

# Human Services

## DEPARTMENT OF HUMAN SERVICES HEALTH SERVICES

	1999-2001 Actuals	2001-03 Legislatively Adopted at Close of Session	2001-03 Legislatively Approved through Fifth Special Session *	2003-05 Governor's Balanced
General Fund	\$1,033,426,893	\$1,197,256,939	N/A	\$948,348,383
Lottery Funds	5,045,990	7,145,478	N/A	6,878,546
Other Funds	425,336,933	581,200,238	N/A	723,869,291
Federal Funds	1,908,327,453	2,257,225,061	N/A	2,193,228,726
Other Funds (Nonlimited)	24,651,887	27,675,000	N/A	28,643,625
Federal Funds (Nonlimited)	67,153,916	76,875,000	N/A	79,565,625
<b>Total Funds</b>	<b>\$3,463,943,072</b>	<b>\$4,147,377,716</b>	<b>N/A</b>	<b>\$3,980,534,196</b>
Positions	2,055	2,212	N/A	2,294
Full-time Equivalent	1,964.70	2,116.20	N/A	2,194.00

\*Due to reorganization, the 2001-03 Legislatively Approved Budget is not available at the new cluster level.

Note: Totals in the table above include capital improvement funds that are designated for the Oregon State Hospital.

### Overview

The Health Services (HS) cluster of the Department of Human Services provides policy and program support for benefits and services that help keep Oregonians healthy. The primary services within this cluster include:

- Medical Assistance Programs.
- Mental health services.
- Chemical dependency services.
- Broad based public health initiatives.

Most of the cluster's services are provided through contracts with county or private providers. The mission of Health Services is to improve the health of all Oregonians by promoting healthy communities and individual behaviors; preventing unnecessary death and disability; supporting the best possible treatment of mental illness and alcohol, tobacco, and other drug dependencies; and ensuring access to adequate health care.

Medical Assistance Programs administers Medicaid and the Children's Health Insurance Program within Oregon. With only a few exceptions, Oregonians who are eligible for Medicaid now receive their primary health care from the Oregon Health Plan. Eligibility, in part, is based on a family's or individual's income relative to the Federal Poverty Level. The table on the following page displays various 2002 eligibility levels.

## Human Services

---

Number in family	Percent of Federal Poverty Level (annual income):			
	81%	100%	133%	185%
1	\$7,177	\$8,860	\$11,784	\$16,391
2	\$9,671	\$11,940	\$15,880	\$22,089
3	\$12,166	\$15,020	\$19,977	\$27,787
4	\$14,661	\$18,100	\$24,073	\$33,485

Source: Federal Register, February 2002

The Oregon Health Plan (OHP) covers:

- People who receive cash assistance under the Temporary Assistance for Needy Families (TANF) program. The program has historically served both single- and two-parent families.
- Families that become employed and no longer need cash assistance. Currently, these families remain eligible for medical coverage up for 12 months after cash assistance ends.
- Children in foster care or for whom adoption assistance payments are made.
- Children up through five years of age with incomes up to 133 percent of the Federal Poverty Level (FPL). It also serves children 6 to 18 years old with incomes up to 100 percent of the FPL.
- Pregnant women and their newborns with incomes under 185 percent of the FPL. This is known as the Poverty Level Medical program.
- People who are 65 or over who have income under 81 percent of the FPL.
- Blind and disabled persons who have income under 81 percent of the FPL.
- General Assistance recipients who cannot work for at least 12 months, do not have children, and have income and resources under \$50.
- Other citizens and certain non-citizen residents with income under 100 percent of the FPL who are not eligible for Medicare.
- Uninsured, full-time college students eligible for Pell grants.

As part of the OHP, the state implemented the Children’s Health Insurance Program (CHIP) for children up to the age of 19. The CHIP expansion is unique from the regular Medicaid program. For example, the program provides:

- Health insurance to children who are living between 100 percent and 185 percent of the FPL.
- Requires the child to have been uninsured for the six months before application.
- Allows the state to set an enrollment limit or eligibility cap.

CHIP began July 1, 1998. It uses the federal Title XXI program matching funds, which are matched at a more beneficial rate for Oregon. Eligibility for CHIP is determined by Community Human Services (CHS). In contrast, eligibility for Medicaid is determined not only by CHS but also Seniors and People with Disabilities Services, Area Agencies on Aging, and the Oregon Youth Authority.

## Human Services

---

The Department also serves people who have a mental illness or a chemical dependency. These services are provided through a variety of settings that range from community-based residential and vocational centers to regional acute care hospitals and state institutions.

In recent years, services to people with mental illness have changed. In the past, people with severe and persistent mental illnesses would stay at large state hospitals for extended periods of time. Now they get intense short-term inpatient care at local hospitals. Depending on the outcome of these services, the patient may move up to the state hospital, or be discharged to community outpatient services. Mental health has also moved from a fee-for-service system to a managed care system.

