DPW Calls on Legislature to Study Funding Formulas for County Block Grant

On December 31 the PA Department of Public Welfare (DPW) released its report mandated by the PA legislature on Funding Formula Options for the County Human Services Block Grant. The *Report to the Pennsylvania General Assembly per Act 87 of 2012* reviews and presents recommendations for changes to the allocation formulas for various DPW funded services. The attached report details a dozen or so models that were reviewed through the process. The report has been posted on the DPW website. In the report DPW says that it does not believe there is a “perfect” model that will result both in an equitable distribution of funds and which minimize significant decrease funding for some counties. It says that moving from a historical funding methodology based upon old assumptions and data to a more objective, demographic based model results in significant percentage changes, both increases and decreases, for individual counties. Specifically, even the model that may appear to have the least negative impact still results in 12 counties receiving less funding, with five of these counties receiving a loss greater than 20%. This would be in addition to the 10% reduction that all counties received during fiscal year 2012-13. As such, the Department says, it does not endorse any of the options detailed in the report. The Department says that it does believe there is an opportunity to continue to look at how we can better allocate county human service funds across the Commonwealth. It believes there needs to be consideration of factors beyond Act 87’s suggestion of recent population data. Specifically, it believes there is merit to the General Assembly to create a task force to study potential options that take into account, among other things, the following: The Department does believe there is an opportunity to continue to look at how DPW can better allocate county human service funds across the Commonwealth. DPW says that it believes there needs to be consideration of factors beyond Act 87’s suggestion of recent population data. Specifically, DPW says, there is merit to the General Assembly to create a task force to study potential options that take into account the following: (1) Creating a ceiling and floor to minimize how much a county may gain or lose with a funding formula. In doing so, it minimizes impact on current county human services programs; (2) Creating a staggered implementation period so that any county losses can be gradual and allow time to minimize any adverse impacts; (3) Creating factors in the formula that gives preference to county human service programs that are evidenced based, a promising practice or cost effective; (4) Creating a risk pool that takes some of the existing human services funds and allocates them at the end of the year to counties that encounter unexpected expenses; and, (5) Setting aside some of the current human services funds and developing performance incentives that reward counties for improved, measurable outcomes for individuals receiving county human service programs. FMI: For copy of the DPW report see [http://www.dpw.state.pa.us/ucmprd/groups/webcontent/documents/report/p_023504.pdf](http://www.dpw.state.pa.us/ucmprd/groups/webcontent/documents/report/p_023504.pdf), For related information on the FY 2012-2013 Commonwealth budget and block grants see [http://www.dpw.state.pa.us/publications/budgetinformation/humanservicesblockgrant/index.htm](http://www.dpw.state.pa.us/publications/budgetinformation/humanservicesblockgrant/index.htm) See also [www.dpw.state.pa.us](http://www.dpw.state.pa.us).
DiGirolamo Calls for Restoration of Human Services Funding, Repeal of Block Grants

On January 3 PA Representative Gene DiGirolamo (R-Bucks) announced that as Chairman of the PA House Human Services Committee he would soon be introducing legislation to restore $84 million in state funding that was cut from human services programs in the FY 2012-13 Commonwealth budget. The 10 percent budget cut affected seven human service line items: mental health, addiction treatment (Act 152/MA Outpatient), intellectual disabilities, behavioral health services, children and youth, homelessness assistance and the Human Services Development Fund. In addition, Representative DiGirolamo said that he expects to introduce legislation that will repeal the Department of Public Welfare’s Human Services Block Grant Pilot Program. He described it as misguided and said that it “pits people in need of help and their under-funded programs against one another for ever-shrinking funds.” He said that his proposal would eliminate the harmful provisions of the pilot program while providing counties with flexibility with any leftover funding. (Meanwhile, former Schuylkill County commissioner Representative Jerry Knowles [R-Schuylkill] is reportedly planning to reintroduce HB 2699 of the 2011-2012 session to allow the ten [10] applicant counties not selected to participate immediately.) The Pennsylvania House of Representatives will reconvene January 14 and the Pennsylvania Senate on January 22. FMI: See www.GeneDiGirolamo.com and www.Facebook.com/GeneDiGirolamo.

