

Provider Rates and Program Expansion Update (As of July 29, 2025)

This communication is a follow-up to our December 6th, 2024, [Rates Update](#). Today, Magellan Behavioral Health of Pennsylvania (Magellan), in collaboration with our county partners, will provide a status update regarding our plan for 2025 provider rate increases, and program expansion. We appreciate your commitment to the PA HealthChoices Program and most importantly, our members.

In our December 6th message, we shared that we would monitor medical expenditures through the second quarter of CY2025 and re-evaluate accordingly. Since the close of Q2 on June 30th, 2025, Magellan has received outreach from multiple provider organizations requesting updates on rate increases and network expansion opportunities.

Given the volume of inquiries and the factors contributing to the current financial landscape, we believe it is important to clarify elements from December 6th communication—particularly regarding timing—and to transparently share what we know currently.

Clarification on the Timeline for Monitoring and Data Analysis

Evaluating financial performance requires time for claims to run out. A full picture of actual medical spend typically requires at least 30—and often up to 90—days post-quarter for accurate analysis. Therefore, while Q2 has ended, the data set needed to inform decisions is not yet complete. It is important to note that each county operates under a separate rate structure; as such, financial performance and related decisions will vary by county.

Preliminary Analysis of 2025 Medical Spend by County

Based on Magellan's analysis of utilization through May 2025, existing capitation rates for most counties are failing to cover currently escalating Program costs. This shortfall is driven by flat member enrollment and higher utilization of services. Specific trends are as follows:

- **Bucks County:** Trending slightly favorable year-to-date. There may be a small, finite amount of funding available in 2025 for potential rate increases, provider expansion, or new initiatives.
- **Cambria County, Lehigh County, Montgomery County, and Northampton County:** Medical expenditures are fully allocated. The financial situation is not able to support rate increases or provider expansion currently.

Implications for Magellan's Provider Network

- **Program expansion** remains paused. Magellan continues to evaluate the network for adequacy and geographic needs. Where an immediate need is identified, we will proactively reach out to providers. Please note that we will continue to regularly review and prioritize both new and existing provider requests for network entry or expansion.
- **Rate increases** remain paused across all counties. Based on preliminary analysis, it is unlikely that we will implement increases for most providers in 2025.

Next Steps

- The counties and Magellan will finalize their review of Q1 & Q2 2025 claims data, allowing appropriate run-out time.
- The counties and Magellan will finalize decisions based on updated 2025 projections.
- We will share status updates approximately 90 days after the close of Q2 2025, Q3 2025, and Q4 2025 as follows:
 - Q2 2025 status update will be shared on Friday, October 3, 2025.
 - Q3 2025 status update will be shared on Friday, January 9, 2026.
 - Q4 2025 status update will be shared on Friday, April 3, 2026.
- Decisions will be individualized by each county. Should opportunities for rate adjustments or network expansion arise, Magellan and the respective county will directly contact impacted providers.

Thank you for your continued partnership and commitment to the individuals we collectively serve. We will continue to provide updates as more information becomes available.