

PERFORMANCE-BASED CONTRACTING RESIDENTIAL SERVICES MANUAL



Office of Developmental Programs
Pennsylvania Department of Human Services

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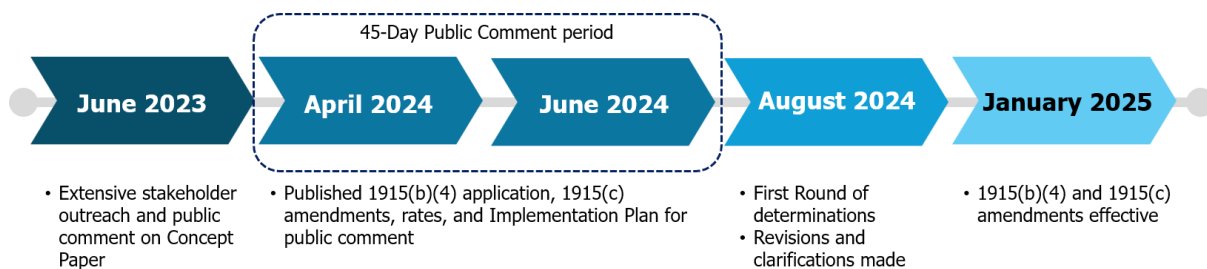
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Background

In 2023, the Commonwealth of Pennsylvania’s Department of Human Services, Office of Developmental Programs (ODP) engaged in systems change to improve the quality and sustainability of services. Figure 1 depicts a historical timeline of performance-based contracting milestones. ODP sought broad stakeholder input on the approach to systems change with extensive stakeholder outreach and a public comment period on a Concept Paper in June 2023. ODP then published the proposed 1915(b)(4) application, 1915(c) amendments, rates, and Implementation Plan for a 45-day public comment period April 20, 2024 to June 4, 2024. Significant revisions and clarifications were made to policy and procedure as a result of the 45-day public comment period and feedback from the first round of tier determinations that occurred in August 2024.

Figure 1

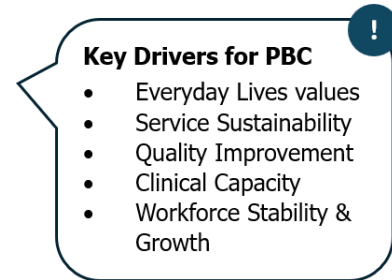


ODP uses a statewide 1915(b)(4) Selective Contracting waiver for residential services, including Residential Habilitation, Supported Living, and Life Sharing, which are currently offered in the Consolidated and Community Living 1915(c) Waiver programs. This change in residential services was implemented in January 2025. Additionally, ODP began using a 1915(b)(4) Selective Contracting waiver for supports coordination in the Medicaid State Plan, Consolidated, Person/Family Directed Support, and Community Living Waivers in January 2026. The program is referred to as **performance-based contracting, or PBC**.

The Centers for Medicare and Medicaid Services (CMS) describe the 1915(b)(4) waiver as follows: “Section 1915(b) of the Social Security Act gives the Secretary of Health and Human Services the discretion to waive a broad range of requirements included in Section 1902 of the Act as may be necessary to enable a State to implement alternative delivery mechanisms for its Medicaid program.”

“Subsection (b)(4) permits a State to restrict the provider from whom Medicaid beneficiaries receive services as long as such restrictions do not substantially impair access to services of adequate quality where medically necessary. This statutory authority (as well as implementing regulations at 42 CFR §431.55) can be used in both fee-for-service as well as managed care arrangements.”¹

ODP’s decision to implement performance-based contracting was based on multiple reasons. The values set forth in the [Everyday Lives document](#), as well as ODP’s goals around service sustainability, quality improvement, improving clinical capacity to serve individuals with complex needs, and implementing strategies that support workforce stability and growth are all key drivers of this initiative.



Through performance-based contracting, providers are held to quality and care coordination standards that are in addition to the requirements for providers outlined in a typical 1915(c) waiver. Performance-based contracting requires continuous quality improvement of services for individuals. While performance-based contracting is used for both residential services and supports coordination services, this manual is specific to residential services.

