

## Medicaid Millionaires

### Analysis of Profits and Spending at Oregon's Largest In-home DD Agencies

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## Background

Office of Developmental Disabilities Services (ODDS) payments to private in-home DD agencies skyrocketed after the introduction of the Standard Model rate in July 2022. From 2021 to 2022, the volume of payments to agencies expanded from \$287 million to \$602 million (110%). Payments totaled nearly \$600 million again in 2023.

A small group of for-profit agencies captured the bulk of this unprecedented growth in payments. Last year, the five largest agencies took in more than a third of the state's agency payments. The ten largest agencies increased their share from half of all payments in 2022 to more than two thirds of payments in 2023. In short, the Standard Model more than doubled total agency payments while the number of agencies receiving the majority of funds have rapidly declined.

### Ten Largest Agencies by Medicaid Payments, 2023

| Agency name                             | Business type       | Billed hours | Total payments | Share of all agency hours | Share of all agency payments |
|---|---------------------|--------------|----------------|---------------------------|------------------------------|
| Rever Grand                             | For profit (S-Corp) | 3,711,699    | \$156,333,521  | 26.1%                     | 26.2%                        |
| DSP Connections                         | For profit (S-Corp) | 1,378,699    | \$60,955,504   | 10.2%                     | 9.7%                         |
| Premier Community Supports              | For profit (S-Corp) | 1,383,322    | \$59,002,255   | 9.8%                      | 9.7%                         |
| It Takes A Village NW                   | For profit (LLC)    | 785,665      | \$33,386,205   | 5.6%                      | 5.5%                         |
| Out Of The Box Solutions                | For profit (LLC)    | 771,703      | \$32,362,314   | 5.4%                      | 5.4%                         |
| Grow Developmental Disability Solutions | For profit (LLC)    | 528,748      | \$22,655,454   | 3.8%                      | 3.7%                         |

|                                      |                  |                   |                      |              |              |
|--------------------------------------|------------------|-------------------|----------------------|--------------|--------------|
| Kids Individual Development Services | For profit (LLC) | 473,956           | \$19,822,482         | 3.3%         | 3.3%         |
| Joieful Connections                  | For profit (LLC) | 440,711           | \$18,720,882         | 3.1%         | 3.1%         |
| Alliance Services                    | For profit (LLC) | 331,576           | \$13,863,735         | 2.3%         | 2.3%         |
| Impact Of Oregon                     | For profit (LLC) | 241,093           | \$10,144,527         | 1.7%         | 1.7%         |
| <i>Top 10 Agencies</i>               |                  | <i>10,047,173</i> | <i>\$427,246,878</i> | <i>71.2%</i> | <i>70.8%</i> |
| <i>All Agencies</i>                  |                  | <i>14,190,413</i> | <i>\$599,911,907</i> | <i>100%</i>  | <i>100%</i>  |

Where is the money going and how is it spent? As a steward of public funds, ODDS has an obligation to ensure payments fund quality care, not excessive private profits. There are serious concerns about the ability of ODDS to exercise adequate oversight of agency profits and care quality during this explosive growth in payments. While the Standard Model grew the volume of agency service hours from 8.5 million in 2021 to 14.2 million in 2023, the increase largely comes out of the decline in personal support worker (PSW) service hours, which fell from 20 million to 16.8 million over the same period. In other words, the Standard Model's mass privatization of care has so far resulted in a net increase of 2.6 million DD in-home service hours (9%) at a net cost of more than \$264 million and the substantially reduced availability of public care services.<sup>1</sup>

Expanding agency services while allowing PSW services to freefall is a failed strategy for serving growing caseloads. Between the start of 2021 and July 2023, the combined ODDS adult and children in-home support caseload increased from 12,767 to 15,377 people, a growth of 20% – twice the rate at which the current system has grown service hours.<sup>2</sup> Without shoring up PSW services, caseload needs will continue to overwhelm ODDS.

Furthermore, ODDS is struggling to manage the cost of greater dependence on agency services. The Department of Human Services (DHS) financed the initial increase in payments with one-time federal funds, but now taxpayers are on the hook.<sup>3</sup> Already, DHS indicated ODDS' inability to anticipate payment cost growth in its 2023-25 budget rebalance request for an additional \$95.1

<sup>1</sup> Net cost includes \$49.1 million in savings from reduced gross payments to PSWs.

<sup>2</sup> Office of Forecasting, Research and Analysis, ODDS Adult In-Home Support.

<https://www.oregon.gov/odhs/data/pages/forecasting.aspx>

<sup>3</sup> 2021-23 Budget Highlights Update, Legislative Fiscal Office, May 2022, p.21.

<https://www.oregonlegislature.gov/lfo/Documents/2021-23%20Budget%20Highlights%20Update.pdf>

million – more than 80% of the entire DHS rebalance request – citing client migration from PSW services to higher cost agency services among other factors.<sup>4</sup>

Standard Agencies are also meant to be held to higher service standards than pre-Standard Model agencies and CLS Agencies, yet nearly the entire agency sector transitioned to the Standard Model overnight: 89% of agency service hours belonged to Standard Agencies in 2022 and more than 99% did in 2023. Furthermore, as the largest Standard Agencies continue to capture a greater majority of the state’s service hours, the total number of agencies has contracted 14%, from 220 providers in 2021 to 193 providers in 2023. How is ODDS tracking and enforcing the intended improvement in service quality in this dramatically and suddenly transformed environment?

ODDS has the capability and authority to analyze how agency payments are being used. While ODDS previously used federal Medicaid regulations to obtain independent financial audits of every agency receiving more than \$750k per year in Medicaid revenue, they retain broad authority to collect any information on any fiscal matters required by DHS.<sup>5</sup> This analysis examines the audits released by ODDS via public records request to estimate profit levels and spending patterns at the state’s ten largest agencies, offering the beginning of a framework the department could use to reform its rate-setting system to ensure transparency, minimum care spending standards, and parity across DD agency services.

## Methodology

We account for limitations in the audits when estimating what each agency spends on direct care and when comparing estimates to the assumptions in the Standard Model rate methodology. For instance, the Standard Model methodology separates direct care costs from administration and overhead. It assumes an agency’s portion of administration and overhead costs are fixed at 15% of the total hourly Medicaid reimbursement rate and it does not assume profits as any share of the rate. In most audits, there is no payroll disaggregation that allows us to separate payroll spending on direct care workers from the same for administration and management. DHS does not require detailed financial reporting of this kind for agencies as it does for nursing homes.

For our analysis, we assume payroll expenses as a proxy for direct care spending and the remainder of total expenses to be administration and overhead, acknowledging this overstates the actual share of spending on direct care and understates the same for administration and overhead. In some cases, depending on the level of detail in the audit, we can produce more accurate estimates

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<sup>4</sup> Legislative Fiscal Office Analysis of Department of Human Services Rebalance, January 12, 2024, p.16-iii.

