Funding and Delivery of Measure 110 Substance Use Disorder Services Shows Progress, but Significant Risks Remain

Kip Memmott, Audits Director
Ian Green, Audit Manager
January 2024

Three Legislatively Mandated Audits

- SB755 (2021), amended by HB2513 (2023), requires the Oregon Secretary of State Audits Division to conduct:

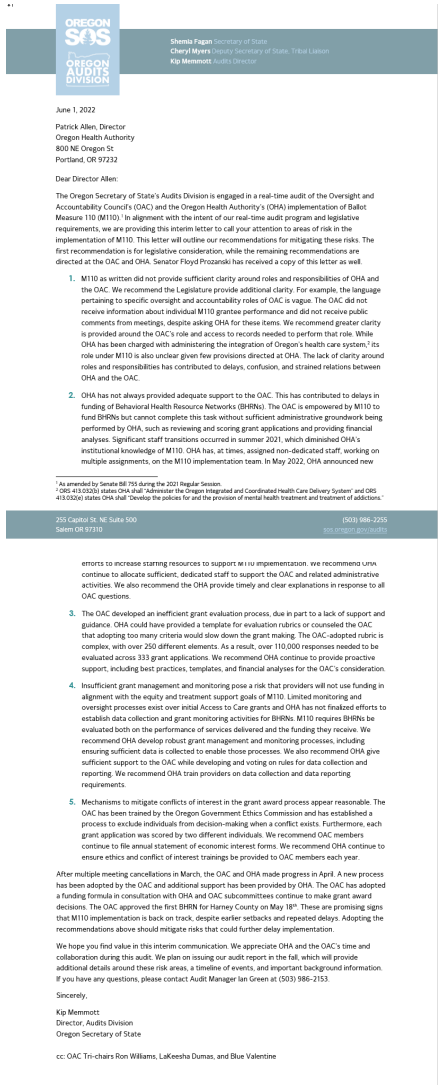
  Real time audit – due by December 31, 2023
  What needs immediate fixes?

  Financial review – due by December 31, 2023
  Were grants awarded appropriately?

  Performance audit – due by December 31, 2025
  Is M110 working?

Real-time Reporting

June 2022 letter



OREGON SOS Secretary of State
OREGON AUDITS DIVISION

Shemia Fagan Secretary of State
Cheryl Myers Deputy Secretary of State, Tribal Liaison
Kip Memmott Audits Director

June 1, 2022

Patrick Allen, Director
Oregon Health Authority
800 NE Oregon St
Portland, OR 97232

Dear Director Allen:

The Oregon Secretary of State's Audits Division is engaged in a real-time audit of the Oversight and Accountability Council's (OAC) and the Oregon Health Authority's (OHA) implementation of Ballot Measure 110 (M110).[1] In alignment with the intent of our real-time audit program and legislative requirements, we are providing this interim letter to call your attention to areas of risk in the implementation of M110. This letter will outline our recommendations for mitigating these risks. The first recommendation is for legislative consideration, while the remaining recommendations are directed at the OAC and OHA. Senator Floyd Prozanski has received a copy of this letter as well.

1. M110 as written did not provide sufficient clarity around roles and responsibilities of OHA and the OAC. We recommend the Legislature provide additional clarity. For example, the language pertaining to specific oversight and accountability roles of OAC is vague. The OAC did not receive information about individual M110 grantee performance and did not receive public comments from meetings, despite asking OHA for these items. We recommend greater clarity is provided around the OAC's role and access to records needed to perform that role. While OHA has been charged with administering the integration of Oregon's health care system,[2] its role under M110 is also unclear given few provisions directed at OHA. The lack of clarity around roles and responsibilities has contributed to delays, confusion, and strained relations between OHA and the OAC.
2. OHA has not always provided adequate support to the OAC. This has contributed to delays in funding of Behavioral Health Resource Networks (BHRNs). The OAC is empowered by M110 to fund BHRNs but cannot complete this task without sufficient administrative groundwork being performed by OHA, such as reviewing and scoring grant applications and providing financial analyses. Significant staff transitions occurred in summer 2021, which diminished OHA's institutional knowledge of M110. OHA has, at times, assigned non-dedicated staff, working on multiple assignments, on the M110 implementation team. In May 2022, OHA announced new

