

HB 4087 -3 STAFF MEASURE SUMMARY

House Committee On Early Childhood and Human Services

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/7, 2/19

WHAT THE MEASURE DOES:

The measure requires the Department of Human Services (DHS) to administer an Emergency High Acuity Youth Initiative program to provide and coordinate the provision of specified services for children with high-acuity needs who are in the protective custody of the department. The measure requires the department to contract with up to 10 child-caring agencies and specifies minimum requirements for providing services, reimbursement rates, and reporting requirements. The measure also appropriates \$350,000 General Fund to the department to contract with an organization representing child-caring agencies to facilitate data-sharing and provide recommendations on best practices and improvements to the system of care. The measure becomes operative on July 1, 2024 and declares an emergency, effective on passage.

REVENUE: May have revenue impact, but no statement yet issued

FISCAL: May have fiscal impact, but no statement yet issued

Detailed Summary:

Emergency High Acuity Youth Initiative (Sections 1 and 3)

- Directs DHS to administer an Emergency High Acuity Youth Initiative to provide care and services to children with high acuity needs who are in the protective custody of the department.
- Requires DHS to contract with up to 10 child-caring agencies, each serving up to 12 children, to coordinate services, including but not limited to:
 - health care;
 - mental health treatment;
 - behavioral health and substance use disorder treatment;
 - residential therapeutic services; and
 - post-discharge community and wraparound services.
- Specifies minimum contract requirements, including:
 - participating child-caring agencies must provide residential services and supports for up to 12 children at a time;
 - the department must reimburse child-caring agencies at a flat rate of \$1,200 per day per child, regardless of capacity, in order to ensure appropriate emergency placements when needed;
 - require that staff at participating child-caring agencies be paid at least \$30 per hour;
 - contract terms are for a minimum of two years with an optional two-year extension and rates adjusted for inflation;
 - participating child-caring agencies must provide quarterly reports to the department on patient outcomes;
 - participating child-caring agencies must ensure the provision of continuing wraparound services to children and families served by the initiative following discharge; and
 - incentives to participating child-caring agencies that meet certain benchmarks established by the department by rule.
- Requires DHS to report to interim legislative committees annually on the contracts, patient outcomes, and recommendations.

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- Requires DHS to contract with participating child-caring agencies within 60 days of operative date.

System of Care Improvements (Sections 2 and 4)

- Requires DHS to contract with a provider organization to develop recommendations on best practices and improvements to the systems of care for children and their families.
- Appropriates \$350,000 General Fund to DHS for the current biennium to carry out this contract.

Operative and Effective Dates (Sections 5 and 6)

- Becomes operative on July 1, 2024 but allows DHS to take any necessary action ahead of that date.
- Declares an emergency and is effective on passage.

ISSUES DISCUSSED:

- Provisions of the measure

EFFECT OF AMENDMENT:

-3 The amendment replaces the measure. The amendment directs the Oregon Health Authority (OHA), in coordination with the Department of Human Services (DHS) and the Oregon Youth Authority (OYA), to establish a pilot program to expand residential systems of care for certain children and youth by issuing capacity payments to providers. The amendment requires a report to the legislature, authorizes rulemaking by OHA, DHS, and OYA, and appropriates \$15 million General Fund to OHA. The program sunsets January 2, 2026 and would take effect immediately upon passage.

REVENUE: No revenue impact

FISCAL: Fiscal impact issued

Detailed Summary:

Capacity Payments (Sections 1 and 2)

- Directs OHA, in coordination with DHS and OYA, to establish a pilot program to issue capacity payments through contracts with providers of residential services for children who are at risk of temporary lodging or require behavioral health services.
- Specifies length and requirements of contracts and criteria for providers to participate.
- Requires the System of Care Advisory Council (SOCAC) to prescribe performance standards and to review reports from providers in order to report to the legislature by January 31, 2025.
- Authorizes OHA, DHS, and OYA to adopt rules for implementation.
- Requires OHA, DHS, and OYA to begin contracting and payments to providers by June 30, 2024.

Appropriation (Section 3)

- Appropriates \$15 million General Fund to OHA for the current biennium to implement the program.

Sunset and Effective Date (Sections 4 and 5)

- Sunsets on January 2, 2026.
- Declares emergency, effective on passage.

BACKGROUND:

Youth with complex behavioral and medical needs who are in the child welfare system are likely to be placed in hotel rooms and other short-term accommodations, a practice known as “temporary lodging,” when the Department of Human Services cannot arrange stable placements at therapeutic group homes, residential care facilities, child caring agencies, or other more appropriate locations. In response to this practice, a lawsuit was filed against the state in 2016 (*CASA for Children v. State of Oregon, et al.*), and a settlement was reached in 2018 that placed limits on the department's use temporary lodging with the intention of phasing it out. In 2023, the

court appointed a special master, Dr. Marty Beyer, to review the department's ongoing use of the practice and make recommendations on how the state could address the underlying causes. Dr. Beyer presented her [draft report](#) to a recent meeting of the [Senate Interim Committee on Human Services](#). The report contains several recommendations on the structure of the state's system of care and the intersections between child welfare, health care, mental and behavioral health, substance use disorder, and juvenile justice.