On Thursday, April 12 the Philadelphia Alliance/Coalition - Intellectual Disabilities Domain met with PA Department of Public Welfare Deputy Secretary for Developmental Programs Kevin Friel. Deputy Secretary Friel answered questions at the meeting that included 50 representatives of service organizations serving people with disabilities.

Jeff Wilush, Immediate Past President of the PARF Board of Directors, attended the session as a member of the Philadelphia Alliance and offered the following summary of the meeting.

Date: April 13, 2012
To: Gene Bianco, PARF

Here is a summary of Kevin [Friel]'s comments at the Alliance meeting.

Kevin's comments on Rate questions were as follows:

Rates for ineligible residential and fee schedule services should be out in approximately two (2) weeks. The delay is due to ODP wanting to understand the impact of each of the rates at the provider level to make sure they are properly aware of and addressing, where possible, the problems. They are analyzing the impact of the rates provider by provider and want to be sure they are comfortable with the impact and how they can mitigate any unintended consequences.

Kevin did say that fee schedule rates were developed using a market based approach with no dollar target established to fit the rates into.

The rates as established using this market approach trended up 3% - 4% … Kevin did not specify up from what base but he seemed to indicate that the rates in these areas were improved from some base rate.
One of the examples that he used to explain their efforts at analyzing rates was with the ineligible residential rates. They are evaluating the impact on each provider of the internally developed regionally adjusted rates to identify the winners and losers in the decision to move in this direction. Specific to ineligible residential rates, noting the fact that this is all state money, they are considering setting a corridor of say + or - an acceptable percentage (%) to try to mitigate the impact on any provider. So if the percentage (%) is 5% a provider who loses more than 5% in this transition to a fee for ineligible residential rates, the state will do something, as yet undefined to provide additional financial support, and if the provider makes more than 5% they will do something to prevent the windfall. Note the 5% number is mine -- not a number stated by Kevin.

Most notably, at the end of Kevin’s responses to other questions on rates I tried to summarize [to Kevin Friel and the group] what I had heard as follows:

The rates, which will be regionally adjusted, that have been developed and are being evaluated internally for fee schedule services as well as ineligible residential rates are trending 3 - 4% higher than expected.

In addition where possible, such as with ineligible residential rates, the state is going to attempt to mitigate any negative impact of these rates beyond a certain reasonable % as well as limit any unreasonable benefit to any specific provider.

In addition, assuming that the fee schedule rates as outlined above are used, there is a possibility, from their evaluation at this point, that when eligible residential rates are developed using the rate setting methodology there may not be the need for a RAF, or at least not a substantial one.

When presented with this summary, they were my words not his, Kevin was optimistic that the statements above could be the outcome of the rate development process. In explaining he referenced the approx. use of $100 million of the current year appropriation to fund the prior year rev. rec. payments and if that were not needed the current year RAF would not have been needed.

As it related to the status of the regulations, Kevin pointed out the expected prime areas of concern and indicated that adjustments to some of the minor items noted as well as some of the major items noted in the comments were being considered and will probably be incorporated into the finals. When pressed about a time line, he only noted the June 30 ACT 22 deadline as a deadline.

As an example he used the Real Estate Equity issue and noted that some adjustment was being considered to keep the equity in the system so that no one person can walk away with it, but not keeping it as the state’s equity.
Kevin noted that the overall state occupancy rate was 95.3% and even at the provider level it didn't fluctuate greatly from there so that is why they did not entertain the per provider factor suggestion.

Kevin also mentioned some alternatives being considered going forward the most notable are the comprehensive residential procedure code, managed care type options, and the Maryland system of Low Intensity Support Services.

He did say that he will reconvene the Workgroup [established by DPW] to review the Comprehensive Residential Procedure Code sometime in May he hopes.

Finally, he did throughout the discussion indicate an eventual move to a Fee schedule for all services would minimize the need for fiscal regulations but acknowledge that with the complex nature of acuity, assessment, etc. that would be many years down the road.

That summarizes it as I heard it. I don't think I overstated anything and presented things as I heard them in a room with 70 other people so others should have heard the same message. More optimistic than any I had heard previously.

Jeff

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