

## OHA/Direct Charges and Services – Program Area Totals

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	59,887,467	63,614,240	68,143,585	59,580,538
Other Funds	18,966,809	27,619,851	11,250,311	11,089,720
Federal Funds	81,221,083	75,593,913	66,624,135	67,616,050
<b>Total Funds</b>	<b>\$160,075,359</b>	<b>\$166,828,004</b>	<b>\$146,018,031</b>	<b>\$138,286,308</b>

### Summary Description

The Direct Charges and Services section contains the budget to pay for central government assessments and usage charges. Included are the state government service charges, risk assessments, State Data Center usage charges, facility charges, and information technology direct charges. In addition, the funding to pay for shared services received from both OHA and DHS is included in this budget. More detail on shared services is included in the Central and Shared Services program area.

### Revenue Sources and Relationships

The 2011-13 legislatively adopted budget is 43% General Fund, 8% Other Funds, and 49% Federal Funds. Costs are allocated to the various program areas within OHA. Federal funding is subject to a federally approved cost allocation plan that charges programs for the services received.

Federal Funds in this budget are primarily Title XIX Medicaid administrative reimbursement, but also include funds for administrative support for CHIP and a variety of other smaller federal program funding sources. Federal public health grants also pay a share of these operating costs.

### Legislatively Adopted Budget

The 2011-13 legislatively adopted budget of \$138.3 million total funds (\$59.6 million General Fund) is \$28.5 million, or 17%, lower than the 2009-11 legislatively approved budget for total funds. General Fund is \$4 million, or 6%, less than the 2009-11 budget level. This budget was cut significantly in the Governor's budget, and further reduced in the legislatively adopted budget.

Budget adjustments include a \$3.8 million General Fund reduction (\$8.6 million total funds) for the continuation of allotment reductions implemented in the 2009-11 biennium, as well as a \$3.2 million General Fund program reduction (\$6.8 million total funds) in the Governor's budget. The agency will also need to hold positions vacant and reduce services and supplies expenditures to achieve a \$5.9 million General Fund and \$10.7 million total funds unspecified reduction to balance to the Governor's budget.

The legislatively adopted budget was further reduced by \$1.4 million General Fund as a result of the statewide 6.5% services and supplies reduction, and the supplemental ending balance hold back reduced the budget by \$2.2 million General Fund. Reductions to the Secretary of State and Department of Administrative Services budgets resulted in cost savings of \$0.6 million General Fund (\$1.2 million total funds) for assessments paid through this budget.

## OHA/Central and Shared Services – Program Area Totals

	2007-09 Actual	2009-11 Legislatively Approved	2011-13 Governor's Recommended	2011-13 Legislatively Adopted
General Fund	23,306,657	43,184,268	70,373,253	69,199,731
Other Funds	4,612,496	31,844,914	126,873,524	140,010,903
Federal Funds	14,863,075	32,288,898	14,681,174	66,083,046
Federal Funds (NL)	0	2,071,776	4,374,411	4,374,411
<b>Total Funds</b>	<b>\$42,782,228</b>	<b>\$109,389,856</b>	<b>\$216,302,362</b>	<b>\$279,668,091</b>
Positions	477	503	474	482
FTE	456.41	488.00	463.54	470.16

NOTE: The 2007-09 and 2009-11 columns above include positions and FTE, but not the related, non-add Other Funds expenditures, for the OHA Shared Services staffing that is part of the 2011-13 budget.

### Summary Description

As part of the transition to create the new Oregon Health Authority, a new model was developed for providing administrative functions to OHA and the Department of Human Services (DHS). A number of functions such as information technology, financial services, budget, human resources, facilities, and procurement will be provided as shared services. While some of the functions will be housed in OHA and some in DHS, all functions will provide services to both agencies. Following the joint governance model that the two agencies are developing, service-level agreements will be developed to define the relationship between the agency providing service and the agency receiving the service.

Other functions, including leadership, communications, and portions of budget and human resources, are directly related to policy and program and so will be housed separately in each agency. These are the central services in each agency. Direct charges and services for central government assessments and usage charges are included in a separate budget unit that provides direct program support.

### Shared Services

Services that will be shared with DHS, but housed within OHA include the following:

- The *Information Security Office* protects the security of all confidential information; educates staff, volunteers, and partners about how to protect confidential information; develops and audits processes for protecting information; and ensures that the Department and its partners meet all federal and state security regulations and contractual obligations.
- The *Office of Information Services* deploys and maintains the hardware and software needed by OHA and DHS employees to do their jobs; oversees the implementation of enterprise-wide technology solutions; ensures the back-up and integrity of data used by employees and partners through Oregon; and provides the information infrastructure and technical support necessary to maintain the business services such as payroll distribution, vendor payments, and personnel actions. Information Services develops new information systems such as the Medicaid Management Information System (MMIS) and the ORKids project.
- The *Office of Health Information Technology (OHIT)* provides leadership in health reform technology efforts statewide to ensure coordination and maximize federal and private funding sources.
- *Shared Services Administration* houses the Chief Information Officer and support staff.

