

TESTIMONY BEFORE THE HOUSE REPUBLICAN POLICY COMMITTEE
FOR THURSDAY, SEPTEMBER 23, 2010
REGARDING ODP's OUTLIER RATE ADJUSTMENT POLICIES

My name is Paul Carpenedo. I am the Executive Director of Erie Homes for Children and Adults, Inc. (EHCA). Thank you for the opportunity to testify on the very important issue of ODP's Outlier Rate Adjustment Policies.

EHCA provides services and supports to nearly 300 people per day in Erie, Crawford, Venango and Potter Counties, including 83 persons who come from 15 counties throughout western Pennsylvania. EHCA has always been known for specializing in serving persons with severe and profound intellectual disability and who are also medically fragile. I wish I could present a video of each of our residents to help you understand the level of disability and level of need. I believe that EHCA's group homes serve the most medically fragile individuals in the Commonwealth. A few demographics may help to paint a picture of who is served in our group homes. 92% are adults; 75% are non-ambulatory. I should point out that most of those who are ambulatory have severe behavioral and/or mental health issues. 23% rely on feeding tubes for nutrition; 37% also have a mental health diagnosis. 60% have seizure disorders, and 54% have a cerebral palsy diagnosis. The average resident takes 14 different medications per day, and 57% of the group have osteoporosis or osteopenia. Nearly all of the individuals are non verbal, incontinent of bladder and bowel, require 24 hour supervision, and rely on staff for all or nearly all activities of daily living including bathing, changing, and feeding. They also require the availability of nursing, physical therapy, speech therapy, occupational therapy, and behavioral and/or psychiatric intervention. Most of the houses require two staff during sleeping hours in order to be able to both safely evacuate the house in the event of fire and to meet the Life Safety and Licensing Requirements. With EHCA serving such a population, one would naturally expect EHCA's costs to be higher and in the outlier range.

ODP informed providers that they would study outliers but did not inform providers that outliers' costs would be adjusted downward until after they had already done so. For rates for FY 09-10, ODP reduced rates that were more than two standard deviations above the mean which affected the two group homes with the 12 most medically fragile individuals served by EHCA. The financial impact would be approximately \$407,000 per year. For FY 10-11 ODP

decided to consider the cost of more than one standard deviation above the mean to be an outlier and reduced rates between one and two standard deviations above the mean to one standard deviation above the mean. This affects all of the residents served in EHCA's group homes except for one group home serving two individuals who are ambulatory and verbal, quite independent in their activities of daily living and leave the house daily to participate in a sheltered work center program. The impact of the rates set for FY 10-11 would be a loss in revenue of \$1.7 million compared with FY 08-09 costs.

EHCA's service model is somewhat unique compared to the service model used by most providers because it's the model that works best for those EHCA supports. Day program services are included as part of the residential rate for a variety of good programmatic reasons that are consistent with ODP's programming philosophy. EHCA's rates were unfairly compared with other group homes where the individual's day program is paid separately. EHCA filed a timely rate appeal for the FY 09-10 rates. However, we were told by our attorneys that the earliest we would be able to have a hearing before the Office of Hearings and Appeals would be March of 2011. This causes us great concern since the safety net of revenue reconciliation is scheduled to end on June 30, 2011. At that point EHCA would be losing approximately \$140,000 per month if ODP's outlier rate adjustment policy is still in effect at that time. If we are forced to close our residential program, no other provider would be able to serve these individuals at those rates. The only alternative then would be to serve these consumers at a state center where the cost to you and I and the taxpayers of the Commonwealth would be nearly double.

We have been told that if rates for a specific group home was determined to be an outlier, then the Individual Support Plans (ISPs) were reviewed by ODP staff to determine whether the needs of the individual residents justified the costs. The Individual Support Plan (ISP) was not designed or never intended to be used for rate setting purposes and is not a valid indicator of the costs needed to serve an individual. We believe all of EHCA's costs are reasonable and we invite the Office of Developmental Programs to do a more detailed review of all the costs as well as a clinical review of the residents. Administrative costs are less than 12% of total costs. Direct care staff salaries average \$11.00/hour. In the rate setting process, no one contacted EHCA for further clinical information or made a site visit.

We believe ODP's outlier policy is only hurting the most vulnerable people in the system and those who should be most important to the system to serve. The most vulnerable simply have no alternatives and cannot speak for themselves. We ask that ODP abandon its outlier policy in order to protect the health and safety of the Commonwealth's most vulnerable citizens.

Thank you to the House Republican Policy Committee for listening and looking into this situation.

A handwritten signature in cursive script that reads "Paul Carpenedo".

Paul Carpenedo, Executive Director
Erie Homes for Children and Adults, Inc.

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