

## Legislative Fiscal Office

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## Joint Committee on Ways and Means

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**To:** Human Services Subcommittee

**From:** Gregory Jolivette, Legislative Fiscal Office

**Date:** June 17, 2021

**Subject:** SB 5529 – Oregon Department of Human Services - Intellectual and Developmental Disabilities  
Work Session Recommendations

### Oregon Department of Human Services – Intellectual and Developmental Disabilities

	2017-19 Actual	2019-21 Legislatively Approved	2021-23 Current Service Level	2021-23 LFO Recommended
General Fund	877,978,674	939,347,502	1,240,534,521	1,236,051,009
Other Funds	27,550,460	52,718,791	30,216,467	22,825,663
Federal Funds	1,840,782,888	2,221,423,059	2,226,657,549	2,592,490,393
<b>Total Funds</b>	<b>2,746,312,022</b>	<b>3,213,489,352</b>	<b>3,497,408,537</b>	<b>3,851,367,065</b>
Positions	912	917	917	937
FTE	908.53	916.30	916.17	933.89

Attached is the 2021-23 Legislative Fiscal Office recommended budget for the Intellectual and Developmental Disabilities program. The LFO recommended total funds budget is 19.9% above the 2019-21 legislatively approved budget and 10.1% above the 2021-23 current service level (CSL). The General Fund budget is 31.6% above 2019-21.

### Adjustments to Current Service Level

See attached “Work Session” spreadsheet.

The 2021-23 LFO recommended budget includes the following adjustments to the Intellectual and Developmental Disabilities program current service level budget:

**Package 087 - August Special Session.** This package reduces the CSL budget by \$1.4 million General Fund to reflect changes in SB 5723, namely the discontinuation of funding for Family-to-Family Networks. During the August 2020 Special Session, the Legislature made reductions in anticipation of significant negative impacts of the COVID-19 pandemic on state revenues.

**Package 095 - GB Fall Reshoot.** This package makes technical adjustments from the December 2020 rebalance.

**Package 107 - Diversity, Equity and Inclusion.** This package provides \$0.6 million General Fund, and \$0.5 million Other Funds expenditure limitation to reduce or eliminate language access barriers and increase communications that are designed specifically to reach people with intellectual and developmental disabilities. Specifically, the Office of Developmental Disabilities Services will use the funds to translate its documents and web content, provide verbal interpretation supports, and develop tools and materials for individuals who do not communicate using written or spoken language, as well as provide training for staff and contracted CMEs.

**Package 119 - Implementation of New Rate Model.** This package provides \$34.3 million General Fund (\$101.5 million total funds) to provide a 3.2% rate increase for providers of Intellectual and Developmental Disabilities services effective July 1, 2021, and to implement new rate models effective July 1, 2022. ODDS estimates this will result in an average weighted Direct Service Professional wage of \$14.82 per hour.

**Package 120 - Additional Funds for New Rate Model.** This package provides \$10.0 million General Fund (\$29.5 million total funds) to further increase provider rates for Intellectual and Developmental Disabilities services. ODDS estimates this will increase the average weighted Direct Service Professional wage to \$15.53 per hour.

**Package 124 - Licensure and Quality Improvement Staffing.** This package provides \$2.0 million General Fund, \$2.0 million Federal Funds expenditure limitation, and 19 positions (16.72 FTE) in the Licensure and Quality Improvement Office to meet growing workload demands and to ensure Oregon meets federal timelines for licensure visitations and investigations of neglect and abuse.

**Package 801 - LFO Analyst Adjustments.** This package adjusts the Intellectual and Developmental Disabilities budget to reflect the Spring 2021 caseload forecast and workload, changes in cost per case, the extension through Q3 of the one-time 6.2% enhanced FMAP related to the COVID-19 public health emergency, postage and handling, and the transfer of funds to Child Welfare for crossover children. Also included in this package are the following:

- Family-to-Family Networks. Provides \$1.4 million General Fund to restore this program to the 2019-21 funding level, adjusted for inflation. The 10 networks provide referral services and peer networking opportunities, potentially mitigating the need for families to access more expensive Medicaid services.
- Study of CDDP Funding Structure. Provides \$0.1 million General Fund and \$0.1 million Federal Funds limitation for the Department to contract for a study to identify, and make recommendation for, an improved funding structure for Community Developmental Disability Programs (CDDPs). There is a concern that in many areas, especially in large urban areas, state funding is not sufficient to serve clients who have barriers to service delivery due to cultural, linguistic, and socioeconomic needs that are different from the dominant culture. The Department is expected to report the study's finding and recommendations to the Human Services Subcommittee by December 31, 2022.

