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SPEAKERS

Rep. Anthony Bellmon (D-Philadelphia), Rep. Joshua Kail (R-Beaver), Rep. Paul Friel (D-Chester), Rep. Justin Fleming (D-Dauphin), Chairman James Struzzi (R-Indiana), Rep. Eric Davanzo (R-Westmoreland), Chairman Jordan Harris (D-Philadelphia), Rep. Marci Mustello (R-Butler), Rep. Ann Flood (R-Northampton), Rep. Aerion Abney (D-Allegheny), Rep. Kristin Marcell (R-Bucks), Rep. Kyle Mullins (D-Lackawanna), Rep. Tarik Khan (D-Philadelphia), Rep. Torren Ecker (R-Adams), Rep. Ben Waxman (D-Philadelphia), Rep. Bridget Kosierowski (D-Lackawanna), Rep. Abigail Salisbury (D-Allegheny), Rep. Emily Kinkead (D-Alleghany), Rep. Thomas Kutz (R-Cumberland), Rep. Ryan Warner (R-Fayette), Dr. Val Arkoosh, secretary, DHS, Rep. Jeff Olsommer (R-Wayne), Gloria Gilligan, Fiscal Management director, Office of the Budget, DHS, Rep. Charity Grimm-Krupa (R-Fayette), Rep. La'Tasha Mayes (D-Allegheny), Rep. Eric Nelson (R-Westmoreland), Rep. Joshua Siegel (D-Lehigh), Rep. Gina Curry (D-Delaware), Rep. Marla Brown (R-Lawrence), Rep. Jamie Barton (R-Schuylkill)

Chairman Jordan Harris (D-Philadelphia) 00:00

Hearing with the Department of Human Services. Will be with DHS all day. Today, we're so grateful to have our secretary, Dr Valerie Arkoosh, who is here with us and will be answering questions before we get started. Chairman Struzzi, any introductory comments?

Chairman James Struzzi (R-Indiana) 00:17

Yes. Good morning. Thank you. Chairman Harris, good morning. Secretary Arkoosh, so human services all day today, on this our 10th day of budget hearings, I think you know it's important that we do dedicate an entire day to your department, as it is the largest piece of the Pennsylvania budget that we're discussing here in these three weeks of hearings. And the work that you do is so fundamentally important to our communities, our families and our young people, and so I want to set the stage, though, before we begin, so that people who are listening understand just how much we're talking about related to state budget. So the budget request from the governor's office is roughly \$21.1 billion representing a proposed \$1.96 billion increase. So as I said, we have a lot to cover, and so I won't belabor the point, and we will move on.

Chairman Jordan Harris (D-Philadelphia) 01:09

Thank you Gentleman. Secretary Arkoosh, you've been here before. In the middle of the table is our time keeper. We will keep time today. When the light is green, members may commit. Commence with their questions. When it is yellow, that is 30 seconds left, and when it is red, we ask that you wrap up your comments, Madam Secretary, if you would introduce who's at the table with you, and then afterwards we'll swear you in, and we'll get started.

Dr. Val Arkoosh, secretary, DHS 01:45

Oh, wonderful Good morning, Mr. Chairman, Mr. Chairman, thank you so much for inviting me here today. It's an honor and pleasure to be here with all of you, and I'm very much looking forward to telling you a little bit about what's been going on at DHS, and also to answer your questions. And I also want to just acknowledge that not only are you here all day with DHS, but today is Gloria Gilligan's birthday. Gloria is our fiscal management director, so just please acknowledge that it is her birthday when you're asking her questions. So thank you. So in addition to Gloria, I have Stephanie Shell, Deputy Secretary for our Office of Administration, Shante' Brown, Deputy Secretary of our Office of Child Development and Early Learning. Deputy Secretary Laval Miller-Wilson, Office of Children, Youth and Families. Kristen Ahrens, Deputy Secretary of our Office of Developmental Programs. How Pham Deputy Secretary of our Office of income maintenance. Juliet Marsala, Deputy Secretary for our office of long term living Deputy Secretary Sally Kozak for our Office of Medical Assistance Programs, and Deputy Secretary Jennifer Smith for our Office of Mental Health and Substance Abuse Services. That's it.

Chairman Jordan Harris (D-Philadelphia) 02:54

Thank you. I will say that the Deputy Secretary of income maintenance is probably the coolest one of your deputy secretary. She lives where the cool kids live in the 186 possibly just say it, you know, putting that out there anyway. If you could all stand, we'll swear everybody in. We'll get started testify. So you swear that the testimony you're about to give is the truth. The Whole Truth will help you. God. Thank you so much. We will start with Representative Kinhead.

Rep. Emily Kinkead (D-Alleghany) 03:30

Thank you, Mr. Chairman, and have to say, first Happy Women's History Month. And I'm really excited to see this lineup of people, because I think that this is one of the most diverse groups that we have had testified before us. So it's really exciting to see that. So I want to talk first about I know that DHS underwent a recent it update, and it caused some issues, especially in Allegheny County, where we weren't able to process applications on things. I'm wondering if you can talk a little bit about why that update was necessary and and you know how it is that we can kind of work to to ensure that problems like that don't arise when we're updating the IT system with DHS in the future.

Dr. Val Arkoosh, secretary, DHS 04:19

Thank you, Representative. As many of you are very aware, at least those of you that have been here in state government for a while, the IT systems that have been in use by the Commonwealth of Pennsylvania have struggled to keep up with modern improvements to IT systems. And there's a couple reasons for that. One, these upgrades are extremely expensive. Our systems are very complicated. They contain data on millions of Pennsylvanians that must be accessible, pretty much 24/7 and contains a lot of personal information, which must be kept secure. And so. As we go through these upgrade projects, they are extremely lengthy, and I will be the first person to tell you, it drives me crazy. It takes so long to get these projects done, literally years. The project that you are referencing was part of an implementation to move some of our data off of mainframe computer systems to the cloud. By getting to into the cloud, our data will be handled in a much more secure way. It will be able to be updated, or, I should say, the programs running the software, programs running these programs, will be able to be updated much more quickly and easily, and it's just the way every other entity does business in the 21st century. So we are moving as quickly as we can to upgrade everything into the cloud. In the course of a piece of that upgrade in the fall, there was a glitch with people, the in particular county assistance office workers, who are the individuals that work directly with clients seeking services. There was an issue with them accessing certain data. As soon as we found out about it, we worked to mitigate it. It did take a couple of weeks. It took a while to find exactly where we did fully mitigate it, and then we were able to authorize some overtime over the next couple months to make sure that they basically got caught back up with the work that had been gotten a little behind on that week.

Rep. Emily Kinkead (D-Alleghany) 06:30

Thank you. I appreciate that. Also, speaking of sort of IT issues, there has been a significant issue with the theft of SNAP benefits, and I know that the your department is working on those issues, and you have a hotline to report the fraud, and there's been conversations about putting chips in those cards. We had a constituent who called the hotline but was not informed about other steps that he had to take, and so he didn't finish the process, and so lost all of those benefits. But I'm wondering if you can talk about, if you can give folks a little bit more clarity on what the process is, so that they can file things appropriately, and then also what we can do in order to prevent this kind of theft?

Dr. Val Arkoosh, secretary, DHS 07:23

Sure. Thank you, Representative, this is a very timely issue. It is a nationwide issue. It is impacting snap programs all over the United States, and I think partly because we have a bigger population and more individuals on SNAP, there's no question that Pennsylvania has been targeted by these thieves. Just to give you some sense of what we're talking about here, between October 1 of 2022, through December of 2024, we approved the replacement of \$8,872,130 of stolen snap funds. And these are, this is money going to our most vulnerable families and children and older adults, people who really need this benefit to put food on their table. So it is disgusting that these thieves are doing this. One of the biggest challenges that we now face is that when Congress passed in Washington, DC, passed the current continuing resolution that the federal government is operating on on December 20 of 2024 they no longer allow the federal government to replace stolen SNAP benefits. SNAP benefits come entirely from the federal government. It's all federal money. Up until December 20, when someone's benefits were stolen, we could replace them at no cost to the state. We no longer have that flexibility. So now, when people's benefits are getting stolen, there is literally nothing that we can do. So we are urging people to be as careful as they can with their cards. Couple of things. One, we urge people to regularly update their PIN numbers, and we no longer allow anybody to put in a number like 1234, anything simple like that. We are hoping in April to roll out a feature where the individual can lock their card when they not using it, using the app, so they could just keep their card locked until they're literally at the grocery store buying groceries, and then they could unlock it, use their card, and then lock it again. We are exploring the use of chip cards, and right now, the SNAP EBT card looks just like a regular debit card, but it does not have a chip in it, and we are very interested in moving towards chip cards. I do want to point out, though, that as we've really dug into this, it won't be an overnight solution. Only two states have undertaken the chipped EBT card rollout, and they are finding some technical glitches on the back end. The good news is we're. Be able to learn from their issues, and by the time we move forward, hopefully, our rollout will be very, very seamless. We have confirmed that most of our retailers do have chip enabled point of sale devices. There are about 10,000 retailers, independent grocers, and others, that participate in this program and that they would simply have to do a software upgrade in order to use the chip card. But not everybody has a point of sale device that will take a chip card, and it costs about \$637 for a grocer to upgrade to that point of sale device. And so that would be something that perhaps the legislature could consider a funds to help those, particularly those independent grocers, those Mom and Pop grocers, cover some of those costs when the time comes. So we are moving as rapidly as we can. We are looking at other security enhancements to the card, and we are working very closely with law enforcement. I believe, just today, the Office of the State Inspector General is putting out a press release about an individual that they have arrested who was stealing benefits in both Maryland and Pennsylvania. We're hoping to see a lot more of that.

Rep. Emily Kinkead (D-Alleghany) 11:13

Thank you. Thank you, Mr. Chairman.

Chairman Jordan Harris (D-Philadelphia) 11:18

Thank the Gentlelady, Representative Kutz,

Rep. Thomas Kutz (R-Cumberland) 11:19

thank you, Mr. Chairman. Madam Secretary, good morning. Thank you so much for being with us today. I want to ask briefly about your supplemental budget request. Are you able to provide the amount that you projected your projected supplemental budget request will be and explain what that will be used for.

Dr. Val Arkoosh, secretary, DHS 11:43

sure, we have been challenged in our Medicaid programs during 2025 with the sorry. One second, apologies for that. We have been challenged this year with really unusual increases in our Medicaid programs, much higher than what we've seen in the last several years, and it has been a result of the fact that as the unwinding commence. We had a lot of very healthy people who ended up going back to work and no longer being eligible for Medicaid move out of the system, leaving a group of individuals who were more more acute and had higher medical needs left in the system. We also saw that many people did not seek care during the COVID 19 pandemic, and so when they started to come back and receive care, their needs were quite high. So as we go through the rate process every year to determine our rates, and we actually gave all of you a handout, you should all have this at your desk, it goes through the process that we go through to do our annual capitation rate setting, and you can see how robust the process is and what it takes into account. We found that the rates for 2025 were higher than anticipated, and so

Rep. Thomas Kutz (R-Cumberland) 13:16

I'm sorry, just limited time. So what did what amount did that lead to? Yeah, for yourself.

Dr. Val Arkoosh, secretary, DHS 13:21

So just to give you, just to connect that final piece of that dot, when we do our budget for the state fiscal year, we have to make a guess, an estimate for January to June of the state fiscal year. The rates that we have with our MCOs are on a calendar year. And so that last six months of the year is always our best guess of what the rates are going to be this year. We were a little bit short. So the total amount of the supplement that we are requesting is \$251 million. There's a number of different components to it, but the primary one is related to what I just described, \$251 million.

Rep. Thomas Kutz (R-Cumberland) 13:58

Can you tell me were prior your funds utilized to offset or reduce that amount prior year?

Dr. Val Arkoosh, secretary, DHS 14:06

Yes, to send, yeah. Do you want to get it?

Gloria Gilligan, Fiscal Management director, Office of the Budget, DHS 14:09

I'm sorry you asked if prior your funds were utilized,

Rep. Thomas Kutz (R-Cumberland) 14:12

yeah, to offset that amount.

