

COMMONWEALTH OF PENNSYLVANIA  
HOUSE OF REPRESENTATIVES

APPROPRIATIONS  
COMMITTEE HEARING

STATE CAPITOL  
HARRISBURG, PA

MAIN CAPITOL BUILDING  
ROOM 140

MONDAY, FEBRUARY 10, 2014  
4:02 P.M.

BUDGET HEARING  
DEPARTMENT OF AGING

BEFORE:

HONORABLE WILLIAM ADOLPH, MAJORITY CHAIRMAN  
HONORABLE RYAN AUMENT  
HONORABLE KAREN BOBACK  
HONORABLE JIM CHRISTIANA  
HONORABLE GARY DAY  
HONORABLE BRIAN ELLIS  
HONORABLE GARTH EVERETT  
HONORABLE GLEN GRELL  
HONORABLE SETH GROVE  
HONORABLE ADAM HARRIS  
HONORABLE TOM KILLION  
HONORABLE DAVID MILLARD  
HONORABLE MARK MUSTIO  
HONORABLE DONNA OBERLANDER  
HONORABLE BERNIE O'NEILL  
HONORABLE MIKE PEIFER  
HONORABLE SCOTT PETRI  
HONORABLE JEFFREY PYLE  
HONORABLE CURT SONNEY  
HONORABLE JOSEPH MARKOSEK, DEMOCRATIC CHAIRMAN  
HONORABLE MATTHEW BRADFORD  
HONORABLE MICHELLE BROWNLEE  
HONORABLE MIKE CARROLL  
HONORABLE SCOTT CONKLIN

## BEFORE (cont'd):

HONORABLE MADELEINE DEAN  
HONORABLE DEB KULA  
HONORABLE TIM MAHONEY  
HONORABLE MICHAEL O'BRIEN  
HONORABLE CHERELLE PARKER  
HONORABLE JOHN SABATINA  
HONORABLE STEVEN SANTARSIERO  
HONORABLE JAKE WHEATLEY

## ALSO IN ATTENDANCE:

HONORABLE GEORGE DUNBAR  
HONORABLE MARGUERITE QUINN  
HONORABLE MAUREE GINGRICH  
HONORABLE JOE HACKETT  
HONORABLE STEVE MENTZER  
HONORABLE MARK GILLEN  
HONORABLE TIM HENNESSEY  
HONORABLE VANESSA LOWERY BROWN  
HONORABLE STEVE SAMUELSON  
HONORABLE PAM DELISSIO  
HONORABLE EDDIE PASHINSKI

\* \* \* \* \*

*Pennsylvania House of Representatives  
Commonwealth of Pennsylvania*

## COMMITTEE STAFF PRESENT:

DAVID DONLEY

MAJORITY EXECUTIVE DIRECTOR

RITCHIE LAFAVER

MAJORITY DEPUTY EXECUTIVE DIRECTOR

DAN CLARK

MAJORITY CHIEF COUNSEL

MIRIAM FOX

DEMOCRATIC EXECUTIVE DIRECTOR

BERYL KUHR

DEMOCRATIC CHIEF COUNSEL

I N D E X

TESTIFIERS

\* \* \*

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SUBMITTED WRITTEN TESTIMONY

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(See submitted written testimony and handouts online.)

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P R O C E E D I N G S

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MAJORITY CHAIRMAN ADOLPH: It's certainly my pleasure to introduce to everyone the Secretary of Aging, Mr. Brian Duke. Good afternoon.

SECRETARY DUKE: Good afternoon, Chairman.

MAJORITY CHAIRMAN ADOLPH: I want to apologize for running a little late.

SECRETARY DUKE: That's okay.

MAJORITY CHAIRMAN ADOLPH: But obviously it just shows the enthusiasm and the dedication of the Members of this Committee. And I thought the previous Secretary did an excellent job in trying to give full answers to the questions that the Members had.

So without further ado, Mr. Secretary, if you have an opening comment.

SECRETARY DUKE: Sure. Good afternoon, Chairman Adolph, Chairman Markosek, and distinguished Members of the House Appropriations Committee, Chairman Hennessey and Chairman Samuelson from the House Aging and Older Adult Services Committee. Thank you for the opportunity to appear before you and present Governor Tom Corbett's proposed fiscal year '14/'15 budget for the Pennsylvania Department of Aging.

I'm pleased to be here today with Deputy

1 Secretary David Gingerich and Director of the Bureau of the  
2 Pharmaceutical Assistant Contract for the Elderly, or PACE,  
3 Tom Snedden.

4 Governor Corbett's budget is focused on building  
5 a stronger Pennsylvania. The key components of his plan  
6 concentrate on three priorities: a great education for  
7 every child; a private sector where every business, large  
8 and small, can grow and hire; and a healthcare and human  
9 services system where everyone has choices and everyone is  
10 covered.

11 As part of Governor Corbett's ongoing commitment  
12 to older Pennsylvanians, the Pennsylvania Department of  
13 Aging's budget helps support a growing number of older  
14 Pennsylvanians. Governor Corbett and I are committed to  
15 providing services to support our growing aging population.  
16 In fact, last year, Pennsylvania's Aging Services Network  
17 touched the lives of over one million Pennsylvanians. Last  
18 year, the governor proposed and signed into law the single-  
19 largest investment for older adults in the 35-year history  
20 of the Pennsylvania Department of Aging and supported the  
21 delivery of Home and Community-Based Services with the  
22 Department of Public Welfare.

23 Healthy PA, as you know, is Governor Corbett's  
24 plan to increase access to quality, affordable healthcare  
25 for all Pennsylvanians, and there are three priorities:

1 improving access, ensuring quality, and providing  
2 affordability. And despite fiscal challenges that continue  
3 to face State Governments across the Nation, this budget  
4 advances Healthy PA plan while also reaffirming a  
5 commitment to preserving the safety net for individuals  
6 with intellectual and physical disabilities, for older  
7 Pennsylvanians, and for children in low-income families.

8           As part of Healthy PA in its second priority of  
9 ensuring quality, Governor Corbett made the significant  
10 investment I mentioned in the delivery of Home and  
11 Community-Based Services and also included a call to action  
12 to address the provision of long-term care in our  
13 Commonwealth. The Department of Aging's budget provides  
14 resources to serve more individuals who have been waiting  
15 to access needed services. During the fiscal year we are  
16 now in, through increased investment in Home and Community-  
17 Based Services, we were able to remove over 4,300  
18 Pennsylvanians from the waiting list for services and were  
19 able to increase services to approximately 7,000  
20 Pennsylvanians. The Governor's proposed budget builds on  
21 that investment so that an additional 500 Pennsylvanians  
22 can be removed from the waiting list for the OPTIONS  
23 program.

24           As you may be aware, the majority of the  
25 Department's budget comes from the Pennsylvania Lottery.

1 As our population of older Pennsylvanians grow, the need  
2 for lottery-funded programs increase. A key element in  
3 lottery's ability to incrementally grow profits is to  
4 examine a long-term and permanent reprieve from the profit  
5 mandate of the lottery. This is imperative as it will  
6 allow the lottery to examine ways to increase revenue to  
7 support the programs to benefit our aging population.

8           Also as part of Healthy Pennsylvania, the  
9 Governor signed an Executive Order on January 31st calling  
10 for the creation of the Pennsylvania Long-Term Care  
11 Commission. I am honored to chair the Commission with  
12 Pennsylvania Department of Public Welfare Secretary Bev  
13 Mackereth. Along with appointed members, we will explore  
14 critical issues and trends in Pennsylvania's long-term care  
15 services, supports, and delivery system; study existing  
16 resources; review existing legislation and regulation; and  
17 make recommendations to the Governor.

18           The budget proposed by Governor Corbett continues  
19 his commitment to older Pennsylvanians in need of long-term  
20 care services and supports to make sure they are served in  
21 the appropriate setting and have the ability to stay at  
22 home or in the community. I am also grateful to the  
23 Legislature for the commitment you have made to address the  
24 needs of our older Pennsylvanians.

25           Most recently, in the passage of House Bill 777



1 sponsored by Representative Grove and cosponsored by other  
2 Members of this Committee as well as others, now Act 12  
3 signed by Governor Corbett this past Friday, PACE and  
4 PACENET benefits will continue for our fellow  
5 Pennsylvanians who otherwise would have lost coverage due  
6 to cost-of-living increases in Social Security. And the  
7 Bill will also add another 8,200 Pennsylvanians to be  
8 eligible for benefits.

9           Also last Friday, the Pennsylvania Alzheimer's  
10 Disease Planning Committee presented its plan to Governor  
11 Corbett as a follow-up to his Executive Order recognizing  
12 the impact of a growing number of Pennsylvanians living  
13 with Alzheimer's disease and related disorders. My  
14 gratitude to our Governor for his leadership and the  
15 Legislature for the inspiration they have given us from the  
16 Alzheimer's Caucus and the House and Senate Aging  
17 Committees. I look forward to highlighting some of the  
18 commitments to older Pennsylvanians that Governor Corbett  
19 has fulfilled over the past year and proposes for the next  
20 fiscal year. I'm also grateful to you, the Legislature,  
21 for the commitment you have made to address the needs of  
22 older Pennsylvanians.

23           MAJORITY CHAIRMAN ADOLPH: Thank you,  
24 Mr. Secretary.

25           I'd like to acknowledge a couple of our

1 colleagues that have joined us for this hearing:  
2 Representative Joe Hackett, Representative Mentzer,  
3 Representative Pashinski, and Representative Gillen. Thank  
4 you for joining us.

5 Chairman Markosek.

6 MINORITY CHAIRMAN MARKOSEK: Thank you very much,  
7 Chairman.

8 Welcome, Secretary Duke---

9 SECRETARY DUKE: Thank you.

10 MINORITY CHAIRMAN MARKOSEK: ---and your team  
11 that's with you here today. I look forward to hearing your  
12 testimony and hearing the answers to questions.

