REHABILITATION & COMMUNITY PROVIDERS ASSOCIATION

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Introduction

Thank you, Chairmen Williams and Heffley and members of the House Human Services Committee, for the opportunity to submit written testimony on House Bill 1939 (H.B. 1939) on behalf of the Rehabilitation and Community Providers Association (RCPA) and its membership. RCPA represents provider organizations across Pennsylvania that deliver essential Intellectual Disability and Autism (ID/A) services, behavioral health programs, and physical rehabilitation services. RCPA has long advocated for a meaningful market index or cost-of-living adjustment (COLA) mechanism to ensure that ID/A service rates keep pace with inflation. Under current practice, rates for these critical ID/A services are re-evaluated through a statutorily mandated market study conducted only once every three years. Because nothing in existing law mandates interim adjustments, rates regularly stagnate between studies, leaving providers unable to compete for Direct Support Professionals (DSPs), worsening the workforce crisis.

We strongly support the intent described in the co-sponsorship memorandum for H.B. 1939: **establishing a reliable mechanism to update rates annually using the Consumer Price Index during the years between comprehensive rate studies**. However, as currently drafted, H.B. 1939 falls short of delivering a true market-based index. Instead, it preserves the funding status quo while placing significant new administrative and financial burdens on private providers.

To ensure H.B. 1939 achieves its stated goal, RCPA offers four essential components that should be incorporated into the legislation.

Four Core Components Needed to Fix H.B. 1939:

1. **The Rate Index Must Be Mandated and Funded, Not Purely Discretionary**

   In its present form, H.B. 1939 caps the annual index adjustment to the amount specifically appropriated by the General Assembly. Furthermore, it suspends the index entirely in years when the Department of Human Services (DHS) conducts a rate study. An index that only takes effect when the legislature separately chooses to fund it does not change how rates are currently set; in fact, it codifies current practice.

   To create a dependable system, the annual inflationary increase must operate as a statutory obligation rather than relying on an uncertain annual discretionary appropriation.

2. **The Legislation Must Name a Specific Inflationary Index**

   H.B. 1939 references the "Consumer Price Index" generically. Because various CPI measures exist (differing by population, region, and goods measured), failing to specify an exact metric leaves rate calculation entirely to administrative discretion.

The bill should explicitly designate a named, standard economic metric (e.g., CPI-U Mid-Atlantic Region or an equivalent health-and-human-services cost index) to ensure predictability and transparency.

3. **The Commonwealth Must Annually Publish the Actual Rate of Inflation and Cumulative Shortfalls**

   H.B. 1939 currently requires DHS to publish only the funded percentage increase. If inflation runs at 3% but the budget funds only 1%, the public record will reflect only the funded 1%, masking the true gap.

   To serve as a meaningful transparency tool, the law must mandate that the Commonwealth publish three numbers annually (including during rate study years):

   a. The actual rate of inflation based on the named index;
   b. The percentage increase actually funded; and
   c. The cumulative shortfall/gap between inflation and actual funding since enactment.

4. **Rate Adjustments Must Allow Provider Discretion Over Cost Deployment**

   H.B. 1939 mandates that 100% of any rate increase be applied exclusively to DSP base wages. It empowers DHS to set an administrative wage floor without public comment or appeal rights, imposes financial penalties for deviations, and creates expanded reporting requirements. While wages are the largest single cost component, this rigid mandate restricts providers from directing funds toward health insurance benefits (vital for retaining experienced staff), addressing severe wage compression, upgrading physical locations/RAMP access, or investing in modern technology that helps compensate for workforce shortages.

   The Commonwealth sets the service rate, but operational decision-making must remain with the organizations delivering the care. Providers should be given the flexibility to deploy rate adjustments across the full spectrum of operational costs, including employee health coverage, physical plant safety, technology, and wage structure adjustments.

Conclusion

RCPA and its member organizations stand ready to partner with the General Assembly to pass a genuine, working market-index law. H.B. 1939 addresses a critical legislative need, but without key amendments, it maintains the funding status quo while increasing administrative controls over the provider community. We respectfully ask the House Human Services Committee to consider the four amendments outlined above. RCPA is prepared to assist committee staff by providing specific amendment language to incorporate these principles into H.B. 1939.

We appreciate the opportunity to comment, and we look forward to working with the Committee and the Committee staff on this issue.

Very truly,

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