



Presentation to the Joint Ways and Means Human Services Subcommittee

# **APD Rate Methodology Implementation**

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# Agenda

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1. SB 5526 - 2025
2. 1980-2025 Rate Methodologies
3. Modern Acuity Based Rate Methodology
  - Implementation Status
  - Impact on Adult Foster Home Rates
  - Impact on Residential Care Facilities



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# **Senate Bill 5526**

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**2025 session**



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# SB 5526 framework

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## SB 5526

### Adult Foster Homes (AFHs) rate increase and methodology change

- \$22.4M General Fund (\$60.5M total funds) to implement acuity-based rate methodology.
- Provides a 21% provider rate increase.

### Residential Care Facility (RCF) Rates

- \$4.1M General Fund (\$11.2M total funds)
- Biennial increase of 41.2%.

Includes two budget notes related to rate methodologies

# Budget Note:

## APD Adult Foster Home Rate Methodology

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Implement a restructured rate methodology for payments to **APD Adult Foster Home providers** on Jan. 1, 2026.



Adopt an acuity-based payment model to reduce reliance on exceptional payments



Model should require providers to meet minimum thresholds for additional staff hours



Must be within the appropriated funding

# Budget Note:

## Residential Care Facility Rate Methodology

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Implement a restructured rate methodology for payments to standard **licensed Residential Care Facility (RCF) providers** on Jan. 1, 2026.



Based on individual assessments



Reflect the continuum of need of supports for an individual receiving care



Within the appropriated funding

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# **Previous rate methodologies**

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**1980-2025**



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# Background

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**Individuals are assessed by level of independence or need in:**

- Activities of daily living (ADL); and
- Instrumental activities of daily living (IADL).

- Most ADLs are comprised of components.
- There are six ADLs with a combined 14 components.

- There are eight IADLs.
- IADLs do not drive eligibility.

**Individuals are assessed as:**

- Independent
- Minimum Assist
- Assist
- Substantial Assist or
- Full Assist

# 1980s-2025 Rate Methodology:

## Adult Foster Homes and Residential Care Facilities

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- Base rate for all individuals
- Add-on payments for:
  - Full assist in mobility or eating or elimination;
  - Behavior that posed a risk and required consistent intervention to supervise;
  - Medical treatments that require daily monitoring with oversight by a licensed healthcare professional.



# Concerns with old methodology

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Only a single add-on payment was possible regardless of how many daily activities required full assistance.

Did not capture the acuity of individuals served in these facilities.



## Impacts:

- More than 50% of AFH consumers had exceptions.
- RCFs pursued specific needs contracts.
- Caused delays in hospital discharges.
- Required extra work for providers, case managers and central office.

# Impacted provider types



## Adult Foster Homes

5 or fewer residents

Homelike setting

Single rooms

At least one 24/7 caregiver

Higher needs residents

## Residential Care Facilities



6 or more residents

Congregate setting

Shared rooms

Staffed based on acuity of all residents

Lower needs residents

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# **Modern Acuity Based Rate Methodology**

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## **Overview**



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# Goals of the new model

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Payment based on the acuity of the individual.

Recognize that cognition and behaviors drive a lot of the care needs.

Pursue parity in rate models across provider types.

Reduce the need for exceptions.

Simplify the rates so providers and consumers understand what to expect.



# Basic concepts

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Points are based on the assessed level of need.



Additional points are given for the cognition group.



Health related tasks receive points based on frequency.

# Transferring scores to rates



| Assessed Levels | Score Ranges | Level  |
|-----------------|--------------|--------|
| Low             | 0 – 40       | Tier 1 |
| Moderate        | 41 – 55      | Tier 2 |
| Medium High     | 56 – 82      | Tier 3 |
| High            | 83 – 106     | Tier 4 |
| Very High       | 107+         | Tier 5 |

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# **Updated methodology**

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## **Current Status**



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# Rate increase implementation

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## Adult Foster Homes

- Rates were collectively bargained.
- New rate model went into effect on Jan. 1, 2026.
  - Providers received Jan. 2026 payment on Feb. 1, 2026.
  - First rate increase of the biennium for APD AFHs.

