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COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES
HOUSE APPROPRIATIONS COMMITTEE

STATE CAPITOL
ROOM 140
HARRISBURG, PENNSYLVANIA

WEDNESDAY, FEBRUARY 24, 2010
1:00 P.M.

IN RE:

PUBLIC HEARING
DEPARTMENT OF PUBLIC WELFARE

BEFORE:

- HONORABLE DWIGHT EVANS, CHAIRMAN
- HONORABLE WILLIAM F. ADOLPH, JR.
- HONORABLE WILLIAM F. KELLER
- HONORABLE DOUGLAS G. REICHLEY
- HONORABLE JOSH SHAPIRO
- HONORABLE GORDON DENLINGER
- HONORABLE KATHY MANDERINO
- HONORABLE DAVE REED
- HONORABLE RICHARD R. STEVENSON

BRENDA S. HAMILTON REPORTING
P.O. BOX 165
ELM, PENNSYLVANIA 17521
717.627.1368 (FAX) 717.627.0319

1 (CONT'D)

2 HONORABLE MATTHEW D. BRADFORD

HONORABLE TIM BRIGGS

3 HONORABLE MAUREE GINGRICH

HONORABLE GLEN R. GRELL

4 HONORABLE DAVID R. MILLARD

HONORABLE MARIO M. SCAVELLO

5 HONORABLE JOHN J. SIPTROTH

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1 ALSO PRESENT:

2 MIRIAM FOX, MAJORITY EXECUTIVE DIRECTOR
3 ED NOLAN, MINORITY EXECUTIVE DIRECTOR
4 LISA FRAELICH, COMMITTEE SECRETARY
5 BETH BALABAN, SENIOR ANALYST
6 JOHNNA PRO, PRESS SECRETARY
7 LISA FLEMING, BUDGET ANALYST

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P R O C E E D I N G S

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CHAIRMAN EVANS: The hour of one o'clock, I'd like to reconvene the House Appropriations Committee. We have the Department of Public Welfare Acting Secretary or Secretary -- which one?

ACTING SECRETARY DICHTER: Acting Secretary.

CHAIRMAN EVANS: Acting Secretary before us today. I want to announce to the members, one to three o'clock. That's what we have, two hours. Because at three o'clock we will break for a briefing because we have the Budget Secretary at four o'clock.

So it's just one to three. I want to make sure I say that. I hope the members will guide your judgment on your questions.

We hope your answers are very, like, concise, to the point. I know you have a lot of deputy secretaries. You've only been in this position for two months, and I understand and respect that.

So what I'd like to do is start off with Representative Jake Wheatley. Jake.

1 REPRESENTATIVE WHEATLEY: Thank you, Mr.
2 Chairman.

3 Good afternoon, Madam Secretary. I, one,
4 want to congratulate you on your new role.
5 Unfortunately, your department is always the one
6 that is under the most fire, but you have, I think,
7 the most important department in the Commonwealth
8 because primarily your whole department is geared
9 around trying to support those who are the least of
10 us or those who are, for some reason, unable to
11 fully support themselves. So I think it's very
12 important, and so I just wanted to thank you for
13 taking on this role.

14 In the -- can you tell me a little bit --
15 and I've asked many of the secretaries who have come
16 before me -- what has the federal stimulus money,
17 the American Recovery and Reinvestment Act money
18 meant to your budget and to the support of
19 families?

20 And the reason I ask that is because there
21 has been some recent discussion around the role of a
22 possible gubernatorial candidate who would not have
23 taken the stimulus money.

24 What would that have meant to Pennsylvania
25 families had we not had the federal stimulus money

1 in your budget?

2 ACTING SECRETARY DICHTER: Thank you,
3 Representative Wheatley. I appreciate the
4 opportunity to be here; and, as you know, the
5 Department of Public Welfare has nearly a dozen
6 stimulus accounts and they have been very important
7 to our ability to continue to serve needy
8 Pennsylvanians.

9 The largest of those, of course, is in our
10 enhanced Medicaid match-up, MAC, which has really
11 permitted us to continue to honor enrollments in
12 this program and to make sure that we are getting
13 health care to many vulnerable Pennsylvanians.

14 And I know that we've shared some of the
15 information in the past, but we have had some very
16 good successes, not only in making sure that we're
17 preserving access to these services, to important
18 health care services for our population, but some
19 very good successes in seeing very good improvement
20 and outcomes in important areas like diabetes
21 management, cholesterol management, and so forth.

22 So that is by far and away the largest
23 investment in our program and it has generated
24 countless amounts of access and quality services.

25 And I think it's also important for us to

1 recognize and point out with those funds, because
2 Medicaid is such an important component of the work
3 that we do, that we've taken a look also at what the
4 near term return on investment is or stimulus is
5 from this money. And for every dollar that we have
6 invested in the Medicaid program, we're seeing at
7 least two dollars in our local economies in terms of
8 jobs generated and other purchase of goods and
9 services.

10 So it's been extremely meaningful to our
11 work.

12 REPRESENTATIVE WHEATLEY: And I appreciate
13 your response to that. Now, to a question around
14 the Community Mental Retardation Waiver Program.

15 I think in our current budget there was a
16 recommended funding -- I'm sorry -- in our current
17 budget discussion, you're recommending a reduction
18 of \$6 million from that line item.

19 And it is my understanding with that
20 reduction, we're also putting around \$11 million in
21 federal match money at risk.

22 Can you help me understand your rationale
23 from a department perspective around the cut in that
24 program?

25 And, again, your department is, you know,

1 really critical to helping to service those
2 individuals who are least able to serve themselves.
3 Why was that line reduced?

4 Do you think you have other areas where
5 you can take up that support? Help me understand
6 that for a moment.

7 ACTING SECRETARY DICHTER: Yes. That's a
8 very important question. A very important area, of
9 course, of our investment in our populations in
10 Pennsylvania.

11 As you know, from looking broadly at the
12 budget, that we had to make a number of cuts in this
13 budget to try to live within the revenues that will
14 be available to support the services. And in each
15 and every one of those areas, I and the other staff,
16 and I know the constituents that we're serving, find
17 those cuts to be very painful and very difficult.

18 In this instance, in appropriations for
19 the mental retardation program, what we have
20 proposed is a one percent reduction in the rates for
21 the waiver services; and that's, as you said, about
22 \$6 million in state money and has some federal
23 dollars attached to it.

24 This is -- and I really want to stress
25 this -- the first reduction that we have put into

1 this program since 2003. In other words, since
2 we've been in Harrisburg.

3 We actually have expansions in this
4 program in terms of serving additional people and
5 I'd like to run through them. We will be serving
6 and enrolling an additional 150 people in the waiver
7 program, and that would be 50 people in what we call
8 the consolidated waiver and a hundred people in the
9 PFDS waiver, which includes basically some of our
10 new special ed graduates.

11 I know you have a special interest in
12 young people and how we're doing by them. So that
13 is very important to be able to preserve and to be
14 able to protect that.

15 We'll be annualizing the continuation in
16 our waiver programs for the 293 people that we added
17 in '09/'10, as well as the 500 special education
18 graduates and 80 EPSDT add-outs that we added.

19 We will be continuing the base funding for
20 the MR program which does provide supports to people
21 who are not participating in the waiver program.

22 And, as you know, we've had some very
23 impressive gains, although not nearly enough. I
24 think we can agree with that. That we have served
25 an additional 9,000 people in the waiver program

1 over the past several years, and we have overall
2 increased investment in this program by about 48
3 percent since 2003 and at the same time we have been
4 able to give a total of five COLAs to this program,
5 including both the waiver and the base program.

6 So I want to stress here every cut is
7 extremely difficult. All of them have
8 consequences. I know we're going to hear about a
9 lot about them today.

10 We tried to think very hard about how we
11 would try to recommend how we would do our
12 containments and our cuts, and in this instance we
13 will work very cooperatively with the provider
14 community to implement this one percent rate
15 reduction.

16 We -- we believe we can do that without
17 prejudicing services to the population, and I want
18 to stress that we are continuing the commitment to
19 bring additional people into this program

20 REPRESENTATIVE WHEATLEY: And, believe me,
21 I'm -- I don't want to be antagonistic to you.
22 You're going to face a lot of questions, I think,
23 around various lines. But I do think it's
24 important, at least for me to understand, from your
25 perspective as well as the administration's

1 perspective, around the way that you are thinking
2 about budgetary cuts in this lean, stressful time we
3 have right now, but it seems to me cutting a line
4 like this that's serving the most vulnerable of our
5 citizenry and is attached with potential cuts and
6 loss of money from federal -- from the federal match
7 and is hitting an industry or a group of folk, the
8 provider community, that has already been at its
9 max, and -- and -- and, further, we're not doing
10 anything to really reduce the waiting lists of folk
11 who are in service -- in need of services. As a
12 matter of fact, this may increase the list of folk
13 who are not receiving the services who could
14 potentially, on the back end, cost us greater
15 burden.

16 So it -- it would be just important to
17 me -- and, again, this is -- you'll hear this from
18 this line, you'll hear this from a number of other
19 folk who have various different lines in your
20 department, but I do believe because you're -- when
21 we get into these tough difficult times, we should
22 really focus on protection of those who can't or who
23 are in dire need of our services and really can't
24 protect themselves.

25 But, too, if it's going to bring in

1 additional resources from the federal government, it
2 would seem like we would want to maximize that
3 opportunity. Because although we would invest a
4 small amount of state resources, we will get twice
5 that back from the government. I mean the federal
6 government.

7 So I would really encourage you to take a
8 second look at that and -- and not only that, but
9 the strategy in general on how we are making our
10 cuts.

11 And I know it's popular to say let's just
12 cut everything one percent or four percent with no
13 real -- not that you didn't have rational thought
14 behind it -- but no real thought around what the
15 implications could mean.

16 We should not do that -- in the -- in my
17 belief, we should not do that in this case. We
18 should really look at what makes the -- what are we
19 saying our goals and outcomes are and how can we
20 best maximize our resources to help the folk that
21 can't help themselves the most.

22 So with that being said, Mr. Chairman, I
23 wanted to thank you for my opportunity to ask
24 questions.

25 Thank you, Madam Secretary.

1 ACTING SECRETARY DICHTER: Thank you very
2 much.

3 REPRESENTATIVE KELLER: Thank you.

4 Madam Secretary, we see that the
5 Governor's proposed budget assumes that \$800 million
6 in additional FMAP funds.

7 Now, I'm sure you're going to hear a lot
8 today that that was in the jobs bill, but it's my
9 understanding that it is now removed from the jobs
10 bill but it is also in the President's budget and it
11 is also in the Medical Assistance Fund , health care
12 bill --

13 ACTING SECRETARY DICHTER: Right.

14 REPRESENTATIVE KELLER: -- in Congress.
15 So it's not like it's completely removed.

16 ACTING SECRETARY DICHTER: Right.

17 REPRESENTATIVE KELLER: There are two more
18 places where that is. I just wanted to get that on
19 the record because you're going to be -- I'm sure
20 you're going to be hearing a lot of that today.

21 Is that your understanding?

22 ACTING SECRETARY DICHTER: Yes. I
23 appreciate your reminding all of us. We think we've
24 prudently relied on the enhanced FMAP. It
25 represents a very significant portion of our

1 budget.

2 And as you said, it was contained in all
3 versions of -- of the House version of health care
4 reform. It is in the President's budget.

5 We are not alone among the states in
6 building enhanced FMAP into our budget. There are
7 14 other states so far that have joined us in
8 building it into their budget projections for next
9 year.

10 And, in fact, just today a multitude of
11 governors cosigned a letter basically recommending
12 and trying to make sure that there's a unified front
13 amongst the governors in the nation to pursue the
14 enhanced FMAP.

15 So I think we feel pretty strongly that we
16 have made a prudent call, and we're out there and we
17 would invite everyone to join us in really being
18 vigorous of our pursuit to make sure that those
19 dollars are included.

20 As I said, it represents -- you know,
21 that's seven percent of our budget. It's about \$620
22 million, just so we're all clear what we're talking
23 about here. And the consequences of not having that
24 are quite severe, as Representative Wheatley was
25 talking about, to our vulnerable populations.

1 So we have put that into the budget and do
2 feel it's a reasonable call on our part.

3 REPRESENTATIVE KELLER: Thank you. Get
4 ready to defend.

5 ACTING SECRETARY DICHTER: I just did. I
6 just did.

7 REPRESENTATIVE KELLER: Representative
8 John Evans, please.

9 REPRESENTATIVE JOHN EVANS: Thank you,
10 Representative Keller.

11 Good afternoon. Yeah, you have the wrong
12 idea on this side.

13 I'm Representative John Evans. I
14 represent the 5th District in Erie and Crawford
15 Counties.

16 Just so that we're clear on your previous
17 answers, we are going to be receiving or we hope to
18 receive \$1.8 billion in federal stimulus money in
19 the proposed budget? Is that the total that you're
20 anticipating?

21 ACTING SECRETARY DICHTER: Yes.

22 REPRESENTATIVE JOHN EVANS: That money
23 will run out after next year. Am I right?

24 ACTING SECRETARY DICHTER: Yes.

25 REPRESENTATIVE JOHN EVANS: Is -- is there

1 any type of plan for what would happen to the
2 Commonwealth once those monies are gone?

3 ACTING SECRETARY DICHTER: Well, I think
4 you heard the Governor's proposal around basically
5 his recommendations on the revenue side, and so that
6 is, you know, what I can share with you in terms of
7 building up a replacement fund to deal with
8 potential changes in the federal level in terms of
9 enhanced FMAP.

10 I know the revenue side -- I'm sorry --
11 the Budget Secretary will be here later today.

12 REPRESENTATIVE JOHN EVANS: Yes.

13 ACTING SECRETARY DICHTER: So that's
14 someone you can also speak with about it.

15 REPRESENTATIVE JOHN EVANS: Okay. I have
16 a couple questions on a -- on a different topic.
17 The budget impasse this past year has exposed some
18 questionable activities with regard to child care
19 and the Child Care Information Services Network.

20 For example, some counties continued to
21 pay their child care providers while other counties
22 did not. How was that possible for some and not for
23 others?