13 But with the permission of the Majority Chair, I  
14 would like to turn over my questioning time to  
15 Representative Cherelle Parker, who, for family and travel  
16 reasons, needs to leave pretty soon. So thank you.

17 MAJORITY CHAIRMAN ADOLPH: Thank you.

18 Representative.

19 REPRESENTATIVE PARKER: Thank you, Chairman  
20 Markosek. A 19-month-old gets you a pass. I'll have to  
21 tell Langston later on that he helped Mommy get a get-out-  
22 early card from the Chairman.

23 Welcome, Secretary Duke, and thank you so much  
24 for being here today.

25 SECRETARY DUKE: Thank you.

1           REPRESENTATIVE PARKER: I guess I want to start  
2 where we left off last year discussing the issue of grave  
3 importance to me and one that we rely on heavily in our  
4 region, and that is the SeniorLAW Helpline, clearly, the  
5 only statewide legal service in Pennsylvania, been praised  
6 by the Federal Administration on Aging, and is one of the  
7 very rare statewide connectors that is relied upon heavily  
8 not just by urban Pennsylvania, but also rural and suburban  
9 Pennsylvania. Talk to me about the Department's commitment  
10 to that free legal advice hotline available to all seniors  
11 across the Commonwealth and how we're investing in that,  
12 and talk about it from the perspective of it being one of  
13 the priorities as it relates to funding and also a  
14 requirement by the Federal Older Americans Act.

15           SECRETARY DUKE: Well, you are correct, and  
16 that's where I would've started with the last point,  
17 Representative, and that is it is a requirement of the  
18 Older Americans Act; therefore, we do provide access to  
19 legal information and assistance. Usually, that's provided  
20 through contractual agreements that our Area Agencies on  
21 Aging execute with local nonprofits. In some regards, that  
22 could be the LAW Helpline or other organizations. I know  
23 when I was in Bucks County we had another organization  
24 based in Philadelphia that we utilized for that purpose.

25           I don't have the exact dollar amount of the

1 commitment that we probably commit to them and can get that  
2 information to you if you wish.

3 REPRESENTATIVE PARKER: Thank you, Mr. Secretary.  
4 If you could just please forward that to Chairman Adolph  
5 and Chairman Markosek, I'd greatly appreciate it.

6 SECRETARY DUKE: We will.

7 REPRESENTATIVE PARKER: The next question that I  
8 wanted to ask was in regards to our AAAs. We have 52, one  
9 of the largest numbers that I've heard of any State in the  
10 Nation, and with the cost of administration and marketing,  
11 have we had any conversations about the possibility of  
12 consolidating agencies? Now, for the record, I want to  
13 note that I understand the importance of local control and  
14 I don't want to get into big battles with the locals here,  
15 but, Mr. Secretary, from a productivity perspective as it  
16 relates to cost-cutting measures, are there any  
17 conversations going forward about how we can consolidate  
18 those aspects, sort of marketing---

19 SECRETARY DUKE: Yes.

20 REPRESENTATIVE PARKER: ---and others?

21 SECRETARY DUKE: Thank you, Representative. Good  
22 question. And often Pennsylvania is asked that question  
23 about the number of Area Agencies on Aging we have. There  
24 are no active discussions at this time about the  
25 consolidation or decreasing the number of Area Agencies on

1 Aging. What we are dedicating ourselves to, though, is a  
2 collaborative effort with the Pennsylvania Association of  
3 Area Agencies on Aging to enhance the capacity of our Area  
4 Agencies on Aging. So as they respond to the unique needs  
5 of our 67 counties, they're able to have the strength that  
6 they need in a changing marketplace, how to explore  
7 alternative sources of funding, how to look at the  
8 provision of services through unique community  
9 partnerships, how to convey the message and awareness that  
10 they are there to help people in their market. And so  
11 there are three examples of things we're working on in  
12 terms of capacity-building. But I thank you for raising  
13 the question.

14 REPRESENTATIVE PARKER: Okay. And finally,  
15 Mr. Secretary, I want to talk about the options, a waiting  
16 list, and I know we've been working extremely hard to sort  
17 of address that issue. And just for the record for the  
18 benefit of the listening audience, those are for programs  
19 for seniors that don't qualify for the Medicaid Aging  
20 Waiver. However, I understand that the funds last year  
21 came with some restrictions, and so what I heard from some  
22 providers, particularly as it related to issues regarding  
23 transportation and protective service demands such as  
24 guardianship. And if you could talk to us, Mr. Secretary,  
25 briefly about what the restrictions were, what you could

1 and could not use those dollars for.

2           SECRETARY DUKE: When we look at the allocation  
3 that was in this current year's budget for the OPTIONS  
4 program, we are talking about a total of \$20 million. And  
5 we distributed that to the Area Agencies on Aging with a  
6 clear emphasis on the need to increase services, the number  
7 of services provided, and to remove people from the waiting  
8 list as it existed. That's been our priority.

9           There was another allocation of \$5 million  
10 provided to each Area Agency on Aging that did not have  
11 that priority set. The reason we set the priority is  
12 because of the growing need, and so we felt we had to lend  
13 focus so that the Area Agencies on Aging worked with us as  
14 they do each day to reduce the waiting list and increase  
15 services to older Pennsylvanians. So at this time I am not  
16 envisioning a change in those restrictions for the next  
17 year where we're going to see an increase in that  
18 allocation.

19           REPRESENTATIVE PARKER: Okay. Well,  
20 Mr. Secretary---

21           SECRETARY DUKE: Thank you.

22           REPRESENTATIVE PARKER: ---if you'll just forward  
23 the information that we discussed during the first  
24 question---

25           REPRESENTATIVE PARKER: Yes.

1           REPRESENTATIVE PARKER: ---to Chairman Markosek  
2 and Adolph, we'll greatly appreciate that and would ask if  
3 it would be at all possible to maybe just start a  
4 conversation about consolidation even if it is in regards  
5 to particular services where you can maximize outcome along  
6 with minimize cost---

7           SECRETARY DUKE: Yes.

8           REPRESENTATIVE PARKER: ---particularly from a  
9 regional perspective if we're talking about those agencies,  
10 and I just think about Southeastern Pennsylvania, for  
11 example, Delaware, Bucks, Chester, Montgomery, and  
12 Philadelphia, and I would be interested in hearing about  
13 what cost-saving measures we could come up with.

14          SECRETARY DUKE: Thank you, Representative.

15          REPRESENTATIVE PARKER: So thank you.

16          SECRETARY DUKE: Thank you.

17          MAJORITY CHAIRMAN ADOLPH: Thank you,  
18 Representative.

19          Chairman Hennessey.

20          REPRESENTATIVE HENNESSEY: Thank you,  
21 Mr. Chairman. And good day, Secretary Duke---

22          SECRETARY DUKE: Good afternoon, Chairman.

23          REPRESENTATIVE HENNESSEY: ---and Deputy  
24 Secretary Gingerich.

25          First of all, let me congratulate you on what you

1 just mentioned a few moments ago, and that's the completion  
2 of the Alzheimer's State Plan. That plan was really an  
3 idea that was created by Representative Kathy Watson out of  
4 Bucks County. Her Bill got tied up in the end-of-session  
5 business that we had at the close of 2012's session and  
6 then Governor Corbett signed an Executive Order last year.

7 Now, within the year, you've managed to get that  
8 commission of 30-some people and probably 25 or 35 support  
9 staff to hold hearings across the State to condense that  
10 into a concise and I think very beneficial State Plan. I  
11 was honored to be on that commission. Steve Samuelson, my  
12 counterpart, was also on that commission. I'm sure he  
13 feels honored to have played a part in it as well. And I  
14 think it's really a good first step toward trying to get  
15 our hands around the problem of Alzheimer's disease as it  
16 confronts more and more people as we get an increasingly  
17 large number of people who are becoming elderly because of  
18 the Baby Boomer generation from the late 1940s.

19 SECRETARY DUKE: Thank you.

20 REPRESENTATIVE HENNESSEY: So thank you, and I  
21 want to congratulate you as Chairman but also your staff in  
22 the Department of Aging for I think a yeoman's job in  
23 turning this around as quickly as was done and in coming up  
24 with I think a very fine and detailed plan.

25 Now, if I can segue back to Representative



1 Parker's discussion on the OPTIONS waiting list, OPTIONS,  
2 as I understand it, is a program to help elderly citizens  
3 who don't qualify for Medicaid services because they have  
4 too much income, but they do need Home and Community-Based  
5 Services. They do need supports to stay in their home and  
6 it is a good program in that regard.

7           Last year, the historic initiative that you  
8 talked about devoted \$50 million to the Department of Aging  
9 to address a number of problems; \$20 million, as I recall,  
10 was specifically targeted to reduce the OPTIONS waiting  
11 list. Now, at the press conference that the Secretaries  
12 held last Tuesday, there was an additional \$1.1 million to  
13 take 500 more people off that list. Doing the math, if \$1  
14 million takes 500 people off the list, then \$20 million  
15 should have taken close to 10,000 people off the list. And  
16 the AAAs tell me 4,000 people came off; some other  
17 testimony said 4,300. I think in the written testimony you  
18 submitted we talk in terms of 4,000 and 7,000. What's the  
19 number? What's the list down to now? What will it be  
20 after this next million dollars is invested?

