

## HB 2495 STAFF MEASURE SUMMARY

### House Committee On Early Childhood and Human Services

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**Action Date:** 03/29/23

**Action:** Do pass and be referred to Ways and Means by prior reference

**Vote:** 8-2-0-0

**Yeas:** 8 - Andersen, Elmer, Hartman, Hieb, Nelson, Neron, Nguyen H, Reynolds

**Nays:** 2 - Cramer, Scharf

**Fiscal:** Fiscal impact issued

**Revenue:** No revenue impact

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**Meeting Dates:** 1/25, 3/29

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#### WHAT THE MEASURE DOES:

Directs Department of Human Services (DHS) to restructure the methodology for calculating reimbursement rates for payments to adult foster care providers by January 1, 2024. Requires that restructured methodology increase base rates of repayment and adopt acuity-based payment method in order to reduce need for exceptional payments. Directs DHS to increase base rates and add-on payments by 50 percent over amounts paid until restructured methodology is adopted beginning on effective date. Requires DHS to report to interim legislative committees on adoption of restructured methodology by February 1, 2024. Sunsets January 2, 2025. Declares emergency, effective on passage.

#### ISSUES DISCUSSED:

- Wages for workers in adult foster homes
- Complexity of cases served in adult foster homes
- Utilization of exceptional payments under current system
- Implementation of acuity-based systems for other types of services
- Membership of adult foster care workers in labor union
- Impact on hospital capacity
- Usage of exceptional payments under current system
- Compliance with federal law

#### EFFECT OF AMENDMENT:

No amendment.

#### BACKGROUND:

Adult foster homes provide residential care services such as assistance with bathing, dressing, grooming, and eating to small groups of adults in a homelike environment. Operators of adult foster homes are licensed by the Department of Human Services (DHS) and may receive reimbursement payments from the department for residents who are enrolled in Medicaid. According to the department, as of July 2022, the base rate for adult foster homes is \$1,932 with step-based increases according to the number of add-on services. In addition, there is an hourly rate for exceptional services that are not covered by the base rate or add-on services, which is \$17.77 per hour.

House Bill 2495 directs DHS to restructure its payment rate methodology for reimbursing adult foster care providers that would result in increased base rates and the reduction of exceptional payments by January 1, 2024. The measure also requires the department to immediately increase its base rates and add-on payment amounts by 50 percent upon the measure's passage, until the restructured rate methodology takes effect, and to report to legislative committees by February 1, 2024. These provisions sunset on January 2, 2025.