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To: Smith, Rick; Ahrens, Kristin; Gilligan, Gloria
Subject: [External] Workgroup

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9/8/2021

Thanks for the discussion today.

When it comes to hours, we need to also look at the SIS payments levels 1 and 2 as well, as in my humble opinion, there are too many scenarios where those rates are high. 3 2's staffed 168 hours/week paid at a minimum 252 hours/week Should an across the board "rate hike" be the rate refresh, that will just exaggerate the issue.

For example, from a provider 990's :
To be fair, I do not know their residential mix of staffing but....

FY	Revenues	Staff	Revenues less Expenses	Margin
FY 2015/2016	23,918,054	?	210,609	0.88%
FY 2016/2017	25,346,243	634	313,951	1.24%
FY 2017/2018	30,167,085	613	2,232,199	7.40%
FY 2018/2019	34,060,255	661	4,078,851	11.97%

So between FY16/17 and 18/19 revenues up \$8.7M, Employees up 27 Profit up \$3.8M

An across the board rate refresh largely built on wages will only make this provider more profitable. Res fee schedules went into effect 1/1/18

Did those 27 (661-634) new staff generate \$8.7M (34.0-25.3) in payments? Or are the fee schedule rates off?

This is why the hours need to be addressed:

When staffing 24/7, when we say 1:3, it takes 4.2FTE's of hours worked (168/40) so you really need like 5 FTE's to account for days off, so it takes 5 DSP's to staff a home 1:X. You need 10 staff to take care of a 2:3 home vs 5 staff to take care of a 1:3 home with a DSP staffing cost increase, alone, in excess of \$210,000 annually (at minimum, 5x15x2080x1.35)

A 2,2,2, home staffed 1:3 pays \$435,968 annually vs a 2,2,4 home staffed 2:3 (because of the one 4) pays \$498,212 annually, an annual increase in reimbursement of \$62k when annual DSP costs are up \$210k+ (from 5 DSP's to 10). Which is why I said the fee schedule will make providers segregate residents. I could have 2 homes staffed 1:3 with reimbursements of \$872k or staff 1 home 2:3 and receive \$498k while basically incurring the same total DSP costs. The fee schedule is incentivizing providers to turn away needy folks from the wait list via its reimbursement hours assumptions. To high on the low SIS (1-2) and to low on the high SIS (3-4).

In this Rate Refresh, DSP pay assumption must "Fix the DSP Crisis" ... "you get what you pay for" (believe it or not, that quote is from way back in the 1400's.)

Bill