Gloria Gilligan, Fiscal Management director, Office of the Budget, DHS 14:15

So we always work at the end of the year to identify whether or not we have expenses that haven't come to fruition, and when appropriate, will ask for it's called a 310, three waiver to hold prior year funds for those expenses that haven't yet realized in the budget. So yes, we did use prior year funds that doesn't affect supplemental request. I understood,

Rep. Thomas Kutz (R-Cumberland) 14:35

I and I just wanted, I wanted to confirm that amount, because we're looking at was somewhere closer to \$700 million. So I believe that prior funds would would bring it down to that 251, number. Let me move on with the limited time I have remaining

Gloria Gilligan, Fiscal Management director, Office of the Budget, DHS 14:50

700 numbers too high. That's not correct,

Rep. Thomas Kutz (R-Cumberland) 14:54

sure. Well, and we can, we can, we can get into that. Would love to hear from you what exactly? Number of prior year funds you suspect to be used. That's just different from the data I have. So would love to compare notes on that, Madam Secretary, I'm concerned. I'm looking at budgetary out years, and the governor is projecting your growth at about 1.5% annually, but your apartment tends to grow by about 5% annually. Is that fair to say?

Dr. Val Arkoosh, secretary, DHS 15:23

If you look at the main piece of our budget, which is our Medicaid spending, typically, we grow about 1.9% a year, which is lower than the national average for Medicaid growth. We're very, very proud at the ways that we have been able to contain costs in our Medicaid system.

Rep. Thomas Kutz (R-Cumberland) 15:39

Madam Secretary, that that confused me, because the request it increases about \$1,000,000,000. 5 percent annually, and this year's budget is an additional \$1.9 billion yet the budgetary out years only projects your budget to grow by 300 million, which is under that 1.5% by fiscal year 29/2030 and I know some of these are contracts, some of them are federal, statutorily required increases. So what I'm getting at is I think there's a disconnect between the governor's proposal and and what what we typically see from you every year, and I see my times expiring. So I'll conclude with this. I'm concerned that, as we're seeing the highest record deficit that we've ever seen under the governor's budgetary proposal, that he's actually going to be shorting your department on the growth that will actually happen to see in those years. So I just think there's something that we need to address with that, and I understand my time's expired, so perhaps we can follow up with the conversation, rather than having you respond there and appreciate check. Thank you.

Chairman Jordan Harris (D-Philadelphia) 16:48

Thank the gentleman representative Khan

Rep. Tarik Khan (D-Philadelphia) 16:50

Thank you, Mr. Chairman. Thank you, Dr Arkoosh. Secretary Arkoosh, Gloria, happy birthday. Secretary Arkoosh wanted to talk a little bit about Medicaid funding, and I first am very glad to see in the governor's budget that he intends to increase funding for Medicaid by about \$2.5 billion and as a nurse practitioner, someone who sees patients, predominantly who are on Medicaid, and also knowing that there's about one in eight of my patients, sorry, one of eight of my we call patients constituents. One in eight of my constituents in East pals, many on Roxbury and Chestnut Hill, are actually on Medicaid. So it's actually great to see that at a time where you know the federal government is actually looking to cut \$880 billion of Medicaid, instead of investing in Medicaid where what goes to our providers, goes to our rural hospitals, goes to our urban hospitals as well. Can you talk about the need for this increase in funding the \$2.5 billion that's in the budget for Medicaid.

Dr. Val Arkoosh, secretary, DHS 18:02

Sure, I'd be happy to you know, one of the other handouts that all of you have at your desk looks like this. This just happens to be chairman Harris's version of it, and it gives you all a sense of how many people in your districts are on Medicaid. Medicaid is an extremely important program to Pennsylvanians. It covers a little over 3 million Pennsylvanians, 1.3 million are children, and 312,000 are older adults, older than 65 and so it's an absolutely essential program for so many people. It allows people to live in their homes instead of having to go into a nursing facility, it allows people to be healthy and be productive members in the workplace. It gets our kids off to a great start, and as you heard me explain to the representative earlier, there's some pretty significant increases in our Medicaid program this year, because, as we all know, we have seen the challenges that our hospitals and other providers have been facing over these last years. So not only do we have increased acuity of the people that are in our program in terms of their medical needs, but our hospital costs, our drug costs have gone up considerably over these last years as people have tried to emerge from the pandemic. So we are seeing what I would characterize as an atypical increase in the need for this funding and Medicaid this year, we are hopeful that things will start to go back to a more normal rate of rise. Next year, we're also taking steps to look at some of the biggest cost drivers in our system, like the coverage of GLP, one drugs specifically for obesity, it is just, it's a medication that's gotten a lot of hype and a lot of press and has become very popular in its use, and it is wildly expensive. And so we're taking another hard look at that. So but altogether, the most important thing is your earlier point is that this program. Serves Pennsylvanians. 23% of Pennsylvanians get their health care through Medicaid. That's

Rep. Tarik Khan (D-Philadelphia) 20:07

amazing, and thank you. Thank you for that. I have a lot of patience on the on those drugs that, in addition to controlling weight, also brings on a 1c really, really well. Wanted to talk about the patient safety and worker safety. Unfortunately, we just saw a shooting at York County Hospital where a police officer, officer Duarte, I think was a West York borough police officer was killed, died a hero saving a fellow officer was shot. Nurse was shot, custodian was shot. Doctor was shot. And you know, I hear this a lot. I you know, as I'm wearing an E brace right now because I was attacked by a patient in my About six years ago. And you know, keeping hospital workers safe, keeping our front line workers safe, that's why I hope help to write and co sponsor the Patient Safety Act for nurses to help with safe staffing in hospitals. It's why I wrote the bill, working on, actually, with Dr Venkat and a few other representatives that would be helping hospitals to get grant money for safety, worker safety and hospital hospital worker safety grant, and I see in the budget, there's about \$20 million for things, patient safety, services for safety, can you talk about that item in the budget to keep our workers safe? And do you support these programs like the the hospital worker grant to keep hospital workers safe?

Dr. Val Arkoosh, secretary, DHS 21:37

Sure. Yeah. Thank you. Thank you, Representative and and I, first of all just want to express my condolences for all of the folks at that hospital, what an incredibly tragic situation. And having been in some of those situations, not that bad, but difficult situations myself, I really felt for them that

day, and I'm glad to see that you're lifting this up and you're really shining some light on the important work that these folks do. And I do just have to take just a moment of personal privilege here to acknowledge another group that really has been feeling very challenged lately, which are the workers in our county assistance offices. You know, I mentioned earlier that individuals are having their SNAP benefits stolen, and they are showing up at our offices hungry, they can't feed their kids, and they are understandably wildly upset, and it has led to some very, very difficult situations at some of our county assistance offices. And so I just think it's an important time to remind everybody that there are consequences to what's happening out there and and to this incitement, sometimes of anger and that we're all just trying to serve Pennsylvanians here and people who are in service, like our county assistance workers, like folks in hospitals, they go to work every day, just wanting to help people, and we need to respect them and appreciate and thank them for what they do every single day. Thank you. In terms of the \$20 million this is part of a package of investments that the governor is proposing that would help to stabilize rural hospitals, help to stabilize hospitals that are in other serious financial situations. And then the \$20 million specifically is to ensure that if there are acute needs in particular places with particular issues, that there would be dollars available to assist. We saw a number of those over the course of the year this year, and there really were just no funds available to help in some quite dire situations, that if we had funds, we could have intervened to ensure that patient services continued, that if patients did need to be transported or moved somewhere, that that could happen efficiently and safely. So we're very, very hopeful that the General Assembly will approve all three of those portions of this budget. Our hospitals need help. They need help now, and we need to really step up and help stabilize these hospitals. Thank you. Thank you. Chairman,

Chairman Jordan Harris (D-Philadelphia) 24:10

thank you, gentleman. I want to remind everyone, each member only gets five minutes. I'm actually looking at my side of the aisle now, each member only gets five minutes. Light is green, five minutes light is yellow, 30 seconds light is red. We done. We're going to do this again this afternoon, but we will not get through the question if we do not stick to the five minutes representative Olsommer.

Rep. Jeff Olsommer (R-Wayne) 24:40

Thank you, Chairman Harris, madam secretary and team, thank you for being here today. Look forward to hearing your testimony here. The National Association of Medicaid directors has expressed apprehension that coverage of GLP-1 could pose fiscal and operational risks for med. Agencies already facing budget and operational constraints. Madam Secretary, it's my understanding that Medical Assistance provides coverage for GLP-1, medications like ozempic for individuals with diabetes and obesity. Page A, one through 15 of the governor's executive budget states that GLP-1 medications like ozempic are responsible for nearly \$1 billion of Pennsylvania's medical assistance programs budget for fiscal year 25 to 26 while I understand that addressing these comorbidities can be helpful in reducing health care costs. Do you have data from our coverage of this drug class in medical assistance to indicate there is an associated cost savings?

Dr. Val Arkoosh, secretary, DHS 26:00

Thank you, Representative. So first of all, let me just set the stage here that these drugs, as you just heard me mention, really, just hit the market. Recently, we just started covering them in 2023 so we only have about a year, not even quite two years yet, of data on these medications, as you know, they have been very popular. We do require, sorry, we do require prior authorization for these medications, and excuse me, and we have a Medicaid drug utilization review board that approves, and all of the managed care organizations sit on that board, and they have all approved our current approach in terms of prior authorization for these drugs. However, the prescribing of these drugs just rose dramatically, far faster than I think anybody anticipated, and it is been one of the larger cost drivers in our Medicaid system. And you are correct that we've added \$1.2 billion to our managed care rates for calendar year 2025, just because of GLP-1s. So in response to that, we are taking a very hard look at how we are using these medications for obesity. So there's two ways that these medications are used. One is for diabetes, and there is an enormous body of literature that supports that in the long run, use for diabetes does improve the patient's health and save money on very high cost things we because it's only been two years for us. We don't, do not have that data yet, but we will absolutely be following that data in the meantime, though, obesity, the use for obesity is less well proven in terms of actual cost savings, and so this is what we're taking a very hard look at. We are evaluating changes to the current medical necessity guidelines, and we are bringing to the next drug utilization review committee in April, a set of recommendations for a much more robust prior authorization for these drugs that would be related to the patient's body mass index and would allow these drugs to be used for obesity and very, really just this sort of very almost extreme Patient situation.

Rep. Jeff Olsommer (R-Wayne) 28:20

What are those specifications? If you don't mind those, those specifications that you just mentioned, what are they or those recommendations

Dr. Val Arkoosh, secretary, DHS 28:30

they have to do with the weight of the patient, or, as we would call it, the body mass index, they will have to do with whether the patient has tried other things first, and we are likely, again, if the drug committee approves, be moving toward a process where there would have to be a whole series of things that would need to be tried, and the patient's weight would have to be extreme for them to qualify for a GLP-1 for the use of Obesity.

Rep. Jeff Olsommer (R-Wayne) 28:59

Thank you. How many other states provide coverage for GLP-1 coverage? I believe it's 14. States. Do you have Pennsylvania specific data on patient adherence to these medications?

Dr. Val Arkoosh, secretary, DHS 29:14

I do not. You do not. Okay, let me rephrase that. We have some data. We have some patients, and where we see the best adherence is for diabetes. Okay, I've got one more, yeah, less for obesity. I'm sorry to

Rep. Jeff Olsommer (R-Wayne) 29:30

interrupt you, but one more, quick question, DHS costs are estimated to be about \$1 billion for the upcoming fiscal year. What are the true costs when you factor in, and is there a federal match, or are there any kind of manufacturing rebates that are anticipated?

Dr. Val Arkoosh, secretary, DHS 29:53

We do receive some rebates, and that is factored into the total that you see, which is the \$1.2 billion, okay

Rep. Jeff Olsommer (R-Wayne) 30:01

Thank you, Madam Secretary, Mr. Chairman, thank you.

Chairman Jordan Harris (D-Philadelphia) 30:04

Thank you gentleman. Representative Abney,

Rep. Aerion Abney (D-Allegheny) 30:07

thank you Chairman Harris, thank you madam secretary and your team for being here. We greatly appreciate it. So, as you know, back in December, the federal government approved DHS is keystones of health Medicaid demonstration waiver in the proposed budget, there is opportunity for re entry services in the proposed budget. However, we noticed that there wasn't anything particularly for the opportunity for housing and nutrition services to help try to address food insecurity. Could you kind of help us understand why the decision was made for the re entry services and not for the other opportunities as well.

Dr. Val Arkoosh, secretary, DHS 30:45

Thank you, Representative. I appreciate your your noting that we were thrilled to have all aspects of our waiver approved and given federal spending authority in December of 2024 for the four

components, continuous coverage of children until age six, food supports, housing supports and re entry supports. Given some of the uncertainties that are facing federal decisions that are in front of us, particularly with the Medicaid program, the decision has been made to implement these waivers in a stepwise fashion, and we are proposing with your assent, to start with the re entry supports for a couple of reasons. One, the re entry waiver services were built on a 2018 bipartisan bill called the support act. It was passed under the first Trump administration and signed by President Trump, and it was an effort to improve the availability of medications to people when they were re entering, particularly individuals with a substance use disorder that has been shown to keep people healthier, reduce overdose deaths and also reduce days of reincarceration. And so we are building on that with a much more robust set of services, we would be able to begin interaction with individuals 90 days prior to release. We would be able to help department of corrections by bringing some additional funding into DOC to help cover medications for those individuals for that last 90 days. And that would help DOC diversify their funding to some other needs, these individuals would have one year of guaranteed coverage in Medicaid upon release. This is extremely important, because we see that from our own data that very few primary care visits are obtained by reentrants, only 28% in 2022 and unfortunately, as a consequence of not seeing a primary care doctor, where folks do go is the hospital emergency room, and we saw that 18% 1735 of re entrants had three or more visits to the emergency room. So these are the kinds of things we're trying to fix with this proposal.