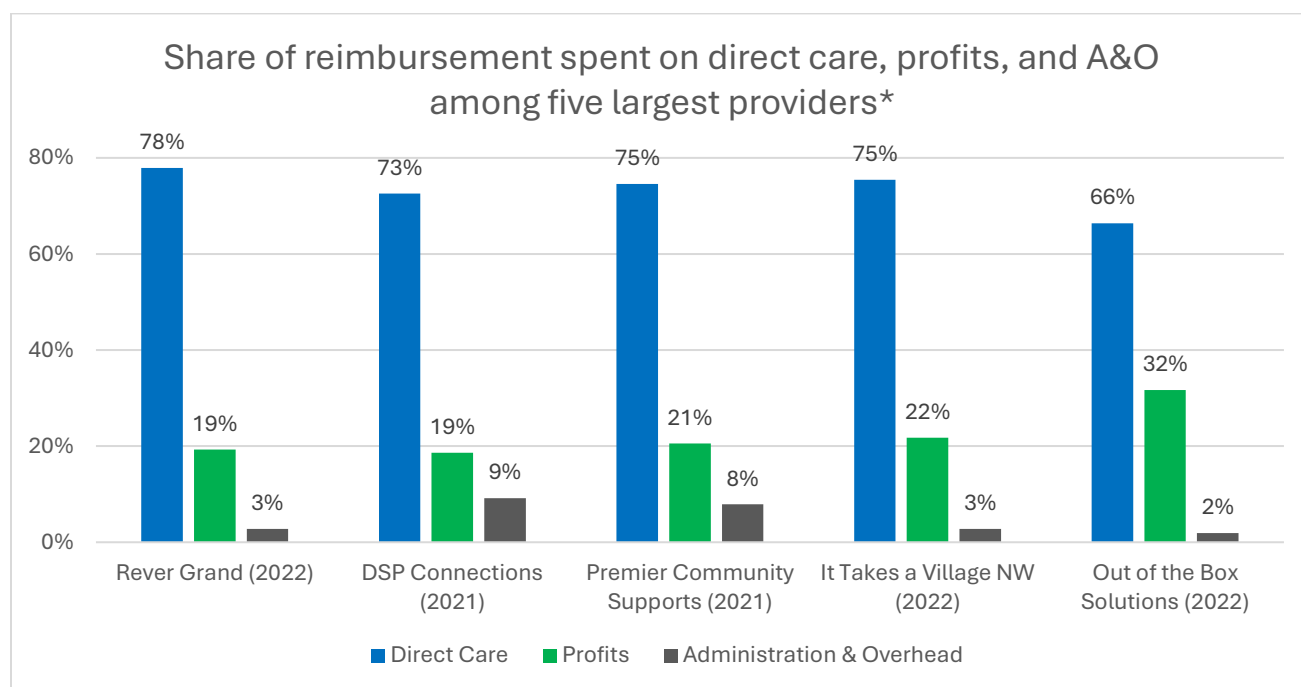
<sup>5</sup> Until October 1, 2023, ODDS referenced 2 CFR Part 200 in every Provider Enrollment Agreement, but they have since determined it does not apply to agencies. <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200> As of April 4, 2024, ODDS is in the process of incorporating new audit language in the Provider Enrollment Agreement to comply with the financial transparency requirements in Section 2 of Senate Bill 1548.

(e.g., by excluding owner compensation from direct care payroll). These cases are noted in the individual provider analyses below.

We also use total Medicaid reimbursement as our baseline rather than total revenue whenever possible to calculate shares of spending. All of the ten largest agencies depend on Medicaid reimbursement for more than 97% of their revenue; most of them are entirely dependent.

## Results

Between 2020 and 2023, the estimated share of Medicaid reimbursements funding direct care at Oregon's five largest agencies ranged between 66% and 78%. The share going to administration and overhead ranged between 3% and 9%, while company profits absorbed between 19% and 32% of reimbursements. These "investment" returns exceed the average profit margins of the pharmaceutical industry (15.2%), the brokerage and investment banking industry (12.4%), and the real estate investment trust sector (11.8%).<sup>6</sup> None of the three largest providers pay anything in federal or state income taxes.



*\*Shares may not add to exactly 100% when providers have revenue streams outside Medicaid reimbursement.*

What was the impact of the Standard Model introduction in July 2022 on the largest agencies? For for-profit companies with 2022 audits available, the new rate facilitated enormous growth in profits and owner compensation. Rever Grand nearly doubled their profits, growing from \$10 million to

<sup>6</sup> Professor Aswath Damodaran, New York University Stern School of Business, updated January 5, 2024. [https://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/datafile/margin.html](https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/margin.html)

\$19.7 million between 2021 and 2022. It Takes a Village NW almost quadrupled their profits from 2020 to 2022 (\$1.3 million to \$4.8 million). If similar profit margins held for Rever Grand and It Takes a Village NW in 2023, their most recent annual profits would total \$29.7 million and \$7.3 million, respectively. The owners of both companies also collectively paid themselves millions in owner distributions, payouts they approximately doubled in 2022: \$15.9 million total at Rever Grand and \$2.9 million total at It Takes a Village NW.

The audits show the Standard Model allows for-profit company owners to rake in millions of additional Medicaid dollars for purely private gain. The model's methodology assumes 15 cents of every reimbursement dollar is spent on administration and overhead, but audits reveal the real figure is likely half of that assumption or less. This error opens a large window for companies to exploit since firms can easily convert the unnecessary surplus into larger profits and owner compensation.

For instance, It Takes a Village NW dedicated 15% of its reimbursement to profits and 6% to administration and overhead expenses in 2020. Two years later, after adopting the Standard Model, the business directed 22% of its reimbursement to profits and 3% to administration and overhead expenses – while *reducing* the share it spent on direct care from 79% of reimbursement dollars to 76%. While the company expanded its service hours and profits, it effectively reduced its per-hour investment into direct care.

In total, the ten largest agencies, a group encompassing more than two thirds of the state's agency service hours, are estimated to have converted nearly \$94 million in Medicaid reimbursements into profits last year.<sup>7</sup> This is approximately the same amount DHS now requests for ODDS in the legislative rebalance.

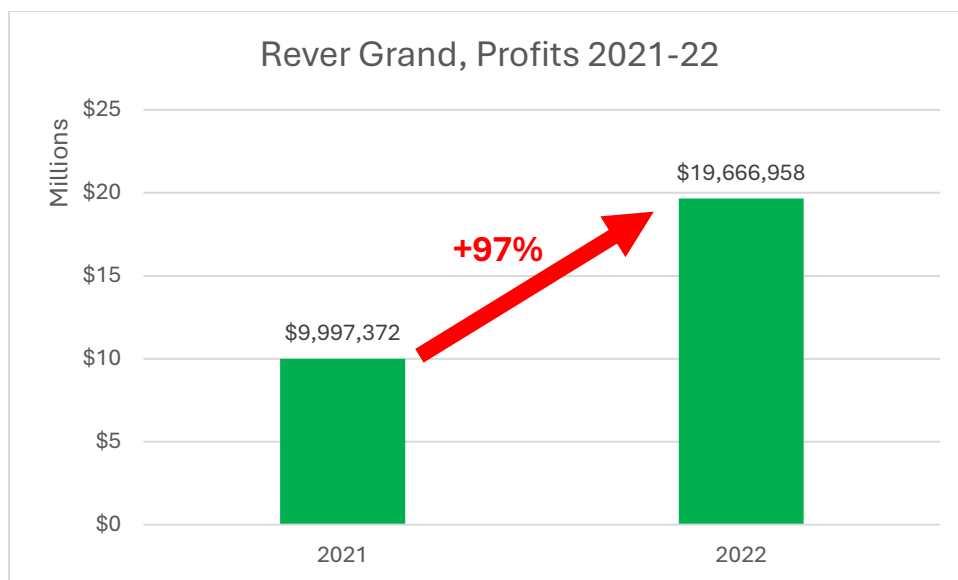
## Analysis of individual agencies

### Rever Grand – 2021 and 2022 Audits

Began services in 2016 and restructured as an S-Corporation in 2021. Audit for the years ending December 31, 2021 and 2022.

