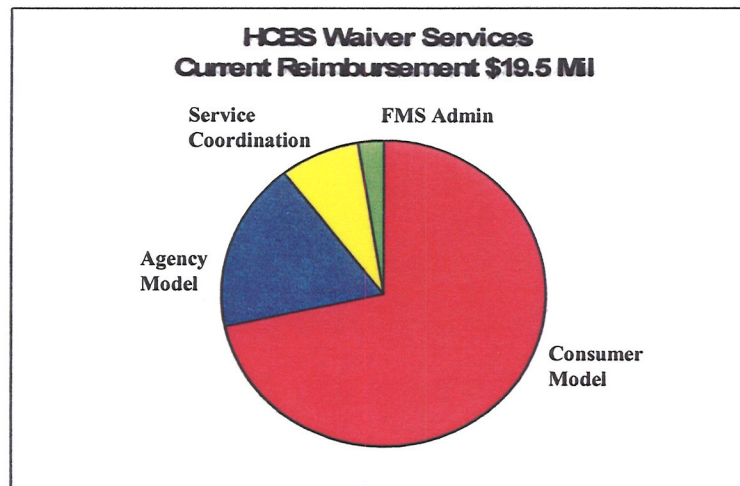


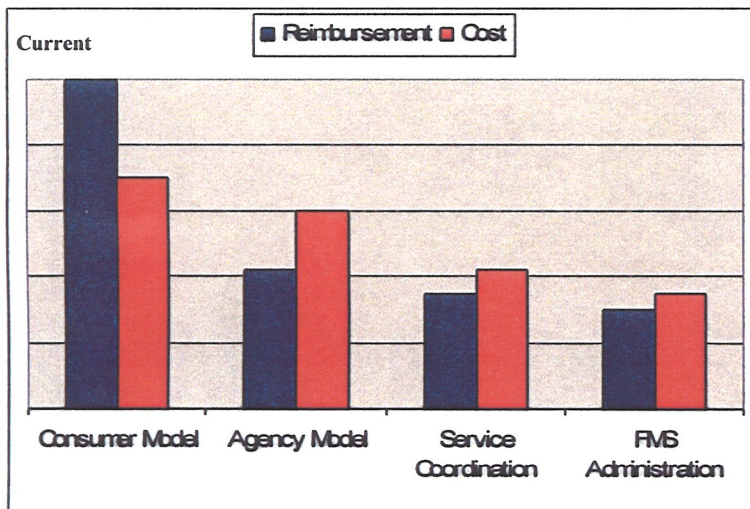
1) Rates for HCBS services have not increased in over 5 years. Over that time period the Consumer Model services grew significantly.

2) Rising costs in the Agency model, Service Coordination, and FMS Administration due to business costs and the constant unfunded mandates imposed by OLTL have forced providers to use surplus funds from the consumer model services to offset these deficits. This is the only reason that services have continued in Pennsylvania, despite no rate increases

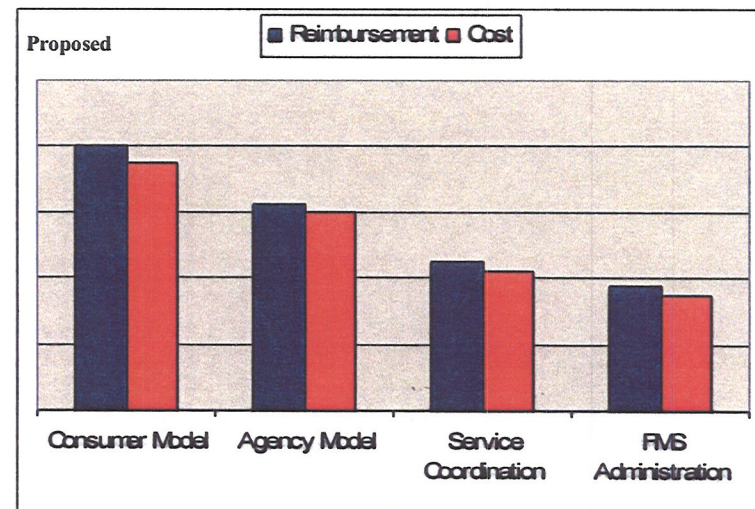


4) Providers have proposed a **cost neutral solution**; a "Right Rates First" strategy to redistribute any excess funds to the other services and will allow them to:

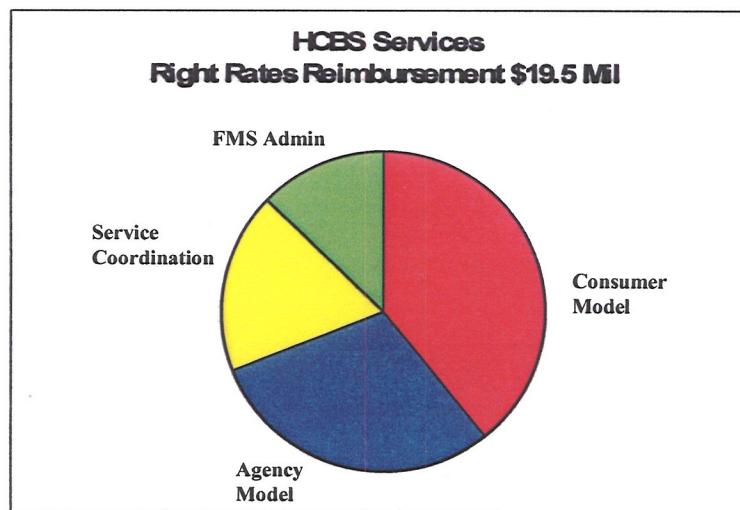
- Avoid elimination of services
- Properly fund deficit programs currently subsidized by the consumer model services
- Maximize the number of consumers receiving care
- Preserve HCBS Services and support the rebalancing initiatives of DPW.



3) Contrary to established practice, OLTL has restricted providers from using the excess cash to support the other services; forcing providers into deficits with no other means to offset them.



5) This strategy offers a viable solution that complies with Medicaid policies and will not result in added cost to the Commonwealth or unintended human catastrophe. Temporarily removing the restriction on the fee for service consumer model rate while rates are revised for all services simultaneously, will effect a quiet change instead of a highly visible collapse of a vital, and very cost-effective, support system for 25,000 Pennsylvanians with physical or age-related disabilities



6) Pursuing the current course:

- Services will be eliminated
- Without care, thousands of consumers will be forced into nursing homes unnecessarily
- Significant cost increases to DPW; \$80,000 vs \$30,000
- Businesses will close because it is impossible to provide the services under the current restrictions and rates
- Estimated 60,000 attendants, Service Coordinators, and FMS Administrative staff will lose their jobs