
Oregon Department of Human Services

Administrative Services Division

Joint Ways and Means Committee Presentation

2007 Legislative Session

DHS Core Values

Integrity • Stewardship • Responsibility • Respect • Professionalism

Administrative Services Division

Mission

The mission of the Oregon Department of Human Services is “Assisting people to become independent, healthy and safe.” The Administrative Services Division (ASD) supports this mission by providing leadership in the delivery of efficient, consistent and coordinated administrative services to all divisions and programs within the department.

Goals

The goals of ASD are to:

- Implement standardized business practices that are used throughout the department;
- Increase the efficiency, effectiveness and coordination of administrative services through the consolidation of functions across the department;
- Develop department-wide policies and procedures to guide administrative activity and communicate these to all staff;
- Provide relevant information and recommendations regarding budget, forecasting and analysis of policy issues;
- Ensure effectiveness and efficiency in program management and measurement of results;
- Develop clear, concise information to support effective decision-making;
- Work effectively across the department to ensure department policies are incorporated and appropriately reflected in the budget;
- Provide reliable caseload and cost-per-case forecasts for all major programs, incorporating impacts of policy changes, changing demographics and any other relevant information available; and
- Coordinate and monitor federal funding and financial policy across the department.

History

The department continues to look for ways to increase its efficiencies and centralization of administrative services, while working toward more efficient community-based delivery of human services. A key part of that effort is led by ASD.

Senate Bill 303 (1999) gave the DHS Director increased flexibility to manage resources across the various divisions of DHS. A reorganization, which began in 2000, resulted in the standardization and consolidation of administrative functions. Then in 2001, Senate Bill 2294 passed, dissolving the former divisions and clearing the way for major reorganization.

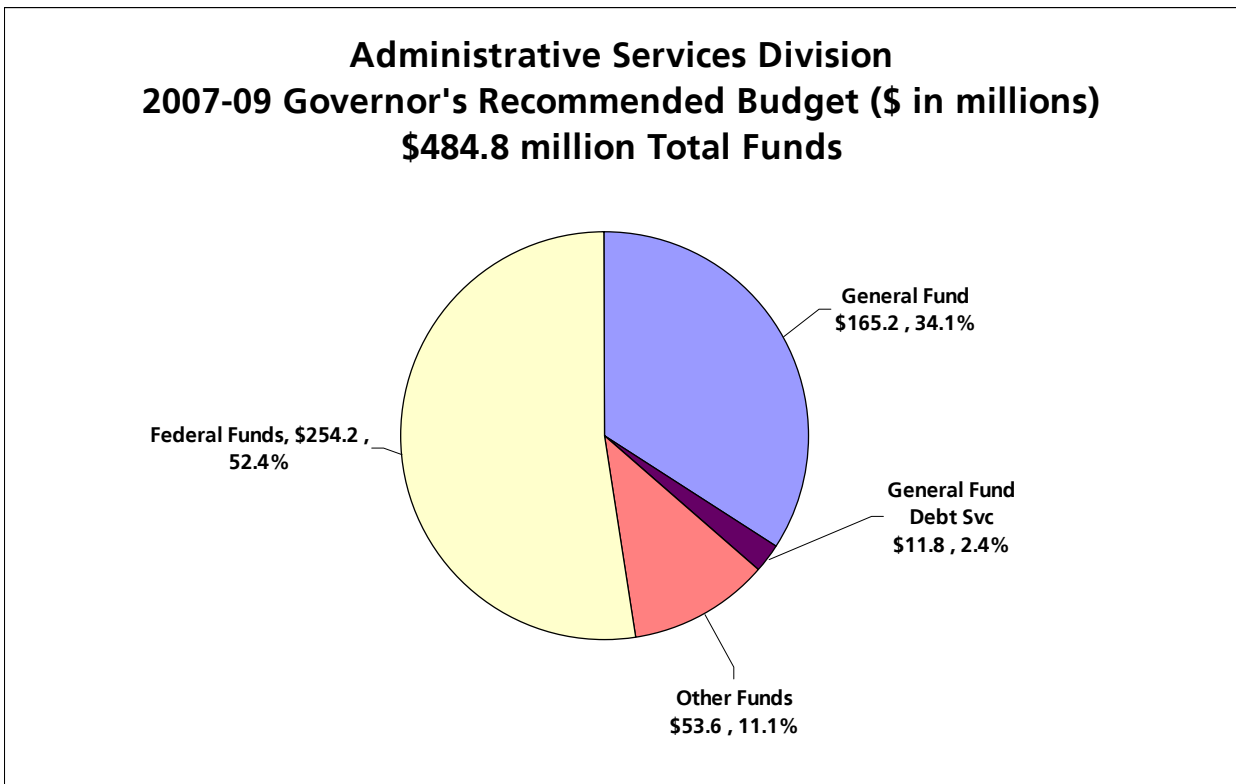
Since 2001 the department has made major strides to gain efficiency and reduce expenditures by adopting a centralized or shared service approach. During the past six years the department has:

- Centralized its human resources, facilities management, contracting, document management, public affairs, information services and financial services functions.
- Established a departmental forecasting unit to:
 - ◆ Ensure forecasts use a scientifically valid and reliable methodology.
 - ◆ Ensure forecasts are timely, flexible, clearly communicated and responsive to program, budget and legislative needs.
- Created the Information Security Office to implement the Federal Health Insurance Portability and Accountability Act (HIPAA) regulations and provide leadership and services that assist DHS in securing the confidentiality, integrity and availability of its information and systems.
- Created the Office of Payment Accuracy and Recovery to support institutional operations; identify and recover money paid in error to DHS clients or providers; investigate allegations of fraudulent activities of clients and providers; investigate and recover state funds expended for services when the service should have been covered through a client's private health plan; administer a recovery process for DHS, when clients make claims against a third party for injuries; and recover funds from the estates of Medicaid recipients for the cost of cash and medical benefits provided.
- Realigned the financial functions of the department under a Deputy Director of Finance and continue to work internally and with partners to create a structure of services that will lend themselves to better fiscal reporting, tracking and accountability.

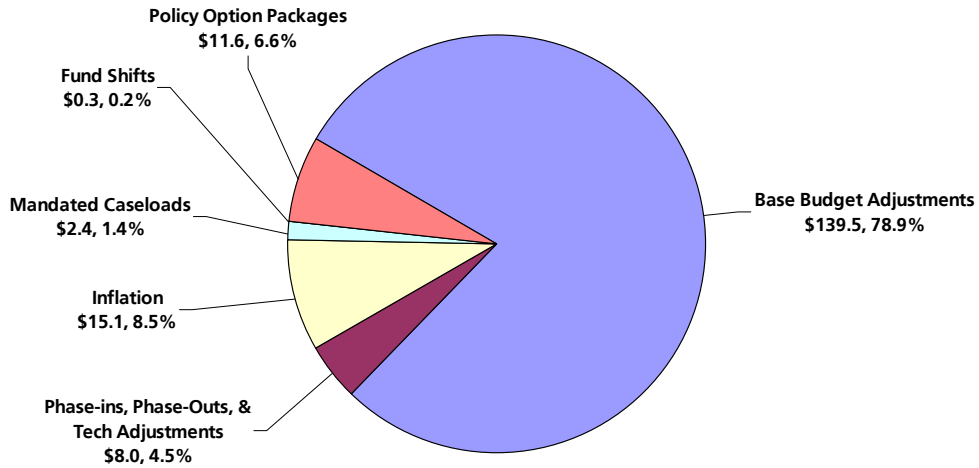
Program Summary

ASD supports the entire department by providing leadership, direction and shared services in key business areas. The division works to increase accountability through the consolidations of services, simplifying and standardizing business practices, and continually improving the department's efficiency and effectiveness.

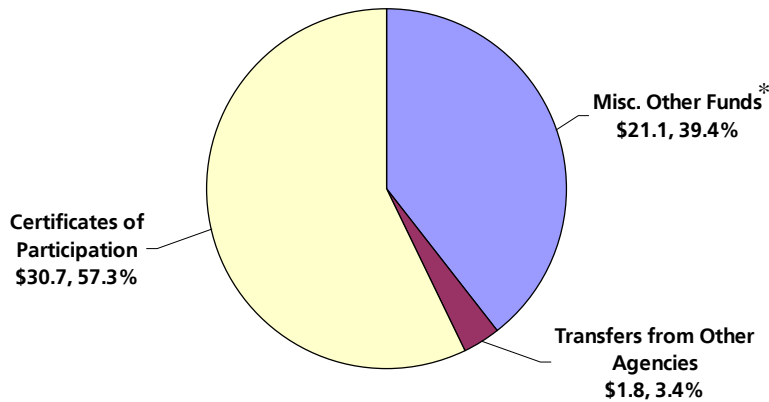
Budget summary



**Administrative Services Division
2007-2009 GRB by General Fund (\$ in millions)
\$176.9 million General Fund (including Debt Service)**

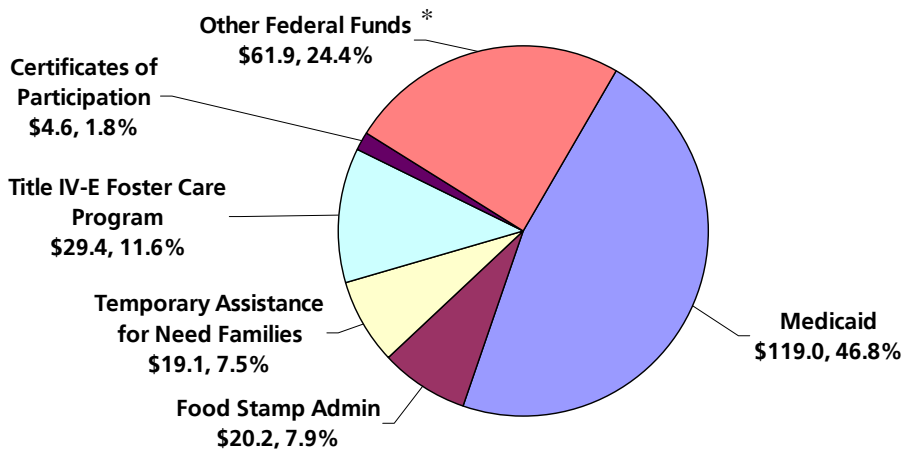


**Administrative Services Division
2007-09 Governor's Recommended Budget (\$ in millions)
Other Funds by Source Type
53.6 million Other Funds**



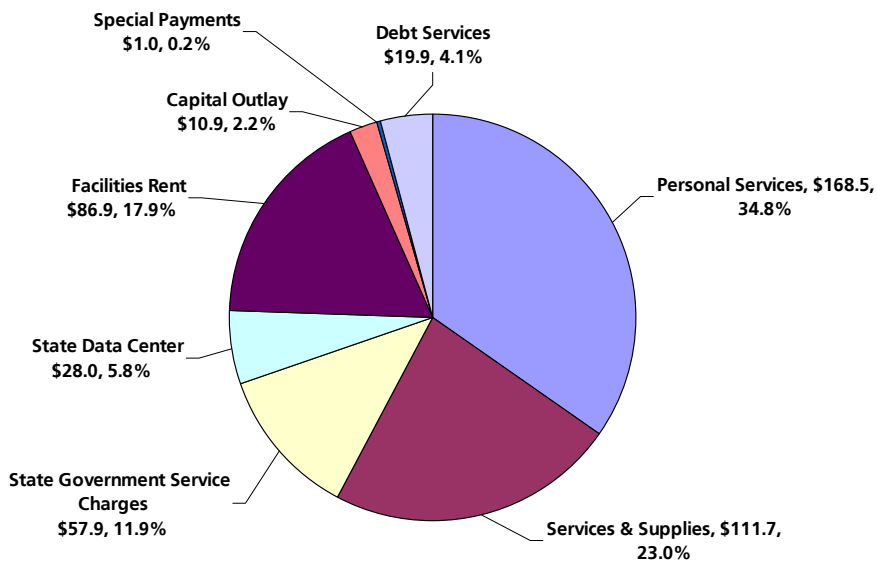
* Miscellaneous Other Funds are comprised of a portion of over 80 Grants, Fees, and Charges for Services that is allocated to the Administrative Services Division through the Federally approved DHS Cost Allocation plan. This Cost Allocation plan allocates a portion of each of these Other Fund sources each month based upon 13 different cost allocation methodologies. Each ASD unit's cost allocation is based upon the most appropriate cost allocation methodology(s) for each unit. Included among these cost allocation methodologies is a Random Moment Sampling of work performed by ASD staff each month. The amount of revenue allocated to ASD from these Other Fund sources is determined each month based upon the outcome of these 13 allocation methodologies which will vary each month.

**Administrative Services Division
2007-2009 Governor's Recommended Budget (in \$ millions)
Federal Funds by Source Type
\$254.2 million Federal Funds**



* Other Federal Funds are comprised of a portion of over 70 Federal grants that is allocated to the Administrative Services Division through the Federally approved DHS Cost Allocation plan. This Cost Allocation plan allocates a portion of each of these Federal grants each month based upon 13 different cost allocation methodologies. Each ASD unit's cost allocation is based upon the most appropriate cost allocation methodology(s) for each unit. Included among these cost allocation methodologies is a Random Moment Sampling of work performed by ASD staff each month. The amount of revenue allocated to ASD from these Federal grants is determined each month based upon the outcome of these 13 allocation methodologies which will vary each month.

**Administrative Services Division
2007-2009 Governor's Recommended Budget (in \$ millions)
\$484.8 million Total Funds**



Programs

ASD contains the following key offices and programs:

Director's Office

- Administration
 - ◆ Public Policy and Government Relations
 - Administrative Rules
 - Legislative Relations
 - Tribal Relations
 - Governor's Advocacy Office
- Audit and Consulting Unit
- Office of Investigations and Training

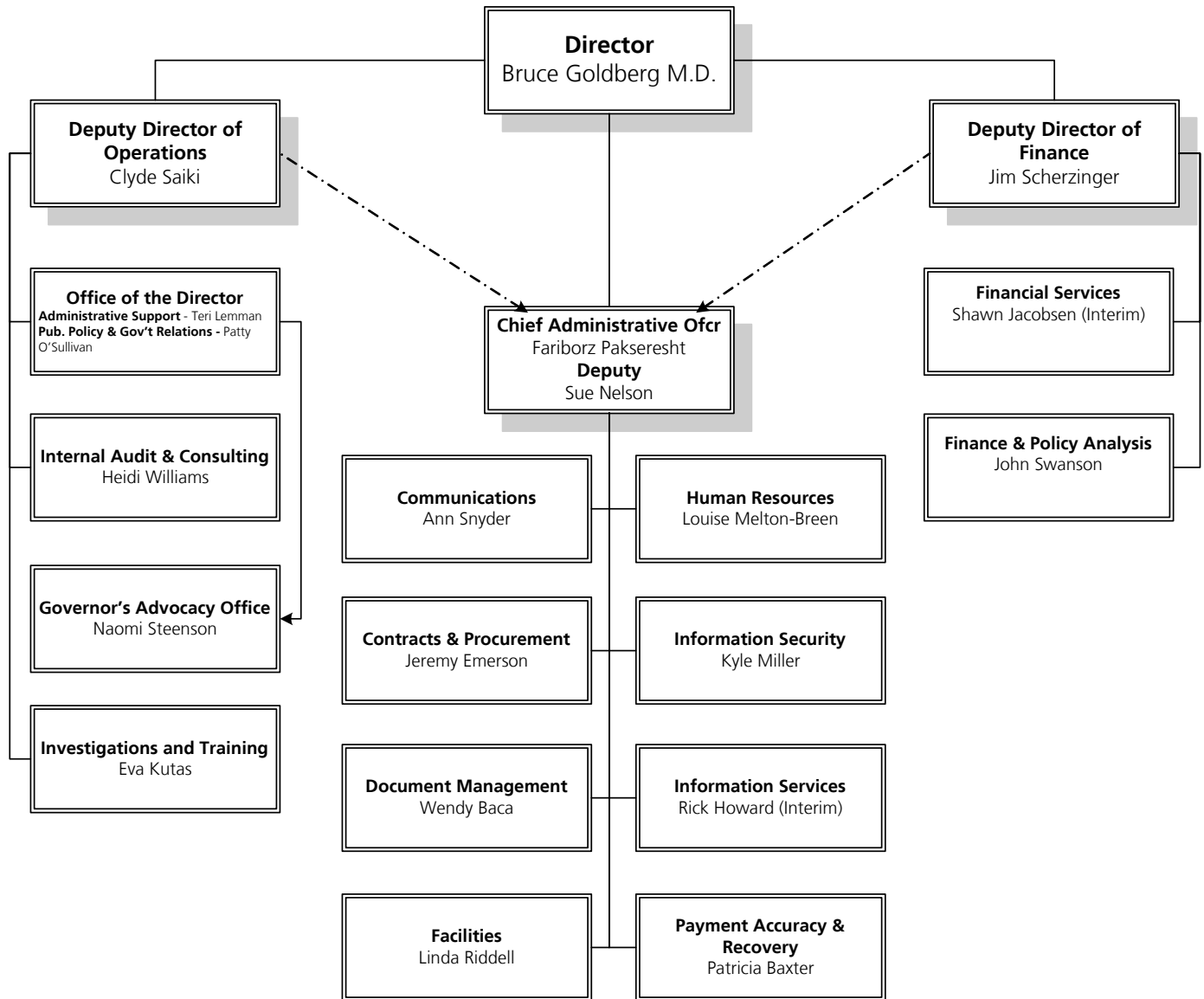
Finance

- Office of Finance and Policy Analysis
- Office of Financial Services

Administrative Services

- Central Administration
- Office of Communications
- Office of Contracts and Procurement
- Office of Document Management
- Office of Facilities
- Office of Human Resources
- Information Security Office
- Office of Information Services
- Office of Payment Accuracy and Recovery

Organizational structure



**Staffing as of GRB
Positions: 1,125
FTE: 1,098.51**

Director's Office

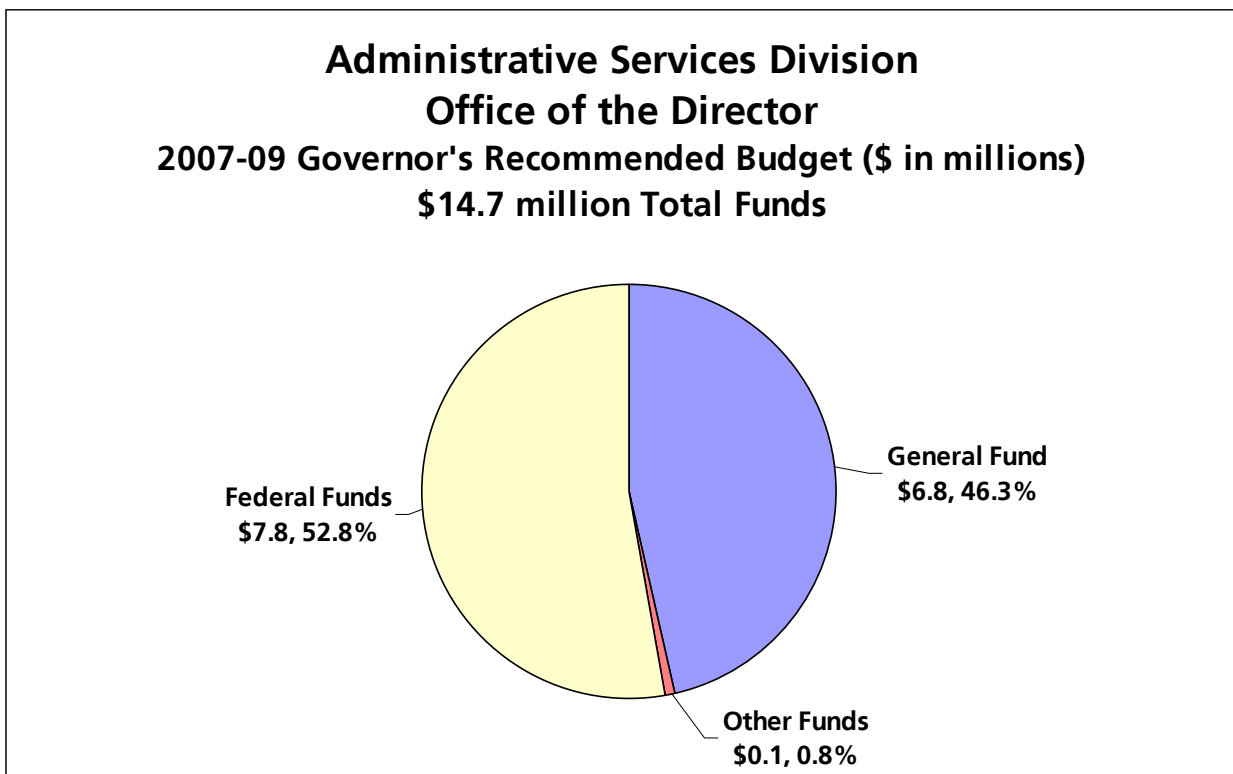
Key programs

The Director's Office is responsible for overall leadership, policy development and administrative oversight. It coordinates these functions with the Governor's Office, the Legislature, other and federal state agencies, partners and stakeholders, local governments, advocacy and client groups, and the private sector.

The Director's Office includes a number of programmatic areas that support the entire department. These programs are:

- Audit and Consulting Services;
- Governor's Advocacy Office, which includes the Children's Ombudsman and Pain Management programs;
- Office of Investigations and Training;
- Legislative and Intergovernmental Relations; and
- Tribal Relations.

2007-2009 Budget Summary



Director's Office	GF	OF	FF	TF	POS	FTE
Personal Services	\$ 4,174,838	\$ 122,552	\$ 4,384,912	\$ 8,682,302		
Services & Supplies	\$ 2,622,862	\$ (2)	\$ 3,369,138	\$ 5,991,998		
Capital Outlay	\$ -	\$ -	\$ -	\$ -		
Special Payments	\$ -	\$ -	\$ -	\$ -		
Debt Service	\$ -	\$ -	\$ -	\$ -		
Total	\$ 6,797,700	\$ 122,550	\$ 7,754,050	\$ 14,674,300	55	52.83

Director's Office (DO)

Services provided

The Director's Office provides overall leadership, direction and administrative oversight for the department.

Legislative and Intergovernmental Relations

The Director of Public Policy and Government Relations advises the director and DHS employees on state and federal legislation and department-wide policy issues, and coordinates DHS intergovernmental relations and relationships with stakeholder, advocate and advisory groups. This position also manages the Governor's Advocacy Office, tribal relations, and the department-wide administrative rules process.

The Director of Public Policy and Government Relations also serves as a senior policy advisor to the DHS director and deputy directors. This includes reviewing policy, management and program practices, recommending changes and ensuring they are implemented.

During the Legislative Session the Director of Public Policy and Government Relations leads the department in developing legislative strategy for legislation and issues, including budget bills. This includes responsibility for assuring department response to Legislators is timely and accurate.

Tribal Relations

The Tribal Relations liaison helps the department maintain and improve the department's relationship with the nine federally recognized tribes in Oregon.

Tribal governments are sovereign nations and their issues involve a complex set of federal, tribal and state laws and policies. The Tribal Relations liaison helps resolve issues, coordinate communications and maintain and improve the working relationship between the department and the tribes.

2007-2009 Budget Summary (DO)

Reductions

No reductions were proposed for this office in the Governor's Recommended Budget.

Policy option packages

No policy option packages were proposed for this office in the Governor's Recommended Budget.

Internal Audit and Consulting Unit (IAC)

Services provided

The Internal Audit and Consulting (IAC) Unit is part of the Director's Office. The internal audit team reviews all areas of DHS including centralized operations and programs, field offices, and institutions, as well as counties and other sub-recipients who receive state funds through various DHS programs.

The unit assists management through reviews of DHS programs and activities, ensuring effective and efficient use of resources to achieve the department's goals and outcomes. The unit performs independent audits and reviews, which include:

- Reliability and integrity of financial and operational information,
- Effectiveness and efficiency of operations,
- Safeguarding of assets,
- Evaluation of management controls (which may be related to investigations of alleged misconduct and illegal activities), and
- Compliance with laws and regulations, contracts, and grant awards.

Where service recipients are located

IAC provides services throughout the state of Oregon to all DHS divisions, facilities and offices. In addition, services are provided to counties and any sub-recipients who receive state and federal funds where DHS has been deemed the cognizant agency.

Who receives services

Internal audit and consulting services can be provided through several means:

- Identified in the annual audit plan (based on a risk assessment),
- Referral from staff or management,
- Special requests from management or other governing bodies, and
- Mandated by policy or other legal agreements.

How services are delivered

Internal audits are delivered in the form of an audit report. Consulting services can be delivered in several ways including management letters, advisory roles on various committees, and coordination of external audits. Delivering these services may include travel throughout the state to review documentation, observe processes or provide assistance to management. All IAC services require continuous communication with internal and external program staff, managers, the DHS audit committee and external auditors.

Why these services are significant to Oregonians

- Help decrease the amount of fraud, waste and abuse;
- Ensure the reliability and integrity of financial and operational information;
- Ensure effectiveness and efficiency of operations;
- Ensure adequacy of internal controls to prevent or minimize alleged misconduct and illegal activities; and
- Ensure compliance with laws and regulations, contracts and grant awards.

Performance Measures (IAC)

Increase knowledge of managing and reducing risks

Purpose

The purpose of this measure is to identify recurring high risks and audit findings, and develop processes and other means to reduce or eliminate them.

Outcomes

- This will reduce the number of disallowances and other financial penalties incurred through federal audits.
- Incorporate consistent policies and processes throughout DHS when risks and findings pertain to more than one area.

Quality and Efficiency Improvements (IAC)

- IAC developed “rolling audit templates” for strategic planning, eligibility and fiscal accountability to eliminate the development of a new audit plan each time an audit occurs in one of these areas. The goal is to reduce the amount of time spent to complete an audit.
- The unit is in the process of developing an audit tracking database that will allow IAC the flexibility to track, report and perform follow-up on consultation requests and external audits activities in addition to the traditional internal audits.
- IAC currently is re-engineering the audit process to reflect the philosophy of customer service, transparency and accountability. The goal is to maintain ongoing, clear and complete communication with management and other audit partners to ensure awareness of risks, findings and recommendations, and an understanding of information and processes related to the audit activity.

2007-2009 Budget Summary (IAC)

Key budget drivers and issues

DHS, as all states, is facing increased scrutiny from the federal Center for Medicaid/Medicare Services (CMS). Federal auditors are scrutinizing all Medicaid expenditures and questioning the states’ interpretations of federal requirements and regulations. This has significantly increased the amount of time spent on external audit activities.

Several internal audit positions were eliminated in the 2001-2003 biennium budget reductions. This has created a significant challenge in adequately covering the level of knowledge and expertise needed to perform different types of audit activities within all the divisions and numerous programs such as information technology audits. The inability to perform these functions could have a huge negative financial impact, including the loss of federal funds.

Reductions

No reductions were proposed for this office in the Governor’s Recommended Budget.

