

HB 2560 STAFF MEASURE SUMMARY

House Committee On Early Childhood and Human Services

Action Date: 03/20/25

Action: Do pass. Refer to Ways and Means.

Vote: 6-0-3-0

Yeas: 6 - Elmer, Hartman, Javadi, McIntire, Nosse, Scharf

Exc: 3 - Nguyen H, Ruiz, Walters

Fiscal: Fiscal impact issued

Revenue: No revenue impact

Prepared By: Taylor Bickel, LPRO Analyst

Meeting Dates: 2/11, 3/20

WHAT THE MEASURE DOES:

The measure directs the Department of Human Services (DHS) to restructure its methodology for calculating reimbursement rates for payments to adult foster home providers by January 1, 2026. The measure requires that the restructured methodology increase base rates of repayment and utilize an acuity-based payment method.

Detailed Summary:

Directs DHS to restructure the methodology for calculating reimbursement rates for payments to adult foster home providers that provide residential care to older adults or individuals with physical disabilities by January 1, 2026. Requires that the restructured methodology increases base rates of repayment and adopts an acuity-based payment method to reduce the need for exceptional payments. Directs DHS to report to the Legislative Assembly on the adoption of the new rate structure by February 1, 2026. Sunsets January 2, 2027. Declares an emergency, effective on passage.

ISSUES DISCUSSED:

- Rate and Wage Study.
- Differences between DHS facility types.
- Process for approving exceptions.
- Effects of methodology changes on funding needs.
- Staffing challenges.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Adult foster homes (AFHs) provide residential care and services, such as assistance with bathing, dressing, grooming, and eating, to small groups of adults in home-like environments. Operators of adult foster homes that provide services to adult older adults and adults with physical disabilities are licensed by the Office of Aging and People with Disabilities (APD) within the Department of Human Services (DHS). Operators may receive reimbursement payments from DHS for residents who are enrolled in Medicaid.

[According to DHS](#), as of January 1, 2025, the monthly base rate for adult foster homes is \$2,120 with step-based increases according to the number of add-on services. Additionally, there is an hourly rate of \$19.50 per hour for exceptional services. Exceptional payments are service payments made by DHS to AFH providers for residents who require additional hours of services that are not covered by the base rate or add-services payments.

In 2023, the Legislature considered [HB 2495](#) which would have required DHS to restructure its methodology for calculating reimbursement rates for payments to adult foster home providers by January 1, 2024.