

Proposed Program Revision Request (PRR)
Fiscal Year 2025-2026: Private Duty Nursing Funding Increase
Submitted By: The Pennsylvania Homecare Association

I. Intent

The intent of this PRR is to request a reimbursement rate increase for Private Duty Nursing (PDN) to support pediatric and adult care through the **Office of Medical Assistance Programs (OMAP)** and the **Office of Long-Term Living (OLTL)** which encompass both the Physical HealthChoices and Community HealthChoices programs in Pennsylvania.

II. Need & Objectives

Private Duty Nursing (PDN), often referred to as “shift nursing” in Pennsylvania, is essential in enabling many high-need Medicaid beneficiaries to be supported at home rather than via long-term hospitalization or facility care. For patients who are at home, PDN is also valuable in delivering expert care that averts clinical crises requiring hospitalization, and in freeing up family members to work and experience a better quality of life. Home is where patients want to be and where they experience the best health outcomes, making it both preferred and cost effective.

However, average Medicaid payment rates are below the amounts needed to attract and retain nurses in the PDN sector, and Pennsylvania’s Medicaid payment rates for PDN services are *even lower* than typical Medicaid rates nationally and in the northeastern United States. Many different types of organizations compete for nurses, and Pennsylvania’s Medicaid rates put PDN providers at a significant disadvantage. Lack of in-home nursing drives up the cost of care by delaying discharges from medical facilities, increasing the length of hospital stays, increasing the chance of hospital readmissions, and generally failing to provide adequate preventative care.

Our primary objectives in requesting this rate increase are to:

1. Improve access to care for medically complex children, adults, and seniors
2. Reduce costly hospital and institutional care
3. Improving quality of life by delivering ongoing care in the most preferred setting and relieving family members to be able to engage in meaningful work and life activities
4. Mitigate the nursing shortage through increased wages and benefits

III. Supporting Data

In 2024 PHA commissioned a report by the Menges Group to study nursing reimbursement rates, their impact on the nursing workforce, and the total financial impact to the state. The study found:

- Rate Insufficiency:
 - Pennsylvania’s Medicaid payment rates for shift nursing services are lower than typical Medicaid rates nationally, ranking behind New Jersey, Maryland, Delaware, and Ohio for LPN services.
 - The state is (12.5%) below the average across the four peer states (using each state’s Medicaid enrollment to derive the weighted average).
 - 30 states have higher average Medicaid FFS payments for PDN services than Pennsylvania.
- Enhanced rates improve access to care.
 - Improved rates will add substantial capacity in the form of more workers to deliver services.
- Investments in workforce are offset by decreased facility spending
 - 97% of the added costs to the state from increased reimbursement rates are offset with decreased inpatient hospital days.

IV. Proposed Program Revision

PHA is proposing that Pennsylvania implement reimbursement rates aligned to the those recommended in the Menges study. That study proposed an increase for OLTL and OMAP programs to a blended LPN/RN reimbursement rate of \$59.00/hour, which would result in a net increase to state funds of \$600,000 after medical care offsets. Furthermore, this rate increase would build capacity serving 6.16% more medically complex children and adults.

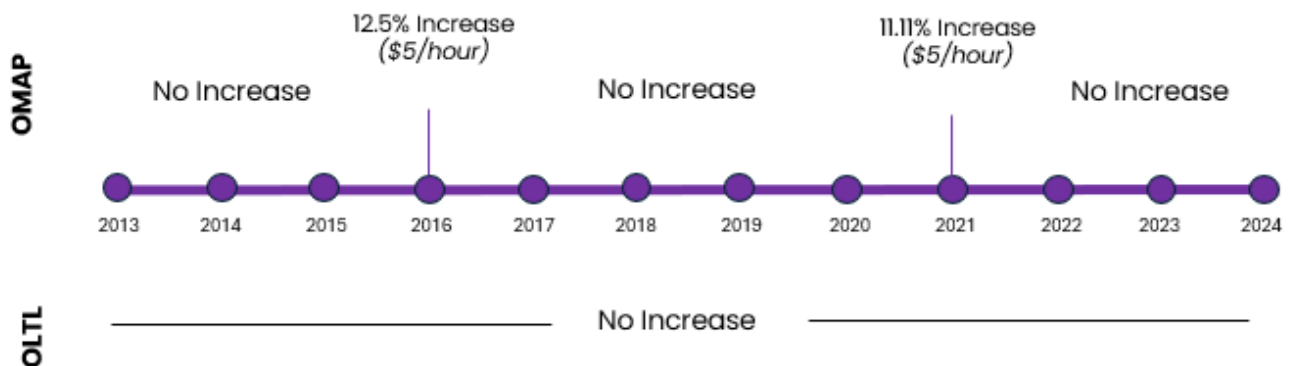
	OLTL	OMAP
Recommended RN/LPN Rate	\$59.00	\$59.00

