

## ANALYSIS

### Item 16: Department of Corrections Health Services Stabilization

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**Analyst:** Steve Robbins

**Request:** Appropriate \$4,055,147 General Fund to the Department of Corrections and establish nine positions (9.30 FTE) to provide medical and mental health services to adults in custody.

**Analysis:** In response to a whistleblower report and subsequent investigation, the Department of Corrections (DOC) engaged Falcon Correctional and Community Services, Inc. (Falcon) in 2024 to provide a systemwide assessment of healthcare operations in Oregon's prisons. Falcon was asked to utilize national experts in the field of correctional healthcare to provide observations, key findings, and recommendations for improvement. Falcon interviewed over 260 DOC staff, 85 adults in custody (AICs), and families of AICs, while also receiving over 250 responses to staff surveys. However, the Falcon report was not completed prior to the close of the 2025 session.

To immediately address the most significant concerns surrounding the building backlog of AICs requiring offsite specialty care, HB 5004 (2025) provided \$4.9 million General Fund and 18 positions (18.00 FTE) as an initial step, with these new positions focused on scheduling and AIC transport.

Falcon submitted the Healthcare Delivery System Assessment on July 15, 2025, with a series of recommendations, including additional Health Services positions to address physician oversight, continuous quality improvement (CQI), nursing managers to improve clinical oversight, an additional scheduling resource, and additional pharmacy oversight and staff. In addition, the agency recognized the need for two additional behavioral health managers to assist with accreditation and special housing needs. In direct response to the recommendations, DOC administratively moved forward with recruiting and hiring these positions and is now requesting the formal establishment of 10 new positions (10.00 FTE). To partially offset the overall cost, the agency is abolishing a partial nurse practitioner position and reducing the FTE of a second nurse practitioner that were underutilized. The net result is a request for \$4 million General Fund and nine positions (9.30 FTE).

**Recommendation:** The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend appropriating \$4,055,147 General Fund and authorizing the establishment of nine permanent full-time positions (9.30 FTE) for the Department of Corrections in a budget reconciliation bill during the 2026 legislative session to stabilize medical and mental health services provided to adults in custody.

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**Request:** Appropriate \$4,055,147 General Fund and establish nine permanent, full-time positions (9.30 FTE) for costs related to workforce stabilization in the Health Services Division.

**Recommendation:** Consider the request during the 2026 Legislative Session.

**Discussion:** In December 2024, the Department of Corrections (DOC) hired Falcon, a nationwide consulting firm focused on improving correctional environments, to assess DOC's healthcare delivery system following an investigation that identified significant issues within the Health Services Division. Falcon interviewed more than 260 DOC staff, 85 adults in custody (AICs), and AIC family members, and reviewed over 250 survey responses. Final observations, findings, and recommendations are detailed in a 187-page report submitted to DOC on July 25, 2025.

Based on early recommendations from Falcon, DOC requested additional funding and positions be added to their 2025-27 Legislative Adopted Budget to immediately address the growing backlog of AIC offsite care needs. The 2025 Legislature subsequently approved \$4.9 million and 18 positions (18.00 FTE) to improve offsite scheduling, coordination, and access to community providers.

Following the close of the 2025 session, when Falcon's full report was publicly available, it became apparent that DOC needed additional staff to address other internal deficiencies and gaps within their healthcare delivery model. As a result, DOC filled seven non-budgeted positions, is currently recruiting for an additional non-budgeted position, and has identified two other necessary but non-budgeted positions. Positions include Behavioral Health Services Managers, Nurse Managers, Clinical Pharmacists and a Manager, Healthcare Administrators, a Business Operations Supervisor, and an Assistant Chief of Medicine.

DOC seeks to establish 10 new positions (10.00 FTE) to strengthen clinical and operational oversight. However, to reduce the financial impact of this request, DOC will also abolish one partially filled nurse practitioner position and reduce the FTE allocation of another nurse practitioner position. After these adjustments, the net request totals \$4.1 million General Fund and nine positions (9.30 FTE).

