

COMMONWEALTH OF PENNSYLVANIA  
HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE  
BUDGET HEARING

DEPARTMENT OF HUMAN SERVICES

STATE CAPITOL  
HARRISBURG, PENNSYLVANIA  
ROOM 140, MAJORITY CAUCUS ROOM

WEDNESDAY, MARCH 9, 2016  
9:30 A.M.

BEFORE:

HONORABLE WILLIAM ADOLPH, MAJORITY CHAIRMAN  
HONORABLE JOSEPH MARKOSEK, MINORITY CHAIRMAN  
HONORABLE KAREN BOBACK  
HONORABLE GARY DAY  
HONORABLE GEORGE DUNBAR  
HONORABLE GARTH EVERETT  
HONORABLE KEITH GREINER  
HONORABLE SETH GROVE  
HONORABLE SUE HELM  
HONORABLE WARREN KAMPF  
HONORABLE FRED KELLER  
HONORABLE TOM KILLION  
HONORABLE JIM MARSHALL  
HONORABLE KURT MASSER  
HONORABLE DAVE MILLARD  
HONORABLE DUANE MILNE  
HONORABLE MARK MUSTIO  
HONORABLE MIKE PEIFER  
HONORABLE JEFFREY PYLE  
HONORABLE MARGUERITE QUINN  
HONORABLE CURT SONNEY  
HONORABLE LESLIE ACOSTA  
HONORABLE MATTHEW BRADFORD  
HONORABLE TIM BRIGGS  
HONORABLE DONNA BULLOCK  
HONORABLE MARY JO DALEY  
HONORABLE MADELEINE DEAN  
HONORABLE MARIA DONATUCCI  
HONORABLE STEPHEN KINSEY  
HONORABLE MICHAEL O'BRIEN

## BEFORE (continued):

HONORABLE KEVIN SCHREIBER  
HONORABLE PETER SCHWEYER

## NON-COMMITTEE MEMBERS:

HONORABLE MATTHEW BAKER  
HONORABLE JUDY WARD  
HONORABLE CRAIG STAATS  
HONORABLE TOM MURT  
HONORABLE DAVE ZIMMERMAN  
HONORABLE KATHARINE WATSON  
HONORABLE CRIS DUSH  
HONORABLE SCOTT PETRI  
HONORABLE MARK KELLER  
HONORABLE MARCIA HAHN  
HONORABLE MINDY FEE  
HONORABLE MARTY CAUSER  
HONORABLE DAN MOUL  
HONORABLE BRETT MILLER  
HONORABLE KRISTIN PHILLIPS-HILL  
HONORABLE DARYL METCALFE  
HONORABLE MATT GABLER  
HONORABLE RUSS DIAMOND  
HONORABLE FLO FABRIZIO  
HONORABLE SCOTT CONKLIN  
HONORABLE MICHAEL DRISCOLL  
HONORABLE LEANNE KRUEGER-BRANEKY  
HONORABLE EDDIE PASHINSKI  
HONORABLE JARET GIBBONS  
HONORABLE MIKE CARROLL  
HONORABLE VANESSA LOWERY-BROWN  
HONORABLE PAM DeLISSIO

## COMMITTEE STAFF PRESENT:

DAVID DONLEY  
MAJORITY EXECUTIVE DIRECTOR  
RITCHIE LaFAVER  
MAJORITY DEPUTY EXECUTIVE DIRECTOR  
CURT SCHRODER  
MAJORITY CHIEF COUNSEL

MIRIAM FOX  
DEMOCRATIC EXECUTIVE DIRECTOR  
TARA TREES  
DEMOCRATIC CHIEF COUNSEL

Tiffany L. Mast • Mast Reporting  
mastreporting@gmail.com  
(717) 348-1275

I N D E X

TESTIFIERS

\* \* \*

<u>NAME</u>	<u>PAGE</u>
TED DALLAS SECRETARY, DEPARTMENT OF HUMAN SERVICES.....	10
DAVE SPISHOCK BUDGET DIRECTOR, DEPARTMENT OF HUMAN SERVICES.....	16
JENNIFER BURNETT DEPUTY SECRETARY, OFFICE OF LONG-TERM LIVING DEPARTMENT OF HUMAN SERVICES.....	77
NANCY THALER DEPUTY SECRETARY, OFFICE OF DEVELOPMENTAL PROGRAMS DEPARTMENT OF HUMAN SERVICES.....	98

SUBMITTED WRITTEN TESTIMONY

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(See submitted written testimony and handouts online.)

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

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3 MAJORITY CHAIRMAN ADOLPH: Thank you. Good  
4 morning, everyone.

5 I would like to reconvene the House  
6 Appropriations Committee for budget hearings for the  
7 fiscal year '16-'17. Today's hearing is with the  
8 Department of Human Services.

9 I will just go over some quick housekeeping.  
10 Okay. We have quite a crowd here today. I would ask  
11 everyone to take a couple seconds and turn off your  
12 iPhones, your iPads, all that type of electronic  
13 equipment that sometimes interferes with the telecast.

14 I will ask the testifiers to move the mikes  
15 as close as possible to you. They're not the most  
16 powerful mikes. And because of the crowd and because of  
17 the size of the room, sometimes the committee members  
18 cannot hear your answers. So thank you for that.

19 I want to take a couple minutes to go  
20 through the introduction of the members on the committee  
21 and some of our guest chairs of the House standing  
22 committees. And I do that because I want the viewers to  
23 understand, and of course the testifiers to understand,  
24 how large the House Appropriations Committee is. And  
25 also, it gives the viewers an idea of where the members

1 of this committee are from. And I can assure you, they  
2 are from just about every section of the Commonwealth of  
3 Pennsylvania. So there's all different issues involving  
4 urban, suburban and rural areas.

5 So I will start off. My name is Bill  
6 Adolph. I'm the House Republican Chair of the House  
7 Appropriations Committee. I reside in Springfield  
8 Township, Delaware County, the 165th Legislative  
9 District.

10 MINORITY CHAIRMAN MARKOSEK: Thank you,  
11 Chairman.

12 Good morning, everybody. I'm State  
13 Representative Joe Markosek, 25th Legislative District.

14 I'm the Democratic Chairman of the House  
15 Appropriations Committee. I reside in Monroeville,  
16 Pennsylvania, which is part of the eastern suburbs of  
17 Allegheny County.

18 MS. FOX: Hi, I'm Miriam Fox. And I'm the  
19 executive director for the House Appropriations  
20 Committee, Democrats.

21 CHAIRMAN FABRIZIO: Good morning.

22 I'm Flo Fabrizio, Democratic Chairman of the  
23 Health Committee. I represent the 2d Legislative  
24 District, and that's Erie -- the city of Erie and parts  
25 of Erie County.

1                   REPRESENTATIVE DEAN: Good morning, and  
2 welcome.

3                   I'm Madeleine Dean from Montgomery County,  
4 the 153d.

5                   REPRESENTATIVE BRADFORD: Hi. I'm Matt  
6 Bradford from the 70th District in Central Montgomery  
7 County.

8                   REPRESENTATIVE DALEY: Good morning.  
9 Mary Jo Daley, Montgomery County, the 148th  
10 District.

11                   REPRESENTATIVE ACOSTA: Good morning.  
12 Leslie Acosta, Representative of  
13 Philadelphia County.

14                   How are you, Secretary?

15                   SECRETARY DALLAS: Good to see you.

16                   REPRESENTATIVE ACOSTA: District 197.

17                   REPRESENTATIVE DONATUCCI: Good morning.  
18 Maria Donatucci, 185th District,  
19 Philadelphia and Delaware Counties.

20                   REPRESENTATIVE SCHWEYER: Good morning.  
21 Peter Schweyer, 22d Legislative District,  
22 Lehigh County and city of Allentown.

23                   REPRESENTATIVE KINSEY: Good morning.  
24 Stephen Kinsey, Philadelphia County, 21st  
25 Legislative District.

1 REPRESENTATIVE SCHREIBER: Good morning.  
2 Kevin Schreiber, York County, 95th District.  
3 REPRESENTATIVE CONKLIN: Good morning.  
4 I'm Scott Conklin, the Democratic Chairman  
5 of Children and Youth. I represent the 77th District,  
6 Centre County, which is the Penn State vicinity.  
7 REPRESENTATIVE BOBACK: Good morning.  
8 Karen Boback, House District 117, Luzerne,  
9 Lackawanna and Wyoming Counties.  
10 REPRESENTATIVE HELM: Good morning.  
11 Sue Helm, the 104th District of Dauphin and  
12 Lebanon Counties.  
13 MR. DONNELLY: Hi. Dave Donnelly,  
14 Republican staff executive director to the Committee.  
15 MR. SCHRODER: Good morning. Curt Schroder,  
16 chief counsel, Republican Appropriations Committee.  
17 CHAIRMAN BAKER: Good morning, gentlemen.  
18 Matt Baker, Chairman of the Health  
19 Committee, oversight chairman on Medicaid programs,  
20 representing the 68th District: Tioga, Bradford and  
21 Potter Counties.  
22 REPRESENTATIVE MUSTIO: Good morning.  
23 Mark Mustio, 44th Legislative District,  
24 Allegheny County.  
25 REPRESENTATIVE MARSHALL: Good morning.

1 Joe Marshall, 14th District, parts of Beaver  
2 and parts of Butler Counties.

3 REPRESENTATIVE QUINN: Good morning.

4 Marguerite Quinn of the 143rd Legislative  
5 District, parts of central and Upper Bucks County.

6 REPRESENTATIVE MASSER: Good morning.

7 Kurt Masser, 107th District:  
8 Northumberland, Columbia and Montour Counties.

9 REPRESENTATIVE MILLARD: Good morning.

10 David Millard, 109th District, Columbia  
11 County.

12 REPRESENTATIVE DUNBAR: Good morning.

13 George Dunbar, Westmoreland County, 56th  
14 District.

15 REPRESENTATIVE SONNEY: Good morning.

16 Curt Sonney, 4th Legislative District, Erie  
17 County.

18 REPRESENTATIVE PYLE: Good morning, Mr.  
19 Secretary.

20 Jeff Pyle, 60th Legislative: Armstrong,  
21 Indiana and Butler Counties.

22 REPRESENTATIVE GREINER: Good morning.

23 Keith Greiner, 43rd District, Lancaster  
24 County.

25 REPRESENTATIVE EVERETT: Good morning.



1           Garth Everett, 84th District, Lycoming and  
2 Union Counties. Neighboring Chairman Baker here in what  
3 we fondly refer to as northern central nowhere,  
4 Pennsylvania.

5           REPRESENTATIVE MURT: Tom Murt, 152d  
6 District, Philadelphia and Montgomery Counties.

7           MAJORITY CHAIRMAN ADOLPH: Okay. Thank you,  
8 everyone.

9           That gives you an idea of the number of  
10 Representatives on the committee, 37 altogether. I see  
11 a couple folks that are regular visitors to these  
12 hearings. We do have a couple seats up front. I  
13 guarantee we won't ask you any questions. Okay.

14           But I will announce some of our guests as  
15 well, some of the members that are not on the committee  
16 that are here.

17           But just an opening statement, I want to  
18 welcome the Secretary here today. And for your  
19 information, you know, the Department of Human Services  
20 represents about 38 percent of our State budget. You  
21 know, somewhere between \$11 billion and \$12 billion,  
22 depending on what budget you're looking at. Okay.

23           And I'm looking forward to hearing the  
24 Secretary's comments and introducing your staff.

25           Thank you.

1                   SECRETARY DALLAS: Good morning, sir. Thank  
2 you.

3                   First, let me introduce Dave Spishock. He's  
4 our budget director. I think he's a familiar face to  
5 many of you.

6                   Chairman Adolph and Chairman Markosek, thank  
7 you very much for the opportunity to be here today.  
8 We've made a lot of progress in the Department of Human  
9 Services in the last year. We have more folks covered  
10 who have health insurance than probably at any time in  
11 recent memory in Pennsylvania. That's largely due to  
12 the Medicaid expansion.

13                   We have probably near an all-time low of the  
14 number of people receiving TANF in the State. The  
15 number is down about 10 percent since I got here, and I  
16 think it's well below what it was at the start of the  
17 great recession in 2008.

18                   While we've also made a lot of strides in  
19 our customer service, we're answering phone calls  
20 faster, we're determining benefits more quickly, we've  
21 increased our program integrity by almost any measure,  
22 we're more accurate than we've ever been. And while  
23 we've done all that, there's still a lot of work to do.

24                   For all of that, about 51 percent of our  
25 folks live in the community, who require long-term

1 supports and services. About 95 percent of them would  
2 want to be in the community. So we have some work  
3 there.

4 Pennsylvania is one of the few States that  
5 has seen an increase in the number of people who are  
6 homeless over the last few years. The numbers have been  
7 going down across the country.

8 And in addition, we have an increase in the  
9 number of kids who are in the foster care system. And  
10 ultimately over time, we want the foster care system to  
11 be smaller and smaller, and we want kids to be served in  
12 the home.

13 So while we've had some progress along the  
14 way, we have done some very good things in just the past  
15 year. We worked with the General Assembly to transfer  
16 CHIP over to DHS. So thank you for your help and  
17 cooperation on that.

18 While we've had a lot of good things going  
19 forward, there's still a lot of work to be done. I look  
20 forward to working with all of you in the upcoming  
21 legislative session, and I'm happy to try to answer any  
22 questions you may have.

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

25 I would like to acknowledge the presence of

1 Representative Mike Driscoll, Representative  
2 Leanne Krueger-Braneky, also Representatives Ward,  
3 Staats, Murt and Zimmerman.

4 And because the Department of Human Services  
5 covers an awful lot of issues, we have with us today  
6 both Republican and Democratic chairs of the Children  
7 and Youth Committees. That's Kathy Watson as well as  
8 Scott Conklin.

9 Also with us today is the Republican Chair  
10 of the Health Committee, Matt Baker, as well as the  
11 Democratic Chair of the Health Committee, Flo Fabrizio.  
12 Okay. Thank you so much.

13 Mr. Secretary, it is a budget hearing.  
14 Okay. And I've been asking as an opening question to  
15 all of the secretaries that have been before us, trying  
16 to understand the Governor's blue-line. Okay. And  
17 every Department is a little different. Some  
18 Departments, like the Corrections, 50 percent of their  
19 budget line got blue-lined. And everyone here knew that  
20 something had to give. Okay. And the Treasurer took  
21 action to make sure that the prisons stayed open.

22 Because of just the size of the number in  
23 looking at your line items, I noticed that MA  
24 capitation, \$3.8 billion, total spend number. In 1460,  
25 HB 1460, it increased to \$3.9. The Governor blue-lined

1 \$1.9 billion.

2 Now, I guess my first question is, did the  
3 Governor consult with you prior to the blue-lining of  
4 that line item?

5 SECRETARY DALLAS: I did have several  
6 conversations with some of his key staff.

7 MAJORITY CHAIRMAN ADOLPH: Okay. Is that  
8 money going out?

9 SECRETARY DALLAS: For Medicaid, yes, it is.  
10 The Medicaid capitation line item is one of our biggest  
11 line items. It's in Federal entitlement, which means if  
12 you qualify for it under the Federal rules, we have to  
13 pay it. The Federal government pays a share, about  
14 half. The State pays the rest of it, the other half.  
15 So that money continues to go out.

16 MAJORITY CHAIRMAN ADOLPH: Okay. So is it  
17 just a blue-line on paper?

18 SECRETARY DALLAS: No, I wouldn't say that.  
19 I think that if it's not restored, there will be  
20 dramatic and dire consequences for my budget.

21 Since that is an entitlement I have to pay,  
22 there are other things that are considered  
23 discretionary. And when I say they're discretionary, I  
24 don't think by any means they're discretionary, I just  
25 mean they're not required under Federal law or State

1 law, and they're things that we have discretion about  
2 how much we spend.

3 Those are things like pharmacy costs. Those  
4 are things like services for people with behavioral  
5 health issues. Those are all kinds of services that are  
6 discretionary in the sense they're not required or  
7 mandates, but there will be a huge impact on the rest of  
8 my budget if that money is not restored.

9 MAJORITY CHAIRMAN ADOLPH: Okay. Are you  
10 talking within the capitation line item? Or are you  
11 talking about throughout your budget?

12 SECRETARY DALLAS: No. I think what I meant  
13 was, since that is a requirement and that has to be  
14 paid, we will have to find State funds other places to  
15 cut to cover the matching portion of that line item.

16 MAJORITY CHAIRMAN ADOLPH: Throughout the  
17 other \$11, \$12 billion budget?

18 SECRETARY DALLAS: Correct.

19 MAJORITY CHAIRMAN ADOLPH: Not that line  
20 item?

21 SECRETARY DALLAS: Yes.

22 MAJORITY CHAIRMAN ADOLPH: Okay.

23 SECRETARY DALLAS: That's an entitlement,  
24 Federal entitlement.

25 MAJORITY CHAIRMAN ADOLPH: So I'm glad to

1 hear that. I'm glad to hear that we're paying what is  
2 mandated. Okay. I don't understand why that was  
3 blue-lined, since we have to pay it any way. All right.

4 And it was also paid, I guess, during the  
5 veto as well, during the first months; is that correct?

6 SECRETARY DALLAS: Yes, I think the health  
7 insurance for folks, I think falls in the category of  
8 health and safety so there are certain things that pay  
9 even during a budget impasse.

10 MAJORITY CHAIRMAN ADOLPH: For the general  
11 public's information, this is really the managed care?

12 SECRETARY DALLAS: Yes.

13 MAJORITY CHAIRMAN ADOLPH: A lot of that is  
14 the managed care?

15 SECRETARY DALLAS: Yes.

16 MAJORITY CHAIRMAN ADOLPH: Okay. Question.  
17 And only because I was involved in trying to get the  
18 nurses, the pediatric nurses a raise within their  
19 contracts. They hadn't received raises in, you know,  
20 maybe a decade. Okay. And I think we had built into  
21 our budget, HB 1460, about a \$5-an-hour raise for these  
22 pediatric nurses that serve these people in their homes,  
23 which is a cost savings. And I think you would agree  
24 with that.

25 SECRETARY DALLAS: Yes.

1 MAJORITY CHAIRMAN ADOLPH: Okay. But the  
2 competition of getting the pediatric nurses into  
3 Pennsylvania, because I think we have one of the lowest  
4 hourly rates, especially from my neck of the woods in  
5 southeast Pennsylvania, is that \$5-an-hour raise, do you  
6 know if that has been implemented?

7 SECRETARY DALLAS: I'm going to defer to  
8 Dave -- Dave Spishock on that one.

9 BUDGET DIRECTOR SPISHOCK: It has not.  
10 There was money originally in the compromised bill for  
11 the \$5 increase. However, the budget that was enacted  
12 did not have any funding in there for any fee increase  
13 for pediatric shift nursing, so we have not implemented.

14 MAJORITY CHAIRMAN ADOLPH: Okay. Even  
15 though it was in that line, sir?

16 BUDGET DIRECTOR SPISHOCK: It was in that  
17 line. It was just in the compromised budget. However,  
18 it was not included as a part of the enacted budget, so  
19 we have not included it as part of the capitation rates.

20 MAJORITY CHAIRMAN ADOLPH: Even though it  
21 was in HB 1460?

22 BUDGET DIRECTOR SPISHOCK: Yes. I don't  
23 think we had anything specifically, I think we were  
24 looking for some language on the fee increase, but it  
25 has -- I know it has not been included as yet into the



1     capitation rates.

2                   MAJORITY CHAIRMAN ADOLPH: All right. Well,  
3     it's something we have to work on. Okay.

4                   Obviously, it's important to get these folks  
5     that would like to stay in their home and also make sure  
6     that the proper services get to them. And the shortage  
7     of nurses that are able to do that line of work is real.

8                   Chairman Markosek.

9                   MINORITY CHAIRMAN MARKOSEK: Thank you,  
10    Chairman Adolph.

11                   Gentlemen, good morning.

12                   SECRETARY DALLAS: Good morning.

13                   BUDGET DIRECTOR SPISHOCK: Good morning.

14                   MINORITY CHAIRMAN MARKOSEK: Mr. Secretary,  
15    Mr. Director.

16                   And a special welcome to all the guests that  
17    we have here. This is always one of the best attended  
18    of our hearings. And I think it's because it is a very  
19    big organization and it affects a lot of people. So I  
20    would like to welcome everybody here this morning. I  
21    have a brief statement, and I do have a question.

22                   REPRESENTATIVE DALLAS: Sure.

23                   MINORITY CHAIRMAN MARKOSEK: About four  
24    years ago in the 2012-13 budget -- that was before you  
25    were there, Secretary -- county human service programs

1 were cut by about \$84 million. The Governor, Governor  
2 Wolf now, proposes to restore the cut over three years,  
3 beginning with the first down payment of about \$28  
4 million in the 2015-2016 budget, which we are still  
5 working on; another \$28 million, he's proposed for the  
6 2016-2017 budget, which is the next fiscal year,  
7 starting July 1st; with the final restoration payment  
8 the following year, 2017-2018. So a three-year  
9 restoration.

10           These county-run programs include programs  
11 such as: mental health, intellectual disabilities, drug  
12 and alcohol treatment, homeless assistance, and county  
13 and child welfare.

14           Unfortunately, the budget plan sent to the  
15 Governor in December, HB 1460 as we were talking about,  
16 did not include any additional funding for our county  
17 human service programs. I don't quite understand why  
18 that happened, but the funding was agreed to as part of  
19 the so-called bipartisan budget agreement, which  
20 actually did not get passed in late December and was  
21 replaced by 1460. I hope that that funding will be  
22 there in the final 2015-2016 budget because all of us,  
23 obviously, in the room have county human service folks  
24 back home and constituents that depend not only on the  
25 funding but the services that these organizations

1 provide.

