

COMMONWEALTH OF PENNSYLVANIA  
HOUSE OF REPRESENTATIVES  
APPROPRIATIONS COMMITTEE HEARING  
BUDGET HEARING

STATE CAPITOL  
MAJORITY CAUCUS ROOM  
HARRISBURG, PENNSYLVANIA

WEDNESDAY, FEBRUARY 20, 2008, 10:00 A.M.

VOLUME II OF VI

PRESENTATION BY DEPARTMENT OF AGING

BEFORE:

HONORABLE DWIGHT EVANS, CHAIRMAN  
HONORABLE MARIO J. CIVERA, JR., CHAIRMAN  
HONORABLE STEPHEN E. BARRAR  
HONORABLE STEVEN W. CAPPELLI  
HONORABLE H. SCOTT CONKLIN  
HONORABLE BRIAN ELLIS  
HONORABLE DAN B. FRANKEL  
HONORABLE JOHN T. GALLOWAY  
HONORABLE WILLIAM F. KELLER  
HONORABLE BRYAN R. LENTZ  
HONORABLE TIM MAHONEY  
HONORABLE KATHY M. MANDERINO  
HONORABLE MICHAEL P. MCGEEHAN  
HONORABLE RON MILLER  
HONORABLE JOHN MYERS  
HONORABLE CHERELLE PARKER  
HONORABLE SCOTT A. PETRI  
HONORABLE DAVE REED  
HONORABLE DOUGLAS G. REICHLEY  
HONORABLE DANTE SANTONI, JR.

1 BEFORE (cont'd.):  
2 HONORABLE MARIO M. SCAVELLO  
3 HONORABLE JOSHUA D. SHAPIRO  
4 HONORABLE JOHN SIPTROTH  
5 HONORABLE DON WALKO  
6 HONORABLE JAKE WHEATLEY, JR.

7  
8 ALSO PRESENT:  
9 MIRIAM FOX  
10 EDWARD NOLAN

11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
JEAN M. DAVIS, REPORTER  
NOTARY PUBLIC

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

I N D E X  
TESTIFIERS

| NAMES                          | PAGE |
|--------------------------------|------|
| SECRETARY NORA DOWD EISENHOWER | 4    |
| MICHAEL HALL                   | 9    |
| THOMAS SNEDDEN                 | 13   |
| IVONNE BUCHER                  | 16   |

1           CHAIRMAN EVANS: I would like to reconvene  
2 the House Appropriations Committee meeting.

3           Madam Secretary, as you know, we have your  
4 testimony, and then what we do is go right into  
5 questions.

6           I will give you about a minute here to set  
7 up. Are you all right?

8           SECRETARY DOWD EISENHOWER: I am fine,  
9 Representative Evans, and I'm very much looking  
10 forward to this, Chairman.

11          CHAIRMAN EVANS: Okay.

12          SECRETARY DOWD EISENHOWER: Representative, I  
13 would like to introduce my colleagues.

14          CHAIRMAN EVANS: Sure, you can introduce your  
15 colleagues.

16          SECRETARY DOWD EISENHOWER: Good morning.

17          I'm joined here today by Ivonne Bucher, on my  
18 right. Ivonne is Chief of Staff at our Department of  
19 Aging and works with me and others in our department  
20 and across departments to manage programs for the  
21 elderly in Pennsylvania.

22          And on my left is Tom Snedden. Tom, many of  
23 you know very well. He is the Director of the  
24 PACE/PACENET program and has done much in the last  
25 several years and before even the last several years

1 to manage and really make sure that accessibility to  
2 needed pharmacy prescription drugs has been available.

3 I will be joined in a bit by Michael Hall.  
4 Mike is the Deputy that serves in both my department  
5 and the Department of Welfare and is managing the new  
6 Office of Long Term Living.

7 CHAIRMAN EVANS: Madam Secretary, I know that  
8 yo have a very difficult challenge between the  
9 changing demographics in the State, and we all are  
10 aging, and we all should be looking closely out for  
11 this department. Am I right, Mr. Chairman?

12 CHAIRMAN CIVERA: That's right.

13 CHAIRMAN EVANS: That's both of us. We have  
14 a self-interest.

15 SECRETARY DOWD EISENHOWER: There are a lot  
16 of self-interested individuals on the committee and  
17 across the Legislature.

18 CHAIRMAN EVANS: We are sure, we are sure  
19 that this department is a very important department,  
20 and I don't know, with what has taken place at the  
21 Federal level in terms of its impact on decisions that  
22 you have to make, so what I'm interested in is the  
23 issue around long-term care and some of the decisions  
24 that you have had to make in relation to what has  
25 happened in terms of the Federal government.

1           Can you talk a little bit about the decisions  
2 around medical assistance and the long-term-care  
3 program, a little bit of your perspective?

4           SECRETARY DOWD EISENHOWER: Yes; that's a  
5 great question, and you are right, the stage is set by  
6 the changing demographics across Pennsylvania, across  
7 the nation, and really globally.

8           Through a number of historical coincidences,  
9 we live in a time where there are more older people --  
10 that is, people over 60, 65 -- than at any time  
11 before, and particularly in places like Pennsylvania  
12 and across the country.

13           Pennsylvania got old first, I guess is the  
14 way to look at it. The demographics in our State are  
15 interesting in that when we look at the proportion of  
16 older people to younger people, we notice that it is  
17 higher than in many other States.

18           Now, a lot of the reasons for that have to do  
19 with very positive developments -- positive  
20 developments as far as health care; positive  
21 developments as far as Pennsylvania being a desirable  
22 place for people to be born, to grow up, and to live  
23 in as they age.

24           What we also recognize is that the economic  
25 challenges that we face as a State do drive our young

1 people away, and they don't want to go away. Many of  
2 them would rather stay in Pennsylvania and work.

3           So when we talk about aging and we talk about  
4 long-term care and services, we talk about long-term  
5 living, in fact, in our department, Representative  
6 Evans, because we really want to put a positive spin  
7 on it, because it is positive. We are living longer.

8           We don't all need care and services. Many of  
9 us do, but some of us don't. What we want to do is  
10 grow the opportunities.

11           What we face is a shrinking Federal  
12 contribution. Over the last several years, since  
13 2002, over \$500 million has been cut from our budget.  
14 What we term as the "intergovernmental transfer" has  
15 just been cut out. So we have had to make that up  
16 over several years.

17           In addition to that, while Medicare Part D is  
18 historic, the changes are extremely beneficial in  
19 Pennsylvania, and Tom can talk a little bit about how  
20 we have been able to wrap the PACE program around the  
21 Federal Medicare Part D program, a historic Federal  
22 benefit that provides prescription drug assistance.  
23 That has also come at a cost, and what that cost is is  
24 the clawback.

25           So while we, at a certain point in time, in

1 2006, Medicaid beneficiaries who were on Medicare were  
2 just taken off Medicaid and put on Medicare. That  
3 still is a program that we have to pay for, so that's  
4 where the clawback comes in.

5           So there have been, it is a give and take,  
6 but certainly we see a declining Federal contribution  
7 to our programs. That's why, and I see we have been  
8 joined by Mike Hall, and Mike, as I mentioned earlier,  
9 is the Deputy for the Office of Long Term Living, an  
10 office that we created in this Administration to  
11 really reflect on the fact that needs were changing.

12           In the past, we had several departments  
13 managing the funding streams. My department managed a  
14 funding stream for the OPTIONS Program, for the PDA  
15 Waiver Program, which really encouraged and tried to  
16 foster people staying at home as long as possible, and  
17 that's usually a bit more complicated than putting  
18 someone in an institution when they have a health  
19 crisis or when they are coming out of a hospital. It  
20 takes more time.

21           So that's something that by creating this new  
22 office in both the Department of Aging and the  
23 Department of Welfare, we hope to address the changing  
24 demographic. We hope to do a much better job of  
25 building the continuum of care.



1           The assisted-living bill that you passed in  
2 the spring is going to be a huge advantage. It's  
3 going to help Pennsylvania diversify the choices that  
4 we all have as we age.

5           So I think that's really one of the key  
6 initiatives of our department, and working with you,  
7 it was really a historic passage of that bill, and  
8 that is one more piece.

9           We know that in Pennsylvania we need to do  
10 better as far as operating day care -- services that  
11 are available to families so when they go to work,  
12 their loved one, their family member who needs care  
13 and assistance during the day, has a really quality  
14 place to go to. This means that people can stay home  
15 longer. Family members can go out to work. We need  
16 to do much better and grow that network. So these are  
17 all pieces that we need to work on and that we are  
18 working on.

19           Mike, if would you like to add something to  
20 that, because as the new Director for the Office of  
21 Long Term Living, I think this is the first time that  
22 you will be appearing before the committee.

23           MR. HALL: That's correct.

24           Good morning, Members.

25           The Office of Long Term Living's primary

1 assignment is to make it possible for our citizens in  
2 the Commonwealth of Pennsylvania, when they get to a  
3 point where they require long-term care, to have real  
4 choice in where they receive that long-term care and  
5 how they receive it.

6           That requires that we get to a place where  
7 the services that are available to them in their  
8 communities, in every community across the State on a  
9 reasonably uniform basis, gives them a range of  
10 alternatives, a menu, if you will, that fits their  
11 particular needs.

