

# Human Services

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|                            | 2005-07<br>Actuals     | 2007-09<br>Legislatively Approved | 2009-11<br>Governor's Recommended |
|----------------------------|------------------------|-----------------------------------|-----------------------------------|
| General Fund               | \$2,780,989,521        | \$3,400,327,527                   | \$3,605,227,058                   |
| Lottery Funds              | 9,191,451              | 13,160,998                        | 13,636,910                        |
| Other Funds                | 1,133,694,346          | 1,334,329,477                     | 2,186,313,092                     |
| Federal Funds              | 5,013,559,675          | 5,903,482,634                     | 6,848,283,836                     |
| Other Funds (Nonlimited)   | 31,931,072             | 40,000,000                        | 40,000,000                        |
| Federal Funds (Nonlimited) | 1,021,155,188          | 1,085,753,867                     | 1,242,341,341                     |
| <b>Total Funds</b>         | <b>\$9,990,521,253</b> | <b>\$11,777,054,503</b>           | <b>\$13,935,802,237</b>           |
| Positions                  | 9,676                  | 10,257                            | 11,182                            |
| Full-time Equivalent       | 9,267.36               | 9,846.81                          | 10,523.49                         |

### Overview

The Governor’s recommended budget for Human Services is intended to protect and promote the health and safety of Oregonians. The agencies within this program area provide services such as physical health, mental health and addiction, as well as public health services, employment and family support services that promote self-sufficiency and economic stability, child protective services for abused or neglected children and long-term care services for Oregon’s seniors and people with disabilities.

The Governor’s budget is built on the current economic forecast which predicts continuing shortfalls in General Fund revenues. Additionally, federal rule changes have made Federal Funds more restrictive placing yet more demand on the General Fund for many programs. At the same time, the economic downturn creates more demand for services in the Human Services program area. The Governor’s budget offsets some of the increased need for services and the decreased General Fund and Federal Funds revenues with additional revenue from provider taxes and an increase in the tobacco tax. Even with these increased resources, however, the recommended budget includes several difficult choices that will reduce services for some Oregonians.

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## Recommended Budget

Overall, the Governor's recommended budget includes \$13.9 billion total funds for the Human Services Program Area. This is an 18.3 percent increase from the 2007-09 Legislatively Approved Budget (LAB) and a 1.5 percent increase over the essential budget level (EBL). The budget includes \$3.6 billion General Fund, which is 6.0 percent above the LAB but 16.7 percent below EBL.

The main goal of the Governor's budget for Human Services is to make health care more affordable and available to all Oregonians. By investing in ways to cut the cost of health care and expand health coverage, the Governor seeks to improve the lives of hundreds of thousands of Oregonians, while strengthening the social and economic fabric of the state. Better, more affordable health care offers the hope of a bright future for children and adults alike, and serves as the foundation for continuing prosperity.

Enacting the Governor's Healthy Kids Plan is a critical first step toward an affordable, universally accessible health care system. There are about 116,000 Oregon children, or about one in eight, who are uninsured. The budget proposes a realistic plan to deliver health-care coverage to more than 100,000 kids who otherwise would have no coverage in the next three years. The Healthy Kids Plan will provide affordable, comprehensive health coverage options for every Oregon child under age 19. The Plan reduces barriers to enrolling children and keeping them enrolled, and expands affordable coverage options to working families whose incomes are too high to qualify for help under the state's existing programs. The Healthy Kids Plan also invests in the expansion of school-based health centers. The Healthy Kids Plan will be funded through a proposed tax on insurance providers.

Other highlights of the budget include:

- Health Care for Low-income Adults. All Oregonians bear the cost of providing health care to the uninsured. The budget makes a significant investment to support the growing demand for health care services for categorically eligible adults covered through the Oregon Health Plan (OHP) Plus program. The budget also expands coverage for low income adults by making a significant investment in the OHP Standard program. The additional investment will allow the program to provide health services to 75,000-80,000 additional low-income adults financed by a provider tax on hospitals.
- Oregon State Hospital Replacement Project. The Governor's budget funds the construction and staffing of the new 620-bed Oregon State Hospital in Salem to be completed in September 2011. Included as part of the project is a new state of the art electronic hospital management system which will support the hospital staff by tracking services, lab results, medications, dietary requirements and other items, and thereby improve patient care and treatment. The construction will be financed by the issuance of Certificates of Participation.
- Investments in Information Technology. The Governor's budget invests in information technology (IT) as a way to increase efficiency and continue to provide critical services to as many needy Oregonians as possible with the State's limited financial resources. These investments include core IT infrastructure improvements; fully integrated Child Welfare, Self Sufficiency and Child Health systems; as well as the electronic hospital management system mentioned above.

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- Program Reductions. Cost growth in Human Services programs is driven by a combination of increased demand during difficult economic times, rapidly increasing health care costs and the slow deterioration of federal funding for these programs. During periods of economic turmoil, the demand for human services programs increase while state funding to support them slowly fades. The recommended budget for Human Services includes many difficult choices that are necessary to balance the budget. These choices include restructuring Oregon's long-term care system, reducing childcare assistance, increased health care cost controls and reduced mental health and alcohol and drug services.
- Caseload Reserve. In light of the current economic uncertainty, the recommended budget uses \$225 million of new provider taxes to set up a caseload reserve. The recommended budget does not propose to spend these funds now in case the current economic situation continues to deteriorate.

