

VETO 10

HHS RATE REDUCTION NOTICE

VETO 10 – This proviso interferes with how HHS provides notices for proposed rate reductions, fee increases, and policy decisions, eliminating the flexibility provided to the agency via Act 77 of 2011.

Background:

- This proviso was inserted after a single provider group accused HHS of not making adequate notice of a rate change effective this summer.
- In fact, the Department can confirm that this decision was noticed an entire year before its effective date – the accusations are not true.
- Advocates for this proviso are not being swayed by the facts of the case, and chose to push forward with this micromanaging proviso with a host of potentially negative unintended consequences.
- Director Soura has provided a letter explaining this.

Argument to Sustain the Veto:

- This proviso directs how HHS will provide notice for reductions in rates, increases in fees, and other policy decisions.
- At the outset, we don't need this proviso, because HHS already has a public notice policy that exceeds what federal law requires.
- **This veto should be sustained, because this proviso attempts to solve a problem that does not exist and thereby creates two new problems.**
- The first problem created by this proviso is that **it would take us back to how things were before we passed Act 77 of 2011 when HHS was prevented from reducing provider rates under any circumstance**—that flexibility has allowed the agency to manage its finances and reduce the risk for running a mid-year deficit, all of which were problems before Act 77.
- The second problem created by this proviso is that **it would conflict with changes in federal law or policies that mandate specific dates for when provider rates must change**, which are beyond the agency's control.
- Because we want to make sure HHS has the flexibility and authority to keep its fiscal house in order, we must sustain this veto.
- In addition, we don't want to put HHS in the position of having to defy a federal directive because of this proviso.
- For these reasons, we should sustain this veto.