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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**
	Interim Director
SIGNATURE	**TITLE**

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

X Agency Request _____ Governor's Budget _____ Legislatively Adopted

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	**Biennium**
Various Agencies	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
Education Program Area				
Community Colleges and Workforce Development				
Other Funds	$ 6,869,643	$ 16,674,093	$ 835,000	5.01%
Department of Education – State School Fund				
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%
Oregon University System				
Lottery Funds	$ 22,959,136	$ 22,986,753	$ -187,232	-0.81%
Human Services Program Area				
Department of Human Services				
General Fund	$ 2,036,853,446	$ 2,180,437,090	$ 5,000,000	0.23%
Oregon Health Authority				
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
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%
Oregon Military Department				
General Fund	$ 24,068,435	$ 28,582,492	$ -120,265	-0.42%
Oregon State Police				
General Fund	$ 216,465,576	$ 221,721,695	$ 0	0.00%

	2011-13 Legislatively Adopted Budget	2011-13 Legislatively Approved Spending Level	2011-13 Committee Recommendations	Percentage Change from Legislatively Approved Spending Level
Economic & Community Development Program Area				
Oregon Business Development Dept.				
Lottery Funds	$ 136,340,722	$ 138,677,228	$ -1,160,310	-0.84%
Oregon Employment Dept.				
Other Funds	$ 132,896,826	129,170,224	119,108	0.09%
Federal Funds	$ 273,883,188	303,447,537	8,214,583	2.71%
Department of Veterans' Affairs				
General Fund	$ 6,469,659	$ 6,562,195	$ 0	0.00%
Natural Resources Program Area				
Department of Agriculture				
Lottery Funds	$ 6,894,457	7,827,343	-400	-0.01%
Other Funds	$ 52,099,191	53,081,502	1,084,000	2.04%
Department of Forestry				
General Fund	$ 47,871,547	$ 52,842,614	$ 1,059,636	2.01%
Land Use Board of Appeals				
General Fund	$ 1,295,278	$ 1,295,278	$ 36,631	2.83%

	2011-13 Legislatively Adopted Budget	2011-13 Legislatively Approved Spending Level	2011-13 Committee Recommendations	Percentage Change from Legislatively Approved Spending Level
Oregon Marine Board				
Other Funds	$ 22,020,102	$ 21,984,696	$ 250,000	1.14%
Parks and Recreation Department				
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%
Department of State Lands				
Other Funds	$ 26,494,275	$ 27,903,872	$ 1,350,000	4.84%
Watershed Enhancement Board				
Lottery Funds	$ 64,796,420	$ 64,012,066	$ -832,938	-1.30%

Transportation Program Area

Department of Aviation				
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
Consumer and Business Services Program Area				
Board of Chiropractic Examiners				
Other Funds	$ 1,261,261	$ 1,261,261	$ 69,550	5.51%
Oregon Health Licensing Agency				
Other Funds	$ 6,612,566	$ 6,607,687	$ 397,779	6.02%
Board of Psychologist Examiners				
Other Funds	$ 965,662	$ 965,662	$ 70,000	7.25%
Administration Program Area				
Department of Administrative Services				
General Fund	$ 8,172,526	$ 8,961,014	$ 250,000	2.07%
Lottery Funds	11,740,796	12,073,528	-78,446	-0.65%
Office of the Governor				
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
Legislative Branch Program Area				
Legislative Administration				
General Fund	$ 28,438,846	$ 28,749,433	$ 250,000	0.87%
Judicial Branch Program Area				
Judicial Department				
General Fund	$ 359,234,028	$ 367,952,634	$ -144,202	-0.04%
Other Funds	$ 24,966,976	$ 56,914,830	$ 0	0.00%
Public Defense Services Commission				
General Fund	$ 222,524,924	$ 224,541,855	$ 1,500,000	0.67%
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
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 unschedule 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	**Biennium**
Department of Human Services	2011-13
Oregon Health Authority	

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 unscheduled 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 LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
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 with 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

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	**Biennium**
Oregon Health Authority	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	Committee Change from 2011-13 Leg. Approved % 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 LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
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%		
% Change from 2013-15 Current Service Level	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	**Biennium**
Oregon Health Authority	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 LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
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	$ 338,405	3	2.19
Services and Supplies	$ 30,522	$ 0	$ 0	$ 0	$ 0	$ 0	$ 30,522		
Special Payments	$ 3,572,600	$ 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	$56,706		
Special Payments	$1,767	$ 0	$ 0	$ 0	$ 0	0	$1,767		
TOTAL ADJUSTMENTS	$4,000,000	$ 0	$ 0	$ 0	$ 0	0	$4,000,000	3	2.19
SUBCOMMITTEE RECOMMENDATION *	$4,000,000	$ 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%	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 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	**Biennium**
Oregon Health Authority	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 LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
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	**Biennium**
Oregon Health Authority	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 OEBB administrator, as well as members representing the OEBB board, the insurance carriers serving OEBB, hospitals and health systems, physician groups, and individuals receiving benefits from OEBB.

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 OEBB 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.

Oregon Health Authority
Kate Nass -- 503-378-3742 & Dustin Ball -- 503-378-3119

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
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

Oregon Health Authority - Medical Assistance Programs
Kate Nass -- 503-378-3742

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
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 "newly eligible"-100% Federal Funds	$ (185,000,000)	$ 0	$ 0	$ 0	$ 185,000,000	$ 0	$ 0		
Increase Tobacco Master Settlement funding	$ (86,100,000)		$ 86,100,000						
Add Health System Transformation Pool	$ 30,000,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 30,000,000		
Continue physical health Preferred Drug List	$ (2,337,592)	$ 0	$ (391,742)	$ 0	$ (4,653,629)	$ 0	$ (7,382,963)		
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		
FMAP rate change	$ (10,561,026)	$ 0	$ (322,364)	$ 0	$ 10,883,390		$ 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 FHIAP, 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

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

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
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
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
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

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

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
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
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
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

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

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
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

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

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
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 geropsychiatirc w ard 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 childrens' 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

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

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
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 w ith 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

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

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
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)		$ (258,799)		$ (33,965)		$ (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 Category	Request	Most Current Result	Target 2014	Target 2015
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	**Biennium**
Oregon Health Authority Psychiatric Security Review Board	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.

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

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
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 020-05 - 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 LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
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 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

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: **HB 5006-B**

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	**Biennium**
Various	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
Department of Public Safety Standards & Training (HB 5042)		
Operations		$ 24,410,000
Public Safety Memorial Fund		110,000
	Subtotal:	$ 24,520,000
Department of Justice (HB 5018)		
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:	$ 19,913,740
Oregon Judicial Department (HB 5016)		
State Court Facilities & Security Account		$ 6,414,462
Court Security Program		2,960,118
	Subtotal:	$ 9,374,580
Oregon Health Authority (HB 5030)		
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:	$ 5,997,708
Department of Corrections (HB 5005)		
County correction programs and facilities, and alcohol and drug programs		$ 4,257,421
Department of Human Services(SB 5529)		
Domestic Violence Fund		$ 2,224,675
Sexual Assault Victims Fund		533,332
	Subtotal:	$ 2,758,007
Oregon State Police (HB 5038)		
Driving Under the Influence Enforcement		$ 253,000
Governor's Office (SB 5523)		
Arrest & Return for Extradition		$ 22,500
	Total Allocations:	**$ 67,096,956**

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

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: **SB 5506-A**

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	**Biennium**
Various	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

Oregon Health Authority			
State Hospital Replacement Project		$	86,860,000
Department of Human Services			
Self-Sufficiency Modernization System		$	14,360,000
Department of Corrections			
Deferred Maintenance		$	5,050,000
Oregon Youth Authority			
Electronic Security & Deferred Maint.		$	5,165,000
Military Department			
Scharff Hall Armory		$	2,870,000
Roseburg Armory			2,280,000
Medford Armory			2,445,000
Baker County Readiness Center			1,235,000
	Subtotal	$	8,830,000
Department of Justice			
Support Enforcement System		$	14,410,000
Judicial Department			
e-Court System		$	24,855,000
Supreme Court Building			4,465,000
Multnomah County Courthouse			15,270,000
	Subtotal	$	44,590,000
Oregon University System			
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			30,000,000
	Subtotal	$	127,637,000
Department of Revenue			
Core System Replacement		$	27,050,000
Legislative Administration			
Capitol Master Plan		$	35,115,000
Deprtment of Transportation			
State Radio Project		$	40,730,000
Department of Forestry			
Gilchrist Forest Acquisition		$	5,275,000
Eastern Lane Headquarters			1,795,000
	Subtotal	$	7,070,000
Deprtment of Veterans' Affairs			
Linn County (Lebanon) Veterans' Home		$	4,065,000
Oregon Business Development Dept			
Innovation Infrastructure		$	5,120,000
	TOTAL	$	426,052,000

Senate Bill 5506, SECTIONS 1 - 3.

Program Designation	2011-13 Legislatively Approved	2013-15 Governor's Budget	2013-15 Committee Recommendations	Changes from Governor's Budget
GENERAL OBLIGATION BONDS				
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	**$ 748,829,070**	**$ 1,468,150,070**	**$ 1,708,932,100**	**$ 240,782,030**
REVENUE BONDS				
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	**$ 1,339,690,000**	**$ 1,413,350,000**	**$ 1,942,647,715**	**$ 529,297,715**

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	**$ 2,139,690,000**	**$ 2,488,350,000**	**$ 2,607,647,715**	**$ 119,297,715**

OTHER FINANCING AGREEMENTS

Department of Administrative Services	**$ 12,500,000**	**$ 103,975,000**	**$ 40,000,000**	**$ (63,975,000)**

Senate Bill 5006, SECTION 4.
Private Activity Bond Allocation for 2014 and 2015 Calendar Years.

	2011-13 Legislatively Approved Budget		Subcommittee Recommendation	
Allocation For:	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	**Biennium**
Capital Construction – various agencies	2013-15
Department of Veterans' Affairs	2011-13
Department of Forestry	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	

[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.

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
COMMITTEE AUTHORIZATIONS								
Legislative Administration Committee								
State Capitol Master Plan	$ 0	$ 0	$ 34,500,000	$ 0	N/A	$ 34,500,000	0	0.00
Judicial Department								
Supreme Court Building Renovation	$ 0	$ 0	$ 4,400,000	$ 0	N/A	$ 4,400,000	0	0.00
EDUCATION PROGRAM AREA								
Department of Community Colleges and Workforce Development								
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 - Heath & 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
HUMAN SERVICES PROGRAM AREA								
Oregon Health Authority								
State Hospital Replacement	$ 0	$ 0	$ 79,401,530	$ 0	N/A	$ 79,401,530	0	0.00
PUBLIC SAFETY PROGRAM AREA								
Oregon Military Department								
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
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
Department of Aviation														
Cottage Grove State Airport Runw ay Rehab	$	0	$	0	$	40,000	$	400,000		N/A	$	440,000	0	0.00
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
State Forestry Department														
East Lane Headquarters	$	0	$	0	$	1,750,000	$	0		N/A	$	1,750,000	0	0.00
TOTAL	$	0	$	0	$	157,043,858	$	2,466,205	$	108,581,600	$	268,091,663	0	0.00
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
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

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

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: **SB 5532-A**

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	**Biennium**
Various Agencies – Lottery Allocation	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 Business, Innovation, Trade Film and Video	 7,819,653 54,432,117 1,130,544	 4,069,326 		 7,819,653 58,501,443 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,

John A. Kitzhaber, M.D.
Governor

LJR/smg

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

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: **HB 5008-A**

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	**Biennium**
Emergency Board	2013-15
Various Agencies	2011-13

2013-15 Budget Summary*

	2011-13 Legislatively Approved Budget	2013-15 Legislatively Adopted Budget	2013-15 Committee Recommendation	Committee Change
Emergency Board				
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
Various Agencies - Omnibus Adjustments				
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)
ADMINISTRATION PROGRAM AREA				
Department of Administrative Services				
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*

	2011-13 Legislatively Approved Budget	2013-15 Legislatively Adopted Budget	2013-15 Committee Recommendation	Committee Change
Office of the Governor				
General Fund	-	-	$ 9,174	$ 9,174
Lottery Funds	-	-	$ 900,000	$ 900,000
Department of Revenue				
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
Secretary of State				
General Fund	-	-	$ 9,174	$ 9,174
Treasurer of State				
Other Funds	-	-	$ 9,174	$ 9,174
CONSUMER AND BUSINESS SERVICES PROGRAM AREA				
Bureau of Labor and Industries				
General Fund	-	-	$ 6,881	$ 6,881
Other Funds	-	-	$ 2,293	$ 2,293
ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA				
Oregon Business Development Department				
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
Housing and Community Services Department				
General Fund	-	-	$ 225,000	$ 225,000
Other Funds	-	-	$ 5,076,190	$ 5,076,190

*Excludes Capital Construction

2013-15 Budget Summary*

	2011-13 Legislatively Approved Budget	2013-15 Legislatively Adopted Budget	2013-15 Committee Recommendation	Committee Change
Department of Veterans' Affairs				
General Fund Debt Service	-	-	$ 852,814	$ 852,814
Other Funds	-	-	$ 65,000	$ 65,000
EDUCATION PROGRAM AREA				
Department of Education				
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
Department of Community Colleges and Workforce Development				
Other Funds	-	-	$ (307,051)	$ (307,051)
Other Funds Debt Service	-	-	$ 307,051	$ 307,051
Oregon Health and Science University				
General Fund	-	-	$ 1,000,000	$ 1,000,000
Higher Education Coordinating Commission				
General Fund	-	-	$ 859,630	$ 859,630
Oregon University System				
General Fund	-	-	$ 15,674,000	$ 15,674,000
HUMAN SERVICES PROGRAM AREA				
Oregon Health Authority				
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*

	2011-13 Legislatively Approved Budget	2013-15 Legislatively Adopted Budget	2013-15 Committee Recommendation	Committee Change
Department of Human Services				
General Fund	-	-	$ 5,000,000	$ 5,000,000
Other Funds	-	-	$ 1,000,000	$ 1,000,000
Federal Funds	-	-	$ 9,700,000	$ 9,700,000
Long Term Care Ombudsman				
General Fund	-	-	$ 785,488	$ 785,488
JUDICIAL BRANCH				
Judicial Department				
General Fund	-	-	$ 634,980	$ 634,980
Other Funds	-	-	$ 335,001	$ 335,001
Public Defense Services Commission				
General Fund	-	-	$ 2,409,367	$ 2,409,367
LEGISLATIVE BRANCH				
Legislative Administration Committee				
General Fund Debt Service	-	-	$ 1,421,341	$ 1,421,341
Other Funds	-	-	$ 615,000	$ 615,000
NATURAL RESOURCES PROGRAM AREA				
State Department of Agriculture				
General Fund	-	-	$ 34,060	$ 34,060
Lottery Funds	-	-	$ (21,380)	$ (21,380)
Columbia River Gorge Commission				
General Fund	-	-	$ (79,873)	$ (79,873)
Department of Land Conservation and Development				
General Fund	-	-	$ 196,000	$ 196,000

*Excludes Capital Construction

2013-15 Budget Summary*

	2011-13 Legislatively Approved Budget	2013-15 Legislatively Adopted Budget	2013-15 Committee Recommendation	Committee Change
Department of Environmental Quality				
Other Funds Debt Service	-	-	$ (17,140,278)	$ (17,140,278)
State Department of Energy				
Other Funds	-	-	$ 9,876,190	$ 9,876,190
State Department of Fish and Wildlife				
General Fund	-	-	$ 115,940	$ 115,940
State Forestry Department				
Other Funds	-	-	$ 120,000	$ 120,000
Federal Funds	-	-	$ 3,000,000	$ 3,000,000
Parks and Recreation Department				
Other Funds	-	-	$ 5,069,882	$ 5,069,882
Department of State Lands				
Other Funds	-	-	$ 307,360	$ 307,360
Federal Funds	-	-	$ 135,000	$ 135,000
Water Resources Department				
Other Funds	-	-	$ 10,242,513	$ 10,242,513
PUBLIC SAFETY PROGRAM AREA				
Department of Corrections				
General Fund	-	-	$ 2,340,830	$ 2,340,830
Oregon Criminal Justice Commission				
General Fund	-	-	$ 10,190,000	$ 10,190,000
Department of Justice				
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*

	2011-13 Legislatively Approved Budget	2013-15 Legislatively Adopted Budget	2013-15 Committee Recommendation	Committee Change
Oregon Military Department				
General Fund	-	-	$ 290,000	$ 290,000
General Fund Debt Service	-	-	$ 314,523	$ 314,523
Other Funds	-	-	$ 237,345	$ 237,345
Oregon State Police				
General Fund	-	-	$ 3,387,000	$ 3,387,000
Department of Public Safety Standards and Training				
Other Funds	-	-	$ 1,000,000	$ 1,000,000
Oregon Youth Authority				
General Fund	-	-	$ 126,673	$ 126,673
Other Funds Debt Service	-	-	$ 384,877	$ 384,877
TRANSPORTATION PROGRAM AREA				
Department of Transportation				
General Fund Debt Service	-	-	$ (757,944)	$ (757,944)
Other Funds	-	-	$ 56,885,788	$ 56,885,788
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

	2011-13 Legislatively Approved Budget	2011-13 Committee Recommendation	Committee Change
Emergency Board			
General Fund	-	$ (50,447,306)	$ (50,447,306)
Oregon University System			
Other Funds	-	$ (2,329,480,585)	$ (2,329,480,585)
Other Funds Non-limited	-	$ (2,236,635,139)	$ (2,236,635,139)
Military Department			
General Fund	-	$ (460,000)	$ (460,000)
General Fund Debt Service	-	$ (26,748)	$ (26,748)
Oregon Youth Authority			
General Fund	-	$ 200,000	$ 200,000

2013-15 Position Summary

	2011-13 Legislatively Approved Budget	2013-15 Legislatively Adopted Budget	2013-15 Committee Recommendation	Committee Change
Office of the Governor				
Authorized Positions	-	-	3	3
Full-time Equivalent (FTE) positions	-	-	3.00	3.00
Department of Revenue				
Authorized Positions	-	-	31	31
Full-time Equivalent (FTE) positions	-	-	31.00	31.00
Oregon Business Development Department				
Authorized Positions	-	-	3	3
Full-time Equivalent (FTE) positions	-	-	3.00	3.00
Department of Education				
Authorized Positions	-	-	3	3
Full-time Equivalent (FTE) positions	-	-	3.38	3.38
Higher Education Coordinating Commission				
Authorized Positions	-	-	6	6
Full-time Equivalent (FTE) positions	-	-	3.69	3.69
Long Term Care Ombudsman				
Authorized Positions	-	-	8	8
Full-time Equivalent (FTE) positions	-	-	3.81	3.81
Department of Corrections				
Authorized Positions	-	-	-197	-197
Full-time Equivalent (FTE) positions	-	-	-65.31	-65.31
Criminal Justice Commission				
Authorized Positions	-	-	1	1
Full-time Equivalent (FTE) positions	-	-	0.88	0.88

2013-15 Position Summary

	2011-13 Legislatively Approved Budget	2013-15 Legislatively Adopted Budget	2013-15 Committee Recommendation	Committee Change
Oregon State Police				
Authorized Positions	-	-	15	15
Full-time Equivalent (FTE) positions	-	-	4.38	4.38
Department of Public Safety Standards and Training				
Authorized Positions	-	-	4	4
Full-time Equivalent (FTE) positions	-	-	3.52	3.52
Department of Transportation				
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 the 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 & adminstration	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)**	**-**	**-**

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

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Corrected Copy

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.

Corrected Copy

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 LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
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 1st Special Session
BUDGET REPORT AND MEASURE SUMMARY

JOINT COMMITTEE ON SPECIAL SESSION

MEASURE: **HB 5101**

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

Action: Do Pass as Printed

Vote: 10 – 0 – 0

House
Yeas: Barnhart, Buckley, Kotek, McLane, Parrish
Nays: 0
Exc: 0
Senate
Yeas: Burdick, Courtney, Devlin, Ferrioli, Winters
Nays: 0
Exc: 0

Prepared By: Ken Rocco, Legislative Fiscal Office

Reviewed By: Legislative Fiscal Office Staff

Meeting Date: October 1, 2013

Agency	**Biennium**
Various Agencies	2013-15

Budget Summary

		2013-15 Legislatively Adopted Budget		Committee Recommendations	Percentage Change from Legislatively Adopted Spending Level
Education Program Area					
Community Colleges and Workforce Development					
General Fund	$	481,408,441	$	15,000,000	3.12%
Department of Education – State School Fund					
General Fund	$	6,222,625,891	$	100,000,000	1.61%
Oregon University System					
General Fund	$	727,927,876	$	25,000,000	3.43%
Human Services Program Area					
Department of Human Services					
General Fund	$	2,247,307,600	$	10,000,000	0.44%
Oregon Health Authority					
Other Funds	$	1,972,206,670	$	10,000,000	0.51%

		2013-15 Legislatively Adopted Budget		Committee Recommendations	Percentage Change from Legislatively Adopted Spending Level
Transportation Program Area					
Department of Transportation					
General Fund	$	2,060,000	$	5,000,000	242.72%
Miscellaneous Program Area					
Emergency Board					
General Fund - Special Purpose Appropriations					
Senior Services	$	0	$	26,000,000	100.00%

Summary of Revenue Changes

House Bill 5101 appropriates additional General Fund and provides additional Other Funds expenditure limitation for revenue increases that were approved during the 2013 1st Special Session. The sources of these revenues are included in HB 3601.

Summary of Joint Committee on Special Session Action

House Bill 5101 is an omnibus budget reconciliation bill implementing actions needed to adjust legislatively adopted budgets due to the additional projected General Fund and Other Funds revenue provided to six agencies as part of an overall legislative plan for the 2013 1st Special Session.

Education Program Area

Department of Community Colleges and Workforce Development

The Committee approved an additional $15 million General Fund for the Community College Support Fund for community college districts. This additional funding brings the total amount of General Fund appropriated for general purpose payments to Community Colleges to $465 million and will be distributed to the 17 community colleges through the existing distribution mechanism. The Committee adopted the following budget note:

> **Budget Note**
>
> In adopting this appropriation for the Community College Support Fund for community college districts, the Legislature intends that the additional $15 million will be distributed to the 17 community colleges to freeze or limit the increases in tuition and fees for the second year of the biennium to the extent possible given the amount of additional funding available.

Oregon Department of Education – State School Fund

An additional $100 million is recommended for the State School Fund bringing the total General Fund appropriation for the 2013-15 biennium to $6,322,625,891 and the total funds amount for the State School Fund to $6,650,400,826. This additional $100 million will be distributed to

school districts and Education Service Districts (ESDs) through the statutorily established education distribution formula for the fiscal year beginning July 1, 2014 (second school year of the biennium).

In adopting this additional funding for the State School Fund, the Legislature intends that the $100 million General Fund for the second school year of the biennium be used by school districts to hire additional teachers and/or other educational professionals in order to decrease class sizes and to add back days to the school year in order to increase instructional time for students.

Oregon University System

The Committee increased the General Fund appropriation for public university support by $25,000,000 with direction that the money be used to reduce resident undergraduate tuition increases at the state's seven public universities. The Committee adopted the following budget note to limit tuition increases on resident undergraduate students:

> **Budget Note:**
>
> In adopting the additional funding for the Oregon University System, the Legislature intends that increases in the base rates per credit hour paid by resident undergraduate students for the Winter 2014 and Spring 2014 terms on all seven campuses and one branch campus (EOU, OIT, OSU, OSU-Cascades, PSU, SOU, UO, and WOU) may not exceed an average of 2%. For students choosing the Tuition Promise program at WOU, rates of increase over the prior cohort may not exceed 4.3% for the Winter and Spring 2014 terms. For the 2014-15 academic year, the Legislature intends that there be no increases in the base rates per credit hour paid by resident undergraduate students at all seven campuses and one branch campus (EOU, OIT, OSU, OSU-Cascades, PSU, SOU, UO, and WOU). For students choosing the Tuition Promise program at WOU, rates of increase over the prior cohort may not exceed 2.2% for the 2014-15 academic year.

Human Services Program Area

Department of Human Services

The Committee added a total of $10 million General Fund to the Department of Human Services' (DHS) 2013-15 legislatively adopted budget for Oregon Project Independence (OPI), which brings program funding up to just under $20 million General Fund and essentially doubles program capacity. OPI, which is entirely state-funded, helps seniors 60 years and over live independently and safely in their own homes by providing individualized personal care, housekeeping, and case management support. Program funding has either decreased or remained flat over the last three biennia, while costs associated with transportation, administration, and direct services increased during the same timeframe.

For future distribution to programs or activities supporting seniors, the Committee set aside $26 million General Fund in a special purpose appropriation to the Emergency Board. Potential investments include augmenting services to seniors administered by local Area Agencies on Aging, backfilling Quality of Care Fund dollars, improving services for older adults with mental illness, and supporting efforts associated with SB 21 (2013), which requires planning to improve and strengthen Oregon's publicly funded long term care system. Specific decisions regarding the programs or activities to be funded are anticipated to be made during the 2014 legislative session.

Oregon Health Authority

HB 3601 includes a graduated tax increase in the cigarette tax that is dedicated to funding community mental health services through the Oregon Health Authority. The increase is expected to provide at least $20 million of revenue during the 2013-15 biennium for these programs.

The Committee added a total of $10 million Other Funds expenditure limitation to the Oregon Health Authority's (OHA) 2013-15 legislatively adopted budget for the following investments in community mental health programs:

- $5.8 million Other Funds expenditure limitation to fully fund the mental health system for children and young adults for 18 months of the biennium, consistent with the agency proposal for that investment during the 2013 legislative session. This investment is expected to include funding for school access to mental health, system of care and wraparound, parent child interaction therapy, young adult co-occurring disorder treatment, Oregon Psychiatric Access Line for Kids, and a youth sex trafficking program.
- $4.2 million Other Funds expenditure limitation to provide additional community based, coordinated services to individuals in crisis with mental health and co-occurring mental health and substance abuse disorders, in order to avoid costlier levels of care such as hospitalization or the criminal justice system.

The remaining $10 million of revenue will be available for additional investments in adult community mental health services later in the biennium, such as supported housing and peer delivered services. The decisions regarding the specific programs to be funded are anticipated to be made during the 2014 legislative session. The agency will review options to provide housing and related necessary support services for people with mental illness, including a rental assistance/support model, and a model to build additional housing using public-private partnerships, and will report on options and recommendations to the Joint Committee on Ways and Means during the 2014 legislative session.

The agency will provide an update on the program activities and outcomes realized with the additional funding, as part of the anticipated report on the implementation of the program investments in the community mental health system included in the 2013-15 adopted budget. That report is required by September 2014 per a budget note in HB 5030 (2013).

Transportation Program Area

Department of Transportation

The agency's 2013-15 legislatively adopted budget includes $2 million General Fund for senior and disabled transportation. The program distributes funds to counties, transit districts, and tribes that provide transportation services for older adults and persons with disabilities. To help offset projected declines in program non-General Fund revenue sources (cigarette taxes and identification card fees) and to provide additional resources for the Department's Elderly and People with Disabilities Transportation Program, the Committee added $5 million General Fund. The additional resources are expected to be used to maintain the existing system and improve services wherever possible. Funding should also allow communities to match federal resources to help support local projects. Potential projects include continuing the current Veterans' Transportation Pilot project which is only funded through June 2014, developing small volunteer transportation programs to supplement area services, and allowing contractors to operate more hours providing more riding opportunities per day.

Miscellaneous Program Area

Emergency Board

The Committee appropriated $26 million General Fund to the Emergency Board, as a special purpose appropriation, for allocation to state agencies for senior services. Additional information regarding potential use of these dollars is in the DHS section of this budget report narrative.

77th OREGON LEGISLATIVE ASSEMBLY – 2014 Session
BUDGET REPORT AND MEASURE SUMMARY

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: **HB 4108-A**

Carrier – House: **Rep. Keny-Guyer**
Carrier – Senate: **Sen. Hansell**

Action: Do Pass the A-Engrossed Measure

Vote: 21 – 4 – 1

House
Yeas: Barker, Buckley, Frederick, Jenson, Komp, Nathanson, Read, Richardson, Tomei, Williamson
Nays: Freeman, Hanna, Huffman, McLane
Exc: Smith
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: Kim To, Legislative Fiscal Office

Meeting Date: February 28, 2014

Agency	**Biennium**
Oregon Health Authority	2013-15

Budget Summary[1]

	2013-15 Legislatively Approved Level[2]	2014 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
			$ Change	% Change
General Fund	$ 0	$ 75,000	$ 75,000	100.0%
Total	$ 0	$ 75,000	$ 75,000	100.0%

Position Summary

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

(1) Excludes Capital Construction expenditures
(2) Includes approved expenditures through November 2013 and administrative actions

Revenue Summary

House Bill 4108 A adds $75,000 General Fund to the Oregon Health Authority's budget for the 2013-15 biennium.

Summary of Subcommittee Action

House Bill 4108A requires the Oregon Health Authority (OHA) to contract with one or more non-profit organizations to operate a pilot project to test whether used durable medical equipment could be provided to medical assistance recipients in a safe, functionally appropriate and cost-effective manner. The pilot project shall serve medical assistance recipients who live in Washington, Multnomah, Clackamas, Umatilla, Marion and Polk counties and may be expanded as OHA sees appropriate. The bill appropriates $75,000 General Fund for providing grants to non-profit organizations operating the pilot project. OHA is required to assess the success of the pilot project and report back to the Legislative Assembly by February 1, 2016.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 4108-A

Oregon Health Authority
Kate Nass - 503-378-3742

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
SCR 020-01: Medical Assistance Programs									
Personal Services							0	0	0.00
Services and Supplies	75,000						75,000		
Total	$75,000	$0	$0	$0	$0	$0	$75,000	0	0.00
SUBCOMMITTEE RECOMMENDATION	$75,000	$0	$0	$0	$0	$0	$75,000	0	0.00

77th OREGON LEGISLATIVE ASSEMBLY – 2014 Session
BUDGET REPORT AND MEASURE SUMMARY

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: **HB 4109-A**

Carrier – House: **Rep. Greenlick**
Carrier – Senate: **Sen. Bates**

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

Vote: 18 – 7 – 1

House
Yeas: Barker, Buckley, Frederick, Jenson, Komp, Nathanson, Read, Richardson, Tomei, Williamson
Nays: Freeman, Hanna, Huffman, McLane
Exc: Smith
Senate
Yeas: Bates, Devlin, Edwards, Hansell, Johnson, Monroe, Steiner Hayward, Winters
Nays: Girod, Thomsen, Whitsett
Exc:

Prepared By: Kate Nass, Department of Administrative Services

Reviewed By: Linda Ames, Legislative Fiscal Office

Meeting Date: February 28, 2014

Agency	**Biennium**
Oregon Health Authority	2013-15

Budget Summary[1]

	2013-15 Legislatively Approved Budget[2]	2014 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
			$ Change	% Change
General Fund	$ 0	$ 60,000	$ 60,000	100.0%
Total	$ 0	$ 60,000	$ 60,000	100.0%

Position Summary

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

(1) Excludes Capital Construction expenditures

(2) Includes approved expenditures through November 2013 and administrative actions

Revenue Summary

House Bill 4109-A adds $60,000 General Fund to the Oregon Health Authority's budget for the 2013-15 biennium.

Summary of Subcommittee Action

House Bill 4109-A requires the Oregon Health Authority (OHA) to commission an independent study on the feasibility of establishing a basic health program in Oregon and report findings to the Legislative Assembly no later than November 30, 2014. A basic health program is an insurance affordability program, allowed in the federal Affordable Care Act, to make health insurance more accessible to lower income individuals who do not qualify for Medicaid. The study must estimate the affected population, available federal funding, state expenses and administrative costs, impact to Oregon's health insurance exchange, the rate of coverage of the basic health plan option compared to the non-basic health plan environment, and the additional impacts to affected population regarding affordability and continuity of coverage. The bill adds $60,000 General Fund to the OHA's budget to contract for this study.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 4109-A

Oregon Health Authority
Kate Nass - 503-378-3742

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
SCR 020-08: Health Policy Programs									
Services and Supplies	60,000						60,000		
Total	$60,000	$0	$0	$0	$0	$0	$60,000	0	0.00
SUBCOMMITTEE RECOMMENDATION	$60,000	$0	$0	$0	$0	$0	$60,000	0	0.00

77th OREGON LEGISLATIVE ASSEMBLY – 2014 Session
BUDGET REPORT AND MEASURE SUMMARY

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: **HB 5201-A**

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

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

Vote: 21 – 5 – 0

House
Yeas: Barker, Buckley, Frederick, Huffman, Jenson, Komp, Nathanson, Read, Smith, Tomei, Williamson
Nays: Hanna, Freeman, McLane, Richardson
Exc:
Senate
Yeas: Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Winters
Nays: Whitsett
Exc:

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

Reviewed By: Daron Hill, Legislative Fiscal Office

Meeting Date: March 6, 2014

Agency	**Biennium**
Various Agencies	
Emergency Board	2013-15

Budget Summary[1]

	2013-15 Legislatively Approved Level[2]	2014 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
			$$ Change	% Change
Emergency Board				
General Fund - General Purpose	$ 30,000,000	$ 30,000,000	$ -	0.0%
General Fund - Special Purpose Appropriations				
State employee compensation changes	$ 86,500,000	$ -	$ (86,500,000)	-100.0%
Home health care worker compensation	$ 12,900,000	$ -	$ (12,900,000)	-100.0%
Department of Education - student assessments	$ 4,600,000	$ -	$ (4,600,000)	-100.0%
Department of Education - youth development	$ 1,789,557	$ -	$ (1,789,557)	-100.0%
Housing & Community Services - various	$ 9,215,066	$ -	$ (9,215,066)	-100.0%
Oregon Health Authority - A&D rate increases	$ 3,300,000	$ -	$ (3,300,000)	-100.0%
Oregon Health Authority - dental pilots	$ 100,000	$ -	$ (100,000)	-100.0%
Seniors	$ 26,000,000	$ 12,704,627	$ (13,295,373)	-51.1%
Oregon Health Authority/Department of Human Services - future costs	$ -	$ 24,000,000	$ 24,000,000	0.0%
Oregon University System/Higher Ed Coordinating Commission - future costs	$ -	$ 3,500,000	$ 3,500,000	0.0%
Judicial Department - operations	$ -	$ 1,300,000	$ 1,300,000	0.0%
Judicial Department - debt collection costs	$ -	$ 700,000	$ 700,000	0.0%
ADMINISTRATION PROGRAM AREA				
Department of Administrative Services				
General Fund	$ 11,148,091	$ 11,914,443	$ 766,352	6.9%
Other Funds	$ 877,567,512	$ 907,312,584	$ 29,745,072	3.4%
Oregon Advocacy Commissions Office				
General Fund	$ 399,995	$ 425,525	$ 25,530	6.4%
Employment Relations Board				
General Fund	$ 1,894,849	$ 2,061,040	$ 166,191	8.8%
Other Funds	$ 1,901,273	$ 2,140,264	$ 238,991	12.6%
Government Ethics Commission				
Other Funds	$ 1,935,994	$ 1,976,802	$ 40,808	2.1%
Office of the Governor				
General Fund	$ 10,007,383	$ 11,401,846	$ 1,394,463	13.9%
Lottery Funds	$ 3,261,204	$ 3,376,215	$ 115,011	3.5%
Other Funds	$ 2,809,734	$ 2,910,655	$ 100,921	3.6%

	2013-15 Legislatively Approved Level[2]	2014 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
			$$ Change	% Change
Oregon State Library				
General Fund	$ 1,591,908	$ 1,629,976	$ 38,068	2.4%
Other Funds	$ 2,774,285	$ 2,810,561	$ 36,276	1.3%
Federal Funds	$ 2,463,398	$ 2,478,210	$ 14,812	0.6%
Oregon Liquor Control Commission				
Other Funds	$ 150,626,250	$ 151,875,699	$ 1,249,449	0.8%
Public Employees Retirement System				
Other Funds	$ 84,002,344	$ 88,153,980	$ 4,151,636	4.9%
Racing Commission				
Other Funds	$ 5,821,294	$ 5,905,502	$ 84,208	1.4%
Department of Revenue				
General Fund	$ 165,191,130	$ 166,641,759	$ 1,450,629	0.9%
Other Funds	$ 65,256,876	$ 64,202,113	$ (1,054,763)	-1.6%
Secretary of State				
General Fund	$ 8,476,735	$ 8,663,845	$ 187,110	2.2%
Other Funds	$ 48,895,140	$ 50,265,885	$ 1,370,745	2.8%
Federal Funds	$ 7,710,474	$ 5,045,103	$ (2,665,371)	-34.6%
Treasurer of State				
Other Funds	$ 45,149,748	$ 46,683,387	$ 1,533,639	3.4%
CONSUMER AND BUSINESS SERVICES PROGRAM AREA				
Board of Accountancy				
Other Funds	$ 2,073,326	$ 2,104,122	$ 30,796	1.5%
Board of Chiropractic Examiners				
Other Funds	$ 1,454,717	$ 1,480,033	$ 25,316	1.7%
Construction Contractors Board				
Other Funds	$ 15,874,620	$ 16,287,732	$ 413,112	2.6%

	2013-15 Legislatively Approved Level[2]	2014 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
			$$ Change	% Change
Department of Consumer and Business Services				
Other Funds	$ 210,350,105	$ 215,686,144	$ 5,336,039	2.5%
Federal Funds	$ 984,288	$ 5,636,901	$ 4,652,613	472.7%
Board of Licensed Professional Counselors and Therapists				
Other Funds	$ 1,096,822	$ 1,128,319	$ 31,497	2.9%
Board of Dentistry				
Other Funds	$ 2,581,266	$ 2,606,916	$ 25,650	1.0%
Oregon Health Licensing Agency				
Other Funds	$ 7,642,521	$ 3,882,241	$ (3,760,280)	-49.2%
Health Related Licensing Boards				
State Mortuary and Cemetery Board				
Other Funds	$ 1,409,105	$ 1,446,342	$ 37,237	2.6%
Board of Naturopathic Medicine				
Other Funds	$ 631,110	$ 653,339	$ 22,229	3.5%
Occupational Therapy Licensing Board				
Other Funds	$ 367,857	$ 380,132	$ 12,275	3.3%
Board of Medical Imaging				
Other Funds	$ 836,832	$ 856,351	$ 19,519	2.3%
State Board of Examiners for Speech-Language Pathology and Audiology				
Other Funds	$ 529,895	$ 544,232	$ 14,337	2.7%
Oregon State Veterinary Medical Examining Board				
Other Funds	$ 740,203	$ 756,229	$ 16,026	2.2%
Bureau of Labor and Industries				
General Fund	$ 11,517,209	$ 11,846,552	$ 329,343	2.9%
Other Funds	$ 9,871,681	$ 10,550,519	$ 678,838	6.9%
Federal Funds	$ 1,495,043	$ 1,683,613	$ 188,570	12.6%
Oregon Medical Board				
Other Funds	$ 10,453,997	$ 10,729,843	$ 275,846	2.6%
Board of Nursing				
Other Funds	$ 14,196,228	$ 14,493,701	$ 297,473	2.1%

	2013-15 Legislatively Approved Level[2]	2014 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
			$$ Change	% Change
Board of Pharmacy				
Other Funds	$ 5,783,198	$ 5,957,609	$ 174,411	3.0%
Board of Psychologist Examiners				
Other Funds	$ 1,005,553	$ 1,038,215	$ 32,662	3.2%
Public Utility Commission				
Other Funds	$ 40,049,729	$ 40,901,178	$ 851,449	2.1%
Federal Funds	$ 2,444,367	$ 2,474,000	$ 29,633	1.2%
Real Estate Agency				
Other Funds	$ 7,053,979	$ 7,277,657	$ 223,678	3.2%
Board of Licensed Social Workers				
Other Funds	$ 1,350,215	$ 1,395,325	$ 45,110	3.3%
Board of Tax Practitioners				
Other Funds	$ 1,157,125	$ 1,183,845	$ 26,720	2.3%
ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAM AREA				
Oregon Business Development Department				
General Fund	$ 8,250,274	$ 8,371,867	$ 121,593	1.5%
Lottery Funds	$ 115,478,577	$ 117,386,290	$ 1,907,713	1.7%
Other Funds	$ 67,638,351	$ 77,605,374	$ 9,967,023	14.7%
Federal Funds	$ 38,781,008	$ 38,841,307	$ 60,299	0.2%
Employment Department				
Other Funds	$ 120,522,794	$ 127,704,596	$ 7,181,802	6.0%
Federal Funds	$ 159,967,135	$ 168,973,715	$ 9,006,580	5.6%
Housing and Community Services Department				
General Fund	$ 8,593,855	$ 19,401,247	$ 10,807,392	125.8%
Other Funds	$ 73,939,411	$ 138,522,567	$ 64,583,156	87.3%
Federal Funds	$ 77,993,813	$ 117,493,813	$ 39,500,000	50.6%

	2013-15 Legislatively Approved Level[2]	2014 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
			$$ Change	% Change
Department of Veterans' Affairs				
General Fund	$ 9,448,781	$ 9,600,742	$ 151,961	1.6%
Other Funds	$ 43,788,902	$ 50,400,107	$ 6,611,205	15.1%
Federal Funds	$ -	$ 300,000	$ 300,000	0.0%
EDUCATION PROGRAM AREA				
Department of Community Colleges and Workforce Development				
General Fund	$ 496,408,441	$ 496,718,644	$ 310,203	0.1%
Other Funds	$ 115,912,543	$ 116,212,901	$ 300,358	0.3%
Federal Funds	$ 107,203,669	$ 107,441,253	$ 237,584	0.2%
Department of Education				
General Fund	$ 436,954,079	$ 453,469,907	$ 16,515,828	3.8%
Other Funds	$ 134,359,784	$ 134,784,035	$ 424,251	0.3%
Federal Funds	$ 996,058,997	$ 1,005,410,381	$ 9,351,384	0.9%
State School Fund				
Other Funds	$ 400,826	$ 3,936,407	$ 3,535,581	882.1%
Higher Education Coordinating Commission				
General Fund	$ 3,111,497	$ 2,903,360	$ (208,137)	-6.7%
Other Funds	$ 1,732,885	$ 1,757,474	$ 24,589	1.4%
Federal Funds	$ 342,759	$ 347,571	$ 4,812	1.4%
Oregon Education Investment Board				
General Fund	$ 6,035,608	$ 6,202,578	$ 166,970	2.8%
Oregon Health and Science University				
Other Funds	$ 31,639,826	$ 231,675,116	$ 200,035,290	632.2%
Oregon Student Access Commission				
General Fund	$ 115,718,916	$ 115,806,520	$ 87,604	0.1%
Lottery Funds	$ 246,223	$ 2,546,223	$ 2,300,000	934.1%
Other Funds	$ 20,094,896	$ 20,173,727	$ 78,831	0.4%
Teachers Standards and Practices Commission				
Other Funds	$ 4,904,153	$ 5,004,014	$ 99,861	2.0%

	2013-15 Legislatively Approved Level[2]	2014 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
			$$ Change	% Change
Oregon University System				
General Fund	$ 752,677,876	$ 751,177,876	$ (1,500,000)	-0.2%
HUMAN SERVICES PROGRAM AREA				
Commission for the Blind				
General Fund	$ 1,522,942	$ 1,598,027	$ 75,085	4.9%
Other Funds	$ 3,052,021	$ 2,025,381	$ (1,026,640)	-33.6%
Federal Funds	$ 12,129,790	$ 12,321,894	$ 192,104	1.6%
Oregon Health Authority				
General Fund	$ 1,972,206,670	$ 1,959,774,729	$ (12,431,941)	-0.6%
Lottery Funds	$ 10,545,822	$ 10,592,532	$ 46,710	0.4%
Other Funds	$ 3,771,761,551	$ 3,814,407,180	$ 42,645,629	1.1%
Federal Funds	$ 7,485,009,093	$ 8,632,707,613	$ 1,147,698,520	15.3%
Department of Human Services				
General Fund	$ 2,257,307,600	$ 2,324,079,188	$ 66,771,588	3.0%
Other Funds	$ 474,879,587	$ 501,842,250	$ 26,962,663	5.7%
Federal Funds	$ 6,338,409,362	$ 6,463,843,621	$ 125,434,259	2.0%
Long Term Care Ombudsman				
General Fund	$ 2,705,620	$ 3,784,880	$ 1,079,260	39.9%
Other Funds	$ 680,105	$ 703,321	$ 23,216	3.4%
Psychiatric Security Review Board				
General Fund	$ 2,306,552	$ 2,372,291	$ 65,739	2.9%
Other Funds	$ 103,725	$ 110,734	$ 7,009	6.8%
JUDICIAL BRANCH				
Judicial Department				
General Fund	$ 394,466,850	$ 400,423,412	$ 5,956,562	1.5%
Other Funds	$ 61,809,554	$ 65,078,242	$ 3,268,688	5.3%
Federal Funds	$ 1,227,911	$ 1,233,153	$ 5,242	0.4%

	2013-15 Legislatively Approved Level[2]	2014 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
			$$ Change	% Change
Commission on Judicial Fitness and Disability				
General Fund	$ 193,140	$ 197,316	$ 4,176	2.2%
Public Defense Services Commission				
General Fund	$ 244,280,071	$ 249,451,095	$ 5,171,024	2.1%
Other Funds	$ 4,467,042	$ 4,474,644	$ 7,602	0.2%
LEGISLATIVE BRANCH				
Legislative Administration Committee				
General Fund	$ 33,376,264	$ 33,937,491	$ 561,227	1.7%
Other Funds	$ 37,920,316	$ 37,929,526	$ 9,210	0.0%
Legislative Assembly				
General Fund	$ 38,039,318	$ 38,204,763	$ 165,445	0.4%
Other Funds	$ 277,937	$ 278,847	$ 910	0.3%
Commission on Indian Services				
General Fund	$ 444,063	$ 450,369	$ 6,306	1.4%
Legislative Counsel				
General Fund	$ 9,784,658	$ 9,952,041	$ 167,383	1.7%
Other Funds	$ 1,658,313	$ 1,681,068	$ 22,755	1.4%
Legislative Fiscal Office				
General Fund	$ 3,610,997	$ 3,558,397	$ (52,600)	-1.5%
Other Funds	$ 3,000,000	$ 3,179,547	$ 179,547	6.0%
Legislative Revenue Office				
General Fund	$ 2,711,399	$ 2,769,184	$ 57,785	2.1%
NATURAL RESOURCES PROGRAM AREA				
Department of Agriculture				
General Fund	$ 18,720,616	$ 19,460,351	$ 739,735	4.0%
Lottery Funds	$ 6,333,815	$ 6,473,272	$ 139,457	2.2%
Other Funds	$ 53,980,931	$ 55,589,067	$ 1,608,136	3.0%
Federal Funds	$ 15,168,522	$ 15,320,730	$ 152,208	1.0%

	2013-15 Legislatively Approved Level[2]	2014 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
			$$ Change	% Change
Columbia River Gorge Commission				
General Fund	$ 873,180	$ 891,000	$ 17,820	2.0%
Department of Environmental Quality				
General Fund	$ 29,936,112	$ 30,961,259	$ 1,025,147	3.4%
Lottery Funds	$ 3,824,782	$ 3,873,265	$ 48,483	1.3%
Other Funds	$ 139,956,679	$ 142,862,396	$ 2,905,717	2.1%
Federal Funds	$ 27,563,182	$ 28,010,107	$ 446,925	1.6%
Department of Energy				
Other Funds	$ 49,447,398	$ 50,489,645	$ 1,042,247	2.1%
Federal Funds	$ 2,939,208	$ 2,977,118	$ 37,910	1.3%
Department of Fish and Wildlife				
General Fund	$ 17,157,413	$ 17,704,434	$ 547,021	3.2%
Lottery Funds	$ 4,767,766	$ 4,921,716	$ 153,950	3.2%
Other Funds	$ 182,247,358	$ 185,369,107	$ 3,121,749	1.7%
Federal Funds	$ 131,933,605	$ 134,778,425	$ 2,844,820	2.2%
State Forestry Department				
General Fund	$ 56,437,263	$ 97,836,604	$ 41,399,341	73.4%
Other Funds	$ 339,657,186	$ 343,086,494	$ 3,429,308	1.0%
Federal Funds	$ 33,853,011	$ 34,108,167	$ 255,156	0.8%
Department of Geology and Mineral Industries				
General Fund	$ 2,505,043	$ 2,582,015	$ 76,972	3.1%
Other Funds	$ 7,835,292	$ 7,955,725	$ 120,433	1.5%
Federal Funds	$ 4,303,586	$ 4,429,263	$ 125,677	2.9%
Department of Land Conservation and Development				
General Fund	$ 12,330,059	$ 12,667,032	$ 336,973	2.7%
Other Funds	$ 947,584	$ 960,315	$ 12,731	1.3%
Federal Funds	$ 5,891,950	$ 6,014,070	$ 122,120	2.1%
Land Use Board of Appeals				
General Fund	$ 1,517,044	$ 1,573,758	$ 56,714	3.7%
Other Funds	$ 84,328	$ 87,401	$ 3,073	3.6%

	2013-15 Legislatively Approved Level[2]	2014 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
			$$ Change	% Change
Department of State Lands				
Other Funds	$ 29,740,188	$ 30,563,139	$ 822,951	2.8%
Federal Funds	$ 1,831,671	$ 2,881,911	$ 1,050,240	57.3%
State Marine Board				
Other Funds	$ 25,981,329	$ 26,214,465	$ 233,136	0.9%
Federal Funds	$ 7,443,149	$ 7,450,387	$ 7,238	0.1%
Parks and Recreation Department				
Lottery Funds	$ 84,614,432	$ 85,843,436	$ 1,229,004	1.5%
Other Funds	$ 111,999,304	$ 113,690,281	$ 1,690,977	1.5%
Federal Funds	$ 11,819,364	$ 11,858,367	$ 39,003	0.3%
Water Resources Department				
General Fund	$ 26,504,946	$ 27,284,614	$ 779,668	2.9%
Other Funds	$ 34,547,011	$ 34,736,737	$ 189,726	0.5%
Federal Funds	$ 1,272,735	$ 1,275,264	$ 2,529	0.2%
Oregon Watershed Enhancement Board				
Lottery Funds	$ 58,109,189	$ 58,227,336	$ 118,147	0.2%
Other Funds	$ 1,849,375	$ 1,852,224	$ 2,849	0.2%
Federal Funds	$ 32,732,090	$ 32,817,029	$ 84,939	0.3%
PUBLIC SAFETY PROGRAM AREA				
Department of Corrections				
General Fund	$ 1,396,990,504	$ 1,448,294,183	$ 51,303,679	3.7%
Other Funds	$ 39,599,876	$ 39,926,693	$ 326,817	0.8%
Oregon Criminal Justice Commission				
General Fund	$ 23,745,288	$ 23,851,046	$ 105,758	0.4%
Other Funds	$ 483,422	$ 479,680	$ (3,742)	-0.8%
Federal Funds	$ 7,135,487	$ 7,163,318	$ 27,831	0.4%
District Attorneys and Their Deputies				
General Fund	$ 10,239,592	$ 10,849,009	$ 609,417	6.0%

	2013-15 Legislatively Approved Level[2]	2014 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
			$$ Change	% Change
Department of Justice				
General Fund	$ 64,380,931	$ 66,289,084	$ 1,908,153	3.0%
Other Funds	$ 259,697,319	$ 265,469,616	$ 5,772,297	2.2%
Federal Funds	$ 142,235,349	$ 144,356,473	$ 2,121,124	1.5%
Oregon Military Department				
General Fund	$ 20,783,532	$ 21,863,993	$ 1,080,461	5.2%
Other Funds	$ 111,646,205	$ 113,902,017	$ 2,255,812	2.0%
Federal Funds	$ 284,930,096	$ 287,230,606	$ 2,300,510	0.8%
Board of Parole and Post-Prison Supervision				
General Fund	$ 4,063,865	$ 4,189,720	$ 125,855	3.1%
Department of State Police				
General Fund	$ 232,126,436	$ 240,590,265	$ 8,463,829	3.6%
Lottery Funds	$ 6,914,543	$ 7,166,858	$ 252,315	3.6%
Other Funds	$ 91,213,655	$ 93,291,730	$ 2,078,075	2.3%
Federal Funds	$ 9,411,098	$ 9,446,084	$ 34,986	0.4%
Department of Public Safety Standards and Training				
Other Funds	$ 34,859,020	$ 35,668,666	$ 809,646	2.3%
Oregon Youth Authority				
General Fund	$ 269,052,312	$ 275,662,044	$ 6,609,732	2.5%
Other Funds	$ 19,508,582	$ 19,553,725	$ 45,143	0.2%
Federal Funds	$ 34,496,051	$ 34,680,918	$ 184,867	0.5%
TRANSPORTATION PROGRAM AREA				
Department of Aviation				
Other Funds	$ 6,202,750	$ 6,297,654	$ 94,904	1.5%
Federal Funds	$ 4,769,741	$ 4,778,379	$ 8,638	0.2%
Department of Transportation				
General Fund	$ 2,060,000	$ 6,060,000	$ 4,000,000	194.2%
Other Funds	$ 3,813,954,090	$ 3,837,855,561	$ 23,901,471	0.6%
Federal Funds	$ 119,483,481	$ 119,553,108	$ 69,627	0.1%

	2013-15 Legislatively Approved Level[2]	2014 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
			$$ Change	% Change
2013-15 Budget Summary				
General Fund Total			$ 115,394,418	
Lottery Funds Total			$ 6,310,790	
Other Funds Total			$ 457,732,914	
Federal Funds Total			$ 1,343,927,389	

(1) Excludes Capital Construction

(2) Includes approved expenditures through November 2013 and administrative actions

Position Summary

	2013-15 Legislatively Approved Level	2014 Committee Recommendation	Committee Change from 2013-15 Leg. Approved Change	% Change
Department of Administrative Services				
Authorized Positions	790	806	16	2.0%
Full-time Equivalent (FTE) positions	784.68	792.40	7.72	1.0%
Oregon Liquor Control Commission				
Authorized Positions	233	230	(3)	-1.3%
Full-time Equivalent (FTE) positions	227.63	225.13	(2.50)	-1.1%
Department of Revenue				
Authorized Positions	1,081	1,074	(7)	-0.6%
Full-time Equivalent (FTE) positions	1,024.49	1,016.66	(7.83)	-0.8%
Construction Contractors Board				
Authorized Positions	75	75	-	0.0%
Full-time Equivalent (FTE) positions	75.00	74.50	(0.50)	-0.7%
Department of Consumer and Business Services				
Authorized Positions	927	918	(9)	-1.0%
Full-time Equivalent (FTE) positions	919.97	911.97	(8.00)	-0.9%
Oregon Health Licensing Agency				
Authorized Positions	35	35	-	0.0%
Full-time Equivalent (FTE) positions	35.00	17.50	(17.50)	-50.0%
Bureau of Labor and Industries				
Authorized Positions	100	101	1	1.0%
Full-time Equivalent (FTE) positions	98.50	98.38	(0.12)	-0.1%
Oregon Medical Board				
Authorized Positions	40	39	(1)	-2.5%
Full-time Equivalent (FTE) positions	38.79	38.33	(0.46)	-1.2%
Public Utility Commission				
Authorized Positions	131	130	(1)	-0.8%
Full-time Equivalent (FTE) positions	128.25	127.25	(1.00)	-0.8%
Real Estate Agency				
Authorized Positions	30	29	(1)	-3.3%
Full-time Equivalent (FTE) positions	30.00	29.50	(0.50)	-1.7%

	2013-15 Legislatively Approved Level	2014 Committee Recommendation	Committee Change from 2013-15 Leg. Approved Change	% Change
Department of Community Colleges and Workforce Development				
Authorized Positions	59	58	(1)	-1.7%
Full-time Equivalent (FTE) positions	58.70	57.70	(1.00)	-1.7%
Department of Education				
Authorized Positions	509	519	10	2.0%
Full-time Equivalent (FTE) positions	480.03	485.39	5.36	1.1%
Employment Department				
Authorized Positions	1,345	1,347	2	0.1%
Full-time Equivalent (FTE) positions	1,287.03	1,286.63	(0.40)	0.0%
Housing and Community Services Department				
Authorized Positions	169	169	-	0.0%
Full-time Equivalent (FTE) positions	77.59	150.33	72.74	93.7%
Department of Veterans' Affairs				
Authorized Positions	82	83	1	1.2%
Full-time Equivalent (FTE) positions	81.20	82.13	0.93	1.1%
Commission for the Blind				
Authorized Positions	51	51	-	0.0%
Full-time Equivalent (FTE) positions	47.73	46.98	(0.75)	-1.6%
Oregon Health Authority				
Authorized Positions	4,482	4,521	39	0.9%
Full-time Equivalent (FTE) positions	4,119.23	4,139.97	20.74	0.5%
Department of Human Services				
Authorized Positions	7,630	7,631	1	0.0%
Full-time Equivalent (FTE) positions	7,480.61	7,477.12	(3.49)	0.0%
Long Term Care Ombudsman				
Authorized Positions	19	24	5	26.3%
Full-time Equivalent (FTE) positions	14.56	16.81	2.25	15.5%
Department of Agriculture				
Authorized Positions	477	480	3	0.6%
Full-time Equivalent (FTE) positions	351.17	352.92	1.75	0.5%

	2013-15 Legislatively Approved Level	2014 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
			Change	% Change
Department of Energy				
Authorized Positions	115	114	(1)	-0.9%
Full-time Equivalent (FTE) positions	114.02	112.81	(1.21)	-1.1%
Department of Environmental Quality				
Authorized Positions	719	720	1	0.1%
Full-time Equivalent (FTE) positions	706.33	704.87	(1.46)	-0.2%
Department of Fish and Wildlife				
Authorized Positions	1,523	1,520	(3)	-0.2%
Full-time Equivalent (FTE) positions	1,262.41	1,258.99	(3.42)	-0.3%
Department of Land Conservation and Development				
Authorized Positions	61	60	(1)	-1.6%
Full-time Equivalent (FTE) positions	58.06	57.31	(0.75)	-1.3%
Water Resources Department				
Authorized Positions	157	157	-	0.0%
Full-time Equivalent (FTE) positions	154.80	154.55	(0.25)	-0.2%
Department of Corrections				
Authorized Positions	4,490	4,488	(2)	0.0%
Full-time Equivalent (FTE) positions	4,443.68	4,441.68	(2.00)	0.0%
Department of Justice				
Authorized Positions	1,282	1,285	3	0.2%
Full-time Equivalent (FTE) positions	1,265.25	1,266.83	1.58	0.1%
Oregon Military Department				
Authorized Positions	523	522	(1)	-0.2%
Full-time Equivalent (FTE) positions	478.01	477.51	(0.50)	-0.1%
Department of State Police				
Authorized Positions	1,260	1,259	(1)	-0.1%
Full-time Equivalent (FTE) positions	1,247.13	1,245.63	(1.50)	-0.1%
Oregon Youth Authority				
Authorized Positions	1,030	1,025	(5)	-0.5%
Full-time Equivalent (FTE) positions	992.58	989.79	(2.79)	-0.3%

Summary of Revenue Changes

The General Fund appropriations made in the bill are within resources available as projected in the February 2014 economic and revenue forecast by the Department of Administrative Services Office of Economic Analysis, supplemented by one-time savings identified in several agencies, as well as a transfer from Secretary of State's Corporate Division as authorized in House Bill 4157.

Summary of Capital Construction Subcommittee Action

House Bill 5201 is the omnibus budget reconciliation bill for the 2014 legislative session, implementing the statewide rebalance plan that addresses changes in projected revenues and expenditures since the close of the 2013 session. The Subcommittee approved House Bill 5201 with amendments to reflect budget adjustments as described below.

Statewide Adjustments

EMPLOYEE COMPENSATION DISTRIBUTION
The Subcommittee approved allocating $86.5 million General Fund to state agencies for employee compensation. This amount is 100% of the General Fund special purpose appropriation to the Emergency Board, made by House Bill 5008 (2013) for employee compensation. Also approved were associated expenditure limitation increases of $2.6 million Lottery Funds, $84.7 million Other Funds, and $44.2 million Federal Funds. The General Fund component is expected to cover about 90% of the statewide estimate of costs for compensation and benefit changes agreed to through collective bargaining or other salary agreements. Lottery Funds, Other Funds, and Federal Funds expenditure limitations are calculated at the full cost estimate level.

Section 105 of the budget bill reflects the employee compensation amounts approved for each agency; adjustments for agencies are not addressed in the agency narratives, although they are included in the table at the beginning of the budget report.

2% HOLDBACK
House Bill 5008 (2013) included a 2% supplemental ending balance holdback that was primarily applied to General Fund, and excluded debt service as well as selected programs. Agencies' 2013-15 legislatively adopted budgets were reduced by these amounts. With the current statewide economic conditions and revenue forecast, these budget reductions are being partially restored. Generally, 25% of the holdback is being restored to each affected agency, although there are a number of exceptions. Restorations include a total of $68.3 million General Fund and $0.3 million Lottery Funds. Section 104 of the budget bill reflects the restoration amounts for each agency. More detail is available in the narrative for each affected agency; agencies without General Fund or Lottery Funds in their budgets were not affected.

PACKAGE 091
Package 091 Statewide Administrative Savings is another 2013-15 adjustment affecting most agency budgets and captured in agency budget bills. The 2013 Legislature approved this package of $62.0 million total funds in permanent reductions as a placeholder for administrative efficiencies.

The placeholder, which carried forward from the Governor's budget, was simply a pro rata calculation across personal services and services and supplies expenditures in administrative budget structures. The Department of Administrative Services (DAS) committed to work out reduction details with agencies and report to the Joint Committee on Ways and Means during the 2014 session. The areas targeted for reduction were finance, information technology, human resources, accounting, payroll, and procurement expenditures.

The legislative expectation was that DAS would present a statewide plan identifying specific efficiencies and realigning placeholder reductions, if needed. However, DAS did not come forward with a plan, but instead reported that efforts to realize the savings in Package 091 met with unexpected challenges. These include actual savings taking longer than one biennium to materialize and some ideas requiring up front investments that would offset any near term savings. Since DAS failed to deliver a plan, the Legislative Fiscal Office worked with state agencies and their DAS budget analysts to replace placeholders with specific reduction actions. For some agencies, the updated Package 091 will deviate from placeholder expenditure categories or appropriations; these changes are described in the individual agency narratives. Agency narratives, where applicable, will also identify position count and full-time equivalent (FTE) decreases.

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. As part of the 2013-15 biennium statewide rebalance plan, House Bill 5201 adjusts the Emergency Board's special purpose appropriations as described below:

- Eliminates a special purpose appropriation for state agencies of $86.5 million, with corresponding General Fund appropriations to various state agencies for state employee compensation changes.
- Eliminates a special purpose appropriation for state agencies of $12.9 million, with corresponding General Fund appropriations to the Department of Human Services ($11,038,678) and the Oregon Health Authority ($1,861,322) for compensation changes for home health care workers who are not state employees.
- Eliminates a special purpose appropriation for the Oregon Department of Education (ODE) of $4.6 million, with a General Fund appropriation of $4.4 million to ODE for assessments including those assessments required under the federal Elementary and Secondary Act and linked to Common Core Standards.
- Eliminates a special purpose appropriation for the Oregon Department of Education (ODE) of $1,789,557, with a corresponding General Fund appropriation to the ODE for program funding for the second year of the biennium for youth development grants, performance-based contracts, and services at the local level.
- Eliminates multiple special purpose appropriations for the Housing and Community Services Department totaling $9,215,066, with a General Fund appropriation of $8,540,066 to the Housing and Community Services Department for second year operations, and an appropriation of $225,000 to the agency for one-time supplemental funding to the Oregon Hunger Response Fund for fiscal year 2014.
- Eliminates a special purpose appropriation for the Oregon Health Authority of $3.3 million, with a General Fund appropriation of $2,942,895 to the Oregon Health Authority for adult residential rate increases within the alcohol and drug system.

- Eliminates a special purpose appropriation for the Oregon Health Authority of $100,000, with a corresponding General Fund appropriation to the Oregon Health Authority for staffing needs related to the Dental Pilot Projects.
- Reduces the special purpose appropriation of $26 million for seniors made by House Bill 5101 (2013 Special Session) to appropriate $13,295,373 General Fund to programs benefitting seniors in multiple agencies, but primarily in the Department of Human Services.
- Establishes a $24 million special purpose appropriation for the Oregon Health Authority or the Department of Human Services for caseload costs or other budget challenges that the agencies are unable to mitigate.
- Establishes a $3.5 million special purpose appropriation to be allocated for future costs associated with higher education governance changes; including costs incurred by the Higher Education Coordinating Commission as duties and responsibilities are transferred from the Chancellor's Office to the Commission and for impacts on the budgets of the four technical and regional universities.
- Establishes a $1.3 million special purpose appropriation to be allocated to the Judicial Department for Operations support. The Department may request funds to finance one-time operations investments and service increases.
- Establishes a $700,000 special purpose appropriation to be allocated to the Judicial Department for third-party debt collection costs.

If remaining 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.

The Subcommittee established a reservation within the general purpose Emergency Fund of $350,000 for the Board of Parole and Post-Prison Supervision (BPPPS) for replacement of the Parole Board Management Information System (PBMIS). Allocation of the reservation is contingent upon the Board providing a project budget, project plan, and periodic status reports. BPPPS may request allocation of the reservation from the Emergency Board after the Legislative Fiscal Office approves the project budget and project plan.

A reservation was also established within the general purpose Emergency Fund of $3.5 million for the Statewide Longitudinal Data System proposed by the Oregon Education Investment Board (OEIB), Oregon Department of Education (ODE), and the Higher Education Coordinating Commission (HECC). Prior to the release of this reservation, the agencies must meet the requirements of the budget note included in this bill for OEIB relating to completing a refined business case, development of a comprehensive set of foundational project management documents, and completion of an assessment of the foundational project management documents and a project risk assessment by an independent Quality Assurance contractor.

Adjustments to Agency Budgets

ADMINISTRATION

Department of Administrative Services

The Subcommittee approved an $8,644,690 Other Funds expenditure limitation increase for Enterprise Technology Services (ETS) to begin a $40 million technology equipment lifecycle replacement plan. Due to continued use of equipment past its useful life, the state in now experiencing unacceptable levels of technology service outages that impact state government operations. DAS estimates there is now more than $40 million

worth of equipment and infrastructure past the 5 year useful life. DAS will enter into lease-to-own agreements to finance the equipment replacement. Existing ETS rates are estimated to be sufficient to generate enough revenue to pay the $8,644,690 Other Funds needed for leases-to-own agreements that will be entered into this biennium. Use of this additional revenue will likely preclude DAS from lowering ETS rates mid-biennium as was being contemplated by the ETS Customer Utility Board. Use of existing rate revenue will avoid costs associated with borrowing the money internally, as was initially recommended by the Department. The $8,644,690 Other Funds increase for 2013-15 rolls-up to $18,743,503 in 2015-17 for the second phase of the equipment replacement plan. DAS plans to incorporate a depreciation factor in future ETS rates, which will allow the state to accommodate lifecycle replacement costs on an ongoing basis. The Subcommittee also approved a $5,121,497 Other Funds expenditure limitation increase and the establishment of 19 positions (10.22 FTE) for ETS to meet the increasing demand for technology services from state and local governments, including implementation of IT projects approved in 2013-15 adopted budgets.

The Subcommittee adopted the following budget note to ensure proper oversight of state information technology assets and projects:

Budget Note:

The Oregon Department of Administrative Services (DAS), working with the State CIO, shall produce a comprehensive inventory report of all current information technology (IT) assets as required under current law with a special emphasis on the planned replacement or modernization status of information systems in use by all executive branch agencies. This inventory report shall include, but not be limited to:

- Agency name, Information System (Application) name, Agency Program owner, and business purpose of the Information System
- Age, Date of last upgrade, and planned changes/enhancements/retirement for the Information System (Application) in the future

In addition, DAS and the State CIO shall produce a comprehensive report of all IT projects underway in the 2013-15 biennium or planned for the 2015-17 biennium. The IT project report shall include, but not be limited to:

- Agency name, project title/name, project description, estimated budget (for all biennia), estimated start and completion date.

Both the IT inventory and project reports shall include:

- A narrative explanation of the methods, assumptions and tools used and any challenges DAS or the State CIO faced in collecting IT asset and/or IT project information;
- A narrative description of any statutory, rule or policy changes or resource allocations DAS or the State CIO believes are necessary to support continued or better IT asset inventory and/or IT project reporting.

The State CIO shall include a narrative section focused on planned statewide information systems modernization as well as the IT inventory and project reports outlined above, in the appendix of the State Information Technology and Telecommunications Plan (changed to Enterprise Information Resources Management Strategy in HB 4135) the State CIO is required to develop and update each biennium under ORS 291.039.

The IT inventory and project reports and a status report on the completion of the State IT and Telecommunications plan (changed to Enterprise Information Resources Management Strategy in HB 4135) shall be presented to the Joint Committee on Legislative Audits, Information Management and Technology and the General Government Subcommittee of the Emergency Board or the interim Joint Committee on Ways and Means before the start of the 2015 session. The State IT and Telecommunications Plan (changed to Enterprise Information Resources Management Strategy in HB 4135) shall be presented to the General Government Subcommittee of the Joint Committee on Ways and Means and other appropriate committees during the 2015 session.

The Subcommittee approved a $700,000 Other Funds expenditure limitation for the Chief Operating Office for two special projects that cross multiple agencies or require some independence. The first such project is a $350,000 limitation increase to purchase a statewide license for the Agora software program to be used by multiple state agencies. Agora offers tools to link economic and community development projects with project funders. The second special project involves the expenditure of $350,000 Other Funds to examine the Cover Oregon Website Project. At the request of the Governor, DAS contracted with First Data Government Solutions through the Enterprise Initiatives Master Price Agreement. First Data Government Solutions will complete a third party assessment of the Cover Oregon Website Project. Funding for the contract will be transferred from the Oregon Health Authority and Cover Oregon to pay the cost of this assessment and any applicable legal fees

The Subcommittee approved a $1,220,548 Other Funds expenditure limitation increase for Enterprise Asset Management (EAM) for the state motor pool. A $1,047,548 Other Funds increase is for the purchase of 47 new vehicles and for fuel and maintenance of these vehicles. The Subcommittee also increased the Other Funds expenditure limitation for EAM by $173,000 to accommodate the transfer of an auto mechanic position from the Oregon Department of Transportation to the state motor pool to consolidate light fleet maintenance in the Salem area.

House Bill 5201 includes one-time General Fund appropriations to the Department of Administrative Services for the following purposes:

- $345,000 for disbursement to the SW Oregon Assessment and Taxation Coalition involving the assessors of Coos, Curry, Douglas, Jackson, Josephine, Klamath, and Lane counties for a pilot project to form partnerships for the delivery of taxation and assessment services, to seek ways to deliver these services more efficiently.
- $200,000 for disbursement to Oregon Health and Science University Office of Rural Health for the Primary Health Care Loan Forgiveness Program.
- $100,000 for disbursement to the City of Forest Grove for initial planning costs associated with construction of a community center facility. The building could potentially house city hall, city offices, and a police station.
- $80,000 for disbursement to Sustainable Northwest for completion of a Western Juniper utilization and marketing project.
- $20,000 for disbursement to the Medford Senior Center for their Senior Nutrition Program.

The Subcommittee added $9,033,609 Other Funds expenditure limitation for one-time cost of issuance and special payments associated with the disbursement of proceeds from Lottery Bond sales; projects are detailed below and approved in in Senate Bill 5703. There is no debt service allocated in the 2013-15 biennium, as the bonds will not be sold until the spring of 2015. Debt service for 2015-17 is estimated at a total of $1,640,046 Lottery Funds: $588,086 for the Port of Morrow Community Revitalization Revolving Loan Fund; $270,707 for the Stayton

Stormwater project; $176,765 for the Beaverton Community Health Collaborative project; $176,765 for the Mid-Columbia Medical Center; and $427,723 for the Cornelius Library matching fund project.

- $2,958,304 Other Funds for disbursement to the Port of Morrow for a Community Revitalization Revolving Loan Fund that would be available to Malheur, Harney, Grant, Baker, Union, Wallowa, Umatilla, Morrow, Gilliam, Sherman, and Wheeler counties for energy conservation, renewable energy, and general business development projects.
- $2,451,194 Other Funds for disbursement to the City of Cornelius for a new public library with the stipulation that the City of Cornelius secures matching funds and commitments of no less than $10.4 million by the end of the 2013-15 biennium, prior to the distribution of the lottery revenue bond proceeds for the project.
- $1,544,053 Other Funds for disbursement to the City of Stayton to purchase property and develop a storm water detention facility in Stayton. The facility is expected to improve water quality for downstream agricultural users and manage peak storm flows into the Salem Ditch and Mill Creek.
- $1,040,029 Other Funds for disbursement to the Mid-Columbia Medical Center to support capital construction projects to expand or improve the medical center.
- $1,040,029 Other Funds for disbursement to the Beaverton Community Health Collaborative for the construction of a multi-service health and wellness facility.

The Subcommittee accepted technical adjustments to the revenue reductions assumed in the Department 2013-15 legislatively adopted budget by increasing the assumed Other Funds revenue by $1.5 million for the Chief Operating Office, $1.8 million for Enterprise Human Resource Services, and $437,180 for the Chief Information Office. In addition, the Subcommittee approved another technical adjustment to move a limited duration position to Enterprise Technology Services from the Chief Information Office where it was added by error in the legislatively adopted budget.

The Subcommittee approved and updated Package 091 Statewide Administrative Savings, eliminating 2 Custodian positions (2.00 FTE) and one Production Supervisor position (1.00 FTE). Because some of the administrative reductions were not achievable, particularly the $5,771,223 Other Funds in Enterprise Technology Services (ETS), Other Funds reductions were taken in the Chief Information Office ($3,515,338) to eliminate empty Other Funds expenditure limitation and Enterprise Asset Management ($130,906) to eliminate the two custodian positions. These reductions allowed restorations of $3,183,353 Other Funds in ETS and $462,891 Other Funds in Enterprise Human Resource Services. The Subcommittee also approved the standard 25% restoration rate for the supplemental ending balance reductions, which resulted in the restoration of $13,953 General Fund.

Oregon Advocacy Commissions Office

The Subcommittee approved a restoration of $8,301 General Fund for the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15. The restoration fully restores the original holdback reduction.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings. A portion of the agency's reduction to personal services was moved to services and supplies.

Employment Relations Board
The Subcommittee increased the agency's General Fund appropriation by $116,236 and Other Funds expenditure limitation by $148,020 to fund employee pay differentials, unemployment benefits, payment of accrued employee vacation time, a temporary double-fill of an administrative law judge position, and mediator travel expenses. The source of Other Funds is from the agency's state agency assessment ending balance ($87,998) and fee revenue balance ($60,022). Projected fee revenue is higher than anticipated in the agency's legislatively adopted budget for 2013-15. With the exception of the employee pay differentials and mediator travel expense, the remaining items are considered one-time increases and are not to carry forward into the 2015-17 biennium.

With this General Fund appropriation, the agency did not require a restoration of its 2% ending balance holdback.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings. A portion of the agency's reduction to personal services was moved to services and supplies. The reduction to services and supplies now totals $7,162 and will come from savings achieved by a renegotiated facilities rental agreement.

An adjustment was made related to the agency's compensation plan that moved $11,645 of Other Funds expenditure limitation from the Employment Relations Board Administrative Account (i.e., state agency assessments) to expenditures supported by fee revenue.

Government Ethics Commission
The Subcommittee approved an updated Package 091 Statewide Administrative Savings. A portion of the agency's reduction to personal services was moved to services and supplies.

Office of the Governor
The Subcommittee approved a restoration of $51,520 of the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15. That represents 25% of the initial holdback.

The Subcommittee appropriated $1,080,000 General Fund for the Public Infrastructure Commission and the West Coast Infrastructure Exchange. The governor's Office may transfer some, or all, of the funds to the State Treasurer for the implementation of House Bill 4111.

Oregon State Library
Of the agency's original $32,951 supplemental ending balance holdback reduction, the agency has achieved savings of $14,335 General Fund by reducing Fiscal Year 2014 Ready-to-Read grants. The remainder of the holdback, $18,616, was restored by the Subcommittee to be used for Fiscal Year 2015 Ready-to-Read grants. The restoration represents 57 % of the initial holdback.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings. The agency's personal services budget was reduced by $5,956 General Fund and $20,209 Other Funds by reducing pay differentials. The remaining personal services reduction was moved to services and supplies.

The Subcommittee adopted the following budget note related to the reorganization of the State Library.

Budget Note:
The Co-Chairs of the Joint Committee on Ways and Means will establish a workgroup to build upon previous State Library reorganization efforts, including the 2012 Joint Committee on Ways and Means report on the consolidation and improvement of library and archives services as well as subsequent proposals this biennium. The purpose of the workgroup is to modernize the delivery of state library services by improving access to public information, eliminating duplicative services and costs, increasing utilization of digital resources, and increasing collaborative partnerships across entities.

The workgroup shall recommend draft legislation for introduction in the 2015 legislative session for the reorganization of state library services, which should, where possible, incorporate national best practices pertaining to library reorganizations.

The workgroup will include Legislative members, and other members chosen to represent the interests of state library service users and employees.

It is the Co-Chairs' expectation that the workgroup will be staffed by the Legislative Fiscal Office with assistance from the State Librarian, State Archivist, State Law Librarian, Department of Administrative Services – Project Management Office, the Department of Administrative Services – Chief Financial Office, and Legislative Committee Services. Staff of the Oregon Historical Society is also invited to participate as staff to the workgroup.

Oregon Liquor Control Commission
The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating a total of three positions (2.50 FTE), and making shifts between personal services and services and supplies in various agency programs. As approved, Package 091 now consists of the following elements:

- Personal services reductions totaling $50,048 and 0.5 FTE (seasonal liquor distribution worker), services and supplies reductions totaling $137,000, and capital outlay reductions of $409 in the Distilled Spirits program;
- Personal services reductions of $239,002 and abolishment of one management position (1.00 FTE) in the Public Safety program; and
- Personal services reductions totaling $121,390 and 1.00 FTE (Office Specialist 2 position), services and supplies reductions totaling $85,000 and capital outlay reductions totaling $1,980 in the Support Services program.

Public Employees Retirement System
The Subcommittee approved an updated Package 091 Statewide Administrative Savings. The agency was able to reduce its personal services by only $45,651 due a reduction in temporary employees and overtime. The remaining personal services reduction of $1,041,400 was moved to services and supplies. The reduction to services and supplies now totals $1,393,957 and will come from savings to employee training, office expense, data processing, and professional services. The capital outlay reduction of $29,380 reduced the budget for data processing hardware.

The Subcommittee increased the Other Funds expenditure limitation for the Operations program by $1,022,945 for the implementation of Senate Bill 861, which was passed by the Legislature during the 2013 special session. This includes four limited duration Retirement Counselor 1 positions (3.33 FTE). Personal services total $392,428 and services and supplies total $630,517.

The four limited duration positions were established administratively on November 1, 2013; therefore, the agency does not require position or FTE authority, but does require the associated expenditure limitation. The revenue to fund these expenses is from a transfer from the Oregon Public Employees Retirement Fund from current year earnings. The Other Funds expenditure limitation was approved only as a one-time increase and does not carry forward into the 2015-17 biennium.

Other Funds expenditure limitation was increased for the Operations program by $718,750 in services and supplies for phase two of a three phase project to move the administration of the Individual Account Program from a third-party administrator to the agency. The Other Funds expenditure limitation was approved only as a one-time increase and is not carried forward into the 2015-17 biennium.

The Subcommittee requests that the Department of Administrative Services unschedule the entire amount of the Individual Account Program expenditure limitation, pending a Department of Administrative Services – Chief Information Office review and recommendation to approve the project being submitted to the Legislative Fiscal Office for its review and recommended approval.

Department of Revenue

The agency did not require a restoration of its 2% ending balance holdback that totaled $3.3 million General Fund, due to vacancy savings. The vacancy savings occurred in programs that did not require a rebalance of the agency's budget.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating eight permanent full-time positions and reducing one permanent full-time position to part-time (8.50 FTE). The alternative plan minimizes the impact to the agency's Information Technology Division so as to support its transition of legacy information technology systems to a new information system entitled the Core System Replacement project.

The positions eliminated include: Accountant 1 position (1.00 FTE); Office Specialist 1 positions (1.00 FTE); Office Assistant 2 position (1.00 FTE); Information System Specialist 4 position (1.00 FTE) and a Fiscal Analyst 2 position is reduced from permanent full time to permanent part-time (0.50 FTE) in the Administrative Services Division. Two Administrative Specialist 1 positions (2.00 FTE) are eliminated from the Personal Tax and Compliance Division. An Information System Specialist 3 position (1.00 FTE) and an Information System Specialist 5 position (1.00 FTE) are eliminated from the Property Tax Division. In addition, $71,904 of Other Funds for services and supplies is eliminated in the Property Tax Division in order to achieve the reduction target.

The Subcommittee disappropriated $2.1 million in one-time General Fund savings, which are in addition to the General Fund savings the agency set aside to compensate for its 2% ending balance holdback. The additional vacancy savings include: Administration ($990,828), Property Tax ($139,386), Personal and Compliance ($716,614), and Business Divisions ($253,172).

The Subcommittee also disappropriated $500,000 General Fund in one-time services and supplies savings from the Core System Replacement project due to lower than expected Department of Administrative Services – State Data Center charges.

A reduction of $352,716 in Other Funds personal services expenditure limitation was made to the Administration Division to adjust for an unneeded compensation plan increase. Two million dollars of Other Funds expenditure limitation in the Property Tax Division was reduced for

limitation that does not have a revenue source. The Property Tax Division has historically had Other Funds in its services and supplies expenditure limitation in excess of its actual need. Therefore, this is a permanent reduction.

The primary vendor contract for the Core Systems Replacement project was originally estimated to cost $29 million; however, the agency was able to negotiate a $27 million contract. The savings for the current biennium totals $2.3 million Other Funds, with $300,000 of the savings being needed in a future biennium.

HB 5008 (2013) requested that the Department of Administrative Services unschedule $12,994,327 of Other Funds expenditure limitation for the project that is related to the May 2014 Article XI-Q bond sale. The Subcommittee approved rescheduling $10,694,327 due to the $2.3 million in contract savings this biennium. The remaining $2.3 million is to remain unscheduled.

The Subcommittee provided the following instruction:

> The Department of Administrative Services is requested to reschedule $10,694,327 Other Funds expenditure limitation for the Core System Replacement project, pending the May 2014 Article XI-Q bond sale.
>
> Additionally, the Department of Revenue is directed to report to the Joint Interim Committee on Ways and Means during Legislative Days in May and September 2014 on the status of the project.

The Subcommittee added one permanent full-time Principle Executive Manager E position (0.67 FTE) for the Core System Replacement project to function as a business team/business process subject matter expert lead for the project. The requested position would be funded with previously authorized Article XI-Q bond proceeds. The agency has sufficient Other Funds expenditure limitation for this position due to initial vacancy savings within the program.

The Subcommittee approved the agency's request to make the following technical adjustments to align the agency's budget with its current operations and the organizational structure. These changes balance overall and result in no increase or decrease to the agency's budget. They include: (a) $1,892,699 and nine positions (9.00 FTE) to move the Research Section from the Business Division to the Agency Program Management Office Division; (b) $322,254 and one position (1.00 FTE) to move a Principle Executive Manager G and associated services and supplies from the Administrative Services Division to the Agency Program Management Office Division; (c) $1,109,718 and seven positions (7.00 FTE) to move the Special Services Section from the Administrative Services Division and the Property Tax Division to the Executive Division; (d) $219,538 and one position (1.00 FTE) to move a Principle Executive Manager E position from the Administrative Services Division to the Personal Tax and Compliance Division; (e) $112,092 to move one position (1.00 FTE), an Administrative Specialist position, from the Personal Tax and Compliance Division to the Business Division; (f) $161,411 to move one Information System Specialist 5 position (1.00 FTE) from the Property Tax Division to the Administrative Services Division; (g) $4,945,157 to move all operating program's Attorney General into the Administrative Services Division; and (h) $880,556 to move all the operating program's Information Technology Expendable Property into the Administrative Services Division.

Secretary of State

The Subcommittee increased the General Fund appropriation by $43,796 to restore 25% of the agency's 2% supplemental General Fund ending balance holdback. The entire amount of the restoration was directed to administrative services.

The Subcommittee also reduced the Federal Funds expenditure limitation by $2,700,000, to more closely align the limitation with the Secretary's revised plan of expenditure of federal Help America Vote Act (HAVA) moneys. The Secretary reported that HAVA monies, initially budgeted for county election tabulation systems upgrades, are being redirected to finance upgrades to the Oregon Centralized Voter Registration system instead. This redirection reduces current biennium Federal Funds expenditures and will allow HAVA monies to fully support program costs, without need for additional General Fund support, through the remainder of the 2013-15 biennium and through the 2015-17 biennium as well.

Treasurer of State

The Subcommittee increased the Other Funds expenditure limitation for services and supplies for the agency by $1,080,000 for the Public Infrastructure Commission and the West Coast Infrastructure Exchange. The revenue source is a transfer from the Governor's Office, which was appropriated General Fund for House Bill 4111 (2014), to satisfy the requirement under section 4(1) of the measure.

The Subcommittee adopted the following budget note:

> **Budget Note:**
> The State Treasurer is directed to spend a minimum of $100,000 on section 2(2) of House Bill 4111 from funding the agency received in House Bill 5201 for the Public Infrastructure Commission and the West Coast Infrastructure Exchange.

CONSUMER AND BUSINESS SERVICES

Board of Accountancy

No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction.

Board of Chiropractic Examiners

No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction.

Construction Contractors Board

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating 0.50 FTE and moving a portion of the reduction from personal services to capital outlay.

Department of Consumer and Business Services

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating 9 positions and 8.00 FTE, and shifting $15,493 from services and supplies to personal services.

A one-time increase of $4,625,091 Federal Funds expenditure limitation was also approved for the Health Insurance Rate Review Grant Cycle II and III, to support state efforts to enhance the health insurance premium rate review process and increase the transparency of the review process.

Board of Dentistry
No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction.

Oregon Health Licensing Agency
No changes were made from the original placeholder budget categories to implement Package 091 Statewide Administrative Savings. However, the agency's budget is moved to the Oregon Health Authority beginning July 1, 2014, as directed by House Bill 2074 (2013). The associated budget change is a reduction of $3,760,280 Other Funds expenditure limitation and 17.50 FTE, which represents approximately one year of the biennial budget for the Oregon Health Licensing Agency. A corresponding increase is made in the Oregon Health Authority budget.

Health Related Licensing Boards
An updated Package 091 Statewide Administrative Savings was approved for each of the six licensing boards: Mortuary and Cemetery, Naturopathic Medicine, Occupational Therapy, Medical Imaging, Speech-Language Pathology and Audiology, and Veterinary Medical. The boards are shifting reductions from personal services to services and supplies to meet the savings targets.

Bureau of Labor and Industries
To restore a portion of the agency's 2% supplemental ending balance holdback, the Subcommittee added $67,522 General Fund. This amount represents 29% of the total holdback; to cover the remaining gap BOLI will continue to hold the Apprenticeship Representative position in its Portland office vacant for the rest of the biennium.

An updated Package 091 Statewide Administrative Savings was approved, eliminating a total of 0.75 FTE across 2 positions in accounting and office administration. A portion of the agency's reduction was also moved from personal services to services and supplies.

The Subcommittee approved an increase of $450,000 Other Funds expenditure limitation and the establishment of a limited duration full-time Office Specialist 2 position (0.63 FTE) to enhance the Support Services Program. The program is part of an interagency agreement with the Oregon Department of Transportation, which provides the funding, to help increase diversity in the highway construction workforce. The Bureau of Labor and Industries (BOLI) will utilize the additional funds to increase support to existing pre-apprenticeship preparation programs and establish new preparation programs in rural areas. The limited duration position will provide administrative support for the program, allowing the program coordinator to focus on development and implementation of the preparation programs.

To provide education and outreach on fair housing laws and to investigate fair housing cases, the Subcommittee approved a one-time increase of $146,584 Federal Funds expenditure limitation. In partnership with the U.S. Department of Housing and Urban Development (HUD), BOLI will use the funds to complete dated fair housing cases that have been dual-filed with BOLI and HUD, and to work with the Fair Housing Council of Oregon to provide education and outreach. Additionally, BOLI's Technical Assistance Program will provide training sessions throughout the state on changes to fair housing laws.

The Subcommittee approved the following budget note related to workforce needs of employees of Qualified Rehabilitation Facilities:

Budget Note:
The Bureau of Labor and Industries, in consultation with the Department of Administrative Services, will convene a stakeholder workgroup to include not more than four Qualified Rehabilitation Facilities (QRFs) or a representative representing a majority of the QRFs in the state; labor unions representing QRFs; at least one organization representing the disability rights community; and any other interest with employee or business interests related to QRFs that voluntarily participate, during the 2014 interim. The workgroup will meet at least four times to develop concepts to address the workforce support needs of employees with disabilities employed by QRFs. These concepts may be presented to the 2015 Legislative Assembly for possible introduction as a bill.

Oregon Medical Board
The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating one position and 0.46 FTE in administration and the remaining reductions taken in services and supplies.

Board of Nursing
No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction.

Board of Pharmacy
The Subcommittee approved an updated Package 091 Statewide Administrative Savings, reallocating among expenditure accounts to affect permanent administrative cost reductions. Other Funds personal services reductions of $3,693 and services and supplies reductions of $1,503 are reallocated entirely to agency services and supplies.

Public Utility Commission
The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating a mailroom assistant position (1.00 FTE). A portion of the reduction originally applied to services and supplies was shifted to personal services.

Real Estate Agency
The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating one position and 0.50 FTE.

Board of Licensed Social Workers
No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction.

Board of Tax Practitioners
No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction.

ECONOMIC AND COMMUNITY DEVELOPMENT

Oregon Business Development Department

The Subcommittee increased the General Fund appropriation by $89,679 to fully restore the Arts Commission's 2% supplemental General Fund ending balance holdback. Lottery Funds expenditure limitations were increased by a total of $250,000 to partially restore the 2% supplemental Lottery Funds ending balance holdbacks to the Shared Services and Business, Innovation, and Trade Divisions. No additional Lottery Funds are allocated from the Administrative Services Economic Development Fund for this partial restoration of the holdback amounts, or for Lottery Funds expenditure limitation increases provided for compensation cost increases; the agency will finance these expenditures out of sufficient cash balances of Lottery Funds in the division budgets.

The Subcommittee established a $1,150,000 Lottery Funds expenditure limitation for the Business, Innovation and Trade Division for support of the Oregon Manufacturing Extension Partnership and for port property redevelopment. The expenditure limitation is established on a one-time basis and will be phased out in the development of the agency's 2015-17 biennium current service level. The expenditure limitation was established to provide a special payment of an additional $750,000 to support the Oregon Manufacturing Extension Partnership, and a special payment of $400,000 to the Port of Port Orford for redevelopment of the Cannery Building owned by the Port.

The Subcommittee increased the Regional Solutions Other Funds expenditure limitation in the Infrastructure Finance Authority program area by $9,349,999, and increased the general Infrastructure Finance Authority Other Funds expenditure limitation by $240,594, to authorize distribution of lottery revenue bond proceeds to support Regional Solutions projects, and to pay bond-related costs, respectively. These Other Funds expenditure limitation increases are approved on a one-time basis only, and will be phased out in the development of the agency's 2015-17 biennium current service level.

The 2013-15 biennium budget includes authorization of up to $10 million of lottery revenue bond proceeds for Regional Solutions projects. In the 2013 session, the Legislature established a $1 Other Funds limitation on Regional Solutions project expenditures, pending submission of specific projects for review. A total of $9,350,000 of Regional Solutions project expenditures were approved. The approved project names and associated funding levels are listed below:

- North Central Region – North Central Oregon Attainable Housing Revolving Loan Fund ($2 million)
- South Central Region – Removing Stringent Air Quality Permitting Requirements ($1.5 million)
- South Central Region – Innovation and Learning Center ($500,000)
- Mid-Valley Region – White's Rail Siding ($300,000)
- Mid-Valley Region – Carlton Water Infrastructure ($500,000)
- Mid-Valley Region – Job Growers Workforce Investment Board ($550,000)
- North Coast Region – Rainier Rail Corridor ($2 million)
- South Coast Region – Portable Dredge Purchase ($2 million).

The Subcommittee also approved a change in the use of $12 million of Other Funds lottery revenue bond proceeds previously authorized in the 2013 session for transfer to the Special Public Works Fund. Of this amount, $3 million of proceeds are redirected to the Marine Navigation Improvement Fund for coastal port dredging; with the remaining $9 million of proceeds to be transferred to the Special Public Works Fund.

Finally, the Subcommittee approved the implementation of the agency's Package 091 reductions. The implementation includes permanent fund shifts in the financing of two agency positions in the Shared Services/Central Pool program area. The two positions, formerly Lottery Fund-financed, will now have 22% of their personal services costs funded by Other Funds generated by agency programs. This action supports a $100,000 fund shift from Lottery Funds to Other Funds approved with Package 091 in the agency budget.

Employment Department

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating two positions in the Unemployment Insurance division (a Public Affairs Specialist at .75 FTE and an Information Support Specialist at 1.00 FTE), eliminating three positions in the Business and Employment Services division (an Executive Support Specialist, a Safety Specialist and an Office Specialist, 3.00 FTE), and eliminating one position in the Research division (an Economist, 1.00 FTE). A portion of the reduction was shifted from personal services to services and supplies.

House Bill 5201 includes an increase of eight positions (5.35 FTE) and additional expenditure limitation in the amount of $3,947,126 Other Funds and $4,757,762 Federal Funds for grant awards, supplemental federal funding for unemployment insurance programs, Office of Administrative Hearings caseload, and information technology needs.

Housing and Community Services Department

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, reducing number of months on three positions (two Information Systems Specialists with a reduction of 0.50 FTE each, and a Procurement and Contract Specialist reduced by 0.62 FTE). Over all, personal services were reduced by $227,189 Other Funds and $99,918 Federal Funds; services and supplies were reduced by a total of $113,376 Other Funds and $14,195 Federal Funds; and capital outlay was reduced by $1,825 Other Funds. All reductions are allocated to the Business Operations unit of the agency's Central Services program.

The Subcommittee approved a restoration of $42,326 of the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15. That represents 25% of the initial holdback. The funding is restored to the agency's General Fund programs as follows:

- Foreclosure Counseling (SB 1552): $10,231
- Emergency Housing Assistance: $11,625
- State Homeless Assistance Program: $6,604
- Low Income Rental Assistance: $1,122
- Oregon Hunger Response Fund: $6,628
- Court Appointed Special Advocates: $5,755
- Housing Choice Landlord Guarantee Program: $361

The Transportation and Economic Development Subcommittee recommended operational funding for the 2014 state fiscal year for the Housing and Community Services Department after receiving a report on the results of the agency's review of services and delivery options. The goals of the review included identifying and eliminating duplication and fragmentation in service delivery, as well as efficiencies that could help to address an anticipated operating deficit of $8 million in 2015-17. Report recommendations include simplifying program rules and reporting requirements; implementing shared services arrangements for some administrative functions; redesigning policy and governance structure to provide clear guidance and priorities; moving local service delivery partners toward performance based contracting over time; and moving food and volunteer programs to other areas of state government. The Subcommittee discussed the importance and expectation of a more detailed implementation plan for the report recommendations. Subcommittee members also conveyed the expectation that legislative policy committees should be the venue in which changes to agency advisory bodies are discussed and determined, and that such policy discussions not be circumvented by the Executive or budget process.

Given that the majority of recommendations require additional work to develop specific implementation plans, the Subcommittee recommendation for 2014 funding is predicated on continuing programs for the remainder of the biennium within the existing agency structure. The agency will begin the process of administrative rule review immediately, to begin identifying changes that will simplify grant administration and remove unnecessary reporting and monitoring requirements. Recommendations with budget and staffing implications will be proposed for implementation in conjunction with the 2015-17 budget process, along with changes to Key Performance Measures.

House Bill 5201 repeals three special purpose appropriations related to HCSD, and instead appropriates a total of $8,765,066 million in General Fund to the agency; $8.5 million of this is for fiscal year 2014 operations and $225,000 is for a one-time increase in support for the Oregon Hunger Response Fund. Fiscal year 2014 agency operations costs amount to $60,528,131 Other Funds, $39,500,000 Federal Funds, $122,795,359 Other Funds Non-Limited, $54,000,000 Federal Funds Non-Limited, and 74.36 FTE. The above amounts include employee compensation distribution amounts, and are consistent with the 2014 operating expenditure limitation recommended by the Subcommittee on Transportation and Economic Development.

Additional one-time General Fund in the amount of $1.5 million for the Emergency Housing Account and $500,000 for the State Homeless Assistance Program was also approved (along with a corresponding increase of $1.5 million in Other Funds expenditure limitation for the Emergency Housing Account). As these programs are ongoing, the Housing and Community Services Department is not anticipated to incur or capture additional administrative expenses from this supplemental funding. Other Funds expenditure limitation of $2,555,025 is added to provide additional one-time support for affordable housing preservation, funded by lottery bonds authorized in Senate Bill 5703; $55,025 of this amount is attributable to bond-related costs.

Department of Veterans' Affairs

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, shifting the majority of personal services savings in the Loan Program to services and supplies, in consideration of previous position reductions taken in the legislatively adopted budget (elimination of 12.00 FTE in the Loan Program). As modified, Package 091 reductions eliminate one position (0.20 FTE) and total $16,426 in personal services, and $136,794 in services and supplies in the Loan Program, and $153,224 in services and supplies reductions in the Veterans' Home program.

The Subcommittee approved a restoration of $43,959 of the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15. That represents 25% of the initial holdback. The funding is restored to the agency's General Fund programs in the following amounts:

- Counseling and Claims: $2,198
- County Veterans Service Officers special payments: $21,971
- Aid programs administered by the Oregon Department of Veterans' Affairs: $19,342
- Special Payments to National Service Organizations: $448

House Bill 5201 includes additional Other Funds expenditure limitation in the amount of $6,230,000 for two additional positions (1.13 FTE), and planning, marketing, start up and operating costs associated with the second Veterans' Home in Lebanon, Linn County. The home is scheduled to open in the fall of 2014.

Federal Funds expenditure limitation in the amount of $300,000 was established to accommodate the possible receipt of a federal grant for transportation services to veterans in highly rural areas of the state. Expenditure limitation was approved, with the understanding that the Department of Administrative Services would unschedule the limitation until the Oregon Department of Veterans' Affairs was notified that its grant application was successful. No additional matching funds or position authority is required to administer the funds, which will be passed through to Baker, Gilliam, Grant, Morrow, Sherman and Wheeler Counties. The agency anticipates a notice of award in April, 2014.

Oregon State Lottery

The Subcommittee approved a budget note requiring the Oregon State Lottery to submit a report to the Emergency Board on the feasibility of establishing a veterans-themed lottery raffle game.

> **Budget Note:**
> The Oregon State Lottery shall report to the Emergency Board, no later than September 2014, on the feasibility of establishing a dedicated lottery raffle game that has a veteran-oriented theme or indicates that the proceeds benefit veteran's education and economic development related to veterans. The report shall identify the impacts of establishing the game on the operations of the State Lottery, and include a projection of the level of net revenues available from a dedicated game for veteran's education and economic development, and a projection of the impact of the game on the level of net revenues otherwise available for transfer to the Administrative Services Economic Development Fund.

EDUCATION

Department of Community Colleges and Workforce Development

Based on their budgeted amount for their agency Operations budget, the Department of Community Colleges and Workforce Development (CCWD) has funding for the equivalent of 8.65 FTE in the General Fund budget passed by the 2013 Legislature. Given the demand for the General Fund related workload, the General Fund staff compliment should be closer to 13.00 FTE. As a result, CCWD estimated their General

Fund budget is underfunded by $884,136. The agency identified almost $350,000 in savings by keeping three positions vacant and switching the funding on another position, reducing the remaining General Fund gap to $535,087. To fill this remaining shortfall, the Subcommittee approved the following one-time actions; (1) assumed additional revenue from work done by CCWD staff for the Higher Education Coordinating Commission (HECC) of $64,000 to offset General Fund need and increased the Other funds expenditure limitation by this amount, (2) assumed $100,000 of debt service savings from the delay of building projects at community colleges that is freed up to offset the Operations budget gap, (3) appropriated $250,000 General Fund, and (4) transferred $121,087 from the Strategic Fund of the Community College Support Fund to the agency Operations budget.

The Subcommittee approved the establishment of an Other Funds expenditure limitation in the amount of $46,469 for the payment of the issuance costs associated with the sale of Lottery bonds for the Central Oregon Community College's Student Success Center in the remodeled Cascades Hall.

The Subcommittee did not restore any of the $287,715 General Fund reduced in the Department of Community College and Workforce's legislatively adopted budget for the 2% supplemental ending balance holdback.

As a result of Package 091 relating to Statewide Administrative Savings in 2013, CCWD's Operations budget was reduced by $357,844 total funds ($39,363 General Fund, $55,892 Other Funds and $262,589 Federal Funds). These reductions will be made by eliminating one Accounting Technician position (1.00 FTE), reducing funding for hiring temporary employees, reducing in-state travel, and reducing the amount of resources for contracting out for services. The impact of these reductions will limit the agency's flexibility in addressing and completing short term projects that are requested of the agency or unanticipated needs like information server failures that might occur. These actions will also limit the agency's ability to hire people with specialized expertise that agency staff does not have.

Department of Education

The Department of Education's (ODE) current budget includes $9.4 million for the Career and Technical Education Revitalization Grant Program as authorized in ORS 344.075. This bill increases the amount available for the program by a one-time $2 million General Fund appropriation. Grants awarded through this program must be used to enhance the collaboration between education providers and employers by: (1) developing or enhancing career and technical education programs of study; (2) expanding the professional growth of and career opportunities for students through career and technical education programs; (3) assessing the ability of each career and technical education program to meet workforce needs and give students the skills required for jobs in this state that provide high wages and are in high demand; and (4) supporting the achievement of the high school diploma requirements

The Legislature in 2013 provided an additional $7.5 million General Fund for the Career and Technical Education (CTE) Revitalization Grant Program, and this bill adds a further $2 million General Fund to the program without adding any resources for the administration, monitoring and technical assistance related for the program. The Subcommittee approved a transfer of $230,537 General Fund from the Grant-in-Aid budget of the agency to the Operations budget, and the establishment of three positions (1.25 FTE) for these functions.

A special purpose appropriation to the Emergency Board of $4.6 million General Fund was made in 2013 for student assessments. The Subcommittee approved the repeal of this special purpose appropriation, and instead approved a $4.4 million General Fund direct appropriation

to ODE to augment the $16 million total funds currently in the agency's budget for student assessments. This additional funding is to be used to purchase a summative assessment system tied to the Common Core standards as well as providing resources to school districts for formative and interim assessment tools. The Department of Administrative Services was instructed to unschedule this additional $4.4 million until final negotiations with the assessment contractors are completed.

Budget Note:
The Department of Education is instructed to provide at least $2 million of the total amount in the budget for student assessments as payments to school districts for formative and interim assessment tools.

ODE's Early Learning Division received an additional $10.1 million Federal Funds in resources through the Race to the Top grant program of the U.S. Department of Education. The agency plans to spend $5.5 million of these funds during the 2013-15 biennium. The funds will be used for a variety of purposes including increasing the use of the Tiered Quality Rating and Improvement System (TQRIS), professional development of early learning providers, and for a statewide referral system for information on early childhood services. The Subcommittee approved Federal Funds expenditure limitation increases split between the Early Learning Grant-in-Aid budget for grants to organizations ($3,955,190 Federal Funds) and the agency's Operations budget ($1,547,971 Federal Funds) for contracts, staffing and other agency costs. Seven limited duration new positions (4.11 FTE) were approved for establishment. Five current positions will also be funded with these new resources.

The Subcommittee approved an additional one-time $1.0 million General Fund appropriation for the Long Term Care and Treatment programs which provide educational services to students in residential and day treatment centers as defined in ORS 343.961. In approving this additional funding, the Subcommittee expects all of the $1.0 million will be provided to the entities who directly provide educational services to these students.

Budget Note:
Prior to May 1, 2014, the Department of Education is instructed to provide the School Funding Task Force established by House Bill 2506 (2013) with information to assist the Task Force in formulating recommendations relating to the level and allocation of funding for the Long Term Care and Treatment program. This information must include: (1) the actual costs of providing adequate and comparable educational services to students who receive services under the program; (2) various alternatives for allocating and distributing funding to these programs in an equitable manner to maximize the amount that is used for direct educational services to these students; (3) alternatives of metrics for measuring the effectiveness of the programs and providers of these educational services; and (4) other information the Task Force requests. The Task Force, with the assistance of the Department, shall work with various stakeholders including providers, school districts and others in formulating recommendations to the 2015 Legislature regarding the level and distribution of funding for the program.

The 2013 Legislature provided $1,789,557 General Fund for a special purpose appropriation to the Emergency Board for program funding for the second year of the biennium for youth development grants, performance-based contracts, and services provided at the local level. The Subcommittee approved the repeal of this special purpose appropriation, and redirected those resources as a General Fund appropriation to the Department of Education. The agency's Youth Development Division submitted a plan for investing and distributing these funds to the Interim Joint Ways and Means Committee in January 2014 which approved the use of these funds for the Youth and Innovation Grant Fund. This Fund

provides resources for new innovative approaches to improve education and workforce success for those youth disconnected or at risk of disconnecting from the education system and labor market. Most of this funding ($1.6 million General Fund) will be for grants to local entities, while the remaining $189,557 General Fund will be used for the administration of the youth development programs.

The Subcommittee approved a total of $5,948,790 General Fund in restorations to the ODE budget, representing just under 70% of the amount reduced in the legislatively adopted budget for the 2% supplemental ending balance holdback. All of the 2% reductions were restored for the following programs: (1) Oregon Pre-Kindergarten program ($2,548,483); (2) other early learning programs ($673,910) including Early Learning Hub funding, Health Families Oregon, Relief Nurseries, and Early Learning Kindergarten Readiness grants; (3) youth development grant programs ($114,982); (4) staffing costs at the Oregon School for the Deaf ($222,340); and (5) the newly authorized strategic education initiatives ($436,976). Other restorations were $1,080,405 for the Early Childhood Special Education programs, and $562,775 for the Early Intervention program. Finally, a total of $308,919 in the agency Operations budget was restored for nursing program support to school districts, youth development program administration, and licensing of Head Start programs.

As a result of Package 091 relating to Statewide Administrative Savings in 2013, ODE's Operations budget was reduced by $814,374 total funds. The budget passed by the 2013 Legislature included over $75 million total funds in new or expanded initiatives without a corresponding increase of resources in administrative activities. Based on this, the Package 091 related reductions for ODE did not include any staff reductions; but included service and supply cuts to the budget, personnel, accounting and payroll, and procurement functions totaling $280,576 total funds. Another $533,798 total funds was reduced from the information technology budget, most of it coming from resources for assessment related contracts. Overall, $276,887 General Fund, $123,622 Other Funds, and $413,865 Federal Funds was reduced from the ODE Operations budget.

The Federal Funds expenditure limitation for early learning programs is increased by $2.2 million to reflect a larger carry-forward of child care related funds from 2011-13 and larger current biennium revenues from the federal Child Care Development Fund. These additional revenues will be used to increase funding for the Employment Related Day Care program administered by the Department of Human Services.

State School Fund

The State provides payments funded by the State School Fund for Local Option Equalization Grants authorized in ORS 327.339. The Department of Education (ODE) makes those grant payments to school districts as Other Funds, but the current budget does not have sufficient Other Funds expenditure limitation for the current biennium. The Subcommittee approved a $3,535,581 increase in Other Funds expenditure limitation which is the estimate at this time of the grants that must be paid during 2013-15.

Higher Education Coordinating Commission

In development of the 2013-15 budget for the Higher Education Coordinating Commission (HECC), there was an inadvertent double counting of funding of $249,175 General Fund in the costs of the Commission's meeting and operating costs. The Subcommittee reduced this amount from the HECC budget.

The Subcommittee did not restore any of the $45,957 General Fund reduced in the Higher Education Coordinating Commission's legislatively adopted budget for the 2% supplemental ending balance holdback.

Oregon Education Investment Board

The Subcommittee restored $30,794 General Fund to the Oregon Education Investment Board (OEIB) which represents 25% of the amount reduced in the OEIB's legislatively adopted budget for the 2% supplemental ending balance holdback. This restoration will allow the OEIB to fund data analysis and policy research on best practices, investment strategies, and polices relating to early learning and primary literacy.

The OEIB and other education agencies presented an initial business case and related project management materials for the Statewide Longitudinal Data System to the Education Subcommittee of the Joint Committee on Ways and Means. The Education Subcommittee recommended the project staff continue to refine the business case, provide more detailed planning and project management materials, and contract with an independent Quality Assurance contractor to move on to the next steps in the implementation of this project. This work is to be completed with existing resources in the Oregon Department of Education's budget.

> **Budget Note:**
> The Oregon Education Investment Board (OEIB) is directed to work with the Oregon Department of Education (ODE), the Higher Education Coordinating Council (HECC), other education related agencies, and the Office of the State Chief Information Officer to refine the business case and develop a comprehensive set of foundational project management documents including a detailed project budget and schedule for the design, development and implementation of the State Longitudinal Data System for P-20W Education. The OEIB, ODE, HECC and other agencies must follow State Chief Information Officer standards in the development of these materials; and submit them to the State Chief Information Officer for review in compliance with Department of Administrative Services and State Chief Information Officer rules, policies and standards for project review, approval and oversight. An independent Quality Assurance contractor must be selected to complete quality control reviews of the refined business case and foundational project management documents. In addition, the independent Quality Assurance contractor must complete a project risk assessment. Prior to requesting additional funding for the Statewide Longitudinal Data System, OEIB and other agencies must submit the quality control reviewed business case and foundational project management documents and the project risk assessment, along with a recommendation on the project from the State Chief Information Officer to the Legislative Fiscal Office. The OEIB and other agencies are directed to report to the Emergency Board during each of the Emergency Board's meetings prior to January 1, 2015 on the status of the project and/or to request the authority to proceed with the project once the above requirements have been met.

Oregon Health and Science University

The Subcommittee approved a total of $200,035,290 Other Funds expenditure limitation in the Department of Administrative Services for disbursement of bond proceeds to Oregon Health and Science University (OHSU) for the construction of research, clinical, other related facilities, and for bond related costs for the expansion of the OHSU Cancer Institute. Senate Bill 5703 contains authorization to issue up to $161,490,000 in Article XI-G general obligation bonds (debt service to be paid with General Funds) and $38,545,290 in lottery bonds (debt service to be repaid with Lottery Funds) for the Cancer Institute for disbursement to OHSU. Before these Article XI-G and Lottery bonds may be issued, OHSU must raise at least $800 million in gifts, grants and other revenues through OHSU's Cancer Challenge campaign. The bond proceeds will be used: (1) to construct a research building on the Schnitzer Campus which will include wet laboratory facilities, bio-computing space and research support facilities; and (2) for additional floors in the Center for Health and Healing II (CHH II) building already planned for construction for clinical trial space. Debt service payments on these bonds to be paid beginning in the 2015-17 biennium are estimated at $23,357,272 General

Fund and $6,669,787 Lottery Funds. A budget note is included in the Oregon Health Authority section of this budget report instructing OHSU, other health care providers and Coordinated Care Organizations to develop recommendations relating to access to services for Medicaid clients.

Oregon Student Access Commission

Funding for the Oregon Opportunity Grants is increased by $2.3 million in the Oregon Student Access Commission's (OSAC) budget by increasing the expenditure limitation for Lottery Funds funded by allocations from the Education Stability Fund. This amount is anticipated to provide an estimated 1,150 more grants to post-secondary students at an average of $2,000 during the 2013-15 biennium. These additional resources are from carry-forward funds from the 2011-13 biennium that are available for this purpose.

The Subcommittee did not restore any of the $2,332,612 General Fund reduced in the OSAC's legislatively adopted budget for the 2% supplemental ending balance holdback, almost all of which was reduced from the Oregon Opportunity Grant program. As noted above, $2.3 million of Lottery Funds was added to this program for the remainder of the biennium.

As a result of Package 091 relating to Statewide Administrative Savings in 2013, OSAC's Operations budget was reduced by $41,153 total funds ($17,284 General Fund and $23,869 Other Funds). The Commission plans to take $19,030 total funds of this reduction in State Government Service Charges since Commission staff has assumed some of the administrative responsibilities (without new resources) that the Department of Administrative Services (DAS) provided in the past. The remaining reductions will be taken from other services and supplies ($11,290 total funds), Office Expenses, and other services and supplies categories. Since the original 091 reduction was split between personal services and services and supplies, all of the original $31,666 total funds in the personal services reduction will have to be transferred to services and supplies category.

Teacher Standards and Practices Commission

The Teacher Standards and Practices Commission's (TSPC) budget was reduced by $13,537 Other Funds as a result of the passage of the Package 091 relating to Statewide Administrative Savings. The Commission will take these reductions by cutting $8,135 from the budget for overtime and related personal services, and $5,402 from other services and supplies.

Oregon University System

The Subcommittee approved a special one-time General Fund appropriation of $2,000,000 for the four technical and regional universities and Portland State University to help fund new compensation agreements for classified staff. Of the $2,000,000 appropriation, $850,000 is for Portland State University, with the remainder to be shared by Eastern Oregon University, Southern Oregon University, Western Oregon University, and the Oregon Institute of Technology. The Subcommittee also approved a one-time $500,000 General Fund appropriation to both Eastern Oregon University and Southern Oregon University as temporary bridge funding to assist the universities for the remainder of the biennium as they address budget shortfalls.

The Subcommittee also disappropriated $4,500,000 General Fund from the appropriation supporting the Chancellor's Office with direction the Chancellor's Office utilize existing fund balances to continue operations for the remainder of the 2013-15 biennium. A total of $3.5 million General Fund was appropriated to the Emergency Board as a special purpose appropriation to be allocated for future costs associated with higher

education governance changes, including costs incurred by the Higher Education Coordinating Commission as duties and responsibilities are transferred from the Chancellor's Office to the Commission and for impacts on the budgets of the four technical and regional universities.

The Subcommittee approved the following budget note related to the closure of Blue Mountain Recovery Center in Pendleton, and clarified that this work should be done within the existing Oregon Solutions General Fund budget of $2.2 million for 2013-15. The parties involved are expected to include a number of local and regional entities, as well as the Department of Administrative Services, Oregon Business Development Department, Department of Corrections, Oregon Health Authority, Department of Veterans' Affairs, and the Regional Solutions program within the Governor's Office. Other parties may be identified as the work proceeds.

> **Budget Note:**
> The closure of the Blue Mountain Recovery Center will have a major economic impact on the city of Pendleton and the surrounding region. In order to address the challenges associated with the closure, a state and local conversation needs to occur, and a strategy needs to be developed, to mitigate the effects and chart a path forward for the community. The strategy should address how the state can invest resources in the community to ensure the economic effects on the community as a whole are addressed, to the extent possible. The strategy should also seek to leverage investments from the federal government in addressing the challenge and engage other private and civic organizations to the extent they can be of assistance. In carrying out the development of a strategy, the Oregon Solutions program at Portland State University shall provide staffing to bring the needed parties together to develop a mutually supported plan. The Oregon Solutions program shall report in September 2014 to the Emergency Board on the plan.

HUMAN SERVICES

Commission for the Blind

The Subcommittee approved an updated Package 091 Statewide Administrative Savings in which a small portion of the agency's reduction was moved from services and supplies to personal services. The Subcommittee also approved the restoration of $31,287 of the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15. This represents 100% of the initial holdback.

The agency's budget is reduced by $1,043,821 Other Funds expenditure limitation and 0.75 FTE to reflect the elimination of the Oregon Industries for the Blind program effective December 2013. This was an alternative work and vocational program specializing in serving clients with multiple disabilities who are both developmentally disabled and blind. Historically the program had served about 40 clients, and all clients have now been placed in other programs.

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. House Bill 5201 adjusts the OHA budget for updated pricing of program caseloads, costs, and revenues to help "rebalance" the budget. This information was presented at the January 2014 meeting of the Interim Joint

Committee on Ways and Means. Most notable are additional costs of $26.9 million General Fund related to loss of federal match for Alcohol & Drug residential facilities that have more than 16 beds, claims costs for hospital patients thought to be eligible for Medicaid but not yet through the formal eligibility process, and additional costs to keep Blue Mountain Recovery Center open through March 2014. The rebalance also includes $67.9 million General Fund savings, related to caseload changes, federal match rate changes, and one-time Other Funds revenues received above forecasted amounts.

The approved rebalance plan includes additional Federal Funds expenditure limitation of $1.1 billion mostly related to faster enrollment of new clients under the Affordable Care Act (ACA) expansion than was originally forecast. The plan also includes some agency restructuring. A new budget structure called Health Policy Programs is created, with budget and staff being transferred from Central Services and Medical Assistance Programs. A second budget structure is created for the transfer of the Oregon Health Licensing Agency into OHA effective July 1, 2014 per House Bill 2074 (2013).

The agency continues to face a number of budget risks that were not explicitly included in the rebalance plan. These include changes to caseloads, federal sequestration reductions, the Oregon State Hospital budget, and state expenditures required to meet the federal Designated State Health Programs (DSHP) waiver conditions. House Bill 5201 establishes a new special purpose appropriation of $24 million, to be allocated to OHA or the Department of Human Services for caseload costs or other budget challenges that the agencies are unable to mitigate.

In addition to the rebalance adjustments, the adjusted budget reflects a number of actions to be taken as a result of the $38.8 million General Fund withheld in the legislatively adopted budget for the 2% supplemental ending balance. The Subcommittee approved a restoration of $9.7 million as part of the statewide restoration. That represents 25% of the initial holdback. Other actions taken include program reductions of $4 million General Fund and the use of $25.1 million in one-time revenues.

With the addition of certain other actions beyond that already described, the approved adjustments result in an overall $1.1 billion increase in the agency's total funds budget, but a $27.2 million General Fund decrease. These actions also result in a $36.4 million increase in Other Funds expenditure limitation, a $1.1 billion increase in Federal Funds limitation, and an increase of 39 positions (20.74 FTE). These numbers do not include changes related to employee compensation cost changes.

A more detailed description of each program area follows.

Health Care Programs

The budget adjustments in House Bill 5201 reflect a net $62.6 million decrease in General Fund in the Medical Assistance Programs (MAP) budgets, with a $24.8 million increase in Other Funds limitation and a $1.2 billion increase in Federal Funds limitation.

The rebalance plan for MAP approved by the Subcommittee includes overall savings of $67.9 million General Fund, related to caseload changes, federal match rate changes, a reduction in the clawback payment to the federal government, and one-time Other Funds revenues received above forecasted amounts. Increased costs include a $1.8 million shortfall in tobacco tax revenue as a result of the latest forecast. The loss of federal match for Alcohol and Drug residential facilities that have more than 16 beds results in a $15.7 million General cost. The approved rebalance includes a cost of $7.0 million General Fund to cover claims costs for hospital patients thought to be eligible for Medicaid but not yet through the

formal eligibility process. During the period before the patient completes the formal eligibility process, the federal match for services already received is at the state's regular match rate. The rebalance changes also include an additional $1.2 billion in Federal Funds expenditure limitation, primarily because the state is enrolling new clients under the ACA expansion faster than originally forecast.

The MAP budget is also affected by two organizational changes included in the rebalance. A total of $34 million General Fund that was previously in the MAP budget is transferred to a new budget structure called Health Policy Programs. In addition, a total of $16.7 million General Fund and $50.2 million total funds is transferred from Addictions and Mental Health to MAP. This completes another component of the transfer that eventually moves these programs receiving Medicaid match into the CCOs, and so into the MAP budget.

Health Policy Programs will also include the transfer of the Transformation Center from Central Services. The final resulting budget for Health Policy Programs will be $44.1 million General Fund, $129.4 million total funds, and 128 positions (122.37 FTE). All these adjustments net to zero agency-wide. As a part of the approved rebalance, a second new budget structure is created for the Oregon Health Licensing Agency, which will transfer to OHA on July 1, 2014 as a result of House Bill 2074 (2013). This program will then be called the Health Licensing Office. The second year budget amount of $3.8 million Other Funds is added to OHA, as well as the 35 positions (17.50 FTE) in the current agency. There is a corresponding reduction to the budget of the Oregon Health Licensing Agency.

The Subcommittee approved a restoration of $20.8 million of the 2% supplemental ending balance holdback that was included in the MAP original legislatively adopted budget for 2013-15. This is funded with one-time revenues available in the budget. The agency expects to address the remaining $2.1 million shortfall by reducing the 2014-15 fee-for-service inflation adjustment for the Oregon Health Plan from 2.4% to 1.2%.

The final budget adjustments include additional General Fund savings of $24.4 million as a result of the Children's Health Insurance Reauthorization Act (CHIPRA) bonus that was announced in December. A total of $1.9 million General Fund and $5.0 million total funds is added to the MAP budget to cover compensation changes for home health care workers who are not state employees. A total of $12.9 million had been included in a special purpose appropriation for this purpose. That amount is fully distributed to OHA and the Department of Human Services to cover these costs.

