



**HB2665**  
**Maximum Rate**  
**Development**  
**Process**



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# Maximum Rate Definition, Methodology, and Calculation

# House Bill 2665 Summary

House Bill (HB) 2665 directs Oregon Health Authority (OHA) to adopt rules and set maximum rates for select temporary health care staff who provide direct care within specific hospitals and facilities by January 1, 2025.

## BILL OVERVIEW

**HB 2665 requires implementation of the following work:**

- Rules to set the maximum rates for temporary staffing agencies (TSA) for selected positions
- A waiver process for entities that use temporary staff
- Processes for complaints, investigations and civil penalties through OHA's Health Licensing Office
- Annual review of the maximum rates
- The maximum rates must bear a reasonable relationship to

## IMPACTED PERSONNEL

**Changes affect temporary staff working at specific facilities in the following roles:**

- Registered nurse
- Licensed practical nurse
- Certified medical assistant
- Certified nursing assistant
- Direct caregiver

## COMPLETED WORK

**OHA has completed the following work:**

- Received feedback from temporary staffing agencies and providers of long-term care services, acute care services and primary care services, or representatives of the providers
- Considered all components mentioned in House Bill 2665
- Conducted an environmental scan to inform the development of the maximum rates for TSAs
- Developed initial maximum rates temporary staffing agencies can charge health care facilities

<sup>4</sup> Employment Department Data

# Maximum Rates

The maximum rates developed by OHA as a result of the rate setting process are shown in the table below.

## Maximum Rate Description:

- Two-part rate cap with 1) the maximum rate and 2) a cap on agency margin of 34.2%
  - Note that the maximum rates in the table are **inclusive** of the agency margin.
- Statewide rates, adjusted to Portland wage levels, with licensed care setting differentiation for RNs in hospitals
- Apply a compensation alignment factor to adjust the permanent wages to account for differences in temporary and permanent staff compensation (e.g benefit differential)

## Maximum Rate Table:

Personnel Type	Maximum Rates	Maximum Rates (Holiday and Overtime) <sup>1</sup>
<b>RN (Hospital)</b>	\$131.95	\$197.93
<b>RN (Other Facilities)</b>	\$117.49	\$176.24
<b>LPN/LVN</b>	\$70.32	\$105.48
<b>CNA</b>	\$42.23	\$63.35
<b>CMA</b>	\$47.06	\$70.59
<b>Direct Caregiver</b>	\$36.28	\$54.42

<sup>1</sup>The holiday rates and overtime rates are 150% of maximum rates.

<sup>2</sup>Margin accounted for in the wage includes any applicable fringe benefits, charges for administrative and contract fees and other special charges.

# Maximum Bill Rate and Margin Definition

Defining the components of the maximum bill rate temporary staffing agencies charged to facilities.

## Maximum Bill Rate Build-Up

The maximum bill rate that a temporary staff agency may bill a facility for a temporary personnel per hour (*not including stipends such as travel or housing*) is built as follows:

$$\text{Pay Rate} + \text{Margin} = \text{Bill Rate}$$

The **pay rate** is inclusive of the following:

- Base Wage
- Regional Variation
- Licensed Care Setting Variation
- Compensation Alignment Factor

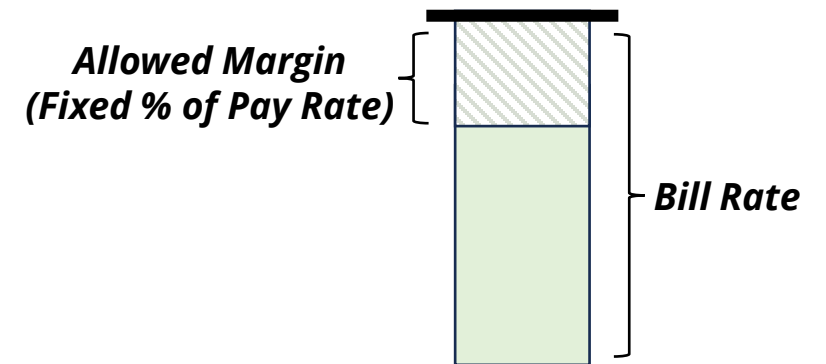
## Margin Cap

In addition to the maximum bill rate, temporary staff agencies must also maintain a maximum margin on each contract. **Agency margin**, represented as a percentage of the bill rate, includes any costs not paid directly to the temporary staff, such as, but not limited to, administrative costs, contracting fees, employee costs, margin, profit. The allowed margin per contract = (Contracted Bill Rate \$) x (Fixed Margin Cap %).

### Example:

A temporary LPN receives a pay rate of **\$50**. The fixed margin cap is **34.2%**.

- Bill Rate x (1- 34.2%) = \$50
- Bill Rate = \$50 / (65.8%)
- **Bill Rate = \$75.99** however, the LPN maximum rate for 2025 is \$70.32 so
- **Bill Rate = \$70.32**
- **Margin = \$70.32 - \$50 = \$20.32** (28.9% of bill rate)



# Maximum Rate Build-Up Methodology

## Base Wage

- Permanent Personnel Wage
- Average
- BLS



## Regional Variation

- Statewide Rate
- +1 - 5% increase in rates to bring to the Portland level



## Licensed Care Setting Variation

- Separate rates for RNs in hospitals vs all other facilities
- +12.3% increase in rates for RNs in hospitals



X

## Compensation Alignment Factor

- 10 - 31% increase in rates to bring to temporary staff level

X

## Agency Margin

- Agency margin of 34.2%

## Specialty Pay

- No differentiation

## Shift Differentials

- No differentiation

## Total Bill Rate

**150%** Holiday Pay & Overtime

*The average wage reported by BLS for permanent staff was used for base of the max rate.*

*One statewide rate was set for each personnel type and adjusted to the Portland wage level.*

*Separate rates were set for RNs working in hospitals to account for higher wages paid in hospitals as compared to other facility types.*

*The compensation alignment factors increase each personnel types' wages according to each position's typical differential in permanent to temporary wages.*

*The margin was chosen as the average of partner submitted data and is applied to the rate to account for administrative costs to the agency.*

*OHA determined to not differentiate the rates for specialty pay or shift differentials. Based on partner data submitted, higher wages for specialties and shift differentials are captured by the compensation alignment factor.*

*150% of the non-holiday maximum rate is applied for holidays and overtime – this is in-line with industry standards, practices of states with similar legislation, and Oregon law.*

# Maximum Rate Build-Up Calculation

The maximum rates were generated based on the average wage for permanent staff as reported in BLS data, with the application of the rate factors for each component.