PA House Elects Representative Sam Smith as Speaker

On January 1 the 2013-14 session of the Pennsylvania House of Representatives opened with the election of Representative Sam Smith (R-Jefferson County) as speaker. Taking the oath of office were 201 of the 203 members. There are 29 new members, 10 Republicans and 19 Democrats. The House also adopted a set of rules governing how the body operates, including a change in the Rules Committee makeup that allows both the majority and minority to each appoint two (2) additional members, making the committee’s membership 18 from the majority party and 15 from the minority party. FMI: See www.pahousegop.com.

PA Revenue Department Delays New Reporting Requirements on Small Games of Chance

On January 3 the PA Department of Revenue announced that new reporting requirements established under the Pennsylvania Local Option Small Games of Chance Act relating to increased prize limits for small games of chance would be delayed by one year – to February 1, 2014. This past year Act 2 and Act 184 of 2012 amended the Local Option Small Games of Chance Act and created new definitions, increased prize limits, added new games, provided additional licensing rules and regulations for organizations, created reporting requirements and amended enforcement provisions. The Act was heralded as a means of assisting small non-profit organizations to generate income. The Department of Revenue said that it now needed to examine whether or not the record-keeping would unduly burden local clubs and increase the costs of raising money through small-scale gambling. The Department said that it made the decision after it received a letter from state Senators Tim Solobay (D-Canonsburg) and Richard Kasunic (D-Dunbar) asking the administration to postpone the February 1 deadline for organizations to file reports. Read more: http://www.post-gazette.com/stories/local/state/state-delays-for-one-year-new-reporting-for-small-games-of-change-668878/#ixzz2H4rR1KCI.
PA Workers' Compensation Payments for Medical Treatment Allowed to Increase by 3.3%

In the Saturday, January 5, 2013 edition of the Pennsylvania Bulletin the PA Department of Labor and Industry (L&I) published its notice that based upon the Statewide Average Weekly Wage, as determined by the Department of Labor and Industry for the fiscal year ending June 30, 2012, the maximum compensation payable under sections 105.1 and 105.2 of the Workers' Compensation Act (77 P. S. §§ 25.1 and 25.2) shall be $917 per week for injuries occurring on and after January 1, 2013. Of significance to medical services providers L&I stated that for purposes of calculating the update to payments for medical treatment rendered on and after January 1, 2013, the percentage increase in the Statewide Average Weekly Wage is 3.3%. See www.pabulletin.com.