The Subcommittee approved the following budget note relating to the health care system, and the role of Oregon Health and Science University within that system:

> **Budget Note:**
> The Oregon Health Authority will work with health systems, Coordinated Care Organizations, and health care providers to develop recommendations that ensure that Medicaid clients have access to medically appropriate and necessary inpatient or outpatient health services. Factors to be considered will include:
>
> (a) The acuity of the patient's condition and the urgency of the patient's need for treatment;
>
> (b) The role of Oregon Health and Science University as the state's only public academic health center;
>
> (c) The role of Oregon Health and Science University as a health care provider as well as its capacity relative to other hospitals, clinics or facilities in the community; and

(d) Advancing the goals of the triple aim, including factors such as:

(A) delivery of quality care

(B) cost

(C) convenience to the patient

(D) patient's access to care

OHA will report on the recommendations to the appropriate legislative policy committees before the 2015 session.

Addictions and Mental Health

The budget adjustments included in House Bill 5201 for Addiction and Mental Health (AMH) reflect a net decrease of $3.2 million General Fund, an increase of $9.2 million Other Funds limitation and a decrease of $36.6 million Federal Funds limitation.

The rebalance plan approved by the Subcommittee includes a cost of $2 million General Fund to keep Blue Mountain Recovery Center open until the end of March 2014. This is offset by savings of $0.2 million General Fund as a result of the increase in the federal match rate. In addition, the budget is decreased by $19.4 million General Fund as a result of transfers and technical adjustments. This is primarily the result of the transfer of another component of the remaining programs in AMH that will be moved to the CCOs during this biennium.

The Subcommittee approved a restoration of $11.4 million of the 2% supplemental ending balance holdback that was included in the AMH original legislatively adopted budget for 2013-15. The agency expects to address the remaining $1.9 million shortfall by eliminating the development of one 5-bed residential treatment home, and delaying the opening of two others by a few months.

If House Bill 4124 becomes law, the current youth suicide prevention coordinator in Public Health will move to AMH and take on a number of new responsibilities, including a new focus on intervention. AMH will coordinate with Public Health on funding to continue a position in Public Health that will continue to focus on prevention. Both these positions will have an important role to play as the new investments in children's mental health are implemented.

The Subcommittee approved a General Fund appropriation of $50,000 for the Buckley sobering center of Willamette Family Treatment Services. This is one-time funding to establish a pilot at the center, in order to determine the efficacy of allowing the sobering center to sign clients up for the Oregon Health Plan, if appropriate, as well as the effectiveness of including peer support navigators on staff to facilitate on-going treatment. AMH and the center will report the results of the pilot during the 2015 legislative session.

House Bill 5201 includes an additional $2.9 million General Fund to increase rates for Alcohol and Drug adult residential facilities. House Bill 5008 (2013) set aside a special purpose appropriation of $3.3 million for this purpose, and the agency was directed to do a study on both the youth and adult systems. The agency presented that study to the 2014 Legislature. The $2.9 million will allow the agency to increase the indigent (non-Medicaid) rate for adults from the current $105.50 per bed per day up to $120.00 (both rates include the current $20 rate for room and board). This increase will be for both years of the biennium. This brings the indigent rate up to the same level as the Medicaid fee-for-service and CCO rate. In addition, the room and board rate will be increased from $20.00 to $24.00 for indigent, fee-for-service and CCOs,

effective January 1, 2014. It is not ideal to increase the room and board rate, because that portion of the total rate cannot be matched. However, an increase in the treatment portion of the rate would flow through the CCO budgets, and they are capped at this time.

The Subcommittee approved the agency plan to spend the remaining $10 million Other Funds revenues from the increase in the cigarette tax that was dedicated to community mental health programs. AMH plans to invest $5 million of the funding in rental assistance programs through the current structures within the agency. For the other $5 million, AMH plans to partner with the National Alliance on Mental Illness (NAMI) and the Oregon Residential Provider Association (ORPA) for development of supported housing for individuals with mental illness, who will seek out grants, gifts and contributions to supplement the state money to support this development. The state funding will provide not more than 20% of the costs for the construction of the housing, and up to 50% of the start-up costs of the housing. The partners will convene a work group to advise in developing and prioritizing the list of projects. In order to ensure that the money available is invested this biennium, timelines will be established for funds to be committed. Funds that are not committed by those deadlines will be utilized for additional rental assistance funding. The partners have agreed on a Memorandum of Understanding that lays out these details. This $5 million funding is to be considered one-time for purposes of 2015-17 budget development. The Subcommittee approved the following budget note:

> **Budget Note:**
> Addictions and Mental Health, the National Alliance on Mental Illness, and the Oregon Residential Provider Association shall report back to each of the interim Emergency Board meetings on the status of all projects being considered or funded. The report should include information on each project, including location, timelines, various funding sources, number of housing units total, and number of housing units specifically for persons with mental illness. At least 10 days before a contract is signed by the Oregon Health Authority for any specific project, the agency shall notify Legislative Leadership and the Legislative Fiscal Office of their intent to sign a contract and the details of the contract.

Public Health

The budget adjustments included in House Bill 5201 for Public Health reflect a net increase of $1.2 million General Fund, and a decrease of $0.1 million Other Funds limitation and $0.5 million Federal Funds limitation.

The Subcommittee approved a restoration of $0.7 million, or all of the 2 % supplemental ending balance holdback that was included in the Public Health legislatively adopted budget. The special purpose appropriation for dental pilot projects of $100,000 was eliminated and placed in this budget. This will enable the agency to provide staff to implement the program originally envisioned in Senate Bill 738 (2011). The Subcommittee also approved additional funding of $270,000 for breast and cervical cancer screening services. About $100,000 of this was needed to backfill funding shortfalls recently communicated to the agency by the Komen Foundation.

Public Health programs had three fee schedules that were approved by the Department of Administrative Services and implemented administratively during the interim. These were ratified as a part of House Bill 5202, the statewide fee ratification bill. These include the fees related to the regulation of non-transplant anatomical research recovery organizations, registration of medical marijuana facilities, and the Oregon State Public Health Laboratory fees for communicable disease tests.

The Subcommittee approved the following budget note:

Budget Note:
The Oregon Health Authority will report to the Emergency Board in September 2014 on plans to appoint a state dental director as part of the agency's 2015-17 budget request. The report will include a position description outlining the duties of this position and the estimated costs to fill the position.

Central and Shared Services/Statewide Assessments and Enterprise-wide Costs
The budget adjustments included in House Bill 5201 reflect net decreases of $7.3 million General Fund, $3.6 million Other Funds limitation and $81.9 million Federal Funds limitation.

The reductions in these budgets are primarily the result of transferring the budget and staff from the Office of Health Policy and Research and the new Transformation Center, both currently in Central Services, over to the new Health Policy Programs. These actions are included in the rebalance. The Subcommittee approved a restoration of $1.8 million, or all of the 2% supplemental ending balance holdback that was included in the legislatively adopted budget.

An updated Package 091 Statewide Administrative Savings was approved in which a portion of the agency's reduction was moved from services and supplies to personal services. These reductions are all in Shared Services, which for OHA are the information technology services provided to both OHA and the Department of Human Services. One of the strategies for efficiencies is to do more projects with agency staff, rather than hiring contractors to perform the work at a higher price. The agency also expects to reduce expenditures related to mainframe printing by working with recipients to see which reports are still used. There are also opportunities to standardize software tools and reduce the amount of annual maintenance and support required.

Department of Human Services
The Department of Human Services (DHS) 2013-15 budget is organized through eight budget structures and five appropriations. The budget structures reflect five direct program areas (Self Sufficiency, Child Welfare, Vocational Rehabilitation, Aging and People with Disabilities, and Developmental Disabilities) and three program support functions (Central, Shared Services, and State Assessments and Enterprise-wide Costs). In addition, the agency's rebalance plan approved by the Subcommittee as part of House Bill 5201 adds a new program structure – Program Design Services – to consolidate and better capture cross-program work, such as licensing and regulatory oversight. The funding and position transfers from the programs to the new structure drive decreases in program budgets that net out across the agency; these should not be confused with program reductions.

Setting aside statewide budget issues, the agency's rebalance plan, which was presented at the January 2104 meeting of the Interim Joint Committee on Ways and Means, generates a net savings of $0.5 million General Fund. This net positive position reflects both costs and savings tied to agency caseloads, costs per case, and a slightly higher federal percentage for FMAP eligible costs. It also accounts for new program funding gaps identified since the 2013 session, including $2.2 million General Fund needed to avoid going to a wait list for Vocational Rehabilitation services and $1.9 million General Fund to cover a 6% interim rate increase for employment services providers in the Developmental Disabilities program.

The rebalance plan also contains several technical adjustments/transfers within the agency and between DHS and the Oregon Health Authority. Internal DHS changes, mostly tied to allocating costs and budget with more precision than was used during budget development, net to zero. There is a net increase of $1.8 million General Fund in the DHS budget due to the realignment of costs between DHS and OHA associated with mental health facility development and outreach services; changes between the two agencies net to zero.

In addition to rebalance adjustments, the Subcommittee approved a direct restoration of $11.4 million General Fund withheld in the legislatively adopted budget for the 2% supplemental ending balance; this represents 25% of the holdback amount. Through the use of one-time revenues in both OHA and DHS, including $3.3 million Federal Funds in bonus revenue received under the Supplemental Nutrition Assistance Program (SNAP) and $15.0 million Federal Funds in Temporary Assistance for Needy Families (TANF) carryforward revenue, the remaining holdback of $34.2 million General Fund was covered. The Subcommittee did not make any program reductions, but budget risks do remain. These include changes to caseloads, final sequestration actions, potential federal penalties, litigation and other legal costs, and federal rule changes affecting home care workers.

The Subcommittee approved several other changes (additions) beyond the rebalance and statewide actions. The most significant of these is a series of investments totaling $8.3 million General Fund ($9.4 million total funds), which is sourced by $26 million General Fund set aside side for senior programs during the 2013 Special Session. Overall, House Bill 5201 increased the agency's budget by $66.8 million General Fund, $27.0 million Other Funds, and $125.4 million total funds, or about 2.4% overall. The net change to positions is an increase of 1 position and a decrease of 3.49 FTE, which reflects a mix of phase-ins, position eliminations, and classification changes.

A more detailed description of each program area follows. For context regarding caseload changes, the 2013-15 legislatively adopted budget was based on the spring 2013 caseload forecast; the rebalance adjustments in House Bill 5201 factor in caseload and cost changes tied to the fall 2013 forecast, published in December 2013.

Self Sufficiency

The budget adjustments approved by the Subcommittee for the Self Sufficiency (SS) program reflect net decreases of $19.8 million General Fund, $13.1 million Other Funds limitation, $7.4 million Federal Funds limitation, and 77 positions (77.00 FTE).

Rebalance adjustments account for projected growth of about 3% in the overall 2013-15 SNAP caseload from the previous forecast. Embedded in the net increase is a decrease in the number of SS households receiving SNAP, while the number of Aging and People with Disabilities households receiving SNAP continues to grow. Caseloads in the TANF cash assistance programs are down 1% from the spring numbers, at a biennial average of 33,591 families. Overall caseload savings of $1.0 million General Fund are included in the agency's rebalance calculation. Budget and program risks for these economically-sensitive caseloads include final structure of the SNAP program upon federal reauthorization, growth in participating households associated with increased Medicaid enrollments under the Affordable Care Act, and possible extension of unemployment benefits.

To support implementation of a new program structure, Program and Design Services (PDS), $9.4 million total funds and 75 positions (75.00 FTE) are transferred out of SS and into PDS. Technical adjustments and transfers account for a decrease of $44.9 million total funds and 2

positions (2.00 FTE); the largest portion is $33.4 million totals funds associated with moving the budget for the Modernization project from SS to the Office of IT Business Supports, which is part of the new PDS budget structure.

The Subcommittee approved use of $18.3 million in one-time federal revenues (SNAP bonus and TANF carryforward) to help fully restore the 2% holdback. Another change outside the agency's rebalance plan is a one-time investment of $200,000 General Fund to support nutritional programs. Half of the money will help increase the number of summer and after-school food sites by at least 50 over the next year through offering technical assistance and implementing practices to help sustain programs into the futures. The other half, which will be matched with $100,000 in federal dollars, will be used to help seniors and other eligible groups or individuals with low participation rates access SNAP benefits, update online tools, and develop client education materials around protecting benefit cards.

An increase of $2,200,000 Other Funds expenditure limitation was also approved by the Subcommittee and should allow the Employment Related Day Care (ERDC) program to achieve an average monthly caseload of 8,500 over the last 12 months of the biennium. One-time funding to support this increase is available due to a higher than anticipated amount of Child Care Development Fund (CCDF) carryforward revenue from the 2011-13 biennium. While the budget continues to be inadequate to meet program needs – there are currently over 800 families on the waiting list – the Legislature is committed to improving program effectiveness and flexibility within available resources. With this goal in mind, the Subcommittee adopted the following budget note:

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

Child Welfare

The budget adjustments approved by the Subcommittee for the Child Welfare (CW) program reflect an increase of $16.5 million General Fund, a decrease of $1.6 million Other Funds limitation, an increase of $5.2 million Federal Funds limitation, and a decrease of 18 positions (18.00 FTE).

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

The approved budget adjustments include $0.3 million General Fund to correct an error made in 2013-15 budget development. In the agency's 2011-13 budget, a one-time revenue source (federal grant) was used to sustain the post-adoptions program. However, the one-time action was not

reversed as planned. A portion of the FMAP General Fund savings is used to cover the oversight and maintain the program at the 2013-15 legislatively adopted level. Also included is spending authority and eight limited duration positions (8.00 FTE) to support work under a federal grant. DHS received legislative approval to apply for the grant, which supports recruiting resource families for foster children, in May 2013.

To support the new program structure, Program and Design Services (PDS), $4.0 million total funds and 26 positions (16.00 FTE) are transferred out of CW and into PDS. Technical adjustments and transfers account for an increase of $1.7 million total funds for this program.

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

> **Budget Note:**
> By January 1, 2015, the Office of the Governor and the Center for Evidence-Based Policy at OHSU will jointly report to the Human Services Subcommittee of the Emergency Board on how the Pay for Prevention money is being spent and project progress. In addition, OHSU shall solicit independent review from a panel of experts on key components of project as it is developed. The report will include a summary of the independent panel's assessment of the project, including project design, research validity, and project viability.

Vocational Rehabilitation

The Subcommittee approved budget adjustments for Vocational Rehabilitation (VR) equating to increases of $3.6 million General Fund, $6,703 Other Funds limitation, $3.0 million Federal Funds limitation, and 10 positions (8.80 FTE).

The fall forecast projects caseload to be about 2% lower than the spring estimate. Any savings associated with fewer clients is masked by higher than expected costs per case, which have grown by about 5% from the spring 2013 forecast. Cost drivers include higher expenses for some services, such as technology devices for communication and mobility, and new referrals having needs more complex or costly to support than existing clients.

To maintain the program and cover these costs without moving to an Order of Selection (priority wait list), the budget approved by the Subcommittee includes an additional $2.2 million General Fund. The extra state dollars will have implications for future Maintenance of Effort (MOE) requirements. No additional federal dollars are available at this time; there is a slight possibility re-allotment funds could be accessed later in the biennium to reduce General Fund and MOE impacts.

Technical adjustments and transfers account for an increase of $2.7 million total funds and 10 positions (8.80 FTE); the bulk of the dollars and the positions are associated with moving work tied to the Governor's Executive Order 13-04 (employment services) from Developmental Disabilities to VR.

Aging and People with Disabilities

The budget adjustments approved by the Subcommittee in House Bill 5201 for the Aging and People with Disabilities (APD) program reflect an increase of $12.2 million General Fund, a decrease of $6.8 million Other Funds limitation, a decrease of $4.0 million Federal Funds limitation, and a decrease of 78 positions (82.25 FTE).

Overall caseloads in long-term care facilities are down about 3% from the level funded in the legislatively adopted budget. In-home caseloads are just over 8% higher than budgeted, while both community-based facilities' and nursing facilities' caseloads are lower, by about 10% and 2%, respectively. After costs associated with higher acuity levels and lower than expected provider tax revenues, these changes drive a net savings of $4.0 million General Fund. In addition to the caseload savings, APD also has $6.6 million General Fund in savings due to the FMAP change noted previously.

While the caseload trends are consistent with APD policy goals, the Department is concerned that it may be too early in the biennium to safely capture and repurpose the associated savings. Risks include the implementation of the K Plan and the initiative to reduce nursing facility bed capacity.

To support creation of the new program structure, $15.6 million total funds and 85 positions (85.00 FTE) are transferred out of APD and into PDS. Technical adjustments and transfers account for an increase of $4.8 million total funds for this program and mostly consist of a net $4.7 million total funds increase realigning budgets between APD and OHA (Addictions and Mental Health).

In addition to the rebalance changes and statewide adjustments, this program was significantly impacted by the Subcommittee's approval of funding for several senior programs or initiatives, including two pieces of legislation. While APD is not always the directed recipient or primarily participant in these projects, the bulk of the money does flow through DHS and the program has a key role in coordinating activities and reporting. The following section discusses the funding decisions and associated expectations.

Recommendations for 2013 Special Session $26 million Special Purpose Appropriation for Seniors

During the 2013 Special Session in September 2013, as part of HB 5101 (2013), $26.0 million General Fund was set aside in a Special Purpose Appropriation (SPA) to the Emergency Board for Board for future distribution to programs or activities supporting seniors. Over the four months between that action and the 2014 Legislative Session, the Department worked with a group of stakeholders to develop a list of proposals for funding allocation.

The Subcommittee approved most of the requested projects; the remaining unallocated General Fund will stay in the Senior SPA for future distribution by the Emergency Board. The legislative intent is that the proposals currently unfunded will have first priority (i.e., portions of the SPA are set aside for these) in the next round of SPA allocations, which is likely to occur as soon as May 2014. Projects are also funded with the caveat that, for ongoing initiatives, overall 2015-17 costs should not exceed the initial 2013 Special Session revenue allocation of $41 million plus standard inflation. This funding level restriction should be considered as the both the executive and legislative branches develop budgets for the 2015-17 biennium. In addition, some projects were approved as one-time expenditures and are generally not expected to roll forward; these programs have been identified as such in the following narrative. However, these programs' status as one-time expenditures may be evaluated for

ongoing status based on program development and the level of resources available in 2015-17. If included as ongoing, the program costs should be clearly identifiable within the 2015-17 budget build.

Funding recipients are expected to work with the Department of Human Services to provide to the Joint Committee on Ways and Means Subcommittee on Human Services during the 2015 Legislative Session a coordinated update on what was accomplished with these investments.

Projects or proposals brought forward for consideration for Senior SPA funding, along with the Subcommittee's recommendation are summarized in the table below. Subsequent narrative sections describe expectations regarding each project or proposal and next steps, including future allocations for projects for which funds are not being authorized at this time. For reference, summary item numbers 1 through 21 correspond in order to the consensus list developed by the Campaign for Oregon's Seniors & People with Disabilities; three other proposals were added as issues surfaced during the legislative session.

2013 Special Session $26M Appropriation Allocation Recommendations

Item #	Item	Who	Request	Approved	Recommendation
1	Geriatric/disability/mental health and addiction specialists for each county	OHA - AMH	2,800,000	-	Hold; present plan in May
2	Senior mental health training	OHA - AMH	700,000	-	Hold; present plan in May
3	Enhance funding for elder and disabled transit services	ODOT	4,000,000	4,000,000	Fund
4	Geriatric medication competency training pilot	DHS - APD	1,600,000	1,600,000	Fund but require May report on RFP
5	Training on Alzheimer's/dementias	DHS - APD	450,000	450,000	Fund but require May report on RFP
6	Training for caregivers on challenging behaviors	DHS - APD	400,000	400,000	Fund but require May report on RFP
7	First responder training on Alzheimer's/dementias	DHS - APD	500,000	500,000	Fund but require May report on RFP
8	Increase access to caregiver training statewide	DHS - APD	350,000	350,000	Fund but require May report on RFP
9	Restoration of Quality Care Fund sweep	DHS - APD	1,000,000	1,000,000	Restore fund but report on spending plan
10	SB 1553 - Public Guardianship Program	LTCO	949,183	949,183	Fund
11	Re-establish annual reporting for long term care	DHS - APD	750,000	100,000	Partially fund; report back in May
12	Develop community based care capacity index	DHS - APD	750,000	100,000	Partially fund; report back in May
13	General Assistance study	DHS - APD	112,000	112,000	Fund
14	Collect/analyze data on via annual BRFSS report	OHA - PH	30,000	30,000	Fund
15	Cash Oregon Grant for technology upgrade	DHS - APD	150,000	150,000	Fund
16	Personal Incidental Fund (PIF) from $30 to $100 per month	DHS - APD	1,300,000	539,728	Fund at $60 and start indexing
17	Initiate SB 870 to expand coverage for younger persons with disabilities	DHS - APD	3,000,000	-	Hold; present pilot plan in May
18	HB 4151 - Elder Abuse Task Force Recommendation	DHS - APD	149,365	149,365	Fund
19	Adult Protection Services Technology Investment	DHS - APD	1,000,000	-	Hold; pending business case and plan
20	AAAs - Replace Older Americans Act lost due to sequestration cuts	DHS - APD	2,500,000	-	Hold; pending actual awards/need
21	AAAs - Evidence based health promotion/disease prevention	DHS - APD	1,250,000	1,250,000	Fund
22	Senior Property Tax Deferral Hardship Fund ($313,800)	DHS - APD	313,800	313,800	Fund
23	SB 1542 - Expand Home Care Registry to Private Payers	DHS - APD	1,281,297	1,281,297	Fund
24	Medford Senior Center Nutrition Program	DAS	20,000	20,000	Fund
		Total	**25,355,645**	**13,295,373**	

SPA Amount	26,000,000	26,000,000
SPA Remaining	644,355	12,704,627

Items #1 and #2 were not funded by the Subcommittee, pending a report to the May meeting of the Emergency Board. The current $3.5 million General Fund ($7.0 million total funds) proposal places geriatric and disability mental health and addiction specialists in all 36 county mental health programs, in order to improve services for older adults with mental illness. Behavioral health services for older adults rest in systems of care that are often times disconnected. These systems include Aging and People with Disabilities long term care, home health, Medicare (including Medicare Advantage plans) and community mental health programs. The geriatric specialist would focus on the coordination of these systems within their community to meet the behavioral health needs of older adults. In its report, the Oregon Health Authority will provide a more detailed plan for both the services and training components of the proposal. The report should include how to structure the program and how to best work with Coordinated Care Organizations, in both the short and long run, considering that these staff would service Medicare clients as well as those eligible for Medicaid. The report should also address the appropriate level of staffing in different areas of the state.

Item #3 was funded, adding $4.0 million General Fund for senior and disabled transportation budgeted in the Department of Transportation (ODOT). The program distributes funds to counties, transit districts, and tribes that provide transportation services for older adults and persons with disabilities. This infusion brings total funding for the biennium to $11.0 million, which is about 30% of the estimated need as evaluated in a 2010 study by Portland State University.

Items #4 through #8, at a total of $3.3 million General Fund were approved on a ***one-time*** basis for the Department of Human Services to fund a broad scale Caregiver Training Initiative designed to provide consistent, standardized, and evidence-based training across all segments of the long term care services and supports (LTCSS) continuum. The growing population of seniors and people with disabilities requires a well-trained workforce and the development of additional community resources for both professional and family caregivers. Curriculum, trainings, and capacity development will be targeted in the following areas:

- Geriatric medication management and competency
- Alzheimer's disease and related dementias
- Challenging behaviors in non-dementia populations
- Specialized training for the public safety workforce on Alzheimer's and related dementias
- Enhanced training and access to caregiver trainings in underserved areas, populations and settings

DHS will issue a Request for Proposal (RFP) for organizations with the demonstrated experience, competency, expertise and ability to develop, coordinate and conduct trainings, curriculums and materials to reach all the intended audiences identified. Organizations will need to demonstrate the ability to work statewide with both private and public entities in the development, coordination and successful execution of this initiative. Programming should be aligned with current state policy initiatives.

The Subcommittee directed DHS to report back to the Emergency Board in May on the status of the RFP with the goal being for trainings to commence by July 2014.

For ***Item #9,*** the Subcommittee approved a ***one-time*** allocation of $1.0 million General Fund, which allows Quality Care Fund resources to be directed back from general program expenditures to training, technical assistance, quality improvement initiatives and licensing activities. The fund's revenue comes from long-term care facility licensing fees and civil penalties. Prior to formally allocating Quality Care Fund dollars to projects or initiatives, the Department will report to the Emergency Board on the spending plan, the process used to decide on fund allocations,

and the overall plan for managing the fund going forward. This report will be provided in May 2014 in conjunction with the training RFP report discussed above.

Funding for ***Item #10***, which was approved in the amount of $949,183 General Fund, will support a new Public Guardian and Conservator program within the office of the Long Term Care Ombudsman (LTCC). The program is created with passage of SB 1553 (2014); more information on the program is included in the LTCO narrative.

Items #11 and #12 take care of two data and information reporting gaps in the Department of Human Services. The approved initial allocation of $200,000 General Fund ($100,000 per project) will allow DHS to develop a work plan and more precise costing for these projects before returning to request the remaining funding. The first project will restart annual Nursing Facility and Community Based Care utilization reports, which were discontinued in 2009 due to budget reductions. The second effort is around improving availability of quality information on community based care facilities, through development of a website that will contain information on facility location, type of care, vacancies and customer satisfaction.

An allocation of $112,000 General Fund **(*Item #13*)** will allow the Department of Human Services, with stakeholder participation, to conduct a ***one-time*** study on and make recommendations for a program designed to provide temporary cash assistance to low-income, childless adults with disabilities (at a minimum). The Department will report the study results and program recommendations to the appropriate House and Senate policy committees and the Joint Committee on Ways and Means during the 2015 Legislative Session. The report should include, but not be limited to, data on special populations, such as homeless persons, veterans, and individuals nearing or on post-prison supervision, eligibility requirements, services offered, desired outcomes, cost avoidance, potential pilot projects, and a menu of program/funding options.

Item #14, funded at $30,000 will go to the Oregon Health Authority (Public Health) to pay for collecting specialized data on cognitive data and caregiving under the Behavioral Risk Factor Surveillance System. These data are particularly important for the Oregon Chapter of the Alzheimer's Association and its efforts to advance research, to provide and enhance care and support, and to reduce the risk of dementia through the promotion of brain health.

The Subcommittee approved ***Item #15***, at $150,000 General Fund, which supports a grant to Cash Oregon to support the one-time purchase of new laptops for the AARP Tax Aide program. This is a volunteer program that helps low-income seniors prepare tax returns.

Each Medicaid nursing facility resident has a monthly allowance to cover personal incidental needs ***(Item #16)***; this amount has been set at $30 per month for the last twenty years. The Subcommittee approved $539,728 General Fund and $952,472 Federal Funds for DHS to increase the amount to $60 per month, effective July 2014. Beginning with the 2015-17 biennium, the Department is directed to begin indexing personal incidental fund increases in nursing facilities to annual increase percentages published by the social security administration. (The approved recommendation was modified from the original proposal, which requested an increase to $100 without any indexing.)

For ***Item #17***, the Subcommittee retained $3.0 million General Fund within the SPA for distribution in May 2014, after DHS and stakeholders have brought forward a pilot project plan to make Oregon Project Independence services available to people with disabilities, as envisioned by SB 870 (2005). To provide more specific direction, the Subcommittee adopted the following budget note:

Budget Note:
The Department of Human Services shall develop a pilot project to expand Oregon Project Independence services to people with disabilities effective July 1, 2014. To meet this timeline, the Department will need to make emergency rules; that rulemaking will incorporate the feedback of appropriate stakeholders and advocates. Appropriate parties include, but are not limited to, the Oregon Association of Area Agencies on Aging and the Disability Services Advisory Councils. The pilot shall cover a regionally diverse area of Oregon, including both rural and metropolitan areas. The Department shall report on the pilot project plan, which should cover structure, outreach, evaluation, and budget components, and request release of SPA funds at the May 2014 meeting of the Emergency Board.

The Department of Human Services will study and report back to the appropriate 2015 legislative committees on the potential to transition Oregon Project Independence to a statewide, age neutral program that assesses and serves seniors and persons with physical disabilities based on need. This report will include cost projections for the expansion of services, projected caseloads and demographic distribution.

Funding for ***Item #18***, which was approved in the amount of $149,365 General Fund, $118,680 Federal Funds, and two positions (1.34 FTE) supports work under HB 4151 (2014). This bill sets consistent timelines for investigations of elder abuse cases by DHS and directs the agency to adopt policies and guidelines for the development of an electronic database of abuse reports and to standardize investigation and reporting practices. A registry of persons working or seeking to work in elder care facilities will be implemented by January 1, 2015; the registry will augment the existing criminal background check system. One of the new positions will work with the standardized practices and protocols related to the abuse reporting and investigating components of the bill. The other one will responsible for the registry work, including coordination with reporting facilities and development of registry rules.

Discussions regarding various systems and worker registries led the Subcommittee to adopt an associated budget note:

Budget Note:
The Department of Human Services will report to the Joint Committee on Ways and Means during the 2015 Legislative Session on the "ready to work" registry and associated rules required under HB 4151 (2014). The report should also include a section on the feasibility of developing a comprehensive (diverse care settings) and multipurpose (employment, referral, certification, background check, abuse) care worker registry, including potential efficiencies, benefits, costs, and barriers. Lastly, the report will provide an update on how administrative rule changes required by HB 3168 (2013) have reduced duplicative background check counts and decreased waiting times for applicants.

The Subcommittee did not fund ***Item #19***, which is a DHS request for funding to begin developing a new system to manage adult protective services activities. At a minimum, the Department plans to finalize a system business case and explore opportunities for federal funding before returning the Emergency Board to report on the project's progress and potentially request at least an initial allocation from the Senior SPA.

Item #20 is a request for $2.5 million in state funding to backfill anticipated federal reductions in federal Older Americans Act dollars. Several programs administered by the local Area Agencies on Aging (AAA) are potentially affected by sequestration reductions. However, federal funding award letters have not yet been received and more recent information indicates that the shortfall may be much less than expected, if not completely mitigated. Accordingly, the Subcommittee did not allocate funds, but welcomes a SPA allocation request during the interim, depending on final federal awards and demonstrated need. Not taking action on potential sequester reductions at this time is also consistent with the approach taken in other areas of the DHS budget, where sequester impacts continue to remain an unfunded risk.

The Subcommittee approved ***Item #21***, which provides $1,250,000 General Fund to support statewide AAA efforts in the areas of Evidence Based Health Promotion and Disease Prevention. These programs serve individuals with long-term services and supports needs regardless of eligibility for entitlement programs. The money will be distributed through formula, with each region putting together a plan for that will include anticipated numbers of individuals served and outcomes.

To address back taxes for certain seniors who were allowed back into the senior property tax deferral program after being disqualified in 2011, the Subcommittee added $313,800 General Fund (***Item #22***). The plan is for these ***one-time*** funds to flow through DHS to one or more Area Agencies on Aging to perform eligibility and authorize payments.

Funding for ***Item #23***, which was approved in the amount of $1,281,297 General Fund and five positions (1.41 FTE) supports work under SB 1542 (2014). This bill requires the Home Care Commission (budgeted within DHS) to administer a program enabling private payers to buy home care services from the Commission's home care registry. Currently, only individuals covered by Medicaid may hire caregivers through the registry. Under the program, the Commission will be responsible for a variety of tasks, including publicizing the registry, screening workers, setting standards, providing referrals, establishing rates, and paying wages. After General Fund pays for ***one-time*** start-up costs, the program will be self-supporting; the bill allows the Commission to set consumer rates at levels that support recovering up to 107% of program costs.

For ***Item #24***, the Subcommittee approved $20,000 General Fund in the DAS budget as a ***one-time*** pass-through to the Medford Senior Center to cover emergency need in its senior nutrition program. Last fiscal year, the program provided 17,159 meals for the elderly in Jackson County.

Developmental Disabilities

The budget changes approved by the Subcommittee in House Bill 5201 for the Developmental Disabilities (DD) program reflect net increases of $21.9 million General Fund, $1,291 Other Funds expenditure limitation, $41.8 million Federal Funds expenditure limitation, and a decrease of 80 positions (78.80 FTE).

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

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

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

To support implementation of a new program structure, Program and Design Services (PDS), $9.9 million total funds and 67 positions (67.00 FTE) are transferred out of APD and into PDS. Technical adjustments and transfers account for a decrease of $4.4 million total funds and 13 positions (11.80 FTE) for this program.

Another technical change in this program area is a title clarification. To better characterize program clients, DHS is now referring to this program as Intellectual and Developmental Disabilities (I/DD).

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

Program Design Services

The Subcommittee approved the following budget for Program Design Services (PDS): $20,225,454 General Fund, $11,026,715 Other Funds, $78,907,230 Federal Funds, and 253 positions (253.00 FTE). The idea behind establishing this new structure is to capture program design services and some direct services to DHS clients and programs that span across the Department's five major program areas. The budget is created primarily through budget transfers from other programs. The agency's plan is to increase both program utility and transparency by consolidating certain services, which include the following offices: Program Integrity, Licensing and Regulatory Oversight, IT Business Supports, Business Intelligence, and Continuous Improvement.

In addition to budget transfers, also included is an additional $38 million Federal Funds expenditure limitation to leverage and spend additional federal match received for the Modernization technology project. The project is now housed in IT Business Supports; previously it was under the Self Sufficiency program.

Initially, the resources for each office were expected to continue to be part of each relevant program budget. However, due to budget and accounting system limitations, DHS was having difficulty providing managers and office customers with meaningful, timely, and accurate budget reports. For each program area receiving services, the Department will still be able to report on the nature and cost of services provided.

Central Services

The budget adjustments included in House Bill 5201 reflect the following net changes for Central Services: an increase of $542,649 General Fund, a decrease of $115,287 Other Funds expenditure limitation, and an increase of $307,909 Federal Funds expenditure limitation. Embedded in these figures is a decrease of $276,548 total funds associated with technical adjustments and transfers.

Shared Services

The Subcommittee approved a net increase of $8.2 million Other Funds expenditure limitation and a net decrease of 9 positions (9.24 FTE). The changes are primarily due to technical adjustments and transfers, including five positions moving from APD and OHA-AMH to Shared Services. An increase of $1.8 million Other Funds expenditure limitation would allow the budget to support activities in DHS and OHA program affected by 2013-15 policy option packages.

An updated Package 091 Statewide Administrative Savings was approved by the Subcommittee, and includes eliminating fourteen permanent full-time positions. The revised plan also attributes $2 million in General Fund savings to lower leases, budgeted in Statewide Assessments and Enterprise-wide Costs, instead of Personal Services in Shared Services. The eliminated positions are as follows:

- Financial Services (3 positions, 3.00 FTE) – Principal Executive Manager D, Office Specialist 1, Administrative Specialist 2
- Shared Services Administration (1 position, 1.00 FTE) – Executive Support Specialist 2
- Performance Excellence (2 positions, 2.00 FTE) – Operations & Policy Analyst 3, Operations & Policy Analyst 4
- Human Resources (2 positions, 2.00 FTE) – Principal Executive Manger D, Human Resources Assistant
- Budget/Planning/Analysis (2 positions, 2.00 FTE) – Operations & Policy Analyst 3, Fiscal Analyst 2
- Communications (1 position, 1.00 FTE) – Operations & Policy Analyst 3
- Payment Accuracy & Recovery (3 positions, 3.00 FTE) – Revenue Agent 2, Administrative Specialist 2, Human Services Specialist 4

Statewide Assessments and Enterprise-wide Costs

The budget adjustments included in House Bill 5201 reflect the following net increases for this program unit: $11.6 million General Fund, $29.4 million Other Funds expenditure limitation, and $7.6 million Federal Funds expenditure limitation. Within these numbers, technical adjustments and transfers account for an increase of $6.0 million General Fund ($11.2 million total funds), primarily to align the assessment budget with policy package changes in program budget structures.

In addition, the approved rebalance plan includes a request for $30 million Other Funds expenditure limitation to support accessing a line of credit. For several biennia, the agency has used a line of credit and borrowed funds from the Treasury to finance prepayments and account for a lag in receipt of certain revenues, including provider taxes. As was done for the 2011-13 biennium, the Subcommittee requests that the Department of Administrative Services (DAS) unschedule the expenditure limitation to be accessed only as needed depending on cash flow issues. The DAS Chief Financial Office and the Legislative Fiscal Office will jointly approve any rescheduling.

An updated Package 091 Statewide Administrative Savings was approved by the Subcommittee, shifting $2 million in General Fund savings to account for lower leases, instead of Personal Services savings. The agency identified a list of 99 leases that are set to expire over the course of the biennium and will track and document the savings expected to be achieved through improved contracting and negotiating tools. The

Department and the DAS Chief Financial Office has committed to holding budgets associated with these leases at assumed savings level for 2015-17 budget development, regardless of lease negotiation outcomes.

Long Term Care Ombudsman

The Subcommittee approved an increase of $39,554 General Fund, which fully restores the agency's 2% supplemental ending balance holdback included in the legislatively adopted budget. The restoration will allow the agency to meet budget needs without jeopardizing implementation of Senate Bill 626 (2013), which expanded the duties of the Long Term Care Ombudsman to advocate for residents of care facilities who have mental illness or developmental disabilities.

No changes were needed to reconcile Package 091 Statewide Administrative Savings, leaving the placeholder budget category reductions intact.

To cover costs associated with Senate Bill 1553 (2104), which establishes the Public Guardian and Conservator within the office of the Long Term Care Ombudsman, the Subcommittee approved $949,183 General Fund, 5 positions, and 2.25 FTE. This new program helps persons without relatives or friends willing or able to serve as guardians or conservators; services range from making care decisions to handling financial issues. Along with providing direct services, the program will set professional standards for and certify guardians and conservators, produce training materials, develop a volunteer program to assist the guardians and conservators, establish an eligibility process for program services, and work with local programs and organizations to provide services.

The fiscal impact includes Personal Services and related Services and Supplies for the following five positions: a Principal Exec/Manager D (Deputy Long Term Care Ombudsman), a Program Analyst 4 (Public Guardian), an Administrative Specialist 2, and two Program Analyst 2 positions (Deputy Public Guardian). Since the program starts mid-biennium, costs for 2015-17 are projected to more than double due to the additional year and anticipated growth. The budget estimate assumes a caseload of 165 clients/wards per year.

JUDICIAL BRANCH

Commission on Judicial Fitness and Disability

The Subcommittee increased General Fund appropriations by $2,028 to restore 50% of the agency's 2% supplemental General Fund ending balance holdback.

Judicial Department

The Subcommittee increased General Fund appropriations by $3,086,092 to restore approximately 49% of the agency's 2% supplemental General Fund ending balance holdback. The amounts of the holdback restored include a $2 million restoration to Operations (approximately 37%). The Judicial Department's 2% ending balance holdbacks on pass-through appropriations received 25% restorations. General Fund increases to Mandated payments and to Third-party debt collection exceeded the 2% holdbacks to those programs. The Subcommittee appropriated $762,585 General Fund to Mandated payments, to restore both the 2% supplemental General Fund ending balance holdback, and the 5% General Fund services and supplies reduction, included in the legislatively adopted budget. The Subcommittee appropriated $250,000 General Fund to the Department, and an additional $700,000 General Fund in a special purpose appropriation to the Emergency Board, for Third-party debt collection

costs. These costs vary with the amount of debt successfully collected. The special purpose appropriation serves as a set aside to provide additional funding if debt collection levels are high enough to make to the funds necessary. The Subcommittee also approved a $1,300,000 General Fund special purpose appropriation to the Emergency Board for Operations support. The Department may request funds to finance one-time operations investments and service increases.

The Subcommittee reduced the General Fund appropriation for Judicial compensation by $108,823, and the General Fund appropriation for Debt service by $144,201. The Judicial Department carries forward any General Fund appropriations from the prior biennium that remain unspent. Carry-forwards in these two areas were larger than anticipated when the budget was approved in the 2013 session, resulting in funding levels that are higher than needed to fund program costs. The two General Fund appropriation reductions reduce support to the levels needed, and will not require any reduction in judicial compensation or debt service payments. The Subcommittee also approved a one-time $50,000 General Fund appropriation for transfer to the Douglas County court facilities security account, to assist the county in providing needed security protection at the county courthouse. This appropriation will be phased out in the development of the Department's 2015-17 biennium current service level.

Finally, the Subcommittee approved a $2,565,968 Other Funds expenditure limitation increase for grant-funded programs. The expenditure limitation increase will accommodate expenditure of both currently awarded grants, and of projected renewals of expiring grants at current levels, that support drug and specialty courts, pretrial release programs, and other initiatives. The grant funds are provided by the Criminal Justice Commission and non-state sources.

Public Defense Services Commission

The Subcommittee increased General Fund appropriations by $4,868,381 to restore most of the agency's 2% supplemental General Fund ending balance holdback. The amounts of the holdback restored include a 75% restoration to the Appellate Division; 50% restoration to the Contract and Business Services Division; and a full restoration to Professional Services, the portion of the agency's General Fund that finances the Commission's purchases of trial-level public defense services provided by independent contractors and hourly-paid private sector attorneys.

The Subcommittee also increased the General Fund appropriation to the Contract and Business Services Division by $48,631, to correct the support level for state government services charges in the agency budget. An error in the 2013-15 biennium Governor's recommended budget underfunded support for charges for payroll services.

LEGISLATIVE BRANCH

The Legislative Branch retains its General Fund reversions from the previous biennium. The legislatively adopted budget included anticipated reversions but adjustments are now needed after the actual amounts are known. The following adjustments are included in the bill:

- The Legislative Administration Committee is increased by $251,000.
- The Legislative Assembly (Biennial Offices) is decreased by $251,000.
- The Legislative Assembly (Members – Interim) is increased by $275,000.
- The Legislative Assembly (Members – Session) is decreased by $275,000.

- The Legislative Revenue Office is increased by $13,000.
- The Legislative Fiscal Office is decreased by $13,000.

The bill includes a restoration of 25% of the 2% supplemental ending balance holdback for all of the Legislative Branch agencies.

NATURAL RESOURCES

Department of Agriculture

The Subcommittee approved a one-time $125,000 General Fund appropriation for use by Portland State University's Consensus Center to support a balanced task force to begin examining labeling requirements, liability, compensation, budgetary requirements and any other areas relating to genetically engineered agricultural products and recommend if new authorities or statutory changes are needed. The Subcommittee also approved a one-time $65,000 General Fund appropriation to pay the costs necessary to establish administrative rules and put the program processes in place to be able to issue licenses and permits for industrial hemp production.

Other Funds expenditure limitation was increased by $430,590 for the food safety program. These funds will be used to hire three new inspector positions (1.75 FTE), which will allow the Department to conduct food safety inspections of facilities on a shorter interval than is currently possible.

The Subcommittee approved the standard 25% restoration rate for the supplemental ending balance reductions, which resulted in the restoration of $96,102 General Fund. The Subcommittee also approved an updated Package 091 Statewide Administrative Savings, which moved some of the Other Funds reductions from administrative support services to agency programs.

Columbia River Gorge Commission

The Subcommittee restored the full 2% supplemental ending balance holdback of $17,820 General Fund for the Columbia River Gorge Commission. This action brings the Commission's 2013-15 budget back to parity with the budget adopted by the State of Washington for the agency.

Department of Energy

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating a part time Office Specialist 1 position (0.63 FTE) and reducing FTE on an Accounting Technician 3 position (-0.58 FTE).

House Bill 5201 includes a net of $276,190 in additional Other Funds expenditure limitation, to facilitate the expenditure of lottery bond proceeds totaling $10,152,380. Ten million dollars is intended to be deposited into the Jobs and Energy and Schools Fund and granted by the Oregon Department of Energy to Clean Energy Works Oregon, which will utilize the funding to facilitate the delivery of energy efficiency projects; $152,380 is for bond-related costs.

Department of Environmental Quality

The Subcommittee approved a $375,000 General Fund appropriation and three limited duration positions (1.04 FTE) to conduct air toxics monitoring in the Swan Island area. The funds will be used to operate a new air toxics monitor to better understand what air toxics people are exposed to in the vicinity of Swan Island. The monitoring work will continue into the first few months of the 2015-17 biennium, with a roll-up cost of $120,389 General Fund and three limited duration positions (0.48 FTE).

The Subcommittee approved the standard 25% restoration rate for the supplemental ending balance reductions, which resulted in the restoration of $130,726 General Fund. The Subcommittee also approved an updated Package 091 Statewide Administrative Savings, which moved some of the reductions from Agency Management to the Air, Water, and Land Quality programs and eliminated 2 positions and 2.50 FTE in Land Quality.

Department of Fish and Wildlife

The Subcommittee approved the transfer of $613,000 Federal Funds from the Fish Division to Capital Improvement to comply with new federal rules that require states to hold title to any land acquired using federal funds from the Sportfish Restoration Fund. The Department has traditionally used a portion of these funds to partner with the Oregon State Marine Board to improve public boating access. In the past the funds were awarded and a local government held title to any land purchased as part of these projects. The Department will now have to hold title, but local governments will continue to manage and maintain these facilities. The Subcommittee also approved the transfer of $183,000 Other Funds from the Fish Division to Capital Improvement to replace a condemned residence at the Cedar Creek Hatchery.

The Subcommittee approved the transfer of $1,104,325 Federal Funds and $359,548 Other Funds from the Wildlife Division to Capital Improvement to reflect plans to use these monies for land acquisition to increase hunter access, habitat improvement, and for capital improvements to existing facilities. The Federal Funds are from the Pittman Roberts Program (PR) which distributes revenue from a federal excise tax on sporting arms and ammunition. The Other Funds are necessary to meet PR match requirements.

The Subcommittee approved the standard 25% restoration rate for the supplemental ending balance reductions, which resulted in the restoration of $73,671 General Fund. The Subcommittee also approved an updated Package 091 Statewide Administrative Savings, which eliminated 3 positions and 3.42 FTE in the Administrative Services Division.

State Forestry Department

The Subcommittee approved a restoration of $457,618 of the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15. That represents 50% of the initial holdback for Fire Protection and 25% of the initial holdback for Private Forests. No revisions were needed to implement Package 091 Administrative Savings, consistent with the original placeholder reduction.

The Subcommittee approved $40 million General Fund to supplement the 2013-15 Department's Fire Protection Division appropriation. The funding covers the estimated state's share of $75 million in net costs for the 2013 fire season. $10 million is the deductible on the state's and landowners' insurance policy. The additional $30 million covers costs that exceeded the state's $10 million deductible, the landowners' $10

million deductible, and the insurance policy $25 million payout. The Department will reconcile the 2013 and 2014 fire seasons and report on total costs during the 2015 Legislative Session.

Department of Geology and Mineral Industries

The Subcommittee approved a restoration of $12,880 of the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15. That represents 25% of the initial holdback.

The Subcommittee approved an updated Package 091 Administrative Savings, moving a portion, primarily in Other Funds expenditure limitation, from personal services to services and supplies.

Department of Land Conservation and Development

The Subcommittee approved a restoration of $59,087 of the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15. That represents 25% of the initial holdback. Funds restored include $24,653 in the grants program for grants, and $34,434 in the operations and planning program for personal services.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating one position (0.75 FTE) and moving a portion of the reduction from personal services to services and supplies.

Land Use Board of Appeals

The Subcommittee approved a restoration of $7,738 of the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15. That represents 25% of the initial holdback.

Department of State Lands

No revisions were needed to implement Package 091 Administrative Savings, consistent with the original placeholder reduction.

The Department is planning an agency-wide reorganization. The Subcommittee approved increasing the Department's Other Funds expenditure limitation by $135,684. The purpose is securing professional services for business process mapping, review, and improvement recommendations, in support of the reorganization.

The South Slough National Estuarine Research Reserve has received a $1 million grant award notice from the U.S. Fish and Wildlife Services. The grant will enable the Department to add 240 acres to Reserve property. The Subcommittee recommended increasing Federal Funds expenditure limitation by $1 million and Other Funds expenditure limitation by $58,700. The Other Funds provide part of the required match. The remaining match will be provided by in-kind work and contributions from supportive local entities.

State Marine Board

The Subcommittee approved an updated Package 091 Statewide Administrative Savings by taking all of the administrative savings in services and supplies. The Board did not have sufficient vacant positions to take additional cuts to personal services.

Parks and Recreation Department
The General Fund reduction taken for the 2% supplemental ending balance holdback was not restored.

No revisions were needed to implement Package 091 Administrative Savings, consistent with the original placeholder reduction.

Water Resources Department
House Bill 5201 includes a 25% restoration of the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15. The restoration will allow the Water Resources Department to fill a position in the Field Services Division that was held vacant in order to generate the required savings.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, reallocating among expenditure accounts to affect permanent administrative cost reductions. To accommodate the General Fund personal services reduction of $58,076, a 0.50 FTE grant administration position was reduced to 0.25 FTE. Other Funds personal services reductions of $28,742 and services and supplies reductions of $39,053 are allocated entirely to services and supplies.

The Subcommittee included the following budget note:

> **Budget Note:**
> The Water Resources Department will dedicate up to $2.25 million of the $10 million net proceeds from the lottery bond sale as authorized by Senate Bill 5533 (2013) or utilize authority under Package 204 in Senate Bill 5547 (2013) for the purposes of matching federal funds for ongoing studies conducted by the United States Army Corps of Engineers to allocate stored water in the Willamette Basin Project Reservoirs and to conduct a comprehensive basin study by the United States Bureau of Reclamation in the Deschutes River Basin. Of the up to $2.25 million, up to $1.5 million shall be reserved for the Willamette Basin Project Reallocation and $750,000 shall be reserved for the Deschutes Basin Comprehensive Basin Study. Any reserved funds remaining after the completion of these two studies shall be made available for other purposes of the Water Supply Development Account as authorized under Senate Bill 839 (2013).

Oregon Watershed Enhancement Board
The Subcommittee increased the Measure 76 Lottery Funds allocations from the Watershed Conservation Operating Fund to the Department of State Police by $183,060 and the allocation to the Department of Agriculture by $141,485 to fund state employee compensation changes. The Department of Fish and Wildlife and the Department of Environmental Quality will use existing Measure 76 fund balances to pay for state employee compensation changes and therefore did not need an increase in Lottery Funds allocation.

No revisions were needed to implement Package 091 Statewide Administrative Savings, consistent with the original placeholder reduction.

PUBLIC SAFETY

Department of Corrections

The Subcommittee restored $26,043,835 General Fund, nearly the full 2% supplemental ending balance holdback. The funding allocation by division is unchanged from the legislatively adopted budget for 2013-15.

- $17,849,890 in Operations and Health services
- $4,342,090 in Community Corrections
- $2,570,120 in Administration, general services, and human resources
- $1,281,735 in Offender management and rehabilitation

The Capital Improvements 2% holdback was not restored.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating 2 positions and 2.00 FTE in information technology. A portion of the agency's reduction was also moved from personal services to services and supplies.

Criminal Justice Commission

The Subcommittee restored $69,366 General Fund of the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15; this amount represents 25% of the holdback. The Commission will utilize the restored funds for Attorney General costs related to rule-making implementation for the Justice Reinvestment Grant Program established in HB 3194 (2013).

An updated Package 091 Statewide Administrative Savings was approved, that included shifting the full amount of the reduction to services and supplies. This action was taken primarily because the agency's budget is 93% special payments and contains only 9 positions.

District Attorneys and Their Deputies

The Subcommittee restored the full 2% supplemental ending balance holdback of $209,190 General Fund for the District Attorneys. This action was taken primarily because the agency's budget is 96% personal services and without the restoration the agency would need to reduce district attorney working days.

The Subcommittee added $240,000 General Fund to the budget of the District Attorneys to provide a one-time $5,000 compensation increase to the salary plan for each District Attorney effective July 1, 2014. It is the intent of the Subcommittee that this appropriation be used to increase the salary of each District Attorney by the $5,000 amount regardless of what tier each District Attorney is currently in within the compensation plan.

Department of Justice

The Subcommittee restored the full 2% supplemental ending balance holdback of $1,212,520 General Fund for the Department of Justice. The Subcommittee, however, repurposed the restoration by restoring the $1.2 million in the following amounts for the following purposes:

- $6,000 to the Office of the Attorney General and administration for Project Clean Slate

- $87,865 to the Crime Victims' Services Division for Oregon Domestic and Sexual Violence Services
- $25,043 to the Crime Victims' Services Division for Multidisciplinary Teams and Child Abuse Intervention
- $1,992 to the Crime Victims' Services Division for the Address Confidentiality Program
- $1,091,620 to the Criminal Justice Division for support of the Internet Crimes Against Children program, the Fusion Center, and district attorneys and law enforcement partners.

The addition of the General Fund to the Criminal Justice Division ($793,340 personal services and $298,271 services and supplies) will allow the Department to retain an existing forensic investigator position assigned to the Internet Crimes Against Children program, establish four limited duration positions (3.46 FTE; one PEM D and three Research Analysts) in support of Fusion Center operations once grant funding ends this biennium, and reestablish two permanent senior assistant attorney general positions (1.16 FTE) and establish one permanent criminal investigator position (0.50 FTE) to provide support to district attorneys and law enforcement partners.

In addition, the Subcommittee approved an increase of $586,354 Other Funds ($485,702 personal services and $100,652 services and supplies) in the Criminal Justice Division for support of the Fusion Center. When the 2013-15 legislatively adopted budget was developed, the Department anticipated receiving grant funding through the Oregon Military Department, Office of Emergency Management, to partially support the Fusion Center. However, the grant award had not been made and the corresponding Other Funds expenditure limitation and position authority were not included in the budget. The Fusion Center continued to maintain operations and the agency now has received the first year grant award and is anticipating a second year award.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating a total of four positions and 3.54 FTE and making shifts between personal services and services and supplies. To better align the permanent administrative savings reductions, the Subcommittee made the following adjustments to the original placeholder reduction:

- Office of the Attorney General and administration – added a net $87,993 Other Funds expenditure limitation increase (increased personal services by $314,581 and decreased services and supplies by $226,588) and eliminated 2 positions (2.00 FTE)
- General Counsel Division – reduced the Other Funds expenditure limitation by $87,993 (personal services) and eliminated 1 position (0.54 FTE)
- Crime Victims' Services Division – no net dollar change, but increased personal services by $3,400 Other Funds and decreased services and supplies by $3,400 Other Funds, plus eliminated 1 position (1.00 FTE)

The Subcommittee also authorized $135,000 General Fund to support the Oregon Crime Victims Law Center.

In addition, to gain a better understanding of work currently underway to identify and evaluate alternative funding models for the agency's programs providing legal support to state agencies, the Subcommittee approved the following budget note:

> **Budget Note:**
> Costs of legal representation in an increasingly complex modern legal system continue to drive agency budget and policy decisions. The Department of Justice has begun working with the Department of Administrative Services and agencies to

identify and evaluate alternative funding models to improve the stability, affordability, and effectiveness of legal costs for agencies and to encourage pro-active consultation with the Department by agencies.

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

Oregon Military Department

The agency received a partial restoration of its 2% ending balance holdback that totaled $151,000 General Fund. The funds are appropriated to the Operations program to support operations and maintenance costs at the Portland and Kingsley Field airbases. The restoration represents 59% of the initial holdback.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings. The agency was able to reduce its personal services by $259,280 by eliminating one vacant permanent part-time Fiscal Analyst 3 position in the Administration program (0.50 FTE) and reducing overtime and temporaries. The remaining personal services reduction of $164,517 was moved to services and supplies and capital outlay. The agency has a plan to find efficiencies in various services and supplies line-items, including in-state travel, office expense, employee training, publications, facilities maintenance, expendable property, as well as other line-items. The capital outlay reduction will be to the automotive and aircraft line-item where the agency has identified savings.

The Subcommittee established a $385,000 Other Funds Capital Improvement expenditure limitation for the purchase of 1.46 acres of commercial property contiguous to the Department's Forest Grove Readiness Center compound. The property and building will be used as a field maintenance shop for Washington County's National Guard contingent. The source of the Other Funds is the agency's Capital Construction Account. This is a one-time expenditure limitation increase and will not continue into future biennia.

The Other Funds expenditure limitation for the Community Support program was increased by $1,404,971 for the reimbursement of firefighting expenditures related to the 2013 fire season. This is a one-time expenditure limitation that is not to continue into future biennia.

As part of the agency's compensation plan funding, the Subcommittee approved $734,800 in General Fund for the Operations program. This adjustment is to partially fund the difference between what the federal government will reimburse the state and recently concluded contract negotiations with the Portland and Kingsley Field airbase firefighter unions. This is a one-time appropriation and will not continue into future biennia.

Board of Parole and Post-Prison Supervision

The Subcommittee approved a restoration of $19,825 of the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15. That represents 25% of the initial holdback.

The Subcommittee established a reservation within the general purpose Emergency Fund of $350,000 for the Board of Parole and Post-Prison Supervision (BPPPS) for replacement of the Parole Board Management Information System (PBMIS). Allocation of the reservation is contingent upon the Board providing a project budget, project plan, and periodic status reports. BPPPS may request allocation of the reservation from the Emergency Board after the Legislative Fiscal Office approves the project budget and project plan.

Department of State Police

The Subcommittee restored $2,351,854 General Fund of the 2% supplemental ending balance holdback for the Department of State Police. This represents 50% of the total 2% holdback. The agency will use the restored amount to fund the hire of 20 troopers and the purchase of 18 vehicles and associated equipment in September 2014.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating a total of one position and 1.50 FTE, permanently shifting funding for three administrative positions from General Fund to Other Funds, and reducing capital outlay for the Dispatch Centers and Information Technology Services.

Department of Public Safety Standards and Training

The Subcommittee approved an updated Package 091 Statewide Administrative Savings by taking all of the administrative savings in services and supplies.

Oregon Youth Authority

The Subcommittee approved a restoration of $1,367,729 of the 2% supplemental ending balance holdback that was included in the agency's original legislatively adopted budget for 2013-15. That represents 25% of the initial holdback.

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, eliminating 5 positions and 2.79 FTE; these are administrative support type positions. A very small portion of the agency's reduction was also moved from personal services to services and supplies.

TRANSPORTATION

Department of Aviation

The Subcommittee approved an updated Package 091 Statewide Administrative Savings, moving a small amount from personal services to services and supplies.

Department of Transportation

The General Fund reduction taken for the 2% supplemental ending balance holdback was not restored. The Subcommittee approved an updated Package 091 Statewide Administrative Savings. A portion of the agency's reduction was moved from personal services to services and supplies.

The Seniors special purpose appropriation, described on page 47, provides $4 million General Fund to the Department for additional Elderly and Disabled Transit support.

77th OREGON LEGISLATIVE ASSEMBLY – 2014 Session
BUDGET REPORT AND MEASURE SUMMARY

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: **SB 5701-A**

Carrier – House: **Rep. Smith**
Carrier – Senate: **Sen. Johnson**

Action: Do Pass as Amended and be 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: Janet Savarro, Department of Administrative Services

Reviewed By: Steve Bender, Legislative Fiscal Office

Meeting Date: March 6, 2014

Agency	**Biennium**
Various Agencies – Lottery and Criminal Fine Account Allocation Changes	2013-15

Revenue Summary

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 2014 revenue forecast of 2013-15 biennium lottery resources is $6,421,394 (or 0.6%) below the level of revenues assumed in the 2013-15 legislatively adopted budget, and $10,697,667 above the approved allocations in the 2013-15 legislatively adopted budget. The legislatively approved budget allocations, including the allocations specified in the constitution, and in statutory allocations approved in the 2013 and 2014 sessions, total $1,042,422,873, compared to the $1,053,052,830 of total lottery resources projected for the biennium in the March 2014 revenue forecast. The forecasted 2013-15 biennium EDF ending balance is $10,629,957, a reduction of $4,370,043 (or 29.1%) from the ending balance in the 2013 session legislatively adopted budget.

Summary of Subcommittee 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 2014 lottery revenue forecast translates into a $1,155,851 reduction in revenue to the Education Stability Fund, and a $963,210 reduction in revenue to the Parks and Natural Resources Fund, from the levels anticipated in the 2013-15 legislatively adopted budget. Each change is equivalent to a 0.6% reduction.

Program Allocation Changes

Senate Bill 5701 adjusts two existing allocations of lottery revenues from the Administrative Services Economic Development Fund, and establishes one new allocation, as follows:

- The allocation established to the Department of Administrative Services for payment of the debt service costs on lottery revenue bonds is reduced by $1,379,000. The existing allocation exceeds the allocation amount needed to pay 2013-15 biennium debt service costs by this amount. The allocation level remaining after the reduction, combined with other revenues available for that purpose, fully funds debt service costs on all outstanding lottery revenue bonds. The reduction is composed of allocation reductions for debt services expenses budgeted to the following agencies and systems of the following amounts: a) Department of Education - $543,000, b) Oregon University System - $105,000, c) Oregon Business Development Department - $565,000; d) Department of Transportation - $87,000, and e) Department of Administrative Services - $79,000.

- The allocation established to the Problem Gambling Treatment Fund is increased by $46,710. The increased allocation is provided to address the costs of compensation plan changes as they affect employees paid by Lottery Funds in the Oregon Health Authority's (OHA) Problem Gambling Service Program in the Addiction and Mental Health Division. House Bill 5201 increases the OHA gambling addiction treatment and prevention Lottery Funds expenditure limitation by the same amount, for expenditure of the allocated funds.

- A new $1,150,000 allocation to the Oregon Business Development Department is established for support of the Oregon Manufacturing Extension Partnership and for port property redevelopment. This allocation to the agency's Business, Innovation, and Trade Division is established to provide $750,000 of additional support to the Oregon Manufacturing Extension Partnership, and $400,000 to the Port of Port Orford for redevelopment of the Cannery Building owned by the Port. House Bill 5201 establishes a Lottery Funds expenditure limitation for the Department of the same amount, for expenditure of the allocated funds.

Allocation of Criminal Fine Account Funds

The Committee approved a $41,347 increase in the allocation of Criminal Fine Account (CFA) revenues to the State Court Facilities and Security Account in the Oregon Judicial Department. The increased allocation is provided to address the costs of compensation plan changes as they affect employees supported by CFA funds in the Department's Security and Emergency Preparedness Office. House Bill 5201 increases the Judicial Department State Court Facilities and Security Account Other Funds expenditure limitation by the same amount, for expenditure of the allocated funds. This allocation increase from the CFA decreases 2013-15 biennium revenue to the General Fund by the same amount.

Summary Tables

The attached tables summarize Lottery Funds allocations and cash flows in the 2013-15 legislatively approved budget. The figures in these tables not restricted to the impacts of SB 5701, but also include the impact of a $250,000 allocation from the EDF to the Oregon Business Development Department for a Dislocated Worker Training Program established in SB 1527, and the impacts of changes in the Lottery Revenue forecast since the close of the 2013 session.

Administrative Services Economic Development Fund (Lottery Funds) 2013-15 Biennium

	2013 Session 2013-15 Lottery Allocations	March 2014 Lottery Revenue Forecast	Debt Service Allocation Adjustments	2013-15 Program Allocation Adjustments	2014 Session Lottery Allocation Adjustments	Revised 2013-15 Lottery Allocations
Lottery Resources						
Beginning Balance	3,491,087	3,491,087				3,491,087
Other Revenues	1,400,000	1,400,000				1,400,000
Net Lottery Proceeds	1,054,583,137	1,048,161,743				1,048,161,743
Total Lottery Resources	1,059,474,224	1,053,052,830	-	-	-	1,053,052,830
Transfers and Allocations						
Dedicated Transfers						
Ed Stability Fund 18%	189,824,965	188,669,114				188,669,114
Parks & Natural Resources 15%	158,187,471	157,224,261				157,224,261
County Video Lottery	33,849,166	33,849,166		-	-	33,849,166
OUS Sports Lottery Account	8,000,000	8,000,000		-	-	8,000,000
Gambling Addiction Treatment	10,545,832	10,545,832		46,710	46,710	10,592,542
County Fairs Distribution	3,669,380	3,669,380			-	3,669,380
Total Dedicated Transfers	**404,076,814**	**401,957,753**	**-**	**46,710**	**46,710**	**402,004,463**
Program Allocations						
Business Development Dept. - Shared services	7,819,653	7,819,653			-	7,819,653
Business Development Dept. - BIT	54,432,117	54,432,117		1,400,000	1,400,000	55,832,117
Business Development Dept. - Film & Video	1,130,544	1,130,544			-	1,130,544
Oregon Growth Fund	1,900,000	1,900,000			-	1,900,000
Forestry - Eastern Oregon Forest Collaboration	2,885,000	2,885,000			-	2,885,000
Dept. of Education - State School Fund	327,374,109	327,374,109			-	327,374,109
Governor's Office - Econ. Revitalization Team	3,261,204	3,261,204			-	3,261,204
Total Program Allocations	**398,802,627**	**398,802,627**	**-**	**1,400,000**	**1,400,000**	**400,202,627**
Debt Service						
Department of Education	41,488,406	41,488,406	(543,000)		(543,000)	40,945,406
Oregon University System	25,550,980	25,550,980	(105,000)		(105,000)	25,445,980
Oregon Business Development Department	47,857,951	47,857,951	(565,000)		(565,000)	47,292,951
Housing and Community Services Dept.	9,411,695	9,411,695			-	9,411,695
Department of Transportation	93,841,992	93,841,992	(87,000)		(87,000)	93,754,992
Department of Administrative Services	8,808,024	8,808,024	(79,000)		(79,000)	8,729,024
Community Colleges & Workforce Development	9,380,970	9,380,970			-	9,380,970
Department of Forestry	2,519,440	2,519,440			-	2,519,440
Department of Energy	2,162,153	2,162,153			-	2,162,153
Water Resources Department	573,172	573,172			-	573,172
Total Debt Service Allocations	**241,594,783**	**241,594,783**	**(1,379,000)**	**-**	**(1,379,000)**	**240,215,783**
Total Resources	**1,059,474,224**	**1,053,052,830**	**-**	**-**		**1,053,052,830**
Total Transfers and Allocations	**1,044,474,224**	**1,042,355,163**	**(1,379,000)**	**1,446,710**	**67,710**	**1,042,422,873**
Ending Balance	**15,000,000**	**10,697,667**				**10,629,957**

LFO: 3/5/14

LOTTERY FUNDS CASH FLOW SUMMARY

	2013-15 Legislatively Adopted Budget[1]	2013-15 Legislatively Approved Budget[2]	2014 Session Changes
ECONOMIC DEVELOPMENT FUND			
RESOURCES			
Beginning Balance	$3,491,087	$3,491,087	$0
REVENUES			
Transfers from Lottery			
Net Proceeds	1,054,583,137	1,048,161,743	(6,421,394)
Administrative Savings			
Other Revenues	1,400,000	1,400,000	0
Total Revenue	1,055,983,137	1,049,561,743	(6,421,394)
TOTAL RESOURCES	1,059,474,224	1,053,052,830	(6,421,394)
DISTRIBUTIONS / ALLOCATIONS			
Allocation of Video Lottery Revenues to Counties	(33,849,166)	(33,849,166)	0
Allocation to OUS for Sports Lottery Account	(8,000,000)	(8,000,000)	0
Distribution to the Education Stability Fund	(189,824,965)	(188,669,114)	1,155,851
Distribution to the Parks and Natural Resources Fund	(158,187,471)	(157,224,261)	963,210
Allocation to the Problem Gambling Treatment Fund	(10,545,832)	(10,592,542)	(46,710)
Allocation to the State School Fund	(327,374,109)	(327,374,109)	0
Debt Service Allocations	(241,594,783)	(240,215,783)	1,379,000
Other Agency Allocations	(75,097,898)	(76,497,898)	(1,400,000)
TOTAL DISTRIBUTIONS / ALLOCATIONS	(1,044,474,224)	(1,042,422,873)	2,051,351
ENDING BALANCE	$15,000,000	$10,629,957	($4,370,043)
EDUCATION STABILITY FUND			
(not including Oregon Growth Account)			
RESOURCES			
Beginning Balance	7,584,467	7,402,401	(182,066)
Revenues			
Transfer from the Economic Development Fund	170,842,469	169,544,396	(1,298,073)
Interest Earnings	984,890	1,033,934	49,044
Total Revenue	171,827,358	170,578,330	(1,249,028)
TOTAL RESOURCES	179,411,825	177,980,731	(1,431,094)
DISTRIBUTIONS			
Oregon Education Fund - Lottery Bond Debt Service	(738,668)	(775,451)	(36,783)
Oregon Student Access Commission - Opportunity Grants	(246,222)	(258,484)	(12,262)
State School Fund	0	0	0
TOTAL DISTRIBUTIONS	(984,890)	(1,033,934)	(49,044)
ENDING BALANCE	$178,426,935	$176,946,797	($1,480,138)

Legislative Fiscal Office

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Summary of Emergency Board Action

May 2014

The Legislative Emergency Board met on May 30, 2014 and considered an agenda of 52 items. The agenda included two requests for allocations from the general purpose appropriation made to the Emergency Board; one of which was approved. There were also six agency requests on the agenda for allocations from special purpose appropriations made to the Emergency Board, totaling $13.7 million, $10.6 million of which were allocated. Additional details on these allocations are described below. After the Emergency Board actions, the unallocated, unreserved balance of the general purpose Emergency Fund is $26.1 million with a $36.3 million balance in special purpose appropriations.

The agenda included 17 items that requested additional 2013-15 biennium authority to spend Lottery Funds, Other Funds, and Federal Funds (including two adjusting 2011-13 capital construction expenditure authority). The Emergency Board approved expenditure limitation increases of approximately $44.4 million Other Funds (including $38.1 million for the Department of Administrative Services to make payments to counties under the Strategic Investment Program) and $7.7 million Federal Funds. The Emergency Board also authorized the establishment of three permanent positions (1.25 FTE), six limited duration positions (2.71 FTE), and an increase of 19.63 FTE to existing positions.

The agenda also included 14 agency reports which the Emergency Board acknowledged receiving (three of which were on consent – from the Departments of Human Services, Transportation, and Administrative Services). The Emergency Board heard 19 requests for the submission of federal grant applications (eleven of which were on consent – from the Oregon Health Authority, Criminal Justice Commission, and Departments of Justice, Parks and Recreation, Agriculture, 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 May 2014 meeting:

Education

- Allocated $700,000 to the Higher Education Coordinating Commission and $2,299,999 to the Department of Administrative Services for the four Technical and Regional Universities from a special purpose appropriation made to the Emergency Board for costs associated with changes in the higher education system governance.
- Acknowledged receipt of a report by the Oregon Education Investment Board on the status of the P-20 Education State Longitudinal Data System project.
- Approved the submission of two five-year federal grant applications by the Department of Education to the U.S. Department of Health and Human Services in the amount of $9.75 million and to the U.S. Department of Education for up to $3.75 million to address mental health issues in schools.

Human Services

- Allocated $390,000 to the Oregon Health Authority from a special purpose appropriation made to the Emergency Board for senior services to cover senior mental health services and planning costs; the agency was also directed to return to the Emergency Board with a more detailed program plan.

- Allocated $500,000 to the Department of Human Services from a special purpose appropriation made to the Emergency Board for senior services to cover adult abuse data system planning costs and directed the agency to report back to the Emergency Board on planning progress.
- Allocated $3,000,000 to the Department of Human Services from a special purpose appropriation made to the Emergency Board for senior services to cover costs of a pilot project expanding Oregon Project Independence services to people with disabilities.
- Allocated $2,016,628 to the Department of Human Services from a special purpose appropriation made to the Emergency Board for senior services to restore federal funding lost due to sequestration.
- Acknowledged receipt of a report from the Department of Human Services and the Department of Education on policy recommendations on how best to modify the Employment Related Day Care program to provide child care subsidies to working parents enrolled in post-secondary higher education.
- Approved, retroactively, the submission of a federal grant application by the Department of Human Services to the U.S. Department of Agriculture in the amount of up to $750,308 to expand employment services to certain Supplemental Nutrition Assistance Program participants.
- Acknowledged receipt of a report by the Department of Human Services on caregiver training and the Quality Care Fund.
- Acknowledged receipt of a report by the Oregon Health Authority on mental health housing investments.

Public Safety and Judicial Branch

- Deferred a request for an allocation from the general purpose Emergency Fund by the Criminal Justice Commission of $142,000 to fund a vacant position until later in the biennium, and approved increases in the Other Funds expenditure limitation of $212,000 and the Federal Funds expenditure limitation of $1,107,000 for Specialty Court grants.
- Acknowledged receipt of a report by the Judicial Department on compensation plan changes for the agency resulting from a classification study that reviewed 29 existing job classifications covering 151 positions.
- Acknowledged receipt of a report by the Military Department on Next Generation 9-1-1 and directed the agency to report back to the Emergency Board on the status of the project.

Natural Resources

- Increased the Other Funds expenditure limitation of the Department of State Lands by $223,145 for fire suppression and recovery costs incurred in 2013.
- Increased the Other Funds expenditure limitation of the Department of State Lands by $750,000 for remodeling the State Lands Building for consolidation of agency staff.
- Increased the Other Funds expenditure limitation of the Department of State Lands by $235,000 for capital improvements to enhance Common School Fund lands revenue for two Harney County projects related to conversion of grazing land to agricultural land, with the understanding that $195,000 of the limitation increase will be unscheduled until a water right is obtained.
- Approved 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 $970,000 to acquire 357 acres of coastal property in the Sand Lake area of Tillamook County.
- Approved, retroactively, the submission of three federal grant applications by the Oregon Watershed Enhancement Board to the U.S. Fish and Wildlife Service in the combined amount of $3,000,000 for acquisition and restoration of coastal wetlands (China Camp Creek, Scholfield Creek, and Kilchis River).
- Approved, retroactively, the submission of a federal grant application by the Department of Fish and Wildlife to the U.S. Fish and Wildlife Service in the amount of $1,000,000 for acquisition of 10,000 acres near the Lower Deschutes Wildlife Area to provide enhanced public access to hunting, fishing, and wildlife viewing.

Economic and Community Development

- Allocated $98,700 from the general purpose Emergency Fund to the Department of Veterans' Affairs and authorized the establishment of one limited duration position to facilitate timely training and accreditation of County Veteran Service Officers.

- Approved, retroactively, the submission of a federal grant application by the Department of Housing and Community Services to the U.S. Department of Housing and Urban Development in the amount of $2,335,000 for project-based rental assistance to make 80 units of affordable housing available to extremely low-income Oregonians with mental illness.
- 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 $300,000 for funds available under the State Trade and Export Promotion program and increased the Federal Funds expenditure limitation by $210,000, with the understanding the limitation increase will be unscheduled until the grant is received.

Transportation

- Established a $278,841 Other Funds Capital Construction expenditure limitation and a $1,590,307 Federal Funds Capital Construction expenditure limitation for the Department of Transportation to renovate the Salem baggage depot located adjacent to the Amtrak passenger rail station; the new limitations will expire at the end of the 2013-15 biennium.
- Increased the 2011-13 Other Funds Capital Construction expenditure limitation for the Department of Transportation by $332,391 to complete the Bend Driver and Motor Vehicle Division field office project.
- Approved the submission of a federal grant application by the Department of Aviation to the Federal Aviation Administration in the amount of $2,385,000, increased the Other Funds Capital Construction expenditure limitation by $265,000, and increased the Federal Funds Capital Construction expenditure limitation by $2,385,000 for improvements at the Cottage Grove State Airport.
- Increased the 2011-13 Other Funds Capital Construction expenditure limitation for the Department of Aviation by $204,454 to cover unbudgeted administrative, legal, engineering, and well drilling expenses at the Aurora State Airport.

Consumer and Business Services

- Increased the Other Funds expenditure limitation for the Department of Consumer and Business Services by $402,411, authorized the reclassification of two existing permanent positions, and authorized the establishment of five limited duration positions (2.21 FTE) to support increases in workload driven by changes in the health insurance market and in construction inspection and permitting services.
- Acknowledged receipt of a report by the Construction Contractors Board on agency operations and directed the agency to report back to the Emergency Board in September.

Administration

- Acknowledged receipt of a report by the Secretary of State on costs associated with a data breach of the agency's web applications.
- Increased the Other Funds expenditure limitation of the Treasurer of State by $580,732 and authorized the establishment of two permanent full-time positions (0.83 FTE) for the creation of an Information Security Management program within the agency.
- Increased the Other Funds expenditure limitation of the Treasurer of State by $111,967 and authorized the establishment of one permanent full-time position (0.42 FTE) to support the Oregon 529 College Savings Network program.
- Increased the Other Funds expenditure limitation for the Department of Administrative Services by $38,110,951 for distributions to counties of funds from the Shared Services Fund related to the Strategic Investment Program; $37.8 million of the amount is to be provided to Washington County.
- Increased the Other Funds expenditure limitation for the Government Ethics Commission by $133,560 for costs associated with development of an electronic reporting system for statements of economic interest.
- Acknowledged receipt of a report by the Governor's Office on positions loaned from other agencies, funded with resources from other agencies, or currently vacant.
- Allocated $1,684,947 from a special purpose appropriation made to the Emergency Board for the Oregon State Library, increased the Other Funds expenditure limitation by $264,471 for endowment and donation funds and by $2,857,191 for state agency assessments, increased the Federal Funds expenditure limitation by $2,409,329, and authorized an

increase of 19.63 FTE for existing positions for second fiscal year operational costs of the agency.

- Acknowledged receipt of a report from the Department of Revenue on the Core System Replacement project and directed the agency to report back to the Emergency Board in September on its readiness to proceed with implementation of Phase I of the project.
- Acknowledged receipt of a report by the Department of Administrative Services on uniform rent rates and approved the rates for the 2015-17 biennium.

Emergency Fund Balance Summary			
		Agency Requests	Full Board Action
General Purpose Emergency Fund			
	Appropriation (after 2014 Session adjustments)	30,000,000	30,000,000
	Allocations to date	0	0
Unallocated Balance		30,000,000	30,000,000
	Reservations (within General Purpose)	3,850,000	3,850,000
	Reservations allocated to date	0	0
Unallocated Reservations		3,850,000	3,850,000
General Purpose Unallocated/Unreserved Balance		26,150,000	26,150,000
#	***May 2014 Requests - General Purpose***		
25	Criminal Justice Commission - Restore funding for Economist position	(142,000)	0
28	Department of Veterans' Affairs - Funding for position to assist training CVSOs	(98,700)	(98,700)
	Total Requests - General Purpose	(240,700)	(98,700)
	General Purpose Unallocated/Unreserved Balance after 5/2014	25,909,300	26,051,300
Special Purpose Appropriations - Agency Specific (after 2014 Session actions)		46,906,819	46,906,819
	Allocations/Transfers to Date	0	0
Unallocated Balance		46,906,819	46,906,819
#	***May 2014 Requests - Special Purpose Appropriations - Agency Specific***		
8	Higher Education Coordinating Commission - Costs related to changes in governance of universities	(2,999,999)	(2,999,999)
10	Oregon Health Authority - Senior mental health specialists	(3,500,000)	(390,000)
20	Department of Human Services - Adult abuse prevention technology project	(500,000)	(500,000)
21	Department of Human Services - Oregon Project Independence pilot for people with disabilities	(3,000,000)	(3,000,000)
22	Department of Human Services - Older Americans Act backfill due to sequestration cuts	(2,016,628)	(2,016,628)
46	Oregon State Library - Second year operational costs	(1,702,192)	(1,684,947)
	Total Requests - Special Purpose - Agency Specific	(13,718,819)	(10,591,574)
	Special Purpose - Agency Specific - Unallocated Balance after 5/2014	33,188,000	36,315,245

Emergency Board materials for the May 2014 meeting are available at
https://olis.leg.state.or.us/liz/2013I1/Committees/EB/2014-05-30-08-30/Agenda

This summary is available on the Legislative Fiscal Office website at www.oregonlegislature.gov/lfo

Oregon Legislative Emergency Board
Certificate

May 30, 2014

Pursuant to the provisions of ORS 291.328, and acting under the authority of ORS 291.326(1)(a), (b), (c), and (d); ORS 276.390; ORS 291.371; and ORS 291.375; this hereby certifies that the Emergency Board, meeting on May 30, 2014, took the following actions:

1. **Secretary of State**
   Acknowledged receipt of a report from the Secretary of State on the costs associated with a data breach of the agency's web applications.

2. **Treasurer of State**
   Increased the Other Funds expenditure limitation for the Treasurer of State established by section 1(1), chapter 558, Oregon Laws 2013, Administrative expenses of State Treasury operations, by $580,732 and authorized the establishment of two permanent full-time positions (0.83 FTE) for an Information Security Management Program.

3. **Treasurer of State**
   Increased the Other Funds expenditure limitation for the Treasurer of the State established by section 1(2), chapter 558, Oregon Laws 2013, Administrative expenses of the Oregon 529 College Savings Network, by $111,967 and authorized the establishment of one permanent full-time position (0.42 FTE).

4. **Office of the Governor**
   Acknowledged receipt of a report from the Office of the Governor on "loaned," "other funded," and vacant positions.

5. **Judicial Department**
   Acknowledged receipt of a report from the Judicial Department on compensation plan changes, with the understanding that the fiscal impact of the compensation plan changes will be separately identified in the 2015-17 biennium Chief Justice's recommended budget.

6. **Oregon Education Investment Board**
   Acknowledged receipt of a report from the Oregon Education Investment Board and the Department of Education on the status of the P-20 Education State Longitudinal Data System project.

7. **Department of Education**
   Approved the submission of two federal grant applications by the Department of Education: to the U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration, in the amount of up to $9,750,000 for a Project AWARE grant to address mental health issues; and to the U.S Department of Education,

Office of Elementary and Secondary Education, in the amount of up to $3,750,000 for a School Climate Transformation grant.

8. **Higher Education Coordinating Commission**
Allocated $700,000 from the special purpose appropriation made to the Emergency Board by section 37(1), chapter 118, Oregon Laws 2014, to supplement the appropriation made to the Higher Education Coordinating Commission by section 1, chapter 634, Oregon Laws 2013, for costs associated with the Commission's statutory responsibilities, with the understanding that $92,000 of the amount would be unscheduled by the Department of Administrative Services; and allocated $2,299,999 from the special purpose appropriation made to the Emergency Board by section 37(1), chapter 118, Oregon Laws 2014, to supplement the appropriation made to the Department of Administrative Services for use by the Oregon University System by section 1(1), chapter 564, Oregon Laws 2013, Public university support, for payments to the four Technical and Regional Universities for increased costs of Shared Services provided centrally and for cost of services previously provided by the Chancellor's Office.

9. **Oregon Health Authority**
Acknowledged receipt of a report from the Oregon Health Authority on the $5 million investment in mental health housing.

10. **Oregon Health Authority**
Allocated $390,000 from the special purpose appropriation made to the Emergency Board by section 6(1), chapter 1, Oregon Laws 2013 Special Session, to supplement the appropriation made to the Oregon Health Authority by section 1(1), chapter 668, Oregon Laws 2013, Programs, for senior mental health services planning and training.

11. **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, Substance Abuse and Mental Health Services Administration, in the amount of up to $3 million a year for three years to continue a referral and voucher system that allows individuals with substance use disorders to select preferred providers for recovery support services.

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 $575,000 a year for five years, to fund infrastructure and strategic partnerships to support school-, home-, and health systems-based efforts to ensure access to comprehensive asthma control services for Oregonians.

13. **Oregon Health Authority**
Approved the submission of a federal grant application by the Oregon Health Authority to the Centers for Disease Control and Prevention, National Center for Injury Prevention and Control, in the amount of up to $400,000 a year for three years, to enhance the Prescription Drug Monitoring Program; and to evaluate state level laws, policies, and regulations to prevent prescription drug misuse, abuse, and overdose.

14. Oregon Health Authority

Approved the submission of a federal grant application by the Oregon Health Authority to the Centers for Disease Control and Prevention, National Center for Injury Prevention and Control, in the amount of up to $270,000 a year for five years, to work with the Department of State Police and the State Medical Examiner to collect and study data on violent deaths in order to better support violence prevention efforts.

15. Oregon Health Authority

Approved, retroactively, the submission of a federal grant application by the Oregon Health Authority to the Department of Health and Human Services, Substance Abuse and Mental Health Services, in the amount of up to $736,000 a year for five years, to continue statewide and tribal youth suicide prevention and early intervention strategies grounded in public-private collaboration.

16. Department of Human Services
Department of Education

Acknowledged receipt of a report from the Department of Human Services and the Department of Education on policy recommendations for how best to modify the Employment Related Day Care program to provide child care subsidies to working parents enrolled in post-secondary higher education.

17. 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 Agriculture in the amount of up to $750,308 to expand employment services to certain Supplemental Nutrition Assistance Program participants.

18. Department of Human Services

Acknowledged receipt of a report from the Department of Human Services on Nursing Facility and Community Based Care.

19. Department of Human Services

Acknowledged receipt of a report from the Department of Human Services on caregiver training and the Quality Care Fund.

20. Department of Human Services

Allocated $500,000 from the special purpose appropriation made to the Emergency Board by section 6(1), chapter 1, Oregon Laws 2013 Special Session, to supplement the appropriation made to the Department of Human Services by section 1(3), chapter 675, Oregon Laws 2013, Aging and people with disabilities and developmental disabilities programs, for adult abuse data system planning costs, with the understanding that $300,000 of the amount will be unscheduled by the Department of Administrative Services, with instructions that the agency to report to the Emergency Board in September 2014 on planning progress.

21. Department of Human Services

Allocated $3,000,000 from the special purpose appropriation made to the Emergency Board by section 6(1), chapter 1, Oregon Laws 2013 Special Session, to supplement the

appropriation made to the Department of Human Services by section 1(3), chapter 675, Oregon Laws 2013, Aging and people with disabilities and developmental disabilities programs, for a pilot project expanding Oregon Project Independence services to people with disabilities.

22. Department of Human Services

Allocated $2,016,628 from the special purpose appropriation made to the Emergency Board by section 6(1), chapter 1, Oregon Laws 2013 Special Session, to supplement the appropriation made to the Department of Human Services by section 1(3), chapter 675, Oregon Laws 2013, Aging and people with disabilities and developmental disabilities programs, to restore Older Americans Act federal funding lost due to sequestration.

23. Military Department

Acknowledged receipt of a report from the Military Department on the status of the Next Generation 9-1-1 Project, with instructions that the agency report to the Emergency Board in September 2014 on the status of the project.

24. Criminal Justice Commission

Approved, retroactively, the submission of a federal grant application by the Criminal Justice Commission to the U.S. Department of Justice, Office of Justice Programs, in the amount of up to $1.75 million for justice reinvestment initiative programs.

25. Criminal Justice Commission

Increased the Other Funds expenditure limitation established for the Criminal Justice Commission by section 2, chapter 497, Oregon Laws 2013, by $212,000 for specialty court grants, and increased the Federal Funds expenditure limitation established for the Criminal Justice Commission by section 3, chapter 497, Oregon Laws 2013, by $1,107,000 for specialty court grants.

26. Department of Justice

Approved, retroactively, the submission of a federal grant application by the Department of Justice in an amount not to exceed $250,000 to conduct a statewide survey of current recipients of Victims of Crime Act funding and to identify small scale technology projects to improve services for victims.

27. 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. Housing and Urban Development Department in the amount of $2,335,000 for Section 811 Project Rental Assistance for extremely low-income Oregonians with mental illness or disability.

28. Department of Veterans' Affairs

Allocated $98,700 from the Emergency Fund established by section 1, chapter 723, Oregon Laws 2013, to supplement the appropriation made to the Department of Veterans' Affairs by section 1(1), chapter 509, Oregon Laws 2013, services provided by the Department of Veterans' Affairs, and authorized the establishment of one limited duration position (0.50 FTE) for training and certification of county veteran service officers.

29. 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 $300,000 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 622, Oregon Laws 2013, Business, innovation and trade, by $210,000 with the understanding that the Department of Administrative Services will unschedule the expenditure limitation pending award of the grant.

30. Department of Consumer and Business Services

Increased the Other Funds expenditure limitation established for the Department of Consumer and Business Services by section 1, chapter 452, Oregon Laws 2013, by $402,411; and authorized the reclassification of two existing permanent positions and the establishment of five limited duration positions (2.21 FTE) to support the increase in workload driven by changes in the health insurance market and to manage the increase in construction inspection and permitting services; with instructions.

31. Parks and Recreation Department

Approved, retroactively, the submission of a federal grant application by the Parks and Recreation Department to the U.S. Department of Transportation in the amount $9.5 million to continue work on portions of the Historic Columbia River Highway State Trail.

32. 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 $970,000 for coastal land acquisition.

33. Parks and Recreation Department

Approved the submission of a federal grant application by the Parks and Recreation Department to the National Park Service Historic Preservation Fund in the amount of $25,000 to document historical places associated with populations that have been underrepresented in traditional historical narratives.

34. Department of State Lands

Increased the Other Funds expenditure limitation established for the Department of State Lands by section 1(1), chapter 449, Oregon Laws 2013, Common School Fund programs, by $223,145 for 2013 fire suppression costs.

35. Department of State Lands

Increased the Other Funds expenditure limitation established for the Department of State Lands by section 1(4), chapter 449, Oregon Laws 2013, Capital improvements, by $750,000 for capital improvements to the State Lands Building.

36. Department of State Lands

Increased the Other Funds expenditure limitation established for the Department of State Lands by section 1(4), chapter 449, Oregon Laws 2013, Capital improvements, by $235,000 for capital improvements on state rangeland, with the understanding that the

Department of Administrative Services will unschedule $195,000 of the expenditure limitation pending notification of the agency receiving the required water right for the proposed project.

37. Department of Agriculture

Approved the submission of a federal grant application by the Department of Agriculture to the U.S. Fish and Wildlife Service in an amount not to exceed $200,000 to assist livestock producers in undertaking proactive, nonlethal actives to reduce the risk of livestock losses and to compensate for livestock losses due to wolf predation.

38. Department of Fish and Wildlife

Approved, retroactively, the submission of a federal grant application by the Department of Fish and Wildlife to the U.S. Fish and Wildlife Service, Cooperative Endangered Species Conservation Fund, in the amount of $1,000,000 for acquisition of 10,000 acres near the Lower Deschutes Wildlife Area.

39. Oregon Watershed Enhancement Board

Approved the submission of three federal grant applications by the Oregon Watershed Enhancement Board to the U.S. Fish and Wildlife Service, National Coastal Wetlands Conservation Grant Program, totaling $3,000,000 for wetlands acquisition and restoration.

40. Department of Transportation

Approved the submission of a federal grant application by the Department of Transportation to the Federal Highway Administration in an amount not to exceed $250,000 for a fuels tax evasion grant.

41. Department of Transportation

Established for the 2013-15 biennium a Federal Funds Capital Construction expenditure limitation for the Department of Transportation in the amount of $1,590,307 and established for the 2013-15 biennium an Other Funds Capital Construction expenditure limitation for the Department of Transportation in the amount of $278,841 for renovating the Salem Baggage Depot located adjacent to the Amtrak passenger rail station in Salem, Oregon.

42. Department of Transportation

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

43. Department of Transportation

Increased the Other Funds Capital Construction expenditure limitation established for the Department of Transportation by section 3, chapter 79, Oregon Laws 2012, by $332,391 to complete the Bend Driver and Motor Vehicle Division field office project.

44. Department of Aviation

Approved the submission of a federal grant application by the Department of Aviation to the Federal Aviation Administration in the amount of $2,385,000 for improvement to the Cottage Grove State Airport; and increased the Federal Funds Capital Construction

expenditure limitation established for the Department of Aviation by section 2(2), chapter 727, Oregon Laws 2013, Oregon Department of Aviation, Cottage Grove State Airport runway rehabilitation, by $2,385,000 to expend grant funds on the project and increased the Other Funds Capital Construction expenditure limitation established for the Department of Aviation by section 1(9), chapter 727, Oregon Laws 2013, Oregon Department of Aviation, Cottage Grove State Airport runway rehabilitation, by $265,000 to expend matching state funds on the project.

45. Department of Aviation

Increased the Other Funds Capital Construction expenditure limitation established for the Department of Aviation by section 2, chapter 5, Oregon Laws 2011, by $204,454 for the Aurora Air Traffic Control Tower project.

46. Oregon State Library

Allocated $1,684,947 from the special purpose appropriation made to the Emergency Board by section 4(1), chapter 723, Oregon Laws 2013, to supplement the appropriation made to the Oregon State Library by section 1, chapter 500, Oregon Laws 2013, for operations in the state fiscal year 2015; increased the Other Funds expenditure limitation established for the Oregon State Library by section 2, chapter 500, Oregon Laws 2013, by $264,471 for operations in the state fiscal year 2015; increased the Other Funds expenditure limitation established for the Oregon State Library by section 3, chapter 500, Oregon Laws 2013, by $2,857,191 for operations paid by revenues from assessments on other state agencies in the state fiscal year 2015; increased the Federal Funds expenditure limitation established for the Oregon State Library by section 4, chapter 500, Oregon Laws 2013, by $2,409,329 for operations in the state fiscal year 2015; and authorized an increase in full-time positions (19.63FTE).

47. Department of Revenue

Acknowledged receipt of a report from the Department of Revenue on the Core System Replacement Project, with instructions that the agency report to the Emergency Board in September 2014 documenting its readiness to proceed with a successful implementation of Phase-I of the project.

48. Construction Contractors Board

Acknowledged receipt of a report from the Construction Contractors Board on agency operations, with instructions that the agency to report back to the Emergency Board in September 2014.

49. Department of Administrative Services

Acknowledged receipt of a report from the Department of Administrative Services on compensation plan changes.

50. Department of Administrative Services

Approved the 2015-17 uniform rent rates as proposed by the Department of Administrative Services.

51. Department of Administrative Services

Increased the Other Funds expenditure limitation established for the Department of Administrative Services by section 2(10), chapter 627, Oregon Laws 2013, Shared Services Fund, by $38,110,951 for payments to counties from the Strategic Investment Program Shared Services Fund.

52. Oregon Government Ethics Commission

Increased the Other Funds expenditure limitation established for the Oregon Government Ethics Commission by section 1(2), chapter 453, Oregon Laws 2013, Electronic reporting system, by $133,560, with the understanding that the Department of Administrative Services will unschedule the expenditure limitation pending finalization of contracts for the project and with instructions that the Commission report to the Emergency Board in September 2014 on the status of the project.

Ken Rocco, Legislative Fiscal Officer

Letter from the Director

Through a time of great change for the Oregon Health Authority and the people we serve, Oregon continues on the path toward a health system that is more sustainable and a population that enjoys better health at an affordable cost. We are seeing the first indications of success of the state Medicaid program's coordinated care system created by the Legislature in 2012. That system is based on the "triple aim," 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.

At the same time, Oregon is beginning the job of folding behavioral health care for people with addictions and mental health needs into the coordinated care model, and expanding the amount of this care available in the local communities through the statewide network of coordinated care organizations (CCOs). And our public health system's plan for the future is in the midst of a major upgrade to reflect the fact that population health is a vital piece of health transformation.

Coordinated care – the way forward

As we prepare for the coming biennium, we are seeing the first fruits of health transformation. In 2013 under the first year of coordinated care, emergency department visits by people served by CCOs decreased, hospital admissions for indicator chronic conditions decreased, and CCO members made more visits to health care providers for primary care.

Oregon will continue to face challenges as we go forward. As of May 2014, almost 350,000 Oregonians have enrolled in Medicaid health care coverage since January 1, 2014. Such rapid growth is bound to put strain on any system, and that strain is being felt, particularly by the CCOs' primary care system. Our progress may not be linear, but we do anticipate that the trend will continue in a positive direction. Here are some of the reasons for this optimism:

Incentives for better care – Both patients and coordinated care organizations are starting to see the benefits of Oregon's coordinated care model. In June 2014, a portion of the payments going to Oregon Health Plan coordinated care organizations were based on how well they did to improve care last year. This is the first time Oregon has paid CCOs for better care, rather than only the number or type of services delivered.

Budget/ rate of growth – Oregon is staying within the budget that meets its commitment to the Centers for Medicare and Medicaid Services to reduce the growth in spending by 2 percentage points per member over the two-year period of 2013-2014.

Health system transformation key findings – In 2013, Oregon's coordinated care organizations reported the following metrics:

- **Decreased emergency department visits.** Emergency department visits by people served by CCOs has decreased 17 percent since 2011 baseline data. The corresponding cost of providing services in emergency departments decreased by 19 percent during the same time period.
- **Increased primary care.** Outpatient primary care visits for CCO members increased by 11 percent and spending for primary care and preventive services are up more than 20 percent. Enrollment in patient-centered primary care homes has also increased by 52 percent since 2012, the baseline year for that program.
- **Decreased hospitalization for chronic conditions.** Hospital admissions for congestive heart failure have been reduced by 27 percent, chronic obstructive pulmonary disease by 32 percent and adult asthma by 18 percent.
- **All-cause readmission decreased.** The percentage adults who had a hospital stay and were readmitted for any reason within 30 days of discharge dropped from a 2011 baseline of 12.3 percent to 11.7 percent in 2013, a reduction of 5 percent.
- **Overall hospital utilization decreased.** Total hospital patient days dropped by nearly 10 percent from the 2011 baseline period to 2013. The corresponding cost of inpatient hospital services decreased by 7 percent during the same time period.

As we move forward, one challenge will be to transform all of Oregon's health system in the same way as we have begun to transform health care for the most vulnerable. That will include efforts of our Addictions and Mental Health Program to promote community health and wellness, keep children healthy and help adults with mental illness live successfully in the community; and the Public Health's integration of health reform innovations into the changing landscape of population health, and to use community partnerships to promote health equity and lifelong health for all Oregonians.

The numbers, and the stories we hear from grateful Oregonians, confirm that we are on a path toward a truly healthier Oregon. We have made great gains toward a health care system that is better coordinated and patient-focused, and that puts the energies of the system toward making people and communities healthier.

Sincerely,

Suzanne Hoffman
Interim Director, Oregon Health Authority

Oregon Health Authority

OHA MISSION STATEMENT

The mission of the Oregon Heath Authority is helping people and communities achieve optimum physical, mental and social well-being through partnerships, prevention and access to high-quality, affordable health care.

The Oregon 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 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 agency's mission. 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 human resources department for OHA is charged with delivering services to internal customers with quality and timeliness. In serving these internal customers, it focuses on developing people, meeting the agency's business needs with workforce strategic planning, and developing and maintaining human resource policies.

OHA Office of Budget, Planning and Analysis

The Office of Budget, Planning and Analysis (BPA) supports OHA's mission by providing leadership and collaboration for program decisions through its 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 OHA mission 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.

The Office of the Chief of Health Policy

The Office of the Chief of Health Policy 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 to achieve the triple aim of better health, better care, and lower costs. This office provides staff

to the Oregon Health Policy Board, which is charged with determining health policy priorities for Oregon's health system transformation. Staff persons in this office also conduct analysis and comparison of performance and cost data, stakeholder engagement, and performance monitoring for all OHA strategic planning efforts.

The Chief of Policy is also responsible for leadership and administrative oversight of multiple sub-offices:

The Office for Oregon Health Policy and Research (OHPR) provides policy analysis, development, and evaluation services to support the work of the Oregon Health Policy Board, the Medicaid Advisory Council, OHA programs, and other stakeholders engaged in the design of Oregon's health system transformation. OHPR provides technical assistance on topics such as primary care workforce development, resource leveraging, and grant development for health system transformation projects.

The Office of the Chief Medical Officer-Clinical Services Improvement (CMO-CSI) is designed to align and integrate clinical resources and policies to support the implementation of the coordinated care model throughout all provider and payer organizations, including OHA. The Chief Medical Officer's focus is to direct and guide implementation of clinical services so they support quality improvement outcomes and integrate delivery of physical, behavioral, and oral health care. This role includes oversight of the Patient Centered Primary Care Home program, the Health Evidence Review Commission, and the Quality Council.

The Office of Health Analytics conducts data collection and statistical analysis of utilization, quality, and financial data to evaluate OHA program performance, to provide data to support health system and program planning and implementation, and to analyze trends across all payers and claims data. In addition, this office performs actuarial analysis to support rate development and benefit design. This research is used by policy makers, practitioners, consumers, and researchers to make data-driven decisions.

The Office of Health Information Technology is responsible for providing 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;
- Leverage health IT funding opportunities from federal agencies, philanthropic organizations, and the private sector to improve Oregon's health IT capacity; and
- 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.

The Office of Equity and Inclusion (formerly the Office of Multicultural Health and Services) promotes good health and wellness for all Oregonians through policy development, trainings and consultation, and community and organizational capacity building. OEI works with diverse stakeholders both outside and within the Oregon Health Authority to ensure the elimination of avoidable health disparities and to promote optimal health outcomes for everyone in Oregon, as well as to integrate and use diversity development best practices in recruitment, hiring, retention, performance management, contracting and procurement, and employee development within OHA and Oregon's health promoting systems.

The OHA Transformation Center's purpose is to promote effective and innovative practices among Oregon's existing coordinated care organizations (CCOs) and to encourage the adoption of the coordinated care model of patient care among all health plans and payers. The Transformation Center serves as a catalyst to identify and share evidence-based and emerging best practice information. It does this by establishing learning collaboratives, assigning innovator agents to assist each CCO to implement quality improvement efforts, supporting the Council of Clinical Innovators, providing technical assistance and infrastructure support, and disseminating outcome and best practice information to providers and plans across Oregon.

MEDICAL ASSISTANCE PROGRAMS

Vision

Improved access to effective, high-quality services for low-income and vulnerable citizens through innovation, collaboration, integration and shared responsibility.

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 or 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.
- Work with other insurers to improve health outcomes for all Oregonians.

Oregon Health Plan (OHP)

The Oregon Health Plan (OHP) 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.

Non-OHP Programs

Citizen Alien Waived Emergent Medical (CAWEM): The federal government authorizes the CAWEM program under section 1903(v) of the Social Security Act. The Legislature provides the authority for covering the program under Oregon Revised Statutes (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.

Other programs and support

Pharmacy Programs: The Oregon Prescription Drug Program (OPDP) was authorized by Senate Bill (SB) 875 (2003). 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.

Law Enforcement Medical Liability Account (LEMLA): The Legislature authorizes the program under Oregon Revised Statutes (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 among 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 spend money wisely;
- A focus on improving quality and outcomes, not just providing health care;
- 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 for 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; and
- Encouragement for 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) provided access to health insurance for low-income, high-risk, and uninsured Oregonians. OPHP encouraged and assisted Oregon small businesses and consumers in making informed health insurance choices by providing outreach, education, and referral services.

Starting January 1, 2014, thousands of additional Oregonians gained access to health insurance in the individual insurance market due to the passage of the federal Affordable Care Act. This market will serve anyone not covered through an employer-sponsored health plan. Among the ramifications of this:

- Plans will have increased benefits and cover more services.
- Insurers can no longer deny coverage to anyone based on their health ("pre-existing conditions").
- Thousands of Oregonians who previously bought insurance through state programs for people with pre-existing conditions, and those who are enrolled in portability policies in the commercial market, have moved to the individual market.

HB 3458 (2013 regular session) established the Oregon Transitional Reinsurance Pool (OTRP) program for about 2,100 high-risk Oregonians. This is a temporary program that will cover only claims incurred through December 31, 2016. The program will close once these claims reimbursements are complete. The program is funded by an annual assessment on all insurers for calendar years 2014, 2015, and 2016. This is the only remaining active program in the Office of Private Health Partnerships (OPHP) structure in 2015-2017.

Statutory Authority

HB 3458 tasks the Oregon Medical Insurance Pool (OMIP) Board, part of the Oregon Health Authority, with the administration of the program in collaboration with the Department of Consumer and Business Services Insurance Division.

ADDICTIONS AND MENTAL HEALTH (AMH)

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.

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.
- 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 Statutes (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 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 Oregon State Hospital and 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 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 replacement project follow federal requirements under the Americans with Disabilities Act, which requires that people be served in a safe, accessible environment. The Oregon State Hospital Replacement Project is expected to open the Junction City facility in the spring of 2015. There are no capital construction expenditures planned for the 2015-2017 biennium.

PUBLIC HEALTH (PH)

Vision
Lifelong health for all people in Oregon

Goals

1) **Making Oregon one of the healthiest states in the nation**
   Public Health 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 state's three leading causes of death: tobacco use, obesity and overweight, and heart disease and stroke. Oregon also 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 (CCOs) 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.

Public Health Statutory Authority

The Oregon Health Authority plays a central role in ensuring the health of all people in Oregon.

Chapters 431 and 433 of 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 U.S. Code authorizes federal funding for numerous public health programs carried out at the state level.

HEALTH LICENSING OFFICE (HLO)

The Oregon Health Licensing Agency (OHLA) merged with the Oregon Health Authority (OHA) in July 2014, and is now an office within OHA titled the Health Licensing Office **(HLO).** Following the transition, HLO retains the same function, purpose, and funding structure, where it still operates solely as a 100% other funded structure.

HLO Goals

HLO works to achieve the following goals:

- Actively promote consumer protection through education, enforcement and partnerships
- Promote a positive business environment by reducing barriers to professional practice
- Provide excellent customer service to all agency clients and stakeholders

HLO Mission

The Health Licensing Office (HLO) protects the health, safety and rights of Oregon consumers by ensuring only qualified applicants are authorized to practice. OHLA establishes, communicates and ensures compliance of regulatory standards for multiple health and related professions.

HLO regulates over 70,000 authorizations among 12 boards and councils, including over 4,800 facilities. HLO provides services to program clients on a daily basis and sets, communicates, licenses and enforces regulatory standards for the multiple health and related professions it oversees.

HLO achieves its mission by collecting revenues from applications, examinations, authorizations, authorization renewals, charges for services, fines and forfeitures, sales income and interagency agreements. Revenues collected from each board and council fund the Administrative Services, Fiscal Services, Licensing, and the Regulatory Operations units in HLO. Each board and council is required to pay part of the overall HLO budget determined by the allocation service costs attributed to each board and council.

HLO Statutory Authority

The primary purpose of HLO is to ensure effective coordination of administrative and regulatory functions related to protecting the public as mandated by ORS 676.605. Public protection relates to the regulatory oversight HLO provides over health and related professions it regulates as mandated by ORS 676.606. HLO measures it success by ensuring all complaints are investigated within 120 days as described in ORS 676.165(4) and that Oregonians providing services are licensed by the HLO as described in 676.607. The HLO is 100% other funded and funds are

solely invested into protecting Oregonians and fulfilling all of HLO's and the boards/council's statutory requirements.

OHA SHARED SERVICES

Office of Information Services (OIS) is a shared service provider for DHS and OHA. It provides information technology (IT) systems and services for nearly 16,000 agency and partner staff at 350 local offices, Oregon State Hospital locations, public health laboratories and testing services for county health departments, medical and military facilities, and other locations statewide.

OIS provides support for more than 12,000 desktop computers and 2,000 printers. The Service Desk responds to more than 12,000 service requests each month.

OIS provides information systems and services to DHS and OHA staff and partners statewide in support of programs that:

- Determine client eligibility;
- Provide medical, housing, food and job assistance;
- Provide addiction, mental health, and vocational and rehabilitative services;
- Protect children, seniors and people with physical and developmental disabilities;
- Process claims and benefits;
- Manage provider licensing and state hospital facilities;
- Promote and protect public health;
- Respond to and coordinate statewide disasters and health emergencies, and support the Health Alert Network and emergency preparedness activities.

OIS also supports partners around the state that use DHS and OHA systems. These include:

- State agencies including the Oregon Department of Justice Division of Child Support, the Oregon Employment Department and others;
- Cities and counties;
- District attorney's offices;
- Private hospitals;
- Other computer centers.

Many of the IT systems used by DHS, OHA and agency partners are needed 24 hours a day, seven days a week.

Information Security and Privacy Office (ISPO) is a shared service office providing information security services for DHS and OHA. ISPO uses business risk management practices to protect confidential information assets and educate staff, volunteers and partners on how to protect this information and report incidents when they occur.

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.

OHA STRATEGIC AND BUSINESS PLANS

The Office of the Chief of Policy is integrally involved in most of the department's strategic planning efforts and initiatives. The Office of Health Policy and Research provides staff support to the Oregon Health Policy Board, which is charged with determining policy priorities for Oregon's health system transformation. The Office of Health Information Technology recently worked with coordinated care organizations to complete a draft of *Oregon's Business Plan Framework for Health Information Technology and Health Information Exchange.*

Medical Assistance Programs will continue its focus on health system transformation through coordinated care organizations to bring better health, better care and lower costs to Oregonians. The state is tracking 17 incentive metrics and 16 additional state performance metrics along with financial and utilization data to determine whether CCOs are effectively and adequately improving care, making quality care accessible, eliminating health disparities, and controlling costs for the populations they serve.

Addictions and Mental Health expects to have its strategic plan adopted in October 2014. AMH is also working on a Federal Block Grant Plan – which would combine mental health and substance abuse prevention and treatment.
AMH has planned a transition to a business solution unit focused on delivering diverse integrated technology solutions to AMH through:

- Measurement and Outcomes Tracking System (MOTS); and
- Oregon Web Infrastructure for Treatment Services (OWITS) contract management system.

Lastly, AMH plans to expand the functional scope of its licensing and quality improvement unit to include:

- Outpatient mental health facility-based certifications and regulatory oversight;
- Administration and management of the statewide behavioral health provider credentialing data bank; and
- Implementation of a data-driven performance management program to enhance the overall effectiveness and performance of Oregon's behavioral health care system in meeting OHA's triple aim.

Public Health's 2015-2019 Strategic Plan sets out the vision, mission, values and goals, objectives and key strategies for building on current accomplishments to further progress toward achieving the vision of a healthy Oregon.

- Vision: Lifelong health for all people in Oregon
- Mission: Promoting health and preventing the leading causes of death, disease and injury in Oregon
- Values: Service Excellence, Leadership, Integrity, Partnership, Innovation, Health Equity
- Goals: Improve quality of life and increase years of healthy life, promote and protect safe, healthy and resilient environments, strengthen public health capacity to improve health outcomes

Work began in March 2014, and the plan was completed in July 2014. Implementation was scheduled to begin in December 2014, and will guide the work of Public Health over the next five years.

The Public Employees Benefit Board (PEBB) is implementing contracts as part of Oregon's health care transformation to create high-quality, financially sustainable health plans that emphasize coordinated care. Through this implementation, PEBB is leading the way on health plan accountability in commercial insurance in Oregon. The board will request proposals in 2016 for other elements of the benefits program.

The Oregon Educators Benefit Board (OEBB) strategic plan for the next two years will focus on continuing to expand availability of, access to and participation in patient-centered primary care homes (PCPCHs) and coordinated care model plan options throughout Oregon. It also calls for:

- Continuing to work with cities, counties and special districts that want to participate in OEBB benefits; and
- Continuing development of the "MyOEBB" benefit management system, which allows OEBB members to manage their benefits online and OEBB staff and participating entities to access enrollment information.

OHA PROCESS IMPROVEMENT EFFORTS

Medical Assistance Programs will continue to evaluate Oregon Health Plan eligibility and enrollment activities for process improvement and system automation. During the 2013-2015 biennium, the agency transitioned eligibility determination functions back to the state from Cover Oregon. In doing so, the state leveraged automated solutions that were developed by Cover Oregon, but those solutions were highly supported by manual business processes and not fully integrated with other systems. Process improvement work will continue during the 2015-2017 biennium as OHA identifies opportunities for system automation and business process efficiencies.

Public Health is actively engaged in developing its performance management system, which involves the strategic use of performance measures and standards to establish performance targets and goals that align with the OHA mission. It also allows Public Health to create data-driven strategies to improve the public's health.

National Public Health Accreditation

The division applied for recognition by the National Public Health Accreditation Board in March 2014. A site visit review was scheduled for October 2014.

National public health accreditation includes:

- Measurement of health department performance against a set of nationally recognized, practice-focused and evidenced-based standards;
- Issuance of recognition of achievement of accreditation with a specified time frame by a nationally recognized entity; and
- Continual development, revision, and distribution of public health standards.

Addictions and Mental Health will continue executing its business plans to transition the COMPASS unit to a business solution unit and expanding the functional scope of the quality unit.

OHA SHORT TERM PLANS, ENVIRONMENTAL FACTORS AND INITIATIVES

The **Medical Assistance Programs** are directly affected by the following environmental factors that are constant risks to the agency's budget:

- Economic changes affecting Oregon Health Plan caseload growth;
- Federal policy and funding changes affecting state funding needs (e.g., Medicaid match rates); and
- Medical inflation and utilization affecting the cost for covering Oregon Health Plan members.

Medical Assistance Programs will continue to evaluate Oregon Health Plan eligibility, enrollment and redetermination activities going into the 15-17 biennium. The potential of future phases for technology solutions through system automation and process improvements will continually be identified, reviewed and implemented where feasible. Much of any new technology solutions for development or enhancements will also be dependent upon federal requirements and federal participation for funding if these solutions are considered as requirements or enhancements. If new development or enhancements are necessary during the 2015 – 2017 biennium, OHA- MAP and OHA-OIS will work with the State's Chief Information Office to develop a business plan.

With additional aspects of the Affordable Care Act set to go into effect by 2018, **PEBB** will consider changes to its premium tiering strategy and its strategy for continuing coverage for such self-pay participants as early retirees and COBRA participants. Additional focus may include changes to plan design to meet ongoing and new coverage mandates and caps on rate increases established through caps on the PEBB biennial budget limitation.

AMH will continue working on proposed rate increases for residential alcohol and drug addiction treatment providers based on the Mercer rate study. That study addresses support to these facilities to downsize to 16 or fewer beds (cost offset). CMS rules define any facility with more than16 beds as an "institute for mental disease," which makes them ineligible for Medicaid reimbursement.

AMH will continue to monitor and review the USDOJ Olmstead investigation.

AMH also will monitor the November 2014 ballot measure that would legalize use of marijuana regarding its potential impact on Oregon's treatment and prevention efforts.

AMH will continue working toward the transition of adult mental health Medicaid-covered services to CCOs, and on continued implementation of mental health investments.

With the proposed policy option package, AMH expects to address the growth in the "aid and assist" population at Oregon State Hospital.

Approximately 70 percent of the **Public Health's** funds come through categorical federal grants. During 2013-2015, funding has decreased for several federal grants. This decline in federal funding is expected to continue during 2015-2017, and may result in adjustments or elimination of program services.

Public Health has statutory authority over the Oregon Medical Marijuana Program (OMMP), which has more than 60,000 persons registered to use marijuana for medical reasons. The potential impact of **Ballot Measure 53** on the program is unknown. However, it is known that any significant reduction in OMMP card holders would jeopardize the program itself as well as other core public health programs that currently receive approximately $9 million in revenue from it.

The Legislature in 2015 will consider and respond to recommendations from the task force created by **HB 2348 (The Future of Public Health Services)**. This task force is charged with studying the regionalization and consolidation of local public services. Decisions made during the 2015 session may influence the structure of public health and the services it provides.

PERFORMANCE MEASURES

The 2015-17 OHA Key Performance Measures (KPMs) are intended to represent key quality and access metrics for healthcare-related services for individuals across the state. They are framed around the triple aim of better care, better health and lower cost and OHA's Quality Improvement Focus Areas as defined in Oregon's Medicaid 1115 waiver agreement with the Centers for Medicare and Medicaid Services (CMS). The goal is to align KPMs closely with Health System Transformation metrics, both statewide and for Coordinated Care Organizations (CCOs). The full KPM progress report containing the measures and metrics is generally updated with the Governor's Balanced Budget.

MAJOR IT PROJECTS INITIATIVES

OHA Shared Services (Office of Information Services)

The office of Information Services expects to have several IT projects underway during the 2015 – 2017 biennium. The details of these projects are outlined in the Information Technology Report of projects expecting to exceed $150,000.

OIS has implemented the gate review process for all projects in alignment with the state Chief Information Officer's requirements. Four projects are either partially or fully aligned with Policy Option Packages in the OHA or DHS Agency Request Budget. They include:

Modernization- will focus on the next phase of work necessary of an integrated service delivery that will improve customer service by automating eligibility systems across public benefit programs and establishing comprehensive case management capabilities supporting major programs within DHS.

Integrated Statewide Adult Abuse and Reporting System - As Oregon faces an aging population, the Aging and People with Disabilities Program (APD) and the Office of Adult Abuse Prevention and Investigations (OAAPI) have seen an annual increase of 5-8% in abuse referrals and an increased need for services across all demographics. Given the nature of the services provided to these vulnerable populations, the current assortment of disconnected legacy data systems do not provide the information needed to protect victims of abuse and develop prevention efforts proactively.

Oregon Health Information Technology (OHIT) - Proposes 3 components of technology necessary for health information exchange. The first component is a Provider Directory which will establish health provider information repository services including a statewide provider directory. This will also support the exchange of health information, analytics needed for quality improvement efforts, and population management. The second component, which meets requirements established under Senate Bill 604 (2013) is the ability to streamline credentialing, establish a single entry point for providers and payers, and allow for data in the Provider Directory to be maintained and updated. The third component is for Clinical Quality Metrics, which will establish a registry to capture provider's clinical metrics from their electronic health records, including the 3 Coordinate Care Organizations (CCOs) quality pool metrics of diabetes poor control, hypertension, and depression screening.

OIS will have on-going work and effort for existing projects including:

MMIS- ICD 10 Enhancements to the MMIS system to ensure HIPPA compliance/requirements are met for updated medical code set standards.

The Women, Infant and Children Program (WIC) continues its work with OIS on an Electronic Benefit Transaction system (EBT) that is similar to the EBT system used for Supplemental Nutrition Assistance Program (SNAP) benefits.

A project scope for a new web application system is being initiated for the PH CAREAssist. The HIV Care and Treatment Program provides high quality, cost effective services for people with HIV/AIDS in Oregon. A new web application is needed to replace the current legacy system in an effort to improve workflow and increase productivity.

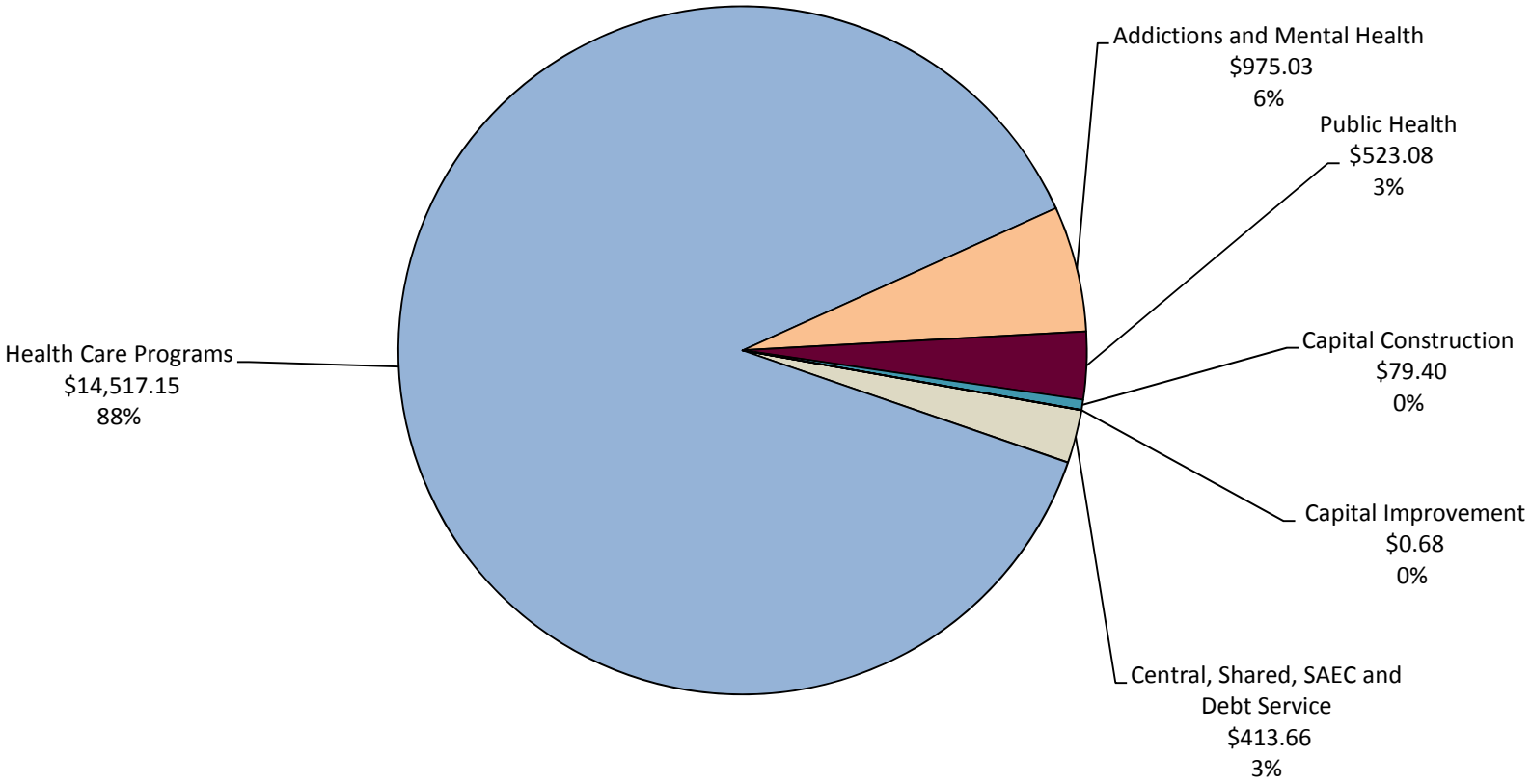
Environmental Health Tracking and Licensing information in Public Health are in the pre-initiation stages.