12           One of the challenges that we have today is  
13 that in several parts of the State, in too many parts  
14 of the State, we are lacking in some significant  
15 areas. We don't have opportunities for people to  
16 choose accessible housing. We don't have adult day  
17 care in more than 15 counties. We don't have key  
18 services that would allow people who would like to  
19 remain in the community to do so, and so one of the  
20 pieces of work that we are doing is managing the  
21 resources that we have in the long-term-care budget to  
22 try and diversify and invest in that infrastructure  
23 and make sure that we can say to people who live in  
24 the northeastern part of the State, just as we say in  
25 the southwestern, in the north as in the south, that

1 when they want to choose long-term care, if they would  
2 like to make a choice to live in the community, that  
3 the services are there.

4           At the same time, we're working very closely  
5 with the nursing-home industry as it looks at the  
6 changes that are happening in the marketplace, as it  
7 pays attention to the demographic shifts that we are  
8 experiencing that the Secretary has talked about, and  
9 as it tries to adapt itself to those changes in the  
10 marketplace, and we are working with them to try and  
11 figure out how we help them get to a place where the  
12 services they provide and the range of services and  
13 the way they are configured more closely approximate  
14 what we know about consumer preferences.

15           CHAIRMAN EVANS: Thank you.

16           Chairman Mario Civera.

17           CHAIRMAN CIVERA: I was going to let  
18 Representative Petri go first, and then I have a  
19 question, since we are talking about the Department of  
20 Aging. Is that okay?

21           CHAIRMAN EVANS: Sure.

22           REPRESENTATIVE PETRI: Thank you, Mr.  
23 Chairman.

24           Thank you for being here, Madam Secretary,  
25 and I want to thank you and your staff for your kind

1 efforts and your passion. You and I share a passion  
2 in this topic, and I know sometimes we would both like  
3 to see more done, so maybe this budget year will be  
4 the magic year where that happens.

5 I want to understand the Lottery Fund  
6 projected balances a moment, so the questions I have  
7 go to that.

8 What are the net projected savings for this  
9 fiscal year '07-08 as a result of Medicare Part B? As  
10 I understand it, even with filling the doughnut hole  
11 that we had anticipated, that the savings would be on  
12 the order of \$6 million a week.

13 SECRETARY DOWD EISENHOWER: That's a great  
14 question.

15 We do share a passion, you are right, and I  
16 think what we really want to do is take a look at the  
17 resources we have and get them out to as many people  
18 as we possibly can. So I thank Mike for laying out  
19 what we are trying to do at the Office of Long Term  
20 Living.

21 The historic Medicare Part D, the drug  
22 benefit that the Federal government enacted, has  
23 really made us able to offer a much better product to  
24 older Pennsylvanians.

25 We always said in the past that PACE and

1 PACENET really were the gold standard when we looked  
2 across the country, and then with the implementation  
3 of Medicare Part D, we saw significant revenues come  
4 in.

5 I'm going to ask Tom Snedden, who directs our  
6 program, to give you a really precise answer to your  
7 question about what were the revenues recovered.

8 MR. SNEDDEN: Yeah; Representative Petri,  
9 just to be accurate, it is not so much a matter of  
10 recovering revenues as it is offsetting costs. So for  
11 the calendar year 2007, the total cost of the PACE  
12 benefit was \$725 million, which was very much in line  
13 with what we had projected back in '02-03 without a  
14 Federal drug benefit.

15 With the Federal drug benefit that we  
16 integrated within September of 2006, we were able to  
17 reduce our weekly outlays by about \$6 million a week,  
18 on an annual average. It will fluctuate, depending on  
19 where people are at in the Federal benefit. So if  
20 they are in the deductible, or the doughnut hole, that  
21 weekly average will be much less. When they are in  
22 coverage, however, the weekly average will be higher  
23 than \$6 million.

24 The bottom line for calendar year 2006, on a  
25 drug benefit which provides the average enrollee with

1 \$2,400 in drug coverage, \$725 million a year, we have  
2 transferred expenses equal to 55 percent of that  
3 number. Those expenses have been borne by the Federal  
4 government through the Part D plans that we have  
5 selected to co-administer the benefit with.

6 REPRESENTATIVE PETRI: Okay, but what I'm  
7 really trying to do is understand in the Budget Book  
8 where we are.

9 As I understand it, the Gaming Board has  
10 repaid this year \$200 million of the money that was  
11 advanced for the enhanced property tax and rent  
12 rebate, and yet for this year, we are projecting \$300  
13 million in reserves, and of more concern, in '08-09,  
14 we are only projecting \$34 million. The receipts seem  
15 to be projecting to go down each year, the  
16 expenditures are going up dramatically, and then  
17 somehow magically in '09-10, the projected receipts  
18 are going to rise dramatically from the lottery and  
19 more or less equal the cost.

20 So I guess I'm really having a hard time  
21 understanding what it is that your projections are  
22 trying to tell us as an Appropriations Committee about  
23 the stability of the Lottery Fund.

24 MR. SNEDDEN: I mean, those projections are  
25 totally separate and apart from the PACE program's

1 expenditures and offsets.

2 I can't answer the questions with respect to  
3 other revenues and expenses that are borne by the  
4 lottery. That would be better answered by the  
5 Secretary of Revenue or the Secretary of the Budget.

6 REPRESENTATIVE PETRI: Okay. Let me move on  
7 to one other topic real briefly, and then I'll wrap it  
8 up.

9 With regard to the hold-harmless clause and  
10 the PennCare allegations, which is something I'm  
11 always interested in, it appears that the gap between  
12 the counties that benefit from the hold harmless and  
13 those that are harmed by the hold harmless has  
14 narrowed.

15 It looks to me, by the most recent sheet you  
16 gave me, Madam Secretary, that we would need about \$23  
17 million from the Lottery Fund to fully fund all the  
18 AAAs so they could deliver their in-home-care  
19 services. Does that sound about right?

20 SECRETARY DOWD EISENHOWER: I'm not sure  
21 about the exact figure. It is, I think, slightly  
22 larger than that, but I'm going to ask Ivonne Bucher.

23 As we were discussing the other day, we spent  
24 a little more time refining our explanation and  
25 understanding of it. I still don't think it's going

1 to make you happy. I think it is a really serious  
2 challenge that we face, and hold harmless, we've got  
3 to change that hold-harmless language, because it  
4 really is a very challenging piece of legislation  
5 requirements that we have to get around.

6           We can only really address new funding, and  
7 we have to maintain existing levels, and in budget  
8 times like this and historically when you don't have a  
9 lot of new funding going out, it's very hard to adjust  
10 and reflect changing demographics.

11           But with that said, I'm going to ask Ivonne  
12 to go into some more detail about the allocation and  
13 what we think it would take to redress the counties  
14 that are being harmed by that.

15           MS. BUCHER: Good morning.

16           When we went to your office, I think it was  
17 last week, to discuss this whole issue, it was clear  
18 that as a result of some of the distribution and  
19 primarily the hold-harmless clause in Act 70, that  
20 there are some counties that are over equity and some  
21 who are under equity. When you add up all the  
22 negatives in the projections, assuming that you would  
23 apply that allocation formula across the boards and  
24 remove the hold harmless, if you add all of those up,  
25 you have \$24 million in proximity.



1           Now, the issue where that whole argument  
2 falls apart is when you look at the cost per consumer  
3 across the counties, in order to bring everybody up to  
4 an even level, you would almost have to double the  
5 entire budget for PennCare, and that's something that,  
6 as you know, right now we are funding it at a level of  
7 about \$220 million.

8           REPRESENTATIVE PETRI: Well, I would  
9 respectfully disagree with you. I think you could  
10 simply have a new formula that said, we are going to  
11 hold everyone harmless and we are going to introduce  
12 \$24 million, which would be about five weeks of  
13 Medicare Part D savings, and distribute it to the  
14 counties that are below funded, and you would be done.  
15 Why couldn't we do that in language?

16           MS. BUCHER: I would say to you that you can,  
17 as a legislator and as a group, I mean, do that. The  
18 Governor proposes; you determine. But I would say to  
19 you that if you did the numbers, that would still show  
20 some over equity and some under equity.

21           REPRESENTATIVE PETRI: Thank you. I have no  
22 further questions.

23           CHAIRMAN EVANS: The Chairman, Mario Civera.

24           CHAIRMAN CIVERA: Thank you, Mr. Chairman.

25           We got to go back, and I know you said the

1 Department of Revenue, but I'm sure that you have to  
2 be concerned based on what the numbers are that we are  
3 looking at, and we are looking at the same numbers  
4 that you are looking at because it comes from the  
5 Governor's budget.

6 SECRETARY DOWD EISENHOWER: Yes.

7 CHAIRMAN CIVERA: Let's go back with the Part  
8 D with the 40 percent, and then you said 55 percent.  
9 That was set aside--- Explain that. Go over that  
10 with me again.

11 You said just a couple minutes ago that last  
12 year, what was stated was that there was 40 percent of  
13 the Medicare Part D that would offset, and now you  
14 just said something about 55 percent, or maybe I  
15 misunderstood you.

16 MR. SNEDDEN: No; what I said was for  
17 calendar year 2007, of the \$724 million benefit that  
18 is provided to the 320,000 PACE enrollees, 55 percent  
19 of that cost has been avoided by transferring it to  
20 the Medicare Part D plans.

21 CHAIRMAN CIVERA: Okay.

22 MR. SNEDDEN: In other words, the lottery  
23 never even pays it out; the department doesn't pay it  
24 out. We switch it at the point of sale at the  
25 pharmacy.

1           SECRETARY DOWD EISENHOWER:  If I can  
2 interrupt here.

3           I think the pattern or the way to think about  
4 this is, as any insurer, the insurer of first resort.  
5 What we do is the Federal dollars pay first, and then  
6 we come in and follow up and pay.