2 My question though, just a slight change, is  
3 related to the effort to combat the heroin and opiate  
4 epidemic in Pennsylvania, which now your Department will  
5 have a part in.

6 Yesterday we heard from the Department of  
7 Health and Drug and Alcohol programs relative to this  
8 very, very serious and growing problem. There is, in  
9 the Governor's proposed 2016-2017 budget, \$34 million in  
10 additional funding that we would see if we would get  
11 that passed.

12 Can you explain, please, in more detail what  
13 that funding would be used for? And how you would drive  
14 that out; and the programs that would be involved.

15 SECRETARY DALLAS: Sure. So the \$34  
16 million, also there's about a -- there's some Federal  
17 money that would be matched by that \$34 million. So  
18 altogether, it would be about a little over \$50 million  
19 that would be spent on trying to combat the opioid  
20 crisis that you mentioned.

21 As you know, heroin affects all walks of  
22 life now, whether urban, suburban, rural, rich, you  
23 know, low income. It doesn't matter. It's across the  
24 state. The money would be for something called the  
25 addition of health homes.

1           So it's something we've already started  
2 doing in the Department of Human Services. We have  
3 about 20 that we're rolling across the State for folks  
4 who have a substance-use disorder or SUD. They are for  
5 pregnant women who have a drug or alcohol problem.  
6 There are about 20 across the State. They are in the  
7 population centers in areas that have been hit hardest  
8 by the opioid crises.

9           The money that you're referring to would add  
10 another 50. These would be for folks across the  
11 commonwealth, regardless, not just pregnant women. The  
12 idea would be that we'd have the first of them roll  
13 out -- the first 25 roll out on July 1st or whenever the  
14 '16-'17 budget is enacted.

15           And then the final 25 would occur January  
16 1st of that year. So we'd do 25 in the first six  
17 months, 25 in the second six months of the budget.

18           Prior to the budget, in anticipation of the  
19 funding being there, we are going to work with the  
20 Department of Drug and Alcohol program, Secretary  
21 Tennis, and other agencies such as the Secretary of  
22 Health to have a competitive process for these health  
23 homes. And we'll hopefully be in a position to have  
24 them awarded and ready to go as quickly as possible  
25 after the money is actually passed in the budget.

1           For us, a health home is -- sometimes it's a  
2 little confusing. Folks think of a health home as a  
3 physical location. It can be that. But what it really  
4 refers to is the home for the doctors and the folks that  
5 work on and try to help folks who have a substance-use  
6 disorder.

7           So when you think about a substance-use  
8 disorder, it's very easy to think about the drug problem  
9 they have, but I think where we have failed in the past  
10 is we haven't looked at the whole person as much as we  
11 should.

12           So folks who have a drug or alcohol problem  
13 also have a lot of times a behavioral health issue  
14 that's driving that drug or alcohol problem and they're  
15 often physical manifestations of those issues.

16           So when you look at that and you look at the  
17 services that we need to provide, whether it's methadone  
18 or buprenorphine or Suboxone, the drugs that are  
19 combined with therapy, that usually gives people the  
20 best chance to beat their addiction.

21           There's also the help they'll probably need  
22 in behavioral health issues or physical health issues.  
23 So the idea is combining all that and looking at that  
24 person as a whole and not having one doctor here, one  
25 doctor there. But by combining that, we give people the

1 best chance they have to beat their addiction.

2 MINORITY CHAIRMAN MARKOSEK: How are these  
3 health home -- health homes or sites, whatever they may  
4 be, how are they located? Determined?

5 Are there folks out there that have these  
6 operations that are coming to you and applying to become  
7 one or be part of your system? Or is this something  
8 that you have some sort of an internal mechanism for  
9 selecting areas and locations and personnel to be part  
10 of it?

11 SECRETARY DALLAS: So we will be initiating  
12 a competitive process. Folks will apply. We will be  
13 looking at a variety of factors, obviously, the quality  
14 of the proposal. And then I think also making sure that  
15 these health homes serve areas that are hit hardest by  
16 the opioid crisis.

17 MINORITY CHAIRMAN MARKOSEK: And just to  
18 conclude, the hearing that we had with the Drug and  
19 Alcohol Secretary a day or two ago, was really, in my  
20 experience here, after six years as Chairman of the  
21 Appropriations Committee and probably 200 different  
22 hearings over that time, perhaps the most sobering  
23 hearing that I've experienced in my experience as  
24 Chairman and part of the Appropriations Committee.

25 One of the things that Secretary Tennis

1 mentioned was that we need to start doing more on  
2 treatment. Prevention is obviously something very  
3 important. And things like Narcan, that can save a life  
4 after somebody has become overdosed, is great. And it  
5 gives a person a second chance.

6 But it sounds like what you're trying to do  
7 is really put a lot of effort into the treatment end of  
8 the whole heroin drug epidemic problem. And I think  
9 it's something very necessary. And I think it's  
10 something that we will have to deal with and find the  
11 money to fund this in some fashion because this is just  
12 too big of a problem facing our society. It's not just  
13 here in Pennsylvania.

14 And I want to applaud you for your efforts  
15 there, and would urge you to continue those efforts.  
16 And we will do whatever we can here to help you do that.  
17 So thank you.

18 SECRETARY DALLAS: Thank you, sir.

19 When I've been out across the State holding  
20 events in support of the Governor's budget, there's  
21 always a question-and-answer period afterwards. And  
22 invariably, there is somebody who gets up and talks  
23 about a member of their family or a friend who is no  
24 longer there because of the heroin crisis.

25 And when you hear these stories, they break

1 your heart. And you hear them from all kinds of folks,  
2 folks you wouldn't necessarily expect. There are folks  
3 at DHS who have had this touch them personally. And it  
4 is something that we're going to need to come to grips  
5 with as a State and as a country, as the numbers  
6 continue to grow.

7 MAJORITY CHAIRMAN ADOLPH: Thank you,  
8 Chairman.

9 It's been brought to my attention that  
10 Representative Ed Pashinski has joined us as well as  
11 Representative Cris Dush. Thank you.

12 Chairman Baker.

13 CHAIRMAN BAKER: Thank you very much, Mr.  
14 Chairman.

15 Good morning again. I've often said that  
16 your job is probably one of the toughest ones in the  
17 Commonwealth. You have, according to our expert Ann in  
18 the Appropriations Committee who has done an outstanding  
19 job, you folks have responsibility in a book of business  
20 of \$36.7 billion in combined Federal and State funding,  
21 which is well in excess of our State budget. So I know  
22 the magnitude of your programs and your responsibility  
23 is pretty significant.

24 With that said, I'd like to sort of hone in  
25 on an issue that's been very important to me. And



1 first, let me thank you and your staff because we have a  
2 lot of interaction with your Department, obviously,  
3 having oversight on Medicaid programs. You've got a  
4 great person with Abdul working with you. He used to be  
5 on the Health Committee. So we miss him, but I know  
6 he's a good asset to you folks.

7 I want to talk about critical access  
8 hospital funding. It's very, very important in  
9 Pennsylvania. And I know that the budget, the proposed  
10 budget, maintained the elimination of \$13 million in  
11 State funding for obstetrics, neonatal services,  
12 hospital-based burn centers. And I know other members  
13 are going to comment on those issues.

14 But also the MA critical access hospital  
15 line item is very important in the continuum of care for  
16 access to quality health. And the Governor's veto of  
17 Act 10A, HB 1416. I have some concerns about the State  
18 funds, along with \$6.2 million in hospital assessment  
19 revenues. That would have been matched with another \$21  
20 million in Federal funds, to provide a total of \$40.3  
21 million to qualifying hospitals. And the DHS materials  
22 only reflect about \$6.2 million in hospital assessment  
23 revenues with no matching funds.

24 So my question -- first question is, what  
25 impact is the Governor's veto of \$5.7 million in State

1 funds, which resulted in the loss of \$15.3 million,  
2 including matching Federal funds, having on small rural  
3 hospitals that received these funds?

4 I have almost weekly e-mails and contacts  
5 from these hospitals that are adversely impacted by the  
6 lack of funding. And it's getting -- not only are they  
7 critical access hospitals, but their margins of  
8 operation are very, very slim.

9 And, in fact, I believe one in Mike Hanna's  
10 district, the Bucktail Medical Center, has filed for  
11 chapter 11. And if they don't get this money pretty  
12 soon, they could be joining the ranks of 48 other small  
13 town hospitals in the last five, six years that have  
14 closed.

15 So this money is incredibly important, and  
16 we need help in getting that money released. And I hope  
17 -- I hope DHS understands the magnitude of this problem.

18 SECRETARY DALLAS: First, let me say thank  
19 you for your kind words at the beginning of your  
20 statement. And I agree, Ann does a wonderful job.

21 For us, these issues are some of the most  
22 critical that we face every day. Those hospitals  
23 receive payments through Medicaid. They receive other  
24 payments.

25 I'll turn it over to Dave in just a little

1 bit about some of the funding that we have been able to  
2 release. But we are aware of those issues, and we're  
3 talking to some of those hospitals. And it's largely  
4 the function of the work that's yet to be done here for  
5 a budget.

6 I know that the compromised budget that was  
7 almost enacted around Christmastime included restoration  
8 of those funds. I'm hopeful that we'll be able to work  
9 together to find a way to come to an agreement as we go  
10 through the '15-'16 and the '16-'17 budget. But  
11 particularly, the hospital you mentioned, Bucktail, I  
12 know that Dave spoke with the CFO there yesterday. And  
13 we are working to try to help stabilize their finances  
14 as well. But I'll let Dave go through some of the  
15 particular numbers there.

16 BUDGET DIRECTOR SPISHOCK: The critical  
17 access and the OB/NICU separate appropriations, the  
18 State funds were vetoed, line-item vetoed as part of the  
19 budget. However, we still continue to have the hospital  
20 assessment money.

21 There is \$3.2 million in hospital assessment  
22 for critical access; another \$3 million for the  
23 OB/NICUs. We will federalize that -- those funds. They  
24 are shown in the model as a State-only payment, but we  
25 will federalize them.

1           We have a public notice that will be going  
2 out, I think either this Saturday or next Saturday. We  
3 will follow up with a State plan amendment to get the  
4 Federal approval for that funding. We are working on  
5 releasing those funds as quickly as we can. I think  
6 once we get the public notice out, we'll be able to do  
7 more with those funds. But we will anticipate releasing  
8 the funding soon. We are working, still working on  
9 trying to get -- if there's additional State funds added  
10 to that, we could always amend the State plan amendments  
11 to add that funding back into the program before we make  
12 the payments there.

13           As the Secretary has mentioned, we are  
14 working with Bucktail to see if we can get some  
15 immediate relief to them as well.

16           CHAIRMAN BAKER: I appreciate that  
17 commitment, and we'll look forward to seeing that money  
18 released soon.

19           BUDGET DIRECTOR SPISHOCK: Yes.

20           CHAIRMAN BAKER: Thank you very much, Mr.  
21 Chairman.

22           MAJORITY CHAIRMAN ADOLPH: Thank you.

23           Chairman Flo Fabrizio.

24           CHAIRMAN FABRIZIO: Thank you, Mr. Chairman.  
25           And good morning again, Mr. Secretary.

1 SECRETARY DALLAS: Good morning.

2 CHAIRMAN FABRIZIO: A couple of questions,  
3 and actually you've answered one of them regarding the  
4 50, you know, the proposed 50 health homes. I think  
5 that this, as Chairman Markosek said, it's -- we're  
6 moving in the right direction there. Believe me.

7 We took a pretty positive step when we  
8 smoothed the cliff regarding child-care subsidies and  
9 we now allow working families who qualify for subsidized  
10 care to get that care, to continue getting that care as  
11 long as they're within 300 percent of the Federal  
12 poverty income guideline and 85 percent of the State  
13 median income.

14 But we still have a little bit of a problem  
15 with that waiting list. Is there anything that the  
16 Department is doing to try and alleviate that problem?

17 SECRETARY DALLAS: So I could say there are  
18 probably a couple of things. First, there's \$12 million  
19 proposed in our budget to address the waiting list  
20 that's at about 3100 folks right now for child-care  
21 subsidy.

22 The \$12 million that's proposed would  
23 probably take about 2600 folks off that waiting list.  
24 So that's a step in the right direction. Those dollars  
25 are going to be even more important as some changes at

1 the Federal level mean that there'll be changes in who  
2 is on that list and who is on and off that list.

3 The Federal government did, I think, a very  
4 good thing. They changed the redetermination period for  
5 child care from six to 12 months. And what that did  
6 was, for working families that someone might lose a job  
7 or their child might get ill and they might need to --  
8 they might lose their job, while they're looking for a  
9 job, by having that redetermination period be longer, it  
10 will give them more time to continue to have child-care  
11 subsidy and hopefully get a new job.

12 So while that's a very good thing, what that  
13 means is the churn of folks who come on and off that  
14 waiting list will slow down. So as a result, the \$12  
15 million that we're talking about will be even more -- it  
16 will be even more critical than it usually is to make  
17 sure that we can continue to make a -- reduce that  
18 waiting list.

19 CHAIRMAN FABRIZIO: Okay. I've got to  
20 understand that.

21 As Chairman Markosek and Chairman Adolph  
22 said, yesterday we met, the committee, met with the  
23 Health Department and drug and alcohol. And obviously  
24 drug addiction, whether it's opioid based or whether  
25 it's heroin based or whether it runs through every

1 fabric of our society in this commonwealth.

2 Couple of questions, and only one that I'm  
3 really kind of concerned with right now because it's,  
4 just in my own mind, I just want some clarification. A  
5 lot of the funding for opioid treatment and whatever is  
6 within the Department of Human Services, even though the  
7 programs are within the Department of Drug and Alcohol.

8 Just kind of give me an overview how the two  
9 Departments coordinate. I know, obviously, they must,  
10 you know, interrelate on a constant basis regarding  
11 that, but I would appreciate some kind of an overview on  
12 that.

13 SECRETARY DALLAS: Sure. So first and  
14 foremost, the Governor is very clear about we all work  
15 on this issue at the same time. I don't think that most  
16 Pennsylvanians, you know, care whether the Department of  
17 Drug and Alcohol Services is providing funding or Human  
18 Services is providing funding, provided the services are  
19 available when they need them and they're good,  
20 high-quality services.

21 So the Governor has brought together those  
22 agencies, and we meet on a regular basis. The  
23 Department of Drug and Alcohol Programs has been  
24 involved in the process we have for these health homes.  
25 They're going to be involved in the evaluation of these

1 health homes. They'll be involved in the licensing of  
2 these health homes.

3 But overall, we get to some of the  
4 bureaucratic part of it, which is where the money is put  
5 in the budget. Since this is -- these are Medicaid  
6 dollars that will be matched, the Department of Human  
7 Services is the single State agency or single State  
8 authority for Medicaid. That's why the money is in our  
9 budget; right.

10 So in order to draw down that money and make  
11 sure we do it in the right way, make sure we don't have  
12 any disallowances that we have to pay back later, the  
13 experts in our Department who know how to bill Medicaid,  
14 know how to make sure we get all the paperwork right,  
15 that's where the services are.

16 In addition, I had mentioned earlier when  
17 Chairman Markosek was talking about it, there's another  
18 aspect to this. It's not just drug and alcohol  
19 programs. There are also physical and behavioral health  
20 programs that these folks need at the same time. So by  
21 coordinating it there with the folks who are providing  
22 those services, we have the infrastructure and the  
23 ability to do it.

24 And since we are such a large department, we  
25 can keep the overhead and the administration costs down



1 maybe a little better than a smaller department like the  
2 Department of Drug and Alcohol Programs. But overall,  
3 we're working together, and the services will be  
4 provided seamlessly.

5 But behind the scenes, we've done some  
6 things to make sure that we make sure the most money  
7 goes to services and not to overhead, and also make sure  
8 that when we bill the Federal government for the Federal  
9 dollars, that we do that in an efficient way and we  
10 don't get any disallowances.

11 CHAIRMAN FABRIZIO: Okay. So the thrust is  
12 cost effectiveness then?

13 SECRETARY DALLAS: Yes.

14 CHAIRMAN FABRIZIO: Okay. You get a bang  
15 for the buck out there to the people that need it.

16 SECRETARY DALLAS: Absolutely. And also  
17 just making sure we can coordinate those services across  
18 folk's health needs.

19 CHAIRMAN FABRIZIO: I appreciate that.  
20 Thank you.

21 One last question, Mr. Chairman, if I may.  
22 And this is another -- I've been told or we've read  
23 somewhere that 51 -- almost 52 percent of adults that  
24 leave TANF return within a year. I find that an  
25 extraordinary number. I don't know why. Is there

1 anything that we can do to make, you know, to develop  
2 some kind of self-sufficiency or move these people  
3 toward self-sufficiency once they leave the TANF  
4 program?

5 SECRETARY DALLAS: Well, it's a great  
6 question; right. I think folks sometimes have ideas in  
7 their head what the folds on TANF are like and what  
8 their backgrounds are. But that 51 percent you  
9 mentioned, that I think is -- while it's great that the  
10 number of folks who are relying on cash assistance is at  
11 a near all-time low if not an all-time low, it's lower  
12 than it was before the start of the recession.

13 The thing that I think we need to look at  
14 is, what are we doing long term to help folks move from  
15 poverty to self-sufficiency? Now, when you look at  
16 folks who are receiving TANF, what you see are folks who  
17 are, for lack of a better term, at the mercy of the  
18 economy; right. If they're lower-skill folks or  
19 entry-level jobs, they're the one's who are most  
20 susceptible to changes. When the economy is good, they  
21 get hired. When the economy is bad, they may be the  
22 first ones who will be laid off.

23 In addition, depending on their personal  
24 circumstances, they may not have some of the life skills  
25 or the job skills that other folks have in terms of

1 managing their life and keeping a job. So when we look  
2 at this, the key is saying, one size doesn't fit all;  
3 right.

4           So everyone who walks through our door who's  
5 part of the work programs we have, they're not the same  
6 person; right. We need to look at what their individual  
7 barriers are and also what their strengths are. And we  
8 need to find a way to make sure we better match up the  
9 skills they have and the strengths they have with  
10 employers that are out there.

11           And for those folks who need more help,  
12 making sure that we're providing them with the skills  
13 that they can get. Not just to get a job, not just to  
14 get them in the door and get them out the door to a job,  
15 but getting them to a job where they have a career path,  
16 getting them to a job where they can sustain -- that  
17 they can sustain, and one that will sustain their family  
18 over time and help them get from poverty to  
19 self-sufficiency.

20           So there are a lot of things that we need to  
21 do there. I think we're working with L&I, with  
22 Secretary Manderino on the WIOA Act, which is a change  
23 in the way we do job-training programs. We're moving to  
24 more performance-based contracts with our TANF  
25 providers.

1           And with a mix of accountability and also an  
2 understanding that it may take some folks longer to get  
3 the skills they need so they don't come -- they're not  
4 part of that 51 percent, those are the things that over  
5 time, I think, are going to move those numbers long term  
6 and help it so that when it's 51 percent, that 51  
7 percent becomes 60 percent who, you know, never come  
8 back; 70 percent and so on. But right now, we're not  
9 where we want to be. But I think those changes that  
10 we're doing right now will help move us closer every  
11 year.

12           CHAIRMAN FABRIZIO: Thank you, Mr.  
13 Secretary. And thank you, Mr. Chairman.

14           MAJORITY CHAIRMAN ADOLPH: Thank you, Mr.  
15 Chairman.

16           Next question will be offered by  
17 Representative Keith Greiner.

18           REPRESENTATIVE GREINER: Thanks, Mr.  
19 Chairman.

20           Good morning, Mr. Secretary.

21           SECRETARY DALLAS: Good morning, sir.

22           REPRESENTATIVE GREINER: I believe I might  
23 have asked this question last year, being a former  
24 county controller. I wanted to speak a little bit about  
25 the Human Services Block Grant Program.

1                   SECRETARY DALLAS: Certainly.

2                   REPRESENTATIVE GREINER: And the Block Grant  
3 was started in the 2012-2013 fiscal year with 20  
4 counties. And I know that Lancaster County was very  
5 involved in that. And then that increased to 30  
6 counties in the fiscal year 2013-'14.

7                   The Human Services Block Grant has increased  
8 flexibility to those counties eligible to participate,  
9 helping them to coordinate services across systems and  
10 allowing them to move a portion of funds among those  
11 line items to best meet the needs of those that they  
12 serve. And me, having been in the county, I saw that  
13 firsthand. I thought it was a very positive thing.

14                   The proposed budget this year maintains the  
15 block grant at 30 counties. I have several questions.  
16 First one, has the Human Services Block Grant changed  
17 the way services are allocated in participating  
18 counties?

19                   SECRETARY DALLAS: Yes, it has. There are  
20 some counties, I'll mention Allegheny County in  
21 particular, who have taken advantage of the flexibility  
22 afforded to innovate and to make changes. There are  
23 other counties, I think, that have done well with it as  
24 well. So I think that flexibility has helped many  
25 counties.

1                   REPRESENTATIVE GREINER: So then, kind of a  
2 follow-up question. Do those counties that have  
3 participated in this, you believe that the Block Grant  
4 has actually improved services for them. Maybe some  
5 counties -- I mean, maybe that's the other thing. Do  
6 you have an evaluation tool?

