



News for Immediate Release

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Public Welfare Budget Reforms, Sustains Programs for Pennsylvania's Neediest

Harrisburg –Governor Tom Corbett's proposed 2012-13 budget transforms the public welfare system by providing incentives to those who are able to transition from the welfare line to the workforce, providing real relief to our poor and safeguarding taxpayer dollars through the elimination of waste, fraud and abuse.

"We are focused on maintaining the safety net for Pennsylvania's most vulnerable and most in need. However, Pennsylvania taxpayers, who already pay 40 cents on each of their tax dollars for welfare programs, cannot sustain the continued growth of public assistance," said Public Welfare Secretary Gary D. Alexander. "Public welfare was created to provide temporary assistance for most recipients and to be a last resort, not a way of life."

In the proposed budget, the Department of Public Welfare (DPW) focuses on providing the most essential services to recipients by maximizing every taxpayer dollar.

The department currently provides services to more than 2.2 million Pennsylvanians. Currently, for every 2.1 individuals working, one individual is on welfare. Ten years ago, that ratio was 3.3 employed individuals to one individual on welfare.

"In the past ten years, welfare budget growth has outpaced general fund growth, poverty growth and state personal income growth primarily due to increases in the Medical Assistance program," said Alexander. "Pennsylvania spends more on its Medicaid budget than 48 other states, including New York and California."

Current projections show a significant rise in costs at the department for the 2012-2013 year. However, through responsible reform, aggressive cost-containment efforts and continued measures to eliminate waste, fraud and abuse, the governor is able to propose a budget for the department that closes that gap without increasing taxes.

The proposed budget takes steps to protect our most vulnerable populations through a number of program enhancements.

The plan proposes reforming foster care support through the Fostering Connections program by increasing the supported age of foster children from 18 to 21. The additional years of support gives these children a better chance for success in their lives.

The proposal provides funding to implement an adult protective services system for physically and cognitively impaired individuals ages 18-59. Currently, the commonwealth provides a similar system for children and older Pennsylvanians and this budget ensures these services extend to the adult age range.

“This budget focuses on spending every dollar smarter,” said Alexander. “Whether that is through a focus on eliminating waste, fraud and abuse or simply taking a fresh look at the way we do business, we will maximize taxpayer investment and preserve essential programs for their intended purpose.”

Under the proposed budget, attendance and work hour requirements will be tightened to ensure the Child Care Works supplement is being used by parents who need services due to work commitments, and for children who are attending on a regular basis.

The department will take advantage of current technology to institute a new audit system which will be implemented to review more Medicaid claims prior to payment as opposed to post payment in order to reduce fraud and abuse.

The department will also undertake intensive review and management of the highest-cost cases on the Medical Assistance program to ensure their health issues are being properly managed, and prevention and wellness strategies are being employed and followed. The top 3,500 consumers of Medical Assistance care cost approximately \$400 million to serve. Strategies such as the medical home and integrated care models must be examined as ways to supply better quality care to these high care-use individuals.

“This budget transforms how we provide financial assistance to our counties by proposing a block grant that encompasses a number of state-funded and county administered programs,” said Alexander.

This approach gives counties the flexibility to move funding where it is needed most in their communities, reinforcing our shared belief that these services are best administered at the local level. The block grant includes:

- Mental Health Services
- Intellectual Disabilities
- County Child Welfare Special Grants
- Behavioral Health Services
- Homeless Assistance Programs
- Human Services Development Fund
- Act 152 Drug and Alcohol Program

Modifications are also proposed to Pennsylvania's General Assistance program, which provides assistance to those who do not qualify for federal programs. Pennsylvania is among a small group of states that continue to offer solely state-funded services of this kind.

The budget proposes eliminating cash assistance and tightening definitions and work requirements for Medical Assistance programs. These measures make it possible for the commonwealth to preserve availability of these programs for those in need in the face of limited resources.

The proposed budget also includes the following reforms:

- Expanding the HealthChoices managed care plan for those on Medical Assistance to all 67 counties.
- Increasing the monthly premium rate paid by Medical Assistance for Workers with Disabilities, and tightening up loose provisions that allows recipients to avoid paying premiums.
- Altering on-site hospital enrollment in Medical Assistance to ensure taxpayers no longer pay monthly premiums on enrollees that use the system one time.
- Instituting a reduction in provider payments for hospitals and nursing facilities.

These reforms take a hard look at ending waste, fraud and abuse to ensure the funding available is truly used for our most needy Pennsylvanians. While providing assistance to residents when they hit hard times, the department is also dedicated to helping everyone find a path to independent living.

The department will focus on job placement and accountability in the employment and training programs that specialize in helping welfare recipients find work. Performance-based outcomes are used for providers to encourage positive outcomes for recipients enrolled in the program.

Due to current maintenance-of-effort requirements in the federal Patient Protection and Affordable Care Act, the department has lost the ability to make needed reforms in approximately two-thirds of its budget. Therefore, only completely state-funded programs and provider rates were left to focus cost containment measures.

Within the past year, the department has focused on rooting out fraud, waste and abuse in the Medicaid program. Following a period of case eligibility review and re-determination, the department has closed 73,000 cases since July.

"Our reforms are working, we are bringing back integrity, transparency and efficiency to our programs," said Alexander.

These 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. This budget 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.

“We need a multiyear reform of the public welfare system to bring it back to its originally intended purpose,” said Alexander. “The supports and programs within the department, including Medicaid, were set-up to be temporary supports for those truly in need. They were never meant to be long-term forms of assistance.”

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