24 ACTING SECRETARY DICHTER: Right. Okay.
25 Let me address that.

1 During the budget impasse on -- of last
2 year, the child care providers did not have in-state
3 resources available to them, or no dollars to
4 basically be able to give to them. And so the CCISs
5 were -- basically some of them were able to obtain
6 lines of credit and were able to continue basically
7 some of their service array and some were not as
8 successful in being able to obtain lines of credit.
9 And that is how that occurred.

10 REPRESENTATIVE JOHN EVANS: How many
11 people are employed by the CCIS network statewide?
12 And are there reports available that show
13 allocations to each CCIS and how those dollars are
14 spent?

15 For example, the numbers served by
16 activity, the monthly expenditures --

17 ACTING SECRETARY DICHTER: Yes.

18 REPRESENTATIVE JOHN EVANS: -- the levels
19 for direct child care, and the cost per child
20 served?

21 ACTING SECRETARY DICHTER: All that
22 information is absolutely available to you and we
23 can definitely follow up and get that to you so you
24 can see the statewide distribution. You'll be able
25 to see the number of children who were served

1 through those programs. You'll be able to see the
2 waiting list by county.

3 And all of that is very readily
4 available. So we definitely can get that to you.

5 REPRESENTATIVE JOHN EVANS: Thank you very
6 much. And one final question.

7 I'm concerned about the capability of CCIS
8 contractors to do what they're contracted to do and
9 particularly their financial stability?

10 ACTING SECRETARY DICHTER: Uh-huh.

11 REPRESENTATIVE JOHN EVANS: What are the
12 department's oversight responsibilities? Where are
13 the checks and balances for both CCIS and for DPW?

14 ACTING SECRETARY DICHTER: Okay. As a
15 general matter, the kinds of oversight
16 responsibility that we have? Is that what you're
17 asking?

18 REPRESENTATIVE JOHN EVANS: Yeah.

19 ACTING SECRETARY DICHTER: Okay.

20 REPRESENTATIVE JOHN EVANS: And
21 specifically involving the financial stability of
22 the -- the agencies.

23 ACTING SECRETARY DICHTER: Right. Okay.
24 As a general matter, the CCISs -- I mean I think you
25 were asking specifically about them, so let me speak

1 to them.

2 The CCISs are contracted to provide the
3 oversight for the Child Care Works Program, and
4 they -- you know, they enter into business
5 relationships with the department to be able to draw
6 down and deliver those services.

7 And I think that you were referring to
8 basically the difficulties that were encountered for
9 the CCISs and the child care providers during the
10 budget impasse. No one has made any secret about
11 that. There was actually a lot of press about that
12 around the state.

13 It was a very, very difficult time for
14 people, because this is a sector which is really
15 dependent on the public resources that we make
16 available and the resources are really confined to
17 and made available to low income working families
18 who don't have other means to pay for the services.

19 So that does create a difficulty if we get
20 ourselves into a difficulty in terms of coming to
21 closure on the budget and making our sources
22 available to this community.

23 I think you could expect to see the kinds
24 of things that were reported to you in the home
25 community and the level of worries and concerns that

1 basically people expressed. People worked very hard
2 in that community to try, I think, to do everything
3 they could to continue services to the population
4 they were serving and are very committed to the
5 population.

6 REPRESENTATIVE JOHN EVANS: Part of the
7 oversight I guess I'm trying to get at is -- is as
8 far as cutting the checks to some of those
9 agencies. If some -- some of the checks have been
10 cut to -- certainly the ones that are not
11 financially stable or the entities that no longer
12 exist, the checks still remain to be cut, are being
13 cut by DPW to those agencies.

14 ACTING SECRETARY DICHTER: Okay. I'd have
15 to hear more specifically about that --

16 REPRESENTATIVE JOHN EVANS: There's a --

17 ACTING SECRETARY DICHTER: -- because I'm
18 not aware of that.

19 REPRESENTATIVE JOHN EVANS: -- a case that
20 was in -- in the Crawford County area you may be
21 aware of.

22 ACTING SECRETARY DICHTER: Oh, the
23 Crawford County case, yes. And that, of course, I
24 think, now has been resolved.

25 That actually had to do with a set of

1 liability issues on a different claim with the
2 Department of Labor and Industry, as you may know,
3 and I actually got myself involved, in my old role,
4 in that to really help people to know and understand
5 they had to make a change.

6 In that instance, the county was -- had
7 exercised the right basically to be the CCIS and
8 then delegated. And we worked with them to help
9 them to understand that the clients needed the
10 services and we couldn't be in a place to see
11 payments being held up because of this other dispute
12 and that they would need to resolve that.

13 So I do think we got that resolved fairly
14 quickly after that was brought to my attention.

15 REPRESENTATIVE JOHN EVANS: Okay. Thank
16 you very much.

17 ACTING SECRETARY DICHTER: Thank you.

18 REPRESENTATIVE KELLER: Thank you.
19 Representative Kortz, please.

20 REPRESENTATIVE KORTZ: Thank you,
21 Mr. Chairman.

22 Madam Secretary, welcome. I want to
23 revisit the MR waiver program.

24 ACTING SECRETARY DICHTER: Uh-huh.

25 REPRESENTATIVE KORTZ: If I may. Just

1 bear with me. I want to follow through on this
2 because it just seems a little bit flawed.

3 We intend to save money through a one
4 percent reduction in provider payments. Correct?
5 And that's worth \$6 million.

6 ACTING SECRETARY DICHTER: Correct.

7 REPRESENTATIVE KORTZ: Okay. And then we
8 intend to have the providers take some of that money
9 and have the providers pick up more people.
10 Correct?

11 So we're going to add more people in the
12 program, but we're going to pay the providers less.
13 Is that correct?

14 ACTING SECRETARY DICHTER: Yes. We intend
15 to add additional people to the program, and we
16 intend to ask the providers, due to our severity of
17 our economic condition, to give a little bit on the
18 rates.

19 REPRESENTATIVE KORTZ: Okay. So we're
20 asking them to take on more clients, but we're going
21 to pay them less money. And don't you feel that
22 we're going to threaten the capacity of the system
23 to serve? Are we not going to put these providers
24 at risk? And what happens if they say we're not
25 doing it and they start closing their doors? Are we

1 not putting more people at risk?

2 ACTING SECRETARY DICHTER: Let me go back
3 one minute, because we have provided for additional
4 funds in this budget to enroll additional people in
5 the program.

6 So I do want to be clear that we are
7 actually adding resources to be able to have
8 additional enrollments in the program.

9 REPRESENTATIVE KORTZ: Okay.

10 ACTING SECRETARY DICHTER: We are
11 asking -- we are asking the provider community to
12 cooperate with us, and I know the level of concern.

13 I have met with people involved in this
14 community. I know all of you have also been hearing
15 from the community around the level of concern. We
16 will work very hard with the community to make this
17 work out.

18 We are committed to annualizing the
19 services of the new services for the people we are
20 able to bring in this year and to adding additional
21 people.

22 As you know, we have had very limited --
23 limited admissions to the state hospital system, you
24 know, for this community, less than -- about two a
25 year. We are very committed to making sure we

1 provide community services for the population. It's
2 a highly needy, vulnerable population.

3 REPRESENTATIVE KORTZ: Well, I really
4 think we're putting people at risk because, again,
5 let me go back. What if the providers say we can't
6 do it so we're going to close our doors?

7 ACTING SECRETARY DICHTER: Right. Our
8 best analysis is that we will have a provider
9 network that will be able to render the program.

10 REPRESENTATIVE KORTZ: Okay. I just feel
11 that we're putting people at risk here and I really
12 think there was some flawed logic that went into
13 this and whoever developed this.

14 I'll be quite honest with you. It's
15 unacceptable to me. I mean I read in your first
16 line here the mission statement is to protect and
17 serve Pennsylvania's most vulnerable citizens, to
18 promote, improve and sustain the quality of family
19 life.

20 These are the most vulnerable citizens,
21 and I really feel we're putting them at risk and I'd
22 ask you to take another look at this.

23 Thank you, Mr. Chairman.

24 ACTING SECRETARY DICHTER: Thank you.

25 REPRESENTATIVE KELLER: Thank you.

1 Chairman Adolph.

2 REPRESENTATIVE ADOLPH: Thank you. Good
3 afternoon, Acting Secretary. I apologize for being
4 a little late. Couldn't get out of a meeting that I
5 wanted to get out of.

6 However, there's an area of your -- of
7 your budget that has been brought to my attention,
8 I'm sure to other members of the committee by their
9 local Arc, and an awful lot of my constituents have
10 contacted me regarding your one percent reduction.

11 And your overall budget sees an increase
12 of \$388 million in it. And we're -- we're cutting
13 \$6 million from a very, very, very serious situation
14 concerning some of our most vulnerable people back
15 home.

16 And why was this decision made? And give
17 me some ideas of how to explain why, when we're
18 increasing the overall state budget by \$1.2 billion
19 that we can't -- that we have to cut this segment of
20 our community?

21 ACTING SECRETARY DICHTER: Right. Okay.
22 So, as you know, we basically have proposed a budget
23 that does have growth in it and it also has cost
24 containment and cuts in it.

25 And every cost containment and cut that we

1 have proposed has been a very difficult one. We've
2 talked mostly about one -- I'm sure others will be
3 raised -- that raise concerns for people.

4 In the case of the proposed cut for MR, I
5 want to be clear that we are not cutting access to
6 the programs. In fact, we have proposed to add
7 additional people to the MR waiver services.

8 That is a core commitment that we have.
9 That is not a mandate. That is because we know how
10 vulnerable this population is. And I know -- I've
11 talked to many of the parents of the people that we
12 serve -- how desperate people are for the services.

13 So what we have proposed here is,
14 basically looking at the severity of the economic
15 situation we're in, to have a reduction in the rate
16 that we're paying through the waiver and at the same
17 time we have proposed sufficient resources in this
18 budget to add 150 people to the waiver program and
19 to continue or to annualize all of the services that
20 you also authorize for us to start this current
21 fiscal year, to add additional people to the waiver
22 program.

23 So that, I hope, you know, is a helpful
24 explanation to you in terms of our overall
25 budgeting. There is an actual overall growth in

1 terms of the total dollars that we would be
2 committing to this population in the budget.

3 REPRESENTATIVE ADOLPH: Would this
4 proposed reduction violate any state contract with
5 the federal government?

6 ACTING SECRETARY DICHTER: No. We're not.

7 REPRESENTATIVE ADOLPH: Regarding the
8 waiver requirement?

9 ACTING SECRETARY DICHTER: It will not.
10 We take our waiver obligations --

11 REPRESENTATIVE ADOLPH: You seem very
12 confident with that answer.

13 ACTING SECRETARY DICHTER: We take our
14 waiver obligations very seriously. We work --

15 REPRESENTATIVE ADOLPH: It would not
16 jeopardize any type of matching funds either?

17 ACTING SECRETARY DICHTER: No.

18 REPRESENTATIVE ADOLPH: Not at this time,
19 but maybe in the very near future I'd like to sit
20 down with you regarding this.

21 ACTING SECRETARY DICHTER: I absolutely
22 would be very happy to do that with you.

23 REPRESENTATIVE ADOLPH: Thank you.

24 ACTING SECRETARY DICHTER: I know the
25 level of concern generated. Again, I know people in

1 this room from this community who I know have been
2 communicating with everyone and I am very well aware
3 of the level of concern about this proposal.

4 REPRESENTATIVE ADOLPH: Thank you.

5 REPRESENTATIVE KELLER: Representative
6 Reed.

7 REPRESENTATIVE REED: Thank you very much,
8 Mr. Chairman.

9 And thank you, Madam Secretary, for
10 appearing before the committee today. I do just
11 have one quick follow-up on the MR waiver issue. I
12 know we've kind of talked about that a great deal,
13 and then I'll move on to another topic.

14 You know, the way we look at the federal
15 matching funds issue, when we cut that \$6 million in
16 the state appropriation, our folks are concerned
17 that that could jeopardize 11.2 million in federal
18 Medicaid funds, and that's not the belief held by
19 the department?

20 ACTING SECRETARY DICHTER: Excuse me?

21 REPRESENTATIVE REED: That's not the
22 belief held by the department?

23 ACTING SECRETARY DICHTER: No. That is --
24 it does draw down federal MAC -- federal match.
25 Everyone has said that and that is correct, that

1 this does draw down federal match and that
2 particular match will not be available to us with
3 the reduction in the rates.

4 REPRESENTATIVE REED: Okay. But your
5 answer to Representative Adolph was just that there
6 would be no loss in federal funds.

7 ACTING SECRETARY DICHTER: I'm sorry. I
8 thought he asked if there would be a prejudice in
9 terms of our legal ability to do this. I'm sorry.
10 I misunderstood.

11 REPRESENTATIVE REED: Okay. So basically
12 we're at --

13 REPRESENTATIVE ADOLPH: Excuse me just for
14 a minute.

15 ACTING SECRETARY DICHTER: I'm sorry.

16 REPRESENTATIVE ADOLPH: I -- I followed
17 that up with that exact question.

18 ACTING SECRETARY DICHTER: Okay. I'm
19 sorry.

20 REPRESENTATIVE ADOLPH: And then you've
21 answered -- you've answered -- you gave two
22 different answers --

23 ACTING SECRETARY DICHTER: All right. Let
24 me be --

25 REPRESENTATIVE ADOLPH: -- to the same

1 question.

2 ACTING SECRETARY DICHTER: -- very clear.

3 The answer is that, yes, there would be. There
4 would be. That is part of the Medicaid program.

5 REPRESENTATIVE ADOLPH: So we would be
6 jeopardizing --

7 ACTING SECRETARY DICHTER: So we would
8 be --

9 REPRESENTATIVE ADOLPH: -- federal
10 matching funds?

11 ACTING SECRETARY DICHTER: -- not getting
12 those. Yes.

13 REPRESENTATIVE ADOLPH: Thank you. Thank
14 you for that follow-up, Representative.

15 REPRESENTATIVE REED: So really in
16 totality we're looking at \$17.2 million coming out
17 of the MR waiver system when you look at state and
18 federal funds, not just the \$6 million of the state
19 appropriation. Correct?

20 ACTING SECRETARY DICHTER: Yes. That
21 would be correct.

22 REPRESENTATIVE REED: Okay. Now, let's
23 move on to another topic, and I'm sure other folks
24 will ask about the MR waiver program, too.

25 Could you tell me just quite simply how

1 many folks working for DPW are also registered
2 lobbyists in Pennsylvania?