PA Medical Assistance Fee Increased for Select Primary Care Services

In the January 5, 2013 edition of the Pennsylvania Bulletin the PA Department of Public Welfare (DPW) announced its intent to increase the fees for certain primary care services billed by enrolled qualifying physicians with a specialty designation of family medicine, general internal medicine or pediatric medicine. Under the Affordable Care Act states are required to increase fees for certain evaluation and management (E&M) and vaccine administration procedure codes to the extent covered by the State when furnished by a physician or under the personal supervision of a physician with a specialty designation of family medicine, general internal medicine or pediatric medicine. To qualify for the increased fees, physicians may self-attest to a specialty or subspecialty designation of family medicine, general internal medicine or pediatric medicine recognized by the ABPS, the ABMS or the AOA. The fee increase will apply to qualified physicians in the previously-stated specialties or subspecialties rendering primary care services to Medicaid beneficiaries in the Medical Assistance (MA) Program's fee-for-service (FFS), including ACCESS Plus and managed care delivery systems. Qualified physicians rendering services to non-Medicaid beneficiaries, such as, General Assistance MA beneficiaries, will be paid the current MA Program Fee Schedule rate; and physicians rendering services who do not qualify for the primary care fee increase will be paid the current MA Program Fee Schedule rate. CMS, through enhanced Federal Medical Assistance Percentage (FMAP), will pay 100% of the rate in excess of the MA rate for the specified E&M and vaccine administration procedure codes in effect on July 1, 2009, for dates of service on January 1, 2013, through and including December 31, 2014. On January 1, 2015, the Department will revert back to paying the rates for the specified procedure codes listed on the MA Program Fee Schedule as of December 31, 2012. Interested persons are invited to submit written comments regarding this notice to the Department of Public Welfare, Office of Medical Assistance Programs, c/o Deputy Secretary's Office, Attention: Regulations Coordinator, Room 515, Health and Welfare Building, Harrisburg, PA 17120. Comments received within 30 days will be reviewed and considered in the development of the final notice. Persons with a disability who require an auxiliary aid or service may submit comments using the Pennsylvania AT&T Relay Service (800) 654-5984 (TDD users) or (800) 654-5988 (voice users). FMI: See www.pabulletin.com.
PA Year-to-Date Revenues for FY 2012-13 Greater than Budgeted

On January 2 the Pennsylvania Department of Revenue reported that Pennsylvania had collected $2.4 billion in General Fund revenue in December, which was $112.4 million, or 4.8 percent, more than anticipated, and which caused fiscal year-to-date General Fund collections to total $12.2 billion, or $171.5 million (1.4 percent) above estimate. It was also reported that as part of General Fund receipts Personal income tax (PIT) revenue in December was $849.8 million, $26.6 million above estimate – bringing year-to-date PIT collections to $4.8 billion, which is $44.8 million, or 0.9 percent, above estimate. December corporation tax revenue of $546.3 million was $101.5 million above estimate. Year-to-date corporation tax collections total $1.5 billion, which is $243.6 million, or 19.9 percent, above estimate. In addition, realty transfer tax revenue was $33.9 million for December - $2.8 million above estimate, bringing the fiscal-year total to $178.9 million, which is $12.9 million, or 7.8 percent, more than anticipated. Other components of the General Fund were below estimate. Sales tax receipts totaled $774.4 million for December, $15.9 million below estimate. Year-to-date sales tax collections total $4.5 billion, which is $125.4 million, or 2.7 percent, less than anticipated. Inheritance tax revenue for the month was $70.1 million, $4.6 million below estimate, bringing the year-to-date total to $390.5 million, which is $23.3 million, or 5.6 percent, below estimate. Other General Fund tax revenue, including cigarette, malt beverage, liquor and table games taxes, totaled $138.3 million for the month, $7.8 million below estimate and bringing the year-to-date total to $759.4 million, which is $20.3 million, or 2.7 percent, below estimate. However, non-tax revenue totaled $28.8 million for the month, $9.8 million above estimate, bringing the year-to-date total to $158.2 million, which is $39.2 million, or 33 percent, above estimate. In addition to the General Fund collections, the Motor License Fund received $163 million for the month, $2.3 million above estimate. Fiscal year-to-date collections for the fund – which include the commonly known gas and diesel taxes, as well as other license, fine and fee revenues – total $1.2 billion, which is $12.8 million, or 1.1 percent, above estimate. For more information, visit www.revenue.state.pa.us.

