

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES
APPROPRIATIONS COMMITTEE HEARING

STATE CAPITOL
HARRISBURG, PA

MAIN BUILDING
ROOM 140

WEDNESDAY, MARCH 4, 2020
10:07 A.M.

BUDGET HEARING FOR THE
DEPARTMENT OF HUMAN SERVICES

BEFORE:

HONORABLE STAN SAYLOR, MAJORITY CHAIRMAN
HONORABLE ROSEMARY BROWN
HONORABLE LYNDY SCHLEGEL-CULVER
HONORABLE SHERYL DELOZIER
HONORABLE GEORGE DUNBAR
HONORABLE JONATHAN FRITZ
HONORABLE MATT GABLER
HONORABLE KEITH GREINER
HONORABLE SETH GROVE
HONORABLE MARCIA HAHN
HONORABLE DOYLE HEFFLEY
HONORABLE LEE JAMES
HONORABLE JOHN LAWRENCE
HONORABLE JASON ORTITAY
HONORABLE CLINT OWLETT
HONORABLE GREG ROTHMAN
HONORABLE JAMES STRUZZI
HONORABLE JESSE TOPPER
HONORABLE JEFF WHEELAND
HONORABLE RYAN WARNER
HONORABLE MARTINA WHITE
HONORABLE MATT BRADFORD, MINORITY CHAIRMAN
HONORABLE DONNA BULLOCK
HONORABLE CAROLYN COMITTA
HONORABLE AUSTIN DAVIS
HONORABLE MARIA DONATUCCI
HONORABLE EDWARD GAINNEY
HONORABLE ELIZABETH FIEDLER
HONORABLE MARTY FLYNN
HONORABLE PATTY KIM

1 BEFORE: (cont.)

2 HONORABLE STEPHEN KINSEY
3 HONORABLE STEPHEN McCARTER
4 HONORABLE BENJAMIN SANCHEZ
5 HONORABLE PETER SCHWEYER

6 ALSO IN ATTENDANCE:

7 HONORABLE ROB KAUFFMAN
8 HONORABLE FRANK RYAN
9 HONORABLE CRIS DUSH
10 HONORABLE BARRY JOZWIAK
11 HONORABLE CHRIS SAINATO
12 HONORABLE TOM CALTAGIRONE
13 HONORABLE ED NEILSON
14 HONORABLE GERALD MULLERY

15 COMMITTEE STAFF PRESENT:

16 DAVID DONLEY, MAJORITY EXECUTIVE DIRECTOR
17 RITCHIE LaFAVER, MAJORITY DEPUTY EXECUTIVE DIRECTOR
18 ANN BALOGA, MINORITY EXECUTIVE DIRECTOR
19 TARA TREES, MINORITY CHIEF COUNSEL
20
21
22
23

24

25

26

27

28

29

30

31

32

33

34

35

36

37

* * * * *

*Pennsylvania House of Representatives
Commonwealth of Pennsylvania*

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

TESTIFIERS

* * *

<u>NAME</u>	<u>PAGE</u>
TERESA D. MILLER SECRETARY, DEPARTMENT OF HUMAN SERVICES.....	5
DENNIS BOOKWALTER FISCAL MANAGEMENT DIRECTOR, DEPARTMENT OF HUMAN SERVICES.....	17
MARA PEREZ ASSISTANT FISCAL MANAGEMENT DIRECTOR, DEPARTMENT OF HUMAN SERVICES.....	86
JONATHAN RUBIN DEPUTY SECRETARY, OFFICE OF CHILD, YOUTH, AND FAMILIES, DEPARTMENT OF HUMAN SERVICES.....	20
KEVIN HANCOCK DEPUTY SECRETARY, OFFICE OF LONG-TERM LIVING, DEPARTMENT OF HUMAN SERVICES.....	30

SUBMITTED WRITTEN TESTIMONY

* * *

(See submitted written testimony and handouts online.)

* * * * *

Summer A. Miller, Court Reporter
SMCourtreporting@gmail.com

P R O C E E D I N G S

* * *

MAJORITY CHAIRMAN SAYLOR: All right, Madam Secretary, if you would rise, and anybody who may at some point today need to testify, if any of those would rise, as well, that's in the audience.

Raise your right hand.

TERESA D. MILLER, DENNIS BOOKWALTER, MARA PEREZ, JONATHAN RUBIN, KEVIN HANCOCK, called as witnesses, being duly sworn, testified as follows:

MAJORITY CHAIRMAN SAYLOR: Thank you.

With that, we'll move on to our first questioner of the day. It is Representative Grove.

REPRESENTATIVE GROVE: Thank you, Mr. Chairman.

Good morning, how are you?

SECRETARY MILLER: Good morning. Good.

REPRESENTATIVE GROVE: Good.

So as we unpack the budget this week, one of the things we are very worried about is the size and scope of your budget. Year over year cost increases about a billion, we're looking at supplementals reflected of close to half a billion dollars, and then carried forward supplementals

1 heading into about 300 million, totally about a \$2 billion
2 increase, which is not sustainable for taxpayers moving
3 forward.

4 On top of that, the Governor signed into law
5 an administrative code that provided a provision to include
6 that any kind of supplementals, we must be notified and given
7 details about. We haven't received that, and the language
8 is, quote, "A written statement detailing the amounts
9 requested and the need for the additional appropriation."

10 So this morning, I just wanted to start with
11 going through those supplementals, the cost increase, and
12 one, why they're there, and two, what are we doing to try to
13 curb those costs.

14 So, one, the early intervention line item
15 enacted in the 2019 General Appropriations Act
16 \$161.4 million. Your department is now requesting a
17 supplemental appropriations of \$16 million more, or nearly 10
18 percent, for the total appropriation of \$177.4 million. Why
19 and what are we doing to curb those costs?

20 SECRETARY MILLER: Yeah. So good morning.
21 Thank you for that question.

22 Our increase in costs with early intervention
23 are directly attributed to the number of people that we're
24 serving.

25 So over the past few years, participation in

1 that program has increased substantially. From 2015-16
2 through 2019-20, participation in early intervention has
3 increased by nearly 11,000 participants. We're seeing
4 increased referrals from a number of sources, local community
5 agencies, and increased risk factors. When you think about
6 the opioid epidemic, you think about poverty, teen pregnancy,
7 all of these things contribute to us just seeing more people
8 who need services through early intervention.

9 In terms of what we were doing about it, I
10 mean, we certainly recognize that these increased costs play
11 a role in our supplemental and in our growing budget. We've
12 already begun to explore options to encourage more families
13 to enroll their children in the Medical Assistance Early
14 Periodic Screening Diagnostic and Treatment Program to
15 maximize the federal MA funding we might be able to receive
16 to assist here. So we do recognize the increase and are
17 trying to do what we can. We can't mandate that people go
18 onto Medicaid, but we're certainly trying to do what we can
19 to encourage that.

20 REPRESENTATIVE GROVE: Are we seeing issue
21 with the potential of the department not recognizing how many
22 people are coming onto these programs? So is it an internal
23 issue with your agency trying to reflect how many people are
24 coming onto these programs when we're building budget
25 estimates moving forward? Because if we've been seeing an

1 increase since 2015 and a trend upwards, that probably should
2 be taken into account now rather than when, you know, the
3 budget is finalized.

4 SECRETARY MILLER: Right. And I think that's
5 one of the reasons that we have the supplemental. I think
6 going forward, we need to make sure that we are taking into
7 account the increases we've seen in the past to reflect that
8 in our growing budget.

9 We do have, as part of our proposal, I think
10 it's two and a half million dollars for administrative
11 expenses to help the counties deal with these increased
12 services that they're providing. So that is part of our
13 budget this year.

14 REPRESENTATIVE GROVE: Okay.

15 Medical Assistance capitation line item was
16 enacted in the 2019 General Appropriations Act at
17 \$2.63 billion. You're now requesting a supplemental
18 appropriation of \$165.8 million more, or seven percent, total
19 appropriation \$2.529 billion.

20 And I would add, since the enactment of Senate
21 Bill 432 should provide some cost savings within that line
22 item, that should save some dollars on the actuarial
23 analysis. But why are we seeing an increase in that, and
24 then what are we doing to try to mitigate those costs moving
25 forward?

1 SECRETARY MILLER: So I think the increases
2 we're seeing -- and frankly, when you look at our
3 supplemental, the increases we're seeing are directly related
4 to increases in our physical health, behavioral health, and
5 CHC line items. I know you're talking just about capitation,
6 we're seeing increased people that we're serving and
7 increases in services that we're providing. So I think it's
8 always important to remember with DHS, I mean, the majority
9 of our programs are entitlement programs. So when people are
10 eligible for those services, we have to provide those
11 services.

12 And certainly with CHC, I mean, one of the
13 biggest cost drivers we're seeing with our budget today, and
14 one of the reasons you see such a big supplemental, is just
15 that we have an aging population. We have more and more
16 seniors who need long-term services and supports. That is
17 the biggest driver. And when I think about our budget going
18 forward and concerns I have, that's an issue that's not just
19 an issue for Pennsylvania, it's an issue for the entire
20 country. But we have our parents and our grandparents are
21 outliving their resources, and that really is the biggest
22 driver of our costs.

23 REPRESENTATIVE GROVE: Unfortunately, I'm out
24 of time.

25 Thank you, Mr. Chairman.

1 Thank you, Madam Secretary.

2 MAJORITY CHAIRMAN SAYLOR: Members that are
3 here today that are here to observe, but are not members of
4 the Appropriations Committee, we have Representative Gleim
5 here and Representative Nelson, as well.

6 With that, we will move to Representative
7 Schweyer.

8 REPRESENTATIVE SCHWEYER: Thank you, Mr.
9 Chairman.

10 Secretary Miller, how are you today?

11 SECRETARY MILLER: Good.

12 REPRESENTATIVE SCHWEYER: Thank you for
13 joining us this morning.

14 I'd really like to drill down on the issue of
15 childcare. My district is a little different than most
16 districts in the Commonwealth in that my average age is 34
17 years old and less than 10 percent of my residents are, in
18 fact, senior citizens. So my constituents tend to be younger
19 and childcare seems to be a bigger issue in my district.

20 I understand that the Governor proposed some
21 additional funding for childcare; however, unless I'm
22 mistaken, almost of it, if not all of it, was actually
23 federal dollars and there was no more direct state investment
24 in early childcare.

25 Can you talk about that a little bit and how

1 that decision was made?

2 SECRETARY MILLER: Absolutely.

3 You know, the Administration has been able to
4 leverage available federal funding to more than offset any
5 decreases that we've seen in state funding. So when you look
6 at state funding, it has decreased by 13 percent, but total
7 funding for childcare has increased by 25 percent. So I
8 think this Governor has made significant investments in
9 childcare.

10 I think we absolutely understand the vital
11 importance of childcare. A lot of us in this room today
12 wouldn't be here today if we didn't have access to quality,
13 affordable childcare. So we have made significant
14 investments, but I think from the Governor's perspective,
15 when we have federal dollars available, we want to use those
16 so it opens up state dollars for other areas.

17 REPRESENTATIVE SCHWEYER: I appreciate that.
18 I understand that. I still think that there's a need for us
19 to put a little bit more money where -- the dollars that we
20 control where our mouth is. But that's a personal
21 preference.

22 You used an important word there when you said
23 "quality." The allocations this cycle, though, aren't
24 necessarily based on the Keystone Stars Program. In years
25 passed, we've invested in Star 2, Star 3, Star 4 centers, but

1 now we're not doing that. It looks like we're just ignoring
2 the quality metrics and just investing. And I'm kind of
3 curious about that. The whole point is quality childcare so
4 when kids go to kindergarten or first grade or whenever they
5 enter the traditional school settings, that they are able to
6 read, write, and get started off on a good foot, not just
7 simply allowing their parents to go to work that day.

8 SECRETARY MILLER: Yeah. So I think this is a
9 good question and an important one. I'm glad you asked it.

10 You know, the Child Care and Development
11 Block Grant emphasized equal access for families. Our
12 CCDBG guidance requires that children that are receiving
13 subsidy have access to the same childcare settings that
14 private pay families have access to.

15 And in Pennsylvania, when we did a comparison
16 of private pay provider rates and childcare worker base
17 payment rates, it identified significant discrepancies
18 in reimbursement across all levels of care. So with the
19 exception of a small 2.5 percent increase to the base
20 rates in 2018, childcare provider base rates haven't
21 been increased since 2007. With the growth in our
22 federal CCDBG funding comes increased expectations by
23 the federal government that states meet federal
24 benchmarks for adequate payment rates.

25 Tiered reimbursement rates, which has been --

1 to your point -- around quality, that's been an emphasis
2 of the Administration to this point. Unfortunately,
3 those investments are not included in the federal
4 government's calculation of adequate payment rates.
5 Without a focus on base rates at this time, we are very
6 concerned that we could jeopardize critical federal
7 funding because we're not able to meet the adequate
8 payment benchmarks that they have clearly laid out.

9 And I think the other thing that I would
10 note, to your point about quality, I don't think it's
11 fair to say that we're not focused on quality with an
12 increase in base rates. I think we have to balance the
13 scales and make sure that our Star 1 and 2 facilities
14 are able to also improve their quality and get quality
15 professionals in their facilities, as well. So I think
16 rather than continuing to constantly pour money into the
17 higher performing facilities, an increase in base rates
18 will allow those Star 1 facilities to increase their
19 quality, as well.

20 REPRESENTATIVE SCHWEYER: Okay, two things
21 about that. Number one, you said that the federal government
22 isn't necessarily taking quality into it when they're asking
23 us to increase our base rate, but that's exactly the argument
24 why we need more state dollars, to be able to focus on the
25 quality instead of relying on federal dollars because we're

1 playing by the federal government's rules as opposed to our
2 rules and our goals and desires.

3 So that's why I will once again reiterate the
4 fact that -- I talked about this last year, as well, that we
5 need to have more state dollars in it so that we can not
6 worry about what the federal government's rules are with
7 regard to, you know, the quality initiatives.

8 Second point, I am really interested in
9 whether or not those additional dollars are going to improve
10 the quality of the Star 1 and Star 2 facilities. So I'm not
11 sure if we have a particular mechanism in this budget or if
12 we're going to devise a particular mechanism to see if what
13 you are asserting there actually comes to fruition, if the 1s
14 and 2s become higher performing as a result of greater
15 investment in it or if we should be investing in those
16 centers that we know already are Star 3, Star 4, expanding
17 access to them so that more children have access to known
18 commodities.

19 But I had a perspective question, I'll stop
20 talking now. It's up to the Chairman if you want to answer,
21 but my time is up.

22 SECRETARY MILLER: I think from our
23 perspective, you know, we do track the movement of providers
24 from Star 1 to Star 2, 3, and 4. So one way of tracking
25 whether we're able to increase Star 1 quality, for example,

1 would be to see how many more of those Star 1 facilities move
2 up. So we do track that on a very regular basis.

3 And I think, we just want to make sure we are
4 able to improve quality in those Star 1 facilities.

5 REPRESENTATIVE SCHWEYER: Thank you.

6 Thank you, Mr. Chair.

7 MAJORITY CHAIRMAN SAYLOR: Very good.

8 We've been joined by Representative
9 Schlossberg and DeLissio, and also we've been joined by the
10 Speaker of the House, Mike Turzai.

11 Thank you, Speaker.

12 Our next questioner is Representative Owlett.

13 REPRESENTATIVE OWLETT: Thank you, Mr.
14 Chairman.

15 And thank you, Secretary, for being here.

16 I want to jump right back into some of the
17 supplementals. I think what's kind of taking us all back is
18 just the amount of the overall overspend, looking at last
19 year's budget.

20 So I would like to start with the Medical
21 Assistance workers with disabilities line item that was
22 enacted last year at \$52 million and now, we're looking at a
23 \$12 million supplemental overspend, 23 percent. When I look
24 at budgets, I look for kind of numbers that stand out. A
25 23 percent increase is a fairly substantial increase. So

1 it's a total spend this year of \$64 million.

2 Specifically what is driving this up and what
3 are we doing to curb any of these costs?

4 SECRETARY MILLER: So, I mean, when you say
5 "overspend," I mean, I think just to be clear, from our
6 perspective, as I mentioned before, again, we are an agency
7 that administers a lot of entitlement programs. So if people
8 meet the eligibility criteria, our mission and our obligation
9 is to provide those services. So for the Mod Program, we're
10 seeing more people eligible for that program, just like in,
11 for example, our CHC program, we're seeing more -- many, many
12 more people eligible for that program.

13 So I know you call it overspend. I think from
14 our perspective, we're here to meet those needs. And it's
15 our requirement to do that.

16 REPRESENTATIVE OWLETT: Did we not see any of
17 these trends coming last year when we drafted the budget?

18 SECRETARY MILLER: Well, I think one thing to
19 note when we talk about our supplemental -- and again, so we
20 sign contracts with our managed care organizations. If we're
21 talking about our managed care programs, whether that's
22 physical health, behavioral health, or CHC, we sign contracts
23 every year with our managed care organizations to pay
24 actuarially sound rates. And we estimate what kind of
25 services and how many services we're going to provide, but I

1 think there is a general acknowledgment that we're not going
2 to hit that right every time, right? And that's why we have
3 a February budget and it's why we have a spring update,
4 because things change.

5 REPRESENTATIVE OWLETT: Oh, yeah. I totally
6 get that. I mean, I understand that there's going to be some
7 adjustments. I think we're looking at trends, is what I'm
8 talking about. I mean, one of the things you talked about
9 was the aging population. Did we not see that coming when we
10 drafted some of these numbers last year?

11 SECRETARY MILLER: Well, I think the other
12 thing to note is, again, I mentioned that we sign contracts,
13 we provide a budget, and then the legislature appropriates
14 funding that may or may not cover all of the needs that we
15 have put out there. And so at the end of the day, in
16 capitation, we don't have waiting lists. So if people are
17 eligible, we provide those services. So in some cases, yes,
18 we did see it. But again, the legislature decides what
19 they're going to appropriate for the agency.

20 REPRESENTATIVE OWLETT: Okay.

21 Another line item that I'd like to talk about
22 is the Medical Assistance long-term living line item. It was
23 enacted at \$491 million, the request for supplemental
24 appropriations is \$46 million, again, that's about a 9.5
25 increase. Total appropriation would be \$537 million.

1 Specifically what are we looking at there for the
2 supplemental?

3 SECRETARY MILLER: So again, I mean, this
4 is -- we have an aging population. These are people who, in
5 many cases, have paid into the system their entire lives and
6 they are outliving their resources and they need services.
7 And so we're here to provide those services.

8 But I do think this is a really important
9 question. I'm glad you asked it because I do think as we
10 move forward, this is going to be a bigger and bigger issue
11 for our budget. We really are not, as a society, frankly --
12 and this is not just a Pennsylvania issue -- we are not
13 prepared for all of our parents and grandparents to continue
14 outliving their resources, and Medicaid is bearing the brunt
15 of those costs.

16 REPRESENTATIVE OWLETT: Totally agree with
17 you.

18 So looking at trends going forward, is that
19 something you're prepared to give us some numbers on this
20 year as we draft a budget that would be maybe a little more
21 in line with where we think we're going to be at the end of
22 the year next year?

23 MR. BOOKWALTER: Yeah. We typically -- we
24 call it spring update, but in a couple of months, we'll be
25 giving you updated numbers as we have a better feel for what

1 the actuals will be for this year. So we'll be providing
2 those to you. I believe in about May is when we provide
3 those.

4 SECRETARY MILLER: I will say just one point
5 of note, which we thought was very interesting -- and again,
6 I don't think we anticipated this level of growth, but in the
7 last year, when you look at the increase in enrollment for
8 LTSS services in the community, that has gone up 10 percent
9 just in the last year. So those are the kind of growth
10 numbers that we're seeing.

11 REPRESENTATIVE OWLETT: And lastly, the
12 Medical Assistance home- and community-based services line
13 item, last year we appropriated it at 159 million, request
14 for supplemental is \$32 million, another 22 percent increase,
15 total appropriation of 191 million. Specifically what are we
16 looking at in that line item?

17 SECRETARY MILLER: I think I anticipated your
18 question.

19 This is exactly where we're seeing that
20 growth. So in just the last year, we saw a 10 percent
21 increase in our enrollment in long-term services and supports
22 in the community. So that is a very big driver.

23 The good news is, we want people to receive
24 those services in the community because it's cheaper than
25 receiving them in a nursing facility. And I think this is

1 where our Community Health Choices Program has been a real
2 success story because we just finished the third rollout.
3 But we are starting to see that that program moving to
4 managed care has changed where people are getting served. So
5 we are serving more people in the community now, which is a
6 good thing, but again, there's just a lot of seniors that we
7 have to serve and it costs a lot of money.

8 REPRESENTATIVE OWLETT: I appreciate the work
9 that you're doing.

10 And we want to draft a budget that's accurate,
11 so any additional information you can help us with trends,
12 with actual numbers, so that we're not coming back and
13 looking for a, you know, \$500 million supplemental. That's a
14 tough one. So any additional information you can provide to
15 the committee would be very helpful.

16 SECRETARY MILLER: Absolutely.

17 REPRESENTATIVE OWLETT: Thank you.

18 SECRETARY MILLER: Thanks.

19 MAJORITY CHAIRMAN SAYLOR: Our next questioner
20 is Representative Sanchez.

21 REPRESENTATIVE SANCHEZ: Thank you, Mr.
22 Chairman.

23 Madam Secretary, welcome. Welcome to the
24 team.

25 I wanted to -- in the category of federal

1 funding, I wanted to probe that a little bit, the federal
2 funding received for the Child Abuse Prevention and
3 Treatment -- from the Child Abuse Prevention and Treatment
4 Act, CAPTA. Is that what's reflected? I understand it's
5 about -- is that about two million that Pennsylvania will
6 receive from that?

