

DEPARTMENT OF HUMAN SERVICES

BUDGET HEARING WRAP

Wednesday, March 4, 2026



General Overview:

Pennsylvania Department of Human Services (DHS) Secretary Dr. Valerie Arkoosh and senior DHS staff testified before the House Appropriations Committee today. House Republicans championed many program integrity measures included in the current-year budget and inquired with the department on how those reforms are working. Members also asked how DHS is helping improve access to healthcare in rural Pennsylvania, keeping their costs contained and in line with federal laws, and the need to more accurately project future costs for the Commonwealth.

Key Takeaways:

- The Governor's FY 2026-27 Executive Budget contains \$21.94 billion in General Fund spending for DHS, accounting for over 42% of the Governor's entire General Fund proposal. This represents an overall increase of \$1.36 billion, or 6.6%, over the current fiscal year.
 - \$1.07 billion, or 79%, of the increase is attributable to the Medical Assistance – Capitation and Medical Assistance – Community HealthChoices line items
 - Thanks to the federal government, we are receiving an increase in the blended FMAP rate for FY 2026-27, which will reduce the projected burden on state taxpayers by \$570 million.
- The Governor's budget projects a future budget growth rate of 0.78% for DHS, whereas recent history indicates an average annual growth rate of 5.5%. Secretary Arkoosh could not explain why the projections are so low and directed Members to the Governor's Budget Office.
- House Republicans expressed concerns about healthcare access in rural Pennsylvania.
 - Members noted that the One Big Beautiful Bill (HR 1), signed by President Trump, included \$193 million in funding for rural healthcare, a portion of which is being used for maternal health.
- Secretary Arkoosh informed the Committee that Pennsylvania's SNAP error rate is projected to be below 6%, which means the Commonwealth may not be required to pay the penalty included in HR 1.
 - House Republican members corrected the record to note that work requirements for certain benefits, like SNAP, also include volunteer options.
 - Members also clarified that the process for confirming employment or volunteer hours for the required SNAP recipients can only be sent via mail or fax; an online option is still under development.
 - Secretary Arkoosh was not able to determine the full impact of the Commonwealth's mail vendor's monthlong delivery lapse and its potential impact on the SNAP error rate. However, the department has incurred at least \$250,000 in expenses related to this issue.
- Part of the reason healthcare costs continue to rise is due to litigation. Members pressed DHS to look at the potential impacts of tort reform in Pennsylvania on costs, especially in maternal healthcare.
 - Because of a recent decision rendered by the Democrat-controlled state Supreme Court, rural hospitals can be sued in counties outside their service areas known for excessive damage awards.
- Committee members were skeptical of a program designed to use Medicaid dollars to pay for housing for recently released inmates, in addition to other household items like pots and pans and bedding.
- House Republicans noted that DHS claims the Governor's minimum wage proposal will have minimal impact. The reason is that by 2027, the market wage will already meet and exceed the proposed \$15 per hour, meaning the market, not the government, will naturally provide for increased wages.

Notable Q&A:



Rep. Josh Kail sets the record straight on the One Big Beautiful Bill and how Republicans are standing up for Pennsylvania citizens.

Rep. Marci Mustello asked how the Shapiro Administration is spending \$193 million from the Trump Administration for Rural Healthcare.



Rep. Chad Reichard is informed that SNAP work requirement forms can only be submitted to DHS via fax or mail.

Rep. Eric Nelson advocates for tort reform, specifically within maternal health.



Rep. Zach Mako asks why the governor's budget shows a 0.78% growth rate for DHS in future years, when history shows DHS spending increases on average by 5.5%.

Rep. Eric Davanzo asks Secretary Arkoosh to explain why she feels Medicaid funding should be available to help recently released inmates pay for housing and household expenses.



Rep. Kristin Marcell receives an update on the Commonwealth's mail vendor's monthlong delivery lapse and its impact on DHS.

Rep. Charity Krupa confirmed that market forces are raising the minimum wage without the need for legislation or the governor's three-time failed proposal.