21           SECRETARY DUKE: As we look at the number of  
22 persons, 4,300 is the right number who've come off the  
23 waiting list in this fiscal year as of the end of November  
24 of 2013. So that's from July 1 to November 2013 we've had  
25 4,300 off the list. I could predict you may be asking---

1           REPRESENTATIVE HENNESSEY: Is that \$20 million  
2 worth of spending to get them off the list?

3           SECRETARY DUKE: Well, remember, the fiscal year  
4 is not over yet and we also are providing additional  
5 services. So it's not just the waiting list number you  
6 have to look at. You have to look at the over 7,000 people  
7 that are being served also. So not all that is---

8           REPRESENTATIVE HENNESSEY: Okay. So when we say  
9 \$20 million is dedicated to reducing the OPTIONS waiting  
10 list, it really goes not just for the list but also to  
11 improve services for other people---

12           SECRETARY DUKE: Right.

13           REPRESENTATIVE HENNESSEY: ---already being  
14 served?

15           SECRETARY DUKE: Right.

16           REPRESENTATIVE HENNESSEY: Okay. Because  
17 otherwise---

18           SECRETARY DUKE: And remember---

19           REPRESENTATIVE HENNESSEY: ---the math just  
20 doesn't add up.

21           SECRETARY DUKE: Right, it doesn't. That's  
22 right. It doesn't. And one thing you have to remember in  
23 the math, too, is that when we prioritize these services,  
24 we're looking at the people who have a higher acuity in  
25 need. So we're not distributing these services to people

1 who may need some support service. We are looking at those  
2 with higher need and prioritizing them. So that sometimes  
3 can impact costs so it's not an even amount for everybody.  
4 It could be a higher level because of people having a  
5 higher acuity of need so---

6 REPRESENTATIVE HENNESSEY: Okay.

7 SECRETARY DUKE: Do you want to add to that,  
8 David?

9 REPRESENTATIVE HENNESSEY: I'm sorry. David, did  
10 you want to just comment or---

11 DEPUTY SECRETARY GINGERICH: The waiting list is  
12 currently 3,049 individuals. You had asked what the  
13 current waiting list is.

14 REPRESENTATIVE HENNESSEY: Right. After the  
15 4,300 comes off, it's still 30---

16 DEPUTY SECRETARY GINGERICH: It's 3,049  
17 currently, and there's an additional 1,381 individuals that  
18 will be coming off in the next few months that will  
19 continue to drive the waiting list number down.

20 REPRESENTATIVE HENNESSEY: Okay. Thank you.

21 On a different topic, last week the Department of  
22 Aging announced a Senior Community Center Grant Opportunity  
23 program, and that was \$2.1 million, again, a part of that  
24 \$50 million in the Governor's investment last year. That  
25 was from our current budget. It took seven months to

1 create the regulations and the guidelines and to announce  
2 that program, and yet my phone has been ringing and I'm  
3 sure a lot of other Representatives are hearing from their  
4 AAAs and their other senior centers saying after seven  
5 months of consideration, you've given us seven weeks to put  
6 our programs together. Now, first of all, is that a  
7 realistic timeline, and if the money is not spent by the  
8 end of June of this year, is that money lost if it's  
9 granted?

10 And then I want to ask you something else about  
11 the administration, but please answer those---

12 SECRETARY DUKE: Sure. The answer to your  
13 question is that the money won't be lost. We're actually  
14 going to fund initiatives that are 12 months in length. So  
15 we're asking the senior centers when they plan to present  
16 an application in the competitive grant program for the  
17 \$2.15 million in this year's budget, they think of projects  
18 that are 12 months and under in terms of duration. And it  
19 should be noted the '14/'15 proposed budget by Governor  
20 Corbett includes another \$2 million---

21 REPRESENTATIVE HENNESSEY: Right.

22 SECRETARY DUKE: ---competitive grant program.  
23 It did take us a while to establish the infrastructure for  
24 the grant program. One thing we looked at is that, you  
25 know, a couple years ago we had 600 senior community

1 centers. We now have 551 community senior centers and we  
2 continue to be notified of either consolidations of senior  
3 centers or closure of senior centers. And that gives us  
4 great concern because these centers are a meaningful part  
5 of what we do in terms of prevention to engage our citizens  
6 in nutrition and healthy programming, education, and  
7 socialization, which can help somebody perhaps defer the  
8 need for more intense long-term care services later on. So  
9 it concerns us when we see those numbers of closures or  
10 consolidations.

11 And so we did engage a partner, and I could be  
12 predicting your next question, but we did engage a partner  
13 with an academic institution who could help us assess the  
14 grants we give and look at the best practices that are  
15 identified so we can replicate those across the State as  
16 quickly as possible. We think that resource will be  
17 helpful to all the senior community centers and probably  
18 help sustain some of them and enhance their programming and  
19 hopefully increase the number of participants at the senior  
20 centers.

21 REPRESENTATIVE HENNESSEY: As a matter of fact,  
22 you did anticipate my next question because it seems to me  
23 the Department of Aging has rolled out grant programs in  
24 the past. Could you just be a little more specific as to  
25 what Temple University brings to this? How does the senior

1 community benefit from Temple's involvement? And let me  
2 just preface, yesterday, I was down at Temple University to  
3 recognize the work that they're doing in Alzheimer's  
4 research and coronary care, two different medical topics.  
5 And certainly I don't mean to disparage them. As a matter  
6 of fact, I think that what they're doing is very laudatory  
7 and substantial for our senior citizens. But what do they  
8 bring to this process and what does it take away from the  
9 grants that are going to be available---

10 SECRETARY DUKE: Yes.

11 REPRESENTATIVE HENNESSEY: ---for our senior  
12 centers?

13 SECRETARY DUKE: I think what they bring to the  
14 table, and we have success with Temple University in terms  
15 of the Department of Aging's Institute on Protective  
16 Services offered through Temple University, and what they  
17 bring are the trained academicians who have expertise in  
18 evaluation science, so to speak, to evaluate the projects  
19 we'll be undertaking at the senior centers to tell us which  
20 ones have a likelihood of continuing as a best practice,  
21 which ones will contribute to the sustainability of senior  
22 centers, which could be best practices adopted. So we  
23 think their expertise will help us greatly in that regard  
24 and the cost of doing that will not decrease the amount of  
25 grant money that's available for the senior centers.

1           REPRESENTATIVE HENNESSEY: That's coming out of  
2 separate funds?

3           SECRETARY DUKE: Separate funds.

4           REPRESENTATIVE HENNESSEY: Right. You had  
5 mentioned that the goal is to keep people in their homes as  
6 long as they can reasonably be expected to stay there. The  
7 LIFE program is one of those programs that we're constantly  
8 told is saving about \$20,000 to \$21,000 a year that would  
9 otherwise be spent toward keeping a senior in a nursing  
10 home setting. How do you see the LIFE program fitting into  
11 the other programs that are available to the Department of  
12 Aging in terms of programmatic funding going forward?

13           SECRETARY DUKE: Well, the first is to note that  
14 the LIFE program is now with the Department of Public  
15 Welfare in their budget complement, in their organizational  
16 structure with the Office of Long-Term Living. And second,  
17 our connection with them is to assess the Adult Day Program  
18 component of the LIFE program, which exists to keep people  
19 in their homes and communities. So we're involved in the  
20 review and licensure of those adult day components.

21           How we see it? We see it as a meaningful part of  
22 the continuum of services to be offered to older  
23 Pennsylvanians. It's a good alternative for those on  
24 medical assistance or those who can afford the rates  
25 privately, provides a very comprehensive array of services

1 through an adult day-like model, which has a wraparound of  
2 services that keep the people in their home communities,  
3 everything from transportation services in the home  
4 services at the adult day setting, includes medical care  
5 and oversight, includes all services that need to be  
6 provided to that person and their well-being. So it's a  
7 good example of managed care in a way, and so we support  
8 the model but it's managed through the Department of Public  
9 Welfare.

10 REPRESENTATIVE HENNESSEY: Okay. One final  
11 question if I may, in the last couple of years our AAAs  
12 across the Commonwealth have been hurt financially by a  
13 couple of things. Number one is it seems like CMA is  
14 pressuring the State to get our AAAs out of the enrollment  
15 process or the care management process, and there's been a  
16 separate fight that we've been fighting with the Department  
17 of Welfare, and I think you're aware of it, where the AAAs  
18 are being paid \$65 for something that an outside contractor  
19 to do the same thing is being paid \$95 per enrollment.  
20 It's been promised that that was going to be addressed.  
21 I'm told that the deadline was the end of the year. And as  
22 of now, they're still waiting. As of today, they tell me  
23 they're still waiting to get an answer to that question.

24 The bigger question that I have is if we cut back  
25 on the funding sources that are available to the AAAs



1 through the enrollment process with the care management  
2 process, they're not going to be able to do the other  
3 things the seniors need to have done for them.

4 As a matter of fact, recently, our AAAs were sort  
5 of imposed or told, as I understand it, that they were  
6 supposed to take over the answering of the hotline for the  
7 18- to 59-year-olds. That hotline reporting abuse was  
8 suddenly to be taken over by our AAAs. I'm told that 10 or  
9 so of the 52 we have have simply said, no, they can't do  
10 it. I don't see how we can expect our AAAs to do extra  
11 work when we're cutting into their funding sources.

12 And I'd like you to tell us what your view is of  
13 the future of AAAs in the Commonwealth and how they can be  
14 sustained.

15 SECRETARY DUKE: Let me first just provide some  
16 information that can be helpful. First, the differential  
17 that was described in terms of the enrollment fee, the  
18 enrollment fee was increased for the Area Agencies on Aging  
19 to the same amount as the vendor to the \$95 level. So they  
20 are receiving that.

21 REPRESENTATIVE HENNESSEY: Okay. Is that for  
22 enrollment?

23 SECRETARY DUKE: That's enrollment.

24 REPRESENTATIVE HENNESSEY: What about the other  
25 things?

1           SECRETARY DUKE: The study that they're waiting  
2 for you were asking about was a service coordination study,  
3 and that is still being completed and I think results are  
4 anticipated in this immediate time frame. I'm not sure.  
5 And that's being done through the Office of Long-Term  
6 Living in the Department of Public Welfare in conjunction  
7 with an outside consultant that's helping Area Agencies on  
8 Aging and other participants review the rates that are  
9 being provided for service coordination. So I don't have a  
10 definitive response for you with that.

