

Tina Kotek, Governor

February 20, 2026

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

SUBJECT: February 18 Committee Questions

Dear Co-Chairs and Committee Members:

Please find below information requested by members of the Joint Ways and Means Human Services Subcommittee at the February 18 meeting on Coordinated Care Organization rates.

Thank you for the question regarding foster care rates and access to services in relation to the slide titled *Average Medicaid Capitation Rates by Cohort*. Information on the foster care rate cell and how it fits within the broader Medicaid payment structure is provided below:

Global Budget for CCOs: The foster care rate cell is one component of the overall capitation payment made to Coordinated Care Organizations (CCOs) each month and does not restrict their spending on foster care children. CCOs receive a combined per-member-per-month (PMPM) payment that covers the full range of Medicaid benefits for all members, including the children they cover in foster care. **This means that the needs of an individual child are not tied exclusively to the foster care rate cell; rather, the entire PMPM payment supports access to required services.**

Foster Care Rate: While the foster care rate cell increased by 18.4% for calendar year 2026, it represents only a small portion of the total capitation payment to CCOs. These payments are designed to account for expected utilization trends,

and Mercer's recent projections assumed a 7.3% year-over-year increase in foster behavioral health non-inpatient services from CY24 to CY26. If network capacity improves and utilization rises further, those changes would be reflected in future rate-setting.

In short, the foster care rate cell is not the sole determinant of service access for children in care; CCOs have flexibility within their overall global budget to meet members' needs. The foster care rate is designed to reasonably add revenue to a CCO's overall budget when they cover foster children, supporting their ability to meet these members' needs across the full range of Medicaid services.

Please do not hesitate to reach out if there are any further questions. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Baden". The signature is fluid and cursive, with a large initial "D" and "B".

Dave Baden
Deputy Director for Policy and Programs