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2 COMMONWEALTH OF PENNSYLVANIA  
3 HOUSE OF REPRESENTATIVES  
4 HOUSE APPROPRIATIONS COMMITTEE

5  
6 THE MAIN CAPITOL  
7 ROOM 140  
8 HARRISBURG, PENNSYLVANIA

9  
10 WEDNESDAY, MARCH 7, 2012  
11 1:30 P.M.

12  
13 PUBLIC HEARING  
14 DEPARTMENT OF PUBLIC WELFARE

15  
16  
17 BEFORE:

18 HONORABLE WILLIAM F. ADOLPH, JR., CHAIRMAN  
19 HONORABLE JOSEPH F. MARKOSEK  
20 HONORABLE JOHN BEAR  
21 HONORABLE MARTIN T. CAUSER  
22 HONORABLE JIM CHRISTIANA  
23 HONORABLE GARY DAY  
24 HONORABLE GORDON DENLINGER  
25 HONORABLE BRIAN L. ELLIS  
HONORABLE MAUREE GINGRICH  
HONORABLE GLEN R. GRELL  
HONORABLE TOM KILLION  
HONORABLE DAVID R. MILLARD  
HONORABLE T. MARK MUSTIO  
HONORABLE BERNIE O'NEILL  
HONORABLE MIKE PEIFER  
HONORABLE SCOTT PERRY

1 CONTINUED:  
HONORABLE SCOTT A. PETRI  
2 HONORABLE TINA PICKETT  
HONORABLE JEFFREY P. PYLE  
3 HONORABLE MARIO M. SCAVELLO  
HONORABLE CURTIS G. SONNEY  
4 HONORABLE MATTHEW D. BRADFORD  
HONORABLE MICHELLE F. BROWNLEE  
5 HONORABLE H. SCOTT CONKLIN  
HONORABLE PAUL COSTA  
6 HONORABLE DEBERAH KULA  
HONORABLE TIM MAHONEY  
7 HONORABLE MICHAEL H. O'BRIEN  
HONORABLE CHERELLE L. PARKER  
8 HONORABLE JOHN P. SABATINA, JR.  
HONORABLE STEVE SAMUELSON  
9 HONORABLE MATTHEW SMITH  
HONORABLE GREG VITALI  
10 HONORABLE RONALD G. WATERS

11 ALSO PRESENT:  
HONORABLE RICK SACCONI  
12 HONORABLE JULIE HARHART  
HONORABLE DARYL D. METCALFE  
13 HONORABLE THOMAS P. MURT  
HONORABLE ROBERT GODSHALL  
14 HONORABLE KATE HARPER  
HONORABLE MARCIA HAHN  
15 HONORABLE JOSEPH T. HACKETT  
HONORABLE MARK M. GILLEN  
16 HONORABLE SUE HELM  
HONORABLE LYNDA SCHLEGEL CULVER  
17 HONORABLE RICHARD STEVENSON  
HONORABLE GENE DIGIROLAMO  
18 HONORABLE CHRIS SAINATO  
HONORABLE WILLIAM C. KORTZ, II  
19 HONORABLE VANESSA LOWERY  
HONORABLE PAMELA A. DeLISSIO  
20 HONORABLE BABETTE JOSEPHS  
HONORABLE DOM COSTA  
21 HONORABLE BRYAN BARBIN  
HONORABLE THOMAS R. CALTAGIRONE  
22 HONORABLE MARK LONGIETTI  
HONORABLE DAN FRANKEL  
23 HONORABLE HARRY READSHAW  
EDWARD NOLAN, MAJORITY EXECUTIVE DIRECTOR  
24 MIRIAM FOX, MINORITY EXECUTIVE DIRECTOR

25 BRENDA S. HAMILTON, RPR, NOTARY PUBLIC AND REPORTER

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## INDEX

NAME	PAGE
GARY D. ALEXANDER, SECRETARY DEPARTMENT OF PUBLIC WELFARE	5
DAVE SPISHOCK, DIRECTOR OFFICE OF THE BUDGET, DEPARTMENT OF PUBLIC WELFARE	33

## P R O C E E D I N G S

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CHAIRMAN ADOLPH: Good afternoon, everyone. I'd like to call to order the House Appropriations budget hearing for the Department of Welfare. With us today is the Secretary of the Department of Public Welfare, Mr. Gary Alexander.

Good afternoon, Mr. Secretary.

SECRETARY ALEXANDER: Good afternoon.

CHAIRMAN ADOLPH: And with the Secretary is Dave -- Spishock?

DIRECTOR SPISHOCK: Yes.

CHAIRMAN ADOLPH: Director, Office of the Budget, Department of Public Welfare.

DIRECTOR SPISHOCK: Yes.

CHAIRMAN ADOLPH: Good afternoon. Obviously there's an awful lot of interest regarding the Department of Public Welfare's budget with the Commonwealth of Pennsylvania.

I normally make some brief housekeeping rules that I'd like folks, if possible, to follow. Members know them pretty well. They still don't listen to me.

But if you could turn your BlackBerries off and your cell phones and all that electronic

1 equipment, it makes for a much better hearing.

2 I hope everybody is comfortable. I know  
3 many of you have traveled far and wide throughout the  
4 Commonwealth to be at this hearing. I wish we could  
5 have a bigger accommodation for everybody, but any of  
6 those individuals in the room that need special  
7 assistance, please let us know and we'll do whatever  
8 we can to make your time here at this hearing more  
9 comfortable.

10 I know there's an awful lot of  
11 questions, but I'd like to welcome the Secretary.

12 And, Secretary, would you like to make  
13 some brief opening remarks before we get into the  
14 questions?

15 SECRETARY ALEXANDER: I'd just like to  
16 thank the committee for the opportunity to be here.  
17 We look forward to the dialogue with all of you.

18 CHAIRMAN ADOLPH: That certainly was  
19 brief. It is -- it is the custom of this committee  
20 to invite the chairmen of the corresponding standing  
21 committee in the House to be with us, and I see  
22 Representative Gene DiGirolamo from Bucks County who  
23 is the Republican chair. I'm looking for  
24 Representative Mark Cohen. Is Mark here?

25 REP. BROWNLEE: He's not here.

1 REP. MARKOSEK: We have his questions.

2 CHAIRMAN ADOLPH: Okay. But my -- my  
3 question was was Representative Cohen here. And the  
4 answer is no. Okay.

5 Representative DiGirolamo has some  
6 questions he would like to ask, and he has to be back  
7 in Bucks County this evening. So without further  
8 ado, Chairman DiGirolamo. Thank you.

9 REP. DiGIROLAMO: Thank you, Bill. And  
10 I appreciate the indulgence of allowing me to go  
11 first.

12 Mr. Secretary, welcome. Dave, also  
13 welcome. Both of you, good to see you, and, you  
14 know, Mr. Secretary, I appreciate the time you spent  
15 with me last week in our discussing the budget and --  
16 however, I am still deeply concerned about both the  
17 Human Services Development Block Grant proposal and  
18 the steep reductions in funding for services.

19 And I just want to take a moment to  
20 state for the record that I am adamantly opposed, not  
21 only to the funding cuts, but also to the block grant  
22 proposal.

23 And just for the record, when we're  
24 talking about the block grant, it's the six line  
25 items, the mental health service community programs,

1 intellectual disabilities community-based programs,  
2 behavioral service health services, Act 152, county  
3 child welfare grants and homeless assistance  
4 programs. Those are things that are included in the  
5 -- in the block grant.

6 I was really happy to hear that the  
7 County Commissioners Association, CCAP, has not  
8 agreed to a block grant in exchange for the agreement  
9 of funding cut in any size, and I'm still a little  
10 baffled at how they could support the statewide block  
11 grant cut -- concept.

12 CCAP's own website paper discusses the  
13 possibility of experimenting only with a few counties  
14 on a voluntary basis and with no cuts in funding.

15 I also have a hard time believing the  
16 affiliates -- and they are the county administrators  
17 for human services, mental health intellectual  
18 disabilities, drug and alcohol, and the other ones,  
19 support the statewide block grant proposal for these  
20 funding cuts.

21 The providers I've heard from of these  
22 services at the county level -- and I have heard from  
23 them and I have had visits from them -- have let me  
24 know their opposition to the block grant proposal and  
25 also to the funding cuts.

1                   No one that I've spoken to, no one, has  
2 seen efficiencies in services with the block grant.  
3 Instead, there will be a new block grant with a raft  
4 of new and additional rules and regulations and that,  
5 I believe, is something we just don't need at this  
6 time.

7                   Since our meeting I've tried to figure  
8 out how many people will be affected by the dramatic  
9 reductions in funding for the critically needed  
10 services.

11                   And here's a couple things that I've  
12 come up with. For drug and alcohol, the number  
13 affected ranges from at least 4,300 to over 10,000  
14 people who will be turned away from this treatment.

15                   CCAP called these -- calls these cuts  
16 devastating, and I agree with that. Only yesterday  
17 the Secretary of Corrections discussing the need to  
18 reduce prison overcrowding and to use alternative  
19 services said that -- how can -- how are we going to  
20 make up with these cuts with -- with the cuts in  
21 addiction treatment?

22                   These proposed cuts will not only hurt  
23 people, but in my opinion will endanger public  
24 safety.

25                   In mental health, the 20 percent



1 reduction in funding will cut services by over \$110  
2 million and will affect over 28,000 people who will  
3 not receive needed services. In addition, there are  
4 cuts to services for people with -- with intellectual  
5 disabilities, \$28 million, as well as cuts to child  
6 welfare and services for the homeless.

7 An enormous amount of federal funding is  
8 also at stake here, as we discussed last week. And  
9 let me explain again. The proposal, I believe, has  
10 do many others, violates the federal maintenance of  
11 effort, MOE requirements, for the Medicaid under the  
12 Affordable Health Care Act.

13 It does so by making changes in  
14 eligibility standards, methodologies or procedures  
15 explicitly prohibited by the ACA.

16 Secondly, the proposal violates the  
17 maintenance of effort requirements under the federal  
18 and alcohol drug -- drug block grant in the Substance  
19 Abuse and Mental Health Services Administration of --  
20 SAMHSA.

21 Third, for both alcohol and drug and  
22 mental health, I also believe the proposal violates  
23 the federal mental health and drug/alcohol parity  
24 act, which is the Wellstone-Domenici Mental Health  
25 and Addiction Equality Act of 2008.

1                   Finally, Mr. Secretary, if you were to  
2 enact this proposal, the 4 to 10,000 people in need  
3 of drug and alcohol treatments, I mean what would  
4 they do and where would they go?

5                   The 28,000 people in need of mental  
6 health treatment, I mean where would they go? And  
7 what about the 15,000 people with intellectual  
8 disabilities now receiving services through the ID  
9 community-based program assistance? What will they  
10 do for their services and where they would -- where  
11 will they go?

12                   Again, I'm opposed to the block grant.  
13 I'm opposed to the cuts in services. And,  
14 Mr. Secretary, I know from our meeting you care about  
15 these people very deeply also.

16                   So I would just like -- if you'd like to  
17 comment on what I've just mentioned, I would  
18 appreciate it very much.

19                   CHAIRMAN ADOLPH: Thank you,  
20 Mr. Chairman. And that was certainly an awful lot of  
21 information and a lot of comments and questions. And  
22 I'm giving leeway to -- to the Chairman because he is  
23 the chairman of the commit -- that committee.

24                   So take your time, Mr. Secretary, and  
25 answer the questions and -- and then we'll continue

1 with the hearing. Thank you.

2 SECRETARY ALEXANDER: Representative,  
3 thank you. I don't know that I can remember all of  
4 it, but I'm going to do my very best.

5 We certainly applaud you and your  
6 efforts to champion the causes you have championed  
7 over the years, especially with drug and alcohol.  
8 And I think we understand the importance of these  
9 funds.

10 You had -- you mentioned something very  
11 important. You mentioned the federal health care  
12 law, and I want to circle back to that, because that  
13 law imposes a lot of requirements on states,  
14 something called the maintenance of effort  
15 requirement.

16 Eighty percent of the funds that we have  
17 at the Department of Public Welfare are Medicaid  
18 approximately. That leaves us with about 20 percent  
19 of our budget in state-only funds with which to  
20 really work -- work with.

21 Eighty percent of our funds are covered  
22 by that federal maintenance of effort, which means  
23 that we cannot really make substantive changes to the  
24 Medicaid program.

25 And the -- the issue that we have as a

1 Commonwealth is that the Medicaid program has grown  
2 over the past decade by well over 80 percent, while  
3 economic growth in the Commonwealth has barely grown  
4 at over 20 percent.

5 We currently have a situation in the  
6 Commonwealth where we -- we now have approximately  
7 two people working a full-time job and one person on  
8 the public welfare system or receiving Public  
9 Assistance. Ten years ago we were at about  
10 three-and-a-half people working a full-time job to  
11 one person on the system.

12 This has put great strain, financial  
13 strain on the system. Revenues are growing at  
14 two-and-a-half, maybe three percent. The Department  
15 of Public Welfare is growing at over eight percent.

16 When looking at our budget, we had --  
17 this was a challenging budget to deal with.  
18 Decreasing revenues, increases in costs. And we had  
19 to meet this budget.

20 We had to focus on 20 percent of this  
21 budget, which is basically our state-only funds.

22 Now, in working with the counties over  
23 the past year, we've been listening to the counties  
24 and trying to work with them. They have been asking  
25 for flexibility for a long time. There's no question

1 about that.

2 Many of the county commissioners that  
3 I've spoken to have been asking for flexibility. We  
4 understand that the 20 percent reduction is certainly  
5 a challenge. However, with that flexibility and the  
6 ability to move funds around, we believe that they  
7 will be able to meet that challenge.

8 Now, we are still working with the  
9 counties at this particular point in time. The  
10 Governor's office, the department and -- and CCAP are  
11 working together and working through these issues.  
12 And I think, as you know, a budget is really a  
13 perspective at a point in time, and we will work with  
14 them to make sure that this works in the end.

15 However, when we're left with only 20  
16 percent of our budget to work with and we have the  
17 kind of growth that we do in this department, unless  
18 we receive some sort of windfall financially or  
19 revenues are dramatically going up, someone --  
20 something has to be reduced.

21 And we feel that the block grant, giving  
22 counties the flexibility to deliver services at the  
23 most local level, is the best thing that we can do.

24 We're seeing historically that the  
25 counties have been able to deliver services, and

1 sometimes when the state has taken it over it hasn't  
2 done such a great job.

3 So I -- I think, you know, we have a  
4 difference of opinion. We certainly want to work  
5 with you to be able to try to make this work in the  
6 final analysis. And I know of your opinion. I -- I  
7 respect that.

8 We certainly don't want to see anybody  
9 harmed, but I think that we're at a point where we  
10 have to make some tough choices, and that's what  
11 we've done in this budget. And we are working with  
12 the counties to ensure that that will happen  
13 properly.

14 REP. DiGIROLAMO: Mr. Secretary, I -- I  
15 really appreciate what you had to say. We've got a  
16 disagreement. I think these cuts will be devastating  
17 to our most vulnerable citizens and -- and I -- you  
18 said it's a proposal, or whatever, an outline, this  
19 budget, and I really look forward to working with you  
20 and -- and the legislature to help restore these  
21 cuts.

22 I mean -- and I do not see any  
23 efficiencies with the block grants. You don't have  
24 any details yet how they're going to work?

25 I mean I've heard from the people on the

1 ground in the counties. I mean they do not believe  
2 this is going to work. So I mean let's work  
3 together.

4 SECRETARY ALEXANDER: Yeah.  
5 Absolutely. We look forward to working with you.

6 REP. DiGIROLAMO: Okay.

7 SECRETARY ALEXANDER: I -- I do want to  
8 just add one -- one thing if I can. On the federal  
9 maintenance of effort requirement, we have looked at  
10 that. We don't believe it's a violation. Our  
11 attorneys have looked at it. We'll continue to work  
12 with you on that issue.

13 REP. DiGIROLAMO: Okay.

14 SECRETARY ALEXANDER: But we don't  
15 particularly believe, because of the state funding  
16 issue.

17 REP. DiGIROLAMO: I am -- I am -- firmly  
18 believe that that is an absolute violation of MOE and  
19 also a violation of parity. So --

20 SECRETARY ALEXANDER: We'll -- we'll  
21 continue to work with you on that.

22 REP. DiGIROLAMO: Thank you.

23 Thank you, Mr. Chairman.

24 SECRETARY ALEXANDER: Thank you.

25 CHAIRMAN ADOLPH: Thank you, chairman.

1 I'd like to get on the record the type  
2 of budget dollar-wise that we're talking about here  
3 in the Commonwealth of Pennsylvania.

4 The Governor's 2012/2013 budget is  
5 appropriated for \$10,530,950,000. That's a \$29.5  
6 million decrease as compared to last year's, which  
7 was 10,560,548,000.

8 Unless you have your calculator on, that  
9 is a three-tenths of a one percent decrease over last  
10 year. And I think everybody needs to know the type  
11 of money that is being spent in the Commonwealth of  
12 Pennsylvania for these needed services.

13 And what we're trying to do, and we  
14 tried to do last year, is to try to make sure that  
15 the -- the folks that need it the most are receiving  
16 the services that they deserve and that -- that is  
17 the purpose of these hearings. That's the purpose of  
18 the budget process.

19 Everybody has an area of -- of this  
20 budget that they want to make sure that we're  
21 funding. I think it's our job to appropriate that  
22 correct amount.

23 And as the Secretary has said correctly,  
24 because our hands are tied with federal, there's not  
25 an awful lot of movement around.



1                   This particular line item in the budget  
2 represents close to 40 percent of the state's budget,  
3 and growing.

4                   So it's very important that we have  
5 these high level discussions so those that need it  
6 the most get what they deserve.

7                   With that being said, my wife's an RN.  
8 She works in the NICU at Crozer-Chester Medical  
9 Center. And many of the nurses in there have asked  
10 me to ask you a question regarding the methadone  
11 program. I asked the new Secretary of Drug and  
12 Alcohol, and he wasn't prepared with the  
13 information.

14                   And if we're not -- if you're prepared  
15 today -- but I would like to know whether this  
16 treatment is a successful treatment. Are we taking  
17 these heroin addicts and getting them off methadone?  
18 Eventually? How long can they stay? How many people  
19 are we servicing on this methadone?

20                   And the reason why it's hitting these  
21 nurses so hard is because they see the babies being  
22 born already addicts with methadone, and they are --  
23 and most of this methadone, from what I understand,  
24 is being paid for by the state through Medical  
25 Assistance.

1 Any comments on this program?

2 SECRETARY ALEXANDER: I -- I would  
3 rather get you the correct data. That's -- that's a  
4 very specific question.

5 I think what we can tell you is that we  
6 are looking at this very closely because we have  
7 heard as of late from certain clinicians something  
8 similar to what I think your wife and maybe her  
9 colleagues are talking about.

10 So we'll certainly provide that  
11 information to you. It is a serious situation and we  
12 want to make sure we're doing the correct thing.

13 CHAIRMAN ADOLPH: Okay. And I have  
14 various other questions, all -- all as a result of  
15 constit -- constit -- folks back home, you know. So  
16 I'm looking forward to this dialogue today.

17 SECRETARY ALEXANDER: Thank you.

18 CHAIRMAN ADOLPH: Chairman Markosek.

19 REP. MARKOSEK: Thank you, Chairman  
20 Adolph.

21 Welcome, Secretary. Welcome, Director.  
22 Thank you for coming here today.

23 SECRETARY ALEXANDER: Thank you.

24 REP. MARKOSEK: I have just some brief  
25 comments. I don't have any questions, but I am

1 looking forward to hearing the members on both sides  
2 of the aisle today and their questions and your  
3 answers to those questions.

4 Let me just start my comments by saying  
5 former Vice President Hubert Humphrey once said that  
6 the moral test of government is how that government  
7 treats those in the dawn of life, our children; those  
8 in the twilight of life, our elderly; and those in  
9 the shadow of our life, our sick, our needy, our  
10 handicapped.

11 I am deeply concerned as we move into  
12 the budget negotiations that funding for our most  
13 vulnerable citizens will suffer an even larger hit  
14 than the massive cuts Governor Corbett proposed for  
15 next year's budget and already enacted for the  
16 current year.

17 This 2012/'13 budget would make cuts  
18 approaching \$800 million on top of the destruction  
19 enacted in the current budget. The 2011/2012  
20 Republican passed budget cut more than \$1 billion  
21 from programs and services to real Pennsylvanians.

22 Those who have watched our budget  
23 hearings know how deeply opposed I am to the budget  
24 cuts for K-12 and higher education, but what I hope  
25 does not happen is an effort to restore those

1 fundings cuts on the backs of our children, elderly,  
2 sick, people with disabilities, and our homeless.

3 I draw your attention to a handout that  
4 I have distributed, a handout that helps better  
5 describe who these people are.

6 I draw your attention to a few points.  
7 In recent months the Corbett administration removed  
8 65,000 children from Medical Assistance, many who  
9 believe they lost coverage due to bureaucratic  
10 backlogs in processing paperwork.

11 The proposed budget cuts 100 million  
12 from nursing homes that care for the most physically  
13 frail, medically fragile seniors. This year Governor  
14 Corbett asked us to end health care coverage for  
15 35,000 chronically ill adults. Last year he ended  
16 health care coverage for 40,000 uninsured adults when  
17 he shut down the AdultBasic program.

18 Critical -- critical county human  
19 services are slashed by 20 percent, and this will  
20 impact 220,000 people with mental illness, 23,000  
21 people with intellectual disabilities, 52,000 people  
22 struggling with substance abuse who need drug and  
23 alcohol treatment, 110,000 people who are homeless.

24 Cutting costs to these populations  
25 creates new costs for prisons, law enforcement,

1 homeless shelters and often local tax increases.

2           Also bear in mind with me while I  
3 express one further deep concern. In an effort to  
4 rationalize deep cuts last year, I would argue that  
5 the Corbett administration rallied support by  
6 stirring up a frenzy around blaming cost drivers on  
7 waste, fraud, and abuse.

8           We are all opposed to fraud and abuse.  
9 Let me repeat that. We are all opposed to waste,  
10 fraud, and abuse. It is a bipartisan issue.

11           But it is wrong to use this as a way to  
12 bully through deep cuts that go way beyond improving  
13 the business model.

14           We have all read articles in the paper  
15 about individuals with severe disabilities who were  
16 kicked off the welfare rolls in an effort to reduce  
17 waste, fraud, and abuse only to find out that a  
18 backlog in paperwork at DPW was the culprit.

19           In summary, we should not add back cuts  
20 in other areas of the budget at the expense of our  
21 most vulnerable citizens. If Republicans choose to  
22 enact the proposed cuts or, God forbid, even deeper  
23 cuts, be honest with the people of Pennsylvania  
24 about you are -- who you are impacting and remember,  
25 those people are those in the dawn of life, our

1 children; the twilight of life, our elderly; and  
2 those in the shadow of life, our sick, our needy and  
3 our handicapped.

4 Thank you, Mr. Chairman.

5 CHAIRMAN ADOLPH: And thank you,  
6 Chairman Markosek.

7 Mr. Secretary, I would -- I would  
8 appreciate it, and I'm sure the members of the  
9 committee would appreciate, your comments on Chairman  
10 Markosek's comments.

11 SECRETARY ALEXANDER: I certainly -- I  
12 think we certainly respect the Chairman and his  
13 views, and I think he cares a great deal about the  
14 citizens here in the Commonwealth.

15 What I would say is -- and just, in  
16 brief, really two -- there are two things that I  
17 would like to address.

18 Currently, in the Commonwealth, we are  
19 spending nearly \$30 billion on public welfare  
20 services or human services. We spent 27 plus billion  
21 at the department. If you add up all of the  
22 ancillary programs, what happens in the counties,  
23 local education authorities, and through charity,  
24 we're spending close to \$30 billion.

25 It's a large, large number that, unless

1 something happens, financially we have no more  
2 sustainability. Very little sustainability to be  
3 able to keep growing that.

4 As I said, the department is growing at  
5 over eight percent year over year. It was growing at  
6 over ten percent last year. The reductions that we  
7 have made have allowed us to bring that down.

8 But without serious reform and true  
9 reform of the system, and, as I alluded to earlier,  
10 because of the federal health care law, it ties our  
11 hands in really reforming the federal Medicaid  
12 system, which is 80 percent of our spend.

13 In regard to -- and I'd just like to  
14 comment on the case closures. We have a process --  
15 the Chairman had mentioned, you know, people are  
16 being removed from the Medicaid rolls.

17 We have a process by which we have to  
18 follow federal and state law; and when we came in,  
19 we -- we found that the department, because it had  
20 not been adhering to the proper redetermination  
21 process, according to federal and state law, based on  
22 the fact that we had thousands of cases that weren't  
23 reviewed, we had to do something about that.

24 I don't think this body, nor the  
25 executive branch, nor anybody else in the

1 Commonwealth wants to see someone ineligible receive  
2 services.

3 We are merely doing our job, the good  
4 work, as we have and our key -- in our case offices,  
5 and our CAO offices have been working diligently to  
6 go through this entire backlog and it's been done  
7 very well and we have to ensure that we are  
8 administering the law.

9 That is what your body asks us to do as  
10 the executive branch. You make the laws. The  
11 federal -- the legislature makes the laws. It's our  
12 jobs to fulfill that, and that's what we're doing.

13 CHAIRMAN ADOLPH: Thank you,  
14 Mr. Secretary.

15 The next question will be asked by  
16 Representative Tom Killion of Delaware County.

17 REP. KILLION: Thank you, Mr. Chairman.  
18 Good to see you, Mr. Secretary.

19 SECRETARY ALEXANDER: Thank you.

20 REP. KILLION: Two questions. I'll be  
21 brief. The Pennsylvania Pharmacy Association is  
22 developing a network -- a network of pharmacies, both  
23 independent and chains, through -- by comprehensive  
24 medication reviews, medication therapy management,  
25 much like Medicaid -- Medicaid programs in Minnesota,



1 Iowa, and some other states have done -- they've done  
2 that.

3 And it's also being done in the Medicare  
4 Part D program. Because these programs promote  
5 adherence to the appropriate medication use, are we  
6 here in Pennsylvania looking for similar alternatives  
7 which may -- may save money in ER -- in ER visits and  
8 unnecessary hospitalizations?

