

SPRING 2009

FORECAST SUMMARY



Budget planning and analysis forecasting,
research and analysis March 2009

- Summary of Spring 2009 Caseload Forecasts -

Food Stamps caseload is expected to increase by 16 percent during 2009, reaching 320,000 cases by December. The number of recipients in the 2009-2011 biennium (beginning June 1) is expected to increase another 29 percent over the 2007-2009 biennium, with a gradual decline in 2010.

Temporary Assistance for Needy Families caseload increased by 14% during 2008 and should continue to increase 2.4 percent to 25,110 cases by December. Compared to 2007-2009, the average monthly number of cases is forecast to increase by 24 percent during the 2009-2011 biennium, to 25,200 cases.

Child Welfare caseload should gradually increase by 4% in 2009-11.

Division of Medical Assistance Programs caseload is expected to increase 23 percent during the 2009-11 biennium, to a monthly average of 526,800 Oregonians in 2009-2011, reaching a high of 565,500 by June 2011. The caseload for TANF-related medical (those who qualify for TANF but elect to receive only the Medicaid benefit) is forecast to increase 45 percent, from a monthly average of 94,312 individuals in 2007-2009 to 136,510 people in 2009-2011, reaching a high of 156,120 Oregonians in June 2011.

Long-term Care caseload is forecast to increase by 2% through 2009-11. Both In-home Care and Community-based Care caseloads should increase while that for Nursing Facilities decreases through 2009-11.

Mental Health (mandated) caseload is expected to increase by 15% through 2009-11.

INTRODUCTION

This document summarizes the Spring 2009 caseload forecasts for most of the Department of Human Services (DHS) programs. Overall, most caseloads are expected to increase above those levels predicted by the Fall 2008 forecasts. Significant increases are predicted for Food Stamps, Temporary Assistance for Needy Families (TANF), and the Oregon Health Plan. These caseloads are the most sensitive to economic downturns. The total Child Welfare caseload should increase gradually through 2011. The total Long-term Care caseload is forecasted to increase, but that for Nursing Facilities is expected to decrease. Likewise, the Mental Health caseload should increase as well.

BACKGROUND AND RISKS

The Office of Forecasting, Research and Analysis (OFRA), a unit within Budget, Planning and Analysis (BPA), produces two comprehensive forecasts of client caseloads per year. The forecasted period is generally through the next biennium. Caseload forecasts are used to develop program budgets for the forecast period. OFRA economists estimate caseloads for all major DHS programs. Forecasting methodologies include a combination of time series techniques, input-output deterministic models, and expert consensus. Forecast accuracy is tracked via monthly reports of actuals vs. forecasts. Recently, OFRA has conducted opinion surveys of DHS community stakeholders to ascertain current and future levels of client demand for services.

Caseload forecasts, by definition, are estimates of future numbers of clients enrolled in our programs. DHS caseloads, in turn, are affected by a number of environmental factors that contribute to the demand for benefits and services (such as the economy and changing demographics). The future states of these factors, along with policy and program changes, can alter the actual caseload levels relative to today's forecasted value. Therefore, forecasts are based on a set of assumptions about the future states of these factors. For example, the Food Stamps forecast is based on an assumed state of the economy in 2010 and 2011. Because these assumptions can, and will, be different than what we believe today, they are collectively referred to as "risks" to the forecast.

Since March 2008, Oregon has experienced a recession characterized by growing unemployment and an overall slowing of the economy. The unemployment rate climbed to 10.8 percent in February 2009, the highest level since 1983, and well above the national average of 8.1 percent. Professional and Business Services, an area of the economy in which many DHS clients work, lost 13,000 jobs since February 2008. Economists predict that Oregon will experience further job losses across most sectors throughout 2009 and into 2010.

There is no doubt that Oregon's recession has affected several caseloads, and is a significant risk to many forecasts. Additional risks include the rate of Oregonians without health insurance. Also, state demographers predict that Oregon's population will continue to increase moderately with relatively rapid increases in the elderly population. Finally, the number of Oregon's children and families in extreme poverty is anticipated to grow. These factors will likely exert significant upward pressure on several DHS caseloads.

To help improve the accuracy of the Spring 2009 caseload forecasts, OFRA economists included known economic effects and expert opinion in the forecast models to produce "recession-based" forecasts for select caseload groups. These forecasts predicted caseloads that are larger than those produced by traditional methods and grow at substantially faster rates than those of the Fall 2008 forecasts.

OFRA analysts also conducted a telephone survey of the DHS Community Provider Advisory Group and additional community-based non-profit agencies to help interpret the base forecasts and aid in selecting the final estimates. Stakeholders were asked to share their observations of: (1) the current demand for services as well as reasons for potential demand increasing over the next 6 to 12 months; (2) DHS program interactions; and (3) client trends in local communities. The majority of respondents reported an increase in individuals and families living in poverty across all DHS program areas and geographic regions. Several providers also reported an increase in two- and three- income families, those with moderate income, and the "working poor" seeking assistance from DHS programs.

Total DHS Biennial Average Forecast Comparison

Comparison:	2007-09 Biennium			2009 - 11 Biennium			Spring 2009 Forecast		
	Fall 08 to Spring 09			Fall 08 to Spring 09			2007-09 to 2009-11		
	Fall 08 Forecast 2007-09	Spring 09 Forecast 2007-09	%Diff. Fall 08 to Spring 09 09 2007-09	Fall 08 Forecast 2009-11	Spring 09 Forecast 2009-11	%Diff. Fall 08 to Spring 09 2009-11	Spring 09 Forecast 2007-09	Spring 09 Forecast 2009-11	% Diff. Spring 09 Forecast 2007-09 to 2009-11
Biennial Averages by Forecast	245,721	254,832	3.7%	273,181	328,628	20.3%	254,832	328,628	29.0%
Children, Adults and Families (CAF)									
<u>Self-Sufficiency</u>									
Food Stamps (Households)	19,468	20,413	4.9%	20,209	25,234	24.9%	20,413	25,234	23.6%
Temporary Assistance for Needy Families (Families: Cash Assistance) Basic & UN	10,100	10,032	-0.7%	11,638	11,616	-0.2%	10,032	11,616	15.8%
Employment Related Daycare (Families)									
Child Welfare (Children Served)	10,531	10,485	-0.4%	11,541	11,633	0.8%	10,485	11,633	10.9%
Adoption Assistance	-	8,315	-	-	7,710	-	8,315	7,710	-7.3%
Out of Home Care	2,811	2,875	2.3%	2,840	2,915	2.6%	2,875	2,915	1.4%
Child In Home	9,201	9,225	0.3%	9,797	9,736	-0.6%	9,225	9,736	5.5%
Vocational Rehabilitation (Clients Served)									
Medical Assistance Programs									
OHP Plus: Temporary Assistance to Needy Families (Medical)	115,829	117,770	1.7%	132,663	165,514	24.8%	117,770	165,514	40.5%
OHP Plus: Children (PLMC & CHIP)	138,674	136,015	-1.9%	170,810	165,471	-3.1%	136,015	165,471	21.7%
OHP Plus: Seniors and People with Disabilities	96,518	96,476	0.0%	105,025	105,671	0.6%	96,476	105,671	9.5%
OHP Plus: Poverty Level Medical Women	11,083	10,909	-1.6%	12,034	11,835	-1.7%	10,909	11,835	8.5%
OHP Plus: Substitute Care & Adoption Serv.	17,833	17,807	-0.1%	18,360	18,360	0.0%	17,807	18,360	3.1%
OHP Plus Total	379,937	378,977	-0.3%	438,892	466,851	6.4%	378,977	466,851	23.2%
Other Medical Assistance Programs	32,134	31,973	-0.5%	34,725	35,016	0.8%	31,973	35,016	9.5%
Seniors and People with Disabilities - Long Term Care									
In Home	10,488	10,516	0.3%	10,345	10,643	2.9%	10,516	10,643	1.2%
Community Based Care	10,535	10,679	1.4%	10,548	11,218	6.4%	10,679	11,218	5.0%
Nursing Facilities	5,174	5,050	-2.4%	5,231	4,855	-7.2%	5,050	4,855	-3.9%
Addictions and Mental Health (AMH)									
Criminal Commitment									
Aid and Assist	139	142	2.2%	154	154	0.0%	142	154	8.5%
Psychiatric Security Review Board	767	754	-1.7%	811	785	-3.2%	754	785	4.1%
Total Criminal Commitment	906	896	-1.1%	965	939	-2.7%	896	939	4.8%
Civil Commitment									
24 Hour Care	1,387	1,422	2.5%	1,643	1,704	3.7%	1,422	1,704	19.8%
Acute Care	173	173	0.0%	177	178	0.6%	173	178	2.9%
State Hospital	320	318	-0.6%	322	313	-2.8%	318	313	-1.6%
Non-residential Community Care	3,094	3,150	1.8%	3,653	3,761	3.0%	3,150	3,761	19.4%
Total Civil Commitment	4,974	5,063	1.8%	5,795	5,956	2.8%	5,063	5,956	17.6%
Unduplicated Count, Total Mandated Care	4,738	4,752	0.3%	5,433	5,477	0.8%	4,752	5,477	15.3%

SUMMARY OF DHS FORECASTS

SELF SUFFICIENCY

Some Food Stamps and Temporary Assistance for Needy Families (TANF) caseloads exhibit a strong relationship with Oregon's economy. A decrease in employment translates into a recognizable increase in families seeking some types of public assistance. This was especially apparent during 2008. Oregon's seasonally adjusted unemployment rate increased by 4.5 percent points in 2008, going from 5.3 percent in January 2008 to 9.8 percent in January 2009. Most of that gain has occurred since October 2008. Likewise, TANF and Food Stamp caseloads grew throughout 2008, but the rate of growth accelerated during the fourth quarter. Based on these observations, we developed statistical associations between these caseloads and per-capita employment to incorporate into our forecasting models.

