared Services supports both the Department of Human Services (DHS) and OHA by providing leadership in the delivery of efficient, consistent and coordinated administrative services to all programs within both departments. OHA Shared Services contains the following key programs:

Shared Services Administration

OHA Shared Services Administration provides oversight and leadership for the OHA Shared Services programs.

Office of Information Services

The Office of Information Services (OIS) is a shared service providing information technology (IT) systems and services that support 16,000 agency staff and partners located at 350 locations throughout Oregon.

The OIS structure consists of the Office of the Chief Information Officer and five major operational sections that play vital roles in meeting its mission and customer goals: Customer Services and Support, Enterprise Alignment and Design, Shared Services, and separate sections that support the specific IT needs of DHS and OHA.

DHS / OHA Information Services

DHS and OHA Information Services both work directly with agency program offices on custom application development, maintenance, and enhancement, Website support, business intelligence, and business collaboration services, ensuring that IT solutions provided by OIS meet the business needs.

DHS Information Services Support

The DHS Information Services Support section provides information technology support to DHS programs, including:

- Aging and People with Disabilities
- Child Welfare
- Self-Sufficiency
- Vocational Rehabilitation
- DHS Operations sections

OHA Information Services Support

The OHA Information Services Support section provides information technology support to OHA programs, including:

- Addictions and Mental Health
- Medical Assistance Programs
- Public Health
- Public Employees' Benefit Board
- Oregon Educators Benefit Board
- Oregon Health Policy and Research
- Office of Private Health Partnerships
- Oregon Medical Insurance Pool
- Oregon Prescription Drug Program

Information Security and Privacy Office

The Information Security and Privacy Office (ISPO) is a shared service office providing information security services for DHS and OHA. ISPO encompasses several programs focusing on protecting confidential information assets and educating staff, volunteers and partners of DHS and OHA on how to protect this information and report incidents when they occur. When compliance is compromised, ISPO takes appropriate enforcement action.

The ISPO drivers include federal and state security regulations and audit findings, contractual and grant obligations, DHS security policies and procedures, legislative mandates and the Oregon Consumer Identity Theft Protection Act.

ISPO strives to manage the confidentiality, integrity and availability of information through business risk management. This office helps DHS and OHA deal with the protection of information assets within the agencies and enterprise-wide. ISPO focuses on processes and procedures that make up sound business practices.

2013 -2015 Legislatively Adopted Budget

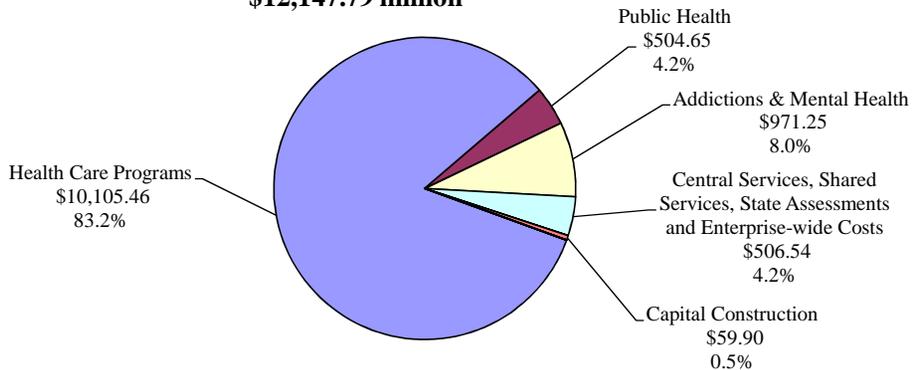
The 2013- 2015 LAB for OHA Central and Shared Services is \$498,283,029 total funds. Of the \$498 million, \$160,787,219 is a general fund request. With all state assessments and debt service being budgeted with the Central Service Budget

structure, more than \$217 million of the LAB (\$135.5 million in general funds) is for the state assessments, DHS-OHA Shared Services, OHA Office of Information Services/Shared Services, and Debt Service of the Oregon State Hospital Replacement Project. Another \$74.7 million is directly attributed to the Health Information Technology efforts, which leverages almost \$73.0 million in federal funds.

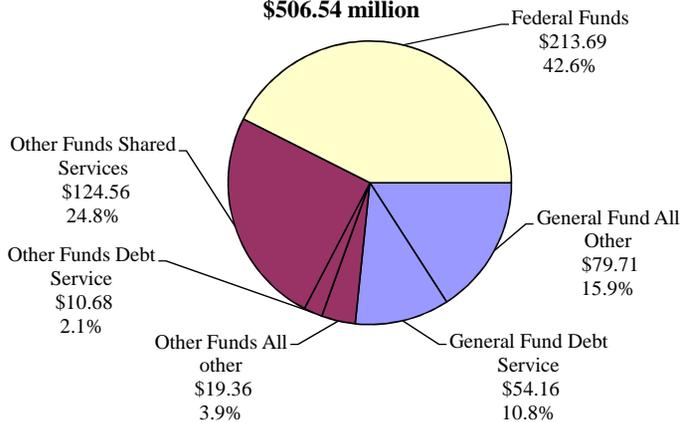
The LAB total fund budget of the remaining Central Service units (Director's Office, Office of Health Policy and Research, Office of Equity and Inclusion, and all remaining dedicated functions) is \$72,059,441.

Strategic Investment Opportunities to further OHA's work on Health Systems Transformation, including the necessary work with Coordinated Care Organizations and the technology infrastructure needed for OHA delivery, total \$9,163,846 of which \$3,787,102 is general fund. These investment opportunities are described further in the OHA LAB Policy Option Package Narratives.

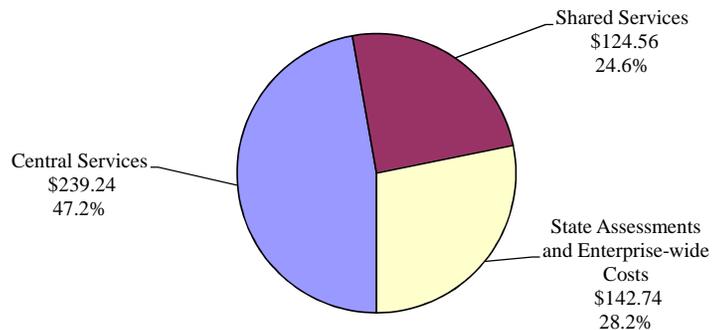
**Oregon Health Authority (OHA)
2011-13 Legislatively Approved Budget
Total Fund by Program Area
\$12,147.79 million**



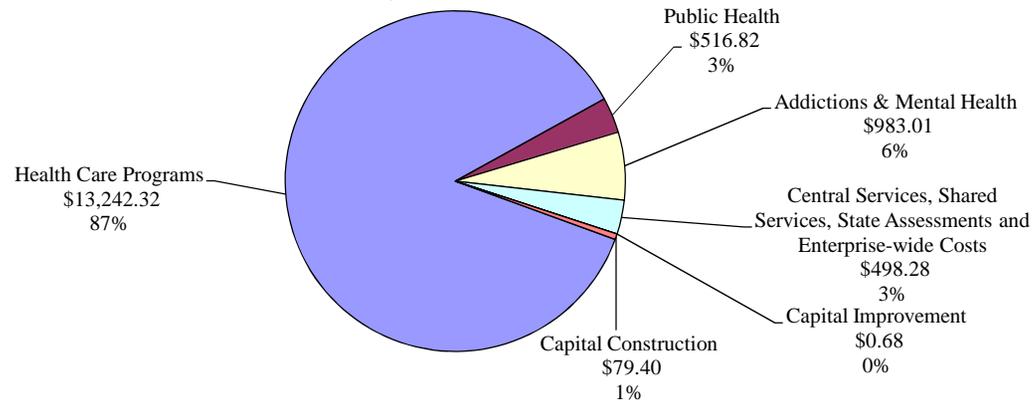
**Central Services, Shared Services, State Assessments
and Enterprise-wide Costs
Total by Fund Type
\$506.54 million**



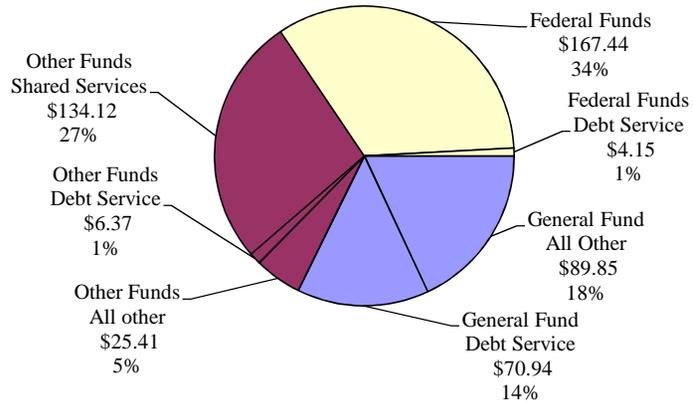
**Central Services, Shared Services, State Assessments
and Enterprise-wide Costs
Total by Program
\$506.54 million**



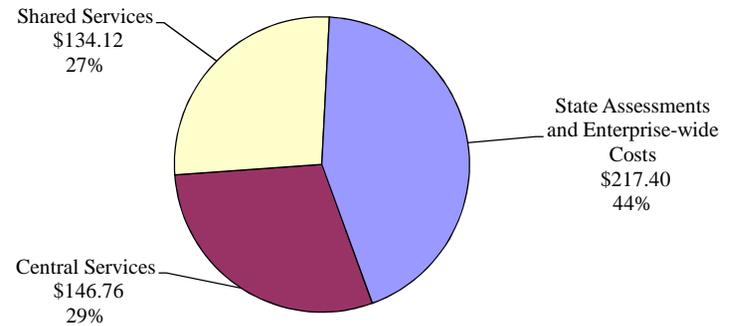
**Oregon Health Authority (OHA)
2013-15 Legislatively Adopted Budget
Total Fund by Program Area
\$15,320.52 million**



**Central Services, Shared Services, State Assessments
and Enterprise-wide Costs
Total by Fund Type
\$498.28 million**



**Central Services, Shared Services, State Assessments
and Enterprise-wide Costs
Total by Program
\$498.28 million**



Summary of 2013-15 Biennium Budget

Oregon Health Authority
 OHA Central & Shared Services
 2013-15 Biennium

Leg. Adopted Budget
 Cross Reference Number: 44300-010-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2011-13 Leg Adopted Budget	482	470.16	417,954,399	128,780,269	-	151,100,623	133,699,096	-	4,374,411
2011-13 Emergency Boards	-	-	88,583,265	5,091,033	-	3,498,535	79,993,697	-	-
2011-13 Leg Approved Budget	482	470.16	506,537,664	133,871,302	-	154,599,158	213,692,793	-	4,374,411
2013-15 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	17	15.82	(10,759,663)	1,229,151	-	(7,421,611)	(4,567,203)	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	6,198,900	16,860,966	-	(10,662,066)	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
Subtotal 2013-15 Base Budget	499	485.98	501,976,901	151,961,419	-	136,515,481	209,125,590	-	4,374,411
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	6,499,879	1,193,711	-	4,747,147	559,021	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	893,999	81,755	-	649,134	163,110	-	-
Subtotal	-	-	7,393,878	1,275,466	-	5,396,281	722,131	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	71	71.00	27,228,283	695,115	-	15,166,308	11,366,860	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(61,584,129)	-	-	(6,867,099)	(54,717,030)	-	-
Subtotal	71	71.00	(34,355,846)	695,115	-	8,299,209	(43,350,170)	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	10,900,861	3,846,128	-	1,555,947	5,498,786	-	-
State Gov't & Services Charges Increase/(Decrease)	-	-	5,023,110	2,293,087	-	595,506	2,134,517	-	-

Summary of 2013-15 Biennium Budget

Oregon Health Authority
 OHA Central & Shared Services
 2013-15 Biennium

Leg. Adopted Budget
 Cross Reference Number: 44300-010-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal	-	-	15,923,971	6,139,215	-	2,151,453	7,633,303	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	5,236,194	(5,236,194)	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	25	25.00	10,940,156	6,960,486	-	1,336,511	2,643,159	-	-
Subtotal: 2013-15 Current Service Level	595	581.98	501,879,060	167,031,701	-	158,935,129	171,537,819	-	4,374,411

Summary of 2013-15 Biennium Budget

Oregon Health Authority
 OHA Central & Shared Services
 2013-15 Biennium

Leg. Adopted Budget
 Cross Reference Number: 44300-010-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2013-15 Current Service Level	595	581.98	501,879,060	167,031,701	-	158,935,129	171,537,819	-	4,374,411
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2013-15 Current Service Level	595	581.98	501,879,060	167,031,701	-	158,935,129	171,537,819	-	4,374,411
080 - E-Boards									
081 - May 2012 E-Board	(2)	(2.00)	(454,553)	-	-	(454,553)	-	-	-
082 - September 2012 E-Board	-	-	-	-	-	-	-	-	-
083 - December 2012 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	(2)	(2.00)	(454,553)	-	-	(454,553)	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	(2,232,474)	(460,415)	-	(231,075)	(1,540,984)	-	-
091 - Statewide Administrative Savings	-	-	(9,450,464)	(2,090,200)	-	(5,658,403)	(1,701,861)	-	-
092 - PERS Taxation Policy	-	-	(328,699)	(35,935)	-	(258,799)	(33,965)	-	-
093 - Other PERS Adjustments	-	-	(2,626,460)	(287,135)	-	(2,067,925)	(271,400)	-	-
094 - December 2012 Rebalance	30	29.00	(2,291,399)	(8,570,075)	-	(1,028,000)	7,306,676	-	-
801 - End-Of-Session Bill Adjustments	-	-	-	-	-	-	-	-	-
802 - Supplemental Statewide Ending Balance	-	-	-	-	-	-	-	-	-
803 - HB 2322 Program Change Bill	-	-	-	-	-	-	-	-	-
810 - LFO Analyst Adjustments	6	6.00	(1,212,303)	3,324,556	-	7,049,753	(11,363,217)	-	(223,395)
820 - End of Session Bill (HB 5008)	-	-	(1,788,892)	(1,990,725)	-	26,533	175,300	-	-
201 - APD - Program transfer to OHA	-	-	-	-	-	-	-	-	-
401 - PC & Network Infrastructure Investments	12	10.56	3,692,477	666,667	-	2,359,143	666,667	-	-
402 - Health Systems Transformation	2	2.00	3,467,197	2,115,946	-	(311,665)	1,662,916	-	-

Summary of 2013-15 Biennium Budget

Oregon Health Authority
 OHA Central & Shared Services
 2013-15 Biennium

Leg. Adopted Budget
 Cross Reference Number: 44300-010-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
403 - OSH Replacement Project Next Phase	3	0.80	7,625,367	78,345	-	7,547,022	-	-	-
404 - Strengthen Comm'ty Mental Health Svcs & ITRS	-	-	-	-	-	-	-	-	-
405 - Ofc of Equity & Inclusion - Health Equity	-	-	-	-	-	-	-	-	-
406 - Health Information Technology	11	9.42	2,004,172	1,004,489	-	-	999,683	-	-
Subtotal Policy Packages	64	57.78	(3,141,478)	(6,244,482)	-	7,426,584	(4,100,185)	-	(223,395)
Total 2013-15 Leg Adopted Budget	657	637.76	498,283,029	160,787,219	-	165,907,160	167,437,634	-	4,151,016
Percentage Change From 2011-13 Leg Approved Budget	36.30%	35.60%	-1.60%	20.10%	-	7.30%	-21.60%	-	-5.10%
Percentage Change From 2013-15 Current Service Level	10.40%	9.60%	-0.70%	-3.70%	-	4.40%	-2.40%	-	-5.10%

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
OHA Central Services
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-010-40-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2011-13 Leg Adopted Budget	121	118.04	158,327,429	69,199,731	-	18,670,241	66,083,046	-	4,374,411
2011-13 Emergency Boards	-	-	80,912,525	2,139,813	-	(31,170)	78,803,882	-	-
2011-13 Leg Approved Budget	121	118.04	239,239,954	71,339,544	-	18,639,071	144,886,928	-	4,374,411
2013-15 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	3	1.43	(3,340,953)	1,155,355	-	188,675	(4,684,983)	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	(69,215,191)	(54,161,379)	-	(10,679,401)	-	-	(4,374,411)
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
Subtotal 2013-15 Base Budget	124	119.47	166,683,810	18,333,520	-	8,148,345	140,201,945	-	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	1,825,766	1,193,711	-	73,034	559,021	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	165,122	78,691	-	(71,789)	158,220	-	-
Subtotal	-	-	1,990,888	1,272,402	-	1,245	717,241	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	10,709,684	-	-	266,554	10,443,130	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(56,988,458)	-	-	(2,271,428)	(54,717,030)	-	-
Subtotal	-	-	(46,278,774)	-	-	(2,004,874)	(44,273,900)	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	2,739,782	672,401	-	107,841	1,959,540	-	-
Subtotal	-	-	2,739,782	672,401	-	107,841	1,959,540	-	-

Summary of 2013-15 Biennium Budget

Oregon Health Authority
 OHA Central Services
 2013-15 Biennium

Leg. Adopted Budget
 Cross Reference Number: 44300-010-40-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	266,498	(266,498)	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	21	21.00	4,078,584	2,789,541	-	258,283	1,030,760	-	-
Subtotal: 2013-15 Current Service Level	145	140.47	129,214,290	23,067,864	-	6,777,338	99,369,088	-	-

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
OHA Central Services
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-010-40-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2013-15 Current Service Level	145	140.47	129,214,290	23,067,864	-	6,777,338	99,369,088	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2013-15 Current Service Level	145	140.47	129,214,290	23,067,864	-	6,777,338	99,369,088	-	-
080 - E-Boards									
081 - May 2012 E-Board	-	-	-	-	-	-	-	-	-
082 - September 2012 E-Board	-	-	-	-	-	-	-	-	-
083 - December 2012 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	(2,232,474)	(460,415)	-	(231,075)	(1,540,984)	-	-
091 - Statewide Administrative Savings	-	-	-	-	-	-	-	-	-
092 - PERS Taxation Policy	-	-	(73,428)	(35,935)	-	(3,528)	(33,965)	-	-
093 - Other PERS Adjustments	-	-	(586,727)	(287,135)	-	(28,192)	(271,400)	-	-
094 - December 2012 Rebalance	30	29.00	25,500,000	-	-	-	25,500,000	-	-
801 - End-Of-Session Bill Adjustments	-	-	-	-	-	-	-	-	-
802 - Supplemental Statewide Ending Balance	-	-	-	-	-	-	-	-	-
803 - HB 2322 Program Change Bill	-	-	-	-	-	-	-	-	-
810 - LFO Analyst Adjustments	2	2.00	(9,396,467)	883,254	-	(1,273,202)	(9,006,519)	-	-
820 - End of Session Bill (HB 5008)	-	-	(934,008)	(928,878)	-	(624)	(4,506)	-	-
201 - APD - Program transfer to OHA	-	-	-	-	-	-	-	-	-
401 - PC & Network Infrastructure Investments	-	-	-	-	-	-	-	-	-
402 - Health Systems Transformation	2	2.00	3,420,577	2,081,414	-	(294,567)	1,633,730	-	-

Summary of 2013-15 Biennium Budget

Oregon Health Authority
 OHA Central Services
 2013-15 Biennium

Leg. Adopted Budget
 Cross Reference Number: 44300-010-40-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
403 - OSH Replacement Project Next Phase	1	0.38	78,345	78,345	-	-	-	-	-
404 - Strengthen Comm'ty Mental Health Svcs & ITRS	-	-	-	-	-	-	-	-	-
405 - Ofc of Equity & Inclusion - Health Equity	-	-	-	-	-	-	-	-	-
406 - Health Information Technology	11	9.42	1,769,927	887,351	-	-	882,576	-	-
Subtotal Policy Packages	46	42.80	17,545,745	2,218,001	-	(1,831,188)	17,158,932	-	-
Total 2013-15 Leg Adopted Budget	191	183.27	146,760,035	25,285,865	-	4,946,150	116,528,020	-	-
Percentage Change From 2011-13 Leg Approved Budget	57.90%	55.30%	-38.70%	-64.60%	-	-73.50%	-19.60%	-	-100.00%
Percentage Change From 2013-15 Current Service Level	31.70%	30.50%	13.60%	9.60%	-	-27.00%	17.30%	-	-

Summary of 2013-15 Biennium Budget

Oregon Health Authority
OHA Shared Services
2013-15 Biennium

Leg. Adopted Budget
Cross Reference Number: 44300-010-45-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2011-13 Leg Adopted Budget	361	352.12	121,340,662	-	-	121,340,662	-	-	-
2011-13 Emergency Boards	-	-	3,221,972	-	-	3,221,972	-	-	-
2011-13 Leg Approved Budget	361	352.12	124,562,634	-	-	124,562,634	-	-	-
2013-15 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	14	14.39	(7,418,710)	73,796	-	(7,610,286)	117,780	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2013-15 Base Budget	375	366.51	117,143,924	73,796	-	116,952,348	117,780	-	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	4,674,113	-	-	4,674,113	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	728,877	3,064	-	720,923	4,890	-	-
Subtotal	-	-	5,402,990	3,064	-	5,395,036	4,890	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	71	71.00	14,858,574	-	-	14,858,574	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(4,595,671)	-	-	(4,595,671)	-	-	-
Subtotal	71	71.00	10,262,903	-	-	10,262,903	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	833,810	-	-	833,810	-	-	-
Subtotal	-	-	833,810	-	-	833,810	-	-	-

Summary of 2013-15 Biennium Budget

Oregon Health Authority
 OHA Shared Services
 2013-15 Biennium

Leg. Adopted Budget
 Cross Reference Number: 44300-010-45-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	4	4.00	620,008	(76,860)	-	819,538	(122,670)	-	-
Subtotal: 2013-15 Current Service Level	450	441.51	134,263,635	-	-	134,263,635	-	-	-

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
OHA Shared Services
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-010-45-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2013-15 Current Service Level	450	441.51	134,263,635	-	-	134,263,635	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2013-15 Current Service Level	450	441.51	134,263,635	-	-	134,263,635	-	-	-
080 - E-Boards									
081 - May 2012 E-Board	(2)	(2.00)	(454,553)	-	-	(454,553)	-	-	-
082 - September 2012 E-Board	-	-	-	-	-	-	-	-	-
083 - December 2012 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	(2)	(2.00)	(454,553)	-	-	(454,553)	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Administrative Savings	-	-	(5,176,526)	-	-	(5,176,526)	-	-	-
092 - PERS Taxation Policy	-	-	(255,271)	-	-	(255,271)	-	-	-
093 - Other PERS Adjustments	-	-	(2,039,733)	-	-	(2,039,733)	-	-	-
094 - December 2012 Rebalance	-	-	(1,028,000)	-	-	(1,028,000)	-	-	-
801 - End-Of-Session Bill Adjustments	-	-	-	-	-	-	-	-	-
802 - Supplemental Statewide Ending Balance	-	-	-	-	-	-	-	-	-
803 - HB 2322 Program Change Bill	-	-	-	-	-	-	-	-	-
810 - LFO Analyst Adjustments	4	4.00	6,364,543	-	-	6,364,543	-	-	-
820 - End of Session Bill (HB 5008)	-	-	(537)	-	-	(537)	-	-	-
201 - APD - Program transfer to OHA	-	-	-	-	-	-	-	-	-
401 - PC & Network Infrastructure Investments	12	10.56	2,359,143	-	-	2,359,143	-	-	-
402 - Health Systems Transformation	-	-	-	-	-	-	-	-	-

Summary of 2013-15 Biennium Budget

Oregon Health Authority
 OHA Shared Services
 2013-15 Biennium

Leg. Adopted Budget
 Cross Reference Number: 44300-010-45-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
403 - OSH Replacement Project Next Phase	2	0.42	88,552	-	-	88,552	-	-	-
404 - Strengthen Comm'ty Mental Health Svcs & ITRS	-	-	-	-	-	-	-	-	-
405 - Ofc of Equity & Inclusion - Health Equity	-	-	-	-	-	-	-	-	-
406 - Health Information Technology	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	18	14.98	312,171	-	-	312,171	-	-	-
Total 2013-15 Leg Adopted Budget	466	454.49	134,121,253	-	-	134,121,253	-	-	-
Percentage Change From 2011-13 Leg Approved Budget	29.10%	29.10%	7.70%	-	-	7.70%	-	-	-
Percentage Change From 2013-15 Current Service Level	3.60%	2.90%	-0.10%	-	-	-0.10%	-	-	-

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
State Assessments and Enterprise-wide Costs
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-010-50-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2011-13 Leg Adopted Budget	-	-	138,286,308	59,580,538	-	11,089,720	67,616,050	-	-
2011-13 Emergency Boards	-	-	4,448,768	2,951,220	-	307,733	1,189,815	-	-
2011-13 Leg Approved Budget	-	-	142,735,076	62,531,758	-	11,397,453	68,805,865	-	-
2013-15 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	75,414,091	71,022,345	-	17,335	-	-	4,374,411
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
Subtotal 2013-15 Base Budget	-	-	218,149,167	133,554,103	-	11,414,788	68,805,865	-	4,374,411
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	1,660,025	695,115	-	41,180	923,730	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	1,660,025	695,115	-	41,180	923,730	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	7,327,269	3,173,727	-	614,296	3,539,246	-	-
State Gov't & Services Charges Increase/(Decrease)	-	-	5,023,110	2,293,087	-	595,506	2,134,517	-	-
Subtotal	-	-	12,350,379	5,466,814	-	1,209,802	5,673,763	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	4,969,696	(4,969,696)	-	-

Summary of 2013-15 Biennium Budget

Oregon Health Authority
 State Assessments and Enterprise-wide Costs
 2013-15 Biennium

Leg. Adopted Budget
 Cross Reference Number: 44300-010-50-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	6,241,564	4,247,805	-	258,690	1,735,069	-	-
Subtotal: 2013-15 Current Service Level	-	-	238,401,135	143,963,837	-	17,894,156	72,168,731	-	4,374,411

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
State Assessments and Enterprise-wide Costs
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-010-50-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2013-15 Current Service Level	-	-	238,401,135	143,963,837	-	17,894,156	72,168,731	-	4,374,411
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2013-15 Current Service Level	-	-	238,401,135	143,963,837	-	17,894,156	72,168,731	-	4,374,411
080 - E-Boards									
081 - May 2012 E-Board	-	-	-	-	-	-	-	-	-
082 - September 2012 E-Board	-	-	-	-	-	-	-	-	-
083 - December 2012 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Administrative Savings	-	-	(4,273,938)	(2,090,200)	-	(481,877)	(1,701,861)	-	-
092 - PERS Taxation Policy	-	-	-	-	-	-	-	-	-
093 - Other PERS Adjustments	-	-	-	-	-	-	-	-	-
094 - December 2012 Rebalance	-	-	(26,763,399)	(8,570,075)	-	-	(18,193,324)	-	-
801 - End-Of-Session Bill Adjustments	-	-	-	-	-	-	-	-	-
802 - Supplemental Statewide Ending Balance	-	-	-	-	-	-	-	-	-
803 - HB 2322 Program Change Bill	-	-	-	-	-	-	-	-	-
810 - LFO Analyst Adjustments	-	-	1,819,621	2,441,302	-	1,958,412	(2,356,698)	-	(223,395)
820 - End of Session Bill (HB 5008)	-	-	(854,347)	(1,061,847)	-	27,694	179,806	-	-
201 - APD - Program transfer to OHA	-	-	-	-	-	-	-	-	-
401 - PC & Network Infrastructure Investments	-	-	1,333,334	666,667	-	-	666,667	-	-
402 - Health Systems Transformation	-	-	46,620	34,532	-	(17,098)	29,186	-	-

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
State Assessments and Enterprise-wide Costs
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-010-50-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
403 - OSH Replacement Project Next Phase	-	-	7,458,470	-	-	7,458,470	-	-	-
404 - Strengthen Comm'ty Mental Health Svcs & ITRS	-	-	-	-	-	-	-	-	-
405 - Ofc of Equity & Inclusion - Health Equity	-	-	-	-	-	-	-	-	-
406 - Health Information Technology	-	-	234,245	117,138	-	-	117,107	-	-
Subtotal Policy Packages	-	-	(20,999,394)	(8,462,483)	-	8,945,601	(21,259,117)	-	(223,395)
Total 2013-15 Leg Adopted Budget	-	-	217,401,741	135,501,354	-	26,839,757	50,909,614	-	4,151,016
Percentage Change From 2011-13 Leg Approved Budget	-	-	52.30%	116.70%	-	135.50%	-26.00%	-	-
Percentage Change From 2013-15 Current Service Level	-	-	-8.80%	-5.90%	-	50.00%	-29.50%	-	-5.10%

Oregon Health Authority OHA Central & Shared Services 44300-010-00-00-00000			2013-15 Revenue Report				
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget
GENERAL FUND REVENUES							
General Fund Appropriation	0050	GF	88,560,851	133,871,302	168,646,607	154,585,218	160,787,219
TOTAL REVENUES		GF	88,560,851	133,871,302	168,646,607	154,585,218	160,787,219
TOTAL GENERAL FUNDS		GF	88,560,851	133,871,302	168,646,607	154,585,218	160,787,219
OTHER FUNDS REVENUES							
Other Selective Taxes	0190	OF	4,495,652	93,870	93,870	93,870	93,870
Business License & Fees	0205	OF	188,304	-	-	-	-
Non-Business License & Fees	0210	OF	46,938	-	-	-	-
Charges for Services	0410	OF	77,477	-	-	-	-
Fines, Rents and Royalties	0505	OF	548,795	-	-	-	-
Fines, Rents and Royalties	0510	OF	7,744	-	-	-	-
General Fund Obligation Bonds	0555	OF				7,458,470	7,458,470
Certificates of Participation	0580	OF	11,220,698	8,050,170	4,606,276	4,606,276	1,324,073
Interest Income	0605	OF	52	-	-	-	-
Sales Income	0705	OF	28,348	-	-	-	-
Donations	0905	OF	226,458	-	-	-	-

Oregon Health Authority OHA Central & Shared Services 44300-010-00-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
Other Revenues	0975	OF	11,425,094	140,280,741	154,604,258	148,036,734	156,486,839	
TOTAL REVENUES		OF	28,265,560	148,424,781	159,304,404	160,195,350	165,363,252	
TRANSFER IN								
Transfer in Intrafund	1010	OF	1,300,598	-	-	-	-	
Transfer in Agency Res Equity	1030	OF	-	3,935,969	-	-	-	
Transfer in Judicial	1198	OF	11,774	-	-	-	-	
Transfer in Consumer Business Services	1440	OF	-	1,719,408	-	-	-	
Transfer in Health Relations Licensing Board	1833	OF	7,440	8,000	8,000	8,000	8,000	
Transfer in Board of Dentistry	1834	OF	9,600	28,000	40,000	40,000	40,000	
Transfer in Oregon Medical Board	1847	OF	7,815	90,000	90,988	90,988	90,988	
Transfer in Board of Nursing	1851	OF	-	340,000	345,290	345,290	345,290	
Transfer in Board of Pharmacy	1855	OF	40,165	53,000	59,630	59,630	59,630	
TOTAL TRANSFERS IN		OF	1,377,392	6,174,377	543,908	543,908	543,908	
TRANSFER OUT								
Transfer to Intrafund	2010	OF	(5,338)	-	-	-	-	
TOTAL TRANSFERS OUT		OF	(5,338)	-	-	-	-	
TOTAL OTHER FUNDS		OF	29,637,614	154,599,158	159,848,312	160,739,258	165,907,160	

Oregon Health Authority OHA Central & Shared Services 44300-010-00-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
FEDERAL FUNDS REVENUES							165,907,160	
Federal Funds Revenue	0995	FF	113,562,947	218,067,204	189,140,224	204,182,261	171,588,650	
TOTAL REVENUES		FF	113,562,947	218,067,204	189,140,224	204,182,261	171,588,650	
TOTAL FEDERAL FUNDS		FF	113,562,947	218,067,204	189,140,224	204,182,261	171,588,650	
TOTAL AVAILABLE REVENUES		TF	231,761,412	506,537,664	517,635,143	519,506,737	498,283,029	

Oregon Health Authority OHA Central Services 44300-010-40-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
GENERAL FUND REVENUES								
General Fund Appropriation	0050	GF	16,221,657	71,339,544	26,696,406	25,621,002	25,285,865	
TOTAL REVENUES		GF	16,221,657	71,339,544	26,696,406	25,621,002	25,285,865	
TOTAL GENERAL FUNDS		GF	16,221,657	71,339,544	26,696,406	25,621,002	25,285,865	
OTHER FUNDS REVENUES								
Other Selective Taxes	0190	OF	4,385,741	93,870	93,870	93,870	93,870	
Business License & Fees	0205	OF	139,145					
Non-Business License & Fees	0210	OF	46,432					
Charges for Services	0410	OF	15,071					
Certificates of Participation	0580	OF		8,050,170	1,306,738	1,306,738	1,306,738	
Interest Income	0605	OF	52					
Sales Income	0705	OF	230					
Donations	0905	OF	225,010					
Other Revenues	0975	OF	3,537,986	4,320,654	4,581,931	4,311,671	3,001,634	
TOTAL REVENUES		OF	8,349,667	12,464,694	5,982,539	5,712,279	4,402,242	
TRANSFER IN								

Oregon Health Authority OHA Central Services 44300-010-40-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
Transfer in Intrafund	1010	OF	196,467					
Transfer in Agency Res Equity	1030	OF		3,935,969				
Transfer in Judicial	1198	OF	8,700					
Transfer in Consumer Business Services	1440	OF		1,719,408				
Transfer in Health Relations Licensing Board	1833	OF	7,440	8,000	8,000	8,000	8,000	
Transfer in Board of Dentistry	1834	OF	9,600	28,000	40,000	40,000	40,000	
Transfer in Oregon Medical Board	1847	OF	7,815	90,000	90,988	90,988	90,988	
Transfer in Board of Nursing	1851	OF		340,000	345,290	345,290	345,290	
Transfer in Board of Pharmacy	1855	OF	40,165	53,000	59,630	59,630	59,630	
TOTAL TRANSFERS IN		OF	270,187	6,174,377	543,908	543,908	543,908	
TOTAL OTHER FUNDS		OF	8,619,854	18,639,071	6,526,447	6,256,187	4,946,150	
FEDERAL FUNDS REVENUES								
Federal Funds Revenue	0995	FF	25,834,288	149,261,339	103,768,340	145,742,856	116,528,020	
TOTAL REVENUES		FF	25,834,288	149,261,339	103,768,340	145,742,856	116,528,020	
TOTAL FEDERAL FUNDS		FF	25,834,288	149,261,339	103,768,340	145,742,856	116,528,020	
TOTAL AVAILABLE REVENUES		TF	50,675,799	239,239,954	136,991,193	177,620,045	146,760,035	

Oregon Health Authority OHA Shared Services 44300-010-45-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
OTHER FUNDS REVENUES Other Revenues	0975	OF		124,562,634	137,017,235	126,461,955	134,121,253	
TOTAL REVENUES		OF	-	124,562,634	137,017,235	126,461,955	134,121,253	
TOTAL OTHER FUNDS		OF	-	124,562,634	137,017,235	126,461,955	134,121,253	
TOTAL AVAILABLE REVENUES		TF	-	124,562,634	137,017,235	126,461,955	134,121,253	

Statewide Assessments & Enterprise-Wide Costs 44300-010-50-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
GENERAL FUND REVENUES								
General Fund Appropriation	0050	GF	72,339,194	62,531,758	141,950,201	128,964,216	135,501,354	
TOTAL REVENUES		GF	72,339,194	62,531,758	141,950,201	128,964,216	135,501,354	
TOTAL GENERAL FUNDS		GF	72,339,194	62,531,758	141,950,201	128,964,216	135,501,354	
OTHER FUNDS REVENUES								
Other Selective Taxes	0190	OF	109,911					
Business License & Fees	0205	OF	49,159					
Non-Business License & Fees	0210	OF	506					
Charges for Services	0410	OF	62,406					
Fines, Rents and Royalties	0505	OF	548,795					
Fines, Rents and Royalties	0510	OF	7,744					
General Fund Obligation Bonds	0555	OF				7,458,470	7,458,470	
Certificates of Participation	0580	OF	11,220,698		3,299,538	3,299,538	17,335	
Sales Income	0705	OF	28,118					
Donations	0905	OF	1,448					
Insurance Premiums	0965	OF						

Statewide Assessments & Enterprise-Wide Costs 44300-010-50-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
Other Revenues	0975	OF	7,887,108	11,397,453	13,005,092	17,263,108	19,363,952	
TOTAL REVENUES		OF	19,915,893	11,397,453	16,304,630	28,021,116	26,839,757	
TRANSFER IN								
Transfer in Intrafund	1010	OF	1,104,131					
Transfer in Judicial	1198	OF	3,074					
TOTAL TRANSFERS IN		OF	1,107,205	-	-	-		
TRANSFER OUT								
Transfer to Intrafund	2010	OF	(5,338)					
TOTAL TRANSFERS OUT		OF	(5,338)					
TOTAL OTHER FUNDS		OF	21,017,760	11,397,453	16,304,630	28,021,116	26,839,757	
FEDERAL FUNDS REVENUES							26,839,757	
Federal Funds Revenue	0995	FF	87,728,659	68,805,865	85,371,884	58,439,405	55,060,630	
TOTAL REVENUES		FF	87,728,659	68,805,865	85,371,884	58,439,405	55,060,630	
TOTAL FEDERAL FUNDS		FF	87,728,659	68,805,865	85,371,884	58,439,405	55,060,630	
TOTAL AVAILABLE REVENUES		TF	181,085,613	142,735,076	243,626,715	215,424,737	217,401,741	

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority
2013-15 Biennium

Agency Number: 44300

Cross Reference Number: 44300-010-00-00-00000

<i>Source</i>	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds						
Other Selective Taxes	4,495,652	93,870	93,870	93,870	93,870	93,870
Business Lic and Fees	188,304	-	-	-	-	-
Non-business Lic. and Fees	46,938	-	-	-	-	-
Charges for Services	77,477	-	-	-	-	-
Fines and Forfeitures	548,795	-	-	-	-	-
Rents and Royalties	7,744	-	-	-	-	-
General Fund Obligation Bonds	-	-	-	-	7,458,470	7,458,470
Cert of Participation	11,220,698	8,050,170	8,050,170	4,606,276	4,606,276	1,324,073
Interest Income	52	-	-	-	-	-
Sales Income	28,348	-	-	-	-	-
Donations	226,458	-	-	-	-	-
Other Revenues	11,425,094	136,782,206	140,280,741	154,604,258	148,036,734	156,486,839
Transfer In - Intrafund	1,300,598	-	-	-	-	-
Transfer from Agy-Res Equity	-	3,935,969	3,935,969	-	-	-
Tsfr From Judicial Dept	11,774	-	-	-	-	-
Tsfr From Consumer/Bus Svcs	-	1,719,408	1,719,408	-	-	-
Tsfr From Health Rel Lic Bds	7,440	8,000	8,000	8,000	8,000	8,000
Tsfr From Board of Dentistry	9,600	28,000	28,000	40,000	40,000	40,000
Tsfr From Oregon Medical Board	7,815	90,000	90,000	90,988	90,988	90,988
Tsfr From Nursing, Bd of	-	340,000	340,000	345,290	345,290	345,290
Tsfr From Board of Pharmacy	40,165	53,000	53,000	59,630	59,630	59,630
Transfer Out - Intrafund	(5,338)	-	-	-	-	-
Total Other Funds	\$29,637,614	\$151,100,623	\$154,599,158	\$159,848,312	\$160,739,258	\$165,907,160

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority
2013-15 Biennium

Agency Number: 44300

Cross Reference Number: 44300-010-00-00-00000

<i>Source</i>	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Federal Funds						
Federal Funds	113,562,947	133,699,096	213,692,793	183,413,066	198,455,103	167,437,634
Total Federal Funds	\$113,562,947	\$133,699,096	\$213,692,793	\$183,413,066	\$198,455,103	\$167,437,634
Nonlimited Federal Funds						
Federal Funds	-	4,374,411	4,374,411	5,727,158	5,727,158	4,151,016
Total Nonlimited Federal Funds	-	\$4,374,411	\$4,374,411	\$5,727,158	\$5,727,158	\$4,151,016

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority
2013-15 Biennium

Agency Number: 44300
Cross Reference Number: 44300-010-40-00-00000

<i>Source</i>	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds						
Other Selective Taxes	4,385,741	93,870	93,870	93,870	93,870	93,870
Business Lic and Fees	139,145	-	-	-	-	-
Non-business Lic. and Fees	46,432	-	-	-	-	-
Charges for Services	15,071	-	-	-	-	-
Cert of Participation	-	8,050,170	8,050,170	1,306,738	1,306,738	1,306,738
Interest Income	52	-	-	-	-	-
Sales Income	230	-	-	-	-	-
Donations	225,010	-	-	-	-	-
Other Revenues	3,537,986	4,351,824	4,320,654	4,581,931	4,311,671	3,001,634
Transfer In - Intrafund	196,467	-	-	-	-	-
Transfer from Agy-Res Equity	-	3,935,969	3,935,969	-	-	-
Tsfr From Judicial Dept	8,700	-	-	-	-	-
Tsfr From Consumer/Bus Svcs	-	1,719,408	1,719,408	-	-	-
Tsfr From Health Rel Lic Bds	7,440	8,000	8,000	8,000	8,000	8,000
Tsfr From Board of Dentistry	9,600	28,000	28,000	40,000	40,000	40,000
Tsfr From Oregon Medical Board	7,815	90,000	90,000	90,988	90,988	90,988
Tsfr From Nursing, Bd of	-	340,000	340,000	345,290	345,290	345,290
Tsfr From Board of Pharmacy	40,165	53,000	53,000	59,630	59,630	59,630
Total Other Funds	\$8,619,854	\$18,670,241	\$18,639,071	\$6,526,447	\$6,256,187	\$4,946,150
Federal Funds						
Federal Funds	25,834,288	66,083,046	144,886,928	103,768,340	145,742,856	116,528,020
Total Federal Funds	\$25,834,288	\$66,083,046	\$144,886,928	\$103,768,340	\$145,742,856	\$116,528,020

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority
2013-15 Biennium

Agency Number: 44300

Cross Reference Number: 44300-010-40-00-00000

<i>Source</i>	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Nonlimited Federal Funds						
Federal Funds	-	4,374,411	4,374,411	-	-	-
Total Nonlimited Federal Funds	-	\$4,374,411	\$4,374,411	-	-	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority
2013-15 Biennium

Agency Number: 44300
Cross Reference Number: 44300-010-45-00-00000

<i>Source</i>	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds						
Other Revenues	-	121,340,662	124,562,634	137,017,235	126,461,955	134,121,253
Total Other Funds	-	\$121,340,662	\$124,562,634	\$137,017,235	\$126,461,955	\$134,121,253

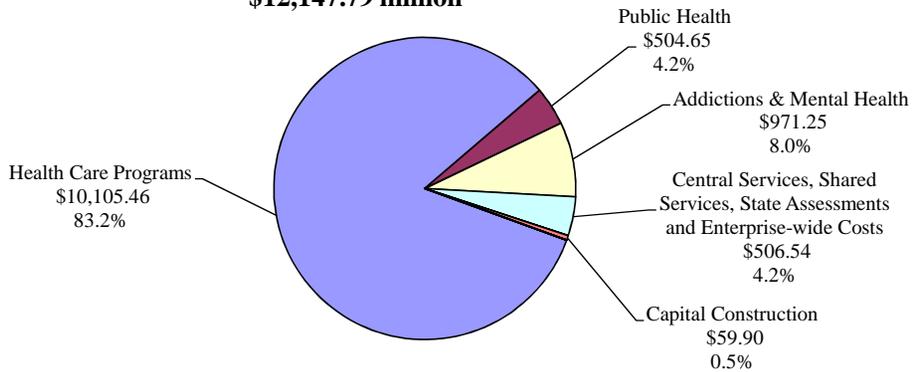
DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority
2013-15 Biennium

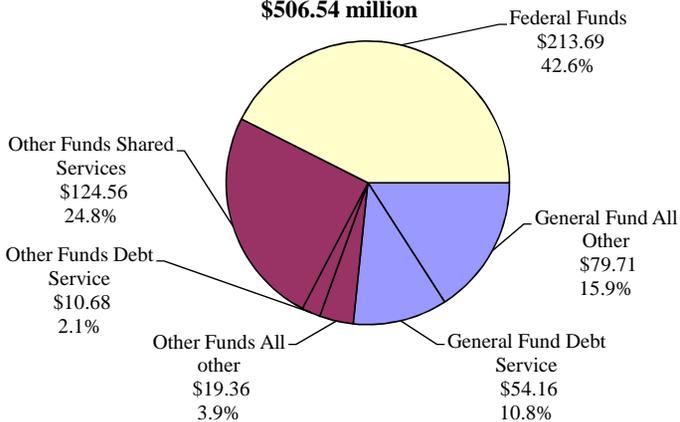
Agency Number: 44300
Cross Reference Number: 44300-010-50-00-00000

<i>Source</i>	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds						
Other Selective Taxes	109,911	-	-	-	-	-
Business Lic and Fees	49,159	-	-	-	-	-
Non-business Lic. and Fees	506	-	-	-	-	-
Charges for Services	62,406	-	-	-	-	-
Fines and Forfeitures	548,795	-	-	-	-	-
Rents and Royalties	7,744	-	-	-	-	-
General Fund Obligation Bonds	-	-	-	-	7,458,470	7,458,470
Cert of Participation	11,220,698	-	-	3,299,538	3,299,538	17,335
Sales Income	28,118	-	-	-	-	-
Donations	1,448	-	-	-	-	-
Other Revenues	7,887,108	11,089,720	11,397,453	13,005,092	17,263,108	19,363,952
Transfer In - Intrafund	1,104,131	-	-	-	-	-
Tsfr From Judicial Dept	3,074	-	-	-	-	-
Transfer Out - Intrafund	(5,338)	-	-	-	-	-
Total Other Funds	\$21,017,760	\$11,089,720	\$11,397,453	\$16,304,630	\$28,021,116	\$26,839,757
Federal Funds						
Federal Funds	87,728,659	67,616,050	68,805,865	79,644,726	52,712,247	50,909,614
Total Federal Funds	\$87,728,659	\$67,616,050	\$68,805,865	\$79,644,726	\$52,712,247	\$50,909,614
Nonlimited Federal Funds						
Federal Funds	-	-	-	5,727,158	5,727,158	4,151,016
Total Nonlimited Federal Funds	-	-	-	\$5,727,158	\$5,727,158	\$4,151,016

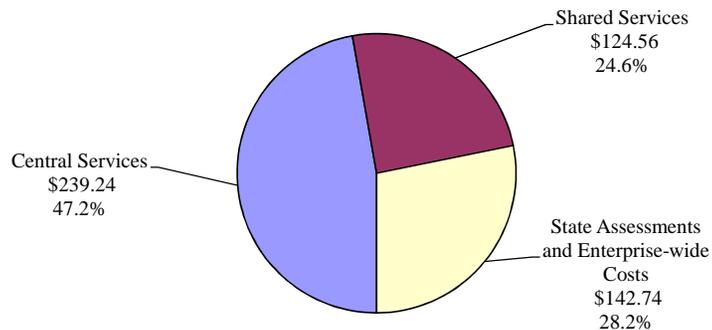
**Oregon Health Authority (OHA)
2011-13 Legislatively Approved Budget
Total Fund by Program Area
\$12,147.79 million**



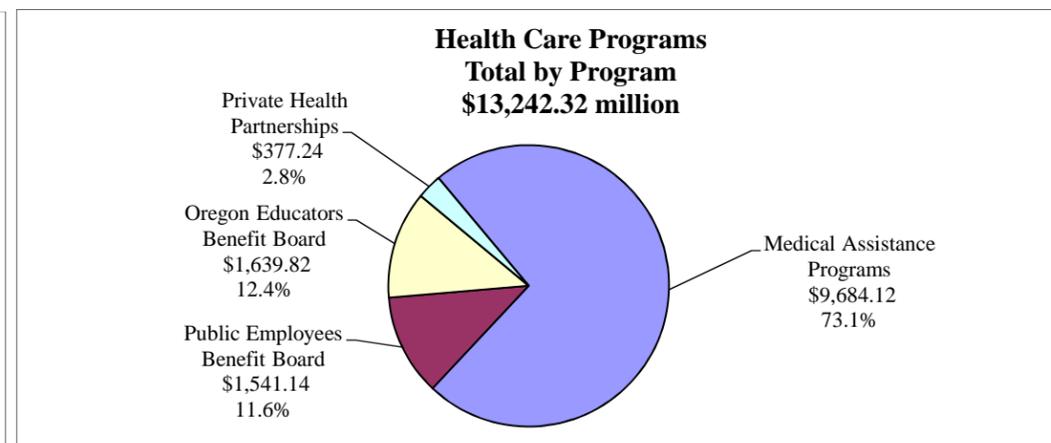
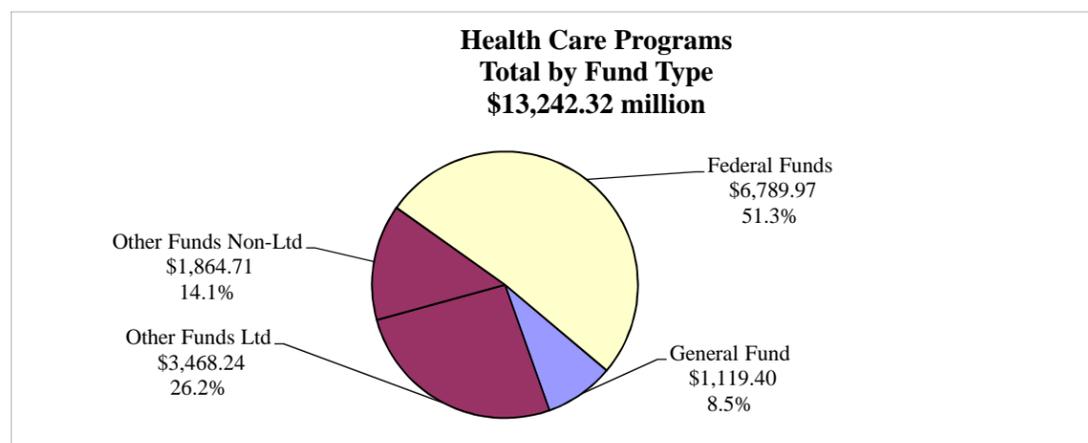
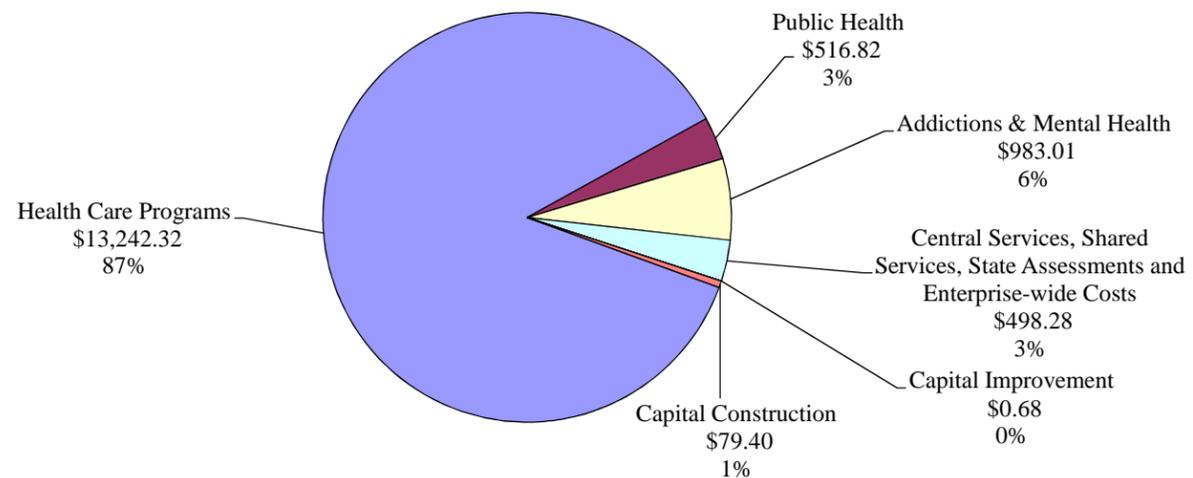
**Central Services, Shared Services, State Assessments
and Enterprise-wide Costs
Total by Fund Type
\$506.54 million**



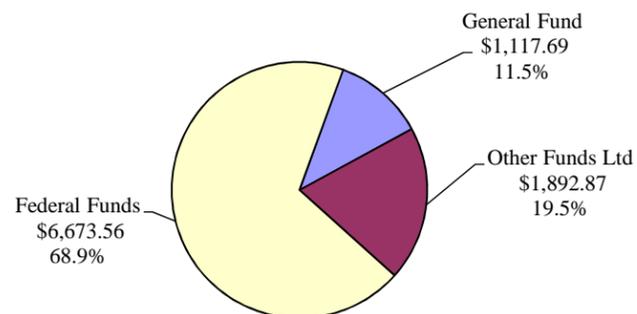
**Central Services, Shared Services, State Assessments
and Enterprise-wide Costs
Total by Program
\$506.54 million**



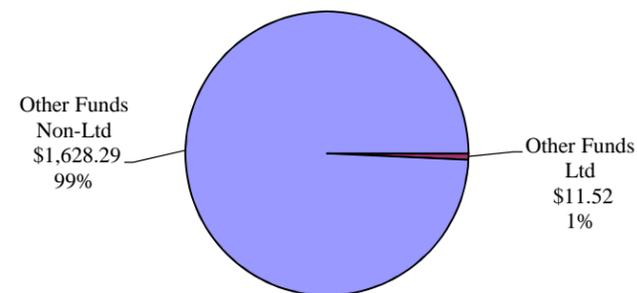
**Oregon Health Authority (OHA)
2013-15 Legislatively Adopted Budget
Total Fund by Program Area
\$15,320.52 million**



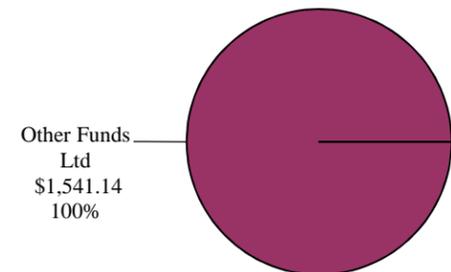
**Medical Assistance Programs
\$9,684.12 million**



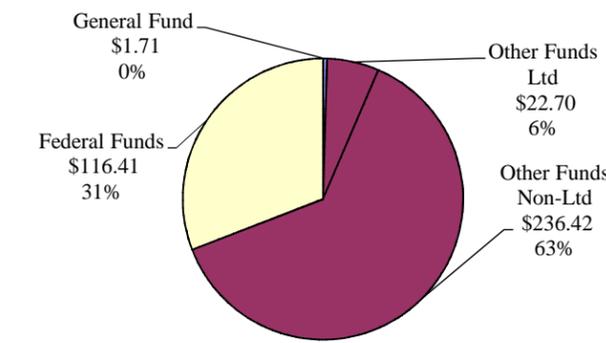
**Oregon Educators Benefit Board
\$1,639.82 million**



**Public Employees Benefit Board
Other Funds LTD
\$1,541.14 million**



**Private Health Partnerships
\$377.24 million**



Oregon Health Authority OHA Programs-Rollup 44300-020-00-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
GENERAL FUND REVENUES								
General Fund Appropriation	0050	GF	1,354,821,301	1,563,186,822	2,713,308,640	1,888,525,426	1,810,740,213	
TOTAL REVENUES		GF	1,354,821,301	1,563,186,822	2,713,308,640	1,888,525,426	1,810,740,213	
TOTAL GENERAL FUNDS		GF	1,354,821,301	1,563,186,822	2,713,308,640	1,888,525,426	1,810,740,213	
LOTTERY FUNDS REVENUES								
Beginning Balance	0025	LF				765,978	765,978	
Beginning Balance Adjustment	0030	LF				(765,978)	(765,978)	
Interest Income	0605	LF	-	502,230	7,338	7,338	-	
TOTAL REVENUES		LF	-	502,230	7,338	7,338	-	
TRANSFER IN								
Transfer In - Intrafund	1010	LF	-	26,397	-	-	-	
Transfer in Agency Res Equity	1030	LF	-	70,810	-	-	-	
Transfer in Other	1050	LF	847,169	-	45,871	45,871	-	
Transfer in Administrative Services	1107	LF	8,740,018	10,581,552	11,430,510	10,487,956	10,545,832	
TOTAL TRANSFERS IN		LF	9,587,187	10,678,759	11,476,381	10,533,827	10,545,832	
TRANSFERS OUT								
Transfer Out - Intrafund	2010	LF	-	(26,397)	-	-	-	

Oregon Health Authority OHA Programs-Rollup 44300-020-00-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
TOTAL TRANSFERS OUT		LF	-	(26,397)	-	-	-	
TOTAL LOTTERY FUNDS		LF	9,587,187	11,154,592	11,483,719	10,541,165	10,545,832	
OTHER FUNDS REVENUES				11,180,989				
Beginning Balance	0025	OF				303,854,078	305,354,078	
Beginning Balance Adjustment	0030	OF				55,449,876	55,449,876	
Other Selective Taxes	0190	OF	347,126,456	874,974,111	85,606,781	842,168,005	846,079,320	
Business License & Fees	0205	OF	7,813,454	11,213,135	7,379,041	7,379,041	7,379,041	
Non-Business License & Fees	0210	OF	3,858,432	9,541,247	16,139,349	16,139,349	16,139,349	
Charges for Services	0410	OF	20,845,953	24,819,498	31,129,265	29,868,474	29,303,045	
Administrative Service Charges	0415	OF	27,456,883	2,836,220,659	3,272,316,646	3,358,597,870	3,152,120,101	
Care of State Ward	0420	OF	15,502,529	3,311,019	3,366,543	2,618,417	2,369,042	
Fines, Rents and Royalties	0505	OF	30,145	-	-	-	-	
Interest Income	0605	OF	1,637,504	7,321,320	8,116,332	8,116,332	8,116,332	
Sales Income	0705	OF	5,346,986	8,825,024	7,924,951	7,922,898	7,922,213	
Donations	0905	OF	1,975,897	1,544,728	283,030	283,030	283,030	
Grants (Non-FED)	0910	OF	-	1,102,161	1,188,283	1,188,283	1,188,283	

Oregon Health Authority OHA Programs-Rollup 44300-020-00-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
Loan Repayment	0925	OF	85,715	-	-	-	-	
Insurance Premiums	0965	OF	-	223,896,897	225,550,564	116,712,922	116,712,922	
Other Revenues	0975	OF	867,127,323	508,758,061	532,415,460	793,462,245	806,607,397	
TOTAL REVENUES		OF	1,298,807,277	4,511,527,860	4,191,416,245	5,543,760,820	5,355,024,029	
TRANSFER IN								
Transfer in Intrafund	1010	OF	20,284,751	1,585,269	-	-	-	
Transfer in Agency Res Equity	1030	OF	-	368,491,847	-	-	-	
Transfer in Other	1050	OF	2,566,980,631	32,317,753	30,000,000	120,600,000	116,100,000	
Transfer in Administrative Services	1107	OF	6,500,000	-	-	-	-	
Transfer from Office of the Governor	1121	OF	-	1,191,316	1,191,316	1,191,316	-	
Transfer in Revenue Department	1150	OF	349,565,183	356,325,952	337,663,052	334,429,541	336,734,482	
Transfer in Judicial	1198	OF	1,225,055	1,190,105	-	-	-	
Transfer in Military Department	1248	OF	800,734	-	-	-	-	
Transfer in State Police	1257	OF	36,868	34,144	-	-	-	
Transfer in Department of Energy	1330	OF	23,353	48,754	49,924	49,924	49,924	
Transfer in Oregon Youth Authority	1415	OF	225,090	220,000	225,280	225,280	225,280	
Transfer in Commission & Families	1423	OF	1,350,083	742,619	-	-	-	

Oregon Health Authority OHA Programs-Rollup 44300-020-00-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
Transfer in Consumer Business Services	1440	OF	79,954,445	111,385,990	29,004,800	29,004,800	29,004,800	
Transfer in Employment Department	1471	OF	300,000	-	-	-	-	
Transfer in Education	1581	OF	77,440	53,688	-	-	1,191,316	
Transfer in Agriculture	1603	OF	118,174	101,351	103,783	103,783	103,783	
Transfer in Department of Transportation	1730	OF	157,134	-	-	-	-	
Transfer in Health Relations Licensing Board	1833	OF	33,998	36,450	36,450	36,450	36,450	
Transfer in Board of Dentistry	1834	OF	276,685	406,292	405,716	405,716	405,716	
Transfer in Liquor Control Commission	1845	OF	-	18,683,000	17,823,000	17,823,000	17,823,000	
Transfer in Oregon Medical Board	1847	OF	1,012,207	1,315,000	1,549,076	1,549,076	1,462,061	
Transfer in Board of Nursing	1851	OF	-	2,350,848	2,103,532	2,103,532	1,750,338	
Transfer in Board of Pharmacy	1855	OF	305,362	451,390	437,044	437,044	437,044	
Transfer in Housing and Commercial Services	1914	OF	114,498	-	-	-	-	
TOTAL TRANSFERS IN		OF	3,029,341,691	896,931,768	420,592,973	507,959,462	505,324,194	
TRANSFER OUT								
Transfer to Intrafund	2010	OF	(21,580,011)	(1,585,269)	-	-	-	
Transfer to Other	2050	OF	(48,247,869)	(248,812)	-	-	-	

Oregon Health Authority OHA Programs-Rollup 44300-020-00-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
Transfer to General Fund	2060	OF	-	(1,500,000)	-	-	-	
Transfer to Counties	2080	OF	(6,502,582)	(7,473,200)	(7,129,200)	(7,129,200)	(7,129,200)	
Transfer to Dept of Human Services	2100	OF	-	(4,600,000)	(4,600,000)	(687,500)	(687,500)	
Transfer to Consumer/Business	2440	OF	(88,697)	-	-	-	-	
Tsfr To Education, Dept of	2581	OF				1,065,943	-	
Transfer to Oregon Health and Science University	2590	OF	(5,500)	-	-	-	-	
Transfer to Health Relations Licensing Board	2833	OF	-	(862,876)	(910,000)	(910,000)	(987,107)	
TOTAL TRANSFERS OUT		OF	(76,424,659)	(16,270,157)	(12,639,200)	(7,660,757)	(8,803,807)	
TOTAL OTHER FUNDS		OF	4,251,724,309	5,392,189,471	4,599,370,018	6,044,059,525	5,851,544,416	
FEDERAL FUNDS REVENUES								
Beginning Balance	0025	FF				184,602	184,602	
Federal Funds Revenue	0995	FF	4,421,163,177	4,964,602,990	6,799,423,762	8,064,221,917	7,439,221,687	
TOTAL REVENUES		FF	4,421,163,177	4,964,602,990	6,799,423,762	8,064,406,519	7,439,221,687	
TRANSFERS IN								
Transfer in Housing	1914	FF	824,649	-	-	-	-	
TOTAL TRANSFERS IN		FF	824,649	-	-	-	-	

Oregon Health Authority OHA Programs-Rollup 44300-020-00-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
TRANSFERS OUT								
Transfer to OR Business Development	2123	FF	(60,201,235)	(40,000,000)	(13,500,000)	(13,500,000)	(17,430,791)	
Transfer to Environmental Quality	2340	FF	(1,184,109)	(1,407,012)	(1,466,755)	(1,466,755)	(1,566,805)	
Transfer to Oregon Health and Science University	2590	FF	(3,732,042)	(3,751,151)	(3,751,151)	-	-	
TOTAL TRANSFERS OUT		FF	(65,117,386)	(45,158,163)	(18,717,906)	(14,966,755)	(18,997,596)	
TOTAL FEDERAL FUNDS		FF	4,356,870,440	4,919,444,827	6,780,705,856	8,049,439,764	7,420,224,091	
TOTAL AVAILABLE REVENUES		TF	9,973,003,237	11,885,975,712	14,104,868,233	15,992,565,880	15,093,054,552	

OHA – Medical Assistance Programs (MAP)

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 Legislatively Adopted
General Fund	710,837,311	863,233,895	1,695,593,933	1,117,691,566
Other Funds	985,711,211	1,918,908,877	683,803,307	1,892,868,931
Federal Funds	3,786,426,126	4,119,514,307	5,897,825,591	6,673,563,689
Total Funds	\$5,482,974,648	\$6,901,657,079	\$8,277,222,831	\$9,684,124,186
Positions	252	449	499	498
FTE	231.38	428.96	490.73	489.85

Program Description

Medical Assistance Programs (MAP) includes the Oregon Health Plan (OHP), Non-Oregon Health Plan (Non-OHP), and other health-related programs. Payments for services delivered to clients, primarily medical assistance clients, represent 97% of the MAP budget.

This budget is in a transition period. Health system transformation legislation was passed in the 2011 legislative session (HB 3650), creating a new health care delivery system for the Oregon Health Plan called Coordinated Care Organizations. In addition, starting January 1, 2014 the Affordable Care Act (ACA) will expand health coverage under Medicaid to all persons under 138% of the federal poverty level. This expansion will be entirely federally funded through 2016. This program description will describe the system both as it stands in 2013, as well as how it will change with the expansion.

The *Oregon Health Plan* includes both of the state's Medicaid waiver programs – OHP Plus and OHP Standard – under Title XIX of the Social Security Act, as well as the Children's Health Insurance Program (Title XXI of the Social Security Act), which is a federal program designed to improve the health of children by increasing their access to health care services. The 2013-15 legislatively adopted budget for the Oregon Health Plan (OHP) is \$8,862 million total funds (\$773 million General Fund). OHP is providing medical care to about 660,000 low income Oregonians in 2013. Services include physician, pharmaceutical, hospital, vision, dental, and other acute care services. OHP is expected to add roughly 200,000 clients by the end of the 2013-15 biennium as a result of the ACA expansion.

The OHP is governed by a state plan and waivers to various Medicaid regulations. In addition, Oregon statutes also dictate what the state's Medicaid plan will include. The plan, proposed amendments to the plan, and waivers to Medicaid regulations all require review and approval by the Centers for Medicare and Medicaid Services (CMS), the federal agency that administers Medicaid. This means that policy changes to the plan and waivers, particularly those that would have a significant program or budgetary impact, must pass muster with CMS.

Oregon's Children's Health Insurance Program (CHIP) was implemented in July 1998. Oregon's policy makers took advantage of the more favorable federal CHIP match rate (currently about 74% for CHIP versus 63% for Medicaid) to expand OHP services to more children than would have been covered if the funds were coming from Medicaid alone. To qualify for CHIP, children must be uninsured and ineligible to receive OHP Plus benefits under a Medicaid eligibility category. In addition, the children must be living in households with incomes between 100% (or, in some instances, 133%) and, as of August 23, 2013, 300% of the Federal Poverty Level (FPL) from the previous limit of 200% FPL. Those eligible for CHIP receive the OHP Plus benefit package. As a part of the ACA expansion, children currently served by the Healthy Kids Connect program, up to 300% FPL, will be moved to the Oregon Health Plan.

HB 2116 (2009) implemented two program expansions: the Health Care for All Oregon Children initiative (Healthy Kids), and doubled the size of the OHP Standard program. These expansions were funded with a newly established health care premium assessment of 1% and a re-structured Medicaid hospital provider assessment, respectively. The hospital assessment continues in the 2013-15 biennium, but will be used more generally to support the Oregon Health Plan after January 1, 2014, since the OHP Standard population will be entirely federally funded for the rest of the biennium. The health care premium assessment sunsets September 30, 2013, and those costs will be shifted to General Fund.

The Medicaid state plan and OHP waivers detail eligibility for the program, what services or benefits are offered, and how, in general terms, providers will be reimbursed. These three elements – eligibility, benefits, and reimbursement – are the main levers that have been used to control the OHP budget.

Eligibility for OHP

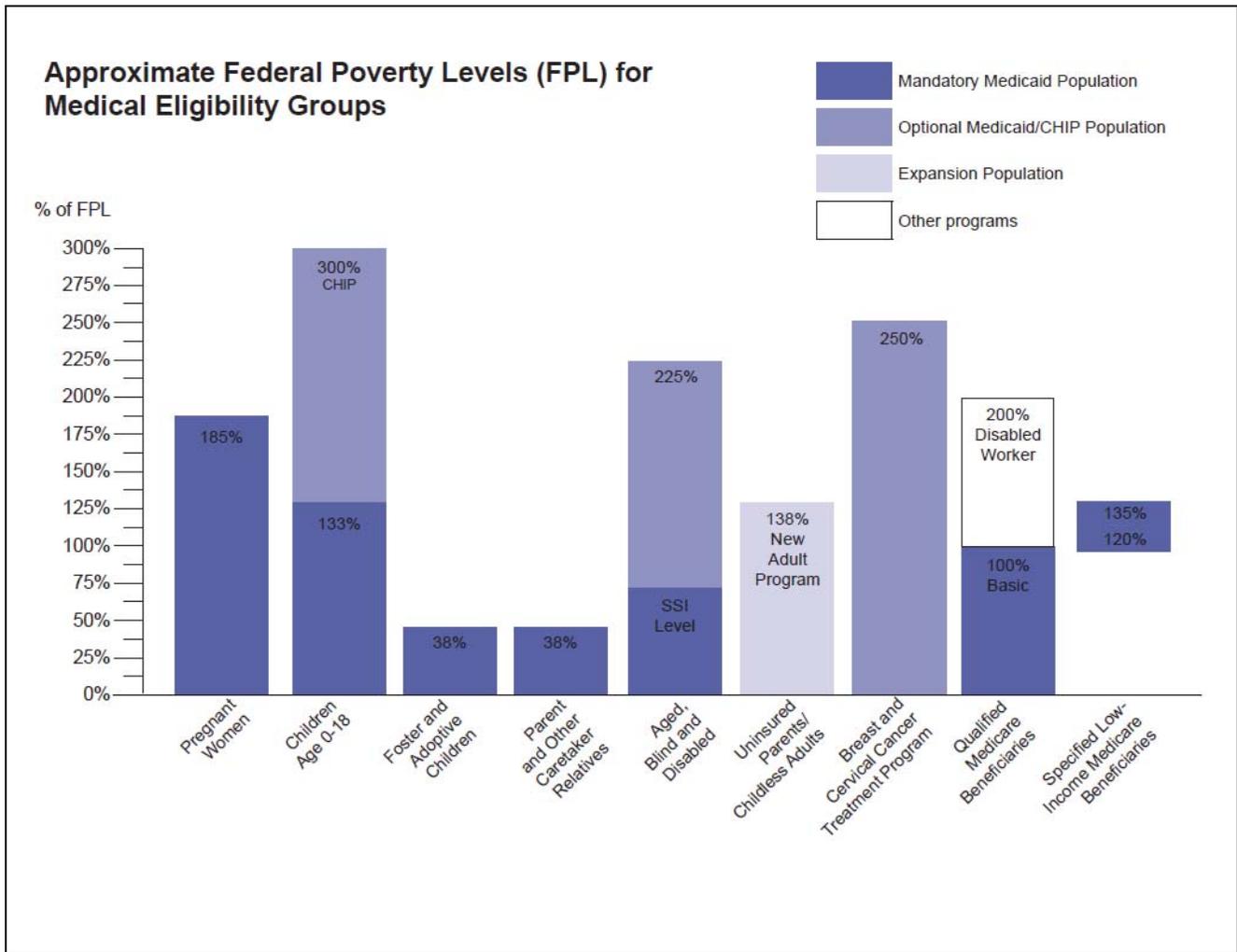
The following is a list of those who are currently eligible for the Oregon Health Plan. Below this list is a chart showing the income levels associated with various Federal Poverty Levels for 2013. Medicaid is considered an entitlement, under federal law. That is, anyone who meets the eligibility criteria established in a Medicaid state plan must be provided services, without regard to the state’s financial ability to pay for those services. In the past if a state wanted to reduce eligibility, it had to receive approval from CMS to do so. The new federal health care reform law requires states, as a minimum, to maintain eligibility levels that were in place as of March 23, 2010.

- 1) Persons receiving, or meeting the eligibility requirements to receive, cash assistance under the Temporary Assistance to Needy Families (TANF) program.
- 2) Families transitioning from TANF into employment, who are eligible for 12 months after cash assistance ends.
- 3) Children in foster care or for whom adoption assistance payments are made.
- 4) Persons in the Poverty Level Medical (PLM) program, which includes children from birth to age 5 in households with incomes up to 133% of FPL, children 6 to 18 in households with incomes up to 100% of FPL, and pregnant women and their newborns in households with incomes up to 185% of FPL. Persons who are age 65 or over who are eligible for Supplemental Security income (SSI). The SSI grant is currently \$710/month for a household of one, which represents about 74% of FPL. In addition, seniors (and persons with disabilities) who are eligible for Medicaid long-term care are also eligible for the health plan. The income standard for Medicaid long-term care is 300% of the SSI grant, or about 225% of FPL. To qualify for long-term care, however, a person must also have impairments that limit their activities of daily living.
- 5) Blind and disabled persons, who are eligible for SSI or, like seniors, are eligible for Medicaid long-term care.
- 6) Blind and disabled persons who are presumed eligible for SSI.
- 7) Adults with incomes under 100% of FPL who are not eligible for Medicare may be eligible for the OHP Standard program. Due to cuts in the state’s General Fund, OHP Standard closed to new enrollment in 2004. Since that time the program has relied primarily on provider assessments as its state revenue source, allowing a biennial average enrollment of about 24,000 clients until 2009. The Medicaid hospital provider assessment was restructured during the 2009 legislative session and approved as part of HB 2116, providing funding for another 35,000 adults to enroll in OHP Standard.

2013 Federal Poverty Levels by Monthly Income and Household Size

Number in household	1	2	3	4	5	6	7	8	+1
100% FPL	\$958	\$1,293	\$1,628	\$1,963	\$2,298	\$2,633	\$2,968	\$3,303	\$335
133% FPL	\$1,274	\$1,720	\$2,165	\$2,611	\$3,056	\$3,502	\$3,947	\$4,393	\$446
185% FPL	\$1,772	\$2,392	\$3,011	\$3,631	\$4,251	\$4,871	\$5,490	\$6,110	\$620
201% FPL	\$1,925	\$2,598	\$3,272	\$3,945	\$4,618	\$5,292	\$5,965	\$6,639	\$674
301% FPL	\$2,883	\$3,891	\$4,900	\$5,908	\$6,916	\$7,924	\$8,933	\$9,941	\$1,009

Certain changes in these eligibility categories will become effective with the expansion starting in 2014. The OHP Standard program will no longer exist with its distinct benefits and limited enrollment based on a reservation list. Instead, all non-pregnant adults with incomes less than 138% of FPL will be eligible for OHP. In addition, all children up to 300% of FPL will be eligible for OHP. The TANF category will no longer include children, and Healthy Kids Connect will phase out by January 1, 2014. Below is a chart showing the eligibility populations after the ACA expansion.



OHP Benefits

All those eligible for OHP, except for those eligible for OHP Standard, currently receive a benefit package known as “OHP Plus.” Today, OHP Plus includes hospital, physician, prescription drug, therapies (i.e., physical, occupational, and speech therapies), durable medical equipment, dental, limited vision services, non-institutional mental health and drug and alcohol services, and transportation to medical providers. Clients receiving OHP Plus are not required to pay premiums, but are charged nominal copayments for some services.

Currently, the OHP Standard benefit package is somewhat less comprehensive, and excludes non-emergency transportation, therapies, vision, and a portion of the dental services. The OHP Standard hospital benefit was increased effective January 1, 2012 to be the same as OHP Plus. In addition, Standard requires premium payments for eligible persons with household incomes between 10% and 100% of the federal poverty level. If the premium is not paid, the client will lose coverage. After the ACA expansions takes effect on January 1, 2014, OHP Standard as a separate entity will end, and this population will receive the same benefit package as OHP Plus.

Underlying all the benefits for both OHP Plus and Standard is the OHP “prioritized list of services.” Services are available based on a prioritized list of health conditions and specific treatments. Theoretically, the amount of funding available determines the services that are covered. The Health Evidence Review Commission, administered by OHA, determines the content and establishes the priority of listed services. In practice, however, excluding treatments from the bottom of the list has been difficult to do. CMS has been reluctant to limit treatment by excluding treatments based on the prioritized list. In fact, as of July 2012, the OHP waiver agreement states that Oregon may not reduce benefits.

OHP Provider Reimbursement

OHP Medicaid payments are made to coordinated care organizations (CCOs) and, on a fee-for-service basis, to doctors, hospitals, pharmacies, dentists, and other contractors to provide medical services. As of July 2013, about 90% of those eligible are served through CCOs, which receive a global budget from OHA and who assume the risk of providing necessary medical services for their members. The remaining 10% are served on a fee-for-service basis.

The *Non-Oregon Health Plan* budget includes several types of expenditures: General Fund payments to the federal government required under the Medicare Modernization Act for Medicare Part D coverage for clients eligible for both Medicare and Medicaid, known as the “clawback” payment (\$152 million total funds), and expenditures for the Citizen Alien Waived Emergency Medical (CAWEM) program (\$48 million total funds). This budget also includes assistance for low-income Qualified Medicare Beneficiaries for certain forms of Medicare cost sharing, such as Medicare deductibles, coinsurance, and copayments (\$31 million total funds). In addition, the 2013-15 budget transfers several health-related elements of long term care from the Department of Human Services to OHA, for a total of \$126 million General Fund and \$344 million total funds. This is primarily to pay the Medicare Part A and B premiums for low-income seniors who are also eligible for Medicaid. Also included is payment of coinsurance for Medicare extended care in a skilled nursing facility. The entire Non-OHP legislatively adopted budget for 2013-15 is \$575 million total funds (\$278 million General Fund).

Also included in the MAP budget, in *Other Programs*, are the Pharmacy Programs. The Oregon Prescription Drug Program (OPDP) provides all Oregonians access to reduced-price drugs. The program also provides consolidated purchasing power for the Oregon Educators Benefit Board by jointly purchasing prescription drugs with the state of Washington through the NW Drug Consortium. Pharmacy Programs also provide health insurance to persons who are HIV positive through CAREAssist, Oregon’s version of the Ryan White AIDS Drug Assistance Program.

Finally, the budget includes funding for state policy and administrative staff for Medical Assistance Programs. This section increased significantly in 2011-13 when the OHP-only eligibility unit (i.e., OHP Central Processing Center) was transferred from the Department of Human Services to OHA. The transfer consisted of 196 positions in 2011-13.

Revenue Sources and Relationships

Federal Funds revenue sources are mainly two: Medicaid, which accounts for more than 95% of MAP’s Federal Funds, and CHIP revenue. Medicaid requires a state match and the match rate is recalculated each year by the federal government. The composite match rate used in the 2013-15 budget for Medicaid is approximately 37% state funds and 63% Medicaid funds for most services. (Medicaid staffing expenditures, such as those in program support and administration are generally funded with half state funds and half Federal Funds.) CHIP funds also require state matching funds. The match rate for CHIP is about 26% state funds to 74% Federal Funds. Medicaid Federal Funds are, in theory, available as long as a state has matching funds. CHIP Federal Funds are allotments, and each state’s allotment is limited by a calculation in federal law.

Federal Funds in MAP’s 2013-15 budget increase about \$1.2 billion because of the expansion of health care coverage under Medicaid to all persons under 138% of the federal poverty level. Services for most of these new clients will be paid with 100% Federal Funds for the first three years. By 2020, the match will phase down to 10% state funds and 90% federal funds.

The 2013-15 budget for OHA includes \$910 million in resources as a result of the federal Designated State Health Programs (DSHP). This is part of the approved Medicaid waiver with Oregon’s federal partners, who have agreed to invest \$1.9 billion in Oregon over five years if the state reduces the inflation of Medicaid per member health care costs by two percentage points within the 2013-15 biennium. The waiver allows Oregon to match funds that support services and programs to meet health needs that the traditional Medicaid program did not allow. These additional federal resources then free up state funds that can be reinvested in OHP. The MAP budget includes \$338 million Other Funds and \$572 million Federal Funds related to DHSP.

Most of the state’s 37% match comes from the General Fund, as well as a variety of Other Funds. Other Funds revenue includes a significant amount of tobacco tax (approximately \$315 million), a hospital Medicaid provider assessment, and a small amount of remaining insurer premium tax, pharmaceutical manufacturer drug rebates,

client contributions, third party recoveries, numerous licensing and other fees, and other governmental or quasi-governmental entity (such as the Oregon Department of Education and Oregon Health and Science University) funds eligible for federal match.

The 2013-15 budget includes the continuation of the current hospital assessment, which was scheduled to sunset in September of 2013 but now continues through September 2015. An additional 1% assessment is also included, to establish the Hospital Transformation and Performance Program. The total assessment for the biennium is expected to raise \$870 million Other Fund revenues and result in additional federal matching revenues of over \$1.5 billion. The insurer premium tax, used primarily to fund the Healthy Kids program, sunsets September 30, 2013.

The adopted budget uses \$116.1 million of the Tobacco Master Settlement Agreement (TMSA) in lieu of General Fund, for the Oregon Health Plan. This is an increase of \$86.1 million from the 2011-13 budget.

Budget Environment

In March 2010, Congress passed federal health care reform legislation, the Affordable Health Care Act (ACA), which is intended to reduce health care spending over the next decade. It will expand health care coverage to an estimated 500,000 additional Oregonians by 2014 through a combination of subsidized private insurance and expanded Medicaid coverage. Federal subsidies to states will cover 100% of the additional cost of those who are newly eligible through 2016. It also allocates money to improve quality and halts certain insurance practices. In addition, the law creates exchanges or marketplaces for health insurance in 2014. The Oregon Health Insurance Exchange, now called CoverOregon, was established in SB 99, passed during the 2011 legislative session.

HB 2009, from the 2009 legislative session, began Oregon's version of health care reform. It created the Oregon Health Authority and the Oregon Health Policy Board. The Board is charged with coordinating the state's existing patchwork system of purchasing and regulating health care, community services, and workforce training. The Board has been involved in making recommendations on the health care workforce, medical liability, population health, integrated primary care, health purchasing, administrative simplification, and technology, and is currently working on coordinated care model alignment, looking for ways to utilize a model with coordinated care attributes in programs other than Medicaid, such as PEBB.

Oregon, like all other states, had taken an incremental approach to controlling cost growth in Medicaid programs in past years. Historically, three main levers have been used to control the OHP budget: limit client eligibility, reduce client benefits, and cut provider reimbursement. All three of these tools are problematic. The new federal health care reform law requires states to maintain eligibility levels that were in place as of March 23, 2010. Therefore, this tool is no longer available to the state. Also, reducing clients does not address recognized structural flaws in the current health care system. Reducing client benefits is no longer allowed under the OHP waiver agreement with the federal government, as of July 2012. Finally, cutting provider reimbursement will eventually limit access to medical services to low-income Oregonians.

The other option for reducing costs in the system is to structurally change the health care delivery system in Oregon, consistent with the goals of the federal health care reform and HB 2009. That is what Oregon is attempting to do, starting with the passage of HB 3650 in the 2011 legislative session which launched health system transformation efforts and created Coordinated Care Organizations (CCOs). Transformation is focused on changing the health system to achieve better health, better care, and lower costs. Key components include integrated and coordinated benefits and services; one global budget that grows at a fixed rate; use of metrics to assure standards for safe and effective care; local accountability for health, outcomes, and cost; and local flexibility.

The first CCO began enrolling Medicaid clients August 1, 2012, and there are now 16 CCOs certified in Oregon, covering all geographic areas of Oregon and serving about 90% of the Medicaid population as of July 2013 (see chart below). CCOs are focused on a number of key components:

- Integration of physical health, behavioral health, and oral health.
- Focus on primary care and prevention.
- Focus on patient-centered care, such as chronic disease management and patient-centered primary care homes.
- Accountable for health outcomes.

- Community based health workers and non-traditional health workers.
- Implementing alternative payment methodologies that align payment with health outcomes.

Oregon Coordinated Care Organizations		
CCO Name	Service Area (Counties)	Clients Enrolled *
AllCare Health Plan	Curry, Josephine, Jackson, part of Douglas	29,352
Cascade Health Alliance	Parts of Klamath	**
Columbia Pacific CCO	Clatsop, Columbia, Tillamook, parts of Coos and Douglas	17,513
Eastern Oregon CCO	Baker, Gilliam, Grant, Harney, Lake, Malheur, Morrow, Sherman, Umatilla, Union, Wallowa, Wheeler	30,239
FamilyCare, Inc.	Clackamas, Multnomah, Washington, part of Marion	54,533
Health Share of Oregon	Clackamas, Multnomah, Washington	160,784
Intercommunity Health Network CCO	Benton, Lincoln, Linn	36,236
Jackson Care Connect	Jackson	21,774
Pacific Source Community Solutions CCO - Central Oregon Region	Deschutes, Crook, Jefferson, part of Klamath	37,767
Pacific Source Community Solutions CCO - Columbia Gorge Region	Hood River, Wasco	
PrimaryHealth of Josephine County, LLC	Josephine, parts of Douglas and Jackson	6,656
Trillium Community Health Plan	Lane	55,431
Umpqua Health Alliance	Most of Douglas	16,458
Western Oregon Advanced Health, LLC	Coos, Curry	12,664
Willamette Valley Community Health, LLC	Marion, most of Polk	65,255
Yamhill County Care Organization	Yamhill, parts of Marion, Clackamas, Polk	16,641
* As of July 2013	Total:	561,303
** Enrollment begins September 2013		

The state is still in the process of integrating services into CCO contracts and rates. The integration of behavioral and physical health was a key piece, and was incorporated in the original CCO contracts beginning in the fall of 2012. A number of other components are being transitioned into CCOs over time. Mental health supported employment and assertive community treatment services were integrated into CCOs effective January 2013. Alcohol and Drug residential services moved over effective July 1, 2013. Non-emergency medical transportation is required to be integrated by January 1, 2014, but some CCOs are already incorporating those services. Dental services currently provided by Dental Care Organizations are required to be integrated by June 2014, but three CCOs have already integrated that. Mental health residential services are scheduled for integration effective January 1, 2014.

A key component of the health system transformation is to select and track a number of metrics in order to measure progress toward better health, better care, and lower costs. OHA's Metrics and Scoring Committee developed 17 outcome and quality measures. Each year, OHA will award CCOs funds from a quality incentive pool based on their performance on these 17 measures during the previous calendar year. OHA will also report to CMS on 16 additional state performance measures. The first quarterly progress report was published in May 2013, and primarily reports data on Oregon's starting point, the baseline data for 2011.

The changes resulting from the federal health care reform, as well as Oregon's health system transformation, have been discussed above. However, regardless of the systems that are created to deliver health care services, many factors affect the cost of health care, including population growth and aging; policies of other OHA and

DHS divisions and state agencies; federal welfare and Medicaid laws; changing medical technologies and their costs; medical inflation; and the status of the economy.

Caseload Changes – The OHP budget is based on caseload forecasts and cost estimates that are projected for the coming two years. Because of the size of the OHP budget, even the slightest variance from the original forecast can result in a significant budget shortfall – or windfall. The caseload forecasts for the OHP used to generate the 2013-15 legislatively adopted budget were developed in the spring of 2013. These forecasts used actual data through September 2012 – two years and nine months prior to the end of the 2013-15 biennium. Clearly, this forecast is inherently risky – and made even more so by the tremendous changes that will be happening with the expansion of Medicaid in 2014. Unlike commercial insurers, the OHP does not have established reserves that can be used if caseload forecasts or costs per case are understated and more funding is required – except for the state’s General Fund.

Caseloads are greatly influenced by economic conditions. As a general rule, when the economy is not doing well, more people are without medical coverage and seek Medicaid services. While the economy is improving, there is usually a long lag between the end of a recession until caseloads drop significantly. Hence, caseloads are expected to remain relatively high throughout the 2013-15 budget period. In addition, caseloads in the traditional eligibility groups may increase as a result of media attention relating to the ACA expansion and CoverOregon.

Medical Inflation and Utilization Trends – Under federal Medicaid law and state statutes, OHA is responsible for paying rates that are sufficient to assure access to health care services for Medicaid recipients. In other words, Medicaid must adequately reimburse providers of medical care to compete with other health care purchasers in the market place so Medicaid clients may receive services. Because costs for medical services have risen dramatically over the last decade or so, states purchasing Medicaid services have had to spend greater proportions of their budgets on medical services. Causes for these cost increases are complex and include greater use of medical services by an aging population, the use of new high-cost medical technology such as pharmaceuticals or diagnostic tools, medical labor shortages, and a growing uninsured population. When uninsured persons use medical care, but cannot pay for it, providers may be forced to increase their charges to clients who can pay, thereby driving up commercial and public health care costs. Further, some analysts believe that unique billing systems and extensive paperwork requirements may be responsible for as much as 25-30% of all health care costs. Solutions to health care cost problems have been proposed, but have not been easy to implement in either the private health care market or in public programs such as Medicaid or Medicare. As part of the Oregon’s federal Medicaid waiver, the state has committed to reducing the cost curve for health care, on a per member basis, by 2 percentage points. Consistent with this, the budget for OHP is based on an inflationary increase of 4.4% the first year of the biennium and 3.4% the second year.

Federal Policy and Funding Changes – Medicaid is a state-federal partnership of unequal partners. The federal share of administrative costs ranges from a low match rate of 50% for most administrative functions to 90% for certain programs. Most program costs are currently matched at a rate of approximately 37% state to 63% federal funds. The federal government sets the rules and guidelines for the program and must approve any waivers and changes to waivers that are authorized for the state. However, changing congressional priorities and federal revenue levels can greatly impact funding for Medical Assistance Programs.

