COMMENTS PRESENTED TO THE HOUSE HUMAN SERVICES COMMITTEE

Presented by
Kami Anderson, Director, Armstrong- Indiana – Clarion Drug and Alcohol Program
Michele Denk, Executive Director, PACDAA
November 17, 2021

Good morning. Thank you for the opportunity to present comments today and thank you for your ongoing focus on substance use issues across the Commonwealth. I'm Michele Denk, Director of PACDAA, the Pennsylvania Association of County Drug and Alcohol Administrators (PACDAA). We are an affiliate of the County Commissioners Association of Pennsylvania (CCAP) representing the 47 Single County Authorities of the Commonwealth. In 1972, the Commonwealth of Pennsylvania established a single state agency and a system of Single County Authorities to implement substance abuse prevention, intervention, treatment and recovery services through county-based planning and management. Act 63, The Pennsylvania Drug and Alcohol Abuse Control Act, requires the Department of Drug and Alcohol Programs to develop a State Plan for the control, prevention, intervention, treatment, rehabilitation, research, and training. Single County Authorities are responsible for local implementation of that plan.

Single County Authorities, under the direction of the Pennsylvania Department of Drug and Alcohol Programs (DDAP), are the backbone of each county's drug and alcohol service delivery system for residents. Among other essential roles, we ensure seamless access and quality drug and alcohol services for Pennsylvania residents. It is worth noting that there are over 22 million people in the US who are in long term recovery from substance use disorders. Our services are critical to Pennsylvania residents, to move them, too, toward recovery.

SCA's receive state and federal block grant funding and federal opioid grant funds from the Department of Drug and Alcohol Programs, Behavioral Health Services Initiative (BHSI) and Act 152 funding from the Department of Human Services. SCA's work diligently with local partners to manage Behavioral HealthChoices networks and services.

Today, I am here with Kami Anderson from the Armstrong, Indiana, Clarion, Single County Authority. Our goal is to provide information about the SCA rate setting process. SCA's fund treatment for individuals who have no insurance, do not qualify for medical assistance, or need assistance with co-pays and deductibles. We work with behavioral HealthChoices programs to ensure seamless transition for individuals whose medical assistance status changes during the

course of treatment. The process we use for setting non-hospital residential rates, the XYZ process, is a product of our partnership with DDAP, the providers, and most recently, the Behavioral Health MCO's. The rates are posted to the PACDAA website for public review www.pacdaa.org The instructions and forms for the process are attached to our testimony. Kami will walk you through the process – Please feel free to ask questions or discuss with your local SCA.

Good morning, Representatives and members of the House Human Services Committee. My name is Kami Anderson, and I am the Executive Director of the Armstrong-Indiana-Clarion Drug and Alcohol Commission, Inc., the Single County Authority for our three Counties.

Single County Authorities (SCAs) have been using the XYZ packet to set inpatient non-hospital rates since the SCAs have been responsible for paying for these services with Medicaid, Federal Block Grant and State Base funding from the Federal and State Governments. This includes detox, residential and halfway house services. The XYZ Rate Setting Packet includes an Eligibility Criteria Checklist, Program Description General Information, Program Description Specific Information, Budget, Budget Narrative Section, and a Rate Request Form.

The Eligibility Criteria Checklist includes requirements to submit a copy of the facility license from DDAP and DHS if it is a dual diagnosis facility, the most recent year's independent audit report, documentation of 60 day cash operating capability, notarized statements attesting there is no evidence of civil or criminal violations against management or any employee, organization chart, tax/compensation attestation form, and if serving adolescents, a certification that the facility is in compliance with the Act 33 and 34 compliance requirements.

The Program Description General Information section requests questions regarding the provider's target population and program description, including demographics, staff composition as it compares to the population served, a statement that persons in recovery are

represented on the governing or advisory board, experience serving Medical Assistance clients, and persons responsible for the contracting and daily oversight of the program.

