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Oregon

Kate Brown, Governor

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December 9, 2019

The Honorable Representative Dan Rayfield, Co-Chair
The Honorable Senator Betsy Johnson, Co-Chair
The Honorable Senator Elizabeth Steiner Hayward, Co-Chair
Joint Committee on Ways and Means
900 Court Street NE H-
178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairpersons:

Nature of the Request

The Oregon Youth Authority (OYA) and the Department of Human Services (DHS), in collaboration with the Oregon Health Authority (OHA), request the Committee to acknowledge receipt of this report and recommend an increase of \$5,037,231 General Fund for DHS, an increase of \$3,364,035 General Fund for OYA, and an increase in Federal Funds expenditure limitation of \$2,647,644 for DHS to fund Behavior Rehabilitation Services (BRS) rate increases.

This request is specific to the Special Payments budget category, with no impact to the Personal Services or Services and Supplies categories. The additional funding is being requested to allow these agencies to make a good faith effort to pay BRS providers daily rates that adequately and appropriately compensate them for services rendered, and to abide by the terms of a settlement agreement reached in 2014. If funding is approved by the Legislature, these agencies are prepared to increase the daily rates for all levels of BRS including additional levels necessary to satisfy recently enacted legislation taking effect July 1, 2020. DHS was provided a \$4,000,000 General Fund special purpose appropriation (SPA) for Child Welfare. Part of DHS funding request, the General Fund amount associated with Qualified Residential Treatment Programs (QRTPs) could potentially be met from this SPA as it ties directly to Family First legislation.

Agency Action

Oregon's BRS program was most recently reviewed in 2014-2015 by a large group of state program stakeholders. Regular review is expected by ORS 414.065 and 42 CFR 447.201-204

and confirmed by the settlement agreement of June 27, 2014 between the Oregon Alliance of Children's Programs and the State of Oregon through OYA, DHS, and OHA. In the 2014-2015 review, subcommittees were established in 3 areas: BRS Standards and Design, BRS Eligibility and Referrals, and BRS Rate Methodology. Subcommittees were professionally facilitated and worked on these issues for more than 16 months. The recommendations made by the workgroups were incorporated into the existing BRS program, including updating and memorializing a staff-based rate methodology using the most current State of Oregon Employment Department's Oregon Wage Information (OWI) data for each of the occupational categories that make up the program's service levels and staffing models.

In late June 2019, the BRS rate review subcommittee was reconvened for two primary reasons: first, to review how well the model was operating (i.e., determine whether any cost elements were missed and whether any factors needed revision); and second, whether there had been changes in state/federal law and rules that impact the rate model. Membership in the group included representation from state agencies, BRS providers, and stakeholders.

The subcommittee met 8 times between July 10, 2019 and October 4, 2019. The group identified a few changes impacting the system since 2015, including Oregon Senate Bill 1515 (2015), the Federal Family First Prevention Services Act (2018), and Oregon Senate Bill 171 (2019). Additionally, the group identified a few timing issues in updating rates in the model. The provider community completed an extensive survey of costs by agency. Costs included personnel (salary and fringe), materials and supplies, and administrative costs. An analysis of BRS provider costs was carried out by state agency staff to ensure the model accurately accommodated provider costs.

The total requested funding referenced above is based on three recommendations described below. Each recommendation stands alone and builds on the prior recommendation(s). In other words, recommendation 2 includes the cost of recommendation 1 as well as the additional cost of recommendation 2, recommendation 3 includes all of 2 and 1 as well as the extra for the third recommendation.

1. Include Family First and Prevention Services Act programmatic requirements in BRS daily rates

The Family First Prevention Services Act (Family First) has several implications for Oregon's system of BRS proctor/foster and residential services. BRS residential treatment programs utilized by DHS or shared by DHS and OYA are required by Family First to be accredited by a national accrediting body by July 1, 2020. Additionally, Family First requires that residential programs (referred to as "qualified residential treatment programs" or QRTPs) use treatment models that are evidence-based. The Act requires 180 days of aftercare services be made available by QRTPs to clients (versus the current Oregon Administrative Rule BRS aftercare requirement of 90 days). Lastly, Family First requires QRTPs to have access to 24/7 nursing services.

