
Memorandum

To: The Honorable Tina Kotek

From: Ebony Clarke, Oregon Health Authority

Aprille Flint-Gerner, Oregon Department of Human Services

Date: December 26, 2024

Subject: Update on children's Psychiatric Residential Treatment Facility (PRTF) capacity

In a [memo](#) dated January 7, 2020, the Oregon Department of Human Services (ODHS) and the Oregon Health Authority (OHA) jointly recommended adding 47 beds to support youth requiring residential psychiatric treatment. This stemmed from the 2019 recommendation directive of the Child Welfare Oversight Board.

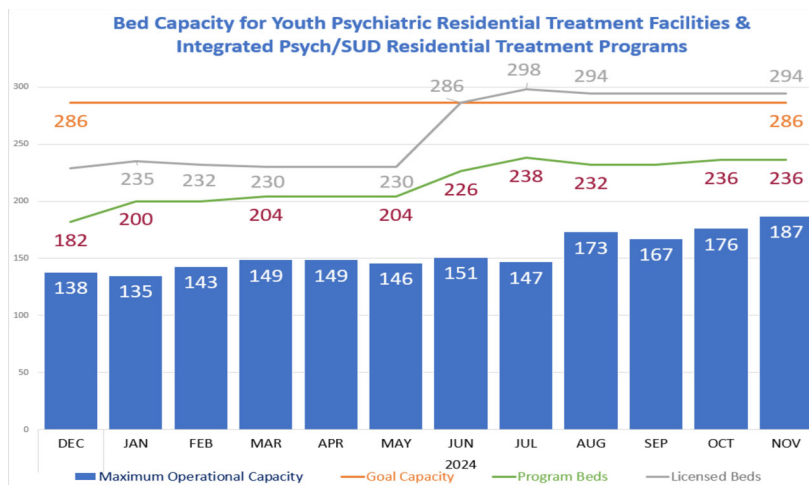
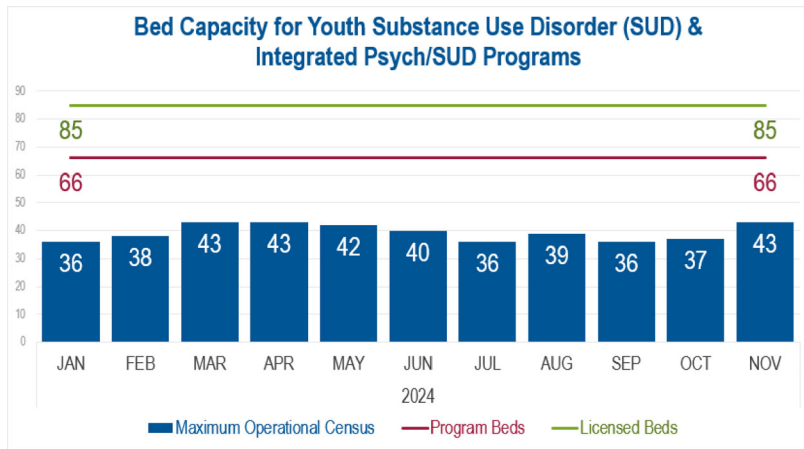
This memorandum provides an update on the progress made, and challenges encountered, and current status of the efforts to address this directive. The inter-agency workgroup is pleased to share key developments in residential psychiatric treatment for youth in Oregon over the past year.

Bed Capacity Status to Date

Throughout 2024, residential psychiatric programs have provided weekly updates on their capacity changes, enabling a comprehensive monthly snapshot of Oregon's residential treatment capacity for youth. The graphs below summarize the data collected through November 2024.

- X-axis represents time in months
- Y-axis Number of residential treatment beds available.

Please note that the bed counts for Madrona Recovery are included in both the psychiatric residential and substance use disorder (SUD) data. This dual categorization reflects their integrated treatment model, which accommodate youth with either diagnoses.



Graph Definitions:

- **Licensed beds:** The maximum number of beds a program can operate as a Child Caring Agency through ODHS. **Program beds:** The number of beds in the residential program that the agency strives to have available. Also known as highest possible capacity.
- **Maximum operational capacity:** This number the maximum number of beds filled during a given month. This is calculated by adding the census of each program together for each day of the month and then identifying the highest number.