11           REPRESENTATIVE HENNESSEY: Okay.

12           SECRETARY DUKE: And then as to the work involved  
13 right now with Adult Protective Services is what you're  
14 referring to, the answering of calls, the Area Agencies on  
15 Aging across the Commonwealth have been the recipient of  
16 any call related to any form of abuse for probably almost  
17 20-some years and we appreciate their service in that  
18 regard. They have not been, when they take these reports  
19 of need, required to conduct investigations. We responded  
20 to a need.

21           The Department of Public Welfare had to provide  
22 these services, as passed by the Legislature, to provide  
23 Adult Protective Services. A set number of Area Agencies  
24 on Aging, I believe 12, agreed to participate to take  
25 reports of need, as well as to investigate cases, and in

1 the remaining regions of the State we've hired contractors  
2 to conduct investigations, but at no time have we changed  
3 the requirement for our Agencies on Aging to take reports  
4 of need.

5           And we don't see an impact for those Area  
6 Agencies on all the Area Agencies on Aging in taking  
7 reports of need we don't see an adverse impact on any other  
8 services we're offering in the protective services arena at  
9 this time. And so they will continue to take reports of  
10 need as they come into the agency and we will conduct  
11 investigations as we become a temporary resource of helping  
12 with Adult Protective Services in the Commonwealth, helping  
13 the Department of Public Welfare offer those services.  
14 They are, as the law requires, in a request-for-proposal  
15 process and that process should conclude in the near future  
16 I think. Is that correct?

17           DEPUTY SECRETARY GINGERICH: (No audible  
18 response).

19           SECRETARY DUKE: Yes. So I think that capacity-  
20 building reference I made when talking to Representative  
21 Parker is one that bears importance working with the Area  
22 Agencies on Aging, and I know their own professional  
23 association, PAAAA, is also working towards helping the  
24 Area Agencies on Aging think about their future in terms of  
25 services offered in the community, effective partnerships,

1 and financial sustainability. And we are proud to work  
2 with them on an ongoing basis to look at those different  
3 ways of providing services.

4           Clearly, there have been changes. Whether  
5 they're driven externally through changes at the Federal  
6 level through the Centers for Medicare and Medicaid or due  
7 to other changes, we want to continue to work with them.

8           REPRESENTATIVE HENNESSEY: Okay. I've heard  
9 anecdotally that some of the county commissioners have  
10 simply told the AAAs not to perform certain services  
11 because they can't do it and make money, and the  
12 commissioners can't subsidize them at the expense of some  
13 other program. So I think it's important that we let the  
14 AAAs know that they have some sound financial foundation  
15 going forward before we lose them. In my view at least  
16 they're much too valuable for us to lose.

17           SECRETARY DUKE: And we would share that. And  
18 coming from county government, I can relate to what you  
19 just offered in terms of at times the strain that's on  
20 county budgets and the experiences they have and what they  
21 need to do to direct their own human services, and I know  
22 there are initiatives underway to help the counties in that  
23 regard, whether it be through the block grant or other  
24 initiatives. And helping the AAAs get to that sound  
25 financial position is something that's important to us. It

1 ties right to the need we talk about, right, the need of  
2 older Pennsylvanians, the growing need of older  
3 Pennsylvanians, the need to grow lottery resources to  
4 support our budget as we move forward. And so I thank you  
5 for bringing that up. Thank you, Chairman.

6 REPRESENTATIVE HENNESSEY: Thank you,  
7 Mr. Secretary.

8 SECRETARY DUKE: Thank you.

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

11 MAJORITY CHAIRMAN ADOLPH: Chairman Samuelson.

12 REPRESENTATIVE SAMUELSON: Thank you,  
13 Mr. Chairman.

14 Like Representative Hennessey, I was honored to  
15 serve on that Alzheimer's State Planning Committee, and I  
16 commend you, Secretary Duke, for the report that was  
17 delivered to the Governor just last week.

18 SECRETARY DUKE: Thank you.

19 REPRESENTATIVE SAMUELSON: Now, this report is  
20 very comprehensive, very ambitious, the recommendations  
21 ranging from trying to focus on research into Alzheimer's,  
22 trying to focus on support for caregivers, trying to focus  
23 on public awareness, maybe a public awareness campaign all  
24 across Pennsylvania. I note in the budget the line item  
25 for Alzheimer's outreach was \$250,000 in the current year

1 and \$250,000 in the coming year, so no increase. And I  
2 guess my question is this is a very ambitious plan, a very  
3 ambitious set of recommendations. Why not ask for some  
4 resources in this budget proposal to start implementing  
5 what's in our new Alzheimer State Plan? And I do know at  
6 our Committee we talked about trying to focus on Federal  
7 resources, State resources, and private resources. So my  
8 question is why not ask for some more State resources to  
9 help us start addressing this proposal?

10 SECRETARY DUKE: Well, first, I want to thank  
11 Chairman Hennessey and you both for serving on that  
12 Committee, as well as the other Chairs of Senate and House  
13 Health Committees who helped us formulate the seven  
14 recommendations that comprise the report. You're correct.  
15 The amount of money in the plan for Alzheimer's outreach  
16 remains at \$250,000.

17 I know I appreciate your mention that when we  
18 talked about that second recommendation of expanding  
19 financial resources, we did so with that eye towards  
20 financial resources from all sources, and you began to  
21 enumerate some of them. And I think that's why you don't  
22 see the increase in the State budget. It's just that I  
23 think our success in implementation, and again, we're going  
24 to have to await the Governor's review of the report that  
25 he just received this past Friday, to see what's needed and

1 then how to best proceed to get it. And I can't predict  
2 what would be in future fiscal year requests, but in this  
3 year, I think we're okay to put in that request for the  
4 \$250,000 working with the Alzheimer's Association chapters  
5 we have here in the Commonwealth and continuing that good  
6 work and seeking to identify what resources are needed,  
7 seeking to see whether they're available other than State  
8 Government, those other partners in proceeding.

9 REPRESENTATIVE SAMUELSON: Okay. On the senior  
10 center grants---

11 SECRETARY DUKE: Yes.

12 REPRESENTATIVE SAMUELSON: ---I know  
13 Representative Hennessey talked about the short time frame  
14 for the---

15 SECRETARY DUKE: Yes.

16 REPRESENTATIVE SAMUELSON: ---senior centers to  
17 submit an application---

18 SECRETARY DUKE: Yes.

19 REPRESENTATIVE SAMUELSON: ---current year budget  
20 \$2,150,000.

21 SECRETARY DUKE: Yes.

22 REPRESENTATIVE SAMUELSON: Proposed budget, a  
23 7 percent cut down to \$2 million.

24 SECRETARY DUKE: \$2 million, yes.

25 REPRESENTATIVE SAMUELSON: Don't you think we'll

1 have plenty of applications even beyond the ability of the  
2 Department to award these grants and why propose a  
3 reduction for next year?

4 SECRETARY DUKE: We put in actually the same  
5 request we did the previous year, so we requested \$2  
6 million in this current year's budget and the Legislature  
7 added the .15. This year, we requested the \$2 million  
8 again.

9 REPRESENTATIVE SAMUELSON: My point is that I  
10 think with the number of grants you're going to be getting  
11 by March 31st---

12 SECRETARY DUKE: I---

13 REPRESENTATIVE SAMUELSON: ---we probably will  
14 use that entire 2.15 and why not propose a continuation at  
15 that level?

16 SECRETARY DUKE: Well, we put in the request at  
17 the same level---

18 REPRESENTATIVE SAMUELSON: Okay.

19 SECRETARY DUKE: ---we requested the year before.  
20 Thank you.

21 REPRESENTATIVE SAMUELSON: All right.

22 SECRETARY DUKE: Yes.

23 REPRESENTATIVE SAMUELSON: Transfer to the  
24 Pharmaceutical Assistance, there's a large line item. Out  
25 of the lottery fund, \$190 million transferred to the



1 Pharmaceutical Assistance Fund current year. Next year,  
2 it's only \$165 million, a \$25 million reduction. Now, I  
3 believe, this may be is a question for Mr. Snedden from the  
4 PACE program, that there's been some changes based on the  
5 Affordable Care Act, what some people refer to as ObamaCare  
6 where there's additional funding coming to States,  
7 including Pennsylvania, to help pay for pharmaceuticals.  
8 And I believe that that is one of the reasons that you are  
9 able to request a \$25 million reduction from the lottery  
10 fund over the Pharmaceutical Assistance.

11 So my question for either Secretary Duke or  
12 Mr. Snedden would be what is the total savings for the  
13 current year based on the Affordable Care Act and do you  
14 have a three-year total since those changes went into  
15 effect?

16 MR. SNEDDEN: Well, first of all, let me say by  
17 way of preface that the Affordable Care Act has embedded in  
18 it amendments to Medicare Part D, so it's not so much the  
19 Affordable Care Act that's providing us with this benefit  
20 but it's more amending Medicare Part D.

21 REPRESENTATIVE SAMUELSON: Wasn't there a change,  
22 though, closing the donut hole, that was part of the  
23 Affordable Care Act?

24 MR. SNEDDEN: Sure, that's right. But that's  
25 still amending Part D---

1 REPRESENTATIVE SAMUELSON: Okay.

2 MR. SNEDDEN: ---and you're right. The  
3 Affordable Care Act did two things of significance in  
4 providing us with savings. One is it is reducing the size  
5 of the donut hole, which is reducing the spend that we have  
6 to make on our enrollment. And secondly, it significantly  
7 increased the rebates that manufacturers pay to the  
8 Medicaid program. Our rebate formula in PACE is actually  
9 linked to the Federal Medicaid formula. So those two  
10 things are providing us with savings somewhere in the  
11 neighborhood of \$60-\$70 million per year---

12 REPRESENTATIVE SAMUELSON: Okay.

13 MR. SNEDDEN: ---going back to 2011. It's really  
14 difficult, Representative Samuelson, to get an exact number  
15 because there's a lot of other things going on now that are  
16 providing savings like a significant increase in the  
17 generic utilization, which has nothing to do with the  
18 Affordable Care Act or Part D. It's just that lots of big  
19 patents are expiring and we're able to take advantage of  
20 that. But \$60-\$70 million a year is a good range.

