



Oregon State Hospital

Joint Committee on Ways and Means

Human Services Subcommittee

February 11, 2026

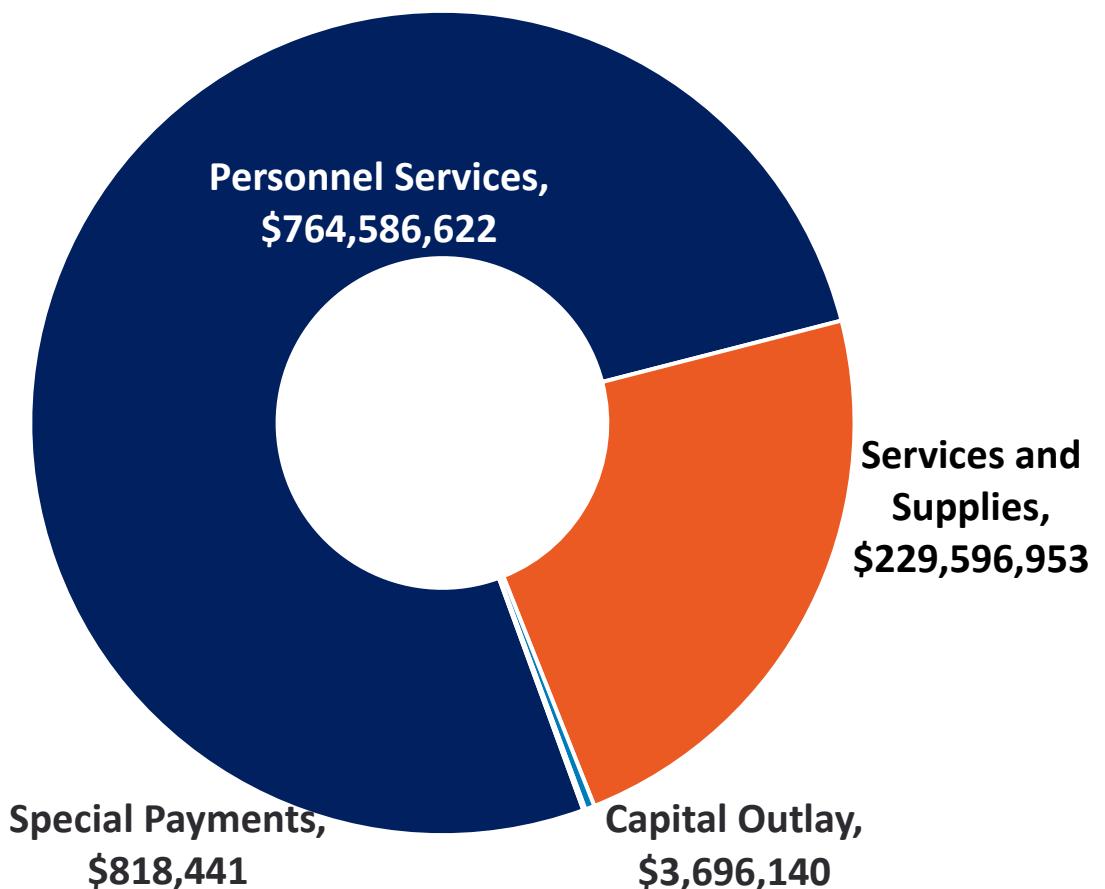


Today's topics

- Budget review – last and current biennium
- Overview of operational and budgetary challenges
- Staffing
- Mink compliance – penalties
- Operational changes
- Utilization of budget investments

