Chair Reynolds and members of the committee,

I want to start by acknowledging Representative Nosse for carrying this policy forward. Oregon has long been a leader in innovation in the aging and disability space, but we are now falling behind. By 2030, 1 in 4 people in Oregon will be 65+. Between 2018 and 2030, those aged 75-84 will increase by an astounding 87 percent. By 2025, Oregon is projected to have the fourth highest proportion of older adults in the country. As of 2021, we have the 10th highest proportion of seniors. In 2017 there were 1700 Adult Care Homes (ACHs) also called Adult foster care home (AFHs) in Oregon, now there are only 1300 homes. Sadly 146 homes closed in 2022. As a state we have a severe hospital capacity issue and many people are languishing in the hospital when they could be discharged to the community.

Following the 2022 session, In my role as state representative, I convened a community care workgroup to bring advocates, agencies and legislators together in order to address community based care challenges. The group met several times in 2022. The group focused on many issues including the impact of insufficient workforce, pay for direct care workers and the reimbursement difference between various facilities and addressing the very important need for a medicaid reimbursement rate overhaul.

In my position as a family nurse practitioner and primary care provider serving home bound patients- I heard time and time again that the process of exceptions is a burden on adult care home owners having to prove the complexity of the patients/consumer to get the exception rates. In my role supporting a transition team at OHSU, I watch social workers and nurse case managers struggle to find placement in the community. And I'm very aware of the burden on state staff who have to approve exceptions which can often slow down process.

Adult Care homes offer services and supports with activities of daily living and assist residents with mobility, cognition, using the bathroom, eating, and dressing for those that cant live independently anymore. Medicaid payments are based on a tiered rate structure, which includes a base rate and, as the needs of a resident increase, three levels of add-on rates or exceptions rates. The rate methodology was created when the consumers served in AFH /ACH were much less complex than those served now. Today, many of these community homes serve the most complex individuals needing care and the current rate methodology does not capture their needs adequately. In fact, the increase in patient acuity over the past 11 years has caused AFHs to see significant increase in behavioral issues and medical conditions with nearly 50% of those served being at an "exceptional rate."

AFHs / ACHs were modeled in the 1980's on children's foster homes. The funding made sense at the time, but with today's complexity of chronic conditions and behavioral health needs of community members, Oregon has not kept pace and the states rate methodology for adult care homes is outdated and not serving Oregon well.

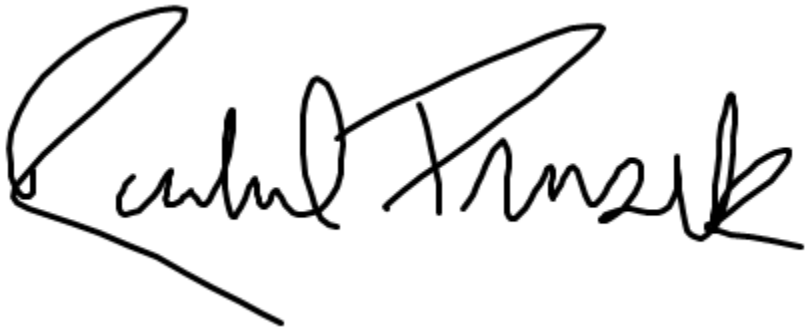
HB 2495 would require APD to update its rate methodology. The bill directs APD to use an acuity-based rate methodology in establishing these new, higher rates, and to have the rates take effect by January 1, 2024. In the meantime, the bill requires APD to increase its base and add-on rates by 50 percent until the new rate methodology, and the new rates, are established. The

second part is something I feel strongly about since as a state we continue to send one time money when our hospitals are overwhelmed and need a short term solution while the long term solution of higher rates are getting figured out.

HB 2495 directs APD to design the rate methodology so that exceptions will be reduced, but not eliminated. There is no expectation that current payments to providers will be reduced. With a new, acuity-based rate methodology, these higher rates would reduce the need for exceptions, saving providers and APD staff time, and providing residents with a timelier and more person-centered rate.

In closing, I have seen how low medicaid reimbursement rates impacts our vulnerable community members inability to be properly placed in a caring community setting. I have seen care home owners and caregivers feel guilt for saying "no" to the medicaid population because the current rates do not support what it takes to care for people. I have seen the burnout on hospital nurse case managers and social workers who spend countless hours looking for placements. And I have seen how this issue impacts our hospital capacity. I am now ready to see Oregon overhaul medicaid reimbursement to a rate methodology that reflects the complexity of needs of the current consumers and the work caregivers are providing.

Sincerely,



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