# Human Services

## COMMISSION FOR THE BLIND

|                            | 2005-07<br>Actuals  | 2007-09<br>Legislatively Approved | 2009-11<br>Governor's<br>Recommended |
|----------------------------|---------------------|-----------------------------------|--------------------------------------|
| General Fund               | \$1,233,746         | \$1,561,103                       | \$1,659,770                          |
| Lottery Funds              | 0                   | 0                                 | 0                                    |
| Other Funds                | 2,786,193           | 2,436,128                         | 2,484,693                            |
| Federal Funds              | 11,364,345          | 11,300,402                        | 10,621,710                           |
| Other Funds (Nonlimited)   | 0                   | 0                                 | 0                                    |
| Federal Funds (Nonlimited) | 0                   | 0                                 | 0                                    |
| <b>Total Funds</b>         | <b>\$15,384,284</b> | <b>\$15,297,633</b>               | <b>\$14,766,173</b>                  |
| Positions                  | 47                  | 50                                | 48                                   |
| Full-time Equivalent       | 44.60               | 47.24                             | 44.60                                |

### Overview

The Commission for the Blind administers programs for the blind in Oregon. The agency provides vocational rehabilitation services, blind vendor management training and assistance, and employment experience through its work activity center and the Industries for the Blind. The agency is broken into five program units:

- The Administrative Services program provides central oversight, accounting and human resource services for the agency's other programs.
- The Rehabilitative Services program provides training, counseling and guidance and technology services for eligible legally blind clients who want to go to work or maintain their job. In addition to basic vocational rehabilitation services, this unit includes the teaching of independent living skills and the provision of transitional programming for students before they leave school. The program unit also includes services for the older blind that are intended to maintain their independence.
- The Business Enterprises program provides opportunities for the blind to become self-employed and obtain management experience. The blind vending program involves training in vending management. Clients who successfully complete the training then apply to manage a vending site. After placement, the blind vendors continue to receive technical assistance from the agency and are required to pay a percentage of their income into a fund, which pays for training and improvements for vendors.

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- The Industries for the Blind program unit provides work experience through sheltered workshops and work activity centers. Contracts with Multnomah County provide most of the funding for the program. Clients who use the centers are blind and often have another disability. Work Activity Center staff are not state employees.
- The Orientation Center for the Blind program provides skills training for newly blind adults so they may remain as independent as possible. It also operates a Summer Work Experience program for students to gain work experience and to provide an opportunity for students to have an independent living experience.

### Recommended Budget

The Governor's recommended budget for the agency is \$14.8 million total funds. This is a 3.5 percent decrease from the 2007-09 Legislatively Approved Budget. The decrease results from declining federal revenues. Reduced revenues mainly impact the Rehabilitative Services and Orientation Center programs. The Rehabilitative Services program will have one fewer instructor in Portland and less ability to pay for individual rehabilitation services. The Orientation Center program will have two fewer positions: one instructor in Medford and one counselor in Portland.

### Revenue

General Fund and part of the agency's Other Funds are used to match Federal Funds. The principal source of Federal Funds is the Section 110 grant under the Vocational Rehabilitation Act of 1973. These funds are matched at a 21.3 percent state funds to 78.7 percent Federal Funds rate. Federal revenues have been decreasing; this trend is expected to continue. Funds for the Older Blind programs and in-service training grants are matched at a 10 percent state funds to 90 percent Federal Funds rate.

The agency receives Other Funds from a contract with Multnomah County for operation of the Industries for the Blind program, highway vending income, cooperative agreements with school districts, transfers from the Business Enterprise set-aside fund, donations and interest gained from those donations. Other Funds resources from cooperative agreements, highway vending income, and the Business Enterprise set-aside fund are restricted in their use.

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### STATE COMMISSION ON CHILDREN AND FAMILIES

|                            | 2005-07<br>Actuals | 2007-09<br>Legislatively Approved | 2009-11<br>Governor's<br>Recommended |
|----------------------------|--------------------|-----------------------------------|--------------------------------------|
| General Fund               | \$46,119,756       | \$60,131,801                      | \$55,867,083                         |
| Lottery Funds              | 0                  | 0                                 | 0                                    |
| Other Funds                | 18,320,733         | 23,451,754                        | 21,706,708                           |
| Federal Funds              | 2,421,701          | 4,500,267                         | 4,864,514                            |
| Other Funds (Nonlimited)   | 0                  | 0                                 | 0                                    |
| Federal Funds (Nonlimited) | 0                  | 0                                 | 0                                    |
| Total Funds                | \$66,862,190       | \$88,083,822                      | \$82,438,305                         |
| Positions                  | 32                 | 34                                | 30                                   |
| Full-time Equivalent       | 28.77              | 30.92                             | 28.17                                |

#### Overview

The Oregon Commission on Children and Families (OCCF) is a unique statewide system created by the Legislature in 1993 to improve the quality of life for children and families in Oregon by facilitating a more integrated, accessible and preventive statewide system of services and supports. The OCCF system includes state agency staff, the Governor-appointed 17 member state commission and 36 local county Commissions on Children and Families.

The 36 local Commissions on Children and Families are responsible for developing local coordinated comprehensive plans; mobilizing communities; and coordinating programs and initiatives for children 0-18 years of age among community groups, government agencies, private providers and other parties. The state commission and state agency staff supply policy direction as well as program information, training and technical assistance. The commission also distributes and administers state and federal funds to counties that support local programs, including juvenile crime prevention, as well as Healthy Start, Crisis Relief Nurseries and Court Appointed Special Advocates.

#### Recommended Budget

The Governor's recommended budget for the commission is \$82.4 million total funds. This is a 6.4 percent decrease from the 2007-09 Legislatively Approved Budget. The General Fund portion of the budget decreases by seven percent. This reduction is the result of forecasted revenue shortfalls for 2009-11. It has been shared equally across all programs and administration.

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## Revenue

General Fund is the largest revenue source for the commission. It supports most of the funding streams and staff. Most of the commission's Other Funds are federal revenues transferred from other agencies. These include Title XX (Social Services Block Grant), Title IV-B(2) (Safe and Stable Families) and Title XIX Medicaid funds received from the Department of Human Services. The Employment Department transfers Child Care and Development Block Grants to the commission.