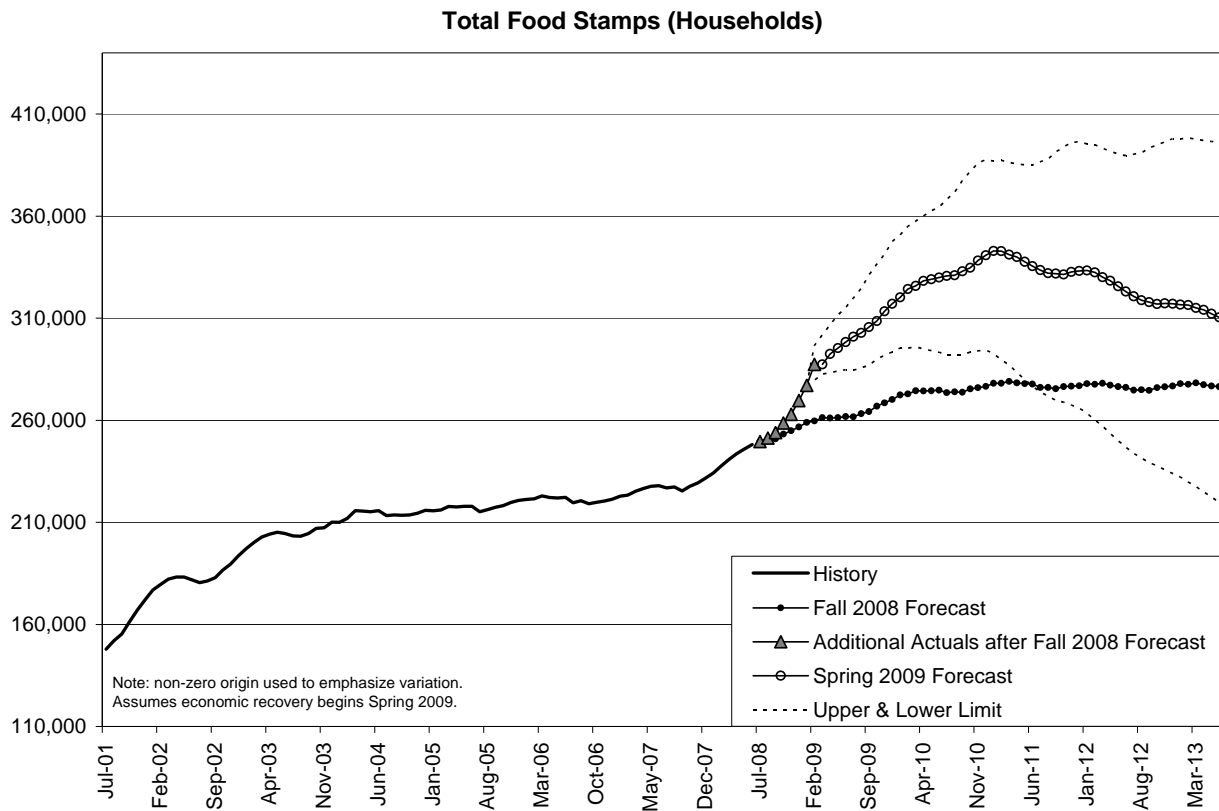
The Spring 2009 Forecast is based in part on Oregon's official economic forecast which is produced by the Office of Economic Analysis (OEA). The March 2009 edition of OEA's *Oregon Economic and Revenue Forecast* calls for substantial job losses during 2009, particularly during the first half of the year. The Spring 2009 Self Sufficiency forecast also takes into account estimates of Oregon jobs to be created by the 2009 American Recovery and Reinvestment Act (ARRA). Given OEA's forecast and the ARRA estimate, modest job gains are expected to begin in 2010. However, Oregon may not reach the rate of employment it saw in early 2007 until the end of 2013. We were able to incorporate the employment estimates into our statistical models.

Comparison:	2007-09 Biennium			2009 - 11 Biennium			Spring 2009 Forecast		
	Fall 08 to Spring 09			Fall 08 to Spring 09			2007-09 to 2009-11		
Children, Adults & Families Division	Fall 08 Forecast 2007-09	Spring 09 Forecast 2007-09	%Diff. Fall 08 to Spring 09 2007-09	Fall 08 Forecast 2009-11	Spring 09 Forecast 2009-11	%Diff. Fall 08 to Spring 09 2009-11	Spring 09 Forecast 2007-09	Spring 09 Forecast 2009-11	% Diff. Spring 09 2007-09 to 2009-11
SELF-SUFFICIENCY									
Food Stamps (Households)									
Children, Adults and Families	175,254	183,799	4.9%	194,593	245,727	26.3%	183,799	245,727	33.7%
Seniors and People with Disabilities	70,467	71,033	0.8%	78,588	82,901	5.5%	71,033	82,901	16.7%
Total Food Stamps	245,721	254,832	3.7%	273,181	328,628	20.3%	254,832	328,628	29.0%
Temporary Assistance for Needy Families (Families: Cash/Grants)									
Basic	18,204	18,887	3.8%	18,730	22,551	20.4%	18,887	22,551	19.4%
UN	1,264	1,526	20.7%	1,479	2,683	81.4%	1,526	2,683	75.8%
Total TANF	19,468	20,413	4.9%	20,209	25,234	24.9%	20,413	25,234	23.6%
*Pre-SSI	777	755	-2.8%	1,196	1,143	-4.4%	755	1,143	51.4%
*Post-TANF	2,444	2,021	-17.3%	4,517	3,119	-30.9%	2,021	3,119	54.3%
Employment Related Daycare (Families)	10,100	10,032	-0.7%	11,638	11,616	-0.2%	10,032	11,616	15.8%
Temp. Assist. For Dom. Violence Survivors (Families)	557	542	-2.7%	571	560	-1.9%	542	560	3.3%

*Note: The Pre-SSI and Post-TANF are new programs as of October 2007 (created under TANF Reauthorization). The Pre-SSI population was a subset of the TANF Basic and UN, and thus included in prior forecasts. However, the Post-TANF is a new caseload group.

Food Stamps

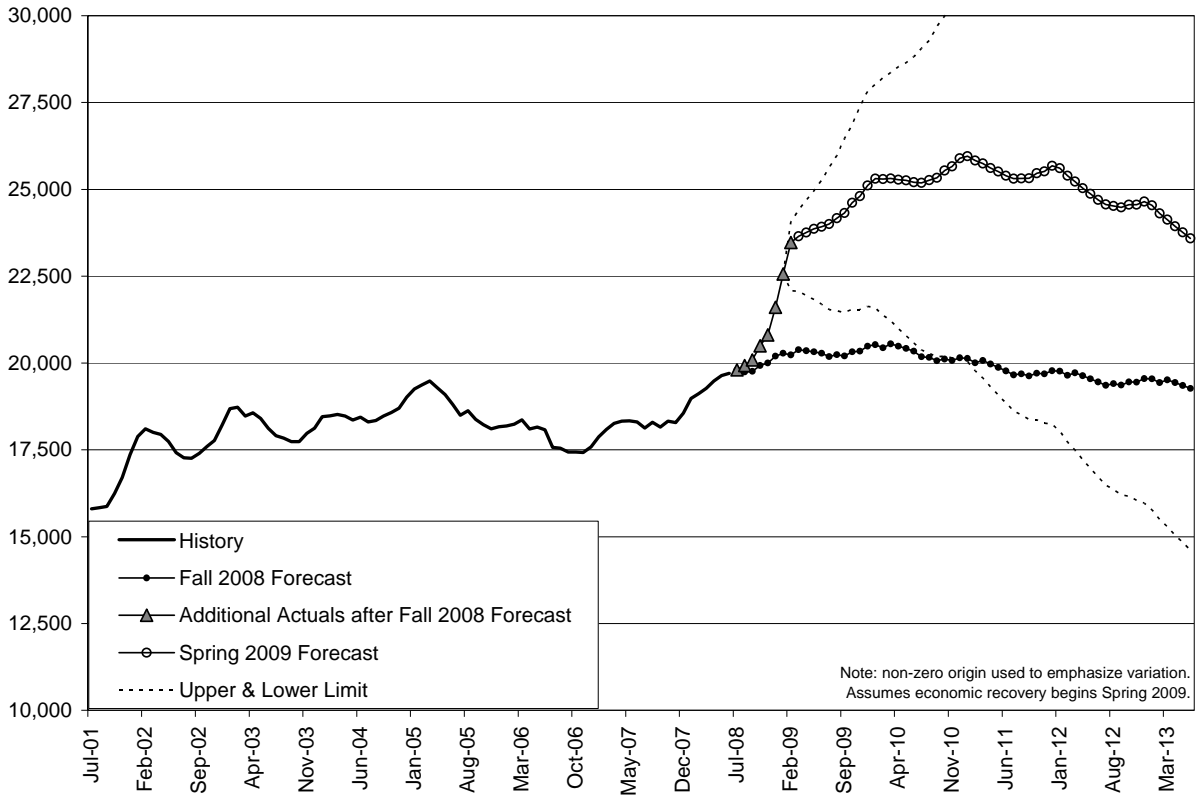
During 2008, the Food Stamps caseload increased by 15.1 percent. It is expected to increase by 15.6 percent during 2009, reaching 320,200 cases by December. The number of new Food Stamp cases opened is expected to increase by 25.7 percent during the year. The number of new cases opened is forecasted to decline gradually in 2010 and then decline more substantially in 2011 through 2013. As a result, the average caseload is forecasted to increase by 29.0 percent in 2009-2011 compared to 2007-09. The current forecast for the 2007-09 average caseload is 3.7 percent higher than the previous forecast; that for 2009-11 is 20.3 percent higher.



Temporary Assistance for Needy Families

During 2008, the TANF caseload increased by 13.8 percent. It is expected to increase by 11.3 percent during 2009, reaching 25,100 cases by December. The combined total of new cases opened in TANF Basic and TANF UN is expected to increase by 21.8 percent during the year. The number of new cases opened is forecasted to decline gradually in 2010 and then decline more substantially in 2011 through 2013. As a result, the biennial average caseload is forecasted to increase by 23.6 percent in 2009-2011 compared to 2007-09. The current forecast for the 2007-09 biennial average caseload is 4.9 percent higher than the previous forecast. The current forecast for the 2009-11 biennial average caseload is 24.8 percent higher than the previous forecast.