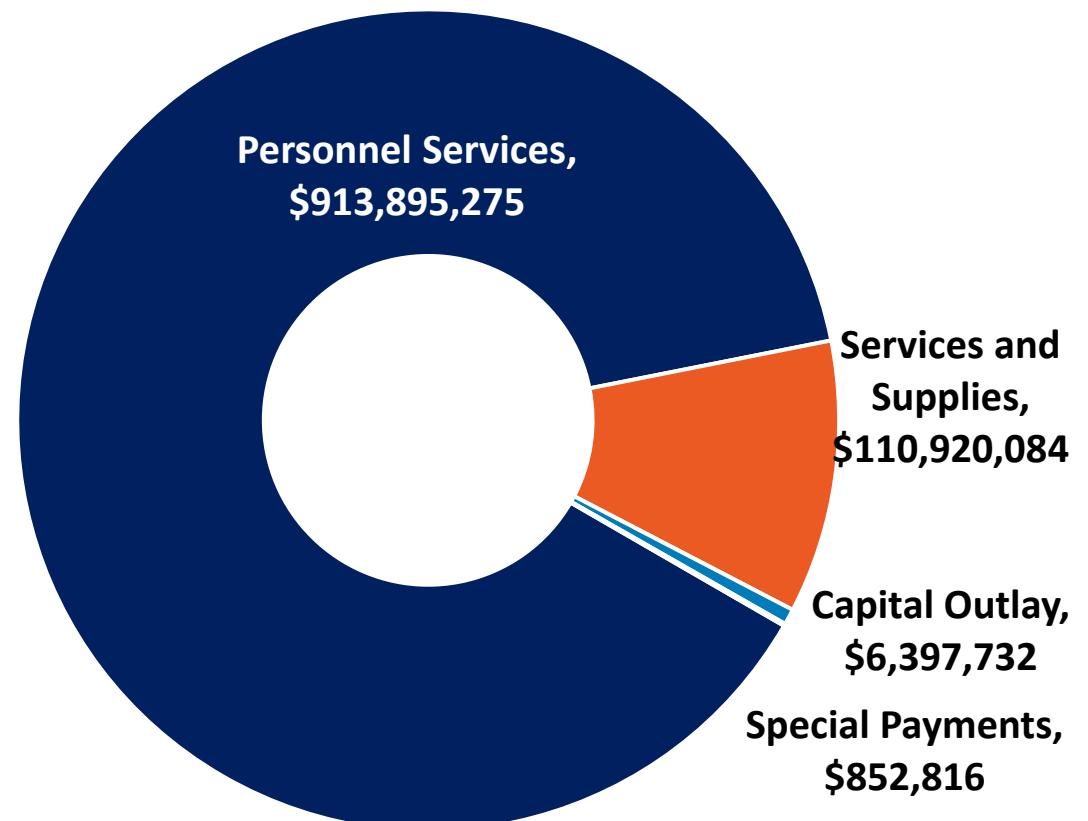
2023-25 Actual

Oregon State Hospital 2023-25 Total Fund Budget



2025-27 Budget

Oregon State Hospital 2025-27 Total Fund Budget

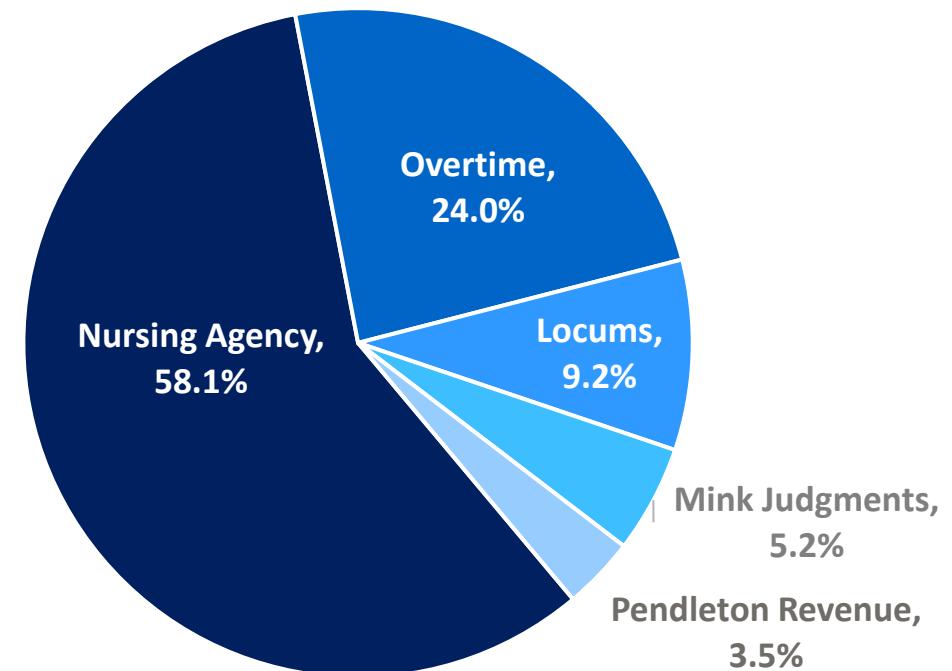


2025-27 Operational & Budgetary Challenges

2025-27 Primary drivers of projected overspend include:

- Utilization of Nurse Agency Contracts
