FISCAL IMPACT OF PROPOSED LEGISLATION **Measure: HB 4004 - 3**

81st Oregon Legislative Assembly – 2022 Regular Session
Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

Prepared by: Haylee Morse-Miller
Reviewed by: Gregory Jolivette, Tom MacDonald, John Terpening
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Measure Description:
Requires Oregon Health Authority to distribute grants to behavioral health treatment providers for staff compensation and workforce retention and recruitment.

Government Unit(s) Affected:
Department of Human Services (DHS), Oregon Health Authority (OHA), Oregon Youth Authority (OYA)

Analysis:
This fiscal impact statement is for the purpose of transmitting the measure from the House Committee on Behavioral Health to the Joint Committee on Ways and Means.

The measure directs the Oregon Health Authority (OHA) to administer a program to distribute grants that are to be used to increase staff compensation, pay a retention bonus if necessary, or hire new staff and provide a hiring bonus if necessary to recruit new staff for certain health care providers. At least 75 percent of the grant must be spent on staff wages, benefits, and/or bonuses, with the rest to be spent on programs or other means to increase workforce retention and recruitment. Providers must state how they will use the grant when they apply and must report to OHA on how the grants were spent and if they resulted in improved compensation for staff. Grants are to be a percentage of funds appropriated under this measure, that represents a provider's staffing costs for both filled and vacant positions, relative to the staffing costs of all providers in the state. Grants are to be distributed no later than May 31, 2022, and this portion of the measure sunsets on January 2, 2023. This measure includes a blank General Fund appropriation to OHA to carry out this portion of the measure.

OHA is also directed to contract with nurses and behavioral health professionals to provide care in adult and child residential behavioral health treatment facilities, opioid treatment programs, withdrawal management programs, and sobering centers, to address staffing shortages at these facilities. OHA is directed to seek any necessary approval from the Centers for Medicare and Medicaid Services to secure federal financial participation in the cost of these contracts if funding from the Federal Emergency Management Agency is unavailable. This portion of the measure sunsets on January 2, 2027. This measure includes a blank General Fund appropriation to OHA to carry out this portion of the measure.

Further Analysis Required

Additionally, this measure grants the Oregon Youth Authority (OYA) the latitude to make local government, nonprofit, and individual grants to meet the treatment and care needs of adjudicated youths committed to OYA custody, in order to respond quickly to each youth's circumstance.

The measure declares an emergency and takes effect on passage.

OHA has provided a low- and high-end estimate for the costs under this measure, but these numbers have not been evaluated by the Legislative Fiscal Office. To provide grants, OHA's low-end cost estimate is $66.1 million General Fund and the high-end estimate is $132.2 million General Fund in the 2021-23 biennium. To contract for nursing and behavioral health professionals to provide care in facilities that are short staffed, OHA's low-end cost estimate is $102.2 million total funds ($38.4 million General Fund and $63.8 million Federal Funds) in the 2021-23

biennium and $153.4 million total funds ($61.3 million General Fund and $92.1 million Federal Funds) in the 2023-25 biennium. The high-end cost estimate is $345.9 million total funds in the 2021-23 biennium and $518.9 million total funds in the 2023-25 biennium. These numbers have not yet been evaluated by the Legislative Fiscal Office and are estimates only.

A more complete fiscal analysis on the measure will be prepared as the measure is considered in the Joint Committee on Ways and Means.

Further Analysis Required