

BUDGET NARRATIVE AND JUSTIFICATION

Section I: General Information January 1, 2023 – December 31, 2023

A. INTRODUCTION

The following budget presentation covers two programs:

- Community Health Center/330
- Health Care for the Homeless

All presentations share the grant January start date, and a common fiscal year of July through June.

The budget presentation consists of three sections:

- General budget information & justification common to all programs
- Budget presentations, detailing budget information
- Federal 424a form and other tabular budget information

The following budget presentation represent grant year 22.

B. SOURCE OF BUDGETARY INFORMATION

Multnomah County operates on a July 1 - June 30 fiscal year. The County adopted its FY 2022/2023 operating budget. This operating budget includes appropriations and corresponding revenue estimates for the entire scope of the project. The budget presentation is based on this operating budget. The operating budget covers the first six months of the grant application period. In keeping with past practice, we have not assumed a cost-of-living adjustment for the final six months (July 2023 through December 2023) of the grant application first year.

FY 2022/2023 budget was developed during COVID-19 pandemic spread. The Adopted budget takes into consideration COVID-19 effect on operations with plans to improve and adjust operations.

C. COST ALLOCATION

The source document for cost allocation is the recently adopted FY 2022/2023 operational budget for the Health Department.

The **CHC and HCH Programs** include the following:

- All Primary Care Clinics
- All Student Health Centers
- The Dental Program
- The Eligibility Outreach Program and other Enabling Services
- The HIV Treatment Program
- Information and Referral Program
- Pharmacy Services

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D. INDIRECT COSTS

The County has established federally approved indirect rates for FY 2022-2023. The combined indirect rate includes Central Services cost allocation plan that identifies and distributes the cost of services provided by central County support organizations (e.g. Budget Office, County Auditor), and the Health Department Administration cost allocation based on administrative costs incurred within the Health Department. Indirect rates are assessed on personnel actual charges. Only costs not charged directly to grants are included in the indirect rate. Internal County services (e.g. IT, Phones, Distribution) are charged directly to grants, when applicable, and are not part of the County indirect rates. Indirect rates are applied to personnel cost only.

As a local government, these rates are not negotiated with DHHS. A letter of exemption from the cognizant federal agency, Department of Health and Human Services, is attached to the application. These rates are, however, subject to audit. A complete copy of the County 2022-2023 Indirect Cost Allocation Plan is available upon request.

E. EMPLOYEE COSTS

Base Pay

General staff positions (clerical assistant, health assistant, nutritionist, hygienist, etc.) are represented by the American Federation of State, County and Municipal Employees (AFSCME Local 88). Nursing staff are represented by the Oregon Nurses Association (ONA). Physicians and dentists have joined AFSCME and they are represented by Local 88. Rates of pay for these groups are determined through collective bargaining.

Management staff are not represented. Pay increases are awarded through local ordinance, enacted by the Board of County Commissioners.

Fringe Benefits

Employees assigned to the programs within the project scope receive the same benefit package as County employees in general. Benefits costs consist of three components:

- **Salary Related Expenses** are budgeted at 41.09% of the base pay. This includes PERS retirement (25.09%), PERS Bond (7.35%), FICA (7.65%), Family Leave (0.2%), and Tri-Met transit tax (0.8%). PERS retirement for employees hired after August '03 is (21.26%) with a total expense of 37.26% of base pay.
- **Salary-Related Insurance Benefits** are budgeted at 7.25% of the base pay. This includes workers compensation insurance (0.70%), liability insurance (2.45%), unemployment insurance (0.25%), long term disability insurance (0.75%), retiree medical insurance (2.0%), and benefits administration (1.10%).

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- **Flat-Rate Insurance Benefits** are budgeted at \$18,918 for full-time employees (0.8 – 1.0 FTE). For Local 88 union three-quarter time employees, it is \$14,188 and \$10,798 for other part-time employees (0.5 FTE – 0.74 FTE). This covers medical and dental insurance, life insurance, and health promotion. Employees have a health insurance co-payment that varies depending on type of coverage and family size.

For employees contributing to these programs, the average budgeted cost of benefits as a percentage of payroll dollars for FY 2022-2023 is 40.46%. For FY 2021-22 the average was 41.1%.

F. PROJECT REVENUES

Schedule of State, Local, and Other Funding

1- <u>Other Federal Grants</u>	10,881,740
Other Federal ARPA Community Health Centers	8,075,272
Other Federal Ryan White I	1,379,783
Other Federal Ryan White IIIb - Early Intervention	763,855
Other Federal Ryan White IV AIDS Healthcare	374,930
Other Federal SPNS - HIV	287,900
2- <u>State</u>	1,701,464
State School Based Health Clinics	1,131,534
State Oregon Health Authority Ryan White	355,500
State OHA HIV Care Assistance	111,842
State Family Planning	87,588
State Refugee Health Promotion	15,000
3- <u>Local Government</u>	-
4- <u>Private Grants</u>	397,946
Pharmacy ADAP/CARE Assist	116,488
CareOregon Primary Care - Dental Coordination	98,338
Local UW AIDS Educ Training Center	85,000

