

2020-21 Appropriations Hearing Testimony
Department of Human Services
Secretary Teresa Miller

Chairman Saylor, Chairman Bradford, and members of the House Appropriations Committee, thank you for the invitation and opportunity to discuss Governor Tom Wolf's proposed fiscal year 2020-21 budget for the Pennsylvania Department of Human Services (DHS). It is my pleasure to appear before you to discuss the proposed budget, its new initiatives and investments, and areas of focus for DHS like workforce development, protection of our most vulnerable neighbors, early childhood development, and health innovation and equity.

DHS is a resource and lifeline for all Pennsylvanians and exists to improve the quality of life for people of all ages across the commonwealth. Our services and programs reach broadly, and most Pennsylvanians will interact with DHS at some point during their lifespan, be it through quality certification and oversight of early childhood education, obtaining clearances necessary to volunteer at an organization working with children, or through long-term services and supports for older Pennsylvanians. At any point, a significant life change or an unexpected event may require a person to turn to supports made possible by DHS. As we discuss DHS' budget, it is helpful to remember that the three million people we serve could be any one of us at any time who may find ourselves in a vulnerable position and needing supports that DHS provides.

Because of this broad reach, we have the opportunity to play a significant role in the lives of people we serve. In a perfect world, people would not need public assistance. Unfortunately, that's not the reality. People are born into poverty every day, and structural inequities and barriers make it difficult for many of these people to change their circumstances on their own. If you are always focused on making ends meet, how can you focus on getting ahead? We take our charge very seriously and we are focused on building and offering programs and supports that put the people we serve on a better path over the long-term.

Workforce development is an area where we are intensely focused. We know that businesses are having difficulty finding workers to fill open positions, but these opportunities don't extend to the communities who use our programs. This population wants to work, but there are skills gaps and barriers that make it challenging for them to find success in the workforce. Last year, Governor Wolf established the Keystone Economic Development and Workforce Command Center to bring together state officials and business and industry leaders to elevate workforce challenges across the commonwealth. As part of this work, the command center was tasked with identifying top barriers to employment for both workers and employers.

Five barriers were identified: transportation, child care, education and training, professional licensure, and re-entry from institutional settings. These align closely with barriers we know participants in DHS' programs are experiencing and are ubiquitous across Pennsylvania. While these barriers present in rural and urban communities in different ways, they are experienced by low-income individuals and families in all parts of Pennsylvania. Given the large numbers of our constituents served by DHS' programs, there is an incredible opportunity for collaboration between state and local governments, social service organizations, and business and industry to create systems that support people entering the workforce as they navigate and overcome these barriers. We are working with partners across the state to enhance our workforce development focus to end the cycle of poverty for our clients, and support the creation of a dedicated and hardworking workforce for Pennsylvania industry.

DHS manages employment and training programs for working-age people who qualify for Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) benefits. These programs, which are primarily federally-funded, already have work requirements that are set at the federal level. DHS administers these programs to ensure they are helping participants find and succeed in employment. Further, we regularly monitor outcomes to look at successes and opportunities. When we reviewed experiences from our Employment Advancement and Retention Network (EARN) program, outcomes were concerning. Data showed that just 4.5 percent of people referred to the program were still in that job after six months. Additionally, nearly 50 percent of people referred to the EARN program never enrolled. We engaged directly with program participants to learn why, and heard that this program, as it was structured, was not doing enough to help people overcome the individual circumstances that create barriers to gaining and retaining employment. Participants expressed that they were not aware of all choices or options for employment and training, they were misunderstood or not truly heard, and programs were generally too one-size-fits-all.

This approach was not working. For too long, we were only focused on getting people into jobs, but we were not considering what they need to be able to succeed in and keep those jobs. As a result of what we learned, we are reworking the EARN and the Work Ready programs to address these barriers from the start and are working closely with the Department of Labor & Industry and local workforce development leadership to make changes. Ultimately, our goal is long-term stability, and the new design will allow us to better support participants as they transition into employment. This individualized approach, flexibility, and support will help people gain not just the education or skills necessary to secure a job, but also the confidence to know that they can be successful in the workforce and change their circumstances for the

long run. Federal funding investments in the Governor's 2020-21 budget will support this redesign by alleviating cliffs that can make transitioning off public assistance more difficult.

