

Office of Developmental Programs

Performance-Based Contacting

Pay-for-Performance

Residential Rural Expansion: Operational Guide

FY 2026-2027



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Overview

The Office of Developmental Programs (ODP) is offering a Pay-for-Performance (P4P) incentive to **expand residential service capacity in Pennsylvania's rural counties**. This guide explains what is required, what is funded, who can participate, and how to navigate the process, for both providers and Administrative Entities (AEs).

Purpose of This Incentive

- To increase access to residential services for individuals with intellectual disabilities/autism who live in — or are registered in — rural Pennsylvania counties and are currently waiting for residential services.
- This incentive rewards providers for planning and delivering new residential capacity, not for relocating existing services.
- The incentive applies to Primary, Select, and Clinically Enhanced residential providers.

Eligibility, Roles, and Responsibilities

Eligible Service Types

The following residential services qualify for expansion under this P4P opportunity:

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- Supported Living
- Life Sharing
- Residential Habilitation (licensed homes with APC of 2 or more individuals per home)

Important Note: 1-person licensed Residential Habilitation locations are NOT eligible for this expansion P4P.

Eligible Individuals

To be counted toward expansion capacity, each individual must meet ALL of the following:

- Currently registered with an AE in one of the eligible rural counties
- Not currently receiving residential services (expansion may **not** be used for individuals already enrolled in residential services)

Eligible Rural Counties

Expansion locations and individuals must be in counties designated as rural by the Center for Rural Pennsylvania (Rural-Urban Definitions). The eligible counties are:

Adams, Armstrong, Bedford, Blair, Bradford, Butler, Cambria, Cameron, Carbon, Centre, Clarion, Clearfield, Clinton, Columbia, Crawford, Elk, Fayette, Forest, Franklin, Fulton, Greene, Huntingdon, Indiana, Jefferson, Juniata, Lawrence, Lycoming, McKean, Mercer, Mifflin, Monroe, Montour, Northumberland, Perry, Pike, Potter, Schuylkill, Snyder, Somerset, Sullivan, Susquehanna, Tioga, Union, Venango, Warren, Washington, Wayne, Wyoming

Provider Responsibilities

Providers are responsible for leading the development and execution of the Rural Capacity Expansion Plan. Key responsibilities include:

- Collaborating with the applicable AE(s) to develop the expansion plan
- Identifying and securing appropriate service locations in eligible rural counties
- Developing a workforce recruitment, retention, and supervision plan

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- Addressing transportation planning in the proposal
- Including a plan for employment and/or community participation
- Identifying any additional non-residential services the provider intends to render as part of the geographic expansion
- Identifying access to clinical supports and physical/behavioral health services
- Including a technology/remote supports plan
- Submitting the complete plan to ODP during the submission window: July 1 – September 30, 2026
- Maintaining APC at the expansion site (reductions may result in recoupment of P4P payments)

Administrative Entity (AE) Responsibilities

AEs play a critical gatekeeping and coordination role in this process. Key responsibilities include:

- Partnering with interested providers to develop the Rural Capacity Expansion Plan that meets needs anticipated by the AE(s)
- Identifying individuals registered in rural counties and waiting for residential services
- Verifying that targeted individuals are registered in the AE's rural county
- Providing a written letter of support that outlines the expansion plan including ensuring available waiver capacity, either through existing AE waiver capacity, Quarterly Budget and Capacity Adjustment Requests (QBACA) or capacity provided by ODP.
- Confirming that individuals are not currently receiving residential services
- Serving as an ongoing liaison between the provider and ODP as the plan progresses

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What Must Be in the Expansion Plan

All Rural Capacity Expansion Plans submitted to ODP must include every element listed below.

Incomplete submissions will not be approved.

Plan Element	What ODP Expects
Provider Name	Legal name of the provider organization submitting the plan.
AE Letter of Support	A written letter from the AE that includes an outline of the plan and confirms AE partnership.
Service Type(s)	Specify whether expansion will include Supported Living, Life Sharing, and/or Residential Habilitation.
Proposed Service Location(s)	Full address(es) of new or expanded residential sites in eligible rural counties.
Individual MCIs	Master Client Index (MCI) numbers for each individual targeted for services at each expansion location.
Development Timeframes	Target dates for when APC will be used (homes opened, services started) at each location.
Workforce Plan	How the provider will recruit, retain, and supervise DSPs and FLSs at the rural location(s).
Transportation Plan	How individuals will access transportation to meet daily needs, employment, and community participation.
Employment & Community Participation Plan	How the provider will support each individual in obtaining employment and participating in the community.
Non-Residential Services	Any additional services the provider intends to offer as part of the geographic expansion. Provider should include detail on whether service offerings will be limited to individuals identified on the rural capacity expansion plan or available to any ODP

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enrolled individual.