Services that will be shared with OHA, but housed within DHS include contracts and procurement; caseload forecasting; technical budget tracking; document management and archiving; forms and distribution; facility management; human services tracking; payment accuracy and recover; continuous improvement; audits and consulting; and investigations.

### Central Services

The OHA Central Services section includes all governance functions specifically for the operation of OHA, such as the agency's director's office, communications, portions of budget and human resources, and the Office of Multicultural Health and Services. Central Services also include the Office of Policy and Performance, which provides health policy analysis and development; coordinates strategic and implementation planning; and conducts data collection, statistical analysis, and evaluation to provide information needed for OHA policy

development. It also develops financial, performance, and administrative information for the management of OHA, and provides staff support, policy coordination, and project management in support of the Oregon Health Policy Board.

This budget also includes the debt service for loan repayment within OHA. These costs are primarily for construction of the new Oregon State Hospital. There is also debt service for the Public Health Laboratory and the Oregon Educators Benefit Board's benefit system (MyOEBB).

### **Revenue Sources and Relationships**

The 2011-13 legislatively adopted budget is 25% General Fund, 50% Other Funds, and 25% Federal Funds. Administrative costs are allocated to the other program areas within OHA, as well as DHS for Shared Services. The Other Funds in the Shared Services budget reflect revenues received from both DHS and other parts of OHA for purchased services. Federal funding is subject to a federally approved cost allocation plan that charges programs for the services received.

The 2011-13 adopted budget anticipates \$9.8 million in Other Funds from Article XI-Q bonds issued to pay debt service on financing for the Oregon State Hospital replacement project. OEGB assessments provide the funding for the debt service related to the MyOEGB project.

Federal Funds in this budget are primarily Title XIX Medicaid administrative reimbursement and the Health Insurance Exchange IT project grant, but also include funds for administrative support for CHIP and a variety of other smaller federal program funding sources. Federal public health grants also pay a share of these operating costs. The Nonlimited Federal Funds are used to pay debt service on the bonds issued through the federal Build America Bonds program.

### **Budget Environment**

The Central and Shared Services model is new for the 2011-13 biennium. The shared services structure was chosen to help ensure that administrative services are provided cost-effectively without duplication of resources between OHA and DHS. Overall, the combined budgets for central services, shared services, and direct charges for central government assessments and usage charges in OHA and DHS are essentially equivalent to the old Department of Human Services' Administrative Services Division, which has been eliminated.

As noted above, the major share of this budget is spent as Other Funds, but the costs are paid by the various program areas in OHA and DHS as General Fund, Other Funds, and Federal Funds in their budgets. Reductions made in the shared administrative services operations (for example, in financial services or facilities, as was done in the 2009-11 biennium) reduce costs elsewhere in OHA and DHS.

### **Legislatively Adopted Budget**

The 2011-13 legislatively adopted budget of \$279.7 million total funds is \$170 million higher than the 2009-11 legislatively approved budget. The major difference in the total funds number is that only the 2011-13 budget includes the Other Funds expenditures that will support the OHA Shared Services staffing.

General Fund of \$69.2 million to support the 2011-13 legislatively adopted budget is \$26 million (60%) higher than the 2009-11 spending level. This increase is a result of higher General Fund debt service for the Oregon State Hospital replacement project, which increased by \$38 million.

Budget adjustments include a \$1.1 million General Fund reduction to Central Services (\$2 million total funds), as well as an \$11.3 million Other Funds reduction to Shared Services. Further adopted program reductions included in the Governor's budget total \$1 million General Fund in Central Services (\$1.7 million total funds) and \$8 million Other Funds in Shared Services.

The legislatively adopted budget was further reduced by \$0.4 million General Fund as a result of the statewide 6.5% services and supplies reduction, and the supplemental ending balance hold back reduced the budget by \$2.5 million General Fund. The adopted budget funds the safety net clinic grants at \$1.5 million Other Funds, a reduction of \$3.5 million.

The Central Services budget was increased by \$50.7 million Federal Funds, primarily as a result of including the expenditure limitation for the Health Insurance Exchange IT project. Similarly, the Shared Services budget was increased \$18.6 million Other Funds for three IT projects; the Health Insurance Exchange, the Self-Sufficiency and Modernization, and the Child Care Automated Billing System. Limited duration positions necessary to support the IT projects are expected to be approved administratively by the Department of Administrative Services. Resources for information services within Shared Services were also increased by \$2.2 million Other Funds and 6.62 FTE to continue the Behavioral Health Integration Project in Addictions and Mental Health.

The agency continues to refine its staffing needs in Central and Shared Services as the transition to two agencies progresses. The adopted budget abolishes three positions and establishes three new positions for a Chief Financial Officer, a Human Resources Director, and the Director of Pharmaceutical Programs. The agency is reviewing other position changes that are needed to “true up” its Central and Shared Services staffing, and will return to the Legislature with a final staffing plan during the interim.