

**2021-22 Appropriations Hearing Testimony**  
**Department of Human Services**  
**Secretary Teresa Miller**

Chairman Saylor, Chairman Bradford and members of the House Appropriations Committee, thank you for the opportunity to discuss Governor Tom Wolf's proposed fiscal year 2021-22 budget for the Pennsylvania Department of Human Services (DHS) as well as DHS' ongoing work and mission to help the people we serve lead safe, healthy, and productive lives through equitable, trauma-informed, and outcome-focused services. We do this with sustained focus on continuous improvement and innovation and being accountable stewards of commonwealth resources.

Our lives, our work, and our world have shifted since I sat before you last year. Our country and our commonwealth are experiencing incredible loss and suffering every day – something we are having to process and cope with every day. This year has been incredibly difficult and has challenged each of us across our personal and professional lives and work, but it has also laid bare two truths: DHS and our partners are resilient, and our work is essential.

DHS is a resource and lifeline for all Pennsylvanians. This agency exists both to improve the quality of life for people of all ages that we serve across the commonwealth and to be a helping hand during our most difficult circumstances. Our services and programs reach broadly, and most Pennsylvanians will interact with DHS at some point during their lifespan, be it through quality certification and oversight of early childhood education, obtaining clearances necessary to volunteer at an organization working with children, or through long-term services and supports for older Pennsylvanians. At any point, a significant life change or an unexpected event may require a person to turn to supports made possible by DHS.

As we discuss DHS' budget, we must remember that the more than three million people we serve could be any one of us at any time. This year has shown more than ever how delicate our personal safety net may be, and how quickly our lives can change, eliminating our sense of certainty and security. DHS exists exactly for times when we find ourselves in a vulnerable position or in need of assistance. The investments we are willing to make in this system determine how DHS, as an organization, is able to rise to and navigate any challenge we face.

I think many of us look back on the last year with a very distorted sense of time. Days, weeks, and months are blending together, but those first few weeks of rapid preparation and transitioning to a remote work environment feel very clear and recent. Staff at all levels of our agency worked quickly to prepare

our providers, stakeholders, and partners for a world we could not fully anticipate. Under the Governor's emergency declaration authority, we were able to suspend regulations that speak to things like requirements for communal meals at personal care homes, the ability to bill for services rendered via telehealth, and other necessary adjustments that allow services, work, and care to continue in an adjusted fashion to keep the people we serve and those who deliver care and services safe amidst the continued public health threat. We transitioned the majority of our approximately 16,000-person workforce to teleworking – an unprecedented work model – with few disruptions to ensure continuity to essential services like public assistance applications, complaint monitoring for licensed facilities, and ChildLine operations. We established new, short-term public assistance programs designed to meet the acute economic need that rapidly became apparent in the early weeks of the pandemic. One of these programs, Pandemic Electronic Benefit Transfer (P-EBT), was an unprecedented delivery of a cash equivalent for National School Lunch Program free and reduced-price school meals delivered as if they were Supplemental Nutrition Assistance Program (SNAP) benefits to families who had to transition to remote learning in the spring. This entirely new program required nimble collaboration between DHS, the Department of Education, and schools across the commonwealth to issue more than \$365 million in federally-funded benefits to 1 million children across Pennsylvania.

This was an incredible feat, and it was accomplished because our staff demonstrated flexibility and willingness to adjust as necessary to keep our work going. I would be remiss not to publicly acknowledge the dedication of our workforce – both those who were able to transition to telework as well as those who continue to show up every day in roles that are not performed remotely as well as staff at our state-operated facilities serving people with disabilities, people with mental illness, and youth in the juvenile justice system. These jobs in particular are not easy in normal times, but during a pandemic, caring for people who may be medically fragile and have greater challenges adjusting to changes in life and routine requires even greater care, attention to potential vulnerabilities to minimize risk of virus exposure, and compassion for the people these facilities care for. I am grateful and honored to work with a team every day that exemplifies public service.

