Oregon Department of Human Services

OFFICE OF FORECASTING
RESEARCH AND ANALYSIS

OREGON
HEALTH
AUTHORITY

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# Informational Testimony:
# Office of Forecasting
# Research and Analysis (OFRA)

The Office of Forecasting Research and Analysis (OFRA) is a part of Share Services, providing caseload forecasts and analytics to both the Department of Human Services (ODHS) and the Oregon Health Authority (OHA).

OFRA was founded in 2004 as a unique unit, consolidating caseload forecasting functions that had been housed within separate programs within ODHS. When the Health Authority was created, OFRA was placed in Shared Services, in part to acknowledge its work with both ODHS and the newly created OHA, but also to increase its independence and separation from program and budget.

**The structure and function of OFRA is designed with the overarching concern of objectivity and accuracy. Forecasting for caseloads is a separate and unique function from budget development and the budget forecast. Forecasters consult with budget, program and policy staff, but are not directed by them. The development of evidence-based caseload forecasts underpins a general philosophy, held jointly by ODHS and OHA, to develop objective, evidence-based budget requests and resource allocation plans (workload modeling).**

Caseload forecasts are provided for ODHS covering the program areas of:

- Aging and People with Disabilities Long-Term Care,
- Intellectual/Developmental Disabilities,
- Self-Sufficiency,
- Child Welfare, and
- Vocational Rehabilitation,
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And for OHA covering the program areas of:

- Health Systems/Medicaid, and
- Mental Health

## The Forecasting Process

Forecasts are developed twice a year, in the Spring and Fall. A baseline forecast is developed based on the current trends in the caseload. That baseline forecast, plus the forecaster's assumptions and understanding of caseload dynamics, is shared with an advisory committee. Membership in the advisory committee includes program and policy staff, budget staff, stakeholders, and representatives of Department of Administrative Services Budget and Management, and the Legislative Fiscal Office.

<u>Figure 1: Forecast Development Process</u>
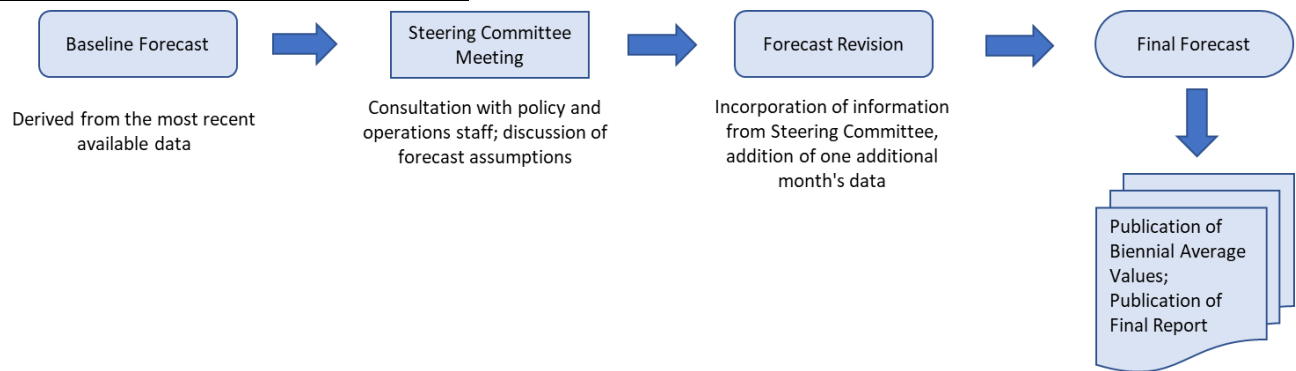


Final forecasts are developed based on feedback from committees and additional data when available. Final forecasts are published on the OFRA public-facing website.

Forecast products are shared with each Forecast Advisory Committee, including final biennial average caseload values. These final numbers are transmitted to budget at the same time biennial average tables are posted to the public facing website. A full report is subsequently published containing forecast detail, assumptions, and risks to forecast accuracy. This is also a public-facing document. Each month after the forecast, forecasted values are compared to the actual caseload values measured. This is the "variance report," which is also publicly available. The variance report is OFRA's report card and our Key Performance Metric. The difference between forecasted values and actual values are displayed for each month. This is part of the OFRA transparency plan, and also a tangible document showing OFRA's commitment to accuracy and accountability.

For access to the most recent Variance Reports, Caseload Forecast reports, and Biennial Average Overview Tables, see:

[https://www.oregon.gov/DHS/BUSINESS SERVICES/OFRA/ P ages/Forecasting.aspx](https://www.oregon.gov/DHS/BUSINESS SERVICES/OFRA/ P ages/Forecasting.aspx)

All forecasts are based on current law and public policy. OFRA does not engage in speculative forecasts. Forecasts are for the current biennium and the next biennium.

## Impacts of Senate Bill 1074 on the Forecasting Process

OFRA is concerned about unintended impacts associated with the adoption of SB 1074. These impacts on the forecasting process can be divided into two areas: (1) Distortions to statistical accuracy, and (2) erosion of forecasting independence.