Temporary Assistance for Needy Families Basic & UN (Families)



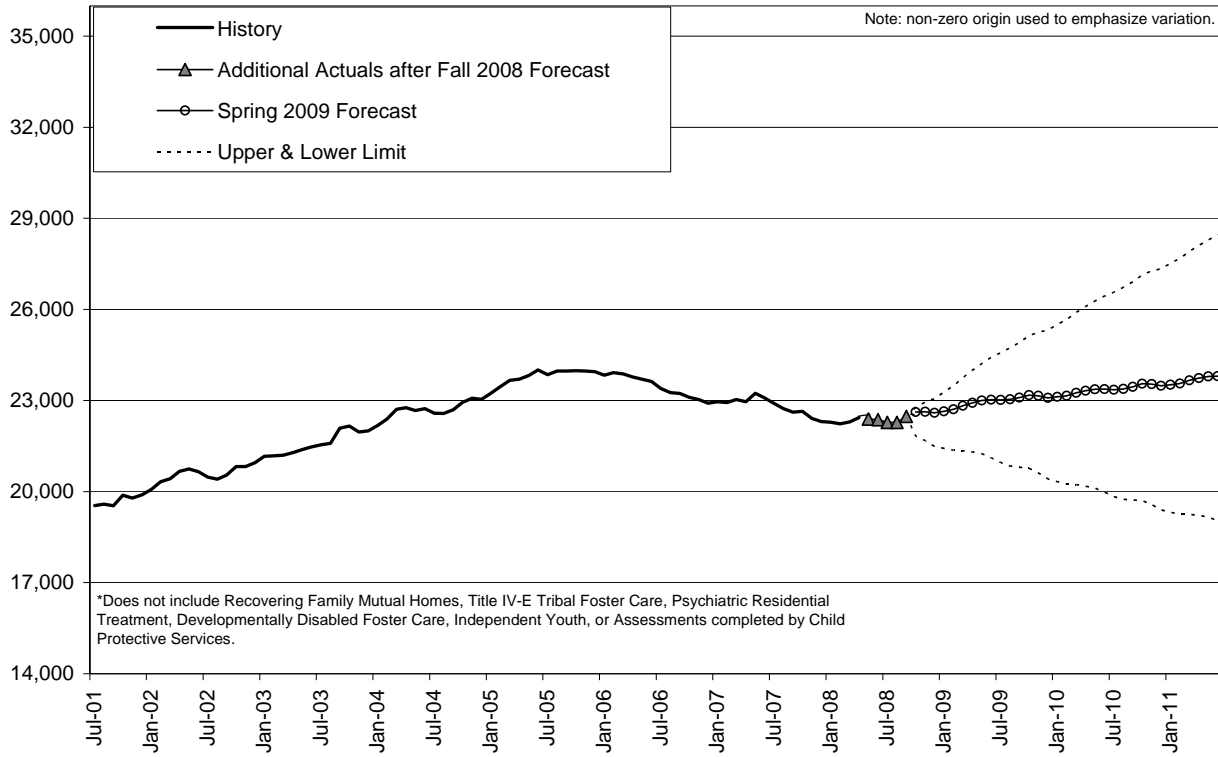
CHILD WELFARE

The Child Welfare caseload declined by 0.7 percent in the year ending September 2008. Increases in the Adoption Assistance and Subsidized Guardianship caseloads were offset by decreases in the Foster Care and Child in Home caseloads. This general trend is expected to continue. However, we discovered that previous Out-of-Home-Care monthly counts were incorrect; a revised data series was used for the current forecast. Therefore, comparisons between the current and previous Out-of-Home forecasts are inappropriate. The total caseload is forecasted to increase by 3.6 percent in 2009-2011 compared to 2007-09.

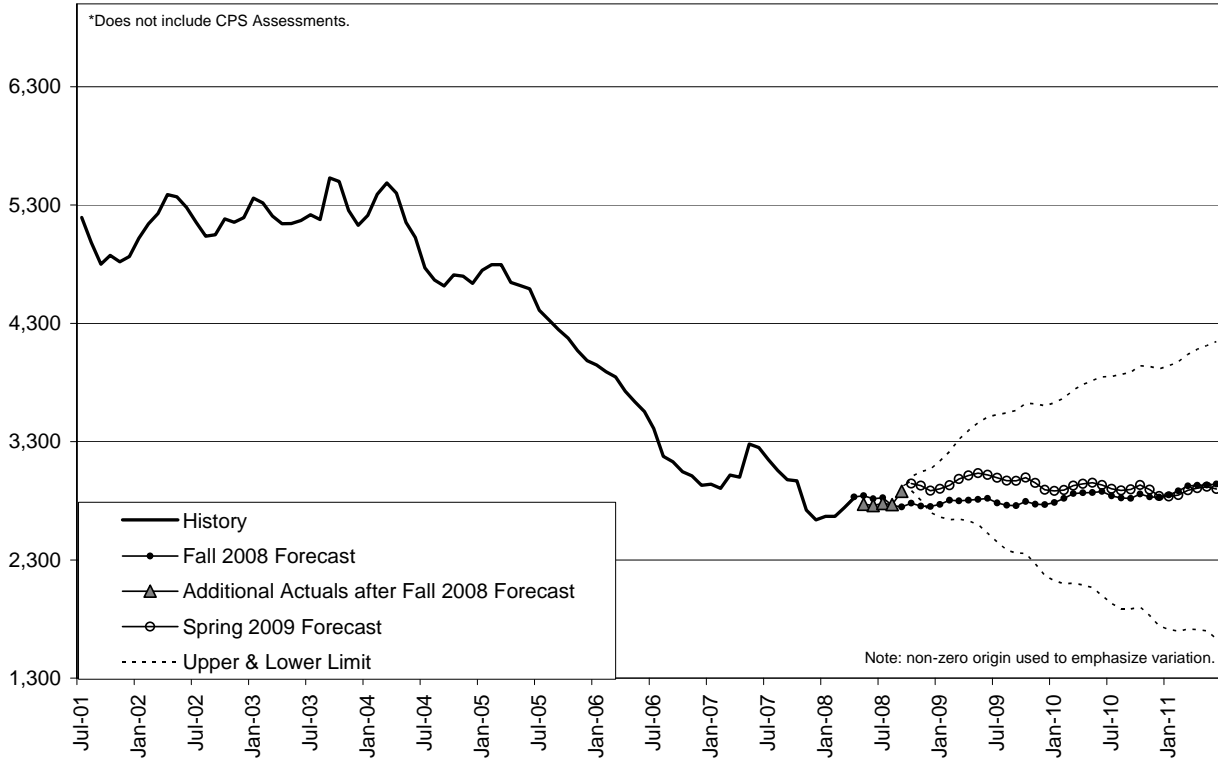
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Children, Adults & Families Division	Fall 08 Forecast 2007-09	Spring 09 Forecast 2007-09	%Diff. Fall 08 to Spring 09 2007-09	Fall 08 Forecast 2009-11	Spring 09 Forecast 2009-11	%Diff. Fall 08 to Spring 09 2009-11	Spring 09 Forecast 2007-09	Spring 09 Forecast 2009-11	% Diff. Spring 09 2007-09 to 2009-11
CHILD WELFARE (Children)									
Adoption Assistance	10,531	10,485	-0.4%	11,541	11,633	0.8%	10,485	11,633	10.9%
Subsidized Guardianship	903	893	-1.1%	1,193	1,118	-6.3%	893	1,118	25.2%
Out of Home Care	-	8,315	-	-	7,710	-	8,315	7,710	-7.3%
Child In-Home	2,811	2,875	2.3%	2,840	2,915	2.6%	2,875	2,915	1.4%

1. Excludes Child Protective Services Assessments, Recovering Family Mutual Homes, Independent Youth, Title IV-E Tribal Foster Care, Psychiatric Residential Treatment, and Developmentally Disabled Foster Care.

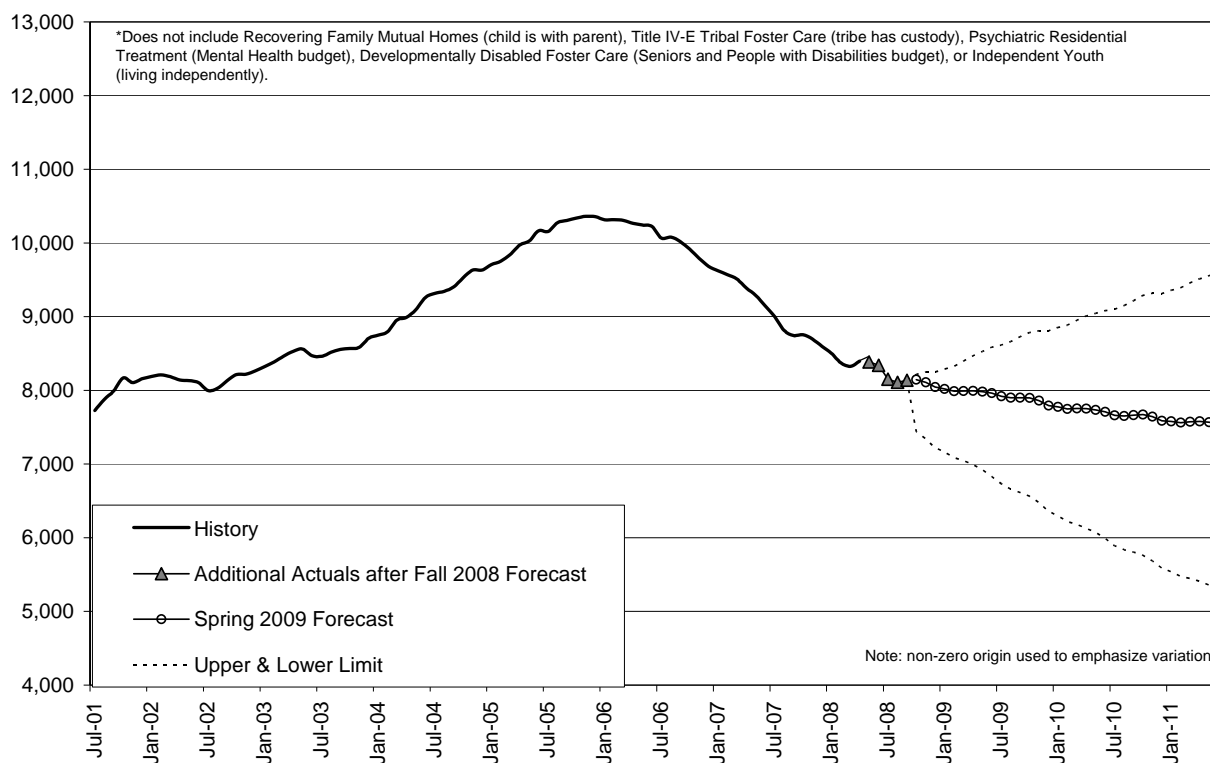
Total Child Welfare - Number Served



Child In Home - Number Served



Out of Home Care - Number Served



STAKEHOLDER SURVEY RESULTS

Community Demand for Stakeholder Services

- Nearly every CAF stakeholder observed demand for stakeholder and DHS services increasing. 100% expected demand for stakeholder and DHS services to increase by Fall 2009.
- Most CAF stakeholders reported the increase in demand among low-income clients, single parent families, mid-income and first-time clients.