7                   Maybe some counties are doing it more  
8 effectively than others, too.

9                   SECRETARY DALLAS: I think that's right. I  
10 think some counties have done better than others, but I  
11 think -- I think some counties have really taken  
12 advantage of the managerial flexibility. Some have done  
13 a little better, but not as well as some of the counties  
14 that have really been out in front.

15                  REPRESENTATIVE GREINER: Well, let me ask in  
16 regard to that, shouldn't it be offered to all 67  
17 counties? I mean, what are your thoughts on that? Is  
18 that something that you would consider or something  
19 that, you know? With the success we had in Lancaster  
20 County, I was thinking, well, maybe that's something we  
21 should do throughout the Commonwealth.

22                  SECRETARY DALLAS: So, yes, it's absolutely  
23 something we would consider. For us, I think the  
24 biggest concern that I've heard about the Block Grant is  
25 there are folks out there who are worried that the

1 flexibility will be used to rob Peter to pay Paul, that  
2 certain funds will be transferred from -- to programs  
3 that people like over other ones. So I received a  
4 similar question from Senator Vance on Monday when I  
5 testified in the Senate.

6           And my response to her was, I think there's  
7 an area, this is one of the areas that I think we'll be  
8 able to work together. For us, if we're able to find a  
9 way to make sure that there's a baseline level of  
10 service that a county needs to provide and that we can  
11 measure it, we can take that flexibility and match it  
12 with accountability. I think we can expand the Block  
13 Grant and give that flexibility to other counties.

14           REPRESENTATIVE GREINER: And I know that's  
15 been the argument in the past. I think we've been very  
16 good about how we did things in Lancaster County. And I  
17 would hope -- I appreciate your answer because I do  
18 think we can work on that. I think it was still  
19 advantageous. I think moving forward, the State needs  
20 to consider that. And I think it's a good way to save  
21 costs, which kind of goes back to -- let's kind of shift  
22 gears a little bit and talk about counties, not  
23 necessarily the Block Grant Program.

24           Do counties return moneys to you? Have they  
25 returned moneys to you during this past fiscal year?

1                   SECRETARY DALLAS: They have. The Block  
2 Grant, I think, allows for a 3-percent retained funds  
3 for a county. So if they're innovative and they're able  
4 to save money, they can take 3 percent of that Block  
5 Grant if they don't spend the money and use it to invest  
6 in further innovation. There is some money that's been  
7 over and above that 3 percent.

8                   On a case-by-case basis, I think about  
9 \$800,000 we've approved for other investments that those  
10 counties have made, but they have been a little bit over  
11 that 3 percent.

12                  REPRESENTATIVE GREINER: Now, before the  
13 Block Grant Program though, have counties returned funds  
14 to the State? Even prior to your time, I believe you  
15 might even, if I'm not mistaken, with Governor Rendell?

16                  SECRETARY DALLAS: Yes.

17                  REPRESENTATIVE GREINER: So did the counties  
18 return moneys back over the last six years or so?

19                  SECRETARY DALLAS: I'm sure they have, yes.

20                  REPRESENTATIVE GREINER: Well, let me  
21 just -- the only reason I'm asking you that, my concern  
22 is, I know that we're looking for a lot of increased  
23 spending. I know that people back in my district expect  
24 us to contain costs and keep things in line. So if the  
25 counties are returning money, then I don't know whether



1 there should be a lot of upward pressure to increasing  
2 taxes and increasing --

3 SECRETARY DALLAS: Well, I think that -- I  
4 think you need to put that -- those returns in  
5 perspective. I think with the Block Grant, it was  
6 probably just \$1 or \$2 million that was over that  
7 3-percent retainage. And if you're looking at the  
8 budget and you're looking at the size of my budget, it's  
9 a strange thing to say out loud, but that million  
10 dollars is not near enough to cover some of the other  
11 increases we have there.

12 So are those overages things that can be  
13 part of the overall budget discussions? Sure. But I  
14 don't think anyone should mistake them for a real budget  
15 that has sustainable revenues and one that addresses the  
16 true cost of providing social services.

17 REPRESENTATIVE GREINER: Well, let's talk  
18 about the overall budget. And Chairman Baker had  
19 mentioned that. You have a budget of \$37 billion, when  
20 you're looking at total dollars you have to work with,  
21 including the Federal and what have you.

22 As I said to one of my other colleagues who  
23 also had to pass a CPA exam, as I'm a CPA, we just said  
24 this is like spaghetti trying to track this budget. It  
25 is complex. For the people that are out there, I have a

1 lot of people at home that tell me they don't want their  
2 taxes increased. And they said the first area that they  
3 want me to look at is -- they still use the term  
4 "welfare" -- but the Department of Human Services.

5           And I think it's something that -- I think  
6 it's a concern overall. You'll often see news stories  
7 with fraud and abuse, and unfortunately, that gets the  
8 most press. But I do think -- I do think we need to be  
9 cognizant of that fact. And, quite frankly, when you do  
10 look at the numbers, accounting, many times, is black  
11 and white.

12           In this particular, you know, your  
13 particular Department is very complex. And I think the  
14 people out there need to know that. And I do think that  
15 we need to be careful and we need to make sure that we  
16 contain costs and work hard to do that.

17           But as I said, I understand the situation  
18 you're in. We're going to work hard. I know that  
19 Chairman Adolph had some questions. I don't know why it  
20 was blue-lined, but we're going to work through this.  
21 So I appreciate you being here. I appreciate you  
22 talking to me about the Block Grants.

23           And like I said, I appreciate the time, Mr.  
24 Chairman.

25           MAJORITY CHAIRMAN ADOLPH: Thank you,

1 Representative.

2 Chairman Scott Conklin.

3 CHAIRMAN CONKLIN: I'd like to thank you,  
4 Chairman Adolph, Chairman Markosek, for allowing me to  
5 be part of today.

6 Secretary Dallas, as always, it's a please  
7 to be with you. You've been very informative and  
8 helpful to me over the years, and I do thank you for  
9 your input.

10 SECRETARY DALLAS: It's good to see you too,  
11 sir.

12 CHAIRMAN CONKLIN: What I want to talk about  
13 is the -- one of the things that's been implemented  
14 recently is the Child Hotline --

15 SECRETARY DALLAS: Yes.

16 CHAIRMAN CONKLIN: That's -- or ChildLine as  
17 they call it, the hotline. But what -- I've noticed  
18 that there was an article in The Tribune-Review that  
19 talked about a 44-percent increase in southwestern  
20 Pennsylvania in that -- in the usage of it.

21 My question is basically two parts. One,  
22 have the counties been able to handle the volume of the  
23 increase of calling, when you're looking at up to 44  
24 percent? And two, when you're looking at this type of  
25 increase, have you looked at ways that, perhaps, you can

1 help the counties be more efficient? And is there  
2 anything that we can do to make that hotline even more  
3 effective than what it is now?

4 SECRETARY DALLAS: So ChildLine hotline has  
5 been in place for a long time as you know, sir.

6 CHAIRMAN CONKLIN: Yes.

7 SECRETARY DALLAS: The issue that is facing  
8 ChildLine right now is an increase in the number of  
9 calls, and that's driven by a couple of things, but  
10 primarily, by some of the laws that were passed in the  
11 General Assembly. I think, in the wake of the Sandusky  
12 scandal, there were increases in background checks, and  
13 that has driven a lot more traffic through ChildLine.  
14 And there are a lot more child abuse clearances that  
15 need to be done and so on.

16 But for us, ultimately, what we've seen is  
17 it has, you know -- first, on the background checks, it  
18 has increased the number of background checks and the  
19 number of folks who have been flagged as having a  
20 history of abuse or neglect in applying for jobs. It  
21 went from about 1100 in the previous year to about 1600  
22 folks who were flagged through that process of  
23 background checks.

24 Now, with regard to ChildLine, the calls  
25 have come in, and that's increased a lot of need for

1 investigation. But it hasn't necessarily increased as  
2 much the need for the number of kids who have to enter  
3 the foster care system.

4           So while the investigations have gone up, it  
5 hasn't increased the number -- it hasn't resulted in  
6 more kids coming through the front door. I mentioned  
7 earlier in my opening statement that the number of kids  
8 in the child welfare system has gone up in Pennsylvania,  
9 but that's largely because there are fewer children  
10 leaving the foster care system than there used to be.  
11 And there are a bunch of reasons for that.

12           But for us, I think when you look at  
13 ChildLine, the increase in the number of calls,  
14 particularly, around certain times of year, when folks  
15 come back to school and so on, and you have mandated  
16 reporters such as teachers, that has put stress on the  
17 system. We have increased staffing to deal with that  
18 level of those -- the increased level of calls.

19           This is one area where the budget impasse  
20 has had an impact. While we have been -- we have worked  
21 to try to increase staffing there, there are some cases  
22 where the budget impasse has made it harder for us to  
23 get the staffing we need. And that has resulted in  
24 making it harder to get through the ChildLine calls.

25           So it's just one of the many reasons that I

1 think once a budget is resolved, many good things will  
2 flow to the State of Pennsylvania.

3 CHAIRMAN CONKLIN: Thank you, Secretary.

4 And once this goes through, you know my door  
5 is always open to you if you have any suggestions that  
6 we can help improve it. Thank you.

7 SECRETARY DALLAS: Thank you, sir.

8 MAJORITY CHAIRMAN ADOLPH: Thank you.

9 Chairwoman Kathy Watson.

10 CHAIRWOMAN WATSON: Thank you, Mr. Chairman.

11 Good morning, Mr. Secretary.

12 SECRETARY DALLAS: Good morning to you.

13 CHAIRWOMAN WATSON: Let me begin by saying,  
14 as Chairman of the House Children and Youth Committee,  
15 you've been before us, but we would invite you back any  
16 time. And hopefully by the time you come back, we will  
17 have a lot to talk about that you referred to.

18 I recognize that --

19 SECRETARY DALLAS: Any time, Representative,  
20 Watson.

21 CHAIRWOMAN WATSON: Okay. And I recognize  
22 that, sadly, in a lot of ways, you're in the position,  
23 where I call it the "doctors without borders," in  
24 that -- in what has become almost, my words, but this  
25 war-type environment and things.

1           I'm not a believer in collateral damage.  
2   And I look at some of the Department of Human Services  
3   budget, blue-lined, and what I see before me is  
4   collateral damage. I have communicated that and that  
5   phrase directly to the administration. I recognize that  
6   you don't have a lot to say about that. Sadly, neither  
7   do I.

8           I think Chairman Adolph led off the right  
9   way in saying this is something that we have to stop,  
10   and we need to get back to the business of taking care  
11   of those who need our help, who absolutely need it.

12           In that vein, then, counties are really  
13   caught in the middle. I think of, perhaps,  
14   Representative Greiner and I have a lot in common when  
15   we talk about counties. At one point, I was a part of  
16   county government, too. So I have a fondness there.

17           And I come from a county that has done very  
18   well in managing its affairs, but even that  
19   well-managed, good county is experiencing a lot of  
20   trouble. If they are with their larger tax base and all  
21   of that, I really worry about the rest of the counties  
22   throughout the State, many of which are small, some of  
23   which are rural, and how they can even begin to manage.

24           They have a fundamental responsibility under  
25   law, both State and Federal, to provide services for

1 what I would particularly care about, protecting abused,  
2 neglected, delinquent children, as you well know.  
3 But efforts to enhance, and you referred to that in  
4 discussing your answer with Representative Conklin,  
5 enhance their staff recruitment and the retention, it's  
6 imperative if counties are to maintain this stable and  
7 well-prepared workforce. Which in today's times, I  
8 think, is particularly needed.

9 Case workers are under extreme pressure for  
10 when they walk into a situation. What do they do? How  
11 do they help this child? What's the best way? What  
12 services are available? Does it depend on where you  
13 live, what services are available?

14 I believe in your budget, you are proposing  
15 an increase, as I looked at it, to the county child  
16 welfare needs-based budget for '16-'17. Would you  
17 please talk about that a little bit in specific detail?  
18 Why and how this request is made.

19 And I understand, I'm not a person who wants  
20 to pay a little more. I want to squeeze every penny out  
21 of that dollar, but I understand the value in what's  
22 been going on here, and in some ways what our committee  
23 and this legislature has done, that you need to have a  
24 little more money. I understand that because we've put  
25 more responsibility.



1           But could you explain it and draw the  
2 parallel between the dollars and the services?

3           Thank you.

4           SECRETARY DALLAS: Sure. So I think you're  
5 correct. It's a little under \$32 million that's being  
6 requested for the child needs-based budget.

7           As you're aware, the needs-based budget is a  
8 process where the counties go propose and tell us what  
9 their needs are for child welfare, staffing costs, all  
10 those things are allowable costs as part of the  
11 needs-based budget.

12           I agree with you, we need to make sure we  
13 have a stable, well-trained workforce. There's some of  
14 that there. A lot of what's driving the increase are --  
15 is actually the opioid crisis. So if you look at the  
16 need and how governments, county governments across the  
17 Commonwealth are dealing with the opioid crisis, one of  
18 the -- there is actually an excellent article. I think  
19 it was the Wall Street Journal said that an echo of the  
20 opioid crisis that we have now is the children of family  
21 members who are addicted to opioids.

22           Now, it's not always the answer that you  
23 take those kids into care, but a lot -- sometimes it is.  
24 And I think when you see some of the increases in the  
25 caseload, you see some of the changes that are hitting

1 the system, a lot of that is the reverberation of the  
2 opioid crisis.

3 So as we're, hopefully, making some progress  
4 there, we hope to make some progress on the children who  
5 are affected by that. But it's going to require a lot  
6 of work. It's going to require, at the county level,  
7 not the State level, folks who do behavioral health,  
8 folks who do drug and alcohol, folks who do child  
9 welfare, all of them to work at a level that they may  
10 not be used to.

11 This is a new challenge. And I think a lot  
12 of what you're seeing in there is the growth in the  
13 caseload, the impact of that drug and alcohol crisis,  
14 and the impact it's having on families across  
15 Pennsylvania.

16 CHAIRWOMAN WATSON: Mr. Chairman Adolph, may  
17 I ask a follow-up question?

18 MAJORITY CHAIRMAN ADOLPH: Yes, you may.

19 CHAIRWOMAN WATSON: Thank you.

20 Mr. Secretary -- well, you try to be polite.  
21 Mr. Secretary, you bring up the point in looking -- and  
22 certainly this is not all the children who end up having  
23 to be taken out of the home that they're used to, but  
24 many of these children also, we have the advantage that  
25 grandparents will step up --

1                   SECRETARY DALLAS:   Yes.

2                   CHAIRWOMAN WATSON:  -- or have other family  
3 members to take these children because they really can't  
4 live in the environment that a parent is providing.

5                   What are we, we -- and I hope that we will  
6 work together -- but do you have thoughts on what we can  
7 do because it is my understanding and indeed we had a  
8 hearing on this, that grandparents really don't even end  
9 up in the same category as a foster parent in terms of  
10 any kind of subsidy or help?

11                   And yet, grandparents are older when they  
12 admit their age.  And even if they have been able to  
13 plan successfully for a retirement, a retirement income  
14 was never designed to raise a family.  And I will always  
15 remember a very lovely 80-year-old woman I met, who had  
16 a 17-year-old granddaughter she'd been raising since the  
17 child was a little under two.

18                   And she was talking to me about, you know,  
19 she couldn't get a job, but she needed extra money  
20 because it wasn't enough.  And I believe the  
21 granddaughter wanted cheerleading, which would require  
22 extra money for uniforms, this and that.  And the child  
23 couldn't participate because the grandmother couldn't  
24 afford it.

25                   So what I know is, they do us a great

1 service, and yet we're not giving them help. How are we  
2 going to do something for those folks?

3 SECRETARY DALLAS: So, first, I think I  
4 would say that when you talk about kin placements or  
5 grandparents, those are things that are very important.  
6 As you know, when you're forced to take a child out of  
7 that home, there is all kinds of trauma you inflict on  
8 that child. You can have the trauma of the abuse or  
9 neglect that led them to be taken from their home, but  
10 also the trauma of being taken from the only parents  
11 they know.

12 In a lot of cases, kin placements, whether  
13 it's a cousin, whether it's a grandmother, helps ease  
14 that secondary trauma that can be so difficult to deal  
15 with. So it's an important part of our system. I think  
16 that it's an area where we can work together to try to  
17 increase that. It's going to take resources. It's  
18 going to take money.

19 In a lot of cases, if we're forward-thinking  
20 about it, placing a child with grandma will wind up  
21 costing less than putting them in a group home or in  
22 congregated care. And I think that there are  
23 opportunities there.

24 I think there's some rules along the way  
25 that prevent us from maybe going where you want to go,

1 but I'm committed to working with you to try to find  
2 ways to encourage the use of kinship care.

3 CHAIRWOMAN WATSON: Thank you, Mr.  
4 Secretary.

5 Thank you, Mr. Chairman.

6 MAJORITY CHAIRMAN ADOLPH: Thank you.  
7 Representative Kinsey.

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

10 Welcome again, Mr. Secretary, Mr. Director.

11 SECRETARY DALLAS: Good to see you.

12 REPRESENTATIVE KINSEY: Thank you.

13 Mr. Secretary, in reviewing the budget --  
14 well, first I want to applaud you and the department for  
15 the progress you've made over the past year providing  
16 services to vulnerable citizens.

17 I want to focus on a sector of the  
18 Department that provides services specific to folks with  
19 intellectual disabilities. We've recognized that  
20 Pennsylvania is a State that continues to see its  
21 population continue to age. We're seeing a large number  
22 of parents, 60 and over, providing supports and services  
23 to their children as well as grandchildren with  
24 intellectual disabilities.

25 I think in this current budget, there's \$8.7

1 million set aside, and I'm not sure of the exact number,  
2 but that's just from State funding to provide waiver  
3 services for an additional 250 individuals on the  
4 waiting list, on the emergency waiting list.

5 I think we also saw a report that showed  
6 that there are over 4500 individuals that are actually  
7 on the waiting list. So we're looking at moneys being  
8 set aside to service 250 individuals, but yet the list  
9 in and of itself, exceeding 4500.

10 I guess my question is, what are the plans?  
11 I mean, it's great to see that the State is chipping  
12 down on the waiting list, but you know, when we look at  
13 it from a percentage standpoint, it seems just to be a  
14 very small percentage of folks that are being served  
15 through those dollars.

16 So is there a plan, a 5-year plan? You  
17 know, what's the plan to really chip down at that number  
18 of folks that are on the waiting list?

19 SECRETARY DALLAS: I think this is -- the  
20 part of my budget you're referring to is easily the  
21 toughest part of my budget this year. It's an area that  
22 I wish we could have done better. While we have  
23 increased the funding for folks with intellectual  
24 disabilities, up about \$71 million, and that's across a  
25 variety of categories, we haven't done as much as I

1 would have liked to in terms of reducing that waiting  
2 list. It is something that we try to work on every day  
3 and something that I think we need to come to grips  
4 with.

5           Now, I will say that because of the unique  
6 situation that we're in right now with the '15-'16  
7 budget and the '16-'17 budget, we do have about a  
8 thousand folks that we'll be able to take off the  
9 waiting list with '15-'16 dollars. And all in,  
10 including different categories, there are about 750 or  
11 so that we'll be able to do if the '16-'17 budget is  
12 enacted or maybe closer to 800.

13           So in all, you probably have about, over the  
14 next 18 months, you have the opportunity to move about  
15 1800 people off the waiting list. Now, that's going to  
16 be a big task.

17           REPRESENTATIVE KINSEY: Right.

18           SECRETARY DALLAS: There's a lot of things  
19 you have to -- it's not simply just flipping a switch.  
20 There's a lot of service planning and things that go on.  
21 And it's going to take a lot of work over these next 18  
22 months to move folks there, assuming the budget passes  
23 on time.

24           That being said, I wish I could do more.  
25 And I know that there are folks out there that are very

1 vocal about that we haven't done enough. I think that  
2 if I didn't have the job I had right now, I'd say, you  
3 know -- and I will say it, even though I have the job, I  
4 agree with them. We should be doing more.

5 But there's a limit to what we can afford  
6 right now. And I think that when you look at the  
7 finances of the system and you look at the growth of the  
8 system, we put in the budget what we thought we could  
9 afford. That being said, if the General Assembly would  
10 like to put some more money in there for me to serve  
11 more folks, I'll certainly spend it.

12 REPRESENTATIVE KINSEY: Right.

13 SECRETARY DALLAS: But I think when you look  
14 at the long term, the dynamics of the system, we are  
15 under pressure from a variety of factors.

16 First, is the waiting list.

17 REPRESENTATIVE KINSEY: Sure.

18 SECRETARY DALLAS: One thing about the  
19 waiting list is its -- the categories are imprecise.  
20 There are folks who are on that waiting list who are  
21 receiving some level of service. They're not receiving  
22 an adequate level of service, but they are getting some  
23 level of service.

24 And then there are categories that have been  
25 in place for a long period of time. Those can also make



1 it a little difficult to get your arms around what the  
2 true waiting list is.

3 That being said, I think the biggest issue  
4 we have, in addition to finding the right amount of  
5 funding to make sure we're serving folks, is getting the  
6 financing of the system done right.

7 So right now, it's a cost-based system.  
8 It's a result of changes that the Federal government  
9 required us to make maybe about four years ago. And I  
10 don't know that the system has fully recovered from that  
11 yet.

12 We are working with stakeholders, whether  
13 they be providers, whether they be family members, on a  
14 finance workgroup to get the way we pay for services to  
15 align better with what the actual needs of folks are  
16 now.

