

**Testimony on the Proposed  
Fiscal Year 2014-2015 DPW Budget**

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**pennsylvania**

DEPARTMENT OF PUBLIC WELFARE

Good morning Chairmen Adolph and Markosek and Members of the House Appropriations Committee and staff. Thank you for the opportunity to discuss with you the Governor's proposed 2014-2015 budget for the Department of Public Welfare.

As the Governor stated during his budget address, his proposed budget is focused on building a stronger Pennsylvania through strategic investments in Health Care, Education and Jobs. In regards to health care specifically, this budget builds on the early successes of the Governor's *Healthy Pennsylvania* plan and will continue to improve access to quality, affordable health care coverage in Pennsylvania. The Department of Public Welfare's budget priorities build on the core areas of the Governor's *Healthy Pennsylvania* plan – we are building a stronger Pennsylvania.

Just last week the Department took another step in advancing the Governor's *Healthy Pennsylvania* plan when we submitted our waiver request to the federal government to implement common sense reforms to our Medicaid program and increase access to private health care coverage through the *Healthy Pennsylvania* Private Coverage Option. The waiver submitted reflected the feedback we received after 7 public hearings and analyzing over 1,000 comments.

Over the past year we have taken an in-depth look at each funding stream, appropriation, and program to ensure we are making strategic investments, serving our most vulnerable individuals but also being accountable to the taxpayers. As we all know, the Medical Assistance program is the largest cost driver in the Department's budget. In October, we received word from the federal government that our FMAP for Medicaid will be reduced from 53.52 percent to 51.82 percent for FFY 2015. This is the largest decrease in 30 years and accounts for a \$322 million funding hole. Additionally, we are looking at a \$199 million increase due to eligibility increases in our programs and \$202 million in inflationary increases.

Even with responsible management of programs and strong program integrity absorbing these significant costs while continuing to make strategic investments to serve our most vulnerable is becoming extremely difficult and demonstrates the need for sustainable solutions. If we do it right however, we will be able to put DPW on a sustainable path.

So, where have we made these strategic investments? First, let's focus on children.

### **Investing in Children**

As you know, Pennsylvania has been awarded \$51.7 million through the Race to the Top Early Learning Challenge grant program. Over the next four years, the grant will be used to support Governor Corbett's vision for quality early childhood education in Pennsylvania. Additionally, we have presented an increase of \$15 million in federal funds to allow an additional 2,895 children currently waiting for services to receive child care assistance. Through these significant investments in education, the Governor's budget is building a stronger Pennsylvania.

Now let's talk about child protection. Thank you. Thank you for putting into law many of the legislative changes suggested by the Task Force on Child Protection. Because of your partnership, Governor Corbett signed the first piece of legislation that will begin to strengthen our ability to better protect children from abuse and neglect. The Governor's Budget includes an additional \$28.4 million for County Child Welfare to implement these needed changes to the law. These funds are an investment in our children, families, and future. We look forward to the remaining pieces of the legislative package coming to the Governor's desk and stand ready to implement these additional bills.

The Governor's Budget also includes an additional \$4.5 million for the Juvenile Justice Reinvestment Initiative to support evidence-based delinquency, violence prevention and intervention programs, along with \$2 million to provide funding for Child Advocacy Centers. With these strategic investments in proven programs, we promote a positive future for our children.

### **Investing in Older Pennsylvanians and Individuals with Disabilities**

The Governor's proposed budget continues his commitment to investing in services for our older Pennsylvanians and individuals with disabilities. A significant cost driver of growth in our budget is services to older Pennsylvanians and individuals with disabilities. In order to strategically plan for the future of these services, as part of his *Healthy Pennsylvania* plan Governor Corbett signed an executive order in January to establish the Pennsylvania Long-Term Care Commission. The Commission is made up of community members, consumers, providers, and legislators and will meet over the next year to look at models of service and funding structures. Long term care costs for both consumers and taxpayers are too great to not do an in-depth review of this system.