	Rate Components							Holiday Pay	Holiday Max Rates
	Base Wage <sup>1</sup>	Licensed Care Setting	Regional Factor to Portland Metro Level	Compensation Alignment Factor (CAF)	Shift Differential and Specialty Pay	Estimated Pay Rate <sup>2</sup>	Agency Margin		
<b>RN Hospital</b>	\$56.82	+12.3%	+ 4.1%	+ 30.7%	-	\$86.81	+34.2%	\$131.95	\$197.93
<b>RN Facility</b>	\$56.82	-				+ 3.1%		+ 23.6%	\$77.30
<b>LPN</b>	\$36.30		+ 1.1%	+ 13.2%					\$46.26
<b>CNA</b>	\$24.27					+ 4.3%		+ 15.6%	\$27.78
<b>CMA</b>	\$25.67		+ 3.4%	+ 10.4%					\$30.96
<b>Direct Caregiver</b>	\$20.91					\$23.87		\$36.28	\$54.42

Notes:

1. Because 2023 wage data was used for the base wage of maximum rates, two years of trend was applied to be comparative to 2025 wage levels when HB2665 becomes effective. The applied trend, as used by the Oregon Employment Department, utilizes a quarterly Employment Cost Index (ECI) published by the Bureau of Labor Statistics that tracks changes in the cost of labor, including wages, salaries, and benefits, to employers in the United States.

2. The pay rate is the amount of the bill rate that the temporary staff receives as wage, and the agency margin is the remaining portion of the bill rate that the agency retains. The estimated pay rate portion of the maximum rate assumes the bill rate is charged at the maximum and the maximum amount of agency margin (34.2% of the bill rate) is retained by the agency.



# Decision-Making Process

# Approach and Process

OHA conducted an environmental scan of the temporary staffing landscape, engaged health care and rate setting subject-matter-experts, and collaborated with OHA leaders to inform the development of max rates.

## MAX RATE SETTING APPROACH

PLAN

RESEARCH

DEVELOP

REFINE

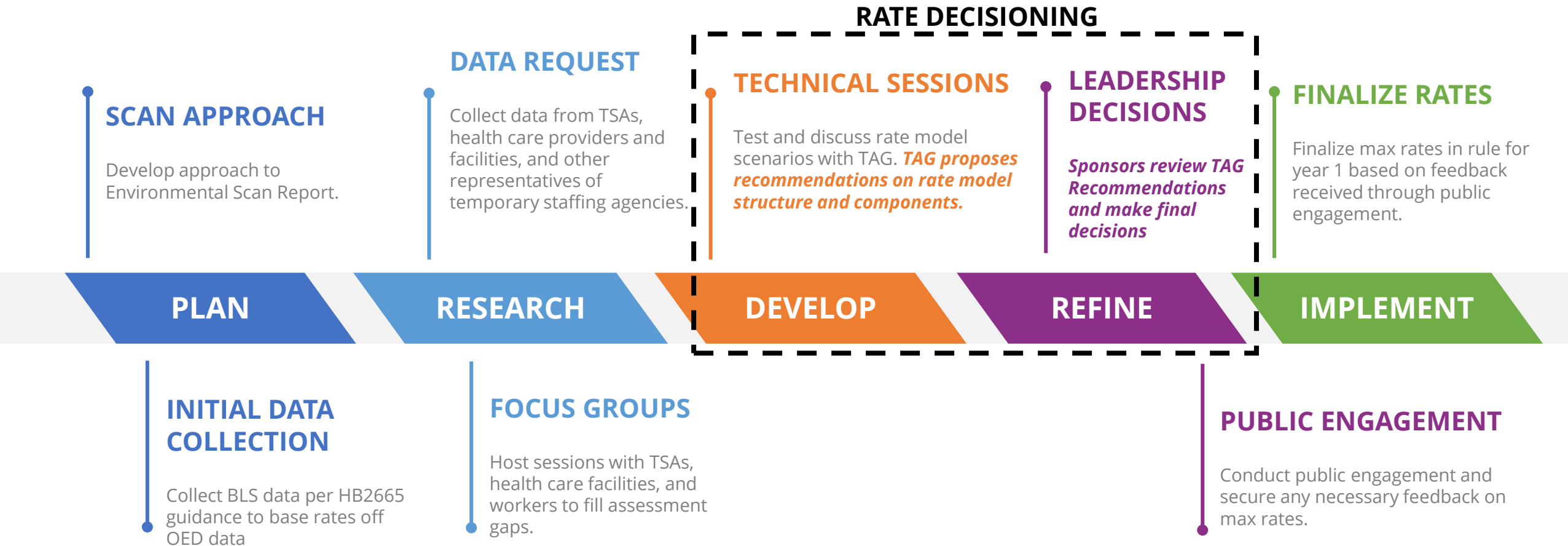
IMPLEMENT

## SUMMARY OF KEY ACTIVITIES

- OHA compiled national data on similar legislation, issued a data request to facilities and agencies in Oregon, conducted focus groups with partners, and analyzed the data in the House Bill 2665 Environmental Scan Report.<sup>1</sup>
- Utilizing the Report, OHA collaborated with a Technical Advisory Group (TAG) comprised of subject-matter-experts (i.e., economists and actuaries from OHA, Oregon Department of Human Services, Oregon Employment Department, and Oregon Office of Economic Analysis - Department of Administrative Services) in 10+ iterative working sessions and additional small group discussions to assess potential rate scenarios and make recommendations on the rate structure and components that makeup maximum rates.
- As a result of TAG and partner engagement, OHA decided on specific components to be included in the maximum rate.