17 Whether it's intentional or unintentional,  
18 there are ways that providers can get higher  
19 reimbursement rates than maybe the needs of the person  
20 they're serving, and we need to get that right. We need  
21 to get the services to be based on what the needs of the  
22 person are; and how much we're paying to be based on the  
23 folks who need the most help.

24 We are working through that now. We're  
25 making progress. It's going to take some time to do.

1 In the interim, it is one thing that every night when I  
2 go to sleep, I wish I could do more. And I understand  
3 why folks are upset. It is finding a way to serve these  
4 folks adequately. My hope is that as part of this  
5 budget discussion, all of us can find ways to add  
6 additional funding to this process within my budget and  
7 within the constraints that -- and the realities, the  
8 fiscal realities we face as a commonwealth.

9 REPRESENTATIVE KINSEY: I thank you for  
10 that.

11 And just to touch on something you just  
12 mentioned, find ways to service these folks adequately.  
13 On the other side, 30 years ago, I served as a direct  
14 support professional working with individuals with  
15 intellectual disabilities.

16 Today, a lot hasn't changed in regards to  
17 the type of services that's still needed, the  
18 commitment, the dedication by individuals who provide  
19 those supports and services. And even the rate of pay,  
20 unfortunately, I mean, I recall roughly what my salary  
21 was 30 years ago. And, unfortunately, when I look at  
22 inflation and what direct care service workers are  
23 making right now, it's -- in my opinion, it's well below  
24 what they truly deserve.

25 Just the other day, the Governor executed an

1 executive order to increase the minimum wage for State  
2 employees as well as State, I think, State-affiliated or  
3 State-associated workers. For direct social -- direct  
4 care workers, direct support professionals, will this  
5 increase impact their rate of pay?

6 I know that -- I think I sort of asked this  
7 question last year when we were trying to get additional  
8 dollars in there to provide services. So here it is,  
9 I'm back here a year later, still looking at the workers  
10 providing, you know, day-in and day-out services to the  
11 folks who are most vulnerable.

12 So I guess my question is, is there any plan  
13 or any funding in this proposed budget to provide any  
14 type of increase to those workers who are providing  
15 services to our most vulnerable folks?

16 SECRETARY DALLAS: So, unfortunately, no.  
17 The executive order addresses some folks, and I think  
18 it's a good start the Governor had, but the executive  
19 order doesn't focus on all workers.

20 I think that if there isn't already, there  
21 will be legislation about the minimum wage. I think  
22 when you're talking about that minimum wage and raising  
23 it, you have to do it for everybody. I think the impact  
24 would be something that would be very beneficial.

25 I think when you look at our Department,

1 there would be costs associated with doing that with  
2 workers, but there would also be a lot of savings  
3 associated with that. If you look at the folks that we  
4 serve now who, because they don't make a living wage,  
5 are receiving benefits from the Department, we stand to  
6 save hundreds of millions of dollars in benefits. And  
7 taxpayers, you know, will save that literally by those  
8 folks' wages going up and them no longer requiring  
9 benefits or not as many benefits as they had in the  
10 past.

11 But for us, I think that that is one area,  
12 as I mentioned before, I wish we had done more, and I  
13 wish we were able to pay more. But right now, it's not  
14 something we believe we can afford. But working with  
15 the General Assembly, we'd be happy to have that  
16 conversation.

17 REPRESENTATIVE KINSEY: Mr. Secretary, I  
18 want to say thank you.

19 And Mr. Chairman, if there is an opportunity  
20 for a second round, I'd like to be considered.

21 Thank you.

22 MAJORITY CHAIRMAN ADOLPH: Okay. Thank you.  
23 Representative Tom Killion.

24 REPRESENTATIVE KILLION: Thank you, Mr.  
25 Chairman.

1           Welcome. I really just, I'll be pretty  
2 brief; just two quick questions. I served on Delaware  
3 County Council for eight years, and we have a 911-bed  
4 nursing home. At least it was 911 beds when I was  
5 there. I don't know what it's at now.

6           But we would work with COSA, which is  
7 our County Office of Services for the Aging to provide  
8 services to keep folks out of the nursing home until it  
9 was absolutely necessary.

10           So I'm wondering, what's your opinion of the  
11 LIFE Program, which provides these types of services to  
12 keep nursing-home eligible people in community?

13           SECRETARY DALLAS: I think the LIFE Program  
14 is a great program. It's one that we're looking to  
15 expand. We've expanded into five counties to try to  
16 make sure that we have that as an option for folks as  
17 they're aging in place.

18           And it's a program that -- I've visited  
19 several LIFE Programs, and I think it's one of the best  
20 services that we have in the commonwealth.

21           REPRESENTATIVE KILLION: Now, you said it's  
22 in five counties. Is it -- I thought I heard they might  
23 be expanding to five other counties?

24           SECRETARY DALLAS: That's what I meant, I  
25 think they're expanding into five, yeah.

1           REPRESENTATIVE KILLION: Okay. Can you tell  
2 us who they are yet or?

3           SECRETARY DALLAS: I think there's Perry  
4 County, Montgomery County. And I can get you the list  
5 of all of them.

6           REPRESENTATIVE KILLION: Okay. Thank you.

7           And then a complete separate item. In our  
8 county, we have a very fine burn center. There are six  
9 burn centers in the Commonwealth. And as you know, the  
10 Governor zeroed out \$3.8 million for those hospitals,  
11 resulting in \$7.9 million when you include Federal  
12 funds.

13           I know what the impact is for the Crozer  
14 Burn Center, it's about \$2 million, which is clearly not  
15 insignificant. I'm just wondering, what was the thought  
16 process, if you can answer that, or if you had a  
17 conversation with administration about that blue-line?  
18 And what effect do you see it having on the other five  
19 burn centers?

20           SECRETARY DALLAS: I think that those --  
21 when looking at the options we had and the limited funds  
22 we have, we looked at some of the other revenue streams  
23 that are coming into those from Medicaid, that are  
24 coming in there, and it was an area that we didn't think  
25 we could afford to fund.

1 I would note that in the '15-'16 compromised  
2 budget that was almost passed, that money was restored  
3 by the General Assembly as part of the compromise. And  
4 I suspect there will be a very active debate about  
5 restoring those funds for '16-'17.

6 REPRESENTATIVE KILLION: Yeah, the funding  
7 is crucial, I'd like to see that happen. Thank you.

8 SECRETARY DALLAS: Sure.

9 MAJORITY CHAIRMAN ADOLPH: Thank you.  
10 Representative Madeleine Dean.

11 REPRESENTATIVE DEAN: Thank you, Mr.  
12 Chairman.

13 SECRETARY DALLAS: Good morning.

14 REPRESENTATIVE DEAN: Good morning  
15 Secretary. Good morning, Director. How are you? And  
16 welcome. Thank you for being here.

17 As everybody has noted, you have a massive  
18 budget, \$33 billion. I guess about one-third of it, to  
19 be provided by the State, to be funded by the State.  
20 And you can tell by the crowd that we have here today,  
21 what you do is so important to so many very vulnerable  
22 Pennsylvanians.

23 I wanted to ask you, since in effect, you  
24 are, like the Department of Education, part of the  
25 epicenter of those impacted by our budget impasse.

1     Could you tell us what impact the budget failure had on  
2     your Department?

3                     I realize you have very huge Federal  
4     dollars, but what was the impact of the State failure?

5                     SECRETARY DALLAS:   So my Department, it's  
6     very big and it's also a little different.  There are  
7     some funds that paid during the budget impasse as a  
8     matter of health and safety.  There are some that were  
9     Federal passthroughs that paid, but there was no doubt  
10    that it had a huge impact on the ability to provide  
11    services.

12                    It hit in multiple places in the Department,  
13    but I'll just focus on one, that's at the county level.  
14    I think those were the places that the budget impasse  
15    had probably its most pronounced impact.

16                    And I think that's, as I understand it, it's  
17    because the general -- you know, we weren't able to pay  
18    all of those funds, particularly things like child  
19    welfare and some other funds because, you know, the  
20    General Assembly appropriates money that we give to the  
21    counties that the counties then spend with providers  
22    there on those services.  And without a budget, didn't  
23    have the authority to spend that money.  So that's just  
24    one example.

25                    I think Chairman Conklin was talking about



1 ChildLine, our inability to hire staff there, in some  
2 places. That had an impact. We did our best to manage  
3 through that, but that also had an impact on our ability  
4 to literally answer phone calls for folks who were  
5 calling about kids they thought were victims of abuse  
6 and neglect.

7           There are probably, you know, when you think  
8 about our ability to provide basic services to folks to  
9 determine eligibility for services they need for health  
10 care, to be able to feed their families. All of those  
11 things have impacts across the Department. I probably  
12 could go on for a couple hours about that, but it hit  
13 all parts of our Department.

14           REPRESENTATIVE DEAN: And many of us, all of  
15 us, heard from providers downstream from your Department  
16 through our counties of the hardship, whether it was  
17 borrowing money or laying off staff or reducing hours,  
18 reducing services, the number of things that were  
19 critically forced to be cut as a result of the  
20 unpredictability and the failure to get moneys and  
21 resources out to them.

22           SECRETARY DALLAS: And it was even -- in  
23 some cases, the effects are still being felt because if  
24 we don't get those services at the right time, if it's  
25 early childhood things, you wind up paying more later

1 on; right.

2           So if we don't get services at the right  
3 time for folks, it costs us more to treat them later on.  
4 So if folks don't have health insurance and they go to  
5 the emergency room, it costs much more to serve them in  
6 the emergency room than if they went to see their  
7 doctor. So there are all kinds of impacts downstream in  
8 addition to that.

9           REPRESENTATIVE DEAN: Exactly right. I  
10 appreciate that point. I was impressed in December by  
11 the Greater Pittsburgh Nonprofit Partnership who put out  
12 a letter to the Governor and to the leadership in both  
13 the House and the Senate, talking about our budget  
14 impasse.

15           And as starved as they were and their  
16 association members were for funds and resources to do  
17 the critical services that they provide, they did not  
18 argue for a stopgap budget. They didn't argue for, oh,  
19 please, just piecemeal out any moneys you can, we're so  
20 starved and desperate.

21           And I was really proud of that and surprised  
22 by the wisdom of what they said. And what they said to  
23 me in person was that if we just take pieces, if we just  
24 take unpredictable, unreliable stopgap kinds of funding,  
25 what are we going to do in the future?

1           It's just not the way a government needs to  
2 do this critical set of services. We can't do it in an  
3 unpredictable piecemeal fashion. That was a December  
4 18th letter.

5           And I just thought it was extremely wise,  
6 and I know an awful lot of non-profits who would really  
7 liked to have seen moneys coming to them, had to make  
8 that tough choice and say it's not -- in fact, in their  
9 letter they actually said it would be like giving a  
10 child a pacifier instead of nourishing that child. They  
11 didn't want a pacifier. And so I really appreciate the  
12 wisdom of their advice and counsel to us in the  
13 legislature.

14           And I know that some people here are puzzled  
15 by the Governor's blue-lining of parts of Human  
16 Services. And as puzzling as that may be, more puzzling  
17 to me is the 177 days that led up to Christmas Eve that  
18 we failed to pass a budget that would have funded Human  
19 Services. And now the 75 days since that time that we  
20 have failed to do the same thing.

21           I want to shift gears, and it's a little bit  
22 related to what you said about paying more later. We  
23 know that there are undocumented children who are  
24 uninsured in Pennsylvania. Do you have any sense of the  
25 numbers?

1                   SECRETARY DALLAS: Of undocumented children?  
2 No, I don't have a sense of the numbers.

3                   REPRESENTATIVE DEAN: I looked into it just  
4 a little, and I had some help doing that. And what's  
5 wonderful is we have the CHIP Program, and we have the  
6 Affordable Care Act, so we know thousands and thousands  
7 of families and children are getting critical medical  
8 coverage. But, unfortunately, about 24,000  
9 undocumented, uninsured children in Pennsylvania.

10                   And to your very point, what happens is they  
11 wind up approaching services when it's the most costly,  
12 when they go to ERs. They suffer through poor health  
13 for long periods of time. Their families suffer as a  
14 result of that. Then they go to ERs at very costly,  
15 uncompensated costs.

16                   Is there anything your Department would like  
17 to see done in order to get all children within the CHIP  
18 Program, which, you know, Pennsylvania is very proud of  
19 because we were the first state to embrace the CHIP  
20 Program and start it. Is there anything your Department  
21 would like us to do regarding undocumented, uninsured  
22 children in Pennsylvania?

23                   SECRETARY DALLAS: So I think that, you  
24 know, I'll start by saying I think all children should  
25 have access to health care. I think it's an important

1 thing. I think that to change where in Pennsylvania  
2 would require a conversation with the General Assembly.  
3 And I think there are also Federal prohibitions to the  
4 kind of coverage that you're talking about there.

5 So if we were to do it here in Pennsylvania,  
6 it would require all State funds. It is currently one  
7 of the things that we don't have the resources to do,  
8 but I also acknowledge that it's a subject that would  
9 not be without controversy and without debate.

10 I think that if the General Assembly wants  
11 to have that conversation with the administration about  
12 the benefits of doing that, I think it's a good  
13 conversation to have.

14 Right now, I'm precluded from doing that  
15 under several rules and laws. But at the same time, we  
16 can have that conversation, but I think it will be one  
17 that I'm sure there will be a lot of folks on both sides  
18 of that discussion.

19 REPRESENTATIVE DEAN: I'm sure. And in the  
20 middle will be the children. And I'm pretty sure that  
21 it might be the right economic thing to do and the right  
22 humanitarian thing to do. I agree with you, all  
23 children should have access to health care.

24 Thanks for the work you do.

25 Thank you, Mr. Chairman.

1 SECRETARY DALLAS: Thank you.

2 MAJORITY CHAIRMAN ADOLPH: And thank you,  
3 Representative.

4 Representative Sue Helm.

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

7 And, welcome Secretary Dallas.

8 SECRETARY DALLAS: Good morning.

9 REPRESENTATIVE HELM: You talked about  
10 State-wide independent living, but I haven't heard the  
11 answers to my questions.

12 Where is Pennsylvania in terms of  
13 rebalancing our long-term care system for both  
14 individuals under age 60 with physical disabilities as  
15 well as seniors?

16 And what are our ratios in terms of both  
17 individuals served in the community, compared to persons  
18 being served in nursing homes for both populations?

19 And what are the spending ratios for each  
20 group.

21 SECRETARY DALLAS: So as I mentioned -- I  
22 think I mentioned earlier, when you poll the people of  
23 Pennsylvania, 95 percent of them prefer to be in the  
24 community. It is one of our big goals to serve as many  
25 people as we can in the community. We have thousands of

1 people in nursing homes who don't need to be. We have  
2 folks in State hospitals and State centers who probably  
3 don't need to be.

4 Right now, if you look at, with regard to  
5 nursing homes versus the community, we're able to serve  
6 about 51 percent of the folks that we serve for the  
7 long-term support system or the long-term care system,  
8 51 percent of them are served in the community. That is  
9 better than it has been in previous years, but still  
10 nowhere near 95 percent.

11 We need to make some fundamental changes to  
12 our system to get people, be able to provide services  
13 for the way people want to receive them. That's what  
14 our Community Health Choices Program is about. We are  
15 moving to a managed-cared system for long-term care, and  
16 that will help us serve more people in the community.

17 Right now, it's very easy to get into a  
18 nursing home, but it is much too difficult to get home  
19 and community-based services. Sometimes all you need is  
20 a ramp or an accessible bathroom to get to move from a  
21 nursing home or never to have to go to a nursing home in  
22 the first place.

23 That is something that is the result of a  
24 system that I think is fractured now and one that needs  
25 to be fixed. I think the changes we're making will move

1 us in that direction.

2 Many other States who have gone to the  
3 system I'm talking about are able to have folks coming  
4 into the system who are, you know, maybe 60, 70 percent  
5 of the folks coming into the system are being able to be  
6 served in the community as opposed to the 50 percent  
7 that we have now.

8 Ultimately though, you've also hit on a very  
9 important part of this. When folks who run human  
10 services programs say we need to do the right thing, a  
11 lot of times that is code for, I need to spend more  
12 money; right.

13 But in this particular case, not only do  
14 people want to live in the community as opposed to a  
15 nursing home, it's actually a lot less expensive for us  
16 to do that. So that also adds to the frustration that  
17 everybody has about where the system is right now.

18 I think if you say we're about 50/50 in  
19 terms of who we're serving, the costs are closer to  
20 60/40 in terms of -- even though it's 50/50, about 60  
21 percent of our costs are related to nursing homes. And  
22 that's because nursing home care can, in many cases, be  
23 twice the cost of serving someone in the community.

24 So over the next few years, the changes that  
25 we're talking about will change the system so that we



1 get rid of that bias to the extent it exists to have  
2 people served in nursing homes. And we can serve people  
3 where they want to be.

4 And at the same time, if we're smart about  
5 it, it's going to bend that cost curve, and it's going  
6 to reduce the cost of serving individuals. And also,  
7 just put -- and like I said, put them where they want to  
8 be.

9 REPRESENTATIVE HELM: I have a question.  
10 You mentioned State hospitals, and since we did close a  
11 State hospital here in Harrisburg several years ago, the  
12 proposed budget includes \$4, about \$4 million to provide  
13 home and community-based services to 90 individuals  
14 currently residing in State hospitals. And there are  
15 seven State hospitals.

16 How many individuals are currently residing  
17 in the State hospitals.

18 SECRETARY DALLAS: I don't have that number  
19 off the top of my head, but we can certainly get it for  
20 you.

21 REPRESENTATIVE HELM: And do you think there  
22 are adequate services in capacity in the community for  
23 individuals that are being transitioned back to the  
24 community?

25 SECRETARY DALLAS: I think that's what some

1 of the money you mentioned is for, is to help build that  
2 capacity. I think there is capacity to serve more folks  
3 in the community, and I think wherever we can do that,  
4 that's always a good thing.

5 REPRESENTATIVE HELM: And since we closed  
6 Harrisburg, are you considering closing any of the other  
7 State hospitals?

8 SECRETARY DALLAS: We always are looking at  
9 our State hospital system as well as our State centers  
10 for folks with intellectual disabilities. We always  
11 want to move folks to the community. And to the extent  
12 we can reduce the population, we would certainly look at  
13 consolidation of either State hospitals or State centers  
14 as we move forward.

15 But ultimately, the decision always starts  
16 with what's appropriate or most appropriate for the  
17 individual that we serve.

18 REPRESENTATIVE HELM: All right. Thank you  
19 very much for your answers.

20 Thank you, Mr. Chairman.

21 SECRETARY DALLAS: Sure.

22 MAJORITY CHAIRMAN ADOLPH: Thank you,  
23 Representative.

24 Representative Daley.

25 REPRESENTATIVE DALEY: Thank you, Mr.

1 Chairman.

2 SECRETARY DALLAS: Hello.

3 REPRESENTATIVE DALEY: Hi, Secretary.

4 It's good to have you here this morning.

5 And I just want to join the others in thanking you and

6 all of your staff for the work that is done in your

7 Department.

8 So as you know, Act 150 provides State  
9 funding for mentally alert, physically disabled adults,  
10 ages 18 to 60, who require assistance to complete  
11 functions of daily living, self-care and mobility.

12 Okay. Is that better?

13 These individuals have jobs and are able to  
14 stay out of the waiver program for attendant care in a  
15 nursing home because they're not financially eligible,  
16 even though they may be clinically eligible to be in the  
17 nursing home.

18 So the Attendant Care Program, Act 150,  
19 appears to anticipate zero growth in the number served.  
20 The program is 100-percent State funding. But it seems  
21 like a benefit of this Attendant Care Program, for the  
22 disabled person is that they can continue to work with  
23 all the benefits that that provides and to the State for  
24 the tax revenues and user fees.

25 So my question is, what can you do to ensure

1 that those who desperately need this attendant care but  
2 do not qualify for the waiver get the care they need?

3 SECRETARY DALLAS: So there used to be a  
4 waiting list for those services. We have worked hard to  
5 drive that waiting list down. I don't -- I'm not aware  
6 of, and I think Deputy Secretary Burnett, looking at  
7 her, she's agreeing with me that there is not a waiting  
8 list for services under Act 150.

9 If there are folks that you are aware of  
10 that need those services that aren't being served,  
11 perhaps we can catch up after the hearing and we can see  
12 if we can work something out for them. But over the  
13 last couple years, we've worked hard to eliminate that  
14 waiting list for services.

15 REPRESENTATIVE DALEY: So is that in any  
16 reason because people are -- weren't able to get funding  
17 and would end up then becoming eligible financially for  
18 the Waiver Program or is it just because you've been  
19 able to cut -- I'm looking, I guess, for reasons how you  
20 were able to cut the waiting list.

21 SECRETARY DALLAS: I think it was through  
22 some -- you know what, before I get ahead of myself  
23 here, Deputy Secretary Jen Burnett, who handles the  
24 Office of Long-Term Living, which includes Act 150, let  
25 me have her come up here. She is the real expert. She

1 can talk through some of that.

2 REPRESENTATIVE DALEY: Great. Thank you.

3 DEPUTY SECRETARY BURNETT: I will just move  
4 my chair over.

5 SECRETARY DALLAS: Okay.

6 DEPUTY SECRETARY BURNETT: Thank you.

7 MINORITY CHAIRMAN MARKOSEK: I think the  
8 stenographer is going to need an ID here.

9 SECRETARY DALLAS: Sure. Deputy Secretary  
10 Jen Burnett. And she is the Deputy Secretary for the  
11 Office of Long-Term Living. Sure.