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<sup>7</sup> Assumes a 22% profit margin, the average among the firms from their most recently available audit.



### Profits and Cash Flow

- In 2021, Rever Grand received \$58,739,700 in Medicaid payments, representing 99.7% of its revenue. In 2022, Rever Grand received all of its revenue from Medicaid payments.
- Rever Grand netted \$9,997,372 in profits in 2021 and nearly doubled them in 2022. Their profit margin increased from 17% in 2021 to more than 19% the following year.
- In 2021, Rever Grand paid out \$7,970,578 to its owners in distributions. Like their profits, the owners of Rever Grand almost doubled their personal distributions (to \$15.9 million) in 2022.
- Across both years, at least 22-23% of Rever Grand's Medicaid reimbursements funded profits and administration and overhead. No more than 77-78% funded direct care.
- Rever Grand had \$2,488,498 and \$5,961,358 in cash deposits at the end of 2021 and 2022, respectively. The Federal Deposit Insurance Corporation (FDIC) only insures up to \$250,000 in cash deposits.

### Executives

- Co-founder Raymond Parenteau, charged with Medicaid fraud and convicted of tampering with public records in 2008, is currently receiving a \$1.1 million severance payout over five years.<sup>8</sup> His wife, Jolene Sesso, remains an owner of the business.<sup>9</sup>

### Taxes

- Rever Grand is an S-Corporation, paying nothing in federal or state income taxes. Instead, individual stockholders pay taxes on their share of Rever Grand's earnings. Rever Grand's owners have put millions of dollars of their take from the business into a charity they run

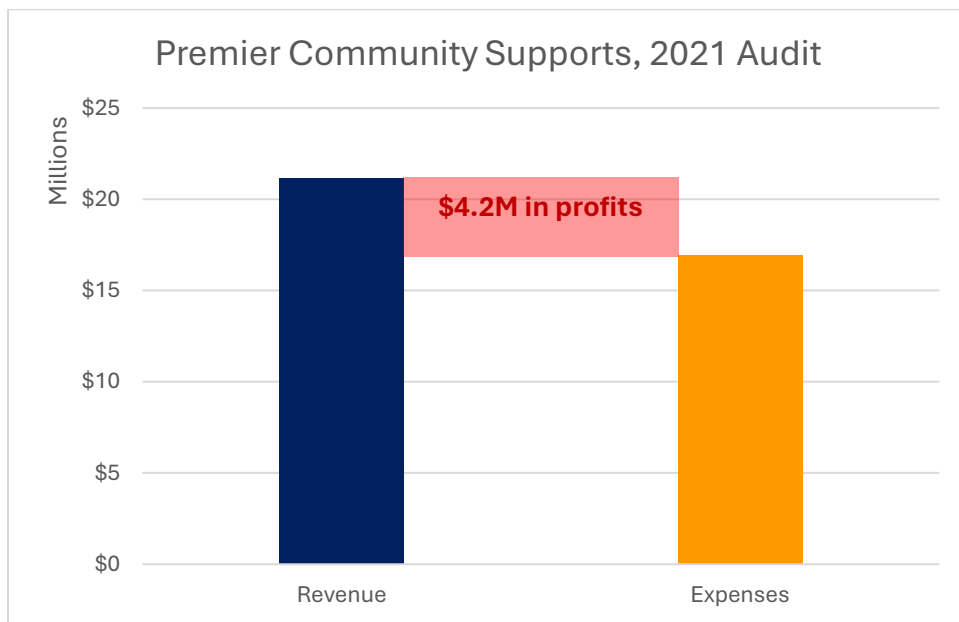
<sup>8</sup> P-1300-CR-20081548, State of Arizona v. Parenteau, filed 12/23/2008, closed 1/8/2010.

<sup>9</sup> Oregon Secretary of State Business Registry. Search conducted 1/19/2024.

that spent the money building up their ranch – in this way, they likely significantly reduced their personal income taxes while still benefitting from the spending.

### Premier Community Supports – 2021 Audit

Began services in 2018. Audit for the year ending December 31, 2021.



#### Profits and Cash Flow

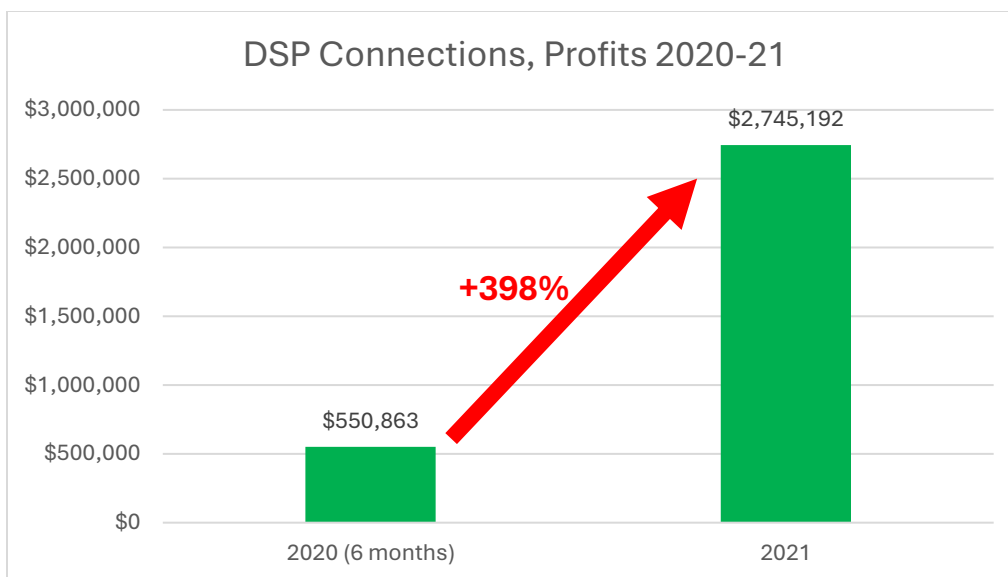
- In 2021, Premier received \$20,533,047 in Medicaid payments, representing 97% of its revenue.
- Premier netted \$4,226,503 in profits, a profit margin of nearly 20%. \$3,615,423 of these profits went to paying out owners.
- At least 28% of Premier's reimbursements funded profits and administration and overhead. No more than 75% funded direct care.
- Premier had \$2,471,653 in cash deposits at the end of the year. The FDIC only insures up to \$250,000 in cash deposits.

#### Taxes

- Premier is an S-Corporation, paying nothing in federal or state income taxes. Instead, individual stockholders pay taxes on their share of Premier's earnings.

### DSP Connections – 2020-21 Audit

Began services on July 1, 2020. Audit for the years ending December 31, 2020 and 2021.