The Program Description Specific Information section requests information on the types of treatment activities and the frequency of those activities per week, such as individual and group sessions, life skills groups, addiction education, specialized groups, twelve step attendance is requested. Also requested per treatment stay is the timing of the physical exam, psychiatric exam, medicine checks, psychological testing, vocational testing, and academic services.

Details are requested regarding the transportation of clients, staffing, counselor to client ratios, turnover rates among administrative and clinical staff, vacant positions, staff credentialing policies, evidence-based treatment protocols, outcomes, percentage of clients completing treatment vs. clients entering treatment, and the provider's complaint, grievance, and appeal policy.

The Budget forms include a Personnel Roster allocating employees between administrative and clinical hours for each program. Each employee must be entered by name and position, and the number of hours worked each week between administrative and clinical, and the salaries apportioned to each of those classifications. Positions can be listed as vacant, but an expectation exists that the vacancies will be filled within 60 days.

The income and expense forms include a column to report the actual expenses for the previous fiscal year, the current year, and the budget year. The previous fiscal year numbers should be able to be tied into the facility's most recent audit report or audited financial statements. Current year expenses are estimated based on the facility's current year spending, and the budget year column will represent the budget presented for the projected year and are the basis for the rate calculation.

The income form requests a listing of revenues including charitable and interest income, client fees, private health insurance, medical assistance revenue, and other third-party fees. The expense form requests further breakdown of the three years between administrative and client-oriented expenses. These expenses allow for personnel costs including salary, benefits, and staff training expenses. Operating expenses allow for all program-related costs such as rent and utilities expenses, consulting fees, supplies, food, clothing, purchased client-oriented services, medication, equipment, fixed asset depreciation, etc.

A Budget Narrative is required to be completed with information supporting the personnel costs and operating expenses for each category. This provides an opportunity for providers to explain any costs that are marginally different from other years, and to introduce any new expenses that they foresee in the upcoming year that would make their rate proportionately different from other years. Many times, this is the basis upon which negotiations will take place between the SCA and the provider.

The expense form information is the basis for the rate calculation form. Administrative costs up to a maximum of 20% are allowed. An 85% utilization rate is the basis for calculating the rate. The number of beds licensed for the program is multiplied by 365 to calculate the number of bed days available for the year. This number is then multiplied by 85% to get the number of bed days that would take the provider to break even. The total budget is then divided by the number of bed days at 85% capacity to calculate the daily rate for the budget year for that program.

The Rate Request Form includes a certification statement that the expenses are in accordance with the fiscal guidelines.

If completed correctly, the rate will allow the provider to make a profit if their average bed days are above 85%.

SCA staff including the Administrators, Chief Fiscal Officers, and Clinical Supervisors review the packet in depth. Each SCA is required to have at least two other SCA Directors review the packet also. A list of questions for the provider is usually generated by the group of SCAs. The lead SCA is responsible for working with the provider to gather answers and a revised XYZ Rate Packet if needed. Negotiations on the rate with the Provider are conducted. The final agreed upon rate is entered into the PACDAA website.

If the parties cannot agree upon a rate, there is a grievance and appeals process that can be followed, up to and including a review by the Department of Drug and Alcohol Programs.

Approximately three years ago, the XYZ Rate Packet was vetted by a committee made up of DDAP staff, SCAs, and Provider staff. Issues with the packet were discussed and the XYZ Rate Packet was agreed upon by the committee members.

I would be happy to answer any questions you may have regarding my testimony.

Kami Anderson
Executive Director
ARMSTRONG INDIANA CLARION
DRUG AND ALCOHOL COMMISSION
10829 U.S. Route 422
PO Box 238
Shelocta, PA 15774
724-354-2746 Ext. 302
724-354-3132 (fax)

Michele Denk
Executive Director
Pennsylvania Association of County Drug and Alcohol Administrators
An Affiliate of the County Commissioners Association of Pennsylvania
PO Box 60769 | Harrisburg, PA 17106-0769
Direct: (717) 736-4704 | Mobile: (717) 877-7525 | Fax: (717) 526-1020
mdenk@pacounties.org | *www.pacdaa.org*