Continuous Quality Improvement

Continuous quality improvement supports both individual and systems outcomes. Figure 2 depicts how residential performance standards are connected to focus areas: sustainability, workforce, responsiveness, and clinical capacity. Continuous quality improvement requires tracking, understanding, and using data to identify and act on quality improvement opportunities, as well as to measure progress on quality improvement projects. ODP anticipates adjusting standards in the future as the process of tracking and using the quality improvement data matures.

Performance standards have been selected specifically to address the areas identified in Figure 2.

¹ [Preprint Overhaul Instructions – Outline \(medicaid.gov\)](#)

Figure 2



Sustainability

In March 2026, 11,500 individuals were on a waiting list for ODP Home and Community-Based Services (HCBS) and there was a Direct Support Professional (DSP) vacancy rate of 18%². ODP's service delivery model must continue to evolve to meet the needs of individuals served by ODP in more cost-effective ways that also reduce the burden on traditional staffing models while providing greater opportunities for inclusion for individuals receiving services. Focusing on the following areas will promote better sustainability of the system.

- **Continuum of Residential Services:** Ensuring individuals have options to be supported in Life Sharing and Supported Living is essential. These models of service are less restrictive, less costly, receive greater satisfaction ratings from individuals and families, and generally require less traditional staffing than Residential Habilitation in a licensed community home.
- **Employment:** Competitive integrated employment is a centerpiece of adulthood and must be available for every individual. The benefits of employment for individuals with disabilities are

² Center for Healthcare Solutions *ID/A Benchmark Compensation Survey April 2026*

significant and are the same as for individuals without disabilities. Employment contributes to confidence, meaningful community engagement, and higher income. It also may support cost-savings in the system.

Workforce

Addressing workforce issues requires a multifold approach.

- **Stability:** By tracking and sharing data on staff vacancy and turnover rates, providers and ODP can use data to identify more effective strategies for staff retention.
- **Reformed Payment and Billing:** Rate add-ons and pay-for-performance (P4P) support higher DSP wages, better training, and staff retention. Better training enables DSPs to serve individuals with more complex needs and lead to better outcomes for individuals.
- **Credentialing:** Professionalization of the workforce by implementing competency-based credentialing improves the quality of services. Credentialing creates opportunities for portability of staff training, has been shown to improve job satisfaction, and results in the development of a more direct connection between wages, skills, knowledge, and ethics.
- **Technology:** For every individual, Individual Support Plan (ISP) teams should explore whether there are technology solutions that support better health, safety, and greater independence.

Clinical Capacity

The acuity of support needs of individuals who receive HCBS from ODP has been increasing over time and is expected to continue to increase. Building clinical capacity within the residential program will enable individuals with complex needs to have their needs met by clinically capable teams.

- **Clinical Knowledge:** Residential providers should have clinical teams in place that ensure individuals have homes that provide therapeutic and restorative environments. Additionally, providers should sustain or develop relationships with health partners to improve clinical outcomes.
- **Trauma-informed practices and Crisis Intervention Training:** Residential providers should have organizational approaches and comprehensive staff training on evidence-based trauma-informed care and crisis response to meet individual needs and minimize the use of restrictive

procedures. If staff must use restrictive procedures, staff must be trained in procedures that use physical intervention or restraint as a last resort.

- **Wellness:** Wellness describes overall well-being across multiple dimensions, including emotional, physical, occupational, intellectual, financial, social, environmental, and spiritual aspects of individuals' lives. Residential providers should have a planful approach to supporting individuals and staff to recognize the various areas of wellness, to identify activities within the areas of wellness meaningful to the individual, and to pursue the areas selected by the individual.