7           So we are avoiding costs, and I use the  
8 "reimbursement" or "recovery" term also.  That's  
9 really not accurate.  We don't even spend the dollars;  
10 they don't even go out of our pockets.  So I think  
11 that's the way to look at it.

12           It sounds like we're being pedantic, like it  
13 is a minor distinction, but I think it's really key to  
14 understand that the Federal dollars and the Medicare  
15 providers and the insurers that we have contracted  
16 with in Pennsylvania pay first, and then we come in  
17 and pay as a follow-up.

18           I don't know if that helps at all to  
19 understand it.

20           CHAIRMAN CIVERA:  No; I understand that.  I  
21 understand that.

22           My concern is, and I'm sure that you have to  
23 have the same concern, even though when we have the  
24 Secretary of Revenue in here, is that if you look at  
25 what we're looking at now out of the Governor's

1 budget, that this lottery is on the downswing that it  
2 could go broke, and my concern, I mean, is there any  
3 communication between the Department of Aging and the  
4 Department of Revenue of--- Is this true? I mean, I  
5 look at the number the way that Representative Petri  
6 outlined it, and that is exactly what I'm seeing here,  
7 is that when you look at this, that the \$100 million  
8 that was set aside with the lottery, you do it for  
9 three years and then you drop to \$34 million. I mean,  
10 could you give me some kind of--- I mean, aren't you  
11 scared about this?

12           SECRETARY DOWD EISENHOWER: I believe that  
13 the lottery is very stable. I can't answer that  
14 question for you. I'm going to defer to the Secretary  
15 of Revenue, because I know he has an answer on it.

16           And I'm sorry I can't satisfy you today, but  
17 I can tell you that that lottery is very stable and  
18 that we have some ideas to make it more stable, and  
19 that what we have done with the revenues we have that  
20 have come to us from Medicare Part D is to use them  
21 for programs for older Pennsylvanians.

22           I can't really go into a lot of detail about  
23 what it looks like in three years or four years or  
24 five years, but I really assure you that in my  
25 conversations with Secretary Wolff or the Secretary of

1 Revenue, with our Governor's Budget Office, that the  
2 revenues are very stable, that we have been very  
3 careful to make conservative estimates so that we have  
4 the coverage and the dollars that we need to run the  
5 programs.

6           And I would just ask you to please be very  
7 careful when you talk about the lottery. I get calls  
8 from people and consumers in my PACE program; they get  
9 very anxious when they think they are not going to  
10 have their coverage and their beloved PACE program  
11 won't be there for them.

12           So I would ask you to just defer your  
13 questions. I believe the lottery is stable. I  
14 believe that the gaming programs that we have  
15 implemented over the last several years are not going  
16 to impact the lottery in the long run, if there is any  
17 affect at all, and that we will have more dollars for  
18 property tax and rent rebate and for our PACE program.

19           CHAIRMAN CIVERA: Well, Madam Secretary, I  
20 appreciate that answer, and I'm not trying to be a  
21 funny person up here. I'm just taking what's in the  
22 budget. When you go to page C-10.2, this is what it  
23 says, this is what I'm asking you, and I'm glad to  
24 hear that you are concerned, because I'm just as  
25 concerned.

1           SECRETARY DOWD EISENHOWER: I'm always  
2 concerned. I have been concerned since day one about  
3 our programs.

4           CHAIRMAN CIVERA: I didn't say that; I didn't  
5 say that. Let me finish.

6           What I'm saying is, there has to be  
7 conversations, when a document of this magnitude comes  
8 out, there has to be conversations between your  
9 department and the Department of Revenue, and that's  
10 all I was just trying to find out. Could this be or  
11 is this a fact, and that is what we're just asking.

12           So we'll wait and see what the Department  
13 of--- You know, I'm not going to get the answer that  
14 I want, and I'll just wait until the Department of  
15 Revenue comes. Thank you.

16           SECRETARY DOWD EISENHOWER: Thank you. I  
17 appreciate that, and I'm sorry I can't answer your  
18 question today.

19           CHAIRMAN EVANS: Don't worry; it will never  
20 go broke. I'm going to buy my share of lottery  
21 tickets.

22           SECRETARY DOWD EISENHOWER: There you go.  
23 Thank you.

24           CHAIRMAN EVANS: Don't worry about it going  
25 broke. I'm going to make sure I contribute to it. I

1 go to do that.

2           SECRETARY DOWD EISENHOWER: Thank you. We  
3 appreciate that.

4           CHAIRMAN EVANS: It definitely won't go  
5 broke; take my word.

6           I want the Chairperson of the Aging and Youth  
7 Committee, Chairperson Phyllis Mundy.

8           REPRESENTATIVE MUNDY: Thank you, Mr.  
9 Chairman.

10           Good morning, Madam Secretary, Secretary  
11 Hall, Mr. Snedden, and Ms. Bucher.

12           SECRETARY DOWD EISENHOWER: Good morning,  
13 Representative Mundy.

14           REPRESENTATIVE MUNDY: I just want to begin  
15 by thanking the department on behalf of the Aging and  
16 Older Adult Services Committee for all your  
17 cooperation and for spearheading the passage of the  
18 assisted-living legislation. My counterpart,  
19 Representative Hennessey, and I worked very hard and  
20 very closely together, as did all the members of my  
21 committee, to get that done. We couldn't have done it  
22 without your leadership, and we appreciate that very  
23 much.

24           Also, the Family Caregiver Program. That  
25 bill is over in Senate Appropriations -- hint, hint --

1 Senate Appropriations. That bill needs to pass  
2 pronto, because people need those services.

3           And again, thank you so much for your  
4 cooperation and your leadership in getting that bill  
5 passed, because as Secretary Hall said, those bills,  
6 both of them, will allow people to age where they want  
7 to age, which I know is an important goal in your  
8 department.

9           To that end, I want to just start by saying I  
10 share concerns about the future of the Lottery Fund,  
11 and I will be very interested in what the Secretary of  
12 Revenue has to say about the stability, but I do take  
13 you at your word. I know how strongly you feel about  
14 the services that are provided through the Lottery  
15 funding, and I don't believe for one minute that if  
16 you felt there was a problem, you wouldn't be telling  
17 us that.

18           SECRETARY DOWD EISENHOWER: Thank you.

19           REPRESENTATIVE MUNDY: So thank you for  
20 reassuring the citizens of Pennsylvania who get scared  
21 when they hear talk of a Lottery Fund debacle.

22           SECRETARY DOWD EISENHOWER: Yes.

23           REPRESENTATIVE MUNDY: So I will take you at  
24 your word and look forward to the Secretary of  
25 Revenue's response to the question on the stability of



1 the Lottery Fund.

2 I want to change gears for a minute, but kind  
3 of back to the issue of home- and community-based  
4 services, the ability of people who are aging to age  
5 where they want to age, and obviously a huge part of  
6 that is the work of the AAAs and their home- and  
7 community-based services.

8 So we legislators have all received a letter  
9 from Vicki Hoak, the Executive Director of the  
10 Pennsylvania Homecare Association, with regard to the  
11 PDA Waiver funding of \$76 million that they say has  
12 been appropriated but not spent.

13 SECRETARY DOWD EISENHOWER: Yes.

14 REPRESENTATIVE MUNDY: And I know that many  
15 of my colleagues have come to me and asked me about  
16 this issue, what happened to the \$76 million, and I  
17 have had conversations with Secretary Hall about this.  
18 But I think all of the members of this committee and  
19 all of the members who serve on my committee are very  
20 interested in hearing what Secretary Hall and you have  
21 to say about that \$76 million that was appropriated  
22 for home- and community-based services.

23 SECRETARY DOWD EISENHOWER: That's right, and  
24 I think we do have a very good response for you.

25 I think Secretary Hall will thank you for

1 promoting him. Mike is our Deputy Secretary.

2 REPRESENTATIVE MUNDY: Well, I consider him a  
3 Secretary, so that's the way it is.

4 SECRETARY DOWD EISENHOWER: Well, that's  
5 great. I think Mike will be very pleased to get the  
6 promotion, because he's got a very big job ahead of  
7 him in working with all of us.

8 And while you are referring to money  
9 allocated and not spent, I mean, you know, in one  
10 instance we see, well, we recovered all of this from  
11 Medicare Part D; where is it? We see our lottery  
12 reserves, and we are concerned about that in the long  
13 run.

14 You are absolutely right. I don't mean to  
15 squelch conversation on this issue. I just want to  
16 put it in context so that when older Pennsylvanians  
17 and their families see us discussing this, they are  
18 comfortable that we are doing a very good job, we are  
19 careful with the dollars, and we are putting them  
20 where we think they belong.

21 I'm still not going to answer your question.

22 The other issue, though, that you are really  
23 referring to is the under spending in the PDA Waiver,  
24 and so I'm going to ask Secretary Hall to give you a  
25 response focused on that, because I think there's a

1 very good explanation for it. Mike.

2 MR. HALL: Good morning, Representative  
3 Mundy.

4 REPRESENTATIVE MUNDY: Good morning.

5 MR. HALL: I just want to briefly take the  
6 committee back a couple of years, because I think it's  
7 important to understand some of the events that led up  
8 to where we are today to understand what has been  
9 going on in the spending in the waiver program and  
10 where we think it ought to go in the future and what  
11 we are assuming in this budget for the coming year.

