



February 11, 2025

House Committee on Early Childhood and Human Services

Chair Hartman, Vice-Chairs Nguyen and Scharf, and members of the committee

For the record, my name is Rachel Hansen, Policy Strategist for SEIU 503, and I am submitting this testimony in support of House Bill 2560, with suggested amendments outlined below. Our union represents Adult Foster Home (AFH) providers who live in the home and serve at least one Medicaid resident. AFHs offer a unique, home-like care environment that provides individuals with the services and support they need while offering the state a cost-effective alternative to other community-based care settings.

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While we are pleased that HB 2560 addresses the need to restructure APD foster home rates, it fails to include other AFH provider types. For years, we have advocated for a rate methodology overhaul across all three licensing types, especially since some AFH providers are dual-endorsed and serve residents from various programs under one roof. Updating the bill to include rate methodology improvements for AFH providers serving both developmental disability programs and mental health homes would underscore the state's commitment to AFHs and strengthen Oregon's home and community-based service delivery system.

We also seek assurance that no AFH provider will experience a rate reduction as a result of these changes. We urge the Committee to guarantee that no provider will face a decrease in payment rates due to changes in the rate methodology. Providers are already struggling and leaving the business due to low rates, and to lower them further would adversely impact capacity.

Additionally, we are deeply concerned about how the Department will choose to develop and implement a new rate model. Although we strongly support increasing AFH rates and reducing reliance on exceptions, we urge the Committee to explicitly require that the Department engage stakeholders, and explicitly providers, to ensure the model achieves its intended outcomes. As currently drafted, the proposed structure of base rates and exceptional payments is founded on assumptions about how individuals will be assigned to levels, but it is unclear whether this will hold true in practice. To address uncertainties, we request that the bill explicitly includes AFH provider input during the rate restructuring process. Without a clearer understanding of the tiered model and its underlying assumptions, it is impossible to determine whether the proposed changes will benefit or harm providers. We ask that AFH providers be given a



meaningful opportunity to provide feedback before the state finalizes its assessment framework.

In summary, existing low reimbursement rates and outdated assessment models have led to significant challenges for all three AFH licensing types. While we agree that AFH rate methodologies require significant reform, it is crucial that HB 2560 be updated to incorporate direct provider feedback and guarantee no rate reductions. These adjustments are essential to ensure a sustainable system for Oregon's AFH providers. Thank you for the opportunity to provide this testimony.

In unity,

Rachel Hansen  
Policy Strategist SEIU Local 503