Responsiveness

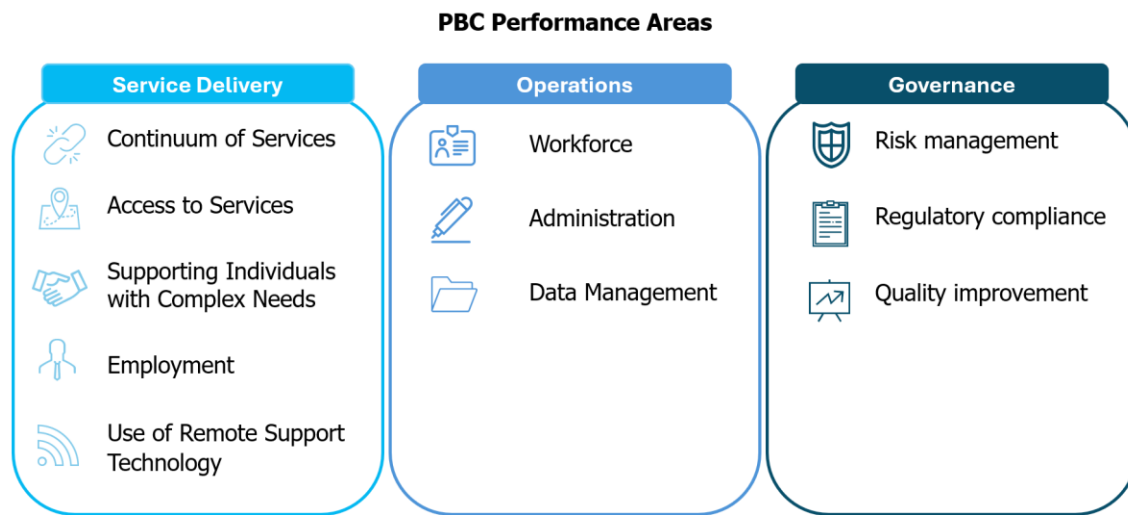
Ensuring responsiveness in residential services requires maintaining sufficient capacity to serve individuals who need residential services, initiating services in a timely manner, and engaging families to improve individual outcomes.

- **Access to Services:** Changes to the referral and discharge process and policy improve access to residential services that can effectively meet the needs of individuals. Changes include referring individuals to providers that can meet their needs, tracking and using data regarding referrals and discharges, and establishing timeframes for service delivery.
- **Family Engagement and Satisfaction:** Most individuals have family involved throughout their lives. Respecting and supporting familial relationships are crucial elements in a responsive and quality service delivery system.

Residential Service Performance Standards

Performance-based contracting includes quality measures and a payment structure that supports the sustainability and long-term vision for the residential system. Providers are evaluated in the following performance areas shown in Figure 3 below:

Figure 3



Performance measures are published annually in [ODP Bulletin 00-24-01](#).

ODP monitors, supports, and evaluates providers' progress toward meeting these standards each year. Over time, this allows ODP to streamline the performance standards with other processes such as QA&I, provider qualifications, and licensing. ODP annually assigns each provider a tier based on the provider's performance. ODP monitors individual and aggregate provider performance to determine if providers meet the identified measures within each performance standard. ODP continues to make refinements to measures and targets as more data is obtained and aggregate performance improves. Measures are reviewed and adjusted on an annual basis, not more frequently.

Annually, ODP assigns each provider a PBC tier based on their performance against PBC standards. These standards are revisited and may be revised each year.

The [Residential service measures and process details](#) are updated and published on an annual basis in advance of the PBC submission window. Some measures are applicable to all tiers, some are applicable to only Select and/or Clinically Enhanced tiers.

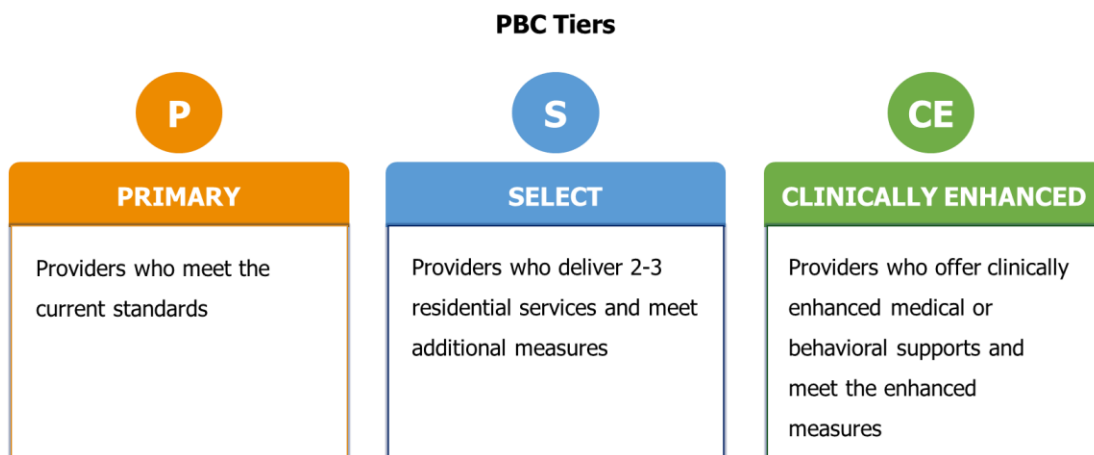
The Information Sharing and Advisory Committee (ISAC) continues to evaluate the elements in performance-based contracting using the principles outlined in Everyday Lives Recommendation 13 (evaluate future innovations based on everyday lives principles) as a guide.