Rep. Aerion Abney (D-Allegheny) 32:58

Gotcha. And so I think it's my understanding this is a multi year waiver, so it's not just one, so is it? Would you all? DHS, consider some of the other opportunities in the waiver going forward, depending on how this federal money comes through,

Dr. Val Arkoosh, secretary, DHS 33:11

absolutely, that is our hope. We are hoping, depending on how things work out over these this next year or so, that we would be able, in that step wise fashion, to implement the additional waivers going forward.

Rep. Aerion Abney (D-Allegheny) 33:21

Awesome. I just want to ask one more quick question, switching gears a little bit. Last year, in the budget, we put \$2.5 million for eviction related bless you, eviction related legal services cases, and the proposed budget maintains this. This amount. Can you tell us how many eviction cases that you anticipate that we be able to support with this funding in this upcoming budget, and talk about a little bit some of the benefits of having funding to help prevent folks from being evicted.

Dr. Val Arkoosh, secretary, DHS 33:53

Yes, we were extremely grateful to get that eviction prevention money. And here I here.

Gloria Gilligan, Fiscal Management director, Office of the Budget, DHS 34:09

Yeah. So in fiscal year 23/24 we were able to serve 2855 individuals with housing services. I'm sorry, just talking to them. I'm sorry. I gotta bring it down so I can look at the page as well. So in 23/24 we were able to serve 2855 individuals with housing services. And in the first half of 24/25 which is when the additional funding was made available, we had already provided housing services to 1855 so we're on track to be somewhere around 30 604,000 individuals were going to receive services who might not have without the funding,

Rep. Aerion Abney (D-Allegheny) 34:46

I think that's great. And with that, I would propose try to push for an increase in that amount so we can serve more folks. And with that, thank you, Madam Secretary, thank you, Mister Chairman.

Chairman Jordan Harris (D-Philadelphia) 34:55

I appreciate it. Thank gentlemen representative Flood, thank you Chairman.

Rep. Ann Flood (R-Northampton) 34:58

Welcome. Welcome. Secretary Arkoosh and Happy Birthday Gloria. March is Brain Injury Awareness Month, and as the chair of the co chair of the brain injury caucus, I'm happy to stand before you today on behalf of individuals with disabilities. Madam Secretary, in February 2024 your department announced a multi year strategy to end the emergency waiting list for individuals with intellectual disabilities, I appreciate your significant progress in reducing this waiting list and ensuring our constituents can access the services that they need. Reducing that waiting list is very critical to these individuals, but it appears that the governor is not proposing to add waiver capacity in the fiscal year 252/6 budget just in annualization of the fiscal year. 24/25 is this correct?

Dr. Val Arkoosh, secretary, DHS 36:00

So there's a couple of things in this budget, and I'm glad you gave me the opportunity to talk about it that are a little bit different because of the multi year growth strategy and how these budgets have been presented in the past. So first of all, I do want to point out that there's a 7% increase, \$175 million increase in this budget, which represents the annualization of many of those Well, of all of the increased waiver slots and other things that we saw in last year's budget. Now what's really important to remember is that as we move forward with this multi year growth strategy, there is now going to be a requirement for the counties that they manage their budgets, or manage their really manage their budgets, rather than managing to slots. So instead of having giving a county X number

of slots for waivers, now they're going to be given a budget number, and they will manage to that budget number. And the point of doing that was we'll be able to provide people with the right services at the right time. And so one individual may not need the entire services of a waiver on day one, and someone else then might also be able to benefit from that same budget amount, and we can serve multiple people with the same dollars. And so what you're going to see now is less of a focus on slots per se, and more of a focus on the budget number. So already, what we have seen with the implementation of this program is that we have reduced the adult emergency waiting list by 19% it's pretty extraordinary. We've enrolled an additional 3000 adults in the community living and consolidated waivers because of these investments that have already happened and because of the amount of dollars that were targeted for our direct service providers. Those are direct service professionals. Those providers have their lowest waiting list numbers that they've I'm sorry, the providers have the number of vacancies down to 14% which is the lowest it's been in years. So

Rep. Ann Flood (R-Northampton) 38:04

So can do you have how many individuals are still on the emergency waiting list? Can you give me

Dr. Val Arkoosh, secretary, DHS 38:10

are currently at 3703 is my most recent number. And we now have over 40,000 individuals enrolled, and we have a waiver capacity of 41,555 and we're seeing that counties are enrolling people very quickly

Rep. Ann Flood (R-Northampton) 38:30

And just to switch, switch topics a little bit, but still staying within the theme. This past fall, the Department of Justice filed a lawsuit against the Pennsylvania Department of Human Services and labor and industry. The suit alleges that certain heightened automatic sprinkler requirements in the uniform Construction Code, which apply to community homes for adults with disabilities and autism are discriminatory. At the basis of this lawsuit is the fact that here in Pennsylvania, when a one or two family dwelling is utilized as a community home for adults with disabilities and autism, the use of the building changes under the Uniform Construction Code, excuse me, and reclassified as a care facility as such community homes must Technically meet the automatic sprinkler requirements of these facilities, which is the expansive systems found in hospitals and institutions other similar facilities, are exempt from having to install these automatic sprinklers. With all of this information in mind, my colleague, Representative Delozier, has introduced House Bill 711 which would exempt community homes for adults with disabilities and autism from having to meet these heightened automatic sprinkler requirements. Will the Department of be supportive of these efforts to eliminate the discriminant discriminatory requirement?

Dr. Val Arkoosh, secretary, DHS 39:57

representative flood, while I appreciate the question, I can't comment. Because of the litigation.

Chairman Jordan Harris (D-Philadelphia) 40:02

Thank you. Thank you Gentlelady. Representative Mullins,

Rep. Kyle Mullins (D-Lackawanna) 40:08

thank you, Mr. Chairman and Madam Secretary, to you and your team. Thanks so much. I'm sure that you're aware of the proposed federal budget, and it's and its wide ranging and potentially devastating impacts on so many aspects of our of our social safety net programs, in particular, proposes to reduce the Supplemental Nutrition Assistance Program SNAP benefits by two \$30 billion over the next 10 years. Can you tell me how many individuals in Pennsylvania currently receive SNAP benefits?

Dr. Val Arkoosh, secretary, DHS 40:50

Sure, snap provides benefits to just over 2 million people in Pennsylvania, adults, children, many, mostly children and older adults. It brings \$367 million of federal money into the Commonwealth every single month. Let me just say that again, \$367 million federal dollars into the Commonwealth every single month that that money is all money that goes directly to individuals to purchase food, the administrative costs for the program, which are about little over \$200 million a year, are born by state dollars. So that federal money all comes in goes out to people. There are 10,000 grocers that participate in SNAP and have individuals purchasing food, and as I mentioned earlier, many of them are independent Mom and Pop grocers, you know, the only grocery store in a neighborhood, in many cases, or in a rural area. We also see enormous benefits to our farmers, who benefit from the fact that people are purchasing that volume of food through this program, the loss to Pennsylvania would be enormous if that program is ended. There would be no way that we could make up for that funding with state dollars, nor could the charitable Food Network right now, today, our charitable Food Network, which is essential, provides one meal for every nine meals that snap provides. So it's hard to really understate the importance of snap.

Rep. Kyle Mullins (D-Lackawanna) 42:28

You said one for every nine?

Dr. Val Arkoosh, secretary, DHS 42:30

Yeah, one charitable meal for every nine. And we also have some recent data about how snap impacts Medicaid spending. We have a recent study that showed that, on average, when people lose their SNAP, benefits spending and Medicaid goes up by \$50 per person per month. And if it's

somebody with diabetes, it can go up as much as \$200 per person per month. So that fall out from losing snap won't just impact snap. It will directly impact our Medicaid costs as well.

Rep. Kyle Mullins (D-Lackawanna) 43:00

It's seemingly seemingly foolish in in such a compounding and ripple effect kind of way? And so, to be clear, and just to reiterate these, the benefits are entirely funded by federal dollars. It's just the administration of the program is funded by state dollars, correct. Okay, how much on average does an individual on SNAP receive in federal benefits each month?

Dr. Val Arkoosh, secretary, DHS 43:28

It depends on a number of factors. It depends on their family size and their income. So at the low end, it can be \$23 that's the basic benefit. \$23 a month for a very low income family that has three or four children, it can be a couple \$100 a month.

Rep. Kyle Mullins (D-Lackawanna) 43:49

Okay? So hardly a lavish benefit.

Dr. Val Arkoosh, secretary, DHS 43:53

No, it's it's been studied numerous ways, and there is no evidence that receiving SNAP is a deterrent from getting a job. It's just not enough. That's part of why our charitable Food Network remains so essential to keeping families fed here in the Commonwealth.

Rep. Kyle Mullins (D-Lackawanna) 44:10

And I appreciate you preempting my or anticipating my question regarding charitable food networks and the impact there, because we have some just incredible food food networks, charitable food networks, doing God's work back home. Do you anticipate? What do you expect would happen to a family's ability to purchase food if their monthly benefits decrease or were eliminated altogether,

Dr. Val Arkoosh, secretary, DHS 44:33

it'll be catastrophic we're already seeing for these individuals that have had their SNAP benefits stolen, and now that we are not able to replace them as of last December, it's a desperate situation for them, and they don't have anywhere else to turn, other than the charitable Food Network. And they are really taxed. You know, with the price of eggs continuing to go up and other products, our

charitable food networks are seeing more and more. People showing up at their doors, and so it will be an extremely serious situation if we lose this degree of federal funding.

Rep. Kyle Mullins (D-Lackawanna) 45:09

Thank you, Madam Secretary,

Chairman Jordan Harris (D-Philadelphia) 45:11

thank you. Thank you, gentleman. Representative Ecker,

Rep. Torren Ecker (R-Adams) 45:14

thank you, Mr. Chairman. And good morning, Madam Secretary, I want to follow up on my colleague talking about the the waiting list, or the disability, the ID waiting list, solid waivers. You You had said there's been a 19% reduction in that, in that list, I believe, in your last testimony, but that was in prior years, before this plan was implemented. Have you seen, have you seen any reduct what's the percentage since that plan, or the new budgeting plan, that's

Dr. Val Arkoosh, secretary, DHS 45:43

the that is it. Since the governor started the multi year growth strategy in this last year, in this last year, we have seen a 19% reduction in the adult emergency weighted

Rep. Torren Ecker (R-Adams) 45:55

okay and and turning to, you know, when we talk about the waiver process, obviously, getting people a waiver is important as well, but also finding services, I know is something I hear from a lot of folks as a challenge as well. I know the department is implemented as new performance based contracting as well, and I know there's some folks that have shared some concerns with whether or not there's three different tiers, as you're aware. But just so everyone understands what we're talking about here, there's three different tiers there, and I know there's some concern that the highest tier, which is clinically enhanced there, there, there could be some limited opportunities for those types of services. So what is, how's the department going to address those situations?

Dr. Val Arkoosh, secretary, DHS 46:42

So the the point of the performance based contracting is actually to make sure that there are incentives in place for our providers to care for some of those most difficult, complicated individuals with performance based contracting if a provider has to take on some higher level

training of their staff or meet other needs for more complex individuals and do the steps to get into that highest tier, it will actually incentivize them to take on some of the more difficult individuals who wish to remain in the community and need care in the community, and we're actually starting to see that happen already from our providers, as we begin to roll out performance based contracting, which we've done in a very measured way. We've actually delayed the implementation a couple times, acknowledging that our providers had lots of questions and concerns. We wanted to give them time to work through that process with us, which they have done, we're actually seeing them start to be more interested in accepting new patients or new clients that have very complicated needs. And that's one of the things that we're trying to do, is build capacity in this system for all needs and to make sure, because this population is so deserving to be sure that the care that they're getting is high quality,

Rep. Torren Ecker (R-Adams) 48:05

sure, and I would agree with that. What about providers that, I mean, a lot of providers should obviously struggle with funding. It's a very, you know, narrow, you know, margin for funds. How do those providers get that extra training, or, you know, or recruit people to into that office. What if a provider can, and that's one of the only providers in the county, or the only, you know, what's the solution there? Then if they can't get to that next, that top tier,

Dr. Val Arkoosh, secretary, DHS 48:33

well, they're still able to participate in the system. I mean, unless they, you know, are have a license violation or some other problem like that, they'll still be in the system, and we urge providers like that to reach out to us. We provide technical assistance. We do lots of training. My team in ODP has brings groups together all the time to talk about how to enhance services and continue to improve supports for this extremely vulnerable population in the Commonwealth, and we would welcome working with somebody like that who was looking to step up and wasn't quite sure how to get there.