3 ACTING SECRETARY DICHTER: I would have to
4 get back to you on that. I'll have to get back to
5 you.

6 REPRESENTATIVE REED: Okay. Are you aware
7 of anybody?

8 ACTING SECRETARY DICHTER: No. But I'd
9 have to research that because I don't know the
10 answer.

11 REPRESENTATIVE REED: Okay.

12 ACTING SECRETARY DICHTER: So we'll need
13 to get back to you on that.

14 REPRESENTATIVE REED: I guess my question
15 more specifically, as you research, is who within
16 the Bureau of Autism Services would be a registered
17 lobbyist as well?

18 Because I have before me an e-mail sent
19 from e-mail address DPW-autism office@state.pa.us,
20 sent Monday, August 3rd, 2009 at 11:34 a.m. The
21 e-mail is titled Pennsylvania autism budget alert,
22 time sensitive, action request.

23 And it deals with the Kotic amendment to
24 the budget, Representative Nick Kotic from the
25 western half of the state, a Democrat, and within

1 the e-mail it doesn't just talk about proposed
2 legislation, it actually is a call to arms.

3 And I'll quote it. Please call or write
4 your legislators in both Houses and tell them that
5 you are part of the autism community and urge them
6 to vote no on any motion for suspension of the rules
7 to amend Senate Bill 850.

8 Now, this would appear to me to be a
9 direct lobbying effort by somebody who is employed
10 by the taxpayers within the department to rally a
11 grassroots effort in opposition to legislation.

12 You're not just providing information.
13 You are actually telling the providers what to do
14 and how to impact the legislative process.

15 And I know if this was an outside
16 organization, if they were to do the same thing,
17 they would be required to register as a lobbyist in
18 the Commonwealth of Pennsylvania. So it disturbs me
19 a little bit.

20 I know it's not unique to DPW, because I
21 know the Department of Education has done a great
22 deal with this through the early childhood education
23 programs over the last couple years. And I've
24 actually heard quite a few complaints from local
25 providers having to spend their time lobbying their

1 state legislators because they're told to do so by
2 cabinet level agencies.

3 And in my mind their time and their
4 efforts should be used providing services to the
5 vulnerable citizens in this Commonwealth, not being
6 told by the folks who control the purse strings how
7 to lobby their elected officials.

8 So if you don't mind getting back to us,
9 I'd like to know who's a registered lobbyist and, if
10 not, why is nobody -- why is somebody conducting
11 this sort of activity without following our lobbying
12 guidelines in the Commonwealth?

13 ACTING SECRETARY DICHTER: We'll get back
14 to you. Thank you.

15 REPRESENTATIVE REED: Thank you.

16 REPRESENTATIVE KELLER: Thank you. Madam
17 Secretary, I'd like all of us -- you're soft
18 spoken. Could you just pull that --

19 ACTING SECRETARY DICHTER: Sure. I'm not
20 so soft spoken.

21 REPRESENTATIVE KELLER: -- microphone --

22 ACTING SECRETARY DICHTER: I'll pull the
23 microphone closer.

24 REPRESENTATIVE KELLER: Well, today you
25 are. Representative Frankel, please.

1 REPRESENTATIVE FRANKEL: Thank you, Madam
2 Secretary. Good afternoon and thanks for being with
3 us.

4 Now, I've always said that the job that
5 you have now inherited -- and I know you've been
6 involved with DPW for many years -- is the toughest
7 one in state government, and -- and we thank you for
8 the job you're doing and will be doing for this
9 coming year.

10 And I know the tough choices that have
11 been made in this budget, but some of them, clearly
12 the MR waiver being one, and the other one being the
13 issue of subsidies, disproportionate share to our
14 Medicaid hospitals.

15 ACTING SECRETARY DICHTER: Uh-huh.

16 REPRESENTATIVE FRANKEL: The cut of
17 savings to the state of about 25, 26 million which
18 we'll lose \$40 million worth of federal matching
19 Medicaid dollars that basically provide support to
20 the hospitals that are bearing the most significant
21 burden of an expanding Medicaid population. The
22 hospitals across the state.

23 Some people think it's just Pittsburgh and
24 Philadelphia, but I take a look at a list that
25 impacts many counties, certainly many counties

1 outside of Allegheny County in southwestern
2 Pennsylvania, and you know, for the life of me, you
3 know, to talk about, you know, making a cut that has
4 a two-to-one potential loss of revenue from the
5 state -- from the federal government makes very
6 little sense.

7 In addition to which, you know, these
8 hospitals -- assuming they are able to continue to
9 operate -- end up passing those costs on and it's
10 part of the whole spiral with respect to the
11 inflate -- to the rapidly inflating costs of medical
12 care and affects insurance premiums, on the other
13 hand, as well.

14 So I mean I know you're making very tough
15 choices here, but this one does not appear to me to
16 make a great deal of sense, and maybe you can talk
17 about that as well.

18 ACTING SECRETARY DICHTER: Uh-huh. For I
19 mean I think you have actually laid out some of the
20 difficulties and challenges that face us for the
21 entire welfare department budget.

22 Because there probably isn't a single cut
23 that we would bring forward to have included in the
24 budget where we wouldn't have constituencies saying,
25 for good reasons, as you laid out, the difficulty

1 and the impacts for making the cut.

2 This particular cut, as you noted, is
3 about a five percent reduction in the overall
4 investment in hospitals. It does mean that the
5 total available will be about \$259 million around
6 the state, which is down from about \$273 million in
7 our state funds.

8 And as you said, it is a spread cut. It
9 does go across many hospitals, which I think may be
10 somewhat helpful in terms of the impacts for it.

11 But as with all the other cuts that we've
12 made, this is very difficult. We were faced with a
13 challenge of trying to get as close to a no growth
14 budget as possible, and we were not able to do that
15 as you know. We ended up having to come in and to
16 request an increase.

17 Nonetheless, because we tried to focus on
18 making sure that we were preserving mandatory access
19 to services, just had a very compelling conversation
20 around our people with intellectual disabilities and
21 our efforts to make sure that we continue to make --
22 get some additional people into the system.

23 So I think from where we sit this is very
24 difficult and I appreciate your articulation of the
25 consequences, because there will be some

1 consequences in our delivery system from this cut.

2 REPRESENTATIVE FRANKEL: Well, thank you.

3 But it does affect probably the hospitals least able
4 to -- to handle it, and -- anyway, I appreciate
5 your response.

6 And just in reaction to a comment from one
7 of my colleagues earlier, I mean it seems to me
8 clearly, you know, in terms of our ability to plan
9 for the cliff that we're facing with the loss of
10 stimulus dollars.

11 While I may not agree with the exact
12 formula that the Governor laid out, I do commend him
13 and this administration for at least anticipating
14 and bringing the issue forward that we need -- that
15 we're going to have to deal with.

16 I mean most of us don't want to talk about
17 these things in an election year and we have
18 gubernatorial candidates who are signing pledges
19 that they won't increase taxes when we're facing
20 these reduced revenues.

21 I think the Governor is at least putting
22 this issue in front of us and as we're seeing today
23 the impact on this very important agency is a
24 responsible discussion that we ought to be having.

25 So I want to thank you again for being

1 here with us today, and I will relinquish the
2 microphone.

3 REPRESENTATIVE KELLER: Representative
4 Denlinger.

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

7 And good afternoon, Madam Secretary. I'd
8 like to begin with an administrative budget line
9 question.

10 County assistance offices budget, you're
11 asking for seven-and-a-half percent increase, 19.5
12 million over the prior year. Your budget book also
13 indicates a history of lapses of funds.

14 Just to kind of give you the history
15 there. A \$4.5 million lapse in year '07/'08, \$5.46
16 million into '08/'09, and an estimate of 4 million
17 in lapses for the current year.

18 What that pattern of lapses would suggest
19 is that the budget has been too high, and I'm
20 wondering why we're requesting an additional
21 seven-and-a-half percent?

22 ACTING SECRETARY DICHTER: Okay. All
23 right. I'll try to explain it; and if I get myself
24 in trouble, our finance director will step in here.

25 So we have -- as you noted -- requested

1 for some additional funded vacancies for the county
2 assistance offices. And why we have done that in
3 this budget is that you also will note that we have
4 projected an increase in the numbers of people who
5 will be participating in the Medical Assistance
6 program. We projected growth of about three
7 percent. And people, of course, have to apply for
8 the program and have their applications processed in
9 a timely way.

10 In addition, we have projected an
11 increment for people participating in Cash
12 Assistance. Now, that's a much, much smaller
13 program. Around 200,000 compared to the, you know,
14 2.1 million in the Medicaid program.

15 But we have been monitoring and making
16 sure that we can keep up with our responsibilities
17 to try to provide good customer service and timely
18 efficient customer service to our application and
19 then our ongoing semi-annual reviews and the things
20 that we have to do that I think are actually
21 protective of our taxpayers' interests in managing
22 these programs.

23 So the dollars that you're looking at here
24 are dollars basically to help us make sure that we
25 have appropriate staffing available to be able to

1 meet the client needs that we're projecting.

2 And that is an unusual request, I
3 recognize that, in the context of the overall
4 budget. And it was one we worked on to really ask
5 ourselves whether we would need to be doing that.
6 And we finally concluded that our ability to keep
7 pace was pretty material and that we would, you
8 know, need to be able to do that.

9 That represents a portion basically, you
10 know, of those dollars that you asked about.

11 REPRESENTATIVE DENLINGER: And just a
12 follow up there. Was that a reaction to high volume
13 of complaints about the level of customer service?

14 ACTING SECRETARY DICHTER: It really came
15 in part from our own analysis, you know, and our own
16 looking at what was happening with our ability to
17 keep processing.

18 We do hear obviously from Representatives,
19 Senators, and constituents directly about their
20 experiences with the CAOs. Where we have actually
21 been able to make some of our improvements on the
22 modern office and do our call centers, we have had
23 actually very good reception around the impacts that
24 has had.

25 And there's been a lot of effort put into

1 trying to make sure that we are improving customer
2 service in these offices. They represent a pretty
3 important service to our client base.

4 REPRESENTATIVE DENLINGER: I'd like to
5 shift gears, if I may, to the area of child welfare
6 and an issue that we haven't heard a lot about
7 recently.

8 We need an update, if you could provide
9 one, on the federal Title IV-E deferral with regard
10 to the placement of maintenance claims.

11 ACTING SECRETARY DICHTER: Yes.

12 REPRESENTATIVE DENLINGER: Particularly
13 congregate care. There is, I understand, a
14 potential for a \$100 million sum of federal dollars
15 that could be in jeopardy related to that?

16 ACTING SECRETARY DICHTER: It's -- where
17 we are currently in resolving the IV-E deferrals is
18 that we're working very hard with HHS to make that
19 happen.

20 The deferral, as you know, is just for our
21 group home and residential facilities. It doesn't
22 include our foster homes. And so the scope is not
23 quite as large as I think what you stated.

24 But we've been in very active work
25 basically and with -- with the administration for

1 children and families to make sure that we get a
2 resolution so that we can get out of deferral status
3 and get those resources flowing to the counties
4 again.

5 REPRESENTATIVE DENLINGER: Do you --

6 ACTING SECRETARY DICHTER: That's a very
7 high priority for us to have that happen.

8 REPRESENTATIVE DENLINGER: I'm sure it
9 is. And do you have a projected time frame on it?

10 ACTING SECRETARY DICHTER: I would hate to
11 give a time frame that we would miss. Because I
12 like to be particular about meeting the deadlines
13 that we would miss.

14 But we are working hard on it. I think
15 there are calls, in fact, scheduled over the course,
16 already, of the next couple weeks to keep moving
17 forward with the process.

18 So we will be sure to keep you posted the
19 minute that we are able to succeed in getting our
20 deferral into nondeferral status.

21 REPRESENTATIVE DENLINGER: Very good. And
22 then my last question is -- is a very
23 straightforward one.

24 As we look at the total picture of -- of
25 government assistance in a state of 12.5 million,

1 roughly in population, what percentage of the
2 population of Pennsylvania is on some form of
3 state-provided government assistance?

4 ACTING SECRETARY DICHTER: Right. So
5 that's a great question and I can answer. And
6 basically, just looking at our Medicaid population,
7 we are serving about one in every six Pennsylvanians
8 through the Medicaid program.

9 So we are providing -- this is how I, you
10 know, tend to think about this when we ask ourselves
11 about the programming, because we are providing
12 services really to our neighbors, right, our elderly
13 parents, people with disabilities in every single
14 community in the Commonwealth.

15 REPRESENTATIVE DENLINGER: As a follow-up
16 item, if I may, I'd like to request if you or the
17 staff could go back over a five-year period, provide
18 the numbers of the population provided assistance in
19 each county across the state, so we can see a trend
20 and -- and where things are moving.

21 ACTING SECRETARY DICHTER: Absolutely. We
22 are more than happy to get you that information.

23 REPRESENTATIVE DENLINGER: Very good.
24 Thank you.

25 ACTING SECRETARY DICHTER: Thank you.

1 REPRESENTATIVE DENLINGER: Thank you,
2 Mr. Chairman.

3 REPRESENTATIVE KELLER: Thank you.
4 Representative Siptroth.

5 REPRESENTATIVE SIPTROTH: Thank you very
6 much, Mr. Chairman.

7 Acting Secretary Dichter, right here.
8 Just a couple questions and one was posed to
9 Secretary Hall today from the Department of Aging.

10 Pennsylvania is one of the five states
11 without an active protective service law and a
12 system to protect our vulnerable adults ages 18 to
13 59. Particularly those with disabilities.

14 And if you're under age 18 you fall into
15 the child protective services and if you're over --
16 or are at 60 and above, you come under the older
17 adult protective services.

18 There's a bill out there, House Bill 1319,
19 of which I'm a co-sponsor. I just wanted to know,
20 could you tell the committee where the
21 administration is on this particular bill --

22 ACTING SECRETARY DICHTER: I will, sure.

23 REPRESENTATIVE SIPTROTH: -- so that we
24 can provide those services?

25 ACTING SECRETARY DICHTER: I will, yes,

1 share with you what I've shared -- shared with other
2 people working on this issue. When I first learned
3 of this gap in our protective service system, I was
4 shocked, really shocked that we would have such a
5 gap.