9 SECRETARY ALEXANDER: I -- I think that  
10 we're always looking at alternatives, number one, to  
11 improve quality, access; but also, number two, to  
12 save money.

13 And we are looking at some of those  
14 things. We can get you the particulars on that, and  
15 we'd like to see more -- more information on that.

16 REP. KILLION: Okay. I would encourage  
17 you to work with the pharmacy association.

18 SECRETARY ALEXANDER: Yes.

19 REP. KILLION: I think they have a lot  
20 to offer.

21 SECRETARY ALEXANDER: I think we do.  
22 Our pharmacy team does. But certainly we'll follow  
23 up on that.

24 REP. KILLION: Thank you. And the  
25 second question deals with county -- county

1 administered -- administered programs.

2 I understand the delays in the scrutiny  
3 of certain documentation relating to CYS placement  
4 services has complicated and delayed the county  
5 private provider contracting process and to date  
6 there are private -- private service providers that  
7 have not been paid and don't have their contracts  
8 since July of 2010.

9 I'm curious what's -- what's your  
10 department -- the department doing to expedite the  
11 process?

12 SECRETARY ALEXANDER: Well, we are -- we  
13 are working to straighten out that backlog. We've  
14 hired additional workers to be able to do that. It's  
15 going to take some time.

16 We realize there's an issue there, and  
17 we're working on it as quickly as possible.

18 REP. KILLION: Thank you.

19 SECRETARY ALEXANDER: Thank you.

20 CHAIRMAN ADOLPH: Thank you.

21 Representative Cherelle Parker.

22 REP. PARKER: Thank you, Mr. Chair.

23 And welcome, Mr. Secretary.

24 SECRETARY ALEXANDER: Thank you,  
25 representative.

1                   REP. PARKER: Mr. Secretary, I think my  
2 line of questioning will follow up on Chairman  
3 Markosek's comments, and -- and that is when we look  
4 at the -- the economic conditions of our Commonwealth  
5 and in our nation, coupled with the unemployment rate  
6 and other societal factors, there's been much  
7 attention placed on this issue of public welfare.  
8 Public welfare.

9                   In addition to that, it's actually  
10 seemed to bring back to life the welfare queen, that  
11 I often thought was a myth and I thought she was a  
12 ghost of the past but she seems to have reared her  
13 ugly head once again.

14                   One of the best ways that I think we can  
15 sort of find ourselves getting away from this myth  
16 and/or further perpetuating it is with the use of  
17 data.

18                   And I know our offices have been  
19 communicating with each other, and it's sort of been  
20 a little cumbersome but they're -- they're working  
21 very hard to ensure that voters and taxpayers across  
22 the Commonwealth who live in a respective county  
23 should be able to know how many people in their  
24 county are receiving Public Assistance.

25                   What areas are they receiving Public

1 Assistance? Is the welfare queen dominating the cost  
2 of Public Assistance in every county in the  
3 Commonwealth? Or is it seniors? Is it people with  
4 disabilities and our most needy of citizens?

5 Because I guess politically it is very  
6 easy -- and I -- and I've just learned recently from  
7 some of our presidential candidates, public welfare  
8 is one of the most polarizing and difficult public  
9 policy issues to discuss.

10 It can also be politically expedient for  
11 someone. I can go home and get great votes and  
12 support when I stand up and say, I'm working to ward  
13 off waste, fraud, and abuse in public welfare.

14 Because when people think public  
15 welfare, even if we don't speak the words, they have  
16 in their mind an image of what the recipient looks  
17 like.

18 What can we do, Mr. Secretary, as it  
19 relates to the data to make sure that people  
20 understand what constituencies we're referring to?

21 SECRETARY ALEXANDER: I -- I appreciate  
22 your comment, representative, and I enjoyed our  
23 conversation a few weeks back on this issue. I know  
24 you're certainly passionate about it. It's an issue  
25 that I'm very concerned about.

1                   Transparency with data and information  
2                   is very important for our citizens. We -- we have  
3                   been working very hard over the past ten months to  
4                   clean up the data of the department, simply because  
5                   we have had issues and it is a challenge.

6                   We have begun the process of creating a  
7                   transparency portal. It's something that I had hoped  
8                   to have had up but, as you know, we work in the  
9                   bureaucracy and the bureaucracy sometimes -- although  
10                  I want something to happen today, it never ends up  
11                  happening today.

12                  So we are working on that, and we  
13                  certainly want to have a system where citizens can go  
14                  online, can look at, you know, expenditure data, can  
15                  look at case load data, without names, of course, so  
16                  that people can understand who's accessing our  
17                  programs, what they're all about, and they'll be  
18                  better informed as citizens.

19                  And as I said to you in our  
20                  conversation, I certainly look forward to working  
21                  with you on this issue, and -- and -- and I applaud  
22                  you for being passionate about it.

23                  REP. PARKER: Thank you, Mr. Secretary.

24                  The next issue I'll raise is one that is  
25                  also very important to me, and it's the issue of

1 AAAs. And we recent -- after you recently published  
2 the Act 22 regs, I wanted to know, first, were our  
3 AAAs -- were they consulted or involved at all in the  
4 development or -- of the actual proposed regs?  
5 Particularly, as it relates to qualifying seniors for  
6 the aging and waiver services?

7 I mean right now counties across the  
8 Commonwealth -- and I know we do in Philadelphia, and  
9 I don't say that policy-wise, but I had to ask that  
10 for grandfather. It's our one-stop shop for  
11 everything that we need associated with seniors,  
12 particularly given that we're the third largest in  
13 the nation. I think Florida, West Virginia are the  
14 only two ahead of us.

15 And they -- it's our one-stop shop to  
16 find out, one, what services do you need? They make  
17 sure that they coordinate with hospitals and with  
18 doctors.

19 Tell us how that process is working with  
20 our AAAs.

21 SECRETARY ALEXANDER: I -- I appreciate  
22 that. I think that -- to address your first  
23 question, I think your -- your comments refer to  
24 draft regulations which are out there and are still  
25 open for public comment, and until the closure of the

1 public comment period, which is at the end of this  
2 week or, I think, tomorrow, and we would go through  
3 those and tweak the regulations based on people's  
4 input, that's why we had a public comment.

5 I think this body had given us the  
6 authority with Act 22 and the regulatory process and  
7 did not ask us to have an open period of public  
8 comment, we wanted to be transparent with the  
9 citizens and with our folks. That's why we put it  
10 out for public comment, to get all of their input.

11 So when you ask, did we consult them,  
12 we're actually consulting them right now by getting  
13 all of their public input to see what we can do to  
14 tweak these regulations before they come out.

15 We certainly value what goes on in the  
16 counties. I think we're trying to create a  
17 transparent system in the counties where consumers  
18 across the board have a choice.

19 And I think the AAAs have done a good  
20 job, and I don't think anybody is saying anything  
21 different.

22 REP. PARKER: Mr. Secretary, just for  
23 the record, so that -- that I'm clear, so it is -- it  
24 is not DPW's intention to remove or eliminate the  
25 enrollment function and care management services from

1 AAAs or sort of eliminate the one-stop shop?

2 SECRETARY ALEXANDER: I don't think  
3 anyone wants to eliminate the AAAs, anyone wants to  
4 eliminate one-stop shop. What we're -- I think what  
5 the regulation says is that consumers should have  
6 choice. That's all it says.

7 So I -- and I -- as I had said earlier,  
8 we're looking forward to everyone's comments on these  
9 rules. That's why we put it out there.

10 REP. PARKER: Okay. My final question  
11 before -- and I'll save the second -- next questions  
12 for the second round -- is that when you were  
13 speaking before the Senate committee and you talked  
14 about it, I think, briefly in your opening remarks  
15 that the GA, along with the Human Services  
16 Development Block Grant, you talked about sort of 80  
17 percent and the federal mandates connected to those  
18 fundings and this being the only 20 percent that you  
19 could actually work in and reform in this -- in this  
20 area. And you talked about we're only talking about  
21 people who receive Cash Assistance and not the -- not  
22 the medical benefits.

23 SECRETARY ALEXANDER: Right.

24 REP. PARKER: I mean you were very clear  
25 in sort of distinguishing --



1 SECRETARY ALEXANDER: Yes.

2 REP. PARKER: -- between the two. Can  
3 you tell me what the demographic of that constituency  
4 is in terms of age?

5 SECRETARY ALEXANDER: Sure.

6 DIRECTOR SPISHOCK: Age, the -- the  
7 general assistance category is -- for the cash  
8 payments are adult males. Primarily single,  
9 primarily men. But I think they're -- 62 percent of  
10 them are men ages 21 to 64.

11 REP. PARKER: 21 -- 21 to 64?

12 DIRECTOR SPISHOCK: Yes.

13 REP. PARKER: Okay.

14 DIRECTOR SPISHOCK: Yes. We have a  
15 breakdown by -- we can provide you a breakdown by --  
16 by county, if you would like that as well, too. We  
17 have that information, just don't have it handy.

18 REP. PARKER: Thank you, Mr. Secretary.  
19 Thank you, Mr. Chair. I'll talk to you  
20 the next round.

21 CHAIRMAN ADOLPH: Thank you,  
22 representative.

23 Next question will be by Representative  
24 Mauree Gingrich.

25 REP. GINGRICH: Thank you very much,

1 Mr. Chairman.

2 And thank you, Secretary and Director,  
3 for being here. Thank you to everyone in the room  
4 and interested in doing this responsibility we have  
5 and -- and doing it as best we can and as fair and  
6 balanced as we can.

7 Allusion was made earlier to the welfare  
8 code for the current budget year, and some of the  
9 many -- some -- sometime classified as a little  
10 unusual charges that we gave both you and us as a  
11 legislative. They were monumental in some ways.

12 In a limited fiscal arena, which is  
13 established by state revenues, we've not only asked  
14 you to limit spending but cut costs. And I think  
15 that's a pretty monumental task which, thus far,  
16 you've met and it has not been easy.

17 But I have a few questions with regard  
18 to Act 22. We charged you with making some  
19 commonsense provisions this year -- in this year's  
20 budget. We were looking at -- one was with regard to  
21 income eligibility, commonsense system in place, just  
22 had to be used.

23 Another provision was the county of  
24 residence for cash benefits, putting that in place.  
25 A pilot drug testing program for applicants and

1 recipients with drug-related felonies. And then some  
2 changes also to the special allowance programs.

3 That was my understanding of some of the  
4 issues that -- provisions that were made, in addition  
5 to the authority for some of these expedited  
6 regulations which we were just talking about.

7 How are we -- how are we doing with  
8 those provisions? I don't know if it's going to be  
9 an easy answer. And then specifically talk to us  
10 about the drug testing.

11 I know you were using a pilot program  
12 structure at least in one county, looking to expand  
13 it to two.

14 SECRETARY ALEXANDER: Right.

15 REP. GINGRICH: And then talk to me  
16 about statewide. We get an awful lot of questions  
17 about that particular provision.

18 SECRETARY ALEXANDER: I -- I do know  
19 that the drug testing provision receives a lot of  
20 interest. So I'll -- I'll start with that.

21 As you know it has been implemented in  
22 Schuylkill County. And preliminary data -- and we  
23 really don't have a lot of data because it's just  
24 begun -- is that it's moving very positively.

25 From a financial perspective, it will

1 take time to save money simply because, as you know,  
2 our law opposed -- as opposed to other states who  
3 have tried to do this, our law basically gives people  
4 a second and third chance, which I think is a good  
5 thing.

6 So I think from the perspective of how  
7 it's going, what we've heard, it's going very well.  
8 It will begin in Lehigh, in the Lehigh area also.

9 So we are moving forward in a systematic  
10 way to do this, to move it statewide, but we're doing  
11 it in a very methodical way to make sure it's done  
12 correctly and that it's not rushed.

13 So from that perspective that is -- I  
14 think that has been a success.

15 In regards to the other areas, where we  
16 can certainly implement, we're implementing. So you  
17 asked about the special allowances. We've been  
18 moving through all of our special allowances, looking  
19 at our SNAP program, our education, transportation,  
20 what we allow, and -- and trying to enforce good  
21 cause for somebody, you know, going to work and  
22 employment.

23 We've been going through all of those,  
24 trying to implement those in a very methodical way,  
25 as I said, and the regulations, the current

1 regulations that are up for comment, reflect those.

2 So I think when it's all said and done,  
3 from the perspective of those provisions, we will  
4 have implemented most, if not all, of those and we  
5 can provide you with a list, sort of like a  
6 checklist, so we can show you a time line as to where  
7 everything is.

8 But we have been working very diligently  
9 on that.

10 REP. GINGRICH: The list is great --

11 SECRETARY ALEXANDER: Yes.

12 REP. GINGRICH: -- and savings as well.

13 SECRETARY ALEXANDER: Certainly.

14 REP. GINGRICH: As best you can --

15 SECRETARY ALEXANDER: Yes.

16 REP. GINGRICH: -- calculate those for  
17 us.

18 SECRETARY ALEXANDER: Yes.

19 REP. GINGRICH: And are you working  
20 with -- I'm sorry that Chairman DiGirolamo had to  
21 leave -- I don't have trouble with that name. Did  
22 you notice that? I practiced before I came up,  
23 Mr. Chairman.

24 CHAIRMAN ADOLPH: I just call him Gene.

25 REP. GINGRICH: Yeah. That's better.

1 Yeah, I think he likes that, too.

2 Are you -- are you now coordinating or  
3 are you establishing a coordination with your  
4 findings on the drug screening with the new drug and  
5 alcohol programs and whatever we have in place there  
6 so that we are working together on that?

7 SECRETARY ALEXANDER: Are you -- are you  
8 talking about the new department?

9 REP. GINGRICH: Right.

10 SECRETARY ALEXANDER: As you know, the  
11 -- the new Secretary has just started, and I think  
12 he's just trying to organize his operation. We are  
13 trying to work with him, but I think it's -- it's a  
14 work in progress.

15 I think as the bureaucracy grows, it  
16 always makes coordination a little bit more  
17 challenging. So we're trying to work with that.

18 REP. GINGRICH: Well, I know there  
19 should be interest on both sides there.

20 SECRETARY ALEXANDER: Yes.

21 REP. GINGRICH: I think that's -- that's  
22 great.

23 There's a lot of questions to be asked  
24 so I just want to just talk a tiny little bit. It  
25 was discussed already about these expedited

1 regulations, and I know that you're going to work on  
2 collecting input that's essential. Even though we're  
3 trying to move these things to make them better a  
4 little more quickly, the feedback from the -- the  
5 people in the operations are critical, and I know  
6 you're sensitive to that.

7           What I wanted to talk about very quickly  
8 is the Human Services Development Fund, and I guess  
9 every county's response is a little different because  
10 mine happens to be very excited about it.

11           They like the flexibility. There's a --  
12 a -- a broad demographic diversity across this  
13 Commonwealth as far as needs being served countywide.

14           SECRETARY ALEXANDER: Yes.

15           REP. GINGRICH: Here's my thought on  
16 that, and I'm wondering where you're going with the  
17 element -- two of them.

18           Flexibility with regard to operations  
19 within a county, whether it's use of service  
20 contractors or oversight of contractors, which is  
21 also essential, so that they have opportunities to  
22 really be flexible --

23           SECRETARY ALEXANDER: Yeah.

24           REP. GINGRICH: -- within the provision  
25 of services in the county. How are you handling

1 that? Because that's the only pushback I'm hearing  
2 at all, is we still -- this is great -- but we still  
3 have some limitations.

4 Let's use transportation as an example.  
5 Allow them the flexibility to create transportation  
6 pools or other sources of combining transportation to  
7 hold back costs but still be able to provide.

8 Our biggest challenge is we want to be  
9 able to provide for the people who need it most.

10 So can you talk to me about that part of  
11 that -- that fund and the new structure in the  
12 county?

13 SECRETARY ALEXANDER: I think we share  
14 the same sentiment that we want to provide the  
15 services to those that need them most, and the block  
16 grant delivers the needed flexibility to the counties  
17 to be able to do that. Because, as you know, now  
18 their allocation is siloed through six separate  
19 funds. They can't move money around. And it's been  
20 a complaint of theirs.

21 And we know that the reduction is a  
22 challenge, but, as you just alluded to, or just said,  
23 your county is excited about it.

24 So we have heard from counties that --  
25 that -- most of the counties are excited about it.



1 Some of them are not excited about the 20 percent  
2 reduction, but others have said that they certainly  
3 can handle it and work with it and I think probably  
4 yours is one of them.

5 The bottom line is is that we want a  
6 system where -- where the state is not onerous on the  
7 counties. Right now we ask them to do a 101 things,  
8 plus 25. I mean we just keep going. We send them  
9 more bulletins, more direction, and after a while  
10 they've complained and complained that they just  
11 can't even follow what we're asking them to do.

12 So we want to adhere to safety and  
13 health, health and safety standards, but in it --  
14 it -- and give the counties performance measures so  
15 that they can start to really move money around,  
16 create money where it's needed, while still ensuring  
17 public safety.

18 I mean I can't really say too much more  
19 than that simply because CCAP is working with our  
20 team, and we still don't have a definitive answer as  
21 to really what it's going to look like.

22 They are working very quickly, and  
23 probably within the next 30 to 45 days they'll have  
24 something that we'll be able to show.

25 REP. GINGRICH: Thanks. I know I'm not

1 telling you anything new, but communication is the  
2 cornerstone of success here.

3 And I -- I realize that you -- you -- we  
4 can't give out information that we aren't secure and  
5 confirmed in.

6 SECRETARY ALEXANDER: Yes.

7 REP. GINGRICH: But I know what it's  
8 like on the county side, too, so --

9 SECRETARY ALEXANDER: Well, we have --  
10 just to address that. We have two things that are  
11 going. One, we have a committee that is working with  
12 CCAP.

13 We also have established in the  
14 department a county commissioner with a staff work  
15 group that's working directly with me on all of their  
16 vexing and important issues.

17 And they have a lot -- a lot of  
18 important issues that are either on the periphery of  
19 the block grant or are addressed in the block grant.  
20 And

21 We're working with them on a weekly  
22 basis or biweekly basis. We either have a conference  
23 call or physical meeting. We just had our meeting  
24 this week with them.

25 And various commissioners are on that

1 and staff from around the state. So maybe if your  
2 county would like to be involved, we're establishing  
3 some work groups, one on children and youth --  
4 children and youth, one on mental health, and the  
5 other on long-term care.

6 So we have three committees we're  
7 working on. So that for the first time we're now  
8 starting to work with the counties. This has never  
9 been done. It's always been a one size fits all, the  
10 state is dictating.

11 We don't believe in that. We certainly  
12 don't want that relationship with Washington, and we  
13 don't want to do that to the counties.

14 REP. GINGRICH: Thank you. Very good  
15 answer.

16 It is a little intimidating to them  
17 because it is all new, but I think the -- the  
18 positive perspective on it is healthy for us. It's a  
19 good foundation.

20 I'm going to stop now and save the rest  
21 for a second round. Thank you for --

22 SECRETARY ALEXANDER: Thank you,  
23 representative.

24 REP. GINGRICH: -- accepting the  
25 monumental task.

1                   SECRETARY ALEXANDER: Thank you,  
2 representative.

3                   CHAIRMAN ADOLPH: Thank you,  
4 representative.

5                   Representative Deb Kula.

6                   REP. KULA: Thank you, Mr. Chairman.  
7 Good afternoon, Mr. Secretary. Over  
8 here.

9                   SECRETARY ALEXANDER: I'm sorry.

10                  REP. KULA: Thank you.

11                  SECRETARY ALEXANDER: Thank you.

12                  REP. KULA: You've indicated eliminating  
13 Cash Assistance for general assistance recipients was  
14 allowing the department to continue Medical  
15 Assistance benefits for some of these individuals,  
16 yet the budget seems to anticipate that general  
17 assistance recipients will also lose \$170 million in  
18 Medical Assistance benefits in addition to the loss  
19 of cash benefits.

20                         Can you tell me how many general  
21 assistance recipients will lose their cash and  
22 Medical Assistance benefits? And there are general  
23 assistance recipients who do not receive any cash.  
24 How many of these individuals will lose their Medical  
25 Assistance benefits?

1                   I mean do you have any numbers or  
2 anything that you can provide us?

3                   DIRECTOR SPISHOCK: On an average  
4 monthly basis, we have about 61,000 GA recipients who  
5 receive a cash benefit. We will eliminate the cash  
6 benefit effective on July 1.

7                   On the Medical Assistance side, we don't  
8 propose eliminating Medical Assistance for anyone.  
9 The savings in the budget are basically attributed to  
10 an attrition of people, general assistance people,  
11 leaving the program.

12                   A number of the -- 61,000 in the cash  
13 program, I think when we looked at it, probably about  
14 -- somewhere between 15 and 20 percent of them never  
15 had a medical encounter during the year.

16                   When we eliminate those, the cash  
17 payment in July, upon re-determination, when they  
18 come back in, they will continue to get MA  
19 eligibility until they come in for re-determination.

20                   The assumptions we did in the budget for  
21 the savings on the MA side was that a number of them  
22 will not come in -- to -- for Medical Assistance  
23 eligibility, thereby generating savings on the MA  
24 side.

25                   REP. KULA: And -- and -- and why would

1       they not come in? I mean I'm not understanding how  
2       someone that has a need for cash assistance would  
3       not -- and was receiving Medical Assistance --

4                     DIRECTOR SPISHOCK: Well, they were  
5       receiving Medical Assistance probably through a  
6       managed care program. When we looked at medical  
7       encounters, we found that about 20 percent of them  
8       never had one medical encounter in a given year.

9                     They were in the system getting a cash  
10       benefit. We were paying for their medical coverage  
11       through the managed care program, but they were not  
12       coming in for any medical services.

13                    So after the elimination of the cash  
14       program, the assumption was that we would continue MA  
15       eligibility, to come back in for re-determination,  
16       and a number of them will not come back in and  
17       reapply because they are not getting the cash benefit  
18       and they weren't using the medical benefit.

19                    And of the 61,000 people who are cash  
20       benefits, there's about 39,000 of them who are in the  
21       system pending SSI eligibility. We do nothing with  
22       those people. Those people coming in will still get  
23       determined for SSI. If they move into SSI  
24       classification, we move them out of the GA category  
25       into one of the SSI categories. They will continue

1 to get their welfare benefits.

2           There's probably -- of the people  
3 affected on the capitation side -- or on the GA side,  
4 we assume that somewhere between eight and nine  
5 thousand of them may be affected on the MA  
6 eligibility side.

7           REP. KULA: Now, let's talk about the --  
8 the SSI and -- because there are -- there are -- have  
9 been people that maybe are receiving the cash  
10 assistance because they have applied for SSI but  
11 they -- and they have been approved, but it takes  
12 maybe a period of time until that comes in.

13           DIRECTOR SPISHOCK: Yes.

14           REP. KULA: And then it was always my  
15 understanding that they could receive the cash  
16 assistance until they got their SSI, and then they  
17 were to repay Medical Assistance for the cash  
18 assistance.

19           DIRECTOR SPISHOCK: Yes.

20           REP. KULA: Is -- is that still going to  
21 occur?

22           DIRECTOR SPISHOCK: With the elimination  
23 of the cash program, you would no longer get the MA.  
24 Basically the MA was like a -- a cash payment was in  
25 advance, but until you got the SSI cash benefit --

1 REP. KULA: Right.

2 DIRECTOR SPISHOCK: -- which was retro  
3 -- retroactive to the date of eligibility. When you  
4 got the SSI cash benefit, there was a repayment of  
5 cash payment from the GA program.

6 REP. KULA: Correct.

7 DIRECTOR SPISHOCK: We will eliminate  
8 the GA program, but we would still have people apply  
9 for the SSI benefit.

10 They will still get the SSI cash  
11 payment. It will be retroactive. It's just that  
12 time period between when they come in and until they  
13 could apply --

14 REP. KULA: Right.

15 DIRECTOR SPISHOCK: -- we were going to  
16 eliminate the cash program.

17 REP. KULA: I -- I understand that.  
18 But -- but being retroactive six months down -- or  
19 six weeks down the road where they had absolutely no  
20 income is what you're saying?

21 I mean right now they can get an amount  
22 of money that will at least keep them going until  
23 that first SSI check comes. Correct?

24 DIRECTOR SPISHOCK: Yes.

25 REP. KULA: But now --



1                   DIRECTOR SPISHOCK:  It's probably about  
2     \$200 a month.

3                   REP. KULA:  -- they're going to get an  
4     SSI check that's retroactive, which means they get a  
5     -- a larger amount --

6                   DIRECTOR SPISHOCK:  Right.

7                   REP. KULA:  -- in that first check, but  
8     that doesn't help them pay the bills or -- or  
9     function for the six-week period up until that  
10    occurs.  Correct?

11                  DIRECTOR SPISHOCK:  Yes.

12                  REP. KULA:  And -- and really the  
13    Commonwealth was not really -- if they were to repay  
14    that money back at the time they receive their SSI, I  
15    mean it's not like the Commonwealth was kind of not  
16    benefiting from that.  I mean in the end it was  
17    repaid.  Correct?

18                  DIRECTOR SPISHOCK:  Yes.  And a number  
19    of these people -- I mean we apply for SSI.  It's  
20    only a percentage of them that actually do get  
21    approval on the SSI side.

22                  So it's not -- we provide a lot of these  
23    benefits to GA recipients just solely as a hundred  
24    percent cash payment.  A percentage of them will get  
25    SSI.



1 an analysis by county, but we -- the other piece, we  
2 still are allowing hospitals to apply for MA based on  
3 the hospital application of recipients coming in.

4 So we will continue that proposal. It's  
5 a cost containment proposal that we have in the  
6 budget, but the cost containment piece was just that  
7 we would continue providing eligibility for them  
8 through the fee-for-service program instead of moving  
9 into the managed care program.

10 So if a recipient loses eligibility but  
11 then has to come in because of an emergency service  
12 to the hospital, the hospital will still take the  
13 hospital application for that recipient and, if  
14 determined eligible, we will -- we will make  
15 payment --

16 REP. KULA: And -- and --

17 DIRECTOR SPISHOCK: -- for that  
18 individual.

19 REP. KULA: And that -- and that --  
20 seems to then increase the cost to the hospitals for  
21 the uncompensated care.

22 DIRECTOR SPISHOCK: No. They will  
23 become a GA recipient and we will reimburse the  
24 hospital for that service through the hospital  
25 application process.

