

DRAFT

SUMMARY

Digest: The Act tells OHA to make new rules and study certain residential mental health settings. (Flesch Readability Score: 61.8).

Directs the Oregon Health Authority conduct studies and adopt rules relating to residential treatment facilities, residential treatment homes, secure residential treatment facilities and secure residential treatment homes. Requires the authority to report findings and recommendations to the Legislative Assembly.

Sunsets on January 2, 2027.

Declares an emergency, effective on passage.

A BILL FOR AN ACT

Relating to residential behavioral health services; and declaring an emergency.

Whereas licensed residential behavioral health programs in Oregon face hurdles to development and ongoing operations that are impacting the state's ability to quickly benefit from current and future investments designed to increase bed capacity; and

Whereas the Oregon Health Authority is encouraged to study options to overcome barriers, both administrative and financial, that are preventing the state from optimally developing and operating residential behavioral health programs across Oregon; now, therefore,

Be It Enacted by the People of the State of Oregon:

SECTION 1. (1) **As used in this section:**

(a) "Facility" means:

(A) A residential treatment facility;

(B) A residential treatment home;

1 (C) A secure residential treatment facility; or

2 (D) A secure residential treatment home.

3 (b) “Medical assistance” has the meaning given that term in ORS
4 414.025.

5 (c) “Residential treatment facility” has the meaning given that
6 term in ORS 443.400.

7 (d) “Residential treatment home” has the meaning given that term
8 in ORS 443.400.

9 (e) “Secure residential treatment facility” means a facility described
10 in ORS 443.465.

11 (f) “Secure residential treatment home” means a home described in
12 ORS 443.465.

13 (2) The Oregon Health Authority shall:

14 (a) Study potential allowable alternatives or exceptions to current
15 nurse staffing requirements in secure residential treatment facilities
16 to address workforce challenges while balancing the safety of providers
17 and consumers.

18 (b) Assess all methodologies permitted by federal law for reimburs-
19 ing facilities. The authority shall consider alternatives to the current
20 reimbursement rate methodology used by the authority and recom-
21 mend a methodology that considers:

22 (A) Staffing costs for a facility;

23 (B) The need to incentivize a facility to hold open a resident’s room
24 when a resident is removed from the facility for a brief period of time;

25 (C) The need to pay facility staff a professional wage;

26 (D) The need to incentivize a facility to operate, develop and staff
27 as large of a program as is possible and safe; and

28 (E) The need to encourage facilities to serve residents with similar
29 levels of care needs.

30 (c) Determine whether the authority may, under federal law, ad-
31 minister residential behavioral health services to medical assistance

1 recipients through options other than through the state's Home and
2 Community-Based Services waiver, under 42 U.S.C. 1396n(c), or a state
3 plan amendment under 42 U.S.C. 1396n(i). To the extent that alterna-
4 tive models of administering residential behavioral health services to
5 medical assistance recipients are permissible under federal law, the
6 authority shall:

7 (A) Analyze alternative models that have been approved by the
8 Centers for Medicare and Medicaid Services for use in other states;

9 (B) Evaluate the cost of any alternative models; and

10 (C) Develop recommendations about:

11 (i) Alternative options that would allow the authority to increase
12 reimbursement rates for facilities;

13 (ii) Alternative options that would not subject facilities to a re-
14 quirement that facilities provide an eviction process that is as protec-
15 tive as state landlord-tenant law;

16 (iii) How alternative models may support facilities in serving resi-
17 dents with high acuity behavioral health needs and what protections
18 are available to ensure that residents with high acuity behavioral
19 health needs are not prematurely or inappropriately discharged for
20 problematic behaviors;

21 (iv) A discharge process for residents who decline to participate in
22 treatment and are therefore not suited for continued services by a fa-
23 cility; and

24 (v) An appeal process for both facilities and residents.

25 (d) Determine the feasibility of supporting the direct discharge of
26 a resident, when deemed medically necessary and clinically prudent,
27 from a facility to other types of housing without requiring a third-
28 party referral.

29 (e) Evaluate options for providing, and develop recommendations
30 for funding, capacity payments to facilities when a resident is hospi-
31 talized or temporarily absent due to a law enforcement encounter.

(3) No later than September 15, 2026, the authority shall report its findings and recommendations from the studies conducted under this section, in the manner provided in ORS 192.245, to the interim committees of the Legislative Assembly related to health.

SECTION 2. (1) As used in this section:

(a) “Facility” means:

(A) A residential treatment facility;

(B) A residential treatment home;

(C) A secure residential treatment facility; or

(D) A secure residential treatment home.

(b) “Residential treatment facility” has the meaning given that term in ORS 443.400.

(c) “Residential treatment home” has the meaning given that term in ORS 443.400.

(d) “Secure residential treatment facility” means a facility described in ORS 443.465.

(e) “Secure residential treatment home” means a home described in ORS 443.465.

(f) “Transition aged youth residential treatment home” means a residential treatment home for young adults between the ages of 17.5 and 25 years of age who experience complex behavioral health challenges.

(2) The Oregon Health Authority shall adopt rules to:

(a) Allow a new residential treatment facility or residential treatment home to accept a conditional referral of a prospective resident before the licensure process has been completed, subject to a requirement that the prospective resident may not be placed in the new residential treatment facility or residential treatment home until the licensure process has been completed.

(b) Support facilities in developing early transition plans for residents.

1 (c) Establish a separate licensing process for transition aged youth
2 residential treatment homes.

3 (3) No later than September 15, 2025, the authority shall submit an
4 interim report, in the manner provided in ORS 192.245, to the interim
5 committees of the Legislative Assembly related to health, about the
6 authority's progress in carrying out the provisions of this section and
7 any recommendations for needed legislative changes.

8 (4) No later than September 15, 2026, the authority shall submit a
9 final report, in the manner provided in ORS 192.245, to the interim
10 committees of the Legislative Assembly related to health, about the
11 authority's progress in carrying out the provisions of this section and
12 any recommendations for needed legislative changes.

13 SECTION 3. Sections 1 and 2 of this 2025 Act are repealed on Jan-
14 uary 2, 2027.

15 SECTION 4. This 2025 Act being necessary for the immediate pres-
16 ervation of the public peace, health and safety, an emergency is de-
17 clared to exist, and this 2025 Act takes effect on its passage.