

**Local Government Advisory Committee  
Room 473, Human Services Building, Salem  
May 11, 2007  
Minutes**

**ATTENDING**

Susan Allan	DHS – Public Health Division
Janet Carlson	Marion County Commissioner
Barbara Carranza	Oregon Commission on Children and Families
Joe Corsiglia	Columbia County Commissioner
Gary DiCenzo	Clackamas County Dept. of Human Services
Mary Geer	DHS – Seniors and People with Disabilities Division
Bruce Goldberg	DHS – Director
Sharon Guidera	Association of Community Mental Health Programs
Bill Hall	Lincoln County Commissioner
Tony Howell	League of Oregon Cities
Chuck Hurliman	Tillamook County Commissioner
Linda Modrell	Benton County Commissioner
Jim Neely	DHS – Children, Adults and Families Division
Bob Nikkel	DHS – Addictions and Mental Health Division
Gina Nikkel	Association of Community Mental Health Programs
Debra Patterson	Oregon Juvenile Department Directors’ Association
Anne Peltier	Conference of Local Health Officials
Rob Rockstroh	Lane County Health and Human Services
Clyde Saiki	DHS – Deputy Director
Cindy Scheick	DHS – Finance and Policy Analysis
Julie Strauss	DHS – Finance and Policy Analysis
James Toews	DHS – Seniors and People with Disabilities Division
Wendy VanElverdinghe	Community Action Directors of Oregon
Bill Wagner	Cascades West Council of Governments
Sandy Wood	DHS – Division of Medical Assistance Programs

**WELCOME & INTRODUCTIONS**

Linda Modrell called the meeting to order and roundtable introductions were made.

Minutes were approved with noted changes.

## **DIRECTOR'S REPORT – Bruce Goldberg**

Recently the Governor lived on a food stamp budget of \$21 for one week as did Bruce and several other DHS staff. It was a learning experience and raised the awareness of how many Oregonians live with hunger every day.

The Legislature is heading into the last month and a half of session. Bruce believes the session will finish around the end of June. Next week the Legislature will review the May revenue forecasts and the re-shoot of the DHS budget. Based on that information and the possibility of no additional revenue, the budgets will be assembled. The tobacco tax, corporate minimum tax and the beer and wine tax are currently up in the air; however there may be last minute efforts to get those passed. The Legislature will look at filling some of the holes in the co-chair's budgets with pressure to put more money into higher education and human services.

Regarding the DHS budget, Bruce said LGAC could assist with support of SB 184 that takes 2% of the OLCC increased dollars and puts \$10 million into alcohol and drug treatment for parents who have children at risk for going into the child welfare system, \$3 million to youth alcohol and drug prevention activities and \$3 million to drug courts. Getting more money back to counties and in alcohol and drug treatment is a priority and to have SB 184 passed would help make dollars available for other areas.

Gina Nikkel said the Ways and Means Human Services Subcommittee members are very supportive, but the conversations are not going well for human services. One committee member does not seem to be happy with the outcome, while other committee members are satisfied.

There is a lot of support for SB 184 and Bruce has spoken with many legislators.

Linda Modrell asked if the 2% will affect the OLCC money currently distributed to cities and counties.

The distribution formula will remain the same. The 2% comes off the top before the money is distributed. Cities and counties will see an increase in revenue, just not as much, which is why the cities were opposed to the bill. Counties and other governments who have been involved in human services are supportive of the bill.

Copies of the mental health and addiction services outcomes will be available at the AOC Human Services Committee meeting today.

**Action Item:**

Gina Nikkel will send the outcomes to Diana Woods to forward to LGAC.

Sharon Guidera said court administrators and judges feel they are taken care of with the drug courts, but wanted to know if there are other bills that she is unaware of. HB 3370 would take 5% from OLCC and put it only into drug courts. That bill restructures the entire formula. It would substantially give drug courts more money, but puts nothing back into treatment and prevention.

There are issues with HB 3370. DHS's position is a comprehensive approach to alcohol and drug treatment and drug courts are a part of that, but people should have access to treatment without having to commit a crime in order to receive services. Neither bill puts enough money into treatment. SB 184 treats parents, keeps kids out of the foster care system, is cost effective in the long run and also includes money for drug courts.