**Distortions to Statistical Accuracy.**

The bill as written would require a forecaster to take into account, *"The number of all individuals who are likely to qualify for the state medical assistance program during the biennium."*

Although exogenous variables related to demographics and economics can play a part in forecasting human services caseloads, there needs to be a proven correspondence between the variables before they are leveraged for projection. For example, we currently use the demographic forecast of Oregon children prepared by the Office of Economic Analysis to create the overall Child Welfare forecast. However, there is no correspondence between the total state medical assistance program caseload (administered by OHA) and the Long-Term Care caseload (administered by ODHS).

This lack of correspondence can be seen below. Long Term Care went down somewhat during the early part of the COVID-19 pandemic, due to consumer concerns over the spread of a virus that was especially dangerous to the elderly and the disabled. Meanwhile, special pandemic-era case processing rules led the state medical

assistance program caseload to rise to an all-time high, due to requirements from the federal Department of Health and Human Services to minimize case closures.

Figure 2: The Total Long-Term Care Caseload, Total Health Systems Caseload, July 2020 through June 2024
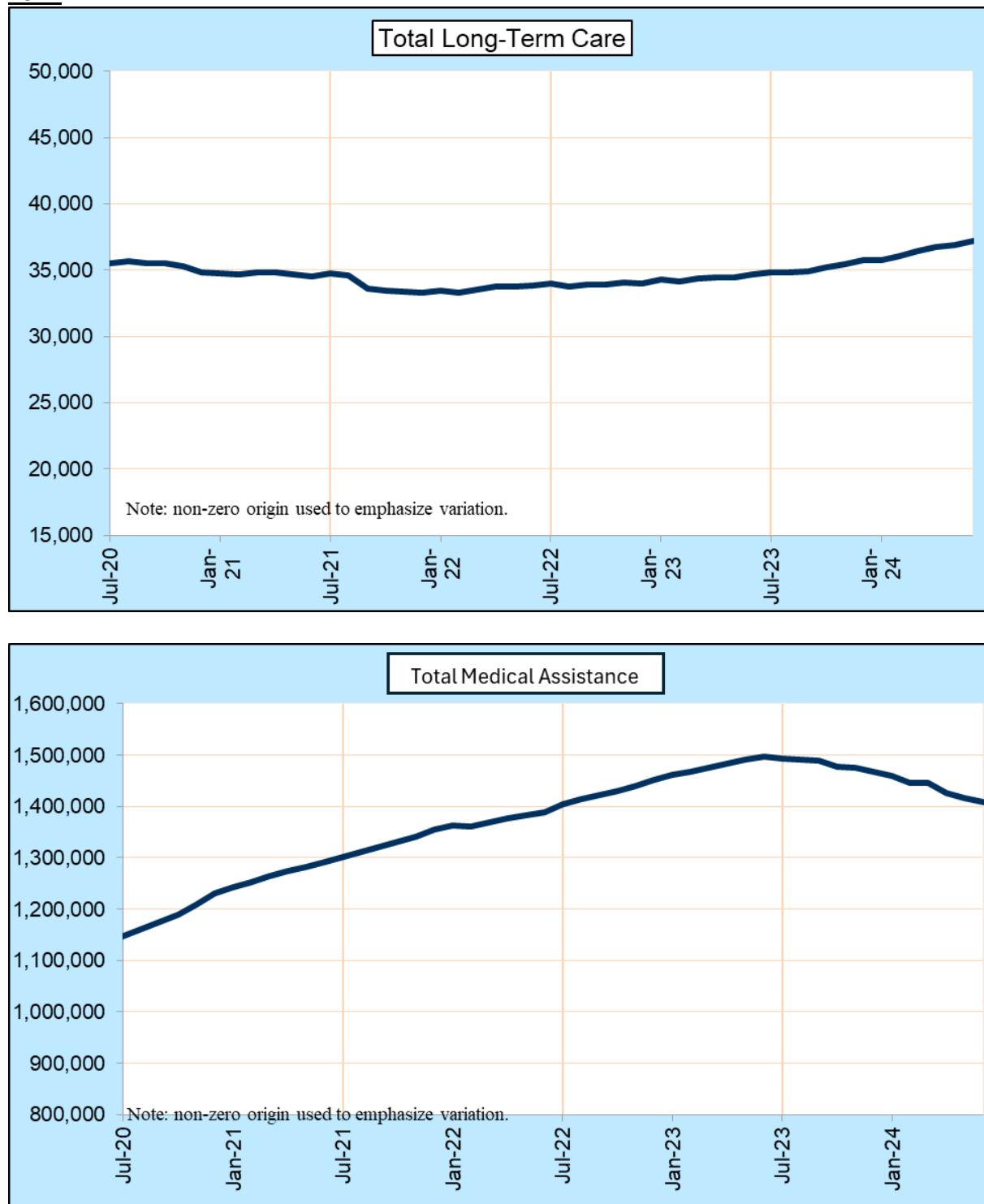




*Figure 2 shows the lack of relationship between the total Medical Assistance Caseload and the Long-Term Care caseload over the same time period. The vast majority of cases in the Medical Assistance Caseload are non-disabled.*

