

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.

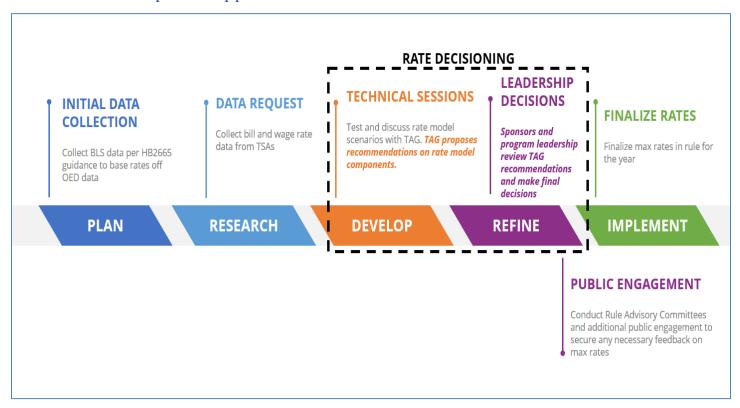
Background

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

Base Wage

- Permanent WageAverage BLS

Regional Variation

- Statewide Rate
- Increase rates to bring to the Portland level



Licensed Care Setting Variation

- Separate rates for RNs in hospitals vs all other facilities Increase rates for RNs in hospitals



Compensation Alignment Factor

Increase rates to bring to temporary staff level



Agency Margin

Specialty Pay No differentiation

Shift Differentials

Total Bill Rate

150%

Holiday Pay & Overtime

Per the intent of HB2665, the average BLS permanent wage is used the base of the max rate.

One statewide rate was set for each personnel type and was brought to the Portland wage level.

Separate rates were set for RNs working in hospitals to account for higher wages paid in hospitals as compared to other facility types.

The compensation alignment factors increase each personnel types' wages according to each position's typical differential in permanent to temporary wages.

The margin was chosen as the average of partner submitted data and is applied to the rate to account for administrative costs to the agency.

OHA determined to not differentiate the rates for specialty pay or shift differentials. Based on partner data submitted, higher wages for specialties and shift differentials are captured by the compensation alignment factor.

150% of the non-holiday maximum rate is applied for holidays and overtime – this is in-line with industry standards, practices of states with similar legislation, and Oregon law.