

**2019 Appropriations Committee Budget Hearing  
February 28, 2019**

**Testimony of Secretary Teresa Miller  
Pennsylvania Department of Human Services  
State Fiscal Year 2019-2020 Budget**

Chairman Saylor, Chairman Bradford, and members of the House Appropriations Committee, thank you for the invitation to discuss Governor Tom Wolf's Proposed Fiscal Year 2019-2020 Budget for the Pennsylvania Department of Human Services.

Three million people from every corner, county, and district of Pennsylvania are served by Department of Human Services' programs. My department serves our children and individuals who are elderly, sick, needy, and living with a disability. While their situations, needs, and backgrounds may vary, individuals and families use our programs when they are struggling and in pursuit of a better life. Our goal is to empower Pennsylvanians to live fulfilling lives and build stronger communities. That is our key mission, and our programs and assistance are investments in this goal. They are lifelines that help Pennsylvanians – many of whom are working – meet basic needs for themselves and their families. Needs like food, health care, and shelter – things we all need to feel our best, support our families, and contribute to society and the economy.

To maximize our work and its impact, we are evaluating our programs, their goals and metrics for assessing success, and the long-term outcomes of people served. Our vision and goal are for our programs to help Pennsylvanians get ahead, not just get by.

Over the past year we have completed a comprehensive review of our existing education, training, and workforce development programs. Some of these programs historically focused on placing people in jobs to meet existing work requirements. However, this approach has not had positive lasting results. Nearly 31,000 Pennsylvanians were referred to Employment Advancement and Retention Network (EARN) programs in 2017-2018. Of these, 14,500 people

– less than half – enrolled in the program, and just 5,000 people or 16 percent were placed into jobs. After six months, just 4.5 percent of people referred said that they were still in the job they were placed in. In the same year, we spent more than \$61 million on these programs. \$61 million to place 5,000 people into jobs. This is \$12,000 per placement – for a job that is often temporary and will not reduce their need for reliance on public benefits.

We also engaged with program participants and vendors who use and manage our services to get their feedback and discuss barriers to sustainable employment. We found that participants want to work and to excel, but barriers like access to reliable and affordable child care and transportation are among the most significant barriers that can prevent them from getting the education, training, or a job that will help them get ahead.

When you look at the numbers and consider the barriers people living in poverty face, it is easy to see how people can churn through these programs over and over. People enter these programs to meet their work requirement, but the current focus on job placement without consideration of the barriers to job retention does not provide participants the supports, skills, and tools needed to succeed in the job. In addition, the job they get may not pay enough to truly support their families, keeping them in the cycle of poverty. We need to do better in providing participants with the necessary training to prepare for a job they can excel in and support to overcome barriers to job retention and success in the workforce. These programs should be helping people get ahead, break the cycle of poverty, and live without public assistance. Instead, they are putting people into a job just to meet the work requirement.

This redesign is just one part of a much larger effort to invest in programs and services that will address the whole person and invest in their long-term success and well-being. For too long, we have focused too narrowly on addressing people as they are in that moment – both in health care

and in social services. But this limited focus ignores the causes and factors that contribute to a person's present situation, and if we are not looking at root causes as well, the people we serve will return to the same situations and structural barriers that make it impossible to get ahead and achieve the better life we know they want.

We are here to help empower the individuals we serve to live healthy, productive, and enriching lives. This proposed budget is a first step towards our redefined vision and goals. Programs and initiatives in this proposed budget seek to make that a reality not just for the people we serve, but also for the many Pennsylvanians who work every day to make this possible.

The Department of Human Services' proposed budget reflects the proposed \$12 minimum wage by investing \$74 million in child care provider reimbursement rates and \$45 million in direct care rates. The child care and direct care workforces see significant numbers of workers employed at average wages below \$12 per hour, causing many workers to turn to public assistance programs to help make ends meet. Raising the minimum wage to \$12 per hour will offset the state's investment by saving the Department of Human Services \$36 million in state general fund dollars due to a decreased use of public assistance programs. Those state fund savings increase to \$119 million in fiscal year 2020-2021. We must reward hard work and grow the middle class. An investment in our workforce will keep human service fields attractive and sustainable by allowing for workers to make a family-sustaining wage and will help service providers retain a robust, talented workforce whose skills can benefit all Pennsylvanians.

Since 2015, Governor Wolf and the General Assembly have partnered to pass and enact budgets that included more than \$381 million for services for Pennsylvanians with intellectual disabilities and autism. This unprecedented investment makes an everyday life possible for nearly 7,600 Pennsylvanians who now receive services due to this investment, allowing them to live, work,

and thrive in their communities – something all of us deserve. These investments also enabled 800 public school graduates to access services immediately following graduation. This avoids the service cliff that previously often occurred after graduation, by helping graduates maintain the skills learned during their time in public school. Through the current budget and the 19-20 budget proposal, 800 additional graduates will immediately access services this year and in 2020. We hope to continue this work with a \$15 million investment that will expand services to an additional 765 people on the Office of Developmental Programs' emergency waiting list and to 100 people who experience unanticipated emergencies.

