

TO: Senior Service Advisory Council

FROM: Procurement and Monitoring Committee by Patti Little

DATE: December 5, 2005

**SUBJECT: In-Home Services Contract Extension:
January 1, 2006 through September 30, 2006**

BACKGROUND

NorthWest Senior & Disability Services (NWSDS) is the lead agency in an in-home services procurement consortium with Senior & Disabled Services, a division of Lane Council of Governments (S&DS), and Oregon Cascades West Council of Governments (OCW). On behalf of the Consortium, NWSDS contracts with Addus HealthCare for the provision of in-home services (Home Care and Personal Care) in a six county area, including Lane County. The current contract expires on December 31, 2005.

During most of the current contractual period, the in-home services contract included funds for both Medicaid and Oregon Project Independence (OPI). However, effective July 1, 2005, the Oregon Department of Human Services (DHS) removed the Medicaid funds from all local in-home care contracts, including the one between the Consortium and Addus. Therefore, the current contract with Addus is limited to OPI funds.

The Consortium's current contract was to expire on June 30, 2005. However, due to the length of the 2005 session of the State Legislature and the resulting uncertainty regarding the 2005-07 appropriation for OPI, the Consortium, with Addus' concurrence, extended the contract through December 31, 2005. Now, the Consortium desires to extend this contract for nine additional months (January 1 through September 30, 2006) to give itself time to develop a Request for Proposal (RPF), evaluate and select the provider for the next contractual period and, if a new provider is identified, transition responsibility to that provider.

In order to agree to this nine month extension, Addus is requesting a rate increase of \$.63 per hour (3.9%) for Home Care services and an increase of \$.71 per hour (3.9%) for Personal Care services. These rates are equal to the Medicaid reimbursement rates now being paid by DHS in the Consortium's counties (\$16.45 for Home Care services and \$18.50 for Personal Care services). Due to the volume of service Addus provides through its Medicaid contract with DHS, these rates set the precedence for the same services funded through OPI and the Family Caregiver Support Program. Additional reasons for these increases relate to collective bargaining costs, labor costs (increase in Oregon's minimum wage), travel costs (gas prices), and annual cost of living adjustments. The last rate increase granted by the Consortium to Addus occurred on July 1, 2004.

REQUESTED ACTION:

The Procurement and Monitoring Committee recommends that the SSAC recommend to LCOG that it approve the contract extension for in-home services with Addus HealthCare for the period of January 1, 2006 through September 30, 2006, at the reimbursement rates of \$16.45/hour for Home Care services and \$18.50/hour for Personal Care services, and that LCOG communicate its approval of this extension and rate increases to NWSDS.