On a percentage basis, these recommended rates are 12.3 percent above the current weighted average between all of Pennsylvania’s shift nursing programs. Nearby eastern and Mid-Atlantic states are investing in PDN services in order to reduce Medicaid costs, increase patient access, and provide for a higher quality of life for medically fragile children and adults. Maryland raised PDN rates by 12 percent between 2023 and 2024, Delaware by 7.5 percent in 2022, and New Jersey by 2 dollars in 2023.

Additionally, PHA is proposing a rate increase for Home Health Aide Services through OMAP, which would result in a 10% increase from the current rate of \$27.36, which has been stagnant for almost two decades.

	OMAP
Recommended HHA Rate	\$30.10

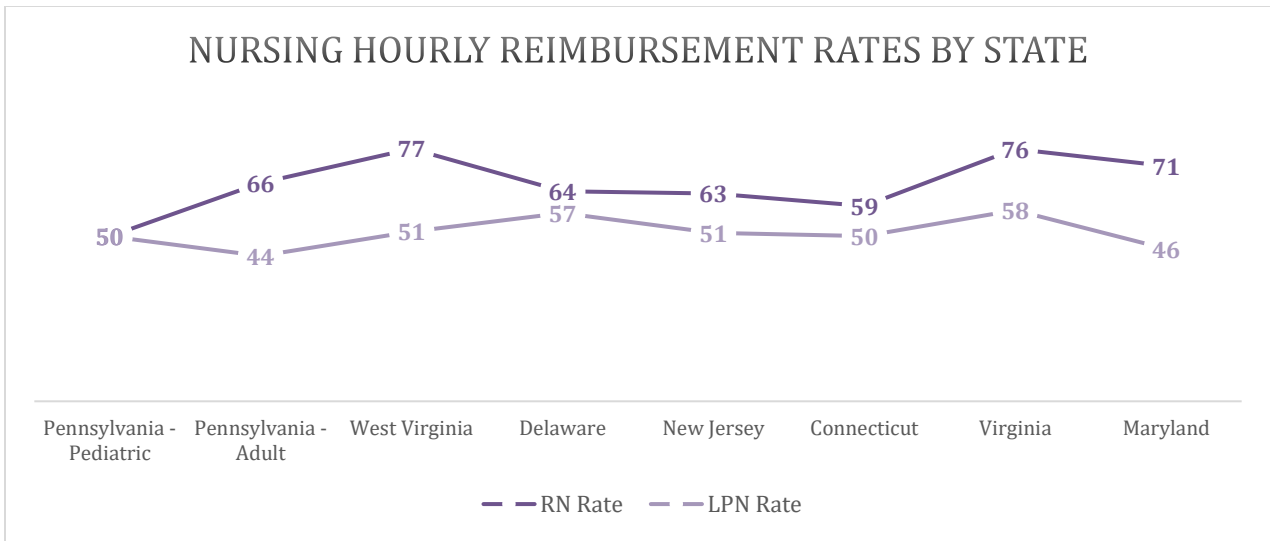
V. Private Duty Nursing Funding Background and Analytics



In the last decade, Medicaid has lagged in keeping pace with rising healthcare costs, jeopardizing the value of private duty nursing to the health care continuum. The above timeline of Private Duty Nursing reimbursement rates demonstrates the lack of support afforded to this industry to remain competitive. Cumulative inflation during the timeline shown was 32.23%, with additional costs arising from the Affordable Care Act health care requirements, COVID staff isolation costs, and additional compliance requirements.

