

Senate Public Health and Welfare Committee

Senator Patricia H. Vance, Chairman

Follow up Public Hearing on the Past payment Practices of the Office of Developmental Programs

Wednesday, 10/19/2011 @ 9:00 am; Majority Caucus Room

Testimony Submitted by: Keith R. Peterson, CEO; Penn-Mar Human Services; 310 Old Freeland Road, Freeland, Md. 21053 Email: kpeterson@penn-mar.org

Good morning, Sen. Vance and Committee Members. I first offer my thanks to you and the members of the Senate Public Health and Welfare Committee for the opportunity to provide my input and views today.

My name is Keith Peterson and for the past eleven (11) years, I have served as the Chief Executive Officer (CEO) of Penn-Mar Human Services. As the name of the agency suggests, Penn-Mar provides services, for persons with intellectual disabilities, in both southern York County Pennsylvania and northern Baltimore County, Maryland (Penn-Mar). Started 30 years ago in a local church basement by a small group of parents, Penn-Mar has grown into a well-respected and professionally managed service provider. Our mission is “to provide support services in our communities which promote value, independence and self- determination, to families and individuals with disabilities or human service needs.” In the 30 years of growth to provide a full range of services for persons with intellectual disabilities, we have now established employment opportunities, safe and secure homes and a variety of in-home supports. The coordination and support for forty-four (44) homes, two (2) office, production and activity sites has dramatically grown since the parents first envisioned a service agency near their homes along the boarder between Pa and MD.

As a provider representative, I have two areas of focus for my remarks: the difficulties experienced in the past by reimbursement practices of ODP and some comments/ suggestions for the future.

As an agency that is competently governed by a dedicated and engaged Board of Directors, we are continually focused not only on our mission, but also strategically; the financial viability of our agency is a primary concern. The uncertainty created by the following practices of the past has made the prediction of stable sources of revenue, to conduct our services, guesswork.

- The methodology used to determine our provider rates occurred not at the beginning of the year but periodically continued to be changed by ODP during the course of the fiscal year. It has been impossible for us as a provider to project accurately what revenue we will be paid for budget and financial statement reporting purposes.
- For the last several fiscal years, our final payment rates, for a prior fiscal year, have not been determined until well after the next fiscal year is underway. This causes multiple delays in completion of required annual audits, subsequent submissions of required audits to lenders and monitoring agencies.
- The perceived attitude toward providers, as implemented by prior ODP policy, is perceived as adversarial. ODP communications requiring submissions of data have, in the past, been

accompanied by threats of sanctions for failure to meet deadlines (i.e. resultant lowest rate in the state, if cost report is not submitted by the due date). Yet, ODP rarely met its own deadlines.

- As a provider, we have always asked for the detail used to determine our rates. Obtaining understandable calculations of rates has proved difficult and cumbersome. Local rates for the York/ Adams County region have been based upon submitted cost reports. Local provider costs have been historically lower than any other county jurisdiction. The cost reports perpetuate a lowest per capita expenditure for these counties based on a historical formula that was reportedly developed in the 1950's and is now undocumented. We hope the Federal CMS mandate for the new statewide rate setting system will correct these perpetual inequities.

Future:

With those problems in the past, we must focus on the correction of those issues to create a reliable, cost effective and efficient reimbursement system to secure a safe, accountable and stable array of service supports.

- Providers should be advised, in advance of the start of each fiscal year, the reimbursement rate for the population they will serve. Providers were just notified with the last few days of the current budget FY 2012 rates, 3.5 months after the fiscal year began. Rate calculations should be transparent: This should be shared at the time the rates are given to the providers so the calculations can be understood and reviewed.
- The impact of just announced rate cuts for services at Penn-Mar for the current year operation for FY 2012 ranges from \$230,000 to \$260,000 in lost revenue! Statewide we understand ODP is planning to recoup between \$ 100,000,000 to \$200,000,000 from an already stressed provider system.

These current planned cuts in revenue to an already fragile system of supports for one of the most vulnerable populations in this state will be devastating. The results will be loss of jobs and challenges to maintain the quality of our services. What message is also then given to the nearly 17,000 individuals with intellectual disabilities that exist on the State's waiting list for services?

Where is the room for innovative and thought-leader concepts and new demonstration programs that could address the needs of those still awaiting some supports? Penn-Mar currently administers, what could be termed a low intensity voucher program in Maryland that effectively and productively provides a measure of supports to families and individuals on the waiting list. This service, could be easily and immediately, replicated in Pennsylvania. We have shown, in our first two years of operation, documented beneficial outcomes for hundreds of individuals with intellectual disabilities currently on the State's waiting list.

Governor Corbett has publically stated these support services are a core function of state government. It is time to address these needs with the measure of revenue that secures the provider availability to address these needs. Thank you.



Penn-Mar Human Services