Reasons for Increased Demand and Need

Most CAF stakeholders observed the reasons for increased demand rooted in economic stressors and client behaviors related to the economy. Several CAF stakeholders discussed the link between economic conditions and family stability; clients having difficulty accessing DHS services due to policy and eligibility restrictions; and clients utilizing support services but still having difficulty meeting their family needs. Most observed the cost of living increasing as income becomes scarce. Some CAF stakeholders also noted difficulty meeting demand due to a shortage of resources (funding, donations), and local shortages of DHS staff.

Stakeholders frequently mentioned the following client issues when discussing increased demand:

- **Cost of Living – Necessities.** Food, housing, heating fuel, health care expenses, prioritizing needs and expenses, asking for social assistance (food banks, rent and utility assistance) to make ends meet.
- **Unemployment.** Layoffs, shortage of positions, reduced hours and wages, reduced or eliminated benefits, unemployment “burnout” (people stop looking).
- **Family Stress.** Economic stress, family instability, increased child welfare caseload, need for counseling and advocacy services.

MEDICAL ASSISTANCE PROGRAMS

The DMAP caseload forecast is comprised of thirteen program eligibility categories. The forecasting process includes assumptions about patterns of new clients, how clients move among programs, and how long they are likely to stay on a program once there. Policy changes, new laws, economic changes, and population dynamics also affect caseload growth or decline.

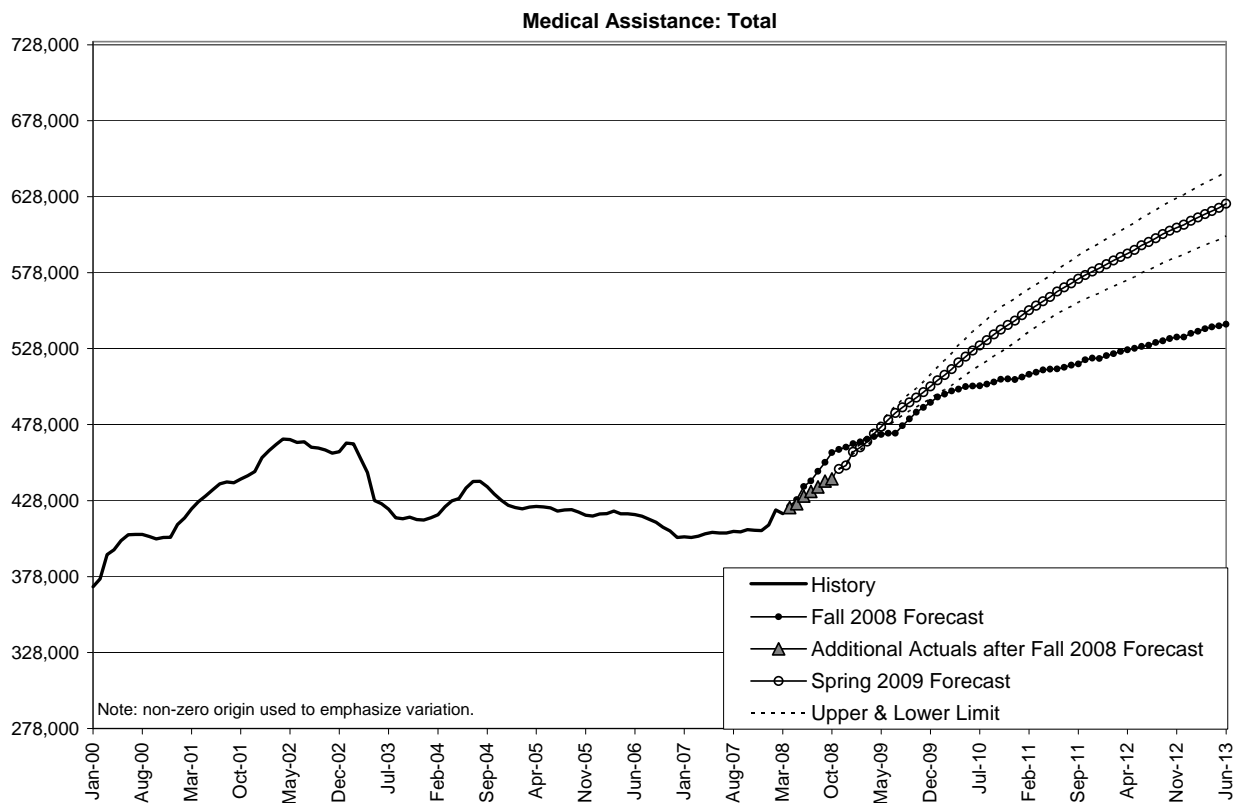
Comparison:	2007-09 Biennium			2009-11 Biennium			Spring 2009 Forecast		
	Fall 08 to Spring 09			Fall 08 to Spring 09			2007-09 to 2009-11		
	Fall 08 Forecast 2007-09	Spring 09 Forecast 2007-09 (Revised)	%Diff. Fall 08 to Spring 09 2007-09	Fall 08 Forecast 2009-11	Spring 09 Forecast 2009-11	%Diff. Fall 08 to Spring 09 2009-11	Spring 09 Forecast 2007-09 (Revised)	Spring 09 Forecast 2009-11	% Diff. Spring 09 2007-09 to 2009-11
Medical Assistance Programs									
Biennial Averages by Forecast									
OHP Plus									
TANF-Related Medical	93,033	94,157	1.2%	107,278	136,510	27.2%	94,157	136,510	45.0%
TANF-Extended	22,796	23,613	3.6%	25,385	29,004	14.3%	23,613	29,004	22.8%
TANF Medical - Subtotal	115,829	117,770	1.7%	132,663	165,514	24.8%	117,770	165,514	40.5%
Poverty Level Medical - Women	11,083	10,909	-1.6%	12,034	11,835	-1.7%	10,909	11,835	8.5%
Poverty Level Medical - Children	92,536	91,459	-1.2%	114,731	116,470	1.5%	91,459	116,470	27.3%
Aid to the Blind & Disabled	65,956	65,937	0.0%	73,405	73,162	-0.3%	65,937	73,162	11.0%
Old Age Assistance	30,562	30,539	-0.1%	31,620	32,509	2.8%	30,539	32,509	6.5%
Substitute Care & Adoption Serv.	17,833	17,807	-0.1%	18,360	18,360	0.0%	17,807	18,360	3.1%
Children's Health Insurance Program	46,138	44,556	-3.4%	56,079	49,001	-12.6%	44,556	49,001	10.0%
OHP Plus Subtotal	379,937	378,977	-0.3%	438,892	466,851	6.4%	378,977	466,851	23.2%
Other Medical Assistance Programs									
Citizen-Alien Waived Emergency Medical	18,693	18,481	-1.1%	19,009	19,548	2.8%	18,481	19,548	5.8%
Qualified Medicare Beneficiary	13,072	13,122	0.4%	15,233	14,985	-1.6%	13,122	14,985	14.2%
Breast & Cervical Cancer program	369	370	0.3%	483	483	0.0%	370	483	30.5%
Other Subtotal	32,134	31,973	-0.5%	34,725	35,016	0.8%	31,973	35,016	9.5%
OHP Standard									
	25,726	24,288	-5.6%	25,842	24,933	-3.5%	24,288	24,933	2.7%
Total Medical Assistance Programs	437,797	435,238	-0.6%	499,459	526,800	5.5%	435,238	526,800	21.0%

The current Spring 2009 forecast includes modeling of recession effects. The groups that appear to be the most sensitive to these effects are the Temporary Assistance for Needy Families (TANF) Related Medical caseload and the Poverty Level Medical Children caseload. Economic recession, with associated losses of health insurance coverage, increases the overall need for the Oregon Health Plan; more people enter the

caseload and stay on longer when the economy slows. To account for these phenomena in the forecast, we increased total TANF Related Medical new clients in 2009 by 25 percent, and gradually reduced this number beginning in 2010 and beyond. This level of increase was based on statistical modeling done for the CAF TANF program. Last quarter's patterns of rapid new-client increases were used to estimate future patterns for Poverty Level Medical Children; in addition, the length-of-stay estimates were slightly increased to reflect the reduced availability of jobs and other resources in a weak economy.

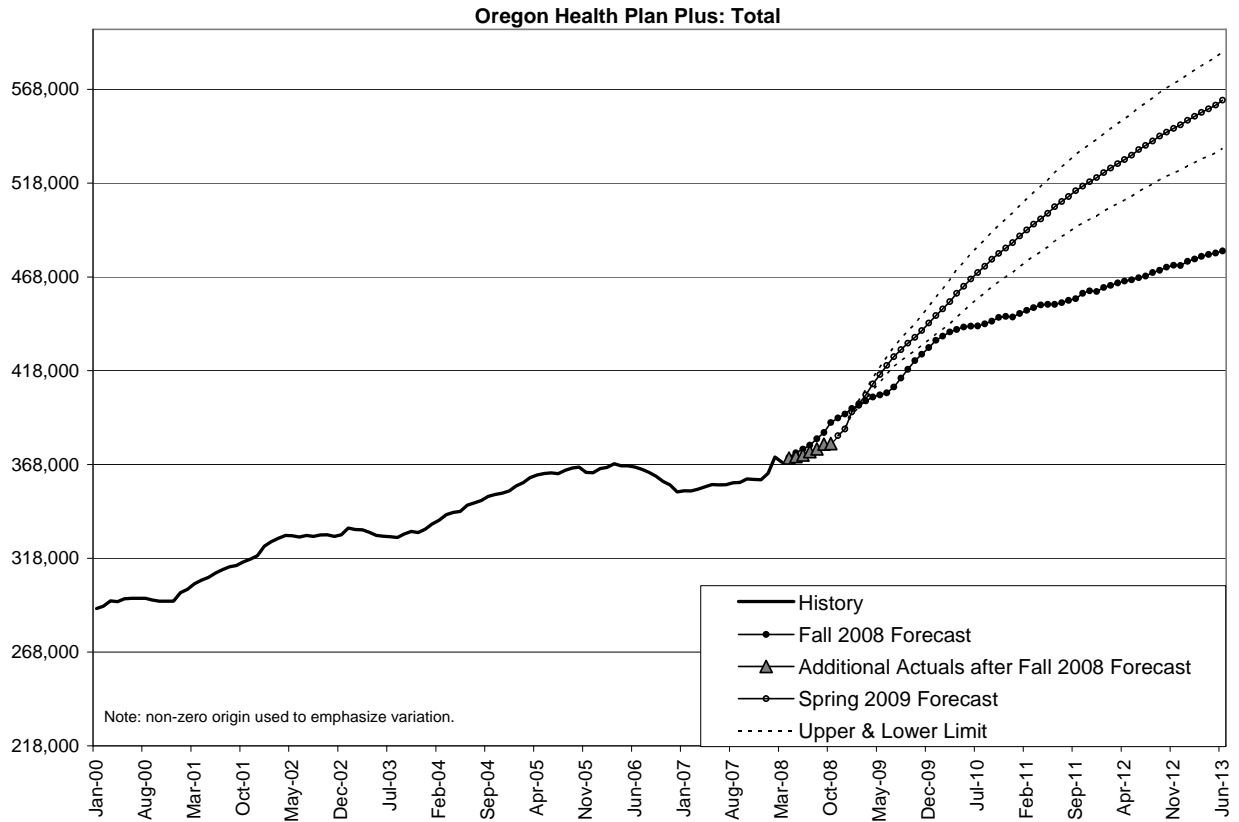
An additional influence on the current forecast is a policy change specific to children. The period of eligibility review has historically been six months, but this is now changing to twelve months, the net effect of which will be longer lengths-of-stay for children and resultant increases in the number of children on OHP.