Access to Clinical Supports	How clinical supports (behavioral, nursing, etc.) will be accessed by individuals at the site.
Physical & Behavioral Health Access	Plans for connecting individuals to physical and behavioral health services in the rural area.
Technology/Remote Supports Plan	How technology and remote supports will be incorporated into service delivery at the expanded location(s).

Operational Technology Incentive Plan

Providers that wish to earn the additional Technology Incentive payment must include a Technology Incentive Plan as part of their Rural Capacity Expansion Plan submission. This is optional but recommended, as the additional investment could support significant acceleration of technology adoption and improved outcomes for individuals. The payments for the Technology Incentive Plan are by two (2) milestones: (1) Approval of Technology Incentive Plan: additional \$15,000 per individual identified to be served by the plan. (2) Providers with approved Technology Incentive Plans will receive an additional \$15,000 per individual identified to be served by the plan with demonstrated implementation of technology incentive plan.

Required Elements for the Milestone 1 Payment - Technology Incentive Plan

The Technology Incentive Plan must describe how the provider will incorporate all three of the following at each expanded rural residential location:

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Technology Component	Description
Electronic Health Records (EHR)	Provider must implement EHR systems at the expanded location(s) to document care and track outcomes.
Remote Supports & Wellness Technology	Technology tools that promote individual wellness, safety, and independence — such as monitoring devices, emergency alert systems, or engagement tools.
Supervision, Communication & Training Technology	Tools that enable real-time communication and supervision between on-site staff, supervisors, and administration — particularly important given rural distances.

Technology Validation for Milestone 2 Payment

To receive the Milestone 2 technology add-on payment, providers must submit documented evidence to ODP, including:

- Invoices and/or receipts for hardware purchases
- Software licensing agreements or invoices
- Payment documentation for consultation services
- Proof of payment for all the above
- ISP sections that detail each individual's use of technology in their support

All above elements are required.

AEs and ODP will validate this documentation before issuing the technology add-on payment for Milestone 2.

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Milestone Payments

P4P payments are structured around two milestones. Providers must achieve Milestone 1 before becoming eligible for Milestone 2.

Milestone	Payment per Individual	Technology Add-On
Milestone 1 Approved Plan	\$75,000 per individual identified in plan	+\$15,000 per individual (if Technology Incentive Plan approved)
Milestone 2 6 Months Served	\$25,000 per individual successfully served 6 months in new APC	+\$15,000 per individual (with demonstrated tech implementation)
Combined Maximum (with Tech)	\$100,000 per individual (M1 + M2)	+\$30,000 per individual

Key Condition for Milestone 2 Payment

The Approved Program Capacity (APC) at the expansion site CANNOT be reduced after approval.

Any reduction in APC at an approved expansion location may result in recoupment of Milestone 1 P4P payment AND will render the provider ineligible for Milestone 2 payments.

Providers must submit separate Milestone 2 payment requests for each new residential service location.

Timeline and Important Dates

Milestone	Window	Action Required
Milestone 1 Plan Submission	July 1 – Sept 30, 2026	Provider submits Rural Capacity Expansion Plan to AE; AE provides letter of support. Provider submits all documents to RA-PWODPPBC@pa.gov
Milestone 1 ODP Review	Oct 1 – Nov 30, 2026	ODP reviews submitted plans and notifies providers of determination
Milestone 1 Payment	January 2027	Gross adjustment payment issued for approved plans
Milestone 2 Payment Request	Rolling — upon completion	Provider submits payment request after services have been rendered to all individuals in new APC for at least 6 months. Payment requests are by individual APC and a provider must submit for each individual payment separately.
Milestone 2 Tech Validation	Upon request	ODP validates tech documentation (invoices, ISP sections); payment issued after validation

Action Needed Now

Providers interested in this opportunity should begin conversations with their AE(s) immediately.

The plan submission window opens July 1, 2026 and closes September 30, 2026. ODP will not

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accept late submissions.

Payments for approved plans will be issued in January 2027 via gross adjustment.

Step-by-Step Process for Providers and AEs

Step 1: Identify Interested Individuals

The AE should identify individuals registered in rural counties who are currently waiting for residential services. Work with the provider to confirm MCIs and service readiness.

Step 2: Identify an Expansion Location

The provider identifies a specific address in an eligible rural county where services will be rendered. For licensed Residential Habilitation, confirm APC is planned for at least 2 individuals.

Step 3: Develop the Expansion Plan

Provider and AE collaborate to draft the Rural Capacity Expansion Plan, incorporating all required elements (see Section 4). If pursuing the technology incentive, incorporate the Technology Incentive Plan components (see Section 5).