[1] As amended by Senate Bill 755 during the 2021 Regular Session.
[2] ORS 413.032(3) states OHA shall "Administer the Oregon Integrated and Coordinated Health Care Delivery System" and ORS 413.032(4) states OHA shall "Develop the policies for and the provision of mental health treatment and treatment of addictions."

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efforts to increase staffing resources to support M110 implementation. We recommend OHA continue to allocate sufficient, dedicated staff to support the OAC and related administrative activities. We also recommend the OHA provide timely and clear explanations in response to all OAC questions.

3. The OAC developed an inefficient grant evaluation process, due in part to a lack of support and guidance. OHA could have provided a template for evaluation rubrics or counseled the OAC that adopting too many criteria would slow down the grant making. The OAC-adopted rubric is complex, with over 250 different elements. As a result, over 110,000 responses needed to be evaluated across 333 grant applications. We recommend OHA continue to provide proactive support, including best practices, templates, and financial analyses for the OAC's consideration.
4. Insufficient grant management and monitoring pose a risk that providers will not use funding in alignment with the equity and treatment support goals of M110. Limited monitoring and oversight processes exist over initial Access to Care grants and OHA has not finalized efforts to establish data collection and grant monitoring activities for BHRNs. M110 requires BHRNs be evaluated both on the performance of services delivered and the funding they receive. We recommend OHA develop robust grant management and monitoring processes, including ensuring sufficient data is collected to enable those processes. We also recommend OHA give sufficient support to the OAC while developing and voting on rules for data collection and reporting. We recommend OHA train providers on data collection and data reporting requirements.
5. Mechanisms to mitigate conflicts of interest in the grant award process appear reasonable. The OAC has been trained by the Oregon Government Ethics Commission and has established a process to exclude individuals from decision-making when a conflict exists. Furthermore, each grant application was scored by two different individuals. We recommend OAC members continue to file annual statement of economic interest forms. We recommend OHA continue to ensure ethics and conflict of interest trainings be provided to OAC members each year.

After multiple meeting cancellations in March, the OAC and OHA made progress in April. A new process has been adopted by the OAC and additional support has been provided by OHA. The OAC has adopted a funding formula in consultation with OHA and OAC subcommittees continue to make grant award decisions. The OAC approved the first BHRN for Harney County on May 18th. These are promising signs that M110 implementation is back on track, despite earlier setbacks and repeated delays. Adopting the recommendations above should mitigate risks that could further delay implementation.