Policy option packages

106-60 Expand Internal Audit

<p><u>106-60 Expand Internal Audit:</u> Currently the Internal Auditing & Consulting Unit is unable to meet the high demand within DHS for auditing and consulting services. Adding three additional audit positions (including one IT auditor) to the unit will ensure the department is proactively evaluating program performance and accountability. The additional auditor positions would allow for audits that impact the Department's implementation of internal controls, accuracy and integrity of data, and program savings through increased operational efficiency.</p>						
		GF		OF		TF
	Governor's Recommended Budget	\$ 0.3	\$ -	\$ 0.3	\$ 0.3	\$ 0.5
ASD		\$ 0.3	\$ -	\$ 0.3	\$ 0.3	\$ 0.5

(\$ in millions)

The purpose of the policy package is to add three Internal Auditor 3 positions: one would be an information technology (IT) auditor and the other two would be senior internal auditors.

Currently DHS has seven IAC staff to evaluate compliance with federal and state laws, internal controls, reliability and integrity of information, and economic and efficient use of resources for more than 9,000 FTE, and total 2005-2007 biennial expenditures exceeding \$9.5 billion. The addition of these positions will enable the unit to better identify areas of risk and provide the support to programs to help develop and implement plans to mitigate those risks. Due to the lack of auditing resources the department is unable to address areas of risk that could contribute to budgetary issues for the department.

IAC is unable to meet the demand within DHS for auditing and consulting services. These additional positions would allow for audits that impact the department's implementation of internal controls, accuracy and integrity of data, and program savings through increased operational efficiency.

Governor's Advocacy Office (GAO)

Services provided

The Governor's Advocacy Office (GAO) provides a forum for Oregonians to address specific issues and concerns relating to human services by:

- Providing ombudsman functions for all DHS programs and services, including a Children's Ombudsman;
- Coordinating and presenting information on the management of chronic and intractable pain to all Oregonians and health service providers through the work of the Pain Management Commission;
- Providing services under the Alternate Format/Americans with Disabilities Act (ADA) to ensure that individuals with disabilities are provided the accessibility and reasonable accommodations they require to equally participate in and benefit from all DHS programs and services; and
- Screening, overseeing and tracking the DHS Client Complaint and Report of Discrimination process, including civil rights investigations.

Where service recipients are located

GAO serves the entire state and anyone contacting the office from out of state.

Who receives services

DHS and Children's Ombudsmen: Any party may contact GAO for assistance, including legislators, other governments, and public and private organizations. The Governor's Office and U.S. Congressional delegation refer all of their constituent issues with DHS to GAO for response on their behalf.

ADA and Alternate Formats: Any DHS client with a disability may contact GAO about ADA-related issues.

Pain Management: Any Oregonian impacted by chronic or intractable pain can receive information about treatment and management of pain. All Oregon-licensed health care professionals must complete a part of their mandated pain management education through the DHS Web site. During 2006, 11,942 licensed professionals completed this course.

Client Complaint and Report of Discrimination Process: Any DHS client who believes they received poor customer service or were treated in a discriminatory manner may file a formal complaint with the agency. Monthly reports of complaint data are generated for DHS leadership, partners and stakeholders.

How services are delivered

Ombudsmen can be contacted by phone toll-free at 1-800-442-5238, through TTY at 503-945-2928, via e-mail at dhs.info@state.or.us or through postal mail. All inquiries, concerns and complaints receive responses. Initial information is evaluated for the level of research, action or investigation necessary, and the complexity determines the timeline for resolution. GAO ensures a neutral and independent analysis.

GAO established the DHS ADA policies and investigates reported ADA issues. Overall department compliance to ADA law is monitored through this office. GAO manages the DHS contracts for alternate format and deaf and hard of hearing services for clients with disabilities. Services provide reasonable accommodations such as the receipt of communications and printed materials in a format that fits the individual's needs. Formats may include large print, Braille, computer disk, audiocassette, and oral or sign language presentation.

Pain management services are available online for providers, patients and caregivers. The Oregon Pain Commission meets bi-monthly to develop professional training standards, recommended practices and policies in joint partnership with Oregon's health care licensing boards. Licensed professionals access one mandated continuing education unit of training through the DHS Web site. Completion data is reported to the appropriate licensing boards.

The client complaint and report of discrimination procedures are in DHS policy and available in Netlink training. The process has designated authorities responsible for investigation with specific response timelines. Clients have four potential review levels and GAO determines the final appeal's outcome. GAO independently investigates client civil rights complaints, except for certain programs that require investigation by a federal authority.

Why these services are significant to Oregonians

The mission and core values of DHS guarantee accountability and transparency in DHS operations and services. GAO is vital in monitoring and measuring that accountability. GAO, as an independent and centralized entity, is fundamental in recognizing the consequences and human impact of DHS program operations and services to Oregonians.

Individuals can access an autonomous examination of their case for compliance to program policies, fairness and due process, and quality of customer service rendered, with subsequent mediation. Case information and resolution is recorded into a centralized database. Reports identify local or programmatic issues as well as systemic trends. From this data, recommendations are generated for corrective action and improved service operations.

In the Pain Management program, Oregonians gain information to better advocate for patient validation and effective treatment of chronic pain. Health care professionals have educational resources and practice standards to more efficiently diagnose and treat pain. Overall, the intended goal is to reduce burgeoning health care costs and workforce losses due to pain-related conditions, and increase the productivity and quality of life for pain patients.

In addition to the formalized client complaint and report of discrimination process, GAO has an alternative form to convey client/customer satisfaction with department customer service, which is compiled on a separate database.

Performance Measures (GAO)

GAO has six performance measures (PM). In addition to these measures, new outcome measures related to policy option packages are outlined in this section.

PM – Responsiveness, resolution and reporting

Purpose

GAO serves as a connection to all DHS programs and responds quickly to all contacts. Most calls are answered by a person rather than an automated response system, except during high volume periods. In that case, voicemail calls are immediately returned in the order of receipt. Likewise, the high profile and sensitivity of cases brought forth require the same urgency in response.

GAO performance is measured through the number of:

- Working days taken to respond to individual inquiries and complaints,
- Working days taken to achieve resolution or reasonable customer satisfaction on an open case,
- Individual cases in compliance with the provision of requested alternate format materials,
- Medical and health care providers participating in mandated training on pain management patient issues and treatment options,
- Working days taken to process and resolve the formal complaint and report of discrimination cases filed, and
- Comments received by clients regarding level of satisfaction with DHS customer service.

The above numbers indicate the office performance and individuals positively served by GAO. However, beyond the numbers generated, the information and data collected from these activities has significant value in identifying unmet needs, trends and targets for improvement.

How Oregon compares to other states

Other states have internal and external units that address agency problems and issues. Some offices have funding sources that allow more formalized operations, specialized databases, and marketing of ombudsman services. However, most of these offices are specialized by program, whereas GAO serves as a virtual clearing house for all DHS inquiries and complaints. As a result, GAO provides a much broader scope of services than other states because of the number of programs represented.

The output of response and resolution from GAO is very competent in comparison of timeliness with other states. Because of GAO's access to DHS online client information systems, the office can accommodate a high volume of intake and respond more quickly than separate offices could.

Outcome Measures (GAO)

Measure: Number of department-wide initiatives generated from GAO, system improvements, and the effect on client customer services and professional relationships.

Purpose

GAO serves everyone and the outcome of their work is a direct indicator of all DHS operations and services. Information and statistics generated from this office are intended to improve how the department does business and provides service to Oregonians in a manner that reflects their mission and core values.

How Oregon compares to other states

The DHS and Children's Ombudsmen programs are unique to Oregon because of the vast and comprehensive scope of programs covered under this office. GAO's department-wide approach has the benefit of garnering a larger perspective of Oregonians' issues and needs than individual divisions could capture.

Other states have external children's ombudsman offices with a more limited scope of function, and these offices do not have the immediate online access to case information and associated staff that GAO has. GAO is distinctive because the office's operations are conducted within DHS, yet the office is independent from any division or program authority and reports directly to the Governor and DHS Director. This system of operation maximizes the efficiency of timely resolution and establishes a more direct connection to field operations.

Quality and Efficiency Improvements (GAO)

GAO casework has initiated recent development of department-wide policies and training modules including ADA provisions, customer service expectations, the DHS complaint and civil rights investigation process, and communicating with difficult or hostile individuals. Also, as a result of investigations into complaints, DHS implemented systems improvements in the areas of day care provider payments and client notices when minors turn 18 and need to reapply for certain programs as adults.

The ADA and Alternate Formats program worked with the Office of Information Systems (OIS) to implement a number of cost-saving methods for producing alternate format communications through DHS information systems.

The Pain Management program has quantifiably identified target issues for providers and patients through health care licensing board and professional post-training surveys and patient online forums. Pain Commission projects address these target issues in terms of health care education, policy, practice and approved insurance-covered services.

2007-2009 Budget Summary (GAO)

Key budget drivers and issues

Some GAO services are unfunded mandates, such as the ADA and alternate Format program, the client complaint and report of discrimination process, the pain management program and the Pain Management Commission activities.

The pain management program is working to develop more professional educational opportunities that will generate revenue for the program.

The ADA and alternate formats program is exploring technologies that can provide more expansive and efficient accommodations and reduce individual service costs.

Reductions

No reductions were proposed for this office in the Governor's Recommended Budget.

Policy option packages

No policy option packages were proposed for this office in the Governor's Recommended Budget.

Office of Investigations and Training (OIT)

The Office of Investigations and Training (OIT) is committed to ensuring that all investigations of abuse and neglect, protective services, technical assistance and training are conducted with integrity, fairness and quality, thereby maximizing the safety of people with mental illness and developmental disabilities. OIT's authority and responsibilities are outlined in ORS 430.735—430.765, Abuse Reporting for Mentally Ill or Developmentally Disabled individuals.

Services provided

Ten OIT staff investigate allegations of abuse and neglect, and ensure that protective services have been offered or provided at Oregon State Hospital, Blue Mountain Recovery Center and Eastern Oregon Training Center as well as state-operated or directly contracted 24-hour residential programs for adults and children with developmental disabilities.

Protective service coordinators oversee the county abuse investigation and protective services system, reviewing all reports and providing technical assistance, access to forensic expertise and training to local protective service investigators.

Beginning in 2000, OIT created a database that collects statewide information from abuse and neglect reports. In addition to an annual report, data are used for a number of internal quality assurance activities such as measurement of investigation timeliness and evaluation of trends or patterns. Data staff work with counties, providers, advocates and others to develop reports and analyses from the data.

Training about recognition and reporting of abuse and neglect is offered to providers, county partners, advocates, service recipients and their families. Curricula, media presentations and videos have been developed on a variety of topics such as mandatory reporting and critical skills for protective service investigators including cultural competence, interviewing, report writing, photography and abuse injury identification. A 6-hour abuse and neglect curriculum incorporating abuse/neglect scenarios on video and a staff brochure was developed for the state hospitals and training center.

Where service recipients are located

Individuals who receive mental health or developmental disability services through community mental health and developmental disability programs and their contractors are located in all 36 counties. During 2006 protection offered by the abuse and neglect laws covered approximately 72,000 individuals who were provided mental health services and 21,000 individuals who received developmental disability services.

Who receives services

OIT staff investigated 608 allegations in 2006, compared to 402 allegations of abuse and neglect during 2005. Regional coordinators oversaw the investigation of 1,697 county investigations in 2006 and 1,816 in 2005. Staff provided more than 50 in-person training opportunities through the state for 1,200 individuals.

How services are delivered

OIT staff conduct investigations and ensure protective services are offered and provided in all state-operated or directly contracted services for individuals receiving developmental disability or mental health services. Thirty-two community mental health programs (CMHPs) are designees of the state, for which county employees conduct investigations and offer or provide protective services. The OIT protective services coordinators assist with and oversee their work.

Why these services are significant to Oregonians

Individuals with developmental disabilities and mental illnesses are at among the highest risk for abuse and neglect of any group and more than half will experience repeated physical or sexual abuse in their lifetimes. Freedom from abuse, and the health and safety of individuals with developmental disabilities or mental illnesses, is critical to their ability to maximize independence and benefit from any of the services they are provided. OIT and CMHP investigations are used to remove or sanction abusive caregivers and support licensing and certification decisions. Actions such as requiring provider training to prevent further abuse and providing protective services such as restraining orders help keep individuals safe.

Performance Measures (OIT)

No performance measures currently exist for this program.

How Oregon compares to other states

There is very little national data available about the incidence and prevalence of abuse and neglect of individuals with mental illnesses or developmental disabilities. National adult protective services reports have been collected and published, but as there are no national definitions it is very difficult to compare Oregon's data.

Quality and Efficiency Improvements (OIT)

During the 2007-2009 biennium OIT will develop performance measures regarding the quality and efficiency of its services as they relate to reporting, protective services, investigation and safety of individuals with developmental disabilities or mental illnesses receiving state funded services.

2007-2009 Budget Summary (OIT)

Key budget drivers and issues

Community Expansion of Mental Health Services

There has been considerable new development of residential programs and placements in Oregon's mental health system related to lawsuits at Oregon State Hospital. This increase has resulted in requirements for additional training and investigation in these programs and will continue to do so.

Staley Lawsuit

The Staley lawsuit settlement, which required development of community services for individuals with developmental disabilities, has resulted in increased investigations and more need for protective services for these clients. During 2006, 4,029 individuals received services as a result of the Staley agreement, up from 3,691 during 2005. Investigations related to these clients grew from 906 in 2005 to 980 in 2006.

Children's Mental Health Initiative

OIT is in a planning phase with the Children, Adults and Families (CAF) Division to move toward conducting investigations in certified 24-hour residential service settings that provide mental health services to children. At present 2,000 children per year receive these services, with an average daily population of 600. This process will require investigation, training and data resources.

Reductions

No reductions were proposed for this office in the Governor's Recommended Budget.

Policy option packages

No policy option packages were proposed for this office in the Governor's Recommended Budget.

Finance

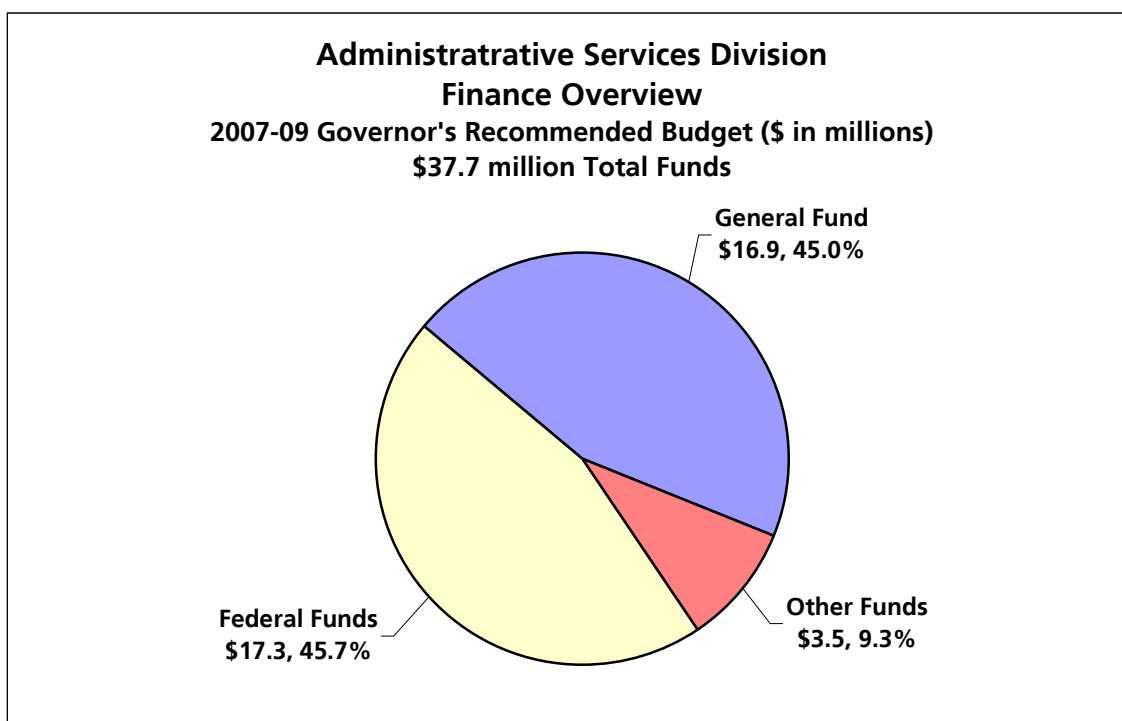
Key programs

During 2006, based on the recommendations of the Operations Review Team, DHS realigned the financial services functions of the department and hired a Deputy Director of Finance. Finance and Policy Analysis (FPA), which provides budget, planning and fiscal analysis for the department, now report to this position and the Office of Financial Services (OFS), which provides accounting and payroll services.

FPA provides program and administrative budget planning, forecasting, actuarial services, financial analysis, and planning services across the department. These services are provided for department leadership, program/policy and field managers, staff, and external policy makers.

OFS is the department's accounting office and steward of the agency's financial resources. It provides accounting services, administers employee benefits and payroll, and collects funds owed to the department. It provides accurate, accountable and responsive financial management and business services to DHS clients, providers, vendors, stakeholders, and employees in support of the DHS mission and in compliance with state laws and federal policies, rules and regulations.

2007-2009 Budget Summary



Policy option packages

106-59: Infrastructure Investments

106- 59 Infrastructure Investments: Specific investments in DHS Infrastructure are needed to improve the management and administration of the department. These investments were identified as part of a comprehensive operational review of DHS that was conducted during November 2005 through April 2006.						
	GF		OF		FF	TF
Governor's Recommended Budget	\$ 2.7	\$ -	\$ -	\$ 3.0	\$ 5.7	
ASD	\$ 2.7	\$ -	\$ -	\$ 3.0	\$ 5.7	

(\$ in millions)

In 2003 DHS undertook a major effort to transform an agency that had operated as seven separate divisions into a unified agency. Although many basic unification steps were taken, such as changes in organizational structure and budget processes, the agency still has many different structures that do similar things and lacks the capacity to produce management information that is needed and coordinate services and policies across the agency.

In 2005 DHS formed an Operations Review Team of internal and external business experts to review DHS financial operations. The review found that DHS currently has a very complex financial structure composed of remnants of systems that served the former divisions. It has:

- 22 different payment systems that write checks to providers and clients;
- 6 different systems for recording overpayment recoveries; and
- Records expenditures in 1,913 program codes and approximately 11,000 project cost accounts.

At the recommendation of the Operations Review Team, DHS established a Deputy Director of Finance position, a Controller position, and an Internal Control Officer position. The team also recommended that DHS begin a competitive bidding process to find a contractor to begin a "Lean" pilot project and review DHS' financial processes and work with the department to move towards a more "Lean" system. DHS continues to work with the selected contractor at this time.

While these examples focus on the financial systems, similar issues exist in other agency functions; such as eligibility determination. Data collection is another area where the various programs used to collect data and perform analysis are separate and does not support management decision-making activities.

This policy package will fund the three recommended positions and implementation of the structural recommendations of the Operations Review Team. It will also fund continuation of "Lean" projects to work areas, programs, and systems throughout the department.

Office of Finance and Policy Analysis (FPA)

Services provided

Finance and Policy Analysis (FPA) provides program and administrative budget planning, forecasting, actuarial services, financial analysis and planning services across the department.

Where service recipients are located

FPA services are organized to provide support for each of the department divisions (Children, Adults, and Families Division; Seniors and People with Disabilities Division; Addictions and Mental Health Division; Division of Medical Assistance Programs; Public Health Division; and Administrative Services Division). FPA is organized with resources dedicated to each division, as well as resources to provide services to all divisions in the areas of caseload forecasting, actuary services, and Federal financial policy analysis.

Who receives services

Services are provided for department leadership, program/policy and field managers, staff and external policy makers.

How services are delivered

Services are delivered through the following activities.

- Budget management:
 - ◆ Development and preparation of the department's biennial budget documents and leadership of the DHS budget with the Governor's Office, Legislature, Department of Administrative Services (DAS), Legislative Fiscal Office (LFO) and DHS partners;
 - ◆ Initiating, coordinating and developing the department's budget rebalance plans and Legislative Emergency Board items;
 - ◆ Providing fiscal analysis of proposed legislation and responses to inquiries regarding fiscal impacts of policy changes;
 - ◆ Management of the department's allotment; and
 - ◆ Management of the approximately 10,000 budgeted positions of the department.

- Client caseload forecasting:
 - ◆ Producing semi-annual caseload forecasts for various DHS programs (divisions);
 - ◆ Monitoring actual client counts compared to the forecast; and
 - ◆ Tracking and researching local, state and national trends affecting client caseloads.
- Federal financial policy and rate oversight analysis:
 - ◆ Providing analysis, development and evaluation of federal and state financial policies and practices to ensure policy continuity, and policy and regulatory compliance, and to maximize revenue opportunities across DHS; and
 - ◆ Analyzing and determining provider tax rates, and monitoring actual provider tax assessments and collection.
- Actuarial rate services:
 - ◆ Working with a contracted actuary in setting managed care organization rates for the Oregon Health Plan;
 - ◆ Providing contracted actuary with data by service area;
 - ◆ Ensuring data integrity and consistency in methods of reporting encounter data and submission of rate changes; and
 - ◆ Analyzing effect of new and proposed policies on rates.

Why these services are significant to Oregonians

FPA provides planning, analysis, forecasting, and technical support to assist program managers to determine projected need for services and to develop the department budget to address these needs, anticipate changes in federal and other funding streams that may affect the ability to provide services, assure compliance with federal funding regulations and requirements, manage appropriation allotments and cash flow throughout the biennium, provide analysis and estimates to respond to inquiries from internal and external parties, and provide information and assistance in managing the DHS budget during the biennium.

Performance Measures (FPA)

DHS entered into an agreement in early 2007, through a competitive procurement process, with Kaufman Global, an internationally recognized authority in the area of

performance improvement. The goal of the partnership is to assess the current fiscal environment and recommend methods to streamline DHS's financial operations.

Kaufman is assisting DHS Finance in streamlining operational processes through "Lean" methodology. Lean is defined as the relentless pursuit of waste elimination. Kaufman also is assisting DHS Finance with establishment of baseline and benchmark data to measure the results of these efforts and imbed a continuous improvement mindset into the department's culture.

Specific performance measures will be created for each natural work unit and 20 key performance indicators will be developed for the entire Finance organization.

How Oregon compares to other states

A team of Kaufman and DHS staff is actively engaged in gathering benchmark data from other state agencies, the federal government, and like-sized private sector organizations. The benchmarked data will be used to provide targets for the performance measures selected for each Finance work unit.

Outcome Measures (FPA)

DHS is working with Kaufman to develop 20 key performance indicators that will be used to measure the success of the entire Finance organization.

Quality and Efficiency Improvements (FPA)

As part of its work with Kaufman, OFS is engaged in multiple Rapid Process Improvement (RPI) events with the goal of improving operational efficiency. This effort, combined with a Lean Daily Management System, baselining, benchmarking, and the development of 20 key performance indicators, will create measurable quality and efficiency improvements.

2007-2009 Budget Summary (FPA)

Governor's recommended budget

	GF	OF	FF	TF	POS	FTE
Personal Services	\$ 6,811,115	\$ 502,767	\$ 6,573,835	\$ 13,887,717		
Services & Supplies	\$ 818,897	\$ 66,853	\$ 1,527,461	\$ 2,413,211		
Capital Outlay	\$ -	\$ -	\$ -	\$ -		
Special Payments	\$ -	\$ 284,075	\$ 292,805	\$ 576,880		
Debt Service	\$ -	\$ -	\$ -	\$ -		
Total	\$ 7,630,012	\$ 853,695	\$ 8,394,101	\$ 16,877,808	87	84.75

Reductions

No reductions were proposed for this office in the Governor's Recommended Budget.

Policy option packages

106-56: Strengthening Actuarial and Caseload Forecasting Services

<p>106- 56 Strengthening Actuarial and Caseload Forecasting Services: This package improves the efficiency and cost effectiveness in providing actuary services and responds to actuary related questions by establishing an internal actuary unit. This package also enables the department to provide useful information for planning and decision making in regard to program caseload forecasting at both statewide and local levels</p>						
	GF	OF	FF	TF		
Governor's Recommended Budget	\$ (0.2)	\$ -	\$ (0.2)	\$ (0.5)		
ASD	\$ (0.2)	\$ -	\$ (0.2)	\$ (0.5)		

(\$ in millions)

This policy option package improves FPA services in two ways, it:

- This policy option package would establish a full-scale in-house actuarial services unit. To comply with federal regulation, DHS currently contracts with an actuarial firm for development of biennial per capita costs, annual capitation rates, to provide ad hoc requests and to provide an actuarially determined Program of All-Inclusive Care for the Elderly (PACE) Upper Payment Limit rates and analysis. An in-house DHS actuarial services unit would eliminate contracting for these services. It would also allow more than triple the availability for actuarial services to DHS and provide full-time actuarial services to DHS at significantly less cost. The in-house actuarial services unit would add eight positions (6.00 FTE). This element of this policy option package results in a net cost savings in 2007-2009 of \$536,936 General Fund and \$1,073,033 Total Funds.

- Improves and expands on DHS forecasting processes, including provision of need forecasts and regional forecasts of DHS programs. At present, detailed, program-level forecasts using historical data are done semi-annually for use in the development of the DHS budget. This policy option package would add resources to enable DHS to expand these basic forecasts to include:
 - ◆ Providing projections of the number of individuals who are in need of DHS services at both the state and local levels. Such forecasts would need to model various demographic, economic and social factors; which are not routinely incorporated at this time in caseload forecasts of DHS programs.
 - ◆ Instituting regional caseload forecasts of DHS programs, which will take into consideration local issues. As with the pool of people in need of services, a broader range of factors beyond the historical data that is used at present will need to be modeled. This includes factors such as demographic, economic, social, community capacity to provide services; leading indicators; and DHS business practice changes.
 - ◆ This element of the policy option package adds four new caseload forecast positions (4.00 FTE) at a cost of \$292,629 General Fund and \$585,258 Total Funds.

Office of Financial Services (OFS)

Services provided

OFS is organized by functional area with the goal of maximizing operational efficiency. During 1999 DHS converted to the Statewide Financial Management Application (SFMA) system as its book of record. At the time of conversion the agency was comprised of seven divisions, each with a separate accounting structure. In July 2003, DHS was combined into a single accounting agency, and the structures and financial records for each of the prior divisions were combined into a single entity.

OFS is organized into the following functional units:

- The **Agency-wide Disbursements/Travel Unit** processes invoices for goods and services including rent, utilities, supplies, interagency services, SPOTS VISA and travel claims for the department's employees and other authorized non-state individuals.
- The **Accounts Receivable Unit** produces invoices, collects funds due back to the department, and provides DHS Accounts Receivable collection data annually to the Legislative Fiscal Office (LFO). This unit also receives and processes garnishments levied on the department.
- The **General Accounting Unit** prepares annual financial report information for inclusion in the statewide Combined Annual Financial Report; maintains, analyzes, reviews and reports on various grant types such as entitlement, block and categorical grants; and submits, receipts, and distributes federal draw requests for federal expenditure disbursements. The Forgery Services Section handles and researches overpayments, forged, counterfeit and altered checks.
- The **Interface Resource Unit** takes financial data from the various DHS proprietary payment and receipting systems, converts the data and interfaces the data into SFMA. Interfaced transactions include payments, payment cancellations, accounts receivable and recoupments.
- The **Portland Accounting Unit** provides accounting services for Public Health Division (PHD) programs including accounts payable, monitoring sub-contractor expenditures, handling purchase order and travel payments, correcting payroll interface errors, cash receipting, accounts receivable, audit coordination, and grant financial review and reporting.