7 SECRETARY MILLER: We may have to get back to
8 you on that.

9 REPRESENTATIVE SANCHEZ: Okay. And so -- if
10 that's -- what's funding the plans of safe care and you know,
11 what the items --

12 SECRETARY MILLER: If you'd like, I could have
13 Deputy Secretary Rubin come up and answer that question.

14 REPRESENTATIVE SANCHEZ: That'd be -- please.
15 I don't know if he needs to be sworn, Mr. Chair.

16 DEPUTY SECRETARY RUBIN: Good morning. If you
17 could, repeat the question.

18 MAJORITY CHAIRMAN SAYLOR: Make sure your mic
19 is on and give your name and your title for the stenographer.

20 DEPUTY SECRETARY RUBIN: Jonathan Rubin,
21 Deputy Secretary for the Office of Child, Youth, and
22 Families.

23 REPRESENTATIVE SANCHEZ: Good morning, sir.

24 The question was the federal funding from
25 CAPTA, the Child Abuse Prevention and Treatment Act, is that

1 reflected in the Plans of Safe Care? And if so, could you
2 discuss how that will be spent?

3 DEPUTY SECRETARY RUBIN: Yes. It is reflected
4 in the Plan of Safe Care. So the CAPTA money we get, I
5 believe it's close to three million, of which two million is
6 meant to go to specifically the safe care work, where we are
7 working with each of the 67 counties to develop teams within
8 their counties to respond to when there's a report of a child
9 born with substances in their system, and allow the community
10 to develop a team response to support that child and the
11 family.

12 REPRESENTATIVE SANCHEZ: And those programs
13 are underway already?

14 DEPUTY SECRETARY RUBIN: Yes, sir.

15 REPRESENTATIVE SANCHEZ: Okay. Thank you very
16 much.

17 Shifting gears a little bit, but still in the
18 category of federal funding, I believe, the Kinship
19 Navigator. Could you elaborate on that program and the
20 federal sources of funding for that and other sources, let us
21 know of any successes with it?

22 SECRETARY MILLER: Sure. So the Kinship
23 Navigator Program was up and running in July of last year.
24 And this is really a response to the fact that several
25 cabinet members and the Governor have had the opportunity to

1 talk to a lot of grandparents who are raising their
2 grandchildren, and hear from them the struggles they have.
3 And I think one of the biggest is just connecting to
4 resources that can help them, which is what this program
5 does.

6 So we have had a toll-free hotline that has
7 been providing information, resources specific to individual
8 situations and assisting in making referrals to programs that
9 can support them and their care for their relatives.

10 I think we've just -- if we haven't gotten the
11 website up and running now, we will be very, very soon so
12 people will be able to interact through the website, as well.
13 But this has been, I think, a great resource for a lot of
14 grandparents or other kin who are raising their
15 grandchildren. And I know we've had some federal funding.

16 And I don't know, Dennis, if you have the
17 numbers off the top of your head, but I know we've had
18 federal funding for that program.

19 REPRESENTATIVE SANCHEZ: Thank you.

20 And one more question, with the balance of my
21 time.

22 We've gotten questions from some of the
23 childcare providers in Pennsylvania, specifically inquiries
24 from the YMCAs, as to whether the department would look at
25 relaxing any of the qualifications for childcare workers,

1 such that they could add more to their complements so that
2 they could, you know, as the providers of childcare, add more
3 of those workers and have more children, serve more children
4 and parents, of course, in the childcare space.

5 SECRETARY MILLER: I don't know that we've had
6 conversations about, essentially, sort of reducing the
7 qualifications of childcare workers. Let me look back and
8 see -- Trace. I don't know that we've had conversations
9 about that.

10 REPRESENTATIVE SANCHEZ: Okay. They seem to
11 have problems attracting people of the right age and years of
12 experience for the particular qualifications, so --

13 SECRETARY MILLER: One thing I would say is,
14 you know, this is where the Governor's minimum wage proposal,
15 I think, would be very helpful.

16 Childcare workers are some of the lowest paid
17 workers in our system -- they are the lowest paid workers in
18 our system. So when we think about the Governor's minimum
19 wage proposal to get to \$12 an hour, childcare workers today
20 are on average at \$10.42 an hour. So I know when I was going
21 around the state for the Ready To Start Task Force that the
22 Governor had, we were hearing -- I was up in Erie, I think --
23 and we were hearing from folks saying, childcare providers
24 saying they can't attract folks because Target is able to pay
25 \$12 an hour. They can only pay \$10 an hour. So I think that

1 minimum wage bump will certainly help in attracting quality
2 candidates.

3 REPRESENTATIVE SANCHEZ: I would agree. And
4 thank you.

5 Thank you very much, Mr. Chairman.

6 MAJORITY CHAIRMAN SAYLOR: Representative
7 Rothman.

8 REPRESENTATIVE ROTHMAN: Thank you, Madam
9 Secretary. Over here. (Indicating.) Good morning. Thank
10 you for being here.

11 First of all, thank you for not including the
12 ambulatory surgical center tax in this year's budget.

13 SECRETARY MILLER: You're welcome.

14 REPRESENTATIVE ROTHMAN: We appreciate not
15 having to take that out.

16 I'm going to follow up with my colleague from
17 Tioga County on some of the supplementals and I also want to
18 make a statement to see if, on both the 64 million for
19 Medical Assistance capitation and 172 for Medical Assistance
20 and Community HealthChoices, we did hold those back in the
21 spring budget, but my understanding is the Administration
22 agreed to that.

23 SECRETARY MILLER: That may be true.

24 REPRESENTATIVE ROTHMAN: Okay. Because you
25 mentioned the legislature didn't give you the money, but it

1 was the Administration that also said to hold that back.

2 The Medical Assistance Community

3 HealthChoices, 2.343 billion was -- you're requesting a
4 supplemental of 208 million more, about nine percent. I
5 mean, I'm assuming the answer to all of these, services for
6 persons with disabilities, intellectual disabilities,
7 intermediate care facilities, is all that you had more people
8 coming, it's an entitlement. Though on page 199 of the
9 budget book, for Community HealthChoices, for 2020 and '21,
10 you don't have a change, you have zero growth in the number
11 of members. So are you assuming that in 2021, we're not
12 going to have more people come into the program?

13 MR. BOOKWALTER: That's what -- this is what
14 we're basing it on here. I think some of the costs increase
15 are based on the type of people that we have coming in.
16 There's some -- you know, there's some that are low cost and
17 some that are very high cost. So that is some of the
18 increase that you're looking at there, you know, actuarially
19 looking at that.

20 REPRESENTATIVE ROTHMAN: So we're -- I mean,
21 bigger picture, I mean, this is, may not be sustainable and
22 if we -- I mean, where is the end or where is the -- are
23 there -- we have, in all these categories, we had
24 overspending or we had supplemental requests, I understand
25 how we got there. Are there any offsetting savings anywhere?

1 We're experiencing a really healthy economy in
2 Pennsylvania, which would make you think that people need
3 less social services.

4 And my concern is that we're going to keep
5 going back to the same people asking them to pay for this,
6 that's the taxpayers of Pennsylvania, and they have the
7 ability to leave Pennsylvania. And in fact, a lot of them
8 are leaving Pennsylvania. As we are getting an older
9 population, we're losing our young people.

10 And I'm just wondering if there's thoughts
11 of -- these are all important programs. But are there any
12 offset savings, are there ways to make this sustainable?
13 Because a half billion dollars a year or a billion dollars a
14 year in supplementals is not. And as my colleague said,
15 we're going to have to make choices and we'd rather know now,
16 yes, we expect we're going to have to spend more next year.
17 So we're going to have to take it from somewhere else.

18 Thank you.

19 SECRETARY MILLER: I really appreciate that
20 question because I think you're absolutely right.

21 As we are doing our work and making decisions
22 and looking for ways to contain costs -- which we are always
23 doing -- there are two entities that I always think about.
24 First are the people we serve, and that is first and foremost
25 in our mind, but second is always the taxpayers. And I think

1 we need to always be doing our job in a way that we're
2 thinking about, how do we best serve the people that need our
3 services, but how do we do it in a way that is right for
4 taxpayers?

5 So let me just tell you about some of the
6 things that we've got going in terms of efficiency
7 adjustments, and just ways we're containing costs, because I
8 think it's an important point.

9 First of all, I think it's important to note
10 that when you look at the true cost of our programs and how
11 much they're growing, when you take everything else out, the
12 true cost of our programs are growing by 2.6 percent,
13 essentially the rate of inflation. But again, looking at
14 some of the cost containment efforts, one of the biggest ways
15 we contain costs -- and if you look at our physical health
16 choices -- our Physical Health HealthChoices Program, that is
17 an area where we have actually had an annual growth rate of
18 2.6 percent for the last five years; whereas, medical costs
19 have gone up by 4.4 percent. So I think we've been able to
20 contain costs.

21 One of the major ways we do that is through
22 what we call targeted efficiency adjustments. So we go in
23 every year when we're setting rates and we look for
24 inefficient care, things like inappropriate C-sections or
25 admissions that should not have happened, and we take that

1 money out of the system. So over the last five years,
2 because of these efficiency adjustments, we have actually
3 removed a billion dollars from our programs. One of the
4 things we're doing now to try to figure out how we can
5 continue to contain costs is we're actually -- those are what
6 we've done in our physical HealthChoices program, because
7 that's our more mature program. What we're doing now is
8 trying to mirror those efficiency adjustments that we have
9 that are in our mature physical health program within our
10 behavioral health and our CHC programs, which are a little
11 less mature. So we're trying to figure out how we can expand
12 those efficiency adjustments because they've made a big
13 impact in containing costs.

14 We're also doing things like moving away from
15 a fee for service system, trying to move more towards a value
16 based system. We shouldn't be just paying more for more
17 care. We should be making sure we're getting outcomes and
18 we're paying for the right care at the right time. So we
19 have been increasing the percentages that each of our managed
20 care organizations have to meet in terms of moving away from
21 fee for service towards value based service. So I think
22 that's another way we're trying to contain costs.

23 We're also just always thinking about ways we
24 can contain costs. Some of the questions I'll probably field
25 today will be around some of those ways we're trying to

1 contain costs.

2 But for example, we had a unified preferred
3 drug list that we implemented at the beginning of this year.
4 That was a cost containment measure, that saves us
5 \$85 million annually. So that's one of those things. We've
6 gotten some pushback from folks on that. But I think it's
7 the best thing for the consumers we serve and it's the right
8 thing for taxpayers. So we are always looking for ways to
9 contain costs.

10 We always have to remember, too, though, that
11 at the other end of those cost containment efforts are
12 entities that don't always like our cost containment efforts,
13 so we do tend to get a lot of pushback. And frankly, I'm
14 sitting here telling you, I don't mind that pushback because
15 it's the right thing to do for the people we serve and our
16 taxpayers, and we're going to continue to do that. And I'll
17 probably be answering some questions today about some of
18 those efforts, and I'm happy to do so.

19 REPRESENTATIVE ROTHMAN: Thank you. I
20 appreciate it.

21 MAJORITY CHAIRMAN SAYLOR: Representative
22 Gainey.

23 REPRESENTATIVE GAINEY: Good morning,
24 Secretary Miller and your staff. Good to see you.

25 SECRETARY MILLER: Good morning.

1 REPRESENTATIVE GAINEY: Just two quick
2 questions. One, last year the DHS budget included an
3 increased funding of two percent for reimbursement for PA
4 Home Care agencies to tackle the crisis, the care crisis, the
5 care crisis in Pennsylvania. Just wanted to know, how did
6 the department track what agency spent their additional
7 moneys on workforce investment?

8 SECRETARY MILLER: I'm going to invite Deputy
9 Secretary Hancock up here to help us with that one.

10 MAJORITY CHAIRMAN SAYLOR: Mr. Secretary,
11 again, repeat your name and your title.

12 DEPUTY SECRETARY HANCOCK: Thank you.

13 Belated happy birthday, Chairman.

14 Thank you very much for the question.

15 MAJORITY CHAIRMAN SAYLOR: I may need your
16 services, as well.

17 DEPUTY SECRETARY HANCOCK: That's why they're
18 there, as the Secretary said.

19 REPRESENTATIVE GAINEY: I want some of my time
20 back.

21 MAJORITY CHAIRMAN SAYLOR: Okay. We'll start
22 it over.

23 DEPUTY SECRETARY HANCOCK: My name is Kevin
24 Hancock. I'm the Deputy Secretary for the Department of
25 Human Services Office of Long-term Living. Thank you very

1 much for the question.

2 So when rates are developed for, fee for
3 service rates are developed for home care services for
4 agencies, workforce costs are part of the variables they use
5 to build out the rates. So we know that they have to take
6 into consideration the cost of the workforce when they're
7 paying out services.

8 We don't have a way to specifically track how
9 individual agencies are paying out the rate increase. But we
10 have had frequent communications with the Pennsylvania Home
11 Care Association and with many of the providers. And they've
12 made it very clear to us that they really, really didn't have
13 a choice. The money that was put into the rates was targeted
14 specifically to attract the direct care workforce because the
15 direct care workforce, it's the fastest growing employment
16 sector in the country. And it's also very competitive, and
17 without competitive wages, they're just not in a position to
18 be able to attract those workers. So --

19 REPRESENTATIVE GAINEY: Do you think that we
20 should have a metric to be able to track that?

21 DEPUTY SECRETARY HANCOCK: So we have thought
22 about this. We might have more opportunity to be able to
23 track it in Community HealthChoices. We develop rates for
24 Community HealthChoices that are actuarially sound and we
25 might have more of an opportunity working with our actuaries

1 to collect those variables directly from the managed care
2 organizations.

3 They are not currently part of the way that
4 providers bill, and they're not currently the way that
5 managed care organizations collect information. But it would
6 be something, I think, that we should consider as part of the
7 rate setting process. Because the cost of the workforce is
8 something that we need to know when we're pricing the
9 programs. So I think that that's a great idea.

10 REPRESENTATIVE GAINEY: Okay. So when we talk
11 about training and definitely trying to advance more of our
12 health-care workforce with the knowledge and resources
13 workers need to collaborate and communicate with the
14 consumers, their doctors, and care team potentially for
15 allowing outcome such as early identification to be
16 determined, what is the department's plans to expand and
17 strengthen training opportunities for this critical
18 workforce?

19 DEPUTY SECRETARY HANCOCK: Well, thank you
20 very much for the opportunity to answer that question.

21 So speaking for the long-term care workforce
22 specifically, we believe that the direct care workers and the
23 long-term care workforce should be part, an essential part of
24 the person centered planning team for our long-term care
25 participants.

1 The information that direct care workers
2 gather on a daily basis on their participants are trigger,
3 that's trigger information that could eventually prevent
4 inpatient hospitalizations, it could prevent much more costly
5 and much more invasive types of care needed. So we do
6 believe that the direct care worker is an essential part of
7 the person center planning team. The Community HealthChoices
8 Program was designed based on the concept of person centered
9 service planning and the information that direct care
10 workforce is collecting is part of that process, whether it
11 be electronic, by paper, et cetera. We believe it should be
12 captured to be able to make sure that it's something that
13 helps build a broader understanding of the participants' care
14 need.

15 So we're agreeing with you.

16 REPRESENTATIVE GAINEY: So are we developing
17 any training or any additional resources to be able to
18 implement exactly what we're discussing here today?

19 DEPUTY SECRETARY HANCOCK: Yes, we are.

20 If you noticed, the budget does have a
21 proposal for training for the direct care workforce. It is
22 focused on the consumer directed direct care workforce, those
23 individuals who are working directly for the participants.

24 And that training will be very much focused on
25 basic first aid health and safety, and then it will have much

1 more targeted training that will be focused on particular
2 participant conditions, such as diabetes management,
3 management for individuals who may have a certain type of
4 mobility disability that requires specialized training.

5 All of this has been developed and will be
6 developed in connection with participants from the direct
7 care workforce who are giving us feedback on what they would
8 like to know and be trained on to be able to do their jobs
9 more successfully.

10 So yes, indeed, we have a training program
11 specifically targeted in the budget for the direct care
12 workforce.

13 REPRESENTATIVE GAINEY: I want to thank you
14 for that, because in other states, it's been demonstrated how
15 the type of training, the expansion of the resources have
16 helped to save lives. So if we can implement that same type
17 of training for workforce development in the Commonwealth of
18 Pennsylvania, it will be a benefit to our home care workers.

19 Thank you.

20 DEPUTY SECRETARY HANCOCK: Looking forward to
21 your help.

22 MAJORITY CHAIRMAN SAYLOR: Representative
23 Greiner.

24 REPRESENTATIVE GREINER: Thank you, Mr.
25 Chairman.

1 Good morning, Madam Secretary. Thank you for
2 being here.

3 I want to follow up kind of on the questions
4 that some of my predecessors had. I think you know, or
5 people here do know my background, I am a CPA. I have some
6 auditing experience. I do take the budgeting process
7 seriously.

8 What they had brought up to me is somewhat
9 troubling. I know you tried to explain it, but when you're
10 half a billion dollars over what we have budgeted, I think
11 that's problematic, and I struggle with it. And I think it's
12 also hard to tell Pennsylvanians that, "Hey, we've spent
13 that" -- it makes us look irresponsible. And I wish we had
14 better control over that. You know, because we have our own
15 households that we have to do that.

16 But there's something even, to me that's even
17 more problematic in this and it has to do with the rolling
18 costs of future years. It's only paying 11 months of a bill
19 instead of 12.

20 And we have the Medical Assistance Capitation
21 Program, there's 133 million, the Community HealthChoices is
22 131 million, that's a rollover from costs of other years, and
23 we have the Community Waiver Program, which is about
24 44 million. And that's \$308 million. So we have a
25 \$500 million overspend or a supplemental appropriation

1 already. And then we have this, we're rolling nearly
2 \$308 million into 2021.

3 So when I look at the numbers, this tells me
4 that the supplementals of about 500 million in addition to
5 this amount, that the true number is almost 800 million. Am
6 I wrong in my thinking on that?

7 And I guess I'm asking, too, why roll, why
8 roll that?

9 I mean, here's the other thing I do want to
10 say -- and somebody alluded to this -- we actually have a
11 good economy. You know, revenues are coming in. I
12 understand maybe deferrals when things are tight, we do it in
13 our own households. But to me, this is a problem.

14 Thought maybe you could expound on that.

15 MR. BOOKWALTER: We put forth the budget, of
16 course, and it is reviewed by the Governor's Budget Office
17 and they make certain decisions, I'm sure to -- and I don't
18 want to put words in their mouth -- but looking at the
19 overall budget. And these are some things --

20 And you're right, just to step back. It is
21 about 800 million, if you put those back into it. Those
22 adjustments are made, I believe, for cash flow reasons. I
23 don't know exactly. You'd have to speak to the Budget
24 Secretary about that. But you are correct.

25 So we're more than willing to bring them into

1 this year, if we get what we need to pay them.

2 REPRESENTATIVE GREINER: Well, like I said, I
3 do think it is problematic when we add that when we have a
4 healthy economy.

5 But then here's something else that gets a
6 little bit tricky, too. The proposed budget appears also to
7 include 11 months. We're only paying 11 months for Community
8 HealthChoices. This is in addition to that, to this
9 situation, where we're delaying one month of payments which
10 reduces the state funds by 388 million.

11 So I guess my question would be, so now in
12 addition to those rolls, now we have this situation which I
13 think is unusual, too. And I guess my thinking is, are we
14 planning to make 13 payments then in '21-'22 or is this going
15 to be a permanent delay? I mean, are we just going to keep
16 running into the situation where we completely delay our
17 payments on this?

18 MR. BOOKWALTER: This is -- I hate to say
19 normal, but we do do this in capitation, where we roll some
20 payments into the next year. We haven't done this in the
21 past with CHC, but CHC is a new program. So this is
22 something new for CHC this year. But it is not an unusual
23 practice.

24 REPRESENTATIVE GREINER: I understand that.
25 But I also understand the economy we're in.

1 Now -- and then, I want to come kind of full
2 circle. I know Representative Grove had made a comment to
3 start this hearing out. So when we add the 493 million,
4 almost a half-a-billion-dollar request in supplementals this
5 year, and the 1.2 billion requested for 2020, and requested
6 for this year, and the \$388 million payment delay, that's
7 \$2 billion in additional state funds for DHS. We're talking
8 \$2 billion.

9 I guess -- and as Representative Rothman said,
10 you know, we do have a responsibility to taxpayers, too.

11 MR. BOOKWALTER: Absolutely.

12 REPRESENTATIVE GREINER: I mean, these are
13 significant dollars. I'd like to know, are these amounts
14 going to be sustainable? I mean, like I said I have an
15 accounting -- I'm a CPA. I have an accounting background. I
16 try to look at these numbers. I mean, I'm troubled and I'm
17 worried about whether we can continue to roll this forward.
18 Because I do think people, they're looking at the
19 legislature, they're also looking at the Governor to have,
20 you know, fiscal responsibility, you know.

21 I mean, what are your thoughts on that?

22 SECRETARY MILLER: Yeah. I mean, I think this
23 is why our cost containment efforts are so important and why
24 we're so focused on them.

25 But as I've said before, I do think the issue

1 of an aging population and people who are outliving their
2 resources is a major, major issue. And again, these are
3 people that we have to be there for. They're people who have
4 paid into the system their entire lives, but we're all living
5 longer.

6 When I was at the Insurance Department, one of
7 the issues I was really focused on was the long-term care
8 insurance market, partly because I understood that with that
9 market basically kind of collapsing, it meant there was less
10 private dollars going to pay for long-term care services and
11 that meant more load on Medicaid. And I think, you know, at
12 the time, what I was trying to figure out is could we tweak
13 the products available in the long-term care insurance
14 market, so that at least there was more private money going
15 into the system. And unfortunately, that market is still not
16 doing well. So people are living longer. They are outliving
17 their resources. We're seeing higher acuity people. And
18 these are people that we're here to serve, so that's our job
19 and it's our role.

20 I certainly understand your concern about our
21 budget, though.

22 REPRESENTATIVE GREINER: I was going to say, I
23 do think the residents of Pennsylvania are pragmatic. They
24 understand there needs to be a safety net to help people, but
25 they also expect us to have a financial responsibility, and

1 I'm just laying that out. These numbers are staggering for
2 us.

3 So thank you for being here today.

4 Thank you, Mr. Chairman.

5 SECRETARY MILLER: This is why I'll ask for
6 your help on our cost containment efforts.

7 MAJORITY CHAIRMAN SAYLOR: Representative
8 Kinsey.

9 REPRESENTATIVE KINSEY: Thank you, Mr.
10 Chairman.

11 And good morning, Madam Secretary and staff.

12 Madam Secretary, first I just want to ask some
13 direct questions, but before I do that, I wanted to thank you
14 and your staff for working with me and members of the
15 legislature in regards to having a conversation with the MCOs
16 as it related to the rollout of the Community HealthChoices.
17 So I want to thank you very much for that.