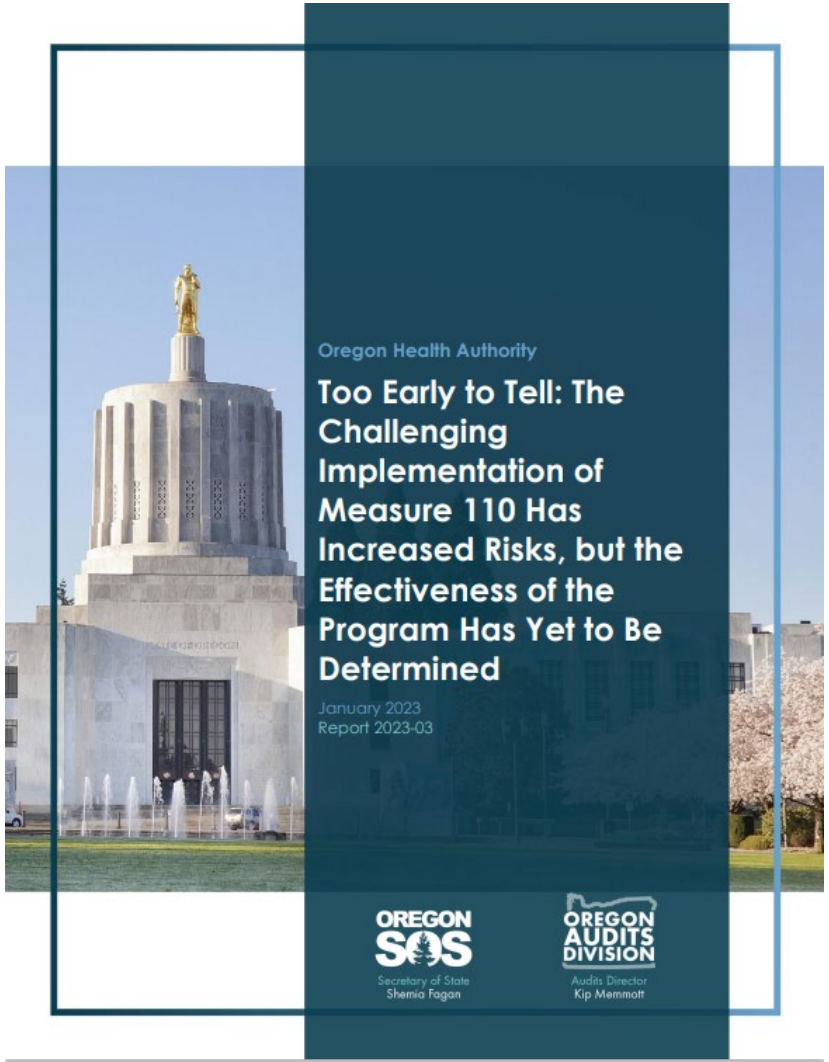
We hope you find value in this interim communication. We appreciate OHA and the OAC's time and collaboration during this audit. We plan on issuing our audit report in the fall, which will provide additional details around these risk areas, a timeline of events, and important background information. If you have any questions, please contact Audit Manager Ian Green at (503) 986-2153.

Sincerely,

Kip Memmott
Director, Audits Division
Oregon Secretary of State

cc: OAC Tri-chairs Ron Williams, LaKeesha Dumas, and Blue Valentine

January 2023 real-time audit



Financial Review Key Findings

Grants were awarded in alignment with statutory requirements

Provider spending is lagging, but services are growing over time

OHA needs more data to demonstrate program effectiveness

OHA Expenditures

Figure 16: M110 expenditures through June 2023

Disbursements to Tribes	$9.7 million
Access to Care Grants	$36.8 million
Disbursements to BHRN grantees	$209.3 million
OHA Administration – covered by Drug Treatment Fund	$9.2 million
OHA Administration – covered by General Funds	$6.1 million

Source: OHA September 2023 M110 Revenue and Expenditure Report

Spending Aligned with Statutory Requirements

Figure 6: Spending and the number of providers offering services varied among service categories funded

