



Oregon

Kate Brown, Governor

Department of Human Services

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TO: Legislative Assembly

FROM: Ashley Carson Cottingham, Director
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The Department of Human Services is pleased to submit this report on capacity of adult residential care facilities and adult foster homes under ORS 443.424.

The Department has concluded that access to community-based care is experiencing significant risk.

Adult foster home utilization is down by 6.8% from the same period one year ago, in large part because the number of adult foster homes in the Aging and People with Disabilities program has decreased by approximately 100 homes.

Possible reasons for the decrease in adult foster homes include:

- A shift in adult foster home provider preference to serve individuals in the Intellectual/ Developmental Disabilities and Addictions and Mental Health programs.
- The inadequacy of the rates for providers in the Aging and People with Disabilities Program.
- The overall rise in housing costs making provider viability more difficult.
- Adult foster home providers retiring and not being replaced by new adult foster care owners.

Governor Brown has proposed a substantial rate increase for the 2019-21 biennium intended to stabilize community-based care capacity. The proposal increases rates by 10% on January 1, 2020 and an additional 4% on July 1, 2020.

Access to other adult community-based care settings such as residential care, assisted living and memory care is showing signs of pressure. To maintain continued access to this vital service, the Governor has proposed two rate increases for this class of providers in the 2019-21 biennium. The proposal calls for a 5% rate increase effective July 1, 2019 and an additional 5% increase effective July 1, 2020.

The Department and industry representatives are working together on opportunities to collect financial information from community-based care providers. As the process has been voluntary, we did not obtain the level of participation for which we were hoping. Nonetheless, the Department will have better information to share and support better decision making for rate design.

In summary, continued strong access to community-based care is critical for the overall success of Oregon's long term care system. We are monitoring the situation closely and look forward to discussions during the 2019 Legislative Session.

Please let me know if you have any questions or concerns.

cc:	Ken Rocco	Gina Rumbaugh	Kevin Hayden	Rick Berkobien
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