This service is exemplary, but it is also what is expected of us – as it should be. DHS' work is necessary every day. ChildLine and Adult Protective Services are staffed 24 hours a day, seven days a week so reports of potential abuse and neglect of children and adults with disabilities can be quickly and effectively vetted and referred for further investigation and, if necessary, intervention. People living in and served by our state centers, hospitals, and juvenile justice facilities require regular care, support, and observation. More broadly, DHS' work and partners allow people to receive the care and support they

need to live fully, either in their own home or in a residential facility. Our work allows more than three million Pennsylvanians to see a doctor for physical or behavioral health care without fear of financial ruin. We oversee services and care provided by tens of thousands of licensed facilities and providers spanning across multiple industries. We maintain access to assistance programs and work as quickly as possible to assess eligibility and issue benefits to those who qualify and need them.

These services and DHS' and our partners' work are vital to individual lives as well as our state and local economies. In times of crisis that we have all faced, lives and livelihoods could be irreversibly altered without adequate support and response, but DHS and our partners across Pennsylvania have done all we can to rise to the challenges and meet our responsibility to the people we serve. Services provided by DHS are necessary in the daily lives of people we serve, and through the last year, we have demonstrated our resilience and commitment to Pennsylvanians. People rely on these services for their health, well-being, and ability to live independently every day. The pandemic has amplified that need.

DHS will continue to be a support and resource for the people we serve and those who need assistance as we move forward. There is still much to be done to overcome this public health crisis and rebuild from the economic insecurity that has touched so many. We will also learn in the weeks and months ahead the extent of how this pandemic has financially strained our partners across industries that are essential in providing daily care and services to individuals and families in every region, county, and legislative district in our commonwealth. Operating in this ever-changing and challenging environment has required businesses to adjust operations to meet the needs of our clients and your constituents, to continue daily work, keep staff and clients safe, and navigate evolving guidance and recommendations. Financial support from the federal government has been a lifeline for many providers in our systems, but we know it is often a short-term reprieve for a prolonged challenge.

As we look to life when COVID-19 is no longer an immediate threat, we must be sure that DHS, our partners at the county level, and providers across Pennsylvania are able to continue to meet the needs of the world. We do not yet know what the world will look like when we are able to resume something closer to "normal" life, and we are still too deep in this crisis to know its full extent. We know, however, that our industries are struggling. If our providers are struggling to get by now, how will they be equipped to serve when the crisis passes?

We know that even before COVID-19, Pennsylvania was headed towards a difficult financial position – one that directly reflects increases in DHS’ budget. Our population is aging. In 2018, the *Philadelphia Inquirer* wrote that more than one in five Pennsylvanians will be at least age 65 by 2025.

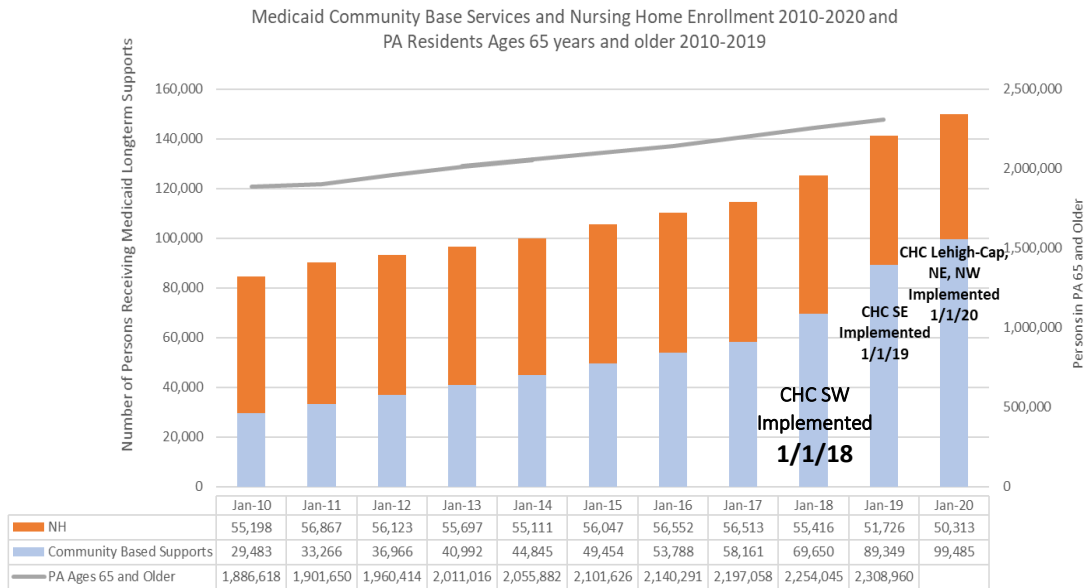
Age group	Population (in thousands)		Percentage change
	2015	2025	
0 to 19	3,041	3,018	-0.8%
20 to 64	7,581	7,401	-2.4%
65 to 74	1,197	1,589	+32.8%
75 to 84	649	903	+39.1%
85+	334	365	+9.5%