12 A few years ago, I think in 2005-2006, before  
13 I got here, in an effort to increase the availability  
14 of home- and community-based services and encourage  
15 participation in the waiver, the department worked  
16 with the Area Agencies on Aging to make available to  
17 consumers additional slots in the home- and  
18 community-based waiver program and to encourage growth  
19 in that program.

20 I think that it's fair to say that the  
21 program did respond to that stimulus, and it frankly  
22 responded faster and to a greater degree than had been  
23 anticipated, and in a very short period of time, the  
24 program was expending substantially more than had been  
25 budgeted.

1           It became clear at that point that we needed  
2 to get the program back within the budget assumptions  
3 and back on trend, so the department implemented a  
4 series of measures, including care-planning review,  
5 paying more careful attention to the eligibility  
6 criteria for the program and what criteria were  
7 utilized at the time that people came up for their  
8 annual redetermination, to assure that the program was  
9 being operated in compliance with our rules and with  
10 Federal law, to make sure that people met the  
11 necessary clinical eligibility standard, to make sure  
12 that the amount of services that were being delivered  
13 were consistent with their needs, and over the course  
14 of the last couple three years, the department,  
15 working with the AAAs, implemented a number of changes  
16 to try and manage the costs in that program.

17           The result, I think, has been some degree of  
18 overcorrection in the program, with the result that in  
19 the last year, the expenditures in the program  
20 actually dropped below budgeted amounts and below  
21 trend, and I think that that is what Vicki Hoak is  
22 referring to in the letter that she shared with  
23 members of the committee.

24           She has a concern about that, and we have a  
25 concern about that as well, because the home- and

1 community-based waiver is our first tool, our first  
2 line of defense, in terms of providing alternatives  
3 for people when they receive long-term care and they  
4 would like to do it in the community rather than a  
5 nursing home. And every time, when the resources are  
6 not available or when somebody isn't able to do that,  
7 too often that results in people having to make  
8 choices that are not their preference. Too often it  
9 results in somebody going into a nursing home when  
10 they might have stayed in the community.

11           It has had an impact on the amount of  
12 services that are available to consumers. It has had  
13 an impact on the providers and the members of Vicki's  
14 association of home-care providers, because they have  
15 watched their number of consumers and their caseloads  
16 and their revenues decline during this period of time,  
17 and frankly, we need for them to be robust providers  
18 of services to support this program.

19           So recognizing what we have been seeing in  
20 terms of the decline in caseload and decline in  
21 expenditures, we have, over the past several months,  
22 begun the discussion with the Area Agencies on Aging  
23 for how to move the needle, instead of swinging from  
24 one side to the other, move the needle into the middle  
25 where it ought to be, where we have prudent growth of

1 the waiver and at the same time we are able to  
2 responsibly pay attention to the costs in the program.

3           We have assumed significant addition of new  
4 slots in this coming year and in future years as well,  
5 because we think the waiver needs to get on a good  
6 growth trend, and we intend to get the waiver back on  
7 target and to not be in a situation where next year we  
8 are reporting to you that we are under spending.

9           SECRETARY DOWD EISENHOWER: What I would like  
10 to do is just sort of wrap up with that by saying that  
11 the number of slots is 2,100 slots, 2,100 new slots.

12           In addition to that, the PDA Waiver Program  
13 has no waiting list currently, so while we have been  
14 really working very hard to expand access to that  
15 program, and maybe we expanded it a little bit too  
16 fast in an effort to get out there and really provide  
17 alternatives to unnecessary institutionalization, we  
18 now have a lot more data to look at what we are doing  
19 and work with the AAAs to target what we are providing  
20 to make sure that we get the program and the PDA  
21 Waiver services to consumers who need it.

22           REPRESENTATIVE MUNDY: I would like to follow  
23 up just for a minute, because, you know, Madam  
24 Secretary, you talked about a \$500 million loss in  
25 Federal IGT funds, the Medicare Part D clawback. I

1 just read an article in my local paper about how the  
2 Bush budget for this year is proposing a \$200 billion  
3 cut in Medicare and Medicaid expenditures.

4           The challenge to me, I mean, we continue to  
5 see more frail elderly, and this trend is going to  
6 continue. You know, when people get to 85, 90 years  
7 old, they end up in nursing homes frequently.

8           So we see these cuts coming from the Federal  
9 government and the funding that we need for  
10 nursing-home expenditures, and that is obviously the  
11 most expensive care. We on the State level are trying  
12 to increase home- and community-based programs at the  
13 same time that we are still having to maintain  
14 nursing-home care. Where are we going here? Where  
15 are we going to come up with the additional revenue to  
16 maintain people in nursing homes at the same time that  
17 we are increasing home- and community-based care?

18           We have increased expenditures for heat and  
19 light and insurance, for health insurance for  
20 employees. You know, just where are we going here  
21 with these continual Federal cuts that put pressure on  
22 our budget at a time when we are trying to do the  
23 right thing for consumers but have to--- Obviously,  
24 you can't tell people in nursing homes that they are  
25 not going to get care. So I just would like for you

1 to speak to that for just a minute.

2           SECRETARY DOWD EISENHOWER: What I would like  
3 to speak to is the idea that, I referred earlier to  
4 the long-term-living network. We in the past might  
5 have called it long-term care, long-term services.  
6 What we are looking at now is long-term living, and  
7 one of the ways that we are facing declining budgets,  
8 aside from what is happening on the Federal side, is  
9 to look at programs that target individuals while they  
10 are still healthy, whether it is the Long Term Care  
11 Partnership, which is a program to encourage people to  
12 purchase long-term-care insurance when it is  
13 affordable, when it makes sense to provide assistance  
14 -- we want to see benefits in that quickly -- or a  
15 program that I'm very proud of that our department has  
16 developed, and that is what we call Healthy Steps for  
17 Older Adults, and that is a program that started just  
18 several years ago, in 2004, with a pilot in just three  
19 counties, and it is now across Pennsylvania. We  
20 started with 465 participants, and we are now up over  
21 10,000 -- almost 11,000 individuals.

22           I'm just going to read you some numbers,  
23 because this is where we have to go. Not only do we  
24 have to reflect that if we provide care to someone at  
25 home or in the community in a setting that is not an



1 institutional setting, and people need to be in  
2 settings that are appropriate to what they need, and  
3 their care plan really should define that and that is  
4 what we are working on, we know that the State dollars  
5 that it takes to provide care to someone at home and  
6 in the community are less than the dollars that it  
7 takes to provide someone care in an institution. So  
8 the rate of \$5 per institutional care and \$2 for care  
9 at home and in the community, that doesn't mean that  
10 the family and other individuals aren't providing care  
11 and support and financial resources to that equation,  
12 but that means that the State dollars are less, which  
13 is why we need to grow what we are doing in the  
14 community. We see it every day, and the AAAs are  
15 really the key to growing that care and availability  
16 and the complex system that we need in the community.

17           But what we will get when we see a program  
18 like Healthy Steps, some of you might poo-poo it --  
19 oh, it's just another program; it's, you know, a  
20 positive spin on something -- but it is a really  
21 significant program that teaches people, it started  
22 with Medicaid recipients, consumers, and it has gone  
23 on beyond that. People are very engaged in it. We  
24 offer it at senior centers. The attendance is very  
25 high. It usually targets older women. We know that

1 if someone falls, they are very likely to injure a  
2 hip, they are very likely to end up in an institution,  
3 and the mortality from that fall, it can be very, very  
4 high. So what we see is, we think when we project the  
5 savings, we project that the individuals we have  
6 trained in this program, the falls we have prevented,  
7 we have a lot of, you know, complex matrixes that  
8 really provide this data, we think that we have saved  
9 over \$7 million in unnecessary hospitalizations.  
10 That's where the future is.

11           Aside from continuing to lobby for the  
12 Federal government to do its fair share, we know that  
13 this is the future of these programs. Is it the PACE  
14 program, that for 25 years in Pennsylvania has been  
15 providing medications? Fully 80 percent of those  
16 medications or 90 percent of those medications -- Tom  
17 can give you the exact figure -- are for medications  
18 for chronic diseases. That's why we are doing that.  
19 We know that these programs all combine to maintain  
20 individuals and a quality of life that they want.

21           REPRESENTATIVE MUNDY: Well, it certainly  
22 sounds to me like you are trying to undo all the wrong  
23 things, and I'm really glad to hear you talk about  
24 prevention.

25           Just kind of you made one sentence in there

1 about lobbying the Federal government to pick up their  
2 fair share---

3 SECRETARY DOWD EISENHOWER: Well, that's what  
4 we tried to do.

5 REPRESENTATIVE MUNDY: That, to me, should be  
6 number one on our agenda, is making people realize the  
7 impact of these Federal budget cuts so that they can  
8 provide tax cuts for the wealthiest Americans, so that  
9 they can conduct---

10 CHAIRMAN EVANS: Can we, can we get--- I  
11 don't want to interrupt you, Madam Chair.

12 REPRESENTATIVE MUNDY: Okay; all right. I  
13 have one point---

14 CHAIRMAN EVANS: I've been more than lenient.  
15 It's been a long time since you have been on this  
16 committee.

17 REPRESENTATIVE MUNDY: Well, I like this  
18 no-timer thing.

19 CHAIRMAN EVANS: No; I like the rule. I was  
20 trying to give you folks a little leeway, you chairs  
21 from this other committee, but I thank you, Madam  
22 Chair.

23 I want to do Representative Hennessey.

24 REPRESENTATIVE MUNDY: Okay.

25 CHAIRMAN EVANS: I would like to get

1 Representative Hennessey in there as the Republican  
2 Chairman, to get him in there with his questions, and  
3 then I will have paid my obligation to the Aging  
4 Committee.