1                   REP. KULA:  Okay.  I -- I will have more  
2  questions in the -- in the next round.

3                   DIRECTOR SPISHOCK:  Okay.

4                   REP. KULA:  Thank you, Mr. Chairman.  
5                   Thank you, Mr. Secretary.

6                   CHAIRMAN ADOLPH:  Thank you,  
7  representative.

8                   Representative Dave Millard.

9                   REP. MILLARD:  Thank you, Mr. Chairman.  
10                  Mr. Secretary, welcome.

11                  Mr. Secretary, I have a service provider  
12  back in Columbia County and I've got some questions  
13  here that I think will be of value to all of our  
14  audience today and anybody who is affiliated with the  
15  service provider.

16                  Specifically with intellectual  
17  disabilities, providers are saying that they will be  
18  required to close their doors because of policies and  
19  ramifications and the rate adjustments that the  
20  department has made, as well as the changes to  
21  vacancy and leave policies and ramifications.

22                  I'd like your comments on that.

23                  SECRETARY ALEXANDER:  Well, we  
24  certainly -- the -- the Office of Developmental  
25  Programs for the upcoming year will receive a \$16

1 million increase over last year in the budget, and  
2 we're -- we're asking other providers, for example,  
3 in the Office of Long-Term Living, the nursing homes,  
4 to take a four percent rate cut.

5 We're asking hospitals to take a four  
6 percent rate cut, and we're also asking the managed  
7 care organizations basically to stay level funded.

8 So we don't believe that, you know,  
9 businesses will be put -- put out of business.  
10 However, we also don't believe that government is in  
11 the business of propping up businesses. So the  
12 market fluctuates.

13 REP. MILLARD: Now, you've kind of  
14 answered the next question here, a little bit here,  
15 but I'd like numbers or estimates if you have them.

16 SECRETARY ALEXANDER: Sure.

17 REP. MILLARD: Do you have an estimate  
18 of the numbers of providers who have notified the  
19 department that their doors are closing?

20 SECRETARY ALEXANDER: I don't have that,  
21 but I -- we certainly can get that to you.

22 REP. MILLARD: Okay.

23 SECRETARY ALEXANDER: Very quickly.

24 REP. MILLARD: And a follow-up to that.  
25 Are there other providers in the industry with

1 capacity to accept any such residents and who have  
2 contacted the department or do you believe these  
3 residents could potentially be required to enter a  
4 state institution?

5 SECRETARY ALEXANDER: No. We don't  
6 believe that they would be required. The goal -- our  
7 goal always is to provide options for individuals to  
8 live in the community, whether it's on the elder or  
9 the developmental disabled side or on the child  
10 side.

11 I -- I think that we constantly have  
12 providers calling us who either, A, want to develop  
13 new business models, which is always a good thing,  
14 or, B, have existing business models, like Life  
15 Share, and are willing to work with this population  
16 to deliver real community-based solutions.

17 And the most community-based we can have  
18 is having somebody live in a home, an actual house.  
19 So we -- we have Life Share providers calling us  
20 constantly. In fact, we were contacted today just  
21 about when are we going to ramp up. They're ready to  
22 take on more -- you know, more people if they have  
23 to. So I think we're -- we're comfortable.

24 These are challenging times. We know  
25 that the budget is challenging. Any time you've

1 decreased funding, it's challenging.

2 We're as -- as I said before, we're  
3 looking at a system that's not comporting with our  
4 revenue, and it's far exceeding our revenue. And, in  
5 fact, it's far exceeding the poverty rate.

6 The department has grown -- just -- just  
7 for general knowledge, this department has grown over  
8 the past decade by over 80 percent. Poverty in the  
9 Commonwealth has not increased by 40 percent. So  
10 we've doubled the rate of poverty.

11 And we have to be cognizant of that and  
12 deliver quality services, but we also have to be  
13 fiscally responsible to the taxpayers that we -- we  
14 serve. So --

15 REP. MILLARD: So what I'm hearing you  
16 say is it won't involve state institutions. However,  
17 it could involve under contractual arrangements one  
18 supplier to another privately?

19 SECRETARY ALEXANDER: What I would say  
20 is -- is our goal is to ensure that they all stay in  
21 the community using those private providers.

22 REP. MILLARD: And --

23 SECRETARY ALEXANDER: To the extent  
24 possible, we always want to use private providers.

25 REP. MILLARD: And if there's a switch

1 from one provider to another, where there's a zone of  
2 comfort in the -- in the level of care and  
3 familiarization with those who are giving the care,  
4 is there going to be some type of a program to  
5 transition from one another?

6 SECRETARY ALEXANDER: Well, yes.

7 REP. MILLARD: Will that involve the  
8 families and the guardians?

9 SECRETARY ALEXANDER: Absolutely.

10 REP. MILLARD: Okay.

11 SECRETARY ALEXANDER: We -- we always  
12 will involve -- our goal is to work with the consumer  
13 before anybody else. And the goal is to serve that  
14 consumer.

15 And I think if -- if we're cognizant of  
16 focusing on the recipient or that consumer, the state  
17 will save money. The Commonwealth will save money  
18 and deliver better services.

19 REP. MILLARD: Thank you, Mr. Secretary.

20 SECRETARY ALEXANDER: Thank you so much.

21 REP. MILLARD: Thank you, Mr. Chairman.

22 CHAIRMAN ADOLPH: Thank you.

23 Representative Ron Waters.

24 REP. WATERS: Thank you, Mr. Chairman.

25 And thank you, Mr. Secretary, for being



1 here.

2 SECRETARY ALEXANDER: Yes.

3 REP. WATERS: I have a couple questions  
4 I'd like for you to respond to. The -- one, is your  
5 understanding of the -- the role of government.

6 I'm quite sure you -- you do understand  
7 the recent analysis of our role is that it is to  
8 protect the health and welfare of the citizens. I  
9 think that's a pretty general understanding that we  
10 have about our role --

11 SECRETARY ALEXANDER: Sure.

12 REP. WATERS: -- in government. Do you  
13 agree with that?

14 SECRETARY ALEXANDER: Absolutely.

15 REP. WATERS: Okay.

16 SECRETARY ALEXANDER: Yes.

17 REP. WATERS: Thank you. Thank you so  
18 much. The -- a little follow-up on what my  
19 colleague, Deb Kula -- Representative Deb Kula was  
20 addressing with the general assistance and what's  
21 going to happen to the people who are -- who fall  
22 into the categories of qualification for the -- that  
23 safety net. Through no fault of their own they fall  
24 into that -- that category.

25 I believe there's about 68,000

1 Pennsylvanians who -- who qualify for that.

2 SECRETARY ALEXANDER: I'm not familiar.  
3 Is it 61?

4 REP. WATERS: Is that your  
5 understanding?

6 DIRECTOR SPISHOCK: There's roughly  
7 about 61,000 on a monthly basis who qualify for the  
8 cash payment and also get Medical Assistance as a  
9 result of that.

10 REP. WATERS: Okay. So you got 61,000?

11 DIRECTOR SPISHOCK: Yes, sir.

12 REP. WATERS: And with these cuts, how  
13 many people will be eliminated?

14 DIRECTOR SPISHOCK: 61,000 will lose  
15 their cash payment. There was no change -- there was  
16 some slight changes on the MA side. The assumption  
17 for -- of the 61,000, I think we assumed somewhere  
18 between 8 and 9,000 would lose -- would not come back  
19 into the Medical Assistance program.

20 REP. WATERS: So the people who qualify  
21 or the people with disabilities, survivors of  
22 domestic violence, and people who have needs of some  
23 treatment for various addictions they might have, and  
24 people who are caring for children and their parents  
25 are unable to care for them.

1                   DIRECTOR SPISHOCK: On the MA side we  
2 will continue MA eligibility. The -- it's the --  
3 they're not parents of children. They have a child  
4 in their custody. It may be an aunt or an uncle who  
5 is getting Medical Assistance coverage. They are  
6 medically needy recipients. They are not getting a  
7 cash benefit. They get eligible for MA on the -- on  
8 the medically needy side.

9                   On the medically needy side, the only  
10 thing we're changing is we're implementing a work  
11 requirement that we are asking recipients to work a  
12 hundred plus hours a month.

13                   We'd had that in there before, but it  
14 just may not have been for all of the different  
15 categories within that program.

16                   So on the medically needy side, it's the  
17 addition of the work requirement for those recipients  
18 and that's where a lot of those people will fall.

19                   Domestic violence recipients will  
20 continue to receive MA eligibility. All the  
21 recipients in the GA cash will continue to receive MA  
22 eligibility if they apply.

23                   REP. WATERS: But that could take time  
24 where the GA goes in there?

25                   DIRECTOR SPISHOCK: The GA, a lot of

1 those recipients are on a semi-annual review. So if  
2 they came into the system or were effective with  
3 eligibility on June 1, they would continue to get  
4 their eligibility until they come back in for  
5 re-determination.

6 If they come for re-determination and  
7 meet the eligibility requirements, they will continue  
8 to get MA eligibility.

9 REP. WATERS: Going back to your work  
10 requirement, the 100 hours work requirement, has that  
11 been tested in terms of who -- in today's economy --  
12 I know you've said these are some of the requirements  
13 of -- of the past but under today's economy and how,  
14 you know, difficult it is, and especially in -- in  
15 certain neighborhoods, in some neighborhoods it's not  
16 the same, how would this regulation be fair to all  
17 Pennsylvanians?

18 DIRECTOR SPISHOCK: For the GA we have a  
19 work requirement now. It's hundred plus hours a  
20 month for recipients age 21 to 59.

21 I'm not sure about the numbers. We have  
22 numbers of people who qualify for MA under that  
23 provision of medically needy. We can get you those  
24 numbers about how many people are qualifying right  
25 now for the 100-plus hours work requirement. We just

1 want to extend that requirement to the rest of the  
2 recipients in that category.

3 REP. WATERS: And I -- that's okay,  
4 too. But will you also take into account the  
5 unemployment numbers in different parts of the state  
6 to -- to make sure that there's some consistency, at  
7 least in your application of this policy?

8 DIRECTOR SPISHOCK: And we haven't  
9 finished up the entire policy on this yet. But we  
10 will take into consideration and take a look at the  
11 other factors in the provisions.

12 REP. WATERS: Then that, in my opinion,  
13 should be a strong consideration when we are  
14 exploring this -- this measure and how it will impact  
15 certain communities.

16 In some communities it might not be as  
17 difficult, but in some communities the difficulty is  
18 definitely going to be different.

19 The -- one of the other issues is  
20 dealing with the people with mental illness and as --  
21 and, as we know, there's not many people out here  
22 right now that have -- that are getting the services  
23 that they need in order to keep them either from  
24 acting out in public or ending up inside of our  
25 institutions at a very costly expense.

1                   Based on what I've received from the  
2 Department of Corrections, it's about 22 percent of  
3 the people in the -- in corrections are people with  
4 mental illnesses.

5                   And because they have mental illnesses  
6 and have a hard time complying with the programs that  
7 the department offers for people who maybe could get  
8 out on a minimum sentence or maybe could get out on  
9 early release, these people many times, because of  
10 their problems and the inability for the department  
11 to be able to treat them, that's not one of their  
12 specialized services, max out. So they stay there  
13 for extended periods of time at the cost of  
14 taxpayers.

15                   So I'm a little concerned about that,  
16 because we are addressing the concerns and -- and  
17 want to make sure we protect taxpayers and get the  
18 biggest bang for our buck.

19                   When we cut here, it's going to show up  
20 somewhere else. So to me, when we are exploring  
21 cuts, we just can't do this unscientifically. We  
22 have to also include many of the other factors which  
23 are the concerns I had with the GA concerns and the  
24 100 required hours, as well as the consequences that  
25 will take place when you do not provide services for

1 people who don't -- through no fault of their own  
2 need services. And going back to the role of  
3 government, to protect the health and welfare of our  
4 citizens.

5 So I just wanted to share that opinion  
6 with you, and I would like to speak with you in the  
7 second round of questions.

8 But, Mr. Secretary, as you know, I have  
9 written you a couple times about some internal issues  
10 that people have brought to my attention.

11 As Chair of the Black Caucus people  
12 write me about issues that they have. Many times the  
13 minority community write me about issues that they  
14 have within your department.

15 And -- and -- and perhaps I'll save  
16 these questions for the second round because I see  
17 the chairman getting edgy over there.

18 CHAIRMAN ADOLPH: Smiling. Smiling.

19 REP. WATERS: You're smiling. You're  
20 smiling, but you're still edgy. You've got an edgy  
21 smile on your face. But I -- and I respect that.

22 But, Mr. Secretary, I would like to have  
23 a follow-up question with you.

24 And thank you, Mr. Chairman.

25 SECRETARY ALEXANDER: Thank you.

1                   CHAIRMAN ADOLPH: Thank you,  
2 representative.

3                   Representative Bernie O -- O'Neill.

4                   REP. O'NEILL: Thank you, Mr. Chairman.

5                   Over here. Thank you for sitting in the  
6 hot seat today.

7                   SECRETARY ALEXANDER: Thank you.

8                   REP. O'NEILL: Accepting the task, and I  
9 look forward to the many days we enjoyed that the Red  
10 Sox beat the Yankees this year.

11                   So -- first of all, I want to -- I just  
12 want to commend you. In my opinion, humble opinion,  
13 anybody who -- who has the foresight to -- to go out  
14 and hire and bring on board former Representative Bev  
15 Mackereth really says something to me. I think it --

16                   SECRETARY ALEXANDER: Well, I --

17                   REP. O'NEILL: It really shows -- it  
18 really shows your leadership. So --

19                   SECRETARY ALEXANDER: I've done  
20 something right.

21                   REP. O'NEILL: Yeah.

22                   SECRETARY ALEXANDER: It's a pleasure to  
23 have you.

24                   REP. O'NEILL: Now, as a politician I  
25 have to tell you I have interests in a disclosure



1 statement going with that. She gave me this \$20 bill  
2 to say that to you.

3 DEPUTY SEC. MACKERETH: I swear I  
4 didn't.

5 REP. O'NEILL: But anyways I wanted to  
6 get into the block grants and the 20 percent and --  
7 and -- cut there, and I am kind of along the same  
8 lines with Representative DiGirolamo when he was  
9 here, the Chairman, talking about that, and we can  
10 get into conversations later.

11 I would like to be part of that group  
12 when -- when you're meeting with him and so forth --

13 SECRETARY ALEXANDER: Sure.

14 REP. O'NEILL: -- to get into that. But  
15 you know my background. You know my family  
16 background.

17 SECRETARY ALEXANDER: Yes.

18 REP. O'NEILL: You know my professional  
19 background.

20 So whenever the budget comes out, the  
21 first thing I look at is the line item for the  
22 waivers, you know, and the waiting list and that sort  
23 of thing.

24 So I guess what I want to ask you is --  
25 and I ask you this because -- and I guess I should

1 make a statement before that. The statement was made  
2 that you were kind of put on the hot seat, that, you  
3 know, it just seems like the finger is being pointed  
4 at you in this -- in this administration for -- for  
5 cuts.

6           And I have to tell you, people who know  
7 me on both sides of the aisle in this House and in  
8 the Senate know how I fight for these line items and  
9 for the this -- this group of citizens of -- with  
10 intellectual disability who have needs that are of no  
11 fault of their own. They weren't blessed like we  
12 were.

13           But I can tell you that I've been  
14 fighting for years for an increase, and every year we  
15 go back and we're fighting for -- to get the decrease  
16 restored and I have to tell you I had to do the same  
17 thing with the prior administration.

18           So to just point the finger at you and  
19 the current administration I think is wrong. I can  
20 tell you the prior administration, the last year that  
21 he was here, wanted to cut these line items \$6  
22 million.

23           It would have brought -- it would have  
24 brought down an \$11 million federal match with a \$17  
25 million decrease that he was bringing upon us, and we

1 had to fight for that.

2           So just I think it's wrong to blame it.  
3 And I want to give credit to Dr. Nolan and to Kathy  
4 who are on our Appropriation -- Appropriations staff  
5 because they noticed this is the first thing that I  
6 always look at. And it's through their diligence and  
7 hard work that they find areas where we can make up  
8 that money and I've given them that task again and  
9 we're working hard at it and we'll see how it goes.

10           But my question to you is there's no --  
11 once again, there's no increases to waiver wire, you  
12 know, to the waiving list, especially for the number  
13 of our children that are coming out of our schools  
14 when they've reached the age of 18 -- they're 21  
15 basically, and there's no services for them.

16           And those -- those lists are just  
17 getting longer and longer. But I get phone calls  
18 from all over the state from elderly parents asking  
19 me to help them with their adult children, trying to  
20 get them on the waiver list, to get them on the top  
21 of the waiver list, because of the need.

22           Can you just address that? Because  
23 it's -- it's a continuing ongoing battle.

24           SECRETARY ALEXANDER: I -- I think  
25 it's -- and thank you for your care and concern.

1           I think it's our goal to try to do  
2 something about that waiting list. Certainly, you  
3 know, it was large when we got here and it does -- it  
4 has grown.

5           We have -- don't have any extra money in  
6 the budget currently to address that waiting list.  
7 As I had said earlier, the Office of Developmental  
8 Programs has a \$16-plus million increase into next  
9 year.

10           We are trying to address it though in  
11 basically three ways. One is by trying to bring  
12 some -- bring cost containment to other areas within  
13 the programs, which we hope to be able to use some of  
14 that -- those savings to put toward the waiting  
15 list.

16           The -- the -- the launching of  
17 additional Life Share programs or Life Share  
18 providers, bringing more Life Share providers and  
19 really pushing Life Share, we hope to use that to be  
20 able to address the waiting list.

21           I certainly know that that's not going  
22 to eradicate the thousands and thousands that we need  
23 to. However, it is on our minds, one of our primary  
24 concerns, that we don't like to see a waiting list  
25 for these individuals.

1                   But we have to get our costs under  
2 control throughout all of our divisions at the  
3 department so that we can realign some of these funds  
4 to the waiting lists, so that we can move people off  
5 of the waiting list into the needed services.

6                   It's going to be a challenge. I don't  
7 think it's something that we can do alone without  
8 sort of -- without the legislature and the  
9 legislature's help.

10                   But we do know that it's very important,  
11 and it's important to help those individuals and we  
12 care a great deal about it.

13                   REP. O'NEILL: I thank you for that  
14 answer because it actually leads into my second  
15 question. And -- and my concern has always been to  
16 make sure that every dollar we put into the programs  
17 for this -- you know, for these people in our  
18 community, that the money actually gets to them and  
19 it is spent on them.

20                   So -- so my next question would be is  
21 there -- when was the last real performance audit  
22 done throughout the counties, throughout the state,  
23 to see and make sure where the money is going, to  
24 make sure that it is being filtered down to those  
25 people who are in need that are going -- that are on

1 that list?

2 And is there plans for any other future  
3 performance audit? Because, you know, it's like  
4 public education, people hear me say all the time, I  
5 have a hard time supporting people that want to make  
6 a profit off the back of a kid's education.

7 Well, it's the same thing when people  
8 are making profits off the back of those people who  
9 actual truly need our help.

10 So is there any plan -- has there been  
11 any recent audits? Is there a plan for any, you  
12 know, real or in-depth performance audits to make  
13 sure that that money is getting where it's supposed  
14 to be?

15 SECRETARY ALEXANDER: We have over the  
16 last nine to ten months been, as you know, taking a  
17 very close look at the Office of Developmental  
18 Programs. It's made some people happy, and it's made  
19 others angry, quite frankly.

20 We have us a lot of data, which we  
21 certainly could share with you. We have done our own  
22 internal audit on looking at actual costs, our fee  
23 schedule, our cost base reimbursement based on cost  
24 reports from providers and -- and like that.

25 We certainly would like to come in and

1 sit down and show you those. I think it would be a  
2 bit cumbersome to go through all that here.

3 REP. O'NEILL: Oh, absolutely.

4 SECRETARY ALEXANDER: But I think that  
5 we would enjoy coming in and sitting -- sitting down  
6 and going through all that with you so you could see  
7 some of the things that we've found.

8 REP. O'NEILL: Are the providers audited  
9 on a regular basis?

10 SECRETARY ALEXANDER: The providers are  
11 audited, but we have not been as -- I think in the  
12 past, as aggressive with provider audits.

13 One of the things that we're doing  
14 through program integrity and trying to fight fraud  
15 and waste and abuse is we started out by targeting 50  
16 at risk providers and coming very soon, in June, we  
17 will be launching a -- a provider -- a statewide  
18 provider audit of close to a thousand providers.

19 So we would be happy to -- to share some  
20 of that with you.

21 REP. O'NEILL: Thank you. My last  
22 question -- and I apologize, Mr. Chairman -- is I had  
23 some people in my office about the -- the asset  
24 program that's being reintroduced.

25 SECRETARY ALEXANDER: Yes.

1                   REP. O'NEILL: And I'll be honest. I --  
2     you know, this -- it was -- it was fairly new  
3     language to me and it's being brought back.

4                   Can you just touch on that, why you're  
5     bringing it back and what you believe?

6                   SECRETARY ALEXANDER: Yeah. Well, as  
7     you know --

8                   REP. O'NEILL: What you're doing and so  
9     forth?

10                  SECRETARY ALEXANDER: -- the asset test  
11     was in place in Pennsylvania until mid 2008.

12                  REP. O'NEILL: I know.

13                  SECRETARY ALEXANDER: And it was in  
14     place historically. And the reason for bringing back  
15     the asset test is we -- not only did we hear from,  
16     you know, either this body or outside in the public  
17     the abuse of the food stamp program, but we certainly  
18     saw that we had individuals with assets above where  
19     the public should be accessing public funds before  
20     they come to the state and in order to ensure  
21     integrity in the program, we wanted to bring back  
22     that asset test so that public dollars are spent  
23     wisely.

24                  Certainly it only affects a small amount  
25     of the people that are accessing it, and in all --



1 all of those funds will be there for the truly  
2 indigent and the poor. But those that have the means  
3 should be spending, we believe, their own funds  
4 before they come to the public.

5           They still can keep a certain amount of  
6 their assets, their home, a certain amount of cars,  
7 but at some point we felt that we had to draw the  
8 line to preserve that program for the -- the most  
9 needy and -- and we're trying to do that across the  
10 board.

11           These programs, all of them were  
12 intended for the poor and the indigent. They were  
13 never intended for anything above that.

14           REP. O'NEILL: Okay. Great. Thank you  
15 very much.

16           SECRETARY ALEXANDER: Thank you.

17           REP. O'NEILL: Thank you, Mr. Chairman.

18           CHAIRMAN ADOLPH: Thank you,  
19 representative.

20           Representative Scott Conklin.

21           REP. CONKLIN: Thank you, Mr. Chairman.

22           I want to thank you, Mr. Secretary.

23           SECRETARY ALEXANDER: Thank you.

24           REP. CONKLIN: Just a quick commentary  
25 first. This weekend when I was up in Centre County

1 and I was talking with my county commissioners on  
2 both sides of the aisle -- and just if you're taking  
3 score, they're against the cuts.

4 SECRETARY ALEXANDER: Okay. No. I -- I  
5 -- that's what I'm hearing, so -- but we'll score  
6 that.

7 REP. CONKLIN: But, you know, I think  
8 the problem is when we're looking about this, we'll  
9 put two things together here and what you're talking  
10 about. You're talking about a 20 percent cut and  
11 flexibility. The flexibility, as a county  
12 commissioner for years, I like. The 20 percent cut  
13 is hard to deal with it, because it's you're either  
14 going to get rid of services or raise taxes.

15 But one of the things -- what I call a  
16 block grant is when you're feeding ten people. You  
17 put all ten of them into a room. You put enough food  
18 for eight and you allow them to decide whether all  
19 eight -- all ten are malnourished or you starve two.  
20 So that's my definition of the block grant for you.

21 SECRETARY ALEXANDER: Okay.

22 REP. CONKLIN: The -- the questions I  
23 have are actually from advocates that -- that asked  
24 me to ask these and I wrote them down just to make  
25 sure I get them right.

1                   The first is on the -- on the fiscal  
2 management services or the FMS. We understand you  
3 recently decided to reduce the number of  
4 organizations providing FMS persons with disabilities  
5 from 37 to one to three.

6                   Individual families, the advocates and  
7 the providers are concerned with -- with how this  
8 adversely affects the choices and the quality of  
9 those services.

10                   Can you comment on, A, these proposals  
11 and, B, which populations are affected and who will  
12 be contracted by DPW to provide these FMS services?

13                   SECRETARY ALEXANDER: We -- we -- thank  
14 you. We -- we had proposed a request to the public  
15 to gain input to be able to narrow down the amount of  
16 providers.

17                   Financial management services is not a  
18 health care service. It's an administrative  
19 service. So it's not really -- it's not a service  
20 that's directly -- affects the health care of  
21 individuals. It's an administrative service.

22                   What we're trying to do in the  
23 department is much like most states or all the states  
24 around the country when it comes to these  
25 administrative issues, is to use selective

1 contracting to be able to narrow down the amount of  
2 providers to increase quality so that we don't have  
3 all of these providers across the system.

4 We have thousands and thousands of  
5 providers across the Commonwealth, and at some point  
6 it becomes unmanageable.

7 So our goal is to narrow that down,  
8 improve the quality, and -- and -- so that there's  
9 greater coordination.

10 I think we understand that the -- the --  
11 the issues of those who would be affected. We looked  
12 nationally at this issue and we saw that there's no  
13 other state that had that amount of providers, even  
14 states that were larger than us, when it came to the  
15 financial management services.

16 So across the board we have to become  
17 more efficient; and if we're going to be in a -- in a  
18 state where we just leave everything as is and leave  
19 the status quo with everything we're doing, when it  
20 comes to providers and quality and trying to -- to  
21 really improve efficiencies, we're never going to  
22 achieve much in terms of quality outcomes for the  
23 people we serve.

24 So that's essentially what we're trying  
25 to do here.

1                   We also have some federal audit issues  
2 with this where the federal government is looking for  
3 financial accountability, and they've been on our  
4 case. And, in fact, we have an issue right now where  
5 we sent a letter to some of these providers, we're  
6 waiting back input from them so we can get back to  
7 the federal government to account for money.

8                   As you know, we have to account to  
9 Washington for money that we spend and we saw an  
10 issue there that was even pointed out by our federal  
11 partners.