- Nursing overtime driven by a high staff call out rate and high numbers of enhanced supervision
- Maintaining required provider-to-patient ratios through contract staff
- Mink Bowman judgments
- Revenue under-collection for Pendleton Cottages SRTF

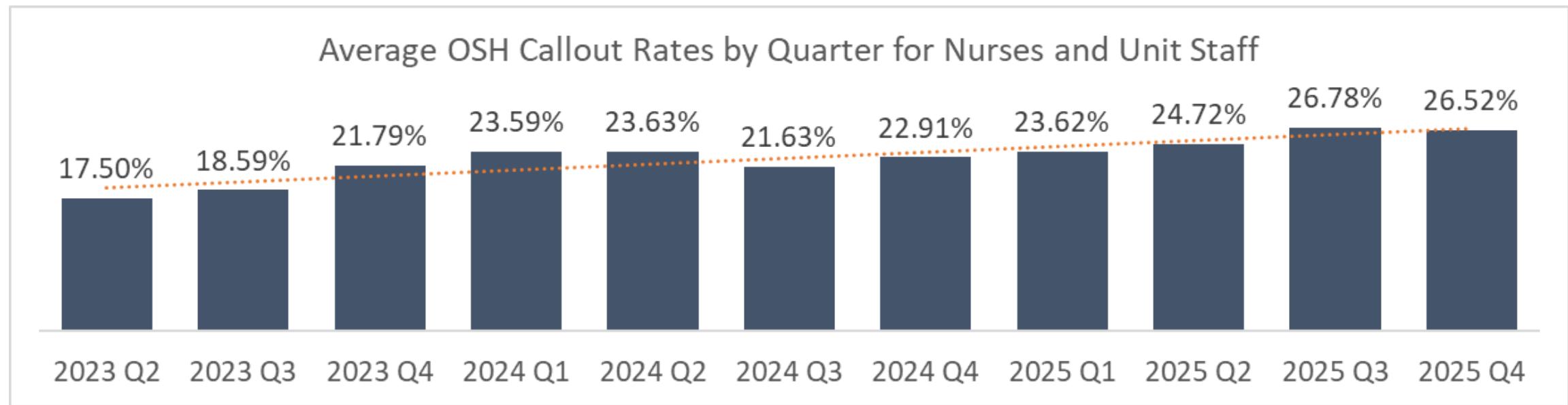
OSH Budgetary Issues by Percentage of Cost Driver