SOURCES: U.S. Census Bureau; Pa. State Data Center; Pa. Independent Fiscal Office

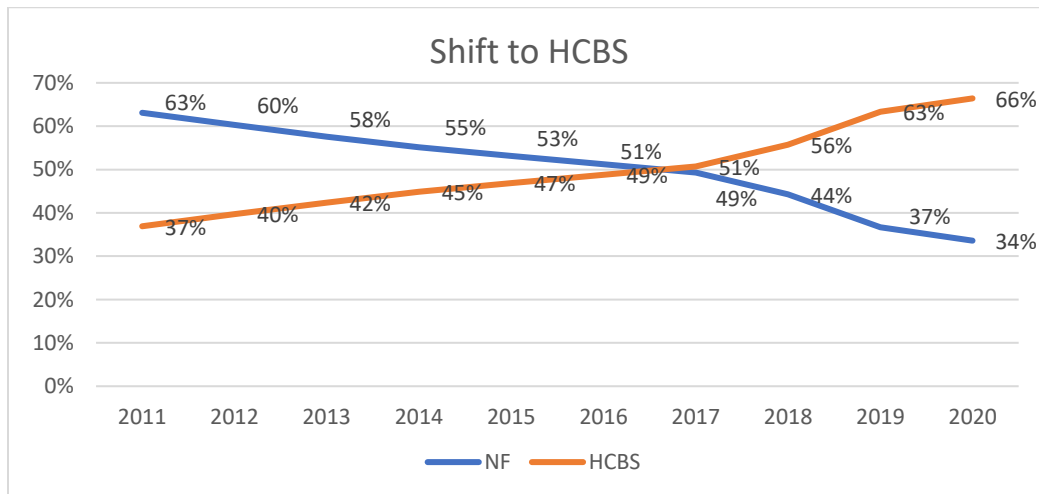
(Chart source: [The Philadelphia Inquirer](#))

Our state is aging and with that comes a decreasing tax base coupled with an increase in the number of people using long-term care or supportive services, which are largely Medical Assistance services, administered by DHS and paid for by federal and state funds. According to the Independent Fiscal Office (IFO), the annual cost of providing programs and supports for older Pennsylvanians is growing more than twice as fast as revenue sources that uphold these systems, saying in 2017 that Pennsylvania is experiencing an erosion of our tax base while demographics cause a growth in demand for programs and services for senior programs administered by DHS and the Department of Aging.<sup>1</sup> This is reflected in growth in our Community HealthChoices program (CHC), our managed long-term services and supports program for people dually eligible for Medicare and Medicaid and individuals with physical disabilities requiring the level of care providing by a nursing facility. You can see, below, enrollment in community-based services and nursing home services displayed against growth in Pennsylvania’s 65 and older population:

<sup>1</sup> Implications of Aging for the PA Economy – Pennsylvania Independent Fiscal Office  
[http://www.ifo.state.pa.us/download.cfm?file=Resources/Documents/Pennsylvania\\_Aging\\_Presentation.pdf](http://www.ifo.state.pa.us/download.cfm?file=Resources/Documents/Pennsylvania_Aging_Presentation.pdf)

