

**Testimony on the Proposed  
Fiscal Year 2016-2017 Department of Human Services Budget**

Theodore Dallas, Secretary

House Appropriations Committee

March 9, 2016



**pennsylvania**  
DEPARTMENT OF HUMAN SERVICES

# 555K

HAVE HEALTH CARE THROUGH MEDICAID EXPANSION, SAVING \$500 MILLION

# 17,286

FEWER PEOPLE ON TANF; 45K LEFT FOR EMPLOYMENT



# 1.8M



# OF PEOPLE RECEIVING SNAP BENEFITS FROM SEPT.-DEC. 2015

# 32% / 67%

32% OF MA GOES TO SENIORS/PEOPLE WITH DISABILITIES, WHICH ACCOUNTS FOR 67% OF COSTS

# 1,150

ADDITIONAL CHILDREN SERVED BY QUALITY EARLY LEARNING PROVIDERS

# \$5.6B

IN FEDERAL & STATE DOLLARS SPENT ON CHILDREN'S HEALTH CARE IN 2014-15

# 30%

INVESTMENT IN VALUE > VOLUME BASED CARE OVER NEXT 3 YRS

# \$35M

COST AVOIDANCE FROM IMPROVED SNAP ACCURACY

# DHS by the numbers

THE PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES

# 4 DAYS

TO PROCESS CHILD ABUSE CLEARANCES, DOWN FROM 26

# 1,605

PEOPLE CHECKED BY DHS HAD A HISTORY OF CHILD ABUSE/NEGLECT

# 51



SECOND CALL WAIT FOR HOTLINE, DOWN FROM 10.34 MIN.

# 93.2%

OF OIM CUSTOMER SERVICE CENTER CALLS ANSWERED IN NOV. 2015, UP FROM 44.6% IN JAN. 2015

# 15,446

CHILDREN IN FOSTER CARE, UP FROM 14,322 IN SEPT. 2014



# 15,421

PENNSYLVANIANS ARE HOMELESS, UP FROM 14,736 IN 2012



# 51%



LONG-TERM CARE RECIPIENTS SERVED IN THEIR COMMUNITIES; 95% WANT TO BE

# 51.8%

PERCENT OF ADULTS WHO LEAVE TANF RETURN WITHIN ONE YEAR



# 97%



OF PAYMENTS GO TO PROVIDERS

# \$613M

EXPECTED TO BE RECOVERED/AVOIDED IN IMPROPER PAYMENTS, UP FROM \$582M LAST YEAR

# 2,241

MA RECIPIENT RESTRICTIONS; \$50M ANNUAL SAVINGS, UP \$10M



Good morning Chairmen Adolph and Markosek, members of the House Appropriations Committee, and staff. Thank you for the opportunity to provide information on Governor Tom Wolf's proposed Fiscal Year (FY) 2016-2017 budget for the Department of Human Services (Department).

Over the last year, the Department focused on five priority areas:

- 1) Increasing access to high-quality services;
- 2) Serving more people in the community;
- 3) Focusing on employment;
- 4) Improving customer service; and
- 5) Modernizing program integrity.

Focusing on these goals for the people we serve resulted in many accomplishments in 2015. For example, the Department successfully expanded Medicaid, reaching 538,660 people as of the end of January 2016 and saving the commonwealth more than \$500 million. The Department also reduced the error rate for the Supplemental Nutrition Assistance Program (SNAP), or food stamps, by 58 percent to just 2.01 percent from January 2014 to July 2015 resulting in \$35 million in cost avoidance. The Department also increased the number of Temporary Assistance for Needy Families (TANF) adults that became employed by 3.2 percent, ending their receipt of benefits and has increased the calls answered by our Office of Income Maintenance Call Center from 44.6 to more than 93 percent.

In addition to the previously mentioned initiatives which saved or avoided cost for the commonwealth, the Department worked over the past year with county representatives to enhance county nursing facility payments while not increasing state spending. This was done by

eliminating the certified public expenditure process and replacing it with a new supplemental payment program. Under the new supplemental payment program, the counties will yield additional funding of \$16 million in FY 15-16 and \$17 million in FY 16-17 above what the certified public expenditure program generated. Likewise, since the new payment program was developed as a shared savings initiative, the Department will also generate savings of \$16 million in FY 15-16 and \$17 million in FY 16-17.