The Affordable Care Act has dramatically changed this scenario beginning in 2014, when all “newly eligible” adults under 138% FPL will be eligible for Medicaid. The federal government will pay 100% of the cost of these services for three years, through calendar year 2016. The current Standard population is considered “newly eligible” and so state funding will not be necessary for those clients during the 2013-15 biennium. An estimated 200,000 additional clients are expected to enroll in Medicaid by the end of the biennium. The state share of these costs will transition to 10% state/90% federal in 2020. (Federal funding shares are 95% for 2017, 94% for 2018, 93% for 2019, and 90% for 2020.)

Even as the ACA rolls out, there continues to be concern that the federal government will not live up to these matching revenue expectations. In addition, there are on-going concerns that CMS may eventually phase out the provider tax option that has allowed Oregon to match billions of federal dollars.

Legislatively Adopted Budget

The 2013-15 legislatively adopted budget for Medical Assistance Programs is \$9.7 billion total funds. This is \$2.8 billion, or 40%, higher than the 2011-13 legislatively approved budget. This increase is primarily the result of the expansion under the Affordable Care Act to expand health coverage under Medicaid to all persons under 138% of the federal poverty level. This expansion will be entirely federally funded through 2016. Other contributors include the additional 1% hospital assessment, Designated State Health Programs (DSHP) resources, inflation and caseload cost increases, and program transfers. These program transfers include \$183.3 million total funds (\$68.1 million General Fund) consisting of Medicaid services moving to this budget from Addictions and Mental Health, and \$344.4 million total funds (\$125.8 million General Fund) consisting of health-related elements of long term care moving to this budget from the Department of Human Services.

General Fund of \$1.1 billion in the adopted budget is \$254 million, or 29%, higher than the 2011-13 approved budget. This increase is primarily a result of the program transfers described above.

Health care costs in the Oregon Health Plan are capped at an increase of 4.4% in the first year of the biennium, and 3.4% in the second year, consistent with Oregon's current federal waiver. Those increases are fully funded in this budget. The budget includes the continuation of the current hospital assessment which is now scheduled to sunset in September of 2015 and implements an additional 1% hospital assessment to establish the Hospital Transformation Performance Program (SB 2216). The total assessment for the biennium is estimated to raise \$870 million Other Fund revenues and result in additional federal matching revenues of over \$1.5 billion. The budget also shifts funding for the OHP Standard program to 100% Federal Funds starting January 1, 2014, and increases Tobacco Master Settlement Agreement resources for OHP from \$30 million in the 2011-13 biennium to \$116.1 million in 2013-15.

Other budget actions include the following:

- As a result of the Affordable Care Act (ACA) expansion, Healthy Kids Connect clients will move to OHP (HB 2091). In addition, the Family Health Insurance Assistance Program (FHIAP) will end January 2014, with some clients shifting to OHP and others will be able to purchase health insurance through CoverOregon, Oregon's health insurance exchange (HB 2240). This budget includes the OHP funding for both of those populations.
- The Health System Transformation Fund was approved at \$30 million, to support efforts of Coordinated Care Organizations (CCOs) to transform health care delivery systems. A budget note was included in the budget report for HB 5030, the OHA budget bill, to specify the distribution methodology for these resources.
- This budget will continue to support primary care practitioners in rural areas by helping to pay for medical malpractice insurance (\$4.6 million General Fund).
- A \$4.5 million General Fund reduction to caseload funding was approved, related to the anticipation that more women will have health insurance after January 2014, and so will not need the services of the Breast and Cervical Cancer treatment program. All women who qualify will still get services under this program.
- \$260,000 General Fund was added to increase reimbursements for ambulance transport services.
- Caseload forecasts were updated to the spring 2013 forecast. The level of uncertainty is much greater for these caseload forecasts and funding assumptions than ever before, given the scale of system change happening over the next few years and assumptions around how federal partners will determine the match rate.
- Another uncertainty in this budget is the CoverOregon cost allocation. The budget currently includes less than half of CoverOregon's initial estimate of this cost.
- The budget includes 85 additional staff for the OHP Central Processing Center ("call center"), in order to assist in the transition of the ACA expansion.

Medical Assistance Programs

The Medical Assistance Programs (MAP) is the state Medicaid agency, which delivers services to over 660,000 people, or one in six¹ Oregonians.

Mission

The Medical Assistance Programs support the agency's work to provide a system of comprehensive health services to eligible Oregonians and their families to improve their health status and promote independence.

Vision

The vision of the Medical Assistance Programs is to improve access to effective, high-quality health services for eligible Oregonians through innovation, collaboration, integration and shared responsibility.

Goals

The goals of the Medical Assistance Programs are to:

- Support effective and efficient systems that directly promote access to health care for low-income Oregonians.
- Support the entire health care provider system in Oregon by paying for needed services using federal matching funds to the extent appropriate.
- Maintain managed care enrollment at no less than 80 percent to promote access and to control health care costs.
- Decrease the number of people without health care coverage by expanding the percentage of people covered by the Oregon Health Plan (OHP).

¹ Source: PSU Population Research Center, 2011 Oregon Population Report & Tables, available at <http://pdx.edu/prc/annual-oregon-population-report>.

- Improve the quality of health care for all Oregonians, especially for low-income Oregonians.
- Collaborate with legislators, advocacy groups, business partners, health care providers and the general public to improve health outcomes.
- Promote the use of prevention and chronic disease management services by all Oregonians, especially those with low incomes and special medical needs.
- Work with other insurers to improve health outcomes for all Oregonians.

Programs

MAP's program budget includes three components: the Oregon Health Plan (OHP) –Oregon's Medicaid program, Children's Health Insurance Program (CHIP) also known as the no-cost option of the Healthy Kids program, and other Non-OHP medical programs.

The Oregon Health Plan

The Oregon Health Plan (Medicaid) budget covers services for Oregon's traditional and expanded Medicaid populations.

- The traditional Medicaid population meets federal Medicaid requirements, and receives OHP Plus benefit coverage².
- The expanded Medicaid population is comprised of uninsured adults (age 19 or older) with family incomes of no more than 100 percent of the federal poverty level (FPL) who are not otherwise eligible for Medicaid or Medicare. This population receives OHP Standard benefit coverage³.

² OHP Plus is a comprehensive benefit package with medical, dental, mental health and prescription drug benefits. Adults age 21 and older have limited optical coverage (for medically necessary conditions only). For a detailed benefit chart, see <https://apps.state.or.us/Forms/Served/oe1418.pdf>.

³ OHP Standard provides most of the same benefits as OHP Plus, with a limited dental benefit. Services not covered by OHP Standard include routine dental care, hearing aids/exams, home health and private duty nursing, physical/occupational/speech therapy, and optical services.

The proposed extension of the hospital assessment allows MAP to support a monthly average of 60,000 adults through the OHP Standard program over the current biennium.

Children’s Health Insurance Program

The Children’s Health Insurance Program (CHIP) is a program for children from birth to age 6 with family incomes between 133 percent and 201 percent of the FPL, and for children from age 6 to age 19 with incomes between 100 percent and 201 percent of the FPL. The CHIP population also receives OHP Plus benefit coverage.

Non-OHP medical Programs

MAP’s non-OHP budget covers the following populations:

- **Citizen/Alien Waived Emergency Medical:** Clients who are ineligible for OHP Plus or OHP Standard coverage because they do not meet the Medicaid citizenship or immigration status requirements, may qualify for CAWEM (emergency only coverage)⁴.
- **Breast and Cervical Cancer Medical Program:** Uninsured women 40 years and over, whose incomes are no more than 250 percent FPL, are eligible for screening and diagnostic services through the Public Health’s Breast and Cervical Cancer program. If a woman is diagnosed with breast or cervical cancer through this screening program, she is presumed eligible for OHP Plus benefit coverage under the Breast and Cervical Cancer Medical program, an optional Medicaid program. The woman remains eligible for the medical program until she reaches age 65, obtains other coverage or is no longer in need of treatment for her breast or cervical cancer.
- **The Qualified Medicare Beneficiary Program:** This program serves people who have family incomes of no more than 135 percent FPL. The program covers Medicare deductibles, co-insurance and co-payments.
- **Former Medically Needy:** Medically needy clients are clients who receive drug coverage that is limited to those necessary for direct support of their

⁴ CAWEM benefits are limited to emergency services, which include labor and delivery.

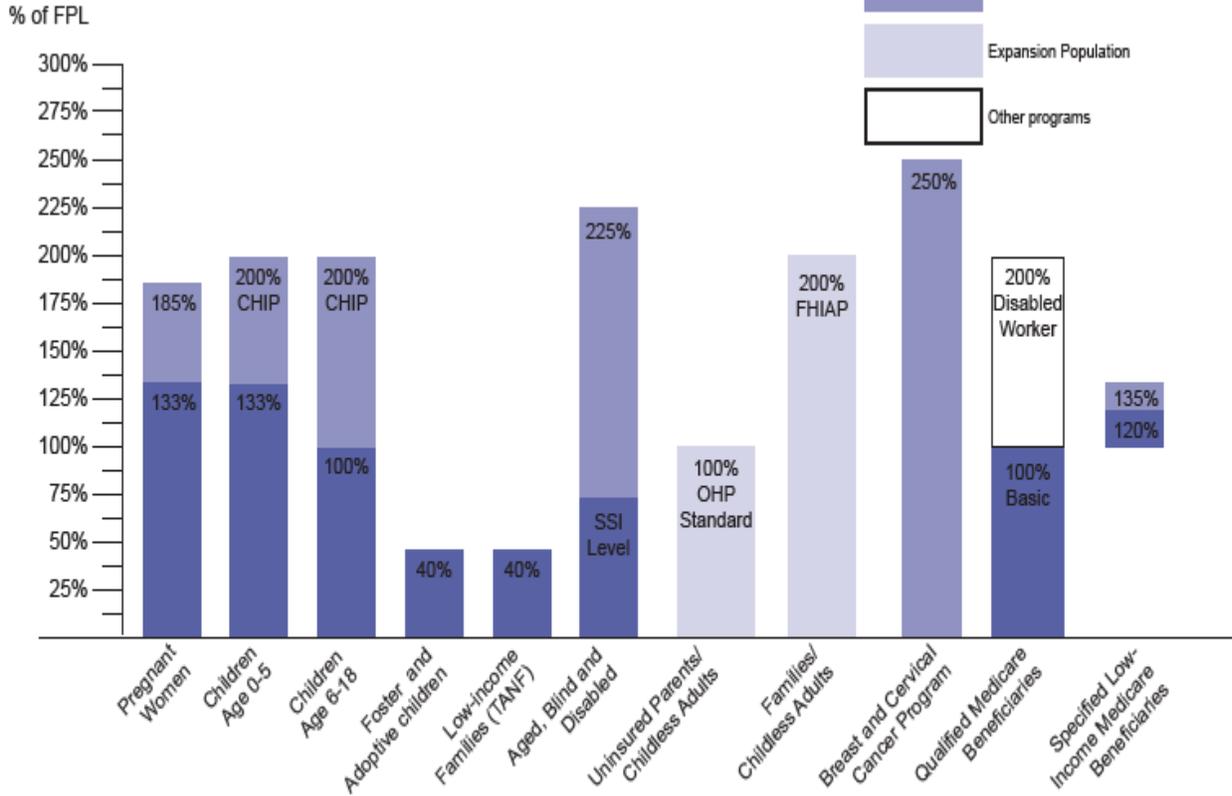
organ transplants. The Medically Needy program was eliminated on January 31, 2003, but continued drug coverage for this population was legislatively approved in 2004. Twenty clients⁵ still receive this coverage.

Payments for services delivered to medical assistance clients represent 95 percent of MAP's budget:

- Because MAP coverage is limited to those in financial need, the program imposes financial eligibility requirements tied to the federal poverty level (FPL).
- The following chart shows the approximate FPL requirements for clients who are part of the OHP and non-OHP medical assistance populations.

⁵ Source: DHS DSSURS, Apr. 15 2012, DMAP Data Informatics Unit

Approximate Federal Poverty Levels (FPL) for Medical Eligibility Groups



- Aged, blind, and disabled populations meeting long-term care criteria are eligible up to 300% of the SSI level (which is equivalent to approximately 225% of the FPL); otherwise, these populations are eligible up to the SSI level.
- The Family Health Insurance Assistance Program (FHIAP) subsidizes private health insurance coverage for low-income families and individuals. All OHP populations have the option to elect FHIAP coverage rather than direct state coverage. Parents and childless adults up to 100% of the FPL must enroll in FHIAP if they have employer-sponsored insurance. Parents and childless adults over 100% of the FPL are not eligible for direct state coverage but may be eligible for FHIAP if enrollment limits have not been met.

Administration

The remaining five percent of MAP's overall budget is program support, eligibility and caseworker staffing for the OHP Central Processing Center.

Program support includes staffing and contracts that support functions such as:

- **Policy and planning:** Developing policies to implement medical assistance programs;
- **Quality improvement and medical management:** Quality assurance and improvement monitoring of the managed care, coordinated care and fee-for-service delivery systems;
- **Budget and finance:** Oversight and coordination of the budget, actuarial capitation rates and pricing, as well as oversight and coordination of federal reporting and federal matching funds;
- **Operations:** Managing all aspects of health care financing operations for medical assistance programs.

Four percent of MAP's budget supports the **OHP Central Processing Center**, which processes approximately 30 percent of all medical assistance applications⁶.

- The purpose of the OHP Processing Center is to process medical applications, including enrollment into the appropriate programs, for eligible Oregonians.
- The center provides daily service to members, prospective members and community partners.

MAP's administrative budget also includes the **Office of Healthy Kids:** Healthy Kids is Oregon's no-cost or low-cost health care coverage for children and teens 0-18 years of age. Since its inception in 2009, the children's uninsurance rate has dropped by nearly half, from 11.3 percent in 2009 to 5.6 percent in 2011.

⁶ DHS Children, Adults and Families, Presentation to House Human Services Committee, Feb. 7, 2011. Available at <http://www.oregon.gov/DHS/aboutdhs/budget/2011-2013/docs/caf-ss.pdf>. The other 70 percent of applications are processed by DHS field staff.

The Office of Healthy Kids uses an innovative outreach and education strategy, working closely with community partners, to help families apply and stay enrolled in health care coverage.

- Healthy Kids works daily with local community partners with an emphasis on people who have access to populations who have been eligible for health coverage in the past but did not enroll for a variety of reasons.
- The Healthy Kids program contracts with 22 outreach grantees and 99 Application Assistor organizations that provide direct application assistance to families. In addition to direct application assistance, these organizations provide community based outreach, ongoing community education efforts and assistance to families for annual renewal of benefits. From the program's inception, application assistors and grantee organizations have provided direct application assistance to 12,120 families. The current forecast (Fall 2012) anticipates a growth in Poverty Level Medical Children and CHIP caseloads of approximately 6,500 clients between May of 2012 and the end of the 2013-2015 biennium (June 2015).
- The initial goal of the Healthy Kids program was to enroll 80,000 of Oregon's eligible children and teens. This goal was exceeded, and as of November 2012, 115,197 Oregon children and teens now have coverage through the Healthy Kids program. The uninsurance rate among Oregon children was cut in half, from 11.3 percent in 2009 to 5.6 percent in 2011. The goals of the program have evolved to focus on not only enrollment, but also annual renewal of coverage and continued community outreach and education.
- The Healthy Kids program is funded by the state's provider tax and matched with federal Medicaid/CHIP funds. The costs of the program remain stable and only change when responding to increases in publication costs, travel and workload. With another 230,000 newly eligible Oregonians anticipated for Medicaid/CHIP coverage in 2014, the Healthy Kids program will be poised to provide application training and program support with the many changes coming as a result of the Affordable Care Act.

Another portion of MAP’s administrative budget is Pharmacy Programs:

- Pharmacy Programs provide all Oregonians access to reduced priced drugs through the Oregon Prescription Drug Program (OPDP). OPDP also provides consolidated purchasing power for the Oregon Education Benefit Board by jointly purchasing prescription drugs with state of Washington through the NW Drug Consortium. Pharmacy Programs also provides health insurance to persons who are HIV positive through CAREAssist, Oregon’s version of the Ryan White AIDS Drug Assistance Program.

2011-2013 budget reductions

Due to the severe revenue shortfall, MAP was required to reduce its OHP budget by more than 11 percent. Because most of the OHP budget is dedicated to paying for health care services, the reductions affected payment rates for most health care providers and services. It also required reducing the capitation rates paid to contracted managed care organizations.

The only rates that remained the same were fee-for-service primary care rates, and most maternity case management and obstetric services rates.

July 2011 reductions

Reduction area	Description
Contracted transportation brokerages	Administrative budget allowance reduced 5 percent.

August 2011 reductions

Reduction area	Description
Ambulance service rates	Reduced 2.7 percent
Anesthesia service rates	Base rate reduced from \$24.19 to \$21.20.
Clinical laboratory service rates	Reduced 4 percent (from 74% to 70% of the 2010 Medicare Clinical Lab fee schedule).

Reduction area	Description
Contracted mental health service rates	Reduced rates and contracted provider capacity by 11.5%.
Dental service rates	All reimbursement reduced 5 percent
Durable medical equipment rates	Rates for complex rehabilitation/wheelchair codes reduced 4.6 percent (priced at 90.5% of 2010 Medicare Fee schedule). Non-Medicare covered codes reduced 7.6 percent Rates for all other Medicare-covered codes included on DMAP's fee schedule priced at 80% of 2010 Medicare Fee schedule.
Home health service rates	Reimbursement reduced one percent (from 75% to 74% of Medicare costs reported to DMAP). Medical supply (acquisition cost) daily maximum rate reduced from \$75 to \$50.
Maternity case management rates	G9011 –Case Management Visit Outside the Home reduced to \$21.45 (50% of G9012 – CM Visit). Changes to billable codes: <ul style="list-style-type: none"> • Either G9002 or G9005 can be billed, but not both, and only if the client's case has been managed for at least three months. • G9009 – partial case management and G9010 – high risk case management no longer covered.
Medical supply rates and limitations	Utilization limitations added to incontinence supplies and gloves. Claims submitted for more than the amount listed below require prior authorization: <ul style="list-style-type: none"> • Incontinence supplies – limited to 200 per month. • Gloves – limited to 2 boxes (100 pairs) per month. Rates for all Medicare-covered codes included on DMAP's fee schedule priced at 80% of 2010 Medicare Fee schedule.

Reduction area	Description
Mental health and chemical dependency service rates	<p>Fee-for-service (FFS) outpatient rates reduced to:</p> <ul style="list-style-type: none"> • 110% of Medicare for codes reimbursed by Medicare; or • 66% of billed charges. <p>FFS Provider Specific Rates reduced 11.5 percent.</p>
Pharmaceutical service rates	<p>Clozaril Management rate reduced from \$18.72 to \$10.</p> <p>Changed thresholds for dispensing fee tiers and reduced dispensing fees. Also</p> <ul style="list-style-type: none"> • <30,000 claims = \$14.01 • 30,000-50,000 claims = \$10.14 • >50,000 claims = \$9.68
Physician and other professional service rates	The Relative Value Units (RVU) conversion factor reduced from \$27.82 to \$26.00 (priced at 72% of Jan 2010 nationwide Medicare).
Prosthetics and orthotic rates	<p>Rates for “L codes” reduced 2.3 percent (priced at 83% of 2010 Medicare Fee schedule).</p> <p>Rates for all other Medicare-covered codes included on DMAP’s fee schedule priced at 80% of 2010 Medicare Fee schedule.</p>

September 2011 reductions

Reduction area	Description
Managed care organization rates	Capitation rates reduced approximately 10 to 11 percent

January 2012 reductions

Reduction area	Description
Dental service coverage	<p>Limited coverage of the following procedures:</p> <ul style="list-style-type: none"> • Dentures, denture rebases and relines • Periodontal work (scaling and root planing, full mouth debridement) and follow-up treatment (periodontal maintenance)

Reduction area	Description
	<ul style="list-style-type: none"> • Root canals on molars
OHP Prioritized List coverage	<p>Coverage ends at line 498, eliminating coverage for the following treatment/condition pairs:</p> <ul style="list-style-type: none"> • Medical and surgical methods to treat keratoconjunctivitis (inflamed or infected cornea)
OHP Prioritized List coverage, continued	<ul style="list-style-type: none"> • Talk therapy to treat mutism (inability to talk in certain situations) • Surgery to remove hemorrhoids; removal of a blood clot in a hemorrhoid • Surgery to place tubes in the ears, remove tonsils or repair certain injuries to the ear canal due to Chronic Otitis Media (chronic fluid or infection in inner ear) • Surgery to treat rectal prolapse (rectal tissue that falls through the anal opening) • Surgery to correct otosclerosis (a bone growth in the inner ear that can cause hearing loss) • Removal of foreign body in ear/nose • Surgery to treat anal fistula (tear in the anal wall or in the connection between the anus and the skin) • Surgery to treat fractures of the vertebral column (a broken bone in the back that has not injured the spinal cord) • Counseling for conduct disorders (<i>e.g.</i>, delinquency or disruptive behavior) • Drainage or removal to treat disorders of the breast (cysts, non-cancerous lumps) • Drainage of infected areas, destruction of lesions, and repairs of injuries not resulting from childbirth to treat disorders of the vagina • Drainage of infected areas or collections of fluid to treat cysts of Bartholin's gland

Health system transformation

Senate Bill 1580 from the (2012 Regular Session) launched Coordinated Care Organizations (CCOs), which form the center of Oregon's health system transformation efforts.

- CCOs are local health entities that deliver all health care for OHP clients.
- A local network of providers coordinates care at every point – from where services are delivered to how the bills are paid.

CCO implementation provides a direct connection to Oregon's 10-year goals for achieving better health, better care, and lower costs.

Better health

CCOs will focus on prevention, using primary care homes and community health workers to coordinate care, for improved health outcomes such as:

- Decreased chronic disease rates, including mental health
- Decreased tobacco use rates
- Improved self-reported health status

Better care

The previous system that delivered services to over 85 percent of OHP clients was complicated and fragmented:

- 16 managed care organizations delivered physical health care services
- 10 mental health organizations delivered mental health care services
- 8 dental care organizations delivered dental care services

The remaining 15 percent of OHP clients received services from providers who bill MAP directly for reimbursement on a fee-for-service (FFS) basis. Rate reductions and a lack of payment incentives make it difficult to always locate FFS providers available or willing to treat OHP clients.

Behavioral health issues and chronic conditions are major drivers for negative health outcomes and high health care costs. When these conditions go unrecognized or untreated, they could lead to more expensive care (*e.g.*, emergency department visits) for an unmanageable condition.

CCOs will reduce fragmentation and focus on the “whole patient” through a redesigned delivery system featuring:

- Integration and coordination of benefits and services
- Local accountability for health resource allocation
- Standards for safe and effective care
- A global budget indexed to sustainable growth

With increased resources to coordinate care, CCOs can address behavioral health issues that lead to poor physical health outcomes. Increased awareness of behavioral health issues and chronic health conditions in all health care settings can get clients the right care at the right time, avoiding the need for more expensive care.

CCOs will also care for more of the OHP population than the previous managed care delivery system, which means fewer people seeking care on a FFS basis. This includes Breast and Cervical Cancer Medical Program clients, HIV/AIDS patients, and other higher-risk populations who will benefit from the local, coordinated care structure and community supports that CCOs will be responsible to establish and maintain.

Lower costs

The current health system is unsustainable. Health care costs are increasingly unaffordable for individuals, businesses, the state and local governments.

Inefficient health care systems bring unnecessary costs to taxpayers.

- Research shows that 30 percent of health care spending is due to waste and inefficiency and that approximately 80 percent of health care costs are driven by 20 percent of the population.
- When budgets are cut, services are slashed, as demonstrated by the many reductions MAP implemented in the current biennium.

Reduced administrative overhead in CCO contracts, a single point of accountability for client health (the CCO), and a single global budget all support greater efficiency and accountability in health care spending.

Under an agreement with the federal government, Oregon will reduce the projected growth in health care spending by 2 percent in two years through improved health outcomes and reduced waste and inefficiency. The projected total state and federal savings are \$11 billion over ten years.

A third-party analysis estimated that savings due to CCO implementation would be more than \$1 billion in state and federal funds within three years, and more than \$3.1 billion over the next five years.

2011-2013 accomplishments

More health care for more Oregonians

OHP Standard hospital benefits increased so that all Medicaid-eligible Oregonians have access to scheduled, medically appropriate, inpatient and outpatient hospital care and surgeries, in addition to emergency hospital services. This change makes OHP Standard hospital benefits the same as hospital benefits for OHP Plus clients.

The Citizen/Alien Waived Emergent Medical (CAWEM) prenatal program opened in seven more counties. Now in 15 counties, the program covers prenatal care for CAWEM-eligible pregnant women who would otherwise only receive health care coverage for emergency services and deliveries.

Operations

Processes were put in place to ensure Oregon Medicaid collects Medicaid drug rebates for managed care prescriptions and physician-administered drugs under the federal Deficit Reduction Act and the Patient Protection and Affordable Care Act.

System and business process changes were implemented to comply with OHA Administrative Simplification and HIPAA 5010 requirements for electronic health care transactions.

New policies, provider enrollment and system processes were established to support the Patient-Centered Primary Care Home program.

Access to care

OHA worked with managed care plans on a renewal reminder strategy to help ensure that clients already enrolled in managed care remember to reapply for OHP benefits before their eligibility ends.

- Timely reapplication not only ensures that clients keep their OHP benefits, but that they remain enrolled in their current medical and dental plans.
- Managed care enrollment provides access to high-quality and cost-effective care with an emphasis on prevention and the provision of primary care services, such as patient education and promotion of healthy lifestyles, to avoid more serious health complications and hospitalizations.

The list of services covered when provided by Limited Access Permit (LAP) Dental Hygienists were expanded within their scope of practice. LAP dental hygienists can provide dental hygiene services without the supervision of a dentist in certain settings for patients who may not be able to otherwise access dental care services.

Client access to diabetic supplies was increased by allowing pharmacies to bill MAP for these supplies using their point of sale systems. Before this system change, pharmacies could only bill MAP for these supplies as enrolled medical supply providers using the professional medical claim format.

Quality of care

Contracts were extended with APS Healthcare for Medical Case Management and Disease Case Management, which serves an average of 60,000 fee-for-service OHP clients through the Oregon Health Plan Care Coordination Program (OHPCC). This contract is now in its third year.

- In a recent survey, 97.6 percent of OHPCC clients rated that they were very satisfied with the overall quality of the program⁷.
- OHA is investigating the feasibility of adding clients eligible for both Medicare and Medicaid, and additional risk populations previously excluded

⁷ APS Healthcare Client Satisfaction Survey (initial results, not yet released)

from the OHPCC contract, in order to help transition these populations to the Coordinated Care Organization environment.

OHA participated in the High Value Health Leadership council's Statewide Commercial and Public Medical Home Demonstration Pilot. This two-year pilot project goes through February 2013. Administrative support with this project is provided by APS Healthcare as part of their contractual support for medical homes.

Tobacco cessation

In Oregon, direct Medicaid costs related to smoking are an estimated \$287 million per year (approximately 10 percent of total annual Oregon Medicaid expenditures). MAP partners with contracted medical and dental plans and OHA Public Health to promote tobacco cessation strategies.

In 2011, MAP began systematically assessing how contracted Managed Care Organizations screen for tobacco use and providing the required tobacco dependence and cessation services benefit to Oregon Health Plan members.

Positive gains have been made with tobacco cessation efforts since 2004⁸.

- Among OHP medical and dental plan members, smoking prevalence declined from 41 percent in 2004, to 39 percent in 2007 and down to 31 percent in 2011.
- For people not enrolled in a medical or dental plan, smoking prevalence significantly declined from 41percent in 2004, to 29 percent in 2007, and 21 percent in 2011.

Partnerships

MAP strengthened partnerships with stakeholders, tribal organizations, the provider community and contracted managed care plans in extensive outreach to discuss options for budget reductions, legislative implementation, Health Systems Transformation, and HIPAA 5010 and NCPDP D.0 implementation. Strengthened partnerships allow better delivery of health care services, promotion of prevention strategies and increased access to services.

⁸ Source: 2011 CAHPS Survey (initial results, not yet released)

Revenue sources

The state and the federal government share the costs of providing OHP services to eligible low-income people.

- For clients eligible for Medicaid, the state pays 37.09 percent and the federal government pays 62.91 percent⁹.
- For clients eligible for the Children’s Health Insurance Program (CHIP), the state pays 25.96 percent and the federal government pays 74.04 percent¹⁰.

The following table summarizes MAP’s revenue sources (in rounded millions).

Numbers are based on the 2013-15 pre-audit Governor’s Balanced Budget, which includes a Policy Option Package to transfer two programs from APD to MAP. This transfer, which is budget neutral at the state level, provides better alignment for delivering health care to Oregon Health Plan clients.

Source	Amount (in rounded millions)	Description
General Fund	\$1,145	–
Other Fund	\$1,887	Other Funds include 3 months of revenues from the existing Insurers Tax, GBB proposed extension of the Hospital Assessments, Medicaid drug rebates, supplemental drug rebates, Law Enforcement Medical Assistance Fund (LEMLA), Tobacco Settlement funds, Third Party Recovery, local match payments
Federal Fund	\$7,215	Federal share of paying Medicaid/CHIP program costs
Total Fund	\$10,248	–

⁹ Rates provided are for Federal Fiscal Year 2012. The federal government sets this rate, and it fluctuates from year to year.

¹⁰ Ibid

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Medical Assistance Programs
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-020-01-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2011-13 Leg Adopted Budget	450	435.96	6,567,856,187	901,703,540	-	1,571,634,301	4,094,518,346	-	-
2011-13 Emergency Boards	(9)	(9.00)	(36,811,481)	(28,386,064)	-	4,423,184	(12,848,601)	-	-
2011-13 Leg Approved Budget	441	426.96	6,531,044,706	873,317,476	-	1,576,057,485	4,081,669,745	-	-
2013-15 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(36)	(30.23)	3,520,612	3,800,883	-	(1,246,831)	966,560	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2013-15 Base Budget	405	396.73	6,534,565,318	877,118,359	-	1,574,810,654	4,082,636,305	-	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	1,125,547	572,886	-	(13,642)	566,303	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	1,037,018	463,134	-	69,443	504,441	-	-
Subtotal	-	-	2,162,565	1,036,020	-	55,801	1,070,744	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	1	1.00	92,775,248	79,230,698	-	(75,294,327)	88,838,877	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(1,061,549,330)	2,142,847	-	(385,220,349)	(678,471,828)	-	-
Subtotal	1	1.00	(968,774,082)	81,373,545	-	(460,514,676)	(589,632,951)	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	425,962,996	40,301,903	-	118,864,976	266,796,117	-	-
Subtotal	-	-	425,962,996	40,301,903	-	118,864,976	266,796,117	-	-

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Medical Assistance Programs
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-020-01-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
040 - Mandated Caseload									
040 - Mandated Caseload	99	99.00	2,104,735,348	36,439,883	-	18,319,852	2,049,975,613	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	1	593,105,626	-	(566,759,993)	(26,345,632)	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	(6)	(6.00)	178,570,685	66,218,597	-	(973,307)	113,325,395	-	-
Subtotal: 2013-15 Current Service Level	499	490.73	8,277,222,831	1,695,593,933	-	683,803,307	5,897,825,591	-	-

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Medical Assistance Programs
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-020-01-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2013-15 Current Service Level	499	490.73	8,277,222,831	1,695,593,933	-	683,803,307	5,897,825,591	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2013-15 Current Service Level	499	490.73	8,277,222,831	1,695,593,933	-	683,803,307	5,897,825,591	-	-
080 - E-Boards									
081 - May 2012 E-Board	(12)	(11.88)	(1,666,643)	(841,902)	-	(31,839)	(792,902)	-	-
082 - September 2012 E-Board	-	-	-	-	-	-	-	-	-
083 - December 2012 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	(12)	(11.88)	(1,666,643)	(841,902)	-	(31,839)	(792,902)	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	943,099,796	(608,937,592)	-	830,708,258	721,329,130	-	-
091 - Statewide Administrative Savings	-	-	-	-	-	-	-	-	-
092 - PERS Taxation Policy	-	-	(173,922)	(75,527)	-	(6,299)	(92,096)	-	-
093 - Other PERS Adjustments	-	-	(1,389,717)	(603,496)	-	(50,333)	(735,888)	-	-
094 - December 2012 Rebalance	8	8.00	696,458,645	(58,281,612)	-	368,781,536	385,958,721	-	-
801 - End-Of-Session Bill Adjustments	-	-	-	-	-	-	-	-	-
802 - Supplemental Statewide Ending Balance	-	-	-	-	-	-	-	-	-
803 - HB 2322 Program Change Bill	-	-	-	-	-	-	-	-	-
810 - LFO Analyst Adjustments	3	3.00	(548,658,346)	(9,788,014)	-	9,665,988	(548,536,320)	-	-
820 - End of Session Bill (HB 5008)	-	-	(25,150,233)	(25,135,504)	-	(1,687)	(13,042)	-	-
201 - APD - Program transfer to OHA	-	-	344,381,775	125,761,280	-	-	218,620,495	-	-
401 - PC & Network Infrastructure Investments	-	-	-	-	-	-	-	-	-
402 - Health Systems Transformation	-	-	-	-	-	-	-	-	-

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Medical Assistance Programs
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-020-01-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
403 - OSH Replacement Project Next Phase	-	-	-	-	-	-	-	-	-
404 - Strengthen Comm'ty Mental Health Svcs & ITRS	-	-	-	-	-	-	-	-	-
405 - Ofc of Equity & Inclusion - Health Equity	-	-	-	-	-	-	-	-	-
406 - Health Information Technology	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	11	11.00	1,408,567,998	(577,060,465)	-	1,209,097,463	776,531,000	-	-
Total 2013-15 Leg Adopted Budget	498	489.85	9,684,124,186	1,117,691,566	-	1,892,868,931	6,673,563,689	-	-
Percentage Change From 2011-13 Leg Approved Budget	12.90%	14.70%	48.30%	28.00%	-	20.10%	63.50%	-	-
Percentage Change From 2013-15 Current Service Level	-0.20%	-0.20%	17.00%	-34.10%	-	176.80%	13.20%	-	-

Oregon Health Authority Medical Assistance Programs 44300-020-01-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
GENERAL FUND REVENUES								
General Fund Appropriation	0050	GF	710,837,313	873,317,476	1,835,001,331	1,145,545,044	1,117,691,566	
TOTAL REVENUES		GF	710,837,313	873,317,476	1,835,001,331	1,145,545,044	1,117,691,566	
TOTAL GENERAL FUNDS		GF	710,837,313	873,317,476	1,835,001,331	1,145,545,044	1,117,691,566	
OTHER FUNDS REVENUES								
Beginning Balance	0025	OF				1,392,708	1,392,708	
Other Selective Taxes	0190	OF	345,746,456	874,974,111	85,606,781	842,168,005	846,079,320	
Business License & Fees	0205	OF	437					
Non-Business License & Fees	0210	OF	75					
Charges for Services	0410	OF	1,876,721	4,251,313	4,251,313	4,251,313	4,251,313	
Administrative Service Charges	0415	OF	261,115					
Fines, Rents and Royalties	0505	OF	9,965					
Interest Income	0605	OF	1,340,905	79,412	79,412	79,412	79,412	
Donations	0905	OF	240,062					
Other Revenues	0975	OF	320,592,096	172,599,270	225,239,100	586,526,515	589,892,569	
TOTAL REVENUES		OF	670,067,832	1,051,904,106	315,176,606	1,434,417,953	1,441,695,322	

Oregon Health Authority Medical Assistance Programs 44300-020-01-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
TRANSFER IN								
Transfer in Intrafund	1010	OF	3,759,064					
Transfer in Agency Res Equity	1030	OF		75,171,061				
Transfer in Other	1050	OF		28,773,000	30,000,000	120,600,000	116,100,000	
Transfer in Administrative Services	1107	OF	6,500,000					
Transfer from Office of the Governor	1121	OF		1,191,316	1,191,316	1,191,316		
Transfer in Revenue Department	1150	OF	349,224,702	335,059,244	316,885,404	313,855,833	316,208,507	
Transfer in Judicial	1198	OF	635,584	759,309				
Transfer in Oregon Youth Authority	1415	OF	97,513					
Transfer in Commission & Families	1423	OF	1,350,083	742,619				
Transfer in Consumer Business Services	1440	OF	79,954,445	88,449,538	21,350,642	21,350,642	21,350,642	
Transfer in Education	1581	OF	77,440				1,191,316	
TOTAL TRANSFERS IN		OF	441,598,831	530,146,087	369,427,362	456,997,791	454,850,465	
TRANSFER OUT								
Transfer to Intrafund	2010	OF	(20,408,797)					
Transfer to Dept of Human Services	2100	OF		(4,600,000)	(4,600,000)	(687,500)	(687,500)	
Transfer to Consumer/Business	2440	OF	(88,697)					

Oregon Health Authority Medical Assistance Programs 44300-020-01-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
Tsfr To Education, Dept of	2581	OF				1,065,943		
TOTAL TRANSFERS OUT		OF	(20,497,494)	(4,600,000)	(4,600,000)	378,443	(687,500)	
TOTAL OTHER FUNDS		OF	1,091,169,169	1,577,450,193	680,003,968	1,891,794,187	1,895,858,287	
FEDERAL FUNDS REVENUES							1,896,545,787	
Federal Funds Revenue	0995	FF	3,786,426,126	4,081,669,745	5,891,354,353	7,216,400,987	6,673,563,689	
TOTAL REVENUES		FF	3,786,426,126	4,081,669,745	5,891,354,353	7,216,400,987	6,673,563,689	
TOTAL FEDERAL FUNDS		FF	3,786,426,126	4,081,669,745	5,891,354,353	7,216,400,987	6,673,563,689	
TOTAL AVAILABLE REVENUES		TF	5,588,432,608	6,532,437,414	8,406,359,652	10,253,740,218	9,687,113,542	

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

**Oregon Health Authority
2013-15 Biennium**

**Agency Number: 44300
Cross Reference Number: 44300-020-01-00-00000**

<i>Source</i>	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds						
Other Selective Taxes	345,746,456	867,300,757	874,974,111	85,606,781	842,168,005	846,079,320
Business Lic and Fees	437	-	-	-	-	-
Non-business Lic. and Fees	75	-	-	-	-	-
Charges for Services	1,876,721	4,251,313	4,251,313	4,251,313	4,251,313	4,251,313
Admin and Service Charges	261,115	-	-	-	-	-
Fines and Forfeitures	9,965	-	-	-	-	-
Interest Income	1,340,905	79,412	79,412	79,412	79,412	79,412
Donations	240,062	-	-	-	-	-
Other Revenues	320,592,096	177,601,828	172,599,270	225,239,100	586,526,515	589,892,569
Transfer In - Intrafund	3,759,064	-	-	-	-	-
Transfer from Agy-Res Equity	-	75,171,061	75,171,061	-	-	-
Transfer In Other	-	30,000,000	28,773,000	30,000,000	120,600,000	116,100,000
Tsfr From Administrative Svcs	6,500,000	-	-	-	-	-
Tsfr From Governor, Office of the	-	-	1,191,316	1,191,316	1,191,316	-
Tsfr From Revenue, Dept of	349,224,702	335,059,244	335,059,244	316,885,404	313,855,833	316,208,507
Tsfr From Judicial Dept	635,584	759,309	759,309	-	-	-
Tsfr From Or Youth Authority	97,513	-	-	-	-	-
Tsfr From Child/Fam, Comm on	1,350,083	1,933,935	742,619	-	-	-
Tsfr From Consumer/Bus Svcs	79,954,445	88,449,538	88,449,538	21,350,642	21,350,642	21,350,642
Tsfr From Education, Dept of	77,440	-	-	-	-	1,191,316
Transfer Out - Intrafund	(20,408,797)	-	-	-	-	-
Tsfr To Human Svcs, Dept of	-	(4,600,000)	(4,600,000)	(4,600,000)	(687,500)	(687,500)
Tsfr To Consumer/Bus Svcs	(88,697)	-	-	-	-	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority
2013-15 Biennium

Agency Number: 44300
Cross Reference Number: 44300-020-01-00-00000

<i>Source</i>	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds						
Tsfr To Education, Dept of	-	-	-	-	1,065,943	-
Total Other Funds	\$1,091,169,169	\$1,576,006,397	\$1,577,450,193	\$680,003,968	\$1,890,401,479	\$1,894,465,579
Federal Funds						
Federal Funds	3,786,426,126	4,094,518,346	4,081,669,745	5,891,354,353	7,216,400,987	6,673,563,689
Total Federal Funds	\$3,786,426,126	\$4,094,518,346	\$4,081,669,745	\$5,891,354,353	\$7,216,400,987	\$6,673,563,689

OHA – Public Employees’ Benefit Board (PEBB)

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 Legislatively Adopted
Other Funds	15,840,243	8,715,361	9,248,755	1,541,141,592
Other Funds (NL)	900,788,603	1,405,241,260	1,752,335,080	0
Total Funds	\$916,628,846	\$1,413,956,621	\$1,761,583,835	\$1,541,141,592
Positions	19	19	20	20
FTE	18.50	18.50	19.50	19.50

Program Description

The Public Employees’ Benefit Board (PEBB) designs, contracts for and administers health plans, group insurance policies, and flexible spending accounts for state employees and their dependents. The Board provides medical and dental insurance programs for state employees and their dependents, representing about 130,000 Oregonians. The Board also selects and administers life and disability insurance coverage for eligible state employees. A major part of the Board’s responsibility is developing benefit packages to meet the needs of state government and its employees, and preparing benefits information and answering inquiries from employees and their dependents about coverage.

PEBB began to move toward self-insurance in 2006. By 2010, 85% of participants were enrolled in self-insured medical and visions plans, and 75% were enrolled in self-insured dental plans, which is still true today. PEBB members include active agency and university employees and their dependents; active semi-independent agency employers and their employees; retirees and other self-pay participants and their dependents; and COBRA participants. The program is administered by 20 staff (19.50 FTE), with actuarial services provided through contract.

Revenue Sources and Relationships

PEBB is funded entirely with Other Funds. PEBB collects premiums for all insured individuals, and then purchases insurance with those revenues. These program expenditures are shown as Nonlimited Other Funds in the budget in past biennia, but show as Other Funds Limited starting in 2013-15. The resources to pay for employee health insurance are budgeted in each state agency for that agency’s employees. The resources may be General Fund, Lottery Funds, Other Funds, or Federal Funds. Once the resources are transferred to PEBB, they are shown as Other Funds.

PEBB maintains a Stabilization Account that is primarily used as a reserve for its self-insured health coverage. The balance is currently \$197 million.

Operational costs are funded through an administrative charge (assessment) added to medical and dental insurance premiums and premium equivalents. By law, the assessment cannot exceed 2% of monthly contributions from employees and employers. For the years 2011 through 2013, PEBB has reduced the assessment from 0.6% to 0.4%. These administrative expenditures are shown as Other Funds (Limited) in the budget.

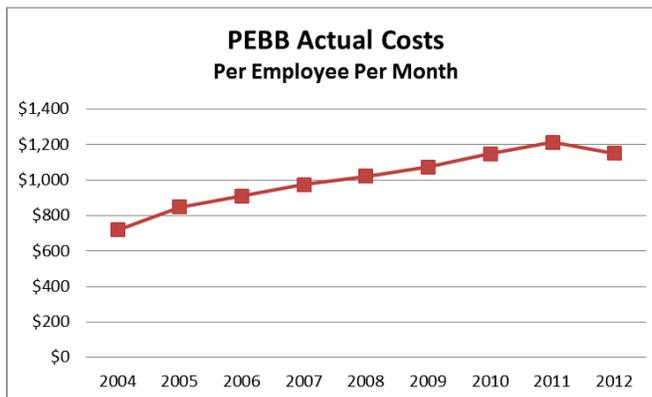
Budget Environment

HB 2009, from the 2009 legislative session, began Oregon’s version of health care reform. It created the Oregon Health Authority and the Oregon Health Policy Board. The Board is charged with coordinating the state’s existing patchwork system of purchasing and regulating health care, community services, and workforce training. The Board has been involved in making recommendations on the health care workforce, medical liability, population health, integrated primary care, health purchasing, administrative simplification, and technology. The Board is currently working on coordinated care model alignment, looking for ways to utilize a model with coordinated care attributes in programs such as PEBB.

Like most health care costs, PEBB per-employee costs had been increasing 5% to 7% per year for a number of years. Causes for these cost increases are complex and include greater use of medical services by an aging population, the use of new high-cost medical technology such as pharmaceuticals or diagnostic tools, medical labor shortages, and a growing uninsured population. When uninsured persons use medical care, but cannot

pay for it, providers may be forced to increase their charges to clients who can pay, thereby driving up commercial and public health care costs. Further, some analysts believe that unique billing systems and extensive paperwork requirements may be responsible for as much as 25-30% of all health care costs. Solutions to health care cost problems have been proposed, but have not been easy to implement in either the private health care market or in public programs such as Medicaid or Medicare.

The Board has been active in implementing programs to help reduce these cost trends. This includes increasing the percentage of PEBB members in patient-centered primary care homes, implementing additional cost tiers to promote value-based benefits, full coverage for preventive services, coverage for weight management and tobacco cessation programs, and implementing benefit design to reduce barriers to care for members with chronic diseases. They also implemented a Health Engagement Model (HEM) to promote member participation in reducing health risks and improving overall health status. These efforts appear to be paying off, as the most recent data show that per-employee costs were reduced by 5.2% in 2012 and the downward trend has continued through the first six months of 2013.



Legislatively Adopted Budget

The 2013-15 legislatively adopted budget is \$1.54 billion Other Funds, or 9.0% higher than the 2011-13 legislatively approved budget. The increase is primarily due to including both self-insured and fully insured benefit costs in PEBB's budget. In the past, the PEBB budget reflected only the self-insured benefit costs. The budget eliminates all Other Funds Nonlimited authority, and instead moves all expenditure limitation to Other Funds Limited. In addition, the PEBB budget was constructed to reflect a per-employee growth rate of 4.4% for 2013, 3.4% for 2014, and 3.4% for 2015. These growth rates are consistent with Oregon's Medicaid waiver for the Oregon Health Plan.

Public Employees' Benefit Board

Vision

PEBB seeks optimal health for its members through a system of care that is patient-centered, focused on wellness, coordinated, efficient, effective, accessible and affordable. The system emphasizes the relationship among patients and providers, primary care and the community. PEBB promotes integrated health plans that cover the whole person.

Key elements of the PEBB vision are:

- An innovative delivery system that uses evidence-based medicine to maximize health and use dollars wisely;
- A focus on improving quality and outcomes, not just providing healthcare;
- Promotion of health and wellness through consumer education, healthy behaviors and informed choices;
- Appropriate provider, health plan and consumer incentives that encourage the right care at the right time and place;
- Accessible and understandable information about costs, outcomes and other health data for informed decision making; and
- Affordable benefits for the state and the employees.

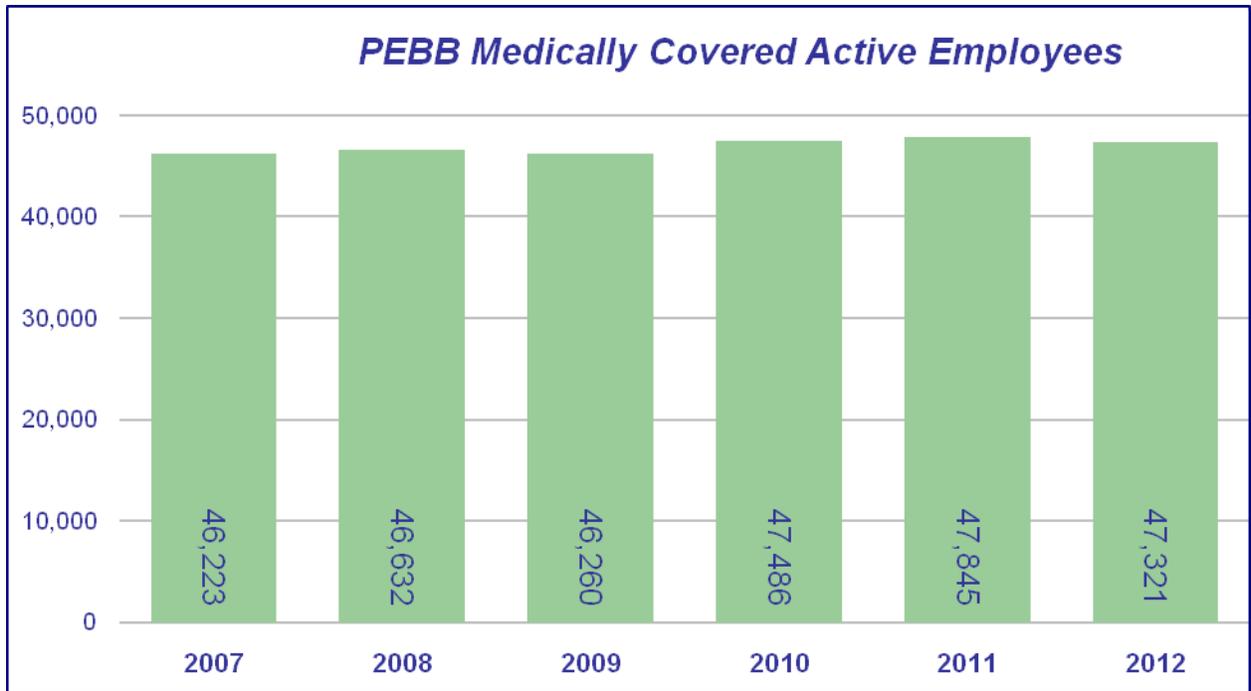
Goals

PEBB's goals are to design, contract and administer high-quality health plans, group insurance policies, and flexible spending accounts for state employees and their dependents that are affordable for the state and employees.

Who we serve

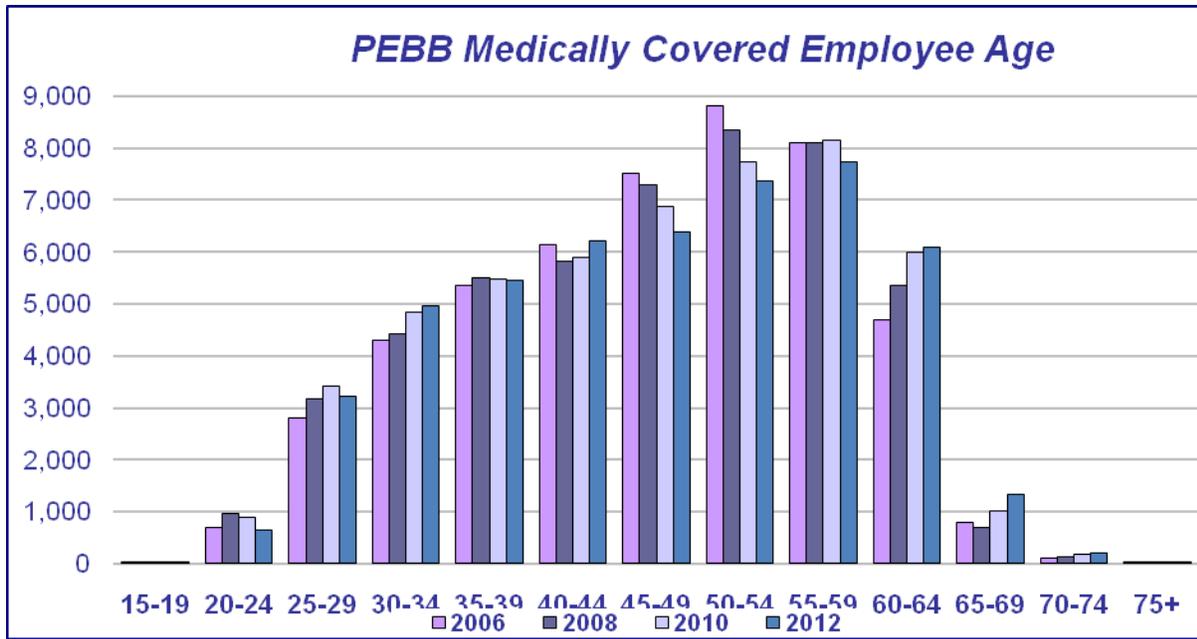
PEBB members include:

- Active agency and university employees and their dependents
- Active semi-independent agency employers and their employees
- Retirees and other self-pay participants and their dependents
- COBRA participants



Age trend

PEBB monitors the age trend of its membership to ensure its plans provide appropriate services and to anticipate future needs. The following graph shows member age bands for 2006, 2008, 2010 and 2011. Currently, 46 percent of PEBB’s active employee population is age 50 or older.



Activities and programs

PEBB serves its members and customers through six central functions:

- Financial oversight of PEBB accounts, including the Revolving Fund and its subaccounts
- Program development through collaboration with agencies, universities, health plans and other benefit purchasers on programs to implement elements of the PEBB vision
- Regulatory compliance to ensure the benefit program meets all state and federal requirements
- Enrollment control through a benefit management system designed to ensure accuracy of data and data transfer between PEBB, state and university payroll systems, health plans and other vendors
- Accurate and timely contracting services
- Communications to engage PEBB members in the benefit program, their health and financial wellbeing, and the PEBB vision.

The program's most valuable benefit is health care coverage. The cost of this coverage continues to increase without evidence of a commensurate increase in measurable quality.

2013-19 six-year plans

- Provide high-quality benefits that are affordable to employees and employers.
- Implement additional value-based benefit design elements supported by scientific evidence.
- Continue to leverage self-insurance to create benefit designs that reflect and enhance the vision for a Healthy Oregon.
- Explore programs that engage members in their health and health care to reduce risks to their health and safety, improve their health and quality of life, and moderate premium costs into the future.
- Provide excellent service to members, agencies, universities and other customers.
- Enhance government services, and protect information and assets while controlling cost.
- Meet the information needs of members, agencies, universities and other customers.
- Provide effective policies with clear direction.

2013-15 two-year plans

PEBB supports OHA's vision, mission and goal to transform the health care system in Oregon by:

- Promoting the development of patient-centered primary care homes
- Supporting and promoting pilots that reimburse providers for health care services using global and pay-for-performance methodologies
- Implementing value-based plan designs that help members choose the right care at the right time in the right setting
- Promoting the development and success of Coordinated Care Organizations.

PEBB operations

- Offer plans that provide health care supported by the best available evidence.
- Promote a competitive marketplace by contracting with health systems that are accountable for their performance.
- Collaborate with partners to improve the market and delivery system.
- Meet or exceed standards for response time.

- Survey customers annually, and analyze and act on results.
- Maintain and improve the benefit management system.
- Develop and maintain comprehensive, user-friendly websites.
- Employ cost-effective, sustainable technologies to improve communication and reduce resource consumption.
- Continue to support agency and university efforts on employee health and wellness.
- Continue to seek agency and university input on benefit management and administration.
- Conduct audits to ensure that policies are applied equitably.
- Continue to solicit member and customer input on policies.
- Continue to support use of the benefit management system by state agencies and universities.
- Improve contracting and analytical capabilities.
- Refine reporting of benefits information.

2011-13 major accomplishments

Quality, affordable benefits

- Increased the percentage of PEBB members in a patient-centered primary care home.
- Implemented additional cost tiers to promote value-based benefits.
- Implemented benefit design elements aimed at reducing barriers to care for members with chronic diseases.
- Continued to support the state's public health and prevention initiatives.
- Achieved better cost and quality controls through direct contracting for the majority of the medical, vision and dental plans.
- Maintained a leadership role in health care purchasers' evaluation of commercial medical plans.
- Implemented a Health Engagement Model to promote member participation in reducing health risks and improving overall health status.
- Conducted a dependent eligibility verification audit to evaluate and ensure the integrity of member enrollment.
- Partnered with Public Health in surveying member health status to glean information that guides board decisions on design of benefit plans.

- Worked closely with Public Health to promote worksite wellness activities and policies.

Services for members and customers

- Met or exceeded response time expectations.
- Continued to solicit input on services and plan designs from employees, agencies, universities, plans and other customers.

Member and customer information needs

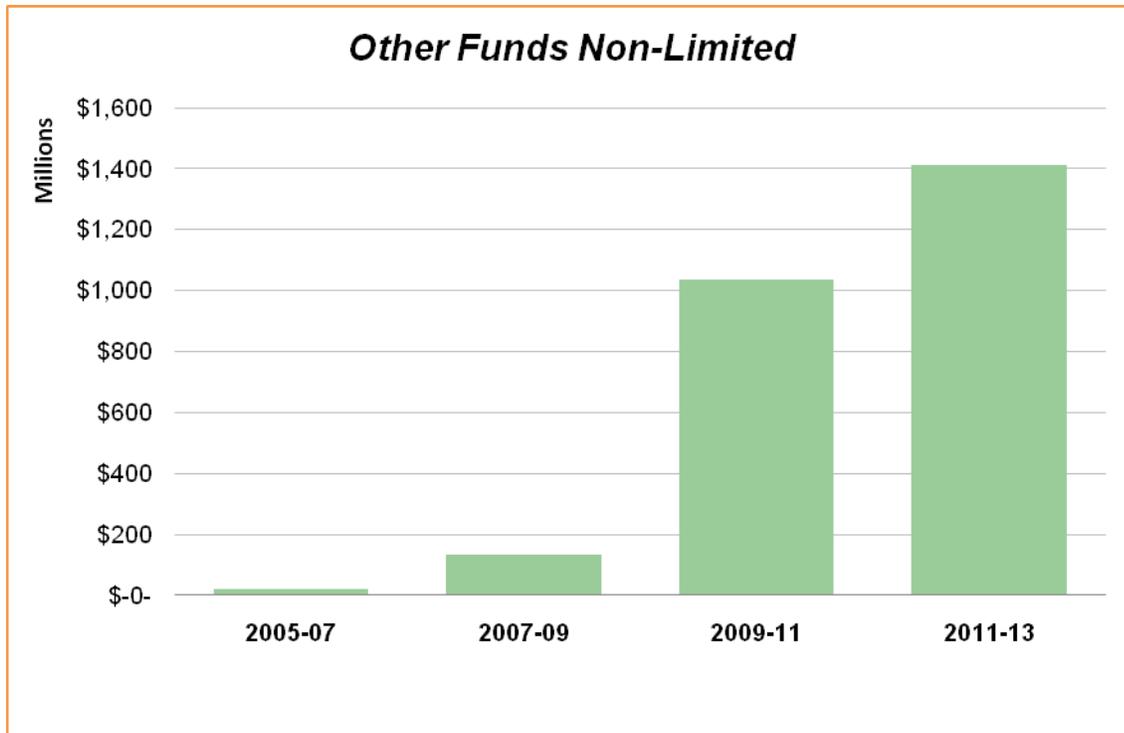
- Used online media such as web-based seminars and streaming video to actively communicate with more employees about their benefits.
- Continued to develop channels for employee and agency input.
- Incorporated employee and agency feedback on communication messages and media.

Policies and direction

- Continued to require all eligible employees to actively enroll in and declare eligibility for benefits for 2012 and 2013 to further ensure the integrity of enrollment data.
- Continued to audit compliance with eligibility and enrollment rules.
- Continued to clarify eligibility criteria and worked with agencies and universities to correctly apply revised rules, including regulations from the federal Affordable Care Act.

Self-insurance trend

PEBB began to self-insure plans in 2006, directly contracting for two regional medical plans administered by Samaritan Health System and Providence Health Plans. In 2007, PEBB began to self-insure the majority of its dental plans, which are administered by ODS Companies. In 2010, PEBB began to self-insure its largest medical and vision plans, administered by Providence Health Plans and Vision Service Plan, respectively. PEBB's Other Funds Non-Limited expenditures increased in correlation with the rising percentage of members covered in self-insured plans.



Revenue sources

Revenue from Other Funds pays for PEBB administration through an administrative assessment added to medical and dental insurance premiums and premium equivalents. The assessment cannot exceed 2 percent of monthly contributions from employees and employers (ORS 243.185). For 2011, 2012 and 2013, PEBB has reduced the assessment from 0.6 percent to 0.4 percent.

PEBB also eliminated funding for annual open enrollment expenses. Printing and distribution costs were the main expenditure from this fund.

Revolving Fund

PEBB currently maintains two accounts within its Revolving Fund.

Stabilization account

PEBB has authority to use this account to control costs, subsidize premiums and self-insure. The Other Funds revenue source is primarily unused employer contributions for employee benefits. This account also holds proceeds generated when PEBB's life insurance carrier changed from a mutual organization to a public corporation.

Flexible spending account

PEBB operates two flexible-spending account programs for employees and maintains a non-limited fund to account for their administrative costs. The primary Other Funds revenue source for these programs is forfeitures from participants.

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Public Employees Benefit Board (PEBB)
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-020-02-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2011-13 Leg Adopted Budget	19	18.50	1,413,956,621	-	-	8,715,361	-	1,405,241,260	-
2011-13 Emergency Boards	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	19	18.50	1,413,956,621	-	-	8,715,361	-	1,405,241,260	-
2013-15 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	1	1.00	535,686	-	-	535,686	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			307,093,820	-	-	-	-	307,093,820	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2013-15 Base Budget	20	19.50	1,721,586,127	-	-	9,251,047	-	1,712,335,080	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	(59,864)	-	-	(59,864)	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	23,663	-	-	23,663	-	-	-
Subtotal	-	-	(36,201)	-	-	(36,201)	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(125,000)	-	-	(125,000)	-	-	-
Subtotal	-	-	(125,000)	-	-	(125,000)	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	158,909	-	-	158,909	-	-	-
Subtotal	-	-	158,909	-	-	158,909	-	-	-

Summary of 2013-15 Biennium Budget

Oregon Health Authority
 Public Employees Benefit Board (PEBB)
 2013-15 Biennium

Leg. Adopted Budget
 Cross Reference Number: 44300-020-02-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2013-15 Current Service Level	20	19.50	1,721,583,835	-	-	9,248,755	-	1,712,335,080	-

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Public Employees Benefit Board (PEBB)
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-020-02-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2013-15 Current Service Level	20	19.50	1,721,583,835	-	-	9,248,755	-	1,712,335,080	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2013-15 Current Service Level	20	19.50	1,721,583,835	-	-	9,248,755	-	1,712,335,080	-
080 - E-Boards									
081 - May 2012 E-Board	-	-	-	-	-	-	-	-	-
082 - September 2012 E-Board	-	-	-	-	-	-	-	-	-
083 - December 2012 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Administrative Savings	-	-	-	-	-	-	-	-	-
092 - PERS Taxation Policy	-	-	(10,467)	-	-	(10,467)	-	-	-
093 - Other PERS Adjustments	-	-	(83,633)	-	-	(83,633)	-	-	-
094 - December 2012 Rebalance	-	-	26,000,000	-	-	-	-	26,000,000	-
801 - End-Of-Session Bill Adjustments	-	-	-	-	-	-	-	-	-
802 - Supplemental Statewide Ending Balance	-	-	-	-	-	-	-	-	-
803 - HB 2322 Program Change Bill	-	-	-	-	-	-	-	-	-
810 - LFO Analyst Adjustments	-	-	(206,337,689)	-	-	1,531,997,391	-	(1,738,335,080)	-
820 - End of Session Bill (HB 5008)	-	-	(10,454)	-	-	(10,454)	-	-	-
201 - APD - Program transfer to OHA	-	-	-	-	-	-	-	-	-
401 - PC & Network Infrastructure Investments	-	-	-	-	-	-	-	-	-
402 - Health Systems Transformation	-	-	-	-	-	-	-	-	-

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Public Employees Benefit Board (PEBB)
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-020-02-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
403 - OSH Replacement Project Next Phase	-	-	-	-	-	-	-	-	-
404 - Strengthen Comm'ty Mental Health Svcs & ITRS	-	-	-	-	-	-	-	-	-
405 - Ofc of Equity & Inclusion - Health Equity	-	-	-	-	-	-	-	-	-
406 - Health Information Technology	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	-	-	(180,442,243)	-	-	1,531,892,837	-	(1,712,335,080)	-
Total 2013-15 Leg Adopted Budget	20	19.50	1,541,141,592	-	-	1,541,141,592	-	-	-
Percentage Change From 2011-13 Leg Approved Budget	5.30%	5.40%	9.00%	-	-	17,583.00%	-	-100.00%	-
Percentage Change From 2013-15 Current Service Level	-	-	-10.50%	-	-	16,563.20%	-	-100.00%	-

Public Employees Benefit Board- PEBB 44300-020-02-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
OTHER FUNDS REVENUES								
Beginning Balance	0025	OF				253,484,781	253,484,781	
Beginning Balance Adjustment	0030	OF				61,316,214	61,316,214	
Administrative Service Charges	0415	OF	16,860,912	1,386,288,178	1,717,676,000	1,717,676,000	1,511,233,757	
Interest Income	0605	OF	94	4,171,800	4,961,244	4,961,244	4,961,244	
Other Revenues	0975	OF	38,325,186	23,368,576	9,336,240	9,336,240	9,336,240	
TOTAL REVENUES		OF	55,186,192	1,413,828,554	1,731,973,484	2,046,774,479	1,840,332,236	
TRANSFER IN								
Transfer in Agency Res Equity	1030	OF		253,612,848				
Transfer in Other	1050	OF	1,129,882,180					
TOTAL TRANSFERS IN		OF	1,129,882,180	253,612,848	-	-	-	
TRANSFER OUT								
Transfer to Other	2050	OF	(45,839,526)					
TOTAL TRANSFERS OUT		OF	(45,839,526)	-	-	-	-	
TOTAL OTHER FUNDS		OF	1,139,228,846	1,667,441,402	1,731,973,484	2,046,774,479	1,840,332,236	
TOTAL AVAILABLE REVENUES		TF	1,139,228,846	1,667,441,402	1,731,973,484	2,046,774,479	1,840,332,236	

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority
2013-15 Biennium

Agency Number: 44300
Cross Reference Number: 44300-020-02-00-00000

<i>Source</i>	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds						
Admin and Service Charges	16,860,912	8,317,778	8,317,778	6,711,000	6,711,000	1,511,233,757
Interest Income	94	-	-	-	-	4,961,244
Other Revenues	-	(110,484)	(110,484)	-	-	9,336,240
Transfer from Agy-Res Equity	-	3,466,664	3,466,664	-	-	-
Transfer In Other	401,048	-	-	-	-	-
Transfer to Other	(1,121,811)	-	-	-	-	-
Total Other Funds	\$16,140,243	\$11,673,958	\$11,673,958	\$6,711,000	\$6,711,000	\$1,525,531,241
Nonlimited Other Funds						
Admin and Service Charges	-	1,377,970,400	1,377,970,400	1,710,965,000	1,710,965,000	-
Interest Income	-	4,171,800	4,171,800	4,961,244	4,961,244	-
Other Revenues	38,325,186	23,479,060	23,479,060	9,336,240	9,336,240	-
Transfer from Agy-Res Equity	-	250,146,184	250,146,184	-	-	-
Transfer In Other	1,129,481,132	-	-	-	-	-
Transfer to Other	(44,717,715)	-	-	-	-	-
Total Nonlimited Other Funds	\$1,123,088,603	\$1,655,767,444	\$1,655,767,444	\$1,725,262,484	\$1,725,262,484	-

OHA – Oregon Educators Benefit Board (OEBB)

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 Legislatively Adopted
Other Funds	9,597,465	10,886,968	10,690,359	11,522,448
Other Funds (NL)	1,417,744,580	1,459,320,100	1,628,294,000	1,628,294,000
Total Funds	\$1,427,342,045	\$1,470,207,068	\$1,638,984,359	\$1,639,816,448
Positions	22	25	21	24
FTE	22.00	22.75	21.00	24.00

Program Description

The Oregon Educators Benefit Board (OEBB) was created in 2007. The Board designs, contracts for, and administers health plans, group insurance policies, and flexible spending accounts for 136,857 educational entity employees and early retirees, and their eligible dependents, in 239 school districts, education service districts, community colleges, and charter schools throughout Oregon. The law prohibits those districts, with certain exceptions, from offering benefit plans other than those offered by the Board on or after October 1, 2008. The program is administered by 24 staff (24.00 FTE), with actuarial services provided through contract.

Revenue Sources and Relationships

OEBB is funded entirely with Other Funds. OEBB collects premiums for all insured individuals, and then purchases insurance with those revenues. These program expenditures are shown as Nonlimited Other Funds in the budget. Operational costs are funded through an administrative charge (assessment) built into the health insurance premiums. By law, the assessment cannot exceed 2% of monthly premiums. OEBB's current assessment has been reduced from 0.95% to 0.90% of monthly premiums. These administrative expenditures are shown as Other Funds (Limited) in the budget.

Budget Environment

HB 2009, from the 2009 legislative session, began Oregon's version of health care reform. It created the Oregon Health Authority and the Oregon Health Policy Board. The Oregon Health Policy Board is charged with coordinating the state's existing patchwork system of purchasing and regulating health care, community services, and workforce training. The Board has been involved in making recommendations on the health care workforce, medical liability, population health, integrated primary care, health purchasing, administrative simplification, and technology. The Board is currently working on coordinated care model alignment, looking for ways to utilize a model with coordinated care attributes in programs such as OEBB.

The Oregon Educators Benefit Board has been active in implementing programs to help reduce costs and improve health. This includes implementing additional cost tiers to promote value-based benefits, full coverage for preventive services, coverage for weight management and tobacco cessation programs, and implementing benefit design to reduce barriers to care for members with chronic diseases.

Legislatively Adopted Budget

The 2013-15 legislatively adopted budget is \$1.64 billion Other Funds, or 11.5%, higher than the 2011-13 legislatively approved budget. A significant portion of this increase is a result of adding the administration of the Oregon Homecare Insurance Program to OEBB. Under an agreement with the Department of Human Services, OEBB began administering the benefit plans for homecare workers beginning January 1, 2013. The funding is transferred from the Department of Human Services. The 2013-15 adopted budget includes \$86.3 million Other Funds and three positions for this program.

Oregon Educators Benefit Board

Vision

The Oregon Educators Benefit Board (OEBB) is aligned with the vision of the Oregon Health Authority in creating a healthy Oregon. The OEBB vision is to provide high-quality benefits for eligible employees and early retirees at the lowest cost possible and work collaboratively with members, educational entities and insurance carriers to offer value-added benefit plans that support improvement in members' health while holding carriers accountable for outcomes.

Key components of the vision include:

- An innovative system that provides evidence-based medicine to maximize health and utilize dollars wisely;
- A focus on improving quality and outcomes, not just providing health care;
- System-wide transparency through explicit, available and understandable reports about costs, outcomes and other useful data; and
- Encouragement for members to take responsibility for their own health outcomes.

Goals

OEBB's goal is to provide high-quality medical, dental and other benefit plans for eligible employees at a reasonable cost.

The statutes governing OEBB (ORS 243.860 to 243.886) outline specific criteria that OEBB must follow in considering whether to enter into a contract for a benefit plan. In September 2007, the board further defined those criteria and adopted guiding principles.

Guiding principles

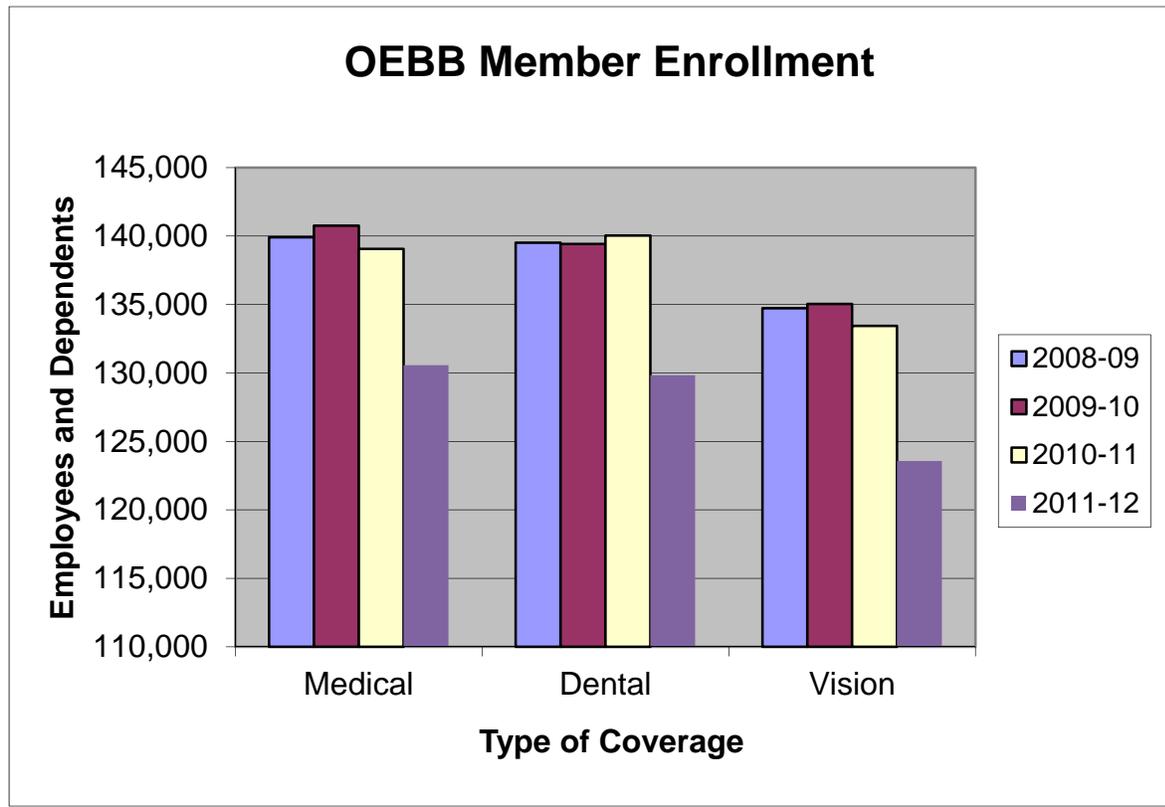
- OEBB will offer employees a range of benefit plans that provide high-quality care and services.
- OEBB will encourage competition in the marketplace in the areas of quality, outcomes, service and cost.

- In making its decisions, OEGB will consider plan performance in quality, administrative processes, costs and outcomes. It will promote system-wide transparency that provides comprehensive information on these issues.
- OEGB will offer a range of benefit plan designs that provide educational entities with the flexibility to choose options that meet their and their employees' financial and health needs.
- OEGB will encourage benefit plans and providers to offer members consistent access to care and services; integrated care systems that provide effective treatment; and personal and prompt service that meets customers' needs.
- OEGB will seek plans and providers that use creative and innovative methods and practices that are evidence-based or otherwise measurable.
- OEGB will recognize the impact of its decisions on employees' total compensation.
- OEGB will promote employee health and wellness through plan design components, disease and case management, and consumer education.
- OEGB will take into account the total costs of benefit plans, as well as employee cost-sharing for services, in offering a range of benefit plan designs.

Guiding principles of board operations

The board will operate as a cohesive unit that provides for open discussion on topics. The board also will operate in a transparent manner that fosters public trust, input and understanding of OEGB decisions and policies.

Who we serve



2013-19 six-year plan

- Keep medical rate increases at trend or below.
- Implement additional value-based benefit design changes supported by scientific evidence.
- Identify resources to support educational entities' health and wellness efforts.
- Continue to involve stakeholders in all aspects of policy development.
- Improve data systems to give educational entities reporting tools that support their business needs.
- Continue to operate in a transparent manner that fosters public trust, input and understanding of OEBB decisions and policies.
- Ensure the board operates as a cohesive unit that holds open discussion among its members.

- Continue to use workgroups to help the board make decisions based on analysis, discussion and development of options and recommendations. The board has established workgroups in three areas: business and operations, communications and engagement, and strategies on evidence and outcomes.
- Continue to enhance the board’s long-term communication plan to include member engagement and wellness strategies.

2013-15 two-year plan

- Continue developing the “MyOEBB” benefit management system to increase efficiencies by providing OEBB members the ability to manage their benefits online, providing OEBB staff and educational entities the ability to access information related to benefit enrollments and communicating enrollment and eligibility information to benefit carriers electronically.
- Continue supporting educational entity administration through the use of electronic invoices and fund transfers and administrative reports that allow administrators to access and manage eligibility and enrollment information.
- Continue monitoring standards for customer response time and improving the Board’s administrative and customer service models.
- Continue transitioning the business side of OEBB onto the internet.
- Emphasize technology as a way to increase efficiency and convenience.
- Regularly review existing security standards and practices in state government to ensure that OEBB meets enterprise wide security standards.
- Continue developing and maintaining a comprehensive and user-friendly website and online benefit enrollment system.
- Minimize the threat of unauthorized data access, both internally and externally.

OEBB supports the Oregon Health Authority’s goal to improve the lifelong health of all Oregonians. OEBB is focused on improving the health status of its members and their access to quality care. The board is taking action to increase the quality, reliability and availability of care for all Oregonians, consistent with OHA’s goal.

To facilitate the goals of OHA and OEBB, the board requires OEBB carriers to ensure that contracted physicians, providers and facilities render quality care at a sustainable cost. Facilities and providers may not be included in carrier panels if they do not meet these requirements.

- Quality care is consistent with evidence-based practice guidelines and within the context of individual clinical circumstances.
- Sustainable costs align with community reimbursement rates and, whenever possible, payment is made for outcomes rather than the provision of services.

2011-13 major accomplishments

- Designed and implemented additional benefit plans for Oregon’s educational employees and their families. Health savings account (HSA) and flexible spending account (FSA) options were added to the life, disability, accidental death and dismemberment, long-term care, employee assistance program, medical, dental, pharmacy and vision benefits previously available through OEGB.
- Added eligible dependent coverage under the evidence-based weight management program to improve health outcomes by reducing the prevalence of obese and overweight members and weight-related illnesses. More than 12,000 OEGB members have participated in the weight management program through meetings held at worksite meeting locations and lost more than 127,000 lbs.
- Performed a Dependent Eligibility Verification (DEV) audit to evaluate and ensure the integrity of the member enrollment in the OEGB benefit plans.
- Maintained an average per employee medical coverage premium increase below trend every plan year since OEGB began renewals in 2009.
- Implemented value-based plan design changes to provide incentives for chronic disease management and disincentives for several surgeries and procedures that evidence shows are over-utilized, ineffective, have questionable outcomes, or can have harmful side effects.
- Established a health and wellness support program including implementing “Champs!,” a diverse group of OEGB members that meet to share ideas for wellness activities, success stories and identify various resources available to assist in implementing or maintaining worksite wellness programs and activities.
- Effective January 2013, administration of the Oregon Homecare Insurance Program (OHIP) moved under the Oregon Health Authority (OHA). This new OHA program operates under the management and guidance of OEGB staff and is able to use OEGB’s online benefit management system, MyOEGB. Under an agreement with DHS, OHA will administer the benefit plans for homecare workers. Three limited

duration positions are included in OEBB's Governor's Budget along with an increase of \$21.3 million in Other Funds Nonlimited authority to account for the pass-through of insurance premiums.

Customer service delivery

OEBB continues to enhance efficiencies, creating a reporting repository for use by educational entities human resources and payroll staff responsible for employee benefits and allowing easy data migration through a payroll interface. OEBB also automated mid-year changes for members and enhanced e-mail communications for new hire and open enrollment information. OEBB continues to conduct requested trainings on the benefit enrollment system and processes, and to make presentations educating members on rate, benefit and plan design changes.

- OEBB expanded its administrative activities to offer educational entities the option for OEBB to administer benefits for benefit-eligible early retirees. Early retirees no longer have to enroll for benefits through their former employer or through a third party administrator. This allows more consistent and efficient managing and processing of enrollments and payments. In some cases, this also allows an educational entity to reduce costs associated with benefits administration.

Performance measures

OEBB uses measures and checkpoints to evaluate progress and success in implementing its business plan with regards to customer service. The target sets the performance benchmark. Checkpoints are actions taken to evaluate progress or the success of efforts being developed as part of the business plan. The board is in the process of developing a set of measures designed to provide information to the board, educational entities, members and lawmakers.

Goal Excellent Customer Service	Measures or Checkpoint Percentage of customers who rate OEBB customer service as good or excellent*.	Target 90 percent
Overall Customer Service	2009 Member Survey Results	97 percent
Overall Customer Service	2010 Member Survey Results	89 percent
Overall Customer Service	2011 Member Survey Results	92 percent

**2010 & 2011 Member Survey used the terminology “satisfied or very satisfied” in place of “good or excellent”*

Results from the 2011 member survey results show:

- 92 percent of members who reported having contact with OEBB were satisfied or very satisfied with OEBB’s customer service.
- 94 percent of members reported they were satisfied or very satisfied with the information OEBB sent to them.
- 91 percent of web users reported they were satisfied or very satisfied with the OEBB website.

Quality and efficiency improvements

OEBB is committed to ongoing process improvement and continually identifying and implementing administrative efficiencies. The strategic plan for improving quality and efficiency provides for:

- Gathering information, data and input from educational entities to develop or modify plan designs for medical, dental, vision and optional benefit plans.
- Reviewing and evaluating proposals and existing contracts and negotiating rates to provide high-quality plans at the lowest possible cost.

- Identifying potential policy and plan design changes to improve outcomes, quality of care and members' health status.
- Measuring provider performance based on improved quality of health services to members and outcomes, and minimizing avoidable costs.
- Monitoring carrier compliance with performance standards set in vendor contracts.
- Maintaining a viable and secure electronic benefit management system to process enrollment, eligibility, premium collection and disbursement.
- Participating in key initiatives to reform the health care system in Oregon.

Revenue sources

ORS 243.880 established the Oregon Educators Benefit Account to cover administration expenses. The account's revenue is generated through an administrative assessment included in premiums for OEGB benefits. The administrative assessment is capped at 2 percent of total monthly premiums. ORS 243.882 prohibits the balance in the account from exceeding five percent of the monthly total of employer and employee contributions for more than 120 days.

ORS 243.884 established the Oregon Educators Revolving Fund to pay premiums, control expenditures, provide self-insurance and subsidize premiums. There is no dedicated revenue source for the OEGB Revolving Fund other than interest earned on the premium collection pass-through.

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Oregon Educators Benefit Board (OEBB)
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-020-03-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2011-13 Leg Adopted Budget	22	22.00	1,448,639,511	-	-	10,639,511	-	1,438,000,000	-
2011-13 Emergency Boards	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	22	22.00	1,448,639,511	-	-	10,639,511	-	1,438,000,000	-
2013-15 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(1)	(1.00)	(65,634)	-	-	(65,634)	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			104,974,000	-	-	-	-	104,974,000	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2013-15 Base Budget	21	21.00	1,553,547,877	-	-	10,573,877	-	1,542,974,000	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	(7,944)	-	-	(7,944)	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	(5,818)	-	-	(5,818)	-	-	-
Subtotal	-	-	(13,762)	-	-	(13,762)	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(125,000)	-	-	(125,000)	-	-	-
Subtotal	-	-	(125,000)	-	-	(125,000)	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	247,921	-	-	247,921	-	-	-
Subtotal	-	-	247,921	-	-	247,921	-	-	-

Summary of 2013-15 Biennium Budget

Oregon Health Authority
 Oregon Educators Benefit Board (OEBB)
 2013-15 Biennium

Leg. Adopted Budget
 Cross Reference Number: 44300-020-03-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	7,323	-	-	7,323	-	-	-
Subtotal: 2013-15 Current Service Level	21	21.00	1,553,664,359	-	-	10,690,359	-	1,542,974,000	-

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Oregon Educators Benefit Board (OEBB)
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-020-03-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2013-15 Current Service Level	21	21.00	1,553,664,359	-	-	10,690,359	-	1,542,974,000	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2013-15 Current Service Level	21	21.00	1,553,664,359	-	-	10,690,359	-	1,542,974,000	-
080 - E-Boards									
081 - May 2012 E-Board	-	-	-	-	-	-	-	-	-
082 - September 2012 E-Board	-	-	-	-	-	-	-	-	-
083 - December 2012 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Administrative Savings	-	-	-	-	-	-	-	-	-
092 - PERS Taxation Policy	-	-	(10,412)	-	-	(10,412)	-	-	-
093 - Other PERS Adjustments	-	-	(83,197)	-	-	(83,197)	-	-	-
094 - December 2012 Rebalance	3	3.00	86,281,224	-	-	961,224	-	85,320,000	-
801 - End-Of-Session Bill Adjustments	-	-	-	-	-	-	-	-	-
802 - Supplemental Statewide Ending Balance	-	-	-	-	-	-	-	-	-
803 - HB 2322 Program Change Bill	-	-	-	-	-	-	-	-	-
810 - LFO Analyst Adjustments	-	-	-	-	-	1,628,294,000	-	(1,628,294,000)	-
820 - End of Session Bill (HB 5008)	-	-	(35,526)	-	-	(1,628,329,526)	-	1,628,294,000	-
201 - APD - Program transfer to OHA	-	-	-	-	-	-	-	-	-
401 - PC & Network Infrastructure Investments	-	-	-	-	-	-	-	-	-
402 - Health Systems Transformation	-	-	-	-	-	-	-	-	-

Summary of 2013-15 Biennium Budget

Oregon Health Authority
Oregon Educators Benefit Board (OEBB)
2013-15 Biennium

Leg. Adopted Budget
Cross Reference Number: 44300-020-03-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
403 - OSH Replacement Project Next Phase	-	-	-	-	-	-	-	-	-
404 - Strengthen Comm'ty Mental Health Svcs & ITRS	-	-	-	-	-	-	-	-	-
405 - Ofc of Equity & Inclusion - Health Equity	-	-	-	-	-	-	-	-	-
406 - Health Information Technology	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	3	3.00	86,152,089	-	-	832,089	-	85,320,000	-
Total 2013-15 Leg Adopted Budget	24	24.00	1,639,816,448	-	-	11,522,448	-	1,628,294,000	-
Percentage Change From 2011-13 Leg Approved Budget	9.10%	9.10%	13.20%	-	-	8.30%	-	13.20%	-
Percentage Change From 2013-15 Current Service Level	14.30%	14.30%	5.50%	-	-	7.80%	-	5.50%	-

Oregon Health Authority Oregon Educators Benefit Board 44300-020-03-00-00000			2013-15 Revenue Report				
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget
OTHER FUNDS REVENUES							
Beginning Balance	0025	OF				5,441,099	5,441,099
Beginning Balance Adjustment	0030	OF				1,033,901	1,033,901
Charges for Services	0410	OF			122,921	122,921	122,921
Administrative Service Charges	0415	OF	10,243,929	1,449,395,129	1,554,369,129	1,640,650,353	1,640,614,827
Interest Income	0605	OF	528				
Other Revenues	0975	OF	913	(188,519)			
TOTAL REVENUES		OF	10,245,370	1,449,206,610	1,554,492,050	1,647,248,274	1,647,212,748
TRANSFER IN							
Transfer in Agency Res Equity	1030	OF		4,874,000			
Transfer in Other	1050	OF	1,435,673,686				
TOTAL TRANSFERS IN		OF	1,435,673,686	4,874,000	-	-	
TRANSFER OUT							
Transfer to Other	2050	OF	(1,177,011)				
TOTAL TRANSFERS OUT		OF	(1,177,011)				
TOTAL OTHER FUNDS		OF	1,444,742,045	1,454,080,610	1,554,492,050	1,647,248,274	1,647,212,748
TOTAL AVAILABLE REVENUES		TF	1,444,742,045	1,454,080,610	1,554,492,050	1,647,248,274	1,647,212,748

OHA – Office of Private Health Partnerships (OPHP)

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 Legislatively Adopted
General Fund	18,932,742	7,002,275	38,183,853	1,710,302
Other Funds	49,117,234	73,049,970	52,061,803	22,702,031
Other Funds (NL)	343,770,156	411,670,261	411,670,261	236,417,565
Federal Funds	10,184,071	313,391,459	234,587,910	116,408,573
Total Funds	\$422,004,203	\$805,113,965	\$736,503,827	\$377,238,471
Positions	52	43	61	62
FTE	51.25	42.36	59.75	15.67

Program Description

The Office of Private Health Partnerships includes several programs that maximize resources, share costs, and provide access to quality health care for all Oregonians through partnerships with private insurance companies.

The *Family Health Insurance Assistance Program (FHIAP)* provides health insurance premium subsidies to previously uninsured, low-income families and individuals. The program was created in 1997 as an expansion of the Oregon Health Plan (OHP) and is regulated by federal Medicaid waivers and administrative rules. It provides direct premium subsidies to low-income individuals up through 200% of federal poverty level (FPL) who may earn too much to qualify for Medicaid, but not enough to afford private health insurance. Depending on family income, subsidies range from 50% to 95% of the premium cost for adults, and 100% for children up to age 19. To qualify for a FHIAP subsidy, members must have been uninsured for two months. Members can serve this period of uninsurance while waiting on the reservation list. There are a few exceptions to the uninsurance period including, but not limited to enrollment in OHP or loss of insurance due to change in employment. In addition to a portion of the monthly premium, members are responsible for any co-payments, co-insurance, and deductibles of the plan they select. Enrollment is on a first-come, first-served basis.

Healthy KidsConnect (HKC) is the private sector component of the **Healthy Kids Program**, which was created by the 2009 Legislative Assembly as part of the Health Care for All Oregon Children initiative, established in HB 2116. It provides choices for families that earn too much to qualify for OHP, but cannot afford to pay the full cost of private health insurance premiums. While the bulk of the expenditures for Healthy Kids are included in the Medical Assistance Programs budget, the Office of Private Health Partnerships budget includes funding for premium subsidies for the private health insurance coverage offered in HKC. Healthy KidsConnect contracts directly with commercial health insurance carriers for benefit plans that are comparable to the OHP Plus benefits.

