

HMA

**Overview of Proposed
Supported Living
Rate Models**

– on behalf of –

**Oregon Office of
Developmental
Disabilities Services**

March 2026

BURNS & ASSOCIATES

A DIVISION OF
HEALTH MANAGEMENT ASSOCIATES

PURPOSE OF PRESENTATION

- Provide history of rate development for Supported Living services offered through the Oregon Department of Human Services' (ODHS) Office of Developmental Disabilities Services (ODDS)
- Provide overview of the *proposed* payment framework and rate models
 - Presentation does *not* cover programmatic changes under consideration
- Support the public comment process
 - ODDS is seeking feedback on the proposed changes
 - Comments will be considered before finalizing the payment framework and rates

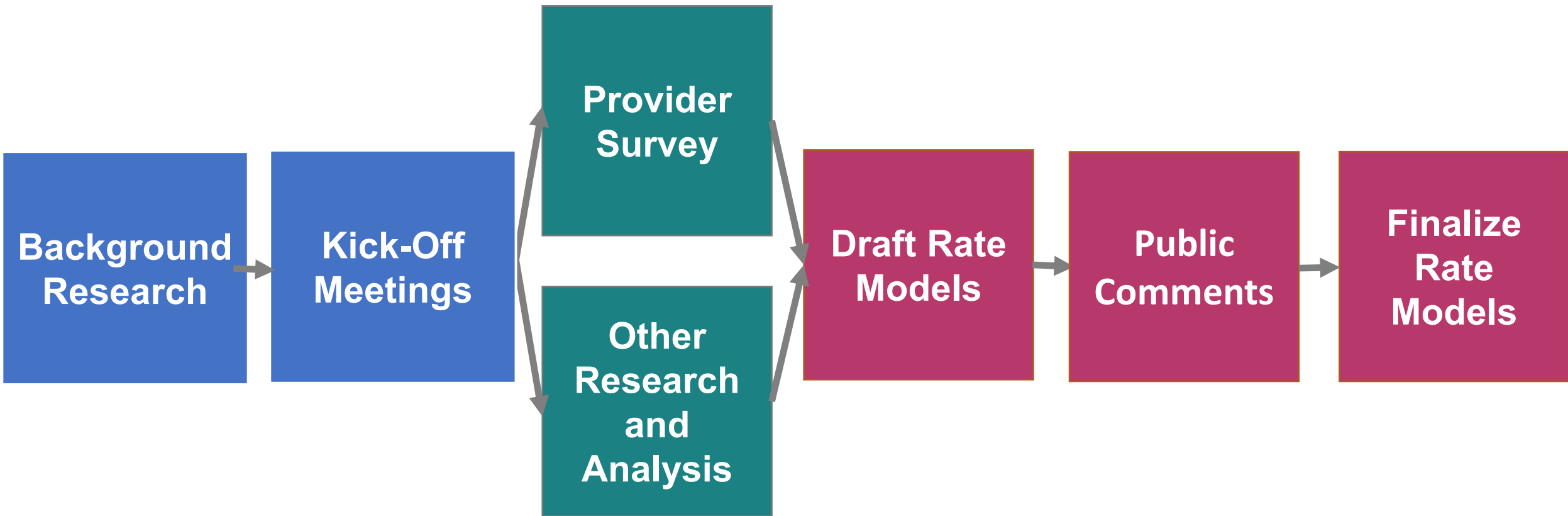
BACKGROUND AND HISTORY – ODDS RATE-SETTING

- Efforts to standardize assessment and payment frameworks began in 2006
 - Restructuring Budgets, Assessments, and Rates (ReBAR) (2006-2014)
 - Development of standard rate models for residential, day, and employment services, including tiered rates based on individual's assessed needs
 - Adoption of Supports Intensity Scale (SIS) for these tiered rates
 - Expansion and refinement of ODDS' standardized rate models (2015-2023)
 - Created new rate models for services covered by ReBAR and for in-home, host home, and transportation services
 - Transitioned to Oregon Needs Assessment (ONA) for tiered rates
 - Wage and rate study for ODDS and APD services (2023-2025)
 - Updated existing rate models with newer cost data (higher rates not funded)
 - Included recommended rate model for Supported Living
- Supported Living is one of the last services to transition to the standardized approaches