# Max Rate Setting Approach

The approach to determining the 2025 maximum rates was iterative and involved various phases of work that were data driven based on BLS data, partner data, partner feedback, and technical expertise



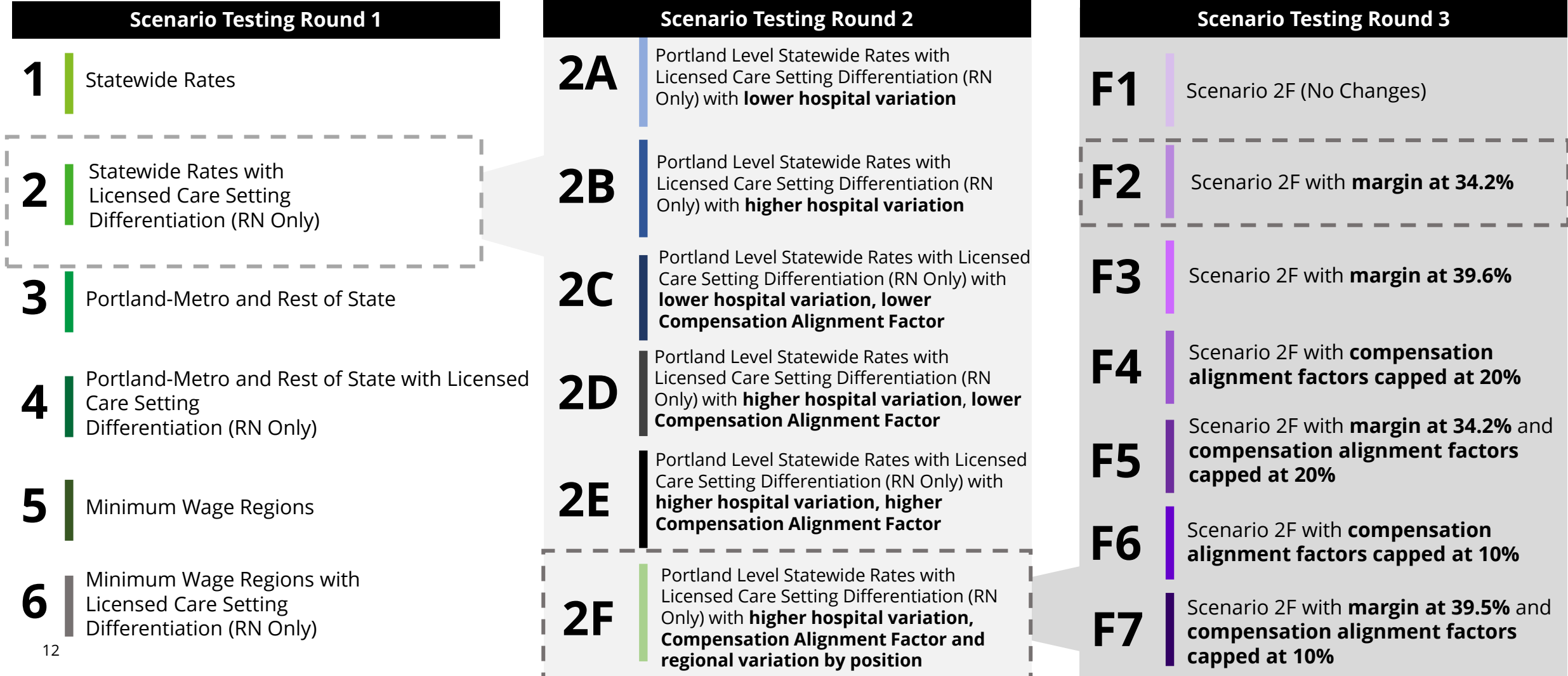
<sup>1</sup>Primary sources used in scan include [Bureau of Labor Statistics \(BLS\) OEWS May 2022 estimates](#) and Partner Data.

<sup>2</sup>Data collected from the 2024 data request sent to temporary staffing agencies, facilities and other partners operating in Oregon.

<sup>3</sup>Scan of other states represents data from other states where publicly available and deemed applicable to HB2665.

# Detailed Scenario Testing

The following rounds of scenario testing helped OHA narrow down on the rate structure and component factors. During each round of scenarios, the OHA group of actuaries/economists/data equity analysts/and other specialists would compare results to BLS data, partner data, and focus group feedback to determine reasonableness of the maximum rates and potential impacts



# Summary of Data Collected to Support Maximum Rate Development

# Bureau of Labor Statistics

The Bureau of Labor Statistics (BLS) data utilized in analysis represents the results of the May 2023 Occupational Employment and Wage Statistic Survey, which provides wage data for approximately 1.1 million employers in the United States

**The BLS Occupational Employment and Wage Statistic Survey was utilized to provided data on the following items**

## Personnel

- Registered Nurse
- Licensed Practical and Licensed Vocational Nurse
- Medical assistant
- Nursing assistant
- Home Health and Personal Care Aid
  - BLS data does not have “Direct Caregiver” as an occupation title, but Home Health and Personal Care Aid was determined to be the most representative of Direct Caregiver

## Facility Types

Data was pulled for the following employer classification types as determined by their corresponding North American Industry Classification System (NAICS) code<sup>1</sup>.

- Healthcare Sector (NAICS sector 62)
  - Classifications of businesses in sector 62 include Hospitals, Healthcare and Social Assistance, Assisted Living and Nursing Homes, Social Assistance, Ambulatory Health Care Services
- Temporary Help Services (NAICS code [561320](#))

*\*\* Note the Environmental Scan contains 2022 BLS data as the 2023 BLS data was not available at the time of creation of the Environmental Scan. The 2025 maximum rates were calculated using 2023 BLS data.*

<sup>1</sup>The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

# Partner Data

OHA deployed a request to secure important data about temporary and permanent health care staff in Oregon<sup>1</sup>

## WHO

Sent to 1000+ facilities and temporary staff agency contacts operating in the state of Oregon based on contacts identified by OHA Health Licensing Office, ODHS APD, trade associations, and health care unions.

## WHEN

Opened on February 19, 2024, and closed on March 11 with an extension through March 22, 2024. A public informational session to review the data request was hosted on March 5, 2024 (120+ attendees)<sup>2</sup>

## DATA COLLECTED

- ❖ Less than 100 responses were received
- ❖ Wages and Rates of temporary and permanent health care staff personnel across Oregon, for the positions and facilities included in the bill
- ❖ Cost data on the Temporary Staff agencies such as administrative salaries, profit, fringe benefits
- ❖ Data by region and licensed care setting to help OHA evaluate the degree to which geographic variation and facility type affects the rates

<sup>1</sup>A notable limitation regarding the Partner data collected include the significant variance in the number of responses for each position, facility, and region. Minimum, average, and maximum wages provided in Partner data are less credible than other wage data sources.

<sup>2</sup>[Oregon Health Authority : Temporary Health Care Staff Rate Setting Program : Primary Care Office : State of Oregon](#)

# Focus Group Summary

In April 2024, OHA conducted five interviews with temporary staffing agencies (TSAs) & three focus groups with facilities

## BACKGROUND



**Objective:** To gather additional feedback to inform HB 2665 implementation including perspectives on specific components of the rate build and considerations for other aspects of this work.