This budget provides premium subsidies to families with household incomes above 200% and through 300% FPL. Families may use these subsidies (85 or 90% of monthly premiums) to purchase health insurance through Healthy KidsConnect contracted carriers or insurance through their employer, as long as the employer plan meets federal benefit standards. Families over 300% of the federal poverty level can still enroll their children in HKC, but are not eligible for subsidies.

The *Oregon Medical Insurance Pool (OMIP)* and *Federal Medical Insurance Pool (FMIP)* are the high-risk health insurance pools for the State of Oregon. The high-risk pools serve Oregonians who cannot get private health insurance because of pre-existing medical conditions, regardless of income level. OMIP also serves as Oregon's portability option for residents who are eligible for portability coverage, but have no access to a commercial portability plan.

The new *Oregon Transitional Reinsurance Program*, established by HB 3458, is also included in this budget. This program was created for a three-year period from 2014 through 2016 to stabilize rates and premiums for the individual insurance market. It is funded by insurer assessments similar to the current OMIP program, which ends at the end of 2013.

With the exception of the Reinsurance program, these programs will all phase out during the 2013-15 biennium.

Revenue Sources and Relationships

Other Funds revenue is primarily premiums and insurer assessments. OMIP is funded with premiums collected from insured individuals and insurer assessments. Enrollee monthly premiums fund about 55% of OMIP expenditures, while assessments on health insurers fund approximately 45%. FMIP is funded by a combination of member premiums and funds from the federal government. The new Oregon Transitional Reinsurance Program is funded with insurer assessments to pay claims costs. Other Funds for 2013-15 also include about \$7 million of insurer provider taxes that will be available before the sunset of the tax on September 30, 2013.

Federal Funds revenue sources include Medicaid and CHIP federal matching funds, which match state contributions in the FHIAP and Healthy Kids Connect programs. FMIP is primarily funded with federal revenues.

Budget Environment

In March 2010, Congress passed federal health care reform legislation, the Affordable Health Care Act, which is intended to reduce health care spending over the next decade. It will expand health care coverage to an estimated 500,000 additional Oregonians by 2014 through a combination of subsidized private insurance and expanded Medicaid coverage. Federal subsidies to states will cover 100% of the additional cost of those who are newly eligible through 2016. It also allocates money to improve quality and halts certain insurance practices. In addition, the law creates exchanges or marketplaces for health insurance in 2014. The Oregon Health Insurance Exchange was established in SB 99, passed during the 2011 legislative session.

As a result of these changes, most of the programs in the Office of Private Health Partnerships will be phased out during the 2013-15 biennium. All clients enrolled in Healthy Kids Connect will be transferred to the Oregon Health Plan by January 1, 2014. The FHIAP program will also end as of the end of December 2013, with eligible clients shifting to OHP while others will be able to purchase health insurance through CoverOregon. The high risk pools that Oregon administers will no longer be needed, since under the Affordable Care Act the clients served in these pools can no longer be denied health coverage because of a pre-existing medical condition. OMIP will phase out the end of December 2013, while FMIP ended June 30, 2013.

Legislatively Adopted Budget

The 2013-15 legislatively adopted budget for the Office of Private Health Partnerships is \$377.2 million total funds, which is a 47% decrease from the 2011-13 budget. General Fund in the adopted budget is reduced to \$1.7 million, as programs are phased out and the insurer premium assessments, available before the sunset of the assessment, are used to fund FHIAP and HKC.

The phase-out of the various programs discussed above result in 2013-15 budget reductions of \$36.4 million General Fund and \$359.2 million total funds, compared to the current service level budget. Portions of these reductions were included as the fiscal impacts associated with HB 2091, HB 2240, and HB 3458. HB 2091 abolishes the Healthy Kids Connect program and transfers all HKC clients to the Oregon Health Plan by January 1, 2014. HB 2240 eliminates FHIAP as of the end of December 2013 to align with the Affordable Care Act. Some clients will shift to OHP while others will be able to purchase health insurance through CoverOregon, Oregon's health insurance exchange. HB 3458 eliminates OMIP as a health plan at the end of December 2013, and repurposes the OMIP Board as the administrator of the new Oregon Transitional Reinsurance Program described below. FMIP was closed as of June 30, 2013. The Information, Education and Outreach program is also eliminated at the end of the year.

HB 3458 also establishes the new Oregon Transitional Reinsurance Program. This program was created for a three-year period from 2014 through 2016 to stabilize rates and premiums for the individual insurance market. It is funded by insurer assessments similar to the current OMIP program, which ends at the end of 2013. The 2013-14 adopted budget includes \$104.2 million Other Funds related to this program.

OFFICE OF PRIVATE HEALTH PARTNERSHIPS

OPHP Mission, History, and Future in Summary

The Office of Private Health Partnerships (OPHP) was created as the Insurance Pool Governing Board in 1987 to help reduce the number of uninsured Oregonians. The agency was renamed in 2006. In July of 2009, OPHP began transitioning into the Oregon Health Authority (OHA) as detailed in House Bill 2009 passed during the 2009 Legislative Session.

OPHP directly supports OHA's vision for a healthy Oregon by reducing the number of uninsured Oregonians.

OPHP's programs offer consumer health insurance plan and provider choice, as well as providing members premium assistance. OPHP provides access to health care information and resources, enabling consumers to make informed decisions about their health care options. The quality, reliability and availability of care and the cost of care for both the insured and uninsured populations affects the lifelong health of Oregonians.

The agency's programs create a three-prong partnership between government, the private market and the insured. Since its inception, OPHP has designed, contracted, managed and administered programs that provide health care access to income-eligible individuals and families and to those who have been declined coverage due to pre-existing health conditions. Approximately 85 percent of OPHP's members do not qualify for other state health programs currently offered.

Combined, OPHP's programs provide access to health insurance coverage for approximately 26,000 Oregonians.

OPHP programs will continue providing access to these Oregonians largely unchanged for the first six months of the 2013-15 biennium. However, in January 2014, coverage for all of the 26,000 OPHP program enrollees will change due to passage of the federal Patient Protection and Affordable Care Act (ACA).

The associated Medicaid expansion, shift of federal premium subsidies to Cover Oregon, and implementation of guaranteed issue health insurance results in the proposed closure of all five OPHP programs in January 2014 in the 2013-15 Legislatively Adopted Budget (LAB).

The following narrative describes the environment in which OPHP programs will operate for the first six months of the biennium, and the guiding principles, partnerships, program designs, enrollees, and other program characteristics that define the OPHP programs providing services to Oregonians.

Enrollees in the closing programs will transition to Medicaid, Cover Oregon, and the commercial market. Operation of these programs, and the new environment in which they will operate, is described in detail in their respective budget presentations. Discussion regarding the impacts of the ACA in this OPHP narrative will be primarily limited to the “Program Changes” sections toward the end of each program narrative, and will focus as necessary on enrollee transition and program closure planning.

OPHP Programs

Family Health Insurance Assistance Program (FHIAP)

The Oregon Legislature established the Family Health Insurance Assistance Program (FHIAP) in 1997. FHIAP provides health insurance premium assistance to Oregonians who would not be able to afford health insurance on their own. This reduces the number of uninsured, and encourages a healthy Oregon by helping members access quality medical providers.

This program supports the Oregon Health Authority’s mission by:

- **Creating a path to health care independence**
FHIAP offers monthly premium subsidies to adults on a sliding scale, ranging from 50 to 95 percent of the cost of insurance. All children under the

age of 19 are subsidized at 100 percent regardless of income. The adult members' monthly subsidies decrease as their income increases. This sliding scale fosters self-reliance and continued movement toward health care independence. The sliding scale also aligns directly with the goal of more equitably sharing the cost of health care for the uninsured, reducing the number of uninsured at a minimum cost to the public.

- **Providing health care choice**

FHIAP offers members numerous health insurance plan choices. Each plan includes a health care provider network that offers members the opportunity to select their care provider. Giving members the option to change providers if they are unhappy with their care helps ensure that Oregonians receive quality patient care.

All FHIAP-subsidized plans offer comprehensive medical benefits including prescription drug coverage, affordable out-of-pocket costs, and a wide array of provider choice throughout the state. Weighing access and cost, members select the plan that best fits their family's medical and financial needs.

- **Partnering to share health care costs**

FHIAP is unique in that it relies heavily on the combined contributions of employers, employees, and state and federal governments, to provide assistance to the uninsured. FHIAP addresses the gaps between the cost of health insurance and what people can afford to pay.

Program design

Commercial health insurance is the primary private sector partner of FHIAP. The program structure reflects a three-pronged partnership between government, the commercial health insurance market and consumers to provide health care to the uninsured. FHIAP pays a portion of a member's monthly health insurance premium purchased through:

- An employer, if a plan is available
- An individual private market carrier

If a member's employer offers health insurance coverage that meets minimum cost-sharing and benefit standards and contributes toward the premium costs, the member is required to enroll in employer coverage. This requirement leverages

private sector dollars, reducing taxpayer costs and increasing program capacity so more families receive premium assistance.

When employer insurance is not available, the program subsidizes individual market insurance premiums. FHIAP works with five of the largest domestic individual private market carriers in Oregon, including OMIP, FMIP, and other programs administered by OPHP.

Uninsurance requirement: FHIAP requires that members be without health insurance for at least two months in order to be eligible for the program. The period of uninsurance is intended to reduce the number of Oregonians without health insurance by targeting only uninsured individuals while discouraging people from dropping their existing coverage to join the subsidy program.

Who receives services and how services are delivered

FHIAP serves children and adults from zero through 200 percent of the federal poverty level in both individual and employer sponsored health insurance options.

Adults in FHIAP can only receive subsidies if all eligible children in the family are covered by health insurance in the commercial market or through the Oregon Health Plan, FHIAP or Healthy Kids programs. FHIAP pays 100 percent of monthly premiums for all children living in homes where the income is less than 201 percent of the federal poverty level.

FHIAP staff annually assess applicant eligibility, manages member accounts, including monthly premium billing in the individual market, payment to insurers and subsidy reimbursements in the employer market. FHIAP staff also process member appeals and administrative hearing requests.

The program mails applications in the order applicants put their name on the group or individual reservation list:

- Applications are sent out in date order when program openings become available
- Families with members who don't qualify for group insurance, but with at least one who does, are placed on the group reservation list

In June 2012 there were more than 43,000 people on the FHIAP reservation list.

This is the second time in the program's history that the reservation list reached more than 40,000 lives. Of the 43,000 on the list in June, approximately:

- 30,000 were adults
- 10,000 were children
- 9,000 said they have access to employer-sponsored (group) insurance

During the same period, FHIAP served approximately 6,800 members. Of those, approximately 2,800 were enrolled in employer-sponsored insurance, and approximately 4,000 were enrolled in individual coverage.

FHIAP provides subsidies to families with gross monthly incomes through 200 percent of the federal poverty level. A large number of members are at or below 100 percent of the poverty level. As of June 2012, the population was composed of the following enrollees by poverty level:

- Approximately 45 percent of members (group and individual) had incomes at or below 100 percent of the poverty level
- Approximately 20 percent of members had incomes between 100 and 125 percent of the poverty level
- Approximately 35 percent of the members had incomes between 125 and 200 percent of the poverty level

Quality and efficiency improvements

FHIAP works to promote improvements and efficiencies in the program. These activities range from improving the application process for members to sharing resources between programs to reduce administrative costs for the state. Combined, OPHP administrative costs are less than six percent.

During the last biennium, FHIAP:

- Simplified the program application
- Implemented rule changes to simplify application paperwork and program requirements
- Began a document imaging process

- Simplified the language in forms and letters to reduce member questions
- Worked to help build the database for the Healthy KidsConnect program
- Trained Healthy KidsConnect staff on eligibility and insurance

Program changes in 2013-15

The expansion of Medicaid up to 138 percent of the federal poverty level (FPL) and the shift of federal subsidies to the health insurance exchange, Cover Oregon, will make the Family Health Insurance Program (FHIAP) unnecessary, and the program is scheduled to close in January 2014 in the 2013-15 LAB budget based on provisions in HB 2240.

Since the time the program closure was proposed in the 2013-15 GBB, OPHP has been working closely with internal partners in OHA leadership and Medical Assistance Programs (MAP), and external partners in Cover Oregon and in the insurance community to ensure the transition of FHIAP enrollees works as smoothly as possible. Enrollees who qualify will move to the Oregon Health Plan, following just under 1,000 enrollees who were moved as part of the reduction plan adopted by the legislature in the February 2012 session. Remaining enrollees will move to Cover Oregon and continue to receive subsidies from the federal government.

Revenue sources and expenditures

FHIAP is funded through state General Fund appropriation, Federal Funds, Miscellaneous Other Funds, and the Insurers' Tax.

As part of the Oregon Health Plan demonstration waiver, the subsidy program receives federal matching funds for Medicaid (Title XIX) and the State Children's Health Insurance Program (Title XXI). Additionally, FHIAP receives a portion of the Insurers' Tax to provide subsidies for enrollees.

The Insurers' Tax is collected through a one percent tax on private market health insurance premiums. The Insurers' Tax sunsets on September 30, 2013. The FHIAP CSL budget was adjusted to reflect the elimination of this fund source following the sunset, with the difference replaced by an increased General Fund appropriation. Following the fund shift from the sunseting Insurers' Tax to General Fund in CSL, the General Fund contribution to the program was reduced

in the 2013-15 LAB to reflect changes in the expenditure budget associated with program closure described below.

The FHIAP 2013-15 LAB program expenditure budget reflects costs associated with six months of operation, with position and budgets for personal services, services and supplies, and special payments all abolished for the remaining eighteen months of the biennium following closure in January 2014. The six months of operation followed by closure is reflected in the 7.75 FTE budgeted in the program, but while the positions are effectively abolished in January 2014, the actual position count (31) is not eliminated until the 2015-17 biennium.

Healthy KidsConnect

Healthy KidsConnect (HKC) was established with the passage of HB 2116 and signed into law on August 4, 2009. HKC helps families gain access to comprehensive insurance coverage for uninsured children by providing premium subsidies and partnering with private-market carriers to deliver services.

Healthy Kids Connect is the commercial insurance component of Healthy Kids, Oregon's program that offers health care coverage to eligible uninsured children age 18 and under. Healthy Kids was established with a goal of enrolling 95 percent of Oregon's uninsured children with family income at or below 300 percent of the federal poverty level. Healthy Kids Connect is designed for families that earn too much to qualify for the Oregon Health Plan, but can't afford to pay the full premium for their child's private health insurance. This program also provides qualified families with access to employer-sponsored insurance (ESI) or group subsidies to enroll uninsured children into their employer's plan. Employer's plan must meet federal benefits guidelines to qualify.

Healthy Kids Connect aligns with the Oregon Health Authority's mission by:

- **Expanding access to all Oregon's uninsured children**

The program offers sliding scale subsidies for families whose income is between 200 and 300 percent of the federal poverty level (FPL). Expanding coverage to this previously under-served population provides opportunities for children to receive comprehensive health coverage. Families with income above 300 percent FPL pay full cost of insurance premiums.

- **Providing health care choice**
Families enrolling children in Healthy Kids Connect have provider choice. Each plan includes a health care provider network that offers members the opportunity to select a provider that will best serve their child's health care needs.

- **Partnering to share health care costs**
Healthy Kids Connect provides cost sharing among consumers, government and the private market through income-based subsidy payments for families whose annual income is 300 percent FPL or lower.

Program design

The program structure creates a partnership between the commercial market, government, and consumers to provide health care for uninsured children.

Healthy Kids Connect manages the request for proposal process for the program's private-market health plan options. Currently, the program contracts with four insurance carriers to provide health insurance benefits comparable to Oregon Health Plan Plus. The plan offers comprehensive health care coverage that includes dental, vision, mental health, pharmacy, and physical health care benefits.

Staff manage member invoicing and payments and the employer plan benchmarking ensuring the plan meets federal standards. The program assists the Office of Client and Community Services (OHA) and the Department of Human Services with expediting annual program redetermination for members and manages member relations and ongoing carrier relations.

An important measure of health care affordability is the consumer's total out-of-pocket expenses. To align with federal standards and ensure Healthy Kids Connect insurance is affordable for the families that receive subsidies, OPHP set an out of pocket limit of five percent of the family's annual income for members who enroll in the private market plans. If a family reaches the five percent limit, OPHP or the carrier pays expenses above that amount. Healthy Kids Connect out of pocket expenses include monthly premium, co-pays, co-insurance, and all other expenses related to health care and incurred under the insurance plan.

Healthy Kids Connect expands coverage options to additional income levels, removing barriers to accessing health care coverage and building on existing programs already available to Oregon families.

Who receives services and how services are provided

OPHP helps families with incomes between 200 and 300 percent of the federal poverty level by paying 85 to 90 percent of their monthly health insurance premium and encouraging enrollment and active financial participation in their child's health care needs. Subsidized members are responsible for approximately 10 to 15 percent of the premium cost, depending on their income level. OPHP pays 100 percent of the premium cost for children enrolled in a parent's employer plan through HK ESI and whose household income is zero through 200 percent FPL.

Oregon's Healthy Kids effort is an innovative, multi-agency collaboration of the Oregon Health Authority's (OHA) Office of Healthy Kids, Medicaid Assistance Programs, OPHP, the Department of Human Services (DHS), the Office for Oregon Health Policy and Research partnering with four private market insurance carriers, and community stakeholders. Each of these partners performs a vital role in marketing, application assistance, service delivery, and evaluation. This collaboration of public and private partnerships ensures "every kid is a Healthy Kid" and provides a seamless transition for children into health insurance coverage, regardless of income level.

There is one OHA application for medical assistance programs (except FHIAP), including Healthy Kids and Healthy KidsConnect. Applications are submitted to DHS for determination of family and child eligibility based on program rules and guidelines.

The applications of Oregonians who earn too much for the OHP component and meet Healthy Kids Connect and HK ESI eligibility are forwarded to the Office of Private Health Partnerships. OPHP provides qualified families with information on carrier and employer options for enrolling in private insurance.

OPHP administers HKC health insurance plans and member reimbursement for HK ESI benefits available through a member's employer plan.

One of OPHP's key performance measures is customer satisfaction relating to the family's experience with the private market carrier that provides the child's

insurance coverage. OPHP's goal is to have more than 90 percent of its customer's rate their experience with their carrier as "Good" or "Excellent" on a satisfaction survey.

Program changes in 2013-15

HKC provides coverage for children in the 200% to 300% FPL range utilizing federal CHIP matching funds to subsidize private insurance. House Bill 2091 changes this structure, where the private insurance option is abolished for children in families over 200 percent and up to and including 300 percent FPL, and eligibility for the "direct coverage" medical assistance program is expanded. The bill requires the OHA to request approval from US Health and Human Services to obtain federal financial participation in paying the costs to provide this coverage for the expanded population. Assuming federal approval, the bill then requires the authority, in cooperation with the HKC carriers, to transfer children currently enrolled in the private health option into direct medical assistance coverage, and this transition is scheduled for January 1, 2014.

Cover Oregon, Insurance Division, OHA IT and Cover Oregon IT, Office of Client and Community Services, Medical Assistance Programs, Department of Justice, and Office of Private Health Partnerships have been working together since mid-2012 to clarify the future of the HKC program, and this work provided the foundation for transition plans started in earnest when closure was proposed early in the 2013 session.

Revenue sources and expenditures

Healthy Kids Connect is funded with a combination of Federal Funds and Other Funds (Insurers' Tax), increasing the amount of federal dollars available to the state to help more families. Approximately 74 percent of program expenditures are Title XXI (CHIP) funds, with the balance matched by the member share plus Insurers' Tax funds.

The Insurers' Tax is collected through a one percent tax on private market health insurance premiums. The Insurers' Tax sunsets on September 30, 2013. The HKC CSL budget was adjusted to reflect the elimination of this fund source following the sunset, with the difference replaced by an increased General Fund appropriation. Following the fund shift from the sunseting Insurers' Tax to General Fund in CSL, the General Fund contribution to the program was reduced

in the 2013-15 LAB to reflect changes in the expenditure budget associated with program closure described below.

The HKC 2013-15 LAB program expenditure budget reflects costs associated with six months of operation, with position and budgets for personal services, services and supplies, and special payments all abolished for the remaining eighteen months of the biennium following closure in January 2014. The six months of operation followed by closure is reflected in the 4.19 FTE budgeted in the program, but while the positions are effectively abolished in January 2014, the actual position count (19) is not eliminated until the 2015-17 biennium.

Oregon Medical Insurance Pool

The Oregon Legislature established the Oregon Medical Insurance Pool (OMIP) in 1987 as the state's high-risk health insurance pool.

OMIP provides medical insurance coverage for all Oregonians denied adequate medical insurance coverage because of current or prior health conditions. This program partners with private market health insurers to help reduce the state's uninsured rate by providing insurance options to people who otherwise would be without health coverage.

OMIP also provides a way to continue insurance coverage for those who exhaust COBRA benefits and have no other options.

OMIP supports the Oregon Health Authority's mission by:

- Providing access for Oregon's uninsurable
- OMIP serves the highest medical risk individuals in the state who otherwise would not have access to health insurance due to pre-existing health conditions
- Maintaining plan and provider choice
- OMIP offers four health benefit plans to accommodate the financial circumstances of individual enrollees. The plans differ in deductible amounts and other out-of-pocket costs which allows for varying premium amounts among the four plans
- Promoting health management

- OMIP provides the necessary resources, such as disease management, pharmacy, and case management programs, to allow chronically ill Oregonians to better manage their conditions

Sharing health care costs

OMIP is structured to distribute costs between the member and the private market. With commercial insurance plans, the total premiums generally cover the entire plan's costs for medical care and administration. However, OMIP member premiums cover about 50 percent of the program's total costs. The remainder is covered through assessments Oregon law authorizes OMIP to collect from Oregon health insurance companies.

OMIP provides access to health insurance for thousands of Oregonians, helping reduce the number of people seeking emergency room services as a last resort. OMIP allows members to utilize a network of primary care providers and specialists in a manner that benefits Oregon's overall health care system.

OMIP and FMIP private-public program design

OMIP and the Federal Medical Insurance Pool (FMIP) contract with a third-party administrator (TPA), Regence BlueCross Blue Shield of Oregon. Regence BCBSO handles the pools' day-to-day operations, including eligibility, enrollment, customer service, data reporting, claims processing, prior authorization, pharmacy benefit management, case management and disease management.

OMIP staff work closely with the third party administrator to coordinate operational and policy issues and promote improvements in service delivery.

The administrative cost for the third party administrator plus the state program management and staff during fiscal year 2011 was less than five percent of total expenditures.

- OMIP administration: expenses for state administrative staff and supplies comprise less than one percent of total expenditures
- Third party administrator: the cost of the third party administrator comprises four percent of total expenditures
- Insurance agent fees: OMIP pays a one-time \$75 fee to Oregon licensed agents who assist an applicant in completing the OMIP application and

obtaining coverage. These fees comprise approximately 0.2 percent of total expenditures

The third party administrator's administrative expense and agent fees increase as OMIP enrollment increases. OMIP pays the third party administrator a contracted dollar amount per enrollee per month for administration. Member premiums cover about 50 percent of the total program costs. The remaining 50 percent is covered by health insurer assessments. The insurers pass these assessments to the consumer through the individuals and companies insured under their private market insurance plans. Essentially, individuals and companies that pay for private insurance subsidize approximately 50 percent of OMIP's expenditures. This percentage has risen during the past several years from about 35 percent to its current level.

Who receives services and how services are delivered

The Oregon Medical Insurance Pool (OMIP) and the Federal Medical Insurance Pool (FMIP) are the high-risk health insurance pools for the State of Oregon. Oregonians served by OMIP and FMIP have been declined coverage by the individual health insurance market because of their medical conditions. Additionally, OMIP serves individuals who have exhausted employer-based COBRA benefits and have no other available options to continue coverage; have left employment and moved out of their employer's plan service area and are not able to continue that coverage; or are eligible for the Federal Health Coverage Tax Credit (HCTC).

OMIP and FMIP benefit plans mirror those in the commercial group preferred provider option (PPO) health market. The plans include case management services, disease management programs, prior authorization requirements, a drug formulary, and higher benefits when enrollees choose to use participating providers.

OMIP and FMIP receive guidance from a ten member board. The Oregon Health Authority director appoints nine of these members. The director, or a designee of the director, also serves on the board.

Eligibility

Enrollees must be residents of Oregon when they enroll and demonstrate that they have lived in Oregon for at least 180 days during each benefit year. OMIP does not have a citizenship requirement for coverage or a required period of uninsurance.

The federal pool has a six-month period of no insurance requirement and enrollees must be U.S. citizens or lawfully present in this country.

Quality and efficiency improvements

- Enrollees received more help managing their health care and benefits
- Expanded the range of diagnoses addressed by disease management programs
- Enhanced promotion of no-cost classes for smoking cessation and self-management of chronic diseases
- Promoted use of MyRegence website for enrollees to access a wide range of information about managing diseases and lifestyle, general knowledge about medical conditions and medication alternatives and history of claims
- Promoted healthy lifestyles by offering paid weight loss programs through Weight Watchers
- Took measures to control rising medical costs
- Increased the number of available generic prescriptions for covered medications, thereby controlling the rate of increase in drug expenditures for OMIP
- Increased the non-preferred drug co-payment to encourage generic drug use;
- Obtained a federal grant award to offset costs, support increased use of generic medications, and employ remote monitoring of individuals with complex multiple diagnoses in order to avoid emergency-room visits and inpatient admissions
- Improved access to information for enrollees, stakeholders, and the general public by expanding the Web site to include more information and providing easier navigation for a variety of audiences including enrollees, health care policymakers, and insurers affected by the OMIP assessment
- Improved access to resources by contracting with the Department of Health and Human Services to implement the Federal Medical Insurance Pool (FMIP) FMIP helps stabilize the OMIP assessment through a shift of OMIP eligible applicants to FMIP

FMIP history and differences

On April 30, 2010 Governor Ted Kulongoski sent a letter to the Secretary of HHS indicating Oregon's interest in administering the federally funded high-risk pool

through the state's existing medical insurance pool (OMIP). HHS signed a contract with the state on July 12, 2010.

The biggest difference between FMIP and OMIP is funding streams. As described in more detail below, OMIP is funded by a combination of member premiums and an assessment on health insurance companies. The new federal high risk pool is funded by a combination of member premiums and funds from the federal government.

The federal pool is structured to be nearly identical to OMIP, but offers two insurance plans rather than four. A seamless and transparent structure simplifies the application process, aids in communicating the benefit plan details, and makes better use of program funds.

The existence of the new federally funded pool will have the affect of shifting future costs (new medically eligible enrollment) from OMIP to the federally funded pool. This may result in leveling out the cost of running the existing state pool.

OMIP and FMIP program changes in 2013-15

The FMIP and OMIP programs are scheduled to be available until 2014. In 2014, federal law will prohibit insurance companies from refusing to sell coverage or renew policies because of a person's pre-existing condition. Also starting in 2014, individuals whose employers don't offer them insurance will be able to buy insurance directly in Cover Oregon.

As a result, the FMIP program is scheduled to close in the 2013-15 LAB in January 2014, and the federal government was expected to release plans for transitioning federally funded high-risk pool program enrollees to exchanges and the commercial market in 2014 later in the 2013 session. However, federal direction regarding the program structure released late in the 2013 session may result in changes to this schedule, and will be addressed as necessary in the 2013-15 biennium once the impact of these changes is clarified.

Since the time the program closures were proposed in the 2013-15 GBB, OPHP has been working closely with internal partners in OHA leadership and Medical Assistance Programs (MAP), and external partners in Cover Oregon, the federal CMS/CCIIO program, and in the insurance community to ensure the transition of

OMIP and FMIP enrollees works as smoothly as possible. In January 2014, OMIP and FMIP enrollees who qualify will move to the Oregon Health Plan, and remaining enrollees will either move to Cover Oregon and continue to receive subsidies from the federal government, or move to the commercial market, depending on their federal poverty level and other eligibility requirements. Please note once again potential changes to this schedule for the FMIP program noted in the previous paragraph based on federal direction released late in the 2013 session.

Revenue sources and expenditures

OMIP is funded with member premiums and assessments on health insurance carriers licensed to do business in Oregon. By statute, OMIP premium rates for pool coverage cannot be more than 125 percent of rates established as applicable for individual risks in the commercial market. In 2009, the premiums were 15 percent above the market average for comparable PPO plans; in 2010, they were 17 percent above the market; in 2011, they were 10 percent above the market; and in 2012, they were 6 percent above the market.

FMIP is funded with member premiums and an allotment from the Department of Health and Human Services as a result of the Patient Protection and Affordable Care Act. Funds from the federal allotment for the program period starting July 2010 and extending through December 2013 are forecast to serve 4,000 members with peak enrollment reaching 2,000.

The OMIP and FMIP program 2013-15 LAB budgets for administration and claims are abolished in 2014 following program closures, retaining necessary limitation and reserves to pay for claims runout and associated administration costs. The six months of operation followed by closure, and a reduced level of administration during the claims runout period, is reflected in the 1.75 FTE shared by the programs, but while the positions are effectively abolished in January 2014, the actual position count (7) is not eliminated until the 2015-17 biennium.

Information, Education and Outreach

The Information, Education, and Outreach (IEO) unit supports OPHP's goal of helping all Oregonians receive health benefit coverage.

IEO works to establish relationships with private-sector partners, train insurance producers (agents), and educate stakeholders and the community on the benefits and processes associated with enrollment in Oregon's insurance programs.

IEO's current outreach and training efforts will place an increasingly heavy emphasis on changes driven by implementation of ACA provisions as the transition date in January 2014 grows closer, and are as follows:

- *Insurance Producer Education.* IEO trains insurance producers in general health insurance information and the state programs that help insure Oregonians, as well as the changes in state insurance law.
- *Employer/Employee Education.* IEO conducts employer presentations targeting at educating employees on general health insurance information and public programs that can assist them in accessing health coverage for themselves and their families.
- *Community Outreach/Awareness.* IEO conducts presentations for non-profits, business associations, service groups, and other community and civic organizations, general health insurance information, and the state programs that help insure Oregonians, as well as the changes in state insurance law. IEO also conducts targeted community outreach/enrollment events that are aligned with private partner trainings in targeted regions.
- *Producer Referral Program.* IEO connects business owners and individuals with insurance producers (agents) who have been specially trained through IEO's insurance producer education on state administered health insurance programs. Insurance producers help businesses navigate the insurance system and find the appropriate plans that meet the needs of families and employees.

IEO is working to coordinate all informational, educational, and outreach efforts with partners in OHA, Cover Oregon, the federal government, producers, and carriers to ensure a smooth transition for all enrollees in 2014.

Program changes in 2013-15

The IEO program will close in January 2014 as the operational programs it serves close, and enrollees move to an expanded Medicaid program, the new Cover Oregon, or to the commercial market.

Revenue sources and expenditures

The Information, Education and Outreach (IEO) unit is funded through state General Funds and miscellaneous Other Funds, and the program is supported by one full-time permanent position. The six months of operation followed by closure is reflected in the 0.25 FTE budgeted in the program, but while the position is effectively abolished in January 2014, the actual position count (1) is not eliminated until the 2015-17 biennium.

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Private Health Partnerships
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-020-04-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2011-13 Leg Adopted Budget	52	51.36	640,912,692	12,746,819	-	73,210,468	143,285,144	411,670,261	-
2011-13 Emergency Boards	(9)	(9.00)	70,905,743	(5,744,544)	-	(160,498)	76,810,785	-	-
2011-13 Leg Approved Budget	43	42.36	711,818,435	7,002,275	-	73,049,970	220,095,929	411,670,261	-
2013-15 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	26	25.39	5,161,303	449,277	-	1,829,998	2,882,028	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2013-15 Base Budget	69	67.75	716,979,738	7,451,552	-	74,879,968	222,977,957	411,670,261	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	(116,088)	13,342	-	(101,004)	(28,426)	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	100,391	(15,471)	-	48,636	67,226	-	-
Subtotal	-	-	(15,697)	(2,129)	-	(52,368)	38,800	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	3,931,200	3,931,200	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	3,931,200	3,931,200	-	-	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	11,749,240	177,575	-	2,862,032	8,709,633	-	-
Subtotal	-	-	11,749,240	177,575	-	2,862,032	8,709,633	-	-

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040 - Mandated Caseload									
040 - Mandated Caseload	-	-	5,247,160	1,752,155	-	-	3,495,005	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	25,134,268	-	(25,134,268)	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	(8)	(8.00)	(1,387,814)	(260,768)	-	(493,561)	(633,485)	-	-
Subtotal: 2013-15 Current Service Level	61	59.75	736,503,827	38,183,853	-	52,061,803	234,587,910	411,670,261	-

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Private Health Partnerships
2013-15 Biennium**

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Subtotal: 2013-15 Current Service Level	61	59.75	736,503,827	38,183,853	-	52,061,803	234,587,910	411,670,261	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2013-15 Current Service Level	61	59.75	736,503,827	38,183,853	-	52,061,803	234,587,910	411,670,261	-
080 - E-Boards									
081 - May 2012 E-Board	-	-	-	-	-	-	-	-	-
082 - September 2012 E-Board	-	-	-	-	-	-	-	-	-
083 - December 2012 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	(329,390,392)	(11,619,748)	-	(29,063,664)	(110,121,849)	(178,585,131)	-
091 - Statewide Administrative Savings	-	-	-	-	-	-	-	-	-
092 - PERS Taxation Policy	-	-	(23,149)	(7,137)	-	(5,843)	(10,169)	-	-
093 - Other PERS Adjustments	-	-	(184,973)	(57,029)	-	(46,689)	(81,255)	-	-
094 - December 2012 Rebalance	-	-	54,262,291	-	-	-	54,262,291	-	-
801 - End-Of-Session Bill Adjustments	-	-	-	-	-	-	-	-	-
802 - Supplemental Statewide Ending Balance	-	-	-	-	-	-	-	-	-
803 - HB 2322 Program Change Bill	-	-	-	-	-	-	-	-	-
810 - LFO Analyst Adjustments	1	(44.08)	(83,892,696)	(24,755,091)	-	(242,107)	(62,227,933)	3,332,435	-
820 - End of Session Bill (HB 5008)	-	-	(36,437)	(34,546)	-	(1,469)	(422)	-	-
201 - APD - Program transfer to OHA	-	-	-	-	-	-	-	-	-
401 - PC & Network Infrastructure Investments	-	-	-	-	-	-	-	-	-
402 - Health Systems Transformation	-	-	-	-	-	-	-	-	-

Summary of 2013-15 Biennium Budget

Oregon Health Authority
Private Health Partnerships
2013-15 Biennium

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<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
403 - OSH Replacement Project Next Phase	-	-	-	-	-	-	-	-	-
404 - Strengthen Comm'ty Mental Health Svcs & ITRS	-	-	-	-	-	-	-	-	-
405 - Ofc of Equity & Inclusion - Health Equity	-	-	-	-	-	-	-	-	-
406 - Health Information Technology	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	1	(44.08)	(359,265,356)	(36,473,551)	-	(29,359,772)	(118,179,337)	(175,252,696)	-
Total 2013-15 Leg Adopted Budget	62	15.67	377,238,471	1,710,302	-	22,702,031	116,408,573	236,417,565	-
Percentage Change From 2011-13 Leg Approved Budget	44.20%	-63.00%	-47.00%	-75.60%	-	-68.90%	-47.10%	-42.60%	-
Percentage Change From 2013-15 Current Service Level	1.60%	-73.80%	-48.80%	-95.50%	-	-56.40%	-50.40%	-42.60%	-

Oregon Health Authority Private Health Partnerships 44300-020-04-00-00000			2013-15 Revenue Report				
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget
GENERAL FUND REVENUES							
General Fund Appropriation	0050	GF	18,946,986	7,002,275	36,443,461	26,499,939	1,710,302
TOTAL REVENUES		GF	18,946,986	7,002,275	36,443,461	26,499,939	1,710,302
TOTAL GENERAL FUNDS		GF	18,946,986	7,002,275	36,443,461	26,499,939	1,710,302
OTHER FUNDS REVENUES							
Beginning Balance	0025	OF				29,622,133	29,622,133
Charges for Services	0410	OF		556,654	556,654	556,654	411,488
Interest Income	0605	OF	71,449	3,070,108	3,070,108	3,070,108	3,070,108
Insurance Premiums	0965	OF		223,896,897	225,550,564	116,712,922	116,712,922
Other Revenues	0975	OF	415,149,950	235,810,804	230,201,538	131,390,385	134,624,410
TOTAL REVENUES		OF	415,221,399	463,334,463	459,378,864	281,352,202	284,441,061
TRANSFER IN							
Transfer in Intrafund	1010	OF		1,585,269			
Transfer in Agency Res Equity	1030	OF		29,700,261			
Transfer in Other	1050	OF	1,100,000				
Transfer in Consumer Business Services	1440	OF		21,556,452	7,291,258	7,291,258	7,291,258
TOTAL TRANSFERS IN		OF	1,100,000	52,841,982	7,291,258	7,291,258	7,291,258

Oregon Health Authority Private Health Partnerships 44300-020-04-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
TRANSFER OUT								
Transfer to Intrafund	2010	OF		(1,585,269)				
Transfer to Other	2050	OF	(1,231,332)	(248,812)				
TOTAL TRANSFERS OUT		OF	(1,231,332)	(1,834,081)	-	-	-	
TOTAL OTHER FUNDS		OF	415,090,067	514,342,364	466,670,122	288,643,460	291,732,319	
FEDERAL FUNDS REVENUES							291,732,319	
Federal Funds Revenue	0995	FF	10,184,071	220,095,929	231,109,664	178,745,111	116,516,756	
TOTAL REVENUES		FF	10,184,071	220,095,929	231,109,664	178,745,111	116,516,756	
TOTAL FEDERAL FUNDS		FF	10,184,071	220,095,929	231,109,664	178,745,111	116,516,756	
TOTAL AVAILABLE REVENUES		TF	444,221,124	741,440,568	734,223,247	493,888,510	409,959,377	

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority
2013-15 Biennium

Agency Number: 44300
Cross Reference Number: 44300-020-04-00-00000

<i>Source</i>	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds						
Charges for Services	-	556,654	556,654	556,654	556,654	411,488
Interest Income	71,449	70,108	70,108	70,108	70,108	70,108
Insurance Premiums	-	41,341,684	41,341,684	42,995,351	13,931,687	13,931,687
Other Revenues	48,883,954	9,695,756	9,695,756	4,086,490	4,086,490	3,988,080
Transfer In - Intrafund	-	1,585,269	1,585,269	-	-	-
Transfer from Agy-Res Equity	-	840,816	840,816	-	-	-
Transfer In Other	1,100,000	-	-	-	-	-
Tsfr From Consumer/Bus Svcs	-	21,556,452	21,556,452	7,291,258	7,291,258	7,291,258
Transfer Out - Intrafund	-	(3,032)	(3,032)	-	-	-
Transfer to Other	(131,332)	(248,812)	(248,812)	-	-	-
Total Other Funds	\$49,924,071	\$75,394,895	\$75,394,895	\$54,999,861	\$25,936,197	\$25,692,621
Federal Funds						
Federal Funds	10,184,071	143,285,144	220,095,929	231,109,664	178,745,111	116,516,756
Total Federal Funds	\$10,184,071	\$143,285,144	\$220,095,929	\$231,109,664	\$178,745,111	\$116,516,756
Nonlimited Other Funds						
Interest Income	-	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Insurance Premiums	-	182,555,213	182,555,213	182,555,213	102,781,235	102,781,235
Other Revenues	366,265,996	226,115,048	226,115,048	226,115,048	127,303,895	130,636,330
Transfer from Agy-Res Equity	-	28,859,445	28,859,445	-	-	-
Transfer Out - Intrafund	-	(1,582,237)	(1,582,237)	-	-	-
Transfer to Other	(1,100,000)	-	-	-	-	-
Total Nonlimited Other Funds	\$365,165,996	\$438,947,469	\$438,947,469	\$411,670,261	\$233,085,130	\$236,417,565

OHA – Addictions and Mental Health (AMH)

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 Legislatively Adopted
General Fund	579,018,176	660,110,475	720,174,237	652,699,969
Lottery Funds	9,587,187	10,158,046	11,479,452	10,545,822
Other Funds	31,358,629	47,823,010	45,568,906	40,815,902
Federal Funds	232,001,936	280,940,716	183,129,459	278,945,275
Total Funds	\$851,965,928	\$999,032,247	\$960,352,054	\$983,006,968
Positions	2,454	2,334	2,306	2,506
FTE	2,123.20	2,316.99	2,298.22	2,237.64

Program Description

The Addictions and Mental Health (AMH) budget provides prevention and treatment services to those at risk or who have developed substance use or mental health disorders. Services are delivered through community non-profit providers, county mental health agencies, as well as the state hospital system which has facilities in Salem, Portland, and Pendleton. The budget also includes funding for state policy and administrative staff.

Mental health services are provided to people who have been clinically diagnosed as having a serious mental or emotional disorder. Illnesses include schizophrenia, bipolar disorder, and major depression. Medicaid-eligible persons receive mental health diagnoses and treatment under the Oregon Health Plan (OHP). In the past, mental health organizations have received capitation payments and managed much of the risk of providing treatment for OHP eligible persons with mental disorders. That system is still in the process of transitioning over to Coordinated Care Organizations. Starting in August 2012 when the first CCOs started, global budgets included the funding for both physical health and significant portions of behavioral health treatment services. The focus has been on integrating and coordinating physical and behavioral health services. Mental health supported employment and assertive community treatment services were integrated into CCOs effective January 2013. Alcohol and Drug residential services moved over effective July 1, 2013. Mental health residential services are scheduled for integration effective January 1, 2014. In the past, a substantial amount of OHP mental health and addiction service capitation expenditures and some fee-for-service payments were included in Medical Assistance Programs. This will now be even larger as significant resources related to Medicaid-eligible services are transferred from AMH to MAP in the 2013-15 budget. In addition, with the Affordable Care Act expansion of Medicaid in 2014, many more adults will be covered under OHP and be eligible for addiction and mental health services.

Addictions and Mental Health is comprised of three main programs: community mental health, addiction prevention and treatment, including alcohol and drug and problem gambling prevention and treatment, and the Oregon State Hospital (OSH) and Blue Mountain Recovery Center (BMRC). Nearly all the positions associated with this budget are state employees who work at OSH or BMRC.

Community Mental Health – Mental health community services are provided through county and other local governments, private non-profit organizations, private hospitals, and health plans. Community mental health programs operate in every county and counties are statutorily required to provide pre-commitment services – that is services that may prevent commitment to OSH. For individuals and services not covered under OHP, AMH funds a variety of services that include supported housing and employment opportunities; clinic-based outpatient care; local crisis services; regional acute care facilities; and, as a last resort, referral to state psychiatric hospitals.

Addiction Treatment and Prevention – Like community mental health services, alcohol and drug treatment services are also offered through counties, tribes, and other local governments and private non-profit organizations. The budget provides funding for a variety of treatment services including outpatient, intensive outpatient, residential, and detoxification services for adults and children. The budget supports a number of beds for the dependent children of adults receiving residential treatment services. Outpatient services include specialized programs that use synthetic opiates, such as methadone, to assist in the treatment of chronic heroin addiction. Outpatient services also include Driving Under the Influence of Intoxicants (DUI) education and

treatment for first offender diversion referrals, as well as convicted repeat offenders. This program area also includes Lottery funding for gambling addiction prevention and treatment.

Oregon State Hospital and Blue Mountain Recovery Center – The state operates institutional facilities in Salem, Portland, and Pendleton for patients who have a severe mental illness. OSH provides psychiatric evaluation and diagnosis, as well as intermediate and long-term inpatient care. The old facilities in Salem have been replaced with a modern psychiatric treatment and recovery hospital. This was completed at the end of 2011 and has a capacity of 620 beds. A second new hospital, located in Junction City, is in the construction stage, and is expected to be finished by the end of 2014. The Oregon State Hospital campus in Portland serves up to 72 patients in leased space near the Lloyd Center. That lease will end March 2015, and all patients will be transferred to either the Salem or Junction City hospital. The Blue Mountain Recovery Center in Pendleton serves up to 60 adult general psychiatric patients at any one time, and will close by January 1, 2014.

Revenue Sources and Relationships

Funding for mental health and alcohol and drug treatment programs is about 66% General Fund, 5% Other Funds and Lottery Funds, and 29% Federal Funds.

Much of the Other Funds revenue within the AMH budget is used to offset the need for General Fund, and the sources for this revenue are varied. They include beer and wine tax revenue, settlements with third-party insurers, sales income, federal grants administered by non-governmental contractors, Medicare Part D (prescription medication) reimbursement, and other miscellaneous sources. Lottery Funds are used to fund the prevention and treatment of gambling additions. The Gambling Addiction and Treatment Account receives 1% of net lottery proceeds. Other Funds revenue also consists of patient resources including Social Security benefits and private insurance, as well as personal assets.

Most of the federal funding comes from Title XIX Medicaid, which supports institutional care for some elderly patients and community mental health services. Medicaid requires a state match and the match rate is recalculated each year by the federal government. The program match rate is based on the economy of the state compared to the nation as a whole. The composite Medicaid match rate used in the 2013-15 budget for program expenditures is approximately 37% state funds and 63% Medicaid funds. Administrative expenditures are matched at a 50% rate.

In addition to Title XIX Medicaid funding, the federal Alcohol and Drug and Mental Health Services Block Grants provide about \$43 million for adult community support services and for local services for severely emotionally disturbed children and adolescents. The budget also includes a modest amount of Temporary Assistance for Needy Families (TANF) funds. Both the federal Alcohol and Drug and Mental Health Services Block Grants have maintenance of effort (MOE) requirements. In addition, the Department was awarded two grants from the Substance Abuse and Mental Health Services Administration (SAMHSA) for addictions treatment and prevention. Both these grants end in 2014 and provide \$5.4 million annually until that time.

Budget Environment

Mental illness can be successfully treated or managed if appropriate treatment regimens are available at the right time. Because mental illness and mental health are on a continuum, effective mental health treatment then, requires a range of therapeutic interventions (including appropriate pharmaceuticals) and clinicians who can assess which intervention to employ. This understanding of mental illness and effective treatment has and will continue to have budget implications. If, for example, there is inadequate funding for “front-end” services – services that can assist persons who are having moderate symptoms – those persons may deteriorate and need more costly treatment later. By the same token, if funding is inadequate for acute care treatment, patients may recycle through the therapeutic system repeatedly. Also, if there is poor access to other supports such as housing, employment opportunities, or caring friends and family, a person with serious mental disorders may be unable to lead a stable and productive life.

Over the last 40 to 50 years, mental health services have become less institutional and centralized and more community-based. The continued development of community residential capacity and the advancement of pharmacological treatment has also enabled more mental health services to be provided at the community (rather than institutional) level. This trend continues today.

Recognizing the fact that effective treatment requires a variety of venues aside from institutional hospital settings, the state shifted significant resources from large, state-owned institutional settings to local, community-based care and treatment for mental health services. As a result, the Oregon State Hospital has gone from a peak population of over 5,000 persons in the 1950s to a current (July 2013) population of about 650 residents. In the process, the role of the hospital has changed from a focus on custody and care to providing active specialized psychiatric treatment. At the same time, funding for community-based care grew. In fiscal year 1999-2000, 75% of the funding for mental health services was spent through community programs, compared to 37% in the 1987-88 state fiscal year. This reflects the closure of the Dammasch State Hospital in 1995 and the downsizing at the Oregon State Hospital in favor of alternative community services. The challenge of this budget is to find a balance between institutional and community-based services, for both mental health services and alcohol and drug treatment, which maintains an appropriate continuum of care.

A series of legal proceedings has had a significant impact on Oregon's mental health system. The Olmstead case in Georgia upheld the rights of individuals to receive timely services in the least restrictive and most appropriate setting. Oregon settled a lawsuit related to Olmstead, *Miranda v. Kitzhaber*. As part of the settlement, the Department of Human Services (DHS) agreed to discharge 31 patients at OSH who were ready to enter the community and to develop 75 additional community-based placements. A federal court's decision concerning the Oregon State Hospital in *OAC v. Mink* required the hospital to admit individuals who are accused of crimes and found mentally unfit to stand trial within seven days of the finding. Prior to this decision, OSH would admit individuals for evaluations only if there was room at the hospital. The court's decision was finalized in 2003, after which OSH forensics caseload growth rate began to rise. The agency's response to this has been the development of more forensic community-based placements. More recently, a March 2006 settlement agreement in the lawsuit *Harmon v. Fickle* requires OSH to achieve higher staffing ratios to improve patient care.

Concerns about the Oregon State Hospital and the state's mental health system further compelled the Governor and Legislature to provide funding in the 2005-07 biennium for an analysis of the state hospital. This funding was used by DHS to hire a contractor which studied the hospital and mental health system. In 2006, the Department released a report on the OSH entitled, *Framework Master Plan, Phase II Report*. The report contained an analysis of the demand for hospital services for the next 25 years and made recommendations to meet the demand. The report noted that hospital demand was predicated on a robust array of community-based mental health services – a mental health system not yet in place in Oregon.

In response to the report, Governor Kulongoski and legislative leadership decided to build two new facilities – a 620 bed facility in Salem at the present OSH campus and a 360 bed unit near Junction City adjacent to a planned Department of Corrections facility. During the 2007-09 biennium, the Department completed extensive planning, and finally, in September 2008 broke ground for the new Salem hospital. The budget for both the facilities was originally about \$458 million. However, in order to provide adequate treatment as described in the hospital's Continuous Improvement Plan supported by the U.S. Department of Justice (USDOJ) report issued in January 2008, the square footage of the hospital is nearly 30% larger than originally budgeted. The final cost of the Salem facility is now expected to be roughly \$360 million, excluding project management and staffing costs, and the cost of the Behavioral Health Integration Project (BHIP) electronic health record.

Based on the amount of time that had passed since the original *Master Plan Phase II Report*, changes in the mental health system, and the economy, OHA updated the forecast of the needed hospital and community-based treatment beds for people living with mental illness in Oregon through 2030. The agency completed this work in January 2011, in time to be considered by the 2011 Legislature. The report concluded that the Junction City hospital would be needed, but at a 174-bed size rather than the original 360-bed recommendation. This conclusion was based on a number of critical assumptions, including the closure of the Portland campus and Blue Mountain Recovery Center, as well as continued development of the community mental health system. The 174-bed hospital is currently under construction in Junction City, and will be completed by the end of 2014.

The entire project, when complete, including the Salem and Junction City facilities, project management and staffing costs, and the BHIP electronic health record, is expected to cost about \$508 million.

While much of the legislative and public's attention has been on the new hospital facilities, the Department also worked hard to develop additional community mental health residential treatment placements. These efforts

have been difficult and AMH has encountered opposition from communities that are reluctant to site residential treatment facilities that will serve former OSH patients – particularly forensic patients. In 2008, the Governor appointed a workgroup to assess the situation and make recommendations. The group issued a report in 2009. Despite the debate, however, federal law (Fair Housing Act and the Americans with Disabilities Act) is clear. It prohibits discrimination related to housing based on race, color, age, religion, gender,...and disability. Housing and facility development continues as part of caseload growth planning.

As a more recent backdrop to all of this, USDOJ conducted a review of OSH under the Civil Rights of Institutionalized Persons Act (CRIPA) and issued a highly critical report in January 2008. USDOJ found deficiencies in five general areas: adequately protecting patients from harm, providing appropriate psychiatric and psychological care and treatment, appropriate use of seclusion and restraint, providing adequate nursing care, and providing discharge planning to ensure placement in the most integrated settings. The Legislature set aside \$6.7 million General Fund during the February 2008 special session, and later allocated the funds to hire additional OSH staff. An additional 527 positions were added in the 2009-11 legislatively adopted budget for OSH, at a cost of \$36 million total funds.

More recently, USDOJ has shifted its focus to Oregon's community mental health system. In 2011, it requested extensive documentation relating to services being provided in the least restrictive and most appropriate setting (as required by the Olmstead case). Effective November 2012, the State of Oregon and USDOJ have entered into a four year agreement for the collection and analysis of specific data and for action steps to address gaps in the state's delivery of community mental health. The agreement recognizes the work happening in Oregon to create a more coordinated health care system, including the mental health system. The goal of the agreement is to use the health system transformation process to provide people living with serious and persistent mental illness with the critical community services they need to live in the most integrated setting possible. The agreement creates a framework, timeline, and milestones for the state, CCOs, and local mental health agencies to work together.

An on-going agency initiative to transform the mental health system is called the Adult Mental Health Initiative (AMHI), which began in 2010. A key strategy under AMHI is to transfer the full responsibility for managing residential services to the mental health organizations. The goal is to transition patients through the system to the appropriate level of care much more quickly than often happened in the past. This initiative continues to create cost savings in the system.

Legislatively Adopted Budget

The 2013-15 legislatively adopted budget of \$983 million total funds is \$16 million, or 1.6%, less than the 2011-13 legislatively approved budget. General Fund supporting the adopted budget is \$652.7 million, which is \$7.4 million less than the 2011-13 budget. However, this budget includes a \$68 million General Fund, \$183 million total funds, transfer of Medicaid funding to the Medical Assistance Programs within OHA. Once the 2011-13 budget amount is adjusted to account for this, as well as the Designated State health Program (DSHP) expenditures, the total funds budget increases about 14% between 2011-13 and 2013-15. DSHP is excluded because these resources are transferred to Medical Assistance Programs and are not available for AMH program costs.

The Affordable Care Act expansion will have a significant effect on this budget. Many of the services now provided are paid with General Fund, because clients do not have insurance and are not eligible for Medicaid. After the expansion, a significant number of these clients will qualify for Medicaid, and services will be paid at 100% Federal Funds for three years. It is estimated that this will free up \$45 million General Fund in this budget, which will no longer be needed for current clients, and can be used to expand services. These additional resources are not included in the biennial comparisons above.

The 2013-15 budget includes \$41 million of General Fund reductions, compared to the current service level budget, to the Oregon State Hospital (OSH) and Blue Mountain Recovery Center (BMRC). This includes closing BMRC by January 1, 2014 for \$12.9 million General Fund savings. Also included are the continuation of the 2011-13 reductions in non-direct care and administration in OSH for \$9.7 million General Fund savings, closing one geropsychiatric ward for \$8.8 million General Fund savings, restructuring the pharmacy operations for \$3 million General Fund savings, and a \$7 million General Fund reduction in overtime and non-direct care staffing

costs. The budget does provide an additional \$200,000 General Fund for OSH to contract for legal services from the Marion County District Attorney, to address the issue of chronically violent patients at the hospital.

The budget includes \$79.4 million Other Funds capital construction expenditure limitation to continue building the Junction City campus of the Oregon State Hospital. Operating costs for the new Junction City hospital for approximately the last three months of the 2013-15 biennium are also included. This net cost, after accounting for the closures of the Portland campus and BMRC, is \$2.7 million General Fund, and 17.17 FTE.

The budget includes an investment of \$26.6 million General Fund to increase capacity in the community mental health system. This is in addition to the \$19.7 million in the current service level that remains after the Spring 2013 forecast changes. The \$26.6 million includes \$9.9 million General Fund redirected from the “reinvested” resources. The plan includes three residential treatment homes in Pendleton, on the Eastern Oregon Training Center (EOTC), that are scheduled to open by January 1, 2014 and provide about 40 jobs.

Children’s mental health services are expanded with an investment of \$21.8 million General Fund. This includes \$1.8 million for the Early Assessment and Support Alliance (EASA) program. This total includes \$7.5 million General Fund that is redirected from the “reinvested” resources.

The budget includes a plan to increase provider rates using additional federal matching resources as well as the “reinvested” dollars. For residential facilities within the community mental health system, the agency expects to achieve provider rate equality by using the state resources freed up through more widespread use of federal matching available under the 1915i waiver. The resources will be used to bring the lower paid providers up to the same level as the higher paid providers. These same resources will also be used to provide a 2.4% increase in rates over the current levels, to the extent that resources are available. In addition, the agency expects to use a portion of the “reinvested” resources within their budget, up to \$7.6 million General Fund, to ensure that all providers within the community mental health system receive a 2.4% rate increase over the current level.

For the alcohol and drug system, the agency will implement a general provider rate increase of up to 2.4%. For the residential system, the agency will use resources from the Intensive Treatment and Recovery Services (ITRS) program as well as a portion of the “reinvested” resources within their budget to increase youth room and board rates from \$30 per day to \$90 per day, effective July 1, 2013. In addition, \$3.3 million General Fund is set aside in a special purpose appropriation in the Emergency Board to be available for a rate increase in the adult residential system for the second year of the biennium. The agency will do a study of both the adult and youth systems to examine costs at facilities, and examine whether facilities are maximizing their revenues such as federal match. In addition, AMH will consider the overall capacity of the system and identify areas where there is potential to serve more patients with intensive outpatient treatment rather than in residential facilities. The agency will report the results of their work to the Legislature during the 2014 session, and recommend rate increases, if any, and their costs. Some or all of the special purpose allocation could be allocated at that time.

Other community mental health system investments include an additional \$4.2 million General Fund for supported housing and peer delivered services, and \$1.5 million for supported employment. This budget does not include any backfill of federal sequestration reductions for either community mental health or addictions programs. This may need to be addressed later in the biennium.

The adopted budget includes the statewide 5% reduction to services and supplies. It also includes the 2% supplemental ending balance holdback applied to General Fund, totaling \$13.4 million for AMH.

Two policy bills were passed during the 2013 legislative session that affect this program. HB 2836 codifies the conditions, standards, and procedures for determining if individuals under 18 years of age in a delinquency petition are fit to proceed with trial. The bill requires OHA to formalize and administer the fit to proceed evaluation process, including developing training standards for psychiatrists, licensed psychologists, and licensed clinical social workers conducting the evaluations, and developing guidelines for conducting evaluations. The agency budget includes \$869,386 General Fund and one position allocated for this work.

SB 421 authorizes a district attorney to petition the court to initiate commitment proceedings if there is reason to believe a person is an extremely dangerous mentally ill person. This is anticipated to increase the length of stay

at OSH by a few days as those committed await Psychiatric Security Review Board hearings and discharge placement; \$169,571 General Fund was included in the budget for this purpose.

Addictions and Mental Health

Mission

The mission of Addictions and Mental Health (AMH) is to assist Oregonians to achieve optimum physical, mental and social well-being by providing access to health; mental health and addiction services and supports; to meet the needs of adults and children to live, be educated, work and participate in their communities.

The mission is accomplished by working in partnership with individuals and their families, counties, other state agencies, providers, advocates and communities to fulfill AMH goals.

AMH goals:

- Improve the lifelong health of all Oregonians
- Improve the quality of life for the people served
- Reduce overall health care and societal costs through appropriate investments
- Increase the availability, utilization and quality of community-based, integrated health care services
- Increase the effectiveness of the integrated health care delivery system
- Increase the involvement of individuals and family members in all aspects of health care delivery and planning
- Increase accountability of the health care system
- Increase the efficiency and effectiveness of the state administrative infrastructure for health care

History

Oregon's mental health system has been in existence for 160 years. A portion of the Oregon State Hospital facility, built in 1883, remained in use through 2008. Prior to the mid-20th century, virtually all people with mental illness received treatment in institutional settings. In 1971, the state created the community mental health system and included both mental health and addictions treatment as part of that system. Services are financed and regulated by the Oregon Health Authority (OHA) and delivered through county-based community mental health programs (CMHP), tribes, or their subcontractors.

Mental health and addictions policy, prevention and treatment services have been combined, separated and recombined — most recently in 2001 — and now include problem gambling policy, prevention and treatment.

The emphasis on community-based treatment for these disorders grew in the 1980s based on recommendations by a series of commissions, task forces appointed by the Governor and the Department of Human Services (DHS), and Executive Orders. In the mental health treatment area, more people are treated in the community than in institutions, and approximately 73 percent of public funding goes to community-based services.

The last twenty years have been focused on developing and strengthening community-based services for people with or at risk of developing substance use disorders, problem gambling disorders, and mental illness. The effort to establish systems of care rather than isolated service types has been slow due to economic circumstances that resulted in cycles of major service reductions throughout the 1990s and first 12 years of the 21st century.

Systems of care that are integrated, managed and able to serve people with complex and co-occurring disorders are most effective in producing the outcomes needed for people to be healthy, live independently and contribute to society. The most mature and effective systems of care are for children and adolescents. This is due in part to the fact that the majority of children served in the public system are Medicaid eligible and have a full array of managed, widely available and flexible services as intensive as the child and family needs to be successful. The services range from in-home and in-school supports, traditional therapies to intensive residential and inpatient when needed. Children are served in the least restrictive and most integrated settings and are less likely to be arrested, more likely to be successful in school and have improved family relationships as a result of these services.

The most effective manner of dealing with substance use, problem gambling, and mental health disorders is to identify the issues early and provide proven effective treatment. Two proven effective practices show strong promise for making major changes in the life course of these disorders. When delivered to evidence-based standards, both Screening Brief Intervention and Treatment (SBIRT) and Early Assessment and Support Alliance (EASA) are proven intervention models that mitigate more future costs associated with serious and chronic behavioral and physical health conditions. People are more likely to complete their education, gain

or retain employment, make better choices supporting their physical health, avoid criminal justice involvement and form appropriate social relationships. This will be a major focus of innovation as OHA works with Coordinated Care Organizations in recognizing and serving substance abuse and mental health disorders in integrated settings in local communities.

Young adults who have long histories in various public systems are seldom well prepared for adult independence. This is most true for those young adults who have mental health disorders. AMH has been and will continue to focus on developing services that will help these young people manage their symptoms, learn the skills needed for independence and transition to integrated community settings with the supports needed to be successful. This is a challenge since some of these youth lose Medicaid coverage when they leave the child welfare system and thus have no coverage for needed treatment services.

AMH will continue to emphasize the very effective substance use disorder treatment services for families who have lost or are in danger of losing custody of their children due to these disorders. Since 2010, Intensive Treatment and Recovery Services (ITRS) have allowed thousands of children to reunite with their families or to remain united as a family without child welfare involvement.

Oregon successfully opened a new psychiatric hospital for adults with major mental illness who have been civilly or criminally committed to the state for treatment. The new hospital replaced the Oregon State Hospital buildings in Salem, the oldest of which dated to 1883 and was still in use prior to building the new hospital. The hospital features central treatment malls and secure outdoor spaces for patient and family socialization. The culture is changing and increasing emphasis on recovery, patient experience, and patient and staff safety. All patients have access to at least 20 hours of active treatment each week. Medical and nutritional services have been improved. The hospital is challenged as a result of the poor economy, which resulted in major budget reductions during the 2011 and 2012 Legislative Sessions.

Since 2010, AMH has focused on moving adults with major mental illness who live in structured residential settings to the appropriate level of care with the emphasis on independent, integrated community housing with the supports necessary for success. The goal is to ensure that adults with major mental illness live in the most integrated independent setting possible. Since September 2010,

more than 1,000 people have transitioned to lower levels of care. More than half of these people transitioned to independent living.

Following the 2011 Session, AMH has been working to improve both the entry to the state hospital by individuals who have mental illnesses and have committed minor nonperson crimes and to discharge more rapidly people who have been criminally committed to the state hospital for minor, nonviolent crimes. AMH worked with the Legislature during the 2011 Session to pass House Bill 3100. This legislation focused on increasing the quality of evaluations conducted for individuals who have committed a crime and who may have a mental health disorder that supports a guilty except for insanity defense. The legislation also allows low-level nonperson Class C felonies and misdemeanors to be handled at the community level rather than being sent to Oregon State Hospital.

The 2011 Session also passed Senate Bill 420. This legislation changed the hearing and discharge process at OSH for individuals who have committed lower level, or Tier 2 crimes. Tier 2 crimes were distinguished to separate them from more violent, person directed or dangerous crimes, such as murder, manslaughter, assault, kidnapping and rape, known as Tier 1 crimes. Offenders found “guilty except of insanity” of Tier 1 crimes remain exclusively under the jurisdiction of the Psychiatric Security Review Board (PSRB). Tier 2 offenders are under the jurisdiction of OHA and subject to a State Hospital Review Panel (SHRP) to determine readiness for full discharge or conditional release into the community. Those who are conditionally released are then under the jurisdiction of the PSRB.

The 2011 Session passed HB 3650, which set into motion a major transformation in the delivery of health care in Oregon beginning with the Medicaid population. The goal is to improve the health of Oregonians, improve the quality of care and lower the cost of care. The strategy is to integrate physical and behavioral health, and by 2014, dental care under Coordinated Care Organizations (CCOs). The first CCOs launched in August 2012 and are locally governed. With CCOs, there will be more flexibility in service delivery based on a global budget and increased accountability to deliver outcomes. The overall health system transformation provides the opportunity for AMH to work with county commissioners to define a process and goals for improving the flexibility and increasing the delivery of outcomes for the community-based addictions and mental health system. The community-based addictions and mental health system is funded by state General Funds, Beer and Wine Tax and federal block grants for people and services not eligible for Medicaid funding.

The magnitude of these changes requires that the OHA and AMH rethink the approach to our work and the structure of our organizations. This is also necessary given the financial challenges and the need to flatten the management structure of the organization. Both OHA and AMH are well positioned to accomplish this by building on the foundation of widespread use of Lean principles and Lean Daily Management System. This provides the discipline to be clear about the scope of work projects, the roles and responsibilities of work group members, and accountability to accomplish the work that needs to be done in a timely manner.

Using this foundation, OHA is developing the Core Processes that are essential to accomplishing the key goals of health reform, developing the process and outcomes measures and the accountability structure to complete necessary work, and to become a learning organization that is data driven.

Services

AMH services restore functioning, promote resiliency, health and recovery, and protect public safety by serving adults, children and adolescents with substance use disorders, mental and emotional disorders and problem gambling disorders as well as providing resources to their families. During 2011, 130,000 adults and 43,000 children and adolescents were served.

AMH contracts with county mental health programs, tribes, and private, nonprofit organizations to provide community-based services to Oregonians who have or are at risk of developing mental illness, emotional and substance use disorders, or an addiction to gambling. The services available include:

- Early intervention
- Prevention
- Outpatient treatment
- Day treatment and residential treatment
- Acute psychiatric treatment in local hospital specialty units
- Medications and medication management
- Case management
- Housing and supports
- Peer supports and peer-delivered services
- Employment and education supports

- Psychiatric residential treatment
- Psychiatric day treatment
- Care coordination
- Crisis services
- Skill training
- Intensive community-based treatment services
- Longer term, hospital-level care to adults with mental illness who otherwise cannot be treated safely or successfully in community settings

Programs

AMH provides or contracts for services that help restore people with addiction disorders, including gambling, and people with mental health disorders to a level of functioning that allows them to:

- Be successful at school and work
- Live safely and productively in the community
- Avoid repeated cycles of arrest and incarceration
- Maintain stable relationships and living situations
- Maintain or obtain appropriate parenting skills
- Reduce their risk of infectious diseases and chronic health conditions
- Reduce the use of acute psychiatric hospitals for crisis stabilization

Services aim to promote health by helping Oregonians avoid problem gambling, the use of alcohol and other drugs, enter into recovery when necessary and adopt safe and healthy lifestyles.

AMH has six primary program areas:

- Alcohol and drug prevention and treatment
- Problem gambling prevention and treatment
- Community mental health treatment
- State-delivered secure residential treatment
- State hospital services at the Oregon State Hospital and Blue Mountain Recovery Center (BMRC)

Addictions and mental health community services are provided in all 36 Oregon counties and with the 9 federally recognized tribes. Community mental health programs (CMHPs), tribes and statewide contractors provide evidence-based services to prevent and treat the problematic use of alcohol and drugs, problem gambling disorders, and mental health disorders. These services and supports are based on local needs and developed through periodic comprehensive planning processes. The Oregon Health Plan (OHP) covers mental health and addiction services for eligible people with conditions funded under the Health Evidence Review Commission Prioritized List for all Medicaid and State Children's Health Insurance Program (SCHIP) clients. The state General Fund, Beer and Wine Taxes and federal block grants pay for services and individuals not covered by OHP. The Medicaid service delivery system is undergoing transformation in response to HB 3650 (2011 Session) and SB 1580 (2012 Session). Addictions and mental health services for covered populations were integrated with physical health care and delivered under the management of local Coordinated Care Organizations beginning in August 2012.

Alcohol and Drug Prevention

Alcohol and drug prevention services are designed to promote healthy choices by Oregonians when presented with the opportunity to use drugs or to drink inappropriately. These are critical services for young people who are frequently presented the opportunity to drink in spite of their age. Binge drinking and heavy drinking is dangerous and is frequently linked to increased risk for traffic accidents, risky sexual behavior, violence and suicide. While a major focus for prevention efforts has been underage drinking, it is important that Oregonians of all ages understand the effects on their bodies from the use of alcohol and other drugs. With appropriate information, people can make healthy, responsible choices.

Services provided

Prevention programs help people make smarter life choices and reduce risk factors associated with alcohol and drug abuse. AMH administers prevention services aimed at people who have not yet been diagnosed with alcohol or drug problems. These services reduce the rate of underage drinking and the development of substance use disorder and associated health and social problems.

Who receives services

Services that prevent and end the use of addictive substances are available to all Oregonians, with a focus on youth. The audiences for prevention services include:

- The entire population through public education and awareness campaigns
- Sub-groups of people who are at above-average risk of involvement with alcohol and other drugs through selected prevention services such as family management programs for families with youth who have poor academic performance
- Individuals who show minimal but detectable signs of involvement with alcohol and other drugs, but do not meet diagnostic criteria for abuse or dependence through indicated prevention services such as substance abuse educational programs for youth who receive a Minor in Possession (MIP) violation

More than 126,454 Oregonians were provided access to broad-based prevention information during 2011. In addition, 10,125 people received selected prevention services, and another 1,417 received indicated prevention services.

How services are delivered

Alcohol and Drug Prevention Services are funded in the community through:

- Financial assistance agreements with county governments
- Direct contracts with all nine federally recognized tribes
- A limited number of direct contracts with providers of statewide, regional or specialized services

Community Mental Health Plans, tribes and statewide nonprofit organizations, deliver services.

Why these services are significant to Oregonians

Across Oregon, alcohol and drug prevention plays an important role in creating strategies, policies, and programs designed to promote healthy behaviors among an entire community. Local prevention coordinators and partners prioritize community prevention needs based on local data. Some of the key health issues include substance abuse prevention, tobacco use prevention, violence prevention, problem gambling prevention and suicide prevention. Community prevention includes strategies such as parent training, classroom curricula, and cultural best

practices along with wellness programs and screening tools most often coordinated or delivered by a Certified Prevention Specialist (CPS).

Effective prevention services reduce the incidence of underage drinking, binge and excessive drinking among all age groups, and lessen the risk of alcohol- and drug-related traffic accidents and resulting deaths. These services reduce the risk of youth drug use, violence, youth suicide and risky sexual behavior. Youth who are not involved in underage drinking or other drug use perform better in school, are more likely to graduate, and more likely to avoid contact with the juvenile justice system.

Alcohol and Drug Treatment

Alcohol and drug prevention, and treatment and recovery services, assist people in developing the life-long skills and abilities they need to manage their chronic health conditions. Like high blood pressure, asthma and diabetes, a cure remains elusive, but the disease of addiction can be managed. Those who manage their condition improve their health, enjoy a better quality of life, and reduce and control the cost of their health care.

Addiction treatment holds value to OHA's goal of better health, better care and lower costs. Alcohol misuse and dependence, illicit drug abuse, tobacco use and other health risk behaviors with behavioral health underpinnings are among the top 10 leading causes of chronic illnesses and death. The implementation of coordinated care and person centered primary health homes will better serve members. Integration of preventive services to include the onset of chronic conditions or the severity of these conditions will lead to reduced costs in healthcare.

Health transformation provides an opportunity to integrate addiction treatment into the broader healthcare system in a more meaningful way. Coordinated Care Organizations will be accountable to outcomes related to behavioral health (addictions and mental health) as well as physical health of members.

A recent analysis of a sample of OHP members who accessed additional treatment found significant cost-offsets in physical health expenditures, most notably as it relates to emergency room visits and hospitalization. The cost-offset was more

than \$3,000 per person. Addiction treatment and recovery services are cost effective.

Services provided

Services consist of outpatient, intensive outpatient, recovery support services, residential and detoxification services. Arrays of options are needed to help individuals recover from their addictions based on the severity of their illness at various points along their lifespan. Some individuals may need residential services while others may need outpatient services; typically, a combination of services is needed for individuals to successfully recover and manage their disease. Outpatient services include specialized programs that use synthetic medications such as methadone, buprenorphine, and injectable vivitrol as an alternative to chronic heroin and prescription opioid addiction. Education and treatment are available for people convicted of driving under the influence of intoxicants (DUII).

Who receives services

Children and adults of all ages who have a diagnosed substance use disorder may be eligible for services. Any person eligible for the Oregon Health Plan or the State Children's Health Insurance Program (SCHIP) has access to the OHP Chemical Dependency benefit when medically appropriate. Pregnant women and intravenous drug users have priority for services under the federal Substance Abuse Prevention and Treatment Block Grant. There are specialized services designed to meet the needs of women, parents with children, minorities, and adolescents. During 2010, 43,235 adults age 26 and older were served; 14,824 young adults age 18 through 25 were served; and 6,053 adolescents age 12 through 17 were served.

How services are delivered

Substance Use Disorder Services are funded in the community through:

- Financial assistance agreements with county governments
- Direct contracts with all nine federally recognized tribes
- Contracts with Coordinated Care Organizations
- A limited number of direct contracts with providers of statewide, regional or specialized services

Services are delivered by CMHPs, tribes, nonprofit programs and statewide contractors in outpatient programs, school-based health centers and residential treatment programs throughout the state.

Why these services are significant to Oregonians

Because of these services, health care costs related to untreated substance use disorders decrease. Local hospitals experience reduced use of emergency departments. Fewer children are admitted to foster care due to parental substance abuse. State and local jurisdictions see reduced costs to the criminal justice system for adults and juveniles. Individuals locate employment, safe, stable housing, and improve the quality of their lives, which in turn strengthens the communities where they live.

Problem Gambling Prevention and Treatment

Problem gambling prevention and treatment services prevent people from becoming addicted to gambling and assist people who are addicted in recovering from addictive and pathological gambling. People in recovery find or maintain jobs, repair family relationships and stop committing crimes, their mental health improves, and the potential for suicide decreases.

Services provided

Problem gambling prevention and treatment services include evidence-based prevention strategies to decrease the probability that young people will begin gambling at young ages and that adults of all ages will be aware of the addictive nature of gambling, particularly on-line games and video poker. Treatment services include outpatient individual and group therapies, intensive therapies, and statewide access to residential treatment for those who are at risk because of pathological gambling. Treatment to reduce the effects of problem gambling is funded through a statutory one percent set-aside of state Lottery revenues.

Where service recipients are located

Community mental health programs (CMHPs) and for-profit and nonprofit providers deliver problem gambling prevention and treatment services in all 36 counties and in one statewide residential treatment program.

Who receives services

During 2011, 3,543 people made use of the professionally staffed Problem Gambling Helpline. Problem gambling services were delivered to 1,918 people during 2011.

How services are delivered

Problem Gambling Services are funded in the community through:

- Financial assistance agreements with county governments
- A limited number of direct contracts with providers of statewide, regional or specialized services

Services are delivered in every county and provided by a combination of county employees and subcontracted private agencies.

Community Mental Health Programs

Services provided

Mental health services improve the daily lives for Oregonians of all ages with severe mental health disorders such as bipolar, major depression, post-traumatic stress and schizophrenia. Persons experiencing a mental health crisis receive brief treatment consisting of medication, counseling and, if necessary, temporary respite housing or local hospitalization. Mental health assessments determine the need for further treatment and whether other supportive services will be provided. These ongoing supports and services improve a person's ability to be successful with their family, education, employment and in their community, often reducing public safety problems and negative health related consequences.

Children with mental health issues are served in their local communities and are linked with other child and family serving systems. Each child can be screened and served within the integrated service array according to a standardized level of need determination for their mental health service and support needs. Services are child and family driven and team-based with a clear focus on providing a broad array of services and supports across a coordinated continuum of types and intensity of care.

Services and supports include those delivered by peers, such as help establishing personal relationships obtaining employment or education, independent living skills training such as cooking, recreation, shopping and money management, residential treatment services or adult foster care, and supervision of people who live in the community under the jurisdiction of the Psychiatric Security Review Board (PSRB). Services are provided in many settings including local mental health clinics, doctor offices and clinics, schools, drop-in centers and homes. The Oregon Health Plan covers mental health services for eligible persons with

conditions funded under the Health Evidence Review Commission Prioritized List for all Medicaid and SCHIP clients. The state General Fund pays for services and individuals not covered by OHP.

Where service recipients are located

Crisis services provided by qualified mental health professionals are available in all communities 24 hours a day, seven days a week. Mental health services are available in all 36 counties. These services include civil commitment procedures, acute inpatient treatment, residential treatment, adult foster care, outpatient therapy, supports needed for successful community living, medications, case management, assistance with finding and maintaining housing and work, and social support.

Who receives services

Community mental health programs provide mental health services for adults and children who have serious emotional and mental health disorders and are a danger to themselves or others, are unable to meet their needs, or are in danger of being removed from their homes due to emotional disorders. During 2011, publicly funded programs served 72,392 adults and 36,161 children and adolescents.

How services are delivered

Mental health services for adults and children are funded in the community through:

- Financial assistance agreements with county and select tribal governments
- A limited number of direct contracts with providers of regional, statewide or specialized services

Services are delivered in every county through the 32 CMHPs and the Warm Springs Tribal Clinic. Services are provided by a combination of county employees and subcontracted private agencies.

Professionally trained staffs – including physicians, nurses, social workers and trained peers – provide:

- Crisis evaluation, stabilization and civil commitment functions
- Medication, counseling, outpatient, and residential treatment to help people recover from their mental health disorders

- Case management, care coordination, housing, and supported employment and education assistance to help people continue to live successfully in community settings
- A range of peer-delivered services and supports

During 2011-13, there will be a major change in the system for delivering mental health services, the first major change since 1995. Services for the Medicaid population will no longer be managed separately from physical health care and addiction services. Beginning August 2012, these service areas were integrated and managed by locally accountable Coordinated Care Organizations. While change of this magnitude will be a challenge, the state expects improved health, improved quality of health care and lowered costs for the Medicaid population.

Why these services are significant to Oregonians

Because of publicly funded mental health services, more children remain in their homes, in school and out of trouble. Adults with major mental illnesses who receive treatment are working more, functioning better, and are less likely to be hospitalized or jailed.

State-Delivered Secure Residential Treatment

Facility Program

The State-Delivered Secure Residential Treatment Facility Program was enacted through HB 5031, the DHS Operating Budget. In passing HB 5031, the 2007 Legislature approved the program authorizing AMH to operate secure residential treatment facilities.

Services provided

State-delivered secure residential treatment services provide long-term treatment for individuals under the jurisdiction of the Psychiatric Security Review Board who have been deemed ready for conditional release. These individuals actively participate in an array of treatment options while under the jurisdiction of PSRB. PSRB closely monitors the progress these individuals make in their treatment and plays a role in the evaluation process to determine when residents are ready to transition to a lower level of care. Effective 2011, individuals who have been

civily committed or committed by guardians are eligible for placement in order to better use the secured facility resources.

Where service recipients are located

The program opened in Pendleton in early January 2009. The residents come from across the state. At this time, AMH is not planning additional state-delivered programs. The goal is to use current facilities more effectively and to serve more individuals in permanent integrated homes with supports to be successful.

Who receives services

Services are provided to individuals under the jurisdiction of PSRB who no longer need hospital-level care and to those who have either been civilly committed or guardian committed. Providing services to those individuals in the community lowers the census at the Oregon State Hospital. There are 16 people in the program at any one time.

State Hospital Services

A key component of continuing care for those with mental health issues is state hospital services. Mental health services for adults who need long-term psychiatric hospitalization are provided in both extended community care services and the state hospitals with campuses located in Salem, Portland and Pendleton. These services are essential to restoring patients to a level of functioning that allows successful community living. Services in a secure setting promote public safety by treating people who are dangerous to themselves or others, who have committed crimes, and are adjudicated Guilty Except for Insanity.

Key Changes at Oregon State Hospital

New Facility Completed

An historic event took place in mid-March 2012 when the final patient moves occurred. This project began as the vision of key legislators and stakeholders dedicated to the health, safety and recovery of patients and staff at OSH. The new facility positions OSH well in the pursuit of its vision of Hope, Safety and Recovery for all.

Organizational Structure

In direct response to the findings of the Liberty Healthcare consultation in September 2010, the organizational chart of the Oregon State Hospital was significantly revised in August 2011 to clearly reflect reporting relationships and lines of authority. These changes include the establishment of a Chief Financial Officer/Chief Operating Officer (oversees all support services), a Deputy Superintendent (oversees Clinical administrators, Security and Family Liaison), a Chief Medical Officer (oversees all Clinical discipline heads, including a new position, Chief of Medicine), a Director of Quality Management (oversees Standards and Compliance, Health Information, Technology Services, Data and Analysis, and Performance Improvement), a Director of Forensics and Legal Affairs (oversees the Legal Affairs Department, Risk Management, Informed Consent, and Forensic Evaluation Services), a Treatment Mall Administrator (oversees the operation of the hospital's six Treatment Malls, where active treatment is provided to patients daily), and a Transition Coordinator (oversees the development of and implementation of plans to occupy the new facility in Salem, as well as the Junction City hospital.)

Hospital leadership emphasizes the importance of holding staff accountable for the successful accomplishment of Cabinet-approved goals and objectives. To resolve one of the Liberty Healthcare report's noted deficiencies, issues of performance improvement have been clearly delineated and separated from issues of compliance. Clearly stated position descriptions have been developed, and an emphasis has been placed on performance evaluations for all staff. Thus, excellent job performance is recognized while deficient performance is identified and resolved.

In order to better organize and focus the work of the hospital Cabinet, the hospital's committee structure has been completely revamped (this was also a noteworthy deficiency listed in the Liberty Healthcare report). Each committee's role and charter was clarified and membership reformulated. In addition, a schedule of committee reports on progress or issues to the Cabinet has been established.

To align clinical services with the hospital's vision, all clinical discipline chiefs now answer to the Chief Medical Officer, who is responsible to assure accountability and coordination of these services. Each clinical discipline head is responsible for the services their staffs provide and coordination takes place at

regular meetings of the Clinical Executives, in daily morning check-ins, and in regular, project-based meetings with each other and the CMO.

Services provided

With campuses in Salem and Portland, the Oregon State Hospital provides inpatient and residential services with a budgeted operational capacity of 632 beds and a licensed capacity of 712 beds. The Joint Commission accredits OSH. Patient unit, Butterfly 3, which provides neuropsychiatric treatment services, is certified to receive Medicaid Title XIX funding by the Centers for Medicare and Medicaid Services (CMS). OSH is part of the Oregon State Hospital System and is operated by the Oregon Health Authority's Addictions and Mental Health.

Adult treatment services are provided in a 92-bed leased facility in Portland. This program provides hospital-level psychiatric services for adult patients with major psychiatric illnesses who are 18 to 65 years of age. Patients treated in this program are unable to be treated in a less structured environment. They are civilly committed and assigned to hospital-level care. This program provides intermediate and long-term state hospital treatment for patients transferred from community acute care hospitals.

Neuro/medical services are provided in 88 beds in four units of specialized active inpatient treatment for elderly persons with mental illness and a specialty unit for neurologically impaired patients of all ages. Eight beds providing acute nursing care for patients suffering from medical conditions are included on one of the neuropsychiatric wards. Inpatient services are available to older adults who have major psychiatric disorders and adults older than 18 who have brain injuries. These adults require nursing care and have behaviors that cannot be managed in a less restrictive nursing home environment. The inpatient medical services are available to any OSH patient who develops an acute medical disorder not requiring hospitalization at an acute care medical-surgical hospital.

The forensic psychiatric program provides hospital treatment services to patients committed by the courts for evaluation or treatment in order to aid and assist in their own trials or committed to the jurisdiction of the Psychiatric Security Review Board or the State Hospital Review Panel under the "guilty except for insanity" adjudication. These services consist of 426 beds on 17 treatment units. A full array of treatment services is offered in maximum and medium security levels. In addition, this program provides services for some civilly committed patients who

are either too dangerous or too difficult to manage in the less restrictive secure environment of a general adult hospital program. Specialty services are provided to patients adjudicated for sex offenses or those with histories of sexually inappropriate behaviors.

Forensic residential transitional services provide treatment for approximately 26 patients in four cottages. These are transitional units providing treatment to patients under the jurisdiction of the PSRB or SHRP who have shown substantial improvement in their conditions and require a less restrictive environment in preparation for placement in a community setting.

Where service recipients are located

Clients residing at the state hospitals are admitted from all areas of the state to facilities in Portland or Salem.

Program Administration and Support

AMH, in collaboration with external partners and stakeholders, creates the vision for mental health, substance abuse and problem gambling prevention and treatment systems of care, and sets policy to bring the vision into practice. The Director for AMH supervises the state hospitals and the project to build the second new state hospital in Junction City. The Director works with the leadership of the state hospitals to integrate their services into the statewide system of care for people with mental illness.

AMH Program Administration and Support (PAS) is responsible for:

- Developing state plans for substance abuse prevention and treatment services and mental health services
- Implementing state addictions, gambling and mental health programs and laws
- Directing services for persons with substance use disorders and with problem and pathological gambling
- Directing services for persons with mental health disorders
- Directing services for persons with co-occurring mental health and substance use disorders
- Maintaining custody of persons committed by courts to the state for care and treatment of mental illness

PAS staff shares responsibility with the counties for developing and managing community programs as part of the overall state mental health and addictions system. If a county is unable to operate a program area, AMH is responsible for contracting for services directly with providers. PAS is responsible for protecting the safety of clients and ensuring quality of care.

PAS ensures the efficient and effective functioning of the program office and the necessary supports to the program and policy staff. AMH central administration staff work closely with the department budget staff and contract administration staff to ensure sound financial management of the addictions and mental health services community and state hospital program budgets, and the appropriate implementation of community treatment programs through contractual relationships.

PAS supports all Addictions and Mental Health Programs. The majority of this support is for four community programs — Alcohol and Drug Prevention, Alcohol and Drug Treatment, Problem Gambling Prevention and Treatment, and Community Mental Health. Staffs are responsible for:

- Program development
- Administrative rules development
- Planning and policy development
- Providing leadership and policy direction for mental health and addictions services as the Oregon Health Authority transforms health care for the Medicaid-eligible population
- Strengthening coordination between the state hospitals and the community mental health programs to ensure appropriate admission to and timely discharge from the hospitals
- Conducting site reviews
- Conducting licensing and certification inspections
- Providing training and technical assistance
- Providing administrative oversight
- Overseeing quality improvement
- Developing program management data;
- Providing technical assistance to community programs
- Managing development of alcohol and drug free community housing for individuals with addiction disorders and those with mental illness
- Collaborating with state and local partners to reduce and end homelessness

This structure is based on the March 2012 Structure of AMH. Both AMH, due to major system changes, and OHA, due to health care transformation, are in the midst of looking at organizing work based on critical core processes that directly relate to supporting the new Coordinated Care Organizations and achieving the agency's goals of better health, better care and lower costs. It is expected that there may be structural changes because of this work as well as the need to flatten the structure to accommodate the major budget reductions taken in the 2011-13 biennium during both the 2011 and 2012 sessions of the Legislature.

AMH System Change

The AMH System Change work is designed to integrate addiction and mental health prevention and treatment services, providing greater flexibility to local communities in an effort to promote innovation and improved outcomes associated with behavioral health, and better serve people with behavioral health needs. These improvements will be supported by flexible funding, allowing counties the discretion to put resources where they are most needed to serve people in their communities. Outcomes-based management that holds counties and providers accountable for the overall behavioral health of the populations they serve, rather than just the quantity of services provided or the number of people served, will help balance a flexible budget.

From the start, the AMH System Change work engaged community stakeholders and partners. This included drafting system change principles with representatives from the Association of Oregon Counties (AOC) in June 2011, and since has continued with multiple advisory activities with stakeholders and partners. Participants representing consumers of mental health services, individuals in recovery from addictions including problem gambling, outpatient providers for addictions and mental health, acute care hospitals, AOC, Association of Community Mental Health Programs, prevention programs, and other diverse groups continue to advise AMH in the design and implementation of the AMH System Change through structured advisory opportunities and contacts with key informants with critical expertise. The diversity and longevity of the engagement will result in developing a person-centered, strengths-based system of care in Oregon.

There will be changes in the manner in which AMH conducts business and approaches the work with the counties. There will be a shift in emphasis to contract compliance and technical assistance related to achieving outcomes. One way that

AMH is managing the changes from within the agency is by readying the staff to support the new processes required to operate a high functioning behavioral health system. Staff members are examining existing functions, looking at maintaining only what needs to be continued, while developing new, consolidated business practices. The goal is to increase efficiencies and decrease internal and external administrative burdens.

1915(i)

1915(i) Medicaid home and community-based state plan amendment (SPA). The SPA was approved in February 2012 and creates a new approach to community-based treatment for people with serious mental illness and a need for daily service contact. The amendment will make an expanded array of services available in community-based settings to better meet the needs of consumers and allow the state to simplify the billing and documentation requirements for providers. The results of this initiative will support Oregon's efforts to serve people in the most independent setting.