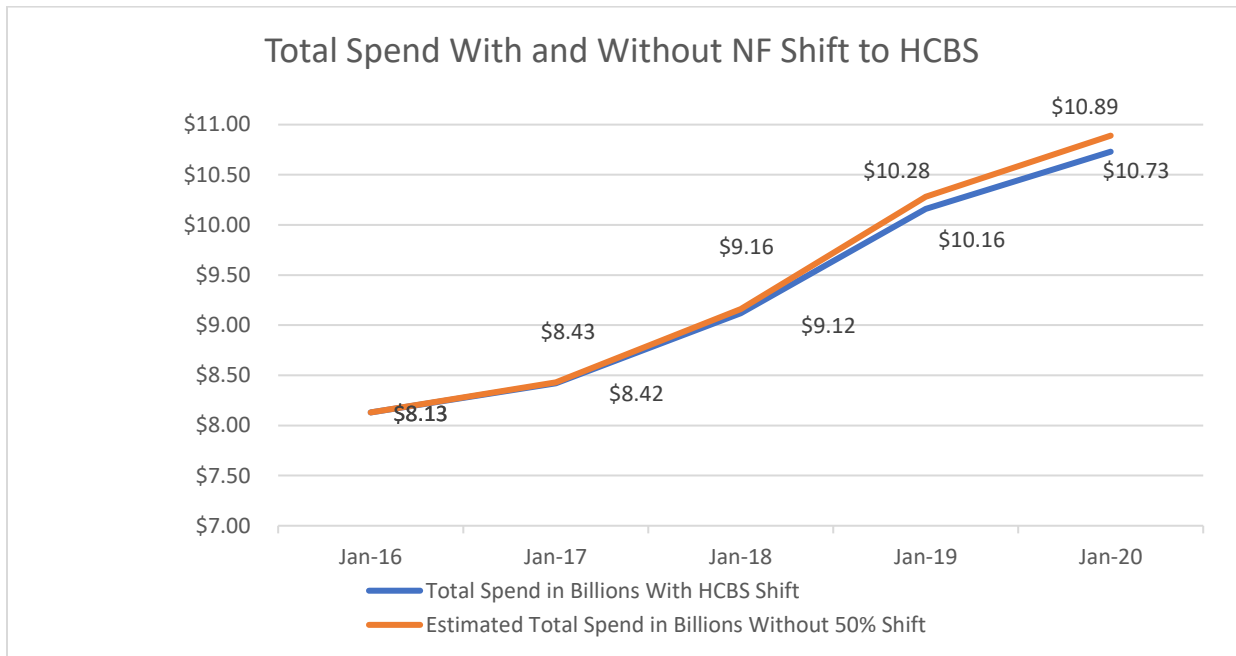


CHC was designed with the challenge and necessity of delivering quality services that help our seniors age comfortably and with dignity in mind. We also knew in building this program that it would serve a growing portion of our population, one that would be increasingly costly. CHC gives us the opportunity to help people age in place, in their homes, as is often their preference. It can also be less costly to provide necessary care and accommodations in a person’s home as opposed to serving them in a nursing facility. CHC was launched across Pennsylvania in three phases beginning in 2018. 2020 was our first year for statewide implementation. The following chart shows the steady increase in use of home and community-based services (HCBS) through CHC since implementation began:



Even as the population eligible to receive these services grows, greater opportunity to age in place and stay in one’s home, as opposed to going into a nursing facility, results in an offset of costs. The

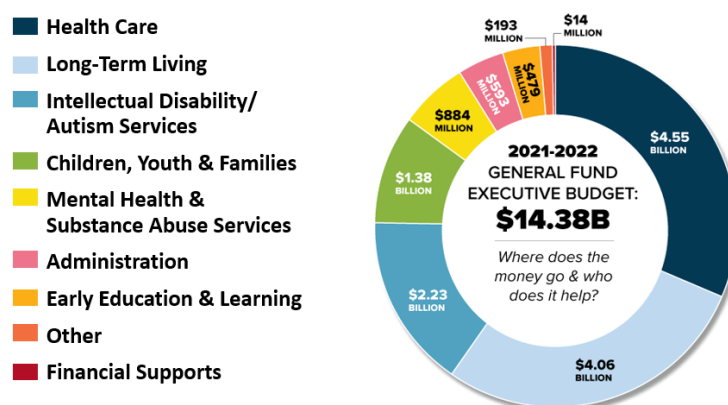
implementation of CHC has greatly accelerated the trend of individuals receiving HCBS versus going into a nursing facility. We estimate that without CHC, nearly 18,000 more people would be receiving services in a nursing facility each month, which results in about \$200 million spent annually to serve these people. As you can see in the following chart, with CHC now available across the entire commonwealth, we are beginning to see a slower increase in costs even with the growth in number of people served by these programs.