PBC Residential Services Tiers

As part of the annual process to evaluate performance, providers that intend to continue rendering ODP residential services funded through the Consolidated or Community Living waivers are required to submit documentation using MyPBC Portal to demonstrate their performance in the areas described below, which are outlined in [Attachment 2](#) of [ODP Bulletin 00-24-01](#). Additionally, ODP uses data from a variety of sources including but not limited to: participant experience surveys, claims, incident management, and health risk screening. ODP evaluates each provider's performance against the established measures and determines the tier in which the provider is placed.

Providers are placed in one of the following tiers, depicted in Figure 4 below, based on their performance relative to the published performance measures for that contract period:

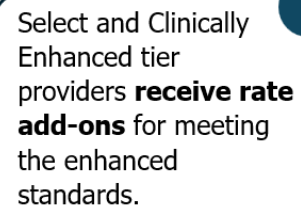
Figure 4



These tiers enable ODP to track provider performance for the purposes of contracting and link to rate add-ons. Tiers identify which providers have staff who have greater experience, training and credentials, and are staffed to best support individuals with complex needs. As performance standards are achieved over time, quality and capacity to serve individuals is expected to improve.

Providers in all tiers continue to receive fee-for-service (FFS) unit rates. In addition to the FFS unit rates, providers in the Primary, Select, and Clinically Enhanced tiers are eligible to receive incentive payments through Pay-for-Performance (P4P) initiatives for achieving established performance outcomes.

Providers in the Select and Clinically Enhanced tiers receive rate add-ons for meeting the enhanced standards for that tier. Tier assignments are recorded in PROMISe™ and rate add-ons are automatically applied to applicable service claims.

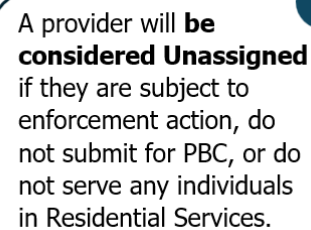


Select and Clinically Enhanced tier providers **receive rate add-ons** for meeting the enhanced standards.

“Unassigned” Status

The provider will be assigned to the Primary, Select, or Clinically Enhanced tier as described above **unless:**

- A. The provider does not meet measure RC.01³ at the time of tier assignment, or
- B. There is insufficient information available to evaluate the provider’s performance for tier assignment, for reasons including but not limited to the below:
 1. The provider did not submit for tier assignment, or
 2. The provider is not rendering residential services to any participant enrolled in the Consolidated or Community Living Waivers as of December 31st of the previous calendar year.



A provider will **be considered Unassigned** if they are subject to enforcement action, do not submit for PBC, or do not serve any individuals in Residential Services.

Providers that are Unassigned at the beginning of the contract period will remain Unassigned for the duration of the contract year and will receive FFS unit rates without rate add-ons.

A provider that becomes Unassigned **during the contract period** will remain Unassigned for the remainder of the contract year. In this case, the provider will continue to receive the rates associated with its previously assigned tier for the current contract year, including FFS plus rate add-ons, if applicable.

³ Demonstrate regulatory compliance with 55 Pa. Code Chapters 6100, 6400 and 6500, as applicable

Providers who remain Unassigned at the beginning of the next contract period may be subject to termination or nonrenewal of their Residential Provider Agreement, in which case they will be prohibited from rendering residential services in the Consolidated or Community Living waivers.

Contracting

Provider Agreement

To render residential services funded through the Community Living and Consolidated waivers, residential providers must sign a *Residential Provider Agreement*. The *Residential Provider Agreement* outlines the additional requirements for participation as an enrolled provider of ODP residential services including the tiers, performance standards for each tier, and corresponding data submission requirements as described in this document and the applications for the 1915(b)(4) and 1915(c) amendments to the Consolidated and Community Living Waivers.

Residential providers without a signed *Residential Provider Agreement* are not qualified to provide residential services funded through the Consolidated or Community Living Waivers.

