



THE BENEFIT OF CONSISTENT RATE INCREASES FOR PENNSYLVANIA BEHAVIORAL HEALTH PROVIDERS

Introduction

Providers deliver quality programming and need to be able to sustain and adequately plan for their programming from year to year. Consistent, reliable annual rate increases help agencies anticipate what they are receiving to be able to budget appropriately. The Pennsylvania Council of Children, Youth, & Family Services (PCCYFS) surveyed four behavioral health providers who provide different behavioral health services, ranging from community-based programming to a Psychiatric Residential Treatment Facility (PRTF) level of care to better understand how the payment process could be improved.

How did we get here?

Costs have risen but providers rates have not. Human services have historically been underfunded, and providers of these services are still feeling the effects of an across-the-board ten percent state budget cut in 2012.

Providers have been far behind for so long, making it intensely difficult to bring their budgets back to a sustainable number. This trickle-down effect inevitably impacts a provider's ability to recruit and retain quality staff by paying competitive wages and impacts their service capacity. Providers need to be able to compete with employers that offer market value wages to better serve vulnerable youth and families.

What's the current process?

Every provider outlined a different process for requesting a rate increase depending on the Behavioral Health Managed Care Organization (BHMC) and program area, which can be cumbersome, time-consuming, and unnecessarily duplicative.

On rare occasions, BHMCs may offer an increase when there is a surplus of funds, or federal dollars, such as from the American Rescue Plan Act, to help when there was underutilization of services during the COVID-19 Pandemic. Although these were very helpful to providers, the increases did not meet their budget projections due to competitiveness in the market and past years of limited increases.

How are rate increases used?

Providers have increased salaries by about 11% at times to remain competitive despite receiving an increase of only 3%

Current amounts of rate increases are not enough to compete with the job market. Turnover is about 40% in some agencies. The work required by the staff that work for behavioral health agencies is complex: staff should also be compensated with a higher wage to manage the extensive paperwork, non-traditional hours, complex youth, and ongoing trauma, among other challenges. Similarly, providers want to show staff that they value their time and effort by raising their hourly rate/salaries, but they are unable to because of insufficient rate increases. When surveyed, providers agreed, if received, increases are prioritized for staff salaries (at a 3% increase per year), then applied to their general budget to help fill in gaps where it's needed.

- One of our members stated that all five BHMCOs fell short of their requested rate increase by over 25%, meaning this provider is not being compensated for their true cost of care.
- Another provider said when increases were received, 70% went to staff salaries, 20% to occupancy and 10% to insurance.
- One provider noted that when increases were given, they were able to give staff in one program large salary increases, but they also needed to have some of those funds go to making up losses and support overhead expenses because of the sporadic nature of these increases.
- Behavioral health provider positions compete with school-based positions, which pay higher and are more attractive due to the hours. Providers have increased salaries by about 11% at times to remain competitive despite receiving an increase of only 3%.
- Another provider stated that increases have allowed them to increase staff wages to a point where their jobs were more marketable. They said that since the increase, they have seen an increase in applicants and it has been easier to fill positions, making their program run more efficiently and safely.

Rate increases have increased staff morale and performance within provider agencies. Generally, when wages were raised based on receiving rate increases, the number of employees increased.

When providers were able to provide increases, one stated that 70% went to staff salaries, 20% to occupancy and 10% to insurance

What can be done?

Aligning rate increase requests with the providers actual costs is what makes the most sense. This also allows providers to be data-driven and use insights from their financial performance. It also encourages providers to request increases that reflect the true cost of providing services while remaining fiscally responsible. This approach ensures that private providers can continue to offer high-quality care, while maintaining operational integrity for our most vulnerable populations - As stated by a PCCYFS member.

- As this member continued, "A more measured and tailored approach when requesting increases will ensure that rate increases are both sufficient and justified, avoiding unnecessary burdens on funding entities while addressing critical cost areas such as staff wages, program support, and operational overhead."
- In addition to annual rate increases, providers should be able to request more than the annual increase based on eligibility factors as determined by all of the BHMCOs and providers.

Rate increase request standardization across all 5 BHMCOs would save time for providers, provide consistency, and would reduce errors.

Increases need to be based on actual provider expenditures in order to fully cover the cost of running their programs and organizations.

- If providers do not receive enough to be able to operate their programs with integrity and quality, they run the risk of not being able to provide services to the youth in the regions they serve.

"Lack of a standardized rate setting process also impacts the safety of our clients and our staff. Increased worker turnover creates high caseloads and workloads for remaining staff, which creates significant risks and potentially dangerous circumstances for youth and families. Providers are left to "figure it out" and "make it work" with the limited financial resources that they have. As a result, this impacts staff who are experiencing secondary trauma and burnout. Worker turnover also perpetuates secondary trauma for the youth and families, who have to then retell their story to a new employee." -PCCYFS Member

About PCCYFS: The Pennsylvania Council of Children, Youth and Family Services (PCCYFS) is the collective voice for private agencies that serve Pennsylvania's most vulnerable children and their families. PCCYFS represents nearly 100 private agencies employing more than 10,000 professionals statewide. These services include foster care/kinship care, adoption, residential treatment, behavioral health services, education, counseling, independent living/transitional living services and others. For more information, visit www.pccyfs.org.