Capacity in 2024:

1. Embark Behavioral Health

- Began data collection in June 2024.
- Licensed for 50 beds; however, program capacity is 16 due to staffing shortages.
- The facility has not served more than 10 youth at a time since its licensing in March 2023.
- OHA Certification and Licensing team is working with Embark and the Child and Family Behavioral Health (CFBH) unit to resolve the discrepancy. (Embark does not serve Medicaid clients).
- OHA is addressing in rule the need for a new licensing category for Psychiatric Residential programs that do not serve Medicaid clients.

2. Looking Glass

- Expanded total program beds from 18 to 22.

- Allocated 18 beds for youth referred through Child Welfare Treatment Services, and 4 youth referred through their Coordinated Care Organization (CCO).
- Utilization of the additional beds has been delayed due to staffing shortages and the extreme acuity needs of youth.

Expanding bed capacity: Successes in 2024

In 2024, ODHS and OHA prioritized maintaining and expanding residential psychiatric and substance use treatment capacity. Despite workforce and operational challenges, no program capacity was lost – a significant achievement compared to recent years when closure or downsizing impacted services. Key accomplishments in bed capacity are detailed below.

Completed Expansion Projects in 2024

Agency/Location	Type/Level of Care	Funding	Beds Added	Notes
Nexus Family Healing Walden Crossing/Portland	Juvenile Fitness to Proceed (Restorative Services)	General funds (CFBH)	6	These beds are accessible only through court order.
Madrona Recovery/Tigard	Co- Occurring PRTS and SUD (ages 13-17)	OHA Behavioral health housing grant agreement (HB5024)	18	These beds were previously SUD and upgraded to co-occurring with new Integrated Psychiatric and Substance Use Residential licensure in March 2024.
Embark Behavioral Health/Bend	Non- Medicaid PRTS (ages 10- 17)	N/A	50	Converted to PRTF license in March; Do not accept Medicaid (only private insurance)
Looking Glass/Eugene	PRTS, Subacute	\$2.3M from CCO \$25M investment	4	Paid for additional staff which enabled facility to open these beds
Albertina Kerr/Portland	PRTS, Subacute	ODHS-Child Welfare General Fund	6	Contract realizing previously un- utilized capacity

Progress Made in 2024 Toward Future Expansion

ODHS and OHA made significant strides in 2024 to prepare for the future expansion of youth residential treatment capacity. Below is a summary of key projects currently underway:

Agency/Location	Type/Level of Care	Funding	Beds Added	Notes
Community Counseling Solutions/Boardman	PRTS (ages 5-12)	OHA Behavioral health housing grant agreement (HB5024) Additional \$2M from 2023 \$25M CCO investment for gap fill	14	Currently under construction, Anticipated opening July 2025
Looking Glass/Eugene	PRTS	ODHS-Child Welfare General Fund	14	Expansion on existing facility is currently under construction. Anticipated opening in January 2025.
Trillium Family Services, Parry Center/Portland	PRTS, Subacute	\$13.1M from 2023 CCO \$25M investment	12	Anticipated opening April 2027
Adapt/Deer Creek	SUD residential	\$7.5M from 2023 CCO \$25M investment	38	22 Adolescent beds, 16 Parent & Child Residential beds; Anticipated opening December 2026
Nexus Family Healing/Eugene	Secure Inpatient, Restorative Services	\$3M ARPA funding	12	Recently allocated funding to renovate and repurpose an existing secure facility that will serve 6 youth for restorative services, and 6 youth for secure

				inpatient psychiatric
Undetermined recipient	PRTS, integrated SUD/PRTS	\$4M in HB5030 funds allocated through OHA's Behavioral Health Investments	TBD	This funding has been designated for a youth residential treatment expansion project that meets 'shovel ready' requirements. Current proposal under review.

PRTF = psychiatric residential treatment facility; PRTS = psychiatric residential treatment services; SUD = substance use disorder; IPSR = integrated psychiatric and substance use residential

Enhancing Broader System Capacity: Progress in 2024

Expanding residential bed capacity is a critical step, but it does not fully address access to care challenges for youth in foster care. Sustainable solutions require ongoing collaboration with youth, families, agencies, providers, partners and other interested parties. In 2024, OHA and ODHS made progress in the following areas:

Utilization of the Referral and Capacity Management System

The Referral and Capacity Management (RCM) system launched in 2024, provides real-time data on residential treatment capacity and referrals across psychiatric and substance use disorder programs. Key milestones included:

- Integration with Providers-PRTF providers began reporting in May, and residential SUD providers joined in September.
- Comprehensive Reporting-The OHSU Data Evaluation and Technical Assistance (DAETA) team is developing reports based on RCM data from September - November 2024.
- Upcoming Reports
 - 2024 Quarter 4 Report is due February 14, 2025
 - Annual Report due March 15, 2025

RCM System Capabilities (Fully Operational)

When fully integrated, the RCM system will provide the following information, updated every 24 hours:

- # available beds across all residential programs for youth in Oregon,
- # occupied beds across all programs,
- # beds empty, but unable to be occupied due to certain barriers, such as available staffing,
- List of barriers that are preventing a program from filling all program beds,

- This information will provide a greater understanding of our current capacity across these youth residential programs. Since this information is updated daily, it can be used in real time for care coordination for youth in crisis.
- # new referrals received daily,
- # status of referrals daily, and
- # admissions and discharges from all programs.
 - This data will help better understand the demand for psychiatric and substance use residential treatment, which will speak to, not only the needed residential capacity, but also the needed capacity in preventative, crisis and transitional services for when youth return to the community.

This data enables categorization of referrals in the following ways:

- The number of approved and denied referrals, along with the number of referrals that were canceled before a decision was made ('No Decision')
- The referral outcomes, i.e., different reasons why a referral is considered closed or completed, include: admitted, denied, canceled (guardian declined services), canceled (admitted to acute psychiatric unit), canceled (no follow-up) or withdrawn (lower level of care more appropriate).

Based on these decision and outcome categories, OHA can work with these providers to assess viability and quality of the referrals they receive and collaborate to standardize program criteria and educate referring providers on referral and intake procedures.

Once data reports are complete, OHA plans to host provider meetings to review metrics and explore what challenges programs are facing and generate quality improvement pathways. While OHA is a regulatory agency, this space would not be a forum for reprimand, but a collaborative setting where providers can work together to identify barriers to access and brainstorm solutions with OHA support. Providers will be asked to report on these processes in their required quality improvement meetings.

RCM data will also be used in the CFBH dashboard, which Health Policy Analytics (HPA) is currently designing. This dashboard will provide a user-friendly, web-based view into key referral and capacity data. OHA has been working collaboratively with OHSU to discuss how RCM data can support and strengthen the Oregon Behavioral Health Coordination Center (OBCC) project, by being a data source that feeds into OBCC's statewide residential capacity tile. This will benefit all parties (OHA, OBCC, residential providers) as it will automate data submission to OBCC that some residential providers would otherwise have to submit manually.

Submitted proposal for OEDA study of needed residential bed capacity

With the successful implementation of the Referral Capacity Management (RCM) project and live data gathering over recent months, the inter-agency workgroup on PRTF Capacity Data has recently submitted a plan to study the feasibility of using machine learning to build a customized method for estimating service capacity for youth residential psychiatric and SUD treatment in our state. The project aims to:

- Use all available and accessible data from multiple sources in the children's care system to develop and train a model that estimates the likelihood of a desired

outcome to occur if the client accesses a specific service (an estimation method known as service matching).

- If the service matching tool satisfies performance and fairness benchmarks, and shows acceptable validity and predictive value, we will be able to look at system-wide solutions to optimizing the use of the available resources and identifying service gaps to set an informed target for bed capacity expansion.

This project would be a collaboration between the workgroup and the Oregon Enterprise Data Analytics (OEDA) team within the ODHS Office of Reporting, Research, Analytics and Implementation (ORRAI). There is no associated cost for this recommendation because internal resources will be used to complete the work. It is estimated this project will take one year to progress through the necessary phases of 1) scoping and identifying usable data sources, 2) constructing and training the algorithms, and 3) applying and implementing the model.

Prioritized Access for Children in Foster Care

In 2024, ODHS Child Welfare continued its investment in prioritizing access to psychiatric residential levels of care by establishing new direct contracts with the providers noted below. These efforts aimed to ensure sufficient capacity, enhanced staffing ratios, and guaranteed access for eligible youth.

- Albertina Kerr: 6-bed Subacute bed capacity
- Looking Glass Regional Crisis Center: 14-bed Subacute and Assessment/Evaluation capacity expansion (to begin serving children January 2025)
- Madrona Recovery: 3-bed guaranteed capacity for co-occurring SUD and PRTS treatment.