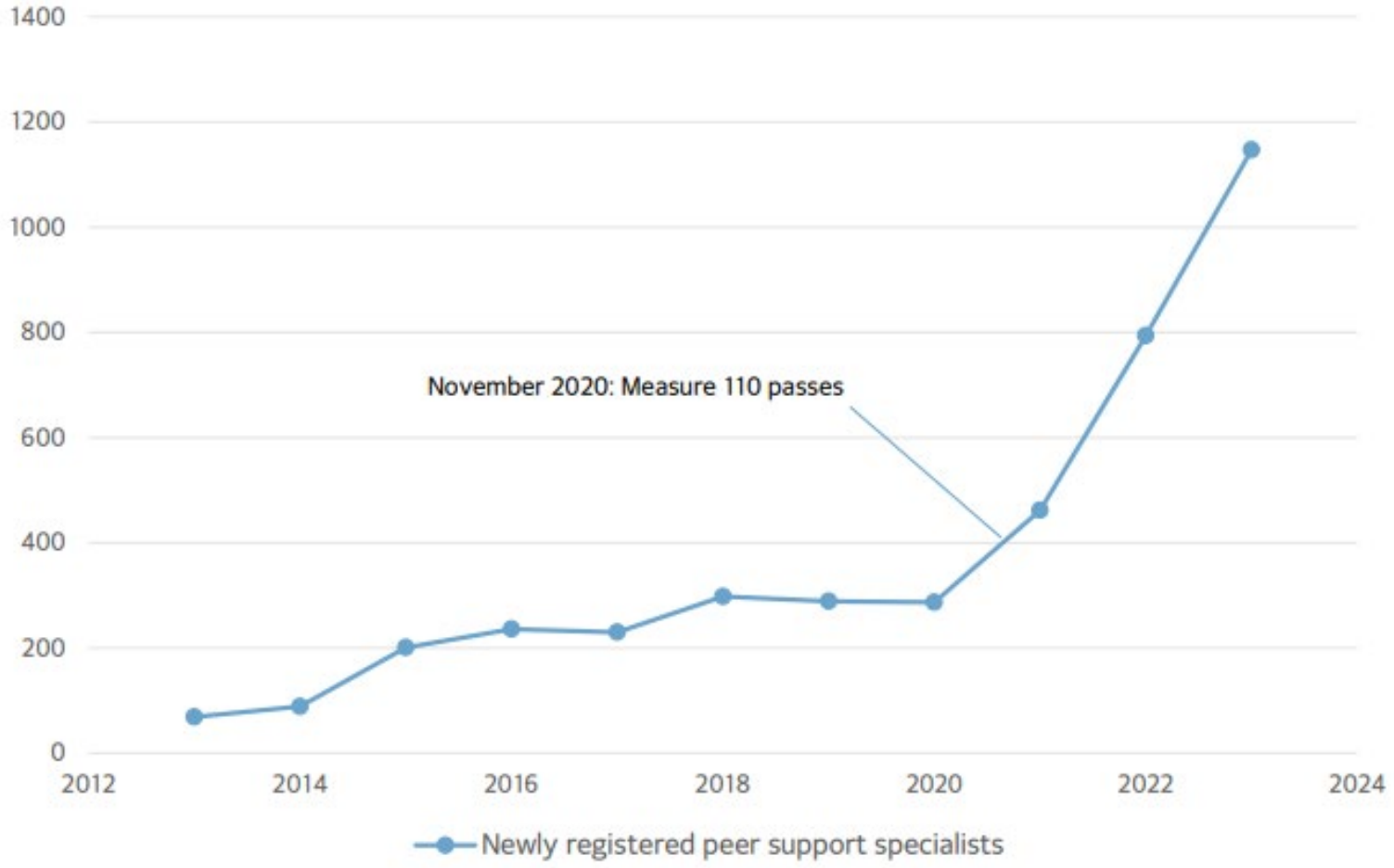
Service Category	Grantees Signed Up to Provide	Reported Spending — April to June 2023*	Reported Clients Served — April to June 2023*	Cost per client
Peer Support and Mentoring	168	$10.95 million	14,447	$759
Comprehensive Behavioral Needs Assessment	110	$1.31 million	3,676	$356
Low-Barrier Substance Use Treatment	109	$4.51 million	8,284	$545
Screening	109	$1.94 million	5,274	$368
Housing Services	87	$7.42 million	2,840	$2,613
Harm Reduction	84	$3.14 million	18,097	$174
Supported Employment	52	$1.57 million	989	$1,589