**Format:** 60-Min Virtual Meeting



**Data Collected:**

- **Rate setting:** factors for consideration in the development of rate model
- **Waivers:** considerations for exemptions from max rate
- **Definitions:** perspective or rule set language

## INTERVIEW / FOCUS GROUPS CONDUCTED (April 2024)

Invitees included those who completed the Spring 2024 Rate Setting Data Request and opted-in to participate and with contacts recommended by health care unions and trade associations.



**Temporary Staffing Agencies**

*16.7% Response Rate*



**Hospitals and Facilities**

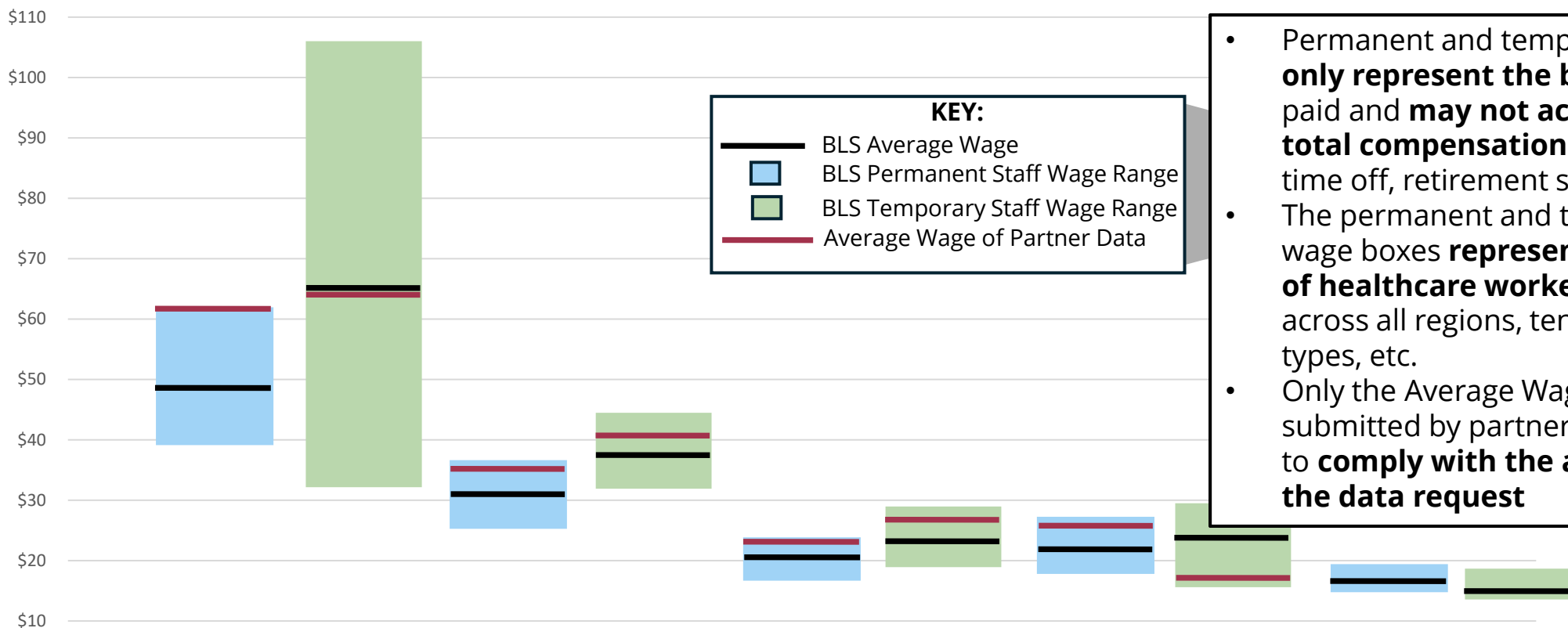
*24% Response Rate*



# Permanent vs Temporary Wages (BLS and Partner Data)

This chart compares Oregon's permanent and temporary BLS wages, adjusted for cost of living, and Partner Data averages.

**Figure 2.1 - BLS Wages<sup>1</sup> for Permanent and Temporary Staff with Partner Data Averages<sup>2</sup>**



- Permanent and temporary wages only represent the base wage paid and may not account for total compensation such as paid time off, retirement savings, etc.
- The permanent and temporary wage boxes represent the range of healthcare worker wages across all regions, tenures, facility types, etc.
- Only the Average Wage as submitted by partner data is shown to comply with the anonymity of the data request

	RN		LPN/LVN		CNA		CMA		Direct Caregiver <sup>3</sup>	
	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
BLS Average	\$49.74	\$66.89	\$31.69	\$37.35	\$20.30	\$23.72	\$21.99	\$24.22	\$17.07	\$15.40
Partner Data Weighted Average	\$61.80	\$65.39	\$35.81	\$40.11	\$23.25	\$27.49	\$26.26	\$17.21	\$34.45	\$32.83

<sup>1</sup>Wage Source: Bureau of Labor Statistics OEWS May 2022 estimates. BLS average wages represent the overall average wage for each position by state, adjusted for cost-of-living.

<sup>2</sup>"Partner data" refers to the selected partners across Oregon that provided data as part of the HB 2665 Project outreach. Partner data averages represent the weighted average wage by position for all respondents.

<sup>3</sup>Direct Caregiver aligns with Home Health and Personal Care Aide positions within BLS data set. Due to lack of Direct Caregiver definition, the Partner data is not considered credible.

# Environmental Scan Key Findings (1/2)

BLS Data (2022), Partner Data and Focus Groups were compiled into an environmental scan posted to the HB2665 website in May 2024. Findings from the Environmental Scan Assessment informed the development of max rates.



Holiday Pay adjustments in Oregon are **typically 1.25x-2x base wage**<sup>1</sup>. Nationally, holiday pay adjustments are slightly higher than Oregon at 1.5x-1.74x base wage<sup>2</sup>.



All available data sources show **variations in pay by tenure and by nursing specialty training**; although, specificity is limited<sup>3,4</sup>. In focus groups, temporary staffing agencies noted **RNs in hospitals needing higher pay rates due to their experience**.



For all personnel types other than LPNs, **permanent health care staff in hospitals receive higher wages** than those in other licensed care settings in Oregon and all bordering states. This is **most prominent for RNs practicing in hospitals who receive wages that are 12-23%**<sup>2</sup> **higher than their counterparts** working in other facilities. Focus group partners confirmed that higher wages are paid to RNs in hospitals due to the requirement of advanced tenure and higher acuity settings. The differential for other personnel types was not as significant.