18 As it relates to direct support professionals,
19 I believe that there's additional dollars for more training,
20 but is there dollars for rate increases? Have we -- has the
21 Governor proposed additional dollars for a rate increase for
22 direct support professionals?

23 SECRETARY MILLER: Just to cover the minimum
24 wage. So direct support professionals or -- I'm sorry. Are
25 you talking about direct care workers or --

1 REPRESENTATIVE KINSEY: Direct care workers.

2 SECRETARY MILLER: Direct care workers, yes.

3 For direct care workers and childcare workers, there's money
4 in the budget to get them to the minimum wage. So if the
5 minimum wage is adopted, then yes, there's money to cover
6 that.

7 REPRESENTATIVE KINSEY: And there is money for
8 additional training for individuals who are direct support
9 staff, as well?

10 SECRETARY MILLER: There are, there are.
11 Yeah.

12 REPRESENTATIVE KINSEY: Great. I appreciate
13 that. And I always ask that question.

14 My background years ago was working as a
15 direct support professional, working with individuals with
16 intelligence disabilities. And I just think that, you know,
17 since I've been here in the legislature, I just think that is
18 a crime, so to speak, that we're not paying those individuals
19 more dollars for the work that they do. So I just want to
20 sort of keep that out there, not just for the Administration,
21 but also for my colleagues, as well.

22 Now I want to move on to hospitals. In my
23 district, I represent the city of Philadelphia, and we've
24 actually seen some closures. In fact, over the past few
25 years, I think there's been five hospital closures across the

1 state of Pennsylvania, either closures or the intent to
2 close.

3 And as I talk to hospital administrators, what
4 we're getting a sense of is that the high Medicaid and public
5 payer -- these hospitals are simply dependent upon those
6 dollars, not only in Philadelphia, but also in York County, I
7 believe in some of the suburban areas, as well as the urban
8 area -- rural areas -- we're seeing concerns with hospitals
9 or the potential for hospitals to close down.

10 We recognize that some of these are teaching
11 hospitals, some of them are nonteaching hospitals. But
12 nonetheless, these are hospitals that communities across the
13 state depend upon for services.

14 My question for you is that -- actually, I
15 have a three-part question, and maybe you can answer it as
16 quickly as you can. But would the department support a
17 comprehensive process similar to the rural health design
18 initiative to examine the challenges facing high Medicaid and
19 public payer dependent hospitals, and the development of
20 recommendations design to address the unique needs of those
21 institutions?

22 And you can answer that, and then I'll move on
23 to the second question.

24 SECRETARY MILLER: I mean, I think making sure
25 that Medicaid enrollees have access to care is something

1 we're very concerned about. So I think we are working on
2 some ideas around -- excuse me -- some ideas around how we
3 can support these hospitals. But I think we would certainly
4 be willing to engage in any conversation about any proposal
5 that continues access for --

6 REPRESENTATIVE KINSEY: I appreciate that
7 answer.

8 You know, in Philadelphia, for instance, when
9 they closed Hahnemann, it was almost like a panic in the
10 city. And again, we're talking about poor folks who simply
11 have Medicaid. And with the closure of Hahnemann, as well as
12 others -- I think Mercy is proposing to sort of close out
13 some of their services -- we're seeing folks running around.

14 And I don't want to underscore this, but you
15 know, with what's happened nationally with the disease that's
16 out there or the virus that's out there, I mean, folks are
17 sort of -- you know, when they get this mindset that
18 something is coming this way -- and if I'm not mistaken, I
19 think that somebody was diagnosed in Philadelphia just
20 recently with the virus. I'm not sure about that, but
21 somebody had called me and said, you know, "It's in
22 Philadelphia now."

23 So what we're seeing is that folks have this
24 panic, they run to the markets, they're getting the masks,
25 they're buying up water. And then the next thing we know is

1 that there's a question about whether or not hospitals have
2 enough beds in the event that something like that were to
3 occur. So with the closure of hospitals, that's truly
4 bringing up some major concerns.

5 My second question is, would your department
6 support statutory changes to formally define and designate
7 high Medicaid and public payer dependent hospitals to enable
8 the application of differential policies reflected in unique
9 burdens that they face?

10 SECRETARY MILLER: We would certainly be happy
11 to review any proposed legislation and share our thoughts.

12 REPRESENTATIVE KINSEY: Great. I will talk
13 with -- on our side is Chairman Frankel of the Health
14 Committee. I know that there's been some discussions right
15 now, so hopefully we can continue that and involve your
16 administration.

17 And lastly, what systematic policies do you
18 think should be considered to ensure the financial
19 stabilities of the high Medicaid and public payer dependent
20 hospitals in order to maintain access to Medicaid
21 participants? And again, that's just a concern that these
22 hospitals are closing, some folks are in a panic, and we
23 don't want to see the hospitals just close out completely.

24 SECRETARY MILLER: Right. And we work very
25 closely with the Department of Health on these issues, as

1 well.

2 The difficulty in Pennsylvania is that all of
3 our hospitals are privately owned, and so at times, we find
4 out that there's a plan to close at the same time the world
5 finds out and usually we don't have a lot of time to address
6 the issues.

7 I think from Medicaid's perspective -- again,
8 our primary concern is making sure that our enrollees have
9 access, and so that's going to be what drives us. I don't
10 think we want to be in a position of using Medicaid dollars
11 to prop up every hospital out there. I don't think that's
12 the purpose of Medicaid.

13 REPRESENTATIVE KINSEY: Sure, sure.

14 SECRETARY MILLER: But insuring that we have
15 access absolutely is.

16 And of course, in addition to the rates we pay
17 for services, we have Dish payments and other supplemental
18 payments that go out, particularly to those hospitals who are
19 high Medicaid hospitals.

20 So this is absolutely something that is on our
21 minds as much as, I think, anyone's because we need to make
22 sure that our enrollees continue to have access.

23 REPRESENTATIVE KINSEY: Great.

24 Madam Secretary, I want to thank you very
25 much.

1 Mr. Chairman, thank you very much also.

2 MAJORITY CHAIRMAN SAYLOR: Representative
3 Warner.

4 REPRESENTATIVE WARNER: Thank you, Mr.
5 Chairman.

6 Thank you, Madam Secretary, for joining us
7 here today.

8 So DHS announced a Medicaid Work Supports
9 Initiative, it was effective February of this year, where
10 Medicaid recipients will be asked if they want help finding a
11 job, training programs, opportunities to get a high school
12 diploma or a GED. Individuals will receive outreach from
13 NCOs, PA CareerLink, or local county assistance offices about
14 services.

15 So my first question regarding this, could you
16 briefly tell us, what is -- what services will these
17 individuals be entitled to receive under this program?

18 SECRETARY MILLER: So, Representative, many of
19 them are going to be referred to PA CareerLink, for example,
20 and so the services that PA CareerLink offers today, they
21 would then be connected to. So just like, PA CareerLink is
22 available for any Pennsylvanian, so we are just sort of
23 systematically connecting our Medicaid enrollees who are
24 interested to those PA CareerLink services that, again, all
25 Pennsylvanians are entitled to.

1 REPRESENTATIVE WARNER: Okay. Are there any
2 estimated costs for this year, for the rollout that's
3 happening in February?

4 SECRETARY MILLER: Yes. So we're anticipating
5 a cost of about 264,000 annually for this program.

6 REPRESENTATIVE WARNER: Okay. Anything this
7 year so far?

8 SECRETARY MILLER: I'd have to get back to you
9 on that. I don't know how much we've spent this year so far.

10 REPRESENTATIVE WARNER: Okay. The reason I
11 ask that, because if it happened this year so far, that would
12 be part of the 2019-2020 budget which, I'm sure -- I wasn't
13 aware that there was any funding for this program in there.
14 That's why I bring that up.

15 Another question about this, you mentioned
16 what was budgeted, what would be budgeted for the next year.
17 Are there -- could you point out which line items or where
18 this is at in the Governor's budget?

19 SECRETARY MILLER: We could get back to you
20 with that.

21 REPRESENTATIVE WARNER: Okay. So do you think
22 that it's actually budgeted as far as the Governor's budget
23 proposal?

24 SECRETARY MILLER: I do think it's contained
25 in the Governor's budget.

1 REPRESENTATIVE WARNER: Okay. Yeah, if you
2 could let us know the specific line items on it, that would
3 be great.

4 SECRETARY MILLER: Sure.

5 REPRESENTATIVE WARNER: One final question on
6 this, is this initiative for able-bodied working aged adults
7 or is this for all Medicaid recipients?

8 SECRETARY MILLER: So for anyone who is
9 changing plans or coming on to Medicaid new, we are asking
10 this question. And then people who raise their hand and say,
11 yes, they're interested, they are then being connected.

12 REPRESENTATIVE WARNER: Okay.

13 Thank you, Mr. Chairman.

14 Thank you, Madam Secretary.

15 MAJORITY CHAIRMAN SAYLOR: Our next questioner
16 is Representative Fiedler.

17 REPRESENTATIVE FIEDLER: Good morning. Thank
18 you for being here.

19 I'm up here on the top. Sorry, I know we do
20 this every time.

21 So across Pennsylvania, and certainly in my
22 community in south Philadelphia, there are a lot of children
23 who do not have legal immigration status. And again, my
24 district is in south Philly.

25 Based on numbers from Penn State and other

1 researchers, I've seen an estimate of 24,000 kids growing up
2 in Pennsylvania without legal immigration status who are in
3 families too poor to afford private health care coverage.
4 Like other kids, these children sometimes get sick. And not
5 surprisingly, researchers have also found, getting to the
6 financial cost of it, that undocumented and uninsured
7 children have more preventable hospitalizations and higher
8 childhood mortality rates.

9 In one story of a four-year-old girl named
10 Maria who lives in Delaware County, who's undocumented and
11 uninsured, researchers were talking about how her parents
12 lack the \$150 to send her to a specialist to help with some
13 serious nutrition problems and lack the \$1200 to address the
14 three cavities she's living with because her parents don't
15 have money to send her to a dentist.

16 Can you please tell us the public health
17 benefits of expanding public health insurance coverage to
18 children who are living as our neighbors in Pennsylvania
19 without legal immigration status, and would the
20 Administration support such a policy?

21 SECRETARY MILLER: So what I can tell you is
22 Medicaid eligibility in childhood is associated with better
23 overall health. In adulthood, it is associated with a
24 reduction in high blood pressure, reduced likelihood of
25 hospitalization, and reduced mortality. Medicaid, we know,

1 improves education outcomes for students and kids covered by
2 Medicaid have higher educational attainment and greater
3 earnings. So I can tell you that.

4 And also, I mean, this Governor has made
5 expanding access to health care a priority from day one. And
6 we certainly believe that everyone should have access to
7 health care, including preventative care, and that makes a
8 lot more sense than treating people in the emergency room
9 when they show up there.

10 So we would be happy to partner with the
11 legislature if there's interest in expanding coverage to
12 these children.

13 REPRESENTATIVE FIEDLER: Thank you so much.

14 MAJORITY CHAIRMAN SAYLOR: Representative
15 Dunbar.

16 REPRESENTATIVE DUNBAR: Thank you, Mr.
17 Chairman.

18 Welcome, Secretary.

19 We've had a lot of discussion thus far about
20 mandated costs and how we projected those and the problems
21 that we've had projecting those. My concerns certainly going
22 forward, are, you know, you've had a lot of discussions about
23 the demographics and everything that's going on. Are these
24 numbers right going forward? Have we stopped this train from
25 going down the tracks? I'm hopeful that with all the

1 information that you have that you at least feel the numbers
2 that we are going to project going forward are not going to
3 be in the same situation.

4 SECRETARY MILLER: I wish I knew that. I wish
5 I could project the future. Unfortunately, I can't. And I
6 think this is -- our growing senior population, I think, is a
7 reality that we're going to have to face year after year.

8 I think if you look at our CHC -- or I'm
9 sorry, our capitation line, I think we have done a better job
10 historically of projecting those costs out because it's a
11 more mature program. Community HealthChoices is new and
12 again, we've got the demographic issues so --

13 REPRESENTATIVE DUNBAR: And I understand that.
14 I just hope that we start building some buffers or something
15 that we can find -- not even buffers, but actual numbers,
16 real numbers. It's year after year after year that we've had
17 these supplementals and we just have to stop.

18 But I didn't want to really talk about that.
19 I really didn't want to talk about mandated costs; I wanted
20 to talk about managed costs. Because I had heard you mention
21 things of cost containment and things like that. And we've
22 had prior discussions ourselves over performance-based
23 budgeting metrics, where we had talked about preventable
24 admissions. You had mentioned that earlier to Representative
25 Greiner, and I know we had discussions about a \$43 million

1 preventable admission audit that the federal government had
2 done.

3 But other preventable, other managed costs
4 that we can deal with, I wanted to talk about. We're also in
5 the employment arena.

6 You have, in your written testimony, you have
7 information on DHS's education, training, and workforce
8 development programs, specifically with EARN. And in your
9 written testimony, you said 50 percent of individuals who
10 were referred to EARN don't enroll in the program and data
11 shows only four and a half percent of people in EARN were
12 still there, were still in that job after six months. So how
13 do you pay the vendors? What's it based on? Can we hold
14 them accountable? These are managed costs.

15 SECRETARY MILLER: So actually, thank you for
16 that question.

17 We are in the process of completely
18 redesigning our employment and training programs, because I
19 think -- all of the data you just provided, that's exactly
20 the reason we need to completely redo this.

21 So we have had historically a work-first
22 approach. So when someone comes in, our vendors, the way we
23 base their performance metrics, to your point about, sort of
24 how are we paying them and what are we looking for. We have
25 been looking for them to just get somebody into a job. We

1 didn't really care how much the job paid, we didn't care if
2 that was going to get somebody into long-term kind of
3 sustainability and long-term ability for them to support
4 themselves and their families. We just wanted them to get
5 into a job.

6 And I've had the opportunity to sit down with
7 a lot of these clients, and this is a population that is also
8 desperate to work. And so I think those two things have
9 contributed to us really focusing on just getting somebody
10 into a job. And what we've found is people aren't staying in
11 those jobs if they get in the job and they're coming back --
12 50 percent of them are coming back within a year.

13 So we are, starting in July, completely
14 redoing our contracts. So we are looking at how do we
15 incentivize people and our vendors, in particular, to help
16 people get into an education or training program that might
17 help increase their wages, and really just redesigning the
18 program to help address barriers on the front-end. Because
19 if we don't address barriers on the front-end and get
20 somebody into a job, no wonder they're not going to be in
21 that job a few years, or a few months down the road.

22 REPRESENTATIVE DUNBAR: And not to interrupt,
23 but I did want to follow through -- because I do appreciate
24 what you're saying and I agree with you. And when you really
25 get down to the numbers and you're talking about managing

1 costs, it's somewhat scary also from my perspective, looking
2 at numbers I have -- in the activity of employment and the
3 performance-based budgeting hearing, we heard about \$97,000
4 per person for every full-time employee in that arena, which
5 is fine, you know, when you're counting salaries and benefits
6 like that. I can see the reality. But what are we getting
7 for that money?

8 And we spend an average cost of service for
9 participants, in the employment arena, we spend \$19,000 for
10 each individual. That's what we're spending per individual
11 to help them in job assistance. And if they're not doing
12 jobs or they're leaving them, are we spending the money
13 wisely? Like I said, we've had a lot of discussions about
14 mandated costs. These are managed costs, these are the ones
15 that you can control.

16 And our end result, in using like a TANF work
17 participation rate, I believe we rank 39th in the country in
18 that arena. So our results, our outcomes, which you had
19 mentioned earlier, aren't where we need to be. So I am glad
20 to hear that you're challenging this. And hopefully you'll
21 be coming back to us with some results of how we're going to
22 do this better.

23 SECRETARY MILLER: Well, we are implementing a
24 different program now and beginning in the middle of this
25 year, so I hope to have some outcome data not long after

1 that.

2 REPRESENTATIVE DUNBAR: And my time is up, but
3 I do appreciate your input.

4 MAJORITY CHAIRMAN SAYLOR: We also have been
5 joined by Representative Mehaffie, who is here to observe the
6 proceedings, as well.

7 We'll move to the next questioner, who is
8 Representative Bullock.

9 REPRESENTATIVE BULLOCK: Thank you very much,
10 Mr. Chairman.

11 Good morning, Madam Secretary. How are you?

12 SECRETARY MILLER: Good.

13 REPRESENTATIVE BULLOCK: I was pleased to see
14 your Twitter feed today in regards to the PA Crunch Campaign,
15 as it's National School Breakfast Week, and I'm glad to see
16 that you're joining in that campaign, as well.

17 I have two sets of questions. The first set
18 of questions you're familiar with, would be in regards to
19 your workforce. I know you have a pretty large workforce. I
20 would like to know where you stand in regards to diversity in
21 your rank and file, as well as in management and supervisory
22 and executive roles. And if you have any significant changes
23 that you'd like to share and discuss, please do.

24 And then the second set of questions is around
25 the SNAP rule changes for able-bodied waivers. How are we

1 prepared to address that issue as that goes into effect in
2 April, I believe? And also, the utility, the proposed
3 utility allowance changes, I'm not sure that has gone into
4 effect, but if we are prepared to make sure our families and
5 individuals that are in need of food assistance receive that
6 assistance in their SNAP benefits, as federal changes may
7 impact their eligibility for those SNAP benefits. And how
8 are we prepared to help people get the training to get into
9 the workforce or otherwise meet the waiver requirements and
10 make sure that we're bringing food to our households?

11 We know that food insecurity is a big issue in
12 the Commonwealth of Pennsylvania, and it's not unique to
13 Philadelphia or Pittsburgh. It is a statewide issue. It
14 knows no barrier. It impacts young people and children, as
15 well as seniors and families. And so I want to make sure
16 that we're doing everything we can to get those benefits into
17 our households.

18 SECRETARY MILLER: Yes, I couldn't agree with
19 you more on that.

20 To address your first question, and then I'll
21 get to your second -- about 68 percent of our staff are
22 female and about 25.6 percent are minorities. So I think
23 when you look at other agencies in particular, you are
24 correct. I mean, we are a more diverse agency, I think, than
25 many.

1 But you know, one of the things I've actually
2 talked to Secretary Newsome about is ways we can get more
3 diversity in our pool of candidates. And so, I think, you
4 know, he is interested in this issue, as well. And I've
5 offered to have DHS be a test case. Even though we're a
6 large agency, I think we could have a big impact if we wanted
7 to do something to try to increase the diversity of our pool
8 of candidates that we hire from. Because I think that would
9 help on the ground, but it also trickles up as people move
10 into other positions.

11 With regard to your second question about the
12 SNAP changes, I am very, very concerned about these proposed
13 changes and have certainly been out there talking a lot about
14 this.

15 You mentioned the one -- what we call the ABOG
16 rule that's going into effect in April. That has the
17 potential to impact almost 100,000 Pennsylvanians. And so
18 that one is going to have the most immediate impact. But
19 then there are also two proposed rules that have not been
20 finalized yet. One is around broad-based categorical
21 eligibility, which allows us to expand the number of
22 low-income households, including, you know, families where
23 you have an older Pennsylvanian, people with disabilities,
24 these are working families. We can expand access to SNAP for
25 low-income families through broad-based categorical

1 eligibility. That will be impacted if that rule is
2 finalized. And we could see 200,000 Pennsylvanians impacted
3 by that rule if that goes through.

4 That also impacts free and reduced priced
5 lunch. So for those families who participate in that
6 program, if you're eligible for SNAP, you are automatically
7 eligible for free and reduced priced lunch. And so for some
8 families, they're going to see a double whammy, because
9 they're not only going to lose access to SNAP, but they will
10 lose access to free and reduced price lunch, which I know all
11 of us hear a lot about in terms of the impact.

12 And then we have the SUD, the standard utility
13 allowance proposed rule that came out in October, I believe.
14 And that has the potential to impact 775,000 households.
15 That one is a little bit more unclear, in terms of what the
16 impact will be. Likely we'll see a reduction in benefits for
17 those families.

18 But all of these things are very, very
19 concerning because, as you mentioned, SNAP is the country's
20 and certainly the state's most important anti-hunger program.
21 Study after study shows this helps address hunger in our
22 communities and it helps lift people out of poverty. So this
23 is a program -- it's also a program that has a huge economic
24 impact on our state. We're talking about \$2.6 billion a year
25 that comes into our state. It supports our local farmers, it

1 supports our grocers, and the economic impacts are much
2 bigger than that. So it's a huge impact on our economy.

3 And I think it's important to remember, when
4 we talk about SNAP benefits, what we're really talking about.
5 This is an average benefit of \$4 a day for people. So
6 sometimes I think we forget what we're really talking about
7 when we're talking about SNAP benefits. Four dollars a day
8 for people to eat. I can't eat a meal on \$4, let alone eat
9 for the whole day. And that's why so many of the people on
10 SNAP rely on our food pantries and our local community food
11 networks to just have enough food to keep food on their table
12 for the month.

13 And finally, because this is a state budget
14 hearing, I feel compelled to mention something that I think
15 is really important, especially since we've been talking so
16 much about costs and drivers and how we contain costs. We
17 know, study after study is showing that when people have
18 access to food, we spend less in health-care costs. And so
19 making sure people have enough food to eat actually does
20 impact what we're paying out on the health-care side.

21 And again, I think everyone knows, SNAP
22 benefits are 100 percent federally funded. Health-care
23 benefits in this state, of course, are not. So from a state
24 budget perspective, I think what we should be doing is trying
25 to make sure that everyone who is eligible for SNAP

1 participates, because then, from the state side, we will be
2 paying less out in health-care costs for them.

3 So this is a really important program and I
4 think we're very concerned about the impacts of these
5 pieces -- of these regulations.

6 REPRESENTATIVE BULLOCK: Thank you very much,
7 Madam Secretary.

8 And as you mentioned, it has a trickling down,
9 or trickling up effect on our economy, on our health-care
10 costs, on our state budget. And so it's very concerning and
11 we should be watching very carefully how these federal
12 changes to SNAP can impact, not just the residents, but the
13 economy here in Pennsylvania.