- The **Receipting and Trust Unit** deposits all negotiable instruments received by the department; accurately records the revenue and reduction of expense transactions into SFMA for these receipts, as well as from credit card and ACH activity in DHS Treasury accounts; and account for the receipts, expenditures and reporting of all client trust accounts.
- The **Reconciliation Unit** completes all reconciliation reports, compares results in SFMA, the State Treasury and DHS proprietary systems.
- The **Payroll Unit** processes agency payroll data and ensures that each employee of DHS receives proper compensation in pay and benefits for work done.
- The **Contract Payments Unit** processes contract payments for services with providers and local governments, ensures payments are within contract limitations, and processes contract settlements as needed.
- The **Program Support Unit** develops, maintains and implements the department-wide cost allocation plan to allocate indirect administrative expenditures to federal, state and other sources; and maintains and updates SFMA accounting structures.

Where service recipients are located

OFS provides client, provider, vendor and employee payments throughout the state. OFS works closely with the DAS State Controller's Division, other state agencies and the federal government.

Who receives services

Payroll services are provided to approximately 10,000 DHS employees. Clients, providers and vendors throughout the state receive payments through 22 payment applications and six receipting systems. Staff work closely with the federal government by providing federal financial reports and ensuring federal funding is maintained.

How services are delivered

OFS provides all accounting and reporting functions via SFMA and subsidiary legacy systems.

Why these services are significant to Oregonians

OFS ensures that clients, providers and vendors receive payments in a timely manner; employees receive payroll and benefits; and the department receives funding from the federal government and other revenue sources.

Performance Measures (OFS)

DHS entered into an agreement in early 2007, through a competitive procurement process, with Kaufman Global, an internationally recognized authority in the area of performance improvement. The goal of the partnership is to assess the current fiscal environment and recommend methods to streamline DHS's financial operations.

Kaufman is assisting DHS Finance in streamlining operational processes through "Lean" methodology. Lean is defined as the relentless pursuit of waste elimination. Kaufman also is assisting DHS Finance with establishment of baseline and benchmark data to measure the results of these efforts and imbed a continuous improvement mindset into the department's culture.

Specific performance measures will be created for each natural work unit and 20 key performance indicators will be developed for the entire Finance organization.

How Oregon compares to other states

A team of Kaufman and DHS staff is actively engaged in gathering benchmark data from other state agencies, the federal government, and like-sized private sector organizations. The benchmarked data will be used to provide targets for the performance measures selected for each Finance work unit.

Outcome Measures (OFS)

DHS is working with Kaufman to develop 20 key performance indicators that will be used to measure the success of the entire Finance organization.

Quality and Efficiency Improvements (OFS)

As part of its work with Kaufman, OFS is engaged in multiple Rapid Process Improvement (RPI) events with the goal of improving operational efficiency. This effort, combined with a Lean Daily Management System, baselining, benchmarking, and the development of 20 key performance indicators, will create measurable quality and efficiency improvements.

One recent RPI event in the Accounts Receivable unit is expected to reduce the number of handoffs, rework and waiting time within 30 days due process improvement opportunities that were identified and are being implemented.

2007-2009 Budget Summary (OFS)

Governor's recommended budget

	GF	OF	FF	TF	POS	FTE
Personal Services	\$ 8,597,365	\$ 2,680,390	\$ 7,804,134	\$ 19,081,889		
Services & Supplies	\$ 451,010	\$ (18,161)	\$ 1,010,556	\$ 1,443,405		
Capital Outlay	\$ -	\$ -	\$ -	\$ -		
Special Payments	\$ 260,861	\$ -	\$ -	\$ 260,861		
Debt Service	\$ -	\$ -	\$ -	\$ -		
Total	\$ 9,309,236	\$ 2,662,229	\$ 8,814,690	\$ 20,786,155	139	136.35

Reductions

No reductions were proposed for this office in the Governor's Recommended Budget.

Policy option packages

No policy option packages were proposed for this office in the Governor's Recommended Budget.

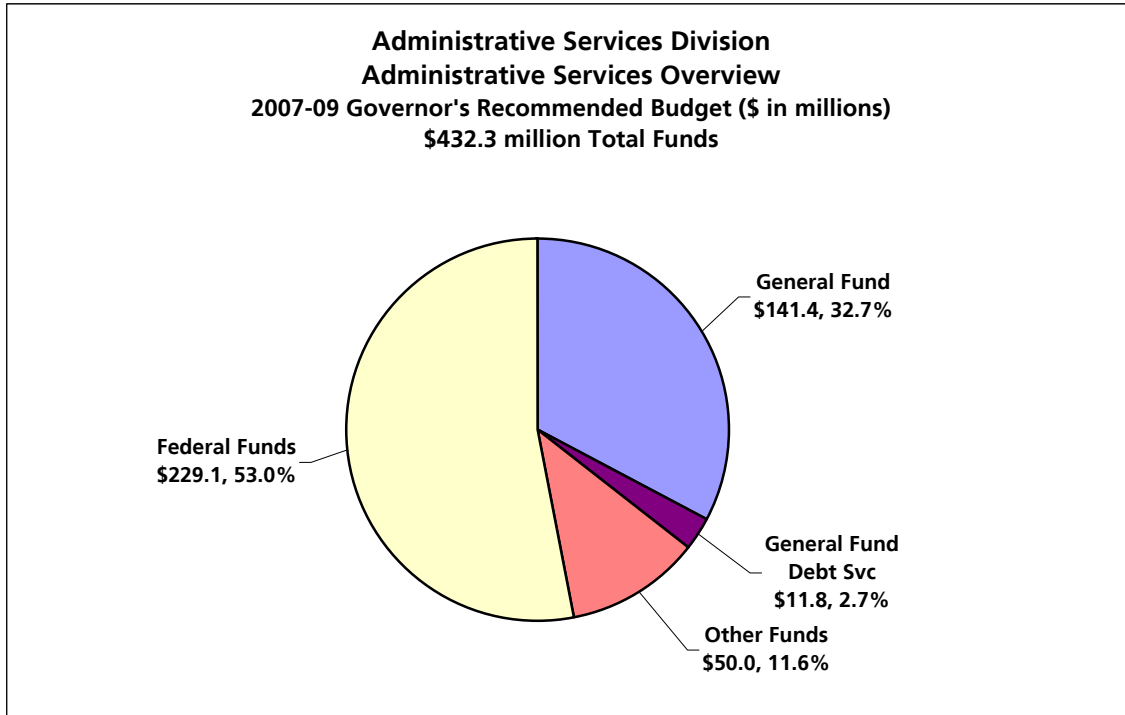
Administrative Services

Key programs

The major programs within ASD include:

- The Office of Communications, which plans and carries out communication activities to inform employees, clients, partners, stakeholders, the media, the public and others about DHS programs and services, emergent public health issues and the overall direction of the department including programs, services and policy decisions.
- The Office of Contracts and Procurement, which makes purchases, and prepares and processes contracts with other government agencies, businesses and service providers.
- The Office of Document Management, which provides document and data management services for the department.
- The Office of Facilities, which provides coordination of the department's offices and other facilities statewide.
- The Office of Human Resources, which provides recruitment and selection services; employee and labor relations; consultation and planning in affirmative action and diversity; consultation in safety, health and wellness; classification and compensation-related administration; and employee training and development.
- The Information Security Office, which provides oversight, expertise and guidance to assist DHS in securing the confidentiality, integrity and availability of its information, assets and systems.
- The Office of Information Services, which supports the department's computer systems, computer desktops, networks and the associated software.
- The Office of Payment Accuracy and Recovery, which identifies and recovers moneys paid in error to clients or providers; investigates allegations of fraudulent activities; investigates and recovers state funds expended for services when a third party should have covered the service or the recovery of claims made by a client; and recovers funds from the estates of Medicaid recipients for the cost of cash and medical benefits provided.

2007-2009 Budget Summary



Central Administration (CA)

Services provided

Central Administration (CA) houses the department's Chief Administrative Officer and provides oversight and leadership to the eight business areas of ASD. In addition, CA provides department-wide consultation and supports in the areas of performance measurement, process improvement, leadership development, facilitation and the project management of department-wide change initiatives.

Where service recipients are located

The majority of direct services are provided centrally, while consultation is provided statewide.

Who receives services

Services are provided for department leadership; program, policy and field managers; staff; and external policy makers and partners. Services provided by CA impact DHS employees, partners and clients statewide.

2007-2009 Budget Summary (CA)

Key budget drivers and issues

The CA budget includes all of the department's State Government Service Charges, which are set by the Department of Administrative Services and other agencies during the budget planning process.

Governor's recommended budget

	GF	OF	FF	TF	POS	FTE
Personal Services	\$ 801,357	\$ 36,101	\$ 820,120	\$ 1,657,578		
Services & Supplies	\$ 25,890,030	\$ 2,206,934	\$ 31,017,226	\$ 59,114,190		
Capital Outlay	\$ -	\$ -	\$ -	\$ -		
Special Payments	\$ -	\$ -	\$ -	\$ -		
Debt Service	\$ -	\$ -	\$ -	\$ -		
Total	\$ 26,691,387	\$ 2,243,035	\$ 31,837,346	\$ 60,771,768	8	8.00

Reductions

No reductions were proposed for this office in the Governor's Recommended Budget.

Policy option packages

No policy option packages were proposed for this office in the Governor's Recommended Budget.

Office of Communications (OC)

Services provided

The Office of Communications (OC) is the main point of contact internally and externally for the department, providing communications services for employees, clients, legislators, stakeholders and interest groups, providers and partners, local governments, other state and federal agencies, policy makers, the news media, targeted audiences, and the general public. The office also provides support to the department's priority projects as defined by the DHS Director and Cabinet. Services include:

- Researching, evaluating, developing and disseminating information and messages about agency programs;
- Developing and conducting strategic education and information campaigns;
- Coordinating media and public communications;
- Coordinating public involvement and outreach activities;
- Writing, editing, designing and producing publications, presentations and other printed materials;
- Developing and maintaining department's Web site content and navigation;
- Coordinating internal communications;
- Monitoring media reports and public feedback, and providing the department leadership with advice and counsel regarding the handling of emerging issues;
- Ensuring news releases are produced and distributed in languages other than English when needed to reach targeted audiences in a public health emergency;
- Ensuring all communications, both print and electronic, comply with all state and federal statutes and rules for access including ADA, Section 508 and plain language standards; and
- Ensuring DHS complies with all statutory and legal requirements pertaining to public records requests and other related communication issues.

Where service recipients are located

Service recipients are located throughout Oregon.

Who receives services

Service recipients include all DHS employees and clients, legislators, stakeholders and interest groups, providers and partners, local governments, other state and federal agencies, policy makers, the news media, targeted audiences, and the general public.

How services are delivered

Services are delivered through printed materials including news releases, publications and displays; electronically through e-mail and the Web; and in-person through presentations and public meetings.

Why these services are significant to Oregonians

These services enable DHS employees to gain the information needed to perform their jobs; enable clients to understand and access services; and inform members of the public and key groups about department issues and activities of importance to them.

Performance Measures (OC)

No key performance measures currently exist for this office. What about other measures that were created internally?

Outcome Measures (OC)

OC tracks three outcome measures to ensure that:

- The information that appears about DHS in print media provides the public with timely, accurate and balanced information about agency programs and activities;
- Clients and members of the public are able to easily find on the department's Web site the information and assistance they need about DHS programs and activities; and
- DHS employees receive timely, high-quality and appropriate services from OC.

Quality and Efficiency Improvements (OC)

OC has streamlined the process of producing publications and other printed materials by consolidating publication design, approval and print coordination within the office, rather than continuing to have divisions handle their printing requirements separately. This centralized process has reduced printing errors and revisions, has reduced the time required to print and ship materials, and has reduced unnecessary expenditures.

OC currently is reviewing the department's process for updating and maintaining the DHS Web site, with a goal of streamlining the Web management function to ensure more timely delivery of information.

2007-2009 Budget Summary (OC)

Key budget drivers and issues

OC is required to provide communications support for all new programs and program changes that are implemented as a result of state or federal statute and rule. Emergency public health situations (e.g., e. coli outbreaks) also require significant communications support.

Governor's recommended budget

	GF	OF	FF	TF	POS	FTE
Personal Services	\$ 780,513	\$ 33,346	\$ 888,970	\$ 1,702,829		
Services & Supplies	\$ 44,799	\$ (27,726)	\$ 227,870	\$ 244,943		
Capital Outlay	\$ 90	\$ 2	\$ 41	\$ 133		
Special Payments	\$ -	\$ -	\$ -	\$ -		
Debt Service	\$ -	\$ -	\$ -	\$ -		
Total	\$ 825,402	\$ 5,622	\$ 1,116,881	\$ 1,947,905	10	9.79

Reductions

No reductions were proposed for this office in the Governor's Recommended Budget.

Policy option packages

No policy option packages are proposed for this office.

Office of Contracts and Procurement (OC&P)

Services provided

The Office of Contracts and Procurement (OC&P) administers procurement processes on behalf of DHS. OC&P's purpose is to support the DHS mission through the procurement of goods and services. The office is responsible for preparing, issuing and awarding contracts to qualified vendors in a manner which protects people, assets and the public trust.

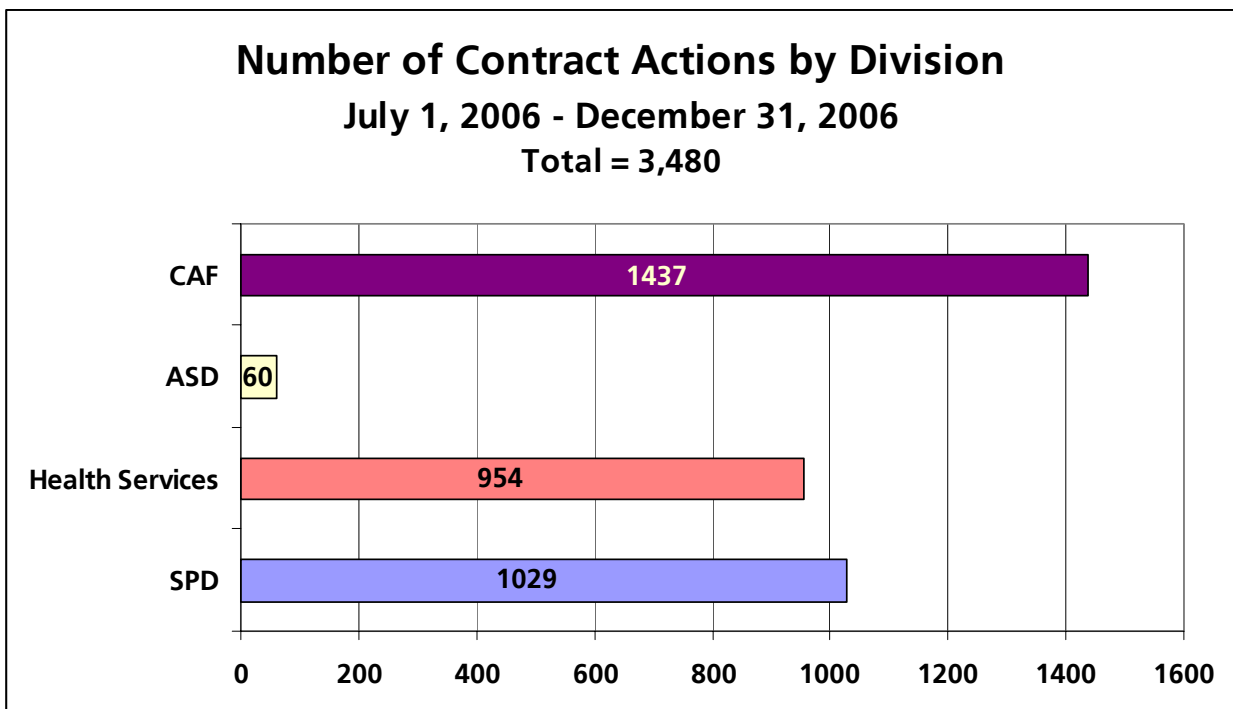
Where service recipients are located

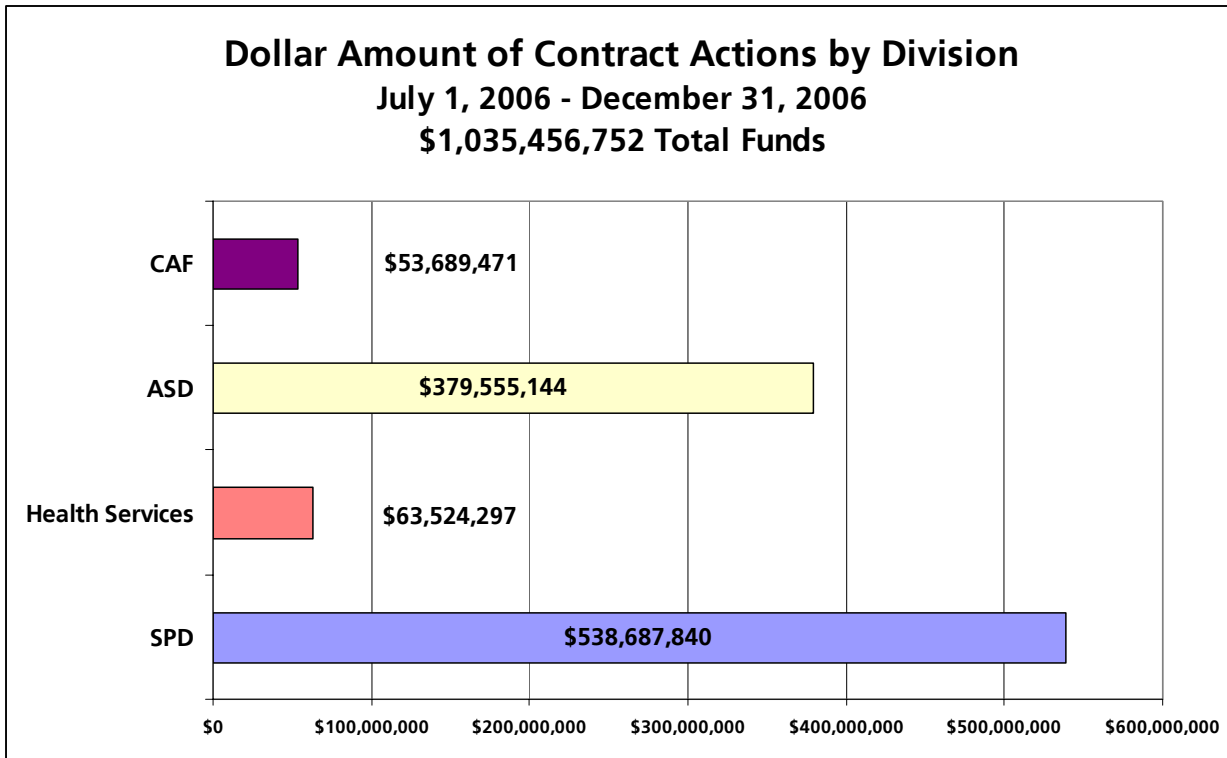
Recipients of OC&P services are located throughout Oregon.

Who receives services

There are approximately 500 DHS program personnel who work directly with OC&P to put contracts in place which support the DHS mission. Additionally, there are approximately 1,000 DHS administrative support personnel who require OC&P services related to purchases supporting DHS business operations.

The following graphs represent contract actions by division from July 2006 through December 2006.





How services are delivered

OC&P delivers services in person and through the use of technology.

Why these services are significant to Oregonians

Effective procurement processes provide accountability and delivery of client services, which improve and sustain Oregon communities.

Performance Measures (OC&P)

OC&P has two performance measures that support the desired outcomes of high quality and timely services, continuous compliance, financial stewardship, collaborative relationships, knowledgeable and engaged customers, and skilled and trained staff dedicated to OC&P’s vision.

The following key performance measures assist OC&P in moving toward its continuous improvement efforts, which include faster and more efficient business processes.

PM – Number of OC&P staff compared to various procurement activities

Purpose

This performance measure compares the number of staff to the number of various procurement activities necessary to support DHS operations. The current number of staff within OC&P is 34. Procurement activities conducted by staff include contract actions (solicitations, amendments and contracts); Small Purchase Order Transaction System (SPOTS) cards; purchase orders; and training.



This pie chart represents a total 107 DHS program staff who attended training conducted by OC&P. The module titled "Super Module" incorporates the "Contracts Overview," "Contract Administration," "Statement of Work," and "Request for Proposal" trainings.

How Oregon compares to other states

OC&P does not yet have data from similar organizations for comparison, but currently is working toward partnering with other organizations to establish benchmarking data for procurement activities.

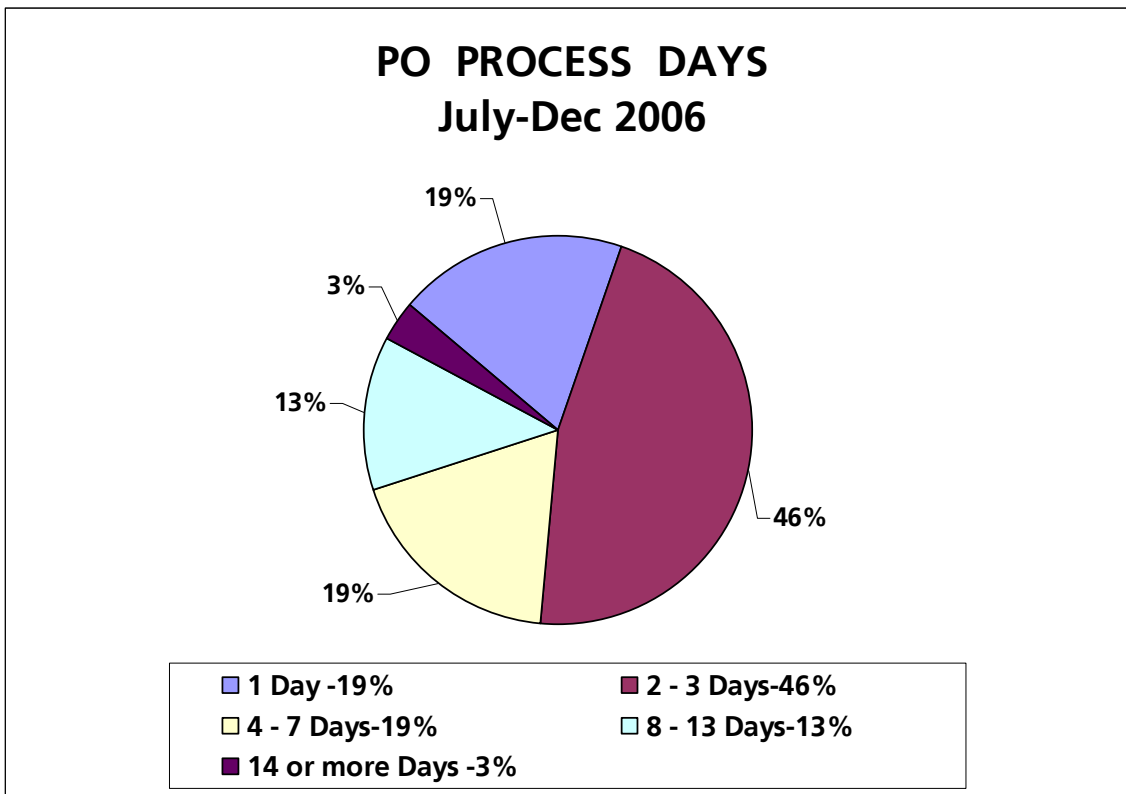
PM – Number of days compared to various procurement activities.

Purpose

This measure compares the number of days required to complete various procurement documents such as solicitations, contracts, amendments and purchase orders.

Represented below is data from July 2006 through December 2006 for some of these items.

- Purchase order (PO) processing time:
 - ◆ Average number of days from solicitation request through execution of contract or purchase order: 35
 - ◆ Average number of days from contract request through execution of contract: 36
 - ◆ Average number of days from amendment request through execution of amendment: 38



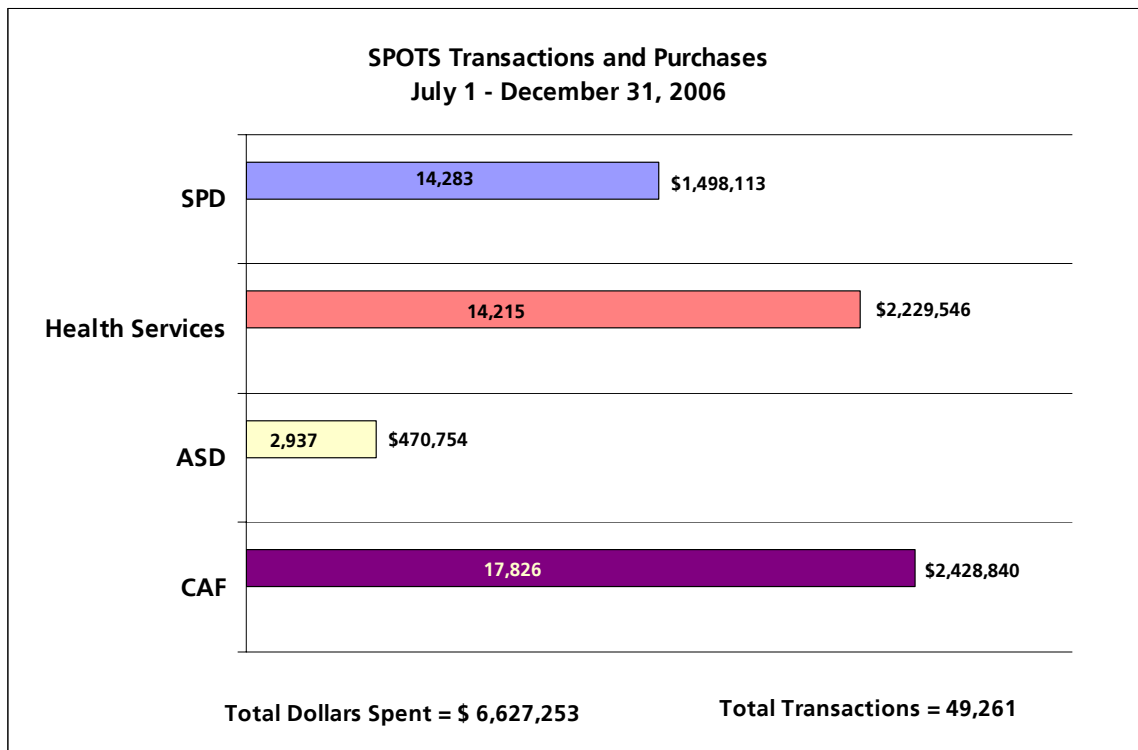
How Oregon compares to other states

OC&P does not have data from similar organizations for comparison, but currently is working toward partnering with other organizations to establish benchmarking data for procurement activities.