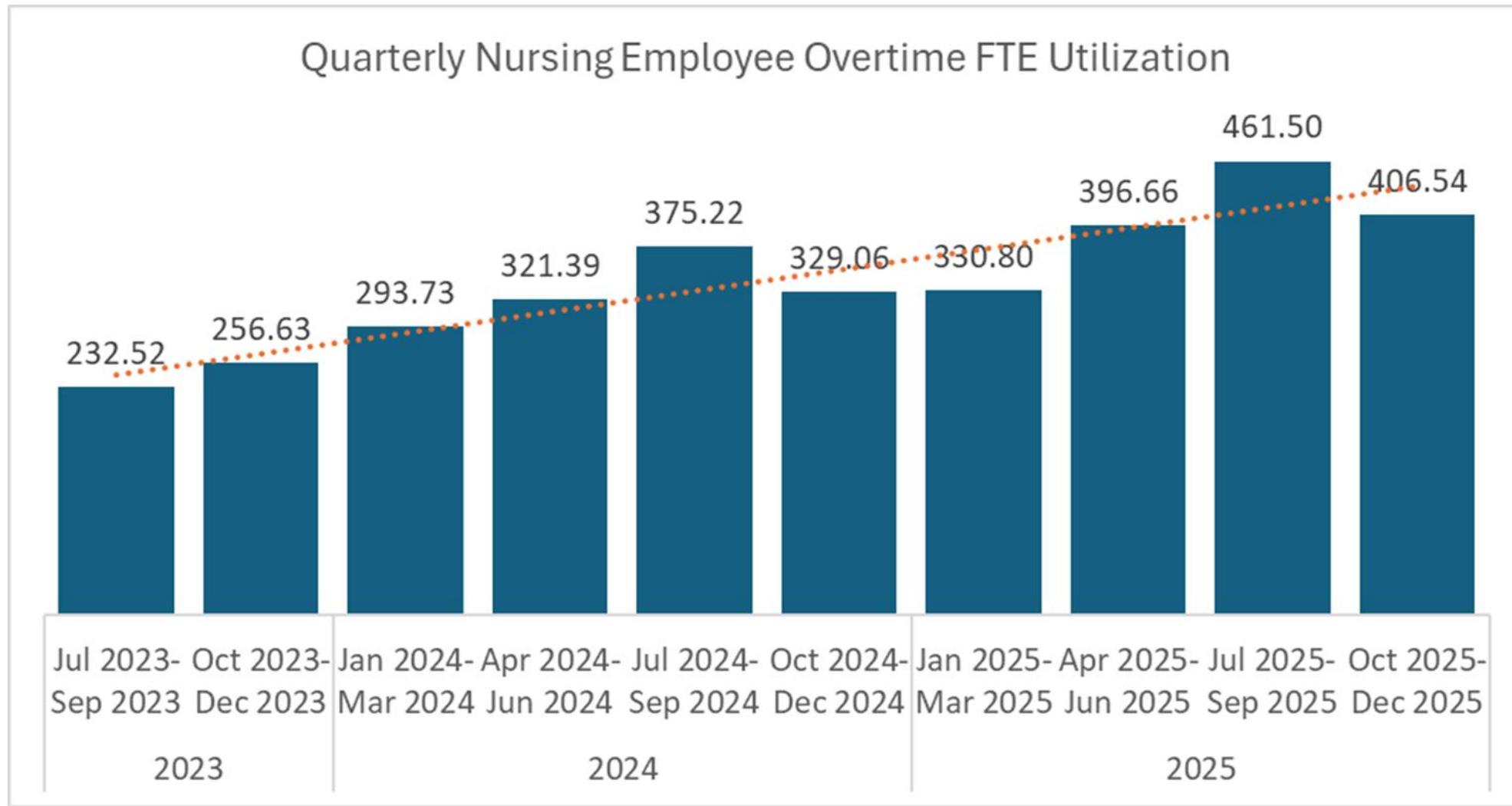
Factors Impacting Nurse Staffing Costs

- The use of agency contract nurses and Nursing Overtime has steadily increased since the Public Health Emergency began
- The need for both have common underlying factors:
 - Hospital staffing plans set the number of licensed nurses that are required to be on-unit, and staff callouts create scheduling holes that must be filled.
 - Relief pool is needed to staff callouts, which utilizes overtime or agency nurses for RNs
 - Timelines for admitting and discharging highly acute patients is creating faster throughput of patients needing high-intensity care
 - Patients need additional monitoring due to behavioral issues known as "Enhanced Supervision", which increases staffing to minimize the risk to patients
 - CMS compliance issues required more on-unit staff to ensure issues were corrected
 - Union contracts have no caps on overtime that nurses can work