Data demonstrated that there was **noticeable difference in pay between the Portland Metro regions and non-Portland regions**; the combined permanent and temporary health care staff wages in the Portland Metro are 1-5% higher<sup>5</sup> on average than other regions across Oregon. However, feedback from focus groups stated that while this may be true for permanent staff, there is **little to no regional variation in wages for temporary health care staff** across Oregon partly due to the pay increases that rural areas require to attract temporary workers.

## Max Rate Considerations

*Holiday and Overtime Pay*

*Base Wage, Specialty Pay*

*Licensed Care Setting Variation*

*Regional Variation*

<sup>1</sup>Based on data collected from the 2024 data request sent to temporary staffing agencies, facilities and other partners operating in Oregon.

<sup>2</sup>Taken from the HB 2665 Environmental Scan deliverable (may vary due to the release of updated May 2023 BLS survey post-finalization of the report).


<sup>3</sup>OHA Health Care Workforce Reporting Program (2022).


<sup>4</sup>Oregon Wage Study OCN (2023).


<sup>5</sup>Bureau of Labor Statistics OEWS May 2023 estimates.

# Environmental Scan Key Findings (2/2)

BLS Data (2022), Partner Data and Focus Groups were compiled into an environmental scan posted to the HB2665 website in May 2024. Findings from the Environmental Scan Assessment informed the development of max rates.

 **Temporary agencies incur additional costs and overhead from operating their business, which are included as part of the rate billed** to facilities. Costs include items such as taxes, administrative expenses, profit, and other costs. Data reported on agency margin from temporary staffing agencies suggest agency costs vary.<sup>1,2</sup> Given limited reporting and anecdotal remarks, it **appears 20-40% of the bill rate typically accounts for both agency costs and benefits.**<sup>4,5,6</sup>

 **Temporary health care staff may receive fringe benefits as part of their compensation.** In focus groups, partners mentioned fringe benefits vary by agency and are considered as a cost of doing business. Like agency costs, historical fringe benefits data for temporary staffing agencies is limited, and 20-40% of the bill rate typically accounts for both agency costs and benefits.<sup>1,2</sup>

 Wage data supports **temporary health care staff being paid 10-31% higher wages than permanent staff**<sup>1,3</sup>. Focus group discussions emphasized that temporary staff receive higher wages due to the added complexity and instability of temporary work.

## *Max Rate Considerations*

*Agency Costs*

*Fringe Benefits*

*Compensation Alignment Factor*

<sup>1</sup>Based on data collected from the 2024 data request sent to temporary staffing agencies, facilities and other partners operating in Oregon.

19 <sup>2</sup>Taken from the HB 2665 Environmental Scan deliverable (may vary due to the release of updated May 2023 BLS survey post-finalization of the report).

<sup>3</sup>Bureau of Labor Statistics OEWS May 2023 estimates

<sup>4</sup>AMN Annual 2023 Report










<sup>5</sup>SIA NATHO Travel Nurse Benchmarking Survey

<sup>6</sup>Travel Nursing Bill Rate Explained - Nomadicare

# Maximum Rate Decisions



# Rate Components

Utilizing recommendations from the TAG, feedback from partners, updated 2023 BLS data, and data in the Environmental Scan Report, OHA made the following decisions to develop max rates. Details found on following slides

RATE COMPONENTS	
 <b>Rate Methodology:</b>	Margin-Based with Cap
 <b>Base Wage:</b>	Average wage of Permanent staff wages from Bureau of Labor Statistics (BLS)
 <b>Regional Variation:</b>	Statewide rate with no regional variation – accounting for higher Portland wages by setting the statewide rate at the Portland level with factors of +1 - 5% specific to each personnel type
 <b>Licensed Care Setting Variation:</b>	Rates for RNs are separated into Hospital vs. All Other Facilities with the Hospital rate higher than facilities by the amount currently in market (12.3% factor for RNs in hospitals). No differentiation for other personnel types
  <b>Specialty Pay and Shift Differential:</b>	No adjustment; higher wages due to specialty pay and shift differentials are captured by the Compensation Alignment Factor (CAF)
 <b>Compensation Alignment Factor (CAF):</b>	Apply CAFs of +10 - 30% specific to each personnel type to account for difference in permanent and temporary wages
 <b>Margin:</b>	Average of submitted partner data (34.2%) built into rate and applied as margin cap
 <b>Holiday Pay and Overtime:</b>	150% of maximum rate for both holiday pay and overtime





# Rate Component Decision Summary

The following recommendations regarding the rate setting components emerged after iterative scenario modeling and discussions with OHA

COMPONENT	<input checked="" type="checkbox"/> DECISION	SUPPORT
 <p><b>BASE WAGE</b></p>	<p>Average permanent health care staff wages in Oregon from BLS</p>	<ul style="list-style-type: none"> <li>Using the average wage as base wages (as opposed to 90<sup>th</sup> percentile) results in lower rates which are a more reasonable starting place for RAC discussion and feedback</li> <li>Basing rates off of permanent health care wages is in-line with the intent of the bill</li> <li>Using the average wage as the base wage follows the bill's intent to reduce TSA's rates.</li> <li>Other states have used average wages as the base of their maximum rates (MA and MN).</li> <li>Using a higher wage statistic (e.g., 90<sup>th</sup> percentile) and phasing-in rates does not result in immediate relief for hospitals and facilities.</li> </ul>
 <p><b>REGIONAL VARIATION</b></p>	<p>Statewide rate (set at the Portland Metro wage level) with no regional variation</p>	<ul style="list-style-type: none"> <li>Setting one statewide rate eases definition and administration, as well as simplicity in the rates. Varying the rates by two or three regions results in many rates per personnel type, inherently complicating the rates.</li> <li>Data suggests pay is higher in the Portland Metro area (1.1-4.3% higher pay) as compared to all other regions of Oregon</li> <li>Feedback in focus groups stated that while this may be true for permanent staff, there is little to no regional variation in wages for temporary health care staff across Oregon</li> <li>As such, it was decided to set statewide rates using statewide wage data and applying a factor to reach the Portland Metro level, as it is the highest wage and wages in all other regions would fall below.</li> </ul>



# Rate Component Decision Summary

The following recommendations regarding the rate setting components emerged after iterative scenario modeling and discussions with OHA