We heard and have embraced the legislature's desire to create pathways to employment for people who receive health care coverage through the Medicaid program. The Medicaid Work Supports initiative will create a direct and systematic introduction to employment and training resources available to Pennsylvanians for our Medical Assistance beneficiaries. When people are determined eligible and enroll in a Medicaid managed care plan, they will be asked if they are interested in help finding a job, training programs, or opportunities to get a high school diploma or GED. The referral system will help identify this population for the first time in our history and create the opportunity for a meaningful, encouraging partnership between the managed care organizations (MCOs), the PA CareerLink® system, and the enrollee to facilitate connections to employment and success in the workforce. Individuals interested in learning more about these services will receive outreach either through PA CareerLinks®, their MCO, or their local county assistance office to provide awareness of and referrals to resources and programs available in their local community. DHS will work with our partners to monitor that outreach attempts and connections to employment or training programs are being made through PA CareerLinks® and in partnership with the MCOs. This approach, which is modeled after a similar program implemented with success in Montana, helps us connect Medicaid beneficiaries to employment and training programs without risking access to health care as a work requirement would. The referrals began in February 2020, and we look forward to seeing the results that come of this program. We will continue to engage with the General Assembly as the program matures.

As we establish connections to employment and necessary supports for people served by DHS' programs, we must not lose sight of one of the biggest drivers of poverty: wages. Pennsylvania's minimum wage remains at the lowest permitted under federal law. At this rate, a person working full-time earns just over \$15,000 each year, which is low enough to fall very close to the Federal Poverty Level, particularly for a person with dependents. In 2018, more than 96,000 Pennsylvania workers earned the minimum wage or less. These are workers and jobs that play an important role in our economy. Our current minimum wage makes working people turn to public assistance programs to make ends meet. As much as we are assisting people gain and sustain employment, we need to be sure that our jobs are paying a living wage that allows them to truly achieve self-sufficiency.

In July 2019, Governor Wolf issued an executive order focused on protecting vulnerable populations and establishing the Council on Reform to make recommendations for system changes to better protect

vulnerable populations around Pennsylvania. The Council delivered a list of recommendations to the governor on November 1, 2019. As part of this effort, agencies were charged with seeking opportunities to strengthen programs and protections. DHS takes this effort and our responsibility to the people we serve seriously, and numerous initiatives in the 2020-21 budget will strengthen and support these efforts. One of our chief responsibilities is ensuring quality and safety in DHS' licensed facilities. DHS has licensing oversight over child care programs, residential and day treatment programs for children, providers serving people with intellectual disabilities and behavioral health needs, personal care homes, and assisted living facilities, among others. It is imperative that we complete timely inspections of facilities to ensure full compliance with regulations, investigate complaints, and monitor the implementation of corrective action measures. The volume of this work is incredibly demanding on staff resources. In the last 10 years, DHS has lost approximately 1,600 full-time positions from its complement, but the scope of our oversight work has grown substantially. Additional staff funded by a \$5.1 million budget increase will be provided to several program areas within DHS to support increased workloads and help keep the people we serve and protect safe and healthy. Additionally, \$4 million of administrative funding will be made available to counties supporting people with intellectual disabilities and/or autism living in the community as they conduct risk management and oversight responsibilities. This investment bolsters advancements in incident management that DHS' Office of Developmental Programs made following a 2015 audit by the United States Department of Health and Human Services' Inspector General, which was released earlier this year.

Investments to protect vulnerable populations will extend beyond supporting licensure and oversight activities. The direct care workforce is a critically important field and these workers are the backbone of the long-term care system in Pennsylvania, but low wages, high stress, and lack of advancement opportunities make it a field with high turnover. The growth in population of individuals in need of long-term care and their complex needs have increased demand for direct care workers. Training is essential to ensure that direct care workers are fully prepared to care for those in need of long-term care and also to support opportunities for career advancement. A new investment of \$1.2 million will establish a direct care worker training program for the participant-directed model to support individuals in the direct care workforce, support direct care worker retention, and improve the quality of long-term care services as recommended by the Long-term Care Council.

The Wolf Administration has consistently prioritized investments targeted towards reducing the number of people with intellectual disabilities and/or autism waiting for services in the community. These investments, which total nearly \$400 million, allowed us to serve more individuals in community

programs and eliminate the gap in services that might have occurred when a person aged out of the public school system. The 2020-21 budget proposes funding to serve an additional 832 individuals with an intellectual disability and/or autism from the emergency waiting list in residential and non-residential services through the home-and community-based waivers administered by the Office of Developmental Programs. The proposed \$15 million investment to address the waiting list will provide community services to people on the emergency waiting list, people with unanticipated emergencies, people transferring from private intermediate care facilities, congregate care settings, or state hospitals. As recommended by Governor Wolf's Council on Reform, this waiting list initiative will also include moving up to 40 children with complex medical needs into the Community Living and Consolidated Waivers to support their transition from congregate care settings into their own home, ensuring they have an opportunity to live and grow up with their families.