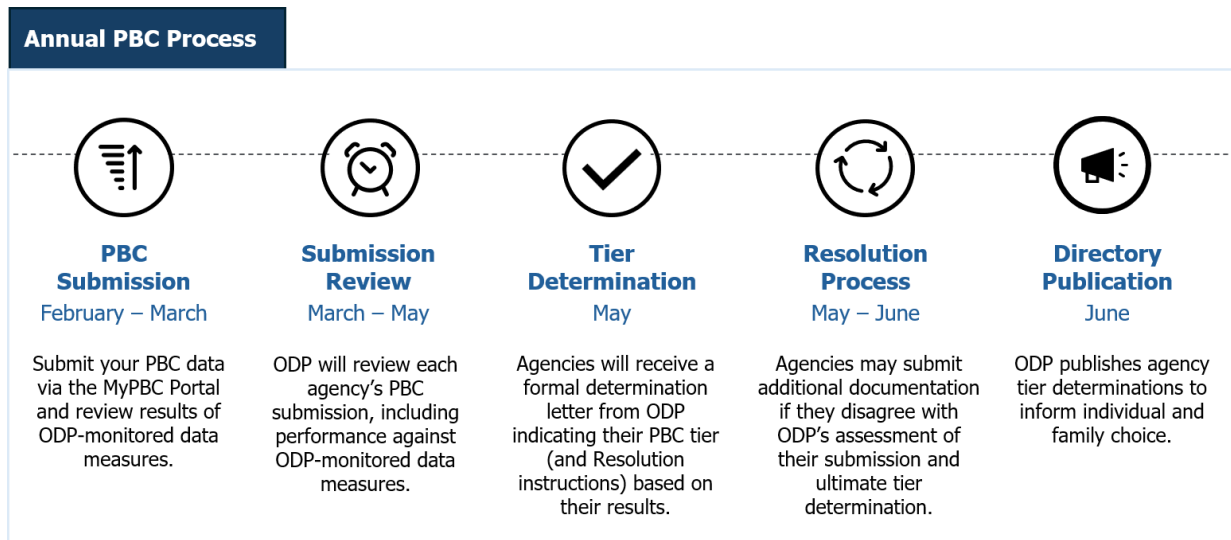
PBC Data Submission & Tier Determination Process

Residential providers with a signed *Residential Provider Agreement* will submit data and documentation for tier determination annually, which occurs between January to July. As part of the tier determination process, providers complete a PBC submission using [MyPBC Portal](#). Additionally, ODP will use provider data from participant experience surveys, claims, incident management, health risk screening, licensing inspections, and data collected by the Administrative Entities, to evaluate each provider's performance against established standards. ODP determines each provider's tier based on the provider's performance, as evaluated using the PBC submission and the above-mentioned ODP provider data (see Figure 5).

After submissions and provider data are scored, providers will be notified of their tier determination along with details on performance areas in which the provider did not meet the standard(s), if applicable. Each year, ODP will publish the provider tiers on the [Residential Provider Directory](#) to allow individuals and families to have an informed choice of providers. In the event a provider believes that an

error was made in scoring, providers may initiate a request for review through the Performance-Based Contracting Resolution Process via MyPBC Portal (see Figure 5 below).

Figure 5



Note: Per the 1915(b)(4) waiver, only current residential providers may participate in performance-based contracting. A “current residential provider” is a provider that is enrolled with ODP to render Residential Habilitation, Life Sharing, or Supported Living services. Entities who seek to render a residential service on or after January 1, 2025 will only be enrolled through a competitive Request for Application (RFA) process and the RFA process will only commence when ODP determines that there is a need for new or additional Residential Habilitation, Life Sharing, or Supported Living providers.

Rates & Contract Period

The annual performance-based contracting timeframe in which residential service providers prepare and submit documentation, ODP reviews submissions, and tier assignment occurs, is from January to July. **Rates associated with tier assignment will be in place for the entirety of the upcoming fiscal year (starting July 1st).**

! Rates associated with PBC Tier assignment will remain in effect for the **full upcoming fiscal year**, beginning July 1st.