Rep. Torren Ecker (R-Adams) 49:09

And real quick, I just want to talk about a transfer that the govern proposing, and the governor budget is proposing a \$5 million \$5.5 million to the home and community based services in accordance with act 54 can you just put a quick breakdown? Sorry, I'm running through that quickly, but it's, it's the home and community based services for individuals and under Act 54 can you just provide a quick breakdown of how that that funding is going to be utilized?

Dr. Val Arkoosh, secretary, DHS 49:39

Sure. Yeah. So the augmentation Fund was created by the General Assembly a while back when some of our state centers started to close, and state centers different from state hospitals, state centers are where places where people with intellectual disabilities, in many cases, have spent

their whole lives as our system has moved to being. Able to care for people in the community where most of them want to be. We have closed state centers. And the point of the augmentation fund is that that money that was going to the care and supported people with Id stay in that system. And so rather than being diverted back to the general fund, there's a portion that goes into this augmentation fund, and it's meant to be used for people with intellectual disabilities and autism, I'll give you a very successful example of how we're using some of that money right now. Our Office of Developmental Programs started a housing pilot in 10 counties in the last year and a half, that is enabling some of those dollars to be used to subsidize rent of homes. That is something that under our normal Medicaid funding, we're not allowed to pay for room and board or rent, and so this actually the augmentation fund dollars can be used for that purpose. And as we've done, our housing listening sessions for the governor's housing action plan around the state, many, many places that represent those counties, they are wildly enthusiastic about this opportunity to actually help get homes for people and pay for them so they can be cared for in the community.

Chairman Jordan Harris (D-Philadelphia) 51:09

Thank you gentleman. Representative Salisbury,

Rep. Abigail Salisbury (D-Allegheny) 51:13

thank you Chairman. I have a question that I think ties on ties into a lot of different issues. When we spoke to aging last week, we had a conversation about how Pennsylvania has, I think, the fifth highest number of seniors out of any state in the country, and we've been outpacing the growth of other demographics with our senior population in Pennsylvania. We also talked about how we've had an increase of 22% in the number of seniors and only an increase of 3% in funding for some of those programs. So in looking at the budget for today's hearing, I was noticing we don't really have the same SSI payments for personal care, homes, assisted living, a variety of different things to make it easier for seniors to have access to that care. I wonder if you could talk a little bit about why certain choices were made not to request increases in various funding allocations that might impact the lives of that senior population.

Dr. Val Arkoosh, secretary, DHS 52:22

So we are seeing in our programs, in DHS, impacts in a couple of different ways. So first, I would highlight that in our community health choices program, which is our managed care programs for individuals with disabilities or seniors who are dual eligible. Where we're seeing that play out is increasing personal assistance needs for individuals choosing to stay in the community. And you'll see when you look at the increase in rates for our CHC program in this budget, a big part of that driver is these personal assistant services, because we're seeing more, frankly, in some cases, older but more complex individuals choosing to stay in the community. And in that particular area, we are spending a lot more to provide those services for them to be able to stay in the community, on the on the personal care homes and assisted living residents, the situation is a little bit different.

So that's another alternative for individuals who, again, wish to stay in the community. Generally speaking, they're not nursing facility clinically eligible. In other words, their care needs are not as great as the people getting personal assistance services in our ch they need some care, but it's not exactly but they're not like at that nursing facility level, right? And so the way, and I just as I just mentioned, we are not allowed to pay room and board in either a personal care home or an assisted living residence. And so individuals who do have SSI or SSDI use their dollars to help pay those costs in those places, and then the state pays a supplement to help cover some of those costs. So in this budget, you are correct, we have not requested an increase in that state supplement, but we are certainly happy to have those conversations. If that's something that the General Assembly is interested in.

Rep. Abigail Salisbury (D-Allegheny) 54:24

It seems really like a pivot point where you can talk about so many different issues, whether it's the nursing staffing shortage, the in home direct service providers, these professionals who provide some degree of care in the home. It just seems like there are so many different aspects. Whether it's, are they getting adequate nutrition? Do are they living in poverty? Are they living in aging homes that have been not maintained so there's, it just seems like such a big issue that we are going to have to invest more and more money in as the. Years go by. So I'm wondering if there's, if there's a plan to look at how any other states are doing things differently and how they utilize those dollars from various federal programs as well.

Dr. Val Arkoosh, secretary, DHS 55:12

Yeah, we are very mindful of all the issues that you raise, and looking at ways that we can holistically keep older adults healthy and living where they want to live, which is almost always in every case in the community. That's why we've proposed things like our food is medicine 1115 waiver, which hopefully down the road we will be able to implement, it would address some of those very real needs. And we are always looking at what other states do. My team is actively engaged in multiple national groups that meet regularly to discuss these things. The National Governors Association, which is the bipartisan governor's group, also addresses these things, and we're engaged in that. So it's very top of mind for us. It is a very important population that continues to grow in this commonwealth and is going to drive certain spending in our state budget.

Rep. Abigail Salisbury (D-Allegheny) 56:05

I think it's probably a national conversation that we're going to have to continue to have in the years to come as well. Thank you very much. Thank you.

Chairman Jordan Harris (D-Philadelphia) 56:10

Thank the gentlelady. Representative Brown

Rep. Marla Brown (R-Lawrence) 56:13

thank you Chairman, and thank you, Madam Secretary, for being with us. The information you've provided us was very helpful. As I noticed that almost 30% of my constituents are on Medicaid, so the services that you provide are vital to my district and across the state, but I would like to direct my questioning to the inadequate reimbursement rates that we're seeing to care for our common or our Commonwealth seniors that want to stay in their homes. And I recently dealt with this on a personal level in trying to find a direct care worker for my father. Now the governor proposes \$21 million for direct care worker wages in the participant directed care model for 25/26 but can you tell me what percent of long term living direct care workers you estimate will be impacted by the increase?

Dr. Val Arkoosh, secretary, DHS 57:15

We anticipate that what we know that there are 80, about 80 508,500 direct care workers that are in the participant directed program today that will be impacted that will receive the increase.

Rep. Marla Brown (R-Lawrence) 57:26

Okay, so then, can you share how the decision was made to provide increases for this subset of long term living workers and not others, particularly because the department's rate study shows severe inadequacies in other services.

Dr. Val Arkoosh, secretary, DHS 57:49

Yes, as I'm sure you've seen now that a year ago, the Governor did call for a wage and rate study, which we conducted and has now been released as of a week or so ago. And given what is a very tight budget year this year, and given the size of the potential cost to the general fund for increases in other areas, we decided to start with the direct care workers in the participant directed program by putting an increase there, a couple of things will occur. One is that those dollars will go really entirely to the worker, because it's more of a direct payment there, these workers do not have access to things that workers that work for agencies often do have access to the increase to the direct care workers and participant directed will support some personal time off, and it will support their being able to purchase health insurance. Hopefully, those are things that often, if you work for an agency, you get as part of that employment that these individuals don't have access to through employment.

Rep. Marla Brown (R-Lawrence) 59:00

Okay, And I did get a copy of the report, and I appreciate that, and it demonstrated the rate inadequacies that exist between the home care workers and also contrasting those with rates for

providers serving individuals with intellectual disabilities, one of the key differences in rate setting for these two program areas is that there's apparently a rate refresh every three years conducted for ODP services and not for services that fall under otl. This is extremely difficult for us as legislators to have to plan for future expenditures when rates are not being studied on a regular basis and you're asking for such high increases. So Madam Secretary, how are the rates currently set for services under OLTL?

Dr. Val Arkoosh, secretary, DHS 1:00:00

Yeah. So you point out a structure that the General Assembly created that I have inherited, and you are correct that in ODP Office of Developmental Programs, they are required every three years to do this rate refresh. What that tends to lead to is very large budget request, because there hasn't been any incremental increase in between, and then in OLTL, there's no set requirement for doing those rate refreshes, or any you know, kind of automatic MPs. So I do think, and we're very, you know, would be happy if the General Assembly is interested in talking about maybe a more incremental way of approaching wage increases in both of these areas.

Rep. Marla Brown (R-Lawrence) 1:00:50

Do you utilize your actuary to determine what an appropriate rate is on an annual basis?

Dr. Val Arkoosh, secretary, DHS 1:00:59

we utilize our Mercer, who's our actuary, to conduct this wage and rate study that is not something that's gone through on an annual basis.

Rep. Marla Brown (R-Lawrence) 1:01:12

Okay, the report that I referenced outlined the need for rate increases for services ranging from 12% in the participant directed model to 44% for the residential habilitation services for a total state cost of 856 million if enacted, this amount would be in addition to the proposed increase of nearly \$1 billion in community health choices. So has your department budgeted for this potential increase and considered any cost saving measures to help mitigate the impact.

Dr. Val Arkoosh, secretary, DHS 1:01:45

We have not budgeted for that. We only budgeted for the increase to the direct care workers and participant directed

Rep. Marla Brown (R-Lawrence) 1:01:53

Okay. Thank you. And Chairman, if I could have time this afternoon to follow up with some questions, we will

Chairman Jordan Harris (D-Philadelphia) 1:01:59

have time this afternoon. Thank you. Thank you Representative Waxman,

Rep. Ben Waxman (D-Philadelphia) 1:02:06

good morning. Thank you Chair. Thank you so much for being here with us. Really appreciate your time this morning. I would like to ask about how some of the recent actions at the federal level have directly impacted the department, specifically on the 27th of January, President Trump signed a executive order that put in place a wide ranging federal spending freeze the next day. On the 28th the Medicaid payment system went down, as well as other federal payment systems. That was ultimately corrected the next day, when there was an injunction, and it's my understanding that the system was restored on the 30th I'd like to know a little bit, even this brief moment, how it impacted or disrupted services, what other operational challenges the department faced as a result, and also any uncertainty that this may have had on beneficiaries.

Dr. Val Arkoosh, secretary, DHS 1:02:59

Well, the uncertainty was enormous and was enormously time consuming and distracting for our staff, who had to try to sort out what the heck was going on. Fortunately for us, directly, we were not impacted, but our federally qualified health centers who we work with very closely and are very critical component of care delivery across this commonwealth, particularly in rural areas. They were quite concerned, because they used that portal that was shut down directly to get paid. And so there was just enormous anxiety and concern outreach to us to see if we would be able to, perhaps, on a temporary basis, cover some of their costs if they couldn't get paid things like that. So we did not, thankfully, have to sort of go all the way down that road to figure out what might or might not be possible, because it was unfrozen fairly quickly. But the sense of concern and chaos and anxiety, and then the distraction from the normal work day that that caused was significant, and I do not look forward to anything like that happening again.

Rep. Ben Waxman (D-Philadelphia) 1:04:15

So I'm curious about the communication from federal officials during this time. Let's, I mean, it was restored and brought back online as a result of a lawsuit, ultimately, and an injunction by a judge. But before that happened, what was the communication from, from the federal government and from the administration?

Dr. Val Arkoosh, secretary, DHS 1:04:36

I don't know that we had any. Directly, we started to hear from, you know, like these, FQHC folks. So as I know for sure, we heard from them pretty quickly. We may have heard from others, but there was no formal notification, nothing. I mean, look, we work probably DHS as more than any other agency, we are in constant communication with CMS, the Center for Medicare and Medicaid Services on a. An hourly basis, and there was nothing. There was no there's a way that CMS communicates, right? When things like this are going to happen, nothing like this has ever happened, but whenever there's going to be a change, right, there's a way they communicated, and there's notice given, and there's dates, and there's a whole process, and none of that happened in terms of the payment systems.

Rep. Ben Waxman (D-Philadelphia) 1:05:17

I just want to highlight what you just said, which is, you know, is this unusual to have the system shut down like this? Has it ever happened before? At least to your knowledge, this is insane. So following up on that, you know, what are the other potential vulnerabilities for DHS and other departments, if officials at the federal level decide to start tinkering with the levers and shutting off different payment systems, you know, as a way of, I guess, freezing funding or carrying out policy aims, and how is that going to impact the department?

