

Department of Human Services 2009-11 Policy Option Package

Division Name: Seniors and People with Disabilities

Policy Option Package Initiative: Seniors and people with disabilities live safely and independently in their communities.

Policy Option Package Title: Transfer AAA 95% Equity

Policy Option Package Number: 223

Summary Statement:

This POP increases the capacity to provide programs at the local level, and to meet state and federal requirements and regulations, through DHS contracted Transfer AAAs. Transfer AAAs represent 60 percent of the Seniors and People with Disabilities field structure. The POP increases the Transfer AAA reimbursement rate from 90% to 95% of the cost to run a similarly staffed state office, as required by OAR 411-002-0175. The gap in the reimbursement formula has resulted in an inequitable workload for the Transfer AAAs and diminished their capacity to meet performance measures and program goals. This POP requires no new FTE.

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WILL IT BE IMPLEMENTED?

DHS contracts with the five largest county entities to provide services to seniors and people with disabilities. The Transfer AAAs field structure represents 60% of the SPD field structure. The reimbursement methodology sets an “equity” level based on similar cost to run a state office. Transfer AAAs are currently funded at 90%. The Transfer AAAs are experiencing an increasing gap in the reimbursement formula used to calculate the base budget to meet the requirement of up to a 95% reimbursement.

Following the approval of 2003-05 HB 2288 and establishment of an allocation methodology in rule in the 2003-05 budget, in the 2005-07 and the 2007-09 base budget development for SPD, the department was not able to set the Transfer AAAs reimbursement levels at 95% in the Essential Budget Level process. A Policy Option Package in the 2005-07 budget development was not put forward in the Governor’s Recommended Budget but did not result in an increase. A Policy Option Package in the 2007-09 budget development resulted in increasing the average equity level from 83% to 90%.

Current law OAR 411-002-0175 requires DHS to establish an annual budget level that results in a budget level of not less than 95% of the cost to run a similarly staffed state office. This package sets the Transfer AAAs at the 95% reimbursement level of the cost to run a similar state office. House Bill 2288-Section 2 requires: "DHS shall adopt by rule a methodology for determining annual budget levels for Type B AAAs....that (a) Includes both direct and indirect costs; and (b) Results in a budget level for a Type B AAA that is not less than 95 percent of the amount that would otherwise be budget for a local DHS office and serving elderly persons and persons with disabilities." Rule 411-002-0175 outlines the methodology used to calculate equity.

The gap in the reimbursement formula has impacted the Transfer AAA's capacity to provide programs and to meet state and federal requirements and regulations resulting in an inequitable workload and diminished capacity to meet performance measures and program goals.

The Legislative discussion and policy decision whether to fund the Transfer AAAs at 95% level was set in HB 2288 and the 2003 Legislative Session. The intent of the legislation was to fund Transfer AAA's at 95% of the cost to run a local DHS office. The estimated cost of 95% equity level would be an additional \$7.5 million TF.

2. WHY DOES DHS PROPOSE THIS POP?

Provision of DHS services provided by local partners to communities where they are needed is a key performance measurement and goal. Often, it is the local level that understands the community and can provide services that are safe and available in communities where they are needed. Contracting with local partner counties, council of governments and providers assist in meeting that goal and the provision of local services.

3. HOW DOES THIS FURTHER THE AGENCY'S MISSION OR GOALS?

Partnership with local partner counties, council of governments and providers in the provision of safe services provided in communities where they are needed.

4. IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?

KPM #2 – Seniors living outside of institutions.

5. DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.

No

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

Not increasing reimbursement to 95% was discussed, but the agreement with the Transfer AAAs was to develop a POP to increase from 90% to 95% in the 2009-11 budget development.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

Transfer AAAs would continue to experience a gap in the reimbursement formula that impacts the Transfer AAA's capacity to provide programs and to meet state and federal requirements and regulations resulting in an inequitable workload and diminished capacity to meet performance measures and program goals.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

Transfer AAAs in Multnomah, Lane, Clackamas, Linn-Benton-Lincoln, Marion-Polk-Yamhill-Clatsop-Tillamook

9. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Implementation Date: 2009/2011 Transfer AAA contracts.

End Date (if applicable): _____

a. **Will there be new responsibilities for DHS? Specify which division(s) and describe their new responsibilities.** None

- | | |
|--|---|
| <input type="checkbox"/> Administrative Services | <input type="checkbox"/> Addictions and Mental Health |
| <input type="checkbox"/> Children, Adults and Families | <input type="checkbox"/> Public Health |
| <input type="checkbox"/> Division of Medical Assistance Programs | <input type="checkbox"/> Seniors and People With Disabilities |

b. **Will there be new administrative impacts? Specify which office(s) and describe how it will be affected.** None.

- | | |
|--|--|
| <input type="checkbox"/> Human Resources | <input type="checkbox"/> Payment Recovery |
| <input type="checkbox"/> Information Security (privacy) | <input type="checkbox"/> Investigations and Training |
| <input type="checkbox"/> Document Management (imaging) | <input type="checkbox"/> Facilities |
| <input type="checkbox"/> Audit and Consulting | <input type="checkbox"/> Contracts |
| <input type="checkbox"/> Information Services (IT) | <input type="checkbox"/> Budget |
| <input type="checkbox"/> Financial Services (Accounting) | <input type="checkbox"/> Other (Specify) |

c. **Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.**

Full funding up to the 95% level reimbursement level allows for services to be enhanced.

d. **Will it take new staff to implement and maintain? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary. Attach position descriptions.**

None, these are not state employees, they are employed by the Transfer AAAs.

- e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?**

None. in Transfer AAA contract.

- f. What are the ongoing costs?**

Continuation of funding at 95% level

- g. What are the potential savings?**

None

- h. Based on these answers, is there a fiscal impact?**

Yes

- i. What are the sources of funding and the funding split for each one? Include grant names and fund type, such as “Medicaid, General and Federal Funds.”**

Current Equity Level at 90%

AAA	FTE	Total 100% Allocation	95% Allocation	Current Allocation	Current Percent
Multnomah	286.39	45,895,606	43,600,825	41,306,044	90%
Clackamas	92.17	13,566,875	12,888,531	12,210,191	90%
NWSDS	180.61	27,125,786	25,769,496	24,413,207	90%
OCWCOG	83.82	12,223,257	11,612,094	11,000,931	90%
Lane	108.80	16,443,954	15,621,756	14,799,558	90%
Totals	751.79	115,255,468	109,492,702	103,729,931	90%

Based on 07-09 costs, all cost would be inflated and recalculated using 09-11 comp plans, indirect and state government pricelist.

Funding Source
Medicaid Federal Funds and General Funds

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