Legislative Initiatives Carried Out

HB 3100

House Bill 3100 passed July 1, 2011, requiring all psychiatrists and licensed psychologists to be certified by January 1, 2012, in order to perform forensic evaluations for the purposes of competency and criminal responsibility. The forensic certification program is under the authority of Addictions and Mental Health and was established by Oregon Revised Statute 161.309-161.370 and 419C.524 and is administered under Oregon Administrative Rules 309-090-0010 through 309-090-0090. These rules identify types and requirements of certification, the required content of evaluations, a Review Panel process for submitted evaluations, and requirements of the Forensic Evaluator Training Program. Currently 110 applicants have been granted temporary certification until they complete the training and have three redacted forensic evaluations reviewed by the expert review panel. When all requirements are met, full certification will be granted. AMH is currently working with a training team at Pacific University and Northwest Forensic Institute to finalize the training curriculum. Two trainings will be held in July and August. The goal of this certification is to provide standardization to the forensic evaluation process when determining if an

individual is able to aid and assist in his/her own defense or criminally responsible at the time of committing a crime.

The legislation allows people found guilty except for insanity of a misdemeanor to be treated in their local community as long as they do not present a substantial danger. In that case, they can be court-mandated to OSH. This process is also a possibility for persons committing a Class C Felony (nonperson crime).

SB 420

Senate Bill 420 (2011) went into effect on January 1, 2012. The law created two tiers of offenders who were found guilty except for insanity. Under SB 420, Tier 1 offenders remain under the jurisdiction of PSRB, and the Oregon Health Authority acquires jurisdiction over Tier 2 offenders who are in OSH. After a Tier 2 offender is conditionally released, jurisdiction of Tier 2 offenders transfers to the PSRB for monitoring and supervision in the community.

The Oregon Health Authority created the State Hospital Review Panel (SHRP) to provide due process to Tier 2 offenders under its jurisdiction. SHRP is made up of a psychiatrist, a psychologist, an attorney, a probation officer, and a public member. The OSH Legal Affairs Director, a paralegal and a legal secretary, supports the hearings conducted by SHRP by: gathering exhibits, arranging for witnesses, sending out notices, and communicating with patients, attorneys, and community partners. SHRP and its OSH staff endeavor to make the process as efficient as possible with the goal of moving patients determined to be ready for discharge and/or safe for release into the community as soon as possible.

After reviewing exhibits and testimony at formal hearings, SHRP determines when it is appropriate to discharge or conditionally release Tier 2 patients. SHRP balances the goals of the Americans with Disabilities Act to place mentally ill people in the least restrictive settings with the goals of public safety. It does this by determining whether the person:

- a) Is no longer affected by mental disease or defect, or, if so affected, no longer presents a substantial danger to others
- b) Is still affected by a mental disease or defect and is a substantial danger to others, but can be controlled adequately if conditionally released with treatment as a condition of release

- c) Has not recovered from the mental disease or defect, is a substantial danger to others and cannot adequately be controlled if conditionally released on supervision

ORS 161.346(1)

On January 1, 2012, the PSRB transferred 120 patients to the jurisdiction of the Oregon Health Authority's SHRP. Since that time, SHRP has scheduled and conducted hearings in accordance with the statutory timelines.

When a patient is conditionally released, the patient is released into the community and transferred to the jurisdiction of the PSRB. SHRP has conditionally released 12 patients and approved two additional patients for conditional release who will be released when a bed becomes available for them in the community. SHRP has ordered that community evaluations be conducted for 26 patients. Before a patient may be conditionally released, a community evaluation must be conducted.

Occasionally, a person is discharged because SHRP determines that the person no longer meets the statutory criteria for jurisdiction (such as they do not have a major mental illness Axis 1 diagnosis, or they are no longer a danger to others). As of August 2012, SHRP had discharged seven individuals because they no longer meet the criteria for jurisdiction.

As of August 2012, SHRP has 118 OSH patients under its jurisdiction.

COMPASS Project

To adapt and thrive under Oregon's Health System Transformation, Addictions and Mental Health is implementing a comprehensive behavioral health electronic data system that will interface with other health information systems in an effort to improve care, control cost and share information. The COMPASS project is a collaborative information technology approach to the administration, planning and monitoring of behavioral health programs and supports our ability to track performance outcomes, population served, and the cost effectiveness of services. The three main components of the project – an electronic health record (EHR) system, contracts administration, and data collection – will allow AMH to account successfully for these measures.

AMH piloted EHRs with fourteen providers and will add eleven new providers in 2013. The contracts administration business requirements are defined and currently in user testing. Full implementation of the data collection component is also planned for July 2013. The contracts system replaces technology that is twenty-years-old and is unsupported since the company no longer exists. The data collection component replaces two more-than-thirty-year-old mainframe systems that are inflexible and impractical to reprogram to provide the data needed to manage behavioral health services in the 21st century. This was discussed with the Legislature during the 2011 session.

CAPITAL CONSTRUCTION

Oregon State Hospital Replacement Project

History

Oregon has been in critical need of a new hospital for its citizens with mental illness. The Oregon State Hospital is one of the oldest, continuously used mental health hospitals on the West Coast. It also had the dubious distinction of being one of the most decrepit mental health facilities in the nation. More than 40 percent of the building space was unusable, with water leaks from roofs, crumbling walls and the toxic hazards posed by the presence of asbestos and lead.

For decades, state lawmakers heard from patients, advocates, citizens and staff about the inadequacy of the state hospital. In addition, the state faced several challenges, including legal suits, over a variety of hospital deficiencies. The Governor, Oregon Legislature and DHS/OHA have collectively acknowledged the critical need for new mental health facilities.

During 2003, the Governor established, by executive order, a 21-member Mental Health Task Force to identify key problems in the state's mental health system and recommend improvements. The task force released a report in 2004 recommending changes to OSH.

Ongoing concern about the hospital prompted the November 2004 Legislative Emergency Board to allocate funds to DHS/OHA for an independent examination of the mental health system with a specific focus on OSH.

With those funds, the Governor and Legislature commissioned KMD Architects, a firm with more than 40 years of experience in 15 states, to begin preparing a master plan for replacing OSH.

The May 2005 OSH Framework Master Plan Phase I Report identified significant structural issues, including a potential that the J Building complex on the Salem campus would collapse in an earthquake. In addition, the Phase I Master Plan notes that the existing facilities on this campus have physical limitations that could not be remediated to provide safe and secure treatment environments. Along with these issues, the 92-bed Portland campus lease ends in March 2015, requiring the

relocation of the patients housed there. The Phase II Report on the Framework Master Plan was released on March 1, 2006. That report provided the Governor and legislative leadership with three options to consider for replacing OSH. The leadership directed DHS/OHA to proceed using the configuration listed in the document as Option 2: one 620-bed facility located in the North Willamette Valley, one 360-bed facility located south of Linn County on the west side of the Cascades, plus two non-hospital-level, 16-bed secure residential treatment settings placed strategically east of the Cascades.

Based on recommendations from a Joint Legislative and Executive Branch Task Force, the 2007 Oregon Legislature authorized Certificate of Participation (COP) financing estimated at \$458.1 million to build two new state-operated psychiatric facilities. The first Salem hospital residential units opened in January 2011. The Salem hospital was completed in December 2011, and the Junction City facility is scheduled to be completed at the end of 2014 with patients moving in early 2015. Both are designed, along with a strengthened community mental health system, to support healing, recovery and a return to successful community living.

As the project moves forward, the replacement team continues to look for opportunities to improve patient care and reduce state costs. Based on a recent analysis of need for hospital level of care and changes in discharge practice, OHA leadership recommended a reduction in the size of the Junction City hospital from 360 to 174 beds. This reduction is achieved by recommending an additional 186 beds in the community to serve those individuals whose needs can be met at a lower-than-hospital level of care.

Although the historic state hospital was inadequate for long-term, continued care and treatment of those with mental illness, the OSH Salem campus was selected as the best site for construction of the new 620-bed facility. Using legislatively mandated selection criteria developed with public input, this site scored highest among those considered. The Salem site maximizes opportunities to attract and retain quality professional staff and places 55 percent of patients reasonably close to their home communities. In addition, the larger Salem community is accustomed to having a large psychiatric hospital on this site and is generally supportive of the hospital being there.

Historic preservation

OHA is committed to protecting and preserving valued historic and cultural resources while investing and growing a mental health system of care to serve Oregonians now and in the future. Using the current OSH site provided an optimal opportunity to include historic buildings and structures in the design of the new facility and an opportunity to include both an above-ground memorial for cremains and a museum for the history of the West Coast's oldest continually operating psychiatric hospital.

Status

The Salem hospital was completed in December 2011 and the Junction City hospital is scheduled to be completed by the end of 2014. Site preparation work for Junction City construction is under way.

Centralized treatment model

The design of the hospital supports the delivery of centralized services at treatment malls within the secure perimeter.

The entire design of the facility supports patients participating in active psychiatric treatment and having sufficient privacy and personal space.

The hospital, replacement project, through the replacement project's Behavioral Health Integration Project (BHIP), began the use of the Avatar Electronic Health Record in November 2011. The work to complete the full implementation of the hospital management system and full integration into the business flow, treatment care planning, and reporting for organizational compliance, and data-informed decision making will be completed in the 2011-13 biennium. Work will be ongoing with additional systems that work with the electronic health record.

Challenges

There are a number of cost drivers that may affect the financial bottom line of this project. The major one influencing the costs for Junction City is the additional 100,000 square feet of treatment space to support twenty hours per week of active psychiatric treatment and the staff to carry out this mandate.

The Junction City site must meet the requirements of the solar energy bill (ORS 279C.527 to 279C.528) adding costs not included in the original budget approved by the Legislature.

Another cost driver comes as a direction from the Legislature to absorb the cost of furniture, fixtures and equipment (FF&E) into the budget. The rough estimate in 2007 for FF&E was \$10.5 million.

In addition to challenges presented by these and other cost drivers, the success of the replacement treatment facilities is dependent on significant investments in the entire mental health service system. These investments must continue to build the community system that prevents individuals from needing hospital-level services. It also must build capacity to help patients transition successfully back to the community. To support the functions of the state hospitals, Oregon has developed more than 1,698 extended care placements provided by counties and a variety of non-profit and for-profit providers.

Funding

The 2007 Legislature passed SB 5504 and HB 5006, which provided the budgetary authority of \$458.1 million for DHS/OHA to proceed with construction of facilities in Salem and Junction City.

Construction of the replacement hospital is financed with Certificates of Participation (COP) and General Obligation Bonds (GOB) requiring accurate and specific recording and accountability for expenditures of COP/GOB proceeds. COP/GOBs are a principal means of financing government projects and are used for many state facilities expected to have 40 to 60 years of useful service.

The project has been working diligently to mitigate the various programming and site impacts. From the first evaluation, it was clear that additional needs had the potential to add more than \$150 million in additional project costs to Salem alone. Through aggressive management of all areas, from design to individual sub-contractor selection, AMH has been able to reduce this to a request for an increase of approximately \$50 million in COP/GOB sales for the project as a whole. We continue to work on this issue by looking for additional construction savings.

Actual operating costs will depend on many factors, including legislative decisions about staffing, salaries, wages, and community supports that relieve pressure on

the facilities. Additional pressures on operating costs could come in the form of rising fuel and utility costs and a possible increase in the number of individuals committed under forensic statutes.

Opportunities

Junction City

The major opportunity in Junction City is realized by the analysis, based on more recent data, of the original assumptions that there is a need for 360 hospital beds. In January 2011, OHA presented an analysis that indicates additional patients under the PSRB and those currently served in the neuropsychiatric program could be served in the community with proper investment, leaving a need for 174 beds at Junction City. In addition to the current partnership with Department of Corrections (DOC) for site preparation, AMH is examining opportunities in the design of the Junction City facility that could allow for alternate uses if the future need for state hospital level of care decreases and support for community services increases.

Reusable materials

Throughout the project, OSH staff found many reusable materials from previous construction and maintenance projects were being transferred to the general contractor for use on the replacement project, resulting in a cost reduction for the project of more than \$100,000 to date. Examples of such items include fencing materials, electrical wire, drainpipe and electric gates. Some construction materials and equipment purchased for the Salem site will be reused at the Junction City site.

Behavioral Health Integration Project

The completion of the BHIP project with the full implementation of Avatar at the Salem site will make an operational electronic health record and hospital management system available at minimal added cost for Junction City.

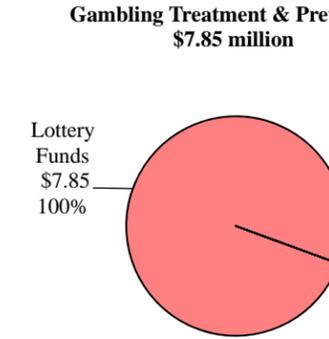
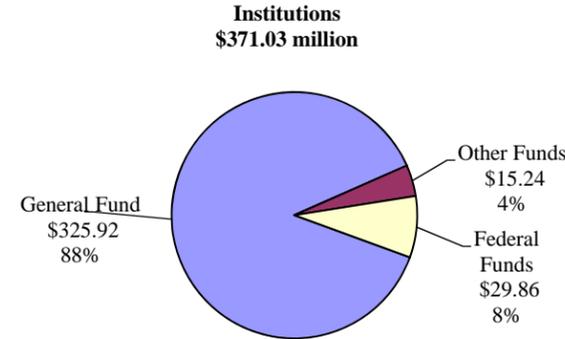
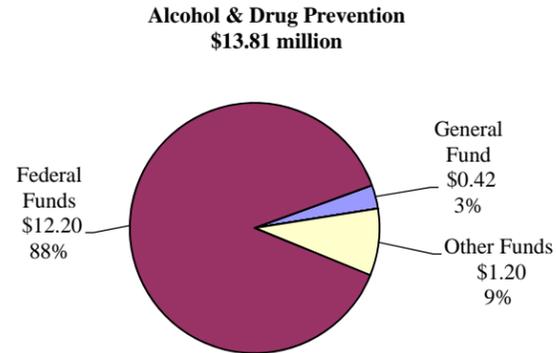
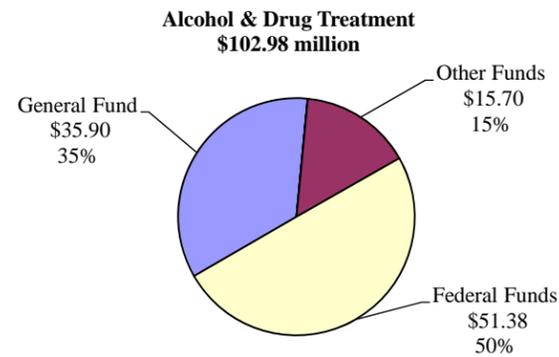
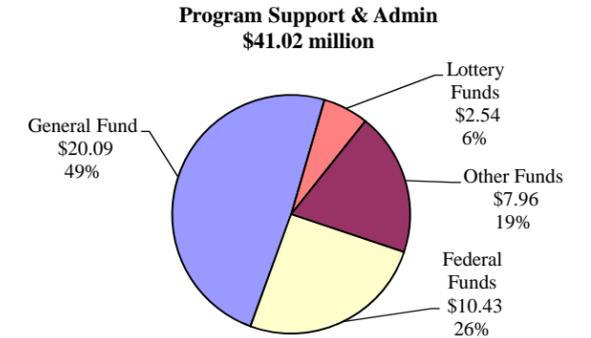
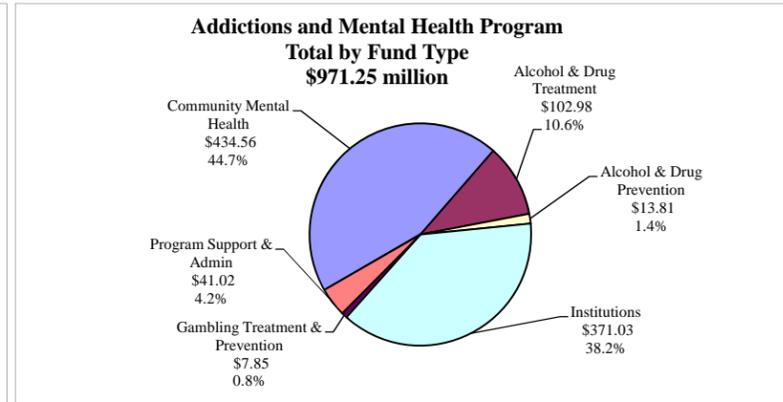
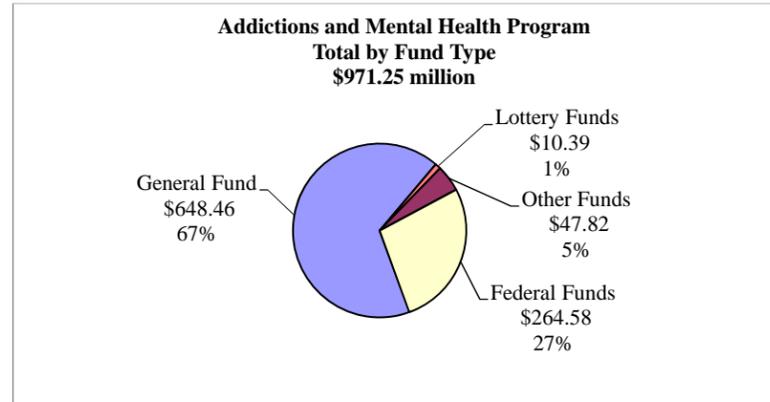
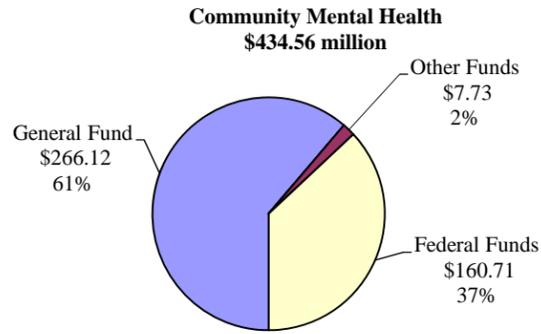
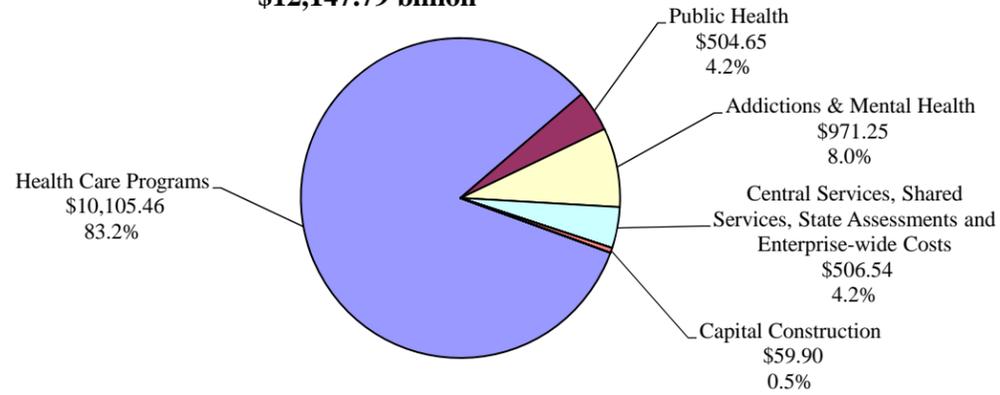
Value engineering study

The benefits to the cost-containment of the Salem project will be continued and other value engineering opportunities will be incorporated into the design and construction of Junction City.

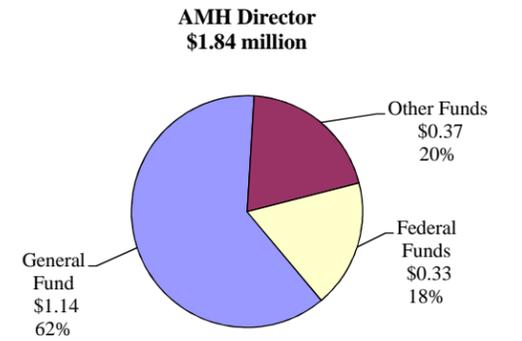
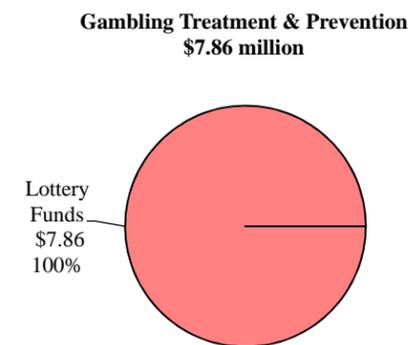
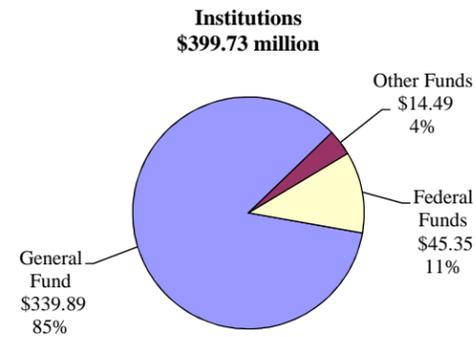
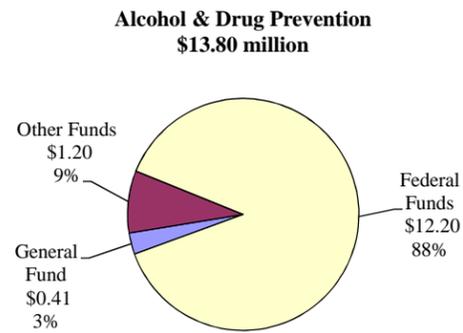
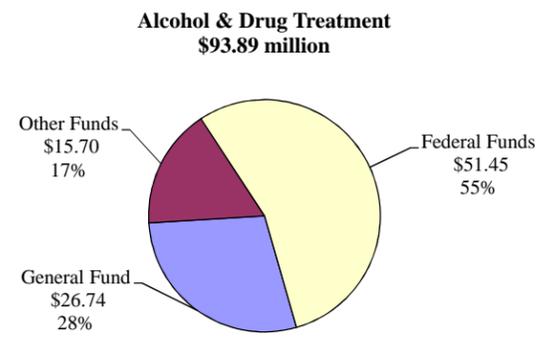
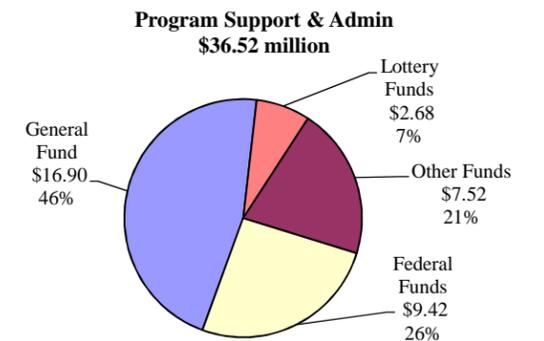
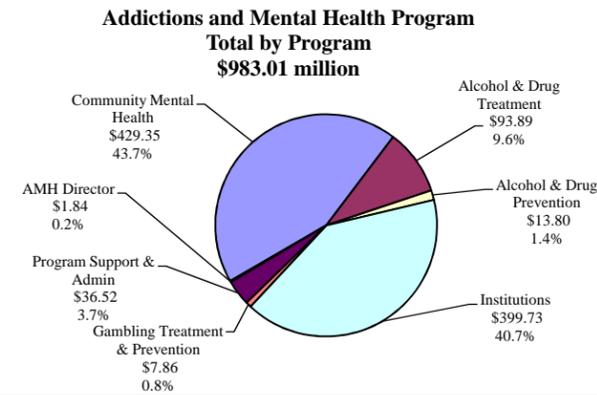
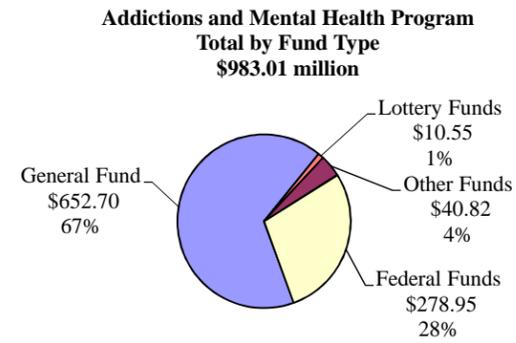
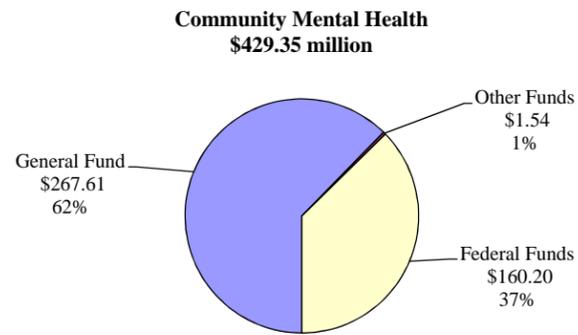
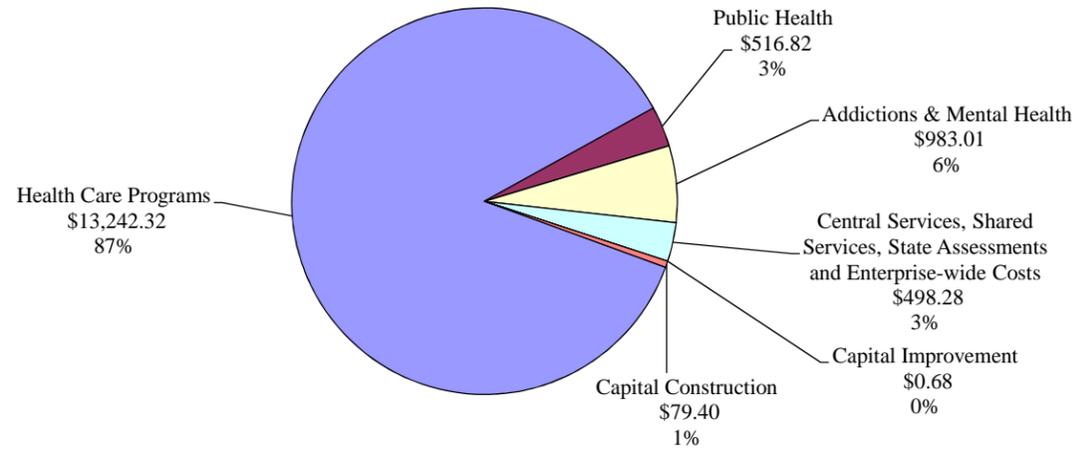
Summary

Replacing the Oregon State Hospital is critical to growing a mental health system of care, which has been a priority of the governor, the legislature, and the agency director. By integrating the new facility in Salem with most of the historic buildings within the district, and restoring and putting the Kirkbride U into full use again, OHA created a project that meets its state mandate to build a hospital on the existing OSH Salem site and protects the historic significance of the site. The agency will also continue to develop the Junction City campus as mandated, working with DOC to maximize all co-location efficiencies.

**Oregon Health Authority (OHA)
2011-13 Legislatively Approved Budget
Total Fund by Program Area
\$12,147.79 billion**



**Oregon Health Authority (OHA)
2013-15 Legislatively Adopted Budget
Total Fund by Program Area
\$15,320.52 million**



Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Addictions and Mental Health Program
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-020-05-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2011-13 Leg Adopted Budget	2,369	2,351.99	959,444,836	645,158,772	10,779,583	42,096,424	261,410,057	-	-
2011-13 Emergency Boards	(35)	(35.00)	11,800,613	3,297,984	(390,969)	5,726,586	3,167,012	-	-
2011-13 Leg Approved Budget	2,334	2,316.99	971,245,449	648,456,756	10,388,614	47,823,010	264,577,069	-	-
2013-15 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(12)	(2.77)	56,914,006	52,516,228	52,545	2,605,441	1,739,792	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2013-15 Base Budget	2,322	2,314.22	1,028,159,455	700,972,984	10,441,159	50,428,451	266,316,861	-	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	1,129,176	958,424	4,801	48,634	117,317	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	2,673,010	2,449,281	1,666	90,084	131,979	-	-
Subtotal	-	-	3,802,186	3,407,705	6,467	138,718	249,296	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	24,702,978	33,619,378	800,963	(5,860,811)	(3,856,552)	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	24,702,978	33,619,378	800,963	(5,860,811)	(3,856,552)	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	17,261,174	10,042,571	230,863	882,686	6,105,054	-	-
Subtotal	-	-	17,261,174	10,042,571	230,863	882,686	6,105,054	-	-

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Addictions and Mental Health Program
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-020-05-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	75,139,390	45,140,685	-	-	29,998,705	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	281,921	-	-	(281,921)	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	(16)	(16.00)	(188,713,129)	(73,291,007)	-	(20,138)	(115,401,984)	-	-
Subtotal: 2013-15 Current Service Level	2,306	2,298.22	960,352,054	720,174,237	11,479,452	45,568,906	183,129,459	-	-

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Addictions and Mental Health Program
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-020-05-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2013-15 Current Service Level	2,306	2,298.22	960,352,054	720,174,237	11,479,452	45,568,906	183,129,459	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	(1)	(1.00)	(332,811)	-	-	(332,811)	-	-	-
Modified 2013-15 Current Service Level	2,305	2,297.22	960,019,243	720,174,237	11,479,452	45,236,095	183,129,459	-	-
080 - E-Boards									
081 - May 2012 E-Board	(17)	(16.50)	(3,370,581)	(2,824,075)	-	(173,860)	(372,646)	-	-
082 - September 2012 E-Board	-	-	-	-	-	-	-	-	-
083 - December 2012 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	(17)	(16.50)	(3,370,581)	(2,824,075)	-	(173,860)	(372,646)	-	-
Policy Packages									
090 - Analyst Adjustments	(43)	(43.00)	(53,271,774)	(42,838,460)	(910,341)	(2,973,967)	(6,549,006)	-	-
091 - Statewide Administrative Savings	-	-	-	-	-	-	-	-	-
092 - PERS Taxation Policy	-	-	(1,015,148)	(894,362)	(2,589)	(41,760)	(76,437)	-	-
093 - Other PERS Adjustments	-	-	(8,111,516)	(7,146,378)	(20,690)	(333,681)	(610,767)	-	-
094 - December 2012 Rebalance	-	-	98,982,024	(1,225,822)	-	-	100,207,846	-	-
801 - End-Of-Session Bill Adjustments	-	-	-	-	-	-	-	-	-
802 - Supplemental Statewide Ending Balance	-	-	-	-	-	-	-	-	-
803 - HB 2322 Program Change Bill	-	-	-	-	-	-	-	-	-
810 - LFO Analyst Adjustments	(17)	(17.25)	(2,441,118)	(5,271,897)	-	(426,664)	3,257,443	-	-
820 - End of Session Bill (HB 5008)	-	-	(17,539,667)	(17,521,783)	(10)	(15,820)	(2,054)	-	-
201 - APD - Program transfer to OHA	-	-	-	-	-	-	-	-	-
401 - PC & Network Infrastructure Investments	-	-	-	-	-	-	-	-	-
402 - Health Systems Transformation	-	-	-	-	-	-	-	-	-

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Addictions and Mental Health Program
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-020-05-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
403 - OSH Replacement Project Next Phase	278	17.17	2,255,505	2,748,509	-	(454,441)	(38,563)	-	-
404 - Strengthen Comm'ty Mental Health Svcs & ITRS	-	-	7,500,000	7,500,000	-	-	-	-	-
405 - Ofc of Equity & Inclusion - Health Equity	-	-	-	-	-	-	-	-	-
406 - Health Information Technology	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	218	(43.08)	26,358,306	(64,650,193)	(933,630)	(4,246,333)	96,188,462	-	-
Total 2013-15 Leg Adopted Budget	2,506	2,237.64	983,006,968	652,699,969	10,545,822	40,815,902	278,945,275	-	-
Percentage Change From 2011-13 Leg Approved Budget	7.40%	-3.40%	1.20%	0.70%	1.50%	-14.70%	5.40%	-	-
Percentage Change From 2013-15 Current Service Level	8.70%	-2.60%	2.40%	-9.40%	-8.10%	-10.40%	52.30%	-	-

Oregon Health Authority Addictions and Mental Health 44300-020-05-00-00000			2013-15 Revenue Report				
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget
GENERAL FUND REVENUES							
General Fund Appropriation	0050	GF	579,018,176	648,456,756	802,795,703	677,688,932	652,699,969
TOTAL REVENUES		GF	579,018,176	648,456,756	802,795,703	677,688,932	652,699,969
TOTAL GENERAL FUNDS		GF	579,018,176	648,456,756	802,795,703	677,688,932	652,699,969
LOTTERY FUNDS REVENUES							
Beginning Balance	0025	LF				765,978	765,978
Beginning Balance Adjustment	0030	LF				(765,978)	(765,978)
Interest Income	0605	LF		502,230	7,338	7,338	
TOTAL REVENUES		LF	-	502,230	7,338	7,338	-
TRANSFER IN							
Transfer In - Intrafund	1010	LF		26,397			
Transfer in Agency Res Equity	1030	LF		70,810			
Transfer in Other	1050	LF	847,169		45,871	45,871	
Transfer in Administrative Services	1107	LF	8,740,018	10,581,552	11,430,510	10,487,956	10,545,832
TOTAL TRANSFERS IN		LF	9,587,187	10,678,759	11,476,381	10,533,827	10,545,832
TRANSFERS OUT							
Transfer Out - Intrafund	2010	LF		(26,397)			

Oregon Health Authority Addictions and Mental Health 44300-020-05-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
TOTAL TRANSFERS OUT		LF	-	(26,397)	-	-	-	
TOTAL LOTTERY FUNDS		LF	9,587,187	11,154,592	11,483,719	10,541,165	10,545,832	
OTHER FUNDS REVENUES				11,180,989				
Beginning Balance	0025	OF				5,311,058	5,311,058	
Beginning Balance Adjustment	0030	OF				(3,908,404)	(3,908,404)	
Other Selective Taxes	0190	OF						
Business License & Fees	0205	OF	38,270					
Non-Business License & Fees	0210	OF	819					
Charges for Services	0410	OF		1,681,054	1,681,054	420,263		
Administrative Service Charges	0415	OF		265,153	271,517	271,517	271,517	
Care of State Wards	0420	OF	15,502,529	3,311,019	3,366,543	2,618,417	2,369,042	
Interest Income	0605	OF	219,319					
Sales Income	0705	OF	21	2,502,139	2,562,125	2,560,072	2,559,387	
Loan Repayment	0925	OF	85,715					
Other Revenues	0975	OF	35,433,987	23,795,600	17,095,702	15,505,162	16,109,664	
TOTAL REVENUES		OF	51,280,660	31,554,965	24,976,941	22,778,085	22,712,264	

Oregon Health Authority Addictions and Mental Health 44300-020-05-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
TRANSFER IN								
Transfer in Intrafund	1010	OF	98,824					
Transfer in Agency Res Equity	1030	OF		1,937,503				
Transfer in Revenue Department	1150	OF	340,481	4,365,884	4,365,884	4,365,884	4,365,884	
Transfer in Judicial	1198	OF	589,471	430,796				
Transfer in Oregon Youth Authority	1415	OF	127,577	220,000	225,280	225,280	225,280	
Transfer in Board of Dentistry	1834	OF	113,146	226,292	230,216	230,216	230,216	
Transfer in Liquor Control Commission	1845	OF		18,683,000	17,823,000	17,823,000	17,823,000	
Transfer in Oregon Medical Board	1847	OF	371,114	715,000	855,121	855,121	768,106	
Transfer in Board of Nursing	1851	OF		2,253,828	1,996,647	1,996,647	1,643,453	
Transfer in Board of Pharmacy	1855	OF	81,118	220,000	176,899	176,899	176,899	
TOTAL TRANSFERS IN		OF	1,721,731	29,052,303	25,673,047	25,673,047	25,232,838	
TRANSFER OUT								
Transfer to Counties	2080	OF	(6,502,582)	(7,473,200)	(7,129,200)	(7,129,200)	(7,129,200)	
TOTAL TRANSFERS OUT		OF	(6,502,582)	(7,473,200)	(7,129,200)	(7,129,200)	(7,129,200)	
TOTAL OTHER FUNDS		OF	46,499,809	53,134,068	43,520,788	41,321,932	40,815,902	

Oregon Health Authority Addictions and Mental Health 44300-020-05-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
FEDERAL FUNDS REVENUES							47,945,102	
Federal Funds Revenue	0995	FF	232,001,936	264,577,069	295,385,703	276,399,906	278,945,275	
TOTAL REVENUES		FF	232,001,936	264,577,069	295,385,703	276,399,906	278,945,275	
TOTAL FEDERAL FUNDS		FF	232,001,936	264,577,069	295,385,703	276,399,906	278,945,275	
TOTAL AVAILABLE REVENUES		TF	867,107,108	977,322,485	1,153,185,913	1,005,951,935	983,006,978	

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority
2013-15 Biennium

Agency Number: 44300
Cross Reference Number: 44300-020-05-00-00000

<i>Source</i>	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Lottery Funds						
Interest Income	-	502,230	502,230	7,338	7,338	-
Transfer In - Intrafund	-	-	26,397	-	-	-
Transfer from Agy-Res Equity	-	70,810	70,810	-	-	-
Transfer In Other	847,169	-	-	45,871	45,871	-
Tsfr From Administrative Svcs	8,740,018	10,972,521	10,581,552	11,430,510	10,487,956	10,545,832
Transfer Out - Intrafund	-	-	(26,397)	-	-	-
Total Lottery Funds	\$9,587,187	\$11,545,561	\$11,154,592	\$11,483,719	\$10,541,165	\$10,545,832
Other Funds						
Business Lic and Fees	38,270	-	-	-	-	-
Non-business Lic. and Fees	819	-	-	-	-	-
Charges for Services	-	1,681,054	1,681,054	1,681,054	420,263	-
Admin and Service Charges	-	265,153	265,153	271,517	271,517	271,517
Care of State Wards	15,502,529	3,311,019	3,311,019	3,366,543	2,618,417	2,369,042
Interest Income	219,319	-	-	-	-	-
Sales Income	21	2,502,139	2,502,139	2,562,125	2,560,072	2,559,387
Loan Repayments	85,715	-	-	-	-	-
Other Revenues	35,433,987	17,983,162	23,795,600	17,095,702	15,505,162	16,109,664
Transfer In - Intrafund	98,824	-	-	-	-	-
Transfer from Agy-Res Equity	-	1,937,503	1,937,503	-	-	-
Tsfr From Revenue, Dept of	340,481	4,365,884	4,365,884	4,365,884	4,365,884	4,365,884
Tsfr From Judicial Dept	589,471	430,796	430,796	-	-	-
Tsfr From Or Youth Authority	127,577	220,000	220,000	225,280	225,280	225,280
Tsfr From Board of Dentistry	113,146	226,292	226,292	230,216	230,216	230,216
Tsfr From Or Liquor Cntrl Comm	-	18,683,000	18,683,000	17,823,000	17,823,000	17,823,000

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority
2013-15 Biennium

Agency Number: 44300
Cross Reference Number: 44300-020-05-00-00000

<i>Source</i>	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds						
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Tsfr From Nursing, Bd of	-	2,253,828	2,253,828	1,996,647	1,996,647	1,643,453
Tsfr From Board of Pharmacy	81,118	220,000	220,000	176,899	176,899	176,899
Transfer to Counties	(6,502,582)	(7,473,200)	(7,473,200)	(7,129,200)	(7,129,200)	(7,129,200)
Total Other Funds	\$46,499,809	\$47,321,630	\$53,134,068	\$43,520,788	\$39,919,278	\$39,413,248
Federal Funds						
Federal Funds	232,001,936	261,410,057	264,577,069	295,385,703	276,399,906	278,945,275
Total Federal Funds	\$232,001,936	\$261,410,057	\$264,577,069	\$295,385,703	\$276,399,906	\$278,945,275

OHA – Capital Improvements

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 Legislatively Adopted
General Fund	1,165	0	679,238	679,238
Total Funds	\$1,165	\$0	\$679,238	\$679,238

OHA – Capital Construction

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 Legislatively Adopted
Other Funds	279,189,118	59,900,000	0	79,401,530
Total Funds	\$279,189,118	\$59,900,000	\$0	\$79,401,530

Program Description

The capital improvements budget sets aside \$0.7 million General Fund for maintenance expenses related to the Oregon State Hospital.

The capital construction budgets in all three biennia include expenditure limitation to allow work on a new Oregon State Hospital (OSH) in Salem, and a second hospital in Junction City. The capital construction expenditure limitation approved for the 2013-15 budget is expected to be enough to finish the project. More details are included below.

Budget Environment

For years, OSH facilities had been deteriorating, with many becoming uninhabitable. The newest buildings were more than 50 years old and the oldest buildings were more than 120 years old. The governor and legislative leadership recognized this critical situation in the 2003-05 biennium and funded the first phase of a study to assess the structures on the OSH campus and the estimated future demand for hospital-based mental health services in Oregon. The first report was released in May 2005 and concluded that none of the current facilities was conducive to best practices of contemporary mental health treatment.

A second report, the *Framework Master Plan Phase II Report*, was issued in February 2006. It presented three options for the governor and legislative leadership to consider in response to expected hospital service demand and the condition of the OSH facilities. The governor and legislative leaders announced their support for an option that called for three major facilities to be built to replace existing structures: one 620-bed facility located in the North Willamette Valley region, one 360-bed facility located south of Linn County on the west side of the Cascades, and at least two non-hospital level 16-bed secure residential treatment settings placed strategically east of the Cascades. The report also recommended developing a more expansive array of community-based mental health treatment services.

During the 2007 legislative session, the governor announced that the two primary sites for the new state hospitals would be in Salem (at the current OSH site) and a site near Junction City. The Junction City land parcel is owned by the state and was to be used exclusively for a Department of Corrections facility. Plans subsequently called for the Junction City site to be used for both the corrections facility and the 360-bed hospital recommended in the *Master Plan Phase II Report*.

During the 2007-09 biennium, the agency completed extensive planning work on the OSH Replacement Project in Salem, and in September 2008 broke ground for the new Salem hospital. The budget for both the Salem and Junction City hospitals was originally about \$458 million. However, in order to provide adequate treatment as described in the hospital's Continuous Improvement Plan and supported by the U.S. Department of Justice (USDOJ) report issued in January 2008, the square footage of the hospital is nearly 30% larger than originally budgeted. The final cost of the Salem facility is expected to be roughly \$360 million, excluding project management and staffing costs, and the cost of the Behavioral Health Integration Project (BHIP) electronic health record.

During the latter part of the 2007-09 biennium and continuing through the 2011 legislative session, a debate ensued regarding the need for the Junction City hospital. Some policymakers and mental health advocates questioned the need for the Junction City hospital, wondering instead whether both the resources used to finance and operate that site might be better used to enhance community-based mental health services. Others pointed out that the original *Master Plan Phase II Report* recommending an additional hospital was based on the assumption that Oregon had already developed a robust community-based mental health system, which would reduce the demand for hospital services. While strides have been made in funding and developing more community-based mental health care, Oregon has not yet developed an optimal community-based mental health system. Consequently, the need for a hospital in Junction City remains.

Based on the amount of time that had passed since the original *Master Plan Phase II Report*, changes in the mental health system, and the economy, OHA updated the forecast of the needed hospital and community-based treatment beds for people living with mental illness in Oregon through 2030. The agency completed this work in January 2011, in time to be considered by the 2011 Legislature. The report concluded that the Junction City hospital would be needed, but at a 174-bed size rather than the original 360-bed recommendation. This conclusion was based on a number of critical assumptions:

- The Portland OSH campus and the Blue Mountain Recovery Center (BMRC) would close in early 2015, with a combined 152 beds.
- The 174-bed hospital would only be adequate if the following happened in the longer run:
 - Move 70 neuro-geriatric patients to the community.
 - Increase community forensic beds by 64.
 - Continue to reduce length of stay in community facilities, and move people through the system more quickly in order to create additional capacity.

The report concluded that the cost of operating Junction City would be about \$11 million more in a biennium than costs would be to operate Portland and BMRC at USDOJ recommended staffing levels. This additional \$11 million represents the costs to operate the additional 22 beds. The report also noted that if the state continued to use Portland and BMRC beyond early 2015, both would require significant remodels.

The 2011 Legislature approved \$59.9 million Other Funds expenditure limitation for the replacement project (of the original \$89 million 2011-13 request). This was roughly enough to finish the Salem hospital by the end of 2011, and to provide funding to continue the planning work and infrastructure development for the Junction City hospital, including final design work, final detailed construction documents, and the completion of the permitting process. The Legislature did not approve the remaining \$29 million during the 2012 session, which would have enabled the project to start actual construction on the Junction City hospital during the spring of 2012. Instead, the project was slowed down, and actual construction began after the 2013 legislative session.

Legislatively Adopted Budget

The 2013-15 legislatively adopted budget includes \$79.4 million of Other Funds expenditure limitation in the capital construction budget for the Oregon State Hospital Replacement Project. These resources are expected to be adequate to complete the Junction City hospital by the end of 2014. This will open up about 125 beds in the spring of 2015, as the Portland leased facility is closed.

The entire project, when complete, including the Salem and Junction City facilities, project management and staffing costs, and the BHIP electronic health record, is expected to cost about \$508 million.

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Capital Improvements
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-088-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2011-13 Leg Adopted Budget	-	-	663,318	663,318	-	-	-	-	-
2011-13 Emergency Boards	-	-	(663,318)	(663,318)	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	-	-	-	-	-	-	-
2013-15 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
Subtotal 2013-15 Base Budget	-	-	-	-	-	-	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	679,238	679,238	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	679,238	679,238	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2013-15 Current Service Level	-	-	679,238	679,238	-	-	-	-	-

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Capital Improvements
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-088-00-00-00000**

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Subtotal: 2013-15 Current Service Level	-	-	679,238	679,238	-	-	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2013-15 Current Service Level	-	-	679,238	679,238	-	-	-	-	-
080 - E-Boards									
081 - May 2012 E-Board	-	-	-	-	-	-	-	-	-
082 - September 2012 E-Board	-	-	-	-	-	-	-	-	-
083 - December 2012 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Administrative Savings	-	-	-	-	-	-	-	-	-
092 - PERS Taxation Policy	-	-	-	-	-	-	-	-	-
093 - Other PERS Adjustments	-	-	-	-	-	-	-	-	-
094 - December 2012 Rebalance	-	-	-	-	-	-	-	-	-
801 - End-Of-Session Bill Adjustments	-	-	-	-	-	-	-	-	-
802 - Supplemental Statewide Ending Balance	-	-	-	-	-	-	-	-	-
803 - HB 2322 Program Change Bill	-	-	-	-	-	-	-	-	-
810 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
820 - End of Session Bill (HB 5008)	-	-	-	-	-	-	-	-	-
201 - APD - Program transfer to OHA	-	-	-	-	-	-	-	-	-
401 - PC & Network Infrastructure Investments	-	-	-	-	-	-	-	-	-
402 - Health Systems Transformation	-	-	-	-	-	-	-	-	-

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Capital Improvements
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-088-00-00-00000**

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403 - OSH Replacement Project Next Phase	-	-	-	-	-	-	-	-	-
404 - Strengthen Comm'ty Mental Health Svcs & ITRS	-	-	-	-	-	-	-	-	-
405 - Ofc of Equity & Inclusion - Health Equity	-	-	-	-	-	-	-	-	-
406 - Health Information Technology	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	-	-	-	-	-	-	-	-	-
Total 2013-15 Leg Adopted Budget	-	-	679,238	679,238	-	-	-	-	-
Percentage Change From 2011-13 Leg Approved Budget	-	-	-	-	-	-	-	-	-
Percentage Change From 2013-15 Current Service Level	-	-	-	-	-	-	-	-	-

Oregon Health Authority Capital Improvements 44300-088-00-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
GENERAL FUND REVENUES								
General Fund Appropriation	0050	GF	20,016		679,238	679,238	679,238	
TOTAL REVENUES		GF	20,016	-	679,238	679,238	679,238	
TOTAL GENERAL FUNDS		GF	20,016	-	679,238	679,238	679,238	
TOTAL AVAILABLE REVENUES		TF	20,016	-	679,238	679,238	679,238	

OHA – Capital Improvements

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 Legislatively Adopted
General Fund	1,165	0	679,238	679,238
Total Funds	\$1,165	\$0	\$679,238	\$679,238

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Other Funds	279,189,118	59,900,000	0	79,401,530
Total Funds	\$279,189,118	\$59,900,000	\$0	\$79,401,530

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Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Capital Construction
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-089-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2011-13 Leg Adopted Budget	-	-	59,900,000	-	-	59,900,000	-	-	-
2011-13 Emergency Boards	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	59,900,000	-	-	59,900,000	-	-	-
2013-15 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	(59,900,000)	-	-	(59,900,000)	-	-	-
Subtotal 2013-15 Base Budget	-	-	-	-	-	-	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2013-15 Current Service Level	-	-	-	-	-	-	-	-	-

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Capital Construction
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-089-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2013-15 Current Service Level	-	-	-	-	-	-	-	-	-
080 - E-Boards									
081 - May 2012 E-Board	-	-	-	-	-	-	-	-	-
082 - September 2012 E-Board	-	-	-	-	-	-	-	-	-
083 - December 2012 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Administrative Savings	-	-	-	-	-	-	-	-	-
092 - PERS Taxation Policy	-	-	-	-	-	-	-	-	-
093 - Other PERS Adjustments	-	-	-	-	-	-	-	-	-
094 - December 2012 Rebalance	-	-	-	-	-	-	-	-	-
801 - End-Of-Session Bill Adjustments	-	-	-	-	-	-	-	-	-
802 - Supplemental Statewide Ending Balance	-	-	-	-	-	-	-	-	-
803 - HB 2322 Program Change Bill	-	-	-	-	-	-	-	-	-
810 - LFO Analyst Adjustments	-	-	-	-	-	-	-	-	-
820 - End of Session Bill (HB 5008)	-	-	-	-	-	-	-	-	-
201 - APD - Program transfer to OHA	-	-	-	-	-	-	-	-	-
401 - PC & Network Infrastructure Investments	-	-	-	-	-	-	-	-	-
402 - Health Systems Transformation	-	-	-	-	-	-	-	-	-

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Capital Construction
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-089-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
403 - OSH Replacement Project Next Phase	-	-	79,401,530	-	-	79,401,530	-	-	-
404 - Strengthen Comm'ty Mental Health Svcs & ITRS	-	-	-	-	-	-	-	-	-
405 - Ofc of Equity & Inclusion - Health Equity	-	-	-	-	-	-	-	-	-
406 - Health Information Technology	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	-	-	79,401,530	-	-	79,401,530	-	-	-
Total 2013-15 Leg Adopted Budget	-	-	79,401,530	-	-	79,401,530	-	-	-
Percentage Change From 2011-13 Leg Approved Budget	-	-	32.60%	-	-	32.60%	-	-	-
Percentage Change From 2013-15 Current Service Level	-	-	-	-	-	-	-	-	-

Oregon Health Authority Capital Construction 44300-089-00-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
OTHER FUNDS REVENUES								
General Fund Obligation Bonds	0555	OF				79,401,530	79,401,530	
Certificates of Participation	0580	OF		59,900,000	79,401,530			
TOTAL REVENUES		OF	-	59,900,000	79,401,530	79,401,530	79,401,530	
TOTAL OTHER FUNDS		OF	-	59,900,000	79,401,530	79,401,530	79,401,530	
TOTAL AVAILABLE REVENUES		TF	-	59,900,000	79,401,530	79,401,530	79,401,530	

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority
2013-15 Biennium

Agency Number: 44300

Cross Reference Number: 44300-089-00-00-00000

<i>Source</i>	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds						
General Fund Obligation Bonds	-	-	-	-	79,401,530	79,401,530
Cert of Participation	-	59,900,000	59,900,000	79,401,530	-	-
Total Other Funds	-	\$59,900,000	\$59,900,000	\$79,401,530	\$79,401,530	\$79,401,530

OHA – Public Health

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 Legislatively Adopted
General Fund	46,018,826	34,410,315	39,210,011	38,638,376
Other Funds	75,050,816	77,645,193	82,039,976	86,803,487
Other Funds (NL)	33,312,480	40,000,000	40,000,000	40,000,000
Federal Funds	229,732,241	255,979,822	260,312,432	248,653,922
Federal Funds (NL)	98,526,066	105,729,051	102,729,051	102,729,051
Total Funds	\$482,640,429	\$513,764,381	\$524,291,470	\$516,824,836
Positions	733	706	699	715
FTE	682.08	686.82	685.32	694.81

Program Description

Public Health provides a diversity of services to improve and protect the health of all Oregonians. The program manages more than 100 prevention-related programs that halt the spread of disease, protect against environmental hazards, and promote healthy behaviors. Oregon's public health system comprises federal, state and local agencies, private organizations and other diverse partners working together to protect and promote the health of Oregonians. As the state component of the system, the OHA Public Health plays a unique leadership role. Public Health operates some programs directly. Other programs are delivered in collaboration with the 34 local health departments. Local health departments play an important role in the delivery of many public health services, with the state providing technical support and oversight.

The state Public Health program consists of three Centers, overseen by an Office of the State Public Health Director.

The *Office of the State Public Health Director* is responsible for strengthening the application of policy, planning, and performance measurement across the programs. The office provides support and technical assistance to county health departments and oversees county health plans and funds from OHA. The Health Security, Preparedness and Response Program is a part of the office, and ensures that community and hospitals are prepared for health and medical emergencies. The program develops and tests preparedness plans, provides training and technical assistance, and supports collaboration across communities for possible emergency incidents such as threats of terrorism, tsunamis, and other environmental hazards, or epidemics such as H1N1. The office also includes the Emergency Medical Services and Trauma Systems program with provides regulatory oversight for emergency medical service providers and emergency medical service agencies throughout the state.

The *Center for Prevention and Health Promotion* works to prevent disease and promote health by creating environments, policies, and systems that support wellness, such as access to healthy food, physical activity, and safe, tobacco-free environments. These programs promote health throughout the lifespan, including pregnancy, early childhood, adolescence, and adulthood. The Center provides leadership in the following priority areas:

- Preventing tobacco use
- Decreasing obesity/overweight
- Preventing or reducing heart disease and stroke, and increasing survivability
- Reducing suicide
- Preventing family violence
- Supporting the Coordinated Care Organizations
- Ensuring health in all policies
- Demonstrating excellence in epidemiology and surveillance

Programs focused on pregnancy and early childhood promote the health and well-being of pregnant women and children by providing a variety of primary preventive activities and health services. Home visiting is one of the most commonly used and effective approaches in servicing families with pregnant women, newborns, and young children. The Center is leading efforts to develop an integrated home visiting approach in Oregon. The Center also supports the Women, Infants, and Children (WIC) program. Programs focused on school-aged children, adolescents, and young adults promote oral health awareness and education, and increases access

statewide. Programs also focus on teen pregnancy prevention, school-based health centers, nutrition, and adolescent mental health. Finally, programs focused on adults include chronic disease self-management and injury prevention programs including a focus on preventing falls. The center also works to reduce unintended pregnancies, promote healthy birth outcomes, increase awareness of women's health issues, and conduct screening for breast and cervical cancer.

The *Center for Health Protection* protects the health of individuals and communities through establishing, applying, and ensuring reliable compliance with regulatory and health-based standards. It monitors the health status of communities and the performance of the health care systems, and has a regulatory role in ensuring that 3,600 drinking water systems, 23,000 restaurants, 13,800 radiation sources, 3,400 swimming pools, 2,300 tourist facilities, and 362 miles of coastline are safe. Services are provided primarily through county health departments and other community and tribal health organizations. The Center also works with public and private entities to ensure that Oregonians have wide access to the health care they need and that these entities meet established standards. Health care facilities covered include:

- Hospitals
- Ambulatory surgical centers
- Birthing centers
- Dialysis facilities
- Home health agencies
- Hospice agencies
- In-home care agencies
- Rural health clinics
- Trauma hospital program
- Patient-centered primary care medical homes

The Oregon Medical Marijuana Program is also administered as a part of the center.

The *Center for Public Health Practice* supports a strong public health system by strengthening the partnership between the state and local public health departments, and by ensuring core public health functions are sustained in the areas of infectious disease prevention and control, laboratory services, and vital records. The center identifies and investigates disease outbreaks, hazardous exposures, and other health threats. The Immunization Program coordinates the purchase, management, and distribution of vaccines to prevent diseases. The center also includes a program designed to reduce illnesses and death from sexually-transmitted diseases (STD), tuberculosis (TB), and human immunodeficiency virus (HIV). The Oregon State Public Health Laboratory, which provides testing of human and non-human samples needed by state and local agencies and health care providers, responds to public health threats and emergencies, and assures, through regulation, the quality of testing in other clinical and environmental laboratories. The laboratory conducts newborn screening for Oregon's citizens and also for Idaho, Alaska, Hawaii, Nevada, and New Mexico. It tests for diseases caused by viruses and other microorganisms to support outbreak investigations and public health surveillance.

A number of programs in Public Health include significant amounts of special payments out to counties or other providers of services. Special payments of \$300.1 million are about 58% of Public Health's total funds legislatively adopted budget for 2013-15. Of this total, about half is paid to counties to support local public health departments in their efforts to promote public health initiatives, and the rest is distributed to providers of services – most of it, in the form of WIC food vouchers.

The WIC program is the Special Supplemental Nutrition Program for Women, Infants, and Children and is federally funded through the U.S. Department of Agriculture. The program is designed to improve health outcomes and influence lifetime nutrition and health behaviors in a targeted, at-risk population. WIC serves pregnant women, breastfeeding women with children under 12 months old, non-breastfeeding women with children under 6 months old, and infants and children under 5 years old in households with incomes less than 185% of FPL. The program provides nutrition education, breastfeeding promotion and support, breast pumps (in certain circumstances), monthly vouchers for supplemental, prescribed nutritious foods, and information and referral to other health programs like immunization and social service programs.

There are 34 local public health departments in Oregon. These local public health departments provide public health prevention services and some clinical services including public health nurse home visiting, HIV

screening and counseling, immunization programs, and communicable disease testing, treatment, and follow-up. Some public health departments such as Multnomah County's provide primary care through safety net clinics. At a minimum, local public health authorities must provide: communicable disease management; tuberculosis case management; immunizations; tobacco prevention, education, and control activities; public health emergency preparedness; maternal child health services; family planning (e.g., CCare); WIC; vital records; and environmental health services. Oregon statutes require local public health authorities to submit annual plans that OHA must review and approve or disapprove. Most counties supplement state and federal funding with local resources to carry out local public health activities.

Revenue Sources and Relationships

General Fund of \$38.6 million is only 7.5% of the total 2013-15 legislatively adopted budget. About 2/3 of the General Fund are special payments that go to counties.

Total Other Funds of \$126.8 million comprise 24.5% of the total 2013-15 budget. These Other Funds come from licenses and fees (e.g., health records and statistics or the Medical Marijuana program), charges for services (e.g., newborn screening fees or public health laboratory receipts), or other revenues such as Susan G. Komen breast cancer grants. Other Funds revenue also includes tobacco tax receipts from the Department of Revenue that are used to support the tobacco prevention and education program (TPEP). The Nonlimited Other Funds of \$40 million are rebates from manufacturers of infant formula and are used in the Women, Infants, and Children (WIC) program.

Total Federal Funds of \$351.4 million represent 68% of the total 2013-15 budget. Almost 2/3 of these resources are expended as Special Payments. Federal Funds that support the public health budget include Medicaid for Family Planning through Title XIX, as well as Family Planning Title X and Oregon Contraceptive Care (CCare), formerly known as the Family Planning Expansion Project (FPEP), the Maternal and Child Health Block Grant, Immunizations, Emergency Preparedness and Response and Hospital Preparedness, Chronic Disease Prevention, Cancer Prevention and Control, Ryan White HIV/AIDS treatment grants, and numerous smaller federal Centers for Disease Control (CDC) grants that focus on other particular public health concerns. Public Health also receives federal support from the Environmental Protection Agency (EPA) in administering the State Drinking Water Program (Primacy) and the EPA State Revolving Loan Fund. The Nonlimited Federal Funds of \$102.7 million represent WIC food voucher expenditures.

Budget Environment

During the 20th century, life expectancy in the United States rose from 47 years in 1900 to 77 years in 2000. Some studies suggest that of the 30 year increase, public health interventions account for 25 years and medical care innovations account for 5 years of the increase. In addition, public health interventions increased life expectancy at much less cost than clinical medical care. Nonetheless, public health budgets are often given short shrift and budgets for clinical care receive greater attention and support by policymakers. The irony is that when public health programs are working well, few people are aware of it.

The challenges for public health in Oregon, as in states across the country, are significant. They include shifting demographics and causes of disease, the rising burden of chronic diseases, funding challenges, and changes in the health care system. In March 2010, the Trust for America's Health, a non-partisan health policy organization, issued a report of state health indicators. Oregon had the fourth highest asthma rate (16.2%), but ranked 48th in the percentage of adults who are physically inactive. We had the third lowest percentage of low birth weight babies of any state, but ranked 4th in children aged 19-35 months without all immunizations.

The point is that Oregon's population has characteristics that require a dynamic and active public health response. Some of the characteristics are already better than most other states, and Oregon's public health system can build on those. Alternatively, some of Oregon's health indicators are poor compared to other states and ought to be a focus of attention.

Like many other health and human services programs, public health faces significant funding challenges. The Trust for America's Health ranks Oregon 44th in per capita state funding of public health, at less than half the median level for all states. The Oregon Coalition of Local Health Officials conducted an assessment in 2008 of the capacity of the public health system in Oregon to fulfill its mission. This public health advocacy group issued a report in October 2008 which stated: "After years of flat or declining resources and increasing costs,

there is now an imminent threat to local public health's ability to continue serving Oregonians. This statewide capacity assessment revealed significant gaps in all Essential Functions of Public Health and a related gap in the system statewide. The gap identified in this report between Oregon's current local public health capacity and what it would take to make [local public health departments] fully functional is \$69.4 million a year."

While the report is old, the information is still relevant. When the report was written, General Fund expenditures for Public Health were \$46.7 million (2007-09 biennium). For the 2013-15 budget, General Fund totals \$38.6 million, or a 17% decrease since 2007-09.

Legislatively Adopted Budget

The 2013-15 legislatively adopted budget is \$516.8 million total funds, which is 0.6% more than the 2011-13 legislatively approved budget level. The adopted General Fund budget of \$38.6 million is 12.2% above the 2011-13 level of \$34.4 million.

Generally, this budget maintains current program levels. Budget changes include the following:

- The Contraceptive Care services (CCare) budget is adjusted to remove \$1.3 million General Fund of excess ending balance, and is reduced by \$1 million General Fund to account for the anticipated impact of the Affordable Care Act expansion when many clients currently being served in this program will have insurance. In addition, \$1.5 million Other Funds of fee revenue from the medical marijuana program replace \$1.5 million General Fund in the CCare program.
- Tobacco Master Settlement Agreement resources of \$4 million are added for tobacco prevention and cessation programs. This is in addition to current tobacco prevention and cessation programs funded with tobacco tax revenues, which are estimated at \$15.8 million in 2013-15.
- HB 2445 provides an additional \$4 million General Fund to support school-based health centers. This funding will allow the agency to provide funding to existing school-based health centers in order to bring all centers closer to parity in state funding, as well as provide funding to centers that are in the planning or construction stages.
- A decrease in certain medical marijuana fees was approved. Cardholders on the Supplemental Nutrition Assistance Program will have fees reduced from \$100 to \$60, while cardholders on the Oregon Health Plan will have fees reduced from \$100 to \$50.
- HB 3460 provides \$0.8 million Other Funds expenditure limitation to establish and administer a new registration system for medical marijuana dispensaries.
- SB 728 establishes a State Trauma Advisory Board within the agency in order to improve the state's emergency medical services and trauma system. One position was funded to assist in this work.
- Fee increases were approved for Emergency Medical Services. This is the third and final increase that was planned with stakeholders in 2009, and is expected to generate about \$100,000 Other Funds during the biennium.
- Funding for breast and cervical cancer screening services is increased by \$700,000 General Fund. This is partially needed to backfill funding shortfalls in the first year of the biennium.
- An additional \$200,000 General Fund will provide fresh Oregon-grown fruits and vegetables from farmers' markets and roadside stands to eligible low-income seniors under the Senior Farm Direct Nutrition Program. Another \$100,000 is added for the same purpose for eligible individuals through the Women, Infants, and Children Program.

The adopted budget includes the statewide 5% reduction to services and supplies. It also includes the 2% supplemental ending balance holdback applied to General Fund, totaling \$0.7 million for Public Health.

Public Health

The Oregon Health Authority (OHA) is working to: 1) improve the lifelong health of all Oregonians; 2) increase the quality, reliability and availability of care for all Oregonians; and 3) lower or contain the cost of care so it is affordable to everyone. OHA includes most of the state's health and health care programs, including OHA Public Health, Addictions and Mental Health, Oregon State Hospital, the Oregon Health Plan, employee benefits and public-private partnerships.

The OHA Public Health (PH) supports the agency's goals and transformation of the health care and education systems by promoting population-based prevention initiatives which improve the health of all Oregonians, reduce the demand for costly health care services, and improve educational outcomes.

New and old risks are a constant threat to the public's health, including SARS, West Nile virus, pandemic flu, whooping cough, tuberculosis and E. coli. These risks increase the need for disease surveillance, public education and preparedness. There is also growing concern over the effects of global climate change on the public's health. An altered climate could bring severe storms, drought and changes in patterns of disease — all of which pose challenges for public health. Strong public health preparedness, immunization and disease control systems are in place to control and respond to these threats. However, the greatest health challenges facing Oregonians today are not rare illnesses or natural disasters.

The greatest risk to the health of Oregonians today is the increasing impact of chronic disease and injuries. Tobacco, obesity, and heart disease/stroke are the three leading causes of death in Oregon. Oregon has made significant progress in controlling tobacco and promoting healthy environments. However, more than 80 cents on every health care dollar is still spent on treating chronic diseases. More than 7,000 Oregonians die each year as the result of tobacco. Each biennium, tobacco costs Oregon \$4.8 billion, including \$748 million to the Oregon Health Plan.

Injury is the number one leading cause of death for children and young adults. Many visits in the Oregon trauma system each year could be prevented through policy and systems changes. Suicide, is the 8th leading cause of death overall.

Public health programs reduce costs by promoting healthy options, creating safe and healthy communities, and preventing the need for acute medical care. Oregon's family planning program, for example, saved more than \$28 million in state dollars and \$81 million federal Medicaid dollars in 2011 by avoiding unintended births.

In addition, public health programs improve educational outcomes. Optimal health, beginning in early childhood and continuing throughout the lifespan, is critical for Oregonians' educational success in kindergarten and beyond. Public health is essential to meeting Oregon's 40/40/20 goal to improve the number of adults who graduate from high school and complete post-secondary education.

History

The OHA Public Health was founded in 1903 when infectious disease outbreaks — smallpox, bubonic plague and tuberculosis — prompted the Legislature to create a State Board of Health, a public health laboratory, a vital statistics registry and county boards of health. Since then, Public Health has provided leadership and support to the state as it has faced a wide range of health challenges: the growing refugee populations in the 1970s; the AIDS epidemic of the 1980s; radiation exposure from Chernobyl in the Soviet Union; the nation's first bioterrorist event, with the salmonella-contaminated salad bar in The Dalles; the terrorist attacks of October 2001; the 2009-10 H1N1 pandemic; and the Japanese earthquake and nuclear power plant disaster in 2011.

Recognizing these new challenges to the public's health in Oregon and the time of tremendous opportunity associated with the transformation of the health care system and the state's educational goals, Recently OHA Public Health reorganized, carried out a statewide health assessment, and completed a strategic planning process. This will enable Public Health to ensure prevention is incorporated into a new sustainable and transformed model for the state's health care delivery. In the coming biennium, Public Health will also continue to transform itself and the public health system by seeking national public health accreditation. Accreditation is part of becoming a model of excellence and allows our communities to know that they are receiving high quality and equitable services.

Vision, Mission and Values

The vision of the OHA Public Health is lifelong health for all people in Oregon. The mission is to promote health and prevent the leading causes of death, disease and injury in Oregon.

Oregon needs a strong public health system to achieve better health outcomes at lower costs and to transform health care delivery. Public Health works with the public health system and an extensive network of partners to uphold the values of service excellence, leadership, integrity, health equity and partnership.

Strategic Challenges and Opportunities

The challenges before public health in Oregon, as in states across much of the country, are profound. These include shifting demographics and causes of disease, the rising burden of chronic diseases, funding challenges, and changes in the health care system. Never before has Oregon faced such significant risks to its budget for health and at the same time had such profound opportunities to improve health and lower costs through the prevention of the leading causes of death, disease, and injury in the state.

Goals and Priorities

In order to move toward the vision of lifelong health for all people in Oregon over the next five years, the OHA Public Health has established two goals. The first goal is focused on the health of the public. The second goal is focused on improving the public health system, which includes local public health authorities, health care providers, and new emerging partners. Achieving either goal would be a tremendous success for Oregon. Achieving both goals together will create a self-sustaining cycle of improvement in the health of the people of Oregon.

1. Making Oregon one of the healthiest states in the nation

According to America's Health Rankings, Oregon ranked among the top one-third of states overall in 2011 for health outcomes. The Public Health aim is to make Oregon one of the top 10 healthiest states in the U.S. by 2017. To achieve this goal, Oregon must address the leading causes of premature death in the state: tobacco use, obesity and overweight, and heart disease and stroke. Oregon must also reduce suicide, which kills as many people as car crashes in Oregon. And, Oregon must reduce family violence (child and intimate partner abuse), which along with causing immediate injury and psychological harm, is associated with the development of many chronic diseases later in life. Increasing Oregon communities' resilience to emergencies of all kinds also will help to make Oregon

one of the healthiest states. Oregon must also increase vaccination rates and reduce prescription drug misuse and abuse.

2. Making Oregon’s public health system into a national model of excellence

To fully achieve its vision of lifelong health for all people, Oregon’s public health system must transform itself into a national model of excellence. A system that is a model of excellence will work with emerging health care partners, such as Coordinated Care Organizations (CCO), in new ways; ensure health in all policies; partner with the private sector and other agencies to perform health impact assessments; and maintain disease investigation and data collection capabilities that ensure an accurate picture of the health of the public in Oregon. Public health accreditation, which recognizes health departments that perform all of the core functions, is one mechanism Oregon will use to ensure the system conforms to national standards. Sustaining health protection programs, such as the health care facility licensure and drinking water protection programs, is also a key priority.

In recognition that population health is largely determined by social factors, such as the built environment (roadways, buildings, parks), education, and safe and affordable housing, Public Health also will strengthen collaboration with partners in transportation, education, housing and other sectors.

State and Local Public Health Working Together

Oregon’s public health system works every day to prevent disease and injury and promote and protect health. This work is carried out through a collaborative system of federal, state and local agencies, private organizations and communities and diverse partners working together to protect and promote the health of Oregonians. The Oregon public health system is comprised of state, local and tribal public health departments and public and private partnerships. The public health system serves three main functions: 1) assessment of the public’s health in Oregon through data collection and investigations of disease; 2) the development of policies and programs that support improved health outcomes; and 3) the assurance that those policy and programs are achieving the intended purpose.

Oregon’s public health system comprises federal, state and local agencies, private organizations and other diverse partners working together to protect and promote the health of Oregonians. As the state component of the system, the OHA Public Health plays a unique leadership role in ensuring the health of all Oregonians. Public Health operates some programs directly. Other programs are delivered in collaboration with the 34 local health departments, which have the statutory

authority to protect the public’s health in their counties. Local health departments play an important role in the delivery of many public health services, with the state providing technical support and oversight.

Investing in Better Health Outcomes

By supporting education and health system transformation priorities, and focusing on opportunities to reduce the demand for health care, this budget proposes to continue the state’s investment in better health outcomes. Public health and prevention have been valuable tools in Oregon for saving health care costs, improving educational outcomes, and ensuring a ready workforce for private sector investment. Efforts to prevent illness and promote healthy living can greatly reduce the burden and cost of disease. Sustaining investments through challenging budget times and making prevention a priority moves Oregon in the right direction.

GOVERNOR’S BALANCED BUDGET

The Governor’s Balanced Budget includes funding to support the 2013 – 15 current service level for public health services.

PUBLIC HEALTH ORGANIZATIONAL STRUCTURE

On July 1, 2012 Public Health announced a new structure made up of three Centers overseen by an Office of the State Public Health Director. The Office of the State Public Health Director provides public health policy and direction to the public health programs within the state level programs, and ensures that the disparate programs within and outside the state Public Health create an effective and coherent public health system for the state. The Center for Health Protection provides a consistent, strong approach to protecting health. Programs in this center touch every hospital, drinking water system, and restaurant in Oregon. The Center for Prevention and Health Promotion houses community-oriented prevention and clinical prevention services, working with community partners, health care providers, and Coordinated Care Organizations. The Center for Public Health Practice houses programs that work with local public health authorities, particularly related to communicable disease control.

Two broad and long-standing areas of public health practice — maternal and child health and environmental health — are woven throughout this structure. This

structure enables Public Health to achieve its vision, mission and goals while supporting the broader efforts of health care transformation and creates a structure that can support emerging areas of importance, such as human exposures to toxins. The structure reduces duplication and focuses the development of our work with communities around evidence-based interventions and consistent administrative practices.

OFFICE OF THE STATE PUBLIC HEALTH DIRECTOR (OSPHD)

Key programs

The Office of the State Public Health Director (OSPHD) provides leadership on public health approaches to achieving lifelong health for all Oregonians, serves as a resource on public health policy issues in the State, and manages the public health programs within the state structure. It provides leadership on prevention activities in support health system transformation and education policy priorities, and ensures that state public health achieves excellence in its scientific and epidemiology functions. This office seeks to ensure that the disparate programs within and outside Public Health create an effective and coherent public health system for the state. This includes extensive interactions with a range of federal, state and local and in some cases, international, agencies and organizations. These entities include Transportation, Education, Emergency Management, Agriculture, and Forestry.

Policy, planning, performance management, and operations staff are responsible for responding to requests for public information; leading activities related to health systems transformation; providing leadership on state-wide issues, including supporting the application for national accreditation; developing and implementing Public Health's strategic plan, state level community health assessment, and state health improvement plan efforts; contracting with the local health departments; administrative rulemaking; legislative support and coordination; risk management and safety; information, video and Web technology; volunteer coordination; and business continuity planning. The Public Health Advisory Board is coordinated by this office and provides advice and consultation to Public Health.

Health Security, Preparedness and Response Program (HSPR), which ensures that every community and hospital is prepared for health and medical emergencies, is part of this office. The program develops and tests preparedness plans, provides training and technical assistance, and supports collaboration of emergency

response systems across communities and adjacent states. Staff work closely with Oregon Emergency Management. The adjoining Emergency Medical Services and Trauma Systems (EMS/TS) program provides regulatory oversight for emergency medical service providers and emergency medical service agencies throughout Oregon. Together, these programs support Oregon communities in detecting and responding to health emergencies.

Major funding sources for this office include:

Federal funds

Centers for Disease Control and Prevention:

- Public Health Emergency Preparedness Cooperative Agreement;
- Strengthening Public Health Infrastructure for Improved Health Outcomes Grant;

Department of Health and Human Services Hospital Preparedness Grant
Health Resources and Services Emergency Medical Services for Children Grant

Fees and other funds

Oregon Medical Marijuana Program fees are transferred from the Center for Health Protection to support the trauma components (i.e., hospital designation and trauma registry) of the Emergency Medical Services and Trauma program.

State funds

General funds are used to meet match requirements on federal grants.

Health Security, Preparedness and Response (HSPR)

Services provided

The Health Security, Preparedness and Response program (HSPR) has two primary roles. The program's first role is to develop emergency-ready state and local public health programs. The program carries out assessments, implements and evaluates state and local public health capabilities to respond to emergencies arising from the 15 national planning scenarios, including natural disasters, pandemic influenza, chemical releases, terrorism and other public health emergencies. These activities include interaction with federal, state, local and tribal governments, the private sector, and non-governmental organizations. The program also works with hospitals and health care systems to assist them in preparing for and responding to emergencies in their communities.

Emergency Medical Services and Trauma Systems (EMS/TS)

Services provided

The EMS/TS program supports and regulates systems that provide emergency care to victims of sudden illness or traumatic injury and encourages improvements in the emergency care of pediatric patients. The program oversees EMS provider training, licensing and continuing education; inspects and licenses ambulances and ambulance services; evaluates emergency response systems; and collaborates with Area Trauma Advisory Boards and State Trauma Advisory Boards to ensure trauma system standards are followed.

Policy and Planning and Performance Management Programs

Services provided

Public Health's policy, planning and performance management activities support statewide planning and public health systems functions. These include the application for national public health accreditation that was submitted in fall 2012, and the implementation of accreditation application pre-requisites, which include an agency strategic plan, community health assessment and state health improvement plan.

These activities also support quality improvement activities at the state and local health department levels, as well as exploring ways that Public Health can better engage with non-traditional and emerging partners. Funds in these program areas also support community health assessment, planning, and accreditation readiness projects in local health departments. These agencies are focused on completing their pre-requisites for national accreditation, as well as conducting quality improvement activities.

***CENTER FOR PREVENTION AND HEALTH PROMOTION
(Prevention/Promotion)***

The Center for Prevention and Health Promotion (Prevention/Promotion) works to prevent disease and promote health by creating environments, policies, and systems that support wellness for everyone, such as access to healthy food, physical activity, and safe, tobacco-free environments. Prevention/Promotion coordinates program areas which support health throughout the lifespan, including pregnancy, early childhood, adolescence, and adulthood.

To make Oregon one of the healthiest states in the nation, Prevention/Promotion provides key leadership on nearly all of the priority areas identified in the Public Health's Strategic Plan, particularly:

- Preventing tobacco use
- Decreasing obesity/overweight
- Preventing or reducing heart disease and stroke, and increasing survivability
- Reducing suicide
- Preventing family violence
- Supporting the Coordinated Care Organizations
- Ensuring health in all policies
- Demonstrating excellence in epidemiology and surveillance

Prevention/Promotion addresses these priorities through both community-oriented and clinical prevention programs, systems, policies, and services. Using this approach, Prevention/Promotion supports the State of Oregon's priorities related to health system transformation and education system redesign.

Prevention/Promotion and Health System Transformation

Prevention/Promotion leads PH's collaboration with Coordinated Care Organizations (CCOs) and supports health system transformation through prevention, health assessment and health equity initiatives. Prevention/Promotion's evidence-based community prevention programs keep people healthy and reduce the need for health care. These programs include tobacco prevention, worksite wellness, policy development coalitions, and home visits to asthma patients and pregnant women. Prevention/Promotion works with CCOs and local partners to connect people to these programs and to ensure that CCOs have proven prevention models, guidelines and appropriate standardization of services.

Prevention/Promotion also routinely measures, monitors and provides formal

health assessments of communities and the state. Prevention/Promotion helps CCOs measure their progress toward achieving better health at lower costs. In addition, Prevention/Promotion, and Public Health in general, has expertise in engaging diverse groups in the community. Prevention/Promotion is helping to guide CCOs in addressing health disparities and improving health equity.

Prevention/Promotion and Education System Redesign

Prevention/Promotion administers early childhood, adolescent health, and school wellness programs which support Oregon's education goals. Early childhood interventions, including home visiting, Women, Infants and Children (WIC) programs, and oral health programs, have been shown to improve child health and contribute to kindergarten readiness. As children progress through primary and secondary school, health is associated with regular attendance, academic achievement and increased likelihood of high school graduation. Adolescent health and healthy school environments are promoted by Coordinated School Health programs, school employee wellness initiatives, and School-Based Health Centers.

Major funding sources for Prevention/Promotion include:

Federal funds:

Department of Agriculture:

- Nutrition and Health Screening for Women, Infants and Children (WIC)
- WIC and Senior Farmers Market Nutrition Programs

Department of Health and Human Services (DHHS):

- DHHS Office of Population Affairs:
 - Family Planning Title X
- DHHS Maternal and Child Health Bureau:
 - Title V Maternal and Child Health Block Grant
 - Maternal and Infant Home Visiting
- DHHS Administration on Children, Youth and Families:
 - Personal Responsibility Education Program Grant (Adolescent Pregnancy Prevention)
- DHHS Center for Disease Control and Prevention (CDC):
 - Division of Cancer Prevention and Control
 - Breast and Cervical Cancer Program
 - Diabetes, heart disease, stroke, asthma, tobacco prevention, arthritis risk reduction and management
 - Injury prevention and surveillance

- Oregon Violent Death Reporting System
- Rape Prevention and Education Program
- DHHS Center for Medicaid and Medicare Services:
 - Oregon Contraceptive Care (family planning Medicaid waiver)
 - Medicaid administrative match in oral health

State Funds:

- State General Fund match requirement for Oregon Contraceptive Care
- State General Fund and provider tax School-Based Health Center program
- State General Fund match requirement for WIC and Senior Farmers Market Nutrition Programs

Other funds:

- Suicide prevention
- Prescription drug monitoring
- Tobacco Use Reduction Account (Ballot Measure 44)
- WIC infant formula manufacturer rebate

Prevention/Promotion Programs and Initiatives Focused on Policy, Systems and Environmental Change

Prevention/Promotion promotes policies and practices that foster healthy behaviors in a variety of settings, including worksites, health care systems, schools, childcare settings, and communities. Together, these efforts support PH’s priorities, promote optimal health for CCO members during time spent outside of care, and foster environments where children learn better both inside and outside of school.

Tobacco Prevention and Education and Healthy Communities Programs

Services provided

The Tobacco Prevention and Education Program (TPEP) and Healthy Communities programs serve as models for how Prevention/Promotion works with local public health authorities, federally recognized tribes, community-based organizations and community leaders to create healthy communities statewide. Programs conduct community health assessments and implement plans to decrease tobacco use and secondhand smoke exposure; increase physical activity and healthy eating; promote low-cost, preventive health care services, such as cancer screenings; and encourage participation in community wellness and prevention programs.

Using this approach, Prevention/Promotion helps support optimal health for all Oregonians where they live, learn, work, and play, including:

- Worksites, through the promotion of policies that support tobacco-free environments; healthy food choices at meetings and events and in cafeterias and vending machines; flexible scheduling and worksite shower facilities to encourage employees to incorporate physical activity into their day; access to private rooms and refrigerators for breastfeeding mothers; health benefits for tobacco cessation, obesity prevention, and disease self-management
- Health care systems, through expansion of tobacco-free health care campuses; nutrition standards for food served to patients and visitors; policies that encourage the initiation and continuation of breastfeeding by patients and staff; and promotion of low-cost preventive health care services such as breast, cervical, and colorectal cancer screening
- Schools and childcare settings, through expanded tobacco-free college campuses; nutrition standards for schools; policies to reduce time in front of a TV or video screen each day; and ensuring that schools meet physical activity standards
- Communities, through expanded tobacco-free public places; promotion of ready access to parks, trails, and sidewalks to encourage recreation and active transportation through walking and cycling; and community-wide social marketing campaigns to encourage healthy behaviors

Performance measures

KPM 27: Tobacco use

Tobacco use is the leading preventable cause of death in Oregon and the nation. Cigarette smoking is the most common form of tobacco use. Quitting tobacco at any age has significant health benefits. Studies show that 90 percent of adult smokers started smoking before they were 18 years old. Preventing youth from starting to smoke will lead to lower smoking rates among adults in the years ahead. Use of tobacco during pregnancy is associated with serious, and at times fatal, health problems for the child, ranging from low birth weight and premature births to stillbirth and Sudden Infant Death Syndrome (SIDS). Successful efforts to decrease the prevalence of tobacco use among youth, adults and pregnant women will lead to reduced morbidity and mortality, contributing substantially to OHA's goal "People are healthy" in both the short-term and long-term.

Among Oregon adults, the prevalence of smoking was 16.4% in 2010. The prevalence of smoking among 8th grade adolescents was 6.6% in 2011. Among pregnant women, the prevalence of smoking was 11.3% in 2010. The designated target was reached for youth, but not for adults or pregnant women.

KPM 28: Cigarette packs sold

Reductions in the number of cigarette packs sold per capita results from two distinct phenomena — a decrease in the number of current smokers and a decrease in the quantity of cigarettes smoked among continuing smokers.

Prior to the program's creation in 1997, Oregon had higher per capita sales of cigarette packs than the rest of the country. In fiscal year 2011, 46.5 packs of cigarette packs were sold for every Oregon resident, slightly higher than the nation's 46.1. This measure was above target for 2011, and represents an increase from fiscal year 2010. Cigarette tax receipts from the Oregon Department of Revenue indicate that this coincided with Washington's cigarette excise tax increase from \$2.025 to \$3.025 on May 1, 2010 (Oregon's tax has been \$1.18 since 2004). The interstate differential appears large enough to have compelled some Washington smokers to purchase cigarettes in Oregon during fiscal year 2011. It is likely that Oregon's prior downward trend will resume in fiscal year 2012.

KPM 32: Overweight and Obese Prevalence

The prevalence of overweight and obesity is an urgent public health issue in the U.S. and in Oregon. It is critical to monitor trends so the scope and growth of the epidemic is understood. 21.4% of Oregon youth were overweight or obese in 2011, and 60.2% of Oregon adults were overweight or obese in 2009.

Prevention/Promotion Programs Focused on Pregnancy and Early Childhood

Services provided

Public Health Nurse Home Visiting is a core program within Oregon's home visiting system that provides case management, consultations, health and development assessments, and education to at-risk and high-risk families with health problems and other concerns. Home visiting is one of the most commonly used and effective approaches in serving families with pregnant women, newborns and young children. Rigorous longitudinal studies demonstrate the long-term outcomes of evidence-based home visiting programs. Compared to high-risk children who do not receive nurse home-visiting services, children served are healthier because they more likely receive regular well-child visits, immunizations,

developmental screening, nutrition assessments, and breastfeeding support for mothers. Nurse home visiting also has been linked to improved school readiness and performance, including improvements in cognitive and language development and higher scores on achievement test scores in reading and math.

Prevention/Promotion, in collaboration with state and local partners, is leading efforts to develop an integrated home visiting approach in Oregon. Oregon has several home visiting models with varying costs and levels of effectiveness. For example, the Nurse Family Partnership program is estimated to cost \$9,600 per participant and result in long-term benefits of almost \$23,000 per participant (Washington State Institute for Public Policy). Existing programs lack the capacity to meet the need for services; the potential unmet need may be as much or more than twice the number currently being served.

The Women, Infants and Children (WIC) program, a public health nutrition program designed to improve the health of low-income pregnant women and children, supports early learning by promoting children's healthy brain development and strengthening overall child and family health. WIC provides leadership in development of health and nutrition policies; promotes the use of quality nutrition standards in the community; and ensures healthy WIC-approved foods are available in local grocery stores. In addition, the program collects and analyzes health and nutrition status data of pregnant women, infants and young children and supports state and local breastfeeding and nutrition coalitions.

In local communities, WIC clinics provide individual assessment of growth, and health, along with education and counseling on nutrition and physical activity, including promotion of a healthy lifestyle and prevention of chronic diseases such as obesity. Local programs also provide breastfeeding education and support and referrals to other preventive health services and social services, including OHP.

Performance measures:

KPM 26 (2011-13): Prenatal care for women in the first trimester

Early prenatal care (in the first fourth months of pregnancy) is an important strategy for preventing early childhood disease and conditions and promoting healthy growth and development. Low-income infants are at higher risk for poor health outcomes. The indicator of early prenatal care reflects how well the health and social systems perform in reaching low-income pregnant women to promote healthy babies. Currently, 79.9 percent of low-income women in Oregon receive early prenatal care. The goal is that 88.7 percent of women get this care.

Barriers to receiving care include reductions in Oregon Health Plan (OHP) eligibility; lack of presumptive eligibility for Medicaid in Oregon; not knowing pregnancy is an OHP qualifying condition; lengthy Medicaid applications; and required asset testing of pregnant women to process OHP applications.

When low-income women who are not already covered by Medicaid become pregnant, they must apply for OHP after they find out that they are pregnant. It is likely some of them do not know immediately that they can now qualify because they are pregnant, especially if they were recently told they were ineligible for OHP due to income. Presumptive eligibility would allow pregnant women to make an initial prenatal care appointment while their Medicaid eligibility is being processed. The Prenatal Care Expansion Program provides OHP Plus coverage for prenatal services in 14 participating counties as of July 2011 to pregnant women who would otherwise be eligible for OHP except for their immigration status. These are women who would qualify for CAWEM coverage. While we do not know exactly the extent of this population, the Hispanic population is the largest community with potential immigration status barriers. The number of Hispanic births in Oregon has stayed relatively constant over the past five years (19.9% in 2005 to 20.2% in 2010).

The Oregon Mother's Care (OMC) program collaborates with the Medical Assistance Programs (MAP), that administers the Oregon Health Plan (OHP), to assist pregnant women in entering early prenatal care. OMC has expanded from five sites serving fewer than 1,000 low-income women in 2000 to 29 sites that served 4,817 women in 2010 with 17,942 referrals to prenatal care and other services. Prevention/Promotion also supports SafeNet, the toll-free hotline for referrals to local prenatal services. In addition, MAP expedites applications for OHP from pregnant women.

Oregon leads the nation in the number of mothers who begin breastfeeding and continue to nurse at six months and beyond. Oregon also enjoys the smallest disparity between WIC mothers and non-WIC mothers in relation to breastfeeding. Nationally, the difference in breastfeeding initiation is about 20 percent, while in Oregon it is less than 10 percent. Breastfeeding is associated with a reduced risk of many negative health conditions for both mother and infant (including ear infections, diabetes and breast cancer).

Prevention/Promotion Programs Focused on School-Aged Children, Adolescents, and Young Adults

Prevention/Promotion Programs focused on adolescent health include the School-Based Health Center (SBHC) program, Healthy Kids Learn Better program, youth sexual health, and suicide prevention.