21 REPRESENTATIVE SAMUELSON: Okay. Well, I just  
22 wanted to make the point that some of the changes to  
23 Medicare Part D that were part of that Affordable Care Act  
24 have been producing some savings for Pennsylvania, which  
25 reduces the amount of money that the State Prescription

1 Program has to take out of the Lottery Fund.

2 My final question is about taking things out of  
3 the Lottery Fund, and there's two large line items in this  
4 proposed budget, and one we talked about last year was the  
5 transfer from the Lottery Fund to long-term care over in  
6 the Department of Public Welfare, \$309 million. And  
7 there's a new one in the Aging budget this year which is a  
8 transfer to the Department of Public Welfare Home and  
9 Community-Based Services, \$142 million. So together,  
10 that's \$450 million coming out of the Lottery Fund going to  
11 DPW, Department of Public Welfare, to help balance their  
12 budget.

13 Now, I know transfers from the Lottery Fund of  
14 this nature have been going on perhaps for six governors,  
15 maybe back to Governor Thornburgh. However, I want to make  
16 two points. One is the \$309 million that was in the  
17 current year's budget was an all-time record. The amount  
18 that Governor Corbett proposed last year and was adopted by  
19 the General Assembly was the highest ever of these  
20 transfers out, and now, if we're going from \$309 million to  
21 \$450 million, that shatters the all-time record. And if we  
22 could keep that \$450 million in the Lottery Fund, that  
23 would be more resources available for programs to benefit  
24 seniors like the property tax rebate, the prescription, the  
25 PACE/PACENET program, the Area Agencies on Aging, the

1 transportation for seniors.

2 I know we had a hearing at our Aging Committee  
3 last year and there was a lot of concern from folks who  
4 work with seniors all across Pennsylvania. They testified.  
5 There was a lot of concern about the current practice of  
6 doing this, and I'm sure they're going to be even more  
7 concerned that it's going from \$309 million to \$450 million  
8 next year. So I guess I'd just ask Secretary Duke, the  
9 philosophy of taking so much out of the Lottery Fund to  
10 help balance the DPW budget, wouldn't that be better spent  
11 to stay in the Lottery Fund to benefit senior programs?

12 SECRETARY DUKE: Thank you, Chairman. I probably  
13 see it a little differently. I probably see it as \$409  
14 million investment in older Pennsylvanians, which is what  
15 the lottery is for. It's to help older Pennsylvanians.  
16 And when we look at their needs, they are defined by great  
17 variety, great variety in terms of clinical condition,  
18 great variety in terms of functional deficits in needs,  
19 great variety in terms of income. Thus, for some, they may  
20 be eligible for medical assistance waiver-based programs  
21 like the aging waiver. And so I believe it is an effective  
22 use of our funds to help citizens across the continuum of  
23 care.

24 And remembering at our very heart, thirty-five  
25 years ago, it's one of those anniversaries you look at and

1 say where have we come? At our very heart is to serve  
2 those in the greatest economic and social need. That's  
3 really what we're about. And so when I look at the  
4 utilization of lottery funds to help those who are poor,  
5 whether that program resides in the Department of Public  
6 Welfare or in the budget of the Pennsylvania Department of  
7 Aging, I think it is important that we support these  
8 programs and support services for those who are poor, and  
9 hopefully, through those main foundational building blocks  
10 of the Department of Aging, prevention and protection, and  
11 through those collaborations we do with the constituents  
12 with the Department of Public Welfare, we're able to  
13 provide services that help prevent that person from needing  
14 a more intense level of services at a later point in time.  
15 So that's probably the difference of view we have.

16 REPRESENTATIVE SAMUELSON: I guess my concern is  
17 that the Governor could interpret it even more broadly. He  
18 could say that some people who visit State parks are senior  
19 citizens so we're going to take money out of the Lottery  
20 Fund and support DCNR, or some people who utilize the  
21 programs in the Department of Health are senior citizens so  
22 he could take money out of the Lottery Fund and send it  
23 over to the Department of Health. My concern is that those  
24 programs in DPW that you were referring to in past years  
25 have been supported mainly by General Fund tax dollars. So

1 if we continue to take money out of the Lottery Fund to  
2 help shore up that budget, I wonder if that is sustainable  
3 over time at the \$309 million that we have this year or  
4 even the proposed \$450 million if that's a long-term  
5 strategy to take so much out of the Lottery Fund.

6 SECRETARY DUKE: I understand your concern but I  
7 can assure you I think our Governor's commitment to older  
8 Pennsylvanians has been demonstrated this fiscal year and  
9 into next. I think seeing a Governor that's made the  
10 largest single investment in our department's history, you  
11 had mentioned previous administrations of a 35-year  
12 history, to have the largest single investment made in our  
13 programs at the Department of Aging to keep [inaudible] and  
14 communities I think is a sign of that commitment and I  
15 think a sign of right caution when it comes to how those  
16 dollars are utilized. But I do thank you for sharing your  
17 thoughts. Thank you.

18 REPRESENTATIVE SAMUELSON: Thank you. Here comes  
19 the birthday boy, Representative Millard.

20 REPRESENTATIVE MILLARD: Thank you, Mr. Chairman.  
21 Secretary Duke, Chairman Hennessey touched a  
22 little bit on the Preadmission Assessment program and the  
23 funding for doing those assessments, 65 versus 95, and a  
24 lot of programs within the AAAs are varied. There are  
25 multiple programs there, and I personally feel that the

1 assessments that they provide should continue because  
2 there's a comfort zone that families and individuals have  
3 established with members of the AAAs locally.

4           So that leads me to my questions here. First, a  
5 comment here. All assessments determining if an individual  
6 is clinically eligible for a nursing facility are made by  
7 the local AAAs. These determinations are then used to  
8 provide Home and Community-Based Services as an alternative  
9 to nursing home care for clinically eligible recipients.  
10 First of all, how does the Department evaluate and monitor  
11 that these determinations are made in a consistent manner  
12 because we do have 52 AAAs across the Commonwealth?

13           SECRETARY DUKE: Thank you, Representative.  
14 First, let me clarify the 65/95 is about enrollment  
15 activity, not assessment activity. So I'll clarify that  
16 separation first. But in talking about preadmission  
17 assessments, you are indeed identifying one of the most  
18 important functions in the Area Agency on Aging in  
19 assessing the needs of our citizens and helping identify  
20 those needs and develop, which become the core of the care  
21 plans we offer. And we monitor that in several ways but we  
22 do so with an eye towards consistency.

23           Most recently, Deputy Secretary Gingerich led an  
24 effort to look at our level of care determination tools to  
25 make sure that we revise them where necessary in order to

1 make sure that there is a consistent application of that  
2 tool across the Commonwealth. You mentioned 52 Area  
3 Agencies on Aging. And we tested what is being proposed  
4 and will be discussed with CMS in the near future and found  
5 it to generate consistent results, so we're pleased with  
6 that.

7 We monitor the Area Agencies on Aging through  
8 benchmarking measures so that we look at how they're  
9 performing in terms of set measures, which compare them to  
10 State averages so that we can see that that's happening.  
11 We monitor them through onsite visit. We have an enhanced  
12 quality assurance presence right now that we're providing  
13 across the Commonwealth. I don't know if you want to talk  
14 to that monitoring at all, David.

15 DEPUTY SECRETARY GINGERICH: We monitor each of  
16 the AAAs on an annual basis for the level of care  
17 assessments but on other programs as well for both the  
18 consistency of application of the tool as well as the  
19 results to make sure that they are applying the tool  
20 correctly within the time frames necessary and that the  
21 individuals are being referred to the appropriate level of  
22 setting and the service plans are built and match the  
23 assessed need.

24 REPRESENTATIVE MILLARD: So your criteria, is  
25 that the same assessment form or same criteria used by all



1 52---

2 DEPUTY SECRETARY GINGERICH: Yes.

3 REPRESENTATIVE MILLARD: ---that you're doing the  
4 grading on? Do these agencies for the services that they  
5 recommend through their assessment, do they themselves  
6 provide those services?

7 SECRETARY DUKE: Usually, those services are  
8 provided via contractual relationships with providers in  
9 their planning service areas.

10 REPRESENTATIVE MILLARD: And is there consistency  
11 with those services that are provided based on consistent  
12 recommendations?

13 SECRETARY DUKE: Those services are also  
14 monitored for delivery. Right?

15 DEPUTY SECRETARY GINGERICH: Yes.

16 SECRETARY DUKE: Yes.

17 REPRESENTATIVE MILLARD: Okay. And finally, do  
18 you think there's sufficient accountability to ensure --  
19 you touched a little bit on this -- the cost-effectiveness  
20 of the Home and Community-Based Service delivery system?

21 SECRETARY DUKE: I would say yes.

22 DEPUTY SECRETARY GINGERICH: Yes.

23 SECRETARY DUKE: I would say there is sufficient  
24 accountability. I think the monitoring we're describing,  
25 the revisions we're making to assessment systems to ensure

1 consistency would ensure you that there is sufficient  
2 accountability in terms of delivery of Home, Community-  
3 Based Services.

4 REPRESENTATIVE MILLARD: So families coming in to  
5 have this assessment done can leave with the comfort  
6 feeling that it's all being done the same across the  
7 Commonwealth and they are in good hands?

8 SECRETARY DUKE: It is not a 100 percent perfect  
9 system but we think our citizens should be assured that  
10 when they come in for an assessment, that their needs are  
11 being identified as fully as possible and plans of care are  
12 being developed to respond to those.