Step 4: AE Issues Letter of Support

The AE prepares and issues a written letter of support to accompany the plan submission. This letter must include an outline of the expansion plan.

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Step 5: Submit the Plan

Provider submits the complete plan and AE letter(s) of support to ODP between July 1 and September 30, 2026. All required elements must be present for the submission to be reviewed. Submissions must be sent to RA-PWODPPBC@pa.gov.

Step 6: ODP Review & Determination

ODP reviews submitted plans between October 1 and November 30, 2026, and provides written notification of plan approval or denial to the provider.

Step 7: Milestone 1 Payment

Approved providers receive a gross adjustment payment in January 2027 (\$75,000 per individual in the plan, plus \$15,000 per individual if the Technology Incentive Plan was also approved).

Step 8: Deliver Services & Track Progress

Provider begins rendering services to the identified individuals at the new expansion location(s). The provider must maintain APC and begin tracking each individual's service start date.

Step 9: Request Milestone 2 Payment

Once each individual has been successfully supported in the new APC for 6 months, the provider submits a Milestone 2 payment request for that location. Separate requests are required per location. ODP validates and issues payment (\$25,000 per individual, plus \$15,000 if tech was implemented and documented).

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Frequently Asked Questions

Can we use this P4P to serve individuals who already receive residential services?

No. The expansion must serve individuals who are not currently receiving residential services. The intent is to expand access to new individuals who are waiting, not to relocate existing participants.

Can a provider partner with multiple AEs on one plan?

Yes. If expansion locations span multiple AE counties, the provider must work with each applicable AE. Each AE must provide a letter of support for their respective county's individuals. ODP encourages providers to work across county lines and for AEs to collaborate to jointly address the needs for residential services in rural areas.

What happens if we need to reduce APC after approval?

Any reduction in APC at an approved expansion location may result in recoument of funds from the provider agency.

Do we have to include all three technology components to qualify for the Technology Incentive?

Yes. All three components — EHR, remote supports/wellness technology, and supervision/communication/training technology — must be incorporated at the expanded location(s) to qualify. Partial implementation does not satisfy the requirement.

How does the Milestone 2 payment request process work?

After each individual has received 6 continuous months of service in the new APC, the provider submits a payment request to ODP. Requests must be submitted separately per residential location. For technology add-on payments, providers must also submit documentation (invoices, ISP sections) for ODP validation before payment is issued.

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Can a provider apply for multiple locations across multiple counties?

Yes. A single Rural Capacity Expansion Plan can include multiple service locations, multiple service types, and multiple individuals. Each eligible individual identified in the plan contributes to the per-individual payment calculation

Can Life Sharing and Supported Living arrangements include only 1 person?

Yes. Expanded capacity in Life Sharing may serve 1 or 2 individuals and 1 to 3 in Supported Living.

The AE does not have available waiver capacity for an individual who is ready to move into the newly created vacancy. Can we use the Unanticipated Emergency process?

The AE should reserve available capacity when possible. If the AE does not have available capacity, they should reach out to the appropriate ODP regional Waiver Capacity Manager. ODP may provide capacity in limited circumstances.

My agency is on a provisional license or operating pending appeal of a revoked license. Will our plan be approved?

Only providers operating with a regular license will have expansion plans approved.

A provider has an existing home in a rural county, can the provider increase the Approved Program Capacity at that existing Service Location and receive P4P?

ODP will use the submitted plan to determine the newly added capacity's eligibility for payment.

Does an individual have to be on Emergency PUNS in order to be identified for the P4P?

No, there is no need for the individual to be on Emergency PUNS solely for the Rural P4P Expansion. This document has been updated to reflect this change.

Quick Reference Summary

Item	Summary
Who can apply?	Licensed/enrolled Primary, Select or Clinically Enhanced residential providers operating in or seeking to expand to eligible rural PA counties
Eligible services	Supported Living, Life Sharing, Residential Habilitation (APC ≥ 2)
Who must be served?	Individuals registered in rural counties , not currently receiving residential services
Plan submission window	July 1 – September 30, 2026
Milestone 1 payment	\$75,000 per individual in approved plan (+\$15,000 with tech plan)
Milestone 2 payment	\$25,000 per individual after 6 months in new APC (+\$15,000 with tech implementation)
Max per individual (with tech)	\$130,000 total (\$100,000 base + \$30,000 tech)
APC requirement	Must not be reduced after approval; reductions may result in recoupment
Technology incentive	Optional; requires EHR + remote supports + supervision/communication tech
AE role	Co-develop plan, verify individuals, plan for and commit to

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necessary waiver capacity, provide letter of support

This guide is based on ODP Announcement 26-039 Attachment — Residential Performance-Based Contracting: Pay-for-Performance FY26-27. Providers and AEs should refer to the official ODP announcement for authoritative program requirements.