12                   REP. CONKLIN: Do you know if these will  
13 be in-state providers so we keep the Pennsylvania  
14 money in Pennsylvania? Or do you keep track of which  
15 state --

16                   SECRETARY ALEXANDER: Our goal is to  
17 always try and keep in-state providers, and I think  
18 as we move forward -- and I think all -- the entire  
19 administration has that view, that we want to be able  
20 to keep the money in Pennsylvania rather than --  
21 however, we do want to try to attract new businesses  
22 to come to Pennsylvania to settle here.

23                   REP. CONKLIN: And just one -- just one  
24 last question. This one has to do with the  
25 behavioral health.

1 SECRETARY ALEXANDER: Yes.

2 REP. CONKLIN: When you -- when you look  
3 at the counties' human services block grant, can you  
4 provide this committee -- and I realize you may not  
5 have it now -- or the Chair itself, with the amount  
6 of overmatch which was supplied to each county in the  
7 Commonwealth last year?

8 SECRETARY ALEXANDER: I don't think we  
9 have that available at our fingertips right now. We  
10 will provide the Chairman with that so he can  
11 distribute that to the committee.

12 REP. CONKLIN: Thank you.

13 SECRETARY ALEXANDER: Thank you.

14 REP. CONKLIN: It would be greatly  
15 appreciated.

16 SECRETARY ALEXANDER: Thank you for your  
17 comments.

18 CHAIRMAN ADOLPH: Representative Mario  
19 Scavello.

20 REP. SCAVELLO: Thank you,  
21 Mr. Chairman.

22 And good afternoon, Mr. Secretary.

23 SECRETARY ALEXANDER: How are you?

24 REP. SCAVELLO: Very good. Thank you.  
25 I -- I share the -- in Monroe County with my

1 colleague, Representative Peifer. And he's going to  
2 ask the mental health -- the mental service  
3 questions.

4 First, I was given this sheet, and I'm  
5 trying to see if this is accurate or not. The number  
6 of adults and children eligible for assistance by  
7 county. Was this handed out by the department?

8 SECRETARY ALEXANDER: I --I -- my eyes  
9 aren't that good. So --

10 REP. SCAVELLO: Let me - let me -- I'm  
11 sorry.

12 SECRETARY ALEXANDER: -- I apologize.

13 REP. SCAVELLO: Let me -- let me -- do  
14 you have yours in front of you that -- where you said  
15 you can get the county figures? I just want to see  
16 if this is accurate.

17 It has the cash assistance --  
18 assistance, Allegheny County and Philadelphia getting  
19 almost 60 percent of the cash assistance for the --  
20 for the state.

21 DIRECTOR SPISHOCK: That's probably the  
22 general assistance recipients.

23 REP. SCAVELLO: Right.

24 DIRECTOR SPISHOCK: In Philadelphia,  
25 it's like 51 percent. And I think Allegheny is about

1 8 percent --

2 REP. SCAVELLO: They account for like --  
3 the two counties account for like 1. -- I mean 2.5 of  
4 the -- 2.5, 2.6 of the total population of the  
5 Commonwealth, and they're getting 60 percent of the  
6 dollars.

7 As far as food stamps, one out of every  
8 three -- is that accurate -- in Philadelphia is  
9 receiving food stamps according to their population?  
10 Their population is approximately 1.5 million.  
11 That's what's on -- on this sheet.

12 DIRECTOR SPISHOCK: I -- I --

13 REP. SCAVELLO: Could you --

14 SECRETARY ALEXANDER: We can validate --  
15 we can validate or verify all of that and get that to  
16 you.

17 REP. SCAVELLO: Yeah. Because if that's  
18 accurate, my gosh, it's worse than Greece where it's  
19 one out of every -- one out of every five people --  
20 one out of every five, one person on government --

21 SECRETARY ALEXANDER: Well, I think that  
22 it probably is high. You know, we have, I think,  
23 close to 1.8 million people on food stamps in the  
24 Commonwealth.

25 And as I had indicated earlier, our



1 ratio of -- of people working to people on public  
2 assistance is very high. One of the highest ratios  
3 in the country, that almost 2.1 to 1.

4 So that's why I've been indicating to  
5 the legislature and others that we have a financial  
6 situation we're going to deal with.

7 REP. SCAVELLO: Yeah. But one out of  
8 every three seems very high.

9 SECRETARY ALEXANDER: Yeah. We'll  
10 validate that for you.

11 REP. SCAVELLO: Yeah. I'd really like  
12 to see those, if that's accurate or not. Because,  
13 you know, I think I told you this story the last time  
14 around or -- and, you know, I get this from  
15 constituents, they see somebody dressed up to the  
16 tens or nines, walks out and gets into a beautiful  
17 vehicle and they paid -- they paid -- made their  
18 purchases with their Access card. And that -- you  
19 know, and I applaud you for looking at assets, too,  
20 because that's important.

21 You know, you could be out of work for  
22 three months and collect food stamps. Am I correct?  
23 That's in the old -- under the old plan.

24 SECRETARY ALEXANDER: You could. You  
25 could also get some form of unemployment and be

1 accessing food stamps. You could win the lottery and  
2 access food stamps.

3 REP. SCAVELLO: Uh-huh. Okay. An issue  
4 that has garnered some attention nationally is the  
5 dual eligible, those individuals are eligible for  
6 both Medicaid and Medicare.

7 Improved care coordination and dual  
8 eligibles is viewed as a significant opportunity to  
9 be more efficient in the expenditure of public health  
10 care dollars as Pennsylvania prepares for the  
11 increased Medicaid case load as a result of Medicaid  
12 expansion included in the federal health care form.

13 What is the department's plan for those  
14 dual eligibles?

15 SECRETARY ALEXANDER: We certainly know  
16 that the dual eligibles are our costliest cases in  
17 the Medicaid case load, and we will have a plan to  
18 address that very shortly, probably within the next  
19 three or four months.

20 It is a bit of a challenge simply  
21 because we have to work with our federal partners.  
22 We need federal Medicare data. There's much that  
23 goes into it.

24 However, the department is working very  
25 diligently on that issue. We know it's very

1 important. It's important from a care coordination  
2 perspective, but probably for the committee's sake  
3 it's important for financial obligations.

4 REP. SCAVELLO: Presently they're carved  
5 out of the Medicaid. Am I correct?

6 SECRETARY ALEXANDER: I wouldn't say  
7 they're carved.

8 DIRECTOR SPISHOCK: Well, they're carved  
9 out of the capitation program.

10 SECRETARY ALEXANDER: Capitation, yes.  
11 They have to be preserved.

12 DIRECTOR SPISHOCK. Out of Medicare.

13 REP. SCAVELLO: And will this continue?  
14 I guess you can't answer this yet. Will it continue  
15 under your proposed health care expansion into the  
16 new west and east -- new east regions of -- of -- or  
17 will the department transition this population into a  
18 managed care program? I guess you haven't --

19 SECRETARY ALEXANDER: We're working on  
20 a -- on a proposal right now, representative. So  
21 it's something that we hope to have done in the next  
22 three or four months.

23 REP. SCAVELLO: All right. And I'll  
24 have a second round of questions based on -- on --  
25 for my age -- aging questions.

1                   Just one quick one. The pharmacy. Have  
2 you sat down with any of the -- in the pharmacy  
3 community because, you know, there's a tremendous  
4 amount of cuts, using the dispensing fees, by using  
5 the Act 122 provision.

6                   Is the pharmacy community sitting down  
7 with you maybe that they -- they can find ways to  
8 save dollars?

9                   SECRETARY ALEXANDER: I certainly  
10 welcome that. When we looked at the dispensing fee  
11 issue, we were trying to bring it more in line with  
12 our managed care and with the private sector. And  
13 that's really where we were trying to go with that.

14                   It's not anything that's out of the  
15 norm, whether in the state of Pennsylvania or  
16 anywhere else nationally, when you look at managed  
17 care or Medicaid managed care or in the private  
18 sector.

19                   REP. SCAVELLO: Will the -- how will the  
20 pharmacy reimbursement cuts be proposed under the Act  
21 122 provision? And how -- how are they affected by  
22 the move to managed care?

23                   DIRECTOR SPISHOCK: Well, the -- the  
24 changes to the pharmacy are really more of a stopgap  
25 provision between when we eventually move to the

1 managed care program. As the Secretary said, the  
2 dispensing fees proposed in those are so -- it's a  
3 reduction to our current dispensing fee, but it's  
4 still a little bit higher than what is being provided  
5 in the managed care program.

6 The cuts are really a -- a stopgap until  
7 we move into the managed care program.

8 REP. SCAVELLO: Thank you. I'll have  
9 questions for the AAAs in the second round. Thank  
10 you.

11 CHAIRMAN ADOLPH: Thank you,  
12 representative.

13 I'd like to acknowledge Representative  
14 Kate Harper, as well as Representative Tom Murt who  
15 have joined us.

16 The next question is from Representative  
17 Michelle Brownlee.

18 REP. BROWNLEE: Thank you,  
19 Mr. Chairman.

20 Good afternoon, Mr. Secretary.

21 SECRETARY ALEXANDER: Good afternoon.

22 REP. BROWNLEE: I need to go back to the  
23 elimination of the general assistance program and do  
24 some follow-up that my colleagues had on some of  
25 their line of questioning.

1                   It has come to my attention that this  
2 cut is possibly the largest cut in the entire budget,  
3 larger than the 20 percent and -- for the human  
4 services program and even larger than the cuts in  
5 higher education, some would say.

6                   Now, someone who is on general  
7 assistance and gets cash, how much money a month do  
8 they get?

9                   DIRECTOR SPISHOCK: Probably on the  
10 average between 185 and \$200 a month.

11                  REP. BROWNLEE: 185 and \$200 a month and  
12 you say it's 61,000 people. Is that correct?

13                  DIRECTOR SPISHOCK: Yes.

14                  REP. BROWNLEE: That gets that cash?

15                  DIRECTOR SPISHOCK: Yes.

16                  REP. BROWNLEE: I can't do the math as  
17 fast as Representative Samuelson, but --

18                  DIRECTOR SPISHOCK: It's a savings of  
19 about 150 million dollars a year.

20                  REP. BROWNLEE: \$150 million a year.  
21 Okay. Now, the people who are eligible for this  
22 safety net program, because it would have to be a  
23 safety net program at pretty much 25 percent of the  
24 poverty level, are people who are domestic violence  
25 survivors. Is that correct?

1 DIRECTOR SPISHOCK: Yes.

2 REP. BROWNLEE: So it's a very narrow  
3 group of people. Children living without parents,  
4 people who are on disability, or not on disability  
5 but applying for disability. Is that correct?

6 DIRECTOR SPISHOCK: Yes.

7 REP. BROWNLEE: And -- and that money  
8 gets paid back and goes back into the fund. Is that  
9 correct?

10 DIRECTOR SPISHOCK: A portion of that.

11 REP. BROWNLEE: A portion?

12 DIRECTOR SPISHOCK: If they are  
13 determined to be eligible for SSI, that money is  
14 reimbursed. Those that are not eligible we continue  
15 to pay through the GA program.

16 REP. BROWNLEE: Okay. What -- what is  
17 -- what is that percentage that gets paid back? Can  
18 you tell me that?

19 DIRECTOR SPISHOCK: I think out of the  
20 -- I think we had guessed that we were paying about  
21 \$160 million in payments and there's about \$10  
22 million that comes back as a collection from -- from  
23 SSI.

24 REP. BROWNLEE: Okay. So for the people  
25 who do not get determined eligible for disability,

1 for those people who are domestic violence survivors,  
2 for those children who do not live in a house that is  
3 controlled by a parent, and there's also another  
4 small category of -- of students between 18 and 20, I  
5 believe, that are in secondary school. Are they  
6 eligible? Is that correct? Is my information  
7 correct on that?

8 DIRECTOR SPISHOCK: Not -- I would have  
9 to go back and double check that. Not --

10 REP. BROWNLEE: A very small percent, I  
11 believe.

12 DIRECTOR SPISHOCK: Yes.

13 REP. BROWNLEE: Okay. I really have a  
14 simple question. How do you think these people are  
15 going to survive and not wind up in hospitals or  
16 mental institutions or jails or just on the street?

17 DIRECTOR SPISHOCK: Well, for medical  
18 services, I mean we will continue medical services.

19 REP. BROWNLEE: We're not talking  
20 medical services. I'm talking about cash assistance.

21 DIRECTOR SPISHOCK: Cash?

22 SECRETARY ALEXANDER: The -- the --  
23 representative, this is a hundred percent state-only  
24 funded program and in looking at our budget, we had,  
25 as I had said earlier, 20 percent of our budget to



1 really focus on because 80 percent of the budget,  
2 which is the Medicaid program, is basically hands  
3 off. We have a maintenance of effort requirement  
4 that goes back to 2008.

5 And in looking at our budget our goal  
6 was to preserve the safety net, our core programs of  
7 food stamps, Medical Assistance, and cash assistance,  
8 our TANF program.

9 And in looking at everything we had to  
10 spend, this is one of the areas where we recognized  
11 that we had -- the majority of people on this program  
12 were men and that we could try and move some of them  
13 off either into an employment situation, knowing that  
14 nationally all states are faced with this very  
15 difficult situation and have -- a lot of states or  
16 some states have eliminated general assistance  
17 completely or have modified it and reduced it, as  
18 we're proposing to do.

19 We certainly know that this is  
20 challenging. It's not easy. We only had, as I said  
21 before, that 20 percent to really work with because  
22 of the maintenance of effort requirements in our  
23 Medicaid program.

24 If we were able to reform Medicaid,  
25 because Medicaid needs reform, maybe something like

1 this may not -- we may not propose. Or if we did, it  
2 would be less than what we have proposed.

3           However, based on the totality of what  
4 we're looking at, this is where we had to work with.  
5 It's challenging. We understand it.

6           Our goal is to -- to try and -- and move  
7 as many people as we can into employment, still  
8 provide them with Medical Assistance, that basic  
9 safety net of Medical Assistance, so that they have  
10 some form of health care.

11           But this was where we had to go. If we  
12 don't do these things, then we've got to try -- we've  
13 got to go back and eliminate the human services  
14 development fund, the entire fund, and -- and then,  
15 I'm sure, this body will -- and others wouldn't like  
16 that.

17           It's -- it's a challenge for us.

18           REP. BROWNLEE: I -- I do understand  
19 that it's a challenge, and I'm -- I'm -- I'm new to  
20 this committee and I've sat here for the last couple  
21 of weeks and it has come to my attention that -- and  
22 I understand that you want to move people to work.

23           The true reality of it is, is that the  
24 unemployment nationally and in the Commonwealth is  
25 very high and most of these people that we're talking

1 about moving off of GA has to be retrained or  
2 retooled or educated to get a job, even some entry  
3 level jobs, especially if you're talking about  
4 somebody with a -- a mental disability and they're  
5 waiting for SSI to kick in.

6 Now, with that being said, once these  
7 people are off, it's going to cost the Commonwealth  
8 in my estimation -- and that's just my humble  
9 estimation -- more money a month to help sustain  
10 these people.

11 You got incarceration costs, what, if  
12 they get arrested, 2,000 -- over \$2,000 a month. If  
13 they have to go to a psychiatric state -- a  
14 psychiatric hospital for a month, that's, what, about  
15 20,000 a month? Homeless shelter, a little over a  
16 thousand a month. Foster care for a child, a little  
17 over 1,800 a month.

18 So I don't see where the cost savings  
19 is. Can you tell me where the cost savings is?

20 SECRETARY ALEXANDER: I think, as I had  
21 said before, representative, the department is  
22 growing at an unsustainable rate, and I think we  
23 understand the challenges of trying to cut these  
24 programs.

25 Over the years these programs have grown

1 and grown and grown and nobody has taken a -- a look  
2 at trying to make them more efficient and trying to  
3 improve their efficacy.

4           Because of that, we're in a situation  
5 right now where the department is growing at a much  
6 higher rate than any general revenue or anything  
7 else, and it's created almost a collision course,  
8 especially in light of the fact that we only have 20  
9 percent of this budget to work with.

10           So when we have to save this money, this  
11 is what we have to work with. We know it's a  
12 challenge. And we're trying to work through it and  
13 work with these individuals.

14           REP. BROWNLEE: Thank you. I'm -- I'm  
15 going -- I'm still a little confused because I don't  
16 see the savings.

17           I do understand that it's a challenge.  
18 I do think that some of those savings can be realized  
19 in some other areas.

20           Let me switch gears for a minute. One  
21 of my colleagues asked me to ask the question so I'm  
22 hoping you can help us with this one.

23           Many families can't afford to pay for  
24 home care so they opt into the nurse -- they have to  
25 go to nursing homes, send their people to nursing

1 homes, and they opt in to participate with the waiver  
2 program.

3 Now, it's my understanding the waiver  
4 program, it provides nursing services in exchange for  
5 signing and agreeing to allow DPW to attach a lien to  
6 their homes. Right?

7 How much has the state collected through  
8 this waiver program and explain to us how are the  
9 properties liquidated? Do you have a total cost of  
10 services that the state provides to participate -- to  
11 participants in the waiver program?

12 SECRETARY ALEXANDER: I think we're  
13 going to have to get back to you on that issue,  
14 representative. I don't have that data in front of  
15 me.

16 REP. BROWNLEE: Thank you. I would  
17 appreciate it.

18 SECRETARY ALEXANDER: So we will  
19 definitely get you that information.

20 REP. BROWNLEE: I would appreciate it.

21 SECRETARY ALEXANDER: Absolutely.

22 REP. BROWNLEE: If you could give that  
23 to the Chairman of the Committee.

24 SECRETARY ALEXANDER: Absolutely.

25 REP. BROWNLEE: Thank you. Thank you,

1 Mr. Secretary.

2 Thank you, Mr. Chairman.

3 CHAIRMAN ADOLPH: Thank you.

4 Representative Mike Peifer.

5 REP. PEIFER: Thank you, Mr. Chairman.

6 Thank you, Secretary, for being here.

7 SECRETARY ALEXANDER: Thank you.

8 REP. PEIFER: We appreciate what you're  
9 trying to do and match the concerns of our  
10 Commonwealth with the needs of our people.

11 I, too, had a question about the block  
12 grant and concerns I have in the local joinder, which  
13 would be Monroe, Carbon, and Pike Counties. I think  
14 many of those questions you have answered.

15 You've talked about community-based  
16 solutions and what you're trying to do there. The  
17 two gentlemen from Bucks, the gentlemen from Centre  
18 County, the gentlelady from Lebanon County asked  
19 questions of this consolidation and of this  
20 reduction.

21 The only thing that -- that I ask you as  
22 an additional question has to do with, you know, the  
23 maintenance of effort and -- and the specific  
24 regulatory relief that you feel is associated there  
25 and a question about the timing of the effort and how

1 this can be done over like a -- a four-and-a-half  
2 month time period.

3 SECRETARY ALEXANDER: You're asking how  
4 we can implement it?

5 REP. PEIFER: These -- these are  
6 specific questions, exactly. How -- you know --

7 SECRETARY ALEXANDER: Okay.

8 REP. PEIFER: -- can you implement this  
9 type of system in the next four-and-a-half months?

10 SECRETARY ALEXANDER: The system is --

11 REP. PEIFER: Isn't that aggressive?

12 SECRETARY ALEXANDER: The system is in  
13 place now. We -- we already appropriate, give money  
14 to the counties, in a very siloed fashion through six  
15 separate funds. The only thing that we're doing  
16 right now, they're still going to get that money.  
17 What we're saying to them is now that money is  
18 flexible. Instead of you running out of funds in one  
19 area and then you can't -- you have no more funds in  
20 one area, you can now move the money around in a very  
21 flexible manner.

22 I think what we're -- where we're trying  
23 to get to is a meeting of the minds with the counties  
24 on exactly what are the parameters according to  
25 health and safety, and I think we're making good

1 progress and I think we will be definitely ready by  
2 July 1st working with the counties.

3           Because the counties have a vested  
4 interest, just like we do, to assure that these  
5 programs are in place. And they want -- as I said, I  
6 think they realize -- some of them are saying the  
7 cuts are too much. Others are saying they're fine  
8 with it.

9           But I think in the final analysis, you  
10 know, when this is finally implemented, they'll  
11 realize -- they realize this is going to be a better  
12 system for them in the long run.

13           You know, for the short-term challenges  
14 that we have.

15           REP. PEIFER: Well -- and I think that's  
16 part of the question that I have received from my  
17 local joinder, is that -- I mean I can sense that  
18 they're somewhat scared. They're a little scared of  
19 the unknown about being between a rock and hard  
20 place, between federal regulation, between declining  
21 state funding possibly, and between maybe their  
22 county commissioners, finding themselves in very  
23 difficult spot as far as how to service these  
24 individuals who are the most vulnerable and do it to  
25 meet those standards.



1                   SECRETARY ALEXANDER: You know, I think  
2 we -- we have a challenge here as a Commonwealth, as  
3 a legislature and as the -- as the executive branch,  
4 to be able to really break down silos of government.

5                   I think the footprint of public welfare  
6 has become so large that we have a discoordinated  
7 system in place.

8                   And when I say that, I'm -- I'm talking  
9 about bureaucracy. We have a large state-based  
10 system where we deal with a vast federal bureaucracy  
11 and then we also have a county system, and that  
12 county system, for as good as it is, may not  
13 necessarily always comport with state rules,  
14 regulations, the overburden the state and federal, as  
15 you would -- as you had referenced, put -- puts on  
16 the county.

17                   We have to -- we have to, you know,  
18 develop a much better system, and I believe that the  
19 state can save millions and millions of dollars by  
20 decreasing, you know, the -- the footprint of public  
21 welfare and -- and making it more efficient across  
22 the board, so that funds are put into people rather  
23 than into bureaucracy.

24                   REP. PEIFER: Thank you. I just -- the  
25 only thing I ask is that you really communicate with

1 my local counties, with the joinder, and already  
2 they've -- they've -- they've done a nice job at  
3 working together --

4 SECRETARY ALEXANDER: Yep.

5 REP. PEIFER: -- and they're just  
6 looking for that leadership from you and the help  
7 that's out there from your -- from your department to  
8 try to implement this program.

9 SECRETARY ALEXANDER: We would really  
10 like to work with them.

11 REP. PEIFER: Okay.

12 SECRETARY ALEXANDER: Absolutely.

13 REP. PEIFER: And I will -- I will go  
14 home and let them know.

15 SECRETARY ALEXANDER: Please.

16 REP. PEIFER: I'm sure they'd like to be  
17 part of that working group that you discussed  
18 earlier.

19 SECRETARY ALEXANDER: And maybe I can  
20 make a personal visit up there.

21 REP. PEIFER: Yes. That would --

22 SECRETARY ALEXANDER: So if you'd like  
23 to arrange that.

24 REP. PEIFER: That would be much  
25 appreciated. Thank you.

1 SECRETARY ALEXANDER: Sure. Any time.

2 REP. PEIFER: Thank you, Mr. Chairman.

3 CHAIRMAN ADOLPH: Thank you.

4 Representative Mike O'Brien.

5 REP. O'BRIEN: Thank you, Mr. Chairman.

6 Good afternoon, Mr. Secretary.

7 SECRETARY ALEXANDER: Good afternoon.

8 REP. O'BRIEN: I'll leave the blinding,  
9 brilliant and searing policy insights to my young  
10 attorney colleagues, but let's just take a moment and  
11 have a conversation, you and I, if we can.

12 I got to tell you, you made my August  
13 and September really, really interesting when I had  
14 family after family coming into my district office  
15 after being notified that they'd no longer be getting  
16 medical benefits.

17 You should have seen the fear. You  
18 should have seen the frustration after filing the  
19 paperwork three and four times, knowing that they had  
20 been eligible, knowing that they continued to be  
21 eligible, but running into brick wall after brick  
22 wall after brick wall.

23 I have to ask, Mr. Secretary, at the end  
24 of the day how much waste, fraud, and abuse did you  
25 find?

1                   SECRETARY ALEXANDER: Certainly if  
2     you're referencing -- referencing the case review  
3     process, that case review process goes on every day  
4     in our county assistance offices.

5                   We were handed a situation where we had  
6     thousands and thousands of cases that had not been  
7     reviewed. Over 75 percent of those cases actually  
8     when we went through them were found eligible.

9                   REP. O'BRIEN: 75 percent?

10                  SECRETARY ALEXANDER: Yes. However, we  
11     have a duty to ensure that those who are eligible  
12     remain on the program and those who aren't eligible  
13     are not on the program.

14                  REP. O'BRIEN: And of those 75 percent  
15     that were found to be eligible, how many of those  
16     were taken off benefits for a -- for a time?

17                  SECRETARY ALEXANDER: It was above the  
18     75 percent. There was a small number. I don't have  
19     the actual percentage, but there was a smaller number  
20     that had actually come back on benefits.

21                  We have been working very hard to ensure  
22     that anyone that was taken off of benefit, once they  
23     came back in, to get them back on. This system that  
24     we currently have in Pennsylvania we inherited and  
25     we're trying to fix it. It's not going to be easy to

1 fix. You have 94 county --

2 REP. O'BRIEN: How much money did you  
3 save?

4 SECRETARY ALEXANDER: On which process?

5 REP. O'BRIEN: As you were taking -- as  
6 you were going through the review and you took people  
7 off, how much money did you save?

8 SECRETARY ALEXANDER: It's millions of  
9 dollars. We can -- we can get you that.

10 REP. O'BRIEN: How many millions?

11 SECRETARY ALEXANDER: It's -- it's --  
12 it's millions. I don't have the -- the figure in  
13 front of me.

14 REP. O'BRIEN: One million? Ten  
15 million? A hundred million?

16 SECRETARY ALEXANDER: I -- I don't have  
17 the figure in front of me, but it's definitely  
18 millions. These are people that are ineligible,  
19 representative. These are not people who are  
20 eligible.

21 REP. O'BRIEN: What about the people who  
22 were eligible?

23 SECRETARY ALEXANDER: If they're  
24 eligible, they'll be back on the program, if they get  
25 us their paperwork.

1           A lot of these individuals moved. And  
2 when they move, they have a duty, according to  
3 regulation, to -- they have a personal responsibility  
4 to let the department know. That policy has been in  
5 place before -- long before we arrived. It's been in  
6 place for many, many years in the Commonwealth.