6 And I think that you know that we know
7 that we need to close this gap and to find a method
8 to move forward in terms of protecting this group
9 and this population.

10 REPRESENTATIVE SIPTROTH: Is this you
11 personally or acting as the administrator now of the
12 department, are in favor of at least some portion of
13 the bill or version of the bill --

14 ACTING SECRETARY DICHTER: Yeah.

15 REPRESENTATIVE SIPTROTH: -- that would
16 address this?

17 ACTING SECRETARY DICHTER: We need to find
18 a solution to make sure that this population has
19 appropriate protective services.

20 REPRESENTATIVE SIPTROTH: Okay. Great.
21 One other -- well, I have two other questions. But
22 one of them being the Governor's proposed budget
23 continues the state supplemental payment cuts that
24 began this month to 345,000 of the state's poorest,
25 elderly, disabled, and blind, including 67,000

1 disabled children. All people in my district who
2 are already living well below the poverty level.

3 Will the administration reconsider these
4 cuts and work with the General Assembly to try to
5 restore some of that funding?

6 ACTING SECRETARY DICHTER: I think these
7 cuts, as the other ones we've talked about, are
8 particularly difficult and very painful, as you
9 described, for people to be able to live with.

10 The only mitigation that I hope -- and
11 that we've been asking people to focus on, as you
12 know, is that people subject to these cuts do get
13 some enhancement or increase in their food stamps.
14 And so we really want to make sure that that
15 occurs.

16 As with the other cuts, very difficult.
17 Very painful. As you point out, a particularly
18 vulnerable population of people impacted by this.

19 REPRESENTATIVE SIPTROTH: And one -- one
20 last -- one last question. The senior law help line
21 program, I think that's proposed to be eliminated
22 this year, provided -- or it was about a hundred
23 thousand dollars. Is that correct?

24 ACTING SECRETARY DICHTER: Secretary Hall
25 will address that.

1 REPRESENTATIVE SIPTROTH: Okay.

2 SECRETARY HALL: Sorry.

3 REPRESENTATIVE SIPTROTH: That's okay.

4 SECRETARY HALL: Representative, the --
5 the senior --

6 REPRESENTATIVE KELLER: I think you also
7 went out. Push the button.

8 SECRETARY HALL: I'm sorry for the
9 technical difficulties. Again, I'm John Michael
10 Hall. I'm the Secretary for the Department of
11 Aging.

12 As we talked a little bit this morning,
13 there has been a federal grant that the senior law
14 health line applied for with our support to the
15 Administration on Aging and, in addition to the, I
16 believe, \$200,000 per year that was coming from that
17 grant, the Department of Aging was adding 33,000 in
18 state match.

19 That federal grant is coming to an end,
20 and I don't believe that it's a program that is --
21 that you can reapply for or continue. In fact, as
22 is the case with many federal grant programs and
23 grants that are provided by private and charitable
24 foundations, they're typically time limited and they
25 typically have a requirement that the grantee find a

1 way of sustaining the program without further grant
2 support in future years.

3 I did say this morning that we think the
4 senior help -- senior law help line has provided a
5 good service. It's provided much needed legal
6 assistance to indigent seniors who -- upwards of
7 1,500 a year, and I think, depending upon how our
8 budget fares in the legislative process, as we move
9 into '10/'11 we'll be taking a look at whether we
10 can provide some support to sustain that,
11 recognizing that we often are in the position of
12 being asked, when grants come to an end, to fill the
13 hole that's created by that. And it's not feasible
14 for us to do that in every single case.

15 REPRESENTATIVE SIPTROTH: Thank you very
16 much, Secretary Hall and Secretary Dichter.

17 REPRESENTATIVE KELLER: Representative
18 Reichley, please.

19 REPRESENTATIVE REICHLEY: Good afternoon,
20 Madam Secretary. I want to add my voice to those
21 who have expressed a concern about the cut in the
22 community MR waiver. You know, we've certainly
23 heard from the Arc in our area and from a number of
24 the providers.

25 But I guess I need to couch that concern

1 in a question to you that based upon a fax that many
2 of us received last Friday from the NCSL
3 organization, National Conference of State
4 Legislatures, which indicated that that FMAP money,
5 the federal money you were relying upon for the \$850
6 million in the budget is not included.

7 It's not you. Don't worry. Yeah.

8 Is not included in that jobs bill moving
9 through the Senate perhaps even today.

10 What is the plan B from the department's
11 position? What is your answer if that money is not
12 going to be included?

13 I recognize you said it's in the House
14 health care bill. Now, let's just lay all the cards
15 on the table. We're all realistic politicians in
16 here. That bill's not going anywhere.

17 The President has suggested in his
18 budget -- are you suggesting that we sit on our
19 hands until October when our federal counterparts
20 decide they're going to get around to doing that or
21 what is the administration's position if they do
22 merely a continuing resolution on budgetary matters
23 at the federal level?

24 ACTING SECRETARY DICHTER: It's a very
25 important, fair question, and I appreciate your

1 raising the issue again.

2 REPRESENTATIVE REICHLEY: You better try
3 to use another microphone.

4 ACTING SECRETARY DICHTER: I'm such a loud
5 person.

6 REPRESENTATIVE REICHLEY: You want to come
7 use my microphone?

8 ACTING SECRETARY DICHTER: Okay. Can you
9 hear?

10 REPRESENTATIVE REICHLEY: How about the
11 other one then?

12 ACTING SECRETARY DICHTER: Thank you. Are
13 we good now?

14 REPRESENTATIVE REICHLEY: That's better.

15 ACTING SECRETARY DICHTER: All right.
16 Good. Okay. So let me stress again, as you pointed
17 out, this is contained in the President's budget.
18 There has been bipartisan support. We are joined by
19 many other states already who have already announced
20 their proposed budgets for the coming fiscal year
21 and including an enhanced FMAP.

22 There is a letter that 43 governors just
23 signed, so that is the super -- vast majority of
24 them, basically indicating their support and need
25 for enhanced FMAP.

1 So at this point what I would say, that
2 our plan -- and we would invite everyone here to
3 join us in that plan -- is to really make sure that
4 we have done everything we can to help basically the
5 people in Washington to know and understand the need
6 we have for the enhanced FMAP.

7 I have said this to some people. I have
8 had some opportunities for one-on-one meetings but
9 not so many prior to today's hearing.

10 But the consequences of not having
11 enhanced FMAP for us are very severe. We've heard a
12 lot already, very compelling, from people in this
13 room about the concerns with the cuts we have laid
14 out in this budget.

15 It is significantly beyond the proposed
16 reductions if we do not have the enhanced FMAP and
17 no revenue replacement for it. I think we are
18 talking about a level of consequence, for a highly
19 vulnerable group of people who are significantly
20 helped by the interventions that we sponsor, without
21 those resources.

22 So, again, we do think -- and I know we
23 may not agree on this -- that it was prudent for us
24 to rely on this in building the budget; that the
25 actions that we've been monitoring and tracking in

1 Washington help us to feel a continued level of
2 confidence basically that we made the right call on
3 this, and we will continue to pursue this.

4 REPRESENTATIVE REICHLEY: It's not
5 necessarily I disagree with your policy initiatives
6 or a reliance a month ago on this \$850 million
7 appropriation. But let's deal with the facts on the
8 ground as they are.

9 The U.S. Congress does not seem to be
10 predisposed right now to passing a huge new spending
11 bill to the benefit of 43 states or two states or
12 whatever it might be. And so I guess I'm asking you
13 to be as forthright as possible.

14 Is the administration in a position for
15 the governor to suspend the lock box, what you would
16 call it, model or theory that he offered in the
17 budget address to say, well, we're not asking to put
18 that money in the lockbox for the stimulus
19 transition fund anymore. Now we need that revenue
20 to be brought into this current fiscal year general
21 fund?

22 Or what is -- what is the plan B? I mean
23 we can't just sit here in Harrisburg twiddling our
24 thumbs until October when the federal fiscal year
25 runs out.

1 And what is the option if they do just
2 continuing resolutions and they don't do the \$850
3 million?

4 ACTING SECRETARY DICHTER: Again, what I
5 can offer is that we're tracking it. There has been
6 additional movement and consideration and so the
7 pieces that we're seeing and the information --
8 again, just to -- you know, the letter from the
9 governors continues to give us confidence. We will
10 continue to track this; and if we get to a point
11 where we determine that it's not a viable solution,
12 then we will have to come forward and discuss other
13 options.

14 But we're not -- we ourselves are not at
15 that place yet. We feel what we have put forward in
16 the budget is prudent.

17 REPRESENTATIVE REICHLEY: Well -- and I'm
18 not trying to be a stickler on this, but is there a
19 certain point in the calendar year when the
20 administration is going to say, okay, this is no
21 longer a feasible strategy and you're going to come
22 back to us with a revised budget minus \$850
23 million?

24 ACTING SECRETARY DICHTER: If we get to
25 that point, we will certainly let you know. We're

1 not there now. At this point at the end of February
2 we are not at that place.

3 REPRESENTATIVE REICHLEY: All right. And
4 somewhat a Biblical phrase of the Lord giving and
5 taking away at the same time, last week Secretary
6 Sebelius announced \$228 million, I believe it is, in
7 stimulus funds that's going to be available more or
8 less as a forgiveness or rebate on the clawback
9 money that had been arranged to be paid back to the
10 federal government after Medicaid Part D.

11 Is that money, as you understand,
12 restricted to use in a prescription drug program or
13 how can the state utilize that new money?

14 ACTING SECRETARY DICHTER: We're still
15 evaluating that money, but that money actually, I
16 think, is a good example of the, now, additional
17 federal revenue basically that will become available
18 to us.

19 REPRESENTATIVE REICHLEY: Okay. And would
20 it be the administration's intention to keep that
21 solely within your domain in DPW?

22 ACTING SECRETARY DICHTER: We're still
23 evaluating basically how that money will be used in
24 the budget process.

25 REPRESENTATIVE REICHLEY: If, in fact, you

1 would get the \$850 million and now you have this new
2 found \$228 million, would you be seeking to restore
3 some of the cuts that we've already been discussing
4 this afternoon, such as actually the community
5 health retardation waiver, but as well to the
6 disproportionate share hospitals that's somewhat
7 typified in a situation affecting primarily
8 Philadelphia and Pittsburgh, but there are hospitals
9 in Lehigh Valley that you've identified for some
10 pretty significant cuts as well, as well as the
11 acute care hospitals?

12 So I'm curious. Is it your intention to
13 use the 228 that's just been announced last week to
14 fill in these cuts?

15 ACTING SECRETARY DICHTER: As you said, we
16 were just notified about the availability of that
17 money, of those resources to us. So at this point
18 we are evaluating how they best fit into the overall
19 budget and their most effective use in terms of the
20 risk that we face and also the cuts that we've
21 proposed in the budget.

22 REPRESENTATIVE REICHLEY: Okay. On a
23 little bit of a different topic. In terms of your
24 overall staffing levels, how is that being foreseen
25 by you for the coming fiscal year?

1 ACTING SECRETARY DICHTER: Uh-huh. I'm
2 unhappy to address that. So we had as of our
3 December date, December 2009, our filled complement
4 was 17,021 people, which is 389 people less than we
5 had last year at that time. And our projected
6 complement for the '10/'11 year basically adds some
7 staff.

8 All right? So that we filled and added
9 some staff. And the addition basically of those
10 staff for us are -- we talked about this already --
11 for the county assistance offices and then where we
12 do have state institutions and we have an obligation
13 in terms of staffing.

14 So we will see a small increase there in
15 the overall staffing complement.

16 I think you are aware that on balance we
17 have worked hard to try to reduce the overall filled
18 complement for the agency over the past several
19 years.

20 REPRESENTATIVE REICHLLEY: Well, that's
21 sort of a roundabout way for my getting to your
22 announced closure of the Allentown State Hospital.

23 ACTING SECRETARY DICHTER: Uh-huh.

24 REPRESENTATIVE REICHLLEY: While I
25 certainly appreciate the degree to which Ms. DeBell

1 and Mr. Harris in your legislative affairs office
2 worked with area legislators, I -- I think it is not
3 a surprise to you that they were -- the legislators
4 were taken aback that at the meeting you scheduled
5 with legislators to inform them of your potential
6 plan to close out the hospital you had sent out a
7 press release during the course of the meeting. And
8 this seemed to contradict previous statements made
9 to the legislative delegation in the Lehigh Valley
10 that you were going to consult with the delegation
11 before announcing the disclosure and then proceeding
12 with the public hearing.

13 So now that you've talked about this
14 incremental increase in your staffing complement,
15 I'm wondering is that including your potential
16 closure of Allentown State and what exactly is your
17 plan for those people, the patients there who have
18 identified a significant need for inpatient care,
19 their families and the employees who have been
20 treating them so loyally for so long?

21 ACTING SECRETARY DICHTER: So for the
22 Allentown State Hospital closure, we are very
23 mindful of our obligations and responsibilities both
24 to the patients and, of course, to the employees at
25 Allentown State Hospital.

1 And we have been working very hard on
2 collaboration with the counties to engage in
3 planning for discharge and appropriate community
4 services for people, and we've had a lot of interest
5 in that.

6 In addition, I know you have a particular
7 concern for people for whom that might not be
8 appropriate. And so for people for whom that might
9 not be appropriate, we would also be having some
10 people who would continue to receive their services
11 at Wernersville.

12 In addition, on the job side of the
13 equation, we have about 375 people employed at
14 Allentown State Hospital and we've been busy meeting
15 with all of the staff and we've had a very high
16 level of interest from the staff about their future
17 employment needs.

18 And I'm actually very happy to report --
19 and I think I checked this yesterday -- that as of
20 yesterday we have already 227 priority postings for
21 the employees at Allentown State Hospital.

22 We have a good track record actually from
23 our previous closures of being -- providing quality
24 community services for people who are being
25 discharged from the institutions, as well as

1 honoring and working in a careful way on employment
2 opportunities for the staff.

3 Both are of paramount concern to us as we
4 go about the closure.

5 REPRESENTATIVE REICHLLEY: Well, I think
6 it's sort of a side point for me to say the
7 delegation is very concerned about the
8 decision-making process that went into this
9 closure. We'd like to have continued communication
10 with you because there's a high level of anxiety
11 among family members of residents who are receiving
12 services there.