The total DMAP caseload is expected to grow from a biennial average of 435,300 in 2007-2009 to 526,800 in 2009-2011. We expect that the recession effects and program changes discussed earlier, in combination, will drive the caseload upward as families lose jobs and health insurance. The total DMAP client population is expected to grow to 565,500 by June 2011



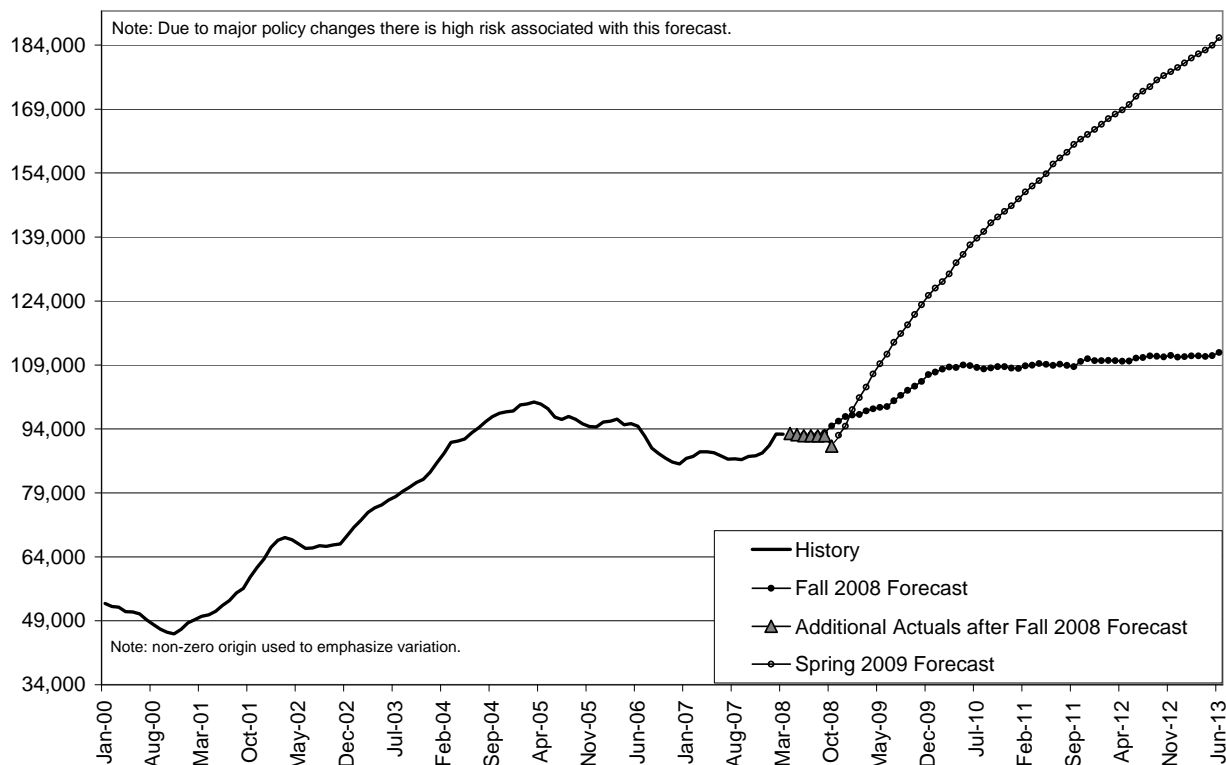
Oregon Health Plan Plus is a category that contains TANF Related Medical, TANF Extended, Poverty Level Medical Women, Aid to the Blind and the Disabled, Old Age Assistance, Foster Care/Out-of-Home and Adoptions Assistance, Children's Health Insurance Program (CHIP), and Poverty Level Medical Children. The current OHP Plus forecast estimates this group to reach a biennial average of 466,851 for 2009-11 and a

caseload of 505,400 by June 2011; this represents a 6.4 percent increase over the previous forecast.



We expect the TANF Related Medical 2009-11 biennial average (136,510) to increase 44.7 percent over that for 2007-09 (94,312). This caseload should reach 156,120 by June 2011.

Temporary Assistance for Needy Families-Related Medical



STAKEHOLDER SURVEY RESULTS

Community Demand for Stakeholder Services

- The majority of DMAP stakeholders observed demand for stakeholder and DHS services increasing. Nearly every respondent expected demand for stakeholder and DHS services to increase by Fall 2009.
- The majority of DMAP stakeholders reported the increase in demand among low-income and mid-income clients, clients speaking a primary language other than English, single parent families, first-time clients, and seniors.

Reasons for Increased Demand and Need

Several DMAP stakeholders noted reduced client access to medical services because of local provider shortages, rural isolation, and client difficulties obtaining and navigating health care coverage. DMAP stakeholders expressed concern about Oregon Health Plan policies and enrollment limitations limiting access to health care. Stakeholders also noted social discrimination in their communities causing need and preventing access to services. Most observed the cost of living and health care increasing as income and health care benefits become scarce.

Stakeholders frequently mentioned the following client issues when discussing increased demand:

- **Access to Health Care.** Lack of health insurance coverage (employer or private), OHP enrollment limits, shortage of local health care providers, unaffordable out-of-pocket medical costs, neglected preventative care becoming an emergency condition, rural provider and client isolation.
- **Unemployment.** Layoffs, shortage of positions, reduced hours and wages, reduced or eliminated benefits, unemployment “burnout” (people stop looking)
- **Family Stress.** Economic stress, family instability, situational depression, increased child welfare caseload, need for counseling and advocacy services.

ADDICTIONS AND MENTAL HEALTH

This forecast focuses on mental health services provided by the Addictions and Mental Health Division (AMH). Services primarily fall into two categories: Community Services, including Residential Care, and the State Hospital system. Community programs provide outpatient services including community/outpatient intervention and therapy, case management, child and adolescent day treatment, supported employment crisis and pre-commitment services. The State Hospitals – located in Salem, Portland and Pendleton – provide 24-hour supervised care to people with the most severe mental health disorders including people who have been found guilty except for insanity.

Numbers of Clients Served per Month	2007-09 Biennium			2009-11 Biennium			Spring 2009 Forecast		
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Addictions and Mental Health Programs									
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State Hospital	320	318	-0.6%	322	313	-2.8%	318	313	-1.6%
Non-residential Community Care	3,094	3,150	1.8%	3,653	3,761	3.0%	3,150	3,761	19.4%
Total Civil Commitment	4,974	5,063	1.8%	5,795	5,956	2.8%	5,063	5,956	17.6%
Total Mandated Care	5,880	5,959	1.3%	6,760	6,895	2.0%	5,959	6,895	15.7%
Unduplicated Count, Total Mandated Care	4,738	4,752	0.3%	5,433	5,477	0.8%	4,752	5,477	15.3%

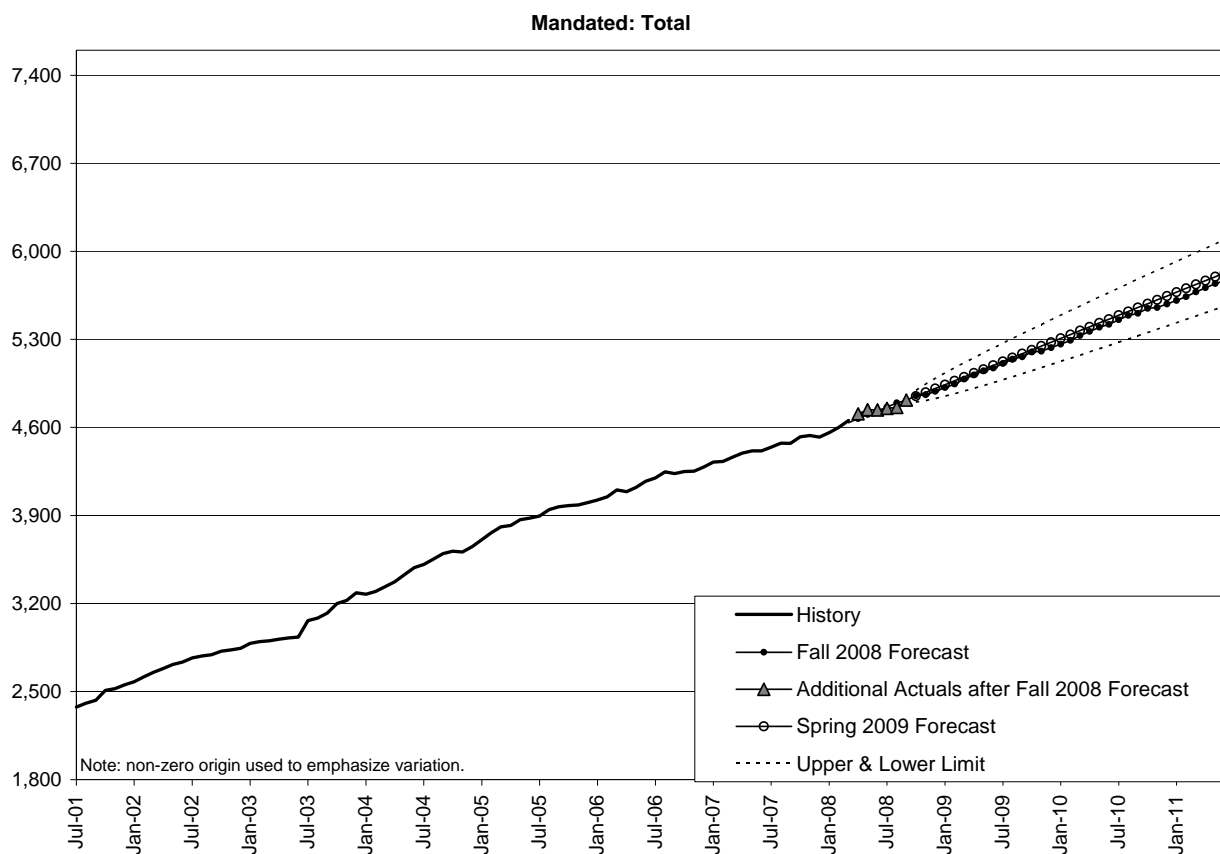
For budgeting purposes, the Mental Health caseload is divided into two client groups: Mandated and Non-Mandated. Mandated populations are required to receive mental health services by Oregon law, and include care of both Criminally and Civilly-Committed patients. Services for the Mandated populations occur in community

settings and State Hospitals. Non-Mandated services are primarily provided in community outpatient settings. Only Mandated caseloads are forecasted.