#### Profits and Cash Flow

- In 2021, DSP Connections received \$14,748,528 in Medicaid payments, representing more than 99% of its revenue.
- DSP Connections received its certification and endorsement to operate effective July 1, 2020. The business netted \$550,863 in profits in the last six months of 2020, expanding to \$2,745,192 in profits by the end of 2021. Nearly all the growth, \$2.1 million, went to paying out Trina Hart, the sole owner, in shareholder distributions in 2021. DSP Connections cleared a profit margin of approximately 19% each year.
- In 2021, at least 32% of DSP Connection's reimbursements funded profits, administration and overhead, and compensation for the owner and their spouse. No more than 73% funded direct care.
- DSP Connections had \$1,085,599 in cash deposits at the end of 2021. The FDIC only insures up to \$250,000 in cash deposits.

#### Executives

- In 2021, the sole owner, Trina Hart, compensated themselves \$289,077 in addition to the \$2.1 million they received in shareholder distributions. Hart compensated their spouse \$293,685 as the corporate secretary in the same year.

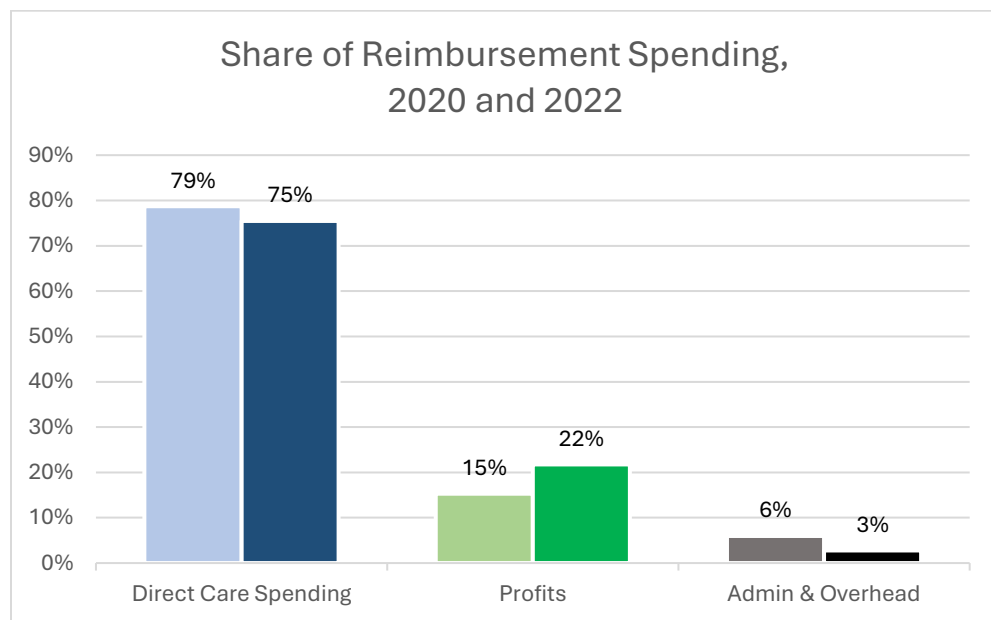
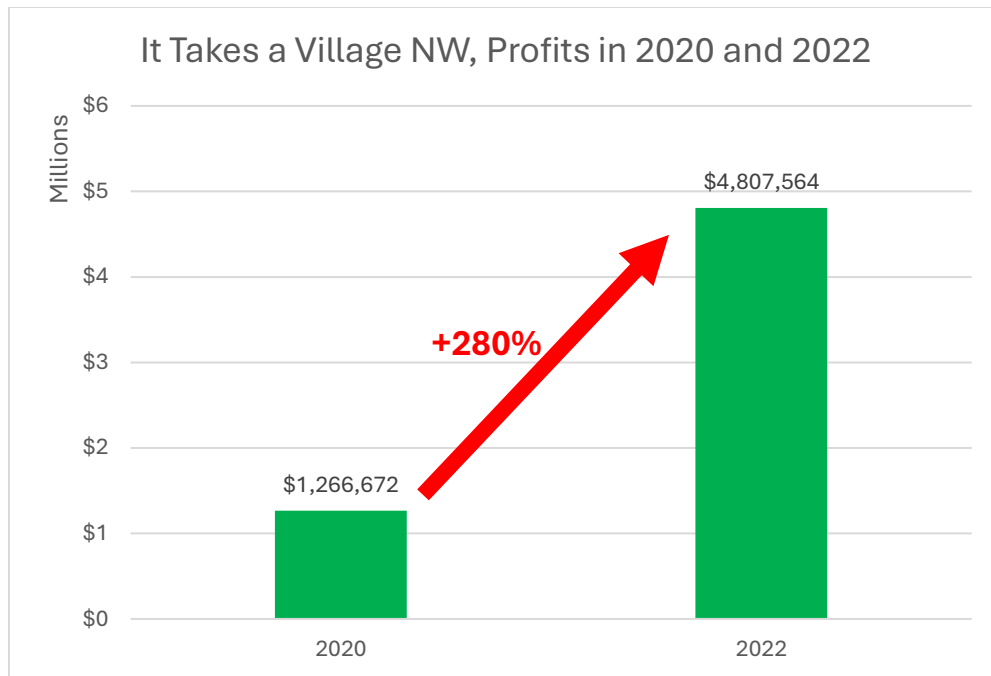
#### Taxes

- DSP Connections is an S-Corporation, paying nothing in federal or state income taxes. Instead, individual stockholders pay taxes on their share of DSP Connections' earnings.

#### **It Takes a Village NW – 2020 and 2022 Audits**

Began services in 2019. Audits for the years ending December 31, 2020 and December 31, 2022.





#### Profits and Cash Flow

- In 2020 and 2022, It Takes a Village NW received 100% of their revenue from Medicaid payments.
- Cleared a profit margin of 15.3% in 2020 and 21.8% in 2022.