## Residential Care Facilities

- Received rate increase on July 1, 2025
- New rate model went into effect on Jan. 1, 2026.
  - Providers received the Jan. 2026 payment on Feb. 1, 2026.

# Adult Foster Home collectively bargained rates

- Tiers include funding for the owner/operator or resident manager.
- Tiers 2-5 include expectations for minimum additional caregiver hours.
  - Providers will not receive exceptions if they do not have documentation that the funded hours are being provided.

|                        | July 2025 | Jan. 2026 | Jan. 2027 | Staffing hours |
|------------------------|-----------|-----------|-----------|----------------|
| <b>Base   Tier 1</b>   | \$2,120   | \$2,332   | \$2,477   | 0              |
| <b>Base+1   Tier 2</b> | \$2,506   | \$3,327   | \$4,052   | 2              |
| <b>Base+2   Tier 3</b> | \$2,892   | \$3,386   | \$4,704   | 4              |
| <b>Base+3   Tier 4</b> | \$3,278   | \$5,916   | \$7,205   | 8              |
| <b>Tier 5</b>          |           | \$7,773   | \$9,467   | 10             |

# AFHs: current consumer rate distribution

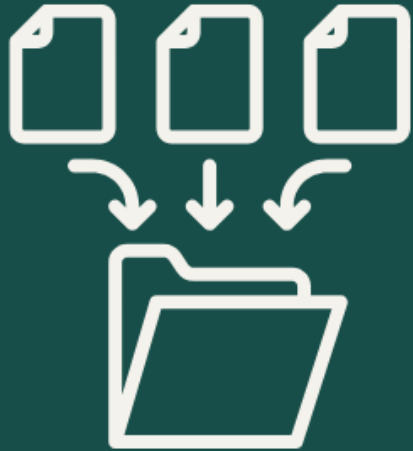
For individuals whose exceptions was higher than the Tier they were placed, the provider is continuing to receive the higher rate until:

- The individual is assessed with lower care needs
- Moves out
- The provider is no longer providing the hours of care.

| Tier       | Percent of consumers |
|------------|----------------------|
| Tier 1     | 2%                   |
| Tier 2     | 3%                   |
| Tier 3     | 15%                  |
| Tier 4     | 16%                  |
| Tier 5     | 24%                  |
| Exceptions | 39%                  |

# Exceptions and accountability

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→ The consumer has higher care needs than addressed in the Tiers.

→ Payroll records show the required staffing hours.

→ A staffing plan that will provide the exceptional hours.



Exceptions are reviewed at least annually and more frequently, if indicated

# AFH provider impact

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“For many providers, this rate increase represents the difference between closing their doors and remaining operational.

Most importantly, it allows homes to continue caring for Oregon’s most vulnerable consumers — often individuals with complex medical, behavioral, and functional needs — within a community-based, home-like environment.”

Raluca Stoica  
President, Oregon Care Home Council

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# Residential Care Facility rates

- RCFs are required to staff to the acuity of all residents.
- Methodology assumes standard costs such as:
  - Wages and benefits
  - Supervision ratio
  - Building and equipment
  - Supplies

|                        | July 2025 | Jan. 2026 | July 2026 |
|------------------------|-----------|-----------|-----------|
| <b>Base   Tier 1</b>   | \$2,863   | \$2,863   | \$3,482   |
| <b>Base+1   Tier 2</b> | \$3,421   | \$3,421   | \$4,160   |
| <b>Base+2   Tier 3</b> | \$3,979   | \$3,979   | \$4,839   |
| <b>Base+3   Tier 4</b> | \$4,537   | \$4,537   | \$5,517   |
| <b>Tier 5</b>          |           | \$5,172   | \$6,290   |

# RCF: current consumer rate distribution

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Most consumer's rates in RCF did not change since the rate increase took effect in July 2025.

Did not impact RCFs with specific needs contracts.

| Tier       | Percent of consumers |
|------------|----------------------|
| Tier 1     | 9%                   |
| Tier 2     | 14%                  |
| Tier 3     | 55%                  |
| Tier 4     | 18%                  |
| Tier 5     | 4%                   |
| Exceptions | .16%                 |

# Thank you!

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