LOCAL 503
SEIU
Stronger Together

March 27, 2025
Re: House Bill 2150
To: House Committee on Early Childhood & Human Services

Chair Hartman, Vice-Chair Scharf, Members of the Committee,

On behalf of SEIU Local 503, I would like to express our concerns about House Bill 2150 and the -2 amendment as currently drafted. SEIU Local 503 represents 65,000 workers across Oregon, including personal support workers and direct support professionals.

For decades, our members have fought for better services for seniors and people with intellectual and developmental disabilities, including by advocating for rate and wage increases for providers. Fundamentally, we want State policy that ensures the people who do this important work are fairly compensated and that valuable Medicaid dollars are going as far as they can to serve as many people as possible to live with dignity and independence.

With that in mind, we hear the pressure that the nonprofit providers who brought this bill forward are feeling – we hear it, too, especially from our members who work in residential and supported living programs. Our concern with the policy approach of this bill with the current proposed amendments is rooted in the fact that for the past several years, we have been attempting to raise the alarm about a concerning trend of consolidation and profit by private providers, specifically for-profit Standard Model Agencies that provide attendant care services, that has resulted in vast disparities in wages between different provider types and settings. Under the current –2 amendment, our understanding is that these providers would be captured under Section 1(1)(e)(B), and that they would be treated the same as all other programs named in Section 1.

Between 2021 and 2023, Medicaid payments to DD-licensed in-home agencies overall went from just under $178 million to nearly $504 million, a growth of more than 183%.[1] Meanwhile, total spending to fund the services of the State's own program declined 3% over the same period. The ten largest Standard Model Agency providers are now all for-profit entities that net an average profit margin of 22% according to companies'

[1] "Wage and Rate Study – Report on Recommendations", Health Management Associates, December 31, 2024, p.8. Retrieved: https://www.healthmanagement.com/wp-content/uploads/Report-on-Findings-and-Recommendations.pdf

1-844-503-SEIU
MAIN OFFICE
525 NE OREGON ST.
PORTLAND, OR 97232
@SEIU503
FACEBOOK
INSTAGRAM
BLUESKY
TWITTER
SEIU503.ORG

own audits.[2] This small group of for-profit agencies has now captured more than two-thirds of all agency payments in the state, pushing many nonprofits out of in-home attendant care services – as you have heard - and rapidly consolidating for-profit control over these services provided in Oregon. This includes more than $150 million in payments to the company Rever Grand whose owners today are credibly charged with racketeering and the theft of hundreds of thousands of dollars from the Department of Human Services.[3] Furthermore, audits of these large firms show that only 66 to 78 cents of every Medicaid dollar goes to direct care – the rest is absorbed by administration, overhead, and profits.[4]

It's for this reason that we believe Oregon's home and community-based services system more broadly urgently needs a rate-setting process that standardizes and funds living wages for workers, ensures quality services, and is tied to real provider costs as required by federal Medicaid rules. That was the original intent of the Rate and Wage Study. HB 2150 and the –2 amendment as currently drafted does not achieve that.

To drive this lack of standardization home, based on current wages and related circumstances between just two settings – in-home attendant care and residential or supported living programs – you could find the following:

- A PSW under the client-employed provider program has a starting wage of $20 an hour as of January 1, 2025. That wage and other terms of employment, including benefits, are set by a collective bargaining agreement that covers roughly 25,000 workers (a number which fluctuates).
- A worker at the residential and supported living programs that we represent would start at approximately $18 to $20 an hour, with varying benefits on top of that.
- Based on a review of job listings, a DSP at your average non-profit or smaller Standard Model Agency is earning between $19-20 an hour as a starting wage, with different employers offering different benefits packages.
- For the same hourly rate, other Standard Model providers offer starting wages of anywhere from $24 to $26 an hour, and sometimes higher, as well as benefits which vary by employer.

That means that within one overall larger system, funded by Medicaid, and even among providers who are regulated the same way by the State, some providers are able to pay as much as $5-$6 an hour more per hour for substantially similar work. This dynamic has caused disruption that is difficult to quantify.

HB 2150-2 proposes providing an across-the-board inflationary increase to all contracted providers, regardless of this existing disparity both across and within different provider types. Our concern is that this only continues the existing dynamics

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[2] Provider audits obtained via public records request.
[3] https://www.wweek.com/news/2024/10/21/rever-grand-founders-charged-with-racketeering/
[4] Provider audits obtained via public records request.

which pit providers against each other, exacerbate funding inequalities, and drive the for-profit privatization of attendant care services. Furthermore, we are concerned that this doesn't solve a challenge that we have heard raised by employers that we represent: that residential programs and supported living providers are falling further and further behind under the current rate model.

A rate-setting process that prioritizes quality services for people with intellectual and developmental disabilities and the workers who support them would tie rates directly to worker compensation and require robust, auditable cost reporting of for-profit providers so that rates reflect the actual cost of services and not profit or inflated admin costs, and better align rates and wages across the system. And there are examples in other programs of how this could be achieved.

For example, the Legislature could adjust the bill to:

- Bring residential and supported living rates more in line with in-home attendant care hourly rates. These providers are already required to submit detailed reports and audited financials and that transparency creates more opportunities for the State to ensure resources are going to services. Additionally, ORS 443.439 clarifies (though does not require) that the intent of the Legislature is for rate increases to go to workers; and
- Expand ORS 443.439 to apply to the other provider types enumerated in Section 1 of the bill;
- Match the requirement of the CMS Access rule and require that at least 80% of all Medicaid payments be spent directly on worker and pair that with robust auditing and transparency requirements (some of which were included in Senate Bill 1548, 2022); and
- Ensure that providers who have fallen the furthest behind are supported through targeted incentives or add-ons to support competitive wages and benefits.

We urge the committee to adjust the approach in this bill and ensure rate increases go to workers, that the disparity between and among provider types is meaningfully reduced, and create accountability for for-profit providers.

Sincerely,

Courtney Graham
Political Director
SEIU Local 503