The commission receives Federal Funds from U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention, to support high-risk Juvenile Crime Prevention grants. The agency also receives a federal grant for Positive Youth Development, from the U.S. Department of Health and Human Services.

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## DEPARTMENT OF HUMAN SERVICES

|                            | 2005-07<br>Actuals | 2007-09<br>Legislatively Approved | 2009-11<br>Governor's Recommended |
|----------------------------|--------------------|-----------------------------------|-----------------------------------|
| General Fund               | \$2,707,105,503    | \$3,311,681,982                   | \$3,521,305,226                   |
| Lottery Funds              | 9,191,451          | 13,160,998                        | 13,636,910                        |
| Other Funds                | 1,054,749,567      | 1,249,443,483                     | 2,078,417,170                     |
| Federal Funds              | 4,999,773,629      | 5,887,681,965                     | 6,832,797,612                     |
| Other Funds (Nonlimited)   | 31,931,072         | 40,000,000                        | 40,000,000                        |
| Federal Funds (Nonlimited) | 1,021,155,188      | 1,085,753,867                     | 1,242,341,341                     |
| Total Funds                | \$9,823,906,410    | \$11,587,722,295                  | \$13,728,498,259                  |
| Positions                  | 9,525              | 10,104                            | 11,011                            |
| Full-time Equivalent       | 9,124.28           | 9,701.23                          | 10,364.47                         |

### Overview

The Department of Human Service (DHS) directly serves over one million Oregonians with a broad array of social services through over 200 programs. These services are delivered through a network of state offices, county and local governments, private non-profit entities and health plans. The department is responsible for services to Oregon's low-income and vulnerable citizens, including public assistance, protective services, health care, mental health and substance abuse treatment services, vocational rehabilitation and long-term care for seniors and people with physical and/or other disabilities. The department also provides public health services benefiting every Oregonian.

The mission of DHS is to assist people to become independent, healthy and safe. The four agency goals are:

- People are living as independently as possible.
- People are healthy.
- People are safe.
- People are able to support themselves and their families.

The DHS budget is organized around four program areas in six divisions.

- Administrative Services Division (ASD): This division provides overall guidance and direction to DHS leading the agency to become more client focused and driven to achieving better outcomes through strong and accountable management of resources. ASD provides consistent and coordinated administrative services for the entire department, including information technology, human resources, forecasting and finance and policy analysis.

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- **Children, Adults, and Families:** This division includes vocational rehabilitation services to individuals with disabilities seeking employment, services and benefits to low-income families working to become self-sufficient, and child protection services for abused and neglected children. Department field offices that deliver these and other services are also included in the budget for this division, as is funding to support foster and adoptive parents.
- **Health Services:** This program area includes three divisions:

**Public Health Division** – This division works with county health departments to protect, promote and preserve all Oregonians’ health. Core public-health functions include preventing epidemics and controlling disease, ensuring safe food and water and promoting healthy behaviors.

**Division of Medical Assistance Programs** – This division manages the Oregon Health Plan, delivering medical, dental and behavioral health services for about one out of every 10 Oregonians. A priority list of medical conditions and treatments stresses prevention and most-effective treatments.

**Addiction and Mental Health Division** – This division is the state’s primary coordinator of services to help Oregonians with alcohol and other drug-abuse problems through prevention, intervention and treatment. The Oregon State Hospitals in Salem and Portland and the Blue Mountain Recovery Center in Pendleton are administered by this division. This division also supports the state’s gambling addiction treatment services.

- **Seniors and People with Disabilities:** This division serves Oregon’s most vulnerable, low-income seniors and people with physical disabilities through a continuum of long-term care services, ranging from in-home supports to facility-based, residential care. This division also facilitates services for adults and children with developmental disabilities in a variety of in-home and residential facilities. The division budget includes field office staff that provides these services.

## Recommended Budget

The Governor’s recommended budget for DHS is \$13.7 billion total funds, which represents a 18.5 percent increase from the 2007-09 Legislatively Approved Budget. The recommended budget includes \$3.5 billion General Fund, which is 6.3 percent above the Legislatively Approved Budget. A detailed description of the Governor’s recommended budget for DHS is included in the four program division summaries that follow.

## Revenue

Details about the sources of these funds are included in each of the four program summaries that follow.

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## ADMINISTRATIVE SERVICES DIVISION

|                            | 2005-07<br>Actuals | 2007-09<br>Legislatively Approved | 2009-11<br>Governor's Recommended |
|----------------------------|--------------------|-----------------------------------|-----------------------------------|
| General Fund               | \$144,846,699      | \$195,353,852                     | \$262,436,436                     |
| Lottery Funds              | 0                  | 0                                 | 0                                 |
| Other Funds                | 22,787,370         | 52,030,407                        | 90,026,586                        |
| Federal Funds              | 202,679,768        | 255,377,600                       | 269,289,274                       |
| Other Funds (Nonlimited)   | 0                  | 0                                 | 0                                 |
| Federal Funds (Nonlimited) | 0                  | 0                                 | 0                                 |
| Total Funds                | \$370,313,837      | \$502,761,859                     | \$621,752,296                     |
| Positions                  | 1,018              | 1,156                             | 1,208                             |
| Full-time Equivalent       | 974.11             | 1,119.92                          | 1,170.75                          |

### Overview

The Department of Human Services (DHS) Administrative Services Division (ASD) provides coordinated administrative services to all areas of the department. Its core functions include Administrative Services, Finance and Policy Analysis, Office of Information Services and Office of the Director. The services provided by all of these units support and benefit the entire department.

- Administrative Services brings a department-wide approach to communications, contracts and procurement, facilities, financial services, human resources and information technology services.
- Finance and Policy Analysis provides fiscal and policy analysis on issues related to DHS budget and operations. This includes caseload and cost-per-case forecasting, development and monitoring of the department's budget, and the development and coordination of rates paid to providers.
- Office of the Director provides overall guidance and direction to DHS. Several other services also reside in the Office of the Director including the Governor's Advocacy Office, audit and consulting services and tribal relations.

