



Legislative Fiscal Office  
 82<sup>nd</sup> Oregon Legislative Assembly  
 2024 Regular Session

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**Bill Title:** Relating to in-home service providers.

**Government Unit(s) Affected:** Long Term Care Ombudsman, Oregon Health Authority, Department of Human Services

<Revised based on updated OHA caseload projection.>

**Summary of Fiscal Impact**

2023-25 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Department of Human Services	\$ 474,539	\$ -	\$ 766	\$ 467,136	\$ 942,441	9	3.65
Oregon Health Authority	\$ 960,963	\$ -	\$ 1,235	\$ 1,030,691	\$ 1,992,889	6	3.00
<b>Total Fiscal Impact</b>	<b>\$ 1,435,502</b>	<b>\$ -</b>	<b>\$ 2,001</b>	<b>\$ 1,497,827</b>	<b>\$ 2,935,330</b>	<b>15</b>	<b>6.65</b>

2025-27 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Department of Human Services	\$ 49,739,700	\$ -	\$ 2,543	\$ 91,805,439	\$ 141,547,682	9	8.50
Oregon Health Authority	\$ 4,337,348	\$ -	\$ 4,862	\$ 6,219,630	\$ 10,561,840	6	6.00
<b>Total Fiscal Impact</b>	<b>\$ 54,077,048</b>	<b>\$ -</b>	<b>\$ 7,405</b>	<b>\$ 98,025,069</b>	<b>\$152,109,522</b>	<b>15</b>	<b>14.50</b>

- The fiscal impact identified in the table for the Department of Human Services does not include the duplicate Other Funds expenditure limitation necessary to pay for expenses through the agencies' Shared Services budget structure. Should this measure be adopted, the expenditure limitation will need to be established to properly budget for these expenses.

**Measure Description**

HB 4129 requires the Department of Human Services (DHS) and the Oregon Health Authority (OHA) to contract with up to two agency with choice providers by January 1, 2026. DHS and OHA must adopt rules for licensing agencies that provide services to older adults, individuals with disabilities and individuals with behavioral health needs. These agencies would receive reimbursement from DHS and OHA for the cost of providing in-home services, including reimbursement for direct support worker wages and benefits and administrative costs.

**Fiscal Analysis**

In the 2023-25 biennium, 15 positions (6.65 FTE) will be needed to develop the state infrastructure and rules governing agency with choice in-home services at a cost of \$1,435,502 General Fund, \$1,497,827 Federal Funds, and \$2,001 Other Funds. In the 2025-27 biennium, when the contract agencies begin providing agency with choice in-home services, the cost increases to \$54,077,048 General Fund, \$98,025,069 Federal Funds, \$7,405 Other Funds and 15 positions (14.50 FTE).

Additionally, there is a budgetary impact of \$158,179 Other Funds for the 2023-25 biennium and \$626,411 Other Funds for the 2025-27 biennium. This is the duplicate Other Funds expenditure limitation necessary for DHS to pay for expenses through the agencies' Shared Services budget structure. Should this measure be adopted, the expenditure limitation will need to be established to properly budget for these expenses.

#### Department of Human Services

The fiscal impact of the measure on DHS is \$474,539 General Fund, \$467,136 Federal Funds, \$766 Other Funds and nine permanent full-time positions (3.65 FTE) for the 2023-25 biennium. Costs increase significantly for the 2025-27 biennium to \$49,739,700 General Fund, \$91,805,439 Federal Funds, and \$2,543 Other Funds due to reimbursements to the agency with choice providers and increasing FTE for staff.

In preparation for the agency with choice service option, six permanent full-time positions (3.02 FTE) are required for the 2023-25 biennium to begin program implementation. Costs are projected to be \$414,498 General Funds and \$414,498 Federal Funds. The workload for these Aging and People with Disabilities Division positions will include rulemaking and policy development, contract management, and compliance with measure requirements.