#### Executives

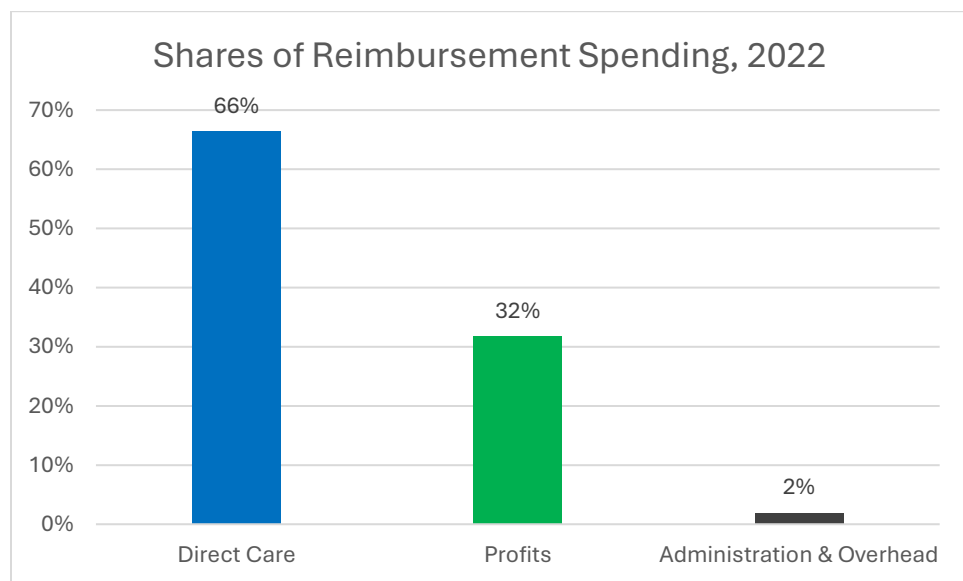
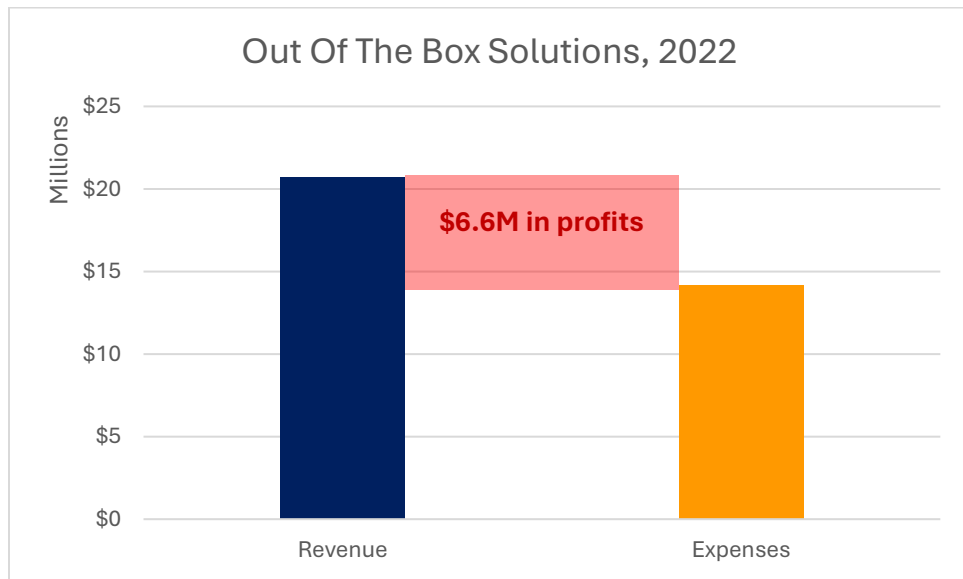
- Tara Dawn Dupuis and James Curtis Dupuis, the two company owners, paid themselves \$1.1 million in 2020 and \$2.9 million in 2022 in distributions.

## Taxes

- It Takes a Village NW is an LLC. Owners pay taxes on the company's taxable income.

## Out Of The Box Solutions – 2022 Audit

Began services in 2019. Audit for the year ending December 31, 2022.



## Profits and Cash Flow

- Received \$20.7 million in Medicaid payments. Medicaid represented 100% of company revenue.

- Netted \$6.6 million in profits in 2022, achieving a profit margin of 32%. This is the largest profit margin among any of the ten largest agencies.

#### Executives

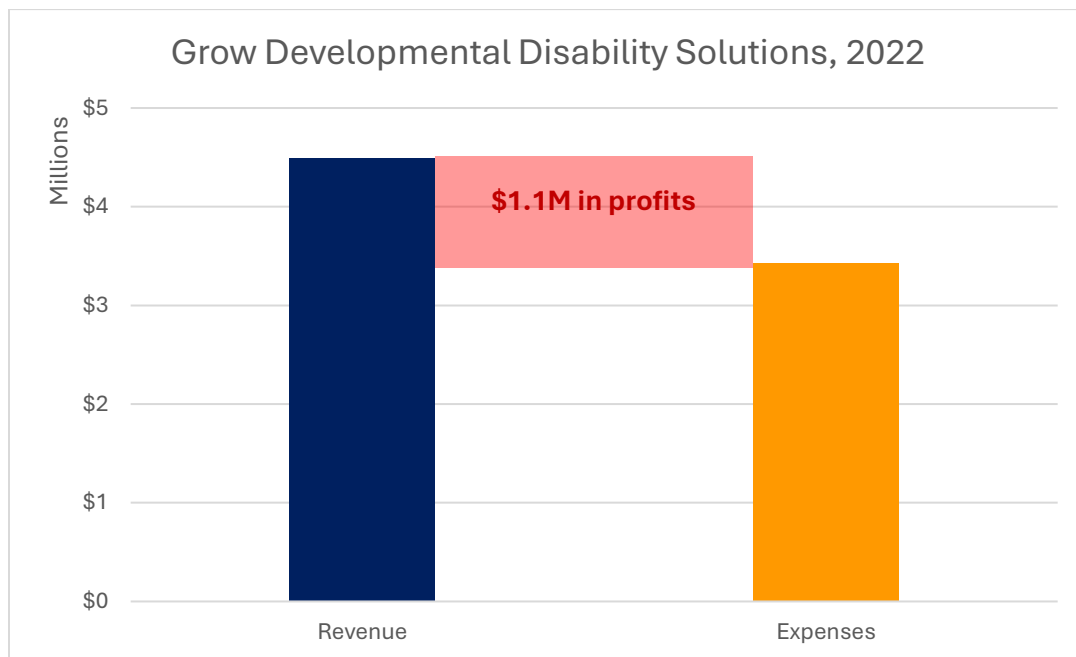
- Paid out more than \$9.6 million in distributions to owners.

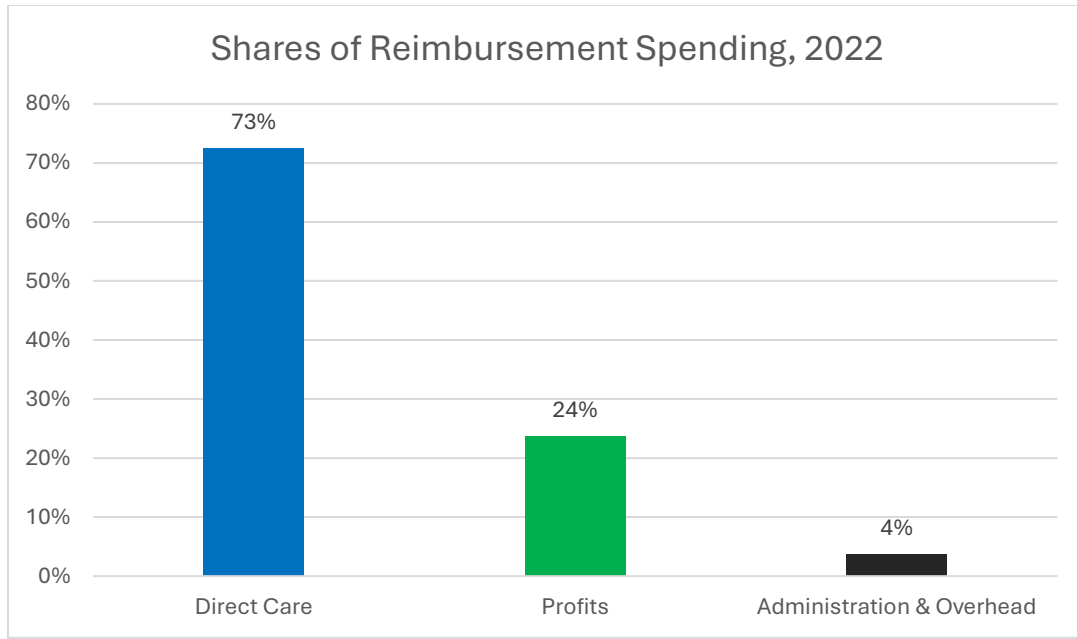
#### Taxes

- Organized as an LLC. Owners pay taxes on the company's taxable income.