14 Thank you very much.

15 REPRESENTATIVE DUNBAR: Thank you,
16 Representative.

17 Next will be Representative Topper.

18 REPRESENTATIVE TOPPER: Good morning, Madam
19 Secretary. Good to see you again.

20 I have two questions I'd like to get to and I
21 think we can get to both of them within the five-minute time
22 mark.

23 In the Governor's budget document, there's a
24 new line item called access to reproductive health. And
25 while I understand that obviously, the issue of abortion is

1 an extremely divisive one, and I don't really want to get
2 into the policy of that, but one of the things that has been
3 standard in Pennsylvania policy on this issue in the past has
4 been not allowing tax dollars to go towards funding
5 abortions. So could you talk a little bit about this line
6 item to assure this committee that this is not a break in
7 policy?

8 SECRETARY MILLER: Absolutely. Thank you for
9 asking the question and giving me that opportunity.

10 So this funding is to go to Planned
11 Parenthood, and none of this funding will be used to support
12 abortions or to provide for abortions.

13 REPRESENTATIVE TOPPER: But Planned Parenthood
14 is the largest abortion provider in the state, so what
15 exactly is the mechanism to ensure that these dollars don't
16 go specifically to abortions?

17 SECRETARY MILLER: So paying for abortions
18 with state dollars or federal dollars that are appropriated
19 through the state is illegal in Pennsylvania, except in very
20 rare circumstances. These providers, including Planned
21 Parenthood, already have to comply with that law, so they
22 provide family planning services and abortion services, but
23 they are separate, both financially and physically. They
24 also have to have an independent audit that shows that that
25 separation is occurring. And we actually provide information

1 and a report to this general assembly that has that
2 information in it. So they're very familiar with keeping
3 these separate. And this money will --

4 REPRESENTATIVE TOPPER: And I think that's
5 something that we want to watch, because of course -- let's
6 just say, an extra \$300,000 or an extra whatever it is that
7 goes into it can be -- you know, what I want to be looking
8 for is, is that being offset then somewhere else, where all
9 of a sudden, we're seeing numbers go up on the abortion side?
10 I mean, it can be somewhat of an accounting gimmick. And you
11 know, if we could kind of see what those, what the barriers
12 are or the guide rails that are in place, I would appreciate
13 that, I know. And I think members of the committee would, as
14 well.

15 I want to make sure, though, we're clear, the
16 Administration's position is to continue with -- taxpayer
17 dollars should not go to funding abortion services.

18 SECRETARY MILLER: And by state law, they
19 can't. That's right.

20 REPRESENTATIVE TOPPER: Okay. And then the
21 other question I have is in regards to what looks to be a
22 somewhat new program that was started last October by the
23 Administration, an expansion of Medicaid benefits, including
24 home visitation services for first-time mothers and mothers
25 of children with special, or additional risk factors.

1 I know that we have members of our caucus that
2 have been extremely passionate about postpartum issues and
3 have been trying to work with stakeholder groups to come up
4 with solutions moving forward that we can implement, make
5 sure we are doing the right things and addressing this very
6 critical and real need for mothers all across Pennsylvania.

7 My concern is, we're expanding -- it looks to
8 me -- and you can correct me if I'm wrong -- but we're
9 starting a new program without legislative oversight or
10 approval or with any of our experts to be able to talk about
11 issues and stakeholder meetings. It just seems like this
12 kind of came about. And I'm concerned that that might
13 undercut the efforts of this body to try and get something
14 that we believe will really work throughout Pennsylvania on
15 this issue.

16 SECRETARY MILLER: So let me just clarify and
17 correct your understanding a little bit, because I can
18 understand where you may have been confused. But we didn't
19 start a new program. What we did is, we have something that
20 is currently in rates and currently funded called
21 Community-Based Care Management within our existing rate
22 structure for our managed care organizations. And this is
23 really about trying to get care where people are and serving
24 them and kind of meeting them where they are and addressing
25 the needs that they have.

1 So what we did is essentially define
2 community-based care management for our MCOs and said,
3 "Within this already existing budget here, we want you to
4 provide home visits, two home visits, in addition to home
5 visits that are already available, so that we can continue to
6 connect people to resources that might be able to help with,
7 address their social determinant, or other health needs, make
8 sure babies are" --

9 REPRESENTATIVE TOPPER: So this was in the
10 budget last year?

11 SECRETARY MILLER: Yes. The particular --
12 having the money go to home visiting was not specified in the
13 budget, but community-based care management was absolutely in
14 the budget. All we did was further define --

15 REPRESENTATIVE TOPPER: But it's the same
16 amount of money?

17 SECRETARY MILLER: It's the same amount of
18 money.

19 REPRESENTATIVE TOPPER: Are we asking for an
20 increase this year?

21 SECRETARY MILLER: So this year what we are
22 asking for is an additional 1.3 million, I think, in state
23 funding.

24 REPRESENTATIVE TOPPER: Is that for the entire
25 bucket as you described it or is that specifically for what

1 we're describing here?

2 SECRETARY MILLER: This would be to further
3 expand that. So all we're talking about now with what we've
4 announced so far is two home visits. What we hope to do with
5 the money that we've proposed in the budget is to further
6 expand that program. And really --

7 REPRESENTATIVE TOPPER: But that does sound
8 like we're looking to expand on this program, not just --

9 SECRETARY MILLER: Only if that gets approved
10 in this budget, otherwise, we'll still be with two home
11 visits.

12 REPRESENTATIVE TOPPER: Okay. So that stays
13 regardless and then the expansion comes with more funding.

14 SECRETARY MILLER: Right.

15 REPRESENTATIVE TOPPER: Thank you, Mr.
16 Chairman.

17 MAJORITY CHAIRMAN SAYLOR: Representative
18 Flynn.

19 REPRESENTATIVE FLYNN: Thank you, Mr.
20 Chairman.

21 And good morning, Secretary Miller.

22 My question has to do with PBMs, pharmacy
23 benefit managers. You know, they've rightfully come under
24 great scrutiny lately in Pennsylvania and across the country,
25 especially in Ohio, costing the state over \$224 million.

1 I understand in January of 2019, your office
2 required the managed care organizations, the MCOs, to
3 self-purport the pricing differences of what the state was
4 charged for prescription drugs compared to what pharmacies
5 were actually paid. Given that number in Pennsylvania is in
6 excess of \$60 million, has the department explored a
7 prescription drug carveout program where the state would
8 manage the benefits directly themselves?

9 SECRETARY MILLER: We have not been exploring
10 that program.

11 So let me give you some more color commentary
12 and more information around the 67 million that you just
13 referenced. Because I think this is actually a nice success
14 story and I think it shows that price transparency has the
15 power of price transparency.

16 So you're right, in 2019, at the beginning of
17 the year, we implemented transparency measures so we could
18 see the difference between how much the MCOs were paying PBMs
19 and how much PBMs were paying the pharmacies. What was
20 interesting is to look at that amount broken down -- and it
21 was actually, I think, 62 million or 2.4 percent of the
22 total.

23 So looking at that broken down by quarter,
24 though, you can see a very significant trend. So the first
25 quarter, it was 26.9 million or 6.28 percent of the MCOs

1 payments to the PBMs. In the second quarter, that went down
2 to 21.9 million or two percent of the MCO payment to PBMs.
3 Notably, in the third quarter it went down to 13.6 million or
4 1.7 percent. So I think we saw a significant decline in part
5 because what we saw over the course of the year is our
6 managed care organizations renegotiating their contracts with
7 the PBMs to pass-through agreements, so essentially getting
8 rid of the spread entirely.

9 So I think this is a story where, what we put
10 in place last year actually did have the intended impact.

11 REPRESENTATIVE FLYNN: I believe it helped.
12 But you know, I personally visited these independent
13 pharmacies in my district. And I see -- they show me drastic
14 reductions in drug reimbursements. They're often getting
15 paid less than what the drugs cost them to buy. So you show
16 me a business model where that's going to give you success.
17 It doesn't exist.

18 You know, they fear that these radical
19 payments will force them to close their doors, leaving our
20 constituents without affordable access to their services. So
21 we need a long-term solution to this problem. And if the
22 state's being overcharged in excess of \$62 million, you said,
23 and pharmacies are being paid below what the drug costs them
24 to buy, how can I assure my constituents that the payment
25 methods that your department is currently reviewing will

1 provide fair reimbursements to pharmacies to continue to
2 provide these services, especially when these contracts -- we
3 can't see what the PBMs pay for these, from the drug
4 companies.

5 SECRETARY MILLER: Right.

6 REPRESENTATIVE FLYNN: So how is that fair?

7 SECRETARY MILLER: So I think you reference
8 that in our 2020 agreements, we added language that our MCOs
9 and their PBM subcontractors are required to have processes
10 in place that ensure that the amount paid to all network
11 pharmacies reflects the pharmacies' cost. This is a new
12 requirement, just like last year when I was here and we
13 talked a lot about spread pricing. That was a new
14 requirement. It took a couple of quarters for us to see the
15 impact. So I can't tell you for sure that we're going to
16 have a ton of success with this. But we did put some
17 measures in place to make sure that those costs are
18 reflected.

19 REPRESENTATIVE FLYNN: Thank you. And
20 hopefully I can work with you on this in the future.

21 Thank you.

22 MAJORITY CHAIRMAN SAYLOR: Representative
23 Hahn.

24 REPRESENTATIVE HAHN: Thank you, Chairman.

25 Good morning, Madam Secretary. I'm back here.

1 (Indicating.)

2 SECRETARY MILLER: Sorry.

3 REPRESENTATIVE HAHN: Good to see you.

4 You did a lot -- mentioned Community
5 HealthChoices several times this morning. But there's also a
6 LIFE Program that I understand might be less expensive than
7 the Community HealthChoices.

8 So can you tell me, are all the consumers in
9 the LIFE Program eligible for nursing home services?

10 SECRETARY MILLER: Consumers in the LIFE
11 Program are hand-picked and so they are not in nursing
12 facilities. They have to be able to stay --

13 REPRESENTATIVE HAHN: They're eligible,
14 though?

15 SECRETARY MILLER: They're eligible, yes.

16 REPRESENTATIVE HAHN: They're eligible.

17 So can you tell me, what is the average cost
18 for a recipient in LIFE, and then what is the average, or the
19 monthly cost, I guess, of a recipient in Community
20 HealthChoices? You know, like what's the difference in the
21 cost for those two?

22 SECRETARY MILLER: I think your question kind
23 of assumes that we're comparing apples and apples and we're
24 really not because the population served by CHC is different
25 in terms of the services that CHC has to provide. So in

1 their rates, they have to provide whatever services are
2 needed. So -- and it doesn't have to be people who can live
3 safely in the community. They're providing nursing facility
4 services that, of course, are much more expensive than
5 community-based services. So you can't really compare LIFE
6 rates with CHC rates.

7 And only about 10 percent of our LIFE --

8 REPRESENTATIVE HAHN: But I thought the LIFE
9 Program had the same one, just maybe a difference as far as
10 the age difference, but I thought they offered the same
11 services.

12 SECRETARY MILLER: They're not covering people
13 who are in a nursing facility, where that care is much more
14 expensive. That's where CHC has to cover that care. The
15 LIFE Program is not covering that care.

16 REPRESENTATIVE HAHN: Okay. But if they need
17 care in a nursing home, they get that same care through LIFE?
18 LIFE will provide that? If they get to that point where they
19 need nursing home services, LIFE provides that?

20 SECRETARY MILLER: Except that LIFE can
21 basically turn anyone down initially if they don't think they
22 can safely live in the community. So again, it is apples and
23 oranges. We're not really comparing the same thing.

24 REPRESENTATIVE HAHN: And so who's giving the
25 consumer that choice, right? So does the department make

1 sure that people know -- so if I'm out looking for someone,
2 or I'm at that age where my kids are probably going to be
3 looking for me soon, right? So who's going to give them the
4 choice that this service is available through community
5 services or this is available through LIFE? Like, how are
6 they going to know that they have an option?

7 SECRETARY MILLER: We've actually been doing a
8 lot of advertising for LIFE. We think LIFE is a great
9 program for people who are eligible. So as we've been out
10 there talking about CHC, we've done a lot to promote LIFE
11 alongside it and to let people know that that's an option.
12 And I think when you look at the enrollments, we continue to
13 see the LIFE Program grow. And I think that's as a result of
14 the fact that we've been doing so much to put LIFE out there
15 as an option for people.

16 We're also doing a pilot program to have our
17 enrollment broker talk about LIFE as an option. So going
18 forward, that might be something we also look at.

19 REPRESENTATIVE HAHN: Who chose to go to
20 LIFE -- so, in the different zones?

21 SECRETARY MILLER: Who chose to go to LIFE?

22 REPRESENTATIVE HAHN: You're implementing it,
23 right? So who chose -- like, how do you...

24 SECRETARY MILLER: I'm not sure I understand
25 the question.

1 REPRESENTATIVE HAHN: So like, who's -- like
2 how many people are choosing LIFE as an alternative over the
3 community -- like, do you have a number of people that have
4 chose that?

5 SECRETARY MILLER: Well, I can tell you what
6 the enrollments look like in terms of the LIFE Program.

7 So in '19-'20, we've seen 7281, 7,281 people
8 enroll in LIFE. And in '18-'19, we had 6761. So we saw a
9 seven percent increase in the LIFE enrollment in '19-'20, a
10 5.9 percent increase in '18-'19, a 6.7 percent increase in
11 '17-'18. So the LIFE Program, as I said, continues to grow
12 even as we roll out CHC.

13 REPRESENTATIVE HAHN: Well, I think one of the
14 things I had heard in the past, you know, like, when
15 there's -- here's the Community HealthChoices and then here
16 is a little box that gives LIFE, right, that explains LIFE.

17 So are the payers, the ratepayers the same?
18 Are they getting reimbursed the same amount, the providers?

19 SECRETARY MILLER: So our managed care
20 organizations negotiate rates with the providers. The LIFE
21 Program is providing all the services. So we're paying LIFE
22 and then LIFE is providing the services.

23 REPRESENTATIVE HAHN: Okay. So are we getting
24 a better bang for our dollars with LIFE? Under the services
25 they provide, are they getting reimbursed the same?

1 SECRETARY MILLER: Again, I mean, you're
2 really comparing apples and oranges.

3 So the LIFE Program is a great option for
4 people who do qualify for it and who can get into LIFE, but
5 only about 10 percent of our CHC population is eligible for
6 LIFE. So you mentioned, we talk about CHC and then over here
7 -- we always talk about LIFE. But again, we have to remember
8 only 10 percent of that population is even eligible for LIFE.

9 REPRESENTATIVE HAHN: But I think if you're
10 that 10 percent, you want to make sure you have that choice
11 and that option.

12 SECRETARY MILLER: Which is why we've been
13 talking about it so much and why I think you see the
14 enrollment growing.

15 REPRESENTATIVE HAHN: Okay.

16 Thank you, Chairman. I had some other
17 questions, but I'll follow up.

18 MAJORITY CHAIRMAN SAYLOR: Representative
19 Donatucci.

20 REPRESENTATIVE DONATUCCI: Thank you.

21 And thank you for being here today.

22 I have several questions, so I'll start with,
23 the budget utilized \$1 million in state funds to offset a
24 shortage of federal funds in home visiting. Have we expanded
25 state dollars to backfill federal funds before? And if so,

1 why?

2 SECRETARY MILLER: We have. I mean, to
3 maintain access, we have done that in the past.

4 REPRESENTATIVE DONATUCCI: Okay. And do you
5 know if other states are being, experiencing a shortfall like
6 us?

7 SECRETARY MILLER: Yes, they are.

8 REPRESENTATIVE DONATUCCI: Okay. So are we
9 talking with the federal government about this or should we
10 be, so that it doesn't keep happening?

11 SECRETARY MILLER: It's part of the federal
12 appropriations. We've been sending a lot of letters to the
13 federal government and we haven't necessarily had a lot of
14 good dialogue with them on some of those issues lately. But
15 we certainly can all be talking to them as part of their
16 appropriations process.

17 REPRESENTATIVE DONATUCCI: Okay. I'm going to
18 change courses over here.

19 The Pennsylvania General Assembly and then
20 Governor Rendell signed the Adult Protective Services
21 Legislation, that was Act 70 of 2010. That's 10 years ago.
22 While the department is doing the work, we are still without
23 APS regs. Can you tell how we are doing on the APS regs, the
24 timetable, complaints, cases, and funding?

25 SECRETARY MILLER: I can tell you that it has

1 been too long since we have been working on these regs. We
2 are planning to put these regulations out this spring.

3 REPRESENTATIVE DONATUCCI: Okay. I still have
4 time, so the birth certificate fee, a share of the 2.5 per
5 certified copy directed to DHS or Child Abuse Mandatory
6 Reporting work remains the same at 953,000. Has there been
7 any fluctuation in the revenue generated by the birth
8 certificate fee, given the demand for a real ID and
9 replacement birth certificates for some people?

10 SECRETARY MILLER: As a birth certificate
11 question, is that a Department of Health question? I'm...

12 REPRESENTATIVE DONATUCCI: Maybe not. But
13 the -- I thought the money was directed to DHS for child
14 abuse.

15 Okay. I'm done, then. Thank you.

16 MAJORITY CHAIRMAN SAYLOR: Representative
17 Wheeland.

18 REPRESENTATIVE WHEELAND: Thank you, Mr.
19 Chairman.

20 And thank you, Madam Secretary.

21 It's my understanding that the Department of
22 Health has increased both the severity and the frequency of
23 state fines imposed on nursing homes since the Nursing Home
24 Task Force recommendations were unveiled. Where are the
25 dollars from the fines going, and specifically, how are they

1 being spent?

2 SECRETARY MILLER: So, Representative, that's
3 probably a better question for the Department of Health.
4 We're the Department of Human Services, so I'm not sure I can
5 answer your question.

6 REPRESENTATIVE WHEELAND: Okay. Can we go
7 over to the Medical Transportation Program?

8 SECRETARY MILLER: We can.

9 REPRESENTATIVE WHEELAND: Thank you.

10 Okay. Over the last two years, there's been a
11 lot of attention placed on MATP and Act 19 of 2019 called for
12 a study of MATP in examining if Pennsylvania should move to a
13 transportation broker, either private or public model. Are
14 you currently considering any changes or will the current
15 system remain status quo?

16 SECRETARY MILLER: So thanks for that
17 question.

18 Since we released the MATP report at the end
19 of last year, we have continued to meet with the same work
20 group that was meeting last year to produce that report. And
21 we are continuing to meet with them.

22 That work group is comprised of a diverse
23 group of subject matter experts representing DHS, but we also
24 have PennDOT at the table, Aging, CPAP, the Pennsylvania
25 Association of County Human Services Administrators, PPTA.

1 And our plan is that over the next 18 months, the work group
2 is going to help us explore other options for the
3 administration service delivery of the MATP.

4 So we're trying to figure out what the best
5 system might be, recognizing that the best system in a rural
6 area might be different than the best system in Philly or in
7 Pittsburgh. So we'll be exploring that.

8 REPRESENTATIVE WHEELAND: It's very good to
9 hear that you do recognize that.

10 I mean, my district is in Lycoming County and
11 rural is definitely -- and I understand in Philadelphia, you
12 have been using broker models since 2005. But rural
13 Pennsylvania is significantly different when it comes to
14 transportation.

15 So you mentioned, would you consider those
16 work groups that you had mentioned, that -- were any of the
17 consumers that utilize medical transport, are they part of
18 the work group?

19 SECRETARY MILLER: We did have a session with
20 consumers and will continue to involve them in the process.

21 REPRESENTATIVE WHEELAND: Please do because --
22 you know, being a county commissioner in my previous life,
23 it's amazing what you'll learn, you know, when you actually
24 talk to the consumers of the products that government is
25 offering.

1 SECRETARY MILLER: We're finding that in a
2 number of areas. That's how we discovered our EARN Program
3 needed to be revamped. We actually talked to the people we
4 serve.

5 And to your point, I think one of the things
6 we learned through that work group is that there's some
7 interesting things happening in some counties, particularly
8 some of the rural counties, where they're bringing different
9 counties together. And I think we want to see if that model
10 might make sense in more areas of the state. So I think we
11 did learn a lot through the exploration and look forward to
12 continuing to work with the stakeholders to figure out the
13 best system for Pennsylvania.

14 REPRESENTATIVE WHEELAND: Well, that's great
15 because it certainly is working in the northern tier as it
16 currently is. And we would be -- I would be very concerned
17 if there was any shake-up of the current situation.

18 So thank you very much.

19 MAJORITY CHAIRMAN SAYLOR: Representative
20 Krueger.

21 REPRESENTATIVE KRUEGER: Thank you, Mr.
22 Chairman.

23 Thank you, Madam Secretary, for joining us
24 here today.

25 Secretary, I want to note that your budget at

1 the Department of Human Services funds essential services for
2 some of the most vulnerable people in our society: Seniors,
3 kids, folks with disabilities, survivors of violence, people
4 who are currently on ventilators. And there's been some
5 rhetoric today about overspending; yet, there's a need for a
6 supplemental budget because we didn't budget enough money in
7 the first place. The legislature has continued to refuse to
8 appropriate enough money to care for these people first.

9 I believe that budgets are a statement of our
10 values and I long for a day when we adequately budget for the
11 most vulnerable in our society. I believe we've got a
12 responsibility to care for the least of these. And I hope
13 that in a future budget season, we won't need a supplemental
14 budget at all because we will have adequately budgeted for
15 the money that we need.

16 Now, there's a lot of things that I'd like to
17 ask you about today, but I know that we are time limited, so
18 I want to ask first about support for grandparents who are
19 raising grandchildren.

20 I met just last week with a number of women in
21 my district in Delaware County who are raising grandchildren
22 and even great-grandchildren as a result of the opioid
23 epidemic. What I've heard from them is that they need more
24 support. And I know that there's been a number of bills that
25 have passed. I read the Joint State Government Commission

1 report on grand-families in Pennsylvania, and I want to talk
2 specifically about the what kind of financial support we're
3 offering to these families.

4 The Kinship Caregiver Navigator Program, I
5 know, has been enacted, has information on support and
6 services available, including financial aid. Can you tell me
7 first, are grandparents who are raising grandchildren
8 eligible for foster care funding?