Services provided

Dental disease is the most common chronic condition among children. Preventing decay during this period significantly increases the likelihood that an individual can remain caries-free and avoid dental disease throughout adulthood. Poorer oral health status is associated with dental pain, missed school and lower school performance among children.

Prevention/Promotion programs support Oregon's education goals by working to increase access to fluoridated water. Oregon ranks 48th in the nation for having a low percentage (22.6%) of people who receive fluoridated water (Centers for Disease Control and Prevention, 2010). Fluoridation produces a median decrease in caries of 29.1% to 50.7% among children ages 4 to 17 years (Community Preventive Services Task Force).

In addition, three key programs target children from birth into elementary school. Project "First Tooth" is an early childhood cavity prevention program that trains pediatric medical providers to conduct oral health risk assessments, provide education, and apply fluoride varnish during well child visits for children under age 4. The school-based dental sealant program serves first and second graders, preventing decay in the first permanent (adult) molars where about 85 percent of decay normally occurs. School-based fluoride tablet and rinse program is administered to K-6 grades in elementary schools with 30 percent or more of the students eligible for the Federal Free and Reduced Lunch Program.

The School-Based Health Center (SBHC) program provides access to over 52,000 youth, through a system of 63 certified SBHCs in 21 counties, to a comprehensive set of developmentally and age-appropriate preventive health, primary care and mental health services. The Healthy Kids Learn Better Program works on policies that support the integration of health and education to reduce chronic absenteeism and improve high school graduation rates. In the area of Youth Sexual Health, four Local Public Health Authorities are funded to implement ¡Cuídate!, an evidence-based program for Latino youth, in an effort to reduce disparities in Hispanic birth rates among youth.

Reducing suicide and family violence are two of Public Health's priority areas for the 2013-15 biennium. Suicide prevention key activities planned include:

- increasing prevention through Nurse-Family Partnerships and evidence-based parenting programs
- increasing classroom programs in elementary and middle schools
- partnering with schools to implement a coordinated and comprehensive school health approach that supports the social, emotional and behavioral health of students in school improvement planning documents
- promote and strengthen use of positive youth development and youth engagement policies and practices
- develop a suicide prevention plan that spans all ages.

Performance measures:

Because preventive and early intervention services relate to so many other health indicators for school-aged youth, performance measures from a wide variety of agencies are relevant, including teen pregnancy, teen suicide, tobacco use, preventive services for children, safety net clinic use, child mental health services and 8th grade use of alcohol or other drugs.

KPM 28 (2011-2013): Teen pregnancy

Teen pregnancy is closely linked to a number of other critical issues, including poverty, income disparity, high school graduation, and overall child and family well-being. In Oregon, the estimated annual cost associated with teen pregnancy (ages 15-19) is \$110 million (The National Campaign to Prevent Teen and Unplanned Pregnancy, 2011). Reducing teen pregnancy would reduce the risk of negative social, education, and health outcomes and lead to cost savings. The most recent data indicates a trend downward which meets or exceeds both the state target and the Healthy People 2020 goals.

KPM 23: Teen suicide

The Prevention/Promotion strategy is to encourage local organizations and agencies to integrate best practices and evidence-based practices in suicide prevention into existing infrastructure in schools, non-profit organizations and agencies. Projects include public health surveillance, evaluating projects, and disseminating results broadly. The projects also include development of interventions that will reduce risk factors and increase protective factors identified by data in individuals, families, communities and on the societal level. Reducing suicides among youth will require implementation of multiple strategies over time.

Oregon's youth suicide rate (ages 10-24) ranks 34th among states. The state rate of 7.20 per 100,000 (2010 most recent national comparison data) is about same as the national rate of 7.57 per 100,000.

Prevention/Promotion Programs Focused on Adults and Seniors

Key Prevention/Promotion programs targeting adults and seniors include: Chronic Disease Self-Management programs, older adult falls prevention, Breast and Cervical Cancer Screening, and reproductive health.

Services provided

Chronic disease self-management programs support Oregonians living with chronic conditions in achieving optimal health and quality of life. Public Health supports self-management programs that have been shown to improve quality of life, health outcomes, and reduce health care costs. Living Well with Chronic Conditions and Tomando Control de su Salud, the Spanish culturally competent version of Living Well, are the flagship programs of Oregon's self-management offerings. Public Health is currently expanding the portfolio of programs it supports to include Walk with Ease and the Diabetes Prevention Program. Living Well can result in gains in quality-adjusted life years, reduced emergency department visits, and reduced hospital days. The Diabetes Prevention Program has been shown to significantly reduce the risk of someone with pre-diabetes developing Type 2 diabetes. Between 2006 and 2011, almost 8,000 Oregonians participated in one of Oregon's chronic-disease self-management programs. In addition to broadening the types and reach of programs, Public Health is in the early stages of implementing a business plan for chronic disease self-management programs that will ensure the continued availability of these programs to Oregonians into the future.

Falls are a leading cause of injury death and disability among adults aged 65+. In the U.S., the cost of fatal fall injuries for those 65 and older totaled \$28.2 billion in 2010. In Oregon, falls are the leading cause of hip fractures and traumatic brain injuries in seniors, and nearly 60% of seniors hospitalized for falls are discharged into long-term care. The Injury & Violence Prevention Program is one of three states awarded a 5-year grant from CDC to prevent falls and fall injuries. Oregon is assisting health systems to integrate clinical practice with evidence-based falls prevention programs. Goals include: educating clinicians on screening, assessments, and referrals through a CDC toolkit to three evidence-based programs; establishing community and home-based programs; and increasing public awareness of falls as a preventable public health problem.

Currently, the Injury and Violence Prevention Program is assisting five health systems to plan and implement falls prevention into outpatient care tailored to sustainable business models; several health plans are providing falls prevention activities as part of member benefits.

The Breast and Cervical Cancer Program provides clinical breast examinations, mammograms, Pap tests, diagnostic testing after an abnormal screening result, surgical consultations, and referrals to treatment. Clients also are provided screening for heart disease, stroke, tobacco use, obesity and diabetes through the WISEWOMAN (Well-Integrated Screening and Evaluation of Woman Across the Nation) program.

The Reproductive Health program provides a range of health services, counseling, and education to help Oregonians plan the timing and spacing of their children. Client services are supported by Oregon Contraceptive Care (CCare) and the federal Title X family planning program, which expand access to a broad range of family planning and related preventive health services for low-income and uninsured Oregonians.

Performance Measures

KPM 25: Percentage of births where mothers report that the pregnancy was intended.

The most recent data (2010) may indicate a slight increase in the % of births that were intended and is meeting the state target. National Healthy People 2020 goals measure % intended pregnancy rather than % intended births. Oregon's 2010 intended *pregnancy* rate is lower than the Healthy People 2020 goal. The Alan Guttmacher Institute ranks Oregon ninth in the nation for its efforts to help women avoid unintended pregnancy.

Key Registry Data Systems

Prevention/Promotion maintains a number of data systems that track key data on the health status of people in Oregon across their lifespan. These data systems draw from medical records, survey data, and program service delivery records. These systems are essential to health system transformation and the state's educational goals. They contain data that supports the metrics and accountability framework of the CCOs and data regarding the health status of children in our schools, and these data are essential to understanding barriers to good health and educational outcomes and tracking Oregon's progress. Some of these systems are registry data systems, which come with unique challenges and opportunities.

Services Provided

Three key registry data systems for Prevention/Promotion in 13-15 are the Prescription Drug Monitoring Program, the Oregon Violent Death Reporting System, and the Oregon Trauma Registry, all of which are administered by the Injury and Violence Prevention Program (IVP).

The Prescription Drug Monitoring Program (PDMP) is an electronic Web-based data system that collects information on all Schedule II – IV controlled substances dispensed by Oregon-licensed retail pharmacies. Medical providers and pharmacists can use the prescription history information to improve patient care and prevent some of the problems associated with controlled substances. After the first year of operation, 95 percent of pharmacies are reporting weekly as required by law. More than 5,200 providers and pharmacists are enrolled system users. The Injury and Violence Prevention (IVP) section of Prevention/Promotion is using aggregated de-identified data from the Prescription Drug Monitoring Program to target high rate prescribers for enrollment efforts; provide lists of high rate prescribers to local health officials for use in educational and outreach efforts aimed at improving patient care; and measure program performance on operational metrics and program objectives.

The Oregon Violent Death Reporting System (OVDRS) works with more than 250 law enforcement agencies and medical examiners that voluntarily report every case of violent death including suicides, homicides, undetermined deaths, unintentional firearm shootings, and legal interventions. The system collects incident-based case information on about 850 cases each year. The data are analyzed and made available in a variety of formats for policy makers, the public, academics, the media, and for prevention practice. Oregon is one of 18 states with this type of system, and the information about the circumstances surrounding violent deaths have led to the identification of increased suicide rates among veterans, the development of an older adult suicide plan, and assisted in the development of an Intimate Partner Fatality Review Team.

The program also oversees the Oregon Trauma Registry, which monitors and provides information necessary to evaluate trauma patient outcomes and assesses compliance of pre-hospital care providers and hospitals with state standards. The program is working with hospital stakeholders to develop metrics for trauma care in emergency departments and hospitals in this biennium.

CENTER FOR HEALTH PROTECTION (Protection)

Key programs

The Center for Public Health Protection (Protection) protects the health of individuals and communities through establishing, applying and ensuring reliable compliance with regulatory and health-based standards. The diverse programs work closely with other federal, state and local agencies, regulated entities and active stakeholder groups. The work emphasizes continuous process improvement, technical assistance, scientific assessment, ongoing monitoring and risk communication to protect the health of all people in Oregon. Enabling and promoting innovation, where that innovation can be demonstrated to be in support of good health outcomes, is a key aspect of Protection's approach to its regulatory functions.

Protection houses programs that lead the state's effort to protect Oregonians from environmental health hazards in areas as diverse as drinking water, radiation, recreational waters, lead, food, occupational safety, indoor and outdoor air quality, consumer products, clandestine drug labs, and toxic chemical releases. These programs partner with local health departments, private businesses, state agencies, community groups, academic institutions, scientific and medical experts, and others to provide technical assistance, case management, public information, scientific expertise and regulatory oversight.

- The Drinking Water Services section works to ensure safe drinking water by reducing the risk of waterborne disease and exposure to chemical contaminants in Oregon's 3,600 public drinking water systems.
- The Radiation Protection Services section protects both workers and the public from unnecessary and unhealthy radiation exposure, and provides Oregon's sole public resource for radiation-related incidents, whether accidental or intentional.
- The Food, Pool and Lodging Health and Safety section is home to Oregon's food-borne illness protection program and provides leadership for local health departments to ensure safety in Oregon's 23,000 full service and temporary restaurants, 3,400 public pools and 2,300 tourist accommodations.
- The Research and Education Services section prevents or minimizes human health effects from hazardous working conditions, injuries and exposure to hazardous waste and other environmental dangers.

Protection also promotes access to high-quality, health care by collaborating with a variety of public and private partners on policy development and program implementation. Through its regulatory activities, Protection ensures that hospitals, other health care facilities and agencies, and hospital trauma systems meet established standards.

- The Health Care Regulatory & Quality Improvement Section facilitates patient safety efforts and quality improvement activities across all provider types in Oregon; regulates acute care facilities, community-based providers, and certain caregivers to ensure safe, high-quality health care; and regulates statewide programs and systems that provide emergency and definitive care to victims of sudden illness or traumatic injury.
- The Oregon Medical Marijuana Program administers a registration system for patients, caregivers and growers eligible to participate in the Oregon Medical Marijuana Program.

Major funding sources for Protection include:

Federal funds

Environmental Protection Agency (EPA):

- Drinking water primacy
- Drinking Water State Revolving Loan Fund
- Beach safety
- Indoor radon outreach and education
- Lead abatement training and certification

Department of Health and Human Services Food and Drug Administration (FDA):

- Mammography facilities inspection
- Grants from DHHS Centers for Medicare and Medicaid Services

Centers for Disease Control and Prevention (CDC):

- Environmental Health Network
- Childhood Lead Poisoning
- Environmental Public Health Tracking
- Adult Blood Lead Epidemiology and Surveillance
- Worker Illness and Injury Prevention
- Hazardous Substances Emergency Event Surveillance
- Environmental Health Assessment

- Harmful Algal Blooms Surveillance
- Health Impact Assessment
- Unregulated Drinking Water Initiative
- Climate Change Initiative
- Brownfields Initiative

Centers for Medicare & Medicaid Services (CMS):

- Medicare

Fees and other funds

Fees for regulatory licensure, certifications and inspections:

- Drinking water operator certification
- Drinking water system plan review
- Cross connection/backflow certification
- Water system inspections
- Radioactive materials licensing
- X-ray equipment licensing
- Tanning devices registration
- Food borne illness prevention
- Public swimming pool and spa licensing
- Tourist accommodation licensing
- Lead based paint certification
- Renovation, repair and painting
- Clandestine drug laboratory
- Medical marijuana cardholder registration

General funds-*None*

Drinking Water Services (DWS)

Services provided

Drinking Water Services (DWS) assures the safety of drinking water provided by all public water systems in Oregon. The program carries out the mission of Protection by reducing the incidence and risk of waterborne disease and exposure of the public to hazardous substances potentially present in drinking water supplies. The program administers and enforces state and federal safe drinking water quality standards; prevents contamination of public drinking water systems by protecting drinking water sources; assures that public water systems meet

standards for design, construction, and operation; inspects public water systems and assures that identified deficiencies are corrected; provides technical assistance to public water suppliers to solve operational problems; provides financial assistance to communities to construct safe drinking water infrastructure; and certifies and trains water system operators.

Performance measures

The Environmental Protection Agency (EPA) has established two national performance measures that the program uses to report on progress: 1) the percentage of population served by community drinking water systems that meet health-based standards continuously during each year, and 2) the percentage of community drinking water systems that meet health-based standards continuously during each year.

Recent performance on the first measure shows that Oregon nearly always meets the EPA-established goal of 91% of community population served safe drinking water each year. This is because most large water systems have the necessary technical, managerial, and financial resources needed to reliably meet safe drinking water standards. Oregon has more difficulty meeting the EPA-established goal for the second measure of 90% of community systems served safe drinking water each year. This is because ninety percent of public water systems in Oregon serve fewer than 500 people, and most instances of unsafe water occur in these smaller water systems. Smaller water systems have more difficulty meeting safe drinking water standards because many lack the technical, financial and managerial resources that larger water systems have. As a result, many of these small systems need considerable regulatory and technical assistance to successfully and reliably meet safe drinking water standards. The program uses these measure results and the specific data underlying the results to focus its available resources on designing and providing services to meet those needs.

Quality and efficiency improvements

Since 1975, the EPA has adopted 18 major safe drinking water regulations, addressing 91 specific drinking water contaminants. A variety of additional EPA regulatory efforts are scheduled over the next five years. In order to improve services, improve results, and meet federal requirements here in Oregon, Drinking Water Services implemented federal drinking water standards beginning in 1986 through an agreement with EPA called Primacy. The program has also worked with local communities since then to improve public water systems and has dramatically reduced the number of community acute waterborne disease

outbreaks that occur. The program has improved access to and use of water supplier drinking water testing data by posting these on a website for water suppliers, the consuming public, and state and local agency partners. The program also improves drinking water safety by training and certifying water system operators, by making loans to communities for safe drinking water construction projects, and by assessing and protecting sources of drinking water to prevent future contamination. Since the beginning of the federal Safe Drinking Water Revolving Fund in 1996, the program in partnership with the Oregon Infrastructure Financing Authority awarded over \$260 million to 130 Oregon communities for safe drinking water construction projects, including \$28 million in American Recovery and Reinvestment Act Funds. EPA recently recognized Oregon for its outstanding utilization rate of SRF funds.

Radiation Protection Services (RPS)

Services provided

The citizens of Oregon are continuously exposed to natural occurring radiation generated within the environment. Radiation Protective Services (RPS) protects the public from additional radiation exposure. RPS regulates radioactive materials and devices that increase the public's exposure to radiation by developing and enforcing state and federal regulations. RPS assures best practices in the safe handling, use and control of materials and devices, and holds the industry accountable if unnecessary exposure and contamination occurs to the public or radiation workers. RPS prevents excessive radiation exposure to medical patients by ensuring that X-ray devices are delivering the lowest possible radiation dose to generate quality medical imaging.

Subsequent to the terrorist events of September 11, 2001, RPS assures that enhanced security requirements for the industry are in place and that radiation workers are trustworthy in preventing the loss or misuse of radioactive materials, and that storage facilities are secured from unauthorized access.

RPS mitigates and establishes command and control for radiation emergencies stemming from transportation and industry accidents, or intentional exposures designed to threaten public health and livability. RPS provides the State of Oregon with readied emergency response teams utilizing members of the program and collaborating with the U.S. Department of Energy and the Oregon National Guard, to provide emergency response, establish protective action guidance, and assist local public health programs with community recovery after the event has been stabilized.

Performance measures

The Radioactive Material licensing program's performance is measured by the Nuclear Regulatory Commission's Integrated Materials Performance Evaluation Program. This program graded RPS as satisfactory (highest level) for its regulatory practices. RPS now has the challenge to design a regulatory system to better understand emerging technologies. The Nuclear Regulatory Commission's audits are performed every four years to ensure compatibility with federal regulations and security measures that affect public health and safety.

The X-ray machine regulatory program is measured by the reduction of radiation exposure received when medical imaging is necessary for patient diagnosis. During calendar year 2012, RPS inspection staff reduced radiation exposure from devices by 38% by identifying devices delivering excessive radiation dose levels.

A new concern for RPS is the potential link between tanning and the development of skin cancers from increased exposure to sources emitting ultra violet light. RPS needs to develop performance measures to monitor how regulations reduce the number of cancer victims within Oregon. The program follows the Food and Drug Administration regulations for the design and construction of tanning devices.

Quality and efficiency improvements

Facility inspections are usually scheduled with registrants to decrease business impact. Unannounced inspections are performed to ensure compliance with state and federal standards. Enforcement has become more effective because of recent legislation that standardized enforcement authority and penalties for noncompliant licensees and registrants, and gave the agency the authority to impose civil penalties. This enforcement tool has provided for better regulatory standardization and improves oversight of problematic facilities.

Staffing efficiencies are in place by providing cross training to inspectors to regulate both radioactive materials and devices emitting radiation. Projects designed to improve RPS staff efficiencies through web based services have been initiated for electronic field reporting and licensing, and online registration payments.

Food, Pool and Lodging Health and Safety Section (FPLHSS)

Services provided

The Food, Pool and Lodging Health and Safety Section (FPLHSS) implements and maintains intervention and regulatory strategies to prevent illness and injury of the public as a result of patronizing Oregon's food, pool and lodging facilities.

The Foodborne Illness Prevention Program works in partnership with local public health authorities, the food service industry, businesses, academia, and state and federal agencies to reduce or eliminate known common causes of foodborne illness.

The Public Pool and Tourist Facility programs work in partnership with local public health authorities, industry and businesses to reduce or eliminate the risk of waterborne illness and accidental injury and death from public use of pools or tourist facilities.

Performance measures

A significant key performance measure for this program is the reduction in the rate of occurrence of foodborne illness risk factors in restaurants. Often the ability to report these measures is hampered by the current licensing and inspection data system. However, the section is in the final phases of completing a rewrite of its integrated licensing and inspection data system. Upon completion of this project in July 2013, the section will have real time access to the inspection and risk factor data.

Quality and efficiency improvements

In order to improve the quality of services provided to clients, the following county inspection programs were reviewed in 2012: Marion, Benton, Polk, Jackson, Morrow, Douglas, Crook, Wallowa, Grant, Jefferson and Columbia. Performance and trends are tracked to create a record of improvement in efforts to eliminate the known causes of foodborne illness.

Research and Education Services (R&E)

Services provided

Research and Education Services (R&E) is the state's primary point of scientific and technical expertise on health concerns pertaining to the built and natural environments. Staff in the R&E program identify, assess and report on threats to human health from exposure to environmental and occupational hazards. R&E

advises the people and communities of Oregon to best understand potential risks where they live, work and play in order to remain healthy and safe.

R&E's efforts range from monitoring risks to children and their families from exposure to environmental risks in their homes and schools, to monitoring illnesses, injuries and fatalities that occur in the workplace to providing consultative assessment services to communities with hazardous chemicals, to issuing advisories pertaining the health and safety of Oregon's waters.

Quality and efficiency improvements

In addition to rates of environmental exposure and risk to the public's health from lead, pesticides, radon, hazardous waste, household and consumer products, drinking and recreational water-based hazards, plus many other sources of environmental risk, R&E monitors and evaluates several programmatic indicators. The section's diverse programmatic areas depend on collaborative relationships with federal, state and local agencies, and stakeholder groups. R&E work emphasizes continuous process improvement in our work. We regularly measure the effectiveness of our monitoring and surveillance, technical assistance, assessment, outreach and risk communication work through program evaluations efforts, partner and stakeholder interviews, and implementation of policy and programmatic recommendations.

R&E is almost entirely dependent on federal grants, contracts and cooperative agreements. Each of the 14 federally funded efforts is awarded through a competitive application process, has its own set of requirements, which are reported on quarterly or annually, and each is dependent on continuation funding which must be applied for every 1-5 years. Therefore, one of the process measures R&E tracks is the application to award ratio, which is at 100% for the 2011-13 biennium.

We also monitor the completion or "closure" rate for the calls we receive from the public, academic centers, nongovernmental organizations, elected officials, and other state programs and agencies seeking consultation on environmental public health concerns. We currently receive an average of 250 calls per month on a wide range of topics and concerns and we track the rate at which we are able to satisfy these requests for information.

Health Care Regulation and Quality Improvement (HCRQI)

Services provided

The Health Care Regulatory & Quality Improvement Section (HCRQI) ensures that Oregonians have wide access to the health care they need and that it will be safe and of high quality. HCRQI meets the mission of the Center by regulating, licensing and/or providing Medicare/Medicaid Certification or other form of approval for the health care facilities such as:

- Hospitals
- Ambulatory Surgical Centers
- Birthing Centers
- Dialysis Facilities
- Home Health Agencies
- Hospice Agencies
- In-Home Care Agencies
- Rural Health Clinics
- Trauma Hospital programs
- Patient-Centered Primary Care Medical Homes

The section is responsible for routine on-site inspections and reviews, construction plans review, ongoing compliance support, complaint investigations and much more for each of the above-listed entities. HCRQI also administers the review process for adding new hospitals and nursing homes through the Oregon Certificate of Need program.

Performance measures

Examples of some program review measures include: percent of facility complaint investigations completed on time; percent of routine licensure and certification surveys completed on time; and percent of initial in-home care agency surveys completed within 45 calendar days.

Quality and efficiency improvements

HCRQI streamlined the trauma hospital site review process, updated and improved the report letters, and created an online application submission process. HCRQI also substantially redesigned the in-home care licensing program to handle the growing number of new applications and relicensing workload and the relatively high need for consultative services.

Oregon Medical Marijuana Program (OMMP)

Services provided

The Oregon Medical Marijuana Program (OMMP) administers the registration program of the Oregon Medical Marijuana Act (OMMA), which was approved by Oregon voters in November 1998. The program actively pursues administrative streamlining processes in an effort to better serve patients while maintaining the highest level of confidentiality. The program processes applications and provides legal protection for individuals who comply with program requirements to grow and use marijuana as an alternative medicine. Multiple states have requested information on Oregon's program to use as a model for their own medical marijuana initiatives and registration systems.

Performance measures

The OMMP has two measures that are mandated by statute: 1) the number of days to issue a registry identification card once an application is considered complete; and 2) percentage of time verification system is available to authorized law enforcement personnel. Oregon statute requires that OHA shall approve or deny an application within 30 days of receipt of a completed application. A registry identification card shall be issued within five days of verification of the completed application. Oregon statute requires a system by which authorized employees of state and local law enforcement agencies are able to verify at all times whether a person is either a lawful possessor of a registry identification card or the designated primary caregiver of a lawful possessor of a registry identification card, or an authorized marijuana grow site.

Quality and efficiency improvements

The program actively pursues administrative streamlining processes in an effort to better serve patients while maintaining the highest level of confidentiality. The program implemented processes and rule changes that significantly reduced the number of interim changes made by cardholders while simultaneously increasing revenue.

The program implemented a new database system for its registry. The new database system has assisted in maintaining consistent processing time, improving search capabilities for providing information to cardholders, and enhancing report capabilities.

CENTER FOR PUBLIC HEALTH PRACTICE (Practice)

Key programs

The Center for Public Health Practice (Practice) supports a strong public health system by strengthening the partnership between the state public health and local public health departments, and by ensuring core public health functions are sustained and strengthened in the areas of infectious disease prevention and control, laboratory services, and vital records. Practice includes the State Public Health Laboratory, the Acute and Communicable Disease Prevention Section and the Immunization Section as well as the Center for Health Statistics (Vital Records), the HIV/STD/TB Section, and the Community Liaison Section.

Programs and services funded through Practice include:

Federal funds

- HIV/AIDS prevention, and disease monitoring;
- Sexually transmitted disease (STD) control and prevention;
- Tuberculosis (TB) control and prevention;
- New and Emerging infections (like MRSA);
- Epidemiology and laboratory capacity;
- DHHS Center for Disease Control and Prevention (CDC)
 - Immunization and Vaccines for Children;
- Behavior Risk Factor Surveillance System (BRFSS);
- State Preventive Health Block Grant;
- Clinical laboratory certification (CLIA/CMS);
- Social Security Administration (SSA) Vital Events;
- National Center for Health Statistics (NCHS);
- Ryan White (AIDS) Services Base; and
- Housing Opportunities for Persons with AIDS

Other funds:

- Laboratory Testing Fees;
- Vital Event (birth, death and marriage certificate) Fees;
- Council of State and Territorial Epidemiologists (CSTE); and a
- One-time Settlement Award through the Department of Justice

State funds are used to support:

- Activities at Local Health Departments; and
- Portions of seven key positions at the State level

Community Liaison (CL)

Services provided

The Community Liaison (CL) ensures day-to-day support of the local public health departments, an essential component of the public health system. CL conducts technical assistance and quality assurance site visits to local health departments. These reviews ensure compliance with State contract, minimum standards, and federal requirements. The CL Section provides workforce consultation, training and professional development assistance to local health departments. The CL Section also serves as the state's resource for the Conference of Local Health Officials (CLHO), assisting and coordinating local efforts around national accreditation, coordination with CCOs and health systems transformation.

Oregon State Public Health Laboratory (OSPHL)

Services provided

The Oregon State Public Health Laboratory (OSPHL) is a critical component of a strong Public Health System. Lab results are essential to state and local public health programs in controlling communicable diseases and to medical providers in identifying metabolic disorders of newborn infants. The lab also assures the quality and accuracy of medical and environmental laboratory tests statewide.

Under Oregon's healthcare reform, cost effective laboratory services will be critical to the success of Coordinated Care Organizations and other community oriented clinics. A list of important OSPHL services includes:

- Communicable disease testing (virology/immunology and microbiology);
- Newborn metabolic screening (formerly called inborn errors or "birth defects");
- Rapid response to health threats and emergencies;
- Environmental testing (food and water);
- Laboratory compliance monitoring and accreditation; and
- Technical assistance and consultation to local health departments.

Performance measures

The work of OSPHL is critical to several KPMs, including:

KPM 26: early prenatal care for low income women, which is supported by the lab's prenatal testing for hepatitis B, syphilis, *Chlamydia*, and rubella;

KPM 19: safety net clinic use, which is made feasible through lab services for local health departments, community and migrant clinics and other safety net providers.

Recent quality and efficiency improvements

. To lower cost while increasing quality, OSPHL has modernized and automated several of its testing methods. Improvements this biennium in HIV, STD and TB-related tests have resulted in more output per staff position and greater accuracy of test results. In addition, the lab has sought sustainability through adopting: high-efficiency management practices, procurement discounts and point purchasing; new revenue streams; contractual services; regionalization of testing; and cost-saving technology.

Furthermore, in 2012 a new Laboratory Information Management System (LIMS) was implemented to improve the tracking and reporting of samples and results, and enhance accuracy. It increased efficiency and reduced paperwork. The new LIMS improves data sharing with other PHD programs and CDC, and gives clients Web-based access to test results.

Oregonians expect and deserve high quality public services. In alignment with the Public Health strategic plan, OSPHL is a national model of excellence. It conducts a comprehensive quality management system and maintains external accreditation by the College of American Pathologists (CAP). In 2012, due to our continuous improvement efforts, OSPHL was reaccredited by CAP through May 2014.

Acute and Communicable Disease Prevention **Services provided**

Infectious diseases are not currently the leading cause of death in Oregon in part due to efforts by Acute and Communicable Disease Prevention (ACDP) staff and local health officials to prevent and control them. The section monitors communicable disease occurrence throughout the state; guides local public health department staff in investigating and controlling communicable diseases; investigates communicable disease outbreaks; and helps ensure that communicable disease threats, including manmade (bioterrorist) threats, are responded to appropriately. Early intervention to control disease outbreaks reduces the economic burden on CCOs and medical care providers to treat patients. In addition, the section provides information to the public, media and policy makers about communicable diseases, helping Oregonians stay healthy.

Immunization

Services provided

The Immunizations Program (IP) provides a coordinated, population-level approach to vaccine-preventable diseases, which is critical to making Oregon one of the healthiest states in the nation. In 2012 the Immunization Program (IP) coordinated the purchase, management and distribution of \$46 million in vaccines to both the public and private sectors.

To manage these perishable and expensive resources, State epidemiologists partner with local health department staff for disease prevention, surveillance and outbreak control. Health educators and public health nurses provide model vaccine standing orders, health education materials, plus training and technical assistance on vaccines to providers. They provide consumer vaccine education to ensure the public understands the benefits and risks of vaccinations and vaccine preventable diseases. To support early childhood learning, the school law team coordinates the efforts of schools and child care centers to protect children from vaccine-preventable diseases. In addition, the program provides technical assistance to CCOs in support of health systems transformation.

The ALERT Immunization Information System (ALERT IIS) receives immunization information from vaccine providers statewide, maintaining accurate, timely and complete immunization records for clinical, school and community use. This data will be especially helpful to CCOs undertaking preventive medicine.

In a transformed health care system, the new comprehensive Immunization Information System (IIS) will help CCOs and other adult immunization providers increase immunization rates across the lifespan. IIS will help the public health system measure progress, evaluate interventions and identify vulnerable populations.

Performance measures

KPM 29: The percentage of 24 to 35-month-old children who are adequately immunized.

The Vaccines for Children program supplies vaccine and technical assistance to private and public providers who serve eligible children. ALERT IIS maintains a clinical database of all reported vaccine for provider reference and identifies all shots due. Vaccines, funds, and technical assistance are provided annually to local health departments to improve immunization coverage rates for children. Education and training opportunities are held for providers throughout the year to provide up-

to-date information about vaccine efficacy, safety, reporting, as well as storage and handling.

In 2011, 72.5% of children were up-to-date with 4 or more doses of diphtheria, tetanus and pertussis vaccine; 3 or more doses of polio vaccine; 3 or more doses of Haemophilus influenzae type b (Hib) vaccine; 3 or more doses of hepatitis B vaccine; and 1 or more doses of Varicella vaccine (4:3:1:3:3:1 series).

KPM 30: The percentage of adults aged 65 and over who receive an influenza vaccine.

Strategies include promoting adult immunizations through the DHS-funded Oregon Adult Immunization Coalition, promotion of hospital standing orders, and technical support to public and private provider. Additionally, influenza vaccinations are promoted and supported by local health departments.

In the 2011-12 influenza season, 58% of adults aged 65 years and older received the influenza vaccine.

Human Immunodeficiency Virus (HIV), Sexually Transmitted Disease (STD) and Tuberculosis (TB)

Services provided

The HIV, STD and TB section (HST) monitors the occurrence of these diseases in the state; works to prevent their spread; and provides direct services to low income HIV positive persons and people with tuberculosis and sexually transmitted diseases. Reducing the number of new infections reduces the burden of treatment for CCOs and primary care settings. HST also helps reduce health care costs. Each case of HIV prevented saves an estimated \$291,565 in public sector medical costs (Holtgrave, 2012). This program's interventions complement clinical interventions with important tools that prevent the spread of these diseases. Examples of interventions include surveillance; testing, counseling, case management and treatment; identifying, interviewing and counseling patients with reportable STDs; and providing rental assistance and other housing-related assistance for persons with HIV. HST also provides information to the public and stakeholders about HIV, STDs and TB in Oregon.

Performance measures

KPM 31: The proportion of reported HIV/AIDS cases interviewed by a local or state public health professional and offered assistance with partner notification and referral to HIV treatment.

This KPM aims to reduce the number of new HIV/AIDS cases in Oregon. Centers for Disease Control and Prevention recommends that all people with newly reported HIV be interviewed and offered partner notification services. No explicit industry standards exist for this measure. A 2001 national survey indicated that fewer than a third of newly reported HIV cases were being interviewed or offered partner notification services. In 2006, HST began redirecting some prevention resources to focus on direct interviews of people with newly reported cases of HIV to identify and test exposed partners. Due to challenges in locating patients, interviewing 100% of all patients will most likely never be achieved. HST aimed to interview at least 90% of case patients by 2010 and sustain that level during 2011–2013.

In 2008, approximately 64% (up from 21% in 2005) of newly reported cases had been interviewed. The proportion of newly diagnosed cases interviewed increased to 84% during 2010 and 2011, falling short of the goal of 90% but having increased steadily since resources were directed to this goal in 2006.

Center for Health Statistics

Services provided

The Center for Health Statistics (HS) is responsible for registering, certifying, amending, and issuing Oregon vital records. Oregon law requires that certain vital events (e.g., births, marriages, divorces, registered domestic partnerships, dissolution of registered domestic partnerships, fetal deaths, and deaths) be permanently recorded and registered. These records are critical to the functioning of other state programs, such as child support functions, family services, and Medicaid.

The center retains and manages legal records documenting such vital events. In the case of birth certificates, Health statistics records are the primary documents used to establish identity. During 2012, the center registered 122,000 vital events and issued 169,000 certificates. In addition to playing an essential role as legal documents, these records make it possible to collect statistics related to these events.

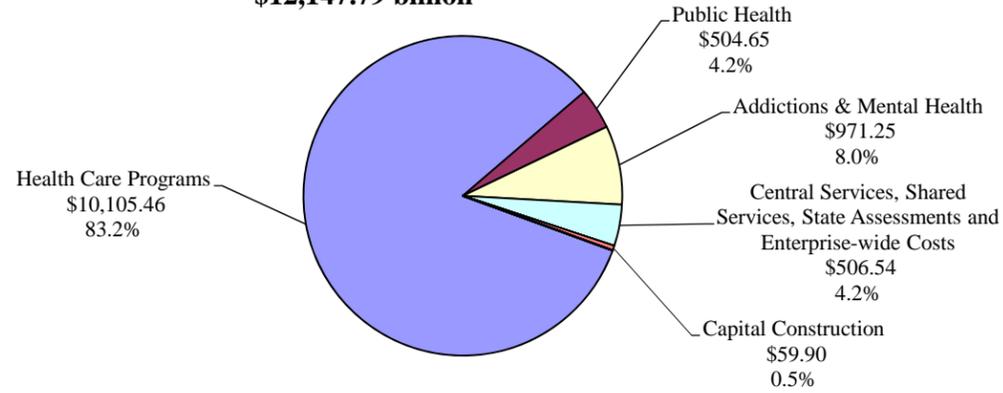
Data managed are the primary source used for measuring key health indicators found in the Healthy People 2020 objectives, national accreditation community health assessments, OHA Key Performance Measures, and many other health indicators projects.

The program also administers the Oregon Healthy Teens Survey and the Behavioral Risk Factor Surveillance Survey, two important sources of data about health risk behaviors. Survey information is readily available to serve the public, the media and policymakers.

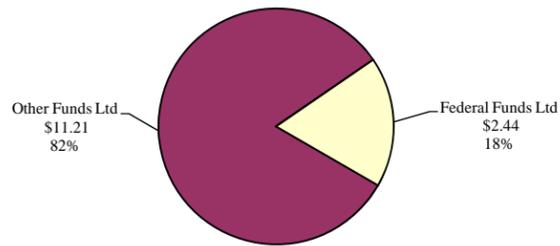
To support health systems transformation and a strong public health system, national, state and local data are used for evidence-based program planning and policy development. Public health epidemiological health data and data provide the basis for community health assessments required for local health departments, CCOs and non-profit hospitals. Data also is essential to measuring success for nearly all of the public health-related KPMs.

To improve efficiency, the program has undertaken improvements in 2011-13 that will continue to 2013-15 to the Oregon Vital Event Registration System (OVERS), which includes the Electronic Death Registration System, Electronic Birth Registration and Fetal Death System. OVERS is a fully electronic secure web-based vital records system. It allows all aspects of the vital records process, from registration at the data source to issuance of certified copies in the counties and state, to be electronic rather than paper-based. The implementation of this system provides for more timely, accurate and secure processing of these important documents for Oregonians.

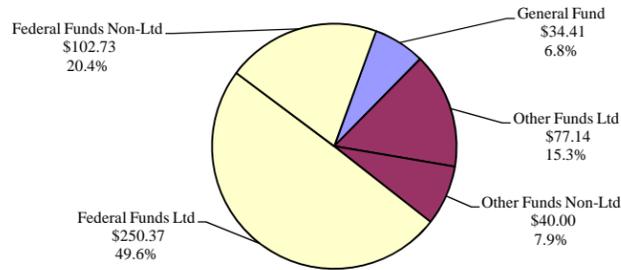
**Oregon Health Authority (OHA)
2011-13 Legislatively Approved Budget
Total Fund by Program Area
\$12,147.79 billion**



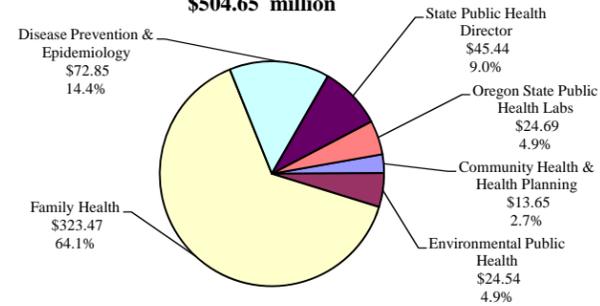
**Community Health & Health Planning
\$13.65 million**



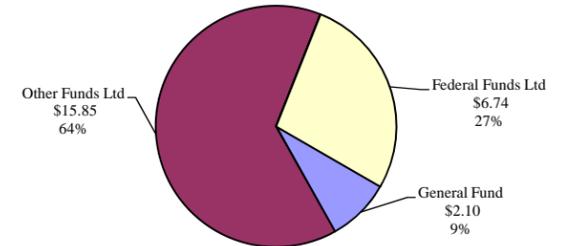
**Public Health Programs
Total by Fund Type
\$504.65 million**



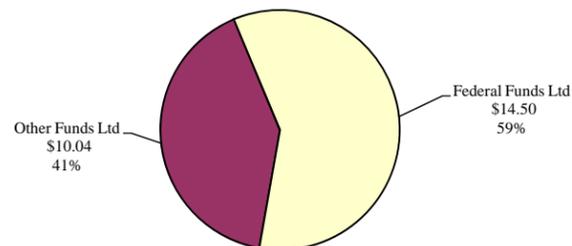
**Public Health Programs
Total by Program
\$504.65 million**



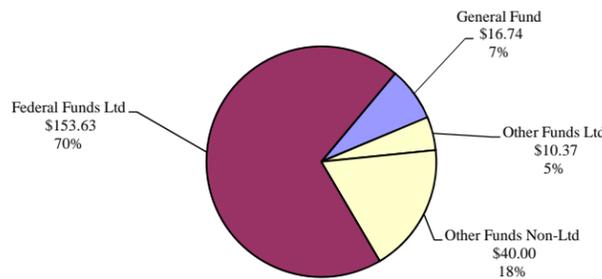
**Oregon State Public Health Labs
\$24.69 million**



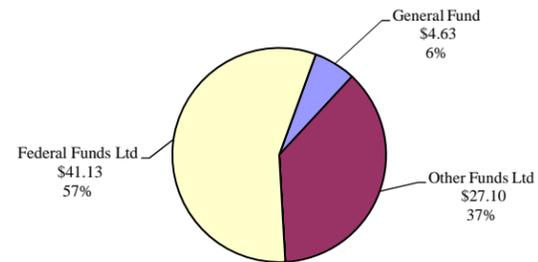
**Environmental Public Health
\$24.54 million**



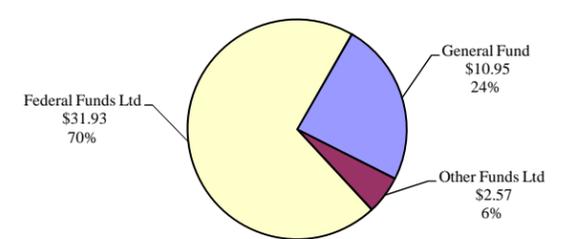
**Family Health
\$323.47 million**



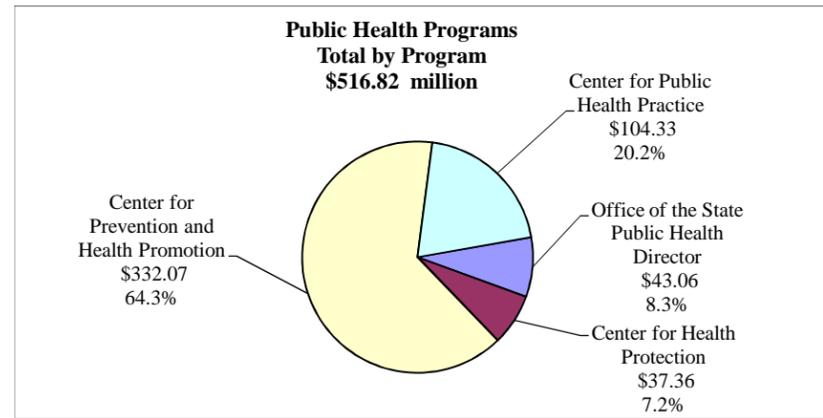
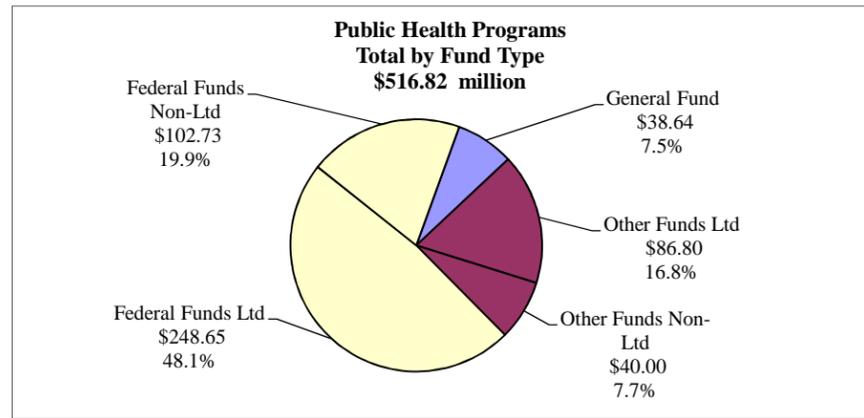
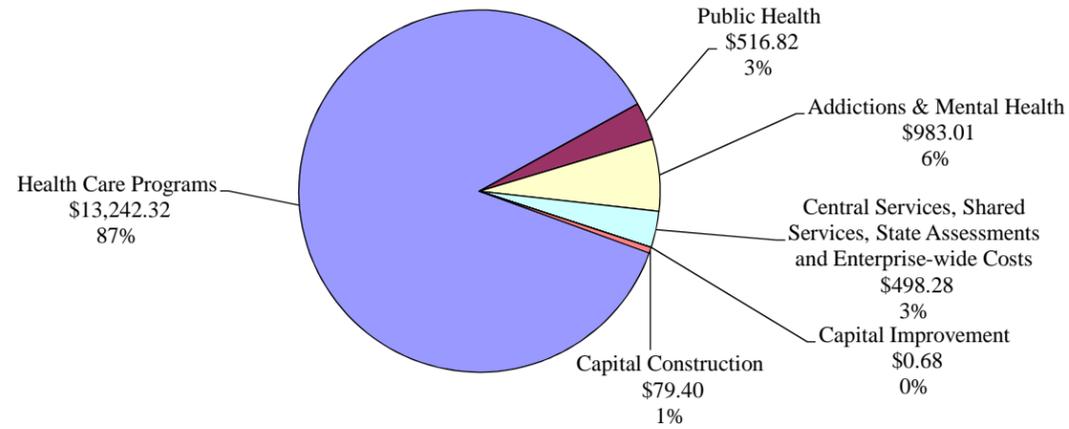
**Disease Prevention & Epidemiology
\$72.85 million**



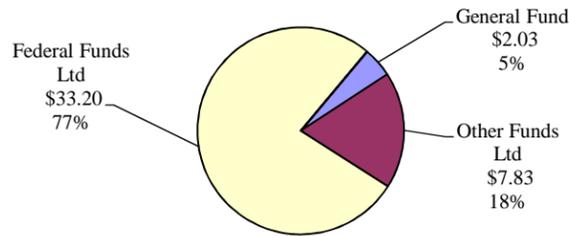
**State Public Health Director
\$45.44 million**



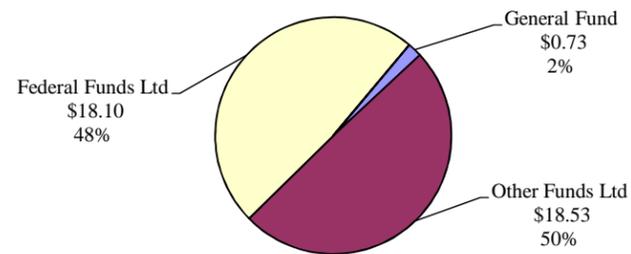
**Oregon Health Authority (OHA)
2013-15 Legislatively Adopted Budget
Total Fund by Program Area
\$15,320.52 million**



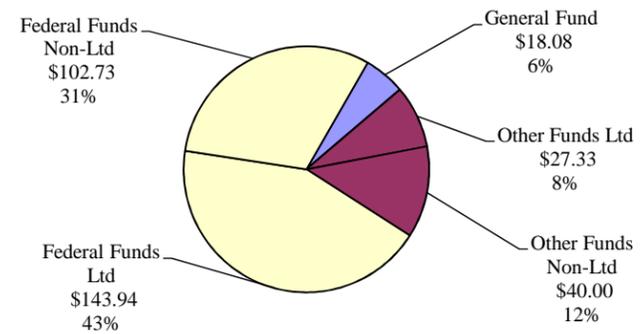
**Office of the State Public Health Director
\$43.06 million**



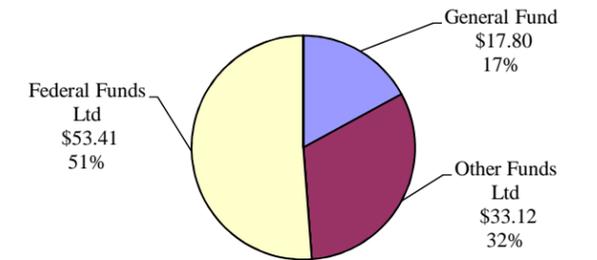
**Center for Health Protection
\$37.36 million**



**Center for Prevention and Health Promotion
\$332.07 million**



**Center for Public Health Practice
\$104.33 million**



Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Public Health Program
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-020-06-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2011-13 Leg Adopted Budget	695	683.30	492,009,925	32,587,158	-	72,031,541	244,662,175	40,000,000	102,729,051
2011-13 Emergency Boards	-	-	12,641,009	1,823,157	-	5,106,994	5,710,858	-	-
2011-13 Leg Approved Budget	695	683.30	504,650,934	34,410,315	-	77,138,535	250,373,033	40,000,000	102,729,051
2013-15 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(12)	(13.98)	7,541,373	1,211,334	-	3,083,694	3,246,345	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2013-15 Base Budget	683	669.32	512,192,307	35,621,649	-	80,222,229	253,619,378	40,000,000	102,729,051
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	1,793,219	2,068,828	-	(91,208)	(184,401)	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	416,759	(142,901)	-	333,431	226,229	-	-
Subtotal	-	-	2,209,978	1,925,927	-	242,223	41,828	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	17	17.00	2,741,310	-	-	-	2,741,310	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	17	17.00	2,741,310	-	-	-	2,741,310	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	6,282,808	818,455	-	1,017,033	4,447,320	-	-
Subtotal	-	-	6,282,808	818,455	-	1,017,033	4,447,320	-	-

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Public Health Program
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-020-06-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	1,017,100	-	(568,148)	(448,952)	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	(1)	(1.00)	865,067	(173,120)	-	1,126,639	(88,452)	-	-
Subtotal: 2013-15 Current Service Level	699	685.32	524,291,470	39,210,011	-	82,039,976	260,312,432	40,000,000	102,729,051

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Public Health Program
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-020-06-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2013-15 Current Service Level	699	685.32	524,291,470	39,210,011	-	82,039,976	260,312,432	40,000,000	102,729,051
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2013-15 Current Service Level	699	685.32	524,291,470	39,210,011	-	82,039,976	260,312,432	40,000,000	102,729,051
080 - E-Boards									
081 - May 2012 E-Board	(3)	(3.00)	(653,608)	(184,720)	-	(150,348)	(318,540)	-	-
082 - September 2012 E-Board	-	-	-	-	-	-	-	-	-
083 - December 2012 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	(3)	(3.00)	(653,608)	(184,720)	-	(150,348)	(318,540)	-	-
Policy Packages									
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Administrative Savings	-	-	-	-	-	-	-	-	-
092 - PERS Taxation Policy	-	-	(314,377)	(26,003)	-	(95,545)	(192,829)	-	-
093 - Other PERS Adjustments	-	-	(2,512,026)	(207,777)	-	(763,450)	(1,540,799)	-	-
094 - December 2012 Rebalance	11	5.89	11,058,994	-	-	(42,877)	11,101,871	-	-
801 - End-Of-Session Bill Adjustments	-	-	-	-	-	-	-	-	-
802 - Supplemental Statewide Ending Balance	-	-	-	-	-	-	-	-	-
803 - HB 2322 Program Change Bill	-	-	-	-	-	-	-	-	-
810 - LFO Analyst Adjustments	8	6.60	(14,620,315)	245,342	-	5,834,343	(20,700,000)	-	-
820 - End of Session Bill (HB 5008)	-	-	(425,302)	(398,477)	-	(18,612)	(8,213)	-	-
201 - APD - Program transfer to OHA	-	-	-	-	-	-	-	-	-
401 - PC & Network Infrastructure Investments	-	-	-	-	-	-	-	-	-
402 - Health Systems Transformation	-	-	-	-	-	-	-	-	-

Summary of 2013-15 Biennium Budget

**Oregon Health Authority
Public Health Program
2013-15 Biennium**

**Leg. Adopted Budget
Cross Reference Number: 44300-020-06-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
403 - OSH Replacement Project Next Phase	-	-	-	-	-	-	-	-	-
404 - Strengthen Comm'ty Mental Health Svcs & ITRS	-	-	-	-	-	-	-	-	-
405 - Ofc of Equity & Inclusion - Health Equity	-	-	-	-	-	-	-	-	-
406 - Health Information Technology	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	19	12.49	(6,813,026)	(386,915)	-	4,913,859	(11,339,970)	-	-
Total 2013-15 Leg Adopted Budget	715	694.81	516,824,836	38,638,376	-	86,803,487	248,653,922	40,000,000	102,729,051
Percentage Change From 2011-13 Leg Approved Budget	2.90%	1.70%	2.40%	12.30%	-	12.50%	-0.60%	-	-
Percentage Change From 2013-15 Current Service Level	2.30%	1.40%	-1.40%	-1.50%	-	5.80%	-4.50%	-	-

Oregon Health Authority Public Health 44300-020-06-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
GENERAL FUND REVENUES								
General Fund Appropriation	0050	GF	46,018,826	34,410,315	39,068,145	38,791,511	38,638,376	
TOTAL REVENUES		GF	46,018,826	34,410,315	39,068,145	38,791,511	38,638,376	
TOTAL GENERAL FUNDS		GF	46,018,826	34,410,315	39,068,145	38,791,511	38,638,376	
OTHER FUNDS REVENUES								
Beginning Balance	0025	OF				8,602,299	10,102,299	
Beginning Balance Adjustment	0030	OF				(2,991,835)	(2,991,835)	
Other Selective Taxes	0190	OF	1,380,000					
Business License & Fees	0205	OF	7,774,747	11,213,135	7,379,041	7,379,041	7,379,041	
Non-Business License & Fees	0210	OF	3,857,538	9,541,247	16,139,349	16,139,349	16,139,349	
Charges for Services	0410	OF	18,969,232	18,330,477	24,517,323	24,517,323	24,517,323	
Administrative Service Charges	0415	OF	90,927	272,199				
Fines, Rents and Royalties	0505	OF	20,180					
Interest Income	0605	OF	5,209		5,568	5,568	5,568	
Sales Income	0705	OF	5,346,965	6,322,885	5,362,826	5,362,826	5,362,826	
Donations	0905	OF	1,735,835	1,544,728	283,030	283,030	283,030	

Oregon Health Authority Public Health 44300-020-06-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
Grants (Non-FED)	0910	OF		1,102,161	1,188,283	1,188,283	1,188,283	
Other Revenues	0975	OF	57,625,191	53,372,330	50,542,880	50,703,943	56,644,514	
TOTAL REVENUES		OF	96,805,824	101,699,162	105,418,300	111,189,827	118,630,398	
TRANSFER IN								
Transfer in Intrafund	1010	OF	16,426,863					
Transfer in Agency Res Equity	1030	OF		3,196,174				
Transfer in Other	1050	OF	324,765	3,544,753				
Transfer in Revenue Department	1150	OF		16,900,824	16,411,764	16,207,824	16,160,091	
Transfer in Military Department	1248	OF	800,734					
Transfer in State Police	1257	OF	36,868	34,144				
Transfer in Department of Energy	1330	OF	23,353	48,754	49,924	49,924	49,924	
Transfer in Consumer Business Services	1440	OF		1,380,000	362,900	362,900	362,900	
Transfer in Employment Department	1471	OF	300,000					
Transfer in Education	1581	OF		53,688				
Transfer in Agriculture	1603	OF	118,174	101,351	103,783	103,783	103,783	
Transfer in Department of Transportation	1730	OF	157,134					

Oregon Health Authority Public Health 44300-020-06-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
Transfer in Health Relations Licensing Board	1833	OF	33,998	36,450	36,450	36,450	36,450	
Transfer in Board of Dentistry	1834	OF	163,539	180,000	175,500	175,500	175,500	
Transfer in Oregon Medical Board	1847	OF	641,093	600,000	693,955	693,955	693,955	
Transfer in Board of Nursing	1851	OF		97,020	106,885	106,885	106,885	
Transfer in Board of Pharmacy	1855	OF	224,244	231,390	260,145	260,145	260,145	
Transfer in Housing and Commercial Services	1914	OF	114,498					
TOTAL TRANSFERS IN		OF	19,365,263	26,404,548	18,201,306	17,997,366	17,949,633	
TRANSFER OUT								
Transfer to Intrafund	2010	OF	(1,171,214)					
Transfer to Other	2050	OF						
Transfer to General Fund	2060	OF		(1,500,000)				
Transfer to Counties	2080	OF						
Transfer to Dept of Human Services	2100	OF						
Transfer to Environmental Quality	2340	OF						
Transfer to Consumer/Business	2440	OF						
Transfer to Insurance Pool Government	2442	OF						

Oregon Health Authority Public Health 44300-020-06-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
Tsfr To Education, Dept of	2581	OF						
Transfer to Oregon Health and Science University	2590	OF	(5,500)					
Transfer to Health Relations Licensing Board	2833	OF		(862,876)	(910,000)	(910,000)	(987,107)	
TOTAL TRANSFERS OUT		OF	(1,176,714)	(2,362,876)	(910,000)	(910,000)	(987,107)	
TOTAL OTHER FUNDS		OF	114,994,373	125,740,834	122,709,606	128,277,193	135,592,924	
FEDERAL FUNDS REVENUES								
Beginning Balance	0025	FF				184,602	184,602	
Federal Funds Revenue	0995	FF	392,551,044	398,260,247	381,574,042	392,675,913	370,195,967	
TOTAL REVENUES		FF	392,551,044	398,260,247	381,574,042	392,860,515	370,380,569	
TRANSFERS IN								
Transfer in Housing	1914	FF	824,649					
TOTAL TRANSFERS IN		FF	824,649	-	-	-	-	
TRANSFERS OUT								
Transfer to OR Business Development	2123	FF	(60,201,235)	(40,000,000)	(13,500,000)	(13,500,000)	(17,430,791)	
Transfer to Environmental Quality	2340	FF	(1,184,109)	(1,407,012)	(1,466,755)	(1,466,755)	(1,566,805)	
Transfer to Oregon Health and Science University	2590	FF	(3,732,042)	(3,751,151)	(3,751,151)			
TOTAL TRANSFERS OUT		FF	(65,117,386)	(45,158,163)	(18,717,906)	(14,966,755)	(18,997,596)	

Oregon Health Authority Public Health 44300-020-06-00-00000		2013-15 Revenue Report						
SOURCE	COMP SOURCE GROUP	FUND	2009-11 Actuals	2011-13 Legislatively Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Balanced Budget	2013-15 Legislatively Adopted Budget	
TOTAL FEDERAL FUNDS		FF	328,258,307	353,102,084	362,856,136	377,893,760	351,382,973	
TOTAL AVAILABLE REVENUES		TF	489,271,506	513,253,233	524,633,887	544,962,464	525,614,273	

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

**Oregon Health Authority
2013-15 Biennium**

**Agency Number: 44300
Cross Reference Number: 44300-020-06-00-00000**

<i>Source</i>	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds						
Other Selective Taxes	1,380,000	-	-	-	-	-
Business Lic and Fees	7,774,747	11,213,135	11,213,135	7,379,041	7,379,041	7,379,041
Non-business Lic. and Fees	3,857,538	8,978,955	9,541,247	16,139,349	16,139,349	16,139,349
Charges for Services	18,969,232	19,176,506	18,330,477	24,517,323	24,517,323	24,517,323
Admin and Service Charges	90,927	272,199	272,199	-	-	-
Fines and Forfeitures	20,180	-	-	-	-	-
Interest Income	5,209	274	-	5,568	5,568	5,568
Sales Income	5,346,965	7,736,905	6,322,885	5,362,826	5,362,826	5,362,826
Donations	1,735,835	1,544,728	1,544,728	283,030	283,030	283,030
Grants (Non-Fed)	-	1,417,223	1,102,161	1,188,283	1,188,283	1,188,283
Other Revenues	24,312,711	15,954,291	13,372,330	10,542,880	10,703,943	16,644,514
Transfer In - Intrafund	16,426,863	-	-	-	-	-
Transfer from Agy-Res Equity	-	3,196,174	3,196,174	-	-	-
Transfer In Other	-	2,082,000	3,544,753	-	-	-
Tsfr From Revenue, Dept of	324,765	16,900,824	16,900,824	16,411,764	16,207,824	16,160,091
Tsfr From Military Dept, Or	800,734	-	-	-	-	-
Tsfr From Police, Dept of State	36,868	34,144	34,144	-	-	-
Tsfr From Energy, Dept of	23,353	48,754	48,754	49,924	49,924	49,924
Tsfr From Consumer/Bus Svcs	-	1,380,000	1,380,000	362,900	362,900	362,900
Tsfr From Employment Dept	300,000	-	-	-	-	-
Tsfr From Education, Dept of	-	53,688	53,688	-	-	-
Tsfr From Agriculture, Dept of	118,174	101,351	101,351	103,783	103,783	103,783
Tsfr From Transportation, Dept	157,134	-	-	-	-	-
Tsfr From Health Rel Lic Bds	33,998	36,450	36,450	36,450	36,450	36,450

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority
2013-15 Biennium

Agency Number: 44300

Cross Reference Number: 44300-020-06-00-00000

<i>Source</i>	2009-11 Actuals	2011-13 Leg Adopted Budget	2011-13 Leg Approved Budget	2013-15 Agency Request Budget	2013-15 Governor's Budget	2013-15 Leg Adopted Budget
Other Funds						
Tsfr From Board of Dentistry	163,539	180,000	180,000	175,500	175,500	175,500
Tsfr From Oregon Medical Board	641,093	600,000	600,000	693,955	693,955	693,955
Tsfr From Nursing, Bd of	-	97,020	97,020	106,885	106,885	106,885
Tsfr From Board of Pharmacy	224,244	231,390	231,390	260,145	260,145	260,145
Tsfr From Housing and Com Svcs	114,498	-	-	-	-	-
Transfer Out - Intrafund	(1,171,214)	-	-	-	-	-
Transfer to General Fund	-	-	(1,500,000)	-	-	-
Tsfr To Or Health & Science U	(5,500)	-	-	-	-	-
Tsfr To Health Rel Lic Bds	-	(862,876)	(862,876)	(910,000)	(910,000)	(987,107)
Total Other Funds	\$81,681,893	\$90,373,135	\$85,740,834	\$82,709,606	\$82,666,729	\$88,482,460
Federal Funds						
Federal Funds	294,024,978	289,820,338	295,531,196	278,844,991	289,946,862	267,466,916
Tsfr From Housing and Com Svcs	824,649	-	-	-	-	-
Tsfr To OR Business Development	(60,201,235)	(40,000,000)	(40,000,000)	(13,500,000)	(13,500,000)	(17,430,791)
Tsfr To Environmental Quality	(1,184,109)	(1,407,012)	(1,407,012)	(1,466,755)	(1,466,755)	(1,566,805)
Tsfr To Or Health & Science U	(3,732,042)	(3,751,151)	(3,751,151)	(3,751,151)	-	-
Total Federal Funds	\$229,732,241	\$244,662,175	\$250,373,033	\$260,127,085	\$274,980,107	\$248,469,320
Nonlimited Other Funds						
Other Revenues	33,312,480	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Total Nonlimited Other Funds	\$33,312,480	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000
Nonlimited Federal Funds						
Federal Funds	98,526,066	102,729,051	102,729,051	102,729,051	102,729,051	102,729,051
Total Nonlimited Federal Funds	\$98,526,066	\$102,729,051	\$102,729,051	\$102,729,051	\$102,729,051	\$102,729,051

**Oregon Health Authority
2013-15 INDIVIDUAL POLICY OPTION PACKAGES**

2013-15 OHA - STRATEGIC FUNDING PROPOSALS/POPs AT LAB												
Lead Program Area	Summary Cross Reference (SCR)	Other Program Area (SCR)	Official Title (45 Character Limit)	General Fund	General Fund - Debt Service	Other Funds	Other Funds - Capital Construction (COP)	Federal Funds	Total Funds	POS	FTE	ORBITS POP #
C&SS	010-45	010-50	PC & Network Infrastructure Investments	666,667		2,359,143		666,667	3,692,477	12	10.56	401
C&SS	010-40	010-50	Health Systems Transformation	2,115,946		(311,665)		1,662,916	3,467,197	2	2.00	402
AMH	020-05	010-50	OSH Replacement Project Next Phase	2,826,854		(365,889)	86,860,000	(38,563)	89,282,402	281	17.97	403
AMH	020-05		Strengthen Comm'ty Mental Health Svcs & ITRS	7,500,000		-		-	7,500,000	-	-	404
C&SS	010-40	010-50	Ofc of Equity & Inclusion - Health Equity	-		-		-	-	-	-	405
C&SS	010-40	010-50	Health Information Technology	1,004,489		-		999,683	2,004,172	11	9.42	406
			TOTAL POPs without Agency Transfer POPs	14,113,956	-	1,681,589	86,860,000	3,290,703	105,946,248	306	39.95	
MAP	020-01	100-060-08	APD - Program transfer to OHA	125,761,280		-		218,620,495	344,381,775	-	-	201
			TOTAL POPs including Agency Transfer POPs	139,875,236	-	1,681,589	86,860,000	221,911,198	450,328,023	306	39.95	

2013-15 Policy Option Package

<u>Agency Name:</u>	Department of Human Services (DHS)/Oregon Health Authority (OHA)
<u>Program Area Name:</u>	Shared Services
<u>Program Name:</u>	Office of Information Services
<u>Policy Option Package Initiative:</u>	N/A
<u>Policy Option Package Title:</u>	Computer and Network Infrastructure Investments
<u>Policy Option Package Number:</u>	401
<u>Related Legislation:</u>	N/A
<u>Program Funding Team:</u>	Improving Government

Summary Statement:

"This POP reflects changes to allow for balancing the Governor's budget based on recommendations from the Improving Government leadership team. Funding amounts on page 2 have been updated to reflect the reduced amounts in the Governors Balanced Budget."

DHS and OHA will have up to 66% of active computers over five year of age which is beyond industry standard lifecycle and slows down productivity. The State Data Center has also not upgraded DHS/OHA network infrastructure in over nine years in many buildings including the Barbara Roberts and Portland State Office Buildings. Both the Network and outdated computers cause inefficient work processes due to how slow systems operate on these computers and systems. In addition, as modern systems such as HIX and Eligibility Modernization are implemented, a further strain on the performance of DHS and OHA IT systems will occur. The worst case scenario is that some computers will not support these modern applications. Older computers will also not support Windows 7 and Windows XP; support for these systems will be soon phased out by Microsoft. Due to DHS and OHA's reliance on IT systems to provide services and ensure safety of clients, modernizing the IT tools and Infrastructure is critical to the long term success of DHS and OHA in achieving program outcomes and ensuring health and safety of Oregonians.

*Total LAB	General Fund	Other Funds	Federal Funds	Total Funds
<u>Policy Option Package Pricing:</u>	<u>1,737,806</u>	<u>2,366,211</u>	<u>1,737,806</u>	<u>\$ 5,841,823</u>
<u>DHS</u>	<u>\$1,071,139</u>	<u>\$7,068</u>	<u>\$1,071,139</u>	<u>2,149,346</u>
<u>OHA</u>	<u>\$666,667</u>	<u>\$2,359,143</u>	<u>\$666,667</u>	<u>3,692,477</u>

*No change from GBB to LAB

Total GBB Reduced	General Fund	Other Funds	Federal Funds	Total Funds
<u>Policy Option Package Pricing:</u>	<u>1,737,806</u>	<u>2,366,211</u>	<u>1,737,806</u>	<u>\$ 5,841,823</u>
<u>DHS</u>	<u>\$1,071,139</u>	<u>\$7,068</u>	<u>\$1,071,139</u>	<u>2,149,346</u>
<u>OHA</u>	<u>\$666,667</u>	<u>\$2,359,143</u>	<u>\$666,667</u>	<u>3,692,477</u>

Total Agency Request	General Fund	Other Funds	Federal Funds	Total Funds
<u>Policy Option Package Pricing:</u>	<u>5,213,417</u>	<u>2,373,125</u>	<u>5,213,417</u>	<u>\$ 12,799,959</u>
<u>DHS</u>	<u>\$3,213,417</u>	<u>\$7,068</u>	<u>\$3,213,417</u>	<u>6,433,902</u>
<u>OHA</u>	<u>\$2,000,000</u>	<u>\$2,366,057</u>	<u>\$2,000,000</u>	<u>6,366,057</u>

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

The focus of activity for FY13-15 is on increasing program performance and delivery, caseworker effectiveness and efficiency; and client support. By addressing existing and growing gaps in three key areas (PC refresh, network performance and mobile computing/communications) OHA and DHS will be able to

better meet agency and client needs while delivering increased performance through the support of transformation and modernization efforts.

a) PC Refresh—Meeting Client and Caseworker Needs

Establish a program for the regular replacement of agency information technology assets as required by the Department of Administrative Services. The Information Technology Asset Inventory/Management policy IRM 107-004-010 requires agencies to support standard lifecycles for agency Information Technology (IT) assets. In 2011, DHS began replacing PCs that were incapable of supporting future needs (e.g. Windows 7, Office 2010). The allocation of \$1 million by DHS represents a significant investment, but was slightly more than one third of what is needed to simply upgrade platforms that must be replaced. This Policy Option Package represents a long-term effort to fund for the replacement of systems at their end-of-life in order to meet ongoing technology needs for both DHS and OHA.

b) Network Infrastructure—Supporting Modernization, Improving Efficiency

Ensure the building infrastructure across all OHA and DHS facilities is capable of support the next generation of network-centric solutions. As modernization investments continue to place increasing demands on the OHA and DHS information technology infrastructure, a commitment to establishing and maintaining a high-performance network environment will be critical to meeting the needs of human services programs, health insurance plans and medical assistance efforts (i.e. Health Insurance Exchange, Health Information Exchange, Coordinated Care Organization web portals, health care analytics, etc.) will. Maintaining a responsive IT network that meets caseworker/client performance/usability demands is essential to the success of virtually all transformation/modernization efforts.

c) Mobile Computing—Increasing Responsiveness and Productivity

The increasing use of mobile devices—particularly smartphones and tablets—represents a significant shift in the way clients and caseworkers interact with technology. Legacy BlackBerry solutions are incapable of supporting the needs of the OHA and DHS community going forward, and this POP

proposes replacement of the entire inventory with more modern hardware (Apple IOS, Windows 8 mobile, or Android). Replacement of the legacy BlackBerry phone infrastructure with a device that functions as a combination email agent, voice messaging agent, telephone (cellular/landline), video conferencing client and remote application delivery platform can provide OHA and DHS users with a range of capabilities unavailable in the current platform.

2. WHY DO DHS and OHA PROPOSE THIS POP?

As new software applications supporting Coordinated Care Organizations, Health Systems Transformation and the modernization of human services programs are released, performance problems associated with aging computer hardware and network infrastructure will become increasingly severe. The need for more processing power and higher network performance has already been experienced by users of two systems: MMIS and OR-Kids (memory in older systems was more than adequate at the time of purchase, but aging systems failed to meet agency needs and MMIS/OR-Kids users required memory upgrades).

During the 2011–13 biennium the Windows 7 operating system and Office 2010 will be rolled out to all users. The operating system and software applications are the current generation of products from Microsoft and will ensure OHA and DHS computers and computer generated products remain compatible across the agencies and with our public and private counterparts as they move in a similar direction. These changes will tax the capabilities of older systems. The resulting poor performance at the desktop PC level will reduce productivity and service delivery.

A 4-year PC lifecycle replacement is the accepted industry best practice for mainstream users to maintain acceptable computer performance for staff productivity. In addition, Microsoft operating system lifecycles typically follow a 4-year cycle from the release to obsolescence. The Windows 7 operating system is the current replacement for the decade old Windows XP platform. As part of the replacement of agency PCs, the technology consulting firm Gartner recommends refreshing the client operating system. This makes the next biennium a critical time for PC upgrades. Failure to replace all systems incapable of running Windows 7 will incur significant support costs to both agencies for the maintenance of the obsolete XP platform.

Maintenance costs on new PCs are covered under warranty, while those associated with an aging, out of warranty inventory are handled as a current expense covered by the business. Current PC vendors provide a 3 to 4-year warranty on systems. Extending the lifecycle beyond the 4-year warranty incurs additional costs (e.g. labor, parts and lost productivity) to maintain increasingly obsolete systems. The lost productivity associated with using and remediating installed systems causes resource issues/impacts, delays client service delivery and shifts technical resources away from operations and toward remediating failing computers and infrastructure.

3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS?

Establishing a PC replacement program executed in parallel with efforts to remediate applications to run in the Windows 7 environment is essential. Given the limitations associated with an aging PC inventory and the operational demands of OHA transformation and DHS modernization, outdated legacy systems should be targeted for immediate replacement. Based on industry best practice, software demands, and hardware maintenance needs, DHS and OHA should strive to achieve a 4-year PC lifecycle replacement plan. In practice this would necessitate replacing approximately 2,750 systems per year (5,500 per biennium). Implementing a PC lifecycle refresh program requires significant investment—there are currently over 3,000 PCs that are greater than 5 years old. The replacement of these aging PCs has been deferred several times due to budget cuts.

4. IS THIS POP TIED TO A DHS or OHA PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS and OHA MEASURE THE SUCCESS OF THIS POP?

No.

5. DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.

No statutory changes are required.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

There are no practical alternatives. Windows XP has reached its end-of-life. The average PC in the inventory is already beyond replacement age. Network hardware in many buildings is nearly a decade old. The wide area network infrastructure is demonstrably incapable of effectively supporting current needs, let alone future demands.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

The risks to OHA and DHS program delivery will be significant if the legacy PC inventory is not replaced, the network infrastructure is not upgraded and a forward-looking mobile communications solution are not implemented. IT functionality for both OHA and DHS will degrade increasingly over time until it is no longer supportable. The results will be severe for caseworkers and clients.

A key part of the caseworker environment is the personal computing platform used by staff. Microsoft's XP operating system has been at the center of OHA and DHS computing for over a decade. The majority of PCs in use are aging and many cannot support migration to Windows 7 or Office 2010. IT industry data indicates it can take 18 to 32 months to completely transition to a new operating system environment. While both OHA and DHS are a generation behind in operating systems and general office productivity applications, the problem will be further compounded when the next generation of products is released in late 2012.

Network infrastructure across the OHA and DHS agencies (both internal to buildings and Internet/SDC connectivity) is aging and in need of upgrade/replacement. A majority of the networking hardware in OHA and DHS facilities is 5 to 9 years old. The current wide area network transport infrastructure has been in place for over a decade at a majority of OHA and DHS locations and performance is sub-standard at many of these sites. Without a concerted effort to increase performance, the network as a whole will be unable to support currently projected demands.

The mobile communications solution that is currently fielded across OHA and DHS is the BlackBerry phone. These phones represent an aging platform, and the communications network run by Research-In-Motion (RIM) that is required to use the phones with email and instant messaging is both proprietary and outdated. The emergence of Apple's iPhone and Android smartphones (from various vendors) has dramatically shifted the mobile market. In addition to increased usability and functionality, more modern mobile phones can execute applications beyond anything the legacy BlackBerry is capable of supporting.

Transitioning to a more open platform that does not require a proprietary network simplifies the architecture and opens up a range of potential solutions, including "Bring Your Own Device—BYOD." A final and quite serious concern is the viability of the RIM corporation (maker of the BlackBerry) going forward. RIM is facing serious challenges that make newer technologies, open platforms, agency specific application storefronts and the risk associated with the current solution critical considerations for OHA and DHS business operations.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

N/A

9. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Implementation Date(s): July 1, 2013

End Date (if applicable): _____

a. Will there be new responsibilities for DHS or OHA? Specify which Program Area(s) and describe their new responsibilities.

No new responsibilities.

b. Will there be new administrative impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Administrative Services Division LC/POP Impact Questionnaire (at the end of this document).

No.

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

No.

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

PC Refresh	# of months	Type
One (1) ISS5 PC Build Team	21 months	Permanent
Four (4) ISS4 PC Build Team	21 months	Permanent
Network Infrastructure	# of months	Type
Four (4) ISS6 Infrastructure Techs	21 months	Limited Duration
Mobile Computing	# of months	Type
One (1) ISS6 Tech	21 months	Permanent
Two (2) ISS4 Tech	21 months	Permanent

- e. **What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?**

Start-up Cost Estimates

PC Refresh	
Replace personal computers in 2013-15 to achieve 4 yr lifecycle	\$702,487
Network Infrastructure	
LAN/WAN Infrastructure upgrades	\$300,000
Mobile Computing	
Mobile Phone Replacement	\$25,000
Collaborative Infrastructure Servers	\$75,000

- f. **What are the ongoing costs?**

Ongoing Cost Estimates

PC Refresh	
Replace 260 PCs each month (6,240 per biennium)	\$8,005,920
Mobile Computing	
Mobile Device Management (MDM)	\$48,000
Collaborative Infrastructure Servers	\$336,000

- g. **What are the potential savings?**

N/A

h. Based on these answers, is there a fiscal impact?

<u>PC Refresh</u>	<u>GF</u>	<u>OF</u>	<u>FF</u>	<u>TF</u>	<u>Position</u>	<u>FTE</u>
Personal Services	\$ 0	\$ 628,795	\$ 0	\$ 628,795	5	4.40
Services & Supplies	\$ 348,075	\$ 343,827	\$ 354,412	\$ 1,046,314		
Special Payments	\$ 488,862	\$ 0	\$ 486,386	\$ 975,248		
Subtotal	\$836,937	\$ 972,622	\$840,798	\$ 2,650,357	5	4.40

<u>Network Infrastructure</u>	<u>GF</u>	<u>OF</u>	<u>FF</u>	<u>TF</u>	<u>Position</u>	<u>FTE</u>
Personal Services	\$ 0	\$ 609,213	\$ 0	\$ 609,213	4	3.52
Services & Supplies	\$ 150,000	\$ 238,300	\$ 150,000	\$ 538,300		
Special Payments	\$ 426,186	\$ 0	\$ 423,872	\$ 850,058		
Subtotal	\$ 576,186	\$ 847,513	\$ 573,872	\$ 1,997,571	4	3.52

<u>Mobile Computing</u>	<u>GF</u>	<u>OF</u>	<u>FF</u>	<u>TF</u>	<u>Position</u>	<u>FTE</u>
Personal Services	\$ 0	\$ 417,351	\$ 0	\$ 417,351	3	2.64
Services & Supplies	50,000	\$ 128,725	50,000	228,725		
Special Payments	274,683	\$ 0	273,136	\$ 547,819		
Subtotal	\$ 324,683	\$ 546,076	323,136	\$ 1,193,895	3	2.64

Note: OF Limitation is built into this POP to support Shared Services Funding.

TOTAL FOR THIS PACKAGE

<u>Category</u>	<u>GF</u>	<u>OF</u>	<u>FF</u>	<u>TF</u>	<u>Position</u>	<u>FTE</u>
Personal Services	0	\$ 1,655,359	0	\$ 1,655,359	12	10.56
Services & Supplies	\$ 210,205	\$ 703,784	\$ 212,639	\$ 1,126,628		
Special Payments	\$ 456,462	0	454,028	910,490		
Other	0	0	0	0		
Total	\$ 666,667	\$ 2,359,143	\$ 666,667	\$ 3,692,477	12	10.56

DHS/OHA - Fiscal Impact Summary by Program Area:

	OHA Shared	OHA State Assessments	Total
General Fund	0	\$666,667	\$ 666,667
Other Fund	\$ 2,359,143	0	\$2,359,143
Federal Funds- Ltd	0	\$666,667	\$666,667
Total Funds	\$2,359,143	\$1,333,334	\$3,692,477
Positions	12	0	12
FTE	10.56	0.00	10.56

2013-15 Policy Option Package

Agency Name: Oregon Health Authority
Program Area Name: Office for Oregon Health Policy and Research
Program Name: Health Care Transformation Support
Policy Option Package Initiative: Transformation Support Initiative
Policy Option Package Title: Health Care Transformation Support 2013 – 2015
Policy Option Package Number: 402
Related Legislation: ORS 414.655 & 442.210, 2011 OL, Chapter 602 (HB 3650)
Program Funding Team:

Summary Statement:

This Policy Option Package (POP) is vital to transforming health care delivery to support the state’s efforts to improve quality, provide better care, and lower costs and assist the efforts of Coordinated Care Organizations. This package will support 1) intensive data analytics using All-Payer All-Claims Data Collection Program that is the statewide collection of health care data from all payers in Oregon for intensive data analytics, 2) The Patient-Centered Primary Care Home (PCPCH) Program with PCPCH’s as a key feature of enhanced care coordination, and 3) the Health Evidence Review Commission (HERC) to further develop evidence-based tools for healthcare purchasing decisions

Note: This POP was reduced at LAB.

LAB	General Fund	Other Funds	Federal Funds	Total Funds
<u>Policy Option Package Pricing:</u>	<u>\$2,115,946</u>	<u>(\$311,665)</u>	<u>\$1,662,916</u>	<u>\$3,467,197</u>

GBB	General Fund	Other Funds	Federal Funds	Total Funds
<u>Policy Option Package Pricing:</u>	<u>\$2,615,946</u>	<u>(\$311,665)</u>	<u>\$2,162,916</u>	<u>\$4,467,197</u>

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

This Policy Option Package (POP) is vital to transforming health care delivery and supports the state's efforts to improve quality, provide better care, and lower costs. Details of the three major Program Areas under this Package and how they are to be implemented are as follows:

Program Area #1: All-Payer All-Claims Data Collection Program

The All-Payer All-Claims data collection will be a central data source for the production of metrics to evaluate the performance of Coordinated Care Organizations along with other OHA programs and private carriers. APAC holds the promise to give providers better data to benchmark performance and identify quality improvement opportunities and give consumers better cost and quality information. OHA now has two years of APAC data collected spanning January 2010-December 2011. Data is submitted quarterly and is maintained through contract by Milliman. Currently, the APAC dataset collection is funded through State Health Access Program grant that will end in August 2013. This POP would provide funding to ensure that the APAC is supported for the remainder of the 13-15 biennium and allow for intensive data analytics.

Program Area #2: Patient-Centered Primary Care Home (PCPCH) Program

A strong primary care system through a network of recognized Patient-Centered Primary Care Home (PCPCH) providers is a requirement of newly developed Coordinated Care Organizations (CCOs), to the extent practicable. Without sustainable program funding and a system for recognizing PCPCHs, CCOs will not have this strong primary care base to wrap themselves around nor will the OHA be able to meet its goal of providing access to a PCPCH for 75% of Oregonians by 2015. To date, the program has been funded solely by federal grant funds, which is not sustainable for a program of this scope and size. This POP would allow OHPR to continue working across all OHA divisions to successfully implement the PCPCH program (including Medicaid, PEBB and OEBC) and provide technical assistance to recognized PCPCH providers and all primary care providers pursuing primary care transformation. More specifically, activities currently underway that require sustainability include:

1. Maintenance and refinement of the PCPCH provider standards, including statewide stakeholder input processes;
2. PCPCH provider application development, review, and recognition;
3. PCPCH provider application verification site visits (audit);
4. Development and implementation of provider technical assistance and learning opportunities;
5. Developing opportunities for multi-payer participation in the program; and
6. Program evaluation (linked to health system transformation).

Sustaining the program and its activities will provide expertise and assistance to the Division of Medical Assistance Programs (DMAP) and the rest of the Oregon Health Authority in the development of state plan amendments and other processes to ensure Oregon complies with federal requirements and maximizes any federal or other funding opportunities. Additionally it sustains the linking of PCPCH and CCO implementation across the OHA, development and implementation of processes for client identification and educational tools that can be used by PCPCH sites statewide, and development and implementation of processes for PCPCH provider payments.

Program Area #3: Health Evidence Review Commission (HERC)

With this POP, the Health Evidence Review Commission (HERC) will be able to further the identification and interpretation of comparative effectiveness research necessary to develop evidence-based guidelines, health technology assessments, and coverage guidance. This work is necessary to provide critical information and guidance for both public and private stakeholders to purchase and deliver health care that is both clinically effective and cost-effective. Specifically, it will provide the tools necessary to support Health Evidence Review Commission (HERC) to:

- Partner with existing state, national and international efforts already investing in clinical outcomes and effectiveness research, supporting high quality comparative effectiveness research and using the best available data and evidence to make public and transparent policy decisions. By using clinical outcomes and effectiveness research, evidence-based guidance can be developed for use across all of Oregon's healthcare sectors regarding the coverage of new and existing procedures and services.

- Develop standard sets of evidence-based guidelines for all providers serving Oregonians, starting with the treatment of chronic conditions, by reviewing and endorsing existing high-quality guidelines whenever possible, and convening experts to create them when they don't exist. As developed, policies can be written to incentivize providers serving patients in publicly funded programs to follow these evidence-based guidelines. The HERC works with private purchasers and health plans in the development of these guidelines, and common policies can be developed that encourage the utilization across both the public and private sectors.
- Develop health technology assessments of new and existing technologies in cases where systematic reviews of evidence have not already been conducted. These assessments can then be translated into easily understood guidance to purchasers and insurers on appropriate coverage decisions.

2. WHY DOES OHPR PROPOSE THIS POP?

HB 2009, Oregon's health care reform legislation, created the Oregon Health Authority to advance the goals of health reform: a healthy population, extraordinary patient care and reasonable costs. This POP would support specific efforts to advance these goals in the areas of providing quality data analytics, improving effect primary care and enhancing care coordination, and developing evidence-based clinic research and guidance. Each of these efforts are key components to Oregon's health system transformation.

Under Program Area #1, this POP includes resources for the Office of Health Analytics within OHPR to continue the implementation of an all payer data collection program that is a cornerstone data source for measuring the performance of OHA, Coordinated Care Organizations, and larger multi-payer health reform efforts. An all-payer data collection program will mean that cost and quality information will be available to all Oregonians based on the experience of the 83% of residents who are insured. This would allow us to understand how well the health care delivery system in Oregon is dealing with key drivers of costs, such as chronic illnesses, and how well regions within the state compare to other parts of the state.

The Patient Centered Primary Care Home (PCPCH) Program (Program Area #2) is a model of primary care that has been recognized for its potential to advance the goals through a focus on wellness and prevention, coordination of care, active management and support of individuals with special health care needs and a patient and family centered approach to all aspects of care. In its Action Plan for Health, the Oregon Health Policy Board charged the Oregon Health Authority (OHA) with providing access to patient-centered primary care for all of its covered lives including Medicaid, state employees, and Oregon educators. The OHA is also currently reorganizing the way care is delivered to Medicaid beneficiaries to a system of Coordinated Care Organizations (CCOs). A strong primary care system through a network of recognized PCPCH providers will be a requirement of CCOs, to the extent practicable. Without sustainable program funding and a system for recognizing PCPCHs, CCOs will not have this strong primary care base to wrap themselves around nor will the OHA be able to meet its goal of providing access to a PCPCH for 75% of Oregonians by 2015.

In relation to Program Area #3, the Health Evidence Review Commission (HERC) was newly created in January 2012 to do the work of the previous Health Services Commission in its management of the Oregon Health Plan's Prioritized List of Health Services (which serves as the basis of benefits in the Oregon Health Plan) and the health technology assessment work of the previous Health Resources Commission. The HERC applies the evidence-based research in its work with an open forum for stakeholders and consumers on state-wide clinical guidelines and evidence-based coverage guidance, as well as analyzing and disseminating information on the effectiveness and costs of medical technologies. If funded through this POP, the HERC can provide better access to clinical outcomes and effectiveness reviews in developing evidence-based clinical guidelines and health technology assessments that will be helpful to state purchasers of health care as well as private health plans, providers, private purchasers, and the health care system as a whole. Systematic reviews are the building blocks underlying evidence-based practice as they focus attention on the strengths and limits of evidence from research studies about the effectiveness and safety of a clinical intervention. Public purchasers of health care should be conducting and supporting research on the comparative outcomes, clinical effectiveness, and appropriateness of health care services and health technology devices to meet the needs of Medicaid, the State Children's Health Insurance Program (SCHIP), the Public Employees Benefit

Board (PEBB), the Oregon Educator's Benefit Board (OEBB) as well as the recipients of any publicly purchased health care to ensure that Oregonians are getting the right care at the right time and place.

3. HOW DOES THIS FURTHER THE AGENCY'S MISSION OR GOALS?

This POP directly support OHA's mission to further the OHA goals of improved health, higher quality of care, and reduced costs through each of the program areas:

#1: Analysis of APAC data will allow Oregon to analyze, report on, and evaluate OHA and Oregon progress toward health transformation.

#2: Continued support of the PCPCH program will allow Oregon to meet the Oregon Health Policy Board's goal of providing access to a PCPCH for all OHA-covered lives and 75% of all Oregonians by 2015.

#3: Evidence-based guideline and technology effectiveness work by the HERC will improve the lifelong health of Oregonians by encouraging the most effective health care services and discouraging the use of ineffective or harmful services. Reducing the use of ineffective and harmful services will lower health care costs and lead to care that is high in quality and reliability, improving health in the communities through evidence-based interventions.

4. IS THIS POP TIED TO AN OHPR PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL OHPR MEASURE THE SUCCESS OF THIS POP?

Funding this POP would provide the data central to not only monitoring and reporting on the quality, health outcome, and quality measures for Coordinated Care Organizations, but also to assess the impact of health reform across public and private health programs. Transparency in health care cost and quality is central to improvement and is at least indirectly connected to many of the KPMs department wide and provides the ability to assess the same metrics across private payers as well. There are measures currently included in proposed evaluations of OHA health system transformation directly related to implementation of the PCPCH

program and its success. There is also a preliminary program evaluation underway which requires funding outlined in the POP in order to be continued. Further, CCOs are required to report on implementation status of Primary Care Homes within their organizations. More directly, the evidence-based decision tools of the HERC Program Area (#3) of this POP can span all areas of health care services, having the ability to impact all performance measures tied to the effectiveness of treatment depending on the services for which evidence is available for the development of tools; namely KPMs 1-4, KPMs 7-10, KPM 27, KPM 31.

5. DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.

No statutory change is required.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

An alternative to this POP is to continue relying on grant funding for program area continuation. However, current grant funding is either scheduled to end or is unsustainable for the size and scope of these program areas that are an integral to health system transformation. While there is an active process to search for additional grant funding opportunities, none have been identified.

It is also important to note for Program Area #3 that while the use of existing staff could be used to maintain the HERC program at a skeletal level, there would only be a limited number of coverage guidance and likely no evidence-based guidelines or health technology assessments. Work in these areas would also not be viewed as being as credible without involvement of the current contractor, the Center for Evidence-based Policy, or a similarly respected authority on comparative effectiveness research.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

Information from the APAC Data Collection program is already beginning to benefit all OHA programs including PEBB, OEBC and Medicaid, as well as the Oregon Health Exchange and private purchasers who choose to use this data as they make purchasing decisions. In addition, the data will support surveillance activities within the Division of Public Health. Not funding this Program Area would result in the elimination of potential significant future savings the Program can provide.