It is critically important to remember that as with other areas of our budget, we are federally required to provide nursing facility services to anyone who is eligible for them. I have already shown how Pennsylvania is an aging state. We are obligated to provide nursing facility services to all who meet federal qualifications. Unless we are to implement a waiting list for HCBS leaving only nursing facility services available – not something we support – we have to meet the need of this complex and growing population. CHC is helping make this possible while creating more opportunities for efficiency and bending the cost curve as we strive to serve people in the setting and manner that they require.

Growth in DHS’ budget is regularly a subject of conversation and concern in these annual budget hearings, and rightly so. As I wrote at the start of this testimony, we have a responsibility to the people of this commonwealth to be an accountable steward of taxpayer dollars. When we talk about DHS’ budget and cost drivers, we must do so honestly and with a clear understanding of our biggest cost drivers. The chart below includes a breakdown of how funds in Governor Wolf’s requested 2021-22 Executive Budget are allocated across the agency:

### The Department of Human Services Departmental Spending

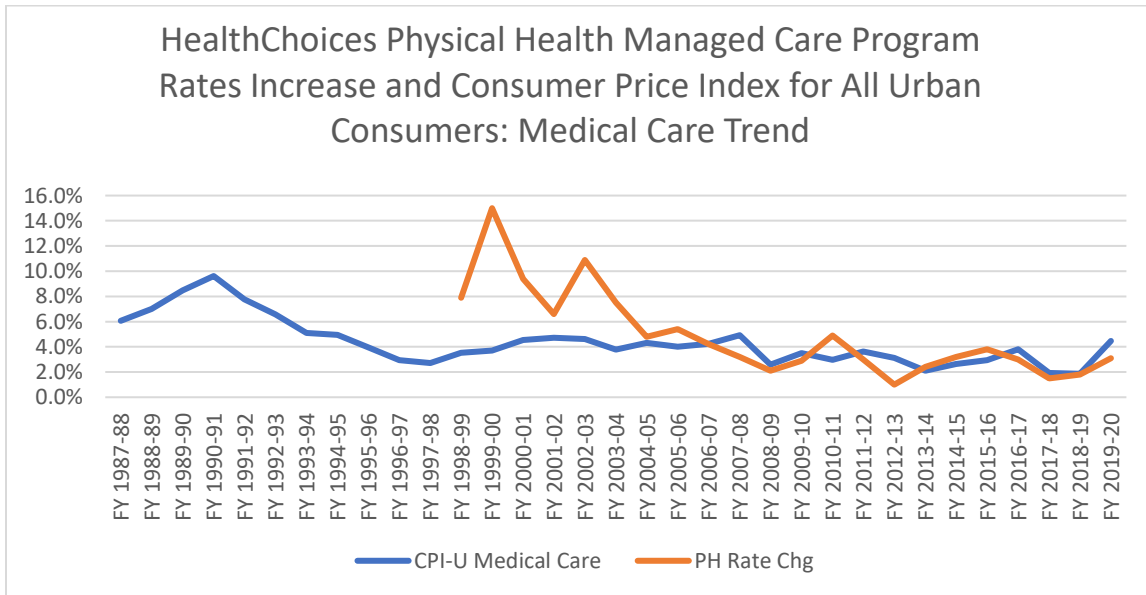


I want to help you understand why DHS's budget is growing. The largest area of growth in our budget is in long-term living but seeing the numbers does not tell the complete story. The complete story requires an understanding of the services provided by DHS, the population we serve and how we are required to operate under federal and state law. Our programs are complex, far-reaching, and growing; but they are not growing because they are mismanaged. Growth of our programs directly correlates with the increase in the number of people served by our programs and the cost of serving this aging population safely and with improved health and wellbeing outcomes. This covers seniors primarily, but also adults with disabilities that require regular supportive services for daily life – the people now served through CHC as discussed previously. We serve people with chronic and often challenging medical needs. These are our parents and grandparents, our friends and neighbors with disabilities who want to work, be a part of their community, and age in place among their families, friends, and peers. They are people who deserve the best quality of life and care that we can provide – I think that is something we all can agree on. We strive towards this every day, and the funding requested allows us to do so.

