

## Budget Hearings Recap

### Summary

During the week of March 4, DHS Secretary Arkoosh, DHS deputy secretaries, and DDAP Secretary Davis-Jones testified before the Senate and House Appropriations Committees. RCPA was contacted by various state senators and representatives about our policy issues, and requested that RCPA draft and submit these issues to legislators. Legislators from both chambers addressed a number of these areas, thereby getting the secretary on “record” about our issues and how DHS/DDAP will proceed, with regard to implementing various policies related to IDD, mental health, substance use, brain injury, and physical disabilities. Below you will find a summary of DHS’ and DDAP’s testimony from the Senate and House budget hearings.

### Behavioral Health | Substance Use Disorder Treatment Services

On behalf of its SUD treatment provider members, RCPA virtually attended the Department of Drug and Alcohol Program’s (DDAP) House Appropriations Committee hearing, as well as the Department of Human Services’ (DHS) Senate and House Appropriations Committee hearings.

#### ***Legalization of Recreational Marijuana***

In each of the three hearings, legislators asked for details and whether either of the secretaries had concerns with legalizing adult use recreational marijuana. Secretary Arkoosh was asked whether she anticipate an increased need for SUD treatment with legalization, and she said she did not.

Governor Shapiro’s budget proposes legalization of adult use cannabis effective July 1, 2024, with sales within Pennsylvania by January 1, 2025. He expects annual revenue from marijuana sales to reach \$250 million annually.

#### ***Administrative Burden/Regulatory Reform: Centers of Excellence***

In each of the three hearings, administrative burden, regulatory reform, and inconsistent policies and requirements across behavioral health managed care and single county authorities were raised. Most specifically, significant questions were raised in DHS’ House hearing about how these issues are affecting the effectiveness and integrity of the commonwealth’s Opioid Use Disorder Centers of Excellence.

#### ***Other Issues***

Other relevant topics brought up during the hearings included questions about expanding length of stay in residential treatment, syringe service programs, proposed funding for DDAP’s Recovery Division, implementation of a central registry for opioid treatment programs, use of the commonwealth’s 15 percent of the opioid settlement funds, and DDAP’s work to address the xylazine crisis.

### Behavioral Health | Mental Health & Children’s Services

The budget testimony of DHS Secretary Arkoosh’s allowed for responses to questions regarding Governor Shapiro’s address and proposed budget in February.

#### ***Children’s Complex Care***

The issue of children’s complex care and the lack of detention beds and treatment access was addressed by Secretary Arkoosh, citing the department’s increased residential capacity for youth in the juvenile justice system by opening two new secure placement facilities. Another area discussed was the department’s expanded use of peer specialists and individuals with lived experience to create access to care and the expansion of the behavioral health workforce. RCPA is supporting this critical workforce initiative with OMHSAS through increased peer training centers and the development of a new bulletin.

## ***Mental Health Funding***

The House budget testimony provided a sharp focus on mental health funding in addressing community-based services for the diverse needs of individuals seeking treatment; including those entering the crisis response systems. While Secretary Arkoosh lauded the governor's \$20M investment in county-based mental health funding, it falls short of the projected \$250M needed, as outlined by the counties. The \$20M is to be allocated across all 67 Pennsylvania counties, and only represents a 4% increase over last year's budget, despite an increase in the number of those seeking treatment.

## ***School-Based Mental Health***

The House Education Committee addressed the funding of school-based mental health, as the Pennsylvania Department of Education (PDE) responded to questions on the governor's proposed \$100M dedicated to student mental health. Lawmakers questioned PDE's plan for fund utilization and a coordinated strategy. The testimony provided in the hearing did not fully address an implementation strategy, though several legislators did present elements of the RCPA House Education Committee school-based mental health recommendations; including building on current partnerships with existing community-based mental health structures and prioritizing the rebuilding of student assistance programs (SAP) in schools. View the RCPA testimony [here](#).