7           If -- if we don't do this, then people  
8 will stay on that are ineligible. If we leave those  
9 cases alone and just do nothing, then people will  
10 just stay on into infinity and we -- and we will not  
11 be enforcing federal rule or regulation.

12           We have found in the department that  
13 over the years federal law has not been enforced here  
14 in Pennsylvania. So these are things that we're  
15 trying to do to ensure that federal law is enforced.

16           REP. O'BRIEN: And while we all in this  
17 room champion -- champion finding waste, fraud, and  
18 abuse, I doubt that you would find many who would  
19 support a willy nilly approach that hurts the  
20 citizens of this Commonwealth needlessly.

21           Thank you, Mr. Secretary.

22           SECRETARY ALEXANDER: Thank you.

23           CHAIRMAN ADOLPH: Representative  
24 Pickett.

25           REP. PICKETT: Thank you, Mr. Chairman.

1 Good afternoon --

2 SECRETARY ALEXANDER: Good afternoon.

3 REP. PICKETT: -- Mr. Secretary.

4 SECRETARY ALEXANDER: Thank you.

5 REP. PICKETT: A quick couple of  
6 questions that I have been receiving, one in  
7 particular from my local community hospital with a  
8 concern about what would now be a single payment for  
9 the mom and the newborn.

10 They have been very dedicated to  
11 obtaining -- retaining an obstetrical and -- and  
12 neonatal service in the -- in the community hospital,  
13 and it's not easy, not one of their real high profit  
14 centers, but they have done a good job with it.

15 In the rural territories, it's a long  
16 drive if that community hospital isn't able to  
17 provide that service. They feel that this could be  
18 the nail that shuts it down.

19 Can you comment, please, on how you're  
20 feeling about that particular approach?

21 SECRETARY ALEXANDER: What we're trying  
22 to do there -- is the vast majority of our births are  
23 paid for through our managed care plans. This --  
24 what we're introducing is through our fee for service  
25 plan, which is the minority of cases that we deal

1 with for births.

2 And the proposal -- proposal is only to  
3 bring the fee-for-service program in line with what  
4 our managed care organizations already do throughout  
5 the Commonwealth in Medicaid and what happens through  
6 private health insurance.

7 So it's -- we can get you the numbers.  
8 But it's not meant to -- to hurt hospitals. I think  
9 as we expand managed care, I think the General  
10 Assembly had asked us to expand managed care  
11 statewide into our other regions, and as we expand  
12 managed care, that payment would begin to be  
13 decreased anyway simply because managed care doesn't  
14 pay in two separate payments.

15 REP. PICKETT: Okay. I'm not sure I  
16 understand, because it is a hospital service --

17 SECRETARY ALEXANDER: Uh-huh.

18 REP. PICKETT: -- and if the managed  
19 care comes into my area -- I'm in the northeast  
20 area -- if they come in and they're able to do this  
21 differently, but where is the facility that's going  
22 to do it?

23 SECRETARY ALEXANDER: The managed care  
24 companies would contract with the hospitals. So  
25 that -- that will be a process. That's not something



1 that's going to happen overnight, but we have to --  
2 we have to ensure that we are moving managed care  
3 statewide.

4 And the managed care, it's the managed  
5 care company's duty and job to reach out to the  
6 hospitals and contract with those hospitals for  
7 payments.

8 REP. PICKETT: But suppose that the  
9 contract dollar that they have to offer is not enough  
10 to keep this hospital in the business or other  
11 hospitals like that?

12 SECRETARY ALEXANDER: Then -- then we'll  
13 certainly try and work with the hospitals in those  
14 areas to ensure that, you know, public safety is kept  
15 intact.

16 REP. PICKETT: Again, you could be  
17 talking a hundred miles -- I don't know -- to the  
18 next --

19 SECRETARY ALEXANDER: No. No. No. I  
20 know that. In those areas we have to be very  
21 cognizant of that.

22 REP. PICKETT: All right.

23 SECRETARY ALEXANDER: And I appreciate  
24 that. And if -- and if we can work with you, if  
25 you've got information, you'd like to be involved

1 with it, certainly.

2 REP. PICKETT: Thank you. I'll -- I'll  
3 -- forward --

4 SECRETARY ALEXANDER: Okay.

5 REP. PICKETT: -- what they're telling  
6 me on that.

7 SECRETARY ALEXANDER: Thank you.

8 REP. PICKETT: And the other question  
9 that they had for me is they're experiencing a lot of  
10 loss in their emergency rooms. People that have  
11 higher co-pays, no insurance at all, whatever. They  
12 have to take care of them. From a liability  
13 standpoint they just feel they have to take everybody  
14 in and take care of them as they come.

15 But they've got more dollars on the  
16 books than they can handle as a small community  
17 hospital. Another factor that may crunch them out of  
18 being able to operate.

19 Do we have anything to offer in that  
20 field?

21 SECRETARY ALEXANDER: I think I would  
22 like to reach out to them so -- to hear their  
23 concerns.

24 REP. PICKETT: Thank you

25 SECRETARY ALEXANDER: And we can

1 certainly do that. Our Office of Medical Assistance  
2 will do that.

3 REP. PICKETT: I'll take you up on that  
4 offer, and thank you very much.

5 SECRETARY ALEXANDER: Thank you.

6 REP. PICKETT: The other thing in the  
7 area, again, being a very rural territory, I'm  
8 hearing people come to me. I know the facts, I  
9 guess, that we're going to run out of MA  
10 transportation dollars, but it's a mixed bag for me.  
11 I'm -- the people are calling me saying, I'm not  
12 going to be able to get my service, I'm not going to  
13 be able to go where I need to go for my medical  
14 appointment, or I'm not going to be able to meet the  
15 -- the requirements they're putting on me for -- for  
16 the timing and so forth for a medical appointment.

17 Then I hear people talk about that's  
18 another area where we're really not managing things  
19 correctly. Schedules that are just not right and  
20 transportation is doubling back and doing things it  
21 shouldn't be doing in order to use this money  
22 efficiently.

23 Who's -- who's going to sort all that  
24 out and keep that service and make sure that we're  
25 not in the long run wasting good dollars that need to

1 go to take care of these MA transport issues?

2 SECRETARY ALEXANDER: I -- I think we  
3 realize it's a vital service. It's grown over 130  
4 percent over the past decade. The -- the counties  
5 are challenged. We are.

6 We reached out to the counties. We're  
7 working with them now to ensure that they'll have  
8 funds through the end of the year.

9 But changes will need to be made there  
10 simply because of growth in the program. We may have  
11 to look at what some other states have done. Like --  
12 something like a voucher system for certain people on  
13 the Medical Assistance program.

14 I think right now pretty much everybody  
15 gets what they want, and it's -- it's created a  
16 situation where it's growing and growing, and we  
17 just -- we can't sustain it.

18 So we're looking maybe to deploy a  
19 broker system to be able to -- to manage it and  
20 oversee it in a much better fashion. So we'll keep  
21 you posted.

22 REP. PICKETT: And in all fairness, from  
23 the bit of information I have, I think some of it is  
24 people getting what they want or demanding something  
25 that could be done a different way in a different

1 place or whatever.

2 But I think it's also some of the  
3 management of the system itself, the transportation  
4 system itself, and they are not running their show to  
5 the best that they should either.

6 SECRETARY ALEXANDER: And we're working  
7 with the Department of Transportation on that issue.  
8 This is going to take a little time because there are  
9 sensitivities around it.

10 People are expecting a certain level of  
11 service, and it's probably not going to be there in  
12 that fashion. We're going to have to do something.  
13 And we're trying to work as quickly as we can on it.

14 REP. PICKETT: So when that person that  
15 needs a service calls now, I can tell them, you're  
16 going to get the service but you may have to be open  
17 to some changes? Is that it?

18 SECRETARY ALEXANDER: I think that would  
19 be very good, if you could say that.

20 REP. PICKETT: Thank you, Mr. Secretary.

21 SECRETARY ALEXANDER: Thank you. Thank  
22 you very much.

23 CHAIRMAN ADOLPH: Thank you.

24 Representative Samuelson.

25 REP. SAMUELSON: Thank you,

1 Mr. Chairman.

2 I want to join my colleagues on both  
3 sides of the aisle in expressing concern about this  
4 proposal for the county block grants, taking six  
5 programs that had been funded 842 million, putting  
6 them in one program, and now funding it at 673  
7 million.

8 Well, that's a cut of 168 million.  
9 That's a 20 percent cut. I do not know of counties  
10 that are in favor of -- of such a cut.

11 I think you said that it gives them  
12 flexibility to move funds -- funds. If they're  
13 running out of funds in one area, they can move the  
14 funds to another area.

15 If this goes through I think they're  
16 going to run out of funds in all areas. And I do not  
17 know how they will -- let me ask it this way.

18 Earlier you've said it would be a  
19 challenge for the counties to meet a 20 percent  
20 funding reduction. In separate testimony you've said  
21 that in your own budget only 20 percent of your own  
22 budget is discretionary.

23 So what if someone came to you and said  
24 cut 20 percent out of your budget, what would you  
25 do? \$5 billion. 20 percent. What would you do?

1                   SECRETARY ALEXANDER: In -- in  
2 government I would have to try to deal with it.  
3 There's nothing else I could do.

4                   I think that we realize it's a  
5 challenge, but we're there to work with the counties  
6 to try to implement this in the best way possible.  
7 We know that in the end the flexible -- flexibility  
8 will be good for the counties. This -- there is  
9 going to be -- there are issues and challenges. We  
10 understand that.

11                   And that's why we're working with CCAP  
12 and with the counties' commissioners. If there are  
13 other commissioners out there that want to work with  
14 us, you know, we will do that.

15                   REP. SAMUELSON: I think part of the  
16 challenge is when you cut 168 million in Harrisburg  
17 from the public welfare budget, and back home they  
18 call it human services and they realize it funds  
19 things like mental health services, intellectual  
20 disabilities, child welfare, homeless assistance.

21                   The county officials who have to  
22 implement such a cut are facing extraordinary  
23 challenges already, and I think this would be an  
24 unfortunate burden to place on them.

25                   A second topic I wanted to touch on is

1 child care. I know the legislature approved Act 22  
2 last year giving you expedited authority.

3 I noticed that one of the first things  
4 that was changed was the child care program where the  
5 co-pays were increased. We got a chart back in  
6 October. In some categories families that are --  
7 were eligible for the subsidized child care, their  
8 co-pay went up a hundred percent, a hundred ten  
9 percent, seventy-three percent.

10 How does this -- how does increasing the  
11 cost for families to pay for child care fit in with  
12 your earlier stated goal of helping people -- helping  
13 as many people into employment as we can?

14 Wouldn't child care -- wouldn't making  
15 it more difficult for people to afford child care be  
16 counterproductive and making it harder for them to  
17 seek employment?

18 SECRETARY ALEXANDER: I -- I think we  
19 realized you need to have supports to put -- to help  
20 people get into employment. As I think I've said,  
21 the cost of these programs have gone up exponentially  
22 more and more and more.

23 And in looking at the child care  
24 program, we need to get to a place where we're really  
25 only paying for quality. We have a quality rating



1 system in place. Yet the state is funding centers  
2 that aren't quality based.

3 We're moving in that direction. This is  
4 going to take time. However, we do have budget  
5 issues to deal with.

6 So we understand the importance of child  
7 care. Definitely do. And we want it to be there for  
8 those that deserve it.

9 REP. SAMUELSON: And in keeping with  
10 that goal about quality, one of the proposals that  
11 has implement -- elimination of a teach scholarship  
12 which I -- which was for child care workers to try to  
13 improve their -- improve their skill -- skill set,  
14 improve their education.

15 Why would that program be eliminated?

16 SECRETARY ALEXANDER: I -- I think once  
17 again, we were dealing -- we're dealing with a budget  
18 that's grown. We have less money to deal with.  
19 These are, you know, tough fiscal times.

20 A lot of states don't even do things  
21 like that. And what we're basically saying is -- is  
22 that where we have the funds to be able to help  
23 people we will, and we have to preserve the core  
24 programs.

25 Core programs are, you know, cash

1 assistance AND our TANF program, you know, our food  
2 stamp/Medicaid program, and our child care program.

3 Those are really niceties that have been  
4 added. They're not really core programs.

5 REP. SAMUELSON: Okay. On the topic of  
6 services to people with intellectual disabilities,  
7 trying to help them stay in the community, now  
8 there's many line items that impact this area.

9 I believe that if you add them all up it  
10 reflects a decrease of about \$54 million. So I think  
11 most of us share the goal of trying to help people  
12 stay in the community because we realize it's a  
13 more -- it's better for the person and it's more cost  
14 effective than being in an institution.

15 How are we making it easier for the  
16 folks with disabilities if we're cutting a cumulative  
17 54 million from -- from these efforts?

18 DIRECTOR SPISHOCK: Yeah, I'm not sure  
19 about the \$54 million reduction. We do know that  
20 the -- the funding for the ID waiver program has  
21 increased by \$16 million. It's one of the few  
22 programs that has actually increased this year over  
23 the previous year.

24 REP. SAMUELSON: But on another page of  
25 the budget we see a cost review for high cost cases

1 that's supposed to save 25 million, which one of the  
2 categories is people within intellectual  
3 disabilities.

4 So are you saying the net number for  
5 these services is up or down?

6 DIRECTOR SPISHOCK: If you took out the  
7 -- I think in the ID waiver program the impact of the  
8 high cost cases uses about \$17 million. That ID  
9 waiver program grew by \$33 million prior to the  
10 implementation of the cost containment provision.

11 And when we looked at the high cost case  
12 reviews we looked at it just in general throughout  
13 the department. We wanted to take a look at high  
14 cost cases that are occurring both in mental health  
15 and Medical Assistance and in child care.

16 We wanted to combine -- we now have  
17 fragmented agencies that are looking at high cost  
18 case reviews. One may be looking at OMAP. One may  
19 be looking at an ASOS.

20 We wanted to create a departmental  
21 program to take a look at the high cost case reviews  
22 to see who's getting services through mental health,  
23 through the waiver ID program and through Medical  
24 Assistance to see if there's some efficiencies that  
25 can occur in that system to generate savings

1 throughout the department.

2 We looked at that in general. Where we  
3 distributed the savings among that, we just did a  
4 proration of savings. So the savings that are in the  
5 ID waiver program, when we go back and take a look, a  
6 more finer look at this, may not be what we actually  
7 see.

8 So the fact that the program grew by \$33  
9 million I think is just a justification of what we're  
10 providing for that program.

11 REP. SAMUELSON: Okay. One final  
12 question? Or -- or round two?

13 CHAIRMAN ADOLPH: A little quick --

14 REP. SAMUELSON: Okay.

15 CHAIRMAN ADOLPH: -- final question.

16 REP. SAMUELSON: And maybe  
17 Representative Scavello, I think, is going to follow  
18 up on this question.

19 We're hearing from the counties, the  
20 Area Agencies on Aging, about some proposed  
21 regulations for home and community-based services  
22 which seem to omit any reference to the role that's  
23 played by the AAAs in care management.

24 Now, we're wondering if this is an  
25 oversight or whether the department is seeking to

1 move in a different direction that the Area Agencies  
2 on Aging have been very involved in care management  
3 for seniors who are in the community.

4 Are -- are -- are you proposing any  
5 changes here?

6 SECRETARY ALEXANDER: I think the AAAs  
7 are intact today. They're going to be intact  
8 tomorrow.

9 I think what the -- what the regulation  
10 says, and, as I said earlier, this is still in a  
11 public comment period, so we're -- we're getting  
12 comments from everybody -- is that if you create a  
13 care plan, you can't -- you can't now be the service  
14 provider. So you can't do both.

15 Right now the way the system is set up  
16 is you create the care plan and then you also deliver  
17 the service. And -- and it's a conflict.

18 And we want -- we want to make sure that  
19 in all of our programs, A, we don't have that  
20 conflict and, B, the consumer has choice, a choice  
21 there.

22 So I think it's -- the AAAs are there.  
23 They're going to be there.

24 REP. SAMUELSON: And you'll probably  
25 hear a lot in the public comment period because the

1 families know that the AAAs are a place to go for  
2 services.

3 SECRETARY ALEXANDER: Oh, absolutely.  
4 And I think they'll be there.

5 REP. SAMUELSON: And care management in  
6 my view is an important part of their role.

7 SECRETARY ALEXANDER: Sure.

8 REP. SAMUELSON: Thank you,  
9 Mr. Chairman.

10 SECRETARY ALEXANDER: Absolutely.

11 CHAIRMAN ADOLPH: Thank you.

12 On this block grant, I think we need to  
13 get on the record, you have these seven line items,  
14 six or seven line items that always receive money,  
15 and there's always strings attached to those line  
16 items.

17 Were there years when counties received  
18 money for those line items that were not spent and  
19 they were lapsed back in?

20 DIRECTOR SPISHOCK: Over the last three  
21 years there's -- they're not lapsed back into the  
22 General Fund. The counties have the option of  
23 carrying over that money from one year to the next  
24 year.

25 And I think when we looked at numbers

1 the last where three years we averaged about \$26  
2 million of carryover from one year to the next year.

3 CHAIRMAN ADOLPH: Okay. So --

4 DIRECTOR SPISHOCK: Unspent monies  
5 that's allocated to the various programs.

6 CHAIRMAN ADOLPH: So it's not always  
7 that they've -- because the block grant is a 20  
8 percent decrease does not necessarily mean that  
9 they're going to receive 20 percent less? Okay.  
10 Because of the -- because of the strings attached to  
11 some of those categorical grants?

12 DIRECTOR SPISHOCK: Yes.

13 CHAIRMAN ADOLPH: Okay. And I'll save  
14 the rest for the second round.

15 EXEC. DIRECTOR NOLAN: Mustio.

16 CHAIRMAN ADOLPH: Representative Mark  
17 Mustio.

18 REP. MUSTIO: Thank you, Mr. Chairman.  
19 Mr. Secretary, welcome.

20 SECRETARY ALEXANDER: Thank you.

21 REP. MUSTIO: It's going on a couple  
22 hours. You're doing great

23 SECRETARY ALEXANDER: Thank you. I'm  
24 trying.

25 REP. MUSTIO: I'd like to talk about a

1 budget line item, the youth development centers.

2 SECRETARY ALEXANDER: Uh-huh.

3 REP. MUSTIO: A \$72 million item. And I  
4 noticed in the Patriot News on Tuesday there was an  
5 article that discussed the -- the advantages of  
6 privatization. And I don't -- especially the  
7 business we're in, I don't always believe what I read  
8 in the paper.

9 SECRETARY ALEXANDER: Uh-huh.

10 REP. MUSTIO: But that's why I would  
11 certainly ask this question of you, and whether the  
12 department has looked at the privatization and the  
13 possible savings that are attributed in the article,  
14 roughly \$20 million, which is approximately 30  
15 percent of the budget line item.

16 SECRETARY ALEXANDER: Well, we -- the  
17 Governor has a privatization committee, you know,  
18 that's looking at all of those issues and working  
19 through all of those issues. So I know everything is  
20 being looked at and analyzed.

21 I have not analyzed that. I certainly  
22 can take a look at it to see. I think where we can  
23 privatize we'd like to privatize but that doesn't  
24 always means it works.

25 So -- but I do know the Governor has a



1 committee. There are outside people on it. They're  
2 private citizens and government folks working to look  
3 at every facet of government to see what our  
4 institutions and -- are like to see what we can  
5 privatize.

6 So I'll be happy to look at that.

7 REP. MUSTIO: And I would agree with  
8 you. We don't necessarily know whether it works or  
9 not.

10 But I bring that up specifically because  
11 I know he does the privatization task force and just  
12 bringing it to your attention so maybe you can ask  
13 that question --

14 SECRETARY ALEXANDER: Sure.

15 REP. MUSTIO: -- and see if it made that  
16 list.

17 SECRETARY ALEXANDER: Sure.

18 REP. MUSTIO: At least as an -- as an  
19 inquiry. Because certainly those numbers are  
20 attention grabbers.

21 The next question I have, staff was --  
22 is very proactive, and they know that I have a  
23 facility in my district, an intermediate care  
24 facility, and has prepared a couple questions for me  
25 to ask you as it relates to the impact that this

1 budget might have on them.

2           Could the department give some  
3 consideration for reinstating the pass-through policy  
4 for intermediate care facilities? And I'd like to  
5 give you a specific example.

6           There are specialized cases. For  
7 example, a group home resident is hospitalized, has  
8 surgery which includes a tracheotomy. The resident  
9 is later then transferred to a nursing home and  
10 remains at the nursing home because the group home is  
11 not equipped to care for that individual.

12           However, the associate intermediate care  
13 facility does have the capability to care for the  
14 resident. The same kind of situation could occur  
15 with a ventilator-dependent person.

16           And certainly the facility in my  
17 district would suggest that it's probably more cost  
18 effective to allow a transfer from a nursing home to  
19 the intermediate care facility.

20           Would you be in a position to consider  
21 reviewing that policy?

22           SECRETARY ALEXANDER: I certainly will  
23 consider it, yes. Consider looking at it.

24           REP. MUSTIO: What type of follow-up  
25 should I do just to see what the determination of

1 that consideration is?

2 SECRETARY ALEXANDER: We can -- we can  
3 -- I'll have my staff contact your staff if you'd  
4 like.

5 REP. MUSTIO: You contact me --

6 SECRETARY ALEXANDER: Okay.

7 REP. MUSTIO: -- directly.

8 SECRETARY ALEXANDER: Okay.

9 REP. MUSTIO: We're lean and mean over  
10 here in the House.

11 SECRETARY ALEXANDER: Okay.

12 REP. MUSTIO: You know, we don't have  
13 staff. Would you guys concur? Would you all  
14 concur? All right.

15 CHAIRMAN ADOLPH: We received a block  
16 grant last year.

17 REP. MUSTIO: Yeah, we're not the upper  
18 chamber.

19 Mr. Secretary, one of the --

20 REP. BRADFORD: Excellent show.

21 REP. MUSTIO: Yeah, there you go --

22 We have -- actually yesterday had -- had  
23 this brought to my attention, and I noticed in your  
24 last answers to one of the previous members, you  
25 talked about a conflict and I just was wondering

1 perhaps if that's why the RFA 22-11, the Vendor  
2 Fiscal/Employment [sic] Agent Financial Management  
3 Services, RFA was -- was issued to -- I know the  
4 purposes as identified in here is -- is to provide  
5 for efficiencies and cost savings.

6 But some of the providers of the  
7 financial services now, I believe, are also providers  
8 of services. And I was wondering if the -- the main  
9 purpose was to kind of get away from that conflict?

10 SECRETARY ALEXANDER: Well, certainly I  
11 think the federal government does not like to see  
12 situations like -- like that, and they have been  
13 working nationally to try to break anything like that  
14 up, regardless of the administration.

15 So we're trying in the -- in the same  
16 fashion in the state, trying to separate some of  
17 those to ensure that there's clear accountability.

18 REP. MUSTIO: Okay. Because it's my  
19 understanding that there's 37 providers --

20 SECRETARY ALEXANDER: Uh-huh.

21 REP. MUSTIO: -- and 36 of them may be  
22 not eligible under -- under the certain -- under the  
23 current criteria that are being established under  
24 this program.

25 That's all my questions for now,

1 Mr. Chairman. Thank you.

2 CHAIRMAN ADOLPH: Thank you,  
3 representative.

4 Representative Matt Bradford.

5 REP. BRADFORD: Thank you, Chairman.

6 And thank you, Secretary.

7 SECRETARY ALEXANDER: Thank you.

8 REP. BRADFORD: My first question really  
9 starts out with a little bit of kind of a historical  
10 context for where these budget cuts fit into what  
11 we've seen over the last two budget years, and I know  
12 last year as a relatively new secretary you presented  
13 a budget and that number obviously was somewhat  
14 higher than the final budget that was voted out of  
15 the Legislature and signed by the Governor.

16 And at that time you were charged as a  
17 very new secretary with a pretty large task of  
18 locating about \$450 million of what at least some  
19 were deeming was waste, fraud, and abuse cuts based  
20 on certain audits and theories that were out there as  
21 to how those savings could be achieved.

22 In order to get some perspective or  
23 context on the cuts that are currently being  
24 discussed, can you tell me how that \$450 million  
25 budget hole that was kind of -- obviously there was

1 some restorations made for some of our wealthier  
2 school districts.

3 But how did the -- largely towards our  
4 wealthier school districts. How did your -- is your  
5 budget affected by that context in terms of what you  
6 had to do to cover that hole from your proposed  
7 budget to what was enacted into law?

8 SECRETARY ALEXANDER: Well, I -- I think  
9 any time you have savings of that magnitude, it's  
10 certainly a challenge. And it's a charge that we  
11 felt that we were up for.

12 Yeah, we've done a number of things  
13 since last summer. Saving that type of money is --  
14 as I said, it's a daunting task and through the good  
15 work of the department we have achieved a great deal  
16 of those savings.

17 And, in fact, as -- I think there's four  
18 months left in the fiscal year. We don't propose to  
19 come back to this body for a supplemental. We feel  
20 that we will -- an overall supplemental. We will  
21 come in on target, which is something the department  
22 has not done in many years.

23 But we've done a number of things.  
24 We've, you know, strengthened our relationship with  
25 the -- with the office of investigative -- the OIG.

1                   We have, you know, begun to initiate a  
2 Medicaid recovery process. We have Act 22, which we  
3 are implementing now, and you see the -- the  
4 savings. You will see the savings that will be  
5 achieved once the final rules come out.

6                   And there are a number of issues. We  
7 certainly can provide you with the data.

8                   But it's from anything, tightening up  
9 our programs, you know, ensuring the current child  
10 care regulations are referred for recipient fraud,  
11 reducing or eliminating special allowances across the  
12 department, verification requirements throughout the  
13 department.

14                   So I mean there are a number of --  
15 number of issues.

16                   The very first thing that we did was  
17 establish an Office of Program Integrity back last  
18 summer to ensure that everything came through the  
19 secretary's office.

20                   REP. BRADFORD: Right.

21                   SECRETARY ALEXANDER: Just last week we  
22 initiated an overpayment and recovery process which  
23 we believe will achieve millions of dollars.

24                   For many years the department had not  
25 been recovering overpayments in the Medical

1 Assistance category, and so we've initiated that.

2 We've been -- we've deployed new  
3 technology up-front and on the rear to our systems.  
4 We're looking at, you know, a centralized unit for  
5 recipient fraud, technology performance measures.