Mandated Mental Health

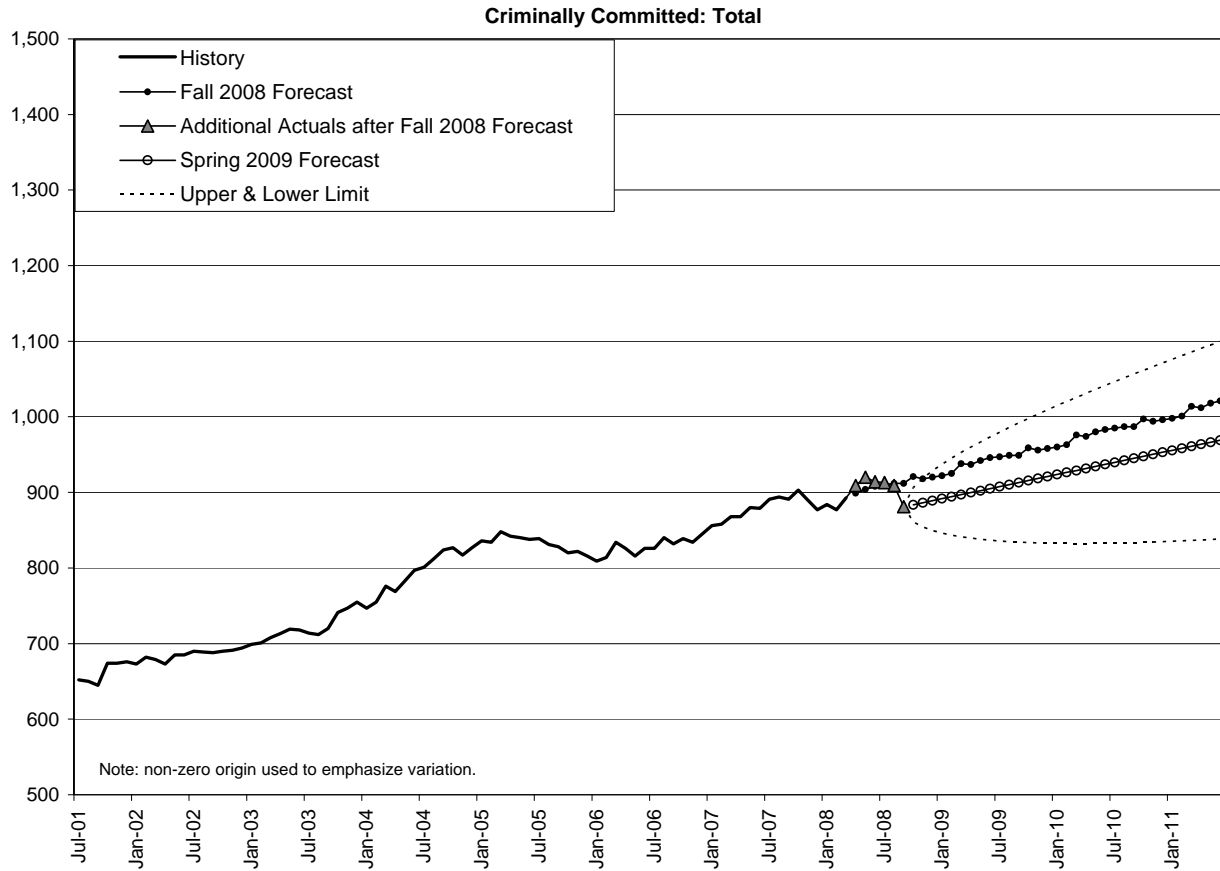
The Spring 2009 biennial average for the 2007-09 biennium is virtually unchanged from that for the Fall 2008 forecast.

Overall, the Mandated caseload is predicted to continue to increase through June 2011. The 2009-11 biennial average number of clients is estimated to increase by 15.7 percent over that for the 2007-09 biennium.



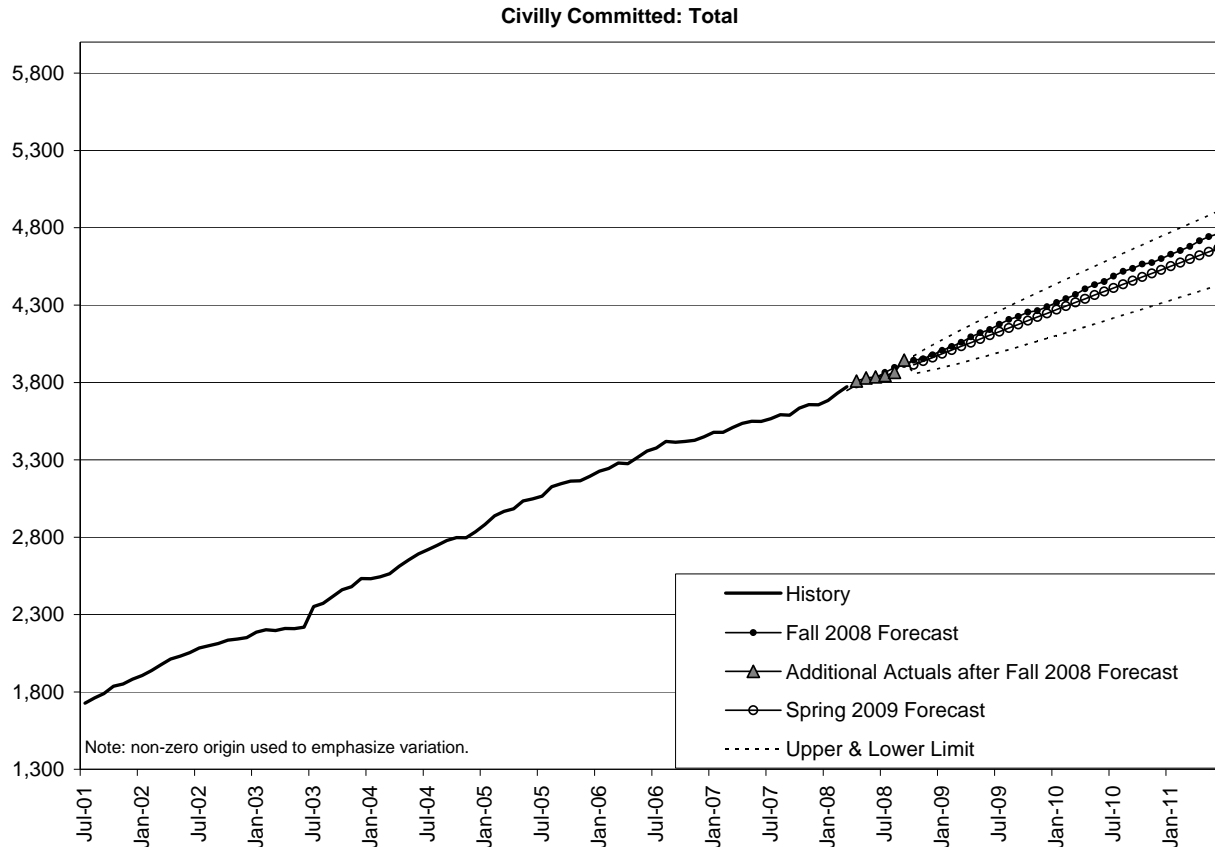
Forensic

Recent levels of the total forensic caseload have fluctuated with periods of growth in 2007 followed by a leveling off and then a slight decline in 2008. We anticipate that the recent leveling off will contribute to a lower growth path through 2011. The Spring 2009 biennial average for the 2007-09 biennium is 1.1 percent lower than that for the Fall 2008 forecast. For the Spring 2009 forecast, the average caseload for the 2009-11 biennium is expected to increase by 4.8 percent over the 2007-09 biennium.



Civilly Committed

The Spring 2009 forecast estimates that the combined Civilly Committed caseload will continue to increase through the end of the 2009-11 biennium. The Spring 2009 biennial average for the 2007-09 biennium is virtually unchanged than that for the Fall 2008 forecast. For the Spring 2009 forecast, the average caseload for the 2009-11 biennium is expected to increase by 17.6 percent over the 2007-09 biennium.



STAKEHOLDER SURVEY RESULTS

Community Demand for Stakeholder Services

- The majority of AMH stakeholders observed demand for stakeholder and DHS services increasing by Fall 2009. Most reported increased demand for their services among low-income and first-time clients. The majority reported low-income, repeat clients or referrals, and mid-income/working poor clients increasing their need for DHS services.

Reasons for Increased Demand and Need

Most AMH stakeholders observed that the reasons for increased demand were rooted in economic stressors and client behaviors related to the economy. Several noted reduced capacity issues in relation to a growing number of clients needing treatment. They also noted social discrimination in their communities causing need and preventing access to services; they expressed concern over proposed budget cuts and OHP policy changes affecting local providers' abilities to deliver services. Several noted their clients' treatable situations and mental health conditions worsening because of failing human services and social safety nets. Stakeholders frequently mentioned the following client issues when discussing increased demand:

- **Substance Addiction and Mental Illness.** Substance use as a coping mechanism, under-funded local treatment programs, delayed treatment, lack of affordable health care and local support services, situational depression, increased incidence of diagnosed and undiagnosed mental illness.
- **Unemployment.** Layoffs, shortage of positions, reduced hours and wages, reduced or eliminated benefits, unemployment “burnout” (people stop looking).
- **Cost of Living – Necessities.** Food, housing, heating fuel, prioritizing needs and expenses, asking for social assistance (food banks, rent and utility assistance) to make ends meet.
- **Family Stress.** Economic stress, family instability, increased child welfare caseload, need for family counseling and advocacy services.