12 DEPUTY SECRETARY BURNETT: Thank you.

13 My office operates the Act 150 Program. And  
14 during, I'd say, the past five years, has worked very,  
15 very hard to establish efficiencies.

16 We've slightly grown the program over the  
17 years. It is flat funded this year, but that's because  
18 of the trending -- trends that we have seen, and we've  
19 been able to manage it. So we do not have -- currently  
20 have a waiting list.

21 Anecdotally, I'm hearing of people not  
22 getting into Act 150, and I want to know about that so  
23 we can work to resolve it.

24 REPRESENTATIVE DALEY: Okay. Great. Thank  
25 you very much.

1                   And thank you, Mr. Chairman.

2                   MAJORITY CHAIRMAN ADOLPH: Thank you,  
3 Representative.

4                   Representative Jim Marshall.

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

7                   Thanks for being here, Mr. Secretary.

8                   I had questions on the intellectual  
9 disability waiting list. I think they were already  
10 addressed with Chairman Fabrizio and Representative  
11 Kinsey.

12                   I do though have a question on the autism  
13 waiting list. It's a separate list than the  
14 intellectual disabilities? And how are we addressing  
15 it?

16                   Is there -- I believe that that list will  
17 continue to grow, and I question how do we even know who  
18 is on the list? Aren't there still individuals without  
19 a diagnosis or, you know, will that list grow when  
20 people see, you know, that they may be closer to funding  
21 and they're not on the list and then get on it?

22                   So any details you can give me on the autism  
23 waiting list.

24                   SECRETARY DALLAS: First, just one  
25 technical -- a technical issue. It's actually an

1 interest list. So the folks who are on the autism  
2 waiting list are folks who have expressed interest.  
3 It's not, you know, per se a traditional waiting list.

4 There are some folks, for example, who live  
5 in other States who have needs for those services, who  
6 have inquired about services in the Department. So the  
7 number is not necessarily a traditional waiting list for  
8 us. And that is an area consistent with national trends  
9 that we expect to grow. That is something that we will  
10 be facing moving forward.

11 I think there are some dollars for folks to  
12 move off that interest list or provide services for  
13 those folks, but that is something that will grow and  
14 that will be something that will be -- a service that  
15 we're going to have to plan for in the future as well.

16 REPRESENTATIVE MARSHALL: Was there a number  
17 of adults that are proposed to be taken off of that  
18 list?

19 SECRETARY DALLAS: I think -- what was the  
20 number for -- it was 100 for the autism interest list;  
21 is that correct? Yep.

22 REPRESENTATIVE MARSHALL: And if that number  
23 was continued to be used in the next budget, 100 each  
24 budget, will we end the list? Or what will end the  
25 list?

1                   SECRETARY DALLAS: Well, I think that over  
2 time there need to be more resources appropriated by the  
3 General Assembly for those services.

4                   Unfortunately, you know, we're always trying  
5 to find ways to serve folks more efficiently, but  
6 undeniably it's going to require some additional  
7 funding. And I think that's part of what the budget  
8 discussion is about.

9                   REPRESENTATIVE MARSHALL: Okay. Thank you,  
10 Mr. Secretary.

11                   SECRETARY DALLAS: Sure.

12                   REPRESENTATIVE MARSHALL: Thank you, Mr.  
13 Chair.

14                   MAJORITY CHAIRMAN ADOLPH: Thank you,  
15 Representative.

16                   Representative Acosta.

17                   REPRESENTATIVE ACOSTA: Thank you. Thank  
18 you, Chairman.

19                   And welcome, Secretary.

20                   SECRETARY DALLAS: Oh, there you are.

21                   REPRESENTATIVE ACOSTA: I know you were  
22 looking for me.

23                   SECRETARY DALLAS: You moved on me there.

24                   REPRESENTATIVE ACOSTA: Good to see you, and  
25 welcome.



1 SECRETARY DALLAS: Good to see you, too.

2 REPRESENTATIVE ACOSTA: I have a question  
3 about the Demonstration Project and its purpose.

4 In 2012, Pennsylvania expressed interest in  
5 applying for a Title V-E waiver and with the goal of  
6 improving outcomes for children, youth and families  
7 involved in the child welfare system.

8 Can you walk us through the process of how  
9 that waiver works and who was targeted specifically for  
10 those waivers?

11 SECRETARY DALLAS: So if you're talking -- I  
12 think you're talking about a Title IV-E waiver for --

13 REPRESENTATIVE ACOSTA: A title -- I'm  
14 sorry. Title IV-E waiver, yes.

15 SECRETARY DALLAS: IV-E; okay.

16 So IV-E is a program that was offered by the  
17 Federal government. The way that it works is it  
18 essentially takes the child welfare funding. One of the  
19 larger pots of money we get from the Federal government  
20 we get for child welfare is called IV-E money; Roman  
21 numeral IV-E. That is money for out-of-home placements.

22 Now, the business of the child welfare  
23 system, as it should be, is to serve kids in their home  
24 wherever possible. And over the last 10 years, States  
25 across the country, including Pennsylvania, have had a

1 great deal of success serving children outside of group  
2 home placements in the foster care system.

3 Now, the interesting thing about that is the  
4 Federal government paid you for each time you took a  
5 child out of the home. So there was a weird incentive  
6 there, which was as States became more and more  
7 successful in serving kids and reunifying kids with  
8 their families, getting them adopted, getting them  
9 placed with grandma and grandpa, it actually had a  
10 negative impact from the Federal government because the  
11 Federal government was reimbursing folks for what we  
12 didn't want to have happen, which was taking kids out of  
13 their home.

14 So at the Federal level, the Administration  
15 for Children and Families said this is a perverse  
16 incentive in the system. And what they wanted to do  
17 instead was we wanted to essentially take the money that  
18 you got from IV-E and instead of penalizing you for  
19 doing good work, they would essentially block grant that  
20 money.

21 They would say, here's the amount of IV-E  
22 money that you get, and we're going to block grant that  
23 to a State and say you can now use that system -- you  
24 can now use those dollars for other services, things  
25 that we know will help kids, keep them out of the child

1 welfare system and serve them better.

2 Now, several States, I think there are  
3 probably 20 or 30 nationwide, have gone to these  
4 waivers.

5 REPRESENTATIVE ACOSTA: Right.

6 SECRETARY DALLAS: Pennsylvania had sort of  
7 a hybrid approach. There are several counties in  
8 Pennsylvania, I think there are maybe five or six of  
9 them -- five, you got. There we go.

10 REPRESENTATIVE ACOSTA: That's correct.

11 SECRETARY DALLAS: Five of them, including  
12 Philadelphia County, that have applied for that IV-E  
13 waiver. And they're working to hit certain benchmarks  
14 about care that they agreed to as part of getting that  
15 waiver from the Federal dollars.

16 REPRESENTATIVE ACOSTA: Okay. So my  
17 question is in regards to the benchmarks and in regards  
18 to, specifically, Philadelphia and the Community  
19 Umbrella Agencies in Philadelphia that now, you know,  
20 there is a -- there's 10 contracts that went to the  
21 Community Umbrella Agencies in Philadelphia. DHS has 10  
22 contracts out there with these Community Umbrella  
23 Agencies, which are community umbrellas.

24 In 2007, Philadelphia -- Department of Human  
25 Services from Philadelphia began to make significant

1 reforms to the child welfare system as a result of the  
2 Danieal Kelly's death. And it was a very well  
3 documented story of a child in foster care, lack of  
4 supervision, lack of oversight. She was -- as a result,  
5 she died.

6 And so Philadelphia then engaged and,  
7 obviously, is part of this Waiver Program under the  
8 Demonstration Project. But the issue here that I have,  
9 and I know that the model and the process in which  
10 Philadelphia wanted to engage the IOCs, which is  
11 incorporating a model to transfer the managed care or  
12 direct services to providers, to private providers, has  
13 not always been the best.

14 And I know that they were given a waiver,  
15 and that the waiver now, Philadelphia, I think, is  
16 probably ending -- I think they're -- in  
17 three years, I think, they're coming to their renewal of  
18 that waiver.

19 Where are we in terms of providing or  
20 renewing that waiver for Philadelphia? And do you have  
21 any data, any data, that shows that Philadelphia is  
22 really improving on these outcomes under this  
23 Demonstration Project, which is to improve parent  
24 behavioral health; increase parenting skills; improve  
25 child and youth function; reduction in the number of

1 children and youth entering care; reduce length of stays  
2 in placement; increase youth being placed in most  
3 appropriate, least restrictive placement?

4 Do we see any movement, any improvement with  
5 DHS locally under these areas?

6 SECRETARY DALLAS: So I guess, first I would  
7 say that since the new administration has come in in  
8 Philadelphia, I've had several meetings with the Mayor's  
9 staff there, the city managing director, some of his  
10 deputies, the folks who work at DHS. I wish I could  
11 tell you that the changes that have occurred in  
12 Philadelphia have helped improve the system.

13 Right now, I think the approach that  
14 Philadelphia took was one that had merit. I think the  
15 issues they're facing right now are ones of  
16 implementation. I think that the Kenney Administration  
17 has inherited some issues that they're trying to work  
18 through, and we're trying to support them.

19 But all the things that you mentioned there,  
20 the number of kids in care, reducing the length of stay,  
21 all of those things, or virtually all of those things,  
22 are trending in the wrong direction.

23 I think that ultimately it's going to  
24 require a lot of work, some system reform and some real  
25 leadership at that level. And we'll be -- we're working

1 hand-in-hand with that administration to make some  
2 changes that will get the ship righted there.

3           There are -- when I talked about earlier in  
4 my opening statement about the increase in the number of  
5 care, kids in care in the State, the 800-pound gorilla,  
6 or the reason why the number of kids in care is going up  
7 is the city of Philadelphia. They have many more kids  
8 in care.

9           REPRESENTATIVE ACOSTA: That's right.

10           SECRETARY DALLAS: And that is largely the  
11 result of children not exiting the child welfare system  
12 at the rate they used to, and that is a function of the  
13 system not moving kids to permanency as fast as they  
14 should.

15           So whether they're reunified with their  
16 parents, whether they're being adopted or whether  
17 they're achieving another level of permanency, it's not  
18 happening as fast as it used to, and that is a cause for  
19 great concern.

20           REPRESENTATIVE ACOSTA: Right.

21           SECRETARY DALLAS: As the child welfare  
22 system grows, not many good things happen. There are a  
23 lot of -- there are a lot of, I think, implementation  
24 issues that still need to be worked out. We are  
25 committed to working with the Kenney Administration to

1 start moving in that direction. And they have been very  
2 open to taking a good, hard look and a frank look at  
3 that system and how it might move going forward.

4 REPRESENTATIVE ACOSTA: Yes. Because part  
5 of the goal is to decrease congregate care.

6 SECRETARY DALLAS: Absolutely.

7 REPRESENTATIVE ACOSTA: And Philadelphia is  
8 at 26 percent higher than the national rate, and that is  
9 a problem and an issue when we have 343,000 kids in our  
10 system in Philadelphia. And we have child abuse reports  
11 of 4,000. We have in-home services of 25 percent and we  
12 have children in foster care, 29,000 kids. So it's a  
13 major concern. And hopefully, we can resolve this  
14 issue.

15 I have one more question and this is real  
16 quick. I'm sorry, Chairman, but I have to get this one  
17 in there. This one came in from a constituent.

18 Secretary, in regards to the proposed  
19 managed long-term care system for adults with physical  
20 disability and seniors, but specifically for individuals  
21 with physical disabilities, ages 18 to 20, can you  
22 briefly explain what programs currently serve young  
23 adults, ages 18 and 20, with physical disability and  
24 what will change in the proposed Community Health  
25 Choices for this population?

1           SECRETARY DALLAS: So I'm going to turn it  
2 over to the expert on this. Deputy Secretary Burnett  
3 can fill you in a little better than I could on that.

4           REPRESENTATIVE ACOSTA: Thank you.

5           DEPUTY SECRETARY BURNETT: Good morning.

6           We -- in our original proposal for managed  
7 care for long-term services and supports, we did include  
8 the population of 18 to 20-year-olds. And we did this  
9 because we have several home and community-based service  
10 waivers that serve that population.

11           However, that population is primarily served  
12 through EPSDT, which is part of the Health Choices  
13 Program. All children are entitled to that through the  
14 Health Choices Program, which is the Early Periodic  
15 Screening Diagnostic Testing Program. So they get the  
16 bulk of their services through EPSDT for that  
17 population.

18           However, there are several services that are  
19 not included in EPSDT, and we've continued to look at  
20 them very carefully to figure out how we would continue  
21 to serve that population with those services. Those  
22 include home modifications, a couple -- there's a few  
23 services. And I can get you the list of the services  
24 that are not covered through EPSDT.

25           So what we've decided to do is cover them



1 through the OBRA waiver, which is one of the waivers  
2 that we have that includes services not included in  
3 EPSDT. So they will continue to get those services.

4 We have decided though not to include them  
5 in Community Health Choices. We're starting at age 21  
6 because we felt it was -- for such a small population,  
7 it would be very difficult to require the managed-care  
8 organizations to have pediatric care networks.

9 So we decided not to put them in Community  
10 Health Choices, but those children will continue to get  
11 served through Health Choices and then also the OBRA  
12 waiver for that small group of services or people that  
13 need those services, such as vehicle modifications, home  
14 modifications, and I believe respite care.

15 REPRESENTATIVE ACOSTA: Okay. Thank you so  
16 much, Chairman.

17 Thank you, Secretary.

18 SECRETARY DALLAS: Sure.

19 MAJORITY CHAIRMAN ADOLPH: Thank you.

20 Representative Marguerite Quinn.

21 REPRESENTATIVE QUINN: Thanks, Mr. Chairman.

22 And thank you very much for being here, all  
23 of you. I also would be remiss if I didn't thank you  
24 for the wonderful work that you do, taking care of our  
25 constituents, the people of Pennsylvania and their

1 families.

2 SECRETARY DALLAS: Thank you very much.

3 REPRESENTATIVE QUINN: I believe you've  
4 already received a letter that I sent. It was directed  
5 towards some exploration that I'm doing regarding your  
6 GGO. I mean, we've just heard the need. And as you  
7 said, if we wanted to give you any more money, you'd  
8 certainly find a way to spend it. But wanted to just  
9 bring it up here in a public forum, that I look forward  
10 to receiving your response -- oh, it looks like you've  
11 got it here.

12 SECRETARY DALLAS: You caught that, yeah.

13 REPRESENTATIVE QUINN: Okay. "A" for  
14 subtlety. Go ahead.

15 SECRETARY DALLAS: Yeah. I mean, we can  
16 certainly provide these to you in writing, but I think  
17 you were asking for the number of full and part-time  
18 employees in GGO. There are currently 979 full-time  
19 salaried employees.

20 The percentage of GGO that is attributed to  
21 salary increases, that's 17 percent. The percentage of  
22 GGO that's dollar amount of increase attributed to  
23 health benefits, there is no increase in the health  
24 benefit rate for '16-'17. And then the percentage of  
25 GGO increase that's attributed toward the pension costs,

1 that is 65 percent.

2 REPRESENTATIVE QUINN: Sixty-five percent.  
3 Wow. I'm surprised. The 65 percent, I'm surprised at  
4 for high, and I'm equally surprised for the flat line  
5 for the health-care increase. That's interesting.

6 I'm not challenging it. I look forward to  
7 getting the numbers. My point in bringing this up, as  
8 you might have heard, as I was speaking about this in  
9 other hearings. In looking at those numbers, trying to  
10 redirect GGO dollars into your programs, what we found  
11 in Bucks County, in Montgomery County, and in a number  
12 of States and even retirement systems, once they'd  
13 conducted a dependent eligibility audit, they found that  
14 typically there's 5 to 8 percent of just simple slippage  
15 with enormous cost savings going forward.

16 And that's what I was looking at this, and  
17 I'm asking all of the different agencies and departments  
18 and commissions to come back so we could see if maybe  
19 this is a way to recover some cost savings forward and  
20 put them right back into your programs that serve, you  
21 know, those who need it the most.

22 So thanks for that.

23 SECRETARY DALLAS: Sure.

24 REPRESENTATIVE QUINN: Again, I'm impressed  
25 by the numbers.

1                   SECRETARY DALLAS: I can read the numbers  
2 Dave put together very well, I just -- we're certainly  
3 happy to work with you in any place that we can get more  
4 cost efficient or avoid unnecessary expense. So happy  
5 to work with you on that.

6                   REPRESENTATIVE QUINN: Could you explain,  
7 you just said 979 full-time. In one of the big, fat  
8 budget books, I thought I saw that you had about 17,000  
9 State employees.

10                  SECRETARY DALLAS: Well, for the General  
11 Government -- GGO, for that line item, it's 979. All in  
12 for the Department, there are about 17,000 employees.

13                  REPRESENTATIVE QUINN: In that number is  
14 where I would think that, you know, if the 5 to 8  
15 percent is across the board, as we've found in many  
16 public sector positions, that that's where the number of  
17 significant savings could be found.

18                         So thanks for that.

19                  SECRETARY DALLAS: Sure.

20                  REPRESENTATIVE QUINN: I want to go back to  
21 an earlier question that the Chairman brought up when he  
22 first spoke.

23                         My understanding, with regard to the \$5  
24 pediatric nurse increase, is that those dollars were in  
25 what we passed -- or what was signed on December 29th,

1 became Act 10A. We called it 1416.

2 We understand that the dollars were in it  
3 and that the blue-line was not specific to those  
4 dollars. The blue-line was an across-the-board  
5 50-percent cut. So it seems to -- am I correct?

6 I'm seeing --

7 SECRETARY DALLAS: You know, from our  
8 perspective, I'm not sure that we thought about it that  
9 way. We can certainly take a look, another look at it,  
10 after it was raised by the Chairman and yourself.

11 We can certainly double-check where we are  
12 on that. But I think, Dave, you answered earlier  
13 that --

14 BUDGET DIRECTOR SPISHOCK: I believe there  
15 may have been language in a Fiscal Code for the \$5  
16 increase, but I don't think there was a Fiscal Code  
17 associated with that budget bill so.

18 REPRESENTATIVE QUINN: True. I understand  
19 the Fiscal Code is across the other side of the Rotunda  
20 right now.

21 BUDGET DIRECTOR SPISHOCK: Yes.

22 REPRESENTATIVE QUINN: But the, you know,  
23 the intent was certainly there. And what left this  
24 chamber and what was signed by the Governor, had dollars  
25 in it for that \$5 increase. Is that being spent

1 somewhere else right now? Or is that being held until  
2 the Fiscal Code makes its way over?

3 BUDGET DIRECTOR SPISHOCK: No, that's  
4 currently -- the funding for the capitation program is  
5 spent within the capitation appropriation. So whatever  
6 we had in that allocation is allocated to the  
7 managed-care plan.

8 So, yes, it is being spent.

9 REPRESENTATIVE QUINN: Bummer. Are you  
10 aware of any children right now that are being  
11 hospitalized right now because there aren't enough  
12 pediatric care nurses to serve them in their home?

13 I understand from one of the larger agencies  
14 in the State, that they've got about 3,000 openings at  
15 any given time just because they don't have the budget  
16 to hire nurses. They're able to go somewhere else.

17 And as a result, not only are families, you  
18 know, having to visit their children in the hospital,  
19 but there's additional costs incurred.

20 SECRETARY DALLAS: I think that specific  
21 numbers I'm not aware of, but having this issue be  
22 raised twice, we'll certainly take a look and see what  
23 flexibility we have and what the law provides to  
24 initiate that payment.

25 REPRESENTATIVE QUINN: Okay. And one other

1 thing. Back to your budget numbers. Thank you for  
2 sending the budget materials in advance.

3 SECRETARY DALLAS: Sure.

4 REPRESENTATIVE QUINN: Clearly, we've  
5 received them prior to the Governor's executive order  
6 with the raise in minimum wage.

7 How does that order affect your Department  
8 specifically? And was -- were your -- did your numbers  
9 that you presented to us reflect that raise -- rate, not  
10 raise. Did it already reflect it?

11 SECRETARY DALLAS: Our budget does assume  
12 the impact of the executive order. It does not affect a  
13 great deal of our budget. The way it's constructed,  
14 it's fairly narrow in its focus, and I think that's a  
15 reflection of a need to address the minimum wage  
16 statewide.

17 I think what the Governor did was a great  
18 start, but ultimately, the full impact is something that  
19 I think will require legislation. But overall, our  
20 budget does include the impact of that executive order.

21 REPRESENTATIVE QUINN: So you were aware of  
22 it prior to when you gave us the --

23 SECRETARY DALLAS: I was -- yes. I was  
24 aware of it.

25 REPRESENTATIVE QUINN: Okay. My concern,

1 obviously -- well, among other things, it would be that  
2 you weren't aware it came out, and the dollars in your  
3 budget are going to be coming away from those that you  
4 serve, to the servers.

5 SECRETARY DALLAS: So the -- our budget  
6 includes that cost. We were involved in discussions  
7 when the Governor and his office were drafting the  
8 executive order. So the impact of that order is assumed  
9 in our budget.

10 REPRESENTATIVE QUINN: Thank you very much.  
11 Thanks, Mr. Chairman.

12 SECRETARY DALLAS: Sure.

13 MAJORITY CHAIRMAN ADOLPH: Thank you,  
14 Representative.

15 Representative Maria Donatucci.

16 REPRESENTATIVE DONATUCCI: Thank you, Mr.  
17 Chairman.

18 And good morning, Secretary, and Director.

19 I would like to discuss autism, starting  
20 with children or those under 21 years of age. There  
21 seem to be new cases every day. Parents always calling  
22 me looking for programs. They call me about the costs.  
23 They call me about insurance.