6 I could go on and on. We could sit down  
7 with you and go through all those -- all of those  
8 items.

9 REP. BRADFORD: Right. No, that sounds  
10 great. And let me -- let me go through just some of  
11 what you've thrown out to me.

12 SECRETARY ALEXANDER: Right.

13 REP. BRADFORD: How many cases have you  
14 referred to the OIG?

15 SECRETARY ALEXANDER: We have that  
16 data. I think -- I can get that to you. I don't  
17 have that in front of me.

18 REP. BRADFORD: All right.

19 SECRETARY ALEXANDER: But we can get  
20 that to you.

21 REP. BRADFORD: Single digits? Double  
22 digits? Hundred? Thousands?

23 SECRETARY ALEXANDER: I would say it's  
24 well in the hundreds.

25 REP. BRADFORD: Hundreds, okay.



1 SECRETARY ALEXANDER: Maybe more.

2 REP. BRADFORD: You mentioned Act 22.  
3 Have any of those gone into effect this year?

4 DIRECTOR SPISHOCK: Not yet. Those  
5 proposed regulations would take you back to the last  
6 quarter of the fiscal year.

7 REP. BRADFORD: So those savings at the  
8 most you'll get one quarter of last year's fiscal  
9 year savings from any savings you see in Act 22?

10 For clarity, though, Act 22 doesn't  
11 necessarily get to waste, fraud, and abuse. Act 22,  
12 as I understand it, enacts some things and if you  
13 want to expand upon that, if you have some co-pays,  
14 some tightening of eligibility --

15 DIRECTOR SPISHOCK: But we'll --

16 REP. BRADFORD: -- there's people who  
17 are not going to get services who did previously  
18 not --

19 DIRECTOR SPISHOCK: Well --

20 REP. BRADFORD: -- because they were  
21 engaged in any waste, fraud, or abuse but because  
22 we've changed the eligibility requirements.

23 SECRETARY ALEXANDER: Well, fraud --

24 REP. BRADFORD: Is that a fair  
25 assessment?

1                   SECRETARY ALEXANDER: Well, fraud, as  
2 you know, is a very high bar, in order to prove  
3 fraud. But waste and abuse is a very large net. And  
4 if you look at the -- the rules or regulations that  
5 we're putting in place -- and I'll -- I'm just going  
6 through a few of them.

7                   The provision to -- you know, to create  
8 conflict-free environment in -- in long-term living,  
9 child care regulations mandating referrals --

10                  REP. BRADFORD: When you do all that,  
11 can you give me the dollar savings?

12                  SECRETARY ALEXANDER: For recipient  
13 fraud. Reducing or eliminating special allowances  
14 for supportive services.

15                  Dave, can --

16                  REP. BRADFORD: All right.

17                  SECRETARY ALEXANDER: You know, we can  
18 provide those numbers --

19                  REP. BRADFORD: All right.

20                  SECRETARY ALEXANDER: -- to you.

21                  REP. BRADFORD: If you could.

22                  SECRETARY ALEXANDER: But -- but we're  
23 waiting for the final rules to come out after the  
24 comment period.

25                  But clearly we have to go through the

1 entire program, take -- take whoever is ineligible  
2 off of our programs, off of the programs, which we've  
3 been doing, our recovering process has increased by  
4 about \$25 million.

5 REP. BRADFORD: And make -- make no  
6 misunderstanding. I applaud your efforts to close  
7 waste, fraud, and abuse.

8 I think that's universal. I don't think  
9 that's bipartisan. I don't think that's regional. I  
10 don't even think that's, as some would indicate,  
11 located to one particular county in Pennsylvania. I  
12 think we want to see it dealt with it everywhere in  
13 an even-handed way and not politicized

14 So going through the savings, when you  
15 can go through it point by point, if you can provide a  
16 spreadsheet. And obviously we're all looking forward  
17 to a --

18 SECRETARY ALEXANDER: Yes.

19 REP. BRADFORD: -- total of \$450  
20 million. Because I think sometimes a little bit of a  
21 shell game is played in this.

22 And, look, again, we all agree, waste,  
23 fraud, and abuse, but if what we're really calling  
24 waste, fraud, and abuse is closing eligibility for  
25 some of our most needy, I --

1                   SECRETARY ALEXANDER: Those -- those  
2 that are ineligible.

3                   REP. BRADFORD: Well, and, again -- but  
4 we're creating new people who were eligible who no  
5 longer are -- who no longer are. That's a new  
6 definition of what is eligible.

7                   Again -- and I see what you're saying.  
8 If there's someone who should not have received a  
9 benefit and they are, I applaud your ability in  
10 recovery. I think that is totally legitimate.

11                   SECRETARY ALEXANDER: Got you. And --  
12 but --

13                   REP. BRADFORD: But if we need to --

14                   SECRETARY ALEXANDER: But -- but --

15                   REP. BRADFORD: Please, let me finish,  
16 Secretary.

17                   SECRETARY ALEXANDER: Please.

18                   REP. BRADFORD: But let's not create,  
19 you know, co-pays and things like that and then say  
20 that was waste, fraud, and abuse.

21                   On that same -- very point, if I could,  
22 I want to move to the MA determinations --

23                   SECRETARY ALEXANDER: Uh-huh.

24                   REP. BRADFORD: -- that were made by  
25 your office and kind of some of the results of that.

1 And, again, no one should get MA who doesn't deserve  
2 it, but in the Philadelphia Inquirer, on January  
3 17th, there's a story -- and, again, anecdotally,  
4 when you -- when you knock off 88,000 people in very  
5 quick timing, there's going to be some mistakes.

6 And obviously this is an office that's  
7 woefully short staffed. But you're dealing with a  
8 father who has got a severely disabled child who is  
9 losing benefits.

10 Similar story I think on December 15th  
11 PA medical -- PA MA rolls stir controversy. On these  
12 MAs -- and I know Representative O'Brien discussed  
13 this in some depth -- there's quite a concern on what  
14 the basis for the dropping was.

15 But let me ask you a much simpler  
16 question. I believe 88,000 people in DPW was lauded  
17 and put out there as a great accomplishment that  
18 88,000 people were pushed off of MA that were not  
19 supposed to receive it.

20 How many of those 88,000 people are back  
21 on MA today?

22 SECRETARY ALEXANDER: I'm a little -- I  
23 guess -- I'm going to have to look at the numbers  
24 you're using, because we -- we calculate these based  
25 on cases, not individuals.

1                   So we can provide you with the data. As  
2 I had said earlier, 75 percent of the people, as we  
3 went through that, the thousands and thousands of  
4 cases that were left in the offices that hadn't been  
5 redetermined, according to law, we -- as we went  
6 through those 75, over 75 percent were still  
7 eligible.

8                   So we can break down that number to show  
9 you exactly when we went through how many were  
10 eligible, how many weren't eligible. Certainly.

11                   But, you know, in the final analysis I  
12 have to just keep coming back to the fact that every  
13 day we process cases and people are found either  
14 eligible or ineligible. There were --

15                   REP. BRADFORD: It's a moving target. I  
16 get that.

17                   SECRETARY ALEXANDER: And -- and the  
18 bottom line is that if we just turn a blind eye as if  
19 --

20                   REP. BRADFORD: No one wants you to do  
21 that, Secretary.

22                   SECRETARY ALEXANDER: Right. But some  
23 things have been done in the past --

24                   REP. BRADFORD: Right.

25                   SECRETARY ALEXANDER: -- then we're

1 going to be liable. And -- and in the end, the  
2 liability will be with Washington coming down,  
3 telling us we have a disallowance.

4 And in many of our programs, as you  
5 know, we've got federal disallowances going on where  
6 we -- we may owe millions of dollars to the federal  
7 government because of the activity of, you know --

8 REP. BRADFORD: Right. And -- and,  
9 again, this has gotten politicized for over a year.  
10 And, again, I think we need to get away from that. I  
11 think, you know, there's studies that say our MA  
12 error rate was actually below five percent, which is  
13 lower than many states. I believe it was lower than  
14 Rhode Island actually.

15 SECRETARY ALEXANDER: There's a --  
16 there's a difference between error rates and  
17 ineligible.

18 REP. BRADFORD: I agree completely.  
19 88,000 people were -- were -- were not on the prog --  
20 there was an error in that 88,000. That doesn't mean  
21 all 88,000 were ineligible.

22 You're saying about a quarter, about  
23 21,000, 22,000 is -- was ineligible. Is that  
24 correct?

25 SECRETARY ALEXANDER: Right. But I

1 don't even know if we're looking at apples to apples,  
2 because I don't know if that -- those -- all those  
3 cases were even counted in the mix. I have no idea  
4 to know that. Because --

5 REP. BRADFORD: If you don't know, who  
6 would?

7 SECRETARY ALEXANDER: Well, I don't know  
8 what was counted back a few years ago when they were  
9 looking at error -- error rates that were made by  
10 workers. That's how the error rates are calculated.

11 So to go back to the point, I don't know  
12 if those cases that were put aside were actually  
13 looked at.

14 REP. BRADFORD: Right. And for clarity,  
15 you raise a very good point, which, again, it  
16 shouldn't be politicized.

17 Error rates don't necessarily mean a  
18 person is engaged in a fraud. An error rate could  
19 conceivably be a keying error by someone that gets  
20 back to CAOs, or what it could be, and what there's  
21 actually quite a few stories about, is about how  
22 overwhelmed the county assistance offices are where  
23 they're the ones who've had the paperwork on their  
24 desk for too long.

25 The one father who's talked about -- the



1 father of Annabelle Linzey of Ridley Township, she  
2 was kicked off because the caseworker -- and, again,  
3 they're overworked and -- and I think you conceded in  
4 your Senate testimony that their -- that their  
5 computer system is woefully inadequate -- she was  
6 kicked off Medical Assistance through no fault of her  
7 parents.

8 So sometimes, like you said, people are  
9 determined ineligible, some of those 88,000, not as a  
10 result of anything by the -- by the -- by the  
11 recipient, and in this case not even the recipient,  
12 but the recipient's parents.

13 Is that a fair assessment of how -- of  
14 how 88,000 comes about?

15 SECRETARY ALEXANDER: I -- I wouldn't  
16 say that 88,000 comes about in every instance that  
17 way. So I don't -- I don't -- I guess I'm not  
18 following you exactly a hundred percent entirely on  
19 that. So...

20 REP. BRADFORD: That's okay. I  
21 understand.

22 Hey, let's move on to the -- the county  
23 block grant and the impact. I was actually just  
24 e-mailing back with -- with one of my county  
25 commissioners, and they obviously are in complete

1 agreement that a block grant is a great idea and a 20  
2 percent cut is a horrible idea.

3 Something that Chairman Adolph started  
4 off the conversation with talking about, just the  
5 size and scope of the DPW budget.

6 And it is important to keep in mind that  
7 it is 40 percent of our budget and this cut and these  
8 cuts that we're seeing, and the Chairman rightfully  
9 notes, represents a .3 percent of the DPW budget.

10 This is not the sky-is-falling-type  
11 cut. But the cut we're passing on to the -- to the  
12 counties is about 60-fold the cuts that you're  
13 proposing for your own department.

14 And one of the things that concerns a  
15 lot of us, whether it's school funding or support for  
16 our most vulnerable, is what we don't do at the  
17 state, you know, the feds have recently -- you know,  
18 they had this great idea in the -- after the Gingrich  
19 revolution to block grant it to the states and now  
20 the states have block granted to the counties, I  
21 guess the counties might try to give it to the  
22 municipalities at some point.

23 But somebody has to pay the bill, and we  
24 can't just block grant it. A .3 percent cut seems  
25 pretty dramatic when you see how filled this room is

1 in light of the impact on real people.

2 What would 20 percent mean to our  
3 counties? And when you look at what we're talking  
4 about cutting, kids with autism, intellectual  
5 disabilities, mental health/mental retardation.  
6 These are some of the most vulnerable in our  
7 society.

8 How would a county do it?

9 SECRETARY ALEXANDER: I -- I think we --  
10 we share the sentiments of some of the counties when  
11 they say it's a challenge. We know that.

12 REP. BRADFORD: What county supports  
13 it? What county supports the cut?

14 SECRETARY ALEXANDER: We know that some  
15 of the counties, as we have said earlier, have said  
16 they like the flexibility. They can deal with the  
17 cut. Others are saying --

18 REP. BRADFORD: But what --

19 SECRETARY ALEXANDER: -- they like the  
20 flexibility. They can't deal with the cut. So we --  
21 we certainly understand that.

22 I think that we want to provide that  
23 flexibility to them to be able to move that money  
24 around. We know it's going to be a challenge.

25 It -- to keep -- coming back to what

1 I've said earlier, two points. One is our budget  
2 continues to grow and grow and grow, and revenues  
3 continue to either stay stagnant or go down.

4 So we're faced with a situation where we  
5 don't have the money, A, and, B,, we only have 20  
6 percent really of our budget to really focus on,  
7 which is our state-only funds and programs. So --

8 REP. BRADFORD: Our county commissioners  
9 have the same dilemma. They don't have the money  
10 either. My county just raised property taxes 17  
11 percent.

12 SECRETARY ALEXANDER: I -- I -- I feel  
13 the challenge, and that's why we're trying to work  
14 with them through this.

15 Just like with the MATP issue, where  
16 they've had challenges --

17 REP. BRADFORD: Thank you.

18 SECRETARY ALEXANDER: -- and we're  
19 working through it with all the counties on all  
20 this.

21 REP. BRADFORD: But is any county  
22 vocally saying, we'll take the 20 percent? I mean  
23 can you give us a list of counties --

24 SECRETARY ALEXANDER: I -- I -- I can't  
25 --

1 REP. BRADFORD: -- that are on board?

2 SECRETARY ALEXANDER: I don't -- I don't  
3 have a list of the counties, and I -- of those. But  
4 certainly there are -- there are some counties who  
5 have said they can maneuver and work with that 20  
6 percent cut.

7 We know it's going to be a challenge. I  
8 don't think you and I are -- are -- are too far apart  
9 in saying that's the -- the 20 percent reduction is a  
10 challenge. We know that.

11 But we are in very difficult -- a very  
12 difficult fiscal climate. So we just -- I guess we  
13 don't want to acknowledge that we've got any  
14 challenges on the fiscal side, and for us, at the  
15 department we have to be able to balance the safety  
16 net, keep our core programs in place, while still  
17 being able to save money.

18 And, as you know, it's a daunting and  
19 challenging task. And I think we agree with you.

20 REP. BRADFORD: And -- and  
21 respectfully -- and I'll wrap up with this thought,  
22 and I truly appreciate what you're saying. I  
23 actually will leave my questions on food stamps till  
24 the -- to the next round.

25 I truly appreciate what you're saying,

1 Secretary. But when budget -- when different  
2 secretaries come in and opine on the general -- the  
3 economy, the revenue situation, and things that kind  
4 of get a little bit out of the purview of the  
5 individual secretary and really fall at the  
6 Governor's lap, it's a little bit of a false choice.

7 A lot of us would have revenue ideas  
8 that we think are -- very much should be pursued. A  
9 severance tax. You can start with closing  
10 loopholes.

11 So I understand you're in -- you're in a  
12 very difficult position, but, understand, for some of  
13 us, our -- and our understanding is great for you. I  
14 truly feel for the position you're in.

15 But understand there are choices and  
16 there are priorities. There are -- there are people  
17 that we are making those prioritizations. They're  
18 not necessarily ones we share.

19 So I don't want to say --

20 SECRETARY ALEXANDER: And I'm -- no. I  
21 know.

22 REP. BRADFORD: -- I'm beating up on  
23 you --

24 SECRETARY ALEXANDER: No. I understand  
25 that.

1 REP. BRADFORD: -- and not saying  
2 there's alternatives.

3 SECRETARY ALEXANDER: No. I understand  
4 that.

5 REP. BRADFORD: There are alternatives.  
6 They're just ones that aren't going to be pursued.

7 SECRETARY ALEXANDER: I understand.

8 REP. BRADFORD: Thank you.

9 SECRETARY ALEXANDER: Thank you for your  
10 concern.

11 CHAIRMAN ADOLPH: Thank you.

12 Representative Martin Causer.

13 REP. CAUSER: Thank you, Mr. Chairman.

14 Mr. Secretary, welcome.

15 SECRETARY ALEXANDER: Hello.

16 REP. CAUSER: Much has been said here  
17 today, and there's -- there's a lot of issues to deal  
18 with.

19 I wanted to address my first concern to  
20 hospital funding. And I come from one of the most  
21 rural parts the state, and we have in Potter County a  
22 critical access hospital, Charles Cole Memorial  
23 Hospital, and -- and I know in the budget proposal  
24 it's proposed for a reduction in the critical access  
25 hospital line.

1           In fact, all the hospital lines are  
2 proposed to be reduced. And, you know, those are  
3 lines that we're all aware are matched with federal  
4 dollars. And, you know, we -- the funding was  
5 reduced in last -- the current year's budget. There  
6 was a midyear freeze, and then now we're proposing  
7 additional reductions in those lines.

8           So, you know, I'm concerned about that.  
9 And -- and would, you know, invite you to -- you to  
10 comment on -- on that particular issue.

11           And then in combination with that,  
12 Representative Pickett also brought up the change in  
13 payments for OB services.

14           And the particular hospital that I'm  
15 talking about is -- is the last critical access  
16 hospital that actually provides OB services, and  
17 it's -- it's very difficult to continue providing  
18 those services, but, on the flip side, if you don't,  
19 the next nearest hospital is 50 miles away.

20           So -- and I know you touched on the  
21 issue. I know that you've said you are aware of it.  
22 And I know that you -- you talked about managed care  
23 coming in.

24           But we have to provide these critical  
25 services. So I think we have to look very closely at



1 the level of funding that we are providing for these  
2 hospitals and the services that they are providing in  
3 some of these regions in the state.

4 And I certainly welcome your comments.

5 DIRECTOR SPISHOCK: I just wanted to  
6 make a comment on the funding for the hospitals, the  
7 separate line item for the supplementals, such as the  
8 critical access or the academic medical centers or  
9 the position for access points.

10 The funding in '12/'13 is actually kept  
11 at the same level as '11/'12. The '11/'12 numbers  
12 have the budgetary freeze in them. All we did is at  
13 the budgetary freeze we continued the same level of  
14 funding in '12/'13.

15 In the budget presentation it may look  
16 like a reduction, but it is actually the same funding  
17 in '11/'12 carried forward into '12/'13. There was  
18 no reduction in --

19 REP. CAUSER: Okay. We'll certainly be  
20 taking a close look at those -- those numbers.

21 I also wanted to talk about the issue of  
22 pharmaceutical services, and I'm hearing a lot about  
23 the -- the six prescription limit that was -- that  
24 was enacted at the beginning of the year and the  
25 difficulty that pharmacies, in particular, are having

1 accessing your pharmacy center.

2 I wrote you a letter detailing the  
3 situation over a month ago, and haven't gotten a  
4 response back from you yet, with some very detailed  
5 information about the difficulty that pharmacies are  
6 having accessing your call center, the difficulty  
7 that mental health providers are having to get  
8 authorizations to -- to get these necessary  
9 medications.

10 So I'll look forward to your response.  
11 It's something that I think is -- is very important  
12 and -- and something that I'm really looking for a  
13 response on so that we can address the issue.

14 I don't know if you're having a problem  
15 inside your call center.

16 DIRECTOR SPISHOCK: I think just as a  
17 note. We did have some issues when we first  
18 implemented the call center the beginning of the year  
19 with the volumes of the calls.

20 But we have since -- since beefed up the  
21 staffing in the call center and I think if you look  
22 at the response time now, it's -- it's a little  
23 different now than what was occurring at the  
24 beginning of the year.

25 But we will get you back a response on

1 the specific question.

2 REP. CAUSER: It's -- I look forward to  
3 your response on that, because it's something  
4 that's -- that's very important.

5 And, you know, in talking about  
6 pharmaceutical services, I had the opportunity to  
7 talk to my local pharmacist last week, and she  
8 brought an issue to my attention dealing with  
9 authorization of pharmaceuticals and -- and the fact  
10 that oftentimes when people come in with  
11 prescriptions -- and -- and this just happened last  
12 week, where someone came in looking for a  
13 prescription, it was a generic medication, and they  
14 actually could not get approval from the system to  
15 fill that -- that generic prescription. They had to  
16 fill it as -- as a name brand prescription.

17 So there is a difference in cost, just  
18 in this case of -- the generic would have cost \$15.  
19 The -- the name brand prescription was \$80. And  
20 that's just one example.

21 So if -- if that's happening over and  
22 over again, I can see how that could snowball into  
23 very, very significant costs. And I'm wondering do  
24 you have -- is there an issue with your system in --  
25 whereby -- whereby it would force people to go with

1 brand name prescriptions as opposed to generic?

2 DIRECTOR SPISHOCK: I think one thing  
3 we -- we have to look at -- and I'm not sure if it's  
4 the exact answer -- is that we get significant  
5 rebates on our brand name drugs to a point we may get  
6 more of a rebate on the brand name drug than we will  
7 for the price of the generic.

8 I'm not sure if it's the issue with the  
9 approval of the specific drug in question, but it's  
10 one of the reason why we may go with more brand name  
11 than generic.

12 REP. CAUSER: So you're saying that you  
13 would save costs by going with the brand name?

14 DIRECTOR SPISHOCK: We get the rebate at  
15 the back end of the proposal. Once we bill the  
16 manufacturer for the rebate on the brand name, we get  
17 a pretty high rebate on those brand name drugs.

18 REP. CAUSER: Okay. I also want to add  
19 my name to the -- to the list of people who talked  
20 today about the issues with the aging waiver and the  
21 concerns that the AAAs have.

22 We're all hearing from the -- from the  
23 AAAs, and -- and I'll certainly add my name to that  
24 list.

25 I also want to -- my last issue, you

1 provide significant funding in your proposal for the  
2 adult protective services program in your budget.

3 Can you speak to the recent efforts of  
4 your department and really the status of that  
5 program? And -- and specifically, you know, how does  
6 this strengthen our long-term care system,  
7 particularly, you know, home and community-based  
8 services for people with disabilities?

9 SECRETARY ALEXANDER: We have had a  
10 system in place for many years for protective  
11 services for children and for elders, but there was  
12 no real targeted service for adults with  
13 disabilities. And the law was passed, I believe, in  
14 2010 and we did everything possible to ensure that  
15 there was funding in this budget so we could begin  
16 implementing.

17 We have an interim process in place, but  
18 we're hoping by July and August we begin the -- the  
19 process of establishing a unit to be able to really  
20 focus and take calls for this population.

21 I think everyone has been pleased with  
22 the efforts of the department thus far on that  
23 implementation.

24 REP. CAUSER: Thank you, Mr. Secretary.

25 SECRETARY ALEXANDER: Thank you. Thank

1 you.

2 REP. CAUSER: And thank you,  
3 Mr. Chairman.

4 CHAIRMAN ADOLPH: Thank you.  
5 Representative Matt Smith.

6 REP. SMITH: Thank you, Mr. Chairman.  
7 Thank you, Mr. Secretary. Over here.

8 SECRETARY ALEXANDER: Oh, yes.

9 REP. SMITH: Thank you for your  
10 testimony today. I just want to clear up something  
11 that Representative Bradford, I think, brought out on  
12 the eligibility error rate as compared to the overall  
13 error rate within the system. And I do think there's  
14 a difference.

15 I just want to clarify that -- that I  
16 believe in fiscal year 2009 CMS came out with their  
17 national Medicaid eligibility, an, again, eligibility  
18 component estimated error rate, which was 7.6  
19 percent, and I believe that same year, fiscal year  
20 '09 CMS, came out with Pennsylvania's Medicaid  
21 eligibility error rate, which was 1.97. So there was  
22 a tremendous disparity between the national error  
23 rate and Pennsylvania's.

24 Do you want to comment on that or --

25 SECRETARY ALEXANDER: Certainly our

1 error rates are important, and we look at them,  
2 whether it's the Medical Assistance or in the food  
3 stamp category.

4           However, the error rate doesn't  
5 necessarily quantify if somebody either lies on their  
6 application willingly -- or knowingly or unknowingly.  
7 So --

8           REP. SMITH: But this is eligibility  
9 error rate.

10           SECRETARY ALEXANDER: And I understand.  
11 What I'm saying is, if somebody gets onto the system  
12 and the worker believes that that person is truly  
13 eligible, that would not be necessarily captured by  
14 the error rate.

15           So there's a difference in looking at,  
16 you know, who is truly eligible and the error rates.  
17 The error rates are something we know we made a  
18 mistake on.

19           REP. SMITH: But what basis --

20           SECRETARY ALEXANDER: If we don't know  
21 we made a mistake and now we're going back, that  
22 wouldn't have been captured by the error rate.

23           REP. SMITH: What does CMS use to  
24 determine the error rate? Don't they use the  
25 same series of --

1                   SECRETARY ALEXANDER: Not when it comes  
2 to looking if -- at -- if the -- the worker made the  
3 error when we -- in other words, if we go through our  
4 case load now, we don't find any errors, or we find  
5 minimal errors, that's based on what the worker  
6 inputs.

7                   But it doesn't -- if the worker inputs  
8 something that the worker truly believes in what the  
9 person is saying and that person is on, there's no  
10 way to know.

11                  REP. SMITH: But Medicaid, when they're  
12 doing the eligibility studies in different states --  
13 correct me if I'm wrong -- they're going in to  
14 determine eligibility.

15                  SECRETARY ALEXANDER: They're going  
16 in --

17                  REP. SMITH: If for no -- they're  
18 determining an eligibility error rate so they have to  
19 have --

20                  SECRETARY ALEXANDER: But --

21                  REP. SMITH: -- a basis of eligibility.

22                  SECRETARY ALEXANDER: And it's based on  
23 a sample. They don't go through hundreds of  
24 thousands.

25                  REP. SMITH: Sure.



1                   SECRETARY ALEXANDER: It's based -- it's  
2 based on a sample. But as I said, for -- for  
3 example, with food stamps, when we look at it, if the  
4 person comes in and tells us they are -- you know,  
5 they give us the information and the worker really  
6 has no reason to believe that something's wrong, we  
7 put them on the system.