The Department is also focused on program integrity measures which save taxpayer funds. For example, the Department has a Recipient Restriction Program for Medicaid recipients who are identified as overusing and/or misusing Medicaid services. This program provides for medical management of the consumer's services by restricting their Medicaid card to the use of one pharmacy, one physician, and one acute care general hospital, of their choice. Currently, there are more than 2,200 Medicaid recipients in the program, allowing the Department to save approximately \$50 million in the previous calendar year. This represents \$10 million more in cost avoidance than the previous calendar year and is assumed in the Department's cost to carry budget.

These are only some select examples of our accomplishments and with these goals in mind for the 2016-17 FY we are poised to achieve many more successes. However, forward progress in Department services will hinge on which path we choose to take as a commonwealth. We can either build upon the bipartisan compromise, allowing for restoration of cuts and critical new investments in services that will drive long-term savings, or refuse to invest in our future, resulting in a \$600 million reduction in vital human services.

If the decision is not to invest, the Department will have to make some very hard choices. We could lose the following funding without an investment in our future, resulting in negative outcomes for vulnerable Pennsylvanians:

- As much as \$200 million in services to Pennsylvania seniors, including prescription drug assistance and home and community-based services. Pennsylvania seniors who depend on that assistance to pay for medications will be forced to pay more out-of-pocket. Some could have to choose between paying for groceries and paying for medicine that keeps them healthy. These are our elderly parents and neighbors, and they are counting on this funding to pay for the medicine they need. If we don't have a budget, we can't help.
- \$180 million in assistance for people living with mental illness or intellectual disabilities. These Pennsylvanians are the most vulnerable among us, and they are counting on our help to live a full life and contribute to their communities. If we don't have a budget, they will be denied significant opportunities to improve their lives.
- More than \$40 million in state funding for child care, and thus forfeit another nearly \$50 million in federal matching funds, for a total cut of nearly \$90 million. Many hard-working parents are counting on our help to have some peace of mind and the ability to earn the living upon which they raise their families. If we don't have a budget, more than 200,000 Pennsylvania children will have nowhere to go.
- \$11.5 million in funding for domestic violence shelters and rape crisis centers. Survivors of domestic violence and sexual assault rely on these safe havens to have somewhere to go when they are in harm's way. If we don't have a budget, those programs will have to shut their doors to the people who need them.

Choosing path two will not only create significant cuts in the Department's budget, but will also prohibit the Department from investing in initiatives we know will reduce long-term costs for the commonwealth and improve the lives of Pennsylvanians. Below is a summary of the Department's key initiatives outlined in the FY 2016-17 budget proposal. They represent priorities and issues the Department has discussed with many of you and your staffs, and for which we hear from our family, friends, neighbors, stakeholders, and constituents need our attention.

#### Implement Community HealthChoices and Expand Home and Community-Based Services

The budget includes \$43.1 million to develop Governor Wolf's plan to increase opportunities for older Pennsylvanians and individuals with physical disabilities to remain in their homes. Community HealthChoices (CHC) will allow for the coordination of health and long-term services and supports through managed care organizations resulting in improved care coordination and health outcomes, while allowing more individuals to live in their community. The CHC rate model will include value-based incentives to increase the use of home and community-based services and meet other program goals. The initiative rolls out in three phases over three years beginning in the Southwest in January 2017.

As you may be aware, we released the CHC Request for Proposal (RFP) on March 1 and responses from managed care organizations are due in 60 days from the issuance. The Department, in conjunction with the Department of Aging, provided many opportunities for public input on the initiative in the last year. From comments on our draft concept paper to releasing the draft RFP, we heard much feedback and suggestions from the General Assembly, individuals we serve, advocacy organizations, providers and their associations, and more. This feedback was invaluable and many changes were made to the RFP as a result of that input.

The FY 2016-17 budget also includes \$23 million to provide home and community-based services to an additional 2,040 individuals with disabilities and \$25.3 million to provide home and community-based services to 2,904 additional older Pennsylvanians. This funding is proposed for the Office of Long Term Living's community-based waiver programs.