Dr. Val Arkoosh, secretary, DHS 1:05:51

Well, first of all, I do just want to take a moment to just reassure Pennsylvanians that right now, as of today, nothing has changed. So people that are depending on Medicaid for their health care are still getting their Medicaid. People that are depending on Snap to feed their kids are still getting snap. So I just want to make sure that, you know, no one thinks something has happened today. Everything is still in place. And the governor, Governor Shapiro, has made very clear that everything will continue to be in place in the Commonwealth until there's any some sort of regular order in terms of notifications and other processes that would make any sort of change. Having said that, if someone in the federal government turns off a system, there is very little that we can do about it, and we will be prepared. We will take these things as they come. And our job here is to be there for Pennsylvanians. We are here when they need us, and we will do everything we can to maintain that no matter what comes at us and challenges,

Rep. Ben Waxman (D-Philadelphia) 1:06:51

it feels like shutting off. I see what I see. My yellow light is on, so I'll conclude my questioning there. Thank you so much.

Chairman Jordan Harris (D-Philadelphia) 1:07:00

Thank Thank the gentleman representative Krupa.

Rep. Charity Grimm-Krupa (R-Fayette) 1:07:03

Thank you Mr. Chair, and thank you for being here and testifying today. Happy birthday. I want to do some follow up questions about SNAP, the Supplemental Nutrition Assistance Program, which was designed to help low income individuals and families access nutritious foods. First, there was an announcement by the Attorney General today that charges were filed against an individual who had stolen benefits from 17 individuals to buy items such as Red Bull, energy drink, baby formula, candy, and then these items, as you know, have a high sell or a marketable resale value on the market. We have, we must ensure that there's a responsible use of SNAP benefits and do our best to prevent fraud. So with respect to preventing bulk purchase for resale, I mean, the benefits are intended to help low income individuals and family put food on their tables, not to be exploited for profit. What measures does the department currently have in place to prevent bad actors from purchasing items in bulk with SNAP benefits and then reselling them for cash?

Dr. Val Arkoosh, secretary, DHS 1:08:09

So I just want to be clear representative that this is theft. Yes, yeah, this isn't fraud. This is theft. Thank you for that clarification. And these folks are, for the most part, we think, from what we've been able to discern from law enforcement, they're using those skimming devices that slide into credit card terminals. And when a person puts their card in, they get all their card numbers and their pin like they just they can skim it off electronically, which is why we're talking about moving to chipped cards, because chipped cards skimmers don't work on shipped cards. So in terms of bulk purchasing, I think that the way that maybe that press release was interpreted, because I know you're quoting from the 06 press release, because I read it before it went out. So an individual recipient of SNAP has whatever they have on their card for that month, it could be as low as \$23 if it's a family with a lot of kids they might have, you know, 300 \$350 something like that. And so they can only buy so much.

Rep. Charity Grimm-Krupa (R-Fayette) 1:09:15

Let me stop you there, because I only have limited time. Are we doing anything to track unusual purchase patterns. Are there systems in place to detect and investigate when there is suspicious purchasing patterns, such as repeated book purchases of high demand items, and this may not be necessarily in line?

Dr. Val Arkoosh, secretary, DHS 1:09:32

Sorry. I think I misunderstood your question a little bit. Thank you. Sorry about that. That's okay. So our team so we can't do investigations, obviously, but my team is monitoring usage in lots of different ways. They do look for patterns of unusual usage, and we refer to them

Rep. Charity Grimm-Krupa (R-Fayette) 1:09:47

so I know particularly it happens around the Christmas time, you know, I'll get a notification that my debit card was used in China for something, and then there's a freeze on the account. Are we doing anything to in the. Moment, track or flag that kind of suspicious activity.

Dr. Val Arkoosh, secretary, DHS 1:10:04

Unfortunately, our vendor that we use, so we don't actually, we are not the vendor. There's a vendor called conduit that provides the actual running of the card, kind of like a credit card company, like you would think of as your credit card company is called conduit. They do not offer that particular function.

Rep. Charity Grimm-Krupa (R-Fayette) 1:10:20

So given the huge amount of the budget that this entails, would it not be wise to get a vendor who would have would make that an option?

Dr. Val Arkoosh, secretary, DHS 1:10:27

So as a reminder, snap is a federal program, and these dollars are federal dollars.

Rep. Charity Grimm-Krupa (R-Fayette) 1:10:32

So did we choose our vendor to the federal government?

Dr. Val Arkoosh, secretary, DHS 1:10:35

We can we have a choice of vendors that the federal government works with?

Rep. Charity Grimm-Krupa (R-Fayette) 1:10:39

Okay, and have there been any investigation as to whether any of those choices would offer this type of fraud prevent, prevention or detection or theft detection? If you can get back to me on that, I'll move on.

Dr. Val Arkoosh, secretary, DHS 1:10:54

Honestly, I don't know. I don't think it's possible for many there's like two of them, I believe, and I don't think either of them offer that.

Rep. Charity Grimm-Krupa (R-Fayette) 1:11:01

Okay. Okay. On a slightly different note, we also must regulate SNAP benefits in a way that acknowledges personal choice while emphasizing the importance of nutrition and that discussion should focus on how to improve health outcomes without unnecessarily restricting beneficiaries ability to choose and make their food choices. We certainly don't want to penalize our most vulnerable citizens for enjoying a bag of candy now and then. However, given the rising rates of diet related illnesses, which all trickles down through the health care system, such as diabetes and heart disease, what steps is the department taking to encourage healthier food choices within the program?

Dr. Val Arkoosh, secretary, DHS 1:11:39

So we are bound by federal rules in terms of food choices. And right now, federal rules don't allow any limiting of food choices. Of the things within the program, people cannot use snap dollars to buy paper towels or menstrual hygiene products or things like that. But in terms of can they buy soda? Federal rules allow people to buy soda. I do know that HHS Secretary Kennedy is very interested in this particular issue, and so we'll see if federal changes come in the near future.

Rep. Charity Grimm-Krupa (R-Fayette) 1:12:12

I would hope that you would agree that poor nutrition is a major driver of chronic disease, which increases health care costs for both individuals and the state. To your knowledge, have there been any studies or data collected by the department on the long term health effects of unrestricted snap purchases and on recipients and the associated costs on Pennsylvania's Medicaid program?

Dr. Val Arkoosh, secretary, DHS 1:12:34

As you know, I'm a doctor, so I'm very aware of this issue. So thank you for pointing it out to me. And I did mention a study a few minutes ago that we have recently gotten from the University of Pittsburgh that looked at the opposite side of the question that you ask, and that is what happens when people lose their SNAP benefits. And it was pretty striking. We saw that, particularly with individuals with diabetes, their costs went up, I think, about \$200 per person per month in the Medicaid system. And even people with just like a chronic disease like high blood pressure, their costs went up about \$150 per person per month in the system. So that's the data I have, that when people lose their SNAP, they actually end up costing the Medicaid system more

Rep. Charity Grimm-Krupa (R-Fayette) 1:13:22

thank you for your testimony. I'm out of time, Mister Chair, I would request a second round this afternoon if there is one.

Chairman Jordan Harris (D-Philadelphia) 1:13:29

Thank you. Thank you Representative Mayes,

Rep. La'Tasha Mayes (D-Allegheny) 1:13:32

thank you. Chair Harris, good morning, Secretary. Welcome to your entire team, and of course, Happy Women's History Month. So we know the federal cuts that are taking place \$880 billion over the next 10 years. These funds support Pennsylvania's Medical Assistance Program, providing health care services to low income individuals. And your testimony, you state that 3 million Pennsylvanians access their health care through the Medical Assistance Program, and 70 750,000 are COVID under Medicaid expansion, which was so important for our state. Additionally, you talked about the uninsured rate in 2023 was down to 5.4% and uncompensated care hospitals was 27.7% less than prior prior to the expansion. So on the 24th legislative district, we have 17,000 people who rely on Medicaid. That's one out of four people in my district, as well as 13,000 approximately 13,500 people who rely on snap in my district. That's one out of five people who live in my in my district. So my question to you, Secretary is, what are some of the critical health care services that we may lose if these cuts actually happen, and do you think it will result result in more people being uninsured?

Dr. Val Arkoosh, secretary, DHS 1:14:55

Yes, is my simple answer to your question. If these cuts. As proposed come and so for those of you having maybe been keeping us close an eye on this right now, in the current house reconciliation budget reconciliation proposal, the Energy and Commerce Commission, which oversees Medicaid, the committee of jurisdiction for Medicaid, is tasked with cutting \$880 billion over the next 10 years from the programs in its jurisdiction, and pretty much the only way to do that is to take most, if not all, of that from Medicaid. Now that's not the final deal. They have to get together with the Senate. So we don't know exactly what the final number is going to mean or be, but suffice it to say that if anything close to some of the proposed cuts comes down, we are going to have fewer insured people. They will have the ones that are still covered will have less benefits, and this will be catastrophic for our hospitals, who are already struggling mightily. One of the biggest wins with the Medicaid expansion in the Commonwealth was not only for the people 750,000 who got covered. But the fact that we have been able to reduce uncompensated care for our hospitals Since 2015 when Medicaid expansion happened by 27.7% there is not a hospital in this commonwealth, even the ones that are profitable right now that are in a position to absorb that kind of uncompensated care, so

Rep. La'Tasha Mayes (D-Allegheny) 1:16:21

thank you. There will be great consequence. And I heard you say that the word catastrophe for our health care system when it comes to these types of cuts, I want to shift a bit as co chair of the black maternal health caucus, we just want to say thank you for your partnership, and thank you for all that you and your team are doing to protect, support, protect and support moms from maternal mortality and maternal morbidity in our Commonwealth. So the Department of Human Services has embarked on its maternal health strategic, Strategic Action Plan, and I know you're doing this in partnership with the Department of Health. Could you share what the status of the plan is, and any initial findings, findings you may be able to share with us about the impact of what you all are doing when it comes to pregnant moms in our Commonwealth

Dr. Val Arkoosh, secretary, DHS 1:17:18

I want to thank you for your partnership too. It's really been amazing what we've been able to get done in these couple years. And I also just want to acknowledge department of drug and alcohol programs and the insurance commissioner, we are all working together on the maternal health strategic plan. That plan is sitting in the governor's office right now. We hope to release that plan in another month or so, we conducted a number of listening sessions around the Commonwealth, and we just heard from pregnant people, people that had recently give birth, moms that had toddlers. You know, we kind of heard from the whole gamut. And the question was a simple one, what can we do to make things easier for you? And I was very, very pleased that most people were quite happy with their Medicaid coverage. Most of the individuals that we spoke with were under Medicaid. Medicaid accounts for 40% of births in our rural communities and about 35% to 38% in our more urban and suburban communities. Transportation is a huge issue, which is something that we all need to think about is an enormous challenge for many of these folks, and some of the other things that we've been talking about, food, housing, you know, some of these other just day to day issues for families are really struggling for them. So we're very much looking forward to releasing the plan. We intend it to be very actionable. We want to have tangible steps that we can take, and we hope to work with you closely on it.

Rep. La'Tasha Mayes (D-Allegheny) 1:18:44

Thank you so much. Secretary, we look forward to seeing you in Pittsburgh for our statewide black maternal health week, April 14 through the 16th. Thank you so much for being here.

Chairman Jordan Harris (D-Philadelphia) 1:18:54

Thank the gentelady. Representative Mustello

Rep. Marci Mustello (R-Butler) 1:18:56

Thank you. Chairman Harris. Secretary Arkoosh, I have a question about the governor's proposed \$15 million for long, long term care facilities within the community health choices and long term

living appropriations to meet federally mandated minimum nurse staffing requirements, which came in under the prior administration. And I hear a lot from my nursing homes on the challenges related to this, the staffing issue and these requirements, and one of them, I asked the same question, a similar question, actually, to Secretary Bogan as well, when, when she was before us and with the challenges for this. So can you maybe describe and explain the federal staffing requirements under the prior administration, and how you anticipate this funding will be distributed, and did we get any money from the federal government?

Dr. Val Arkoosh, secretary, DHS 1:19:47

So I just want to make sure that we're not conflating two things,

Rep. Marci Mustello (R-Butler) 1:19:56

So the wolf administration one said that was under 2022 Right?.