24 I understand that prior to the Pennsylvania  
25 Autism Insurance Act, known as Act 62 of 2008, almost



1 all Pennsylvania children with autism received services  
2 through Pennsylvania's Medical Assistance Program.

3 My question is, what are you doing to make  
4 sure that Act 62, requiring insurers to cover services  
5 for children with autism, including diagnostic  
6 assessments, treatments, and how is it going to be  
7 properly implemented? And can you also tell us what  
8 other categories of service are covered?

9 SECRETARY DALLAS: So for Act 62, one of the  
10 things that I have had a particular level of focus since  
11 I've been here is making sure that that Act is fully  
12 implemented. As you noted, that Act provides for  
13 private insurance to cover, in certain cases, services  
14 for children with autism.

15 In many cases, insurance companies do cover  
16 the cost. In some cases, they do not. There are a  
17 variety of reasons that may happen. There is some  
18 concern, and the Department certainly has that concern,  
19 that some of the diagnosis and service codes that should  
20 have been included under the Act are not currently  
21 included under the Act.

22 We have worked with advocates and  
23 stakeholders and identified the codes that we believe  
24 not all providers are covering. We are shortly going to  
25 have some meetings with insurance companies and help

1 clarify the law and the scope of the law and which codes  
2 are included.

3           We will work with those insurance companies  
4 to make sure that those claims are paid. And we will  
5 initiate any process that we need to. We have, you  
6 know, we collect a lot of money every year for things  
7 that Medicaid should have paid for, but probably  
8 shouldn't have. That will be included in these expanded  
9 codes. And we hope to be able to move forward very soon  
10 on that.

11           REPRESENTATIVE DONATUCCI: Thank you.

12           And as a follow-up to Representative  
13 Marshall's line of questioning for adults with autism.  
14 There are approximately 17,000 adults with autism living  
15 in Pennsylvania. The number is going to continue to  
16 grow, especially over the next 15 years. And we have no  
17 choice but to figure out how to address their needs.

18           But my question is, are individuals on the  
19 autism waiting list informed of their right to an  
20 intermediate care facility? And how would the  
21 Department pay for that entitlement if placement is  
22 requested?

23           SECRETARY DALLAS: So I think, whether it's  
24 Nancy or Nina -- can you come up to the --

25           DEPUTY SECRETARY THALER: Hello.

1 MAJORITY CHAIRMAN ADOLPH: Ma'am -- ma'am,  
2 if you would, for the benefit of the hearing and for the  
3 stenographer and those viewers, if you could identify  
4 yourself.

5 DEPUTY SECRETARY THALER: My name is Nancy  
6 Thaler, and I'm the Deputy Secretary of the Office of  
7 Developmental Programs.

8 MAJORITY CHAIRMAN ADOLPH: Thank you.

9 DEPUTY SECRETARY THALER: Currently, the  
10 practice in the Autism Program, which is fairly new, is  
11 to take the names of people who apply and keep a list of  
12 people who are interested.

13 We are going to have to transition to a more  
14 formal approach. And that is, when people express  
15 interest, that we determine their eligibility. And if  
16 they are eligible for a Medicaid Waiver or ICF, that we  
17 give them that information, give them an opportunity to  
18 apply. And so that practice needs to be established and  
19 formalized consistently.

20 REPRESENTATIVE DONATUCCI: Thank you. Thank  
21 you for all the information.

22 Thank you, Mr. Chairman.

23 MAJORITY CHAIRMAN ADOLPH: Thank you,  
24 Representative.

25 And thank you, ma'am.

1 Representative Karen Boback.

2 REPRESENTATIVE BOBACK: Thank you, Mr.  
3 Chairman.

4 Secretary Dallas, going back to the Aging  
5 Waiver, if you will, how much is in the Governor's  
6 proposed budget for fiscal year '16-'17 for the Aging  
7 Waiver, both in State and Federal? And this is the  
8 Aging Waiver.

9 SECRETARY DALLAS: Dave, have you got a  
10 precise number there?

11 REPRESENTATIVE BOBACK: Approximate.

12 Sorry to put you on the spot, sir. And if  
13 you don't have it, you could submit it to our chairman.

14 SECRETARY DALLAS: He's almost there?

15 REPRESENTATIVE BOBACK: Okay.

16 SECRETARY DALLAS: All right. We can get  
17 you that exact number.

18 REPRESENTATIVE BOBACK: I do appreciate  
19 that. You might have to get back to me on this one,  
20 too, then.

21 How many folks are we serving now in the  
22 Aging Waiver Program? And if you do get the money, as  
23 per the appropriation, how many more will be eligible?

24 SECRETARY DALLAS: Dave, are we going to get  
25 back to her on that one or do you have that one?

1                   REPRESENTATIVE BOBACK: That's fine.

2                   BUDGET DIRECTOR SPISHOCK: Currently, we're  
3 at 28,710. We propose an increase, as part of the  
4 budget, to grow. I mean, the Home and Community-based  
5 Waiver Program is going to grow, regardless of the  
6 Community Health Choices Waiver Program.

7                   I mean, we grow that number to just a little  
8 over 30,000 people in '16-'17. Can't tell you total  
9 funding. That's \$953 million; \$453 million in a  
10 combination of State, Tobacco and Lottery Funds as well,  
11 too. And then we have \$495,000 in Federal funding as  
12 well.

13                   REPRESENTATIVE BOBACK: Okay. Thank you.

14                   And again, you might have to get back to us  
15 on this one. But how much money does the program  
16 actually save compared to someone going into a nursing  
17 home per person? And this is always brought up in my  
18 district. How much does it actually save? And I know  
19 it's a lot.

20                   BUDGET DIRECTOR SPISHOCK: It is. I think  
21 that the nursing facility services are probably about  
22 three times as much as somebody in the Waiver Program.

23                   REPRESENTATIVE BOBACK: All right. And  
24 you'll get me those numbers?

25                   BUDGET DIRECTOR SPISHOCK: Yes.

1                   REPRESENTATIVE BOBACK: I do appreciate  
2 that.

3                   My second question has to do with Medical  
4 Assistance Transportation Program.

5                   SECRETARY DALLAS: Yes.

6                   REPRESENTATIVE BOBACK: According to the  
7 numbers I have, in fiscal years '16-'17, it looks as if  
8 one trip, not a roundtrip, but one trip, is estimated to  
9 cost, I believe it was \$14, which is an increase of 7.7  
10 percent over last year.

11                  Why? When the price of gas has gone down  
12 dramatically.

13                  SECRETARY DALLAS: I can probably -- I can  
14 only speculate about that number increasing. I think  
15 that there could be a variety of reasons. I think the  
16 mix of folks that we serve in areas that have longer  
17 trips maybe, maybe more rural areas has gone up. I  
18 think the areas where the cost per trip is lowest are  
19 urban areas, where there's access to mass transit and  
20 those kinds of things.

21                  But probably the mix there, the mix there in  
22 terms of the folks that we serve is probably driving  
23 that increase, but I can get back to you on a more  
24 detailed answer for that.

25                  REPRESENTATIVE BOBACK: Is there an

1 eligibility for the seniors to take this ride? It's a  
2 shared ride, and I think it's supplemented by the  
3 Lottery also; isn't it?

4 SECRETARY DALLAS: So I think, the financing  
5 of it, I think Dave can talk about. But we try to work  
6 with PENNDOT and other folks to -- so we can make the  
7 rides as efficient as possible. I think a lot of the  
8 coordination is done now at the county level. We are  
9 taking a look at how we finance and how we manage that  
10 program and hopefully be able to bring those costs down.

11 REPRESENTATIVE BOBACK: Thank you.

12 I do appreciate that because if it's  
13 correct, it's \$14 one way; \$28 would be cost-prohibitive  
14 for many of my seniors to just go to the senior centers.  
15 So I'd like to talk with you further about this.

16 SECRETARY DALLAS: Sure.

17 REPRESENTATIVE BOBACK: Thank you. And  
18 thank you for your time.

19 Thank you, Mr. Chairman.

20 MAJORITY CHAIRMAN ADOLPH: Thank you,  
21 Representative.

22 Representative Schweyer.

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

25 Mr. Secretary, up here. I tried to graduate

1 from the kids' table over there and come here and spread  
2 out a little bit.

3 SECRETARY DALLAS: Good to see you up at the  
4 adult table.

5 REPRESENTATIVE SCHWEYER: Thank you. I'm  
6 going to enjoy this perch for the three minutes that I,  
7 excuse me, five minutes. I'm going to take every second  
8 that I can, Mr. Chairman.

9 Good morning, good afternoon, and thank you  
10 for being here.

11 Secretary, you had mentioned earlier that  
12 there are people in nursing homes who simply don't need  
13 to be. And you said -- and I'm going to try to get your  
14 words as close to being a hundred percent accurate as  
15 possible. You said, it's very easy to get into a  
16 nursing home but very difficult to get community-based  
17 services.

18 And as a statement of principle, I couldn't  
19 agree with you more. I think it's vital and important  
20 to -- not only is it a financially-prudent thing to do,  
21 but it's also -- beyond that, it's the humanitarian  
22 thing to do. Somebody wants to age in their home, live  
23 in their home as long as possible, whether it's just  
24 simply a matter of aging or if it's a matter of a  
25 physical disability of some sort or another.



1           It's absolutely a hundred percent right, and  
2 I'm thrilled about the Community Health Choices Program.  
3 I know there are a lot of folks out there concerned  
4 about the implementation and the changes moving forward,  
5 but that's just simple concerns about changing how we've  
6 done things always.

7           But I do want to talk about a very small  
8 population of Pennsylvania residents, a very small  
9 subsection of Pennsylvania residents who aren't  
10 necessarily senior citizens, but they have complex, rare  
11 and extraordinary disabilities. I mean, these are folks  
12 who are, let's be perfectly honest, the belief that they  
13 will ever be able to live independently is probably not  
14 withstanding.

15           And we have, if I'm not mistaken, only four  
16 of the five-star special rehabilitation centers in the  
17 Commonwealth of Pennsylvania, one of which happens to be  
18 in my district. And we're talking about hundreds of  
19 beds statewide, not thousands or tens of thousands of  
20 beds.

21           My special rehab facility is 100-percent  
22 full. It's always 100-percent full, and we have a  
23 waiting list of over 30 people. So -- and I know  
24 they're not unique. I know all three of them have  
25 that -- are looking at numbers. There's clearly a

1 demand and there's clearly a need for these facilities.

2           So how is DHS going to provide -- to partner  
3 with these facilities? Or more importantly, and less  
4 important than the facilities, how are you going to  
5 partner with these Pennsylvanians who need these sorts  
6 of services, sir?

7           SECRETARY DALLAS: So I think it's -- first,  
8 thank you for your thoughts on the Community Health  
9 Choices Program.

10           I think when you look at the services we're  
11 providing for folks, it always has to start with the  
12 individual person.

13           REPRESENTATIVE SCHWEYER: Always.

14           SECRETARY DALLAS: So while there are folks  
15 that should be in the community now; there are folks who  
16 occasionally need to stay in a nursing home; and there  
17 are folks who have very complex needs, who may never be  
18 served in the community. And I think that's the group  
19 that you're talking about now.

20           REPRESENTATIVE SCHWEYER: Yes.

21           SECRETARY DALLAS: Ultimately, Community  
22 Health Choices, while our goal and the success will be  
23 measured by the percentage of folks that we have in the  
24 community, I think we also need to make sure that we're  
25 providing for folks across the entire spectrum of needs

1 that they have.

2           The group of folks that you're talking  
3 about, I think we sometimes refer to them as Peer Group  
4 13. They are very, very complex needs. There are very  
5 few providers. I know our budget director has been  
6 having conversations with folks about how we can make  
7 sure we get the funding for them right.

8           It is a very -- it's a tricky thing. I  
9 think we're making a little bit of progress along the  
10 way, but it's something I'm happy to work with you on to  
11 make sure that when we make that switch, we're providing  
12 for everybody, whether you need to be -- whether you can  
13 be served in the community or whether you need to be  
14 served in one of the facilities you mentioned, too.

15           So I think we're making some progress. I  
16 think there's a bunch of -- there are some Federal  
17 rules. There are some other things that we're working  
18 through to try to get that funding right. But Dave is  
19 pretty good with that stuff, so I'm hoping we'll be able  
20 to make some progress soon.

21           REPRESENTATIVE SCHWEYER: I am as well. Not  
22 the least of which is -- again, because we have this,  
23 it's a very, very difficult -- from a provider  
24 standpoint -- population. And there's just really very  
25 few options for them, and they deserve the same level of

1 treatment and humanity and care that we would expect,  
2 you know, our grandmothers, too, as they age. And I  
3 know you share that.

4           And I'm thrilled to hear that you're talking  
5 about the funding for them because I am concerned. You  
6 know, in my previous life, I was an executive at a  
7 hospital. And so you can't be an executive at a  
8 hospital and not talk about reimbursement rates. And of  
9 the four five-star special rehabilitation centers, three  
10 of them exist in the third phase of the rollout of the  
11 Community Health Choices.

12           So we have a three or four-year gap before  
13 they're implemented before -- I'm frankly worried about  
14 the economic viability of these facilities. And so, you  
15 know, is -- can I, you know, I'm going to ask kind of a  
16 very simple question. Can I have your word that we'll  
17 at least have -- continue to have conversations about  
18 making sure that they're held harmless and made whole  
19 for their -- for those services?

20           SECRETARY DALLAS: You absolutely have my  
21 word on that.

22           REPRESENTATIVE SCHWEYER: All right. Thank  
23 you. It is vital. We don't want to lose these  
24 facilities because, frankly, I don't know where else  
25 these Pennsylvanians would go.

1 SECRETARY DALLAS: I agree with you, sir.

2 REPRESENTATIVE SCHWEYER: Thank you, sir.

3 Thank you, Mr. Chairman.

4 MAJORITY CHAIRMAN ADOLPH: Thank you.

5 Representative Mark Mustio.

6 REPRESENTATIVE MUSTIO: Good morning, and  
7 thank you for your informative testimony this morning.

8 I'd like to have a conversation with you  
9 about the GO-TIME initiatives.

10 SECRETARY DALLAS: Okay.

11 REPRESENTATIVE MUSTIO: Just one suggestion,  
12 in the future if they could print it in a larger font  
13 for those of us that are aging. That would be great,  
14 but I know it's efficient.

15 SECRETARY DALLAS: I will put that  
16 suggestion into the GO-TIME Office.

17 REPRESENTATIVE MUSTIO: But you know, it's  
18 being much more efficient because you're using less  
19 paper. So that's a good thing.

20 SECRETARY DALLAS: I'm sure that was part of  
21 their calculation.

22 REPRESENTATIVE MUSTIO: Right.

23 You, obviously, were here under Governor  
24 Rendell, and I'm just wondering how the GO-TIME  
25 initiatives have played into your experience in the

1 prior administration? And what has changed to -- I  
2 guess, some of the changes would be along the technology  
3 lines, from what I see. But I'd just like to get your  
4 feedback on your experience before, and then coming in  
5 now, and say, hey, if I ever get the opportunity to do  
6 it again, I'd do it this way.

7 SECRETARY DALLAS: So I think that GO-TIME,  
8 there were similar initiatives under the Rendell  
9 administration. I think there's always opportunities to  
10 make better use of technology, to be a little more  
11 efficient in the way we do things. I think that having  
12 an office centered in the Governor's Office who focuses  
13 on that is probably a good idea.

14 I think working with departments and finding  
15 ways they can work together will help us deliver  
16 services in a more efficient manner. And I think that  
17 -- I think under Governor Rendell, it might have been  
18 called the Office of Management and Productivity, or  
19 something like that. So it's called GO-TIME now, but I  
20 think similar initiatives have proven that they can save  
21 the State millions of dollars.

22 REPRESENTATIVE MUSTIO: Yeah, I appreciate  
23 that. Every Governor who comes in is going to be  
24 efficient. And some day, Pennsylvania's motto will be,  
25 the most efficient State.

1           One of the areas, when we go out and visit  
2 providers in the community, is they deal with various  
3 departments in government. And a lot of times, they  
4 will be completing applications, and they provide the  
5 information to one department and they have to redo the  
6 same information on a different application to other  
7 departments. You'd indicated that the Governor has  
8 centralized technology in one spot. Am I correct in  
9 saying one department's overseeing that? Is there an  
10 initiative to --

11           SECRETARY DALLAS: I know that in the  
12 Governor's Office of Administration, GO-TIME is housed  
13 there. And there's also a CIO for the State that works  
14 there, but they coordinate with CIOs in each of the  
15 agencies.

16           REPRESENTATIVE MUSTIO: Is there a drive to  
17 coordinate applications? I see in one instance, there's  
18 going to be a mobile app for iPhones.

19           SECRETARY DALLAS: Sure.

20           REPRESENTATIVE MUSTIO: There's some, you  
21 know, applications or web-based initiatives. Will there  
22 be some coordination among departments to create  
23 efficiencies for providers so that they're not coming  
24 back asking for more money?

25           SECRETARY DALLAS: Absolutely. As a Samsung

1 Galaxy owner, I'll say the app will also work probably  
2 -- hopefully on the Samsung Galaxy, not just an iPhone.

3 But things like that mobile app, I think  
4 there is a huge opportunity there. So if you think  
5 about -- I'll take a step back for a second. The CIO  
6 that we have that works for us is also the CIO for the  
7 Insurance Department and the Aging Department. And I  
8 think that part of the reason the CIOs have portfolios  
9 like that is folks realize that there are opportunities  
10 to do that; right.

11 So there is some of that, we'll able to do  
12 through technology, through mobile apps so folks don't  
13 have to come into a county assistance office. They can  
14 submit documentation through their phone, take a picture  
15 of it like you do when you deposit a check or things  
16 like that. That will also help us be more efficient,  
17 less -- you know, we won't need as many human resources  
18 to do those things. Those folks will be able to focus  
19 more on higher value-added things.

20 But I think when you look at the approach  
21 overall in the State, there is an opportunity to go  
22 across departments. Now, I know for example, PENNDOT is  
23 very good at building mobile apps. They do -- they have  
24 done a lot of electronic data capture. We're working  
25 with them, and they've offered services to us. And



1 we've seen areas where we might be able to use some of  
2 the expertise that they have there.

3 In addition, you mentioned, you know, having  
4 to fill out information over and over again. An area  
5 where that happens is licensing. So there are a lot of  
6 facilities that are licensed by multiple parts of my  
7 Department. And rightfully so, providers say I can't  
8 believe I have to fill this information out over and  
9 over again. We have a licensing workgroup that is going  
10 to come up with some recommendations this spring. Some  
11 of them will be finding ways to make it so that they  
12 only have to provide information once.

13 Overall, all those things will make us more  
14 efficient and also make it easier for our providers to  
15 do the job they're supposed to do, which is helping  
16 folks that need it as opposed to filling out paperwork  
17 for bureaucrats like me.

18 REPRESENTATIVE MUSTIO: Thank you. That's  
19 refreshing to hear.

20 To follow up on Representative Marguerite  
21 Quinn's question related to head count in the  
22 Department. Not being familiar and not being on the  
23 committees that really address the issues that you do on  
24 a daily basis, one would think the more technology, the  
25 more efficient. Sometimes that leads to a lower head

1 count.

2           But I suspect that there's probably a lot of  
3 other regulations from the Federal government that come  
4 into play that maybe increase your costs. So could you  
5 talk a little bit about what's being done on the Federal  
6 level to help and what's being done to really hinder  
7 what you're trying to get accomplished in Pennsylvania  
8 in three minutes?

9           SECRETARY DALLAS: Okay. Let me -- I will  
10 just say this. There are a lot of places where the  
11 Federal government helps us; and there are a lot of  
12 places where the Federal government could be a lot more  
13 flexible, make our life a little easier.

14           I think that they have -- the administration  
15 in Washington has embraced some of the things that are  
16 priorities here in Pennsylvania as well in terms of  
17 human services, whether they were some of the changes  
18 that were under the Affordable Care Act. There were  
19 some changes under the Affordable Care Act that didn't  
20 make things easier, too.

21           But there are also things like embracing  
22 community-based care. One example is they have a grant  
23 process out there now for community-based behavioral  
24 health clinics. We had a -- there's a grant process  
25 that we were awarded in the first round, a planning

1 grant. But that is working to make our system more  
2 flexible and be able to provide behavioral health  
3 services in places where folks get other services,  
4 particularly folks who might not be comfortable reaching  
5 out directly for behavioral health services.

6 So by finding ways to get flexibility and  
7 changing some of those funding streams and making them  
8 more flexible, I know Representative Acosta mentioned  
9 the IV-E waivers. That's another example, where we have  
10 that flexibility by doing those things. They allow us  
11 at the State level to be a little more innovative and to  
12 spend the money on the things that we think will help  
13 people the most.

14 REPRESENTATIVE MUSTIO: Well, I thank you.  
15 And I hope you're successful in saving the \$19 million.

16 Thank you.

17 SECRETARY DALLAS: Thank you, sir.

18 MAJORITY CHAIRMAN ADOLPH: Thank you,  
19 Representative.

20 Representative Schreiber.

21 REPRESENTATIVE SCHREIBER: Thank you, Mr.  
22 Chairman.

23 Thank you, Mr. Secretary. Over to your  
24 left.

25 SECRETARY DALLAS: Oh, there we go. Sorry,

1 sir.

