

## **Impact of Oregon Health Plan Expansion Offsetting Cuts of Community Funding for Addiction and Mental Health Services**

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The proposed expansion in the Oregon Health Plan Standard (OHP-S) population will increase the number of people receiving mental health and addictions services through the health plan. It is commonly believed that the increase will offset the proposed decreases in General Fund under the Governor's Recommended Budget (GRB) for addictions and mental health services. The Addictions and Mental Health Division (AMH) analysis of the "offset" does not lead to the same conclusion.

The Department of Human Services (DHS) expects to increase enrollment in OHP-S by creating a reservation list similar to the process DHS used in 2008. Individuals will apply for a slot on the reservation list and then will be randomly selected to actually apply for OHP. The extent to which clients currently funded by state General Fund dollars are able to get on the reservation list and subsequently found eligible will play a large role. From recent experience, AMH believes that many of the people who would need addictions and/or mental health services will not make it onto a reservation list and even fewer will be found eligible for OHP.

The following document details this conclusion. The numbers and conclusions are based on the proposed expansion of OHP-S in the GRB. The GRB proposed an increase in the OHP-S population by 75,000. This would raise the final number in OHP-S to approximately 100,000 individuals. An expansion of less than 75,000 would decrease the projected increases in the conclusions in this document.

### ***Impact of Increased OHP-S Expansion for Alcohol and Drug Services***

AMH estimates between 16,500 to 19,000 people in OHP Standard (OHP-S) will receive a substance abuse treatment service over the course of the 2009-11 biennium, assuming the OHP-S enrollment increases by 75,000 people over that time. This compares to the 4,000 people in OHP-S for the current biennium (07-09) who will have received a substance abuse treatment service. The proposed

increase would be a significant increase in OHP members receiving substance abuse treatment services.

Based on proposed cuts in the Governor's Recommended Budget and the 30 percent budget reduction options agencies were asked to develop, there are lingering concerns about the people who are currently receiving substance abuse services that are funded through state General Fund and Federal Block Grant dollars. A question has remained of how many of them would directly benefit from the proposed OHP-S expansion.

AMH estimates that very few will benefit from OHP-S expansion. We have determined this based on the following facts and assumptions:

- ❖ Currently, approximately 24,000 people per month who are not on OHP receive a substance abuse service.
- ❖ About 15,000 of these people could be eligible for OHP-S because their incomes are below 100 percent of the Federal Poverty Level and they do not appear to have any private insurance or other means to pay for services. These are the people that could potentially enroll in an expanded OHP-S.
- ❖ DHS expects to reinstate the reservation list and lottery process for OHP-S expansion in the 2009-11 biennium, similar to the process used in 2008. Individuals would apply for the reservation list during a short window. DHS would then send OHP applications to individuals randomly selected from the reservation lists. Individuals would then have to complete the application and return it to DHS. Finally, DHS would determine eligibility and enroll eligible individuals into OHP-S.
- ❖ Due to this reservation and application process, AMH has made the following conclusions:
  - About 9,600 of the 15,000 people (64 percent) have a referral from the criminal justice system. These individuals would have a difficult time enrolling in OHP-S in a timely manner as ordered by the courts, since enrollment would be accomplished through the lottery process for people on a previously created reservation list.
  - The remaining 5,200 people (46 percent) would have a better chance of signing up for the reservation list. Unfortunately, this is not a population that plans ahead, are often homeless or move frequently and have multiple crises in their lives. So, perhaps half (2,600) of the individuals might end up on the OHP-S reservation list used for the lottery process.

- If only 75,000 people end up on the reservation list, then all 2,600 people would probably be chosen and would be eligible for alcohol and drug services under the Standard benefit of the OHP.
  - However, DHS expects the reservation list to be closer to 150,000 people, which would cut in half the probability of being selected.
  - This means that 1,300 or fewer (5 percent) of the 24,000 people currently receiving a state general funded monthly substance abuse treatment service would probably benefit from the increase in the OHP-S population.
- ❖ Based on these conclusions, AMH estimates the general fund costs of serving the approximately 19,000 of individuals not enrolled in OHP-S to be \$28 million dollars using a case rate of \$1,500 per person for the biennium.

### ***Impact of Increased OHP-S Expansion for Mental Health Services***

AMH estimates approximately 17,500 to 24,700 people in Oregon Health Plan Standard (OHP-S) will receive a mental health treatment service over the course of the 2009-11 biennium, assuming the OHP-S enrollment increases by 75,000 people over that time. By the end of the current biennium (07-09) only about 5,000 people enrolled in OHP-S will have received a mental health treatment service. This would be a significant increase in OHP members receiving a mental health treatment service.

Based on proposed cuts in GRB and the 30 percent budget reduction options agencies were asked to develop, there are concerns about the people who are currently receive mental health services that are funded through state General Fund and Federal Block Grant dollars. A question has remained of how many of them would directly benefit from the proposed OHP-S expansion.

AMH estimates that very few of people needing mental health services will benefit from OHP-S expansion. We have determined this based on the following facts and assumptions:

- ❖ Approximately 13,500 people per month who are not on OHP receive a mental health service.
- ❖ About 12,700 of these people have household incomes below 100 percent Federal Poverty Level and do not appear to have any private insurance or other

means to pay for services. These are the people that could potentially enroll in OHP-S.

- ❖ DHS expects to reinstate the reservation list and lottery process for OHP-S expansion in the 2009-11 biennium, similar to the process used in 2008. Individuals would apply for the reservation list during a short window. DHS would then send OHP applications to individuals randomly selected from the reservation lists. Individuals would then have to complete the application and return it to DHS. Finally, DHS would determine eligibility and enroll eligible individuals into OHP-S.
- ❖ Due to this reservation and application process, AMH has made the following conclusions:
  - This group would have a good chance of signing up for the reservation list if assistance were provided. However, this is also not a population that plans ahead, are often homeless or move frequently. They often need assistance navigating programs and bureaucracies. AMH estimates that approximately half (6,500) individuals might end up on the OHP-S reservation list used for the lottery process.
  - If only 75,000 people end up on the OHP-S reservation list then all 6,500 people would probably be chosen and would be eligible for mental health services under the Standard benefit of the OHP. However, DHS expects the reservation list to be closer to 150,000 people, which would cut in half the probability of being selected.
  - This means that 3,250 or fewer (24 percent) of the 13,500 people currently receiving a monthly mental health treatment service would probably benefit from the increase OHP-S population.
- ❖ Based on these conclusions, AMH estimates the general fund costs of serving the approximately 10,000 individuals who will not be enrolled in OHP-S to be \$28 million dollars using a case rate of using a case rate of \$2,800 per person.

***Benefits of OHP-S Expansion by numbers of clients in the expansion***

Population	OHP Expansion by		
	75,000	50,000	25,000
Addictions	1,300	867	433
Mental Health	3,250	2,167	1,083