In addition, ASD serves customers external to the department including other state agencies, the Governor's Office, the Legislature, and local governments.

Highlights of the recommended budget include:

- Department of Human Services Core Information Technology Infrastructure. The Governor's recommended budget provides funding to the Department of Human Services to strengthen its ability to be fiscally and operationally accountable, improving its capacity to serve Oregonians and fulfill its mission. Actions include updating desktop and infrastructure hardware, network directory services, office applications and operating systems to support internal and external electronic collaboration.

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## Recommended Budget

The Governor's recommended budget for ASD is \$262.4 million General Fund and \$621.8 million total funds. The budget includes funding for the development, maintenance and execution of a \$14 billion budget; preparation of forecasts for major caseload driven programs in adult and child welfare, health services and seniors and people with disabilities; development and maintenance of information systems critical to the core business functions of client eligibility, benefits and case management; research and evaluation; and training and human resource services for over 11,000 employees in more than 160 locations statewide.

Three of the more significant information technology projects include the Self Sufficiency Modernization project, the Child Health Integrated Data System, and the OR-Kids Project, formerly known as the Statewide Automated Child Welfare Information System (SACWIS). All three projects are designed to replace multiple outdated processes and create fully integrated systems that should dramatically improve efficiency, data availability and data accuracy.

## Revenue

The division's recommended budget is 42.2 percent General Fund, 14.5 percent Other Funds and 43.3 percent Federal Funds. Other Funds come from various Public Health grants. Federal Funds support the administrative costs related to Medicaid, Food Stamps, Temporary Assistance to Needy Families, Title IV-E Foster Care and Adoption Assistance, Basic 110 grant for Vocational Rehabilitation and Title XX Social Services Block Grant.

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## CHILDREN, ADULTS AND FAMILIES

|                            | 2005-07<br>Actuals     | 2007-09<br>Legislatively Approved | 2009-11<br>Governor's Recommended |
|----------------------------|------------------------|-----------------------------------|-----------------------------------|
| General Fund               | \$457,592,052          | \$545,398,519                     | \$673,196,278                     |
| Lottery Funds              | 0                      | 0                                 | 0                                 |
| Other Funds                | 125,400,369            | 127,187,232                       | 128,664,041                       |
| Federal Funds              | 748,829,958            | 850,274,961                       | 774,082,411                       |
| Other Funds (Nonlimited)   | 0                      | 0                                 | 0                                 |
| Federal Funds (Nonlimited) | 933,881,972            | 983,024,816                       | 1,139,633,844                     |
| <b>Total Funds</b>         | <b>\$2,265,704,351</b> | <b>\$2,505,885,528</b>            | <b>\$2,715,576,574</b>            |
| Positions                  | 4,161                  | 4,356                             | 4,397                             |
| Full-time Equivalent       | 4,027.96               | 4,211.70                          | 4,309.51                          |

### Overview

The Children, Adults, and Families (CAF) division of the Department of Human Services provides policy and program support for benefits and services to help low-income families become self-sufficient while creating a safe and permanent living environment for children. There are three major program areas in CAF:

- **Self-Sufficiency:** These services focus on supporting people to prepare for, find and keep jobs. The array of services include monthly cash payments through the Temporary Assistance for Needy Families (TANF) federal grant, emergency assistance, employment related daycare, employment and training through the JOBS program and food stamps.
- **Child Safety:** Services are intended to protect child safety and support families to develop the capacity to provide appropriate care to their children when a child safety threat is identified. These services include protecting children from abuse and neglect, improving parent's ability to care for and protect their children, securing foster care for children who are abused or neglected, providing residential treatment for children with special needs, arranging adoptions for children.
- **Vocational Rehabilitation:** These services are designed to assess, plan, develop, and provide vocational rehabilitation services to eligible individuals with disabilities to prepare them for and engage in gainful employment.

Highlights of the recommended budget include:

- **OR-Kids Information Technology Project:** The completion of this multi-biennia project, formerly known as SACWIS, will give Child Welfare caseworkers a single, fully integrated Child Welfare system, replacing multiple outdated, inefficient systems that do not meet the needs of caseworkers and continually put Oregon's children at risk.

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- CAF Self Sufficiency Modernization: The Governor's budget provides funds to continue efforts started in the 2007-09 biennium to automate self-sufficiency processes and modernize aging self-sufficiency systems. The Self Sufficiency Modernization effort automates cumbersome, error-prone manual processes, opens new channels of service delivery for client access, provides caseworkers access to productivity tools, and provides caseworkers a fully integrated self-sufficiency system. These solutions will replace multiple outdated, inefficient systems, and improve accuracy in determining eligibility of Oregon's vulnerable citizens for TANF, food stamps, day care and Medicaid support services.

## Recommended Budget

The Governor's recommended budget for CAF is \$673.2 million General Fund and \$2.7 billion total funds. Each month, this budget will provide about 480,000 individuals in roughly 270,000 Oregon households with food stamp benefits. Under current self-sufficiency programs, it is estimated that 18,700 households will receive TANF cash assistance and in Vocational Rehabilitation an estimated 9,300 clients will receive services.

On an average daily basis, there will be about 9,800 children in foster care. This caseload has decreased significantly since 2006. Approximately half of these are special needs children who will receive financial assistance and Medicaid coverage. In addition, on an average daily basis, about 11,500 kids will be supported under the Adoption Assistance program. This caseload had been climbing steadily for several biennia, but has recently leveled off.

While the recommended budget incorporates an increase over the 2007-09 budget, there are several program reductions included within the budget that were taken due to anticipated General Fund revenue shortfalls. Highlights of these reductions include:

- Employment Related Day Care (ERDC) services are limited to families leaving the TANF program.
- Post-TANF monthly stipends are reduced by \$100.
- Non-needy Relative Caretakers above 185 percent of FPL are eliminated from the TANF program.

