SECTION 1. (1) The Oregon Health Authority, in coordination with the Department of Human Services and the Oregon Youth Authority, shall establish a pilot program to create capacity to support or stabilize residential systems of care for wards, children, youth and adjudicated youth under 21 years of age, who are at risk of temporary lodging or who require behavioral health services.

(2) The Oregon Health Authority, Department of Human Services or Oregon Youth Authority shall separately enter into capacity contracts for the term beginning July 1, 2024, through June 30, 2025, with pilot program providers of residential care to wards, children, youth and adjudicated youth. A provider is eligible to participate in the pilot program if the provider:

(a) Is currently licensed by the department or the Oregon Health Authority; and

(b) Demonstrates that the provider can assist with system stabilization for residential care and treatment of wards, children, youth or adjudicated youth, or otherwise be able to create capacity to support or stabilize such systems of care.

(3) The Oregon Health Authority shall establish the following requirements for capacity contracts:

(a) Pilot program provider eligibility;

(b) Use of capacity payments for unused bed capacity;

(c) Payment formulas for capacity payments based on a percentage rate for services payable from the state to the provider for the level of care provided; and

(d) Requirements of pilot program providers to submit monthly reports to the authority that include, at a minimum, documentation of unused beds and explanations regarding barriers to serving eligible children who experience temporary lodging.

(4) The System of Care Advisory Council shall prescribe performance standards by which pilot program providers will be evaluated.

(5)(a) The Oregon Health Authority shall provide the System of Care Advisory Council with copies of the provider reports described in subsection (3) of this section no later than October 10, 2024, and every three months thereafter.

(b) The council, in consultation with an advisory committee appointed by the council, shall review and analyze the reports received by the council under this subsection. On or before January 31, 2025, the council shall submit a report in the manner described in ORS 192.245 to the committees or interim committees of the Legislative Assembly related to children, summarizing the progress of the pilot program, including the effectiveness of capacity-based payments and the methods of payments utilized.
“(6) The Oregon Health Authority, Department of Human Services or Oregon Youth Authority may adopt rules to implement the provisions of this section.

SECTION 2. The Oregon Health Authority, Department of Human Services and Oregon Youth Authority shall enter into and begin issuing payments to providers under the contracts described in section 1 of this 2024 Act no later than June 30, 2024.

SECTION 3. There is appropriated to the Oregon Health Authority, for the biennium ending June 30, 2025, out of the General Fund, the amount of $15,000,000 for the purpose of carrying out the provisions of section 1 of this 2024 Act.

SECTION 4. Section 1 of this 2024 Act is repealed on January 2, 2026.

SECTION 5. This 2024 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2024 Act takes effect on its passage.”.