Quality and Efficiency Improvements (OC&P)

An example of positive results realized through innovative procurement activities is the implementation of the Small Purchase Order Transaction System (SPOTS) card. Taken from the private industry as an efficient and effective means to purchase goods and services, DHS has adopted the SPOTS card tool across many of its programs. The SPOTS card replaces the inefficient process of requisition/request, purchase order, receiving, invoicing, payment and reconciliation. With the SPOTS card, DHS program staff receive merchandise faster, vendors receive payment within a day versus 45 days, and only one payment is necessary to the bank for hundreds of SPOTS transactions. The program also allows for "just-in-time ordering," which saves money and space required to store inventory.

Below is a graph representing SPOTS transactions and spending from July 2006 through December 2006.



2007-2009 Budget Summary (OC&P)

Key budget drivers and issues

Governor's recommended budget

	GF	OF	FF	TF	POS	FTE
Personal Services	\$ 1,966,659	\$ 329,400	\$ 2,332,814	\$ 4,628,873		
Services & Supplies	\$ 707,873	\$ 83,551	\$ 1,047,392	\$ 1,838,816		
Capital Outlay	\$ -	\$ -	\$ -	\$ -		
Special Payments	\$ 115,226	\$ -	\$ -	\$ 115,226		
Debt Service	\$ -	\$ -	\$ -	\$ -		
Total	\$ 2,789,758	\$ 412,951	\$ 3,380,206	\$ 6,582,915	32	31.88

Reductions

No reductions were proposed for this office in the Governor's Recommended Budget.

Policy option packages

No policy option packages were proposed for this office in the Governor's Recommended Budget.

Office of Document Management (ODM)

Services provided

The Office of Document Management (ODM) provides document and data management services for DHS. Services include:

- Data capture services for billing claims related to medical and dental services, hospitals, nursing homes, in-home services, meals and child care;
- Imaging services related to Oregon Health Plan applications, Senior Prescription Drug applications, criminal history background documents, checks, hearing documents, intentional program violations, child care, medical claims, sterilization consent forms, and client case records;
- Forms design, inventory and distribution services;
- Language translation coordination;
- Alternate format services (Braille, large print, audio and computer disk);
- Electronic and physical records archival, retrieval and coordination of destruction services; and
- Printing coordination services.

This office electronically images more than 400,000 documents each month. These are related to the Oregon Health Plan, Direct Pay Unit/Child Care programs, Financial Services, Office of Medical Assistance Programs, Criminal Records Unit, and provider and client hearings. ODM provides images of checks to Financial Services to allow for timely receipt and deposit of funds, and provides images to the Criminal Records Unit to assist in expediting retrieval of records to answer provider questions.

ODM also receives an average of 109,000 paper claims and checks each month for data capture. Most are for medical and dental services, hospitals, nursing homes, in-home services, meals-on-wheels, and child care. ODM provides data and images, which allow Oregon Health Plan and Office of Medical Assistance Programs staff to answer provider and client questions regarding eligibility and payment. The Electronic Document Management System (EDMS) electronically images documents and stores the images on a Storage Area Network (SAN), providing immediate accessibility to all authorized DHS staff.

Where service recipients are located

Recipients of ODM services are located throughout all DHS offices and communities throughout Oregon.

Who receives services

DHS staff and clients, statewide, receive services, as well as providers, physicians, dentists, hospitals, nursing facilities, child care providers, pharmacies, meals and adult foster care facilities.

How services are delivered

ODM:

- Processes health plan applications for eligibility determination;
- Processes provider claims for payment;
- Translates documents in native languages for clients;
- Provides documents in alternate formats for clients and partners (Braille, large print, audio and computer disk);
- Ensures safe and secure archival and retrieval of DHS documents;
- Designs, maintains and provides electronic forms in a central repository via the Internet; and
- Distributes forms and publications via intra-agency agreement with the Department of Administrative Services.

Why these services are significant to Oregonians

These services:

- Assist clients to gain access to needed information and services in an efficient and user friendly manner;
- Provide documents and information to clients in their native language;
- Maintain confidential client and department records in a safe and secure manner, to ensure compliancy with the Health Insurance Portability and Accountability Act (HIPAA) for all health-related information used in ODM; and
- Encourage providers to continue to provide services to DHS clients by processing paper claims in a timely manner.

Performance Measures (ODM)

ODM has six performance measures (PMs) and seven outcome measures (OMs). In addition to these measures, new outcome measures related to policy option packages are outlined in this section.

PM – Efficient and effective forms management

Purpose

This measure helps:

- Reduce duplication of forms DHS creates and maintains;
- Ensure that forms are accessible electronically via the Internet or the DAS distribution center; and
- Ensures that forms are consistent, standardized, current and user-friendly;

How Oregon compares to other states

Because forms management processes vary from state to state, this measure is unique to Oregon. DHS has increased user satisfaction by centralizing services for forms creation and by managing a central repository for DHS forms.

DHS has 3,767 active forms in its central repository. Of those forms, 1,458 are available as electronic or Internet-only forms, eliminating the cost to print, store and distribute these forms.

In 2006 ODM discovered 186 forms in use but not housed in the central repository. It also eliminated or made obsolete 76 forms.

OM – Number of new and revised forms that are provided accurately within the agreed upon due date.

Purpose

The purpose of this measure is to:

- Provide consistent delivery of services;
- Reduce the overall cost of producing and maintaining DHS forms; and
- Ensure that staff and clients have the tools and resources available when needed.

How Oregon compares to other states

In 2006 ODM discovered 186 forms in use but not housed in the central repository. It also eliminated or made obsolete 76 forms.

PM – Timely and accurate processing of OHP applications

Purpose

The purpose of this measure is to increase availability to medical care due to earlier decisions on applications that wait to be reviewed for eligibility;

How Oregon compares to other states

Oregon can be compared to other states based on an Electronic Document Management System (EDMS) being used in Utah and Washington for food stamp and TANF eligibility. Utah significantly reduced the eligibility error rate and created a central repository for client record documentation. Deployment of an EDMS for OHP eligibility has reduced errors in eligibility determination as historical client records and current documentation are readily available to the worker.

OM – Number of OHP applications that are made available electronically to OHP eligibility workers within 24 hours or less.

Purpose

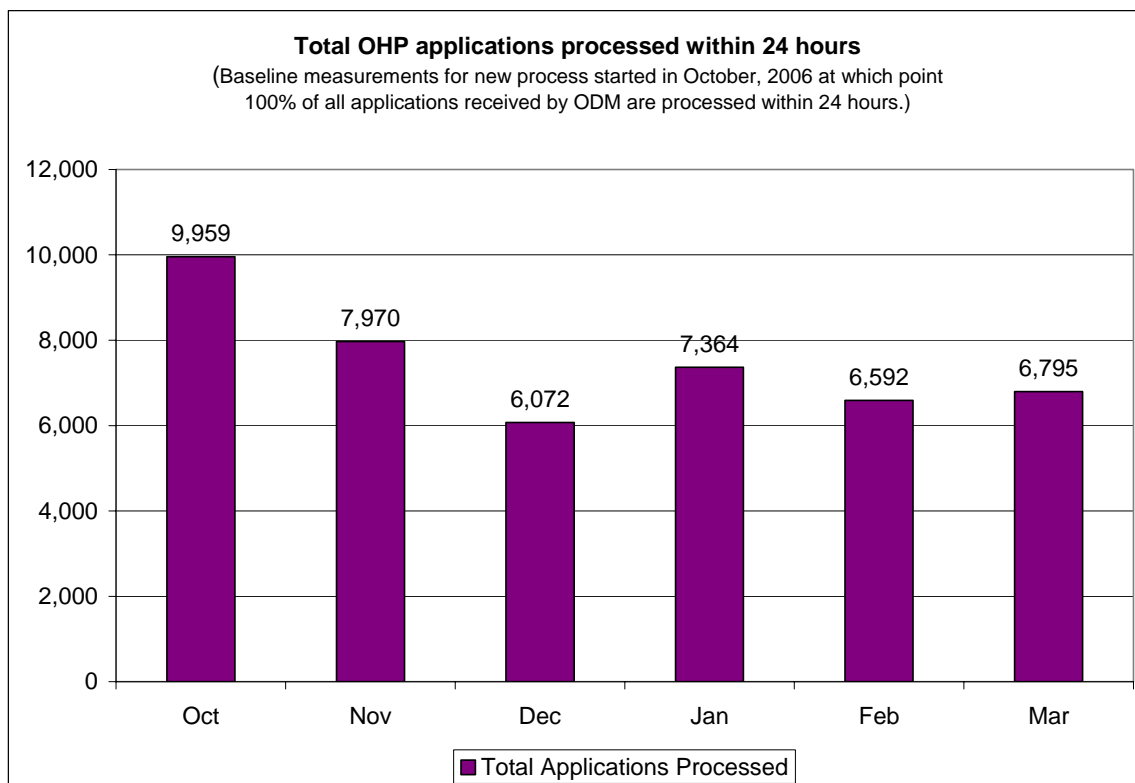
The purpose of this measure is to:

- Increase staff satisfaction as workloads are more equitably distributed;
- Enable OHP and field offices to electronically share or transfer misdirected applications or applications that have companion cases;
- Better analyze and track outcomes and statistics; and
- Streamline the sharing of OHP and DPU documents electronically that involve various DHS units (e.g., the Health Insurance Group and Criminal Records Unit).

How Oregon compares to other states

Utah has successfully implemented eligibility determination via an EDMS on a statewide level, accomplishing all of the purposes listed above. Oregon is at the gateway of deploying electronic workflow for eligibility determination. Currently the EDMS has been used to implement a business process changes, whereby eligibility

workers use an image of the documents, rather than paper. This change has provided workers with client applications within 24 hours of receipt, resulting in OHP maintaining workloads as current.



PM – Timely and accurate processing of child care provider claims

Purpose

The purpose of this measure is to:

- Increase customer and provider satisfaction; and
- Decrease the overall cost of processing paper claims;

How Oregon compares to other states

This measure is unique to Oregon, as the Child Care Billing payment process varies from state to state. DHS has increased customer and provider satisfaction by providing a screening service for DPU and employing an EDMS solution to process the payments more efficiently. This has resulted in providers receiving payment faster and has reduced provider call traffic for DPU.

OM – Number of child care billings that are processed in three business days

Purpose

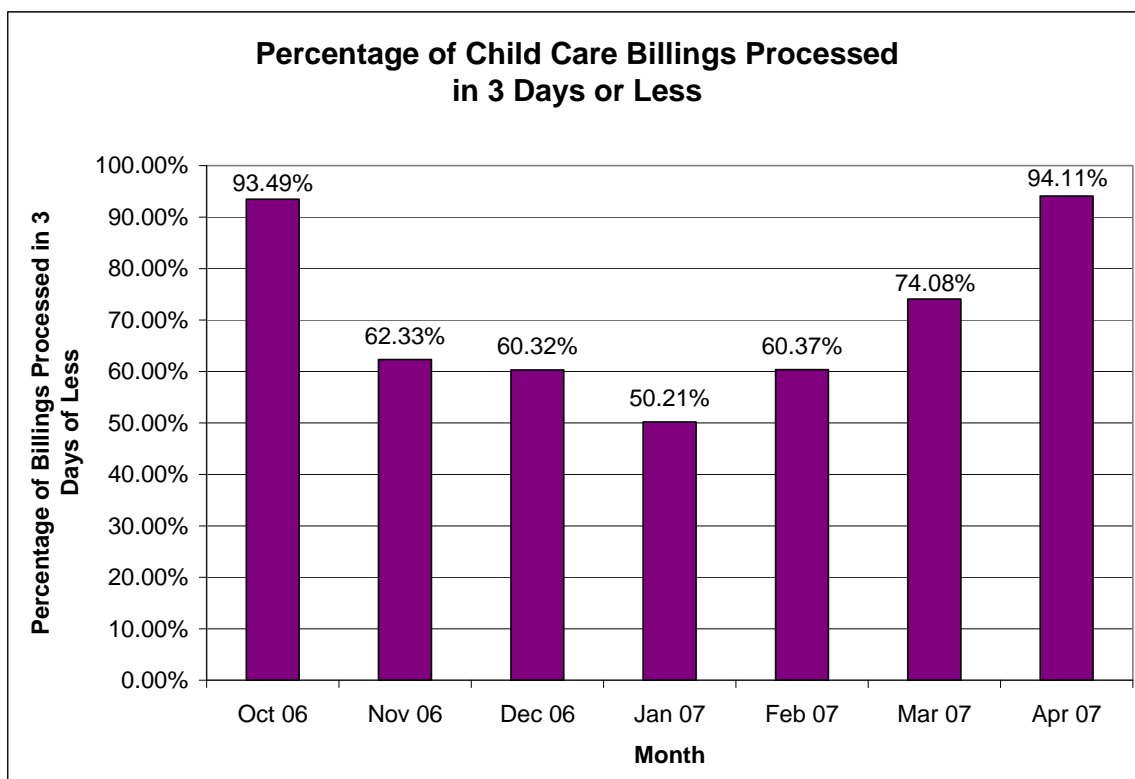
The purpose of this measure is to:

- Provide faster turnaround for child care provider payments to help increase the retention rate of child care providers for the department;
- Develop better analysis, tracking and statistics; and
- Decrease the manual processes involved in processing child care billings.

How Oregon compares to other states

This measure is unique to Oregon, as processing of child care provider payments vary from state to state. ODM processes a high percentage of child care provider payments within three business days. The result is providers continue to provide child care services for DHS as there is a consistency in receipt of payment.

Prior to implementation of the EDMS for processing child care provider payments, data gathering was a manual process tracked and maintained on paper. Statistical data now can be gathered almost instantly through pre-set or ad hoc reports queried on the EDMS.



PM – Timely and accurate processing of Medicaid Management Information System paper claims

Purpose

The purpose of this measure is to:

- Increase customer and provider satisfaction; and
- Decrease the overall cost of processing claims.

How Oregon compares to other states

At a national level Oregon can be compared to other states based on turnaround time of processing Medicaid claims through an EDMS. Kentucky uses a comparable system to the DHS Medicaid EDMS2006 solution. Processing time in Kentucky is consistent with processing time in Oregon of 3 to 5 days for paper Medicaid claims.

OM – Number of paper Medicaid claims processed within the agreed-upon timeframe and priority order

Purpose

The purpose of this measure is to:

- Provide faster turnaround for provider payments, thereby increasing the retention rate of providers for the department;
- Develop better analysis, tracking and statistics; and
- Decrease the manual processes involved in processing paper claims.

How Oregon compares to other states

At a federal level, clean paper claims submitted as a Medicaid billing are required to be processed and paid within 45 days. Oregon consistently processes the majority of paper Medicaid claims within 3 to 5 days for regular claims and within the same date of receipt for priority claims. This is comparable to California and Kentucky, which use similar systems to process paper claims.

OM – Number of paper Medicaid claims received monthly

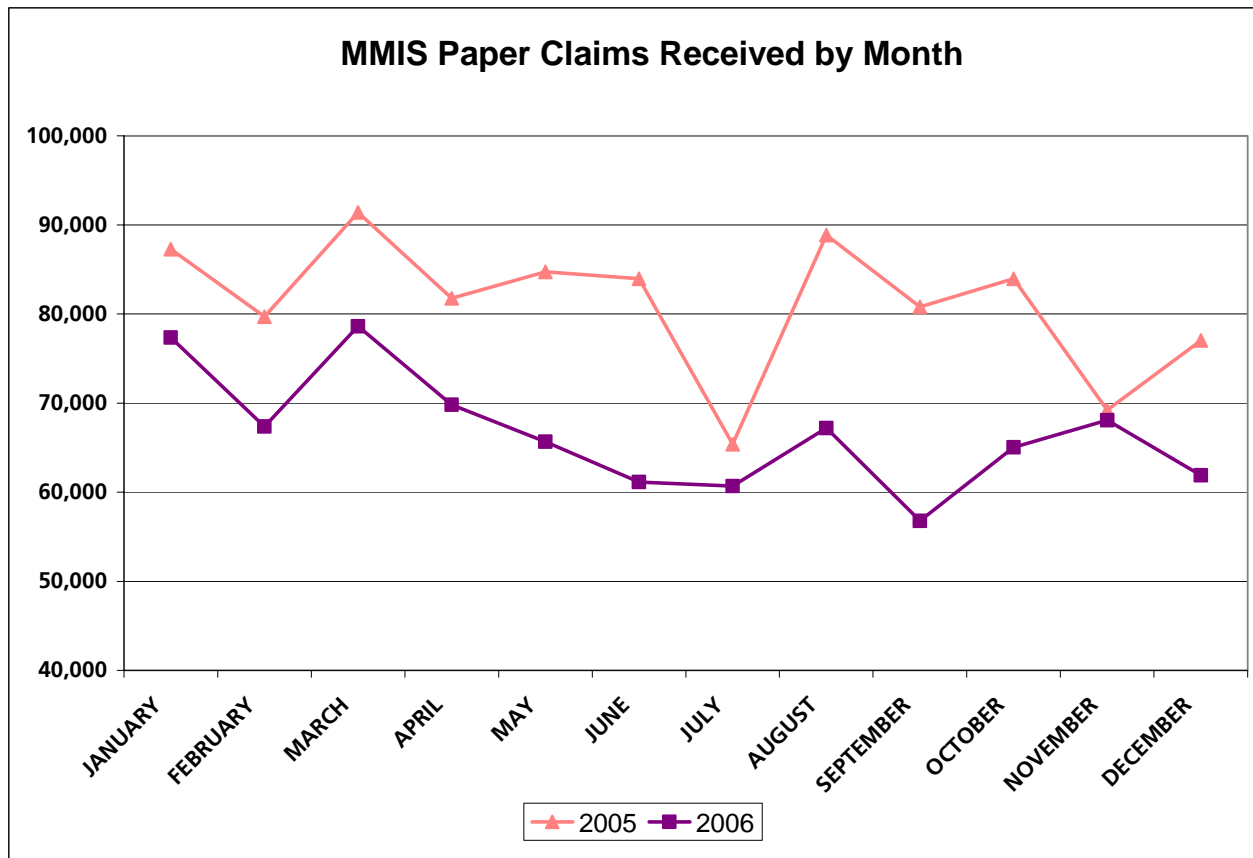
Purpose

The purpose of this measure is to:

- Decrease the number of paper claims submitted by providers;
- Decrease the manual processes involved in processing paper claims; and
- Increase the number of providers submitting claims electronically.

How Oregon compares to other states

Oregon has reduced the number of paper Medicaid claims processed by an average of 14,500 per month since 2005. Kentucky processes 60,000-70,000 paper Medicaid claims per week compared to an average of 66,600 per month in Oregon.



PM – Safe and secure management of DHS archived records

Purpose

The purpose of this measure is to:

- Reduce the overall cost of storing and retrieving confidential records and documents;
- Ensure that staff have records readily available when needed; and
- Mitigate risk and liability of lost or misplaced confidential records.

How Oregon compares to other states

At a national level Oregon can be compared to other states based on centralization of archived records. Washington uses a centralized archive warehouse comparable to Oregon with many of the same service delivery functions. The records are in a secured facility and requested records are shipped to the requestor within one business day.

The cost to DHS to store a standard archive box at the centralized warehouse is approximately 80 cents per month, compared to Washington at \$5.94 per box.

PM – Provide consistent, timely and accurate documents in alternate formats or language translation documents

Purpose

The purpose of this measure is to:

- Provide consistent delivery of services;
- Reduce the overall cost of producing alternate format and translated documents; and
- Ensure that staff and clients have the tools and resources available when needed.

How Oregon compares to other states

This measure is unique to Oregon. DHS currently uses outside contractors for the majority of this work. ODM currently is working on developing processes and procedures to ensure a higher level of consistency in this area.

OM – Number of documents provided as alternate format or translated documents

Purpose

The purpose of this measure is to:

- Ensure DHS is providing services in a culturally competent manner;
- Develop better analysis, tracking and statistics; and
- Make translated documents available to all field offices, avoiding redundancy of contracted services and unnecessary expenditures.

How Oregon compares to other states

This measure is unique to Oregon. DHS currently has 1,057 forms available in languages other than English through the central forms repository.

Quality and Efficiency Improvements (ODM)

ODM will continue the successful contracting relationship with the Department of Administrative Services (DAS). A pilot project was implemented in April 2003 to partner with DAS to streamline DHS distribution of forms and publications. This successful partnership has resulted in consolidated management of staff, saving three FTE; and shorter turnaround times with 98.36 percent of all orders filled within one business day. Customer service has greatly improved resulting in 96.25 percent of all customer calls being returned in four hours or less. Additionally, DHS was able to reduce the required number of square feet by 2,700 square feet, resulting in a biennial savings of \$42,144.

ODM was instrumental in implementing electronic eligibility determination for OHP applications in 2006. Historically eligibility was determined by manually reviewing paper applications. During 2006 ODM processed an average of 5,973 paper applications per month along with the back-up documentation submitted by clients, which averaged 135,701 pages per month. This manual and time-consuming process was improved with the implementation of imaging technology, which resulted in 90 percent of the applications process being determined electronically via digital images. The remaining 10 percent will be electronically processed in Phase 2 of this project in July 2007. Additionally, 98 percent of misplaced or lost case files have been eliminated.

ODM partnered with DMAP through the First Pass Initiative to prevent Medicaid claims containing invalid or missing information from entering the MMIS system and causing payment delays. ODM implemented a prescreening process where 100 percent of all incoming paper claims were screened for completeness of required payment information. This process resulted in improved communications with providers and faster turnaround time for resubmission of incomplete claims.

During the third quarter of 2006 ODM implemented a database that tracks all forms and translation requests from beginning to end. This change in business practice has enabled ODM to begin to improve customer service in these areas by measuring against established performance measures, improving communication with customers and contractors, and reducing the number of days required to process requests.

During 2006 ODM dedicated two resources to a focused quality assurance process. The objective of this team is to review, assess and make recommendations for improving ODM's business practices and overall customer satisfaction. As a result of this team's work and recommendations, ODM has implemented various changes to business practices, which have improved ODM's customer satisfaction and overall performance. Two major improvements include an ODM security database that tracks individual employee security access. Reports are generated monthly from this database and are reconciled to individual employee access needs, which ensures that all ODM employees comply with DHS minimum necessary access to client, HIPAA and various confidential information and records, and to an employee leave time reconciliation database, which has decreased by 75 percent the hours spent monthly on this process.

ODM is committed to continuous improvement of business practices and customer service. This philosophy includes maintaining and publishing meaningful and accurate performance measures, objectives and goals; monitoring internal processes and creating and maintaining up-to-date standardized policies and processes that add value and meet the needs of customers. ODM consistently measures and publishes performance results to customers through daily, weekly and monthly reports.

2007-2009 Budget Summary (ODM)

Key budget drivers and issues

- Caseload changes in DHS programs will impact staffing levels required to perform ODM core functions.
- Electronic submission of provider claims decreases staffing levels required to perform ODM core functions.
- Changes in state and federal policy related to human services programs and funding require analysis and coordination of program activities with ODM services. ODM staff work closely with program staff in response to new or revised state and federal policies.
- During the past year ODM has worked toward building an imaging infrastructure necessary to support current and future workload demands related to electronic imaging services. These services allow DHS staff to determine eligibility electronically, which decreases the overall processing time when compared to the traditional and historical manual paper process.

Governor's recommended budget

	GF	OF	FF	TF	POS	FTE
Personal Services	\$ 1,685,022	\$ 163,395	\$ 1,839,244	\$ 3,687,661		
Services & Supplies	\$ 57,988	\$ 6,689	\$ 73,896	\$ 138,573		
Capital Outlay	\$ -	\$ -	\$ -	\$ -		
Special Payments	\$ -	\$ -	\$ -	\$ -		
Debt Service	\$ -	\$ -	\$ -	\$ -		
Total	\$ 1,743,010	\$ 170,084	\$ 1,913,140	\$ 3,826,234	38	36.88

Reductions

No reductions were proposed for this office in the Governor's Recommended Budget.

Policy option packages

No policy option packages were proposed for this office in the Governor's Recommended Budget.

Office of Facilities

Services provided

The Office of Facilities coordinates use of DHS facilities statewide, supporting the move toward greater integration of services. The office has three sections: Facilities Management, Central Services and Telecommunications.

Facilities Management works with community colleges, cities and county governments to deliver its services. It also helps department managers, staff and community partners develop and organize offices to meet the service delivery needs of Oregon's most vulnerable citizens. Services include:

- Administration of the department's leases and contracts for an estimated 155 leased facilities statewide;
- Oversight and management of the department's motor vehicle fleet;
- Coordination of construction and remodeling of leased facilities; and
- Modifications of workspace to accommodate changes in program service delivery needs.

Central Services serves administrative offices located in the Barbara Roberts Human Services Building, Parkway Building, Church Street Building and Bittern Street Building in Salem, and the Portland State Office Building in Portland. Services include:

- Coordination of building maintenance and management of energy use;
- Management of mail and parcel delivery;
- State vehicle management and scheduling;
- Lobby reception and office supply management;
- Security and evacuation management; and
- Management of the centralized furniture warehouse in Salem, including inventory tracking.

Telecommunications administers the department's telecommunications. Services include:

- Planning, development and installation of telecommunications systems in the department's 155 buildings statewide;
- Upgrading and repairing current systems;
- Telephone billing audits; and
- Detailed research and analyses of phone systems to determine the most appropriate systems for the department's operations.

Where service recipients are located

Service recipients are located in the department's facilities statewide.

Who receives services

Services are provided to DHS employees, community partners, local governments, and clients statewide in support of DHS' mission and goals.

How services are delivered

Facilities delivers its services through personal contact, telecommunications and the Internet.

Why these services are significant to Oregonians

Facilities provides and manages buildings that are safe, secure and accessible in support of the department's delivery of services to Oregon's most vulnerable citizens.

Performance Measures (Facilities)

Facilities has four performance measures (PM) that support the department's core values, mission, and goals.

PM – Number of days to process facility relocation requests.

Purpose

To streamline the process, gain efficiencies, and reduce the number of days for processing a request to relocate DHS operations from one building to another building.

How Oregon compares to other states

Facilities does not currently have data sufficient to make a comparison to other states.

PM – Number of days to process leases and lease renewals.

Purpose

To streamline the process, gain efficiencies, and reduce the number of days for processing leases and lease renewals.

How Oregon compares to other states

Facilities does not currently have data sufficient to make a comparison to other states.

PM – Number of days to process telephone service orders.

Purpose

To streamline the process, gain efficiencies, and reduce the number of days for processing a request for new or changes to telecommunications systems.

How Oregon compares to other states

Facilities does not currently have data sufficient to make a comparison to other states.

PM – Number of days to process motor pool vehicle requests.

Purpose

To streamline the process, gain efficiencies, and reduce the number of days for processing a motor vehicle request.

How Oregon compares to other states

Facilities does not currently have data sufficient to make a comparison to other states.