## Revenue

The division's recommended budget is 24.8 percent General Fund, 4.7 percent Other Funds and 70.5 percent Federal Funds. The largest sources of Other Fund revenues are the Child Care Development Fund transfers from the Employment Department; recoveries of assistance payments such as cash, food stamps, Medicaid, fees and licensing for nursing facilities, marriage, adoption, trust and agency receipts; and criminal fines and assessments.

- Child Care Development Fund: The Employment Department receives federal Child Care Development Funds and transfers these funds to CAF. The ERDC programs utilize these funds.
- Overpayment Recoveries: Overpayment recoveries are recovered program dollars incorrectly paid to clients through client error or fraud. There are three different areas of recoveries: Food

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Stamps, Public Assistance cash and Public Assistance grant reductions. Under federal Food Stamp regulations, 35 percent of fraud overpayment collections, and 20 percent of non-fraud overpayment collections, may be retained by the state to offset administrative expenditures incurred by the Food Stamp program. Public Assistance recoveries are applied against program expenditures during the month of recovery.

- Trust Recoveries: Client funds are used to reimburse the state for the maintenance cost of children in care.

The primary sources of Federal Funds include Title IV-A TANF, Title IV-B Child Welfare Services, Title IV-E Child Welfare, Title XIX Medicaid, Title XX Social Services Block Grant, Title XXI Children's Health Insurance Program and Food Stamps.

- Title IV-A Temporary Assistance for Needy Families: This annual block grant funds Cash Assistance for single and two parent families, Emergency Assistance and Employment and Training services (JOBS program). Some childcare services and other support services, like transportation, are also funded with TANF.
- Title IV-B Child Welfare Services: Protects and promotes the welfare of children, family preservation services, reunification and adoption services.
- Title IV-E Child Welfare: Provides for foster care and adoption assistance.
- Title XIX Medicaid: Provides reimbursement for medical care of low-income and other medically needy individuals.
- Title XX Social Services Block Grant: In addition to the Child Care Development Fund, Oregon also applies Social Services Block Grant revenues to meet childcare costs, employment-related day care, Crisis Nurseries and Pre-Delinquent/Level 7 Youth.
- Title XXI Children's Health Insurance Program: Provides reimbursement for medical care of children and teens through age 18 whose parents earn too much for traditional Medicaid, but do not have employer-based insurance. These services are covered through the Oregon Health Plan.
- Food Stamps: Food subsidy benefits determined by household size and income. The Food Stamp program also provides limited employment and training services for unemployed family members.

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## HEALTH SERVICES

|                            | 2005-07<br>Actuals     | 2007-09<br>Legislatively Approved | 2009-11<br>Governor's Recommended |
|----------------------------|------------------------|-----------------------------------|-----------------------------------|
| General Fund               | \$1,228,495,044        | \$1,557,393,528                   | \$1,586,269,734                   |
| Lottery Funds              | 9,191,451              | 13,160,998                        | 13,636,910                        |
| Other Funds                | 750,040,122            | 898,271,901                       | 1,673,784,032                     |
| Federal Funds              | 2,619,473,173          | 3,070,212,420                     | 4,030,130,545                     |
| Other Funds (Nonlimited)   | 31,931,073             | 40,000,000                        | 40,000,000                        |
| Federal Funds (Nonlimited) | 87,273,216             | 102,729,051                       | 102,707,497                       |
| <b>Total Funds</b>         | <b>\$4,726,404,078</b> | <b>\$5,681,767,898</b>            | <b>\$7,446,528,718</b>            |
| Positions                  | 2,302                  | 2,564                             | 3,384                             |
| Full-time Equivalent       | 2,192.24               | 2,407.01                          | 2,901.40                          |

**NOTE: Totals in the table above include Capital Improvement and Capital Construction funds that are designated for the Oregon State Hospital.**

### Overview

The Health Services (HS) program area of the Department of Human Services provides policy and program support for benefits and services that help keep Oregonians healthy through three divisions; Addictions and Mental Health Division (AMHD), Division of Medical Assistance Programs (DMAP) and the Public Health Division (PHD). The primary services within this program area include:

- Medical Assistance Programs.
- Mental health services.
- Chemical dependency services.
- Broad based public health initiatives such as emergency preparedness and safe drinking water programs.

Most program area 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.

The Division of Medical Assistance Programs administers medical coverage through the Oregon Health Plan which is funded in part with Medicaid and Children's Health Insurance Program (CHIP) Federal Funds. 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 next page displays various 2008 eligibility levels.

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| Percent of Federal Poverty Level (Annual Income) |          |          |          |          |
|--|----------|----------|----------|----------|
| Number in Family                                 | 73%      | 100%     | 133%     | 185%     |
| 1  | \$7,592  | \$10,400 | \$13,832 | \$19,240 |
| 2  | \$10,220 | \$14,000 | \$18,620 | \$25,900 |
| 3  | \$12,848 | \$17,600 | \$23,408 | \$32,560 |
| 4  | \$15,476 | \$21,200 | \$28,196 | \$39,220 |

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 through TANF. Currently, these families remain eligible for medical coverage up to 12 months after cash assistance ends.
- Children in foster care or for whom adoption assistance payments are made.
- Children in families with incomes up to 185 percent of the Federal Poverty Level (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 73 percent of the FPL.
- Blind and disabled persons who have income under 73 percent of the FPL.
- Adults with incomes under 100 percent of the FPL.

The state receives a different federal match rate depending on whether a person is categorically eligible for the OHP, or whether the child qualifies for the more beneficial CHIP match rate. The program area primarily responsible for OHP eligibility determinations is Children, Adults and Families.

The Addiction and Mental Health Division serves people who are not eligible for OHP but 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 to deliver chemical dependency services.

