

Tina Kotek, Governor

August 30, 2024

Dear Governor Kotek:

I am pleased to submit the Oregon Health Authority's (OHA) agency request budget (ARB) for the 2025-2027 biennium. This budget submission aligns with your priorities to close Oregon's shortage in behavioral health treatment capacity, better meet the needs of people with severe mental illness and reduce homelessness. In addition, this budget request provides critical support to OHA's strategic plan to eliminate health inequities.

Earlier this year, I visited each region of the state. I met with front-line health care providers, counselors in mental health and substance use treatment programs, Tribal leaders, local public health leaders, and local community-based organizations, including housing providers. In those meetings, I heard consistent appreciation for Oregon's health innovations and our national leadership in health transformation, and a commitment from our partners to collaborate with us to confront the major health challenges facing Oregon communities.

Those challenges include acute health care workforce shortages, a paucity of community-based mental health and addiction treatment options, and the need for more affordable housing, not just for vulnerable patients but also for staff (especially in rural and coastal communities). We heard calls for help to stabilize the health care system after the pandemic, underscoring the state's need to maintain sustainable funding for Medicaid. And our partners urged us to reduce administrative burdens and improve the timeliness and transparency with which we disburse funds.

This biennium, OHA has stayed true to our goal to eliminate health inequities, reduce systemic barriers to health and well-being through several major initiatives, and support local communities by:

- **Mapping OHA’s 2024-2027 strategic plan to eliminate health inequities**, which includes our goals, strategies and actions to transform behavioral health, improve access to affordable care, support the well-being and resilience of families and communities, work with the Nine Federally Recognized Tribes of Oregon to improve Tribal health and strengthen OHA’s capacity as an anti-racist organization.
- **Launching OHP Bridge**, which will extend Oregon Health Plan (OHP) coverage to more than 100,000 people who are struggling to make ends meet and are at the greatest risk of losing health coverage. Oregon became just the third state in the nation (and the first in a decade) that the federal Centers for Medicare and Medicaid Services (CMS) has approved to offer a Basic Health Program.
- **Implementing climate change and carceral benefits in Oregon’s 1115 Medicaid Waiver**, which provide new benefits to protect eligible, at-risk people from wildfires, extreme heat and other climate-related health emergencies, and to ease transitions and prevent disruptions in health care for vulnerable people returning to the community from institutional settings. OHA and our partners remain on track to implement the rent assistance and homelessness prevention benefits of Oregon’s innovative 1115 Medicaid Waiver later this year.
- **Protecting health coverage through Temporary Medicaid Expansion and culturally responsive outreach efforts**, which have enabled Oregon to maintain the highest rate of Medicaid renewals in the nation following the end of the federal Public Health Emergency Unwinding (PHEU). These steps have prevented potentially hundreds of thousands of vulnerable children and adults from losing health coverage due to administrative denials.

OHA’s 2025-2027 biennium budget request responds to the challenges our communities are facing and builds on our successes. OHA requests \$39.0 billion in total funds for the 2025-2027 biennium (\$6.9 billion in state general funds), including 5,835 full time equivalent

positions (FTE), a 3% increase in staffing to support our partners and accomplish our mission.

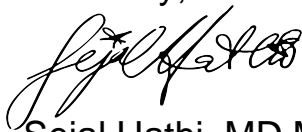
Highlights of our policy option packages (POPS) in the ARB include:

- **Transforming behavioral health** (approximately \$433 million in additional total funds), through budget requests such as:
  - \$176.1 million to expand residential treatment beds across the state
  - \$117.4 million to sustain, strengthen and expand the behavioral health workforce
  - \$36.6 million to expand the Save Lives Oregon Harm Reduction Clearinghouse and treatment innovation pilots to combat overdose
  - \$47.8 million to sustain and expand Medicaid Certified Community Behavioral Health Clinics (CCBHC), which integrate behavioral with physical health care
  - \$36.9 million to expand access to behavioral health treatment for adults on Medicaid
  - \$17.4 million to increase access to behavioral health services for students in schools
  
- **Improving access to affordable care for all** (over \$2.3 billion in total funds) through budget requests such as:
  - \$121.8 million to provide medical benefits for Incarcerated Individuals and ensure a safer and healthier transition back to the community
  - \$2 million to transition people and families from Healthier Oregon to OHP Bridge, in order to secure future savings of up to \$160 million in general funds
  - \$2 billion to renew the hospital assessment and maintain a stable base of funding for Oregon's Medicaid program (which provides coverage to 1 in 3 state residents)
  - \$124 million to renew the insurers' assessment, which is a cornerstone of Oregon's Medicaid funding
  - \$25 million to stand up a State-Based Marketplace Eligibility and Enrollment Platform that will provide greater choice and flexibility to people seeking health coverage

- **Fostering healthy families and environments** (approximately \$8 million in additional total funds) through budget requests such as:
  - \$5 million to modernize Oregon’s public health system
  - \$2.5 million to enhance drinking water safety in domestic wells.
  - \$0.7 million to support the universally offered home visiting (UoHV) initiative and expand Family Connects Oregon
  - \$0.1 million to close the regulatory gap for synthetic nicotine and strengthen tobacco retail licensing to protect youth from tobacco’s health harms
  
- **Building OHA’s capacity and commitment to eliminate health inequities** (\$20.1 million in additional total funds) through POPs such as:
  - \$6.7 million to develop an equitable workforce and ensure essential employee benefits and programs are sustained at the agency
  - \$2.4 million to provide more effective community engagement, input and feedback opportunities for community partners and the public
  - \$3.8 million to expand Regional Health Equity Coalitions, which provide essential equity expertise and assistance in carrying out regionally appropriate programs and services
  - \$4.1 million to bolster accessibility of facilities and services to all people in Oregon, regardless of their language abilities and disability status
  - \$3.1 million to expand and implement equitable services, including the Health Care Interpreter Program and the Traditional Health Care Worker Program

Thank you for your leadership, your commitment to improving the health of every person in Oregon and your consideration of OHA’s budget request.

Sincerely,



Sejal Hathi, MD MBA  
Director