MH/MR Coalition Working Together Campaign Update June 13, 2002

It’s Not Over Yet!
MH/MR Coalition Talking Points Attached

There is still time to advocate for a cost of living adjustment (COLA) for providers of community mental health and mental retardation services and supports!

The MH/MR Coalition thanks all of you who have contacted your legislators and Governor Schweiker on behalf of the Working Together Campaign and asks for your continued efforts to secure this critical cost of living adjustment.

The Coalition has compiled an outline and specific examples of rising costs from community mental health and mental retardation providers from across the state. The outline begins on page 2 of this Update. You are welcome to use this outline as talking points when you meet, phone or write your legislators and Governor Schweiker.

The Governor can be reached by email: governor@state.pa.us, phone 717-787-2500 and fax 717-787-8614. You can write to Governor Schweiker at the following address:

The Honorable Mark Schweiker
225 Main Capitol Building
Harrisburg, PA 17120

Time is of the essence, especially given the mounting concern over the availability of revenues. The MH/MR Coalition understands that legislators will be forced to make difficult decisions this budget year. Legislators need to understand the critical situation confronting families and consumers regarding access to services and the importance of continuity of direct care staff. Without a 2% COLA, providers of these services cannot even begin to address these vital issues.

THANK YOU FOR YOUR CONTINUED ADVOCACY!
Your personal contacts do make a difference!

The MH/MR Coalition includes all of the major associations that represent mental health and/or mental retardation provider agencies and counties in Pennsylvania: Mental Health Association in PA (717.236.8110), MH/MR Program Administrators of PA (717.232.7554), PA Association of Rehabilitation Facilities (717.657.7608), PA Association of Resources for People with Mental Retardation (717.236.2374), PA Community Providers Association (717.657.7078), The Arc-PA (717.234.2621), and United Cerebral Palsy of PA (717.761.6129). For additional information, contact any of the organizations listed.
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The following outline highlights the pressures community mental health and mental retardation providers are confronting in Pennsylvania. These pressures intensify to crisis proportions with no cost of living adjustment for Fiscal Year 2002-2003.

The Commonwealth’s failure to relieve these pressures will result in the following: (1) a larger waiting list for services, (2) a decrease in the number of people served, (3) an increase in liability under Olmstead and other lawsuits, (4) the violation of waiver standards and safety regulations, and (5) fewer people moving out of state institutions.

Financial Resources
- MH and MR providers have only one primary payer – the Commonwealth of Pennsylvania, using state and federal dollars. To draw down more federal funds for the program the state is required to put forth more financial effort. The loss of a 2% COLA represents an enormous actual loss to the system and further diminishes the Commonwealth’s ability to draw down more federal funds.
- Private fund raising – The trend since September 11 has been towards decreased funding of local charities. Local charitable contributions to MH and MR agencies have been used in the past to help the State meet its obligation of provided services. The overwhelming growing need for funds was never going to be met by charitable giving and since September 11th, it is clear that this funding source has been compromised.

Human Resources
- This is the largest cost of providing quality services and supports, representing up to 75% of a provider’s budget.
- MH and MR providers are unable to attract, recruit and retain quality direct support staff. Yet there is a need for more skilled staff to meet the complex needs of individuals (i.e. as individuals from state institutions move to community services and supports and there is a decreased reliance on institutions for care.)
- In some other industries, technology can replace workers; in our industry state-required technology is requiring the addition of new workers.

Increased costs of insuring the health and safety of staff and the consumer
- Workers Compensation
- General and professional liability
- Property and casualty liability
- Technology cost increases
- Fuel for heating of facilities
- Fuel for transportation
- Skilled workforce
  - necessary training
  - competitive pay
  - health care insurance
  - overtime to cover staff vacancies

Compliance
- HIPAA – In order to ready themselves for compliance with the protection, privacy and accountability federal standards, MH and MR community providers are spending scarce funding resources to determine their means of compliance through their own legal interpretations, HIPAA consultants and in implementing business practice changes.
- CMS Waiver Review/Renewal – the Commonwealth offered a correction plan for their waiver deficiencies to CMS (formerly HCFA) during a time of economic prosperity. This correction plan may not be realistic in light of the current economic environment.
- Increased documentation and regulatory compliance such as: HealthChoices, Wrap-Around Services, and the Incident Management Bulletin. Implementation of the Incident Management Bulletin alone is anticipated to cost providers more than a 2% COLA.

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More to come – The Department of Public Welfare has stated that additional requirements and costs for providers to interface with the Home and Community Based Services Information System (HCSIS) is simply “the cost of doing business.” DPW remains unrelenting in its efforts to move forward while not providing the basic support of a COLA.

Comments From Community MH and MR providers:

A community MH provider providing services in the Southeast region reports:

*The entire FY2001-2002 2% COLA was used to fund a 22% increase in health insurance premiums. For FY2002-2003, there is another 17% increase in health insurance premiums, with a proposed 0% COLA. Agency staff already pay 50% of the cost of their health insurance premium.*

*The State approves double-digit health insurance premium increases, while approving 0% COLAs to pay for those increases. In addition, fees (revenue) from health insurance companies have not increased during this period.*

A community MR provider providing services in the Northwest region notes:

*Health Insurance alone rose 34% mid year and is expected to rise again by 20% on 1/1/03. Both increases impact this fiscal year. Other insurances (liability, workman's comp etc.) rose 15%. The end result is that insurance increases alone will exceed a 2% COLA for the agency.*

A community MR provider who provides services across the Commonwealth:

- Estimates a loss of $175,000 from the absence of a 2% COLA.
- This loss is added to the $700,066 additional dollars they anticipate spending to comply with state mandates and uncontrollable expenditures.
- These uncontrollable expenditures include an increase from 30% to 50% in property, casualty and liability insurance premiums and a 38% increase over a 2-year period for employee health insurance.

A statewide community MH/MR provider association informally surveyed its membership regarding increased costs in January 2002. Of the responses received from 24 community providers:

- One out of three respondents indicated increases in property and casualty insurance over 25%; two out of three indicated property and casualty insurance increases in the double digits with a range of 10% to 100%.
- Two out of three survey respondents indicated increases in employee benefit costs in the double digits with a range of 11% to 92%.

All three statewide community MH/MR provider associations surveyed their memberships regarding the cost impact of the Incident Management Bulletin issued by the Office of Mental Retardation (OMR). Providers were given 0 additional dollars from the state to implement new business practices and technology requirements set forth in the Bulletin. The cost impact of this Bulletin alone, according to the providers surveyed, will exceed a 2% COLA for their agencies.