During the 2013-2015 biennium, the agency transitioned the Oregon Health Plan eligibility determination functions back to the state from Cover Oregon. In doing so, the state leveraged automated solutions that were developed by Cover Oregon, but those solutions were highly supported by manual business processes and not fully integrated with other systems. The potential of future phases for technology solutions through system automation and process improvements will continually be identified, reviewed and implemented where feasible. Much of

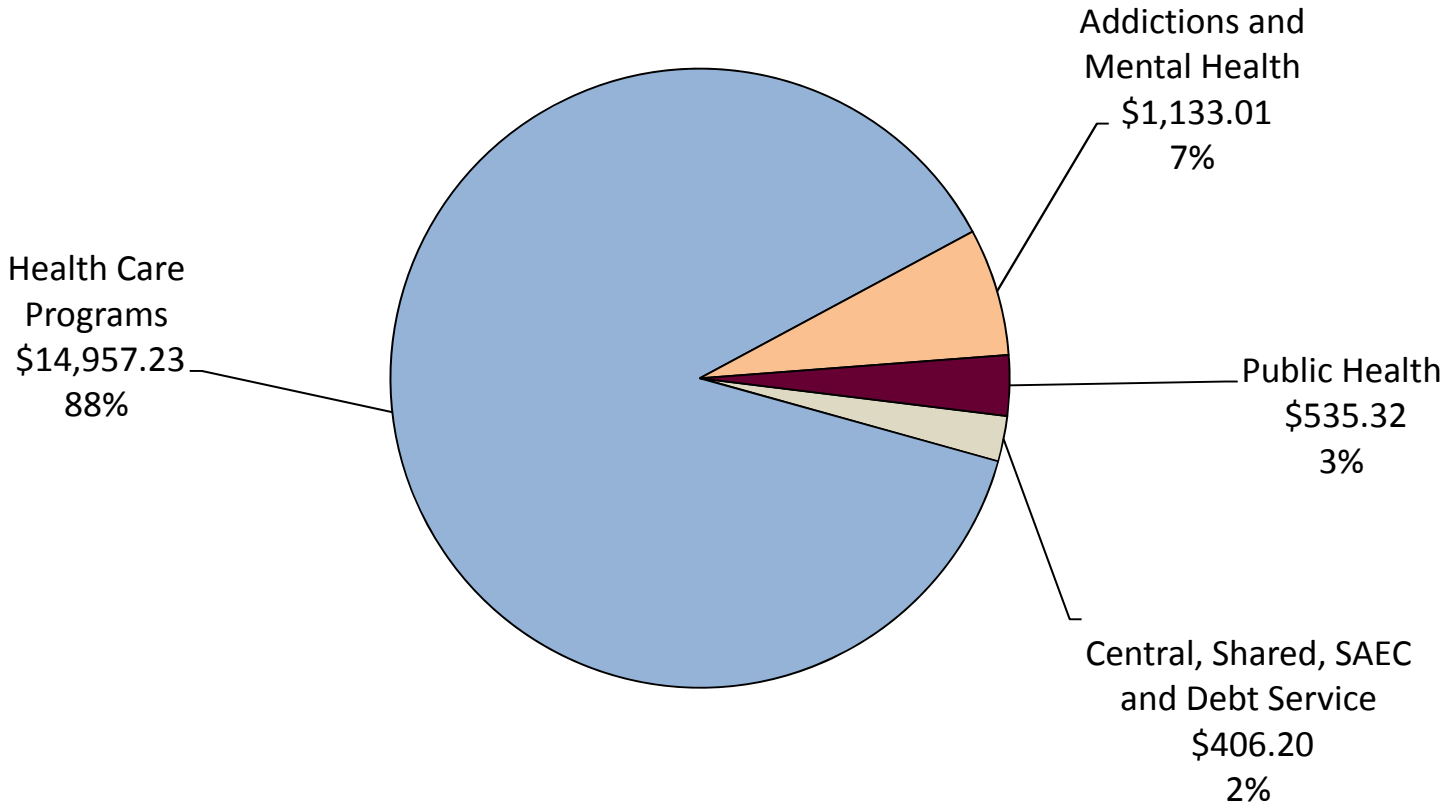
any new technology solutions for development or enhancements will also be dependent upon federal requirements and federal participation for funding if these solutions are considered as requirements or enhancements. OHA expects to know more regarding any new development or enhancements that may be necessary during the 2015 – 2017 biennium later this year, or in early 2015.

OHA- MAP and OHA-OIS will work with the State's Chief Information Office to develop a business plan when these developments have been identified.

Oregon Health Authority
2013-2015 Legislately Approved Budget
Total Fund by Program Area
$16,509.00 million



Oregon Health Authority
2015-17 Agency Request Budget
Total Fund by Program Area
$17,031.76 million



Summary of 2015-17 Biennium Budget

Oregon Health Authority
Oregon Health Authority
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-000-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
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
2013-15 Emergency Boards	39	20.74	1,188,093,918	(12,296,941)	46,710	52,645,629	1,147,698,520	-	-
2013-15 Leg Approved Budget	**4,521**	**4,139.97**	**16,508,610,216**	**1,959,909,729**	**10,592,532**	**3,893,808,710**	8,632,707,613	**1,904,711,565**	**106,880,067**
2015-17 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(313)	31.54	19,692,466	26,902,709	46,864	1,156,793	(8,413,900)	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			(7,812,998)	(1,263,522)	-	(6,322,432)	-	-	(227,044)
Base Nonlimited Adjustment			(45,424,477)	-	-	-	-	(45,424,477)	-
Capital Construction			(79,401,530)	-	-	(79,401,530)	-	-	-
Subtotal 2015-17 Base Budget	**4,208**	**4,171.51**	**16,395,663,677**	**1,985,548,916**	**10,639,396**	**3,809,241,541**	8,624,293,713	**1,859,287,088**	**106,653,023**
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	8,499,063	6,934,792	(6,232)	107,584	1,462,919	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	7,291,581	3,335,117	4,776	1,778,466	2,173,222	-	-
Subtotal	**-**	**-**	**15,790,644**	**10,269,909**	**(1,456)**	**1,886,050**	3,636,141	**-**	**-**
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	226	211.94	119,994,160	77,986,469	-	8,275,054	33,732,637	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(1,868,185,734)	(52,848,384)	-	(469,148,527)	(1,346,188,823)	-	-
Subtotal	**226**	**211.94**	**(1,748,191,574)**	**25,138,085**	**-**	**(460,873,473)**	(1,312,456,186)	**-**	**-**
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	762,128,411	84,804,148	289,939	210,827,935	466,206,389	-	-
State Gov"t & Services Charges Increase/(Decrease)			24,550,823	12,582,705	-	2,972,278	8,995,840	-	-

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Subtotal	**-**	**-**	**786,679,234**	**97,386,853**	**289,939**	**213,800,213**	475,202,229	**-**	**-**
040 - Mandated Caseload									
040 - Mandated Caseload	43	43.00	1,460,690,735	61,824,841	-	243,194,971	1,155,670,923	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	804,459,654	-	(946,257,649)	141,797,995	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	53	53.00	-	-	-	-	-	-	-
Subtotal: 2015-17 Current Service Level	**4,530**	**4,479.45**	**16,910,632,716**	**2,984,628,258**	**10,927,879**	**2,860,991,653**	9,088,144,815	**1,859,287,088**	**106,653,023**

Summary of 2015-17 Biennium Budget

Oregon Health Authority
Oregon Health Authority
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-000-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Subtotal: 2015-17 Current Service Level	**4,530**	**4,479.45**	**16,910,632,716**	**2,984,628,258**	**10,927,879**	**2,860,991,653**	9,088,144,815	**1,859,287,088**	**106,653,023**
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	(6)	(6.00)	(2,224,715)	-	-	(2,073,416)	(151,299)	-	-
Modified 2015-17 Current Service Level	**4,524**	**4,473.45**	**16,908,408,001**	**2,984,628,258**	**10,927,879**	**2,858,918,237**	9,087,993,516	**1,859,287,088**	**106,653,023**
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**
Policy Packages									
201 - REaL-D	9	8.52	1,771,152	1,771,152	-	-	-	-	-
401 - Promote and Support Community Based Services	9	8.83	16,697,435	6,181,269	-	10,516,166	-	-	-
402 - Promote Innovative Health Sys Solutions - HP	31	17.98	20,116,931	4,644,302	-	9,750,404	5,722,225	-	-
403 - Promote Innovative Health System Solutions	-	-	73,549,837	14,537,601	-	30,074	58,982,162	-	-
404 - Improve the Lifelong Health of all Oregonians	8	5.41	3,740,176	-	-	4,000,000	(259,824)	-	-
405 - Prev'g lead'g causes of death, inj & disease	2	1.76	4,000,000	-	-	4,000,000	-	-	-
406 - PH Emergency Preparedness	3	2.64	1,000,000	1,000,000	-	-	-	-	-
407 - PH Radiation Protection Fee & Cap Increase	3	3.00	593,755	-	-	593,755	-	-	-
408 - PH Senate Bill 333 Fee Increases	3	3.00	1,436,336	-	-	1,436,336	-	-	-
409 - Transparency and Engagement	-	-	450,000	-	-	450,000	-	-	-
Subtotal Policy Packages	**68**	**51.14**	**123,355,622**	**28,134,324**	**-**	**30,776,735**	64,444,563	**-**	**-**
Total 2015-17 Agency Request Budget	**4,592**	**4,524.59**	**17,031,763,623**	**3,012,762,582**	**10,927,879**	**2,889,694,972**	9,152,438,079	**1,859,287,088**	**106,653,023**
Percentage Change From 2013-15 Leg Approved Budget	1.60%	9.30%	3.20%	53.70%	3.20%	-25.80%	6.00%	-2.40%	-0.20%

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Percentage Change From 2015-17 Current Service Level	1.40%	1.00%	0.70%	0.90%	-	1.00%	0.70%	-	-

PROGRAM PRIORITIZATION FOR 2015-17

Agency Name: Oregon Health Authority

2015-17 Biennium

							Agency-Wide Priorities for 2015 -2017 Biennium						
1	4			5	6	7	8	9	10	11	12	13	14
Priority (ranked with highest priority first)	**Program or Activity Initials**	**ORBITS DCR 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**
Agcy													
1	Medical Assistance Prgms-OHP Payment	OHP & CHIP	No	The Oregon Health Plan (OHP) provides physical health, mental health and dental services to qualifying low-income and vulnerable Oregonians. Medical Assistance Programs pays Coordinated 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. Medical Assistance Programs pays Coordinated 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	1,562,913,657	-	809,912,458	-	8,028,002,018	-	10,400,828,133
2	Medical Assistance Prgms-OHP Payment	Non-OHP	Small amount	The Non-OHP budget includes the following: the Citizen/Alien 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; the Health Insurance Premium program, which reimburses clients for employer-sponsored insurance premiums; "clawback" payments to the federal government to help pay for the Medicare Prescription Drug (Part D) program; and, the Qualified Medicare Beneficiaries (QMB) program that pays Medicare premiums, deductibles, and copayments for low-income clients.	Preventive services for OHP youth and adults, Preventive services for OHP children, Appropriate prenatal care for OHP clients, PQI Hospitalizations of OHP clients	12	340,264,144	-	-	-	308,887,120	-	649,151,264
4	Medical Assistance Prgms-OHP Payment	Pharmacy Programs	No	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 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	7,830,221	-	58,103,882	-	9,728,128	-	75,662,231
5	Addictions and Mental Health Program -	Alcohol and Drug Treatment	Small amount	Addiction clinical and recovery support services provide an array of medically necessary services tailored to individual clinical needs. These services are for individuals who are not eligible for Medicaid and who have no or sub-standard insurance benefits and financial resources to cover care. Treatment includes: standard and intensive outpatient treatment, 24-hour residential treatment, detoxification and withdrawal management, medications aimed to assist people stop using alcohol and opioids. Within each level or intensity of service, clients receive clinical assessments, individual, group and family counseling, case management and toxicology testing for presence of various substances of abuse. Recovery Services include, but are not limited to: Peer to peer mentoring, recovery coaching, life skills training, child care, and housing barrier removal.	Completion of alcohol & drug treatment, Alcohol & drug treatment effectiveness: Employment, Child reunification, School performance	12	28,798,109	-	13,804,705	-	46,846,112	-	89,448,926
6	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	285,706,878	-	26,080,139	-	142,820,150	-	454,607,167
7	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	12,231,507	-	10,414,245	40,000,000	89,482,469	101,929,051	254,057,272

8	Public Health Programs	State Public Health Director	No	Responsible for state emergency preparedness, planning, and response.		8, 10	8,824,420	-	-	-	6,247,419	-	15,071,839
9	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	3,664,021	-	286,093	-	22,445,446	-	26,395,560
10	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 improvemnet and regulation, medical marijuana, and Patient Safety Commission.		9,10	1,648,000	-	1,001,534	-	3,091,189	-	5,740,723
11	Addictions and Mental Health Program	State Hospital System	3 Non-Medicaid Gero units	The State Hospital System - with locations in Salem and Junction City provide 24-hour supervised care to people with the most severe mental health disorders, many of whom have either been civilly committed to the Department as a danger to themselves or others, or have been found guilty except for insanity, or require hospital care to restore competency in order that they may aid and assist in their own defense during a criminal proceeding.	OSH restraint rate, OSH length of stay (others to consider might be ratio of # served/# of budgeted beds, and/or recidivism/revocation rates. These new measures should be vetted a bit with Cabinet and or AMH, in light of the fact that KPMs are part of a larger OHA/DHS picture)	12	443,181,127	-	15,895,779	-	44,819,729	-	503,896,635
12	Addictions and Mental Health Program	Alcohol and Drug Prevention		Prevention programs help people make smarter life choices and reduce risk factors associated with alcohol and drug abuse. These services reduce the rate of underage drinking and the development of substance use disorders and associated health and social problems. Prevention services are available in every Oregon county. Community mental health programs (CMHPs), tribes and statewide contractors provide evidence-based services to prevent the problematic use of addictive substances and activities including alcohol and drugs.		12	433,927	-	798,426	-	10,736,202	-	11,968,555
13	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	-	8,098,051	-	-	-	-	8,098,051
14	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	5,952,902	-	509,163	-	2,206,001	-	8,668,066

15	Public Employee's Benefit Board	PEBB/Stabilization, Self Insurance, Flex Benefit, Fully insured Plans, and Optional Benefits	No	(1) There is created the Public Employees' Revolving 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. 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. Fully insured premiums are treated as a pass-through account and funds are sent directly to the Fully Insured provider. (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 OOptional benefits are insurance premiums paid by members and are treated as pass-through account and funds are sent directly to the Optional Benefit provider.	243.167 Public Employees' Revolving Fund; continuing appropriation to fund, 243.221 Options that may be offered under flexible benefit plan.	10			1,620,645,530				1,620,645,530
16	Oregon Educators Benefit Board (OEBB)	OEBB 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	-	-	-	1,715,787,088	-	-	1,715,787,088
17	Private Health Partnerships	Oregon Transitional Reinsurance Pool (OTRP) program		The OTRP is a temporary measure to help stabilize individual market premiums during the transition to "guaranteed issue" health insurance coverage required by the ACA by covering a portion of exceptional claims costs for roughly 2,100 high-risk Oregonians. This program is scheduled in statute to close by the end of the 2015-2017 biennium, and at that point the OPHP budget structure also is expected to close.		10	-	-	363,651	103,500,000	-	-	103,863,651
18	Medical Assistance Prgms-OHP Payment	Law Enforcement Medical Account	Small amount	o <u>Law Enforcement Medical Account (LEMLA):</u> The program pays medical claims for individuals who are injured in interactions with law enforcement. Law enforcement agencies submit claims to OHA when efforts to recover costs from the individuals or their insurance companies fail.		12	39,014	-	1,354,360	-	-	-	1,393,374
19	Health Policy Programs	OHIT Incentive Payments	No	The Medicaid Electronic Health Records Incentive Payment provide incentive payments to eligible professionals, eligible hospitals, and critical access hospitals (CAHs) as they adopt, implement, upgrade or demonstrate meaningful use of certified EHR technology.			-	-	-	-	61,610,160	-	61,610,160
							2,701,487,927	8,098,051	2,559,169,965	1,859,287,088	8,776,922,143	101,929,051	$ 16,006,894,225

Oregon Health Authority 2015 – 2017 Agency Request Budget

10% General Fund Reduction Options

A large proportion of the Oregon Health Authority's (OHA) budget is expended for services directly provided to clients.

General criteria and principles applied to the prioritized reduction list included:

- Identifying reductions that do the least harm to the fewest number of clients
- Applying the OHA goals of containing costs, improving quality and increasing access to health care
- Avoiding reductions that will shift people to a more costly service model within OHA or DHS
- Minimizing affect to OHA Health Systems Transformation efforts in 15-17
- Identifying where the Affordable Care Act (ACA) provide an opportunity to minimize impact on OHA clients/customers
- Minimizing potential for the reduction to impact OHA's ability to meet its obligations/commitments to Centers for Medicare and Medicaid Services (CMS) for the Designated State Health Programs Waiver (DSHP)
- Mitigating any impact for OHA's ability to meet its obligation to CMS for the 2% test

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

Central Office and Shared Services

Most of the Central Office and Shared Services General Fund is necessary for on-going commitments for which OHA does not materially have the option to reduce. Central, Shared, State Government Service Charges, and Debt Service on Capital Construction authorized in prior biennium, account for less than 6 % of this budget. Administrative cuts through staff reductions or vacancies, or cuts to professional service contracts have been implemented in prior biennia. As OHA continues with its' Health Systems Transformation efforts, any further reductions in these areas would have a direct impact for the Director's Office, as well as many of the OHA dedicated services (Budget Planning and Analysis, Communications, and Human Resources).

Medical Assistance Programs (Oregon Health Plan-OHP)

Reductions in the Medical Assistance Program (MAP) budget may jeopardize most of the $1.9 Billion in federal investment approved under the Designated State Health Programs (DHSP) Waiver in July 2012.

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

The next items on the list are reductions that would eliminate Indirect and Direct Medical Education payments to teaching hospitals for graduate medical education; at the very time we need more trained medical professionals to serve our growing population.

Services that would be reduced or eliminated include specific dental services, non-emergent dental coverage for OHP non-pregnant clients, therapy services, prosthetic devices, hearing aids, and chiropractic and podiatry services. Reducing the OHP list of prioritized services by 25 fewer lines, and eliminating outpatient mental health benefits under OHP for non-pregnant adults would be last. Obviously, some individuals could have immediate adverse impact to their health without these services; others could see their health deteriorate.

All reductions to OHP would require approval by the Center for Medicaid and Medicare Services (CMS) and most would be prohibited under the Special Terms and Conditions (STC) previously agreed upon by OHA and CMS.

Public Health

Targeted reductions for 15-17 impact the public health system at both the local and the state level.

The base support to local health departments (LHDs) would reduce the per capita support to less than 98 cents per year. Additionally, the position responsible for the biweekly CD Summary publication of public health recommendations and data for physicians and the medical community would be eliminated.

The State Public Health Lab would stop conducting antibiotic susceptibility testing. This may lead to more cases of Tuberculosis and advanced stages of other diseases.

Eliminating state support to LHDs for Sexually Transmitted Disease (STD) investigation services, could lead to an increase of disease transmission in communities of risk.

A contracted service for the follow up telephone survey of the Pregnancy Risk Assessment Monitoring (PRAMS) would be eliminated.

Lastly, reductions to both the WIC Senior Food Market and WIC Farmer's Market would cut food vouchers to thousands of seniors and families who rely upon the subsidy for fresh fruit and vegetables. This also reduces income for the vendors who promote and provide the healthy food options to local communities.

Addictions and Mental Health

Reductions specifically affecting the Oregon State Hospital system and Community Mental Health would include:

A longer phase-in to the reopening of one Gero-Neuro ward at the Oregon State Hospital, no cost of living increases to Community Mental Health (CMH) and

Alcohol and Drug (A&D) treatment service contracts, and defer the capital improvement budget for the state hospitals.

Amending the planned phase-in of residential treatment facility cottages at the Junction City facility would inhibit the ability of moving patients that are ready to move from the Secured Residential Treatment Facilities. By delaying or removing cottages as a phased in reduction, this will ultimately affect the ability to move patients to a community setting.

Elimination of community mental health caseload funding will inhibit the ability for AMH to assist with discharging civilly committed individuals from the state hospital system, to community programs. This may also jeopardize Oregon's compliance with the Olmstead ruling.

Elimination of the CMH Mental Health Services Fund for residential development may result in some facilities deteriorating and potentially becoming unsafe. This could affect the environment and livability of residential programs.

Reductions to CMH direct contracts and flexible spending provisions will significantly affect those who are not covered by Medicaid. This too could result in increased lengths of stay in the OSH and increase the number of persons waiting in acute care for state hospitalization.

Lastly, amending the planned phase in for Secured Residential Treatment Facilities by removing units would reduce overall capacity from 6 units to 4, and limits the available number of beds for patients.

10% General Fund / 10% Other & Federal Fund Reduction Options for the 2015-2017 Biennium

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Does this affect 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	-0.36%	1	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. LEGISLATIVE ACTION REQUIRED. CMS APPROVAL REQUIRED.	Y	(10,676,583)	(7,605,257)	(33,008,289)	(51,290,129)	0	0.00	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.
No	-0.54%	2	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.	Y	(5,404,000)	-	(9,358,000)	(14,762,000)	0	0.00	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	-1.00%	3	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. GME includes costs associated with stipends or salaries for residents, payments to supervising physicians, and direct program administration costs. CMS APPROVAL REQUIRED.	Y	(13,897,000)	-	(24,063,000)	(37,960,000)	0	0.00	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.
Yes	-1.30%	4	AMH-OSH	Remove phase-in to reopen one Neuro Gero unit that was closed July 2013. The 2015-17 Current Service Level (CSL) included funding to re-open this unit, however this unit may remain vacant if the volume of aid and assist (370) caseload does not grow to the level that another unit is required to accommodate this caseload.	N	(8,839,080)	-	-	(8,839,080)	(43)	(43.00)	The closure of the Gero unit in 2013-15 removed 24 beds and moved patients formerly served at OSH into less restrictive community-based programs that are a more appropriate level of care for these patients. The 2015-17 CSL included reopening this unit to add capacity at OSH in response to the growth in aid and assist 370 caseload growth. Leaving this unit vacant in 2015-17 would have little impact on services and outcomes, however if 370 caseload growth continues, OSH would have to reopen this unit to accommodate increased caseload in order to avoid more patients on the wait list for OSH services and longer wait times.
Yes	-1.33%	5	AMH-A&D Tx	Remove COLA for A&D Treatment	N	(1,071,396)	(578,313)	(1,664,164)	(3,313,873)	0	0.00	This action would eliminate the COLA planned for A&D treatment services. This is the first increase that service providers have had in years. Reducing the rate of funding paid to treatment providers as costs of doing business increase makes it more difficult to attract and retain qualified staff and to offer quality services to Oregonians in need.
Partially	-1.60%	6	AMH-CMH	Remove COLA for CMH	N	(8,096,927)	(639,151)	(4,022,480)	(12,758,558)	0	0.00	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 is the possibility of reductions in workforce in community providers and the potential loss of some smaller providers due to the inability to secure funding through other sources.
No	-1.61%	7	AMH-Cap Imp	Reduce Capital Improvement Budget by 15%	N	(104,942)	-	-	(104,942)	0	0.00	This action defers the capital improvement budget for the fourth 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.

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Does this affect 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	-1.99%	8	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 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. CMS NEGOTIATION AND APPROVAL IS REQUIRED - The Health System Transformation waiver Special Terms and Conditions (STCs) prohibit the state from reducing eligibility or benefits.	Y	(11,608,334)	-	(35,194,521)	(46,802,855)	0	0.00	Adults receiving the OHP 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	-2.93%	9	MAP	Eliminate non-emergent dental coverage for OHP non-pregnant clients. OHP non-pregnant adults would have a reduced dental coverage package, which is limited to emergency dental services (e.g., acute infection or abscess, severe tooth pain, tooth re-implantation and extraction of symptomatic teeth). LEGISLATIVE ACTION REQUIRED. CMS NEGOTIATION AND APPROVAL IS REQUIRED - The Health System Transformation waiver Special Terms and Conditions (STCs) prohibit the state from reducing eligibility or benefits.	Y	(28,162,526)	-	(182,784,206)	(210,946,732)	0	0.00	Non-pregnant adults who receive the OHP benefit package would receive a limited coverage dental package. A reduced dental coverage package would be 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.
No	-2.96%	10	MAP	Eliminate coverage for therapy services for Oregon Health Plan (OHP) non-pregnant adults. The agency would eliminate physical therapy, occupational therapy, and speech therapy from the OHP benefit package for non-pregnant adults. LEGISLATIVE ACTION REQUIRED. CMS NEGOTIATION AND APPROVAL IS REQUIRED - The Health System Transformation waiver Special Terms and Conditions (STCs) prohibit the state from reducing eligibility or benefits.	Y	(854,667)	-	(3,830,174)	(4,684,841)	0	0.00	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 the health system transformation work as fewer services and dollars would be available.
No	-3.00%	11	MAP	Eliminate coverage for prosthetic devices, hearing aids, chiropractic services and podiatry services for Oregon Health Plan (OHP) non-pregnant adults. The agency would eliminate coverage for prosthetic devices, hearing aids, chiropractic services, and podiatry services from the OHP benefit package for non-pregnant adults. LEGISLATIVE ACTION REQUIRED. CMS NEGOTIATION AND APPROVAL IS REQUIRED - The Health System Transformation waiver Special Terms and Conditions (STCs) prohibit the state from reducing eligibility or benefits.	Y	(1,114,449)	-	(3,006,236)	(4,120,685)	0	0.00	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 the health system transformation work as fewer services and dollars would be available.
No	-3.24%	12	MAP	Eliminate dental coverage for Oregon Health Plan (OHP) non-pregnant adults. The agency would eliminate the remaining non-pregnant adult dental coverage for the OHP benefit package. LEGISLATIVE ACTION REQUIRED. CMS NEGOTIATION AND APPROVAL IS REQUIRED - The Health System Transformation waiver Special Terms and Conditions (STCs) prohibit the state from reducing eligibility or benefits.	Y	(7,318,868)	-	(39,585,128)	(46,903,996)	0	0.00	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 the health system transformation work as fewer services and dollars would be available.
No	-3.29%	13	AMH-JC	Amend JC Phase in - remove one of three Residential Treatment Facility (RTF) cottages phased-in in 2015-17 CSL Assumes a 24 month reduction of funding for this cottage from the 2015-17 CSL and a reduction of CSL funded capacity of eight beds. Because most staffing for these cottages serve all three cottages, the staff and dollar reduction for each cottage phase-in removal is not equivalent, rather it increases with each cottage phase-in removal.	N	(1,467,758)	(76,783)	(41,882)	(1,586,423)	(6)	(6.00)	Holding the phase in of this Junction City cottage will reduce the RTF transitional treatment capacity of the Junction City hospital by eight beds. Patients in the Secured Residential Treatment Facility (SRTF) units of the Junction City facility, that have recovered to the point that they are ready for an RTF transitional treatment setting may not be able to move into this setting due to limited capacity. This may result increased length of stay within the Junction City facility treatment units as patients ready for transition to community settings must wait until an opening becomes available.

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Does this affect 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	-3.40%	14	AMH-JC	Amend JC Phase-in - remove second of three RTF cottages phased-in in 2015-17 CS. Assumes a 24 month reduction of funding for this cottage from the 2015-17 CSL and an additional eight bed reduction of CSL funded capacity (a total of 16 beds). Because most staffing for these cottages serve all three cottages, the staff and dollar reduction for each cottage phase-in removal is not equivalent, rather it increases with each cottage phase-in removal.	N	(3,180,142)	(166,363)	(90,743)	(3,437,248)	(13)	(13.00)	Holding the phase in of this second Junction City cottage will reduce the RTF transitional treatment capacity of the Junction City hospital by an additional eight beds, total of 16. Patients in the Secured Residential Treatment Facility (SRTF) units of the Junction City facility, that have recovered to the point that they are ready for an RTF transitional treatment setting, are very likely to not be able to move into this setting due to limited capacity. This is likely to result increased length of stay within the Junction City facility treatment units as patients ready for transition to community settings must wait until an opening becomes available.
No	-3.55%	15	AMH-JC	Amend JC Phase-in - remove third of three RTF cottages phased-in in 2015-17 CSL. Assumes a 24 month reduction of funding for this cottage from the 2015-17 CSL and an additional eight bed reduction of CSL funded capacity (a total of 24 beds). Because most staffing for these cottages serve all three cottages, the staff and dollar reduction for each cottage phase-in removal is not equivalent, rather it increases with each cottage phase-in removal.	N	(4,403,274)	(230,349)	(125,645)	(4,759,268)	(18)	(18.00)	This action will put the phase-in of all Junction City cottages on hold and will reduce the RTF transitional treatment capacity of the Junction City hospital by an additional eight beds, total of 24. Patients in the Secured Residential Treatment Facility (SRTF) units of the Junction City facility, that have recovered to the point that they are ready for an RTF transitional treatment setting, will not have any availability to the Junction City RTF Cottage setting. This will result increased length of stay within the Junction City facility treatment units as patients ready for transition to community settings must wait until an opening becomes available.
No	-3.78%	16	AMH-CMH	Eliminate CMH Caseload Growth	N	(7,174,398)	-	(4,586,567)	(11,760,965)	0	0.00	This funding provides for the development of 4 Residential Treatment Homes for adults with special needs, 15 beds for geriatric patients with challenging needs at the state hospital and 20 additional persons to be served through the AMHI program. These programs will assist with discharge civilly committed individuals from the state hospital to community programs. The reduction will increase the length of time that adults with special needs reside in the state hospital beyond the time that they are deemed ready for discharge. This jeopardizes Oregon's compliance with Olmstead Act (Supreme Court Ruling)
No	-3.82%	17	AMH-CMH	Eliminate CMH's MHSF (Mental Health Services Fund) Residential Development	N	(1,000,000)	-	-	(1,000,000)	0	0.00	This fund is used to update and remodel existing residential programs to maintain safe and healthy environments for residents. Elimination of this funding will result in some program facilities deteriorating and potentially resulting in unsafe environments. This will erode the liveability of residential programs for adults with a serious mental illness.
Yes	-3.84%	18	PH	State Support to Local Health Departments, 1st cut	N	(560,950)	-	-	(560,950)	0	0.00	Local County Public Health Departments (LPH) would receive $.98 per capita per year for public health services rather than $1.13 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 federal funding sources including the Public Health Preparedness Program and Designated State Health Programs (DSHP), millions of dollars of other federal grant funds may be jeopardized.
No	-3.84%	19	PH	CD Summary & ACDP PH publishing (ACDP)	N	(137,501)	-	-	(137,501)	(1)	(1.00)	Loss of biweekly CD Summary publication of public health recommendation and data for physicians; and of posting of communicable disease data to web. The CD Summary has a cachet within the medical community; it has been called OPHD's flagship publication. Its loss may result in fewer physicians being attuned to public health priorities and recommendations. These are also means by which many OPHD programs "feed back" data to stakeholders -- a key component of disease surveillance and one expected by CDC funders; a reduction in such feedback may ultimately imperil federal funding. This action includes elimination of one position/FTE.

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Does this affect 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	-5.31%	20	MAP	Cover 25 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 January 1, 2013, OHP would cover lines 1 through 473. The agency would seek federal approval to no longer cover lines 474 through 498 for the OHP benefit package. LEGISLATIVE ACTION REQUIRED. CMS NEGOTIATION AND APPROVAL IS REQUIRED - The Health System Transformation waiver Special Terms and Conditions (STCs) prohibit the state from reducing eligibility or benefits.	Y	(44,044,000)	-	(135,453,000)	(179,497,000)	0	0.00	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 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	-8.38%	21	MAP	Eliminate outpatient mental health benefits for Oregon Health Plan (OHP) non-pregnant adults. The agency would eliminate outpatient mental health coverage from the OHP benefit package for non-pregnant adults. LEGISLATIVE ACTION REQUIRED. CMS NEGOTIATION AND APPROVAL IS REQUIRED - The Health System Transformation waiver Special Terms and Conditions (STCs) prohibit the state from reducing eligibility or benefits.	Y	(91,866,912)	-	(372,007,195)	(463,874,107)	0	0.00	This reduction would eliminate outpatient mental health services and community-based rehabilitative service provided to non-pregnant adults who receive the OHP Plus benefit package. While these services are optional, inpatient mental health services are not optional and not being eliminated. Mental health drugs would remain part of the benefit package for OHP Plus non-pregnant adults. This reduction would negatively impact the health of many OHP clients; hurt the community mental health delivery system; and, hurt the health system transformation efforts.
No	-8.41%	22	AMH-CMH	Reduce CMH Direct Contracts 50%	N	(862,000)	-	-	(862,000)	0	0.00	AMH has contracts with entities to provide essential services and supports. These include culturally specific services, supports to families with family members with a mental illness and crisis line services. The reduction will reduce the availability of a statewide suicide crisis line. Culturally specific services for the African American community will be reduced and families will increase the use of crisis services for their family member.
Yes	-8.41%	23	PH	STD Special Payment to Counties (HST)	N	(180,000)	-	-	(180,000)	0	0.00	Eliminated direct support to the only two counties receiving payment for STD investigation services. Jackson and Multnomah receive $45,000 per year. Could impact staffing at the Jackson and Multnomah Counties.
Yes	-8.42%	24	PH	Tuberculosis - Eliminate antibiotic susceptibility testing. (PHL)	N	(240,000)	-	-	(240,000)	(1)	(1.00)	M. tuberculosis from patients in local health depts, hospitals, and clinics may no longer be tested to see which antibiotic(s) may be effective for treatment. Multidrug-resistant (MDR) and extensively drug resistant (XDR) TB may not be detected and may spread in the population. More cases of TB and more advanced stages of disease may occur in Oregon. This action includes elimination of one position/FTE.
No	-8.42%	25	PH	MCH Monitoring (PRAMS-2) - supports staff Fed Grant for PRAMS	N	(106,977)	-	-	(106,977)	0	0.00	Eliminate contract for conducting key telephone surveys for PRAMS-2; follow up survey for 2 years of service.
Yes	-8.44%	26	PH	State Support to Local Health Departments, 2nd cut	N	(560,950)	-	-	(560,950)	0	0.00	Local County Public Health Departments (LPHD) would receive $.84 per capita per year for public health services rather than $.98 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 federal funding sources including the Public Health Preparedness Program, and Designated State Health Programs (DSHP), millions of dollars of other federal grant funds may be jeopardized.

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No	-8.45%	27	PH	Senior Farmer Market - vouchers for Seniors to buy fruits/veggies	N	(239,090)	-	-	(239,090)	0	0.00	Provides $20 vouchers to low income seniors to purchase fresh locally grown fruits and vegetables This reduction may result in roughly 11,950 fewer vouchers to low income seniors. This also results in reduced income for vendors; and a modest reduction of access to healthy choices. No state match required.
Yes	-8.85%	28	AMH-CMH	Reduce CMH Flex Funding Contracts 20%	N	(11,939,125)	-	(9,782,810)	(21,721,935)	0	0.00	This reduction will significantly affect Oregonians with mental illness without Medicaid coverage. 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.
No	-9.31%	29	AMH-CMH	Reduce CMH's AMHI (Adult Mental Health Initiative) Program 41%	N	(13,739,354)	-	-	(13,739,354)	0	0.00	These funds are used to facilitate the transition of civilly committed adults from the state hospital to the community when they no longer need hospital level of care. These funds have resulted in the length of time waiting for discharge being reduced by 50%. Reduction of these funds will increase the length of stay in the hospital and increase the number of people waiting in acute care for state hospitalization which results in reduced access to acute care services. This jeopardizes Oregon's compliance with Olmstead.
No	-9.68%	30	AMH-JC	Amend JC Phase-in - remove one Secured Residential Treatment Facility (SRTF) unit (Forest 3) of the six units phased-in in 2015-17 CSL. Results in five units open within the JC facility rather than the planned capacity of six units.	N	(11,079,468)	(437,786)	(316,146)	(11,833,400)	(53)	(53.00)	Holding the phase in of this SRTF unit will reduce capacity of the Junction City state Hospital by 25 beds and would further limit the availability of treatment of patients from the southern part of the state at a facility that is closer to their community and family. Less SRTF capacity will slow the transition of patient recovery from treatment units to SRTF settings to prepare patients for RTF settings and then community placement. This would result in more patients on wait lists for longer periods. In addition, this phase-in adjustment would be contingent upon mandated state hospital facility caseload growth. While Guilty Except for Insanity (GEI) caseload growth currently is not growing at a pace to require another hospital unit be opened, growth in aid and assist 370 caseload does pose a significant risk to the need for additional capacity.
No	-9.98%	31	AMH-JC	Amend JC Phase-in - remove second SRTF unit (Mountain 3) of the six units phased-in in 2015-17 CSL. Results in four units open within the JC facility rather than the planned capacity of six units.	N	(8,923,095)	-	(254,310)	(9,177,405)	(50)	(49.70)	Holding the phase in of this unit by 70% will reduce capacity of the Junction City state Hospital by an additional 25 beds and would further limit the availability of treatment of patients from the southern part of the state at a facility closer to their community and family. This phase-in adjustment would be contingent upon mandated state hospital facility caseload growth. While Guilty Except for Insanity (GEI) caseload growth currently is not growing at a pace to require another hospital unit be opened, growth in aid and assist 370 caseload does pose a significant risk to the need for additional capacity.
No	-9.98%	32	AMH-CMH	Reduce rental assistance planned with Tobacco Tax investments.	N	-	(4,678,156)	-	(4,678,156)	0	0.00	This reduction would impact the rental assistance program It would mean discontinuing many programs funded by TTX. This would have an adverse impact to those individuals who are dependent upon assistance for housing.

10% General Fund / 10% Other & Federal Fund Reduction Options for the 2015-2017 Biennium

Oregon Health Authority 2015 - 2017 Current Service Level Budget	**2,995,556,137**	**4,720,278,741**	**9,194,797,838**	**16,910,632,716**
10% Target	**299,555,614**	**472,027,874**	**919,479,784**	**1,691,063,272**

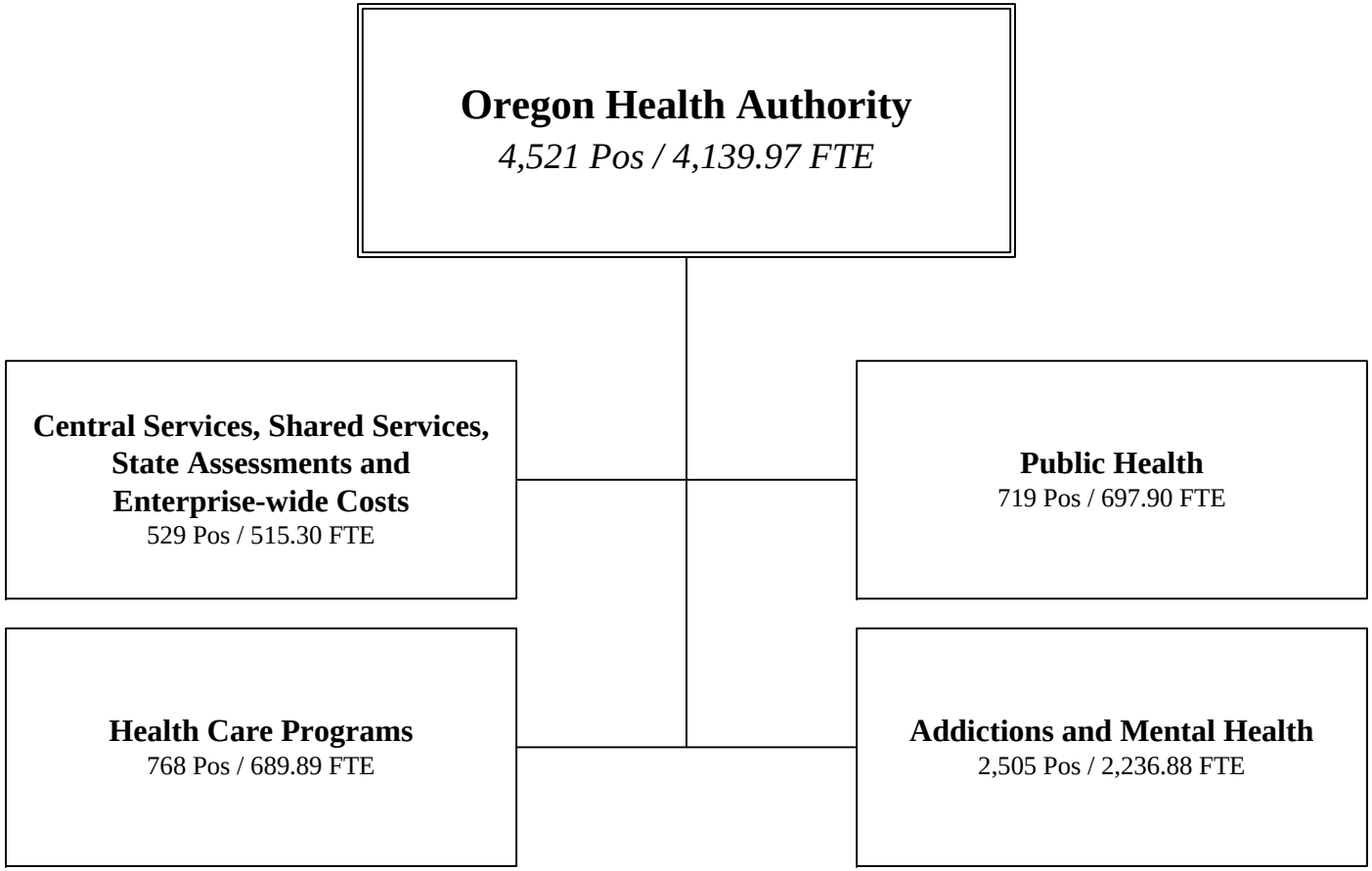
Does this affect DSHP Yes or No	Accumulative % Reduction of CSL GF	Agency Priority	Program Area	Reduction Description	Federal Approval required? (Y/N)	GF & LF	OF	FF	TF	# of Employees Affected	Employee FTE Affected	Impact of Reduction on Services and Outcomes
No	-9.99%	33	PH	WIC Farmers Market - vouchers for WIC participants to buy fruits/veggies	N	(306,900)	-	-	(306,900)	0	0.00	Provides vouchers in various denominations for low income families and WIC eligible families to purchase fruits and vegetables. This reduction would result in the loss of federal funding for this purpose as well. Additionally, there would be reduced income to vendors; and reduced access to healthy choices.
Yes	-9.99%	34	PH	Eliminate STD Program purchase of condoms (HST)	N	(50,000)	-	-	(50,000)	0	0.00	Loss of this funding will jeopardize the purchase of roughly 877,000 condoms. Condoms are an Evidence-Based cost effective intervention for both HIV and other STDs. Eliminating the ability to purchase and distribute to agencies serving at -risk populations could lead to increased disease transmission in populations that are already impacted by other health disparities.
Yes	-9.99%	35	PH	Tuberculosis - Eliminate rapid molecular detection. (PHL)	N	(145,000)	-	-	(145,000)	(1)	(1.00)	Confirmation of M. tuberculosis in patient samples or cultures may take 6-8 weeks instead of hours or days. TB may not be detected quickly enough to prevent community transmission. More cases of TB and more advanced stages of disease may occur in Oregon. This action includes elimination of one position/FTE.
No	-10.00%	36	PH	Cut County payments (Immunization)	N	(200,000)	-	-	(200,000)	0	0.00	The county payments are a significant portion of our GF dollars (59%). PH believes there is precedent in other states to reduce or cut these payments, yet the impact of the cuts may be felt across the counties who are doing significant work on behalf of Oregon citizens. PH is proposing an 15% cut to the County payments from our GF equaling $100,000 annually ($200,000/biennium). For every dollar cut from our GF, PH looses Medicaid match funding. Thus this cut would actually cost the counties $400,000 in funding that in turn significantly reduces their ability to deliver services and program activities to their county population. More cases of vaccine-preventable diseases may occur in Oregon.
No	-10.00%	37	OEBB	OEBB contracts with insurance carriers for employee benefit plans. The Non-Limited Budget is dedicated funding for payment of insurance benefit plans. OEBB is contractually obligated to pass-through to Insurance Carriers for claims and other taxes and fees at the state and federal level.	N	-	(172,786,565)	-	(172,786,565)	0	0.00	Taking reductions at 10% would potentially default OEBB in its contractual obligations with carriers. Major Plan Design changes could possibly hit the reduction targets but it would take a major reduction in the coverage OEBB provides to it members, and must also comply with the new federal health care reform requirements related to the total maximum individual and family out of pocket expenses allowable. OEBB benefits are funded through OF received from educational and local government entities, who are funded through various revenue streams that make up each of their total budgets. A significant portion of these entities revenue is received from state agencies and programs like the Department of Education. OEBB's goal is to provide high quality benefits for eligible employees and their dependents at the lowest possible cost, reducing the OEBB Non-limited budget will make providing high quality, low cost benefits difficult.
No	-10.00%	38	PEBB	PEBB contracts with insurance carriers for employee benefit plans. The Operating Budget for PEBB is 0.5%. The remaining 99.5% is Program Budget which is dedicated funding for payment of fully-insured benefit plans that PEBB is contractually obligated to pass-through or for self-insured plans' claims payments, and other taxes and fees at the state and federal level.	N	-	(164,413,249)	-	(164,413,249)	0	0.00	Taking reductions at any level may potentially default PEBB in its contractual obligations with carriers. Major Plan Design changes could possibly hit the reduction targets but it would take a major reduction in medical plan coverage and would jeopardize the stabilization of the statewide risk pool. A major shift in cost sharing between employee and employer could also potentially hit the reduction target but the reductions would have to be taken at the state agency budget level, as it passes employee benefit dedicated dollars through to PEBB.
No	-10.00%	39	MAP	Reduce program funding that is reliant upon Tobacco Tax revenues, reduce leveraged programs.	Y	-	(106,000,000)	(60,339,900)	(166,339,900)	0	0.00	To comply with 10% reductions in Other Fund and Federal Fund limitation, specified by HB 3182, MAP would have to reduce all programs receiving tobacco tax or Master Settlement Agreement revenues, and reduces or eliminates all leveraged program funding (including Federal Funds) effective 7/1/15

10% General Fund / 10% Other & Federal Fund Reduction Options for the 2015-2017 Biennium

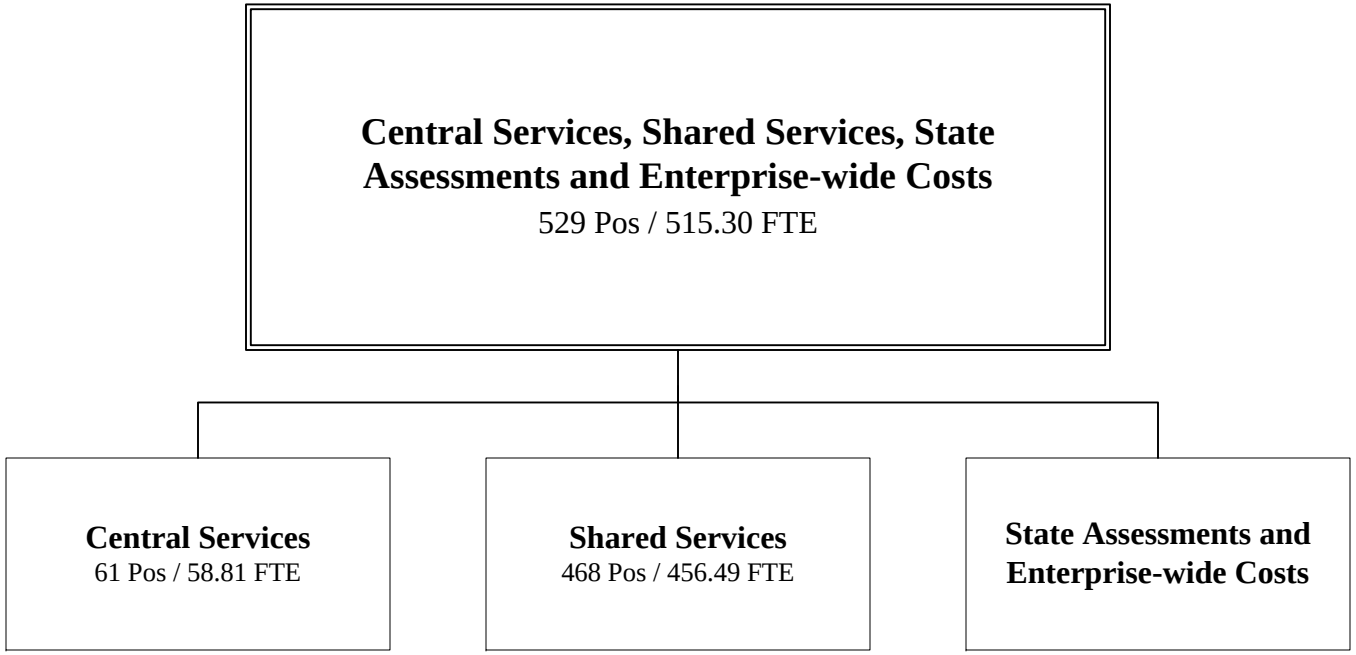
Oregon Health Authority 2015 - 2017 Current Service Level Budget	**2,995,556,137**	**4,720,278,741**	**9,194,797,838**	**16,910,632,716**
10% Target	**299,555,614**	**472,027,874**	**919,479,784**	**1,691,063,272**

Does this affect 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	-10.00%	40	PH/HLO	Reduce or eliminate various PH Other Fund Programs and/or expenditures within the Health Licensing Office	N	-	(14,649,422)	-	(14,649,422)	(54)	(54.00)	As a compliance with requirements of House Bill 3182, Public Health and the Health Licensing Office would have to offer up unspecified O/F reductions in limitation. This reduction could significantly reduce or eliminate many of the PH programs funded through fees, or assessments and significantly affect the core PH infrastructure. Any O/F reductions in the Health Licensing Office would also have a material impact on their operations and ability to administer the multiple Boards they are responsible. HLO sets, communicates, licenses and enforces regulatory standards for multiple health and related professions.
				OHA TOTAL 10% REDUCTION OPTIONS		**(299,555,666)**	**(472,261,394)**	**(919,514,396)**	**(1,691,331,456)**	**(240)**	**(239.70)**	

OREGON HEALTH AUTHORITY
2013-15 Legislatively Approved Budget
Budget Structure



OREGON HEALTH AUTHORITY
2013-15 Legislatively Approved Budget
Budget Structure



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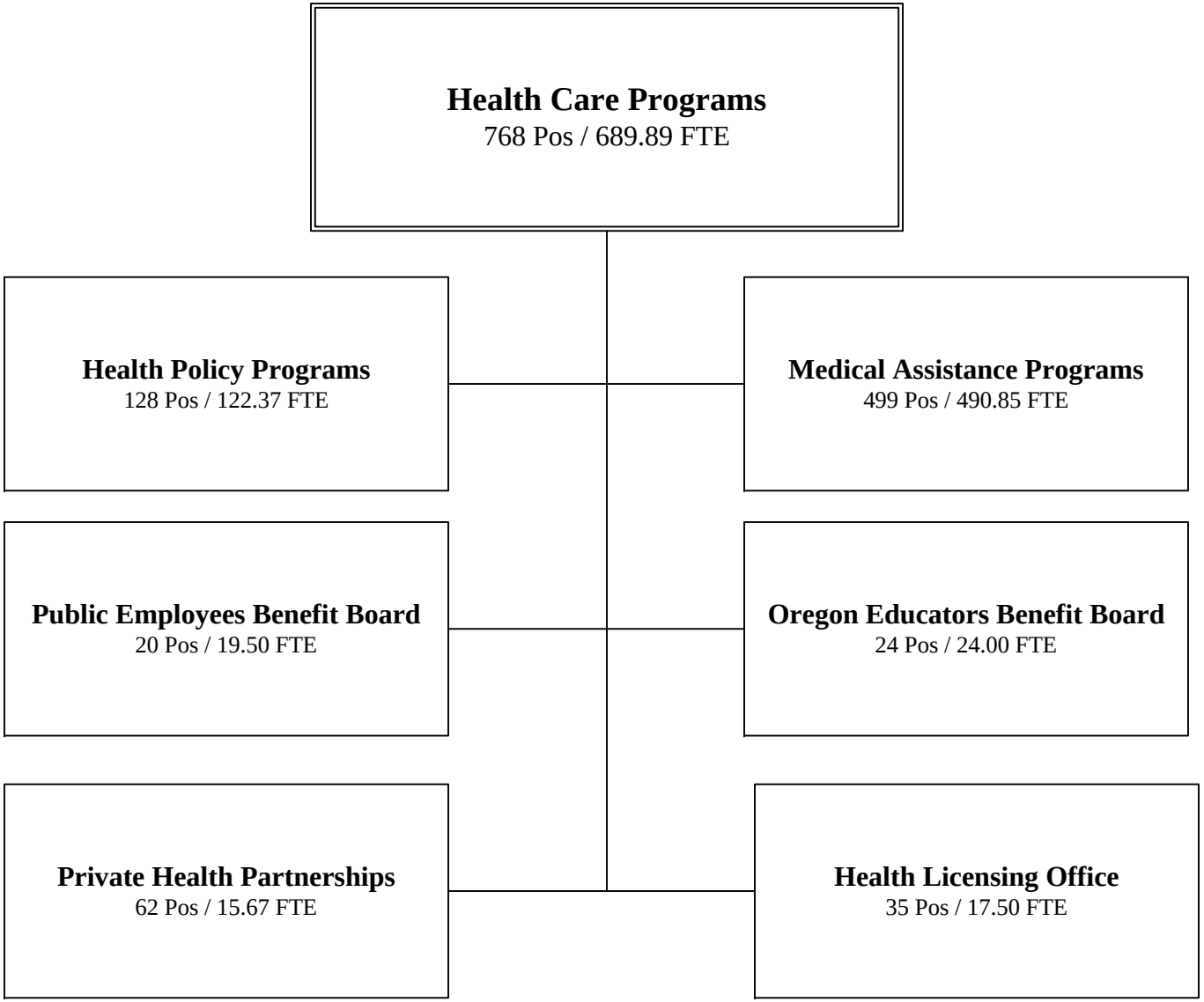
2013-15 Legislatively Approved Budget
Budget Structure



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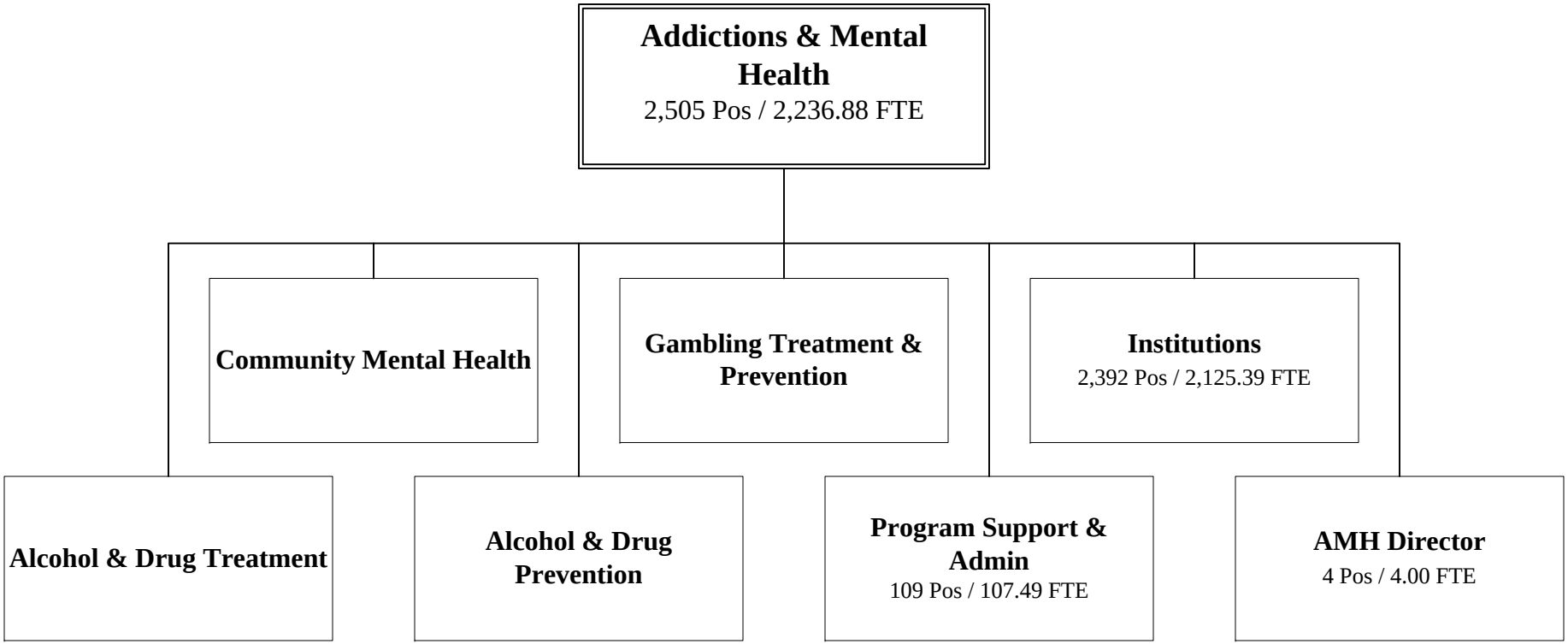
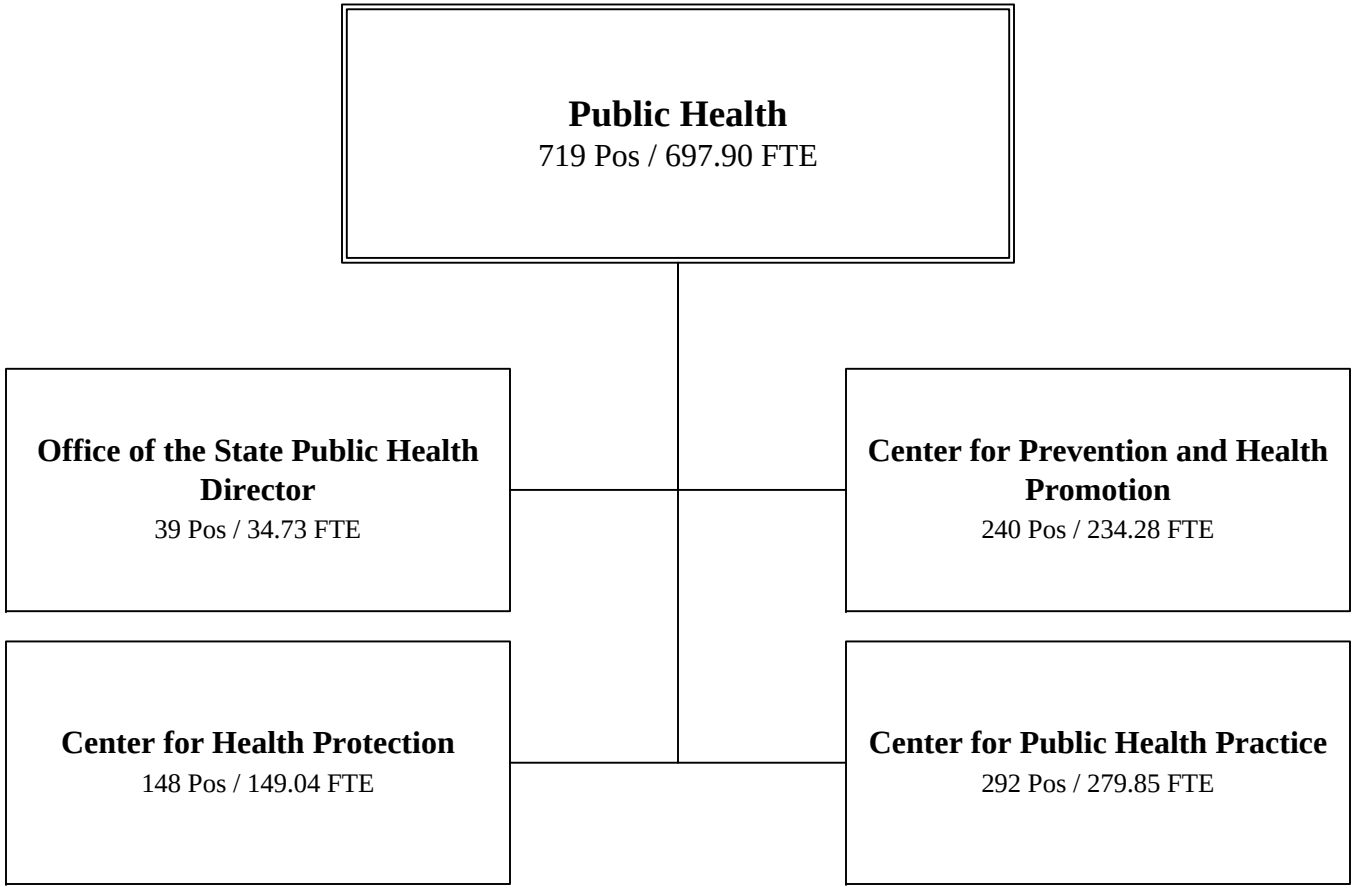
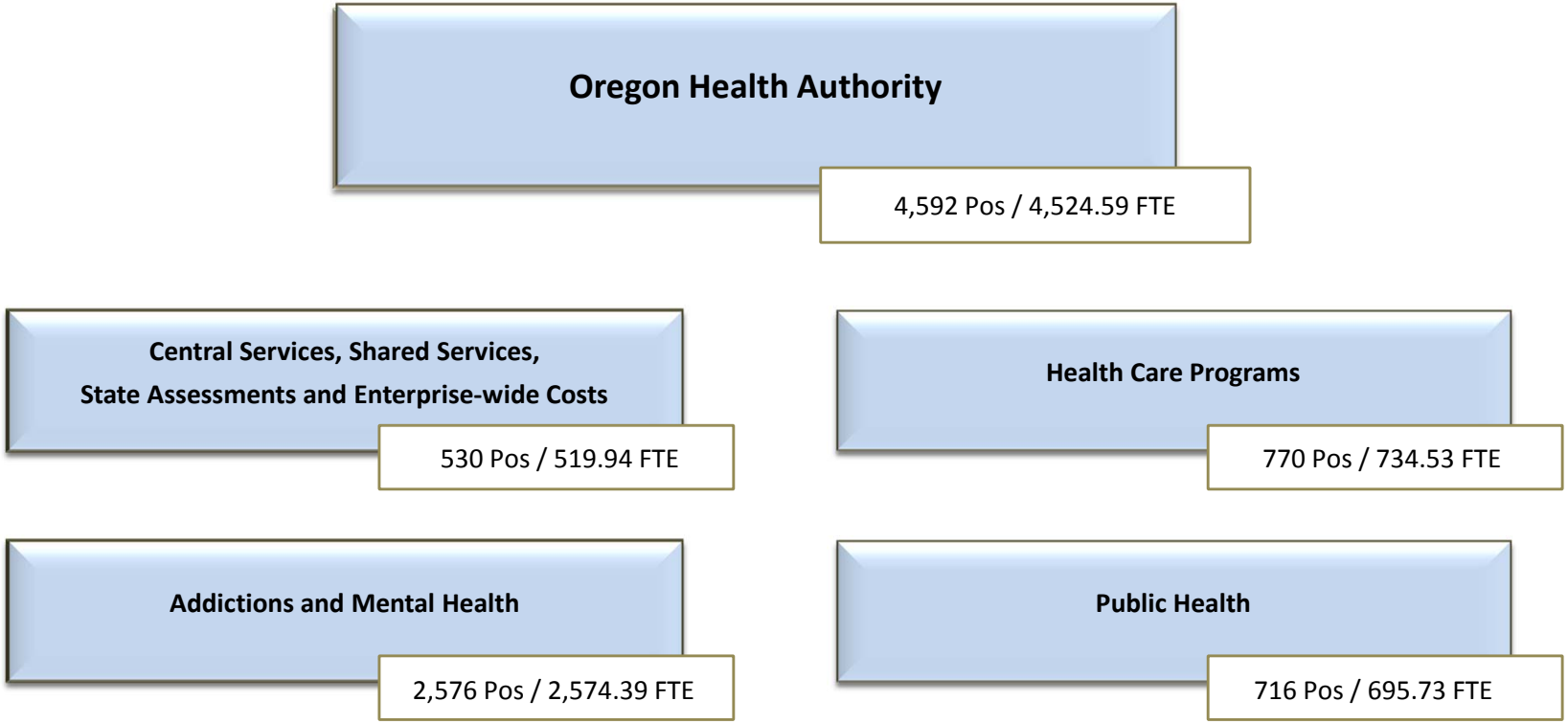
2013-15 Legislatively Approved Budget
Budget Structure

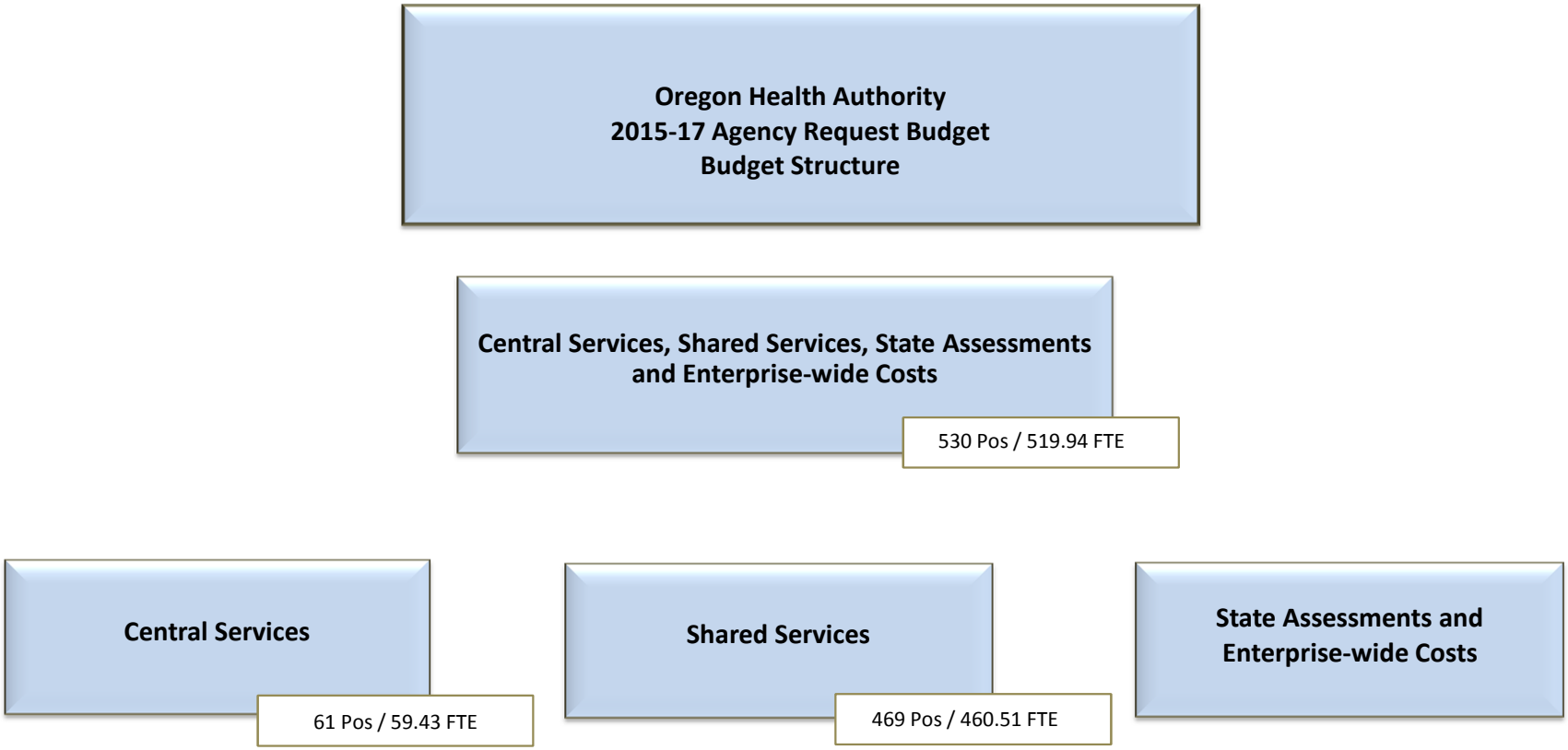


OREGON HEALTH AUTHORITY
2013-15 Legislatively Approved Budget
Budget Structure



Oregon Health Authority
2015-17 Agency Request Budget
Budget Structure




Oregon Health Authority
2015-17 Agency Request Budget
Budget Structure
Central Services, Shared Services, State Assessments and Enterprise-wide Costs
530 Pos / 519.94 FTE
Central Services
61 Pos / 59.43 FTE
Shared Services
469 Pos / 460.51 FTE
State Assessments and Enterprise-wide Costs

Oregon Health Authority
2015-17 Agency Request Budget
Budget Structure

Health Care Programs

770 Pos / 734.53 FTE

Health Policy Programs

166 Pos / 139.18 FTE

Medical Assistance Programs

528 Pos / 519.85 FTE

Public Employees Benefit Board

19 Pos / 18.50 FTE

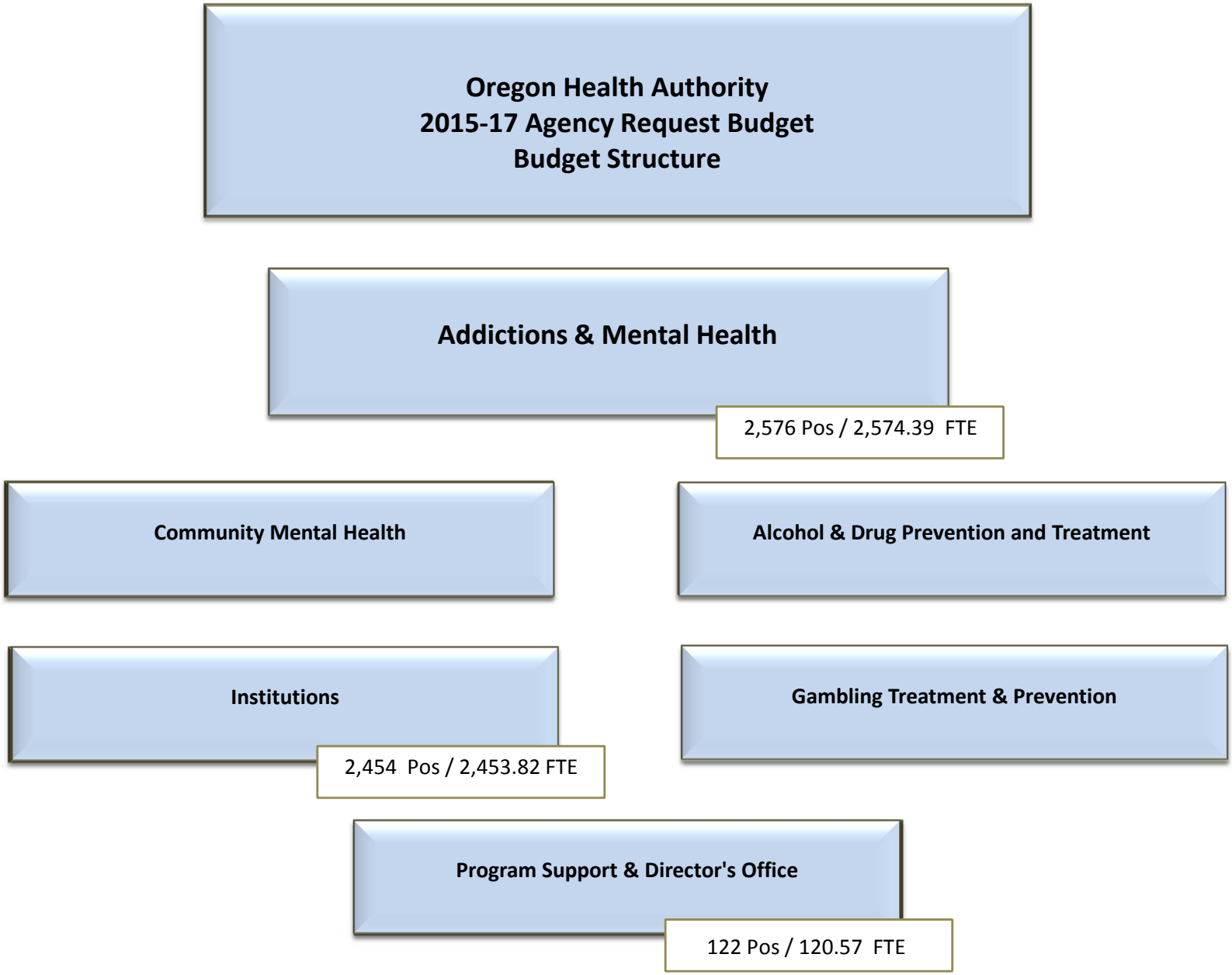
Oregon Educators Benefit Board

22 Pos / 22.00 FTE

Private Health Partnerships

Health Licensing Office

35 Pos / 35.00 FTE


Oregon Health Authority
2015-17 Agency Request Budget
Budget Structure
Addictions & Mental Health
2,576 Pos / 2,574.39 FTE
Community Mental Health
Alcohol & Drug Prevention and Treatment
Institutions
2,454 Pos / 2,453.82 FTE
Gambling Treatment & Prevention
Program Support & Director's Office
122 Pos / 120.57 FTE

Oregon Health Authority
2015-17 Agency Request Budget
Budget Structure

Public Health

716 Pos / 695.73 FTE

Office of State Public Health Director

41 Pos / 38.83 FTE

Center for Prevention and Health Promotion

214 Pos / 204.47 FTE

Center for Health Protection

175 Pos / 171.01 FTE

Center for Public Health Practice

286 Pos / 281.42 FTE

Oregon Health Authority (OHA)
Agency Request Budget
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 2015-17 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.

MSA (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 MSA fund OHA Medical Assistance Programs and Public Health Tobacco Prevention and Education efforts.

- Revenue estimated for 2013-15 LAB was originally at $116.1 million revised at Reshoot to $120.6 million OHA Medical Assistance received $116.1 million in the Legislatively Adopted Budget, and $4 million was awarded to Public Health for tobacco cessation efforts.
- Revenue estimate for 2015-17 at ARB is $124 million for Medical Assistance Programs and $4 million for Public Health tobacco cessation.

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 estimated for 2013-15 LAB is $4.1 million
- Revenue estimated for 2015-17 ARB is $0

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. At least 5 percent of the funding must support evidence-based programs that address the needs of individuals with early serious mental illness.

This grant currently funds OHA Addictions and Mental Health programs. The funding projection is based on the grant cycle.

- Revenue budgeted for 2013-15 LAB is $10.4 million
- Revenue estimated for 2015-17 ARB is $11.4 million

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 $**11.8** million federal funds for the 2015-17 fiscal years. Presently 30% ($**3.5** 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 for 2013-15 LAB is $11.8 million
- Revenue estimated in 2015-17 ARB is $11.8 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;
- Uncompensated care provided by hospitals serving a high proportion of Medicaid and uninsured individuals, and;
- Health Information Technology and Information Exchange.

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 63.4 percent and 63.39 percent for 2015-17. The cost of services and supplies for Family Planning is matched at 90 percent. The Breast and Cervical Cancer **(**Treatment**)** program which is an optional Medicaid program receives the CHIP Title XXI match rate of 74.38

percent in both the 2013-15 and 2015-17 biennia.

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 2013-15 LAB is $4.10 billion
- Revenue estimated for 2015-17 ARB is $7.7 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 2013-15 LAB is $ 251.9 million
- Revenue estimated for 2015-17 ARB is $251.1 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 2013, local programs served (167,368) women, infants and children. This includes (45) percent of all infants born in the state; (57) percent of all infants born in rural counties; and (one in three) Oregon children under the age of 5. More than (69) percent of those served are from working families.

- Revenue budgeted in 2013-15 LAB is $ 147.1 million
- Revenue estimated for 2015-17 ARB is $147.7 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. Average federal Title XXI match rate for the 2015-17 biennium is 74.38 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 transitioned children from Office of Private Health Partnerships (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 2013-15 LAB is $364.4 million.
- Revenue budgeted for 2015-17 ARB is $391.0 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 estimated for 2013-15 LAB is $42.0 million
- Revenue estimated for 2015-17 ARB is $40.0 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 ARB 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 6/30/15.

- Revenue budgeted in 2013-15 LAB is $4.3 million
- Revenue estimated for 2015-17 ARB is $0

Health Policy Programs federal grants

Health Policy Programs 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 resources, and funding from the Center for Medicare and Medicare Innovation (CMMI) for a three year grant (ending September 2016) 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 2013-15 LAB is $35.0 million
- Revenue estimated for 2015-17 ARB is $31.9 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, dental, and optional benefits.

This revenue currently funds OHA Public Employees' Benefit Board operating costs and premium payment for employee medical, dental, and optional benefits. The budget amount is based on actuarial projection of premium composite.

- Revenue budgeted in 2013-15 LAB is $1.5 billion
- Revenue estimated for 2015-17 ARB is $1.6 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.

This revenue currently funds the OHA Oregon Educators Benefit Board (OEBB).

- Revenue budgeted in 2013-15 LAB: $1.6 billion
- Revenue estimated for 2015-17 ARB: $1.7 billion

Health Licensing Office (HLO)

The Health Licensing Office (HLO) operates solely as a 100% Other Funded office. HLO regulates over 70,000 authorizations among 12 boards and councils, including over 4,800 facilities. HLO provides services to office clients on a daily basis and sets, communicates, licenses and enforces regulatory standards for the multiple health and related professions it oversees. HLO achieves its mission by collecting revenues from applications, examinations, authorizations, authorization renewals, charges for services, fines and forfeitures, sales income and interagency agreements.

Revenues collected from each board and council fund the Administrative Services, Fiscal Services, Licensing, and the Regulatory Operations units in HLO. Each board and council is required to pay part of the overall office budget determined by the allocation of service costs attributed to each board and council. Estimated revenues are based on projected trends in the 2015-17 biennium.

- Revenue budgeted in 2013-15 LAB is $4.0 million*
- Revenue estimated for 2015-17 ARB is $7.4 million
  HLO was a separate agency (Agency 831 – Oregon Health Licensing Agency [OHLA]) for the first year of the 2013-15 biennium, and the 2013-15 LAB amount above only reflects HLO revenues budgeted in OHA.

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. These revenues currently fund programs in OHA Addictions and Mental Health.

- Revenue budgeted in 2011-13 LAB was $18.6 million.
- Revenue estimated for 2013-15 LAB is $17.8 million
- Revenue estimated for 2015-17 ARB 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 2013-15 LAB: $79.3 million
- Revenue estimated for 2015-17 ARB: $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.

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 estimated in 2013-15 LAB: $1.3 million

- Revenue estimated in 2015-17 ARB: $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 Managed Care Organization (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 on September 20, 2013, providing one quarter of revenue for the 2013-15 biennium and is not a revenue source in the 2015-17 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. Absent legislative action, the Hospital Assessment will expire September 30, 2015.

- Revenue estimated in 2013-15 LAB: $863.0 million
- Revenue for one quarter in 2015-17 ARB is estimated to be: $111.2 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 and is not a revenue source in the 2015-17 biennium.

- 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 and is not a revenue source in the 2015-17 biennium.

- Revenue estimated in 2013-15 LAB: $21.3 million
- Revenue estimated in 2015-17 ARB: $0

Public Health Other Funds sources

Public Health has more than 130 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, 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 for 2013-15 LAB is $ 121.9 million
- Revenue estimated in 2015-17 ARB is $116.2 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, and subsequently to Oregon Health Authority (OHA) at its inception in 2011. 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, Addictions and Mental Health, and Public Health.

- Revenue estimated in 2013-15 LAB is $330.7 million
- Revenue estimated in 2015-17 ARB is $340.2 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 2013-2015 biennium, HB 5030 sets Lottery proceeds allotted to OHA at a fixed amount of $10.5 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 2013-15 LAB is $10.5 million
- Revenue estimated for 2015-17 ARB is $11.5 million

Oregon Health Authority OHA Roll-up 44300-000-00-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
GENERAL FUND					
REVENUES					
General Fund Appropriation	0050	GF	1,692,058,124	1,959,909,729	3,012,762,582
TOTAL REVENUES		**GF**	**1,692,058,124**	**1,959,909,729**	**3,012,762,582**
TOTAL GENERAL FUNDS		**GF**	**1,692,058,124**	**1,959,909,729**	**3,012,762,582**
LOTTERY FUNDS					
TRANSFERS OUT					
Beginning Balance	0025	LF	-	765,978	-
Beginning Balance Adjustment	0030	LF	-	(765,978)	-
Transfer in Other	1050	LF	90,723	-	-
Transfers from Administrative Services	1107	LF	10,350,984	10,592,542	11,397,648
TOTAL TRANSFERS OUT		**LF**	**10,441,707**	**-**	**-**
TOTAL LOTTERY FUNDS			**10,441,707**	**10,592,542**	**11,397,648**
OTHER FUNDS					
REVENUES					
Beginning Balance	0025	OF	390,819,109	303,984,075	16,736,254
Beginning Balance Adjustment	0030	OF	46,178,716	55,427,171	-
Other Selective Taxes	0190	OF	765,632,153	899,362,146	111,277,327
Business License & Fees	0205	OF	12,828,325	8,955,937	12,945,952

Oregon Health Authority OHA Roll-up 44300-000-00-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
Non-Business License & Fees	0210	OF	13,124,184	14,909,812	14,909,812
Charges for Services	0410	OF	162,233,239	29,304,245	24,641,444
Administrative Service Charges	0415	OF	1,240,019,056	3,152,446,699	3,343,448,253
Care of State Wards	0420	OF	13,804,386	2,369,042	2,369,042
Fines and Forfeitures	0505	OF	36,343	112,152	112,152
Rents and Royalties	0510	OF	55,581	-	-
General Fund Obligation Bonds	0555	OF	10,718,826	86,860,000	32,665
Certificates of Participation	0580	OF	59,900,000	1,324,073	17,335
Interest Income	0605	OF	2,629,187	8,116,332	5,021,172
Sales Income	0705	OF	148,631	7,924,013	7,924,013
Donations	0905	OF	4,053,930	283,030	283,030
Grants (Non-FED)	0910	OF	-	1,343,201	1,343,201
Loan Repayment	0925	OF	90,558	-	-
Insurance Premiums	0965	OF	-	116,712,922	-
Other Revenues	0975	OF	1,799,325,441	943,280,517	738,895,101
Loan Proceeds	0980	OF	215,000,000	-	-

Oregon Health Authority OHA Roll-up 44300-000-00-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
TOTAL REVENUES		**OF**	**4,736,597,665**	**5,632,715,367**	**4,279,956,753**
TRANSFER IN					
Transfer in Intrafund	1010	OF	25,325,199	-	-
Transfer in Other	1050	OF	-	124,267,000	124,000,000
Transfer in Administrative Services	1107	OF	313,307,287	-	-
Transfer in Governor, Office of the	1121	OF	1,084,798	-	-
Transfer in Revenue Department	1150	OF	360,272,153	346,734,482	346,192,079
Transfer in Judicial	1198	OF	288,540	-	-
Transfer in Military Department	1248	OF	403,922	-	-
Transfer in Department of Energy	1330	OF	82,345	49,924	49,924
Transfer from Environmental Quality	1340	OF	120,000	-	-
Transfer from Oregon Youth Authority	1415	OF	159,314	225,280	232,038
Transfer in Commission & Families	1423	OF	561,353	-	-
Transfer in Consumer Business Services	1440	OF	132,350,072	29,004,800	-
Tsfr From Oregon Health Authority	1443	OF	64,874,279	-	-
Transfer in Education	1581	OF	-	1,195,516	1,322,340

Oregon Health Authority OHA Roll-up 44300-000-00-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
Transfer in Agriculture	1603	OF	110,470	103,783	106,897
Transfer in Department of Transportation	1730	OF	38,558	-	-
Transfers in Health Lic Agency	1831	OF	1,050	-	-
Transfer in Health Relations Licensing Board	1833	OF	45,928	44,450	45,400
Transfer in Board of Dentistry	1834	OF	380,008	445,716	401,128
Transfer in Liquor Control Commission	1845	OF	16,350,877	17,823,000	17,996,500
Transfer in Oregon Medical Board	1847	OF	1,551,707	1,553,049	1,645,210
Transfer in Board of Nursing	1851	OF	1,884,420	2,095,628	2,146,431
Transfer in Board of Pharmacy	1855	OF	460,791	496,674	526,344
Transfer in Housing and Commercial Services	1914	OF	38,168	-	-
TOTAL TRANSFERS IN		**OF**	**919,691,239**	**524,039,302**	**494,664,291**
TRANSFER OUT					
Transfer to Intrafund	2010	OF	(25,325,199)	-	-
Transfer to General Fund	2060	OF	(7,226,586)	-	-
Transfer to Counties	2080	OF	(7,926,444)	(7,129,200)	(7,476,020)
Transfer to Department of Human Services	2100	OF	(1,887,485)	(687,500)	-
Transfer to Police, Dept of State	2257	OF	(201,000)	-	-

Oregon Health Authority OHA Roll-up 44300-000-00-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
Transfer to Oregon Health Authority	2443	OF	(17,925)	-	-
Transfer to Oregon Health and Science University	2590	OF	(3,500)	-	-
Transfer to Health Relations Licensing Board	2833	OF	-	(987,107)	(987,107)
TOTAL TRANSFERS OUT			(42,588,139)	(8,803,807)	(8,463,127)
TOTAL OTHER FUNDS		**OF**	**5,613,700,765**	**6,147,950,862**	**4,766,157,917**
FEDERAL FUNDS REVENUES					
Beginning Balance	0025	FF	-	184,602	-
Federal Funds Revenue	0995	FF	5,203,433,165	8,758,508,857	9,278,806,978
TOTAL REVENUES			**5,203,433,165**	**8,758,693,459**	**9,278,806,978**
TRANSFERS OUT					
Transfer to Economic & Community Development	2123	FF	(27,190,201)	(17,430,791)	(18,284,000)
Tsfr To Energy, Dept of	2330	FF	(100,000)	-	-
Transfer to Environmental Quality	2340	FF	(1,291,183)	(1,566,805)	(1,431,876)
Transfer to Oregon Health and Science University	2590	FF	(3,674,490)	-	-
TOTAL TRANSFERS OUT		**FF**	**(32,255,874)**	**(18,997,596)**	**(19,715,876)**
TOTAL FEDERAL FUNDS		**FF**	**5,171,177,291**	**8,739,695,863**	**9,259,091,102**

Oregon Health Authority OHA Roll-up 44300-000-00-00-00000	2015-17 Revenue Report				
SOURCE	COMP SOURCE GROUP	FUND	2011-13 Actuals	2013-15 Legislatively Approved Budget	2015-17 Agency Request Budget
TOTAL AVAILABLE REVENUES		TF	12,487,377,887	16,858,148,996	17,049,409,249

DETAIL OF FEE, LICENSE, OR ASSESSMENT REVENUE INCREASE

PROPOSED FOR INCREASE/ESTABLISHMENT

Purpose or Type of Fee, License or Assessment	Who Pays	2013-15 Estimated Revenue	2015-17 Agency Request	2015-17 Governor's Budget	2015-17 Legislatively Adopted	Explanation
RML Analytical/Leak Test	Laboratories	2,484	2,760			Increase the Radioactive Materials Licensing (RML) fees. Due to an increase in budgetary demands
RML Basic License	Service Vendors	92,232	102,480			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Brachytherapy	Medical Clinics	84,303	93,670			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Broad Scope A	Academia	12,000	21,000			No Change
RML Broad Scope B	Academia	4,959	5,510			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Broad Scope C	Academia	7,398	8,220			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Distribution	Industry	7,398	8,220			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Fixed Gauge	Industry	206,172	229,080			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML HDR Brachytherapy	Medical Clinics	63,316	66,000			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Imaging and Localization	Medical Clinics	180,018	200,020			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML In Vitro Laboratory	Pathology Labs	2,457	2,730			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Instrument Calibration	Calibration Services	3,726	4,140			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Investigational New Drug	Researchers	3,717	4,130			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Irradiator Self-Shielded	Researchers	17,262	19,180			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Manufacturing/Compound	Manufacturers	5,936	6,000			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Mobile Nuclear Medicine	Manufacturers	23,744	24,000			Increase the Radioactive Materials Licensing (RML) fees. Due to an

DETAIL OF FEE, LICENSE, OR ASSESSMENT REVENUE INCREASE

PROPOSED FOR INCREASE/ESTABLISHMENT

Purpose or Type of Fee, License or Assessment	Who Pays	2013-15 Estimated Revenue	2015-17 Agency Request	2015-17 Governor's Budget	2015-17 Legislatively Adopted	Explanation
RML NORM	Industry	4,968	5,520			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Nuclear Pharmacy	Medical Clinics	6,000	12,000			No Change
RML Other Measuring Device	Industry	51,840	57,600			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Portable Gauge XRF	Industry	24,840	27,600			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Portable Gauge	Industry	488,520	542,800			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Radiopharmaceutical	Medical Clinics	126,378	140,420			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML RAM/NOS Facility	Industry	0	0			No Change
RML Research and Develop.	Researchers	22,302	24,780			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Sealed Sources for Diagnosis	Medical Clinics	1,242	1,380			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Source Material	Medical Clinics	3,000	6,000			No Change
RML Nuclear Material Sealed	Medical Clinics/Industry	2,466	2,740			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Nuclear Material Unsealed	Medical Clinics/Industry	5,766	6,000			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Teletherapy	Medical Clinics	3,000	6,000			No Change
RML Uptake and Dilution	Medical Clinics	62,928	69,920			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Xenon Gas	Medical Clinics	18,216	20,240			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Well Logging	Industry	14,868	16,520			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Sealed Sources	Medical Clinics/Industry	0	0			Increase the Radioactive Materials Licensing (RML) fees. Due to an

DETAIL OF FEE, LICENSE, OR ASSESSMENT REVENUE INCREASE

PROPOSED FOR INCREASE/ESTABLISHMENT

Purpose or Type of Fee, License or Assessment	Who Pays	2013-15 Estimated Revenue	2015-17 Agency Request	2015-17 Governor's Budget	2015-17 Legislatively Adopted	Explanation
RML General In -Vitro	Academia	2,160	2,400			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML General Material	Industry	26,280	29,200			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Producing Light	Medical Clinics/Industry	0	0			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML General Depleted UA	Industry	0	0			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML General Source Material	Researchers	1,080	1,200			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Gamma Isotopic Liquid	Analyses	0	0			Increase the Radioactive Materials Licensing (RML) fees. Due to an
RML Gamma Isotopic Solid	Analyses	60,066	66,740			Increase the Radioactive Materials Licensing (RML) fees. Due to an
Low Level Iodine-131	Analyses	0	0			Increase the Radioactive Materials Licensing (RML) fees. Due to an
Tritium (H-3)	Analyses	0	0			Increase the Radioactive Materials Licensing (RML) fees. Due to an
Newborn Screening one specimen kit	submitters	143,600	153,600			Add severe combined immunodeficiency (SCID) to the newborn screening test
Newborn Screening two specimen kit	submitters	4,948,488	5,196,800			Add SCID to the newborn screening test panel. No change in number of fee
Newborn Screening three specimen kit	submitters	149,312	256,000			Add SCID to the newborn screening test panel. No change in number of fee

X Agency Request _____Governor's Budget _____Legislatively Adopted Budget Page _____

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority — **Agency Number: 44300**
2015-17 Biennium — **Cross Reference Number: 44300-000-00-00-00000**

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Lottery Funds						
Transfer In Other	90,723	-	-	-	-	-
Tsfr From Administrative Svcs	10,350,984	10,545,832	10,592,542	11,397,648	-	-
Total Lottery Funds	**$10,441,707**	**$10,545,832**	**$10,592,542**	**$11,397,648**	**-**	**-**
Other Funds						
Other Selective Taxes	765,632,153	846,173,190	899,362,146	111,277,327	-	-
Business Lic and Fees	12,828,325	7,379,041	8,955,937	12,945,952	-	-
Non-business Lic. and Fees	13,124,184	16,139,349	14,909,812	14,909,812	-	-
Charges for Services	43,827,116	29,303,045	29,304,245	24,641,444	-	-
Admin and Service Charges	126,094,163	1,523,826,101	1,524,152,699	1,627,661,165	-	-
Care of State Wards	13,804,386	2,369,042	2,369,042	2,369,042	-	-
Fines and Forfeitures	36,343	-	112,152	112,152	-	-
Rents and Royalties	55,581	-	-	-	-	-
General Fund Obligation Bonds	10,718,826	86,860,000	86,860,000	32,665	-	-
Cert of Participation	59,900,000	1,324,073	1,324,073	17,335	-	-
Interest Income	1,254,373	5,116,332	5,116,332	5,021,172	-	-
Sales Income	148,631	7,922,213	7,924,013	7,924,013	-	-
Donations	2,279,645	283,030	283,030	283,030	-	-
Grants (Non-Fed)	-	1,188,283	1,343,201	1,343,201	-	-
Loan Repayments	90,558	-	-	-	-	-
Insurance Premiums	-	13,931,687	13,931,687	-	-	-
Other Revenues	359,232,042	792,457,906	772,644,187	595,395,101	-	-
Loan Proceeds	215,000,000	-	-	-	-	-
Transfer In - Intrafund	25,325,199	-	-	-	-	-
Transfer In Other	-	116,100,000	124,267,000	124,000,000	-	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority — **Agency Number: 44300**
2015-17 Biennium — **Cross Reference Number: 44300-000-00-00-00000**

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Tsfr From Administrative Svcs	203,041,905	-	-	-	-	-
Tsfr From Governor, Office of the	1,084,798	-	-	-	-	-
Tsfr From Revenue, Dept of	360,272,153	336,734,482	346,734,482	346,192,079	-	-
Tsfr From Judicial Dept	288,540	-	-	-	-	-
Tsfr From Military Dept, Or	403,922	-	-	-	-	-
Tsfr From Energy, Dept of	82,345	49,924	49,924	49,924	-	-
Tsfr From Environmental Quality	120,000	-	-	-	-	-
Tsfr From Or Youth Authority	159,314	225,280	225,280	232,038	-	-
Tsfr From Child/Fam, Comm on	561,353	-	-	-	-	-
Tsfr From Consumer/Bus Svcs	122,734,678	29,004,800	29,004,800	-	-	-
Tsfr From Oregon Health Authority	64,874,279	-	-	-	-	-
Tsfr From Education, Dept of	-	1,191,316	1,195,516	1,322,340	-	-
Tsfr From Agriculture, Dept of	110,470	103,783	103,783	106,897	-	-
Tsfr From Transportation, Dept	38,558	-	-	-	-	-
Tsfr From Health Lic Agency	1,050	-	-	-	-	-
Tsfr From Health Rel Lic Bds	45,928	44,450	44,450	45,400	-	-
Tsfr From Board of Dentistry	380,008	445,716	445,716	401,128	-	-
Tsfr From Or Liquor Cntrl Comm	16,350,877	17,823,000	17,823,000	17,996,500	-	-
Tsfr From Oregon Medical Board	1,551,707	1,553,049	1,553,049	1,645,210	-	-
Tsfr From Nursing, Bd of	1,884,420	2,095,628	2,095,628	2,146,431	-	-
Tsfr From Board of Pharmacy	460,791	496,674	496,674	526,344	-	-
Tsfr From Housing and Com Svcs	38,168	-	-	-	-	-
Transfer Out - Intrafund	(25,325,199)	-	-	-	-	-
Transfer to General Fund	(7,226,586)	-	-	-	-	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority — **Agency Number: 44300**
2015-17 Biennium — **Cross Reference Number: 44300-000-00-00-00000**

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Transfer to Counties	(7,926,444)	(7,129,200)	(7,129,200)	(7,476,020)	-	-
Tsfr To Human Svcs, Dept of	(1,887,485)	(687,500)	(687,500)	-	-	-
Tsfr To Police, Dept of State	(201,000)	-	-	-	-	-
Tsfr To Oregon Health Authority	(17,925)	-	-	-	-	-
Tsfr To Or Health & Science U	(3,500)	-	-	-	-	-
Tsfr To Health Rel Lic Bds	-	(987,107)	(987,107)	(987,107)	-	-
Total Other Funds	**$2,381,248,650**	**$3,831,337,587**	**$3,883,828,051**	**$2,890,134,575**	**-**	**-**
Federal Funds						
Federal Funds	5,095,072,567	7,503,930,270	8,651,628,790	9,172,153,955	-	-
Tsfr To OR Business Development	(27,190,201)	(17,430,791)	(17,430,791)	(18,284,000)	-	-
Tsfr To Energy, Dept of	(100,000)	-	-	-	-	-
Tsfr To Environmental Quality	(1,291,183)	(1,566,805)	(1,566,805)	(1,431,876)	-	-
Tsfr To Or Health & Science U	(3,674,490)	-	-	-	-	-
Total Federal Funds	**$5,062,816,693**	**$7,484,932,674**	**$8,632,631,194**	**$9,152,438,079**	**-**	**-**
Nonlimited Other Funds						
Charges for Services	118,406,123	-	-	-	-	-
Admin and Service Charges	1,113,924,893	1,628,294,000	1,628,294,000	1,715,787,088	-	-
Interest Income	1,374,814	3,000,000	3,000,000	-	-	-
Donations	1,774,285	-	-	-	-	-
Insurance Premiums	-	102,781,235	102,781,235	-	-	-
Other Revenues	1,440,093,399	170,636,330	170,636,330	143,500,000	-	-
Tsfr From Administrative Svcs	110,265,382	-	-	-	-	-
Tsfr From Consumer/Bus Svcs	9,615,394	-	-	-	-	-
Total Nonlimited Other Funds	**$2,795,454,290**	**$1,904,711,565**	**$1,904,711,565**	**$1,859,287,088**	**-**	**-**

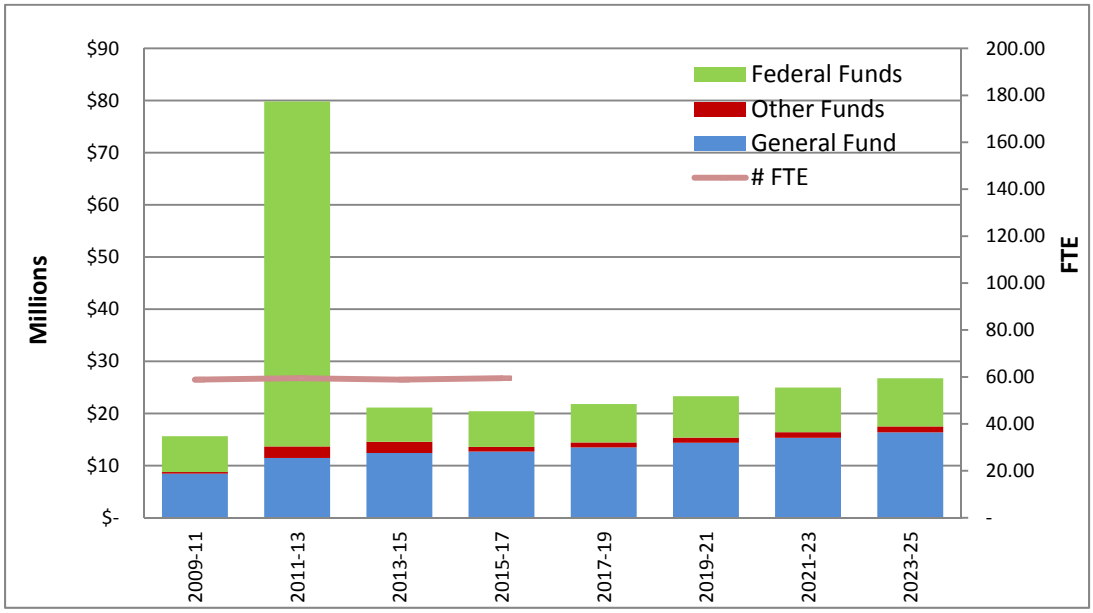
DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority **Agency Number: 44300**
2015-17 Biennium **Cross Reference Number: 44300-000-00-00-00000**

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Nonlimited Federal Funds						
Federal Funds	108,360,598	106,880,067	106,880,067	106,653,023	-	-
Total Nonlimited Federal Funds	**$108,360,598**	**$106,880,067**	**$106,880,067**	**$106,653,023**	**-**	**-**

Oregon Health Authority: OHA Central Services

Primary Outcome Area: Improving Government
Program contact: Bill Coulombe, Budget Director
503-947-5196



PROGRAM OVERVIEW

OHA Central Services supports the OHA mission by providing leadership in key policy and business areas, including:

- Office of the Director and Policy
- OHA Dedicated Services
  - Office of Human Resources
  - Office of Budget Planning and Analysis
  - Office of Communications

PROGRAM FUNDING REQUEST

For the 2015-2017 biennium, the Oregon Health Authority requests the following budget (in millions) for Central Services:

- 2015-2017 Request: $20.4 TF ($12.7 GF, $0.9 OF and $6.8 FF)

From this investment, OHA Central Services will provide critical business support necessary to achieve the agency's mission: helping people and communities achieve optimum physical, mental and social well-being through partnerships, prevention and access to high-quality, affordable health care.

The Oregon Health Authority estimates the following costs (in millions) for OHA Central Services through the 2021-2023 biennium:

- 2017-2019 Projected Costs: $21.8 TF ($13.5 GF, $0.9 OF and $7.4 FF)
- 2019-2021 Projected Costs: $23.3 TF ($14.4 GF, $1.0 OF and $7.9 FF)
- 2021-2023 Projected Costs: $24.9 TF ($15.3 GF, $1.0 OF and $8.6 FF)

PROGRAM DESCRIPTION

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 agency's mission. OHA's clear direction is to innovate, improve and transform 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.

The Office of Human Resources supports OHA's mission by developing and delivering innovative human resource programs and services. These services and competencies include recruitment and staffing, employee relations, organizational and employee development, risk management, HR information management and regulatory compliance.

The Office of Budget, Planning and Analysis supports OHA's mission with 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.

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 supports 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.

PROGRAM JUSTIFICATION AND LINK TO 10-YEAR OUTCOME

OHA Central Services provides critical business support necessary to achieve the agency's mission: helping people and communities achieve optimum physical, mental and social well-being through partnerships, prevention and access to quality affordable health care.

PROGRAM PERFORMANCE

The Office of Human Resources activities include but aren't limited to the following average yearly metrics.

- 200 position descriptions
- 400 requisitions
- 25,000 applications
- 700 new hires and promotions
- 400 differentials for new determinations and extensions

The Office of Budget, Planning and Analysis implements and monitors the budget for 61 program units. This office also develops and updates the budget during the statewide budget processes of Agency Request, Governor's Balanced Budget, the Legislatively Adopted Budget, Rebalance reports to the legislative assembly twice a year, and various Emergency Board requests.

Office of Communications –The Office of Communications (OC) works to ensure the Oregon Health Authority agency is responsive and transparent to the media

and the public. OC also strives to ensure information produced by the agency for employees, clients, partners, the media and the public is useful, accurate and timely.

OC works on a wide variety of communications, including special direct client communications, media requests, and employee and stakeholder communications.

OC key activities include but aren't limited to the following average yearly metrics.

- 600 requests media queries
- 100 public record requests
- 120 news releases
- 55 Weekly messages from the OHA director to 12,000 subscribers and employees.
- Seven monthly newsletters to staff and employees.
- Letters to more than 270,000 Oregonians eligible for fast-track enrollment into the Oregon Health Plan and supporting communications.
- Creation of the *OHP.Oregon.gov* to provide information to newly eligible OHP members on how to apply for and use benefits, and their rights and responsibilities under OHP.

ENABLING LEGISLATION/PROGRAM AUTHORIZATION

The Oregon Health Authority was created and authorized under House Bill 2009, during the 2009 Legislative session. All OHA program areas have accompanying federal and state legislative authority for the operations of the respective programs. See program narrative details for specific enabling legislation by program area.

FUNDING STREAMS

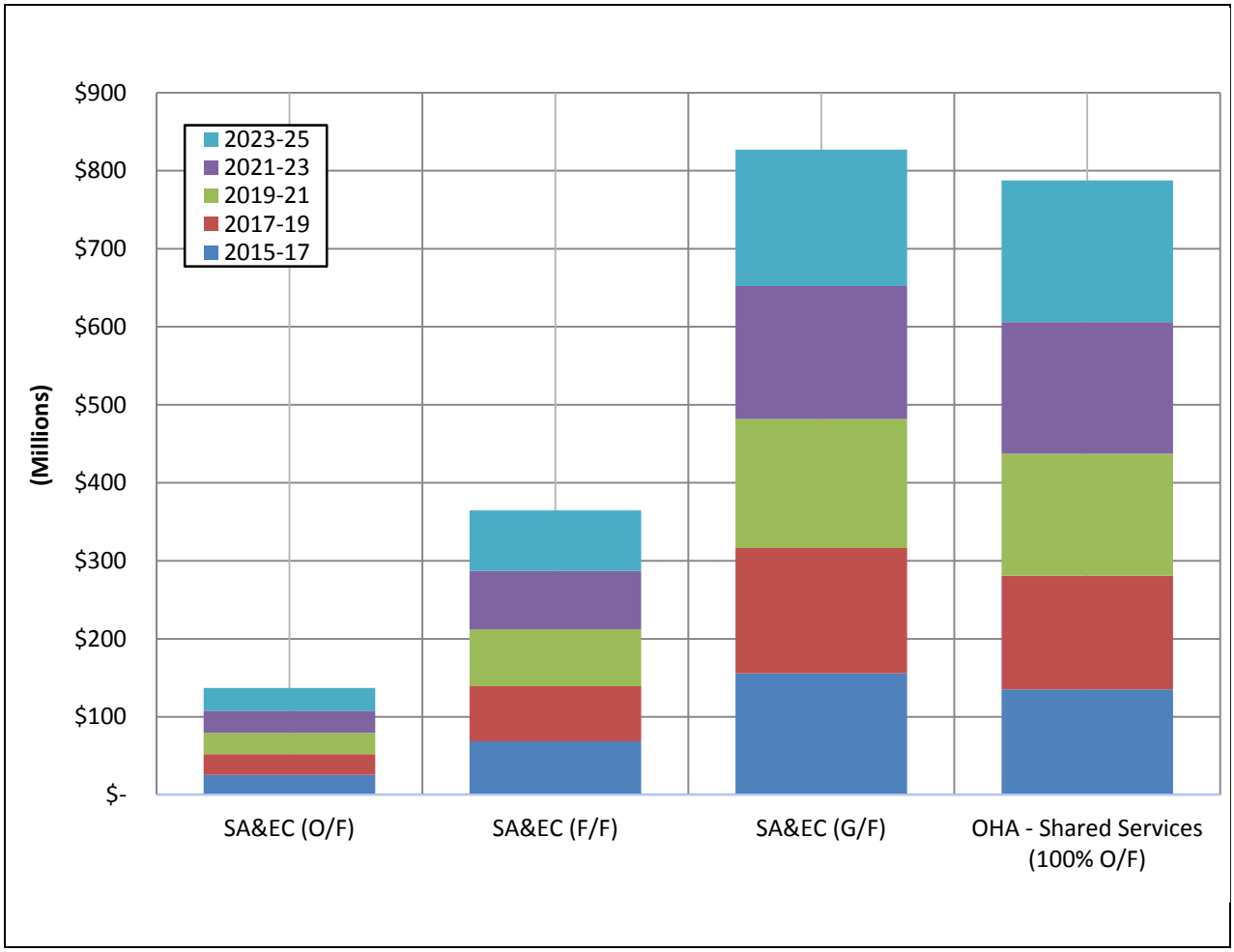
Funding streams in support of Central Services are allocated through a federally approved cost allocation plan. A grant allocation module aggregates costs on a monthly basis, as outlined in the federally approved plan, to its respective state and federal funding sources.

SIGNIFICANT PROPOSED PROGRAM CHANGES FROM 2013-2015

During the 2013-2015 biennium, OHA created the Health Policy Programs structure to achieve the needed accountability and alignment for the health transformation efforts. In this re-alignment, several programs moved from Central Services to Health Policy Programs. This included the Office of the Health Policy Director, Office of Health Policy and Research, Office of Health Analytics, OHA Transformation Center, Office of Equity and Inclusion, and Office of Health Information Technology. As a result, the Central Services 2015-2017 base budget is significantly less than the 2013-2015 Legislatively Approved Budget.

Oregon Health Authority: OHA Shared Services and State Assessments & Enterprise-wide Costs

Primary Outcome Area: Improving Government
Program contact: Bill Coulombe, Budget Director
503-947-5196



EXECUTIVE SUMMARY

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 programs:

- Office of Information Services
- Information Security and Privacy Office

OHA state assessments and enterprise-wide costs (SA&EC) includes the budget for costs that affect the entire agency.

State government service charges, price list:

DAS charges a mandatory assessment to all state agencies (SGSC) and an estimated fee for service charge provided by the following programs and others not listed here:

- DAS - Chief Financial Office (CFO)
- DAS - E-Government Program
- DAS - Enterprise Security Office
- DAS - Chief Human Resources Office
- Secretary of State Audits Division
- State Controllers Division
- Enterprise Goods and Services (EGS) - procurement
- Oregon State Library
- Chief Operating Office
- All others

Risk Management Program, price list:

Under ORS 278.405, the Department of Administrative Services (DAS) manages risk management and insurance programs of state government. It has responsibility to:

- Provide insurance coverage for tort liability, state property, and workers' compensation;
- Purchase insurance policies, develop and administer self-insurance programs;
- Purchase risk management, actuarial and other required professional services;
- Provide technical services in risk management and insurance;

- Adopt rules and policies governing the administration of the state's insurance and risk management activities.

State Data Center (SDC), price list:

The State Data Center provides and manages a common computing and network infrastructure for state agencies and local governments. The SDC provides services in the following service areas:

- Mainframe
- Distributed services
- Midrange
- Disaster recovery
- Storage
- Network
- Voice

Telecom, price list:

Telecommunications provides access to data and technology necessary to do business.

Facilities:

Provides coordination for DHS and OHA offices. The facilities expenditures include:

- Rent or lease work space for staff (includes escalations and reconciliation costs);
- Lease building maintenance management (janitorial, repair and maintenance);
- Fuels and utilities (includes rate increases);
- DAS leasing fees and building rent;
- Copier maintenance;
- Professional services for furniture movers, installers and emergency repairs;
- Attorney General cost for legal sufficiency reviews for leases, negotiations related to legal issues for facility related matters, and legal opinions;

- Inventory replenishment;
- Costs of systems furniture reconfigurations, building remodels, facilities relocations and staff moves.

IT direct – internal computer replacement:

Lifecycle replacement, repairs, and new computers for new positions. If the agency requests an upgrade or purchase that is not considered replacement, repair or a new computer for an existing employee, the purchase is charged to the program.

Shared Services funding:

Funding is based on cost allocation statistics as applied to Shared Services office expenditures. The allocation method determines distribution of expenditures to OHA vs. DHS, and the revenue distribution by General Fund, Other Fund or Federal Fund.

Debt service:

Debt service is the obligation to repay principal and interest on funds borrowed through the sale of certificates of participation (COPs) and bonds. The state uses proceeds of COPs and bonds to build and improve correctional facilities. They also are used to provide staff support for related activities including project management, community development coordination and fiscal services support. Repayment periods range from six to 26 years depending on the nature and value of the project. The Department of Administrative Services Capital Investment Section provides schedules of debt service obligations for each sale; these are the values used to develop the budget. Occasionally, the Capital Investment Section is able to refinance existing debt, which can reduce or delay debt obligations.

Mass transit:

Transit taxes are employer taxes used to fund a mass transit district. These are not deducted from employee pay. The transit tax is imposed directly on the

employer. The tax is figured only on the amount of gross payroll for services performed within the TriMet or Lane Transit Districts. This includes traveling sales representatives and employees working from home. The Oregon Department of Revenue administers tax programs. Nearly every employer who pays wages for services performed in these districts must pay transit payroll tax. Based on state-only (General Funds) funding.

Unemployment insurance:

Benefits provide temporary financial assistance to workers unemployed through no fault of their own who meet Oregon's eligibility requirements. Invoiced and paid quarterly.

Treasury:

This budget component was established to capture the Other Fund loan limitation and the GF appropriation for the loan interest payment for each agency sometime during the second year of the biennium. Loan and interest estimates are provided by Financial Services Cash Management Accountant.

OHA SHARED SERVICES PROGRAM FUNDING REQUEST

Budget Category	GF	OF	FF	FF NL	TF
Personal Services	-	99,773,770	-	-	99,773,770
Services & Supplies	-	32,097,756	-	-	32,097,756
Capital Outlay	-	-	-	-	-
Special Payments	-	-	-	-	-
2015-17 Agency Request Budget	-	131,871,526	-	-	131,871,526

PROGRAM DESCRIPTION

Office of Information Services (OIS) is a shared service provider for DHS and OHA. It provides information technology (IT) systems and services for nearly 16,000 agency and partner staff at 350 local offices, Oregon State Hospital locations,

public health laboratories and testing services for county health departments, medical and military facilities, and other locations statewide.

OIS provides support for more than 12,000 desktop computers and 2,000 printers. The Service Desk responds to more than 12,000 service requests each month.

OIS provides information systems and services to DHS and OHA staff and partners statewide in support of programs that:

- Determine client eligibility;
- Provide medical, housing, food and job assistance;
- Provide addiction, mental health, and vocational and rehabilitative services;
- Protect children, seniors and people with physical and developmental disabilities;
- Process claims and benefits;
- Manage provider licensing and state hospital facilities;
- Promote and protect public health;
- Respond to and coordinate statewide disasters and health emergencies, and support the Health Alert Network and emergency preparedness activities.

OIS also supports partners around the state that use DHS and OHA systems. These include:

- State agencies including the Oregon Department of Justice Division of Child Support, the Oregon Employment Department and others;
- Cities and counties;
- District attorney's offices;
- Private hospitals;
- Other computer centers.

Many of the IT systems used by DHS, OHA and agency partners are needed 24 hours a day, seven days a week.

Information Security and Privacy Office (ISPO) is a shared service office providing information security services for DHS and OHA. ISPO uses business risk management practices to protect confidential information assets and educate

staff, volunteers and partners on how to protect this information and report incidents when they occur.

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.

OHA State Assessments and Enterprise-wide Costs budget includes central government assessments and charges. This includes state government service charges, risk assessments, State Data Center 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. Debt service is now included in this section as well.

In addition, the funding to pay for shared services received from both OHA and DHS is included in this budget. Funding streams in support of Shared Services are billed through a federally approved cost allocation plan. The model contains a billing allocation module and a grant allocation module.

PROGRAM JUSTIFICATION AND LINK TO 10-YEAR OUTCOME

OHA Shared Services provide critical business supports necessary for OHA programs to achieve the agency's mission.

Its budget is structured and administered according to the following principles:

Control over major costs. OHA centrally manages many major costs. Some, such as many DAS charges, are essentially fixed to the agency. Others, such as facility rents, are managed centrally to control the costs. 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.

Customer-driven shared services. With the creation of separate agencies, DHS and OHA agreed to maintain many administrative functions as shared services to

minimize costs, avoid duplication of effort, maintain centers of excellence, and preserve standards that help the agencies work together.

DHS and OHA govern their shared services through a governing board of the two agencies' operational leaders. This approach ensures that shared services are prioritized and managed to support program needs. The board and its chartered subgroups have:

- Established service level agreements and performance measures for each service;
- Selectively implemented mandated budget cuts;
- Managed staff within the shared services deliver services in a rational way; and
- Begun implementing more integrated systems to support the performance of all our employees.

PROGRAM PERFORMANCE

OIS and ISPO performance measures focus on customer service, system performance, responsiveness and information security. Other support areas have their own performance measures based on their systems and the services they provide. The following table provides an overview of OIS and ISPO customer measures.

Measure Name	RANGE Red	Yellow	Green	STATUS
Customer Service and Support				
Customer ticket resolution: Customer tickets resolved in first contact with the Service Desk.	<50%	50 - 69%	≥70%	70%
Call response: Calls to the Service Desk are answered less than 4 minutes.	<70%	70 - 79%	≥80%	100%
IT acquisition/purchase request response: Respond to IT acquisition/purchase requests within one (1) business week (five (5) working days), pending parts and availability.	<80%	80 - 89%	≥90%	90%
DHS/OHA network availability: The DHS/OHA network is available.	<80%	80 - 89%	≥90%	81%
Systems Applications Maintenance and Support				
Meeting project objectives: Established cost, scope and schedule objectives on operations and maintenance portfolio projects are met for major change or new information systems development.	<85%	85 - 90%	>90%	95 - 100%
System interruption restoration: System interruptions are restored as soon as possible within 24 hours.	<80 - 85%	80 - 90%	>90%	90 - 100%
Prioritization of new requests: New development and enhancement requests are prioritized through regularly scheduled meetings and processes with customer groups.	<80%	85 - 90%	>90%	100%
Information Security and Privacy				
Agreement/Grant Reviews: Total number of agreements/grants reviewed within the one day response time.	<85%	85 - 94%	≥95%	100%
Assessments Completed: Total number of application, network & physical assessments completed.	<10	10 - 14	>14	17
SPAM Filters: Total number of SPAM filters added within 24 hour response time.	<80%	80 - 89%	≥90%	100%
Employee Required Training	<70%	70 - 89%	≥90%	85% - Info Security 83% - General Privacy

ENABLING LEGISLATION/PROGRAM AUTHORIZATION

HB 2009 created the Oregon Health Authority in 2009.

FUNDING STREAMS

Funding streams in support of Shared Services are billed to through a federally approved cost allocation plan. The model contains a billing allocation module and a grant allocation module.

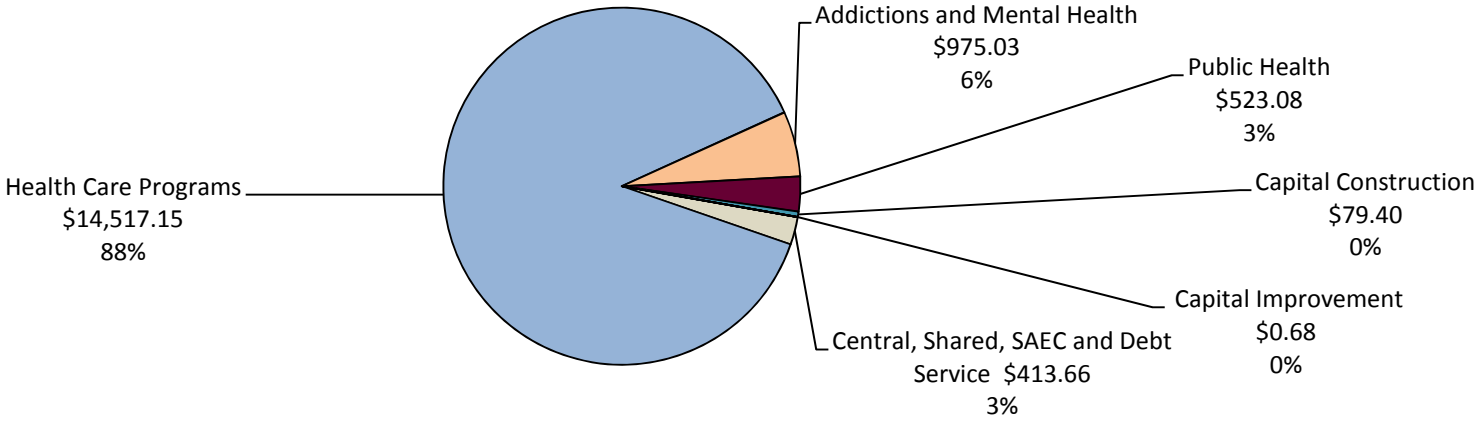
The billing allocation module first allocates Shared Services costs to the two agencies. The billing module then allocates the costs to customers within each agency. The grant allocation module allocates those costs to their respective state and federal funding sources.

Both modules allocate aggregated costs on a monthly basis as outlined in the federally approved plan.