This initiative, along with CHC, recognizes that people want to live in their homes and communities. Data shows that 50.9 percent of people are currently enrolled in home and community-based services compared to nursing homes, but that 95 percent of people want to be in their communities. For every month a resident receives care in the community as opposed to a nursing facility, the state is able to save \$2,457, offsetting more than \$162.2 million in future nursing home costs. Therefore, if we choose the right path we can invest in these initiatives, which will result in long-term savings for the commonwealth.

### Combat the Heroin Epidemic

Pennsylvania now leads the nation in drug overdoses among men ages 12 and 25 and ranks ninth in the country in drug overdose rates among the general population. Fifty-eight of Pennsylvania's 67 counties reported drug-related overdose deaths in 2014, of which 48 reported heroin as the most frequently identified drug in toxicology test results. The Wolf Administration has convened key state agencies to work together to fight the epidemic.

As a result of this effort, there is \$34.2 million proposed in the Department's budget to implement 50 Health Homes to expand treatment to over 11, 250 individuals with opioid-related substance use disorder. Federal matching funds of \$17.9 million are also included to support this initiative. An innovative, new approach unique to the Medicaid program, Health Homes build linkages to community supports and resources, enhancing coordination of physical and

behavioral health care to better meet individuals' needs. Each Health Home will expand capacity for individuals in need of medication assisted treatment, an evidence-based behavioral therapy and FDA-approved medication that individuals take to help curb cravings and improve odds at recovery, and establish comprehensive care management teams that can address the whole continuum of services an individual needs to be successful in drug treatment.

The first phase of this initiative will be implemented on July 1, 2016. It will be administered through the behavioral health system and utilize the Single County Authorities to fund the expansion of narcotic treatment programs to include Suboxone treatment at 25 facilities. The second phase will be implemented on January 1, 2017 and will include five additional methadone/Suboxone clinics through the behavioral health managed care organizations and 20 Suboxone-prescribing physical health practices through the physical health managed care organizations.

Health Homes for those with opioid addiction are a wise investment. Untreated or undertreated addiction drives 84.4 percent of crime, fuels a larger percentage of domestic violence and child abuse and neglect, causes workplace losses, makes our highways unsafe, and leads to costly secondary diseases such as HIV and hepatitis C. If we choose the right path, we can provide more evidence-based treatment to individuals struggling with addiction and reduce these costly negative impacts.

#### Restore County Human Services Funding

The Department's budget proposes restoring \$27.9 million to human services appropriations originally subject to a 10 percent reduction in FY 2012-13. This builds off the proposed investment of the same amount in the FY 2015-16 budget. Appropriations impacted



include those which fund critical services for individuals with mental health, substance use disorder, and intellectual disabilities, and those involved in the child welfare system.

**Expand Services for Individuals with Intellectual Disabilities and Autism Spectrum Disorder**

There is \$12.3 million included in the Department's proposed budget to provide home and community-based services for 850 more individuals with intellectual disabilities (ID) and autism spectrum disorder (ASD). Specifically, this includes supporting 500 young adults with ID graduating from school, 250 individuals with ID on the emergency waiting list, and 100 new individuals with ASD in the Autism Waiver. Given the FY 2015-16 budget situation, we are now in the process of implementing new waiver capacity for 1,050 people in the current FY. If the General Assembly approves the additional funds for 850 new individuals in the FY16-17 budget, the timing of when that new initiative commences will likely coincide with the completion of the current FY initiative implementation. This means that development of new services for 1,900 people with ID and ASD on the waiting list will be continuous over the next 18 months.

These services are critical to serving individuals in their homes and communities, assisting participants in gaining the greatest level of independence possible by providing important services such as employment and training. They also ensure support for family caregivers who are critical to supporting individuals with ID and ASD. Without investing in our future, services will not be expanded and more individuals with ID and ASD and their family caregivers will continue to wait for services.

**Expand Critical Early Care and Education Services to Help Children and Families Succeed**

The proposed budget includes \$10 million to increase support to families through evidence-based home visiting services. This initiative builds on Governor Wolf's commitment to

providing high-quality care and education services to our youngest children to ensure they succeed in school and life. Evidence-based home visiting has the benefit of improving the lives of the parents served as well. These programs allow trained professionals to voluntarily visit at-risk families to provide parent education and support. Research-based outcomes include improved maternal and child health, parenting skills, and child learning, development and well-being.