Recognizing that costs continue to grow, I want to highlight that we do all we can to embed fiscal responsibility and strive for innovation and cost effectiveness across our agency and our work. We operate today on about 14 percent less staff than we had 10 years ago, even as our programs and complexity of how we seek to serve people grows. We are constantly looking for opportunities to lower costs, reduce redundancy, and innovate and modernize programs in a way that seeks quality and fiscal efficiency. The vast majority of DHS' funding goes directly to providers that administer care and services to people served through Medical Assistance. During my time as Pennsylvania's Insurance

Commissioner, long-term care insurance companies were consistently requesting significant rate increases due to precarious financial situations. The demand for and use of services as well as the cost of administering services far outpaced the rates they set when policies were purchased decades ago. Medical Assistance is experiencing this increase too, but for long-term services and supports – the population served by CHC.

We are federally required to pay our managed care organizations actuarially sound rates based on cost of care in each region. This is necessary so health care providers continue to participate in the Medical Assistance program and we can meet the needs of this growing population, as we are required by federal law. As you can see in the chart below, the first years of managed care in our physical HealthChoices program also experienced spikes in rates. Over time, the program has aligned with the consumer price index for medical care trend, but that takes time. We are just one year into statewide CHC implementation, operating during a global pandemic, and doing so with a growing population. What we are seeing in increased spending both aligns with the historical trend for implementing a new program of this nature and in line with the growth of the population served. As we saw with the shifting cost of care because of home and community-based services, I must ask, what costs would we face without CHC?



We are nearing a critical point in Pennsylvania’s economic future. While the number of residents who are younger than 65 will decline by 2025, the number of Pennsylvanians aged 65-74 will grow by nearly 33 percent, those who are 75 to 84 will grow by nearly 40 percent, and Pennsylvanians 85 or older will grow by almost 10 percent -- in comparison to Pennsylvania’s population in 2015. These are our parents and grandparents who have invested in Pennsylvania and deserve a system that is prepared to provide the



quality of life they deserve as they age. While it may be politically expedient to simply admonish DHS for budget growth, this admonishment does not change the reality of the situation. As demonstrated, the budget growth is a reflection of larger population dynamics and needs. DHS is committed to building a long-term services and supports system that is able to innovate and achieve quality while promoting efficiency and cost-savings, but we need to acknowledge that there are bigger forces at play here and we are federally required to provide services to the growing population of seniors - our parents and grandparents - who are eligible for them.

COVID-19 has made more challenges, but we cannot focus only on what we need now. We must prepare for what we know is coming and fortify our systems that have been so greatly strained in the last year. As I said previously, we are grateful for the support for our industries and providers that has already come, and we look forward to working with the Biden Administration to help states, our economies, and our providers continue to weather and recover from this crisis. The providers we work with have experienced incredible challenges this year. Costs are up in order to secure personal protective equipment (PPE) and sanitation materials necessary to keep staff and the people served safe. Children are not returning to child care at the levels that they did before the pandemic. Staffing challenges are a norm due to COVID-19 cases and quarantine periods, and low wages in some of these jobs can make it challenging to recruit and retain qualified professionals. Some providers had to halt operations all together due to the risk of COVID-19 exposure and transmission. Many are experiencing the emotional toll of this pandemic acutely in both their clients and among their workforce as lives are affected and lost.

Relief funding Pennsylvania has received from the federal government thus far has helped us provide some support to service providers and licensed facilities through the crisis. To date, approximately \$220 million has been provided to child care providers across Pennsylvania, more than \$300 million to long-term care facilities, and \$260 million to providers serving people with intellectual disabilities and autism. This financial support, most of which came in the summer through Pennsylvania's Coronavirus Aid, Relief, and Economic Security (CARES) Act was appropriated by the General Assembly, in coordination with the administration. An additional \$303 million in federal funds passed by Congress in December 2020 will be issued to support the child care industry in April 2021. This funding is a much-needed recourse following the early months of this crisis, but the financial troubles our providers have incurred have and will continue while the virus remains a threat.

