

Rate Methodology Task Force Provider Meeting  
Recommendations for Other Purchased Services  
February 25, 2015

Frequently Asked Questions

**General**

**Q. Will the PowerPoint from the February 25<sup>th</sup> provider meeting be available?**

A. Yes. It will be posted on the Department of Human Services website as well as PCCYFS and PCYAs websites. The links will be distributed.

**Q. Will the questions and answers be posted with the PowerPoint?**

A. Yes.

**Recommendations regarding the rate methodology for other purchased services**

**Q. Are the March 1<sup>st</sup> and 31<sup>st</sup> dates in effect for this fiscal year 2015 for non-placement services documentation submission?**

A. Because this is part of the recommendations, this is not a requirement, but it is good practice.

**Q. Comment regarding the need for providers to be aware of county-specific needs and data, not only state and federal outcomes.**

A. The Task Force discussed the fact that we have counties tracking outcomes beyond the state and federal outcomes (i.e. individual county needs are being recognized). The Task Force looked at a common set of outcomes and discussed if there should be agreement to look at specific ones. This is what supported the recommendation to form the Outcomes Workgroup that was discussed earlier. The other consideration is cost--diversification comes at a cost. If counties request specific things (like data, outcomes, etc.), there may be an increased cost associated.

**Q. Is there a timeline for beginning the work of the additional workgroups?**

A. A specific timeline hasn't been developed at this time; however, legislation does not have to be approved for this work to begin. If anyone is interested in participating, email the Task Force resource account [RA-PWRateMethodology@pa.gov](mailto:RA-PWRateMethodology@pa.gov) or Carolyn Ellison directly: [c-cellison@pa.gov](mailto:c-cellison@pa.gov).

**Q. How does the budget and the Needs-Based Plan and Budget interface?**

A. The provider's budget submission should be used when the county is preparing their Needs-Based Plan and Budget submission. At the public hearing, providers should be able to determine whether their requests for increases were relayed to the Department.

Follow-Up Q. When attending a public hearing, the county didn't reveal the budget part of the plan.

A. Some counties did not have their actual expenditures of the prior year completed by the time the budgets were submitted (August) and the public hearing was held. This is challenging. The county's budget request is based in part on prior year actual expenditures.

Elaine Kita: Northampton County did something different this year. Rather than having a public hearing, they had their hearing earlier so they could get input from the providers so they could indicate what they could provide and what they needed and wanted.

**Q. There was talk about a review of reasonable cost. Is this at a line item level or at the unit rate level?**

A. It can be at both levels. When the necessary detail is provided, there is value to review both at the line item level as well as a unit level. The counties agree.

**Q. I contract with providers for an hourly rate. To determine that rate, we have to divide the number of units to be delivered by the total cost. Was there any discussion about how to decide how to determine the number of units?**

A. The Task Force did not go down to this level. This is a conversation between the provider and the county. The rate methodology recommendations are not specific to program-funded programs.

**Q. Can you provide more information about program losses? If retained revenue could be capped at maybe 10%, how would the losses and the financial risk taken on by the provider be addressed? The concern is associated when there is a lack of referrals or utilization even if a program is implemented based on a direct request by a county.**

A. The Task Force recognized that additional conversations about retained revenue are needed but felt that a larger group needed to be pulled together to have a more robust conversation on this area. The providers assume the risk of providing a service as they incur costs and may not receive the anticipated number of referrals. There is recognition that providers have incurred losses. Volunteers to participate in this

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**Q. Will OCYF accept requests from counties in this year's Needs-Based Plan and Budget for increased funding in SFY 2016-17 in expectation of increased costs for other purchased services?**

A. OCYF already accepts requests for increased funding for other purchased services as long as justification is provided and it is not merely submitted as a COLA. The provider has to demonstrate their need to the county and provide data to support the increase in costs. This information is then relayed from the county to the state. Additionally, the county has to demonstrate the willingness of the county to contract at an increased rate.

Dan Evancho—It has already been the practice of the county to put the request forward for this. The justification is important.

**Q. Task Force participation provided a learning opportunity on the Needs-Based Plan and Budget process. Counties are entering information from providers in their Needs-Based Plan indicating that costs have been going up. The data show the actual costs of care and what the true costs of care are. Is there a mechanism in the NBPB that we may not be taking advantage of to show these increases in services that are ongoing? What can we do right now to take advantage of this?**

A. Northampton County includes their providers in preparation for the Needs-Based Plan and Budget process. Providers can open the conversation now. Counties are looking at their providers and their data trends, and determining what justification they need to provide to the Department to support their Needs-Based request. The process is very data-driven. This helps justify the request.

Dan Evancho—What Allegheny County realized is the power and the potential of the Needs-Based process and how they had not been taking advantage of what it can potentially provide. It is what you put into it—using a cost report, data on certain items—service necessity, data, etc.; providers' requests will be represented to the state through the county with the documentation.