13 So I would look forward to continuing to
14 have a better explanation as to how this came
15 about.

16 My last point, because I know we're short
17 on time, if you can submit to the committee chairman
18 the last time the department conducted audits of the
19 foster care program, particularly with regard to the
20 city of Philadelphia.

21 I'd like to know how often that's been
22 done and what the findings were from any audits,
23 say, in the last eight years.

24 ACTING SECRETARY DICHTER: We will be
25 happy to do that, and we have a legislative briefing

1 scheduled with the delegation on the Allentown State
2 Hospital on March 9th, I believe.

3 REPRESENTATIVE REICHLEY: Right. I think
4 that's right.

5 ACTING SECRETARY DICHTER: So we'll look
6 forward to talking to you then.

7 REPRESENTATIVE REICHLEY: Thank you.

8 CHAIRMAN EVANS: I'm going to give
9 Representative Reichley a district in Philadelphia.
10 Man. I'm going to get him -- I'm going to give him
11 a -- I'm going to get you a district. Do you want a
12 district? Reappoint you. I'm going to get you a
13 district.

14 Representative -- Representative Briggs.
15 He asked -- he asks more questions about
16 Philadelphia than I do.

17 REPRESENTATIVE REICHLEY: Whose district
18 do I get? Yours or Keller's or --

19 CHAIRMAN EVANS: You can have mine.

20 REPRESENTATIVE REICHLEY: -- Babette's
21 or --

22 CHAIRMAN EVANS: You can have mine. I'm
23 eligible for retirement. You can have mine. You
24 got that?

25 REPRESENTATIVE REICHLEY: All the way down

1 the turnpike.

2 CHAIRMAN EVANS: We can make a deal right
3 now on public television.

4 Representative Briggs.

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

7 Thank you, Madam Secretary. Over here.
8 To your left.

9 ACTING SECRETARY DICHTER: I see you.

10 REPRESENTATIVE BRIGGS: I just wanted to
11 point out for the members, I'm -- I'm new. This is
12 my second year in office.

13 Last year we made a decision -- it was the
14 national recession, the unwillingness of this body
15 to address some of these unfortunate cuts that we
16 had to make, so I think we just need to keep that in
17 mind as we question the decisions that were made.

18 But the -- I want to join with everyone
19 who's very emotional over the community MR waivers.

20 I'm -- I'm on board with that. I think we
21 need to find another way than to cutting that
22 funding to our most vulnerable residents.

23 But I also want to talk a little bit about
24 the -- the hospitals. I have a question here that
25 I'm just going to read. The proposed budget

1 includes nearly 300 million in additional funding
2 for Medicaid managed care organizations and 24
3 million in additional funding for nursing homes but
4 cuts funding for hospitals by \$61 million. All
5 three are Medicaid providers.

6 Why -- what was the decision based on
7 cutting funding to hospitals at the same time you're
8 increasing funding to the other providers?

9 ACTING SECRETARY DICHTER: Sure. A very
10 fair question, and one I think I can explain to
11 you.

12 We have to provide our Medicaid managed
13 care organizations with actuarially sound rates. We
14 are legally required to do that.

15 And so there is growth in this budget that
16 does provide for a rate increment, as we must, to be
17 in compliance with our ability to fund this
18 program.

19 Some of the dollars, just so that you
20 know, that you cited also include some of the
21 resources that we've mentioned a couple times
22 already in this hearing to make sure that we can
23 enroll all of the people who will come and qualify
24 to participate in the Medical Assistance program.

25 REPRESENTATIVE BRIGGS: Thank you. And

1 the -- most of the questions I had have been
2 addressed over and over again.

3 The private Children and Youth providers
4 reimbursement rates, it's my -- I've been informed
5 that they have not been processed, some for eight
6 months. Has -- can you touch on that and --

7 ACTING SECRETARY DICHTER: I think not all
8 of the rates are finalized yet. Staff is working.
9 They've been briefing me on this quite a bit.
10 They're working hard. They'll probably be working
11 harder after this hearing to come to closure.

12 I do know that there were instances where
13 people were to be paid using last year's rates
14 during the course of trying to finish working this
15 out for everyone.

16 We will keep you updated on the status of
17 that for your community as well.

18 REPRESENTATIVE BRIGGS: Sure. Thank you
19 very much.

20 Thank you, Mr. Chairman.

21 CHAIRMAN EVANS: Gingrich.

22 REPRESENTATIVE GINGRICH: Thank you,
23 Mr. Chairman. Is mine working?

24 ACTING SECRETARY DICHTER: Yes. You're
25 good.

1 REPRESENTATIVE GINGRICH: Good. It's nice
2 to see you. I haven't had a chance to work with you
3 directly and I'm looking forward to doing so.

4 I'm reinforced by the element of caring
5 you feel in this room about the services that our --
6 that our Department of Welfare provides. I
7 congratulate you on your new position. I don't envy
8 you. I just congratulate you.

9 I think we can all agree that in these
10 extraordinarily difficult budget times, beyond lean,
11 we've got to be as efficient as we possibly can to
12 do justice to all the important programs that we are
13 committed to providing.

14 And I noticed you made reference in your
15 written testimony -- and I just had a chance to
16 glance at -- you reference the Auditor General's
17 audit report, which pointed out some of the areas
18 where we could very well be more efficient. And one
19 of those, of course, is some of the eligibility
20 issues in -- in our Medical Assistance program.

21 We also saw we may lack some
22 accountability in the special allowance programs and
23 even saw some internal, within the department, abuse
24 in the LIHEAP program.

25 What I'd like to know specifically, not

1 just to talk about that, to bring focus on it,
2 because it has been done in the media over and over
3 again, that should, Madam Secretary, have brought
4 us -- in this time of financial shortage, and yet
5 increases that you're proposing to us, we should be
6 seeing some cost savings out of that compliance.

7 Would you agree? And can you share areas
8 where we can actually see --

9 ACTING SECRETARY DICHTER: Yes.

10 REPRESENTATIVE GINGRICH: -- savings in
11 what was pointed out to us clearly from the Auditor
12 General?

13 ACTING SECRETARY DICHTER: Yes, I can
14 address that. And I also want to draw your
15 attention in the written testimony that we provided,
16 because I thought it would be helpful for people to
17 see some of our initiatives over the course of the
18 past eight years which do take up more than a page,
19 two columns, in fact, to show you the ongoing
20 efforts within the agency to improve accountability
21 in these really important areas around making sure
22 that the correct people are getting into the
23 programs, that we're making payments correctly, and
24 that we're managing taxpayer resources as
25 efficiently as possible.

1 Let me go to special allowances basically
2 to give you some examples of where we are now. So
3 the Auditor General special allowance report, as I
4 think we all know, was one where there was a lot of
5 agreement between the department and the Auditor
6 General on the findings and, in fact, in some of the
7 areas we had already started working on addressing
8 them prior to the release of the audit. The largest
9 of those probably being the child care subsidy
10 program where we did what we call unification and
11 were able to basically have the program be managed
12 and have the payments be run through the CCISs which
13 has the expertise and the controls in terms of the
14 delivery system.

15 In addition, we'd also implemented the
16 Workwear program, and I have talked to some people
17 who have been out to see this, as a way of trying to
18 make sure that we're very clear the special
19 allowances only go when there is a need and that we
20 find the most credible, efficient way to get the
21 resources out there.

22 And the Workwear program has certainly
23 been a terrific example of that. It's really
24 allowed us to basically be much more prudent in the
25 expenditure of taxpayer dollars.

1 We currently have in the Attorney
2 General's Office a redraft of the special allowance
3 regulations, and so those will be coming forward to
4 the relevant committees as soon as the Attorney
5 General is done with the review of that regulatory
6 package.

7 And what you'll expect to see in that
8 regulatory package is really the codification of the
9 additional procedures that we've instituted, making
10 sure that if you need a special allowance we
11 absolutely make sure that you need it for the stated
12 purpose, making sure that we are fundamentally clear
13 about verification, and also providing for potential
14 recoupment if we find that, in fact, you did not
15 need or properly use the special allowance.

16 So I think those are good examples
17 basically of why it is those audits can be helpful
18 but also asking the agency staff to continuously
19 challenge themselves about the program management,
20 program quality, program objectives, because special
21 allowances really represents a blend of things that
22 the staff embarked upon that are in the Auditor
23 General's report, as well as some additional ideas
24 that came from the Auditor General in terms of doing
25 work.

1 The other one that may be helpful, because
2 I think I heard the Auditor General mention this
3 yesterday at one of his hearings, is that we have
4 also instituted this year a new database just for
5 the county assistance offices, so that we are able
6 to take findings from the various audits that the
7 Auditor General performs for us at the CAOs and
8 really have an automated approach so that we can
9 make sure, if there is an issue identified, that
10 we've addressed it and it doesn't crop up later. So
11 that we have an ongoing tracking system.

12 Because I think, again, I take seriously,
13 as does the whole management team, the prudent
14 investment of the taxpayer resources in our
15 programs.

16 We know it's a highly vulnerable
17 population, and I think we, like you, want to make
18 sure we are doing everything we can in continuing to
19 improve our practices around the resources.

20 REPRESENTATIVE GINGRICH: Thank you. And
21 I know that holding those practices accountable out
22 in the field is critical.

23 ACTING SECRETARY DICHTER: Its heart, yes.

24 REPRESENTATIVE GINGRICH: So codifying it
25 is a good idea.

1 That leads me to my final question, and
2 that is with regard to Act 54. There were -- there
3 were two provisions in that. One you wouldn't be
4 responsible for. I understand that would fall under
5 the Liquor Control Board, and -- and that's making
6 it unlawful to buy liquor with the --

7 ACTING SECRETARY DICHTER: Yes.

8 REPRESENTATIVE GINGRICH: With the EBT
9 card in welfare. So I want to know what you know
10 about that.

11 But what I'd like to know what you've done
12 about is the fact -- and this is one that has --
13 that I found problematic because it was changed over
14 the years, now we're -- we are providing for the
15 field people, the case -- front line caseworkers to
16 contact the Office of Inspector General should they
17 be concerned about eligibility --

18 ACTING SECRETARY DICHTER: Yes.

19 REPRESENTATIVE GINGRICH: -- or any aspect
20 of the application. So what do you know about
21 what's happening with the unlawful purchase of
22 alcohol?

23 ACTING SECRETARY DICHTER: Yes. Liquor.

24 REPRESENTATIVE GINGRICH: And what have
25 you done --

1 ACTING SECRETARY DICHTER: Yes.

2 REPRESENTATIVE GINGRICH: -- about the
3 field? Thank you.

4 ACTING SECRETARY DICHTER: I'm very happy
5 to address that. I didn't recognize it when you
6 said Act 54, but as soon as you said what it was I
7 was able to.

8 So what we have done is we have issued
9 notices through the county assistance offices and
10 the domestic relations section of the Court of
11 Common Pleas to provide notice of the limitations
12 contained in the law.

13 And we have also met with the Liquor
14 Control Board to make sure that they were aware of
15 this change.

16 So we have acted upon the change in the
17 law, just so that you're aware.

18 REPRESENTATIVE GINGRICH: And what about
19 access to the --

20 ACTING SECRETARY DICHTER: Oh, yes. The
21 Inspector General.

22 REPRESENTATIVE GINGRICH: Yes.

23 ACTING SECRETARY DICHTER: I'll have to
24 get you data. I met with the --

25 REPRESENTATIVE GINGRICH: There used to be

1 regional --

2 ACTING SECRETARY DICHTER: Right. And

3 I --

4 REPRESENTATIVE GINGRICH: -- officers out
5 in the field.

6 ACTING SECRETARY DICHTER: Right. I'll
7 have to -- the Inspector General may be the better
8 person to consult, but I did meet with him
9 recently. So we will follow up and then get you the
10 rest --

11 REPRESENTATIVE GINGRICH: And I really
12 appreciate you getting back with that.

13 ACTING SECRETARY DICHTER: -- of the
14 information you requested on it.

15 REPRESENTATIVE GINGRICH: That was a big
16 help out in the field. Thank you.

17 ACTING SECRETARY DICHTER: Now, one of the
18 things I'd like to point out on that question is --
19 that's very interesting is that, in fact, as we have
20 tried to have this increased focus on making sure
21 that, you know, we're doing an excellent job on
22 reviewing applications for eligibility, we have seen
23 a continuing increase in the number of applications
24 that we reject as people apply for the programs.

25 So in the year 2009, we were around 46, 47

1 percent rejection rate. And so that could also
2 influence basically what there is to refer to the
3 Inspector General as well.

4 Because we had really a focus under our
5 deputy's leadership of really having an all-out
6 approach to how it is that we verify and sort
7 through application eligibility.

8 REPRESENTATIVE GINGRICH: Thank you.
9 Initial verification on eligibility is critical and
10 then, of course, the accountability throughout the
11 process.

12 Thank you very much, Madam Secretary.

13 ACTING SECRETARY DICHTER: Thank you.

14 CHAIRMAN EVANS: Shapiro.

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

17 And welcome, Madam Secretary. Thank you
18 for your testimony today.

19 I was wondering, do you have an opinion on
20 the Governor's budget? That is, do you think it's a
21 good budget as it relates to DPW?

22 ACTING SECRETARY DICHTER: I do work for
23 the Governor, as we all know. People worked very
24 hard under what are devastating economic conditions
25 to try to produce a budget within the revenue

1 available to us that would meet as many needs as
2 possible.

3 REPRESENTATIVE SHAPIRO: That's it.

4 ACTING SECRETARY DICHTER: There are very
5 clearly -- and I -- you know, everyone has said this
6 who has spoken today. There are very difficult cuts
7 contained in this budget, and they will impact real
8 people. And almost everyone here has spoken to
9 that.

10 REPRESENTATIVE SHAPIRO: But it's -- it's
11 a fair assessment that you -- that you support the
12 Governor's budget?

13 ACTING SECRETARY DICHTER: Well, I work
14 for the Governor.

15 REPRESENTATIVE SHAPIRO: Okay. And do you
16 think it's -- is it a fair -- do you believe it
17 is -- it's within my purview as a legislator to
18 express my viewpoint as to whether or not a
19 particular program should be cut, a particular
20 program should be increased?

