

Budget Note: APD Adult Foster Home Rate Methodology.

On January 1, 2026, the Department of Human Services will implement a restructured rate methodology for payments to APD adult foster home providers, following consultation with impacted providers. This new methodology must include adoption of an acuity-based payment model designed to reduce reliance on exceptional payments. The model and associated rates must also require adult foster home providers to meet minimum thresholds for additional staff hours and be within the appropriated funding.

Package 095, DHS/OHA Reshoot. This package increases General Fund by \$535,047, increases Other Funds expenditure limitation by \$17,731,448 and increases Federal Funds expenditure limitation by \$197,128 for various Fall 2024 rebalance/reshoot adjustments. The package results in a net increase of three positions (3.00 FTE). Six positions are transferred to OEP, and nine positions are transferred from OEP due to ongoing restructuring. The package includes an Other Funds expenditure limitation increase due to waived case management which is budgeted as an Other Funds expenditure to draw down Federal Medicaid matching funds for case management services. The package also includes a position reclass with a net-zero budget impact.

Package 101, Strength Safety and Regulatory Oversight. Within APD, this package increases General Fund by \$1,283,611, total funds by \$2,567,222, and establishes 19 permanent full-time positions (8.75 FTE). This investment will strengthen DHS's regulatory oversight of newly licensed APD Residential Care Facilities, APD Adult Foster Homes, ODDS Residential Training Facilities, ODDS Residential Training Homes, and ODDS Adult Foster Homes. The funding is designed to allow DHS to review community-based care facilities and homes within 120 days after being newly licensed or after a change in ownership, helping DHS identify licensing compliance concerns earlier, provide opportunities for proactive technical assistance and support to help facilities and homes correct identified compliance issues, and most importantly, help ensure the safety and well-being of residents, including those receiving Medicaid-funded Home and Community Based Services (HCBS). The recommendation includes the following related budget note.

Budget Note: Safety and Regulatory Oversight – APD and I/DD

The Department of Human Services is directed to use the funds associated with Policy Option Package 101 to support the following efforts: (a) Ensure that applications for residential facilities and adult foster homes include proposed policies that demonstrate the prospective provider is prepared to respond to emergencies and support residents with person-centered service delivery; (b) Ensure all providers are inspected within 120 days after their initial licenses are issued or after a change of ownership, and collaborate with providers to address any systemic non-compliance issues identified during those inspections; and, (c) Strengthen memory care facility endorsement requirements to ensure providers meet the specialized needs of residents receiving memory care services, including staff and administrator training, plans for elopement notification and resident transfer, and procedures for emergency evacuation and facility closures.