Beyond the financial support we have worked together to provide, I am very proud of our partnership to provide hands-on, educational and clinical support to long-term care facilities as they operate during the

pandemic. Shortly after COVID-19 began in Pennsylvania, DHS established the Educational Support and Clinical Coaching Program (ESCCP), a partnership between DHS, the Jewish Healthcare Foundation, and seven health care systems across Pennsylvania that provided technical assistance and educational support to personal care homes, assisted living residences, and skilled nursing facilities in the early weeks and months of the pandemic. Depending on the level of care offered and needed, not all licensed long-term care facilities are required to have clinical personnel on staff, although these facilities serve primarily older Pennsylvanians who are most at risk if they are exposed to COVID-19. The ESCCP helped these facilities learn how to navigate the changed and dangerous world.

In June, we worked with the General Assembly to allocate \$175 million from the CARES Act to formalize what were voluntary partnerships in the ESCCP and created the Regional Response Health Collaborative Program (RRHCP), a partnership between DHS, the Department of Health, the Pennsylvania Emergency Management Agency, and health systems selected to help assess facility readiness for a COVID-19 outbreak, make recommendations to strengthen prevention and mitigation, and provide on-site rapid response support ranging from testing, cohorting, staffing assistance, outbreak stabilization, alternative care sites and other support as needed. The Jewish Healthcare Foundation continued educational support under the RRHCP, providing weekly webinars for facilities to share experiences, discuss state and federal guidance, and learn best practices. The RRHCP was in place from July through the end of December, and during this time, the program supported long-term care facilities in more than 14,000 missions, primarily covering testing, consultations, facility assessments, and support with PPE, including 532 rapid response deployments to mitigate and stabilize outbreaks at facilities. While we were not able to find a solution to extend the program beyond the end of 2020, November and December were incredibly difficult months given the extremely high rates of community spread, which we know directly correlates with outbreaks at long-term care facilities. Having the RRHCP during this time helped our facilities know that no matter the circumstances they faced, they did not have to do so alone. Because we were unable to continue the program into 2021, the administration transitioned to a scaled back model known as Regional Congregate Care Action Teams (RCATs), which focus on the rapid response function of the RRHCP. As we work to fully vaccinate all who choose to get a COVID-19 vaccine at our long-term care facilities, we must remain diligent of the dangers and threats of outbreaks. The RCAT is making this possible, even if the support is not as robust as what was previously provided.

When we think about how we recover from this pandemic, we cannot lose sight of supporting these critical industries so they are able to weather this crisis and be able to support a more “normal” service level in the future. I am extremely concerned about what would occur and what would be lost if we start

to lose a large number of service providers around the commonwealth if significant cuts are incurred through our budget process. Governor Wolf's proposed 2021-22 budget challenges us to look towards the commonwealth that we want on the other side of this crisis. This is a moment for us to be aspirational and forward-thinking. The investments in this budget will allow us to navigate this crisis and look towards our collective recovery.

We seek to invest in workers and economies across the commonwealth by providing hardworking Pennsylvanians – including child care workers who foster our youngest minds – a much-needed wage increase that provides a life-sustaining wage through Governor Wolf's minimum wage increase proposal. Hardworking Pennsylvanians working lower wage jobs that are critical to our economy should not struggle with basic needs because of low wages. Investments in stimulus and unemployment payments have helped protect people from slipping into poverty despite historic unemployment. We can continue this investment and its long-term benefits by increasing Pennsylvania's minimum wage to \$12 an hour and putting us on the path to \$15 by 2027.

We are continuing to invest in opportunities for people with disabilities to live Everyday Lives in their communities among their family, friends, and peers. We continue to be able to serve high school graduates aging out of special education services in 2021 through waiver programs. This allows for a seamless transition into life outside of school without having to wait for services and risking progress made while in school. The 2021-22 budget proposes to move an additional 732 individuals with an intellectual disability and/or autism from the emergency waiting list into the Community Living Waiver and 100 individuals into the Consolidated Waiver. The \$13.9 million investment to address the waiting list will provide community services to people from the emergency list, people with unanticipated emergencies, people transferring from private intermediate care facilities, congregate care settings, or state hospitals. We are also focusing on cost saving opportunities for the Consolidated Waiver. The 2021-22 budget will fund an outcome-based incentive that encourages use and expansion of independent programs for people with disabilities, aiming to save \$828,000 by reducing the need for 24-hour residential services and helping people in these programs achieve more independent homes in their communities.

