

**74th OREGON LEGISLATIVE ASSEMBLY – 2007 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5038-A

JOINT COMMITTEE ON WAYS AND MEANS

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

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

Vote: 18 – 1 – 2

House – Yeas: D. Edwards, Galizio, Garrard, Jenson, Nathanson, Nolan, Shields

– Nays: Morgan

– Exc: Hanna

Senate – Yeas: Bates, Carter, Devlin, Gordly, Johnson, Nelson, Schrader, Verger, Westlund, Whitsett, Winters

– Nays:

– Exc: Morse

Prepared By: Eric Luther Moore, Department of Administrative Services

Reviewed By: John Britton, Legislative Fiscal Office

Meeting Date: 5/25/07

Agency

Office of Private Health Partnerships

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Biennium

2007-09

Senators: Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson,
Schrader, Verger, Westlund, Whitsett, Winters

Senator Kurt Schrader, Co-Chair

Representatives: D. Edwards, Galizio, Garrard, Hanna, Jenson,
Morgan, Nathanson, Nolan, Shields

Representative Mary Nolan, Co-Chair

Senator Margaret Carter, Human Services Subcommittee Chair

Budget Summary*

	2005-07		2007-09		Percentage Committee
	Legislatively Approved Budget (1)	Governor's Budget	Committee Recommendation	Difference from Governor's Budget	Change from Governor's Budget
General Fund	\$ 25,125,635	\$ 23,873,528	\$ 25,024,831	\$ +1,151,303	+4.8%
Other Funds	62,806,834	95,855,818	57,236,251	-38,619,567	-40.3%
Total	\$ 87,932,469	\$ 119,729,346	\$ 82,261,082	\$ -37,468,264	-31.3%

Position Summary

Authorized Positions	52	100	53	-47
Full-time Equivalent (FTE) Positions	51.50	92.12	52.42	-39.70

(1) Includes adjustments through the December 2006 meeting of the Emergency Board

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Office of Private Health Partnerships (OPHP) is funded with a combination of General Fund and federal Medicaid and Children’s Health Insurance Program (CHIP) dollars. The agency uses most of its General Fund as match for federal Medicaid and CHIP funds. These federal dollars are transferred from the Department of Human Services and are included in the OPHP budget as Other Funds. The Subcommittee increased the OPHP’s General Fund revenue by \$1,151,303 and reduced total Other Funds revenue by \$38,619,567. The Other Funds reduction is the sum of using an additional \$1,500,000 of ending balance, eliminating \$22,618,695 of tobacco tax dollars proposed in House Bill 2201, and eliminating a net of \$17,500,872 of federal Medicaid match dollars.

Summary of Subcommittee Action

OPHP was created by the Legislature in 1987 (then named the Insurance Pool Governing Board) as a private insurance component of the Oregon Health Plan (OHP). The agency administers the Family Health Insurance Assistance Program (FHIAP) which provides health insurance premium subsidies to low-income families and individuals. OPHP’s Information, Education and Outreach program provides marketing, outreach and information on health insurance options to small businesses, individuals, private insurance agents, and local communities.

The Subcommittee approved a budget of \$25,024,831 General Fund, \$57,236,251 Other Funds (\$82,261,082 Total Funds) and 53 positions (52.42 full-time equivalent positions). This represents a 31.3 percent reduction from the Governor’s Recommended Budget (GRB) and a 6.5 percent reduction from the 2005-07 Legislatively Approved Budget. The significant decrease is driven by the removal of the Healthy Kids Plan

tied to HB 2201 that had not been approved at the time the Subcommittee worked on this budget. If a Healthy Kids Plan is ultimately approved, Other Funds expenditure limitation can be added by the Legislative Assembly or Emergency Board.

Information, Education and Outreach

The Information, Education and Outreach program serves as a central source for employers and individuals concerning information about health care resources and health insurance options. The program trains insurance agents with information about individual and small group health insurance, operates a referral program that connects individuals and small employers with local health insurance agents, and engages in community outreach to publicize services.

The Subcommittee made no changes to the Information, Education and Outreach budget approving \$462,345 General Fund, \$128,875 Other Funds and two positions (2.00 full time equivalent.)

Family Health Insurance Assistance Program

The FHIAP was established to provide direct health care insurance subsidies to people with incomes below 185 percent of the federal poverty level. In addition, to be eligible for subsidies, a person must have been uninsured for six months. People transitioning from Medicaid coverage are exempted from the six month uninsured requirement. If a person's employer contributes to a group plan, the employees must participate in that plan to participate in FHIAP. OHP applicants who are eligible for their employer's group plan are automatically referred to FHIAP. The program is not an entitlement, and enrollment is on a first-come, first-served basis.

The Subcommittee approved a FHIAP budget of \$24,562,486 General Fund, \$57,107,376 Other Funds and 51 positions (50.42 full time equivalent.) The Subcommittee made the following adjustments to the FHIAP budget:

1. Approved Package 070 that removed \$10,489,290 of Other Funds expenditure limitation that is not supported with revenue.
2. Added back \$2,651,303 General Fund and \$5,852,200 Other Funds expenditure limitation which reversed the ten percent reduction taken in Package 090 at GRB.
3. Approved Package 104 which added one Information System Specialist 4. This added position has no budgetary impact to the 2007-09 biennium because it will be funded by a reduction in the current Professional Services line item in Services and Supplies. This position will take over some information systems duties currently contracted by OPHP
4. Approved Legislative Fiscal Package 801 that reduced General Fund need by \$1,500,000 by using an equivalent one-time amount of Other Funds ending balance for the 2007-09 biennium.
5. Removed the FHIAP portion of the Healthy Kids Plan (Package 101) by reducing the Other Funds expenditure limitation by \$1,157,962.

Total adjustments to the FHIAP Governor's Recommended Budget are increases of \$1,151,303 General Fund and \$6,194,238 Other Funds.

Healthy Kids Plan

The Subcommittee removed Other Funds expenditure limitation associated with the Healthy Kids Plan Program Area (Package 101), reducing the budget by \$44,813,805 Other Funds, 47 positions (39.70 full time equivalent).

Summary of Performance Measure Action

The Subcommittee approved four key performance measures as set out in the attached Legislatively Adopted 2007-09 Key Performance Measures form. However, the subcommittee requested that the Legislative Fiscal Office and the agency review measures one and three (the number of stakeholders trained, and the number of FHIAP enrollees, respectively) with the Joint Legislative Audit Committee prior to the 2009 Legislative Session.