



Fee Schedule Rate Recommendations Fact Sheet October 24, 2023

On September 8, 2023 citing the clear and compelling need to invest in our workforce, and his commitment to support individuals and families more effectively across our ID/A community, Governor Josh Shapiro announced that he had ordered an immediate review of the reimbursement rates supporting Pennsylvanians with intellectual disability and autism (ID/A).

TPA and the Pennsylvania ID/A associations representing service providers across the Commonwealth have remained steadfast in advocating for a sufficient, market-based investment in our community system. Together we endorsed and promoted a workforce study to obtain current ID/A employment data including Pennsylvania's Direct Support Professional (DSP) workforce.

On September 29, 2023 TPA issued Recommendations for ODP Rate Review citing the critical elements that must be addressed in the current rate setting process. The following is a summary of those recommendations incorporating the most recent data and information from that study.

1. **Fully Invest in Compliance with Prevailing Regulation.** The Commonwealth must fully invest in the ID/A community and adhere to its own regulation (Title 55, Chapter 6100.571) in the defined process to update the data used to establish fee schedule rates using a market-based approach.
2. **Eliminate the Application of 25th Percentile DSP Wage Data.** The Commonwealth must eliminate its use of the 25th percentile of selected federal wage data in establishing its lower bound wage assumptions. Current wage assumptions also cite the City of Philadelphia and state minimum wage laws to further reduce wage assumptions.
3. **Adopt the 50th Percentile of DSP Wage Data.** Applying the identical Standard Occupational Classification (SOC) codes used in the rate-setting process would yield an investment in rates sufficient to produce a DSP hourly wage in excess of \$20.00. The current average DSP hourly wage is \$16.90. The starting salary for a Residential Services Aide at Selinsgrove is currently \$37,399 - \$51,722 and subject to a 22.1% increase over the next four years under a pending collective bargaining agreement.
4. **Recognize Inflation.** Economically, the reimbursement rates for ID/A services are lagging behind inflation by 16.25%. An additional 0.4% increase in CPI-U has been reported for September 2023 since these recommendations were originally developed. Current reimbursement rates must be adjusted for actual inflation incurred since their inception and adjusted annually thereafter.
5. **Correct Overtime and Replacement Cost Errors.** The Center for Healthcare Solutions "June 2023 ID/A Benchmark Compensation Survey" report published on October 6 identifies a current DSP staff vacancy factor of 23% and an annual DSP turnover rate of 33%. Participating employers reported total hours paid at an overtime premium at 16%. The overtime assumption embedded into current ID/A rates is 5%.
6. **Distribute Investment Equitably.** The previous rate adjustments by service varied from 1-36%. New rates must be equitably distributed to support every Pennsylvanian who needs a DSP to support their care.



7. **Promote Racial and Social Equity.** The composition of the PA community DSP is 72% female and 34% Black or African American. Pennsylvania should consider the DSP workforce racial and demographic profile in developing its pay practices to promote racial and social equity.
8. **Correct Health Insurance Assumption.** The current rate assumption for health insurance monthly expense was reduced from its previous amount of \$617 to \$571 per month. Rate assumptions should rely upon credible industry data and include among its data sources the cost of benefits the state pays for its own workers in similar positions.
9. **Properly Evaluate Administrative Requirements.** Administrative cost in all rates was set at 10% of program expenses as defined in rate assumptions. This factor does not consider the complexity of Medicaid HCBS programs and does not accurately reflect the actual costs incurred by service providers to meet these requirements.
10. **Support People with Complex Needs.** The current rates replaced residential rates effective January 1, 2018. After four years the average rate increase for Needs Group 4, the highest acuity-based rate on the ODP fee schedule, was 8.75%, below the average investment in rates.
11. **Enable Capacity to Address Waiting List.** Every county in Pennsylvania is represented on the PA waiting list, which currently includes 12,880 people. A comprehensive plan must be developed to build the necessary capacity to support every individual and family in need.
12. **Simplify the System.** Simplification must be actively evaluated to reduce and eliminate duplication and non-essential functions and activities that have no direct relationship to quality or outcomes.
13. **Incentivize Technology & Innovation.** Existing technologies and databases must be leveraged for their potential benefits to ID/A services and the individuals who receive them. Rates should incentivize people and organizations to adopt technology that promotes individualized care and greater independence.
14. **Implement Updated Rates Immediately.** In June of this year PA House Bill 611 reduced the Intellectual Disabilities Community Waiver Programs line item of the proposed PA budget in the current fiscal year by \$170 million (\$370 million including federal matching dollars) which could have been used to fund fee schedule rate increases in this fiscal year. After the analysis is completed, rates should be increased immediately retroactive to July 1, 2023.

We urge the Commonwealth to,

- Conduct a full market-based analysis to update rates as required under regulation.
- Fully invest in fee schedule rates based on economic data and its stated goals.
- Ensure rates are adjusted for inflation going forward.
- Implement updated rates retroactively to July 1, 2023.

To review the complete recommendations, a full copy of the ID/A workforce study, and other materials in support of our Direct Support Professional workforce and the many people who rely on them for care and support, please visit our website or contact us directly.

The Provider Alliance
www.provideralliance.org