Not funding this POP would also cause current PCPCH Program activities to halt, resulting in several direct impacts on the OHA and its health system transformation efforts. This program has been widely communicated as a priority of the agency and has caused primary care providers to make significant time and resource investments in the types of transformation required for program participation. Discontinuing the PCPCH Program may cause those providers may be required to stop those efforts and view the agency as not following through on its commitment to primary care transformation. More specifically:

1. The OHA would not meet its goal of providing access to PCPCHs to all OHA-covered lives and to 75% of all Oregonians by 2015.
2. CCOs would not be able to meet their contractual expectation of “networking with recognized PCPCHs to the greatest extent possible” since the State would no longer have state standards or a recognition process.
3. The OHA may not experience an overall decrease in healthcare expenditures for its covered lives since assumptions on that experience are based on OHA lives receiving care through this model of care.
4. The OHA may not experience an overall increase in quality of care and patient experience of care since assumptions on that experience are based on OHA lives receiving care through this model of care.

In terms of the HERC, momentum of the use of comparative effectiveness research to inform purchasing decisions would be lost, as would be the use of tools critical in helping to control rising health care costs. OHA clients and state employees would receive care proven to be ineffective or harmful.

In addition, these program areas are the result of significant internal and external efforts. Not funding this POP will result in the agency experiencing a significant decrease in confidence among the provider and stakeholder community.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

No other agencies are directly affected by this POP, except that as these programs are vital to health system transformation, their continued efforts will benefit Oregonians statewide, and support local community efforts across the state.

9. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Implementation Date(s): THE POP implementation dates for each Program Area are as follows:

<u>Program Area 1</u>	<u>Program Area 2</u>	<u>Program Area 3</u>
September 1, 2013	July 1, 2013	July 1, 2013

End Date (if applicable): Not applicable; programs will be on-going.

- a. **Will there be new responsibilities for OHPR? Specify which Program Area(s) and describe their new responsibilities.**

There will not be any new responsibilities that are not currently in place as implementation has already been in effect. Over the last few years, the programs identified in this POP that support health system transformation have been implemented as a result of significant investment from federal grant funds, the OHA, and stakeholders (including health plans, multiple state and local entities, and providers across the state).

- b. **Will there be new administrative impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected.**

No.

- c. **Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.**

For the HERC program, there will be no impact on client caseloads but it will result in the provision of more services proven to be effective and less services shown to be ineffective, harmful or not as cost-effective as other alternatives. This could potentially impact any number of clients who receive health

care services through state programs (i.e., OHP, FHIAP, Healthy Kids) and state employees receiving health care through PEBB/OEBB plans.

- d. **Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.**

Funding of positions within OHPR is required for the continuation of the PCPCH program. Refer to the attached position pricing for details.

- e. **What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?**

While the APAC and HERC Program have already been established, they will not be in need of funding for start-up costs or significant computer systems modification. However, the PCPCH program has identified the following costs:

- Provider and client outreach and communications are estimated at \$200,000 for 2013-2015.
- Provider technical assistance and learning opportunities will be \$2,000,000 for 2013-2015.

- f. **What are the ongoing costs?** Refer to the attached spreadsheet for details.

- g. **What are the potential savings?** In general, the investment in a fundamental tool for health care analytics and improved use of evidence-based decision making the Medicaid program will decrease total health care system costs. These cost reduction will extend to health care services in other publicly-funded programs such as PEBB and OEBB, and also to private payers and their members/employees.

In addition, the PCPCH program has identified an estimated \$99,800,000 in savings as a result of improved care coordination through the use of its services.

By reducing the current and future health and economic costs associated with chronic conditions, literally hundreds of millions of dollars can be saved.

h. Based on these answers, is there a fiscal impact?

Yes

TOTAL FOR THIS POP

<u>Category</u>	<u>GF</u>	<u>OF</u>	<u>FF</u>	<u>TF</u>	<u>Position</u>	<u>FTE</u>
Personal Services	\$305,305	(\$280,990)	\$316,396	\$340,711	2	2.00
Services & Supplies	\$1,809,923	(\$30,675)	\$1,346,060	\$3,125,308		
Capital Outlay	0	0	0	0		
Special Payments	\$718	0	\$460	\$1,178		
Other	0	0	0	0		
Total	\$2,115,946	(\$311,665)	\$1,662,916	\$3,467,197	2	2.00

OHA - Fiscal Impact Summary by Program Area:

	OHA Central	OHA State Assessments	Total
General Fund	2,081,414	34,532	\$2,115,946
Other Fund	(294,567)	(17,098)	(\$311,665)
Federal Funds- Ltd	1,633,730	29,186	\$1,662,916
Total Funds	3,420,577	46,620	\$3,467,197
Positions	2		2
FTE	2.00		2.00

2013-15 Policy Option Package

Agency Name: Oregon Health Authority
Program Area Name: Addictions and Mental Health
Program Name: Oregon State Hospital
Policy Option Package Initiative: Junction City Hospital
Policy Option Package Title: OSH Replacement Project –Next Phase
Policy Option Package Number: 403
Related Legislation:
Program Funding Team: Healthy People

Summary
Statement:

This package will complete the next step in the Legislatively approved implementation of the The Oregon State Hospital Framework Master Plan.

It will allow the hospital to successfully open 125 beds at the Junction City Hospital and adequately fund the staffing and equipment required to care for patients admitted from counties in Southern Oregon.

If this package is not funded, it will not be possible to open the Junction City facility. Additional funding for staff and physical plant modifications will be necessary to keep Portland and BMRC open and reduced lengths of stay will not be achieved.

<i>LAB Reduced</i>	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	\$2,826,854	\$86,494,111	(\$38,563)	\$89,282,402

Also, see the accompanying OHA Capital Construction Narrative under the Special Reports Section of this document which outlines the Other Fund request for Construction authority of \$79.4M.

<i>GBB</i>	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	\$2,994,904*	(\$209,117)	(\$38,563)	\$2,747,224

- Note: G/F \$ adjusted by \$5,096 in audit for reconciliation adjustments.

Also, see the accompanying OHA Capital Construction Narrative under the Special Reports Section of this document which outlines the Other Fund request for Construction authority of \$79.4M.

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

Funding for this package will allow the hospital to successfully open 125 beds at the Junction City hospital with all supplies, equipment, and fully trained staff upon completion of construction. Construction is projected to be complete in the third quarter of 2014 with patient occupancy scheduled for the first half of 2015.

Based on our experience with moving into the Salem facility, OSH needs a minimum of six months after the building is turned over to the hospital to prepare the facility for occupancy. Occupancy preparation includes the installation of owner supplied fixtures (such as cubicles) supply stocking, safety and security evaluations, critical systems testing, and life/safety training and building orientation for staff. This will ensure that when we occupy the new facility, all necessary safety and security provisions are in place to care for patients. Funding of this package will allow the Junction City hospital to provide quality care for patients admitted from counties in Southern Oregon and achieve the standard of providing 20 hours of active

treatment for each patient each week including education, self-improvement and skill-building activities during evening and weekend hours. Further, this package will provide sufficient staffing for the Junction City hospital to successfully operate three 25-bed hospital licensed units and two 25-bed secure residential treatment units, without significant reliance on overtime or contracted agency nurses, to provide sufficient coverage for positions that require continuous coverage on a 24/7/365 basis.

With the closure of 92 beds at the Portland facility and 60 beds at Blue Mountain Recovery Center, positions from these facilities would be utilized in combination with those provided through this package to provide the necessary resources for the hospital to continue implementing the treatment model at the Junction City hospital with smaller wards, single or double rooms, and centralized treatment services aimed at improving outcomes for patients, decreasing lengths of stay and improving safety for patients and staff. This package phases-in the hiring of positions to allow sufficient time for recruitment, orientation, deployment, and training with new technology and systems necessary for the opening of the new Junction City psychiatric treatment facility, in coordination with the construction schedule and closure of the Portland facility and Blue Mountain Recovery Center in 2015.

This package is essential to continue the development of the centralized delivery of treatment services model in Junction City (“treatment mall”) with the focus on recovery-based individual treatment care plans for each patient. Patients will reside in residential units, but be scheduled to receive treatment, meals and work away from units throughout dedicated common areas.

The service delivery will aid in meeting individualized needs and security of patients and stimulate the motivation to participate in treatment. The staff hired through funding of this package will support the centralized services model for Junction City and will allow OSH to continue to achieve the goal of providing a minimum of 20 hours of active treatment per patient per week, plus other beneficial activities during evening hours and on weekends.

2. WHY DOES OREGON HEALTH AUTHORITY PROPOSE THIS POP?

Oregon Health Authority (OHA) proposes this package in order to successfully open the new Junction City facility with necessary safety equipment and sufficiently trained staff, to continue to increase the number of hours of active psychiatric treatment per patient per week and continue to improve overall safety for patients and staff. OSH’s “treatment mall” approach to treatment and service delivery employs the design of centralized care in which patients’ living areas are connected to a “neighborhood” mall that connects to a larger “downtown mall”. This affords patients access to at least 20 hours of active treatment services per week and allows more opportunity for healthy socialization and wellness activities.

The Oregon State Hospital Framework Master Plan focused on the physical condition of the Oregon State Hospital’s Salem campus, and also noted that, “Oregon’s system of publicly funded care for adults with severe and persistent mental illness (SPMI) needed significant improvement. . . and clarified the role and size of OSH within an improved community-based system.” Completion and staffing of the Junction City facility is the next step in the implementation of the approved recommendations made in that plan.

In order to transition patients into the new facility, staff must be hired and join the organization with enough lead time in order to be oriented to technology and systems, and to participate in the development of protocols for patient movement and fire/life safety situations prior to the opening of the facility.

3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS?

A new modern state psychiatric facility will help keep people healthy and safe, support them in treatment and recovery, will improve their ability to live independently, and improve the quality of care.

This package will improve patient care and patient services for patients admitted from Southern Oregon Counties that currently reside at Blue Mountain Recovery Center, Portland OSH, and Salem OSH. This would allow the Junction City facility treatment team to deliver a minimum of 20 hours of active treatment per patient per week for all patients while allowing patients to be closer to their home and family support

network. The design of the new hospital facilitates the delivery of centralized active treatment, patient privacy, and patient and staff safety.

This package will assist in restoring patients' optimal level of functioning by providing a secure place where individuals will have more independence, choices and responsibilities.

4. IS THIS POP TIED TO AN OREGON HEALTH AUTHORITY PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL OREGON HEALTH AUTHORITY MEASURE THE SUCCESS OF THIS POP?

If funded, this proposal is expected to produce the following outcomes, among others:

- a. Increased hours of active treatment per patient per week; 20 hours achieved in the 13-15 biennium
- b. Reduced hours of seclusion and restraint use per 1,000 patient hours
- c. Reduced rate of staff injuries
- d. Increased nursing service hours per patient day
- e. Reduced number of patient falls
- f. Reduced lengths of patient stay
- g. Reduced patient to patient assaults
- h. Reduced overtime
- i. Reduce the reliance and expense of using contracted services

5. DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.

No

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

The alternative to opening the new Junction City facility is to leave BMRC and Portland open. This would require an additional 128 positions between the two facilities, 84 positions in Portland and 44 positions at BMRC. The additional staff would be required to meet accepted staffing levels at both facilities to deliver 20 hours of active treatment each week for each patient. In addition to the staffing needs, a preliminary estimate of \$24 million in remodel expenses would be required between the two facilities to meet the standards of modern psychiatric hospitals. Portland remodel expenses are estimated at \$13 million and BMRC expenses are estimated at \$11 million. The current Portland facility lease expires in March of 2015; at this time, Legacy is not willing to extend the lease for more than a month or two.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

If this package is not funded, it will not be possible to open the Junction City facility. Patient and staff safety will be in jeopardy and reduced lengths of stay will not be achieved. Additional funding for staff and physical plant modifications will be necessary to keep Portland and BMRC open. Since the Portland lease is not renewable, it would result in all patients transferring to the Salem campus. The adverse effects of this include; placing OSH Salem well above the 85% recommended occupancy rate, limited bed availability for appropriate admissions from acute care hospitals which could result in longer wait times for admission to OSH, and there would be no additional capacity to accommodate the forecasted future caseload.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

No other agencies will be directly affected by this POP.

9. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

- Operating costs for the Junction City facility will begin in the last quarter of 2014, when the state takes possession of the building. Preparing the facility for occupancy will take up to six months after the building is turned over to the hospital. (See page 2 for details)

- The staff phase in plan is very compressed and assumes patient occupancy in late April of 2015 which will provide barely sufficient time for recruitment, New Employee Orientation, and discipline/department specific training.
- Five 25-bed units in the Junction City facility will be occupied at opening.
- An 85% occupancy rate between the Salem and Junction City facility will allow for fluctuation in admission rates.
- Neuropsychiatric medically infirm, and ‘fitness to proceed’ patients will be housed in Salem.
- The Junction City hospital will provide 20 hours of active treatment per week on each of the two treatment malls.
- The facility will be staffed at levels capable of delivering 20 hours of active treatment each week for each patient.
- The Patient Centered Care treatment model will be used in Junction City, consistent with the model currently in operation at OSH Salem.
- All equipment and supplies from Portland and BMRC in good condition at opening will be transferred to the Junction City facility.
- 75-Beds in Junction City will be CMS certified

Implementation Date(s): _____

End Date (if applicable): _____

a. **Will there be new responsibilities for OREGON HEALTH AUTHORITY? Specify which Program Area(s) and describe their new responsibilities.**

Shared Services

Addictions & Mental Health

b. **Will there be new administrative impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Administrative Services Division LC/POP Impact Questionnaire (at the end of this document).**

This package will increase the workload for Human Resources (staff for recruitment and retention) and the Position Management Unit (establish/tracking). An additional 4 positions are required to manage the increased workload.

- 1 Human Resource Analyst 3's, Oregon Health Authority HR
- 1 Accounting Tech 3 position, Payroll, Shared Services
- 1 Human Resource Analyst 2, Classifications Unit, Shared Services
- 1 Human Resource Analyst 1, OFLA/FMLA, Shared Services
- 4

The increased number of staff and technology equipment creates and increased need for Information Services and Security (staff for OIS/Electronic Health Record support, computer/peripherals and

security). An additional three positions are necessary for Office of Information Services, Customer Services and Solutions department to manage the increased workload:

- 1 Info Systems Specialist 4, Desktop Support
- 1 Info Systems Specialist 3, Service Desk3
- 2

The increased number of beds and staff at this new facility will increase the need for support from the Office of Investigations & Training. Two additional staff are necessary to manage the increased caseload.

- 2 Investigator 3
- 2

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

There are no additional caseload or service changes at this time. Pursuant to the AMH 2010 revised forecast report, the facility capacity is built to accommodate the forecasted caseload growth through 2025.

d. Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.

An additional 173 full-time equivalents (FTE) will be required for the Junction City facility to open 125-beds and operate safely and to assure that at least 20 hours of active treatment is provided each week.

61 existing positions from Portland and BMRC need modification.

Total Staffing at OSH Facilities

With inclusion of staffing in this Policy Option Package (POP), total staffing for OSH upon completion of the new facility will be 2,382 positions for its Salem and Junction City campuses in 2013-15.

The breakout of the total positions is summarized:

2,240	Positions needed to staff OSH facilities in 2013-15 Policy Option Package (POP)
(1798)	Positions at Salem facility
(105)	Position transfer from the BMRC facility
<u>(164)</u>	<u>Positions transfer from the Portland facility</u>
173	Net need for positions requested in 2013-15 POP
2,128	Total positions for OSH campuses in 2011-13
<u>173</u>	Positions needed for OSH campuses in 2013-15
2,240	Total positions for OSH campuses in 2013-15

Staffing Focus:

August – November 2014:

Administrator hired to lead the effort in staffing the new facility

Nursing managers and supervisors hired to facilitate the hiring, training, and orientation of nursing staff.

Facilities manager hired to facilitate OSH install of owner supplied equipment after construction completion.

December 2014 – January 2015

Housekeeping and facility staff hired to prepare the facility for opening

Clinical positions with extensive orientation needs and the first cohort of nursing positions are phased-in

Nurse and CNA recruitment, hiring, Avatar training, and orientation

February - March 2015:

CNA recruitment, hiring, Avatar training, and orientation

Remaining non-nursing clinical positions phased in to join the treatment teams of the patients who will be transferring to the new facility.

April 2015:

Remaining administrative and security staff phased in.

May 2015:

Orientation and life/safety training for all staff working at Junction City Facility

Closure of Portland and BMRC facilities

Patient and staff occupancy of Junction City facility

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

Operational Capital Outlay	\$ 173,000
Pharmacy Services Medical Supplies	\$ 5,800
Essential Security and communication equipment	\$ 75,242
Recreation and educational supplies for patients	\$ 37,174
General unit supplies	\$ 75,000
Warehouse equipment and storage needs	\$ 10,500
Facility transportation and material movement equipment and supplies	\$ 34,600
Housekeeping supplies and equipment	\$ 25,230

Physical plant, maintenance, and grounds equipment and supplies	\$ 111,200
Kitchen equipment and supplies	\$ 205,000
Vandal resistant patient pay phones and switches	\$ 4,628
Staff equipment and supplies	\$ 101,122
Total	\$ 852,696

f. What are the ongoing costs?

Lease of Pharmaceutical carts (mobile stations with barcode scanners):	\$ 85,800
Shift Differential Pay	\$ 32,023
Other Differential Pay	\$ 88,736
Overtime Payments	\$ 206,085
Total	\$ 412,644

g. What are the potential savings?

While not entirely quantifiable in the short term, potential savings are expected in several areas when the new facility is complete, OSH campuses approach full staffing levels, and systems are implemented. Assuming the required number of staff is hired, oriented, and trained for OSH campuses, an increase in productivity is expected to translate into streamlined operations, and lower error rates in providing safe patient care without significant reliance on agency staff use and overtime.

Areas generating measurable savings in the long term are expected to result from increased efficiencies resulting from the BHIP hospital management system that includes efficient pharmacy operations, electronic medical records, and automated medication carts with barcode scanners, enhanced dietary delivery systems, and hands-free dictation devices for physicians, and accurate record keeping of treatments and medications provided to OSH patients.

h. Based on these answers, is there a fiscal impact?

Yes

TOTAL FOR THIS PACKAGE

<u>Category</u>	<u>GF</u>	<u>OF</u>	<u>FF</u>	<u>TF</u>	<u>Position</u>	<u>FTE</u>
Personal Services	(7,315,137)	(2,115,233)	(123,214)	(9,553,584)	281	17.97
Services & Supplies	10,141,991	2,852,717	84,651	13,079,359		
Capital Outlay		79,401,530	0	79,401,530		
Special Payments	0	0	0	0		
Debt Service	0	6,355,097	0	6,355,097		
Total	\$2,826,854	\$86,494,111	(\$38,563)	\$89,282,402	281	17.97

NOTE: See the accompanying OHA Capital Construction Narrative under the Special Reports Section of this document which outlines the Other Fund request for Construction authority of \$79.4M.

OHA - Fiscal Impact Summary by Program Area:

	OHA Central	OHA Shared Services	OHA State Assessments	*Addictions & Mental Health	Total
General Fund	\$78,345	0	0	\$2,748,509	\$2,826,854
Other Fund	0	\$88,552	\$7,458,470	\$78,947,089	\$86,494,111
Federal Funds- Ltd	0	0	0	(38,563)	(\$38,563)
Total Funds	\$78,345	\$88,552	\$7,458,470	\$81,657,035	89,282,402
Positions	1	2	0	278	281
FTE	.38	.42	0	17.17	17.97

* Includes \$79,401,530 Capital Construction

2013-15 Policy Option Package

<u>Agency Name:</u>	Oregon Health Authority
<u>Program Area Name:</u>	Addictions and Mental Health
<u>Program Name:</u>	Community Mental Health
<u>Policy Option Package Initiative:</u>	Healthy People
<u>Policy Option Package Title:</u>	Strengthen Community Mental Health Services & ITRS
<u>Policy Option Package Number:</u>	Pkg 404
<u>Related Legislation:</u>	
<u>Program Funding Team:</u>	Healthy People

Summary
Statement:

This package seeks resources to strengthen the mental health system through increased use of evidence-based practices that will improve both health care and mental health outcomes for children and adults. Child psychiatry consultations will be available to primary care practitioners and rural mental health providers to improve the care and outcomes for children with complex mental health disorders. Early Assessment and Support Alliance (EASA) services will be available statewide to reduce the cost of hospitalization for youth with early symptoms of psychotic disorders and to improve outcomes in school, work and personal relationships. Adults with severe persistent mental illness will have increased access to the supports and services needed to find and keep a home and a job; both of which will improve health and mental health outcomes. These housing and employment supports for adults are recommended by community stakeholders.

Note: This POP was reduced at LAB

LAB	General Fund	Other Funds	Federal Funds	Total Funds
<u>Policy Option</u> <u>Package Pricing:</u>	\$7,500,000	\$0	\$0	\$7,500,000

GBB	General Fund	Other Funds	Federal Funds	Total Funds
<u>Policy Option</u> <u>Package Pricing:</u>	\$10,000,000	\$0	\$0	\$10,000,000

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

The current community mental health system is funded both through the Oregon Health Plan and state General Fund and meets less than 35 percent of the need for children and adolescents and less than 45 percent of the need for adults. This request will strengthen funding for the community mental health system and support integrated and managed systems of care that are essential to the successful implementation of health care reform and to support the legislatively-approved state hospital capacity for the new Oregon State Hospital system.

Oregon Psychiatric Access Line for Kids (OPAL-K)

This package includes resources to implement the OPAL-K that provides primary care physicians timely phone access to child psychiatric consultation for children and adolescents birth to age 18. OPAL-K would serve all of Oregon’s children and adolescents, not just those who are eligible for Medicaid. Phone access will be available statewide with telemedicine options for rural face-to-face consultation. The Psychiatric access phone line is staffed by mental health trained care coordinator and contracted child psychiatrists. Initial calls from primary care physicians are triaged for need and coordinated for call back within three hours between the “on-call” child psychiatrists and the primary care physician. The OPAL care coordinator can also arrange

referrals and follow-up with community mental health agencies. Face- to- face follow- up for child psychiatric consultation can be arranged in a timely manner as determined by the primary care physician and the child psychiatrist. This consultation will be provided through the Oregon Health Sciences University Child Psychiatry program in collaboration with the Oregon Pediatrics Society and Oregon Council of Child and Adolescent Psychiatry. The cost of the program will be offset by 10% the first year from revenues from billings and an offset of 20% will be realized in the second year. OPAL-K will become self-funded from billings after 2 years.

Early Assessment and Support Alliance (EASA)

This package includes resources to expand EASA, a proven practice that identifies psychotic disorders early and treats them effectively to reduce expensive hospital costs and improve school, work and family life for young people. This would add resources to cover the remaining 40 percent of Oregon’s population and the 20 counties without access to these proven services and supports. The investment would utilize current technical assistance and training and would mirror the successful implementation of the original 2007-09 initiative. It will also allow for fully integrated services through the Coordinated Care Organizations and the Community Mental Health Programs.

Supported Housing

This package includes resources to expand Supported Housing services for approximately 233 people with major mental illnesses. This would allow them to live successfully in safe, drug-free affordable homes with the skills training and supports needed. Some of the support services will be provided by peer delivered services. It will also provide rental assistance to account for the lack of affordable housing in Oregon and the unmet need in the federal housing programs.

Supported Employment Services

This package includes resources to expand evidence-based supported employment services for the clients living in the remaining 22 counties in Oregon who do not have access to this service. These resources work in

conjunction with services provided by Vocational Rehabilitation and complement services that are covered under the Oregon Health Plan.

2. WHY DOES Oregon Health Authority PROPOSE THIS POP?

Publicly-funded mental health services, including those funded with AMH contracted resources and those funded through the Oregon Health Plan meet less than 45 percent of the need for adults with mental illness and less than 35 percent of the need for children and adolescents with emotional disorders. As a result of unmet mental health need, the emergency departments of local hospitals are overburdened with people in psychiatric crises and local law enforcement is frequently left dealing with mental health crises without the proper training or resources. An adequately funded, integrated, managed and effective system of care is essential to the successful implementation of health care reform and necessary to support the legislatively-approved state hospital capacity for the new Oregon State Hospital system.

Oregon Psychiatric Access Line for Kids (OPAL-K)

Oregon is experiencing a shortage of child psychiatrists, especially outside of the Portland metropolitan area. As a result primary care physicians and mental health professionals are asked to assess, treat, and manage children with complex mental health needs including the use of powerful mental health drugs without the necessary training and support to be successful. With face-to-face consultation by child psychiatrists these health and mental health care professionals would have the support and information necessary to manage the more complex cases at the local level with greater success and improved outcomes for the children. Strengthens our ability to focus on appropriate prescribing of psychotropic medications to children in the custody of DHS.

Early Assessment and Support Alliance (EASA)

Every teen and young adult is at risk of developing psychosis which is far more common than insulin-dependent diabetes. Psychosis affects three in one hundred people, usually starting between ages 12 and 25. One in one hundred develops schizophrenia (ongoing psychosis) and almost as many develop psychosis associated with bipolar disorder. Early treatment of psychosis with a proven strategy, Early Assessment and Support Alliance (EASA) provides the best opportunity for long-term recovery. This intensive multi-disciplinary approach during the most critical phase of the early onset of the disease lowers cost for hospital care, improves school, law enforcement, work and family outcomes for these young people.

Supported Housing

People with serious mental illness are often homeless due to the nature of the illness and the poverty associated with it. Poor housing or homelessness is associated with repeated hospitalizations, inability to maintain a treatment and medication schedule, physical illnesses and the increased potential for negative contact with law enforcement and spending time in jail. Evidence-based supported housing is an effective strategy to help people with serious mental illness access and maintain safe, stable and affordable housing which is the foundation to recovery from mental illness.

3. HOW DOES THIS FURTHER THE AGENCY'S MISSION OR GOALS?

Publicly-funded mental health services, including those funded by AMH directly and those funded through the Oregon Health Plan provide services that improve health, improve the experience of health care, reduce the cost of health care, and reduce the cost of chronic diseases.

4. IS THIS POP TIED TO AN Oregon Health Authority PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL Oregon Health Authority MEASURE THE SUCCESS OF THIS POP?

The resources associated with this package will improve AMH's performance on Key Performance Measures associated with mental health services. The resources will also contribute positively to many of the accountability measures associated with the CCOs.

Two of the KPM for children's mental health services are improved school attendance and lowered likelihood of arrests. Programs such as EASA services have both had impacts on these areas in the areas where they have been implemented. Expanded implementation would increase the impact.

Other KPM include increasing the access to mental health services and emphasis of community based services as opposed to institutional services, such as those delivered in residential and hospital settings. EASA could positively impact access through early identification providing standard processes for obtaining needed services, and in addition, services like supported housing and employment can greatly impact the need to utilize hospital level services and give clients the tools they need to support their recovery, which will engender less reliance on structured living arrangements such as licensed residential care.

Beyond the KPMs, all of these resources will support many of the metrics for which OHA will hold CCOs accountable. Decreases in readmission rates, better coordination between hospital and community levels of care, as discussed above, are also tied to metrics for the CCOs and are designed to encourage integration among community resources and overall community health.

5. DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.

No statutory changes are required.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

The potential to have Community Care Organizations fund the EASA, OPAL-K and Adult community supports of the proposed packages was considered. However, until the CCOs become fully functional there will not be an opportunity to rely on them for service fund reinvestment in the short term. Many of the funds requested are for infrastructure development, training and technical assistance. Much of which is not reimbursed through Medicaid or is not provided to Medicaid eligible individuals. Community level and statewide infrastructure requires state level investment that requires the allocation of new resources.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

If this POP is not funded, the evidence-based programs for which funding is being sought will not be implemented or will remain partially implemented and the state will continue to pay the longer term costs in health and mental health care due to: leaving primary care physicians and mental health providers to struggle with complex cases without the benefit of consultation from child psychiatrists, failing to expand EASA statewide and failing to provide the supports people with severe mental illness need to find and keep housing.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

OPAL-K will have a positive impact on rural Community Mental Health Programs with the access to child psychiatric services.

9. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

- Oregon Psychiatric Access Line for Kids (OPAL-K): \$1.5 million will provide access to all children throughout the state regardless of insurance coverage.
 - OHSU provided a budget for development and provision of this service.
 - The first year was offset by 10% due to anticipated billing for service.
 - The second year was offset by 20% due to increased ability to bill.
 - This program is to become self-funded after two years.
- Early Assessment and Support Alliance (EASA) – Total \$1.79 million
 - \$580,000 per year for clinical services
 - \$190,000 per year for outreach, education and coordination
 - \$125,000 per year for Portland State University EASA Center of Excellence
 - The second year will have an increase in the number of persons served with the ramp-up the first year. However, this will be mitigated by the increase expansion of health care coverage.
- 5 projects that provide rental assistance, peer delivered services and supported housing services for 233 people – Total \$5.21 million
 - Rental Assistance at \$500/month
 - Supported services at \$1,000/month
 - Local Admin for 5 projects at \$65,000/year
 - 5 Peer delivered service projects at \$70,000/year
 - Implement for 3 quarters of the biennium

- Expansion of supported employment to all 36 counties – Total – \$1.5 million
 - \$3500 per person per year
 - Each person receives supported employment on an average of 1 year
 - A total of 428 people served
 - Implement for 3 quarters of the biennium

Implementation Date(s): *All of these are ongoing effective January 1, 2014*

End Date (if applicable): Ongoing

a. Will there be new responsibilities for OHA? Specify which Program Area(s) and describe their new responsibilities.

<input checked="" type="checkbox"/>	Addictions and Mental Health	<input type="checkbox"/>
<input type="checkbox"/>		<input type="checkbox"/>

b. Will there be new administrative impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected. See Addendum A - Administrative Services Division LC/POP Impact Questionnaire (at the end of this document).

None

c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

No changes to client caseload number – this POP will provide services and supports in a different way.

- d. **Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.**

Since AMH is not asking for additional positions, these duties will be completed within current position functions.

- e. **What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?**

No new costs anticipated

- f. **What are the ongoing costs?**

- g. **What are the potential savings?**

None

- h. **Based on these answers, is there a fiscal impact? Yes**

TOTAL FOR THIS PACKAGE						
Category	GF	OF	FF	TF	Position	FTE
Personal Services	\$0	\$0	\$0	\$0	0	0.00
Services & Supplies	\$0	\$0	\$0	\$0		
Capital Outlay	\$0	\$0	\$0	\$0		
Special Payments	\$7,500,000	\$0	\$0	\$7,500,000		
Other	\$0	\$0	\$0	\$0		
Total	\$7,500,000	\$0	0	\$7,500,000	0	0.00

AMH - Fiscal Impact Summary by Program Area:					
	CMH	Program	Program	Program	Total
General Fund	\$7,500,000	\$0	\$0	\$0	\$7,500,000
Other Fund	\$0	\$0	\$0	\$0	\$0
Federal Funds-Ltd	\$0	\$0	\$0	\$0	\$0
Total Funds	\$7,500,000	\$0	\$0	\$0	\$7,500,000
Positions	0	0	0	0	0
FTE	0.00	0.00	0.00	0.00	0.00

What are the sources of funding and the funding split for each one?

AMH Revenue Impact:				
Description of Revenue	GF	OF	FF	TF
Licensing fees (Comp Srce 0975)	\$0	\$0	\$0	\$0
Medicaid (Comp Srce 0995)	\$0	\$0	\$0	\$0
General Fund (0050)	\$7,500,000	\$0	\$0	\$7,500,000
Other (Comp Srce XXXX)	\$0	\$0	\$0	\$0
Other (Comp Srce XXXX)	\$0	\$0	\$0	\$0
Total	\$7,500,000	\$0	\$0	\$7,500,000

2013-15 Policy Option Package

<u>Agency Name:</u>	Oregon Health Authority (OHA)
<u>Program Area Name:</u>	Office of Information Services (OIS)
<u>Program Name:</u>	OIS Policy Team & CareAccord™ Program
<u>Policy Option Package Initiative:</u>	Oregon Health Information Technology
<u>Policy Option Package Title:</u>	OIS Policy Team & CareAccord™ Program
<u>Policy Option Package Number:</u>	406
<u>Related Legislation:</u>	Oregon Health Authority Measure Summary LC 350 - Health Information Technology
<u>Program Funding Team:</u>	

Summary Statement:

This POP provides funding for permanent staff to support the expanding needs of health information technology policy analysis and OHA’s statewide health information exchange (HIE) program, CareAccord™.

A permanent Policy Team provides strategic planning, policy analysis and governance for health information technology. It also provides staff support for public governance through the Health Information Technology Oversight Council and alignment of state efforts with federal goals.

A permanent CareAccord™ program team provides a means to engage with stakeholders, enroll participants and oversee the trust of secure health information exchange.

*LAB	General Fund	Other Funds	Federal Funds	Total Funds
<u>Policy Option</u> <u>Package Pricing:</u>	\$1,004,489	\$0	\$999,683	\$2,004,172

*No change from GBB to LAB

GBB	General Fund	Other Funds	Federal Funds	Total Funds
<u>Policy Option</u> <u>Package Pricing:</u>	\$1,004,489	\$0	\$999,683	\$2,004,172

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

POP would be to support the following:

HIT Policy Team

An HIT policy team provides staff support for public committees, strategic planning, stakeholder engagement and policy analysis for health information technology.

- 5 permanent positions in OHA (5 non-management staff)
- policy analysis and development
- external stakeholder engagement
- staff support for Health Information Technology Oversight Council (HITOC)
- alignment of state efforts, such as Coordinated Care Organizations (CCOs), with federal goals
- intrastate, interstate and national coordination
- governance of health information technology

CareAccord™ Program

To support the ongoing evolution of CareAccord™ as a statewide secure mechanism to exchange health information, a program team establishes a means to communicate with stakeholders and participants, and provides program enrollment and oversight.

- 6 permanent positions in OHA (1 management and 5 non-management staff)
- stakeholder engagement
- program development
- engagement and outreach to potential participants, including CCOs
- intrastate, interstate and national information sharing

The work directly supports:

- Healthcare patients in Oregon
- all healthcare providers, including CCOs
- statewide care coordination and care transitions
- statewide secure, trusted health information exchange
- Medicaid providers
- Providers with certified electronic health record (EHR) systems
- Providers without certified EHR systems
- Quality improvement data sharing
- Clinical health information sharing
- Administrative health information sharing
- Administrative simplification
- Public and population health data analysis

The HIT Policy team and CareAccord™ program staff's efforts directly support the Governor's health system transformation goals to reduce healthcare costs, improve health and improve patient care. The CareAccord™ program and health information technology policy teams' efforts support the transformation to provide a secure and trusted bi-directional health information exchange, as well as allowing for more efficient quality reporting, data analysis and administrative simplification. This mechanism allows the healthcare community to improve health information communication and care coordination.

This POP would provide staff support for OHA's statewide health information exchange (HIE) program, CareAccord™, including the development of HIE programmatic services required to support CCOs and health system transformation. The POP would provide policy staff to analyze strategies and policies for OHA leadership and HITOC. This will allow HITOC to carry out its work of improving the health information technology landscape for all Oregonians; and for OHA to address policy, practices and governance for HIT systems that contain or connect to sensitive information about Oregonians. The POP would be implemented through staffing in OHA.

Much of the work to date to support HITOC and the CareAccord™ program—including policy, planning, development, engagement and operations—has been funded by a grant from the Office of the National Coordinator for Health IT (ONC), using federal stimulus funds. That funding stream will end in the fall of 2013, yet policies and coordination regarding statewide, interstate and national coordination will increase over the next two years. CCOs are identifying HIE as a key need for the model to succeed. This POP would provide the staff support that OHA needs to support further analysis, programmatic support and planning.

The CareAccord™ program and other health related initiatives are all affected by the use of HIT. An HIT policy team would support policy and governance work in OHA, providing analysis and support for decision-making about HIT practices and strategies that support OHA in serving Oregonians.

Relatedly, an ongoing policy team is needed to support the HITOC. HITOC, established in House Bill 2009, is comprised of eleven voting members appointed by the Governor and confirmed by the Senate. HITOC members are drawn from the public and private sectors, reflect the geographic diversity of Oregon, and include health care consumers, providers, and privacy and information technology experts. Under ORS 413.308, HITOC has a duty to develop Oregon's strategic plan for health IT (OSP) and oversee the plan's implementation. Using a process with extensive stakeholder input and involvement, HITOC developed the OSP and finalized it in September 2012. Various topics addressed by HITOC include HIE, electronic health records (EHRs), telehealth, HIT workforce development, technical assistance and strategies that promote public and private health information technology collaboration to leverage resources and avoid duplicative efforts. Ongoing staff support is needed to carry out the work identified in the strategic plan and to support HITOC in providing the governance and transparency required to ensure public confidence in HIT.

2. WHY DOES OHA PROPOSE THIS POP?

This POP addresses policy and planning needs around health IT, program needs for HIE and OIS's strategic planning and policy development. As federal grant funds expire, it will support staffing for existing efforts, as well as expanded service in the CareAccord™ HIE program. Planning and governance, including stakeholder engagement and regular opportunities for public input, are vital to maintaining public trust in health IT systems in Oregon.

Health information technology coordination and collaboration in Oregon is key to the success of Coordinated Care Organizations and achievement of the OHA goals of better health, better care and lower costs. The ongoing health care transformation efforts in Oregon, and at the federal level, have created an environment that fosters innovative ways to coordinate health care. A result is an increasing demand to exchange health information electronically and to use health IT to ensure that health information is available when and where it is needed to improve health and health care.

CareAccord™, OHA's statewide HIE program, provides some of the initial services needed. Staffing is required to operate the program and to develop additional services needed for more robust care coordination. Without staff to engage and register users using a trusted process, connect with stakeholders about needs and public concerns, and continue program development, the program cannot succeed.

Coordination and standardization of HIT and HIE is needed in Oregon for both clinical and administrative health information sharing. The complex layers include:

1. Geography: local, county, state, and regional levels, including secure and trusted electronic exchange of health information across state boundaries and intrastate closed HIE systems;
2. Participants: all combinations of health care providers, hospitals, FQHCs, Indian Health Services, coordinated care organizations, government programs, quality measurement and improvement organizations, individual patients and their families, caregivers, long-term care facilities, behavioral health, public health, schools, social workers, prisons, caregivers, non-profits, case managers, etc.
3. White Space: geographic locations without broadband, populations without means to purchase or access HIT, providers with and without certified EHR systems, providers ineligible for federal programs to encourage adoption of health IT or who need assistance to use HIT effectively.

The HIT policy staff will serve important roles in ongoing efforts:

- Act as a resource for OHA to analyze policies and strategies for HIT.
- Provide planning and policy support for HITOC to develop statewide HIT strategies, including public and private strategies.
- Provide a centralized collaborative place to coordinate HIT service delivery and HIT purchases to reduce duplicative IT purchases and increase data sharing capabilities.
- Develop HIT strategies, and provide policy analysis and IT funding to connect health information within the state, between the state and private entities, across state boundaries, provider to provider, and provider to patient.

- Leverage resources and institutional knowledge across agencies, ensuring that the adoption of HIT will be as cost effective as possible.
- Support OIS leadership and coordinate with other OIS offices on analysis, strategic planning, portfolio management, policy development and oversight and value assessment.

3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS?

HIT Policy Team:

Both OHA and DHS have participated in Management System work through Mass Ingenuity, including a separate Management System for the Office of Information Services (OIS) that feeds into the OHA and DHS work. A core operating process of Policies, Practices and Governance is identified within OIS to support the mission, vision, values and goals of both OHA and DHS. The requested OIS Policy Team would support the work within the Policies, Practices and Governance operating process.

CareAccord™ Program:

The CareAccord™ Program supports the OHA mission, vision and values by operating a statewide secure mechanism to exchange health information.

4. IS THIS POP TIED TO AN OHA PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL OHA MEASURE THE SUCCESS OF THIS POP?

This POP does not tie directly to an OHA performance measure.

The work included in this POP ties directly and indirectly to the Coordinated Care Organizations HIT Transformation Plans, quality improvement reporting and meaningful use measures. Performance measurement is to be conducted quarterly to determine the number of participants and usage of CareAccord™.

5. DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.

This POP does not require a change to an existing statute or require a new statute.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

Alternative considered for HIT Policy Team:

Apply for and utilize grant funding to support policy positions. The reason for rejection is that grant funding is time and scope limited. It may satisfy components of HIT policy work, but not fully support the HIT policy needs to support OHA and DHS.

Alternative considered for CareAccord™ Program:

Apply for and utilize grant funding to support CareAccord™ Program positions. OHA will seek grant funding to support CareAccord™ information technology and program development however, the funding will not support the ongoing operational staff to run the CareAccord™ Program.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

HIT Policy Team:

There will not be adequate staff to govern and analyze the various policies and practices for HIT. Key HIT policies will not be thoroughly analyzed, and statewide coordination would not occur regarding health information technology. HITOC would not receive analysis and staffing support to work through Oregon's health information needs.

CareAccord™ Program:

There will not be adequate staff to support the program. As a result, providers will not have the support they need to register for services or services will not develop to meet providers' needs. Stakeholders will not have clear opportunities for input, resulting in a loss of confidence in the program. Oregon will not experience the benefits of HIE for care coordination or reap the return on investments by the state and federal governments and by Oregonians who have contributed long hours to building the program.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

This POP funds the CareAccord™ Program staff who will operate the statewide health information exchange. This provides a service that supports statewide health information exchange including, but not limited to state, tribal and local governments who need a secure mechanism to share health information. It also reduces the burden for these governmental entities to create and operate separate secure and trusted health information exchange programs.

9. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Implementation Date(s): October 1, 2013

End Date (if applicable): _____

- a. Will there be new responsibilities for OHA? Specify which Program Area(s) and describe their new responsibilities.**

No, there will be no new responsibilities for OHA.

- b. Will there be new administrative impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected.**

No, there will not be new administrative impacts to require additional funding.

- c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.**

This POP will indirectly affect all Oregonians by increasing secure health information exchange and promoting health information technology adoption and meaningful use.

To receive better health information coordination, including:

- Lower health care costs and costs to providers
- Improve patient care and safety
- Health care transitions and care coordination
- Administrative simplification

- d. **Will it take new staff or will existing positions be modified? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary.**

Request is for funding and position authority for 11 full-time permanent positions; 10 for 21 months, and 1 for 15 months to total 9.43 FTE.

PERMANENT POSITIONS and FUNDING REQUEST:

CareAccord™ Program

Position Abbr.	Class.	Working Title	Funding %	# months	Total FTE
Principal Executive/Manager E	MMS X7008 IA	CareAccord™ Program Manager	50% Grant/ 50% GF	21	0.88
Operations & Policy Analyst 4	OA C0873 AA	Program & Engagement Lead	50% Grant/ 50% GF	21	0.88
Operations & Policy Analyst 3	OA C0872 AA	Program Analyst	50% Grant/ 50% GF	21	1.76
Operations & Policy Analyst 2	OA C0871 AA	Business Analyst	50% Grant/ 50% GF	15	0.63
Total					4.15

HIT Policy Team

Position Abbr.	Class.	Working Title	Funding %	# months	Total FTE
Operations & Policy Analyst 4	OA C0873 AA	Lead Policy Analyst	50% Grant/ 50% GF	21	0.88
Operations & Policy Analyst 3	OA C0872 AA	Policy Analyst	50% Grant/ 50% GF	21	3.52
Total					4.4

- e. **What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?**

The scope of this POP does not include changes to a computer system or programmatic needs such as materials or outreach travel. The scope is to fund staff positions for policy analysis of the rapidly changing health information technology landscape to determine policy and programmatic needs in Oregon.

- f. **What are the ongoing costs?**
- g. **What are the potential savings?**
- h. **Based on these answers, is there a fiscal impact?**

TOTAL FOR THIS PACKAGE

<u>Category</u>	<u>GF</u>	<u>OF</u>	<u>FF</u>	<u>TF</u>	<u>Position</u>	<u>FTE</u>
Personal Services	\$869,491	\$0	\$862,886	\$1,732,377	11	9.42
Services & Supplies	\$130,278	\$0	\$132,093	\$262,371		
Capital Outlay	\$0	\$0	\$0	\$0		
Special Payments	\$4,720	\$0	\$4,704	\$9,424		
Other	\$0	\$0	\$0	\$0		
Total	\$1,004,489	\$0	\$999,683	\$2,004,172	11	9.42

**Oregon Health Authority –
Fiscal Impact Summary by Program Area:**

	OHA Central	OHA State Assessments	Total
General Fund	\$887,351	\$117,138	\$1,004,489
Other Fund	\$0	\$0	\$0
Federal Funds- Ltd	\$882,576	\$117,107	\$999,683
Total Funds	\$1,769,927	\$234,245	\$2,004,172
Positions	11	0	11
FTE	9.42	0.00	9.42

2013-15 Policy Option Package

Agency Name: Oregon Health Authority/ Department of Human Services
Program Area Name: Medical Assistance Program/ Aging and People with Disabilities
Program Name: Medicare Buy-in/ Post Acute Services
Policy Option Package Initiative:
Policy Option Package Title: Medicare Buy-in/ Post Acute Services Transfer to OHA
Policy Option Package Number: 201-1
Related Legislation:
Program Funding Team: Healthy People

**Summary
Statement:**

This Policy Option Package transfers budgetary authority for Medicare Buy-in and Nursing Facility post acute services from the Department of Human Services to the Oregon Health Authority.

*LAB	General Fund	Other Funds	Federal Funds	Total Funds
<u>Policy Option</u> <u>Package Pricing:</u>	\$125,761,280	\$0	\$218,620,495	\$344,381,775

*No change from GBB to LAB

GBB	General Fund	Other Funds	Federal Funds	Total Funds
<u>Policy Option</u> <u>Package Pricing:</u>	\$125,761,280	\$0	\$218,620,495	\$344,381,775

Issue

Should the Department of Human Services continue to manage the budgets for Medicare Premiums, Medicare Skilled Nursing Facility Coinsurance and OHP Post Hospital Extended Care?

Information and Analysis

The Department of Human Services and the Oregon Health Authority will begin operating as separate agencies for the first time in the 2011-2013 biennium. In general, all health care related budgets are now under the management of the Oregon Health Authority. A few notable exceptions exist, however. Those exceptions include:

Medicare Buy-in: This budget pays the Medicare premiums for low-income individuals who, because of their low income, have difficulty making those premium payments. This is a required payment for those individuals who are under 135% of the Federal Poverty Level (FPL) as they are eligible for a Medicare Savings Program. It also contains payments for OHP clients who receive Medicare and are over 135% of FPL. If these premiums were not paid, the Oregon Health Plan would become the first payer on all health claims, resulting in significantly higher costs. These payments are critical to reducing overall expenditures in the Oregon Health Plan. Pooling these resources for Coordinated Care Organization (CCO) contracts may provide additional leverage and purchasing power that would not otherwise be available if the budget remained with DHS.

Medicare Extended Care (Medicare Skilled Nursing Facility coinsurance): Currently, DHS manages the budget for this benefit. This is a Medicare health-related benefit intended to rehabilitate individuals after a period of hospitalization. Medicare pays days 1-20 in full and imposes a coinsurance amount on days 21-100. Transferring this budget to the Oregon Health Authority will give Coordinated Care Organizations the incentive to ensure cost shifts do not occur (e.g. premature hospital discharges) and provide oversight of overall health outcomes.

Oregon Health Plan Post Hospital Extended Care: This benefit mirrors the Medicare skilled nursing facility benefit for individuals without Medicare coverage. The Oregon Health Plan benefit provides for 20 days of nursing facility coverage after a qualifying hospital stay. Again, transferring this budget to the Oregon Health Authority will give CCOs the incentive to monitor and manage the full continuum of health-related care.

Recommendation: Transfer the following budgets from the Department of Human Services to the Oregon Health Authority:

Categories	Clients	Cost Per Case	Total Funds (24-months)	General Funds
Medicare Buy-in (Part A)	5,178	\$469.98	\$58,406,125	\$21,915,280
Medicare Buy-in (Part B)	107,220	\$106.06	\$272,911,118	\$97,888,421
Nursing Facilities Extended Care	125	\$4,608.40	\$13,825,200	\$5,186,305
Nursing Facilities OHP PHEC	10	\$10,872.88	\$2,609,492	\$978,526
		DHS Total	\$347,751,935	\$125,968,532
NOTE: OHA POP adjusted in GBB		OHA Total	\$344,381,775	\$125,761,280

Transferring these expenditures will allow the Oregon Health Authority to pool these resources and leverage greater purchasing power with the initiatives under consideration. Additionally, it will incent CCOs to manage the full continuum of care for individuals enrolled in their organizations.

Approved:

Erinn Kelley-Siel
Director
Department of Human Services

Bruce Goldberg, MD
Director
Oregon Health Authority

Affirmative Action Report

This report summarizes the progress the Department of Human Services (DHS) and the Oregon Health Authority (OHA) have made in accomplishing its Affirmative Action goals for the 2011-2013 biennium, and identifies the department(s) goals for 2013-2015. DHS and OHA will submit separate Affirmative Action Plans for the 2015-2017 biennium.

ACCOMPLISHMENTS: 2011- 2013

DHS and OHA continue to work to create a diverse, inclusive and multicultural organization, and will continue to build upon our successes to achieve a more culturally competent work force, create culturally appropriate and effective programs and service delivery systems, develop quality improvement strategies with a focus on diversity and create welcoming environments for our diverse client base and staff. The DHS/OHA Affirmative Action Plan is a key component of the departments' ongoing diversity development efforts. These serve to enhance the diversity of our workforce, provide equal employment opportunity, provide guidelines for organizational change, increase participation by diverse constituencies in agency operations, and guide leadership and management by eliminating institutionalized and individual discrimination in the workplace. Our diverse and culturally competent workforce assists the departments to better understand and respond to clients/customers needs.

Progress toward established Affirmative Action goals and Program Development

The following is updated information highlighting significant strategies and progressive steps that are being taken to achieve our 2011-2013 goals:

1. Meet and exceed parity in all EEO job categories and subcategories.

- Increased total department-wide representation of people of color (POC) by 326 employees since July 1, 2010.
- OHA and DHS led the state in employment of women in all EEO job categories.
- Recruited applicants of color by posting job announcements through culturally specific newspaper publications, civic organizations and listserv.
- DHS and OHA position recruitments are sent to the Governor’s Affirmative Action Office for distribution through the Diversity listserv.
- DHS and OHA work with Office of Human Resources Shared Service Recruitment unit to ensure each position at salary range 24 and above is considered for additional strategic recruitment activities over and above the standard advertisement processes.
- Participated in “Say Hey” quarterly gatherings hosted by Partners in Diversity for professionals of color.
- Participated in several job fairs throughout the state which focused on applicants from communities of color, as well as Veterans.
- District staff participated in statewide “Interview Panel” training/orientation which incorporates considerations of culture to include beliefs and practices.
- Continued to strive towards ensuring applicant pools are diverse across education, age, background, ethnicity, experience, etc.

- After an internal review, DHS/OHA began the process of updating the agencies' ADA reasonable accommodations procedure, tracking and best practices regarding reasonable accommodations.

2. Increase DHS/OHA focus on retention.

- Utilized Leadership Academy as an opportunity to promote professional development and promotional advancement for staff of color, women and staff with disabilities.
- Continued to assess the agencies' hiring and retention practices for people of color at Salary Range 21 and above and for people with disabilities at all salary levels.
- The DHS Office of Equity and Multicultural Services (OEMS) and the OHA Office of Equity and Inclusion (OEI) are in the process of finalizing a proposal for the development of Employee Resource Groups.
- DHS and OHA have intranet sites that provide resources to support employees and encourage self-care.
- DHS/OHA provides trainings for staff that outline the importance of a supportive workplace.
- DHS and OHA provide awareness activities to address workplace environment issues using cultural competency training, policy training on the discrimination and harassment free workplace and maintaining a professional workplace.
- Diversity and inclusion staff and representatives for DHS/OHA began to develop and implement ongoing diversity training (in addition to the mandatory cultural competency training). The intent of such trainings is to promote deeper understanding and respect for differences among diverse populations and awareness of individual personal biases and assumptions.

- Created workplace wellness policies that support working mothers (breastfeeding), and people with chronic conditions (physical activity, ergonomics and healthy eating).
- DHS/OHA regularly conducted webinars on health equity and cultural competency. These webinars are promoted and made available to all staff and community partners.
- OHA and DHS revised and implemented a new procedure to investigate, address and track discrimination, harassment and retaliation in the workplace and to address potential systemic issues.

3. Increase DHS/OHA focus on equity, diversity and cultural competency.

- Both DHS and OHA are focused on equity and inclusion in the service to the people of Oregon and are committed to supporting and developing community partnerships to close existing disparities that exist. Each agency has identified specific outcome and process measures.
- DHS added a core value regarding Service Equity with enterprise-wide outcomes and measures related to service equity, employee engagement, customer satisfaction and workforce diversity.
- OHA added a core value regarding Health Equity and has integrated diversity and inclusion and health equity strategies, outcomes and metrics into its enterprise-wide management system.
- OHA and DHS are committed to providing linguistically appropriate services to its customers. To ensure quality and proficiency of its "bilingual staff", OEI and OEMS have developed Bilingual Proficiency Standards policy (still in draft) to establish a standard baseline and assure the language proficiency of its employees.

- DHS developed local diversity strategic plans that include initiatives and strategies to support diversification of our work force and culturally appropriate delivery of services. These plans also support the Agency's 2012 Diversity Strategic Plan. OHA is currently in the process of developing their Diversity Leadership Committee to address similar initiatives.
- Agency diversity and inclusion staff assist programs in reviewing policies and procedures to ensure that elements of cultural competency and cultural appropriateness are embedded throughout such policies.
- DHS and OHA ensured legislative concepts and budget proposals include consideration of cultural competency and cultural appropriateness.
- OHA is working to integrate the principles and practice of equity and inclusion into Health Systems Transformation.
- OEMS, OEI and the Director's Offices have acknowledged through email and website the celebration of cultural events within the state.
- DHS/OHA continues to host community forums within communities of color to increase awareness, solicit input and educate to assess and receive feedback regarding the needs of these communities.
- Some DHS program districts have hosted local diversity conferences. OHA posts information regarding the Health Equity Coalition.
- DHS and OHA diversity and inclusion staff developed culturally competent interview panel training for employees. The training is available for employees through the Learning Center.
- DHS and OHA are working collaboratively across divisions and programs to develop the second State of Equity Report. The purpose of the report is to describe health and social indicators by race and ethnicity in

Oregon overall, and by county or region, as feasible. Potential indicators will include measures of health and human services, health-related behaviors and outcomes, and social factors.

- Maintained administration and management communication of cultural competency efforts and expectations through articles in the DHS/OHA Directors' weekly messages or through the OEI/OEMS Administrator messages.
- Office of Equity and Inclusion produces a newsletter to include a statewide diversity calendar that is made available to all through an extensive listserv and various other networks. The calendar is posted on the OEI web page and is cross-linked with the OEMS website.
- DHS has created "P.A.U.S.E.", a decision-making model to integrate diversity, equity, and cultural competence into all key decision-making.
- DHS and OHA assist in planning and participate in the annual state-wide Diversity Conference.
- Each DHS district is required to have a standing Diversity Committee to address both local and agency-wide diversity and inclusion issues.

4. Increase evaluation, communication and collaboration to achieve Affirmative Action Goals.

- Conducted a statewide training on diversity and its effect on hiring panels to ensure an emphasis on diversification of our work force. Managers were expected to apply what was learned to subsequent hiring practices.
- Department executives reviewed the Affirmative Action reports provided on a quarterly basis.

- OHA has implemented the use of the Intercultural Development Inventory to increase the use of assessment technique strategies and facilitate a discipline of evidence based practice and collaborative learning.
- Participated in “Say Hey” quarterly gatherings hosted by Partners in Diversity for professionals of color.
- OHA convenes a regular meeting of regional diversity and inclusion professionals to collaborate and share and draw from best practices.
- DHS and OHA staff participate in various networking events for diversity and inclusion professionals.
- OHA Cabinet and the Office of Equity and Inclusion formed a subcommittee to develop and implement a strategic diversity development leadership plan for the OHA Cabinet.
- DHS and OHA continue to participate in the Governor’s Marketplace, providing information to various vendor communities on contracting. This annual conference is targeted toward women and minority-owned businesses and provides information to the communities on how to do business with the state.
- DHS and OHA are collaborating with the Office of Contracts and Procurement to increase business opportunity for Minority, Women and Emerging Small Business.

5. Improve ability to measure and benchmark data to document progress and barriers to achieving Affirmative Action goals.

- DHS/OHA reviewed their procedures for applying Veterans’ preference to ensure appropriate considerations for eligibility are consistently being applied in the application process.
- DHS and OHA are using the Oregon E-Recruit System.

- DHS/OHA continued to collaborate with other state agencies and community based organizations around best practices to meet community needs by ensuring culturally competent services and a diverse workforce.
- DHS/OHA provided leadership in forming and supporting community group task forces, forums or committees, such as the African American Advisory Community Council, to strengthen relations with the African American community.
- Both DHS and OHA participated in the creation and review of Request for Application (RFA) for Coordinated Care Organizations (CCOs) to ensure a diversity and inclusion perspectives were incorporated into the RFA proposals.
- OEI and OEMS are addressing health and service equity for all programs and activities within OHA and DHS. The OEI and OEMS have developed policies for collecting, analyzing, and reporting meaningful race, ethnicity and language data across DHS and OHA.
- OHA participated in the Diversity Inc. Top Diversity Employers survey to benchmark its diversity and inclusion progress against industry standards. This will further inform planning and activities for the 2013-2015 biennium.

STATISTICAL SUMMARY

In DHS/OHA as of June 30, 2012;

- There were 10,629 State government employees * – 6814 in DHS and 3815 in OHA.
- Women represent 73 percent of all employees, 77% among DHS employees and 65% among OHA.
 - Women represent 70 percent of all employees at salary range 24 and above, 74% among DHS employees and 63% among OHA.

- People of color represent 20 percent of all employees, 21% among DHS employees and 17% among OHA.
 - People of color represent 14 percent of all DHS employees at salary range 24 and above, 16% among DHS employees and 12% among OHA.
- People with disabilities represent 3.8 percent of all DHS employees, 4.5% among he DHS employees and 2.6% among the OHA employees. The numbers represent only those employees who voluntarily disclose disability status.
 - People with disabilities represent 3.0 percent of all DHS employees at salary range 24 and above, 3.5% among DHS employees and 2.2% among OHA employees.

*The statistics for all of State government includes DHS/OHA.

TRENDS SUMMARY

The Departments have experienced an increase in the workforce representation of women and people of color. We experienced a decline in the number of people with disabilities in DHS/OHA during this report period. Statistical data for people with disabilities are dependent on voluntary, self-identification. DHS/OHA conduct regularly scheduled surveys to offer employees an opportunity to self identify.

2011-2013 Affirmative Action Plan Progress Report

The Governor's Affirmative Action Office establishes parity goals for each agency.

In most EEO job categories the DHS has achieved or exceeded the parity goals established by the Governor's Affirmative Action Office for women and minorities. Of note, there is minor underutilization in Professionals for

People of Color and Service Maintenance for Women. The data also indicates that additional efforts will be needed for people with disabilities for many of EEO job categories.

OHA has also achieved or exceeded parity for women. People of Color are below parity in Officials and Administrators and Professionals. OHA continues efforts to recruit and retain people of color in these areas. Like DHS, OHA will be focusing additional efforts to attract and retain people with disabilities into many job categories.

Corrective Action (2011-2013 and six-year plans)

Although the Department of Human Services and the Oregon Health Authority have been successful in meeting their over-all goals, analysis of the disaggregated figures provide further opportunity for the two agencies to improve the performance of its various divisions and major programs.

The following information identifies areas where DHS/OHA is under parity in EEO job categories (A through H) as of June 30, 2012, and reflects our determination to increase the diversity of our workforce through the use of affirmative action initiatives:

A. Officials and Administrators (SR 24-44):

Women: 0 under parity in this category

People of Color: 16 FTE under parity in this category, 0 in DHS and 16 in OHA.

People with Disabilities: 20 FTE under parity in this category, 14 in DHS and 6 in OHA

B. Professionals (SR 21-33):

Women: 0 under parity in this category

People of Color: 16 under parity in this category, 5 in DHS and 11 in OHA

People with Disabilities: 128 FTE under parity in this category, 58 in DHS and 70 in OHA.

C. Technicians (SR 12-26):

Women: 1 FTE under parity in this category, 1 in DHS and 0 in OHA

People of Color: 0 FTE under parity in this category

People with Disabilities: 5 under parity in this category, 1 in DHS and 4 in OHA.

D. Protective Service Workers:

There are no DHS employees in this EEO job category.

E. Paraprofessionals (SR 14-21):

Women: 4 FTE under parity in this category, 0 in DHS and 4 in OHA

People of Color: 1 FTE under parity in this category, 0 in DHS and 1 in OHA

People with Disabilities: 84 FTE under parity in this category, 42 in DHS and 42 in OHA.

F. Administrative Support (SR 07-23):

Women: 0 FTE under parity in this category

People of Color: 1 FTE under parity in this category, 1 in DHS and 0 in OHA

People with Disabilities: 3 FTE under parity in this category, 3 in DHS and 0 in OHA

G. Skilled Craft (SR 12-26):

Women: 3 FTE under parity in this category, 0 in DHS and 3 in OHA.

People of Color: 1 under parity in this category, 0 in DHS and 1 in OHA.

People with Disabilities: 1 FTE under parity in this category, 0 in DHS and 1 in OHA

H. Service Maintenance Workers (SR 09-20):

Women: 5 under parity in this category, 5 in DHS and 0 in OHA

People of Color: 0 under parity in this category

People with Disabilities: 11 FTE under parity in this category, 0 in DHS and 11 in OHA.

DHS/OHA EEO-4 Job Group Utilization Summary Chart

As of 6/30/2012

EEO-4 Category	Women (Under parity?)		People of Color (Under parity?)		People with Disabilities (Under parity?)	
	DHS	OHA	DHS	OHA	DHS	OHA
A. Officials and Administrators (SR 24-44)	No	No	No	YES 16	YES 14	YES 6
B. Professionals (SR 21-33)	No	No	YES 5	YES 11	YES 58	YES 70
C. Technicians (SR 12-26)	YES 1	No	No	No	YES 1	YES 4
D. Protective Service Workers	NA	NA	NA	NA	NA	NA
E. Paraprofessionals (SR 14-21)	No	YES 4	No	YES 1	YES 42	YES 42
F. Administrative Support (SR 07-23)	No	No	YES 1	No	YES 3	No
G. Skilled Craft (SR 12-26)	No	YES 3	No	YES 1	No	No
H. Service Maintenance Workers (SR 09-20)	YES 5	No	No	No	No	YES 11

**This summary is based on DHS/OHA EEO Report from DAS. "YES" indicates a possible disparity. Larger numbers indicates a greater gap in reaching parity as set by DAS. Note that neither DHS nor OHA employs Protective Service Workers.*

Overall, the Department of Human Services emphasis will be to:(1) maintain our workforce diversity and affirmative action gains, (2) provide for upward mobility and increased representation at higher job levels for women, people of color and people with disabilities, (3) achieve parity representation for the classifications where we are under-represented, and (4) ensure our diverse client population is fully served.

In addition to the aforementioned, the Oregon Health Authority's Cabinet, in partnership with the Office of Equity and Inclusion, is implementing programs and systems that will: (1) provide professional development in the areas of health equity, diversity and inclusion, (2) focus resources toward the recruitment and retention of a diverse and inclusive workforce, and (3) address systemic issues that present barriers to the development of a diverse and inclusive workforce.

Focused initiatives will continue to be emphasized to:

Hold management accountable to set and work diligently to achieve workforce representation and diversity goals specific to their area of responsibility.

Develop a pipeline of qualified employees from underrepresented groups to apply for professional and managerial roles. Leadership development and mentoring opportunities should be increased and targeted.

Provide managerial and non-management staff with training and development opportunities to support career development, organizational growth and effective and inclusive client services. A department-wide cultural competency training initiative started in August 2007 and will provide training to all employees over the next six years.

Continue to support statewide affirmative action efforts, which include encouraging DHS/OHA staff to promote/transfer to other state agencies, i.e. recognize that DHS and OHA are/can be more of a resource for diversity across the state workforce.

Continue to increase the number of qualified women, people of color and people with disabilities on our applicant lists for job openings by working with the OHR Recruitment Unit to maximize the E-Recruit system as a tool for monitoring and ensuring equal employment opportunity by identifying adverse impact or unnecessary barriers to entry.

Continue making proactive use of existing targeted recruitment programs particularly those designed to assist individuals with disabilities.

Expand partnerships with local, state and regional community based organizations, particularly those with ties to people with disabilities.

Improve communication of our commitment to affirmative action and equal employment opportunity through continual program, policy and practice review and the dissemination of this information both internally and externally throughout the department.

Continue to act upon recommendations made as a result of a comprehensive review of DHS/OHA employment practices (recruitment, hiring, retention and promotion) of people of color and people with disabilities, conducted by contractors approved by the Governor's Affirmative Action Office in 2010.

Maintain or develop a strong Diversity Council/Diversity Leadership Committee and local diversity committee structure throughout DHS and OHA.

AFFIRMATIVE ACTION GOALS FOR 2013-2015

The following goals which were identified by an affirmative action planning group from - DHS/OHA for 2011-2013 have been reaffirmed as a focus for the 2013-2015 biennium. Each of the two agencies; however, will submit separate Affirmative Action Plans for 2015-2017.

1. Meet and exceed parity in all EEO job categories and subcategories.
2. Increase recruitment and retention of work force that is representative of the changing demographics of Oregon. This includes veterans and people with disabilities.
3. Increase DHS/OHA implementation and practice of equity, diversity and cultural competency in services and the work place.
4. Increase ability to measure, evaluate and set benchmarks of data, documenting barriers to achieving progress on the affirmative action goals.
5. Maintain and improve communication and collaboration to achieve affirmative action goals.

Legislatively Approved 2013-15 Key Performance Measures

Agency: **OREGON HEALTH AUTHORITY**

KPM #	Customer Service Category	Request	Most Current Result	Target 2014	Target 2015
1	INITIATION OF ALCOHOL AND OTHER DRUG DEPENDENCE TREATMENT - Percentage of members with a new episode of alcohol or other drug dependence who received initiation of AOD treatment within 14 days of diagnosis	New	27.00	27.81	28.35
2	ENGAGEMENT OF ALCOHOL AND OTHER DRUG DEPENDENCE TREATMENT - Percentage of members with a new episode of alcohol or other drug dependence who received two or more services within 30 days of initiation visit	New	9.00	9.27	9.45
3	FOLLOW-UP AFTER HOSPITALIZATION FOR MENTAL ILLNESS - Percentage of enrollees 6 years of age and older who were hospitalized for treatment of mental health disorders and who were seen on an outpatient basis or were in intermediate treatment within seven days of discharge	New	57.60	61.00	68.00
4	MENTAL HEALTH ASSESSMENT FOR CHILDREN IN DHS CUSTODY - Percentage of children in DHS custody who receive a mental health assessment within 60 days of initial custody	New	56.00	60.00	90.00
5	PHYSICAL HEALTH ASSESSMENT FOR CHILDREN IN DHS CUSTODY - Percentage of children in DHS custody who receive a physical health assessment within 60 days of initial custody	New	67.10	70.00	90.00
6	FOLLOW-UP CARE FOR CHILDREN PRESCRIBED WITH ADHD MEDICATION (INITIATION) - Percentage of children newly prescribed attention-deficit/hyperactivity disorder (ADHD) medication who had at least three follow-up care visits within a 10-month period, one of which was within 30 days of when the first ADHD medication was dispensed: INITIATION	New	52.30	52.00	TBD
7	FOLLOW-UP CARE FOR CHILDREN PRESCRIBED WITH ADHD MEDICATION (CONTINUATION AND MAINTENANCE) - Percentage of children newly prescribed attention-deficit/hyperactivity disorder (ADHD) medication who had at least three follow-up care visits within a 10-month period, one of which was within 30 days of when the first ADHD medication was dispensed: CONTINUATION AND MAINTENANCE	New	61.00	63.00	TBD
8	30 DAY ILLICIT DRUG USE AMONG 6TH GRADERS - Percentage of 6th graders who have used illicit drugs in the past 30 days	New	1.80	1.77	1.75
9	30 DAY ALCOHOL USE AMONG 6TH GRADERS - Percentage of 6th graders who have used alcohol in the past 30 days	New	6.70	6.60	6.50

Legislatively Approved 2013-15 Key Performance Measures

Agency: **OREGON HEALTH AUTHORITY**

KPM #		Customer Service Category	Request	Most Current Result	Target 2014	Target 2015
10	30 DAY ILLICIT DRUG USE AMONG 8TH GRADERS - Percentage of 8th graders who have used illicit drugs in the past 30 days		Approved KPM	9.00	8.87	8.73
11	30 DAY ALCOHOL USE AMONG 8TH GRADERS - Percentage of 8th graders who have used alcohol in the past 30 days		Approved KPM	19.60	19.31	19.01
12	30 DAY ILLICIT DRUG USE AMONG 11TH GRADERS - Percentage of 11th graders who have used illicit drugs in the past 30 days		New	22.20	21.87	21.53
13	30 DAY ALCOHOL USE AMONG 11TH GRADERS - Percentage of 11th graders who have used alcohol in the past 30 days		New	35.90	35.36	34.82
14	PRENATAL CARE (POPULATION) - Percentage of women who initiated prenatal care in the first 3 months of pregnancy		New	75.10	79.00	89.00
15	PRENATAL CARE (MEDICAID) - Percentage of women who initiated prenatal care within 42 days of enrollment		New	65.30	69.00	89.00
16	PRIMARY CARE SENSITIVE HOSPITAL ADMISSIONS/INPATIENT STAYS - Rate per 100,000 client years of admissions (for 12 diagnoses) that are more appropriately treated in an outpatient setting		New	2,091.00	TBD	TBD
17	PATIENT CENTERED PRIMARY CARE HOME (PCPCH) ENROLLMENT - Number of members enrolled in patient-centered primary care homes by tier		New	51.70	60.00	100.00
18	ACCESS TO CARE - Percentage of members who responded "always" or "usually" too getting care quickly (composite for adult and child)		New	83.00	85.00	87.00
19	MEMBER EXPERIENCE OF CARE - Composite measurement: how well doctors communicate; health plan information and customer service (Medicaid population)		New	78.00	81.00	84.00
20	MEMBER HEALTH STATUS - Percentage of CAHPS survey respondents with a positive self-reported rating of overall health (excellent, very good)		New	23.00	28.00	33.00
21	RATE OF TOBACCO USE (POPULATION) - Rate of tobacco use among adults		Approved KPM	22.00	18.00	17.00
22	RATE OF TOBACCO USE (MEDICAID) - Percentage of CCO enrollees who currently smoke cigarettes or use tobacco every day or some days		New	31.00	26.00	24.00

Legislatively Approved 2013-15 Key Performance Measures

Agency: **OREGON HEALTH AUTHORITY**

KPM #		Customer Service Category	Request	Most Current Result	Target 2014	Target 2015
23	RATE OF OBESITY (POPULATION) - Percentage of adults who are obese among Oregonians		Approved KPM	27.00	30.00	TBD
24	RATE OF OBESITY (MEDICAID) - Percentage of Medicaid population who are obese		New	37.00	40.00	TBD
25	PLAN ALL CAUSE READMISSIONS - Percentage of acute inpatient stays that were followed by an acute readmission for any diagnosis within 30 days and the predicted probability of an acute readmission for members 18 years and older		New	11.30	10.90	10.50
26	EFFECTIVE CONTRACEPTIVE USE (POPULATION) - Percentage of reproductive age women who do not desire pregnancy using an effective method of contraception		New	53.20	55.20	56.20
27	EFFECTIVE CONTRACEPTIVE USE (MEDICAID) - Percentage of reproductive age women who do not desire pregnancy using an effective method of contraception		New	58.60	60.60	61.60
28	FLU SHOTS (POPULATION) - Percentage of adults ages 50-64 who receive a flu vaccine		New	37.40	45.00	57.00
29	FLU SHOTS (MEDICAID) - Percentage of adults ages 50-64 who receive a flu vaccine		New	42.20	50.50	57.00
30	CHILD IMMUNIZATION RATES (POPULATION) - Percentage of children who are adequately immunized (immunization series 4:3:1:3:3:1:4)		New	66.60	72.00	80.00
31	CHILD IMMUNIZATION RATES (MEDICAID) - Percentage of children who are adequately immunized (immunization series 4:3:1:3:3:1:4)		New	68.40	74.00	82.00
32	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Overall	Approved KPM		95.00	95.00
33	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Accuracy	Approved KPM		95.00	95.00
34	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Availability of Information	Approved KPM		95.00	95.00

Legislatively Approved 2013-15 Key Performance Measures

Agency: **OREGON HEALTH AUTHORITY**

KPM #		Customer Service		Most Current	Target 2014	Target 2015
		Category	Request	Result		
35	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Expertise	Approved KPM		95.00	95.00
36	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Helpfulness	Approved KPM		95.00	95.00
37	CUSTOMER SERVICE (OHA) – The percentage of OHA customers rating their satisfaction with the agency's customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Timeliness	Approved KPM		95.00	95.00

LFO Recommendation:

Approve the KPMs as proposed. Approve targets for 2014 and 2015 as shown. Agency will set remaining targets as information becomes available. The agency may also modify the targets for KPMs 1 and 2 when the preliminary baseline numbers become final.

Sub-Committee Action:

Approved the LFO recommendation.

Oregon Health Authority

AUDIT RESPONSE REPORT

1. DAS: State Cell Phone Plans, audit # 2009-18, (dated 08/26/09)

- DHS, ODOT, and DOC:
 - obtain from vendors cell phone billing and usage reports that identify cost saving opportunities and share those formats and analyses with other agencies as opportunities arise;
 - regularly review cell phone bills and vendor reports to identify zero use phones and usage patterns that indicate a line should be terminated or a plan should be adjusted;
 - update cell phone inventories now and immediately turn off all phones unaccounted for; and
 - update inventories periodically in the future, including accounting for phone returns and line terminations for separating employees.

The department implemented improved procedures on wireless communication device (WCD) usage, many of which reflect the recommendations in the audit report and have generated savings.

The process of identifying the local WCD coordinators began in January 2009. A pilot program for the (primary vendor) districts began in June 2009. Initial pilot training on the new local review process occurred on July 21, 2009. WCD coordinators are in place and have been trained. As new coordinators are added, training is provided by the Statewide WCD Coordinator. Webinar coordinator training is being prepared and will be presented twice a year starting with the second quarter of 2012. Training covers all vendors.

The department began working with WCD vendors in February 2009 to start the process of creating sub-accounts and bundling minutes. The department worked closely with vendors to create the appropriate sub-accounts, establish local coordinator access and receive ordering system training. The use of sub-accounts for each District is an example of how invoices are broken out for each Local WCD Coordinator for review.

Sub-accounts also facilitate roll up to one account allowing the agency to take advantage of volume discounts. Vendors provide other methods to achieve the same goal. Invoices from all vendors are sent to Local WCD Coordinators for review. The department also worked with the vendors to reduce expenses by bundling minutes into a shared pool of minutes. These efforts are ongoing.

DHS Policy DHS-020-006 and procedures DHS-020-006-01 and 02 provide overarching roles and responsibilities for wireless communication devices (WCD); however, they do not discuss inventory process or procedure. Local WCD coordinators have been assigned the responsibility of ordering, inventorying and monitoring the wireless devices and usage for their districts. WCD coordinators are responsible for examination of rate plans, zero use, and possible inappropriate use.

Existing department-wide policies and procedures were initially modified in August 2009 to provide better guidance on roles and responsibilities for all parties involved in the WCD process. This should improve communications between WCD administrators, Financial Services, and WCD users. It should also result in a reduction in duplication of work and improved oversight of this process. However, the processes have continued to change since the last policy update.

In support of the policy changes, the WCD order form was updated to improve the methods to track devices, justify business need, clarify plan needs, and identify supervisor responsibilities. It also clearly identifies if a phone is required for emergency preparedness or used as an office check out WCD, which will be indicated in the DHS Master WCD Inventory List. This updated form was posted on the DHS Form Server July 31, 2009.

Earlier in 2009, the central WCD coordinator began developing a new Master Inventory that includes vendor driven information and information collected internally.

A basic information sheet for new WCD users has been created. This sheet contains important information such as: contact numbers, policy information, plan specifics and basic user instructions. A “WCD Quick

Facts” document has been completed and posted to DHS forms server. Form use will be included in upcoming WCD coordinator training.

The WCD Rapid Process Improvement process has been completed. WCD coordinators continue to monitor rate plans, usage and under-utilized devices.

Smart phone billing is currently received electronically from all carriers. Bills are received monthly/quarterly. Electronic billing data allows the agency to query the “minutes used” and “data used” columns for zero values. Smart phone bills are received centrally. The Sprint smart phone account (approximately 1,600 users) is a bundled plan. If users exceed the voice minutes allowed by the plan, bundled minutes from underutilized plans provide coverage. The agency is working with AT&T and Verizon to evaluate the cost-effectiveness of shifting the remaining smart phone users (approximately 300 users) to bundled plans. All smart phone users have unlimited data plans.

Smart phones are provided at little or no cost to the agency. Additionally, agency accounts are eligible for upgrade/replacement at no cost within the first year. Smart phone accounts are suspended/terminated by matching employee data (OR#) against lines of service when an employ ends state service. This is accomplished through the use of a Mobile Device Management (MDM) software platform. As the agency completes its transition to Apple iOS devices, all state issued smart phones will be managed in this way.

Dedicated cell phone billing is received electronically from all carriers. Bills are received monthly/quarterly. Electronic billing data allows the agency to query the “minutes used” and “data used” columns for zero values. Dedicated cell phone bills are received and processed by local Wireless Communication Device (WCD) coordinators at the field office level. All accounts have a bundled minute option for a nominal cost. Bundled plans are selected by the local WCD coordinator. Local WCD coordinators are responsible for reviewing carrier’s cellular invoices for usage accuracy. If users exceed the voice minutes allowed under their selected plan, bundled minutes from underutilized plans provide overage coverage. The plan to implement a semi-annual review of local WCD coordinator’s records by the

state-wide WCD coordinator has not been implemented due to limited resources. The Office of Information Services (OIS) will develop a plan to spot check the Local WCD coordinators to assure they are actively reviewing their invoices.

Cell phone ordering and inventory, (as compared to smart phones), is currently the responsibility of the local WCD coordinators. Cell phones are ordered in a decentralized way to provide accountability at the office level. A centralized cellular device inventory is not currently maintained. The agencies are in the process of matching employee data (OR#) against lines of service. This will enable the suspension/termination of service when an employee ends state service. Devices are managed by the WCD coordinators and accounted for at the time of issue via the Employee Property Tracking process. When employment ends, the device is returned.

The department also shared the methods for our quarterly review with Department of Administrative Services, so that they can share this information with other agencies.

2. Oregon Health Plan: Timely Eligibility Determinations Conducted on Clients, audit #2009-21, (dated 09/17/09)

- After the department completes urgent and complex projects such as the client transfer, it also considers a final review to identify any errors.

The Department of Human Services agrees with the audit recommendation to require a post-implementation review when the department is working on a project such as the FHIAP to OHP Standard transfer. One critical outcome of this review would be a final reconciliation of records between the two agencies involved.

3. DAS: Agencies Should Explore Opportunities to Earn Purchase Card Rebates, audit # 2010-12, (dated January 2010)

- The four agencies that missed the rebate periodically explore available strategies and analyze the associated costs and benefits of obtaining purchase card rebates. We also recommend these four agencies consider the specific strategies listed in the report. We also recommend that DHS selectively expand its existing pilot efforts to units and/or programs where it would be cost-effective to do so and consider exploring options for electronic payment and interim rebate reports.

DHS and OHA continue to explore available strategies and analyze the associated costs and benefits of obtaining purchase card rebates. Here are the items DHS and OHA have been working on since January 2010:

- *The Oregon State Hospital and Public Health have switched to weekly payment processing, allowing DHS and OHA to take further advantage of the rebates.*
- *We worked with DAS to start making payments to our bank by ACH instead of warrant. This will reduce the time it takes the payment to reach our bank.*
- *We worked with DAS to receive the interim rebate reports to help us analyze the spending trends.*

DHS and OHA have improved payment cycle time and received increased rebates since these steps have been implemented.

4. DHS: Human Services, Department of: Purchase Card Controls, Management Letter #100-2010-03-02 (dated 03/17/10)

- Review the design and operation of its controls over purchase card use to assure that those controls align with the level of risk that management is willing to tolerate.

The department updated its SPOTS policies and procedures that strengthen the procurement controls and enhance SPOTS usage monitoring. This new policy and procedure has been incorporated into ongoing training for all card holders and their supervisors. Card holders that do not attend their required refresher training have their cards suspended.

The new manager training addresses manager responsibilities to ensure proper use of the cards, including security, card limits, documentation and monthly review and tracking. This training will be required for all department managers responsible for reviewing SPOTS usage.

The department's Internal Audit and Consulting unit also completed an audit on the department's SPOTS card use. The department has adopted the recommendations of the audit and continues to improve the SPOTS controls.

DHS and OHA continue to require refresher training for all cardholders and their supervisors every two years. Cardholders that fail to complete this required training have their cards suspended.

The Office of Financial Services (OFS) revised its SPOTS training sessions during 2012 placing a greater emphasis on purchasing rules, policies, and procedures.

- Establish controls over the administration of stored value cards that are consistent with the level of risk that management is willing to tolerate.

The department updated and strengthened the controls in its revised SPOTS policies and procedures. This new policy will strengthen the procurement controls and stored-value card tracking.

The SPOTS coordinator monitors stored value card purchases on a monthly basis. The manager or designee authorizing stored value card purchases are regularly asked specific questions to ensure compliance with policy.

5. DHS: Statewide Single Audit Including Selected Financial Accounts and Federal Awards for the Year Ended June 30, 2009, audit # 2010-19, (dated March 2010)

- Department management seek adequate assurance for the accuracy of all financial information they report. Management should have a documented understanding of the controls involved in transactions, whether automated or manual, to ensure the integrity of the information. When necessary, such as for significant financial systems operated by service providers, department management should obtain independent assurance over the reliability and accuracy of the information. This may be accomplished, in part, by ensuring contracts for significant services require internal control reviews and that the reviews are performed periodically as determined necessary.

The department implemented a new Medicaid Management Information System (MMIS) in December 2008. This system replaced the department's former legacy system used to track, pay and report on a majority of the state's Medicaid eligible services. Operation of the MMIS is a joint effort between the Department of Human Services, who is responsible for the system, and our service provider, who has been contracted to implement it. Both the department and our service provider have experience designing and maintaining large information management systems. Under the current Operations and Maintenance contract, our service provider maintains control over the source code and is responsible for security of the code. Only our service provider's staff have update access for programming changes, implementing change orders, and correcting system defects. The department remains responsible for physical security of the system, for controlling user access, for updating reference tables and identifying errors in data entry and in output.

Over the course of the audit, the department provided a considerable number of documents outlining system operations and controls at both the department and our service provider. However, the department acknowledges that further work is needed to adequately document, communicate and review MMIS internal controls and processes.

The decision to implement the new MMIS in December 2008 was the only practical option available at that time and continues to be a wise financial decision for the state. The federal government, which had been paying 90 percent of the development costs, refused to pay for additional development. Comparisons to other states showed that Oregon was at a greater state of readiness than other states that had gone live with the same system. Although the quality assurance contractor expressed the reservations referenced in the finding, they also expressed their understanding of the department's legitimate reasons for not delaying implementation further.

The decision to go live was supported by a formal readiness assessment process that weighted outstanding issues against funding pressures, staff morale and the likelihood of full stabilization without being in a production environment. The decision was also supported by manual workarounds to ensure that the business processes functioned properly as the system was stabilized.

External audits of the Medicaid Management Information System have been completed by both the Oregon Secretary of State Audits Division (June 2011) and the Department of Health and Human Services Office of Inspector General (April 2011). The department has implemented many of the recommendations from these audits and is actively working on those recommendations not yet implemented. The system on-site Certification Review was also conducted by the Centers for Medicare and Medicaid Services (CMS) in January, 2011. In addition, in August 2011, the department entered into an agreement with a contractor to perform a series of SOC 1, Type 2 service organization control audits covering periods between July 1, 2010 and June 30, 2013. The first of these reports covering the period July 1, 2010 through June 30, 2011, was completed in June 2012.

- Department management ensure accounting personnel have the requisite knowledge, skills, and abilities to accurately perform their assigned duties and ensure the resulting accounting records are in accordance with GAAP. Management should emphasize the importance of understanding GAAP to personnel who are responsible for recording transactions, calculating year-end accruals, and making adjustments that cross fiscal years. Management should also create a better awareness of the differences between budgetary accounting and GAAP, and when each is applicable.

The Department of Human Services (DHS) recognizes that staff skills need to improve. DHS's financial situation presents the most complex accounting and financial management questions in Oregon government. Because of this, DHS financial staff should be the best. The department is committed to achieve excellence not only in producing the annual financial statements, but in improving management and federal financial reporting.

The complexity occurs because DHS keeps accounting records for three different purposes – the statewide financial report, budgetary reporting, and federal reporting. Each of these operate on different time periods, closing deadlines, and accrual rules. Thus, all staff making entries must be cognizant of the effect of their entry on all three reporting processes.

Although the finding itself is a broad statement about staff skills, it is based largely on errors in the precise area where the three reports differ – accruals, prior period adjustments, and other year-end transactions. The errors themselves largely affected statewide financial reporting, not budgetary or federal reporting. They were immaterial to the statewide financial report and, in some cases, had they been entered correctly, would not have changed the statewide financial report. Nonetheless, many were errors and DHS is responsible to ensure staff has the ability and resources to record them correctly.

Due to efforts made in response to a prior audit finding, DHS believes the performance of its Statewide Financial Reporting Team has improved in the last two years. The team developed and documented a detailed process for estimating year-end accruals based on actual accruals in the prior year adjusted for

known variations from prior period activity. This estimation is necessary because state policy requires that financial statement accruals be completed by mid-August – 45 days before the accrual period ends.

Further, to improve performance and strengthen staff knowledge, skills and abilities, the Office of Financial Services has taken the following actions:

- Errors identified from the FY09 audit were documented and reviewed by staff.*
- Statewide Financial Reporting (SFR) team staff attended various trainings in FY 10 including the annual GAAP update training held by GASB.*
- The SFR team created an internal and external year-end task list for year-end closing activities. The internal task list was used by the SFR team to ensure that all of the necessary year-end activities were completed. During the FY 10 close period the SFR unit scheduled weekly meetings to review tasks, update and add to the task list and to problem solve issues. The external year-end task list was sent to OFS staff for the purposes of clarifying each unit's role in the year-end process and providing written guidance on required year-end tasks. SFR team members met with various staff and provided verbal guidance on GAAP required tasks including accruals, prior period adjustments, transferring completed assets, and appropriate backdating of payments and Balanced Transfers. These efforts resulted in reduced errors in FY 10 related to prior period adjustments, improved documentation of entries, and increased staff understanding of their entries related to GAAP requirements. The Lean Daily Management System adopted by DHS has also resulted in improved verbal communication of GAAP throughout DHS's fiscal units.*
- Development of the batch release checklist was completed in April 2010. In-person and V-Con training for batch releasers was completed on August 17, 2010. The purpose of the checklist is to set expectations and provide guidance on what to review prior to releasing a batch. The checklist is to be used as a reference guide and is not required to be completed with each batch.*
- Policy discussion on accrual recording level began in May, 2010. Accrual procedure has been updated and will be reviewed yearly for modification.*

We believe that ensuring that accounting personnel have the requisite knowledge, skills and abilities to accurately perform their accounting duties in this complex environment is an on-going process. During the last year we have taken steps to develop a more robust succession plan including more opportunities for cross-training and job developmentals and rotations. We continue to use Lean methodologies to document and improve our processes. We have formed an internal training committee with the goal of increasing training on the unique aspects of accounting in DHS/OHA.

- Department management obtain independent assurance over the reliability and accuracy of the system's controls.

External audits of the Medicaid Management Information System have been completed by both the Oregon Secretary of State Audits Division (June 2011) and the Department of Health and Human Services Office of Inspector General (April 2011). The department has implemented many of the recommendations from these audits and is actively working on those recommendations not yet implemented. The system on-site Certification Review was also conducted by the Centers for Medicare and Medicaid Services (CMS) in January, 2011. In addition, in August 2011, the department entered into an agreement with a contractor to perform a series of SOC 1, Type 2 service organization control audits covering periods between July 1, 2010 and June 30, 2013. The first of these reports covering the period July 1, 2010 through June 30, 2011, was completed in June 2012. (Please refer to finding 09-01 response for further detail.)

- Department management strengthen controls to ensure that all rates are correct and adequately supported. Further, department management should determine the amount of Medicaid funds applied toward the incorrect or unsupported rates and ensure any unallowable amounts are credited back to the federal program.

Of the four rates found to be inadequately supported, three occurred solely because their determination methodology was not promulgated in Administrative Rule. The rate methodology for most of the Medicaid program is outlined in Oregon Administrative Rule 410-120-1340. However, the rate methodology for the Durable Medical Equipment (DME) program has not been promulgated in rule.

The department's rates for these items is currently set by policy. The department reviewed the policy and determined that the payments to the providers was accurate based upon the existing policy.

