

FEB 08 2011



Senate of Pennsylvania

TO: ALL SENATORS

FROM: Senator Charles T. McIlhinney *Chuck*
Senator Robert Mensch *Bob*

DATE: February 8, 2011

RE: Co-Sponsorship Memo #3 – Children and Youth Private Providers

In the near future, we plan on introducing legislation to amend Act 30 of 1991, which is the act that directs and mandates funding to counties for child protection and juvenile justice services. To comply with statutory responsibility to provide an array of services, county children and youth offices may elect to purchase services from private providers.

We are proposing amendments to Act 30 that would require counties that elect to purchase prevention, in home, foster family care, group home and/or resident/institution services from private providers to follow certain provisions. All counties participate in the contracting of services and most contract for significant amounts of placement services. The legislation we are introducing will include a remedy to address the disparity between actual costs of services and the rates paid by counties, and addresses timeliness of payments by requiring the contract extension language to provide for the continuation of services and a timely payment provision. Development of a rate/cost methodology to support rate adjustments reflecting actual costs of purchased services is needed to ensure compliance with federal rule. The legislation also ensures the costs will be reviewed on an annual basis.

This legislation reestablishes the intent of Act 30 of 1991 which is not being met for several reasons.

- The focus on true individualized county need has deteriorated as previous year actual expenses are the basis for budget calculations.
- County needs based plans and budgets must conform to directives prescribed in the Department of Public Welfare (DPW), Office of Children, Youth and Families (OCYF) Needs Based Plan and Budget Bulletin.

- Significant disparity between actual costs incurred by private service providers and rates paid for purchased services exists and Act 30 does not provide any structure or opportunity to address payments for the actual costs of mandated services delivered through purchase of service agreements.
- Unfunded mandates including data and outcomes requirements add to the costs incurred by providers.
- Although required by related regulations, there is no longer any open rate negotiation process between private providers and counties
- Counties have been advised by OCYF that rate per diem increases above the COLA are the responsibility of the county to fund; and in the absence of a designated COLA, any increase in rates is the total responsibility of the county.

Private providers have very limited input into this process and actual costs incurred in the provision of mandated services are not addressed even though private agencies deliver the majority (80%) of mandated direct child welfare services across the Commonwealth. This is also true for providers contracting to deliver services for youth in the juvenile justice system as these services are also delivered through purchase of service agreements with County Children and Youth agencies.

If you would like to co-sponsor this legislation, please call my office at 7-7305 or e-mail Monica Riddle mriddle@pasen.gov.