AGED AND PHYSICALLY DISABLED

Aged & Physically Disabled – Long-Term Care (LTC): The Long-Term Care forecasts are divided into In-Home, Community-Based Care Facilities, and Nursing Facilities. The Spring 2009 Long-Term caseload forecast is estimated to remain slightly above the Fall 2008 forecasted level for 2007-09 and 2.3 percent higher for 2009-11.

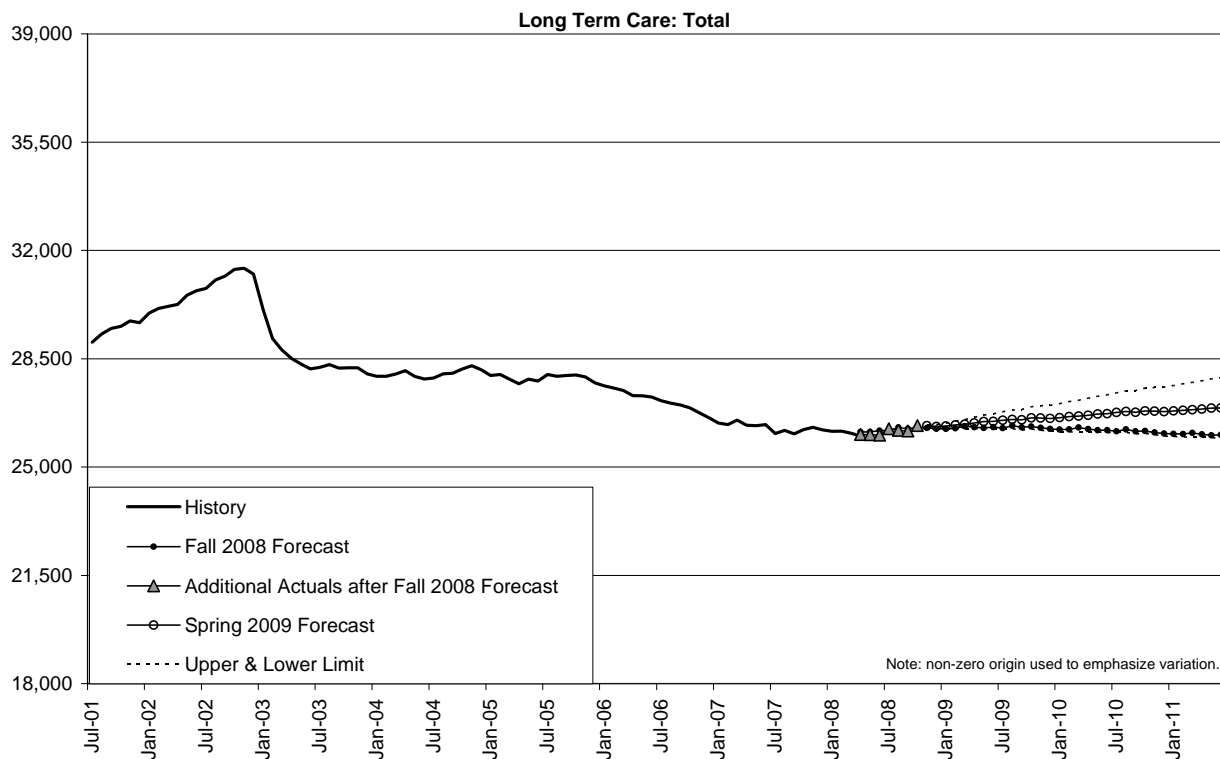
Comparison:	2007-09 Biennium			2009-11 Biennium			Spring 2009 Forecast		
	Fall 08 to Spring 09			Fall 08 to Spring 09			2007-09 to 2009-11		
	Fall 08 Forecast 2007-09	Spring 09 Forecast 2007-09	%Diff. Fall 08 to Spring 09 2007-09	Fall 08 Forecast 2009-11	Spring 09 Forecast 2009-11	%Diff. Fall 08 to Spring 09 2009-11	Spring 09 Forecast 2007-09	Spring 09 Forecast 2009-11	% Diff. Spring 09 2007-09 to 2009-11
Aged and Physically Disabled									
Biennial Averages by Forecast									
In-Home Hourly	9,296	9,321	0.3%	9,194	9,459	2.9%	9,321	9,459	1.5%
In-Home Live-In	1,062	1,065	0.3%	1,019	1,048	2.8%	1,065	1,048	-1.6%
In-Home Spousal Pay	130	130	0.0%	132	136	3.0%	130	136	4.6%
Subtotal In-Home	10,488	10,516	0.3%	10,345	10,643	2.9%	10,516	10,643	1.2%
Relative Adult Foster Care	1,475	1,501	1.8%	1,399	1,547	10.6%	1,501	1,547	3.1%
Commercial Adult Foster Care	2,482	2,514	1.3%	2,510	2,645	5.4%	2,514	2,645	5.2%
Regular Residential Care	962	921	-4.3%	968	908	-6.2%	921	908	-1.4%
Contract Residential Care	1,106	1,143	3.3%	1,099	1,276	16.1%	1,143	1,276	11.6%
Assisted Living	3,672	3,739	1.8%	3,657	3,886	6.3%	3,739	3,886	3.9%
Specialized Living	164	165	0.6%	165	165	0.0%	165	165	0.0%
ElderPlace (PACE)	674	696	3.3%	750	791	5.5%	696	791	13.6%
Subtotal Community-Based Care	10,535	10,679	1.4%	10,548	11,218	6.4%	10,679	11,218	5.0%
Basic Nursing Facility Care	4,594	4,467	-2.8%	4,668	4,285	-8.2%	4,467	4,285	-4.1%
Complex Medical Add-On	378	387	2.4%	361	368	1.9%	387	368	-4.9%
Pediatric Care	55	53	-3.6%	56	56	0.0%	53	56	5.7%
Extended Care NFC	83	83	0.0%	80	80	0.0%	83	80	-3.6%
Enhanced Care	59	56	-5.1%	60	60	0.0%	56	60	7.1%
Post-Hospital Benefit	5	4	-20.0%	6	6	0.0%	4	6	50.0%
Subtotal Nursing Facilities	5,174	5,050	-2.4%	5,231	4,855	-7.2%	5,050	4,855	-3.9%
Total Long-Term Care	26,197	26,245	0.2%	26,124	26,716	2.3%	26,245	26,716	1.8%
Aid to the Blind	611	611	0.0%	638	638	0.0%	611	638	4.4%
Aid to the Disabled	40,673	40,911	0.6%	42,300	42,630	0.8%	40,911	42,630	4.2%
Old Age Assistance	11,623	11,620	0.0%	12,938	12,918	-0.2%	11,620	12,918	11.2%
Total Oregon Supplemental Income Prgm (OSIP)	52,907	53,142	0.4%	55,876	56,186	0.6%	53,142	56,186	5.7%

Notes:

- * Spring 2009 Forecast: Actual through October 2008 (Actual through September 08 for NFC Basic & Complex Add-On).
- * Fall 2008 Forecast: Actual through March 2008.
- * NFC Extended Care caseload counts are based on paid claims instead of previously reported payment data (Spring 2009).
- * Total In-Home caseload does not include In-Home Agency, Independent Choices & Oregon Project Independence caseloads.

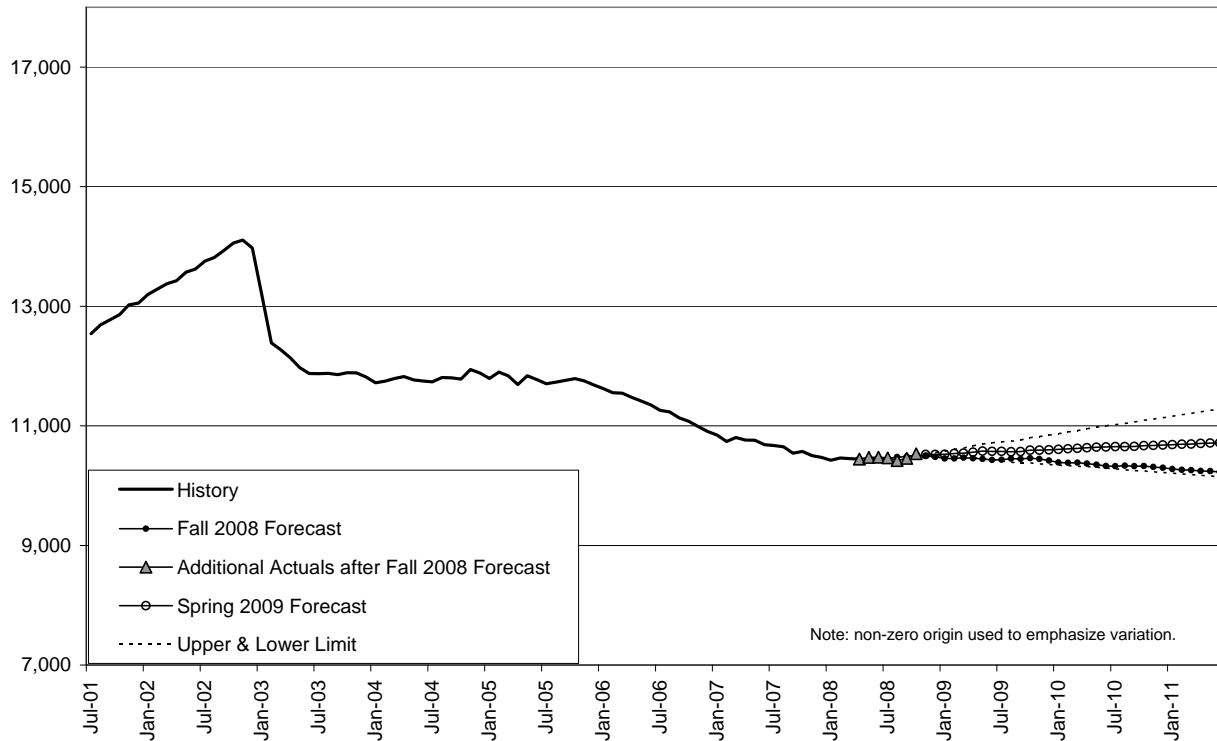
Historically, the Long-Term Care (LTC) caseload averaged more than 28,000 before the elimination of LTC service priority levels 12 through 17 in 2001-03. The LTC caseload declined about 10.0 percent, or more than 3,000 cases, during the 8 month period ending June 2003. This population decreased by 4.0 percent in the 2005-07 biennium. However, total LTC caseload is expected to increase slightly over the previous forecast for the current biennium, and about 2 percent in 2009-11 compared to 2007-09 due to caseload growth in In-home and Community-Based Care services.