5 REPRESENTATIVE MUNDY: Thank you.

6 CHAIRMAN EVANS: But, Madam Secretary, one  
7 thing I'm going to ask you to do is keep it tight.

8 SECRETARY DOWD EISENHOWER: I'll try.

9 CHAIRMAN EVANS: If you keep it tight, you  
10 won't engage them in a long debate, right? Keep it  
11 tight; keep it tight.

12 SECRETARY DOWD EISENHOWER: All right.

13 CHAIRMAN EVANS: Representative Hennessey.

14 REPRESENTATIVE HENNESSEY: Thank you, Mr.  
15 Chairman.

16 Madam Secretary, let me just also express our  
17 appreciation for the cooperation that your department  
18 has given us as we worked through the assisted-living  
19 legislation last year and other activities of our  
20 committee.

21 I'm hearing, we are hearing, that there are  
22 waiting lists that are developing in the various AAAs,  
23 probably half or more of the AAAs across the  
24 Commonwealth, and given the fact that we have had some  
25 sort of division of responsibility perhaps within the

1 department as far as, and I don't know whether to  
2 direct the question to you, Madam Secretary, or to you  
3 Deputy Secretary Hall, but who can tell us what the  
4 current status of these waiting lists is at the AAAs  
5 across the Commonwealth? Have services been cut?  
6 Have services been limited? Who can give us, you  
7 know, a current bird's-eye view of what is happening?

8           And I'm glad to hear you say that the PDA  
9 Waiver has no current waiting list, but what about  
10 other programs across the Commonwealth and the AAAs?  
11 Are there waiting lists, and how can we address them?

12           SECRETARY DOWD EISENHOWER: There are waiting  
13 lists, and I think that there are a number of reasons  
14 for waiting lists, and I would like to answer this  
15 question and then ask Mike or perhaps Ivonne, who  
16 works very closely with the waiting lists.

17           One of the things that we have tried to do  
18 over the last several years is to make consumers and  
19 their families across Pennsylvania aware of the  
20 services of the Area Agencies on Aging network, the  
21 AAA network, and we have done a better job of letting  
22 families know that there are services out there.

23           Now, the program you are referring to is the  
24 OPTIONS Program, where we do have waiting lists, and  
25 those waiting lists, in some instances, have declined

1 but in most instances have grown. The waiting lists  
2 are reported to us by the Area Agencies on Aging. We  
3 know that there's virtually no government program that  
4 can serve everyone all the time, so we expect that  
5 there will be some waiting lists as resources shift.

6 We also want to be sure that those waiting  
7 lists, some of them may be for a minimum of services,  
8 say Meals on Wheels. Others may be for services that  
9 would prevent someone from going into a nursing home.  
10 So those are services that we want to get to someone  
11 as soon as possible.

12 But I also would like to give you a snapshot  
13 of the current situation for waiting lists, so I am  
14 going to ask Ivonne to give you more of an answer.

15 MS. BUCHER: Good morning.

16 CHAIRMAN EVANS: Can you state your name for  
17 the record, please?

18 MS. BUCHER: Pardon?

19 CHAIRMAN EVANS: Can you state your name for  
20 the record?

21 MS. BUCHER: Ivonne Bucher, Chief of Staff,  
22 Department of Aging, of course.

23 There are waiting lists, and what we have  
24 seen in the last year is a growth of about a  
25 4.3-percent growth in the waiting lists that are

1 reported to us through the Area Agencies on Aging. We  
2 went from 4,084 last year to 4,260 as reported.

3           We know currently that there is a lack of  
4 data reporting by the AAAs, which we just discovered  
5 last week, and that it may result in a few more  
6 individuals on that waiting list. But when we are  
7 talking about waiting lists, it's very important to  
8 understand the nature and scope of that list and how  
9 folks get to be on there.

10           When you are talking about the waiting lists  
11 for the OPTIONS Program, we assure and the AAAs  
12 assure, I would say, that the individuals with the  
13 highest functional needs are served first. That means  
14 that individuals with scores, there's this thing  
15 called functional-needs scores that are assigned to  
16 the people who present, and those with scores  
17 generally 65 and above get served first. Those  
18 individuals right now comprise a very few percentage  
19 of the people on the waiting list. Essentially, 70  
20 percent or some of the consumers on our waiting lists  
21 are not eligible for nursing-care facilities. In  
22 other words, their functional-needs scores are rather  
23 low. That is really very important to understand.

24           However, we do understand there is a waiting  
25 list for people waiting for services for the OPTIONS

1 Program.

2 MR. HALL: When I am out in the field,  
3 Representative Hennessey, be it everywhere I go and in  
4 the listening sessions that we have had over the  
5 course of the last few weeks in connection with the  
6 renewal of the aging waiver that is coming up this  
7 summer, as well as the sessions that the department  
8 has been holding around the State, inviting people to  
9 come and comment and give their suggestions around the  
10 State plan, the issue of the OPTIONS waiting list does  
11 come up.

12 As Ivonne said, the approach to managing the  
13 OPTIONS waiting list has been, it is funded with  
14 lottery dollars, and the approach to that is to try  
15 and deliver services to people who have the highest  
16 acuity needs first, so that individuals who are in  
17 greatest need or most at risk of institutionalization  
18 have access to those resources before other folks.

19 REPRESENTATIVE HENNESSEY: Okay. Let me,  
20 just so I can understand, if I have a question about  
21 the waiting list or a specific waiting list or a  
22 specific program, or Chairman Mundy does or any of our  
23 members, to whom should we address our questions? To  
24 Secretary Dowd Eisenhower?

25 SECRETARY DOWD EISENHOWER: I would suggest



1 that you address them to me.

2 REPRESENTATIVE HENNESSEY: Okay.

3 SECRETARY DOWD EISENHOWER: If you have any  
4 question on any of the waiting lists.

5 Mike is the new Director for our Office of  
6 Long Term Living, which really is integrating what we  
7 do at the Department of Aging and the Department of  
8 Welfare. So you could come to me, and I would suggest  
9 that you do that, and I will make sure that you get an  
10 answer.

11 REPRESENTATIVE HENNESSEY: Okay. Thank you  
12 very much.

13 SECRETARY DOWD EISENHOWER: You are welcome.

14 REPRESENTATIVE HENNESSEY: Thank you, Mr.  
15 Chairman.

16 CHAIRMAN EVANS: Thank you, Chairman.

17 Representative Kathy Manderino.

18 REPRESENTATIVE MANDERINO: Thank you.

19 Thank you all for being here.

20 As you can see, there's a lot of interest in  
21 how we are dealing with our long-term-care needs in  
22 Pennsylvania, and I, too, want to focus on the balance  
23 between the nursing care and the home- and  
24 community-based services.

25 But my first question really goes to this

1 figure that I heard earlier, I think it was when  
2 Representative Petri was asking questions, and I heard  
3 a figure of \$24 million. What is that? Is that the  
4 figure that it would take--- I didn't hear that from  
5 you; I think I heard it from him, so I wasn't sure  
6 what it referred to. Is that how much more money it  
7 would take to deal with all of the waiting lists of  
8 people who are waiting for community-based services?

9           SECRETARY DOWD EISENHOWER: I'm not sure that  
10 that number is linked with waiting lists necessarily.  
11 It may be in part, but because of Act 70, which is a  
12 law that requires that once State dollars have been  
13 allocated for programs we can't go below that, and we  
14 use a formula for new dollars, we think that it would  
15 cost roughly \$30 million a year to address the hold  
16 harmless lack of equity.

17           REPRESENTATIVE MANDERINO: Okay.

18           SECRETARY DOWD EISENHOWER: But as far as  
19 waiting lists, I think it might be much higher than  
20 that, and it depends on which waiting list you look  
21 at. And it is not a one-time \$30 million expense;  
22 it's a continuing expense that would grow.

23           REPRESENTATIVE MANDERINO: Right, and now you  
24 are leading into where I'm going, which I'm in a  
25 totally different place, I think, than some other

1 members are, and I look at what folks are saying, a  
2 hold harmless thing that is harming people, and I  
3 think it is a hold harmless thing that is keeping some  
4 counties just like barely treading water.

5           I look at, I have the benefit and sometimes  
6 the curse of representing two different counties, so I  
7 can compare what is happening, and I know for home-  
8 and community-based services, the one county I  
9 represent, Philadelphia County, has a waiting list of  
10 over 2,000 people for services, which I think is  
11 almost half of the statewide waiting list problem, and  
12 my other county, Montgomery County, has a waiting  
13 list, but much more modest, of about 100.

14           And then I meet with the folks who provide  
15 the services, and they are in the same  
16 service-providing territory, so the visiting nurses,  
17 for example, who would be hired to go out and provide  
18 some of the assessed-needs services in Philadelphia  
19 and Montgomery Counties are the same workers, but if  
20 they provide that service in Montgomery County, they  
21 get reimbursed \$25 an hour, and if they provide that  
22 service in Philadelphia County, they get reimbursed  
23 \$15 an hour. So it seems to me that there are kind of  
24 dual problems going on.

25           There is this huge waiting list of folks in

1 one of my counties that can't get any services, and  
2 then those who can get some services, the dollars are  
3 trying to be stretched so far that there is this huge  
4 inequity of payment. So the same people they would  
5 have to hire, they want to go give services in the  
6 part of the county that is paying them 40 percent  
7 more, because they have the dollars to pay 40 percent  
8 more.

