

Testimony on the Proposed
Fiscal Year 2015-2016 Department of Human Services Budget

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pennsylvania
DEPARTMENT OF HUMAN SERVICES

Good afternoon 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 2015-2016 budget for the Department of Human Services (Department).

Governor Wolf's budget rebuilds Pennsylvania's middle class starting with three priorities: jobs that pay, schools that teach, and government that works. The Department's budget initiatives embody these themes and our success will be linked to our ability to put the families we serve first.

As you know, the Department is responsible for the oversight of a breadth of services, many of which are a critical safety net for individuals and families in need. The Department provided services to 2.72 million Pennsylvanians as of December 2014, or 21.2 percent of the total population, and the Department's budget accounts for 40 percent of the Commonwealth's General Fund. It is important for the Department to focus on initiatives which will improve the quality of services provided, help serve more people in the community and ensure there is accountability for the funds spent.

As the Governor said, "We need to think differently and do things differently," and I am bringing a different mindset to the department. As I approach decision making, I always try to ask myself a simple question, "Does this decision treat the families we serve the way that we would like our own family members to be treated if they faced similar circumstances?" By doing that, I hope that I can force myself to understand the complexity of the issue before me and resist the natural temptation to look at the issue as either "black or white." I often find that, if we instead can see the "grey" that embodies the complexities of all of our lives, we have the best chance to help the families we serve. And with that perspective in mind, my goals for the Department include:

- Successfully completing Governor’s Wolf Medicaid expansion plan.
- Focusing programs on quality and outcomes and away from simple provision of services.
- Improving the quality and availability of community-based services so that more people living with mental illness and intellectual disabilities can live in the community.
- Rebalancing the long-term living system so that more people can take advantage of home and community-based services.
- Helping more individuals make the transition from welfare to work.
- Serving children in the child welfare system in a family setting wherever possible, and helping them successfully transition to adulthood.
- Improving the quality and efficiency of early care and education services.

Making these goals a reality will lead to more adults ~~that~~ who can focus on education and employment opportunities, children ~~that~~ who are prepared for school and life success, and government working more efficiently for the individuals we serve and taxpayers ~~that~~ who support these services. Below is a summary of the Department’s key initiatives outlined in the Ffiscal Yyear (FY) 2015-16 budget proposal, which will begin to move the needle on many of these goals.

Successfully Implement Governor’s Wolf Medicaid Expansion Plan

As you know, Governor Wolf promised to expand Medicaid and the Department is focused on implementing this goal with a seamless transition. The Medicaid expansion will consolidate the three benefit plan options included in *Healthy PA* into one streamlined Adult benefit package. The new Adult benefit package will be for adults ages 21 and older and will be similar in many ways to the traditional HealthChoices package. The Department will implement the new Adult benefit package April 27 of this year by transitioning adults who were previously enrolled in Medical Assistance (MA) in December 2014 from the Private Coverage Option (PCO) to Medicaid, closing the front door to the PCO for all new applicants, and moving current adult Medicaid recipients to the Adult benefit package. The remaining PCO adults will be

transitioned by September 1, 2015, and the process will be complete by Sept. 30, 2015, when the Department and CMS ~~will~~ terminate the *Healthy PA* Demonstration Waiver.

Medicaid expansion will make government services work better for individuals because it will alleviate confusion, remove unnecessary red tape, and streamline the system so that people can see a doctor when they are sick and health care professionals have more time to concentrate on providing quality care. Providing access to quality health care services will improve people's overall health and security, and provide the peace of mind that will allow them to focus on education and employment opportunities.

Improve the Quality and Availability of Community-Based Services for Individuals Living with Mental Illness and Intellectual Disabilities

The FY 2015-16 budget includes initiatives to reduce waiting lists for home and community-based services as follows:

- \$18.9 million to provide supports for home and community-based options for 1,000 individuals with intellectual disabilities.
- \$372,000 to provide supports for home and community-based options for 50 individuals with autism.
- \$5.7 million to provide the opportunity for individuals with mental illness and intellectual disabilities to transfer from institutional placements to home and community-based settings.

These proposals recognize the value of providing greater independence, choice and opportunities for these individuals by allowing them to be part of their communities.