The subcommittee recommends that the entire BRS service system, including proctor/foster programs and non-QRTP residential programs (but excluding shelter programs), provide the following:

- 180 days aftercare services to best meet the needs of children/youth
- Employ evidence-based programming such as Collaborative Problem Solving or Aggression Replacement Training
- Converting one Social Service staff position in the rate model to Senior Social Service staff to account for the increased need for training, coaching, oversight and use of evidence-based models to fidelity
- An adjustment to assure that a larger proportion of direct service staff possess a level of education and experience to meet evidence-based programmatic expectations
- Adding certification capacity to assure adequate safety oversight of proctor/foster homes
- Only QRTPs be subject to accreditation by JCAHO, CARF, or COA, and have 24/7 nursing availability (provided by OHP) as required by Family First legislation.

The daily rate impacts of Family First are as follows:

QRTP programs: Accreditation (\$4.21); Program Enhancement, Training and Oversight (between \$7.70 and \$15.56, depending upon service level); Aftercare (\$5.38); Nursing Services (provided through OHP)

Non QRTP programs: Program Enhancement, Training and Oversight (between \$7.70 and \$15.56, depending upon service level); Aftercare (\$5.38)

Proctor/Foster programs: Program Enhancement, Training and Oversight (\$13.79 Proctor and \$14.40 Proctor Enhanced); Aftercare (\$5.38)

Rate changes with implementation of Family First Act

Shelter	Ind. Living Programs	Proctor	Enhanced Proctor	Residential*	Intensive Residential*	Intensive Behavioral Support*	ILP Enhanced*
\$205.86	\$215.46	\$217.86	\$232.80	\$254.84	\$289.97	\$415.47	\$254.63
4.1%	9.0%	9.6%	9.3%	7.3%	7.1%	7.9%	7.6%

*Non-QRTP Residential: \$250.62 (5.5%)
 *Non-QRTP Intensive Residential: \$285.75 (5.5%)
 *Non-QRTP Intensive Behavioral Support: \$408.91 (6.2%)
 *Non-QRTP ILP Enhanced: \$250.42 (5.8%)

Fiscal Impact July 1, 2020 through June 30, 2021:

DHS:	\$797,200 GF (non-QRTP)		
DHS CW SPA:	\$1,792,998 GF (QRTP)	\$1,686,218 FF	\$4,276,416 TF
OYA:	\$1,309,772 GF		\$1,309,772 TF

2. Update Oregon Wage Information (OWI), which is foundational to the staffing-based model, on a more frequent basis throughout the budget building process

Salaries that keep up with inflation and prevailing wages are crucial to the recruitment and retention of staff. Studies have found clear correlation between staff training and turnover and delays in permanency, making staff stability an important factor in child/youth outcomes. Under supervision of professional social services staff, direct care staff provide the core of skills-training and skills-building practice. Providers have reported, however, that in the current economic climate (with the minimum wage increasing 6.5% this year), it has become increasingly difficult to recruit and retain direct care service staff. St. Mary’s School for Boys reports a 41% direct care staff turnover rate and an inability to expand a unit on campus for DHS youth because of direct care staffing issues. It took Looking Glass Youth and Family Services much longer than anticipated to maintain required staff-to-youth ratios because of difficulty in recruiting and retaining direct care staff.

For the 2019-21 biennium, BRS rates were adjusted based upon the most current OWI available at the time agency continuing service level budgets were developed in April 2018. The most current data available from the Employment Department was the June 2017 published OWI (the Employment Department publishes OWI annually in June, with data from the first quarter of the year). Because the rate model does not include inflation adjustments throughout the biennium, BRS rates for the 2019-21 biennium are entirely based upon March 2017 OWI salary data published in June 2017.

The committee recommends that effective July 1, 2020, BRS rates be updated using 2019 Oregon Wage Information. The committee further recommends that future DHS and OYA budgets for BRS be adjusted along the state budget building process to assure that the most current salary data for direct care and other staff are used in the agencies’ legislatively approved budgets. For the 2021-23 biennium, the committee recommends the Legislature updates agency budgets for BRS programs using the 2021 OWI which is published mid-June 2021, just before the Legislature adjourns. This will ensure the programs will have the most updated OWI at the start of the budget cycle.