9           My question to you, as the Department of  
10 Aging, is it seems to me that we have two issues to  
11 address. We have an issue of a waiting list to  
12 address, but we also have an issue of how do we price  
13 the cost of the services? And when we are dealing in  
14 an area--- And I'm sure it's not unique just to  
15 southeastern Pennsylvania, but the southeastern  
16 Pennsylvania, to use that as an example, is one  
17 employment market, just like I'm sure southwestern  
18 Pennsylvania is one employment market and the  
19 northeastern Pennsylvania is one employment market, et  
20 cetera, et cetera, et cetera. When we have such  
21 inequities of payment within those same employment  
22 markets, how do we start to address that issue as  
23 well?

24           SECRETARY DOWD EISENHOWER: That's a great  
25 question, and you are right; you are not unique, but

1 you are one of the Members that represents sort of  
2 where the rubber hits the road on the hold-harmless  
3 challenge and issue. But I think I'm going to ask  
4 Mike Hall to answer some of that question. Mike.

5 MR. HALL: Representative Manderino, let me  
6 briefly answer the first part that might explain why  
7 the differences in the waiting lists may vary so much  
8 from county to county in the OPTIONS Program, and then  
9 talk with you about the disparity in rates and what we  
10 are doing to address that.

11 On the first question, because the OPTIONS  
12 Program is funded out of the block grant that we give  
13 to the AAAs that is funded with the lottery, the AAAs  
14 have a considerable amount of discretion to decide how  
15 to manage those funds, how to build their budgets  
16 around those funds, and what services to provide with  
17 those dollars.

18 So if you were to look at a spreadsheet of  
19 the waiting list, for instance, or for that matter if  
20 you were to look at a spreadsheet for what they  
21 reimburse for the identical service from county to  
22 county, what you would find is that the counties make,  
23 in some cases make significantly different choices and  
24 priorities about where to put their dollars and how to  
25 serve people, and that is part of the explanation for

1 the difference that you see between the two counties  
2 that you represent.

3           But you are also right, that one of the  
4 upshots, one of the consequences of this is that the  
5 amount that we pay or the amount that the AAAs pay  
6 providers for providing identical services can be  
7 quite different even between two counties that are  
8 adjacent to each other, and that has two consequences.  
9 One is a practical one, and one has now become a legal  
10 issue and something that we are working with the  
11 Federal government on.

12           The first practical consequence, and I think  
13 you have probably heard this from the people or the  
14 agencies that are in your service area, is that to the  
15 extent that they serve a county that has reimbursement  
16 rates significantly below other areas and may even be  
17 below what they think their costs are, they may be  
18 less inclined or not interested in providing services  
19 in that lower reimbursing county altogether, and the  
20 challenge for that is that the people who are affected  
21 by that are our consumers, our participants in the  
22 waiver program. To the extent that they are unable to  
23 get services, to the extent that they don't have a  
24 good choice of providers, then it has a consequence  
25 for people who are trying to remain at home.

1           So that's the practical effect, and we have  
2 heard when we talk to providers around the State that  
3 that is looming as an issue, and particularly in some  
4 of the counties that border with Philadelphia, because  
5 of the significant difference between what is  
6 reimbursed in some of the suburban counties versus the  
7 city.

8           Now, here's the legal issue. As I indicated  
9 before, the aging waiver is up for renewal. Every  
10 five years we submit a plan to the Federal government  
11 to run the home- and community-based services program,  
12 and every five years we have to basically re-up.

13           About a year in advance of when the waiver is  
14 due to expire, the Federal government conducts a  
15 comprehensive review of the existing waiver and sends  
16 us their basically a report card of what they need,  
17 how we are doing and what they need for us to address  
18 and, in some cases, remediate when we apply for a new  
19 five-year period.

20           In the review letter that they have done for  
21 the aging waiver, they have identified a number of  
22 issues that are a result of the county-by-county  
23 management that we have of the aging waiver, and the  
24 issue that they have raised with us, and in fact there  
25 are a number of related issues but there is a common

1 theme, is that we have, in the Federal government's  
2 view, we have one home- and community-based waiver in  
3 the Commonwealth and that an individual who is a  
4 beneficiary of that waiver ought to be assured that  
5 they will have equal access to waiver services and  
6 that they will get the same quality of services and  
7 they will get the same number of, two people who have  
8 the same clinical condition ought to be assured they  
9 will get the same number of hours of services no  
10 matter where they reside. But that's not the  
11 situation that we have today, and the position of the  
12 Federal government is that in fact we have what amount  
13 to 52 Medicaid waiver programs and that in some cases  
14 people wait for services, in others they don't. In  
15 some cases, their reimbursement assures that they will  
16 have a choice of several different providers, in other  
17 cases they don't.

18           So I could go into more detail on this if you  
19 would like, but to just be succinct about this, the  
20 Federal government has been very clear with us -- they  
21 had a meeting with us in December, and as I said, they  
22 sent us their review letter -- that we are going to  
23 need, in the course of renewing this waiver, we are  
24 going to need to address those disparities and get to  
25 a place where we have a rate-setting methodology that



1 assures uniformity across the Commonwealth and uniform  
2 access to the program. That doesn't mean one rate for  
3 services; it means that we can be sensitive to  
4 differences in the labor markets, but what we can't  
5 have is a situation where we are separated by--- We  
6 are moving in that direction, and we are working with  
7 the AAAs to do that.

8 CHAIRMAN EVANS: Thank you.

9 REPRESENTATIVE MANDERINO: I know Dwight  
10 wants to cut me off. Let me put some questions to  
11 you. Don't answer them; get them in writing.

12 MR. HALL: Right. Sorry, Mr. Chairman.

13 CHAIRMAN EVANS: Reichley, I wanted you to  
14 know that I'm consistent.

15 REPRESENTATIVE MANDERINO: Dwight, these are  
16 dollars---

17 CHAIRMAN EVANS: I'm consistent, Reichley;  
18 you know, I'm consistent.

19 But can I say this to you? This is what I'm  
20 going to do. Can you make that sound? Do you hear  
21 this sound? When you start to hear this sound, all  
22 right, I'm going to start doing this through sound.

23 I have the Department of Health. I must get  
24 to the Department of Health---

25 SECRETARY DOWD EISENHOWER: That's right.

1           CHAIRMAN EVANS: ---and I have some people  
2 who want to give me a reaction, so I'm asking you---  
3 I'm stretching it. I'm stretching it, okay?

4           MR. HALL: I apologize, Mr. Chairman.

5           CHAIRMAN EVANS: I know; I know. I hear you.

6           SECRETARY DOWD EISENHOWER: We would be happy  
7 to take questions in writing.

8           CHAIRMAN EVANS: Where are we, Representative  
9 Manderino? Where are we?

10          REPRESENTATIVE MANDERINO: I'm going to pose  
11 in 30 seconds some questions that they are not going  
12 to answer; they are going to send us this information.

13          SECRETARY DOWD EISENHOWER: Okay.

14          REPRESENTATIVE MANDERINO: The cost--- When  
15 the Feds do the review of the waiver, assuming that we  
16 put no new dollars in the budget but what is  
17 allocated, what impact do you expect that to have on  
18 the number of people we serve? Question number one.

19                 Question number two: If we use our current  
20 programmatic ways of driving out the dollars but we  
21 want to be able to address the whole waiting list, how  
22 much more will it cost us? That is question number  
23 two.

24                 Question number three: If we wanted to give  
25 a COLA to community-based services this year, like we

1 have in past years, what is the dollar price on that?

2 That is question number three.

3           And finally, if we do any or all of those  
4 things, what impact will that have on the percentage  
5 of dollars that we are spending in long-term care for  
6 community-based services versus the percentage of  
7 dollars in long-term care we are using for  
8 institutional purposes?

9           Thank you, Mr. Chairman.

10           SECRETARY DOWD EISENHOWER: We will respond  
11 to those in writing.

12           CHAIRMAN EVANS: Thank you.

13           Representative Wheatley.

14           REPRESENTATIVE WHEATLEY: I'm going to ask  
15 these questions, but you can also respond to these in  
16 writing. I'm not going to take up much of your time.

17           One, I just wanted to know what the numbers  
18 look like as they relate to elderly abuse and what you  
19 are doing to prevent that and to manage that and what  
20 your goals are in that whole operation.

21           Two, as we all know, every citizen in  
22 Pennsylvania doesn't age the same way and isn't taken  
23 care of in the same way, so I really want to try to  
24 get to some understanding of, you know, kind of like  
25 the state of the elderly, how that breaks down

1 geographically, racially, and socioeconomically, what  
2 is happening with the elderly across the Commonwealth,  
3 and what we are doing to service them, because no  
4 matter where they live or what they did, I think they  
5 should have a meaningful life all the while they are  
6 aging in place or wherever they are.

7           So it would be good to know what's going on,  
8 and we would like to hear from you as the department  
9 and give us a broad base, kind of your understanding,  
10 and I would like to try to get down a little bit more  
11 to see exactly what is going on and what we are doing  
12 to support some of those, that may lead to have extra  
13 support, and I'm really gearing into the working-class  
14 folk who have retired now and their income is getting  
15 eaten up by a whole bunch of different things that is  
16 not their fault. But I just want to make sure I have  
17 a clear understanding.

18           So all of that, if you can give me that in a  
19 written report by your department, I would appreciate  
20 that. Thank you.

21           SECRETARY DOWD EISENHOWER: Do you want  
22 something on Allegheny County and your districts,  
23 because though we do look across the State, we can  
24 just focus on Allegheny County.