9 SECRETARY MILLER: If they're part of the
10 foster care system like anyone else, then yes.

11 REPRESENTATIVE KRUEGER: And can you talk
12 about the process? Oftentimes, I've heard from these folks
13 that they weren't planning to be raising these grandchildren.
14 An emergency happens, sometimes unfortunately a death, and
15 all of a sudden, they're in a situation that they didn't
16 expect. How long does it take someone to get formally into
17 the foster care system?

18 SECRETARY MILLER: That I don't know.

19 Jon, do you want to come up?

20 MAJORITY CHAIRMAN SAYLOR: Again, you'll need
21 to give your name and your title again for the stenographer.

22 DEPUTY SECRETARY RUBIN: Jonathan Rubin,
23 Deputy Secretary for the Office of Children, Youth, and
24 Families.

25 As Secretary Miller said, it's a similar

1 process for really anybody to become a foster parent, but
2 there could be an emergency clearance so that they could be a
3 foster parent right away. And then they would have to go
4 through the same clearances and training as any other foster
5 parent. So it can happen relatively quickly, especially in
6 an emergency situation.

7 REPRESENTATIVE KRUEGER: So can you tell us,
8 give us an estimate, an emergency clearance, how long does
9 that process take?

10 DEPUTY SECRETARY RUBIN: It could happen
11 immediately.

12 REPRESENTATIVE KRUEGER: Immediately.

13 DEPUTY SECRETARY RUBIN: Yes.

14 REPRESENTATIVE KRUEGER: Okay. And is there
15 any streamlining in the process for grandparents or immediate
16 family members who are taking children in?

17 DEPUTY SECRETARY RUBIN: Well, I will say the
18 priority for the Child Welfare System is to look for kinship
19 and family and relative placements. And so the efforts would
20 really be around family finding and locating the best close
21 relative for the child.

22 REPRESENTATIVE KRUEGER: Are temporary
23 guardians eligible for these funds?

24 DEPUTY SECRETARY RUBIN: Temporary guardians?
25 I'm not sure what you mean by that phrase, but if they are a

1 foster parent, then they would be eligible. If they are
2 approved, then they would be eligible to receive funds for
3 the care of the children.

4 REPRESENTATIVE KRUEGER: So, Secretary, I've
5 heard a number of cases of grandparents who are caring for
6 these children informally. Again, they hadn't planned on
7 this, there's questions about whether the parent will be able
8 to provide care for the child later on. What support is
9 available for people who are taking care of these children
10 informally?

11 SECRETARY MILLER: So, you know, from DHS's
12 perspective, you know, anyone who is eligible for our
13 programs obviously would be eligible. If they're eligible
14 for SNAP, they would have SNAP available, LIHEAP, all the
15 programs we offer. But again, those are eligibility-based
16 programs, so they would have to be eligible for those
17 programs. And again, that's why we have the Kinship
18 Navigator Program, to help connect people to supports that
19 might be out there that are not DHS programs, but might help
20 meet a need that they have.

21 REPRESENTATIVE KRUEGER: And let's say that
22 someone gets that emergency clearance, you know, they are
23 able to access the foster care funds, about how much on
24 average are they receiving per month per child?

25 SECRETARY MILLER: Do you know? I'm not sure

1 I have that.

2 DEPUTY SECRETARY RUBIN: I mean, those rates
3 are negotiated with each county. Each county system is
4 different.

5 REPRESENTATIVE KRUEGER: Delaware or
6 southeastern Pennsylvania is a region. How much are these
7 families receiving?

8 DEPUTY SECRETARY RUBIN: We can get back to
9 you with that information. I don't have that with me.

10 REPRESENTATIVE KRUEGER: Okay. And I know our
11 time is getting limited. I just want to underscore, we need
12 to do more here. These families are really struggling. All
13 of a sudden, there's all of these costs that they're not
14 expecting.

15 My office has helped people navigate SNAP
16 applications, Medicaid applications, and yet, these folks are
17 still falling between the cracks. I look forward to working
18 with your office to identify what other support we could be
19 giving these families.

20 SECRETARY MILLER: Thanks.

21 MAJORITY CHAIRMAN SAYLOR: With that, we go to
22 Representative Fritz.

23 REPRESENTATIVE FRITZ: Thank you, Mr.
24 Chairman.

25 And, Secretary Miller, pleased to see you.

1 Thank you for joining us today.

2 Madam Secretary, I'll mention that I proudly
3 represent the 111th Legislative District that comprises Wayne
4 and Susquehanna Counties, and it's one of the largest
5 districts in the Commonwealth. It's 1,060 square miles. So
6 our hospitals are few and far between.

7 With that in mind, I'm going to speak to the
8 Pennsylvania Rural Health Model, if you'll allow me. The
9 health model started out with a pilot program, which included
10 five hospitals -- and I'll mention three of those hospitals
11 are within my footprint -- and it now includes 13 hospitals.
12 Those hospitals receive global budget funding from the major
13 insurers in lieu of a fee-for-service payment mechanism.
14 That results in a stabilized, consistent revenue for these
15 rural hospitals.

16 And again, I'll mention, Madam Secretary, that
17 our rural hospitals are fundamental, absolutely critical to
18 the quality of life in our small town and it's imperative
19 that we keep their doors open.

20 So if you would, Madam Secretary, kindly speak
21 to your agency's experience and observations with this new
22 funding model.

23 SECRETARY MILLER: So this is a funding model
24 that has been spearheaded by the Department of Health, but as
25 the Medicaid agency, we certainly have been involved and I

1 think are really interested in this model, because again, I
2 mentioned earlier, we are trying to move away from a
3 fee-for-service system to more things like global budgets.
4 And so I think this is a very interesting model.

5 And I have not necessarily seen the data on
6 where we are today, but I think this is something that we are
7 very interested in as we think about some of our urban
8 challenges, and again, just moving more towards a value-based
9 payment system.

10 REPRESENTATIVE FRITZ: Okay, okay. So I'm
11 going to go a little bit more micro, if you will.

12 Madam Secretary, are all of the health choices
13 and Community HealthChoices, MCO included, with the major
14 insurers participating in the Rural Health Model?

15 And for those that are watching at home, I
16 just want to mention that MCOs stands for "managed care
17 organization."

18 And in your response, if you could, kindly
19 mention whether all MCOs are participating, which ones are
20 not.

21 SECRETARY MILLER: So I don't have all the
22 data on this. I think the Department of Health would
23 probably have that.

24 But I do know that for the MCOs that agreed to
25 participate, they have to bring all of their lines of

1 business to the table.

2 REPRESENTATIVE FRITZ: Okay.

3 Madam Secretary, how are the global budget
4 payments from the Medicaid line item providers to hospitals
5 established?

6 MS. PEREZ: So we could follow up with you on
7 that.

8 REPRESENTATIVE FRITZ: Okay, if you would.

9 And I'd also like to know how those payments
10 are incorporated into the MCO rates, and I would really look
11 forward to your follow-up.

12 But again, I just want to emphasize how
13 critical rural hospitals are to our region and quality of
14 life.

15 Thank you very much.

16 And thank you, Mr. Chairman.

17 MAJORITY CHAIRMAN SAYLOR: Make sure you
18 address those to the Chair, both of the Chairs.

19 SECRETARY MILLER: Okay.

20 MAJORITY CHAIRMAN SAYLOR: With that, we'll
21 call on Representative Brown.

22 REPRESENTATIVE BROWN: Thank you, Mr.
23 Chairman.

24 And thank you, Madam Secretary. Good morning.
25 Thank you all for being here.

1 And I do have one specific question, but I
2 would like to touch base, based on some of the questions and
3 the comments that have been talked about as far as the
4 spending levels and the supplements, the supplementals that
5 have been asked about.

6 And one of the things that I don't think is
7 spoken about often enough is the legislative body. It's not
8 just our proposal as far as the finances. I mean, this
9 budget and the appropriations that we do is also signed off
10 on by the Governor. And so these dollars have been approved
11 by the Governor and moved forward.

12 So when we talk and we use words and rhetoric
13 and things like that about -- we didn't do this and we didn't
14 do that -- this was an agreed-to proposal. So I'd just like
15 to remind us of that, because when we look at the
16 overspending, when we look at this volume of the
17 supplementals, this is a really, really big conversation.
18 And that's left out of the conversation very often, so I'd
19 just like to remind all the viewers and many of the
20 legislators in the room, as well, on that.

21 But with that, I know I'm going to touch base
22 on the PA Workwear Grants, and I know I received an e-mail on
23 Monday of this week with some details on that. And I'm sure
24 you're aware, the program is slotted to end June 30th of this
25 year. But there was an Auditor General report in 2009, which

1 really said there was about \$15 million being spent on these
2 special allowances that were really not -- they were not
3 financially -- there was fraud. The audit showed all
4 different types of issues. So we stepped away from that and
5 this program was created for that very reason.

6 Now we're talking about doing \$150 special
7 allowance, cash being kind of given to someone -- and I'm
8 absolutely for these soft skills and moving people forward
9 and helping people become as independent as possible. But
10 putting \$150 cash to someone without accountability for our
11 taxpayers who are providing these dollars is a concern for
12 me.

13 So maybe once you just touch base a little
14 bit, and I'll have a few other questions for you.

15 SECRETARY MILLER: Absolutely.

16 Thank you for bringing this up, because when I
17 mentioned of cost containment earlier and the importance of
18 cost containment, this is actually a perfect example of a
19 place where I truly believe right now we're doing the right
20 thing for our people and for taxpayers by ending these
21 grants.

22 But let me just address some of the issues
23 because I think you're absolutely right.

24 And looking at the Auditor General report, we
25 did have an Auditor General report back in 2009 that pointed

1 to a lack of financial accountability and program integrity,
2 and so that was over 10 years ago. We made significant
3 changes to the program at that time, and one of the changes
4 was to bring PA Workwear on board for 38 of the counties.
5 They don't serve all of the counties today. Twenty-nine
6 counties have continued with the up to \$150 clothing
7 allowance.

8 But let me just tick through some of the
9 things that we did, in addition to bringing on PA Workwear to
10 really address the program integrity aspects.

11 So number one, we now have annual limits for
12 clothing special allowances up to the maximum of \$150. We
13 also made edits to our eligibility system to prevent
14 issuances more frequently than annually, and to make sure
15 that any payments in excess of 150 would be denied. We also
16 have to have completion of a form signed by the employer or
17 training provider verifying that clothing is needed, and the
18 requirement of an itemized estimate of the clothing to be
19 purchased. Then there's a requirement for a supervisor
20 approval of the special allowance before payment can be
21 issued, and then a receipt for the clothing has to be
22 provided within 14 days or overpayment is initiated and money
23 is recouped from the client's TANF account. We also do case
24 reviews that are completed monthly.

25 Let me just show you some graphs that I think

1 just very -- a picture is worth a thousand words.

2 So if you look at our program back before the
3 Auditor General's report, this was 2009. (Indicating.) This
4 was a flawed system. (Indicating.) Absolutely agree, I
5 think we would all agree on that. But then when we put all
6 of those quality controls in place, including bringing on PA
7 Workwear, this is what happened to the CAO issued allowances.
8 They basically went down here. (Indicating.) So in 2019, we
9 issued 150 at a cost of \$13,000.

10 Now here (indicating) is PA Workwear. So the
11 blue shows you our TANF population, and you can see how our
12 TANF population over the last decade has gone down. This red
13 line (indicating) is actually the adult population, which has
14 dropped even more significantly, and this purple line
15 (indicating) are our PA Workwear Grants.

16 So you see back in 2000 -- I can barely read
17 this -- 2009-2010, we had a TANF population of 64,000 adults.
18 We were paying \$1.5 million to PA Workwear and we purchased
19 13,000 suitings, essentially, for that \$1.5 million. Fast
20 forward to 2018-19, we now have a TANF adult population of
21 26,000. We paid for 4,000 suitings with \$2.27 million.

22 So this PA Workwear (indicating) is our flawed
23 system now. We absolutely are doing the right thing by
24 ending these contracts for taxpayers. I can't defend how
25 we're paying more and serving far fewer people. This doesn't

1 make sense going forward. Our TANF population is going down
2 too much. These are cost reimbursement grants and they just
3 need to end.

4 REPRESENTATIVE BROWN: Thank you.

5 I had a hard time seeing that a little bit,
6 but I saw you pointing at it. But thank you very much for
7 the details. I think it's absolutely something that we have
8 to be in touch with here as the legislative body for the
9 reasons of accountability and to make sure that it's truly
10 effective for people, rather than just throwing money.

11 Thank you.

12 MAJORITY CHAIRMAN SAYLOR: Representative
13 McCarter.

14 REPRESENTATIVE McCARTER: Thank you very much,
15 Mr. Chairman.

16 And again, thank you very much for being here
17 today, Madam Secretary.

18 And I have two areas of questioning I'd like
19 to talk about very quickly.

20 One is drug pricing. And again, in terms of
21 planning, I'm hoping this is the correct direction to go
22 here, but the federal government is moving to actually open
23 up the possibility of allowing importation of drugs from
24 Canada, or -- and they're looking at that and there's a
25 process ongoing in Washington at the present moment that

1 could make that happen within the next year or so. One of
2 the things is that many states have already taken action to
3 set up design programs and so on to allow that to happen if
4 that becomes federal statute.

5 Do you have any comment that you would want to
6 make on that as a possibility? I know we do have some bills
7 in already to look at a design study potentially of that,
8 if -- that would allow Pennsylvania then to participate in
9 that and what the impact that might have on our budget here.

10 SECRETARY MILLER: So the Governor in his
11 budget address mentioned that he was going to have a cost
12 containment proposal coming and that is going to be coming
13 very soon. So I don't want to spoil anything that's coming
14 out of that. But I think drug prices and addressing drug
15 prices are a part of that.

16 (Interruption.)

17 REPRESENTATIVE McCARTER: I didn't know my
18 question was quite that exciting, but I hope --

19 Mr. Chairman, do you want to continue or how
20 do you want to do this?

21 MAJORITY CHAIRMAN SAYLOR: Continue,
22 Representative McCarter, we'll give you a little extra time.

23 REPRESENTATIVE McCARTER: Okay. Thank you
24 very much.

25 All right. So we'll leave it at that point.

1 But I would hope that we would seriously look at that as a
2 possibility.

3 The second area I'd like to talk a little bit
4 about is nursing homes, for all of us who have had,
5 obviously, our parents and grandparents and so on that have
6 to spend time in nursing homes. It's always a very difficult
7 situation, as we know.

8 And we've received, I know many of my
9 colleagues, as well, have received innumerable contacts from
10 the managed care organizations concerning the amount of
11 reimbursement and the difficulties that they have in
12 maintaining the level of care that they want to be able to do
13 with the pricing structure that we currently have.

14 Is it true that the rates set by DHS for the
15 CHC plans, the Community HealthChoices plans, don't even
16 cover, really, the service plans that were inherited from the
17 old fee-for-service system?

18 SECRETARY MILLER: Well, the CHC rates, just
19 like all of our managed care rates, are actuarially sound.
20 So we work very closely with actuaries to ensure that they're
21 actuarially sound rates.

22 REPRESENTATIVE McCARTER: Okay.

23 And if -- you know, we all see the
24 difficulties that nursing homes have in terms of staffing.
25 We know that their staffing difficulties are paramount. And

1 again, I guess we're all becoming very quickly aware of the
2 Life and Care Center situation out in Kirkland and Washington
3 and what's happened there under a crisis situation, that
4 their staffing, they simply can't provide the staffing that
5 they need in an emergency. Because in all -- as we know, in
6 our health care system, we work to the fullness of that
7 completed system. There's no extra amount of people
8 available, there's no extra amount of beds, there are no
9 extra amounts of respirators, or whatever the case may be.
10 We are at full capacity.

11 And when it comes to, you know, our nursing
12 care situation in these homes, I think all of us want to make
13 sure that they have the opportunity -- and again, we're not
14 looking for excess profits here, I don't think, for anyone.
15 I think we're looking for care, though, that they can take
16 care of all the needs of our parents and grandparents to be
17 in those circumstances. And anything that you can do within
18 this budget to make that possible, I think, would be
19 critical.

20 SECRETARY MILLER: We're certainly sympathetic
21 to the plight of the nursing homes. We've certainly heard a
22 lot from them over the last few years. And we've had a lot
23 of discussion today about controlling our costs and all of
24 that, and we've talked a lot about the growth in this
25 population.

1 So there are increases for LTSS in this
2 budget, but because of the growth of the population that we
3 need to serve, all of those increases are really anticipated
4 to go to meet that need. And so unfortunately, there haven't
5 been any increases for any of our long-term care providers in
6 this budget.

7 REPRESENTATIVE McCARTER: And again, that
8 becomes problematic given any special circumstances that we
9 may be following here.

10 Thank you.

11 MAJORITY CHAIRMAN SAYLOR: Representative
12 Culver.

13 REPRESENTATIVE CULVER: Thank you, Mr.
14 Chairman.

15 Over here, Secretary Miller. (Indicating.)
16 Thank you for being here and your staff today.

17 You probably oversee the largest agency within
18 the Commonwealth, so we could be here for days. I know that
19 we won't be, but we could be.

20 So I have two questions for you. The first
21 one is having to do with childcare programs.

22 The Governor's budget proposal included an
23 allocation of \$74 million in federal funding to offset the
24 increase in the minimum wage up to \$12 an hour starting
25 July 1st of 2020 for subsidized childcare programs. What is

1 your plan for that funding if the minimum wage proposal does
2 not pass or the enacted legislation includes an increase that
3 is lower than \$12 an hour?

4 SECRETARY MILLER: So I don't know that we
5 have a plan at this point. I think we are anticipating that
6 the minimum wage proposal will go through and that's where
7 we're putting all of our eggs at this point.

8 REPRESENTATIVE CULVER: So we had the same
9 expectation last year and that didn't happen. And I think
10 the concern is coming, you know, to a lot of us from back in
11 the district, is there an alternative plan at all?

12 SECRETARY MILLER: Not at this point, no. I
13 mean, we are putting all of our eggs in the basket of trying
14 to get the minimum wage passed. It's too important for this
15 workforce, in particular.

16 REPRESENTATIVE CULVER: So let's just say it
17 doesn't, would you be open to spending that funding to
18 improve access to care addressing the wait list, and I guess
19 building up the supply of high quality childcare for infants
20 and toddlers?

21 SECRETARY MILLER: I mean, I think we would
22 absolutely be open to a lot of things if it comes to that,
23 but again, we're focused on getting the minimum wage passed.

24 REPRESENTATIVE CULVER: Okay. I just want to
25 make sure, though, that we are open to what happens if it

1 doesn't because it does affect a lot of our constituency back
2 home.

3 So my next question has to do with personal
4 care homes and assisted living. The proposed budget requests
5 22 additional Human Services -- licensing positions to meet
6 licensing and oversight requirements for personal care homes
7 and assisted living facilities. According to the Bureau of
8 Human Services, licensing personal care home annual report
9 from 2013 to 2018, the number of personal care homes
10 decreased by seven percent and the number of inspectors
11 increased by 15 percent. And the average of inspectors for
12 personal care home workload declined from one inspector to 32
13 homes to one inspector to 26 homes. The 22 positions would
14 be a 49 percent increase in licensing staff over the 2018
15 annual report and reduce the workload to one inspector to 17
16 personal care homes.

17 Why do we need so many new licensing
18 inspectors?

19 SECRETARY MILLER: So I think first of all,
20 just from a global perspective, you know, DHS is operating
21 today at a staff that is 1600 less than what we had a decade
22 ago. Now we are always trying to find efficiencies using
23 technology wisely, et cetera. But I think what we found --
24 and last year, after reports came out around Glen Mills, we
25 really took a hard look across the department and the

1 Governor has been very focused on vulnerable populations and
2 making sure that we are doing everything we can to protect
3 people who are in our facilities and that we are doing our
4 licensing functions to the best of our ability.

5 And I think what we see across the board is
6 that we are understaffed, and for example, in DHSL, that you
7 were just referencing, they are operating today at a backlog
8 of three to four months already. And when you think about
9 the number of renewals, the number of incident and complaint
10 inspections needed to effectively monitor our personal care
11 homes and our assisted living facilities, DHSL was operating
12 with about 61 percent of the staff that they needed to really
13 do their job.

14 So we take our responsibility seriously to
15 make sure people in facilities are protected. And we also,
16 in the Governor's executive order last year, we also have
17 enhanced requirements around, for example, when a facility is
18 not meeting and they have deficiencies, they're not meeting
19 the requirements, they have to put together a corrective
20 action plan. We have new requirements about making sure that
21 those corrective action plans are implemented.

22 And it's the right thing to do to protect
23 people, but that means we need additional staff to make sure
24 we can carry out those functions.

25 REPRESENTATIVE CULVER: So how many assisted

1 living facilities were inspected in 2018? And what was the
2 total number of Human Services licensing inspectors?

3 SECRETARY MILLER: We could get back to you
4 with that information.

5 REPRESENTATIVE CULVER: Okay.

6 You talk about being 1600 employees down, it
7 was my understanding some of that came from closures of
8 facilities previously, not from staff like this.

9 SECRETARY MILLER: I think if you look at any
10 of our licensing staff, they will tell you they do not have
11 the capacity to do what they need to do, which is why we're
12 coming in with -- I realize it's a very significant request,
13 but again, across the board, as we looked around and talked
14 to folks and said, "How do you feel about the job you're able
15 to do with the staff you have?" We heard overwhelmingly, "We
16 need more staff to really make sure we can do the job we need
17 to do."

18 REPRESENTATIVE CULVER: So let me ask this
19 last question, which you may have to get back to me on. Can
20 you provide the committee with a number of full, partial, and
21 initial inspections of assisted living facilities from 2013
22 to 2019?

23 SECRETARY MILLER: We can get you that
24 information.

25 REPRESENTATIVE CULVER: I figured you wouldn't

1 have that handy.

2 SECRETARY MILLER: I don't actually have that.

3 REPRESENTATIVE CULVER: We're curious.

4 I know it's been an issue in my district with,
5 we're losing personal care homes and having great difficulty
6 in finding where to put people. So when I have to go home
7 and tell them, "We're going to have more inspectors, but we
8 do not have enough of the homes to take care of the
9 population that we have," I'm going to be asked this
10 question.