ODHS contracts with Albertina Kerr and Looking Glass utilizing a tier-based capacity funding structure to ensure available capacity at an enhanced staffing ratio, increased level of psychiatric services, enhanced clinician ratio, and agreement that the provider will not deny services to eligible youth for any reason. ODHS supported Madrona Recovery in its expansion to a co-occurring treatment program and is guaranteed three beds for youth in foster care.

These investments not only support priority access to needed services for children and young adults with complex needs in foster care, they also have proven to support workforce stability. This is accomplished through funding available capacity within a tier-based structure, ensuring provider staff are on-site intentionally rather than being dependent on child placement for reimbursement. This structure supports assurance of staff cost reimbursement which allows for stability in scheduling and predictable work schedules for staff. In turn, this has created enhanced stability and quality within the program for all children served, including the general community.

Behavioral Health Rate Study

In February 2023, OHA published the [full rate study report](#), including residential treatment cost information. After collecting data from multiple sources, the study

recommended significant rate increases, which were then implemented and went into effect in 2022 and 2023. OHA has engaged the same contractor to complete an updated rate study for youth services to ensure movement toward cost reimbursement structures which meet the true cost of provider care.

The current study replicated the data collection process of the first study through a data collection phase in which providers (residential, day treatment, substance use disorder, and intensive in-home behavioral health treatment) were asked to submit financial information related to the demands of their services, including direct and indirect staff costs, infrastructure, property, and other services. The completed analyses report will be submitted to OHA by the end of December 2024. Beginning in the new year, a second phase of the study will begin with the collection of similar information from Behavior Rehabilitation Services (BRS) and ODHS Independent Living Programs. It is recommended that the study be updated every two years.

The contracted scope of work involves a consideration of capacity-based payments, as well as models like those used in ODHS where bed days are paid between client admissions to support transitions. However, providers familiar with the ODHS models have also expressed concerns with those models, and OHA is working to learn more about these concerns. Initial feedback is that the per diem rate is lowered as a result, so there may be ways to address these issues. The rate study is also designed to gain a detailed and thorough understanding of providers' true cost of care, both currently (based on actual services provided) and aspirational (based on services they would like to provide but are unable due to financial barriers). OHA's goal is to use the information from providers to update Medicaid FFS rates for youth services, as well as the secure inpatient contracts that OHA manages, including capacity payments models as developed through the study. However, CCOs are not required to raise their rates based on OHA's adjustments, and a plan to work with CCOs to offer higher rates to providers would need to be developed in conjunction with the Governor's office.

Ongoing ODHS/OHA Workgroups

To strengthen residential treatment capacity and improve access for Oregon's youth, OHA and ODHS have established ongoing collaboration through dedicated workgroups. These efforts are guided by the ODHS/OHA Interagency Agreement, which outlines shared roles and responsibilities in capacity-building and monitoring.

Key Workgroups:

1. *Interagency PRTF Capacity Workgroup:*

- Meets twice a month.
- Coordinates efforts to expand, discusses progress and strategizes residential psychiatric treatment access for young people statewide.

2. *Interagency Capacity Data Workgroup:*

- Meets quarterly.
- Standardizes and aligns methodologies for tracking and analyzing residential treatment bed capacity in Oregon.

Both workgroups facilitate continuous dialogue, strategic planning and implementation of initiatives to enhance the states residential treatment system.

Principles to Outcome-Driven Practices

In the summer of 2023, OHA and ODHS partnered with the [Building Bridges Initiative](#) (BBI) and the [Oregon Alliance/Center for Excellence](#) to launch the Principles to Outcome-Driven Practices project (formerly the Residential Transformation Project). This quality improvement-focused initiative aims to implement and evaluate best practices in children’s psychiatric residential care.

Project Overview

- Participants: Five Oregon residential providers were selected, including Madrona Recovery (Tigard) and Nexus at Walden Crossing (Portland).
- Support Team: The University of Kentucky’s Center for Innovation in Population Health providers research support using participatory methods.
- Project Milestones:
 - Informational kick-off: January 9, 2024.
 - Implementation kick-off: November 15, 2024.
- Logic Models: Each participating program has adopted a youth and family-driven practice as the foundation of their quality improvement efforts.

This collaboration project leverages expertise from both researchers and providers to transform residential care practices, with a focus on measurable outcomes and family engagement.

