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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE RESOLUTION

No. 352 Session of  
2022

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INTRODUCED BY BROOKS, OCTOBER 11, 2022

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REFERRED TO HEALTH AND HUMAN SERVICES, OCTOBER 11, 2022

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A RESOLUTION

1 Directing the Joint State Government Commission to study and  
2 issue a report on the specific data, calculations and  
3 mechanisms that the Department of Human Services utilizes to  
4 determine the amount of Medical Assistance capitation funding  
5 that is ultimately paid to drug and alcohol addiction  
6 treatment providers within this Commonwealth.

7 WHEREAS, This Commonwealth is among the top 10 states with  
8 the highest drug overdose death rate in this country, with  
9 approximately 42 deaths per 100,000 citizens recorded in the  
10 year 2020; and

11 WHEREAS, In 2021, at least 15 Pennsylvanians died each day  
12 due to a drug overdose; and

13 WHEREAS, The rate of drug overdose deaths and the need for  
14 drug and alcohol addiction treatment has increased in recent  
15 years due to the increased availability of fentanyl and  
16 xylazine; and

17 WHEREAS, The cost of providing drug and alcohol addiction  
18 treatment services has also increased due to workforce  
19 challenges exacerbated by the COVID-19 pandemic and heightened  
20 supply costs due to inflation; and

1       WHEREAS, The increased demand for addiction treatment  
2 services is directly impacting this Commonwealth's health care  
3 system, in which acute care hospitals are unable to find  
4 available settings to discharge patients or to transition  
5 patients to postacute care or treatment facilities; and

6       WHEREAS, The unprecedented demand for mental and behavioral  
7 health services post-COVID-19 pandemic has been echoed by  
8 increased rates of attempted and completed suicides among youth  
9 and young adults and individuals with substance use disorders;  
10 and

11       WHEREAS, This Commonwealth's reimbursement for drug and  
12 alcohol addiction treatment services is complex and includes:

13           (1) The Department of Drug and Alcohol Programs, which  
14 administers the Substance Abuse Prevention and Treatment  
15 Block Grant.

16           (2) The Department of Human Services, which pays for  
17 Medicaid-covered services.

18           (3) The 47 administrative entities called Single County  
19 Authorities, which utilize county and block grant funding to  
20 reimburse services for those not covered by Medicaid.

21           (4) The Behavioral HealthChoices managed care  
22 organizations that contract with a county to coordinate the  
23 delivery of Medicaid-covered services through a network of  
24 drug and alcohol addiction treatment providers;

25 and

26       WHEREAS, Financing drug and alcohol addiction treatment and  
27 care coordination is complex, and it is unclear how funding  
28 allocated to these programs by the General Assembly is being  
29 directed toward reimbursing providers that support increasing  
30 access to care and making quality-based program improvements;

1 and

2 WHEREAS, Medicaid spending increases each year, requiring the  
3 Department of Human Services to make annual supplemental  
4 appropriation requests to cover program costs; and

5 WHEREAS, These drug and alcohol addiction treatment providers  
6 have not seen rate increases consistent with expanding demands;  
7 therefore be it

8 RESOLVED, That the Senate direct the Joint State Government  
9 Commission to study the specific data, calculations and  
10 mechanisms that the Department of Human Services utilizes to  
11 determine the amount of Medical Assistance capitation funding  
12 that is ultimately paid to drug and alcohol addiction treatment  
13 providers within this Commonwealth, including:

14 (1) explaining the allocation of funding distributed by  
15 the Department of Human Services to the county and from the  
16 county to the county's contracted Behavioral HealthChoices  
17 managed care organization;

18 (2) determining the process that the Department of Human  
19 Services utilizes to collect cost-reporting data from drug  
20 and alcohol addiction treatment providers and the extent to  
21 which the cost-reporting data and other information,  
22 including, but not limited to, the following, are used to  
23 determine reimbursement rates:

- 24 (i) increases in the general cost of living;  
25 (ii) inflation;  
26 (iii) capital depreciation and amortization costs;  
27 (iv) workforce and salary demands;  
28 (v) regional differences; and  
29 (vi) other information that the commission finds  
30 relevant in the calculation that informs the Medicaid

1           capitation allocation;

2           (3) at a county level, confirming the information and  
3 data that informs the amount of county funding that is  
4 allocated to a county's Single County Authority; and

5           (4) at the managed care organization level, using data  
6 from fiscal year 2019 as a reference:

7           (i) determining the portion of the organization's  
8 capitation funding that was used to reimburse drug and  
9 alcohol addiction treatment providers for services  
10 provided;

11           (ii) reporting anonymized provider-level data on the  
12 percent change in provider reimbursement rates over the  
13 previous fiscal year; and

14           (iii) reporting on the policies and mechanisms of  
15 managed care organizations to afford providers a  
16 meaningful opportunity to negotiate reimbursement rates  
17 that account for increased demand for services and  
18 quality improvements;

19 and be it further

20       RESOLVED, That the Joint State Government Commission be  
21 authorized by the General Assembly to discuss proprietary  
22 information with the Department of Human Services' actuary in  
23 pursuit of this study; and be it further

24       RESOLVED, That the Joint State Government Commission issue a  
25 report of the findings, along with any statutory or regulatory  
26 recommendations, within seven months of the adoption of this  
27 resolution to the:

28           (1) Chair and minority chair of the Appropriations  
29 Committee of the Senate.

30           (2) Chair and minority chair of the Appropriations

1 Committee of the House of Representatives.

2 (3) Chair and minority chair of the Health and Human  
3 Services Committee of the Senate.

4 (4) Chair and minority chair of the Human Services  
5 Committee of the House of Representatives.