### Grow Developmental Disability Solutions – 2022 Audit

Began services in 2020. Audit for the year ending December 31, 2022.





#### Profits and Cash Flow

- Received \$4.5 million in Medicaid payments in 2022. In 2023, received \$22.7 million in Medicaid payments, a growth of more than 400% in a single year.
  - Medicaid was 100% of company revenue in 2022.
- Netted \$1.1 million in profits in 2022, achieving a profit margin of 24%. If the same profit margin from 2022 applied to 2023, this would represent nearly \$5.4 million in profits.

#### Executives

- Paid out \$711,921 in distributions to owners.

#### Taxes

- Organized as an LLC. Owners pay taxes on the company's taxable income.

#### Kids Individual Development Services

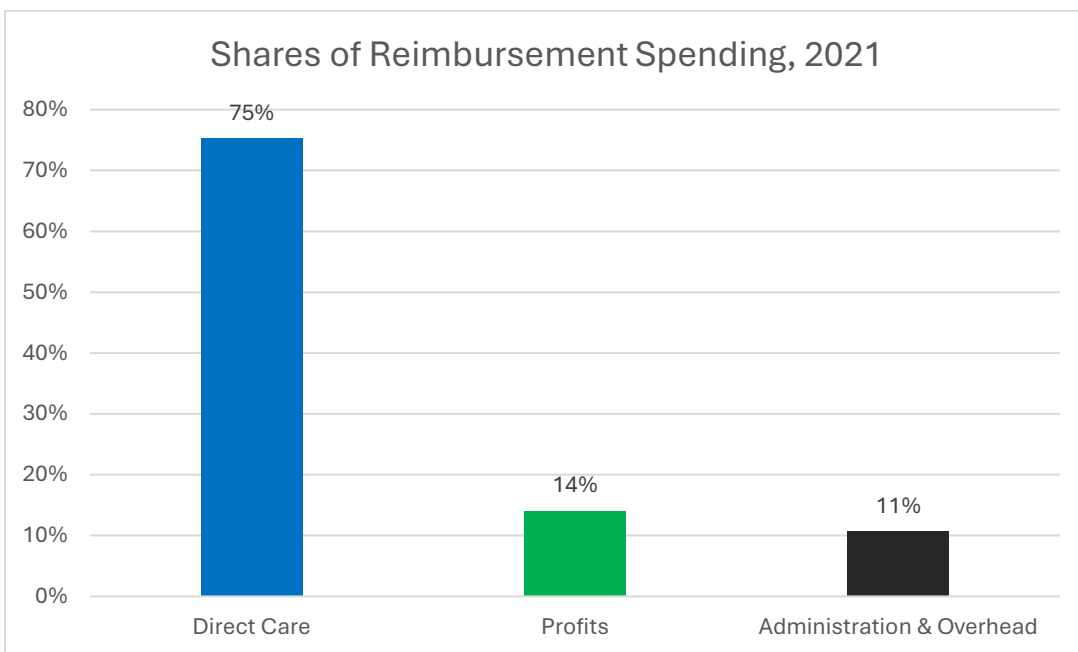
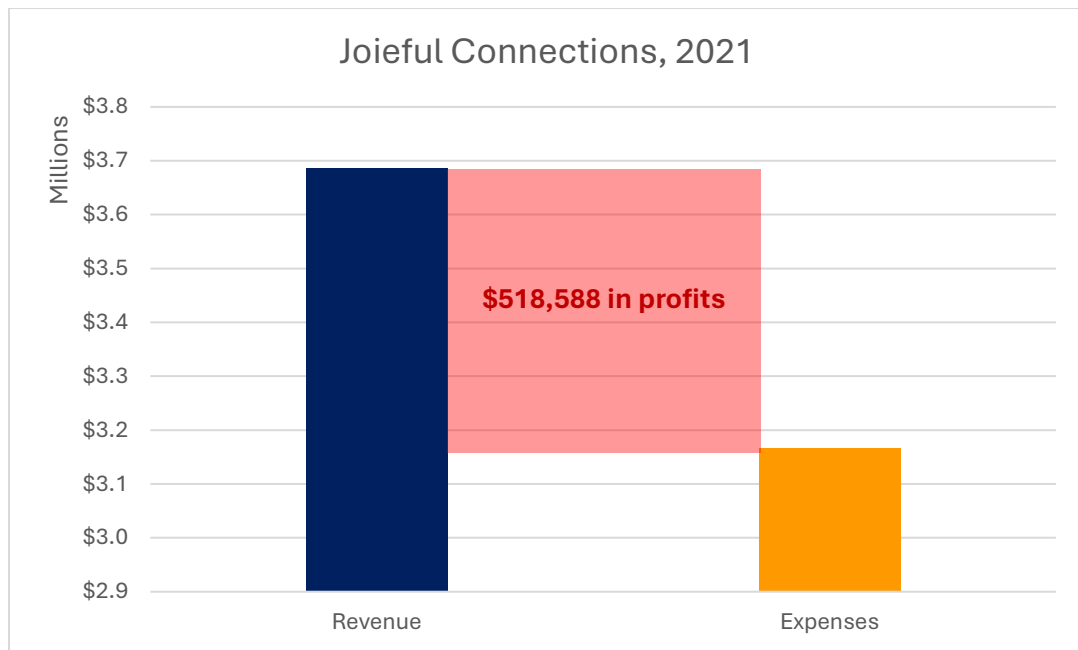
Formed in January 2019.<sup>10</sup> **No audits available.**

- Received \$10.8 million in payments in 2021, \$14.7 million in 2022, and \$19.8 million in 2023.
- Organized as an LLC. Owners pay taxes on the company's taxable income.

<sup>10</sup> Oregon Secretary of State Business Registry. Search conducted 3/31/2024.

## Joieful Connections – 2021 Audit

Began services in 2019. Audit for the year ending December 31, 2021.



### Profits and Cash Flow

- Received \$3.7 million in Medicaid payments in 2021. In 2023, received \$18.7 million in Medicaid payments, a growth of more than 400%.
  - Medicaid was 100% of company revenue in 2021.

- Netted \$518,588 in profits in 2021, achieving a profit margin of 14%. If the same profit margin from 2022 applied to 2023, this would represent \$2.6 million in profits.
  - Joieful Connections has the lowest profit margin and highest administration and overhead of any of the ten largest agencies.

#### Executives

- Paid out \$299,127 in distributions to owners.

#### Taxes

- Organized as an LLC. Owners pay taxes on the company's taxable income.

### Alliance Services

Formed in May 2015.<sup>11</sup> **No audits available.**

- Received \$9.8 million in payments in 2021, \$11.6 million in 2022, and \$13.9 million in 2023.
- Organized as an LLC. Owners pay taxes on the company's taxable income.

### Impact of Oregon

Formed in December 2019.<sup>12</sup> **No audits available.**

- Received \$643,152 in payments in 2021, \$3.1 million in 2022, and \$10.1 million in 2023.
- Organized as an LLC. Owners pay taxes on the company's taxable income.

