

RCPA 2015/16 Budget Recommendations for Health and Human Services

With more than 325 members serving well over 1 million Pennsylvanians annually, [RCPA](#) is among the largest and most diverse state health and human services trade associations in the nation. RCPA members offer mental health, drug and alcohol, intellectual and developmental disabilities, vocational, residential, medical rehabilitation, brain trauma, and other related human services for both children and adults. A statewide organization, RCPA advocates for those in need, works to advance effective state and federal public policies, and provides professional support to members.

Restoring Cuts to County Human Services

Governor Wolf's 2015/16 budget proposal makes a down payment to restore nearly \$84 million to county human services programs, which were cut by 10% in prior budgets, over the next three years.

- RCPA supports increasing the appropriations to county human service programs as follows:

<u>County Human Services</u> <u>DHS Appropriation Impacted</u> <i>(in thousands)</i>	<u>2012-13</u>	<u>2015-16</u>
	<u>\$ cut</u>	<u>\$ restore</u>
Mental Health Services (portion)	\$54,977	\$18,326
ID - Community Base (portion)	\$14,497	\$4,832
County Child Welfare (portion)	\$4,399	\$1,466
Behavioral Health Services	\$4,791	\$1,597
Homeless Assistance	\$2,055	\$685
Human Services Development Fund	\$1,496	\$499
MA Outpatient (portion)	\$1,473	\$491
TOTAL	\$83,688	\$27,896

Supporting Increased Services for Heroin/Opioid Addiction

Governor Wolf's 2015/16 budget proposal increases funding under the Department of Drug and Alcohol Programs (DDAP), Department of Health (DOH), and Department of Human Services (DHS) for drug and alcohol treatment services relating to heroin and opioid addiction.

- RCPA supports increasing DDAP, DOH, and DHS funding for combating heroin and opioid addiction as follows:
 1. An additional \$5 million in DDAP's proposed budget;
 2. \$2.1 million in DOH's proposed budget to monitor the prescribing of opioids; and
 3. \$2.5 million in new state funds under DHS's Behavioral Health Services appropriation.

Sufficient Funding to Comply with the Chapter 51 Settlement Agreement

Towards the end of Governor Corbett's administration, RCPA, along with other organizations, reached an agreement with the prior administration on important changes to the Department of Human Services policies regarding rate setting methodologies (specifically, the vacancy factor and the retention factor). The agreement also provides relief from the potential application of a rate adjustment factor (RAF) through FY 16/17 (A RAF allows the Commonwealth to unilaterally reduce rates midyear).

An improved vacancy factor better recognizes the continuing costs that providers must incur whenever a consumer is absent from his/her residence due to medical or therapeutic reasons. A retention factor affords the ability to retain much-needed savings up to 2% without cuts to their future payment rates.

Funding for the agreement was not specifically identified in Governor Wolf's 2015/16 budget; therefore, RCPA recommends and supports the following proposals to be included in the final 2015/16 budget:

- Any costs related to applications for FY 13/14 and FY 14/15 Residential Habilitation Vacancy exceptions;
- Costs related to the shift from a 97% to a 96% vacancy factor for residential services;
- Costs related to the change in calculation on line 19 of ID providers' cost reports from "available" to "authorized" days; and
- The carrying forward of costs to compensate for up to 2% retention factor.

Funding Concerns related to an Increase in the Minimum Wage

Governor Wolf's 2015/16 budget proposal includes an increase to the Commonwealth's minimum wage. RCPA is 100% supportive of an increase to the minimum wage, because an economic investment in staffing improves recruitment and retention efforts; however, RCPA has serious concerns about the fiscal impact it will have on members.

- An increase in the minimum wage will be an unfunded mandate;
- RCPA members are not Walmart or McDonald's. In fact, many are funded largely or solely through public funds, such as through DHS; therefore, RCPA members cannot increase their prices to consumers to cover the additional costs that an increase in the minimum wage would bring;
- As an example, when California recently moved from \$8 per hour to \$9 per hour, their governor added over \$100 million to cover the cost to providers. The new 2015/16 California budget added another \$64 million for the six months of the fiscal year when the minimum wage rises to \$10/hour.
- There are additional effects; raising minimum wage causes compression of existing salaries, leading to eventual raises for other experienced workers who are right now at or near \$10.10 per hour.

Supporting a Waiting List Initiative

Include a waiting list initiative in the 2015/16 budget for the thousands of individuals whose families need services. The needs of individuals are assessed and defined through a formal process called Prioritization of Urgency of Needs (PUNS). As of December 31, 2014, there were 14,054 people on the ID waiting list. Of these, 4,550 people are in the Emergency Needs Category (Person needs services immediately, within the next six months).

RCPA supports the waiting list initiative, but the waiting list initiative cannot succeed without the proper attention to and sufficient funding of existing IDD services. Individuals on the wait list can only be successfully served if there are providers able to accept them in a quality manner for the appropriate and indicated services.

RCPA requests the General Assembly to help ensure that the aforementioned programs are fully funded and considered when negotiating the Commonwealth's 2015/16 Budget.

Contact [Jack Phillips](#), director of government affairs, at (717) 599-4372 with questions.