8                   When CMS comes in, they -- they're not  
9 -- they may not necessarily capture that.

10                  REP. SMITH: But within that sample  
11 they're looking at eligibility?

12                  DIRECTOR SPISHOCK: The -- in the error  
13 rates that they do, it's just based on the  
14 information that we sent to them.

15                  REP. SMITH: Right.

16                  DIRECTOR SPISHOCK: That they go through  
17 and check for eligibility error, anything in the  
18 calculations that we have to calculate error.

19                  REP. SMITH: Okay. Thank you. And --  
20 and just to delve a little deeper into the Medical  
21 Assistance cuts, I think by your own press release in  
22 November of 2011 you had reached a level, I think, of  
23 -- according to your release -- over a hundred  
24 thousand individuals in -- ineligible welfare cases.

25                  And I think we hit the point now as of

1 February where that number is around a hundred and  
2 twenty thousand individuals cut from MA, about 60 --  
3 a little more than that in a number of cases, and of  
4 that over a hundred thousand, about 88,000 were  
5 children that were cut from Medical Assistance and  
6 then within that component of closed cases I think a  
7 majority of those cases were closed because of,  
8 quote, failure to provide information, unquote.

9 Is that correct?

10 SECRETARY ALEXANDER: I would have to  
11 look at those numbers to see exactly.

12 REP. SMITH: Well, was that the majority  
13 based on your --

14 SECRETARY ALEXANDER: When you -- well,  
15 you --

16 REP. SMITH: Is that the bulk of the  
17 cases --

18 SECRETARY ALEXANDER: Well -- well, or  
19 --

20 REP. SMITH: -- that you closed for that  
21 reason?

22 SECRETARY ALEXANDER: Or they did not  
23 provide the correct information.

24 REP. SMITH: Right. Failure to provide  
25 information.

1 SECRETARY ALEXANDER: Yes.

2 REP. SMITH: That was the main reason  
3 why these large -- this large number of individuals  
4 were removed from Medical Assistance?

5 SECRETARY ALEXANDER: That's usually why  
6 anyways. They don't provide correct information.

7 REP. SMITH: Right. So what would that  
8 be classified as? Would that be classified as  
9 waste? Would that be classified as fraud? Would  
10 that be classified as abuse? Where does that fall  
11 within that spectrum?

12 SECRETARY ALEXANDER: If someone  
13 provides information that's not correct to the  
14 department, whether it's financial or whatever it is,  
15 on -- based on their citizenship or anything like  
16 that and it's false, that would be considered a -- a  
17 -- a fraudulent act if they're lying on their  
18 application.

19 REP. SMITH: And it would also include  
20 the category of individuals where a file has been  
21 misplaced or where something hasn't been scanned in,  
22 where the application --

23 SECRETARY ALEXANDER: It will be --

24 REP. SMITH: Excuse me.

25 SECRETARY ALEXANDER: Yep.

1                   REP. SMITH: Where the application was  
2 received a day late. That would also be considered  
3 in the category of failure to provide information.  
4 Correct?

5                   SECRETARY ALEXANDER: If -- if somebody  
6 provides -- does not -- provides the information and  
7 we find it, we put them back on.

8                   So what we're saying is that --

9                   REP. SMITH: But that doesn't --

10                  SECRETARY ALEXANDER: -- the thousands  
11 and thousands of cases were not providing correct  
12 information and they were ineligible, and if they're  
13 ineligible -- as I said, if those cases -- let's just  
14 step back for one second, if we can.

15                  If those cases were put back into the  
16 normal mix three years ago and -- and they had -- the  
17 department had gone through those cases, we wouldn't  
18 be sitting here today even talking about this.

19                  REP. SMITH: Well, but --

20                  SECRETARY ALEXANDER: If you --

21                  REP. SMITH: If they had to -- to  
22 reapply for some reason and the application was  
23 missed by the -- the county or the application was  
24 misplaced, they would, in fact, be kicked off of  
25 Medical Assistance for failure to provide information

1 and then they would only know -- excuse me -- they  
2 would only know they were terminated or kicked off of  
3 Medical Assistance if -- on a subsequent physician's  
4 visit. So they could go months without even knowing  
5 they've been kicked off of Medical Assistance.

6 Correct?

7 SECRETARY ALEXANDER: And that -- that  
8 might happen all the time, not just in Pennsylvania,  
9 but across this country throughout all our  
10 eligibility offices throughout America. That's not  
11 something that's germane or specific to  
12 Pennsylvania.

13 We have -- that could happen anywhere  
14 and it does happen. I've seen it in other states.

15 REP. SMITH: Yeah. But does it happen  
16 to the level that it's happened over the last six  
17 months in Pennsylvania? Because I think even --

18 SECRETARY ALEXANDER: In --

19 REP. SMITH: Excuse me. Apples to  
20 apples, comparable states, the number of individuals  
21 over the last six to nine months who have been kicked  
22 off of Medical Assistance is far higher in  
23 Pennsylvania than any other state. You would concede  
24 that. Correct?

25 SECRETARY ALEXANDER: And they weren't

1 kicked off. They were ineligible.

2 REP. SMITH: Yeah. But was the  
3 individual -- was the five-year-old little boy,  
4 Alexander Clark, who was referred to in the Post  
5 Gazette article, Pittsburgh Post Gazette article  
6 October 30th, 2011, who was kicked off of Medical  
7 Assistance, diagnosed prior to that point with  
8 leukemia, was kicked off of Medical Assistance due to  
9 no other factor, no other factor, not eligibility,  
10 not he was trying to defraud the system, he was  
11 trying to abuse the system, no other factor than his  
12 application was misplaced.

13 SECRETARY ALEXANDER: If that happens  
14 and we find out about it, just like five years ago,  
15 ten years ago, you know, five years from now, we will  
16 put that person back on.

17 That's not something that's germane. If  
18 those cases, thousands of cases were not piled up in  
19 the offices -- we have two choices. We can either  
20 leave them there and just leave them on and, you  
21 know, the taxpayers will pay for thousands of cases  
22 that are ineligible, or we can do what the department  
23 is called to do by law, which is to redetermine the  
24 cases. We're not doing anything different that --

25 REP. SMITH: Right. Or there's a third

1 alternative which is properly funding the counties so  
2 they have the staffing to handle all the additional  
3 case work.

4 It's really a false choice --

5 SECRETARY ALEXANDER: I think --

6 REP. SMITH: Excuse me.

7 SECRETARY ALEXANDER: Yep.

8 REP. SMITH: It's really a false choice  
9 to say it's either/or. Well, we have to accept  
10 waste, fraud, and abuse or we have to throw children  
11 who have leukemia off Medical Assistance.

12 We can actually by proper staffing and  
13 proper investment handle this case load with  
14 appropriate deliberate speed.

15 SECRETARY ALEXANDER: And -- and we  
16 would agree that we -- all departments across this  
17 country need modernization of their IT systems.  
18 It -- it would be good if this had happened ten years  
19 ago in Pennsylvania.

20 Unfortunately, nothing was done to do  
21 that. We are doing the best we can to make sure  
22 we're following federal law.

23 REP. SMITH: Now, where --

24 SECRETARY ALEXANDER: And we have to do  
25 that because essentially, if we don't and we leave

1 this and ten years from now probably maybe none of us  
2 will be here, there will be another group here,  
3 someone else will be sitting here liable for a  
4 disallowance to the federal government, and -- and  
5 just -- just if I can add, we have, as I said  
6 earlier, disallowances going on all around the  
7 department.

8 We had an instance where for many years  
9 in the department we were not even following federal  
10 law when it came to adhering to a five-year ban for  
11 illegal immigrants.

12 REP. SMITH: Yeah. And I --

13 SECRETARY ALEXANDER: These are going on  
14 all throughout the department. So we have to just  
15 keep making sure. And I understand we may need more  
16 staffing possibly, and we can always need more  
17 staffing. I mean I think the department -- all of my  
18 deputies who are here work hard, very, very hard.  
19 They could always use more staffing.

20 The bottom line is, is those cases are  
21 there. And if we don't go through them and let's  
22 just say -- let's play this out for the sake of  
23 argument. If the feds come down here and they see  
24 that, now we could have a change in administration in  
25 November. Maybe something happens. We have a new



1 president. Maybe, maybe not.

2 But depending on who the president is,  
3 they usually have a focus on what they're doing.  
4 They come down here. They see that. Automatically  
5 they're going to hold the department liable and we're  
6 going to have to come before this committee and say  
7 we -- you know, we -- we've got a big problem.

8 REP. SMITH: But, again, I think  
9 there's -- there's a right way to do it and you're  
10 presenting two extreme alternatives, which, again,  
11 presents a false choice.

12 But -- but just on that note, of the  
13 88,000 children, let's say there are -- in this  
14 particular situation, this woman from Bethel Park who  
15 is a -- a nurse at St. Clair Hospital in Allegheny  
16 County knew enough to know that her son was  
17 eligible. It was a mistake. It had to be a  
18 mistake.

19 So she went back not once but twice to  
20 the Department of Public Welfare to correct the  
21 situation.

22 What about the families that don't have  
23 the wherewithal or don't know that there's legal aid  
24 available or attorneys available who can help to  
25 process this?

1                   Are you confident that of those 88,000  
2 children every single child who's eligible out of  
3 that group who has been improperly terminated and  
4 kicked off of Medical Assistance -- Assistance, every  
5 child will be able to be back on Medical Assistance?

6                   SECRETARY ALEXANDER: If they're --

7                   REP. SMITH: Even -- even if they don't  
8 take an affirmative action?

9                   SECRETARY ALEXANDER: If they have their  
10 paperwork and it's the responsibility of the  
11 parents and it's clear --

12                  REP. SMITH: The kids' paperwork?

13                  SECRETARY ALEXANDER: That's clear for  
14 the case. A case is determined by family. It's --  
15 it's the responsibility of the parent to ensure --

16                  REP. SMITH: What if they don't know?

17                  SECRETARY ALEXANDER: Well, they should  
18 know because we would send them a notice. We then  
19 would follow it up with --

20                  REP. SMITH: What if they didn't get a  
21 notice, like in this situation?

22                  SECRETARY ALEXANDER: Let me just give  
23 you an example. Let's just say a family moved. They  
24 moved. They're on Medical Assistance. They're still  
25 eligible.

1                   If they moved, it's their duty to call  
2                   their caseworker and call the department and say, I'm  
3                   moving, I need this change. Because if we send  
4                   notification out to them, we can't expect our county  
5                   workers to go door to door or be -- you know,  
6                   making -- trying to find where they are.

7                   So it's -- it's -- it's a process that's  
8                   in place and nationally, I will tell you, is it the  
9                   best process that we have in the United States?  
10                  Maybe. Maybe not.

11                  But it's the process we have here now,  
12                  and we -- we have to make sure that whatever cases we  
13                  have -- and that's why I don't want to have cases  
14                  left over for the future. I don't want to be doing  
15                  this so that, you know, ten years down the line  
16                  there's cases piled up for somebody else.

17                  So what are we doing? Let's -- let's --  
18                  let's talk about what we want to do moving forward in  
19                  terms of modernizing systems, looking at  
20                  improvements, you know. Currently --

21                  CHAIRMAN ADOLPH: Ms. --  
22                  Mr. Secretary -- representative, Mr. Secretary.

23                  SECRETARY ALEXANDER: Yeah.

24                  CHAIRMAN ADOLPH: I just want to let  
25                  everybody know that the next hearing is going to take

1 place at five o'clock, and if we're not finished by  
2 five o'clock, we're going to submit the questions in  
3 writing to the Secretary.

4 We've already put out the next group of  
5 folks for an hour. So we're going to continue. We  
6 still have some folks on the first round, and that  
7 question -- that can be debated forever, you know,  
8 back and forth and we got to move on.

9 The next question will be by  
10 Representative Denlinger.

11 REP. DENLINGER: Thank you,  
12 Mr. Chairman.

13 Good afternoon, Secretary.

14 SECRETARY ALEXANDER: Good afternoon.

15 REP. DENLINGER: Take a deep breath here  
16 for a minute. I'd like to shift gears to -- it's  
17 actually a press release I'm holding in my hand from  
18 the Office of Inspector General.

19 SECRETARY ALEXANDER: Uh-huh.

20 REP. DENLINGER: And, as I understand,  
21 the most significant cases within your investigative  
22 unit move over to the Office of Inspector General for  
23 further review and -- and prosecution. And what I  
24 hold in my hand here is a tragedy where 11  
25 individuals from Mercer County colluded into a ring

1 to conspire to defraud the Commonwealth of  
2 Pennsylvania. They were subsequently arrested,  
3 prosecuted, sentenced to varying degrees of fines and  
4 penalties.

5 I'm wondering is this a new phenomena  
6 within the realm of public assistance where we see  
7 individuals coming together into rings to collude and  
8 behave in a fraudulent manner?

9 SECRETARY ALEXANDER: I -- I think on a  
10 national level it is. And simply because any time  
11 the system keeps getting larger and larger and  
12 larger, there's more to take from. And I think  
13 that --

14 REP. DENLINGER: Sure.

15 SECRETARY ALEXANDER: -- there are a  
16 small amount of individuals out there that know that  
17 they can -- they can take advantage of government  
18 funds, whether it's providers or recipients.

19 And it's unfortunate, but it is  
20 something that we're seeing an increase in, and I  
21 think nationally we see an increase in it also.

22 REP. DENLINGER: I do want to -- at the  
23 risk of re-igniting anything here, I do want to come  
24 back to the redeterminations to some degree. Because  
25 I'm trying to get my mind around your requirements as

1 under federal law.

2 Obviously you engaged in a significant  
3 review of cases and some 75 -- the data that I'm  
4 looking at is at a point in time, November the 18th,  
5 and by that point we had seen 77,000 people removed.

6 And I got a percentage breakdown. I  
7 didn't get dollar amounts. But 81 percent by that  
8 point were closed because of a lack of response or  
9 providing incorrect information, 14 percent because  
10 they were determined to be no longer eligible, 2.5  
11 percent withdrew voluntarily, and so these are the  
12 situations as we see them break down.

13 Obviously now we're further down the  
14 road. Those numbers are probably larger. But the  
15 percentages would probably hold fairly consistent.

16 But you mentioned that in a future time  
17 period a future secretary could end up, you know, in  
18 a state of liability and jeopardy with our programs  
19 for lack of compliance with federal law.

20 Can you share with us what that would  
21 look like? What -- what that secretary would be  
22 sharing to us as an Appropriations Committee about  
23 legal sanctions, penalties?

24 SECRETARY ALEXANDER: I mean if --  
25 depending on the size of the cases that were

1 ineligible, it could be anywhere from ten to hundreds  
2 of millions of dollars. It would just depend on how  
3 many.

4 And I think we -- we, you know, just in  
5 Pennsylvania alone, for a period of time, were in  
6 violation of federal law in other areas. And we --  
7 as I said before, we have disallowances right now.

8 We're dealing with Washington as we  
9 speak in various areas. Some of them, as this  
10 Committee may know, are very significant in size, and  
11 we just have to make sure -- this is a balancing act  
12 we play with Washington.

13 And we have to make sure that we are  
14 adhering, you know, strictly to the law as, you know,  
15 it's given to us by Washington. And so, for example,  
16 you know, we -- we get -- we'll get a call. We've  
17 gotten calls recently from the federal government on  
18 various issues, and they will come down and  
19 eventually -- there's very little in terms of appeal  
20 process once you're -- you're dealing with the  
21 federal OIG and in some -- in some instances the  
22 Department of Justice. There are, you know, very  
23 little wiggle room for states to get out of  
24 disallowances.

25 And certainly we want to be in a

1 position where we're delivering the services to those  
2 who are eligible; but if they're not eligible, they  
3 should not be on the system.

4 So that's it in a nutshell. And I think  
5 we don't want to have any liability for the  
6 Commonwealth in the future.

7 REP. DENLINGER: For the -- for the  
8 purpose of our current budget consideration, can you  
9 share with this committee the number of disallowances  
10 that we --that are currently operative within DPW --

11 SECRETARY ALEXANDER: Sure.

12 REP. DENLINGER: -- and the dollar --

13 SECRETARY ALEXANDER: Sure.

14 REP. DENLINGER: -- amounts involved  
15 with those?

16 SECRETARY ALEXANDER: Sure.

17 REP. DENLINGER: In the -- would you  
18 prefer to do that in a written response?

19 SECRETARY ALEXANDER: Oh, yes. Yeah.  
20 We can provide that. Some, I think, the -- the Chair  
21 may -- the committee knows of, but we can provide  
22 that to you.

23 REP. DENLINGER: Would you care to -- to  
24 ball park that number? Is there an amount?

25 SECRETARY ALEXANDER: It's -- it's -- I



1 don't want to -- I don't want to throw a ball park at  
2 it, but it's --

3 DIRECTOR SPISHOCK: It is hundreds of  
4 millions of dollars. We have a report on federal  
5 deferrals, disallowances, and questions of costs  
6 which we would submit for the Committee.

7 REP. DENLINGER: So it's significant  
8 amounts --

9 SECRETARY ALEXANDER: It is.

10 REP. DENLINGER: -- of money?

11 DIRECTOR SPISHOCK: It is very  
12 significant.

13 REP. DENLINGER: Okay. Now, that is --  
14 that's a serious point of concern. And we'll  
15 appreciate some detailed --

16 SECRETARY ALEXANDER: Yeah.

17 REP. DENLINGER: -- information on that.

18 SECRETARY ALEXANDER: Yes.

19 REP. DENLINGER: Something -- moving out  
20 -- up to 30,000 feet if we can. Obviously we're  
21 moving down the road on the federal national health  
22 care initiative, NPACA.

23 I'm wondering if you can share with us  
24 your perspective on what your agency will look like  
25 by year 2014, 2015. What are the significant changes

1 in structure that you're going to go through, the  
2 nature of delivery of services?

3 Can you give us your perspective on  
4 that?

5 SECRETARY ALEXANDER: We will add  
6 approximately half -- half a million people to our  
7 case load by 2014, of which about 90 percent or so  
8 more will be paid for by the federal government for a  
9 certain point in time.

10 However -- however, the strain on our  
11 system in terms of our eligibility workers, you know,  
12 and what we have to do to determine eligibility will  
13 be great. And as we move forward, the financial  
14 impact is very significant because, as you know, when  
15 the federal government usually puts things in to  
16 play, sometimes they'll pay for things to entice  
17 states and then, you know, they drop the funding,  
18 which is something they will do in this particular  
19 instance.

20 We'll be -- we will be looking at a  
21 family of four making \$90,000 a year receiving a  
22 subsidy for -- for government programs. So it's no  
23 longer going to be a situation where we're just  
24 dealing with poor people. We will be dealing -- or  
25 indigent. We will be dealing with middle and even

1 now what would be considered, I guess, you know, a  
2 significant salary receiving a subsidy.

3 REP. DENLINGER: So a half million  
4 additional people?

5 SECRETARY ALEXANDER: A half million, at  
6 a minimum, additional people and it could be more.

7 REP. DENLINGER: Any estimate of  
8 staffing levels that would be needed to handle that?

9 SECRETARY ALEXANDER: We -- we -- we  
10 right now are doing our own internal analysis of how  
11 many staff we may need. It will -- it will  
12 definitely be enough to break our bank.

13 I mean right now we have trouble paying  
14 our bills in the Commonwealth. And if we had -- if  
15 we have to add significant amount -- we couldn't put  
16 that load on the current work -- workforce that we  
17 have.

18 REP. DENLINGER: Okay. I appreciate  
19 that, that word of caution.

20 One final information request, if I  
21 could --

22 SECRETARY ALEXANDER: Yes.

23 REP. DENLINGER: -- if I could give  
24 you. If you could provide through our Chairman a  
25 detailed analysis of the total dollars flowing

1 through DPW out to agencies that provide pregnancy  
2 and abortion care services and -- and counseling?

3 SECRETARY ALEXANDER: Sure. We'd be  
4 happy to do that.

5 REP. DENLINGER: If you could provide  
6 that detail for me. Thank you.

7 SECRETARY ALEXANDER: Thank you.

8 REP. DENLINGER: Thank you,  
9 Mr. Chairman.

10 CHAIRMAN ADOLPH: Okay. Thank you,  
11 representative.

12 Representative John Bear.

13 REP. BEAR: Thank you, Mr. -- thank you  
14 Mr. Chairman.

15 Right here, Mr. Secretary.

16 SECRETARY ALEXANDER: Oh, I'm sorry.

17 REP. BEAR: Thank you for joining us  
18 today.

19 SECRETARY ALEXANDER: I'm sorry. Thank  
20 you for having me.

21 REP. BEAR: Two questions I want to ask  
22 you. One was dealing with -- really about all the  
23 funds that go to different services under DPW, and I  
24 know you're doing -- you're working very hard on  
25 making sure money that is available goes to those

1 that are in need.

2 Has the department been really looking  
3 at auditing, of following that money to providers and  
4 how it can be used at the local level to make sure it  
5 is being used in an appropriate way, almost like  
6 performance audits?

7 DIRECTOR SPISHOCK: Haven't we? We've  
8 done it in the past. We may not have done it to the  
9 level we would like to do. We have an initiative now  
10 to take a look at -- I think we targeted 50 of the  
11 top providers, to go in and do a performance audit of  
12 them, which we expect to expand between now and --  
13 and next fiscal year.

14 But we do some. We just probably don't  
15 do as much as we should be doing.

16 SECRETARY ALEXANDER: I -- I -- if I  
17 could just add to that, what Dave was saying. We  
18 have -- we've started with 50. We're moving to a  
19 thousand providers.

20 But I think maybe your question -- and  
21 you can correct me. I think maybe your question was  
22 the performance of the providers. And I think what  
23 we're trying to do is deploy a system, an IT system,  
24 so that we don't pay and then chase dollars from  
25 providers.

1                   We're able to catch -- catch this  
2 activity up-front, and that's something that's in our  
3 budget that we're trying to do. That's number one.

4                   And the second is, we're trying to  
5 create -- we are now -- we are in the midst of  
6 creating really a performance scorecard system. It's  
7 going to take quite some time to do this for  
8 providers.

9                   We -- we do measure quality in some  
10 areas, but for the vast majority of our providers,  
11 they don't have any kind of quality scorecarding  
12 system.

13                   Other states have been looking at this.  
14 And so it would be sort of groundbreaking to do it  
15 across the department, but we're trying to put  
16 something in place where we can -- where we can look  
17 at quality and performance across the board and  
18 measure providers to see if they've ever had any  
19 activity that looks suspicious, and so that can be  
20 flagged up-front.

21                   REP. BEAR: Yeah. I appreciate those  
22 comments because obviously when you have these  
23 hearings and you hear the different departments come  
24 in, the easy answer is always having -- give us more  
25 money but the harder question and the one you're

1 addressing is how you deliver the services  
2 differently --

3 SECRETARY ALEXANDER: Right.

4 REP. BEAR: -- and the most efficient  
5 way and giving taxpayers the best return on their  
6 investment. So I appreciate those comments.

7 The second question I have is really  
8 around the -- I think it's the IV-E federal audit, if  
9 you could just give me an update on that.

10 DIRECTOR SPISHOCK: The child welfare  
11 issue?

12 REP. BEAR: I believe so, yep.

13 DIRECTOR SPISHOCK: I think at the end  
14 of the last administration we made a settlement  
15 proposal to the federal government. I think about  
16 \$66 million, which they came back to us and  
17 disapproved that, wanted to enter into further  
18 discussions with us, which I think are scheduled for  
19 either this summer or late in the fall for the  
20 discussion.

21 SECRETARY ALEXANDER: Yeah. We're still  
22 in discussion with them. We've met with them. It's  
23 -- since it's still in discussion, we don't know  
24 where this will end ultimately.

25 But they did reject our offer. And I'd

1 rather probably not have that discussion here, just  
2 from the perspective of we're in sort of a  
3 negotiating period with them.

4 We're trying to get the number down as  
5 much as we can, but ultimately we may not be  
6 successful -- successful with that. We're hoping we  
7 can.

8 This is just one of a number of  
9 instances, as I alluded to earlier, disallowances  
10 where we've got to be very careful moving forward how  
11 we access federal funds and use federal funds.

12 And it's always better to err on the  
13 side of caution, simply because -- a lot of people  
14 want us to quickly go after federal money, but  
15 sometimes that's at a price. So that's what we're  
16 trying to make sure we do now, is sort of proceed  
17 with caution.

18 REP. BEAR: I appreciate that. Thank  
19 you. And --

20 SECRETARY ALEXANDER: We'll get you that  
21 information.

22 REP. BEAR: Thank you.

23 SECRETARY ALEXANDER: You're welcome.

24 REP. BEAR: And, lastly, and I think you  
25 maybe alluded to it earlier, it's like from your



1 perspective one of the things you're -- your biggest  
2 success stories this past year was some of the  
3 reforms you've been able to implement.

4 SECRETARY ALEXANDER: I'm sorry. I  
5 didn't -- I was trying to listen to that.

6 REP. BEAR: That's okay. What do you  
7 think are some of your biggest success stories of  
8 some of the reforms that you implemented this past  
9 year?

10 SECRETARY ALEXANDER: Well, I -- I think  
11 that we've been able to -- I think the best thing  
12 that we've been able to do from a department  
13 perspective is more internally.

14 I think that we have been able to break  
15 down silos internally to get the department working  
16 together on initiatives rather than working in a very  
17 stove type -- stovepipe fashion, which is what's  
18 happened.

19 We've opened the door. The department  
20 is working very corroborative -- corroboratively.  
21 And it's one of the reasons why from a -- from a  
22 financial perspective -- and this leads to the  
23 fiscal -- why we're able at this point in time to say  
24 that we probably won't -- probably will not need an  
25 overall supplemental and will now not be coming back

1 to you because we've deployed -- this is a credit --  
2 to the credit of the deputies and the staff of the  
3 department, a strong adherence to fiscal discipline  
4 in the department, which had been, you know, lacking  
5 for many, many years.

6 I think it's important because, although  
7 we deliver critical services and we want to be there  
8 and have to be there for the neediest people, we also  
9 have to keep our eye on what we're spending or else  
10 we'll come back here year after year after year.

11 So I think our greatest achievement is  
12 that we've been able to preserve that safety net,  
13 break down the internal management walls working  
14 together to achieve real fiscal responsibility while  
15 providing those critical services that the  
16 Commonwealth needs.