Though the contract period is for a fiscal year, the performance review period used to determine the provider's tier will be the prior calendar year (CY). For example, the tier for the contract for FY27–28

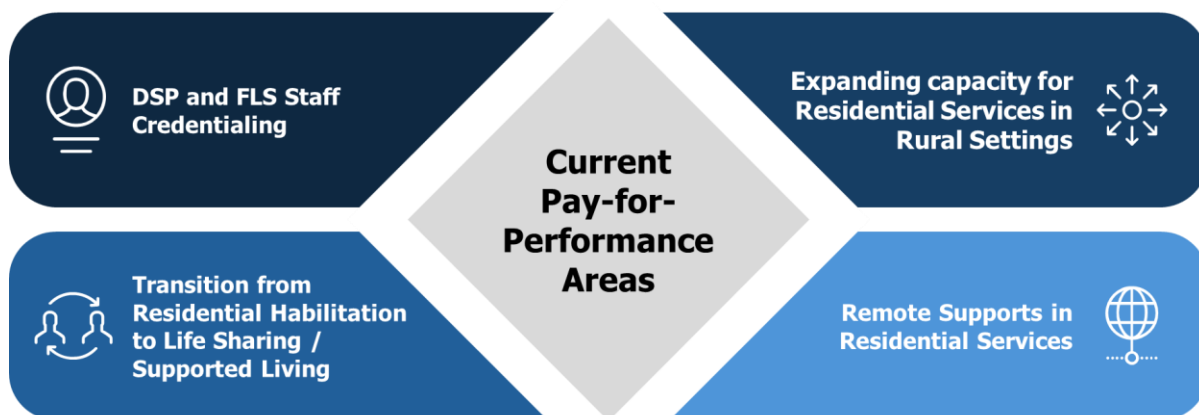
(July 1, 2027 to June 30, 2028) will be assigned using data and documentation from CY26 (January 1, 2026 to December 31, 2026).

Pay-for-Performance (P4P)

Providers can earn additional compensation through an alternative payment model (APM) called pay-for-performance (P4P). P4P initiatives provide added incentive payments to residential service providers that deliver high-quality and cost-efficient care. P4P payments are made to eligible providers that meet or exceed performance targets in various areas, such as staff credentialing, competitive integrated employment outcomes, implementation of technology in service delivery, continuum of services (transitions to life sharing and supported living), and rural residential capacity building (see Figure 6 below). ODP identified parameters, baselines and benchmarks, payment amounts, and payment timelines for the P4P payments for FY26-27 in [ODP Announcement 26-039](#). These payments are in addition to the established fee schedule rates and rate add-ons and are made if performance outcomes are achieved. There may be additional funding opportunities for P4P in the future.

P4P measures are currently available in the following performance areas (see Figure 6):

Figure 6

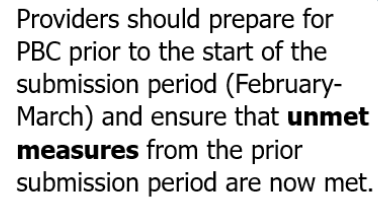


Providers in Primary, Select, and Clinically Enhanced tiers have the opportunity to earn additional compensation through P4P. P4P helps advance ODP's goal of aligning provider payment with outcomes. Unassigned providers may not receive P4P payments.

Provider Resources

Residential Service Performance Standards, Measures & Process Details

The [Residential Provider Standards and Measures](#) and the [Residential PBC Measures & Process Details](#) are updated annually prior to the performance-based contracting review period. Providers are highly encouraged to review and prepare prior to the start of the submission period. More information can be accessed on the [MyODP PBC Residential Services website](#).



Providers should prepare for PBC prior to the start of the submission period (February-March) and ensure that **unmet measures** from the prior submission period are now met.

ISAC Provider Performance Review Subcommittee

The ISAC Provider Performance Review Subcommittee was established to provide structured meetings to enable ISAC members to engage in in-depth review, evaluation, and discussion of provider performance metrics, and provide recommendations to ODP related to performance and quality improvement for providers of services.

The subcommittee provides an opportunity for ISAC members to:

- Review data and evaluate findings on key measures related to provider performance.
- Recommend strategies for improvement based on the analysis of provider performance data.
- Determine quality improvement priorities related to provider performance, identify and adopt improvement strategies, and choose performance measures to evaluate whether the lives of individuals have improved as a result of changes that have been implemented.
- Make provider quality improvement recommendations to the ISAC for adoption into the Everyday Lives strategies.

Data reviewed by the subcommittee will be shared at provider forums.