11 SECRETARY MILLER: Sure.

12 REPRESENTATIVE CULVER: Okay. Thank you for
13 your time.

14 MAJORITY CHAIRMAN SAYLOR: Representative Kim.

15 REPRESENTATIVE KIM: Good morning, Secretary
16 and team. Thanks for being here today.

17 I wanted to kind of get out a statement versus
18 really a question.

19 You know, we're all preparing. I've got my
20 toilet paper for the Coronavirus issue that may or will
21 happen. But I think the spread is going to expose the many
22 weaknesses we have in the home health-care industry. I know
23 it depends on the contracts, but most home health-care
24 workers do not have paid leave, they do not have sick leave,
25 they're making at best about \$20,000 a year. So if there's a

1 home health-care worker who kind of feels sick, they're going
2 to work. They're going to go to work and they're going to
3 spread it. I can afford to stay home if I'm not feeling so
4 great, and then, eventually, if I get the flu, I'm staying
5 home.

6 So these home health-care workers are not
7 making enough, they are helping people who are very
8 vulnerable physically, maybe a weakened immune system. So
9 this is going to expose weaknesses that we need to take care
10 of before we have an epidemic like that.

11 So I'm glad to see \$12 an hour. It's going to
12 be about \$4,000 more, but it's going to help. We have to
13 take care of these home health-care workers.

14 You've been asked to predict things. We know
15 we're going to have more of a population in the elderly, so
16 we need to invest in those home health-care workers.

17 I was a nursing student and I stunk at it. I
18 cannot do what they do. It's personal, you have to have the
19 right mindset to take care of someone in such an intimate
20 way. We need them and we need to take care of them. I know
21 you're on the same page.

22 I'm going to shift over to mental health.
23 Thank you for indulging me on that.

24 The Governor has said that he supports mental
25 health services, but the investment is not there. In our

1 other hearing we were talking about the -- is it safe to
2 say -- where a lot of the calls are for kids who are
3 struggling mentally, suicides from bullying or whatever. We
4 need more investment. And so now the counties have to deal
5 with this. They're not getting the investment. It's an
6 already stressed out system. What do you think we need to do
7 to make sure that -- we know we have these problems. It's
8 out there, we see it. What do we need to do to address this
9 issue?

10 SECRETARY MILLER: Well, I mean, so a couple
11 of things. First of all, you know, in the Governor's first
12 two budgets, he did include a restoration of the 10 percent
13 cuts that happened previously. Those were not ultimately in
14 the finalized budgets.

15 But I think the Governor's mental health
16 initiative, "Reach Out PA, Your Mental Health Matters," I
17 think is a really wonderful way to start a conversation that,
18 frankly, should have been started probably a long time ago.
19 I think we've all been blown away a little bit by the
20 response to the initiative. The Governor opened up a website
21 so people could submit comments and thoughts on our process.
22 And I know the Department of Insurance has been looking at --
23 they did a survey. We've all -- a lot of agencies have been
24 involved, but they did a survey of providers. We are
25 collecting, right now, a lot of information about how our

1 system is or isn't working for people. And I think like a
2 lot of initiatives in the past that the Governor has
3 initiated, they've been multi-agency efforts. So we've had a
4 lot of agencies around the table. They've involved a
5 listening component where we go out to communities and hear
6 directly from them. We've talked today about how important
7 it is to hear from the people we're here to serve.

8 So we've gone out, listened to the
9 communities, and then had oftentimes recommendations that
10 followed from that. We're doing -- and frankly, I think this
11 whole effort in some ways is a response to some of the
12 previous efforts.

13 You may know we had a Suicide Prevention Task
14 Force that the Governor announced last May. We did 10
15 listening sessions with that. And one of the things we heard
16 about over and over again in those listening sessions was the
17 stigma around mental health. And so, in some ways, we're
18 listening and the Governor's announcement of this latest
19 mental health initiative, I think, is him saying, "We heard
20 you in these other initiatives," and now we need an
21 initiative really just focused on mental health and how do we
22 address the stigma. From my perspective, I think one of the
23 biggest challenges we have around this is addressing the
24 stigma.

25 We don't talk about mental health like we talk

1 about physical health. Most of us have no problem sharing if
2 we are struggling with asthma or whatever our physical health
3 condition might be, and people feel bad for us. We don't
4 feel like we can share our mental health challenges and
5 that's a problem.

6 And it's been pointed out to me that, you
7 know, we need to always be doing everything we can to
8 continue to improve our system. And I think the feedback
9 we're getting is going to help us do that. But we could have
10 the best mental health system in the world, and if the stigma
11 is such that no one wants to access services, it doesn't
12 really matter.

13 So we really have to focus on that stigma.
14 And that's what the Governor was announcing, you know, in
15 January, is we need people to feel like it's okay to not be
16 okay and it's okay to speak up. And when you do, you're
17 going to be met with acceptance. And all of us can be that
18 listening ear and that person that anyone goes to for help,
19 and we don't have to be a professional to help connect people
20 to professionals that can help.

21 So I think stigma is a big piece of it, but
22 also, I think we're going to learn a lot from this effort
23 about what we need to do going forward to improve our system.

24 REPRESENTATIVE KIM: Thank you for that and
25 being able to share that we need to destigmatize mental

1 health. And I just -- I'm proud of my colleague,
2 Representative Mike Schlossberg, who's trying to always work
3 on that issue and all the work that he's done.

4 SECRETARY MILLER: He's done a wonderful job.

5 REPRESENTATIVE KIM: He has.

6 Thank you for your response, Secretary.

7 MAJORITY CHAIRMAN SAYLOR: With that, we are
8 adjourned -- or I should say recessed until 1:15.

9 (Recess at 12:04 p.m.)

10 (Reconvened at 1:19 p.m.)

11 MAJORITY CHAIRMAN SAYLOR: We will call the
12 hearing back to order. And, of course, everybody is still
13 under oath.

14 We will start with our first questioner, who
15 is Representative Struzzi.

16 REPRESENTATIVE STRUZZI: Thank you, Mr.
17 Chairman.

18 Good afternoon.

19 I have a couple of questions pertaining to
20 Children and Youth Services. When we spoke last year at the
21 hearing, I mentioned the State of the Child Report and you
22 had indicated, you know, a lot of those improvements were
23 still in process; yet I continued to still hear about
24 problems within the Children and Youth system that need to be
25 fixed.

1 My question, though, pertains specifically to
2 the budget request for 39 new positions within the Children
3 and Youth offices, roughly about \$4 million in funding, state
4 and federal funding. As I talk about some of the issues with
5 Children and Youth and just the horrific, heartbreaking
6 stories that we continue to hear, I give a lot of credit to
7 our county facilitators who are out on the street handling
8 these issues.

9 How are these positions going to help them?

10 SECRETARY MILLER: So thank you for the
11 question.

12 And as you know, over the last year, focusing
13 on vulnerable populations, including our children, and how we
14 do a better job serving them has been a big issue.

15 So the 39 staff that we're requesting for OCYF
16 are requested so we can meet federal and state requirements,
17 and really, to ensure child safety and well-being.

18 These new staffers are going to be working on
19 improving data and quality monitoring, establishing a
20 statewide child welfare case management system, which I think
21 is really important so our counties can connect to one
22 another -- and a lot of these families are transient, so I
23 think that's a big issue -- ensuring timely ChildLine and
24 clearance processing, improving fiscal oversight of county
25 budgets, and coordinating with state priorities, and

1 implementing and providing guidance on multiple federal and
2 state system changing pieces of legislation.

3 So we look at, sort of the workload over the
4 last several years, particularly since changes with the CPSL,
5 and that's really one of the major reasons we need additional
6 staff.

7 Since the CPSL changes to expand the
8 individuals required to obtain clearances, for example, we
9 received about 1.5 million child abuse clearance applications
10 in 2015. That was up by about 162 percent from 2014, prior
11 to the law changes. And this is also the cohort that is due
12 to renew their clearances in 2020. And we are expecting
13 about 500,000 more clearances in 2020 than in 2019. So
14 that's one of the pieces of workload.

15 Calls to ChildLine have continued to increase
16 since 2014, an increase of 30,000 calls in 2019
17 comparatively. So in 2019, there was an average of 262 hours
18 of overtime worked per week at ChildLine. So that was a
19 total of over 4300 hours of overtime worked by our
20 caseworkers and our supervisors just from January to March of
21 2019. So this, of course, results in high turnover and
22 inability to maintain ChildLine staffings just at complement.
23 And, of course, our dropped and abandoned rate of calls goes
24 up during that time, as well.

25 In 2019, we also had approximately 2,000 child

1 abuse appeal requests received, which was a 12 percent
2 increase from 2014. And there are over 10,000 minor
3 perpetrator records that are currently on file that should be
4 expunged and require information collection and review.

5 And finally, in 2019, OCYF regional staff
6 reviewed 278 reports of suspected child abuse fatalities and
7 near fatalities, which was a 78 percent increase since 2014.

8 So there's just a lot more work on this group
9 of staff and we need to be doing a better job, as we all
10 know.

11 REPRESENTATIVE STRUZZI: Okay.

12 A follow-up question, I think it sort of
13 builds on what you're saying there.

14 I'm new to the Children and Youth Committee,
15 so you know, and I want to dig right in and do what we can to
16 help fix the problems that I mentioned earlier. And as we
17 started to go down that path, it was brought to my attention
18 that on October 1st, Pennsylvania will opt into the Family
19 First Prevention Service Act; yet, I don't see anything
20 mentioned in the budget or anything along the lines of what
21 kind of funding might be needed. And as we talk about
22 supplementals and overspending, you know, based on unexpected
23 needs, will there be a cost to implement this? And if you
24 have time, expound on what these changes will do to provide
25 better services for Children and Youth.

1 SECRETARY MILLER: So I'll talk first. I'll
2 let Dennis take the question about the budget.

3 But right now we are planning to implement
4 Family First in October of this year. We may end up delaying
5 that. There's no issues if we end up delaying it, and we can
6 sort of pick whenever we opt in. But we do know that when we
7 opt in, it's going to come at a cost.

8 So I think the idea behind Family First is
9 something we absolutely agree with. If we can do more on the
10 prevention side and try to prevent these issue from
11 happening -- you're right. I mean, these are heartbreaking
12 stories. Every time I read our quarterly fatality and near
13 fatality report -- I have a three-year-old -- I literally sit
14 in my office and prepare myself because I will start crying
15 usually about the first one or two. They're awful. And part
16 of what I think about when I read those stories is, "How do
17 we prevent these? How do we make sure this doesn't happen
18 going forward?" And frankly, one of the reasons we're
19 expanding home visiting through the Medicaid program is
20 because I truly think it's by getting to families earlier.

21 When we looked at the data of infant
22 fatalities and near fatalities in, I think it was 2017,
23 50 percent of those families were not known to Child Welfare.
24 So our child welfare system isn't going to prevent those
25 fatalities and near fatalities.

1 So I think the idea behind Family First in
2 trying to do more on the prevention side is a good thing.
3 And we've been doing a lot to try to reduce our individual
4 and congregate care. So I mean, it's the right thing to do.
5 I think it is going to have an impact on us because we do
6 have a lot of folks in congregate care.

7 Our OCYF is working very closely with the
8 counties as we think about how we do more to build out
9 opportunities for people to live in their communities and all
10 of that. But it does take time to do that, which is why we
11 delayed until this year and why we, frankly, may delay
12 further because we know, like I say, it's going to have a
13 budget impact. And so we want to delay that as long as
14 possible and give ourselves more time to work with our
15 counties to be ready.

16 REPRESENTATIVE STRUZZI: The budget impact is
17 what I'm concerned about now.

18 MR. BOOKWALTER: Yeah. It appears that we
19 have about 16.8 million in Family First Transition Act
20 dollars that we hope to receive in June, and we will be
21 reevaluating that as we go along. And you know, if we need
22 to increase the appropriation that that's in, we'll certainly
23 do that when we talk about the spring update to update those
24 numbers.

25 REPRESENTATIVE STRUZZI: Okay. I'm out of

1 time, so thank you.

2 MAJORITY CHAIRMAN SAYLOR: Representative
3 Cephas.

4 REPRESENTATIVE CEPHAS: Thank you, Chairman.
5 And thank you, Secretary, for your testimony
6 today.

7 Similar to my last year's questions, my
8 conversation is going to be centered around maternal
9 mortality.

10 So I know since we've last had this
11 conversation, the Commonwealth of Pennsylvania, as well as
12 the city of Philadelphia, have received significant federal
13 dollars to support maternal mortality efforts, as well as
14 through the Merck Foundation. Additionally, we've
15 established a review committee. We have one on a local
16 level, as well. But similar to other states throughout the
17 country, our rates are still increasing.

18 So I want you to -- I'm asking you if you
19 could speak to basically your expertise and what the research
20 is showing. What are some of the things that's contributing
21 to our rates increasing here in Pennsylvania?

22 SECRETARY MILLER: So I certainly don't
23 consider myself an expert on this issue. But I can tell you
24 what we're doing at DHS to try to address this issue, because
25 we actually have a number of efforts underway to try to

1 address this issue.

2 Obviously, there's nothing more awful than a
3 mother dying either during childbirth or after. So we are
4 actually addressing this through, I think four different
5 ways; one is through our MCO Pay-For-Performance Program,
6 number two, an equity incentive payment to reduce health-care
7 disparities, a C-section efficiency adjustment -- I spoke
8 earlier about efficiency adjustments and C-section is one of
9 them -- and creating a new maternal care bundle. So just to
10 go back and talk a little bit more about each of those.

11 So in general the department holds our MCOs
12 accountable for certain quality measures by rewarding good
13 performance and penalizing bad performance, essentially.
14 That's really our Pay-For-Performance Program.

15 Two of the quality measures that are part of
16 that program are access to prenatal and postpartum care. So
17 effective prenatal and postpartum care obviously is one of
18 the most important things we can do to address maternal
19 mortality. So that's one thing we're doing.

20 Again, number two, as we talk about maternal
21 mortality, we can't really talk about that without talking
22 about the disparity between black mothers and white mothers.
23 Our Pennsylvania maternal mortality results over a five-year
24 period from 2011 to 2015 demonstrated that the maternal
25 mortality rate for black women was three times that of white

1 women. So because of these disparities and others, for the
2 first time this year -- we're really excited about that -- we
3 are linking quality reward payments to the reduction in
4 health-care disparities. So that is our equity incentive
5 payment. We've always looked at these performance metrics
6 before, we've just never incentivized through monetary
7 incentives improving care.

8 So overall, we're going to devote 10 percent
9 of the eligible quality payments in our MCOs
10 Pay-For-Performance Program to improving the health equity
11 and reducing disparities for this year.

12 And then again, I mentioned the efficiency
13 adjustments for C-sections. That will increase -- obviously
14 inappropriate C-sections increase maternal mortality, so
15 we're taking money out of the system for inappropriate
16 C-sections.

17 And then finally, we're in the process of
18 developing a maternity care bundle. This is across our MCOs
19 with the hope that the commercial payers would then align to
20 this model, as well. This bundle payment would include
21 quality metrics that are focused on physical health,
22 behavioral health, social deterrents of health and health
23 equity, integrating care to improve holistic care of each
24 mother, and reducing maternal mortality. So we're excited
25 about these efforts because this really has been an important

1 issue for us for a while.

2 REPRESENTATIVE CEPHAS: I'm excited that
3 you're looking at it from that lens and ensuring that the
4 systems that have the ability to impact this issue are being
5 held accountable.

6 You have other states that are looking at
7 expanding Medicaid to cover women up to a year postpartum,
8 requiring implicit bias for medical professionals, making
9 maternal morbidity a reportable event, and expanding Medicaid
10 to cover doula care.

11 Can you speak to any of those measures or any
12 best practices outside of what you're currently doing that
13 you're considering?

14 SECRETARY MILLER: I think those are all
15 issues that we've had conversations about and are certainly
16 happy to continue those conversations. Yeah.

17 REPRESENTATIVE CEPHAS: Okay. All right.
18 Well, thank you.

19 MAJORITY CHAIRMAN SAYLOR: Representative
20 Gabler.

21 REPRESENTATIVE GABLER: Thank you, Mr.
22 Chairman.

23 And thank you, Secretary. I appreciate the
24 chance to ask a few questions today.

25 I wanted to ask a question about a proposal

1 that DHS is proposing pertaining to the TANF Program, the
2 Work Expense Deduction Initiative. It's my understanding
3 that the DHS proposal would use \$23.4 million in federal
4 funds to change work expenses from a direct reimbursement to
5 a work expense deduction.

6 I was wondering if you could explain how that
7 works and what's the reason for the proposed change.

8 SECRETARY MILLER: Sure.

9 One of the things that we found as we talked a
10 little bit about earlier is, we really haven't done a very
11 good job, frankly, of serving the TANF population. And what
12 we see is that we're not getting people to long-term positive
13 outcomes. And in my mind, a long-term positive outcome is we
14 get someone off of TANF for good and we don't see them come
15 back. And unfortunately, we often see, with this population,
16 they're just coming back.

17 And so one of the things I get asked about a
18 lot is the benefits cliff, and how that helps, or hurts
19 people, and how losing those benefits too fast means that
20 people end up just in the cycle of getting right back on
21 assistance.

22 And so the work expense deduction is in here
23 because we want to give people a longer opportunity to sort
24 of ease into employment and make sure that they're ultimately
25 successful and don't just come right back on our program. So

1 the work expense deduction will allow people to have a little
2 smoother transition as they're going into employment,
3 hopefully, so we can make it stick and so they don't return
4 back to our programs.

5 REPRESENTATIVE GABLER: And I appreciate that
6 because I think that's something that we've had great
7 discussions about over the last few years, is the benefits
8 cliff. But then the question is, "How do you address it,"
9 especially with the mix of federal and state requirements, so
10 on and so forth.

11 With regard to the benefits cliff and this
12 proposal, would the expense deduction apply only to TANF
13 recipients who are working?

14 SECRETARY MILLER: Yes.

15 REPRESENTATIVE GABLER: Okay. So it would not
16 be a general standard deduction, so to speak?

17 SECRETARY MILLER: That's right.

18 REPRESENTATIVE GABLER: Great.

19 Can you explain how the federal funds come
20 into that? So it's a \$23 million federal funds proposal.
21 How do those funds actually make this program work?

22 SECRETARY MILLER: So this is part of our TANF
23 block grant. So we get -- and I look to Dennis to tell us
24 how much, but we get a pretty significant block grant that,
25 frankly, pays -- in Pennsylvania, it pays for a lot of child

1 care. That's where a lot of that block grant goes. But
2 that's what is funding this proposal, is part of that block
3 grant.

4 REPRESENTATIVE GABLER: I got it.

5 Do you have any statistics that you could
6 share with the committee, as far as what the direct work
7 expense reimbursements were over the past few years? Would
8 that be something that you could share with us?

9 SECRETARY MILLER: We'd be happy to.

10 REPRESENTATIVE GABLER: That'd be great. I'd
11 appreciate seeing that.

12 And then the other question I have is, would
13 this be -- for participants in the TANF Program that are
14 working, would the deduction be the same for everyone who
15 takes the deduction or would there be differences by
16 individual?

17 SECRETARY MILLER: My understanding is it's
18 the same.

19 Yes, it's the same.

20 REPRESENTATIVE GABLER: A concern I would
21 propose to work into the commutation on that is, I think that
22 when we're looking at -- under the current program, you've
23 got the direct reimbursement -- that's the word I was looking
24 for, my apologies -- the direct reimbursement would account
25 for differences in expenses that individual workers have. So

1 I would see a potential issue with an urban versus rural
2 difference, where in a rural area, you've got people
3 traveling more miles, maybe having to use their own vehicle,
4 versus having access to public transit.

5 So would there be any way to account for those
6 differences under the proposed program? And is that
7 something you'd be willing to look at?

8 SECRETARY MILLER: We could certainly look at
9 that.

10 REPRESENTATIVE GABLER: I appreciate that. I
11 think that would be very helpful.

12 And then, going forward, will you continue to
13 offset earnings from employment, from eligibility
14 determinations after you move to a work expense deduction?

15 SECRETARY MILLER: Can you say that again?

16 REPRESENTATIVE GABLER: Yeah. Will you
17 continue to offset earnings -- I guess, currently earnings
18 are only counted 50 percent against the threshold --

19 SECRETARY MILLER: That does continue.

20 REPRESENTATIVE GABLER: That does continue?

21 SECRETARY MILLER: It does. Yes.

22 REPRESENTATIVE GABLER: Okay.

23 The only other question I have is, pertaining
24 to the threshold, has the department looked at proposing any
25 adjustment to the threshold itself as opposed to going to

1 some sort of an exemption or some other sort of deduction?
2 Has there been any conversations about proposing an actual
3 change to the threshold itself?

4 SECRETARY MILLER: Are you talking about the
5 child-care threshold?

6 REPRESENTATIVE GABLER: No, the TANF grant
7 eligibility threshold.

8 SECRETARY MILLER: The TANF grant eligibility
9 threshold, I don't think we've had conversations about
10 changing that threshold.

11 REPRESENTATIVE GABLER: Okay. All right. I
12 appreciate it. That's all the questions I have. Thanks so
13 much for the answers. I appreciate it.

14 MAJORITY CHAIRMAN SAYLOR: Representative
15 James.

16 REPRESENTATIVE JAMES: Thank you, Mr.
17 Chairman.

18 Secretary.

19 SECRETARY MILLER: Hi.

20 REPRESENTATIVE JAMES: I'd like to deal with
21 two topics this afternoon, drawing from your written
22 testimony and also the comments you made and other
23 interviewers made about your 15,300 complement of employees
24 in the agency, and also the benefits of shared services, if
25 any.

1 This is a quote: "In the last 10 years, DHS
2 has lost approximately 1,600 full-time positions from its
3 complement, but the scope of our oversight work has grown
4 substantially."

5 And from those numbers, you are saying, or you
6 are requesting that you need 78 new positions to be filled.

7 I would agree that your overall complement has
8 decreased over that period of time, but 2,000 positions have
9 opened up due to the closure or downsizing of state
10 hospitals, state centers, youth development centers, shifting
11 to executive offices, NIT shared services. So the simple
12 math there is the difference of about 400 positions in your
13 favor.

14 Would you agree with my simple math or do you
15 have a better explanation?

16 SECRETARY MILLER: I think a lot has happened.
17 If you look at our complement and just the workload, I think
18 it's more complicated than that, but I appreciate where
19 you're going.