## ***Proposed 2024/25 Mental Health Budget***

- \$100M – to fund school-based mental health services through PDE.
- \$20M – to replace nonrecurring prior-year carryover funding.
- \$5.7M – initiative to expand diversion and discharge for individuals with mental illness currently in the criminal justice system.
- \$18.2M – to continue current programs.
- \$20M – to restore one-third of base funding to counties.
- \$3.4M – to replace federal funding received in 2023/24.
- \$15M – for crisis services funding initiative to maintain walk-in mental health crisis for COVID-19 response stabilization centers, serving multiple counties, and initiative to provide support to the 988 network for mental health services.
- \$1.2M – to annualize prior-year expansion of home and community-based services.
- \$1.6M – initiative to provide home and community-based services for 20 individuals currently residing in state hospitals.
- \$305k – to annualize prior-year expansion of diversion state hospitals and discharge programs.
- Total proposed mental health appropriations: \$85.6M.

## ***Early Intervention***

- Early intervention services were not mentioned or referenced during these hearings; continued advocacy to bring early intervention issues to the stage is warranted. RCPA will continue this strategic work in collaboration with the Part C Early Intervention Task Force and other stakeholders.

## ***Intellectual/Developmental Disabilities***

### ***Multi-Year Growth Strategy for ID/A Services***

Secretary Arkoosh expressed her enthusiasm regarding the governor's bold proposal to end the adult ID/A emergency waiting list with a multi-year growth strategy to expand the home and community-based program capacity. The goal is for individuals with intellectual disabilities or autism to get the "right services at the right time." This transformative opportunity for the Commonwealth starts in this budget year by reallocating dollars available at this time for some retention and other workforce strategies that can happen between now and the end of this fiscal year. ODP is also releasing some additional waivers this year, in both the community living and consolidated waiver programs. The governor directed ODP to do a rate reassessment a year early, which showed that **indeed there was need for a rate increase, in particular to increase**

**wages to the direct support workforce.** The secretary expressed her appreciation for direct service providers and the essential work they do.

Rep. Stephen Kinsey shared that the Human Services Committee will be hosting a hearing, in order to facilitate an open conversation regarding the importance of providing livable wages for the direct support professionals and allowing them to have work/life balance. The goal is to improve their ability to stay in these positions and provide a stable workforce to serve people with ID/A.

Secretary Arkoosh also discussed the possibility of reviewing/refreshing rates for services more frequently than every three years. Providers are passing rate increases along to direct support workers, as evidenced by the rate of pay to these workers having increased an average of about \$2.65. The expansion of service is dependent on providers having enough workers to fulfill the needs of individuals on the waiting list. The governor is jump-starting this process by releasing additional waivers this year in our 23/24 budget, while keeping us still within budget, and then adding additional waivers for 24/25.

### ***Performance-Based Contracting (Selective Contracting)***

Selective contracting is projected to begin in January. The largest portion of the \$483M in the budget for rates will be dedicated to increasing the fee schedule effective in July. Secretary Arkoosh did explain that \$22.2M of the \$417M in state funds will be used to implement the performance-based contracting components in January 2025. She also stated that the plan is to implement selective contracting with a very “soft” start. Almost all providers will still be able to participate in the program, unless their status is already in jeopardy due to poor performance. Pennsylvania is doing something that other states have not done in this way. There will be a formal proposal for submitting to the federal government that will be out for public comment at the end of April. Some of the very specific target numbers for the proposed performance measures will be part of what's published in April.

### ***HR 212 Legislative Report***

Senator Frank Farry asked Secretary Arkoosh about the department’s plans in response to the joint state government commission report recommendations that highlight some serious concerns.

Secretary Arkoosh had not yet had the opportunity to read the report. Deputy Secretary Ahrens commented that the department is still working through it due to its length, and there are some plans that are currently underway, along with concerns that ODP will have to take into consideration for what they will do to address the recommendations.

Senator Farry stated that he would like to work with ODP moving forward, to help ensure that choice is available to individuals with disabilities. The first recommendation is to promote freedom of choice; the desires and needs of individuals should be paramount in all decision making. He would like to ensure that the rate-setting process allows for multiple options for individuals receiving services.