Gina Nikkel asked about the beer and wine tax. It is her understanding that a small committee is looking at taking the state part of the OLCC funding and providing a permanent place for state police funding, adding a 5-7 cent beer tax so addictions treatment would be tied to the state police.

Bruce Goldberg said that any revenue raising measure must pass the House and there is growing pessimism that any of these will pass. The focus is on getting the provider taxes passed. The Healthy Kids Initiative will need the tobacco tax to pass in order to be funded.

Items in the budget that directly relate to counties are being looked at favorably.

Bill Wagner expressed concern with the co-chairs budget in terms of seniors and people with disabilities. The equity is being talked about, but is not what DHS wanted, however nothing is final.

One issue everyone faces across the board is affordable housing. There will be investments made in housing that will help everyone. An additional \$50-100 million will go toward housing. Next Wednesday and Thursday will be the hearing on HB 3551 which adds a document recording fee anytime property is sold. The Legislature wants to pass the package; county clerks are the only opposition.

Bruce suggested that maybe after session LGAC could spend an hour debriefing to discuss what worked and what didn't during session and what budget items were supported and which ones weren't. There are state priorities that the public and the Legislature support and it is important to tie the state's position to the will of the people. A lot of time is spent in reports back to the Legislature and those reports would be a good place to tie those back.

**Action Item:**

Gina Nikkel will send Bruce Goldberg an email invitation to attend the Association of Community Mental Health Programs meeting on June 28 at the Local Government Center.

**SENIOR FACILITIES – James Toves and Mary Geer**

The senior facilities market is shifting to private pay rather than Medicaid reimbursement. Oregon has been fortunate to have a robust community care network that is carefully balanced between private pay and Medicaid. Over time Medicaid rates have not kept pace with private pay and now the market is shifting. If the market place in the middle of the system between home care and nursing homes starts to erode and people are not able to be cared for at home, they would move into nursing homes at 2-3 times the cost. This is an alarming trend.

DHS has been working on this issue and it was discussed in Ways and Means. There has been an accelerated loss of Medicaid capacity in community-based settings over the last 6-9 months. What that does to the system is take away some of the choices consumers have and reduces the options for nursing facility alternatives. There are several reasons contributing to this trend and one is rates. Community-based care has received no increase except for cost of living increases in many years, so it is difficult to compete with the private pay rates. This is especially significant with Alzheimer Care Units where at one point, the Medicaid rate covered about 2/3 the cost compared to private pay rate and because there have been no increases in that area, the Medicaid rate is now down to 1/3 of private pay markets. In some areas there is no Medicaid access for specialized Alzheimer Care Units.

A facility in Lincoln County elected to terminate their Medicaid contract, the result was 15 residents who were paid through Medicaid funds had to relocate. The issue with the corporation who owns the facility was not the rate but acuity of care. The issue with the facility in Lincoln County is they did not want nursing services on site. One option presented to this corporation was to be licensed as a retirement

community and have home health come in and do those services. They wanted to be called an assisted living facility, but did not want to meet the licensure rules.

Currently there is a license moratorium in statute on new assisted living and residential care facility licenses. Under certain instances the department can issue licenses for underserved populations or underserved areas. The moratorium has been in place since 2001 when there was a huge boom in building and in order to control capacity and is scheduled to sunset in 2009. DHS put the moratorium in place.

Now there are a limited number of assisted living and residential care facility beds and as those beds fill up with private pay patients, facilities are less inclined to accept Medicaid patients. To address this issue, DHS wants to equalize rates for providers in the community-based care system, tying reimbursement more to the client's needs than the setting they are in. DHS also wants to look at an alternative rate methodology to replace the current one with something that clearly ties the client's needs to the rate that the State would pay. Nursing facility rates for the next biennium are around \$7000 per month with around a 60/40 match.

In the Governor's Recommended Budget, there is a policy option package that includes one position for an adult foster home developer. That person's job would be to develop new foster homes in areas that are particularly underserved.

There are significant access problems with the Alzheimer Care Units around the state for specialized care. DHS will be updating the Alzheimer Care Unit rules. Once the rules are complete, the department will look at the rate structure.