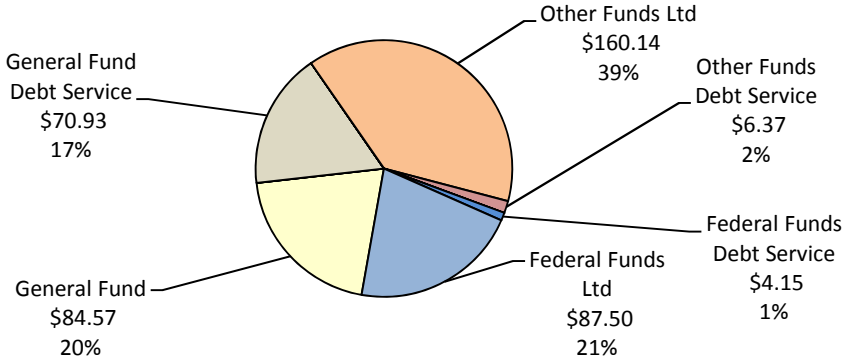
SIGNIFICANT PROPOSED PROGRAM CHANGES FROM 2013-2015

None

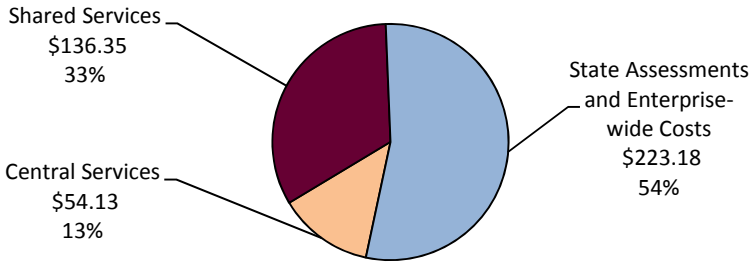
Oregon Health Authority
2013-2015 Legislatively Approved Budget
Total Fund by Program Area
$16,509.00 million



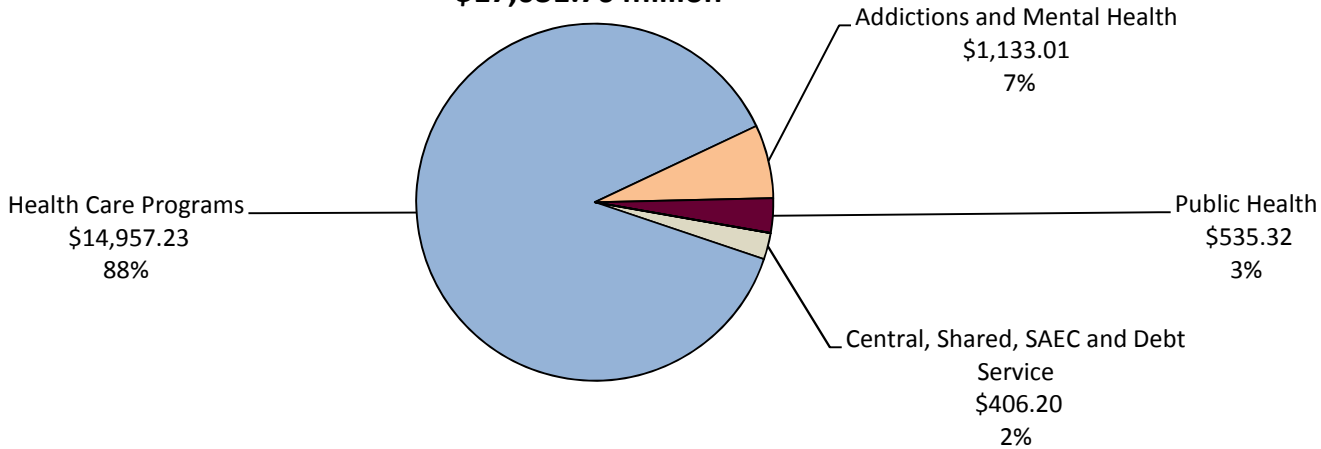
Central Services, Shared Services, State Assessments and Enterprise-wide Costs
Total by Fund Type
$413.66 million



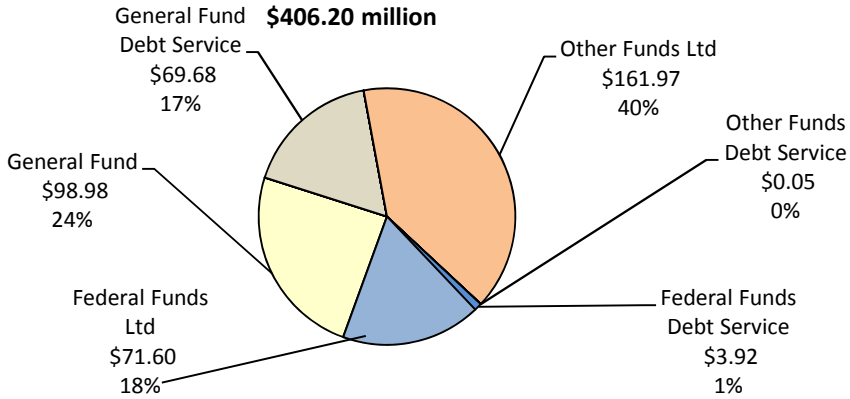
Central Services, Shared Services, State Assessments and Enterprise-wide Costs
Total by Program
$413.66 million



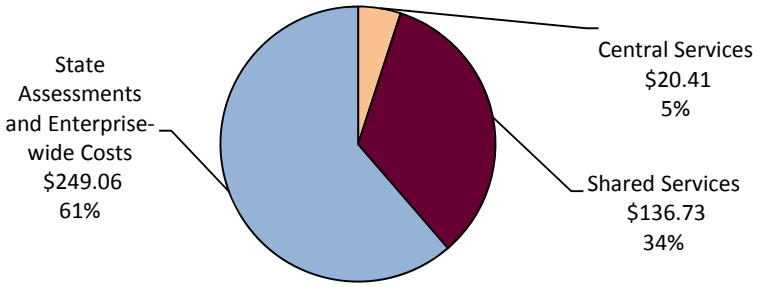
Oregon Health Authority
2015-17 Agency Request Budget
Total Fund by Program Area
$17,031.76 million



Central Services, Shared Service, State Assessments and Enterprise-wide Costs
Total by Fund Type
$406.20 million



Central Services, Shared Service, State Assessments and Enterprise-Wide Costs
Total by Program
$406.20 million



Summary of 2015-17 Biennium Budget

Oregon Health Authority
OHA Central & Shared Services
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-010-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	636	618.95	420,069,977	158,437,465	-	165,130,079	92,351,417	-	4,151,016
2013-15 Emergency Boards	(107)	(103.65)	(26,755,869)	(4,045,974)	-	1,145,420	(23,855,315)	-	-
2013-15 Leg Approved Budget	**529**	**515.30**	**393,314,108**	**154,391,491**	**-**	**166,275,499**	68,496,102	**-**	**4,151,016**
2015-17 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	3.64	(7,000,936)	(1,984,693)	-	(1,427,020)	(3,589,223)	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			(7,812,998)	(1,263,522)	-	(6,322,432)	-	-	(227,044)
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2015-17 Base Budget	**529**	**518.94**	**378,500,174**	**151,143,276**	**-**	**158,526,047**	64,906,879	**-**	**3,923,972**
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	1,414,295	973,042	-	(336,537)	777,790	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	895,710	(14,456)	-	1,012,319	(102,153)	-	-
Subtotal	**-**	**-**	**2,310,005**	**958,586**	**-**	**675,782**	675,637	**-**	**-**
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	1	1.00	2,366,530	2,178,746	-	187,447	337	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(2,743,377)	-	-	(2,743,377)	-	-	-
Subtotal	**1**	**1.00**	**(376,847)**	**2,178,746**	**-**	**(2,555,930)**	337	**-**	**-**
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	9,319,508	3,918,377	-	2,091,958	3,309,173	-	-
State Gov"t & Services Charges Increase/(Decrease)			24,550,823	12,582,705	-	2,972,278	8,995,840	-	-

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Subtotal	**-**	**-**	**33,870,331**	**16,501,082**	**-**	**5,064,236**	12,305,013	**-**	**-**
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	(1)	-	1	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	(8,102,499)	(2,127,361)	-	310,480	(6,285,618)	-	-
Subtotal: 2015-17 Current Service Level	**530**	**519.94**	**406,201,164**	**168,654,328**	**-**	**162,020,616**	71,602,248	**-**	**3,923,972**

Summary of 2015-17 Biennium Budget

Oregon Health Authority
OHA Central & Shared Services
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-010-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Subtotal: 2015-17 Current Service Level	**530**	**519.94**	**406,201,164**	**168,654,328**	**-**	**162,020,616**	71,602,248	**-**	**3,923,972**
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2015-17 Current Service Level	**530**	**519.94**	**406,201,164**	**168,654,328**	**-**	**162,020,616**	71,602,248	**-**	**3,923,972**
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**
Policy Packages									
201 - REaL-D	-	-	-	-	-	-	-	-	-
401 - Promote and Support Community Based Services	-	-	-	-	-	-	-	-	-
402 - Promote Innovative Health Sys Solutions - HP	-	-	-	-	-	-	-	-	-
403 - Promote Innovative Health System Solutions	-	-	-	-	-	-	-	-	-
404 - Improve the Lifelong Health of all Oregonians	-	-	-	-	-	-	-	-	-
405 - Prev'g lead'g causes of death, inj & disease	-	-	-	-	-	-	-	-	-
406 - PH Emergency Preparedness	-	-	-	-	-	-	-	-	-
407 - PH Radiation Protection Fee & Cap Increase	-	-	-	-	-	-	-	-	-
408 - PH Senate Bill 333 Fee Increases	-	-	-	-	-	-	-	-	-
409 - Transparency and Engagement	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**
Total 2015-17 Agency Request Budget	**530**	**519.94**	**406,201,164**	**168,654,328**	**-**	**162,020,616**	71,602,248	**-**	**3,923,972**
Percentage Change From 2013-15 Leg Approved Budget	0.20%	0.90%	3.30%	9.20%	-	-2.60%	4.50%	-	-5.50%

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
Percentage Change From 2015-17 Current Service Level	-	-	-	-	-	-	-	-	-

Summary of 2015-17 Biennium Budget

Oregon Health Authority
OHA Central Services
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-010-40-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	170	164.46	68,546,983	22,936,111	-	4,169,069	41,441,803	-	-
2013-15 Emergency Boards	(109)	(105.65)	(34,775,718)	(7,526,011)	-	(1,456,002)	(25,793,705)	-	-
2013-15 Leg Approved Budget	**61**	**58.81**	**33,771,265**	**15,410,100**	**-**	**2,713,067**	15,648,098	**-**	**-**
2015-17 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	0.62	(5,765,351)	(1,984,694)	-	(191,434)	(3,589,223)	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2015-17 Base Budget	**61**	**59.43**	**28,005,914**	**13,425,406**	**-**	**2,521,633**	12,058,875	**-**	**-**
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	1,775,487	973,042	-	24,655	777,790	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	(125,331)	(19,738)	-	(1,098)	(104,495)	-	-
Subtotal	**-**	**-**	**1,650,156**	**953,304**	**-**	**23,557**	673,295	**-**	**-**
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	23,629	23,629	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(1,338,100)	-	-	(1,338,100)	-	-	-
Subtotal	**-**	**-**	**(1,314,471)**	**23,629**	**-**	**(1,338,100)**	-	**-**	**-**
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	884,074	450,442	-	25,386	408,246	-	-
Subtotal	**-**	**-**	**884,074**	**450,442**	**-**	**25,386**	408,246	**-**	**-**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	(8,812,179)	(2,170,069)	-	(343,558)	(6,298,552)	-	-
Subtotal: 2015-17 Current Service Level	**61**	**59.43**	**20,413,494**	**12,682,712**	**-**	**888,918**	6,841,864	**-**	**-**

Summary of 2015-17 Biennium Budget

Oregon Health Authority
OHA Central Services
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-010-40-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Subtotal: 2015-17 Current Service Level	**61**	**59.43**	**20,413,494**	**12,682,712**	**-**	**888,918**	6,841,864	**-**	**-**
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2015-17 Current Service Level	**61**	**59.43**	**20,413,494**	**12,682,712**	**-**	**888,918**	6,841,864	**-**	**-**
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**
Policy Packages									
201 - REaL-D	-	-	-	-	-	-	-	-	-
401 - Promote and Support Community Based Services	-	-	-	-	-	-	-	-	-
402 - Promote Innovative Health Sys Solutions - HP	-	-	-	-	-	-	-	-	-
403 - Promote Innovative Health System Solutions	-	-	-	-	-	-	-	-	-
404 - Improve the Lifelong Health of all Oregonians	-	-	-	-	-	-	-	-	-
405 - Prev'g lead'g causes of death, inj & disease	-	-	-	-	-	-	-	-	-
406 - PH Emergency Preparedness	-	-	-	-	-	-	-	-	-
407 - PH Radiation Protection Fee & Cap Increase	-	-	-	-	-	-	-	-	-
408 - PH Senate Bill 333 Fee Increases	-	-	-	-	-	-	-	-	-
409 - Transparency and Engagement	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**
Total 2015-17 Agency Request Budget	**61**	**59.43**	**20,413,494**	**12,682,712**	**-**	**888,918**	6,841,864	**-**	**-**
Percentage Change From 2013-15 Leg Approved Budget	-	1.10%	-39.60%	-17.70%	-	-67.20%	-56.30%	-	-

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
Percentage Change From 2015-17 Current Service Level	-	-	-	-	-	-	-	-	-

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	466	454.49	134,121,253	-	-	134,121,253	-	-	-
2013-15 Emergency Boards	2	2.00	2,239,017	-	-	2,239,017	-	-	-
2013-15 Leg Approved Budget	**468**	**456.49**	**136,360,270**	**-**	**-**	**136,360,270**	**-**	**-**	**-**
2015-17 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	3.02	(1,235,585)	1	-	(1,235,586)	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2015-17 Base Budget	**468**	**459.51**	**135,124,685**	**1**	**-**	**135,124,684**	**-**	**-**	**-**
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	(361,192)	-	-	(361,192)	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	1,022,452	-	-	1,022,452	-	-	-
Subtotal	**-**	**-**	**661,260**	**-**	**-**	**661,260**	**-**	**-**	**-**
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	1	1.00	185,863	-	-	185,863	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(301,904)	-	-	(301,904)	-	-	-
Subtotal	**1**	**1.00**	**(116,041)**	**-**	**-**	**(116,041)**	**-**	**-**	**-**
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	1,059,577	-	-	1,059,577	-	-	-
Subtotal	**-**	**-**	**1,059,577**	**-**	**-**	**1,059,577**	**-**	**-**	**-**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	(1)	-	1	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2015-17 Current Service Level	**469**	**460.51**	**136,729,481**	**-**	**-**	**136,729,481**	-	**-**	**-**

Summary of 2015-17 Biennium Budget

Oregon Health Authority
OHA Shared Services
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-010-45-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Subtotal: 2015-17 Current Service Level	**469**	**460.51**	**136,729,481**	**-**	**-**	**136,729,481**	-	**-**	**-**
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2015-17 Current Service Level	**469**	**460.51**	**136,729,481**	**-**	**-**	**136,729,481**	-	**-**	**-**
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**
Policy Packages									
201 - REaL-D	-	-	-	-	-	-	-	-	-
401 - Promote and Support Community Based Services	-	-	-	-	-	-	-	-	-
402 - Promote Innovative Health Sys Solutions - HP	-	-	-	-	-	-	-	-	-
403 - Promote Innovative Health System Solutions	-	-	-	-	-	-	-	-	-
404 - Improve the Lifelong Health of all Oregonians	-	-	-	-	-	-	-	-	-
405 - Prev'g lead'g causes of death, inj & disease	-	-	-	-	-	-	-	-	-
406 - PH Emergency Preparedness	-	-	-	-	-	-	-	-	-
407 - PH Radiation Protection Fee & Cap Increase	-	-	-	-	-	-	-	-	-
408 - PH Senate Bill 333 Fee Increases	-	-	-	-	-	-	-	-	-
409 - Transparency and Engagement	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**
Total 2015-17 Agency Request Budget	**469**	**460.51**	**136,729,481**	**-**	**-**	**136,729,481**	-	**-**	**-**
Percentage Change From 2013-15 Leg Approved Budget	0.20%	0.90%	0.30%	-	-	0.30%	-	-	-

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
Percentage Change From 2015-17 Current Service Level	-	-	-	-	-	-	-	-	-

Summary of 2015-17 Biennium Budget

Oregon Health Authority | **Agency Request Budget**
State Assessments and Enterprise-wide Costs | **Cross Reference Number: 44300-010-50-00-00000**
2015-17 Biennium

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	-	-	217,401,741	135,501,354	-	26,839,757	50,909,614	-	4,151,016
2013-15 Emergency Boards	-	-	5,780,832	3,480,037	-	362,405	1,938,390	-	-
2013-15 Leg Approved Budget	**-**	**-**	**223,182,573**	**138,981,391**	**-**	**27,202,162**	52,848,004	**-**	**4,151,016**
2015-17 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	-	-	-	-	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			(7,812,998)	(1,263,522)	-	(6,322,432)	-	-	(227,044)
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2015-17 Base Budget	**-**	**-**	**215,369,575**	**137,717,869**	**-**	**20,879,730**	52,848,004	**-**	**3,923,972**
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Non-PICS Personal Service Increase/(Decrease)	-	-	(1,411)	5,282	-	(9,035)	2,342	-	-
Subtotal	**-**	**-**	**(1,411)**	**5,282**	**-**	**(9,035)**	2,342	**-**	**-**
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	2,157,038	2,155,117	-	1,584	337	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(1,103,373)	-	-	(1,103,373)	-	-	-
Subtotal	**-**	**-**	**1,053,665**	**2,155,117**	**-**	**(1,101,789)**	337	**-**	**-**
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	7,375,857	3,467,935	-	1,006,995	2,900,927	-	-
State Gov"t & Services Charges Increase/(Decrease)			24,550,823	12,582,705	-	2,972,278	8,995,840	-	-
Subtotal	**-**	**-**	**31,926,680**	**16,050,640**	**-**	**3,979,273**	11,896,767	**-**	**-**

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	709,680	42,708	-	654,038	12,934	-	-
Subtotal: 2015-17 Current Service Level	**-**	**-**	**249,058,189**	**155,971,616**	**-**	**24,402,217**	64,760,384	**-**	**3,923,972**

Summary of 2015-17 Biennium Budget

Oregon Health Authority
State Assessments and Enterprise-wide Costs
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-010-50-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Subtotal: 2015-17 Current Service Level	**-**	**-**	**249,058,189**	**155,971,616**	**-**	**24,402,217**	64,760,384	**-**	**3,923,972**
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2015-17 Current Service Level	**-**	**-**	**249,058,189**	**155,971,616**	**-**	**24,402,217**	64,760,384	**-**	**3,923,972**
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**
Policy Packages									
201 - REaL-D	-	-	-	-	-	-	-	-	-
401 - Promote and Support Community Based Services	-	-	-	-	-	-	-	-	-
402 - Promote Innovative Health Sys Solutions - HP	-	-	-	-	-	-	-	-	-
403 - Promote Innovative Health System Solutions	-	-	-	-	-	-	-	-	-
404 - Improve the Lifelong Health of all Oregonians	-	-	-	-	-	-	-	-	-
405 - Prev'g lead'g causes of death, inj & disease	-	-	-	-	-	-	-	-	-
406 - PH Emergency Preparedness	-	-	-	-	-	-	-	-	-
407 - PH Radiation Protection Fee & Cap Increase	-	-	-	-	-	-	-	-	-
408 - PH Senate Bill 333 Fee Increases	-	-	-	-	-	-	-	-	-
409 - Transparency and Engagement	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**
Total 2015-17 Agency Request Budget	**-**	**-**	**249,058,189**	**155,971,616**	**-**	**24,402,217**	64,760,384	**-**	**3,923,972**
Percentage Change From 2013-15 Leg Approved Budget	-	-	11.60%	12.20%	-	-10.30%	22.50%	-	-5.50%

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Percentage Change From 2015-17 Current Service Level	-	-	-	-	-	-	-	-	-

Oregon Health Authority OHA Central, Shared Services & Assessments 44300-010-00-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
GENERAL FUND					
REVENUES					
General Fund Appropriation	0050	GF	126,439,493	155,509,108	168,654,328
TOTAL REVENUES		**GF**	**126,439,493**	**155,509,108**	**168,654,328**
TOTAL GENERAL FUNDS		**GF**	**126,439,493**	**155,509,108**	**168,654,328**
OTHER FUNDS					
REVENUES					
Beginning Balance	0025	OF	1,386,217	-	-
Other Selective Taxes	0190	OF	71,930	93,870	-
Non-Business License & Fees	0210	OF	923	-	-
Charges for Services	0410	OF	2,632,237	-	-
Administrative Service Charges	0415	OF	114,581,710	-	-
Fines and Forfeitures	0505	OF	153	-	-
General Fund Obligation Bonds	0555	OF	10,718,826	7,458,470	32,665
Certificates of Participation	0580	OF	-	1,324,073	17,335
Interest Income	0605	OF	62,757	-	-
Donations	0905	OF	17	-	-
Other Revenues	0975	OF	15,941,622	157,631,182	161,970,616
TOTAL REVENUES		**OF**	**145,396,392**	**166,507,595**	**162,020,616**

Oregon Health Authority OHA Central, Shared Services & Assessments 44300-010-00-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
TRANSFER IN					
Transfer in Administrative Services	1107	OF	500	-	-
TOTAL TRANSFERS IN		**OF**	**500**	**-**	**-**
TOTAL OTHER FUNDS		**OF**	**145,396,892**	**166,507,595**	**162,020,616**
FEDERAL FUNDS REVENUES					
Federal Funds Revenue	0995	FF	109,004,682	91,650,302	75,526,220
TOTAL REVENUES			**109,004,682**	**91,650,302**	**75,526,220**
TOTAL FEDERAL FUNDS		**FF**	**109,004,682**	**91,650,302**	**75,526,220**
TOTAL AVAILABLE REVENUES		**TF**	**380,841,067**	**413,667,005**	**406,201,164**

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority — **Agency Number: 44300**
2015-17 Biennium — **Cross Reference Number: 44300-010-00-00-00000**

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Other Selective Taxes	71,930	93,870	93,870	-	-	-
Non-business Lic. and Fees	923	-	-	-	-	-
Charges for Services	2,632,237	-	-	-	-	-
Admin and Service Charges	114,581,710	-	-	-	-	-
Fines and Forfeitures	153	-	-	-	-	-
General Fund Obligation Bonds	10,718,826	7,458,470	7,458,470	32,665	-	-
Cert of Participation	-	1,324,073	1,324,073	17,335	-	-
Interest Income	62,757	-	-	-	-	-
Donations	17	-	-	-	-	-
Other Revenues	15,941,622	155,709,758	157,399,086	161,970,616	-	-
Tsfr From Administrative Svcs	500	-	-	-	-	-
Tsfr From Health Rel Lic Bds	-	8,000	-	-	-	-
Tsfr From Board of Dentistry	-	40,000	-	-	-	-
Tsfr From Oregon Medical Board	-	90,988	-	-	-	-
Tsfr From Nursing, Bd of	-	345,290	-	-	-	-
Tsfr From Board of Pharmacy	-	59,630	-	-	-	-
Total Other Funds	**$144,010,675**	**$165,130,079**	**$166,275,499**	**$162,020,616**	**-**	**-**
Federal Funds						
Federal Funds	104,730,274	92,351,417	68,496,102	71,602,248	-	-
Total Federal Funds	**$104,730,274**	**$92,351,417**	**$68,496,102**	**$71,602,248**	**-**	**-**
Nonlimited Federal Funds						
Federal Funds	4,274,408	4,151,016	4,151,016	3,923,972	-	-
Total Nonlimited Federal Funds	**$4,274,408**	**$4,151,016**	**$4,151,016**	**$3,923,972**	**-**	**-**

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority — **Agency Number: 44300**

2015-17 Biennium — **Cross Reference Number: 44300-010-40-00-00000**

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Other Selective Taxes	67,195	93,870	93,870	-	-	-
Admin and Service Charges	302,917	-	-	-	-	-
Fines and Forfeitures	153	-	-	-	-	-
General Fund Obligation Bonds	450,000	-	-	-	-	-
Cert of Participation	-	1,306,738	1,306,738	-	-	-
Interest Income	36,311	-	-	-	-	-
Donations	17	-	-	-	-	-
Other Revenues	1,352,636	2,224,553	1,312,459	888,918	-	-
Tsfr From Health Rel Lic Bds	-	8,000	-	-	-	-
Tsfr From Board of Dentistry	-	40,000	-	-	-	-
Tsfr From Oregon Medical Board	-	90,988	-	-	-	-
Tsfr From Nursing, Bd of	-	345,290	-	-	-	-
Tsfr From Board of Pharmacy	-	59,630	-	-	-	-
Total Other Funds	**$2,209,229**	**$4,169,069**	**$2,713,067**	**$888,918**	**-**	**-**
Federal Funds						
Federal Funds	66,140,162	41,441,803	15,648,098	6,841,864	-	-
Total Federal Funds	**$66,140,162**	**$41,441,803**	**$15,648,098**	**$6,841,864**	**-**	**-**

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority — **Agency Number: 44300**

2015-17 Biennium — **Cross Reference Number: 44300-010-45-00-00000**

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Admin and Service Charges	112,859,711	-	-	-	-	-
Other Revenues	102,330	134,121,253	136,360,270	136,729,481	-	-
Total Other Funds	**$112,962,041**	**$134,121,253**	**$136,360,270**	**$136,729,481**	**-**	**-**

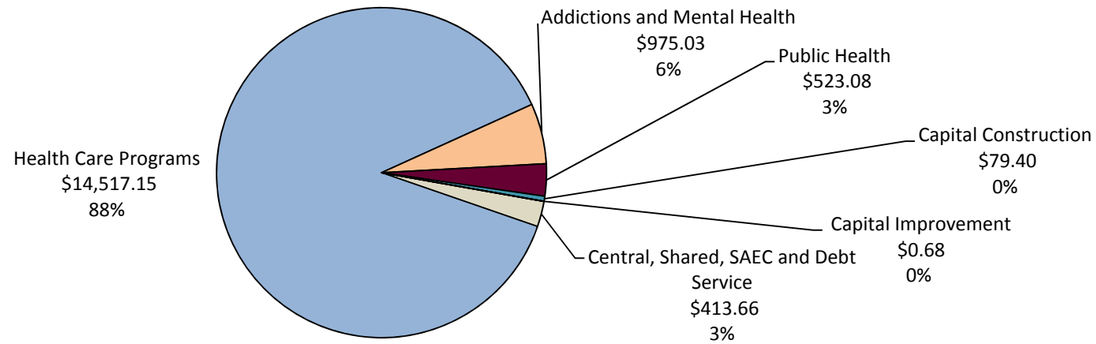
DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority — **Agency Number: 44300**

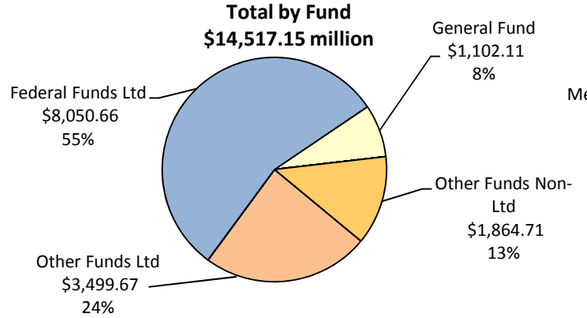
2015-17 Biennium — **Cross Reference Number: 44300-010-50-00-00000**

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Other Selective Taxes	4,735	-	-	-	-	-
Non-business Lic. and Fees	923	-	-	-	-	-
Charges for Services	2,632,237	-	-	-	-	-
Admin and Service Charges	1,419,082	-	-	-	-	-
General Fund Obligation Bonds	10,268,826	7,458,470	7,458,470	32,665	-	-
Cert of Participation	-	17,335	17,335	17,335	-	-
Interest Income	26,446	-	-	-	-	-
Other Revenues	14,486,656	19,363,952	19,726,357	24,352,217	-	-
Tsfr From Administrative Svcs	500	-	-	-	-	-
Total Other Funds	**$28,839,405**	**$26,839,757**	**$27,202,162**	**$24,402,217**	**-**	**-**
Federal Funds						
Federal Funds	38,590,112	50,909,614	52,848,004	64,760,384	-	-
Total Federal Funds	**$38,590,112**	**$50,909,614**	**$52,848,004**	**$64,760,384**	**-**	**-**
Nonlimited Federal Funds						
Federal Funds	4,274,408	4,151,016	4,151,016	3,923,972	-	-
Total Nonlimited Federal Funds	**$4,274,408**	**$4,151,016**	**$4,151,016**	**$3,923,972**	**-**	**-**

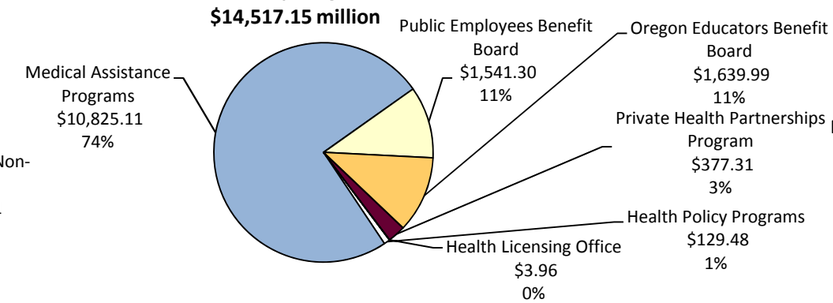
Oregon Health Authority
2013-2015 Legislatively Approved Budget
Total Fund by Program Area
$16,509.00 million



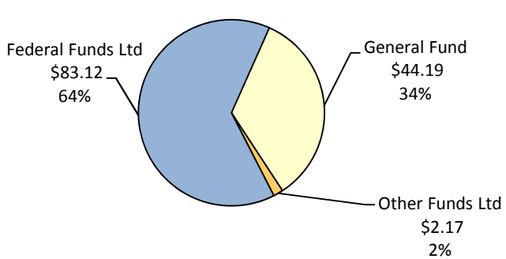
Health Care Programs
Total by Fund
$14,517.15 million



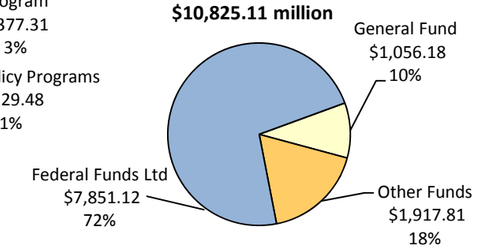
Health Care Programs
Total by Program
$14,517.15 million



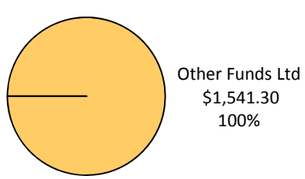
Health Policy Programs
$129.48 million



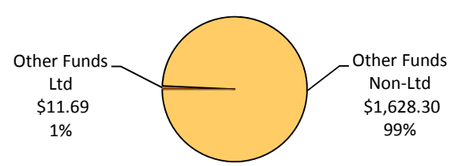
Medical Assistance Programs
$10,825.11 million



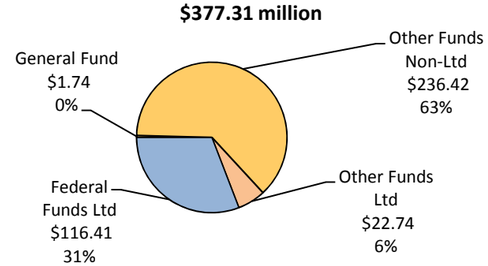
Public Employees Benefit Board
$ 1,541.30 million



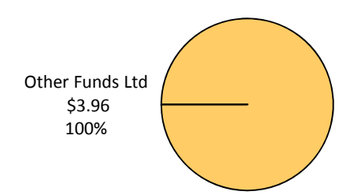
Oregon Educators Benefit Board
$1,639.99 million



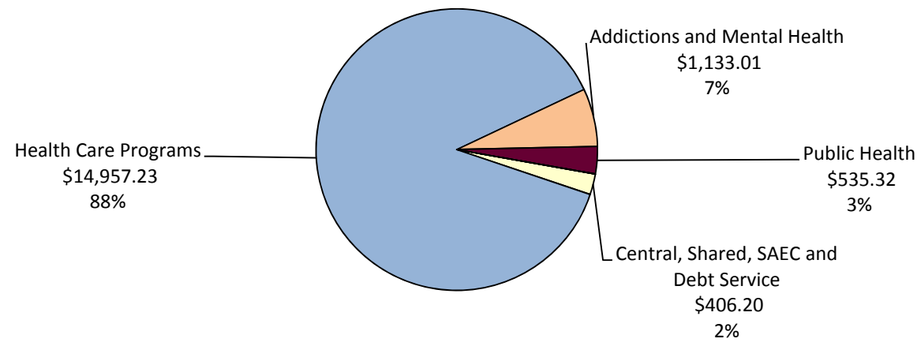
Private Health Partnerships Programs
$377.31 million



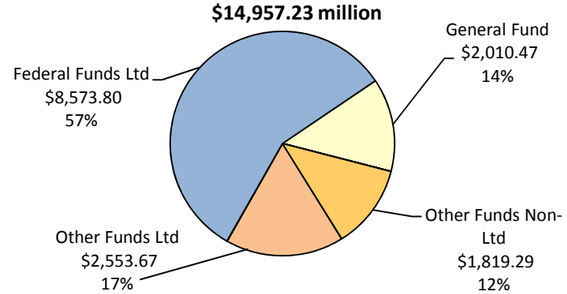
Health Licensing Office
$3.96 million



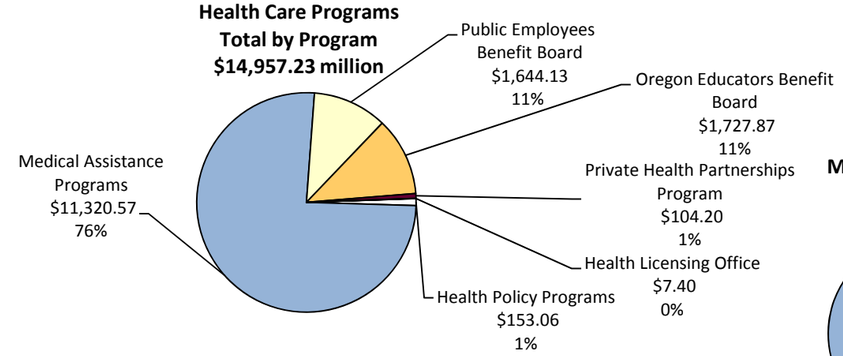
Oregon Health Authority
2015-17 Agency Request Budget
Total Fund by Program Area
$17,031.76 million



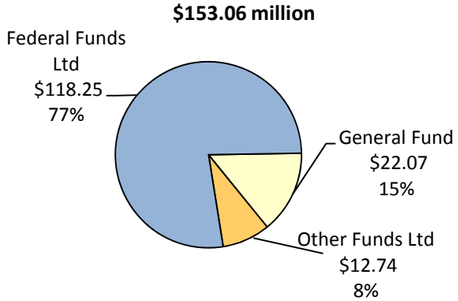
Health Care Programs
Total by Fund
$14,957.23 million



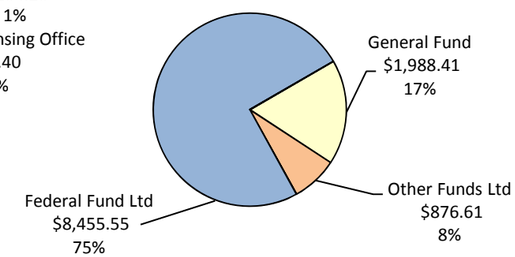
Health Care Programs
Total by Program
$14,957.23 million



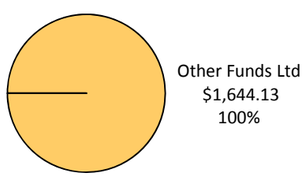
Health Policy Programs
$153.06 million



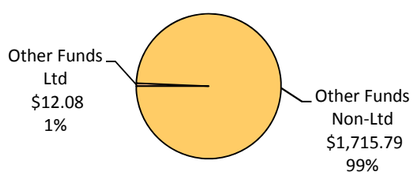
Medical Assistance Programs
$11,320.57 million



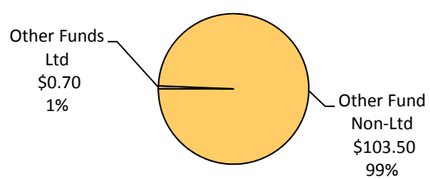
Public Employees Benefit Board
$ 1,644.13 million



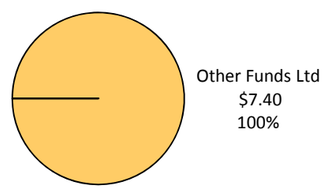
Oregon Educators Benefit Board
$1,727.87 million



Private Health Partnerships Programs
$104.20 million



Health Licensing Office
$7.40 million



Oregon Health Authority Health Care Programs 44300-020-00-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
GENERAL FUND					
REVENUES					
General Fund Appropriation	0050	GF	1,565,618,631	1,803,721,383	2,843,408,639
TOTAL REVENUES		**GF**	**1,565,618,631**	**1,803,721,383**	**2,843,408,639**
TOTAL GENERAL FUNDS		**GF**	**1,565,618,631**	**1,803,721,383**	**2,843,408,639**
LOTTERY FUNDS					
TRANSFERS OUT					
Beginning Balance	0025	LF	-	765,978	-
Beginning Balance Adjustment	0030	LF	-	(765,978)	-
Transfer in Other	1050	LF	90,723	-	-
Transfers from Administrative Services	1107	LF	10,350,984	10,592,542	11,397,648
TOTAL TRANSFERS OUT		**LF**	**10,441,707**	**-**	**-**
TOTAL LOTTERY FUNDS			**10,441,707**	**-**	**-**
OTHER FUNDS					
REVENUES					
Beginning Balance	0025	OF	389,432,892	303,984,075	16,736,254
Beginning Balance Adjustment	0030	OF	46,178,716	55,427,171	-
Other Selective Taxes	0190	OF	765,560,223	899,268,276	111,277,327
Business License & Fees	0205	OF	12,828,325	8,955,937	12,945,952
Non-Business License & Fees	0210	OF	13,123,261	14,909,812	14,909,812

Oregon Health Authority Health Care Programs 44300-020-00-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
Charges for Services	0410	OF	159,601,002	29,304,245	24,641,444
Administrative Service Charges	0415	OF	1,125,437,346	3,152,446,699	3,343,448,253
Care of State Wards	0420	OF	13,804,386	2,369,042	2,369,042
Fines and Forfeitures	0505	OF	36,190	112,152	112,152
Rents and Royalties	0510	OF	55,581	-	-
Interest Income	0605	OF	2,566,430	8,116,332	5,021,172
Sales Income	0705	OF	148,631	7,924,013	7,924,013
Donations	0905	OF	4,053,913	283,030	283,030
Grants (Non-FED)	0910	OF	-	1,343,201	1,343,201
Loan Repayment	0925	OF	90,558	-	-
Insurance Premiums	0965	OF	-	116,712,922	-
Other Revenues	0975	OF	1,783,383,819	785,649,335	576,924,485
Loan Proceeds	0980	OF	215,000,000	-	-
TOTAL REVENUES		**OF**	**4,531,301,273**	**5,386,806,242**	**4,117,936,137**
TRANSFER IN					
Transfer in Intrafund	1010	OF	25,325,199	-	-
Transfer in Other	1050	OF	-	124,267,000	124,000,000

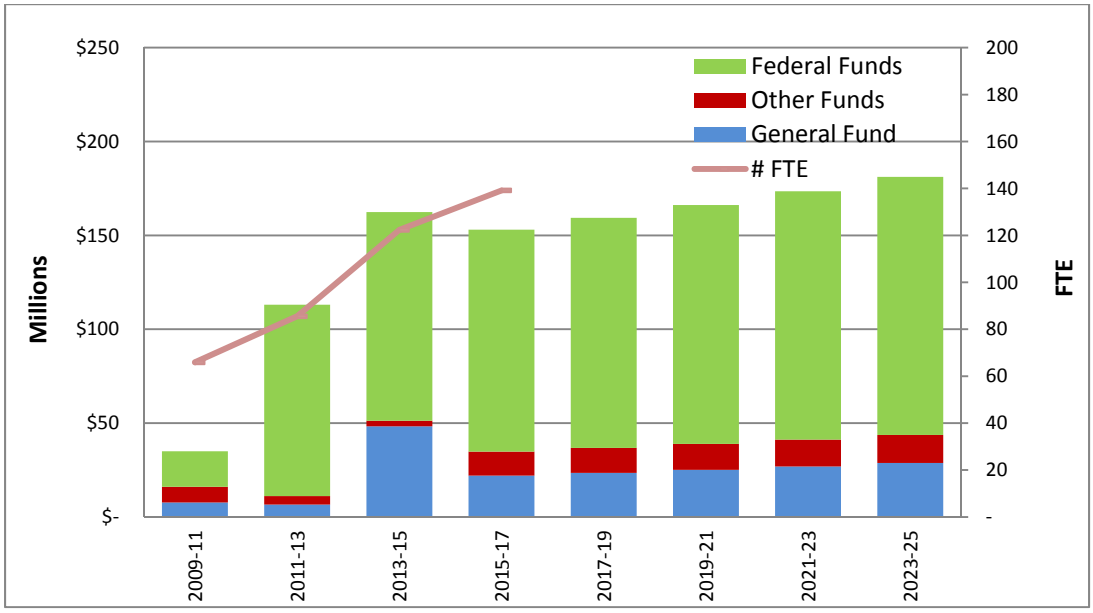
Oregon Health Authority Health Care Programs 44300-020-00-00-00000	2015-17 Revenue Report				
SOURCE	COMP SOURCE GROUP	FUND	2011-13 Actuals	2013-15 Legislatively Approved Budget	2015-17 Agency Request Budget
Transfer in Administrative Services	1107	OF	313,306,787	-	-
Transfer in Governor, Office of the	1121	OF	1,084,798	-	-
Transfer in Revenue Department	1150	OF	360,272,153	346,734,482	346,192,079
Transfer in Judicial	1198	OF	288,540	-	-
Transfer in Military Department	1248	OF	403,922	-	-
Transfer in Department of Energy	1330	OF	82,345	49,924	49,924
Transfer from Environmental Quality	1340	OF	120,000	-	-
Transfer from Oregon Youth Authority	1415	OF	159,314	225,280	232,038
Transfer in Commission & Families	1423	OF	561,353	-	-
Transfer in Consumer Business Services	1440	OF	132,350,072	29,004,800	-
Tsfr From Oregon Health Authority	1443	OF	64,874,279	-	-
Transfer in Education	1581	OF	-	1,195,516	1,322,340
Transfer in Agriculture	1603	OF	110,470	103,783	106,897
Transfer in Department of Transportation	1730	OF	38,558	-	-
Transfers in Health Lic Agency	1831	OF	1,050	-	-
Transfer in Health Relations Licensing Board	1833	OF	45,928	44,450	45,400
Transfer in Board of Dentistry	1834	OF	380,008	445,716	401,128

Oregon Health Authority Health Care Programs 44300-020-00-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
Transfer in Liquor Control Commission	1845	OF	16,350,877	17,823,000	17,996,500
Transfer in Oregon Medical Board	1847	OF	1,551,707	1,553,049	1,645,210
Transfer in Board of Nursing	1851	OF	1,884,420	2,095,628	2,146,431
Transfer in Board of Pharmacy	1855	OF	460,791	496,674	526,344
Transfer in Housing and Commercial Services	1914	OF	38,168	-	-
TOTAL TRANSFERS IN		**OF**	**919,690,739**	**524,039,302**	**494,664,291**
TRANSFER OUT					
Transfer to Intrafund	2010	OF	(25,325,199)	-	-
Transfer to General Fund	2060	OF	(7,226,586)	-	-
Transfer to Counties	2080	OF	(7,926,444)	(7,129,200)	(7,476,020)
Transfer to Department of Human Services	2100	OF	(1,887,485)	(687,500)	-
Transfer to Police, Dept of State	2257	OF	(201,000)	-	-
Transfer to Oregon Health Authority	2443	OF	(17,925)	-	-
Transfer to Oregon Health and Science University	2590	OF	(3,500)	-	-
Transfer to Health Relations Licensing Board	2833	OF	-	(987,107)	(987,107)
TOTAL TRANSFERS OUT			**(42,588,139)**	**(8,803,807)**	(987,107)
TOTAL OTHER FUNDS		**OF**	**5,408,403,873**	**5,902,041,737**	**4,611,613,321**
FEDERAL FUNDS					

Oregon Health Authority Health Care Programs 44300-020-00-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
REVENUES					
Beginning Balance	0025	FF	-	184,602	-
Federal Funds Revenue	0995	FF	5,094,428,483	8,666,858,555	9,203,280,758
TOTAL REVENUES			**5,094,428,483**	**8,666,858,555**	**9,203,280,758**
TRANSFERS OUT					
Transfer to Economic & Community Development	2123	FF	(27,190,201)	(17,430,791)	(18,284,000)
Tsfr To Energy, Dept of	2330	FF	(100,000)	-	-
Transfer to Environmental Quality	2340	FF	(1,291,183)	(1,566,805)	(1,431,876)
Transfer to Oregon Health and Science University	2590	FF	(3,674,490)	-	-
TOTAL TRANSFERS OUT		**FF**	**(32,255,874)**	**(18,997,596)**	(19,715,876)
TOTAL FEDERAL FUNDS		**FF**	**5,062,172,609**	**8,647,860,959**	**9,183,564,882**
TOTAL AVAILABLE REVENUES		**TF**	**12,046,636,820**	**16,353,624,079**	**16,638,586,842**

Oregon Health Authority: Health Policy Programs

Primary Outcome Area: Healthy People
Program contact: Leslie Clement, Chief of Policy
503-945-9718



EXECUTIVE SUMMARY

The budget for Health Policy Programs (HPP) includes the:

- Office of the Chief of Health Policy
- Office of the Chief Medical Officer – Clinical Services Improvement;
- Office for Oregon Health Policy and Research;
- Office of Health Analytics;
- Office of Health Information Technology;
- Office of Equity and Inclusion; and
- Transformation Center.

These offices provide policy support, technical assistance, and access to health information statistics and tools to all organizations and providers participating in Oregon's Health System Transformation, including programs within the Oregon

Health Authority. Together, these offices provide services and support focused on achieving the triple aim of better health, better care, and lower costs.

PROGRAM FUNDING REQUEST

For the 2015-2017 biennium, the Oregon Health Authority requests the following budget (in millions) for Health Policy Programs:

- 2015-2017 Request: $153 TF ($22.1 GF, $12.7 OF and $118.2 FF)

From this investment, Health Policy Programs will provide the Oregon Health Authority, the Oregon Health Policy Board (OHPB), and organizations and providers participating in Oregon's Health System Transformation with:

1. Health policy analysis and development, stakeholder engagement, and strategic and implementation planning services;
2. Clinical leadership across OHA to translate medical evidence into practice and coverage guidelines that improve the quality of health outcomes for patients;
3. Financial and performance data, consistent rate-setting methods, and analysis to support key management and budget decisions;
4. Development of an electronic health information network and related tools to securely share patient information and to optimize delivery of patient health care;
5. Strategies to deliver culturally competent services that address health disparities, promote prevention, and enhance patient-centered care; and,
6. Promotion of the coordinated care model across all populations and payers through technical assistance and the sharing and dissemination of evidence-based best practices.

The Oregon Health Authority estimates the following costs for Health Policy Programs through the 2021-2023 biennium:

- 2017-2019 projected costs: $159.4 TF ($23.6 GF, $13.2 OF and $122.6 FF)
- 2019-2021 projected costs: $166.2 TF ($25.1 GF, $13.8 OF and $127.3 FF)
- 2021-2023 projected costs: $181.2 TF ($28.8 GF, $14.9 OF and $137.5 FF)

Health Policy Programs provide services to all Oregon Health Authority programs and units including PEBB/OEBB and its provider networks, 16 coordinated care organizations, and an estimated 55,000 health care practitioners statewide.

PROGRAM DESCRIPTION

The **Office of the Chief of Health Policy** 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 to achieve the triple aim of better health, better care, and lower costs.

The **Office of the Chief Medical Officer – Clinical Services Improvement** (CMO-CSI) is designed to align and integrate clinical resources and policies to support the implementation of the coordinated care model throughout all provider and payer organizations, including the health authority. The chief medical officer's focus is to direct and guide implementation of clinical services so they support quality improvement outcomes and integrate delivery of behavioral, physical, and oral health care. This role includes oversight of the Patient Centered Primary Care Home program, the Health Evidence Review Commission, and the Quality Council.

The **Office for Oregon Health Policy and Research** (OHPR) provides policy analysis, development, and evaluation services to support the work of the Oregon Health Policy Board, the Medicaid Advisory Council, OHA programs, and other stakeholders engaged in the design of Oregon's health system transformation. OHPR provides technical assistance on topics such as primary care workforce development, resource leveraging, and grant development for health system transformation projects.

The **Office of Health Analytics** collects and statistically analyzes utilization, quality, and financial data. It does this in order to:

- Evaluate OHA program performance;
- Provide data to support health system and program planning and implementation; and
- Analyze trends across all payers and claims data.

In addition, this office performs actuarial analysis to support rate development and benefit design. This research is used by policy makers, practitioners, consumers, and researchers to make data-driven decisions.

The **Office of Health Information Technology** is responsible for providing 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;
- Leverage health IT funding opportunities from federal agencies, philanthropic organizations and the private sector to improve Oregon's health IT capacity; and,
- Increase collaboration and communication among state agencies and across programs for enhanced planning and shared decision making, leveraged IT purchases, and coordination of service delivery.

The **Office of Equity and Inclusion** (formerly the Office of Multicultural Health and Services) promotes good health and wellness for all Oregonians through policy development, training and consultation, and community and organizational capacity building. OEI works with diverse stakeholders both outside and within the Oregon Health Authority to ensure the elimination of avoidable health disparities and to promote optimal health outcomes for everyone in Oregon. It also encourages best practices for diversity development in recruitment, hiring, retention, performance management, contracting and procurement, and employee development within OHA and Oregon's health promoting systems.

The OHA **Transformation Center**'s purpose is to promote effective and innovative practices among Oregon's existing coordinated care organizations (CCOs) and to encourage the adoption of the coordinated care model of patient care among all health plans and payers. The Transformation Center serves as a catalyst to identify and share evidence-based and emerging best practice information. It does this by:

- Establishing learning collaboratives;
- Assigning innovator agents to help CCOs by supporting transformation efforts and by acting as liaisons to OHA;

- Supporting the Council of Clinical Innovators;
- Providing technical assistance and infrastructure support; and
- Disseminating outcome and best practice information to providers and plans across Oregon.

PROGRAM JUSTIFICATION AND LINK TO 10-YEAR OUTCOME

All of the programs within Health Policy Programs directly support the 10-Year Outcome of Healthy People. Together, the its offices help to establish the common vision, define the outcomes, measure fiscal accountability, measure the effects of investment in various health care strategies, and inform all aspects of Oregon's health care decision- and policy-making efforts. In essence, these offices recommend the policy direction, measure the results, and suggest strategies for improving all of Healthy People outcomes. Recent focus has been on tracking:

- Reducing per capita costs;
- Reducing the number of uninsured Oregonians; and
- Improving specific health measures tracked by the CCOs.

PROGRAM PERFORMANCE

These offices provide technical and subject matter expertise, analytic capacity, technical assistance, and the ability to secure funding and support of federal and national agency partners. They do not deliver program-specific services.

ENABLING LEGISLATION/PROGRAM AUTHORIZATION

Program authorization legislation and applicable federal and state mandates are listed by office in the Program Unit narratives.

DESCRIBE THE VARIOUS FUNDING STREAMS THAT SUPPORT THE PROGRAM

Health Policy Programs is supported primarily by General Funds that are matched with Medicaid Administrative Federal Funds. The match rates vary depending upon the type of work being performed. The office also receives 100 percent Federal Funds from the CMS Children's Health Insurance Program Reauthorization

Act (CHIPRA) grant, the Center for Medicare and Medicaid Innovation (CMMI) State Innovation Model grant, the CMS Adult Medicaid Quality grant, the Health Resources and Services Administration (HRSA) Primary Care grant, and Health Information Technology Electronic Health Record funds. It receives Other Funds from various grants (American Cancer Society, Robert Wood Johnson), fees (workforce, inpatient data, ambulatory surgical data, All Payer All Claim (APAC), and J1 Visa), and loan repayment programs (Primary Care Provider Loan).

DESCRIBE HOW THE 2015-2017 FUNDING PROPOSAL ADVANCED BY THE AGENCY COMPARES TO THE PROGRAM AUTHORIZATION FOR THE AGENCY IN 2013-2015

The following is a comparison of Health Policy Programs 2015-2017 budget request to its 2013-2015 budget:

	General	Other	Federal	Total Fund	Pos.	FTE
Leg. Approved 13-15	48,302,779	2,954,303	111,204,589	162,461,671	128	122.37
Agency Request	22,066,396	12,744,490	118,248,980	153,059,866	166	139.18
Difference	26,236,383	9,790,187	7,044,391	-9,401,805	38	16.81
Percent Change	-54%	331%	6%	-6%	30%	14%

The 2015-2017 Current Service Level total funds budget is $131,171,783. The Agency Request Budget is increased by $1,771,152 for policy option package 201 Race, Ethnicity, Language and Disability Collection and $20,116,931 for policy option package 402 Promote Innovative Health System Solutions.

Oregon Health Authority: Health Policy Programs

Office of the Chief of Health Policy and Chief Medical Officer

Program contact: Leslie Clement, Chief of Policy
503-945-9718
Jeanene Smith, M.D., Chief Medical Officer
503-373-1625

EXPENDITURES BY FUND TYPE, POSITIONS AND FULL-TIME EQUIVALENTS

The following is the 2015-2017 budget request for the Office of the Chief of Health Policy and Chief Medical Officer (CMO) by fund type, positions, and full-time equivalents:

	General	Other	Federal	Total Fund	Pos.	FTE
Leg. Approved 13-15	4,166,542	0	106,475	4,273,017	1	1.00
Agency Request	255,096	0	163,332	418,428	1	1.00
Difference	-3,911,446	0	56,857	-3,854,589	0	0.00
Percent Change	-94%	0%	53%	-90%	0%	0%

The 2015-2017 Current Service Level total funds budget is $418,248 and no additional increases are requested.

ACTIVITIES, PROGRAMS, AND ISSUES IN THE PROGRAM UNIT BASE BUDGET THAT MAY REQUIRE FURTHER EXPLANATION THAN ALLOWED IN THE PROGRAM UNIT EXECUTIVE SUMMARY.

The vision set forth by the Governor, the Oregon Health Policy Board and the Legislature is of one integrated, statewide health system that achieves better

health, better care, and lower health care costs for all Oregonians. Achieving this vision requires the current delivery system to focus on:

- Improving care coordination;
- Integrating behavioral, physical, and oral health care;
- Incorporating community-based and public health resources toward improved population health;
- Implementing flexible services; and
- Spreading best practices and innovations.

The Office of the Chief of Health Policy 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 to achieve the triple aim of better health, better care, and lower costs.

OHA has shifted existing clinical staff, programs, and resources into a new unit under the direction of the chief medical officer (CMO). The purpose of this shift is to better align medical management practices and coordinate clinical policies across the coordinated care organizations, other plans and payers, and all OHA departments.

The goals of the Chief Medical Officer-Clinical Services Improvements Office are to:

- Integrate clinical policies and resources to support the coordinated care model;
- Align and coordinate health care delivery strategies and systems throughout the Oregon Health Authority;
- Pursue further integration of behavioral, physical, and oral health care;
- Establish and maintain effective working relationships with Oregon's providers and health care delivery system representatives; and
- Coordinate quality improvement efforts across OHA, PEBB- and OEBB-contracted plans, the CCOs, and other entities involved in quality improvement.

One goal of the CMO is to focus the agency's medical knowledge and expertise on achieving performance, quality, and cost containment goals. It will accomplish this in part by assuming direct supervision of several existing positions within the Oregon Health Authority that have historically reported through a variety of chains of command. These include:

- OHA Dental Director;
- Child Health Director;
- The Transformation Center's director of clinical innovation;
- The Health Evidence Review Commission (HERC) clinical directors; and
- OHA quality improvement director.

This unit will coordinate with Addictions and Mental Health, Public Health, and the Medical Assistance Programs medical directors and clinical experts to align OHA's policies and strategies.

Any additional important background for decision makers that is not mentioned above. Include trends in caseload, workload or other external factors that may influence the operation of the program.

The CMO also oversees the Health Evidence Review Commission (HERC). Among other responsibilities, HERC:

- Conducts comparative effectiveness and benefit design research to inform public and private sector transformation efforts;
- Performs medical technology reviews;
- Develops clinical and coverage guidelines based on clinical evidence;
- Maintains the OHP Prioritized List of Health Services; and
- Disseminates information on the effectiveness and costs of medical treatments and technologies.

A key strategy for the CMO staff will be applying HERC research to advance policy development, implementation, and evaluation for OHA, the CCOs, and PEBB/OEBB contracted plans.

The Office of the Chief Medical Officer houses the Patient Centered Primary Care Home (PCPCH) program. The standards for care in a PCPCH include accessibility, accountability, and comprehensive, continuous, coordinated and patient- and family-centered care. To recognize additional PCPCH clinics, it will be important to focus the work on developing provider relationships and supporting family- and patient-centered practice changes.

The CMO has a key role in developing and staffing OHA's internal, cross-agency Quality Council. The Quality Council brings together OHA leadership to coordinate and lead quality improvement efforts for the agency. It provides the structure for: (1) the clinical, behavioral, and population health leadership of OHA to analyze clinical trends in quality, compliance, and system performance; and, (2) the development of integrated strategies to improve quality. The CMO's office is responsible for making sure the Quality Council's work is integrated and shared with the CCO medical directors, PEBB/OEBB boards and their contracted plans, and other OHA programs.

The Office of the Chief Medical Officer may also sponsor performance improvement projects and work closely with the Transformation Center to coordinate and support quality efforts based on the Quality Council's recommendations. Identifying key health care trends will be valuable information to share with our partner agencies, DHS, the DCBS Insurance Division, the Governor's Office, and the Legislature.

ENABLING LEGISLATION/PROGRAM AUTHORIZATION

The Office of the Chief Medical Officer – Clinical Services Improvement supports the following state mandates:

- Health Evidence Review Commission (HERC) (ORS 414.688-704);
- Pain Management Commission (PMC) (ORS 413.570-599); and,
- Patient-Centered Primary Care Home Program (ORS 442.210, 414.655) and 414.655 adds CCOs under PCPCH program.

FUNDING STREAMS

Existing OHA resources were redistributed to create the Office of the Chief Medical Officer – Clinical Services Improvement. Although staff reporting relationships have changed, no permanent positions or funding were added to the budget for this purpose. The primary source of funding is Medicaid Administrative match; however, the State Innovation Model grant from the Center for Medicare and Medicaid Innovation (CMMI) supports Limited Duration positions within the HERC, PCPCH, and CMO programs through September 2016.

PROPOSED NEW LAWS THAT APPLY TO THE PROGRAM UNIT.

None.

Oregon Health Authority: Health Policy Programs

Office for Health Policy and Research

Program contacts: Jeanene Smith, M.D., Administrator and
Chief Medical Officer
503-373-1625
Lisa Angus, Policy Director
503-373-1632

EXPENDITURES BY FUND TYPE, POSITIONS AND FULL-TIME EQUIVALENTS

The following is the 2015-2017 budget request for the Office for Health Policy and Research by fund type, positions, and full-time equivalents:

	General	Other	Federal	Total Fund	Pos.	FTE
Leg. Approved 13-15	6,361,639	1,459,332	27,189,225	35,010,196	34	31.65
Agency Request	8,047,930	1,501,388	31,957,245	41,506,563	55	42.65
Difference	1,686,291	42,056	4,768,020	6,496,367	21	11.00
Percent Change	27%	3%	18%	19%	62%	35%

The 2015-2017 Current Service Level total funds budget is $39,074,089 and is increased by $2,432,474 for policy option package 402 Promote Innovative Health System Solutions.

ACTIVITIES, PROGRAMS, AND ISSUES IN THE PROGRAM UNIT BASE BUDGET THAT MAY REQUIRE FURTHER EXPLANATION THAN ALLOWED IN THE PROGRAM UNIT EXECUTIVE SUMMARY

The Office for Oregon Health Policy and Research (OHPR) analyzes and develops policy options, facilitates stakeholder discussions, coordinates strategic and implementation planning efforts, and conducts health services research and policy evaluation for the Governor's Office, the Legislature, the Oregon Health

Policy Board (OHPB), the Oregon Health Authority, and other participants in Oregon's health system transformation work. These services help Oregon identify opportunities, articulate program options, implement policy, and assess its progress toward achieving the triple aim of better health, better care, and lower costs.

Focused areas of work include:

- Developing and analyzing policy on priority topics such as Medicaid transformation, medical liability reform, Basic Health Plan "churn" implications and "bridge" options, and improvements in health care value;
- Negotiating agreements with federal partners that advance state health policy goals;
- Providing technical assistance and coordination for implementation of Medicaid transformation, primary care workforce development, Oregon's Common Credentialing System, and other programs;
- Analyzing emerging health policy issues and regulations, working with national and other state experts to bring best practices and new ideas to Oregon for its strategic planning and decision-making; and,
- Supporting the Oregon Health Policy Board, the Medicaid Advisory Committee, the Healthcare Workforce Committee, the Credentialing Database Advisory Committee, and other standing and ad hoc work groups with project management, staff support and policy coordination.

PROGRAM PERFORMANCE

The office has played a pivotal role in health care coverage, access, quality, and cost containment initiatives. These have become cornerstones of the state's strategy to achieve its goals of Healthy People and achieving the triple aim. For example, OHPR conducted much of the research and development work for the Healthy Kids program, health system transformation, and coordinated care organizations. This included staff support and materials for a broad range of public meetings for stakeholder engagement. The office also has provided technical assistance to various OHA programs to implement these key policy initiatives.

PARTNERS

The offices' state partners include other OHA programs, the Department of Human Services, the Department of Consumer and Business Services Insurance Division and Cover Oregon. Other key partners include federal agencies within the Department of Health and Human Services such as the Centers for Medicare and Medicaid Services, coordinated care organizations, health plans and health care providers in the state, and local and national health care organizations, foundations and researchers. Because the office supports stakeholder consultation on health issues, partners also include the full range of health care associations and advocates.

ENABLING LEGISLATION/PROGRAM AUTHORIZATION

Federal mandates: Federal law requires each state to establish a committee to advise the Medicaid agency about health and medical care services (42 CFR 431.12). In Oregon, the Medicaid Advisory Committee (MAC) is convened and staffed by OHPR.

State mandates: The Office for Health Policy and Research was created by the Oregon Legislature in 1993. Much of the policy development and stakeholder engagement work performed by OHPR is mandated by Oregon law, including:

- Advisory Committee on Physician Credentialing Information (ORS 441.221-223)
- Community-based Health Care Initiatives (ORS 735.721-727)
- Credentialing, Electronic Information (Sections 1 – 11, Ch. 603, OL 2013)
- Credentialing, Telemedicine Providers (ORS 441.056)
- Medicaid Advisory Committee (MAC) (ORS 414.211-227)
- Physician Visa Waiver Program (ORS 413.248)
- Primary Care Provider Loan Repayment (ORS 413.233, 413.127)
- Student Clinical Training Requirements (ORS 413.435)

FUNDING STREAMS

OHPR leverages Medicaid administrative match for eligible programs and activities, including Medicaid-related health system transformation, the Medicaid Advisory Committee, research and evaluation, and staffing.

The office has received grant awards from a variety of federal and private grants such as:

- The Centers for Medicare and Medicaid Services Children's Health Insurance Program Reauthorization Act;
- The Center for Medicare and Medicaid Innovation (CMMI) State Innovation Model program;
- The American Cancer Society, Northwest Health Foundation, Robert Wood Johnson Foundation, and others.

These grants are used to fund efforts that fit within the strategic vision of health care reform in Oregon.

The office also has fee-supported programs:

- Health care Workforce Data Collection and Reporting (ORS 442.468); and Conrad J-1 Visa Program (HB 2151; ORS 409.745).

PROPOSED NEW LAWS THAT APPLY TO THE PROGRAM UNIT

None.

Oregon Health Authority: Health Policy Programs

Office of Health Analytics

Program contacts: Lori Coyner, Director
503-947-2340
Matt Betts, Deputy Director
503-884-7013

EXPENDITURES BY FUND TYPE, POSITIONS AND FULL-TIME EQUIVALENTS

The following is the 2015-2017 budget request for the Office of Health Analytics by fund type, positions, and full-time equivalents:

	General	Other	Federal	Total Fund	Pos.	FTE
Leg. Approved 13-15	5,160,563	705,445	4,149,176	10,015,184	48	48.00
Agency Request	5,623,027	934,177	3,843,286	10,400,490	48	45.64
Difference	462,464	228,732	-305,890	385,306	0	-2.36
Percent Change	9%	32%	-7%	4%	0%	-5%

The 2015-2017 Current Service Level total funds budget is $10,114,491 and is increased by $285,999 for policy option package 402 Promote Innovative Health System Solutions.

ACTIVITIES, PROGRAMS, AND ISSUES IN THE PROGRAM UNIT BASE BUDGET THAT MAY REQUIRE FURTHER EXPLANATION THAN ALLOWED IN THE PROGRAM UNIT EXECUTIVE SUMMARY.

The Office of Health Analytics coordinates and produces financial, quality, and performance data, develops and implements rate-setting methods, and analyzes these data for the Oregon Health Authority (OHA) and the Oregon Health Policy

Board (OHPB). The office supports OHA's and OHPB's management and budget decisions and evaluates the impact of those decisions.

Briefly, the office's work includes:

- Providing professional actuarial services, analysis and advice to leadership regarding of the biennial budget, Medicaid rates, and global CCO budgets;
- Collecting and analyzing data on the performance of Oregon's health care system (e.g., hospital utilization, quality and costs, health care workforce capacity, and rate of insurance coverage) and of OHA programs (e.g., evaluation of the Healthy Kids program and CCO Incentive Metrics). Data collected and analyzed includes unique datasets such as the All Payer All Claims Database, which is used to make policies and decisions that are based on solid research and data.
- Partnering with the Department of Consumer and Business Services Insurance Division and Cover Oregon on health reform and with the Office of Equity and Inclusion to advance health equity.

Any additional important background for decision makers that is not mentioned above. Include trends in caseload, workload or other external factors that may influence the operation of the program.

PROGRAM PERFORMANCE

This office is responsible for the ongoing evaluation of statistical health trends and monitoring the impact of policy and program changes. It plays a vital quality control function, and its work leads to the refinement of policies that improve Oregonians' health, improve the health care system, and contain costs.

PARTNERS

The offices' state agency partners include other OHA programs, the Department of Human Services, and the Department of Consumer and Business Services. External partners include federal agencies, health plans and health care providers

in the state, CCOs, Cover Oregon, and local and national health care expert organizations, foundations, and researchers.

ENABLING LEGISLATION/PROGRAM AUTHORIZATION:

State mandates include:

- Ambulatory Surgery Reporting (ORS 442.120)
- Capitol Project Reporting (ORS 442.361-362, 442.991)
- Community Benefit Reporting (ORs 442.200-205)
- Health Care Cost Review (ORS 442.400-463)
- Health Care Data Reporting (ORS 442.464, 442.466, 442.993)
- Health Care Workforce Database (ORS 442.468, 676.410)

FUNDING STREAMS

The Office of Health Analytics leverages Medicaid administrative match for eligible programs and activities, including Medicaid-related health system transformation, research and evaluation, and staffing.

The office has received grant awards from a two main federal grants: the Centers for Medicare and Medicaid Innovations' State Innovation Model grant and the Centers for Medicare and Medicaid Services' Adult Medicaid Quality grant.

PROPOSED NEW LAWS THAT APPLY TO THE PROGRAM UNIT

None.

Oregon Health Authority: Health Policy Programs

Transformation Center

Program contacts: Cathy Kaufmann, Transformation Center Director
971-673-1290
Chris DeMars, Director of Systems Innovations
971- 673-1279

EXPENDITURES BY FUND TYPE, POSITIONS AND FULL-TIME EQUIVALENTS

The following is the 2015-2017 budget request for the OHA Transformation Center by fund type, positions, and full-time equivalents:

	General	Other	Federal	Total Fund	Pos.	FTE
Leg. Approved 13-15	27,024,487	3,212	3,438,960	30,466,659	24	22.91
Agency Request	1,090,286	4,414	2,281,779	3,376,479	22	10.98
Difference	-25,934,201	1,202	-1,157,181	-27,090,180	-2	11.93
Percent Change	-96%	37%	-34%	-89%	-8%	-52%

ACTIVITIES, PROGRAMS, AND ISSUES IN THE PROGRAM UNIT BASE BUDGET THAT MAY REQUIRE FURTHER EXPLANATION THAN ALLOWED IN THE PROGRAM UNIT EXECUTIVE SUMMARY.

The Oregon Health Authority's Transformation Center is the state's hub for health system innovation and improvement. It is key to encouraging the widespread adoption of the coordinated care model across populations and payers. The center's goal is to increase the rate and spread of innovation necessary to deliver better health care at lower costs and to improve the health of Oregonians.

The center supports coordinated care organizations and other plans and payers to adopt and spread the coordinated care model by:

- Establishing and fostering learning collaboratives;
- Providing immediate system and performance feedback;
- Offering technical assistance; and,
- Disseminating best practices among coordinated care organizations (CCOs), as well as other health plans and payers.

The center's strategies include:

Learning collaboratives. The center supports CCOs – and other plans and payers – learning from each other and from recognized experts. For the most part, the learning collaboratives are open to all payers. They create opportunities for peer-to-peer learning and networking, the identification and sharing of evidence-based care and emerging best practices, and the advancement of innovative strategies for promoting health.

Initial topic areas include:

- Complex care;
- CCO Community Advisory Council support;
- Quality improvement ;
- New payment methods;
- Physical and behavioral health care integration;
- Dental integration;
- Coordination of public health, community mental health, and long-term care supports and services;
- Provider and patient engagement;
- Health literacy;
- Reducing health disparities;
- Coordinated approaches to palliative and hospice care; and
- Adoption of patient-centered primary care standards.

Clinical standards and supports. The center will disseminate clinical standards and supports by working with: (1) the Health Evidence Review Commission to

share evidence-based decision tools to assist providers and CCO clinical advisory panels to deliver effective and efficient care; and, (2) provider associations to share tools from the *Choosing Wisely* campaign that encourages providers to have conversations with patients about evidence-based care, the costs of duplicative tests, and defining necessary services.

Innovator agents. In accordance with Oregon's Medicaid waiver agreement with the Centers for Medicare and Medicaid Services, each CCO is assigned an innovator agent, who acts as a liaison between the CCO and OHA. Innovator agents facilitate communications, disseminate best practices, provide monthly data-driven feedback, and promote quality improvement techniques. The innovator agents are also key leaders in identifying areas for internal agency transformation and helping to lead agency improvement efforts.

Council of Clinical Innovators. The Transformation Center supports innovation leaders, consultants and mentors actively working with project teams to implement health system transformation projects in their communities. Through innovation projects and a year-long learning experience, a select group of Clinical Innovation Fellows will develop and refine skills to create a network of experts that can support the coordinated care model.

Community and stakeholder engagement. The Transformation Center is developing strategies for effective community and stakeholder engagement focused on health system transformation and implementing and spreading the coordinated care model. Strategies include conferences and workshops, providing research and policy materials and practice guidelines, and providing outreach to promote the coordinated care model.

Technical assistance and infrastructure support. The Transformation Center connects CCOs, other payers adopting elements of the coordinated care model, and providers to expertise and technology resources that can assist in effective delivery system reforms. Examples of supports include the use of health information technology, delivering quality data, and aligning financial incentives.

Any additional important background for decision makers that is not mentioned above. Include trends in caseload, workload or other external factors that may influence the operation of the program.

PROGRAM PERFORMANCE AND PARTNERS:

The Transformation Center serves Oregon's 16 coordinated care organizations, as well as other health plans, providers, and participants in Oregon's health system transformation. Research on the quality and timeliness of services is scheduled to be provided by an independent evaluator.

ENABLING LEGISLATION/PROGRAM AUTHORIZATION:

Last session's SB 1580 provided legislative approval for OHA's proposals for coordinated care organizations. It also required the Health Authority to report quarterly to legislative committees on implementation of coordinated care organization model of health care delivery and other specified matters.

FUNDING STREAMS:

A portion of the Transformation Center's program is supported by Medicaid Transformation Funds. Additional support is provided by a State Innovation Model grant from the Center for Medicare and Medicaid Innovation.

PROPOSED NEW LAWS THAT APPLY TO THE PROGRAM UNIT.

None.

Oregon Health Authority: Health Policy Programs

Office of Equity and Inclusion

Program contact: Latricia Tillman, Director
971-673-1285

EXPENDITURES BY FUND TYPE, POSITIONS AND FULL-TIME EQUIVALENTS

The following is the 2015-2017 budget request for the Office of Equity and Inclusion (OEI) by fund type, positions, and full-time equivalents:

	General	Other	Federal	Total Fund	Pos.	FTE
Leg. Approved 13-15	996,691	525,198	2,190,741	3,712,630	9	8.39
Agency Request	5,156,110	554,107	5,823,583	11,533,800	25	23.91
Difference	4,159,419	28,909	3,632,842	7,821,170	16	15.52
Percent Change	417%	6%	166%	211%	178%	185%

The 2015-2017 Current Service Level total funds budget is $4,197,544. The Agency Request Budget is increased by $1,771,152 for policy option package 201 Race, Ethnicity, Language and Disability Collection (a joint Policy Option Package request with DHS Office of Multicultural Health and Services) and $2,426,392 for policy option package 402 Promote Innovative Health System Solutions.

ACTIVITIES, PROGRAMS, AND ISSUES IN THE PROGRAM UNIT BASE BUDGET THAT MAY REQUIRE FURTHER EXPLANATION THAN ALLOWED IN THE PROGRAM UNIT EXECUTIVE SUMMARY

The programs of the Office of Equity and Inclusion work on behalf of the Oregon Health Authority to address and eliminate avoidable health gaps and promote optimal health in Oregon for everyone. The work is carried out in two major work

streams: (1) Equity, Policy and Community Engagement; and (2) Diversity, Inclusion and Civil Rights.

Equity, Policy and Community Engagement Unit
This unit's primary initiative is to identify inequities in health and service outcomes and target resources to reduce these inequities. It does this by working across OHA systems to collect and analyze population and client data that are broken down by race, ethnicity, language and disability. The unit reaches out to and engages members of communities historically affected by health inequities, providing them with resources and helping build their ability to advocate for themselves. It also advances legislation and rule-making that are focused on health equity.

Diversity, Inclusion and Civil Rights Unit
Primary initiatives of this unit include:

- Recruitment and retention of a diverse and qualified workforce;
- Increasing OHA interaction and business with women, minority and emerging small businesses;
- Facilitating reasonable accommodations and access for OHA employees as required by the Americans with Disabilities Act;
- Investigating allegations of discrimination and harassment;
- Tracking and responding to systemic issues and trends; and
- Developing a system to address the needs of our diverse clients, service recipients and intended service recipients as they relate to civil rights protections under federal law.

Lack of economic self-determination, oppression and lack of equitable access all contribute to ill health and health disparities. This is part of what is known as the social determinants of health. The unit has implemented three signature programs that support health system transformation that increases access to high-quality, appropriate care, and to identify opportunities to prevent poor health by addressing the social determinants. These signature programs are:

Health Care Interpreter and Traditional Health Worker program – Establishes and monitors a process and system to certify health care interpreters and traditional health workers (community health workers, peer support and peer wellness specialists, personal health navigators and doulas) and integrate them into health care teams to improve access to culturally and linguistically appropriate care.

Developing Equity Leadership through Training and Action (DELTA) program: A training program for health policy leaders and OHA staff, coordinated care organizations and community-based programs. It provides education, tools and technical assistance to increase the capacity to address health equity and inclusion within these organizations, systems and programs.

Regional Health Equity Coalitions: A program that increases the capacity of local or regional cross-sector organizations to work in partnership to identify policy, system, and environmental changes that improve social conditions and improve health equity in regions experiencing health inequities.

Any additional important background for decision makers that is not mentioned above. Include trends in caseload, workload or other external factors that may influence the operation of the program.

The Office of Equity and Inclusion's work aims to provide better health and better care at lower costs for *everyone.* Health inequities strain the health delivery system. Findings from a study by the Joint Center for Political and Economic Studies found that between 2003 and 2006, 30.6 percent of medical care expenditures for African-Americans, Asians, and Hispanics were excess costs that were the result of inequities in the health of these groups. *(Joint Center for Political and Economic Studies, September 2009, David Satcher, et al. Health Affairs, 24, no. 2 (2005): 459-464.)* Lack of culturally and linguistically appropriate care are key drivers of health inequities. Additionally, historical and ongoing inequities in the social determinants of health, (educational achievement, employment and financial opportunities, access to healthy food, and public safety and mobility) create worse outcomes for these populations.

ENABLING LEGISLATION/PROGRAM AUTHORIZATION:

Various aspects of the work of the Office of Equity and Inclusion are mandated by federal laws regarding language access, reasonable accommodations and access for people with disabilities, equal employment opportunity and protected class civil rights. The Governor's Executive Order 12-03 mandates that state agencies develop strategies to remove barriers for women, minority and emerging small business in contracting and procurement. The federal Affordable Care Act requires programs receiving federal funds to provide competent language services to clients and patients. The act also establishes the role of community health workers in health care teams.

Oregon legislative actions have mandated the creation of systems or processes that directly affect OEI and its programs:

- ORS 413.550: Requires the state to establish a process and standards to qualify and certify health care interpreters
- ORS 414.665: Requires the creation of training and standards of practice for community health workers, peer wellness specialists, personal health navigators and doulas.
- HB 2134: Creates standards for the collection of data by OHA and DHS broken down by race, ethnicity, language and disability.
- HB 2611: Requires OHA to develop standards for cultural competency continuing education for licensed providers.

FUNDING STREAMS

OEI's primary funding stream comes from cost allocation and federal Medicaid matching dollars. In addition to cost allocation, the office seeks and has received funds from federal grant programs such as the Office of Minority Health and the Center for Medicare and Medicaid Innovation State Innovation Model grant, as well as private foundation and hospital community benefit grants. The office has been able to leverage funds from the OHA Public Health Program for its regional work addressing social determinants of health. Minimal fees are collected by the program through the Health Care Interpreter registry.

PROPOSED NEW LAWS THAT APPLY TO THE PROGRAM UNIT

None.

Oregon Health Authority: Health Policy Programs

Office of Health Information Technology

Program contact: Susan Otter, Director
503-428-4751

EXPENDITURES BY FUND TYPE, POSITIONS AND FULL-TIME EQUIVALENTS

The following is the 2015-2017 budget request for the Office of Health Information Technology (OHIT) by fund type, positions, and full-time equivalents:

	General	Other	Federal	Total Fund	Pos.	FTE
Leg. Approved 13-15	4,571,445	260,045	73,058,328	77,889,818	12	10.42
Agency Request	1,893,947	9,750,404	74,179,755	85,824,106	15	15.00
Difference	-2,677,498	9,490,359	1,121,427	7,934,288	3	4.58
Percent Change	-59%	3650%	2%	10%	25%	44%

The 2015-2017 Current Service Level total funds budget is $76,073,702 and is increased by $9,750,404 Other Funds for policy option package 402 Promote Innovative Health System Solutions.

ACTIVITIES, PROGRAMS, AND ISSUES IN THE PROGRAM UNIT BASE BUDGET THAT MAY REQUIRE FURTHER EXPLANATION THAN ALLOWED IN THE PROGRAM UNIT EXECUTIVE SUMMARY

OHIT is working with Oregon's health care community to improve health by making it possible to securely share patient information within the state and nationally. An electronic health information network connecting providers, health plans and individuals will make care more efficient and effective. Significant Health Information Technology (HIT) and Health Information Exchange (HIE) projects are in development now.

OHIT's current initiatives include:

- Developing policies and strategies for Oregon's Medicaid Electronic Health Records (EHR) Incentive Program;
- Overseeing CareAccord, Oregon's statewide health information service provider;
- Participating in the National Association of Trusted Exchange (NATE) as a member state;
- Conducting strategic planning and policy development for HIT in Oregon in collaboration with public and private partners; and,
- Implementing Phase 1.5 HIT services for Oregon. This is the next step in using health information technology to transform Oregon's health care system. It includes such practices as making sure that one provider is responsible for each patient's cost and quality of care ("patient-provider attribution). It will also include technical assistance to Medicaid practices, a registry of clinical quality metrics provider information services and more.

In addition, OHIT is actively coordinating and/or overseeing many other HIT activities in the public and private sectors. These include:

- Administrative simplification of health care transactions between providers and insurance plans;
- County and state public health registries and monitoring programs;
- Behavioral health, long-term care and transitions of health care IT initiatives;
- Other federally funded HIT/HIE programs and grant projects, clinical quality improvement initiatives, and more.

Any additional important background for decision makers that is not mentioned above. Include trends in caseload, workload or other external factors that may influence the operation of the program.

HIT-optimized health care requires changes in workflow to ensure providers fully benefit from timely access to clinical and other data that will allow them to provide individual- and family-centered care. In a fully optimized system:

- Providers have access to meaningful, timely, relevant and actionable patient information to coordinate and deliver "whole person" care;

- Systems (health systems, CCO's, health plans) effectively and efficiently collect and use clinical data for quality improvement, population management and "incentivizing" health and prevention;
- Policymakers use data and metrics to provide transparency into the health and quality of care in the state, and to inform policy development; and,
- Individuals and their families access their clinical information and use it to improve their health and engage with their providers.

Greater access to health information technology will improve quality of care, increase individuals' involvement in their own care, and ultimately reduce the cost of care.

PROGRAM PERFORMANCE

In the past biennium, Oregon implemented CareAccord Direct. This is a secure Web-based service that allows qualified and authorized professionals to communicate with other qualified and authorized professionals in Oregon and elsewhere. OHIT has met with representatives from Oregon's 16 coordinated care organizations and defined the requirements for the next phase of HIT. OHIT will begin implementation in the 2013-2015 biennium.

PARTNERS

OHIT is working with CCOs, providers, health plans, state partners, and patients to improve coordination of patient care and improve the accessibility of health care information in a secure environment.

ENABLING LEGISLATION

Executive Order 08-09 established the Health Information Infrastructure Advisory Committee (HIIAC) to recommend policies regarding the implementation of an Oregon Health Information System. The Oregon Health Fund Board's plan for health reform included HIIAC's 2009 recommendations.

In the 2011 regular session, House Bill 2009 established the Health Information Technology Oversight Council (HITOC), which coordinates Oregon's public and private statewide efforts in electronic health record (EHR) adoption. It has created strategic and operational plans for the development of a statewide system for

electronic health information exchange. HITOC also assists Oregon to meet the federal requirements for providers to become eligible to receive HIT stimulus funds available under ARRA.

In the same session, House Bill 3650, which defined health care transformation in Oregon, included significant health information technology requirements. It reads (in part):

Each coordinated care organization uses health information technology to link services and care providers across the continuum of care to the greatest extent practicable.

The Oregon Health Authority shall ensure the appropriate use of member information by coordinated care organizations, including the use of electronic health information and administrative data that is available when and where the data is needed to improve health and health care through a secure, confidential health information exchange.

The Health Information Technology Oversight Council shall develop readily available informational materials that can be used by coordinated care organizations and providers to inform all participants in the health care workforce about the appropriate uses and limitations on disclosure of electronic health records, including need-based access and privacy mandates.

FUNDING STREAMS

The Office of Health Information Technology is funded through state General Funds along with federal HITECH HIT/HIE/Medicaid Management Information System (MMIS) matching dollars. The General Fund dollars are used as a match to acquire HITECH HIT/HIE or MMIS funds at mostly 90:10 (FF to GF) matching rate; the Office of Health information has additional funding at 75:25 (FF to GF), and 50:50 (FF to GF). The funding percentage depends on several factors including whether the money is spent on planning, implementation or operations. This means that for every state dollar invested, five to nine matching dollars are drawn into the Oregon economy.

PROPOSED NEW LAWS THAT APPLY TO THE PROGRAM UNIT

LC 482 for statewide Health Information Technology services and oversight.

Summary of 2015-17 Biennium Budget

Oregon Health Authority
Health Policy Programs
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-020-08-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	21	18.81	78,213,052	2,349,754	-	777,081	75,086,217	-	-
2013-15 Emergency Boards	107	103.56	71,618,650	42,955,889	-	1,622,582	27,040,179	-	-
2013-15 Leg Approved Budget	**128**	**122.37**	**149,831,702**	**45,305,643**	**-**	**2,399,663**	102,126,396	**-**	**-**
2015-17 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(30)	(27.33)	1,415,129	2,944,164	-	390,078	(1,919,113)	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2015-17 Base Budget	**98**	**95.04**	**151,246,831**	**48,249,807**	**-**	**2,789,741**	100,207,283	**-**	**-**
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	1,126,174	490,250	-	62,913	573,011	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	563,070	275,853	-	18,097	269,120	-	-
Subtotal	**-**	**-**	**1,689,244**	**766,103**	**-**	**81,010**	842,131	**-**	**-**
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	28	17.64	3,845,959	58,526	-	-	3,787,433	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(35,652,991)	(34,060,000)	-	(261,264)	(1,331,727)	-	-
Subtotal	**28**	**17.64**	**(31,807,032)**	**(34,001,474)**	**-**	**(261,264)**	2,455,706	**-**	**-**
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	2,919,504	142,446	-	41,041	2,736,017	-	-
Subtotal	**-**	**-**	**2,919,504**	**142,446**	**-**	**41,041**	2,736,017	**-**	**-**

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	7,123,236	494,060	-	343,558	6,285,618	-	-
Subtotal: 2015-17 Current Service Level	**126**	**112.68**	**131,171,783**	**15,650,942**	**-**	**2,994,086**	112,526,755	**-**	**-**

Summary of 2015-17 Biennium Budget

Oregon Health Authority
Health Policy Programs
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-020-08-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Subtotal: 2015-17 Current Service Level	**126**	**112.68**	**131,171,783**	**15,650,942**	**-**	**2,994,086**	112,526,755	**-**	**-**
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2015-17 Current Service Level	**126**	**112.68**	**131,171,783**	**15,650,942**	**-**	**2,994,086**	112,526,755	**-**	**-**
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**
Policy Packages									
201 - REaL-D	9	8.52	1,771,152	1,771,152	-	-	-	-	-
401 - Promote and Support Community Based Services	-	-	-	-	-	-	-	-	-
402 - Promote Innovative Health Sys Solutions - HP	31	17.98	20,116,931	4,644,302	-	9,750,404	5,722,225	-	-
403 - Promote Innovative Health System Solutions	-	-	-	-	-	-	-	-	-
404 - Improve the Lifelong Health of all Oregonians	-	-	-	-	-	-	-	-	-
405 - Prev'g lead'g causes of death, inj & disease	-	-	-	-	-	-	-	-	-
406 - PH Emergency Preparedness	-	-	-	-	-	-	-	-	-
407 - PH Radiation Protection Fee & Cap Increase	-	-	-	-	-	-	-	-	-
408 - PH Senate Bill 333 Fee Increases	-	-	-	-	-	-	-	-	-
409 - Transparency and Engagement	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	**40**	**26.50**	**21,888,083**	**6,415,454**	**-**	**9,750,404**	5,722,225	**-**	**-**
Total 2015-17 Agency Request Budget	**166**	**139.18**	**153,059,866**	**22,066,396**	**-**	**12,744,490**	118,248,980	**-**	**-**
Percentage Change From 2013-15 Leg Approved Budget	29.70%	13.70%	2.20%	-51.30%	-	431.10%	15.80%	-	-

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
Percentage Change From 2015-17 Current Service Level	31.70%	23.50%	16.70%	41.00%	-	325.70%	5.10%	-	-

Oregon Health Authority Health Policy Programs 44300-020-08-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
GENERAL FUND					
REVENUES					
General Fund Appropriation	0050	GF	6,628,926	44,188,026	22,066,396
TOTAL REVENUES		**GF**	**6,628,926**	**44,188,026**	**22,066,396**
TOTAL GENERAL FUNDS		**GF**	**6,628,926**	**44,188,026**	**22,066,396**
OTHER FUNDS					
REVENUES					
Other Selective Taxes	0190	OF	2,212,496	-	93,870
Non-Business License & Fees	0210	OF	100,791	-	-
Administrative Service Charges	0415	OF	59,363	-	-
Sales Income	0705	OF	113	-	-
Donations	0905	OF	662,408	-	-
Other Revenues	0975	OF	998,415	1,623,659	12,069,920
TOTAL REVENUES		**OF**	**4,033,586**	**1,623,659**	**12,163,790**
TRANSFER IN					
Transfer in Intrafund	1010	OF	48,069	-	-
Transfers in Health Lic Agency	1831	OF	1,050	-	-
Transfer in Health Relations Licensing Board	1833	OF	8,105	8,000	8,950
Transfer in Board of Dentistry	1834	OF	18,505	40,000	40,000
Transfer in Oregon Medical Board	1847	OF	90,210	90,988	98,381

Oregon Health Authority Health Policy Programs 44300-020-08-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
Transfer in Board of Nursing	1851	OF	348,975	345,290	367,548
Transfer in Board of Pharmacy	1855	OF	53,935	59,630	65,855
TOTAL TRANSFERS IN		**OF**	**568,849**	**543,908**	**580,734**
TRANSFER OUT					
Transfer to Intrafund	2010	OF	(48,069)	-	-
TOTAL TRANSFERS OUT			**(48,069)**	**-**	**-**
TOTAL OTHER FUNDS		**OF**	**4,554,366**	**2,167,567**	**12,744,524**
FEDERAL FUNDS REVENUES					
Federal Funds Revenue	0995	FF	101,868,534	83,123,212	118,248,980
TOTAL REVENUES			**101,868,534**	**83,123,212**	**118,248,980**
TOTAL AVAILABLE REVENUES		**TF**	**113,051,826**	**129,478,805**	**153,059,900**

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority — **Agency Number: 44300**

2015-17 Biennium — **Cross Reference Number: 44300-020-08-00-00000**

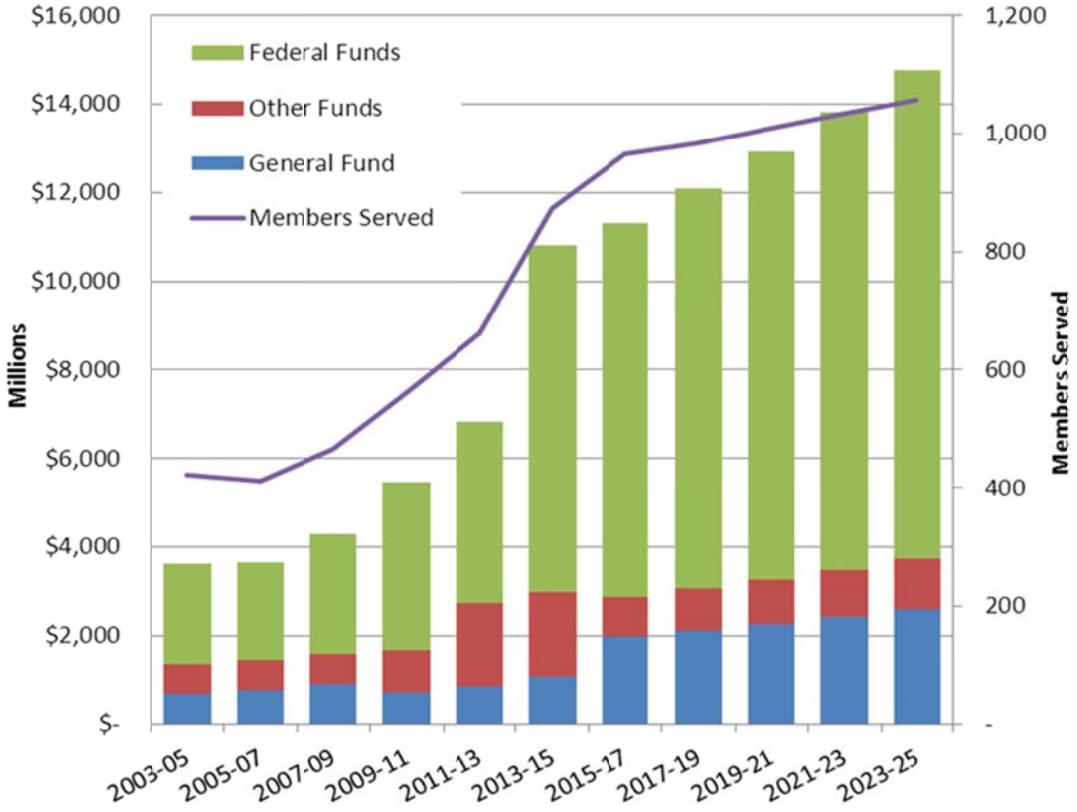
Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Other Selective Taxes	2,212,496	-	-	93,870	-	-
Non-business Lic. and Fees	100,791	-	-	-	-	-
Admin and Service Charges	59,363	-	-	-	-	-
Sales Income	113	-	-	-	-	-
Donations	662,408	-	-	-	-	-
Other Revenues	998,415	777,081	1,855,755	12,069,920	-	-
Transfer In - Intrafund	48,069	-	-	-	-	-
Tsfr From Health Lic Agency	1,050	-	-	-	-	-
Tsfr From Health Rel Lic Bds	8,105	-	8,000	8,950	-	-
Tsfr From Board of Dentistry	18,505	-	40,000	40,000	-	-
Tsfr From Oregon Medical Board	90,210	-	90,988	98,381	-	-
Tsfr From Nursing, Bd of	348,975	-	345,290	367,548	-	-
Tsfr From Board of Pharmacy	53,935	-	59,630	65,855	-	-
Transfer Out - Intrafund	(48,069)	-	-	-	-	-
Total Other Funds	**$4,554,366**	**$777,081**	**$2,399,663**	**$12,744,524**	**-**	**-**
Federal Funds						
Federal Funds	101,868,534	75,086,217	102,126,396	118,248,980	-	-
Total Federal Funds	**$101,868,534**	**$75,086,217**	**$102,126,396**	**$118,248,980**	**-**	**-**

Oregon Health Authority: Medical Assistance Programs

PROGRAM UNIT EXECUTIVE SUMMARY

Primary outcome area: Healthy People

Program Contact: Judy Mohr Peterson, Director of Medical Assistance Programs and Medicaid Director
503-945-5768
Rhonda Busek, Deputy Director of Medical Assistance Programs, is the secondary program contact.
503-945-6552



PROGRAM OVERVIEW

The budget for Medical Assistance Programs (MAP) includes:

- The Oregon Health Plan;
- Non-Oregon Health Plan programs, and;
- Other health-related programs and MAP Program Support.

These programs provide health care coverage to approximately one million Oregonians each month.

PROGRAM FUNDING REQUEST

For the 2015-2017 biennium, the Oregon Health Authority requests the following budget (in millions) for Medical Assistance Programs:

- 2015-2017 request: $11,321 TF ($1,988 GF, $877 OF and $8,456 FF)

The Oregon Health Authority estimates the following costs for Medical Assistance Programs through the 2021-2023 biennium:

- 2017-2019 projected costs: $12,099 TF ($2,125 GF, $935 OF and $9,039 FF)
- 2019-2021 projected costs: $12,930 TF ($2,271 GF, $997 OF and $9,662 FF)
- 2021-2023 projected costs: $13,819 TF ($2,427 GF, $1,064 OF and $10,328 FF)

Medical Assistance Programs is projected to provide health care coverage to approximately:

- 983,937 Oregonians on average per month for the 2017-2019 biennium
- 1,008,504 Oregonians on average per month for the 2019-2021 biennium
- 1,033,409 Oregonians on average per month for the 2021-2023 biennium

PROGRAM DESCRIPTION

The Medical Assistance Programs budget includes:

- ***The Oregon Health Plan***, which includes medical assistance coverage for Medicaid under Title XIX of the Social Security Act, and the Children's Health Insurance Program (CHIP) under Title XXI of the Social Security Act. OHP traditionally provided health care coverage to low-income seniors, people with disabilities, children, and pregnant women. Since January 2014, it has covered all Oregon adults with income at or below 138 percent of the federal poverty level.
    - As provided under the Affordable Care Act (ACA), the Oregon Legislature approved the budget for Medical Assistance Programs to expand Medicaid coverage to all adults under 138 percent of the federal poverty level. This expansion is entirely federally funded through 2016.
    - From December 2013 to May 2014, the OHP caseload increased by almost 350,000, primarily driven by the Medicaid expansion.
    - For more than 90 percent of those on OHP, care is provided by one of 16 coordinated care organizations designed to bring better health, better care, lower costs.

- ***Non-Oregon Health Plan programs***, which includes:
    - <u>Citizen-/Alien-Waived Emergency Medical (CAWEM) program.</u> This is a mandatory Medicaid program. People who are ineligible for Medicaid solely because they do not meet the Medicaid citizenship or immigration status requirements are eligible for limited medical assistance under CAWEM. The program provides emergency medical services including labor and delivery services for pregnant women. Most expenditures are for labor and delivery. Clients receive services from

medical providers who accept Medicaid fee-for-service payments. For the 2013-2015 biennium, the program has a budget of $92 million and serves more than 25,000 clients.

- Qualified Medicare Beneficiaries program. This program pays the Medicare premiums, deductibles, co-insurance and co-payments for clients. To be eligible, a person must be receiving Medicare Part A (hospital insurance benefits). Income and resources must fall within certain limits. Eligibility extends up to 135 percent of the federal poverty level. For the 2013-2015 biennium, the program has a budget of $27 million and serves almost 19,000 people.
- A limited drug coverage program for transplant clients formerly covered by the Medically Needy program. Medical Assistance Programs provides limited drug coverage to transplant clients formerly covered by the Medically Needy program, which the Oregon Legislature ended in early 2003. Since spring 2003, the Legislature has appropriated General Funds to provide coverage for the drugs necessary for the direct support of their transplants, which were originally paid for by Medicaid. Clients remain eligible unless they qualify for OHP coverage or move out of state. There are no federal matching funds in this program. Clients receive their prescription drugs from pharmacies that accept Medicaid fee-for-service payments. For the 2013-2015 biennium, the program has a budget of $110,000 and serves about 20 people.
- Payments to the federal government for Medicare Part D coverage for dual-eligible clients: The Medicare Modernization Act of 2005 created Medicare Part D under which Medicare beneficiaries became eligible for Medicare prescription drug benefits beginning Jan. 1, 2006. This was a change for dual-eligible clients (i.e., clients who are eligible for both Medicare

and full Medicaid coverage). These clients previously received their prescription drug coverage under Medicaid. The law requires states to pay the federal government for a large portion of the cost of what the state would have paid as the state share for drug costs for dual-eligible clients. When states started paying in 2006, they paid 90 percent of the cost. For the 2013-2015 biennium, the program has a budget of $166 million based on an average monthly caseload of 65,000 dual-eligible clients.

- ***Other health-related programs and MAP program support***, which include:
    - Law Enforcement Medical Account (LEMLA): The program pays medical claims for individuals who are injured in interactions with law enforcement. Law enforcement agencies submit claims to OHA when efforts to recover costs directly from those individuals who interacted with law enforcement or their insurance companies fail. For the 2013-2015 biennium, the LEMLA budget is $2.786 million.
    - Pharmacy programs:
        - The Oregon Prescription Drug Program (OPDP) is a drug pool that allows Oregon to bargain for prescription drugs for approximately 850,000 members. The program provides drugs for OEBB, SAIF, and OHSU, as well as Salem Hospital and other private groups. OPDP also joined with Washington's WPDP to form the Northwest Prescription Drug Consortium.
        - CAREAssist program purchases health insurance for 2,700 persons with HIV who earn less than 300 percent of the federal poverty level. Its intent is to keep clients healthy and reduce the risk of spreading the disease. It

also uses revenues earned from drug rebates to purchase drugs through a network of pharmacies providing the lowest price.

- MAP program support: This budget includes the Medicaid director, program and policy staff, and the OHP Central Processing Center. Staff manage all aspects of health care operations for medical assistance programs, such as processing client applications, enrolling providers, operating client and provider call centers, monitoring coordinated care organizations, and overseeing the budget and federal financing processes. This budget also includes costs for professional services such as contracts, including the contract with Hewitt-Packard for operation of the state's Medicaid Management Information System (MMIS).

PROGRAM JUSTIFICATION AND LINK TO 10-YEAR OUTCOME

The innovations happening in the Oregon Health Plan delivery system are at the center of the Healthy Oregon 10-year Outcomes. The implementation of coordinated care organizations provides a direct connection to Oregon's 10-year goals for achieving:

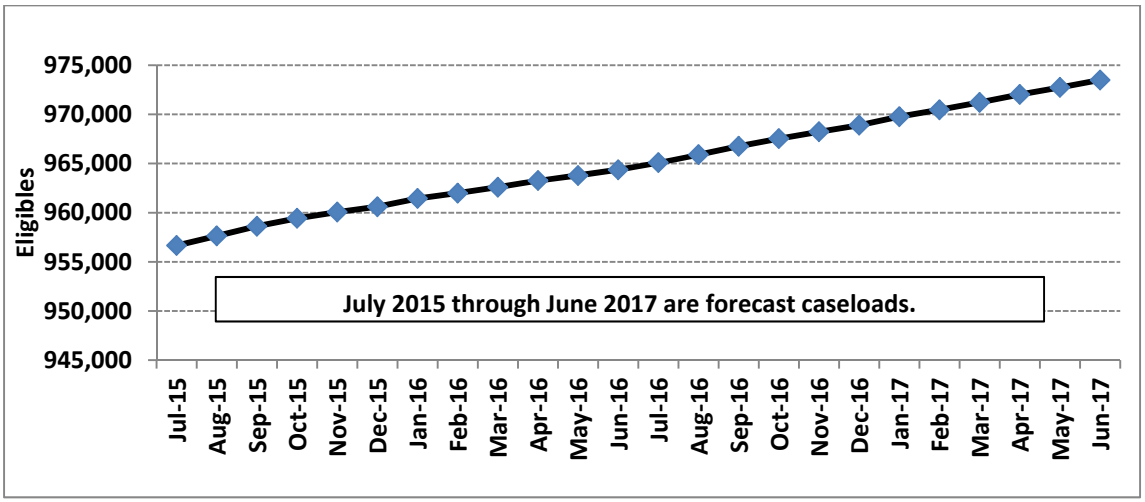
- Improved the health of those on the Oregon Health Plan;
- Reduced per capita cost;
- Improved patient outcomes, safety and satisfaction.

Research shows that some 30-50 percent of health care spending is due to waste and inefficiency and some 80 percent of health care costs are driven by 20 percent of the population. Under an agreement with the federal government, Oregon will reduce the projected growth in health care spending by two percentage points in two years through improved health outcomes and reduced waste and inefficiency. During the 2015-2017 biennium, the Oregon Health Plan

will need to hold its per-member-per-month expenditures to no more that 3.4 percent annual growth. The projected total state and federal savings are $11 billion over 10 years. Oregon will achieve this by providing comprehensive physical, mental and dental health services through coordinated care organizations., To ensure costs are reduced by improving quality and not withholding care, the federal agreement requires coordinated care organizations and the state to meet quality and access standards.

PROGRAM PERFORMANCE

The vision of Medical Assistance Programs is to improve access to effective, high-quality health services for eligible Oregonians through innovation, collaboration, integration, and shared responsibility. The following table forecasts the average monthly caseload for Oregonians covered by Medical Assistance Programs (Oregon Health Plan and Non-Oregon Health Plan programs) for the 2015-2017 biennium. It is based on the Spring 2014 Caseload Forecast.



For the 2015-2017 biennium, the average cost of covering a person on the Oregon Health Plan is about $477 per month.

ENABLING LEGISLATION/PROGRAM AUTHORIZATION

Oregon Health Plan:

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 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 Legislature authorizes the Oregon Health Plan, including coordinated care organizations, under Oregon Revised Statutes 414.018 through 414.760.

Non-Oregon Health Plan programs:

Non-Oregon Health Plan programs are not federally mandated, but authorized under Title XIX of the Social Security Act with the exception of the program that provides limited drug coverage for transplant clients formerly covered by the Medically Needy program. There are no federal matching funds in this program. The Legislature created this program with a budget note to Senate Bill 5548 in the 2003 legislative session.

Other health-related programs and MAP Program Support:

The Legislature authorizes the Law Enforcement Medical Account (LEMLA) under Oregon Revised Statutes 414.805 through 414.815. For pharmacy programs, the Legislature authorizes the Oregon Prescription Drug Program under Oregon Revised Statutes 414.312 through 414.318. The federal government authorizes CAREAssist under the Ryan White Act.

FUNDING STREAMS

Federal matching funds (Medicaid and CHIP) are the primary funding streams supporting the program. Oregon qualifies for these federal dollars under its federally approved Medicaid and CHIP State Plans and the OHP Medicaid

demonstration waiver. The federal match rate for Medicaid program expenditures and for CHIP program expenditures changes each fiscal year. Oregon funds the state's share of the program with General Fund dollars and a variety of Other Fund sources, (e.g., hospital assessment, insurers' tax, tobacco tax, tobacco settlement payments, drug rebates,) and leveraged funds from a variety of sources such as counties and the Oregon Health & Science University. The insurers' tax expired September 30, 2013.

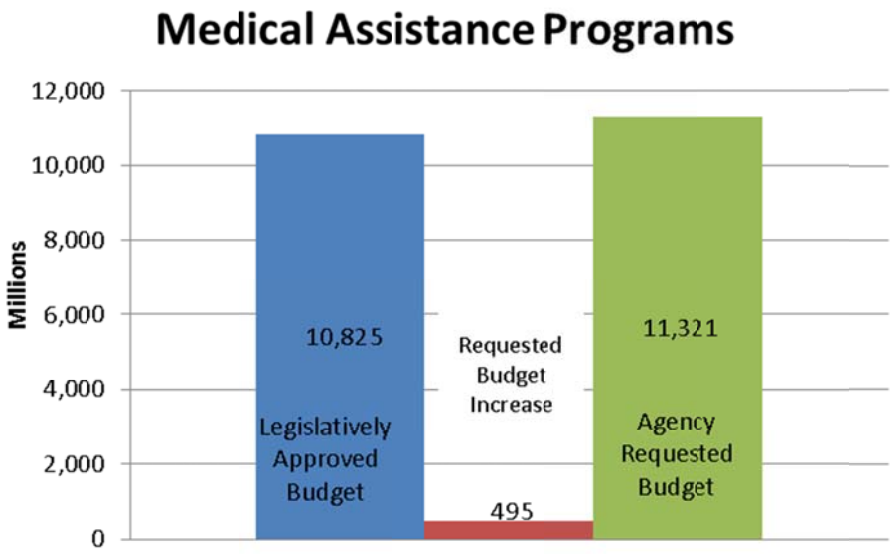
The Legislature established the hospital assessment in 2003 (Chapter 736, Oregon Laws 2003) to fund the OHP Standard program and enhanced hospital reimbursement. In 2011, the Legislature expanded the use of the assessment to support reimbursement rates for other providers, not just those for hospitals. In 2013, the Legislature extended the assessment two more years (with the passage of HB 2216) to provide continued support for the Oregon Health Plan and to fund a hospital transformation performance program. OHA, in consultation with hospital representatives, sets the assessment rate by administrative rule (OAR 410-050-0861) to generate the projected revenue needed to meet budget and program objectives. As of April 1, 2013, the assessment rate is 5.3 percent.

The Legislature budgets General Fund dollars for the following MAP programs:

- Payments to the federal government for Medicare Part D coverage for dual-eligible clients. Because of General Fund reductions, Medical Assistance Programs in the past used Children's Health Insurance Program Reauthorization Act (CHIPRA) performance bonuses, which are no longer available, to make these payments.
- Limited drug coverage for transplant clients formerly covered by the Medically Needy program.

SIGNIFICANT PROPOSED PROGRAM CHANGES FROM 2013-2015

The following is a comparison (in millions) of the Medical Assistance Programs 2015-2017 budget request to its 2013-2015 budget:



Oregon Health Authority: Medical Assistance Programs

PROGRAM UNIT NARRATIVE

I. OREGON HEALTH PLAN

EXPENDITURES BY FUND TYPE, POSITIONS AND FULL-TIME EQUIVALENTS

	General	Other/Lottery	Federal	Total Fund	Pos.	FTE
Leg. Approved 13-15	738,813,957	1,838,904,332	7,423,589,539	10,001,307,828		
Agency Request	1,562,920,616	809,912,458	8,028,008,976	10,400,842,050		
Difference	824,106,659	(1,028,991,874)	604,419,437	399,534,222		
Percent Change	53%	-127%	8%	4%		

The Oregon Health Plan programs section has no dedicated positions or full-time equivalents. All positions that are dedicated to doing the work that serves the Oregon Health Plan are housed in Program Support. This is information will be reflected below in detail in Other health-related programs and MAP Program Support.

ACTIVITIES, PROGRAMS, AND ISSUES IN THE PROGRAM UNIT BASE BUDGET THAT MAY REQUIRE FURTHER EXPLANATION THAN ALLOWED IN THE PROGRAM UNIT EXECUTIVE SUMMARY.

The Oregon Health Plan budget is partially driven by the Oregon Health Plan demonstration waiver. The waiver requires that per-member-per-month health care expenditures hold to no more than 3.4 percent annual growth for the 2015-2017 biennium. Failure to stay within the growth test will result in federal funding penalties. Meeting this requirement is highly dependent on the capitation rates paid to coordinated care organizations for Oregon Health Plan enrollees. The federal government, in approving the hospital transformation performance

program (authorized by Senate Bill 2216) also requires that the hospital incentive payments be included in the 3.4-percent growth rate. Projections indicate that 2015-2017 expenditures, including the hospital incentive payments, will remain within the required growth rate.

Any additional important background for decision makers that is not mentioned above. Include trends in caseload, workload or other external factors that may influence the operation of the program.

The Oregon Health Plan budget is based on caseload forecasts and cost estimates that are projected for the coming two years. Because of the size of the budget, even the slightest variance from the original forecast can result in a significant budget shortfall or windfall. The caseload forecast used for the 2015-2017 Oregon Health Plan budget is especially risky because of the expansion of Medicaid eligibility. New eligibility systems and new methods of eligibility determination (including "fast track") and redetermination add to this risk.

REVENUE SOURCES AND PROPOSED REVENUE CHANGES.

The Oregon Health Plan has two primary federal fund revenue sources: Medicaid and the Children's Health Insurance Program (CHIP). The Medicaid match rate used for the 2015-2017 biennial budget is approximately 63 percent for most services. (The rate generally is 50 percent for Medicaid staffing and administrative expenditures.) The CHIP match rate will change significantly during the 2015-2017 biennium. The CHIP match rate for the first quarter of the biennium will be approximately 74 percent. Effective October 1, 2015, the Affordable Care Act increases the CHIP match rate by 23 percentage points to about 97 percent federal funding.

As part of the Medicaid waiver, the federal government is investing $1.9 billion in Oregon's health system transformation over five years under a Designated State Health Programs (DSHP) provision. The waiver allows Oregon to claim federal matching funds for health services and programs not traditionally allowed by the Medicaid program. The 2015-2017 Oregon Health Plan budget includes about

$272 million ($136 million Other Funds and $136 Federal Funds) in resources as the result of DSHP. Any reduction to the projected expenditures for those health services and programs that now receive federal matching funds under DSHP will cause a funding problem for the Oregon Health Plan.

PROPOSED NEW LAWS THAT APPLY TO THE PROGRAM UNIT.

The Patient Safety and Affordable Care Act, passed in March 2010, is the basis for federal health care reform and continues to support Oregon's health system transformation through the Oregon Health Plan.

II. NON-OREGON HEALTH PLAN PROGRAMS EXPENDITURES BY FUND TYPE, POSITIONS AND FULL-TIME EQUIVALENTS

	General	Other/Lottery	Federal	Total Fund	Pos.	FTE
Leg. Approved 13-15	245,723,991	3,754,076	306,874,873	556,352,940		
Agency Request	340,264,144	-	308,887,120	649,151,264		
Difference	94,540,153	(3,754,076)	2,012,247	92,798,324		
Percent Change	28%	0%	1%	14%		

The Non-Oregon Health Plan programs section of the budget has no dedicated positions or full-time equivalents. All positions that are dedicated to doing the work that serves the Non-Oregon Health Plan are housed in Program Support. This is information will be reflected below in detail for other health-related programs and MAP Program Support.

ACTIVITIES, PROGRAMS, AND ISSUES IN THE PROGRAM UNIT BASE BUDGET THAT MAY REQUIRE FURTHER EXPLANATION THAN ALLOWED IN THE PROGRAM UNIT EXECUTIVE SUMMARY.

None identified.

Any additional important background for decision makers that is not mentioned above. Include trends in caseload, workload or other external factors that may influence the operation of the program.

The budget for Citizen-/Alien-Waived Emergency Medical (CAWEM) program is driven by the caseload forecast. The caseload forecast for 2015-2017 is especially risky because of the expansion of Medicaid eligibility. New eligibility systems and new methods of eligibility determination (including "fast track") and redetermination add to this risk.

REVENUE SOURCES AND PROPOSED REVENUE CHANGES.

Revenue sources for Non-Oregon Health Plan programs continue unchanged from 2013-2015 biennium with a mix of Medicaid and state funding.

PROPOSED NEW LAWS THAT APPLY TO THE PROGRAM UNIT.

No new laws directly affect Non-Oregon Health Plan programs.

III. OTHER HEALTH-RELATED PROGRAMS AND MAP PROGRAM SUPPORT

EXPENDITURES BY FUND TYPE, POSITIONS AND FULL-TIME EQUIVALENTS

The following is the 2015-2017 budget request for the **Law Enforcement Medical Account** (LEMLA) by fund type, positions, and full-time equivalents:

	General	Other/Lottery	Federal	Total Fund	Pos.	FTE
Leg. Approved 13-15	39,014	1,354,360	-	1,393,374		
Agency Request	39,014	1,354,360	-	1,393,374		
Difference	-	-	-	-		
Percent Change	0%	0%		0%		

The **Law Enforcement Medical Account** (LEMLA) program section of the budget has no dedicated positions or full-time equivalents. All positions that are dedicated to doing the work that serves the Law Enforcement Medical Account

(LEMLA) are housed in Program Support. This is information will be reflected below in detail for other health-plan related programs and MAP Program Support.

The following is the 2015-2017 budget request for **Pharmacy Programs** by fund type, positions, and full-time equivalents:

	General	Other/Lottery	Federal	Total Fund	Pos.	FTE
Leg. Approved 13-15	3,798,513	58,747,377	10,591,075	73,136,965	12	12.00
Agency Request	7,959,314	58,748,945	11,207,421	77,915,680	12	12.00
Difference	4,160,801	1,568	616,346	4,778,715		
Percent Change	52%	0%	5%	6%	0%	0%

The following is the 2015-2017 budget request for **Other health-plan related programs and MAP Program Support** by fund type, positions, and full-time equivalents:

	General	Other/Lottery	Federal	Total Fund	Pos.	FTE
Leg. Approved 13-15	67,807,106	15,059,463	110,061,787	192,928,356	487	478.85
Agency Request	77,225,318	6,600,868	107,444,234	191,270,420	516	507.85
Difference	9,418,212	(8,458,595)	(2,617,553)	(1,657,936)	29	29
Percent Change	12%	-128%	-2%	-1%	6%	6%

ACTIVITIES, PROGRAMS, AND ISSUES IN THE PROGRAM UNIT BASE BUDGET THAT MAY REQUIRE FURTHER EXPLANATION THAN ALLOWED IN THE PROGRAM UNIT EXECUTIVE SUMMARY.

None identified.

Any additional important background for decision makers that is not mentioned above. Include trends in caseload, workload or other external factors that may influence the operation of the program.

REVENUE SOURCES AND PROPOSED REVENUE CHANGES.

Revenue sources for Non-Oregon Health Plan programs continue unchanged from 2013-2015 biennium with a mix of Medicaid, CHIP, and state funding.

PROPOSED NEW LAWS THAT APPLY TO THE PROGRAM UNIT.

No new laws directly affect the budgets for other health-related programs and MAP Program Support.