The remaining inadequately supported rate involved services provided by a Seniors and People with Disabilities (SPD) Community Developmental Disability Program (CDDP) provider. This determination of this rate was not adequately documented. The federal amount of questioned costs for these services was \$3,464.

The rate found to be incorrect was for a physician administered drug which is priced using Medicare Average Sales Price (ASP) fee schedule. The ASP fee schedule was manually entered into the old claims payment system with a data entry error of two cents and carried over into the new MMIS data conversion. Based on the department's research, the rate was incorrect for a one quarter period (October 1, 2008 to December 31, 2008) before it was corrected. This data entry error caused 30 claims to process incorrectly during the time period at a cost of \$28.24 Total Funds.

The department reviewed the Administrative Rule and determined that the rule should reside in OAR 410-122-0186 and not 410-120-1340 as the prior response indicated. The department originally planned to include the payment method for DME in OAR 410-122-0186 and file it with the Secretary of State on October 15, 2010, with an effective date of January 1, 2011. Unfortunately, the department did not revise the rule as planned. Since October 2010, the department has been working with stakeholders to develop a payment methodology that is consistent with Medicare. The Division of Medical Assistance Programs (DMAP) filed OAR 410-122-0186 on July 29, 2011, to be effective August 1, 2011. This OAR contains the payment methods in effect for Date of Service August 1, 2011 and after.

For the remaining inadequately supported rate, SPD limited the staff authorized to complete the assessment tool used to determine payment rates. Only staff in the Restructuring Budgets, Assessments and Rates Unit within SPD may implement the tools that determine these rates, unless otherwise authorized. This allows for

greater standardization and permits SPD to retain better records of the client assessment and subsequent rate calculations. Prior to the 2009-2011 Biennium, assessment tools could be completed by CDDP or Regional Crisis Diversion staff.

The process that resulted in the use of the one incorrect rate has been discontinued. Beginning July 2009, the process for entering rates into the MMIS system changed from a manual data entry function to an automated download process. The rates are downloaded directly from the Centers for Medicare and Medicaid Services (CMS) website containing the ASP fee table. This file is loaded into a test environment where rates are reviewed by the department's Business Service Unit and Policy Unit. Once this review takes place and the file has been approved, our MMIS service provider is instructed to move the test table into production. An additional review is done during this move in order to assure the file transferred accurately.

DMAP performed a system mass adjustment process (SMAP) to our MMIS for that specific physician administered drug code. A total of 32 claims were found to be incorrect and a SMAP was performed August 5, 2011. The CMS-64 will reflect a prior period adjustment on the quarter ending September 30, 2011.

SPD also made adjustments of \$15,157.81 to federal funds for the periods affected by the unsupported client rate change identified in the original finding. The first of these adjustments for \$3,464 was made in March 2011, and the second for \$12,693.81 was requested in August 2011. The CMS-64 will reflect a prior period adjustment for the second adjustment on the quarter ending September 30, 2011.

- Department management strengthen controls over the eligibility process to ensure that applications are complete, income determinations are accurate, and information entered into the department's systems is accurate. Further, department management should determine the total amount of CHIP funds paid on behalf of ineligible clients and ensure it is properly credited back to the federal program.

Children, Adults and Families (CAF) Self Sufficiency Programs (SSP) continues to proactively strengthen controls over the eligibility process. Income budgeting, signatures, third party liability, placement into correct medical programs and documentation issues are being addressed.

Streamlining eligibility:

In October 2009, the department streamlined the Children's Health Insurance Program (CHIP) eligibility process.

- *The CHIP countable income calculation used for the initial eligibility decision was reduced from a three-month income average to a two-month average.*
- *The un-insurance requirement was modified to make it less restrictive and easier to verify.*
- *Decreased the CHIP un-insurance waiting period from six to two months.*
- *The CHIP resource limit was eliminated.*
- *Increased the CHIP income limit to 201% of the Federal Poverty Level.*

In May 2010, the department revised OAR 461-115-0705 (Required Verification) providing the new policy that verification is required for any income a client has received as of the date of request. All other income is anticipated unless questionable.

In July 2010, the department revised OAR 461-115- 0071. This rule was revised to require only one signature per application, and now aligns with all SSP Programs.

SSPAT CHIP reviews 2009:

The Self Sufficiency Program Accuracy Team (SSPAT) conducted a special project of CHIP reviews consisting of ten branches between April and June 2009. The primary areas of review were budgeting, available third party resources, effective dates and correct program decisions. Trend information was shared with Program Managers, Line Managers and eligibility workers at the ten branch offices and with the medical training team. Following the project, SSPAT staff developed a CHIP training PowerPoint, which was distributed statewide for local and district use starting in February 2010. The PowerPoint covers

date of request, effective date, private major medical insurance, pursuing assets, income, combining Oregon Health Plan (OHP) households, and changing household members.

Application changes:

In July 2009, DHS implemented the Oregon Health Plan On-Line Application (OHP 7210W). The on-line application is submitted electronically into the imaging system and has an electronic signature.

For all medical programs, staff are trained that an individual does not need to complete a new Oregon Health Plan Application (7210) or Application for all Programs (415F) as long as the client is currently receiving DHS program benefits at the time they make the request for medical benefits. DHS staff review the application currently on file and “pend” for any verification that is needed to determine ongoing medical benefits. The August 2009 On Target newsletter included an article on when an application is needed for medical benefits.

Oregon Health Authority has hired a consulting firm to review the OHP 7210. The purpose is to make the application more user friendly.

Medical Quality Control:

CAF SSP Medical Quality Control (MEQC) completed a review of CHIP cases as part of the federal Payment Error Rate Measurement (PERM) and Quality Control (QC) process.

- Each QC CHIP error was reported to field offices. Eligibility workers and branches were required to take appropriate action to correct errors.*
- QC CHIP errors are discussed at the monthly statewide Quality Assurance (QA) Panel meetings. This is a statewide discussion of root causes of errors with a focus on prevention. Participants include field staff, Program Integrity, policy, and training.*

In 2010, QC conducted a CHIP review project in collaboration with SSPAT. Cases were sampled from offices with the highest number of CHIP cases. The review focused on error prone eligibility elements identified through the PERM and QC reviews: Earned income and private health insurance.

- *A total of 300 cases were sampled for the project.*
- *Error findings were reported to branch offices as they were identified. Corrective action was required for all discrepancies.*
- *Review project concluded in June 2010.*
- *A Statewide error summary will be provided to field leadership.*

Third Party Liability:

In 2010, DHS is implementing a new on-line interactive medical application. The new on-line medical application will have the capability to accept multiple signatures. (With the July 2010 rule change, two signatures are no longer required. Only one signature per household is required.) This new interactive application will also bring to the attention of the case manager if the individual has third party liability.

The Health Insurance Group (HIG) routinely works MMIS report TPL-0689-M, which identifies clients who have had active third party liability (TPL) for the past six months. When they are reviewing the TPL they also check to see if the client is receiving CHIP medical. For individuals who are receiving CHIP medical coverage and have TPL, the case is referred to OHP Statewide Processing Center. The OHP Statewide Processing Center eligibility staff review the case to see if the individual is eligible for Medicaid. If there is not Medicaid eligibility, the medical case is closed.

SSP Training:

SSP training staff developed and delivered Healthy KidsConnect training, practice opportunities and learning assessments for SSP and Seniors and People with Disabilities (SPD) eligibility and support staff. Training for SSP and SPD staff who determines eligibility is focused on new eligibility requirements; case coding; and the role of the Office of Private Health Partnerships (OPHP). SSP trainers provided Healthy KidsConnect classroom training for approximately 950 eligibility staff in 55 sessions

delivered across the state. Also, approximately 425 eligibility staff participated in one of the 17 Healthy KidsConnect NetLink sessions on-line. SSP trainers developed presentations, talking points, pre- and post-testing materials to support local Healthy KidsConnect training for SSP and SPD reception and support staff. Two Healthy KidsConnect focused skill challenges also helped SSP managers assess and support policy knowledge in local unit meetings.

Areas added to the curriculum Fall 2009

- *Screening OHP application for all medical programs.*
- *Presumptive medical process.*

In addition, in October 2010, a Skills Challenge regarding placing a client in the correct medical program will go out to all branch offices.

Self Sufficiency Modernization (SSM) efforts:

CAF SSP program staff are working in partnership with Office of Information Services staff to modernize CAF SSP eligibility systems.

- *The first phase of the new web-based application is the on-line OHP 7210W. The 7210W is a version of the OHP 7210 submitted electronically by the user into the SSP imaging system. A later version of an interview style on-line medical application is being developed for expected implementation in 2011.*
- *In addition to updating some legacy computer systems, a more intuitive user interface will be implemented. Applicant information will be entered on a common data interface screen and the data will be used to populate other screens or systems, reducing data entry errors and improving the accuracy of the client data.*
- *New imaging technology will streamline the eligibility determination process and allow workers instant access to documents, including income documentation. Use of imaging technology will reduce the amount of paper documents that can potentially be misplaced or misfiled and increase the accuracy of the information used to determine eligibility.*

- *The department plans to automate the medical program eligibility decision process using a web-based computer system.*
- *An additional component is a medical benefit calculator for eligibility workers. Eligibility workers will enter client information for each applicant, including income, household composition and other eligibility factors. The benefit calculator will review the eligibility factors for each medical category, including countable income, and assist the eligibility worker in making an eligibility determination. Income calculations will be automated. The new income calculation functionality will improve the accuracy of earned income calculations.*
- *The modernization efforts will continue to be implemented in phases, continuing throughout 2011.*

In June 2010, the department determined the amount of CHIP funds paid on behalf of the ineligible clients identified in the finding and credited the federal program.

On November 1, 2010, the department eliminated the two-month income average for OHP (including Standard) and Healthy KidsConnect (HKC) and implemented budget month income. The client reports what they have received during the budget month and what they anticipate the rest of the month. This new rule streamlines and simplifies the eligibility determination process for eligibility workers and clients. The rule changed from using two-month average to one-month.

With the budgeting change there is ongoing training, Informational Transmittals, On Target Newsletter, and QC Reviews. This will help staff in placing the client in the correct medical program.

The department continues to educate staff on when the two-months can be waived. Office of Healthy Kids sent out a “cheat sheet” for staff explaining when the two-months period can be waived. Office of Healthy Kids is also working with the federal government to see if the State can eliminate the two-months wait period.

The department is using more imaging technology. This allows workers instant access to documents and with the use of imaging, this will reduce the amount of paper documents that can potentially be misplaced or misfiled and increase the accuracy of the information used to determine eligibility.

As of July 15, 2010, the department implemented policy requiring only one signature per household. Policy Transmittal was sent to eligibility workers and the Family Services Manual was updated.

- Department management identify and correct all system coding to ensure compliance with federal eligibility requirements. In addition, department management should ensure follow-up and resolution occurs if a client coded as ineligible in the system remains on the monthly report. Further, department management should determine the total amount of TANF funds paid on behalf of ineligible clients and ensure it is properly credited back to the federal program.

The department discovered during the audit that some family support services that meet the TANF requirements if provided to an eligible client were programmed in the department's financial system to be funded by TANF regardless of the client's eligibility for TANF. This apparently resulted from a misunderstanding of TANF requirements that occurred in the 2007-2009 budget process. The services were incorrectly charged beginning in November 2007.

An analyst in the Federal Compliance Unit is responsible for monitoring the monthly report of clients who have or are approaching services exceeding the \$25,350 annual limit. The analyst is responsible for ending the clients' TANF eligibility. Each month the analyst would verify the clients on the previous month's report had been made ineligible. However, the analyst and management did not research why some clients continued to show on the monthly report.

The department will ensure that the funding for the services, which were programmed to charge federal TANF funds incorrectly, has been corrected. The payments were reprocessed to ensure the federal funds are reimbursed based on the clients' eligibility. The department determined, documented and made appropriate

funding adjustment to the federal program. The documentation and adjustments include the clients who had exceeded the \$25,350 limit to ensure all payments funded by TANF beyond the clients' eligibility have been credited back to the federal program.

The department has implemented a monthly Federal Funding Program Update meeting. Representatives from budget, financial services, federal compliance and program policy are represented at this update meeting. The current expenditures of the federal funds are monitored and discussed. Proposed changes to use of federal funds will be discussed and decisions are made jointly by department fiscal and program management.

The department corrected the funding for the services, which were programmed to charge federal TANF funds incorrectly, in May 2010. In July 2010, the department made adjustments for the 2007-09 biennium and a portion of the 2009-11 biennium to credit funds back to the TANF federal program. In October 2010, (the next quarterly TANF report), an additional adjustment was made for the remainder of the 2009-11 biennium. In total, these adjustments equaled approximately \$6.27 million. We provided the accounting detail regarding the manual adjustment mentioned above to the Region X Office of Administration for Children and Families (ACF). The adjustments were based on the total payments for the service that was incorrectly coded to use TANF funds by using the eligibility of the client. The documentation and adjustments included the clients who had exceeded the \$25,350 limit to ensure all payments funded by TANF beyond the clients' eligibility have been credited back to the federal program.

The department will continue to monitor the monthly \$25,350 report to ensure that any clients reported on previous reports receive the necessary adjustment to payments. Any client that remains on the report more than two months will be completely analyzed, any problems identified will be corrected and documentation of actions taken will be attached to the monthly \$25,350 report. Procedures have been created for this process.

October 2010, Central Office modified the \$25,350 report to include a breakdown per case, per monthly payment. This ensures a more timely and accurate determination of ineligibility when a client exceeds the \$25,350 limit.

As previously noted, the department did create procedures to improve the monitoring and analysis of \$25,350 report. The finding 10-13 Oregon Department of Human Services Eligibility – System coding issues, found that the procedures were being completed accurately, however, services were still being claimed to TANF-EA after the eligibility was appropriately denied. As discussed in the 10-13 Oregon Department of Human Services Eligibility – System coding issues finding, Children, Adults and Families federal compliance, contracts, budget and OR-Kids business analyst staff have completed detailed service definitions, which include appropriate budget and funding sources (federal or state general fund). This work was done with the knowledge of past audit findings and with particular attention to the appropriate use of federal funds. In addition to the detailed service definitions, the OR-Kids financial batch processing should monitor the amount claimed within the 365 days and when the \$25,350 amount is achieved the system should automatically end claiming and send a notice to the Federal Revenue Specialist to close TANF eligibility.

The OR-Kids system was implemented on August 29, 2011. The OR-Kids system has not been accepted at this time due to significant issues which have not been completely corrected. The OR-Kids Project Team and DHS Executive Team are working with the vendor to determine how and when these issues can be resolved. All eligibility, TANF, Title IV-E and Title XIX, have been significantly impacted by the issues mentioned above.

Also impacted by the implementation of the OR-Kids system is the ability to complete adequate queries of the data maintained in OR-Kids. In June 2012, we began working with the Office of Information Services to design reports for Central and Field Offices to use. An Eligibility Report is still in the design stages and is proposed to be available in September 2012. The Eligibility Report will be the mechanism by which the Federal Revenue Specialists will track all their workload including TANF eligibility determinations.

Due to the issues described above and the estimated schedule for accepting the OR-Kids system, the federal compliance unit will be completing the analysis of prior payments and complete a manual adjustment by March 31, 2013.

- Department management ensure that eligibility re-determinations are conducted timely and that all eligibility criteria are substantiated. Further, department management should determine the total amount of TANF funds paid on behalf of ineligible clients and ensure it is properly credited back to the federal program.

Child Welfare (Emergency Assistance Re-determinations)

Procedures established in September 2008, requiring the completion of annual re-determinations for Child Welfare related TANF Emergency Assistance, have resulted in improved compliance. The monthly report used to notify Child Welfare Federal Revenue Specialists (FRS) when re-determinations are due is the same report used by the Federal Compliance Unit analyst to monitor ongoing compliance. Unfortunately, this report can be difficult to understand due to conflicting eligibility history data on Child Welfare's legacy system. The department took or is taking the following actions:

- *Child Welfare sent an Action Request instead of a Policy Transmittal. CW-AR-10-008 was sent to Federal Revenue Specialists and the Supervisors on December 15, 2010.*
- *Provide refresher training to individual FRS' (identified from the Federal Compliance Unit analyst's monitoring of the re-determination report) who are not completing the annual re-determinations timely. A monthly report is provided to all Federal Revenue Specialists in the field offices via e-mail to notify them when an annual re-determination is due. The monthly e-mail reminds the Federal Revenue Specialists of timelines and re-determination procedures.*
- *Continue to analyze and fine tune to monthly report to increase its completeness, accuracy and usability. The monthly report has been enhanced as much as the current system will allow. Unfortunately, due to the complexity of the current Child Welfare IIS/FACIS system some cases are not included on the monthly re-determination report.*

The department sent an e-mail to the Child Welfare FRS to remind them of the requirement to complete TANF re-determinations annually. Refresher training was provided to individual FRS' (identified from the Federal Compliance Unit analyst's monitoring of the re-determination report) who are not completing the annual re-determinations timely.

The department will also continue to analyze and fine tune the monthly TANF re-determination report to increase the accuracy and usability of the report to ensure all re-determinations are being reported and completed timely.

Self Sufficiency (Pre-TANF Eligibility)

The Transition, Referral, and Client Self-Sufficiency (TRACS) narrative system is used to maintain a chronological, legal record of program eligibility and client case plan activity. Information narrated by case workers in TRACS includes specific financial and non-financial information related to eligibility for the Pre-TANF and TANF cash assistance programs, and the final program eligibility determination. The TRACS narrative for the identified Pre-TANF case did not contain clear, detailed information regarding eligibility based on deprivation. The department will take the following actions:

- Send a Policy Transmittal to Self Sufficiency field staff - reminder of TANF financial and non-financial eligibility requirements and TRACS narration to support the eligibility decision.*
- Review and update training materials related to TANF non-financial and financial eligibility factors and TRACS narration.*

In addition, the Operations Improvement Committee, Self Sufficiency Program Managers and others continue to discuss outcomes regarding narration of information in the TRACS system. Included are minimum standards of narration related to financial and non-financial program eligibility, case plan activity, confidentiality and sensitivity of health-related information, and payments in the form of benefits or support services made to families.

To support the intent of TRACS to provide a chronological, legal record of actions taken, the use of standardized narration guidelines and other tools are being explored to assist in capturing the minimum necessary information needed. The SSP TANF Program Analysts and Training Unit Staff meet monthly to discuss SSP policy and training related issues. These meetings provide an opportunity to discuss the application of policy and review training materials for accuracy and clarity, and gave the opportunity to discuss specific policy related to the eligibility for the Pre-TANF program and basic needs and support service payments.

The three incorrect payments identified and issued on the Pre-TANF case, were properly credited back to federal funds by the Office of Financial Services, in June 2010. The department will determine the total amount of TANF funds paid on behalf of the child welfare ineligible client and credit it back to the federal program.

The department continues to send monthly e-mails to the Child Welfare Federal Revenue Specialists to remind them of the requirement to complete TANF re-determinations annually. The department determined that the monthly TANF re-determination could not be fine-tuned anymore. The report is negatively affected by the current legacy systems Individual Eligibility screen. The Individual Eligibility screen is used to document eligibility for three (3) federal programs (TANF-EA, Title IV-E and SSI). Anytime a Title IV-E specialist changes the individual eligibility code it starts the clock for the calculation of when the TANF-EA re-determination is due. It is not possible to change that functionality in the legacy system; however this issue will be corrected with the implementation of the new OR-Kids system on August 29, 2011. Each federal eligibility program, TANF-EA, Title IV-E and Title XIX, will have its own unique eligibility screen. The update to the TANF-EA policy and procedure manual was delayed because the entire policy and procedure manual had to be updated with the implementation of OR-Kids. The scheduled completion date is December 31, 2011.

The OR-Kids system was implemented on August 29, 2011. The OR-Kids system has not been accepted at this time due to significant issues which have not been completely corrected. The OR-Kids Project Team

and DHS Executive Team are working with the vendor to determine how and when these issues can be resolved. All eligibility, TANF, Title IV-E and Title XIX, have been significantly impacted by the issues mentioned above.

The Policy Analyst responsible for TANF-EA was on loan to the OR-Kids project for 10 months (September 2012 – June 2012) at which time she took a permanent position with the project. A replacement was finally hired on November 15, 2012. The new completion date for the update to the TANF-EA policy and procedure manual is July 31, 2013.

- Department management ensure that verification of IEVS required screens are documented when determining client eligibility.

This finding occurred because the department no longer enters into its case management narration system, for every case, separate specific statements that each Income and Eligibility Verification System (IEVS) screen has been checked.

The TANF program policy requires Self Sufficiency workers to verify and document eligibility. Staff are also required to use the information from the IEVS screens as well as other documentary evidence (oral or written) in determining and verifying financial and non-financial eligibility. This is consistent with federal guidance. The three cases identified in this audit included information in the Transition, Referral, and Client Self-Sufficiency (TRACS) narrative system indicating they were eligible.

While the department agrees that verification of financial and non-financial requirements must be adequately documented when determining client eligibility, the department disagrees that the use of IEVS related screens must be independently documented for every client. States are required to participate in the IEVS. Oregon participates as required through regular use of IEVS screens by eligibility workers and cross matching of data across other agencies including: Unemployment Compensation match with Oregon Employment Department (OED); wage match with OED; Social Security Administration income match and

SSN verification. Discrepancy reports are now created monthly for use by eligibility staff. The three cases identified in this audit did not appear in the discrepancy reports.

The IEVS requirement is that States use the information obtained through IEVS. Section 1137 (a)(4)(C) of the Social Security Act provides that “the use of such information shall be targeted to those uses which are most likely to be productive in identifying and preventing ineligibility and incorrect payments, and no State shall be required to use such information to verify the eligibility of all recipients.” There is not a federal requirement for documenting each time IEVS screens are viewed for every case. ACF policy instruction: TANF-ACF-PI-2007-08 provides that eligibility decisions, including denials or closures, cannot be made solely based upon the results of IEVS checks. Consequently, Self Sufficiency staff are required to validate the data obtained through a variety of resources using the source with the most reliability for the given scenario.

Recently, the Office of Self Sufficiency has been working to achieve a more streamlined environment. This is in response to the need for increased efficiency given the high number of intakes and resulting higher than budgeted caseloads. This needed efficiency also comes as a result of staffing related to the TANF program field administration being approximately 40 percent of need.

One of the recent efficiency improvements involved discontinued use of narrative templates. Self Sufficiency workers are still required to document their eligibility decisions, including decisions based on both financial and non-financial requirements. However, staff are instructed to report how they verified pertinent eligibility information about a client.

While the department’s TANF program participates in IEVS as required, the department recognizes improvements could be made to better utilize data from some of our federal partner agencies.

The department will review current policies and guidance to staff regarding verification and documentation of eligibility. The department will also continue to work with federal partners to improve the State's systematic approach to meeting the IEVS requirement.

The department continues to research the requirement to utilize information contained in IEVS screens to support program eligibility related decisions and the options for narration of findings. In addition, DHS is reviewing existing Interagency Agreements with the respective IEVS agencies for language related to information sharing, limitations of information usage, and general information sharing guidelines.

Communication of narration guidelines is messaged to Office of Self-sufficiency Programs (OSSP), Self Sufficiency Program (SSP) staff through existing TRACS and program training. It is also communicated to Districts through feedback by the Accuracy Unit staff of case record reviews.

On July 29, 2010, Self Sufficiency Program Managers, program accuracy, OSSP training and OSSP Field Services met to discuss narration guidelines. OSSP Field Services sent a reminder of the TRACS narration guidelines to all staff on August 19, 2010. The monthly accuracy newsletter, "On Target", for August also included the narration guidelines. The guidelines specify financial eligibility is an aspect that must be addressed in the narrative. Examples of what must be narrated are: "Income - earned, unearned, excluded, calculation, pay stubs/verification used, self employment, results of screen checks, if no income how they are meeting basic needs; NC1/NC2 calculations; resources; pursuing assets; good cause; categorical eligibility."

The OSSP continues to reinforce the TRACS narration guidelines with SSP eligibility workers and staff. In addition, SSP revised training curriculum as needed. Benefit certification periods are six to 12 months in length and SSP serves thousands of families. Because of this, OSSP anticipated this additional attention would yield improvement with applications and re-determinations completed beginning September 2010.

The department continued to reinforce the narrative guidelines with field managers in the Fall of 2010. The department also contacted the Self-Sufficiency Training Unit to ensure the TRACS narrative guidelines are taught in eligibility training, including TANF. On September 13, 2010, OSSP issued a policy transmittal reminding staff that when determining eligibility in the TANF and Pre-TANF program, staff must ensure TRACS narration includes all financial and non-financial eligibility factors. The policy transmittal reminded staff that, “In addition to information obtained from the DHS 415F [Application for Services] and intake interview, case workers can view records from other agencies, such as the Department of Motor Vehicles and Oregon Employment Department, regarding potential income and resources. Eligibility narration must also include income or resources obtained from these records, if applicable.” The OSSP Field Services Narrative Guidelines were also included in this policy transmittal. Local line managers and lead workers also reviewed (as is the expectation) this transmittal with the staff who determine eligibility.

The department once again reinforced the narrative guidelines with field managers and staff in the Spring of 2012. Narration of financial eligibility continued to be the main area that needed reinforcement. For this reason, the monthly accuracy newsletter, "On Target", for April included a reminder of the narration guidelines and the expectation of checking screens and of narrating the results of screen checks in the TRACS system. The April article also included examples of how the results of screen checks can be narrated. The department also issued another Informational Memorandum transmittal in April 2012 reinforcing the narration expectations as they apply to financial eligibility and verifying information through the various IEVS screens available to field staff. A new Multiple Program Worker Guide #23 - All Program Narration Guidelines was added to the Family Services Manual effective May1, 2012. The new worker guide outlines expectations of narration of financial information. In November 2012, uploaded financial narration information was once again included in “On Target.”

- That training be provided to personnel on the use of the electronic time keeping system and applicable work charge codes for the relevant grants, and that all payroll adjustments be based on corrections to actual time and effort charges and not to overcome funding deficiencies. Shared staff should document their actual time and effort at least monthly, and more frequently if they experience constant daily variations as to which

grants they work on. Time that cannot be subdivided between grants should be allocated based on an acceptable cost allocation methodology as discussed in OMB Circular A-87.

Within the Health Promotion and Chronic Disease Prevention (HPCDP) Section there are several “shared” staff who are budgeted in all the HPCDP Chronic Disease grants or cooperative agreements that are included in the CDC Investigations and Technical Assistance Program. These budgets are approved by the CDC. These staff are typically responsible for the management and administrative functions across all the Chronic Disease grants and provide support to all the grants all the time. The charges to any of these grants for shared staff time are approved and allowable expenditures under each grant.

A recent CDC Request for Applications specifically encouraged a shared approach to leveraging resources for chronic disease programs. Our methodology for managing the costs of shared staff across all the grants was based on our interpretation of this guidance from the CDC. We have initiated conversations with CDC about these audit findings. They agree that states, like Oregon, who have acted on their direction to integrate programs and leverage resources across multiple grants are in a difficult situation when it comes to time/activity reporting. The CDC Chronic Disease and Health Promotion Center has agreed to work with Oregon to find a mutually acceptable way to monitor personnel expenses for shared staff whose work crosses multiple grants and cannot be easily dissected to individual grants, while still remaining in compliance with OMB Circular A-87.

The department agrees that a mistake was made in the second instance described above. The employees in the Office of Disease Prevention & Epidemiology who work on multiple grants or cooperative agreements included in the CDC Investigations and Technical Assistance Program are required to do time and activity reporting. They must meet this requirement by over-riding the default coding on the monthly electronic timesheet with the coding for the grants/activities where they worked during the month. Management does not shift payroll costs for employees from one grant to another disproportionately, without regard for which grant the individual actually worked on. The payroll adjustment that was made did not reflect actual grant

activity for the month of May 2009. Rather, adjustments to time/activity reporting needed to have been done over several earlier months to reflect actual time spent on the Cancer Prevention and Control grant.

Per the recommendation above, training was provided in February 2010, for those HPCDP staff whose time is paid from multiple grants. The training included use of the electronic time keeping system and guidance on how to apply charge codes for relevant grants to reflect actual time and effort. Managers and staff on a monthly basis review and project time and effort during the month. Shared staff then document their actual time and effort during the month. Over the past several months, managers have reviewed and see close consistency between projected and actual time spent on various grant activities. Thus, this method of documenting time and effort appears to be a good solution for HPCDP.

The CDC Chronic Disease and Health Promotion Center has undergone multiple major reorganizations over the last several months. However, we have had discussions with the project officers for our various grants and they are supportive of the steps we have taken to assure that time reporting does reflect time and effort.

- Department management implement a procedure to completely review and detect whether assistance payments agree with the signed adoption agreements and to get any amended assistance agreements filed in the case files. We further recommend that the department management work with the designated federal agency to determine the appropriate way to resolve any potential overpayments.

The department's Adoption Program completed a review of the reduction period cases identified in the audit to confirm the following:

- *Payments opened during the reduction period of February through October, 2003, were established in line with the reduced foster care rate and pursuant to a properly negotiated Adoption Assistance agreement.*
- *There was equitable management of payments for new cases opened during the reduction period.*

- *All payments for new cases opened during the reduction period were increased at the same time as longer-standing Adoption Assistance cases.*

Part of this file review also addressed the question of whether there was a signed agreement in the file that recorded the changes in payments, both decreases and increases, from the reduction period. While new agreements were sent to all families to correctly document the changes, not all families returned them and the adoption program did not track this at the time, nor did they file returned agreements directly into subsidy case records.

The absence of a signed agreement supporting the current payment is contrary to federal requirements. The manual review found that in a small number of subsidies, there were no signed agreements and incorrect payments continued until they were identified as a result of the audits and corrective action plan (a period of more than six years). As a result of the review, eight cases were determined to be under-payments in the total amount of \$5,539. A total of 23 cases were determined to be overpayments in the total amount of \$71,693. Most of these were for children placed out of state with more complicated subsidy structures.

Adoption Program management has initiated contact with the Administration for Children and Families Children's Bureau, Region X Child Welfare Program Office regarding how to best resolve the issue. At this point we estimate approximately \$28,000 in federal Title IV-E funds are within the total overpayment amount.

Parents of all children with under and overpayments will receive a corrected Adoption Assistance Agreement with an explanatory letter appropriate for their circumstance. The agreements are retroactive to November 1, 2003. The department will reimburse parents of children with underpayments for the total difference DHS owes on each agreement.

The department manually reviewed all agreements affected by the reduction in 2003 and implemented new matching agreements on all but 19 active cases. The department developed and implemented a new

procedure that involves a second level of review which is conducted on every Adoption Assistance Agreement to ensure that the amount on the agreement and the amount authorized match. The department worked with the designated federal agency and determined there was no overpayment because there is no Federal requirement that Adoption Assistance Agreements reflect the amount of actual adoption assistance payments. This is confirmed in a letter from the Administration for Children and Families. Based on discussions with federal agency, no further actions are required. (See Statewide Single Audit Findings 07-42, 08-28 and 10-23.)

- The agency provide additional training for the one district on transferring case files. We also recommend the agency communicate to all CAF Self Sufficiency branch offices the importance of following established business procedures for transferring case files.

Children, Adults and Families (CAF) District 8 initiated a work group comprised of transfer clerks from each branch office and two Line Managers, all within District 8. The “case transfer workgroup” meets monthly and has developed a District-wide case transfer process and database, as their mechanism for tracking incoming and outgoing case files. The process and database are used for case file transfers within the district, or to another branch office in the state. The workgroup identifies and provides solutions to management of case file transfer issues that may arise.

The department has communicated the expectation of following established transfer procedures at various CAF statewide meetings including: Self Sufficiency Program Managers (April 14, 2010) and the Self Sufficiency Line Manager quarterly meetings (April 20-22, 2010). District Managers have also been engaged in the discussion (July 7, 2010). Case File transfer procedures (FSM MP-WG # 21) are located in the Family Services Manual (MP-WG # 21) and the Field Business Procedure Manual (XVI. Case Files, A. Interoffice Transfer of Case Files).

- Department develop and implement a system to track actual personnel compensation for those individuals working on multiple Federal grants but whose time is not allocated using another time effort and reporting

method. We recommend that those allocations based on actual amounts be reflected in the accounting system and properly allocated to the federal grants.

The DHS cost allocation unit has provided training for the staff affected to ensure appropriate time codes are used to reflect multiple program areas these staff now work on. Codes and basic instructions were communicated to staff on December 16, 2009, for Self Sufficiency Program Accuracy Team (SSPAT) and December 17, 2009, for Quality Control (QC). These instructions directed staff to begin using these codes immediately. Follow-up training was also conducted for both affected areas.

The questioned costs identified in this audit were corrected through an adjustment to the SNAP administrative grant. Furthermore, July 2009 through December 2009, administrative costs for these staff were reviewed and similarly adjusted.

- Department management apply the correct estimated clearance pattern to all applicable vocational rehabilitation expenditures and implement a review process to ensure federal draws are calculated correctly and drawn in compliance with established estimated clearance patterns. Additionally, the department should determine the effect of the errors for the year and assess whether interest is owed to the federal program for vocational rehabilitation federal funds drawn too soon during state fiscal year 2009.

This was the first year that the vocational rehabilitation program was required to calculate a clearance pattern under the Cash Management Improvement Act (CMIA).

All of the formula related errors have been corrected and desk procedures on the check clearance pattern were updated for the OVRS draw process.

We have developed and implemented a review process to ensure federal draws are correctly calculated and drawn in compliance with established check clearance patterns.

Based on the audit recommendation the department analyzed how the original draws were calculated and compared them to the appropriate CMIA estimated check clearance pattern and determined no interest was due to the federal government. The OVRs CMIA for FY 2009 was independently reviewed again to verify that no interest was due. This CMIA report was submitted to the Department of Administrative Services for inclusion into the state CMIA Report.

- Department management comply with federal requirements and ensure eligibility is determined or eligibility extensions are filed within 60 days of an individual's application for services.

The Office of Vocational Rehabilitation Services (OVRs) statewide field services managers sent out a statewide communication, on March 22, 2010, to promptly address the agency expectations for all vocational rehabilitation counselors to perform the eligibility determination process within a 60-day time frame or file for an eligibility extension as appropriate. This statewide correspondence will also serve to help reduce the misperception that eligibility determinations are due within a "two-month period" when the specific requirement is within 60 days.

The eligibility process, including these standardized time frames, became a focus in the new counselor training module being conducted regionally throughout the state during 2010. OVRs administration staff developed a worksheet to assist vocational rehabilitation counselors to better identify and track the salient elements required when completing an eligibility determination, i.e., the number of documented disabilities, and corresponding functional limitations when determining eligibility, and due dates. This new worksheet was distributed during the new counselor trainings.

All VR counselors who failed to meet the eligibility requirements at the time of the Secretary of State audit were sent a personalized letter by OVRs field services managers addressing the performance expectations of eligibility determination compliance time frames.

OVRs administration engaged the branch managers, during the April & May 2010 Statewide Branch Managers' Meeting, in a discussion regarding strategies for achieving compliance on the timeliness of eligibility determinations for services. One such strategy regarded the redirection of the flow of work when the vocational rehabilitation counselor of record is unexpectedly absent due to illness or other unanticipated reasons. Branch managers also reviewed case movement from application through eligibility by generating the "Activity Due Report" in the ORCA case management system. This duty was performed every two weeks for each counselor during the first six months of this corrective action implementation.

OVRs conducted administrative file reviews to monitor compliance and identify the need for technical assistance. Client files were randomly reviewed for quality control by the program technician in the region to evaluate the circumstances pertaining to a client's eligibility status. Notifications of the deficiencies in a staff member's performance are being reported to the local branch manager. The branch manager has been conducting one-on-one discussions with counselors if a deficiency occurs during a random review of the files. To enhance statewide performance, OVRs field services managers have been reading and responding to the case file review sheets being submitted to the administration office on a monthly basis.

The Secretary of State Audits Division completed a federal compliance audit in December 2010 and no finding was noted for eligibility determinations during this review period.

In 2011, OVRs administration and the State Rehabilitation Council significantly expanded the OVRs policy manual to address the recommendations from the Secretary of State Audit Division. All OVRs field staff members were required to attend a mandatory training on these policy changes. There was a specific training module dedicated to both presumed eligibility and eligibility determinations and compliance time frames. The branch managers were trained on the new policy manual in Salem on March 9 & 10, 2011. The regional staff trainings were conducted as follows: Clackamas & East Portland branches on March 29 & 30, 2011; Salem branches on April 5 & 6, 2011; Linn-Benton-Lincoln & Lane branches on April 13 & 14, 2011; Central & North Portland branches on April 20 & 21, 2011; Roseburg & Medford branches on April 26 & 27, 2011; Washington County branch on May 3 & 4, 2011; Bend & Eastern Oregon branches on May

11 & 12, 2011; and in a make-up session for any staff missing their original training site was held in Salem on June 15 & 16, 2011.

Additionally, a mandatory online exam was required of all OVRS field staff on each of the new policy training sections to include eligibility determinations. The online six-part examination required an average of three hours to complete with a deadline for completion by July 15, 2011.

6. DHS: Office of Vocational Rehabilitation Services: Save on Vocational Costs to Serve More Clients, audit #2010-31 (September 2010)

- Oregon's Office of Vocational Rehabilitation Services (OVRS) should take several actions that can help discontinue Order of Selection by serving more clients with its current state and federal resources. In order to save costs OVRS should:
 - Ensure counselors work with clients to approve realistic employment plans by better identifying impediments to future employment and discontinuing payments when clients show an inability to achieve the employment goal.
 - Ensure counselors adhere to the employment plan and only approve expenses directed toward employment impediments and employment goal achievement.
 - Consider using a fee schedule to ensure a reasonable cost to the program for commonly purchased services.
 - Monitor counselor spending approvals to ensure the most prudent decisions are made.
 - Establish realistic budgets for counselors and branch offices that are based on client types, economic conditions and other related factors.
 - Consider reviewing and revising the client contribution policy.
 - Continue with the addition of client maintenance system controls such as the current effort to link authorizations and payments to plan services.

The Office of Vocational Rehabilitation Services (OVRs) designated a Program Improvement Manager who acted as a Project Manager to assist the OVRs Executive Team to develop a plan for program improvement in case management, quality assurance, accountability and cost containment. The Program Improvement Plan is complete and being implemented. A Gantt chart of all program improvement activities to be implemented has been developed and monthly reviews to track the benchmarks identified within the overall plan are being conducted.

OVRs has established a goal to reduce the average cost per case served by 20% from comparable FFY 2008 levels by FFY 2012. This will be accomplished through the implementation of the Program Improvement Plan and close monitoring of program expenditures while simultaneously maintaining the quality of employment outcomes.

OVRs already has the following spending guidelines and controls in place for counselors:

- Spending authority limitations are presently incorporated in ORCA, the program's case management system. The spending authority for counselors is \$5,000 per authorization, \$20,000 for branch managers, and \$50,000 for field services managers. ORCA will not permit the issuance of payment documents beyond one's authority.*
- All four-year school plans must be reviewed and approved by a field service manager and the agency administrator.*
- All vehicle purchases must be reviewed and approved by the administrator. Vehicle purchase is currently an exception to policy and will only be considered when other modes of transportation are not feasible.*
- New counselors' authorizations for services must be reviewed by their managers during their first six months of employment (trial service).*

In addition, in 2008 OVRs began exploring a shift to performance-based contracted services as a strategy to increase the quality of services for the dollars spent. Accordingly, during 2009 OVRs established minimum qualifications for job developers and provided them with training on how to

perform job development using practical marketing and sales techniques appropriate for securing jobs for clients with any level of an employment barrier. OVRs job placement contracts now emphasize performance-based outcomes in three categories: job development, job placement, and job retention. The full implementation to the performance-based methodology was initiated on January 2, 2010. Data analysis regarding the job placement and job retention outcomes and cost analysis has been incorporated as a portion of the Program Improvement Plan.

In addition to performance-based contracts for its job development service providers, OVRs collaborated with Alliance Enterprises, the creator of the program's case management system, in a pilot to develop a report card that gives managers and administrators more information about the performance of vendors. The report card will provide information on the effectiveness of individual vendor success rates across a number of disability and demographic variables. In addition to supporting better program oversight and administration at the management level, this information will help counselors and participants to make informed choices and assist the program to identify best practices. It will also serve as an objective foundation to discontinue issuing contracts to ineffective vendors.

OVRs took the following additional actions relating to cost containment:

- OVRs reviewed current spending approval levels and methodologies. The review included consideration of setting budgets for counselors and branch offices that are based on client types, economic conditions and other related factors such as prior budget management, average costs and rehabilitation rates. The review also looked at improving ways to efficiently monitor and analyze spending patterns and ultimately set a process for routine reviews of spending approval levels.*
- OVRs reviewed staff spending authority levels. It was determined that the most effective method is to distribute partial funding into counselor caseloads (in the ORCA case management system) every six months so that central office can monitor ongoing spending patterns throughout the year.*
- OVRs asked the State Rehabilitation Council (SRC) to partner with them in a review of the current participation contribution policy. OVRs developed the consumer's contribution policy with the SRC, and any change in the existing policy would require their approval. OVRs engaged the SRC in a*

discussion about the level of the participant's contribution as a percentage of income as well as the income threshold for contributing to the cost of services. The SRC moved to maintain current client contribution levels.

- *OVRs is exploring options for a standardized fee schedule. The State's workers compensation's fee schedule was reviewed. It is a complex system that requires medical coding. It is not a practical option for OVRs. The program will continue to explore other options.*
- *OVRs reviewed and revised its Medical Restoration policy in order to provide more effective guidance on medical fees.*

The OVRs Administrator and the new Program Improvement Manager have set concrete timelines for completion of these additional action items as part of the Program Improvement Plan.

- *In order to help client success rates OVRs should:*
 - *Ensure counselors develop and adhere to milestones within employment plans and take quick, appropriate actions if those milestones are not met.*
 - *Establish higher rehabilitation goals for counselors and take constructive actions when those goals are not met.*
 - *Ensure counselors establish clear client expectations.*
 - *Ensure counselors address any prior issues when clients return.*

OVRs has implemented a new case management data monitoring system to identify individual case management issues and program-wide reporting on open cases. This system will strengthen monitoring consumer compliance to the mutually agreed benchmarks incorporated within the employment plans.

In support of more consistent practice, better counselor decision-making, and stronger management oversight, OVRs has taken the following steps focusing on improved case management.

OVRs revised the case closure policy to provide more specific guidance for counselors regarding conditions under which an individual's case file can be closed. After consulting with the Rehabilitation Services Administration (RSA), the OVRs Executive Team and State Rehabilitation Council Policy Committee approved the new policy in August 2010. The State Rehabilitation Council Executive Committee approved this policy in September 2010. Training for all staff was completed.

Over the last two years, training has been provided to counseling staff on how to identify and intervene when participant motivational issues impede engagement in the process and hinder progress with plan services. As a best practice, counselors are being asked to routinely use this methodology when a participant has failed to make sufficient progress toward plan benchmarks.

OVRs has enhanced its automated case management system so that services identified in a client's case plan are linked to services being authorized as the plan is implemented. This automation means that an individual counselor cannot pay for services that are not detailed in the plan or extend services without amending the plan. This enhancement was made available when the newest version of the Oregon Rehabilitation Case Automation System (ORCA) was implemented winter 2010.

Finally, in conjunction with the Spring 2011 ORCA update, OVRs provided training on informed choice to emphasize the application of best clinical practices in the areas of vocational goal selection, establishment of benchmarks to assess and track the client's progress, selection of vendor(s), and specific goods and services. This clinical training will also help counselors provide better occupational guidance to clients. These efforts are expected to result in client plans better aligning with realistic employment goals.

- In order to better assist counselors in performing their duties OVRs should:
 - Complete the drafting of its policy manual.
 - Develop better data monitoring to identify program-wide and individual case management issues, including better reporting on open cases.
 - Conduct regular performance evaluations that incorporate case closure.

- Explore cost-effective training solutions such as those provided for free by vocational rehabilitation Technical Assistance and Continuing Education centers.

OVRs completed a significantly expanded revision of the program's policy manual in May 2011, to address the increased need for consistency in client expenditures across the state. Regional trainings will be conducted on the new policy manual beginning May of 2011.

As a consequence of the Order of Selection, in January 2009, OVRs re-trained all current staff on the eligibility determination process to ensure statewide consistency in establishing the consumer's disability-related functional limitations impacting employment. Eligibility became the focus of recent file reviews conducted by the program's field technicians. Results from those reviews were shared with managers who work with any staff who need additional support and/or who had deficiencies in this area.

In February 2009, the program revised its new counselor training to more narrowly focus on case management and critical case questioning. In March 2009, this class was conducted regionally across the state and was attended by new counseling staff and counselors who would benefit from refresher training.

The program offered this training again in September and December 2010, and will continue to offer it on a regularly scheduled basis. The program will provide training on plan development including appropriately ensuring clear client expectations and appropriate follow-up on any prior problems when clients return. Training will be prioritized for new counselors and counselors in need of additional training. On a go-forward basis, OVRs will continue to provide training, as well as utilize regional resources, to improve counselors' skills to provide effective and cost appropriate services and to promote better counselor decision-making.

Every 12 months, OVRs conducts a branch-wide review to include a random sampling of cases from each counselor. These branch-wide quality assurance reviews are conducted by the regional program technicians and results are provided to each branch manager. The agency will continue to perform file reviews and

identify branch level and statewide trends to develop trainings and to coach staff. In addition, OVRs will take the following actions:

- Under an existing Oregon Administrative Rule, a person may be eligible for VR services if he/she is in the U.S. for other than a temporary purpose and legally entitled to hold employment in this country. On September 1, 2010, OVRs notified all managers that effective immediately OVRs will now require all prospective applicants to supply valid documentation of their legal status to work and proof of identity prior to initiating an application. An application will not be accepted until documentation is obtained and a copy placed in the client's file. Temporary guidelines have been provided to managers throughout the state. Revision on this associated policy will start immediately. Additionally, OVRs is, on its own, randomly auditing 500 files to ensure compliance.*
- OVRs Central Office Administration has involved DHS Human Resources in implementing a monitoring system on a quarterly basis to track position descriptions, performance feedback, and employee development plans. Of the 204 field positions at the end of last quarter (through October 31, 2012), the HR report shows 187 current position descriptions, 170 with written performance feedback, and 178 with current employee development plans. OVR has five new hires on trial service who have not reached six months of employment to warrant a written performance evaluation and twelve vacant positions; thus, a total of 187 active employees are being tracked for performance reviews during the third quarter of 2012. OVRs administration intends to have the remaining 17 performance evaluations completed by December 31, 2012.*

7. DHS: Statewide Single Audit Including Selected Financial Accounts and Federal Awards for the Year Ended June 30, 2010, audit # 2011- 06, (dated March 2011)

- We recommend the Department remove conflicting access rights where it can. In those instances where the conflict remains, DHS should develop and implement a detective control to specifically address those instances.

Due to budget cuts resulting in a hiring freeze coupled with increased caseloads and demands for services, offices needed to reassign some of the daily duties to support staff to accommodate the increasing demand for services.

In January 2011, the Seniors and People with Disabilities RACF administrator sent an email to the SPD Sub-Administrators asking them to review their existing reports and remove any unnecessary current access rights.

In February 2011, Children, Adults and Families (CAF), District Business Experts began a manual compensating controls review process. These reviews are occurring in CAF Self Sufficiency Program (SSP) Field offices monthly.

The Resource Access Control Facility (RACF) report is distributed monthly to the CAF Field Business Experts and Self-Sufficiency Office Managers, as well as the SPD Field Offices. The RACF report identifies employees within a branch office and their respective computer access rights. In addition, a two-page cheat-sheet has been developed and distributed to Business Experts and SSP Office managers to assist in reading the report and accurately identifying those employees with conflicting access.

In addition, an ad-hoc monitoring report has been created. This report, finalized in October 2011 is distributed monthly and is used to identify potential SSP and SPD employees who performed conflicting access functions and replaces the previous manual compensating controls process.

It should be noted that a statewide hiring freeze remains in effect. CAF received permission to fill some previously vacant position; however, this will only bring CAF staffing up to 70 percent of the need. Based on continued reduced staffing and limited resources, it is anticipated the need for staff to have conflicting access will continue.

- We recommend that the department management work with the designated federal agency to determine the appropriate way to resolve any overpayments, or to stop using federal funds for future payments in the 52 cases without a revised adoption agreement and to repay amounts previously overpaid.

After consultation with the Administration for Children and Families, and confirmed in a letter received from ACF, there are no overpayments owed because there is no federal regulation that requires Adoption Assistance Agreements reflect the amount of actual adoption assistance payments. Federal policy allows automatic adjustments without parental concurrence only in the case of an across-the-board rate reduction or increase in foster care maintenance rates. Consequently, when there has been an across-the-board rate reduction or increase in foster care rates, the State could also impose that reduction to the adoption assistance program recipients and the Title IV-E agency need not execute new, signed agreements that reflect the change to the rate. Based on the documentation relative to this finding, ACF will not recover Federal funds. Based on discussions with federal agency, no further actions are required. (See Statewide Single Audit Findings 07-42, 08-28 and 09-19.)

- We recommend the agency implement a process to review applications provided by participants for fraudulent or incorrect information. In addition, we recommend attendance logs be received more timely for review of services provided. We also recommend overpayment letters be sent immediately or as soon as reasonably possible to recover any improper payments.

Eligibility staff are currently trained to pursue questionable information and utilize available resources including Oregon Birth Verification Records. The DHS Child Care Provider Listing form (DHS7494) also asks the provider if they are related to the children. The form states that DHS will not pay the provider if they are the parent, step parent or legal guardian of the child. When processing the form, the Direct Pay Unit (DPU) reviews all open cases for the provider and client to see if all household members are included on the form. If DPU notices a birth father on the open case, they are prompted to further investigate.

Effective October 1, 2010, DHS eliminated the temporary approval of providers while undergoing the background check and now requires the provider (and other subject individuals) to complete and pass the DHS Background Check before allowing payment or authorization for payment to the provider. Though the main reason for this change was to reduce potential risk to children, it may also help identify some fraudulent providers. If information is discovered in the background check that shows evidence that the child care provider is the parent of the child in care, it is reported to the DHS Direct Pay Unit and the provider will not receive payment. Other rule changes are in process for April 1, 2013, to change the department's payment process to only pay for eligible child care services from the date the provider is in approved DHS listing status.

If the information is discovered after payment has been made, DHS pursues an overpayment on the provider. In the fraud case mentioned in the finding, a referral was made to Investigations, an overpayment was written and the client signed an Intentional Program Violation waiver admitting to the charges. On the other overpayment case mentioned, DHS acknowledges that the overpayment letter was not written timely. However, the overpayment had been identified to be worked prior to the audit. This delay was partially due to reduced staffing in the Overpayment unit.

Temporary Assistance for Needy Families (TANF) eligibility includes the requirement that a parent cooperate with the Division of Child Support (DCS) to establish paternity and locate and obtain child support payments for each needy child. Over the past year, DHS and DCS have jointly developed and delivered tools, cheat sheets and in-person training modules to staff that have resulted in increases to the paternity establishment percentage rate and the number of TANF cases in which a child support collection is made.

With implementation of the ERDC reservation list (October 2010 to April 30, 2011, August 1, 2011 to May 31, 2012 and November 1, 2012 to December 13, 2012), for most clients ERDC eligibility is contingent upon receipt of TANF within the prior three months. Combined with the recent emphasis by Department of

Human Services (DHS) and Division of Child Support (DSC) on child support, the number of ERDC cases in which a payment may be made to a parent is further diminished.

In addition to 11 classes provided to new eligibility workers in 2011, field staff has been given five ERDC refresher classes and one Netlink with expanded questions/scenarios as a reminder on who can be a provider. In 2012 the department provided eleven classes for new eligibility workers, four ERDC refresher classes and five Netlink sessions. All training emphasizes specific questions workers can ask the client if they find a potential provider situation questionable. A May 2011 ERDC Skill Challenge and April 2011 article in the "On Target" staff newsletter reviewed in depth who can be a provider and what to do when a situation is questionable. Another "On Target" article appeared in the November 2012 newsletter which focused on setting accurate percentages for clients who are using multiple child care providers. These clients are required to split their child care hours between the providers on their case, assigning accurate percentages of child care hours has reduced the number of overpayments in the program. Further, 95 ERDC cases are reviewed monthly by the DHS Accuracy Team to identify and give immediate feedback on errors. We have found staff education useful in reducing client and provider fraud.

DHS currently has one overpayment writer who works specifically on child care provider payments. This allows the department timely request and review of attendance logs and special reports for appropriate service payments and the writing of overpayments.

DHS is also moving to real time knowledge of child care usage rather than waiting for provider submission of paper billing forms for manual processing. This will be accomplished with the Child Care Billing and Attendance Tracking (CCBAT) project. This project is in development with a pilot that began January 1, 2013. The pilot will gradually expand monthly until the initial rollout begins later in 2013. The DHS Overpayment Unit has seen a workload decrease due to CCBAT system changes already implemented that reduce the risk of overpayments.

- We recommend management ensure the required ADP risk analysis and system security reviews are conducted on the new Medicaid Management Information System (MMIS).

The Information Security and Privacy Office (ISPO) ran a successful application assessment of the MMIS on May 6, 2009, and our vendor made corrections based on the findings. This assessment was conducted and the results were verified by ISPO personnel. An application assessment process is being built into the System Development Life Cycle (SDLC).

ISPO began the MMIS network and server vulnerability scan using the MMIS test environment. ISPO began with the test environment due to the limited number of servers, impact to the business, and ISPO developed the network and server testing processes using a newly purchased software solution.

ISPO ran a successful assessment of the MMIS test environment on December 9, 2010, resulting in no network and server vulnerabilities. This assessment was run and the results were verified by ISPO personnel.

The ISPO completed the MMIS production network and server vulnerability scan utilizing the knowledge gained from the test environment assessment. The initial start date for the production assessment occurred on January 31, 2011. This assessment period covered multiple days due to the large number of servers and the use of multiple software solutions. ISPO is also scheduling an annual MMIS network vulnerability assessment.

ISPO completed an initial application vulnerability assessment for the Medicaid Management Information System (MMIS) web application during May 2011. As part of the MMIS web application Release Management process, ISPO performs an application vulnerability assessment. The last MMIS web application vulnerability assessment was completed during August 2011.

ISPO has been working with HP and MMIS to conduct an application vulnerability assessment in August 2012. The assessment will take several days due to the large number of servers and coordination with HP. In addition, the ISPO is working toward developing and implementing a formalized Risk Management Framework that will include development of regularly scheduled risk assessments and security reviews. It is anticipated that this work will be completed in June 2013.

- We recommend department management identify and correct system coding for all services for which the system is not considering eligibility. Once all service and coding issues have been corrected, department management should identify and reimburse the federal agency the total amount of TANF funds spent on behalf of ineligible clients for these services starting in fiscal year 2009.

The department discovered during the audit that certain services that meet the TANF requirements were programmed in the department's financial system to be funded by TANF, regardless of the client's eligibility for TANF. The services in question appear to be contracted System of Care services; therefore the department will review the process and procedures for inputting executed contracts into the department's financial system.

The department will implement the recommendation by ensuring all services which were programmed incorrectly are corrected. The payments will be reprocessed by using a manual adjustment of funds. The amount of the adjustment will be reported to the federal agency. The department will correct the process and procedures for inputting executed contracts if the review of the current process uncovers a deficiency.

Children, Adults and Families federal compliance, contracts, budget and OR-Kids business analyst staff have completed detailed service definitions, which include appropriate budget and funding sources (federal or state general fund). This work was done with the knowledge of past audit findings and with particular attention to the appropriate use of federal funds.

The OR-Kids system was implemented on August 29, 2011. The OR-Kids system has not been accepted at this time due to significant issues which have not been completely corrected. The OR-Kids Project Team and DHS Executive Team are working with the vendor to determine how and when these issues can be resolved. All eligibility, TANF, Title IV-E and Title XIX, have been significantly impacted by the issues mentioned above.

Also impacted by the implementation of the OR-Kids system is the ability to complete adequate queries of the data maintained in OR-Kids. In June 2012, we began working with the Office of Information Services to design reports for Central and Field Offices to use. An Eligibility Report is still in the design stages and is proposed to be available in September 2012. The Eligibility Report will be the mechanism by which the Federal Revenue Specialists will track all their workload including TANF eligibility determinations.

Due to the issues described above and the estimated schedule for accepting the OR-Kids system, the federal compliance unit will be completing the analysis of prior payments and complete a manual adjustment by March 31, 2013.

- We recommend department management strengthen controls over the eligibility process to ensure that eligibility redeterminations are performed timely and income determinations are accurate.

One of the three cases lacking timely redetermination documentation addressed above involved Children, Adults and Families (CAF), Child Welfare. In this case, we believe the redetermination was completed in a timely manner; however, the proper documentation was missing from the client's case file. The other two cases lacking timely redeterminations were for Seniors and People with Disabilities (SPD) clients. Both SPD clients were determined eligible for Title XIX prior to and after the audit period.

The three cases involving incorrect income and resources determinations were Children, Adults and Families (CAF), Self Sufficiency Programs (SSP) cases.

CAF Child Welfare:

A Federal Revenue Specialist (FRS) is responsible for completing Title XIX redeterminations every 12 months. The FACIS system creates a notice on the assigned FRS workload when a redetermination is due. The notice date is based on the review due date captured on the IIS Individual Information screen. Based on conversations with the FRS and the data displayed on the IIS Individual Information screen, the redetermination was completed appropriately.

Unfortunately the legacy system does not capture the history of when redeterminations are completed if there is no change to the eligibility reason code, which was the situation on this case. The only proof that the redetermination was completed timely was dependent upon a paper copy of the CF190 – Medical Eligibility Form, which the FRS prints upon completion of a redetermination. The copy of the CF190 is given to the case worker to be filed in the Financial Section of the case file. The FRS must rely on other support staff or the case worker to ensure the CF190 is filed. This is a manual documentation process that will be remedied with the implementation of the new OR-Kids system.

The department implemented the recommendation by sending a reminder to the FRSs (via email) of the importance of completing redeterminations timely and ensuring that the CF190 is filed in the case file. The process of filing a paper copy of the CF190 will no longer be necessary with the implementation of the new Child Welfare system called OR-Kids. OR-Kids will keep an electronic history of all eligibility determinations and the CF190 can be printed upon request.

The OR-Kids system was implemented on August 29, 2011. While the OR-Kids system does maintain an electronic copy of the Title XIX determination, there is not adequate reporting functionality to monitor that eligibility determinations are being completed timely and accurately. This should be achieved by March 31, 2013.

The OR-Kids system has not been accepted at this time due to significant issues which have not been completely corrected. The OR-Kids Project Team and DHS Executive Team are working with the vendor to

determine how and when all of these issues can be resolved. All eligibility, TANF, Title IV-E and Title XIX, have been significantly impacted by the issues mentioned above.

Also impacted by the implementation of the OR-Kids system is the ability to complete adequate queries of the data maintained in OR-Kids. In June 2012, we began working with the Office of Information Services and the Office of Business Intelligence to design reports for Central and Field Offices use. An Eligibility Report is still in the design stages and is proposed to be available in September 2012. The Eligibility Report will be the mechanism by which the Federal Revenue Specialists will track their workload including Title XIX eligibility.

Seniors and People with Disabilities:

SPD managers will be asked to remind their staff of the importance of annual redeterminations and utilize reports to monitor compliance. Staff will be reminded to use the tickler system for notification. Within available resources, managers will assign case managers to cover staff absences. Seniors and People with Disabilities has provided training to AAA/SPD Field Managers to specifically address these eligibility redetermination issues. This training was completed in April 2011, and we believe it will strengthen and enhance controls over the eligibility process.

CAF Self Sufficiency:

CAF Self Sufficiency Programs continue to look at ways to streamline and simplify Medicaid and CHIP eligibility criteria.

On November 1, 2010, the department eliminated the two-month income average for OHP (including Standard) and Healthy KidsConnect (HKC) and implemented budget month income. The client reports what they have received during the budget month and what they anticipate the rest of the month. This new rule streamlines and simplifies the eligibility determination process for eligibility workers and clients. The rule changed from using two-month average to one-month.

With the budgeting change there is ongoing training, Informational Transmittals, On Target Newsletter, and QC Reviews. This will help staff in placing the client in the correct medical program.

October 2009, the department made a policy change to waive the six-month private major medical coverage to two-months. The department continues to educate staff on when the two-months can be waived. Office of Healthy Kids sent out a “cheat sheet” for staff explaining when the two-months period can be waived. Office of Healthy Kids is also working with the federal government to see if the State can eliminate the two-months wait period.

The department is using more imaging technology. This allows workers instant access to documents and with the use of imaging, this will reduce the amount of paper documents that can potentially be misplaced or misfiled and increase the accuracy of the information used to determine eligibility.

As of July 15, 2010, the department implemented policy requiring only one signature per household. Policy Transmittal was sent to eligibly workers and the Family Services Manual was updated.

Statewide training for all Self Sufficiency Program medical eligibility staff has been provided to support the November and December policy and application changes. Classroom training consisted of 52 half day sessions for approximately 1,030 staff members. In February 2010, an article was placed in the On Target newsletter around the Autumn 2010 SSP policy changes.

Ongoing training and educational efforts include training tools and newsletters to keep staff alert to current trends and successes; resource materials developed to support worker efforts; specialized websites with training tools and resources; monthly policy transmittals; weekly Self Sufficiency policy update teleconference meetings and ongoing cheat sheets for staff.

As of March 1, 2011, Oregon Administrative Rule 461-115-0530 was amended to allow OHP Standard recipients to receive a twelve-month certification period instead of six months as was previously allowed. This change brings OHP Standard into alignment with all other DHS medical programs.

Combined, these changes reduce the number of redeterminations and streamline budgeting and verification requirements among all DHS programs.

SSPAT:

The Self Sufficiency Program Accuracy Team (SSPAT) has developed a new medical error trends training which focuses primarily on the error prone areas of budgeting, income and verification. This is a 3.5 hour scenario-driven block of instruction. The training will be delivered at branch sites to minimize impact on branch production while maximizing communication and learning within branch teams. Training materials were developed in coordination with policy analysts, quality control staff and CAF trainers. The first session was conducted on March 9, 2011. Trainings will be scheduled based on each district's priorities and branch accuracy trends.

MEQC:

CAF SSP Medical Quality Control (MEQC) and Program Management Evaluations review medical policy decisions, processes and medical application procedures and report out errors. Corrective Action Plans to prevent similar errors are developed and implemented statewide.

- We recommend department management ensure that complete and accurate client information is used to compile the quarterly data reports.

On May 16th, 2011, the Child Welfare SFMA cross walk code file was updated to include 103 additional codes identifying child welfare cases paid with TANF funding that were previously left out of our reporting. As a result, the ACF-199 and ACF-209 for the 1st quarter (ending Dec. 2010) were re-transmitted on June 28, 2011 and included over 500 additional cases per month. Since that date, we have not transmitted any

Child Welfare TANF funded cases. The OR-Kids system was implemented on August 29, 2011. The OR-Kids system has not been accepted at this time due to significant issues which have not been corrected. The OR-Kids project team and the DHS executive Team are working with the vendor to determine how and when these issues can be resolved. All eligibility for TANF, Title IV-E and title XIX has been impacted. We are unable to complete queries of data maintained in OR-Kids . A new eligibility report is still in design and is currently being validated. Due to this issue we hope to have the report completed and ready to transmit soon. We expect this may take until March 31, 2013.

We have corrected the previously identified coding problem with the JOBS Plus cases. The PTF cases problems were also solved, although PTF cases were discontinued in March 2012.

In addition, although our reports were correctly reflecting our policies related to disability and domestic violence cases being excluded from mandatory participation and thus excluded from the participation reports; we agree that in cases where these clients are voluntarily participating in work activities, we could be including those cases. We made coding changes to also begin bringing those cases into the reports. The cases were retransmitted in June 2012.

- We recommend department management ensure coding is correct when making manual coding adjustments. Department management should correct the coding errors identified.

All coding errors have been corrected. When the coding errors occurred the funding for the TANF block grant had already been drawn to the limit, therefore no overdraw of federal funds had occurred.

Correcting transactions were completed in January 2011. Correcting journal entries were made to fix errors and to move funds from federal to other funds. An additional small correcting entry was made in January 2012. Implementation of the new OR-Kids system will restrict the ability to make manual coding adjustments in the future.

- We recommend department management ensure that the clearance pattern used to draw down federal funds is updated to reflect any changes in the treasury-state agreement.

The State FY 2009 CMIA patterns were inadvertently used for the State FY 2010 federal draws. No interest is due to the Federal government for this issue as funds were drawn at a slower rate than we were entitled to receive.

Corrective actions were completed in March 2011. The department has verified the correct rates are being used for State FY 2011 draws. In addition, a "task" has been entered on staff's June 2011 calendar to verify any CMIA changes needed for the State FY 2012 draw spreadsheets.

- We recommend department management update their contracting policy to address suspension and debarment for governmental entities and communicate this change to contract staff.

The Office of Contracts and Procurement has a procedure on checking the Excluded Parties List System; however, the policy indicated only non-governmental entities were required to be checked.

The debarment policy addressed above was updated on February 14, 2011, to require all contracting entities be checked for debarment. This issue was discussed at the Office of Contracts and Procurement all staff meeting on February 15, 2011. The updated procedure was also distributed to all staff.

8. DHS: Adequate Computer Controls in Place for the Medicaid Management Information System, audit # 2011-12, (dated June 2011)

- We recommend that department management take action to further expedite resolution of the erroneous transactions that resulted from system errors.

The department supports the findings and timelines of the SOS auditors; however emphasizes that efforts to complete the payment reconciliation process have been underway for several months and were initially scheduled to be completed by June 30, 2011(see below). The new Medicaid Management Information System (MMIS) was brought on-line before all functionality was fully operational. This decision was made to ensure the enhanced Federal funding for this project continued.

During the post-implementation stabilization and subsequent maintenance periods, all operational decisions were made to ensure the critical services provided to our clients and the financial solvency of our servicing providers were maintained. An example of this support was creation of the “transitional payments” process, allowing estimated payments to be made to Managed Care plans, with a subsequent reconciliation effort to resolve discrepancies. Owing to the anticipated operational effects of these decisions and the impact they would have to our servicing providers, many of these decisions were made after consultation and planning with Managed Care plan representatives.

The Managed Care subsystem for enrollment and disenrollment was especially problematic in unique circumstances. The corrective programming required to correct these complex enrollment discrepancies was not completed until October, 2010. These Managed Care enrollment and disenrollment errors are directly linked, and have compounded, the Fee-For-Service (FFS) errors identified by the SOS auditors, by paying claims as FFS when the correct payer should have been (but was unknown at the time due to the enrollment errors) a Managed Care plan. The sequential logic used in the processing of these incorrect capitation and FFS payments must now be sequentially reversed during the corrective action period to ensure additional errors are not created.

Starting in October, 2010, following correction of the majority of system defects, the labor and systematic intensive reconciliation process for Managed Care Organizations (MCO) enrollment errors began. After extensive consultation and planning with our Managed Care partners to develop and execute this large effort, the department expected to complete the enrollment/disenrollment and subsequent capitation

adjustments (both overpayments and underpayments) by June 30, 2011. However, this initial target date was extended to December 30, 2011.

The exact amount of the FFS payment errors, and the corresponding corrective action, could not be fully defined until the MCO reconciliation process was complete. For example, if a FFS claim was paid for a client who was, during the MCO reconciliation process, determined to be covered by a MCO, then the payment associated to the FFS claim would be recovered and the appropriate capitation payment processed. If a FFS claim was paid for a client who was determined to not be covered by a MCO at the time the service was rendered, then the FFS payment was appropriate.

Once the MCO reconciliation process was finalized, then the last sequential step in the payment reconciliation plan began. This last step was to overlay the corrected MCO client enrollment onto the FFS claims payment history and determine the appropriateness of the FFS payments made for these enrollment-adjusted clients. This final reconciliation effort was successfully completed by the December 30, 2011, extended target date.

During the startup phases of the new MMIS, there were many identified system defects. Correction of these defects took many months of time and significant levels of resources, but at the time of this writing, all have been corrected and our MMIS has been retro-certified by CMS back to nearly the first go-live date. It now is not uncommon to identify new defects during normal operations of the MMIS, but once identified, system defects are prioritized above system enhancements for corrective resources. Additionally, service level expectations have been established as part of the contract with the MMIS vendor (HP) that outline the expected effort levels and correction timeframes for identified defects – dependent upon the agreed upon levels of severity of the defects. For example, any defect identified that brings the operation of the MMIS to a standstill must have a correction in test within 26 hours. Adherence to these service level agreements is closely monitored.

- We recommend that department management implement the recommendations provided in our confidential security letter.

The department agrees with the recommendations provided in the confidential security letter provided to the department per ORS 192.501. We have taken and will continue to take corrective actions as discussed in our confidential response to the security letter. These efforts are not yet completed.

Beginning on July 1, 2011, only those reports issued specifically to the Department of Human Services or the Oregon Health Authority (or both) are included in their individual Audit Response Report.

9. OHA: Improve Controls over Child Enrollment Reporting and Advertising Expenditures, audit # 2011-19 (dated September 2011)

- We recommend OHA management develop a consistent process to compile and review the bonus award enrollment figures for future submissions. We also recommend OHA management work with the Federal government to adjust the bonus award amount.

To qualify for a CHIPRA performance bonus payment, a state must apply to the federal government and demonstrate it meets two criteria, defined in CHIPRA law:

- *It implemented specific program features that are known to promote enrollment and retention of children in medical coverage; and*
- *Its enrollment of children in Medicaid increased above the CHIPRA enrollment target.*

If a state meets both criteria, the state qualifies for a bonus award based on the number of children exceeding the target. As mentioned in the report, for federal fiscal year 2009 (the first year states could qualify for CHIPRA bonuses) OHA applied for and received a CHIPRA bonus for \$1.6 million. The federal

government awarded only eight other states CHIPRA bonuses for 2009. For federal fiscal year 2010, OHA applied for and received a CHIPRA bonus for \$15 million. The federal government awarded only 14 other states CHIPRA bonuses for 2010. As identified in the audit, OHA over reported its 2010 enrollment count by approximately 7,400 non-citizen children. As a result, the federal government awarded OHA approximately \$4.5 million more than it should have received. OHA still qualifies for a bonus of more than \$10 million.

OHA has already taken a number of steps to correct the 2010 bonus award. OHA contacted the federal government about the enrollment reporting error. OHA stopped drawing bonus money from the federal account, leaving approximately \$5 million unspent from which the federal government will adjust the original grant award. OHA corrected, tested, and documented the data query used for CHIPRA enrollment reporting. OHA also submitted to the federal government a revised enrollment count for 2010. Based on the revised enrollment count, the federal government recalculated Oregon's 2010 bonus award. Based on this recalculation, the federal government decreased OHA's unspent award by \$4,488,017 on August 1, 2011.

Moving forward, OHA management will review in detail the data query criteria and data query results with Information Services staff and staff responsible for caseload monitoring before each year's submission of its Medicaid enrollment of qualifying children. OHA will also compare the data query criteria and results with the prior's years data pull to identify any issues.

OHA will utilize the improved process to pull and review the enrollment data for federal fiscal year 2011 in early October to be submitted before the federal deadline of November 1, 2011.

OHA followed the action plan as provided above. OHA management met and reviewed the details of the data query criteria and data query results with staff responsible for pulling the data. The query information was compared to the federal policies and guidance to ensure compliance. The query results were verified to not include non-citizen children who are required to be excluded from the enrollment count. The query results were also compared with the prior year's data pull. No issues were identified. OHA submitted the enrollment

count to the federal government on October 31, 2011. The Office of Forecasting, Research and Analysis retains documentation of the data query criteria and query results.

- To strengthen its controls over the Healthy Kids advertising expenditures, OHA and Healthy Kids management should:
 - ensure purchase orders and contracts are in place as appropriate, and are properly executed;
 - implement an effective payment tracking process to reduce the risk of overpayment;
 - ensure timely delegation of signature authority;
 - obtain and retain proof of performance documentation that clearly supports the services provided;
 - correct the recording errors identified during the audit; and
 - determine and resolve the effect of the incorrect reimbursement rate resulting from the miscoded transactions.

Oregon Healthy Kids is a tremendously important program for families across the state. The new Oregon Health Authority, Office of Healthy Kids was created in August 2009, and since then has enrolled about 94,000 more children into the health coverage they need. As a result, Oregon cut its child uninsurance rate in half during this time, a significant achievement. We appreciate the efforts of the Oregon Audits Division to help us make this highly successful program even stronger.

Healthy Kids has instituted a tighter tracking and filing system for:

- *purchase orders, invoices and contracts that will help make sure that all required documentation is obtained and saved*
- *advertising purchases will explicitly require proof of purchase in all advertising contracts.*

Although Healthy Kids staff did catch the duplicate payment found by the audit prior to the start of the audit and recently received a credit for the remaining \$541 outstanding costs, we are in agreement that more systemized tracking methods could further reduce the possibility of any future over or duplicate payments.

Office of Healthy Kids staff have already met with staff from other programs within the Department of Human Services to review their invoice tracking tools and will require all invoices be checked against purchase orders and payments before being submitted for payment.

OHA has updated its delegated authority policy, procedures and form and is implementing a new delegated system that will provide better tracking and reporting of delegations. In addition, the agency is in the process of completing a full roll-out of the new delegation form for all staff with expenditure authority.

Further, the three coding errors identified during the audit have been corrected and the appropriate reimbursement rate recorded.

10. DHS and OHA: Statewide Single Audit Including Selected Financial Accounts and Federal Awards for the Year Ended June 30, 2011, audit # 2012- 08, (dated March 2012)

- We recommend department management develop controls to ensure all Supplemental Nutritional Assistance Program federal revenues are recorded and year-end financial statement adjustments to expenditures are appropriate.

DHS uses a third-party service provider to administer the Supplemental Nutritional Assistance Program (SNAP). This service provider draws revenue directly from the federal government as benefits are issued to clients. Each month the Office of Financial Services (OFS) receives a report from the service provider and records the federal revenue drawn in the state accounting system. At the end of the year Statewide Financial Reporting unit adjusts expenditures to match the revenue drawn for financial reporting.

The January 2011 revenue recording from the service provider in the amount of \$94,357,598 was missed due to lack of cross-training while an individual was on medical leave. At the end of the fiscal year, the expenditures were reduced by an equivalent amount. Since the discovery of this error, cross-training has

been provided to OFS staff and an additional review has been established by the OFS Reconciliation unit to ensure each month's revenue transaction is posted. Additionally, the Statewide Financial Reporting unit reviews the SNAP program trial balances for reasonableness during the reporting year to identify anomalies and to implement needed corrections prior to year-end close.

The implemented cross-training has been followed since implemented and has provided results. The OFS Reconciliations unit identified an error with an entry made for June 2012 and immediately notified the appropriate staff allowing it to be corrected and properly recorded.

- We recommend department management verify that the initial upload of pharmacy rates in MMIS are complete and accurate.

OHA changed our reimbursement methodology for all enrolled pharmacy providers that serve recipients of Medical Assistance Programs (MAP) from a "lesser of" methodology that reimbursed either a percentage discount off of the Average Wholesale Price (AWP); the Federal Upper Limit (FUL) or the pharmacy's Usual and Customary (U&C) to a "lesser of" methodology based on the Actual Acquisition Cost (AAC) of individual drugs paid by pharmacies to wholesalers or the Wholesale Acquisition Cost (WAC) when an AAC has not been determined; the FUL or U&C. This "lesser of" methodology ensures that pharmacy rates in the MMIS are complete.

As an early adopter of a more transparent methodology, Oregon Medicaid hired a contractor in 2010 to perform data collection and rate setting functions for our more than 700 enrolled pharmacy providers, to implement the new AAC methodology which became effect on January 1, 2011, with the initial upload to the MMIS.

We agree to review the initial upload of pharmacy rates into the MMIS to ensure completeness and accuracy. Staff now review reports generated from the MMIS after each weekly rate load that identify both

changes in rates for individual drugs and an error report that identifies whether the load was stopped or unsuccessful in any way.

OHA staff also compares the system generated reports against a weekly report from our rate setting contractor that identifies changes in rates for individual drugs from week to week including those for the initial load. This review allows us to verify that rates have been loaded into the MMIS correctly and resolve any issue or anomalies in the event a rate is loaded incorrectly and to monitor drugs with significant changes in cost from week to week.

The contractor Oregon Medicaid hired to establish the AAC rates is also responsible for addressing pharmacy disputes when reimbursement is below their respective acquisition cost which further serves as a safeguard to ensure accuracy.

- We recommend department management develop procedures to ensure that balance transfers pertaining to prior fiscal years are properly recorded and do not misstate current year fund balances.

In January 2010 Medicaid and CHIP Federal rules changed related to client citizenship documentation requirements. This change allowed the Department to reclassify expenditures from GAAP General Fund to GAAP Health & Social Services Fund for current and prior fiscal years.

These types of adjustments are often large and require complex analysis to determine the appropriate accounting in current and prior periods. OFS will continue to provide training opportunities to program and internal staff on the importance of thorough documentation and understanding correct period recognition of balance transfers that relate to prior periods. The Statewide Financial Reporting unit has updated the year-end task list to include a review of balance transfers that were entered during the accrual period that affect prior periods.

In order to establish criteria for properly recording balance transfers(BT's) pertaining to prior periods, the State Financial Reporting(SFR) unit has researched guidance contained in Generally Accepted Accounting Principles, OAM , and has consulted with DAS. This criterion for properly reporting adjustments of prior period activity was documented, and presented to Shared Services management and Secretary of State Audits. Because prior period adjustment consideration often requires complex analysis, accounting staff were notified (through the LDMS process) to send BT's relating to prior periods to SFR unit for prior period adjustment consideration. SFR unit reviews, discusses the BT's with accounting staff, and educates staff on correct accounting treatment. If a BT is qualified for a prior period adjustment, SFR unit then enters the prior period adjustment to SFMA referencing the BT doc. To further educate staff; at each state fiscal year end, SFR unit sends a training document (with its year end transmittal) and instructions to staff to send their BT's relating to prior periods to SFR unit for prior period adjustment consideration.

- We recommend department management strengthen controls to ensure documentation is maintained in the case files sufficient to demonstrate compliance with federal requirements.

One of the missing applications was for an Adoption Assistance case that began in 2002. Due to prior audit findings for Title IV-E in late 2009, the department instituted a process where the Adoptions Assistance Unit reviews the applications to ensure all documentation which supports the eligibility determination (Title XIX or Title IV-E) is attached. Although this process was not administered retroactively, due to the volume of cases and the lack of resources, cases moving forward should have appropriate documentation. The eligibility for this case was retroactively reviewed and found Title IV-E eligible, thus categorically eligible for Medicaid.

The second missing application was used to apply for Self-Sufficiency program benefits. The application was initially processed by a case worker who determined Supplemental Nutrition Assistance Program (SNAP) eligibility. The same application was used, by a different case worker, to determine Medicaid eligibility, however the application did not get returned to be filed in the case record. The case record was subsequently transferred to a different branch office, and the application could not be located. It has since

been located. The DHS Family Services Manual provides procedures and outlines the steps for transferring case files between branch offices. In addition, DHS Imaging and Records Management Services (IRMS) provides services including imaging of documents and “open archiving” of case records to reduce the volume of applications and case file documents retained in branch offices. DHS sent staff an Informational Transmittal reminding staff of the case file transferring procedures and providing a link to IRMS services information. In addition, DHS published an article in the “On-Target” newsletter for Self-Sufficiency staff about ensuring case files are complete prior to transferring to a different case worker or branch. DHS also added information to the Family Services Manual and Business Procedures manual regarding case file transfer processes internally within a branch. DHS will also research the questioned costs for the Adoption Assistance case and reimburse the Centers for Medicare and Medicaid Services (CMS) the appropriate federal funds. The department hopes to complete this adjustment by June 30, 2012.

DHS will review the case with undocumented income verification and reimburse CMS any federal funds as appropriate based on this review. The department will also address documentation requirements at the next Area Agencies on Aging (AAA) / Seniors and People with Disabilities (SPD) Field Managers meeting and in the newsletter to field staff by June 30, 2012.

To reduce barriers to access and eligibility, the OHA Medical Programs (formerly DHS Medical Programs) have implemented policies that allow a medical program eligibility determination using a previously submitted application, whether or not the prior application was for medical benefits. During this time (the period under review), it was the case worker’s responsibility to remember and obtain any additional information, such as private health insurance, needed to determine medical program eligibility.

The department continues to proactively strengthen controls over the eligibility determination process. Within the past 17 months, updates have been made to the Legacy computer systems to revise a field in the Client Maintenance (CM) system. This is now a mandatory field, requiring data entry by the case worker when setting up the medical case. The purpose of this field is to identify whether or not an individual has third party insurance. Training for this systems’ change, along with other medical policy changes, was

delivered statewide to field staff beginning in the fall of 2010. In addition, the training material is posted on the Self-Sufficiency Program, Medical Program Staff Tools website.

Medical program eligibility worker training includes guidance on how to process eligibility decisions. In addition, instruction is given to participants on how to “interview” to ask questions to ascertain eligibility information not captured on the current application in the case file, including whether or not individuals have private health insurance. The new data field and purpose is also explained in detail during the trainings.

DHS also researched the questioned costs for both of the cases missing the private health care information and determined no reimbursement to CMS was necessary.

DHS will review the case with the private dental insurance and reimburse CMS any federal funds as appropriate based on this review. The department will provide the case information to the Health Insurance Group (HIG) for entry into MMIS. The department will also address reviewing applications for insurance policy disclosure and the requirement to send the information to HIG at the next AAA/SPD Field Managers meeting and in the newsletter to field staff by June 30, 2012.

- We recommend department management implement controls to ensure correct rates are used when calculating the Medicare Part B buy-ins and reimburse the federal agency for the overdrawn ARRA funds.

In April 2011, the ARRA enhanced FMAP rate was reduced. The Medicare Part B buy-in calculations are performed in an excel spreadsheet. In April, the department inadvertently retained the prior quarter’s FMAP rate resulting in an over draw of the ARRA funds. We have since added a box to the excel spreadsheet used in calculating the buy-in and have it highlighted as a reminder to verify the rate being used prior to draw. We have refunded the overdrawn funds to CMS.

The FMAP is now reviewed prior to the draw to ensure an accurate rate. Also, instead of the rate being included in the formula and updating the formula, a box was created to enter the rate and the formula is based on that box.

- We recommend department management use the standardized contract language and ensure contractors include the standardized contract language with subcontractors to ensure compliance with federal regulations.

Beginning in May 2011, the contract used in the renewal process for Child and Adult Foster Home providers was replaced by the Foster Home Medicaid Provider Enrollment Agreement (SDS0738). This agreement includes the federal and state disclosure requirements. These new agreements are now in place for all Foster Home Providers (child and adult).

The department's contract and Intergovernmental Agreements (IGA) include standardized language with regards to compliance with federal regulations (exhibit G). The IGA or contract requires that exhibit G is attached to any sub-contract. The department will include review for this attachment with sub-contracts during field reviews with Community Developmental Disabilities Programs and Adult Support Services Brokerages. All IGAs have been updated with standardized language with the exception of one county, which is expected to be signed by March 1, 2013.

- We recommend department management ensure the review for suspension and debarment is documented in accordance with department policy.

The Office of Contracts and Procurement (OC&P) reviewed the internal procedure, "Federal Debarment and Suspension Confirmation" and the "OC&P File Checklist" to ensure they comply with the federal debarment requirements. The procedure is in compliance with these requirements. The importance of checking debarment was discussed at the OC&P Unit meeting February 22, 2012. An individual conference was held with staff that had a file without debarment documentation to discuss and document the issue. OC&P management staff enhanced the training regarding debarment for new OC&P staff. Debarment is

listed on the OC&P File Checklist, included in the Contract Processing Standards and a link is included on the OC&P intranet site.

- We recommend department management ensure adequate review of the various calculations of the cost pool statistics is performed.

A portion of the cost allocation process has been performed in excel spreadsheets that required some manual entry of statistics each month. In September, the previous month's data had not been removed prior to processing the new data. As a result, the statistics became a blended two month average and was not calculated in accordance with the cost allocation plan. The review process in place did not and would not have picked up this error. The Office of Financial Services has analyzed the impact of the error and made adjustments as appropriate.

The Office of Financial Services implemented a new cost allocation model in July 2011 in which now only relies on one remaining spreadsheet that needs to be automated. The manual intervention of the remaining spreadsheet is to be eliminated by September 2012. The current model in use has eliminated the possibility of this human error happening again.

The automation of the last remaining spreadsheet is complete and currently in testing. It is expected to be put into production beginning February 1, 2013.

- We recommend the Department remove conflicting access rights where it can. In those instances where the conflict remains, the Department should develop and implement a detective control to specifically address those instances.

The prior year's corrective action was not accomplished for the period ending June 30, 2011 due to staff resource issues. However the department is in the process of implementing appropriate controls to ensure

that conflicting access rights are removed where they can be and there is a detective control in place to specifically address those instances.

Our corrective action has multiple parts:

- 1) DHS has developed expectations that field managers review the monthly Resource Access Control Facility (RACF) report for conflicting access of employees. To assist in this review a cheat-sheet for managers has been developed and distributed,*
- 2) DHS has removed access to perform any update capabilities from non-paid employees, i.e., volunteers and;*
- 3) DHS has developed and distributes monthly a Conflicting Access report. The report identifies employees who may have taken action using conflicting access on individual accounts for further review.*

11. DHS and OHA: Strategies to Better Address Federal Level of Effort Requirements, audit # 2012- 11, (dated April 2012)

- To maximize state resources, allocate General Funds strategically, and ensure continued compliance with Level of Effort requirements, we recommend management from Oregon agencies subject to federal Level of Effort requirements:
- encourage program staff to work with their federal agency contact to understand possible financial sources available to meet Level of Effort requirements, including funds outside of those directly budgeted for that program;
- work with the Legislative Fiscal Office to make information available to Oregon Legislative members explaining Level of Effort requirements and consequences for lack of compliance;
- conduct regular communications among program, financial, and budget staff within each agency to discuss Level of Effort compliance and cross-program expenditure possibilities; and

- strengthen certification procedures across programs to allow more cross-program expenditures while ensuring compliance with federal mandates.

While OHA and DHS generally agree that the recommendations are reasonable expectations, we are concerned that the report contains no specific analysis explaining if the additional efforts it recommends will generate benefits in excess of their anticipated additional costs. It is also unclear to OHA and DHS management how these recommendations should be prioritized amongst the other activities available to the agencies to improve efficiency and effectiveness. With that said, we do see opportunities to make improvements to our communication and coordination processes within the two agencies and with our other state and federal partners.

As can be seen in the report, Level of Effort is a very complex subject due to all the different grants and specific rules each grant requires. As such it can be difficult to apply general statements and recommendation regarding Level of Effort (LOE) requirements to all of the grants listed in the audit. For some of grants administered by OHA and DHS some of the specific details of the above recommendation do not apply. For the Medicaid and the Children's Health Insurance Program, the LOE requirements are eligibility based and not expenditure level based. Another grant, the Senior Community Services Employment Program, only requires that placement of an enrollee not supplant normally budgeted positions or contract work at the host agency. There are also grants, such as the Block Grants for the Prevention and Treatment of Substance Abuse, that have historically only allowed expenditures from the recipient agency in determining compliance with the LOE requirement.

OHA and DHS agree that Oregon agency management (including program, fiscal and budget staff) need to understand their grant requirements. We also agree, and do, actively work with the Legislative Fiscal Office (LFO), and the Department of Administrative Services, Chief Financial Office (CFO) to communicate, maintain and ensure compliance with these grant requirements. While we also feel for many of the grants administered by OHA and DHS, we are currently engaged in these discussions at the level necessary, there may be some efforts that could be improved.

Both agencies will review our current communication and coordination efforts related to the individual grants identified in the report to determine if improvements are needed. This will include consideration of a more formalized internal and external meeting structure to discuss ongoing LOE issues and possible changes in other agency programs that may impact LOE (both opportunities and challenges when programs are reduced).

For some grants, such as TANF, we spend significant time analyzing funding opportunities and have put in place a "certification process" as a way to both have routine communications with partner agencies and document other agency LOE related expenditures. We continue to partner with non-traditional MOE programs such as the food banks to explore possible additional opportunities. We also agree there may be additional funding opportunities available and will work with CFO and LFO as necessary to resolve cross-agency issues as they arise.

We will review our programs to determine if there is funding that is in excess of current grant requirements that could help other programs or grants meet their LOE needs. We will continue to work with LFO and CFO to help facilitate the communication of new opportunities as they arise, keeping in mind sufficient analysis is always necessary prior to using any new LOE source to meet specific grant expenditure level requirements.

Both agencies recently made changes to internal grant application processes which enhanced the communication between program and fiscal staff prior to the grant applications being submitted. Both agencies have also continued to actively work with the LFO, and DAS-CFO to communicate, maintain and ensure compliance with these grant requirements. This includes recent detailed history and estimates for the Governor's Budget Process to allow BAM to account for MOE issues as much as possible in the 2013-15 budget process. The agencies have communicated to LFO and CFO any LOE/MOE requirements that are directly tied to all reduction options that might be considered to meet statewide

revenue shortfalls. In addition, the agencies continue to work with other internal programs, agencies or private entities to maximize MOE.

12. OHA: Children's Mental Health: Ensuring Access and Sustaining Services, audit # 2012- 16, (dated May 2012)

- We recommend the Division, in its administration of mental health services, develop better information on service utilization by population. These efforts could include:
 - developing and reporting comparative data to monitor service utilization by population, including Hispanic children, girls aged 2-13, and younger children;
 - reviewing and comparing strategies that address utilization differences;
 - developing targets that assist in addressing differences between populations; and
 - Identifying and disseminating best practices for increasing the use of mental health assessments for younger aged children.

