



WHITE DEER RUN
Committed to Excellence
 A Member of CRC Health Group

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July 14, 2008

#2654

VIA CERTIFIED MAIL DELIVERY

Janice Staloski, Director
 Bureau of Community Program Licensure and Certification
 PA Department of Health
 132 Kline Plaza, Suite A
 Harrisburg, PA 17104

RECEIVED
 2008 JUL 17 AM 10:03
 INDEPENDENT REGULATORY
 REVIEW COMMISSION

Dear Ms. Staloski:

As a follow up to my letter of June 25, 2008 in opposition of the proposed changes to 4 PA Code Section 255.5(b), I made the assertion that these changes, in addition to impacting client treatment, will most certainly result in additional costs to treatment programs. In that letter, I requested a copy of the financial analysis which led to the Department's determination that this rulemaking would result in no cost increases to treatment providers. As of this date, I have yet to receive any information that supports the Department's findings.

Conversely, I have asked my utilization review team to conduct a time study in an effort to establish a fair comparative analysis of future costs which will be incurred as a result of the proposed changes.

Items Released Under Current 255.5(b) Statute	Items to be Released Under Proposed Amendment to Statute 255.5(b)
<ol style="list-style-type: none"> 1. Whether the client is or is not in treatment 2. The prognosis of the client 3. The nature of the project 4. A brief description of the progress of the client 5. A short statement as to whether the client has relapsed into drug or alcohol abuse and the frequency of such relapse 	<ol style="list-style-type: none"> 1. A statement of whether or not the patient is in treatment for drug and alcohol abuse or dependence 2. The patient's level of intoxication from alcohol, illicit drugs or medication 3. The quantity, frequency and duration of use 4. Specific withdrawal symptoms exhibited by the patient currently, or in the past 5. The patient's vital signs 6. Specific medical conditions, including pregnancy 7. Specific medications taken 8. Laboratory test results 9. Patient's specific diagnosis 10. Patient's mental status 11. Level of functioning 12. Treatment history 13. Brief description of patient's progress in treatment <ul style="list-style-type: none"> • Participation in program activities • Motivation to change 14. Risk level for resuming substance use, abuse or dependence, based on: <ul style="list-style-type: none"> • Patterns of use, • Relapse history, • Existing relapse triggers, and • Coping skills to maintain recovery 15. Patient's social support system 16. Patient's environmental supports and stressors

Our study of time and resources necessary to meet the needs of third party payers under the latest proposed version of 255.5 resulted in the following findings. Additionally, we believe that these changes will require retraining of existing staff and replacement costs for staff who attend trainings. Those costs have also been estimated in our study.

CRC Health Group

Pennsylvania Treatment Programs

Estimated Impact of 255.5 Changes

Utilization Review Staffing

Current Direct Full Time Equivalents	12.0	
Indirect Full time Equivalents	<u>3.0</u>	
Total Staff Dedicated to Utilization Review	<u>15.0</u>	
Average Hourly Wage per Staff	\$17.00	
Estimated Annual Wages		\$530,400
Benefit Factor	24%	<u>\$127,296</u>
Total Estimated Utilization Review Wages & Benefits		<u>\$657,696</u>
Estimated Cost Increase	36%	<u>\$236,771</u>

Chart Reviews

Current Clients Treated per Year	19,000	
Estimated Audit Requirements	<u>25%</u>	
Estimated Records Requested	<u>4,750</u>	
Estimated Pages per Record	<u>50</u>	
Total Estimated Pages	<u>237,500</u>	
Average Cost per Copy		\$0.0208
Total Estimated Cost for Copies		<u>\$4,940</u>
Postage to Mail Return Receipt Requested	\$3	
Total Estimated Postage Costs		<u>\$14,250</u>
Hours Estimated to Retrieve, Breakdown, Copy, Package, and Restore Records	0.5	
Total Estimated Preparation Hours		2,375
Average Hourly Wage per Staff	\$10.00	
Estimated Annual Wages		\$23,750
Benefit Factor	24%	<u>\$5,700</u>
Total Estimated Utilization Review Wages & Benefits		<u>\$29,450</u>

Re-education of Key Staff

Total PA Head-Count (Mental Health units)	875	
Training hours per staff	3	
Total training hours required		2,625
Average Hourly Wage per Staff	\$14.30	
Total wage cost in re-education		\$37,538
Benefit Factor	24%	\$9,009
Total Estimated Re-education Wages & Benefits		<u>\$46,547</u>
Staff replacement cost at 50%		<u>\$23,273</u>
Total Estimated Cost Increase (2008)		<u>\$355,230</u>
Anticipated Inflation Factor	3%	<u>\$10,657</u>
Total Estimated Cost Increase (2009) CRC Health Group		<u><u>\$365,887</u></u>

As you can see in the above, based on today's dollars, it is likely CRC Health's programs in Pennsylvania will incur an estimated \$366,000 in additional cost per annum. I believe the methodology used in determining these costs is fair and somewhat conservative.

As these costs will be incurred, providers will need to move these new expenses back to private and public payers through the annual rate setting process. For those clients receiving services via public funding, it can be expected that services will be further limited as State dollars will be used to fund the additional expenses noted above. This effort will likely widen the treatment gap between those in need of services and those who can be appropriately treated.

In summary, it is clear that altering 255.5 (b) in the proposed manner will adversely affect treatment providers in many ways, none the least of which is financial. I believe the rippling effect of these additional costs will result in fewer funded treatments stays, shorter lengths of stay and fewer outpatient services. Again, I beg for the Department and the Governor's office to fully review its proposed rulemaking; to talk to those of us in the field who will be adversely impacted by these changes; and ultimately protect and service our consumers of treatment services. These changes are a disservice to our clients and the Commonwealth.

Thank you for your consideration.

Respectfully,



Joseph A. Procopio
Regional Vice President CRC Health
Executive Director, White Deer Run

CC: Independent Regulatory Review Commission
Representative Frank Oliver
Senator Edwin Erickson
Representative George Kenney
Senator Vincent Hughes
Jerry Rhodes, President, CRC Health, Recovery Division
Deb Beck, President, DASPOP