Summary of 2015-17 Biennium Budget

Oregon Health Authority
Medical Assistance Programs
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-020-01-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	498	489.85	9,684,124,186	1,117,691,566	-	1,892,868,931	6,673,563,689	-	-
2013-15 Emergency Boards	1	1.00	1,140,995,277	(61,508,985)	-	24,950,677	1,177,553,585	-	-
2013-15 Leg Approved Budget	**499**	**490.85**	**10,825,119,463**	**1,056,182,581**	**-**	**1,917,819,608**	7,851,117,274	**-**	**-**
2015-17 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(16)	(16.00)	(559,271)	858,718	-	(1,864,130)	446,141	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2015-17 Base Budget	**483**	**474.85**	**10,824,560,192**	**1,057,041,299**	**-**	**1,915,955,478**	7,851,563,415	**-**	**-**
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	(716,920)	(359,209)	-	528	(358,239)	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	565,938	325,746	-	(29,073)	269,265	-	-
Subtotal	**-**	**-**	**(150,982)**	**(33,463)**	**-**	**(28,545)**	(88,974)	**-**	**-**
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	2	2.00	28,808,327	1,501,401	-	1,151,544	26,155,382	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(1,667,711,587)	(4,109,839)	-	(442,105,116)	(1,221,496,632)	-	-
Subtotal	**2**	**2.00**	**(1,638,903,260)**	**(2,608,438)**	**-**	**(440,953,572)**	(1,195,341,250)	**-**	**-**
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	624,251,596	69,200,047	-	101,395,465	453,656,084	-	-
Subtotal	**-**	**-**	**624,251,596**	**69,200,047**	**-**	**101,395,465**	453,656,084	**-**	**-**

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
040 - Mandated Caseload									
040 - Mandated Caseload	43	43.00	1,437,268,251	47,685,649	-	243,194,971	1,146,387,631	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	802,585,711	-	(942,974,394)	140,388,683	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	(2,846)	-	-	(2,846)	-	-	-
Subtotal: 2015-17 Current Service Level	**528**	**519.85**	**11,247,022,951**	**1,973,870,805**	**-**	**876,586,557**	8,396,565,589	**-**	**-**

Summary of 2015-17 Biennium Budget

Oregon Health Authority
Medical Assistance Programs
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-020-01-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Subtotal: 2015-17 Current Service Level	**528**	**519.85**	**11,247,022,951**	**1,973,870,805**	**-**	**876,586,557**	8,396,565,589	**-**	**-**
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2015-17 Current Service Level	**528**	**519.85**	**11,247,022,951**	**1,973,870,805**	**-**	**876,586,557**	8,396,565,589	**-**	**-**
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**
Policy Packages									
201 - REaL-D	-	-	-	-	-	-	-	-	-
401 - Promote and Support Community Based Services	-	-	-	-	-	-	-	-	-
402 - Promote Innovative Health Sys Solutions - HP	-	-	-	-	-	-	-	-	-
403 - Promote Innovative Health System Solutions	-	-	73,549,837	14,537,601	-	30,074	58,982,162	-	-
404 - Improve the Lifelong Health of all Oregonians	-	-	-	-	-	-	-	-	-
405 - Prev'g lead'g causes of death, inj & disease	-	-	-	-	-	-	-	-	-
406 - PH Emergency Preparedness	-	-	-	-	-	-	-	-	-
407 - PH Radiation Protection Fee & Cap Increase	-	-	-	-	-	-	-	-	-
408 - PH Senate Bill 333 Fee Increases	-	-	-	-	-	-	-	-	-
409 - Transparency and Engagement	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	**-**	**-**	**73,549,837**	**14,537,601**	**-**	**30,074**	58,982,162	**-**	**-**
Total 2015-17 Agency Request Budget	**528**	**519.85**	**11,320,572,788**	**1,988,408,406**	**-**	**876,616,631**	8,455,547,751	**-**	**-**
Percentage Change From 2013-15 Leg Approved Budget	5.80%	5.90%	4.60%	88.30%	-	-54.30%	7.70%	-	-

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Percentage Change From 2015-17 Current Service Level	-	-	0.70%	0.70%	-	-	0.70%	-	-

Oregon Health Authority Medical Assistance Programs 44300-020-01-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
GENERAL FUND					
REVENUES					
General Fund Appropriation	0050	GF	850,961,310	1,056,182,581	1,988,408,406
TOTAL REVENUES		**GF**	**850,961,310**	**1,056,182,581**	**1,988,408,406**
TOTAL GENERAL FUNDS		**GF**	**850,961,310**	**1,056,182,581**	**1,988,408,406**
OTHER FUNDS					
REVENUES					
Beginning Balance	0025	OF	105,457,958	1,392,708	-
Beginning Balance Adjustment	0030	OF	1,808,226	(1,392,708)	-
Other Selective Taxes	0190	OF	727,106,028	899,268,276	111,183,457
Charges for Services	0410	OF	3,486,532	4,251,313	-
Administrative Service Charges	0415	OF	565,994	-	-
Interest Income	0605	OF	813,710	79,412	54,360
Donations	0905	OF	86,471	-	-
Other Revenues	0975	OF	330,032,099	562,283,350	348,532,855
Loan Proceeds	0980	OF	215,000,000	-	-
TOTAL REVENUES		**OF**	**1,384,357,018**	**1,465,882,351**	**459,770,672**
TRANSFER IN					
Transfer in Other	1050	OF	-	114,267,000	124,000,000
Transfer in Administrative Services	1107	OF	30,000,000	-	-

Oregon Health Authority Medical Assistance Programs 44300-020-01-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
Transfer in Governor, Office of the	1121	OF	1,084,798	-	-
Transfer in Revenue Department	1150	OF	355,388,305	317,208,507	291,422,605
Transfer in Judicial	1198	OF	151,020	-	-
Transfer from Oregon Youth Authority	1415	OF	70,923	-	232,038
Transfer in Commission & Families	1423	OF	561,353	-	-
Transfer in Consumer Business Services	1440	OF	121,925,083	21,350,642	-
Tsfr From Oregon Health Authority	1443	OF	64,874,279	-	-
Transfer in Education	1581	OF	-	1,191,316	1,322,340
TOTAL TRANSFERS IN		**OF**	**574,055,761**	**454,017,465**	**416,976,983**
TRANSFER OUT					
Transfer to Intrafund	2010	OF	(16,587,270)	-	-
Transfer to Department of Human Services	2100	OF	-	(687,500)	-
TOTAL TRANSFERS OUT			**(16,587,270)**	**(687,500)**	-
TOTAL OTHER FUNDS		**OF**	**1,941,825,509**	**1,919,212,316**	**876,747,655**
FEDERAL FUNDS REVENUES					
Federal Funds Revenue	0995	FF	4,096,613,488	7,851,117,274	8,455,547,751
TOTAL REVENUES			**4,096,613,488**	**7,851,117,274**	**8,455,547,751**

Oregon Health Authority Medical Assistance Programs 44300-020-01-00-00000	2015-17 Revenue Report				
SOURCE	COMP SOURCE GROUP	FUND	2011-13 Actuals	2013-15 Legislatively Approved Budget	2015-17 Agency Request Budget
TOTAL FEDERAL FUNDS		FF	4,096,613,488	7,851,117,274	8,455,547,751
TOTAL AVAILABLE REVENUES		TF	6,889,400,307	10,826,512,171	11,320,703,812

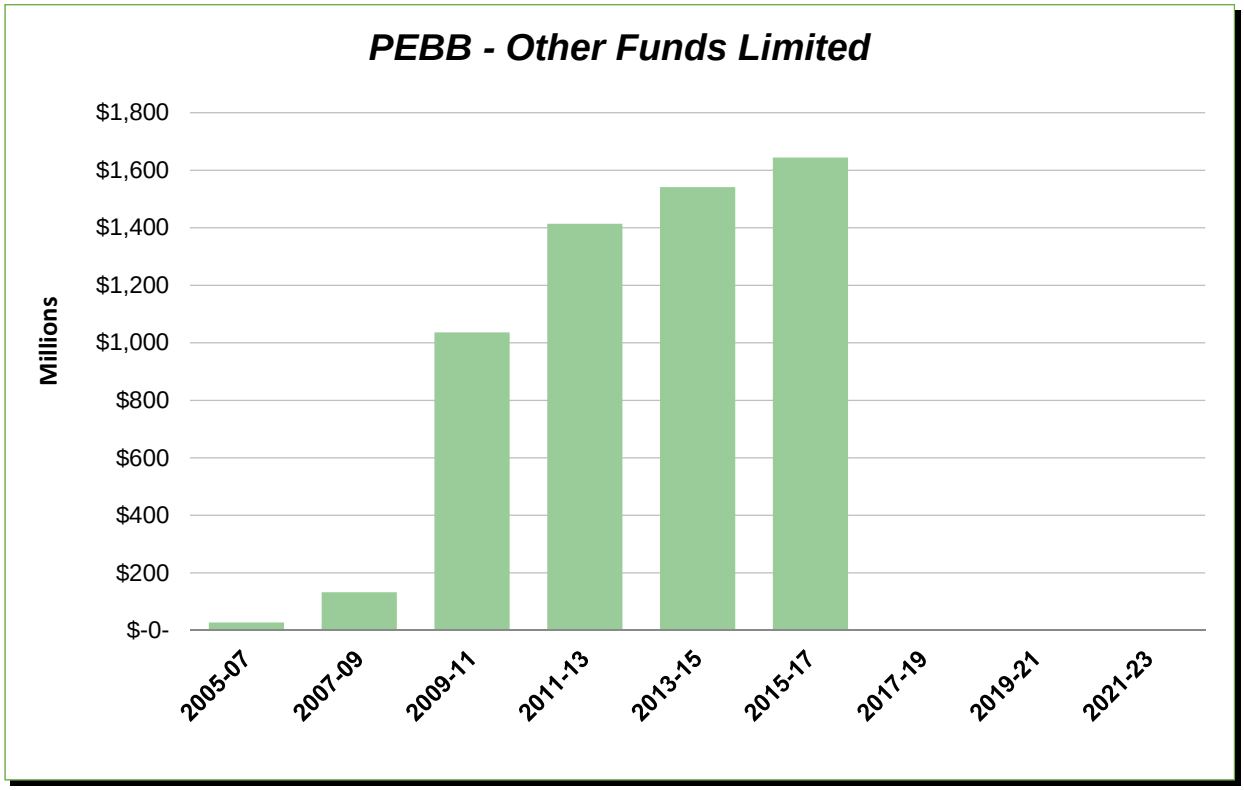
DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority — **Agency Number: 44300**
2015-17 Biennium — **Cross Reference Number: 44300-020-01-00-00000**

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Other Selective Taxes	727,106,028	846,079,320	899,268,276	111,183,457	-	-
Charges for Services	3,486,532	4,251,313	4,251,313	-	-	-
Admin and Service Charges	565,994	-	-	-	-	-
Interest Income	813,710	79,412	79,412	54,360	-	-
Donations	86,471	-	-	-	-	-
Other Revenues	330,032,099	589,892,569	562,283,350	348,532,855	-	-
Loan Proceeds	215,000,000	-	-	-	-	-
Transfer In Other	-	116,100,000	114,267,000	124,000,000	-	-
Tsfr From Administrative Svcs	30,000,000	-	-	-	-	-
Tsfr From Governor, Office of the	1,084,798	-	-	-	-	-
Tsfr From Revenue, Dept of	355,388,305	316,208,507	317,208,507	291,422,605	-	-
Tsfr From Judicial Dept	151,020	-	-	-	-	-
Tsfr From Or Youth Authority	70,923	-	-	232,038	-	-
Tsfr From Child/Fam, Comm on	561,353	-	-	-	-	-
Tsfr From Consumer/Bus Svcs	121,925,083	21,350,642	21,350,642	-	-	-
Tsfr From Oregon Health Authority	64,874,279	-	-	-	-	-
Tsfr From Education, Dept of	-	1,191,316	1,191,316	1,322,340	-	-
Transfer Out - Intrafund	(16,587,270)	-	-	-	-	-
Tsfr To Human Svcs, Dept of	-	(687,500)	(687,500)	-	-	-
Total Other Funds	**$1,834,559,325**	**$1,894,465,579**	**$1,919,212,316**	**$876,747,655**	**-**	**-**
Federal Funds						
Federal Funds	4,096,613,488	6,673,563,689	7,851,117,274	8,455,547,751	-	-
Total Federal Funds	**$4,096,613,488**	**$6,673,563,689**	**$7,851,117,274**	**$8,455,547,751**	**-**	**-**

Oregon Health Authority: Public Employees Benefit Board

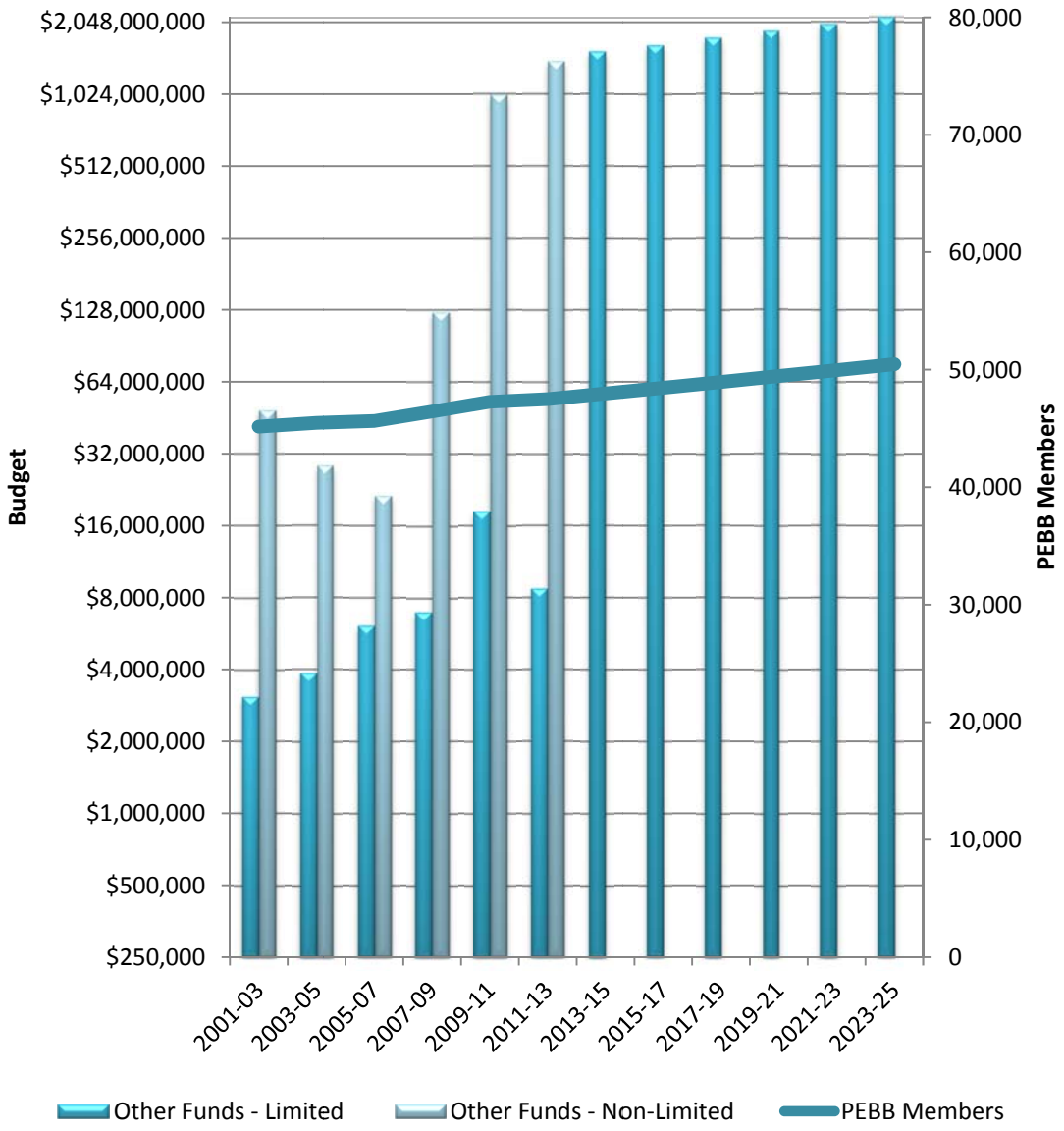
Primary Outcome Area: Healthy People
Secondary Outcome Area: Livable Communities
Program Contact: Kathy Loretz, Deputy Administrator
503-373-0800



EXECUTIVE SUMMARY

The Public Employees Benefit Board (PEBB) provides high-quality medical, dental, vision, life, disability, accidental death and dismemberment, and long-term-care insurance benefit options at a cost affordable to employees and the state. Insurance benefits are a part of employees' total compensation package and an important tool in hiring and retaining quality personnel.

PROGRAM FUNDING REQUEST



The 2015-17 PEBB Agency Request Budget includes all program expenditures, both from self-insured and fully insured plans. All expenditures are budgeted as Other Funds Limited. In the past the PEBB budget has reflected only the self-insured benefit costs as Other Funds Nonlimited, and Operations expenditures as Other Funds Limited. PEBB expenditure growth was capped at 3.4% annually on a Per Employee-Per-Month basis in the 2013 Legislative Session. The 2015-17 Agency Request Budget for PEBB was built using these same assumptions.

PROGRAM DESCRIPTION

- PEBB designs, contracts for and administers high-quality and affordable employee benefits for PEBB members and their dependents. Benefits include medical, dental, life, accident, disability and long-term care insurance and flexible spending accounts. When selecting plans, PEBB focuses on:
- An innovative delivery system that uses evidence-based medicine to maximize health and use dollars wisely;
- Improving quality and outcomes, not just providing healthcare services;
- 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
- An affordable benefit package.

For its members, PEBB seeks optimal health through a coordinated and effective system of care that is:

- Patient-centered;
- Focused on wellness;
- Efficient, accessible and affordable.

PEBB takes an integrated approach to health by treating the whole person. The system emphasizes the relationship among patients and providers, their community and primary care.

PEBB serves its members and customers through six central functions:

- Financial oversight of PEBB accounts, including the Revolving Fund and its subaccounts;
- Program development by collaborating with agencies, local governments, universities, health plans and other benefit purchasers to design programs that align with the PEBB vision;
- Regulatory compliance to ensure benefit programs meet all state and federal regulations;

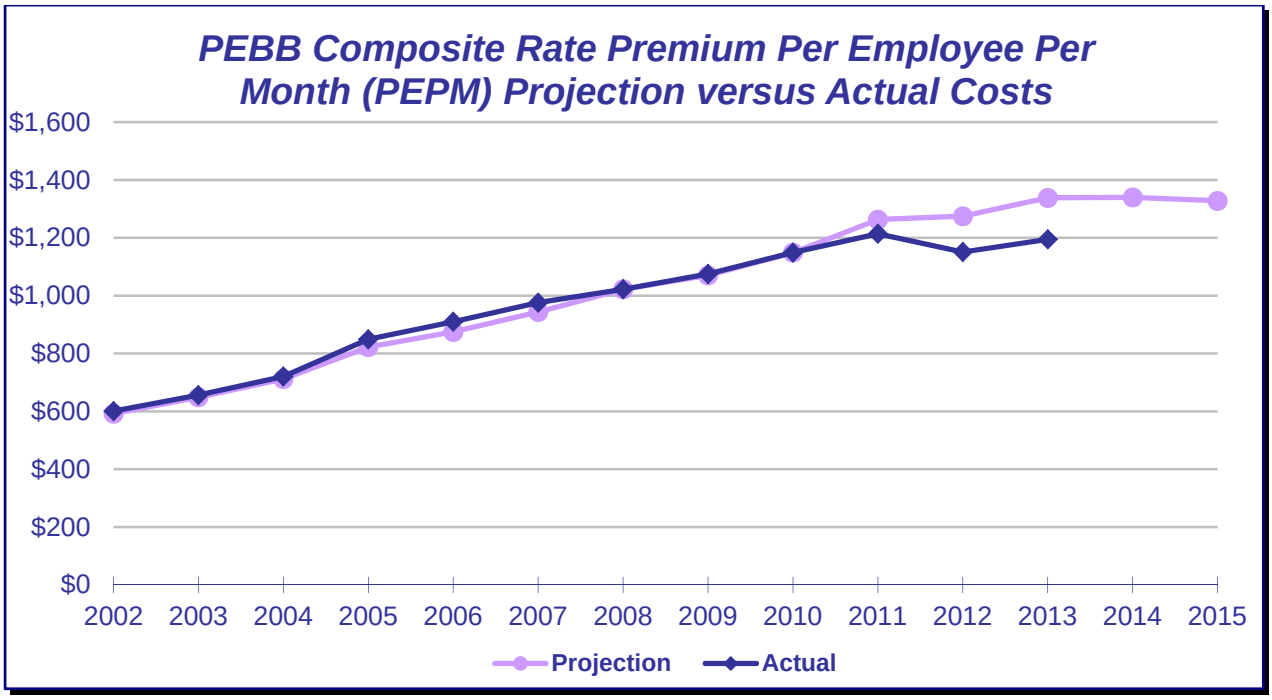
- Enrollment accuracy by using a benefit management system to ensure that correct benefit-related data is shared among state and local governments and university payroll systems, health plans and other vendors;
- Contracting for services that are timely and accurate;
- Communication strategies that engage employees in their benefit programs and the PEBB vision.

The most valuable benefit in the program is health care coverage. The cost of health care continues to increase without evidence of a commensurate increase in measurable quality. The PEBB Board reviews and adjusts benefit designs to best meet the needs of the employees and the employer.

Medical and dental premium costs are affected by use of services and the cost of services. PEBB has:

- Implemented evidence-based plan designs to help drive members to lower cost, equally effective services;
- Reduced or removed barriers for medications and office visits that help the chronically ill stay healthier and those at risk avoid developing chronic illness; and
- Worked with carriers on alternative ways to pay for services, such as the medical home model and the use of global rates.

As a result, medical premiums have been flat or reduced for two straight plan years (as seen below).



PROGRAM JUSTIFICATION AND LINK TO 10-YEAR OUTCOME

In 2010, PEBB began to self-insure 85 percent of members. Self-insuring gives the board more flexibility in plan design to meet specific goals and has been very successful in keeping premium increases at a reasonable level. PEBB is able to self-insure plans by maintaining a Stabilization Fund reserve account that is sufficient to cover the claims risk.

PEBB actively promotes enrollment into medical homes, implements value-based designs and participates in other OHA-wide initiatives. These include:

- In 2014, 70 percent of PEBB members are enrolled in an Oregon Health Authority-certified patient centered primary care home.
- PEBB members with chronic diseases are participating in the High Value Medical Home pilot.
- PEBB offers no-cost maintenance medications.
- All PEBB plans have no cost sharing associated with office visits for diabetes, asthma, heart disease and coronary artery disease.
- Members and their dependents have access to no-cost tobacco cessation, substance abuse treatment and weight management benefits.

- Members pay higher copayments for low-value, high-use procedures than for alternatives that are more effective and cost less.

PEBB also offers a choice of more than one plan for over 95 percent of members and their dependents statewide.

PROGRAM PERFORMANCE

- PEBB's total membership is about 133,000 individuals, of which 52,000 are employees. Members include:
- Active agency employees and their dependents;
- Active university employees and their dependents;
- Active semi-independent agency employees and their dependents;
- Retirees and their dependents; and
- COBRA participants.

2013 House Bill 2279 expanded PEBB participation to active local governments' employees and their dependents effective January 1, 2014. No local government employees or dependents were enrolled as of July 30, 2014 although a dozen or more entities have solicited information regarding PEBB benefit plans.

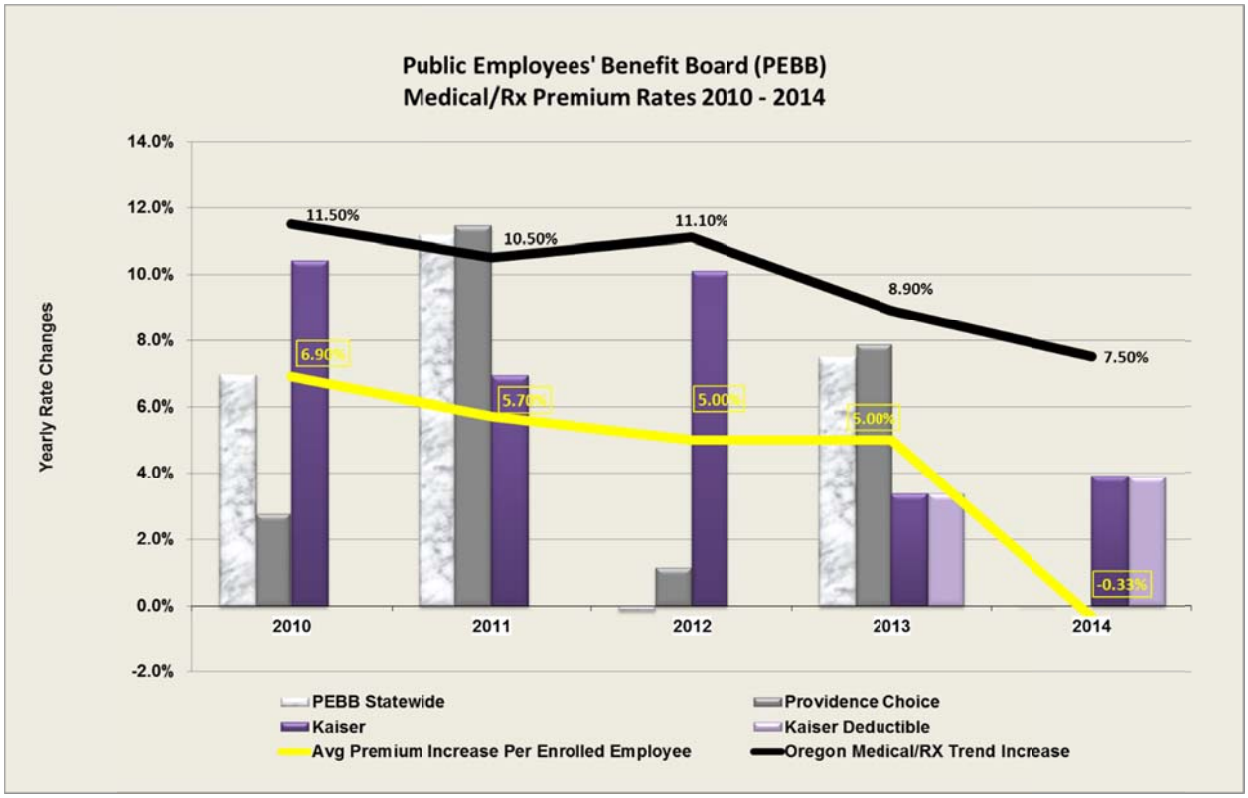
PEBB monitors age trends among its membership to ensure that its plans provide services that are appropriate for the population and to anticipate future needs.

PEBB's focus over the past few years has been on creating plan designs that foster better care, creating wellness programs that improve the overall health of members, and controlling costs. Specifically, PEBB has:

- Increased the number of members in patient-centered primary care homes;
- Redesigned benefits in order to reduce barriers to care for members with chronic diseases;
- Begun offering no-cost addiction treatment;
- Partnered with the Office of Public Health to support worksite wellness;
- Created Health Engagement Plan incentives to engage members in improving their health;
- Conducted a dependent verification to maintain enrollment integrity; and

- Achieved better cost control through direct contracting with medical, vision and dental plans.

PEBB has stayed at or below the Oregon premium trend level for the past five years:



ENABLING LEGISLATION/PROGRAM AUTHORIZATION

The Public Employees Benefit Board authority lies in ORS 243.061 through ORS 243.302. House Bill 2279 (2013) expanded participation eligibility to include local governments and special districts.

FUNDING STREAMS

As of 2013, all premiums paid for PEBB benefit plans flow through PEBB before passing through to vendors. PEBB receives Other Fund dollars from agencies, universities and self-pay members to directly cover the costs of self-insured plan members. PEBB now self-insures 85 percent of members for health coverage. These monies are used dollar for dollar to pay member medical, vision and dental

claims, for insurance carriers' administrative fees, and other federal and state fees. In 2014, the average administrative fee paid to PEBB's self-funded plan administrators was about 5 percent of premium. That percentage has not changed for nearly five years.

By statute, PEBB can collect an amount that equals up to 2 percent of total premiums to meet administrative and operational costs. For the past four years, PEBB has collected 0.4 percent of premium for these costs.

SIGNIFICANT PROPOSED PROGRAM CHANGES FROM 2013-2015

None proposed.

Oregon Health Authority: Public Employees Benefit Board

EXPENDITURES BY FUND

Public Employees Benefit Board (PEBB) Oregon Health Authority				
Description	**Other Fund**	**Total Funds**	**Pos.**	**FTE**
2015-2017 ARB	$1,644,132,490	$1,644,132,490	19	18.50

VISION

PEBB seeks optimal health for its members through a coordinated system of care that is:

- **Patient-centered;**
- **Focused on wellness;**
- **Efficient and accessible; and**
- **Affordable for the state and its employees.**

PEBB supports OHA's vision, mission and goals to help people and communities achieve optimum health and transform the health care system in Oregon. Some of the ways it does this include:

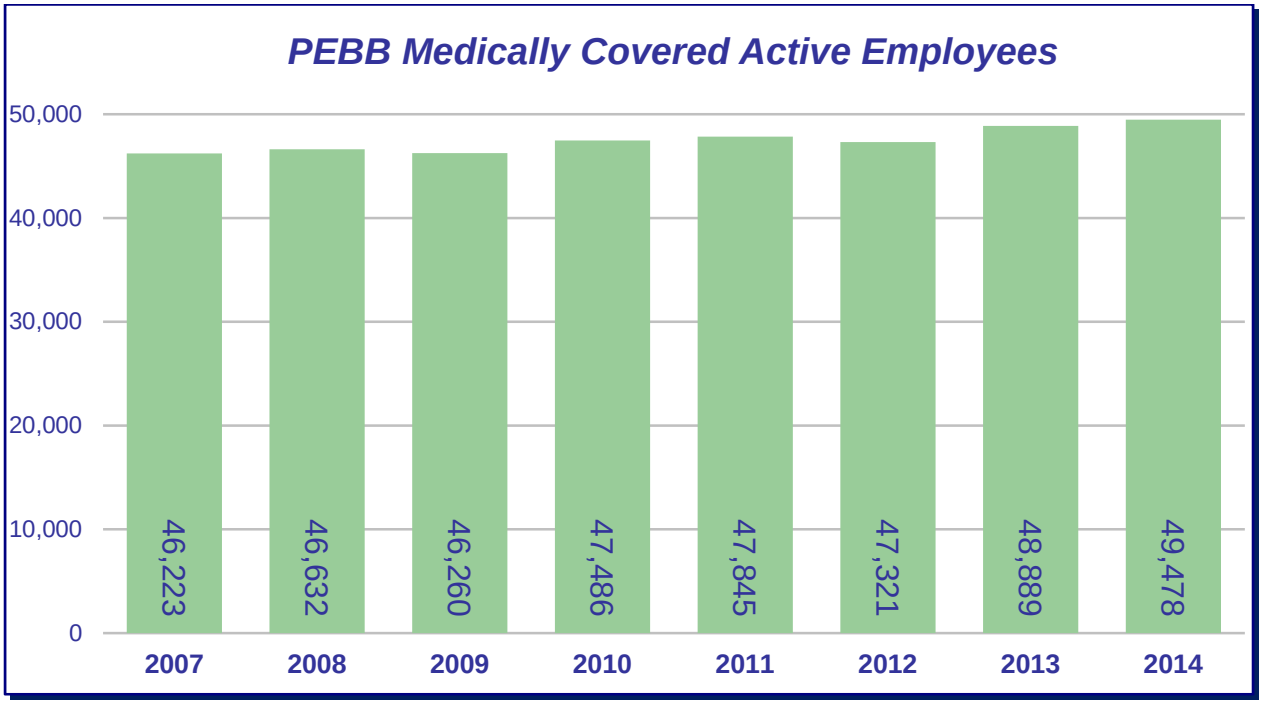
- Promoting wellness visits that promote health and screen members for exercise, depression, and health indicators;
- Aligning PEBB plans with coordinated care model attributes to achieve the triple aim and advance health care transformation into the commercial market;
- Implementing coordinated care organization quality metrics in 2015 medical contracts;
- Continuing to provide benefit plan choice to at least 95 percent of PEBB members and dependents;
- Promoting doulas and non-traditional provider options in maternity care;
- Tracking palliative care programs to assist members and families;
- Reevaluating gym subsidies to reinforce the importance of exercise; and
- Assisting local governments and special districts interested in participating in PEBB benefit programs (HB 2279, 2013).

Activities and programs

PEBB's total membership is about 133,000 individuals, of which 52,000 are employees. Members include:

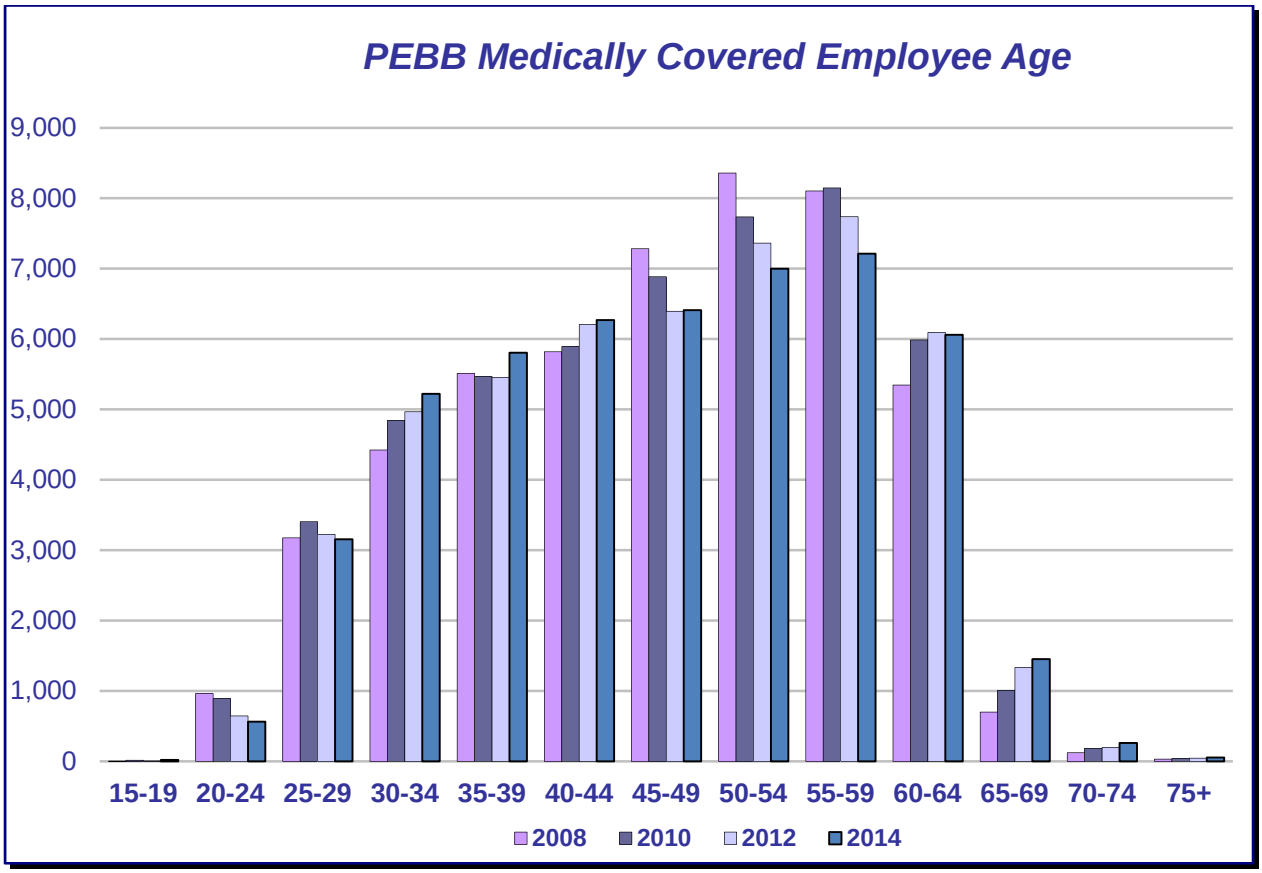
- Active agency employees and their dependents;
- Active university employees and their dependents;
- Active semi-independent agency employees and their dependents;
- Retirees and their dependents; and
- COBRA participants.

House Bill 2279 expanded PEBB participation to active local governments' employees and their dependents, effective January 1, 2014. No local government employees or dependents have yet enrolled but many have shown interest.



Age trend

PEBB monitors age trends among its membership to ensure that its plans provide services that are appropriate for the population and to anticipate future needs. The following graph shows member age bands for 2008, 2010, 2012 and 2014. In 2014, 46 percent of PEBB's active employee population is age 50 or older.



PEBB serves its members and customers through six central functions:

- ***Financial oversight*** of PEBB accounts, including the Revolving Fund and its subaccounts;
- ***Program development*** by collaborating with agencies, local governments, universities, health plans and other benefit purchasers to design programs that align with the PEBB vision;
- ***Regulatory compliance*** to ensure benefit programs meet all state and federal regulations;
- ***Enrollment accuracy*** by using a benefit management system to ensure that correct benefit-related data is shared among state, local government and university payroll systems, health plans and other vendors;
- ***Contracting services*** that are timely and accurate;
- ***Communication strategies*** that engage employees in their benefit programs and the PEBB vision.

Operational activities include:

- Offering plans that provide health care supported by the best available evidence;
- Promoting a competitive marketplace by contracting with health systems that are accountable for their performance;
- Collaborating with partners to improve the market and delivery system;
- Meeting or exceeding standards for response time;
- Surveying customers regularly, then analyzing and acting on results;
- Maintaining and improving the online benefits system;
- Developing and maintaining comprehensive, user-friendly websites;
- Employing cost-effective, sustainable technologies to improve communication and reduce resource consumption;
- Continuing to support agencies, local governments and special districts, and universities' efforts to improve employee health and wellness;
- Continuing to seek member and stakeholder input on benefits, benefit management and administration;
- Conducting audits to ensure that policies are applied equitably;
- Continuing to support use of the benefit management system;
- Improving contracting and analytical capabilities; and
- Refining benefit information reporting.

TRENDS, CASELOAD AND EXTERNAL FACTORS

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. In 2010, PEBB began to self-insure its largest medical and vision plans, administered by Providence Health Plans and VSP, respectively. PEBB's Other Funds Non-limited budget was changed to an Other Funds Limited budget in the 2013 legislative session. The following changes were made:

- PEBB expenditure growth per employee per month (PEPM) was capped at 4.4 percent for 2013, 3.4 percent for 2014, and 3.4 percent for 2015;

- Non-limited Other Funds authority was eliminated and all expenditure limitation was changed to Other Funds Limited; and

- All PEBB program expenditures, self-insured and fully insured plans were built into the budget as well as employee-paid optional benefits. In the past, the PEBB budget only reflected self-insured benefit costs.

REVENUE SOURCES AND BASIS FOR 2015–2017 BUDGET

Other Funds revenue 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). In 2011 PEBB reduced the assessment from 0.6 percent to 0.4 percent and has maintained that same assessment since.

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 primary source of Other Funds revenue is 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 an account for their administrative costs. The primary Other Funds revenue source for these programs is forfeitures from participants.

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	20	19.50	1,541,141,592	-	-	1,541,141,592	-	-	-
2013-15 Emergency Boards	-	-	156,309	-	-	156,309	-	-	-
2013-15 Leg Approved Budget	**20**	**19.50**	**1,541,297,901**	**-**	**-**	**1,541,297,901**	**-**	**-**	**-**
2015-17 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(1)	(1.00)	(248,286)	-	-	(248,286)	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2015-17 Base Budget	**19**	**18.50**	**1,541,049,615**	**-**	**-**	**1,541,049,615**	**-**	**-**	**-**
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	59,864	-	-	59,864	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	567,364	-	-	567,364	-	-	-
Subtotal	**-**	**-**	**627,228**	**-**	**-**	**627,228**	**-**	**-**	**-**
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(1,965,000)	-	-	(1,965,000)	-	-	-
Subtotal	**-**	**-**	**(1,965,000)**	**-**	**-**	**(1,965,000)**	**-**	**-**	**-**
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	104,436,452	-	-	104,436,452	-	-	-
Subtotal	**-**	**-**	**104,436,452**	**-**	**-**	**104,436,452**	**-**	**-**	**-**

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	(15,805)	-	-	(15,805)	-	-	-
Subtotal: 2015-17 Current Service Level	**19**	**18.50**	**1,644,132,490**	**-**	**-**	**1,644,132,490**	**-**	**-**	**-**

Summary of 2015-17 Biennium Budget

Oregon Health Authority
Public Employees Benefit Board (PEBB)
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-020-02-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Subtotal: 2015-17 Current Service Level	**19**	**18.50**	**1,644,132,490**	**-**	**-**	**1,644,132,490**	**-**	**-**	**-**
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2015-17 Current Service Level	**19**	**18.50**	**1,644,132,490**	**-**	**-**	**1,644,132,490**	**-**	**-**	**-**
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Policy Packages									
201 - REaL-D	-	-	-	-	-	-	-	-	-
401 - Promote and Support Community Based Services	-	-	-	-	-	-	-	-	-
402 - Promote Innovative Health Sys Solutions - HP	-	-	-	-	-	-	-	-	-
403 - Promote Innovative Health System Solutions	-	-	-	-	-	-	-	-	-
404 - Improve the Lifelong Health of all Oregonians	-	-	-	-	-	-	-	-	-
405 - Prev'g lead'g causes of death, inj & disease	-	-	-	-	-	-	-	-	-
406 - PH Emergency Preparedness	-	-	-	-	-	-	-	-	-
407 - PH Radiation Protection Fee & Cap Increase	-	-	-	-	-	-	-	-	-
408 - PH Senate Bill 333 Fee Increases	-	-	-	-	-	-	-	-	-
409 - Transparency and Engagement	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total 2015-17 Agency Request Budget	**19**	**18.50**	**1,644,132,490**	**-**	**-**	**1,644,132,490**	**-**	**-**	**-**
Percentage Change From 2013-15 Leg Approved Budget	-5.00%	-5.10%	6.70%	-	-	6.70%	-	-	-

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
Percentage Change From 2015-17 Current Service Level	-	-	-	-	-	-	-	-	-

Oregon Health Authority Public Employees Benefit Board 44300-020-02-00-00000	2015-17 Revenue Report						
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**	**2015-17 Governor's Balanced Budget**	**2015-17 Legislatively Adopted Budget**
GENERAL FUND							
REVENUES							
General Fund Appropriation	0050	GF	7,553	-	-	-	-
TOTAL REVENUES		**GF**	**7,553**	**-**	**-**	**-**	-
TOTAL GENERAL FUNDS		**GF**	**7,553**	**-**	**-**	**-**	**-**
OTHER FUNDS							
REVENUES							
Beginning Balance	0025	OF	222,600,000	253,484,781	-	-	-
Beginning Balance Adjustment	0030	OF	44,631,580	61,316,214	-	-	-
Administrative Service Charges	0415	OF	1,005,405,219	1,511,390,066	1,615,125,464	-	-
Interest Income	0605	OF	1,039,233	4,961,244	4,961,244	-	-
Other Revenues	0975	OF	5,733,510	9,336,240	24,045,782	-	-
TOTAL REVENUES		**OF**	**1,279,409,542**	**1,840,488,545**	**1,644,132,490**	**-**	**-**
TRANSFER IN							
Transfer in Administrative Services	1107	OF	265,803,001	-	-	-	-
TOTAL TRANSFERS IN		**OF**	**265,803,001**	**-**	**-**	**-**	**-**
TOTAL OTHER FUNDS		**OF**	**1,545,212,543**	**1,840,488,545**	**1,644,132,490**	**-**	**-**
TOTAL AVAILABLE REVENUES		**TF**	**1,545,220,096**	**1,840,488,545**	**1,644,132,490**	**-**	**-**
TOTAL AVAILABLE REVENUES		**TF**	**1,545,227,649**	**1,840,488,545**	**1,644,132,490**	**-**	**-**

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

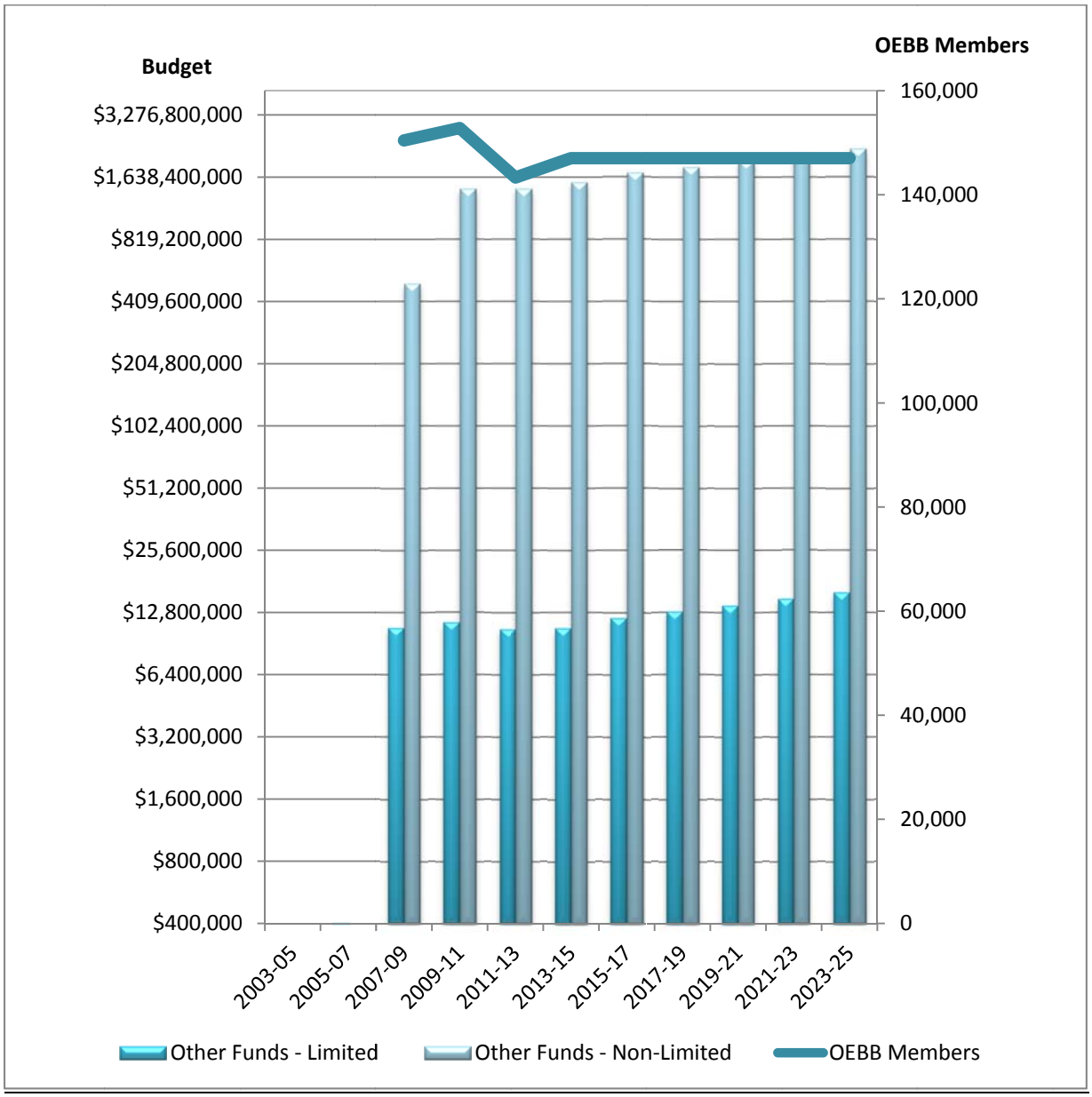
Oregon Health Authority — **Agency Number: 44300**

2015-17 Biennium — **Cross Reference Number: 44300-020-02-00-00000**

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Admin and Service Charges	654,411	1,511,233,757	1,511,390,066	1,615,125,464	-	-
Interest Income	-	4,961,244	4,961,244	4,961,244	-	-
Other Revenues	-	9,336,240	9,336,240	24,045,782	-	-
Tsfr From Administrative Svcs	172,593,440	-	-	-	-	-
Total Other Funds	**$173,247,851**	**$1,525,531,241**	**$1,525,687,550**	**$1,644,132,490**	**-**	**-**
Nonlimited Other Funds						
Admin and Service Charges	1,004,750,808	-	-	-	-	-
Interest Income	1,039,233	-	-	-	-	-
Other Revenues	5,733,510	-	-	-	-	-
Tsfr From Administrative Svcs	93,209,561	-	-	-	-	-
Total Nonlimited Other Funds	**$1,104,733,112**	**-**	**-**	**-**	**-**	**-**

Oregon Health Authority: Oregon Educators Benefit Board

Primary Outcome Area: Healthy People
Secondary Outcome Area: Livable Communities
Tertiary Outcome Area: Good Government
Program Contact: Denise Hall, Deputy Administrator, 503-378-5133

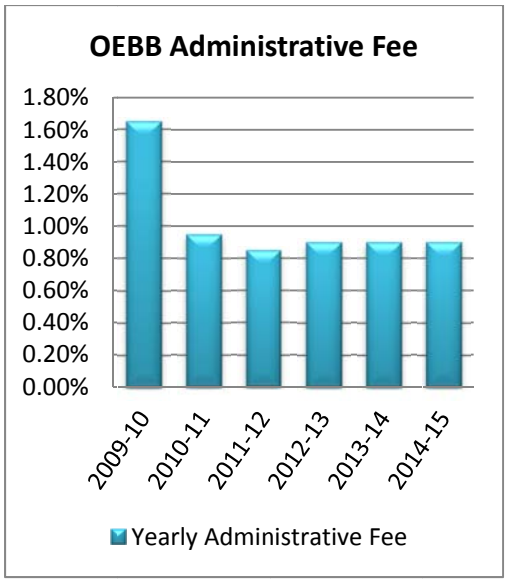


PROGRAM OVERVIEW

The Oregon Educators Benefit Board (OEBB) administers medical, dental, vision and other benefit plans for Oregon's school and education service districts. With the passage of House Bill 2279 (2013), cities, counties and special districts became able to join the OEBB benefits program effective January 1, 2014. OEBB's goal is to provide high-quality benefits for all eligible employees, early retirees, and their dependents at the lowest possible cost, and to work collaboratively with members, entities and insurance carriers to further advance the triple aim for all Oregonians.

PROGRAM FUNDING REQUEST

OEBB's proposal requests funding at the 2013-2015 biennium level plus allowed inflation factors. This will allow the program to continue to achieve the goals set forth in the guiding principles adopted by the OEBB Board and continue to advance the triple aim. The program goals are described in the program description section. Estimated costs through the 2021-2023 biennium are trended forward using the inflation factors prescribed by Oregon Health Authority Office of Budget, Planning and Analysis. OEBB anticipates this funding level will allow it to continue to provide its current members a high level of customer service and continued access to reliable, high-quality and lower-cost health care through use of providers certified by OHA as Patient Centered Primary Care Homes (PCPCHs) and recognized providers under coordinated care-model health plans. The requested funding level also will allow OEBB to continue to promote ongoing improvement in the health of its more than 147,000 members, making a major contribution to the overall health of Oregonians.



PROGRAM DESCRIPTION

OEBB serves more than 147,000 members (employees and early retirees and their family members) in more than 250 publicly funded entities throughout Oregon. They include nearly all school districts, education service districts and community colleges, numerous charter schools and some counties and special districts. OEBB serves its members and entities year-round. Activity significantly increases during the annual renewal and open enrollment periods.

OEBB designs and maintains a full range of benefit plans for eligible and participating publicly funded entities to offer to their employees and early retirees. Plans include medical, dental, vision, life, disability, accidental death and dismemberment, long term care, an employee assistance program, a health savings account and flexible spending accounts. OEBB also maintains an online benefit enrollment system (MyOEBB), and carries out the wide range of duties required of an agency that coordinates insurance coverage and other benefits for a large, statewide pool of public employees.

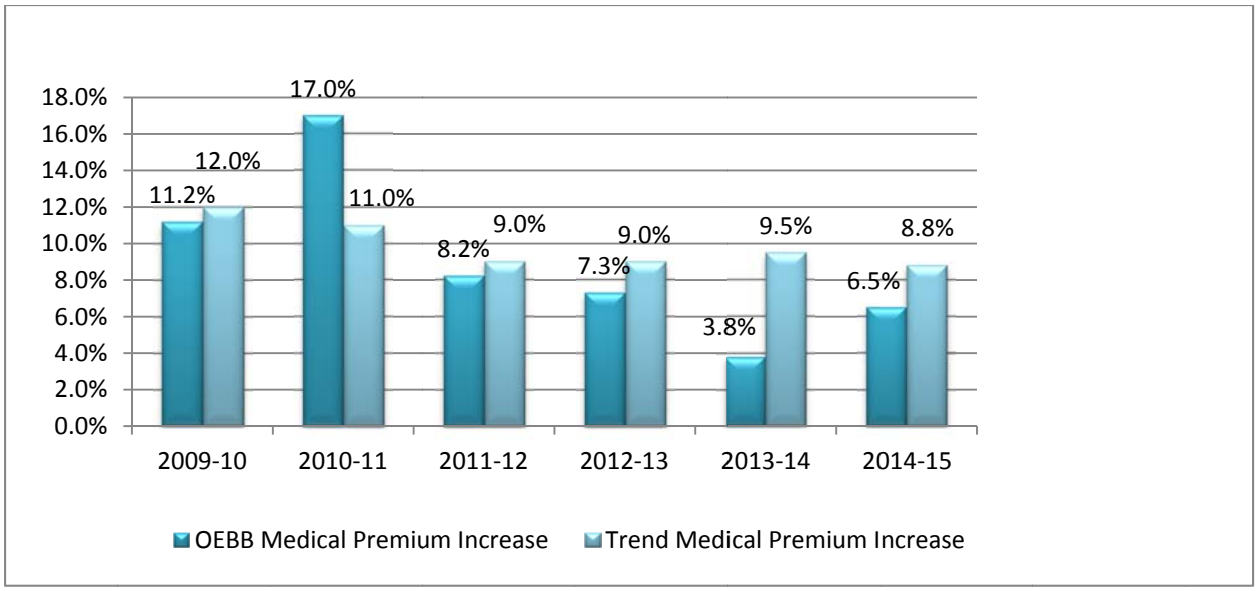
OEBB works closely with its contracted carrier and vendor partners, the Public Employees' Benefit Board (PEBB), the Oregon Health Authority, Oregon Health Policy Board, the Governor's Office, participating publicly funded entities and its 147,000 plus members.

OEBB has one major cost driver – rising health care costs. OEBB continues to work closely with its carrier partners to develop and pilot alternative delivery and payment methods that align with OEBB goals and the Triple Aim.

For the 2013-2014 plan year, OEBB expanded access to Patient Centered Primary Care Homes (PCPCHs). It also provided an incentive (in the form of reduced out-of-pocket costs for office visits) to encourage members in OEBB's traditional preferred provider organization (PPO) medical plans to use a PCPCH as their primary care provider. Beginning with the 2014-2015 plan year, OEBB added medical plan options that support Oregon's movement toward providing access to reliable, high-quality, lower-cost health care: making coordinated care model options available under the PPO carrier, and adding a high-deductible health plan (HDHP) to the health maintenance organization (HMO) carrier.

OEBB also implemented alternative payment models to help reduce costs. These included reference-based pricing programs for several major surgeries and certain oral appliances; steps to reduce the cost of dialysis treatments for members; and better coordination of health care for some members with costly multiple chronic conditions.

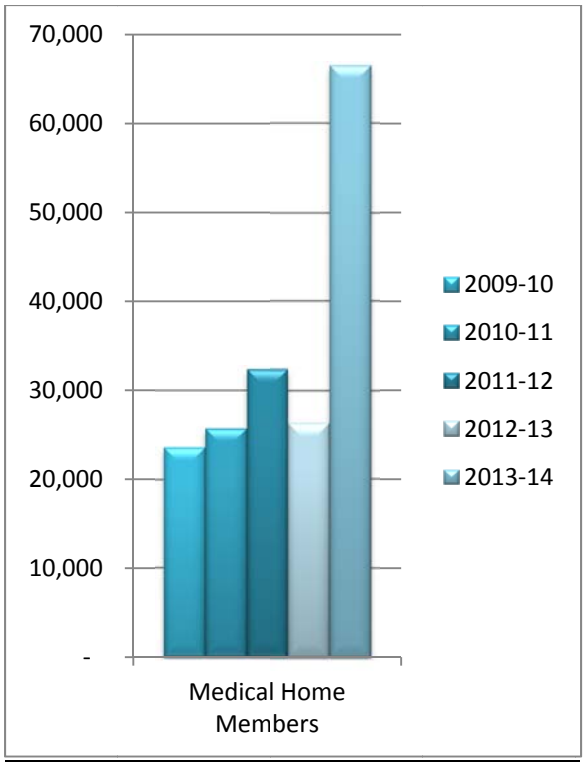
Beginning with the 2013-2014 plan year, OEBB implemented the Healthy Futures program. This program encourages members to learn more about their own health and health risks and to take action to reduce or eliminate those risks. Participants receive a $100 deductible credit on their PPO model medical plans, or the equivalent in copayment credits if they are in an HMO model medical plan. OEBB premium increases have been below the Oregon trend for all but one of its plan years.



PROGRAM JUSTIFICATION AND LINK TO 10-YEAR OUTCOME

The Oregon Educators Benefit Board was established in 2007 to administer medical, dental, vision and other benefit plans for Oregon's schools and education service districts. House Bill 2279 (2013) allowed cities, counties and special districts to join the OEBB benefits program effective January 1, 2014. OEBB is governed by statute (ORS 243.860 to 243.886).

OEBB supports the triple aim of better health, better care and lower costs. One way it does this is by increasing member participation in medical homes and organized systems of care.



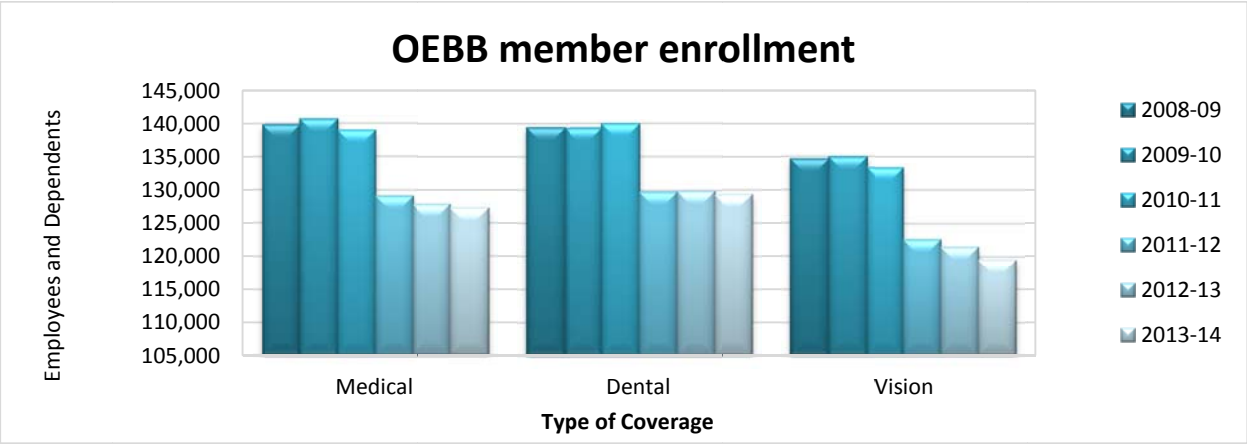
*Plan Year 2013-14 all Moda Medical Plans include the Medical Home option

OEBB also designs its benefits to encourage members to use high-value preventive services and prescription drugs, and to consider alternative treatments for some conditions as appropriate. This includes low-cost or free access to all recommended preventive services, specific prescription drugs for chronic disease management, and weight management and tobacco cessation programs.

OEBB charges additional copays on 11 procedures for which there is evidence that alternatives are as effective or more effective, cost less, and are safer.

As OEBB membership expands to include more publicly funded entities throughout Oregon, so does the impact it can have on health care access, quality and affordability in communities. This is especially true in smaller, rural communities where public employees can make up a significant percentage of the overall population.

PROGRAM PERFORMANCE



*Plan Year 2011-12 - Medical opt-outs increased during the 2011-2012 plan year and layoffs reduced the number of employees in many of the entities. Members also chose to discontinue vision and dental plans due to pay freezes and mandatory furloughs.

ENABLING LEGISLATION/PROGRAM AUTHORIZATION

OEBB was established by Senate Bill 426 in 2007. House Bill 2279 (2013) expanded eligibility to local government entities. The OEBB Board, functions and responsibilities are authorized by ORS 243.860 to 243.886.

FUNDING STREAMS

ORS 243.880 authorizes the Oregon Educators Benefit Account to cover administration expenses. The account's revenue is generated by an administrative assessment paid by members along with their premiums. The administrative assessment cannot exceed 2 percent of total monthly premiums. It is the sole source of revenue for the OEBB benefits program. OEBB is funded entirely with Other Funds.

ORS 243.884 authorizes the Oregon Educators Revolving Fund to pay premiums, control expenditures, provide self-insurance and subsidize premiums. Self-insuring would provide the board with more flexibility in benefit design to meet specific cost-cutting goals if necessary to keep premiums increases at a reasonable level. OEBB does not currently have the resources needed to self-insure, nor is there any way for OEBB to accrue the required funds (or reserves) at this time.

SIGNIFICANT PROPOSED PROGRAM CHANGES FROM 2013-2015

OEBB has been working with carriers to promote patient centered primary care homes (PCPCHs). Moda Health Plan will continue to encourage medical providers and clinics to become OHA-accredited PCPCHs.

The 2014-2015 plan designs include new Synergy and Summit coordinated care model (CCM) plans. These two new networks include health systems and providers in the Portland and Salem areas and in regions where few or no organized systems of care have been available in the past. OEBB also added a high-deductible health plan (HDHP) option through Kaiser Permanente for OEBB members who want a consumer-driven health plan option within a traditional managed care organization.

OEBB will expand options for some entities in 2015 to include participation in the state's insurance exchange. The OEBB Board will work closely with the exchange to implement House Bill 4164 (2012) and the amendments passed in House Bill 2128 (2013). These bills allow some school and education service districts currently participating in OEBB to choose to offer medical plans comparable to and pooled with OEBB plans, but available through the state's insurance exchange beginning October 1, 2015.

Oregon Health Authority: Oregon Educators Benefit Board

EXPENDITURES BY FUND

Oregon Educators Benefit Board (OEBB) Oregon Health Authority					
Description	**Other Fund**	**Non Limited Other Fund**	**Total Funds**	**Pos.**	**FTE**
2015-2017 ARB	12,078,560	1,715,787,088	1,727,415,648	22	22.00

VISION

The Oregon Educators Benefit Board (OEBB) is aligned with the vision of the Oregon Health Authority in creating a healthy Oregon. OEBB's vision is to provide high-quality benefits at the lowest cost possible and work collaboratively with members, participating 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 use 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
- Information and resources for members to take responsibility for their own health outcomes.

GOALS AND ACTIVITIES

OEBB's goal is to provide high-quality medical, dental and other benefit plans for eligible employees at a cost that participating entities, their employees and Oregon taxpayers can afford.

The statutes governing OEBB (ORS 243.860 to 243.886) outline criteria that OEBB must follow when considering whether to enter into a contract for a benefit plan. OEBB in turn adopted guiding principles.

ACTIVITIES PLANNED FOR 2015-2017

- Expand availability of, access to and participation in patient-centered primary care homes and coordinated care-model plan options throughout Oregon.
- Further develop the "MyOEBB" benefit management system, which allows members to fully manage their benefits online and staff and participating entities to easily and quickly access enrollment information.
- Closely monitor standards for customer response time and improve the board's administrative and customer service models.
- Ensure confidentiality and privacy standards are met, both internally and externally.
- Regularly review security standards and practices in state government to ensure that OEBB meets enterprise-wide security standards.
- Monitor member and participating entity compliance with OEBB eligibility requirements.

CUSTOMER SERVICE DELIVERY

OEBB now offers participating entities the option to have OEBB staff administer benefits for early retirees at no additional cost to the entity or member. This saves participating entities time and money.

PERFORMANCE MEASURES

All carrier contracts include performance measures to evaluate administrative activities and the utilization and cost of services provided. OEBB administrative rules and policies set its performance standards. The board uses reports and surveys to evaluate and measure performance and service levels related to core business processes and administrative activities. OEBB is in the process of developing a core set of measures that align with the OHA Performance Management System.

REVENUE SOURCES

ORS 243.880 established the Oregon Educators Benefit Account to cover administration expenses. The account's revenue is generated through an administrative fee included in premiums for OEBB medical, dental and vision benefits which is considered Other Fund revenue. By statute, the administrative

fee cannot exceed two percent of total monthly premiums. OEBB has maintained an administrative fee of 0.90 percent for the 2012-13, 2013-14, and 2014-15 plan years. 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 OEBB Revolving Fund other than interest earned on the premium collection pass-through account.

PROPOSED NEW LAWS THAT APPLY TO THE PROGRAM UNIT

None known at this time.

Summary of 2015-17 Biennium Budget

Oregon Health Authority | **Agency Request Budget**
Oregon Educators Benefit Board (OEBB) | **Cross Reference Number: 44300-020-03-00-00000**
2015-17 Biennium

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	24	24.00	1,639,816,448	-	-	11,522,448	-	1,628,294,000	-
2013-15 Emergency Boards	-	-	170,289	-	-	170,289	-	-	-
2013-15 Leg Approved Budget	**24**	**24.00**	**1,639,986,737**	**-**	**-**	**11,692,737**	**-**	**1,628,294,000**	**-**
2015-17 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(2)	(2.00)	37,755	-	-	37,755	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			87,493,088	-	-	-	-	87,493,088	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2015-17 Base Budget	**22**	**22.00**	**1,727,517,580**	**-**	**-**	**11,730,492**	**-**	**1,715,787,088**	**-**
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	26,956	-	-	26,956	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	35,667	-	-	35,667	-	-	-
Subtotal	**-**	**-**	**62,623**	**-**	**-**	**62,623**	**-**	**-**	**-**
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(473,503)	-	-	(473,503)	-	-	-
Subtotal	**-**	**-**	**(473,503)**	**-**	**-**	**(473,503)**	**-**	**-**	**-**
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	324,806	-	-	324,806	-	-	-
Subtotal	**-**	**-**	**324,806**	**-**	**-**	**324,806**	**-**	**-**	**-**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	(15,858)	-	-	(15,858)	-	-	-
Subtotal: 2015-17 Current Service Level	**22**	**22.00**	**1,727,415,648**	**-**	**-**	**11,628,560**	**-**	**1,715,787,088**	**-**

Summary of 2015-17 Biennium Budget

Oregon Health Authority | **Agency Request Budget**
Oregon Educators Benefit Board (OEBB) | **Cross Reference Number: 44300-020-03-00-00000**
2015-17 Biennium

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Subtotal: 2015-17 Current Service Level	**22**	**22.00**	**1,727,415,648**	**-**	**-**	**11,628,560**	**-**	**1,715,787,088**	**-**
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2015-17 Current Service Level	**22**	**22.00**	**1,727,415,648**	**-**	**-**	**11,628,560**	**-**	**1,715,787,088**	**-**
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Policy Packages									
201 - REaL-D	-	-	-	-	-	-	-	-	-
401 - Promote and Support Community Based Services	-	-	-	-	-	-	-	-	-
402 - Promote Innovative Health Sys Solutions - HP	-	-	-	-	-	-	-	-	-
403 - Promote Innovative Health System Solutions	-	-	-	-	-	-	-	-	-
404 - Improve the Lifelong Health of all Oregonians	-	-	-	-	-	-	-	-	-
405 - Prev'g lead'g causes of death, inj & disease	-	-	-	-	-	-	-	-	-
406 - PH Emergency Preparedness	-	-	-	-	-	-	-	-	-
407 - PH Radiation Protection Fee & Cap Increase	-	-	-	-	-	-	-	-	-
408 - PH Senate Bill 333 Fee Increases	-	-	-	-	-	-	-	-	-
409 - Transparency and Engagement	-	-	450,000	-	-	450,000	-	-	-
Subtotal Policy Packages	**-**	**-**	**450,000**	**-**	**-**	**450,000**	**-**	**-**	**-**
Total 2015-17 Agency Request Budget	**22**	**22.00**	**1,727,865,648**	**-**	**-**	**12,078,560**	**-**	**1,715,787,088**	**-**
Percentage Change From 2013-15 Leg Approved Budget	-8.30%	-8.30%	5.40%	-	-	3.30%	-	5.40%	-

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
Percentage Change From 2015-17 Current Service Level	-	-	-	-	-	3.90%	-	-	-

Oregon Health Authority Oregon Educators Benefit Board 44300-020-03-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
GENERAL FUND					
REVENUES					
General Fund Appropriation	0050	GF	9,015	-	-
TOTAL REVENUES		**GF**	**9,015**	**-**	**-**
TOTAL GENERAL FUNDS		**GF**	**9,015**	**-**	**-**
OTHER FUNDS					
REVENUES					
Beginning Balance	0025	OF	17,400,000	5,441,099	8,188,000
Beginning Balance Adjustment	0030	OF	-	1,033,901	-
Charges for Services	0410	OF	-	122,921	122,921
Administrative Service Charges	0415	OF	16,383,684	1,640,785,116	1,728,051,272
Interest Income	0605	OF	335,581	-	-
Other Revenues	0975	OF	1,404,041,666	-	-
TOTAL REVENUES		**OF**	**1,438,160,931**	**1,647,383,037**	**1,736,362,193**
TRANSFER IN					
Transfer in Intrafund	1010	OF	500	-	-
Transfer in Administrative Services	1107	OF	17,503,786	-	-
TOTAL TRANSFERS IN		**OF**	**17,504,286**	**-**	**-**
TRANSFER OUT					
Transfer to Intrafund	2010	OF	(928,179)	-	-

Oregon Health Authority Oregon Educators Benefit Board 44300-020-03-00-00000	2015-17 Revenue Report				
SOURCE	COMP SOURCE GROUP	FUND	2011-13 Actuals	2013-15 Legislatively Approved Budget	2015-17 Agency Request Budget
TOTAL TRANSFERS OUT			(928,179)	-	-
TOTAL OTHER FUNDS		OF	1,454,737,038	1,647,383,037	1,736,362,193
TOTAL AVAILABLE REVENUES		TF	1,454,746,053	1,647,383,037	1,736,362,193

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

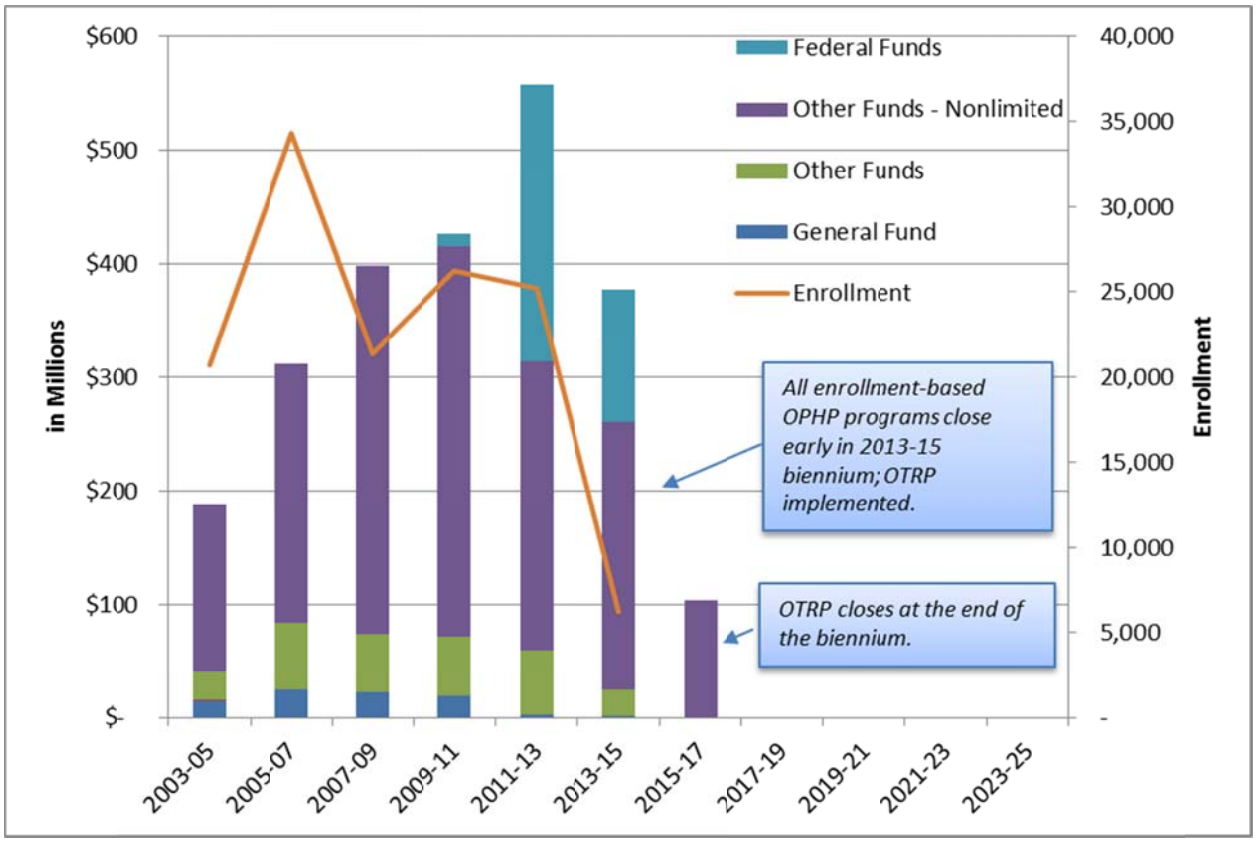
Oregon Health Authority — **Agency Number: 44300**

2015-17 Biennium — **Cross Reference Number: 44300-020-03-00-00000**

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Charges for Services	-	122,921	122,921	122,921	-	-
Admin and Service Charges	10,112,726	12,320,827	12,491,116	12,264,184	-	-
Transfer In - Intrafund	500	-	-	-	-	-
Tsfr From Administrative Svcs	447,965	-	-	-	-	-
Transfer Out - Intrafund	(928,179)	-	-	-	-	-
Total Other Funds	**$9,633,012**	**$12,443,748**	**$12,614,037**	**$12,387,105**	**-**	**-**
Nonlimited Other Funds						
Admin and Service Charges	6,270,958	1,628,294,000	1,628,294,000	1,715,787,088	-	-
Interest Income	335,581	-	-	-	-	-
Other Revenues	1,404,041,666	-	-	-	-	-
Tsfr From Administrative Svcs	17,055,821	-	-	-	-	-
Total Nonlimited Other Funds	**$1,427,704,026**	**$1,628,294,000**	**$1,628,294,000**	**$1,715,787,088**	**-**	**-**

Oregon Health Authority: Office of Private Health Partnerships

Primary Outcome Area: Healthy People
Secondary Outcome Area: N/A
Program Contact: Craig Urbani, OTRP Administrator
503-947-2320



EXECUTIVE SUMMARY

The Office of Private Health Partnerships (OPHP) administered six programs that closed early in the 2013-2015 biennium due to implementation of the federal Affordable Care Act (ACA) in January 2014. The programs that closed were the Family Health Insurance Assistance Program (FHIAP); two programs for high risk uninsurable individuals, the Oregon Medical Insurance Pool (OMIP), and the Federal Medical Insurance Pool (FMIP); a Children's Reinsurance Pool (CRP)

administered within the OMIP program; the Healthy Kids Connect (HKC) program, and the Information, Education and Outreach (IEO) program.

The only program remaining in the OPHP structure through the remainder of 2013-2015 and extending into 2015-2017 is the Oregon Transitional Reinsurance Pool (OTRP) program. It was adopted by the Legislature in the 2013 regular session (HB 3458). It is a temporary measure to help stabilize individual market premiums during the transition to "guaranteed issue" health insurance coverage required by the ACA by covering a portion of exceptional claims costs for roughly 2,100 high-risk Oregonians. This program is scheduled in statute to close by the end of the 2015-2017 biennium, and at that point the OPHP budget structure also is expected to close.

PROGRAM FUNDING REQUEST

For the 2015-2017 biennium, OPHP is requesting $701,884 in Other Funds-Limited and $103,500 million in Other Funds-Non-Limited to continue operations of the OTRP program, which is scheduled to close at the end of the biennium.

PROGRAM DESCRIPTION

Starting January 1, 2014, due to the passage of the federal Affordable Care Act (ACA), thousands of additional Oregonians gained access to health insurance in the individual insurance market. This market serves anyone not covered through an employer-sponsored health plan. Health plans may cost more for many people due to the following factors:

- Plans will have increased benefits and cover more services.
- Insurers can no longer deny coverage to anyone based on their health (pre-existing conditions).
- Thousands of Oregonians who currently buy insurance through state programs for people with pre-existing conditions, and those who are enrolled in portability policies in the commercial market, will move to the individual market. (Portability policies cover people who leave their jobs and are denied individual coverage because of pre-existing conditions.)

To stabilize premiums, HB 3458 (2013 regular session) established the Oregon Transitional Reinsurance Pool (OTRP) program. This is a reinsurance program that pays a portion of high claims costs and helps to stabilize individual market

premiums. The program spreads (to large and small employer groups as well as individuals) a portion of exceptional claims costs for about 2,100 high-risk Oregonians.

This is a temporary program that will cover only claims incurred through December 31, 2016. The program will close once these claims reimbursements are complete. The program will be funded by an annual assessment on all insurers for calendar years 2014, 2015 and 2016. The assessment will be at a rate that is expected to produce funds equal to the needed reinsurance payments. This is the only remaining active program in the Office of Private Health Partnerships structure in 2015-2017.

HB 3458 tasks the Oregon Medical Insurance Pool (OMIP) Board, part of the Oregon Health Authority, with the administration of the program in collaboration with the Department of Consumer and Business Services Insurance Division.

PROGRAM JUSTIFICATION AND LINK TO 10-YEAR OUTCOME

There is a direct link between the OTRP program and the intent of the Healthy People program to improve access to health insurance coverage and produce outcomes that promote lifelong health. Projections suggest the program will mitigate premiums increases, help stabilize the health insurance market, and make insurance more affordable for Oregonians.

PROGRAM PERFORMANCE

The OTRP program's performance can be measured primarily by the impact it has on offsetting premium increases in the commercial market during its three years of operation (calendar years 2014, 2015 and 2016). The impact in 2014 is estimated to be a -4 percent offset to rising premiums.

ENABLING LEGISLATION/PROGRAM AUTHORIZATION

The only remaining program operating in the OPHP structure in 2015-2017, OTRP, is governed by Oregon Laws 2014 Chapter 80.

FUNDING STREAMS

The OTRP program is entirely supported by statutorily dedicated (see statutory reference above) non-limited and limited Other Funds generated by assessments on licensed Oregon commercial health insurers.

SIGNIFICANT PROPOSED PROGRAM CHANGES FROM 2013-2015

As noted previously, all OPHP programs closed during 2013-2015, and the only program continuing into 2015-2017 is the OTRP program. OTRP program rules and operations were in development at the time this narrative was prepared and could potentially result in proposals for changes to the program structure and budget. However, no significant changes are currently proposed in the program from what was established in 2013-2015, and the program is slated in statue to close by the end of the 2015-2017 biennium.

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	62	15.67	377,238,471	1,710,302	-	22,702,031	116,408,573	236,417,565	-
2013-15 Emergency Boards	-	-	68,111	34,015	-	34,096	-	-	-
2013-15 Leg Approved Budget	**62**	**15.67**	**377,306,582**	**1,744,317**	**-**	**22,736,127**	116,408,573	**236,417,565**	**-**
2015-17 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(62)	(15.67)	(2,557,020)	(733,724)	-	(882,121)	(941,175)	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			(132,917,565)	-	-	-	-	(132,917,565)	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2015-17 Base Budget	**-**	**-**	**241,831,997**	**1,010,593**	**-**	**21,854,006**	115,467,398	**103,500,000**	**-**
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	156,888	-	-	101,004	55,884	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	(292,690)	(1,588)	-	(112,002)	(179,100)	-	-
Subtotal	**-**	**-**	**(135,802)**	**(1,588)**	**-**	**(10,998)**	(123,216)	**-**	**-**
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	72,975	-	-	72,975	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(137,567,286)	(1,009,005)	-	(21,214,099)	(115,344,182)	-	-
Subtotal	**-**	**-**	**(137,494,311)**	**(1,009,005)**	**-**	**(21,141,124)**	(115,344,182)	**-**	**-**
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2015-17 Current Service Level	**-**	**-**	**104,201,884**	**-**	**-**	**701,884**	**-**	**103,500,000**	**-**

Summary of 2015-17 Biennium Budget

Oregon Health Authority
Private Health Partnerships
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-020-04-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Subtotal: 2015-17 Current Service Level	**-**	**-**	**104,201,884**	**-**	**-**	**701,884**	**-**	**103,500,000**	**-**
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2015-17 Current Service Level	**-**	**-**	**104,201,884**	**-**	**-**	**701,884**	**-**	**103,500,000**	**-**
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Policy Packages									
201 - REaL-D	-	-	-	-	-	-	-	-	-
401 - Promote and Support Community Based Services	-	-	-	-	-	-	-	-	-
402 - Promote Innovative Health Sys Solutions - HP	-	-	-	-	-	-	-	-	-
403 - Promote Innovative Health System Solutions	-	-	-	-	-	-	-	-	-
404 - Improve the Lifelong Health of all Oregonians	-	-	-	-	-	-	-	-	-
405 - Prev'g lead'g causes of death, inj & disease	-	-	-	-	-	-	-	-	-
406 - PH Emergency Preparedness	-	-	-	-	-	-	-	-	-
407 - PH Radiation Protection Fee & Cap Increase	-	-	-	-	-	-	-	-	-
408 - PH Senate Bill 333 Fee Increases	-	-	-	-	-	-	-	-	-
409 - Transparency and Engagement	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total 2015-17 Agency Request Budget	**-**	**-**	**104,201,884**	**-**	**-**	**701,884**	**-**	**103,500,000**	**-**
Percentage Change From 2013-15 Leg Approved Budget	-100.00%	-100.00%	-72.40%	-100.00%	-	-96.90%	-100.00%	-56.20%	-

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
Percentage Change From 2015-17 Current Service Level	-	-	-	-	-	-	-	-	-

Oregon Health Authority Private Health Partnerships Program 44300-020-04-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
GENERAL FUND					
REVENUES					
General Fund Appropriation	0050	GF	2,609,493	1,744,317	-
TOTAL REVENUES		**GF**	**2,609,493**	**1,744,317**	**-**
TOTAL GENERAL FUNDS		**GF**	**2,609,493**	**1,744,317**	**-**
OTHER FUNDS					
REVENUES					
Beginning Balance	0025	OF	22,202,677	29,622,133	-
Other Selective Taxes	0190	OF	34,861,699	-	-
Charges for Services	0410	OF	137,806,150	411,488	-
Administrative Service Charges	0415	OF	102,903,127	-	-
Interest Income	0605	OF	237,240	3,070,108	-
Donations	0905	OF	2,024,028	-	-
Insurance Premiums	0965	OF	-	116,712,922	-
Other Revenues	0975	OF	311,348	134,658,506	104,201,884
TOTAL REVENUES		**OF**	**300,346,269**	**284,475,157**	**104,201,884**
TRANSFER IN					
Transfer in Consumer Business Services	1440	OF	10,424,989	7,291,258	-
TOTAL TRANSFERS IN		**OF**	**10,424,989**	**7,291,258**	**-**
TRANSFER OUT					

Oregon Health Authority Private Health Partnerships Program 44300-020-04-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
Transfer to Intrafund	2010	OF	856,883	-	-
TOTAL TRANSFERS OUT			**856,883**	**-**	-
TOTAL OTHER FUNDS		**OF**	**311,628,141**	**291,766,415**	**104,201,884**
FEDERAL FUNDS REVENUES					
Federal Funds Revenue	0995	FF	244,150,444	116,516,756	-
TOTAL REVENUES			**244,150,444**	**116,516,756**	**-**
TOTAL FEDERAL FUNDS		**FF**	**244,150,444**	**116,516,756**	**-**
TOTAL AVAILABLE REVENUES		**TF**	**558,388,078**	**410,027,488**	**104,201,884**

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

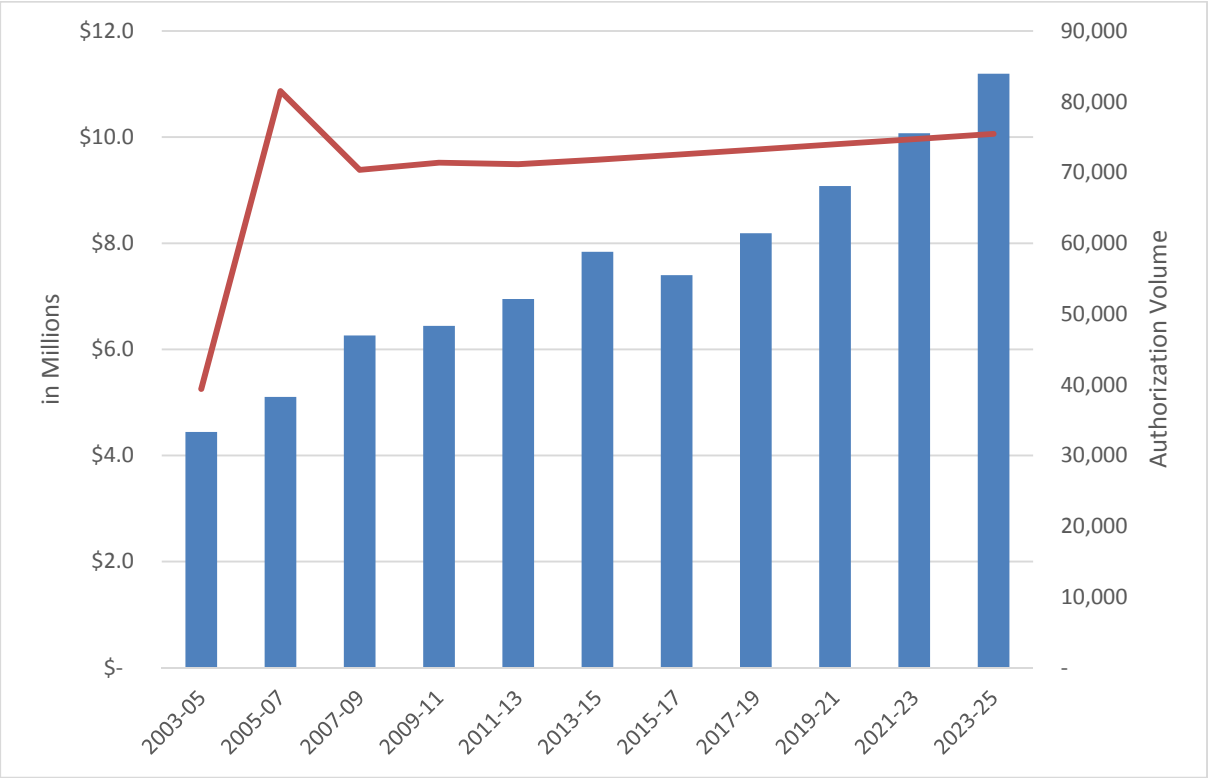
Oregon Health Authority — **Agency Number: 44300**

2015-17 Biennium — **Cross Reference Number: 44300-020-04-00-00000**

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Other Selective Taxes	34,861,699	-	-	-	-	-
Charges for Services	19,400,027	411,488	411,488	-	-	-
Interest Income	237,240	70,108	70,108	-	-	-
Donations	249,743	-	-	-	-	-
Insurance Premiums	-	13,931,687	13,931,687	-	-	-
Other Revenues	311,345	3,988,080	4,022,176	701,884	-	-
Tsfr From Consumer/Bus Svcs	809,595	7,291,258	7,291,258	-	-	-
Transfer Out - Intrafund	856,883	-	-	-	-	-
Total Other Funds	**$56,726,532**	**$25,692,621**	**$25,726,717**	**$701,884**	**-**	**-**
Federal Funds						
Federal Funds	244,150,444	116,516,756	116,516,756	-	-	-
Total Federal Funds	**$244,150,444**	**$116,516,756**	**$116,516,756**	**-**	**-**	**-**
Nonlimited Other Funds						
Charges for Services	118,406,123	-	-	-	-	-
Admin and Service Charges	102,903,127	-	-	-	-	-
Interest Income	-	3,000,000	3,000,000	-	-	-
Donations	1,774,285	-	-	-	-	-
Insurance Premiums	-	102,781,235	102,781,235	-	-	-
Other Revenues	3	130,636,330	130,636,330	103,500,000	-	-
Tsfr From Consumer/Bus Svcs	9,615,394	-	-	-	-	-
Total Nonlimited Other Funds	**$232,698,932**	**$236,417,565**	**$236,417,565**	**$103,500,000**	**-**	**-**

Oregon Health Authority: Health Licensing Office

Primary Outcome Area: Healthy People
Secondary Outcome Area: Safety
Contact: Sylvie Donaldson, Fiscal Services and Licensing Manager
503-378-1974



EXECUTIVE SUMMARY

The Health Licensing Office (HLO) puts qualified Oregonians to work while protecting Oregon consumers. HLO sets, communicates, licenses and enforces regulatory standards for multiple health and related professions.

FUNDING REQUEST

For the 2015-17 biennium, HLO requests $7,398,068 in Other Funds-Limited to maintain ongoing operations. The request also includes adjustments necessary complete the merge of HLO with the Oregon Health Authority (OHA) started mid-biennium in 2013-15.

DESCRIPTION

The Oregon Health Licensing Agency (OHLA) merged with the Oregon Health Authority (OHA) in July 2014, and is now an office within OHA titled the Health Licensing Office (HLO). Following the transition, HLO retains the same function, purpose, and funding structure, where it still operates solely as a 100% other funded structure. HLO regulates over 70,000 authorizations among 12 boards and councils, including over 4,800 facilities. HLO provides services to program clients on a daily basis and sets, communicates, licenses and enforces regulatory standards for the multiple health and related professions it oversees.

HLO achieves its mission by collecting revenues from applications, examinations, authorizations, authorization renewals, charges for services, fines and forfeitures, sales income and interagency agreements. Revenues collected from each board and council fund the Administrative Services, Fiscal Services, Licensing, and the Regulatory Operations units in HLO. Each board and council is required to pay part of the overall HLO budget determined by the allocation service costs attributed to each board and council.

Major cost drivers for HLO operations are derived from writing rules and legislation, conducting examinations, licensing clients, inspecting facilities, investigating complaints, fiscal operations, information technologies, and human resources. Another major cost driver for HLO are continued charges from DAS Risk Management for litigation expenses that increased most significantly during the 2011-13 biennium. These expenses continue at a heightened level on into the 2015-17 biennium, but are expected to slowly decrease in future biennia.

JUSTIFICATION AND LINK TO 10-YEAR OUTCOME

The primary purpose of HLO is to ensure effective coordination of administrative and regulatory functions related to protecting the public as mandated by ORS 676.605. Public protection relates to the regulatory oversight HLO provides over health and related professions it regulates as mandated by ORS 676.606. HLO measures it success by ensuring all complaints are investigated within 120 days as described in ORS 676.165(4) and that Oregonians providing services are licensed by the HLO as described in 676.607. The HLO is 100% other funded and funds are solely invested into protecting Oregonians and fulfilling all of HLO's and the boards/council's statutory requirements. These requirements are directly linked to the safety outcomes outlined in the 10-year plan.

PROGRAM PERFORMANCE

HLO performance is measured using active authorization volume and the cost of each service unit. Each performance metric is indicated over time. During the 2005-07 biennium the Cosmetology authorization was split into four separate fields of practice. The change drastically increased authorization volume and decreased the cost per service unit.

Biennium	*Other Funds*	*Authorization Volume*	*Cost per service unit*
2003-05 Actuals	$ 4,444,249	39,408	$ 113
2005-07 Actuals	$ 5,102,020	81,500	$ 63
2007-09 Actuals	$ 6,262,795	70,376	$ 89
2009-11 Actuals	$ 6,443,623	71,391	$ 90
2011-13 Actuals	$ 6,948,084	71,161	$ 98
*2013-15 LAB**	$ 7,839,417	71,808	$ 109
2015-17 ARB	$ 7,398,068	72,526	$ 102
2017-19	$ 8,189,878	73,251	$ 112
2019-21	$ 9,078,341	73,984	$ 123
2021-23	$ 10,074,245	74,724	$ 135
2023-25	$ 11,195,193	75,471	$ 148

** Merge implemented mid-2013-15, and budget split between Agency 831 and 445; combined here for clarity.*

Active Authorization Volume = The active authorizations for the specified time period.

Cost per Service Unit = Cost per authorization for the specified time period.

ENABLING LEGISLATION/AUTHORIZATION

The list below gives the legislation for the Health Licensing Office and each of its boards and one council.

Health Licensing Office
ORS 676.600-676.625 and 676.992

Athletic Trainers, Board of
ORS 688.701-688.734

Cosmetology, Board of
ORS 690.005-690.235 and 690.992

Denture Technology, Board of
ORS 680.500-680.570 and 680.990

Respiratory Therapists and Polysomnographic Technologists Licensing Board
ORS 688.800-688.840 and 688.995

Environmental Health Registration Board
ORS 700.005-700.240 and 700.992-700.995

Hearing Aid Specialists, Advisory Council
ORS 694.015-694.185 and 694.991

Direct Entry Midwifery, **Board of**
ORS 687.405-495 and 687.895 and 687.991

Sex Offender Treatment Board
ORS 675.360 -675.410

Nursing Home Administrators Board
ORS 678.710-678.990

Licensed Dietitians, Board of
ORS 691.405-691.485

Body Art Practitioners, Board of
ORS 690.350-690.415

Behavior Analysis Regulatory Board
ORS 676.800

FUNDING STREAMS

The Health Licensing Office (HLO) is supported by each of the boards and one council's funding streams. HLO is 100% other funded and collects revenues from applications, examinations, authorizations, authorization renewals, charges for services, fines and forfeitures, sales income and interagency agreements. Each board and council is self-sufficient and supports their own expenses within HLO's budget.

SIGNIFICANT PROPOSED CHANGES FROM 2013-15

Other than completing the merge with OHA started in 2013-15 in the 2017-15 budget, the HLO's budget does not have any significant changes.

Oregon Health Authority
Health Licensing Office
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-020-07-00-00000

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
2013-15 Leg Adopted Budget	-	-	-	-	-	-	-	-	-
2013-15 Emergency Boards	35	17.50	3,957,176	-	-	3,957,176	-	-	-
2013-15 Leg Approved Budget	**35**	**17.50**	**3,957,176**	**-**	**-**	**3,957,176**	**-**	**-**	**-**
2015-17 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	17.50	2,797,238	-	-	2,797,238	-	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2015-17 Base Budget	**35**	**35.00**	**6,754,414**	**-**	**-**	**6,754,414**	**-**	**-**	**-**
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	(59,364)	-	-	(59,364)	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	125,806	-	-	125,806	-	-	-
Subtotal	**-**	**-**	**66,442**	**-**	**-**	**66,442**	**-**	**-**	**-**
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	1,126,847	-	-	1,126,847	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	**-**	**-**	**1,126,847**	**-**	**-**	**1,126,847**	**-**	**-**	**-**
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	69,196	-	-	69,196	-	-	-
Subtotal	**-**	**-**	**69,196**	**-**	**-**	**69,196**	**-**	**-**	**-**

Oregon Health Authority
Health Licensing Office
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-020-07-00-00000

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	(618,888)	-	-	(618,888)	-	-	-
Subtotal: 2015-17 Current Service Level	**35**	**35.00**	**7,398,011**	**-**	**-**	**7,398,011**	-	**-**	**-**

Oregon Health Authority
Health Licensing Office
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-020-07-00-00000

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
Subtotal: 2015-17 Current Service Level	**35**	**35.00**	**7,398,011**	**-**	**-**	**7,398,011**	**-**	**-**	**-**
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2015-17 Current Service Level	**35**	**35.00**	**7,398,011**	**-**	**-**	**7,398,011**	**-**	**-**	**-**
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Policy Packages									
201 - REaL-D	-	-	-	-	-	-	-	-	-
401 - Promote and Support Community Based Services	-	-	-	-	-	-	-	-	-
402 - Promote Innovative Health Sys Solutions - HP	-	-	-	-	-	-	-	-	-
403 - Promote Innovative Health System Solutions	-	-	-	-	-	-	-	-	-
404 - Improve the Lifelong Health of all Oregonians	-	-	-	-	-	-	-	-	-
405 - Prev'g lead'g causes of death, inj & disease	-	-	-	-	-	-	-	-	-
406 - PH Emergency Preparedness	-	-	-	-	-	-	-	-	-
407 - PH Radiation Protection Fee & Cap Increase	-	-	-	-	-	-	-	-	-
408 - PH Senate Bill 333 Fee Increases	-	-	-	-	-	-	-	-	-
409 - Transparency and Engagement	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total 2015-17 Agency Request Budget	**35**	**35.00**	**7,398,011**	**-**	**-**	**7,398,011**	**-**	**-**	**-**
Percentage Change From 2013-15 Leg Approved Budget	-	100.00%	87.00%	-	-	87.00%	-	-	-

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
Percentage Change From 2015-17 Current Service Level	-	-	-	-	-	-	-	-	-

Oregon Health Authority Health Licensing Office 44300-020-07-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
OTHER FUNDS					
REVENUES					
Business License & Fees	0205	OF	-	3,076,896	6,473,156
Non-Business License & Fees	0210	OF	-	806,535	806,535
Charges for Services	0410	OF	-	1,200	1,200
Fines and Forfeitures	0505	OF	-	112,152	112,152
Sales Income	0705	OF	-	1,800	1,800
Other Revenues	0975	OF	-	3,168	3,168
TOTAL REVENUES		**OF**	**-**	**4,001,751**	**7,398,011**
TRANSFER IN					
Transfer in Education	1581	OF	-	4,200	-
TOTAL TRANSFERS IN		**OF**	**-**	**4,200**	**-**
TOTAL OTHER FUNDS		**OF**	**-**	**4,005,951**	**7,398,011**
TOTAL AVAILABLE REVENUES		**TF**	**-**	**4,005,951**	**7,398,011**

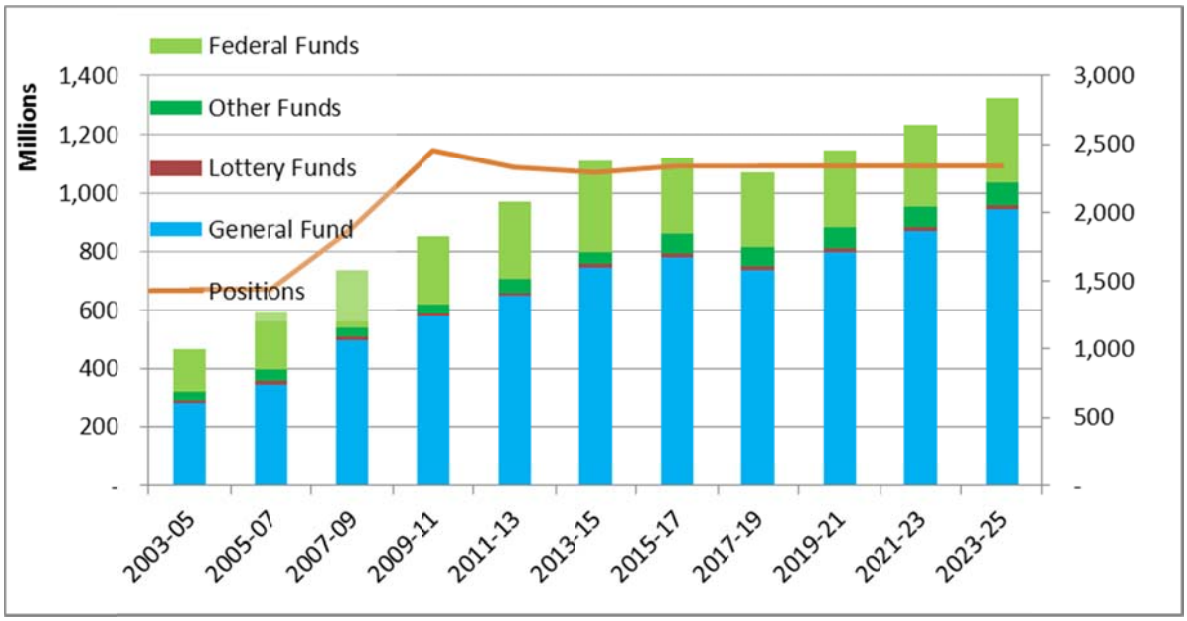
DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority **Agency Number: 44300**
2015-17 Biennium **Cross Reference Number: 44300-020-07-00-00000**

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Business Lic and Fees	-	-	3,076,896	6,473,156	-	-
Non-business Lic. and Fees	-	-	806,535	806,535	-	-
Charges for Services	-	-	1,200	1,200	-	-
Fines and Forfeitures	-	-	112,152	112,152	-	-
Sales Income	-	-	1,800	1,800	-	-
Other Revenues	-	-	3,168	3,168	-	-
Tsfr From Education, Dept of	-	-	4,200	-	-	-
Total Other Funds	**-**	**-**	**$4,005,951**	**$7,398,011**	**-**	**-**

Oregon Health Authority: Addictions and Mental Health Programs

Primary outcome area: Healthy People
Secondary outcome area: Safety
Program contact: Pamela Martin, AMH Director
503-945-5879



EXECUTIVE SUMMARY

Addictions and Mental Health (AMH) ensures access to behavioral health care for all Oregonians who are at risk of developing or who have been diagnosed with any behavioral health disorder, including problem gambling disorder and severe and persistent mental illness. This care is delivered in the least restrictive and most integrated setting possible by a diverse, locally administered and designed provider. Programs deliver evidence-based services that help restore individuals and their families to a level of function that is optimal for them.

PROGRAM FUNDING REQUEST

For the 2015-2017 biennium, OHA requests the following budget for AMH:

	General	Other/Lottery	Federal	Total Fund	Pos.	FTE
Leg. Approved 13-15	662,478,863	70,657,225	242,569,579	975,705,667	2,505	2,236.88
Agency Request	789,868,054	86,832,490	256,308,769	1,133,009,313	2,576	2,574.39
Difference	127,389,191	16,175,265	13,739,190	157,303,646	71	338
Percent Change	19%	23%	6%	16%	3%	15%

Approximately 20,198 Oregonians per month will receive behavioral health care services funded by AMH through these investments (242,267 Oregonians per year).

OHA estimates the following cost for AMH programs through the 2023-2025 Biennium:

BIENNIUM	2015-17	2017-19	2019-21	2021-23	2023-25
General Fund	789,868,054	850,709,960	920,609,307	997,734,648	1,083,864,989
Lottery Funds	10,927,879	12,117,946	12,564,170	13,016,769	13,499,867
Other Funds	75,904,611	79,276,834	83,174,812	87,286,483	91,680,846
Federal Funds	256,308,769	269,085,908	281,323,080	294,110,983	307,990,496
Total Funds	1,133,009,313	1,211,190,648	1,297,671,369	1,392,148,883	1,497,036,198

PROGRAM DESCRIPTION

AMH has four main program units:

- Community Mental Health and Secure Residential Treatment Facilities;
- Alcohol, Drug and Problem Gambling Prevention and Treatment;
- Oregon State Hospital;
- Program Support and Director's Office.

PROGRAM JUSTIFICATION AND LINK TO 10-YEAR OUTCOME

AMH's services link to OHA's Healthy People, Safety and Education 10 year goals by helping to reduce per capita cost, improve patient experience, and reduce

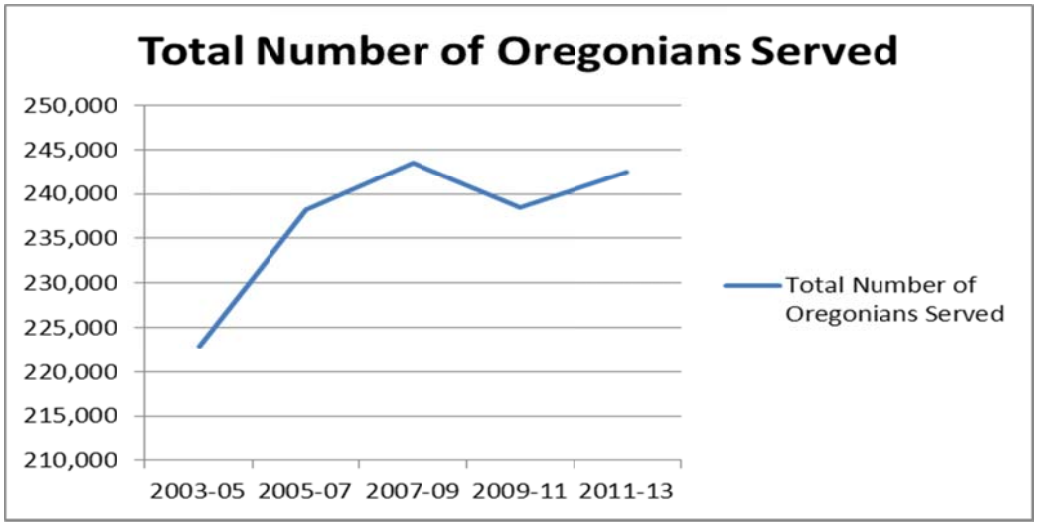
chronic disease costs, while increasing the life expectancy and success of people who receive substance abuse and mental health treatment.

The U.S. Substance Abuse and Mental Health Services Administration (SAMHSA) plans to reduce the impact of substance abuse and mental illness on America's communities. In a 2012 study SAMSHA found that the annual total estimated societal cost of substance abuse in the United States is $510.8 billion, and that by the year 2020, behavioral health disorders will surpass all physical diseases as a major cause of disability worldwide.

PROGRAM PERFORMANCE

The mission of 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 following table shows the number of Oregonians who receive behavioral health services per biennium.



ENABLING LEGISLATION/PROGRAM AUTHORIZATION

ORS 161.295-400 – Determination of fitness to proceed/commitment
ORS 179.321 – Authority to operate, control, manage and supervise OSH campuses and state-delivered secure residential treatment facilities
ORS 413 – Problem gambling treatment and prevention
ORS 426 – Powers, duties, responsibilities of OHA
ORS 430 – Alcohol and drug treatment programs
ORS 443 – Residential treatment homes and facilities
ORS 461.549 – Use of video lottery proceeds for treatment of gambling-related behavioral problems

FUNDING STREAMS

All AMH programs receive a combination of funds.

State General Fund moneys are appropriated for behavioral health treatment services, administration and supports.

Other funds:

- Beer and Wine Tax – dedicated by ORS 430.345 to 430.380.
- Intoxicated Driver Program Fund – dedicated by ORS 813.270.
- Community Housing Trust funds – ORS 413.010.
- Limited amount of licensing revenue and small contracts for data reporting to federal government and educating the system about the Olmstead Supreme court decision. Court fines, fees and assessments support administrative activities related to the Driving Under the Influence of Intoxication (DUII) program.
- Tobacco tax
- Lottery Funds

Federal Funds:

- Medicaid Matching Funds
- Substance Abuse Prevention (SAPT) Grant
- Access to Recovery (ATR) Grant
- Strategic Prevention Framework-State Incentive Grant (SPF-SIG)

- Enforcing Underage Drinking Grant (EUDL)
- Temporary Assistance to Needy Families (TANF) Grant.
- Center for Mental Health Services Block Grant (CMHS)
- Projects for Assistance in Transition from Homelessness (PATH) Grant

Oregon Health Authority: Addictions and Mental Health

Community Mental Health Services

EXPENDITURES BY FUND TYPE, POSITION AND FTE

	General	Other/Lottery	Federal	Total Fund	Pos.	FTE
Leg.Appr. 13-15	255,663,510	20,544,988	128,264,112	404,472,610	0	0
Agency Request	289,587,678	36,596,305	142,820,150	469,004,133	0	0
Difference	33,924,168	16,051,317	14,556,038	64,531,523	0	0
Percent Change	13.27%	78.13%	11.35%	15.95%	0.00%	0.00%

The Agency Request Budget continues funding for the Community Mental Health (CMH) Services programs at the current service level for 2015-2017. This request includes Policy Option Package 401 that will support critical programmatic and operational functions aimed at improved service access and quality.

- POP 401-1 for $4,056,901 Total Funds is related to Legislative Concept 15-106 regarding the Aid and Assist population. This proposal targets two counties with the greatest number of referrals to the Oregon State Hospital for Aid and Assist to provide the evaluations and restoration services in the communities as opposed to the Oregon State Hospital.
- POP 401-2 for $859,620 Total Funds provides the Addictions and Mental Health Program with the necessary resources to centralize the regulatory responsibilities for the oversight of community-based mental health programs in support of health systems transformation.
- POP 401-3 for $10,516,166 Total Funds continues expanded implementation of mental health investments initiated in the 2013-15 biennium with some modification based on lessons learned using Tobacco Tax.

ACTIVITIES, PROGRAMS AND ISSUES IN THE PROGRAM UNIT BASE BUDGET

Community mental health programs (CMHPs) provide prevention and treatment services to Oregonians who are at risk of developing or have been diagnosed with a severe mental or emotional disorder. This includes a category known as severe and persistent mental illness. The CMHPs seek to provide their services in the least restrictive and most integrated setting possible.

In partnership with county governments, AMH contracts with local mental health authorities (LMHAs), CMHPs and one tribe to develop and administer a community-based continuum of behavioral health care to deliver AMH-funded services and supports. They are delivered in outpatient, residential, school acute, hospital, and criminal justice and community settings. These programs are designed to deliver evidence-based services that restore individuals and their families to a level of function that is the highest possible for them. These programs employ peer support specialists, qualified mental health associates (QMHAs), qualified mental health professionals (QMHPs), psychiatrists, psychiatric nurse practitioners, qualified health services (QHS) providers, psychologists and other independently licensed providers, and personal care providers. Individual consumers and their families are also key partners. These partnerships are critical to successfully treating mental health disorders.

The 2013-15 biennium is the first biennium that Medicaid benefits for most mental health services have been managed by coordinated care organizations (CCOs). AMH works closely with OHA's Medical Assistance Programs (MAP) and Transformation Center to coordinate the system of care as well as achieve better health and better care at lower costs for all Oregonians by integrating physical and behavioral health services.

Issues driving costs in the current base budget include:

- Late identification of a behavioral illness, after an individual has experienced untreated episodes of psychoses, mania or depression, homelessness or incarceration;
- Substance abuse disorders and physical health conditions that complicate mental illness;

- Severe and untreated trauma in childhood;
- Court-mandated treatment – either civil or criminal commitment;
- Growth in demand for services as the population has grown;
- Limited availability of safe, affordable and drug-free housing;
- Limited Medicare coverage for community mental health services; and
- Lack of Medicaid eligibility under the Affordable Care Act for individuals on Medicare.

AMH has identified opportunities to address these cost drivers. One key is the increased integration of behavioral health and physical health services. Integrated services provided in a locally driven, coordinated and evidence-based environment can lead to earlier and more effective intervention through earlier diagnosis of psychoses. Another key is to promote local innovation through flexible funding with greater accountability for improved outcomes. These flexible and more accountable arrangements with the providers also result in more adults living in an environment that is as independent and community integrated as possible, and which provides the support they need to be successful.

Medicaid has expanded greatly under the Affordable Care Act (ACA). As of May 2014, almost 350,000 Oregonians have enrolled in Medicaid health care coverage since January 1, 2014. This expands access to behavioral health services and reduces the reliance on General Fund (GF) for behavioral health services. This permits the reinvestment of GF for non-Medicaid services and services to individuals, which are included in the investments above.

Any additional important background. Include trends in caseload, workload or other external factors that may influence the operation of the program.

AMH: Mental Health Program Performance Overview												
Performance Area	Population	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Number of people served	All	105,263	109,287	109,724	105,821	107,784	108,553	120,890	129,245			
Quality of Service: % with improved Outcomes	Childeren	56%	59%	57%	59%	57%	59%	61%	60%			
	Adults	57%	56%	56%	56%	57%	54%	51%	48%			
Timeliness of Service: % of people seen within 7 days of crisis services	Childeren	19%	21%	22%	19%	19%	19%	16%	17%			
	Adults	22%	23%	22%	22%	21%	21%	21%	23%			
Average cost per person served		$2,130	$2,512	$2,785	$3,127	$3,175	$3,082	$3,034	$3,901			

Many individuals enter mental health treatment through crisis services. It is important that crisis services facilitate individuals' transition into community-level

services for appropriate care. Many factors, including hospitalization, can affect the timeliness of this transition. Over the past eight years, roughly 20 percent of individuals (adults and children) have moved from crisis services to community services within seven days. AMH will continue to work with its community providers, and will begin working with the CCOs, to improve this statistic.

One way for AMH to improve this and other metrics in partnership with its provider community is to implement new data systems. These systems will make data available in a more-timely manner and allow a better understanding of how to improve the quality of services.

The 2013 Legislature's major investments in the community mental health system provided AMH with an unprecedented opportunity. It enabled AMH to expand access to a range of mental health services that engage individuals in the community with the services and supports they need, when they need them, where they need them and at the right intensity. These investments have focused on:

- Promoting community health and wellness;
- Keeping children healthy;
- Assisting adults with mental illness to live successfully in the community;
- Emphasizing prevention, early identification and intervention; and
- Delivering training and technical assistance to health care providers.

REVENUE SOURCES AND PROPOSED REVENUE CHANGES

State General Funds: Legislative appropriation for treatment services.

Other Funds: Community Housing Trust Funds – This trust fund was established with the sale of the Dammasch hospital property (ORS 413.101). Interest from the fund is dedicated for new housing and facility maintenance to benefit people with mental illness.

Federal Funds: Medicaid (Title XIX) has a matching requirement. Center for Mental Health Services block grant (CMHS) – At least 35 percent of each grant's service funding must be expended for mental health services for children. The

grant has a maintenance of effort (MOE) requirement. PATH – Projects for Assistance in Transition from Homelessness.

Tobacco Tax: During the 2013 Special Session the Legislature approved a 13 percent tobacco tax, a portion of which is dedicated to community mental health services.

PROPOSED NEW LAWS THAT APPLY TO THE PROGRAM UNIT

None.

Oregon Health Authority: Addictions and Mental Health

Alcohol, Drug and Problem Gambling Prevention and Treatment

EXPENDITURES BY FUND TYPE, POSITION AND FTE

	General	Other/Lottery	Federal	Total Fund	Pos.	FTE
Leg. Approved 13-15	27,778,464	24,754,441	58,573,876	111,106,781	0	0
Agency Request	29,232,036	22,701,182	57,582,314	109,515,532	0	0
Difference	1,453,572	-2,053,259	-991,562	-1,591,249	0	0
Percent Change	5%	-8%	-2%	-1%	0%	0%

Alcohol and Drug Prevention and Treatment

The Agency Request Budget includes $101,417,481, which continues funding for the Alcohol and Drug Prevention and Treatment programs at the current service level for 2015-2017. In addition, the request includes a proposal to use reinvested $5,406,424 General Funds from the Community Mental Health program area to develop 5-7 smaller, non-Institution for Mental Disease (IMD) substance use disorder residential treatment facilities over the course of the biennium.

Problem Gambling

The Agency Request Budget includes $8,098,051, which continues funding for the Alcohol and Drug Prevention and Treatment programs at the current service level for 2015-2017.

ACTIVITIES, PROGRAMS AND ISSUES IN THE PROGRAM UNIT BASE BUDGET

Alcohol and drug prevention, treatment and recovery services help people develop the life-long skills and abilities they need to manage their chronic health conditions. This work has three categories:

- Alcohol and drug treatment programs, which provide evidence-based services to assist people recovering from addiction by improving their ability to function in society and at work, to do a better job parenting and stop committing crimes;
- Alcohol and drug prevention programs, which help Oregonians, especially young people, learn to make healthy choices when presented with the opportunity to inappropriately use drugs or alcohol; and
- Problem gambling prevention and treatment services, which help prevent individuals from becoming addicted to gambling and assist those who are addicted to recover from addictive and pathological gambling.

Alcohol and drug prevention programs are available in every Oregon county through community mental health programs, tribes and statewide contractors. They provide evidenced-based services to prevent the problematic use of addictive substances and activities. They also help people make smarter life choices and reduce risk factors associated with alcohol and drug abuse.

Effective alcohol and drug treatment results in decreased criminal activity and recidivism rates for individuals completing treatment. Expanded availability of alcohol and drug treatment will result in improved access for adults at risk of criminal justice involvement due to untreated substance abuse.

Addictions and Mental Health (AMH) administers prevention programs aimed at people who have not yet been diagnosed with alcohol or drug problems. They reduce the rate of underage drinking, substance use disorders and associated health and social problems.

Problem gambling prevention and treatment programs are delivered in all 36 counties through community mental health programs and by for-profit and non-profit providers. The state also has one residential treatment program. They

employ evidence-based prevention strategies to decrease the probability that young people will begin gambling at young ages and to ensure that adults of all ages will be aware of the addictive nature of gambling. Treatment programs include outpatient individual and group therapies, intensive therapies and statewide access to residential treatment for those who are at risk because of pathological gambling.

Issues driving cost in the current base budget for both programs include:

- Community norms that minimize the effects of alcohol and drug use by young people, leading to underage drinking and risky behaviors and school failure;
- Access to heroin and other opioid drugs, which drives social problems including death and the demand for addiction treatment;
- Individuals entering treatment who have multiple and complex physical and mental health needs;
- The need to serve people being released from prisons and local jails;
- Growth in demand for services as the population has grown and the funding has remained flat;
- Lack of safe, affordable and drug free housing; and
- Ease of access to highly addictive gambling games.

Any additional important background. Include trends in caseload, workload or other external factors that may influence the operation of the program.

AMH: Substance Abuse Program Performance Overview (w/ residential)										
Performance Area's	2006	2007	2008	2009	2010	2011	2012	2013	2014	2014
Number of People Served	64,259	65,250	66,328	65,295	64,399	64,489	63,818	58,909		
Quality of Services: % with reduced use of substance at discharge	74%	73%	74%	75%	75%	74%	75%	75%		
Timeliness of services: % of People seen within seven days of Discharge from Residential Care	21%	21%	22%	23%	23%	22%	20%	23%		
Average Cost per person Served	$1,235	$1,285	$1,412	$1,473	$1,518	$1,640	$3,422	$4,060		

AMH: Problem Gambling Program Overview										
Performance Area's	2006	2007	2008	2009	2010	2011	2012	2013	2014	2014
Number of People Served	1,652	1,941	1,958	1,831	1,455	1,171	1,321	1,214		
Quality of Services: % with reduced use of substance at discharge	81%	89%	87%	74%	87%	86%	90%	87%		
Timeliness of services: % of People seen within seven days of Discharge from Residential Care	73%	73%	69%	71%	66%	66%	64%	67%		
Average Cost per person Served	$560	$971	$1,197	$1,371	$1,816	$1,842	$1,762	$1,194		

Untreated addiction disorders are a major driver of health care costs and of years of life lost. Effective treatment results in improved health, a better experience of health care and reduced costs to the medical system. National studies indicate that substance use disorders affect 22 percent of individuals in medical settings. These individuals have higher medical costs and use eight times more health care services. Their families use health care at rates five times higher than other families. (Center for Policy Research & Analysis at the Treatment Research Institute, 2009.)

A recent analysis of a sample of OHP members who accessed addiction treatment found significant cost offsets in physical health expenditures, most notably in emergency room visits and hospitalization. The cost offsets were more than $3,000 per person.

Untreated gambling disorders may result in people seeking medical care, which will not be effective until the underlying gambling addiction is treated. People with gambling disorders tend to have higher rates of heart problems, high blood

pressure, and cirrhosis and other liver diseases, and are more likely to seek treatment in hospital emergency rooms than the general population.

REVENUE SOURCES AND PROPOSED REVENUE CHANGES

State General Fund: legislative appropriation for treatment services.

Other Funds: Beer and wine – Statutorily dedicated by ORS 430.345 to 430.380, does require local maintenance of effort and local expenditure of dedicated taxes for state-approved services. Intoxicated Driver Program Fund – Statutorily dedicated by ORS 813.270, does not require any matching or maintenance of effort. Miscellaneous – Contract settlements, state match from Multnomah County/DePaul and the Oregon Youth Authority, and Sponsored Travel Reimbursements.

Federal Funds: Medicaid requires state matching funds. Substance Abuse Prevention Treatment grant (SAPT) requirements are: 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. Access to Recovery grant (ATR), which expires on 9/29/2014, includes several unique requirements: nontraditional client-driven services and supports, administration of a voucher system for clients to purchase services, and free and independent choice in the selection of recovery and treatment services, including faith-based options. This grant does not require any matching or maintenance of effort. Strategic Prevention Framework-State Incentive grant (SPF-SIG) does not require any matching or maintenance of effort. Temporary Assistance for Needy Families grant (TANF) requires maintenance of effort.

Lottery Funds: Oregon Revised Statute (ORS) 461.549, dedicates 1 percent of Lottery revenue for prevention and treatment of problem gambling and does not require any matching or maintenance of effort. In spite of this, these funds are frequently reduced in times of economic decline.

Oregon Health Authority: Addictions and Mental Health

Oregon State Hospital (OSH), Junction City and State Delivered Secure Residential Treatment Facility program

EXPENDITURES BY FUND TYPE, POSITION AND FTE

	General	Other/Lottery	Federal	Total Fund	Pos.	FTE
Leg. Appr. 13-15	356,933,751	14,493,430	45,553,986	416,981,167	2392	2,125.39
Agency Request	449,134,028	16,404,941	47,025,733	512,564,702	2454	2,453.82
Difference	92,200,277	1,911,511	1,471,747	95,583,535	62	328
Percent Change	25.83%	13.19%	3.23%	22.92%	2.59%	15.45%

The Agency Request Budget continues funding for Oregon State Hospital, its Junction City campus, and the State Delivered Secure Residential Treatment Facility programs at the current service level for 2015-2017.

ACTIVITIES, PROGRAMS AND ISSUES IN THE PROGRAM UNIT BASE BUDGET

Oregon State Hospital is part of a continuum of care for Oregonians living with mental illness. The hospitals provide services that 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. The hospital works in partnership with community mental health programs to deliver the right care at the right time in the right place.

Oregon State Hospital operates two campuses with the capacity to serve a total of 794 Oregonians. Services are provided 24 hours per day, seven days a week. Oregon State Hospital operates 620 beds on the Salem campus and will operate

174 in Junction City. People who receive treatment in these facilities are individuals who:

- Are civilly committed;
- Need to be evaluated to determine fitness to participate in legal proceedings;
- Have been arrested but cannot participate in their defense without mental health treatment; and
- Have been adjudicated guilty of a crime except for insanity and cannot yet be managed safely in the community.

The role of OSH is to provide services and treatment to individuals that will prepare them to return to the community as soon as possible. Services include medication, primary care, and recreational, educational and vocational opportunities. Services are provided by psychiatrists, nurses, and mental health professionals. Upon release, people are transitioned into the community with better skills to understand and manage their symptoms, fully participate and live in their local community in a variety of community-based settings, and when able, hold down a job.

OSH works closely with the local mental health authorities (LMHAs), community mental health programs (CMHPs) and the Psychiatric Security Review Board (PSRB). A successful hospital depends on the availability of community services and supports delivered in integrated and independent settings. These services and supports are most effective when they are managed as part of a system of care focused on the needs of an individual.

AMH also operates a state-delivered, 16-bed, secure residential treatment facility in Pendleton on the grounds of the former Eastern Oregon Training Center. The secure mental health treatment program treats people who need a secure level of care as their first step out of the state hospital.

The number of individuals sent to OSH for restoration of their ability to assist in their own defense has grown this past year. If the trend continues, OSH will not have sufficient capacity to accept those individuals without cutting back on services to other populations. Efforts are underway to provide restoration services at the community level.

Other major issues driving costs in the current base budget include:

- The nature of the symptoms of mental illness displayed by people requiring this level of care.
- Responsibility to ensure public safety;
- Complex co-occurring disorders including substance abuse and chronic physical ailments;
- The need for continued investment in community mental health system, to prevent hospitalization and to provide sufficient capacity for transitioning patients; and
- Continued need for safe, affordable and drug-free housing.

Any additional important background. Include trends in caseload, workload or other external factors that may influence the operation of the program.

AMH: State Hospitals Program Performance Overview											
Performance Area		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Number of People Serviced	Blue Mtn	288	252	189	191	207	212	215	171		
	OSH	1354	1371	1295	1247	1215	1298	1364	1215		
Quality of Services: % Readmitted within 30 Days		7	4	4	2	1	0	1.3	1.5		
Timeliness of Services: Average Length of Stay (days) on Wait List for State Hospital Services		24	15	24	15	28	25	20	22		
Average Cost per Day of Service	Blue Mtn	426.06	400.41	578.71	599.71	689.71	689.71	628.71	628.71		
	OSH	388.97	405.3	451.83	568.19	568.19	569.19	719.19	719.19		

AMH, CMHPs and the state hospital must continue to work on the timeliness of admission to services. The average time spent on a waitlist for state hospital services has ranged from 15 to 28 days. Although individuals are receiving active service while on the waitlist, it is not at the appropriate level of care.

The hospital has done an excellent job of keeping readmissions within 30 days to a minimum. The readmission rate at 30 days for people who were civilly committed decreased from 7 percent in 2006 to zero in 2011. This is a strong indication that the hospitals are successfully providing treatment services and appropriate transitions to community care. However, growth in the number of individuals sent to OSH for restorative services is a major concern.

Length of Stay – The purpose of AMH's Adult Mental Health Initiative (AMHI) is to strengthen the ability of the community system to discharge hospital patients who have been civilly committed in a more timely manner to the least restrictive, most independent and integrated environments possible.

AMHI has decreased the time that discharge-ready individuals wait to be discharged from OSH campuses. Between September 1, 2010, when the initiative began, and June 30, 2013, the initiative has facilitated 2,110 transitions from state hospital settings and an additional 2,627 transitions from licensed community-based facilities to more independent settings.

REVENUE SOURCES AND PROPOSED REVENUE CHANGES

State General Fund - Legislatively appropriated for treatment.

Other Funds – Medicare for covered services, collection from third-party payers (insurance, estates or private pay).

Federal Funds: Medicaid, including reimbursement for some patients over age 65 and Disproportionate Share revenue (recognition for treating more people who are poor and unable to pay).