2 REPRESENTATIVE SCHREIBER: Just as a brief  
3 follow-up to that line of questioning. On the second to  
4 last infograph that you provided in your testimony, some  
5 of the positives from the Department over this past year  
6 have been to reduce the days to process child abuse  
7 clearances from 26 days to the current average of four  
8 days. The average call wait time from 10 1/2 minutes to  
9 51 seconds, just under a minute.

10 Just wondering if you could highlight, along  
11 those lines, how are you achieving some of those  
12 efficiencies? And what are you doing to implement them?

13 SECRETARY DALLAS: So I think some of them  
14 are issues of management and putting some new procedures  
15 in place. One was, I think, the correct allocation of  
16 staffing. And then, I think also some of them are  
17 policy changes.

18 The numbers that you mentioned with regard  
19 to the call center, they were largely the result of some  
20 of the complexity that was associated with the first  
21 effort of a Medicaid expansion in Pennsylvania, which  
22 was called Healthy PA.

23 That proved to be a pretty complicated  
24 thing. There were a lot of folks who couldn't get the  
25 coverage they need so that drove a lot of call volume.

1 By simplifying the program under the Medicaid expansion,  
2 we've not only increased the number of folks who have  
3 health insurance, but our ability to manage that process  
4 and respond to people in a more reasonable timeframe has  
5 gone up. Some of that is through a really hard  
6 management, but some of that is also through making the  
7 program simple enough that folks don't have as many  
8 questions.

9 REPRESENTATIVE SCHREIBER: Gotcha. I really  
10 want to commend the Department and all of the team here  
11 today for the work that they do. Many of the Department  
12 are on the front lines of customer service and really  
13 doing noble work in our communities.

14 To couple with that last question, on the  
15 more local side at the county assistance offices, over  
16 the past decade, we've seen the complement from DHS  
17 staffing reduced significantly over time. Just  
18 wondering if you could speak to that a little bit. Is  
19 that a trend that you see will continue? And we know to  
20 your testimony the work has not ceased.

21 So are CIO staffers managing that casework  
22 well? And are we giving you the resources to continue  
23 the important work that they're doing?

24 SECRETARY DALLAS: Well, the county  
25 assistance offices, I think Chairman Baker said I have

1 one of the toughest jobs. The folks in the county  
2 assistance offices, they have a tough job.

3 That is one that is -- it's not for  
4 everybody. It probably takes you about two years before  
5 you really know what you're doing there. It's a lot of  
6 very complex benefit programs. Over time though, we  
7 have been able to ease the burden through increased  
8 technology. And that has helped us also reduce the  
9 complement of folks who are providing that benefit  
10 determination.

11 So over time, for us, it really is a  
12 question for me of what's the appropriate start --  
13 things for technology to handle? And what are the  
14 things that human beings need to handle?

15 So you know, as we're trying to manage that  
16 caseload, there are things in eligibility determination,  
17 whether it's checking citizenship status, whatever it  
18 is, that can be done automatically. There are Federal  
19 databases that you can ping. We are making those  
20 changes. We have made a lot of those changes to do  
21 those things electronically. That, in turn, has made  
22 our folks more productive.

23 I think they had a -- some of the folks and  
24 the CIOs handle -- there used to be about 177 cases, or  
25 something like that, per employee. They're now up to

1 190 or so. Just as an example, if we hadn't gotten them  
2 to be more productive to go from 177 to 190 or so, we'd  
3 have to hire another 1000 employees. We've avoided  
4 having to do that by investing in that technology.

5 But one of the most exciting things about  
6 investing in that technology is that higher value-add  
7 work. The things that you need to do that a computer is  
8 never going to be able to do. That one-on-one work with  
9 people, I think, really is the thing that makes you go  
10 from poverty to self-sufficiency, that work.

11 We're freeing up more resources to do that.  
12 So over time, I think we look at that mix. I suspect  
13 that as technology gets better, we'll be able to use  
14 more of that on some of those functions. And hopefully  
15 we'll be able to free up folks to make some long-term  
16 changes in people's lives.

17 REPRESENTATIVE SCHREIBER: If this is too  
18 far in the weeds, by all means, we can follow up later.  
19 With respect to the next generation of case workers,  
20 students that are coming out of college now or have  
21 within the past couple of years, are you seeing  
22 attrition as a problem at all?

23 I know, you know, we hear conjecture and  
24 anecdote from a host of folks that say that a lot of our  
25 young people coming into the workforce now, we can't

1 hold onto them that long, that it is an intense amount  
2 of work. It's not the type of job that you leave at the  
3 office.

4 And, unfortunately, it costs the same to go  
5 to college to get that bachelors degree or masters of  
6 social work. And obviously, the debt load that they're  
7 coming out with is significant.

8 SECRETARY DALLAS: So I think that there are  
9 -- we have both -- we have issues on attracting  
10 qualified candidates sometimes. And we also have  
11 retention issues. Like any large business, we have  
12 17,000 employees. There are always folks leaving and  
13 folks coming on board.

14 I think the issues on attracting candidates,  
15 there are obviously always pay issues, but I don't think  
16 folks in my Department get into the business necessarily  
17 to make a lot of money. I think other issues that we  
18 face are the antiquated civil service system and how  
19 hard it is, particularly in some parts of the State, for  
20 folks to even apply for a State job.

21 And when you think about young people who do  
22 everything on their phones, having to sit down for a  
23 test and travel from the northern tier to Pittsburgh to  
24 sit for a test, those are things that folks just aren't  
25 interested in.



1           On the other end, these jobs are not for  
2 everybody. When you're talking about ChildLine or  
3 you're talking about a county assistance office, there  
4 is a fair amount of turnover. And a perfect example is  
5 the Dauphin County CIO right here in the Harrisburg  
6 area. For a variety of reasons, including getting into  
7 the State system and then going on to other State jobs,  
8 our turnover in that county assistance office reached 90  
9 percent.

10           So if you think about that, imagine trying  
11 to manage it when your human capital or your workers  
12 need to have about two years' worth of experience to be  
13 proficient at their job. In a year, 90 percent of them  
14 are gone; right.

15           So trying to manage through that, when  
16 you're dealing with all the caseloads. We've made  
17 changes where we've moved the back end of -- we're  
18 trying that right now. We're moving the back-end  
19 functions and the Dauphin County CIO to Cambria County,  
20 a place where a State job is a better job, a more stable  
21 job. And our bet is, we'll be able to reduce some of  
22 that turnover there.

23           But we are facing those issues. For us, the  
24 things that would really help is being able to recruit  
25 and attract employees like a modern employer as opposed

1 to the way the State does it. And then in addition to  
2 that is making sure that we find ways that we're  
3 rewarding folks who are doing a good job so that they  
4 stick around a little longer.

5 REPRESENTATIVE SCHREIBER: Thank you, Mr.  
6 Secretary.

7 Final, quick question. We've heard  
8 testimony from other departments, for instance,  
9 Department of Revenue and the Auditor General, that they  
10 have diverted some resources to advanced collections  
11 with respect to revenue.

12 The Auditor General is obviously rooting out  
13 areas where there could be additional corporate tax  
14 receipts or areas where there is better efficiency that  
15 could be generated.

16 With respect to the CIOs and the complement  
17 of staffing going down, has that impacted negatively the  
18 overpayment audits? Are those positions that can  
19 generally justify themselves? Or should there be  
20 additional resources to that?

21 SECRETARY DALLAS: So with regard to the  
22 monitoring of, sometimes folks call it program  
23 integrity, we are actually -- that's one area where  
24 technology and some good management practices have  
25 helped.

1           In most ways, I think, almost every way I  
2 can think of, counting we're more accurate than we ever  
3 have been. I will give you just a few examples. The  
4 previous year we collected -- in overpayments and  
5 fraudulent payments, we collected about \$582 million in  
6 payments. Some of these were payments in error. Some  
7 of these were fraudulent payments. That number is  
8 projected to grow to about \$613 million this year, which  
9 is one of the highest in the last five or six years. If  
10 it isn't the highest, it will be very close.

11           We have driven down our Food Stamp error  
12 rate, which is the accuracy in which we determine Food  
13 Stamps. We have knocked that down by about 60 percent  
14 since January. That has translated to about \$35 million  
15 of avoided costs for invalid payments for Food Stamps.

16           In addition, we have something called the  
17 Recipient Restriction Program for Medicaid. So for  
18 folks who have suspicious patterns and look like they're  
19 doctor shopping, they might have a drug problem. We  
20 have restrictions on their ability to do -- to go to  
21 those doctors. That saves us about \$50 million each  
22 year. That's up \$10 million since January, and that's  
23 from better management of that program.

24           In addition though, long term, that's  
25 another area where technology can help us. Right now,

1 when you look at those overpayments, the system in the  
2 past, the old way of doing things was everybody has to  
3 provide more documentation, everybody has to give you 14  
4 different types of ID and a retinal scan and whatever  
5 else we could come up with.

6 For us now, it's really about moving into  
7 data analytics and looking at data mining and finding  
8 patterns that are suspicious. And we can do that, we  
9 issued an RFP last -- a couple weeks ago to do that.  
10 Those are the kind of ways that we'll be able to  
11 efficiently look at it and even drive the numbers, as I  
12 mentioned, even higher.

13 REPRESENTATIVE SCHREIBER: Great. Thank you  
14 for your work. Thank you to your team.

15 And thank you, Mr. Chairman.

16 MAJORITY CHAIRMAN ADOLPH: Thank you,  
17 Representative.

18 Representative Gary Day.

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

21 Thank you for being here, Secretary.

22 You know, I had sent a letter to your office  
23 back in February, late February, so it's okay we didn't  
24 get a response yet, but I was trying to get some  
25 information, some data, and maybe -- I notice that in

1 your opening comments, you did mention about  
2 out-of-State placements or placements of adjudicated  
3 youth in your statements.

4 But let me just ask for here, see if you  
5 have the information here. If not, just start a  
6 dialogue about it. Over the last 10 years, there's been  
7 a strong movement among States, probably for financial  
8 reasons, but mostly for treatment reasons and successful  
9 treatment, to greatly restrict and reduce out-of-State  
10 placements of adjudicated youth.

11 And, you know, these policymakers that have  
12 done this already recognize that children in crisis and  
13 dealing with mental health issues, you know, should  
14 receive treatment as close to home as possible.

15 So while some States have approved what's  
16 known as Billy's Law, I think, is what it's called or  
17 the nickname for it, which has a regulatory system in  
18 place. So anybody placed out has to go through a pretty  
19 strict regulatory process by legislation.

20 You know, and I think through the years  
21 Pennsylvania has worked to reduce those numbers. And I  
22 was just curious, I'm trying to get the data for not a  
23 long time, but just to see what our trend is maybe the  
24 last three years for what reductions have taken place  
25 and what that data is. Were you able to get that

1 information together?

2 SECRETARY DALLAS: I think our folks are  
3 working on that. I'll be happy to provide it as soon as  
4 it's compiled. I don't know the exact status of it. I  
5 can tell you that I absolutely agree with you about  
6 serving kids out-of-State. I think I look at it in a  
7 slightly different way, which is -- and I think you  
8 mentioned it as well, is serving kids close to home. So  
9 there maybe some situations if you live in Philadelphia  
10 or Pittsburgh or Erie, that you might actually -- the  
11 closest option to your home might be across the State  
12 border, and I think you need to be a little flexible  
13 about that.

14 But, generally, you want to serve kids in  
15 the State. But I certainly wouldn't want to have a kid  
16 in Erie served by someone all the way in Philadelphia,  
17 if there was something right over the border there in  
18 New York that would serve them equally well.

19 REPRESENTATIVE DAY: And I would agree with  
20 you. Some type of radius around the child's -- you  
21 know, an ability to travel that distance so that the  
22 family can be close to that area. And I understand in  
23 the Allentown area, I'm western, northwestern.

24 So if you go over into New Jersey, where I'm  
25 from, and we have great treatment facilities in my

1 district as a matter of fact, which I'm sure you're  
2 aware of. But one of the things that I'm really looking  
3 for is a county-by-county, if you have it, to that level  
4 of those out-of-State placements. I think that was how  
5 we kept track of it.

6 I saw some numbers. And when I look at  
7 placements in general, I was thinking, when I sent the  
8 letter, I was thinking about out-of-State or let's call  
9 it -- you and I can coin a term, out-of-radius,  
10 out-of-home-radius placements.

11 SECRETARY DALLAS: Okay.

12 REPRESENTATIVE DAY: I want to see something  
13 like that, if you can collect that data, that  
14 out-of-radius placement, out-of-State placements, you  
15 know. I'd rather have, if we do go far, to remain in  
16 the Commonwealth of Pennsylvania. We have a little bit  
17 more purview to have that great outcome.

18 But what I saw was with the out-of-home  
19 placements, out-of-radius, all the numbers that I got my  
20 hands on seem to be going down. And I, what I was  
21 looking for was out-of-State placements going down and  
22 maybe that would cause other ones to go up. So I was  
23 looking for a total number of placements, and then these  
24 out-of-State or out-of-radius, whatever you want to  
25 provide --

1                   SECRETARY DALLAS:    Sure.

2                   REPRESENTATIVE DAY:  -- what your target is.  
3   And then of course the ones that we continue to see.  
4   Because many times I don't know if we can totally, I  
5   guess the only place to go when you're out of home is in  
6   home, and I know you have mentioned that already that  
7   you're trying to move -- that's even closer to home by  
8   keeping them under the roof.

9                   So I would appreciate if you could provide  
10   that information.

11                  SECRETARY DALLAS:  I'll be happy to provide  
12   any data that I have in that regard.

13                  REPRESENTATIVE DAY:  Thank you.

14                  One comment, Mr. Chairman, that I wanted to  
15   make is, you know, we're all going through a brand-new,  
16   you know, budgeting time, budgeting strategy.  And when  
17   I see things come before me, either on this Committee,  
18   the Appropriations Committee, or under the full House to  
19   fund things, I've said this before, and I just want to  
20   share it with you as well.  Because I think things like  
21   long-term care, burn centers, critical access hospitals,  
22   things like that are vital, important and have broad  
23   support on both sides of the aisle in the State House.

24                  And I often say in these hearings, and this  
25   might be the third time that I've said this, is that the



1 place to go when you are at an impasse is to go through  
2 and say, what do we all agree on? And these are items  
3 that we all agree on. So I'm not going to ask you the  
4 question again. I'm not going to make you try to answer  
5 that again, but I do want to just put my voice from  
6 western Lehigh County, northeast Berks, in questioning  
7 the strategy. And I'd like you to just take a look at,  
8 and however you can within the administration.

9 I know negotiations are in the Governor's  
10 Office usually, but just however you can, carry my voice  
11 back to the administration that I think there is a way  
12 to proceed when you're at an impasse. I've done it many  
13 times in the private sector and the public sector. They  
14 weren't pleasant meetings that we had, but they  
15 eventually got through to the end, where we all know we  
16 want to go, especially on critical line items like the  
17 ones in your Department.

18 I'd like to thank you for being here.

19 And thank you, Mr. Chairman, for letting me  
20 ask a question and making my comment at the end. Thank  
21 you.

22 MAJORITY CHAIRMAN ADOLPH: Thank you,  
23 Representative.

24 Representative Tim Briggs.

25 REPRESENTATIVE BRIGGS: Here, Secretary.

1 Thank you, Mr. Chairman.

2 Thank you, Secretary. And thank you for all  
3 you do for Pennsylvania.

4 I wanted to circle back a little bit on  
5 Deputy Secretary Nancy Thaler's comments regarding the  
6 autism interest list. And real brief, I think it's  
7 going to be a quick question.

8 How -- how is the citizen selected? Is it  
9 based on first-come, first-served? Is it assessment of  
10 need? Has that been formulated yet?

11 SECRETARY DALLAS: I think that if -- and  
12 I'm looking at Nancy to make sure I have this right.  
13 Right now, I believe it is first-come, first-served.  
14 And I think that as that list matures, we need to look  
15 at need as we're addressing that population.

16 REPRESENTATIVE BRIGGS: So as the list  
17 matures, part of it, has that conversation started  
18 happening yet?

19 SECRETARY DALLAS: I think so. And I think  
20 we need to -- Nancy had mentioned or Deputy Secretary  
21 Thaler had mentioned, that we need to start doing  
22 assessments -- assessing these folks and finding out  
23 where the need is greatest if we're going to manage the  
24 list.

25 REPRESENTATIVE BRIGGS: Okay. Sure. That's

1 the way I would hope it goes, so thank you for that.

2 Next is, and I know there's a lot of  
3 questions, and I apologize. I was sitting next to  
4 Representative Bradford, and he keeps me entertained.  
5 So sometimes I miss what people are asking.

6 But regarding -- it's been a long couple of  
7 weeks, sir.

8 Adult protective services, Act 70 was passed  
9 in 2010. Could you tell me what the funding and what  
10 kind of Federal funds are being drawn down?

11 SECRETARY DALLAS: So I think either if Dave  
12 doesn't know the answer, we'll have to get back to you  
13 on the funding for it. It is a program that we've  
14 launched. It is up in all parts of the State. I think  
15 the issue that we're looking at now is making sure that  
16 folks are aware of the program and they know to report.  
17 One area that is surprisingly low reporting, especially  
18 for the number of people there, is the southeastern part  
19 of the State.

20 Out west, and maybe in some of the northern  
21 parts of the State, there seems to be a higher rate of  
22 reporting. But we're trying to get the word out there  
23 and trying to make sure that folks know that service is  
24 available.

25 BUDGET DIRECTOR SPISHOCK: And I do not have

1 the funding broken up separately for adult protective  
2 services, but we can get that for you.

3 REPRESENTATIVE BRIGGS: Okay. Terrific.

4 And regarding the Act and regulations, is  
5 that an ongoing, trying to get the regulations complete  
6 on that; do you know?

7 SECRETARY DALLAS: I don't think so. I  
8 think we're implemented; right? Yes.

9 REPRESENTATIVE BRIGGS: Okay. And just  
10 lastly, there's always a lot of talk about the  
11 Affordable Care Act and Medicaid expansion and the cost  
12 on citizens. I watch TV. A lot of it always comes up  
13 about the concerns.

14 Could you give us a little bit of the  
15 savings that it's providing to Pennsylvania? I know  
16 that's a pretty broad question, but some examples of  
17 what -- since we've expanded Medicaid -- Pennsylvanians  
18 have saved.

19 SECRETARY DALLAS: I think there are  
20 generally two categories of savings that folks expect or  
21 project would accrue from the Affordable Care Act. The  
22 first one is savings at the State level. There are  
23 folks that were funded with State-only funds, and that  
24 Pennsylvanians were paying for with 100-percent State.  
25 Those folks are now covered a good deal. There was

1 initially 100 percent, now down to 95 percent that are  
2 covered with Federal funds. So there's over half, I  
3 think it's about \$500 million -- it's probably a little  
4 more now as the program continues to grow -- in avoided  
5 State costs from that.

6 And I think over time, the design of the  
7 Affordable Care Act is designed to get people access to  
8 insurance. We have almost 560,000 people who have  
9 insurance who didn't have it before, that they'll be  
10 able to access services at primary care, and they won't  
11 wind up in the emergency room.

12 And then as folks have access to health care  
13 and they have access to doctors, they'll use them and  
14 that will make them healthier. And some of the larger  
15 costs that you see from delayed health care will start  
16 to go down. It's probably too soon to see that here in  
17 Pennsylvania. We've only really had the Medicaid  
18 expansion since January.

19 But over time, I think other States have  
20 seen slower rates of health-care costs grow when the  
21 Affordable Care Act has been implemented as opposed to  
22 States that haven't taken the Medicaid money.

23 REPRESENTATIVE BRIGGS: Was there -- I mean,  
24 I'm quickly looking at this. Was there savings from  
25 drug rebates that we benefitted from?

1           BUDGET DIRECTOR SPISHOCK:  There was.  There  
2 was additional savings from drug rebates.  We  
3 implemented that provision probably several years ago,  
4 when the ACA came in.  We were able to claim drug  
5 rebates for drugs provided through managed care  
6 organizations as well, too.  But those are continuing  
7 savings that occur each year in the program.

8           REPRESENTATIVE BRIGGS:  And ballpark, what  
9 amounts?

10          BUDGET DIRECTOR SPISHOCK:  I'm not -- I will  
11 have to research that and get back to you.

12          REPRESENTATIVE BRIGGS:  Okay.  Thank you  
13 very much, Chairman.

14          Thank you, Secretaries.

15          MAJORITY CHAIRMAN ADOLPH:  Thank you.  
16 Representative Seth Grove.

17          REPRESENTATIVE GROVE:  Thank you, Mr.  
18 Chairman.

19          Mr. Secretary, good to see you.

20          David, good to see you.

21          SECRETARY DALLAS:  Good to see you.

22          DAVE:  Thank you.  Nice seeing you.

23          REPRESENTATIVE GROVE:  First, let me start  
24 with, during the Governor's budget address, he said  
25 this, quote, no, this crisis is not about politics at

1 all, this is about math. Pennsylvania now faces a \$2  
2 billion budget deficit, end quote.

3 What in your budget will actually reduce the  
4 structural deficit moving forward?

5 SECRETARY DALLAS: So there are several  
6 initiatives. It's a very good question. There are  
7 several initiatives that we have planned for this year  
8 that will help us contain the cost of growth.

9 So a lot of times when you're talking about  
10 health care. And what we do is largely health care for  
11 low-income folks, that is -- you're talking about the  
12 rate of growth, so bending the cost curve and also  
13 saving money. So there are several things that we're  
14 doing.