An example of data for subcommittee review:

- **Health** (focus on individuals receiving residential services and residential provider performance)
 - Health Risk Screening Fidelity
 - Fatal 5 (Choking, Seizure, Sepsis, Dehydration, Constipation)
 - Chronic disease rates (hypertension, diabetes, obesity)

- Polypharmacy
- Inpatient hospitalizations
- Wellness activities
- Use of technology to improve health and wellness and create additional opportunities to increase independence
- Repeat hospitalizations within 30 days

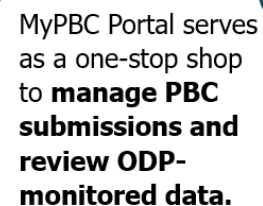
Provider Forums

Forums are available to support providers. Provider Forum recordings can be accessed on the [MyODP PBC Residential Services website](#) (under Resources > Webinar Recordings). Forums include but are not limited to:

- Review of data presented to the ISAC Provider Performance Review Subcommittee
- Discussion of emerging themes or trends with implementation of performance-based contracting
- Live support during Virtual Office Hours – including topic-specific technical assistance

MyPBC Portal

MyPBC Portal serves as a one-stop shop for all things related to Performance-Based Contracting. Providers will use [MyPBC Portal](#) to manage, review, and submit PBC forms to ODP during the submission window each year. Users will be identified by the provider agency's PBC primary contact and granted access to assist with data submission tasks related to PBC. Via the Portal, providers can also view their results for ODP-monitored data measures that rely on inputs from other DHS systems and databases.



MyPBC Portal serves as a one-stop shop to **manage PBC submissions and review ODP-monitored data.**

PBC Primary Contact

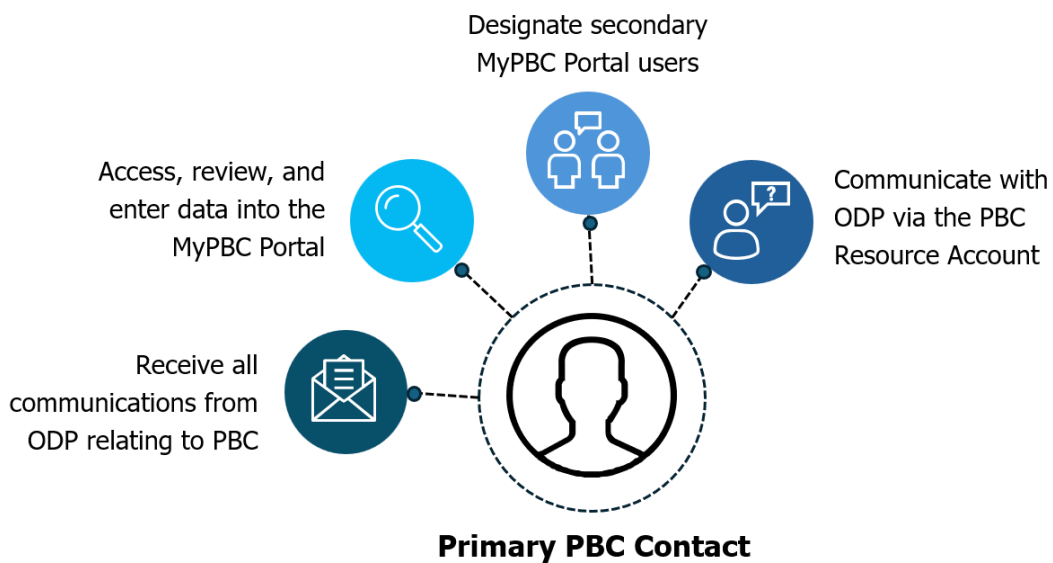
Each provider agency must identify a primary contact for PBC (see Figure 7 below). The primary contact receives all PBC-related communications from ODP and is responsible for coordinating the PBC data submission process for their agency.

The primary contact also manages MyPBC Portal user access and may designate up to four secondary users to access MyPBC Portal in order to assist with the PBC submission. Multiple users from a provider agency can contribute to a PBC submission but must designate the assigned sections of the submission internally. MyPBC Portal users should be current staff involved in the PBC submission process, with a need to access the submission form. In the event of staff turnover, the primary contact should reach out to the PBC RA inbox (RA-PWODPPBC@pa.gov) to add or remove users. All users must have a Commonwealth business partner account associated with their provider agency to be granted access.