This initiative dovetails with the bipartisan, federal Maternal, Infant and Early Childhood Home Visiting (MIECHV) Program, which currently funds four evidence-based models in Pennsylvania: Early Head Start, Healthy Families America, Nurse-Family Partnership, and Parents As Teachers. This is yet another investment which can save resources in the long-term if children get off to the right start and parents are empowered with the skills they need to support their families.

In addition, there is \$12 million proposed to provide 2,247 more children access to safe and reliable child care, which would allow more low-income families to work. This initiative is critical in light of new federal requirements from the reauthorization of the Child Care and Development Block Grant (CCDBG). CCDBG requires states to allow for subsidized child care redeterminations at 12 month increments. Currently, Pennsylvania redeterminations occur every 6 months. While the Department fully-supports this federal change, as it will provide stability for families in their work and child care programs, we recognize that it will slow churn on the waiting list. Therefore, it is crucial that this funding be included in the final budget to ensure the waiting list does not grow substantially as a result of CCDBG implementation.

In closing, the Department's future success centers on the choice we make moving forward. Choosing to invest in Pennsylvania will result in more people receiving the services they need and reducing costs in the long-term. If we do not, it means cuts to services for our most vulnerable Pennsylvanians, which will snowball into other negative outcomes for the commonwealth. We encourage your feedback on these proposals and look forward to continuing to partner with the Committee and General Assembly as a whole. Thank you for the opportunity to provide testimony.

# **YEAR ONE ACCOMPLISHMENTS**



**INCREASE ACCESS  
TO HIGH-QUALITY SERVICES**



**SERVE MORE PEOPLE  
IN THE COMMUNITY**



**FOCUS  
ON EMPLOYMENT**



**IMPROVE  
CUSTOMER SERVICE**



**MODERNIZE  
PROGRAM INTEGRITY**



# Increasing access to high-quality services

DHS is committed to health care that fits people's needs, a shift in thinking about value over volume for health care providers, and high-quality providers of child care and education programs.

**538K**  
people

**The Medicaid expansion  
had reached 538,660 people  
as of January 29, 2016.**

## STATE UNINSURED RATE

**14%**

IN 2013

**8%**

IN 2015

## IMPROVING ACCESS TO FOOD



- Eliminated SNAP asset test
- Simplified form for seniors

## SHIFTING FROM VOLUME-BASED TO VALUE-BASED CARE

HealthChoices RFP  
will require MCOs  
to invest billions  
in value-based  
purchasing

=



## LOOKING AHEAD

- Transferring CHIP to DHS
- Implementing health homes for drug and alcohol treatment
- Expanding child care and Pre-K
- Improving community health care

# Serving more people in the community

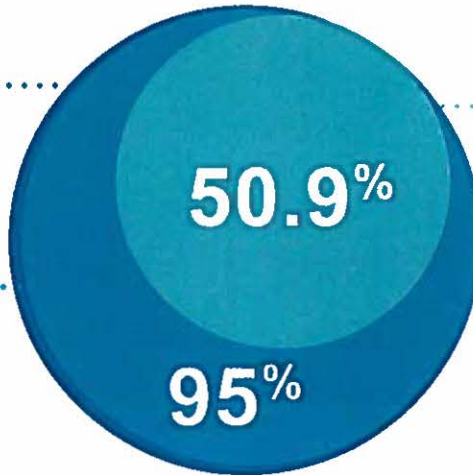
DHS is creating a system that allows Pennsylvanians to receive services in the community, preserves consumer choice, and allows consumers to have an active voice in the services they receive.

**450K**

people will be served by  
Community HealthChoices

**95%**

of those people wish  
to receive care within their  
communities/in their homes



**50.9%**

are currently  
enrolled in home  
and community-based  
services compared  
to nursing homes



Received

**\$886K**



in federal planning grant funding to create  
Certified Community Behavioral Health  
Clinics that will help people at the  
community level.