Oregon Health Authority: Addictions and Mental Health

Program Support and Director's Office

EXPENDITURES BY FUND TYPE, POSITION AND FTE

	General	Other/Lottery	Federal	Total Fund	Pos.	FTE
Leg. Approved 13-15	21,423,900	10,864,366	10,177,605	42,465,871	113	111.49
Agency Request	21,214,697	11,130,062	8,880,572	41,225,331	122	120.57
Difference	-209,203	265,696	-1,297,033	-1,240,540	9	9
Percent Change	-0.98%	2.45%	-12.74%	-2.92%	7.96%	8.14%

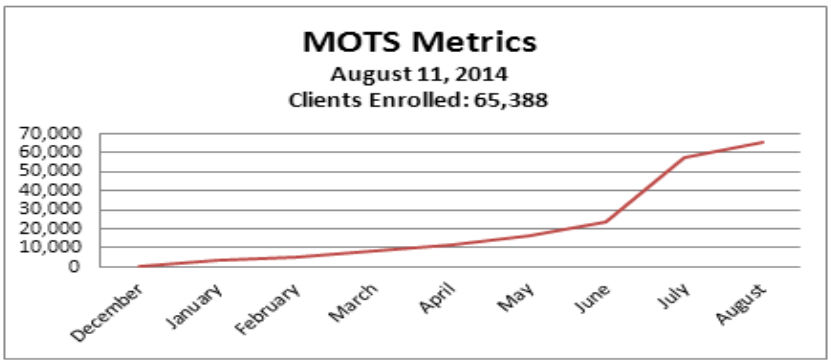
The Agency Request Budget continues funding for the Program Support and Director's Office programs at the current service level for 2015-2017.
This request includes a policy option package 401-4 of $1,264,748 Total Funds for the Alcohol & Drug Policy Commission, which provides funding for four vital positions to enable the Commission to fulfill its legislative expectations.

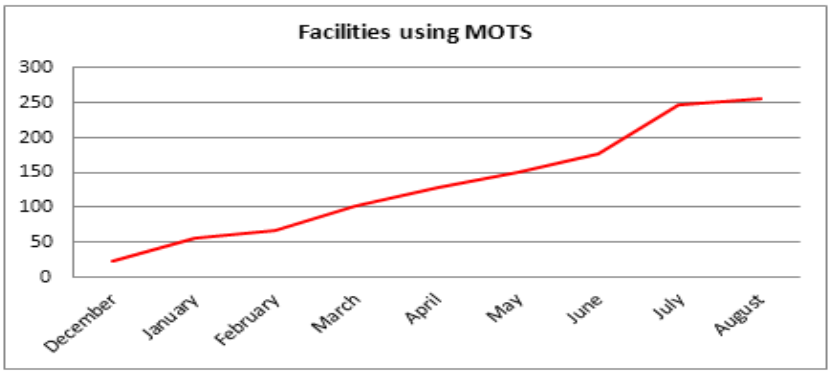
ACTIVITIES, PROGRAMS AND ISSUES IN THE PROGRAM UNIT BASE BUDGET

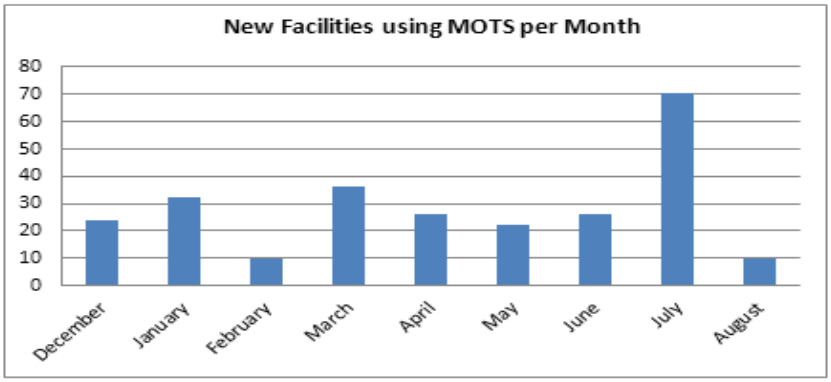
Addictions and Mental Health (AMH) program support ensures AMH has the administrative infrastructure, operational and technological resources, including the human resources necessary to fulfill the mission and perform AMH's legislative charge and mandates. The director's office provides collaborative leadership to create a shared vision for the behavioral health system of care, develops and implements policy, commission's resources to AMH programs and is the governing body of Oregon State Hospital. AMH programs analyze policies and implement them in order to regulate the state's behavioral health system of care. That system provides prevention and treatment services for mental health and addictions, including problem gambling.

AMH program support is organized in eight units:

- Licensing and quality improvement. Functions include:
    - Licensing residential treatment facilities: residential treatment homes, adult foster homes, and alcohol and drug residential programs;
    - Approving various programs, individuals, and processes related to civil commitment: examiners and investigators, seclusion rooms, transport custody, secure transport and hospital and non-hospital hold services;
    - Certifying and approving community-based addictions and mental health treatment services;
    - Conducting site reviews of community mental health programs (CMHPs) to ensure they are delivering high-quality services that meet the needs of the individuals in their communities;
    - Issuing licenses and letters of approval to addiction treatment providers that render outpatient synthetic opiate treatment, alcohol detoxification centers, DUII treatment, restricted driving licenses, and prison-based treatment centers.
- Operations and contracting.
- Support.
- Measurement and outcomes tracking systems (MOTS). The chart below shows progress on moving our contractors and services recipients into MOTS.







Measures & Outcomes Tracking System, AMH, 2014

- Children, adolescent and family mental health.
- Adult mental health.
- Residential and housing.
- Addictions and problem gambling.

The work of these units includes:

- Developing state plans for substance abuse prevention and treatment services and mental health services;

- Implementing state addictions, gambling and mental health policy, programs and regulations;
- Directing services for persons with substance abuse disorders, problem and pathological gambling, and mental health disorders;
- Directing services for persons with co-occurring mental health and substance use disorders; and
- Providing treatment and custody of persons committed by courts to the state for care and treatment of mental illness.

The work of Program Support and Administration is essential to establish, develop, fund and monitor programs that deliver services to people with addiction and mental health disorders. These services contribute to the reduction of health care costs and ultimately reduce the years of life lost due to these disorders. These services also develop effective prevention and early intervention programs, helping individuals gain the skills needed to avoid the development of chronic illnesses and increase life expectancy. Support provided to certification and licensing programs is also essential to ensure that providers are meeting quality standards for safe and effective services.

Any additional important background. Include trends in caseload, workload or other external factors that may influence the operation of the program.

The administrative work of the contracting unit will increase as AMH receives legislative direction to fund the behavioral health system outside of our current community mental health program contracts. The contracting unit does not have a robust technology solution that would relieve staff from manually performing tasks associated with procuring, executing and managing the contracting process. Currently AMH administers and manages approximately 250 contracts and anticipates growth in the volume of contracts and more administrative complexity in all areas associated with operations and contracting. The unit will require additional staff and a more robust technology solution to manage this growth.

Other areas of growth within AMH include licensing and quality improvement as well as the measurement outcomes tracking system (MOTS). The certification of outpatient mental health providers, formerly handled by the CHMPs, will return to AMH licensing in the central office when outpatient mental health services are

moved to the coordinated care organizations. This reduces the regulatory burden on CMHPs, supports the state's health care transformation, and aligns with AMH's core function of regulation.

In addition, AMH intends to improve its ability to use data for quality improvement and to provide technical assistance to contractors. AMH must hold contractors accountable for positive outcomes, but must also collaborate with those contractors to help them reach those goals by sharing data that they can act on to improve the system of care. Contractors also need technical assistance from AMH if they are to make improvements that keep our system of care moving the triple aim metrics in the right direction. Both of these efforts will require additional staff and resources.

REVENUE SOURCES AND PROPOSED REVENUE CHANGES

State General Funds – appropriated for behavioral health treatment services, administration and supports.

Other Funds –

- Limited amount of licensing revenue and small contracts for data reporting to the federal government and educating the system relative to the Olmstead Supreme Court decision.
- A portion of court fines fees and assessments support administrative activities related to Driving Under the influence of Intoxicants (DUII) program.

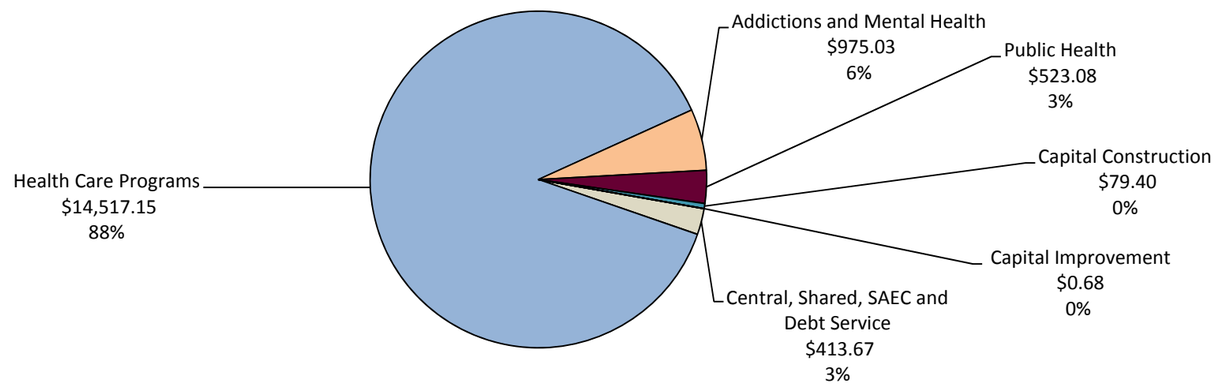
Lottery Funds – A portion of the 1 percent to support problem gambling treatment programs.

Federal Funds – Medicaid administrative match, small amounts of the federal block grants to meet administrative requirements, and other federal grants to fulfill the grant obligations.

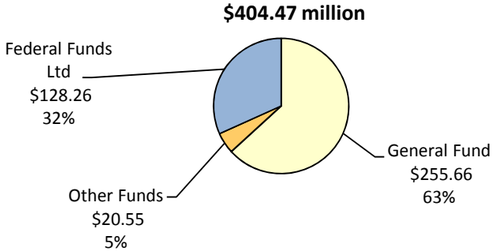
PROPOSED NEW LAWS THAT APPLY TO THE PROGRAM UNIT

None

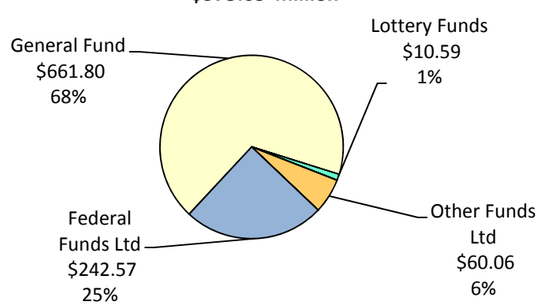
Oregon Health Authority
2013-2015 Legislatively Approved Budget
Total Funds by Program Area
$16,509.00 million



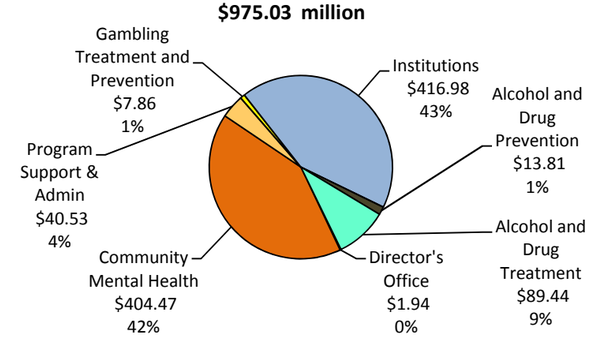
Community Mental Health
$404.47 million



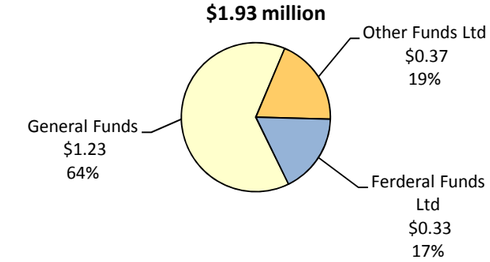
Addictions and Mental Health Programs
Total by Fund Type
$975.03 million



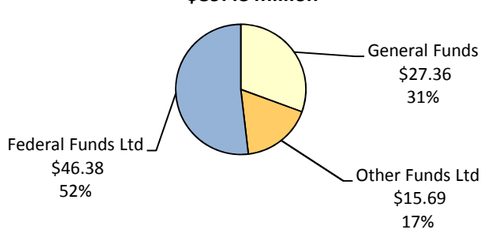
Addictions and Mental Health Programs
Total by Program
$975.03 million



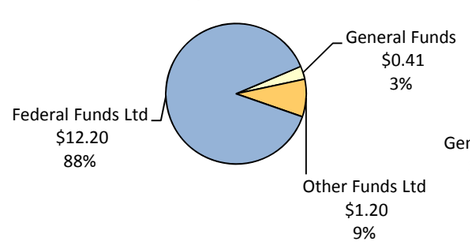
Director's Office
$1.93 million



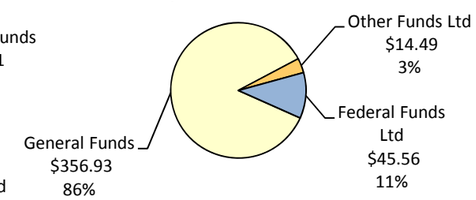
Alcohol & Drug Treatment
$89.43 million



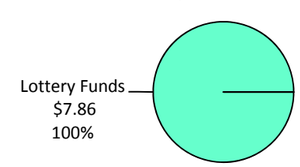
Alcohol and Drug Prevention
$13.81 million



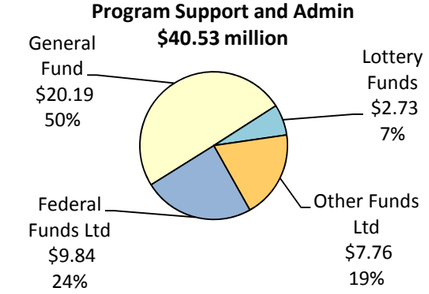
Institutions
$416.98 million



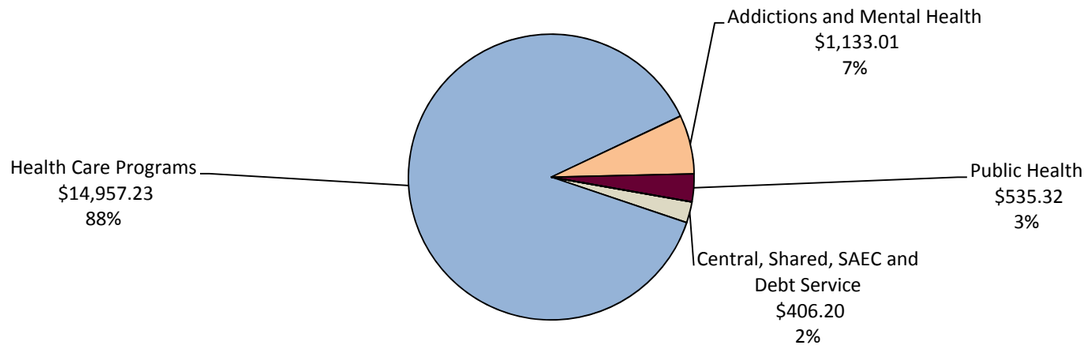
Gambling Treatment & Prevention
$7.86 million



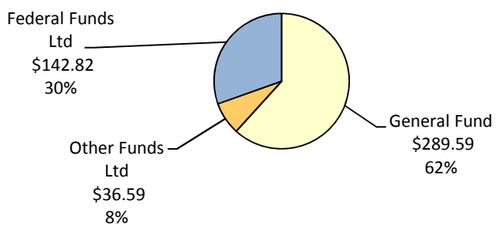
Program Support and Admin
$40.53 million



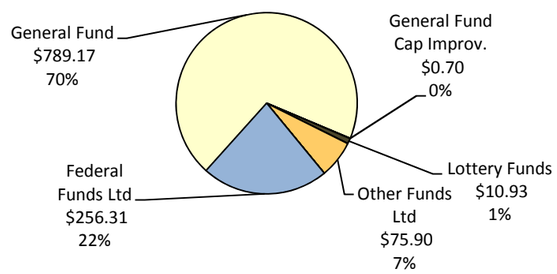
Oregon Health Authority
2015-17 Agency Request Budget
Total Fund by Program Area
$17,031.76 million



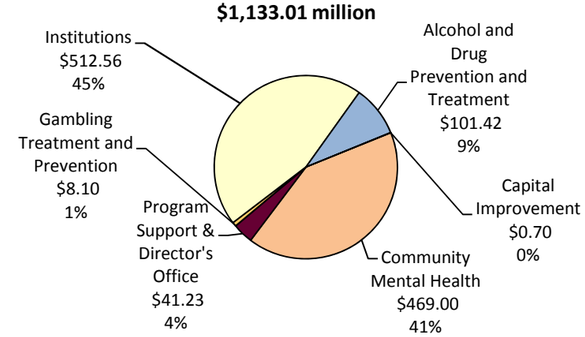
Community Mental Health
$469.00 million



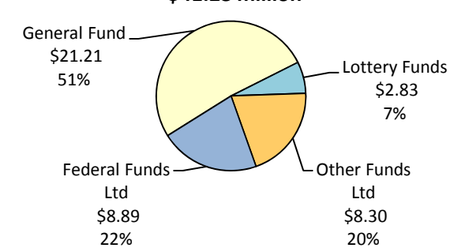
Addictions and Mental Health Programs
Total by Fund Type
$1,133.01 million



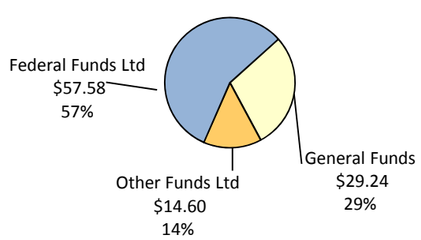
Addictions and Mental Health Programs
Total by Program
$1,133.01 million



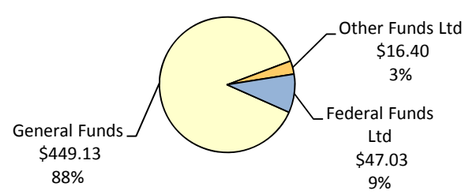
Program Support and Director's Office
$41.23 million



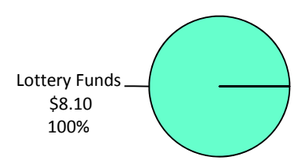
Alcohol & Drug Prevention and Treatment
$101.42 million



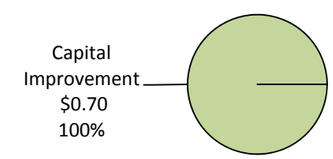
Institutions
$512.56 million



Gambling Treatment & Prevention
$8.10 million



Capital Improvement
$0.70 million



Summary of 2015-17 Biennium Budget

Oregon Health Authority
Addictions and Mental Health Program
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-020-05-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
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	-	-
2013-15 Emergency Boards	(1)	(0.76)	(8,370,539)	8,709,656	46,710	19,248,791	(36,375,696)	-	-
2013-15 Leg Approved Budget	**2,505**	**2,236.88**	**974,636,429**	**661,409,625**	**10,592,532**	**60,064,693**	242,569,579	**-**	**-**
2015-17 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(168)	98.68	27,948,862	25,484,262	46,864	1,301,700	1,116,036	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2015-17 Base Budget	**2,337**	**2,335.56**	**1,002,585,291**	**686,893,887**	**10,639,396**	**61,366,393**	243,685,615	**-**	**-**
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	5,797,218	5,784,412	(6,232)	21,194	(2,156)	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	4,440,685	2,705,347	4,776	352	1,730,210	-	-
Subtotal	**-**	**-**	**10,237,903**	**8,489,759**	**(1,456)**	**21,546**	1,728,054	**-**	**-**
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	177	177.00	81,065,735	73,947,854	-	5,731,163	1,386,718	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(20,494,390)	(12,491,940)	-	(386,168)	(7,616,282)	-	-
Subtotal	**177**	**177.00**	**60,571,345**	**61,455,914**	**-**	**5,344,995**	(6,229,564)	**-**	**-**
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	18,795,240	10,514,430	289,939	1,558,811	6,432,060	-	-
Subtotal	**-**	**-**	**18,795,240**	**10,514,430**	**289,939**	**1,558,811**	6,432,060	**-**	**-**

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	23,422,484	14,139,192	-	-	9,283,292	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	1,493,988	-	(2,903,300)	1,409,312	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	53	53.00	-	-	-	-	-	-	-
Subtotal: 2015-17 Current Service Level	**2,567**	**2,565.56**	**1,115,612,263**	**782,987,170**	**10,927,879**	**65,388,445**	256,308,769	**-**	**-**

Summary of 2015-17 Biennium Budget

Oregon Health Authority
Addictions and Mental Health Program
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-020-05-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Subtotal: 2015-17 Current Service Level	**2,567**	**2,565.56**	**1,115,612,263**	**782,987,170**	**10,927,879**	**65,388,445**	256,308,769	**-**	**-**
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2015-17 Current Service Level	**2,567**	**2,565.56**	**1,115,612,263**	**782,987,170**	**10,927,879**	**65,388,445**	256,308,769	**-**	**-**
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**
Policy Packages									
201 - REaL-D	-	-	-	-	-	-	-	-	-
401 - Promote and Support Community Based Services	9	8.83	16,697,435	6,181,269	-	10,516,166	-	-	-
402 - Promote Innovative Health Sys Solutions - HP	-	-	-	-	-	-	-	-	-
403 - Promote Innovative Health System Solutions	-	-	-	-	-	-	-	-	-
404 - Improve the Lifelong Health of all Oregonians	-	-	-	-	-	-	-	-	-
405 - Prev'g lead'g causes of death, inj & disease	-	-	-	-	-	-	-	-	-
406 - PH Emergency Preparedness	-	-	-	-	-	-	-	-	-
407 - PH Radiation Protection Fee & Cap Increase	-	-	-	-	-	-	-	-	-
408 - PH Senate Bill 333 Fee Increases	-	-	-	-	-	-	-	-	-
409 - Transparency and Engagement	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	**9**	**8.83**	**16,697,435**	**6,181,269**	**-**	**10,516,166**	-	**-**	**-**
Total 2015-17 Agency Request Budget	**2,576**	**2,574.39**	**1,132,309,698**	**789,168,439**	**10,927,879**	**75,904,611**	256,308,769	**-**	**-**
Percentage Change From 2013-15 Leg Approved Budget	2.80%	15.10%	16.20%	19.30%	3.20%	26.40%	5.70%	-	-

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
Percentage Change From 2015-17 Current Service Level	0.40%	0.30%	1.50%	0.80%	-	16.10%	-	-	-

Oregon Health Authority Addictions and Mental Health 44300-020-05-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
GENERAL FUND					
REVENUES					
General Fund Appropriation	0050	GF	669,455,397	661,409,625	789,168,439
TOTAL REVENUES		**GF**	**669,455,397**	**661,409,625**	**789,168,439**
TOTAL GENERAL FUNDS		**GF**	**669,455,397**	**661,409,625**	**789,168,439**
LOTTERY FUNDS					
TRANSFERS OUT					
Beginning Balance	0025	LF	-	765,978	-
Beginning Balance Adjustment	0030	LF	-	(765,978)	-
Transfer in Other	1050	LF	90,723	-	-
Transfers from Administrative Services	1107	LF	10,350,984	10,592,542	11,397,648
TOTAL TRANSFERS OUT		**LF**	**10,441,707**	**10,592,542**	**11,397,648**
TOTAL LOTTERY FUNDS			**10,441,707**	**10,592,542**	**11,397,648**
OTHER FUNDS					
REVENUES					
Beginning Balance	0025	OF	15,141,180	5,311,058	-
Beginning Balance Adjustment	0030	OF	(1,761,090)	(3,908,404)	-
Other Selective Taxes	0190	OF	-	-	-
Business License & Fees	0205	OF	7,318	-	-
Non-Business License & Fees	0210	OF	15,626	-	-

Oregon Health Authority Addictions and Mental Health 44300-020-05-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
Charges for Services	0410	OF	22,711	-	-
Administrative Service Charges	0415	OF	4,502	271,517	271,517
Care of State Wards	0420	OF	13,804,386	2,369,042	2,369,042
Fines and Forfeitures	0505	OF	3,283	-	-
Rents and Royalties	0510	OF	55,581	-	-
Interest Income	0605	OF	126,291	-	-
Sales Income	0705	OF	136,015	2,559,387	2,559,387
Grants (Non-FED)	0910	OF	-	154,918	154,918
Loan Repayment	0925	OF	90,558	-	-
Other Revenues	0975	OF	4,386,016	16,203,537	17,866,737
TOTAL REVENUES		**OF**	**32,032,377**	**22,961,055**	**23,221,601**
TRANSFER IN					
Transfer in Intrafund	1010	OF	250,786	-	-
Transfer in Other	1050	OF	-	10,000,000	-
Transfer in Administrative Services	1107	OF	-	-	-
Transfer from Long Term Care Ombud	1114	OF	-	-	-
Transfer in Governor, Office of the	1121	OF	-	-	-
Transfer in Revenue Department	1150	OF	4,552,024	13,365,884	39,365,901

Oregon Health Authority Addictions and Mental Health 44300-020-05-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
Transfer in Judicial	1198	OF	137,520	-	-
Transfer from Oregon Youth Authority	1415	OF	88,391	225,280	-
Transfer in Board of Dentistry	1834	OF	196,533	230,216	185,128
Transfer in Liquor Control Commission	1845	OF	16,350,877	17,823,000	17,996,500
Transfer in Oregon Medical Board	1847	OF	767,327	768,106	791,149
Transfer in Board of Nursing	1851	OF	1,426,050	1,643,453	1,643,453
Transfer in Board of Pharmacy	1855	OF	150,738	176,899	176,899
TOTAL TRANSFERS IN		**OF**	**23,920,246**	**44,232,838**	**60,159,030**
TRANSFER OUT					
Transfer to Intrafund	2010	OF	(250,786)	-	-
Transfer to General Fund	2060	OF	(5,726,586)	-	-
Transfer to Counties	2080	OF	(7,926,444)	(7,129,200)	(7,476,020)
Transfer to Police, Dept of State	2257	OF	(201,000)	-	-
TOTAL TRANSFERS OUT			**(14,104,816)**	**(7,129,200)**	**(7,476,020)**
TOTAL OTHER FUNDS		**OF**	**41,847,807**	**60,064,693**	**75,904,611**
FEDERAL FUNDS REVENUES					
Federal Funds Revenue	0995	FF	296,107,878	242,569,579	256,308,769
TOTAL REVENUES			**296,107,878**	**242,569,579**	**256,308,769**

Oregon Health Authority Addictions and Mental Health 44300-020-05-00-00000	2015-17 Revenue Report				
SOURCE	COMP SOURCE GROUP	FUND	2011-13 Actuals	2013-15 Legislatively Approved Budget	2015-17 Agency Request Budget
TOTAL FEDERAL FUNDS		FF	296,107,878	242,569,579	256,308,769
TOTAL AVAILABLE REVENUES		TF	1,017,852,789	974,636,439	1,132,779,467

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority — **Agency Number: 44300**
2015-17 Biennium — **Cross Reference Number: 44300-020-05-00-00000**

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Lottery Funds						
Transfer In Other	90,723	-	-	-	-	-
Tsfr From Administrative Svcs	10,350,984	10,545,832	10,592,542	11,397,648	-	-
Total Lottery Funds	**$10,441,707**	**$10,545,832**	**$10,592,542**	**$11,397,648**	**-**	**-**
Other Funds						
Business Lic and Fees	7,318	-	-	-	-	-
Non-business Lic. and Fees	15,626	-	-	-	-	-
Charges for Services	22,711	-	-	-	-	-
Admin and Service Charges	4,502	271,517	271,517	271,517	-	-
Care of State Wards	13,804,386	2,369,042	2,369,042	2,369,042	-	-
Fines and Forfeitures	3,283	-	-	-	-	-
Rents and Royalties	55,581	-	-	-	-	-
Interest Income	126,291	-	-	-	-	-
Sales Income	136,015	2,559,387	2,559,387	2,559,387	-	-
Grants (Non-Fed)	-	-	154,918	154,918	-	-
Loan Repayments	90,558	-	-	-	-	-
Other Revenues	4,386,016	16,109,664	16,203,537	17,866,737	-	-
Transfer In - Intrafund	250,786	-	-	-	-	-
Transfer In Other	-	-	10,000,000	-	-	-
Tsfr From Revenue, Dept of	4,552,024	4,365,884	13,365,884	39,365,901	-	-
Tsfr From Judicial Dept	137,520	-	-	-	-	-
Tsfr From Or Youth Authority	88,391	225,280	225,280	-	-	-
Tsfr From Board of Dentistry	196,533	230,216	230,216	185,128	-	-
Tsfr From Or Liquor Cntrl Comm	16,350,877	17,823,000	17,823,000	17,996,500	-	-
Tsfr From Oregon Medical Board	767,327	768,106	768,106	791,149	-	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority **Agency Number: 44300**
2015-17 Biennium **Cross Reference Number: 44300-020-05-00-00000**

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Tsfr From Nursing, Bd of	1,426,050	1,643,453	1,643,453	1,643,453	-	-
Tsfr From Board of Pharmacy	150,738	176,899	176,899	176,899	-	-
Transfer Out - Intrafund	(250,786)	-	-	-	-	-
Transfer to General Fund	(5,726,586)	-	-	-	-	-
Transfer to Counties	(7,926,444)	(7,129,200)	(7,129,200)	(7,476,020)	-	-
Tsfr To Police, Dept of State	(201,000)	-	-	-	-	-
Total Other Funds	**$28,467,717**	**$39,413,248**	**$58,662,039**	**$75,904,611**	**-**	**-**
Federal Funds						
Federal Funds	296,107,878	278,945,275	242,569,579	256,308,769	-	-
Total Federal Funds	**$296,107,878**	**$278,945,275**	**$242,569,579**	**$256,308,769**	**-**	**-**

Oregon Health Authority Capital Improvement 44300-088-00-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
GENERAL FUND					
REVENUES					
General Fund Appropriation	0050	GF	-	679,238	699,615
TOTAL REVENUES		**GF**	**-**	**679,238**	**699,615**
TOTAL GENERAL FUNDS		**GF**	**-**	**679,238**	**699,615**
TOTAL AVAILABLE REVENUES		**TF**	**-**	**679,238**	**699,615**

Oregon Health Authority
Capital Improvements
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-088-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	-	-	679,238	679,238	-	-	-	-	-
2013-15 Emergency Boards	-	-	-	-	-	-	-	-	-
2013-15 Leg Approved Budget	**-**	**-**	**679,238**	**679,238**	**-**	**-**	**-**	**-**	**-**
2015-17 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 2015-17 Base Budget	**-**	**-**	**679,238**	**679,238**	**-**	**-**	**-**	**-**	**-**
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	20,377	20,377	-	-	-	-	-
Subtotal	**-**	**-**	**20,377**	**20,377**	**-**	**-**	**-**	**-**	**-**
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									

Oregon Health Authority
Capital Improvements
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-088-00-00-00000

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2015-17 Current Service Level	**-**	**-**	**699,615**	**699,615**	**-**	**-**	**-**	**-**	**-**

Summary of 2015-17 Biennium Budget

Oregon Health Authority
Capital Improvements
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-088-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Subtotal: 2015-17 Current Service Level	**-**	**-**	**699,615**	**699,615**	**-**	**-**	**-**	**-**	**-**
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2015-17 Current Service Level	**-**	**-**	**699,615**	**699,615**	**-**	**-**	**-**	**-**	**-**
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Policy Packages									
201 - REaL-D	-	-	-	-	-	-	-	-	-
401 - Promote and Support Community Based Services	-	-	-	-	-	-	-	-	-
402 - Promote Innovative Health Sys Solutions - HP	-	-	-	-	-	-	-	-	-
403 - Promote Innovative Health System Solutions	-	-	-	-	-	-	-	-	-
404 - Improve the Lifelong Health of all Oregonians	-	-	-	-	-	-	-	-	-
405 - Prev'g lead'g causes of death, inj & disease	-	-	-	-	-	-	-	-	-
406 - PH Emergency Preparedness	-	-	-	-	-	-	-	-	-
407 - PH Radiation Protection Fee & Cap Increase	-	-	-	-	-	-	-	-	-
408 - PH Senate Bill 333 Fee Increases	-	-	-	-	-	-	-	-	-
409 - Transparency and Engagement	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total 2015-17 Agency Request Budget	**-**	**-**	**699,615**	**699,615**	**-**	**-**	**-**	**-**	**-**
Percentage Change From 2013-15 Leg Approved Budget	-	-	3.00%	3.00%	-	-	-	-	-

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
Percentage Change From 2015-17 Current Service Level	-	-	-	-	-	-	-	-	-

Summary of 2015-17 Biennium Budget

Oregon Health Authority
Capital Construction
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-089-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2013-15 Leg Adopted Budget	-	-	79,401,530	-	-	79,401,530	-	-	-
2013-15 Emergency Boards	-	-	-	-	-	-	-	-	-
2013-15 Leg Approved Budget	**-**	**-**	**79,401,530**	**-**	**-**	**79,401,530**	**-**	**-**	**-**
2015-17 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			(79,401,530)	-	-	(79,401,530)	-	-	-
Subtotal 2015-17 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: 2015-17 Current Service Level	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Summary of 2015-17 Biennium Budget

Oregon Health Authority
Capital Construction
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-089-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Subtotal: 2015-17 Current Service Level	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2015-17 Current Service Level	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Policy Packages									
201 - REaL-D	-	-	-	-	-	-	-	-	-
401 - Promote and Support Community Based Services	-	-	-	-	-	-	-	-	-
402 - Promote Innovative Health Sys Solutions - HP	-	-	-	-	-	-	-	-	-
403 - Promote Innovative Health System Solutions	-	-	-	-	-	-	-	-	-
404 - Improve the Lifelong Health of all Oregonians	-	-	-	-	-	-	-	-	-
405 - Prev'g lead'g causes of death, inj & disease	-	-	-	-	-	-	-	-	-
406 - PH Emergency Preparedness	-	-	-	-	-	-	-	-	-
407 - PH Radiation Protection Fee & Cap Increase	-	-	-	-	-	-	-	-	-
408 - PH Senate Bill 333 Fee Increases	-	-	-	-	-	-	-	-	-
409 - Transparency and Engagement	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total 2015-17 Agency Request Budget	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Percentage Change From 2013-15 Leg Approved Budget	-	-	-100.00%	-	-	-100.00%	-	-	-

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Percentage Change From 2015-17 Current Service Level	-	-	-	-	-	-	-	-	-

Oregon Health Authority Capital Construction 44300-089-00-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
OTHER FUNDS					
REVENUES					
General Fund Obligation Bonds	0555	OF	-	79,401,530	-
Certificates of Participation	0580	OF	59,900,000	-	-
TOTAL REVENUES		**OF**	**59,900,000**	**79,401,530**	**-**
TOTAL OTHER FUNDS		**OF**	**59,900,000**	**79,401,530**	**-**
TOTAL AVAILABLE REVENUES		**TF**	**59,900,000**	**79,401,530**	**-**

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

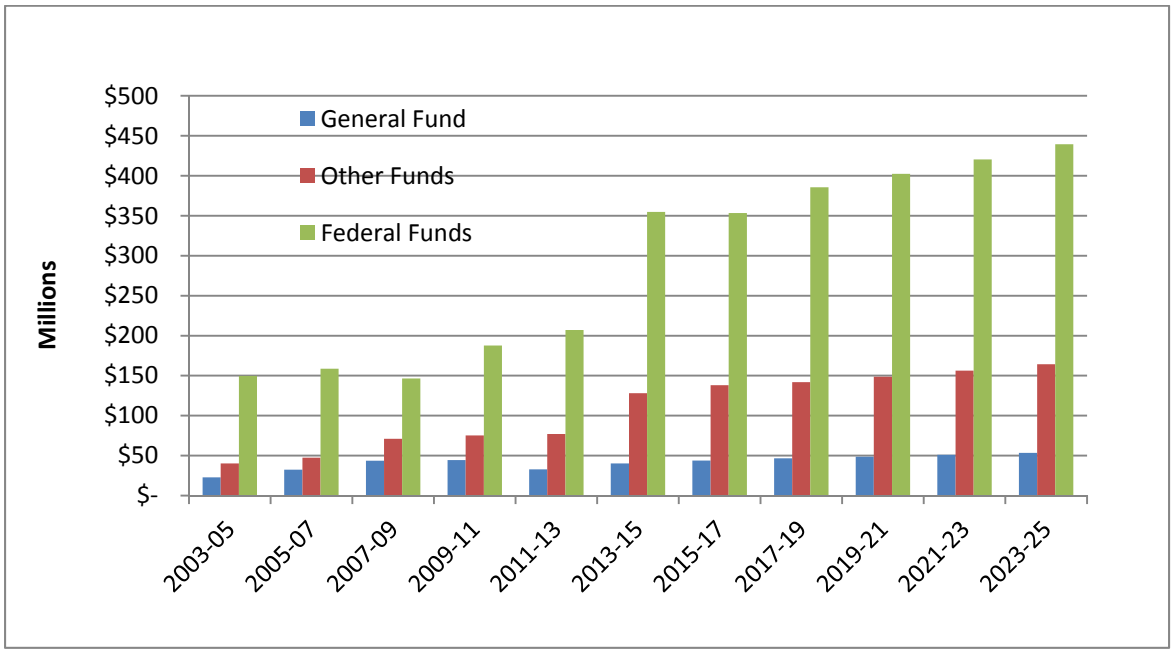
Oregon Health Authority — **Agency Number: 44300**

2015-17 Biennium — **Cross Reference Number: 44300-089-00-00-00000**

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
General Fund Obligation Bonds	-	79,401,530	79,401,530	-	-	-
Cert of Participation	59,900,000	-	-	-	-	-
Total Other Funds	**$59,900,000**	**$79,401,530**	**$79,401,530**	**-**	**-**	**-**

Oregon Health Authority: Public Health

Primary Outcome Area: Healthy People
Secondary Outcome Area: None
Program Contact: Lillian Shirley, Public Health Director
971-673-1300
lillian.shirley@state.or.us



EXECUTIVE SUMMARY

Public Health is a cost-effective means to promote health, improve care and lower or contain health care costs by preventing the leading causes of death, disease and injury in Oregon. Today, medical care accounts for only about 10 percent of our health status, while lifestyle, behavior, environmental, and social and genetic factors account for the rest.

Public health programs address behavioral and social drivers of health by working to ensure physical and social environments that promote health and make it easier for people to make healthy choices. Public health programs complement and amplify investments in health care programs. By focusing on prevention, they have the potential to reduce the need for health care and ultimately may help in

containing health care costs. Public health also directly helps clinical health care providers, including coordinated care organizations, adopt evidence-based best practices for the delivery of clinical preventive health services.

PROGRAM FUNDING REQUEST

	General	Other/Lottery	Federal	Total Fund	Pos.	FTE
Leg.Appr. 13-15	40,196,834	128,163,776	354,718,740	523,079,350	719.00	697.9
Agency Request	43,765,398	138,097,679	353,459,382	535,322,459	716.00	695.73
Difference	3,568,564	9,933,903	-1,259,358	12,243,109	-3	-2
Percent Change	8.88%	7.75%	-0.36%	2.34%	-0.42%	-0.31%

The Agency Request Budget of $535,322,459 Total Funds continues funding for the Public Health programs at the current service level for 2015-2017. This request includes policy option package requests for investment to improve the lifelong health of all Oregonians, preventing leading causes of death, injury and disease, and Public Health preparedness.

PROGRAM DESCRIPTION

The Public Health's mission is to promote health and prevent the leading causes of death, disease and injury in Oregon. In addition to addressing the drivers of chronic illness such as tobacco and obesity, and among other services, the state public health programs ensure the safety of drinking water in public water systems, investigates disease outbreaks, responds to public health emergencies, licenses hospitals, and provides services to prevent unintended pregnancies. These programs and services serve all people in Oregon.

The vision is lifelong health for all people in Oregon. To achieve this vision, public health has identified two main goals: 1) to make Oregon one of the healthiest states; and, 2) to transform the public health system in the state into a national model of excellence.

To make Oregon one of the healthiest states, state public health is focusing on areas where there is the potential to make significant progress to improve the health of the population. Tobacco and obesity prevention are priorities. The programs are directly working to achieve outcomes identified in the 10 year plan,

including supporting the achievement of 100 percent tobacco-free state properties and the establishment of a statewide nutrition policy for all state agencies, and statewide nutrition standards in procurement contracts.

Other areas of focus include reducing the incidence of heart disease and stroke and increasing survivability of stroke patients; decreasing suicide (which kills more people than motor vehicle crashes in Oregon); preventing family violence, which causes a wide range of physical and mental health problems, and also is a major factor in the development of chronic disease later in life for children exposed to violence; and increasing community resilience to public health emergencies.

To create a public health system that is a national model of excellence, Public Health is preparing for a time when nearly all people are covered by health insurance by developing its capacities to:

- Support coordinated care organizations with technical assistance in the areas of prevention and community health assessment;
- Carry out health impact assessments;
- Achieve excellence in the assessment and monitoring of the health of the public through epidemiology and surveillance; and
- Collaborate with other state agencies to ensure that health is considered in policymaking across state government as appropriate.

The state public health system works as a partner in a national system of local public health agencies, other state agencies, and federal partners. Partnerships with local public health departments, coordinated care organizations, transportation, education, federal partners, and health care providers are essential to the work, and contribute toward providing Oregon with the backbone for a strong economy and education system.

PROGRAM JUSTIFICATION AND LINK TO 10-YEAR OUTCOME

These programs provide cost-effective ways to meet the 10-year Outcome Plan's goals. Public health programs can fundamentally change how health care is delivered by shifting resources toward the prevention of chronic disease, and ensuring access to sufficient, affordable, and nutritious food. Public Health is designing strategies to decrease obesity among adults and children, and is actively engaged in measuring and increasing the percent of Oregonians consuming five or

more servings of fruits and vegetables per day. Additionally, Public Health programs work to achieve Healthy People 2020 objectives, which tie directly to the goals of the 10-year Outcome plan.

PROGRAM PERFORMANCE

Public Health has a system of performance measurement and quality improvement to address its programs, including data related to the return on investment for many of these programs. Performance and return on investment data are available for the full range of public health programs. Performance outcomes for key areas – tobacco, family planning and epidemiology – are listed below.

The Tobacco Prevention and Education program delivers community-based interventions to control tobacco. The program has averted $3.8 billion in future health care costs since 1997, a return of $45 for every dollar invested in the program. As a result of the program, cigarette consumption has declined in Oregon from 92 packs per capita in 1996 to 43 packs per capita in 2013.

Family Planning program has served more than 100,000 clients per year for each of the past five years, providing free or low-cost birth control options to women and men who lack other sources of coverage. The total savings from unintended births averted in 2011 was more than $28 million dollars for the state and more than $81 million federal Medicaid dollars. The rate of pregnancy among 15- to 17-year-old women in Oregon dropped from 23.8 percent in 2004 to 22.4 percent in 2009.

Epidemiology and data collection are critical to Oregon's ability to measure the health status of its citizens and to identify trends in infectious diseases, chronic diseases, and injuries. This capacity is essential for policymakers and critical for tracking how the population's health is affected by well-community prevention, coordinated care organizations and other changes yet to come in the health system.

ENABLING LEGISLATION/PROGRAM AUTHORIZATION

The Oregon Health Authority plays a central role in ensuring the health of all people in Oregon. Chapters 431 and 433 of Oregon Revised Statutes set forth hundreds of code sections enabling and mandating a wide range of public health activities carried out by state public health and its county partners.

FUNDING STREAMS

For the 2011-2013 biennium, Public Health's budget comprises 8% General Fund, 66% Federal Funds and 26% Other Funds. Every dollar of General Fund invested in Public Health's budget yields approximately $491 mil of Federal and Other Fund revenue for the state. The federal revenue includes not only entitlement grants such as Medicaid (with 90-10 match for contraceptive care) but more than 120 grants that are categorically dedicated to Public Health programs such as emergency preparedness and hospital preparedness, cancer prevention and control, and safe drinking water.

In addition, Public Health's Other Fund revenue sources include fees for activities in such areas as newborn screening tests (including test services for eight other states); licensing of facilities including hospital and special inpatient care facilities; registration inspection and testing of X-ray equipment; testing and certification of emergency medical technicians; registration of medical marijuana card holders and growers; fees for issuing certified copies of vital records; and statutorily dedicated funds from the Tobacco Use Reduction Account. Other Fund fees are generally dedicated to entirely support the program that assesses the fee, except Medical Marijuana program funds which were legislatively approved to support additional programs.

SIGNIFICANT PROPOSED PROGRAM CHANGES FROM 2013-2015

Public Health has carried out a statewide health assessment, developed a strategic plan, and is engaging in planning with partners to continue its work to integrate Oregon's public health system with health system transformation, and continue its work to reduce the leading causes of disease, injury, and death during 2015-2017. Public health continues to be primarily funded through federal grants.

During 2013-2015, several federal grants have decreased. This decline in federal funding is expected to continue during 2015-2017, and the programs will need to adjust services accordingly.

Oregon Health Authority: Public Health - Office of the State Public Health Director

EXPENDITURES BY FUND TYPE, POSITIONS AND FTE

	General	Other/Lottery	Federal	Total Fund	Pos.	FTE
Leg. Approved 13-15	8,653,946	4,023,305	15,275,298	27,952,549	39.00	34.73
Agency Request	11,219,015	5,918,993	12,041,451	29,179,459	41.00	38.83
Difference	2,565,069	1,895,688	-3,233,847	1,226,910	2	4
Percent Change	30%	47%	-21%	4%	5%	12%

The Agency Request Budget of $29,179,459 continues funding for the Office of the State Public Health Director programs at the current service level for 2015-2017. This request includes Policy Option Package 404 for $2,407,386 to improve the lifelong health of all Oregonians.

ACTIVITIES, PROGRAMS AND ISSUES IN THE PROGRAM UNIT BASE BUDGET

The Office of the State Public Health Director (OSPHD) provides scientific, fiscal, communications and policy leadership to the public health programs. The office sets public health priorities that meet the needs of Oregonians in collaboration with state and local agencies and organizations.

Under the leadership of the OSPHD, state public health is organized by three centers: Center for Public Health Practice, Center for Prevention and Health Promotion and Center for Protection. The various categorical programs are located in these centers.

The office guides the strategy, operations, scientific activities, communications and policies of all public health programs and ensures that Oregon's public health system is effective and coherent.

The office has sections dealing with policy, performance management, community liaison, communications, legislative liaison, fiscal management,

operations, science and epidemiology. These sections provide enterprise-wide support across public health and guidance in areas that include:

- Supporting accreditation, quality improvement and performance management;
- Health assessments and statewide health improvement planning;
- Contracting with local health departments and conducting reviews of each local health department every three years;
- Policy development and administrative rulemaking;
- Providing technical support to local health departments in nurse practice and administrative requirements;
- Legislative support;
- Coordination of public health issues related to health system reform;
- Risk management and safety;
- Workforce development and volunteer coordination;
- Budget and finance;
- Communications;
- Business continuity planning;
- Scientific processes including the Institutional Review Board and manuscript and project review.

Any additional important background. Include trends in caseload, workload or other external factors that may influence the operation of the program

The Office of the State Public Health Director's work affects all Oregonians and responds to public health issues by providing leadership and oversight to public health programs which 1) protect the public through public health regulations; 2) identify and respond to disease outbreaks; and 3) develop population-wide public health policies, practices, systems and environmental changes that will improve public health. The office works to ensure that decisions made and priorities set in Oregon are data-driven. As more Oregonians have access to health care, public health's activities will continue to transition away from providing safety-net health care services toward population-wide policy, systems and environmental changes.

This work includes extensive interaction with Oregon's 34 local public health departments. The state public health programs also partner with a range of state

and local agencies and organizations, health care providers, insurers, coordinated care organizations, nonprofit organizations, federal agencies and the private sector. Within state government, the office's staff work closely with and serve as liaisons between public health programs and the Department of Human Services, Department of Transportation, Department of Education, Department of Environmental Quality, Department of Agriculture and Department of Forestry, and other programs within the Oregon Health Authority.

Beginning in 2012, the office developed and published a State Health Profile; updated the Statewide Health Improvement Plan (SHIP); and developed the first strategic plan for state public health. The evidence-based interventions outlined in the strategic plan and SHIP, if fully implemented, would contribute to substantial improvements in the health of Oregonians.

In 2013, the public health received $4.8 million of Oregon's State Innovation Model award from the Center for Medicare and Medicaid Innovation, which is being administered by this office. The funds are being used to:

- Expand state health surveys;
- Develop public health assessment and planning tools; and
- Fund partnerships with communities and CCOs to implement population-level health interventions.

Since November 2013, the office has facilitated the process to link the state public health with Oregon Health Authority's performance management system. Public health leadership have identified priority metrics by which strengths and opportunities for improvement can be identified and measured.

Regular reviews of Oregon's local public health departments by the Office of the State Director and the programs ensure their compliance with federal and state regulations.

REVENUE SOURCES AND PROPOSED REVENUE CHANGES

The 2015-2017 budget for the Office of the State Public Health Director is composed of 20% Other Funds and 41% Federal Funds (primarily through the agency's federally approved cost allocation plan), and 38% General Funds. Of the General Funds, 78% is pass-through funding to local health departments to support communicable disease outbreak surveillance at the local level, and is

used as match under the Designation State Health Program (DSHP) to bring in additional Medicaid dollars to fund the coordinated care organizations. The remaining General Fund is used to meet the state participation required by the agency's federally approved cost allocation plan. The office also receives federal funding from the State Innovation Model award from the Center for Medicare and Medicaid Innovation. This money goes to expand state health surveys, develop public health assessment and planning tools, and to fund community and CCO partnerships to implement population-level health interventions. The office also receives federal funding from the Centers for Disease Control Preventive Health and Health Services Block Grant to address state-determined public health priorities.

PROPOSED NEW LAWS THAT APPLY TO THE PROGRAM UNIT

During the 2015 legislative session, the office will respond to recommendations from the Future of Public Health Services Task Force created by 2013 Session HB 2348. This task force is charged with studying the regionalization and consolidation of public health services and making recommendations for legislation. The office will lead the work to implement any changes approved by the Legislature.

Oregon Health Authority: Public Health Programs Center for Health Protection

EXPENDITURES BY FUND TYPE, POSITIONS AND FTE

	General	Other/Lottery	Federal	Total Fund	Pos.	FTE
Leg. Approved 13-15	803,415	21,295,616	13,637,393	35,736,434	147.00	148.04
Agency Request	2,430,296	24,097,087	18,913,241	45,440,624	175.00	171.01
Difference	1,626,881	2,801,471	5,275,848	9,704,190	28	22.97
Percent Change	202%	13%	39%	27%	19%	16%

The Agency Request Budget of $45,440,624 continues funding for the Center for Protection programs at the current service level for 2015-2017. This request includes Policy Option Package 404 for $500,000, Package 407 for $593,755, and Package 408 for $344,336 to improve the lifelong health of all Oregonians.

ACTIVITIES, PROGRAMS AND ISSUES IN THE PROGRAM UNIT BASE BUDGET

The Center for Health Protection (CHP) protects the health of individuals and communities through establishing, applying and ensuring compliance with regulatory and health-based standards. It protects Oregonians from environmental health hazards in areas including drinking water, radiation, recreational waters, and foodborne illness. The center also develops and helps set health care policy and requires patient safety efforts and quality improvement activities across all health care providers. The center's programs partner with local health departments, private practitioners and medical experts.

The center has six sections. The Food, Pool and Lodging Health and Safety (FPLHS) program includes Oregon's food-borne illness protection program and provides leadership for local health departments to ensure safety in Oregon's full-service and temporary restaurants, public pools and tourist accommodations.

Radiation Protection Services (RPS) conducts statewide radiological health and safety programs to protect workers and the public from unnecessary and unhealthy radiation exposure. This is accomplished through on-site facility inspections, licensing of radioactive materials, and registration of X-Ray and tanning devices, environmental monitoring, and radio analytical laboratory services. This section provides Oregon's sole public resource for radiation-related incidents, whether accidental or intentional. In addition, the section collaborates with licensing boards to ensure operators and workers are properly trained and credentialed.

Drinking Water Services (DWS) ensures the safety of drinking water provided by all public water systems in Oregon. 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; ensures that public water systems meet standards for design, construction and operation; inspects public water systems and ensures 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.

Environmental Public Health (EPH) identifies, assesses and reports on threats to human health from exposure to environmental and occupational hazards. It also advises the people and communities of Oregon about potential risks where they live, work and play. EPH works closely with local, state and federal natural resource management, occupational safety, environmental and other agencies to understand risks to human health posed by changing conditions, policies and practices. EPH has five program areas:

- Healthy Communities assesses areas of environmental concern, hazardous waste clean-up plans, brownfield redevelopment plans, hazards related to climate change and agency policy development activities to ensure impacts to public health are taken into consideration.
- Healthy Homes and Schools regulates clandestine drug lab clean-up and lead-based paint-related activities. It also provides public health support for concerns related to exposure to radon and pesticides.

- Healthy Waters evaluates data and advises the public on issues related to safe fish consumption, maintaining safe domestic drinking water wells and recreating in Oregon's lakes, streams and beaches.
- Healthy Workplaces works with agency partners to evaluate and report on trends in occupational safety from a public health perspective.
- Environmental Public Health Tracking brings together information about environmental hazards, exposure to those hazards and health outcomes, and makes them available to the public through a Web portal.

The Oregon Medical Marijuana Program (OMMP) administers the registration program of the Oregon Medical Marijuana Act (OMMA). The act provides legal protection from state civil and criminal prosecution for qualified patients who comply with program requirements to grow and use marijuana as an alternative medicine.

The Health Care Regulatory and Quality Improvement (HCRQI) section regulates an array of health facilities and providers.

- The Health Facility Licensing and Certification program is responsible for licensing and certifying all health care facilities, providers and suppliers in acute care and community-based programs. These include hospitals, home health agencies, in-home care agencies, hospice programs, ambulatory surgical centers, rural health clinics, special inpatient care facilities, kidney dialysis facilities, birthing centers, rehabilitation agencies and clinics, comprehensive outpatient rehabilitation facilities, community mental health centers, hemodialysis technicians, and portable x-ray suppliers.
- The Emergency Medical System and Trauma Survey Systems (EMS/TS) program ensures the effectiveness and coordination of the state's emergency response system for illness and injury. The program encourages improvements in the emergency care of pediatric patients and regulates systems that provide emergency care to victims of sudden illness or traumatic injury.

Any additional important background. Include trends in caseload, workload or other external factors that may influence the operation of the program

The majority of the Center for Health Protection programs are grounded in the principles of population-based public health, providing services and oversight for all Oregonians.

The Food, Pool and Lodging Health and Safety section services are delivered by intergovernmental agreements with 36 local public health authorities. County environmental health staffs are the direct service providers. This section licenses, inspects and investigates issues related to nearly 22,000 food service establishments and temporary restaurants, 3,400 public pools and 2,300 tourist accommodations. Our goal is to work in partnership with local health departments, the food service industry and the public to reduce or eliminate the known causes of foodborne illness.

The Radiation Protection Services section licenses or registers 13,800 sources of radiation statewide. It inspects those radiation sources in more than 4,400 facilities including hospitals, dental and medical clinics, radiation oncology clinics, tanning salons, high tech manufacturing firms, academic and research facilities, paper and pulp processing plants, foundries, and mineral extraction facilities. These locations and facilities in all 36 counties are inspected annually or biennially.

The Drinking Water Services section regulates more than 3,400 public water systems statewide, which serve drinking water to more than 3.5 million Oregonians and our visitors. Contracts with county health departments and the Oregon Department of Agriculture help facilitate the inspections of these public water systems.

The Oregon Medical Marijuana Program serves patients statewide. It has grown continually since its inception in 1998. To date, there are more than 57,386 patients in the program and more than 133,154 registered cardholders including caregivers and growers. This program allows Oregonians suffering from debilitating medical conditions to use medical marijuana without fear of civil or criminal penalties.

The Health Care Regulatory and Quality Improvement (HCRQI) section oversees an array of health facilities and providers. The Health Facility Licensing and Certification program licenses approximately 91 ambulatory surgical centers, 12 birthing centers, 55 dialysis facilities, 646 hemodialysis technicians, 73 home health agencies, 53 hospice agencies, 65 hospitals, 125 in-home care agencies, 59 rural health clinics, six special inpatient care facilities, 44 designated trauma hospitals and more.

The Emergency Medical Services and Trauma Systems (EMS/TS) program licenses approximately 12,000 emergency medical services providers (EMSPs): 2,400 EMRs, 4,897 EMTs, 924 EMT-intermediate, 31 advanced EMTs and 3,450 paramedics. The program also licenses about 140 ambulance service agencies and nearly 600 ambulances. It also certifies all EMT training courses and provides training services to nearly 200 rural and frontier communities through our mobile training unit.

REVENUE SOURCES AND PROPOSED REVENUE CHANGES

The 2015-2017 Center for Health Protection budget comprises 53% Other Funds, primarily in the form of fees for services, 42% Federal Funds, and 5% state General Funds. Funding for each program is described below.

The Food, Pool and Lodging Health and Safety section contracts with county health authorities, which assess a fee to restaurants and establishments in their counties for the Foodborne Illness Prevention Program. Oregon county health authorities collect about $5.4 million from their fees. A portion, approximately $1.6 million is transferred to this section. This fee constitutes the majority of the funding for this section. Programs also include Public Pool and Tourist Facility Program, Plan Review Program and Environmental Health Network (FDA).

The Radiation Protection Services receives funding from three fee-based regulatory programs. They are: The X-Ray Machine Testing Program, Radioactive Material Licensing Program and the Tanning Device Inspection Program. All three collect fees by licensing or certifying devices containing radioactive material. Gross fees total approximately $4 million per biennium. Individuals or business entities that own these devices pay the fees.

The Drinking Water Services Program receives funding from multiple sources. This section has two federal grants from the Environmental Protection Agency. They are the Water Primacy grant and the State Revolving Fund grant. Combined gross revenues per biennium total over $28 million. Approximately 72 percent of those funds are transferred to other state agencies or counties. Most of that transferred funding supports the Oregon Safe Drinking Water Revolving Fund, which helps communities pay for safe drinking water infrastructure construction projects. This section also has four fee-based programs. They are: Cross Connection/Back Flow Prevention, Water System Operator Certification, Water System Surveys and Water System Plan Review. These programs combined generate approximately $625,000 per biennium. The Drinking Water Services section also receives about $3.3 million per biennium from the Oregon Medical Marijuana Program in lieu of General Funds. These fees and other funds also provide the required state match for the EPA grants.

The Oregon Medical Marijuana Program collects fees for issuing medical marijuana cards to qualifying patients and maintains a registry of those patients. Biennial revenues vary but are around $17 million. Approximately 52 percent of those revenues is transferred to other Public Health programs.

The Health Care Regulatory and Quality Improvement section receives federal funding from the Centers for Medicare and Medicaid Services to perform hospital surveys and oversight. The section also has a number of regulatory responsibilities supported by fees. The Health Facility Licensing and Certification program funding sources include: certificate of need, hospital and health facility plan review, ambulatory surgery, home health agencies, caregiver and referral agencies, hospital in-patient, hospice agency, hemodialysis technician, and in home care agency.

The Emergency Medical Services and Trauma Systems (EMS/TS) program has four primary funding sources. Fees support the licensing and inspection of emergency medical technicians and ambulance services. EMS/TS also receives about $2.2 million per biennium from the Oregon Medical Marijuana Program in lieu of General Funds and ORS 137 directs roughly $331,000 per biennium from the Criminal Fines and Assessment Account.

PROPOSED NEW LAWS THAT APPLY TO THE PROGRAM UNIT

The center is funded almost entirely through fees and continuing federal grants. During 2013-2015, several fees have been established or adjusted in Oregon Administrative Rule to support the current service level requirements for certification, licensing and inspection. These include: Fee establishment for non-transplant anatomical research recovery organizations (2013 Session HB 3345), fee establishment for Medical Marijuana Dispensary Program (2013 Session HB 3460), annual fee increase for radioactive materials licensees.

The center is proposing a legislative concept for 2015 that would increase licensing fees for tanning beds and X-ray machines. The proposal also includes increasing the statutory cap for radioactive materials licenses. Potential legalization of marijuana could have significant impact on funds that come from the Oregon Medical Marijuana Program and are used to support core public health programs. The passage of Ballot Initiative I-53 as written could significantly reduce or eliminate roughly $9 million of Oregon Medical Marijuana registration fees that are legislatively directed to fund core public health services.

Oregon Health Authority: Public Health Program Center for Prevention and Health Promotion

EXPENDITURES BY FUND TYPE, POSITIONS AND FTE

	General	Other/Lottery	Federal	Total Fund	Pos.	FTE
Leg. Approved 13-15	18,776,251	68,758,737	253,040,288	240,575,276	241.00	235.28
Agency Request	19,130,589	72,050,223	247,033,539	338,214,351	214.00	204.47
Difference	354,338	3,291,486	-6,006,749	97,639,075	-27	-31
Percent Change	2%	5%	-2%	41%	-11%	-13%

The Agency Request Budget of $338,214,351 continues funding for the Center for Prevention and Health Promotion programs at the current service level for 2015-2017. This request includes Policy Option Package 404 for $92,614 and Package 405 for $4,000,000 to improve the lifelong health of all Oregonians and to prevent leading causes of death, injury and disease.

ACTIVITIES, PROGRAMS AND ISSUES IN THE PROGRAM UNIT BASE BUDGET

The Center for Prevention and Health Promotion's mission is to help Oregon's communities and residents to achieve and sustain lifelong health, wellness and safety through partnership, science and policy. The center houses five sections that primarily address these four health issues:

- Prevention of risks leading to lifelong and costly chronic diseases;
- Child developmental delays;
- Injuries and unsafe relationships; and
- Physical and behavioral problems.

The center promotes policy and system changes that lead to reduction of risks, such as:

- Reducing tobacco use;
- Increasing access to healthy eating and physical activity for all Oregonians;

- Increasing stability and safety in families; and
- Increasing access to healthy options.

In collaboration with stakeholders and partners across Oregon, the center invests resources to address health problems and inequities statewide. It does this via data- and analysis-driven changes in policy and systems. Those partners and stakeholders include:

- Local public health departments and mental health providers;
- Primary health care providers and health systems;
- Early child care, early learning, primary and secondary education systems;
- Health care systems;
- Community-based organizations
- Aging services;
- Land use and transportation agencies;
- Emergency medical providers;
- Employers;
- Parents and youth.

Any additional important background. Include trends in caseload, workload or other external factors that may influence operation of the program

Here are some highlights among the Center for Prevention and Health Promotion's programs:

Adolescent, Genetics and Reproductive Health:

- Monitors the health status of adolescents;
- Promotes the adoption of evidence-based programs and practices that support positive youth development and;
- Develops public health systems and public-private partnerships that provide high-quality guidelines-based preventive health services for adolescents, women of reproductive age and individuals at high risk from genetic conditions.

School-based health centers, family planning clinics, and the Breast and Cervical Cancer program provide access to underserved populations, targets disparities and collectively serve over 125,000 adolescents and adults each year.

Health Promotion and Chronic Disease Prevention (HPCDP) works to help people eat better, move more, live tobacco-free, and take care of themselves. HPCDP does this by:

- Analyzing and monitoring the occurrence of chronic diseases and their risk factors; and
- Developing and administering programs and promoting policies to prevent chronic diseases and associated risk factors.

Chronic diseases include asthma, arthritis, cancer, diabetes, heart disease and stroke; risk factors for chronic conditions include tobacco use, physical inactivity, and poor nutrition.

Injury Prevention and Violence Prevention (IVPP) monitors injuries and deaths due to violence, suicide, prescription drugs, senior falls, motor vehicle crashes, child maltreatment, and unintentional child injuries. In 2010, unintentional injuries and suicides were the second and third leading causes of years of potentional life lost for Oregonians, behind cancer. Injuries are the fifth overall leading cause of death to Oregonians. Some of IVPP's strategies include:

- The Web-based Prescription Drug Monitoring Program, which serves 8,000 prescribers and pharmacists;
- The Senior Falls Prevention program, which, since 2006, has helped train 350 Tai Chi instructors to lead community exercise classes to prevent falls.
- The Youth Suicide Program, which has trained 13,000 adults to identify and refer suicidal youth to services, and since 2006 has reached more than 1.1 million Oregonians with suicide prevention awareness. Additionally, IVPP manages several data systems that track key information on the health status of Oregonians.

Maternal and Child Health (MCH) promotes health across the lifespan of individuals and families by investing in preconception, pregnancy and early childhood health. Its programs address perinatal health (before, during and after pregnancy), infant and child health, newborn hearing screening, home visiting and oral health. Through partnerships with local public health, other state agencies, and health care and early learning providers, MCH serves Oregon's population in general, as well as those most vulnerable (safety net) for poor health. It also studies the health of these populations to better understand and identify

changing problems and needs. The program manages data systems for infant hearing screenings, nurse home visiting programs, and statewide oral health.

Nutrition and Health Screening (WIC) develops and assesses local public health and non-profit programs focused on:

- Child growth and health;
- Breastfeeding education and support;
- Nutrition and physical activity; and
- Promotion of a healthy lifestyle and prevention of chronic diseases including obesity.

The program also influences the larger community food environment by requiring WIC-authorized grocery stores to carry a minimum stock of low-fat milk, whole grains, low-sugar cereals, and produce. The program also collaborates with farmers and farmers markets statewide to provide vouchers for fresh produce for WIC families and low-income seniors. WIC provides critical surveillance data on the maternal and child population, evaluates programs and carries out competitively funded research studies. By the end of calendar year 2015, Oregon WIC will convert all benefits from paper to electronic benefit transfer (EBT) system.

REVENUE SOURCES AND PROPOSED REVENUE CHANGES

The 2015-2017 biennial budget request for the Center for Prevention and Health Promotion is 6% General Funds, 73% Federal Funds and 21% Other Funds.

- General Funds for Center for Prevention and Health Promotion include funding for the School Based Health Centers Program and the Oregon Contraceptive Care Program (Family Planning Waiver Program).
- Federal Funds for the center include funding under the Woman's, Infant and Children (WIC) Nutritional and Health Screening Program, Maternal and Child Health Title V and Home Visiting Programs and the Medicaid Title XIX entitlement supporting the Oregon Contraceptive Care Program (Family Planning Waiver Program) which provides a 9:1 Medicaid match.
- Other Funds revenue for the center include the statutorily dedicated funds under the Tobacco Use Reduction Account (TURA) and the Oregon Medical Marijuana Program funding that supports the Oregon Contraceptive Care Program (family planning) and the School Based Health Center Programs.

The center is primarily funded through federal grants, mostly continuing grants. During 2013-2015, several continuing federal grants have decreased. This decline in federal funding is expected to continue during 2015-2017, and the center will need to adjust program services accordingly. The center also receives funding from state tobacco taxes and the Tobacco Master Settlement Agreement. During 2015-2017 the center will also see some changes to program services as result of health system transformation.

PROPOSED NEW LAWS THAT APPLY TO THE PROGRAM UNIT

The programs in the Center for Prevention and Health Promotion are accountable for federal laws and regulations that govern the federal funding resources implemented through the Center.

The program unit is proposing a legislative concept for 2015 to create a Traumatic Brain Injury (TBI) registry as a subset of the Trauma Registry for the following purposes:

a. To administer a planning process to examine the needs of TBI patients after they have received medical care in the state; conduct follow-up and outreach in communities to individuals to ensure that they are aware of resources and community level supports; and produce annual reports on TBI for OHA, DHS, the Oregon Brain Injury Association, and Task Force on Traumatic Brain Injury.
b. To integrate data from the Oregon Trauma Registry and the state Injury and Violence Prevention program to provide more information about causes, risk factors, and prevention.
c. To create and disseminate public information from the Oregon Trauma Registry.

Oregon Health Authority: Public Health Program Center for Public Health Practice

EXPENDITURES BY FUND TYPE, POSITIONS AND FTE

	General	Other/Lottery	Federal	Total Fund	Pos.	FTE
Leg. Approved13-15	11,963,222	34,086,118	72,765,761	118,815,101	292.00	279.85
Agency Request	10,985,498	36,031,376	75,471,151	122,488,025	286.00	281.42
Difference	-977,724	1,945,258	2,705,390	3,672,924	-6	2
Percent Change	-8%	6%	4%	3%	-2%	1%

The Agency Request Budget of $122,488,025 continues funding for the Center for Public Health Practice programs at the current service level for 2015-2017. This request includes Policy Option Package 404 for $740,176, Package 406 for $1,000,000, and Package 408 for $1,092,000 to improve the lifelong health of all Oregonians.

ACTIVITIES, PROGRAMS AND ISSUES IN THE PROGRAM UNIT BASE BUDGET

The Center for Public Health Practice (CPHP) prevents and controls diseases, monitors population health information, and ensures emergency public health services in natural and human-caused disasters. The center's programs are the essential services in the state public health's Continuity of Operations Plan. Special emphasis is placed on epidemiology, laboratory testing, immunization, and other community infectious disease control measures.

The center has six sections:

1. Immunizations
2. Acute and Communicable Diseases (ACDP)
3. Center for Health Statistics (CHS), also known as vital records – birth, death and marriage certificates
4. HIV, Sexually Transmitted Diseases and Tuberculosis (HST)
5. Oregon State Public Health Laboratory (OSPHL) and

6. The federally-funded programs for Heath Security, Preparedness and Response (HSPR).

The center's programs work with local and tribal governments, community partners, and the public to prevent, investigate and control infectious diseases. It coordinates local interventions to control disease outbreaks. It also screens all newborn infants for biochemical disorders to prevent disability or death, and collects and analyzes vital record data needed to understand and plan for health trends. As part of public health emergency preparedness, the center also conducts testing for biological agents of mass destruction (e.g., anthrax, plague) and emerging diseases (e.g., Middle East Respiratory Syndrome or MERS).

The Center for Public Health Practice delivers the core public health services necessary to maintain a healthy population and to recover from disasters. Preventable disease vaccine programs ensure that children are healthy enough to attend school regularly and learn successfully. Its interventions for influenza and foodborne disease outbreaks (e.g., salmonella, hepatitis, norovirus) allow parents to attend work and sustain a healthy economy. Its HSPR programs coordinate the surge capacity of hospitals and public health agencies to respond in health emergencies (e.g., floods, wildfires, pandemics and earthquakes). The center's HIV Program works with clients and their local providers to ensure that persons with HIV take the medicines they need to render them non-infectious.

Any additional important background. Include trends in caseload, workload or other external factors that may influence the operation of the program

The Center for Public Health Practice deals with population health, serving every person in Oregon. Millions of people receive direct services annually through public and private partners or from center staff. We can only estimate the number of healthy people served because of interventions that stop E. coli, pertussis, norovirus, meningococcal, tuberculosis or syphilis outbreaks.

All babies born in Oregon and their parents, schools and social service agencies are served by the center's Public Health Laboratory and its Health Statistics section. In calendar year 2013, the lab performed approximately 12 million tests on more than 300,000 samples collected from 161,506 infants in six states, the Navajo Nation and Guam. The lab also performed approximately 200,000 bacteriology and virology tests on 120,000 human samples. In calendar year 2013,

Health Statistics issued 170,511 certified documents, registered 127,637 events, and processed more than 14,000 paternity tests.

The center's services are delivered every day of every week throughout the year. Duty officers are on call 24/7 at the public health lab, Acute and Communicable Disease program and Health Security, Preparedness and Response program.

The center's frontline services to individuals are delivered primarily through local and tribal health departments and private medical providers in conjunction with center staff. Its staff members help local partners deliver complex federal programs and serve as expert consultants on difficult and complex cases (e.g., rabies in humans, multidrug resistant, and hospital-acquired diseases). The center's programs work with Oregon schools and numerous state departments including Human Services, Justice, Forestry, Wildlife, Agriculture, Transportation and the State Fire Marshal in outbreak management and emergency response. And it works closely with the federal Centers for Disease Control and Prevention, especially on multi-state and international disease outbreaks such as tuberculosis, salmonella, Legionnaire's Disease and MERS.

The center's cost drivers are primarily personnel and associated costs plus agency assessments. A significant portion of federal funds is directed to local health authorities for use in collaboration with state staff.

REVENUE SOURCES AND PROPOSED REVENUE CHANGES

The 2015-2017 Center for Public Health Practice budget is comprised of 9% state General Funds, 62% Federal Funds, and 29% Other Funds, primarily in the form of fees for services (vital records and lab testing).

While the center has been successful in writing grants, the funding is categorical, finite and directed toward federal priorities, which do not always align with state-defined priorities. Given that the center's work to protect Oregonians is funded mostly by CDC and HRSA and not by Oregon, staff focus must be on federally prescribed deliverables. The center's programs have responded creatively to state-directed work while continuing to meet grant objectives. This is particularly true in the areas of communicable disease prevention and immunizations, which require a base level of infrastructure to operate effectively.

The center has two large fee-based programs: the Public Health Laboratory (OSPHL) and the Center for Health Statistics (CHS). They receive most of their operating funds from fees paid by the public, insurance carriers including CCOs, and local health departments. The lab receives some state funding. CHS does not receive state funding, but it does receive revenue from other state agency data users to help cover the cost of maintaining databases and electronic accessing systems.

Oregon's General Fund revenue accounts for 9% of the overall budget. It is used to pay for staff, supplies, and equipment necessary to coordinate and deliver services to Oregonians. The center pays counties to deliver the Vaccines for Children program, using Medicaid matching funds generated by the use of state General Funds. The center brings in additional Medicaid dollars to help fund the coordinated care organizations by spending General Fund monies in the public health lab and the HIV, STD, and TB programs.

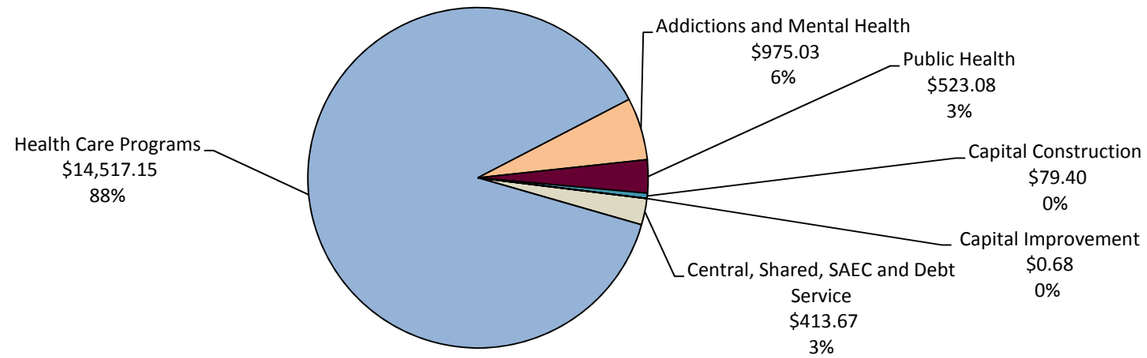
The center is primarily funded through federal grants, mostly continuing grants. During 2013-2015, several continuing federal grants have decreased. This decline in federal funding is expected to continue during 2015-2017, and the center will need to adjust program services accordingly. During 2015-2017 the center may also see some changes to some program services as result of health system transformation.

PROPOSED NEW LAWS THAT APPLY TO THE PROGRAM UNIT

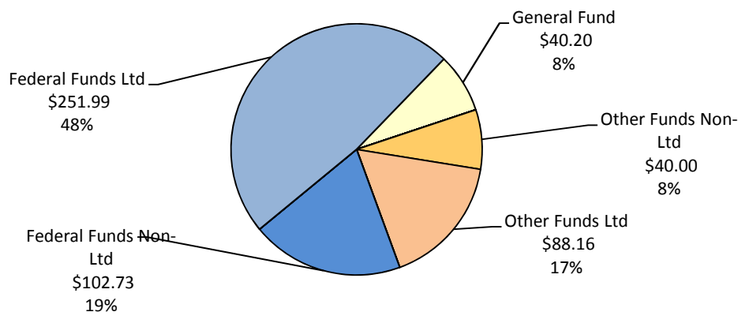
During 2013-2015, fees for a variety of laboratory tests have been established or adjusted via the SB333 process in Oregon Administrative Rule. These fees align the public health lab's test fees with the Medicaid fee-for-service fee schedule that took effect in August 2013. These changes will bring OSPHL into alignment with the rest of the Oregon Health Authority. Newborn screening test fees also were raised. Both actions provide increased revenues to support the public health lab's current service level operations.

Other than ratification of the fee increases during the 2015 session, no new laws have been proposed that directly affect this program unit.

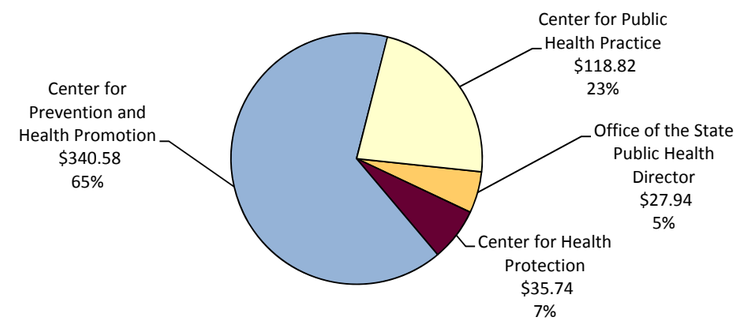
Oregon Health Authority
2013-15 Legislatively Approved Budget
Total Fund by Program Area
$16,509.00 million



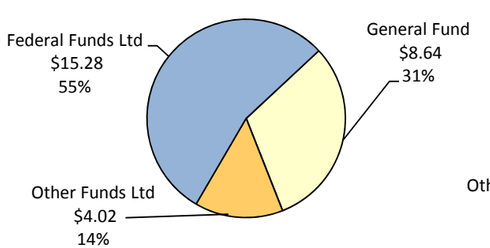
Public Health Programs
Total by Fund Type
$523.08 million



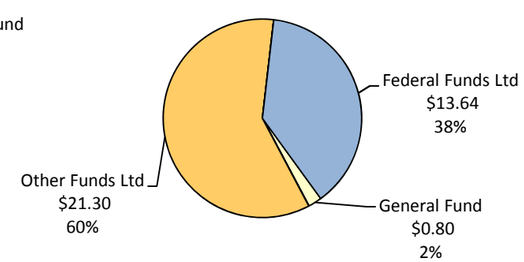
Public Health Programs
Total by Program
$523.08 million



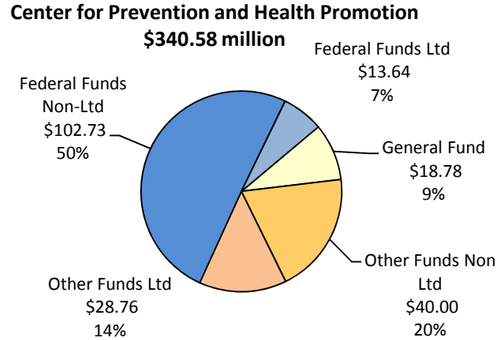
Office of State Public Health Director
$27.94 million



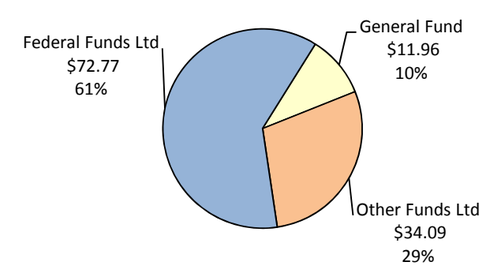
Center for Health Protection
$35.74 million



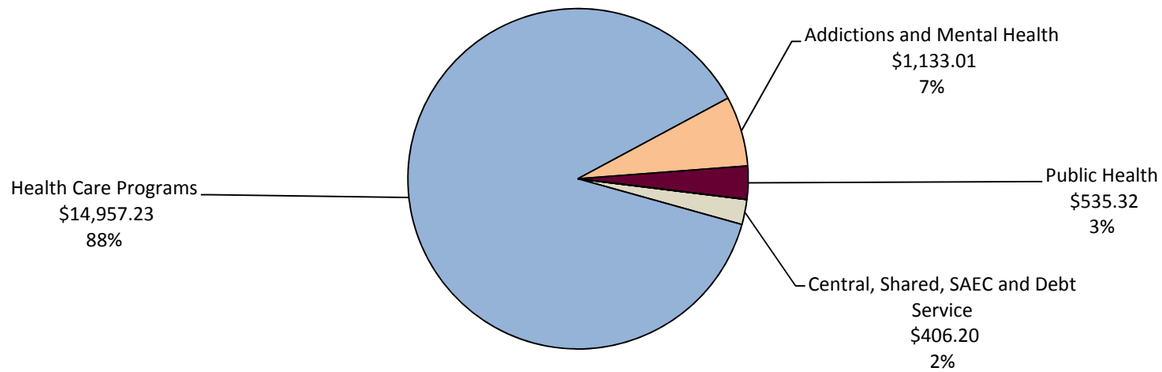
Center for Prevention and Health Promotion
$340.58 million



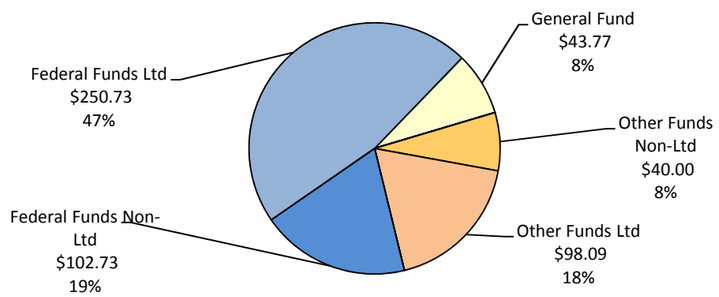
Center for Public Health Practice
$118.82 million



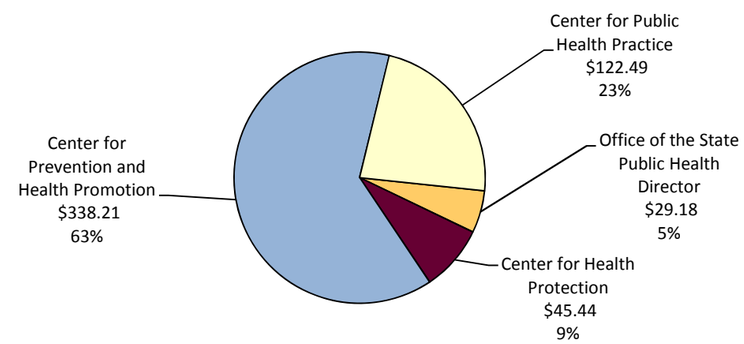
Oregon Health Authority
2015-17 Agency Request Budget
Total Fund by Program Area
$17,031.76 million



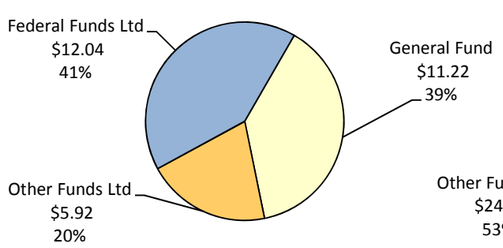
Public Health Programs
Total by Fund Type
$535.32 million



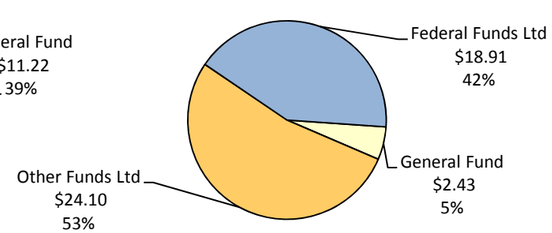
Public Health Programs
Total by Program
$535.32 million



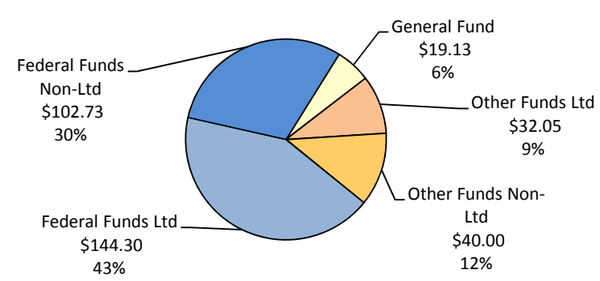
Office of State Public Health Director
$29.18 million



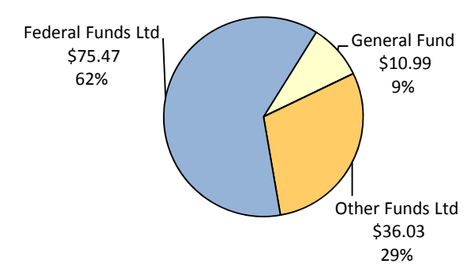
Center for Health Protection
$45.44 million



Center for Prevention and Health Promotion
$338.21 million



Center for Public Health Practice
$122.49 million



Summary of 2015-17 Biennium Budget

Oregon Health Authority
Public Health Program
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-020-06-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
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
2013-15 Emergency Boards	4	3.09	6,254,514	1,558,458	-	1,360,289	3,335,767	-	-
2013-15 Leg Approved Budget	**719**	**697.90**	**523,079,350**	**40,196,834**	**-**	**88,163,776**	251,989,689	**40,000,000**	**102,729,051**
2015-17 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(34)	(26.28)	(2,141,005)	333,982	-	1,051,579	(3,526,566)	-	-
Estimated Cost of Merit Increase			-	-	-	-	-	-	-
Base Debt Service Adjustment			-	-	-	-	-	-	-
Base Nonlimited Adjustment			-	-	-	-	-	-	-
Capital Construction			-	-	-	-	-	-	-
Subtotal 2015-17 Base Budget	**685**	**671.62**	**520,938,345**	**40,530,816**	**-**	**89,215,355**	248,463,123	**40,000,000**	**102,729,051**
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	693,952	46,297	-	231,026	416,629	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	390,031	44,215	-	159,936	185,880	-	-
Subtotal	**-**	**-**	**1,083,983**	**90,512**	**-**	**390,962**	602,509	**-**	**-**
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase-in	18	14.30	2,707,787	299,942	-	5,078	2,402,767	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(1,577,600)	(1,177,600)	-	-	(400,000)	-	-
Subtotal	**18**	**14.30**	**1,130,187**	**(877,658)**	**-**	**5,078**	2,002,767	**-**	**-**
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	1,991,732	1,008,471	-	910,206	73,055	-	-
Subtotal	**-**	**-**	**1,991,732**	**1,008,471**	**-**	**910,206**	73,055	**-**	**-**

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	379,956	-	(379,956)	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	1,632,660	1,633,301	-	(641)	-	-	-
Subtotal: 2015-17 Current Service Level	**703**	**685.92**	**526,776,907**	**42,765,398**	**-**	**90,141,004**	251,141,454	**40,000,000**	**102,729,051**

Summary of 2015-17 Biennium Budget

Oregon Health Authority
Public Health Program
2015-17 Biennium

Agency Request Budget
Cross Reference Number: 44300-020-06-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
Subtotal: 2015-17 Current Service Level	**703**	**685.92**	**526,776,907**	**42,765,398**	**-**	**90,141,004**	251,141,454	**40,000,000**	**102,729,051**
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	(6)	(6.00)	(2,224,715)	-	-	(2,073,416)	(151,299)	-	-
Modified 2015-17 Current Service Level	**697**	**679.92**	**524,552,192**	**42,765,398**	**-**	**88,067,588**	250,990,155	**40,000,000**	**102,729,051**
080 - E-Boards									
080 - May 2014 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**
Policy Packages									
201 - REaL-D	-	-	-	-	-	-	-	-	-
401 - Promote and Support Community Based Services	-	-	-	-	-	-	-	-	-
402 - Promote Innovative Health Sys Solutions - HP	-	-	-	-	-	-	-	-	-
403 - Promote Innovative Health System Solutions	-	-	-	-	-	-	-	-	-
404 - Improve the Lifelong Health of all Oregonians	8	5.41	3,740,176	-	-	4,000,000	(259,824)	-	-
405 - Prev'g lead'g causes of death, inj & disease	2	1.76	4,000,000	-	-	4,000,000	-	-	-
406 - PH Emergency Preparedness	3	2.64	1,000,000	1,000,000	-	-	-	-	-
407 - PH Radiation Protection Fee & Cap Increase	3	3.00	593,755	-	-	593,755	-	-	-
408 - PH Senate Bill 333 Fee Increases	3	3.00	1,436,336	-	-	1,436,336	-	-	-
409 - Transparency and Engagement	-	-	-	-	-	-	-	-	-
Subtotal Policy Packages	**19**	**15.81**	**10,770,267**	**1,000,000**	**-**	**10,030,091**	(259,824)	**-**	**-**
Total 2015-17 Agency Request Budget	**716**	**695.73**	**535,322,459**	**43,765,398**	**-**	**98,097,679**	250,730,331	**40,000,000**	**102,729,051**
Percentage Change From 2013-15 Leg Approved Budget	-0.40%	-0.30%	2.30%	8.90%	-	11.30%	-0.50%	-	-

Description	*Positions*	*Full-Time Equivalent (FTE)*	*ALL FUNDS*	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Nonlimited Other Funds*	*Nonlimited Federal Funds*
Percentage Change From 2015-17 Current Service Level	1.80%	1.40%	1.60%	2.30%	-	8.80%	-0.20%	-	-

Oregon Health Authority Public Health 44300-020-06-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
GENERAL FUND					
REVENUES					
General Fund Appropriation	0050	GF	35,946,937	40,196,834	43,765,398
TOTAL REVENUES		**GF**	**35,946,937**	**40,196,834**	**43,765,398**
TOTAL GENERAL FUNDS		**GF**	**35,946,937**	**40,196,834**	**43,765,398**
OTHER FUNDS					
REVENUES					
Beginning Balance	0025	OF	6,631,077	8,732,296	8,548,254
Beginning Balance Adjustment	0030	OF	1,500,000	(1,621,832)	-
Other Selective Taxes	0190	OF	1,380,000	-	-
Business License & Fees	0205	OF	12,821,007	5,879,041	6,472,796
Non-Business License & Fees	0210	OF	13,006,844	14,103,277	14,103,277
Charges for Services	0410	OF	18,285,609	24,517,323	24,517,323
Administrative Service Charges	0415	OF	115,457	-	-
Fines and Forfeitures	0505	OF	32,907	-	-
Interest Income	0605	OF	14,375	5,568	5,568
Sales Income	0705	OF	12,503	5,362,826	5,362,826
Donations	0905	OF	1,281,006	283,030	283,030
Grants (Non-FED)	0910	OF	-	1,188,283	1,188,283

Oregon Health Authority Public Health 44300-020-06-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
Other Revenues	0975	OF	37,880,765	61,540,875	70,204,139
TOTAL REVENUES		**OF**	**92,961,550**	**119,990,687**	**130,685,496**
TRANSFER IN					
Transfer in Intrafund	1010	OF	25,025,844	-	-
Transfer in Revenue Department	1150	OF	331,824	16,160,091	15,403,573
Transfer in Military Department	1248	OF	403,922	-	-
Transfer in Department of Energy	1330	OF	82,345	49,924	49,924
Transfer from Environmental Quality	1340	OF	120,000	-	-
Transfer in Consumer Business Services	1440	OF	-	362,900	-
Transfer in Agriculture	1603	OF	110,470	103,783	106,897
Transfer in Department of Transportation	1730	OF	38,558	-	-
Transfer in Health Relations Licensing Board	1833	OF	37,823	36,450	36,450
Transfer in Board of Dentistry	1834	OF	164,970	175,500	176,000
Transfer in Oregon Medical Board	1847	OF	694,170	693,955	755,680
Transfer in Board of Nursing	1851	OF	109,395	106,885	135,430
Transfer in Board of Pharmacy	1855	OF	256,118	260,145	283,590
Transfer in Housing and Commercial Services	1914	OF	38,168	-	-
TOTAL TRANSFERS IN		**OF**	**27,413,607**	**17,949,633**	**16,947,544**

Oregon Health Authority Public Health 44300-020-06-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
TRANSFER OUT					
Transfer to Intrafund	2010	OF	(8,367,778)	-	-
Transfer to General Fund	2060	OF	(1,500,000)	-	-
Transfer to Department of Human Services	2100	OF	(1,887,485)	-	-
Transfer to Oregon Health Authority	2443	OF	(17,925)	-	-
Transfer to Oregon Health and Science University	2590	OF	(3,500)	-	-
Transfer to Health Relations Licensing Board	2833	OF	-	(987,107)	(987,107)
TOTAL TRANSFERS OUT			**(11,776,688)**	**(987,107)**	**(987,107)**
TOTAL OTHER FUNDS		**OF**	**108,598,469**	**136,953,213**	**146,645,933**
FEDERAL FUNDS REVENUES					
Beginning Balance	0025	FF	-	184,602	-
Federal Funds Revenue	0995	FF	355,688,139	373,531,734	373,175,258
TOTAL REVENUES			**355,688,139**	**373,531,734**	**373,175,258**
TRANSFERS OUT					
Transfer to Economic & Community Development	2123	FF	(27,190,201)	(17,430,791)	(18,284,000)
Tsfr To Energy, Dept of	2330	FF	(100,000)	-	-
Transfer to Environmental Quality	2340	FF	(1,291,183)	(1,566,805)	(1,431,876)

Oregon Health Authority Public Health 44300-020-06-00-00000	2015-17 Revenue Report				
SOURCE	**COMP SOURCE GROUP**	**FUND**	**2011-13 Actuals**	**2013-15 Legislatively Approved Budget**	**2015-17 Agency Request Budget**
Transfer to Oregon Health and Science University	2590	FF	(3,674,490)	-	-
TOTAL TRANSFERS OUT		**FF**	**(32,255,874)**	**(18,997,596)**	**(19,715,876)**
TOTAL FEDERAL FUNDS		**FF**	**323,432,265**	**354,718,740**	**353,459,382**
TOTAL AVAILABLE REVENUES		**TF**	**467,977,671**	**531,868,787**	**543,870,713**

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority — **Agency Number: 44300**
2015-17 Biennium — **Cross Reference Number: 44300-020-06-00-00000**

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Other Selective Taxes	1,380,000	-	-	-	-	-
Business Lic and Fees	12,821,007	7,379,041	5,879,041	6,472,796	-	-
Non-business Lic. and Fees	13,006,844	16,139,349	14,103,277	14,103,277	-	-
Charges for Services	18,285,609	24,517,323	24,517,323	24,517,323	-	-
Admin and Service Charges	115,457	-	-	-	-	-
Fines and Forfeitures	32,907	-	-	-	-	-
Interest Income	14,375	5,568	5,568	5,568	-	-
Sales Income	12,503	5,362,826	5,362,826	5,362,826	-	-
Donations	1,281,006	283,030	283,030	283,030	-	-
Grants (Non-Fed)	-	1,188,283	1,188,283	1,188,283	-	-
Other Revenues	7,562,545	16,644,514	21,540,875	30,204,139	-	-
Transfer In - Intrafund	25,025,844	-	-	-	-	-
Tsfr From Revenue, Dept of	331,824	16,160,091	16,160,091	15,403,573	-	-
Tsfr From Military Dept, Or	403,922	-	-	-	-	-
Tsfr From Energy, Dept of	82,345	49,924	49,924	49,924	-	-
Tsfr From Environmental Quality	120,000	-	-	-	-	-
Tsfr From Consumer/Bus Svcs	-	362,900	362,900	-	-	-
Tsfr From Agriculture, Dept of	110,470	103,783	103,783	106,897	-	-
Tsfr From Transportation, Dept	38,558	-	-	-	-	-
Tsfr From Health Rel Lic Bds	37,823	36,450	36,450	36,450	-	-
Tsfr From Board of Dentistry	164,970	175,500	175,500	176,000	-	-
Tsfr From Oregon Medical Board	694,170	693,955	693,955	755,680	-	-
Tsfr From Nursing, Bd of	109,395	106,885	106,885	135,430	-	-
Tsfr From Board of Pharmacy	256,118	260,145	260,145	283,590	-	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Oregon Health Authority — **Agency Number: 44300**
2015-17 Biennium — **Cross Reference Number: 44300-020-06-00-00000**

Source	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Tsfr From Housing and Com Svcs	38,168	-	-	-	-	-
Transfer Out - Intrafund	(8,367,778)	-	-	-	-	-
Transfer to General Fund	(1,500,000)	-	-	-	-	-
Tsfr To Human Svcs, Dept of	(1,887,485)	-	-	-	-	-
Tsfr To Oregon Health Authority	(17,925)	-	-	-	-	-
Tsfr To Or Health & Science U	(3,500)	-	-	-	-	-
Tsfr To Health Rel Lic Bds	-	(987,107)	(987,107)	(987,107)	-	-
Total Other Funds	**$70,149,172**	**$88,482,460**	**$89,842,749**	**$98,097,679**	**-**	**-**
Federal Funds						
Federal Funds	251,601,949	267,466,916	270,802,683	270,446,207	-	-
Tsfr To OR Business Development	(27,190,201)	(17,430,791)	(17,430,791)	(18,284,000)	-	-
Tsfr To Energy, Dept of	(100,000)	-	-	-	-	-
Tsfr To Environmental Quality	(1,291,183)	(1,566,805)	(1,566,805)	(1,431,876)	-	-
Tsfr To Or Health & Science U	(3,674,490)	-	-	-	-	-
Total Federal Funds	**$219,346,075**	**$248,469,320**	**$251,805,087**	**$250,730,331**	**-**	**-**
Nonlimited Other Funds						
Other Revenues	30,318,220	40,000,000	40,000,000	40,000,000	-	-
Total Nonlimited Other Funds	**$30,318,220**	**$40,000,000**	**$40,000,000**	**$40,000,000**	**-**	**-**
Nonlimited Federal Funds						
Federal Funds	104,086,190	102,729,051	102,729,051	102,729,051	-	-
Total Nonlimited Federal Funds	**$104,086,190**	**$102,729,051**	**$102,729,051**	**$102,729,051**	**-**	**-**

2015 - 2017 OHA POLICY OPTION PACKAGES
Alphabetical by Lead Program Area

Lead Program Area	Official Title	Subtitle	General Fund	Other Funds	Federal Funds	Total Funds	POS	FTE	POP #
AMH	**Promote and Support Community Based Services**								
AMH-CMH	Promote and Support Community Based Services	Aid & Assist Evaluations in the Community	4,056,901	-	-	4,056,901	1	0.83	401-1
AMH-CMH	Promote and Support Community Based Services	Mental Health Certification	859,620	-	-	859,620	4	4.00	401-2
AMH-CMH	Promote and Support Community Based Services	New Tobacco Tax Investments in Supported Housing, Crisis Svs.	-	10,516,166	-	10,516,166		-	401-3
AMH-A&D	Promote and Support Community Based Services	A&D Policy Commission	1,264,748	-	-	1,264,748	4	4.00	401-4
		SUBTOTAL POP 401	**6,181,269**	**10,516,166**	**-**	**16,697,435**	**9**	**8.83**	
HPP	**Promote Innovative Health System Solutions**								
HPP-OHIT	Promote Innovative Health Sys Solutions - HP	Common Credentialing & Provider Directory/Health Information Exchange	-	9,750,404	-	9,750,404	3	3.00	402-1
HPP-Transformation Center	Promote Innovative Health Sys Solutions - HP	Continuation of Health Systems Transformation/ Transformation Center	1,042,899	-	1,040,051	2,082,950	13	4.94	402-2
HPP-OHPR	Promote Innovative Health Sys Solutions - HP	Continuation of Health Systems Transformation/ Office of Health Policy & Research	1,360,029	-	1,358,444	2,718,473	8	3.04	402-3
HPP-OEI	Promote Innovative Health Sys Solutions - HP	Equity and Inclusion Transformation Coaches	697,306	-	695,020	1,392,326	6	6.00	402-4
HPP-OEI	Promote Innovative Health Sys Solutions - HP	OEI Traditional Health Workers	1,544,068	-	2,628,710	4,172,778	1	1.00	402-5
		SUBTOTAL POP 402	**4,644,302**	**9,750,404**	**5,722,225**	**20,116,931**	**31**	**17.98**	
HPP-OEI	REaL-D	OEI Race Ethnicity, Language and Disabilities Collection (Joined with DHS)	1,771,152	-	-	1,771,152	9	8.52	201
		SUBTOTAL POP 402+201	**6,415,454**	**9,750,404**	**5,722,225**	**21,888,083**	**40**	**26.50**	
MAP	**Promote Innovative Health System Solutions**								
MAP	Promote Innovative Health System Solutions	Health Care Interpreter Services	779,055	28,333	1,557,139	2,364,527	-	-	403-1
MAP	Promote Innovative Health System Solutions	Patient Centered Primary Care Home Payments	6,472,555	-	19,426,131	25,898,686	-	-	403-2

2015 - 2017 OHA POLICY OPTION PACKAGES
Alphabetical by Lead Program Area

Lead Program Area	Official Title	Subtitle	General Fund	Other Funds	Federal Funds	Total Funds	POS	FTE	POP #
MAP	Promote Innovative Health System Solutions	Adult Vision Services	3,664,285	-	18,556,390	22,220,675	-	-	403-3
MAP	Promote Innovative Health System Solutions	Adult Dental Services	3,621,706	1,741	19,442,502	23,065,949	-	-	403-4
		SUBTOTAL POP 403	**14,537,601**	**30,074**	**58,982,162**	**73,549,837**	**-**	**-**	
OEBB	**Transparency and Engagement**	Informed Enrollment Tool Enhancements		450,000	-	450,000	-	-	409
		SUBTOTAL POP 409	**-**	**450,000**	**-**	**450,000**	**-**	**-**	
PH	**Revenue Shortfall**	New Born Screening	-	(1,092,000)	-	(1,092,000)	-	-	070
PH	**Revenue Shortfall**	SB 333 Fees pending -RML	-	(344,336)	-	(344,336)	(3)	(3.00)	070
PH	**Revenue Shortfall**	Reduction if RPS Fees & Cap not approved	-	(593,755)	-	(593,755)	(3)	(3.00)	070
PH	**Revenue Shortfall**	Dept of Agriculture Adjustment	-	(43,325)	(151,299)	(194,624)	-	-	070
		SUBTOTAL Pkg 070	**-**	**(2,073,416)**	**(151,299)**	**(2,224,715)**	**(6)**	**(6.00)**	
PH	**Improve the Lifelong Health of all Oregonians**	Integrated Public Health System Transformation	-	4,000,000	(259,824)	3,740,176	8	5.41	404
PH	**Prev'g lead'g causes of death, inj & disease**	Coordinated Obesity and Chronic Disease Prevention	-	4,000,000		4,000,000	2	1.76	405
PH	**PH Emergency Preparedness**	Oil and Coal Train Preparedness Response and Recovery	1,000,000	-	-	1,000,000	3	2.64	406
PH	**PH Radiation Protection Fee & Cap Increase**	PH Radiation Protection Cap Increase	-	593,755		593,755	3	3.00	407
PH	**PH Senate Bill 333 Fee Increases**	PH PHL Newborn Metabolic Screening and PH Protection Radiation Materials Licensing Fee Increases (SB 333)	-	1,436,336		1,436,336	3	3.00	408
		SUBTOTAL POP 404-408	**1,000,000**	**10,030,091**	**(259,824)**	**10,770,267**	**19**	**15.81**	
		Grand TOTAL OHA POPs, including Pkg 070	**28,134,324**	**28,703,319**	**64,293,264**	**121,130,907**	**62**	**45.14**	

2015-17 Policy Option Package

Agency Name: Oregon Health Authority
Program Area Name: Public Health - Center for Health Practice and Health Protection
Program Name: Public Health Laboratory and Radiation Projection Services
Policy Option Package Initiative: N/A
Policy Option Package Title: PH Fee Increases
Policy Option Package Number: Package 070 (see accompanying Policy Option Packages #407 and #408)
Related Legislation: Legislative Concept 425, and Senate Bill 333 Administrative Process
Program Funding Team: Healthy People

Summary Statement:

This package removes the 2015-17 expenditure limitation associated with fee increases that had been approved in 2013-2015 interim, by the Department of Administrative Services, in the event the Legislature does not sanction the increases into 2015-2017. The package also removes expenditure limitation associated with a legislative concept (#425) that would raise the statutory cap on certain other radiation fees. The following programs would be affected:
The Public Health Laboratory's Newborn Metabolic Screening Program, Radioactive Materials Licensing, and Radiation Protection Services (RPS).

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:		$(2,030,091)		$(2,030,091)

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

If the Legislature does not sanction the fee increases administratively approved in 2013-2015, the following implementations would not be achieved during 2015-2017:

The Public Health Laboratory would not be able to continue testing for severe combined immunodeficiency (SCID), a primary immune disorder characterized by a defect in T-cell production and function. SCID is also described as the "bubble boy disease". Babies born with SCID may not be identified in time to receive treatment required to save their lives.

If the fee increases for Radiation Protection Services and the radioactive materials licensing is not continued, the PH RPS will not be able to meet the inspection schedules or fulfill the licensing responsibilities set by the Nuclear Regulatory Commission (NRC) and may jeopardize its status as an Agreement State.

2. WHY DOES OREGON HEALTH AUTHORITY PROPOSE THIS POP?

Early identification of infants with severe combined immunodeficiencies (SCID) allows them to receive bone marrow transplants and lead a normal life. The treatment is effective only until the baby is approximately three and one half months old. Without treatment, the baby will die. SCID screening is part of the US DHHS Secretary's Recommended Uniform Screening Panel for newborn screening. Screening started May 1, 2014, and the accompanying Policy Option Package #408 will continue the fee that funds the screening. During the first month of screening one baby was identified with SCID and referred to OHSU for treatment.

Radiation Protection Services and Radioactive Materials Licensing (RML) fees are assessed to recover the direct cost of operations and administrative functions relating to the regulation of the medical, academia, industrial, and research industries that use radioactive materials as part of their operations. The RML program is a 100% user fee supported program. It is projected that the proposed fee increases will generate the necessary income.

3. HOW DOES THIS FURTHER THE AGENCY'S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?

Screening for severe combined immunodeficiencies (SCID) supports the Triple Aim of health care reform: Better health, better care, lower costs. Early identification of newborn disorders leads to early treatment, preventing morbidity and mortality. Early identification and treatment also reduce health care costs of treating sick infants and children.

Public Health has established and maintained a fee based business model providing Oregonians with regulations to reduce the exposure from radiation. The Nuclear Regulatory Commission (NRC) is the Federal oversight agency requiring the Public Health program to maintain minimum staffing levels, ensure that its regulatory program are compatible with the NRC's federal regulations, and that the program remains fiscally solvent to protect the health and safety of Oregonians. The proposed fee increases are essential to ensure compliance with NRC requirements.

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?

This POP is not tied to OHA Key Performance Measures. However, there are several metrics that can be used to measure success including:

- Evaluation of testing turn-around times for Newborn Screening
- Timely identification of babies born with metabolic disorders such as SCID and referral to treatment
- Compliance and enforcement percentage of radiation inspections completed within program and federal regulations
- The percentage of radioactive materials validation certificates issued within 10 business days of receipt of annual licensing payment

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 requires passage of the fee bill related to Senate Bill 333, and the legislative concept #425.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

a) Not screening for severe combined immunodeficiencies (SCID) was considered but rejected because universal SCID screening of newborns is now the national standard of practice and it prevents a universally fatal disease of infants.
b) Sending the samples to another laboratory for screening was rejected because it is more expensive, less timely, and makes it harder to ensure any affected infants are referred to treatment.

c) Radiation Protection Services considered establishing new radioactive materials licensing fees such as application fee, inspection fee, waste disposal fee, etc.; and evaluated if other radiation protection programs (i.e. regulation of lasers) should be implemented. However it was determined that statutory authority and stakeholder support needed further review and could not be completed by 2015-17, risking program solvency.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

Newborn Screening SCID: Babies born with severe combined immunodeficiencies (SCID) would not be identified in time to receive treatment and will die.

Radiation Fees: Current staffing for Radiation Protection may deteriorate to levels of nominal services (device registration-only programs, versus no regulation) and/or to the elimination of the only radiation control agency in Oregon and significant increase to the risk to all Oregonians to unnecessary exposure to radiation. Public health would not be able to provide the Oregon Office of Energy with qualified personnel to respond and mitigate a nuclear accident as directed by ORS 469.533 and 469.611.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

SCID: The fee associated with newborn metabolic screening is considered part of the set reimbursement rate provided by the Oregon Health Plan.

Radiation Fees: Governmental agencies affected by this POP will be academia, research, medical and transportation institutions that use radioactive materials in their operations.

9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

SCID: The Public Health Laboratory included representatives from the Newborn Screening Rules Advisory Committee which has representation from local health departments, hospitals, and physicians.

Radiation Fees: The State of Oregon Radiation Advisory Committee, which has members representing various radioactive material industries supported the Statement of Need and Fiscal Impact of raising fees. During the rule review session of fee increases, committee members supported the proposed rule amendments.

10. WHAT IS YOUR EQUITY ANALYSIS?

SCID: Newborn screening is provided to all newborns regardless of the parents' ability to pay.

Radiation Fees: This POP will impact the health and safety of all Oregonians without respect of race, ethnicity or gender. A reduction in program funding would affect all Oregonians equally by lowering our ability to prevent harmful radiation exposure.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Radiation Fees: The pricing of this POP was established by projecting revenues vs. expenditures to support current levels of services throughout the 2013-2015 biennium and the 2015-2017 biennium.

Implementation Date(s): July 1, 2015 (continuation of fee and work implemented 5/1/2014)

End Date (if applicable): _____

a. **Will there be new responsibilities for Oregon Health Authority? Specify which Program Area(s) and describe their new responsibilities.** No.

b. **Will there be new Shared Services 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 - Shared Services 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.**

SCID: No changes in client caseloads. All newborns are currently screened for 40+ disorders; this adds one test to the test panel but does not change the population served.

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.**

SCID: One new staff person was requested as part of the OHA Fall 2014 Rebalance. The need for one new permanent full time microbiologist 3 was identified as part of the original SB 333 submission.

Radiation Fees: This proposal related to Radiation Protection Fees is to sustain operations at current service levels by restoring six full-time positions which were reduced in package 070 Revenue Reduction. Position numbers, types and classification are identified in the Fiscal Impact Summary.

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

There are no additional start-up costs.

f. What are the ongoing costs?

SCID: All of the SCID related costs are going. They include costs for reagents for testing, equipment maintenance, and medical consultation. These costs are fully recovered through the fees paid for newborn screening.

Radiation Fees: All Personal Services and Services and Supply costs in this POP are ongoing.

g. What are the potential savings?

SCID: There are significant savings to the healthcare system by early identification and treatment of babies born with SCID.

h. Based on these answers, is there a fiscal impact?

Yes. SCID: Ongoing medical costs for 15-17 total $1,092,000. Radiation Fees: Position and related Service and Supply costs associated with Radiation Protection Materials total $344, 336 for 15-17. Positions and related service and supplies associated with RPS Protection total $593,755.

TOTAL FOR THIS PACKAGE

Category	GF	OF	FF	TF	Position	FTE
Personal Services	0	$(938,091)	0	$(938,091)	(6)	(6.00)
Services & Supplies	0	$(1,092,000)	0	$(1,092,000)		
Total	**$0**	**$(2,030,091)**	**$(0)**	**$(2,030,091)**	**(6)**	**(6.00)**

OHA - Fiscal Impact Summary by Program Area:

	PH Practice Lab	PH Protection RML	PH Protection RPS	Total
General Fund	$0	$0	$0	$0
Other Fund	$(1,092,000)	$(344,336)	$(593,755)	$(2,030,091)
Federal Funds- Ltd	$0	$0	$0	
Total Funds	$(1,092,000)	$(344,336)	$(593,755)	$(2,030,091)
Positions	0	(3)	(3)	(6)
FTE	0.00	(3.00)	(3.00)	(6.00)

What are the sources of funding and the funding split for each one?

SCID screening is funded by the newborns screening fee paid by submitters (100% Other Funds).

PH Practice-Lab Revenue Impact:

Description of Revenue	OF	FF	TF
Other Charges (Comp Srce 0410)	$(1,092,000)	0	$(1,092,000)
Total	**$(1,092,000)**	**$0**	**$(1,092,000)**

PH- Protection-RML & RPS Revenue Impact:

Description of Revenue	OF	FF	TF
Business Licenses (Comp Srce 0205)	$(938,091)	0	$(938,091)
Total	**$(938,091)**	**$0**	**$(938,091)**

2015-2017 Policy Option Package

Agency Name:	**Department of Human Services/Oregon Health Authority**
Program Name:	**Office of Equity and Multicultural Services (OEMS) and Office of Equity and Inclusion (OEI)**
Policy Option Package Initiative:	
Policy Option Package Title:	**Race, Ethnicity, and Language and Disability (REAL-D)**
Policy Option Package Number:	**201**
Related Legislation:	**HB 2134**
Program Funding Team:	

Summary Statement:

This Policy Option Package supports the establishment of uniform standards and practices in the Oregon Health Authority (OHA) and Department of Human Services (DHS) for the collection of data on race, ethnicity, preferred spoken or signed language, preferred written language, and disability status.

It supports designing, building and implementing a tool to collect, report and analyze this data, which the agencies need to comply with new health and service equity standards for all Oregonians.

Policy Option Package Pricing:	General Fund	Other Funds	Federal Funds	Total Funds
DHS	$743,644	$1,000,000		$3,514,796
OHA	$1,771,152			

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

This policy option package would create and begin using a central system for data about the race, ethnicity, preferred spoken or signed language, preferred written language, and disability status of all persons served by the Department of Human Services and the Oregon Health Authority.

Based on various requirements of federal law and rules, DHS and OHA have developed administrative rules and policies for collecting, analyzing, and reporting meaningful data about client race, ethnicity, language and disabilities, which we are calling "REAL+D".

For the remainder of the 2013-2015 biennium DHS and OHA will inventory and analyze all of their business processes, systems and reports that capture, update and use REAL+D data. It will tell the agencies what we need to do to fully implement HB 2134.

Funding of this POP would create a system that would allow workers and clients to view, update and maintain their own profile including REAL+D information. Appropriate analytics units in DHS and OHA would use REAL+D to collect, analyze and report on services related to various demographic groups to help reduce health and human services disparities. Better data would increase the state's understanding of the causes of disparities, support the design of effective responses, and enable evaluation of improvements over time.

2. WHY DO DHS and OHA PROPOSE THIS POP?

The Department of Human Services and the Oregon Health Authority both established equity (service equity and health equity) as part of their core values. Improving data systems is a key component of continuous quality improvement efforts that lead to health and service equity.

Problems with data prevent both agencies from knowing the full extent of inequity and from measuring the impact of efforts to assure equity. Tremendous inconsistencies exist in the data collected by different government health and human service agencies and programs. Even definition of the terms “race,” “ethnicity,” and “disability” vary across institutions.

The data collection standards used by state agencies are inconsistent and insufficient to adequately assess the status and needs of Oregon’s diverse communities. This makes it difficult to analyze how race, ethnicity and language affect individual and community health, making services more expensive and less effective in addressing community needs.

DHS and OHA need to implement data standards, data architecture and data governance to address the current requirements and implement business practices that ensure data quality.

3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?

Both DHS and OHA are focused on equity and inclusion in the service of the citizens of Oregon. Without a unified method of collecting this information the agencies cannot effectively review the results of their services and identify ways to improve services to certain populations. The standardized methodology will allow DHS and OHA to demonstrate progress toward reductions in racial and ethnic disparities by increasing transparency in reporting indicators by race and ethnicity. In addition, it will allow DHS and OHA to consistently meet federal reporting expectations and will make it easier to compare Oregon’s progress in addressing racial and ethnic disparities with national trends.

4. IS THIS POP TIED TO A DHS and OHA PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS and OHA MEASURE THE SUCCESS OF THIS POP?

Having client data routinely and accurately collected by race, ethnicity, language and disability will assist DHS and OHA in better understanding disparities in need, access, quality, and outcomes of services.

This POP is directly tied to several outcome measures for the Department of Human Services: 05: Service Equity; 06: Employee Engagement; 04: Customer Satisfaction and 07: Workforce Diversity. It is also directly tied to one of DHS's Breakthroughs: Improving Service Equity; as well as process measure OP2.3: Ensuring equitable access and inclusivity.

Efforts to improve data collection across OHA directly address the key goals, core processes and sub-processes defined by the OHA Strategic Plan and operational fundamentals, including the following:

- Ensuring data integrity;
- Ensuring equity in policy and program design;
- Ensuring equity in program delivery;
- Providing or ensuring culturally responsive interventions;
- Establishing and implementing quality control mechanisms;
- Ensuring health, safety and client rights in publicly-funded programs;
- Ensuring civil rights for customers, members, clients and participants;
- Assessing quality and return on investment; and
- Ensuring accountability for results.

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?

After the REAL+D Policy came into effect, the Office of Information Services (OIS) looked into what it would take to comply with this policy using existing systems. OIS would need to modify 17 of the 40 legacy systems that contain person information to address the data collection requirements alone. It would also require organizational change management, training, survey modification, forms modification, and or analysis of the many operational and contractual constraints of these sensitive data systems. This approach was rejected because of the financial costs involved as well as the ongoing disruption to workers in both agencies during the extensive modification of separate systems.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

Without funding for this project, DHS and OHA would not be able to effectively collect timely and reliable data to assist in identifying racial, ethnic, language and disability disparities.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

Improvements in data collection will support the dissemination of accurate data to other state, tribal and local governments, as well as coordinated care organizations and community-based organizations. The implementation of this POP would make data reporting and analysis more consistent between DHS and OHA and their governmental partners. It also would provide better data to governmental partners who are also charged with providing equitable access to and outcomes of services.

9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?
This POP has been a collaboration between DHS and OHA. The steering committee that will implement this POP will include representatives of affected stakeholders and programs.

10. WHAT IS YOUR EQUITY ANALYSIS?
DHA and OHA both consider equity (service equity and health equity) as core values. In short, problems with collecting and analyzing data by race, ethnicity, language and disability prevent both agencies from knowing the full extent of inequity and from measuring the impact of efforts to ensure equity. Inadequate data collection standards make it difficult to analyze how race, ethnicity, language and disability affect individual and community health, making services more expensive and less effective in addressing community needs. Agency and contractor staff often lack training in best practice methods for collecting race, ethnicity, language and disability demographic information in a respectful and non-intrusive manner.

Improving data systems is a key component of continuous quality improvement efforts that lead to health and service equity. The ability to present data broken down by these demographic categories adds value to quality assurance and quality improvement efforts, promotes stewardship of public funds, and promotes governmental responsiveness and transparency.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?
Preliminary estimates predict that more than 40 systems that use client demographic data could be affected by REAL+D. In-depth analysis is required to confirm which systems, business processes, programs and stakeholders would actually be affected.

Additional assumptions include the need for redesigned forms on which demographic data are collected, staff training, and communications to educate staff and clients.

Both agencies assume that existing technology investments in data management capabilities could be leveraged to support the creation of REAL+D.

Current agency work focused on definitions of "client" would support REAL+D development.

Implementation Date(s): July 1, 2015

End Date (if applicable): Ongoing – until current systems are modified as much as possible and until new systems build in the standard upon development

a. **Will there be new responsibilities for DHS and OHA? Specify which Program Area(s) and describe their new responsibilities.**

☒ All DHS program staff that collect person-level information.

☒ DHS data analytics staff

☒ all OHA program staff who collect person-level information

☒ OHA data analytics staff

b. **Will there be new Shared Services 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 - Shared Services LC/POP Impact Questionnaire (at the end of this document).**
Yes, standard office equipment and supplies for new staff listed in the POP.

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.**

Positions	# of months	Type
1- ISS8 Data Architect (OIS)	24 months	Permanent
1- ISS8 Application Integration Architect (OIS)	24 months	Permanent
2- OPA4 Business Architect (1 for DHS and 1 for OHA)	24 months	Permanent
1- PM3 Project Manager (OIS)	22 months	Permanent
4- OPA2 Business Transition Training Specialists (2 OHA, 2 DHS)	22 months	Permanent
2- ISS7 Configuration Specialists (1 for DHS and 1 for OHA)	22 months	Permanent
1 - ISS6 Testing Specialist (OIS)	22 months	Permanent

$2,870,700 – Personal Services

e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

Expand DAS Enterprise Architecture Tool Capability to support effort	$15,000
Technical Training	$15,000
Technical Consultant for Siebel MDM tool	$150,000
Technical Consultants/System Integrator MDM implementation and Oracle SOA implementation and Oracle SOA implementation (contracts)	$650,000
QA (contract, as required)	$200,000
Subtotal	$1,075,000

f. What are the ongoing costs?

Enterprise Architecture Tool	$25,000
Infrastructure for EA Tool	$20,000
Subtotal	$45,000

g. What are the potential savings?

Improvements in the data collection systems will streamline data analysis because all systems will collect data in a consistent manner. We anticipate savings in time and staff resources in data analysis and reporting. Additionally, as health disparities and inequities are revealed through the standardized data collection, we anticipate improvements in the way the state and its external partners provide services, resulting in reduced costs for OHA, DHS and external partners.

h. Based on these answers, is there a fiscal impact?

Yes.

TOTAL FOR THIS PACKAGE DHS/OHA

Category	GF	OF	FF	TF	Position	FTE
DHS						
Personal Services	$471,025	0	0	$471,025	3	2.84
Services & Supplies	$270,801	$1,000,000	0	$1,270,801		
Special Payments	$1,818	0	0	$1,818		
Other	0	0	0	0		
OHA						
Personal Services	$1,546,325	0	0	$1,546,325	9	8.25
Services & Supplies	$224,827	0	0	$224,827		
Special Payments	0	0	0	0		
Total	**$2,514,796**	**$1,000,000**	**$0**	**$3,514,796**	**12**	**11.36**

DHS/OHA - Fiscal Impact Summary by Program Area:

	Program Area 1 (OHA/OEI)	Program Area 2 (DHS/OEMS)	Total
General Fund	$1,771,152	$743,644	$2,514,796
Other Fund	$0	$1,000,000	$1,000,000
Federal Funds- Ltd	$0	$0	$0
Total Funds	$503,231	$503,231	$3,514,796
Positions	9	3	12
FTE	8.52	2.84	11.36

What are the sources of funding and the funding split for each one?