Quality and Efficiency Improvements (Facilities)

During the 2005-2007 Facilities made strides in streamlining processes to create efficiency and effectiveness. Some of the improvements include:

- Partnered with DAS and DOJ to streamline processes and procedures;
- Standardized forms, templates, processes, and procedures;
- Developed and clarified policies and procedures;
- Centralized and tracked systems furniture inventory;
- Reduced the vacancy rate in leased buildings to less than one percent; and
- Developed database to track costs of rent, utilities, taxes, maintenance.

Outcome Measures (Fac)

Facilities has five outcome measures that support the department's core values, mission, and goals.

Measures: Regarding buildings, telecommunications, and motor pool:

- Maximize the use of space;
- Ensure that buildings are safe, secure, accessible, sustainable;
- Manage risk;
- Reduces energy usage; and
- Cost effective.

Purpose

To ensure responsible stewardship of public resources by efficiently managing the use of space; reducing energy usage; and providing cost effective, sustainable, safe, and accessible buildings.

2007-2009 Budget Summary (Facilities)

Key budget drivers and issues

Facilities manages 165 leases in 155 buildings statewide. Operating expenses, property taxes and maintenance are reconciled annually; estimated to actual costs. The Facilities budget is significantly impacted by the following external influences:

- Increases in construction costs;
- Rent increases for new or extended leases (rent prices are market driven and 93 of DHS's leases are set to expire during the 2007-2009 biennium);
- Increases in the cost of utilities; and
- Increases in property taxes.

Governor's recommended budget

	GF	OF	FF	TF	POS	FTE
Personal Services	\$ 1,430,363	\$ 80,576	\$ 2,111,830	\$ 3,622,769		
Services & Supplies	\$ 38,917,443	\$ 4,526,336	\$ 57,438,865	\$ 100,882,644		
Capital Outlay	\$ 55,127	\$ 669,965	\$ 69,354	\$ 794,446		
Special Payments	\$ -	\$ -	\$ -	\$ -		
Debt Service	\$ -	\$ -	\$ -	\$ -		
Total	\$ 40,402,933	\$ 5,276,877	\$ 59,620,049	\$ 105,299,859	28	28.00

Reductions

No reductions were proposed for this office in the Governor's Recommended Budget.

Policy option packages

No policy option packages were proposed for this office in the Governor's Recommended Budget.

Office of Human Resources (HR)

Services provided

The Office of Human Resources (HR) provides services in the following areas:

- Recruitment and selection;
- Employee and labor relations;
- Affirmative action and diversity;
- Safety, health and wellness;
- Classification and compensation-related administration; and
- Employee and organization development.

Recruitment and selection services are provided by supplying hiring managers with diverse, qualified applicant lists to meet the department's diverse program needs. This includes the recruitment of bilingual staff for program-specific bilingual positions. The recruitment unit provides hiring managers and job applicants with recruitment and selection-related tools to assist with the recruitment and selection process. The Criminal Records Unit assists with recruitment and selection by ensuring that individuals who are selected for DHS positions and DHS provider services are determined to be fit for employment.

In addition, DHS is participating in a Statewide Recruitment Improvement Project (SRIP) pilot targeted toward improving the quality and timeliness of recruitment processes. Several other state agencies are participating in this DAS project, which is scheduled to begin implementation in the fall of 2007.

HR provides **labor and employee relations** services through the development of personnel policies, negotiation and administration of collective bargaining agreements, and by ensuring alignment to state and federal employment laws and regulations.

Affirmative action and diversity services are provided through the development and implementation of department-wide diversity initiatives to ensure that DHS programs and services are culturally appropriate. This work includes collaboration across DHS in the development and monitoring of the department's affirmative action goals along with continuous cultural competency staff development.

The **safety, health and wellness** unit provides loss analysis and strategy development to reduce occupational injuries and illness, property damage and loss, and liability claims. The unit also provides tools and resources to assist in the reduction of injury and increase safe working conditions. As a result of increased wellness awareness, the unit also is providing leadership and guidance concerning healthy lifestyle habits to assist with overall personal wellness.

The **employee classification** unit is responsible for department classification work related to position reviews and alignment with the state's classification system. Although the state's compensation program is managed at DAS, the classification unit is involved in assisting with overall program management and continuous development. In addition, the unit provides program management for the various federal and state requirements associated with family and military leave programs.

The **employee and organization development** unit develops and implements enterprise-wide training and coordinated services that support the development of staff and organizational units throughout DHS.

Where service recipients are located

Services are provided to DHS staff and providers throughout the state in central and field offices, institutions, and group home settings.

Who receives services

DHS staff, providers, job applicants and the general public receive and benefit from these services.

How services are delivered

HR services are aligned with the DHS mission and core values and department workforce development strategies. Service delivery is accomplished in person, by telephone and video conference, e-mail and written communications, classroom training sessions, online training, and various formal and informal meetings.

Why these services are significant to Oregonians

The DHS mission is to assist people to become independent, healthy and safe. HR supports DHS by providing services that recruit, support and advise DHS employees to foster successful working relationships in a safe and diverse environment. As part of this effort, DHS provides staff with training in the unique needs of providing services to individuals of diverse ethnicity, gender, age, disability status, sexual orientation, education and socio-economic status.

Performance Measures (HR)

In the area of recruitment and selection, HR has two performance measures (PMs).

PM – Improve processing time of qualified recruitment applicant lists for DHS hiring managers

Purpose

This performance measure tracks the time it takes from the date the request to fill the position is received by the recruitment unit until the date the job offer occurs. The Statewide Recruitment Improvement Project (SRIP) will provide additional KPM improvements.

PM - Improve criminal history processing time.

Purpose

This performance measure tracks the time it takes to process a criminal background check. Specifically, this measure tracks the time from the date the request for the job finalist's criminal background check reaches the criminal records unit until the date the hiring manager receives results of the fitness determination.

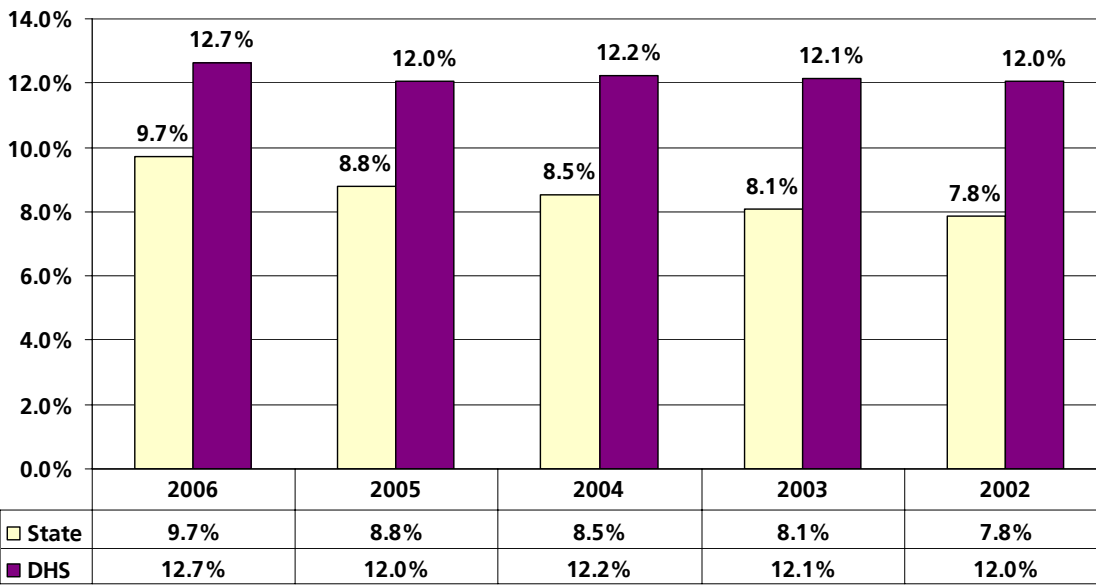
Outcome Measures (HR)

Measure: Increase the number of people of color and people with disabilities in specific DHS job categories

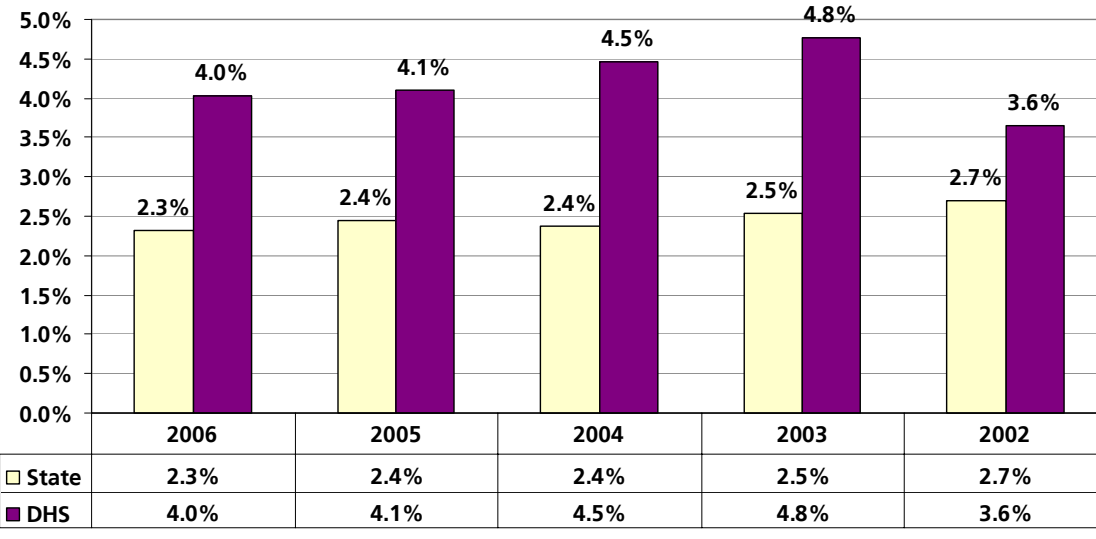
Purpose

This measure tracks the agency progress on increasing the number of people of color in upper and middle management positions; increasing the number of people of color in health and nurse-related positions among the professional categories; and increasing the employment of people with disabilities in most job categories.

Percent of Persons of Color At or Above Salary Range 24



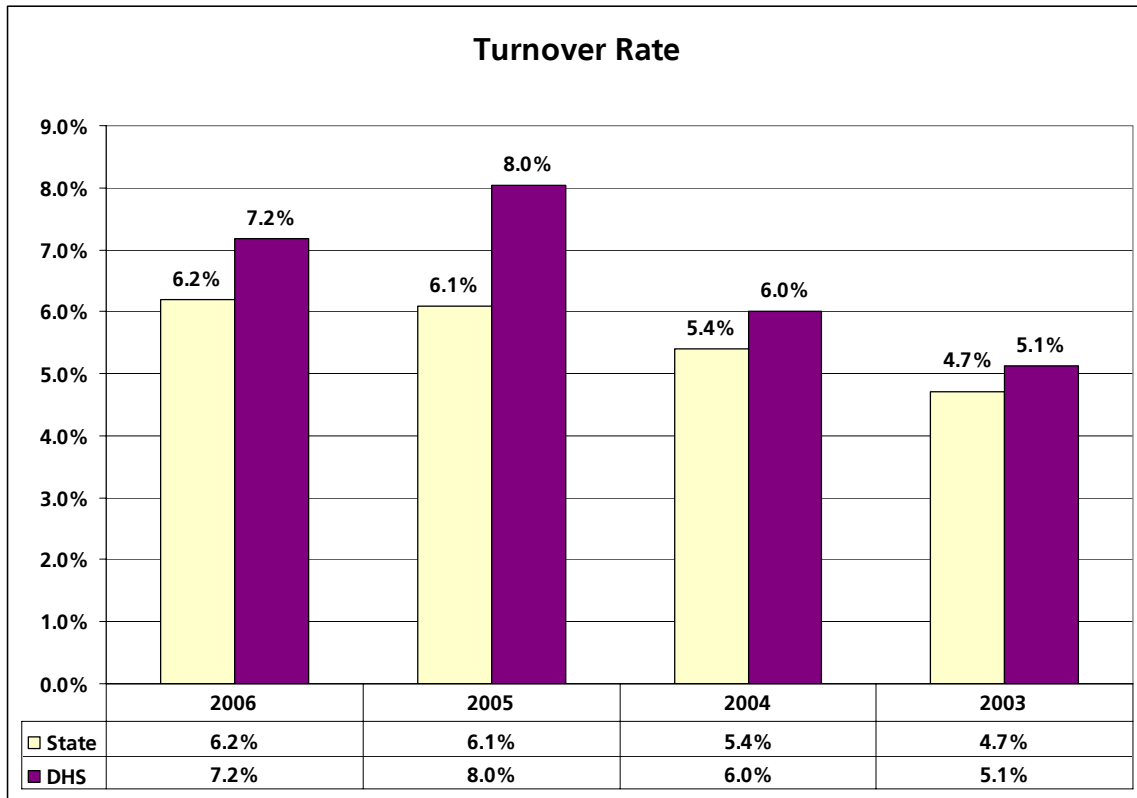
Percent of Persons with Disabilities At or Above Salary Range 24



Measure: Reduce employee turnover in targeted program areas

Purpose

This measure tracks the agency's progress in reducing employee turnover in targeted program areas where human resource systems may be impacting the program's ability to recruit and retain qualified staff.



Measure: Minimize DHS worker's compensation, liability and property claims

Purpose

It is always the department's goal that no one be injured and that all DHS workplaces take steps to control job-related risks, damage to state property and potential liability. DHS will continue to work toward zero on-the-job incidents related to safety and health.

Quality and Efficiency Improvements (HR)

Early in 2006 HR participated in a rapid process improvement (RPI) effort to improve the efficiency and quality of the personnel action processes. As a result, HR

implemented processes to assist with the timely processing of personnel actions to ensure accuracy and timely updates to personnel records for all department staff. This work has a direct impact on personnel payroll and benefits records.

2007-2009 Budget Summary (HR)

Key budget drivers and issues

Approximately 80 percent of the HR budget is for personal services. In the area of services and supplies, the HR budget primarily is allocated for professional services with other state agencies such as the Department of Justice’s attorney general services, and recruitment advertising services through print media and the Internet. Increases in the HR budget are focused in the area of criminal background check services and the need for additional staff to cover increased workload associated with policy option packages.

Governor’s recommended budget

	GF	OF	FF	TF	POS	FTE
Personal Services	\$ 7,448,289	\$ 580,436	\$ 7,690,260	\$ 15,718,985		
Services & Supplies	\$ 1,516,142	\$ 363,226	\$ 1,978,447	\$ 3,857,815		
Capital Outlay	\$ -	\$ -	\$ -	\$ -		
Special Payments	\$ -	\$ -	\$ -	\$ -		
Debt Service	\$ -	\$ -	\$ -	\$ -		
Total	\$ 8,964,431	\$ 943,662	\$ 9,668,707	\$ 19,576,800	117	110.51

Reductions

No reductions were proposed for this office in the Governor’s Recommended Budget.

Policy option packages

106-58: Criminal Records Information Management System

<p><u>106- 58 Criminal Records Information Management System:</u> This proposal recommends transferring into DHS an enterprise class Criminal Information Management System (CRIMS) from another State Government or Oregon agency. A CRIMS would replace the existing 11 stand alone desktop applications currently being used to perform criminal background checks on potential DHS and partner provider employees.</p>						
	GF	OF	FF	TF		
Governor's Recommended Budget	\$ 0.3	\$ -	\$ 0.3	\$ 0.5		
ASD	\$ 0.3	\$ -	\$ 0.3	\$ 0.5		

(\$ in millions)

The Criminal Records Information Management System (CRIMS) project has two additional FTE associated with this policy option package. Other staff needs would be met by hiring limited duration staff and contractors. The FTE associated with this project would be one Information Systems Specialist 6 who would be the system developer and one Information Systems Specialist 2 who would be the CRIMS Systems Administrator.

106-66: The Adam Walsh Child Protection and Safety Act of 2006

<p>106- 66 <u>The Adam Walsh Child Protection and Safety Act of 2006:</u> In order to comply with the new background check requirements contained in Adam Walsh Child Protection and Safety Act of 2006, it is proposed that additional positions be added to the Department of Human Services Criminal Records Unit. These additional employees would be dedicated to handling the substantial increase in workload associated with processing the additional fingerprint-based criminal checks and the additional child abuse/neglect background checks required by this law.</p>					
	GF	OF	FF	TF	
Governor's Recommended Budget	\$ 0.2	\$ -	\$ 0.2	\$ 0.4	
ASD	\$ 0.2	\$ -	\$ 0.2	\$ 0.4	

(\$ in millions)

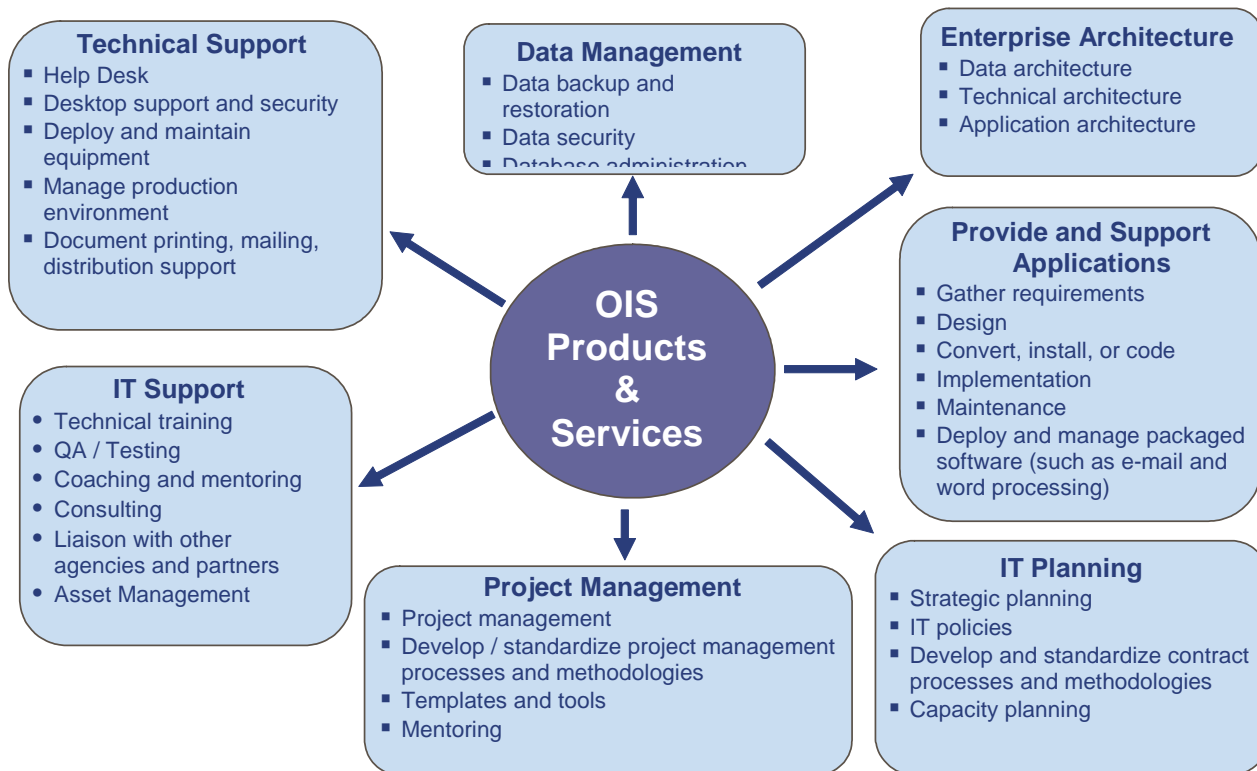
The Adam Walsh Child Protection and Safety Act of 2006 requires five additional FTE with three Administrative Specialist 1 positions July 1, 2007, and two Office Specialist 2 positions July 1, 2008. These positions will be dedicated to handling the increase in additional fingerprint-based criminal background checks and additional child abuse and neglect background checks required by this federal legislation.

Office of Information Services (OIS)

Services provided

The Office of Information Services (OIS) currently is made up of five major organizational sections, which play vital roles in the ability of OIS to accomplish its mission and meet customer goals and objectives. These sections are:

- **Business Services:** Business Services is responsible for the overarching administrative support for OIS, including payroll distribution and financial and position management. The unit processes an average of 375 IT-related purchases and vendor payments per month for all of DHS and approximately 350 personnel actions per year for OIS.
- **Customer Service and Support (CSS):** CSS is the primary interface to OIS services for DHS employees, partners and other OIS customers. This group includes the Service Desk and the Desktop Support Technicians who receive and resolve customer issues. It also includes end user training, change control and application deployment.
- **Application Maintenance and Support (AMS):** AMS is responsible for maintaining the current DHS applications portfolio. AMS works closely with all DHS divisions and program offices to ensure that system changes meet customer business needs. Support also is provided for end-user application development and related requirements.
- **Strategic Systems Initiatives (SSI):** The focus of SSI is on implementation of major systems initiatives and projects for application development, implementation of large transfer systems and commercial off-the-shelf software (COTS), and major technology infrastructure implementations. SSI focuses on the use of formal structured project management to successfully deliver large information technology initiatives.
- **IT Consulting Services (ITCS):** ITCS provides three primary services:
 - ◆ Systems Architecture (SA) is responsible for providing overall technical expertise in data, application and technology architectures;
 - ◆ Policy and Planning (P&P) provides IT research and technical information, IT planning and policy development; and
 - ◆ Business Process Management (BPM) includes the Project Management Office (PMO) and Business Process Engineering (BPE). PMO provides process, templates, tools, techniques and coaching to assist DHS staff with project management practices and discipline. BPE assists the department in streamlining processes and systems to increase efficiency and effectiveness.



Where service recipients are located

OIS delivers and supports technology in more than 150 branch and central office locations as well as at human service partner locations throughout the state. The current technology environment is very complex and consists of more than 250 applications programmed in 22 different languages on five platforms using nine database management systems. OIS provides support for more than 9,500 desktop computers and 1,000 printers. The Service Desk responds to more than 6,000 service requests each month.

Who receives services

OIS provides information systems and services to DHS staff and partners in support of DHS programs related to eligibility, benefits, licensing, insurance and claims processing, protective services, public health, hospital management, vocational and rehabilitation services, human resources, finance, and procurement.

How services are delivered

Many of the IT systems used by DHS and its partners are needed at all times of the day, every day of the week. This requires OIS to keep the systems and the technology

infrastructure available and provide the ability to respond to questions and issues as needed. Support provided by OIS includes:

- Service Desk: One of the primary contact points for customers is through the OIS Service Desk. The Service Desk provides customers with a single point of contact via phone, e-mail and in-person communication. The Service Desk is staffed to respond to and resolve a high percentage of issues during the first contact. OIS has focused on implementing tools and training staff to provide efficient and effective resolutions. One such tool is remote management that enables OIS to “view” and resolve a variety of desktop issues from a central location, thus saving the time and expense of an on-site technician visit.
- Project management: Technology projects are delivered using the formal project management methodology as described by the Project Management Institute (PMI) in their Project Management Body of Knowledge (PMBOK).
- Technology solutions: Technology solutions are created and delivered through collaboration with customers. OIS works closely with customers to understand their requirements and provide options to best meet their needs. This collaboration continues through the planning and implementation of the chosen solutions.
- Coordination and communication with the State Data Center (SDC): Building a relationship with the new SDC has been essential in providing customers with continuous connectivity to their applications now residing on equipment maintained by the SDC.
- IT training: OIS provides technology training through a combination of classroom and distance learning opportunities as well as regular communication of technology updates via e-mails and Web postings.
- IT research and evaluation: OIS provides research and evaluation in support of providing proven technology to customers.
- Staffing to deliver services: OIS delivers technology services primarily through the use of regular, full-time staff. However, contractors also are used, typically for projects requiring specific or unique skill sets and/or when the timeframe required to deliver a solution cannot be met by internal staff.
- Vendor management: OIS uses a variety of vendors to supply and maintain IT systems and services. Vendors require coordination and management to ensure DHS is deriving the intended value from these relationships.

Why these services are significant to Oregonians

OIS provides IT support to enable DHS and its partners to deliver health and human services to Oregonians. Examples of information systems and their significance to Oregonians include:

- **Medicaid Management Information System (MMIS):** MMIS is a federally required information system to manage and report on the \$3.1 billion per year in Medicaid payments made to more than 31,000 Oregon Medicaid providers for services rendered to more than 400,000 Oregonians. The system processes more than 1.7 million transactions per month.
- **Food stamps:** The Food Stamp Information System (FSIS) supports Oregon's food stamp program. The food stamp program helps supplement food budgets for low-income working families and individuals, people on public assistance, seniors and people with disabilities. Each month the food stamp system provides benefits to more than 400,000 Oregonians in more than 210,000 households totaling more than \$34 million per month. The food stamp benefits are distributed through an Electronic Benefit Transfer (EBT) system which allows recipients to obtain their benefits by using an "Oregon Trail Card" at grocery store card-scanning devices.
- **Family and Child Information System (FACIS):** FACIS contains case history information on Oregon children at risk of abuse and neglect. The system is used by more than 1,000 workers on a daily basis. The information in the system is required at any time of the day or night, seven days a week.
- **Oregon Rehabilitation Case Automation (ORCA):** ORCA contains case histories throughout the rehabilitation process for the Office of Vocational Rehabilitation Services (OVRs). The system tracks approximately 20,000 active cases. Approximately 3,000 Oregonians are rehabilitated and returned to work annually.
- **Office of Family Health Women, Infants and Children (WIC) Program:** WIC provides nutrition education, breastfeeding promotion and support, health referral, and supplemental foods to eligible clients within Oregon. The TWIST application supports WIC and community partners in the delivery of WIC services, and eliminates the need for any paper charting.
- **Immunization ALERT:** Immunization ALERT is a statewide registry for collecting immunization histories for the children of Oregon. ALERT receives information from private medical providers, the FamilyNet system for most of the public providers, several counties, insurance companies and health plans. The consolidated information is available to medical providers, schools and other

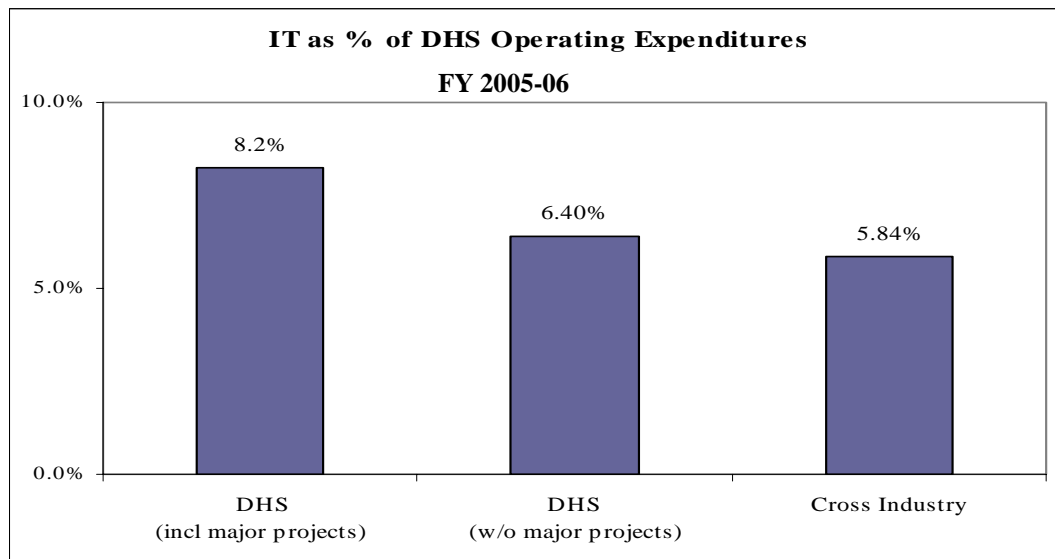
authorized users. ALERT information also is used for outreach to under-immunized children and for assessments of immunization rates in communities and practices, and serves as a data resource for epidemiological studies.