Rebalance the Long-Term Living System

Currently, 16 percent of the Commonwealth's population is over age 65. By 2030 that percentage is projected to be at 22.6 percent. A continuum of services is necessary for this population, from independent living, support in home and community-based services and institutional care when necessary. ~~However, T~~he Department is committed to focusing on rebalancing the long-term living system so more individuals can take advantage of home and community-based services, empowering persons with disabilities and older Pennsylvanians to live with dignity and independence. This approach recognizes that individuals want to live at home, but will also save funds long-term. Pennsylvania currently spends over \$4.8 billion each year on Medicaid long-term care services and an additional \$300 million on preventative services for individuals not yet eligible for Medicaid long-term care, with the demand growing annually. ~~On average, it annually costs the Commonwealth \$24,000 per person for HCBS versus \$36,000 per person in an institution~~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. The FY 2015-16 budget proposal includes the following initiatives to begin ~~on the path of~~ rebalancing our long-term care system:

- \$16.1 million to support home and community-based options for individuals with disabilities.
- \$14.9 to support home and community-based options for older Pennsylvanians.

In addition, the Department, in partnership with the Pennsylvania Department of Aging, will pursue the implementation of managed long term care through engaging stakeholders to ensure that the system is person-centered, breaks down barriers, and fills in the gaps that

currently exist in the long term care services and supports system. This initiative, ~~which was recommended by the Pennsylvania Long Term Care Commission,~~ will result in a more strategic care delivery system and improved health outcomes for seniors. The goals of this project include:

- Improving care coordination to ensure consumers have access to comprehensive person centered supports and services.
- Improving and expanding service delivery to ensure that consumers have access to appropriately qualified providers of care.
- Improving quality and outcomes by using alternative care delivery systems to provide the right service, at the right time, and in the right location.
- Enhancing transitions from more to less intensive settings to ensure continuity of care and prevent unnecessary readmissions.
- Making the system more fiscally sustainable.

Improve the Quality and Efficiency of Early Care and Education Services

Pennsylvania's early childhood education initiatives have proven to be among our most beneficial, cost-effective investments in the Commonwealth's future. Children who have the opportunity to learn and reach their full potential through quality early childhood education are more likely to enter kindergarten with the necessary skills to succeed and are less likely to require costly special education and remediation services while being more likely to graduate, attend college or career training and be employed. Accessing quality early childhood education is especially important for our vulnerable children's school and life success.

Governor Wolf's proposed budget makes historic investments in education to prepare our children for the jobs of tomorrow, including an additional \$120 million to increase the number of

children served in high-quality pre-k by 75 percent, through the Department of Education. In the Department, the Governor's proposal includes the investment of \$35.1 million in federal funds to improve child care health and safety, access and quality, including:

- \$17.8 million to provide childcare subsidies to an additional 3,600 children. Child care subsidies make quality child care more affordable, support the healthy development of children, and help low-income parents access the stable care they need to go to work;
- \$11.4 million to increase the Rising STARS tiered reimbursement rate for STARS 3 and 4 providers. This proposal will help close the gap between the state subsidy reimbursement and the true cost of quality care, and incentivize providers at lower STAR levels to improve their level of quality;
- \$2 million to establish infant/toddler add-on rates for STARS 2, 3, and 4 providers. Providing infant/toddler care comes with higher costs due to more stringent staff to child ratios and the need for additional equipment, such as cribs. This initiative recognizes these higher costs and will help more providers offer high-quality care; and
- \$3.9 million for an additional 60 staff for child care inspections as a result of the reauthorization requirements of the Child Care and Development Block Grant program.

County Human Services Funding Restoration and Human Services Enhancements

The Department's budget proposal also invests in other key human services initiatives including:

- \$27.9 million to help restore reductions to the various human services appropriations.
- \$2.4 million to increase funding for rape crisis and domestic violence programs.
- \$1 million to reduce homelessness of veterans.
- \$2.5 million to provide additional services to address heroin and opioid addiction.

In closing, this budget reaffirms Governor Tom Wolf's commitment to rebuilding Pennsylvania's middle class. The Department's future success in improving the quality of our services and making systems work for the people we serve will be critical to implementing Governor Wolf's vision for jobs that pay, schools that teach and government that works. 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.

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