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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

COMMITTEES

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REPUBLICAN CHAIRMAN, SUBCOMMITTEE ON
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February 7, 2011

MEMORANDUM

Subject: Proposed Legislation
Payment for Costs for Purchased Mandated Child Protection Services

To: All House Members

From: Representative Thomas P. Murt

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 services. County budgets and requests for funding for children and youth/juvenile justice services are structured by the Needs Based Plan and Budget requirements addressed in Act 30.

However, the intent of Act 30 of 1991 to address need 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.

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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. Purchased services include in-home, family preservation, placement (foster family/kinship care, group home and residential), reunification services and prevention programming. These purchased services are paid for with a combination of federal, state and county dollars.

Continued deterioration of the private provider community that has worked to ensure child safety and community protection for centuries will continue without realistic inclusion and consideration of budget projections for purchased services, consideration of actual costs of purchased services as documented on OCYF prescribed budget forms and a defined mechanism to ensure that funding reaches the direct service level.

Thus, the legislation we are introducing will include a remedy to address the disparity between actual costs of services and the rates paid by counties for services purchased and addresses timeliness of payments. 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.

If you would like to co-sponsor this legislation, please e-mail my secretary, Amy Bossart, at ABossart@pahousegop.com.

TPM/ab