Source: Auditor prepared using OHA data

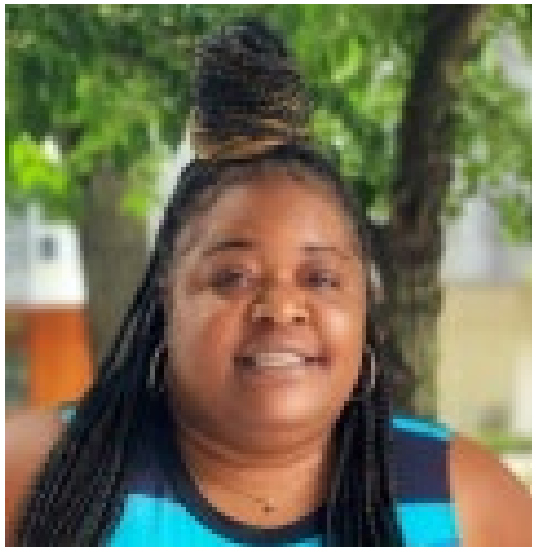
* Notes: This table focuses on one quarter of provider reports on expenditures and clients — the latest available — as clients cannot be added between quarters without duplication. Clients are also duplicated across services and cannot be added to an unduplicated total. In addition, OHA continues to review quarterly provider reports, making the figures subject to change.

Peer Support is Rapidly Expanding

Figure 7: M110 has helped drive the increase in newly registered Peer Support Specialists in Oregon