PA Governor’s Innovation Office Announces Savings at DPW and L&I

On January 3 PA Governor Tom Corbett announced that the Governor’s Innovation Office has worked with state agencies to achieve more than $84 million in cost savings and productivity gains. Established in March 2012 to focus on initiatives to reduce state spending, eliminate waste and improve service the office and state agencies have completed 25 initiatives and has an additional 164 projects in progress. The Governor said that highlights from 2012 include: (a) Department of Public Welfare (DPW) consolidation of three human services licensing operations into a single unit, elimination of duplicative administrative functions, improvement of customer service, and reduction of costs. DPW is expected to save an estimated $1.4 million through this more centralized management unit; and (b) the Department of Labor and Industry (L&I) consolidation of regional and field offices mail operations into the L&I headquarters in Harrisburg. L&I expects to save $400,000 annually through more efficient use of mailing resources, automation and other processing techniques. FMI: See www.state.pa.us.
PARF NEWS
Dateline: January 4, 2013

PARF to Review DPW Licensing, State Funding and Association Plans on January 9

The PARF Residential Division will hold its next meeting on Wednesday, January 9, 2013 from 10:00 a.m. to 12:30 p.m. The meeting will be held at the Dixon University Center, 2986 North Second Street in Harrisburg. PARF Mental Health Developmental Services (MH/DS) Finance Committee and Vocational Division members are invited to participate. The PARF in-person meeting on January 9th will feature discussion and review of FY 2013-2014 State Budget and Payment Policies with Scott Johnson of S.R. Wojdak & Associates. The current budget situation, Medicaid funding, and the role of members of the PA Senate and House of Representatives in shaping state budget in 2013 will be reviewed. In addition, Ron Melusky, Director, PA Department of Public Welfare Bureau of Human Services Licensing will brief members on the newly announced policies on self inspection and plans for new licensing guidelines and approaches. PARF members will also hear directly from Richard Edley who is serving as the executive officer working directly with the PARF PCPA Joint Operating Committee in establishing new association resources and supports for members in the months ahead. The meeting presents an opportunity to receive questions, comments and recommendations from members. If additional information or assistance is needed, please contact PARF at parfmail@parf.org.

Scholarships Available for 2013 PAPSRS Annual Conference

The PA Association of Psychiatric Rehabilitation Services (PAPRS) is now accepting scholarship applications for its 2013 Annual Conference. The conference Psychiatric Rehabilitation: Leading in a Time of Change will be held in State College, PA at The Penn Stater Conference Center on April 23, 24, and 25, 2013. Scholarship information and applications are available at http://www.papsrs.org/Default.aspx?pageId=1075173. PAPRS asks that this information be shared with those who may not be able to attend this event without support. Completed applications must be postmarked or received via e-mail or fax by February 1, 2013 FMI: See http://www.papsrs.org/Default.aspx?pageId=1450711

Call for Proposals to Present at 2013 PA Community on Transition Conference

The Pennsylvania Community on Transition State Leadership Team invites all interested persons to submit proposals to present at the 12th Annual Pennsylvania Community on Transition Conference: Don’t Stop Thinking About Tomorrow: Possibility, Opportunity, Action. The event is scheduled for July 24 to July 26, 2013 in State College, PA. Conference proposal submissions must be received by February 4, 2013. Please direct any questions or concerns and conference proposals to paconf2013@gmail.com.
President Signs HR 8 into Law, Averts Fiscal Cliff

On January 2 President Barack Obama signed into law the American Taxpayer Relief Act (ATRA) of 2012 (HR 8), averting funding reductions and tax increases that would otherwise have been in effect on January 2. The ATRA extends current tax policies but allows the top marginal tax rate on income over $450,000 for couples ($400,000 for individual filers) to rise to 39.6 percent, up from 35 percent. (See Internal Revenue Service (IRS) guidance and withholding tables for 2013 (Notice 1036) updated and issued on January 3 at http://www.irs.gov/pub/irs-pdf/n1036.pdf. See www.irs.gov.) The act also increases the tax rate on capital gains and dividends for households with income above these thresholds to 20 percent, up from 15 percent, and increases the estate tax rate from 35 to 40 percent. In addition, the law extends for one year both emergency unemployment compensation benefits and federal funding for extended benefits for unemployed workers, delays the automatic sequester under the Budget Control Act by two months, and extends the farm bill through fiscal year 2013.