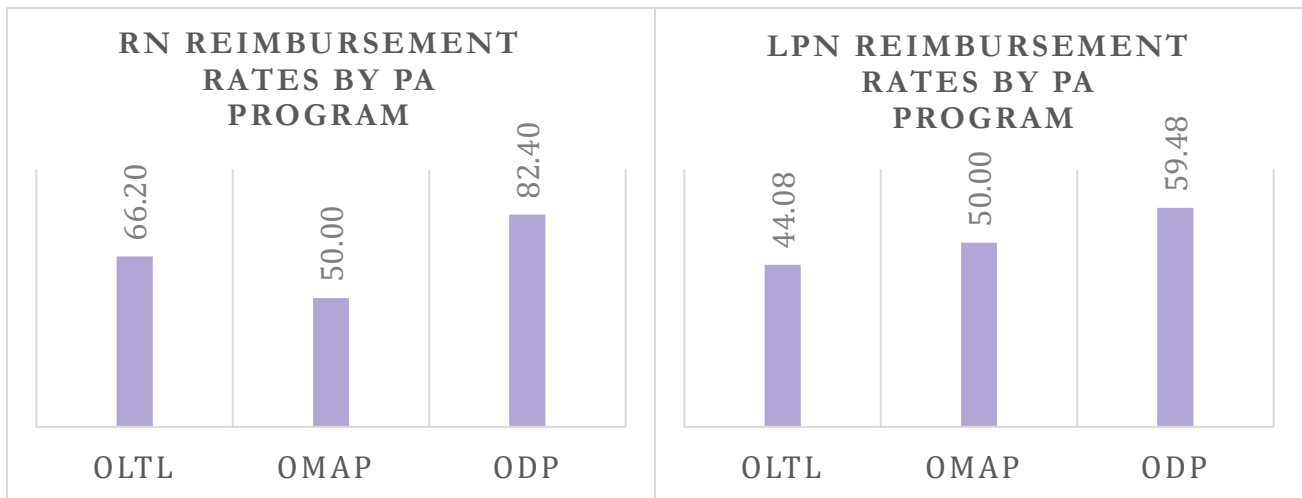
To further exacerbate the nursing crisis, Pennsylvania is among the lowest in reimbursement for private duty nursing services among contiguous and comparable states.

NURSING HOURLY REIMBURSEMENT RATES BY STATE



In the 2024-2025 budget, we saw reimbursement support for comparable programs and institutional care. However, Pennsylvania left out the programs with the largest patient population, delaying action while furthering the workforce crisis and jeopardizing the safety and security of our children, older adults and individuals with physical disabilities. See below the funding increases by program in 2024-2025. Also, see the reimbursement rate comparisons across PA programs, which show significantly higher rates for nursing care for the Office of Developmental Programs (serving intellectually and developmentally disabled populations) compared to those for OLTL and OMAP (serving older adults, children, and physically disabled populations). The vast difference in rates across programs, some of which are \$30/hour more in ODP, demonstrates the need to address service reimbursement to ensure we are equitably supporting all patient populations.

	Total Population Served	Total '24-25 Budget Increase	Percentage Reimbursement Increase
ODP	35,000	\$354.8M	7%
Nursing Homes	80,000	\$134M	7%
LIFE	7,000	\$7.5M	8%
OLTL	133,000	\$0	0%
OMAP	10,000	\$0	0%



VI. Cost Breakdown for Rate Increase

Hourly Rate Comparison with Proposed Increase:

	OLTL Current Rates	OMAP Current Rates	OLTL and OMAP Proposed Rates
Licensed Practical Nurse (LPN)	\$44.08	\$50.00	\$59.00
Registered Nurse (RN)	\$66.20	\$50.00	\$59.00
Home Health Aide (HHA)	N/A	\$27.36	\$30.10

Program Cost Estimates

	Proposed Hourly Rate	Annual State Portion of Increase for Impacted Programs	Annual State Portion of Increase after Medical Care Offset
RN/LPN	\$59.00	\$58.3 M	\$0.6 M
HHA	\$30.10	\$5.7 M	Not Available
		\$64.02 M	

V. Conclusion

Increasing funding for private duty nursing is essential not only to invest in our healthcare workforce but to ensure Pennsylvania’s medical complex children and adults receive quality, in-home care that aligns with their preferences. As demand for these services rises, inaction will exacerbate the existing workforce crisis, limit care access, and drive up Medicaid costs due to preventable institutionalization. Adjusting reimbursement rates to accurately reflect the cost of private duty nursing will stabilize this critical sector, protect vulnerable populations, and deliver cost-effective, high-quality care that enhances health outcomes while strengthening local economies. A proposed increase for private duty nursing will have a transformative effect on both care recipients and the sustainability of Pennsylvania's healthcare infrastructure, guaranteeing that compassionate, accessible care is available to all who need it.