

LEGISLATIVE REFERENCE BUREAU

L.R.B. Form No. 4 (Rev. 1/11/17)

No. _____

Legislative Reference Bureau

A Resolution directing the Joint State Government Commission to study and issue a report on the specific data, calculations and mechanisms that the Department of Human Services utilizes to determine the amount of Medical Assistance capitation funding that is ultimately paid to drug and alcohol addiction treatment providers within this Commonwealth.

INTRODUCED _____

By Brooks, Michele District NO. _____

By _____ District NO. _____

By _____ District NO. _____

By _____ District NO. _____

See next page for additional co-sponsors.

Prior Session _____

Referred to Committee on

Date _____

Reported _____

As Committed-Amended

Recomendation

By Hon. _____

A RESOLUTION

1 Directing the Joint State Government Commission to study and
2 issue a report on the specific data, calculations and
3 mechanisms that the Department of Human Services utilizes to
4 determine the amount of Medical Assistance capitation funding
5 that is ultimately paid to drug and alcohol addiction
6 treatment providers within this Commonwealth.

7 WHEREAS, This Commonwealth is among the top 10 states with
8 the highest drug overdose death rate in this country, with
9 approximately 42 deaths per 100,000 citizens recorded in the
10 year 2020; and

11 WHEREAS, In 2021, at least 15 Pennsylvanians died each day
12 due to a drug overdose; and

13 WHEREAS, The rate of drug overdose deaths and the need for
14 drug and alcohol addiction treatment has increased in recent
15 years due to the increased availability of fentanyl and
16 xylazine; and

17 WHEREAS, The cost of providing drug and alcohol addiction
18 treatment services has also increased due to workforce
19 challenges exacerbated by the COVID-19 pandemic and heightened

1 supply costs due to inflation; and

2 WHEREAS, The increased demand for addiction treatment
3 services is directly impacting this Commonwealth's health care
4 system, in which acute care hospitals are unable to find
5 available settings to discharge patients or to transition
6 patients to postacute care or treatment facilities; and

7 WHEREAS, The unprecedented demand for mental and behavioral
8 health services post-COVID-19 pandemic has been echoed by
9 increased rates of attempted and completed suicides among youth
10 and young adults and individuals with substance use disorders;
11 and

12 WHEREAS, This Commonwealth's reimbursement for drug and
13 alcohol addiction treatment services is complex and includes:

14 (1) The Department of Drug and Alcohol Programs, which
15 administers the Substance Abuse Prevention and Treatment
16 Block Grant.

17 (2) The Department of Human Services, which pays for
18 Medicaid-covered services.

19 (3) The 47 administrative entities called Single County
20 Authorities, which utilize county and block grant funding to
21 reimburse services for those not covered by Medicaid.

22 (4) The Behavioral HealthChoices managed care
23 organizations that contract with a county to coordinate the
24 delivery of Medicaid-covered services through a network of
25 drug and alcohol addiction treatment providers;

26 and

27 WHEREAS, Financing drug and alcohol addiction treatment and
28 care coordination is complex, and it is unclear how funding
29 allocated to these programs by the General Assembly is being
30 directed toward reimbursing providers that support increasing

1 access to care and making quality-based program improvements;
2 and

3 WHEREAS, Medicaid spending increases each year, requiring the
4 Department of Human Services to make annual supplemental
5 appropriation requests to cover program costs; and

6 WHEREAS, These drug and alcohol addiction treatment providers
7 have not seen rate increases consistent with expanding demands;
8 therefore be it

9 RESOLVED, That the Senate direct the Joint State Government
10 Commission to study the specific data, calculations and
11 mechanisms that the Department of Human Services utilizes to
12 determine the amount of Medical Assistance capitation funding
13 that is ultimately paid to drug and alcohol addiction treatment
14 providers within this Commonwealth, including:

15 (1) explaining the allocation of funding distributed by
16 the Department of Human Services to the county and from the
17 county to the county's contracted Behavioral HealthChoices
18 managed care organization;

19 (2) determining the process that the Department of Human
20 Services utilizes to collect cost-reporting data from drug
21 and alcohol addiction treatment providers and the extent to
22 which the cost-reporting data and other information,
23 including, but not limited to, the following, are used to
24 determine reimbursement rates:

- 25 (i) increases in the general cost of living;
26 (ii) inflation;
27 (iii) capital depreciation and amortization costs;
28 (iv) workforce and salary demands;
29 (v) regional differences; and
30 (vi) other information that the commission finds

1 relevant in the calculation that informs the Medicaid
2 capitation allocation;

3 (3) at a county level, confirming the information and
4 data that informs the amount of county funding that is
5 allocated to a county's Single County Authority; and

6 (4) at the managed care organization level, using data
7 from fiscal year 2019 as a reference:

8 (i) determining the portion of the organization's
9 capitation funding that was used to reimburse drug and
10 alcohol addiction treatment providers for services
11 provided;

12 (ii) reporting anonymized provider-level data on the
13 percent change in provider reimbursement rates over the
14 previous fiscal year; and

15 (iii) reporting on the policies and mechanisms of
16 managed care organizations to afford providers a
17 meaningful opportunity to negotiate reimbursement rates
18 that account for increased demand for services and
19 quality improvements;

20 and be it further

21 RESOLVED, That the Joint State Government Commission be
22 authorized by the General Assembly to discuss proprietary
23 information with the Department of Human Services' actuary in
24 pursuit of this study; and be it further

25 RESOLVED, That the Joint State Government Commission issue a
26 report of the findings, along with any statutory or regulatory
27 recommendations, within seven months of the adoption of this
28 resolution to the:

29 (1) Chair and minority chair of the Appropriations
30 Committee of the Senate.

1 (2) Chair and minority chair of the Appropriations
2 Committee of the House of Representatives.

3 (3) Chair and minority chair of the Health and Human
4 Services Committee of the Senate.

5 (4) Chair and minority chair of the Human Services
6 Committee of the House of Representatives.