Dr. Val Arkoosh, secretary, DHS 1:19:59

Exactly. And then the federal government It has another Yes, they do not totally align. Okay, that is part of the challenge here. So as you know, the General Assembly allocated dollars by and large to support the wolf administration staffing requirements, and we had been building that into allocations over the last couple of years, and now there's additional federal staffing requirements. They partially align. They don't totally align. And I don't have the numbers right in front of me in terms of top off my head, I will tell you that we did submit public comment to CMS, encouraging them in particular, to be thoughtful about our rural communities and what was being asked of them. The biggest difference with the federal requirement is that it requires that a registered nurse be present 24/7, and that is going to be an enormous challenge, particularly in our rural communities. They did acknowledge that public comment, and they have put that requirement off for, I think two years they didn't eliminate that requirement. So that is going to be a real challenge for and

Rep. Marci Mustello (R-Butler) 1:21:08

that was put off from which years to which years. If you're saying,

Dr. Val Arkoosh, secretary, DHS 1:21:11

I believe it was a two year pause in that particular piece, from when

Rep. Marci Mustello (R-Butler) 1:21:15

And what if nursing homes can't meet the standards it sounded the another member had asked a question. You had said you'd been in contact with CMS.

Dr. Val Arkoosh, secretary, DHS 1:21:29

work that problem as it comes. I mean, typically, if a facility cannot meet a federal rule like that, they have, they start with a corrective action plan, and then if that can't be met, it could eventually, down the road, affect licensing.

Gloria Gilligan, Fiscal Management director, Office of the Budget, DHS 1:21:43

It's worth noting as well, in the final rule that there are an exemption process that CMS outlined. There's not a lot of detail around what that process will look like, but there is an exemption process.

Rep. Marci Mustello (R-Butler) 1:21:54

Is there an exemption process also with the state mandate?

Dr. Val Arkoosh, secretary, DHS 1:21:59

Probably a better question for Dr Bogan, yeah,

Rep. Marci Mustello (R-Butler) 1:22:01

okay. Because, I mean, you understand the concerns. I mean, we just don't have the nurses coming down the pipeline like we used to have. And how is that going to affect these?

Dr. Val Arkoosh, secretary, DHS 1:22:10

Well, I think Governor Shapiro is very acutely aware of this. This is why he has proposed his loan repayment and other dollars to help, particularly in rural areas, incentivize workers in rural areas, both primary care and for loan repayment for other physicians and nurses.

Rep. Marci Mustello (R-Butler) 1:22:26

And this is a huge problem in rural areas. I mean, we just we're going to lose our nursing facilities, and then what are we going to have? What's going to happen at that time?

Dr. Val Arkoosh, secretary, DHS 1:22:35

Well, I do think that what we're seeing is a huge movement of individuals who want to try to stay in the community, in their homes of choice. And so a lot of the work that you see us doing through our community health choices and other programs is to enable folks to age in the community. And these are folks that are nursing facility eligible. You know, they have the clinical conditions that would allow them to go into a nursing facility, but they choose to age at home. So I you know how this will ultimately all sort out. I'm not certain, but I'm fully cognizant of the fact that this is going to present a real challenge to some of our particularly rural nursing facilities, which is why we did submit public comment pointing that out.

Gloria Gilligan, Fiscal Management director, Office of the Budget, DHS 1:23:16

So is the state going to I'm sorry, yeah, it's also part of the reason in the proposed budget, right? So at the CMS, and the final rule has two phases, and in each of those phases are different dates for urban and rural, which are defined by CMS. So within the first phase, you have to meet, I think it's 3.48 resident hours. And how you do that, whatever mix you use of people, CMS doesn't define and by the final stage, then there are very specific requirements around registered nurses and the other people.

Rep. Marci Mustello (R-Butler) 1:23:44

Is there any discussion maybe that this mandate will be rescinded under a new administration? Has there been any discussion about that?

Gloria Gilligan, Fiscal Management director, Office of the Budget, DHS 1:23:51

Speculation is probably better.

Rep. Marci Mustello (R-Butler) 1:23:55

Are you advocating to take these mandates away? Is it something that you're doing right now.

Dr. Val Arkoosh, secretary, DHS 1:24:01

We are not. We haven't been asked or had the opportunity to submit. You know, typically the way this works, the CMS says, Here's a proposed rule, what do you think? And then we respond,

Rep. Marci Mustello (R-Butler) 1:24:10

okay, I would hope you advocate to receive

Gloria Gilligan, Fiscal Management director, Office of the Budget, DHS 1:24:13

one thing I would just highlight those part of what we're proposing is that we tackle urban and rural by ramping up essentially the dollars starting January 1 for 26 even though rural doesn't technically have to comply with phase one until one one of 27 if we front load that a little bit earlier, that will allow the rural nursing facilities a better opportunity to be compliant by the time it takes effect, assuming it does not get rolled back.

Rep. Marci Mustello (R-Butler) 1:24:39

Good. Thank you very much. Thanks. Mr. Chair,

Chairman Jordan Harris (D-Philadelphia) 1:24:40

thanks, gentelady. Representative Friel,

Rep. Paul Friel (D-Chester) 1:24:43

thank you, Mr. Chairman. Thank you, Secretary for being here. I want to move to something that's really been a active discussion to my district and regarding to some older adults with disabilities. And as you know, we have in my district something called Camp Hill schools, Village. Twitch is in a tremendous program residential both in day students and as our students with disabilities age out of these programs, most a lot of parents and some of some of the advocates here are saying that Pennsylvania DHS is either misinterpreting or too narrowly interpreting the rules for congregate living, and we're not allowed to have residential programs like we do for our younger students. And as parents are aging, as less of these institutions are available for for parents and options. You know, we have adults with disabilities that are becoming isolated, don't have a sense of community, and other states have have programs that are, you know, very successful. And so I was wondering if you could comment on why Pennsylvania has had such a strict interpretation. I understand we don't want to institutionalize folks, but we have a lot of good and successful programs out there, like Camp Hill. We don't have it for these aging as kids age out and we have a need. So can you talk a little bit about what we could do in Pennsylvania to change that?

Dr. Val Arkoosh, secretary, DHS 1:26:10

So representative, I very much respect your question, but I'm going to respectfully respond that folks are incorrect and how they're interpreting the options that they have through ODP in terms of flexible living environments, we run the gamut from individuals who are living 123, people in a home of folks, multiple folks in apartment buildings, more kind of group settings where there could be four or five people to larger kind of what you might think as more institutional settings. We have settings that are rural on farms. We have settings that are more urban and apartment buildings in urban communities. We have so many settings, and there seems to be a misunderstanding of what

is actually available. I do have to just point out one very important thing. Many families reference Camp Hill as place that seems to provide wonderful care, and their children, perhaps, have spent years there. Camp Hill is not in our program. Camp Hill is not funded through Medicaid. It is not licensed by the Department of Human Services, and the families whose children are there are paying for it through other funds. They're not using Medicaid dollars. As these children become adults and move into waiver services, they are now receiving public dollars through public programs, and so it has to be expected that there is a slightly different set of rules around that, because we're spending taxpayer dollars now which Camp Hill is not. So I hear you, and again, we've spent a lot of time meeting with families. We're actually in the process of showing some families some locations that we hope will be exactly what they're looking for in terms of a more setting that's with farm and more rural with peers, but underlying everything that we do here at ODP is an extremely robust engagement with this community, and this community has the vast majority of folks in this community are very, very clear that they do not want individuals isolated, you know, in gated communities or other things like that. So there's a little bit of tension there, sometimes between some of the individuals.

Rep. Paul Friel (D-Chester) 1:28:39

So what are the rules in terms of the residential options? It's not limited to four or five individuals in that setting. I mean, there are rules about like, how close those houses can be together. Yes, that seems to be the restriction here. Background on that.

Dr. Val Arkoosh, secretary, DHS 1:28:59

So CMS Center for Medicare, Medicaid care programs came out with a settings rule a number of years ago that said that settings should have these characteristics. People aren't isolated. They can have social interactions, things like that. They left it up to the states to decide how the state was going to implement those characteristics in that state. So here in Pennsylvania, a five year process was undertaken that concluded in 2019 there were multiple meetings, I think 60 stakeholder meetings. I mean, it literally went on for five years, all kinds of input resulted in our current set of regulations, and those were approved by ERC, and comment was what incredible community involvement there was in developing these regulations, and that's what guides us. And so I'll give you just some very tangible examples here in Pennsylvania. Area, we have a settings rule that says that houses can't be next door to one another. However, we do allow duplexes, as long as there's no more than two people in each duplex, and those folks can share the same staff if they want to. In Massachusetts, houses can be right next to each other, but they can't share the staff. So every state has enacted these settings rules in a way that that state decided to enact them. What I want you to understand about our rules here in Pennsylvania is that they come from the community over five years, meeting multiple times to craft these regulations

Rep. Paul Friel (D-Chester) 1:30:43

Well, I'd be interested to follow up with you, because everything the advocacy groups that I've talked to have seemed to think rules of only two people is willfully inadequate for the need that's out there. So I think there's some, definitely some challenges that that are much different than what you're telling me today. So thank you.

Chairman Jordan Harris (D-Philadelphia) 1:31:00

Thank you, sir. Thank you gentlemen. Representative Barton,

Rep. Jamie Barton (R-Schuylkill) 1:31:04

thank you. Chairman Harris and welcome Secretary Arkoosh. Good to see you again. I'd like to talk about hospital sustainability and maybe focus on the issues that are plaguing our hospitals across the Commonwealth. And my guess is none of this is new to you. We're facing workforce shortages, emergency room boarding difficulties, discharging complex cases, regulatory challenges, and the list goes on. And these issues can be exasperated in our rural communities like mine, and so I believe, and I hope you agree that our focus should be on ensuring that these vital community assets are remain viable so our constituents can access the care they need in A timely and appropriate setting. And I appreciate your budgets. Recognition of these issues through several new initiatives. I'd like to focus on how you anticipate distributing these funds. So pardon me, the governor proposes 10 million to maintain 10 million to maintain access and services for patients in rural hospitals and 10 million for hospitals across the state. Can you share with us how how these funds would be distributed? Please.

Dr. Val Arkoosh, secretary, DHS 1:32:32

We're so as you know, as I hope you know, rural health has been a real priority of this administration since we all walked in the door grateful for that. Yeah, and the governor has convened our rural health working group. We've had multiple convenings. We've been working across state agencies and with the Pennsylvania Office of Rural Health and the pain Pennsylvania Maternal Health Collaborative on all issues. So specifically, around that 10 million we the General Assembly appropriated 10 million for the current budget year that we're in for the purpose of helping to stabilize rural hospitals, and we work together with the hospital and health system association of Pennsylvania to come up with a distribution plan for that funding, and that funding is allocated to hospitals and counties class four through eight, who all take care of Medicaid fee for service patients. There are 60 of them, and the dollars were split up for doing obstetrics, for a measure of financial stability for how much Medicare and Medicaid you got, because obviously, Medicare is actually the largest payer in many of our rural hospitals, whether or not they were a participant in the Pennsylvania rural health model and social vulnerability index of the community, and then geographic isolation if they were critical access hospital, and so that money is going to be going out sometime. We're just waiting for CMS approval of the final waiting for what, I'm sorry, CMS approval of the plan, because we were able to use, take that \$10 million and draw down federal funds so that

\$10 million is going to become \$37.7 million that will be distributed to these hospitals if the General Assembly appropriates a new ten million we would likely do a very similar process, but we're also open to tweaking that process, if that is of interest to folks. I also just want to point out that we have altered how our dish payments are going out to rural hospitals, and we have turned them into state directed payments, which allows us to also draw down federal dollars. So between that process and what we're doing with this \$10 million that General Assembly allocated rural hospitals are going to see in 2025, \$60 million more than they saw in 2024 thanks to the federal funding on top.

Rep. Jamie Barton (R-Schuylkill) 1:35:03

Yeah, that combination interesting, because that leads me, Dr Arkoosh, to that my next question, the governor is proposing a new \$20 million line item appropriation for patient safety and service for hospitals. And can you provide the clarification on what this appropriation would be used for and how that would be distributed.

Dr. Val Arkoosh, secretary, DHS 1:35:25

Yeah, so I touched on that earlier. The thinking behind those dollars is that it would allow us to have the ability to respond to hospitals that are having specific and acute issues, and particularly if it's going to affect patient access to services or other problems, some of which we've all seen over the around the Commonwealth in the last year, it would enable us to have some flexible funding to respond to certain situations that imperiled access to care.

Rep. Jamie Barton (R-Schuylkill) 1:35:54

So would would that \$20 million be matched with federal funding as well?

Dr. Val Arkoosh, secretary, DHS 1:35:58

Most likely, we would not be able to match that.