15 First one is Community Health Choices. That  
16 is about serving folks in the community where they can  
17 be. That costs anywhere from serving someone versus  
18 serving someone in a nursing home. That can be anywhere  
19 from two to three times the cost of serving someone in  
20 the community. It's also where they want to be.

21 We also have -- in an interesting way, the  
22 opioid initiative we're talking about also has potential  
23 to help us save money in the long run. I think maybe  
24 not so much in the Department, but if we don't provide  
25 services for folks and help them beat their addiction,

1 they cost us more when they show up in emergency rooms  
2 or the impact that they can have on family members and  
3 the family finances if they were to succumb to an  
4 overdose. But also folks that if we don't serve them in  
5 the community, they wind up being served in prison, and  
6 it costs a whole lot more for Secretary Wetzel to serve  
7 them in a prison than it does for me to serve them in  
8 the community.

9 In addition, we're making investments in  
10 early childhood education and home visiting. Every  
11 study has shown that for every dollar you invest in  
12 those programs, you see a return that's sometimes \$7 or  
13 above for each dollar that you spend. And I think for  
14 us that ultimately, over the life of a child, that could  
15 save you \$20,000 for each child that you're able to  
16 serve through those programs.

17 So those initiatives will help us contain  
18 costs. So when you're looking at our budget, it's  
19 important to understand that the folks that we serve are  
20 eligible for a whole bunch of programs. So take folks  
21 who are eligible for long-term supports and services.

22 As Pennsylvania gets older and the  
23 demographics of the State are that we're serving more  
24 people and more people are going to be required to have  
25 those services, the question for us is how are we going



1 to serve them? Are we going to serve them in a system  
2 that's broken, one that costs twice as much, or are we  
3 going to make the investment we need to up front so that  
4 we can reduce those costs? And when we serve those  
5 folks, that we're serving them in the best way that we  
6 can and also in a way that's cost efficient.

7 REPRESENTATIVE GROVE: So all those programs  
8 annualized will not reduce the structural deficit?  
9 Annualized, what's that cost increase for next year  
10 carried forward?

11 SECRETARY DALLAS: So when you say, reduce  
12 the structural deficit, I'm not sure that --

13 REPRESENTATIVE GROVE: Well, there's \$2  
14 billion in between, revenues and expenditures; \$2  
15 billion total, total.

16 SECRETARY DALLAS: I'm sure you're not  
17 saying that the Department of Human Services will fix  
18 the entire structural deficit.

19 REPRESENTATIVE GROVE: Absolutely not.

20 SECRETARY DALLAS: Okay.

21 REPRESENTATIVE GROVE: But, you know, if his  
22 entire budget speech was about structural deficits, you  
23 know.

24 SECRETARY DALLAS: Right.

25 REPRESENTATIVE GROVE: There wasn't anything

1 else in there. We read it three times. So if the  
2 Governor's main goal is to not have a structural  
3 deficit, I assume the direction of all the departments  
4 is, get me a budget, get me budget documents where we do  
5 not have a structural deficit anymore.

6 So, you know, there should be a lot of  
7 subtractions not additions to deal with that.

8 SECRETARY DALLAS: I think, perhaps, it  
9 would be a good thing to look at our budget overall when  
10 you're asking that question. So if you look at our  
11 budget overall; right. There are several things that  
12 have driven costs in my budget.

13 I can't speak as authoritatively on the  
14 entire budget.

15 REPRESENTATIVE GROVE: There's Federal  
16 mandates, believe me, I --

17 SECRETARY DALLAS: So, I mean, but you asked  
18 the question so probably let me answer it; right.

19 REPRESENTATIVE GROVE: Yeah.

20 SECRETARY DALLAS: At the end of the day  
21 there are one-time revenues that we have, and those are  
22 things that everybody here agreed to, General Assembly,  
23 the administration. There's probably about, in my  
24 budget, the increase when you're looking at my budget,  
25 is probably about \$250 million in one-time revenues.

1           At the same time, right, there are  
2 initiatives. The initiatives I told you, I mentioned  
3 there. Those are investments we're going to have to  
4 make to not have the budget grow even faster than it's  
5 growing now. If you subtract all those things out, our  
6 budget grows by about 4.5 percent; right. And if you  
7 look at that, if you look at -- compare that to the cost  
8 of health-care growth in this country, the average  
9 growth for health care is about 6.6 percent.

10           So when you're looking at that growth over  
11 time, right, Pennsylvania has actually managed to  
12 control its costs far lower than what the average cost  
13 for health-care growth is across the country.

14           Now, what you're getting to is that  
15 structural deficit. Beyond all of that, how are we  
16 going to make our budget balance? And when the Governor  
17 says it's about math, he's right. Because even if you  
18 look at that -- if you look at the unprecedented savings  
19 we have from program integrity, the changes that we're  
20 making to reduce the growth of our health-care costs,  
21 all the GO-TIME initiatives, all those things, that  
22 doesn't resolve the structural imbalance.

23           And I think the Governor has been very  
24 honest about that. You're going to need to look at the  
25 revenue side. That's what having a structural

1 balance --

2           REPRESENTATIVE GROVE: Well, here's the  
3 problem with the GO-TIME initiatives. We've gotten all  
4 these documents of GO-TIME initiatives, and they're  
5 nowhere in the budget books.

6           Like, if we're saving money, shouldn't they  
7 be subtracted out of certain line items? Like, we don't  
8 need those funds in there anymore moving forward;  
9 correct?

10           SECRETARY DALLAS: I think -- I believe  
11 that, at least, there's a list of GO-TIME initiatives  
12 and what those savings are have been requested and  
13 provided.

14           REPRESENTATIVE GROVE: Yeah. So there's  
15 savings. Is that matched in your budget documents  
16 anywhere? Believe me, I'm probably one of the only  
17 people here that actually reads the Governor's budget  
18 book line by line.

19           I did not see one single GO-TIME initiative  
20 subtraction and explanation of what it is in that entire  
21 book. There's an entire section in the front part that  
22 says GO-TIME initiatives, we're going to save money,  
23 yea, us. But within the budget documents itself, it's  
24 nonexistent.

25           I mean, we get spreadsheets here, but

1 where's it at within the line items of the budget?

2           SECRETARY DALLAS: I think when you look at  
3 a budget -- again, I can't speak about other  
4 departments, but I know that for our budget, a lot of  
5 the savings that we're talking about are included in the  
6 general cost to carry our budget in the overall amount.  
7 So, you know, you can get into certain line items and  
8 some of them are very big. The savings that we've  
9 talked about and the things that were mentioned there,  
10 they may not be called that on a specific line item, but  
11 they're assumed in the growth -- or the lack of growth  
12 of some of those line items.

13           So we can certainly go through -- we can  
14 provide you with the details of our GO-TIME initiatives,  
15 some of our other savings initiatives and point to the  
16 areas where it would save us money, but I don't know --

17           REPRESENTATIVE GROVE: And when I say that,  
18 that's not only this administration. The Corbett  
19 Administration, the Ridge Administration, the Rendell  
20 Administration had those similar programs. You were  
21 here. And those administrations also didn't highlight  
22 those costs within their budget documents at all.  
23 Hopefully that change is made moving forward.

24           And, again, I think that's a budget  
25 secretary objective to do that.

1           SECRETARY DALLAS: I'm sure there are a lot  
2 of accountants who would be very happy to have that  
3 conversation with you.

4           REPRESENTATIVE GROVE: Yeah. So counties  
5 are handing back State dollars. They have seen savings  
6 through the Medicaid expansion, since people they have  
7 served are now obviously on Medicaid. So what's the  
8 reason for increasing their funding at this point, if in  
9 fact they're returning money? It seems like they're  
10 prudently spending money, and a lot of their costs have  
11 shifted to the Federal government, much like the State's  
12 costs have shifted for the Federal government.

13           I mean, that's the point Medicaid expansion  
14 for States was a good deal, because we could shift costs  
15 to the Federal government. So why are we giving them  
16 increases?

17           SECRETARY DALLAS: So I think that I almost  
18 agree with what you said there, but I think when folks  
19 looked at the Affordable Care Act and the ability --

20           REPRESENTATIVE GROVE: So close.

21           SECRETARY DALLAS: Very close, very close.

22           I think that when you look at the need  
23 that's out there, and I think there was some  
24 expectation, that as you move some of the costs to the  
25 Federal government, that you would see savings there.

1 But I think also when you -- the piece that was  
2 incomplete from what you said was the need that was out  
3 there, and I think the need has grown so much that a lot  
4 of the funds that have been covered by Federal  
5 Government, we've saved, you know, we've shifted over  
6 half a billion dollars in costs to the Federal  
7 government on that.

8           There is still a need out there. And that's  
9 when you say things like, you look at the Block Grant  
10 cut. I think if there are folks who represent counties  
11 here or folks who represent folks who are served by  
12 counties, I would be very surprised if any one of them  
13 tells you that there isn't a greater need than they can  
14 serve there.

15           So I think when you look at those savings,  
16 those savings have enabled us to provide a higher level  
17 of service for the need that's out there. But I don't  
18 think it's, you take that money and you don't spend it  
19 somewhere else. I think if you ask anybody in this  
20 room, any county administrator, they will tell you that  
21 the need is greater than it ever has been.

22           REPRESENTATIVE GROVE: But if the need is  
23 greater, then why are they handing back dollars to begin  
24 with? Especially within the Block Grant system? And  
25 they can keep 3 percent of unspent.

1           So if they can keep 3 percent of unspent  
2 dollars and they're handing money back, how does that  
3 drive that need? Wouldn't they expend those dollars if  
4 they have a need?

5           SECRETARY DALLAS: So I think that when  
6 you're -- again, I think you're probably getting to  
7 accounting issues. At any given moment, they're  
8 spending money on programs. And there are some programs  
9 that they might not spend it at exactly that moment when  
10 the fiscal year ends. There's money that carries over.  
11 There's money that they can use to invest to reduce  
12 their future costs.

13           But, ultimately, the amount of money that  
14 counties return as a part of the budget problem that the  
15 Governor is talking about, the budget problem that I  
16 face in my Department, that money is nowhere near what's  
17 needed to cover that.

18           Now, in certain --

19           REPRESENTATIVE GROVE: I'm not talking about  
20 covering expenditures. I'm saying, they're not  
21 expending their dollars. So if they're not spending all  
22 their dollars and we want to give them more dollars --

23           SECRETARY DALLAS: I think what I'm saying  
24 is they are spending those dollars. I think in some  
25 cases --



1                   REPRESENTATIVE GROVE: Why are they handing  
2 it back?

3                   SECRETARY DALLAS: You know, I'm desperately  
4 trying to answer your question, Representative.

5                   REPRESENTATIVE GROVE: I mean, it's --

6                   SECRETARY DALLAS: If you let me get more  
7 than one sentence out in a row, I might be able to do  
8 it.

9                   REPRESENTATIVE GROVE: Yeah.

10                  SECRETARY DALLAS: Right.

11                  At the end of the day is, you know as well  
12 as I do that there's -- the fiscal year can end at a  
13 certain point, and there are bills that are still due  
14 and those payments may not have been made. Some of that  
15 is simply the transition between one year to another.

16                  And what I'm saying to you is, that in any  
17 business, whether it's private sector, public sector,  
18 you're always going to have those issues. You know that  
19 and I know that; right. So that need is there. And  
20 whether they spend it on June 30th or July 1st, that's  
21 there.

22                  At the same time, the Block Grant was  
23 designed to give counties the ability to innovate. And  
24 when they innovate and they're able to save that money,  
25 I think part of the deal for the Block Grant was being

1 able to invest that money, that 3 percent, invest that  
2 money back in innovation.

3 So I think when you're looking at those  
4 things, certainly as we're trying to come to a budget  
5 agreement, there is room to look at some of the overage.  
6 But, first, we should be absolutely clear. It's nowhere  
7 near the amount of money that we need to fund social  
8 services.

9 And second, I would say that when you look  
10 at that, I think you also need to -- as we are proposing  
11 investments to help drive down those costs, you need to  
12 give the counties the opportunity to do that as well.  
13 Otherwise, we'll be having the same conversation year  
14 after year after year.

15 REPRESENTATIVE GROVE: What were the total  
16 savings for counties because of Medicaid expansion?  
17 Have you tracked that?

18 I did ask Secretary Tennis because obviously  
19 -- I mean, he went into great detail about the Medicaid  
20 coverage for drug and alcohol. What are those savings  
21 for counties?

22 SECRETARY DALLAS: I think we've talked  
23 about --

24 REPRESENTATIVE GROVE: What's the shift?

25 SECRETARY DALLAS: Overall for Pennsylvania,

1 we've saved over half a billion dollars. The number is  
2 probably higher for those folks. We can't get you the  
3 exact number now, but that number continues to grow for  
4 folks who would have been served under our current laws,  
5 our current programs, our current ineligibility, who are  
6 now being covered by the Affordable Care Act.

7 REPRESENTATIVE GROVE: Can you give me the  
8 specific programs, the savings, and the number of people  
9 who were shifted over?

10 SECRETARY DALLAS: You will have any  
11 information that I have, sir.

12 REPRESENTATIVE GROVE: Appreciate it.

13 Obviously with Medicaid expansion, we will  
14 see reduction in Federal funding. How is your  
15 administration planning on covering that hole moving  
16 forward?

17 SECRETARY DALLAS: So that is something  
18 that's assumed in our budget this year. You're  
19 referring to the match rate that we have.

20 So it started off at 100 percent. It's  
21 making its way down to 95 percent. That number is  
22 included in our cost-to-carry budget. And overall, when  
23 you look at the \$500 million-plus we saved by making the  
24 switch, the additional costs we have, we are still way  
25 ahead of what it costs us without the Medicaid

1 expansion.

2 REPRESENTATIVE GROVE: So part of the  
3 Governor's tax increase is to pay for that cost shift?

4 SECRETARY DALLAS: No. I think that the  
5 amount of revenues we would need to run the government  
6 would be much higher if we didn't have the Medicaid  
7 expansion.

8 REPRESENTATIVE GROVE: The Commonwealth  
9 Court in *Knoll v. White* held that State officials are  
10 mandated by the Supremacy Clause of the U.S.  
11 Constitution to continue paying States welfare payments  
12 during a budget impasse who rely heavily on Federal  
13 funds.

14 The Court determined that the following  
15 specific programs had to be paid even with no budget in  
16 place: aid to families with dependent children, refugee  
17 cash assistance, Food Stamps, Medical Assistance. The  
18 Courts also upheld that State-only funded assistance  
19 programs that are operationally integrated with Federal  
20 programs by means of intertwined computer programs in a  
21 single unified database must also continue to be paid if  
22 the State programs could not be separated out from the  
23 Federal programs.

24 Those programs specifically ordered by the  
25 Court to be paid under this category were General

1 Assistance and State line pensions. Can you tell me  
2 which HHS programs continued to be paid during the  
3 budget impasse, due to the Federal funding component?

4 SECRETARY DALLAS: So I think there are  
5 components of the Medicaid program, SNAP Program and  
6 TANF; those are Federal dollars or Federal  
7 pass-throughs. A complete list, I don't have off the  
8 top of my head. But those are generally the --

9 REPRESENTATIVE GROVE: All right. Could you  
10 get us a complete list?

11 SECRETARY DALLAS: Sure. I can get a  
12 complete list.

13 REPRESENTATIVE GROVE: Are any State-only  
14 funded programs currently operationally integrated with  
15 Federal programs by intertwined computer programs and  
16 single-unified databases?

17 SECRETARY DALLAS: I would suspect, yes,  
18 there are.

19 REPRESENTATIVE GROVE: All right.

20 If so, I assume by your question, you don't  
21 know specifically which ones. Could you provide us a  
22 list of which ones are intertwined?

23 SECRETARY DALLAS: Sure. I could probably  
24 think of a couple of them, but I'll be happy to provide  
25 you a list.

1                   REPRESENTATIVE GROVE: All right. Had the  
2 Department considered operating State-only funded  
3 programs from its operational systems and databases that  
4 include programs receiving Federal funds?

5                   SECRETARY DALLAS: No.

6                   REPRESENTATIVE GROVE: Were there any  
7 programs paid during the budget impasse that did not  
8 meet or comply with the standard set forth in *Knoll v.*  
9 *White*?

10                  SECRETARY DALLAS: I'm not an expert on  
11 *Knoll v. White*, but we can certainly look into that for  
12 you.

13                  BUDGET DIRECTOR SPISHOCK: I am not sure at  
14 this point. We do have a number of payments that went  
15 out due to health and safety reasons. I'd have to take  
16 a -- I'm not familiar with the lawsuit.

17                  REPRESENTATIVE GROVE: It's a very big case,  
18 very big case.

19                  If -- were there any HH programs that were  
20 not paid during the budget impasse?

21                  BUDGET DIRECTOR SPISHOCK: There were  
22 several county-funded programs that were not paid during  
23 the impasse.

24                  REPRESENTATIVE GROVE: And would they meet  
25 the criteria of *Knoll v. White*?

1                   BUDGET DIRECTOR SPISHOCK: Again, I'm not  
2 familiar with it. I would have to check with our legal  
3 counsel on that.

4                   REPRESENTATIVE GROVE: Okay.

5                   The Governor repeatedly said, compromised  
6 budget. Is he referring to the framework budget or a  
7 supplemental plan he pushed forward?

8                   SECRETARY DALLAS: It's my understanding,  
9 when he refers to the compromised budget, that it's the  
10 \$30.8 billion budget that was almost passed just around  
11 Christmastime.

12                  REPRESENTATIVE GROVE: All right. So he  
13 wants to go back to that, but his supplemental  
14 appropriations do not meet that framework budget. So  
15 I'm very confused as to what he's exactly asking for.  
16 Because the actual supplementals he is asking for, that  
17 highlights in his budget request for supplementals, do  
18 not match up with the framework budget.

19                  So do you have any clarification on that?

20                  SECRETARY DALLAS: I mean, if you have a  
21 specific question about a line item, I think we can try  
22 to help, but I'm not sure there was a question there.

23                  REPRESENTATIVE GROVE: The entire thing. I  
24 mean, he's literally asking for \$50 million more in his  
25 supplementals than quote, unquote the framework budget,

1 so.

2 BUDGET DIRECTOR SPISHOCK: I would think for  
3 a lot of our appropriations as well, we continually  
4 update the model program, taking a look at the actual  
5 programs. So what we may have calculated for  
6 supplementals for '15-'16, as part of the budget request  
7 is a more up-to-date calculation.

8 So the supplementals that we include as part  
9 of our budget request are an updated supplemental  
10 compared to what the Governor may have had in the  
11 framework budget.

12 REPRESENTATIVE GROVE: Okay. And one last  
13 question. You mentioned that the minimum wage executive  
14 order was not expansive and will not cover you.

15 SECRETARY DALLAS: No. I said it wouldn't  
16 cover a great deal of my Department. I didn't say it  
17 wouldn't cover me.

18 REPRESENTATIVE GROVE: All right. So I  
19 would like you to take a look at, specifically, under  
20 coverage B, employees who directly perform services or  
21 construction. That is an "or" statement and literally  
22 covers -- the definition of employee in the Minimum Wage  
23 Act is any individual employed by an employer, as long  
24 as they're not exempted by the Minimum Wage Act. That  
25 line covers private sector, public sector, anyone who



1 directly performs services.

2 Under your specific Department, you have a  
3 lot of entities that directly perform services.  
4 Non-profits, I'm not sure are covered under that  
5 generally, but you do have some. So I would take a  
6 very, very strong look at that and maybe ask the  
7 Governor to revise that language so it's not the  
8 expansive nature the language says as to what he  
9 actually enacted.

10 So thank you, Mr. Chairman.

11 MAJORITY CHAIRMAN ADOLPH: Thank you, Mr.  
12 Secretary, Mr. Director.

13 Nobody went into time-out today. That's a  
14 good thing, you know.

15 A lot of good questions; a lot of extensive  
16 answers. Obviously, we all have opinions. You know, I,  
17 for one, apologize to any of those Pennsylvania  
18 residents that have suffered as a result of the budget  
19 impasse.

20 You know, we all have opinions whether some  
21 of these line items that were vetoed early in the  
22 process should have been sent out immediately and some,  
23 you know, use a blue-line rather than an entire veto.

24 We talked a little bit about the blue-lining  
25 in December. You know, we have difference of opinions

1 on that.

2 SECRETARY DALLAS: Sure.

3 MAJORITY CHAIRMAN ADOLPH: But I tell you  
4 what, and I shared this with Chairman Markosek. I'm  
5 impressed with the Secretary and his knowledge of the  
6 issues. Obviously, the Director has been through many  
7 administrations. I'd like to know how he does that. He  
8 must be able to bob and weave pretty good.

9 SECRETARY DALLAS: He has some very  
10 incriminating photographs.

11 MAJORITY CHAIRMAN ADOLPH: But he also is  
12 very good at what he does, and I think that is obvious.

13 You know, I'm happy that the Feds didn't cut  
14 us as much with the FMAP as they did a couple years ago.  
15 Whether you guys had something to do with that, I'm not  
16 sure. We could never figure out why we got cut so much  
17 a couple years ago. But I'm glad, even though we went  
18 down about \$22 million, but as compared to \$300 million  
19 from several years ago.

20 But let's work together. And let's close  
21 this gap. Appreciate your testimony.

22 For the members' information, we will  
23 reconvene at 1:30 with the Department of Agriculture.

24 Thank you very much.

25 (Whereupon, the hearing concluded at 12:18 p.m.)

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C E R T I F I C A T E

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

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Tiffany L. Mast, Reporter  
Notary Public

Tiffany L. Mast • Mast Reporting  
mastreporting@gmail.com  
(717) 348-1275