

June 1, 2022

Patrick Allen, Director
Oregon Health Authority
800 NE Oregon St
Portland, OR 97232

Dear Director Allen:

The Oregon Secretary of State's Audits Division is engaged in a real-time audit of the Oversight and Accountability Council's (OAC) and the Oregon Health Authority's (OHA) implementation of Ballot Measure 110 (M110).¹ In alignment with the intent of our real-time audit program and legislative requirements, we are providing this interim letter to call your attention to areas of risk in the implementation of M110. This letter will outline our recommendations for mitigating these risks. The first recommendation is for legislative consideration, while the remaining recommendations are directed at the OAC and OHA. Senator Floyd Prozanski has received a copy of this letter as well.

1. M110 as written did not provide sufficient clarity around roles and responsibilities of OHA and the OAC. We recommend the Legislature provide additional clarity. For example, the language pertaining to specific oversight and accountability roles of OAC is vague. The OAC did not receive information about individual M110 grantee performance and did not receive public comments from meetings, despite asking OHA for these items. We recommend greater clarity is provided around the OAC's role and access to records needed to perform that role. While OHA has been charged with administering the integration of Oregon's health care system,² its role under M110 is also unclear given few provisions directed at OHA. The lack of clarity around roles and responsibilities has contributed to delays, confusion, and strained relations between OHA and the OAC.
2. OHA has not always provided adequate support to the OAC. This has contributed to delays in funding of Behavioral Health Resource Networks (BHRNs). The OAC is empowered by M110 to fund BHRNs but cannot complete this task without sufficient administrative groundwork being performed by OHA, such as reviewing and scoring grant applications and providing financial analyses. Significant staff transitions occurred in summer 2021, which diminished OHA's institutional knowledge of M110. OHA has, at times, assigned non-dedicated staff, working on multiple assignments, on the M110 implementation team. In May 2022, OHA announced new

¹ As amended by Senate Bill 755 during the 2021 Regular Session.

² ORS 413.032(b) states OHA shall "Administer the Oregon Integrated and Coordinated Health Care Delivery System" and ORS 413.032(e) states OHA shall "Develop the policies for and the provision of mental health treatment and treatment of addictions."

efforts to increase staffing resources to support M110 implementation. We recommend OHA continue to allocate sufficient, dedicated staff to support the OAC and related administrative activities. We also recommend the OHA provide timely and clear explanations in response to all OAC questions.

3. The OAC developed an inefficient grant evaluation process, due in part to a lack of support and guidance. OHA could have provided a template for evaluation rubrics or counseled the OAC that adopting too many criteria would slow down the grant making. The OAC-adopted rubric is complex, with over 250 different elements. As a result, over 110,000 responses needed to be evaluated across 333 grant applications. We recommend OHA continue to provide proactive support, including best practices, templates, and financial analyses for the OAC's consideration.
4. Insufficient grant management and monitoring pose a risk that providers will not use funding in alignment with the equity and treatment support goals of M110. Limited monitoring and oversight processes exist over initial Access to Care grants and OHA has not finalized efforts to establish data collection and grant monitoring activities for BHRNs. M110 requires BHRNs be evaluated both on the performance of services delivered and the funding they receive. We recommend OHA develop robust grant management and monitoring processes, including ensuring sufficient data is collected to enable those processes. We also recommend OHA give sufficient support to the OAC while developing and voting on rules for data collection and reporting. We recommend OHA train providers on data collection and data reporting requirements.
5. Mechanisms to mitigate conflicts of interest in the grant award process appear reasonable. The OAC has been trained by the Oregon Government Ethics Commission and has established a process to exclude individuals from decision-making when a conflict exists. Furthermore, each grant application was scored by two different individuals. We recommend OAC members continue to file annual statement of economic interest forms. We recommend OHA continue to ensure ethics and conflict of interest trainings be provided to OAC members each year.

After multiple meeting cancellations in March, the OAC and OHA made progress in April. A new process has been adopted by the OAC and additional support has been provided by OHA. The OAC has adopted a funding formula in consultation with OHA and OAC subcommittees continue to make grant award decisions. The OAC approved the first BHRN for Harney County on May 18th. These are promising signs that M110 implementation is back on track, despite earlier setbacks and repeated delays. Adopting the recommendations above should mitigate risks that could further delay implementation.

We hope you find value in this interim communication. We appreciate OHA and the OAC's time and collaboration during this audit. We plan on issuing our audit report in the fall, which will provide additional details around these risk areas, a timeline of events, and important background information. If you have any questions, please contact Audit Manager Ian Green at (503) 986-2153.

Sincerely,

Kip Memmott
Director, Audits Division
Oregon Secretary of State

cc: OAC Tri-chairs Ron Williams, LaKeesha Dumas, and Blue Valentine