**Legal Reference:** Increase the General Fund appropriation made by chapter 583, section 1(1), Oregon Laws 2025, by \$4,055,147 for the Department of Corrections, Operations and health services division, by \$4,055,147 for the 2025-27 biennium.



# Oregon

Tina Kotek, Governor

## Oregon Department of Corrections

Headquarters

3723 Fairview Industrial Drive SE 200

Salem, OR 97302



December 8, 2025

The Honorable Senator Kate Lieber, Co-Chair  
The Honorable Representative Tawna Sanchez, Co-Chair  
Interim Joint Committee on Ways and Means  
900 Court Street NE, H-178  
Salem, OR 97301

Dear Senator Lieber and Representative Sanchez:

### Nature of the Request

The Oregon Department of Corrections (DOC) recently hired the Falcon Group to review and recommend improvements to the agency's Health Services Division. Based on the Falcon Group's assessment, DOC has prioritized hiring 10 positions (9.3 FTE) to stabilize the Health Services team. DOC estimates the cost to be \$4,055,147.

### Agency Action

During the 2025 Legislative Session, DOC was budgeted \$5M for Health Services positions to address an urgent need to reduce the backlog of offsite specialty care. Based on the Falcon Group's recommendations and DOC internal assessment, the agency recognized and prioritized several other positions necessary to immediately address internal deficiencies and gaps within our healthcare delivery model.

Position Title	Filled or vacant	Description of Position Duties
Assistant Chief of Medicine	Vacant	Will provide physician oversight at multiple institutions.
Healthcare Administrator (CQI)	Vacant	Oversee data collection, analysis, critical NCCHC healthcare audits, and performance improvement processes.
Business Operations Supervisor	In recruitment	Offsite scheduling manager.
Nurse Managers (2)	Filled	Responsible for both clinical and administrative roles.
Clinical Pharmacist Manager I	Filled	Oversee the Clinical Pharmacy Program.
Clinical Pharmacist (2)	Filled	Help reduce polypharmacy, increasing safety and efficacy of care, while reducing costs.
BHS Manager I	Filled	Liaison to Oregon State Hospital for dual jurisdiction patients and NCCHC accreditation.
BHS Manager II	Filled	Management of Special Housing staff at SRCI.

In the recent past, DOC faced significant challenges delivering consistent, community-standard medical care. These gaps contributed to increased litigation and highlighted the need for stronger clinical processes and oversight. Without continued funding for these roles, DOC risks not meeting a constitutionally required standard of care and increased legal exposure. Maintaining adequate staffing is critical to meeting these requirements, supporting clinical decision-making, and preventing avoidable harm. At the same time, DOC has worked diligently to eliminate unfunded positions through Permanent Finance Packages and is aggressively recruiting to fill vacancies. The majority of the agency's vacancies are in security positions, which are essential to safe operations, and DOC continues to prioritize filling these.

As we work to strengthen the Department's fiscal stability, we have created efficiencies that reduce long-term costs while improving operational outcomes and focused on risk mitigation strategies. We are in the process of relocating headquarters to a state-owned property which will eliminate leased space expenses. Across the agency, we continue to lower the cost of supplies through streamlined procurement and statewide purchasing strategies. Within our clinical services, we are revising position structures, transitioning certain nursing roles to Medical Assistants and Certified Nursing Assistants where appropriate. Institution operations are also being modified to reduce overtime. Additionally, our transition to one-to-one adult in custody (AIC) tablet deployment will enhance safety and expand AIC access to healthcare services, including telehealth and self-service tools. Together, these measures and others, reflect our commitment to responsible stewardship of state resources while maintaining the safety, accountability, and care Oregonians expect.

#### **Action Requested**

DOC is requesting \$4,055,147 General Fund to stabilize the DOC Health Services.

#### **Legislation Affected**

Chapter 583 (2025) 1(1)	\$4,055,147
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Sincerely,



Michael Reese  
Director