DHS is  
refining home  
modifications  
to enable people  
to stay in their homes

## LOOKING AHEAD

- Improving forensic hospital services
- Safely reducing the number of children in the foster care system
- Moving more people from institutions to the community
- Releasing comprehensive housing plan

# Improving customer service

Customer service is at the heart of everything we do at the Department of Human Services, and we are working hard to improve how we deliver critical services to millions of Pennsylvanians and the people who care for them.

## DAYS TO PROCESS CHILD ABUSE CLEARANCES

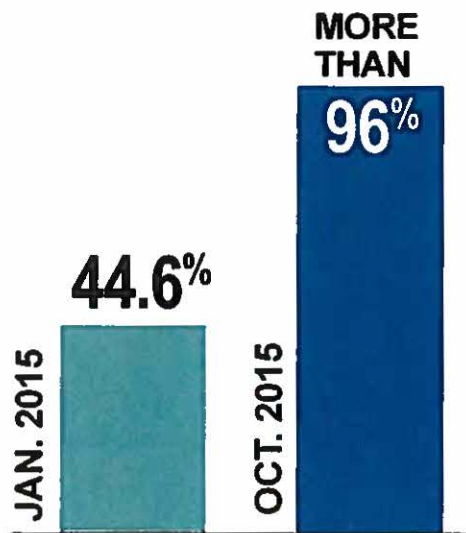
LONGEST TIME TO PROCESS



CURRENT AVERAGE



## AVG. % OF CALLS ANSWERED



## AVG. CALL WAIT TIME



**JAN. 2015**  
10.34 minutes



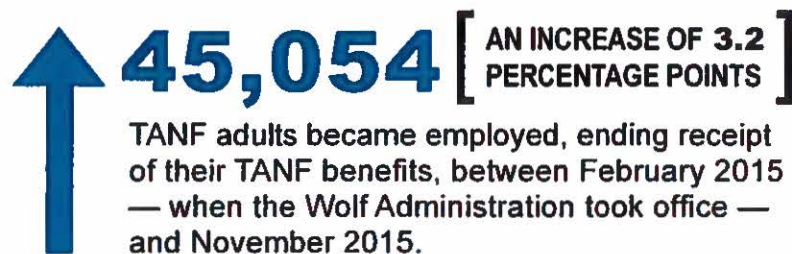
**NOW**  
51 seconds

## LOOKING AHEAD

- Modernizing DHS call center
- Creating a mobile app for consumers
- Implementing Fast Track to give more people access to health care

# Focusing on employment

DHS is increasing employment opportunities for the people we serve that emphasizes the value of work.



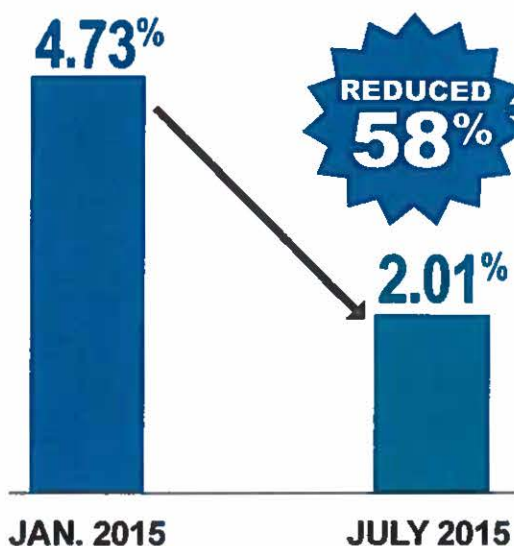
## LOOKING AHEAD

- “Employment First” executive order for people with disabilities
- Implementing Workforce Innovation and Opportunity Act (WIOA)
- Fully implementing performance-based contracts
- Launching child support job gateway

# Modernizing Program Integrity

DHS is making sure that payments only go to those who are eligible, that we can determine eligibility in the most cost-effective and efficient way for recipients, and that we’re holding providers accountable through licensing and monitoring.

## FOOD STAMP ERROR RATE



With rates well below the national average of 3.66%, this is the highest level of accuracy in 20 years.

## LOOKING AHEAD

- RFPs for data analytics
- Using Third-Party Liability to ensure that autism laws for children are fully enforced
- Recommendations of licensing workgroup