13 REPRESENTATIVE MILLARD: Okay. Thank you,  
14 Mr. Secretary.

15 SECRETARY DUKE: Thank you.

16 REPRESENTATIVE MILLARD: Thank you, Mr. Chairman.

17 MAJORITY CHAIRMAN ADOLPH: Thank you.  
18 Representative Carroll.

19 REPRESENTATIVE CARROLL: Thank you, Mr. Chairman.

20 Mr. Secretary, thank you. Mr. Snedden. I was  
21 going to go in a different direction but I'm compelled to  
22 follow up on Representative Samuelson's discussion relative  
23 to PACE and PACENET and the Affordable Care Act. I thought  
24 I heard an answer that the Affordable Care Act had nothing  
25 to do with the savings relative to the PACE and PACENET

1 program over the course of the last three years. My  
2 analysis of the State expenditures show two distinct  
3 changes in the plateau with respect to State expenditures;  
4 one that occurred after the Part D expansion of Medicare  
5 and then a second one that occurred with the Affordable  
6 Care Act. Is that analysis incorrect?

7 SECRETARY DUKE: I don't know about the timing of  
8 those.

9 MR. SNEDDEN: I'm not sure what you have  
10 referenced to in terms of the Part D amendments prior to  
11 the Affordable Care Act, but in 2010 when the Affordable  
12 Care Act passed, it had embedded in it amendments to part  
13 D, which did what I said, constricted the donut hole or  
14 started that constriction and increased our rebates. I  
15 didn't want to suggest that the Affordable Care Act was  
16 irrelevant. What I was suggesting was that it was the  
17 vehicle to amend Part D. And those amendments did not go  
18 to the core of what the Affordable Care Act is about.

19 REPRESENTATIVE CARROLL: Well, Part D amended  
20 Medicare that we can trace back to the creation of Medicare  
21 if we're going to turn the clock back like that. Let me  
22 ask the question differently. If not for the Affordable  
23 Care Act, would we have realized these savings?

24 MR. SNEDDEN: I would think that we probably  
25 would not have because the basis for it was to free up some

1 Federal funds to provide for the Affordable Care Act. The  
2 reduction that we've seen in PACE expenses has been a  
3 reduction that's been seen across the board in Medicare  
4 Part D.

5 REPRESENTATIVE CARROLL: So it sounds like what  
6 I'm hearing then is we have Part D to thank for the first  
7 reduction, and the Affordable Care Act to thank for the  
8 second reduction, that thankfully those two net savings  
9 give the Department and the Administration the flexibility  
10 to transfer money to community-based services and to long-  
11 term care.

12 MR. SNEDDEN: There's no disputing the savings.  
13 We can argue about the framework for it all day but there's  
14 no disputing the savings. I said the savings were \$60-\$70  
15 million a year, 2011, 2012, 2013.

16 REPRESENTATIVE CARROLL: Well, and I think the  
17 chart that I have shows State expenditures above \$500  
18 million dating back to 2005, right around the time of the  
19 Part D expansion, and now we're talking about in the  
20 neighborhood of \$165 million. And if you trace the  
21 expenditures over the course of time in 2007, '08, and '09,  
22 we were somewhere in the neighborhood of \$300 million, a  
23 \$200 million savings. Now we have another \$100 million  
24 plus savings thanks to the Affordable Care Act. And the  
25 reason why it's important is because of a larger discussion

1 relative to Medicaid expansion and all of the give-and-take  
2 relative to the Affordable Care Act and---

3 SECRETARY DUKE: Representative, that doesn't  
4 relate. Representative, this is about Medicare Part D.  
5 This is about our PACE program---

6 REPRESENTATIVE CARROLL: Yes, Mr. Secretary, this  
7 is also about the Affordable Care Act that affects both.

8 SECRETARY DUKE: MA expansion does not relate  
9 here.

10 REPRESENTATIVE CARROLL: Well, it may not relate  
11 to you, Mr. Secretary, but for those of us that have to  
12 cast votes on policies, it affects everything because the  
13 Medicaid expansion is part of a larger discussion that  
14 includes a discussion that is related to the savings that  
15 the Affordable Care Act offer. And so when we get to these  
16 discussions relative to the Affordable Care Act and its  
17 broad implications across all sorts of domains in State  
18 Government, it has every application.

19 SECRETARY DUKE: I think when you talk about the  
20 PACE program, I think it's important to realize that  
21 perhaps you -- and I don't if you were a cosponsor.  
22 Representative Grove and others led the way recently to  
23 pass a Bill signed by our Governor on Friday to make sure  
24 that an additional 8,200 Pennsylvanians will receive  
25 coverage through the PACE program, and those who have a

1 Social Security cost-of-living increase, about 29,000  
2 Pennsylvanians, will continue to receive this benefit. I  
3 think if you're talking about the PACE program where I  
4 believe you started your questions, that's the important  
5 point.

6 REPRESENTATIVE CARROLL: And I was a cosponsor of  
7 the Bill and I think it passed unanimously so I don't think  
8 there was any dispute about that Bill.

9 SECRETARY DUKE: That's good.

10 REPRESENTATIVE CARROLL: But, Mr. Secretary, the  
11 fact of the matter is is that we will hear from others that  
12 sit in that chair that you're currently in today over the  
13 course of the next three weeks that highlight the  
14 deficiencies, as they describe them, with respect to the  
15 Affordable Care Act, and the negative ramifications that  
16 they will outline relative to its implementation, and I  
17 think it's only fair to have a total and an inclusive  
18 discussion relative to all of the aspects of the Affordable  
19 Care Act. And we're going to sit here today and we're  
20 going to declare victory because we can transfer \$450  
21 million to the Department of Public Welfare thanks  
22 partially to the Affordable Care Act. I think that that's  
23 something that we should at least be honest enough to say  
24 so with respect to the broad discussions relative to the  
25 Affordable Care Act.

1 Thank you, Mr. Chairman.

2 SECRETARY DUKE: Thank you, Representative.

3 MAJORITY CHAIRMAN ADOLPH: It seems like they  
4 both agreed but it didn't sound like that.

5 Representative Oberlander.

6 REPRESENTATIVE OBERLANDER: Thank you, Chairman.  
7 Thank you, Secretary.

8 Last year, there were additional funds in the  
9 budget to support the Area Agency on Aging, and as you  
10 know, this money is used to support senior centers, provide  
11 rate increases for home and community-based providers, and  
12 support agency operations. Is that funding continued in  
13 this year's budget?

14 SECRETARY DUKE: Yes, it is, and increased. So  
15 there was \$50 million allotted last year, and for example,  
16 in the Department of Aging, there was \$20 million allotted  
17 for the OPTIONS program. The Governor is maintaining that  
18 commitment plus adding to it so that we can remove more  
19 people off the OPTIONS waiting list. That's one example.

20 REPRESENTATIVE OBERLANDER: That's terrific.

21 SECRETARY DUKE: And the \$5 million that was  
22 provided as a pool of money in last year's budget for the  
23 Area Agencies on Aging, that's being maintained in this  
24 budget as well.

25 REPRESENTATIVE OBERLANDER: Last year, did the

1 Department establish a funding allocation formula?

2 SECRETARY DUKE: We did.

3 REPRESENTATIVE OBERLANDER: Can you describe that  
4 formula and will that be used again this year?

5 SECRETARY DUKE: So for base funding for the  
6 Department of Aging, we have not changed the allocation  
7 formula that's been used over the past more than several  
8 years, but for the additional investment, we did modify a  
9 formula, and I can ask Deputy Secretary Gingerich to give  
10 you the details on that modified formula and its  
11 application. The goal of the modification was to address  
12 long-standing financial funding and equities across the  
13 Commonwealth and make sure that we provided services that  
14 would ultimately increase the number of persons served for  
15 Home and Community-Based Services. But if you want the  
16 detail, we can go over the detail for you.

17 DEPUTY SECRETARY GINGERICH: For the \$20 million  
18 in the current fiscal year budget, it was distributed  
19 utilizing an allocation formula that weighted 60 percent of  
20 the funding for individuals over the age of 60 at 100  
21 percent or below Federal poverty, 10 percent for  
22 individuals over the age of 75, 10 percent for individuals  
23 over the age of 85, 10 percent for individuals from  
24 culturally diverse communities, and 10 percent for  
25 individuals in rural communities, so that was used for the



1 \$20 million and what would be proposed to be used for the  
2 additional \$14 million in this year's budget.

3 REPRESENTATIVE OBERLANDER: Thank you very much.  
4 Thank you, Mr. Chairman.

5 MAJORITY CHAIRMAN ADOLPH: Thank you.  
6 Representative Dean.

7 REPRESENTATIVE DEAN: Thank you, Mr. Chairman.  
8 And good afternoon, gentlemen. Good afternoon,  
9 Secretary.

10 SECRETARY DUKE: Good afternoon.

11 REPRESENTATIVE DEAN: Thank you for your valuable  
12 work on behalf of our seniors.

13 I have a question about the recent storm. I'm  
14 from Montgomery County and the recent storm hit our area  
15 particularly hard, along with many of the surrounding  
16 counties. More than 700 individual homes were without  
17 power affecting, of course, a tremendous number of seniors,  
18 nursing homes, assisted living facilities. And I'm  
19 wondering what resources came to bear through your  
20 department maybe as a result of the Governor signing the  
21 declaration or asking for the President to sign the  
22 declaration of emergency relief? So what were you able to  
23 do or what resources came to bear as a result of this  
24 storm?

25 SECRETARY DUKE: We thank you for that question

1 and we hope all citizens who have been affected by it --  
2 I'm from your neighboring county of Bucks so I'm familiar  
3 with the hardship also there but Montgomery County bore a  
4 heavy brunt of the storm, as did other counties in the  
5 southeast.

6 Our Areas Agencies on Aging are our first line of  
7 response in the local area working with their local  
8 emergency authorities, checking in with shelters, being  
9 contacted by those emergency authorities if there's a need  
10 to help somebody perhaps with temporary placement. If you  
11 have an elder that comes to a facility, perhaps a shelter,  
12 and they're in need of placement temporarily in order to be  
13 cared for.