BACKGROUND AND HISTORY – OVERVIEW OF BURNS & ASSOCIATES

- Health policy consultants specializing in assisting state Medicaid agencies and related state departments
 - Consulted in approximately 30 states since its founding in 2006
 - Acquired by Health Management Associates in 2020 (becoming HMA-Burns)
- Experience with home and community-based services
 - Provider rate-setting (completed HCBS rate studies in more than a dozen states)
 - Using assessment instruments to inform payment rates and individualized budgets
 - Policy development, including service standards and billing rules
 - Program operations, including fiscal analyses and initiative implementation support
- Supported ODDS throughout its rate reform efforts
 - Provided technical assistance during early phase of ReBAR
 - Led ODDS' rate studies since 2015 to refine and update rate models
 - Continue to support rate implementation and maintenance

RATE STUDY PROCESS



RATE STUDY PROCESS – PROVIDER ENGAGEMENT

- Provider survey conducted between December 2021 and March 2022
 - Collected data from providers related to costs (such as wages paid to direct care workers) and program designs and operations (such as staff productivity and program staffing levels)
 - Received surveys from 23 agencies that accounted for 39 percent of provider population and 55 percent of claims
 - Survey results are only one source of information considered in rate development
- ODDS held a series of meetings with a provider workgroup throughout 2023 and 2024 to discuss service requirements and payment models

CONSIDERATION OF PAYMENT FRAMEWORK OPTIONS

- Goals of proposed payment framework
 - Use Oregon Needs Assessment to tier rates (as with most other ODDS services)
 - Account for service expectations
 - Variability in an individual's service needs from day-to-day
 - Program coordination activities as well as direct supports
 - Need for 24-hour on-call support
 - Enhanced accountability
- Options considered
 - Hourly rate model
 - Monthly rate without minimum service levels
 - Monthly rate with minimum service level (selected option)

RATE OPTIONS – HOURLY RATE

- Providers would be reimbursed based on the number of direct support hours delivered each month
 - Same approach as other intermittent services provided in individuals' homes
 - Rate model would incorporate costs of indirect supports
- Why this model was rejected
 - *Undermines 24/7 Readiness*: Does not account for the fixed costs of maintaining on-call availability, supervision, and infrastructure required for Supported Living when a provider delivers relatively few hours of direct support
 - *Revenue Instability*: Provider income would fluctuate month-to-month based on client utilization, making budgeting and staffing unpredictable

RATE OPTIONS – MONTHLY RATE WITHOUT MINIMUM SERVICE LEVELS

- Providers would be paid a standard monthly amount tied to the individual's assessed needs regardless of how much support is actually delivered
 - Effectively the current approach with the addition of tiered rate models
- Why this model was rejected
 - *Lack of Alignment Between Supports and Payments:* Providers delivering substantially different amounts of services could be paid the same rate, disadvantaging the provider delivering more support
 - *Disincentivizes Serving Individuals with High Needs:* Since payment would not be tied to service hours, providers would have a financial incentive to support individuals with the least needs in relation to their funded rate
 - *Incentivizes Under-Delivery of Supports:* Providers would have a financial incentive to minimize the supports provided

RATE OPTIONS – MONTHLY RATE WITH MINIMUM SERVICE LEVELS

- Bundled monthly payment rates covering both infrastructure costs (e.g., coordination activities, on-call expenses) and direct supports
 - Five rate tiers using ONA-based service groups and a 24-hour care rate
- Billing standards
 - Providers bill the full monthly rate if they deliver at least 75 percent of the hours funded in the rate model
 - ‘Countable’ services include both face-to-face and remote supports
 - If a provider does not achieve the 75 percent threshold in a given month, they bill separately for oversight/ coordination and direct support
 - Fixed monthly oversight and coordination rate covers ‘fixed’ infrastructure expenses such as on-call costs and program coordination
 - Hourly rate billed for the actual number of direct support hours delivered

RATE OPTIONS – MONTHLY RATE WITH MINIMUM SERVICE LEVELS (CONT.)

