

ANALYSIS

Item 15: Department of Corrections

Offsite Health Care

Analyst: Steve Robbins

Request: Appropriate \$14,352,000 General Fund to the Department of Corrections for offsite health care costs.

Analysis: In *Estelle v. Gamble*, 429 U.S. 97 (1976), the U.S. Supreme Court established that prisons in the United States have a constitutional requirement to provide health care for adults in custody (AICs) to a community standard of care. In Oregon, 98% of medical interactions with AICs occur within the prison facilities, at clinics and infirmaries staffed by Department of Corrections (DOC) employees or specialists that come onsite. The other 2% occur offsite in hospitals, surgery centers, and specialist clinics in the community. While only a small percentage of interactions, these offsite care visits account for nearly 25% of the health care budget for DOC.

Since the COVID-19 pandemic, DOC's inability to review, schedule, and transport for offsite care visits created a backlog of patients needing this type of care. In 2025, the agency made significant changes to both leadership and processes and received additional resources in the 2025 session to address the agency's needs. While the backlog is being resolved, more AICs are receiving offsite care, considerably increasing cost. Between October 2024 and April 2025, DOC was paying an average of \$790,000 per week for offsite care. As the backlog has been addressed the average has increased to \$922,000 per week. Across a full biennium, this is an increase of over \$13 million General Fund. In addition, vendor costs for offsite care bill payment processing have increased. Combined, the Department anticipates over \$14 million in additional General Fund expenditures over the course of the 2025-27 biennium related to offsite care.

It is unclear what portion of this increase for providing offsite care is temporary while the backlog is eliminated, or if this represents a new normal for the agency's budget. As such, the Legislative Fiscal Office is recommending the funding be approved on a one-time basis for the 2025-27 biennium, and permanent funding included as part of 2027-29 budget development, if needed.

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend appropriating \$14,352,000 General Fund to the Department of Corrections in a budget reconciliation bill during the 2026 legislative session to address the cost of offsite health care for the 2025-27 biennium.

Request: Appropriate \$14,352,000 General Fund for costs related to offsite care for adults in custody.

Recommendation: Consider the request during the 2026 Legislative Session.

Discussion: The Department of Corrections (DOC) has a constitutional obligation to provide healthcare for adults in custody (AICs) that meets the community standard of care established in *Estelle v. Gamble*, 429 U.S. 97 (1976). The majority of this care occurs within DOC's facilities and at clinics and infirmaries staffed by DOC employees and contracted specialists. However, due to constraints such as limited clinical space, inadequate infrastructure, and the need for specialty care, a portion of AIC healthcare needs are met by utilizing external medical facilities.

Following the COVID-19 pandemic, DOC experienced significant challenges with scheduling and transporting AICs for offsite medical appointments, resulting in a backlog of deferred care. In response, the 2025 Legislature approved an additional \$4.9 million and 18 positions (18.00 FTE) to improve scheduling, coordination, and access to community providers. These investments have enabled DOC to address the backlog and increase timely access to specialty and advanced medical services.

As a result of these operational improvements, the volume of offsite medical services has increased, leading to higher costs. Between October 2024 and April 2025, DOC's weekly offsite care expenditures rose from an average of \$790,000 to \$922,000. This trend, combined with a newly negotiated contract for offsite billing services, results in a projected \$14.4 million General Fund increase for the 2025-27 biennium.

DOC has implemented several cost- and time-saving measures, including expanded telehealth options, increased onsite specialty services, and the rollout of an electronic health records system. However, the baseline increase in AIC specialty care needs and the associated costs of that care make future, ongoing offsite care costs difficult to predict.

Legal Reference: Increase the General Fund appropriation made by chapter 583, section 1(1), Oregon Laws 2025 for the Department of Corrections Operations and health services, by \$14,352,000 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) has a constitutional requirement to provide a community standard of health care for adults in custody (AICs). Over the past several years, DOC's ability to schedule and complete offsite medical appointments was hindered by internal process challenges and limited staffing capacity. This resulted in a growing backlog of necessary but delayed offsite care for AICs. During the 2025 Legislative Session, the Legislature approved critical positions to help the agency modernize its processes, expand scheduling capacity, and improve coordination with community medical providers. With these resources in place, DOC has made significant progress in reducing the backlog and increasing timely access to care. DOC anticipates \$14,352,000 of additional offsite billing expenses for the 2025-27 biennium.

Agency Action

While the offsite care backlog is being resolved, an important and unavoidable consequence of this success is an increased cost for the agency. As more specialty and advanced medical appointments are completed, the volume of billed services has risen accordingly. In short, the agency is now delivering the level of care that was previously delayed, and the financial impact follows. Many of these offsite services involve high-cost procedures such as oncology, diagnostics, specialist consultations, and hospital-based care. The Legislature-funded staffing investments allowed the agency to fix the operational problems; however, the ancillary impact of that improvement is a measurable rise in expenditures as deferred care is now being provided.

It is important to recognize that the increase in offsite medical costs is an ongoing requirement. As DOC resolves the backlog, more adults in custody are receiving the specialty and advanced care they need, and these services represent the baseline level of care going forward. This is not a short-term spike but a permanent reflection of the agency's responsibility to provide timely, constitutionally required medical services. These costs are associated with the improvements made to the Therapeutic Levels of Care (TLC) process. These changes allow the agency to more accurately meet the medical needs of adults in custody,

prioritize care based on clinical urgency, and better coordinate resources across facilities. The TLC enhancements help ensure that individuals receive the right level of care at the right time, which in turn contributes to more efficient use of both onsite and offsite medical services.

DOC has undertaken several initiatives to improve access to timely care and reduce reliance on offsite transports. The agency has expanded its use of telehealth and is actively working to increase the availability of on-site specialty services. These strategies are designed to reduce delays, improve continuity of care, and lower costs associated with transporting AICs to community providers. However, DOC's ability to further expand these services is limited by factors outside its control. Many facilities have constrained clinical space, and aging infrastructure is not designed to support higher levels of medical care. Even if DOC were to pursue hiring its own specialty providers, the agency would still need additional space, equipment, staffing, and fiscal resources to safely support that level of clinical practice.

DOC is also advancing a major modernization effort through the full implementation of an electronic health records (EHR) system. The EHR system has successfully launched and is rolling out to all facilities by spring 2026. Even at this early stage, DOC is seeing improvements to our ability to track appointments, monitor types of care being delivered, and forecast future medical needs. The system is also streamlining record sharing, which strengthens telehealth delivery and enhances care coordination with external providers.

As an agency, we are focused on prioritizing efficiencies that reduce long-term costs while improving operational outcomes. We are in the process of relocating headquarters to a state-owned property, eliminating 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 AIC tablet deployment will enhance safety and expand AIC access to healthcare services, including telehealth and self-service tools. Together, these measures reflect our commitment to responsible stewardship of state resources while maintaining the safety, accountability, and care Oregonians expect.

Action Requested

DOC is requesting \$14,352,000 General Fund to support out of DOC care needs.

Legislation Affected

Chapter 583 (2025) 1(1) \$14,352,000

Sincerely,



Michael Reese

Director