

## Office of Aging and People with Disabilities

Office of the Director  
500 Summer St. NE, E-10  
Salem, OR 97301

February 11, 2026

Joint Committee on Ways & Means Subcommittee on Human Services  
Senator Campos, Co-Chair  
Representative Valderrama, Co-Chair  
900 Court Street NE  
State Capitol  
Salem, OR 97301

SUBJECT: 2/9/26 Committee Questions

Dear Co-Chairs and Committee Members:

Please find below our responses to questions asked by members of the Joint Ways and Means Subcommittee on Human Services at the February 9, 2026 discussion on APD's implementation of two rate methodology budget notes, both attached to Senate Bill 5526 in the 2025 session.

### **1. How has the rate methodology change in adult foster homes impacted providers?**

No provider received a rate reduction. So far, there have been 342 consumers living in adult foster homes whose rates have transitioned from exceptions to the new rate tier, and APD expects many more to come as individuals are re-assessed for their functional needs. This rate methodology change reduces administrative burdens for providers seeking exceptional payments and offers higher rates to provide the same level of care.



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Tina Kotek, Governor

Supporting well-being for everyone in Oregon

**2. Why are adult foster homes serving people with the highest acuity?**

There are several reasons for this. To the greatest extent possible, the setting in which a person receives services is a matter of that individual's choice. However, providers are able to decline service to anyone they feel is more complex than is appropriate for the home or facility. Data shows that our highest-acuity individuals live in adult foster homes. Many consumers prefer to live in home-like environments rather than larger facilities.

**3. With recent news about an adult foster home provider accused of trafficking and using unpaid labor, does the allowance of exceptions invite these sorts of violations of federal labor standards?**

This rare instance of labor abuse was not due to an allowed exception or a lapse in oversight. In connection with the new rate methodology, APD is now requiring payroll records and staffing plans that include the names of caregivers in order to approve exception requests. A regular review of these payroll records and staffing plans will help ensure that any exceptions are being staffed appropriately.

**4. What controls are in place to prevent exception rates from creeping up?**

Since the rate tiers now better calculate the acuity of individuals receiving services and more fairly compensate providers for the level of care necessary, we are tightening requirements for who is eligible for an exception. We are also, as mentioned above, requiring payroll records and staffing plans with names of caregivers. We are ensuring that staffing is occurring before approving any exceptions.

**5. How do these APD's new rates compare to Washington's?**

Washington's rate methodology is different than APD's new rate methodology. Washington's rates are county specific. In addition, each individual is assessed in four tiers from low to high acuity. There are multiple subclassifications and additional payments. They have 662 rates for 14 provider types and specialty providers.

For Washington AFHs, the average lowest payment is \$4,374.66 and the highest average payment is \$7,915.36. For Oregon, the lowest rate is \$2,332, and the highest rate is \$7,773. This means that for the lowest tier individuals, APD is paying approximately \$2,000 less than Washington, and for the highest needs individuals about \$200 less.

For comparable facilities to residential care facilities, Washington's lowest rate is \$3,197.17, and their highest rate is \$6,922.08. Washington also has higher paid facilities serving individual with co-occurring mental illness and physical disabilities, similar to Oregon's specific needs contracts. Oregon's lowest rate for residential care facilities is \$2,863, and the highest rate is \$5,172.

Washington state also provides additional funding in two categories that Oregon does not. One is a [Capital Add-on rate](#) and the other is a [Bridge Rate](#) for providers with high Medicaid census.

Please do not hesitate to reach out to ODHS Legislative Coordinator Justin Withem at [justin.withem2@odhs.oregon.gov](mailto:justin.withem2@odhs.oregon.gov) if there are any further questions. Thank you.