

Oregon Health Authority 2013 – 2015 Agency Request Budget

OHA General Fund 10 % Reduction Options

Approach:

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.

1. Program support/administrative reductions
2. Program eligibility restrictions (in some areas)
3. Program services/benefits reductions
4. Service provider payment rate reductions

Any reductions necessary in General Fund would potentially affect the OHA programs in the following:

Central Office and Shared Services

Administrative reductions through staff reductions or cuts to professional service contracts are prioritized as the first reduction. As OHA continues with Health Systems Transformation efforts, these reductions would 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)

Medical Assistance Programs

Administrative reductions are prioritized as the first reductions.

The first program item on the list is the continuation of the enforceable physical health preferred drug list, which is set to end in statute in January 2014. This proposal would continue the savings currently achieved from having the list.

The list includes the reduction option to make the mental health preferred drug list enforceable.

The next two reductions would eliminate payments to hospitals for graduate medical education; at the very time we need more trained medical professionals to serve our growing population.

Rate reductions are identified for providers of specific services who are paid on a fee-for-service basis and for managed care organizations for hospital costs. These types of reductions would require approval by the federal government and would only be approved if they continue to allow reasonable access for clients; however, we know access would continue to erode.

The remaining reductions on the list eliminate health services. Although they are considered optional under Medicaid law, the federal government approved Oregon's Health System Transformation Designated State Health Program Waiver (DSHP) with Special Terms and Conditions (STCs) that prohibit the state from reducing or eliminating benefits. Because of the financial investment made by the federal government in Health System Transformation, it is unlikely the state could renegotiate that provision of the STCs. Reductions in the MAP budget would jeopardize most of the remaining \$1.3 Billion in new federal investment recently approved under the DSHP Waiver in July 2012.

Services that would be eliminated in their entirety for non-pregnant adults include dental, therapies, mental health, addiction, and prescription drug services. Obviously, some individuals would not survive without these services; others would see their health deteriorate. There would be increased pressures put on hospital emergency rooms, with costs shifted thereby raising insurance premiums for all, and public safety issues would emerge as individuals lose coverage for addiction and mental health services.

Many services would be eliminated for all populations (adults, children, pregnant women, persons with disabilities). These include treatment for neonatal eye infections, acute bronchitis, menopause, osteoarthritis, urinary incontinence, hearing loss, social phobias, obsessive compulsive disorders, and many more. Elimination of coverage for these services will impact the health and well-being of individuals and their families.

No eligibility restrictions are included on the reduction list for MAP because of federal requirements under the Affordable Care Act to maintain eligibility standards in order to continue to receive federal matching funds.

Public Health Division

Targeted reductions for 13-15 impact the public health system at both the local and the state level.

Administrative/program support reductions are prioritized as the first reduction.

The State Public Health Lab would stop conducting parasitology testing and syphilis testing for statewide disease control purposes. Local and state disease control programs will be unable to diagnose and prevent these infections.

State support to LHDs for communicable disease monitoring, surveillance and reporting as required under ORS 431,432, 433 and 437 is reduced by as much as 7%. Combined with other PH reductions, this further erodes a LHD's ability to maintain a core system.

State support to administer the Family Planning Expansion Program (Contraceptive Care) is reduced by 18%, resulting in a loss of \$10M in federal matching funds, reducing service to an estimated 40,000 clients. This will likely result in an increase in Medicaid-paid births.

The base state support to Local Health Departments (LHDs) and communities operating School Based Health Centers (SBHC) is reduced by 31%. This may result in some Centers closing. Loss of service to 7,000 school aged clients who generally use SBHC for preventative treatment services, diagnosis, treatment of chronic conditions, screenings and education, immunizations, and reproductive health services is estimated. Thirty-nine percent of SBHC clients were un-insured in the 2010-2011 school year.

Office of Private Health Partnerships (OPHP)

Each 5% increment reduces the amount of General Fund -supported subsidy payments and the associated federal match for the Family Health Insurance Assistance Program (FHIAP) enrollees, resulting in a reduction of approximately 617 lives covered by the FHIAP program. These potential reductions would be in addition to a cap on the FHIAP program implemented at the beginning of 2011-13, and a 20% reduction to the FHIAP program adopted during the February 2012 session. In June 2012 there were more than 43,000 people on the FHIAP reservation list, and these potential reductions would lengthen the list of uninsured Oregonians desiring access to health insurance through sliding-scale subsidies.

Each 5% increment also decreases the Information, Education, and Outreach (IEO) 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.

Addictions and Mental Health

Administrative/program support reductions are prioritized as the first reduction.

Reductions specifically affecting OSH and Community Mental Health would include:

Continuation of cost reduction measures implemented by Oregon State Hospital in the 2011-13 biennium;
Closure of Blue Mountain Recovery Center;
Continuation of no cost of living increases to community contracts;
Reductions in community mental health programs;
Reduction to flexible funding in behavioral health programs;
Close 20 beds at the Portland campus of OSH and move those patients to the Salem campus, keeping the staff to provide a more appropriate staffing level in Portland;
Continue and expand a hiring freeze in AMH Program Support;
Eliminate Parent Child Interaction Therapy in A & D Treatment;
Outsource Oregon State Hospital pharmacy services;
Close one non-certified Geropsychiatric ward at the Oregon State Hospital;
Defer the capital improvement budget for an additional biennium.
Discontinue to Compass project, intended to replace outdated legacy systems for contracting and tracking of service data.