The growth in the Long-Term Care caseload can be attributed to a combination of several program initiatives that were implemented in 2008: Medicaid contracts designed to increase Medicaid participation in Community-Based Care, increased CBC rates for providers, diversion and transition of clients from Nursing Facilities, and expansion of the all-inclusive Elder Place Program. Although the current economic recession does not seem to have a direct or primary effect on the LTC caseload growth, it may have secondary and delayed effects.



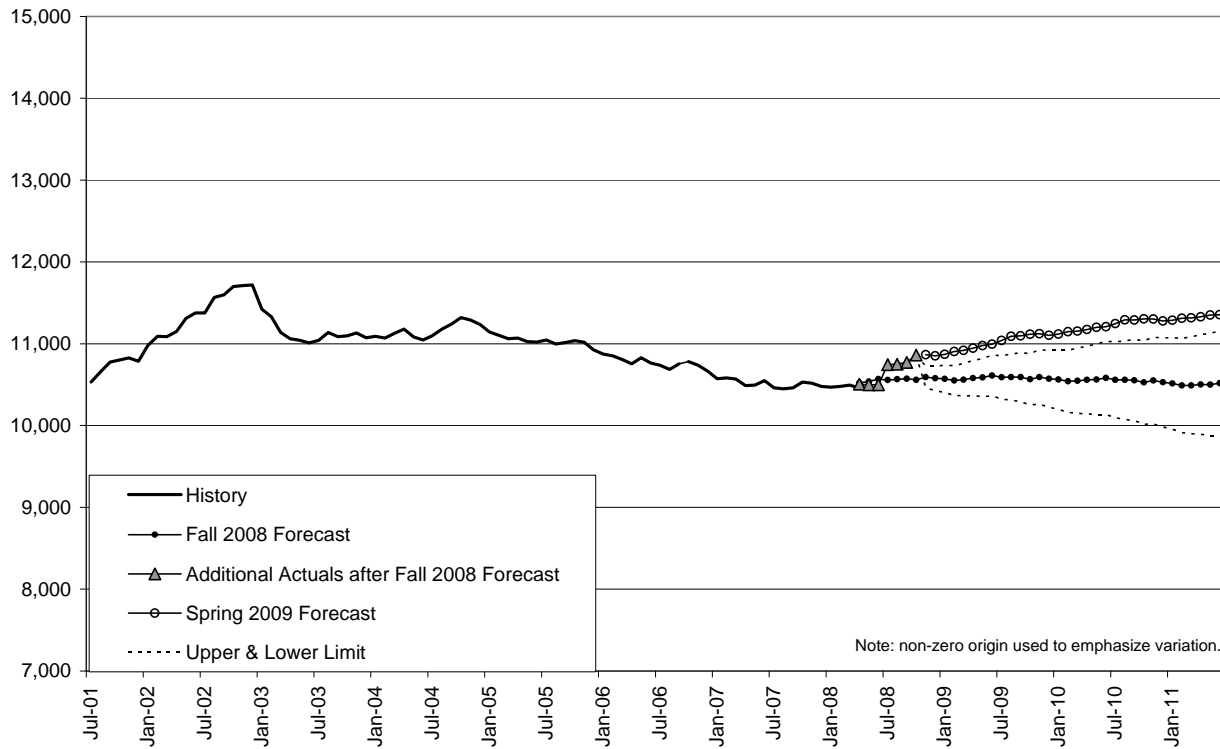
In-Home Care caseload was relatively flat or slightly decreasing after severe budgetary cutbacks in 2002. This caseload continued to decline due to ongoing client eligibility reviews and the implementation of the Medicare Modernization Act. However, the caseload has stabilized in recent months and is expected to increase slightly in 2007-09; it should be 2.9 percent higher than the previous forecast in 2009-11 and 1.2 percent greater than that for 2007-09.

In-Home Care: Total

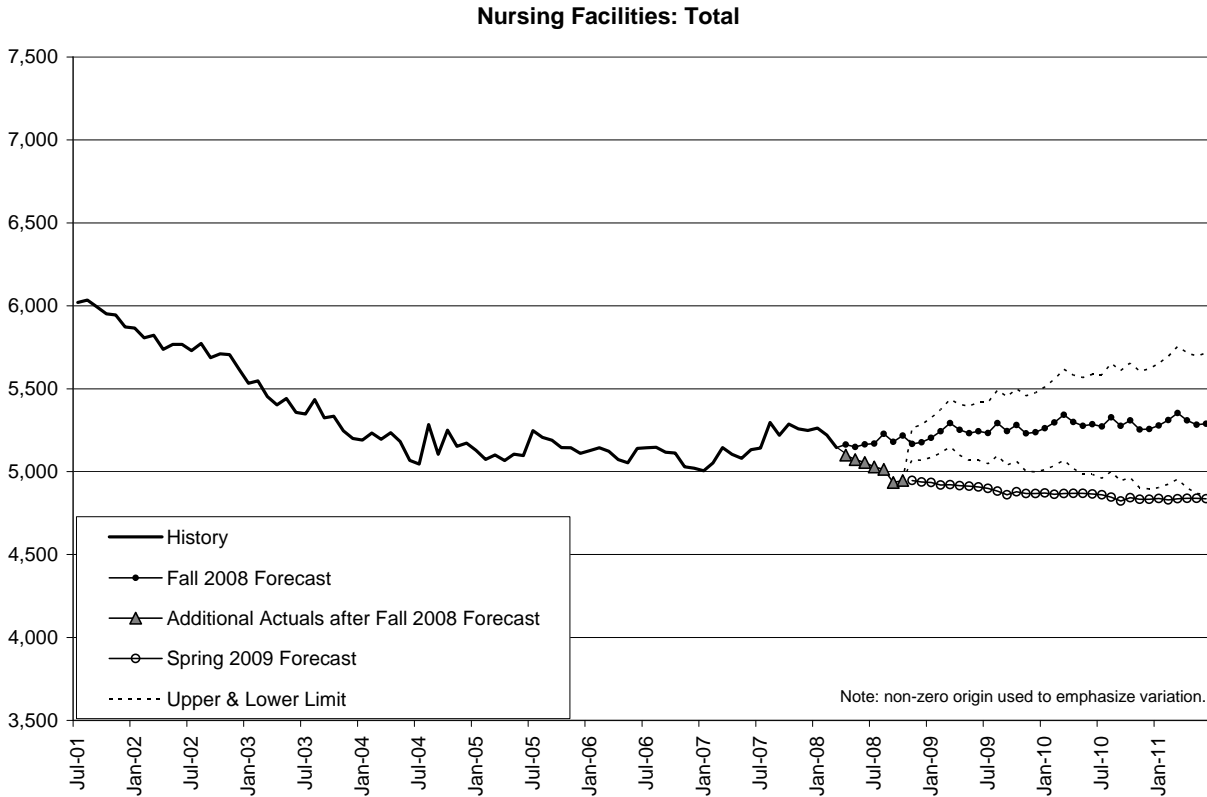


Community-Based Care Facilities (CBC) caseload also declined in 2002, but grew modestly in 2003 and early 2004. Assisted Living and Contract Residential Care providers had been withdrawing from Medicaid contracts due primarily to lower Medicaid reimbursements. However, due to the implementation of various program initiatives including a CBC rate increase, new licensing requirements, and revised eligibility determinations, we've observed modest growth in most of the CBC services that should continue in the current biennium while greater growth is expected in 2009-11. The total 2009-11 CBC caseload is expected to be 5.0 percent greater than that for 2007-09.

Community-Based Care Facilities: Total



Nursing Facilities caseload has steadily declined for several years. The decline in the caseload abated and moderately increased in 2006-07. However, the NFC Basic caseload has once again declined in recent months. The total NFC caseload for 2007-09 is expected to decline by 2.4 percent, and by 7.2 percent in 2009-11, when compared to the previous forecast. Considering the current forecast, the total NFC caseload is expected to decrease by 3.9 percent in 2009-11. Active diversion and transition programs are contributing to this decline.



Oregon Supplemental Income Program (OSIP) caseload is expected to grow moderately through the 2009-11 forecast period.

STAKEHOLDER SURVEY RESULTS

Community Demand for Stakeholder and DHS Services

- The majority of SPD stakeholders and field staff observed demand for stakeholder and DHS services increasing. Almost every respondent expected demand to increase by Fall 2009.
- Most SPD stakeholders and field staff noted the increase in demand among adults with disabilities, first-time clients, seniors, and low-income clients. Often, these clients need services that are more intensive.
- According to SPD field staff, the top three DHS programs in demand are direct financial support, in-home services, and community-based services.

Reasons for Increased Demand and Need

SPD stakeholders and field staff noted SPD clients' unique economic fragility. These clients often require assistance for their entire lives, and already depend on limited

resources to meet their needs. SPD clients live independently with fewer services when possible; however, when one of their supports – income, housing, access to adequate medical services – fails, they find themselves in need of stakeholder and DHS assistance to survive. These more intensive supports are more expensive for the client, for DHS and for stakeholders.

Stakeholders and DHS staff frequently mentioned the following client issues when discussing increased demand:

- **Cost of Living – Necessities.** Financial assistance, Direct Financial Support, food and nutritional needs, housing, safety (APS), utility assistance, prioritizing needs and expenditures. Family supports that SPD clients rely on for their daily needs weaken because of the economy and family stress.
- **Unemployment and Income.** Vocational Rehabilitation policy changes; financial abuse; housing and stock market impacts on assets, income is not enough to meet the rising cost of basic client needs; supportive family's income is not enough to help with care.
- **Health Care.** Medical benefits; medical, mental, behavioral, and cognitive health care needs; cost of health care (including prescription assistance), client dependence on safe, reliable, skilled health care to survive.

CONCLUSION

It is important to remember the 2009 Spring Forecast is based on the best information available to us at this time, but these are probabilities, not certainties. DHS caseloads are the product of a number of dynamic, fluid variables, including the economy and changing demographics. As these variables change, the need for services changes as well: future client need is a moving target. Forecast accuracy will be tracked via monthly reports of actuals vs. forecasts, and an updated forecast will be prepared in the fall.

But given current economic conditions in Oregon and the nation, these forecasts are more important than ever. It is precisely in such times we need to anticipate future demand so that we can prepare to meet the needs of the many Oregonians who already depend on us, and those who will be turning to us increasingly in the future.



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