Early childhood education and child care workers play a critical role in child development. Child care for infants and toddlers is often more expensive, and this can keep parents out of work if they are unable to access or afford safe, high-quality child care for their youngest children. This proposed budget invests \$15 million in federal funds to reduce the child care subsidy waiting list to help families access early childhood education during this important period of their child's development. We are also seeking to continue the historic investments in home visiting services made by Governor Wolf and the General Assembly. Home visiting pays off, both by strengthening families and supporting children's healthy development, and literally by reducing future public spending. Evaluations of home visiting programs in Arizona and Michigan found savings of \$1.38 to \$1.87 for every \$1 invested in evidence-based home visiting programs. The proposed \$5 million investment will allow 800 more families to benefit from these services.

As part of our broader goal to help break the cycle of poverty and help people live without public assistance, we are seeking to expand higher education opportunities for low-income, single-parent families through the Parent Pathways model. This model is based off Misericordia University's Bourger Women with Children Program, which provides whole-family, wrap-

around supports to mothers and their children as the mothers pursue a degree program. This program has helped participants experience a 100 percent job placement in the mother's field of study after she completes the program. The Governor's proposed budget includes \$5 million to support up to seven partnerships to develop and implement the Parent Pathways model across the commonwealth. The Parent Pathways model will focus on post-secondary partnerships, housing supports, and two-generational programming. This initiative is another example of how, by addressing the whole person and their family, we have an opportunity to significantly improve the outcomes associated with our current employment and training programs, increase their cost-effectiveness, and provide many more Pennsylvanians with a path out of poverty and toward family-sustaining employment and long-term economic stability.

As we focus more on whole-person supports, many of our initiatives are investments that can offset future costs. However, these new or expanded initiatives are not my department's only methods of controlling costs. We are regularly looking for ways to be good stewards of taxpayer dollars and do what we can to tackle rising health care costs. Even with some loss of federal funding due to changes in the federal participation for Medical Assistance and CHIP, the Governor's proposed budget limits our overall rate of growth to 3.2% across the department.

In our budget documents, there is a circle chart that shows that approximately three quarters of our budget funds health care, programs for individuals with intellectual disabilities and autism and programs for seniors and people with physical disabilities, which are all funded through Medicaid.

In our physical and behavioral HealthChoices programs, we have done a lot to control costs, making our cost trend below commercial market trends. Between 2007 and 2015, HealthChoices capitation costs increased an average of about 1.8 percent per year, compared to an average

increase of about 4.3 percent per year for premiums for employer-sponsored health insurance in the commercial market nationally.

The rising cost of the elderly Medicaid population continues to be DHS' most significant cost driver. That is why under Governor Wolf's leadership, we set out to expand opportunities for people served by DHS' programs to receive these services in their communities. Community HealthChoices (CHC) – our managed long-term services and supports program – successfully launched in Southwest Pennsylvania on January 1, 2018 and in Southeast Pennsylvania on January 1, 2019. CHC was established with the goals of better coordinating care and services, making living in the community more accessible for older Pennsylvanians and individuals with physical disabilities, and improving health outcomes, which will in the long run control costs. When we serve people in the community, we are allowing them to live among their family and friends, work, pursue recreational activities, and achieve a sense of independence that is important for well-being and happiness. We are making progress there. When CHC first launched in the Southwest, 49.7 percent of individuals were served in the community. In just one year, that number is now up to 52.2 percent – a trend in the right direction.

This program now serves more than 210,000 older Pennsylvanians and adults with physical disabilities in these regions. CHC will launch in the remainder of the commonwealth on January 1, 2020. Pennsylvania has a large aging population, and because of this, we are seeing increased service utilization and growing costs for this population. By offering long-term services and supports in a managed care system, we are working towards more budget predictability and controlling the rate of the increased costs while also providing stronger, coordinated services for older and disabled Pennsylvanians in their community.

We are also working with our physical and behavioral health managed care organizations to encourage alternative payment methods that reward quality and improved participant outcomes. These value-based payment structures move away from paying for services rendered to paying for improvements in a patient's quality of life and long-term health.

We started setting value-based purchasing spending goals for physical health managed care organizations in 2017. This initial goal was 7.5 percent of the medical portion of capitation payments, and all physical health managed care organizations met this goal. This target was increased to 15 percent in 2018 and increased to 30 percent in 2019. Goals were set for behavioral health managed care organizations in 2018 with an initial target of 2 percent. This goal increased to 5 percent for 2019. Both physical health and behavioral health managed care organizations will report their 2018 results later this year.

Last year, my department, the Pennsylvania Insurance Department, and the Department of Health held roundtables with physical and behavioral health providers and insurers to discuss the state of value-based purchasing in Pennsylvania and how we can better implement value-based purchasing around the commonwealth. We will continue to work closely with insurers in both government and commercial markets, providers, and our state agency partners to expand value-based purchasing in Pennsylvania to both work towards better health outcomes for all Pennsylvanians and manage growing health care costs.

The Department of Human Services' mission is to improve the quality of life for individuals and families in Pennsylvania and give the people we serve the opportunity to achieve independence through services and supports we offer. Independence and the services and programs that help a person live an independent life look different to different people, and although the people we serve have diverse backgrounds, circumstances, and needs, our goals often align – helping

improve their quality of life. Investments made in Governor Wolf's Proposed Fiscal Year 2019-2020 Budget will make progress towards this goal, and I look forward to working with all of you as we work towards that goal for all Pennsylvanians.



## DEPARTMENTAL SPENDING

- Health Care
- Long-Term Living
- Intellectual Disability/  
Autism Services
- Children, Youth & Families
- Mental Health &  
Substance Abuse Services
- Administration
- Early Education & Learning
- Other
- Financial Supports