Deputy Secretary Ahrens stated that ODP does support campus type settings and intermediate care facilities. In terms of the day programs, she stated that the onus is on all of us providing Medicaid-funded services to ensure that every individual has an opportunity to participate in the community. So while individuals don't have to be outside of facility-based services, the provider is required to routinely offer activities in line with an individual's interests and preferences.

There will be continued conversation with the department and stakeholders in developing a response to this report.

## **Brain Injury**

### ***Funding for Brain Injury Services***

DHS was asked about funding for brain injury services. It was confirmed that the budget proposal does not include any specific increases. DHS is under the assumption that the changes to rates that go to the CHC-MCOs are passed on to the providers. This has not happened. There were then questions regarding oversight of the MCOs from OLTL.

Since rates have not been adjusted since 2011 (with the exception of a one-time 3% adjustment for residential habilitation services only), those rates are not sufficient for providers to cover their costs and not

enough to be competitive in the labor market — particularly for getting and retaining direct care workers. Some providers are no longer accepting CHC clients and some have closed or consolidated with other organizations.

Secretary Arkoosh mentioned the vacancy factor change that was made in 2019 from 12 hours to 8 hours. However, that was not a rate increase. That change allowed the providers to bill for the services they actually provided and had to pay staff for this time.

### **Waitlists**

The issue of BI residential habilitation providers having waitlists was brought up a number of times but not directly addressed by Secretary Arkoosh. When asked about providers having waitlists and individuals not receiving the services they need, she replied, “If they’re in Community HealthChoices, let us know and we’re happy to make sure that you know, everything’s being done properly that their needs are being met.”

Providers have been sharing their concerns about the waitlists with OLTL for over a year. OLTL has requested examples to be sent to them and this has been done. The number of providers who are willing to work with CHC and OLTL continues to decrease, because the current rates cannot meet the costs to provide services. As this continues, and as more programs close, the waitlists are anticipated to grow even further.

### **Education and Information Sharing**

When asked about similar services being offered with both IDD and Residential Habilitation brain injury providers under DHS, Secretary Arkoosh commented that IDD individuals have a lifetime of service needs, while the brain injury population acquire a brain injury at some point in their lives, so their needs and services are very different. On the contrary, a brain injury is a lifelong condition as well.

- A lack of parity exists between ODP and OLTL.
- Similar services offered, with both falling under DHS.
- IDD receives rate increases (proposed 12% increase in budget), while BI has not (since 2011).

### **Physical Disabilities & Aging**

#### **Governor Shapiro Proposed Budget Highlights / Impact on PD&A Services**

The proposed budget allocates over \$450M in additional spending to Community HealthChoices; however, none of these are intended as rate increases for services, but focus on the increase in the number of participants. It introduces a requirement for rate review / refresh for personal assistance services. RCPA, in partnership with the Coalition for Choice, is advocating for the rate refresh to be applied to all services — see below.

- A reduction in the funding of the OBRA and ACT 150 waivers due to a decline in participants;
- Over \$31M for additional MCO funding;
- No additional staff designated for OLTL of the 10 additional DHS positions; and
- \$11.7M for Aging Master Plan, now the Aging Our Way plan.

Moving forward, RCPA will continue to advocate for a legislatively mandated rate review for all the services in the OBRA and CHC waivers.

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### **About RCPA:**

With close to 400 members, the majority of who serve over one million Pennsylvanians annually, Rehabilitation and Community Providers Association (RCPA) is among the largest and most diverse state health and human services trade associations in the nation. RCPA advocates for those in need, works to advance effective state and federal public policies, serves as a forum for the exchange of information and experience, and provides professional support to members. RCPA provider members offer mental health, substance use disorder, intellectual and developmental disabilities, children’s, brain injury, criminal and juvenile justice, medical and pediatric rehabilitation, and physical disabilities and aging services, across all settings and levels of care.