

Deputy Secretary, Juliet Marsala  
Department of Human Services  
Office of Long-Term Living  
555 Walnut Street, Forum Place 6th Floor  
Harrisburg, PA 17101

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Dear Deputy Secretary Marsala and Ms. Korzenowski:

I am writing on behalf of the Pennsylvania Homecare Association (PHA), representing over 700 home health, hospice, and homecare members across the Commonwealth. Our member agencies employ thousands of direct care workers and home health personnel who provide essential care to hundreds of thousands of Pennsylvanians, enabling our aging and disabled populations to remain in their homes and communities.

The rate study Mercer is conducting on behalf of the Office of Long Term Living is of significant interest to our membership. **We commend OLTL for initiating this rate study which has the ability to inform future rate setting methodologies and reimbursement.** The need for this study and subsequent rate adjustments has grown significantly over the 10+ years since this was last conducted and the workforce challenges that our providers face are at an all-time high. We hope that OLTL policymakers, along with our Governor's office, will consider ongoing rate reviews in the future of no less than every three years for OLTL programs, akin to other similar HCBS programs in Pennsylvania.

PHA and its membership recognizes that the current rate study is being conducted in an expedited manner to meet forecasting and budgeting needs. However, our membership is concerned that these condensed time frames could jeopardize the quality of the data provided *OR* result in an incomplete depiction of the true cost of care. In an effort to address this concern, **our membership has collectively gathered the below information to help inform data capture, collection and analysis related to this rate study, particularly for the provision of Personal Assistance Services.**

We welcome engagement from Mercer as they further conduct this analysis and would be happy to provide additional feedback and input throughout the process.

#### Considerations/Recommendations

1. **QuestionPro Provider Survey:**
  - a. **Provider Education:** Implement training how-to guides and webinars to educate providers on the Provider Survey to be released via QuestionPro. This will ensure the information provided is accurate and comprehensive.
  - b. **Confidentiality Commitments:** Ensure that Mercer/OLTL includes a privacy notice or confidentiality agreement for providers completing the Question Pro survey. Many organizations will not submit information without such commitments from the state.

2. **Market Analysis:**
  - a. **Multi-Industry Approach:** Conduct a thorough market analysis of industries competing for the same workforce, including retail stores, gas stations, and other customer service industries.
  - b. **Regional (State by State) Rate Comparison:** Analyze rates in regional area or neighboring states and consider their rate-setting methodologies to ensure a comprehensive and competitive approach for Pennsylvania. This will ensure that caregivers in Pennsylvania that live near the state border do not secure work in other states due to higher pay wages.
3. **Addressing Current and Future Demand:** Given that the prior rate study was conducted over a decade ago, it is crucial to account for current and projected demands for HCBS services in this rate study. Rates must support a workforce poised to meet the growing needs of Pennsylvania's expanding aging population, reflecting these well-documented trends.
4. **21st Century Cures Act Compliance:** While initial intentions were that the Electronic Visit Verification requirement of the 21st Century Cures Act would not financially impact providers, providers across the nation argue otherwise. The costs of EVV software and the administrative investment costs for the management of the service verification process have resulted in many organizations increasing FTE headcounts significantly to 1. ensure compliance, 2. combat fraud waste and abuse, and 3. prevent audits or takebacks from unintended misuse of the system.
5. **CMS Final Rule Consideration:** Given the historic precedent of infrequent rate studies, this study should include recommendations for consideration of the 80/20 provision of the recently released CMS final rule that is scheduled to be implemented in 2030. The impact of this provision to the provider community is significant and should be accounted for in this rate study.
6. **State Policy Goals:** Align the rate-setting process with state policy goals, such as promoting community-based care over institutional care, improving patient outcomes, and driving improvements in quality of care. Eliminating non-required or non-regulatory functions from the rate study consideration jeopardizes future enhancements and improvements in care delivery. It also does not account for the preventative nature of HCBS spending compared to more costly institutional interventions.
7. **Attracting Qualified Staff:** Ensure rates are sufficient to attract and retain qualified staff capable of providing high-quality care. The workforce crisis continues to escalate across the nation, but especially in Pennsylvania where the volume of the aging population is among the highest in the country.
8. **Inflation and Cost Adjustments:** Adjust rates to account for inflation and increases in the costs of goods and services both historically and into the future.
9. **Stakeholder Feedback:** Gather robust input from stakeholders, including feedback from recipients and their families, regarding access to and quality of care.
10. **Equitable Access:** Ensure rates support equitable access to care across different communities, including underserved areas.
11. **Cultural Competence:** Set rates that allow providers to offer culturally competent care to diverse populations, especially those where English is a second language.