25           REPRESENTATIVE WHEATLEY: Well, I am going to

1 say that I am always interested in what is happening  
2 in my districts, but for the benefit of the Members,  
3 you could break it out statewide.

4           SECRETARY DOWD EISENHOWER: I would like to  
5 do that. We have a lot of data and information, but  
6 in the interests of time, we can provide that for you  
7 after the hearing.

8           REPRESENTATIVE WHEATLEY: Sure. Thank you.  
9 Thank you, Mr. Chairman.

10          CHAIRMAN EVANS: And all of that information,  
11 if you could submit through the Chair all of that  
12 information then.

13          SECRETARY DOWD EISENHOWER: Yes.

14          CHAIRMAN EVANS: Representative Ron Miller.

15          REPRESENTATIVE MILLER: Thank you, Mr.  
16 Chairman.

17                 Madam Secretary, at the same time we are  
18 looking at a \$35 million ending balance for the  
19 Lottery Fund for fiscal year '08-09, the Governor is  
20 again proposing a reduction in the tobacco settlement  
21 earmarked for PACENET from 8 percent to 4 percent. Do  
22 you support that, and if so, why?

23                 SECRETARY DOWD EISENHOWER: I support that  
24 because I think it's a wise use of resources,  
25 considering the revenues we have been able to gain

1 from the implementation of the Medicare Part D.

2           REPRESENTATIVE MILLER: Can you then provide  
3 to the committee some type of an analysis, because the  
4 money will have to be made up from somewhere, and it  
5 sounds like you are suggesting that we are going to  
6 see that because of what we save from the Medicare,  
7 but an analysis of what the impact will be on the  
8 Lottery Fund if we don't transfer that amount of  
9 money?

10           SECRETARY DOWD EISENHOWER: Yes; I can  
11 provide that for you in a follow-up. Absolutely.

12           REPRESENTATIVE MILLER: I would appreciate  
13 that, because it's hard to envision---

14           SECRETARY DOWD EISENHOWER: It is.

15           REPRESENTATIVE MILLER: ---that it's not  
16 going to drive the fund balance even lower. Thank  
17 you.

18           SECRETARY DOWD EISENHOWER: Yes.

19           REPRESENTATIVE MILLER: Thank you, Mr.  
20 Chairman.

21           CHAIRMAN EVANS: Thank you.

22           Representative Dave Reed.

23           REPRESENTATIVE REED: Thank you, Mr.  
24 Chairman, and in the interests of time, I will just  
25 ask two questions, and you can feel free to submit

1 them to the Chair in writing as a response.

2           The first question is, we are looking at a  
3 fund balance, ending balance at '08-09, ending around  
4 \$35 million, and then projections through the  
5 Governor's Budget Office of an increase of \$340  
6 million in Lottery Fund revenues from '08-09 to  
7 '09-10. Could you just give us an overview, again in  
8 writing to the Chair, of what happens if we don't hit  
9 that \$340 million projected increase, how that would  
10 affect the programs within the Department of Aging?

11           SECRETARY DOWD EISENHOWER: Yes.

12           REPRESENTATIVE REED: And secondly, just in  
13 follow-up to Chairman Civera's question, you had  
14 responded that you had some ideas on ways to stabilize  
15 the Lottery Fund revenues in the years ahead. If you  
16 could perhaps provide some of those ideas to the  
17 committee, I think it would be helpful for us, not  
18 just for this committee but legislatively as a whole,  
19 to look at those ideas in the short term rather than  
20 the long term to help cut off any possible downturns  
21 in future years. Thank you.

22           SECRETARY DOWD EISENHOWER: I would be happy  
23 to provide that, Representative Reed, and work with  
24 the Departments of Revenue and Budget to give you  
25 answers to those questions.

1 REPRESENTATIVE REED: Thank you.

2 Thank you, Mr. Chairman.

3 CHAIRMAN EVANS: Representative Doug  
4 Reichley.

5 REPRESENTATIVE REICHLEY: Thank you, Mr.  
6 Chairman.

7 I'm going to take extreme notice of the  
8 leniency you granted me yesterday, and so I am going  
9 to make this very concise, as much as I can, Madam  
10 Secretary.

11 The first question is, there is currently  
12 pending in the House Appropriations Committee HB 361,  
13 which would seek to provide, I think, the extension of  
14 adult-protective services for those individuals who  
15 are the ages between 18 and 59. This is an  
16 increasingly at-risk population. I'm curious if you  
17 can tell us today if you are supportive of this  
18 legislation that would, I believe, provide  
19 administrative oversight to the department to provide  
20 services to those individuals?

21 SECRETARY DOWD EISENHOWER: Yes. We think  
22 that expansion of the protective services to those  
23 individuals is a critical link in continuing our  
24 expansion of long-term-living services in a way that  
25 is smart and really makes program oversight easier.



1           So I think that is something where there are  
2 a number, or I think there may be more than one bill  
3 out there, at least there have been in the past, and  
4 the funding required for that is \$6 million. So  
5 that's always a concern, but I think that's something  
6 that we want to really take a look at, and I'm very  
7 supportive of it.

8           The other concern that comes up around this  
9 bill is individual autonomy. I think in the past we  
10 have seen more or a different approach to individuals  
11 who are over 60. Some are in an institution and some  
12 are suffering from dementia. So that's a different  
13 kind of protective service that we want to be looking  
14 at, and as we provide services to individuals who are  
15 from 18 to 59, it's going to look a little bit  
16 different, just like services that we provide at home  
17 and the community are going to look different than  
18 they look when they are in an institution.

19           So those are our concerns, but we are very  
20 supportive of expanding this protection.

21           REPRESENTATIVE REICHLEY: And I know I  
22 appreciate that, because as a co-chair of the  
23 Alzheimer's Caucus in the House, I am very concerned  
24 that for the third year in a row, we have limited the  
25 proposed funding for Alzheimer's outreach to \$250,000,

1 and I think that is an area that needs to be  
2 increased.

3           My second and last question for you is really  
4 sort of a wrap-up. I know you have heard from a  
5 number of the Members who are very concerned about the  
6 projections you and the Administration are utilizing  
7 for Lottery Fund revenue.

8           Frankly, it doesn't seem to fit when you have  
9 seen a reduction of Lottery Fund revenue in the last  
10 two fiscal years in terms of net lottery collections,  
11 and yet you are proposing what would seem to be an  
12 unprecedented level of increased revenue back to the  
13 Lottery Fund as more and more casino gaming comes on  
14 line.

15           I think many of us on this side of the room,  
16 at least, are of the opinion that we have to stop this  
17 sort of this wailing and gnashing of teeth, saying the  
18 Feds are the source of all evil in this. We have  
19 known that the intergovernmental transfers were going  
20 to be eliminated for a number of years now, so blaming  
21 this all back on the Federal government's cutbacks, I  
22 think, is really a very hollow complaint.

23           And on page 3 of your own Budget Book, if you  
24 take a look at all funds which your department is  
25 identifying, you have a net loss of Federal funds of

1 \$52,000. We are not talking about millions of dollars  
2 within your programmatic funds -- \$52,000. So I guess  
3 my question to you is, when you have those meetings  
4 with Secretary Masch, and you heard it told by a  
5 number of members here about the need for services, to  
6 what degree do you say, Secretary Masch, how can you  
7 justify a \$15 million appropriation for international  
8 trade, which I would frankly regard as corporate  
9 welfare, and you are allowing services for older  
10 Pennsylvanians to fall by the wayside?

11           SECRETARY DOWD EISENHOWER: I think what I  
12 do, and I had very spirited conversations with  
13 Secretary Masch, as do many of us, we had a very rich  
14 conversation around where our strategies are going to  
15 best serve older Pennsylvanians and their families.  
16 And I can tell you, when I started out my presentation  
17 today around the demographics, that to look at aging  
18 services alone and say we need to provide more in  
19 health care and services and to not look at the other  
20 part of the equation, and that is that the  
21 demographics in Pennsylvania are changing. They have  
22 been changing for some time. Our young people leave  
23 the State because the economic opportunities are not  
24 here for them. By growing economic opportunities,  
25 they stay where they want to stay, with their families

1 and the communities that they have been born in and  
2 grown up in, and we get a diverse tax base, and that's  
3 really part of the key. And I see that, and that is  
4 part of the key to what we are trying to doing as an  
5 Administration.

6           So the strategies may look like they are not  
7 really connected to aging Pennsylvanians, but I  
8 believe they are.

9           REPRESENTATIVE REICHLEY: Well, I guess we  
10 just have a difference of opinion about that. I think  
11 it is wrong to put \$15 million into programs that  
12 corporations can be doing on their own.

13           So thank you, Mr. Chairman. Thank you, Madam  
14 Secretary.

15           CHAIRMAN EVANS: Thank you.

16           Representative Cherelle Parker.

17           REPRESENTATIVE PARKER: Thank you, Mr.  
18 Chairman. I, too, will be brief.

19           Secretary Dowd Eisenhower, I just wanted to  
20 first commend you and the Administration for the  
21 direction in which you are moving. You know from past  
22 experience and our communication that my interest in  
23 this issue is not one that comes from my simply being  
24 a legislator but from being a constituent who was  
25 actually in need of services in caring for an ailing

1 grandfather, who unfortunately passed away in May '07  
2 but lived a life, the greatest quality of life, that a  
3 man of his age and of his health condition could have  
4 based on services that were offered by your  
5 department, so I thank you for that.