## Analysis of nonprofit agencies

In 2022, there were two nonprofit agencies among the ten largest agencies, Partnerships in Community Living and Albertina Kerr. In 2023, the ten largest agencies were all for-profit companies, including three S-Corporations which pay nothing in state or federal income taxes.

As noted in the individual agency analyses below, Partnerships in Community Living and Albertina Kerr did not report revenues and support in dramatic excess of their expenses as their for-profit competitors did; net change in assets varied between -3% and 6%. Instead, the nonprofits directed a greater share of their reimbursement into administration and overhead, between 7% and 19% – under the 15% assumption built into the Standard Model with the exception of Partnerships in Community Living in 2022. This was possible even though both Partnerships in Community Living

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<sup>11</sup> Oregon Secretary of State Business Registry. Search conducted 3/31/2024.

<sup>12</sup> Oregon Secretary of State Business Registry. Search conducted 3/31/2024.

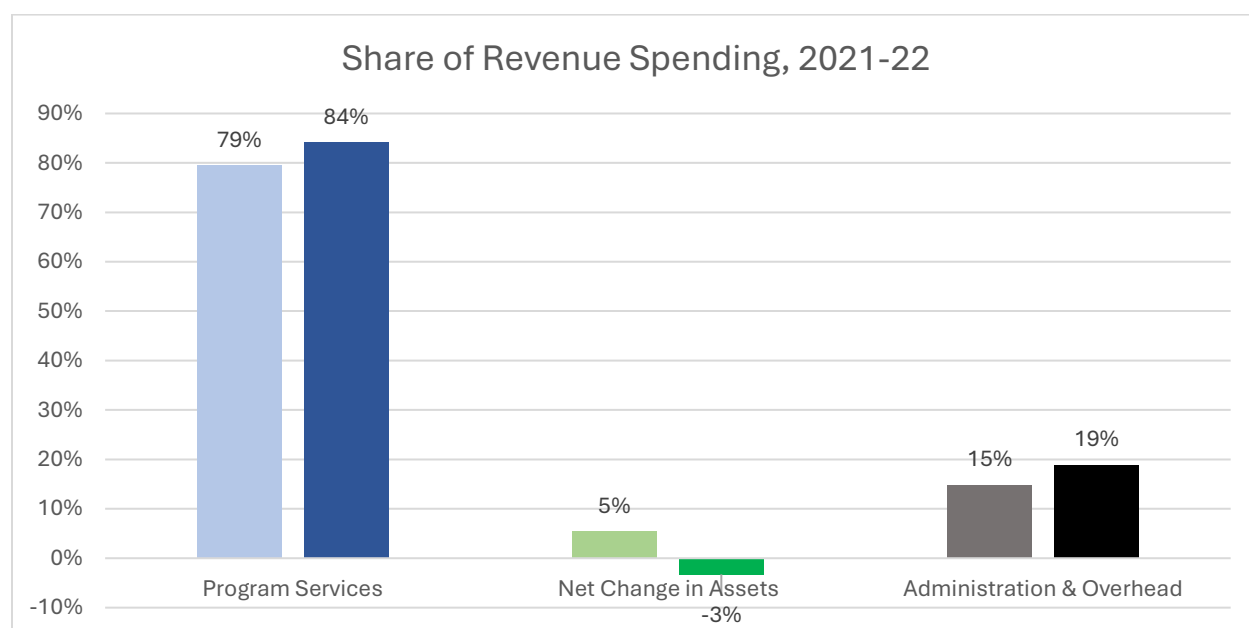
and Albertina Kerr provide a range of services, such as housing and job training, that may carry greater administrative burdens than attendant care alone.

In addition, money that an S-Corporation or LLC would transform into profits could instead fund a higher level of direct spending. Both nonprofits achieved an 84% share of revenue dedicated to program services in 2022, 11 percentage points higher than the five largest providers averaged the following year.

ODDS, however, does not distinguish between nonprofit and for-profit agencies in the Standard Model rate. If a higher administrative portion of the reimbursement rate is justified for nonprofit agencies but not for for-profits, which easily converts the unnecessary surplus into profits, ODDS encourages a dangerous tendency: the most powerful for-profit companies flood the sector seeking fast and lucrative returns, dominating a rising share of services at the expense of nonprofits which, due to higher administrative burdens, cannot as easily translate their reimbursement into a surplus available for reinvestment and further growth. For-profit companies that did not exist more than a few years ago (e.g., DSP Connections) have already overtaken the nonprofits that have been offering services for decades. In the case of Partnerships in Community Living, their number of service hours fell from 86,216 to 32,924 hours (-62%) from 2022-23. Albertina Kerr was not listed among any Standard Agencies with billed hours in 2023.

### Partnerships in Community Living – 2021-22 Audit

Formed in 1986. Audit for the years ending June 30, 2021 and 2022.



### Assets and Expenses

- Partnerships in Community Living received approximately \$32.8 million in both 2021 and 2022 in total program service and other fees disbursed by county governments (primarily Marion and Polk Counties). In addition to attendant care services, they offer housing and training to people with intellectual/developmental disabilities. Partnerships in Community Living also received revenue from room and board charges, brokerage fees, and grants.
- In 2021-22, the organization spent between 79-84% of revenue on program services (\$28.4 million in 2021, \$30.4 million in 2022) and 15-19% of revenue on administration and overhead (\$5.3 million in 2021, \$6.8 million in 2022). Within administration and overhead, the largest expenses were wages, benefits, and payroll for general and administrative staff (\$4.4 million in 2021, \$4.1 million in 2022) followed by rent (\$804,608 in 2021, \$761,051 in 2022) and transportation (\$665,149 in 2021, \$730,497 in 2022).
  - Because of its other service lines, Partnerships in Community Living may show a higher level of administrative costs than it would if only providing attendant care services. E.g., there are no room and board costs for attendant care.

#### Executives

- Joanne Fuhrman and Zellee Allen, co-executive directors of Partnerships in Community Living, received a combined \$311,008 in total compensation in 2021.<sup>13</sup> Total executive and director-level compensation totaled \$880,224 in the same year.

#### Taxes

- Partnerships in Community Living is a nonprofit organization exempt from federal and state income taxes.