## Direct Costs for Agencies

| Categories          | Area of Cost  | Regulatory Body                              |
|---------------------|---|--|
| Direct Wages        | Direct care hours   | FLSA   |
|                     | Training hours  | FLSA, OLTL, DOH                              |
|                     | Travel time   | FLSA   |
|                     | Show up time (employee arrives, customer not home)  | FLSA   |
|                     | Sick time   | City of Philadelphia                         |
|                     | Paid time off   | <i>Agency policies to remain competitive</i> |
|                     | Overtime  | FLSA   |
|                     | Employment orientation  | FLSA   |
|                     | Deeming competence in direct care   | DOH  |
| Insurance and Taxes | Workers Compensation Costs  | OLTL   |
|                     | Payroll Related Taxes (Social Security, Medicare)   | SSA  |
|                     | Unemployment Insurance  | DOL  |
| Onboarding Expenses | PPE (gloves, masks, hand sanitizer, gowns)  | DOH  |
|                     | TB testing (up to an including chest x-ray) on hire and ongoing                                 | DOH/CDC                                      |
|                     | Hepatitis B vaccination   | OSHA   |
|                     | Scrubs/Uniforms   | <i>Agency policies to remain competitive</i> |
|                     | Background Checks (criminal \$22, FBI Dept of Aging \$25.25, FBI CPS \$25.25, Child abuse \$13) | OAPSA, CPSL, DOH, OLTL                       |
|                     | Social Security Number Verification   | OLTL   |
|                     | Training for mandated reporters (if any likelihood of child in the home)                        | CPSL   |
|                     | Initial and monthly Medicaid, Medicare Fraud Checks   | OLTL   |
|                     | Department regulated ID Badges  | DOH  |
| Perks and Benefits  | 401k administration and matching  | <i>Agency policies to remain competitive</i> |
|                     | health insurance  | ACA  |
|                     | ancillary benefits, including dental, vision, STD, etc  | <i>Agency policies to remain competitive</i> |
|                     | Appreciation Bonuses, Sign-on Bonuses, and Performance Bonuses                                  | <i>Agency policies to remain competitive</i> |

## General and Administrative Agency Costs

|         |  |           |
|---------|--|-----------|
| Quality | Trainers   | OLTL, DOH |
|         | Training equipment   | OLTL, DOH |
|         | Patient Health Outcome Innovation and Initiatives  | OLTL      |
|         | Coordination with SCE and Case Management entities   | OLTL      |
|         | Quality Management Plan administration and oversight   | OLTL      |
|         | Supervisory team, often including nursing staff, performing start of care visits, delivering and reviewing | DOH, OLTL |

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|  | consumer protections, for oversight of care, workforce training and support and advisement for improved patient outcomes   |  |
| Insurance  | Commercial General Liability Insurance Costs   | OLTL                                     |
|  | Professional Liability Insurance   | OLTL                                     |
| Compliance   | TB Maintenance Program (annual TB risk assessment)   | CDC/DOH                                  |
|  | Incident Reporting   | DOH, OAPSA, APS, CPS, OLTL, MCOs         |
|  | HIPAA (including staff training)   | OLTL, HIPAA                              |
|  | Americans with Disabilities Act  | ADA                                      |
|  | OSHA, including administration of annual OSHA Reporting, including ongoing data capture of workplace injuries  | OSHA                                     |
|  | QMET   | OLTL                                     |
|  | DOH  | DOH                                      |
|  | Cost of annual licensure   | DOH                                      |
| Workforce  | English Proficiency/ESL services and supports  | OLTL                                     |
|  | Oversight of DCW for provisional hiring  | OLTL, DOH                                |
|  | Marketing/Advertising  | Standard business expenses               |
|  | Workforce Development Initiatives  | DHS                                      |
| Operations   | Brick/mortar office space (required for licensure)   | DOH                                      |
|  | Office equipment (printer, fax, software licenses, etc)  | Standard business operating expenses     |
|  | Office Expenses  | DOH, Standard business expenses          |
|  | Accounting support (financial solvency, tax returns, balance sheets and other requirements for validation, audits for audited financials as required in Medicaid revalidation) | OLTL, DHS                                |
|  | Payroll support  | FLSA                                     |
|  | Medicaid revalidation support  | ACA                                      |
|  | Billing and Accounts Receivable  | OLTL                                     |
|  | Scheduling and Case Management Support   | OLTL, DOH                                |
|  | Service Verification Support (EVV verification)  | OLTL, 21 <sup>st</sup> Century Cures Act |
|  | Provider Monitoring/Oversight  | OLTL, QMET, BPI, BFO, OIG                |
|  | Talent Acquisition/Workforce Development   | Standard business operating expenses     |
|  | Human Resources Support  | Standard business operating expenses     |
|  | Administrative Salaries  | Standard business operating expenses     |
|  | Training and Professional Development  | Standard business operating expenses     |
| Travel (including mileage for supervisory staff) and | Standard business  |  |

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|---------------|--|---|
|               | Transportation   | operating expenses                      |
|               | Technology Support to support integrations with the state aggregator, clearing houses, etc | 21 <sup>st</sup> Century Cures Act, DHS |
| Technology    | Computers  | 21 <sup>st</sup> Century Cures Act, DHS |
|               | Electronic Visit Verification Software, maintenance  | 21 <sup>st</sup> Century Cures Act, DHS |
|               | Record Retention firms (ex: Iron Mountain)   | OLTL, DOH, DOL, HIPAA, etc              |
|               | Satisfaction/Complaint Survey (NPS, eNPS, etc)   | OLTL                                    |
|               | Phone Systems  | Standard business operating expenses    |
|               | Fax  | Standard business operating expenses    |
|               | Websites   | Standard business operating expenses    |
|               | Texting technology for mass communication with DCWs  | Standard business operating expenses    |
|               | Cybersecurity measures   | HIPAA                                   |
| Miscellaneous | Dues for professional associations, subscriptions to industry publications                 | Standard business operating expenses    |
|               | Accreditation  | Standard business operating expense     |
|               | Legal Fees   | Standard business operating expenses    |
|               | Consulting Services  | Standard business operating expenses    |

Historically, PHA has been an active partner in providing feedback and thought leadership to enhance the Department of Human Services program. We welcome the opportunity to participate in stakeholder discussions to ensure this rate study achieves its primary goal of protecting the important population receiving these services and securing a quality and sufficient workforce to meet growing demands.

Sincerely,

Mia Haney  
Chief Executive Officer

Alexandra McMahon  
Director of Government Relations