This budget also provides increased funding to serve more individuals who have been waiting to access needed services to allow them to stay at home or in the community. These services are necessary to improve the quality of life for thousands of Pennsylvanians in need. This includes:

#### **Expanding Services for Older Pennsylvanians and Individuals with Physical Disabilities: An increase of \$39 million to serve**

- An additional 1,764 older Pennsylvanians through the Medicaid Home and Community-Based Aging Waiver (\$11.6 million);
- An additional 800 individuals in the LIFE program (\$9.4 million); and
- An additional 1,599 individuals with physical disabilities in community settings (\$18 million)

#### **Expanding Services for Individuals with Intellectual Disabilities and Autism: Additional \$23.5 million to provide home and community-based options for**

- 700 young adults who are graduating from the special education system to continue to live independently in the community;

- 400 individuals who are on the emergency waiting list to access crucial services to keep them in their homes and communities; and
- 100 adults with autism spectrum disorders

### **Moving Individuals from Institutional Care to Community-based**

**Care:** This budget adds an additional \$5.4 million to increase community placement for individuals currently in state mental hospitals and state intellectual disability facilities, enabling the transition of 90 clients from state mental hospitals to progressive mental health treatment in home-like settings and 50 clients from state intellectual disability facilities to home and community-based settings.

As part of Governor Corbett's JOBS agenda, the Department has and will continue under the proposed budget to invest resources in helping individuals with disabilities find employment. As I have traveled the Commonwealth, one theme has been clear. Individuals with disabilities feel strongly that they are able to work and want to work. We have partnered with businesses throughout Pennsylvania to hire individuals with disabilities and have gotten great feedback from both employers and employees.

### **Investing in Program Integrity**

Strong program integrity measures throughout all DPW programs remain a priority as we strive to assure accountability to taxpayers. To date, we have realized savings and recoveries of over \$360 million by:

- working with the Office of Inspector General to save, avoid future costs, and recover tax dollars through overpayment recoveries, as well as investigations of high-risk applications and potential fraud or abuse;
- reviewing and acting on cases with consistent out-of-state electronic benefits transactions; and
- maximizing available data matches to assure clients are truly eligible for services.

We have made program integrity part of what we do on a daily basis. There will always be individuals who attempt to game the system, but with our diligent staff and use of technology we continue to fight against fraud and waste. I encourage all staff, stakeholders, and community members to report abuses so we can ensure accountability for taxpayer dollars and that our resources remain available to serve those most in need.

### **Investing in the Health of Pennsylvania**

As you know, – *Healthy Pennsylvania* is Governor Corbett's plan to increase access to quality, affordable health care for all Pennsylvanians. Despite the fiscal challenges continuing to face state governments across the nation, this budget advances the *Healthy Pennsylvania* plan while also reaffirming a commitment to preserving the safety net for individuals with intellectual and physical disabilities, seniors, children and low-income families. In advancing *Healthy Pennsylvania* while funding needed services for our most vulnerable citizens, this budget strikes a strong balance between the need to

support our most vulnerable citizens and transform our health care system into a sustainable system focused on quality outcomes.

As I noted above, as part of his *Healthy Pennsylvania* plan last week Governor Corbett submitted an 1115 Waiver Demonstration Application to CMS to implement common sense reforms to our Medicaid program and increase access to private health care coverage through the *Healthy Pennsylvania* Private Coverage Option. Approval of the waiver will:

- Increase health care access for 500,000 Pennsylvanians;
- Improve health outcomes;
- Match benefits to health care needs;
- Increase personal responsibility; and
- Put Medicaid on a sustainable path.

The Governor's proposed budget accounts for \$125 million in savings from the implementation of these reforms to the Medicaid program and the implementation of the Private Coverage Option. Additionally, if the federal funds do not meet the needs of Pennsylvania, we maintain the right to end the demonstration and protect our taxpayers.

In closing, this budget reaffirms the Governor's commitment to preserving the safety net for individuals with intellectual and physical disabilities, seniors, children and low-income families by making targeted investments to increase accessibility to valuable human services for our most vulnerable citizens. The Governor's budget indeed builds a stronger Pennsylvania.

Thank you for the opportunity to testify, and I will now take any questions you may have.