The Primary PBC Contact manages MyPBC Portal user access and serves as the agency's primary liaison with ODP.

Providers with MyPBC Portal access will receive a confirmation email upon successful completion of a PBC submission. ODP will review the data submitted to make a PBC tier determination, which can also be viewed in MyPBC Portal. After review, providers will receive letters with ODP's determination and guidance on unmet measures to inform future actions.

Figure 7



Data Submission

Users designated by the PBC primary contact can edit, view, and submit PBC forms on behalf of their agency. The Portal accepts data in various formats, including multiple choice questions, open response

fields, and file uploads, based on the requirements of the associated PBC measure (see Figure 8 below). Users can save their PBC form progress and return to MyPBC Portal at any time during the PBC submission window. If a provider agency submitted for an advanced tier and did not achieve their desired tier, users can also use the Portal to initiate the Resolution Process and submit a Resolution Process form to ODP.

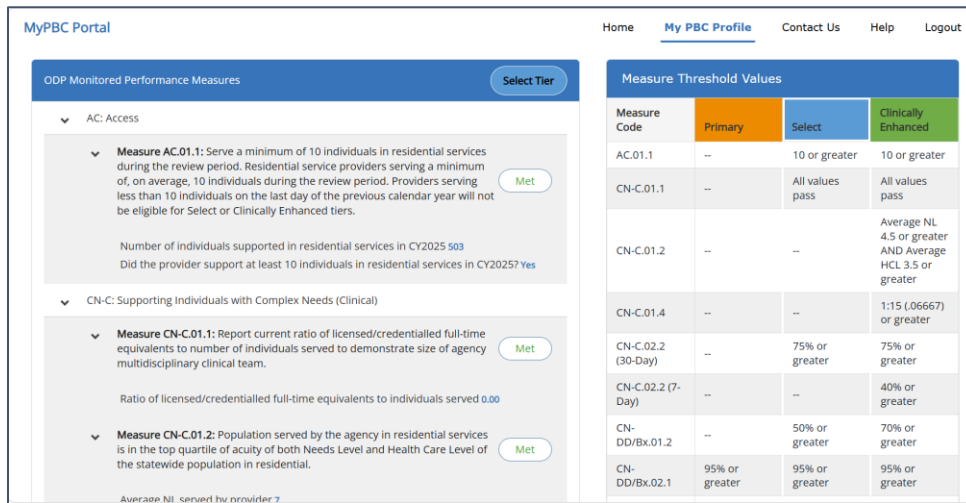
Figure 8

The screenshot shows the MyPBC Portal interface. On the left is a navigation menu under 'Performance-Based Contracting' with a 'Performance Area' list. The 'Administration (S)' option is selected. The main content area is titled 'Residential Services Data Submission Form'. It contains a table with two columns: 'Master Provider Index (MPI)' and 'Provider Legal Entity Name'. The MPI field contains the value '123400002' and the Provider Legal Entity Name field contains 'RS02'. Below this is a section for 'Administration (S)' with the following text: 'Measure ADM.01.1: Provider attests to accurately and truthfully disclose the following to the Office of Developmental Programs (ODP):'. This is followed by a list of requirements: 'a. Submission of current financial statements (audited if available)', 'b. Disclosure of the following through submission of:', and a numbered list: '1. Violations of conflict-of-interest policy', '2. Any history of criminal convictions of officers and owners, including criminal background checks', and '3. Any history of license revocation or nonrenewal by other Pennsylvania Department of Human Services programs'.

ODP-Monitored Data Measures

Additionally, MyPBC Portal offers users a snapshot of data specific to their provider agency for measures that ODP monitors throughout the year. This data is available on the MyPBC Profile screen within the Portal and can assist providers with tier selection for the upcoming year. Providers can review this data prior to submitting for PBC in order to understand requirements for advanced tier measures (see Figure 9 below). Providers can also utilize this page to review the results of PBC measure evaluations following the scoring period to determine if they would like to submit for Resolution.

Figure 9



Residential Services FAQs

To assist providers with the PBC submission process, a list of [Residential Provider frequently asked questions](#) (FAQs) is available on the MyODP PBC website. Providers can find answers to questions related to the PBC process and are encouraged to review these FAQs prior to the PBC data submission window each year.

PBC Resource Account

Please use the RA-PWODPPBC@pa.gov resource account to contact ODP with all PBC and P4P related questions.