Chemical dependency services include prevention, intervention, and treatment. The Department works with networks of community coalitions and treatment providers. The use and abuse of alcohol and other drugs is a major problem in our society. It affects the efforts of other agencies to help Oregonians gain self-sufficiency. For example:

- About 50 percent of child fatalities are alcohol or drug related.
- The majority of foster care placements are the result of a parent with alcohol or drug problems.
- Over 80 percent of juvenile parole violations result from alcohol and other drug use.
- Close to 70 percent of welfare clients have alcohol and other drug problems that interfere with the ability to be self-sufficient.
- About 80 percent of adult correction clients have an extensive history of alcohol and drug abuse problems.
- About 70 percent of emergency trauma admissions to hospitals are alcohol and drug related.

### **Balanced Budget**

The Governor's balanced budget for HS is \$948.3 million General Fund and \$3.98 million total funds.

Oregon Health Plan – The Oregon Health Plan will provide access to health care for about 370,000 Oregonians each month. This is slightly lower (3.5 percent) than the number of clients served in 2001-03. About 260,000 of these clients will receive the full benefit package offered by the Oregon Health Plan. The remaining 110,000 clients will receive access to the following primary health care benefits: inpatient and outpatient hospital services, emergency room and ambulance services, physician services, laboratory, X-Rays and drugs.

Major reductions to these programs include a series of reductions in provider reimbursement levels and client benefit cuts. The largest of these reductions include eliminating all inflationary and utilization adjustments for health care providers. It also further reduces provider reimbursement levels for pharmacies and fee-for-service hospitals. Pharmaceutical costs will be lowered by implementing a prior-authorization model. Client benefits are also reduced. All clients will have benefits reduced by 35 lines on the prioritized list of services. Adult dental services will also be eliminated for all clients. In addition, 110,000 clients will no longer receive mental health, chemical dependency. Finally, the Medically Needy program is eliminated, which provides services for about 8,500 high cost clients.

## Human Services

---

Mental Health – Over the course of the biennium, about 42,000 children and 55,000 adults will receive state funded mental health services. Most services will be limited to Medicaid eligible clients.

Major reductions to these programs include eliminating provider cost-of-living adjustments, reducing residential treatment capacity by 18 percent, reducing county crisis funding, eliminating supported employment for 121 severely disabled clients, eliminating DARTS funding for 160 children, and eliminating community mental health services for 10,500 non-Medicaid adults and 3,700 non-Medicaid children.

### Revenue

About 23.8 percent of HS's budget is General Fund. The cluster also gets Federal Fund revenues from a variety of sources. The primary source of Federal Funds is the Medicaid program. Other smaller federal sources include the Children's Health Insurance Program, the Center for Mental Health Services Block Grant, and the Substance Abuse Prevention Treatment grant.

- Medicaid. The Oregon Health Plan operates under a federal Medicaid demonstration waiver. This waiver grants Oregon greater flexibility than a traditional Medicaid program. Oregon's current state match is about 39.84 percent of program expenditures.
- Children's Health Insurance Program (CHIP). The CHIP program was enacted by Congress to increase the number of children covered by state sponsored health care. The CHIP program encourages states to cover more children by providing a heightened federal match for CHIP expenditures. Oregon's state match rate for CHIP programs is slightly less than 30 percent.
- Mental Health Services Block Grant. This federal block grant provides funding for adult community support services and for local services for emotionally disturbed children and adolescents.
- Substance Abuse Prevention Treatment Grant. This federal block grant for substance abuse treatment and prevention has a maintenance of effort requirement. This requires Oregon to spend state resources for alcohol and drug programs at a level that is at least equivalent to the preceding two-year period.

About 18.9 percent of this cluster's budget comes from Other Funds. These Other Fund revenues come from tobacco taxes, client contributions, drug rebates, third party recoveries, County matching funds, beer and wine taxes, and Women, Infant, and Children (WIC) food voucher rebates.

- Tobacco Taxes. The balanced budget for HS includes almost \$400 million of Tobacco Tax revenue for the Oregon Health Plan and the Tobacco Use Reduction Account. This amount includes the increase that was passed by voters in September 2002. In addition, the balanced budget includes a package to eliminate the sunset of a 10-cent per pack temporary tax that is dedicated to the Oregon Health Plan. Continuation of the temporary tax would add about \$24 million of resources that will maintain the CHIP program in Oregon.
- Client Contributions. Clients are required to pay a variety of co-payments and premiums that help finance the costs of providing their health care.
- Drug Rebates. Current drug pricing practices include rebates from pharmaceutical companies. The level of these rebates is negotiated with the individual supplier.

## Human Services

---

- **Third Party Recoveries.** Some Oregon Health Plan clients have other groups that are liable to pay some of their health care costs. The Oregon Health Plan recoups some of its costs from these third-party payers.
- **County Matching Funds.** HS is able to collect matching funds for a variety of county-based programs. In these situations, HS acts as a pass-through organization.
- **Beer and Wine Taxes.** Some beer and wine tax revenues are passed to HS to finance substance abuse prevention programs.
- **WIC Food Vouchers.** Similar to drug rebates, the WIC program is given rebates from grocery outlets. The client is charged retail price for the food purchases, and then the supplier issues a rebate to the WIC program.