Medicare Physician Payment Temporarily Fixed, Therapy Policy Extended

As Congress postponed major decisions on funding cuts and changes in Medicare policies in approving the American Taxpayer Relief Act of 2012, it provided temporary relief for physicians and therapists. Stopping a scheduled 26.5 percent cut in Medicare physician payments, Congress included a one-year Medicare physician payment fix (zero percent update for 2013) in the legislation. A number of Medicare extenders were also continued, including a process allowing exceptions through December 31, 2013 to a per-beneficiary cap on payments for outpatient therapy services provided outside of hospitals. ATRA also extends the cap for therapy services received in hospital outpatient departments through December 31, 2013. The law also includes a multiple procedure payment reduction (MPPR) of 50% for therapy services furnished on or after April 1, 2013. FMI: See www.whitehouse.gov. Contact PARF at parfmail@parf.org

ATRA Offers Support for Employment Programs

The American Taxpayer Relief Act of 2012 (HR 8) includes several provisions supporting employment programs, including the extension of funding for the Reemployment Services and Reemployment Eligibility Assessment Activities retroactive to last year's extension of unemployment benefits in February 2012. Recipients of extended benefits (back to February 2012 and going forward through 2013) must now report in-person at their designated One-Stop Career Center for reemployment and eligibility assessment services. ATRA also includes a one year extension of the Work Opportunity Tax Credit (WOTC), including the expansion of WOTC to disconnected youth (up to age twenty-four) and veterans. FMI: See www.whitehouse.gov.
U.S. House of Representatives Passes All-Hazards Preparedness Bill

On December 19 the U.S. House of Representatives passed the Pandemic and All-Hazards Preparedness Reauthorization Act of 2012 (HR 6672) by a vote of 383-16. The legislation would reauthorize through fiscal year 2017 certain security and disaster-preparedness programs under the Public Health Service Act, including the National Disaster Medical System that helps manage the government’s medical response in emergencies and disasters. The bill also would modify the National Disaster Medical System to ensure public health and medical capabilities available during public health emergencies take into account the needs of at-risk individuals. In addition, the bill requires the Department of Health and Human Services (HHS) to establish a National Advisory Committee on Children and Disasters to make recommendations on the medical and public health needs of children during emergencies. FMI: See www.house.gov.

Novitas Solutions Provider Bulletin on Payment for Medicare Outpatient Therapy Services

On January 3 Novitas Solutions issued a Provider Bulletin on Section 603 of the American Taxpayer Relief Act of 2012 establishing the Extension Related to Payments for Medicare Outpatient Therapy Services. Novitas Solutions explained that Section 603 extends the exceptions process for outpatient therapy caps through December 31, 2013 and so providers of outpatient therapy services are required to submit the KX modifier on their therapy claims, when an exception to the cap is requested for medically necessary services furnished through December 31, 2013. In addition, the new law extends the application of the cap and threshold to therapy services furnished in a hospital outpatient department (OPD) and counts outpatient therapy services furnished in a Critical Access Hospital towards the cap and threshold. Novitas Solutions said that additional information about the exception process for therapy services may be found in the Medicare Claims Processing Manual, Pub.100-04, Chapter 5, Section 10.3. It also explained that since the therapy caps are determined for a beneficiary on a calendar year basis, all beneficiaries began a new cap for outpatient therapy services received on January 1, 2013. For physical therapy and speech language pathology services combined, the 2013 limit for a beneficiary on incurred expenses is $1,900. There is a separate cap for occupational therapy services which is $1,900 for 2013. Deductible and coinsurance amounts applied to therapy services count toward the amount accrued before a cap is reached, and also apply for services above the cap where the KX modifier is used. The bulletin also indicates that Section 603 extends the mandate that Medicare perform manual medical review of therapy services furnished January 1, 2013 through December 31, 2013, for which an exception was requested when the beneficiary has reached a dollar aggregate threshold amount of $3,700 for therapy services, including OPD therapy services, for a year. There are two separate $3,700 aggregate annual thresholds: (1) physical therapy and speech-language pathology services, and (2) occupational therapy services. FMI: See https://www.novitas-solutions.com/bulletins/all/news-01032013.html.