21 ACTING SECRETARY DICHTER: Well, I think
22 that's why we're here. I mean I'm here to hear
23 people's questions and I have heard from many people
24 here --

25 REPRESENTATIVE SHAPIRO: Okay.

1 ACTING SECRETARY DICHTER: -- the level of
2 concerns that people have around the choices and, as
3 I said, if we had presented other choices or
4 recommendations on the budget, I'm very confident we
5 would be hearing high degrees of concern about them
6 as well.

7 REPRESENTATIVE SHAPIRO: Do you think we
8 should cut to zero the Rape Crisis line in the DPW
9 budget? No?

10 ACTING SECRETARY DICHTER: It's level
11 funded in the budget.

12 REPRESENTATIVE SHAPIRO: Do you think we
13 should cut it further?

14 ACTING SECRETARY DICHTER: No.

15 REPRESENTATIVE SHAPIRO: Okay.

16 ACTING SECRETARY DICHTER: We have
17 presented you a budget that shows that it is level
18 funded and that's what we --

19 REPRESENTATIVE SHAPIRO: Do you think we
20 should cut breast cancer screening in the budget?

21 ACTING SECRETARY DICHTER: No. Same.
22 Level funded.

23 REPRESENTATIVE SHAPIRO: Ryan White
24 funding?

25 ACTING SECRETARY DICHTER: No.

1 REPRESENTATIVE SHAPIRO: Domestic violence
2 funding? We should not cut those things?

3 ACTING SECRETARY DICHTER: Right.

4 REPRESENTATIVE SHAPIRO: And you -- you
5 feel comfortable telling me that today?

6 ACTING SECRETARY DICHTER: Well, our
7 budget proposal does not call to cut those.

8 REPRESENTATIVE SHAPIRO: Okay. And
9 you're -- you're a state employee I understand.
10 Correct?

11 ACTING SECRETARY DICHTER: Yes, I am.

12 REPRESENTATIVE SHAPIRO: Okay. Are you a
13 registered lobbyist?

14 ACTING SECRETARY DICHTER: No.

15 REPRESENTATIVE SHAPIRO: You're not.
16 Correct?

17 ACTING SECRETARY DICHTER: Correct.

18 REPRESENTATIVE SHAPIRO: Absolutely.
19 Because under our -- under our state lobbying
20 disclosure law, which I have here, you and your
21 colleagues in the department acting in your official
22 capacity are specifically exempted under Section 13
23 (a) 06 from registering as a lobbyist.

24 You're permitted to share your opinion on
25 a particular budget. You're permitted to share your

1 opinion on what you think a legislator should or
2 shouldn't do as it relates to your budget.

3 And I thank you very much for sharing your
4 opinion today, I thank you for sharing your opinion
5 in the past, and I certainly always welcome your
6 opinion in this budget process. Thank you.

7 Thank you, Mr. Chairman.

8 ACTING SECRETARY DICHTER: Thank you.

9 CHAIRMAN EVANS: Representative Killion.

10 REPRESENTATIVE KILLION: Madam Secretary,
11 to your right. I'm going to follow up
12 Representative Briggs regarding disproportionate
13 share cuts.

14 ACTING SECRETARY DICHTER: Uh-huh.

15 REPRESENTATIVE KILLION: He had said 60,
16 61 million. I think when you add the federal and
17 state together it's about 66 million.

18 And as you know, this -- this funding goes
19 to hospitals that are already losing money and for
20 many this could mean closing their doors.

21 And what is -- what is the rationale, A,
22 to leave all those federal dollars on the table and,
23 two, to -- to basically punish our hospitals that
24 have provided care to the most needy and are barely
25 making ends meet now and these payments are

1 literally the difference between keeping the doors
2 open or closing the doors?

3 As Chairman Adolph pointed out, the
4 overall budget has a \$1.2 billion increase. So I
5 know we're in difficult financial times, as you
6 said, but we do have an overall increase of \$1.2
7 billion and we're cutting in excess of 20 -- 20
8 million from this program and with the federal
9 programs we're losing over 60 million. 66 million I
10 think is the -- is the actual number.

11 And it's not just a health care issue.
12 It's a jobs issue. We talked -- we're talking about
13 the economic climate. I know in Delaware County
14 where I live health care is the largest employer and
15 two of our institute -- two of our major
16 institutions will be severely, severely impacted by
17 these cuts.

18 So I'm just curious as to what -- what was
19 the rationale.

20 ACTING SECRETARY DICHTER: Well, I think
21 as I've tried to say, a hundred percent of the cuts
22 that were recommended were very difficult for us to
23 make, and I want to share that we do understand, as
24 all the members have today, that these cuts are real
25 and they will have real impacts in terms of the

1 people we serve and the people who are employed to
2 do the work.

3 We took a look and tried to think through
4 as we were going how to do as fair a distribution as
5 possible with the cuts, and, you know, the hospitals
6 ended up as part of this.

7 You're correct, I think, on the financials
8 that you put forward in terms of the impact, and
9 this is a consequence. This is one of the
10 consequences basically of where we are in terms of
11 trying to present a balanced budget, meeting as many
12 needs as possible.

13 REPRESENTATIVE KILLION: I thank you for
14 that and look forward to -- as we go forward,
15 obviously this isn't the final budget. This isn't
16 what we're going to end up. We're going to work on
17 this going forward, and I -- and I look forward to
18 doing -- doing that with -- with you and -- and my
19 colleagues so we can restore some -- these funds
20 need to be restored. Thank you.

21 ACTING SECRETARY DICHTER: Thank you.

22 CHAIRMAN EVANS: Representative Stevenson.

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

25 And, Madam Secretary, thank you for being

1 with us today. I'm going to add my voice to those
2 who have expressed concern today about the \$6
3 million being cut from the mental retard --
4 community mental retardation services. I think it's
5 not only the cut, but it's the loss of \$11.2 million
6 in federal funds.

7 I think it's -- this is sort of a unique
8 hearing because I don't recall ever hearing this
9 much unanimity or consensus on this committee on one
10 issue.

11 And I would urge you to re-examine that --
12 that line item and see if we can't reach a better --
13 a better way to approach that. These are our most
14 vulnerable citizens and certainly need our support.

15 Moving to another area. Child care. The
16 child care assistance appropriation includes \$5
17 million for program monitoring accountability and \$3
18 million for Pre-K Counts funding in your budget this
19 year.

20 It occurs to me that isn't Pre-K Counts
21 normally funded through the Department of
22 Education?

23 ACTING SECRETARY DICHTER: The Pre-K
24 Counts Program is an appropriation through the
25 Department of Education.

1 REPRESENTATIVE STEVENSON: But it's listed
2 in your -- help me understand this.

3 ACTING SECRETARY DICHTER: Yeah. Those
4 are resources for the core accountability, basically
5 for the whole of the early childhood programs.

6 This is the work to make sure that there
7 is information collected about the children's
8 progress in the programs, that it is made available
9 to the parents so they know how their children is --
10 are doing, that it's made available to the programs
11 so they can improve their practices and ultimately
12 so that it's made available to people here in the
13 General Assembly to understand the overall impact,
14 and it's a unified approach basically across all the
15 programs together.

16 REPRESENTATIVE STEVENSON: But shouldn't
17 that amount be funded through the Department of
18 Education?

19 ACTING SECRETARY DICHTER: The -- the
20 funding streams and sources that are used are
21 permitted to look at the whole here of the early
22 childhood continuum to be able to have a unified
23 approach to the assessment and accountability
24 structure for the kids.

25 REPRESENTATIVE STEVENSON: Well, Governor

1 Rendell challenged us this year, if we were
2 proposing to do cuts in the budget, to find an area
3 where we might find that money to replace the money
4 lost in the cut.

5 And as we're talking about \$6 million from
6 community mental retard -- retardation services, it
7 occurs to me that if this line item were funded
8 through the Department of Education, where I believe
9 it should be, that would leave several million
10 dollars there that might go toward the mental
11 retardation services.

12 Next, I'd like to move to the -- this
13 issue, again, regarding community mental retardation
14 services.

15 The department has taken over the rate
16 setting responsibility from the counties for mental
17 retardation waiver services. MR community providers
18 now bill the department directly rather than to the
19 counties.

20 It's been suggested that this takeover has
21 resulted in the cost of services increasing by 100
22 percent to 200 percent. Even though the counties
23 are no longer involved in the rate setting, they're
24 still involved in providing services through
25 community MR-based services at these higher rates.

1 And I'm wondering, when negotiating these
2 rates, was any consideration given or is it --
3 consideration given in the future to the cost impact
4 of this to the counties?

5 ACTING SECRETARY DICHTER: Right. There's
6 still an ongoing process for determining the final
7 methods that will be used for the ongoing rate
8 setting, and I have heard that, you know, there's an
9 interest here of making sure that we have worked
10 appropriately and in partnership with the counties.

11 They have a very important and critical
12 role in this system. I actually have an upcoming
13 meeting, in fact, with the counties to continue
14 these discussions.

15 REPRESENTATIVE STEVENSON: As we hear from
16 our counties, I certainly encourage you in that
17 area. And I thank you for letting us know that
18 that --

19 ACTING SECRETARY DICHTER: Thank you.

20 REPRESENTATIVE STEVENSON: -- meeting is
21 coming. Thank you.

22 Thank you, Mr. Chairman.

23 CHAIRMAN EVANS: This is an unusual
24 situation for the person who is going to ask the
25 next questions. This department is probably a

1 department she has worked on more than anyone since
2 she's been in the legislature and she's been on this
3 committee, and this will be her last time asking
4 questions of the Department of Public Welfare as a
5 sitting legislator.

6 But that won't stop her. So I've
7 relinquished the seat to her. The one and only
8 Kathy Manderino.

9 REPRESENTATIVE MANDERINO: Thank you,
10 Mr. Chairman.

11 (Applause)

12 REPRESENTATIVE MANDERINO: Actually, and
13 he put me last, so that all of the questions on my
14 list I could cross half of them off.

15 ACTING SECRETARY DICHTER: Kathy, sorry to
16 hear that.

17 REPRESENTATIVE MANDERINO: They've already
18 been asked and answered. But -- but before I get to
19 my questions, I just want to set the stage with
20 something.

21 This is from an older issue of the Public
22 Opinion Quarterly. That which we call welfare by
23 any other name would smell sweeter. Responses to
24 survey questions are dependent on the words used in
25 those questions. Sometimes the alterations of words

1 can completely change the response distribution
2 without obviously changing the meaning or the intent
3 of the question.

4 This situation occurs when welfare is used
5 instead of poor. In all contexts examined, welfare
6 produced much more negative and less generous
7 responses than poor did.

8 So let me start my questioning, Madam
9 Secretary, for the poor and the disabled, with
10 talking about the supplemental Social Security
11 income cuts that occurred in this budget year -- and
12 I can't really point the blame of -- the finger at
13 you, because I think we in the General Assembly
14 share the shoulder of that responsibility.

15 That was absolutely an issue that was a
16 matter of negotiation last budget. The Governor's
17 original proposing -- proposal, I remember, didn't
18 have cuts. The Senate Bill -- 80 Bill had total
19 cuts to the state supplemental insurance, and we
20 ended up somewhere in the middle. Nevertheless,
21 those where we ended in the middle have had
22 devastating effects even though small per
23 individual, I think, on the poor and the disabled.

24 Here's my question to you. I am a little
25 bit disappointed that the administration in -- in

1 the Governor's proposal didn't try to put that
2 supplemental Social Security income money back up
3 there.

4 Can you tell me what the thinking was
5 there, what the dollar amount is, and if we try --
6 if we get it back up there, what our -- what our
7 trade-offs are?

8 ACTING SECRETARY DICHTER: Okay. The
9 amount of the restoration would be \$22 million, just
10 so we're clear of the number that we're talking
11 about. And -- sorry. This was -- I've said this
12 before you came in the room, and I'm going to have
13 to, you know, repeat this again.

14 There is not a single proposed cut in this
15 budget that is comfortable for me or for the staff
16 of the agency or I think -- it's very difficult.

17 So this is one that was continued
18 essentially from this current fiscal year into the
19 budget and for the most part, as you know, the base
20 budget was built off of the base budget for the
21 current year that we're in.

22 REPRESENTATIVE MANDERINO: And if you can
23 for members and for the viewing audience, explain
24 who is the population of folks who --

25 ACTING SECRETARY DICHTER: Yes,

1 absolutely.

2 REPRESENTATIVE MANDERINO: -- who receive
3 these --

4 ACTING SECRETARY DICHTER: For the record,
5 let me go through this so we're --

6 REPRESENTATIVE MANDERINO: Thanks.

7 ACTING SECRETARY DICHTER: -- all clear
8 about that. So there are about 337,000 people
9 impacted from this. 37,000 are age 65 or older.
10 600 are blind. 300,000 are disabled. So that we're
11 clear.

12 Now, I have mentioned earlier as we were
13 talking about this, because it's very difficult, the
14 people who experience this cut did get an increase
15 in their food stamps. Okay. So there was an
16 additional amount of food stamps provided to
17 everyone who is experiencing this cut.

18 REPRESENTATIVE MANDERINO: What's the
19 average amount that folks in this category are
20 living on? I mean in my characterization these are
21 among the poorest of the poor of us, but I just want
22 to note if you have a sense of that.

23 ACTING SECRETARY DICHTER: No. I have to
24 look that up.

25 REPRESENTATIVE MANDERINO: Okay.

1 ACTING SECRETARY DICHTER: Because I
2 actually have the amount written down in front of me
3 of the cut, but not the base amount of the SSI
4 payment.

5 REPRESENTATIVE MANDERINO: Okay. Madam
6 Secretary, for the poor and unemployed, I want to
7 talk a little bit about the federal stimulus
8 dollars --

9 ACTING SECRETARY DICHTER: Yes.

10 REPRESENTATIVE MANDERINO: -- as it
11 involves the TANF emergency fund. My understanding
12 is federal stimulus law gives Pennsylvania the
13 opportunity to draw down \$360 million in federal aid
14 for low income families, but so far Pennsylvania has
15 only drawn down about 29 million which has been used
16 to create jobs through wage subsidies to employers.

17 Tell me what's going on with that? Are
18 there deadlines coming up? Can we drop down more?
19 What are our intentions --

20 ACTING SECRETARY DICHTER: Yes. I'm very
21 happy --

22 REPRESENTATIVE MANDERINO: -- with regard
23 to this?

24 ACTING SECRETARY DICHTER: -- to address
25 this issue. And I have some good news to share, as

1 a matter of fact.