6 I wanted to know, one, if you could just  
7 forward to the committee the preventive measures or  
8 campaigns that you mentioned earlier that you are  
9 working on---

10 SECRETARY DOWD EISENHOWER: Yes; I will.

11 REPRESENTATIVE PARKER: ---because it would  
12 be great if in each of our respective legislative  
13 districts, we were running those campaigns. So that  
14 is one, and if you can just give that to the  
15 committee.

16 My final comment, Mr. Chair, is, and I have  
17 to piggyback on Chairlady Mundy's comments, and  
18 particularly for those Pennsylvanians who are paying  
19 attention and have been for the, this is the second  
20 day of our Appropriations Committee hearings.

21 Yesterday we heard from members from the  
22 agricultural industry, the number one industry in  
23 Pennsylvania. Today we heard from PHFA. We know that  
24 there is a crisis in the United States as it relates  
25 to the number of foreclosures that we are seeing

1 across the State, but in the midst of this increase  
2 that we are seeing in the United States, there has  
3 been a decrease in Pennsylvania due to the great work  
4 of 11 percent that PHFA has proffered through their  
5 work in saving Pennsylvanians from losing their homes.

6           We hear today the direction that the  
7 Department of Aging is taking in trying to give our  
8 older Pennsylvanians a choice in how they live out the  
9 rest of their lives and providing alternatives to  
10 long-term institutional care and allowing  
11 Pennsylvanians to remain in their homes when possible  
12 and receive community-based services, and this  
13 department is trying to do that despite the \$200  
14 billion cut from the Administration, the Federal Bush  
15 Administration, that Representative Mundy mentioned,  
16 and I think we listen to it but we definitely need to  
17 put that in perspective, because we have some who  
18 promote that they want no growth, no growth as it  
19 relates to the State-level budget, but we are seeing  
20 decreases from the Federal level and their  
21 contributions to State appropriations. So we can't  
22 say that we support the programs proffered by the  
23 Department of Aging, that we support the HERO and I  
24 think it was the REAL Program sponsored by PHFA, that  
25 we support the needs and support the members from the

1 agricultural community. Our farmers came in here and  
2 told us directly, so we weren't talking about numbers;  
3 we had real people, and we knew how this budget, our  
4 numbers, and our decision is having an impact on  
5 Pennsylvanians, but there are still those of us who  
6 talk about decreasing spending in government across  
7 the board, but we proffer these recommendations  
8 without telling where we are going to cut services,  
9 and we have to be honest with Pennsylvanians when we  
10 are talking about across-the-board tax cuts, when we  
11 are talking about our passion and support for these  
12 kinds of programs, but when we are talking about  
13 reducing revenue generated by the Commonwealth, we  
14 need to talk about how we are going to pay for it.

15           So I just needed to say that for the record.  
16 Thank you, Mr. Chair.

17           CHAIRMAN EVANS: Representative Parker;  
18 Representative Parker; Representative Parker.

19           REPRESENTATIVE PARKER: I did push it. Thank  
20 you for your lenience, Mr. Chair.

21           CHAIRMAN EVANS: Thank you.  
22 Representative Mario Scavello.

23           REPRESENTATIVE SCAVELLO: Thank you, Mr.  
24 Chairman.

25           I'd like to follow up on Representative

1 Parker's comments. I'd like, if possible, to get a  
2 copy of that \$200 billion, you know, number and where  
3 those dollars have been lost to the Commonwealth. I'd  
4 love to see those numbers.

5 I also have -- and thank you, Madam Secretary  
6 -- I'd like to bring up some numbers, and I know you  
7 are familiar with them, Pike County and Monroe County,  
8 and I have here an allocation model, if there was no  
9 hold harmless and what, of course, if we had it. So  
10 for example, in the 2007-2008 budget, we are looking  
11 at Pike County, \$577,366, but if there were no hold  
12 harmless, that 1991 piece of legislation that  
13 literally crippled the growing areas of our  
14 Commonwealth, \$1,123,000 would have been the number  
15 for Pike County, and, of course, that is the most  
16 significant of any of the other counties.

17 Number two, right behind it is Monroe County  
18 with a \$1,388,629 in the budget year that is proposed  
19 for '07-08. If there were no hold harmless, because  
20 of the growth in that county, we would have  
21 \$2,305,000. Those two counties are really hurting.  
22 Those AAA agencies there, you know, should get a  
23 magician's award on how they are taking care of their  
24 seniors with so much less.

25 And I have to, of course, bring up my good



1 friend, Representative Keller there in Philadelphia.  
2 Philadelphia in the new '07-08 budget is getting  
3 \$46,410,000. However, if there were no hold harmless,  
4 that number would have been \$30,135,000 based off of  
5 loss in population, the growth in Philly and the  
6 decreased growth in Philly versus these other areas.

7           And I look at your numbers, and I know you  
8 are trying to get some of these counties, you know,  
9 closer. However, how can we justify giving some  
10 counties even an increase when we have certain  
11 counties really hurting?

12           The seniors in Monroe and Pike and the  
13 growing counties in the Commonwealth are hurting, and  
14 we are getting less per, you know, maybe half per  
15 senior than some of these other counties. How do we  
16 justify that, and what kinds of steps are we going to  
17 get to correct it, outside of trying to repeal a law  
18 which is almost impossible to repeal?

19           SECRETARY DOWD EISENHOWER: I can't justify  
20 it for you. I understand where the idea comes to  
21 maintain funding, and I think that is a good idea. I  
22 cannot take away from Philadelphia to give to Pike and  
23 Monroe, and I know that is not what you are  
24 suggesting.

25           REPRESENTATIVE SCAVELLO: Exactly; I'm not

1 suggesting that. I just want to bring that out for  
2 the folks in Philly, the type of hurt that we are  
3 experiencing and let them see that.

4           So how do we go further? How can we address  
5 the problem?

6           SECRETARY DOWD EISENHOWER: You know, what I  
7 would like to do is to work with you to make sure that  
8 the programs that we can fund, the Healthy Steps  
9 program, which goes directly to consumers in your  
10 State, the PACE, the PACENET program, the property tax  
11 and rent rebate, are not hamstrung by hold harmless,  
12 and what I can say is that if we really do our  
13 outreach and get those programs to individuals, I can  
14 show you a percentage change in getting those programs  
15 directly to consumers.

16           REPRESENTATIVE SCAVELLO: How do we handle  
17 the, you know, if you have a COLA growth or whatever,  
18 how can we address those growing areas a heck of a lot  
19 better than we are and take some away from, I'm not  
20 saying reduce their allocations but give them a little  
21 bit less, take care of those counties. How can we---

22           SECRETARY DOWD EISENHOWER: It would require  
23 a large infusion of cash. I think that's the bottom  
24 line.

25           REPRESENTATIVE SCAVELLO: But any infusion

1 that you put in, whatever it is, how can we still  
2 continue to give more to the folks that are getting  
3 more than they should have gotten?

4           SECRETARY DOWD EISENHOWER: Well, any new  
5 dollars would be impacted by the allocation formula  
6 that we create, and as you can see, what we have  
7 created looks to rural, looks to poverty, looks to  
8 persons over 75 and a couple of other factors,  
9 assuming that those factors are going to drive the  
10 money to places that really need the new funding.

11           REPRESENTATIVE SCAVELLO: Please consider,  
12 honestly, because I see it every day. I have got  
13 seniors sending me cards that there's no money for  
14 them. In Monroe and Pike Counties, there's no money  
15 for them.

16           And I heard Representative Parker's comments  
17 about her grandfather, and God bless that we were able  
18 to take of him, but I have got a lot of seniors in my  
19 area that we just don't have the money to take care of  
20 them; we are hurting. And those numbers that I gave  
21 to you explain it big time. You know, no other  
22 counties are anywhere close to those two in how the  
23 funds have really shortened, you know, the amounts  
24 between the hold harmless and where we are and where  
25 we should have been -- no other counties. If you look

1 at the sheet, they just stand right up there.

2 Both of those two AAAs should get stars.

3 They are magicians. I don't know how they are doing  
4 it.

5 SECRETARY DOWD EISENHOWER: They should; yes.

6 REPRESENTATIVE SCAVELLO: Thank you.

7 CHAIRMAN EVANS: Madam Chairperson, this is  
8 day two of the hearings, so you can expect a little  
9 passion.

10 SECRETARY DOWD EISENHOWER: I love passion.

11 And about our older Pennsylvanians and their  
12 families, I think it is personal for all of us and it  
13 is professional, so I really appreciate it.

14 CHAIRMAN EVANS: Thank you.

15 I want to thank you and all of your staff for  
16 coming before the House Appropriations Committee and  
17 making your presentation. We obviously enjoy the  
18 conversation with you.

19 You should submit that information---

20 SECRETARY DOWD EISENHOWER: We will.

21 CHAIRMAN EVANS: ---that you have indicated  
22 from each of the members. We will look at it as we go  
23 through the process, and again, I want to thank you.

24 Also, I want to make a little note to the  
25 members. I want to thank the members for their, at

1 times, level of restraint. I know how passionate they  
2 feel about the various subject matters, so I really  
3 appreciate the members.

4 We are going to take like a five-minute break  
5 to allow the Department of Health to come in, and then  
6 in five minutes we'll have the Department of Health.

7 Okay; a five-minute recess. Thank you.

8

9 (The hearing concluded at 11:25 a.m.)

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1           I hereby certify that the proceedings and  
2 evidence are contained fully and accurately in the  
3 notes taken by me on the within proceedings and that  
4 this is a correct transcript of the same.

5

6

7

8

-----  
Jean M. Davis, Reporter  
Notary Public

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25