The 2021-22 budget also invests in collaborative, preventive interventions to support families who are at risk of entering the foster care system because of housing instability. A study from the United States Department Health and Human Services' Children's Bureau found that housing is a precipitating factor in at least 10 percent of foster cases, resulting in children being removed from their families. A lack of stable

housing can also delay children and parents being reunified, forcing children to remain in foster care for longer periods of time, creating increased trauma to the child, and negatively impacting their health and educational outcomes. The 2021-22 budget proposes \$1 million to support multi-disciplinary partnerships between county child welfare offices, community-based organizations, and housing partners by helping families achieve more stable housing in order to reduce the number of out-of-home placements for children due to the family not having a house, housing instability, or inadequate housing.

We are investing in quality across our child care system. We recently announced a \$28.8 million investment of federal funds to increase base rates in the Child Care Works (CCW) subsidized child care program for Fiscal Year 2020-2021 – funding that supports equitable access to quality child care for all children and families. The 2021-2022 budget includes \$87.2 million in federal funds to continue this rate increase and helping our child care industry strive toward continuous improvement.

It is necessary that we talk about this investment from an equity lens as well. In January, DHS released our first Racial Equity Report – a baseline look at our ongoing work to address and promote equity through our services, programs, and organization. The report was the product of a more than six-month look at data, initiatives, and opportunities to embed a greater focus on addressing inequities where they exist and promoting justice through our work. Poverty and racism are often interconnected, and we must use our broad reach to be a partner in healing generations of policies and practices that still hurt people to this day. Racial divides within our communities often harken back to harmful segregation-era policies that still affect communities, their resources, and economic mobility to this day, and the effect of these policies can shape lives and outcomes beginning in a person's youngest years through adulthood.

As part of this work, we looked at racial representation in our programs as compared to Pennsylvania's broader racial makeup. An analysis from our Office of Child Development and Early Learning found that more than 50 percent of families enrolled in CCW are Black, despite making up 13 percent of the population in the state. About 1 in 3 Black children enrolled in CCW are served by a higher-rated child care provider, whereas 1 in 2 White children are enrolled in higher-rated child care providers. By providing increased base payments for care for children enrolled in CCW, more child care operators will increase operating margins allowing them to potentially retain more highly qualified staff and engage in enhanced quality activities. This can help providers move up the quality rating system and, in turn, benefit all children in care, regardless of whether they are private pay or use CCW.

This report reflects our commitment to making DHS an actively diverse and inclusive anti-racist organization where we can start to do our part to reverse centuries of inequity that many still experience every day. Our ongoing work to redesign employment and training programs offered to people receiving public assistance programs and to address health inequities that often fall across racial and socioeconomic lines in our society is necessary to both being responsible stewards of commonwealth resources but also an active partner in advancing justice and uplift people who society has historically cast down. We cannot undo the past, but we will be a part of the solution because it is what our clients and the commonwealth deserve. As we seek to be a resource that can help the people we serve achieve a better overall quality of life – whatever that means for their individual circumstances – a commitment to justice, equity, and opportunity for all people must be at the core of this work.

I hope we all can look at this past year – the public health crisis, historic unemployment, and a collective trauma we all continue to work through – and can see exactly why DHS and our work is so critical. A strong human services and public assistance system is a direct investment in each of our constituents. Be it through child care, health care, employment services, or long-term care, most of us will need some kind of service that connects directly to DHS at some point in our lives. As this year has shown, tragedy and turmoil can affect our communities at an unexpected time. When we invest in these services and the people who provide them, we can weather the challenges together and, hopefully, emerge stronger on the other side, prepared for what's ahead. That is what we strive for and aspire to every day. I hope you will join us in making this a reality on behalf of each citizen of the Commonwealth of Pennsylvania.