Facing the workforce challenges: Strategies of 2024

Despite efforts to increase residential treatment capacity, workforce challenges continued to limit operational capacity in 2024. These challenges are driven by:

- COVID-19 Impacts: Ongoing outbreaks occasionally required staff to take leave and caused temporary suspension of new client admissions.
- Staffing Shortages: Difficulty hiring and retaining qualified direct care staff, clinicians, supervisors, and nurses due to:
 - Insufficient qualified applicants.
 - Perception of low wages and inadequate benefits.
 - Stressful work environments and extensive training requirements.
- Safety Concerns: Issues raised in the 2023 System of Care Advisory Council’s Safety Committee report, including the fears of child abuse investigations, further deterred potential employees.

Addressing Workforce Challenges

ODHS and OHA workgroups continue to meet often, both in regularly scheduled workgroups and ad hoc sessions when a new potential partnership or strategy arises, to formulate solutions to these workforce challenges. Furthermore, House Bill 4071 (2022) and House Bill 2949 (2021) directed the Oregon Health Authority (OHA) to increase the recruitment and retention of behavioral health providers who are people of color, tribal members, or residents of rural areas of Oregon, and who can provide culturally responsive care for diverse communities. To do this, OHA created the Behavioral Health Workforce Incentives (BHWI) program.

ODHS and OHA implemented several strategies to support workforce:

1. Behavioral Health Workforce Incentive (BHWI) Program:
 - Allocated \$60 million to develop a diverse behavioral health workforce in licensed and non-licensed occupations through scholarships, loan repayment, retention and peer workforce development, and
 - Invested \$20 million for clinical supervision grants for licensed behavioral health providers to supervise associates or other individuals, to complete the supervised clinical experience required to obtain a license to practice.
2. Expanded Training Opportunities:
 - Partnered with Trauma Informed Oregon to deliver training on burnout, secondary trauma, and the intersection of trauma and anti-racism.
 - OHA provided additional resources to behavioral health providers to build skills and resilience.
3. Provider-Led Innovations:
 - Trillium Family Services: Created a leadership position focused on workforce recruitment, retention, and career development.
 - Madrona Recovery: Partnered to colleges and universities to establish internships and practicum training programs, creating pathways to employment and career advancement within the agency.
4. Collaborative Problem Solving:

Ongoing workgroups and ad hoc sessions continue to address workforce issues creatively and collaboratively.

Next Steps in 2025

Building on the progress made in 2024, OHA and ODHS will continue advancing youth psychiatric and substance use treatment in several key initiatives.

1. Planned Investments and Initiatives:

- The Governor’s Recommended Budget has a \$10 million investment in targeted residential behavioral health and SUD capacity building investments.
 - Projects will focus on renovating or new construction of additional residential treatment beds ranging from 6 to 18 per project.
2. Collaboration with the System of Care Advisory Council (SOCAC):
- In response to the May 2023 SOCAC’s Safety Workgroup [report](#), ODHS and OHA will work on implementing recommendations to:
 - Improve outcomes for youth with a recent history of aggression who need residential care.
 - Enhance safety for both youth and providers.

ODHS and OHA have carefully reviewed these recommendations and are closely following the forthcoming Legislative Concept 346 for the 2025 legislative session.

3. Focus on Co-occurring Psychiatric and SUD Treatment:
- Aligning with recommendations from the newly formed joint subcommittee of the Alcohol and Drug Policy Commission (ADPC) and System of Care Advisory Council (SOCAC) to address youth substance use disorders, part of the ADPC strategic planning process currently underway, and with Legislative Concepts in development through the ADPC.
 - Expanding integrated treatment at all levels of care for youth, recognizing the prevalence of co-occurring disorders in youth.
 - Leveraging insights from the Referral and Capacity Management (RCM) system to track capacity and inform future expansion efforts.
4. OHA community engagement and revision of the Oregon Administrative Rules for Intensive Treatment Services 309-022:
- Modernize language, requirements and address administrative burden.
 - Update licensing requirements for residential programs that do not serve Medicaid members.

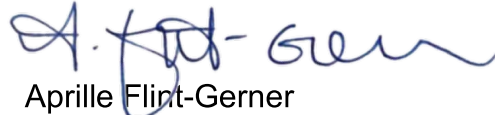
ODHS and OHA remain dedicated to building a stronger system of care for Oregon's youth and families. These initiatives/efforts reflect a continued focus on improving access, enhancing service quality, and addressing system-wide challenges through collaboration and innovation.

We welcome questions or requests for additional information as we embark on the next phase of growth and improvement.

Sincerely,



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