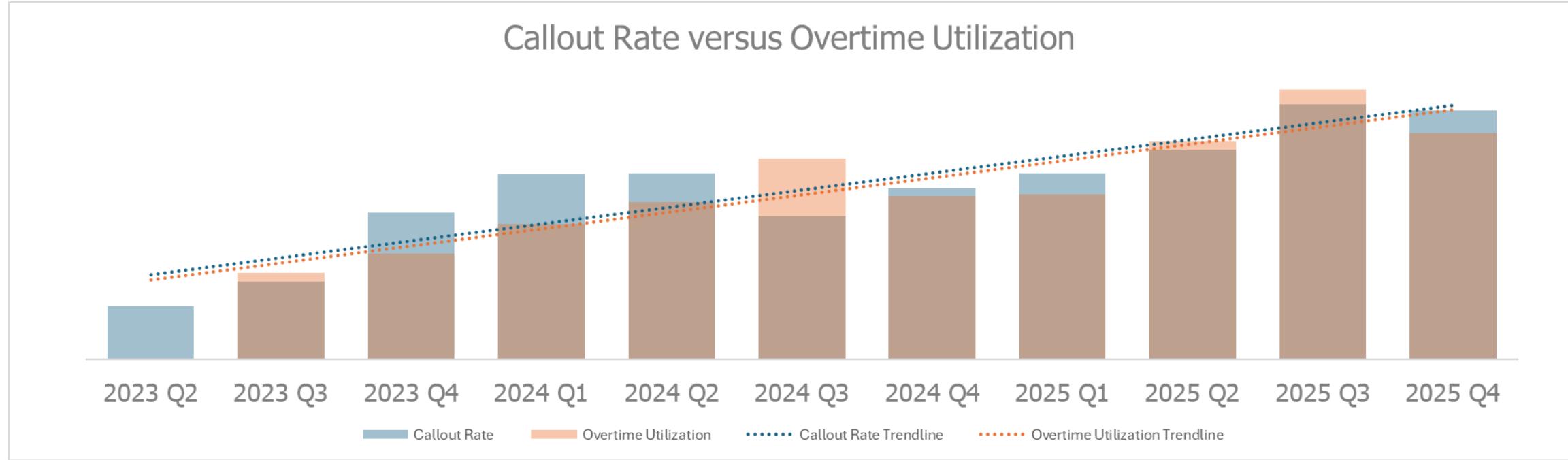
Nurses and Unit Staff Callout Remains High



Increasing Utilization of Nursing Overtime



Callout Rate Drives Overtime Expenses



Minimum staffing ratios are set by the nurse staffing committee. When callouts occur, overtime or agency nurse staff are used to maintain staff-to-patient ratios, and unless the callout is "leave without pay" the hospital pays both the original shift, and the overtime or agency nurse.

Contract Locums Staff Utilization

- Locums are contract healthcare professionals who temporarily fill staffing vacancies such as anticipated absences, prolonged illness, or parental leave.
- Used to maintain patient-to-provider ratios when absences create gaps in unit coverage and are more costly than permanent staff.
- Utilization has evolved with the federal order, CMS compliance and hospital staffing plan requirements
 - Historically, Locums usage has been within the corresponding savings from budgeted vacancies
 - Currently, positions requiring Locums are mostly filled, but additional staff are required to meet hospital operational needs