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Roots & Wings Strong Start for Kids	85,000
OHSU HIV Counseling - Russell St.	13,120
5- <u>Other Medicaid/Medicare</u>	50,943,186
Other Medicare Pharmacy FFS	19,161,518
Other Medicaid Pharmacy FFS - CareOregon	18,872,682
Other Medicaid Quality & Incentive Pay - CareOregon	10,921,495
Other Medicaid Pharmacy FFS	1,503,960
Other Patient Fees Pharmacy	483,531

Health Center (FQHC) Enterprise Fund

The Integrated Clinical Services of the Health Department has established a new dedicated Health Center Fund (Enterprise Fund) to fully segregate Community Health Center financial activity for the other County activities. HRSA requires FQHC's maintain effective controls over all funds, property, and other assets to ensure they are used for authorized purposes. All financial activity is in this dedicated and reportable accounting fund.

PPS Rate Rebasing

The County FQHC has successfully negotiated the PPS and APM rates with the State of Oregon. This resulted in increasing the PPS rate from \$285 to \$344 per visit and the APM from \$51 to \$87 per assigned member per month. The agreement with the State resulted in a \$24.5 million in retroactive payment that was posted and reported in FY22.

County General Fund and General Economic Climate Overview

The FY2022/2023 Health Center Budget does not include any County General Fund contribution. The recovery from the pandemic-induced recession continues to be rapid and uneven. As of February 2022, the unemployment rates in both Oregon and Multnomah County were close to the historically low levels that preceded the pandemic. Overall employment remains around 27,000 jobs (or 5.1%) below pre-pandemic levels with the shortfalls concentrated in industries that were most directly impacted by changes in consumer behavior and public health interventions. Job recovery for white and Asian workers was faster than Black and Latino workers, with the Black unemployment rate recovery stalling at a level that matches recessionary unemployment rates for white workers. Globally, the Delta and Omicron surges caused supply chain disruptions leading to shortages and price increases. Inflation is at levels last seen 40 years ago and has broadened beyond disrupted industries. In March 2022, the Federal Reserve's Open Market Committee began the process of increasing rates and signaled a commitment to controlling inflation. The expected path of rates in FY 2022 increases the likelihood of recession over the next one or two years. Despite the tight labor market and health of household

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balance sheets, consumer sentiment has started to turn more pessimistic in response to rising prices.

Property tax is the single largest discretionary source of revenue in the General Fund, accounting for approximately 60% of ongoing revenues. General Fund growth, therefore, is particularly sensitive to taxable value growth and compression. As measured from the FY 2022 Adopted budget, ongoing General Fund resources for FY 2023 are projected to increase by 10.1%.

The FY 2023 budget assumes the following rates of growth (as measured from the FY 2022 Adopted budget) for each revenue source:

- Property Tax – An increase of 5.2%
- Business Income Tax – An increase of 21.1%
- Motor Vehicle Rental Tax – An increase of 32.8%
- Recording Fees/CAFFA Grant – An increase of 10.1%
- U.S. Marshal Jail Bed Rental – An increase of 5.6%

Other Healthcare Funding

Multnomah County has joined with hospital systems, health plans, and Clackamas and Washington Counties to initiate CCO formation. This partnership, titled Health Share of Oregon (HSO), launched services as a CCO on September 1, 2012. Care Oregon operates under the umbrella of this new HSO. In addition to HSO, an existing managed care plan called Family Care, Inc. began operating as a CCO on August 1, 2012. Family Care, Inc. ceased Medicaid operations in February 2018. Trillium Family Services, a new managed care plan in the region contracted with the health center in 2020.

MCHD is a central part of both HSO. HSO operates on a global budget with the goal to create a regionally integrated, patient-centered, community care system that improves quality, cost, and health status for high-cost/high-acuity Medicaid and dual-eligible adults.

Multnomah County serves a large number of Care Oregon clients. Care Oregon is a non-profit, health plan that serve State of Oregon Health Plan clients. The County is Care Oregon's largest primary care provider. Services provided to Care Oregon clients are reimbursed on a fee-for-service basis. In Nov 2017, Providence Health Plan started assigning Medicaid clients to Multnomah County Health Department. In 2020, Trillium Family Services started assigning Medicaid clients to the Health Department.

In addition to creating CCOs, Oregon is also implementing health insurance reforms. Beginning October 1, 2013, uninsured and underinsured Oregon residents started applying for Oregon Health Plan (OHP) and other affordable insurance options through a State-run insurance exchange called Cover Oregon. Cover Oregon is an online marketplace. OHP/Medicaid eligibility expanded from 110% FPL to 138% FPL based on ACA recommendations. Insurance premium tax credits will provide significant subsidies for the cost of insurance for persons with incomes below 400% FPL. Coverage from Cover Oregon insurance plans started on January 1, 2014.

Starting October 1, 2014, Multnomah County Health Department joined a pilot program in Oregon called Alternative Payment Method (APM). Under this method, the Department is paid a monthly rate per

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assigned Primary Care members. Dental Services are not part of this pilot program and continue to receive FQHC reimbursement rate for eligible visits.

The APM rate applies to Care Oregon, Providence and Trillium assigned clients. In FY 2022, the number clients assigned to Multnomah County averaged 46,500 clients per month.