



Legislative Fiscal Office
 83rd Oregon Legislative Assembly
 2025 Regular Session

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Bill Title: Relating to payments to adult foster home providers; declaring an emergency.

Government Unit(s) Affected: Department of Human Services

Summary of Fiscal Impact

2025-27 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Department of Human Services	\$ 21,367,294	\$ -	\$ -	\$ 38,076,068	\$ 59,443,362	-	-
Total Fiscal Impact	\$ 21,367,294	\$ -	\$ -	\$ 38,076,068	\$ 59,443,362	-	-

2027-29 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Department of Human Services	\$ 28,489,725	\$ -	\$ -	\$ 50,768,091	\$ 79,257,816	-	-
Total Fiscal Impact	\$ 28,489,725	\$ -	\$ -	\$ 50,768,091	\$ 79,257,816	-	-

Measure Description

The measure requires the Department of Human Services (DHS) to revise the rate methodology for payments to adult foster home providers by January 1, 2026. The new rate methodology must include increased base rates and an acuity-based payment structure. By February 1, 2026, DHS must report to the legislature on adoption of the new rate structure. The measure declares an emergency, takes effect on passage, and is repealed January 2, 2027.

Fiscal Analysis

The budget report for SB 5506 (2023) included a budget note that directed DHS to complete a wage and rate study focused on in-home and community-based care services. Among other things, the study found the rates paid by DHS for adult foster homes varied significantly across programs even though the programs are very similar. To address this, the study recommends standardized adult foster home rates across the Aging and People with Disabilities (APD) and Intellectual/Developmental Disabilities (I/DD) programs. The study also recommends that ADP adopt a five-tiered rate structure with provider payments based on the assessed needs of individuals in foster homes, similar to the rate model used by I/DD. HB 2560 is the vehicle to enact the adult foster home rate methodology changes recommended in study.

The 2025-27 Governor’s Recommended Budget for DHS contains a policy option package in support of this effort. It would provide \$59.4 million total funds, including \$21.4 million General Fund to increase APD adult foster home rates by an estimated 21% effective January 1, 2026. Should this Policy Option Package be included in the agency’s legislatively adopted budget, DHS will not require any additional funding related to this measure. In the 2027-29 biennium cost are expected to increase to \$79.3 million total funds, including \$28.5 million General Fund, reflecting a full biennium of payments. Please note, payment rates for adult foster homes are subject to the collective bargaining.

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2560

Relevant Dates

The measure takes effect on January 1, 2026.

DHS must adopt a new rate methodology by January 1, 2026.

DHS must report to the legislature by February 1, 2026.

The measure is repealed January 2, 2027.