DHS/OEMS Revenue Impact:

Description of Revenue	OF	FF	TF
Other (Comp Srce 0975)	$1,000,000	0	$1,000,000
Total	**$1,000,000**	**$0**	**$1,000,0000**

2015-2017 Policy Option Package

Agency Name:	**Oregon Health Authority**
Program Area Name:	**Addictions and Mental Health**
Program Name:	**Community Mental Health**
Policy Option Package Initiative:	
Policy Option Package Title:	**Promote and Support Community Based Services**
Policy Option Package Number:	**401**
Related Legislation:	**POP 401-1 is related to LC 15-106 regarding Aid and Assist**
Program Funding Team:	**Healthy People**

Summary Statement:

This Policy Option Package has four parts.

401-1, Aid and Assist Evaluations in the Community, would enable two counties to provide evaluations and restoration services in the community. It targets the two counties that refer the most people to Oregon State Hospital for these services.
401-2, Mental Health Certification, would allow the Addictions and Mental Health to centralize regulatory responsibilities for the oversight of community-based mental health programs.
401-3, New Tobacco Tax Investments, continues mental health investments begun in the 2013-2015 biennium with some changes based on lessons learned.
401-4, Alcohol and Drug Policy Commission, funds four positions, which enable the commission to fulfill legislative expectations.

401 Total AMH:

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	$6,181,269	$10,516,166		$16,697,435

401-1 Aid and Assist Evaluations in the Community:

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	$4,056,901			$4,056,901

401-2 Mental Health Certifications:

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	$859,620			$859,620

401-3 New Tobacco Tax Investments in Supported Housing, Crisis Svs.:

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:		$10,516,166		$10,516,166

401-4 A&D Policy Commission:

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	$1,264,748			$1,264,748

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

401-1 Aid and Assist Evaluations in the Community:

One of the major services provided at Oregon State Hospital is the treatment of individuals who have been charged with a crime, to restore their ability to understand the charges against them and to assist in their own defense. This is sometimes referred to as "aid and assist." HB 3100, passed by the Legislature in 2011, permits restoration services to be provided in the community. This POP provides funds to develop restoration services in the two counties that send the most people to Oregon State Hospital for restoration services.

The OHA Addictions and Mental Health (AMH) would provide the funding through existing community mental health programs (CHMPs). AMH and the CMHP would collaborate to request proposals from local providers for restoration services and possibly temporary or transitional housing. AMH would provide the staff person (Operations and Policy Analyst 3) for coordination and collaboration. Specific performance targets will be identified. Mental health services will be provided through existing systems and funding. The success of these programs will rely on the collaboration and coordination of the judicial system, because the placement of individuals is at the courts' discretion.

401-2 Mental Health Certifications:

This POP would provide the Oregon Health Authority Addictions and Mental Health with resources to oversee community-based mental health programs. Historically, community mental health programs (CMHPs) have

received all of the funding for mental health services in communities, and the Addictions and Mental Health delegated regulatory oversight the local programs that provided these services to the CMHPs. The CMHPs had the option of providing services directly or subcontracting the services to community providers. When a CMHP subcontracted services to a community provider, it assumed the regulatory oversight for that provider. Oregon now has 187 community providers that have traditionally been overseen by CMHPs.

In 2012, the Oregon Health Authority began contracting with coordinated care organizations (CCOs) for these community services. As a result, the CMHPs are no longer responsible for providing regulatory oversight for the community providers. The CCOs are using many of the same providers that the CMHPs used. The Oregon Health Authority is responsible for ensuring that these community-based mental health providers are delivering services in accordance with Oregon Revised Statutes and Oregon Administrative Rules.

In order to provide adequate oversight of the community-based mental health system, the Oregon Health Authority requests four Compliance Specialist 3 positions to carry out the workload that was previously performed by the CMHPs.

401-3 New Tobacco Tax Investments in Supported Housing, Crisis Svs.:

This proposal uses an additional $10.5 million in the revenue forecast for the Tobacco Tax fund to continue supported housing and crisis services in the community mental health system. Legislative leadership in 2011 requested OHA to provide a funding plan to address gaps in the community mental health system. The OHA plan covered three biennia, and the Legislature appropriated funding for the 2013-2015 biennium. This proposal would continue to follow the OHA plan through 2015-2017 with some modification based on lessons learned in the current biennium. The following table outlines the proposed plan to implement the increased Tobacco Tax funding in 2015-2017:

Investment	Funding
Mobile Crisis Services	$1.9 million
Jail Diversion	$2million
Supported Housing	$6.6 million
TOTAL	$10.5 million

401-4 Alcohol and Drug Policy Commission:

The Oregon Legislature created the Alcohol and Drug Policy Commission (ADPC) under ORS 430.241 and ORS 430.242. Its purpose is to oversee alcohol and drug prevention and treatment programs statewide. This includes establishing priorities and policies, recommending state budget allocations, monitoring data and overseeing these programs' effectiveness.

Governing statutes for eight state departments including Oregon Health Authority and Department of Human Services require them to collaborate with the commission on its legislatively-mandated activities. The commission has not been adequately funded or staffed to carry out these activities. This proposal would add funding for the commission's existing executive director, and add an economist, a research analyst, and an executive support specialist to the commission's staff.

2. WHY DOES THE OREGON HEALTH AUTHORITY PROPOSE THIS POP?

401-1 Aid and Assist Evaluations – House Bill 3100 (2011) permitted aid and assist restoration services to be provided in the community rather than at Oregon State Hospital (OSH). The bill did not include any funding for those services. This POP provides that funding, addressing OSH capacity issues and allowing more individuals with mental health needs to be served in their own communities.

401-2 Mental Health Certification – Without effective oversight of community-based mental health providers, Oregon's most vulnerable population could be at risk. Oregon's State Medicaid Plan also requires that community-based mental health programs be certified.

- In the 2011 session, legislative leadership requested that OHA provide a funding plan to address gaps in the community mental health system. That funding plan covered three biennia of implementation of new funding. The funding that was appropriated by the Legislature addressed most of the first year's funding described in the plan.

401-4 Alcohol and Drug Policy Commission – The commission originally was funded with federal American Recovery and Reinvestment Act (2009) moneys that were allocated to and administered by the Criminal Justice Commission (CJC). CJC sent these funds ($900,000) to OHA through an inter-agency agreement. These funds are no longer available.

3. HOW DOES THIS FURTHER THE AGENCY'S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?

POP 401-1 Aid and Assist Evaluations addresses state hospital capacity issues and advances the goals of the agency to provide services in the most integrated community setting.

POP 401-2 Mental Health Certification ensures that vulnerable Oregonians receive services that meet minimum health and safety standards, as well as minimum clinical quality standards.

POP 401-3 New Tobacco Tax Investments expands the implementation of community-based services connected to the three biennial implementation plans.

POP 401-4 A&D Policy Commission allows the commission to add staff in order to fulfill legislative expectations.

4. IS THIS POP TIED TO AN OREGON HEALTH AUTHORITY PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL Addictions and Mental Health MEASURE THE SUCCESS OF THIS POP?

This POP is tied to the Oregon Health Authority's triple aim of better health, better care and lower cost. Several performance measures will be addressed by different sections of this POP as follows:

POP 401-1 Aid and Assist Evaluations – This section is tied to the AMH performance measure under Operational Process 3 – System of Care Implementation and Management: Access to Care. This measure is calculated on the percentage of adults with serious and persistent mental illness who receive community-based vs. facility-based services. Performance will be monitored by collecting and analyzing data on individuals in this category who access community-based services instead of accessing services at the Oregon State Hospital. OHA proposes one FTE to oversee the initiative, ensure accurate data collection in the Measurement and Outcomes Tracking System (MOTS), monitor the measure through data analysis and produce management reports.

POP 401-2 Mental Health Certification – This section is tied to an AMH performance measure under Operational Process 6 – Regulating: Timeliness of Reviews. This measure is about conducting mental health licensing and certification activities. It is calculated upon the percentage of reviews that are completed as scheduled. Progress is documented on the AMH scorecard and monitored during quarterly target reviews. The significance of this activity is linked to client safety and provider quality.

POP 401-3 New Tobacco Tax Investments – This section is also tied to the AMH performance measure under Operational Process 3 – System of Care Implementation and Management: Access to Care. This measure is calculated upon the percentage of adults with serious and persistent mental illness who receive community-based vs. facility-based services. Performance will be monitored by collecting and analyzing data on individuals who access mobile crisis, jail diversion and supported housing services community-based settings vs. facility-based settings. There is currently one FTE program analyst as a result of the 2013 – 2015 Legislatively Adopted

Budget with re-investments and new investments in the mental health system. This position oversees these program areas, ensures accurate data collection in the Measurement and Outcomes Tracking System (MOTS), reviews contractually required reports, monitors performance through data analysis, and produces management reports.

POP 401-4 A&D Policy Commission –This success of this POP will be measured by monitoring the progress the commission makes in fulfilling its statutory role and obligations. Since this is a statutory commission with members named by the Governor, the Governor's Office has complete authority over the commission. Once the commission is fully staffed and functioning, all of the OHA Key Performance Measures related to alcohol and drug prevention and treatment as approved by the Department of Administrative Services (DAS) are likely to be positively affected. These measures include:

- Initiation of alcohol and other drug treatment: Percentage of members with new episode of alcohol and other drug dependence who received initiation of AOD treatment within 14 days of diagnosis.
- Engagement of alcohol and other drug treatment: Percentage of members with a new episode of alcohol or other drug dependence treatment who received two or more services within 30 days of initiation visit.
- 30 Day illicit drug use among sixth graders – Percentage of sixth graders who have used illicit drugs in the past 30 days.
- 30 Day alcohol use among sixth graders – Percentage of sixth graders who have used alcohol in the past 30 days.
- 30 Day illicit drug use among eighth graders – Percentage of eighth graders who have used illicit drugs in the past 30 days.
- 30 Day alcohol use among eighth graders – Percentage of eighth graders who have used alcohol in the past 30 days.
- 30 Day illicit drug use among 11th graders – Percentage of 11th graders who have used illicit drugs in the past 30 days.
- 30 Day alcohol use among 11th graders – Percentage of 11th graders who have used alcohol in past 30 days.

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 will not require any statutory changes, but applicable Oregon Administrative Rules may need to be revised to reflect the new practice.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

POP 401-1 Aid and Assist Evaluations – Oregon State Hospital and community judicial system partners work to coordinate the services and divert those not appropriate. The current efforts have not been successful to reduce referrals.

POP 401-2 Mental Health Certification – The Oregon Health Authority could elect to revise Oregon Administrative Rules so that the community mental health programs retain their current regulatory responsibilities. While this alternative may appear to be simple, it contradicts the significant efforts previously supported by the Legislature for health system transformation. The other alternative was to not certify community-based mental health providers. The lack of adequate regulatory oversight of community-based mental health providers would seriously jeopardize the health, safety, and clinical outcomes of Oregon's most vulnerable individuals.

POP 401-3 New Tobacco Tax Investments – No alternatives exist. A commitment was made to legislative leadership during the 2013 session.

POP 401-4 A&D Policy Commission – One alternative is to maintain staffing at the current level with no dedicated position authority or funding. This would mean the commission would have only one staff resource, the executive director. The position would continue to occupy a double-fill on an OHA Principle Executive Manager position and use funds that could otherwise be used to address OHA staffing needs. The agency director is part of a policy group exploring funding alternatives with leadership from the Oregon Liquor Control Commission, the Oregon Youth Authority, the Oregon Department of Corrections, and the Oregon Department of Education. Options from

this group may not be solidified before October, so OHA felt that the Alcohol and Drug Policy Commissions' needs should be put forward for consideration at this time.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

POP 401-1 Aid and Assist Evaluations – Oregon State Hospital could become overcrowded. Individuals will have to wait longer than seven days in the jail for a bed at Oregon State Hospital. Oregon Health Authority may be in contempt of a federal judge's order.

POP 401-2 Mental Health Certification – The adverse effect of not funding this POP would include increased administrative burden to coordinated care organizations and community-based mental health providers, and potential harm to those Oregonians receiving mental health services.

POP 401-4 A&D Policy Commission – The commission would continue to lack the staffing resources and be unlikely to meet its legislative charge or realize its potential to move the addictions system forward in ways that were intended when it was created.

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 OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

The Oregon Health Authority (OHA) held a series of regional stakeholder meetings composed of coordinated care organizations, community mental health programs, community-based mental health providers, and consumers and family members to discuss the future of Oregon's behavioral health regulatory framework. The stakeholder meetings reflected broad support and understanding for the need to centralize OHA's certification activities. OHA

is engaged in conversations with other agency leadership to explore funding options for the Alcohol and Drug Policy Commission. These options are not expected to be finalized before October.

10. WHAT IS YOUR EQUITY ANALYSIS?

This POP will allow for better analysis of service equity through the collection of demographic data for analysis around access, risks and outcomes.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Implementation Date(s):

401-1 Aid and Assist Evaluations in the Community: Position for 20 months, Costs of Services for 14 months

401-2 Mental Health Certification: Positions for 24 months

401-3 New Tobacco Tax Investments in Supported Housing, Crisis Svs.: Costs of Services for 24 months

401-4 A&D Policy Commission: Positions for 24 months

a) **Will there be new responsibilities for the Oregon Health Authority? Specify which Program Area(s) and describe their new responsibilities.**

☒ CMH

401-1 Aid and Assist Evaluations in the Community:

The CMHP will provide the staff person (Operations and Policy Analyst 3) for the coordination and collaboration. Specific performance targets will be identified.

401-2 Mental Health Certification:

In order to provide adequate oversight of the community-based mental health system, the Oregon Health Authority requests four (4) Compliance Specialist 3 positions to carry out the workload that was previously performed by the 34 Community Mental Health Programs.

☒ A&D Policy Commission

401-4 A&D Policy Commission:

The commission has never been funded or staffed adequately to conduct legislatively expected activities. Additional staff would enable the commission to accomplish these things. In addition to the executive director, the proposed plan is to add an economist, a research analyst, and an executive support specialist.

b) **Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected.**

Yes, the position pricing requests include Shared Services costs necessary for any new positions.

c) **Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.**

N/A

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.

401-1 Aid and Assist Evaluations in the Community:
1 Operations and Policy Analyst 3, 20 months, PF
401-2 Mental Health Certifications:
4 Compliance Specialists 3, 24 months, PF
401-4 A&D Policy Commission:
1 Principal Executive/Manager G, 24 months, PF
1 Economist 4, 24 months, PF
1 Research Analyst 4, 24 months, PF
1 Executive Support Specialist 2, 24 months, PF

e) What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?
Usual costs for regular new employees.

f) What are the ongoing costs?
Usual ongoing salary, benefits and S&S costs for regular employees.

g) What are the potential savings?
N/A

h) Based on these answers, is there a fiscal impact?
Yes.

TOTAL FOR THIS PACKAGE

Category	GF	OF	FF	TF	Position	FTE
Personal Services	$1,856,336	0	0	$1,856,336	9	8.83
Services and Supplies	$444,133	0	0	$444,133		
Capital Outlay	0	0	0	0		
Special Payments	$3,880,800	$10,516,166	0	$14,396,966		
Other	0	0	0	0		
Total	**$6,181,269**	**$10,516,166**	**$0**	**$16,697,435**	**9**	**8.83**

Oregon Health Authority – Fiscal Impact Summary by Program Area:

	CMH	PS	Total
General Fund	$3,880,800	$2,300,469	$6,181,269
Other Fund	$10,516,166	$0	$10,516,166
Federal Funds- Ltd	$0	$0	$0
Total Funds	$14,396,966	$2,300,469	$16,697,435
Positions	0	9	9
FTE	0.00	8.83	8.83

What are the sources of funding and the funding split for each one?
This POP is funded by General Funds and Tobacco Tax Revenue.

Community Mental Health
Revenue Impact:

Description of Revenue	GF	OF	FF	TF
Licensing fees (Comp Srce 0975)		0	0	0
Medicaid (Comp Srce 0995)		0	0	0
Tobacco Tax (Comp Srce 1150)		$10,516,166	0	$10,516,166
General Fund (Comp Srce 0050)	$6,181,269	0	0	$6,181,269
Other (Comp Srce XXXX)		0	0	0
Total	**$6,181,269**	**$10,516,166**	**$0**	**$16,697,435**

2015-2017 Policy Option Package

Agency Name:	**Oregon Health Authority**
Program Area Name:	**Health Policy Programs**
Program Name:	**Office of Health Information Technology, Transformation Center, Office of Health Policy and Research, and Office of Equity and Inclusion**
Policy Option Package Initiative:	
Policy Option Package Title:	**Promote Innovative Health Systems Solutions - HP**
Policy Option Package Number:	**402**
Related Legislation:	**POP 402-1 Oregon Law 2013, Ch. 603 (Senate Bill 604), LC482;** **POP 402-3 ORS 414.655 and 442.210, 2011 OL, Chapter 602 (HB 3650);** **POP 402-4 HB3650, SB1580;** **POP 402-5 HB3650, SB1580, HB3407**
Program Funding Team:	**Healthy People**

Summary Statement:

This Policy Option Package would provide Health Policy Programs of the Oregon Health Authority with the necessary resources to promote innovative health system solutions and services. It consists of four sub-categories: 402-1 Common Credentialing and Provider Directory/Health Information Exchange, 402-2 Continuation of Health System Transformation/Transformation Center, 402-3 Continuation of Health System Transformation/Office of Health Policy and Research, 402-4 Equity and Inclusion Transformation Coaches, and 402-5 OEI Traditional Health Workers.

402 Total HPP:

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	$4,644,302	$9,750,404	$5,722,225	$20,116,931

402-1 Common Credentialing and Provider Directory/Health Information Exchange:

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:		$9,750,404		$9,750,404

402-2 Continuation of Health System Transformation/Transformation Center:

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	$1,042,899		$1,040,051	$2,082,950

402-3 Continuation of Health System Transformation/Office of Health Policy and Research:

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	$1,360,029		$1,358,444	$2,718,473

402-4 Equity and Inclusion Transformation Coaches:

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	$697,306		$695,020	$1,392,326

402-5 OEI Traditional Health Workers:

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	$1,544,068		$1,771,152	$1,392,326

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

402-1 Common Credentialing and Provider Directory – Health Information Exchange:

This POP would enable OHA to collect fees to sustain three statewide health information technology programs in Oregon, including:

- The **Oregon Common Credentialing Program** ("Common Credentialing"). This program would streamline the process for credentialing practitioners, increasing its efficiency and allowing health care providers to focus less on administration and more on patient care.
- A statewide **Provider Directory. This would** provide health care organizations and state and local agencies in Oregon with an accurate and comprehensive directory of providers. It would include their contact information, health information exchange addresses, and clinic affiliations. The directory will enable care

coordination and referrals, analytics and quality improvement activities, health information exchange, and other administrative efficiencies for health care operations.

- An incremental expansion of CareAccord, the state's health information exchange. CareAccord offers accessible direct secure messaging for providers to send patient health information electronically in a reliable, HIPAA-compliant and secure way.

Users of these three programs, who will directly benefit from these services, will be charged fees. The fees will be used to support staff, vendor and contractor costs associated with implementing and or operating the programs.

402-2 Continuation of Health System Transformation – Transformation Center:

This policy option package supports the continuation of the Transformation Center's staffing and activities at current level of service after the State Innovation Model federal grant ends on September 30, 2016. The Transformation Center provides technical assistance to coordinated care organizations and other health system transformation stakeholders to foster the rapid dissemination of innovative practices to achieve the triple aim: better care, better health, and lower costs.

This POP would support 4.94 FTE (or 13 positions for nine months) to continue learning collaboratives on a variety of stakeholder identified content areas; extend another cycle of the Council of Clinical Innovators program; coordinate strategy and activities focused on the social determinants of health and health equity; and spread a culture of innovation through training and shared learning experiences.

Funding provided by the POP also supports contracts for consulting services through a technical assistance bank available to coordinated care organizations and other partners and stakeholders.

The POP resources would also support:

- Partner meetings to share lessons learned, provide training, and make presentations;
- Video and telephone conference costs to reduce travel expenses and to facilitate cost-effective, real-time communications for learning collaboratives; and
- Other program-related expenses.

402-3 Continuation of Health System Transformation – Office of Health Policy and Research:

This POP continues efforts toward transforming health care delivery and supports the state's efforts to improve quality, provide better care, and lower costs for the remainder of the biennium after the CMS State Innovation Model grant ends on September 30, 2016. The specific program activities continuing would include:

All-Payer All-Claims (APAC) data collection program

The All-Payer All-Claims data collection program is a central data source for the production of metrics to evaluate the performance of coordinated care organizations, other OHA programs and private carriers. APAC holds the promise of providing better data to benchmark performance, identify quality improvement opportunities, and inform consumer decision-making through increased access to better cost and quality information. OHA has collected four years of APAC data – from January 2010 to June 2014. Data is submitted quarterly and is maintained by a contractor (currently the Milliman Corporation). This POP would provide sustained funding for contracted services and ensure that the APAC data collection and analysis continues for the remainder of the 2015-2017 biennium. Specific APAC activities that would continue include:

- Administration of the biennial Oregon Health Insurance Survey; and
- Continuation of three limited duration APAC research and policy analyst positions (1.14 FTE) for nine months.

Patient-Centered Primary Care Home (PCPCH) Program

This POP would support the continuation of the patient-centered primary care home program across all OHA program areas including Medicaid, PEBB and OEBB, after State Innovation Model grant funding ends on

September 30, 2016. Coordinated care organizations require a strong primary care system delivered through a network of recognized patient centered primary care home (PCPCH) providers. Activities underway that would continue include:

- PCPCH provider application verification site visits (audits);
- Provider technical assistance and learning opportunities;
- Developing opportunities for multi-payer participation in the program;
- PCPCH provider application operation;
- PCPCH consultation with clinics; and
- Continuation of three limited duration program analyst positions (1.14 FTE) for nine months.

Sustaining the program and what it does will ensure Oregon complies with federal requirements in the development of State Plan amendments. It also maximizes federal and other funding opportunities. Additionally, it sustains: the linking of PCPCH and CCO implementation across OHA; development and implementation of educational tools and processes for client identification that can be used by PCPCH sites statewide; and improved processes for PCPCH provider payments.

Health Evidence Review Commission (HERC)

With this POP, the Health Evidence Review Commission (HERC) will be able to carry on its work of identifying and interpreting research that is vital to Oregon's health system transformation. This includes acting on the results of the evidence-based guidelines, health technology assessments, and coverage guidance that HERC produces.

Transformation Center Business Operations

Finally, this POP provides continued funding for two limited duration positions (.76 FTE) in the Office for Health Policy and Research (OHPR) budget. The positions support the Transformation Center's operations and business functions. OHA's request to continue program operations and staffing for the final nine months of the biennium is more fully described in Policy Option Package 402-2.

402-4 Equity and Inclusion Transformation Coaches:
This POP would provide "coaches" to work with coordinated care organizations, local public health departments and OHA staff to develop metrics and evaluation tools that support the spread of equity and inclusion policies and other ways of eliminating health disparities as part of health system transformation.

It would fund up to five equity and inclusion coaches, classified as OPA 4s, and one administrative support person (OS2). Three coaches would be assigned to rural CCOs and local health departments and be out-stationed. One would be located in Portland to support the metro CCOs, Public Health, and metro area public health departments. One would be located in Salem to support Willamette Valley CCOs and staff in the Medical Assistance Programs and the Addictions and Mental Health.

402-5 OEI Traditional Health Workers:
This POP supports the full integration of traditional health workers – specifically community health workers – in health care systems and on health teams. The strategies it would use include:

- Assessment of payment methodologies and organizational models currently used to support community health workers;
- Financial incentives to bring CCOs and various community partners together to integrate community health worker models into CCOs, develop sustainable funding strategies, and apply existing traditional health worker models in physical health settings; and
- Evaluation, including cost-benefit analysis, of these implementation models over 18 months of the demonstration period.

2. WHY DOES OHA PROPOSE THIS POP?

402-1 Common Credentialing and Provider Directory/Health Information Exchange:
Each program included in this POP is designed to solve a unique administrative hurdle in providing more coordinated, high-quality health care services in Oregon.

Common Credentialing

As mandated by Senate Bill 604, the Oregon Common Credentialing Program is established as a new program in OHA to make necessary information available credentialing organizations. Organizations that credential health practitioners include hospitals or other health care facilities, physician organizations or other health care provider organizations, coordinated care organizations (CCOs), business organizations, and insurers. Many of these organizations are governed by accrediting entities that provide strict requirements on the process of credentialing. These entities credential health care practitioners independently, resulting in a duplication of efforts. Health care practitioners are negatively affected by this process as they must repeatedly complete credentialing applications and provide supporting documentation for each credentialing organization.

Common credentialing will include, but is not limited to the following:

- An electronic solution through which health care practitioner credentialing information must be submitted;
- A process by which health care practitioners or designees may access and submit information necessary for credentialing;
- A process by which credentialing organizations may input, access and retrieve health care practitioner credentialing information;
- A process by which boards may input and access health care practitioner credentialing information; and,
- Coordination with boards and the process of primary source verification of credentialing information.

Common credentialing will significantly benefit all credentialed health care providers in the state, and will create efficiencies for credentialing organizations.

Provider Directory

The state-wide Provider Directory is a new centralized program that will collect and route reliable health care practitioner information to health care organizations and state and local agencies. Organizations that currently

operate provider directories include hospitals or other health care facilities, physician organizations or other health care provider organizations, coordinated care organizations, insurers, community health information exchanges, hosted electronic health record systems, and state and local governmental agencies. Each of these organizations faces challenges in maintaining up-to-date information about providers, and most providers are included in several directories. The Provider Directory will connect disparate provider directories currently in operation today and will leverage key provider information from the Common Credentialing Program. Connected provider directories and frequently updated provider credentialing records will be used to complete and validate provider information in a centralized way that will create administrative efficiencies and improve the quality of provider information for health information exchange, health care operations, analytics and quality improvement.

Specifically, the directory will:

- Include all types of providers and organizations, not just physical health providers and hospitals;
- Include core provider and organization information in a central database such as general information (e.g., name, address, specialties, and languages spoken), electronic service address for health information, and affiliations to practices, health systems, hospitals, and health plans;
- Include core facility information that is not now easily available (e.g., patient-centered primary care home designation), and allow facilities to easily update operating information such as office hours;
- Act as a "router," and a centralized point of query for provider information;
- Allow users to search through the directory via a certified electronic health record, a health information exchange or Web portal, or through exchange of flat files and;
- Use national standards for such directories.

OHA is developing the Provider Directory for state Medicaid operations using significant federal investment and state matching funds. This POP will allow OHA to extend the use of the Provider Directory beyond state agency

purposes, by collecting fees to support sustainability and ensure that all health care entities have access to the same reliable and accurate statewide directory of provider information.

CareAccord

CareAccord, an existing program administered by OHA, is Oregon's state health information exchange. It facilitates the secure sharing of protected health information between health care providers and other health care stakeholders in Oregon, enabling the coordination of care. CareAccord provides direct secure messaging, a HIPAA-compliant, standards-based way for participants to send (push) encrypted health information directly to known, trusted recipients over the Internet.

CareAccord serves OHA and DHS programs, as well as health care providers, coordinated care organizations, long-term care providers, case managers, and other members of the care team who lack access to electronic health information exchange capabilities. In October 2013, CareAccord achieved national accreditation for its direct secure messaging services, enabling CareAccord subscribers to exchange messages with hospitals and health care providers using other accredited direct secure messaging vendors in Oregon and across the country. Starting in 2014, hospitals and health care providers seeking to meet federal meaningful use requirements need to provide direct secure messaging through their electronic health records. CareAccord can ensure that Oregon hospitals and providers with direct secure messaging can electronically coordinate care with other members of the care team that don't have electronic health records such as long term care facilities, health plans and social services providers.

CareAccord is supported by state and federal funding for Medicaid program operations with a primary focus on Medicaid providers, and offers a basic, web portal-based service. This POP will allow OHA to extend the use of CareAccord beyond Medicaid users, by collecting fees to support sustainability and expand services to include higher value services such as integration of direct secure messaging into electronic health records for providers who face barriers to participating in health information exchange and Meaningful Use.

402-2 Continuation of Health System Transformation/Transformation Center:
The purpose is to support continued health transformation activities at the current service level after the federal State Innovation Model grant ends on September 30, 2016.

The Transformation Center is the hub for health transformation activities for the Oregon Health Authority, coordinated care organizations, and other internal and external partners. Investments from the CMS State Innovation Model (SIM) grant, as well as resources from the Medicaid 1115 waiver, have funded both start-up and operational costs for the Transformation Center.

The Transformation Center has shown great progress establishing positive, productive relationships with coordinated care organizations and other stakeholders on health transformation activities across the health care delivery system. The Oregon Health Authority would like to continue this work after the SIM grant ends on September 30, 2016.

402-3 Continuation of Health System Transformation/Office of Health Policy and Research:
HB 2009, Oregon's health care reform legislation, created the Oregon Health Authority to advance the "triple aim" goals of better health, improved patient care, and lower costs. This POP would support efforts to advance these goals in the areas of providing quality data analytics, improving primary care and care coordination, and developing evidence-based clinical research.

It includes resources for the Office of Health Analytics to continue the implementation of an all-payer all-claims (APAC) 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 makes available to all Oregonians cost and quality information based on the experience of the 90 percent of residents who are insured. This allows us to understand how well the health care delivery system in Oregon is dealing with key cost drivers such as chronic illnesses, and how regional outcomes compare across the state.

The Patient Centered Primary Care Home (PCPCH) Program is a model of primary care that has been recognized for its ability to advance the triple aim 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 everyone it covers, including Medicaid recipients, state employees, and Oregon educators. A strong primary care system delivered through a network of recognized PCPCH providers is a requirement of CCOs. Without sustainable program funding and a system for recognizing PCPCHs, CCOs will not have this strong primary care foundation for Oregon's health system transformation.

The Health Evidence Review Commission (HERC) was created in January 2012 to do the work of the previous Health Services Commission. This includes management of the Oregon Health Plan's Prioritized List of Health Services (which serves as the basis of benefits in the Oregon Health Plan). It was also charged with continuing the health technology assessment work of the previous Health Resources Commission.

If funded through this POP, HERC can provide better access to clinical outcomes and effectiveness reviews that will help providers and patients better incorporate evidence-based medicine into their daily decisions to improve the health care system as a whole.

402-4 Equity and Inclusion Transformation Coaches:

OHA data from its programs and from the coordinated care organizations consistently demonstrates the existence of health inequities. Additional resources are needed to meet the current demand for health equity, diversity and inclusion strategies. The CCOs, local public health departments, and internal OHA partners have asked for technical assistance and training support for these needs, beyond what the Office of Equity and Inclusion currently has the capacity to manage.

402-5 OEI Traditional Health Workers:

The Office of Equity and Inclusion sees the advancement of the traditional health worker delivery system as a key strategy toward eliminating health inequities. Additionally, OEI draws on community wisdom and experience to craft and advance more effective services for communities that have historically experienced health inequities and poorer health outcomes. Coordinated care organizations and providers that are testing the traditional health worker model have achieved positive results on a small scale. This POP is a direct response to the endorsement of the model by CCOs and community- and faith-based organizations that seek OHA support to spread this model as an effective approach to transforming the health care system and eliminating health inequities.

3.HOW DOES THIS FURTHER THE AGENCY'S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?

402-1 Common Credentialing and Provider Directory/Health Information Exchange:

OHA's mission is "helping people and communities achieve optimum physical, mental and social well-being through partnerships, prevention and access to quality, affordable health care." The three programs supported by this POP will affect all Oregonians by supporting improved quality of care, better care coordination, and the lower costs that are associated with health care administrative efficiencies. Those efficiencies include increased electronic health information exchange and statewide adoption of health information technology. In particular, Common Credentialing will ensure that quality provider data are efficiently retained. This will help to lower health care administration costs and will increase access to care. Common Credentialing and the Provider Directory will work together to improve access to and the quality of health care data. CareAccord improves the coordination of care for Oregonians and reduces health care's administrative burdens.

402-2 Continuation of Health System Transformation/Transformation Center:

The Transformation Center is the coordination hub for Oregon's health system transformation. It focuses resources on fundamentally changing:

- How health care is delivered in Oregon;
- How people experience their care; and
- How health care is paid for.

The Transformation Center also:

- Works closely with the DHS Aging and People with Disabilities to address the long-term supports and services needed for vulnerable adults and children.
- Collaborates with Public Health on its Healthy People goal to shift toward a focus on the prevention of chronic disease.
- Cooperates with Public Health and the Office of Equity and Inclusion to create population health plans that include all members of the community, based on the coordinated care organizations' community health assessments and improvement plans.

402-3 Continuation of Health System Transformation/Office of Health Policy and Research:

This POP directly support OHA's mission to further the triple aim of improved health, higher quality of care, and reduced costs through each of the program areas:

- Analysis of all-payer all-claims data will allow Oregon to analyze, report on, and evaluate OHA and Oregon progress toward the triple aim.
- Continued support of the PCPCH program will allow Oregon to meet the Oregon Health Policy Board's goals for providing PCPCH access to 75 percent of Oregonians and to everybody covered by OHA.
- The Health Evidence Review Commission's work on evidence-based guidelines and technology effectiveness will improve the lifelong health of Oregonians by encouraging the most effective health care services and

discouraging the use of ineffective or harmful services. This 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.

- Supporting the operations of the Transformation Center will enable the agency to continue work with coordinated care organizations and other stakeholders to increase the span and pace of innovation across the health care delivery system. Methods include learning collaboratives, clinical innovation, integrating services, improving the social determinants of health, and developing alternative payment models.

402-4 Equity and Inclusion Transformation Coaches:

This ties directly to health system transformation and extends the goals of triple aim to include the specific needs of various aspects of OHA and the diverse strengths and needs of different culturally-defined communities.

402-5 OEI Traditional Health Workers:

Integrating traditional health workers into health care will support the triple aim. They act as an important bridge between patients and the health care system, thereby:

- Reducing cultural and linguistic barriers;
- Creating opportunities to provide holistic solutions to health;
- Providing education and empowerment techniques to support healthy behaviors; and
- Addressing social and non-clinical health problems.

Studies have shown that use of traditional health workers can reduce emergency room visits, increase access to appropriate care and primary care, increase compliance with treatment plans, and effectively engage patients in their care and treatment.

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?

402-1 Common Credentialing and Provider Directory/Health Information Exchange:

These three programs contribute to OHA's goal of aligning systems and tools at all levels of the organization to improve health outcomes and customer service. Through these programs, patients will have greater access to culturally appropriate providers. Providers will have greater access to their patients' most current health information. Systems will save time and resources due to the streamlined processes these programs will enable, which will translate to efficient, coordinated, and more cost-effective patient care.

Implementing fees for these programs and services will enable the OHA to provide some of the same services to non-Medicaid providers that will be available to Medicaid providers. That will allow OHA to expand its ability to affect the following key performance indicators beyond the Medicaid program:

- Access to care;
- Member experience of care;
- Member health status; and
- Customer service.

402-2 Continuation of Health System Transformation/Transformation Center:

The work of the Transformation Center relates most closely to the Oregon Health Authority key performance measures below:

- Follow-up after hospitalization for mental illness;
- Mental health assessments for children in DHS custody;
- Physical health assessments for children in DHS custody;
- Follow-up care for children prescribed ADHS medications (initiation);

- Follow-up care for children prescribed ADHD medications (continuation);
- Prenatal care (Medicaid);
- Patient centered primary care home enrollment;
- Access to care;
- Member experience of care;
- Member health status;
- Rate of tobacco use;
- Rate of obesity;
- Plan all cause readmissions;
- Effective contraceptive use;
- Flu shots (Medicaid); and
- Child immunization rates.

402-3 Continuation of Health System Transformation/Office of Health Policy and Research:

Funding this POP would provide the data central to monitoring and reporting on the quality, health outcome, and cost trends for coordinated care organizations. This data is also needed to assess the impact of health reform across public and private health programs. Transparency in health care cost and quality is central to improvement. It also is connected to many agency-wide key performance measures and allows the agency to apply metrics to 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. Further, CCOs are required to report on implementation status of primary care homes in their organizations. The evidence-based decision tools of the HERC program cover all areas of health care services, and can affect all performance measures tied to the effectiveness of treatment.

402-4 Equity and Inclusion Transformation Coaches:
The Office of Equity and Inclusion will be able to measure outcomes by tracking the implementation of specific strategies related to health equity, diversity and inclusion. Further, OEI will be able to measure the impact of these strategies by tracking health care access, quality, satisfaction, public health and health care workforce diversity, and health outcomes data.

402-5 OEI Traditional Health Workers:
The CMS Medicaid waiver and State Plan amendment require that Oregon train and certify 300 community health workers by December 2015. While OHA is on track to reach this goal, preparing this workforce is only the first step. Adoption of this model by CCOs will support future sustainable employment of the workforce.

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.

402-1 Common Credentialing and Provider Directory/Health Information Exchange:
The CareAccord and Provider Directory portions of this POP require a new statute and are linked to a legislative concept (LC482). The Common Credentialing component of this POP is mandated by existing Oregon Law 2013 Chapter 603 (SB 604) and requires no change.

402-2 Continuation of Health System Transformation/Transformation Center:
No.

402-3 Continuation of Health System Transformation/Office of Health Policy and Research:
No.

402-4 Equity and Inclusion Transformation Coaches:
No.

402-5 OEI Traditional Health Workers:
No.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

402-1 Common Credentialing and Provider Directory/Health Information Exchange:

Common Credentialing

This POP is requesting Other Fund limitation to collect fees that will support Common Credentialing. There is no other funding alternative identified, because fees are necessary to support the electronic solution and are authorized under enabling legislation (SB 604).

Provider Directory

An alternative to charging fees for the statewide provider directory would be to continue the status quo of offering the provider directory only to Medicaid users. This alternative would subject the operation of the provider directory to the variation in availability of federal and state funding to support operations. This alternative would fail to leverage considerable federal and state resources that have been invested in building a statewide provider directory for Medicaid purposes. By funding this POP, Oregon will ensure that the provider directory will have a statewide reach, serve as a comprehensive resource for all Oregon providers, and maintain a sustainable and consistent source of revenue to ensure uninterrupted service.

CareAccord

An alternative to charging fees for expanding CareAccord services would be to continue the status quo of focusing these services on serving Medicaid users rather than expanding to higher value services such as serving

providers within their electronic health record who face other barriers to participating in health information exchange. This alternative also would subject the operation of CareAccord to the variation in availability of federal and state funding to support operations. This alternative would fail to leverage considerable federal and state resources that have been invested in building a statewide HIE. Funding this POP ensures that CareAccord will have a statewide reach, serve as an option for all Oregon providers and members of health care teams to participate in electronic care coordination through direct secure messaging, and maintain a sustainable and consistent source of revenue to ensure uninterrupted service.

402-2 Continuation of Health System Transformation/Transformation Center:

OHA is requesting this POP to ensure continued support to coordinated care organizations and other stakeholders. Without this POP, the Transformation Center would continue on a much reduced scale with only 9.00 FTE innovator agents. As a part of the federal State Innovation Model grant, the Transformation Center will develop a sustainability plan. It's possible that foundation or other federal grants may become available to support the technical assistance provided currently through the Transformation Center; however, we have not identified any likely sources for this support at this time.

402-3 Continuation of Health System Transformation/Office of Health Policy and Research:

An alternative to this POP is to continue relying on grant funding. However, current grant funding is scheduled to end September 30, 2016. While there is an active process to search for additional grant funding opportunities, none have been identified to date.

402-4 Equity and Inclusion Transformation Coaches:

Alternatives include partnering with existing program staff. This approach has had limited success because:

- Health equity, diversity and inclusion is discipline that requires a broad and deep skill set and knowledge base and cannot be learned thoroughly in short intermittent trainings; and
- Staff who are hired to serve the vast needs of their programs or assigned CCOs tend not to have extra capacity for building into their jobs a work plan focused on in-depth health equity and diversity and inclusion interventions.

402-5 OEI Traditional Health Workers:

New and existing traditional health workers are entering and completing training programs to become certified. However, CCOs and providers in primary care settings have limited resources to hire new workers or sustain the integration of the current workforce due to episodic funding. Some CCOs have sought grants to support the work, but funding is limited in duration, is not sustainable, and does not support integration activities such as training clinical care providers to work effectively with traditional health workers.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

402-1 Common Credentialing and Provider Directory/Health Information Exchange:

If this POP were not funded, Oregon Health Authority would not be able to collect and use fees to support the administration of common credentialing, the provider directory, and CareAccord. OHA would be unable to meet the requirement for common credentialing in SB 604. The investments that OHA and the federal government have made in CareAccord and plan to make in the provider directory, would not be leveraged into sustainable models for the benefit of statewide stakeholders.

402-2 Continuation of Health System Transformation/Transformation Center:

The support for transformation and innovation would be severely limited by failure to fund this POP. The rate and spread of innovation could potentially slow, resulting in a negative impact on Oregon's considerable investment in health transformation and the coordinated care model.

402-3 Continuation of Health System Transformation/Office of Health Policy and Research:

Information from the All Payer All Claims data collection program is beginning to benefit all OHA programs including PEBB, OEBB and Medicaid, as well as private purchasers who choose to use this data as they make purchasing decisions. The data will support the Public Health disease surveillance activities. Not funding this program would result in the elimination of potential significant future savings the program can provide.

The patient-centered primary care home (PCPCH) program has been identified 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. If the program funding lapsed:

1. OHA may not meet its patient-centered primary care access goals.
2. Overall health care expenditures by OHA may not decrease as forecast; and
3. The quality of care patients receive may not improve as they would under this patient-centered primary care model.

If the Health Evidence Review Commission elements of this POP were not funded, Oregon could lose the use of a tool that is critical to stemming rising health care costs. It would also hamper momentum the state has gained in the use of comparative effectiveness research to inform purchasing decisions. OHA clients and state employees could receive care that is ineffective or harmful.

Many stakeholders, in and outside of state government, are involved in these programs. Not funding this POP could result in a significant decrease in confidence among the provider and stakeholder community.

402-4 Equity and Inclusion Transformation Coaches:
Without the funds for this POP, OHA will not see the gains it expects to see in terms of increasing workforce diversity (both internally and among partners) and decreasing health inequities. Additionally, we are receiving an increasing number of requests from CCOs and internal OHA parties for technical assistance in developing strategies to address health disparities. As OHA begins to work with other state agencies to address the social determinants of health, we anticipate additional requests for support beyond current levels that cannot be met with current staffing.

402-5 OEI Traditional Health Workers:
If this POP were not funded, coordinated care organizations could be less inclined to integrate traditional health workers into CCOs. Ultimately, OHA will not see the improvements it seeks in workforce diversity (both internally and among partners) and decreasing health inequities.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

402-1 Common Credentialing and Provider Directory/Health Information Exchange:
County health programs, county mental health providers, school-based health centers, tribal clinics and other local government entities would benefit from the services and operational efficiencies provided by the programs associated with this POP. Common credentialing may affect county facilities, because possible credentialing organizations that would be required to pay fees for practitioner information. In addition, including health care regulatory board information is critical to common credentialing and our intent is to ensure that costs incurred to obtain this information are budget-neutral for the boards. CareAccord fees would apply to those entities that

choose upgraded service options (beyond basic CareAccord services currently offered), such as integration of direct secure messaging into electronic health records.

402-2 Continuation of Health System Transformation/Transformation Center:

The Transformation Center works closely with several other state agencies to develop and execute strategy and coordinate activities. Partner agencies include: the Early Learning Council and the Early Learning Hubs, Regional Solutions, Department of Human Services, Public Employees Benefit Board, and the Oregon Educators Benefit Board. Additionally, the Transformation Center works closely with the local community advisory councils for each of the coordinated care organizations, and local county health departments. Without the Transformation Center to serve as a backbone organization, there would be less collaboration and shared transformation activities between CCOs and these organizations.

402-3 Continuation of Health System Transformation/Office of Health Policy and Research:

The Oregon Department of Consumer and Business Services (DCBS) has received a grant to use the all payer all claims data to help evaluate insurance rate review and to increase the transparency of the rate review process. Not funding this program area would end any public process they have created to meet these goals.

County health and behavioral health clinics also rely on the information, technical assistance, and training they receive from the PCPCH and HERC programs to deliver effective care and improve health outcomes for their patients.

402-4 Equity and Inclusion Transformation Coaches:

Not applicable.

402-5 OEI Traditional Health Workers:
Oregon Employment Department collects data on traditional health worker-related job classifications. And tribal, behavioral health systems and local health authorities have higher rates of hiring and using traditional health workers.

9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

402-1 Common Credentialing and Provider Directory/Health Information Exchange:
OHA is the lead agency on this POP. It collaborates with health care stakeholders in a number of ways. OHA staffs the Health Information Technology Oversight Committee (HITOC) and the Health Information Technology Advisory Group (HITAG) which is composed of representatives from half of the CCOs in Oregon. HITOC advises OHA on its health information technology strategies and policies, per existing law (ORS § 413.301).
In 2013, OHA convened a health information technology task force to synthesize stakeholder input and develop a business plan framework to chart a path for statewide efforts over the next several years.
The task force also outlined specific steps in creating a statewide provider directory and using CareAccord to support a goal of statewide direct secure messaging as a component of OHA's statewide HIT strategic plan. In 2014, OHA composed a subject matter work group to inform the scope, functions and parameters of a statewide provider directory. This group included representatives from health plans, CCOs, provider groups, and the Oregon Medical Association. OHA's HITAG guides OHA in its development and implementation of the provider directory and use of CareAccord to support CCOs and Medicaid users. OHA makes CareAccord available to county and local agencies and Department of Human Services programs.

Key stakeholders for common credentialing are health care practitioners, credentialing organizations, health care regulatory boards and the state. OHA established the Common Credentialing Advisory Group made up of these stakeholders in October 2013 to advise the agency on the implementation of SB 604.

402-2 Continuation of Health System Transformation/Transformation Center:
None at this time.

402-3 Continuation of Health System Transformation/Office of Health Policy and Research:
None at this time.

402-4 Equity and Inclusion Transformation Coaches:
OHA Transformation Center.

402-5 OEI Traditional Health Workers:
Traditional Health Worker Commission (includes numerous community based organizations, CCOs, behavioral health programs) and the Oregon Community Health Worker Association.

10. WHAT IS YOUR EQUITY ANALYSIS? (Describe any known racial or ethnic inequities associated with the program/problem the POP addresses and how the proposed POP includes culturally and linguistically appropriate approaches *and* specifically addresses the inequities.)

402-1 Common Credentialing and Provider Directory/Health Information Exchange:
The technology solutions described in this POP are focused on solving problems inherent to the health care delivery system in Oregon. As such, these problems affect all Oregonians regardless of race or ethnicity. Enhancing the delivery system using these solutions will have a positive impact on all provider types and their patients.

The provider directory will specifically address the issue of culturally and linguistically appropriate care by allowing users to identify languages spoken by providers. This will increase the use of appropriate referrals for

patients who have limited English proficiency to ensure they receive high quality care from a language concordant provider.

402-2 Continuation of Health System Transformation/Transformation Center:

The Transformation Center staff works closely with the Office for Equity and Inclusion (OEI). Several of the Transformation Center staff has expertise in the social determinants of health and or health equity. They collaborate with partners in OEI and with other partners to address the burden of health disparities and to increase health equity. For example, one of the transformation analysts serves as a liaison to OEI, and presents health equity training to the Transformation Center staff to ensure an equity lens is brought to decision making, resource allocation and service delivery. Other transformation analysts have expertise in the social determinants of health and equity and work specifically with coordinated care organizations and their partners to reduce health disparities in local communities. This work may focus on effective communication with specific populations, targeted outreach or intervention efforts, or relationship and coalition building to create population-based strategies that improve health equity and reduce health disparities.

402-3 Continuation of Health System Transformation/Office of Health Policy and Research:

The three programs included in this package all analyze data to identify areas where health disparities are affecting the quality of care and health outcomes of the people we serve. They then identify clinical practices to address the disparities and ensure that all Oregonians have equal access to high quality health care services.

402-4 Equity and Inclusion Transformation Coaches:

This POP creates capacity to work in partnership with staff and contractors to develop, implement and evaluate interventions that will promote health equity and appeal to diverse communities across the state.

402-5 OEI Traditional Health Workers:
The provision of traditional health workers increases access to culturally and linguistically appropriate care for the patients and clients we serve. They enhance health norms and practices and act as a bridge and navigator between community members and health care staff and systems, reducing key barriers that create health inequities.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

402-1 Common Credentialing and Provider Directory/Health Information Exchange:
Implementation Date(s):
Common Credentialing: January 1, 2016 operational mandate; implementation to begin in 2015.

Provider Directory: January 1, 2016

CareAccord: July 1, 2015
CareAccord is an existing program. It could begin offering expanded direct secure messaging services as of July 1, 2015, subject to fees from users to cover associated costs.

End Date (if applicable): Not applicable

402-2 Continuation of Health System Transformation/Transformation Center:
Implementation Date(s): October 1, 2016

End Date (if applicable): Not applicable; program will be ongoing.

402-3 Continuation of Health System Transformation/Office of Health Policy and Research:
Implementation Date(s): October 2016

End Date (if applicable): Not applicable; programs will be on-going.

402-4 Equity and Inclusion Transformation Coaches:
Implementation Date(s): Fall 2014

End Date (if applicable): none

402-5 OEI Traditional Health Workers:

Implementation Date(s): July 1, 2015

End Date (if applicable): June 30, 2017

a) **Will there be new responsibilities for OHA? Specify which Program Area(s) and describe their new responsibilities.**

402-1 Common Credentialing and Provider Directory/Health Information Exchange:
OHA's responsibility to operate these programs has already been established. Common credentialing was established in SB 604, CareAccord is an existing program, and the provider directory is being developed for Medicaid uses. Associated legislation will ensure that OHA can extend CareAccord and the provider directory beyond Medicaid uses. This POP enables the collection of user fees for these programs.

402-2 Continuation of Health System Transformation/Transformation Center:
No. This is a service continuation package.

402-3 Continuation of Health System Transformation/Office of Health Policy and Research:
No. This POP will sustain work that is already underway and that has historically been funded by the CMS State Innovation Model grant, which is ending on September 30, 2016.

402-4 Equity and Inclusion Transformation Coaches:
Coaching, technical assistance and consulting tailored to the needs of specific OHA programs, CCOs, and local health departments.

402-5 OEI Traditional Health Workers:
Grant development and management, project management for evaluation.

b) Will there be new Shared Services 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 - Shared Services LC/POP Impact Questionnaire (at the end of this document).

402-1 Common Credentialing and Provider Directory/Health Information Exchange:
None identified.

402-2 Continuation of Health System Transformation/Transformation Center:
The Transformation Center does not anticipate additional impacts on most areas of Shared Services as a result of this POP. The only ongoing work that will need to be absorbed will be in the Contracts and Procurement unit, as a result of the loss of 1.00 FTE Contracts and Procurement Specialist 3 at the end of the grant period.

402-3 Continuation of Health System Transformation/Office of Health Policy and Research:
No

402-4 Equity and Inclusion Transformation Coaches:
Computer/IS support for additional staffing.

402-5 OEI Traditional Health Workers:
Office of Contracts and Procurement support to develop the request for grant proposals.
Office of Financial Services support for grant payments.
Office of Human Resources support for hiring process.

c) Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

402-1 Common Credentialing and Provider Directory/Health Information Exchange:
This POP will not affect client caseloads, and will indirectly affect all Oregonians by supporting improved quality of care, better care coordination, and lower costs associated with health care administrative

efficiencies through increased electronic health information exchange and health information technology adoption across the state.

402-2 Continuation of Health System Transformation/Transformation Center:
No.

402-3 Continuation of Health System Transformation/Office of Health Policy and Research:
No. However, the HERC program's goal is to provide more services proven to be effective and fewer services shown to be ineffective, harmful, or not as cost-effective as other alternatives. This could potentially affect the number of clients who receive health care services through state programs such as the Oregon Health Plan and state employees receiving health care through PEBB and OEBB plans.

402-4 Equity and Inclusion Transformation Coaches:
No.

402-5 OEI Traditional Health Workers:
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.

402-1 Common Credentialing and Provider Directory/Health Information Exchange:
A total of 3.0 FTE are required to manage these programs within OHIT:

Position Title	No. of Months	Duration
Operations/program director (PEM F)	24	Permanent
Project Manager 3	24	Permanent
Operations and Policy Analyst 3	24	Permanent

402-2 Continuation of Health System Transformation/Transformation Center:
This POP will extend 11 limited duration staff to the end of the biennium after the end of the grant in September, 2016. These positions include:

1 PEM H, .38 FTE, for nine months
1 PEM G, .38 FTE, for nine months
2 PEM E, .76 FTE, for nine months
3 OPA 4, 1.52 FTE, for nine months
1 OPA 3, .38 FTE, for nine months
2 OPA 2, .76 FTE, for nine months
1 Executive Assistant 2, 2.5 FTE, for nine months
11 LF positions = 4.18 FTE

It will modify 2 Limited Duration (LF) staff to Permanent (PF) positions after the end of the grant in September, 2016:

1 OPA 4, .38 FTE, for nine months
1 OPA 3, .38 FTE, for nine months
2 PF positions = .76 FTE

402-3 Continuation of Health System Transformation/Office of Health Policy and Research:
This POP will extend eight limited duration staff to the end of the biennium after the end of the State Innovation Model grant in September, 2016. These positions include:

A. APAC:
2 Research Analyst 4, .76 FTE, for nine months
1 Operations and Policy Analyst 4, .38 FTE, for nine months

B. PCPCH
1 Program Analyst 2, .38 FTE, for nine months
2 Program Analyst 3, .76 FTE, for nine months

C. HERC
N/A

D. Transformation Center Operations:
1 Principal Executive/Manager E, .38 FTE, for nine months
1 Operations and Policy Analyst 3, .38 FTE, for nine months

Total of eight LF positions = 3.04 FTE

402-4 Equity and Inclusion Transformation Coaches:
5 new OPA 4, 24 months, Permanent
1 new OS 2, 24 months, Permanent

402-5 OEI Traditional Health Workers:
1 Operations and Policy Analyst 4, 24 months, Limited Duration

e) What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

402-1 Common Credentialing and Provider Directory/Health Information Exchange:

	Common Credentialing	Provider Directory	CareAccord
COST CATEGORY	July 1, 2015 - Dec. 31, 2015	n/a	n/a
Personal Services	$149,941		
Contractor Costs (includes technology/operations, QA, consulting)	$3,075,000		
Total Implementation Cost:	**$3,224,941**		

402-2 Continuation of Health System Transformation/Transformation Center:

No new start-up costs. Start-up costs were absorbed by the federal State Innovation Model grant.

402-3 Continuation of Health System Transformation/Office of Health Policy and Research:

None

402-4 Equity and Inclusion Transformation Coaches:

None

402-5 OEI Traditional Health Workers:

None

f) What are the ongoing costs?

402-1 Common Credentialing and Provider Directory/Health Information Exchange:

COST CATEGORY	Common Credentialing Jan. 1, 2016 - June 30, 2017	Provider Directory Apr. 1, 2016 – June 30, 2017	CareAccord July 1, 2015 – June 30, 2017
Personal Services	$268,350	$0	$260,921
Contractor Costs (includes technology/operations, outreach, consulting)	$4,014,375	$500,000	$1,460,000
Total Ongoing Cost:	**$4,282,725**	**$500,000**	**$1,720,921**

402-2 Continuation of Health System Transformation/Transformation Center:

Ongoing costs include professional services supporting technical assistance, learning collaboratives, alternative payment models, and other health system transformation activities.

402-3 Continuation of Health System Transformation/Office of Health Policy and Research:

Ongoing costs include professional services for APAC data analytics, administration of the OHIS survey, PCPCH clinical support and technical assistance services, PCPCH application operation, and development of HERC evidence-based decision tools for providers and patients.

402-4 Equity and Inclusion Transformation Coaches:

Personnel and related S&S as described in the budget.

402-5 OEI Traditional Health Workers:
Staffing costs for biennium.

g) What are the potential savings?

402-1 Common Credentialing and Provider Directory/Health Information Exchange:
Common Credentialing. These programs have the potential for significant cost savings in health care across Oregon. For credentialing, one estimate identified the cost to Oregon to be roughly $150 million as illustrated in Diagram 1.[1] While this cost may not be substantially reduced at least initially, there will be savings based on the benefits described below.

Diagram #1: SB 604 Savings Estimates from Legislative Testimony

Personnel Costs = $28.1 Million
Credentialing staff at credentialing organizations.

Credentialing Verifications Cost = $18.1 Million
Cost related to data needs from specific data sources

Providers Cost of Submitting Applications = $102.3 Million
Provider or designee's time to submit applications with supporting documentation.

Total Cost of Credentialing = $148.5 Million

Notes: *Personnel cost estimates are based on a limited number of credentialing organizations that include Independent Physician Associations, Health Plans, Hospitals, and ambulatory surgical centers. As many of these staff will remain employed and possibly be reassigned to other functions, that state may not see savings in this area. However, savings related to drastically reduced redundancy of verifications and provider time spent providing the same information to numerous organizations will result in a large savings.*

[1] Written Testimony provided by Mike R. Bond, MBA, President and CEO of PrimeCare, Inc. before the Senate Committee on Health Care and Human Services, Oregon State Legislature. March 26, 2013. Available at: https://olis.leg.state.or.us/liz/2013R1/Measures/Exhibits/SB604.

Provider Directory. Commercial health plans currently allocate between one and four FTE to support organizational provider directories, which require regular verification of information, and create a significant amount of duplicated effort across organizations. A centralized, common provider directory will allow health plans and CCOs to reduce the FTE dedicated to such directories. Additional cost savings will accrue to providers by having one point of data entry for updating contact and practice information. Savings will also be realized by leveraging existing federal and state investments to avoid the creation of duplicative local or regional directories to navigate the current system.

CareAccord. Direct secure messaging, as delivered by CareAccord, reduces the cost for administrative staff that spend an inordinate amount of time on phone calls, as well as scanning, faxing, copying, and filing related to sharing health information with other providers, health plans, and CCOs. The efficiencies associated with direct secure messaging also increases productivity for administrative staff, allowing completion of other tasks. Direct secure messaging also significantly reduces the cost for office supplies, equipment maintenance and repair, and off-site storage requirements for paper medical record and protected health information storage space.

402-2 Continuation of Health System Transformation/Transformation Center:

This POP will continue to support the dissemination of research- and evidence-based medical information to coordinated care organizations, PEBB and OEBB, and other health plans in Oregon, which they can use to promote cost-effective health care practices. The exact amount of the cost savings is undetermined, but is believed to have a multi-million dollar impact.

402-3 Continuation of Health System Transformation/Office of Health Policy and Research:

In general, the investment in a fundamental tool for health care analytics and improved use of evidence-based decision-making for OHA programs will decrease total health care system costs. These cost reductions will

extend to health care services in other publicly funded programs such as PEBB and OEBB, and also to private payers and their members and employees.

In addition, the PCPCH program has identified an estimated $99.8 million in savings as a result of improved care coordination through the use of its services.

By disseminating HERC's evidence-based decision tools to patients and providers, OHA has the ability to reduce the current and future health and economic costs associated with chronic conditions, potentially saving hundreds of millions of additional dollars.

402-4 Equity and Inclusion Transformation Coaches:
Savings are generated over the long term by supporting the elimination of health inequities. CCOs are realizing savings by implementing culturally and linguistically based improvements in health system transformation (e.g., use of traditional health workers to reduce emergency department use). Public health departments and behavioral health providers will realize savings by addressing health inequities and by diversifying staff to better engage community members in accessing preventive services and early interventions.

402-5 OEI Traditional Health Workers:
Savings are generated over the long term by supporting the elimination of health inequities. CCOs are realizing savings by implementing culturally and linguistically based improvements in health system transformation (e.g., use of traditional health workers to reduce emergency department use). Public health departments and behavioral health providers will realize savings by addressing health inequities and by diversifying staff to better engage community members in accessing preventive services and early interventions.

h) Based on these answers, is there a fiscal impact?

402-1 Common Credentialing and Provider Directory/Health Information Exchange:
Yes.

402-2 Continuation of Health System Transformation/Transformation Center:
Yes.

402-3 Continuation of Health System Transformation/Office of Health Policy and Research:
Yes.

402-4 Equity and Inclusion Transformation Coaches:
Yes.

402-5 OEI Traditional Health Workers:
Yes.

TOTAL FOR THIS PACKAGE

Category	GF	OF	FF	TF	Position	FTE
Personal Services	1,505,231	584,715	1,545,247	3,635,193	31	17.98
Services and Supplies	1,903,419	9,165,689	2,073,030	13,142,138		
Capital Outlay	0	0	0	0		
Special Payments	1,235,652	0	2,103,948	3,339,600		

Other	0	0	0	0		
Total	**$4,644,302**	**$9,750,404**	**$5,722,225**	**$20,116,931**	**31**	**17.98**

Oregon Health Authority - Fiscal Impact Summary by Program Area:

	OHIT	Transformation Center	OHPR/HA	OE&I	Total
General Fund	**$0**	**$1,042,899**	**$1,360,029**	**$2,241,374**	**$4,644,302**
Other Fund	**$9,750,404**	**$0**	**$0**	**$0**	**$9,750,404**
Federal Funds- Ltd	**$0**	**$1,040,051**	**$1,358,444**	**$3,323,730**	**$5,722,225**
Total Funds	**$0**	**$2,082,950**	**$2,718,473**	**$5,565,104**	**$20,116,931**
Positions	**3**	**13**	**8**	**7**	**31**
FTE	**3.00**	**4.94**	**3.04**	**7.00**	**17.98**

What are the sources of funding and the funding split for each one?

OHIT Revenue Impact:

Description of Revenue	OF	FF	TF
Fees (Comp Srce 0975)	9,750,404	0	9,750,404
Total	**$9,750,404**	**$0**	**$9,750,404**

Transformation Center Revenue Impact:

Description of Revenue	OF	FF	TF
Medicaid (Comp Srce 0995)	0	1,040,051	1,040,051
Total	**$0**	**$1,040,051**	**$1,040,051**

Office of Policy and Research Revenue Impact:

Description of Revenue	OF	FF	TF
Medicaid (Comp Srce 0995)	0	1,358,444	1,358,444
Total	**$0**	**$1,358,444**	**$1,358,444**

Office of Equity and Inclusion Revenue Impact:

Description of Revenue	OF	FF	TF
Medicaid (Comp Srce 0995)	0	3,323,730	3,323,730
Total	**$0**	**$3,323,730**	**$3,323,730**

2015-2017 Policy Option Package

Agency Name: Oregon Health Authority
Program Area Name: Medical Assistance Programs
Program Name: Oregon Health Plan
Policy Option Package Initiative: Promote Innovative Health System Solutions
Policy Option Package Title: Promote Innovative Health System Solutions
Policy Option Package Number: 403
Related Legislation: POP 403-2, ORS 442.210 Patient-Centered Primary Care Home Program
Program Funding Team: Healthy People

Summary Statement: This Policy Option Package would allow the Oregon Health Authority Medical Assistance Programs to provide features of Oregon's innovative health system transformation to Medicaid members who are not in coordinated care organizations. It also allows OHA to reinstate vision and dental services to adult Oregon Health Plan members. This POP has four parts: 403-1 Health Care Interpreter Services, 403-2 Patient-Centered Primary Care Home (PCPCH) Payments, 403-3 Adult Vision Services and 403-4 Adult Dental Services.

403 Total MAP:

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	$14,537,601	$30,074	$58,982,162	$73,549,837

403-1 Health Care Interpreter Services:

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	**$779,055**	**$28,333**	**$1,557,139**	**$2,364,527**

403-2 Patient Centered Primary Care Home Payments:

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	**$6,472,555**	**$0**	**$19,426,131**	**$25,898,686**

403-3 Adult Vision Services:

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	**$3,664,285**	**$0**	**$18,556,390**	**$22,220,675**

403-4 Adult Dental Services:

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	**$3,621,706**	**$1,741**	**$19,442,502**	**$23,065,949**

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

403-1 Health Care Interpreter Services:

This POP would fund oral language interpretation in medical settings for Oregon Health Plan (OHP) clients who are not enrolled in coordinated care organizations (CCOs) – those whose benefits are paid on a fee-for-service (FFS) basis. Medical providers serving FFS clients would be able to arrange, bill and receive payment for interpretation services.

403-2 Patient-Centered Primary Care Homes:

This POP would allow OHA to provide incentive payments to clinics that serve OHP fee-for-service clients and that achieve patient-centered primary care home status. The per-member-per-month payments would be made through the existing Medicaid Management Information System (MMIS) Provider Web Portal.

403-3 Adult Vision Services:

This POP would restore vision benefits for most adult Oregon Health Plan clients. The benefits were eliminated by the 2009 Legislature, effective January 1, 2010.

403-4 Adult Dental Services:

This POP would restore the dental benefits for OHP clients that were eliminated in 2010 and 2012. This would improve dental coverage for all adult OHA clients regardless of pregnancy status, and would improve coverage of certain denture benefits for children.

2. WHY DOES OREGON HEALTH AUTHORITY PROPOSE THIS POP?

403-1 Health Care Interpreter Services:

This POP would make interpretation benefits consistent for all OHP members who need them, regardless of whether they are in a CCO. OHA also expects that it would improve the quality of interpretation services provided to fee-for-service members.

Title VI of the Civil Rights Act of 1964 requires access to interpretation services. Currently, OHA compensates medical providers for providing oral language interpretation services for CCO members but not for FFS clients. This POP would make OHP interpretation services consistent for CCO and FFS clients and improve the quality of service to FFS clients.

403-2 Patient-Centered Primary Care Homes:

Under the Affordable Care Act (ACA), the Oregon Health Authority received federal funding for Patient Centered Primary Care Home (PCPCH) programs for eight quarters. From October 2011 through September 2013, OHA made ACA-funded payments to clinics that met PCPCH standards for OHP clients with specific diagnoses. Those payments allowed providers to provide a higher quality of care to their patients. Preliminary data show that recognized PCPCHs have significantly lower emergency department and inpatient utilization than non-PCPCH providers. Under this POP, OHA would continue supporting PCPCH providers so that they are able to maintain and enhance the changes they implemented.

403-3 Adult Vision Services:

Since January 1, 2010, OHP has not covered the following items under most conditions for adults 21 and older who are not pregnant:

- Glasses;
- Contact lenses;

- Fitting fees for glasses or contact lenses; and
- Eye examinations for the purpose of prescribing glasses or contacts

Services were not eliminated for clients with one of the following medical conditions:
- Aphakia;
- Pseudoaphakia;
- Congenital aphakia;
- Keratoconus; and
- Lack of organic lens due to surgical removal or congenital absence.

This POP would restore these vision services. All adult OHP members would have OHP coverage for glasses and contact lenses to correct vision problems, enabling them to find and maintain employment, care for their children, and live independently.

403-4 Adult Dental Services:

The January 2010 and January 2012 dental benefit reductions reduced services to all adult OHP clients and eliminated many significant services to non-pregnant adult clients. The reductions negatively affected the overall health of those clients who could no longer receive dental care or dentures. Lack of such care can have a strong negative impact on a client's well- being, limit employment options and stand in the way of self-sufficiency.

The most significant changes under this POP are:
- Root canals: OHP would again cover root canals on all teeth other than third molars ("wisdom teeth"). Root canals are currently not covered on first, second or third molars for non-pregnant adults, and are not covered on second or third molars for pregnant adults. Children already have comprehensive of root canals on all teeth other than third molars and this would not change.

- Crowns: OHP would again cover crowns for all adults. Crowns are currently covered only for pregnant adults and children.
- Scaling and root planing: OHP would again cover scaling and root planing once every two years for all OHP clients. These currently are covered only once every three years for adults. Children already have coverage of scaling and root planing once every two years and this would not change.
- Full denture: OHP would again cover the first full denture for a client whenever dentally appropriate. Currently, OHP covers full dentures only for adults who have had their last tooth removed within the previous six months. OHP would also again cover a replacement full denture once every five years for adults and children. Currently, OHP does not cover replacement full dentures for adults, and limits replacement for children to once every 10 years.
- Partial denture: OHP would again cover partial dentures for adults who are missing one front tooth or four or more back teeth. Currently, adults must be missing one front tooth or six or more back teeth. OHP would also again cover replacement partial dentures once every five years for adults and children. Currently, OHP covers replacement partial dentures only once every 10 years.
- Denture relines: OHP would again cover relines for adults and children once every two years. Currently, coverage is limited to once every five years for adults, and once every three years for children.
- Denture rebase: OHP would again cover rebase for adults and children once every three years. Currently, coverage is limited to once every five years for adults, and once every three years for children.

3. HOW DOES THIS FURTHER THE AGENCY'S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?

403-1 Health Care Interpreter Services:

Interpretation services are necessary for OHP clients with limited English proficiency to access medical care. Quality interpretation services improve understanding, trust, patient compliance, and likelihood of accessing care, all of which improves health outcomes.

403-2 Patient-Centered Primary Care Homes:

Providing an incentive to participate in the PCPCH program increases the likelihood that a greater number of clinics will adopt the model thereby creating greater access to patient-centered primary care. In 2010 the Oregon Health Policy Board charged the Oregon Health Authority with providing access to PCPCHs for all OHP clients, state employees and Oregon educators. The agency's goal is to provide access to PCPCH care for 75 percent of all Oregonians by 2015.

403-3 Adult Vision Services:

Providing more comprehensive OHP vision coverage to non-pregnant adults would further the agency's triple aim of better health and better care at reduced costs. The positive effects resulting from OHP clients having corrected vision – finding and maintaining employment, taking better care of their children, living independently – would be extensive, even life-transforming.

403-4 Adult Dental Services:

Restoring the dental benefits cut in 2010 and 2012 will further the agency's mission of improving the lifelong health of Oregonians. It will allow clients to keep more of their teeth and help the state and managed plans avoid costs associated with untreated dental conditions. It also will enable clients who need dentures to be more self-sufficient through expanded employment opportunities. And it will reduce administrative costs related to hearings and appeals, which are particularly common in denial of denture coverage.

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?

403-1 Health Care Interpreter Services:
Yes, this POP is tied to OHA Key Performance Measure 19, Member Experience of Care, which is a composite measurement of doctor communication; health plan information and customer service.

403-2 Patient-Centered Primary Care Homes:
Yes. This POP is directly tied to the OHA Key Performance Measure 17, Patient Centered Primary Care Home (PCPCH) Enrollment. The target is 100 percent enrollment of OHP clients in recognized PCPCHs in 2015. Providing an incentive to participate in the program increases the likelihood that a greater number of clinics will adopt the model, thereby increasing the percent of OHP clients who seek care from PCPCH clinics.

The POP also will allow OHA to measure success of the larger PCPCH program by looking at outcomes, utilization, and cost in recognized vs. non-recognized clinics.

403-3 Adult Vision Services:
This POP is not directly tied to a MAP Key Performance Measure. It could, however, influence Key Performance Measure 20, Member Health Status, to the extent that survey respondents report that obtaining corrective lenses improved their health status. Success would be measured by clients who need glasses obtaining them.

403-4 Adult Dental Services:
This POP is not directly tied to a MAP Key Performance Measure. It could, however, influence Key Performance Measure 20 Member Health Status, to the extent that survey respondents report a higher health care status based on obtaining the additional dental benefits provided by this POP.

The agency could easily monitor use of the expanded benefits by analyzing specific dental codes. OHA could measure this POP's success by monitoring adult molar extractions due to coverage of molar root canals and lower rates of extractions in general due to coverage of crowns. The agency also could analyze emergency room data for dental complaints.

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.

403-1 Health Care Interpreter Services:
No change to statute needed.

403-2 Patient-Centered Primary Care Homes:
No.

403-3 Adult Vision Services:
This POP does not require a change to existing statue of new statute.

403-4 Adult Dental Services:
No statutory change required.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

403-1 Health Care Interpreter Services:

The alternative is to continue business as usual, which means expecting OHP providers to meet interpretation needs of their OHP patients with no additional reimbursement. This option is not desirable for the following reasons:

- The cost of interpreter services is disproportionately distributed across communities. Communities with the greatest need for interpreter services carry the greatest level of cost.
- OHA is not collecting data on interpretation services and thus has limited ability to identify and address needs. Linking new data collection requirements with new funding is the most reasonable way to address this issue. The business-as-usual option would make any added data collection requirements more difficult to implement and less likely to be successful.
- Providers may be meeting their legal obligation to provide interpretation services, but at a less-than-optimal level. Business-as-usual means OHP would continue to have limited leverage when it comes to efforts aimed at improving quality.

403-2 Patient-Centered Primary Care Homes:

No alternatives were considered.

403-3 Adult Vision Services:

No alternative was considered other than continuing the current reduction if funding is not available.

403-4 Adult Dental Services:

No other alternatives have yet been considered. However, the estimates below are for full restoration of all the benefit reductions from January 2010 and January 2012. The agency could instead restore only crowns, molar

root canals and dentures, and cover replacement dentures less frequently than before the reductions (perhaps once every seven years).

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

403-1 Health Care Interpreter Services:
Without funding, issues of quality and equitable distribution of health care interpretation costs will remain unaddressed.

403-2 Patient-Centered Primary Care Homes:
Some providers who previously received incentive payments may not be able to support some of the new services they implemented and, therefore, may not be able to maintain the patient-centered primary care model. A decrease in program participation would directly affect the agency's ability to achieve the related key performance measure target. Further, OHA would not maintain the commitment it made to other payers and providers across the state to provide financial support to recognized patient centered primary care homes.

403-3 Adult Vision Services:
The intent of this POP is to restore services that were eliminated January 1, 2010. The only adverse effect of not funding this POP is that OHP would continue to not cover glasses to correct vision acuity conditions for non-pregnant adults unless they have a qualifying medical condition.

403-4 Adult Dental Services:
Clients will continue to suffer significant negative dental outcomes including pain and more frequent extractions. They also will continue to suffer physical, psycho-social and financial impacts of not having functional teeth, either their own teeth or dentures. The lack of teeth will continue to limit employment opportunities and prevent clients from being self-sufficient.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

403-1 Health Care Interpreter Services:
Funding this POP would support the Office of Equity and Inclusion's (OEI) efforts to address health disparities across the state, including requirements for qualification and certification of health care interpreters and workforce development issues.

403-2 Patient-Centered Primary Care Homes:
Several tribal health clinics are recognized patient-centered primary care homes and treat many OHP clients who are not enrolled in CCOs. Without this POP these tribal health clinics would not receive payments to support and enhance their care models.

403-3 Adult Vision Services:
Failure to restore coverage for services and items eliminated by the vision reduction could result in decreased utilization and revenue for some county health departments and tribal entities that are enrolled as providers through OHA Medical Assistance Programs

403-4 Adult Dental Services:
None.

9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

403-1 Health Care Interpreter Services:
None.

403-2 Patient-Centered Primary Care Homes:
OHA offices that participated in the Patient-Centered Primary Care Home Program include the Office for Oregon Health Policy and Research (OHPR); MAP Budget, Planning, and Analysis; the Office of Equity and Inclusion; the Office of Health Information Technology; the Office of Health Analytics; and the Public Health Division. Most pertinent to this POP are OHPR and MAP Budget, Planning, and Analysis.

403-3 Adult Vision Services:
No other agencies, programs or stakeholders are collaborating on this POP.

403-4 Adult Dental Services:
None.

10. WHAT IS YOUR EQUITY ANALYSIS?

403-1 Health Care Interpreter Services:
Funding this POP is intended to have a direct and positive impact on equity for OHP clients. Missing or low-quality interpretation results in bad health outcomes for people with limited English proficiency. Funding this POP would help reduce this inequity.

403-2 Patient-Centered Primary Care Homes:
The patient-centered primary care home standards include measures to ensure that primary care homes communicate with patients, caregivers, and families in their language of choice using trained medical interpreters as well as translating written materials into languages spoken by their patient populations.

403-3 Adult Vision Services:

No known racial or ethnic inequities are associated with this POP.

403-4 Adult Dental Services:

None.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

403-1 Health Care Interpreter Services:

The most important assumption affecting this POP pricing is utilization, which is also very difficult to predict. For example, 20 percent of OHP clients (CCO and FFS combined) report that they speak a language other than English, but according to the 2004 Federal Consumer Assessment of Healthcare Providers and Systems survey, approximately 4 percent of adults and 6 percent of children need interpretation services. The POP assumes 6 percent utilization.

403-2 Patient-Centered Primary Care Homes:

The pricing assumes clinics would qualify for one of three per-member per-month payment tiers. Tier 1 clinics would receive $3 per member per month, tier 2 clinics would receive $6, and tier 3 clinics would receive $9. The pricing assumes all clients receiving the OHP Plus benefit package would be in a qualifying patient centered primary care home, and that:

- 1.6 percent of clinics would be eligible for tier 1;
- 18.6 percent of clinics would be eligible for tier 2; and
- 79.8 percent of clinics would be eligible for tier 3.

403-3 Adult Vision Services:
OHA Actuarial Services Unit used its review of these services at the time they were eliminated to determine per-member-per-month cost and then applied a trend factor to it.

403-4 Adult Dental Services:
OHA Actuarial Services Unit used its review of these services at the time they were eliminated to determine per-member-per-month cost and then applied a trend factor to it.

Implementation Date(s):

403-1 Health Care Interpreter Services: January 1, 2016

403-2 Patient-Centered Primary Care Homes: July 1, 2015

403-3 Adult Vision Services: July 1, 2016

403-4 Adult Dental Services: July 1, 2016

End Date (if applicable): N/A

a) Will there be new responsibilities for MAP? Specify which Program Area(s) and describe their new responsibilities.

403-1 Health Care Interpreter Services:
MAP will develop rules and support providers for claims processing.

403-2 Patient-Centered Primary Care Homes:
MAP Provider Enrollment – Enrolling providers and entering tiers in the Medicaid Management Information System (MMIS).

403-3 Adult Vision Services:
No new responsibilities

403-4 Adult Dental Services:
No new responsibilities

b) Will there be new Shared Services impacts sufficient to require additional funding? Specify which office(s) (i.e., facilities, computer services, etc.) and describe how it will be affected.

403-1 Health Care Interpreter Services:
Shared Services impacts are not anticipated to require additional funding.

403-2 Patient-Centered Primary Care Homes:
No.

403-3 Adult Vision Services:
None anticipated.

403-4 Adult Dental Services:
None anticipated.

c) Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.

403-1 Health Care Interpreter Services:
These services are for existing OHP clients. No caseload changes are anticipated.

403-2 Patient-Centered Primary Care Homes:
No.

403-3 Adult Vision Services:
This POP would restore the vision benefits that were cut in 2010.

403-4 Adult Dental Services:
This POP would restore the dental benefits for OHP clients that were eliminated in 2010 and 2012.

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.

403-1 Health Care Interpreter Services:
It is anticipated that other work will be reprioritized in order to carry out the new work of this POP without adding staff or modifying existing positions.

403-2 Patient-Centered Primary Care Homes:
Current provider enrollment specialists will modify work-flow to address PCPCH operations.

403-3 Adult Vision Services:
No new staff or position changes.

403-4 Adult Dental Services:
No new staff or position changes.

e) What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

403-1 Health Care Interpreter Service:
No startup costs are anticipated.

403-2 Patient-Centered Primary Care Homes:
No startup costs are anticipated. The program's pieces are already in place.

403-3 Adult Vision Services:
No startup costs are anticipated.

403-4 Adult Dental Services:
No startup costs are anticipated.

f) What are the ongoing costs?

403-1 Health Care Interpreter Services:
It is anticipated that this service will be an ongoing budget item.

403-2 Patient-Centered Primary Care Homes:
No ongoing costs.

403-3 Adult Vision Services:
No ongoing administrative costs anticipated.

403-4 Adult Dental Services:
No ongoing administrative costs.

g) What are the potential savings?

403-1 Health Care Interpreter Services:
Improved access to quality interpretation services contribute to better care and better health, avoiding more costly medical services. Medical providers would be able to diagnose and plan treatment more efficiently. OHP clients would have a better understanding of treatment plans,

increasing patient compliance. The relationship and trust between medical provider and patient would be improved.

403-2 Patient-Centered Primary Care Homes:
None.

403-3 Adult Vision Services:
None.

403-4 Adult Dental Services:
None.

h) Based on these answers, is there a fiscal impact?

403-1 Health Care Interpreter Services:
No.

403-2 Patient-Centered Primary Care Homes:
Yes.

403-3 Adult Vision Services:
Yes.

403-4 Adult Dental Services:
Yes.

TOTAL FOR THIS PACKAGE

Category	GF	OF	FF	TF	Position	FTE
Special Payments	14,537,601	30,074	58,982,162	73,549,837		
Total	**$14,537,601**	**$30,074**	**$58,982,162**	**$73,549,837**	**0**	**0.00**

Oregon Health Authority - Fiscal Impact Summary by Program Area:

	MAP	Total OHA
General Fund	**$14,537,601**	**$14,537,601**
Other Fund	**$30,074**	**$30,074**
Federal Funds- Ltd	**$58,982,162**	**$58,982,162**
Total Funds	**$73,549,837**	**$73,549,837**
Positions	**0**	**0**
FTE	**0.00**	**0.00**

What are the sources of funding and the funding split for each one?

MAP Revenue Impact:

Description of Revenue	OF	FF	TF
Licensing fees (Comp Srce 0975)	28,333	0	28,333
Medicaid (Comp Srce 0995)	0	58,982,162	58,982,162
Other (Comp Srce 0975)	1,741	0	0
Total	**$30,074**	**$58,982,162**	**$59,012,236**

2015-2017 Policy Option Package

Agency Name:	**Oregon Health Authority**
Program Area Name:	**Public Health**
Program Name:	**Office of the State Public Health Director**
Policy Option Package Initiative:	**N/A**
Policy Option Package Title:	**Improve the Lifelong Health of All Oregonians**
Policy Option Package Number:	**404**
Related Legislation:	**N/A**
Program Funding Team:	**Healthy People**

Summary Statement:

This package provides stable funding for core Public Health programs and activities.

Activities to be funded are:

1) Prevention and control of communicable diseases, including health care-associated infections and hepatitis C;
2) Increased vaccine access for uninsured people;
3) Integration of electronic data exchange between the State Public Health Laboratory and local health departments and community clinics to allow the secure electronic transfer of lab data and results;
4) Health impact assessments and public health analyses related to climate change; and
5) Collection, analysis and reporting of population data, including data to be compiled by Medicaid, CCO regions and counties.

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	**$0**	**$4,000,000**	**$(259,824)**	**$3,740,176**

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

This package will provide stable funding for core Public Health programs and activities, including:

1) Prevention and control of communicable diseases, including health care-associated infections and hepatitis C. All Oregon health care providers and laboratories are required by statute to report communicable diseases to local health departments. They report nearly 24,000 cases of communicable diseases annually. This package will create one new position and stable funding for two existing positions that will provide medical consultation to counties and hospitals to prevent and control contagious disease outbreaks. It will also enable Public Health to respond to Oregon's hepatitis C epidemic and other emerging diseases.
2) Increased flu vaccine access for certain populations. This package supports the "Flu Pool Project," which helps local health departments, federally qualified health care centers, and tribes to vaccinate undocumented, uninsured, hard-to-reach (e.g. homeless) or otherwise high-risk adults.
3) Integrating electronic data exchange between the State Public Health Laboratory and local health departments and community clinics. This package would fund creation of a two-way electronic data exchange for secure electronic transfer of lab data and test results. This more accurate and efficient type of data exchange is the industry standard. Public Health will contract with a data system vendor to implement the exchange.
4) Health impact assessments and public health analyses related to climate change will expand Public Health's capacity to respond to requests from the Governor's office and other agencies for information and analysis about climate change and its effects on natural and human-made environments. This package funds two new positions to conduct analysis and research, and respond to requests.

5) Collection, analysis and reporting of population data on health-risk behaviors and health outcomes, including by Medicaid, CCO regions and counties. This would provide stable funding for systems such as the Behavior Risk Factor Surveillance System, Oregon Healthy Teens survey program, and collection of information on the leading causes of death, disability, and disease in Oregon. It will fund contracts to perform surveys in schools and by telephone.

2. WHY DOES OREGON HEALTH AUTHORITY PROPOSE THIS POP?

The Oregon Health Authority is committed to improving lifelong the health of all Oregonians and to the triple aim of better health, better care, and lower costs. The proposed activities would enable Public Health to improve Oregonians' health and be more efficient in the following ways:

1) Prevention and control of communicable diseases will decrease the burden that these diseases place on the population. Specifically, evidence-based interventions that reduce and prevent health care-associated infections will save lives, shorten hospital stays and make it less likely that people will have to return to the hospital once they go home. This saves money for patients, health care providers and insurance providers, including Medicaid. Increased attention to hepatitis C will assist in the identification of people who have the disease but are unaware of it. This will lead to increased treatment, potentially slow the spread, and ultimately reduce complications from hepatitis C infections.
2) Increased flu vaccine access for uninsured populations will improve the health of the most vulnerable Oregonians.
3) Electronic data exchange between the state laboratory and local health departments and community clinics improves efficiency over paper-based reporting and reduces costs. It will also lead to more efficient identification of reportable diseases, which will lead to timelier follow-up and improved health. It also will reduce the reporting burden on the health care system.
4) Health impact assessments and public health analyses related to climate change will allow better understanding of how changes in the built and physical environment influence patterns of illness and death.

5) The best health interventions are based on sound scientific evidence. This package will allow Public Health to collect, analyze and report hard data about specific health issues in Oregon.

3. HOW DOES THIS FURTHER THE AGENCY'S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?

Improving the health of the entire population is critical to achieving the goals of the triple aim. However, current funding does not allow for these activities. These activities support the triple aim by working to improve understanding of population health and the burden of disease; reducing the impact of communicable diseases such as health care-associated infections and hepatitis C; increasing vaccination rates for the flu among vulnerable populations; improving reporting of disease; and better understanding the impact the built and physical environment have on population health.

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?

These activities will directly affect the following 2013-2015 Key Performance Measures:

- "Measure 14: All cause readmissions." This package will be reduce the number of people with health care-associated infections, which are a leading cause of hospital readmissions.
- "Measure 16: Flu Shots – ages 50-64." This package will increase the number of people in this age group who have access to flu vaccines.

These activities will also support other OHA objectives (which are not "key performance measures) of improving population health, reducing morbidity and mortality and increasing efficiencies/reducing reporting burdens on communities. Additional metrics that could measure success include:

- Incidence of hepatitis C;
- Number or percentage of local health departments and community clinics that transition to electronic data exchange systems;
- Health impact assessments published.

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?

Federal funding for public health activities consistently falls short of what is needed. Federal funding opportunities also reflect national objectives and do not always reflect the specific needs of Oregonians. For example, the state has no federal grants or cooperative agreements that address hepatitis C or the data improvements for laboratory data sharing. Further, a change in federal policy eliminated the state's ability to stock the Flu Pool program. It previously was supported by recovering moneys as a result of wasted (outdated, expired, improperly stored) vaccine.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

Not funding these activities will:

1) Limit the state's ability to provide public health medical expertise and consultation on the emergence of drug-resistant organisms;
2) Reduce the number of uninsured and hard-to-reach Oregonians who would otherwise be immunized against seasonal flu;
3) Cause local health departments and clinics to continue to report diseases to the State Public Health Laboratory via an antiquated and inefficient paper-based system;

4) Reduce the state's ability to identify necessary changes in the physical and built environment that could improve population health; and
5) Limit the state's ability to track and address key health-risk behaviors and outcomes among Oregon children and adults.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

1) All local health departments, tribal health jurisdictions, and coordinated care organizations (CCOs) will benefit through increased capacity to prevent, report, and investigate communicable diseases.
2) Local health departments will be the primary agencies supported. They will gain renewed access to the state "flu pool" and the ability to provide vaccines to vulnerable citizens in their area. Tribal clinics are also invited to participate through federally qualified health center sites.
3) Local health departments, community clinics and tribal health centers will experience increased accuracy and efficiency in laboratory reporting and results. In addition, these efficiencies will be passed along to epidemiologists for tracking and follow-up of outbreaks and conditions.
4) Other state agencies, local health departments and tribal health centers would be affected positively through development of public health assessments, direct assistance in conducting health impact assessments, and provision of resources to develop and implement climate adaptation strategies.
5) The Oregon Department of Education, OHA Office of Equity and Inclusion, CCOs, tribal agencies and local governments will be affected as partners in data collection and as users of data results.

9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

None

10. WHAT IS YOUR EQUITY ANALYSIS?

This POP will strengthen our ability to obtain population data on the leading causes of death, disease, disability and health care costs in Oregon. That includes identification of populations that suffer a disparately high burden of health issues, including among racial, ethnic and socioeconomic groups. This will allow better understanding of the factors that contribute to poor health outcomes for these populations and help in designing and evaluating evidence-based interventions. Those interventions can improve population health and identify changes that need to occur among the social determinants that affect health. Additionally, hepatitis C disproportionately affects people in the African American and American Indian-Alaskan Native communities. Further, elderly, sick and otherwise vulnerable people are more likely to be hospitalized and thus at risk for health care-associated infections. Members of these vulnerable groups are less likely to be vaccinated against seasonal flu.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Implementation Date(s): October 2015

End Date (if applicable): N/A

a) **Will there be new responsibilities for Oregon Health Authority? Specify which Program Area(s) and describe their new responsibilities.**
   No.

b) **Will there be new Shared Services 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 - Shared Services LC/POP Impact Questionnaire (at the end of this document).**
Shared Services costs are limited to new position costs.

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.**
1) Funding will support one new Public Health Physician (MNNN Z7571 AA permanent 21 months, .88 FTE) and two existing Public Health Physicians.
2) N/A
3) N/A
4) Funding will support two new positions (1.76 FTE) (OPA 3 and PA 3).
5) Funding will support five positions for a total of 2.77 FTE.

e) **What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?**
There are no significant startup costs beyond those associated with new staff.

f) What are the ongoing costs?

Costs of this package related to data analysis, communicable disease control, flu pool, and climate change-related health impact assessment continue into the 2017-2019 biennium. The data sharing project for the State Public Health Lab is a one-time development project that will be phased out in 17-19.

g) What are the potential savings?

1) Potential savings due to fewer individuals with preventable infectious diseases, including health-care-associated infections and hepatitis C.
2) This POP would pay for 16,000 doses of influenza vaccine, which could result in biennial savings of up to $275,868 in hospitalizations alone. This is based on the average cost of U.S. hospitalizations and the estimated number of Oregon flu-related hospitalizations averted by flu vaccine. Additional health care savings will be realized for outpatient visits averted.
3) Potential to save more than 24 hours per month in staff time, resulting in specimens arriving at the testing sections more quickly, resulting in faster turn-around times and more timely disease reporting.
4) Implementation of climate change adaptation plans can reduce health care costs and generate savings associated with better lifelong population health.
5) The state would become more competitive for federal funding by demonstrating the capacity to collect, analyze, report and address key health risk factors and outcomes in the population. Demonstrating the burden of various health issues also positions the state for federal funding to address these issues.

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	$1,314,401	$(234,471)	$1,079,930	8	5.41
Services & Supplies	$0	$2,298,440	$ (24.962)	$2.273,478		
Special Payments	$0	$ 387,159	$ (391)	$ 386,768		
Total	**$0**	**$4,000,000**	**$(259,824)**	**$3,740,176**	**8**	**5.41**

OHA - Fiscal Impact Summary by Program Area:

	PH-OSPHD	PH Protection	PH Prevention	PH Practice	Total OHA
General Fund	**$0**	**$0**	**$0**	**$0**	**$0**
Other Fund	**$2,407,386**	**$500,000**	**$92,614**	**$1,000,000**	**$4,000,000**
Federal Funds- Ltd	**$0**	**$0**	**$0**	**$(259,824)**	**$(259,824)**
Total Funds	**$2,407,386**	**$500,000**	**$92,614**	**$740,176**	**$3,740,176**
Positions	**4**	**2**	**1**	**1**	**8**
FTE	**2.33**	**1.76**	**0.44**	**0.88**	**5.41**

What are the sources of funding and the funding split for each one?
100 percent of the revenue comes from the Tobacco Master Settlement Agreement.

Public Health Revenue Impact:

Description of Revenue	OF	FF	TF
Other Funds (Comp Srce 0975)	$4,000,000	$0	$4,000,000
Federal Funds (Comp Srce 0995)	$0	$(259,824)	$(259,824)
Total	**$4,000,000**	**$(259,824)**	**$3,740,176**

2015-2017 Policy Option Package

Agency Name:	**Oregon Health Authority**
Program Area Name:	**Public Health (PH), Center for Prevention and Health Promotion**
Program Name:	**Health Promotion and Chronic Disease Prevention Program**
Policy Option Package Initiative:	**N/A**
Policy Option Package Title:	**Preventing leading causes of death, injury and disease**
Policy Option Package Number:	**405**
Related Legislation:	**N/A**
Program Funding Team:	**Healthy People**

Summary Statement:

Reducing tobacco use is essential to improving the health of Oregonians. This package allocates funds from the Tobacco Master Settlement Agreement to reduce the leading cost drivers of poor health and monitor and measure health equity through data collection. Community and state partners will implement initiatives to address tobacco use and chronic disease. Tobacco is the leading cause of preventable death and disease. Each year, 7,000 Oregonians die from tobacco-related disease. Tobacco use costs the state $2.5 billion in direct medical costs and indirect costs from lost productivity annually. This investment in evidence-based efforts will reduce the burden of tobacco and chronic diseases.

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	**$0**	**$4,000,000**	**$0**	**$4,000,000**

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

This POP allocates $4 million of Oregon's payment from the Tobacco Master Settlement Agreement (TMSA) to Public Health to reduce the leading cost drivers of poor health, enable communities to support healthy aging, and monitor and measure health equity through data collection.

In the 2013 legislative session, Oregon, for the first time, directed a small portion of Tobacco Master Settlement Agreement dollars to support the state's nationally recognized tobacco prevention program. This initial step reinforces the intended purpose of Tobacco Master Settlement Agreement dollars to support science-based tobacco prevention and help tobacco addicts to permanently quit.

Targeting $4 million for state and local tobacco prevention and chronic disease prevention will provide a critical opportunity to leverage public health infrastructure and partner networks to address healthy eating, active living and readying Oregonians to take charge of their health.

This POP will reduce tobacco use and fund initiatives by community and state partners that advance statewide priorities to address tobacco and other chronic disease-related disparities. By investing an additional $4 million in tobacco and chronic disease prevention, Oregon will meet the triple aim by:

- Having fewer youth and adult tobacco users;
- Reducing health care costs related to maternal smoking; and
- Providing more people with the skills needed for better self-care, so they can better manage their chronic disease, which will reduce hospital and emergency room visits.

Key strategies for implementation include:

- **A strong local public health infrastructure and partner network** in tobacco prevention, which provides a solid foundation to also address obesity and other chronic disease risk factors at state and local levels, particularly through collaborations with coordinated care organizations (CCOs), schools, and local governments;
- **Culturally and linguistically appropriate communications** that promote initiatives statewide;
- **Support for individuals' engagement in monitoring and taking care of their health** through community self-management programs.
- **A centralized payment and registration system** that makes it easy for CCOs and health care providers to refer people to programs that help people quit tobacco, manage their weight, engage in physical activity and take care of other health issues that result from chronic disease;
- **Data collection systems** that monitor the health and impact of interventions at the state and community level across all age groups (birth through death), and to better monitor and measure health equity and CCO performance.

These resources will increase available data to support state and local health assessments and health improvement planning, and to understand the health status of Oregonians, especially by race, language and ethnicity.

2. WHY DOES OREGON HEALTH AUTHORITY PROPOSE THIS POP?

Investing Tobacco Master Settlement Agreement funds in prevention of tobacco use, obesity, and other leading cost drivers of poor health enables communities to achieve better health, better care, and lower costs. The science is clear: we know how to prevent tobacco use. The more Oregon invests in the evidence-based strategies of the Tobacco Prevention and Education Program, the more Oregon will prevent death and disability from tobacco. This will save health care money, reduce health care costs, and save Oregon lives.

At the current funding level, the Tobacco Prevention and Education Program (TPEP) uses an evidence-based "limited reach" tobacco prevention program. With additional Tobacco Master Settlement Agreement resources, Tobacco Prevention and Education Program will build on its existing infrastructure and, for the first time, implement an evidence-based "large reach" tobacco prevention program. This program would reach every CCO region, county and tribe to ensure every Oregonian benefits fully from tobacco prevention. With this added investment, Oregon would be positioned to drive down adult and youth smoking. There would be more successful attempts to quit. Fewer youth would start on the path to lifelong addiction. Notably, more babies would have a healthier start in life, free from exposure to the harmful effects of maternal smoking.

3. HOW DOES THIS FURTHER THE AGENCY'S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?

This policy option package addresses the OHA's mission – helping people and communities achieve optimum physical, mental and social well-being through partnerships, prevention and access to high-quality, affordable health care. It also reflects the mission of Public Health to prevent disease and promote and protect the health of all Oregonians.

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?

Tobacco use (the single largest cause of preventable death and disability in Oregon) and obesity (the second) are addressed in these OHA Key Performance Measures:

1) Rate of tobacco use – Oregon adult population and Oregon adult Medicaid population
2) Rate of obesity – Oregon adult population and Oregon adult Medicaid population

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, this POP does not require any statutory changes or new statutes.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

The alternative is to continue funding at the current level.

- The federal Centers for Disease Control and Prevention (CDC) recommends that Oregon spend $78.6 million per biennium to have an effective tobacco control program. Oregon's Tobacco Prevention and Education Program is now funded at $19.83 million per biennium.
- The Legislature established two task forces: one under SB 931, The Task Force for a Comprehensive Obesity Prevention Initiative; and one under HB 3486, Strategic Plan to Slow the Rate of Diabetes in Oregon. Both task forces recommended an initial investment of $10 million per biennium in obesity prevention and education.

Not funding this POP means that health care costs for taxpayers and employers will continue to skyrocket. This will keep Oregon from bending the cost curve long term, and ultimately keep Oregon from achieving the triple aim. Eighty percent of health care resources are spent on 20 percent of the population – most of whom have multiple chronic conditions that are complex to manage. (Source: Conwell LJ, Cohen JW. Characteristics of people with high medical expenses in the U.S. civilian noninstitutionalized population, 2002. Statistical Brief #73. March 2005. Agency for Healthcare Research and Quality, Rockville, MD. Web site: http://meps.ahrq.gov/mepsweb/data_files/publications/st73/stat73.pdf. Accessed April 7, 2006.)

Chronic diseases account for 75 cents of every dollar spent on health care in the United States. Tobacco alone costs Oregon more than $374 million each year in Medicaid costs. (Majestic E. Public health's inconvenient truth: the need to create partnerships with the business sector. Prev Chronic Dis 2009;6(2):A39. http://www.cdc.gov/pcd/issues/2009/apr/08_0236.htm.)

Columbia University School of Nursing, Center for Health Policy. The public health workforce: enumeration 2000. Washington (DC): Department of Health and Human Services, Health Resources and Services Administration; 2000. p. 23, 133.

Not funding this POP means that Oregonians – both adults and children – will suffer in increasing numbers from the health consequences of tobacco use, obesity, and chronic diseases.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

There is strong and sufficient evidence, both in Oregon and nationally, that spending on effective tobacco prevention leads to reduced tobacco use. From 2003-2007, a period of reduced funding for tobacco prevention in Oregon, cigarette consumption leveled off here while consumption in the rest of the U.S. continued to decline. (Per capita cigarette pack sales, Oregon vs. rest of United States, FY 1993 through 2013. Health Promotion and Chronic Disease Prevention Web site. https://public.health.oregon.gov/PreventionWellness/TobaccoPrevention/Documents/tobacco_facts/adult_cigarette_smoking.pdf. Accessed August 20, 2014).

Comprehensive tobacco prevention programs exemplify a dose-response relationship – the more money invested in communities for tobacco prevention, the fewer people affected by tobacco through addiction, sickness or death.

Tobacco prevention has demonstrated that changing health-related behaviors across populations is complicated and requires a multifaceted, science-based approach. Similarly, an additional investment in comprehensive obesity and chronic disease prevention will reduce health care costs and support better quality of life. Without action and adequate funding for tobacco and chronic disease prevention, tobacco-related and other chronic disease death, disease and economic loss will continue to rise, continuing their enormous drain on the health care system, Oregon's economy, and Oregonians' quality of life.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

This POP would affect Oregon's local public health authorities, the CCOs, and the nine federally recognized tribes. All of these agencies receive grants or work in partnership to gather and use health data, keep minors from starting to use tobacco, protect people from secondhand smoke, and help people quit tobacco. With this additional investment, more communities will help Oregonians have better nutrition options, have access to more physical activity, and more help for those trying to better manage their chronic diseases.

9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

This has been an internal process to date. Other agencies, programs and stakeholders with whom we will collaborate include local public health authorities, federally recognized tribes, the OHA Transformation Center, coordinated care organizations, OHA Addictions and Mental Health, OHA Office of Equity and Inclusion, American Cancer Society, American Lung Association, and the American Heart Association.

10. WHAT IS YOUR EQUITY ANALYSIS?

Oregon's tobacco and chronic disease prevention efforts are designed to apply a health equity lens to all facets of practice. This includes data analysis and reporting, health education and communications, community programs and engagement of partners, and culturally appropriate cessation and self-management support. These efforts reach all Oregonians, especially people with fewer resources, people with mental illness and disabilities, youth, rural populations, racial and ethnic populations and the lesbian, gay, bisexual, transgender (LGBT) community. Such populations have worse health outcomes than Oregonians as a whole, as a result of greater tobacco use and secondhand smoke exposure, increased levels of obesity, and higher rates of chronic disease. They also are aggressively targeted by tobacco, food and beverage companies and live in communities with limited availability and access to nutritious food and places to be physically active.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Implementation Date(s): July 1, 2015

End Date (if applicable): Ongoing

a) **Will there be new responsibilities for OREGON HEALTH AUTHORITY? Specify which Program Area(s) and describe their new responsibilities.**
No

b) **Will there be new Shared Services 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 - Shared Services LC/POP Impact Questionnaire (at the end of this document).**
Shared Services costs are applied to new positions. This POP includes funding for them.

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.**
Yes, it will require new staff:
   - Two new permanent positions, 1.76 FTE (Research Analyst 4 and Program Analyst 3).

e) What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

There are no significant one-time costs.

f) What are the ongoing costs?

The total POP price covers the ongoing costs. All costs continue into 2017-2019 for a full 24 months in that biennium as opposed to 21 months in 2015-2017.

g) What are the potential savings?

Prevention is crucial to reducing health care costs. For example, diabetes and hypertension can be prevented through community and clinical interventions. A mere 5 percent reduction in diabetes and hypertension treatment costs would save the Oregon Health Plan at least $24.6 million per biennium, based on CDC estimates.

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	$297,461	$0	$297,461	2	1.76
Services and Supplies	$0	$2,201,327	$0	$2,201,327		
Special Payments	$0	$1,501,212	$0	$1,501,212		
Total	**$0**	**$4,000,000**	**$0**	**$4,000,000**	**2**	**1.76**

OHA - Fiscal Impact Summary by Program Area:

	PH-Center for Prevention and Health Promotion	Total OHA
General Fund	**$0**	**$0**
Other Fund	**$4,000,000**	**$4,000,000**
Federal Funds- Ltd	**$0**	**$0**
Total Funds	**$4,000,000**	**$4,000,000**
Positions	**2**	**2**
FTE	**1.76**	**1.76**

What are the sources of funding and the funding split for each one?

100 percent Tobacco Master Settlement Agreement.

Center for Prevention and Health Promotion
Revenue Impact:

Description of Revenue	OF	FF	TF
Transfer In From O/F (Comp Source 1010)	$4,000,000	0	$4,000,000
Total	**$4,000,000**	**$0**	**$4,000,000**

2015-2017 Policy Option Package

Agency Name:	**Oregon Health Authority**
Program Area Name:	**Public Health**
Program Name:	**Center for Public Health Practice - Health Security Preparedness and Response**
Policy Option Package Initiative:	**N/A**
Policy Option Package Title:	**PH Emergency Preparedness**
Policy Option Package Number:	**406**
Related Legislation:	**N/A**
Program Funding Team:	**Healthy People**

Summary Statement:

Builds capacity for responding to hazardous material incidents across the state. Supports planning, training, exercises, and response and recovery operations for state and federal partners, local health departments, tribes, health care coalitions and non-profits regarding transportation of hazardous materials (hazmat) via road, rail and waterways across Oregon.

Hazmat disasters are likely to overwhelm the public and health care systems including first responders, local public health authorities, tribal nations, hospitals, and environmental and public health emergency service workers. These agencies are responsible for evacuation and mass care during events that exceed the limits of the normal medical infrastructure, also known as “medical surge” capacity.

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:	**$1,000,000**	**$0**	**$0**	**$1,000,000**

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?
This POP will establish and fund new state Oregon Health Authority (OHA) staff. They would work with state, federal and local partners that are part of the statewide system of Emergency Support Function 8, Public Health and Medical Services. Partners include local health departments, tribes, health care coalitions including emergency medical services (EMS), hospital emergency department (ED) staff, and non-profits.

Core activities that would be the focus of this POP are:
a) Improve public health emergency preparedness.
b) Expand on community resiliency outreach efforts.
c) Provide additional funding for local communities.
d) Review and update local, state, tribal and federal emergency response plans.
e) Improve emergency response capabilities; and
f) Increase emergency response training.

2. WHY DOES OREGON HEALTH AUTHORITY PROPOSE THIS POP?
Transportation-related hazmat incidents are a sizeable risk to the public's health and place a large burden on the public health system.

In 2013 the Public Health's Health Security, Preparedness and Recovery Program and the Office of Emergency Management collected data from all 34 local health departments, nine tribal nations, and our seven regional health care coalitions to assess the likelihood of hazmat incidents and their burden on the health system.

Data indicate that hazmat disasters, when they occur, are likely to overwhelm the public health and health care systems.

Local communities, tribal nations and state public health officials do not have the resources to prepare for or respond to threats presented by hazardous cargo being transported by water, roads or rail, including the increasing amount of crude oil shipped by train. This falls short of one part of the state's mission: Emergency Support Function 8 – Public Health and Medical Services.

3. HOW DOES THIS FURTHER THE AGENCY'S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?

This request will help to stabilize a trained workforce and strengthen community partners that can prevent, prepare, mitigate, respond to and recover from any all-hazard public health event. Preparing for public health disasters helps OHA meet the triple aim of better health (through building community resiliency), better care (ensuring that emergency care is available to Oregonians statewide) that and lower cost (by mitigating health care costs and creating business continuity plans for use during a disaster response and recovery phases).

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?

This POP is not tied to OHA performance measures. However, several metrics can be used to measure success including:

- Number of people receiving hazmat training, including first responders (EMS) and staff in health care, local, tribal and state public health;
- Number of trainings and exercises held (such as burn training, incident command training, drills and exercises);

- Number of Public Health volunteers listed in the State Emergency Registry of Volunteers in Oregon (Serv-OR) who are trained to respond to these hazards.

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.
Not at this time.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?
Alternatives are limited. Although federal grants are available, they are intended for emergency management agencies and do not include other agencies such as public health.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?
A hazmat transport event, such as an explosion, will cause immediate injuries and deaths. It would also make many peoples' chronic diseases worse and cause long-term injuries and mental health problems. Local hospitals and EMS agencies would be overwhelmed and need to rely on medical surge plans for response.

If this POP is not funded, Oregon Health Authority would not have the resources to dedicate toward planning, outreach and preparedness for a hazmat transportation incident. In the event of a hazmat transportation emergency, the response efforts from local, tribal and state agencies likely would be insufficient. Communities will not be able to plan, train, and hold exercises for a coordinated response effort, nor would they be able to cache equipment that could be used by the community, health care organizations and non-profits.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?
This POP would affect all 34 local health departments, nine tribal nations, seven health care coalitions, and non-profits by providing them with mini-grants for hazard training, planning and exercises. This POP also would

improve coordination and collaboration between OHA and its partners, including the Office of Emergency Management, State Fire Marshall's Office, Department of Environmental Quality, and Oregon Department of Transportation. It also would affect OHA communications, collaboration and coordination with Region Ten of the U.S. Department of Health and Human Services.

9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

a) The Governor's Office
b) Oregon Military Department, Office of Emergency Management
c) State Fire Marshall's Office
d) Department of Environmental Quality
e) Oregon Department of Transportation
f) Region X Health and Human Services
g) Conference of Local Health Officials

10. WHAT IS YOUR EQUITY ANALYSIS?

This POP is intended to serve all Oregonians. Members of certain populations and underserved communities (especially those living along transportation rights of way) may be at increased risk for adverse outcomes in a hazmat emergency. By integrating community resilience work with our hazard planning and response activities, we are focusing on these populations to work toward improving equity as a core activity.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Implementation Date(s): October 1, 2015

End Date (if applicable): N/A

a) **Will there be new responsibilities for Oregon Health Authority? Specify which Program Area(s) and describe their new responsibilities.**
New responsibilities within OHA will reside in two sections of Public Health: Health Security Preparedness & Response Program (HSPR) and Preparedness Surveillance and Epidemiology Team (PSET/ACDP). They would build on current all-hazards planning, training, response and recovering efforts, with a core focus on hazmat transportation issues.

b) **Will there be new Shared Services 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 - Shared Services LC/POP Impact Questionnaire (at the end of this document).**
Shared Services costs are applied to new positions. Funding is included in this POP.

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 exist 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.**
New staff:
a) X0872, OP/A-3, All-Hazard Planner (HSPR), PF, 21 months per biennium
b) C2328, PHE-2, Public Health Educator (HSPR) , PF, 21 months per biennium
c) C6217, Epi-2, Epidemiologist (PSET), PF, 21 months per biennium

e) What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?

There are no significant start-up costs. The training will be provided on an on-going basis.

Annual mini-grants: for local health departments, tribes, healthcare coalitions, and non-profits.

f) What are the ongoing costs?

Personal services (PS) and supplies and services (S&S) to support new staff are calculated for 21 months in 2015-2017, with a 24-month impact in 2017-2019.

g) What are the potential savings?

Potential savings come from preparedness efforts. Community preparedness, response and recovery for transportation emergencies can be life-saving and facilitate economic recovery post-disaster. Our primary goal is to build on the whole community's efforts to sustain the resiliency of their community, to strengthen the statewide public health system and to ensure that all Oregonians and their communities are better prepared.

h) Based on these answers, is there a fiscal impact?

Yes

TOTAL FOR THIS PACKAGE

Category	GF	OF	FF	TF	Position	FTE
Personal Services	$439,263	$0	$0	$439,263	3	2.64
Services & Supplies	$108,919	$0	$0	$108,919		
Special Payments	$451,818	$0	$0	$451,818		
Total	**$1,000,000**	**$0**	**$0**	**$1,000,000**	**3**	**2.64**

OHA - Fiscal Impact Summary by Program Area:

	PH Center for Practice	Total OHA
General Fund	**$1,000,000**	**$1,000,000**
Other Fund	**$0**	**$0**
Federal Funds- Ltd	**$0**	**$0**
Total Funds	**$1,000,000**	**$1,000,000**
Positions	**3**	**3**
FTE	**2.64**	**2.64**

What are the sources of funding and the funding split for each one?

State General Fund

2015-2017 Policy Option Package

Agency Name: Oregon Health Authority
Program Area Name: Public Health, Center for Health Protection
Program Name: Radiation Protection, Radioactive Material Licensing, X-ray, Tanning Programs
Policy Option Package Initiative: N/A
Policy Option Package Title: PH Radiation Protection Fee and Cap Increases
Policy Option Package Number: 407
Related Legislation: Legislative Concept 425
Program Funding Team: Healthy People

Summary Statement: This POP restores the Radiation and Protection Services (RPS) Section to the 2015-2017 current service level and restores the reductions taken in Package 070. The POP is dependent on the passage of Legislative Concept (LC) 425 that proposes increased fees and on raising the cap of certain fees in Radiation and Protection Services. Without the proposed change, the program would be required to abolish three full-time environmental health specialists which would lower our ability to prevent harmful radiation exposure. This POP restores these positions and authorizes the program to spend the revenue resulting from the proposed fee increases outlined in the LC.

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:		$593,755		$593,755

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

Radiation and Protection Services administers three regulatory programs: Radioactive Material Licensing (RML), X-ray Registration, and Tanning Registration. The mission is to protect the public and workers from unnecessary exposure to radiation by licensing, registration, inspection and investigation.

This POP proposes revision of fees within ORS 453.757 and ORS 431.940. This proposal outlines the following:

- Radioactive Materials Program to increase the radioactive materials licensing fee cap from $3,000 to $5,000 (ORS 453.757(2)).
- X-ray Registration Program to increase current registration fees (ORS 453.757(1)) by 25 percent.
- Tanning Registration Program to raise the tanning bed registration fee cap from $100 to $150 (ORS 431.940(2)).

The purpose of this POP is to adjust revenues for the 2015-2017 fiscal biennium to maintain current service levels for these programs.

The programs will implement the new fee structure in the following ways:

- In the future, Radioactive Materials Program will revise rules to adjust fees, following OAR procedures. Licensees currently at the $3,000 cap will see their fees increased along with the other licensees. The rules will not be revised to allow fee increases at the present time.
- X-ray Registration Program will invoice registrants with the revised registration fees beginning with the next billing cycle after the POP is approved. The next billing cycle would begin in August 2015, or August 2017 if the corresponding legislation does not contain an emergency clause.
- The Tanning Registration Program will invoice registrants with the revised registration fees after proposing fee revisions in OAR. The next billing cycle with new revised registration fees is projected to be before October 2015, or October 2016 if the corresponding legislation does not contain an emergency clause.

- Radiation and Protection Services has informed the Radiation Advisory Committee of the proposed changes. The committee supports the changes. Radiation and Protection Services will issue informational bulletins for each program describing the revised fee structure and the rationale of the fee increase and allow for stakeholder input during September and October 2014. In addition, three months before the affected billing cycle, RPS will send additional informational bulletins.

2. WHY DOES PUBLIC HEALTH PROPOSE THIS POP?

The Radioactive Materials Licensing Program (RML) revised administrative rules to raise fees during the 2013-2015 biennium. This was done to meet the program's projected expenditures. This POP would revise ORS 453.757(2) to raise the statutory cap for radioactive material licenses from $3,000 to $5,000. This will allow the program to be sustained solely by user fees. It also will maintain an equitable fee structure; without the cap increase, over time, the program would have to be supported by fees from other license categories.

The X-ray Registration Program proposes to amend statutes (ORS 453.757 (a) through (d)) to allow for a 25 percent increase for the registration of X-ray devices. The X-ray Program biennially inspects 3,370 facilities which possess over 10,700 devices with the potential for exposing the public and the worker to radiation. Due to a current shortage of funding, Radiation and Protection Services has been holding two inspector positions vacant. That has created a backlog of more than 800 inspections. Fees were last raised in 2007. The program needs to increase fees to remain solvent in the 2015-2017 and 2017-2019 biennia. If fees are not increased, the program would have to reduce X-ray staff by an additional 1 FTE for 2015-2017 and another 1 FTE in 2017-2019. This would increase the inspection backlog by 500, for a total backlog of 1,300. It also would jeopardize OHA's mammography contract with the U.S. Food and Drug Administration (FDA), which requires timely facility inspections. It also would be difficult to maintain an investigative services contract for the Oregon Board of Medical Imaging.

The Tanning Registration Program is recognized for having a progressive regulation program. The program's small staff (3 FTE) is responsible for inspecting more than 445 facilities and more than 1,900 tanning devices. Fees, last

raised in 2007, need to be raised for the 2015-2017 biennium to maintain fiscal solvency and avoid a substantial 1.7 FTE reduction in staff. Without the fee increase in statute, the program would be able to maintain only the device registration program. It would not be able to inspect facilities to enforce tanning statutes and rules, including the 2013 law prohibiting use of tanning devices by minors. Without the fee increase in statute, the program would have to reduce staff by an additional 2 FTE in the 2017-2019 biennium. This would effectively eliminate the tanning regulation program.

The elimination of the Tanning Registration Program could increase the cancer risk to Oregonians. People who start using a tanning bed before age 35 face a 59 percent greater risk of melanoma, according to the Melanoma Foundation of New England.

3. HOW DOES THIS FURTHER THE AGENCY'S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?

Radiation Protection Services serves the agency's mission by protecting Oregonians from unnecessary radiation exposure. Keeping the program's fee-based business model viable would allow it to continue this mission.

This proposal would sustain operations at current delivery levels by restoring three positions that were abolished in Package 070. Overall, if Radiation and Protection Services user fees are not increased, current staffing will deteriorate to a nominal service level. It also could eliminate the state's only radiation control agency. This would significantly increase the risk to all Oregonians of unnecessary exposure to radiation and increased risk of melanoma.

4. IS THIS POP TIED TO A PUBLIC HEALTH PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL PUBLIC HEALTH MEASURE THE SUCCESS OF THIS POP?

This POP is not tied to OHA Key Performance Measures. However, two metrics can be used to measure success:

- Percentage of radiation inspections completed within program rules and federal regulations;

- Percentage of radioactive materials validation certificates that are issued within 10 business days of receipt of annual licensing payment.

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.

Yes, it will require revisions throughout ORS 453.757 and ORS 431.940. The legislative concept number is 425.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

Radiation and Protection Services considered establishing new fees for radioactive materials license applications, inspections, waste disposal, etc. However, this could not be accomplished during the 2015-2017 legislative session. Such a delay would threaten Radiation and Protection Services' solvency.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

Oregonians potentially could experience adverse health effects from radiation exposure if these regulatory services are reduced or eliminated. Failure to fund this POP also could put Oregon at risk of defaulting on Governor Kulongoski's letter certifying that the State of Oregon will comply with the provisions of Section 651(3) of the Energy Policy Act of 2005.

For the Tanning and X-ray Programs, failure to maintain fiscal solvency would severely diminish the effectiveness of the existing program and potentially increase risks to the citizens of Oregon. No federal or local government regulatory programs exist for these programs.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

Governmental agencies affected by this POP will be academic, research, medical and transportation institutions that use electronic devices that produce radiation or use radioactive materials in their operations.

9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?
The Oregon Radiation Advisory Committee, representing various radioactive material and device registrants, licensees, and stakeholders, supported the Statement of Need and Fiscal Impact of raising RML fees by 25 percent. The committee by consensus supported the legislative concept of increasing the fees in statute.

10. WHAT IS YOUR EQUITY ANALYSIS?
This POP will affect the health and safety of all Oregonians without respect of race, ethnicity or gender. A reduction in program funding would affect all Oregonians equally by lowering our ability to prevent harmful radiation exposure.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?
The pricing of this POP was established by projecting revenues vs. expenditures to support current levels of services throughout the 2013-2015 biennium and the 2015-2017 biennium.

This POP restores three positions that were abolished in Package 70.

Implementation Date(s): July 1, 2015

End Date (if applicable): _____

a) **Will there be new responsibilities for OHA. Specify which Program Area(s) and describe their new responsibilities.**
No

b) **Will there be new Shared Services 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 - Shared Services 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.**
This POP restores full funding of positions that were abolished in package 070, reflecting the potential loss of revenue and capacity to do the work if this POP is not approved.

e) **What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?**
There are no start-up costs relating to this POP.

f) **What are the ongoing costs?**
The ongoing costs are Personal Services related to the positions.

g) **What are the potential savings?**
N/A

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	$494,780	0	$494,780	3	3.00
Services & Supplies	0	$98,975	0	$98,875		
Total	**$0**	**$593,755**	**$0**	**$593,755**	**3**	**3.00**

Oregon Health Authority - Fiscal Impact Summary by Program Area:

	PH-Protection-Radiation Protection	Total
General Fund	$0	$0
Other Fund	$593,755	$593,755
Federal Funds- Ltd	$0	$0
Total Funds	$0	$0
Positions	3	3
FTE	3.0	3.0

What are the sources of funding and the funding split for each one?

(Radiation Protection) Revenue Impact:

Description of Revenue	OF	FF	TF
Licensing fees (Comp Srce 0205)	$593,755	0	$593,755
Total	**$593,755**	**$0**	**$593,755**

2015-2017 Policy Option Package

Agency Name: Oregon Health Authority
Program Area Name: Public Health – Center for Health Practice and Health Protection
Program Name: Public Health Laboratory and Radiation Projection Services
Policy Option Package Initiative: N/A
Policy Option Package Title: PH Fee Increases, Legislative Approval Required under SB 333
Policy Option Package Number: 408
Related Legislation: Omnibus bill submitted on behalf of the Senate Bill 333 process
Program Funding Team: Healthy People

Summary Statement:

Seeks sanctioning for two fee increases, as required by SB 333.

Continues the newborn screening fee increase that funds severe combined immunodeficiency (SCID) screening for all Oregon newborns. Without the fee increase, babies born with SCID may not be identified in time to receive treatment required to save their lives.

Continues radioactive material license fee increases that fund personal services costs for inspection and licensure. If the fee increase is not continued, Oregon will not be able to meet inspection schedules and licensing responsibilities set by the Nuclear Regulatory Commission (NRC) and would lose its status as an Agreement State.