Performance Measures (OIS)

OIS collects and reports statewide performance measures as adopted by the state's Chief Information Officers' Council, as well as key measures to monitor operations within DHS.

Statewide Measure – Percent of DHS Operating Expenditures for IT Purpose

This measure focuses on the percentage of DHS' operating expenditures spent on IT.



DHS Operating Expenditures \$782.7M
OIS IT Expenditures \$ 64.5M (\$50M w/o major projects)

How Oregon compares to other states

Comparison data for this measure comes from the Gartner Group Worldwide IT Benchmark database. DHS spending is compared to cross industry spending (all IT organizations).

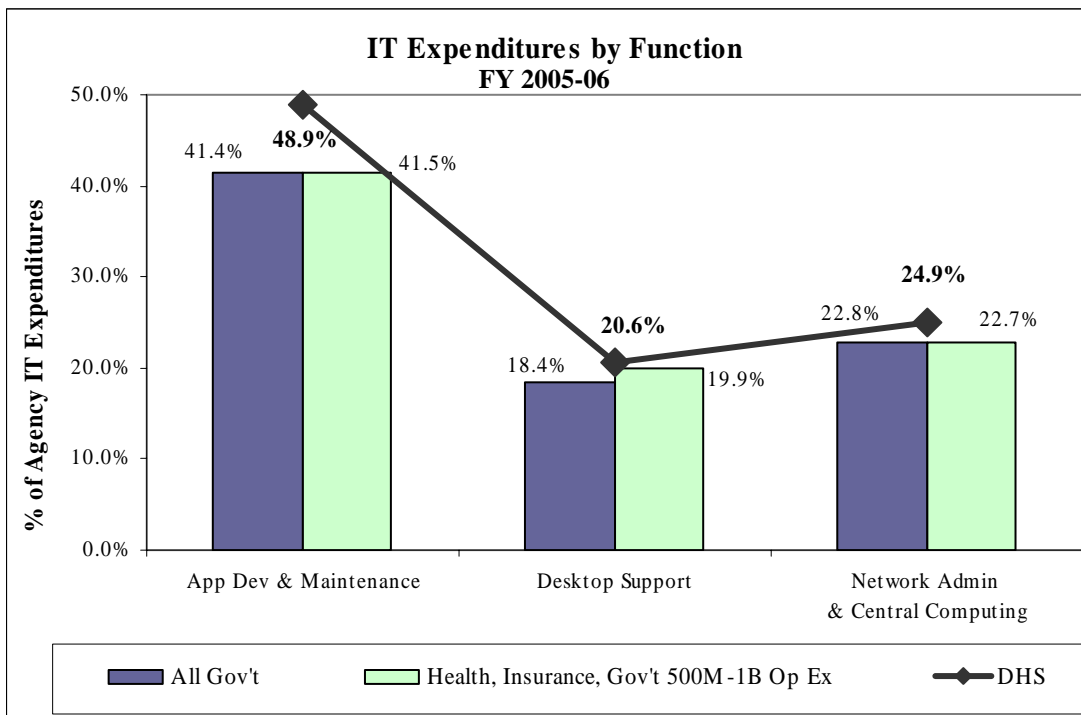
Currently, DHS is spending a larger percentage of the department's operating expenditures due to several large IT initiatives, such as the new Medicaid Management Information System (MMIS) and the Statewide Automated Child Welfare Information System (SACWIS).

Statewide Measures – DHS IT spending by Function (FY 2005-06)

Purpose

These measures identify the percent of the agency’s IT expenditures by the main functions within IT:

- Application development and maintenance;
- desktop support; and
- network administration and central computing.



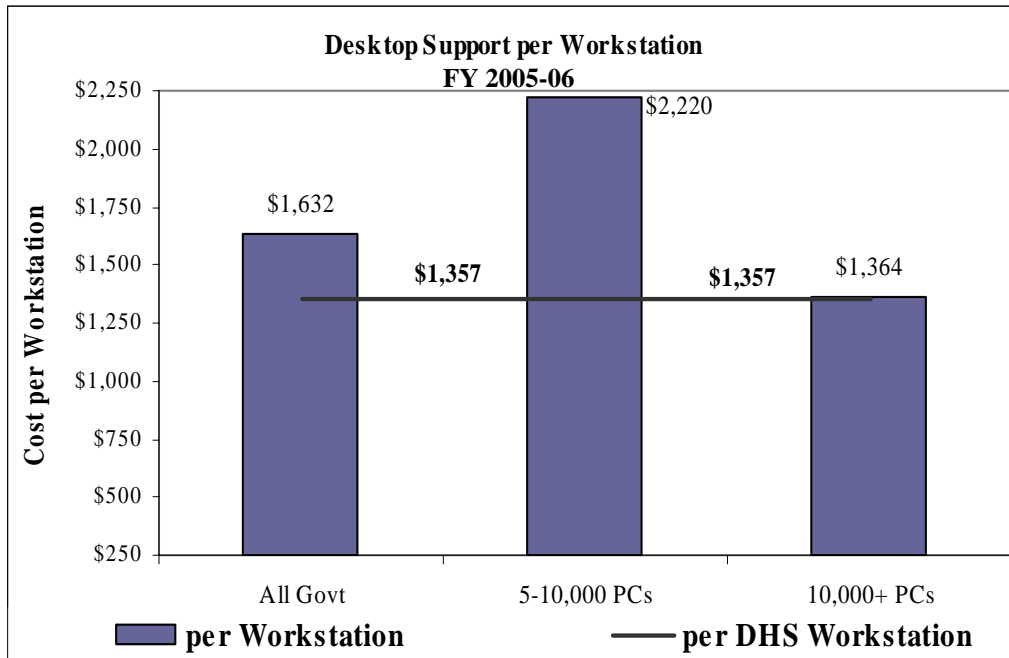
How Oregon compares to other states

Comparison data for this measure come from the Gartner Group Worldwide IT Benchmark database. There are three comparison groups: all government; cross industry (all IT organizations); and the health, insurance, and government (HIG) sectors. To provide more appropriate comparison data, the cross industry and HIG comparisons are limited to those organizations with operating expenditures between \$500 million to \$1 billion. DHS’s IT functional spending follows a pattern similar to that of the comparison groups.

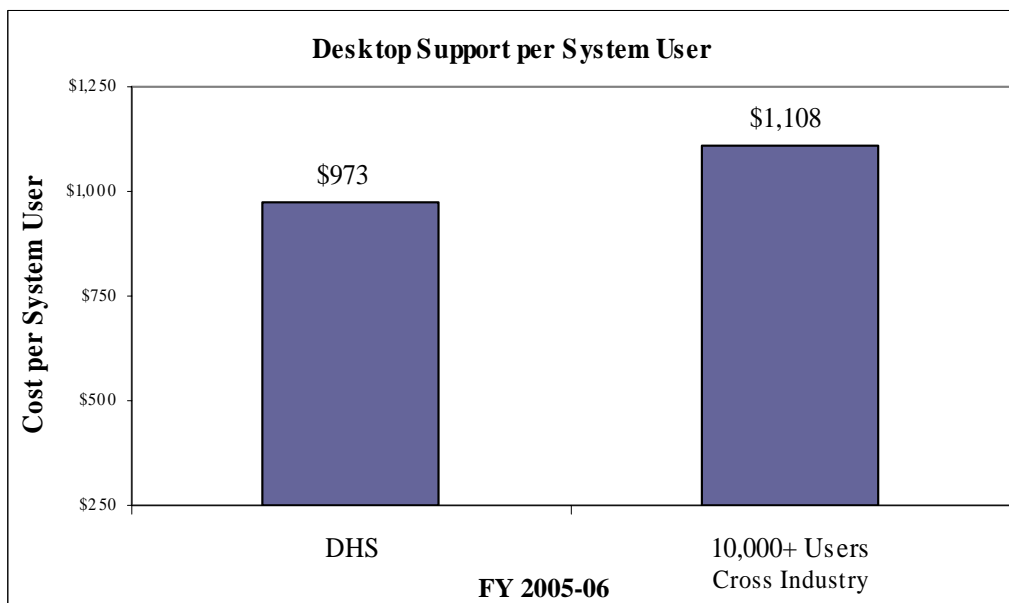
Statewide Measure – Desktop support cost per DHS workstation and system user (FY 2005-06)

Purpose

These measures show the cost of desktop support per DHS workstation and per agency workstation and system user.



Current desktop support staffing ratios:
 Service Desk – 1 staff per every 516 customers
 Field Services – 1 staff per every 186 customers



How Oregon compares to other states

Comparison data for this measure comes from the Gartner Group Worldwide IT Benchmark database. DHS costs were compared to other government IT in three groups:

- All government;
- organizations supporting 5,000-10,000 PCs; and
- organizations supporting more than 10,000 PCs.

Per workstation, OIS desktop support spending is low as compared to all government and those organizations supporting a number of workstations similar to OIS. However, the desktop support spending of OIS is in line with that of organizations supporting a larger number of workstations (10,000+). Per system user, OIS desktop support spending is comparable to that of organizations supporting a similar number of system users (10,000+).

Statewide Measures – Technology Project Budget and Schedule (FY 2005-06)

Purpose

This measure tracks the percentage of technology projects completed within budget and schedule estimates.

These measures show OIS technology projects are largely completed with a very small variance to the budget and schedule estimates. Of technology projects completed during the last fiscal year:

- 100 percent were completed within 15 percent of their budget estimates, and
- > 66 percent were completed within 15 percent of their schedule estimates.

How Oregon compares to other states

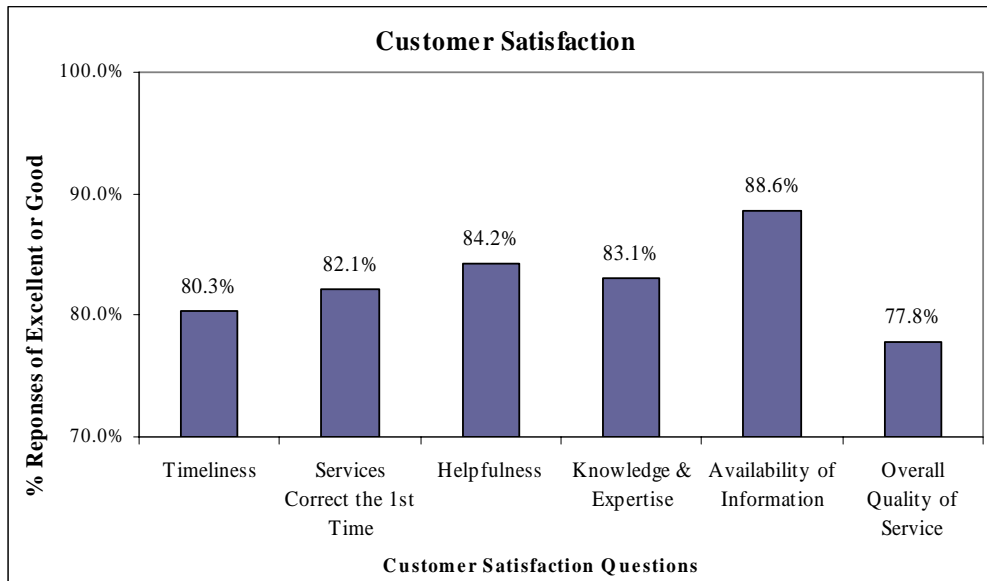
No comparison data have been found from other states related to technology project estimates for budget and schedule.

Statewide Measure – DHS IT System User Customer Satisfaction Purpose

This measure tracks the level of customer satisfaction for DHS IT system users.

How Oregon compares to other states

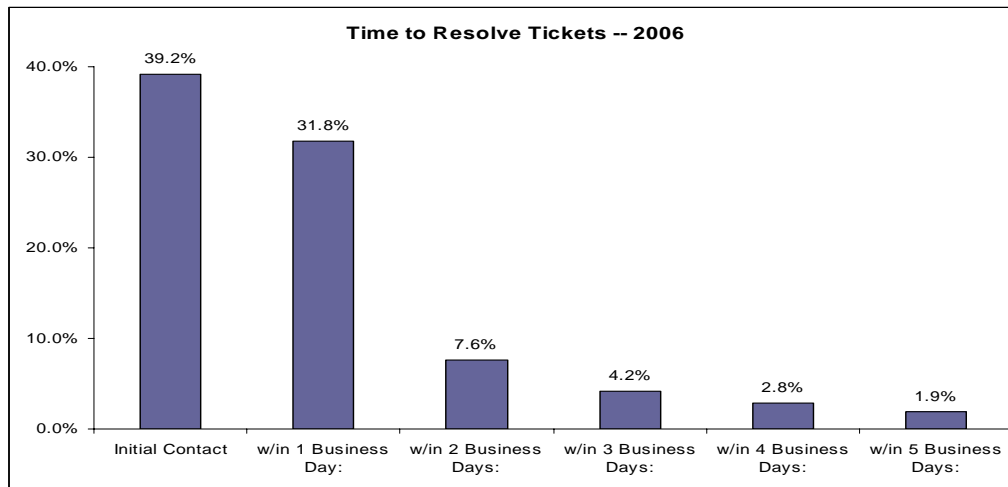
This measure is unique to Oregon, as these customer satisfaction questions were developed for the statewide customer satisfaction initiative.



OIS Customer Service Measure – First call resolution Purpose

Purpose

This measure focuses on customer support requests that were resolved immediately when a customer contacted a support technician.



More than 39 percent of the calls were resolved during the initial contact. More than 70 percent of the requests were resolved within one business day.

OIS Customer Service Measure – Customer satisfaction rating

Purpose

The customer satisfaction rating is based on an annual customer satisfaction survey.

More than 70 percent of the respondents from the past four annual surveys indicated they were satisfied or very satisfied with the overall customer services provided by OIS. The Service Desk survey contains a variety of specific questions that provide information to assist in creation of customer service strategies.

Outcome Measures (OIS)

OIS historically has focused on operational performance measures to monitor IT systems and services. The operational measures provide a variety of necessary data to ensure the successful day-to-day operations and delivery of IT services to DHS and its partners (e.g., capacity and use of IT infrastructure, systems and application uptime, and response to service requests).

The OIS Business Plan, completed in November 2004, made a case for change within OIS with a renewed focus on performance management. OIS implemented the statewide IT performance measures as adopted by the CIO Council in 2005. The update to the OIS Business Plan for 2007-2009 will include outcome measures.

Quality and Efficiency Improvements (OIS)

The following are quality and efficiency improvements made within OIS during the 2005-2007 biennium.

- Task management and scheduling: Processes and a tool to track and manage work tasks within the Application Maintenance and Support unit will provide a transparent time capturing, estimating and scheduling solution.
- Workstation replacement: Outdated workstations were replaced (75 percent of all DHS workstations), and a regular replacement schedule was established. All DHS workstations meet minimum standards for the environment. A 4-year lifecycle replacement schedule has been established to ensure workstations are kept current with our technology needs.

- Standardized workstation images: OIS reduced the number of workstation images from 69 to approximately 18. Less variation in the workstation images allows for quicker resolution of workstation problems.
- WordPerfect to Microsoft Word conversion: Microsoft Word was implemented as the department's standard word processing tool, with WordPerfect documents converted to Microsoft Word. This greatly simplified support of word processing, and improved the department's ability to focus resources and training on a single word processing tool.
- Desktop patch management: OIS implemented automated patch management of Microsoft patch evaluation and release tasks for the desktop. This enables desktop updates to be automated and performed remotely.
- Video conferencing: DHS implemented video conferencing statewide. Video conferencing allows greater participation and flexibility in meetings without the time and expense of traveling to a common meeting site.
- Business case process: OIS developed and implemented a template and process for the use of business cases. The business case is a tool used by DHS with customers in planning IT investments. It provides a process to protect project funding during rebalances, and improves the level of information reported to the Department of Administrative Services Enterprise Information Strategy and Policy Division (DAS EISPD), Joint Legislative Committee on Information Management and Technology (JLCIMT) and other stakeholders.
- Change Advisory Board: OIS established a Change Advisory Board (CAB) and process. Technology updates and releases are discussed by the cross-functional board and scheduled on a common calendar to better manage the changes. Approved changes are communicated throughout OIS.
- Improved networks: Network security substantially improved (e.g., the encryption of e-mails on the network). Improved network security greatly reduces the risk to state systems and data.

2007-2009 Budget Summary (OIS)

Key budget drivers and issues

Key budget drivers and issues for OIS include:

- The rapid pace of change in technology requires an ongoing investment in technology to maintain systems and services to meet customers' needs.
- Federal and state mandates often necessitate changes to the systems supporting the affected program areas. In many cases, the full impacts of the necessary changes are not known until the program changes are implemented.
- Demand for more modern technology by customers. As technology evolves and becomes more accessible to the end user, there is an increased demand to incorporate new technologies to increase services and efficiencies for DHS customers. Examples include expanding the use of mobile computing devices and Web enabling DHS systems.
- In all cases, changes made to department systems are further complicated by the systems' age and complexity. Many of the department's largest, most complex systems are more than 20 years old.
- Increasing customers both internal and external to DHS, without additional staff resources.
- Expanding expectations for higher level data collection and analysis, requiring more access to analytic tools including databases and high-cost query analysis tools, flow charting and mapping tools.
- Increased costs of maintenance of existing desktop hardware and software, beyond the state-approved cost-of-living increases.
- Competition with private industry for qualified candidates, particularly in the Portland metropolitan area, often requiring paying new employees at a pay step higher than budgeted.
- Loss of staff and knowledge to higher classified positions at the SDC.
- Aging workforce resulting in loss of experienced designers of previous legacy systems.

Major IT Initiatives

The following table lists the major IT initiatives currently in process:

Project Name and Description	Project Budget
Criminal Records Information Management System (CRIMS). Implement a system for maintaining criminal records checks information to replace the current six isolated data systems and four auxiliary tracking systems in order to minimize the administrative burden that criminal records check requirements impose upon subject individuals and providers.	\$612k 50/50 funds via allocation
Electronic Document Management System (EDMS) Enhancement. Improve quality of service, shorten the processing time and lower the cost required to process Oregon Health Plan applications, DPU Child Care Billings, and Provider Listing applications within ODM by upgrading the current EDMS system to replace the antiquated and no longer supported manual bar code process with Electronic Workflow Document Management functionality.	\$180k 50/50 funds via allocation
FamilyNet Portfolio: #1 Oregon Child Health Information Data System/ Family and Child Module (ORCHIDS). Improve home visiting nursing practices for perinatal women, newborns, young children, and all children with special health needs.	\$1.98M (Revised) 100% Federal Grant
FamilyNet Portfolio: #2 MCH Data Entry (MCH). Replace the existing aging system to improve data quality for Child and Perinatal Health programs including: Babies First!, Cacoon, Maternity Case Management and Oregon Mothers Care.	\$237k 100% Federal Grant
FamilyNet Portfolio: #3 Early Hearing Detection Information (EHDI) . Replace multiple standalone data systems with a packaged system called HiTrack to collect, track, and follow-up on children with, or at risk for, hearing loss.	\$103k 100% Federal Grant
FamilyNet Portfolio: #4 Immunization Project. Combine existing Immunization Registry and County data systems to enable future integration and capabilities mandated by the Centers for Disease Control.	\$1-4M 100% Federal Grant
FamilyNet Portfolio: #5 Interoperability / Integration Services. Integrates all Office of Family Health Systems including those within counties.	\$1-1.5M
Health Alert Network (HAN). Replace the two current aging Health Alert Network systems and the Volunteer Registry system with an integrated Health Alert Network system to ensure coordinated communication among health care professionals and emergency responders before, during, and after emergencies.	
Integrated Collections Mgmt (ICM). Implement an integrated collection system to replace multiple stand-alone applications that is integrated with the invoicing and receipting processes to improve collections, improve cash controls, and enhance reconciliation processes.	Approx. \$1.3M
Integrated Client Services Data Warehouse (ICS). Improve caseload forecasting and DHS' Integrated Client Database Set by automating data extraction, ensuring appropriate data elements are incorporated, and providing a dedicated server environment with analysis tools.	\$923k (initial estimate) 50/50 funds via allocation
Laboratory Information Management System (LIMS). Replace the current unsupported system, which is missing many critical functions, with a new COTS (commercial off-the-shelf) Laboratory Information Management System for communicable disease testing, newborn screening, and public health preparedness.	\$2.2M 100% Federal Grant

Project Name and Description	Project Budget
Medicaid Management Information System (MMIS). Replace DHS' legacy batch and fee-for-service based MMIS and multiple related stand-alone systems with an integrated MMIS to meet the increasingly complex demands of the Oregon Health Plan, handle the requirements of a sophisticated and complex managed health care system, and efficiently process the nearly 1.7 million claims, fee-for-service encounters and capitation payments received every month.	Phase 2, Stage 2: \$57M Approx. 90% Federal, 10% State funds
Oregon Vital Events Registration System: #1 Electronic Death Registration System (EDRS). Implement Phase I of an Electronic Vital Events Registration system by replacing the current paper-based death registry system with an Electronic Death Registration System that will provide more timely and accurate information.	\$2.54M 55% Grant, 45% State funds
Oregon Vital Events Registration System: #2 Electronic Birth Registration System (OVERS). Implement Phase II of the Electronic Vital Events Registration system by replacing the current outdated birth registration system with an integrated and secure web based system that allows the state to speed birth certificates handling and respond to concerns about identity theft and fraudulent birth certificate use.	\$2.14M 55% Grant, 45% State funds
Statewide Automated Child Welfare Information System (SACWIS). Replace FACIS, IIS, and multiple stand-alone child welfare application systems with a single, comprehensive system that meets federal SACWIS requirements.	\$37.5M 50% Federal, 50% State funds

Governor's recommended budget

	GF	OF	FF	TF	POS	FTE
Personal Services	\$ 18,936,380	\$ 2,950,990	\$ 30,298,827	\$ 52,186,197		
Services & Supplies	\$ 22,635,437	\$ 5,913,914	\$ 30,984,553	\$ 59,533,904		
Capital Outlay	\$ 404,445	\$ 215,906	\$ 771,598	\$ 1,391,949		
Special Payments	\$ 58,707	\$ -	\$ -	\$ 58,707		
Debt Service	\$ 992,281	\$ 8,094,520	\$ -	\$ 9,086,801		
Total	\$ 43,027,250	\$ 17,175,330	\$ 62,054,978	\$ 122,257,558	328	318.71

Reductions

No reductions were proposed for this office in the Governor's Recommended Budget.

Policy option packages

101-06 Healthy Kids Plan

<p><u>101-6 Healthy Kids Plan:</u> When fully implemented, the Healthy Kids Plan would provide health insurance to over 100,000 uninsured Oregon children who are primarily from working families. It also would provide access to disease management for children who have asthma and/or diabetes, and it would expand dental sealants to children in low-income schools</p>						
	GF		OF		FF	TF
Governor's Recommended Budget	\$ -	\$	56.3	\$	48.9	\$ 105.2
ASD Portion	\$ -	\$	1.0	\$	0.9	\$ 1.9

(\$ in millions)

This package includes one Information Systems Specialist 7 on a limited duration basis for four years. With that and other existing positions, OIS will implement a method for clients to enroll through a Web-based system. Administrative costs include licensing fees for basic licensing and any customizing needed to ensure simplification of client application and data sharing.

A joint effort between OIS and ODM will develop a centralized fax and imaging system with remote scanning and workflow software for tracking applications. Costs include development of a remote imaging process and imaging equipment for 60 branch offices.

104-46 State Hospital Facility and Data Systems Replacement

<p><u>104- 46 State Hospital facility & data systems replacement:</u> The May 2005 OSH Framework Master Plan Phase I Report identified significant structural issues with the complex on the Salem campus of the Oregon State Hospital. The Phase I Master Plan notes that the existing facilities on this campus have physical limitations that cannot be remediated to provide safe and secure treatment environments. In addition to the facilities replacement needs, the current State hospital has antiquated technology, which no longer meets the business needs of the hospitals. This request will allow for the issuance of a State bond to begin the replacement process. The Governor's Budget funds this package through Certificate of Participation funding.</p>						
	GF		OF		FF	TF
Governor's Recommended Budget	\$ -	\$	85.3	\$	-	\$ 85.3
ASD Portion	\$ -	\$	3.2	\$	-	\$ 3.2

(\$ in millions)

This package is included in the Addictions and Mental Health Division (AMH) policy package. The AMH business goals for replacement of the Oregon Patient/Resident Care System (OP/RCS) with the Behavioral Health (Data) Integration Project (B-HIP) are to:

- Improve mental health and addiction services for individuals in the Oregon State Hospital,
- Increase time spent by hospital personnel in treatment activities, and

- Improve the ability of the state to report accurate and timely information to a variety of funding sources.

These goals will be achieved by replacing outdated legacy information systems with a state-of-the-art hospital management system with broader clinical and operations support functionality, the capability of capturing clinical and operations data accurately and efficiently, including user-friendly querying and reporting capabilities and the ability to readily make modifications as business requirements change. B-HIP will integrate the information technology architecture and structure for a system of care providing behavioral health treatment services and data collection and reporting related clients with the state system.

106-67- Unified Eligibility and Care Management System

106- 67 Unified Eligibility and Case Management System: Combining CAF and SPD program eligibility and maintenance in one eligibility system would support program integrity endeavors by providing more timely and accurate benefit issuance.					
		GF	OF	FF	TF
	Governor's Recommended Budget	\$ 2.6	\$ -	\$ 1.4	\$ 4.0
ASD		\$ 2.6	\$ -	\$ 1.4	\$ 4.0

(\$ in millions)

Combined or Universal Eligibility: Combining Children, Adults and Families Division (CAF) and Seniors and People with Disabilities Division (SPD) program eligibility and maintenance in one eligibility system would support program integrity endeavors by providing more timely and accurate benefit issuance. A combined system would eliminate dual data entry; simplify staff training and allow for more efficient program-related edits.

Information Security Office (ISO)

Services provided

The Information Security Office (ISO) encompasses several programs focusing on the protection of confidential information; educating staff, volunteers and partners of DHS on how to protect this information as well as report incidents when they occur; and how to complete, maintain and test business plans for any disruption in services to customers. ISO drivers include:

- Federal and state security regulations (i.e., HIPAA, MMIS and ESO);
- Audit findings;
- Contractual obligations;
- DHS security policies and procedures;
- ISO 17799;
- NIST (National Institute of Security and Technology); and
- DAS Business Continuity Policy.

