



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
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KEVIN T. CASEY
Deputy Secretary
Office of Developmental Programs

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Dear Chief Executive Officer:

The Office of Developmental Programs (ODP) has calculated your proposed payment rate(s) for Supports Coordination services identified on the first enclosure with this letter, which are the services reflected in the Support and Services Directory (SSD) on February 16, 2009. Payment rates for services added to the SSD after that date are being calculated on an ongoing basis, and you will receive another rate letter when those rates are calculated.

The proposed payment rates are based on the information your organization submitted in the cost report in January 2009. The proposed payment rate(s) set forth on the enclosure are effective for services delivered between July 1, 2009 and June 30, 2010.

As you review the information in this letter and the enclosure, please keep the following points in mind:

- Although the attached payment rate(s) will be used to process claims submitted to PROMISE during fiscal year (FY) 2009-2010, final payments to providers in both FY 2009-2010 and FY 2010-2011 will be made in accordance with the revenue reconciliation policy. We expect to notify providers of their revenue reconciliation targets in early June.
- For planning purposes in the next two fiscal years, it might be useful to think of your revenue reconciliation target as being similar to the allocations you have received in the past from the Administrative Entities and the payments from PROMISE as the mechanism to bill in the interim, pending reconciliation to the revenue reconciliation target.
- The proposed payment rates on the enclosure reflect program changes to be effective July 1, 2009, such as changes to service definitions, unbundling of services, so the proposed payment rates are likely to be different from what they would have been if those program changes were not being implemented.
- ODP will work with providers who experience a cash flow issue despite good faith efforts to use the new payment system and in some cases issue a gross adjustment. Please refer to the enclosure titled, Protocol for Gross Adjustments for Providers of Waiver Services Cash Flow Concerns.
- Payment rates will be recalculated for FY 2010-2011 based on the cost report(s) you submit showing program costs for FY 2008-2009.
- In the next two years, during the time that revenue reconciliation is in place, ODP will be refining the rate-setting procedures based on the information we receive through the cost reports that providers have submitted and will submit for next year as well as other input from the community.

The proposed payment rates were developed from the data in the cost report submitted by providers and approved in the desk review process, when available. FY 2007-2008 data in

those cost reports were reviewed against the following cost parameters for productivity: a minimum productivity level of 56 percent and a maximum productivity level of 81 percent. The minimum productivity level was calculated from the average productivity of the Service Coordination providers as reflected in the approved cost reports, adjusted to take into account changes to service definitions that will take effect July 1, 2009. The maximum productivity level was developed through rate modeling, taking into account billable hours less vacation, training, and other non-billable time. Cost report data reflecting productivity of less than 56 percent were adjusted up to 56 percent; cost report data reflecting productivity of more than 81 percent were adjusted down to 81 percent.

After making the productivity adjustments, ODP analyzed the resulting adjusted unit costs to determine whether additional adjustments were needed. The methodology used to make that determination is set forth in the enclosure titled, "Methodology for Calculating Unit Costs - Supports Coordination."

After the unit costs were adjusted as described in the attachment, a total cost of living increase of one (1) percent (one (1) percent for FY 2007-2008 and zero (0) percent for FY 2008-2009) was applied to the FY 2007-2008 adjusted unit costs to establish each provider's proposed payment rate(s) for FY 2009-2010.

The proposed payment rate is contingent on the final budget enacted by the General Assembly. We are providing this information to you now so that it is available to you for planning purposes. You will receive another letter, advising whether the rate is final, when the final budget is enacted. Please retain the enclosures to this letter.

If you have any questions about how your proposed rate(s) was calculated, you may submit a request for clarification in writing to ODPRateQuestions@state.pa.us. Please include the following information with your request: your MPI number; the service location code(s) and rate(s) in question; the reason for your request for clarification; if the reason is that you believe a rate was calculated incorrectly, a description of your calculation of each rate in question, including 1) the cost per unit, as reported in your approved cost report; 2) the COLA adjustment (+1 percent); and 4) the RAF adjustment (-3.17 percent); any additional document that you believe supports your rate calculation(s). ODP will contact you after reviewing the information.

Sincerely,



Kevin T. Casey

Attachments