2 First, the amount we have drawn down
3 actually has increased since you've had that data.
4 We're at 46 million. So that's good news.

5 This money is available to be used for
6 basic assistance, to be used for subsidized
7 employment, and for nonrecurring short-term
8 benefits. It is technically one of the most
9 challenging ARRA funds. In fact, I think I have
10 determined that it is the most challenging ARRA fund
11 that we have to get access to.

12 And it's challenging because we have to
13 show an increase for the category in which we're
14 drawing the additional assistance from a base year
15 from that quarter, and we also have to put 20
16 percent on the table in order to get an additional
17 80 percent of the federal resources.

18 Notwithstanding that, we have been working
19 to draw down these resources and to make them
20 available. But I think the largest public
21 conversations certainly that I've been in, in my
22 time of doing this job since January, has been
23 around the issue of subsidized employment.

24 So we have been working in partnership
25 with the Department of Labor and Industry to see if

1 we could come up with some good strategies basically
2 because the employment needs, as we've all been
3 talking about, of our citizens are great.

4 So last week we did release joint guidance
5 with the Department of Labor and Industry around
6 enhancements for Summer Youth so that we would be
7 able to potentially tap into more of these resources
8 and meet the employment needs of very low income
9 teens whose families are in TANF, whose family may
10 be in the food stamp program, or otherwise very low
11 income.

12 And today, I believe, during the course of
13 our hearing, we have released a second set of
14 guidance jointly together with the Department of
15 Labor and Industry around the adult population that
16 basically also has a similar effort where they focus
17 on our TANF population and getting subsidized
18 employment opportunities available to them; making
19 sure that we're making opportunities available to
20 food stamp recipients; and then dealing with people
21 who are unemployed and receiving unemployment
22 compensation and have very low levels of income at
23 the present time.

24 So that guidance has gone out to the -- we
25 as a joint initiative between Welfare and Labor and

1 Industry, and it should enable us to be able to do
2 more on the employment side for these very, very
3 vulnerable populations and to tap into more of those
4 resources.

5 It is also my understanding that the
6 President's budget, because of the extreme level of
7 technical difficulty with this fund, and a September
8 30th end date for the fund, does call for an
9 extension and even some changes that would be
10 helpful to us in being able to better take advantage
11 of these resources.

12 REPRESENTATIVE MANDERINO: So the -- kind
13 of what looks like an ability to take advantage of
14 these resources is not just a Pennsylvania problem?
15 It's a --

16 ACTING SECRETARY DICHTER: This is a
17 national problem. We are -- so that people truly
18 understand this, we are not alone among the states.

19 The funds were set up basically to assist
20 people with a budget crisis connected to their TANF
21 programs related to the downturn in the economy.
22 And as I said, we have been using steadily all along
23 resources.

24 We were ahead, interestingly enough, with
25 some of the other states in terms of some of our

1 approaches to work supports and some of the pieces
2 of this. So some other states were able to use some
3 of this to get started with things we already had in
4 place.

5 But, in fact, the vast majority of states
6 have really struggled again with these very
7 technical requirements that, you know, the base
8 year, the additional spend, and then actually having
9 to come up with more resources at a time, as we've
10 all been talking about, we're very limited in the
11 resources that are available to us.

12 So I think that we are making additional
13 progress now and certainly would be in the best
14 interests of Pennsylvania were there to be an
15 extension of this funding for us at the federal
16 level.

17 REPRESENTATIVE MANDERINO: My next
18 question is for, Madam Secretary, the poor and
19 pregnant.

20 I -- I continue to be concerned about
21 making sure that we have adequate access to
22 obstetrical and -- and neonatal services for all of
23 the women of Pennsylvania.

24 How can DPW ensure that women have access,
25 first, to prenatal care or what is the department

1 doing to ensure that women don't have long waits to
2 get access to prenatal care or waits for their
3 insurance plan?

4 There's something going on with
5 negotiation of contractors with the provider
6 corporations that seems to be causing problems with
7 folks getting access. Could you address --

8 ACTING SECRETARY DICHTER: I can
9 address --

10 REPRESENTATIVE MANDERINO: -- the
11 department's level of --

12 ACTING SECRETARY DICHTER: -- some of
13 this.

14 REPRESENTATIVE MANDERINO: Okay.

15 ACTING SECRETARY DICHTER: And then if you
16 want more detail, Mike is here, Nardone, and he can
17 talk to you about this in greater depth. He's our
18 deputy for Medical Assistance, as you know.

19 You probably know from my history that I
20 have a very high degree of interest and experience
21 working with this population, and we do have amongst
22 our performance measures for our plans, basically at
23 both Access Plus and on the Medicaid managed care
24 side, access to prenatal care.

25 This is obviously very important that

1 women have early access to prenatal care and have
2 continuous access to the program. It's something
3 that we monitor. It's something that we look at.
4 And when we have pay-for-performance in play, it's
5 something that heavily factors into
6 pay-for-performance.

7 It's also a piece of what people do as
8 they're looking into plans at how to improve basic
9 health outcomes. Because I think it is widely and
10 universally known and accepted that if we are going
11 to get our young children off to a good start we
12 have to make sure that we're doing an excellent job
13 giving good access to this really needy population
14 in terms of obstetrical services.

15 So we do a lot of tracking. We make
16 sure -- in the constitution of the managed care
17 networks, they must constitute places of service so
18 that our populations have appropriate access to
19 them.

20 And there is a lot of monitoring of that
21 because of some of the closures that you referenced
22 that we've seen in recent years in terms of our OB
23 units. So if you want more detail, I'd like to call
24 Mike up to give you further discussion about that.

25 DEPUTY SECRETARY NARDONE: My name is Mike

1 Nardone, Deputy Secretary for Medical Assistance.

2 Thank you for that question.

3 One of the things that you will note in
4 the budget, as you look at it, is one of the
5 initiatives around disproportionate share, we've had
6 a lot of discussion about disproportionate share
7 payments.

8 And one of the ones that we did maintain
9 in this current budget was the one related to
10 OB/NICU. So I wanted to just reference that first,
11 because I know that was something you and a number
12 of others on both sides of the aisle were very
13 instrumental in -- in moving forward with. And this
14 budget level funds that initiative.

15 The other piece of this is obviously with
16 respect to our managed care entities, and one of the
17 things we do in the course of overseeing the plans
18 is to ensure that they are providing adequate access
19 for OB services.

20 And the -- in this year's contract, one of
21 the things that we have done is tighten the access
22 requirements around OB services so that all women
23 have to have access to at least two -- two OB docs
24 in open -- they have to be open panels, not just,
25 you know, in the network, and they have to be within

1 30-minute travel time.

2 That's a change. That's a tightening from
3 the previous contracts.

4 We also have been engaged in a real
5 concentrated effort to not just look at overall
6 performance on our measures, because -- with respect
7 to OB, because Harriet mentioned that one -- there
8 are two actually of the pay-for-performance measures
9 that we have for the managed care entities are
10 related to OB services.

11 So one is frequency of prenatal care and
12 making sure that they're -- that the women are
13 getting in to see an OB -- obstetricians and
14 gynecologists, but also that they're seeing their OB
15 in the earliest stage of pregnancy.

16 And that's an area where we have actually
17 in the -- in the measures around frequency of
18 prenatal care, we've actually seen, statistically,
19 significant improvements over the course of the --
20 of the pay-for-performance program.

21 And so, you know, one of our -- you know,
22 that's -- you know, that's one of the reasons why
23 this budget does include funding for the P -- for P
24 because we think we have seen some very positive
25 results.

1 Now, as you dig down beneath that, one of
2 the issues that we have to look very closely at is
3 issues related to health disparities, and so one of
4 the things that we've been working with the plans on
5 is how can we address some of the disparities that
6 we might see between African-American women and
7 other women in -- in receiving prenatal care.

8 You know, we have had some success in the
9 southwest with one of the plans doing a doula
10 program that I think has been very successful in
11 terms of -- of getting women engaged earlier in
12 their pregnancy and we've moved that east. And --
13 and so we are engaged in a number of issues with the
14 plans to improve services for -- for pregnant women.

15 REPRESENTATIVE MANDERINO: If I can dig a
16 little bit deeper. I think it's good news what you
17 said about providing -- making sure those provider
18 contracts have enough folks that are real access
19 points for women getting the care.

20 But I guess I was reading into some of the
21 concerns that I was hearing. Is there problems with
22 getting those contracts negotiated or something that
23 that -- there's -- there's some problem with women
24 getting access right now? Maybe I was
25 misunderstanding the concern that was being brought

1 to me.

2 Like is there some delay in getting them
3 on-board that then is kind of leaving women, well,
4 this is a good idea when we get there but right now
5 we have a little bit of crisis with women not
6 getting access? What's going on?

7 DEPUTY SECRETARY NARDONE: Well, one of
8 the things that's happening now is Keystone Mercy
9 Health Plan, as you know, has been one of the major
10 providers of services in the southeast. They have
11 grown to be one of the largest plans.

12 We are now transitioning in the southeast
13 to -- to add two new plans to the southeast which --
14 which we hope will provide additional access.

15 However, Keystone Mercy is one of the
16 major providers in the -- in the network and so one
17 of the things as we transition is ensuring that we
18 have adequate capacity with both the existing plans
19 as well as the new plans.

20 And I think that's one of the concerns
21 that's been raised, and what we've been trying to do
22 is to drill down with our plans to make sure that
23 when they tell us and represent to us that they have
24 access and that they have open panels that, in fact,
25 they do have open panels.

1 And that's one of the things that we are
2 trying to address as we transition to the new
3 contracts.

4 REPRESENTATIVE MANDERINO: Okay. Great.
5 Thank you.

6 My next question is for, Madam Secretary,
7 the poor and the sick and the medically needy and
8 those of us who care about cost containment and
9 responsible use of taxpayer dollars.

10 And this question goes to the issue of
11 Medicaid drug rebates under managed care. I've had
12 this discussion with the former Secretary Richman a
13 million times.

14 We in the General Assembly have not been
15 open to the administration's proposal the last three
16 or four years to allow the state to administer
17 the -- the Medicaid prescription drug programs so
18 that we could capture those drug rebates and so for
19 the last three or four budget years, we, the
20 legislature, have irresponsibly, in my personal
21 opinion, left over a hundred million dollars sitting
22 on the table.

23 Now, what I find interesting about the
24 Governor's proposal this year is you are accounting
25 for about \$102 million in savings, not coming to the

1 legislature for a fifth time to ask for it, but
2 based on the assumption that we're finally going to
3 get a change at the federal level with regard to how
4 the Feds had originally not allowed managed care
5 programs to participate in that rebate program.

6 Now, I know that that was part of the
7 Obama health care plan and in many of the proposals
8 and something that PhRMA had agreed to. However, I
9 am also concerned by recent items in the news with
10 regard to changes at PhRMA that maybe that agreement
11 isn't going to stand.

12 So now I'm going to ask that question
13 again about what if? I mean these numbers are built
14 on an assumption of over a hundred million dollars
15 of pharmaceutical savings to our Medicaid managed
16 care program.

17 Do you have any indications, as best we
18 can all look in that crystal ball, about whether or
19 not we can realize that and, if not, where do we
20 step back for Plan B?

21 ACTING SECRETARY DICHTER: All right.
22 Thank you for the question.

23 We have built into this budget the
24 proposal around pharmaceutical rebates that is
25 different from the previous proposals that were

1 brought forward by the administration on this
2 issue. But we would get good savings from it.

3 And as -- the same as we've talked about
4 with the ARRA FMAP, we made that decision based on
5 our analysis of everything before Congress and the
6 President's budget and the President's -- sorry --
7 new health care reform proposal.

8 This is one where we've seen bipartisan
9 support all along the way. And we think it's
10 sensible. I've personally talked to many of the
11 managed care plans about this already, and they are
12 quite enthusiastic about this as a proposal to be
13 able to get us through this.

14 So, again, as with the rest of the ARRA
15 FMAP, you know, our current plan is to continue to
16 be in the mix for this, to continue to track
17 ourselves, and to try to have ourselves and our
18 colleague states from around the country be as
19 influential as possible so that we get to an
20 appropriate resolution and we can realize both the
21 rebates and the savings that we've projected in the
22 budget.

23 REPRESENTATIVE MANDERINO: I appreciate
24 that answer, but I guess it would be fair for me to
25 say that we in the General Assembly, as partners in

1 the budget negotiating process, as we approach June,
2 or as the chairman likes to say May, when we're
3 going to have this budget done --

4 ACTING SECRETARY DICHTER: That would be
5 great.

6 REPRESENTATIVE MANDERINO: -- and we don't
7 have any movement out of Washington, then we in
8 Pennsylvania are not only looking for how do we put
9 22 million back in if we don't want the SSI cuts or
10 how do we put 17 million back in if we don't want
11 the community-based MR cuts.

12 Now, we're talking about where do we find
13 another hundred and two million if we don't want to
14 fall back and do our own state drug rebate program.
15 Is that a fair analysis?

16 ACTING SECRETARY DICHTER: You're
17 absolutely correct that we would have to come
18 forward and come to some other decisions if our
19 revenue is not as we projected it.

20 And we've been, I think, very forthright
21 in talking about why we made these decisions and
22 also what the risks are, and all of you have
23 certainly joined us in identifying more what those
24 risks are.

25 REPRESENTATIVE MANDERINO: Okay. I thank

1 you. And I just want to make one further point. I
2 think Representative Shapiro did it very well in his
3 lawyer way to allow you to express your opinion
4 about budget choices to make it clear that that is
5 not considered lobbying and -- nor is any member of
6 the administration lobbying when they express the
7 view of the administration in terms of something
8 that we're doing in the legislature and what its
9 impact would be.

10 But I just actually want to take that one
11 step further, because I see absolutely nothing
12 inappropriate for the administration of any
13 department that is always being contacted by its
14 constituency groups saying, why are you cutting this
15 or why are you making this decision for an
16 administrative agency department head or bureau head
17 to say, that's not a decision that the department is
18 making, that's a decision that the legislature is
19 making. You and the advocacy community have to
20 reach out and tell your legislators what your
21 opinion is.

22 So I see nothing -- I just want it to be
23 clear so that -- that -- that this is a legislator
24 who sees nothing wrong with giving that kind of
25 direction.