Rate changes with implementation of Family First Act and applying 2019 OWI salary update

Shelter	Ind. Living Programs	Proctor	Enhanced Proctor	Residential	Intensive Residential	Intensive Behavioral Support	ILP Enhanced
\$222.56	\$232.17	\$227.63	\$243.95	\$273.99	\$312.56	\$448.63	\$275.59
12.6%	17.4%	14.5%	14.5%	15.3%	15.4%	16.5%	16.4%

*Non-QRTP Residential: \$269.78 (13.6%)
 *Non-QRTP Intensive Residential: \$308.35 (13.8%)
 *Non-QRTP Intensive Behavioral Support: \$442.07 (14.8%)
 *Non-QRTP ILP Enhanced: \$271.38 (14.7%)

Cumulative Fiscal Impact July 1, 2020 through June 30, 2021:

DHS: \$2,234,079 GF (non-QRTP)
DHS CW SPA: \$1,792,998 GF (QRTP) \$2,647,644 FF \$6,674,721 TF
OYA: \$2,571,034 GF \$2,571,034 TF

3. Include in the BRS daily rate structure adjustment for utilization

The current BRS system compensates providers for filled beds only, without accounting for beds that are vacant. As a result, the system does not have enough capacity to allow for placement matching of children/youth, or for a bed to be held for a child. And, of course, provider costs remain fixed in terms of salaries, fringe and administrative overhead. This recommendation provides a 5% annual rate retainer to provide for available space. This daily rate adjustment for utilization provides funding to retain capacity while keeping in place the incentive to maintain full utilization of available beds.

Rate changes with implementation of Family First Act, applying 2019 OWI salary update, and utilization adjustment

Shelter	Ind. Living Programs	Proctor	Enhanced Proctor	Residential	Intensive Residential	Intensive Behavioral Support	ILP Enhanced
\$228.05	\$237.89	\$233.24	\$249.97	\$280.75	\$320.30	\$465.84	\$282.39
15.4%	20.3%	17.4%	17.3%	18.2%	18.3%	21.0%	19.3%

*Non-QRTP Residential: \$276.53 (16.4%)
 *Non-QRTP Intensive Residential: \$316.08 (16.7%)
 *Non-QRTP Intensive Behavioral Support: \$459.28 (19.3%)
 *Non-QRTP ILP Enhanced: \$278.18 (17.5%)

Cumulative Fiscal Impact July 1, 2020 through June 30, 2021:

DHS: \$3,244,233 GF (non-QRTP)
DHS CW SPA: \$1,792,998 GF (QRTP) \$2,647,644 FF \$7,684,875 TF
OYA: \$3,364,035 GF \$3,364,035 TF

Action Requested

OYA, DHS, and OHA request that the Committee acknowledge receipt of report and recommend an increase of \$5,037,231 General Fund for DHS, an increase of \$3,364,035 General Fund for OYA, and an increase in Federal Funds expenditure limitation of \$2,647,644 for DHS to fund Behavior Rehabilitation Services (BRS) rate increases.

Legislation Affected

1. OAR 410-170-0110, which specifically provides current billable care day rates for Behavior Rehabilitation Services (adopted as Exhibit 1), if approved, will need to be updated with the revised rates.
2. OYA - SB5541, chapter law 427, 2019 laws, Section 1 (1)
3. DHS – ch 668 1(3) General \$5,037,231
4. DHS – ch 668 3(3) Federal \$2,647,644

If you have questions, please contact Sara Fox, Child Welfare Treatment Services Program Manager at: sara.b.fox@dhsoha.state.or.us for DHS and for OYA contact Amber Forster at Amber.Forster2@oya.state.or.us.

Sincerely,



Eric Luther Moore
DHS Chief Financial Officer



Amber Forster
OYA Chief Financial Officer

cc: Laurie Byerly, Legislative Fiscal Office
Ken Rocco, Legislative Fiscal Office
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George Naughton, Department of Administrative Services
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