

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: HB 2495**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

*Only Impacts on Original or Engrossed Versions are Considered Official*

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**Measure Description:**

Directs Department of Human Services to immediately increase payments to certain adult foster home providers by 50 percent and, by January 1, 2024, restructure payment methodology to increase base rates and to reduce need for exceptional payments.

**Government Unit(s) Affected:**

Department of Human Services, Long Term Care Ombudsman, Oregon Health Authority

**Summary of Fiscal Impact:**

Costs related to the measure may require budgetary action - See analysis.

**Summary of Expenditure Impact:**

	2023-25 Biennium	2025-27 Biennium
<b>Department of Human Services</b>		
<b>General Fund</b>		
Special Payments	\$23,442,181	\$23,442,181
<b>Federal Funds</b>		
Special Payments	\$44,957,067	\$44,957,067
<b>Total Fiscal Impact</b>	<b>\$68,399,248</b>	<b>\$68,399,248</b>
<i>Total Positions</i>	0	0
<i>Total FTE</i>	0.00	0.00

**Analysis:**

HB 2495 requires the Department of Human Services (DHS) to restructure the rate methodology for payments to adult foster home providers by increasing base rates and adding acuity-based payment methods to reduce the need for exceptional payments no later than January 1, 2024. Until the new rate methodology is implemented, DHS is directed to increase the base rate and add-on payments for adult foster home providers by 50% effective on passage of the measure. By February 1, 2024, DHS is required to report to the interim Legislative Assembly on the adoption of the new rate structure. The measure declares an emergency and is effective on passage.

The fiscal impact to DHS for the 2023-25 biennium is \$68,399,248 total funds, this is the same cost for the 2025-27 biennium as rates for both biennia are based on the same projected average caseload for 2023-25.

Implementing a new rate methodology will be completed by existing staff. DHS will permanently adopt the 50% increase to base rates and add-ons as part of their rate methodology effective July 1, 2023, rather than just the measure prescribed interim period between measure passage and January 1, 2024.

- To increase the current base rate 50% from \$1,932 (as of November 2022) to \$2,412 will cost \$19,114,311 General Fund and \$36,805,497 Federal Funds. This cost is based on DHS' projected 2023-25 average caseload of 2,412.
- To increase add-on costs by 50% from the current base will cost \$4,327,870 General Fund and \$8,151,570 Federal Funds. This cost is based on DHS' 2021-23 caseload of 1,905.

DHS has advised that assumptions in the bill could be modified to accurately reflect current practice or provide further legislative guidance, DHS' main concern is the measure's assumption that room and board is paid by DHS, however, most residents currently pay for their room and board with DHS paying in rare circumstances.

There is a minimal fiscal impact to the Oregon Health Authority.

There is no fiscal impact to the Long-Term Care Ombudsmen.

This measure has a sub referral to the Joint Committee on Ways and Means.