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:		$1,436,336		$1,436,336

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

SB 333 fee increases will support continued screening for severe combined immunodeficiencies (SCID) as part of the Newborn Screening Program. As of May 1, 2014, all newborns are screened for SCID as part of the newborn screening test panel. Newborns identified by screening are referred for medical consultation and treatment.

SB 333 fee increases also will support the Radioactive Material Licensing (RML) Program which:

- Increases the annual fees in OAR 333-103-0010(2)(a) through subsection (hh) by 25 percent for specific licenses (note: various subsections within the rule are at or near the $3,000 fee cap);
- Increases the annual fees in OAR 333-103-0015 by 25 percent in subsections (a), (b), (d), and (e) for general licenses and devices;
- Increase radiological analysis services fees in OAR 333-103-0035 (2) by 25 percent.

2. WHY DOES OREGON HEALTH AUTHORITY PROPOSE THIS POP?

Early identification of infants with severe combined immunodeficiencies (SCID) allows them to receive bone marrow transplants and lead a normal life. The treatment is effective only if a baby receives it before it is approximately 3-1/2 months old. Without treatment, a baby with this condition will die. This test is part of a panel of screenings recommended for all newborns by the U.S. Department of Health and Human Services. Oregon began doing this screening May 1, 2014. (During the first month of screening, one baby with SCID was identified and referred for treatment.) This POP will continue the fee increase that funds the screening.

Oregon assesses radioactive materials licensing (RML) fees to recover the costs of regulating the use of these materials for medical, academic, industrial and research purposes. The RML program is funded entirely by user fees. The projected 2013-2015 ending balance for these fees is estimated to be a negative $3,841. Projections show that the fee increase requested by the POP will generate the necessary income to meet 2015-2017 biennium expenditures.

3. HOW DOES THIS FURTHER THE AGENCY'S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?

SCID – Screening for severe combined immunodeficiencies (SCID) supports the triple aim of health care reform: better health, better care, lower costs. Early identification of newborn disorders leads to early treatment and prevents illness and death. Early identification and treatment also reduce health care costs of treating sick infants and children.

Radiation fees – The proposed fee increases are essential to ensure compliance with federal requirements. The federal Nuclear Regulatory Commission (NRC) requires the Public Health radiation regulation program to maintain minimum staffing levels, ensure that its regulatory program is compatible with federal regulations, and that the program remains fiscally solvent to protect the health and safety of Oregonians.

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?

This POP is not tied to OHA Key Performance Measures. However, several metrics can be used to measure success, including:

- Evaluation of testing turn-around times for newborn screening;
- Timely identification of babies born with SCID and referral to treatment;
- Compliance and enforcement percentage of radiation inspections completed within program and federal regulations;
- The percentage of radioactive material validation certificates issued within 10 business days of receipt of annual licensing payment.

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 requires passage of the fee increase under the legislative concept related to SB 333.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

a) Not screening for severe combined immunodeficiencies (SCID) was considered but rejected. Universal SCID screening of newborns prevents a universally fatal disease of infants and is the national standard of practice.

b) Sending the samples to another laboratory for screening was rejected because it is more expensive, less timely, and makes it harder to ensure referral to treatment of affected infants.

c) Radiation Protection Services considered establishing new radioactive materials licensing fees (application, inspection, waste disposal, etc.). It also considered implementation of other radiation protection programs (for example, regulation of lasers). However, it was determined that these ideas required further review for statutory authority and stakeholder support and could not be completed by 2015-2017. Such a delay would risk program solvency.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

SCID: Babies born with severe combined immunodeficiencies (SCID) would not be identified in time to receive treatment and would die.

Radiation fees: Current staffing for Radiation Protection will deteriorate to levels of nominal services (device registration-only programs, vs. no regulation) or to the elimination of the only radiation control agency in Oregon. It would significantly increase all Oregonians' risk of unnecessary exposure to radiation. Public Health would not be able to provide the Oregon Office of Energy with qualified personnel to respond to and mitigate a nuclear accident as directed by ORS 469.533 and 469.611.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?
SCID: None.

Radiation fees: This POP affects academic, research, medical and transportation institutions that use radioactive materials in their operations.

9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?
SCID: None.

Radiation fees: The state Radiation Advisory Committee, which has members representing various radioactive material industries, supported the proposal's statement of need and fiscal impact. During the rule review session of fee increases, committee members voted unanimously to support the proposed rule amendments.

10. WHAT IS YOUR EQUITY ANALYSIS?
SCID: Newborn screening is provided to all newborns regardless of the parents' ability to pay.

Radiation fees: This POP will affect the health and safety of all Oregonians without respect for race, ethnicity or gender. A reduction in program funding would affect all Oregonians equally by lowering our ability to prevent harmful radiation exposure.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?
Radiation Fees: The pricing of this POP was established by projecting revenues vs. expenditures to support current levels of services throughout the 2013-2015 biennium and the 2015-2017 biennium.

Implementation Date(s): July 1, 2015 (continuation of fee and work implemented 5/1/2014)

End Date (if applicable): _____

a) **Will there be new responsibilities for Oregon Health Authority? Specify which Program Area(s) and describe their new responsibilities.**
No.

b) **Will there be new Shared Services 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 - Shared Services 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.**
SCID: No changes in client caseloads. All newborns are currently screened for more than 40 disorders. This adds one test to the test panel but does not change the population served.

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.**
SCID: No new staff are required for severe combined immunodeficiencies (SCID).

Radiation Fees: The part of this proposal related to radiation protection fees will sustain operations at current service levels by restoring three positions which were reduced in package 070 Revenue Reduction.

e) **What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?**
There are no additional start-up costs.

f) **What are the ongoing costs?**
SCID: All of the SCID related costs are ongoing. They include costs for reagents for testing, equipment maintenance, and medical consultation. These costs are fully recovered through the fees paid for newborn screening.

Radiation fees: All Personal Services and Services and Supply costs in this POP are ongoing.

g) **What are the potential savings?**
SCID: The health care system will realize significant savings by early identification and treatment of babies born with SCID.

h) **Based on these answers, is there a fiscal impact?**
Yes.

SCID: Ongoing medical costs for 2015-2017 total $1,092,000.

Radiation fees: Position costs total $344,336 for 2015-2017.

TOTAL FOR THIS PACKAGE

Category	GF	OF	FF	TF	Position	FTE
Personal Services	0	344,336	0	344,336	3	3.00
Services & Supplies	0	1,092,000	0	1,092,000		
Total	**$0**	**$1,436,336**	**$0**	**1,436,336**	**3**	**3.00**

OHA - Fiscal Impact Summary by Program Area:

	PH Practice Lab	PH Protection RML	Total
General Fund	$0	$0	$0
Other Fund	$1,092,000	$344,336	$1,436,336
Federal Funds- Ltd	$0	$0	$0
Total Funds	$1,092,000	$344,336	$1,436,336
Positions	0	3	3
FTE	0.00	3.00	3.00

What are the sources of funding and the funding split for each one?
SCID screening is funded by the newborns screening fee paid by submitters (100 percent Other Funds).

PH Practice-Lab Revenue Impact:

Description of Revenue	OF	FF	TF
Other Charges (Comp Srce 0410)	$1,092,000	0	$1,092,000
Total	**$1,092,000**	**$0**	**$1,092,000**

PH- Protection-RML Revenue Impact:

Description of Revenue	OF	FF	TF
Business Licenses (Comp Srce 0205)	$344,336	0	$344,336
Total	**$344,336**	**$0**	**$334,336**

2015-17 Policy Option Package

Agency Name: Oregon Health Authority
Program Area Name: Health Programs
Program Name: Oregon Educators Benefit Board
Policy Option Package Initiative: Transparency and Engagement
Policy Option Package Title: Informed Enrollment Tool Enhancements
Policy Option Package Number: 409
Related Legislation: Not Applicable
Program Funding Team: Healthy People

Summary Statement:

This funding will allow the Oregon Educators Benefit Board (OEBB) to continue to make its online plan selection tool, (the Informed Enrollment Tool) available to eligible employees. The tool enables employees to easily compare the multiple medical plan options available to them during the annual open enrollment period and determine which plan makes the most of their health care dollars.

It also will allow OEBB to make the tool available to members year-round so that they can make better-informed health care choices. Finally, the funding will allow OEBB to continue to enhance the tool to better meet the unique needs of the governmental entities that participate in OEBB.

	General Fund	Other Funds	Federal Funds	Total Funds
Policy Option Package Pricing:		$450,000		$450,000

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WOULD IT BE IMPLEMENTED?

This Policy Option Package (POP) will provide OEBB with the funding to: 1) continue to make the Informed Enrollment Tool available to members, allowing them to compare the available medical plan options and determine which plan best meets their financial situation; 2) expand access to the tool for the entire plan year as opposed to a month-long enrollment window; and 3) continue to enhance the tool to recognize the unique characteristics, of the more than 250 different governmental entities that purchase benefits through OEBB.

This tool was originally made available as a part of a research project by the Massachusetts Institute of Technology (MIT) in partnership with Truven Health Analytics. It has grown to be one of the most valued tools OEBB provides during the annual open enrollment process. Members use it to model estimated out-of-pocket cots for each plan offered. Once they are enrolled in a plan, they also can use it to estimate the total cost to them of a planned medical service or procedure. The tool also helps members determine an appropriate amount to set aside in their health care flexible spending account (FSA) or health savings account (HSA). The tool has already been implemented. Its ongoing use will be monitored by a team comprised of OEBB staff and Truven representatives with assistance from individual member focus groups, participating entity business representatives, OEBB consultants and the board as needed.

2. WHY DOES OREGON HEALTH AUTHORITY PROPOSE THIS POP?

A budget note attached to HB 5030 (2013) directed the OEBB Board to appoint a workgroup to consider the following and report back to the Legislature:

- Payment and delivery reform options intended to provide incentives for the development of systems of care, in contrast to episodes of care;

- A plan to find better ways to inform OEBB members of the benefits of their health care coverage and provide information to allow more informed choices relating to their out-of-pocket costs for care options; and
- A way to receive reimbursement and other data from health care entities, in a format that would help achieve the goals of transparency and development of a baseline for health care costs.

The OEBB Budget Note Workgroup was made up of two OEBB Board members, key stakeholders representing the Oregon Hospital Association and area health systems and the OEBB administrator. The workgroup received a demonstration of the Informed Enrollment Tool and recommended OEBB continue to offer it to OEBB members, develop ways to make members aware of the tools available to them and encourage members to use available tools on an ongoing basis.

3. HOW DOES THIS FURTHER THE AGENCY'S MISSION OR GOALS? HOW DOES THIS FURTHER THE PROGRAM FUNDING TEAM OUTCOMES OR STRATEGIES?

One of the key components of OEBB's vision is to ensure members have access to information and resources that allow them to take responsibility for their own health outcomes and costs. The Informed Enrollment tool allows an OEBB member to compare the costs of each of the medical plans available before deciding which medical plan option to enroll in. It models out-of pocket health care costs for each medical plan based on actual medical claims during a prior 12-month period. The tool also allows members to include certain planned health care services (e.g., a planned birth, inpatient surgery, outpatient surgery) and chronic medical conditions in the calculations of out-of-pocket costs for each medical plan option. It also provides the member with an estimated total cost of the planned health care service.

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?

This POP will contribute to OEBB's success in meeting performance measures related to cost of care and customer satisfaction.

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?

OEBB has previously used spreadsheets and databases to allow members to compare features of health plans. Both required the member to have particular software and perform regular updates. Both tools were cost-effective but did not meet the user requirements and were deemed not feasible.

An in-house tool created by OHA allowed members to use a Web-based application. This resolved the compatibility and version issues. However, this tool was also limited to comparing medical plans at the benefit levels for common services and an estimate of the member's monthly premium.

The Informed Enrollment Tool resolves these issues. In addition, it is HIPAA-compliant, gives members both premium calculation and a comparison of the estimated out-of-pocket costs. The Informed Enrollment tool is a web-based application available through the MyOEBB online benefit management system. It does not require user downloads or updates.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

If this POP were not funded, the Informed Enrollment Tool would no longer be part of the OEBB members' benefit enrollment process. This means OEBB members would no longer be able to see how selecting the richest benefit plan can actually be more costly over a year's time than selecting a plan that is less expensive and aligns better with the member and their family's health care needs. It also means OEBB members would no longer have the ability to learn what the estimated total cost of a planned procedure or service would be and how much of those costs would be covered through the medical plan. This knowledge can be instrumental in encouraging members to consider alternatives, when applicable, and in helping members determine an appropriate amount to set aside in one of the pre-tax mechanisms (health care flexible spending account (FSA) or health savings account (HSA)) available through OEBB or their specific employer. In addition, OEBB would lose access to data that can help it modify benefits in the future and help participating government bodies when they consider future contribution levels toward employee benefits.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

Local governments choosing to participate in the OEBB benefits program as allowed under HB 2279 (2013) would also have this Tool available for their benefit-eligible employees if funding for this POP is approved. The impact would enhance access to the Tool for entities already participating in OEBB since it will be available year around when an employee is hired, newly eligible for benefits, or experiences a qualifying event allowing a mid-year plan change.

9. WHAT OTHER AGENCIES, PROGRAMS or STAKEHOLDERS ARE COLLABORATING ON THIS POP?

Local governments choosing to participate in the OEBB benefits program as allowed under HB 2279 (2013) would also have this tool available for their benefit-eligible employees if funding for this POP is approved.

10. WHAT IS YOUR EQUITY ANALYSIS?

The tool is not intended to address any specific racial or ethnic inequities, but can make comparing complex benefit plan designs and differences in monthly premiums much more accessible to individuals with limited education, knowledge, and skills in these areas. Although it is available only for use by English-speaking and -reading members at this time, OEBB plans to explore prospects for making the tool available in other languages and for OEBB members with visual impairments.

11. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Implementation Date(s): 7/1/2015

End Date (if applicable): _____

a) **Will there be new responsibilities for Oregon Health Authority? Specify which Program Area(s) and describe their new responsibilities.**
   No.

b) **Will there be new Shared Services 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 (pages 12-13).**
   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.
No.

e) What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?
$0.00

f) What are the ongoing costs?
Not known at this time, OEBB may have future enhancements.

g) What are the potential savings?
Not known at this time.

h) Based on these answers, is there a fiscal impact?
Not known at this time.

TOTAL FOR THIS PACKAGE

Category	GF	OF	FF	TF	Position	FTE
Personal Services	0	0	0	0	0	0.00
Services & Supplies	0	$450,000	0	$450,000		
Capital Outlay	0	0	0	0		
Special Payments	0	0	0	0		
Other	0	0	0	0		

Total	**$0**	**$450,000**	**$0**	**$450,000**	**0**	**0.00**

Oregon Health Authority - Fiscal Impact Summary by Program Area:

	OEBB	Program Area 2	Program Area 3	Program Area 4	Total
General Fund	$0	$0	$0	$0	$0
Other Fund	$450,000	$0	$0	$0	$450,000
Federal Funds- Ltd	$0	$0	$0	$0	$0
Total Funds	$450,000	$0	$0	$0	$450,000
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?

OEBB Revenue Impact:

Description of Revenue	OF	FF	TF
Licensing fees (Comp Srce 0975)	0	0	0
Medicaid (Comp Srce 0995)	0	0	0
Admin and Service Charges (Comp Srce 0415)	$450,000	0	$450,000
Other (Comp Srce XXXX)	0	0	0
Other (Comp Srce XXXX)	0	0	0
Total	**$450,000**	**$0**	**$450,000**

Oregon Health Authority
AFFIRMATIVE ACTION REPORT

This report summarizes the progress that the Oregon Health Authority (OHA) has made in accomplishing its Affirmative Action goals for the 2013-2015 biennium, and identifies the agencies goals for 2015-2017.

ACCOMPLISHMENTS: 2013-2015

The Oregon Health Authority continues to work to develop a diverse and inclusive organization, and build upon successes to achieve a more culturally competent work force, create culturally appropriate and effective programs and service delivery systems and develop quality improvement strategies. The OHA Affirmative Action Plan is a key component of the agency's ongoing diversity, inclusion and civil rights efforts. The plan and other initiatives 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 OHA to better understand and respond to the needs of our public.

Especially notable in this reporting period was OHA's adoption of Equity and Inclusion Initiatives slated for full implementation in 2015-2017. The 2013-2015 biennium was dedicated to the development of the policy foundation and/or implementation of the following equity, inclusion and affirmative action initiatives: Discrimination and Harassment Free Workplace, Employee Resource Groups, Diversity Recruitment Policy, Non-Discrimination Policy for the public, Supplier Diversity, Language Access, Bilingual Proficiency, Americans with Disabilities Act, Cultural Competency and Continuing Education and Diversity Leadership Team.

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 2013-2015 goals:

1. **Meet and exceed parity in all EEO job categories and subcategories.**

- Increased total agency-wide representation of people of color (POC) by two percent since June 30, 2012.
- Consistently exceeded market standards in terms of employment of women, at 65 percent in the current workforce.
- Recruited applicants of color by posting job announcements through culturally specific newspaper publications, civic organizations and listservs, including that of the Governor's Affirmative Action Office.
- Collaborated with Office of Human Resources to develop ambitious standards for recruitment via the Diversity Recruitment Policy and procedures which require a diversity recruitment plan for all recruitments, diverse interview panels and diverse candidate pools.
- Participated as a sponsor of Partners in Diversity in "Say Hey" and "Breakfast for Champions" quarterly events.
- Participated in multiple job fairs throughout the state which focused on applicants from communities of color, people with disabilities and Veterans, including OHSU Night for Networking, City Career Fair, and a variety of higher education and culturally specific events.
- Developed a reasonable accommodations procedure under the ADA and a staffing plan to best serve OHA employees and managers.

2. Increase OHA focus on retention.

- Implemented Diversity Recruitment Policy and developed procedures that focus on recruitment efforts in communities and populations that are underrepresented based upon Affirmative Action and Equal Employment Opportunity data.

- Continued to assess the agency's hiring and retention practices for people of color at Salary Range 21 and above and for people with disabilities at all salary levels.

- Developed an agency-wide Employee Resource Groups plan that allows employees to use three hours of work time per month to participate.

- Provided and consulted on the development of cultural competency training, policy training on discrimination and harassment free workplace and maintaining a professional workplace.

- Developed and implemented 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.

- Conducted webinars on health equity, diversity, inclusion and cultural competency. These webinars are promoted and made available to all staff and community partners.

- Developed a data base to track discrimination, harassment, retaliation and systemic issues in the workplace. Conducted analysis and reporting to identify areas for improvement.

3. Increase OHA focus on equity, diversity and cultural competency.

- Developed an RFQ to solicit trainers and consultants who specialize in equity and inclusion. Selected qualified applicants and published a Training Registry so that OHA programs, offices and divisions could choose from vetted and qualified professionals to deliver training and consultation.

- Developed a core value regarding Health Equity and integrated diversity and inclusion, and health equity strategies, outcomes and metrics into the OHA enterprise-wide management system.

- Developed policy and systems to deliver linguistically appropriate services to the public. To ensure quality and proficiency of its "bilingual staff", OEI has developed and started implementation of Bilingual Proficiency Standards policy to establish a standard baseline and assure the language proficiency of its employees.

- Developed a structure for a Diversity Leadership Committee to support agency-wide recruitment, retention, affirmative action and culturally and linguistically appropriate services.

- Agency diversity and inclusion staff provided consultation and review of policies and procedures to ensure that elements of cultural competency and cultural appropriateness are embedded throughout such policies.

- Ensured legislative concepts and budget proposals include consideration of equity, diversity, inclusion, cultural competency and cultural appropriateness.

- Hosted community forums within communities of color and other stakeholder communities to increase awareness, solicit input and educate to assess and receive feedback regarding the needs of these communities.

- Developed 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 include measures of health and human services, health-related behaviors and outcomes and social factor

- Maintained administration and management communication of and expectations around agency-wide equity and inclusion initiatives through the OHA Directors' weekly messages. Topics have included Civil Rights for the public, Discrimination and Harassment Free Workplace, Employee Resource Groups, Supplier Diversity and the Diversity Recruitment Plan.

- Maintained agency-wide communication around agency-wide equity and inclusion initiatives through presentations at leadership and all staff meetings. Topics have included Civil Rights for the public, Discrimination and Harassment Free Workplace, Employee Resource Groups, Supplier Diversity, Language Access and the Diversity Recruitment Plan.

4. Increase evaluation, communication and collaboration to achieve Affirmative Action Goals.

- Hired two equity and inclusion research analysts to improve evaluation, analysis and reporting systems for OHA.

- OHA Cabinet and the Office of Equity and Inclusion completed a 16 month equity and inclusion learning series developed as a collaborative learning cohort that met three hours a month for learning, reflection and courageous conversations on race, health equity, diversity, inclusion and civil rights.

- Re-administered the Intercultural Development Inventory (IDI) to OHA Cabinet members and the Office of Equity and Inclusion staff , post learning series, to further increase the use of assessment technique strategies, measure progress, measure the efficacy of learning interventions and facilitate a discipline of evidence based practice.

- Participated 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.

- Collaborated with the Office of Contracts and Procurement, Business Oregon, DAS, local vendors and minority chambers of commerce to increase business opportunity for Minority, Women and Emerging Small Business.

- Developed and started implementation of the OHA Supplier Diversity Policy in compliance with the Governor's Executive Order 12-03.

5. Improve ability to measure and benchmark data to document progress and barriers to achieving Affirmative Action goals.

- Reviewed procedures for applying Veterans' preference to ensure appropriate considerations for eligibility are consistently being applied in the application process.

- Optimized the use of Oregon E-Recruit System to assess for the diversity of candidate pools per the OHA Diversity Recruitment Policy.

- 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.

- Participated in ongoing consultation and review of Coordinated Care Organizations (CCOs) Transformation Plans to ensure ongoing integration of equity, diversity and inclusion best practices.

- Assessed and advocated for the integration of health equity into all programs and activities within OHA. OEI developed policies for collecting, analyzing, and reporting meaningful race, ethnicity and language data across OHA.

- Participated in the Diversity Inc. Top Diversity Employers survey to benchmark its diversity and inclusion progress against industry standards.

STATISTICAL SUMMARY

In OHA as of June 30, 2014;

- There were 4248 State government employees * in OHA.

- Women represent 65 percent of all employees in OHA.
  - Women represent 62 percent of all employees at salary range 24 and above in OHA.

- People of color represent 19 percent of all employees in OHA.
  - People of color represent 13 percent of all employees at salary range 24 and above in OHA.

- People with disabilities represent 1.5 percent of all employees in OHA. The numbers represent only those employees who voluntarily disclose disability status.
  - People with disabilities represent 1.3 percent of all employees at salary range 24 and above in OHA.

*The statistics for all of State government includes OHA.

TRENDS SUMMARY

The agency has experienced a slight increase in the workforce representation of people of color overall and in management positions. OHA experienced a decline in the number of people with disabilities represented within OHA's workforce during this report period. Statistical data for people with disabilities are dependent on voluntary, self-identification. OHA conducts regularly scheduled surveys to offer employees an opportunity to self-identify.

2013-2015 Affirmative Action Plan Progress Report

The Governor's Diversity and Inclusion and Affirmative Action Office establishes parity goals for each agency. These parity goals provide a limitation in data analysis as the parity calculation is not based on current Census data.

By current, yet outdated parity goals, OHA has 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. OHA has developed and is currently implementing a diversity recruitment policy and procedures that focus additional efforts to attract and retain people of color and people with disabilities into many job categories.

Corrective Action (2013-2015 and six-year plans)

Although the Oregon Health Authority has been successful in meeting some over-all goals, analysis of the disaggregated figures provide further opportunity for the OHA to improve the performance of its various divisions and major programs.

The following information identifies areas where OHA is under parity in EEO job categories (A through H) as of June 30, 2014, 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: 15 FTE under parity in this category in OHA.

People with Disabilities: 5 FTE under parity in this category in OHA

B. Professionals (SR 21-33):

Women: 0 under parity in this category

People of Color: 6 FTE under parity in OHA

People with Disabilities: 65 under parity in this category in OHA.

C. Technicians (SR 12-26):

Women: 0 under parity in this category in OHA.

People of Color: 0 FTE under parity in this category

People with Disabilities: 3 FTE under parity in this category in OHA.

D. Protective Service Workers:

There are no OHA employees in this EEO job category.

E. Paraprofessionals (SR 14-21):

Women: 4 FTE under parity in this category, 0 in DHS and 2 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 40 in OHA.

F. Administrative Support (SR 07-23):

Women: 0 FTE under parity in this category

People of Color: 0 FTE under parity in this category in OHA.

People with Disabilities: 0 FTE under parity in this category in OHA.

G. Skilled Craft (SR 12-26):

Women: 2 FTE under parity in this category in OHA.

People of Color: 0 FTE under parity in this category in OHA.

People with Disabilities: 0 FTE under parity in this category in OHA.

H. Service Maintenance Workers (SR 09-20):

Women: 2 FTE under parity in this category 2 in OHA.

People of Color: 0 FTE under parity in this category in OHA.

People with Disabilities: 11 FTE under parity in this category in OHA.

OHA EEO-4 Job Group Utilization Summary Chart

As of 6/30/2014

EEO-4 Category	Women (Under parity?)		People of Color (Under parity?)		People with Disabilities (Under parity?)	
		OHA		**OHA**		**OHA**
A. Officials and Administrators (SR 24-44)		No		**Yes 15**		**Yes 5**
B. Professionals (SR 21-33)		No		**Yes 6**		**Yes 65**
C. Technicians (SR 12-26)		No		No		**Yes 3**
D. Protective Service Workers		NA—none in OHA		NA—none in OHA		NA—none in OHA
E. Paraprofessionals (SR 14-21)		**Yes 2**		**Yes 1**		**Yes 40**
F. Administrative Support (SR 07-23)		No		No		No
G. Skilled Craft (SR 12-26)		**Yes 2**		No		No
H. Service Maintenance Workers (SR 09-20)		**Yes 2**		No		**Yes 11**

**This summary is based on OHA EEO Report from DAS. "YES" indicates a possible disparity. Larger numbers indicates a greater gap in reaching parity as set by DAS. There are no Protected Service Workers in OHA.*

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 will be increased and targeted.

Provide managerial and non-management staff with training and development opportunities to support career development, organizational growth and effective inclusive service delivery. A department-wide cultural competency training initiative started in August 2007 and is currently under revision through consultation by the OHA Office of Equity and Inclusion.

Continue to increase the number of qualified women, people of color and people with disabilities on our applicant lists for job openings in collaboration with hiring managers, the Office of Equity and Inclusion and the Office of Human Resources 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.

Continue to act upon recommendations made as a result of a comprehensive review of 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.

Develop a strong Diversity Council/Diversity Leadership Committee, local diversity committee structure and Employee Resource Group structure throughout OHA.

AFFIRMATIVE ACTION GOALS FOR 2015-2017

The following goals which were identified by an affirmative action planning group from - OHA for 2013-2015 have been reaffirmed as a focus for the 2015-2017 biennium.

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 OHA implementation and practice of equity, diversity, inclusion and cultural competency in services and in 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.

Oregon Health Authority
AUDIT RESPONSE REPORT

1. 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 took 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 year's 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.

OHA established a documented procedure to finalize the state's enrollment figures for CHIPRA Performance Bonus submissions. For each year's submission, OHA management reviews and follows the procedure to ensure: 1) Staff use the correct computer query and criteria for pulling the enrollment data; 2) The query results are compared to the previous year's results to identify any potential issues; and 3) the information is reviewed with OHA management for final approval.

- 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 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; and*
- *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 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 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.

While Healthy Kids no longer purchases advertising services, Healthy Kids instituted a tighter tracking and filing system for purchase orders, invoices and contracts to help make sure that all required documentation was obtained and saved. In addition, Healthy Kids instituted a tighter tracking and filing system for advertising purchases and explicitly required proof of purchase in all advertising contracts. Healthy Kids staff continues to use these tighter manual paper processes for tracking other contracts as a safeguard.

While Healthy Kids advertising has been fully concluded, extensive tracking of other expenditures (i.e. grant expenditures) has been established within the outreach division, in collaboration with OHA budget and the Office of Financial Services.

DHS and the Oregon Health Authority (OHA) have updated their delegated authority policy, procedures and form, and implemented a new delegated system that provides better tracking and reporting of delegations. In addition, the agency completed a full roll-out of the new delegation form for all staff with expenditure authority. The Office of Financial Services has established a database where authority for all individuals can be viewed. Healthy Kids staff are fully aware of signature authority requirements and ensure on an ongoing basis that all program elements of the delegation of authority process are being duly observed.

Signature authority delegation has also become a part of the onboarding process for relevant staff within the Office of Client and Community Services outreach division, where Health Kids outreach was also managed.

Further, the three coding errors identified during the audit have been corrected and the appropriate reimbursement rate recorded.

2. 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 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.

Reports are sent by the contractor on Mondays and are verified with loaded rates in MMIS on Wednesdays. Reports are verified and then scanned.

- 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.

On June 27, 2013, the State Financial Reporting unit sent a year end task list to all Shared Services staff that included a training section on prior period adjustments. Additional prior period adjustment training was sent on June 10, 2013 to all staff in the Office of Financial Services newsletter that included a training section on prior period adjustments. The State Financial Reporting unit provided prior period adjustment training on March 19, 2013 during a Receipting Unit continuous improvement meeting. The Grant Accounting manager now requires staff to submit balance transfer documents that affect prior periods to State Financial Reporting 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 caseworker'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 reviewed the case with the private dental insurance and found that no reimbursement of CMS was required. The department also addressed reviewing applications for insurance policy disclosure and the requirement to send the information to HIG in a newsletter to field staff and addressed these issues at an AAA/APD Field Managers meeting in September 2012. All actions on this recommendation were completed in August 2013.

- 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 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, 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 implementation of the portal for the "grant-phase look-up" (the last major excel spreadsheet) was implemented February 1, 2013. The cost allocation system no longer relies on any spreadsheet maintenance and is updated by a user interface.

3. 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 the 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).

DHS and OHA are consistently looking for ways to increase MOE in some grants and ensure the legislature is aware of impacts to MOE on others. DHS and OHA strive to understand all grant Matching and MOE requirements and look for innovative ways to maximize both.

Management of LOE and Maintenance of Effort (MOE) is an ongoing focus within the agencies as part of successfully managing our federal grants. As MOE and Matching requirements do change with new grants this is never truly complete. In addition, staff turnover requires "white" papers and other trainings, including self-directed training, on LOE requirements in both DHS and OHA. In addition, at times other agency grants are needed to be researched. This is an ongoing part of what DHS and OHA do to manage grants.

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.
In fiscal year 2013, OHA leveraged an additional $230 million in federal funds as part of the five year Medicaid waiver with Center for Medicare and Medicaid Services (CMS) known as DSHP (Designated State Health Programs.) Investments by CMS in DSHP are a strong partnership between OHA and the federal government deemed necessary to implement the health system transformation.

We will continue to 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.

4. 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.*

More recently, enrollment and encounter data from Oregon's Medicaid Management Information System (MMIS) were compiled and analyzed to determine statewide and regional utilization of mental health

services overall and within the populations specified in the audit report. These utilization rates were compared with target ranges based on national studies of the prevalence of mental health needs among similar child subpopulations.

Currently, Addictions and Mental Health (AMH) Children's Team and Health Analytics are collaborating to develop a quarterly report which will be used to monitor utilization of mental health services within each of the identified subpopulations, compared to overall utilization rates. The report will show a target range for each population (described in detail under the third recommendation in this document), and will include regional (CCO) level breakdowns.

These reports and analysis will be shared with our child and family providers and stakeholders.

During the baseline study period of calendar years 2009, 2010 and 2011, quarterly utilization of mental health services averaged 5.3% of all children age 0-17 enrolled in Medicaid services in Oregon. The quarterly rates ranged between 4.8-5.8% in a seasonal cycle with higher utilization in winter and spring and lower rates in summer and fall.

- *Among younger girls baseline utilization rates were consistently about 1.5 percentage points below the overall rates, varying little (3.9% and 4.4%), with an average quarterly rate of 4.1%. These rates fall within the lower part of the target range of 2.1-8.9% (see Recommendation #3).*
- *Baseline utilization rates for children of Hispanic or Latino ethnicity were 3.0 to 3.4 percentage points lower than for all children until the last two quarters of 2011. The percentage receiving mental health services ranged from 1.8% to 2.7%, averaging 2.5% per quarter. Although utilization among Hispanic children did show a modest upward trend, increasing at a rate of 0.3% annually, the rates remained well below the target range of 4.1-9.0%.*
- *Quarterly utilization was lowest among children age 0-6 years, ranging from 1.3 to 1.9 %, below the target range of 2.0-5.3% for young children. However, since none of the studies covered children under two years of age, it is expected that the difference would be smaller if younger children had been excluded from the baseline results.*

To adequately address the difference in service utilization, understanding why those rates exist is critical. Several factors contribute to under-reporting of mental health needs and under-utilization of mental health services among various populations.

The comparatively small proportion of young children served may reflect the fact that mental health problems do not typically manifest until age 3 or older, compounded by increased emphasis on enrolling eligible children in OHP at birth.

Children who suffer from emotional and behavioral disorders whose behaviors are disruptive are far more likely to be referred to treatment services than individuals who internalize their emotional and behavioral disorders. This may explain in part why fewer young and latency aged girls access mental health services. It has been suggested that at-risk girls who are identified and offered services before latency may be better equipped to handle the stresses associated with adolescent and less likely to need treatment for more serious disorders later on.

Additionally, the perception of mental health services as stigmatizing by Latino families is more prevalent than it is with Caucasian families. Furthermore, Latinos are twice as likely to seek treatment for mental disorders in general health care settings as opposed to mental health specialty settings. This suggests that a culturally sensitive way for AMH to approach mental health services for Latino children and families would be to ensure that primary health care providers are equipped to provide appropriate services and referrals, including closer collaboration between mental health and primary care practitioners serving Latino families.

The following action items are currently being implemented within AMH:

Young Children and Latino Outreach and Service

- *AMH issued a Request for Information to grant 12 to 13 new sites, in addition to the existing four sites, to provide Parent Child Interaction Therapy (PCIT), an evidence-based practice therapy for young children 2-7 years of age with disruptive behavior disorders, and young children who have experienced abuse and neglect. A significant component of the RFP is ensuring that expansion sites will have bi-lingual/bi-cultural staff and promotoras to provide outreach to the community.*

- *Collaborate with Early Learning hubs to ensure early screening and assessment to identify younger children in need of mental health services and increase referral for younger children to appropriate services. Provide PCIT training to Headstart mental health staff.*

Girls and Latinos

- *Integration between primary care settings and behavioral health will increase access for populations who are unlikely to self-refer to specialty behavioral health, including the Hispanic population and girls.*
- *AMH is contracting with the Oregon Pediatric Society to provide adolescent depression screening training for primary care practitioners for all children, ages 12 to 24 during well-care appointments and linking those primary care practitioners to local mental health resources when mental health services are required.*
- *AMH and Public Health recently released a Request for Proposals to increase the availability of mental health clinicians in School Based Health Centers by 26 FTE. Many of the SBHCs serve elementary, middle and high schools. Ten of the SBHC clinics will work with the Oregon Pediatric Society to implement the adolescent depression screening as a piloted effort to improve referral. This will increase mental health identification for under-represented populations.*
- *AMH recently contracted with OHSU to implement OPAL-K a psychiatric access line that provides consultation to primary care physicians. With direct access to a psychiatrist, we anticipate that primary care physicians, particularly in rural areas of the state, will be able to provide consultative services to abate psychiatric crisis and assist in appropriate referrals to services.*

Additionally

Over the next two years, AMH will be changing its client monitoring system to the Measures and Outcome Tracking System (MOTS) which will allow for increased client detail tracking and will require providers to include non-Medicaid client service data.

A work group with participants from AMH, the Office of Equity and Inclusion, Portland State University, and other agencies conducted a review of research on the prevalence of mental health needs within each of

the identified populations. The group identified statewide utilization target ranges, based on synthesis of findings from these studies. They are:

•Children age 0-6: between 2.0% and 5.3%

•Girls age 2-13: between 2.1% and 8.9%

•Hispanic children: between 4.1% and 9.0%

These target ranges will be shown on the quarterly utilization reports.

AMH funded training to increase clinician ability to conduct comprehensive mental health assessments for young children. Debby Bassett, MA, a certified trainer in Child Parent Psychotherapy, provided two days of training for 17 clinicians in the Greater Oregon Behavioral Health, Inc. area on September 20-21, 2012.

AMH has committed additional resources to expand Parent Child Interaction Therapy to eleven additional sites which include training in how to conduct an assessment for young children.

AMH is investigating the possibility of creating a scholarship program for community mental health programs to send clinicians to receive certificates in Early Childhood mental health services. There is a workforce shortage of clinicians who understand the developmental needs of young children and providing early childhood mental health services.

The Oregon Health Authority is a participant in the development of the early learning hubs and AMH is working with the Early Learning Division Council to ensure that there are strong linkages between early childhood mental health providers and local hubs.

AMH has collaborated with Child Welfare to transfer the Child and Adolescent Needs and Strength Screening (CANS) administration from Child Welfare to mental health through the Coordinated Care Organization (CCO) contracts. Beginning July 1, 2014, the mental health system will administer CANS on all children within 60 days of being brought into child welfare custody. By having mental health

professionals administer the CANS they will be coupled with the mental health assessment to provide a more comprehensive assessment and to inform the treatment plan. Because the CANS is child welfare's current rate setting tool, this is expected to increase children's access to mental health professionals, increasing the number of mental health assessments provided to younger aged children and therefore increase services. Additionally, the CANS tool has a tailored version to accurately assess the needs and strengths of young children.

- 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 also planned to 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.*

AMH is only able to provide oversight, contract management and incentives for children insured by Medicaid. The private insurance system is outside of the oversight of the Oregon Health Authority.

AMH conducts reviews of Community Mental Health Programs (CMHP). Within the site review chart review is completed to track access to services and time span between referral to first appointment. In addition, access to services is evaluated through consumer and stake holder interviews to ensure community needs are met and access to services is family driven.

For children with Medicaid insurance, there are protections in place to ensure expediency within the contract between the Oregon Health Authority and CCOs in the event that a family, guardian or youth requests mental health services from a certified mental health provider. Additionally some CCOs have incentivized active engagement of clients by measuring the timeframe from assessment to first appointment by offering bonus payments.

At this juncture, the CCOs are highly motivated by the current metrics, of which two are directly related to children's mental health. AMH has established monitoring mechanisms for CCO compliance with an incentivized outcome measure for clinical follow up within 7 days of transition from an inpatient psychiatric hospitalization.

As CCOs shift their payment to mental health providers away from a fee for service payment model to payment based on good client outcomes, we anticipate better overall care including more intensive services for at risk children and youth at the beginning of treatment when engagement is critical.

It was AMH's intention to sample 30 CMHP files of youth who were determined to have gaps in claims/encounter data. This list was provided to the CMHP review team and reasons for gaps were documented. This procedure occurred on five reviews during 2013. This process was not consistent over all CMHP reviews due to work force shortages. Following some CMHP site reviews, AMH staff reported verbally or by filling out a form provided prior to the review, on the extent to which the files examined during the review adequately documented the circumstances and follow-up efforts pertaining to each break in services found.

CMHPs received technical assistance regarding documentation best practices. CMHPs are encouraged to document all efforts made to engage and provide outreach to children and families receiving services. Some CMHPs retroactively were able to do document the reason the gap in service during the AMH review. Going forward AMH will provide CMHPs with technical assistance to ensure contracted providers will be expected to document client cancellations or do not show for appointments and furthermore, document the attempts to re-engage the client in services when appropriate.

While documenting breaks in service and follow-up is best practice, this is not specified in the Oregon Administrative Rule. AMH does not have the authority or personnel to monitor and ensure best practices are enforced. No further action will be taken other than continuing to providing technical assistance on best practices when appropriate.

Analyzing data to determine unplanned service breaks is not currently feasible at the State level given the existing payment and data infrastructure. The CCOs are responsible for assuring that continuity of services is maintained and that long breaks between services are identified, documented, monitored and, when necessary, addressed.

During Community Mental Health Program (CMHP) site reviews a sampling of open and closed records are consistently reviewed at least every three years. Service breaks are analyzed and checked during these routine reviews for adequate documentation as well as adequate out-reach on behalf of the CMHP. In higher levels of care, such as Intensive Treatment Services, these records are reviewed by the contracting CMHP as well as AMH if the program is a day treatment or residential provider.

An additional review is conducted by the Office of Licensing and Regulatory Oversight annually and records and gaps in services are analyzed at this time as well.

As mentioned above, AMH continues to include in CMHP sites reviews, chart audits to track gaps in services and reengagement and outreach efforts. Technical assistance is provided regarding engagement strategies to reengage children. Providers are encouraged to ease access to services. As the CCO

development shifts the incentives from being reimbursed based on individual services and rewarded for improved outcomes, we anticipate a great emphasis on completed treatment episodes and outreach to "at risk" clients when there is a break from service.

Within the 2014-2015 biennium an additional 4-6 Wraparound sites will be added to the System of Care across the state. This will infuse additional intensive care coordination into the system ensuring reengagement and client retention efforts. Care coordination at this intensity will decrease service breaks for children and youth who are significantly at risk for bad outcomes if services cease prematurely.

In addition, in this biennium four Youth Hubs will be created across the state targeting the 14-24 year old population. There are distinct service components within this model to include outreach, engagement; recovery oriented planning and creating social support systems. Peer support provided by young adult peers is a critical component of this model, particularly for young adults who are disengaged or reluctant to access services.

5. 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.

6. DHS/OHA: Health and Human Service Caseload Forecasting: Ways to Increase Confidence, audit # 2013- 03, (dated February 2013)

DHS and OHA agree that accurate caseload forecasts are critical for agency budgeting and legislative allocation of limited state funds. Since both agencies are required to report to the Emergency Board and

would prefer to avoid unnecessary rebalances, both agencies have a strong incentive to support forecasts which are neither too high, nor too low.

As documented in the report, the DHS and OHA Office of Forecasting, Research and Analysis (OFRA) has knowledgeable staff, uses reasonable methodologies, and produces forecasts that are generally accurate, have improved over time, and have no indication of overall bias. It was also determined that OFRA's forecasts are only marginally less accurate than those produced by Washington State's independent Caseload Forecasting Council. OFRA performs an array of supplemental research, analysis, and consulting services for DHS and OHA that would still be needed if the unit was moved out of the agencies.

The report also notes that forecasts are inherently uncertain for a variety of reasons. However, DHS and OHA believe that federal and state policy and procedures have the largest impact, with economic and demographic impacts secondary. While the forecasting unit strives for accuracy, subsequent adjustments and corrections are to be expected. The realistic expectation of inaccuracy is one of the primary reasons the forecast is updated twice each year and incorporated into the budget adjustment requests submitted to the Emergency Board.

The report describes how the forecasted 2011-13 caseload for Aid to the Blind and Disabled program (ABAD) varied over the course of seven forecast cycles. DHS and OHA generally agree with the basic facts as presented, but not with the view expressed in the report that the error was due to a lack of independence or that more than half of the error was not justified by the information available at that time. The majority of the caseload increase which ultimately proved to be wrong was discussed and approved in the fall 2010 forecast by the Medical Assistance Program Caseload Advisory Committee, which included staff from both the Department of Administrative Services (DAS), Budget and Management Division (BAM) and the Legislative Fiscal Office (LFO). While not noted in the Fall 2010 DHS and OHA Caseload Forecast report, one of the factors that contributed to the inaccuracy was the fact that Social Security had experienced a steep increase in disability applications since the Great Recession began. This had been widely reported in the national press,

so forecasting unit staff considered it reasonable to anticipate some increase to the rate of growth for the ABAD caseload.

DAS Budget Policy Analysts and LFO staff have participated in the caseload forecasting process for many years. In addition, since DHS and OHA split into separate agencies in July 2011, formalized governance processes have been created to oversee all shared services units, including forecasting. As mentioned in the report, the forecast unit administrator reports to the DHS Chief Financial Officer and the OHA Budget Director, and the unit itself operates under authority of the DHS and OHA Joint Operations Steering Committee (JOSC). JOSC has authorized two governance documents that pertain to the forecasting unit: a Service Level Agreement which lays out the unit's key responsibilities and deliverables, and a Caseload Forecast Advisory Committee Charter which specifies the authority, roles, and responsibilities of the committees, their members, and the forecast unit.

The forecasting unit has also documented key processes and established performance metrics. Documentation includes monthly forecast accuracy reports, methodology(s) used to create the forecast for each caseload area, key process flow charts, an annual calendar for scheduled work, and a unit performance scorecard.

DHS and OHA strive to be transparent. To that end, an internet website has been created that is expected to go live within the next two weeks. It will be easily accessible from both the DHS and OHA home sites. The new website will include work products (e.g. caseload forecasts and monthly variance reports), administrative documents (e.g. materials on governance and methodology, names of advisory committee members, etc.), and links to other forecasting units. DHS and OHA have been routinely posting forecasts online and the bi-annual forecasts going back to 2006 are currently available.

- To improve the independence, oversight, and transparency of the forecast unit, we recommend the Department of Human Services and the Oregon Health Authority:
    - Consider creating a policy oversight committee responsible for review and adoption of caseload forecast policies and procedures, and to help ensure forecaster independence.

A technical oversight committee was created to:

1) *Review and make recommendations to the DHS|OHA Joint Operations Steering Committee (JOSC) concerning the forecast unit's policies, procedures, governance, methodologies, etc.*
2) *Serve as an independent channel for forecasters (or anyone else) to raise issues they perceive as jeopardizing or affecting forecast quality or forecaster independence.*

A charter for the committee was drafted and reviewed by DHS COO, OHA COO, DAS CFO and LFO. The charter was submitted to JOSC and received final approval on November 21, 2013. Committee members were recruited, with recommendations solicited from Senator Devlin, John Mullin (HSCO), DHS|OHA executive and program leadership, DAS and LFO.

- Continue using the eight caseload forecast advisory committees as the arena to debate forecast risks, assumptions and methodology, and to advise the forecasters on the caseload forecast numbers.

  The forecasting unit continues to use Caseload Forecast Advisory Committees to provide information on factors that impact program utilization, and to provide input on the proposed forecasts. Occasionally committees are added or discontinued when the forecasting need change.

- Consider adding additional external representation to the eight advisory committees from the public, academic, non-profit, and/or private sectors.

  Solicitations for volunteer committee members were sent to Senator Devlin, John Mullin (HSCO), DHS|OHA executive and program leadership, DAS and LFO. We identified one or two additional participants for most of the committees – in time to participate in our summer 2013 mid-cycle meetings. We will continue to seek external participants to bring into the process.

In addition, the forecasting unit will continue to periodically survey external stakeholders who are not on the committees to get their input on the factors driving caseload changes.

- Record meeting minutes of the eight advisory committees that at a minimum include the key information or issues discussed and the advisory committee's advice on the forecast numbers.

  In early 2013 templates were created to capture meeting notes during both forecast development and mid-cycle meetings. The forecast meeting template was used and refined in spring 2013 and will be used on a regular basis going forward. The mid-cycle meeting template will be used and refined during the summer of 2013.

- Regularly evaluate the forecasts and publish an annual accuracy tracking report. Include in the tracking report an analysis of both the accuracy and statistical bias of the forecasts. Use the results to identify improvements in assumptions and methodologies.

  DHS and OHA understand the importance of tracking and reporting forecast accuracy and using that information to identify possible improvements. The forecasting unit has tracked and reported forecast accuracy (by program area) for many years through Monthly Caseload Variance Reports which were shared routinely with all caseload forecast committee members. Starting in March 2013, these monthly reports have been posted to the new Forecasting website.

  Starting in Fall 2013, the forecasting unit will produce a new annual report which will provide a more summarized, but comprehensive view on the accuracy of the caseload forecasts across program areas and over time.

- Continue efforts to create a public web page dedicated to the forecast unit, and post its methodologies, advisory committee membership, advisory committee meeting minutes, forecast accuracy tracking reports, and the semiannual caseload forecast reports.

In February 2013, the forecasting unit launched a public web page:
http://www.oregon.gov/dhs/ofra/Pages/index.aspx

The forecasting page can be accessed directly (single click) from both the DHS and OHA home pages, and contains work products (e.g. caseload forecasts, client overlap charts, ad hoc research reports), accuracy reports, administrative documents (e.g. governance materials, committee membership, process flowcharts, forecasting methodology), etc.

- Include in the published semiannual caseload forecast reports additional detail on risks, assumptions, uncertainties, and how these factors could affect caseload estimates.

  When the Spring 2013 forecast was published the sections describing risks, assumptions and uncertainties were expanded. Going forward, the forecasting unit will strive to further expand this content.

7. DHS and OHA: Statewide Single Audit Including Selected Financial Accounts and Federal Awards for the Year Ended June 30, 2012, audit # 2013- 07, (dated March 2013)

- We recommend OHA management improve controls by considering the design and implementation of a reconciliation process to ensure transfer transactions are properly and completely recorded and ensuring adequate supervisory review of recorded transactions. Supervisory review could include a review of the SFMA to HPT tracking log to ensure all transfers are included and accurately reflected in SFMA.

  During fiscal year 2012, the department used transfers to allocate Healthcare Provider Tax (HPT) from the Department of Human Services to the Oregon Health Authority. Coding errors resulted in a $29 million understatement in the Other Revenues object, and an overstatement in the Healthcare Provider tax object by

the same amount. Total revenue recorded was correct. The error was not caught in the supervisory review. The revenue report review did not occur prior to year-end close. To correct these errors from occurring in the future, we will increase the frequency of the revenue report review and provide training to receipting staff who transfer these revenues.

During a March 2013 Receipting Unit Continuous Improvement meeting; State Financial Reporting unit distributed copies of audit adjustment 12-01 to staff, and provided training on the importance of correct coding of provider tax and other receipts. To reduce receipting errors, during Fiscal Year 2013 Office of Financial Services staff increased their reconciliation of the receipt holding grant.

- We recommend DHS and OHA management implement procedures for reviewing and evaluating program changes to identify any necessary revisions in financial reporting to ensure compliance with GAAP. We also recommend management consider the need to revise the billing process or prepare year-end adjustments to ensure transactions involving shared services are reported in conformity with generally accepted accounting principles.

  The Department of Human Services and Oregon Health Authority became separate accounting entities in fiscal year 2012. In order to maximize operational efficiency, these agencies retained shared administrative service functions. In the short timeline that was provided, the agency developed a shared service model and a new cost allocation and billing process that ensured the appropriate costs were billed to each agency. The agency did not consider the impact this model would have on the consolidated financial statements and that the materiality threshold would necessitate setting up an Internal Service Fund. The agency had Department of Administrative Services, Statewide Accounting and Reporting Services, set up a new GAAP fund (5006-Health Service Fund) that will be used to report the 2013 fiscal year-end adjustments for shared services in both agencies. DHS and OHA are preparing for the 2013 - 2015 biennium by setting up a new D23 fund pointing to this new Internal Service fund to properly record the accounting transaction during the normal course of business rather than as a continual year-end adjustment.

GAAP Fund (5006- Health Services Fund) was created by SARS on February15, 2013, with a July 1, 2012, effective start date. For Fiscal Year 2013, SARS will make an adjusting entry at year-end supplied by the DHS/OHA State Financial Reporting unit to properly record the activity of the Internal Service Fund. The new D23 fund (fund 3470) has been set-up in DHS/OHA that points to GAAP Fund 5006 to properly record the daily operations of the shared services units for the AY2015 activities. All necessary structure has been updated using this new D23 fund beginning with July 1, 2013, activities.

- We recommend OHA management ensure staff obtain a better understanding of the PEBB program and timing of program related revenues and expenditures to ensure accurate and complete year-end reporting in compliance with GAAP. We also recommend management implement procedures for reviewing and evaluating program changes and ongoing business practices to identify any necessary revisions in financial reporting to ensure compliance with GAAP.

  During fiscal year 2012, the Oregon Health Authority assumed responsibility for PEBB and OEBB from the Department of Administrative Services (DAS). OHA replicated the GAAP fund structure that was in place at DAS. This structure included six D23 funds pointed to GAAP fund 1108 (Health and Social Services Fund) and five D23 funds pointed to GAAP fund 5001 (Central Services Fund). The new healthcare surcharges were placed in the PEBB Operations fund which is pointed to GAAP fund 1108. In fiscal year 2012 the Office of Financial Services had several conversations with Statewide Accounting and Reporting Services regarding the proper treatment of the funds for PEBB and OEBB which have historically been inconsistent. Rather than make a singular adjustment to one surcharge we rather chose to engage in an enterprise discussion with SARS on the proper accounting treatment for each of these programs. We will continue to work with SARS in 2013 since we have not fully resolved all of the inconsistencies in the PEBB and OEBB fund structure.

  In the future, the Office of Financial Services, as a shared service, will consult with PEBB staff to identify correct balances to ensure accurate and complete year-end reporting in compliance with GAAP. We will

also continue to work with the Department of Administrative Services, Statewide Accounting and Reporting Services, on reviewing and evaluating significant program changes within the agency.

To ensure correct Fiscal Year 2013 GAAP classification of PEBB, on March 15, 2013, Shared Services staff met with SARS staff/management and discussed correct GAAP fund classification of the PEBB funds. PEBB Operations Fund 3456 was the remaining fund not yet reclassified to the Internal Services Fund. As a meeting outcome, SARS and Shared Services agreed to repoint fund 3456 to the Internal Services Fund. At Fiscal Year 2013 end, PEBB Operation Fund activity was reported in the Internal Services Fund.

To ensure correct accrual amounts, Fiscal Year 13 PEBB accrual amounts were calculated by Shared Services staff in consultation/review with PEBB staff.

- We recommend department management fully capture all PEBB funds as part of the statewide cost allocation plan.

  DHS and OHA Office of Financial Services Shared Services became responsible for the PEBB A-87 reporting in FY2012. During that reporting period, staff was trained on the correct method for reporting the PEBB operations fund, stabilization fund, and the insurance fund. DHS and OHA Office of Financial Services Shared Services has implemented this procedure and has continued it with the Fiscal Year 2013 reporting period.

The 2012 A-87 report was prepared by the Oregon Health Authority, and included the PEBB Operations, PEBB Stabilization and PEBB Self Insurance Funds. Corrections for years 2010 and 2011 were calculated by the Department of Administrative Services and resulted in remaining excess fund balances. This resulted in additional Federal payback calculation of $124,824.00 that was paid to the Department of Health and Human Services VIA Department of Administrative Services (SFMA DOC# VP051016, 05-2013). Detail on the 2010 and 2011 remaining excess fund balance calculations can be obtained from the Department of Administrative Services.

DHS and OHA Office of Financial Services Shared Services will work with DAS Shared Financial Services to determine if any additional corrections for calendar year 2010 and fiscal year 2011 are necessary.

- We recommend that authority management maintain evidence of the initial and monthly database checks for enrolled providers and we recommend department management maintain evidence of the initial EPLS database checks.

  The permanent corrective action the authority is initiating is to add a separate "check box" for each required compliance verification effort (such as checking the various excluded databases) to the provider enrollment panel within the Medicaid Management Information System (MMIS). This corrective action is being initiated by submitting a MMIS change request, and then the change request will be reviewed by multiple business entities, prioritized and then run through OHA's normal MMIS change workflow process. This prioritization effort, because of competing resources and statutorily required program changes, often delays simple change request for many months, or even longer.

  In anticipation of a potential delay in implementing this permanent MMIS correction due to impending federally required MMIS changes, including the completion of 5010 and the upcoming ICD-10 changes, the authority has already implemented an interim process to document our efforts to exclude sanctioned providers based on the existing monthly Medicare Exclusion Database (MED) process. The MED is

downloaded and cycled through the enrolled provider database contained within the MMIS on a monthly basis. Any individuals or entities identified as a result of this monthly process are reported through the MMIS. Once this report is produced, it must be manually worked to end the active status of any listed providers or entities. As this report is worked each month, our new interim process is to record any action taken, the date the report is worked and who worked it directly on the printed document. Once this information is captured, the documented and initialed report is filed for future reference or audit purposes.

This authority interim process is not intended to ultimately be the permanent corrective action, but has been operationalized to bridge the anticipated gap in time until the permanent MMIS changes to the provider enrollment panel correction can be completed.

For those providers that the department qualifies, the department has also developed and implemented a tracking tool that lists the provider name and all of the systems that are required to screen providers. The tool includes the date of the verification. Many of the department's providers are qualified by the authority. Those providers will not be included in this tracking tool.

The required screening for applying providers is occurring as outlined in the Division of Medical Assistance Programs' enrollment procedures. Additionally, to document this effort is occurring, a change request to our Medicaid Management Information System (MMIS) has been written and is actively being worked. This change request will modify the provider subsystem to allow an enrollment specialist to document within the MMIS that these required screening checks have been successfully completed. This change request is currently in the final user acceptance testing stage of completing this system change. While the change request was initially delayed due to other priorities, it is anticipated this change will be completed and moved into production by July 31, 2014. This change will be applied to all new providers after that date. It is anticipated that all providers in MMIS will be reviewed as part of the ACA revalidated by March 2016.

- We recommend department management implement procedures to ensure the department uses the federal financial participation rate in effect at the time a transaction is recorded and reimburses the federal agency for the overdrawn ARRA funds.

  In March 2013, the agency completed an in-depth review of all expenditures receiving ARRA funds that occurred July 1, 2011 and later to ensure the proper federal financial participation rate was used. An entry was completed in the Statewide Financial Management System (SFMA) to adjust the excess ARRA funds and the Centers for Medicare and Medicaid Services (CMS) will be refunded for the overdrawn funds. The adjustment was completed March 19, 2013. The PCAs associated with current period activity have been disabled. All prior period activity is reviewed each quarter to ensure compliance.

- We recommend management implement procedures to periodically test edits in the MMIS. We also recommend management review the claims that should have been rejected by these edits to determine their appropriateness.

  The Oregon Health Authority (OHA) agrees with the need to conduct tests that periodically validate the edits within the Medicaid Management Information System (MMIS). All edits were tested when the MMIS became operational in December 2008 using a parallel testing method, which compared the results of the new MMIS to the results of the old Legacy MMIS using identical claims. Both systems were to produce identical results, and if differences were identified, the reasons responsible for the differences were identified and corrected. Since the completion of this parallel testing, any new edits or changes to existing edits since then have been thoroughly tested in the MMIS test environment before moved into the production environment. In addition to these testing efforts, it is thought prudent to periodically test the operational edits to ensure all continue to operate as expected and that no unintended changes had been introduced into the production environment by edit changes that may adversely affect any MMIS edit functionality.

  Correct adjudication of Medicaid claims and encounters is a priority for the Oregon Health Authority (OHA). In early 2013, a change request to correct the system functionality within the Medicaid Management

Information System (MMIS) regarding age and gender restrictions functionality was discussed. Recognizing the immediate need, a more expedient work-around response was created to strengthen the rules around age and gender procedures. Modifications to the claim rule tables for age and gender restrictions were put in place until the MMIS Restrictions Panel could be corrected. These diagnosis restrictions were inserted into the claim rule tables on February 19, 2013.

In an attempt to confirm that these rules were functioning correctly, a process to randomly pull 35 claims per quarter to be manually checked by staff was initiated using dates of service starting in the first quarter of 2013. The goal of this process was to see if each claim adjudicated properly based on its unique data parameters, including age and gender restrictions. No issues were found processing the claims dataset from the first quarter of 2013. Review of subsequent quarters has been delayed due to heavy workloads brought about by Coordinated Care Organization (CCO) evolutions to cover dental and mental health, ICD-10 implementation work and the manual enrollment processes associated with the Patient Protection and Affordable Care Act of 2010 (ACA) Medicaid expansion. While the manual review has been delayed, the random sample of claims has been captured each quarter. Going forward, the random claim pull will be modified to specifically focus on age and gender related procedures and other key edits, such as provider and client eligibility. Additionally, the manual review of these claim data sets will be prioritized higher until the permanent panel correction can be finalized.

With the claim rule table modifications completed, the lack of functionality of the MMIS Restriction Panel was again brought forth in late 2013. Work on the permanent correction to the Restriction Panel began in December 2013, with the creation of a change request. Now recognized as a high priority requirement, the notice to proceed for the change request was authorized on March 4, 2013.In user acceptance testing, additional issues were identified, so work continues on the permanent correction. It is anticipated the correct panel functionality will be restored as of August 31, 2014.

- We recommend management implement and follow internal controls to ensure the review for suspension and debarment is performed and documented for all contracts, including price agreements.

The Office of Contracts and Procurement (OC&P) contacted the Oregon Department of Administrative Services (DAS) Procurement Services and requested contractor self-certification language relating to suspension and debarment be added to DAS statewide price agreements. DAS reports this amendment is being made to their statewide agreements as they come up for review.

The Office of Contracts and Procurement also added debarment and suspension vendor self-certification language to all DHS and OHA purchase orders processed effective March 18, 2013.

- We recommend the department update the cost allocation plans to reflect current practices and ensure future changes are communicated timely.

  Historically the agency submitted biennial updates to the cost allocation plan, and submitted changes to the plan annually when significant changes were made. There were not significant modifications to the plan during the last audit year so an update was not submitted to the Division of Cost Allocation.

  The agency agrees that updates to the plan should be submitted annually, even if no changes are made. Further, the agency communicated with the Division of Cost Allocation seeking guidance on their process for the submission of amendments to the public assistance cost allocation plans regarding mid-year modifications.

  Amendments to the DHS and OHA Cost Allocation Plans were submitted to the Division of Cost Allocation on June 6, 2013, for review. These amendments were to take effect with the start of Fiscal Year 2014.

8. DHS/OHA: Public Assistance: Improve Eligibility Procedures and Consider Approaches of Other States audit # 2013- 10, (dated May 2013)

This audit compared five data sets to records of people receiving benefits under three federal programs: Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and Temporary Assistance for Needy Families (TANF).

These programs weave together to form Oregon's safety net. During the recent recession and over the past several years, the Legislature and two governors have made strategic policy choices designed to strengthen that net and keep families stable until they can get back on their feet.

The periods covered in the audit varied but most were for the fiscal years 2011 and 2012. Over those two years, the combined benefits administered were $11.7 billion. The three programs served 1.4 million Oregonians for those two years. The audit initially questioned benefits totaling about $2.8 million, approximately 0.02 percent of the combined costs of the program over the two years.

For the purposes of this audit, the Secretary of State used five data sets to compare records of people receiving benefits under Medicaid, SNAP and TANF.
· Social Security death records;
· Oregon Lottery winners;
· State prisoners;
· PERS retirees; and
· DHS/OHA employees.

The audit found 5,018 record matches across the five categories. A matched record does not mean an incorrect benefit. DHS/OHA review determined that the information presented in the audit would not have changed the benefits for about 3,200 matches based on current law and policy. Another 600 of the death record matches found the person on the record and the actual benefit recipient were not the same person, and subsequent analysis would not have changed the benefits. Miscoding of the Social Security number (SSN) in the computer system was the most common reason for this occurrence.

In about 1,200 of the 5,018 matches, the people initially appeared ineligible and may have received a benefit they should not have received. This is about 0.09 percent of the combined enrollment of the three programs.

The agencies continue to strive for the greatest accuracy. This audit pointed out a few areas where changes in policy or practice could enhance accuracy even further.

The audit also looked at policies developed by the Legislature and Governor's office to provide public services to Oregonians living in poverty and protect our most vulnerable citizens. Under statute and through policy, DHS and OHA have streamlined the eligibility processes and reduced unnecessary bureaucratic barriers that slow critical services to people in need and create waste and inefficiency in the system.

This has been a successful strategy as evidenced by how low-income Oregonians fared during the recent recession compared to other states. Since 2008, the number of people receiving SNAP has increased substantially. Despite the record-level caseloads, Oregon made process improvements that reduces the wait time for food benefits from more than one week to same day or next day service for most participants. Since 2008, the number of people receiving Medicaid has also increased substantially and overall accuracy rates have held steady or improved.

During the recession, the children's uninsurance rate dropped from 12.3 percent to 7.2 percent, providing financial stability to the families of more than 100,000 children. From 2009-2011, Oregon was one of the top two states for reducing the number of children without coverage. Also during the recession, SNAP was a key factor in holding the state's food insecurity rate steady. Now that these policies are in place and have proven to be effective, it is time to close the large lumpsum loopholes in a way that allows Oregon to continue providing services to our state's most vulnerable people effectively and efficiently without letting people who can support themselves slip through.

The audit raised questions of both accuracy and policy. DHS and OHA continue to believe that there is an appropriate trade-off between these goals.

More complex eligibility criteria impose higher administrative costs, often result in more inaccurate eligibility determinations, and restrict access to the program -- even among those who are eligible under the more complex requirements. Since 2002, Oregon has made strategic choices to streamline policies and reduce unnecessary red tape – while keeping adequate oversight – to help our state's people with very low incomes receive the services they need so they can get back on their feet. As a result, the hunger rate has stayed stable in our state as it has increased in others. And our rate of uninsured children has plummeted.

The key is to balance the need for benefits with policies that make sure only qualified people receive them. That is the course both agencies have pursued for more than a decade.

DHS and OHA have taken numerous actions related to the original audit recommendations. These actions, and those that are still in process, are outlined below. In summary, the two agencies have reviewed the 5,018 cases originally identified as having a match to one of the databases used by the Secretary of State auditors. DHS and OHA have, or are in the process of writing overpayments, further researching or recovering about $1.8 million in benefits identified during this review. In addition, hundreds of staff from both agencies have been trained on improved verification processes and tools. DHS has asked for approval of waivers that allow changes in SNAP client change reporting requirements. The new centralized EBT card replacement unit has been expanded and now provides card replacement services statewide. Analysis of the effectiveness of identified federal databases have been tested and others continue to be reviewed. Various other internal processes have been reviewed and improved.

Below is a listing of the original recommendation and the specific actions that have been taken to address the findings in the report.

- Work with the Governor and the Legislature to consider changes to Oregon's public assistance eligibility and reporting options, balancing the neediest with the most prudent use of public resources.

DHS and OHA continue to improve public assistance eligibility systems to ensure accuracy and reduce administrative costs. DHS and OHA continue to be committed to working with the Legislature, the federal government, and our partners to adjust policies to help the neediest Oregonians in ways that are productive, minimize administrative costs and avoid using resources where they are not needed. DHS and OHA have also continued to support Congressional efforts to end SNAP benefits for substantial lottery and gambling winners.

A waiver allowing DHS to act on returned mail was approved for implementation September 2013. An informational memorandum transmittal was provided to our field staff on August 15, 2013, to provide guidance on the new policy.

The SNAP program also reviewed policy options with partners regarding resource limits on the TANF funded resource information pamphlet, which qualifies many SNAP clients to be categorically eligible. The program adopted a state option to have an asset test on this program. DHS has developed policy and training for this change and began implementation in January 2014. The resource limit is $25,000 in liquid assets. SNAP also submitted a waiver request that would allow clients in the Simplified Reporting System (SRS) to report resource changes mid-certification period when this liquid asset resource limit is met. DHS submitted this request to the Food and Nutrition Service (FNS) on October 18, 2013, however, with the passage of the Farm Bill, states are allowed to end SNAP benefits for substantial lottery or gambling winners. In Oregon we have defined substantial as $25,000. The bill also encouraged data exchanges with state lottery and gaming departments. We are currently working on setting up such an agreement with the Oregon Lottery.

At the time of the audit, adults covered by the Oregon Health Plan (OHP) Standard benefit package and children on OHP Plus had 12-month continuous eligibility. In general, continuous eligibility means that once an individual is determined eligible for Medicaid, the state may provide up to 12 months of eligibility, without a redetermination, regardless of changes in income or most other circumstances which otherwise would render the individual ineligible for Medicaid. OHA had intended to submit a request for an

amendment to the state's 1115 Medicaid Demonstration, to become effective with implementation of the Affordable Care Act provisions in January 2014, that would have authorized expanding 12-month continuous eligibility for all adults on OHP. In response to the audit, DMAP was discussing including in its amendment request exceptions to the continuous eligibility policy that would require OHP recipients to report large lump sums, such as lottery winnings, and have them count for eligibility.

However, in May 2013, prior to the state's submission of such a request, the federal Centers for Medicare and Medicaid Services (CMS) issued clarification about what a 12-month continuous eligibility waiver for all adults might involve in 2014, including a potential reduction to a state's Medicaid match rate.

In February 2014, the federal Department of Health and Human Services Centers for Medicare and Medicaid Services (CMS) offered states the opportunity to apply for an opportunity to implement 12-month eligibility for adults, with an adjusted FMAP rate. The State has elected not to pursue this option at this time due to the reduction of available federal matching funds and the impact on the state budget of such an implementation. Oregon continues to implement 12-month continuous eligibility for children.

- Work with the Governor and the Legislature to reconsider the state's Medicaid waiver provision that exempts new income and assets from review during a 12-month medical certification.

  Under the regulations for the Affordable Care Act (ACA)at 42 CFR § 435.916, periodic redeterminations of Medicaid eligibility, the federal government requires that the agency must re-determine the eligibility of Medicaid recipients, with respect to circumstances that may change, at least every 12 months, must have procedures designed to ensure that recipients make timely and accurate reports of any change in circumstances that may affect their eligibility during the 12-month certification period and must promptly re-determine eligibility when it receives information about changes in a recipient's circumstances that may affect eligibility. Also, if the agency has information about anticipated changes in a recipient's circumstances, it must re-determine eligibility at the appropriate time based on those changes.

Under OAR 410-200-0235, Oregon Administrative Rules drafted to comply with the ACA, OHP enrollees are required to report changes in circumstances affecting eligibility for beneficiaries within 30 calendar days of their occurrence. This includes:
(A)A change in source of income.
(B)A change in employment status.

1) *For a new job, the change occurs the first day of the new job.*
2) *For a job separation, the change occurs on the last day of employment.*

(C) A change in earned income more than $100. The change occurs upon the receipt by the beneficiary of the first paycheck from a new job or the first paycheck reflecting a new rate of pay.
(D) A change in unearned income more than $50. The change occurs the day the beneficiary receives the new or changed payment.

1) *A change is considered reported on the date the beneficiary or authorized representative reports the information to the Agency.*
2) *A change reported by the beneficiary or authorized representative for one program is considered reported for all programs administered by the Agency in which the beneficiary participates.*

This administrative rule became effective October 1, 2013.

- Take the necessary steps to gain access to the SSA's real time, online verification system and implement its use statewide.

  DHS and OHA have been certified by the Social Security Administration (SSA) to receive the real-time online verification system data. DHS and OHA made the new application available to field staff in the last week of August and sent a transmittal explaining the new screens to the field on September 4, 2013. DHS Central Office also reviews SSA-related error reports.

- Require initial verification and continual monitoring procedures for categorically eligible recipients. Promptly notify SSA of any information that may disqualify an individual from receiving SSI benefits.

  The department contacted the SSA's Regional Office in Seattle to confirm whether or not the local offices should be accepting information about potential additional income being received by SSI recipients. The SSA Regional Office has confirmed that their local offices should be accepting this information and looking into it. Aging and People with Disabilities (APD) is in the process of re-establishing procedures for all staff to follow, wherein they will report to SSA when they learn of additional income that was not previously known.

  A note was added to the Aging and People with Disabilities (APD) Oregon Supplemental Income Program (OSIP) Manual in July 2013 instructing workers to complete and send SSA a SDS 538A form when assets are identified that would result in the ineligibility for Oregon Supplemental Income Program Medical (OSIPM) if an individual were not assumed eligible. This process is now reinforced in training provided to staff. APD is also providing guidance on eligibility information to the Self Sufficiency program on what changes need to be reported to SSA.

- Provide caseworkers with clear policies, procedures and guidance on eligibility verification processes that comply with federal regulations.

  Please see below.

- Provide caseworkers with regular training on verification processes and provide them with appropriate guidance.

  Please see below.

- Ensure program managers are provided adequate training on federal requirements for their programs.

DHS and OHA continue efforts to improve training and guidance on eligibility policies and procedures. We are developing better analysis of error trends that allow us to target education around specific areas of eligibility and to monitor improvement. We will continue to incorporate information from this audit into the targeting process. In addition, we have developed new tools, including quick reference guides, regional training events and special newsletters to improve results.

Some of the specific efforts include a policy transmittal sent to all Oregon Department of Human Services Self Sufficiency and Aging and People with Disabilities field staff on April 15, 2013, regarding the use of Social Security Numbers and T-numbers for the SNAP program and a special edition "On Target/In the Loop" newsletter that was sent to staff in June 2013 in response to the findings from the audit. This was in addition to the article that had already been included in the May 2013" In the Loop" newsletter. A documentation matrix was also developed and distributed to staff as a quick reference guide.

In addition, the department has developed information for branches to place in their lobbies discussing the need for clients to secure their cards, and Communications has designed and distributed additional materials regarding clients securing their cards.

DHS has completed 27 meetings throughout the state where we shared information regarding the audit, with tips, tricks and tools (including the documentation matrix mentioned above) to avoid the types of errors that were found in the audit. In total, more than 400 field staff representing APD, Self Sufficiency and Child Welfare staff attended the trainings. Staff members attending the trainings take materials back to their offices to share with co-workers who were unable to attend. All training materials have been posted to the Regional Meetings website for reference: http://www.oregon.gov/oha/healthplan/Pages/regionals.aspx.

Affordable Care Act (ACA) trainings given to the OHA Statewide Processing Center in September and October 2013 incorporated some of the issues noted in the recommendations from the audit report. Items addressed in these trainings include identifying and addressing SSN mismatches and using information

obtained from the federal hub to verify information provided by applicants. Additional training materials have been developed which focus entirely on issues identified through the audit.

Information regarding verifying SSN's via the legacy system has been included in training material that began to be presented to staff in late May 2014. Also included in the training material is information about how the SSN is verified via the federal hub when the request for health coverage has been approved by the Siebel system. OHA Statewide Processing Center also has material available to staff outlining the procedure for verifying the SSN of individuals newly added to the legacy system.

- We recommend that DHS/OHA Office of Payment Accuracy and Recovery obtain access to and use the SSA Death Master File as the primary data source for matching to death records.

  This recommendation is partially implemented. The Office of Payment Accuracy and Recovery (OPAR) agreed to explore the use of the SSA Death Master File. OPAR currently uses Oregon's Vital Records data as its primary data source. We do this because it is the most accurate source of date of death data for our client population. The SSA file would give us access to out-of-state deaths, and this could have value as a primary source for this specific information.

  OPAR ordered the most recent quarterly SSA Death Master File. Upon receipt we evaluated the usefulness of the out-of-state information provided by SSA as a pilot project. The OPAR Data Match Unit (DMU) completed a cost benefit analysis of using the SSA Death Master File and found a potential savings in year one of $3,000. Subsequent years could potentially show a savings of approximately $7,000 a year. To realize this savings, DMU staff would have to be taken off other assignments such as the Incarceration project. This would result in a loss of cost avoidance of $27,000 in the first year and $23,000 in successive years.

  As a result, OPAR will put this match concept on indefinite hold until full staffing of the Data Match Unit can be achieved at which point installation of this match would be reconsidered.

- We recommend that DHS/OHA Office of Payment Accuracy and Recovery use the SSA Prisoner Verification System the agency has access to as part of its information exchange agreement with SSA.

  This recommendation is partially implemented. OPAR is in the process of addressing the technical issues that accompany accessing the SSA Prisoner Verification System data. Once these issues are addressed and overcome, OPAR will include use of this data as a part of its Corrections Match process. We will implement this process as soon as possible.

- We recommend that DHS/OHA Office of Payment Accuracy and Recovery work with Oregon State Lottery and other state agencies to obtain access to client information that can affect eligibility, such as earned income through winnings and retirement payments.

  This recommendation is partially implemented. DHS is currently working with Lottery on processes for both regular reporting of Lottery winners to DHS eligibility workers and using winnings as a source of repayment of a client / lottery winners DHS debt obligation. Two legislative concepts are also proposed for the 2015 session to include authorizing legislation to this effect and to request proper resourcing for this new process.

  OPAR has been in discussions with the Oregon Lottery regarding access to lottery winner information. Initial discussions have pointed out significant Federal privacy concerns regarding the Oregon Lottery's ability to share the SSN of the winner as a part of the data. This component of the winner information is a critical component when attempting to match winners with current clients. We continue to work with the Oregon Lottery on this issue as we attempt to determine the best way to accomplish effective information sharing as recommended by the audit. Work on regular access to PERS information is on hold until the work on Lottery data is completed, though the process established for ad hoc PERS access will continue as needed.

- Continue work to identify recipients with large numbers of reportedly lost or stolen cards and implement a process for follow-up and possible investigation.

  DHS initially created a central unit to replace lost or stolen cards in 2012 and to take actions to reduce the number of replacement cards and prevent misuse. As noted in our original response, the new process has reduced the issuance of replacement cards.

  Statewide rollout of the centralized electronic benefit transfer (EBT) card replacement unit process was implemented January 15, 2014. This unit is now the primary replacer of all lost or stolen cards, except for specific exceptions outlined in the Field Business Procedures Manual. DHS sends a letter to households with four or more cards replaced in the last twelve months to reinforce that clients need to secure their card. The process is statewide.

- We recommend that DHS/OHA Office of Payment Accuracy and Recovery review remaining matches and take necessary action to recover overpayment through collection efforts up to and including prosecution.

  This recommendation has been implemented. As discussed in detail below, all of the potential overpayments identified and forwarded to OPAR are in various stages of investigation, overpayment writing, and recovery. Those warranting additional investigation for fraud have been forwarded by DHS and OHA to OPAR's Fraud Investigation Unit as appropriate. In addition, DHS and OHA have followed up with health plans and providers to recover inappropriate Medicaid payments.

  The audit report identified 5,018 case matches involving about $34.5 million in benefits. As we mentioned in our original response, most of these matches did not indicate inappropriate payments. In 3,183 cases (involving $24.2 million in benefits) the match information provided during the audit would not have changed the benefits these clients received under state policy and federal law. In addition, 609 matches (involving $7.5 million in benefits) were death match cases in which the deceased person in the SSA file was

not the same as the person receiving benefits. The most common cause of these mismatches was an incorrect entry of the individuals' Social Security Numbers in the program's system.

This left 1,226 cases involving about $2.8 million in benefits as possibly issued in error. Since our original response we have further analyzed the 1,226 possible error cases.

- *We have recovered about $500,000 in Medicaid capitation payments from managed care plans for 289 deceased persons and 159 persons who had some period of incarceration. These figures include some costs incurred outside of the original audit period. We are also pursuing an additional approximately $483,000 in capitation payments for deceased or incarcerated Medicaid clients from terminated health plans. We may not recover some of these payments if the provider is no longer operating.*
- *We have recovered about $33,000 in fee-for–service Medicaid costs from providers who billed for services after the clients date of death. We are continuing our review of another approximately $7,000 in fee-for-service Medicaid payments.*
- *We cancelled approximately $54,000 in SNAP benefits remaining in 184 deceased client accounts.*
- *We forwarded 21 PERS Medicaid matches for deceased client cases involving about $406,000 in benefits to our Estates Administration Unit. In total, 15 of these cases (those without a living spouse) involving about $297,000 have been worked. This resulted in about $8,000 in collections from estates. While there were additional questionable SNAP cases involving deceased persons, we do not collect SNAP benefits from estates.*
- *We did not attempt to collect overpayments on 54 SNAP cases involving about $18,000 in benefits used after the client died, largely because identification of the user and collection is difficult for the amounts involved.*
- *Based on federal guidance and state policy, we did not pursue overpayments on 219 incarcerated SNAP cases involving about $101,000 in issued benefits.*
- *In 55 cases involving about $181,000, we did not pursue overpayments from providers for services provided clients due to our error.*

- *We have written 102 client overpayments involving about $558,000 in total benefits. Included in this total are 88 PERS recipient related overpayments involving over $514,000 in SNAP, Medicaid and TANF benefits. In many cases, the overpayment amounts were different than the amount of benefits originally questioned in the audit.*
- *After our review, we were able to clear about $613,000 in SNAP, Medicaid and TANF benefits provided to PERS recipients. We also cleared approximately $72,000 in Medicaid benefits provided to lottery winners.*
- *We are still reviewing three cases for possible SNAP and Medicaid overpayments involving about $1,000 in payments.*
- *We determined that some of the remaining questioned payments were appropriate or partially appropriate, we lacked critical information, or the amount was too small to justify the cost of collection.*

9. OHA: Safe Drinking Water Revolving Loan Fund for the Fiscal Year Ended June 30, 2011, audit # 2013- 12, (dated May 2013)

- We recommend the department continue to refine their financial reporting process to accurately adjust the Safe Drinking Water financial statements to comply with Generally Accepted Accounting Principles.

  In this reporting period $241,586 of additional expenditures and federal revenue were incorrectly accrued on the paper financial statements. A review process has been put in place to double check the paper financial statement adjustments made to accruals in the future.

  We agree that the prior year's accruals were not properly reversed. A review process has been put in place to double check paper financial statement entries including accruals in the future.

- During the current engagement, we performed procedures to follow up on the prior year's internal control deficiency and noted that partial corrective action had been taken to address the recommendations. The agency completed reconciliations for grant phases 04, 05, and 06 and identified the same discrepancies and reversed the accounting entry in April 2013. The agency initiated contact with the Environmental Protection Agency in May 2013 to address the last three recommendations, but has not yet reached a resolution with the Environmental Protection Agency.

  During the interim period the Office of Financial Services completed a reconciliation of the accounting records for each set aside to the federal cash reimbursement system (ASAP). The following entries will be made to the state's accounting system to ensure there is a complete match with the EPA draw accounts in ASAP. These entries will not result in any modification to the closed FFR's nor result in any federal draws against closed grants in ASAP.

  The state's accounting system showed excess revenues in the loan fund for grant year200 4 of $287,258.02 and the Admin set-aside in grant year 2006 showed excess revenue/expenses of $7,160.44. We did an adjustment to move $283,022.82 to Local set-aside in grant year2005 and $10,495.64 to State Program Management in grant year 2004 in order to align with the federal system and reports. After this adjustment there will be an excess of $900.00 that is due to the EPA. A letter was sent to EPA which outlined these adjustments and requested a process to return the excess $900 due to EPA.

  Once the entries were made, the state's accounting system will be a complete match with the EPA draw accounts in ASAP and the reported FFR's for grant years2004, 2005 and 2006.

  Correspondence was subsequently received from EPA instructing the program to apply the excess $900 to offset current period expenditures.

10. DHS and OHA: Statewide Single Audit Including Selected Financial Accounts and Federal Awards for the Year Ended June 30, 2013, audit # 2014- 09, (dated April 2014)

- We recommend department management improve controls in the Receipting Unit to ensure all checks are safeguarded, properly tracked and accounted for in the financial records.

  We disagree with the materiality of the finding, although we agree that operational controls can be improved.

  The agency appropriately segregates the duties of handling checks in its Salem facility. Under the current system, checks received by mail are sorted by category, recorded by count and delivered to the staff member that is responsible for that category. The item count can be reconciled from the online deposit system reports to an excel spreadsheet created by the unit.

  The count and amount of checks received through this process is a small portion of the total revenue recorded by the Receipting unit. No cases of lost or stolen checks have been identified. There is sufficient control in the process to ensure that there would not be a material misstatement of the financial statements.

  While we agree that internal controls can be strengthened, listing this finding as a material weakness is claiming "a deficiency in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, detected or corrected in a timely basis".
  As such, we do not believe that the potential effect or risk posed by this issue rises to the level of a material weakness.

We have strengthened internal controls on the handoff of checks by including, in addition to a count of checks, the dollar amount, reconciliation, and a check redistribution log.

- We recommend department management align policies and procedures with governmental accounting standards to record expenditures in the proper period and we recommend management provide training to staff to ensure that prior period adjustments are utilized when appropriate.

  We disagree with the finding since the agency followed Oregon Accounting Manual (OAM), Governmental Accounting Standards Board (GASB) standards, and Department of Administrative Services, Statewide Accounting and Reporting Services (SARS) advice that existed during the reporting period.

  Each year the agency records regular, routine transactions to refinance revenue and expenditures related to lagged receipt of various revenue sources. As mentioned in the audit finding, these are normal transactions that occur as part of our regular business process.

  In 2009, due to the large dollar amount of these transactions, the agency asked for advice from the Department of Administrative Services, Statewide Accounting and Reporting Services (SARS) on the proper use of prior period adjustments for these transactions. In response, SARS stated, "it's not appropriate to incorporate a prior period adjustment into a routine practice. Prior period adjustments should be reserved for (those infrequent) corrections of errors." This advice was consistent with both the Oregon Accounting Manual (OAM) 15.85.00.PO and related governmental accounting standards outlined in Governmental Accounting Standards Board (GASB) circulars.

  Citations:
  OAM 15.85.00.PO
  .102 Prior period adjustments are made to reflect the correction of material errors in a prior financial statement. Examples of errors that could result in a prior period adjustment are:
  a. Errors in mathematical calculations.

b. Errors in application of an accounting principle, e.g. not accruing revenue that was measurable and available in a governmental fund type.
c. Errors in the use of known facts.

GASB APB Opinion No. 9 Paragraph 24
Treatment as prior period adjustments should not be applied to the normal, recurring corrections and adjustments which are the natural results of the use of estimates inherent in the accounting process….the Board (APB) believes that prior period adjustment will be rare.

During 2010, the agency met with Secretary of State Auditors and shared both the SARS advice and its interpretation of GASB. Based on the advice and the meeting, the agency continued its practice of only recording prior period adjustments only to correct material errors in prior financial statements. During the statewide financial audit for fiscal years 2011 and 2012 auditors recommended multiple prior period adjustments for routine transactions involving refinancing of expenditures. Again, the agency challenged the use of prior period adjustments based on the OAM and GASB.

During the 2013 statewide financial audit, auditors again recommended prior period adjustments for routine transactions. On December 3, 2013, the agency, Secretary of State Auditors and SARS met again to discuss the issue. At the meeting, SARS leadership agreed with the auditors that these transactions could, most likely, require prior period adjustments. The agency stated their belief that use of prior period adjustments for routine transactions was contrary to the OAM and GASB.

To ensure that the agency was not in violation of OAM, the agency stated that it would change the practice of recording prior period adjustments (to include material routine transactions) if the OAM were updated to reflect the change.

On December 5, 2013, SARS updated OAM 15.85.00 to include new language on when to record a prior period adjustment for these types of transactions.

Because the SARS advice was reversed and the OAM language was changed after the end of the audit period and the agency followed the policy advice and the OAM language that existed during the period of the audit, the agency was in compliance and no finding is warranted. The agency has changed its procedures to comply with the revised OAM rule in the fiscal year 2014 reporting period.

- We recommend department management review and revise accrual methodologies for revenues and expenditures, as necessary, and perform periodic retrospective comparisons of accruals to actual amounts to ensure the accrual methodologies are reasonable.

  Due to an error during year-end reporting the healthcare provider tax (HPT) revenue, drug rebate revenue and Medicaid Management Information Systems, expenditure accrual estimates were based on a 60-day rather than a 90-day availability period. This accounted for three of the four audit comments in this finding.

  As a corrective action, beginning in fiscal year 2014, the Statewide Financial Reporting unit will modify its processes to ensure all governmental fund accrual calculations are based on the 90-day availability period. If actual HPT revenues are not known during month 13 financial adjustment periods, the agency will use estimates such as trends and projections that are based on Generally Accepted Accounting Principles (GAAP). The estimates will be compared to actuals for reasonableness.

  Statewide financial reporting timelines require agencies to record accrual estimates within approximately 30 days after the end of the fiscal year even though the accrual period doesn't end until 90 days after the end of the fiscal year. This timeframe produces variances between the estimates and actuals. The fiscal year 2013 variances were partially due to the inherent nature of using estimates. The $17.4 million and the $7.5 million variances seem high, but only make up 6.4% and 2.8% of the total accrual of $270 million. The State has not established a range defining when the estimation error becomes material either in percentage variance or amount.

Although variances of actuals and estimates are expected, the agency agrees that accrual amounts should be compared to actuals, and future accrual modifications should be implemented as needed. Therefore, as a corrective action, beginning in 2014 the Statewide Financial Reporting unit will implement a yearly review of its operating statements to document variances and adjust accruals if needed.

- We recommend department management implement internal controls to ensure that all insurance premium revenue due to the department is received, properly classified, and properly recorded.

  The agency reported the correct amount of Oregon Medical Insurance Pool (OMIP) and the Federal Medical Insurance Pool (FMIP) cash in Fiscal Year 2013. We agree that $5 million of this cash was incorrectly classified as insurance premium revenue, and instead should have been classified as reduction of expenditures. However, it is important to note the incorrect classification had no equity impact on the GAAP fund.

  The error occurred primarily because the agency received incomplete revenue reports received from Regence in fiscal year 2013. Therefore, beginning in fiscal year 2014, as a corrective action the agency will obtain detailed reports from Regence and adjust its records to correctly classify and report the insurance premiums and reductions of expenditures.

  The agency will also ensure all premium revenue due to the agency is received by utilizing the audit methodology used in the audit analysis, multiplying monthly member contract counts by the relevant premium rates, and reconciling the results with amounts reported and deposited by Regence for the months the programs were open in fiscal year 2014.

  The FMIP program closed at the end of fiscal year 2013, but the OMIP program was open through the end of December 2013, and the six months of operation will be included in the agency analysis.

- We recommend department management improve controls to ensure account balances are accurately stated and reconciled to supporting documentation.

  We have inventoried and affirmed the existence of the assets in the building and building improvement account. We have not identified any other buildings or building improvements that had not been listed. We have reviewed the calculations on the asset spreadsheet and corrected any errors identified. We have implemented controls to ensure accuracy going forward including post-review of recorded entries to documentation and calculations.

- We recommend department management gain better understanding of controls already in place and implement the necessary complementary controls to provide assurance that all drug rebate revenue is correctly calculated, invoiced, received, and recorded in the accounting system.

  The audit finding addresses two Oregon Health Authority programs that collect drug rebates. The CAREAssist program is administered by the Office of Pharmacy Programs. CAREAssist staff prepare all the invoicing for 340B pharmaceutical rebates. The program uses prescription claims data to establish the utilization for each drug code and submits that information directly to the manufacturer. Because the amount of rebate to which the program is entitled from each manufacturer and drug is confidential and set based on negotiations between the manufacture, the Centers for Medicare and Medicaid Services (CMS) and the Health Services and Resources Administration (HRSA), Office of Pharmacy Affairs (OPA), it is impossible for the program to know if the amount returned to the program (calculated by the manufacturers) is accurate. Additionally, the rebate rate is specific to each drug code and may change multiple times within a quarter or year. The rebate paid is based on the date CAREAssist incurred the cost for the drug, and not the date of rebate request generation.

  The program requested and received a response from HRSA/Office of Pharmacy Affairs (OPA) which indicates that the federal agency is strengthening its process for oversight of the pharmaceutical manufacturer's compliance with providing rebates to 340B covered entities and the accuracy of the rebates

provided. The actual calculations of the rebate amounts will still be privileged information and will be only for internal OPA use. The program received guidance from HRSA and will develop a mechanism by which rebates received by CAREAssist are compared over time to identify a variance of more than an expected percentage. The process will be a report automatically generated from the database and will allow the program to follow up with both the manufacturer and OPA for an explanation for the variance.

The Medicaid Pharmacy program is administered through the Division of Medical Assistance Programs (DMAP). The prior primary policy analyst assigned to the DMAP Pharmacy program left state service just prior to the beginning of this year's audit. This left the pharmacy program staff without resources to consult, except for the contractor that was charged with respective Drug Rebate functions. In some instances, program staff knowledge, at the time of audit inquiry, was such that staff were not able to articulate to the auditors that there were processes indeed carried out to monitor some of the concerns identified regarding drug rebates. Subsequently, DMAP Pharmacy program staff have identified a number of reports that have been reviewed and continue to be reviewed at a quarterly rebate check-in meeting conducted by DMAP with the contractor responsible for drug rebate collection. During the check-in, program staff review the Invoice Summary Activity report RBT-2011-Q with the contractor to ensure that the activity the contractor presents is aligned with what is produced from this MMIS report. Additionally, program staff review and approve the drug rebate excluded provider listing and approve changes before it is utilized in the invoicing process by the contractor. Further, the RBT-1001-Q report is utilized to populate the state agency's website to communicate which entities' claims will be exempt from the invoicing process as required by federal mandate. Additional review of past invoicing and outstanding invoices is conducted by reviewing with the contractor reports RBT-3005-M & RBT-3006-M. Finally, program staff utilized RBT-4002-Q report to assess drug rebate aging. This last report is utilized to help estimate collections and project what collections will be in the coming quarters.

All of these reviews mentioned above lacked a formal process, and lacked formal documentation of the review. Program staff will be developing formal processes to adequately oversee the contractor's invoicing of drug rebate. Program staff will work to develop sound methods of documenting the drug rebate invoicing

process. Program staff is also working with the contractor to develop additional controls around disposition of payments and delinquent payment by developing and using existing MMIS reports for review. This process will begin prior to June 30, 2014.Each month for our Rebate meeting, a check off list has been created and after each meeting, the signed check off list is scanned along with reports reviewed.

The agency has historically contracted with a third-party vendor to provide independent assurance over the controls utilized by Hewlett Packard for the Medicaid Management Information System. The agency is in the process of issuing a Request for Proposal (RFP) to select an independent contractor to perform annual MMIS controls audits. The RFP statement of work includes the review of drug rebate processing. The agency anticipates selecting a contractor by the end of September 2014.

- We recommend department management correct the transactions processed with this incorrect coding. We also recommend department management ensure system coding is appropriately updated to allow only current FMAP rates to be used.

  The department has implemented a process change related to Program Cost Account (PCA) structure. The Office of Financial Services (OFS) now enters an 'effective end date' on PCA's to prevent a PCA from being used on a transaction after the grant period has closed.

  The four identified transactions have been corrected in the accounting system with balance transfers. Additional research is being done to ensure there are no additional documents that need adjustment. The change in process was implemented March, 2014.

- We recommend management develop a plan based on current resources to ensure the timely completion of provider health and safety standard surveys for nursing facilities.

  Oregon has a long history of meeting the Centers for Medicare and Medicaid Services (CMS) performance standards related to surveying facilities in fewer than 15.9 months. The Nursing Facility Licensing Unit is

dedicated to bringing our CMS performance standard back into compliance and we are anticipating reaching compliance in early 2016. Over the past four years various staffing resource issues, such as the position freeze and mandatory furloughs, have significantly affected our ability to complete our work timely. In fact, our vacancy rate for surveyors reached 34% by the end of the freeze. Implementation of the Quality Indicator Survey (QIS) also contributed to our failure to meet the CMS performance standards. In addition to the general difficulties inherent of a new process and system, this new federally mandated survey process has increased our required survey team size (particularly for small facilities), increased training requirements, and lengthened total survey time.

Over the past four years we have implemented several continuous improvement activities that have resulted in efficiency gains to the survey process, in turn reducing the amount of time it takes to survey a provider. Those efficiencies have resulted in a 33% reduction in new surveyor training time. We have made efforts to minimize survey related travel and made a 10% reduction in report writing time. We have implemented an Electronic document workflow process, streamlined our report review process to facilitate a faster turnaround time between surveys, and provided provider training on how they can prepare for the new QIS process. Additionally, since July 2013 we have hired a total of 7 new surveyors, and had 7 surveyors leave (for various reasons).

Over the coming two years, we will take a number of steps to bring the department into compliance. By September 2014, we plan to make job offers on all current surveyor vacancies. By April 30, 2015, all new surveyors will be trained, Surveyor Minimum Qualifications Test (SMQT) certified and QIS registered. During this time we will also assess the survey and training teams to optimize production, optimize survey and surveyor turnaround time, evaluate utilization of CMS approved survey contractor to help us complete surveys and evaluate our surveyor recruitment process to enable us to reach better and more qualified applicants.

Our goal is to achieve compliance, and to have no facility with a survey interval over 12.9 months (which is well below the required 15.9 months). We estimate this will be achieved in early 2016.

- We recommend authority management develop a plan that identifies key MMIS edits and implement procedures to periodically test key system edits to ensure they are functioning as intended. We also recommend management review the claims that should have been rejected by age and gender restriction panel edits to verify those claims are appropriate.

  Correct adjudication of Medicaid claims and encounters is a priority for the Oregon Health Authority (OHA). In early 2013, auditors found that the system functionality within the Medicaid Management Information System (MMIS) regarding age and gender restrictions was not as expected. A change request to correct this functionality was discussed. Recognizing the immediate need, a more expedient work-around response to strengthen the rules around age and gender procedures was created. Modifications to these claim rule tables for age and gender restrictions were put in place until the MMIS Restrictions Panel could be corrected. These diagnosis restrictions were inserted into the claim rule tables on February 19, 2013.

  In an attempt to confirm that these rules were functioning correctly, a process to randomly pull 35 claims per quarter to be manually checked by staff was initiated using dates of service starting in the first quarter of 2013. The goal of this process was to see if each claim adjudicated properly based on its unique data parameters, including age and gender restrictions. No issues were found processing the claims dataset from the first quarter of 2013. Review of subsequent quarters has been delayed due to heavy workloads brought about by Coordinated Care Organization (CCO) evolutions to cover dental and mental health, ICD-10 implementation work and the manual enrollment processes associated with the Patient Protection and Affordable Care Act of 2010 (ACA) Medicaid expansion. While the manual review has been delayed, the random sample of claims has been captured each quarter. Going forward, the random claim pull will be modified to specifically focus on age and gender related procedures and other key edits, such as provider and client eligibility. Additionally, the manual review of these claim data sets will be prioritized higher until the permanent panel correction can be finalized.

With the claim rule table modifications completed, the lack of functionality of the MMIS Restriction Panel was again brought forth in late 2013. Work on the permanent correction to the Restriction Panel began in December 2013, with the creation of a change request. Now recognized as a high priority requirement, the notice to proceed for change request was authorized on March 4, 2013. In user acceptance testing, additional issues were identified, so work continues on the permanent correction. It is anticipated the correct panel functionality will be restored as of August 31, 2014.

- We recommend authority management maintain evidence of the initial and renewing database checks for enrolled providers.

  It is important to the Division of Medical Assistance Programs (DMAP) that all program integrity requirements to keep excluded persons or entities from participating in the Medicaid programs be followed. Checking the multiple exclusion databases for newly enrolling Medicaid providers has been operational since March, 2011, when the Patient Protection and Affordable Care Act of 2010 (ACA) became effective. The processes necessary to comply with these checks are documented within the provider enrollment policy and procedures manual.

  In addition to newly enrolling providers, all providers within the Medicaid Management Information System (MMIS) are checked against the Medicare Exclusion Database (MED) on a monthly basis. This monthly MED search results in a report being produced that indicates possible matches to excluded individuals or entities. This report is then worked by staff who are tasked to make a determination on the validity of a possible match. If the match is verified, the excluded individual or entity would immediately be terminated from the Medicaid program. These processes contribute to the high levels of confidence that no excluded individuals or entities are participating in the Oregon Medicaid programs.

  A prior audit found that historical documentation of these database checks was not sufficient. To address this, an MMIS change request was written on March 28, 2013. This change request will expand the provider panel to include a series of check boxes where the enrollment staff could record what databases were

checked and when they were checked. The initial estimated completion date for change request was October 31, 2013.

Unfortunately, all available resources, including those working on the change request, were redirected to support the alternative enrollment methods employed to meet the January 1, 2014, deadline for the Medicaid expansion brought about by the ACA. While the expansion was successful, work to get the change request completed did not occur until late March 2014. This change is now in final user acceptance testing. It is now estimated that the change request will be completed by July 31, 2014.

Once operational, these exclusion database check boxes will be applied to newly enrolling providers. All providers will be documented for exclusion checks upon the completion of the ACA provider revalidation requirement. This revalidation requirement is targeted for completion in March 2016.

- We recommend authority management develop a security plan that addresses all federally required components, develop and implement a formalized risk analysis program, and ensure system security reviews are conducted timely for all applicable systems involved in the administration of the Medicaid program.

  We agree the Department of Human Services and Oregon Health Authority have not completed all the elements of a formal ADP risk analysis and security review of the Medicaid systems. However, as we have previously communicated, the agencies have traditionally relied on third-party assessments (such as the SOC1 report from TKW), audits from Office of Inspector General, Secretary of State, and the Enterprise Security Office's Annual Information Systems Business Risk Assessment report to provide this information. Security control assessment is included in these assessments. Vulnerability assessment scans of the MMIS system software are periodically performed at least every three years or whenever major changes are made to the system. The last assessment took place in August 2012. The next assessment is scheduled for later in 2014. We use these audits and reports, as well as leveraging reports from the Privacy and Incident Response section, to assist in that determination. While not strictly a formal risk assessment per se, it does provide an analysis of controls from both a system as well as program perspective. In addition, Information Security

and Privacy Office (ISPO) staff have conducted security walk-throughs of the State Data Center on a number of occasions as required by the Internal Revenue Service (IRS). The agencies also have the Change Activity Board (CAB) and the Architectural Review Board which gives/requires the Information Security and Privacy Office (ISPO) the opportunity to review proposals for security issues and impact on the IT security environment.

We also agree that we need to develop a formal risk assessment and security review program based in industry standards and best practices that assesses risks for programs as a whole and not on a system-by-system basis. ISPO has hired a position for this activity and expects to have it in operation by June 30, 2014. It is envisioned that this program will be policy based. The program will use tools and techniques based on National Institute of Technology and Standards (NIST) principles and standards. The overarching goal is to ensure that security risk analysis is conducted when appropriate on a regularly scheduled basis. It is expected that the program will work closely with the Internal Audits and Consulting Unit to ensure that peer review of findings is included as an integral part of the ongoing risk assessment program.

ISPO is on track to perform vulnerability assessments on MMIS system in August 2014. We anticipate that a number of subsystems that "feed" into or use output from MMIS may be candidates for evaluation. This is dependent on ensuring that the evaluations will not disrupt the Cover Oregon Health Insurance Exchange contingency support efforts during the Magi/Medicaid and Qualified Health Plan Transition project. We anticipate that evaluation of those systems will occur in 1st or 2nd quarter 2015. ISPO's Risk Assessment program is in the operational pilot stage. Staff has undergone formal training by ISACA and two pilot assessments have been conducted (OPHP and Oregon State Hospital Avatar programs) to fine tune tool selection assessment processes. Current plans are to develop the overarching policy as part of a revised security policy set (scheduled activity for Fall 2014) and to begin assessment of DMAP programs and Medicaid systems at that time.

- We recommend management strengthen its review of balance transfers to ensure costs are not charged to a grant outside of its period of availability. We further recommend management consider implementing a process to limit the charging of costs to a closed grant thereby minimizing the need for corrections.

  Currently, the Immunization section follows the Center for Public Health Practice process, which is, as follows:

  1. *Section fiscal analyst prepares documentation of the original transaction from SFMA with an explanation on why the transfer is requested.*
  2. *Request is submitted to the Practice Program Support Manger (PSM) for review and approval.*
  3. *If approved, PSM emails request to the Office of Financial Services (OFS).*
  4. *Request is reviewed by OFS divisional liaison.*
  5. *If approved, adjustment is entered by OFS.*

  Going forward, step 1 above will be expanded to include attaching source documentation from the original transaction. This will allow confirmation that the adjustment is appropriate to the period of availability. A new procedure has been developed to establish a more uniform method for making adjustments.

- We recommend management ensure the appropriate report is submitted at the end of the grant period. We also recommend management strengthen its reconciliations of Federal Financial Reports to ensure accounting records fully support reported amounts.

  Management emphasized the need for staff to properly identify individual grant reporting requirements and stressed the need to communicate effectively between program staff and the Office of Financial Services (OFS). OFS will review adjustment requests for effective dates and invoice descriptions to determine validity

of expenditures. OFS staff will review the Notice of Award and determine if the financial report should be an interim, quarterly, annual or final report. OFS staff will monitor grants after federal reporting has occurred to ensure no additional entries are made and make sure accounting structure is shut down to prevent future occurrences. OFS will expand queries of the datamart to measure expenditures by grant component.

- We recommend management ensure controls are in place to review and retain reports used to justify payroll funding splits. Management should ensure funding splits entered into OSPA are appropriate, including those with differences noted during the audit.

  The Oregon Immunization Program has developed a process for centralized tracking of payroll documents and assigned responsibility to specific positions. Immunization staff was trained on the improved workflow for payroll documents. This process was tested from July 2013 through January 2014, and formalized in Unit Guideline OPS001 (dated January 28, 2014).

2013-2015 MANDATORY SPECIAL REPORT ON COMMUNITY MENTAL HEALTH

Treasury Account Report

July 2013 to June 2015

Per ORS 426.506 Community Mental Housing Fund; Community Housing Trust Account

Restricted Funds- Permanent Fund Principle		$	5,726,586
Unrestricted 11-13 Balance Forward			487,156
YWCA Prepayment			86,667
Jackson County Prepayment			59,401
Institutional Housing Award Paid			(15,818)
Interest:	Actual July 2013 through May 2014		31,149
	Projected June 2014 through June 2015 (13 mo @ $2,500)		32,500
	Total Revenue	**$**	**6,407,641**

Restricted Funds- Permanent Fund Principle		5,726,586
Awarded Amounts Funded July 2013 to June 2015		0
Amount reserved for awarded housing development		0
Amount reserved for awarded institutional housing		0
Available to be Awarded		648,555
Projected Interest June 2014 through June 2015		32,500
Total Expenditures	**$**	**6,407,641**

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), Public Health (PH) and the Office of Contracts and Procurement (OC&P). This report covers July 1, 2012 through June 30, 2013 (FY 2013).

This report is required by ORS 417.270 (HB 3576 Equal Access to Appropriate Services for Girls and Boys).

OHA Addictions and Mental Health Program

OHA Addictions and Mental Health (AMH) program 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.

OHA Public Health Program

OHA Public Health (PH) program has several initiatives addressing youth services.

PH - Center for Prevention and Health Promotion

Adolescent Genetics and Reproductive Health Section (AGRH). This program expended more than $5.2 million providing services to males and females under the age of 18 for FY 2013.

- The Reproductive Health Program works with over 150 clinics throughout the state to offer free or low-cost reproductive health services and birth control for women, men and teens that need them. The 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 2013, the Reproductive Health Program's total clients who were male and under the age of 18 was less than 1%, while the proportion of females under the age of 18 was approximately 9.3%. National standards for preventive services include more reproductive health screenings for females than for males.
- The School-Based Health Center (SBHC) Program certifies and supports SBHCs throughout Oregon. SBHCs are a unique health care model for comprehensive physical, mental and preventive health services provided to youth and adolescents either within a school or on school property. With easy access to health care in a school setting, SBHCs reduce barriers such as cost, transportation, and concerns surrounding confidentiality that often keep children and youth from seeking the health services they need. SBHCs provide a full range of physical, mental and preventative health services to all students, regardless of their ability to pay. 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. During FY 2013, School Based Health Centers served 18,241 youth under 18 years of age representing 81% of all SBHC clients. Of those clients under 18, 55% were female and 45% were male.

- The Youth Sexual Health Program supports ¡Cuídate!, 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 53% female, 45% male and less than 1% transgender.
- The Adolescent and School Health Program analyses Oregon Healthy Teens (OHT) report data on positive youth development by gender. This analysis looks at OHT data to identify trends and disparities in positive youth development (PYD) by gender, race/ethnicity, and sexual orientation. PYD benchmark is comprised of six questions that address components of PYD theory. To meet the PYD benchmark, youth must answer five out of the six items positively (excellent, very good or good, or very much true, pretty much true). An analysis of five years of data (2006 – 2011) indicated there was no significant difference in the total proportion of 11th grade females and males who achieved the PYD Benchmark (68% vs. 70%, respectively). However, it appears the ways in which males and females achieve the PYD Benchmark differ.
    - Females were **less likely** than males to report:
        - Excellent/Very Good/Good physical health (85% vs. 91%)
        - Excellent/Very Good/Good emotional health (79% vs. 87%)
        - Can work out their problems (86% vs. 91%)
    - Females were **more likely** than males to report:
        - Volunteering to help others in the community (57% vs. 44%)
    - There were no significant differences between females and males related to:
        - Having an adult at school who cares (81% vs. 78%)
        - Able to do things if they try (94% vs. 95%)

Maternal and Child Health (MCH). A variety of functions exist within this section. The section:

- Implements 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.
- Collects 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.
- Provides training and technical assistance through an interagency agreement with the Oregon Department of Justice to their local Safer Futures Funding sites on how to work with and integrate relationship violence screening and referral services into their work with local public health. The grant places Domestic Violence (DV) advocates in DHS and local public health offices to assist with screening, referrals, and case coordination for pregnant and parenting teens who have been victims of DV including sexual violence.
- Implements the Futures without Violence Project Connect model in four sites. This model provides intensive screening for Intimate Partner Violence and sexual coercion, referral and follow-up in public health family planning clinics. While the intervention is for all female clients of reproductive age, there is an intentional focus on reaching out to adolescents because they are at higher risk for IPV and sexual coercion and are less likely to access services. Oregon Project Connect has been using the Futures without Violence "Hanging Out or Hooking Up" curriculum which is designed for health care providers who what to better serve female adolescents who are sexually active.

PH – Center for Public Health Practice

HIV/STD and TB Section. The Oregon Infertility Protection Project provided chlamydia testing services to 8,871 clients under 18 from July 1, 2012 – June 30, 2013. Of those clients, 87% were female and 13% were male.

Immunization. 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. The program also administers school immunization requirements and keeps track of rates through a lifespan registry, the ALERT Immunization Information System (IIS).

Immunization is the safest and most effective public health tool available for preventing disease and death. Vaccinating according to the Centers for Disease Control and Prevention (CDC) recommended immunization schedules, not only protects families, but our entire community. Approximately 599,000 vaccinations were made to males and females under the age of 18 in FY 2013.

State Supplied Vaccine, Value by Gender			
2013-2014	Doses	Value	%
Female	294,072	$13,983,956	49%
Male	304,665	$14,460,389	51%
Unknown	325	$12,257	0%
	599,062	$28,456,602	
Data source: ALERT IIS; highest cost used when multiple brands available			

Office of Contracts and Procurement (OC&P)

The Office of Contracts and Procurement addresses gender equity within OHA Contracts (2013), 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.

Limitations Regarding Data

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.

Department of Human Services/Oregon Health Authority
2015-17 Information Technology Related Projects/Initiatives

	Project Description	Estimated Start Date	Estimated End Date	Project cost to date	Estimated 15-17 Costs	All biennia total project cost	Base or POP	Project Phase: I=Initiation, P=Planning, E=Execution, C=Close-out	If continuing project - Has it been rebaselined for either cost, scope or schedule? Y/N - If Y, how many times?	Purpose: L=Lifecycle Replacement; U=Upgrade existing system; N= New system	What Program or line of business does the project support?	Comments
Modernization	The Program is structured to provide enterprise alignment for planning, governance and management, with implementation projects planned and executed in a coordinated way. The Program has evolved over time from a primarily technology focused approach to a broader service delivery program approach for DHS, encompassing and leveraging technology innovation to achieve program and agency goals. This is a placeholder POP focusing on the next phase of work of integrated service delivery to prioritize technology updates that will improve customer service by automating eligibility systems across public benefit programs and by establishing comprehensive case management capabilities supporting the major programs within DHS. This placeholder assumes alignment with MAGI-Medicaid and the Oregon Health Authority's work, compliance with the Federal and State Stage Gate processes utilization of a full service system integrator, and an incremental approach to the work that manages scope and transparently communicates expectations. As appropriate, conversations with federal program partners (the Center for Medicaid and Medicare Services and Food and Nutrition Services) will also continue to secure federal funding for the project set that is defined. Additional 90/10 match from CMS may be available, but POP is priced at 50/50 match as a placeholder pending future discussions with CMS. Assumes $15 million in available Q-bonds. Includes $8.8 million in OF limitation for OHA limited duration positions in OIS. DHS and OHA are committed to providing a modern service delivery network in which customers are proactively engaged by the Enterprise in identifying services to address the social determinants of health, generate healthy communities, improve customer outcomes, and reduce overall costs. To achieve this vision, the enterprise remains steadfast dedication to the development of an integrated system supporting shared eligibility determination services across all public benefit programs, as well as establishing comprehensive case management capabilities supporting the major programs within DHS. To complete the next phases of development and transformation efforts that will help achieve these goals, DHS and OHA are requesting support and funding authority for the Modernization Program for the 2015-17 biennium.	07/07	06/17	$96,444,058	$60,253,244	TBD	POP	I/P	Y, 4	N	DHS	At the beginning of the 2011-13 biennium, the Modernization Program was restructured to fund an integrated Medicaid/SNAP eligibility system and a state Exchange under the Affordable Care Act. During development, MAGI Medicaid eligibility was shifted to the Exchange and the DHS portal was reduced to a SNAP-only system. In May, 2013, Cover Oregon took funding responsibility for the Exchange and Modernization continued under this program. However, due to the need to prioritize resources for the Exchange and issues that arose with the development, development activity on the SNAP portal slowed and was ultimately halted in October 2013. In July 2014, all remaining funds in the Modernization program were repurposed to fund the transition from Cover Oregon to the federal Exchange and the return of MAGI eligibility to OHA.
OAAPI - APD	This is a POP to develop a streamlined and Integrated Statewide Adult Abuse and Report Writing System. Phase I planning was approved by the Emergency Board in March 2014. This POP assumes the planning is completed and the Phase II development is ready to proceed based on the Phase 1 business case and solicitation documents. It is also planned to keep close connection between program, OIS, DAS and LFO on the gate review processes and progress of this project. The need for a stable, integrated Abuse Data and Report-writing System is critical as Oregon faces an aging population, an annual increase of 5-8% in abuse referrals, and an increased need for services across all demographics. Given the nature of the services provided to vulnerable Oregonians by OAAPI and its partners, we cannot afford to place our trust in a disconnected assortment of legacy data systems that do not give us the information we need to protect victims of abuse effectively and develop prevention efforts proactively. Currently all funding is assumed as GF but DHS is pursuing other avenues of Federal Funds that may or may not become available. Assumes $2 million of Q-bond available.	05/14	06/17	$0	$3,437,494	$3,437,494	POP	P	N	N	DHS / OAAPI-APD	Project document work began in the May time frame. Charge codes were established in August of 2014 upon approval of the Business Case and IRR.
REAL-D	This Policy Option Package supports architecting and implementing a master client data collection solution to address the needs of the current and future client data collection requirements for unified data collection to address health and service equity for all programs and activities within the Department of Human Services (DHS). DHS and OHA have developed policies for collecting, analyzing, and reporting meaningful race, ethnicity and language and disability data across DHS and OHA which was built on the foundation of the U.S. Office of Management and Budget's (OMB) Directive 15 (revised 1997), and adds key elements that will improve the quality of the data gathered. This POP addresses both the business and technical changes required to create a unified, sustainable model for collecting client data across both agencies. Assumes 1 million in Q-Bond availability. Phase I planning is being done during the 2013-15 biennium.	08/14	TBD	$0	$3,514,796	$5,000,000	POP	P	N	U	DHS/OHA - Agencies Wide	
Collective Bargaining and Federal Rule Change Placeholder	This is a placeholder for the system modifications that may be required to support the outcome of the 2015-2017 Collective Bargaining Agreements and any decision coming out of the Session to account for Federal Department of Labor rule changes in DD, APD and AMH.	TBD	TBD	$0	TBD	TBD		Pre-Initiation	N	U	DHS	This is a placeholder pending additional information to understand the scope of the work, requirements, timing, and cost information.

	Project Description	Estimated Start Date	Estimated End Date	Project cost to date	Estimated 15-17 Costs	All biennia total project cost	Base or POP	Project Phase: I=Initiation, P=Planning, E=Execution, C=Close-out	If continuing project - Has it been rebaselined for either cost, scope or schedule? Y/N - If Y, how many times?	Purpose: L=Lifecycle Replacement; U=Upgrade existing system; N= New system	What Program or line of business does the project support?	Comments
MMIS: ICD-10	ICD-10 is an enhancement to the MMIS system interfaces based on two final rules published by the Federal Department of Health and Human Services under the Administrative Simplification provision of HIPPAA. It will modify MMIS to meet HIPPAA requirements for updated Medical Code Set Standards; from ICD-9-x to ICD-10-CM, & ICD-10-PCS	06/13	10/15	$1,124,738	$4,487,452	$8,920,449	Base	E	Y,2	U	OHA/MAP	
WIC EBT (TWIST EBT, eWIC)	The WIC EBT project will establish an Electronic Benefit Transaction system that is similar to the EBT system used currently for SNAP benefits.	12/11	12/15	$2,732,258	TBD	TBD	Base	E	Y,1	N	OHA/PH	There will be additional federal funds for 15-17. The amount is unknown until October 2014.
HIV-CAT (CAREAssist)	The HIV Care and Treatment Program provides high quality, cost effective services that promote access to and ongoing success in treatment for people with HIV/AIDS in Oregon. The Care Assist 2.0 project will replace the existing Care Assist application and other related legacy solutions with a new web application in an effort to improve workflow, increase productivity, and address issues with current legacy system.	TBD	TBD	$0	$1,458,333	TBD	Base	Pre-Initiation	N	U	OHA/Pharmacy Services	
OHIT 1.5	The Office of Health Information Technology (OHIT) Phase 1.5 includes 3 projects with technology components. The name and description of each are: Provider Directory: Establishing provider information repository services including a statewide provider directory, affiliating providers to their practice locations and identifying their health information exchange "addresses". This supports exchange of health information, analytics needed for quality improvement efforts and population management. Common Credentialing: Meets requirements under SB604 including the ability to streamline credentialing, establish a single entry point for providers and payers, and keep data in the provider directory current. Clinical Quality Metrics: Establishes a registry to capture provider's clinical metrics from their electronic health records, including the 3 clinical CCO quality pool metrics (diabetes poor control, hypertension, depression screening)	08/14	01/16	$0	$29,329,201	TBD	POP / Base	I	N	N	OHA/OHIT	This figure is the two year estimated cost for FFY15 and FFY16, where FFY15 is the approximate period for development and implementation and FFY16 is the approximate first full year of operation (at the time estimates were developed). The estimate included vendor contracts for Provider Directory, the CQMR Registry, Common Credentialing, and the Systems Integrator - $26,365,263; and internal staffing costs across these projects - $1,451,375 for a total of $27,816,638. The QA vendor estimate is $712,563 and the technology consultant is estimated to be $800,000, which brings a total to $29,329,201. This includes POP, base budget, and Transformation dollars combined.
MMIS Hardware Refresh	The purpose of the project is to modernize the MMIS infrastructure and sized for client usage plans and future growth. These updates will continue the viability of maintenance contracts and uphold SLAs relating to potential outages caused by end-of-life hardware. The current MMIS infrastructure has many components that were part of the original implementation and are past end-of-life. The expansion of Medicaid eligibility has increased the number of clients far beyond what the system was originally expected to handle. The future number of clients over the next five years is estimated based on forecasting and is expected to continue growth. The current Hewlett Packard Enterprise Services (HPES) Contract 113737 for the Replacement Medicaid Management Information System (MMIS) is set to be extended to February 28, 2017 for the balance of the three one(1) year extensions.	10/14	10/16	$0	$8,000,000	$12,000,000	Base	I	N	U	OHA/MAP	

	Project Description	Estimated Start Date	Estimated End Date	Project cost to date	Estimated 15-17 Costs	All biennia total project cost	Base or POP	Project Phase: I=Initiation, P=Planning, E=Execution, C=Close-out	If continuing project - Has it been rebaselined for either cost, scope or schedule? Y/N - If Y, how many times?	Purpose: L=Lifecycle Replacement; U=Upgrade existing system; N= New system	What Program or line of business does the project support?	Comments
Environmental Public Health Tracking 6.0	Add additional data sets and functionality to the EPHT data portal	TBD	TBD	$0	TBD	TBD	TBD	Pre-Initiation	N	U	OHA/PH	
Environmental Health Licensing Information System	Create an environmental health licensing and inspection application for use by both the state and our county partners.	TBD	TBD	$0	TBD	TBD	TBD	Pre-Initiation	N	N	OHA/PH	
MAGI Eligibility, Enrollment and Redeterminations Project	Potential of additional requirements and/or enhancements to the technology solutions and system automation requirements for the Medicaid programs eligibility, enrollment and redetermination steps for clients into the Oregon Health Plan. * The initial Phase of this project has repurposed $61.24M of prior federally approved funding to DHS and OHA from CMS.	TBD	TBD	$ 61,242,756*	TBD	TBD	TBD	Execution	N	N	OHA/MAP	In July 2014, all remaining federal funds approved through Advanced Planning Documents (APD) to DHS and OHA were repurposed to fund the IT work necessary for OHA to transition eligibility and enrollment from Cover Oregon to the federal Exchange and the return of MAGI eligibility to OHA. This initial phase of the project is expected to be completed by the end of 2014. Any new requirements, enhancements or scope of the project has yet to be determined. As such, most of any future phase work will be dependent upon federal requirements and federal participation in associated costs. See also write up on DHS Modernization above.

Oregon Health Authority 2015 – 2017 Agency Request Budget

Staffing Ratio Report

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 ongoing 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, 2014, there were no changes in the current ratio of 10 to 1 which was approved by DAS on November 19, 2013. OHA will be working with DAS during the current review period and is on schedule to meet our target by November 1, 2014. We will continue to monitor our monthly ratios to ensure on-going compliance.