In our current and ongoing work, we address these issues in a variety of ways.

- *AMH collaborates with the Department of Human Services Child Welfare on issues affecting both systems, including measures to increase the assessments for children in foster care within 60 days of placement in out-of-home care, the appropriate use of psychotropic medications and the Statewide Children's Wraparound Initiative.*
- *Through the Community Mental Health Block Grant, AMH reports to the Substance Abuse and Mental Health Services Administration (SAMHSA) on a number of National Outcome Measures. One of these measures is to maintain or increase the proportion of children from Native American, Hispanic, African American, or Asian ethnic backgrounds receiving publicly funded mental health services, so that the proportion of the population receiving services will match or exceed the proportion of the State's children within the same ethnic population.*

- *AMH staff developed a collaborative training with the Mental Health Organization (MHO) children's systems coordinators focusing on assessment and evidence based treatment of young children birth through 5 years using Child Parent Psychotherapy.*
- *AMH participates in the Coalition of Advocates for Equal Access for Girls. The mission and activities of the coalition aims to ensure that girls receive equal access to all of the appropriate gender specific support and services they need to develop to their full potential. Coalition membership includes representatives from AMH, other state agencies, and private non-profit organizations. This coalition also has legislative support.*
- *AMH will continue disseminating Parent Child Interaction Therapy (PCIT), the evidence-based practice for young children 2-7 years old with disruptive behavior disorders with a focus on serving children from Hispanic families in proportion to their presence in the county population.*

AMH will work with the Office of Equity and Inclusion (OEI) to initiate the following to provide better information on service utilization by population:

- *The AMH Program Analysis and Evaluation unit will develop quarterly reports reflecting utilization of mental health services by population specific data, including Hispanic children; girls aged 2-13, younger children, and other demographic groups. These new baseline reports are now available.*
- *AMH will establish targets for each MHO/Coordinated Care Organization (CCO) based on local performance. AMH will work with OEI to identify strategies in communities that are more successful in serving the identified populations. These strategies will be disseminated to communities which are less successful. AMH and OEI have established a monthly work group including community partners to identify targets and strategies for improving services to the identified populations by MHO or CCO. Work to date includes the identification of measures to be used to develop the trend line and the time line for the service utilization by identified populations, identification of criteria for prevalence benchmarks in published literature, and identification of prevalence benchmarks based on published literature for each identified population.*
- *Identify strategies and targets in collaboration with MHOs and CCOs based on community assessments or other means by November 1, 2012.*

- *Within available funding, AMH will support a Local Mental Health Authority to coordinate and oversee training on early childhood mental health assessment and the evidence based practice Child Parent Psychotherapy by November 1, 2012. This contract will support the development of an early childhood mental health network to provide clinician technical assistance and support to implement this practice. In September, AMH funded training to increase clinician ability to conduct comprehensive mental health assessments for young children were provided for 17 clinicians.*
- We recommend the Division improve the continuity of mental health care for children by:
 - ensuring that assessed children who need and desire mental health services receive services in a timely fashion;
 - ensuring that the reasons for children experiencing lengthy breaks in services are captured in case file documentation;
 - periodically analyzing the reasons for service breaks; and
 - ensuring that providers make adequate efforts to re-engage children when unplanned service breaks occur, and that they document these efforts.

OHA agrees that for children with unmet service needs, it is important to ensure that gaps in service provision are identified and addressed so they can continue making progress at home, in school, and with friends.

The following are examples of our current and ongoing efforts to address these issues:

- *AMH reviews Community Mental Health Programs through site reviews and issues Certificates of Approval for one, two or three years for programs that are in substantial compliance with the Oregon Administrative Rules. These site reviews address issues of access to services, engagement and follow up for initial approval or renewal of Certificates of Approval for Community Mental Health Programs.*
- *Mental health providers follow a standardized process for identifying children with high mental health needs and providing a comprehensive, coordinated array of services that are family and youth driven. The Level of Service Intensity Determination Process is to determine the intensity of service needs for*

children and adolescents with emotional, behavioral, and developmental challenges and to identify children and adolescents who would benefit the most from intensive service coordination planning. The Level of Service Intensity Determination Process provides a uniform and common framework to identify service intensity needs that can be used to inform service planning

- *Families, children (when appropriate) or adolescents receiving the Integrated Service Array develop their own teams which coordinate their services.*

AMH will also initiate the following additional actions to improve the continuity of mental health care for children.

- *Prior to each site review, AMH Compliance Specialists will review service utilization data to identify gaps in accessing services following a mental health assessment, service breaks or during transitions from one type of mental health service to another. They will follow up by reviewing documentation in client charts. AMH's goal will be to incorporate the review of service breaks, engagement and documentation into the regular site review schedule by November 1, 2012. AMH has identified the Client Process Monitoring System (CPMS) enrollment and termination data and Medicaid Management Information System (MMIS) encounter data as the data sources for identifying gaps in service for children moving between levels of service intensity, including post residential treatment. AMH has communicated with stakeholders, including community mental health programs and the MHO children's systems coordinators of the process for reviewing client charts during site certification or re-certification. AMH has also communicated the process to compliance specialists and other staff conducting site reviews. AMH staff are using this information to review client charts identified through data analysis for gaps in service for children receiving services in the Integrated Service Array.*
- *Through CCOs, the system shifts to outcome based performance rather than management of processes. The OHA Outcomes Group will establish monitoring mechanisms for CCO compliance with the outcome measure for clinical follow up within 14 days of transition from a hospital or residential treatment program. The Metrics and Scoring Committee, established in 2012 as a result of SB 1580 (Section 21), has the responsibility of setting overall metrics for CCOs. Over the past several months, the committee has been working to finalize a set of metrics to be used for incentive purposes with the CCOs. One*

example of a metric relevant to the age group discussed in the SOS audit report is follow-up care within seven days after hospitalization. Another metric is insuring that children taken into DHS custody are given a mental health assessment within 60 days. These metrics, as well as others decided by the committee, will be tracked in aggregate in addition to several demographic breakouts, including race, ethnicity, gender, and age groups. The overall goal is to evaluate CCOs based on relevant metrics and not just the volume of service generated.

- *AMH and the Office of Information Services (OIS) initiated the web-based Children's Progress Review reporting system for children enrolled in Intensive Community-based Treatment and Support Services and the Statewide Children's Wraparound Initiative project sites. This system will be upgraded to include the Level of Service Intensity Determination Process which will provide real time data for individuals receiving services at the clinic, MHO or CCO and state levels. This will provide the opportunity for more detailed analysis of services, services breaks and recipients. The Children's Progress Review System has been upgraded to include all children served in the Integrated Service Array (ISA) and Statewide Children's Wraparound Initiative (SCWI) project sites. Level of Service Intensity determination data, which determine entry into the ISA, will also now be submitted through this data reporting system. Real time data regarding quarterly outcomes for individuals receiving services, and parental/caregiver perception of progress while receiving services, will be obtained using the Integrated Service Array/SCWI Progress Review (ISA/SCWI PR) and the Behavioral and Emotional Rating Scale, version 2 (BERS-2) for parents. These data can be reviewed at the community mental health program, CCO or state level by individuals with access to the system, for their particular system. This provides the opportunity to track data changes for individuals and groups over time. Data in this system can be matched with MMIS data (claims, service recipients) to further delineate service breaks related to outcome data.*

13. OHA: Safe Drinking Water Revolving Loan Fund for the Fiscal Year Ended June 30, 2011, audit # 2012- 19, (dated June 2012)

- We recommend agency management:
 - Reconcile, at a minimum, the state’s accounting records for revenues and expenditures for each set aside with the federal cash reimbursement system when closing a grant award and ensure any adjustments identified are researched and corrected prior to submission of the final report;
 - Reverse the accounting entry made in December 2011 that moved revenue from current grant awards to older grant awards;
 - Determine whether the \$28,274 in valid expenditures identified for grant awards 04, 05 and 06 can be moved to open grant awards enabling the agency to be reimbursed;
 - Obtain state funding for the \$10,484 of expenditures incurred at some point in time but never drawn to cover the cash expended; and
 - Return \$7,160 in federal revenue/cash currently recorded in grant award 06 to the U.S. Environmental Protection Agency (EPA).

We agree that when closing a grant or phase that the grant revenue and expenses must be reconciled and adjustments must be made in a timely manner. As soon as all invoices have been received and funds drawn, a reconciliation should be completed to ensure the original federal financial report requires no adjustments and the expenses and revenues entered in the Statewide Financial Management Application (SFMA) are in balance. In the future, the agency will also make every effort to have all program invoices processed within 90 days of the grant closing, reducing the potential risks of having to submit revised federal financial reports.

The Oregon Health Authority continues to research the impact of moving the identified \$28,274 revenue and its impact on phases 04, 05 and 06. These phases are closed, but there may be outstanding

adjustments requiring resubmission of final reports. Program will be discussing with EPA the option of moving funds between grants to correct prior errors. After we finalize phases 04, 05 and 06 we will contact the EPA requesting their direction as to the final disposition of the \$7,160 currently recorded in grant award 06. The Office of Financial Services will also work with the program to determine the appropriate adjustment of the \$10,484.

2011-2013 MANDATORY SPECIAL REPORT ON COMMUNITY MENTAL HEALTH

Treasury Account Report

July 2011 to June 2013

Per ORS 426.506 Community Mental Housing Fund; Community Housing Trust Account

Restricted Funds- Permanent Fund Principle	\$	11,453,172
SB 1579 Feb 2012 Session- Reduction in Fund Principle		(5,726,586)
Unrestricted 09-11 Balance Forward		384,330
Sale of Lincoln City Property		92,800
Sale of Wilsonville Property		379,693
Interest: Actual July 2011 through June 2013		98,138
Total Revenue	\$	6,681,547
Awarded Amounts Funded July 2011 to June 2013		467,805
Amount reserved for awarded housing development		0
Amount reserved for awarded institutional housing		20,800
Available to be Awarded		466,356
Restricted Funds- Permanent Fund Principle		5,726,586
Total Expenditures	\$	6,681,547

FACILITY RELOCATIONS OR EXPANSIONS

PRIORITY RATING Total Possible = 18	DIST	PROPOSED RELOCATIONS OR EXPANSIONS					SQUARE FOOTAGE			# OF PEOPLE (DHS Staff & Partners) ALLOCATED SPACE		# of mos new occupancy in each Biennium			RENT CALCULATIONS				BIENNIUM TOTALS (If span over two Bienniums, One Time Costs calculated into beginning Biennium)	
		DESCRIPTION OF REQUEST	PROGRAM	CITY	BUILDING CLOSURES	ESTIMATED MOVE DATE	CURRENT SPACE OCCUPIED	NEW SPACE & CONTINUING SPACE REQUESTED	TOTAL ADDITIONAL SPACE	CURRENT # of People	ESTIMATED FUTURE # of People	# of months 11-13 Biennium	# of months 13-15 Biennium	# of months 15-17 Biennium	ONE TIME MOVING / INSTALL COSTS/ ONE TIME DUPLICATE RENTS	MONTHS BUDGETED FULL SERVICE BASE RENT	MONTHS PROPOSED FULL SERVICE ESTIMATED BASE RENT	MONTHS ADDITIONAL RENT or SAVINGS	11-13 Biennium TOTAL ADDITIONAL DOLLARS NEEDED	13-15 Biennium TOTAL ADDITIONAL DOLLARS NEEDED
	11	Expansion of 714 Main to ease overcrowding and accommodate new staff.	APD	Klamath Falls 714 Main	N/A	March 2013	8,659	12,983	4,324	0	11	4	24	N/A	\$40,284	\$291,312	\$315,557	\$24,245	\$64,529	\$84,214
	3	Salem area Space Plan - plan to relocate staff to other state owned or state leased buildings (OHA 57.54% and DHS 42.46% of the Parkway Building). Relocations include ODFW and CCBC.	DHS OHA	Salem	Parkway, Salem Fairview, Salem 676 Church, Salem Mohawk, Tualatin	November 2013	65,829	71,912	6,083	344	\$370	0	24	N/A	\$517,069	\$3,019,054	\$2,866,407	-\$152,647	\$0	\$364,422
	3	Relocate to ease over-crowding and improve service delivery to clients.	VR	Salem	Hawthorne	September 2013	3,600	4,890	1,290	12	12	0	24	N/A	\$24,733	\$150,890	\$201,652	\$50,762	\$0	\$75,495
	16	Relocate to ease over-crowding and building issues.	APD	Hillsboro	2nd and Main	November 2014	14,146	19,686	5,540	72	72	0	24	N/A	\$116,878	\$509,856	\$970,856	\$461,000	\$0	\$577,878
	7	08 APD has outgrown their space, consolidate two buildings into one.	APD	Roseburg	Garden Valley Madrone	July 2014	14,123	17,845	3,723	57	63	0	24	N/A	\$126,497	\$529,256	\$637,850	\$108,594	\$0	\$235,091
	12	08 1) Ease severe overcrowding at NE 7th 2) Create efficiencies in service delivery 3) New procurement process forth coming	CW SSP APD	Grants Pass	726, 734 NE 7th St 2166 NW Vine St 725 NE 7th St (1,000 sf)	September 2014	35,846	61,702	25,856	199	199	0	24	N/A	\$349,385	\$1,785,522	\$3,318,688	\$1,533,166	\$0	\$1,882,551
	03	1) Ease over-crowding and provide required CW visitation space. 2) Relocate CW into new building and SSP will stay at Oak St	CW	Dallas	Ellendale	July 2014	17,404	28,487	11,083	70	70	0	24	N/A	\$123,752	\$646,110	\$824,013	\$177,903	\$0	\$301,655
	08	1) Create a campus concept space plan for D-8 Service Delivery 2) A committee is designing a space utilization plan for efficiency.	CW SSP	Medford	Medford - 936 Royal, 925 Town Centre, 914 Min, 24 W 6th	August 2013	65,662	53,516	-12,146	251	N/A	0	24	N/A	\$418,721	\$1,891,715	\$2,889,381	\$997,666	\$0	\$1,416,387
	7	Create a multi-service center at SWOCC where DHS currently occupies 17,761 SF	CW SSP APD VR	Coos Bay North Bend	2025 Sheridan 2075 Sheridan Broadway	November 2016	29,712	TBD	TBD	TBD	TBD	TBD	TBD	N/A	TBD	TBD	TBD	TBD	\$0	TBD
	10	Create a multi-service center with Deschutes County in Redmond and ease over-crowding in Bend (Wall St.).	CW APD SSP	Redmond	Highland College Loop	On-Hold	19,375	18,676	-699	62	62	N/A	N/A	N/A	TBD	TBD	TBD	TBD	\$0	TBD
	2	Lincoln Building - PORTLAND - New space is needed to accommodate new staff for OHA: DO; Office of Equity and Inclusion; Office of Health Policy and Research; Transformation Center	OHA	Portland	250 Church and Trade St, Salem	June 2013	25,288	24,741	-547	106	106	0	24	N/A	\$228,184	\$1,044,973	\$1,100,429	\$55,456	\$0	\$283,640

FACILITY RELOCATIONS OR EXPANSIONS

PRIORITY RATING Total Possible = 18	DIST	PROPOSED RELOCATIONS OR EXPANSIONS					SQUARE FOOTAGE			# OF PEOPLE (DHS Staff & Partners) ALLOCATED SPACE		# of mos new occupancy in each Biennium			RENT CALCULATIONS			BIENNIUM TOTALS (If span over two Bienniums, One Time Costs calculated into beginning Biennium)	
		DESCRIPTION OF REQUEST	PROGRAM	CITY	BUILDING CLOSURES	ESTIMATED MOVE DATE	CURRENT SPACE OCCUPIED	NEW SPACE & CONTINUING SPACE REQUESTED	TOTAL ADDITIONAL SPACE	CURRENT # of People	ESTIMATED FUTURE # of People	# of months 11-13 Biennium	# of months 13-15 Biennium	# of months 15-17 Biennium	ONE TIME MOVING / INSTALL COSTS/ ONE TIME DUPLICATE RENTS	MONTHS BUDGETED FULL SERVICE BASE RENT	MONTHS PROPOSED FULL SERVICE ESTIMATED BASE RENT	MONTHS ADDITIONAL RENT or SAVINGS	11-13 Biennium TOTAL ADDITIONAL DOLLARS NEEDED
															Grand Totals: (Does not include all project costs - some costs are to be determined)			\$64,529	\$5,221,333

Oregon Health Authority Gender Equity Report

The Oregon Health Authority (OHA) Gender Equity Report provides progress and plans in achieving equal access to appropriate services for males and females under the age of 18.

OHA's efforts are more program specific than agency wide, due to the nature of our work as it relates to the requirements of the statute. This report focuses predominantly on Addictions and Mental Health (AMH). Information is also included from Public Health (PH) and the Office of Contracts and Procurement (OC&P). This report covers July 1, 2011 through June 30, 2012 (FY 2012).

This report is required by ORS 417.270 (HB 3576 Equal Access to Appropriate Services for Girls and Boys).

Addictions and Mental Health

Oregon Health Authority Addictions and Mental Health supports equal access to appropriate services and treatment for females and males under 18 years of age. AMH developed the Integrated Services and Supports Rule to prescribe minimum standards for the services and support provided by addictions and mental health providers. These rules promote recovery, resiliency, wellness, independence and safety for individuals receiving services and support. They specify standards for the services and supports that are person-directed, youth-guided, family-driven, culturally competent, trauma-informed and wellness-informed. They also promote developmentally appropriate functional and rehabilitative outcomes for individuals. Contracts with Mental Health Organizations, Fully Capitated Health Plans and Coordinated Care Organizations require the provision of these services.

The modified Integrated Services and Supports Rule (Jan. 1, 2012) includes definitions important to the development of the individualized plan for each person. Child and family engagement in the development of

services allows individual choice in developing the most appropriate array of services and tailoring of those services to effectively address the child's clinical issues. The Individual Service and Support Plan (ISSP) describes specific services and supports to be provided, arranged, or coordinated that will assist the individual and his or her family, if applicable, to achieve intended outcomes. This includes services specific to gender, culture, literacy, disability or language and steps necessary to overcome existing barriers.

Women's Treatment Services are programs approved and designated to provide alcohol and other drug treatment services primarily for women, which meet specific standards. These standards address assessment, provision or coordination of services specific to women, and referral to other services. Entry of individuals whose services are funded by the Substance Abuse Prevention and Treatment (SAPT) Block Grant are prioritized in the following order:

- (A) Women who are pregnant and using substances intravenously;
- (B) Women who are pregnant;
- (C) Individuals who are using substances intravenously; and
- (D) Women with dependent children.

In addition, adolescent providers deliver services that support gender-related developmental issues such as Boys' and Girls' Empowerment and Girls Empowerment and Diversity groups. These adolescent providers maintain relationships and work with agencies that provide culturally specific services in order to assure diversity awareness with the organization, as well as provide clients with a range of culturally specific options for pre-social support. Many programs implement "Seeking Safety" as a gender-specific program for individuals with trauma and substance use disorders.

The following definitions are included in the Integrated Services and Supports Rule:

- "Child and Family Team" includes people responsible for creating, implementing, reviewing and revising the service coordination section of the Individual Service and Support Plan in Intensive Community-based Treatment Supports and Services of the family, care coordinator, and child. The team also includes any

involved child-serving providers and agencies and any other natural, formal, and informal supports as identified by the family.

- "Cultural Competence" means the process by which people and systems respond respectfully and effectively to people of all cultures, languages, classes, races, ethnic backgrounds, disabilities, religions, genders, sexual orientations and other diversity factors in a manner that recognizes, affirms, and values the worth of individuals, families and communities and protects and preserves the dignity of each.
- "Gender Identity" means a person's self-identification of gender, without regard to legal or biological identification, including, but not limited to persons identifying themselves as male, female, transgender and transsexual.
- "Gender Presentation" means the external characteristics and behaviors that are socially defined as either masculine or feminine, such as dress, mannerisms, speech patterns and social interactions.
- "Peer" means any person supporting an individual, or a family member of an individual, who has similar life experience, either as a current or former recipient of addictions or mental health services, or as a family member of an individual who is a current or former recipient of addictions or mental health services.
- "Peer Delivered Services" means an array of agency or community-based services and supports provided by peers, and peer support specialists, to individuals or family members with similar lived experience, that are designed to support the needs of individuals and families as applicable.
- "Peer Support Specialist" means a person providing peer delivered services to an individual or family member with similar life experience, under the supervision of a qualified Clinical Supervisor. A Peer Support Specialist must complete an OHA approved training program and be:
 - A self-identified person currently or formerly receiving mental health services; or "person-directed" means the individual, and others involved in supporting the treatment and recovery of the individual, are actively involved in assessment, planning and revising services and supports and intended outcomes. Individuals are empowered through this process to regain their health, safety and independence to the greatest extent possible and in a manner that is holistic and specific to the individual, including culturally, developmentally, age and gender appropriate.

- A self-identified person in recovery from a substance use disorder, who meets the abstinence requirements for recovering staff in alcohol and other drug treatment programs; or
- A family member of an individual who is a current or former recipient of addictions or mental health services.

In 2012, AMH received the results of the children's mental health system audit. It identified the need to develop better information on service utilization by population, including Hispanics, younger children, and girls ages 2-13. These populations utilized less mental health services than other populations. AMH is working with the Office of Equity and Inclusion (OEI) to provide better information on service utilization by population, including:

- The AMH Program Analysis and Evaluation unit is developing quarterly reports reflecting utilization of mental health services by population specific data, including Hispanic children; girls ages 2-13, younger children, and other demographic groups. The new reports will be available by November 1, 2012.
- AMH is establishing performance measures for each Coordinated Care Organization (CCO). AMH will work with OEI to identify strategies in communities that are more successful in serving the identified populations. These strategies will be shared with communities which are less successful. Performance measures will be established by November 1, 2012.
- Identify strategies and targets in collaboration with CCOs based on community assessments or other means.
- AMH will support a Local Mental Health Authority to coordinate and oversee training on early childhood mental health assessment and the evidence-based practice, Child Parent Psychotherapy, by November 1, 2012. This contract will support the development of an early childhood mental health network to provide clinician technical assistance and support to implement this practice.

Encounter data from AMH indicate that males are slightly over-represented among children under age 18 receiving mental health services under the Oregon Health Plan (OHP). Approximately 33,243 males and females under the age of 17 years old were served in FY 2012 through AMH. In the Medical Assistance Programs (MAP) an average of 366,000 were enrolled in OHP (including Children's Health Insurance Program and Oregon Healthy Kids).

In total, MAP and AMH expended more than \$913.4 million providing services to males and females under the age of 18 for FY 2012.

OHA Public Health

OHA Public Health (PH) has several initiatives addressing youth services:

- ¡Cuidate!, a culturally specific HIV and pregnancy prevention program for Latino youth, serves both female and male youth ages 13 - 18 in six counties (Crook, Deschutes, Jackson, Jefferson, Marion, Multnomah). Participants included approximately 54% female, 44% male and less than 1% transgender.
- Analyzing Oregon Healthy Teens (OHT) report data on positive youth development by gender. This analysis looked at five years of OHT data to identify trends and disparities in positive youth development by gender, race/ethnicity, and sexual orientation. This analysis also allowed public health staff to better understand the relationship between positive youth development and health risk factors such as drug use, depression, sexual activity, and exposure to violence.
- As it relates to Family Violence public health:
 - Worked with community partners and developed the Oregon Recommendations to Prevent Sexual Violence, the Oregon Violence Against Women Prevention Plan, the Youth Sexual Health Partnership and the Oregon Youth Sexual Health Plan.
 - Implemented promising practices to promote healthy relationships receiving on-going funds from the Centers for Disease Control and Prevention (CDC) for Rape Prevention and Education (RPE). Funds support the work of the Sexual Assault Task Force and six local sites to change social norms among youth and support healthy relationships using proven prevention strategies.
 - Collected data on Intimate Partner Violence (IPV), harassment, and rape using the Behavioral Risk Factor Surveillance System (BRFSS), Oregon Healthy Teens (OHT), and Pregnancy Risk Assessment Monitoring System (PRAMS) surveys to track prevalence and identify risk and factors. Public health also maintains the violent death reporting system.

- Interpreted data, including the National Sexual and Domestic Violence Survey, using it to inform public health practice and keep partners abreast of trends and risk and protective factors associated with family violence.
- Strengthened screening and referrals by training and supporting public health workers to screen all clients for IPV, family violence, child abuse and sexual coercion and refer them to an appropriate local advocate agency. Oregon Department of Justice, DHS and OHA are working together on an IPV and pregnancy federal grant application. The grant places Domestic Violence (DV) advocates in DHS offices to assist with screening, referrals, and case coordination for pregnancy and parenting teens who have been victims of DV including sexual violence.
- Participated in a number of statewide family violence coalitions including the DHS/OHA Domestic Violence Council, The Attorney General’s Sexual Assault Task Force and the Oregon Youth Sexual Health Committee. Executive Order 12-10 created the Oregon Domestic Violence Prevention and Response Task Force. The Task Force provides for the Director of the OHA to have a standing position in its membership. In this position, the Director will promote best practices for prevention strategies and will be the body that brings the recommendations of the DV Fatality Review to the legislature.

The Adolescent, Genetic and Reproductive Health Section promotes health, well-being and quality of life for all Oregonians. Through the development and use of evidence-based policies, tools, educational resources, programs and clinical preventive services the Section supports the health and development of adolescents, and sexual and reproductive health across the lifespan. Section support is also provided to populations impacted by or at risk from genetic conditions.

Nationally, School-Based Health Centers (SBHCs) represent a unique health care model for comprehensive physical, mental and preventive health services provided to youth and adolescents in a school setting. Services are available to students regardless of their ability to pay, insurance status, race, color, national origin, religion, immigration status, sexual orientation, disability, or gender. In some instances, centers provide services to siblings, families, and community members as well. While each Oregon SBHC is uniquely situated to meet the

needs of its youth, all SBHCs have common attributes. In short, an SBHC is a medical clinic either within or on the grounds of a public school. Each SBHC is staffed by a primary care professional who may be a doctor, nurse practitioner or physician's assistant, other medical or mental health professionals and support staff, such as a receptionist. The centers incorporate student-made artwork on the walls, beanbag chairs and teen-friendly music in the lobby. They are comfortable and accessible to encourage kids to either make an appointment to come in or to drop by when they need medical attention or want to learn more about health issues. During FY 2012, School Based Health Centers reached male and female clients in fairly equal proportions, and the Adolescent Health - Personal Responsibility Education Program saw an almost 50% female and 50% male clientele. However, female clients under 18 years of age consumed a larger proportion of SBHC services (close to 61%) than male clients under 18 years of age (close to 39%). A small number of clients served are transgender or other.

The Reproductive Health Program works with over 165 clinics throughout the state to offer free or low-cost reproductive health services and birth control for women, men and teens that need them. This program seeks to reduce unintended pregnancy by providing access to the information, services and resources necessary to ensure that all pregnancies are healthy, well-timed and intended. Limited contraceptive methods for males mean that fewer services are available for male clients. During FY 2012, the Oregon Contraceptive Care and Reproductive Health Program's total clients who were male and under the age of 18 was less than 1%, while females under the age of 18 was approximately 11%. National standards for preventive services include more reproductive health screenings for females than for males. The OHA, HIV/STD/TB Section's Sexually Transmitted Diseases Program saw 74% more female clients during FY 2012 than male clients under the age of 18.

Immunization is the safest and most effective public health tool available for preventing disease and death. Thanks to vaccinations, we have not seen or experienced many of the infectious diseases that gripped past generations such as polio, measles, rubella, diphtheria and tetanus. Vaccinating our families, according to the Centers for Disease Control and Prevention (CDC) recommended immunization schedules, not only protects our loved ones, but our entire community. Approximately 504,000 vaccinations were made to males and females under the age of 18 in FY 2012.

The Oregon Immunization Program strives to reach and maintain high immunization rates through many partnerships and programs including Vaccines for Children, the Oregon Adult Immunization Coalition and the Oregon Partnership to Immunize Children. We also administer school immunization requirements and keep track of rates through a lifespan registry, the ALERT Immunization Information System (IIS).

In total, public health expended more than \$11.9 million providing services to males and females under the age of 18 for FY 2012.

OHA Office of Private Health Partnerships

OHA Office of Private Health Partnerships (OPHP) was created to help reduce the number of uninsured Oregonians. OPHP administers programs break down access barriers, assist with health care costs, and educate program members, the general public, and health care professionals. The Healthy KidsConnect Program provides access to health insurance for all Oregon's uninsured children age 18 and younger, even those with pre-existing medical conditions. Healthy KidsConnect covers children up to age 19 and had an enrollment of about 6,958 children 18 and under in June 2012. The Family Health Insurance Program (FHIAP) pays 100 percent of the premium for children up to age 19 (from 50 percent to 95 percent for adults), if a child has been uninsured for the past two months and the family meets income and other guidelines. FHIAP members pay for deductibles, co-payments, and other costs of health plans. Individuals and families use FHIAP subsidies to pay for insurance at work or to help buy individual health plans if insurance is not available through an employer. The Family Health Insurance Program (FHIAP) had a total enrollment of at least 1,927 children 18 and under in June 2012.

In total, OPHP expended more than \$23.6 million providing services directly and indirectly to males and females under the age of 18 for FY 2012.

Current mechanisms used to track data do not capture specific percentages of moneys allocated to, and expended for, the two separate groups, males under 18 and females under 18. The Office of Equity and Inclusion will continue to work with OHA programs serving said populations in an effort to refine data collection and tracking to identify and report potential disparities in the allocation of moneys.

Office of Contracts and Procurement (OC&P)

The Office of Contracts and Procurement addresses gender equity within OHA Contracts (2012), including OHA requests for proposals (RFPs) through the following processes and mechanisms:

- Program staff can request contracts or RFPs to include services to clients, with specific guidance surrounding gender specific expectations.

RFP template language includes:

- “Contractor shall provide equal access to covered services for both males and females under 18 years of age, including access to appropriate facilities, services and treatment, to achieve the policy in ORS 417.270.”
- In the *special conditions* paragraph: Contractors must provide services to DHS and OHA clients without regard to race, religion, national origin, sex, age, marital status, sexual orientation or disability (as defined under the Americans with Disabilities Act). Contracted services must reasonably accommodate the cultural, language and other special needs of clients.
- The directions for the 118-Series Contracting Forms, includes a check box for gender specific services under *Other Considerations*. This provides program staff the reminder that this is an issue that should be considered when requesting contract documents.
- Training to new contracts’ staff is provided and existing contracts’ staff was provided as an update on contracts and solicitations into which Gender Specific Services provisions were incorporated. Gender-Specific Services policy is discussed at staff meetings.

Oregon Health Authority 2013 – 2015 Legislatively Adopted Budget

Report on House Bill 3165 Compliance

OHA's mission given to us by the Governor, the Legislature and agency leadership is that we must ensure the agency can support a health care system that is patient-centered, coordinated and reduces waste and inefficiency.

We are approaching this in a way that balances the intent of House Bill 3165 (which was previously reported under the requirements of HB 4131,) the intent of the changes to the health delivery system and how OHA can support these changes long term, including the implementation of our management system. As of June 30, 2013, there is was no change in the current ratio of 9 to 1 which was approved by DAS on January 25, 2013. OHA will continue to monitor our monthly ratios to ensure on-going compliance and reach our target.

INFORMATION TECHNOLOGY PROJECTS IN 2013-15

(THAT EQUAL OR EXCEED \$150,000)

Agency Name:	OHA OFFICE OF HEALTH INFORMATION TECHNOLOGY							
Project Name:	HEALTH INFORMATION EXCHANGE (HIE) PROJECT							
Mandated Project?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		By: Oregon Legislature, federal government, Other (identify it)	Office of the National Coordinator for Health IT				
Budget?	<input checked="" type="checkbox"/> Base <input type="checkbox"/> POP		Which agency or state plans or goals does it align with and/or support?	Health Information Exchange in support of Oregon Health Transformation				
Project Purpose	<input type="checkbox"/> Routine Lifecycle Replacement <input checked="" type="checkbox"/> Upgrade/Enhance Existing System <input type="checkbox"/> New System							
Project Status	<input type="checkbox"/> Concept Stage <input type="checkbox"/> Planning Stage <input type="checkbox"/> Ready to Implement <input checked="" type="checkbox"/> Continuation of Existing Project							
SDC Involvement	<input checked="" type="checkbox"/> None <input type="checkbox"/> Minor <input type="checkbox"/> Active <input type="checkbox"/> Participating Partner							
Estimate SDC Costs	\$ No costs expected <input type="checkbox"/> Preliminary Estimate <input type="checkbox"/> Project Design Estimate							
Project Description:								
<p>The American Recovery and Reinvestment Act (ARRA) (Pub. L. 111-5) authorized the Office of the National Coordinator for Health IT (ONC) to provide seed money to states for health information exchange through Cooperative Agreements in 2010. In addition, ONC provides federal workgroups and regulation to advance not only the information technology standards for HIE, but also funding, governance and policy strategies. States chose to participate in the ONC Cooperative Agreements for four years ending in 2013. Ubiquitous and trusted HIE is new and rapidly evolving in the United States. HIE is expected to continue beyond the current ONC Cooperative Agreement, however, sustainable funding has not been secured. This report is based solely on the committed funds from ONC for HIE that end September 30, 2013.</p> <p>Oregon is developing the CareAccord program to provide a trusted means to exchange health information the state. The HIE Project vendor is Harris Corporation who serves as a system integrator to build ubiquitous and trusted HIE services in support of health system transformation. The HIE Project has built Direct secure messaging. Planned efforts to complete the ONC Cooperative Agreement include piloting and implementing a connection between HIE and public health systems, POLST registry, and CCOs.</p>								
Cost Summary								
Total estimated cost by fund (13-15):	General Fund	Lottery Funds	Other Funds	Non-Limited	Federal Funds	Non-Limited	Total Funds	
	\$78,676	\$	\$	\$	\$245,075 ONC	\$	\$323,751	
Total estimated cost by fund (all biennia):	\$	\$	\$	\$	\$	\$	\$	
Estimated Cost by category (13-15):	Personal Services		Services & Supplies		Capital Outlay		Special Payments	Debt Service
	\$		\$		\$		\$	\$

INFORMATION TECHNOLOGY PROJECTS IN 2013-15

Estimated Cost by category (all biennia):	\$	\$	\$	\$	\$
					Positions: Internal 8
Expected Start Date:					Contractor 0
Expected Completion Date:					FTE: 5.0

Agency Request
 Governor's Recommended
 Legislatively Adopted
Budget Page _____

INFORMATION TECHNOLOGY PROJECTS IN 2013-15

(THAT EQUAL OR EXCEED \$150,000)

Agency Name:	OREGON HEALTH AUTHORITY – OFFICE OF INFORMATION SERVICES					
Project Name:	MAPIR – MHIT PROJECT					
Mandated Project?	<input type="checkbox"/> Yes		By: Oregon Legislature, federal government, Other (identify it)			Centers for Medicare and Medicaid Services (CMS)
	<input checked="" type="checkbox"/> No		Which agency or state plans or goals does it align with and/or support?			Health System Transformation Medicaid Health Information Technology
Budget?	<input checked="" type="checkbox"/> Base					
	<input type="checkbox"/> POP					
Project Purpose	<input type="checkbox"/> Routine Lifecycle Replacement		<input checked="" type="checkbox"/> Upgrade/Enhance Existing System		<input type="checkbox"/> New System	
Project Status	<input type="checkbox"/> Concept Stage		<input type="checkbox"/> Planning Stage		<input type="checkbox"/> Ready to Implement	
					<input checked="" type="checkbox"/> Continuation of Existing Project	
SDC Involvement	<input checked="" type="checkbox"/> None		<input type="checkbox"/> Minor		<input type="checkbox"/> Active	
					<input type="checkbox"/> Participating Partner	
Estimate SDC Costs	\$ <i>No costs expected</i>		<input type="checkbox"/> Preliminary Estimate		<input type="checkbox"/> Project Design Estimate	

Project Description:

The American Recovery and Reinvestment Act (ARRA) (Pub. L. 111-5) authorized the Centers for Medicare and Medicaid Services (CMS) to incentivize providers to adopt and meaningfully use electronic health record (EHR) systems. CMS created the EHR Incentive Program (42 CFR Part 495.338) for specific Medicare and Medicaid hospitals and providers. CMS administers the Medicare EHR Incentive Program and states choose to administer the Medicaid EHR Incentive Program starting in 2011. The program rules evolve over ten years with CMS releasing new regulations at various programmatic phases; these regulations impact the information systems supporting the program.

Oregon has chosen to administer the Medicaid EHR Incentive Program to support health system transformation in the state. Oregon is a part of a 13 state collaborative that implemented MAPIR, a modification to the MMIS system, to manage the incentive payments made to eligible professionals and hospitals. Oregon implemented MAPIR in 2011. The changing CMS regulations require frequent design, development and implementation activities at both the MAPIR collaborative level and local Oregon implementation.

Cost Summary								
Total estimated cost by fund (13-15):	General Fund	Lottery Funds	Other Funds	Non-Limited	Federal Funds	Non-Limited	Total Funds	
	\$209,897	\$	\$	\$	\$1,889,071	\$	\$2,098,967	
Total estimated cost by fund (all biennia):	\$944,535	\$	\$	\$	\$8,500,816	\$	\$9,445,352	
Estimated Cost by	Personal Services		Services & Supplies		Capital Outlay		Special Payments	
							Debt Service	

INFORMATION TECHNOLOGY PROJECTS IN 2013-15

category (13-15):	\$	\$	\$	\$	\$
Estimated Cost by category (all biennia):	\$	\$	\$	\$	\$
					Positions: 5.0 Internal
Expected Start Date:	Continuation of enhancements in 2013-15				Contractor Unknown
Expected Completion Date:	During 2013-15 biennium				FTE: 5.0

Agency Request

Governor's Recommended

Legislatively Adopted

Budget Page _____

INFORMATION TECHNOLOGY PROJECTS IN 2013-15

(THAT EQUAL OR EXCEED \$150,000)

Agency Name:	OHA						
Project Name:	FEDERAL RULE 5010 - MEDICAID MANAGEMENT INFORMATION SYSTEM (MMIS)						
Mandated Project?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	By: Legislature, Federal Gov, Other (identify it)			Federal Rule 5010		
Budget?	<input checked="" type="checkbox"/> Base <input type="checkbox"/> POP	Which agency or state plans or goals does it align with and/or support?			<ul style="list-style-type: none"> ▪ Assisting people to become Independent, Healthy and Safe ▪ KPM 43 – Customer Service: accuracy, availability of information 		
Project Purpose	<input type="checkbox"/> Routine Lifecycle Replacement <input checked="" type="checkbox"/> Upgrade/Enhance Existing System <input type="checkbox"/> New System						
Project Status	<input type="checkbox"/> Concept Stage <input type="checkbox"/> Planning Stage <input type="checkbox"/> Ready to Implement <input checked="" type="checkbox"/> Continuation of Existing Project						
SDC Involvement	<input type="checkbox"/> None <input checked="" type="checkbox"/> Minor <input type="checkbox"/> Active <input type="checkbox"/> Participating Partner						
Estimate SDC Costs	\$ 25,000 <input checked="" type="checkbox"/> Preliminary Estimate <input type="checkbox"/> Project Design Estimate						
Project Description: Federal DHHS published two final rules on January 16, 2009 under the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act (HIPAA). These rules impart changes to <i>Title 45 – Public Welfare, Code of Federal Regulations</i> , and <i>Part 162 – Administrative Requirements</i> . These two rules apply to all HIPAA covered entities, including health plans, health care clearing houses, and certain health care providers. The first rule deals with updating the Electronic Transaction Standards, Stage 1 of the Project. The second rule deals with updating the Medical Code sets, Stage 2 of the Project. Stage 1 is underway, and is scheduled to complete by Jan 2012. Stage 2 is scheduled to start Oct 2011 and complete Oct 2013.							
Cost Summary							
Total estimated cost by fund (13-15):	General Fund	Lottery Funds	Other Funds	Non-Limited	Federal Funds	Non-Limited	Total Funds
	\$ 1,134,153	\$	\$	\$	\$ 3,402,460	\$	\$ 4,536,613
Total estimated cost by fund (all biennia):	\$ 2,030,866	\$	\$	\$	\$ 12,552,291	\$	\$ 14,583,154
Estimated Cost by category (13-15):	Personal Services	Services & Supplies	Capital Outlay	Special Payments	Debt Service		
	\$ 413,157	\$ 5,761,892	\$ -0-	\$	\$		
Estimated Cost by category (all biennia):	\$ 1,087,641	\$ 10,440,248	\$ 2,992,629	\$	\$		
Expected Start Date:	9/01/2010			Positions: Internal		1 FT, 12 PT	
Expected Completion Date:	12/02/2013			Contractor		10	
				FTE:		9	

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INFORMATION TECHNOLOGY PROJECTS IN 2013-15

(THAT EQUAL OR EXCEED \$150,000)

Agency Name:	OHA									
Project Name:	FEDERAL RULE ICD-10 - MEDICAID MANAGEMENT INFORMATION SYSTEM (MMIS)									
Mandated Project?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	By: Legislature, Federal Gov, Other (identify it)		Federal Rule ICD-10						
Budget?	<input checked="" type="checkbox"/> Base <input type="checkbox"/> POP	Which agency or state plans or goals does it align with and/or support?		<ul style="list-style-type: none"> ▪ Assisting people to become Independent, Healthy and Safe ▪ KPM 43 – Customer Service: accuracy, availability of information 						
Project Purpose	<input type="checkbox"/> Routine Lifecycle Replacement <input checked="" type="checkbox"/> Upgrade/Enhance Existing System <input type="checkbox"/> New System									
Project Status	<input type="checkbox"/> Concept Stage <input type="checkbox"/> Planning Stage <input type="checkbox"/> Ready to Implement <input checked="" type="checkbox"/> Continuation of Existing Project									
SDC Involvement	<input checked="" type="checkbox"/> None <input type="checkbox"/> Minor <input type="checkbox"/> Active <input type="checkbox"/> Participating Partner									
Estimate SDC Costs	\$ -0- <input checked="" type="checkbox"/> Preliminary Estimate <input type="checkbox"/> Project Design Estimate									
Project Description: Federal DHHS published two final rules on January 16, 2009 under the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act (HIPAA). These rules impart changes to <i>Title 45 –Public Welfare, Code of Federal Regulations</i> , and <i>Part 162 – Administrative Requirements</i> . These two rules apply to all HIPAA covered entities, including health plans, health care clearing houses, and certain health care providers. The first rule deals with updating the Electronic Transaction Standards, Stage 1 of the Project. The second rule deals with updating the Medical Code sets, Stage 2 of the Project. Stage 2 is scheduled to start OCT 2011 and complete DEC 2013.										
Cost Summary										
Total estimated cost by fund (13-15):	General Fund	Lottery Funds	Other Funds	Non-Limited	Federal Funds	Non-Limited	Total Funds			
	\$ 1,20,424	\$	\$	\$	\$ 10,709,098	\$	\$ 11,913,522			
Total estimated cost by fund (all biennia):	\$ 1,370,397	\$	\$	\$	\$ 12,133,569	\$	\$ 13,503,966			
Estimated Cost by category (13-15):	Personal Services		Services & Supplies		Capital Outlay		Special Payments		Debt Service	
	\$ 1,146,672		\$ 10,325,269		\$ 405,000		\$		\$	
Estimated Cost by category (all biennia):	\$ 1,991,706		\$ 11,512,260		\$		\$		\$	
Expected Start Date:		4/18/2011			Positions: Internal		7			
Expected Completion Date:		12/02/2014			Contractor		16			
					FTE:		9			

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INFORMATION TECHNOLOGY PROJECTS IN 2013-15

(THAT EQUAL OR EXCEED \$150,000)

Agency Name:	OHA						
Project Name:	DISASTER RECOVERY - MEDICAID MANAGEMENT INFORMATION SYSTEM (MMIS)						
Mandated Project?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	By: Legislature, Federal Government, Other (identify it)			CMS		
Budget?	<input checked="" type="checkbox"/> Base <input type="checkbox"/> POP	Which agency or state plans or goals does it align with and/or support?			<ul style="list-style-type: none"> ▪ Assisting people to become Independent, Healthy and Safe ▪ KPM 43 – Customer Service: accuracy, availability of information, expertise, helpfulness, timeliness - Continuation of “emergent Medicaid operations” ▪ Medicaid Certification 		
Project Purpose	<input type="checkbox"/> Routine Lifecycle Replacement <input checked="" type="checkbox"/> Upgrade/Enhance Existing System <input type="checkbox"/> New System						
Project Status	<input type="checkbox"/> Concept Stage <input type="checkbox"/> Planning Stage <input type="checkbox"/> Ready to Implement <input checked="" type="checkbox"/> Continuation of Existing Project						
SDC Involvement	<input type="checkbox"/> None <input checked="" type="checkbox"/> Minor <input type="checkbox"/> Active <input checked="" type="checkbox"/> Participating Partner						
Estimate SDC Costs	Minimal <input checked="" type="checkbox"/> Preliminary I_APD Estimate <input type="checkbox"/> Project Design Estimate						
Project Description: Create a stop-gap disaster recovery solution sufficient for CMS to qualify MMIS for certification and an enhanced 25% operating cost match (this includes a technical solution with accompanying business impact assessment, business continuity plan and emergency response plan) to be followed by a Cost Benefit Analysis and the selection, implementation and testing of a long-term solution							
Cost Summary							
Total estimated cost by fund (11-13):	General Fund	Lottery Funds	Other Funds	Non-Limited	Federal Funds	Non-Limited	Total Funds
	\$454,217	\$	\$	\$	\$3,120,324	\$	\$ 3,574,541
Total estimated cost by fund (all biennia):	\$503,655	\$		\$	\$3,535,808	\$	\$ 4,039,463
Estimated Cost by category (11-13):	Personal Services	Services & Supplies	Capital Outlay	Special Payments	Debt Service (DS)		
	\$1,304,482	\$2,270,058		\$			
Estimated Cost by category (all biennia):	\$1,645,906	\$2,393,557		\$			

* Staff costs charged to the project which will offset general fund salaries is \$395,725 for a net cost to the State of \$132,597.	
Expected Start Date:	June 2011
Expected Completion Date:	2013

Positions: Internal	4
Contractors	HP and SunGard (work order contracts)
FTE:	4

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INFORMATION TECHNOLOGY PROJECTS IN 2013-15

(THAT EQUAL OR EXCEED \$150,000)

Agency Name:	DHS / OHA						
Project Name:	COMPUTER & NETWORK INFRASTRUCTURE INVESTMENTS						
Mandated Project?	<input type="checkbox"/> Yes						
	<input checked="" type="checkbox"/> No						
Budget?	<input type="checkbox"/> Base	Which agency or state plans or goals does it align with and/or support?					
	<input checked="" type="checkbox"/> POP						
Project Purpose	<input checked="" type="checkbox"/> Routine Lifecycle Replacement		<input type="checkbox"/> Upgrade/Enhance Existing System		<input type="checkbox"/> New System		
Project Status	<input type="checkbox"/> Concept Stage		<input type="checkbox"/> Planning Stage		<input checked="" type="checkbox"/> Ready to Implement		<input type="checkbox"/> Continuation of Existing Project
SDC Involvement	<input checked="" type="checkbox"/> None		<input type="checkbox"/> Minor		<input type="checkbox"/> Active		<input type="checkbox"/> Participating Partner
Estimate SDC Costs	\$ 0		<input type="checkbox"/> Preliminary Estimate		<input type="checkbox"/> Project Design Estimate		
<p>Project Description: DHS and OHA will have up to 66% of active computers over 5 year of age which is beyond industry standard lifecycle. The SDC has also not upgraded DHS network infrastructure in over 9 years in many buildings including the Barbara Roberts and Portland State Office Buildings. Both the Network and outdated computers cause inefficient work processes due to how slow DHS systems operate on these computers and systems. In addition, as modern systems such as HIX and Eligibility Modernization are implemented, a further strain on the performance of DHS and OHA IT systems will occur. Worst case scenario is that some computers will not support these modern applications. Older computers will also not support Windows 7 and Windows XP support will be soon phased out by Microsoft. Due to DHS and OHA's reliance on IT systems to provide services and ensure safety of clients, modernizing the IT tools and Infrastructure is critical to the long term success of DHS and OHA in achieving program outcomes and ensuring safety of Oregonians.</p>							
Cost Summary							
Total estimated cost by fund (13-15):	General Fund	Lottery Funds	Other Funds	Non-Limited	Federal Funds	Non-Limited	Total Funds
	\$1,737,806	\$	\$ 2,366,211	\$	\$ 1,737,806	\$	\$ 5,841,823
Total estimated cost by fund (all biennia):	\$	\$	\$	\$	\$	\$	\$
Estimated Cost by category (13-15):	Personal Services		Services & Supplies	Capital Outlay		Special Payments	Debt Service
	\$ 1,655,359		\$ 3,185,824	\$ 1,000,640		\$	\$
Estimated Cost by category (all biennia):	\$		\$	\$		\$	\$
						Positions: Internal	12
Expected Start Date:				July 1, 2013		Contractor	0
Expected Completion Date:				June 30, 2015		FTE:	10.56

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Business case for: *DHS Systems Automation and Modernization*

*Oregon Department of Human Services / Oregon Health Authority
Office of Information Services*

Date: Aug. 28, 2012

Version: v3.0

Author: Kathryn Naugle Wilk, 503-945-5981 / Kathryn.Naugle@state.or.us

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Executive Summary

In the 2007-2009 biennium, the DHS Children, Adult and Families division (CAF) initiated the Self Sufficiency Modernization project (SSM) to automate manual processes and modernize aging self sufficiency data systems. The goal was to establish new avenues for improving access for clients to apply for self sufficiency benefits including Supplemental Nutrition Assistance Program (SNAP), Medical, Temporary Aid to Needy Families (TANF) and Employment Related Daycare (ERDC).

Oregon's self sufficiency eligibility systems were designed and implemented in the 1970s and early 1980s and were primarily intended to generate payments. The eligibility process was, and still is, mostly done through manual and paper driven processes.

In 2011, SSM was expanded from a singular technology focus to include modernization of the approach DHS uses to perform work and deliver services. The DHS Modernization effort replaces the former SSM and recognizes the connection between transforming service delivery and technology. Technology re-engineering and replacement is one tool supporting a myriad of service delivery elements including access, eligibility, enrollment, notification, service/benefit utilization, from maintenance to closure.

Automation and modernization of Oregon's self sufficiency system is critical to ensure uniform access for clients across the state. Current systems are largely branch office dependent. Client information required to determine eligibility (demographics, household and financial information) is captured today using a paper process. Information is then manually keyed by caseworkers into multiple systems. There is limited online access for clients to apply for services or estimate eligibility. Eligibility determination by caseworkers is manual and error prone.

Self sufficiency client service begins with client interest and then moves through the application process into client intake, client eligibility determination and provision of benefits. The intent of the DHS Modernization effort (renamed in the 09-11 biennium) is to provide virtual channels of access to clients to determine availability of programs and services, allow clients to apply for programs/services electronically without having to come to a field office and ultimately be able to track and manage their service accounts remotely.

The DHS Modernization project is using an incremental solution delivery approach, starting from a client facing front-end, through caseworker workflow automation to backend system replacement. This project contains inter-dependencies and inter-relationships that are defined to deliver incremental solutions supported under the construct of the overall Self Sufficiency Modernization Program using structured release management practices.

Total expenditures for the Modernization Program are projected at:

07 – 09	\$ 3.20 million
09 – 11	\$ 9.44 million
11 – 13	\$ 23.20 million
13 – 15	\$ 49.90 million
15 – 17	\$ 39.00 million
<i>Total</i>	<i>\$124.74 million</i>

A preliminary model for direct and indirect cost savings has been created. Potential cost benefit value from all DHS Modernization efforts could exceed \$49 million annually. Our

intention is to continue to refine and validate this model. A list of benchmark metrics is included that can be used throughout the Program lifecycle to help track our progress towards these savings goals.

The goal of Modernization is to automate complex activities such as eligibility determination which benefits clients and improves caseworker accuracy and efficiency. Long term, DHS envisions a more integrated solution environment serving client needs and supporting caseworker efforts more efficiency and effectively.

Purpose

Oregon's self eligibility systems were designed and implemented in the 1970s and early 1980s and were primarily meant to generate payments. The eligibility process is still mostly manual and paper-driven. DHS has incorporated the LEAN system to streamline and increase service delivery efficiencies. However the touch points and basic service delivery model remain unchanged. DHS is now assessing transformational ways to improve service delivery and increase the right level of client interaction and support without increasing staff levels.

Transformation of DHS services, initially focused on eligibility is critical to ensure uniform access for clients across the state; current access to data and management of case files are largely branch office dependent. Client information required to determine eligibility is heavy touch and paper based. Substantial manual effort including keying of data into systems and calculation of eligibility is manual. Case files and case management is paper-based and therefore not readily transferable between caseworkers.

Existing systems do not meet the needs of caseworkers or clients, and continue to put children and families in need at risk. There are two primary legacy systems -- SNAP (FSMIS) and the Client Maintenance System (CMS). There are over 35 additional subsystems used to provide, track and maintain caseworker/client interaction information for SNAP, TANF, ERDC and Medical benefits to clients. These systems have over 100 interfaces to other systems within DHS and OHA and with other external entities.

DHS Modernization will support technology needs and business transformation enabling future business strategies to align to a renewed business architecture. The result will be consistent service delivery and maximized economies of scale in social interfaces without geographical constraints that utilizes a full range of technology options including mobile computing, seamless data access and data sharing. This will lead to multiple positive outcomes, greater efficiency for caseworkers and the ability to send referrals based on need and outcomes.

Oracle software (called a "stack") purchased by DHS and OHA in 2011 facilitates agency ability to establish a foundation based on business functions - comprehensive case management (intake, assessment, determination, authorization of services) including intelligent, informed referrals to community and provider services. DHS will be able to track service success and send enhanced referrals based on outcomes with a system that tracks provider services and quality and who we send. Instituting and leveraging data warehouse and master data management capabilities will enable DHS to establish performance metrics and share data in ways not currently possible because of the limitations of existing siloed systems. Technology solutions will enable expanded service access providing increased flexibility for clients through increased client touch points. Combined business service transformation and technology solutions will maximize client self service and improve client choices with respect to how much they need to engage in person.

Modernization includes re-engineering the client experience, the way case workers interact with clients, the interface between the client and DHS, delivery of benefits and replacement of aging technology systems far past their usability. Current manual, paper intensive processes are cumbersome and make information sharing extremely difficult will be automated and streamlined.

Automating eligibility determination will lead to increased accessibility, quality, accuracy, timeliness and improved accountability. Information will be stored and accessed through a

data warehouse that supports federal, state and local operational management and statistical reporting.

Strategically, technology solutions will enable unified case management, a data warehouse based on the principles of master data management, data strategy and data architecture, and a payments system that will replace multiple, disparate payments solutions. The solutions implemented will lay a technology foundation that will further leverage and extend support for other DHS services including intake and screening, case management, permanency, certification, case planning, licensing, provider systems, protective services and developmental disabilities.

More broadly though, our efforts include examining and transforming how we design our facilities, the facility needs, how we connect with our clients and how we expand choices for client engagement. Service delivery locations will utilize the new technology in concert with the need for face-to-face contact.

To achieve these goals and the expanded view of agency modernization, DHS has extended the end date for overall modernization from the initial estimate of 6 years to 10+ years. This will extend overall costs, but the end result will be a significant reduction in the total technology systems used to support DHS – from the current 80+ to a handful of enterprise solutions. This will result in far greater efficiency for case workers in all areas – the ability to view clients and cases in a holistic manner, and having just one version of the truth for data. Technology support will be dramatically improved, time spend implementing policy and other requests will improve significantly and total cost of technology ownership should decline over time.

Problem Statement - Problems, Challenges, and Opportunities

*"We can't solve problems by using the same kind of thinking we used when we created them."
- Albert Einstein*

Oregon's self eligibility systems were designed and implemented in the 1970s and early 1980s and were primarily meant to generate payments. The eligibility process is still mostly manual and paper-driven.

DHS has incorporated the LEAN system to streamline and increase service delivery efficiencies. However the touch points and basic service delivery model remain unchanged. DHS is now assessing transformational ways to improve service delivery and increase the right level of client interaction and support without increasing staff levels.

Transformation of DHS services, initially focused on eligibility is critical to ensure uniform access for clients across the state; current access to data and management of case files are largely branch office dependent. Client information required to determine eligibility is heavy touch and paper based. Substantial manual effort including keying of data into systems and calculation of eligibility is manual. Case files and case management is paper-based and therefore not readily transferable between caseworkers.

Existing systems do not meet the needs of caseworkers or clients, and continue to put children and families in need at risk. There are two primary legacy systems -- SNAP (FSMIS) and the Client Maintenance System (CMS). There are over 35 additional subsystems used to provide, track and maintain caseworker/client interaction information for SNAP, TANF, ERDC and Medical benefits to clients. These systems have over 100 interfaces to other systems within DHS and OHA and with other external entities.

Automation and modernization of these systems is critical to ensure uniform access for clients across the state; current systems are largely branch office dependent. Client information required to determine eligibility (demographics, household and financial information) is captured today using a paper process. Information is then manually keyed by caseworkers into multiple systems. Online access for clients to apply for services and online estimation of eligibility is limited. Eligibility determination by caseworkers is manual and error prone.

Caseworkers rely on more than 35 aging, disparate systems to provide services to clients. These systems utilize aging, difficult to sustain technology. In addition, it is becoming increasingly difficult to hire knowledgeable staff who have skill sets for understanding and maintaining these legacy systems because the development languages are obsolete in the industry.

DHS and OHA systems have myriad of custom-build, non-standard interfaces to other systems, resulting in a technical environment not conducive to making timely, efficient changes in response to federal or state mandates and to support caseworker needs.

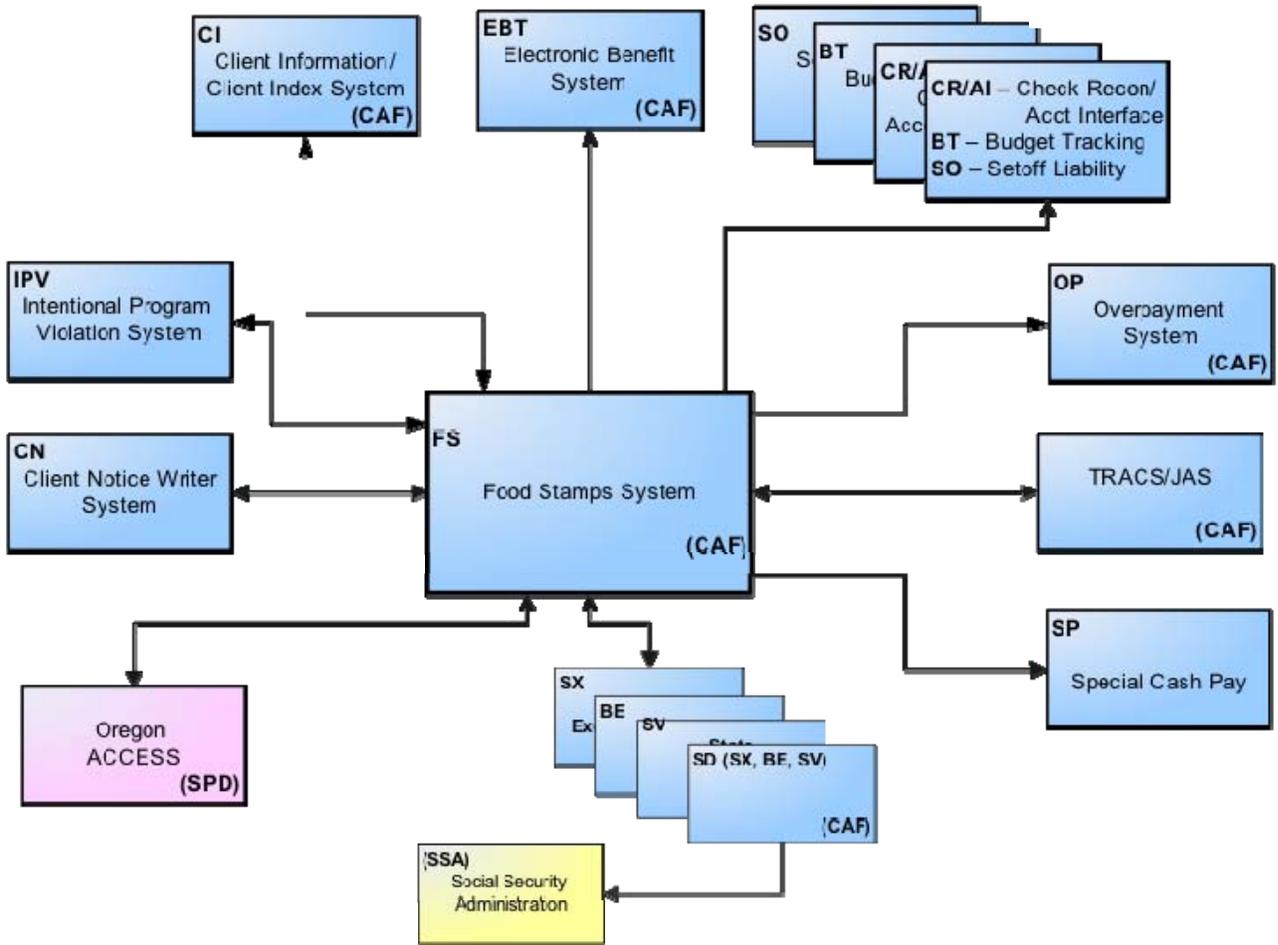
Caseworkers must log the same data multiple times into different system; information is not readily shared between systems.

There are two primary legacy systems – SNAP (FSMIS) and the Client Maintenance System (CMS) – in addition to more than 35 additional subsystems used by Self Sufficiency to provide, track and maintain caseworker / client interaction information for SNAP, TANF, Employment Related Day Care and Medical benefits to clients. Self Sufficiency systems have over 100 interfaces to other systems within DHS, and with external entities.

Graphic showing the current primary state of the Food Stamp system and Client Maintenance System are shown on pages 9 and 10.

FS – Food Stamps System

visiodocument Updated : 1 / 4 / 2008 10 : 43 AM



Problems/Challenges

- Caseworkers spend a disproportionate amount of time performing data entry and dealing with system inefficiencies, time that could be much better spent providing direct services to clients.
- Information systems were developed in the 1970s and early 1980s and are now 30-40 years old, have weak interoperability, and require manual and duplicate data entry.
- Significant effort is required to implement code changes in response to policy and legislative actions. These code changes are time consuming, repetitive, and expensive because of the complexity of the legacy systems and the utilization of outdated technologies not centered around service oriented architecture and reuse principles. The programming languages used for these systems are no longer readily supported by the general IT industry.
- Increase error rate probability due to manual decision processes and complexity of eligibility rules. These errors lead to both over- and under-payment of program benefits.
- Require staff with a unique talent-set to maintain. Because the legacy systems utilize outdated programming languages, it has become increasingly difficult to hire new staff that understands the legacy technology. Furthermore, the agency understands that significant numbers of currently employed technicians will qualify for retirement soon. Comprehensive succession planning is critical.
- A comprehensive view of a client's service support is not available. All case data is not available to all caseworkers, limiting knowledge of what services a client is receiving and the ability to track other services essential to improving family wellbeing.
- System inefficiencies reduce case worker contact with families. Inefficient system and lack of automation of medical determination contribute to high medical eligibility error rates, excessive administrative and clerical workload for caseworkers, resulting in less time spent providing direct services to clients in need.
- Data duplication increases data security risks and reduces data integrity. This also impacts reporting accuracy and efficiency for client-based programs. SNAP, TANF, Day Care and Medical do not have use of a data warehouse for obtaining uniform data. Duplicate information is stored in multiple systems, with different data structures, security protocols, access and authentication processes.
- Time-consuming and burdensome mandatory reporting is made more difficult by the current manual processes. Mandated reports require pulling information from multiple, unconnected systems to produce program outcome information and provide data on accuracy, improvements and accountability. Report data are summary only, requiring staff to manually extrapolate detail for reporting purposes.
- With more than 35 systems used to support self sufficiency service delivery and over one hundred interfaces between these systems and other systems within and outside of the agency, there are significant potential points of technical failure.
- Many systems utilize obscure or outdated programming languages for which technical resources are in a limited supply and require unique staff skill sets.
- "Emergency" staff to make the mandatory code changes are impossible to acquire. This creates significant risk in the department's ability to support and sustain these solutions.

- Technical staff allocated to support these systems spends the majority of their time providing maintenance (break-fix). Any system modifications or changes, whether to repair an existing problem or respond to legislative mandates, require extensive testing due to system complexity and system interfaces. Changes to any system have a very high probability of impacting other systems. Resolving system problems are challenging, time consuming and expensive. Support is further complicated by the multitude of platforms and languages used in the various systems. This complexity requires staff to be well-versed in a broad array of computing disciplines. The risk profile for systems support is high, due to the high level of staff fragmentation, low ratio of staff to individual systems, and lack of system documentation.
- New federal requirements: The Deficit Reduction Act (DRA) of 2005 added new work rules across virtually every major health and human service program, especially child support, TANF and Food Stamps.
- Antiquated systems that are difficult to modify: Major self sufficiency systems are old, with varying levels of system documentation, adding substantially to the time and cost required to make changes.
- Complicated eligibility determination process: Manual processes and highly complex rules with multiple decision points and large quantities of application information impact staff and clients.
- Internal case management challenges: Case management challenges exist due to lack of effective integrated case management processes that track and report client information across multiple programs.

Opportunities

“Change is the law of life. And those who look only to the past or present are certain to miss the future.” - John F. Kennedy

- The Blind Commission will have access to more timely and accurate statistics of people with challenges. This supports better identification of needs and improves services to the vision-impaired.
- Children and Families Commission access to improved reporting supports better coordination, community mobilization and coordination among community groups, government agencies, private providers and other parties of programs and initiatives for children 0-18 and their families.
- The Economic and Community Development Department will have access to improved reporting. This supports improved investing in human capital and promotes innovation.
- Housing and Community Services access to better statistics will result in better forecasting.
- The Oregon Department of Justice will have easier access to data on services to children.

Desired Business Goals & Objectives

The primary focus of DHS Modernization in 2013-15 will be to continue the incremental, modular approach to transform the business service model and implement technology solutions. Planned efforts will focus on solution delivery case management, financial payments and data architecture, strategy and data warehouse functions.

This functional focus applies to business and technology transformation activities and lays the foundation for future DHS Modernization activities beyond eligibility.

Field staff and DHS clients will benefit through improved internal processes and external client experience. Benefits that Oregon expects from self sufficiency modernization include:

- 1. Adding new channels of access for customers to improve the client experience:**
 - Streamlined decision cycles and improved service response time
 - Increased avenues of client access to DHS services
 - Increased client satisfaction through use of modern, interactive, accessible technology
- 2. Improving caseworker capacity and retention due to ability to focus more time on direct client services:**
 - Increased productivity for caseworkers due to heightened ability to focus on case work
 - Increased ability for field supervisors to manage caseworker caseloads and monitor case work
 - Increased process efficiency due to workflow refinements
- 3. Reducing training time for new staff due to automation of complex medical determination:**
 - Reduced case-worker learning curves
 - Reduced error rate due to automation of manual decision trees
 - Reduced errors due to reduction of repetitive and duplicative manual data entry
- 4. Improving system and reporting information for management staff:**
 - Improved tracking of program outcome measures through improved data accuracy and access
 - More efficient interfaces with Child Welfare, Seniors and People with Disabilities and Public Health
 - Improved monitoring and tracking;
 - Ability to provide adequate and efficient documentation of services and referrals
 - Improved system response time and ease of use
 - Improved accuracy and completeness of client case forecasting using on-line session statistical data
 - Improved accuracy of federal and state reporting by capture of essential reporting criteria and data

- Improved data accuracy due to reduction of repetitive and duplicative data entry
- Reduced response time and risk of implementing new policies, legislative mandates, business rules and operational changes, and time and cost to implement federal guidelines through standardized development protocols
- Reduced technology response time to code policy changes and legislative mandates
- Improved security to bring DHS into compliance with state and federal requirements

5. Reducing internal process complexity for staff and managers:

- Increased accuracy of forecasting for DHS budget allowances
- Increased accuracy of benefit level determination resulting in reduced overpayments

6. Improving program information for DHS management:

- More efficient data and program support for service programs and federal grant programs
- Ability to provide information needed to improve performance, increase efficiency and deploy limited resources more effectively, supporting integrity, stewardship and responsibility
- Comprehensive service statistics including accuracy, timeliness and performance in meeting key outcome goals
- Information across program services assisting resource allocation, budgeting processes and legislative requests

7. Enabling and supporting strategic initiatives, and meeting DHS infrastructure needs:

- Aligned technology systems and support for CAF needs
- Aligned to the DHS technology roadmap
- Aligned to industry-standards and best-practices
- Aligned to the principles of code re-use and service oriented architecture principles
- Reduced system and procedure complexity
- Reduced number of technology platforms and interfaces, and reduced development and testing time for system changes
- Technologies with sustainable architecture
- Transition planning and training to transform the skills of current maintenance and development staff from obsolete technologies to current technology skill sets
- Improved ability to hire technical staff that have the skill sets needed to make system modifications

As underlying technology shifts to a modular architecture, changes to application systems in response to legislative rule changes will be easier to develop, test and implement. This change will lead to long-term improvements in technology support efficiency and effectiveness. These improvements will provide caseworkers more time to focus on improving the accuracy, timeliness and quality of the support they provide to Oregonians in need.

Alternatives

DHS procured enterprise-class Oracle software solution in 2011 which serves as the foundation for modernization and delivery of expanded technology capabilities. A brief summary of alternatives/options is listed below:

1. Expand and enhance current systems.

Neither feasible nor cost effective.

2. Purchase or transfer a comprehensive self sufficiency system solution secure system integrator capabilities to support implementation.

This approach establishes an on-going dependency on a system integrator for long term system support which is very expensive over time.

3. Purchase an enterprise solution set with the flexibility to configure to Oregon needs without the long-term support of a system integrator.

Oregon has chosen and is actively using this is the approach which is providing a high level of flexibility, relatively quick to market implementation and the benefits of a sustainable technology solution highly applicable for enterprise level use.

4. Custom develop a comprehensive new self sufficiency system.

This alternative was used to deliver some interim capabilities while determining the best overall solution to support eligibility needs and serve as an enterprise level foundation for other technology and business transformation . Custom developed solutions are expensive to develop and costly to maintain over time. It is also virtually impossible to keep custom applications up with technology progress and is challenging to establish solutions robust enough to serve as enterprise class platforms.

The Assumptions, Costs, Benefits, and Risks (below) are identified holistically across the initiative.

a. Assumptions

- All QA Vendor and QC Vendor costs are development costs, not maintenance costs.
- Development costs are projected costs for the 2013-15 biennium will be funded 50% FF and 50% OF. Resources with the necessary skills including project managers and developers will be readily available.
- Business partners will have adequate capacity to engage in requirements definition, design review and approval, solution selection and user acceptance testing.
- Staffing estimates include a mix of permanent, limited duration positions and consulting services.
- Annex facilities will be needed to house the project team

b. Costs

Oregon DHS has chosen an incremental solution delivery approach, starting from a client facing front-end, through caseworker workflow automation to backend system replacement. This project contains inter-dependencies and interrelationships that are defined to deliver incremental solutions supported under the construct of the overall DHS Modernization using structured release management practices.

This incremental approach enables delivery of functional solutions more rapidly than a single “big bang” project approach which requires multiple biennia before delivering a complete solution. Oregon’s new MMIS implementation is one example of a “big bang” project approach.

Total estimated costs – 2007-2017 (in millions)

	<i>2007-09</i>	<i>2009-11</i>	<i>2011-13</i>	<i>2013-15</i>	<i>2015-17</i>	<i>Total</i>
DHS Transformation / Business Process Re-engineering	\$0	\$0	\$1.50	\$2.60	\$10.00	\$14.10
Support and maintenance (<i>new solutions, infrastructure and services in parallel with sustaining legacy systems</i>)	\$0	\$0	\$1.00	\$10.80	\$6.00	\$17.80
Case Management <ul style="list-style-type: none"> • <i>Client Portal</i> • <i>Caseworker Portal</i> • <i>Eligibility Automation</i> • <i>Telephony</i> 	\$3.20	\$8.64	\$17.50	\$21.50	\$3.00	\$53.84
Data Warehouse / Financial Systems (<i>replacing Legacy Back end Systems</i>)	\$0	\$0.80	\$3.20	\$15.00	\$20.00	\$39.00
Total	\$3.20	\$9.44*	\$23.20	\$49.90	\$39.00	\$124.74

*** 2009-11 funding of \$12.76 million was estimated as follows for projects:**
Client online application - \$2.5 million
Caseworker online application processing - \$2.5 million
Eligibility automation - \$5.0 million
Telephony - \$0.5 million
Modernization planning - \$1.5 million

c. Benefits

Adding new channels of access for customers to improve the client experience:

- Streamlined decision cycles and improved service response time
- Increased avenues of client access to DHS services
- Increased client satisfaction through use of modern, interactive, accessible technology

Improving caseworker capacity and retention due to ability to focus more time on direct client services:

- Increased productivity for caseworkers due to heightened ability to focus on case work
- Increased ability of field supervisors to manage caseworker caseloads and monitor case work
- Increased process efficiency due to workflow refinements

Reducing training time for new staff due to automation of complex medical determination:

- Reduced case-worker learning curves
- Reduced error rate due to automation of manual decision trees
- Reduced errors due to reduction of repetitive and duplicative manual data entry

Improving system and reporting information for CAF management staff:

- Improved tracking of program outcome measures through improved data accuracy and access
- More efficient interfaces with Child Welfare, Seniors and People with Disabilities and Public Health
- Improved monitoring and tracking
- Ability to provide adequate and efficient documentation of services and referrals
- Improved system response time and ease of use
- Improved accuracy and completeness of client case forecasting using online session statistical data
- Improved accuracy of federal and state reporting by capture of essential reporting criteria and data
- Improved data accuracy due to reduction of repetitive and duplicative data entry
- Reduced response time and risk of implementing new policies, legislative mandates, business rules and operational changes, and time and cost to implement federal guidelines through standardized development protocols
- Reduced technology response time to code policy changes and legislative mandates
- Improved security to bring DHS into compliance with state and federal requirements

Reducing internal process complexity for CAF staff and managers:

- Increased accuracy of forecasting for DHS budget allowances
- Increased accuracy of benefit level determination resulting in reduced overpayments

Improving program information for DHS management:

- More efficient data and program support for service programs and federal grant programs
- Ability to provide information needed to improve performance, increase efficiency and deploy limited resources more effectively, supporting integrity, stewardship and responsibility
- Comprehensive service statistics including accuracy, timeliness and performance in meeting key outcome goals
- Information across program services assisting resource allocation, budgeting processes and legislative requests

Enabling and supporting strategic initiatives, and meeting DHS infrastructure needs:

- Aligned technology systems and support for agency needs
- Aligned to the DHS modernization transformation efforts
- Aligned to industry-standards and best practices
- Aligned to the principles of code re-use and service oriented architecture principles
- Reduced system and procedure complexity
- Reduced number of technology platforms and interfaces, and reduced development and testing time for system changes
- Technologies with sustainable architecture
- Transition planning and training to transform the skills of current maintenance and development staff from obsolete technologies to current technology skill sets
- Improved ability to hire technical staff that have the skill sets needed to make system modifications

d. Risks

- Not funding this package would leave Oregon self sufficiency systems in a state of continually increasing risk for catastrophic failure. This would compromise clients' safety and wellbeing along with caseworkers' ability to serve them as the population at risk increases.

Oregon's ability to adapt and respond to federal and state Health Care Reform requirements would be severely hampered by the existing systems which lack interoperability and do not lend themselves to extracting a complete view of the client. Investments made to date to bring online application capabilities to clients would not be fully leveraged without integration through automated eligibility determination and storage of client entered information into back-end systems.

Opportunities to leverage telephony solutions to benefit clients and reduce caseworker workload would be lost and the risk of keeping legacy systems would increase as the systems age and the staff supporting them retire or leave.

- Significant benefits available through automation of a consistent workflow process will not be realized if the business is unable to streamline down to consistent processes.
- If legacy systems are not eventually replaced, there is a risk of not being able to adequately support and maintain these systems.

Financial Analysis

Staffing model

The costs and staffing is based upon a hybrid sourcing model:

- Permanent Staff: New staff for key roles and positions. Since this work will span multiple biennia, having permanent staff lead and manage this effort will be a key success factor.
- Limited Duration: Permanent staff will be supported with positions that support the ongoing project work as well as business analysis and business process change. Given the size and scope of the work effort, having long-term resources that are not subject to hourly limitations becomes critical.
- Contract / Staff Augmentation: This is considered to be a pool of contract resources to support project needs as they come up. It could include filling temporary resource gaps, finding specific points of expertise, or supplementing existing resources for a project need.
- Outsourced Development: The large amount of development work will require extensive resource time to recruit and manage the development work. Using an external development team will reduce the management overhead required to accomplish the project goals.
- Vendor Solutions: We anticipate utilizing vendor solutions and expertise from Human Service Modernization implementations in other states. These solutions may take the form of “base transfers” or project consultation in specific areas of expertise.

Potential savings

Direct Cost Reduction: Reduced Medicaid payments due to eligibility determination Medicaid eligibility determination is complex, manual, and prone to errors in program assignment. Internal agency estimates reflect that 5 – 7 % of the population receiving assistance is not eligible. An accurate automated solution will be able to reduce program assignment and eligibility errors.

Total Self Sufficiency and SPD related Medicaid payments represent approximately \$1.67 billion annually. The field utilization rate for a new automated eligibility solution would start low and increase every year. It would not reach the full potential until most benefit applications could be processed electronically. Therefore, it should not be anticipated that all of the potential savings could be realized for several years after a solution is deployed.

However, **for every 1% correction there would be a potential savings of \$16.7 million annually.**

Indirect Savings: Field Service Improvements

One impact of new technology solutions is to create efficiencies within existing processes. These can be measured in terms of the reduced time it takes to process client applications and benefits requests. This type of gain increases over time as process changes become standardized. Modernization also enables a broader process change, created by re-engineered workflows which allow for a re-direction of resources and new ways to manage case workload.

DHS field workload evaluations show that casework is substantially understaffed. Time savings from automation solutions will ease the caseload burden and reduce the gap between workload need and workforce availability. The purpose of quantifying efficiency in financial terms is merely to provide a means to compare financial investment with productivity gain.

These figures represent a preliminary model based upon the results of the McKinsey analysis as well as internal determinations. The % task reduction represents the estimated time savings to be gained within an individual process task. The % of total time reflects the time spent on each process task in the current workflow.

<i>Process task</i>	<i>Modernization solution</i>	<i>% task reduction</i>	<i>% TOTAL time</i>
Reduce application pending rate	Online application, verification tools	25%	10%
Reduce total application review time	Electronic applications and workflow, verification tools	10%	10%
Reduce eligibility determination time	Automated, integrated eligibility	40%	25%
Reduce narration time through system integration	Integrated solutions, replacement systems	35%	35%
Eliminate data duplication	Integrated solutions, replacement systems	15%	15%
Other processes not subject to improvement	N/A	----	5%

Field Service Time Savings Value

(Note: Some of the figures are rough estimates. More accurate numbers will be incorporated as metrics evolve and refine.)

Self Sufficiency Model

Estimated total annual field costs allocated to casework = \$29 million

Average total percent of caseworker time for application and eligibility = 50%

Potential time reductions from automation solutions = 36%

Annual savings value = \$5.2 million (\$29 million X 50% X 36%)

SPD Model

SPD field staff will also benefit from the Self Sufficiency solution set and will gain substantial time savings. The value model will be similar to Self Sufficiency with some important differences. For this preliminary business case an estimate of 50% of the Self Sufficiency savings value is used (\$2.6 million).

The total savings value for Self Sufficiency and SPD field services is estimated at \$7.8 million per year.

Improvement metrics

The following represent areas impacted by Modernization improvements. These will be tracked and used throughout the implementation cycles to build a process of continuous improvement.

1. Percentage of client applications that are submitted online.
2. Number of clients who utilize online eligibility estimation.
3. Reduced caseworker time on:
 - a. *Client application review*
 - b. *Client verification*
 - c. *Narration*
 - d. *Eligibility determination*
4. Improved accuracy rates for:
 - a. *Benefits estimation*
 - b. *Eligibility*
 - c. *Medicaid program determination*
5. Reduced benefits overpayment rate (per program area).
6. Caseworker utilization rate for new automation tools.
7. Reduced total application and eligibility processing time:
 - a. *Measured within a single branch or processing center.*
 - b. *Measured within a district.*
 - c. *Measured state-wide.*
8. Average time to make eligibility policy changes.
9. Improved system maintenance footprint.

Potential savings associated with implementation of a modernized self sufficiency system include:

- Reduced data storage costs due to consolidation of duplicate data from disparate systems.
- Reduced data security costs and risks due to data consolidation in the data warehouse.
- Reduced number of batch jobs due to integration of two major self sufficiency systems into one.
- Reduced number of distributed servers due to technology streamlining sunset of side-systems.
- Reduced number of reports needed to support the field, reduces SDC processing costs.
- Cost avoidance due to increased accuracy and reduced over payments.

Cost Assumptions

Estimated costs for DHS Modernization are based on known state costs and estimated contractor and vendor costs. It is expected that these figures will change over time due to internal and external environmental factors, i.e., cost-of-living adjustments, markets conditions, SDC services rates, etc.

Personal Services costs reflect current state salary rates for the identified positions through 2015. Services and Supplies reflect the fully burdened rates for the identified positions.

Implementation Approach/Timeline

DHS Modernization efforts began in 2007-09 to improve Oregonians' access to DHS services, automate manual processes and modernize aging systems. Efforts are anticipated to continue through the 2015-17 biennium and represent an estimated investment of over \$85 million to fully automate and modernize systems and services.

DHS has chosen an incremental solution delivery approach, starting from a client facing front-end, through caseworker workflow automation to backend system replacement. This project contains inter-dependencies and interrelationships that are defined to deliver incremental solutions supported under the construct of the overall DHS Modernization using structured release management practices.

This incremental approach enables delivery of functional solutions more rapidly than a single "big bang" project approach which requires multiple biennia before delivering a complete solution. Oregon's new MMIS implementation is one example of a "big bang" project approach.

The primary focus of DHS Modernization in 2013-15 will be to continue the incremental, modular approach to transform the business service model and implement technology solutions.

Planned efforts will focus on solution delivery case management, financial payments and data architecture, strategy and data warehouse functions.

Modernization program activity is organized into successive overlapping cycles – a series of activities (including projects) with a defining focus and governing principles.

Cycle One: Accelerated Automation Focus

- Component deliverables will provide immediate field service benefit.
- An incremental release model is being used to maximize delivery of improvements to the field and allow for regular updates to features and program area coverage.

Cycle Two: Integrated Services Focus

- Development attention on complete solutions with integrated components.
- Continued automation of manual processes.

Cycle Three: Legacy data conversion

Cycle Four: Unified Case Management Solution

Cycle Five: Replace and sunset legacy systems

Methodologies:

- *Program Management models*
- *Agile Development (where appropriate)*
- *Hybrid – Waterfall and Agile (where needed)*
- *PMI Project Management*
- *PMBOK*

Recommendations

Recommend approval of this business case and continuation of funding for automation and modernization of DHS Modernization initiatives in 2013-15.

Appendix

Alternatives Analysis

DHS procured enterprise-class Oracle software solution in 2011 which serves as the foundation for modernization and delivery of expanded technology capabilities. A brief summary of options is listed below:

1. Expand and enhance current systems

This approach would involve enhancing and consolidating two primary and over 50 secondary systems supporting the Oregon Self Sufficiency Program. Current systems are comprised of inter-related software programs, databases and manual interfaces with over 240 unique programmatic inter-relationships. Even if the systems could be modified to support CAF Self Sufficiency needs, the technical environment would not support DHS objectives, such as flexibility and policy support without fundamental redesign.

This alternative is neither feasible nor cost effective.

2. Purchase or transfer a comprehensive self sufficiency system solution and secure system integrator capabilities to support implementation

This approach establishes an on-going dependency on a system integrator for long term system support which is very expensive over time.

3. Purchase an enterprise solution set with the flexibility to configure to Oregon needs without the long-term support of a system integrator

Oregon has chosen and is actively using this is the approach which is providing a high level of flexibility, relatively quick to market implementation and the benefits of a sustainable technology solution highly applicable for enterprise level use.

4. Custom develop a comprehensive new self sufficiency system

This alternative was used to deliver some interim capabilities while determining the best overall solution to support eligibility needs and serve as an enterprise level foundation for other technology and business transformation . Custom developed solutions are expensive to develop and costly to maintain over time. It is also virtually impossible to keep custom applications up with technology progress and is challenging to establish solutions robust enough to serve as enterprise class platforms.

Please comment below on any specific features you would recommend for the State's Program for Real Property and Equipment Financings.

Please return this survey to: **Jack Kenny, Finance Manager**
Department of Administrative Services
155 Cottage Street NE, U10
Salem, OR 97301-3965

If you have any questions, please call Jack Kenny, at (503) 378-3107

STATE OF OREGON

DEPARTMENT OF ADMINISTRATIVE SERVICES
PROGRAM FOR REAL PROPERTY AND EQUIPMENT FINANCING

ARTICLE XI-Q BOND FINANCING REQUEST

Please return your response to this Survey by May 15, 2012

AGENCY: Oregon Health Authority (OHA)

DIVISION: Addictions and Mental Health (AMH), Oregon State Hospital Replacement Project (OSHRP)

CONTACT PERSON: Jodie Jones

TITLE: Administrator, Oregon State Hospital Replacement Project (OSHRP)

ADDRESS: 2575 Bittern Street NE (2nd Floor), Salem OR 97301

TELEPHONE: 503-945-9425

ALTERNATE CONTACT: Dawn Bass

REAL PROPERTY ACQUISITION OR RESTORATION FINANCING

Please specify the real property and/or construction projects which you expect to finance through any form of bonds or other financing agreements over the next biennium beginning July 1, 2013. Please indicate the estimated amount needed for each project and when those funds will be required.

REAL PROPERTY AND/OR CONSTRUCTION PROJECTS

Real property acquisitions, restoration and/or construction projects.	Project Cost Estimate	2013-15 Budget Proposal (Yes or No)
OHA is requesting the remaining \$29 million, which was originally anticipated for 2011-13, within the \$458.1 million budget estimate reported to the Interim Ways and Means Committee in October 2007. OHA shifted the construction schedule and delayed this request to be added to the 2013-15 legislative session. This will move the Junction City site construction end date to late fall of 2014, which OHA believes will still leave adequate time to move patients from the Portland facility scheduled to close in March 2015.	\$29,001,530	Yes
OHA is requesting an increase for 2013-15 to complete construction of the Junction City hospital. An important aspect of the new hospital in Junction City is the additional 100,000 square feet that is needed to provide the minimum of 20 hours per week of patient treatment activities, as well as accommodate the additional staffing needs. The minimum standard of 20 hours of active patient treatment has become the accepted measure for modern psychiatric facilities, and is set forth in the hospital's Continuous Improvement Plan. This is a critical part of the improved care for patients and creates a climate of recovery and provides patients the needed skills to make successful transitions back to their own communities.	\$50,400,000	Yes

Please comment below on any specific features you would recommend for the State's Program for Real Property and Equipment Financings.

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STATE OF OREGON

DEPARTMENT OF ADMINISTRATIVE SERVICES
PROGRAM FOR REAL PROPERTY AND EQUIPMENT FINANCING

ARTICLE XI-Q BOND FINANCING REQUEST

Please return your response to this Survey by May 15, 2012

AGENCY: Department of Human Services

DIVISION: n/a (Enterprise Initiative)

CONTACT PERSON: Kathryn Naugle Wilk

TITLE: IT Director of Business Engagement

ADDRESS: 500 Summer Street NE, Salem, OR 97301

TELEPHONE: 503-910-4184

ALTERNATE CONTACT: Trina Lee, DHS Modernization Director

EQUIPMENT ACQUISITION FINANCING

Please specify the equipment items, which you expect to acquire using Article XI-Q Bonds or capital leases over the next biennium, beginning July 1, 2013. Please indicate the type of equipment and when funds are needed to acquire the equipment. Please note: Financing agreements are defined at ORS 286.085(4) and include any agreement to finance real or personal property that is or will be owned and operated by the state. This includes lease purchase agreements, installment sales agreements, and similar financing arrangements. Do not include operating leases on this form.

EQUIPMENT TYPE

Please list by type, amount needed, and when you will need the funds in the spaces provided (brand names are not required.)

Description of Equipment/Personal Property	Dollar Value of Financed Asset	Purchased or Developed *In-House	Date to be Placed in Service/Useful Life	2013-15 Budget Proposal (Yes or No)	Financing Method (e.g. XI-Q Bonds, Capital Lease, etc)
DHS Modernization: modifying business processes and service delivery, automation of manual business processes, replacement of aging legacy systems, creation of true case management system and data warehouse.	\$50,000,000 TF \$14,000,000 COP	Combination of Purchased and In-House development	Phased implementation started in 2009 continuing through 2017	Yes	COP/Federal Funds

EQUIPMENT ACQUISITION FINANCING

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*For assets to be developed in house, please provide details on project cash flow or refer to Policy Option Package where that detail is provided.