**Erosion of Forecasting Independence.**

The bill as written would require ODHS to report to the legislature "any changes or adjustments to caseload forecasts or workload projections that arise during the biennium and the implications of those changes or adjustments or the department's budget" in collaboration with "the trade association representing area agencies, as defined in ORS 410.040." Caseload forecasting is conducted twice yearly, to assist with budget creation, budget rebalance and re-shoot. Each new forecast would represent a change. OFRA has no objection whatsoever in providing a report to the legislature forecast changes after each forecast is completed. However, forecasts that are presented in collaboration with the Area Agencies on Aging (as referenced in ORS 410.040) would create at least the impression of cooperative development of forecasts with entities that hold a stake in the outcome of the forecast results. We are concerned that this would undermine the perception of unbiased, independent forecasting and create conditions under which a forecast would be rejected because a forecaster was working too closely with providers.

## The Current State of the APD Case Management Caseload and Forecast Accuracy

Total Case Management, which includes all Long-Term Care clients as well as those who are enrolled in Long-Term Care, but are not currently placed with a provider, also fell due to COVID concerns, but recovered more quickly. Total Case Management is now 5.4% higher than at the beginning of the 23-25 biennium, and 11% higher than at the start of the COVID-19 Public Health Emergency.

Figure 3: The Total APD Case Management Caseload, July 2017 through October 2024
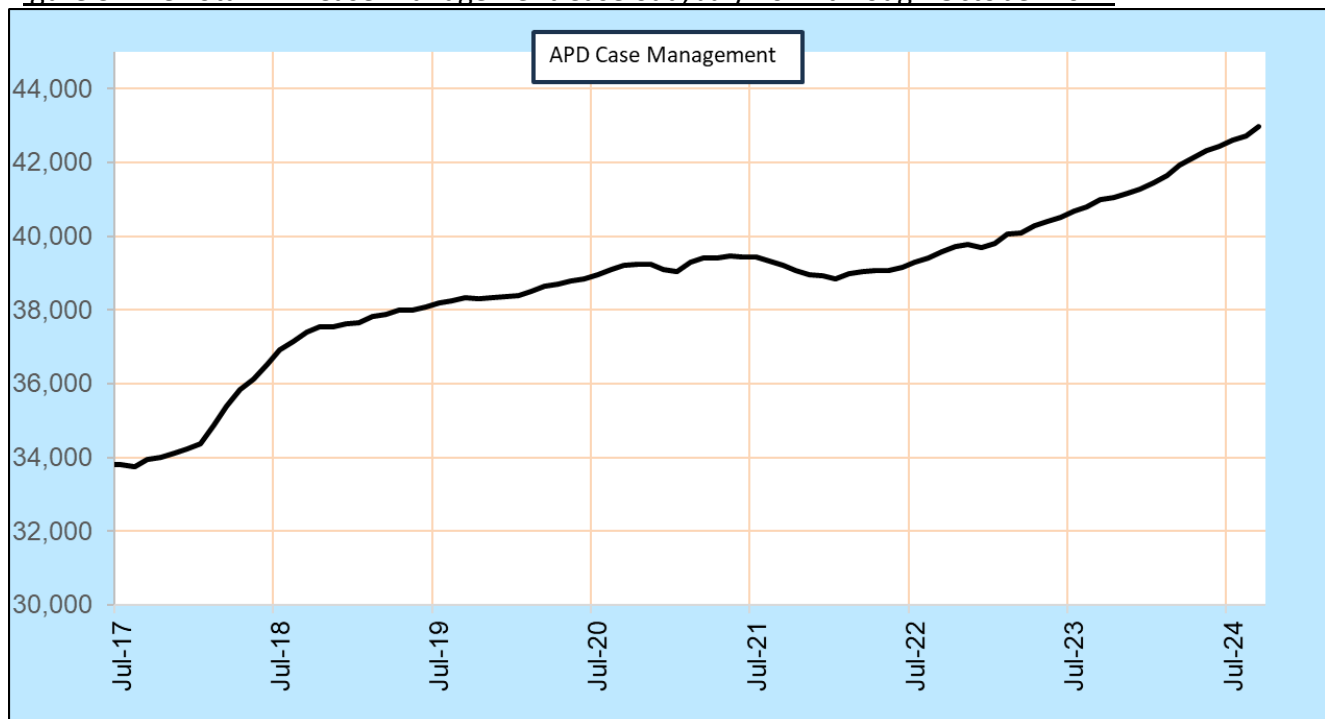


The Spring 2023 forecast for APD Long-Term Care was used to set the 2023-2025 budget. Several forecasts followed. Below is the percent variation between those forecasts and data through October 2024, the last final actual available.

| APD Total Case Management Variance from Actual Caseload July 2023-October 2024 | |
| --- | --- |
| Forecast Cycle | Precent Variance |
| Spring 2023 | 4.86% |
| Fall 2023 | 2.02% |
| Spring 2024 | 1.35% |
| Fall 2024 | 0.39% |

As can be seen in the table, the maximum variation is under five percent, certainly an acceptable margin of error for a forecast completed 24 months ago.

Thank you for your time and attention.

For more information on the forecast process or any follow-up questions, please contact

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