The Public Health Division touches every person, every day and helps Oregon communities create healthy environments so those who live there can be well. Public health is based on science and focuses on population groups rather than on the individual. It emphasizes preventing illness and injury rather than

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treating a medical condition that has already occurred. Many public health activities are invisible to the public but they quickly become apparent when there are wide-scale health threats, such as a communicable disease outbreak, bioterrorist threat, contamination in the air, food or water, or escalating chronic disease. The mission of this division is to protect and promote the health of all the people of Oregon by:

- Protecting individuals and communities against the spread of disease, injuries and environmental hazards.
- Promoting and encourage healthy behaviors.
- Responding to disasters and assist communities in recovery.
- Assuring the quality and accessibility of health services.

Highlights of the recommended budget include:

- Healthy Kids Plan: Approximately 116,000 Oregon children, or about one in eight, are uninsured. The Governor's recommended budget proposes a realistic plan to deliver health-care coverage to more than 102,000 kids who otherwise would have no coverage in the next three years. The Healthy Kids Plan will provide affordable, comprehensive health coverage options for every Oregon child under age 19. The Plan reduces barriers to enrolling children and keeping them enrolled, and expands affordable coverage options to working families whose incomes are too high to qualify for help under the state's existing programs. The Healthy Kids Plan also invests in the expansion of school-based health centers. The Healthy Kids Plan will be funded through a proposed tax on insurance providers.
- Health Care for Low-income Adults: All Oregonians bear the cost of providing health care to the uninsured. The recommended budget expands coverage for low income adults by making a significant investment in the OHP Standard program. The additional investment will allow the program to provide health services to 75,000-80,000 additional low-income adults. The Governor's budget continues the hospital provider tax to fund the OHP Standard program.
- Oregon State Hospital Replacement Project: The Governor's budget funds the construction and staffing of the new 620-bed Oregon State Hospital in Salem to be completed in September 2011. Included as part of the project is a new state of the art electronic hospital management system which will support the hospital staff by tracking services, lab results, medications, dietary requirements and other items, and thereby improve patient care and treatment. The construction will be financed by the issuance of Certificates of Participation (COP).
- Child Health Integrated Data System: Funding is provided in the Public Health Division for the development of a Web-based data warehouse that will link existing stand-alone child health data systems. The data warehouse will be designed to interface with DHS data marts to maximize efficient use of resources and to streamline processes to support surveillance, evaluation, care coordination and referrals.

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## Recommended Budget

The Governor's recommended budget for Health Services (HS) is \$1.6 billion General Fund and \$7.4 billion total funds. While this is an increase over the 2007-09 budget, all of the increase, and quite a bit more, is due to the investments in the new state hospital, the Governor's Healthy Kids plan, and expansion of the Oregon Health Plan. Program reductions were also taken due to anticipated General Fund revenue shortfalls. Highlights of these reductions include:

- DRG Hospital capitation rates are reduced to 72 percent of cost.
- Adult dental services are eliminated for everyone other than pregnant women.
- A Prescription Drug List that requires prior approval will be enforced.
- Outpatient mental health services for non-Medicaid adults is eliminated and inpatient psychiatric care is also reduced.
- The Blue Mountain Recovery Center will be phased out.

Oregon Health Plan: The expanded Oregon Health Plan will provide access to health care for about 530,000 Oregonians each month. About 440,000 of these clients will receive the full benefit package offered by the Oregon Health Plan Plus program. The remaining 90,000 clients qualify for the Oregon Health Plan Standard program, receiving a smaller benefit package, is financed through a provider tax on hospitals.

Mental Health and Public Health: Over the course of the biennium, over 200,000 children, adolescents and adults will receive community-based mental health treatment and crisis response services. Within public health programs, General Fund support for local public health departments will be increased along with increased funding for School Based Health Centers, Tobacco Prevention Education and obesity prevention efforts.

## Revenue

About 21.3 percent of HS's budget is General Fund, 23.2 percent Other and Lottery Funds and 55.5 percent Federal Funds. The division also receives 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. The current waiver expires in 2010.
- 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.

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- **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.

Other Fund revenues come from tobacco taxes, client contributions, drug rebates, third party recoveries, beer and wine taxes and Women, Infant and Children (WIC) food voucher rebates.

- **Tobacco Taxes:** The budget for HS includes almost \$440 million of Tobacco Tax revenue for the Oregon Health Plan, Kids Health programs and the Tobacco Use Reduction Account.
- **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.
- **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 re-coups some of its costs from these third-party payers.
- **Beer and Wine Taxes:** Approximately 50 percent of Oregon's beer and wine tax revenues are passed to HS to finance substance abuse prevention and treatment 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.

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## SENIORS AND PEOPLE WITH DISABILITIES

|                            | 2005-07<br>Actuals | 2007-09<br>Legislatively Approved | 2009-11<br>Governor's Recommended |
|----------------------------|--------------------|-----------------------------------|-----------------------------------|
| General Fund               | \$876,171,708      | \$1,013,536,083                   | \$999,402,778                     |
| Lottery Funds              | 0                  | 0                                 | 0                                 |
| Other Funds                | 156,521,706        | 171,953,943                       | 185,942,511                       |
| Federal Funds              | 1,428,790,730      | 1,711,816,984                     | 1,759,295,382                     |
| Other Funds (Nonlimited)   | 0                  | 0                                 | 0                                 |
| Federal Funds (Nonlimited) | 0                  | 0                                 | 0                                 |
| Total Funds                | \$2,461,484,144    | \$2,897,307,010                   | \$2,944,640,671                   |
| Positions                  | 2,044              | 2,028                             | 2,022                             |
| Full-time Equivalent       | 1,929.97           | 1,962.60                          | 1,982.81                          |

### Overview

The Seniors and People with Disabilities Division (SPD) has three main programs. First, it assists clients with the costs of long-term care. Second, it administers the federal Older Americans Act. Third, it provides cash assistance to people with long-term disabilities. Long-term care services are provided to the elderly and people with both physical and developmental disabilities. These long-term care services are also provided in a variety of settings that include the client's home, private residential facilities, state operated group homes and one state operated institution.