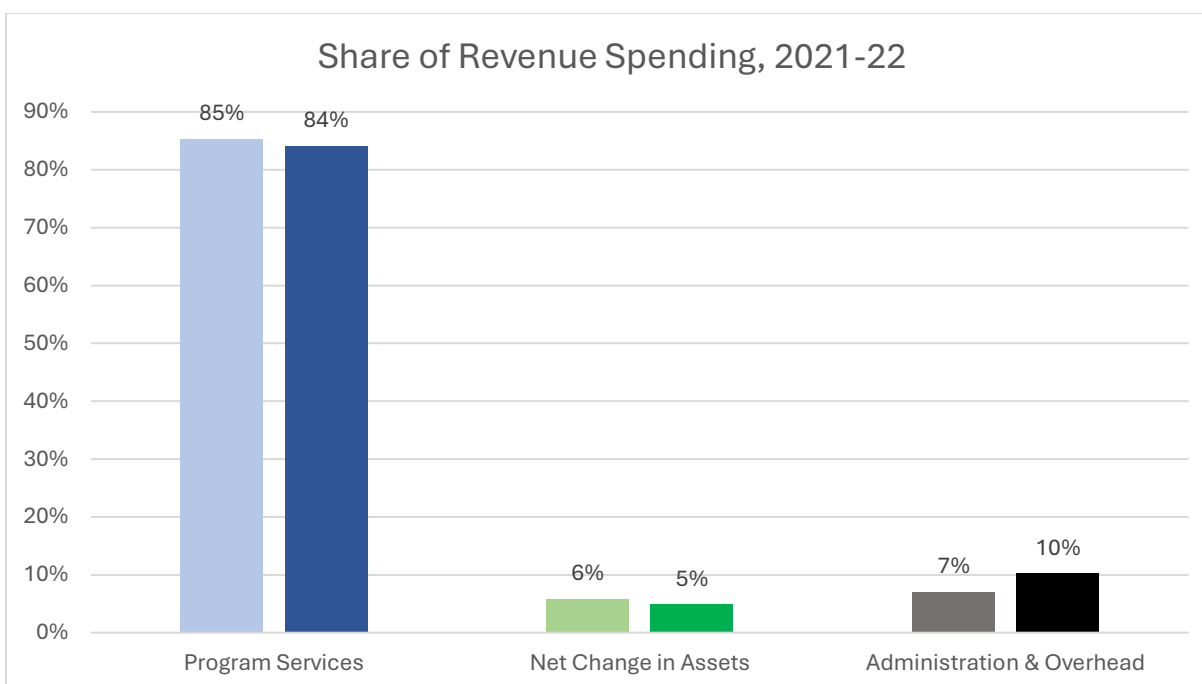
### **Albertina Kerr Centers – 2021-22 Audit**

Audits for the years ending June 30, 2022 and 2021.

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<sup>13</sup> Form 990, 2021.





### Assets and Expenses

- In total revenue, gains, and other support, Albertina Kerr received approximately \$50.1 million in 2021 and \$49 million in 2022. This primarily came from contract service fees (90% of total intake in 2021, 78% in 2022) and grants and contributions (5% in 2021, 19% in 2022). In addition to attendant care services, they offer children's mental health services, group homes, and employment services to people with intellectual/developmental disabilities. Albertina Kerr also received revenue from grants and contributions.
- In 2021-22, the organization spent between 84-85% of revenue on program services (\$42.7 million in 2021, \$41.2 million in 2022) and 7-10% of revenue on administration and overhead (\$3.5 million in 2021, \$5 million in 2022). Within administration and overhead in 2022, the largest expenses were management salaries and related costs (\$3.1 million).
  - Because of its other service lines, Albertina Kerr may show a higher level of administrative costs than it would if only providing attendant care services. E.g., there are no facilities costs for in-home attendant care.

### Taxes

- Albertina Kerr is a nonprofit organization exempt from federal and state income taxes.

## Conclusion and Recommendations

DHS doesn't appear to be conducting any analysis of how agencies are using their Medicaid dollars. A key question the department needs to be asking is how the largest agencies in the state are able to take in such massive profits and afford millions in owner distributions while ostensibly

meeting all the Standard Model's enhanced service requirements and paying \$24 to \$28 per hour to direct support professionals (DSPs) – more than \$6 higher than what the rate methodology assumes for direct care wages. What does responsible stewardship of public dollars look like, especially as in-home care caseloads grow? How can DHS ensure that Medicaid funds quality care instead of enriching company owners?

**1. Fix the investment imbalance between the agency and self-directed service models.**

The Standard Model is facilitating the mass for-profit privatization of DD in-home care services while depriving self-directed PSW services of essential support. PSW services have lower costs per service hour, more of every dollar dedicated to direct care, and a 0% profit margin, but a vast, unsustainable investment divide between the two models threatens the viability of the PSW program and the essence of the state's mission to provide diverse, individualized supports to people with intellectual and developmental disabilities. The state must make immediate investments to improve PSW service access and job quality:

- a. Increase PSW recruitment and retention;
- b. Eliminate unacceptable background check delays;
- c. Create easier back-up care arrangements;
- d. Address provider challenges and missed pay while transitioning between clients;
- e. Offer human resources support to PSWs.

**2. Implement a direct care spending requirement.** Oregon does not require agencies to spend a minimum share of their Medicaid reimbursements on direct care. As a result, companies can funnel any amount of public money into enormous profits and owner compensation rather than care. The Centers for Medicare & Medicaid Services (CMS) recently announced they will require states ensure at least 80% of home and community-based services (HCBS) Medicaid payments fund direct care worker compensation.<sup>14</sup> While implementation of this provision in the final rule is six years away, other states have already set direct care spending minimums and adopted wage pass-throughs as high as 90%, ensuring a basic level of care investment and controlling the share of public dollars flowing to profits and administration.<sup>15</sup> Oregon has the opportunity now to come into compliance with the impending federal rule and head off the excessive, growing profits that large corporations are realizing here at the expense of broader workforce investments. DHS must urgently implement a requirement that at least 80% of Medicaid reimbursement dollars must be spent on direct care in the DD sector and HCBS in general.

**3. Require robust financial transparency from agencies.** While DHS chooses to collect independent financial audits from DD agencies, the requirement does not exist in statute or state administrative rules, and no equivalent collection is required of in-home care agencies in APD. To comply with the federal rule referenced above, DHS will need to collect and report cost information on direct care spending, profits, and administration and

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<sup>14</sup> Ensuring Access to Medicaid Services, Centers for Medicare & Medicaid Services, May 10, 2024. <https://www.federalregister.gov/public-inspection/2024-08363/medicaid-program-ensuring-access-to-medicaid-services>

<sup>15</sup> Ibid.

overhead across all HCBS agencies. For transparency and consistency, DHS should design and require an independently auditable, standardized cost reporting process and form. The process must include broad, regular auditing of information submitted by agencies to ensure compliance with direct care spending minimums. As part of the federal rule, CMS will also provide technical assistance for cost reporting.<sup>16</sup>

4. **Form a care standards board.** Oregon's DD care workforce is in crisis; high turnover and poverty wages continue to degrade care quality at a time when people increasingly need services. Care workers do not have the security, respect, and autonomy they deserve. Together, workers, care recipients, and other stakeholders need a board with collective authority to raise the workforce's wages, improve working conditions, and safeguard high quality care, safety, and training standards. Similar boards already exist in Colorado and Nevada, where the board successfully pushed the legislature to increase wages.<sup>17</sup>
5. **Limit profit levels and owner compensation.** There is no reason why for-profit company owners should be allowed to make millions on Medicaid while their employees do the real work of providing care. Even at DSP Connections, where DSPs can earn up to \$28 per hour, an experienced caregiver would need to work full-time for more than 36 years to earn as much as the company's sole owner collected in shareholder distributions in 2021 alone. Medicaid in DD exists to fund quality care and supports for people with intellectual and developmental disabilities. Rampant, runaway profits and owner payouts should be redirected to strengthen the care workforce and expand and improve services.

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<sup>16</sup> Ibid.

<sup>17</sup> Nevada Home Care Employment Standards Board. [https://dhhs.nv.gov/Programs/HCESB/HCESB\\_Home/](https://dhhs.nv.gov/Programs/HCESB/HCESB_Home/)