



Presentation to the Joint Ways and Means Human Services Subcommittee

APD Rate Methodology Implementation

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Agenda

1. SB 5526 - 2025
2. 1980-2025 Rate Methodologies
3. Modern Acuity Based Rate Methodology
 - Implementation Status
 - Impact on Adult Foster Home Rates
 - Impact on Residential Care Facilities



Senate Bill 5526

2025 session



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SB 5526 framework

SB 5526

Adult Foster Homes (AFHs) rate increase and methodology change

- \$22.4M General Fund (\$60.5M total funds) to implement acuity-based rate methodology.
- Provides a 21% provider rate increase.

Residential Care Facility (RCF) Rates

- \$4.1M General Fund (\$11.2M total funds)
- Biennial increase of 41.2%.

Includes two budget notes related to rate methodologies

Budget Note:

APD Adult Foster Home Rate Methodology

Implement a restructured rate methodology for payments to **APD Adult Foster Home providers** on Jan. 1, 2026.



Adopt an acuity-based payment model to reduce reliance on exceptional payments



Model should require providers to meet minimum thresholds for additional staff hours



Must be within the appropriated funding

Budget Note:

Residential Care Facility Rate Methodology

Implement a restructured rate methodology for payments to standard **licensed Residential Care Facility (RCF) providers** on Jan. 1, 2026.



Based on individual assessments



Reflect the continuum of need of supports for an individual receiving care



Within the appropriated funding

Previous rate methodologies

1980-2025



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Background

Individuals are assessed by level of independence or need in:

- Activities of daily living (ADL); and
- Instrumental activities of daily living (IADL).

- Most ADLs are comprised of components.
- There are six ADLs with a combined 14 components.

- There are eight IADLs.
- IADLs do not drive eligibility.

Individuals are assessed as:

- Independent
- Minimum Assist
- Assist
- Substantial Assist or
- Full Assist

1980s-2025 Rate Methodology:

Adult Foster Homes and Residential Care Facilities

- Base rate for all individuals
- Add-on payments for:
 - Full assist in mobility or eating or elimination;
 - Behavior that posed a risk and required consistent intervention to supervise;
 - Medical treatments that require daily monitoring with oversight by a licensed healthcare professional.



Concerns with old methodology

Only a single add-on payment was possible regardless of how many daily activities required full assistance.

Did not capture the acuity of individuals served in these facilities.



Impacts:

- More than 50% of AFH consumers had exceptions.
- RCFs pursued specific needs contracts.
- Caused delays in hospital discharges.
- Required extra work for providers, case managers and central office.

Impacted provider types



Adult Foster Homes

5 or fewer residents

Homelike setting

Single rooms

At least one 24/7 caregiver

Higher needs residents

Residential Care Facilities



6 or more residents

Congregate setting

Shared rooms

Staffed based on acuity of all residents

Lower needs residents

Modern Acuity Based Rate Methodology

Overview



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Goals of the new model

Payment based on the acuity of the individual.

Recognize that cognition and behaviors drive a lot of the care needs.

Pursue parity in rate models across provider types.

Reduce the need for exceptions.

Simplify the rates so providers and consumers understand what to expect.



Basic concepts

Points are based on the assessed level of need.



Additional points are given for the cognition group.



Health related tasks receive points based on frequency.

Transferring scores to rates



Assessed Levels	Score Ranges	Level
Low	0 – 40	Tier 1
Moderate	41 – 55	Tier 2
Medium High	56 – 82	Tier 3
High	83 – 106	Tier 4
Very High	107+	Tier 5

Updated methodology

Current Status



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Rate increase implementation

Adult Foster Homes

- Rates were collectively bargained.
- New rate model went into effect on Jan. 1, 2026.
 - Providers received Jan. 2026 payment on Feb. 1, 2026.
 - First rate increase of the biennium for APD AFHs.

Residential Care Facilities

- Received rate increase on July 1, 2025
- New rate model went into effect on Jan. 1, 2026.
 - Providers received the Jan. 2026 payment on Feb. 1, 2026.

Adult Foster Home collectively bargained rates

- Tiers include funding for the owner/operator or resident manager.
- Tiers 2-5 include expectations for minimum additional caregiver hours.
 - Providers will not receive exceptions if they do not have documentation that the funded hours are being provided.

	July 2025	Jan. 2026	Jan. 2027	Staffing hours
Base Tier 1	\$2,120	\$2,332	\$2,477	0
Base+1 Tier 2	\$2,506	\$3,327	\$4,052	2
Base+2 Tier 3	\$2,892	\$3,386	\$4,704	4
Base+3 Tier 4	\$3,278	\$5,916	\$7,205	8
Tier 5		\$7,773	\$9,467	10

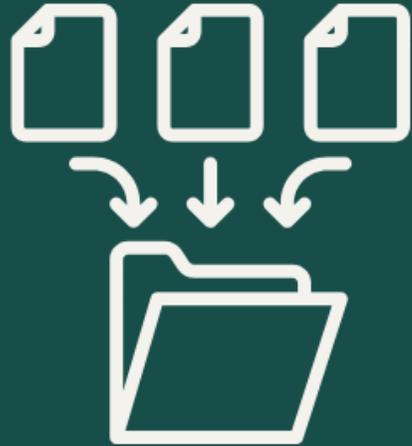
AFHs: current consumer rate distribution

For individuals whose exceptions was higher than the Tier they were placed, the provider is continuing to receive the higher rate until:

- The individual is assessed with lower care needs
- Moves out
- The provider is no longer providing the hours of care.

Tier	Percent of consumers
Tier 1	2%
Tier 2	3%
Tier 3	15%
Tier 4	16%
Tier 5	24%
Exceptions	39%

Exceptions and accountability



→ The consumer has higher care needs than addressed in the Tiers.

→ Payroll records show the required staffing hours.

→ A staffing plan that will provide the exceptional hours.



Exceptions are reviewed at least annually and more frequently, if indicated

AFH provider impact

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“For many providers, this rate increase represents the difference between closing their doors and remaining operational.

Most importantly, it allows homes to continue caring for Oregon’s most vulnerable consumers — often individuals with complex medical, behavioral, and functional needs — within a community-based, home-like environment.”

Raluca Stoica
President, Oregon Care Home Council

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Residential Care Facility rates

- RCFs are required to staff to the acuity of all residents.
- Methodology assumes standard costs such as:
 - Wages and benefits
 - Supervision ratio
 - Building and equipment
 - Supplies

	July 2025	Jan. 2026	July 2026
Base Tier 1	\$2,863	\$2,863	\$3,482
Base+1 Tier 2	\$3,421	\$3,421	\$4,160
Base+2 Tier 3	\$3,979	\$3,979	\$4,839
Base+3 Tier 4	\$4,537	\$4,537	\$5,517
Tier 5		\$5,172	\$6,290

RCF: current consumer rate distribution

Most consumer's rates in RCF did not change since the rate increase took effect in July 2025.

Did not impact RCFs with specific needs contracts.

Tier	Percent of consumers
Tier 1	9%
Tier 2	14%
Tier 3	55%
Tier 4	18%
Tier 5	4%
Exceptions	.16%

Thank you!

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