Case management is provided by a combination of state staff, county governments, local Area Agencies on Aging (AAA) and private sector brokerages. Although much has been said about the impending "tsunami" of aging Baby Boomers, the seniors and physically disabled programs within SPD are forecast to remain relatively stable throughout the coming biennium. The increase in the developmentally disabled client caseloads that resulted from the *Staley* settlement have leveled off and are also expected to remain stable.

Highlights of the recommended budget include:

- Improving Quality of Long Term Care. Recognizing the increasing demands on Oregon's long-term care system, the Governor's budget makes targeted investments in the service delivery and quality assurance infrastructure supporting Oregon's most vulnerable seniors and people with disabilities. These investments include: increasing regulatory staff, ensuring that all health care facilities and medical staffing agencies are inspected at least every three years, and by providing regulatory oversight of hospice agencies operating in Oregon.

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## Recommended Budget

The Governor's recommended budget for SPD is \$1.0 billion General Fund and \$2.9 billion total funds. The recommended budget includes several significant policy changes that alter Oregon's long term care system as a result of the statewide revenue shortfall. The first change includes a proposal to apply to the Centers for Medicare and Medicaid (CMS) for a Section 1915 "i" State Plan waiver. The "i" plan would drop the income eligibility from 300 percent of SSI to about 200 percent of SSI. As part of this proposal, SPD would seek federal approval to "grandfather" individuals to assure adequate transition time. Other program reductions within this program include:

- Eliminating in-home care services to clients receiving less than 80 hours of service per month
- Limiting allowable costs claimed by nursing facilities for reimbursement.

Aged and Physically Disabled Services - Each month, approximately 24,000 seniors and people with disabilities will receive long-term care services from the Department of Human Services. With this budget these clients can continue to choose between receiving their services in their own home or from a variety of residential service providers.

Developmental Disabilities (DD) - Each month, over 7,000 people with developmental disabilities will receive services from the state. These services include medical assistance, in-home supports, residential group homes and institutional care. The budget maintains services for clients under the *Staley* settlement agreement and makes an investment to increase reimbursement to DD service providers.

## Revenue

About 33.9 percent of SPD's budget is General Fund and 59.8 percent Federal Fund revenues from a variety of sources. These sources include:

- Medicare: SPD receives Medicare funding to survey and certify nursing homes.
- Medicaid: Medicaid is the primary source for funding SPD long-term care programs. Under a federal waiver, Oregon may use federal Medicaid funds to provide either institutional or community-based care. These expenditures require state matching funds. This matching rate is based on the strength of the state's economy compared to the national average.
- Older Americans Act: The Older Americans Act provides support services for clients who are 60 years of age or older. These funds pass through SPD on their way to AAAs. The AAAs provide the required non-federal match, which ranges between 10 and 25 percent.
- Food Stamps: SPD completes food stamp eligibility for elderly and disabled clients who qualify for these services. State contributions to administer eligibility determinations are matched 50/50 with federal dollars. The actual food stamp benefits are included within the budget for the Children, Adults and Families program area.

Only 6.3 percent of this division's budget comes from Other Funds. The Other Fund revenues come from estate collections, Supplemental Security Income reimbursements, licensing fees and fees for service.

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## LONG TERM CARE OMBUDSMAN

|                            | 2005-07<br>Actuals | 2007-09<br>Legislatively Approved | 2009-11<br>Governor's<br>Recommended |
|----------------------------|--------------------|-----------------------------------|--------------------------------------|
| General Fund               | \$581,337          | \$905,857                         | \$1,184,701                          |
| Lottery Funds              | 0                  | 0                                 | 0                                    |
| Other Funds                | 1,487,945          | 1,759,861                         | 2,000,527                            |
| Federal Funds              | 0                  | 0                                 | 0                                    |
| Other Funds (Nonlimited)   | 0                  | 0                                 | 0                                    |
| Federal Funds (Nonlimited) | 0                  | 0                                 | 0                                    |
| Total Funds                | \$2,069,282        | \$2,665,718                       | \$3,185,228                          |
| Positions                  | 9                  | 11                                | 11                                   |
| Full-time Equivalent       | 8.16               | 10.00                             | 10.50                                |

### Overview

The Long Term Care Ombudsman (LTCO):

- Investigates and resolves complaints made by, or on behalf of, long-term care facility residents.
- Monitors the implementation of federal, state and local laws, rules and policies that affect long-term care residents.
- Promotes quality long-term care.
- Protects resident rights.
- Makes recommendations to the Legislature and the Governor about long-term care issues.

The LTCO relies on a network of about 240 volunteers statewide to deliver the program's services to the more than 42,000 long-term care beds licensed in Oregon. Currently, this includes approximately 140 certified volunteer ombudsmen who are trained and supervised by LTCO's full-time staff to protect the resident's rights and assist the resident in resolving complaints. In addition to training and supporting the volunteer network, the full-time staff also carries their own caseload and helps to resolve the most complex resident complaints.

### Recommended Budget

The Governor's recommended budget for LTCO is \$3.2 million total funds. This is a 19.5 percent increase from the 2007-09 Legislatively Approved Budget. The recommended budget maintains the agency's core programs at current levels, which includes providing full biennial funding for two positions that were only funded for a portion of the last biennium.

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## Revenue

The LTCO's expenses are eligible for federal match under Medicaid and the Older Americans Act. A portion of General Fund dollars appropriated to LTCO are sent to the Department of Human Services (DHS). DHS matches this transfer with Federal Funds and then returns the total to LTCO. The Medicaid match rate is 50 percent state and 50 percent federal. The Older Americans Act revenues are matched 25 percent state and 75 percent federal. Once returned, the LTCO spends the resources as Other Funds.

