

# MEDICAID PERSONAL ASSISTANCE SERVICES

## FUNDING SHORTFALLS

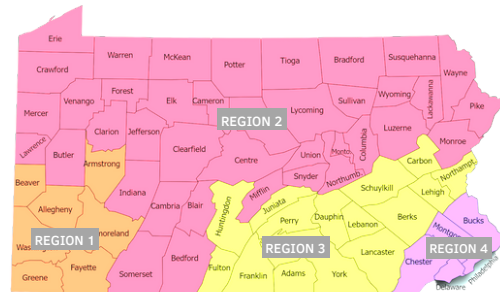
Pennsylvania homecare agencies are in **immediate need** of additional funding. For over a decade, these providers have dealt with **chronic underfunding** caused by **stagnant Medicaid rates** for personal assistance services (PAS). Now, they're facing **increased costs** associated with caregiver wages, overtime, personal protective equipment, and more, as well as **massive workforce shortages**.

### PAS FUNDING TIMELINE



### 2012 FACTS\*

- In 2012, the fee-for-service rate for personal assistance services (PAS) was restructured into four regional rates.



- The regional rates were determined based on a 2012 Mercer Report, which was done quickly, relied primarily on OLTL staff input, and recommended that the numbers be updated the *following year*.
- No further study has been conducted since 2012.
- As a result of the Mercer Report, some areas of the state saw significant rate reductions, including:
  - Allegheny County rates were reduced from \$21/hour to \$17.16/hour.
  - Montgomery County rates were reduced from \$23/hour to \$19.12/hour.

### 2022 FACTS\*\*

- Between 2012 – 2022, average inflation in the U.S. was 2.14% per year, resulting in a cumulative price increase (CPI) of **23.57%**. During that time, PAS reimbursement rates were increased by **4%**.
- Prices rose **7.9%** in February 2022 alone, compared to 2021, the largest annualized growth in CPI inflation since January of 1982.
- Although PAS providers received eight (8%) rate increases as part of the American Rescue Plan Act (ARPA) funding in January, this funding only lasts until March 2024, unless extended by the federal or state government.
- More importantly, PAS providers need an additional 8% rate increase now to support an average \$15.00/hour wage and come close to being competitive with private and other healthcare employers.
- PAS providers are facing the perfect storm of increased demand for services, significantly increased costs and expenses, high turnover, chronic underfunding, and difficult work. The time to act is now.