CMS Open Door Forum on Home Health, Hospice & DME

The next Home Health, Hospice & Durable Medical Equipment (DME) Open Door Forum is scheduled for Wednesday, January 9, 2013, from 2:00pm – 3:00pm, ET. If you wish to participate, dial 1-800-837-1935; Conference ID: 78868196. FMI: See http://www.cms.gov/Outreach-and-Education/Outreach/OpenDoorForums/ODF_hhhdme.html.
CMS Announces Delay for Compliance with Eligibility and Claim Status Operating Rules

On January 2 the Centers for Medicare & Medicaid Services (CMS) Office of E-Health Standards and Services (OESS) announced that to reduce the potential of significant disruption to the health care industry, it will not initiate enforcement action until March 31, 2013, with respect to HIPAA covered entities (including health care providers) that are not in compliance with the operating rules adopted for the following transactions as required by the Affordable Care Act (ACA): *Eligibility for a health plan and health care claim status*. CMS says that notwithstanding OESS’ discretionary application of its enforcement authority, the compliance date for using the operating rules remains January 1, 2013. In its notice CMS OESS said that industry feedback suggests that HIPAA covered entities have not reached a threshold whereby a majority of covered entities would be able to be in compliance with the operating rules by January 1, 2013. It said that this enforcement discretion period does not prevent applicable HIPAA covered entities that are prepared to conduct transactions using the adopted operating rules from doing so, and all applicable covered entities are encouraged to determine their readiness to use the operating rules as of January 1, 2013 and expeditiously become compliant. Although enforcement action will not be taken, CMS OESS says, it will accept complaints associated with compliance with the operating rules beginning January 1, 2013. If requested by OESS, covered entities that are the subject of complaints (known as “filed-against entities”) must produce evidence of either compliance or a good faith effort to become compliant with the operating rules during the 90-day period. HHS will continue to work to align the requirements under Section 1104 of the Affordable Care Act to optimize industry’s ability to achieve timely compliance. For copies of the operating rules for the eligibility for a health plan and health care claim status transactions, visit the Council for Affordable Quality Healthcare (CAQH) CORE website at http://www.caqh.org. Links to information on the operating rules for eligibility for a health plan and health care claim status are available at http://www.cms.gov/Regulations-and-Guidance/HIPAA-Administrative-Simplification/Affordable-Care-Act/OperatingRulesforEligibilityandClaimsStatus.html

2013 State Peer Awards for Health Reform Education

The U.S. Substance Abuse and Mental Health Services Administration (SAMHSA)’s *Bringing Recovery Supports to Scale Technical Assistance Center Strategy (BRSS TACS)* is currently accepting applications for 2013 BRSS TACS State Peer Awards for Health Reform Education. The purpose of the 2013 BRSS TACS State Peer Awards for Health Reform Education is to enable peer-run organizations/recovery community organizations to engage in building statewide networks among peer-run organizations/recovery community organizations with the two goals: (1) Creating and disseminating among the members of these networks state-specific educational materials on health reform initiated by the Patient Protection and Affordable Care Act (ACA) of 2010 and the Mental Health Parity and Addictions Equity Act (MHPAEA) of 2008 and (2) assisting peer-run organizations/recovery community organizations to prepare to provide outreach, eligibility and enrollment assistance to people in recovery from mental and/or substance use disorders. Successful applicants will receive subcontract awards of $25,000 from the Center for Social Innovation. Application deadlines are: (a) Optional Letter of Intent: January 7, 2013 5:00 pm and (b) Complete Application: February 1, 2013 5:00 pm. FMI: See http://brsstacs.center4si.com/State_Peer_Awards_2013.doc.