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## OFFICE OF PRIVATE HEALTH PARTNERSHIPS

|                            | 2005-07<br>Actuals | 2007-09<br>Leg Approved Budget | 2009-11<br>Governor's<br>Recommended |
|----------------------------|--------------------|--------------------------------|--------------------------------------|
| General Fund               | \$25,075,821       | \$25,013,418                   | \$23,689,027                         |
| Lottery Funds              | 0                  | 0                              | 0                                    |
| Other Funds                | 56,349,908         | 57,236,251                     | 81,701,938                           |
| Federal Funds              | 0                  | 0                              | 0                                    |
| Other Funds (Nonlimited)   | 0                  | 0                              | 0                                    |
| Federal Funds (Nonlimited) | 0                  | 0                              | 0                                    |
| Total Funds                | \$81,425,729       | \$82,249,669                   | \$105,390,965                        |
| Positions                  | 58                 | 53                             | 76                                   |
| Full-time Equivalent       | 56.80              | 52.42                          | 69.83                                |

### Overview

The Office of Private Health Partnerships (OPHP) administers the Family Health Insurance Assistance Program (FHIAP). This program was approved by the 1997 Legislature and started in July 1998. It provides direct subsidies to working people below 185 percent of the federal poverty level. These subsidies allow working people and their families to purchase private health insurance. OPHP also provides assistance to small businesses that want to set up health insurance programs for their employees and individuals seeking health insurance. Additionally, they provide training throughout the state for insurance agents and other stakeholders related to state healthcare programs, and maintain an active agent referral system for both individuals and businesses.

The Governor's budget also implements the Healthy Kids Plan, which is designed to ensure that all children under age 19 have access to health-care coverage, regardless of income, assets, pre-existing medical conditions or citizenship. Depending on a child's circumstances, he or she will enroll in a Medicaid program, an employer-sponsored plan, or in a competitively selected, privately administered, insurance product. All children will qualify assuming, with certain exceptions, they have been uninsured for 60 days or more.

Under the Healthy Kids Plan, families with incomes below 200 percent of the federal poverty level will pay no premiums or co-pays for their children. Families with higher incomes, up through 300 percent of the poverty level, will pay a portion of their children's premiums based on a sliding scale. Families earning 300 percent or more of the poverty level will pay full premiums.

The federal poverty level (FPL) is the set minimum amount of income that a family needs for food, clothing, transportation, shelter and other necessities. In the United States, this level is determined by the Department of Health and Human Services. FPL varies according to family size. The number is adjusted

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for inflation and reported annually in the form of poverty guidelines. Public assistance programs, such as Medicaid in the U.S., define eligibility income limits as some percentage of FPL.

The Office of Private Health Partnerships (OPHP) will “brand” the term Healthy Kids, work with diverse populations, recruit and train community partners, provide application assistance, purchase multimedia advertising and engage schools and businesses such as utilities and grocery chains as part of the branding and enrollment efforts. OPHP will also be responsible for administering the subsidy program for Employer Sponsored Group Insurance and the private Healthy Kids Plan Insurance product.

### **Recommended Budget**

The Governor’s recommended budget for this agency is \$105.4 million total funds. This is a 28.1 percent increase over the 2007-09 Legislatively Approved Budget. The increase stems from the addition of the Healthy Kids Program.

### **Revenue**

FHIAP is funded with a combination of General Fund and federal Medicaid dollars. The federal government sends its Medicaid funds to the Department of Human Services (DHS), which then transfers the funds to OPHP. The OPHP receives this transfer from DHS as Other Funds. General Fund also supports the technical assistance portion of the OPHP. The state portion of the Healthy Kids Program will be funded through a medical provider tax.

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### PSYCHIATRIC SECURITY REVIEW BOARD

|                            | 2005-07<br>Actuals | 2007-09<br>Legislatively Approved | 2009-11<br>Governor's<br>Recommended |
|----------------------------|--------------------|-----------------------------------|--------------------------------------|
| General Fund               | \$873,358          | \$1,033,366                       | \$1,521,251                          |
| Lottery Funds              | 0                  | 0                                 | 0                                    |
| Other Funds                | 0                  | 2,000                             | 2,056                                |
| Federal Funds              | 0                  | 0                                 | 0                                    |
| Other Funds (Nonlimited)   | 0                  | 0                                 | 0                                    |
| Federal Funds (Nonlimited) | 0                  | 0                                 | 0                                    |
| Total Funds                | \$873,358          | \$1,035,366                       | \$1,523,307                          |
| Positions                  | 5                  | 5                                 | 6                                    |
| Full-time Equivalent       | 4.75               | 5.00                              | 5.92                                 |

#### Overview

The Psychiatric Security Review Board (PSRB) has jurisdiction over criminals who have committed a crime and were found guilty, but for insanity. The board manages this population through placement at either the Oregon State Hospital or through conditional releases to the community. The board conducts hearings to decide the best place for these people. The board may revoke a conditional release and order a person's return to the Oregon State Hospital. It may also discharge people from the board's control.

Senate Bill 232 (2005) expanded the PSRB beginning January 1, 2007, to include a five member juvenile panel. The juvenile panel is responsible for the disposition of youth who have a serious mental condition or who present a danger to themselves or others.

#### Recommended Budget

The Governor's recommended budget for the Psychiatric Security Review Board is \$1.5 million total funds. This is a 47.1 percent increase from the 2007-09 Legislatively Approved Budget. Most of the increase results from changes to state central computing costs and staff compensation adjustments. The recommended budget maintains the agency's core programs and adds a limited-duration position to address workload.

#### Revenue

The board's work is financed with General Fund. Other Funds expenditure limitation is for staff and board member training. This is funded with money left over from an earlier award from the American Psychiatric Association.