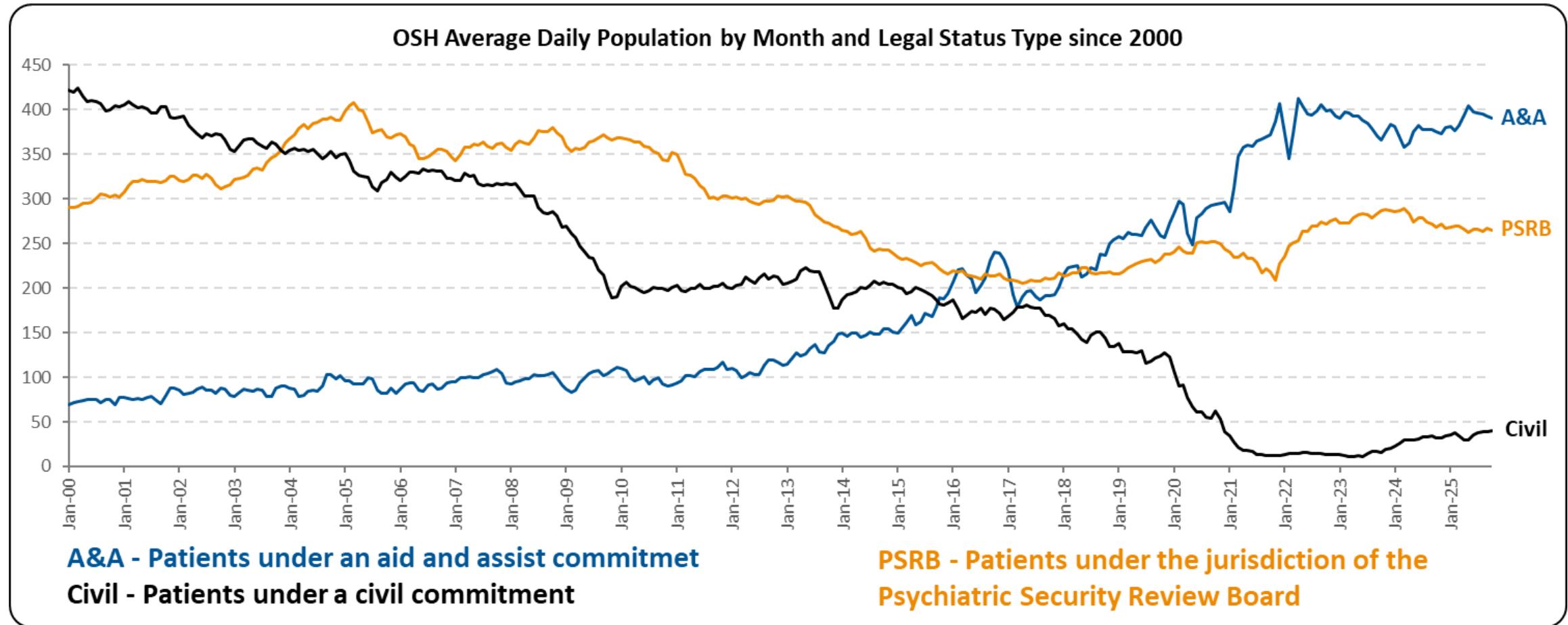
Lack of Revenue for Pendleton SRTF Patients

- The Pendleton State-Delivered Secured Residential Treatment Facility is functionally the same as any SRTF in the state, the exception being “state-delivered”.
- As patients reach medical stability, Medicaid no longer pays for their care, but they cannot be discharged because the PSRB has not approved release.
- Pending discharge approval, OSH must continue housing patients who are no longer Medicaid-eligible, resulting in unfunded care.
- The unfunded care equates to \$4.1m.

Mink-Bowman Overview

- May 2002 – Federal injunction (Mink order) requires OSH to admit in custody defendants under aid and assist orders within 7 days of court order
- May 2020 – Mink order modified to permit OSH to slow admissions to implement Covid restrictions
- Nov. 2021 – Bowman (Guilty Except for Insanity) case consolidated with Mink case
- Dec. 2021 – Covid modification to Mink order lifted
- **Sep. 2022 – Federal court in Mink case orders OSH to discharge aid and assist patients within specific time-frames**
- July 2023 – Federal court modifies Mink order to further limit admissions, and to allow "safety valve" extensions: 30 days for discharge planning, and 180-day "violent felony" extensions
- June 2025 – With further increases in aid and assist orders, and continued waits before admission, federal court holds OHA/OSH in contempt

Changes in Commitment Type Increase Patient Acuity



Mink-Bowman Orders – Penalties

As of 12/15/25, \$1,981,500.00 in judgments have been issued.

