



Legislative Fiscal Office
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Bill Title: Relating to children with complex needs; declaring an emergency.

Government Unit(s) Affected: Department of Education, Department of Human Services, Oregon Health Authority

Summary of Fiscal Impact

Costs related to the measure are indeterminate at this time - see explanatory analysis.

Measure Description

Following are the major provisions of the measure:

- The Oregon Health Authority (OHA) is directed to provide home and community-based services and supports for individuals under the age of 21 who qualify for Medicaid and have a serious emotional disturbance.
- OHA and the Department of Human Services (DHS) must disregard income when determining Medicaid eligibility for individuals under the age of 18 who meet level of care requirements or for individuals under the age of 21 when determining eligibility for admission for psychiatric services facilities.
- OHA must establish level of care criteria for admission to a facility providing psychiatric services to individuals under the age of 21 and adopt an assessment tool to determine the level of care and supports required.
- OHA must seek a waiver or other approval from the Centers for Medicare and Medicaid Services (CMS) by January 1, 2026, notify Legislative Counsel upon approval and implement relevant provisions within six months.
- OHA, DHS, and the Oregon Department of Education (ODE) must develop rules to obtain parental consent to bill medical assistance for the cost of school-based mental health services.
- OHA, DHS, and ODE must share information regarding children who are eligible for medical assistance and develop relevant billing codes for reimbursement of school-based health services.

Fiscal Analysis

OHA provides home and community-based services (HCBS) to individuals under 21 but only if they meet medicaid income requirements and an institutional level of care. While “psych services under 21” is a benefit OHA can offer, OHA has not established level of care criteria or an assessment tool for the benefit, as a result, no one is currently eligible to receive the benefit. The measure will significantly expand the population eligible to receive Medicaid assistance and allow qualified individuals under 21 with a serious emotional disturbance to receive psychiatric services. OHA anticipates it will take two years to plan, finalize, and implement these changes.

The fiscal impact of the measure is indeterminate. While OHA has identified a population of 2,000 individuals under 21 who will qualify for the coverage based on current law, the affected population is substantially larger as the measure prohibits using parent income for eligibility. This means any child, whether eligible for medical

assistance or not, would receive this benefit. Currently, the total eligible population is unknown. However, based on the known population of 2,000 individuals under 21, OHA projects home and community-based services and supports will be \$137.2 million, beginning in 2027-29, assuming the program begins January 1, 2028.

Staffing for this program is dependent on the total number of eligible individuals. Based on the 2,000 individuals OHA knows will qualify for the program, OHA will require 12 new permanent full-time positions (9.00 FTE) to administer the program. Preliminary programmatic staffing costs for the OHA is estimated to be \$2 million total funds. Implementation will require significant system upgrades including updates to existing systems including adding the expanded eligibility population, establishing new billing codes, and updating benefit and eligibility logic. Additionally, OHA will implement a new case management solution which will require significant data integration work with existing systems and federal reporting requirements. For these system changes, OHA and DHS will require contracted assistance and new positions. Total one-time contract costs are estimated to be \$3.1 million total funds. The agencies will require 11 new positions to provide compliance support, project management changes to the case management system, provide database support and conduct business analysis and testing. The preliminary costs for these positions is \$2.2 million total funds.

The fiscal impact of the measure on ODE is a one-time cost of \$157,467 General Fund and one limited duration part-time position (0.46 FTE). The operations and policy analyst 3 position will assist OHA and DHS with rulemaking, conduct outreach to school-based health centers, and coordinate with stakeholders. The one-time cost for this position is \$122,290 General Fund, which includes personal services and position-related services and supplies costs. ODE will have an additional one-time cost of \$25,000 General Fund for Family Educational Rights and Privacy Act (FERPA) law consultation.

Relevant Dates

The measure declares an emergency and takes effect on passage.