17 REP. BEAR: Thank you for your answers.  
18 And thank, Mr. Chairman.

19 SECRETARY ALEXANDER: Thank you.

20 CHAIRMAN ADOLPH: Thank you,  
21 representative.

22 Representative Scott Petri.

23 REP. PETRI: Thank you, Mr. Chairman.

24 I wanted to follow up with one matter  
25 that we discussed briefly, and that was -- as I

1 gather there has been a recent increase to the child  
2 care co-payment.

3 Am I correct that that has been the  
4 first increase since the 1990s?

5 DIRECTOR SPISHOCK: Yes.

6 REP. PETRI: Okay. So while we never  
7 like to see increase in co-pays, I think in reality  
8 it's been a long time.

9 DIRECTOR SPISHOCK: Yes. And it's  
10 consistent. We've been implementing a number of  
11 increased co-pays throughout the department, most of  
12 them tied to CPI increases, because we haven't  
13 increased co-pays in such a long time.

14 It's not a big dollar amount, but we  
15 just thought it was time now to bring them back up to  
16 speed.

17 REP. PETRI: And I note with interest,  
18 because it's something we talked about last year,  
19 Mr. Secretary. In your comments you talk about some  
20 of the implementations for the child care information  
21 services, and I see that you're working very hard on  
22 trying to save that administrative cost of nine  
23 percent that we have for qualifying children in  
24 this -- in this work -- work program.

25 Can you tell us how that's -- that's

1 proceeding?

2 SECRETARY ALEXANDER: Well, we're --  
3 representative, I apologize. We're going to be  
4 releasing an RFP very shortly on that, so we can --  
5 we can send that to you to show you and tell you how  
6 we're proceeding with that.

7 REP. PETRI: Well, that's good. For --  
8 I've -- I've been very concerned about that  
9 administrative cost because, again, that's one of  
10 those examples where it's costing between 500 and  
11 \$1,500 just to qualify as a student or a child for  
12 subsidized care and -- and that means that we have a  
13 backlog and that means that we have --

14 SECRETARY ALEXANDER: Right.

15 REP. PETRI: -- other services we can't  
16 provide.

17 SECRETARY ALEXANDER: That's right.

18 REP. PETRI: I want to draw down on -- a  
19 little bit on an issue that my Area on Aging is  
20 asking, and I'm going to use their lingo so that I --  
21 we -- we get an answer.

22 They seem to be concerned that the  
23 proposed regulations do not recognize the differences  
24 between care management and service coordination, and  
25 I think what I'm hearing from the AAAs, and including

1 the one from Bucks County, is they interpret the  
2 regulations as eliminating their ability to engage in  
3 care management.

4 SECRETARY ALEXANDER: Uh-huh.

5 REP. PETRI: And I wondered if you had  
6 that same interpretation.

7 SECRETARY ALEXANDER: Yeah. I -- I  
8 think the regulation -- and as we said earlier, it's  
9 still in open comment period and we're taking  
10 comments.

11 But it's meant to make sure or ensure  
12 that those that are creating the service plan are not  
13 providing the service. So that there's no conflict  
14 of interest.

15 And just to -- just to back that up,  
16 these funds of the -- the majority of the funds used  
17 by the AAAs are Medicaid funds that come from  
18 Washington. We've been told by the federal --  
19 federal government that they do not want to see any  
20 kind of conflict of interest.

21 So, once again, we're trying to do  
22 what is -- is prevent the future disallowance there.  
23 What we're saying is that if you provide that care  
24 plan, then you can't be the one that delivers it and  
25 vice-versa.

1           REP. PETRI: Some of the services they  
2 noted that they would -- that they performed that  
3 they would like to continue to perform -- and I'm  
4 sure they're going to be sending in this -- this  
5 comment very shortly -- would be nurse review of each  
6 care plan, RN home visits, benefit counseling and  
7 access to service, unlimited monthly con -- contacts  
8 as needed, health promotion and prevention services,  
9 representative payees as needed, and then family  
10 members and care givers.

11                   Do you know whether any of those would  
12 in your opinion create a conflict under these new  
13 regulations?

14           SECRETARY ALEXANDER: As long as they're  
15 not doing both of them, I -- I personally, to the  
16 best of my knowledge right now, don't see the issue.  
17 But they can't do both. I think that's what the  
18 regulation is saying.

19           REP. PETRI: Okay. Now, I'm a little  
20 bit familiar with this area from my years of -- of  
21 legal work. I know that the federal government has  
22 Stark laws or what I call anti-Stark provisions.

23                   Is it the department's intention to go  
24 even beyond where the federal government has gone  
25 with regard to these conflict policies, or is it

1 intended to be -- to be more than that the department  
2 is going to adopt these Stark -- the Stark provisions  
3 in the law?

4 DIRECTOR SPISHOCK: I'm sorry. I'm just  
5 not aware of what the Stark is.

6 SECRETARY ALEXANDER: Yeah.

7 REP. PETRI: Okay. Those are the  
8 self-referral issues and there's a whole series of  
9 Stark 1 and Stark 2. But basically they're  
10 provisions that say that you can't self-refer to  
11 somebody that you have a financial interest in and  
12 the like.

13 The reason I'm asking this is because  
14 some are reading the intended regulatory provisions  
15 as going even beyond where the federal government is  
16 with regard to conflicts of interest.

17 SECRETARY ALEXANDER: We're going to --  
18 representative, respectfully we're going to have to  
19 get back to you on that.

20 REP. PETRI: I understand.

21 SECRETARY ALEXANDER: Okay.

22 REP. PETRI: It's a very complicated  
23 area of law. And just to give you an example, one of  
24 the things they're interested in, providers are  
25 sometimes interested in, is the idea of renting space

1 within a building where human services are being  
2 conducted.

3 Some are interpreting the regulations as  
4 prohibiting that type of activity, where somebody  
5 would rent within a facility of another.

6 And I think in that sense maybe a  
7 discussion needs to be -- to take place so the  
8 providers aren't completely shut out --

9 SECRETARY ALEXANDER: Yeah. Sure.

10 REP. PETRI: -- of activities. But I  
11 certainly want to say I respect the idea of trying to  
12 make sure that there isn't a conflict of interest in  
13 services.

14 Now, if I might shift gears a moment.  
15 Mr. Secretary, I know that we -- we talked a little  
16 bit about co-pays. With respect to, and for  
17 clarification, where children have an individual  
18 education plan, or an IEP, would you agree that  
19 those -- in those situations mental health services  
20 or possibly -- or partial hospitalization services  
21 would not require a co-pay -- a co-pay in an IEP?

22 I'm being told that it may even not be  
23 allowed under a Third Circuit settlement agreement.

24 DIRECTOR SPISHOCK: We'll have to get  
25 back. I -- I was under the assumption that children



1 were exempt from the co-pay provision. But we'll  
2 have to get back.

3 REP. PETRI: Okay.

4 Mr. Chairman, just a couple more  
5 questions. One of the charts that our staff put  
6 together that was really helpful for me showed the  
7 Medical Assistance budget. And I'm sure you can't  
8 see it from there. But it's a total of \$18.7 billion  
9 for Medical Assistance, and they're showing on the  
10 chart that 69.1 percent of this entire pie is really  
11 consumed by Medical Assistance.

12 So that's the total of 18.7 billion, but  
13 it's 69 percent of your total budget, as you well  
14 know.

15 Can you tell us what steps the  
16 department is taking to look for savings in that  
17 Medical Assistance area?

18 DIRECTOR SPISHOCK: Well, other than the  
19 -- we have a federal provision within the -- within  
20 the budget. The GA provisions will save significant  
21 money on the Medical Assistance population.

22 The -- actually off the top of my head I  
23 just lost track of some of the other MA provisions  
24 that we have them in -- in there, but we can get  
25 what's within at the entire MA provision.

1 REP. PETRI: Well, I --

2 SECRETARY ALEXANDER: Excuse me,  
3 representative

4 REP. PETRI: Sure.

5 SECRETARY ALEXANDER: In this -- in this  
6 current budget we have reductions to hospitals. We  
7 have reductions to nursing homes. We have a -- a  
8 provision in there for high cost case review, to  
9 review our highest cost cases. We have the -- the MA  
10 provision on newborns.

11 And I'm trying to just off the top of my  
12 head. But it's -- it's very little from the  
13 perspective of -- and we can get you the list. It's  
14 in the current budget proposal. But that's -- that's  
15 a -- a big or large number of them.

16 But I think it's -- as I alluded to  
17 earlier, we have very little room to work on that 80  
18 percent because of the maintenance of effort  
19 requirement that the federal -- the new federal  
20 health law imposes on states.

21 So we're basically left with cutting  
22 rates to providers, and we can't even look at -- so  
23 -- so, for example, we can't even look at changing  
24 levels of care for long-term care because they may  
25 see it as a loss of eligibility.

1                   So that's the issue.

2                   REP. PETRI: Has the department looked  
3 at or -- or have you been able to determine whether  
4 in that Medical Assistance area there was provider  
5 misbillings, inappropriate billings, and, if so, have  
6 you been able to estimate whether -- whether there  
7 would be savings from provider -- whether you want to  
8 call them errors or abuses, I guess it depends upon  
9 the magnitude?

10                  SECRETARY ALEXANDER: Well, we've just  
11 begun -- you know, we do know that we do have  
12 provider --

13                  DIRECTOR SPISHOCK: Yeah.

14                  SECRETARY ALEXANDER: -- issues. We  
15 have just begun our statewide audit with 50 providers  
16 that were flagged in the system. We're moving to a  
17 thousand more this summer. And that audit will  
18 continue over the next, you know, 24 months in a --  
19 in a expedited -- in an expeditious manner so that we  
20 really can focus and take a look at the providers,  
21 where they've been flagged, what -- you know, if  
22 there's been any behavior that would warrant them  
23 being -- being audited.

24                  So we're moving very quickly on that,  
25 understanding that we need to save every dollar

1 possible.

2 REP. PETRI: Now, what would cause  
3 somebody to be flagged by the department?

4 SECRETARY ALEXANDER: It may be an over  
5 abundance of billing in one area. So somebody may --  
6 I'll just give an example. Maybe a dentist that, you  
7 know, has 30,000 you know, hits in one area, you  
8 know, on -- I don't know -- dentures or something  
9 like that in a given time, in a short time frame.

10 So we may, you know, start flagging  
11 those types of -- of cases.

12 REP. PETRI: Okay. And the intent is to  
13 actually look at a thousand?

14 SECRETARY ALEXANDER: The intent is to  
15 start with 50 and this summer move to a thousand  
16 providers across the Commonwealth.

17 As you know, we've got, you know,  
18 probably close to a hundred thousand providers. So  
19 what we're trying to do is take that top ten percent  
20 and really get to that top ten percent to ensure  
21 that.

22 And in the future I think it -- it -- it  
23 will be a deterrent for providers if they know that  
24 we're really doing this on an ongoing basis.

25 REP. PETRI: Okay.

1                   CHAIRMAN ADOLPH: Representative, I'm  
2 going to ask if we could go to the next --

3                   REP. PETRI: Certainly. Thank you.

4                   CHAIRMAN ADOLPH: -- member. Okay.  
5 Thank you.

6                   Representative Don Grell.

7                   REP. GRELL: Don Grell?

8                   CHAIRMAN ADOLPH: Glen Grell.

9                   REP. GRELL: Yeah. Thank you,  
10 Mr. Chairman. I'll introduce myself to you later.

11                   Secretary Alexander, thanks for being  
12 here and thanks for your stamina here for this  
13 afternoon.

14                   SECRETARY ALEXANDER: Okay. Thank you  
15 for having me.

16                   REP. GRELL: I'm sure it's been a  
17 pleasure.

18                   Looking down over your budget, I see  
19 that some line items appear to have been, you know,  
20 level funded, some are five percent cut, some are ten  
21 percent cut, and some are other obviously.

22                   But those that are sort of a -- a  
23 standard percent cut, how do you decide whether a  
24 line gets a level or a minus five or minus ten  
25 percent?

1                   DIRECTOR SPISHOCK: I'm not sure if the  
2 cuts that you're looking at may be part of the  
3 budgetary freezes that were implemented in January  
4 where there was a three percent cut, a five percent  
5 cut, and a ten percent cut among various programs.

6                   It was a decision that was made by the  
7 administration to be implemented. All we did was  
8 simply carry forward those same cuts into the '12/'13  
9 fiscal year.

10                  REP. GRELL: Well, let me ask you  
11 specifically about legal services. It's -- it's a  
12 ten percent cut, and I'm just wondering whether  
13 there's data that supports that that particular line  
14 can sustain a ten percent cut versus a five percent  
15 cut, or is -- is some of it just sort of doing what  
16 you need to do to hit the bottom line numbers?

17                  DIRECTOR SPISHOCK: I think the legal  
18 services cut was just basically a continuation of the  
19 freeze that was implemented in the -- January of this  
20 year that we carried forward. Normally we will not  
21 do straight-across-the-board cuts in that fashion.  
22 Some cases we will. But this year we -- we didn't do  
23 that.

24                  REP. GRELL: Okay.

25                  DIRECTOR SPISHOCK: Especially for legal

1 services.

2 REP. GRELL: Okay. I want -- I want to  
3 go back to the discussions about intellectual  
4 disabilities and Office of Developmental Programs.

5 I understand that the administration of  
6 this program with respect to federal dollars was  
7 changed significantly back in 2009 which, granted, is  
8 before your -- not on your watch.

9 But I -- I've never really understood  
10 what was changed about how the federal funds were  
11 administered in that program. My -- my very basic  
12 understanding is the money used to go to the counties  
13 directly and the state stepped in and changed that.

14 Is that -- am I understanding that  
15 correctly?

16 DIRECTOR SPISHOCK: Yes. It used to be  
17 a county allocation. It was just an allocation made  
18 to the counties for services. We moved from that  
19 system to the prospective payment system that we're  
20 currently now in where we -- providers bill for  
21 services, paid through the promise program. We pay  
22 them a combination of state and federal funds.

23 We're still in the process of that  
24 system. We're in the third year of that system right  
25 now. But we moved away from county allocations in --

1 probably in 2009 into the new prospective payment  
2 system.

3 REP. GRELL: The reports I've seen on  
4 that the counties uniformly think that -- well, maybe  
5 not uniformly. But the counties seem to think it was  
6 a -- a bad decision. Is that a decision that might  
7 be revisited?

8 SECRETARY ALEXANDER: I feel -- where  
9 federal funds are involved, we -- we have to take  
10 direction from CMS or the federal government on that.

11 I think if it were my own personal  
12 feeling I probably would like to see it go back to  
13 the -- to the counties. I think they did a good  
14 job. However, we just can't do that without going  
15 back to Washington and asking. And I don't think  
16 that would be allowed.

17 REP. GRELL: Okay. Was the 2009  
18 decision driven from the federal government or was  
19 that a state decision that was made?

20 SECRETARY ALEXANDER: Yes, it was. It  
21 was federal.

22 REP. GRELL: Federal?

23 SECRETARY ALEXANDER: Yes.

24 REP. GRELL: All right. Second, I want  
25 to follow up in the same area on some of the comments



1 a couple of colleagues, but especially Representative  
2 O'Neill, made about children, especially with  
3 intellectual disabilities.

4 I meet periodically with a group of  
5 parents from my legislative district and from my  
6 county, and they're obviously very concerned about  
7 what's going to happen, whether it's because of the  
8 block grant, not really knowing what the piece of  
9 that pie is going to come their way to the programs  
10 that they depend on.

11 But it's -- it seems to be a larger  
12 problem than that. They -- they told me about a -- a  
13 recent town hall meeting in Cumberland -- I'm  
14 referring to Cumberland County -- where there were  
15 between 150 or 200 parents there that were, you know,  
16 very concerned about the direction of the program.

17 And their summary of the meeting really  
18 was that they were given some, you know, pretty bad  
19 information, that there wasn't going to be any money  
20 for waivers, and they -- they understand, you know,  
21 the fiscal problems.

22 But they were -- they were discouraged  
23 at not really being -- being able to hear either a  
24 short-term plan or even a long-term plan to address  
25 this problem.

1                   You know, I'm concerned about -- I see  
2                   the number, 700 high school graduates coming up this  
3                   year that there may be no services at all for. There  
4                   are 20 of those I think just in one of my school  
5                   districts, or at least in my -- in my legislative  
6                   district. And I'm concerned about that.

7                   And I'm wondering -- you know, the one  
8                   gentleman told me that he -- he has a child who is  
9                   going to graduate, and he runs a business that has --  
10                  supports about a million dollar payroll currently,  
11                  but if there's no services at all for his child, you  
12                  know, he's got to consider shutting down his business  
13                  to be able to stay home to -- to provide those  
14                  services.

15                  And I'm just wondering if there is a  
16                  short-term plan or at least a long-term plan of how  
17                  the department would like to address that situation  
18                  so that I can give them at least some understanding  
19                  of -- that, you know, they're not just going to be  
20                  added to a waiting list.

21                  SECRETARY ALEXANDER: I think that --  
22                  and it's probably not the answer that they  
23                  necessarily would want to hear right now. But we are  
24                  very concerned about that waiting list issue, knowing  
25                  that there -- that there are needy individuals who

1 need services.

2 But on the other end we have to drive  
3 cost containment into some of our programs to be able  
4 in some areas where there's been overspending, even  
5 in the Office of Developmental Programs, so that we  
6 can redirect money back into that waiting list.

7 And we need to create more community  
8 options, and that's what we're trying to do now by  
9 invigorating the Life Share Program --

10 REP. GRELL: Yeah. Tell me more about  
11 that. I'm not really sure I understand that program.

12 SECRETARY ALEXANDER: All right. The  
13 Life Share Program -- and it's called Shared Living  
14 in other states -- is a federally funded program  
15 where families or individuals can adopt those with  
16 developmental disabilities, and it's -- it's thriving  
17 in many states.

18 We have the program here in  
19 Pennsylvania. It's approved. We have people in the  
20 program. It's real community living where a family  
21 will adopt an individual and help that individual  
22 attain real self-sufficiency by -- they take them to  
23 their appointments essentially. They're adopted as  
24 part of the family.

25 We certify the -- either the individual

1 or the family. They're fully certified, and they  
2 take care of their medical needs and some of the  
3 individuals, you know, go to work. They are very  
4 productive.

5           Where they've been living either in  
6 either an institution before or maybe in a group home  
7 setting or residential setting, they're really able  
8 to live now in community settings.

9           So we're trying to, you know, really  
10 drive that -- that program, increase the number of  
11 slots and providers, so that we can start to move  
12 people into the community.

13           It's cost effective and it's not for  
14 everybody. We know that. Nothing is for everybody.  
15 But we want to have options available in the future.

16           I think we're left with a situation  
17 where we have a fiscal problem on our hands. We're  
18 trying to straighten that out so we have some money  
19 available. That waiting list is large. It's not  
20 going to be eradicated overnight, but we have to  
21 be -- we have to be steady and -- and try to move  
22 some people off. And I think we have a commitment to  
23 do that certainly.

24           REP. GRELL: Well, I'd be interested  
25 in -- in learning more about, you know, what your --

1 what your plan is so that I can go back and share  
2 some of that with --

3 SECRETARY ALEXANDER: Sure.

4 REP. GRELL: -- with those families.  
5 I'll leave it at that for now.

6 SECRETARY ALEXANDER: Okay.

7 REP. GRELL: Thank you, Mr. Secretary.  
8 Thank you, Mr. Chairman.

9 SECRETARY ALEXANDER: Thank you.

10 CHAIRMAN ADOLPH: Thank you,  
11 representative.

12 Representative Curt Sonney.

13 REP. SONNEY: Thank you, Mr. Chairman.  
14 Mr. Secretary, I'm over here.

15 SECRETARY ALEXANDER: Oh. Thank you.

16 REP. SONNEY: Good to see you.

17 SECRETARY ALEXANDER: Nice to see you.  
18 Thank you.

19 REP. SONNEY: I'm going to touch base a  
20 little bit, I think, on I believe what Representative  
21 Conklin brought up about three hours ago and -- with  
22 the FMS and the waiver programs with -- you know,  
23 I've had a lot of discussion with our local providers  
24 and, you know, I'm not here to debate the issue by  
25 any means.

1           I -- I understand from speaking with  
2 those local providers, you know, that the -- the  
3 course of events that led up to CMS coming in and  
4 saying that if -- those providers could not use a  
5 portion of that consumer model's money to provide  
6 specific services, I guess, and I know that you have  
7 been in talk with these providers and trying to come  
8 to an agreement.

9           I think at one time everybody thought  
10 there was an agreement and, again, that was  
11 discounted by CMS and you have -- you have since  
12 been, again, trying to come in agreement.

13           You know, obviously I've been hearing  
14 from those local providers. They continue to provide  
15 these support services that they're not able to get  
16 reimbursed for, if I understand it correctly, and  
17 that's really what we're talking about in trying  
18 to -- to get this agreement in place.

19           I also understand that basically they're  
20 sitting on a considerable amount of money that they  
21 really aren't allowed to touch right now until this  
22 issue can get resolved and, of course, part of their  
23 argument is the state's share of that money.

24           And I wonder if you could just kind of  
25 bring me up-to-date a little bit on what you can with

1 this particular issue and -- and mostly, you know, do  
2 we have an end in sight when this is going to get  
3 resolved?

4 SECRETARY ALEXANDER: Well, I -- I think  
5 it will. It's not necessarily an easy issue, as you  
6 indicated. I think the people that have been working  
7 in this FMS situation, FMS, the fiscal providers,  
8 let's call them that, I think are all good people.  
9 They've had the best of intentions. They've done  
10 good work with what they've done.

11 I think it's -- it's a situation where  
12 we're trying to get our arms around not only  
13 following what the federal government is doing but  
14 trying to look at overall efficiency in the  
15 department.

16 We're still con -- I've listened to  
17 their concerns and we're -- we continue to listen to  
18 their concerns and we're still working with them.

19 We -- we have a point person who is  
20 challenged a bit trying to work with them because  
21 he's a little bit overwhelmed, but nonetheless a high  
22 quality individual, a highly talented individual, who  
23 is working with them to try and understand a little  
24 more to see if there's any room for some of these  
25 providers.

1                   That's -- at this point that's all I can  
2 tell you because I just met with the providers and --  
3 and --

4                   REP. SONNEY: You know, after listening  
5 to some of the concerns from the AAAs that were --  
6 the proposed changes, it seems like there's some  
7 overlap here in the concerns of services that these  
8 agencies are -- are providing.

9                   In other words, like you alluded, that  
10 they are basically doing the assessments and then  
11 they are providing the care.

12                  DIRECTOR SPISHOCK: I would just add,  
13 I mean we understand the situation with the state  
14 funds. These are the state funds that they have in  
15 there, that they currently have right now, but what  
16 we need to know is how much of that money that they  
17 do have.

18                  And I think we have recently sent out  
19 information to the FMS providers asking them to fill  
20 out financial reports on the amount of unspent  
21 money. Because I've got unspent money. We need to  
22 return the federal share of that to the federal  
23 government to know what the state portion is.

24                  I think those financial reports are due  
25 back to us next week sometime, which will give us a



1 better understanding of how much money they have and  
2 how much state money is involved in the situation.

3 REP. SONNEY: I'd just also like to add  
4 my name to the list on the critical care hospitals.  
5 I have a critical care hospital in -- in -- in my  
6 area, and it's -- it's important that we -- that we  
7 keep the funding to -- so that these service are --  
8 are able to be maintained.

9 Thank you very much --

10 SECRETARY ALEXANDER: We heard. Thank  
11 you.

12 REP. SONNEY: -- Mr. Secretary.

13 SECRETARY ALEXANDER: Thank you.

14 REP. SONNEY: Thank you, Mr. Chairman.

15 CHAIRMAN ADOLPH: Thank you,  
16 representative.

17 Members of the Committee, Mr. Secretary,  
18 Mr. Budget Director, I want to thank you for your  
19 testimony today.

20 SECRETARY ALEXANDER: Thank you.

21 CHAIRMAN ADOLPH: We have, oh, a good  
22 eight, nine members that would like to go to the  
23 second round on both sides of the aisle.

24 However, as I said about an hour ago,  
25 that -- the next group of testifiers have already

1       been delayed an hour and they've traveled a good way  
2       here as well, not to mention our court stenographer  
3       who is still moving those fingers now for -- for  
4       three-and-a-half hours.

5                       We're -- we're looking forward to  
6       working with you --

7                       SECRETARY ALEXANDER: Thank you,  
8       Mr. Chairman.

9                       CHAIRMAN ADOLPH: -- over the next  
10       several months to put together a budget that takes  
11       care of these fragile individuals, but obviously I --  
12       I do believe, after spending time with you today and  
13       over this last year, this department is in good  
14       hands.

15                      SECRETARY ALEXANDER: Thank you,  
16       Mr. Chairman.

17                      CHAIRMAN ADOLPH: And we're looking  
18       forward to working with you.

19                      Chairman Markosek.

20                      REP. MARKOSEK: Thank you, Chairman  
21       Adolph. Just very briefly and thank you, Secretary  
22       and Director.

23                      Our members -- I was just chatting  
24       here. We have quite a few, and I know on the other  
25       side of the aisle have a lot of questions, too. And

1 we would be willing to come back tomorrow to -- to  
2 continue this if -- if you would be available, if it  
3 would be okay with the -- with the Majority Chair.

4 Our staff could work with -- with your  
5 staffs. We'd be willing to come back in and continue  
6 this tomorrow.

7 CHAIRMAN ADOLPH: Yeah. We're looking  
8 at our schedule. I think we're -- I think we're --  
9 with the members coming in in the afternoon, I  
10 think -- I know those members have a schedule that's  
11 to a good 3:00, 3:30. I'm going to check my  
12 schedule, check with the members of the Committee,  
13 and obviously I'll be checking with the Secretary and  
14 his schedule, and we will certainly consider your --  
15 your -- your request, Chairman Markosek.

16 But in the meantime, my suggestion,  
17 Chairman Markosek, is to get the questions that your  
18 members would like to ask the Secretary, get them  
19 into my office, and together we will submit them to  
20 the Secretary, depending on whatever the outcome is  
21 for tomorrow's meeting.

22 Okay. Thank you again, Mr. Secretary.

23 SECRETARY ALEXANDER: Thank you very  
24 much.

25 CHAIRMAN ADOLPH: Thank you.

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SECRETARY ALEXANDER: Thank everybody.

(The proceedings were adjourned at  
5:07 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