The judgments are the result of insufficient total bed space to meet the treatment need and are financially split 50/50 between the Oregon State Hospital and Behavioral Health Divisions of OHA. There is no budget for this expense.

At the current rate, the total expense will be \$13.5 million for the biennium, but these fluctuate based upon bed availability and quantity of people on the wait list.

Current trend for judgments over the last three months is seeing a 12.8% increase in judgment amounts per month.

Fines are incurred at a rate of \$500 per patient per day if the patient is not admitted within 7 days.

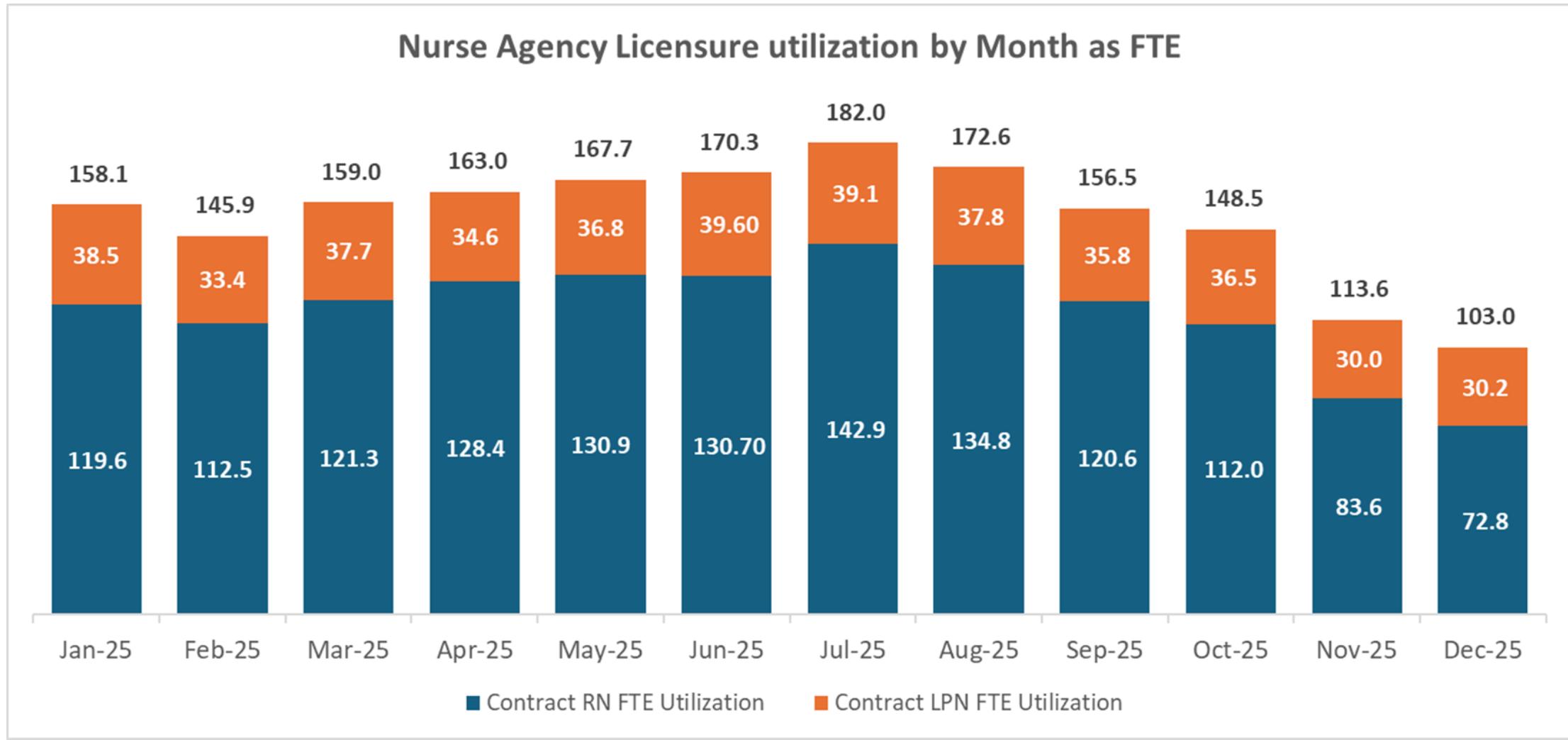
2025-27 Operational Changes

OSH is implementing spending reductions, including:

- Reduce the number of hours authorized for agency nurse overtime
- Reduce the number of nurse agency contractors
- Match staff classification to the work they are performing while working overtime. This means not hiring nurses to do Mental Health Therapy Technician work
- Reduce usage of Locum Contracts in Psychiatry
- Redeploy 21 Meadows unit staff in Junction City, until that unit is open
- Move all available Registered Nurses in Treatment Services to Nursing
- Revenue/Cost offset: Increase prices in café

OSH will assess its fiscal status monthly as the biennium progresses and will make further adjustments to close the gap.

Nursing Agency Utilization Decreasing



2025-27 Utilization of Budget Investments

Investment	Amount	Status
Native Services	\$.2 million	<p>This investment added 6 positions and used contract dollars to finance the majority of the costs.</p> <p>OSH has hired four (4) staff on non-budgeted positions to meet demand.</p> <p>As the permanent positions phase in, these will be converted over to budgeted positions.</p>

2025-27 Utilization of Budget Investments

Investment	Amount	Status
EHR and Information Technology	\$3.1 million	<p>Contracting delays have occurred with Netsmart and OSH is working with DAS procurement.</p> <p>The contract with API for additional modules is almost complete.</p>