- Disability Rights Oregon Guardianship Reviews. Provides \$0.4 million General Fund to cover Disability Rights Oregon’s (DRO) costs associated with guardianship reviews. State law requires notice of petitions for guardianship be provided to DRO for review and possible follow-up action on behalf of protected persons. The Department and Disability Rights Oregon are expected to jointly report, during the 2023 legislative session, on the level of services provided in 2021-23.
- Home and Community-Based Services 10% FMAP. The American Rescue Plan Act (ARPA) provides enhanced federal funding for state Medicaid spending on Home and Community Based Services (HCBS). Specifically, beginning April 1, 2021 and through March 31, 2022, states are eligible to receive a 10% increase in their federal medical assistance percentage for specified HCBS. States are required to use *state funds* equivalent to the amount of the federal funds attributable to the increased FMAP to implement one or more activities to enhance, expand, or strengthen HCBS, including long term services and supports.
- As required by the Centers for Medicare and Medicaid Services (CMS) guidelines, ODHS worked with HCBS stakeholders to develop a list of proposals to enhance, expand or strengthen HCBS, and on June 11, 2021 submitted Oregon’s proposed HCBS spending/investment plan to CMS for review and approval. The ODHS plan includes proposed one-time and ongoing spending totaling \$565.3 million (\$269.8 million General Fund, and \$295.5 million Federal Funds).
- The LFO Analyst Adjustment to the Intellectual and Developmental Disabilities budget for the HCBS 10% FMAP (1) provides Federal Fund expenditure limitation of \$168.2 million; and, (2) designates/earmarks an equivalent amount of General Fund monies as the “HCBS State Investment.” LFO also recommends the adoption of a budget note requiring ODHS to periodically report to the Human Services Subcommittee on the status of the HCBS spending plan and the implementation of proposals included in the plan. Finally, LFO recommends the subcommittee direct the Department of Administrative Services to unschedule \$100.0 million of the General Fund amount in the I/DD budget for the HCBS spending plan until ODHS can update the Legislature on the details of the CMS-approved plan.

Note: Statewide adjustments and six-year capital construction expenditures are not included in these recommendations. Any needed adjustments will be made in end of session bills.

The LFO recommends the Subcommittee approve a 2021-23 ODHS Intellectual and Developmental Disabilities budget of:

\$1,236,051,009	General Fund
\$22,825,663	Other Funds
\$2,592,490,393	Federal Funds

937	Positions
933.89	FTE

## **Performance Measures**

All agency performance measures will be presented for approval as part of the final action on the ODHS budget.

## **Budget Notes**

### **Spending Plan for Home and Community-Based Services and Long-Term Services and Supports Investments**

**Budget Note:** The Oregon Department of Human Services and Oregon Health Authority shall provide interim reports to the appropriate interim budget committee (either the Joint Committee on Ways and Means or Emergency Board) throughout the 2021-23 interim on the status of implementation of the Home and Community-Based Services (HCBS) and Long-Term Services and Supports (LTSS) investment plan related to Section 9817 of the federal American Rescue Plan Act. The interim reports shall include, but not be limited to, (1) information on the status of federal review of the state's investment plan and any changes to the scope of the activities in the plan; (2) updated estimates of the total amount of funds attributable to the increase in FMAP that Oregon anticipates claiming; and, (3) actual and projected expenditures for activities in the investment plan between April 1, 2021, and March 31, 2024. The Department shall provide the Legislative Fiscal Office a copy of the quarterly spending plans and narrative submissions provided to the U.S. Centers for Medicare and Medicaid Services.

## **Recommended Changes**

The Intellectual and Developmental Disabilities budget is part of SB 5529, which is the budget bill for the entire Oregon Department of Human Services. The recommended amendments to SB 5529 will be presented after work sessions are completed on all parts of the budget.

**OREGON DEPARTMENT OF HUMAN SERVICES: INTELLECTUAL AND DEVELOPMENTAL DISABILITIES**  
**SB 5529 WORK SESSION**

	GEN FUND	LOTTERY	OTHER	FEDERAL	NL OTHER	NL FEDERAL	TOTAL FUNDS	POS	FTE	Comments
<b>2019-21 Legislatively Approved Budget of June 2021</b>	(As 939,347,502	-	52,718,791	2,221,423,059	-	-	3,213,489,352	917	916.30	
<b>2021-23 Current Service Level</b>	1,240,534,521	-	30,216,467	2,226,657,549	-	-	3,497,408,537	917	916.17	
<b>2021-23 Governor's Budget</b>	1,244,534,205	-	30,133,392	2,314,588,403	-	-	3,589,256,000	917	916.17	
<b>2021-23 LFO RECOMMENDED BUDGET</b>	1,236,051,009	-	22,825,663	2,592,490,393	-	-	3,851,367,065	937	933.89	

