



Legislative Fiscal Office
83rd Oregon Legislative Assembly
2025 Regular Session

Prepared by: MaryMichelle Sosne
Reviewed by: Wendy Gibson, Gregory Jolivette, Matt Stayner
Date: April 5, 2025

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) must disregard parental income for an individual under 18 years of age with a physical disability or chronic illness that requires a hospital or nursing home level of care.
- 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 is directed to adopt an assessment tool or functional needs assessment to establish the level of services needed to support an individual who meets the level of care criteria but will reside outside of an institutional setting.
- 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. The preceding provisions are operative upon CMS approval.
- Removes capping requirements for the Medically Involved Home Care Program and requires the Department of Human Services (DHS) to define assistance levels and prioritize enrollment for children at risk of or transitioning from institutional care.

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 a stand-alone level of care criteria or an assessment tool for the benefit, as a result, no one is currently eligible to receive the benefit outside of an institutional setting. 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 500 individuals under 21 who will qualify for the coverage based on current law, the eligible population may be significantly larger. However, based on the known population of 500 individuals under 21, OHA projects home and community-based services and supports will increase to \$14.3 million, beginning in 2027-29, assuming the program begins January 1, 2028.

While actual staff and system requirements are indeterminate until the impacted population is defined, OHA and DHS have developed preliminary costs based on the 500 identified individuals. The preliminary fiscal impact to OHA is \$6.5 million total funds and 18 permanent positions (13.50 FTE) in 2025-27, for DHS the preliminary fiscal impact is \$2.9 million total funds and seven permanent positions (4.20 FTE). OHA's costs increase to \$9.3 million total funds and 18 positions (18.50 FTE) in 2027-29 and DHS' costs decrease to \$1.6 million total funds and seven positions (5.45 FTE) as contracts are no longer required. New positions will manage rulemaking and procedure development, eligibility determinations, training, and publication updates as well as significant system integration and upgrades. Once OHA and DHS can project the full population of impacted individuals, the agencies may return to the legislature for additional support.

The measure has no fiscal impact on the Oregon Department of Education.

Relevant Dates

The measure declares an emergency and takes effect on passage.