

4 Walls Telehealth

OMHSAS and OMAP submitted a State Plan Amendment (SPA) that was submitted and approved by CMS in July. This is one part of the actions needed to repeal the State “Four Walls Rule,” and allow the delivery of telehealth services by all behavioral health clinics, as well as those delivering SUD services in PA outside the actual four physical walls of clinics. The amendment will be retroactive to January 1, 2025 to ensure billing coverage while CMS approves the SPA.

HB 1590

The second part of this will require DHS through regulatory change or an act of legislation to repeal and abrogate the Medicaid payment requirements. This is an active piece of legislation that RCPA feels will be heard in this Fall session. HB 1590 under Section 443.16. Abrogation of Regulatory Requirements for Payment for Clinic Services within Physical Confines of Clinic Facilities.

Section 1153.14(6) (relating to non-covered services).

(6) Services delivered at locations other than approved psychiatric outpatient clinics or partial hospitalization facilities with the exception of home visits under the conditions specified in § 1153.52(d) (relating to payment conditions for various services).

(2) Section 1223.14(11) (relating to non-covered services).

(11) Services delivered at locations other than approved drug/alcohol outpatient clinics with the exception of home visits under the conditions specified in § 1223.52(d) (relating to payment conditions for various services).

With these two pieces in place the 4 walls will finally be addressed in PA

The next piece will be OMHSAS will create and distribute a new telehealth 4 walls bulletin that will address all aspects of the four walls being eliminated the state plan amendment as well as the payment standards moving forward.

Federal Medicaid Update August 2025

- PA has approximately 3 million individuals on Medicaid (almost 1 in 4 Pennsylvanians)
 - 1.3 million children
 - 423,276 individuals with disability
 - 312,000 older adults (~10,000 veterans)
- 310,000 could potentially be kicked off of Medicaid
 - Most difficult barriers to keeping people on Medicaid will be the work requirements (~200,000 individuals could be impacted) and eligibility determinations (~110,000 potentially impact)
- Community Engagement Requirements (work requirements)
 - Able-bodied adults are required to study, volunteer, or work for at least 80 hours a month
 - Exceptions for people with severe mental illnesses, people in drug and alcohol treatment, parents with children younger than 14 years
- Eligibility Redeterminations
 - Individuals will have their eligibility for MA predetermined every 6 months

- Limits to non-citizen access to Federal health services
- Certain non-citizens will not be able to enroll in Medicaid or CHIP
- Preventing dual enrollment
- Cost to the Commonwealth to redetermine eligibility every 6 months:
 - Increased staff by about 500 people
 - Estimated cost of \$37 million per year
- Cost to implement and track new work requirements:
 - Increased staff by 250 people
 - Estimated cost of \$18 million per year
- Changes to how PA can fund the Medicaid program
 - OBBBA changed the way states are allowed to do their provider taxes
 - These funds go directly to hospitals and other critical care providers to support access to acute and emergency care, especially in communities that see a higher number of Medicaid patients
 - Over the course of the next 6 years it reduces the amount that the state can collect through these taxes (Existing taxes are phased down by .5% annually until they reach 3.5%; new taxes also capped at 0%; provider tax maximum rate will be gradually reduced from 6% to 3.5%)
 - Change to State Directed Payments (the way the state gets money to the hospitals)
 - Currently they are allowed to pay at average commercial rate, going forward this will need to be decreased until the state reaches the Medicare rate
 - Significant loss of funds to PA hospitals
- This will all lead to higher rates of uncompensated care
 - Raise healthcare costs for all Pennsylvanians
 - Rural hospital closures
- PA has already taken steps to eliminate fraud, waste, and abuse
 - The people that will lose access to Medicaid are real people, not scammers

If you have any questions, please contact RCPA Policy Staff Emma Sharp or Jim Sharp

DOL

The U.S. Department of Labor (DOL) has proposed a rule that would exempt hospice and home health aides from minimum wage and overtime requirements, potentially affecting over 3.7 million workers.

Overview of the Proposal

The DOL's proposal aims to roll back regulations established in 2013 that extended minimum wage and overtime protections to home health and personal care aides employed by third-party agencies. If finalized, this rule would reinstate a broader "companionship services" exemption, meaning many home care agencies would no longer be required to pay these workers the federal minimum wage of \$7.25 per hour or provide overtime pay.

Rationale Behind the Proposal

The DOL argues that this change is part of a broader effort to reduce regulatory burdens on home care providers, which they claim will lower labor and compliance costs, potentially encouraging more providers to enter the market and expand access to care. Secretary of Labor Lori Chavez-DeRemer stated that the proposal is intended to eliminate "unnecessary regulations that stifle growth and limit opportunity".

Potential Impact on Workers

- **Wage Concerns:** While the DOL notes that the median hourly wage for home health aides is around \$16.12, the loss of overtime pay could significantly impact workers' earnings. Many aides may end up working longer hours without additional pay, which could lead to decreased morale and increased turnover in the industry.
- **Demographic Implications:** The home health aide workforce is predominantly composed of women, people of color, and immigrants, many of whom rely on federal protections like minimum wage and overtime to support their families. The rollback of these protections raises concerns about the economic stability of these vulnerable groups.

Public Comment Period

The DOL has opened a public comment period on the proposed rule, which will remain open until September 2, 2025. Stakeholders, including small businesses and advocacy groups, are encouraged to provide feedback on the potential impacts of the proposed changes.

This proposal has sparked significant debate regarding the balance between regulatory relief for employers and the protection of workers' rights in the home health care sector.