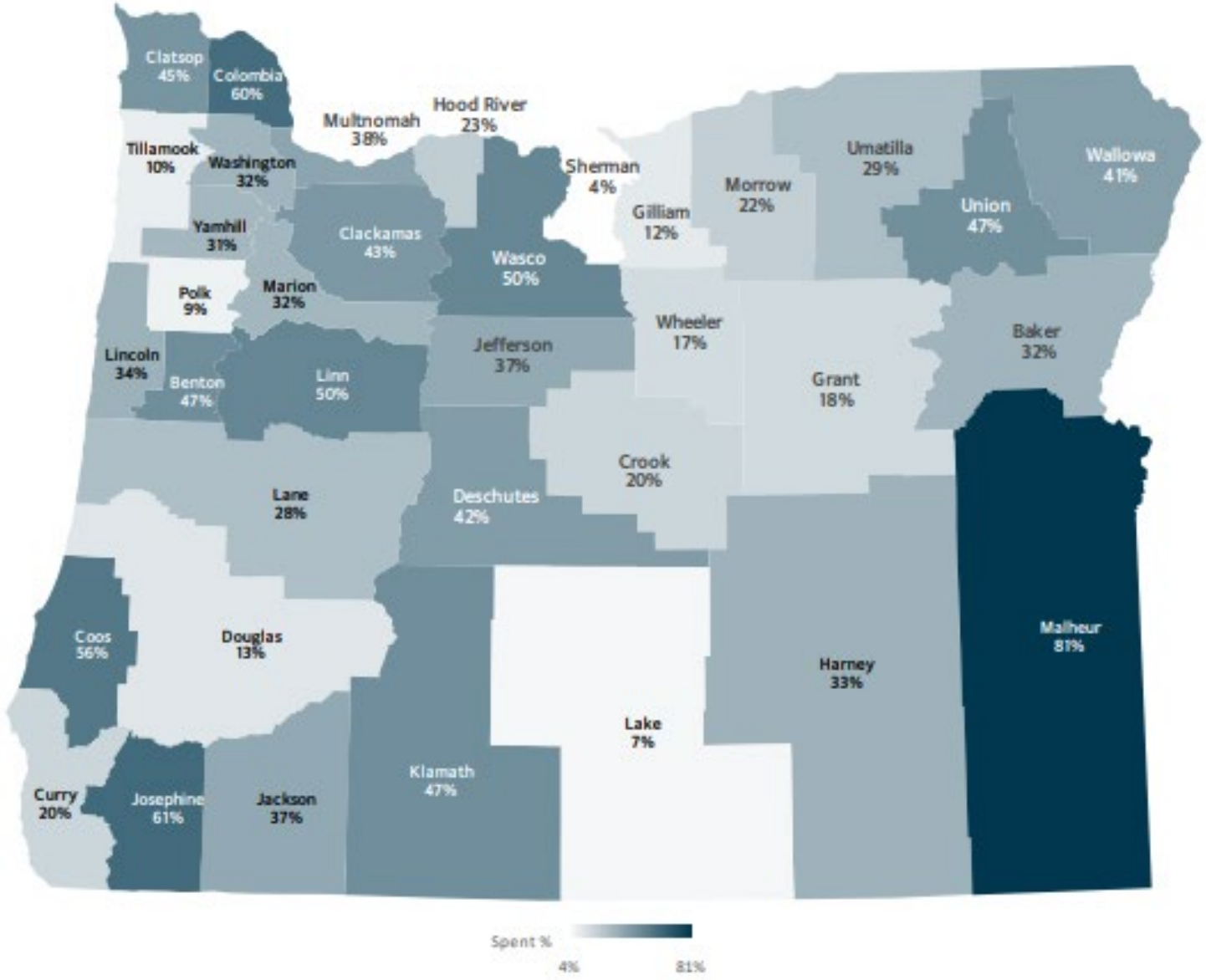


Source: Auditor compiled based on information provided by MHACBO



Ashle Tucker
Peer Support Specialist
Miracles Club

Figure 8: Low spending percentages in the BHRN grants first year pose risks that complete M110 services will not be available in all county networks



Two thirds through the initial grant period, reported provider spending was just over a third of the total grant awards.

Source: Auditor constructed based on data from OHA. This data is subject to change as OHA reviews provider reports.

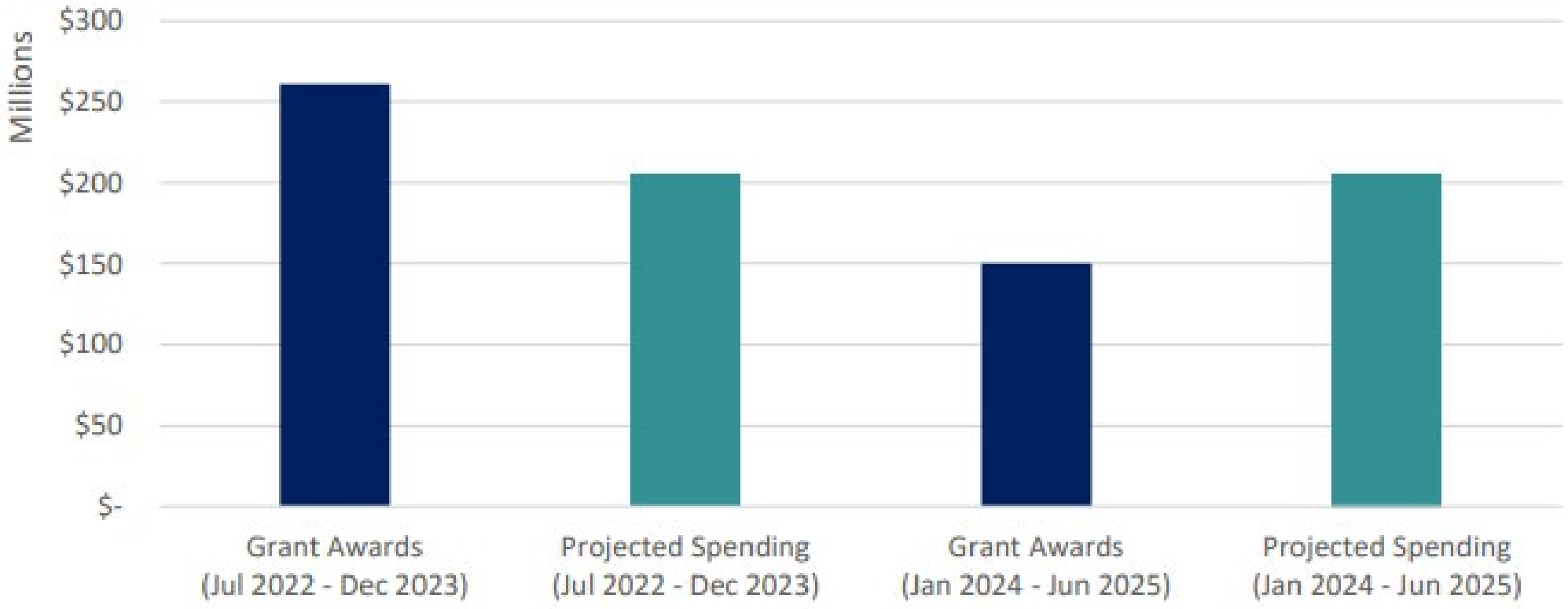
Barriers to Spending Reported by BHRN Providers

