

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1534 Session of 2015

INTRODUCED BY BENNINGHOFF, COHEN, FARRY, A. HARRIS, KILLION, MURT, NESBIT, SAYLOR, TOOHIL AND WATSON, SEPTEMBER 8, 2015

REFERRED TO COMMITTEE ON HEALTH, SEPTEMBER 8, 2015

AN ACT

1 Amending the act of June 13, 1967 (P.L.31, No.21), entitled "An  
 2 act to consolidate, editorially revise, and codify the public  
 3 welfare laws of the Commonwealth," in children and youth,  
 4 providing for provider submissions and reimbursement rates.

5 The General Assembly of the Commonwealth of Pennsylvania  
 6 hereby enacts as follows:

7 Section 1. The act of June 13, 1967 (P.L.31, No.21), known  
 8 as the Public Welfare Code, is amended by adding a section to  
 9 read:

10 Section 704.4. Provider Submissions and Reimbursement  
 11 Rates.--(a) Effective July 1, 2016, a provider shall submit  
 12 documentation of its costs of providing services in accordance  
 13 with this section.

14 (b) A provider shall submit documentation of its costs to  
 15 the department in the form of a cost report that is subject to  
 16 agreed upon procedures established by the department. The  
 17 department shall develop alternate procedures for providers who  
 18 lack actual cost data.

19 (c) The agreed upon procedures shall:

1 (1) Include a requirement that a certified public accountant  
2 attest to the validity and accuracy of a provider's cost report  
3 prior to the submission of the cost report.

4 (2) Conform to the requirements of section 475(4)(A) of the  
5 Social Security Act (49 Stat. 620, 42 U.S.C. § 675(4)(A)), 2 CFR  
6 Pt. 200 (relating to uniform administrative requirements, cost  
7 principles, and audit requirements for Federal awards), 45 CFR  
8 1356.60 (relating to fiscal requirements) and 55 Pa. Code Ch.  
9 3140 (relating to reimbursement requirements for county children  
10 and youth social service programs).

11 (3) Include the following for use in determining allowable  
12 costs:

13 (i) Reconciliation of the cost report to the provider trial  
14 balance.

15 (ii) Cash disbursements for non-payroll and fringe benefits.

16 (iii) Payroll and fringe benefits.

17 (iv) Fixed assets.

18 (v) Census statistics.

19 (vi) Ancillary supporting documentation.

20 (d) A rate adjustment factor shall be used in calculating  
21 total provider costs, costs under Title IV-E of the Social  
22 Security Act (49 Stat. 620, 42 U.S.C. § 301 et seq.), State  
23 reimbursement under section 704.1 and counties' share of costs.

24 The rate adjustment factor shall be applied to the costs  
25 included in a provider's cost report to account for the twenty-  
26 four month period between the year that costs are reported and  
27 the year in which rates take effect. The rate adjustment factor  
28 shall be published annually by the department in the  
29 Pennsylvania Bulletin. The rate adjustment factor shall be  
30 calculated by:

1 (1) adding:

2 (i) the amount equivalent to seventy percent of the  
3 employment cost index; and

4 (ii) the amount equivalent to thirty percent of the Consumer  
5 Price Index; and

6 (2) multiplying the sum under clause (1) by two.

7 (e) The department shall develop and implement a training  
8 curriculum for certified public accountants and provider and  
9 county staff to ensure accurate completion of the required  
10 agreed upon procedures.

11 (f) The department shall review cost reports submitted by  
12 providers to determine compliance with requirements for Federal  
13 funding and State reimbursement of allowable direct and indirect  
14 costs incurred in the provision of out-of-home placement  
15 services. The department shall develop, in conjunction with  
16 providers and counties, a dispute resolution process to address  
17 areas of disagreement with State review process findings.

18 (g) The department shall develop a plan to implement a  
19 standardized time study process for provider staff to improve  
20 accuracy and timeliness related to submission of claims for  
21 Federal funds and elevated accountability for use of State  
22 funds.

23 (h) The department shall convene a review committee  
24 comprised of representatives from the department, county child  
25 welfare agencies and providers to review the methodology used to  
26 determine reimbursement for costs of provider services. The  
27 review committee shall report its findings and recommendations  
28 to the General Assembly annually for the first three years  
29 following the effective date of this section and biennially  
30 thereafter.

1     (i) As used in this section:

2     "Agreed upon procedures" means the validation of costs  
3 procedures that providers are required to follow in submitting  
4 documentation of costs.

5     "Consumer Price Index" means the Consumer Price Index for All  
6 Urban Consumers (CPI-U) for the Pennsylvania, New Jersey,  
7 Delaware and Maryland area, officially reported by the United  
8 States Department of Labor, Bureau of Labor Statistics.

9     "Employment cost index" means the most recent official  
10 figures for the previous twelve-month period beginning July 1  
11 and ending June 30 for the Employment Cost Index, all workers,  
12 reported by the United States Department of Labor, Bureau of  
13 Labor Statistics.

14     "Provider" means an entity licensed or certified to provide  
15 twenty-four-hour out-of-home community-based or institutional  
16 care and supervision of a child, with the care and supervision  
17 being paid for or provided by a county using Federal or State  
18 funds disbursed under this article.

19     Section 2. This act shall take effect immediately.