Representative Jean Cowan spoke with Bill Hall shortly before LGAC started. There are now 31 facilities that are in gradual withdrawal. Rep. Cowan has been in contact with other Legislators whose districts those facilities are located in and they are very interested in this issue. She has also met with senior and disability advocates on this issue.

Joe Corsiglia asked where the VA fits into this issue. DHS has a Medicaid contract with the VA nursing home, but much of the VA funding is through the federal government.

Bill Wagner explained this is an important issue for mental health as well as alcohol and drug treatment advocates. Medicaid is an entitlement for those qualified for Medicaid. If a person qualifies for Medicaid, the State must provide

nursing home facility care, assuming that person meets the level of need. If we lose the less intensive care facilities, state costs will escalate dramatically affecting the use of other DHS programs.

Chuck Hurliman said the reason private organizations are dropping out is due to liability. There are several ways to address the issue. One way would be to provide nursing homes with hospice which would take the liability away from the private organization.

There are nursing services that come into peoples homes to provide services; the problem is fitting together all of the benefits. Oregon developed community-based care and licenses assisted living and residential care facilities with a nursing component in the licensure requirement. DHS will be having discussions with stakeholders over the next biennium around what to do to address this issue.

#### **SCHOOL NUTRITION BILL UPDATE – Wendy VanElverdinghe**

Over the past 20-30 years, vending machines have become very popular in schools, not just for providing snacks for kids, but for providing revenue for schools. The School Nutrition Bill (HB 2650) has passed the House. The bill looks at what is provided to kids in school and it puts regulations on what is allowed to be sold. The market currently does not provide for nutritional options. If the bill passes, it will help kids make better nutritional decisions and help with childhood obesity.

There is an emergency clause which would allow implementation for the next school year, but the actual change would begin in July 2008.

#### **STATE/COUNTY LEVERAGING UPDATE – Cindy Scheick**

A meeting was held with the Local/State Partnership workgroup to develop the charter and discuss what the purpose is and what the goals are. The three goals identified were to 1) increase federal return on current local and State general revenues; 2) increase federal return on newly developed local and State general revenues; and 3) management of financial and political risk.

The membership of the workgroup consists of DHS staff and county representatives and is also seeking the assistance of Gordon Fultz to help identify AOC participant. The workgroup would like more involvement from mental health and justice to have more diverse involvement. The workgroup wants to move to evaluating and recommending decisions on a more statewide basis.

Gina Nikkel offered to provide names from mental health arena. Gina also said she would contact AOC.

Cindy Scheick asked to be on the AOC agenda to provide an update on the status.

It was suggested the workgroup request technical assistance from counties or organizations that could assist and to touch base with Centers for Medicare and Medicaid Services (CMS).

The workgroup will be looking at any and all funding streams, not just Medicaid. If LGAC has suggestions on someone to recommend, please contact Cindy Scheick at (503) 945-6700.

### **AOC HUMAN SERVICES REPORT – Janet Carlson**

AOC Human Services Committee will meet at 12:45 p.m. The agenda includes a legislative update, review of a matrix of all the bills worked on to date, and number of issues from last month went to special operations committee.

Lunch will be served at 12:30 p.m. and everyone invited.

### **ADDITIONS TO AGENDA**

Governor's steering committee on Oregon Wraparound Project had their first meeting. The infrastructure to build a state system of care approach that will facilitate local development of children's mental health services. One of the pieces discussed was to look at cost of the high-end group and how using children's funding across different divisions and in the Department of Education to see if there are opportunities for blending funding to help maximize the dollars efficiently in providing tailored services for children and families.

The committee will have a strategic plan to the Governor by September. There will be three subcommittees appointed. This item will be added to a future agenda.

### **FUTURE AGENDA ITEMS**

Statewide Wraparound Project – Sharon Guidera

Effect on Human Services as a Result of County Budget Cuts – Linda Fleming and Gina Nikkel

Seamless Health Care for Inmates Coming Out of the System (progress report) – Bob Nikkel and John Hartner

Meeting adjourned at 11:38 a.m.