1 Mr. Chairman, are you taking this chair
2 over for me, or do you want me to adjourn 15 minutes
3 early?

4 CHAIRMAN EVANS: We haven't finished.

5 REPRESENTATIVE MANDERINO: Oh, is somebody
6 still on the list?

7 REPRESENTATIVE SCAVELLO: I'm on the list.

8 CHAIRMAN EVANS: Well, since you are
9 Representative Scavello.

10 REPRESENTATIVE MANDERINO: I guess
11 Representative Scavello is on the list.

12 CHAIRMAN EVANS: Yeah. Go ahead. You're
13 on, Representative Scavello.

14 REPRESENTATIVE SCAVELLO: Thank you so
15 much. How could I follow that up?

16 ACTING SECRETARY DICHTER: It is hard.
17 That is hard. Maybe you could ask a final, final
18 question.

19 REPRESENTATIVE SCAVELLO: Well, I, first,
20 want to -- want to say that I read your mission and
21 I -- and with all of the titles that you've been
22 given and you -- we heard the mission earlier, to
23 protect and serve Pennsylvania's most vulnerable
24 citizens, to promote and improve and sustain the
25 quality of family of -- life.

1 There's no one in this room, no legislator
2 that's against that mission. I just want you to
3 know that. There's no one here in this room.

4 The next line is the one I want to talk
5 about and that is to break the cycle of dependency.
6 And I think that's a very important -- it's -- I
7 really have to see it in the mission. But that's
8 the one I really need -- I need to get some
9 clarification on.

10 What are we doing to break that cycle?

11 ACTING SECRETARY DICHTER: Okay. Let me
12 start actually with what I think is the top line
13 result for our cash assistance program, because I
14 know often people talk about dependency in the
15 context of this department. They're worrying about
16 that program.

17 And I think if you read my testimony you
18 saw that most people are interacting with the
19 welfare department because things are going wrong in
20 their lives. There are very few of the programs
21 where people are coming forward to participate
22 because things are going their way.

23 And so it is important in the structure
24 and design of the programs to have them be
25 emphasized that they're really helping people to

1 improve their outcomes and the qualities of their
2 outcomes and the quality of their lives.

3 One of the things, I think, that we take a
4 lot of pride in, is, even in difficult economic
5 times, in our cash assistance programs, we still
6 have 1,700 people a month leaving welfare to work.
7 That is something we should applaud given how
8 difficult the economic situation is for people.

9 So I think that is a top line example of
10 the kinds of things that we're doing that we've
11 really said people are happier when they're working,
12 they feel better about how they're providing for
13 their children and about their own situation, and
14 we're trying to stay very committed to that as we
15 move things forward.

16 Do you want me to give you other
17 examples?

18 REPRESENTATIVE SCAVELLO: No. I'm going
19 to bring up one that I brought up a couple years
20 ago, and I want -- pretty much let me know if we're
21 addressed -- if we have addressed it or not.

22 This was the situation in my district
23 where a mother of two, the two children had
24 tremendous -- their prescription drugs per month was
25 about \$400 apiece, and she had -- she got a job.

1 She was able to go to work.

2 Unfortunately, she couldn't take the job
3 because the minute she took the job her medical
4 would lapse on her two children and she didn't have
5 the money for the medicine for those two months.

6 Are we looking at things like that?
7 Because to me, when I read that line, I'm saying,
8 are we doing everything we can to make that happen?

9 ACTING SECRETARY DICHTER: Right.

10 REPRESENTATIVE SCAVELLO: And I don't know
11 what happened, if she's still on the system or not.

12 ACTING SECRETARY DICHTER: Right. I think
13 you've just made the case for the big conversation
14 about why we need to do a better job of making sure
15 that everyone in the Commonwealth has health
16 insurance with drug coverage. People need it.

17 REPRESENTATIVE SCAVELLO: Got another
18 issue. Well, I'm not -- I don't think -- I don't
19 think that's the case I was making. The case I
20 was --

21 REPRESENTATIVE MANDERINO: It works for
22 me.

23 REPRESENTATIVE SCAVELLO: I'm sorry.
24 Sorry. That's not the case I was making. The case
25 I was making is that there's an opportunity for her

1 to get a job with benefits --

2 ACTING SECRETARY DICHTER: Right.

3 REPRESENTATIVE SCAVELLO: -- with a
4 company, and we decided to keep her on the system.
5 That's the case I was making. That all the
6 taxpayers -- she wanted to do the right thing. We
7 just couldn't give her the leg up to help her get
8 there.

9 Got a couple other instances. I have a
10 family -- a family that separates or are divorced.
11 Two children go with mom. Okay. The dad has
12 medical benefits. Those two children and the mom
13 find it easier to go to the welfare office to get
14 our Access card.

15 What are we doing to stop that kind of
16 stuff because, you know -- could someone give me --

17 ACTING SECRETARY DICHTER: Yeah.

18 REPRESENTATIVE SCAVELLO: Thank you.

19 ACTING SECRETARY DICHTER: Linda is going
20 to come up.

21 REPRESENTATIVE SCAVELLO: Because I know
22 this is going on in my district.

23 DEPUTY SECRETARY BLANCHETTE: Good
24 afternoon. I'm Linda Blanchette. I'm the Deputy --
25 Deputy Secretary for the Office of Income

1 Maintenance.

2 I'd like to respond to your first example
3 with the TANF mom who was better off on TANF than
4 taking a job because she could keep her Medical
5 Assistance.

6 REPRESENTATIVE SCAVELLO: I didn't say
7 better off. She wanted to get off.

8 DEPUTY SECRETARY BLANCHETTE: Right.

9 REPRESENTATIVE SCAVELLO: But she
10 didn't -- couldn't afford to get off for those two
11 months.

12 DEPUTY SECRETARY BLANCHETTE: Okay.

13 REPRESENTATIVE SCAVELLO: And we would not
14 pay her medical -- those prescriptions for the two
15 months.

16 DEPUTY SECRETARY BLANCHETTE: Okay.
17 That -- that is obviously a misunderstanding. If
18 someone transitions from welfare to work we offer --
19 we provide medical -- extended Medical Assistance
20 for six months after the individual starts
21 employment and perhaps even another six months if
22 her wages are low enough to continue to qualify for
23 Medical Assistance. So perhaps she was not clear --

24 REPRESENTATIVE SCAVELLO: Her wages would
25 have been higher and that probably didn't apply.

1 DEPUTY SECRETARY BLANCHETTE: After this.
2 But for the first six months she would have -- she
3 would have continued on extended Medical
4 Assistance.

5 We have established policies in
6 Pennsylvania. Actually they started back in -- with
7 welfare reform under the Ridge administration, under
8 kind of a work pays focus, and we offer extended
9 Medical Assistance. We often extended food stamps.
10 And we also, for former TANF recipients, offer
11 subsidized child care.

12 All of those supports are intended to
13 support someone who wants to make the transition
14 from welfare to work.

15 REPRESENTATIVE SCAVELLO: I asked that
16 question two years ago, and -- and everyone looked
17 at me with deer -- like deer in headlights. You
18 know, I didn't get that answer.

19 And I know that she went down there and
20 they would not continue the benefits. That's why
21 she came to my office.

22 So I -- if this is a new policy or
23 whatever, well, then that wasn't explained to me two
24 years ago in this room.

25 DEPUTY SECRETARY BLANCHETTE: Well, I

1 apologize for any misunderstanding, but that is the
2 policy and if you have an individual --

3 REPRESENTATIVE SCAVELLO: If you can get
4 that message down to the -- I don't know. If it
5 happened in Monroe, it could happen elsewhere. I
6 think they need to know that.

7 Let's go back to the other, the second
8 point and that's mom and dad separate or divorce,
9 dad's got benefits, mom has two of the children and
10 she goes down to get her access cards rather than
11 have dad who is -- who is working and has medical
12 continue to take care of the support for the
13 children and the mom.

14 DEPUTY SECRETARY BLANCHETTE: In our Child
15 Support Enforcement Program, one of the federal
16 measures is medical support. And so a noncustodial
17 parent who is supporting their children is required,
18 if they have medical benefits, to provide medical
19 benefits. One or the other parent, whoever has
20 access to medical benefits, is required to provide
21 medical benefits for the children.

22 REPRESENTATIVE SCAVELLO: Who is checking
23 that? Because it's happening --

24 DEPUTY SECRETARY BLANCHETTE: We're --

25 REPRESENTATIVE SCAVELLO: -- and they --

1 they find it easier to just go down and get their
2 cards. Who is checking that?

3 DEPUTY SECRETARY BLANCHETTE: If there's
4 an enforcement order in place, our Bureau of Child
5 Support Enforcement does through the department for
6 the -- through the domestic relations sections in
7 the county courts. It is -- it's a federal measure
8 that -- that we, running the program, are measured
9 by.

10 REPRESENTATIVE SCAVELLO: So I'm the dad.
11 I'll say I don't have benefits and I do. How do --
12 how do we check that out? It's happening.

13 DEPUTY SECRETARY BLANCHETTE: We follow up
14 on the -- on the dad's employment. If you have
15 cases where that's happening, we're happy to work
16 with you on individual cases to try to sort those
17 out.

18 But we do follow up on the dad's
19 employment if there's a support order in place.

20 REPRESENTATIVE SCAVELLO: So that --
21 that's -- you're telling me we're calling these
22 companies and we're finding out that there is
23 benefits and then we're going to come back and fine
24 the dads? Because I'm telling you that's
25 happening. And I'm not, you know --

1 DEPUTY SECRETARY BLANCHETTE: Well, again,
2 if there's a support order in place. In some cases
3 there's an informal arrangement between the parents
4 and the custodial parent doesn't file a support
5 order. In those cases we would not know about it.

6 Where there is a support order in place,
7 we do follow up.

8 REPRESENTATIVE SCAVELLO: I'm confused.
9 I -- I -- I separate. You know -- you know, where's
10 dad? We're separated. We don't check and see if
11 dad has benefits, medical benefits for the
12 children? And if we don't, why don't we? Why are
13 we -- you know, especially when he's getting
14 benefits?

15 Why are we just taking the children on?
16 Because a lot of children -- we heard earlier today
17 there's children that are not getting benefits
18 because we don't have the dollars to do it, and then
19 here's an opportunity where these parents have
20 benefits and they're just finding it easier to go
21 down and take advantage of the system rather than
22 address -- address that issue. We need to do a
23 better job of that.

24 DEPUTY SECRETARY BLANCHETTE: Well, again,
25 if you have specific cases, we'll be happy to look

1 at those cases. But through our Bureau of Child
2 Support Enforcement, we are a measure of medical
3 support for children for where there's a support
4 order in place. But, again, we can follow up with
5 any specific cases you might have.

6 REPRESENTATIVE SCAVELLO: Okay. You made
7 a comment, Madam Secretary, that you agreed with
8 most of the Attorney General's findings.

9 Could you say the part that you didn't
10 agree with of his findings in the audit? The
11 Auditor General. I'm sorry. The Auditor General.

12 ACTING SECRETARY DICHTER: Yes. I'm
13 sorry. We're talking about which audit?

14 REPRESENTATIVE SCAVELLO: Yeah.

15 ACTING SECRETARY DICHTER: The special
16 allowance audit?

17 REPRESENTATIVE SCAVELLO: Right.

18 ACTING SECRETARY DICHTER: Okay.

19 REPRESENTATIVE SCAVELLO: Like, for
20 example, the fraud. Did you agree with that -- that
21 amount or --

22 ACTING SECRETARY DICHTER: Let me get my
23 notes.

24 REPRESENTATIVE SCAVELLO: It's close to
25 half --

1 ACTING SECRETARY DICHTER: Within that
2 audit --

3 REPRESENTATIVE SCAVELLO: -- a billion
4 dollars I believe.

5 ACTING SECRETARY DICHTER: What's that?

6 REPRESENTATIVE SCAVELLO: It's close to
7 half a billion dollars I believe.

8 ACTING SECRETARY DICHTER: Yes. Within
9 that audit, we were concerned within that audit
10 around the representations as potential fraud as
11 actual fraud, and I think that may be what you're
12 referencing.

13 What I was trying to stress here was the
14 issue here around the structure of the program and
15 making sure that we had in place all of the
16 appropriate controls for verification and for making
17 sure that the special allowances were issued to
18 those in need.

19 And that has been where the focus of
20 agreement has been and where I hope you would agree
21 with me the focus of our practical work has been to
22 improve this program.

23 REPRESENTATIVE SCAVELLO: Okay. I -- at
24 the risk of not sounding -- doing something illegal
25 here, because I have Representative Shapiro here, I

1 also want to lobby for that one percent for the --
2 because our most vulnerable citizens and those folks
3 don't make big money as it is.

4 I don't know how many people would want to
5 do that kind of work. Because it's tremendous
6 dedication, tremendous dedication on their part to
7 help those that can't help themselves, and they do a
8 darn good job in our communities and to take one
9 percent away would not be -- you know, is not the
10 right thing to do.

11 And my last and final comment, there was a
12 comment made earlier about, you know -- and this is
13 a comment I'm going to make later on also to the
14 Budget Secretary.

15 When we talk about next year and putting
16 money away for next year, I always think -- is --
17 don't spend it this year so you don't have to put it
18 away for next year.

19 This isn't -- you know, it's -- these are
20 very, very bad times. We need to look and see if
21 there's anywhere that we're spending money we
22 shouldn't be. Anyone that's getting benefits that
23 shouldn't be.

24 This is the time to make those decisions
25 and make sure that we look very closely at all of

1 our -- open up all those doors and do a good job of
2 checking that because we want to take care of the
3 people that need to be taken care of; but the folks
4 out there that don't need to be, they should be out
5 there fending for themselves.

6 Thank you so much, Madam Secretary.

7 CHAIRMAN EVANS: Thank you, Madam
8 Secretary. Thank you for what you do for the people
9 of the Commonwealth of Pennsylvania. Thank all of
10 your staff for what you do for the people of the
11 Commonwealth of Pennsylvania. We really do
12 appreciate it. We will be working with you through
13 this process.

14 One, I'd like to thank all of the members
15 for their patience and how they've handled this
16 particular process. We will recess until four
17 o'clock and then we will have the Office of the
18 Budget that will come before us at four o'clock.

19 Thank you very much.

20 (The proceedings were recessed at
21 2:58 p.m.)

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

Brenda S. Hamilton, RPR
Reporter - Notary Public