

House Bill 2665 – Maximum Rate Development

The purpose of this document is to provide a high-level overview of the House Bill 2665 maximum rate development methodology and process.

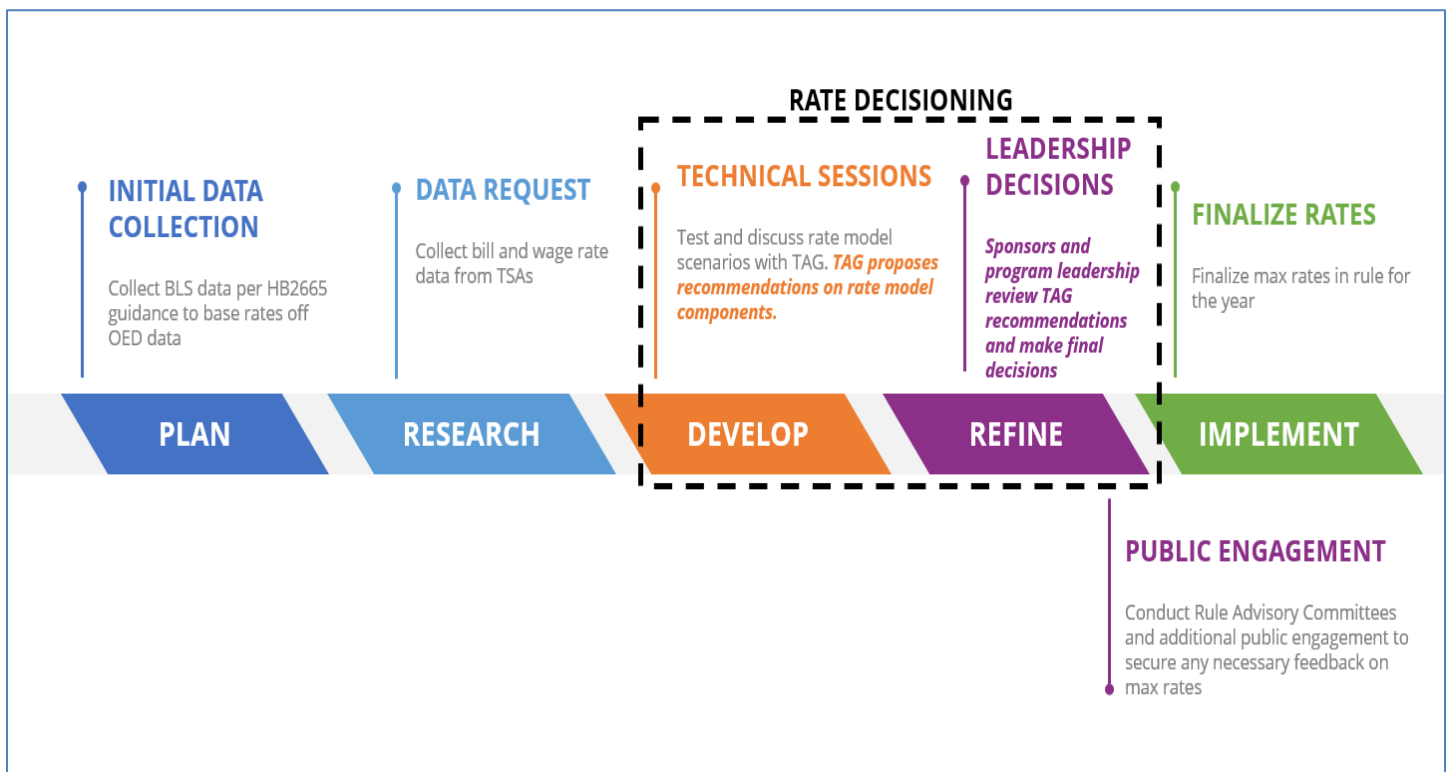
Background

In 2023, the Oregon Legislature passed House Bill (HB) 2665 to address the increased use of temporary staffing services by Oregon (OR) facilities. HB 2665 instructs the Oregon Health Authority (OHA) to adopt rules and establish maximum rates that a temporary staffing agency (TSA) may charge to or receive from an entity that engages the temporary staffing agency.

Rate Setting Process

The iterative, data-driven approach to determining the maximum rates involved various phases of work (see “Rate Development Approach” graphic below) resulting in rates based on Bureau of Labor Statistics (BLS) data and informed by sessions with a Technical Advisory Group (TAG).

Rate Development Approach



Engagement with Interested Parties

- OHA conducts a yearly, standardized data request of all licensed TSAs to support maximum bill rate development and program evaluation. Results are analyzed in aggregate to validate benchmarks and understand market trends. Published materials do not identify individual respondents.
- OHA engages a broad set of participants to inform its approach, utilizing the following approaches: interviews with temporary staffing agencies and facility focus groups; consultation with a TAG drawn from state offices overseeing health policy, human services, labor-market statistics, and economic analysis; and targeted meetings with legal counsel, licensing authorities, industry associations, and labor organizations to validate options and address operational issues.

Rate Development

- OHA sets maximum bill rates through an iterative, data-driven process that combines partner feedback, review by technical experts, and analysis of current labor-market and program data.

Maximum Rate Structure

- Maximum rates have two components: a maximum bill rate and a cap on the agency margin. Maximum bill rates include the agency margin (see “Max Rate Build-Up” graphic below).

Estimated Pay Rate

- Maximum rates use a statewide wage baseline from BLS data, which was trended to the applicable rate year and adjusted to Portland wage levels, with a licensed care setting differentiation for RNs in hospitals. A compensation alignment factor was then applied to adjust the permanent wages to account for the differences in temporary and permanent staff compensation (see “Max Rate Build-Up” graphic below).

Maximum TSA Margin

- Represented as a percentage of the bill rate, the TSA margin includes any costs not paid directly to the temporary staff such as, but not limited to, administrative costs, contracting fees, employee costs, margin, profit (see “Max Rate Build-Up” graphic below).

Max Rate Build-Up

