

ID/A COALITION

THE INTELLECTUAL DISABILITIES AND AUTISM SERVICES COALITION OF PENNSYLVANIA

October 13, 2011

The Honorable Charles Zogby
Secretary of the Budget
238 Main Capitol
Harrisburg, PA 17120

Dear Secretary Zogby,

In response to a question raised during your recent appearance before the Pennsylvania Association of Government Relations, you reaffirmed the entitlement within the Medicaid home and community based waiver program serving people with intellectual disabilities that assures that enrolled waiver participants receive all of the services for which need can be documented. You indicated that stronger gatekeeping is needed in this program to contain the costs of this entitlement.

In accord with your comments, the members of the Intellectual Disabilities and Autism (IDA) Coalition have made several recommendations over the past year in support of control and management of this program. For example, the Coalition has called for prior authorization by the Department of Public Welfare (DPW) of high cost services within this waiver program.

The members of the Intellectual Disabilities and Autism Coalition are now concerned, however, that DPW may be giving serious consideration to new payment policies that would treat providers of waiver services for people with intellectual disabilities much differently from all other major Medicaid providers. We are concerned that payment made to providers of community-based services for people with intellectual disabilities may require these providers to shoulder the costs of increased utilization, whereas no other Medicaid provider group is forced to shoulder the costs of utilization greater than budget projection. Since we are concerned that payment reductions could occur as early as November, we are requesting an immediate meeting with you and DPW officials to discuss this payment policy issue.

Payment policies for hospitals, nursing homes, physicians, pharmacists, and pharmaceutical manufacturers are not tied to changes in the utilization of the services provided by these groups. If the rate of hospitalization of Medicaid recipients, or the severity of hospital care provided to Medicaid recipients, were greater than projected in the budget for these services, Medicaid payment rates to hospitals are not affected. If the acuity of nursing home admissions for Medicaid recipients during a fiscal year is greater than the level of acuity assumed in budget projections, nursing home payment rates are not adjusted to “fund” the increased costs of higher-than-expected acuity payments. If the average number of drugs prescribed by physicians for Medicaid recipients is higher than expected, or if the average cost of drugs prescribed for Medicaid recipients is higher than expected, DPW officials do not expect pharmaceutical manufacturers to pick up the cost of budget projections below actual experience.

In the case of the Medicaid waivers for people with intellectual disabilities, the demand for services is not controlled by the providers. DPW is solely responsible for creating the increased utilization that is exceeding its budget projections. Only DPW and its agents have the authority to prescribe/authorize/order additional services for enrolled waiver recipients, thereby increasing utilization of waiver services. Providers are legally bound by their Medicaid waiver agreements with DPW to provide all additional services authorized by DPW during each fiscal year.

As the IDA (formerly the MH/MR) Coalition pointed out to DPW a year ago, DPW has not designed a data collection system in a way that would enable it to manage the entitlement within this waiver on an ongoing basis. Instead, DPW essentially “flies blind” during each fiscal year, only learning of the increased cost of the authorizations it issued some two months after the close of each fiscal year. The lack of an appropriate management information system has also led to significant under-estimates of the cost of the state’s compliance with the federal entitlement within the waiver. The result is the sudden and dramatic budget gaps that are discovered each September, when final bills for services provided during the previous fiscal year are tallied.

In addition, the members of the IDA Coalition are extremely concerned that payment made to the financially fragile mostly non-profit providers of community-based services for people with intellectual disabilities may force these providers to shoulder the costs of increased utilization actually created by DPW officials as a result of the entitlement within these waiver programs. No other Medicaid provider group is forced to shoulder the costs of utilization greater than budget projection, and it would be grossly unfair to expect this provider group to fund DPW’s authorizations within this Medicaid program.

THE ID/A COALITION CONSISTS OF STATEWIDE ADVOCACY AND PROVIDER ORGANIZATIONS ADVOCATING FOR SERVICES FOR PEOPLE WITH INTELLECTUAL DISABILITIES AND AUTISM IN PENNSYLVANIA.
FOR ADDITIONAL INFORMATION, CONTACT ANY OF THE ORGANIZATIONS LISTED:

PA ASSOCIATION OF REHABILITATION FACILITIES (717.657.7608)
PA WAITING LIST CAMPAIGN (877.372.WAIT)

PA ASSOCIATION OF RESOURCES FOR AUTISM AND INTELLECTUAL DISABILITIES (717.236.2374)
UNITED CEREBRAL PALSY OF PA (717.975.0611)

DISABILITY RIGHTS NETWORK (1.800.692.7443)

PA COMMUNITY PROVIDERS ASSOCIATION (717.364.3280)

THE ARC OF PA (717.234.2621)

Federal Medicaid officials have expressed concern with state waiver policies that tie payment to utilization. Implementing payment reductions in prospective rates based on projections of past utilization increases created by DPW officials may be as problematic as retroactive payment reductions clearly prohibited by federal officials.

Shirley Walker, President and CEO of PAR, is presently serving as Chair of the Coalition, and can be reached at 717-236-2374 or at Shirley@par.net to schedule the meeting we are requesting.

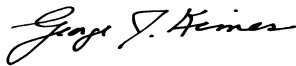
Sincerely yours,



Mark Murphy, Chief Executive Officer
Disability Rights Network of PA



Shirley A. Walker, President and CEO
Pennsylvania Association of Resources
for Autism & Intellectual Disabilities



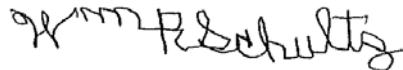
George J. Kimes, Executive Director
Pennsylvania Community Providers Association



Eugene Bianco, President and CEO
Pennsylvania Association of
Rehabilitation Facilities



Maureen Westcott, Public Policy Advocate
The Arc of Pennsylvania



William R. Schultz, Board President
United Cerebral Palsy of Pennsylvania

cc: Secretary Gary Alexander, Department of Public Welfare
Deputy Secretary Kevin Friel, Office of Developmental Programs

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