COMPONENT	DECISION	SUPPORT
 <b>LICENSED CARE SETTING VARIATION</b>	<input checked="" type="checkbox"/> RNs Only: Hospitals separate rate than All Other Facilities  No variation adjustment applied for all other personnel types	<ul style="list-style-type: none"><li>• Data suggests higher wages are paid to health care staff working in hospitals than their counterparts working other facility settings.</li><li>• This is most prominent for RNs practicing in hospitals who receive on average, 12% higher pay than their counterparts working in other facilities. This degree of differentiation does not exist for the other personnel types.</li><li>• Facilities and TSAs noted that higher compensation is needed to attract temporary RN staff to work within facilities with high patient acuity and in settings where specialized or tenured health care staff are desired.</li></ul>
 <b>SPECIALTY PAY VARIATION</b>	No differentiation	<ul style="list-style-type: none"><li>• No differential was selected for specialty pay as it was determined that high-level experience and tenure are already included by apply the compensation alignment factor (CAF).</li><li>• Additionally, there was limited credible data regarding specialty pay in Oregon.</li></ul>
 <b>SHIFT DIFFERENTIALS</b>		
 <b>COMPENSATION ALIGNMENT FACTOR (CAF)</b>	Included to account for differences in temporary and permanent staff compensation	<ul style="list-style-type: none"><li>• Align permanent compensation to that of temporary staff using CAF. This is accomplished by modifying permanent wages for each type of personnel, applying adjustment factors based on current market variations specific to each group.</li><li>• Wage data supports temporary health care staff being paid 10–31% higher wages than permanent staff.</li><li>• TSAs emphasized that temporary staff receive higher wages due to the added complexity, required life-style changes, and instability of temporary work.</li></ul>

# Rate Component Decision Summary

The following recommendations regarding the rate-setting components emerged after iterative scenario modeling and discussions with OHA

COMPONENT	DECISION	SUPPORT
 <b>AGENCY MARGIN<sup>1</sup></b>	<input checked="" type="checkbox"/> 34.2% applied in maximum rate and as margin cap	<ul style="list-style-type: none"><li>• A 34.2% margin is representative of the average margin recorded in Partner data.</li><li>• Given limited reporting and anecdotal remarks, it appears 20-40% of the bill rate typically accounts for both agency costs and fringe benefits.</li><li>• Partner data supports that agency costs vary from contract to contract as well as by agency due to business conditions.</li><li>• This will be evaluated in future years.</li></ul>
 <b>HOLIDAY PAY AND OVERTIME</b>	150% max rate for both holiday pay and overtime	<ul style="list-style-type: none"><li>• Holiday pay of 150% the non-holiday maximum rate was selected as it is in-line with industry standards and practices of states with similar legislation.</li><li>• Additionally, TSAs and facilities expressed holiday pay adjustments of 1.25 - 2.0x pay.</li><li>• Nationally, holiday pay adjustments are slightly higher than Oregon at 1.5x-1.74x base wage.</li><li>• Per Oregon law, overtime pay was determined to be 150% of the base rate.</li></ul>

<sup>1</sup>Research and feedback from focus groups support the fact that fringe benefits is not an explicit piece of the maximum rate build-up. Therefore, it was decided that applying one factor for agency margin would account for both agency costs and fringe benefits.



# Max Rate Table with Comparison

The table below lists the selected 2025 maximum rates, alongside various comparison points

2025 Maximum Rates*	
<i>*Holiday Pay and Overtime Rates = 150%</i>	
Base Wage	Average
Regional Adjustment	1-4%
Compensation Alignment Factor	10-31%
Margin	34.2%
RN Hospital	\$131.95
RN Facility	\$117.49
LPN/LVN	\$70.32
CNA	\$42.23
CMA	\$47.06
Direct Caregiver	\$36.28

**Margin Cap: 34.2%**

Comparisons		
Avg. Bill Rate Facilities currently pay to TSAs in OR <sup>1</sup>	Perm Staff Oregon Avg Wage <sup>2</sup>	Temp Staff Oregon Avg Wage <sup>2</sup>
\$120.02	\$52.69	\$71.27
\$108.17		
\$78.71	\$33.67	\$42.30
\$51.39	\$22.22	\$25.57
\$51.55	\$23.51	\$27.45
\$37.00	\$19.13	\$21.26

<sup>1</sup>Averages bill rates were reported by facilities in the partner data request. The weighted average was calculated using staff counts.

<sup>2</sup>Bureau of Labor Statistics OEWS May 2023 estimates.



# Maximum Rate Observations and Considerations

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Observations about the initial proposed maximum rates and some considerations moving forward



The agreed-upon rate methodology is representative of a series of data-driven decisions by OHA that are a compilation of partner feedback, analyzed data, and in-line with the intent of the House Bill 2665.



Per statute, OHA will collect data and review maximum rates annually, and potentially adjust the wage and margin components in future iterations.



Maximum rates are developed to serve as the ceiling to encompass all tenure/specialty/regions – TSA/Facilities have flexibility to negotiate rates under this ceiling



New nurse-to-patient ratio requirements are effective June 1, 2024<sup>1</sup>, May 2026<sup>2</sup>, and May 2027<sup>2</sup> (rural only) which may impact the need for TSA contracting.



The proposed final rule requires reporting for Year 1 which can be used to help inform future rates.

<sup>1</sup>Oregon HB 2697 requires minimum nurse-to-patient ratios effective June 2024. Enforcement of civil penalties begin June 2025.

26 <sup>1</sup>CMS published the Nursing Facility Final Rule that requires minimum nurse-to-patient ratios by May 2026 and May 2027 for rural facilities.

# Appendix

- **Appendix A:** Partner Data Summary
- **Appendix B:** Rat Component Options
- **Appendix C:** Max Rate Component Decisions
- **Appendix D:** Data and Rate Assumptions

# Appendix A: Partner Data Summary

Received a 4.4% response rate from facilities and agencies, combined. The data request was sent to 21.4%<sup>1</sup> of facilities (of those, 13.4% completed) and 30.7%<sup>2</sup> of agencies (of those, 11.9% completed) operating in Oregon<sup>5</sup>

## Hospital and Facilities Summary

### Regions Represented

#### Portland/Metro

- Portland Metro
- Clackamas

#### Standard Counties

- Mid-Valley
- Lane
- Rogue Valley
- Northwest Oregon

#### Nonurban Counties

- East Cascades
- Southwestern Oregon
- Eastern Oregon

### Facility Types

- Residential Care Facility
- Hospitals<sup>3</sup>
- Facility with a Memory Care Endorsement
- Long-Term Care Facility
- In-Home Care Agency
- Skilled Nursing Facility
- Did Not Respond

### Service Employees International Union (SEIU) Local 503

Wage data (including shift differentials and tenure) collected for 7 facility types:

- Residential Care Facility/ Facility with a Memory Care Endorsement<sup>4</sup>
- Skilled Nursing Facility

### Monthly Patient Volume

- 25 or less
- 25 to 100
- 100+
- Unknown

## Temporary Staffing Agency Summary

### Regions Represented

#### Portland/Metro

- Portland Metro
- Clackamas

#### Standard Counties

- Mid-Valley
- Lane
- Rogue Valley
- Northwest Oregon

#### Nonurban Counties

- East Cascades
- Southwestern Oregon
- Eastern Oregon

#### Unspecified

### % In Health Care Positions

- Most respondents have 100% health care positions
- Two exceptions with ~10% and ~70% health care positions

### Oregon vs. Out-of-State

- Only four respondents have 100% Oregon temporary staff workers
- Data reported from agencies with staff in other states were asked to only submit data for staff working in Oregon

*\*One agency submitted 6 separate responses for different divisions. Each was recorded separately*

<sup>1</sup>Facility count is inclusive of hospitals, memory care endorsement, residential care facility, in-home care agencies, and skilled nursing facilities identified by OHA and [OHCA \(2024\)](#).

<sup>2</sup>Agency count based on OHA Health Licensing Office authorized Oregon temporary staffing agencies list as of April 2024.

<sup>3</sup>Represents a network of hospitals and facilities.

28 <sup>4</sup>Reported as Community-Based Care facility. As defined in [OAR Chapter 411](#), all residential care and assisted living facilities are considered home and community-based care settings

<sup>5</sup>All response rates are estimated based on available information regarding the number of facilities and agencies operating in Oregon as of April 2024.

# Appendix B: Rate Component Options

The below lists the various options for the rate components considered in the maximum rate setting process

## BASE WAGE

- Temporary Wages
- Permanent Wages
- Median
- Average
- 75<sup>th</sup> percentile
- 90<sup>th</sup> percentile

## REGIONAL VARIATION

- Statewide rate (no variation)
- Portland Metro vs. Rest of State
- Minimum Wage Regions
- Factors: based off BLS data average

## LICENSED CARE SETTING

- No differential
- Differentiation for all personnel types
- Differentiation for all facility types
- Differentiation for only RNs in hospitals
- Factors: based off BLS data Average

## SPECIALTY PAY

- No differential
- Adjusting rates for tenure
- Adjusting rates for specialty type
- Factors: based off BLS data average

## SHIFT DIFFERENTIAL

- No differential
- Higher rates for overtime/night/weekend

## HOLIDAY PAY

- No differential
- Increase bill rates by standard 150%
- Increase only pay rate portion by 150%

## COMPENSATION ALIGNMENT FACTOR

- Not included in the rate
- Applied to all personnel types
- Factor: Based on BLS Average difference in comparing temporary wages to baseline

## AGENCY MARGIN

- Lowest margin submitted by partners
- Average margin submitted by partners
- Highest margin submitted by partners

# Appendix C: Component Decision – Base Wage



**Base wage** is used as the starting point for the rate development process. Utilizing BLS data as a credible data source, OHA decided whether to use temporary or permanent staff wages as a starting point and at which percentile.

## ☑ DECISION

*Average permanent health care staff wages  
in Oregon*

## Decision Support

- Though the 90th percentile wage for permanent staff was initially considered so as to not disrupt the market, OHA selected the average wage as to better align temporary and permanent compensation.
- Other states have used average as the base of their maximum rates (MA and MN).

**Other considerations** discussed including using the 90<sup>th</sup> percentile permanent health care staff wages to include higher compensation for specialty or tenured staff and to allow for limited market disruption until more credible OR specific data was available. Ultimately it was decided to utilize the **average**, which accounted for over a 15% reduction in base wage for each position.

# Appendix C: Component Decision - Regional Factor



**Regional factors** account for differences in pay amongst the Oregon regions. OHA selected the level of regional variation and adjustment factors needed to account for these differences.

## ☑ DECISION

*One statewide rate (set at the Portland Metro pay level) with no regional variation*

## Decision Support

- To reduce administrative burden, a single statewide rate was selected as opposed to multiple regions, requiring more extensive reporting and contracting requirements.
- Health care staff in the Portland Metro are paid 1.1 – 4.3% higher (depending on personnel type) on average than the average of all other regions in Oregon<sup>1</sup>.
- While facility partners noted that permanent staff wages differ depending on geographic location, temporary staff wages remain static across the state of Oregon so statewide rates make sense.

**Other considerations** discussed include setting three rates for each of the minimum wage regions or two rates - one rate for the Portland Metro and one for all other regions. Ultimately one statewide rate, at the highest regional level, was favored as to avoid undue complexity in the max rates.

# Appendix C: Component Decision - Licensed Care Setting



**Licensed care setting** accounts for differences in pay due to workplace setting. OHA determined if max rates should apply factors or differentiation based on the licensed care setting of each personnel identified in the HB.

## ☑ DECISION

*Differentiation for RNs in Hospitals as compared to All Other Facilities*

*No differentiation for other positions.*

## Decision Support

- Data suggests higher wages are paid to health care staff working in hospitals than their counterparts working other facility settings. Differences are most prominent for RNs.
- Facility and TSA partners noted that higher compensation is needed to attract temporary RN staff to work within facilities with high patient acuity and in settings where specialized or tenured health care staff are desired.
- RNs working in hospitals make, on average, 12.3% more than RN's working in other facilities<sup>1</sup>.

**Other considerations** discussed including separating the maximum rate for various facility types for all personnel types, as compared to just doing so for RNs, but the base wage data did not support differentiation.<sup>2</sup>

<sup>32</sup> <sup>1</sup>Bureau of Labor Statistics OEWS May 2023 estimates.

<sup>2</sup>Further discussion of other considerations for Licensed Care Setting can be found in the "Wage Comparison by Facility Type" section of the Environmental Scan posted on the OHA website.



# Appendix C: Component Decision - Specialty Pay



**Specialty pay** is the increased level of pay that healthcare staff receive for their tenure, licensing and training. OHA determined if specialty pay should be applied to max rates to account for levels of tenure, licensing and training in the workforce.

## ✓ DECISION

*No differentiation*

*However, max rates include a compensation alignment factor that accounts for variance based on health care worker tenure, licensing and training.*

## Decision Support

- Facilities and TSAs stated wages are not solely tied to credentials, though RNs in hospitals receive higher pay due to experience and specialty.
- There is not enough data to support applying a factor to max rates for specialty training or credentials.
- All available data sources show variations in pay by tenure and by nursing specialty training; although, specificity is limited<sup>1,2</sup>.