Rep. Jamie Barton (R-Schuylkill) 1:36:02

Okay, can you Why would the governor propose an appropriation rather than investing you just shared with us how we double our money when we use federal funding. Why? Why would we do that

Dr. Val Arkoosh, secretary, DHS 1:36:13

so the dollars that go out to hospitals using a formula that I just described to you. Once we agree upon whatever the allocation formula is, any hospital that meets that criteria will get part of those dollars. So in this case, you know you had to be a hospital in County class four through eight. And then, if you did obstetrics, you got some. If you did this, you got some there was a whole plan. If you met the criteria, you got some of that money. The \$20 million is intended to be a more flexible fund that can be used, almost like a Rapid Response Fund. If there's a particular crisis somewhere, we will have some flexible dollars that could be used to respond to ensure patient safety and continuity of care.

Gloria Gilligan, Fiscal Management director, Office of the Budget, DHS 1:37:03

It is possible that we'll be able to draw down federal dollars. We'd have to look at it on a very case by case basis. Who are we trying to reach and what you know, essentially, what criteria would they meet to allow us to federalize

Rep. Jamie Barton (R-Schuylkill) 1:37:18

Okay, I'm out of time, but I appreciate your candid answers. Thank you Chairman

Chairman Jordan Harris (D-Philadelphia) 1:37:22

thank you gentlemen, Representative Curry,

Rep. Gina Curry (D-Delaware) 1:37:24

thank you Chairman and welcome Secretary Arkoosh and team and Happy birthday to you. I wanted to, of course, go over the maternal health issues and again, as representative Mayes said, thank you for all the attention that you put on maternal health and black maternal health in the Commonwealth. The 2024/2025 budget includes an increase for the OB NICU appropriation in the amount of \$7 million. The proposed budget maintains this funding but does not include any additional increase. So can you share how this increased funding in 24 and 25 has benefited the hospitals that have maternity and neonatal services? And do you believe that the level funding for this year proposed the amount of \$10.7 million is sufficient to support hospitals. I ask because as hospitals have continued to both consolidate and close as you know, what's happening in my own county, what has happened is growing gaps in coverage for these services, and has created maternity care deserts across the state.

Dr. Val Arkoosh, secretary, DHS 1:38:41

Thank you, Representative, that's a really important question. So currently, that funding goes out to all hospitals that provide obstetric services. And by the way, do you have one bright spot. We

actually had a new labor and delivery unit open in Uniontown and Fayette County this year so full we were there to celebrate. So it is possible. And I just want to lift up that. You know, it's not all gloom and doom out there, yeah, and hopefully we're going to continue to see more of that. So the reason that it's so important that this money go out is that when a hospital provides labor and delivery services, as probably everyone in this room knows, unless you're having a scheduled C section, you don't get to schedule your delivery. And so hospitals have to be ready 24/7 for somebody walking in the door in labor, and that requires that they have nurses and doctors and the blood bank and, you know, everything ready 24/7 and that costs a lot of money. And so particularly for hospitals that are doing very low number of deliveries, it's quite difficult for them to maintain just those fixed costs to provide the services. And so these dollars really help stabilize these hospitals in those services. As we roll out the maternal health strategic plan, which hopefully will have public in about a month, six weeks. Yes, we will continue to build on that work and have a comprehensive, tangible set of plans. I think that's why you're not seeing a specific increase right this minute. Yeah, we really wanted to have a chance to let the plan solidify, get additional feedback on it, and then have a more comprehensive, holistic approach, obviously, as we look at next year's budget,

Rep. Gina Curry (D-Delaware) 1:40:22

thank you, Secretary. And what can we do as a general assembly here to ensure that there is adequate access to maternity and neonatal care services across the state? I know you're working very hard on that. I just want to hear what your thoughts are for us.

Dr. Val Arkoosh, secretary, DHS 1:40:38

Well, you know, number one, I think we have to appreciate the providers that are doing this very, very difficult work. We have to continue to support programs that repay loans and things like that. You know, for for a physician to go to a rural community, and only do you know, relatively modest number of deliveries in a year, maybe 100 they're not going, I mean, I hate to make this dollars and cents, but they're not going to make enough money doing that to pay back their loans. I mean, it's just that simple. And so these loan programs are essential in all parts of the Commonwealth. We need to keep an eye on what's happening with liability insurance for practitioners, and we need to continue to make more opportunities available for people like birthing centers. We visited some very successful birthing centers, right? And we don't have very many in the Commonwealth, and I hope that we can find ways to continue to support those opportunities as well. For many patients, that's a great option.

Rep. Gina Curry (D-Delaware) 1:41:34

Yeah, that's great suggestions. And I just want to thank you again for all the work that you're doing around maternal care. We know the numbers are still pretty, pretty steady, and we're waiting for that report, but I just want to thank you and just remind everyone that we know that this maternal health issue is being looked at in the rural sense, where access is but we also know that in suburban and

even urban areas, access is an issue, and it does matter when trying to figure out solutions. Thank you, Secretary and Chairman,

Chairman Jordan Harris (D-Philadelphia) 1:42:08

thank the gentlelady. Representative Nelson,

Rep. Eric Nelson (R-Westmoreland) 1:42:12

thank you, Mr. Chair, Madam Secretary, looks like maternal health and maternity deserts are definitely a strong theme of today, and they really have been throughout the appropriations process. We were extremely disappointed to hear the Department of Transportation's response to maternity deserts when they said they could use ride share in order to make it to the hospital. I think mothers across the northern tier would and fathers and families would disagree with that approach. But following up on the representative from Schuylkill County, his questions about the \$10 million or the \$20 million, if that \$10 million which gets approved and federally brings back \$37 million, how much of those dollars are planned to go specifically to the nine counties where now we are not able to offer any maternity services at all?

Dr. Val Arkoosh, secretary, DHS 1:43:15

So that is something that we can discuss, as I mentioned earlier in the \$10 million that was appropriated for this state fiscal year.

Rep. Eric Nelson (R-Westmoreland) 1:43:27

Yes, Madam Secretary, I gave you the formulas we last year we had a few counties. You know, this year we now have nine, if the Federal dollars are approved, how much money will go to those nine counties? Because I imagine there is a plan in place.

Dr. Val Arkoosh, secretary, DHS 1:43:44

So we have options. Actually, this is not cast in stone. So we could use the same allocation formula that we're using in this year right now, assuming that CMS approves it, and we can be happy to get you the details on what that formula, yes, that. That would be wonderful, because, and we have the opportunity next year, if you all approve these dollars, to adjust that formula in some way, I just would, we'd be happy to have this conversation

Rep. Eric Nelson (R-Westmoreland) 1:44:10

the frustration that we're seeing now. You know, families in Cameron, Clarion, elk, forest green, Juanita, McKean, Sullivan, Wyoming, so there's not a solid dollar commitment that

Dr. Val Arkoosh, secretary, DHS 1:44:25

don't misinterpret what I'm saying. I'm saying we have not pre spent those dollars. So if we are very open to having that conversation with you about how we can create a formula for those dollars,

Rep. Eric Nelson (R-Westmoreland) 1:44:39

okay, that's That's wonderful to hear, and I'd like to to shift. Or just one last question in that maternity area, do you feel it is the lack of dollars I'm hearing it is the opening of venue which has really caused these hospital systems to step away from providing service? Says, I'm sorry, the what the open venue shopping, the ability to sue in any county. I think it was August 22 they made the decision, and that just happened, 2023 it was allowed, my understanding, now that you can sue in any county, which was, you know, recently eliminated that that maybe is a bigger driver than the money.

Dr. Val Arkoosh, secretary, DHS 1:45:26

So let me unpack that, because there's a couple things there. So on the venue shopping issue, which I lived through practice when I was practicing, when it was first put in place in the early 2000s it was a Rendell administration. I think what the venue shopping allows is, if you I'm going to use UPMC, because they have a number of rural have to maybe have, well, you can't just go anywhere. You can if you gave birth at a rural at a hospital that was UPMC, then you could move this the lawsuit. I think

Rep. Eric Nelson (R-Westmoreland) 1:45:58

the question was, do you feel venue is contributing to the maternity health deserts.

Dr. Val Arkoosh, secretary, DHS 1:46:03

I think that low numbers of deliveries decreasing birth rates we we have data that the 15% of there's 15% fewer women of childbearing age in rural counties in Pennsylvania than there were 15 years ago. And what it costs to maintain a labor and delivery unit, 24/7, that is far more relevant than the potential impact of venue shopping. Well,

Rep. Eric Nelson (R-Westmoreland) 1:46:27

I think last year, record was about 1800 babies across those counties. So that's a lot of babies shifting in the last part of my question. I do want to thank Deputy Secretary Hoa Pham and or I'm sorry Hoa Pham for the work in the able bodied worker space. You know, we really see this as an opportunity. I know about 34 members, including chair Hefley, had reached out with a letter requesting that Pennsylvania not waive work requirements for the what is now 160,000 workers, if but the department went ahead and waived those requirements. For how many years has Pennsylvania been waiving the federal work requirements?

Dr. Val Arkoosh, secretary, DHS 1:47:15

So we follow a very strict set of federal guidelines for waiving requirements. And from what we can tell, we go back to at least 2009 in various regions of the state following this federally prescribed process, usually in order to be eligible for it, there is a federal threshold that has to be met for a lack of sufficient jobs in order to get that waiver,

Rep. Eric Nelson (R-Westmoreland) 1:47:41

okay, and I see we're out of time. Mister Chair will request the opportunity to follow up this afternoon, absolutely.

Rep. Anthony Bellmon (D-Philadelphia) 1:47:49

thank you Chair and thank you Secretary, for being here in 2023 it was noted that we had 211 young people that were at a detention facility in West Philadelphia, juvenile detention facility in West Philadelphia, and the facility could really only hold it was licensed to hold about 184 people. So I just wanted to see what is or what has your department done since then to kind of solve issues like this around the Commonwealth.

Dr. Val Arkoosh, secretary, DHS 1:48:21

Well, first of all, just want to let you know thank you for the question the census that Philly J JSC, yesterday was 136 well below, and they had been below their allowed census. Now we're in our seventh, going on eighth month. I think this was a very complex situation. So first of all, counties are responsible for detention of youth prior to adjudication, and what was happening when we walked in the door two years ago was that there were a number of youth in Philly's detention center that were awaiting placement with the state judges make the decision about where these youth go, not us. We have no say. If a judge adjudicates a youth to us, we must take them and due to a whole bunch of reasons, some related to COVID, some related to facilities closing down, there were not enough state secure beds for these youth. So over this past two years, we have methodically increased the number of beds that we have available in our youth centers. And we've also been working very, very closely across the system and with Philly in particular, because Philadelphia County judges are unique in that they are adjudicating youth to time commitments. This is a result

of a policy that the Philly District Attorney began, which we are not in disagreement. Of It's an effort to keep youth out of the adult system, which we support. The problem arose that nobody told DHS that that they were going to be doing. This. This is actually right before we all got here, and so suddenly, all of these youth were being adjudicated to one two year commitments or until their 21st birthday. Normally, we get youth for six to nine months, and so we were not prepared for youth that were going to be with us for two years. So we had to expand our number of beds, because obviously that bed is not going to be vacated. And we have been very quickly building an entire set of services for these youth, because we take this responsibility very, very seriously. We want to set these kids up for success when they leave our care. And so we've been doing all of those things simultaneously and happily. Now we have increased our capacity. Philly, JJC, has been below capacity now for months, and we're doing a job I'm very proud of in caring for these youth that are adjudicated to our care.

Rep. Anthony Bellmon (D-Philadelphia) 1:50:54

Thank you for that, and I know the southeast treatment unit opened in July of 2024 Can you provide an update on how this new facility is doing?

Dr. Val Arkoosh, secretary, DHS 1:51:05

Yeah, it's been doing well, I think we have about 25 use there now and then the other half of it's being renovated, and it will open up in the next few months. And I believe we have a capacity there of about 40 or 45

Rep. Anthony Bellmon (D-Philadelphia) 1:51:19

All right, and is there anything else that the general assembly can be doing to help out in this area?

Dr. Val Arkoosh, secretary, DHS 1:51:25

You know, we're very interested in looking at this problem much more holistically. We are focused on prevention. I would love to put our youth centers out of business. And I think, you know, we should be working together on, what can we do around diversion and after school programs and, you know, all these things making sure kids have enough to eat right, and they have a stable home to live in. These are the things that we know make a huge difference in whether or not a kid becomes justice involved in the first place. And we would love to work with you on some of those things.

Rep. Anthony Bellmon (D-Philadelphia) 1:51:56

Awesome. Thank you, and thank you Chair.

Chairman Jordan Harris (D-Philadelphia) 1:52:00

Thank the gentleman. representative. Warner,

Rep. Ryan Warner (R-Fayette) 1:52:03

thank you very much, Mr. Chairman. Madam Secretary, thank you for joining us here today. Madam Secretary, in your submitted testimony, you detailed that recoveries and avoidances for fiscal year 23/24 total, more than \$490 million of Medicaid funds. Could you please provide examples of the type of fraud your department prevented or recovered, and is there anything that we can do legislatively to further assist your efforts?