Additionally, three positions (0.63 FTE) from the Office of Financial Services and Office of Contracts and Procurement will assist with configuring and testing financial systems and manage the initial request for the contracts and provide ongoing contract support. These positions have a 2023-25 cost of \$60,041 General Fund, \$52,638 Federal Funds, and \$766 Other Funds. As these positions are a shared service, DHS will require Other Funds expenditure limitation of \$158,179 to appropriately budget for their portion of expenses through the agency's Shared Services budget.

The main cost driver for the 2025-27 biennium is the projected reimbursements to the agency with choice providers, which are estimated to be \$48,734,687 General Fund and \$90,826,273 Federal Funds, or \$139,560,960 total funds. These costs assume a caseload of 6,600 which is half of the total eligible caseload, phasing in over a 12-month period beginning January 1, 2026. The average monthly cost for a home care worker is \$3,489.35 compared to an estimated \$5,181 per month for the agency with choice providers, which includes a 15% administrative fee. Costs reflect the difference between the current home care worker model and the agency with choice provider costs.

Two variables that could affect the fiscal impact in 2025-27 include a slower caseload migration rate or lower administrative costs. If the caseload migration occurred over 18 months rather than 12 months, this would reduce General Fund costs by \$11,696,325 and total funds by \$33,494,630. If the administrative fee is 10% and not 15%, this cost would decrease by an estimated \$6,305,714 General Fund and \$18,057,600 total funds. If both the 18-month migration and the 10% administration cost were implemented, this would reduce costs by an estimated \$18,002,039 General Fund or \$51,552,230 total funds.

#### Oregon Health Authority

The fiscal impact of the measure on the Oregon Health Authority is \$960,963 General Fund, \$1,030,691 Federal Funds, \$1,235 Other Funds and six full-time permanent positions (3.00 FTE) for the 2023-25 biennium, increasing to \$4,337,348 General Fund, \$6,219,630 Federal Funds, and \$4,862 Other Funds for the 2025-27 biennium.

As with DHS, developing and implementing the requirements of the measure essentially establishes a new team of six within OHA at a cost of \$355,147 General Fund and \$402,598 Federal Funds. This group will provide supervision, analysis for Medicaid behavioral health policy and the Medicaid Management Information System (MMIS), compliance with measure requirements, provider enrollment assistance, training development, inter-agency coordination, background check processing, and federal funding compliance. Additionally, OHA's portion

of statewide assessment and enterprise costs for the three shared services positions in DHS's fiscal impact is \$34,225 General Fund, \$27,688 Federal Funds, and \$1,235 Other Funds.

Adding the agency with choice providers will require several system upgrades to be managed by contractors and existing staff. A contract to update the MMIS system to support a new provider type is anticipated to take 412 hours and is expected to be completed by a contractor for \$14,168 General Fund and \$42,503 Federal Funds. The Office of Information Services will manage updates to Oregon ACCESS and the certification and licensing system with existing staff with a projected cost of \$7,423 General Fund and \$7,902 Federal Funds.

In addition to position costs, legal consultation is expected with the Department of Justice (DOJ) to ensure administrative rules adhere to state and federal requirements. The estimated cost for DOJ's services is \$50,000 General Fund and \$50,000 Federal Funds in each biennium. Translation services are also expected to translate publications relating to the new agency with choice program. Translation costs are estimated at \$500,000 General Fund and \$500,000 Federal Funds in each biennium.

As with DHS, OHA will begin paying providers in the 2025-27 biennium. Costs assume a caseload of 2,000 that will migrate to the AwC provider over the first 12 months of the program and then be maintained over the remaining six months of the biennium. The estimated monthly cost for agency with choice services is \$309.38 per individual; this includes the difference in the current hourly rate for providers (\$28.37) and the projected provider hourly rate (\$42.12) and assumes 22.50 hours per month per individual. The projected payments for the 2025-27 biennium are \$2,959,047 General Fund and \$4,775,328 Federal Funds or \$7,734,375 total funds.

The measure has no fiscal impact on the Long-Term Care Ombudsman.

**Relevant Dates**

DHS and OHA are required to contract with up to two agencies to provide agency with choice services by January 1, 2026.

The measure takes effect on January 1, 2025.