**Other considerations** discussed include setting various maximum rates for different levels of specialty and tenure, but the lack of data concluded no material differentiation in the rates.

# Appendix C: Component Decision - Shift Differential



**Shift differential pay** refers to the increased levels of pay for shifts such as weekend, on-call, and night. OHA determine if factors or additional differentiation should be applied to max rates based on the type of shifts temporary staff are hired to work.

## ☑ DECISION

*No differentiation*

*Rather, differences in wages due to various shifts are accounted for in the singular rate by the compensation alignment factor.*

## Decision Support

- TSAs and facilities noted the use of flat rates for temporary staffing contracts (i.e., no differential applied to rates for weekend, overnight, or on-call shifts).
- Data suggests shift differentials are generally an additional 10-25% to base wages for both permanent and temporary staff<sup>1</sup>.

**Other considerations** discussed include setting specific maximum rates for specific shifts (weekend, overnight, etc.) However, with the application of the compensation alignment factor, it is assumed that all shifts will fall within the singular maximum rate.

# Appendix C: Component Decision - Holiday and Overtime Pay



**Holiday pay** is the additional pay health care workers receive for completing holiday shifts and overtime pay is the required pay increase for workweek hours greater than 40. OHA determined a holiday and overtime pay factor should be applied to max rates to account for the additional pay that may be received for this work.

## ☑ DECISION

*The holiday max rates and overtime pay will be 150% the standard maximum rates.*

## Decision Support

- 93% of all staff represented by the Partner data reported 150% more pay on Holidays<sup>1</sup>.
- Facilities noted that holiday pay is an add-on to the rate charged by TSAs.
- States with similar legislation (MN and MA) set holiday pay at 1.5x – 1.74x the regular rate<sup>2,3</sup>.
- Oregon law requires overtime pay of 1.5x a worker's regular pay<sup>4</sup>

**Other considerations** discussed include setting holiday max rates at 1.2x, 1.74x, and 2x the regular rate. To align with industry standards and Partner data responses, 1.5x factor was selected for holiday rates.

<sup>1</sup>Based on data collected from the 2024 data request sent to temporary staffing agencies, facilities and other partners operating in Oregon.

<sup>2</sup>[Section 345.03 Massachusetts Regulation \(2024\)](#)

35 <sup>3</sup>[Potential Rate Caps for Temporary Nursing Staff \(2022\)](#)

<sup>4</sup>[Oregon Overtime Pay](#)

# Appendix C: Component Decision - Compensation Alignment Factor



CAF is applied to the base wages to account for total compensation differentials between permanent and temporary staff. OHA determine if this factor should be applied to max rates, and if the factor should vary by position.

## ☑ DECISION

*Apply a CAF to each personnel type – based on the average difference in temporary and permanent wages*

## Decision Support

- Data demonstrates that wages for temporary staff are 10 - 31% higher than permanent staff<sup>1</sup> (10.4% for Direct Caregivers, 30.7% for RN's and the other personnel types falling within).
- Facilities and TSAs confirmed that higher wages are necessary to recruit temporary staff than permanent staff due to short assignments, limited benefits, job insecurity, last-minute planning, and more.

**Other considerations** discussed include no application of a wage alignment factor, applying one factor across all positions, or varying the wage alignment by 10-20%. Ultimately it was decided to apply factors unique to each position's differences in pay.

# Appendix C: Component Decision - Agency Margin



**Agency margin** is the portion of the bill rate that the agency receives for items such as agency costs, fringe benefits, and profit. OHA determined at what level the agency margin should be set within the max rate model build.

## ☑ DECISION

*34.2% applied to the base wage*

*34.2% margin cap*

## Decision Support

- An agency margin of 34.2% is the average margin from Partner data. Margins reported by Partners ranged from 23-40%.
- Various publicly available reports and surveys<sup>1,2</sup> noted agency margins of 23-27%.

**Other considerations** discussed include varying agency margin by 20-40%. A 34.2% margin was selected as it falls within the range found in research and is the average of Partner responses.

# Appendix D: Assumption List

The following assumptions were made in the rate setting and data analysis process

Source	Assumptions
Partner data	<ul style="list-style-type: none"> <li>The “minimum” considered in the data request is the lowest of all minimums provided</li> <li>The “maximum” considered in the data request is the largest of all maximums provided</li> <li>The average is a weighted average (by staff count) of the averages provided (to help credibility)               <ul style="list-style-type: none"> <li>When staff counts were not provided, average staff counts were imputed from similar groupings (permanent vs. temporary employee, facility vs. agency, and by position)</li> </ul> </li> <li>When responses could not be interpreted, questions were sent for clarification; if no response was received, best judgement was used to interpret the data or responses were ignored</li> <li>Data has not been audited</li> </ul>
BLS	<ul style="list-style-type: none"> <li>BLS data updated using the May 2023 survey and will not match the environmental scan which uses the May 2022 survey</li> <li>OEWS May 2022 Survey is a compilation of semi-annual surveys from November 2019 – May 2022. The assumption is that this represents CY2022 data (even though multiple survey years are likely present in the data)</li> <li>OED stated that NAICS 62XXXX is considered reliable to indicate nurses in permanent employment; however, NAICS 561320 is needed to identify nurses working in temporary staffing agencies. The NAICS_TITLE for 561320 is “Temporary Help Services.” NAICS 62XXXX is broadly “Health Care and Social Assistance”</li> <li>Some values (like the Corvallis, OR, Registered Nurse wages) are not credible and are omitted by BLS</li> <li>Unless data was omitted, data is assumed to be credible enough for use (Relative Standard Error is ignored)</li> <li>Wages by Minimum Wage Areas were provided by OED. Data has not been audited</li> <li>Data does not include a “Direct Caregiver” position. Data for “Home Health and Personal Care Aides” has been <del>assumed</del> used as a proxy to represent the “Direct Caregiver” position in this analysis</li> <li>Data for Nursing Assistants and Medical Assistants omits the word “Certified”</li> <li>Data has not been audited</li> </ul>
Quality Info	<ul style="list-style-type: none"> <li>OED uses BLS to assemble this data and then applies wage trends. The wage trends are calculated by comparing Quality Info to BLS and assumed that an annual trend rate was applied for each personnel type.</li> <li>Unless data was omitted, data is assumed to be credible enough for use (Relative Standard Error is ignored)</li> <li>Data has not been audited</li> </ul>