



June 16, 2023

On behalf of the more than 125,000 participants in Pennsylvania’s Medicaid Home and Community-Based Services (HCBS) and the hundreds of thousands of caregivers who care for Pennsylvania’s older adults and individuals with disabilities, we are writing today to urge you to correct profound inequities and provide the necessary funding for these services to ensure that your constituents have access to quality services that are critical to their health and wellbeing.

Two years ago, the General Assembly and the Wolf Administration agreed to use American Rescue Plan Act (ARPA) dollars from the federal government specifically earmarked for HCBS to increase reimbursement rates to Medicaid-enrolled personal assistance services (PAS) providers. This funding is set to run out on March 31, 2024 – three quarters of the way through FY 2023-24. The proposed budget replaces those federal dollars with state dollars, as was promised in 2021 by the Wolf Administration and the then-leaders of the four caucuses. To be clear – ***this increased investment by the state merely maintains reimbursement rates as set in January 2022; it does not improve rates for providers or improve access to care for the people they serve.***

Pediatric and adult shift nursing providers did not receive any reimbursement rate increases with ARPA funds.

The home-based care community is requesting a 10% increase in funding for PAS, pediatric shift nursing and pediatric home health aide services, and a 16.15% increase for adult shift nursing services. While this funding is only a fraction of what providers need to sustain HCBS in the Commonwealth’s Medicaid program, it would provide a critical increase to Medicaid-enrolled providers in Pennsylvania – 40% of whom are operating at or below zero percent margins. These providers simply cannot hire the workforce necessary to meet current needs, let alone future demand, which continues to grow.

By comparison, in recent years, facility-based providers received over a billion dollars in one-time funds to offset COVID-19 related expenses and help alleviate workforce gaps. This is in addition to last year’s historic 17.5% funding increase to nursing facilities (\$515 million) that left home-based care providers unable to compete for the workforce necessary to serve our communities.

Personal Assistance Services (PAS)

Homecare providers in the Community HealthChoices (CHC) Medicaid program serve almost three quarters of individuals receiving long-term services and supports (LTSS) (approximately 125,000), while nursing facilities serve only a quarter (approximately 43,000). Unfortunately, funding increases in recent years do not reflect program needs or consumer demand. The reality is that when consumers and patients can no longer be served in their homes and communities, they need to be served in far more costly, less desired institutional settings.

Last year’s funding increase for facility-based care represented an increased state investment of more than \$12,000 annually per beneficiary, based on current Medicaid enrollments. In comparison, our FY 23-24 request, including the proposed replacement of federal ARPA dollars with state funds, would represent an investment of less than \$3,500 annually per beneficiary.



While we understand that the growing HCBS population will result in a larger annualized line-item number, we caution you that for every person who is unable to access HCBS, the state will need to invest more to serve them in more expensive institutional settings, increasing the cost to taxpayers exponentially.

Pediatric and Adult Shift Nursing

Approximately 10,000 children with complex medical needs receive Medicaid-paid pediatric shift nursing services in Pennsylvania each year, through the Physical HealthChoices (PHC) program. Fee-for-service (FFS) reimbursement rates are blended for RNs and LPNs, at \$50.00/hour.

These rates have only been increased three times in 30 years, resulting in a massive wage gap between facility-based nurses, where hourly wages and sign-on bonuses are significantly higher than home health care, making it impossible for home health agencies to compete for nurses.

Even worse, when pediatric patients turn 21, they “age out” of pediatric services and move into the “adult” CHC program, where shift nursing is paid primarily at the LPN hourly rate of \$44.06. This rate has not been increased since 2012 and, as shown above, is significantly lower than the current pediatric FFS rate for LPNs.

As a result, when children with complex medical needs turn 21, their nurses, some of whom may have been with families for many years, are subject to even lower wage rates than provided in the PHC program. Nurses are forced to leave these jobs, due to the reduced rates, creating even more of a workforce crisis in adult shift nursing. These disparities must be corrected, and reimbursement rates must be increased.

A 2020 study by market research firm Tripp Umbach showed that the home-based care industry has a \$25.5 billion impact on Pennsylvania’s economy, compared to senior living,¹ at \$6.5 billion. That impact has only grown in recent years, and the Commonwealth will need an additional 65,000+ direct care workers and 51,000+ LTSS nurses in the next five years. Demand for HCBS has increased by over 20% in the last five years, and enrollments continue to climb, since Pennsylvania has one of the fastest growing aging populations in the country. Unfortunately, home-based care providers will have to continue to turn cases away because they cannot staff cases.

It is not a question of if the Commonwealth will pay for these medically necessary services, but when and how much. The choice is ultimately yours, but without the necessary funding today, your constituents will find it increasingly difficult to access high-quality, cost-effective home-based care, costing the Commonwealth more than twice as much per beneficiary for each home care patient forced into institutional care settings.

You and your colleagues have always supported home-based care with words; now is the time to support it with action. We implore you to take the necessary steps to ensure that this critically needed funding is appropriated to stabilize and support the home care industry and that the funds are provided where they need to be, now.

Sincerely,

¹ Independent living, assisted living, memory care, and continuing care retirement communities

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