14 And our Area Agencies on Aging are also out front  
15 before a storm making sure that additional home-delivered  
16 meals are delivered to people, nonperishable meals are  
17 delivered so they have emergency nutrition as backup should  
18 they need it. They also check in with the most vulnerable  
19 persons they're serving by telephone to contact each of  
20 them before a predicted storm to make sure that they're  
21 safe and well, and if they're not, make sure that they  
22 offer the person the ability to have any needs addressed  
23 that may endanger them during an upcoming storm. So that's  
24 basically what we do. We're responsive through our Area  
25 Agencies on Aging.

1           REPRESENTATIVE DEAN: Do you have any idea of how  
2 many seniors you served maybe as a result of the last six,  
3 seven days?

4           SECRETARY DUKE: I don't have that number in  
5 terms of what we've been able to do to respond. We did  
6 reach out to the seven counties that were most impacted and  
7 we do have a report on file of what response did take place  
8 in the local areas. I'm not sure if that includes the  
9 number of persons impacted but it may.

10          REPRESENTATIVE DEAN: Okay. If we could get that  
11 if that becomes available to you---

12          SECRETARY DUKE: Yes.

13          REPRESENTATIVE DEAN: ---and if you forward it to  
14 the Committee.

15                 And because of the devastation of the storm and I  
16 think sort of the unprecedented nature of it, telephone  
17 lines were out, communications were down in terms of your  
18 internet and everything else, so we found it very difficult  
19 to deal with just communicating and reaching out and  
20 knowing who was still without power, who was still in a  
21 home that was going cold. So I don't know whether the  
22 Governor was able to provide you any extra manpower, boots  
23 on the ground, going out and surveying?

24          SECRETARY DUKE: I wouldn't be as familiar as to  
25 emergency planning in Montgomery County. I do know through

1 PEMA though that all resources were available. We  
2 activated the National Guard so I know a lot of resources  
3 were standing ready to respond.

4 REPRESENTATIVE DEAN: Okay. And then my other  
5 question is just about the waiting list. Maybe if we could  
6 just humanize that a little bit. We talk an awful lot  
7 about people on waiting lists. Can you describe the nature  
8 of the need of the seniors who are on waiting lists for  
9 assistance in their living?

10 SECRETARY DUKE: Thank you. I mean if you look  
11 at the average recipient of service for our department it's  
12 usually a widow who's 80 years of age living on limited  
13 income but not quite eligible for medical assistance and  
14 multiple functional deficits and perhaps multiple chronic  
15 diseases. Indeed, that describes a population that's in  
16 need and that's the picture when I look at our waiting  
17 list. That's who I'm envisioning as somebody in need of  
18 service. So I am grateful for the additional investments  
19 the Governor proposed, the Legislature passed, so that we  
20 can reduce this number to help citizens so they can stay in  
21 their homes and communities and address their needs.

22 REPRESENTATIVE DEAN: And how long might a person  
23 to be on a waiting list with the State?

24 SECRETARY DUKE: Right now, the average I think  
25 for the OPTIONS program if you are looking at those who are

1 nursing facility clinically eligible, it's about 228 days,  
2 and those who are nursing facility ineligible wouldn't have  
3 quite as many needs. It's about 220 days. And for those  
4 that are probably receiving services that we don't care  
5 manage, for example, if someone is just receiving meals,  
6 it's about 242 days right now.

7 REPRESENTATIVE DEAN: So greater than half a year  
8 on a waiting list?

9 SECRETARY DUKE: About, yes.

10 REPRESENTATIVE DEAN: Yes, for people at this age  
11 with those level of needs. And we're still going to have  
12 quite a 3,000 folks even when we do get through the several  
13 thousand?

14 SECRETARY DUKE: At the end of this calendar  
15 year, David? And then additional---

16 DEPUTY SECRETARY GINGERICH: At the end of this  
17 State fiscal year we anticipate having 1,381 individuals on  
18 the waiting list and then next year with the investment, an  
19 additional 500 will be able to come off.

20 REPRESENTATIVE DEAN: Okay. Thank you very much.

21 SECRETARY DUKE: You're welcome. Thank you.

22 MAJORITY CHAIRMAN ADOLPH: Thank you.

23 Representative Petri.

24 REPRESENTATIVE PETRI: Thank you, Mr. Chairman,  
25 and thank you, Mr. Secretary. You know, listening to you

1 testify it's really refreshing, the depth of your  
2 knowledge, and your commitment to seniors I think is  
3 unquestioned.

4 SECRETARY DUKE: Well, thank you, Representative.

5 REPRESENTATIVE PETRI: I want to follow up a  
6 little bit on the topic that Representative Millard was  
7 exploring with regard to accountability of the AAAs. Can  
8 you help me understand? I know that you give directors of  
9 your desires if you will but how binding are those on the  
10 AAAs on how they use the funds? And let me just say I'm  
11 not sure that one size would fit all anyway but can you  
12 give us some parameters on what they're allowed to do or  
13 not allowed to do and how we know that they're doing what  
14 they should be doing?

15 SECRETARY DUKE: We can provide greater detail to  
16 you perhaps outside the hearing but we have administrative  
17 policy directives that we do issue. They are required to  
18 follow those directives. And we monitor their compliance  
19 with those directives when we do monitoring visits.

20 REPRESENTATIVE PETRI: Okay.

21 SECRETARY DUKE: We also can do accessing of  
22 records virtually to make sure they're using those funds.

23 REPRESENTATIVE PETRI: Okay.

24 SECRETARY DUKE: Everything through the provision  
25 of Home and Community-Based Services, the provision of

1 meals, the provision of protective services are all  
2 assessed and monitored in one way or another. We are  
3 undertaking a very large initiative right now to take all  
4 those administrative policy directives, to review them, and  
5 to come up with a new Aging Services Manual. Two chapters  
6 have been issued out of what I think is a total of eight or  
7 ten.

8 DEPUTY SECRETARY GINGERICH: Twelve.

9 SECRETARY DUKE: Twelve that'll be issued.

10 Deputy Secretary Gingerich is leading that initiative, to  
11 make sure that what we're asking is up-to-date with current  
12 requirements. And so we're confident that these changes,  
13 the existing administrative policy directives, and the  
14 monitoring we undertake are making sure that there's great  
15 accountability.

16 REPRESENTATIVE PETRI: Okay. And I guess the  
17 reason I'm asking, do you have any data so far to show  
18 generally the categories and where the money is being used?  
19 In other words, is it primarily for analysis, evaluations?  
20 Is it primarily for food? Or is it the one thing that the  
21 Chairman and I heard that caused us both to glance last  
22 year, one AAA said something like, well, if you cut our  
23 money, we won't be able to fix private homes, make repairs.  
24 Well, that to me is not a priority of a AAA when some of  
25 the other AAAs are struggling. So can you give us a sense

1 of whether we have data points on where really the money is  
2 going?

3 SECRETARY DUKE: I'm going to defer to Deputy  
4 Secretary Gingerich on what reports we do have.

5 DEPUTY SECRETARY GINGERICH: Sure. The two  
6 largest categories of expenditures at the AAAs are for  
7 hands-on personal care services, as well as for nutrition  
8 services programs, so our home-delivered and congregate  
9 meals represent the two largest buckets of expenditures.

10 REPRESENTATIVE PETRI: Do the AAAs give you an  
11 analysis at the end of their fiscal year to show you how  
12 they spent the money?

13 DEPUTY SECRETARY GINGERICH: Yes.

14 REPRESENTATIVE PETRI: Okay. So that would be  
15 information---

16 DEPUTY SECRETARY GINGERICH: Quarterly, actually.

17 REPRESENTATIVE PETRI: Quarterly?

18 DEPUTY SECRETARY GINGERICH: Yes.

19 REPRESENTATIVE PETRI: Okay. And then do you  
20 compile them so we have an average or a chart or something?

21 DEPUTY SECRETARY GINGERICH: Yes.

22 REPRESENTATIVE PETRI: Is that information that  
23 perhaps the Committee could have just so we could have a  
24 look at it?

25 DEPUTY SECRETARY GINGERICH: Yes.



1           REPRESENTATIVE PETRI: And I'm sure both Chairmen  
2 of Aging would probably want it and maybe they already have  
3 it.

4           The last area I'd like to cover with you is  
5 something that has become of great personal concern to me  
6 in my observations. I still practice law when able, but  
7 over the years, I've had a number of cases with elder  
8 financial abuse, not necessarily the physical abuse  
9 circumstances. And I'm talking to practitioners, and among  
10 those attorneys who do this work, I'm hearing alarming  
11 information even from them about what they're seeing. And  
12 so I was wondering whether the Department has thought about  
13 possibly issuing some bulletins or warnings to seniors?  
14 And the kind of abuse I'm talking about comes from someone  
15 who is a caregiver in the family and convinces Mom or Dad  
16 or Mom and Dad that they no longer need their assets  
17 because the big bad nursing home is going to take them all.

18           SECRETARY DUKE: So let me help.

19           REPRESENTATIVE PETRI: Yes, so let me help you  
20 keep those safe.

21           SECRETARY DUKE: Yes.

22           REPRESENTATIVE PETRI: And sometimes the senior  
23 is surprised to find out that the five-year reach-back  
24 causes them to be ineligible, and in several cases that  
25 I've seen, the senior is actually left with just the Social

1 Security income and is forced with the possibility of  
2 having to file bankruptcy while the children march around  
3 with Mom and Dad's money.

4 So, you know, have you thought about the  
5 Department's role in this regard as far as warning seniors  
6 about this? And let me share with you I even saw a  
7 practitioner's website that tells you exact -- come see me  
8 if you're worried about the nursing home because I'll show  
9 you how to defeat them and make sure they don't get your  
10 money.

11 SECRETARY DUKE: Yes, we know there's a great  
12 variety out there in terms of financial planning advice as  
13 it relates to an elder's future and would join with others  
14 to caution people and provide information as a protection.