- Why this model was adopted
 - *Supports Infrastructure Costs:* Providers receive the same amount of funding for programmatic costs such as coordination and on-call costs regardless of the amount of direct support provided
 - *Flexibility and Predictability for Providers:* Providers only need to deliver 75 percent of the hours for which they are funded, supporting predictable revenues and flexibility to invest in complementary supports
 - *Accountability:* Establishment of a service floor ensures that payments reflect the level of support provided

RATE MODEL OVERVIEW

- Proposed rate models follow the structure of the models used to establish rates for most other ODDS services
 - Models detail cost assumptions made to derive overall rates
- Based on current funding levels, key cost assumptions (for example, assumed staff wages) are aligned with the assumptions in the models for other ODDS services
 - Includes legislated five percent increase in the current budget biennium
 - Based on current ONA level assignments and alignment of key cost assumptions with other ODDS rate models, cost of transitioning to the proposed rate models would increase spending on Supported Living by approximately five percent
 - As with rates for other ODDS services, cost assumptions are substantially less than recommended in the wage and rate study due to funding constraints

KEY RATE MODEL ASSUMPTIONS

- *Direct Supports Hours:* Equal to in-home hour caps
- Cost assumptions aligned with other rate models
 - *DSP Wages:* Based on Oregon-specific data published by Bureau of Labor Statistics
 - Funded average wage of \$18.38 compared to \$23.20 rate study recommendation
 - Proposed rates include 5 percent increase for service group 5 (wage and rate study recommended a 10 percent premium)
 - *Comprehensive Benefits Package:* Rate model assumes all staff are full-time and have access to health insurance, paid time off, and other benefits
 - *Supervision:* 1 supervisor for every 8 direct support professionals
 - *Program Coordination:* 1 coordinator for every 8 services recipients
 - *Overhead:* Equal to 15 percent of the total rate
 - Model additionally includes funding for “specialized” or professional supports based on 1 position for every 25 to 70 service recipients based on service group

PROPOSED RATES

- Proposed rates reflect same standard assumptions as other ODDS rate models
 - Wage and rate study recommendations would increase these rates, but has not been funded

| Rate Group | Funded Direct Care Hours per Month | Provider Delivers At Least 75% of Funded Hours | | Provider Deliver Less Than 75% of Funded Hours | | | |
|--------------|------------------------------------|--|------------------------------|--|------------------------------|-----------------------------|------------------------------|
| | | Bundled Monthly Rate | | Monthly Oversight and Coordination Rate | | Hourly Direct Support Rate | |
| | | Based on Current ODDS Rates | Based on Wage and Rate Study | Based on Current ODDS Rates | Based on Wage and Rate Study | Based on Current ODDS Rates | Based on Wage and Rate Study |
| Group 1 | 70 | \$4,211.78 | \$5,858.42 | \$1,607.88 | \$2,483.89 | \$37.55 | \$48.59 |
| Group 2 | 100 | \$5,454.16 | \$7,490.53 | \$1,756.34 | \$2,694.28 | | |
| Group 3 | 183 | \$8,988.01 | \$12,138.06 | \$2,217.47 | \$3,357.99 | | |
| Group 4 | 369 | \$17,030.40 | \$22,737.88 | \$3,333.05 | \$4,974.64 | | |
| Group 5 | 513 | \$23,878.55 | \$32,726.81 | \$4,032.95 | \$5,966.49 | | |
| 24-Hour Care | 730 | \$33,292.04 | \$42,589.58 | \$5,093.41 | \$7,469.31 | | \$52.58 |

PUBLIC COMMENT PROCESS

- ODDS will release a director's message detailing the public comment process later this month
 - Materials, including this presentation and the proposed rate model, will be posted online
 - Stakeholders will have 30 days to submit comments in writing
- All received comments will be reviewed and summarized
 - Proposed rate model will be revised based on public comments as warranted
 - A document summarizing submitted comments with responses will be published