

September 6, 2005

TO: Executive Committee

FROM: Kay Metzger

SUBJECT: S&DS' Funding Personnel and Service Cut-backs

Service Cuts

The result of this year's Legislative Session produced both good news and bad news for Senior & Disabled Services and its clients. The good news is the Oregon Project Independence Program received a funding increase to \$12 million, the relative foster home program was retained, no cap on Medicaid—Title XIX—funded long term care services was imposed, and Transfer AAA's received \$4 million to begin to address the "equity funding" problem. The bad news is the General Assistance Program was eliminated, impacting around 100 low income Lane County residents. The Employment Initiative Program was also eliminated. The EI Program offered vocational-related services to about 215 disabled people this past year. Medical coverage through the Oregon Health Plan has also been reduced. Additionally, S&DS took a significant cut in staffing due to caseload adjustments.

S&DS' Budget for 2005-06 and Reduction in Force Plans

Preliminary 2005-07 staffing and budget information for S&DS is beginning to emerge from the Department of Human Services. Unfortunately, the outlook for the funding of S&DS is not positive. Last week, the State's Seniors and People with Disabilities (SPD) division conveyed to us revised information on the number of staff, by classification, that we are losing. In total, we are losing 20.56 FTE.

LCOG/S&DS, as a Type B2 Transfer Agency, receives a cash allocation rather than specific staff positions. The reduction of 20.56 FTE represents 15.84 percent of the staff earned in 2003-05. While actual revenue numbers will not be available until mid- to late-September, it is safe to assume that our Medicaid revenue for 2005-07 will be about 15 percent smaller than for 2003-05. After factoring in the savings accomplished by a recent hiring freeze, personnel changes (such as retirements or new job-shares), and other cost shifts, the S&DS' 2005-06 Title XIX budget shows a deficit of \$376,298.

Given the size of the deficit, it was determined that 9.5 additional positions needed to be eliminated. The S&DS Management Team worked through several difficult

meetings to determine where the staff reductions should occur. Most layoffs are scheduled to take effect October 31st, with some occurring later in November due to bumping rights of impacted individuals.

With the reality of staff reductions in the near future, S&DS Management is currently in the process of evaluating our organizational structure and assignment of duties. As an extension of this discussion, the Management Team decided to modify the hours the Eugene Office is open to the public, much as we did in 2003 when we experienced significant staff reductions. Beginning October 1, our public hours will be 9:00 a.m. to 12:00 noon and 1:00 p.m. to 4:00 p.m.

Temporary Employment Opportunities relating to Medicare Part D

The date for the implementation of the Medicare Modernization Act is rapidly approaching. Beginning January 2006, Medicare recipients can begin receiving help with their prescription drug costs. This is a significant change for all of our clients who have Medicare. Many will need help understanding the changes and deciding what is best in their situation. Fortunately, the State Legislature recognized the magnitude of this change and approved funding for several temporary positions to assist the “fully dual eligibles” (those people with both Medicare and Medicaid). S&DS will receive additional funds over-and-above our regular Medicaid allocation to assist with this work. We anticipate the ability to employ several temporary staff from mid-October through spring 2006. Additionally, using Older Americans Act funds, we will hire one temporary position to co-ordinate activities that will assist the non-Medicaid population of Medicare recipients. S&DS will begin by recruiting internally for these positions. Thus, employees scheduled to be laid off will be given first consideration.