

2006/07 Budget Position

The Pennsylvania Community Providers Association is a trade association representing nearly 200 community-based organizations that provide mental health, mental retardation, substance abuse, children's, and other human services. Members cover all 67 counties in the commonwealth and serve over 1 million Pennsylvanians each year. Founded in 1972, PCPA is the largest statewide behavioral health trade association in the country and represents providers on legislative, regulatory, policy, and planning matters.

Achieving Long-term Solutions to Funding Crises

- **Include an Inflationary Adjustment Rate in the Budget (formerly COLA)**

Legislation (House Bill 1813 and Senate Bill 1006) introduced suggests use of the Home Health Market Basket Index (HHMBI) as a mechanism for addressing an annual funding review for mental health/mental retardation (MH/MR) programs thus allowing for a "cost-of-doing-business." The MH/MR and drug and alcohol (D&A) systems have historically requested an annual cost-of-living adjustment (COLA). By instituting an index, proper inflationary adjustments would be permanently established for MH/MR and an annual request for a COLA would be alleviated. According to the October 2005 *Federal Register*, the HHMBI is 3.6%.

- **Dedicate Funds From the Sale of Alcohol to D&A Programs**

PCPA has worked with other stakeholders to advance a proposal (House Bill 1649 and Senate Bill 727) to assure the fair and appropriate use of taxes on wine and liquor (commonly known as the *Johnstown Flood Tax*). This proposal will help provide a permanent solution to the D&A budget crisis while remaining revenue neutral in year-one of its institution. Considering the increased revenue that has been recognized annually from the *Johnstown Flood Tax*, D&A programs covered by this legislation would realize an increase in funds from year-two forward. Securing the five line items outlined in both House Bill 1649 and Senate Bill 727 is the first priority of the D&A community.

Need for 4% MH/MR/D&A COLA in the 2006/07 State Budget

- **Acknowledge MH/MR/D&A as a Vital Component of the Public Health System**

The Department of Public Welfare (DPW) has included a 2% COLA in its 2006/07 budget for MH/MR but offered a 4% COLA to hospitals, nursing homes, and managed care organizations (MCOs). It should be noted that no COLA is suggested for D&A; additional funding proposed in the Department of Health (DOH) this year only brings funding back to 2004/05 levels. While maintaining the infrastructure of Pennsylvania's hospital and nursing home industries is central to any successful public health regimen, the community system – specifically that of MH/MR/D&A – is also a vital component of care. Properly funding the community system is key to achieving more cost-effective care and less institutionalization of consumers/clients, goals discussed by both DPW and the legislature.

- **COLA Language Needs to Contain Provider Flexibility**

Language used in the 2005/06 state budget relative to COLA monies on MH/MR line items was restrictive to use by "direct care workers." Such language makes it difficult for providers to address increasing business costs such as employer-based health insurance, utilities, energy, etc. PCPA strongly supports the fact that this year's allocation does not contain such restrictive language.

Recognize Increased Financial Pressures on the Community System

Pennsylvania has not been immune to effects from federal budget cuts. From prescription drugs to implementation of Medical Assistance (MA) and Medicare program changes, consumers/clients feel the pinch. Community providers are in the precarious position of desiring to provide proper care and contending with the possibility that doing so may not be financially feasible. For example, DPW has made it clear that where Medicare can be billed for a service, MA will no longer pay. Many community providers do not meet stringent Medicare certification criteria. PCPA supports the state in its initiatives to move more individuals both from institutional settings and the MR waiting list, but proper funding of the community MH/MR/D&A system is vital to that success.

The Community/Hospital Integration Projects Program (CHIPPP) began in 1991 with two purposes: 1) to provide community supports for long-term residents of state hospitals discharged to the community and 2) to create community supports to prevent individuals from being admitted to a state hospital. Funding for this program has been decreased as a result of the loss of Inter-Governmental Transfer (IGT) funds. The IGT has funded a compounding COLA for several years, which has permitted the expansion of the initiative statewide as the commonwealth reduces the capacity at state hospitals. As of state fiscal year 2002/03, the most recent year for which statistics are available, 2,203 state hospital beds have been closed.

PCPA supports the consumer and state government foci on recovery models and believes that a community-based system of care and treatment achieves those goals far faster than extended hospitalization or institutionalization. A strong and vital community-based MH/MR/D&A system is in place. PCPA supports reductions in waiting lists and institutional closures, but proper funding must transfer into the community system. Pennsylvania must support, enhance, and expand the community system through the allocation of sufficient financial resources.

Highlighted Budget Position Statements

- The MH/MR/D&A community requests a 4% COLA in the 2006/07 state budget which would bring it in line with the allocation offered to other components of the public health system.
- Any COLA allocation language must be reflective of the need for provider flexibility in expenditures.
- Strong consideration must be given to measures such as House Bill 1813/Senate Bill 1006 (inflationary index legislation) and House Bill 1649/Senate Bill 727 (dedicated alcohol tax legislation) which would help achieve long-term funding solutions for the MH/MR/D&A system.
- Recognize that years of no or inadequate COLAs and subsequent system changes have increased financial pressures on the community system; properly fund consumers moving from institutional settings and the waiting list and be cognizant of federal budget implications.
- The loss of IGT funding must be addressed in order to provide adequate resources and continue CHIPPP, a viable alternative to institutionalization, throughout Pennsylvania.
- PCPA supports reductions in waiting lists and institutional closures, but proper funding must transfer into the community system.