20 REPRESENTATIVE JAMES: Okay. So the gross
21 math is okay.

22 Approximately what would the annualized cost
23 of 78 new positions be, approximately?

24 MR. BOOKWALTER: The initiative is for
25 5.1 million, so that's, you know, that's approximately what

1 they would be. Yeah.

2 REPRESENTATIVE JAMES: Okay. Over and above
3 whatever we have currently.

4 MR. BOOKWALTER: Right.

5 REPRESENTATIVE JAMES: Okay. Let me switch
6 gears, please.

7 Over the last 10 years, total costs of general
8 government and administrative line items has increased by
9 approximately 435 million, that's 33 percent, while a number
10 of full-time positions have decreased. How is it the cost of
11 the administrative line items has increased so much when
12 there was a modest decrease in administrative positions?

13 MR. BOOKWALTER: The biggest difference in
14 that between '19, year '19-'20 and '20-'21, is about, about
15 half of that increase -- and we're talking about a
16 \$75 million increase -- about half of that is due to us -- we
17 had prior year federal funds that we've utilized and they've
18 run out, so now we have to replace that with state funds.
19 That's about half of it.

20 And then we have some other sources of revenue
21 for about 11 million, and then just other miscellaneous
22 annualizations of initiatives, prior year initiatives and
23 things that have come in.

24 REPRESENTATIVE JAMES: Okay.

25 Moving on to my, to plan B there, have Human

1 Services and IT shared services initiatives resulted in any
2 savings for DHS?

3 MR. BOOKWALTER: No, they haven't. As far as
4 the IT, it has not, no.

5 REPRESENTATIVE JAMES: Do you have a fix in
6 mind for that?

7 MR. BOOKWALTER: I do not have one for you
8 right now. We continually go back and reevaluate the costs
9 and the IT, and we are continually looking at those things.

10 REPRESENTATIVE JAMES: Well, let me move
11 forward, then.

12 MR. BOOKWALTER: Sure.

13 REPRESENTATIVE JAMES: Do you imagine that the
14 initiatives improve the delivery of services either to your
15 complement or by your complement to our clients?

16 MR. BOOKWALTER: I think the shared services
17 has, in a way -- and these types of things, you know, take
18 time to mature, so to speak. So there are different aspects
19 of -- and I speak mainly to the IT side of it, that's what
20 I'm more familiar with. But there are aspects of that
21 where -- we have people, for example, who fix PCs and rather
22 than health -- we're in the same building, we're in the
23 Health and Human Services Building. So rather than Health
24 having a person that does that and Human Services having a
25 person that does that, now there's one person that does that.

1 So there are efficiencies to be gained by having shared
2 services. Yes.

3 REPRESENTATIVE JAMES: Okay. That's all I
4 have for you this afternoon.

5 Thank you, Mr. Chairman.

6 MAJORITY CHAIRMAN SAYLOR: Representative
7 White.

8 REPRESENTATIVE WHITE: Thank you, Mr.
9 Chairman.

10 Does the department recognize that there's an
11 inequity currently under the intellectual disability home-
12 and community-based rate? For instance, here in
13 Philadelphia, providers actually have to both handle a higher
14 minimum wage, as well as the requirement of a higher cost of
15 living than the rest of the state.

16 SECRETARY MILLER: So when we do our rate
17 settings, these types of issues, like if a local community
18 had a different minimum wage, for example, that would be
19 taken into account.

20 What we've found in the past, when we've
21 researched and talked to providers, is most providers have a
22 statewide payment schedule. So regardless of where they are
23 in the state, they are paying the same wages.

24 REPRESENTATIVE WHITE: Well, it's my
25 understanding that you guys have set aside dollars for a

1 potential minimum wage increase here in Pennsylvania in the
2 Governor's budget, but as of right now, there hasn't been any
3 rate increase for the current minimum rate that's been
4 increasing in Philadelphia, but as it pertains to these DSPs;
5 is that accurate?

6 SECRETARY MILLER: I think the -- I don't
7 think the minimum -- what is the minimum wage in Philadelphia
8 now? I don't think it's above where our rates are set in our
9 current rates.

10 REPRESENTATIVE WHITE: They have a proposal
11 over the next several years to increase it to \$15 an hour.

12 SECRETARY MILLER: Right.

13 REPRESENTATIVE WHITE: I was just wondering if
14 you were accounting for that in the, you know, in your rate.

15 SECRETARY MILLER: In our DSP wages.

16 REPRESENTATIVE WHITE: Correct.

17 SECRETARY MILLER: Yes.

18 REPRESENTATIVE WHITE: You do account for
19 that?

20 SECRETARY MILLER: As we move forward, we
21 absolutely will.

22 REPRESENTATIVE WHITE: And when do you think
23 that would kick in?

24 SECRETARY MILLER: Well, we would have to do a
25 refresh of our rates, but when we do a refresh of our rates,

1 all of that would be taken into account.

2 REPRESENTATIVE WHITE: Okay. Do we -- is the
3 refresh going to happen this year?

4 SECRETARY MILLER: It's not in this current
5 budget, no.

6 REPRESENTATIVE WHITE: Okay. And do you
7 expect it to occur next year or -- when would the rate
8 refresh take place, you think?

9 SECRETARY MILLER: So in our regulations that
10 we just finalized last year, we are required to do a rate
11 refresh at least every three years and those regs went into
12 effect in October, so three years from October would be sort
13 of the end of when we'd be required to do that rate refresh.

14 REPRESENTATIVE WHITE: But the cost data that
15 you use for those rate refreshes, aren't they old cost
16 measures?

17 SECRETARY MILLER: Well, the whole point of
18 doing the refresh is that we would refresh that data.

19 REPRESENTATIVE WHITE: Okay.

20 SECRETARY MILLER: So it wouldn't be old data.

21 REPRESENTATIVE WHITE: I just wanted to make
22 sure that that was -- okay. I understand.

23 SECRETARY MILLER: We do take into account
24 those local ordinances when we do our rates.

25 REPRESENTATIVE WHITE: Okay.

1 The other question that I have is regarding
2 the -- let me see here -- under the new Chapter 6100
3 regulations, the department is required to use a market-based
4 approach to develop payment rates for IDA services. What
5 market-based factors did you use to develop the Governor's
6 current funding proposal?

7 SECRETARY MILLER: So there is no increase
8 proposed in the current funding proposal. So we haven't done
9 that refresh. That would be part of the refresh.

10 REPRESENTATIVE WHITE: No, I understand. But
11 what were the current market-based factors that you used to
12 develop the funding proposal that's being, that we have here
13 in front of us?

14 SECRETARY MILLER: So we look at things
15 like -- wages being the biggest factor in most of these
16 rates. We look at things like people who do similar jobs,
17 what are they making, so that's how it's the current market
18 approach. We look at kind of supply and demand and what are
19 similar wages across similar occupations to inform that.

20 REPRESENTATIVE WHITE: Okay. I think I'm
21 good. I think I got all my questions answered here. Maybe
22 one other one here, I have a little bit more time.

23 As it pertains to the state's managed care
24 organizations, there's an assessment that's going to expire
25 on June 30th, and it's my understanding that you intend to

1 reauthorize it for another five years; is that correct?

2 MS. PEREZ: Yes.

3 REPRESENTATIVE WHITE: Great.

4 And then late last year, the Centers for
5 Medicare and Medicaid Services issued the Medicaid Fiscal
6 Accountability Rule. It's a proposed rule. And the proposal
7 addresses a variety of issues, but basically central to my
8 question is the significant impact that the proposed rule
9 might have on our state and other states because it's
10 understood that it could cost, you know, to the tune of tens
11 of billion of dollars for some states.

12 Can you just talk to us a little bit about,
13 you know, what kind of preparations you're doing in the event
14 that something like this was to occur?

15 SECRETARY MILLER: We've been tracking that
16 rule very closely, we call it the MFAR rule. And we provided
17 comments to the federal government on it.

18 I think in terms of our current assessments,
19 we don't expect an immediate impact in Pennsylvania. I think
20 the real question is, long-term, how does CMS, perhaps,
21 interpret the rule and what might come down the road? But
22 like I say, we don't expect any immediate impact in
23 Pennsylvania at this point.

24 REPRESENTATIVE WHITE: Okay.

25 And then, just on another note, the -- you're

1 familiar with the peer group 13?

2 SECRETARY MILLER: I am.

3 REPRESENTATIVE WHITE: Do you have any
4 thoughts in terms of the ventilation and trach patients for
5 those specialty-type entities? Do you have any thoughts on a
6 rate refresh for them?

7 SECRETARY MILLER: Well, the Governor's budget
8 does include an additional \$1.4 million of state funds to
9 support these and other facilities that provide ventilator
10 supports. We certainly appreciate that they're providing
11 supports to a very acute population with a lot of needs. So
12 I think that \$1.4 million is a recognition that they are
13 supporting some of the hardest to serve.

14 REPRESENTATIVE WHITE: Okay.

15 Thank you, Mr. Chairman.

16 MAJORITY CHAIRMAN SAYLOR: Representative
17 Delozier.

18 REPRESENTATIVE DELOZIER: Thank you, Mr.
19 Chairman.

20 Secretary, thanks for being here, and I
21 couldn't have asked for a better segue into my questions.

22 So the issue of the vent patients that we have
23 been dealing with -- and as you mentioned, the 1.4 million.
24 Specifically for that, the 1.4 million is a grant, and if I
25 understand correctly, that grant is going to facilities to

1 assist in leased ventilators that they're using the money
2 for. That leased money, or money for those that are leased,
3 help folks that need that equipment, obviously to serve this
4 population.

5 But my understanding, and it's an issue that's
6 in my district specifically, that I have one of these centers
7 and everything, they own all of theirs. And my understanding
8 is the \$1.4 million, zero of that will go to anybody who owns
9 their own equipment.

10 So can you tell me how many of the homes would
11 exactly benefit from this grant program since the ones in my
12 district will receive none of these dollars?

13 SECRETARY MILLER: I'll invite Deputy
14 Secretary Hancock.

15 MAJORITY CHAIRMAN SAYLOR: Deputy Secretary
16 again.

17 DEPUTY SECRETARY HANCOCK: Good afternoon. My
18 name is Kevin Hancock, and I'm the Deputy Secretary for the
19 Office of Long-term Living.

20 And the nursing facilities that provide
21 services for the vent/trach population fall under the
22 jurisdiction of the Office of Long-term Living.

23 So the grant program is for equipment support.
24 And it will be available for the peer group 13 facilities, if
25 indeed they do rent that type of equipment.

1 REPRESENTATIVE DELOZIER: But most of them own
2 them. So I'm trying to figure out how many of them will
3 exactly benefit from this grant program.

4 DEPUTY SECRETARY HANCOCK: So I don't know the
5 exact number of facilities that will be benefiting from it.
6 But I'll get that number back to you. But it will be
7 benefiting facilities across the state.

8 Where we're challenged with peer group 13
9 facilities, at least geographically, is that they're largely
10 concentrated in central, actually in the Harrisburg or the
11 central Pennsylvania area and the southeast. Where this
12 particular program is going to be providing the most benefit
13 would be across the state where a lot of the supports are
14 provided in units, where nursing facilities may be providing
15 other types of diversified care for other types of --

16 REPRESENTATIVE DELOZIER: And I recognize
17 that. But the ones that are in danger right now are not
18 diversified care. They're the ones that are dealing with --
19 like a Fox Subacute, which is in my district. They have four
20 centers. They have 200 beds of the 700 beds. If they close
21 down, how is it -- because the grant money is going to
22 provide equipment, and that's fine and everything else.
23 Obviously, we need the equipment to serve the patients. But
24 the ones that are having trouble right now already own their
25 equipment because this is all that they do.

1 Subacute, I know for a fact, owns all of their
2 equipment. This grant and \$1.4 million does nothing for
3 them. Their issue is the reimbursement, and that has not
4 been addressed and the problem is that we've talked about the
5 additional \$900 million of overspending and we haven't
6 addressed an issue that's been out there for a long time.
7 This is not a new issue.

8 So my question directly is the fact of, if we
9 don't deal with the \$400 per day per bed problem with the
10 vent care and they have to shut down, which has been out
11 there and floating -- and we have worked some solution to
12 kind of Band-Aid the issue, and I appreciate those steps and
13 those directions because we've needed that at that time. But
14 this is not an issue going away. And there are 700 beds plus
15 some additional beds that are not being addressed and they're
16 not being reimbursed appropriately because of the contracts
17 that were signed and negotiated and the level of which
18 they're being reimbursed. We need to have a better
19 understanding of what's going to happen when these nursing
20 homes close and they go back to hospital care at four times
21 the cost.

22 SECRETARY MILLER: And we continue to have
23 conversations and do everything we can. I think if you look
24 at the actions that OLTJ has taken, we've constantly tried to
25 do everything we can to address this.

1 I think as we've talked about today, we've had
2 a lot of questions about how much our budget is growing and
3 the number of people that we're seeing who are eligible for
4 our programs and I think the difficulty is --

5 REPRESENTATIVE DELOZIER: And I agree with
6 you, but the problem is that this is a known community. We
7 know how many are in this community. We know how many
8 haven't been reimbursed appropriately for their care. And
9 it's just getting bigger. I mean --

10 And you can say it's going to grow, and that's
11 fine, but we haven't taken care of the ones we have. So how
12 is it that we're going to propose a budget and we're not
13 going to address this looming issue of those that we know?
14 Whether we grow or not, that's even worse, if we grow. But
15 we're not taking care of the ones we have. How is it that we
16 can propose a budget and not deal with an issue that we have
17 in front of us?

18 SECRETARY MILLER: I mean, these are the
19 challenges we have with our budget, right? I mean, I think
20 if you look at a lot of the stakeholders in the room, they
21 would tell you that they need a rate increase and they would
22 talk about all the needs that we have across a lot of our
23 programs --

24 REPRESENTATIVE DELOZIER: Right.

25 SECRETARY MILLER: -- and the challenges. We

1 focus on trying to serve the people eligible. I appreciate
2 it all --

3 REPRESENTATIVE DELOZIER: And I understand
4 that -- and I apologize, because I'm just going to run out --
5 I just -- but in this population, what is the plan if these
6 nursing homes close and they go back to the hospitals? How
7 are we going to pay four times the cost for hospital care
8 versus this specific care that four -- because we have, the
9 Fox has four facilities, Transitions, Tulip, and AristaCare.
10 And you approved Tulip, which was a brand new facility within
11 the last year, and we can't even take care of the ones we've
12 got. And yet, you approved a new one. So that's a whole
13 other issue.

14 But we need these beds taken care of and this
15 reimbursement addressed and a budget being put forward that
16 has zero answers is frustrating.

17 SECRETARY MILLER: I appreciate that.

18 REPRESENTATIVE DELOZIER: But no answer.

19 Okay.

20 Thank you.

21 SECRETARY MILLER: We continue to work with
22 these facilities and try to make sure people maintain access.

23 MAJORITY CHAIRMAN SAYLOR: Representative
24 Lawrence.

25 REPRESENTATIVE LAWRENCE: Thank you, Mr.

1 Chairman.

2 And, Madam Secretary, thank you for being here
3 today.

4 So really, this morning and this afternoon,
5 we've talked a lot about the demographic challenges that we
6 as a state and DHS, in particular, face with a growing senior
7 population.

8 You know, I think some of your comments early
9 on were right on. And honestly, I think a lot about the
10 challenges that come with funding senior services, not just
11 in the upcoming year, but you know, for many years into the
12 future, seeing how we have the third oldest population in the
13 nation here in Pennsylvania.

14 So kind of what I'm struggling with is, you
15 know, honestly, frankly, last year DHS provided what turned
16 out to be poor projections on how many seniors will need
17 services in the coming year. And it wasn't just a little
18 bit. You know, as we've talked about Community HealthChoices
19 earlier, the projection was off by more than \$200 million,
20 and that's a lot of money. We're looking at significant
21 supplementals.

22 So you said earlier this morning that you've
23 seen demographics rapidly growing over the last few years.
24 But, you know, as I look at the budget book here for your
25 department, the projections for the current budget don't take

1 that into account. So if we all know that we're going to see
2 a growing senior population, why doesn't the Governor's
3 budget proposal take this into account? Why does it forecast
4 zero growth in the number of people being served by Community
5 HealthChoices?

6 SECRETARY MILLER: I think at this point, I
7 mean, as I mentioned earlier, we've seen a 10 percent
8 increase in long-term services and supports for home- and
9 community-based services. We don't know what that number is
10 going to actually look like going forward. This is a new
11 population in terms of being in managed care. And so we are
12 still trying to figure out how to best forecast that going
13 forward.

14 REPRESENTATIVE LAWRENCE: I guess what I'm
15 trying to get at is -- and I don't want to speak for both
16 sides of the aisle, but we need to move a balanced budget out
17 of this committee. I guess what I'm saying is how can we
18 possibly pass, or move a balanced budget if we don't have an
19 honest and realistic estimate from DHS on the growth expected
20 in the program? I mean, what kind of growth -- I mean, do
21 you have any sort of number whatsoever you could give us as
22 to what we might anticipate in the way of growth in this
23 program so we're not looking at another supplemental next
24 time, next year this time?

25 SECRETARY MILLER: We will have a spring

1 update, so as more information becomes available, we
2 obviously will be able to provide updated information.

3 REPRESENTATIVE LAWRENCE: So can you give this
4 committee any guidance whatsoever, any projection about the
5 total increased costs that might be needed in supplemental
6 form in the 2020-'21 budget for DHS?

7 MR. BOOKWALTER: You know, I think, again, as
8 the Secretary said, especially with CHC, it's a new program.
9 We're meshing a lot of different programs. So it is -- and
10 we've had a lot of interest from the community, I believe, in
11 this program. So it is very difficult to give you an
12 accurate picture.

13 And probably anything that we would tell you
14 today without -- and a lot of this just happened in January.
15 So we're just now accumulating new data. So until we can get
16 a chance to look at that data, anything we would say here
17 today would just be pure speculation. But we do -- you know
18 --

19 REPRESENTATIVE LAWRENCE: And look, I don't
20 want to push back.

21 It amazes me, honestly, when I look at the
22 folks in IFO and then on both sides of the aisle, when we
23 look at budget projections for the coming year. And they
24 make a budget projection 10 months ahead of time of what
25 we're going to bring in corporate taxes or personal income

1 taxes or whatever it might be. And then when we get to that
2 point, it's remarkable how close their projections typically
3 are. They're always off a little bit.

4 But there is an art to this where we have, you
5 know, folks, and like I said, both in the IFO and I'm sure in
6 the Administration that, you know, they look into the future
7 and they say, "Look, we're looking at trends, we're looking
8 at the overall economy, we're looking at kind of historical
9 data here on different things that have happened within the
10 program," and there's at least some idea of what we're going
11 to be looking at into the future.

12 What I'm looking at here on page 198 and 199
13 of the DHS proposed budget for next year is just a bunch of
14 information where it's just the exact same number over and
15 over again with no guidance whatsoever.

16 I think it's -- and again, I don't want to
17 push back, I just think it's very frustrating to hear, "Well,
18 we can't even give you an estimate," right, "anything we say
19 would be pure speculation." If we went on that basis for the
20 entire budget, we would never have a prayer of trying to pass
21 anything close to a balanced budget. I mean, wouldn't you
22 agree?

23 MR. BOOKWALTER: I know where you're coming
24 from, and like I said, we do the spring update, we'll have
25 some better data, and we'll certainly provide that to you. I

1 will say the numbers will probably be shocking when you see
2 them, but we'll see.

3 REPRESENTATIVE LAWRENCE: You're saying the
4 numbers will be shocking?

5 MR. BOOKWALTER: Well, I think there will
6 probably be a lot, you know, we were just talking about --

7 REPRESENTATIVE LAWRENCE: Shocking as in a lot
8 more, or shocking as in not much more?

9 MR. BOOKWALTER: I would say probably being
10 more. And more --

11 REPRESENTATIVE LAWRENCE: But here we are and
12 we're not even contemplating that with this budget proposal.

13 MR. BOOKWALTER: I hear you.

14 REPRESENTATIVE LAWRENCE: Thank you, Mr.
15 Chairman.

16 MAJORITY CHAIRMAN SAYLOR: Representative
17 Heffley.

18 REPRESENTATIVE HEFFLEY: Thank you, Mr.
19 Chairman.

20 Madam Secretary, according to the budget
21 documents and your earlier testimony, and as stated here by
22 several -- we're looking at about \$492 million in
23 supplementals and another 308 in deferred payments, totaling,
24 it's \$900 million in cost overruns. And then the projection
25 next year is requesting an additional billion dollars.

1 Just in the previous testimony as a
2 Representative had stated, projecting the same number of
3 folks in the Community HealthChoices Program knowing that
4 we're going to have massive growth there. If all of those
5 funding, if all that funding is met, are we still going to be
6 sitting here next year looking at \$900 million in overruns in
7 this department? And if so, what can we do to better manage
8 these cost overruns?

9 And if we're underprojecting in this one
10 population, in the Community HealthChoices for seniors, is
11 that because we're overspending in other areas?

12 SECRETARY MILLER: So, I mean, to answer your
13 question about what we can do to try to address costs, you
14 know, I do think I mentioned earlier that one of our real
15 success stories has been CHC. Even though we -- it is a new
16 program, so I think anticipating exactly how many people
17 we're going to serve and what their acuity is going to look
18 like is challenging.

19 At the same time, we have seen CHC impact
20 where people are receiving services. So we are serving more
21 people in the community where it is cheaper to provide those
22 services. So I think that's a good thing.

23 I mentioned earlier also that, you know, we're
24 looking at the efficiency adjustments, which are significant.
25 I mentioned that in our Physical Health Program, we've taken

1 a billion dollars out of our rates over the last five years.
2 We're now looking at how we can apply those to our behavioral
3 health and our CHC programs. So I think we are trying to
4 figure out how we can contain costs going forward without
5 having a negative impact, of course, on the people that need
6 these services.

7 REPRESENTATIVE HEFFLEY: I mean, right now,
8 currently 40 percent of the state budget is the Department of
9 Human Services and now with this billion dollars increase
10 next year, a billion dollars to fill this shortfall from this
11 year, and then maybe another billion dollars next year, at
12 the end -- these programs continue to grow; and yet, you
13 know, the tax base and the taxpayers are limited to what they
14 can support in these programs.