Our commitment to protect vulnerable populations also extends to the Wolf Administration's support of systems serving children and parents during children's earliest years. Many of these investments have incentivized quality in our child care settings, but ensuring that providers across the quality rating system have the resources they need to invest in their own quality is just as important. The 2020-21 budget proposes a \$15.3 million appropriation of federal funds to increase base rates in the Child Care Works subsidized child care program. This investment demonstrates a commitment to supporting quality across the system. The administration is also continuing its support for evidence-based and research-informed home visiting programs around Pennsylvania. Home visitors teach parents about infant development, assess social indicators of health like housing and food access that can affect child development and overall health, and identify whether additional supports are needed. They can be a gateway to other resources and help address needs that may otherwise go unidentified or unsupported. Last October, DHS announced that all first-time mothers and mothers of children with additional risk factors covered by Medical Assistance would receive at least two home visits. This initiative is part of the community-based care management requirement in our MCO agreements. Our physical health MCOs are currently developing these programs, and we expect to have them implemented by July 2020. The 2020-21 budget proposes to expand this program in 2021 to ensure mothers receive individualized, necessary education and services to support a safe and healthy home environment. \$1.4 million has been proposed for this expansion.

As we think about child development, we cannot disregard the effects of the environment in which we are raising our children. The Wolf Administration is committed to helping communities remove harmful lead from buildings so children across the commonwealth do not have to live with the life-long impacts of lead

exposure. Pennsylvania is working with the Centers for Medicare & Medicaid Services to secure a Health Services Initiative (HSI) to improve the health of children and families in Pennsylvania by increasing funding of lead testing and remediation activities in places where children have been exposed to high levels of lead. The Lead Exposure Reduction Program as proposed in the HSI contains three specific components that will help reduce lead exposure and poisoning in Pennsylvania children—all-access testing, lead abatement activities, and education and outreach. Each component addresses a wide variety of issues in reducing lead exposure while also continuing the work of establishing a statewide structure for communities to gather best practices, technical assistance, and capacity. If the federal government approves this initiative, Pennsylvania will be required to support this initiative to receive a guaranteed federal match.

As I come before your committee to discuss these and other initiatives and requests in the Governor's budget, I want to acknowledge concerns over the growing size of DHS' budget and our supplemental request for the 2019-20 fiscal year. DHS' scope of work and reach is large, and our budget is necessary to support this work. Our biggest cost driver is health care, particularly the growing population of people using Medical Assistance for long-term services and supports. Pennsylvania is an aging state, and growth in this area is outpacing expectations for Medicaid as well as the private pay market. During my time as Pennsylvania's Insurance Commissioner, long-term care insurance companies were consistently coming in requesting significant rate increases due to precarious financial situations. The demand for and use of services was far outpacing the rates they set. Medicaid is experiencing this too. We do our best to communicate these experiences and the program's financial needs throughout the year, but this situation is only going to continue to grow. According to the Pennsylvania Long-Term Care Council's Blueprint for Strengthening Pennsylvania's Direct Care Workforce, Pennsylvania has the fifth-oldest population in the country. People over 60 represent a quarter of Pennsylvania's population, and by 2030, the baby boomer generation will be 65 or older. This will grow the population of Pennsylvanians over 65 by 26 percent. More and more people are going to need long-term services and supports, and this budget is going to grow. Cost containment and health innovation are top priorities, but we need to be realistic and careful about how we do this. Reducing coverage to lower cost areas of the program does not help as we face growing long-term services and supports needs. We do not, however, operate under an assumption that there is nothing we can do to control rising health care costs. We must bend the cost curve without reducing or limiting coverage, and we are working towards this goal every day.

We are working closely with our physical and behavioral health MCOs to increase value-based purchasing targets and models that focus on quality of outcomes over the number of services delivered.

One example is through bundled payment agreements for routine services like hip and knee replacements or maternity care. Bundled arrangements pay a lump sum for care associated with a procedure and encourage quality over quantity of services. We are also working closely with our managed care organizations to act based on data on health equity, which will help the people we serve live healthier lives no matter their race, socioeconomic status, or geographic location and can reduce concentrations of higher health care spending driven by inequity. These efforts are primarily focused on our physical health and behavioral health programs because they have operated under managed care for more time, but transitioning long-term services and supports to managed care through Community HealthChoices gives us the infrastructure to focus on cost containment in that space as well.

Thank you again for the opportunity to appear before your committee to discuss Governor Wolf's proposed 2020-21 budget request for the Department of Human Services. Investments proposed in this budget support our work to promote good health, financial self-sufficiency, and strong beginnings for the people we serve. It also provides critical support for DHS' capacity to provide necessary oversight and support to keep Pennsylvanians safe. While our perspectives may differ at times, I know these are objectives we share and all want for residents of this commonwealth. I look forward to working with all of you to achieve these shared goals.