

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: SB 576 - 2**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

*Only Impacts on Original or Engrossed Versions are Considered Official*

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**Measure Description:**

Requires Department of Human Services to administer program to provide medical assistance to employed individuals with disabilities without regard to individuals' income or resources.

**Government Unit(s) Affected:**

Department of Human Services, Oregon Health Authority, Department of Consumer and Business Services

**Summary of Fiscal Impact:**

Costs related to the measure may require budgetary action - See analysis.

**Summary of Expenditure Impact:**

	<b>2023-25 Biennium</b>	<b>2025-27 Biennium</b>
<b>Department of Human Services</b>		
<b>General Fund</b>		
Personal Services	\$575,988	\$445,993
Services and Supplies	\$836,953	\$43,960
Special Payments	\$4,076,522	\$8,917,494
<b>Total General Fund</b>	<b>\$5,489,463</b>	<b>\$9,407,447</b>
<b>Federal Funds</b>		
Personal Services	\$514,072	\$445,993
Services and Supplies	\$1,217,399	\$43,956
Special Payments	\$7,671,380	\$16,781,337
<b>Total Federal Funds</b>	<b>\$9,402,851</b>	<b>\$17,271,286</b>
<i>Total Funds</i>	<i>\$14,892,314</i>	<i>\$26,678,733</i>
<i>Positions</i>	<i>6</i>	<i>4</i>
<i>FTE</i>	<i>5.02</i>	<i>4.00</i>
<b>Oregon Health Authority</b>		
<b>General Fund</b>		
Services and Supplies	\$101,273	\$0
<b>Other Funds*</b>		
Personal Services	\$3,337	\$0
<b>Federal Funds</b>		
Services and Supplies	\$302,925	\$0
<i>Total Funds</i>	<i>\$407,535</i>	<i>\$0</i>
<i>Positions</i>	<i>0</i>	<i>0</i>
<i>FTE</i>	<i>0.00</i>	<i>0.00</i>
<b>Total General Fund</b>	<b>\$5,590,736</b>	<b>\$9,407,447</b>
<b>Total Other Funds</b>	<b>\$3,337</b>	<b>\$0</b>
<b>Total Federal Funds</b>	<b>\$9,705,776</b>	<b>\$17,271,286</b>
<b>Total Fiscal Impact</b>	<b>\$15,299,849</b>	<b>\$26,678,733</b>
<i>Total Positions</i>	<i>6</i>	<i>4</i>
<i>Total FTE</i>	<i>5.02</i>	<i>4.00</i>

**Analysis:**

SB 576-2 directs the Department of Human Services (DHS) to provide medical assistance to employed individuals with disabilities residing in Oregon who are eligible for Medicaid irrespective of their income. The measure requires DHS to coordinate benefits with the individual's employer-sponsored health insurance if applicable. The measure directs DHS to request a federal waiver from using an individual with disabilities' income as an eligibility requirement. The measure requires DHS to enact all parts of the measure no later than July 1, 2025. The measure declares an emergency and is effective on passage. The fiscal impact for the measure is \$15,299,849 for the 2023-25 biennium and \$26,678,733 for the 2025-27 biennium.

**Department of Human Services**

The total fiscal impact for the 2023-25 biennium for DHS is \$14,892,314 and \$26,678,733 for the 2025-27 biennium.

The Seniors and People with Physical Disabilities division within DHS expects a 28% increase in caseload with implementation of this measure. To account for the increase in workload, DHS requires the following full-time permanent positions (3.52 FTE):

- One Operation and Policy Analyst 3 position for operational and policy oversight of the program
- One Training and Development Specialist 1 to administer training of the program
- Two Disability Analyst 2 positions to determine disability and medical improvement.

The total fiscal impact of these positions is \$390,241 General Fund and \$390,241 Federal Funds with associated position service and supplies costs of \$40,051 General Fund and \$40,051 Federal Funds.

DHS assumes Long-term Services and Support caseload will increase throughout a 21-month period and by the final quarter of 2023-25, DHS will be serving the entire caseload. Of the 28% increase in workload, DHS estimates 30% (or 272) of the estimated 906 cases will require Long-Term Services and Support. Of this subset, DHS assumes 50% will be served in-home and 50% will be served via community-based care. The average cost per case in-home is \$2,663 and \$5,216 for community-based care; the total Long-term Services and Support phased-in caseload for 2023-25 is \$4,076,522 General Fund and \$7,671,380 Federal Funds. Once DHS is at capacity in 2025-27, they will require \$8,917,494 General Fund and \$7,671,380 Federal Funds.

The Oregon Eligibility Partnership (OEP) requires two limited-duration full time Training and Development Specialist 2 positions (1.50 FTE) to update material for new hires, design and develop a Take Time for training course and support existing staff. The fiscal impact of these positions is \$185,747 General Fund and \$123,831 Federal Funds, with \$21,606 General Fund and \$14,404 Federal Funds in position related services and supplies costs. Additionally, the effort will require a contract with Deloitte for additional ONE system updates not provided by existing staff. Implementation and evaluation of operational readiness with Deloitte for the ONE system will cost \$775,296 General Fund and \$1,162,944 Federal Funds.

The measure requires DHS to seek a federal waiver from using income as an eligibility factor for determining coverage. A change in the eligibility requirements for the OHP-Standard programs is subject to the pre-approval of the federal government's Centers for Medicare and Medicaid Services (CMS). Federal Medicaid matching funds only become available upon approval of a CMS waiver. In absence of a CMS waiver approval, costs would be paid with state General Fund.

**Oregon Health Authority**

The total fiscal impact for the Oregon Health Authority is \$407,535 in one-time total funds for the 2023-25 biennium and costs will be phased out for 2025-27. To help identify individuals eligible for the services in the measure, Oregon's Medicaid Management Information System (MMIS) will need to be updated with new eligibility codes. However, this estimate excludes any changes to cost-sharing requirements. Additionally, the measure will require updates to the ONE system and the updates to tables within the

mainframe application. This work will be performed by the Office of Information services. As a shared service, OHA will be direct billed for all work. MMIS modifications will cost \$100,677 General Fund and \$302,031 Federal Funds. The \$3,337 Other Funds cost for OHA does not represent a true expense related to the overall cost of the measure, but rather Other Funds expenditure limitation that would be needed to properly budget for expenses paid through OHA's Shared Services budget structure. The funding for the Shared Services budget is included in the General Fund and Federal Funds amounts discussed above and covers existing OIS staffing.

There is no fiscal impact for the Department of Consumer and Business Services.