Gloria Gilligan—If that information comes to the state, the state asks for the counties commitment to increase the rates to the provider.

Roseann Perry—(Her office reviews the Needs-Based submissions). Part of the review process is through September and October and there is communication with the county. There is discussion in regards to the county commitment to fund the increases and to contract for those increases. Her office is measuring and looking at the contract commitments.

**Q. There is indication that kids are being under-serviced in those SPEP pilot counties that are being reviewed. Will this (duration and dosage of the service) be taken into consideration as rates are being negotiated?**

**A.** Keith Snyder had contacted the Department about this. They discussed SPEP and a dosage increase consideration. Bob Stanzione, part of the Task Force and also the SPEP pilot, provided information to the Task Force. More specific conversation will occur on this topic. If the documentation can support an increase in dosage, we can look at this. Additional clarity will be provided going forward.

**Q. 55 Pa. Code § 3170.84(a)(2) offers the county the ability to negotiate and set rates by bid or rate of service. If you are looking for bids between a certain rate range, how are you looking at this?**

**A.** The provider has the option to respond to an RFP. This should also be connected to the conversation around quality and outcomes. The bottom line is that this is a negotiation. If the county reduces the rate without addressing the actual costs of the service, it's up to the provider to determine if they are willing to negotiate. Counties should define what they want, and define the deliverables and understand that expectations have costs associated; i.e., quality outcomes come at a cost. This is a risk to the provider and comes down to the ability of the provider to deliver the service. Providers know they will be held accountable and outliers in the field will possibly be eliminated. The private provider community is creative in providing services.

Cathy Utz—we are not asking legislatively or administratively for a similar packet submission as we do for placement services. Through the Needs-Based Plan and Budget submission, the county will justify the rate they are negotiating with the provider.

**Q. The Task Force stressed the ability of the providers to negotiate with the counties. Many of the contracts have language that indicates they cannot negotiate a different rate.**

**A.** The Department approved the waiver request of 55 Pa. Code § 3170.84(a)(2). There is no state requirement in effect. This is a point of education and documentation—the waiver was distributed last year (March 21, 2014).

**Transition year plan for FY 15/16 regarding review of out-of-home placement providers pre-contractual budget documentation**

**Q. Knowing it takes time for providers to compile fiscal documentation and that legislative authority for a continuing contract review process in SFY 2015-16 may**

**not be granted until July, if a provider voluntarily wanted to submit information to OCYF for review for SFY 2015-16 could they do so at this point in time?**

**A. Absolutely, providers can do this voluntarily.**

**Q. Is a Time Study template available?**

**A. There is a template being used by the providers participating in the time study pilot. If you are interested in volunteering in the pilot, email the resource account: [RA-OCYFContracts@pa.gov](mailto:RA-OCYFContracts@pa.gov).**

**Q. Can we contract with providers in SFY 2015-16 at the SFY 2014-15 rates until their SFY 2015-16 packets are approved? If so, are we required to go retroactive to July 1<sup>st</sup> or is this up to the county?**

**A. This has always been an accepted practice from a state perspective as long as it adheres to the county's policies and practices. There is no state requirement regarding this.**

**Q. If a provider chooses to voluntarily submit pre-contractual budget documentation for a review of allowable costs in SFY 2015-16, what packets should be used?**

**A. If a provider completed a budget packet for SFY 2013-14 or SFY 2014-15, the same forms can be utilized. For those providers who have not submitted a packet since SFY 2012-13, the forms have changed and providers should contact the resource account: [RA-OCYFContracts@pa.gov](mailto:RA-OCYFContracts@pa.gov).**

**Q. If a county contacts the provider and indicates they will not support any rate increases, what options does the provider have to request an increase in rate?**

**A. The packet includes the actual and projected costs of the provider. If a provider determines that the previous contracted rate does not allow them to meet the county's program service needs, the provider can request an increase in the rate and use the packet to support the request. If the county will not negotiate an increased rate for whatever reason, the provider can always respond by asking what services the county is willing to remove from the contract, as the same level of service cannot be provided at the current rate. Keep in mind that if the maximum federal and state participation levels determined through the review of the packet increase, it does not automatically mean that the county will negotiate an increased contract rate.**

**Q. But the county will only be reimbursed at the current state maximum rate?**

A. If a county enters into a contract extension of the existing rate, which is greater than the maximum allowable rate, the costs above and beyond the maximum allowable rate are not reimbursable by the state. Voluntary submission of pre-contractual budget documentation may result in an increased federal and state maximum participation level if the overall costs have increased.

**Q. What happens if the county extends the contracted rate used in SFY 2014-15 and after a review of the packet is completed for SFY 2015-16, the maximum participation levels are lower than the SFY 2014-15 rates? Will the difference be considered county cost?**

A. Melissa Erazo—This will be very county specific. We have seen scenarios where counties have language written into their contracts that indicate the county can go back and negotiate a lower rate. There are also other contracts that indicate that this cost would indeed be borne by the county.