Where service recipients are located

ISO serves employees, clients and partners throughout Oregon.

Who receives services

ISO serves clients (both former and current); all department managers, employees and volunteers; and partners and those individuals with whom DHS has contractual obligations, including other state agencies.

How services are delivered

ISO strives to create, maintain and manage its program through business risk management. It helps DHS deal with change and complexity within the department and enterprise-wide. ISO focuses on processes and procedures that make up sound business practice, such as:

- Risk and assessment: ISO provides a systematic, comprehensive approach to protect information and maintain continuity plans that includes all business aspects of the department; evaluates privacy and security drivers (e.g., HIPAA audits) and their impact in the development of ISO programs; and develops and

implements feedback mechanisms that make it possible to measure the success of the program.

- Policies and procedures: ISO ensures that information security policies and procedures are current and are revised often to maintain their relevancy to current business practices and technology.
- Awareness and education. ISO works to create awareness among all employees, volunteers, partners and contractors about the importance of information security.

ISO's administrative program includes:

- ISO policy and procedures,
- Budget responsibilities,
- Positions and personnel, and
- Program support.

ISO delivers these services through policy and program delivery. There currently are four major programs:

- The Security Program Includes:
 - ◆ Management of compliance to federal and state laws and regulations;
 - ◆ Management of contractual agreement compliance;
 - ◆ Information security consultancy in which ISO applies risk mitigation practices to products and technical processes;
 - ◆ Business and information systems improvements (i.e., Security System Operations Group, Information Exchange Program, and Information security projects and activities);
 - ◆ Formal audits analysis and recommendations;
 - ◆ PSIRP (Privacy/Security Incident Response Program, response and forensic analysis; and
 - ◆ Information risk analysis.
- The Privacy Program includes:
 - ◆ DHS privacy policies,
 - ◆ Management of HIPAA privacy federal compliance,
 - ◆ Consultation to DHS program areas, and
 - ◆ PSIRP (response and mitigation).

- The Awareness and Education Program includes:
 - ◆ ISO Business Plan,
 - ◆ ISO Communication Plan,
 - ◆ Web page management,
 - ◆ Data analysis for development of educational strategies,
 - ◆ Computer-based training development, and
 - ◆ Periodic assessments and surveys.
- The Business Continuity Management Program includes:
 - ◆ Coordinating DHS planning efforts;
 - ◆ Developing plans to continue providing services and other critical business processes in the event of a disruption, no matter what size;
 - ◆ Supporting business continuity plans for IT disaster recovery (led by OIS);
 - ◆ Using an Incident Command System for internal events;
 - ◆ Maintaining a continuity management policy;
 - ◆ Creating awareness and educating staff, plan managers and eBRP users; and
 - ◆ Maintaining, testing and updating continuity plans.

These program areas are designed to:

- Organize and manage information security within the department;
- Avoid breaches of any law, statute, regulation, contractual obligation or security requirements;
- Provide management direction and support for information security (privacy) in accordance with business requirements, relevant laws, regulations and contractual obligations;
- Ensure information security, privacy and business disruptions events and weaknesses are reported, documented and addressed through mitigation, transfer or acceptance;
- Ensure that security is an integral part of information systems;
- Control access to information assets;
- Prevent unauthorized physical access, damage and interference to an organization's premises and information, and provide protection commensurate with the identified risks;

- Ensure that employees, volunteers, contractors and third-party users are screened and understand their responsibilities in protecting information assets;
- Achieve and maintain appropriate protection of organizational assets (information, software, physical, services, people and intangibles); and
- Build plans to counteract interruptions to business activities and protect critical business functions.

Why these services are significant to Oregonians

The programs within ISO:

- Ensure that confidentiality, integrity and availability issues are equally and formally addressed in order to protect information;
- Ensure deliverables address DHS policies and standards, federal and state laws, contractual obligations, and industry standards; and
- Assess threats and vulnerabilities so that DHS properly addresses its information environments to acquire stability and availability.

Performance Measures (ISO)

Measure – The Privacy and Security Incident Response Program

Purpose

This measure tracks repeatable incidents and allows ISO to develop and implement strategies to reduce repeatable privacy and security incidents.

How Oregon compares to other states

These measures are not unique to Oregon or other State Agencies. ISO does not yet have data from similar organizations to compare to, but is currently working towards partnering with other organizations to establish benchmarking data for such activities.

Measure – Business continuity program’s strategies and coordination activities

Purpose

This measure tracks the development of strategies, and coordination efforts with internal and external resources to continue to provide critical services to its clients in the event of a business disruption

How Oregon compares to other states

These measures are not unique to Oregon or other State Agencies. ISO does not yet have data from similar organizations to compare to, but is currently working towards partnering with other organizations to establish benchmarking data for such activities.

Measure - Statewide initiatives

Purpose

This measure tracks ISO participation in many statewide initiatives to improve the protection of DHS information assets while reducing costs through state participation.

How Oregon compares to other states

These measures are not unique to Oregon or other State Agencies. ISO does not yet have data from similar organizations to compare to, but is currently working towards partnering with other organizations to establish benchmarking data for such activities.

Measure - Information Exchange Assessment (infoX) process

Purpose

This measure tracks DHS’ ability to provide appropriate availability to information assets used by partners in behalf of DHS, and to collect and assess contractual security and privacy requirements.

How Oregon compares to other states

These measures are not unique to Oregon or other State Agencies. ISO does not yet have data from similar organizations to compare to, but is currently working towards partnering with other organizations to establish benchmarking data for such activities.

Measure – Communication

Purpose

This measure tracks the communication efforts to educate and guide DHS staff, managers and partners.

How Oregon compares to other states

These measures are not unique to Oregon or other State Agencies. ISO does not yet have data from similar organizations to compare to, but is currently working towards partnering with other organizations to establish benchmarking data for such activities

Measure – Awareness and Education training

Purpose

This measure tracks the training efforts by ISO to create awareness and educate DHS employees, clients, partners etc about privacy, security and BCP

How Oregon compares to other states

These measures are not unique to Oregon or other State Agencies. ISO does not yet have data from similar organizations to compare to, but is currently working towards partnering with other organizations to establish benchmarking data for such activities.

Quality and Efficiency Improvements (ISO)

Improving use of e-mail: Using statistical information gained from PSIRP, ISO worked with OIS and business units to address flaws in the use and assignment of GroupWise e-mail groups. In addition, a computer-based training module was developed and implemented to help staff understand and use GroupWise e-mail appropriately. These efforts significantly reduced misdirected e-mails and the disclosure of sensitive information by 80 percent (based upon 2005 and 2006 PSIRP incidents).

Planning for business continuity: ISO has developed strategies and coordinated with internal and external resources to provide critical services to its clients in the event of a business disruption (e.g., loss of worksite, loss of workforce, loss of power). ISO has:

- Established and leads an agency BCM steering committee,
- Acquired an automated BCP tool,

- Acquired professional training,
- Coordinated disaster recovery (DR) IT standards with OIS, and
- Developed BCP monitoring and testing activities.

Protecting DHS information assets: ISO has participated and continues to be a leading participant in many statewide initiatives to improve the protection of DHS information assets while reducing costs through state participation. These activities include but are not limited to business continuity management, identity theft legislation and mitigation, identity management and access control, and SDC security. The BCP team met with Washington state staff for eBRP BCP / DR/ emergency preparedness.

infoX: ISO facilitated the development and implementation of the information exchange assessment (infoX) process in conjunction with the OCP, OIS and access control administrators. The infoX process improves the department's ability to provide appropriate access to information assets used by partners on behalf of DHS.

Presentations: Since its inception in 2003 ISO has conducted 180 presentations to 145 groups. These communication efforts have successfully provided education and guidance to 3,472 DHS staff, managers and partners.

Computer-based training: The new computer-based training on privacy and security is complete and became available to new DHS employees in late April. DHS staff currently are required to enroll for the Privacy/Security DHS and You Netlink within 30 days of hire. The Netlink will be replaced with the enhanced version, which new employees can access from their desks.

2007-2009 Budget Summary (ISO)

Governor's recommended budget

	GF	OF	FF	TF	POS	FTE
Personal Services	\$ 480,004	\$ 63,261	\$ 908,258	\$ 1,451,523		
Services & Supplies	\$ 597,474	\$ 203	\$ 647,879	\$ 1,245,556		
Capital Outlay	\$ 3,711	\$ -	\$ 3,713	\$ 7,424		
Special Payments	\$ -	\$ -	\$ -	\$ -		
Debt Service	\$ -	\$ -	\$ -	\$ -		
Total	\$ 1,081,189	\$ 63,464	\$ 1,559,850	\$ 2,704,503	9	9.00

Reductions

No reductions were proposed for this office in the Governor's Recommended Budget.

Policy option packages

No policy option packages were proposed for this office in the Governor's Recommended Budget.

Office of Payment Accuracy and Recovery (OPAR)

The Office of Payment Accuracy and Recovery (OPAR) was established July 1, 2005. The mission of the office is to ensure program integrity by improving payment accuracy and recovery. The office works in partnership with all DHS divisions, providers, private health insurers, managed care plans, other state agencies, DHS clients and the federal government. OPAR's budget request for 2007-2009 is \$29.7 million, with anticipated recoveries of more than \$152 million. In general, funds recovered by OPAR go directly back to the program divisions to fund additional services for Oregonians in need.

Services provided

OPAR strives to improve program integrity, payment accuracy and financial recovery on behalf of many DHS programs (Food Stamps, Medicaid, Temporary Assistance to Needy Families (TANF), Child Care, Institutional Care, and others). Specific services provided include:

- Audits and investigations,
- Establishment of overpayment debts and collection of those debts,
- Facilitation of third-party recoveries,
- Identification of third-party resources, and
- Assistance to DHS field staff with data integrity issues.

In addition, OPAR staff provide training to DHS branch staff and providers. These services are of benefit to current and former DHS clients, providers and staff. Funds recovered by OPAR are returned to the various DHS program areas making them available for payment of benefits on behalf of current and future clients. In addition, savings realized from increased payment accuracy and cost avoidance activities are then available to be used to serve Oregonians in need.

Where service recipients are located

Recipients of OPAR services are located throughout Oregon.

Who receives services

OPAR serves current and former DHS clients, providers, federal partners and DHS staff, as well as all citizens of Oregon.

How services are delivered

OPAR staff consist of fraud investigators, auditors, revenue agents, overpayment writers, medical and drug payment analysts, estate administrators, and a variety of administrative and support personnel performing payment accuracy, investigatory, and recovery-related activities. Interactions with clients, providers and DHS staff occur over the telephone, in person and in writing.

Why these services are significant to Oregonians

The efforts by OPAR to increase program integrity, payment accuracy and recovery are of benefit to all Oregonians. Funds recovered by OPAR are returned to the various DHS program areas for reinvestment in benefits for current and future clients. Savings realized from increased payment accuracy and cost avoidance activities also are used to serve Oregonians in need.

Performance Measures (OPAR)

OPAR has 12 performance measures (PM). Because the office is fairly new, baseline data is still being gathered on many of these measures and targets are still being set. Many of the measures will be positively impacted by the policy option packages outlined in this section. Some PMs for OPAR are highlighted below.

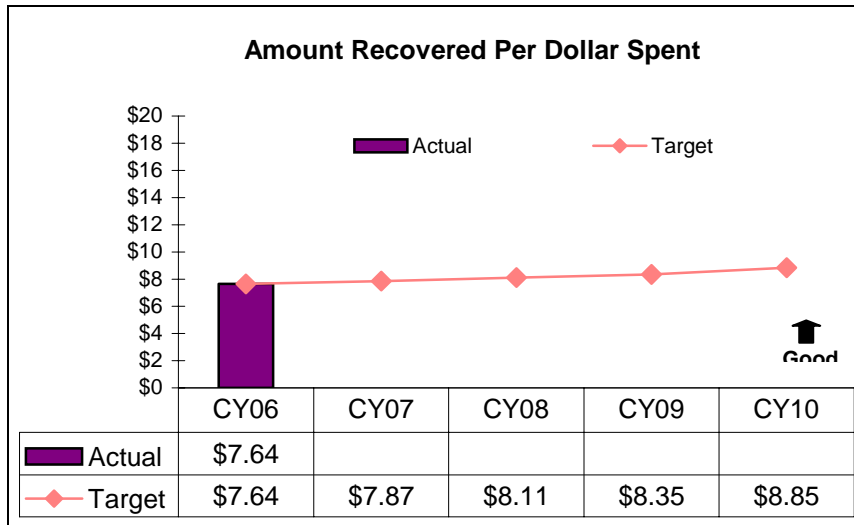
PM – Dollars recovered vs. dollars spent

Purpose

This performance measure compares the dollars collected each month to the total dollars it costs to operate OPAR.

How Oregon compares to other states

This measure is unique to Oregon, in that the majority of other states do not have centralized recovery functions. In addition, Oregon's recovery efforts span all program areas, whereas other states have recovery processes and programs assigned to a number of different state agencies.



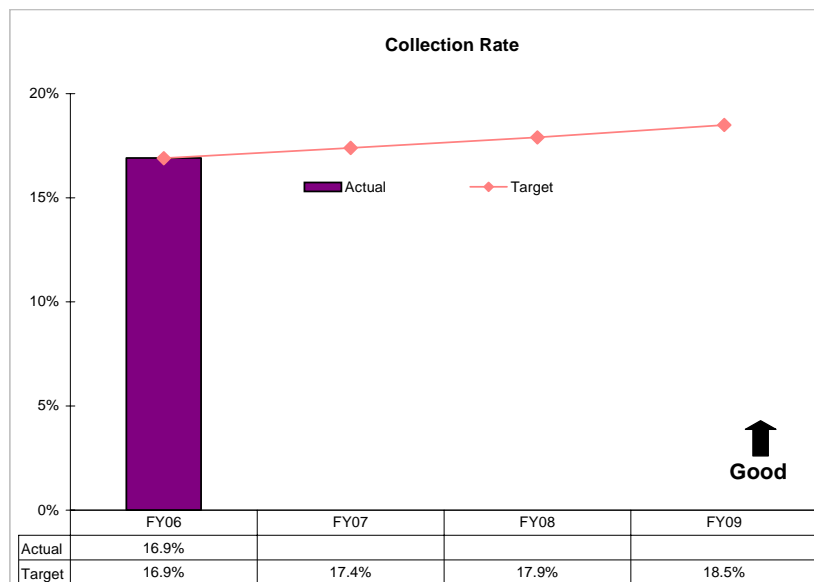
PM – Collection rate

Purpose

This measure indicates the effectiveness of OPAR’s collection efforts in the areas of Food Stamps, TANF, Medicaid, and Employment Related Day Care overpayments.

How DHS compares to other state agencies and to private collection firms

Comparing DHS to other collection efforts throughout Oregon reveals that OPAR’s collection rate is in line with the average of other state agencies. For FY 2006 the statewide collection rate was 17.53 percent, and OPAR’s collection rate was 16.9 percent. The Oregon Department of Revenue’s Other Agency Accounts Unit had a collection rate of 9.05 percent during FY 2006, and private collection agencies’ rate of collection on state accounts was 2.55 percent.



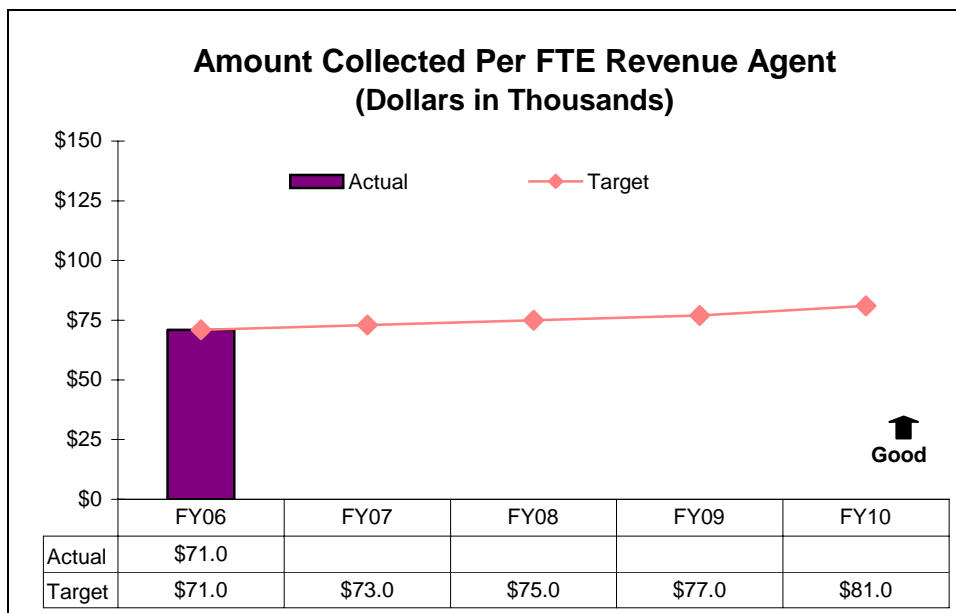
PM – Amount collected per full-time equivalent revenue agent

Purpose

This measure reflects the average monthly collections of revenue agent staff in the areas of Food Stamps, TANF, Medicaid, and Employment Related Day Care overpayments.

How Oregon compares to other states

Information from other states is not available. However, information from the Oregon Department of Revenue indicates that their revenue agents collected an average of \$92,523 per month during FY 2006. DHS revenue agents collected an average of \$71,008 per month. System and process improvement efforts currently under way will help increase the monthly revenue agent production in years to come.



Outcome Measures (OPAR)

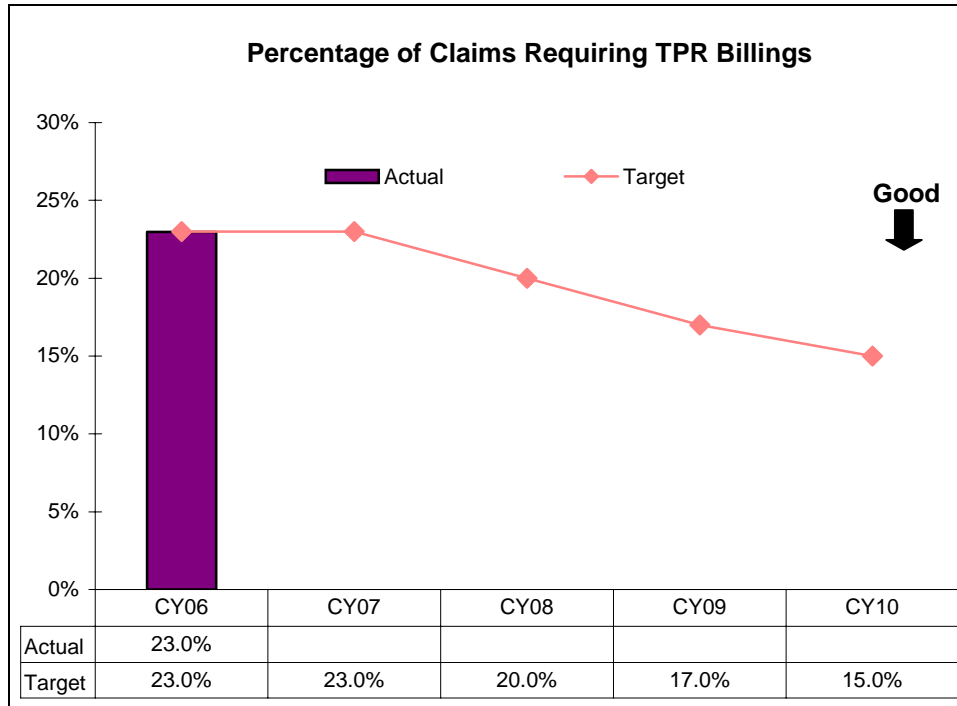
Measure: Percentage of Medicaid claims that require third-party resource billings

Purpose

This measure reflects how well the department is doing in identifying third-party resources prior to payment of Medicaid funds. With new technology coming in the near future and better tools for researching client insurance coverage available, this measure should see positive results in years to come. In addition, OPAR conducts occasional training on the subject of third-party resources, and will increase this training and outreach activity with positions requested in the policy option package.

How Oregon compares to other states

Washington has been working on this issue for a number of years. Their current percentage of claims requiring third-party resource billings is 5 percent.



Quality and Efficiency Improvements (OPAR)

DHS realigned 11 organizational units to form OPAR in July 2005. This consolidation of all payment accuracy and recovery functions under a common organizational umbrella allows for increased efficiencies, sharing of information across units, elimination of duplication of efforts, and improved service to clients, providers, federal partners and DHS staff.

OPAR permanently increased staffing to enhance collections in the Food Stamp, TANF and Medicaid programs. Three revenue agents were hired in July 2006, and one Estate Administration Unit three-member team was hired in April 2006. The additional revenue generated by adding these six individuals has equated to more than \$3.7 million in additional revenue through February 2007. At the time the positions were requested, it was estimated they would generate an additional \$4.92 million during the remainder of the 2005-2007 biennium. It is projected that at the end of the 2005-

2007 biennium, the addition of these six positions will have generated additional revenue of more than \$5 million.

OPAR temporarily increased staffing in the Medical Payment Recovery Unit in February 2006, to dedicate time to projects where potential revenue generation was estimated at \$733,350 for the remainder of the 2005-2007 biennium. As of March 2007, these special projects have generated \$1.4 million.

OPAR temporarily increased staffing in the Institutional Revenue Section in June 2006 to work with the Oregon State Hospital staff on Medicaid Part D recoveries. Through January 2007 more than \$375,000 had been recovered from this effort.

OPAR identified opportunities for process and system improvements to maximize identification and recovery of funds. As a result of this work, OPAR, in collaboration with OFS, completed a business case regarding the replacement of core systems used within the office.

OPAR instituted the formal review and tracking of on-line published death notices. This new process has identified estates that otherwise might not have been identified for purposes of asserting an estate claim for recovery of Medicaid and General Assistance funds.

OPAR implemented the System Transactions for Accounts – Institutional Revenue Section (STAIRS). This project has improved and streamlined the accounting and report writing activities for the Institutional Revenue Section.

OPAR has begun implementing Lean process improvement methodologies, has completed high-level mapping of processes for all of the individual units within OPAR, and has begun to identify areas where process improvements can be made immediately, rather than waiting for a system solution. This methodology provides a holistic approach to looking at processes, including inputs and outputs, handoffs and disconnects that occur at various stages and that may lead to rework and inefficiencies.

2007-2009 Budget Summary (OPAR)

Key budget drivers and issues

DHS clients, providers and staff, as well as the general public, need to know that DHS is providing responsible stewardship and accountability for the funds the Oregon Legislature and federal government have entrusted to the department. The establishment and maintenance of OPAR is one way to show Oregonians that the department is serious about improving and maintaining its stewardship and accountability. Additionally, continued work in the areas of payment accuracy and recovery provides funding for services to the many Oregonians in need.

Governor's recommended budget

OPAR	GF	OF	FF	TF	POS	FTE
Personal Services	\$ 10,803,086	\$ 3,291,699	\$ 11,446,897	\$ 25,541,682		
Services & Supplies	\$ 341,795	\$ 1,703,884	\$ 2,105,131	\$ 4,150,810		
Capital Outlay	\$ -	\$ 10,000	\$ 10,000	\$ 20,000		
Special Payments	\$ -	\$ -	\$ -	\$ -		
Debt Service	\$ -	\$ -	\$ -	\$ -		
Total	\$ 11,144,881	\$ 5,005,583	\$ 13,562,028	\$ 29,712,492	216	209.54

Reductions

No reductions were proposed for this office in the Governor's Recommended Budget.

Policy option packages

106-55 Office of Payment Accuracy and Recovery Infrastructure

106- 55 Office of Payment Accuracy & Recover Infrastructure: OPAR						
Enhancements to strengthen the accuracy of program payments to clients and providers and recovery of overpayments and other receivables due the Department.						
	GF	OF	FF	TF		
Governor's Recommended Budget	\$ (0.7)	\$ 5.4	\$ 2.6	\$ 7.4		
ASD Portion	\$ 0.8	\$ 4.0	\$ 2.6	\$ 7.4		

(\$ in millions)

OPAR has submitted a policy option package combining a number of enhancements to positively impact the ability of the office to perform its work. Included in the package are the following:

- Funding the replacement of all of OPAR's core computer systems. Most of the systems used within the office are stand-alone, outdated systems that are in danger of failing. Without a reliable, up-to-date system, OPAR cannot efficiently perform its functions. The desire is to replace more than 30 systems with one

integrated systems approach to managing the work of the office and the agency's accounts receivable processes.

- Funding for five additional permanent fraud investigators to be located throughout the state. Current staff are not able to keep up with the number of fraud referrals coming to them from branch staff, clients, providers and the general public. Positions will be strategically located throughout the state to address the areas of greatest need.
- Funding for five additional limited duration overpayment writers to address current backlogs in the overpayment writing function. It is anticipated that existing staff will be able to maintain a current status once the backlog is caught up and the systems improvement efforts are completed.
- Funding for positions to perform policy and training related work for OPAR programs. In order to appropriately address the accuracy of payments, preventive measures must take place. This means analyzing trends in overpayments, and developing and delivering training or providing tools to aid in the correction of common errors and/or oversights. Reaching out to branch staff, providers and clients is a key to enhancing program integrity and payment accuracy.
- Funding for positions to staff an OPAR data match unit. The agency participates in a number of data matches with other Oregon agencies, other states and the federal government. Better use of the results of these matches will allow for increased identification and collection of benefits issued in error or received fraudulently.

Division Summary

Budget Summary

In addition to the policy option packages already highlighted in this document, the ASD budget also includes administrative costs associated policy option packages presented by other DHS divisions during. The policy option packages have the following funding:

101-01 Childcare Improvements

101-1 Childcare Improvements: This package increases the amount of childcare subsidy paid on behalf of low-income working families, increases the maximum income limit to 185% FPL and lowers average co-pay for clients by 20%.									
		GF		OF		FF		TF	
Governor's Recommended Budget		\$	35.1	\$	-	\$	-	\$	35.1
CAF		\$	34.9	\$	-	\$	-	\$	34.9
ASD Portion		\$	0.2	\$	-	\$	-	\$	0.2

(\$ in millions)

101-02 Child Welfare Safety Improvements

101-2 Child Welfare Safety Improvements: This package would bring Oregon's staffing for child welfare services into alignment with national standards for ensuring proper services and safety of children at risk are addressed.									
		GF		OF		FF		TF	
Governor's Recommended Budget		\$	1.9	\$	-	\$	1.9	\$	3.8
CAF		\$	1.6	\$	-	\$	1.6	\$	3.2
ASD Portion		\$	0.3	\$	-	\$	0.3	\$	0.6

(\$ in millions)

101-04 TANF Reauthorizations

101-4 TANF Reauthorization: This package implements the Federal requirements for TANF cash assistance and JOBS employment and training programs. [Note - TANF Reauthorization funding also includes Policy Package Elements 101-09 and 101-17 listed below, a total GF investment of \$20 million.]									
		GF		OF		FF		TF	
Governor's Recommended Budget		\$	3.9	\$	5.8	\$	7.3	\$	17.0
CAF		\$	3.5	\$	5.8	\$	7.0	\$	16.3
ASD Portion		\$	0.4	\$	-	\$	0.3	\$	0.7

(\$ in millions)

101-6 Healthy Kids Plan

101-6 Healthy Kids Plan: When fully implemented, the Healthy Kids Plan would provide health insurance to over 100,000 uninsured Oregon children who are primarily from working families. It also would provide access to disease management for children who have asthma and/or diabetes, and it would expand dental sealants to children in low-income schools									
		GF		OF		FF		TF	
Governor's Recommended Budget		\$	-	\$	56.3	\$	48.9	\$	105.2
CAF		\$	-	\$	0.9	\$	0.6	\$	1.5
ASD Portion		\$	-	\$	1.0	\$	0.9	\$	1.9

(\$ in millions)

101-09 Self-Sufficiency Client Service Needs

101-09 Self-Sufficiency Client Service Needs: This package addresses the increased caseloads and costs per case for the TANF, TA-DVS (domestic violence assistance) and ERDC working childcare programs. [Note - this package is a part of the overall TANF Reauthorization plan for DHS along with package element 101-04 and 101-17, a total GF investment of \$20 million.]