Figure 9: BHRN providers cited potentially more persistent causes of low spending and services

Difficulty Hiring	Hiring struggles and low wages are a persistent problem across behavioral health services.
Funding Stability	Providers are concerned about hiring staff with M110 funds that could disappear or be reduced if M110 is repealed or modified.
Housing Costs	High housing costs make it harder to attract staff and provide housing for clients.
Social Stigma	Community opposition to M110 or providing services to people with substance issues can stall services.
Limited Reimbursements	By statute, BHRN funds cover costs only after providers tap Medicaid and other funding sources, which can limit providers' ability to use the funds.
Client Pipeline	Class E violations have also prompted few calls to the M110 hotline, which was supposed to serve as a significant source of new clients.
Reduced Referrals	Referrals from drug courts to treatment services declined during the pandemic and fell further after decriminalization. [20]

Silver Lining of Slow Spending

Figure 10: About $55 million in unspent funds from the initial grant period will be carried over into the next grant period, which should help level spending across the first 36 months of M110 implementation

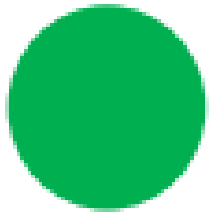


Source: Auditor prepared based on information from OHA

Notes: Projected spending related to the first grant term, from July 2022 through December 2023, includes spending through June 2025 for capital projects included in the original grants. Projected spending figures are estimates and subject to change. OHA staff are still examining reported spending associated with five grants, which could change these figures.

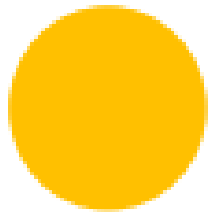
More Data and Better Data Needed

Figure 11: Some metrics to assess program implementation may not be available in new data system



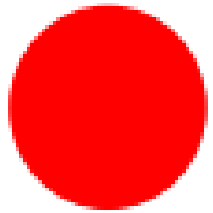
On-Track

- Clients receiving services
- Duration of client participation
- Number denied and why
- Data on client race/ethnicity and disability
- Whether clients re-enter treatment



Possible

- Time to access services and reasons for delay
- Increase in individuals accessing services



Unclear

- Client health outcomes

Increases in:

- Treatment providers
- Culturally specific providers
- Access to harm reduction services and housing
- Client access to housing

Hotline is Expensive and Yet to Yield Results

- Hotline is required by statute and a call waives E-Ticket fee
- $1.7 million to initial contractor for services through June 2023
- $2.8 million to new contractor for services through January 2025

- **To date, the cost per call to the hotline is over $7,000.** Enough to provide housing services to about three people or harm reduction services to about 40 people.

Required statewide hotline operations may duplicate services provided by other hotlines.

Potential for Legislative Action

- Eliminate requirement for inefficient M110 hotline

- Revise M110 outcome metrics to be assessed during 3rd audit to account for available data or direct OHA to collect necessary data
  - OHA will be presenting a draft strategic plan to address outcome metrics during the 2024 session

Questions?

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