15 You brought up financial exploitation. You know,  
16 as we look at the provision of protective services, perhaps  
17 one of our most important charges, to protect our fellow  
18 citizens, when we look at the growing increase, I know 16  
19 percent of our cases are now financial exploitations. Many  
20 of those cases involve those very close to the victim.  
21 It's estimated almost \$2.5 million last year in  
22 substantiated financial exploitation cases was uncovered.

23 We worked closely with the Department's Institute  
24 of Protective Services at Temple University to help build  
25 local eldercare, elder abuse task forces to address these

1 situations. We're proposing legislative changes to the  
2 Older Adult Protective Services Act that we hope clarify  
3 our response to financial exploitation. We're working in  
4 training people today while we await the changes to  
5 legislation to make sure people are aware of what  
6 protections are available, encouraging our citizens to  
7 closely monitor their finances, to be careful about the  
8 agreements they enter into. And mentioning those in the  
9 practice of law is a good opportunity for us I think to  
10 reach out with them as well in terms of education and  
11 interaction, so thank you.

12 REPRESENTATIVE PETRI: I would just say to you if  
13 you need a sponsor or a cosponsor, count me in.

14 SECRETARY DUKE: Thank you.

15 REPRESENTATIVE PETRI: And thank you for your  
16 good work.

17 SECRETARY DUKE: Thank you.

18 REPRESENTATIVE PETRI: Thank you.

19 MAJORITY CHAIRMAN ADOLPH: Does Chairman  
20 Hennessey have a comment?

21 REPRESENTATIVE HENNESSEY: I just wanted to  
22 follow up on that. The House Aging and Older Adult  
23 Services Committee held a series of informational hearings  
24 through the fall on elder abuse. I think one of the latest  
25 ones, which I believe was in December, dealt specifically

1 with the financial abuse issues that Representative Petri  
2 is talking about. We will be rewriting the OAPSA language,  
3 the Older Adult Protective Services Act, and we hope to  
4 have a draft to our Committee Members in the relatively  
5 near future, which we will attempt to take our bite of that  
6 apple and try to move the ball forward as far as protecting  
7 our seniors from financial abuse.

8 SECRETARY DUKE: Thank you, Chairman.

9 REPRESENTATIVE HENNESSEY: Thank you.

10 MAJORITY CHAIRMAN ADOLPH: Representative Grove.

11 REPRESENTATIVE GROVE: Thank you, Mr. Chairman,  
12 and thank you, Mr. Secretary. Good to see you again.

13 SECRETARY DUKE: Good to see you.

14 REPRESENTATIVE GROVE: Feel free to stop by any  
15 of my senior centers, too. We had a great time last time  
16 you were there at Heritage Senior Center.

17 SECRETARY DUKE: I believe you beat me in a game  
18 of Wii bowling, but I believe we were both beat by an 85-  
19 year-old at the center but I'm not sure.

20 REPRESENTATIVE GROVE: Absolutely right. There  
21 was actually no beating them. They are truly  
22 professionals---

23 SECRETARY DUKE: They're a good team.

24 REPRESENTATIVE GROVE: ---at that. Yes.  
25 Absolutely. I just want to also thank you for your help

1 with the passage of Act 12. It'll go a long way to helping  
2 a lot of seniors.

3 SECRETARY DUKE: Thank you, Representative, for  
4 sponsoring that important piece of legislation. What it  
5 will do---

6 REPRESENTATIVE GROVE: Yes.

7 SECRETARY DUKE: ---will truly make a difference  
8 for our fellow residents in need of pharmaceutical  
9 medications, so thank you, prescribed medications.

10 REPRESENTATIVE GROVE: And I also want to thank  
11 Chairman Hennessey---

12 SECRETARY DUKE: I thank the Chairman as well---

13 REPRESENTATIVE GROVE: ---very talented staff  
14 also.

15 SECRETARY DUKE: ---the cosponsors and thank the  
16 staff as well.

17 REPRESENTATIVE GROVE: Yes. With that, obviously  
18 this is the first time in recent memory that we've actually  
19 kind of expanded threshold income by not allowing the Part  
20 B premiums. Is this going to be sustainable now into the  
21 future for our seniors?

22 SECRETARY DUKE: I would see that the additional  
23 8,200 citizens that we're adding, I think that will be  
24 sustainable moving forward.

25 REPRESENTATIVE GROVE: Great. Looking at the

1 PACE contracted services, I noticed an increase of about 16  
2 percent, \$53 million. That's about \$61.9 million. At the  
3 same time, the total number of filled prescriptions are  
4 projected to decrease by more than 3 percent. What  
5 services are covered by these costs and why are they  
6 increasing so much? Does it have anything to do about the  
7 increase in Federal upper limits, which in fact will  
8 increase drug costs as we move forward?

9 SECRETARY DUKE: Why don't I let Tom address  
10 that?

11 MR. SNEDDEN: No, it has nothing to do with  
12 Federal upper limits, which are caps on generic  
13 reimbursements. What it has to do with is the premium  
14 payments that the program makes to the part D plans that  
15 enroll some of the PACE participants. Eighty percent of  
16 PACE participants are in Part D plan, and for the vast  
17 majority of those, we are paying the premiums. And what  
18 happened last year was we were able to reduce the premium  
19 payments from where it was historically, and all we're  
20 doing this year is putting it back to where it was.

21 REPRESENTATIVE GROVE: Okay. Okay. I appreciate  
22 that. Obviously, when we see increased costs, we want to  
23 find out what that is.

24 That about wraps it up. Thank you, Mr. Chairman.  
25 Thank you again, Mr. Secretary.

1           SECRETARY DUKE: Thank you, Representative.

2           MAJORITY CHAIRMAN ADOLPH: Thank you,  
3 Representative.

4           Chairman Samuelson.

5           REPRESENTATIVE SAMUELSON: A follow-up question  
6 on the amount of the savings with the Affordable Care Act,  
7 I'm not going to revisit that whole lively discussion with  
8 Representative Carroll and Secretary Duke, but the number,  
9 today, you identified \$60-\$70 million in annual savings,  
10 changes to Medicare Part D, that were included in the  
11 Affordable Care Act. We had a meeting about six months ago  
12 with the Aging Committee, and at that meeting, the number  
13 from the Department was about \$80 million. So my question  
14 is is there some kind of material difference why the  
15 estimate is different? I realize it's still very  
16 significant savings over four years. My goodness, it's  
17 over \$250 million, but why going from \$80 million, an  
18 estimate at one time, to \$60-\$70 million today?

19           MR. SNEDDEN: Well, two things, Representative  
20 Samuelson, as I said a moment ago, it's really difficult to  
21 parse this out to the point where it's pure because there's  
22 other dynamics that are playing in that are saving us  
23 money, i.e., higher generic utilization. Six months ago  
24 the \$80 million figure probably referred to 2011.

25           REPRESENTATIVE SAMUELSON: Okay.

1 MR. SNEDDEN: 2011 we estimated the savings at  
2 about \$78 million. As we've come forward, it's come down a  
3 little bit, so I'm just giving you an average for the three  
4 years.

5 REPRESENTATIVE SAMUELSON: Okay.

6 MR. SNEDDEN: And I think, you know, \$70 million,  
7 \$60-\$70 million is a good solid number. What I may have  
8 said six months to a year ago, we have more---

9 REPRESENTATIVE SAMUELSON: Even if the average is  
10 \$70 million over four years, 2011, '12, '13, and '14,  
11 that's significant, \$280 million.

12 MR. SNEDDEN: Sure. Yes. It's a big number.

13 REPRESENTATIVE SAMUELSON: Thank you,  
14 Mr. Chairman.

15 MAJORITY CHAIRMAN ADOLPH: Thank you.

16 Chairman Markosek.

17 MINORITY CHAIRMAN MARKOSEK: Thank you, Chairman.

18 Just very briefly, I really don't have a question  
19 but want to thank the Secretary and your team from the  
20 Department of Aging. I think you did a very good job today  
21 answering our questions. I just want to remind everybody  
22 here including you, and this goes back to one of the  
23 questions of our Members earlier relative to the amount of  
24 money being taken from the Lottery Fund that's being sent  
25 over to the Department of Welfare. Keep in mind that 130



1 new dollars that's leaving the Lottery Fund to go over to  
2 Welfare is part and parcel of \$1.2 billion of various other  
3 budget instances that we've identified from the Corbett  
4 Administration budget this year coming out of other funds  
5 for seemingly one-time budget enhancements to the General  
6 Fund.

7           And I would just ask you, Secretary, to the  
8 extent that you have the Governor's ear, to let him know  
9 and ask him and just let him know that we here, at least  
10 this Chairman and I think our Committee Members, feel that  
11 by doing that is certainly unpredictable and unsustainable  
12 and it's just not a good way to operate a budget. And we  
13 do have that concern. So I think it's not only the \$130  
14 million that we brought up here today but it seems to be  
15 far greater than that when we look at the entire budget,  
16 over \$1 billion that the Governor is making in these kind  
17 of one-time plays to balance this year's General Fund  
18 budget. Thank you.

19           SECRETARY DUKE: Thank you, Chairman, for that.  
20 And I do believe that what the Governor is proposing is a  
21 fiscally sound budget with the appropriate strengths to  
22 move us forward and to strengthen Pennsylvania, but I will  
23 make note of your concern. Thank you.

24           MAJORITY CHAIRMAN ADOLPH: Thank you. I want to  
25 thank the Members for their continued participation in the

1 hearings. I want to thank the Secretary and his staff for  
2 your answers and your input and we're looking forward to  
3 working with you as we put together this budget.

4 For the Members' information, we will reconvene  
5 tomorrow morning at 9:30 a.m., and before us we'll have the  
6 Auditor General.

7 Thank you. The hearings are adjourned for today.

8 SECRETARY DUKE: Thank you.

9  
10 (The hearing concluded at 5:18 p.m.)

1                   I hereby certify that the foregoing proceedings  
2 are a true and accurate transcription produced from audio  
3 on the said proceedings and that this is a correct  
4 transcript of the same.

5

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