	GF	OF	FF	TF
Governor's Recommended Budget	\$ 5.6	\$ -	\$ -	\$ 5.6
CAF	\$ 5.5			\$ 5.5
ASD Portion	\$ 0.1			\$ 0.1

(\$ in millions)

101-11 School Based Health Centers (SBHC)

101-11 School Based Health Centers (SBHC): With this proposal, 60 School-Based Health Centers (SBHCs) will provide important healthcare services in 25 counties to between 43,000 and 48,000 Oregon youth. **Governor's budget funds this package with new Tobacco Tax revenues.**

	GF	OF	FF	TF
Governor's Recommended Budget	\$ -	\$ 2.0	\$ -	\$ 2.0
PHD	\$ -	\$ 2.0	\$ -	\$ 2.0
ASD Portion	\$ -	\$ 0.0	\$ -	\$ 0.0

(\$ in millions)

101-13 DD Juvenile PSRB SB232 Amendment

101-13 DD Juvenile PSRB, SB232 Amendment: SB 232, passed by the 2005 legislative session, requires DHS to present a plan to the 2007 Legislature to integrate adjudicated Developmentally Disabled juveniles into the Parole Supervision Review Board process. This will involve major cost setting up closed custody secure settings for children, which are not matchable under the current Title XIX waiver and is a General Fund only cost.

	GF	OF	FF	TF
Governor's Recommended Budget	\$ 2.0	\$ 0.1	\$ 0.2	\$ 2.2
SPD	\$ 2.0	\$ 0.1	\$ 0.1	\$ 2.2
ASD Portion	\$ 0.0		\$ 0.0	\$ 0.0

(\$ in millions)

101-15 Health Teen Survey

101-15 Healthy Teen Survey (HTS): This proposal is to implement the Oregon Healthy Teens Survey (OHTS) for 2007-09, by funding the contract services and technical assistance for administration of the survey. **Governor's budget funds this package with new Tobacco Tax revenues.**

	GF	OF	FF	TF
Governor's Recommended Budget	\$ -	\$ 0.7	\$ -	\$ 0.7
PHD	\$ -	\$ 0.7	\$ -	\$ 0.7
ASD Portion	\$ -	\$ 0.0	\$ -	\$ 0.0

(\$ in millions)

101-19 Safe and Timely Interstate Placement of Foster Children

101-19 Safe and Timely Interstate Placement of Foster Children: In order to ensure that the Department is able to consistently perform home studies within the time limits prescribed by the federal law, it is proposed that the Department create a small number of Social Service Specialist 1 (SSS1) positions dedicated to the performance of these duties.

	GF	OF	FF	TF
Governor's Recommended Budget	\$ 0.6	\$ -	\$ 0.6	\$ 1.1
CAF	\$ 0.5		\$ 0.5	\$ 0.9
ASD Portion	\$ 0.1		\$ 0.1	\$ 0.2

(\$ in millions)

103-31 Extend Sunset on Provider Taxes for Managed Care Organizations and Hospitals

103-31 Extend sunset on provider taxes for Managed Care Organizations & Hospitals: Extending the provider taxes on Medicaid managed care plans and hospitals provides significant funding for the OHP which, combined with 1.5 to 1 federal matching funds, pays for medical services for low-income Oregonians who otherwise would be uninsured

	GF	OF	FF	TF
Governor's Recommended Budget	\$ -	\$ 191.4	\$ 303.0	\$ 494.4
CAF		\$ 1.0	\$ 1.0	\$ 2.0
DMAP		\$ 190.2	\$ 301.8	\$ 492.1
ASD Portion	\$ -	\$ 0.2	\$ 0.2	\$ 0.4

(\$ in millions)

103-33 Emergency Medical System/Trauma System

103-33 Emergency Medical System/Trauma System: This proposal would improve the state's system of EMS/Trauma services across the state to assure that patients needing emergency medical care receive optimal professional care and treatment. Additional staff and resources will address specific shortcomings including: 1) develop a comprehensive state EMS plan and work with local ambulance services to develop coverage plans for their communities; 2) collaborate with educational facilities to make certain high quality education and training is available - even in remote areas of the state; and 3) collect data on patients to evaluate services and develop quality improvement initiatives. **The Governor's Recommended Budget funds this package with Tobacco Tax.**

	GF	OF	FF	TF
Governor's Recommended Budget	\$ 0.2	\$ 2.0	\$ -	\$ 2.3
HS	\$ 0.2	\$ 1.7		\$ 1.9
ASD Portion	\$ -	\$ 0.3	\$ -	\$ 0.3

(\$ in millions)

103-36 Oregon Health Plan Standard – Increase the Number of People Served in the Capped Program

103-36 Oregon Health Plan Standard - increase the number of people served in the capped program: Expanding the OHP Standard Program by 10,000 clients through increased general funds, combined with 1.5 to 1 federal matching funds, pays for medical services for low-income Oregonians who otherwise would be uninsured. Providing this insurance improves health outcomes, decreases use of more expensive medical services, decreases cost-shifting via the hidden tax of increased premiums in the private sector, and decreases the use of the criminal justice system. **The Governor's Recommended Budget funds this package with Tobacco Tax.**

	GF	OF	FF	TF
Governor's Recommended Budget	\$ 0.8	\$ 52.5	\$ 78.4	\$ 131.7
CAF	\$ 0.8	\$ 1.5	\$ 0.9	\$ 3.2
ASD Portion	\$ -	\$ 0.2	\$ 0.2	\$ 0.5

(\$ in millions)

104-43 The State Hospital Master Plan for Expanded Community Services and Administration

104- 43 The State Hospital Master Plan for expanded community services and administration: For the system to function with the recommended hospital capacity, it is essential to develop the additional community-based client services called for in the replacement plan for the State Hospital. In addition, investment in the administration of the OSH Master Plan implementation is needed. This package also provides the resources to will allow the counties to designate staff for program development for state hospital patients who are ready for discharge and thus increase the pace of community-based development.

	GF	OF	FF	TF
Governor's Recommended Budget	\$ 10.0	\$ -	\$ -	\$ 10.0
AMH	\$ 9.9			\$ 9.9
ASD Portion	\$ 0.1			\$ 0.1

(\$ in millions)

104-44 Harmon Settlement

104-44 Harmon Settlement - (Fed Lawsuit): Provides funding for 17 additional OSH staff and to develop approximately 81 community placements over and beyond 2007-09 caseload growth development.

	GF	OF	FF	TF
Governor's Recommended Budget	\$ 13.5	\$ -	\$ 5.1	\$ 18.6
AMH	\$ 11.3		\$ 4.2	\$ 15.5
ASD Portion	\$ 2.2	\$ -	\$ 0.8	\$ 3.0

(\$ in millions)

104-45 Early Assessment and Support Teams

104-45 Early Assessment & Support Teams: Early treatment of psychosis with evidence-based practices provides the best opportunity for ensuring long-term recovery for 540 persons (ages 16-24) during 07-09. Expanding specialized treatment of this kind will reduce hospitalizations, homelessness, and involvement with the criminal justice system. **The Governor's Recommended Budget funds this package with Tobacco Tax.**

	GF	OF	FF	TF
Governor's Recommended Budget	\$ -	\$ 4.4	\$ -	\$ 4.4
AMH		\$ 4.3		\$ 4.3
ASD Portion	\$ -	\$ 0.0	\$ -	\$ 0.0

(\$ in millions)

105-47 Assure Safe Drinking Water

105-47 Assure Safe Drinking Water: This proposal would ensure that Oregonians have access to safe drinking water by providing staff and resources to ensure that drinking water systems meet all federal and state safety requirements for drinking water quality.

	GF	OF	FF	TF
Governor's Recommended Budget	\$ 2.6	\$ 1.4	\$ 0.1	\$ 4.1
PHD	\$ 2.6	\$ 1.2	\$ 0.1	\$ 3.9
ASD Portion	\$ -	\$ 0.2	\$ 0.0	\$ 0.3

(\$ in millions)

105-48 Support Local Health Departments/CD and Emergency Preparedness Core Capacity

105-48 Support Local Health Departments (LHD's)/CD & Emergency Preparedness Core Capacity: This proposal would improve the ability of Oregon local and state public health programs to protect Oregonians in the event of disease outbreaks, emerging infections, emergency situations, and other health or medical disasters.					
	GF	OF	FF	TF	
Governor's Recommended Budget	\$ 5.0	\$ -	\$ -	\$ -	\$ 5.0
PHD	\$ 4.9				\$ 4.9
ASD Portion	\$ 0.1				\$ 0.1

(\$ in millions)

105-49 Restore Tobacco Prevention Education

105-49 Restore Tobacco Prevention Education: This proposal is to restore Oregon's Tobacco Prevention and Education Program (TPEP) to previous funding and staffing levels to establish activities that have been shown to be successful, and to re-engage community programs, schools, Tribal programs, and the public in various approaches to reduce tobacco use.					
	GF	OF	FF	TF	
Governor's Recommended Budget	\$ -	\$ 7.9	\$ -	\$ -	\$ 7.9
PHD	\$ -	\$ 7.5			\$ 7.5
ASD Portion	\$ -	\$ 0.4			\$ 0.4

(\$ in millions)

105-50 Radiation Protection

105-50 Radiation Protection: This proposal would help protect the public against hazardous exposures to radiation by adding staff to meet national and professional standards for licensing and inspecting facilities that use radioactive materials, X-ray machines and non-ionizing devices. This proposal would add four professional staff with additional technical skills, funded by fees, as recommended by the state Radiation Advisory Committee.					
	GF	OF	FF	TF	
Governor's Recommended Budget	\$ -	\$ 0.4	\$ -	\$ -	\$ 0.4
PHD	\$ -	\$ 0.4			\$ 0.4
ASD Portion	\$ -	\$ 0.0	\$ -	\$ -	\$ 0.0

(\$ in millions)

105-53 SB 333 Fee Increase

105-53 SB 333 - Fee Increase (EBL Pkg 070 off-set): This package will request fee increases for Radioactive Materials Licensing and Grain Analysis, Water Operator Certification, Cross Connection Control Certification, Drinking Water Plan Review, and Medical Marijuana Registration. This Policy Package relates to the Essential Budget Level - Revenue Shortfall Package 070 within Health Services - Public Health Division.					
	GF	OF	FF	TF	
Governor's Recommended Budget	\$ -	\$ 1.9	\$ -	\$ -	\$ 1.9
PHD	\$ -	\$ 1.8			\$ 1.8
ASD Portion	\$ -	\$ 0.1	\$ -	\$ -	\$ 0.1

(\$ in millions)

106-57 Staffing for Children's Benefits Unit

106-57 Staffing for Children's Benefits Unit: This package adds staff resource to increase the division's capacity to help disabled children achieve Supplemental Security Income (SSI) eligibility more rapidly					
	GF	OF	FF	TF	
Governor's Recommended Budget	\$ 0.1	\$ -	\$ 0.1	\$ -	\$ 0.3
CAF	\$ 0.1		\$ 0.1		\$ 0.2
ASD Portion	\$ 0.0		\$ 0.0	\$ -	\$ 0.0

(\$ in millions)

106-61 OSH & SPD MMA Implementation – On-going Workload

106- 61 OSH & SPD MMA Implementation - on-going workload: This package assures that OSH and the community programs will be able to comply with the requirements of the MMA Part D and on-going staffing for new Federal program requirements that require SPD field staff workload increases of over 40,000 cases monthly.

	GF	OF	FF	TF
Governor's Recommended Budget	\$ 3.0	\$ -	\$ 2.2	\$ 5.2
AMH	\$ 0.4	\$ -	\$ -	\$ 0.4
SPD	\$ 2.3	\$ -	\$ 2.0	\$ 4.3
ASD Portion	\$ 0.3	\$ -	\$ 0.2	\$ 0.5

(\$ in millions)

106-62 Self-Sufficiency Program Integrity

106- 62 Self-Sufficiency Program Integrity: This package creates a comprehensive quality assurance program for self sufficiency programs. The Department audit process for the Food Stamp program was implemented to improve overall performance. This package creates a comprehensive quality assurance program for self sufficiency programs and provides staffing to expand program integrity efforts to the branch level for these other programs and by creating permanently funded audit positions in the Food Stamp program.

	GF	OF	FF	TF
Governor's Recommended Budget	\$ (2.6)	\$ -	\$ (4.8)	\$ (7.4)
CAF	\$ 0.9	\$ -	\$ 0.9	\$ 1.9
DMAP	\$ (3.8)	\$ -	\$ (6.0)	\$ (9.7)
ASD Portion	\$ 0.2	\$ -	\$ 0.2	\$ 0.4

(\$ in millions)

106-63 Social Security Recovery

106- 63 Social Security Recovery: This package enables the Vocational Rehabilitation unit to recoup an additional \$1.5 million in Social Security Disability Insurance funds for use in providing services to individuals with severe disabilities.

	GF	OF	FF	TF
Governor's Recommended Budget	\$ -	\$ -	\$ 0.1	\$ 0.1
CAF	\$ -	\$ -	\$ 0.1	\$ 0.1
ASD Portion	\$ -	\$ -	\$ 0.0	\$ 0.0

(\$ in millions)

106-64 Ensuring Quality of Care in Community Based Care Facilities

106- 64 Ensuring Quality of Care in Community Based Care Facilities: DHS is not meeting the statutory requirements of the biennial monitoring of community care settings to ensure client health & safety. Adult Foster Homes, a key component of non-institutional care in the industry, have a rapidly declining capacity and are in need of immediate training and technical assistance.

	GF	OF	FF	TF
Governor's Recommended Budget	\$ 0.4	\$ -	\$ 0.4	\$ 0.8
SPD	\$ 0.3	\$ -	\$ 0.3	\$ 0.7
ASD Portion	\$ 0.1	\$ -	\$ 0.1	\$ 0.1

(\$ in millions)

107 Youth Substance Abuse Prevention

107 Youth Substance Abuse Prevention: Staff are working on an evidence-based prevention strategy focused on reducing likelihood that youth will try methamphetamine or other harmful substances including alcohol. Funded with OLCC revenues.									
		GF		OF		FF		TF	
	Governor's Recommended Budget	\$	-	\$	3.1	\$	-	\$	3.1
AMH		\$	-	\$	3.0	\$	-	\$	3.0
ASD Portion		\$	-	\$	0.0	\$	-	\$	0.0

(\$ in millions)

110 Enhanced Tobacco Prevention Education

110 Enhanced Tobacco Prevention Education: This package is the anticipated \$18 million or 10% of the new tobacco tax revenue from the proposed increase in tobacco taxes.									
		GF		OF		FF		TF	
	Governor's Recommended Budget	\$	-	\$	18.0	\$	-	\$	18.0
PH		\$	-	\$	17.8	\$	-	\$	17.8
ASD Portion		\$	-	\$	0.2	\$	-	\$	0.2

(\$ in millions)

112 OSH Debt Service

112 OSH Debt Service: This package is for the Debt service and cost of issuance (\$992,281 GF and \$8,094,520 COP to capitalize interest) of the OSH replacement project and deferred maintenance above the Capital improvement budget all covered in Package 104.)									
		GF		OF		FF		TF	
	Governor's Recommended Budget	\$	1.0	\$	8.1	\$	-	\$	9.1
ASD Portion		\$	1.0	\$	8.1	\$	-	\$	9.1

(\$ in millions)

Additional detail of the ASD budget is attached (Addenda 1).

Audit Summary

During the 2005-07 biennium ASD received and responded to four audits. Information on each can be found in the following pages.

Review of Small Purchase Order Transaction System (SPOTS) Purchases (2004)

Date: September 20, 2005

The Secretary of State Audits Division made the following recommendation(s):

- DHS develop and provide training to agency managers who are responsible for reviewing and approving purchase card transactions in order to ensure policies are adhered to and transactions are properly recorded and documented.
- Take corrective action when cardholders do not comply with policy and guidelines as directed in the OAM.

In response to the Secretary of State Audit Division recommendations DHS has taken the following action(s):

- DHS has developed a training for all managers responsible for reviewing and approving purchase card transactions. It is contemplated that by the end of this year all managers will have attended the training. DHS is participating in a statewide workgroup with DAS to revise SPOTS card guidelines in the OAM.
- It is the practice of DHS to take appropriate measures when employees do not perform in a manner that supports our agency's mission, goals, and values. This may include corrective action, forfeiture, or disciplinary action.

Change of Director Review

Date: May 2006

The Secretary of State Audits Division made the following recommendation(s):

- Department management ensures the required report is attached to travel reimbursement request when an employee indicates he will receive travel rewards.

In response to the Secretary of State Audit Division recommendations DHS has taken the following action(s):

- The Travel Unit requires receipt of Travel Awards Statement prior to reimbursement of travel claims. Although the Travel Award Statements can't be attached to our electronic travel claims, the Travel Unit does maintain these statements that can be tied back to the corresponding travel claim.

Statewide Audit of Selected Financial Accounts and Federal Awards (FY 2005)

Date: February 2006

The Secretary of State Audits Division made the following recommendation(s):

- The department's executive management continue to take the necessary steps to implement and enforce proper internal controls and project the appropriate tone toward controls in the department. We also recommend the department involve all levels of management to achieve the necessary improvements.

In response to the Secretary of State Audit Division recommendations DHS has taken the following action(s):

- The department implemented recommendations from the multi-Agency Operations Review Team. This team made recommendations in the areas of accounts receivable and recovery, accounting practices and policy, budget processes, internal controls, and treasury and banking practices. Based on the recommendations, the department realigned the areas of finance and budget, bringing both areas together under a new Deputy Director of Finance. In addition, several charter committees were created to address the recommendations some of which include: Working Capital, Quality Staff, and Code of Conduct.

The Secretary of State Audits Division made the following recommendation(s):

- DHS management ensure all cash account reconciliations are assigned and performed regularly. Management should conduct a timely review of reconciliations to ensure they are performed accurately and contain adequate supporting documentation

In response to the Secretary of State Audit Division recommendations DHS has taken the following action(s):

- Partial corrective action was taken. We have assigned two additional staff to assist with the reconciliation backlog. We continue to have issues getting reconciliation reports out of our legacy interface system. We are continuing to work at standardizing our reconciliation formats and reconciliation staff have attended a reconciliation training provided by DAS SCD.

The Secretary of State Audits Division made the following recommendation(s):

- DHS management establish controls to ensure revenue is recorded in the proper period. In addition, we recommend that DHS ensure personnel receive the appropriate training and guidance to accurately perform the duties assigned to them.

In response to the Secretary of State Audit Division recommendations DHS has taken the following action(s):

- As part of the Operations Review Team recommendations the Working Capital Committee is gathering information on revenue accrual and recommending methodologies to improve our cash flow management.

The Secretary of State Audits Division made the following recommendation(s):

- DHS reconcile expenditures and draws on a monthly basis to ensure future draws do not exceed expenditures.

In response to the Secretary of State Audit Division recommendations DHS has taken the following action(s):

- DHS reviews revenues and expenditures for grants in the calculation when determining draw amounts.

The Secretary of State Audits Division made the following recommendation(s):

- The department management follow the CMIA agreement and minimize the time between the drawing down of Federal funds and the disbursement of such funds for Federal program purposes.

In response to the Secretary of State Audit Division recommendations DHS has taken the following action(s):

- DHS reviews revenues and expenditures for grants and draws resources according to our CMIA agreement.

The Secretary of State Audits Division made the following recommendation(s):

- DHS management follow the policies and procedures outlines in the Oregon Accounting Manual for receipting cash.

In response to the Secretary of State Audit Division recommendations DHS has taken the following action(s):

- DHS has two people opening the mail for the Receipting and Trust Unit, logging the receipts, and restrictively endorsing them. One of these individuals has receipting duties, but does not receive any of his receipts through the mail. One hundred percent of his receipts arrive by armored transport. As a result, he is not responsible for depositing and recording any of the items he is logging. He has a backup with similar duties that are not related to receipting the items opened. The other individual opening the mail works in the Accounts Receivable Unit, and assists the Receipting and Trust Unit only in opening and logging the mail. Another staff person in the Receipting and Trust Unit with no related receipting or mail opening duties is responsible for reviewing all deposits for completeness and accuracy.

- The negotiable instruments received via armored transport are imaged by the Office of Forms and Document Management Unit. That unit opens the mail, images the instruments and supporting documentation, logs the items and sends them to the Receipting and Trust Unit for deposit and recording in the accounting system.

The Secretary of State Audits Division made the following recommendation(s):

- The department management use sound budgeting and accounting practices when managing cash flow emergencies and comply with rather than circumvent budgetary controls.

In response to the Secretary of State Audit Division recommendations DHS has taken the following action(s):

- The department implemented recommendations from the multi-Agency Operations Review Team. This team made recommendations in the areas of accounts receivable and recovery, accounting practices and policy, budget processes, internal controls and Treasury and banking practices. Several charter committees were formed including a Working Capital Committee to identify and address the departments' cash flow issues. The committee includes representatives from other agencies as well as Legislative Fiscal Office, DAS Budget and Management Division and DAS State Controller's Division. The committee has identified possible options to the cash flow issue and will be working with the Legislature, DAS and Treasury to identify and implement the appropriate solution.

Review of Small Purchase Order Transaction System (SPOTS) Purchases (2005)

Date: September 2006

The Secretary of State Audits Division made the following recommendation(s):

- Implement limits and guidelines on employee spending, including spending for patient outings.
- Develop and implement internal controls intended to prevent, detect, and deter unauthorized or inappropriate purchases.

In response to the Secretary of State Audit Division recommendations DHS has taken the following action(s):

- Oregon State Hospital is revising their SPOTS card policy that provides guidance on employee spending, including spending for patient outings. This revised policy has incorporated more stringent requirements than the OAM and DHS agency policy.
- Oregon State Hospital has incorporated internal controls into the SPOTS card policy and process. This includes maintaining activity logs, management pre-approval of requested purchases, management's initials upon review of the receipt, and management's signature on the activity log completed at the end of each month.

Statewide Audit of Selected Financial Accounts and Federal Awards (FY 2006)

Date: February 2007

The Secretary of State Audits Division made the following recommendation(s):

- Department managers should stop recording non-federal transactions as federal funds. We also recommend the department establish procedures to ensure all revenue is accrued properly at fiscal year end, and document the methodology for calculating the provider tax accrual.

In response to the Secretary of State Audit Division recommendations DHS has taken the following action(s):

- DHS has the error by recording non-federal expenditure in the federal revenue accrual adjustment at year-end.
- Further procedures are being developed to ensure all revenue is accrued properly at fiscal year end. Actual amounts will be used in preference to an estimate. Accrual methodologies for provider tax revenue will be documented.

The Secretary of State Audits Division made the following recommendation(s):

- Department management should perform timely reviews of the reconciliations and ensure reconciling items are appropriate. We recommend department management ensure that all suspense account balances are included in the cash balance at June 30.

In response to the Secretary of State Audit Division recommendations DHS has taken the following action(s):

- The reconciliation staff has attended reconciliation training provided by the State Controller's Division.
- This fiscal year the reconciliation unit was reorganized to include additional staff. The department has also developed performance measures that will address timeliness of reconciliation activities.

The Secretary of State Audits Division made the following recommendation(s):

- Department management ensure personnel have the requisite knowledge, skills and abilities to accurately perform their assigned duties.

In response to the Secretary of State Audit Division recommendations DHS has taken the following action(s):

- The department has hired Kaufman Global to assist with baseline assessment and benchmarking of our current financial organization. This information will assist us in determining the adequacy of our staffing levels in comparison with similar and best-practiced financial environments. Also, Kaufman Global will be assisting the financial organization in institutionalizing process improvement methodologies. Our goal is to refine our processes to become more efficient and effective and ensure that we have adequate staff that has the requisite knowledge, skills and abilities to perform their duties.

The Secretary of State Audits Division made the following recommendation(s):

- We recommend department management ensure that transactions are properly calculated, documented and an allowable activity.

In response to the Secretary of State Audit Division recommendations DHS has taken the following action(s):

- Financial Services staff has been trained on proper documentation methods. Staff has been instructed to document limits used in queries to ensure that they can be replicated.

The Secretary of State Audits Division made the following recommendation(s):

- We recommend department management ensure that funding transactions are allowable for federal programs and documented in accordance with OMB Circular A-87.

In response to the Secretary of State Audit Division recommendations DHS has taken the following action(s):

- The transaction questioned related to transfer of administrative costs to the TANF grant, which are allowable costs under OMB Circular A-87. The Dept. regularly monitors funding transactions to ensure they are allowable for federal programs. Financial Services staff has been trained on proper documentation methodologies and program and budget approval is required prior to making adjusting entries to federal grants.

The Secretary of State Audits Division made the following recommendation(s):

- Department managers ensure adequate supporting documentation is maintained for all recorded transactions.

In response to the Secretary of State Audit Division recommendations DHS has taken the following action(s):

- Unsupported transactions cited during the audit were during the staff transition period. DMAP is again copying the documentation. No further corrective action is needed. However, due to the large volume of this documentation, DMAP is exploring an imaging solution as well as determining if documentation retained by First Health is sufficient.

The Secretary of State Audits Division made the following recommendation(s):

- Department managers ensure adequate supporting documentation is maintained for all recorded transactions.

In response to the Secretary of State Audit Division recommendations DHS has taken the following action(s):

- Procedures have been changed to require supporting documentation be attached to the payment request submitted to Financial Services. The procedures instruct staff to withhold payment processing or return the request if documentation is missing or not attached.

The Secretary of State Audits Division made the following recommendation(s):

- Department management ensure adequate supporting documentation is maintained for all recorded transactions.

In response to the Secretary of State Audit Division recommendations DHS has taken the following action(s):

- Cost of living and step pay increases are done by automatic computerized process at DAS and eliminates the need for paper transactions. DHS will be meeting with DAS to discuss the revision of State policies regarding computerized vs. paper trail of personnel action. DHS will also review current resources and training available to managers to ensure time locking and leave request documentation requirements are explained.

