



## **News for Immediate Release**

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### **Health and Public Welfare Budgets Maintain Critical Services While Promoting Sensible, Cost-efficient Reforms**

**Harrisburg** – Governor Tom Corbett’s 2011-12 spending plan for health and public welfare programs promotes preventive care and preserves essential aid to those truly in need, while encouraging independence and self-sufficiency that will help many break free from a long-term reliance on public assistance.

“My budget retains the core services to care for our needy,” Corbett said. “At the same time it puts the brakes on a runaway train of spending. My administration is committed to caring for the eligible poor. This budget reflects that commitment.”

“Pennsylvania needs a strong safety net for those who need help due to health issues, income loss, or other unfortunate circumstances, and this budget makes sure that safety net remains for our most vulnerable citizens,” acting Public Welfare Secretary Gary Alexander said. “But for some Pennsylvanians, the safety net has instead become a restraint, holding them back from achieving a life of independence and self-sufficiency – a life that ultimately benefits not only the individual, but the commonwealth as a whole.”

Acting Secretary of Health Dr. Eli Avila said the departments will continue focusing on their common goal of promoting healthy lifestyles to help rein in healthcare costs, with a renewed emphasis on greater efficiency.

The 2011-12 budget funds the most essential services provided by the Department of Public Welfare and the Department of Health, but also makes necessary reductions in non-essential areas. Despite a record demand for some state-administered services due to the nation’s lingering economic crisis, the collective budget for both departments will increase by less than 0.2 percent.

The budget for the Department of Public Welfare includes several reforms that can save about \$365 million while having a minimal impact on services provided to older Pennsylvanians, children, families and others in need. The savings initiatives include:

- Smart purchasing strategies that promote competition and cost containment, and link payment to quality outcomes.

- A greater emphasis on having public assistance recipients, whenever possible, pay a fair share for services and providers, encouraging recipients to make cost-conscious decisions about the services they receive.
- Greater efforts to deter fraud and abuse and recover costs that should not be borne by taxpayers.
- Stronger care management that encourages personal responsibility and uses prevention and wellness strategies to curb the high costs of health care while maintaining high-quality care.
- Initiatives to encourage more home and community-based care, which is more cost-effective and empowering than institution-based care.

Alexander said such reforms are the first of many that must be implemented in the years ahead if Pennsylvania wants to preserve essential services for its most vulnerable citizens.

“Pennsylvania, like other states, is headed for a financial crossroads where we must choose between cutting services or bringing more flexibility and efficiency to the services already offered to our neediest citizens,” Alexander said.

The Department of Health will continue to provide direct services, including health screening programs, to Pennsylvanians while making strategic reductions in some outreach and education programs so a greater emphasis can be placed on core functions, Avila said.

“The Department of Health will remain at the front lines to manage public health for the commonwealth, focusing our resources on supporting direct care services and critical public health infrastructure,” Avila said. “We also will be working with our vital community partners to ensure that the education and awareness outreach regarding these services continues.”

Part of these activities will include increased enforcement targeting for the licensing and oversight of health care providers, he said.

Alexander said Pennsylvania’s Medical Assistance program, in particular, must be addressed because its costs have grown unsustainable. The number of Medicaid recipients in the commonwealth has risen steadily from about 1.4 million a decade ago to about 2.2 million today.

The state’s financial burden for Medicaid will grow even heavier when the new fiscal year begins on July 1. The federal government had been providing additional funding to states to help cover Medicaid costs during the recession, but that enhanced funding runs out on June 30, 2011.

“We can turn this fiscal challenge into an opportunity, but we will need to change our mindset on Medicaid, in part by allowing Medicaid recipients to have a greater role in deciding how they receive treatment and giving them an incentive to make the cost of care a factor in that decision making,” Alexander explained.

Governor Corbett's 2011-12 budget is only a first step in a multi-year process of spending reforms for health and welfare programs. State officials already have begun a comprehensive review of the entire framework of healthcare and public assistance programs and services, and further reforms will be undertaken beyond fiscal 2011-12.

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