**2021-23 LFO RECOMMENDED BUDGET ADJUSTMENTS DETAIL**

<b>2021-23 Current Service Level Estimate</b>	1,240,534,521	-	30,216,467	2,226,657,549	-	-	3,497,408,537	917	916.17	
<b>Recommendations for Existing Packages</b>										
Pkg 087: August Special Session Rollup	(1,392,137)	-	-	-	-	-	(1,392,137)	-	-	
Pkg 095: GB 2020 Fall Reshoot	(77)	-	(7)	(47)	-	-	(131)	-	-	Technical Adjustment with SAEC
Pkg 107: Diversity, Equity and Inclusion	590,000	-	-	475,000	-	-	1,065,000	-	-	Eliminates language access barriers
Pkg 119: Implement New Rate Model	34,339,040	-	-	67,198,228	-	-	101,537,268	-	-	3.2% July 1, 2021, new model July 1, 2022
Pkg 120 Adttl Fund for New Rate Model	10,038,796	-	-	19,456,410	-	-	29,495,206	-	-	
Pkg 124: Licensure & Quality Imp Staffing	1,991,047	-	-	1,990,933	-	-	3,981,980	19	16.72	
<b>Other Recommended Adjustments</b>										
Pkg 801: LFO Analyst Adjustments										
Caseload	4,124,858	-	-	7,625,729	-	-	11,750,587	-	-	Spring 2021 Reshoot
Cost Per Case	1,918,581	-	-	3,695,701	-	-	5,614,282	-	-	Spring 2021 Reshoot
CDDP/Brokerages Adj	12,121,648	-	-	23,772,014	-	-	35,893,662	-	-	Spring 2021 Reshoot
Workload - State Staff	114,625	-	-	114,616	-	-	229,241	1	1.00	Spring 2021 Reshoot
Nursing Rate Cost	890,443	-	-	1,333,439	-	-	2,223,882	-	-	Spring 2021 Reshoot
I/DD Crossover Children to CW	-	-	(6,631,488)	-	-	-	(6,631,488)	-	-	Spring 2021 Reshoot
Postage and Handling	(424)	-	(39)	(263)	-	-	(726)	-	-	Spring 2021 Reshoot
Reg FMAP	6,384,390	-	48,489	(6,432,879)	-	-	-	-	-	Spring 2021 Reshoot
Enhanced FMAP	(77,471,439)	-	(807,759)	78,279,198	-	-	-	-	-	Spring 2021 Reshoot
HCBS 10% FMAP	(168,199,765)	-	-	168,199,765	-	-	-	-	-	Spring 2021 Reshoot
HCBS State Investment	168,199,765	-	-	-	-	-	168,199,765	-	-	I/DD HCBS investments
Family-to-Family Networks	1,392,137	-	-	-	-	-	1,392,137	-	-	Restores program to 2019 level
Study CDDP Funding Structure	125,000	-	-	125,000	-	-	250,000	-	-	Report by 12/31/2022
Disability Rights Oregon/Guardianship Reviews	350,000	-	-	-	-	-	350,000	-	-	Report in 2023
<b>Total adjustments LFO Rec from CSL</b>	<b>(4,483,512)</b>	<b>-</b>	<b>(7,390,804)</b>	<b>365,832,844</b>	<b>-</b>	<b>-</b>	<b>353,958,528</b>	<b>20</b>	<b>17.72</b>	
<b>TOTAL 2019-21 LFO Recommended Budget</b>	<b>1,236,051,009</b>	<b>-</b>	<b>22,825,663</b>	<b>2,592,490,393</b>	<b>-</b>	<b>-</b>	<b>3,851,367,065</b>	<b>937</b>	<b>933.89</b>	
<b>\$ Change from 2019-21 Approved</b>										
	296,703,507	-	(29,893,128)	371,067,334	-	-	637,877,713	20	17.59	
<b>% Change from 2019-21 Approved</b>										
	31.59%	-	-56.70%	16.70%	-	-	19.85%	2.18%	1.92%	
<b>\$ Change from 2021-23 CSL Estimate</b>										
	(4,483,512)	-	(7,390,804)	365,832,844	-	-	353,958,528	20	17.72	
<b>% Change from 2021-23 CSL Estimate</b>										
	-0.36%	-	-24.46%	16.43%	-	-	10.12%	2.18%	1.93%	
<b>\$ Change from 2021-23 Governor's Budget</b>										
	(8,483,196)	-	(7,307,729)	277,901,990	-	-	262,111,065	20	17.72	
<b>% Change from 2021-23 Governor's Budget</b>										
	-0.68%	-	-24.25%	12.01%	-	-	7.30%	2.18%	1.93%	