15 We hear from every other department when they
16 come in this week saying they need more revenue for this,
17 billion dollars for schools, and all these other programs;
18 and yet, you know, I think there needs to be a little bit
19 more focus on where we can cost save and a little bit better
20 projections, as earlier stated, so we can plan accordingly
21 and budget. It's very important that when this body passes a
22 budget that those departments follow those. It's a legally
23 binding issue. I understand there's going to be cost
24 overruns because there's some mandated care and some federal
25 money that has to go along with that. However, a billion

1 dollars -- 900 million is close to a billion -- that's a
2 significant, significant cost overrun.

3 With that said, I heard statements earlier,
4 and I don't know if the Administration proposed it, but there
5 are proposals to provide CHIP and SNAP benefits for those
6 that might be here undocumented, or illegal immigrants. Is
7 that legal to provide CHIP or SNAP benefits using federal
8 dollars?

9 SECRETARY MILLER: And just to be clear,
10 that's not in the Governor's budget. So I answered questions
11 about that, but that's not part of the Governor's budget.

12 REPRESENTATIVE HEFFLEY: Okay.

13 So I mean, I would say that as we move
14 forward, it's very important, as you stated earlier, these
15 senior citizens that are coming in and need these services,
16 they paid in, they are residents, we have an obligation to
17 take care of them. It would be nice to take care of other
18 nations, but we also need to make sure that we're providing
19 this funding and the necessary level of care for the
20 residents that are here before we can expand that access to
21 anybody else.

22 One other question I had -- and I have a
23 little bit of time left. DHS rejected \$60 million in federal
24 money that would have gone to the Certified Community
25 Behavioral Health Centers. That's \$60 million that we didn't

1 take from the federal government.

2 What was the reasoning behind that? When we
3 see such an issue with behavioral health in our communities,
4 and it was talked about earlier, why would we turn that money
5 away?

6 SECRETARY MILLER: Right. So we ended our
7 participation in the CCBHC Program effective last year.
8 There were discussions of kind of an elusive two-year
9 extension on this program that just never materialized.

10 And of course, it's important to know that
11 these aren't just free federal dollars, we have to have a
12 state match. So we draw down federal funds --

13 REPRESENTATIVE HEFFLEY: What was that state
14 match on that 60 million?

15 SECRETARY MILLER: We could get that for you.

16 REPRESENTATIVE HEFFLEY: Was it half, or was
17 it 20 million, 13 million?

18 SECRETARY MILLER: We'll get that for you.

19 But again, we had to put state dollars up.
20 And I think what we saw, again, we didn't know what was going
21 to happen with the federal program long-term, so rather than
22 put ourselves on the hook for something that may never
23 materialize -- and still hasn't materialized in terms of a
24 two-year expansion. It's continued to be reupped for a
25 couple of weeks at a time, a couple of months at a time, but

1 we've had no long-term plan from the federal government.

2 And also, the primary goal of this program was
3 to facilitate care coordination and to better coordinate
4 care. And what we found is -- so the idea was, let's provide
5 more services in one visit and really coordinate that care.
6 And when we looked at the data that we got from the providers
7 that we were contracting with, what we found is that really
8 wasn't happening. The average number of services provided
9 was, I think, 1.16. So we weren't seeing that care
10 coordination that we were in theory paying for.

11 And this was also a lot of money that was
12 going to a very few number of providers. This was
13 \$50 million that was going to six providers. So the way that
14 program was operating -- it wasn't something, especially
15 given the budget challenges that we've been talking about --

16 REPRESENTATIVE HEFFLEY: And so with that
17 being said -- and I know this is my last statement because I
18 got the little red light -- with that being said, to turn
19 away \$60 million in federal money that could have gone to
20 behavioral health here in our Commonwealth when we heard
21 earlier about just cuts and everything else -- and I hear
22 about needing more money -- couldn't the department have done
23 a better job to manage that money and continue to get it
24 rather than just turn it away?

25 And that's my closing thought.

1 Thank you.

2 REPRESENTATIVE DUNBAR: Thank you,
3 Representative.

4 Next will be the Chair of our Human Services
5 Committee, Chairman Murt.

6 REPRESENTATIVE MURT: Good afternoon,
7 Secretary. Thank you for hanging in there. I know it's been
8 a long day.

9 Yesterday I attended a disability summit in
10 Pittsburgh which was hosted by our friend and colleague,
11 Representative Dan Miller, and many of the members here today
12 also attended.

13 SECRETARY MILLER: So did I. It was a good
14 conference.

15 REPRESENTATIVE MURT: And I heard your
16 presentation, very good.

17 It was an excellent event with lots of
18 bipartisan enthusiasm for Human Services and in helping our
19 brothers and sisters with disabilities. The collective
20 passion for the Human Services mission was very encouraging.
21 But the painful reality is we must appropriate and pony up
22 the resources needed to fund this critically important
23 mission and function of state government.

24 When we decide to cut or to not pay for Human
25 Services as we should, the costs don't disappear; they're

1 shifted. When more individuals who experience mental health
2 challenges are entering our jails or remaining there for
3 longer than the average inmate, and many times for minor
4 crimes, we have a serious problem. The problem is twofold;
5 it's a Human Services problem, but it's now a corrections
6 problem, having to do with public health and safety.

7 In the '20-'21 budget, I'm hoping that we'll
8 fulfill our responsibility and duty to provide the resources
9 that counties need to provide the mental health services and
10 all services that are needed.

11 Pennsylvania's mental health system is moving
12 full speed towards a crisis. Programs are closing, the
13 providers are turning in contracts, and all the while suicide
14 rates are rising and wait times in emergency departments are
15 longer. People with serious mental illness are becoming
16 stuck in county jails, many times for low level crimes. And
17 this is a great misuse of our finite resources and it's not
18 cost effective in terms of mental health nor public safety.

19 The mental health dollars allocated to the
20 counties have not had a true cost of living increase since
21 fiscal year 2007 and '08. Imagine trying to run your
22 household budget if your salary did not increase for 13
23 years. There's a lot of things you would need to cut and a
24 lot of tough decisions you would need to make.

25 Pennsylvania counties hold responsibility for

1 specific mental health functions as described in the
2 Community Mental Health and Intellectual Disability Act of
3 1966. Today there's approximately 1,025 people being served
4 in state hospital civil sections. The provision of services
5 for individuals with complex mental health needs has largely
6 shifted to our counties. The state has transitioned dollars
7 to the counties, but not at a rate that has kept up with the
8 increasing cost and complex needs.

9 Services are struggling across the board.
10 Counties have had to close programs because of insufficient
11 funding or because programs experience quality issues
12 relative to financial struggles. Agencies have had to cut
13 staff or decrease the quality of the staff they hire.
14 Providers are beginning to give notice on their contracts.
15 HealthChoices, the state and federal Medicaid funding system,
16 pays for clinical behavioral health services based on medical
17 necessity criteria. The county mental health funds pay for
18 supports and clinical services not covered by HealthChoices,
19 Medicare, and private insurances, and for our Pennsylvanians,
20 our brothers and sisters, who do not have insurance.

21 The county mental health programs are
22 shrinking and closing. Mental health programs that assisted
23 individuals with complex needs in 2007 simply cannot operate
24 for the same amount of money in 2020.

25 And I represent part of Philadelphia and part

1 of Montgomery County. In Montgomery County, we've had a
2 significant loss of our services since the last time there
3 was a call in 2007. We've lost five vocational programs, two
4 moderate care residential programs, one bridge housing
5 program, two supported housing programs, one mobile
6 co-occurring mental health/drug and alcohol support services,
7 four peer resource services, one volunteer matching program,
8 one mobile psychiatric rehabilitation-based program, and
9 others.

10 So what's needed? For the 2020 state budget,
11 our friends from the County Commissioners Association are
12 asking for a minimum increase of \$42 million to the mental
13 health county-based allocation funding line to shore up
14 existing services and capacity needs. This will help
15 counties to ensure that the safety net of services already in
16 place is strong and sustainable prior to adding additional
17 programs and services.

18 We saw this not too long ago when the
19 Commonwealth enacted Assisted Outpatient Treatment, a program
20 that allows someone to be diverted by civil commitment to
21 treatment, instead of ending up in the criminal justice
22 system. They're able to go see a judge and -- I hate to use
23 the word "ordered" -- but to go to therapy maybe once or
24 twice a week at the behest of their loving and supportive
25 family, so they don't end up in the criminal justice system.

1 Not one county in Pennsylvania has opted in to the Assisted
2 Outpatient Treatment program even though it's a great
3 program, simply because they do not have the resources. We
4 don't believe it costs any extra to do it. But they're
5 already overburdened.

6 MAJORITY CHAIRMAN SAYLOR: Chairman, you need
7 to wrap it up.

8 REPRESENTATIVE MURT: Counties seek a
9 long-term commitment to investing in the mental health-based
10 county allocations over the coming years, recommending a
11 minimum three percent annual increase to reduce the current
12 burden on county budgets and local property taxpayers, and
13 ensure there's a sustainable investment in the years ahead
14 that will help counties, the general assembly, and the
15 Administration to meet the goals of helping Pennsylvanians
16 get the supports and services they need through preventive
17 efforts and expanded programs.

18 Secretary, here's my question --

19 MAJORITY CHAIRMAN SAYLOR: You've run out of
20 time, Chairman. Your question should have been asked before
21 the time ran out.

22 REPRESENTATIVE MURT: Can I --

23 MAJORITY CHAIRMAN SAYLOR: You'll have to talk
24 to the Secretary privately.

25 REPRESENTATIVE MURT: Chairman's privilege?

1 MAJORITY CHAIRMAN SAYLOR: No, there's no
2 privilege. Members don't get privilege. Chairmen don't get
3 privilege. Your time has run out.

4 REPRESENTATIVE MURT: We'll talk afterwards,
5 Secretary.

6 MAJORITY CHAIRMAN SAYLOR: And we will move on
7 to Representative Bradford.

8 Thank you.

9 MINORITY CHAIRMAN BRADFORD: Thank you,
10 Chairman Saylor.

11 And I want to thank Chairman Murt, who's
12 obviously a thoughtful member of the Montgomery County
13 delegation and we appreciate what he had to say. We
14 recognize there's a tremendous tension between the services
15 you have to provide and the limited resources in which this
16 body can provide them.

17 I want to talk a little bit -- and I actually
18 want to laud many of my Republican colleagues for their
19 understanding of the structural challenges that are at the
20 heart of our budget challenges, even in this current economy.

21 And I must say, I legitimately have mentioned
22 to Chairman Saylor, there is a true understanding of the
23 structural challenges that are baked into this cake. And I
24 want to go through some of that, if I can, with you.

25 My understanding is there's a \$492,870,000 or

1 so supplemental request, that is out of '19-'20 and I believe
2 that's what being referred to as overspending. I think
3 there's a big difference between what is called overspending
4 with a connotation that there's some kind of mismanagement
5 and what I believe is going on, which is an intentional
6 underfunding of mandated spending for political purposes that
7 meet the budgetary needs of this body. So I want to walk
8 through that a little bit, if I can.

9 So last year, we do have a supplemental
10 request, or to close out this year, frankly, the '19-'20
11 budget year, supplemental request of 492 million; is that
12 correct?

13 SECRETARY MILLER: That's correct.

14 MINORITY CHAIRMAN BRADFORD: And then I think
15 my colleagues -- and again, they rightly point out -- we're
16 rolling about \$307 million of costs from last year, the
17 '19-'20 budget year into -- or yeah, the '19-'20 into the
18 '20-'21 budget year. And that's where my Republican friends
19 are coming up with the \$800 million overspending; is that a
20 fair assessment?

21 MR. BOOKWALTER: You're absolutely correct.
22 Yes.

23 MINORITY CHAIRMAN BRADFORD: And I realize
24 this is tough medicine to hear. Nobody wants to hear it. So
25 I want to dig a little bit further down because I'm not going

1 to disagree with the words some of my very conservative
2 colleagues have said. What I want to do is tell how we wound
3 up here, and I think that involves a little bit of a deeper
4 dive, and it may be uncomfortable. So let's talk about it.

5 In the '19-'20 budget, as your department
6 does, and all departments do, you make projections throughout
7 the year. I don't want to put you in a difficult spot of
8 asking a question that you may not want to answer, but it may
9 not surprise many that what you project costs are is not what
10 this body subsequently appropriates; is that a fair
11 assessment?

12 SECRETARY MILLER: I think that's a fair
13 assessment.

14 MINORITY CHAIRMAN BRADFORD: Okay.

15 And sometimes we do things where we just say,
16 "Cut \$300 million out of the Capitation and Community
17 HealthChoices line," and then when we overspend because we
18 didn't hit that number, we can play this -- and I use the
19 term Kabuki dance -- but we can play this game where we then
20 say, "Oh, my God, it's Groundhog Day. We've got a chronic
21 overspending problem."

22 One could argue we have a chronic structural
23 challenge in our budget; is that a fair assessment?

24 SECRETARY MILLER: I think that's a fair
25 assessment.

1 MINORITY CHAIRMAN BRADFORD: Okay.

2 So again, I think there's kind of a, we're
3 shocked that there's gambling in this establishment, we're
4 shocked there's a structural deficit. I want to talk about
5 how that exactly played out in very specific terms.

6 In the '19-'20 budget, Governor Wolf proposed
7 a minimum wage increase; is that a fair assessment of what
8 went on?

9 SECRETARY MILLER: That's right.

10 MINORITY CHAIRMAN BRADFORD: And I believe
11 that at that time the Administration said there'd be
12 \$64 million in projected savings for capitation if we
13 increased minimum wage; is that accurate?

14 SECRETARY MILLER: That's right.

15 MINORITY CHAIRMAN BRADFORD: Okay.

16 Would it shock you to know that this
17 legislature felt it appropriate to pass a budget that banked
18 the savings for minimum wage increase, but then didn't
19 increase the minimum wage, but we took out the costs that
20 were inherent in increasing minimum wage? So we banked the
21 savings, but not the cost.

22 So we didn't increase the minimum wage. We
23 didn't give Pennsylvanians a pay raise. But then we sit
24 here, I would say in somewhat bad faith, and then say, "Why
25 did you overspend?" when we made \$300 million of arbitrary

1 cuts to fit our political objection.

2 And look, the Governor signed that budget; I
3 voted for that budget. These are political challenges that
4 we have to deal with. But we have to be honest about how we
5 got there. And I think to say to the career bureaucracy that
6 "you're overspending" I think is a little disingenuous.

7 I don't expect you to answer that. But I do
8 expect my colleagues -- who I do appreciate the fact they
9 understand the structural challenges baked into our budget --
10 to recognize that we have to look in the mirror how we wound
11 up there.

12 I would also go a step further and how this --
13 and I wrote down, you know, a lot of folks said, "I don't
14 want to see another \$500 million supplemental. DHS needs to
15 stop overspending. What do we have to do to make better
16 assessments? What do we have to do to get better
17 projections?" I would suggest we may have to start listening
18 to the projections.

19 I would also say the issue of rolling expenses
20 into subsequent years, it's not good budgeting, I get it.
21 And it's proposed in this year's budget. But it is a
22 political reality if we're not going to deal with the
23 structural challenges in our budget.

24 Let me throw out another one for you. And
25 this goes to the rolling of payments -- and I think the good

1 gentleman from Chester County rightfully said, "We need a
2 balanced budget." We can legally make our obligation to
3 balance a budget by doing things like moving the MCO
4 Community HealthChoices, which is proposed in the budget,
5 from a 30-day to a 60-day roll; is that a fair assessment?

6 SECRETARY MILLER: Right.

7 MINORITY CHAIRMAN BRADFORD: Okay.

8 And that's going to save us \$388 million. But
9 we're not going to make a 13th payment in any subsequent
10 year. We're just going to delay that payment. And people
11 have to understand, that's how we're doing this. That's how
12 we're keeping this afloat.

13 You can make an argument for cuts in these
14 human services, and I think Chairman Murt makes a very good
15 point, that there's very little appetite for that. And you
16 can talk about revenue, and nobody wants to do that in this
17 building, especially in an election year. But it is
18 disingenuous to say that the challenge is overspending, and
19 it has been repeated over and over.

20 And I would also say this: When we make these
21 projections -- and again, I don't want to make it about any
22 one gentleman, especially one who doesn't have the
23 opportunity to be here -- but I want to quote from a
24 newspaper article in which it talks about how we're making
25 projections and how we're budgeting based on the projections

1 you're providing.

2 And this was a quote -- and I should have the
3 date, January 7th, 2020. It was Brad Bumsted.

4 " 'The legislature has taken a much more
5 conservative approach to funding Human Services over the past
6 10 years,' said former House Majority Leader Dave Reed,
7 Republican, Indiana County, 'It is not building in as much of
8 a cushion.' The Republican-controlled General Assembly erred
9 on the stingy side out of fear that if they gave the agency
10 more money than it needed, it would find a way to spend it
11 before the fiscal year ended, he said. 'You're appropriating
12 dollars you'll never see again.' "

13 That's a risk, and I remember one of my good
14 colleagues on the other side said that we need more
15 guardrails. I would argue what the Chairman's quote points
16 out is we removed the guardrails, that we actually put you in
17 this predicament because we hoped to restrain spending, but
18 we forgot the fact that these are mandated spends.

19 And let me go down what that looks like.

20 And by the way, I also want to say this in
21 good conscience, because I don't want to lie about the
22 numbers -- we can disagree on the policy and the politics,
23 but the numbers are there. There is an overspend, there is.
24 There was about -- and I don't want to get the number wrong,
25 about \$137 million when you take out the accounting gimmicks

1 of how we wound up in this. But this isn't the first year
2 we've had them.

3 I would also point out in 2018-2019, we rolled
4 about \$35 million dollars of -- actually, we failed to put
5 that money into supplemental and so we had to put that into
6 last year and that continues to roll, it just keeps rolling,
7 and it's how we deal with this.

8 I just want to kind of wrap up with this: We
9 know we have challenges in our budget. We know we have
10 services that need to be provided, as Chairman Murt
11 eloquently stated. And we will miss him championing these
12 issues. But we have an obligation, a moral obligation, to
13 provide these services. We should always be good guardians
14 of the Commonwealth's tax dollars, but we shouldn't engage in
15 this false choice where we are going to beat up on the
16 bureaucracy and say that career public servants who do a
17 great job providing for our most vulnerable citizens are
18 somehow responsible for what we've created. We need to look
19 in that mirror.

20 And I would say to my side, we are going to
21 have an obligation at some point to answer that call, too,
22 because these challenges are replete through this budget.
23 And it's not this Governor's fault. This has been going on
24 for a long time and it must be addressed.

25 I want to thank you, Chairman, for giving me

1 as much time as you have. I do appreciate it. But I do
2 think this body must get serious.

3 And I would say to some of my most fiscally
4 conservative Republican friends, if you're a fiscal
5 conservative, this should trouble you deeply. And this isn't
6 an overspending issue, this is something we need to take
7 ownership of.

8 Thank you, Chairman Saylor.

9 MAJORITY CHAIRMAN SAYLOR: Madam Secretary, I
10 want to thank you for testifying before us today, and your
11 staff and the deputy secretaries as well. But sadly,
12 consistently, you have refrained today and talked about the
13 inability of our department, your department, to manage and
14 forecast the costs of many of the important programs that are
15 DHS, that you're charged with administering.

16 Many of my colleagues have asked pointed
17 questions about why there are supplemental needs in many of
18 the line items, and a lot of the responses revolved around
19 chalking it up to the population growth and trying to blame
20 this legislature. So I want to address those mistruths.

21 Demographics are the reasons, aren't just the
22 only reason we're in this position. We're in this position
23 because DHS has been unable to properly forecast what the
24 need is out there and has made no effort to find reforms to
25 help slow the growth of these programs. It seems that we

1 almost go back to the old days of "close our eyes and
2 authorize." And these large cost increases are eating up too
3 much of the budget and preventing us from investing in such
4 things as higher education, economic development, seniors,
5 and child care.

6 Another key point that has been made by my
7 colleagues today bears repeating, and that is that these
8 budget constraints aren't the sole doing of this legislature.
9 To say such things is a cop-out. Many of these line items
10 from DHS were funded at the levels requested by DHS and the
11 Governor, who is your boss, and signed by the Governor. And
12 in doing so -- and he agreed to these spending limits.

13 You know, and you're \$800 million over, 857 to
14 be correct, overspending was not any projection, anywhere
15 close to the projection that you had asked for even in last
16 year's budget. So it's a real irresponsibility of the
17 department that you're not working with your boss, the
18 Governor, to control these costs and creating reforms that
19 find the savings to meet the needs of the people you serve.
20 Instead of living up to the means, you're going outside of
21 the legislative mandates to start new programs, which are,
22 again, resulting in additional costs to the Commonwealth.

23 Let me be clear. If a program was not
24 budgeted for or was not authorized by the state or the
25 federal statutes, then DHS has no business creating new

1 policies without the approval of this legislature. Business
2 management is completely unacceptable. The legislature is
3 not an obstacle that you should be looking to work around,
4 but a conduit which you should be working through to begin
5 these new programs.

6 We need to break this cycle of supplementals
7 that come from DHS every year. DHS needs to continue to come
8 to the table to look for meaningful reforms. We are not in a
9 position to constantly be finding new ways to spend money in
10 DHS. We must follow the path that this Commonwealth must be
11 fiscally responsible. And if we don't, we are looking for a
12 fiscal calamity as we move forward, Madam Secretary.

13 And so again, as we negotiate this upcoming
14 budget, all I'm asking from the department is responsible
15 figures, good projections that we also can agree to, and then
16 following those limits and finding ways to stay within those
17 limits.

18 Again, I just want to reiterate, because of
19 the almost \$900 million overspending in DHS, there are so
20 many people with special needs, seniors who aren't getting
21 the services they need, higher education that isn't getting
22 the funding it needs. Somewhere along the line, we in
23 government must work together to find a way to control these
24 costs so that we can serve all the citizens of Pennsylvania,
25 not just a certain sector.

1 So with that, I thank you for coming today.

2 And we will reconvene at 2:30 with the

3 Department of Revenue.

4 SECRETARY MILLER: Thank you.

5 (The hearing concluded at 2:25 p.m.)

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

C E R T I F I C A T I O N

I hereby certify that the proceedings are contained fully and accurately in the notes taken by me on the within proceedings, and that this copy is a correct transcript of the same.

Summer A Miller

Summer A. Miller, Court Reporter
Notary Public