2025-27 Utilization of Budget Investments

Investment	Amount	Status
MHTTs/Posting Factor	\$17.4 million	<p>This investment added 136 positions as a posting factor to assist in covering staff call outs (non-delivered).</p> <p>To date, 70 of these positions are filled. Recruitment is active.</p>

2025-27 Utilization of Budget Investments

Investment	Amount	Status
CMS response package	\$21.8 million	<p>This package included 76 positions: Mental Health Security Techs (MHST), data and compliance, and 30 management positions for off-hours coverage.</p> <p>This package is partly implemented as the Mental Health Security Tech positions have been filled.</p>

2025-27 Utilization of Budget Investments

Investment	Amount	Status
Enhanced Security Contracts	\$5.8 million	<p>Progress is being made on the purchase of the frictionless weapons detectors.</p> <p>The contract with the security company will be in place by the time OSH receives the equipment.</p>

2025-27 Utilization of Budget Investments

Investment	Amount	Status
Patient Vitals Monitoring	\$3 million	OSH is currently in the 2 nd round of RFP for a vendor to supply the technology solution that OSH requested.

2025-27 Utilization of Budget Investments

Investment	Amount	Status
Reclassification of four (4) LPN position to RNs	\$.5 million	This reclassification is complete. The positions are in recruitment.

2025-27 Utilization of Budget Investments

Investment	Amount	Status
Forensic Evaluator Contracts	\$.7 million	After evaluation of capacity needs, OSH hired three permanent staff in place of three contractors.

Conclusion

OSH has staffing concerns that continue to drive potential overspend that were mentioned in the slide on budgetary challenges.

These continue to be focused on the operation of OSH as a hospital and meeting the requirements placed in statute or meeting the requirements of regulatory bodies such as CMS and Joint Commission.

Thank you

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