Dr. Val Arkoosh, secretary, DHS 1:52:39

Sure I'd be happy to do that. Thank you for the question. We take our responsibility of being good stewards of the taxpayer dollar very, very seriously, and our Bureau of program integrity and third party liability leads that work. So as you mentioned, they have realized more than \$490 million in recoveries and cost avoidance for state fiscal year 23/24 this is an increase of more than \$27.4 million over state fiscal year 22/23 so the Bureau of program integrity has recouped or avoided \$51.8 million, and The third party liability group has really avoided in most cases, the bulk of that at \$438.5 million. Let me explain what that is, because it's very important, Medicaid is always the payer of last resort, and so we have a very robust process to always check to see if there are additional resources in the form of other insurance that any individual has available to cover certain costs. And if that is indeed the case, it could be Medicare, it could be a small commercial plan, then those payers pay first, and then Medicaid comes in if there's still remaining costs to be born. So we have been very aggressive in that work. We've also taken other actions. We work and are regularly checking a federal do not pay list. If you're a provider that's a bad actor, you can end up on the federal do not pay list. So we make sure that we don't send funds to a provider like that. We have a process where recipients who appear to be doctor shopping and trying to get medications or other things, we can require them to see one provider and one provider only, and we will only cover them to see that provider. And then we fully implemented fraud capture, which is a kind of an oversight system that uses AI that has helps to flag data outliers and activity that could appear fraudulent, and literally pings us to say, take a look at this. So we've got a very robust, comprehensive set of work going on. Okay,

Rep. Ryan Warner (R-Fayette) 1:54:59

Shifting Gears just a little bit to talk about EBT card fraud. Circle back to that,

Dr. Val Arkoosh, secretary, DHS 1:55:07

I'm going to respectfully say theft. It is theft.

Rep. Ryan Warner (R-Fayette) 1:55:11

So I'm actually not going to talk about theft. Okay, this is something that I brought up multiple years in this hearing. And the reason I do it is because I have legislation. Probably, probably heard this before. So right now, a person that is eligible to receive benefits from an authorized representative that can this is done when there's an individual who may have a disability and can't use the card themselves, right? So they appoint an authorized representative to use this card. However, in Pennsylvania, that authorized representative, to this day, is still precluded from investigation and pursuing the OIG cannot. Inspector General is precluded from investigating and pursuing criminal charges against authorized representatives because DHS does not require them to review and sign the same information as the card holder. Now other states, including Michigan and California, all require the authorized user to same the to sign the same rights as the actual card holder. Is there any portion I brought this up multiple years they currently have legislation. Is there any push from from DHS to require the authorized users to sign the same rights and obligations as the actual card holders

Dr. Val Arkoosh, secretary, DHS 1:56:41

representative, I am actually not aware of that issue, so thank you for raising it and look into it. And I must have missed it last year, so I apologize for that. I don't know if there's, there's some federal issue there, or some issue with those sick there, but we'll be happy to look into

Rep. Ryan Warner (R-Fayette) 1:56:56

Yeah. I mean, if it can be done within the department, again, it should not be a partisan issue. I mean, this is done in California. It's done it's done in Michigan. I just would like to highlight that again. I've highlighted it multiple years. And one other thing I just want to know, this is something else that I've highlighted in other years, though my time is up, and with respect to the Chairman, if there's time, maybe I will bring it up in the second round. Thank you very much.

Chairman Jordan Harris (D-Philadelphia) 1:57:22

We'll put you down. Representative Siegel,

Rep. Joshua Siegel (D-Lehigh) 1:57:26

thank you, Mr. Chairman, and thank you for joining us. Secretary Arkoosh, I want to start on the matter of PBMs or pharmacy benefit managers. First, I had the great privilege of standing with Representative Benham a few months back in my district, we were with an independent pharmacy

who is bleeding out money. They were consistently the victims of price spreading. And basically they had indicated at us that if the situation didn't change, they were in danger of shuttering their operation. This is a really great local, independent pharmacist, widely trusted in the community, as you know, know the PBMs that dominate the market, the three of them have 80% market share. They basically control everything, and they routinely engage in, I think, very wildly anti competitive practices. It's my understanding that some of the PMs that contract with the managed care organizations in Pennsylvania are paying pharmacies less than the cost of the drug itself. And I understand that there are provisions within your department to make sure that those MCOs are given fair treatment and ultimately given fair compensation. Can you just talk a little bit about the struggles that pharmacies are having with PBMs and how your department is going about addressing those concerns?

Dr. Val Arkoosh, secretary, DHS 1:58:28

Well, I think are you referring to spread pricing? Okay, all right. So first of all, let me just say our independent pharmacies are just the backbone of our communities in so many cases, and we work very closely with them and are extremely responsive to them whenever they have issues. I want to be very clear that the Medicaid program does not allow spread pricing and has not allowed spread pricing for a number of years now. Hard stop. There was confusion, and by the way, that's why we were not in Act 77 because we were already doing pretty much everything that act 77 prescribed. There was a question last year about something called a transmission fee. Transmission fees are between the PBM and the pharmacist. It is in the contract that a pharmacist signs with their PBM in the Medicaid program, and it is not something that the state is even involved in. It's not anything that we have to help pay for, anything like that. It is not spread pricing and transmission fees are allowed in the Medicaid rules from the federal government. However, it caused so much confusion last year that we just eliminated them in our 2025 contracts with our managed care organizations.

Rep. Joshua Siegel (D-Lehigh) 1:59:41

I appreciate that answer. And I just think as far as the entire market goes, I think it's a situation we have to monitor. It was very glad to pass HB 1993 it's a meaningful step in making sure we bring some transparency. So the PBM industry. Is there any consideration towards switching to some states have moved to just a single PBM model, or the Medicaid. Medicaid just designates one PBM as the buyer that all MCOs will work through, is that something that might produce some additional savings for the system.

Dr. Val Arkoosh, secretary, DHS 2:00:08

We're in the midst of studying that right now.

Rep. Joshua Siegel (D-Lehigh) 2:00:11

Okay, I appreciate that. I know the state of West Virginia implemented that in 2017 and they saved about \$54.4 billion over the course of this time. So it's been a meaningful reform, and ultimately, I think, creates a lot of centralizes the process. I want to move on to county mental health funding. You well, know as your former experience as a county commissioner, our county mental health based funding is some of the most flexible funding that our counties get access to. It allows them to target programs on the ground that are most receptive to the needs of their constituents. We obviously have \$20 million budgeted this year, as well as on top of the 40 million from our previous fiscal years, but we know the county commissioners association of Pennsylvania has said that they need, well in advance of that 100 million dollars just to really stabilize the system. Can you talk a little bit about the struggles that our counties are facing right now? Many of them are reporting six month wait times for critical mental health funding or critical mental health services. He's talking about some of the struggles they're facing and what we need to do to support them.

Dr. Val Arkoosh, secretary, DHS 2:01:06

Yeah, well, first of all, I want to commend Governor Shapiro. In this budget, when he came into office, he committed to a total of \$60 million increase over four years, but he's accelerated that, so we'll get all \$60 million with your approval by the end of this year's budget, which will make a tremendous impact in our counties. As you know, county funding hadn't been increased in years, and so this will be a meaningful improvement for our counties. Additionally, we are very aware through our behavioral health managed care organizations as some of the challenges that fam counties have been facing over this past year. And as a response to that, we did do a mid year increase that went into effect in July of 2024 for our behavioral health managed care organizations, because it was clear that they were all really, virtually every county was going to be in the red with the original 2024 rate. So we're working very hard on that, very importantly, and kind of bigger picture is how we are working to continue to build out our crisis response system. And so I think many of you have heard me say in this room now for three years going we want to make sure that there's someone to call, someone to respond, and some place to go. And we've made enormous, enormous progress. Our 988 system has 12 centers up and running, with two more about to onboard. We are now meeting the SAMHSA metric of answering over 90% of pencil calls from Pennsylvanians in Pennsylvania, which is fantastic. We now, I'm so happy to say, have every county, all 67 counties have some kind of mobile response. It may not be 24/7, 365, but every county now has something. So that is another great start. What's and what's important about those two things is that those two systems are able to resolve the vast majority of situations in real time without having to involve a hospital emergency room or of calling the police. Neither of those are good outcomes for anybody. So as we continue to build out the system, we're making good progress, and should help relieve some of those sort of bigger picture pressures on our counties. I

Rep. Joshua Siegel (D-Lehigh) 2:03:20

thank you for those answers. Secretary Cush, and I commend the Governor as well for those considerable investments. Something I would add is obviously we are dealing with decades of neglect in terms of investing in that system. And so while these are good down payments, I think we

need to understand the urgency and crisis that our counties are facing and continue to make those investments in any argument. For me,

Chairman Jordan Harris (D-Philadelphia) 2:03:38

thank you, gentlemen. Representative Davanzo

Rep. Eric Davanzo (R-Westmoreland) 2:03:39

thank you Chairman Harris, and thank you Secretary for being here today during the governor's budget address, he stated that he wanted to direct the budget secretary to conduct a comprehensive review of every program we offer in a commonwealth and identify inefficiencies areas we could approve on I do understand that the DHS was not part of that correct? If you had any talks with the budget secretary or the governor, maybe in the future, to look into this,

Dr. Val Arkoosh, secretary, DHS 2:04:07

we're happy to look into it. And I'd be happy if you're interested in sharing with you some of the efficiencies that we already have ongoing. I'm not going to wait for anybody to ask me to be efficient with taxpayer dollars.

Rep. Eric Davanzo (R-Westmoreland) 2:04:17

Perfect. I appreciate that answer, and the reason I bring that up is I want to address the wait times. The wait times whatever someone calls constituent calls three months for a chip application, and then whenever the application gets in, there's more questions. Now we're down the road. I have one here, 34 days for a lady that was expedited when my office reached out to the legislative affairs, how long should it take to get an email responded to

Dr. Val Arkoosh, secretary, DHS 2:04:48

well, we try to be as efficient as we can in responses to legislators. We get, my team gets a little over 100 requests from legislators every single day, and we. Just this week, are fully staffed on that team, so I will just apologize up front if you did not get a timely response on something is something that we strive to meet every single day, and we beg everyone's understanding that when you're getting over 100 inquiries a day, sometimes we don't get back to everybody as quickly as we will.

Rep. Eric Davanzo (R-Westmoreland) 2:05:18

In this one issue, it took, it took about 10 days to get a response on

Dr. Val Arkoosh, secretary, DHS 2:05:23

Well, I apologize for that. That is definitely not the standard that we are aiming for.

Rep. Eric Davanzo (R-Westmoreland) 2:05:27

Okay, well, that's great answer, but when a constituent comes in, it's almost embarrassing, because there's nothing I can tell you know they're in the office crying.

Dr. Val Arkoosh, secretary, DHS 2:05:41

Medicaid is running out, but I will share with you, and I think it's really important, given the examples that you gave, our current statistics, Medicaid is taking 13.7 days for applications to be approved, waivers, 17.7 nursing homes, 16.1 days. Snap, 8.2 days. TANF, 14.5 days. So we've taken this issue very seriously, representative, and I think I've got the data to show that.,

Rep. Eric Davanzo (R-Westmoreland) 2:06:04

Okay appreciate that one of the previous speakers had mentioned about the federal funding freeze from President Trump, and you responded that that's insane, but with these slow responses we're getting on isn't that why he's he's kind of freezing this, this funding. Hey, let's, let's pump the breaks and see exactly what's going on here, right? I mean, this, this agency is in the times. It's just, it is at some point in time we have to hit the brakes and dive back in. How many of your employees are in the office? How many are working remotely from home?,

Dr. Val Arkoosh, secretary, DHS 2:06:36

Representative, if you are equating a slow response time to one of your inquiries to anything to do with cutting Medicaid for 3 million Pennsylvanians. I don't think those two things are in any way, shape or form equivalent.

Rep. Eric Davanzo (R-Westmoreland) 2:06:49

When I got constituents coming into my office, I'm going to listen to my constituents in terms

Dr. Val Arkoosh, secretary, DHS 2:06:54

of our telework, full time telework, we have 1% which is 203 employees. In terms of part time telework, it's 37% of our staff, which is 4998 and no telework, 62% which is 8508 employees.

Rep. Eric Davanzo (R-Westmoreland) 2:07:13

Is there a quality control that oversees the telework? Is there a weekly, monthly and if there is, Can you touch on that a little bit.

Dr. Val Arkoosh, secretary, DHS 2:07:20

Yeah, it's like it's really real time. Most of the folks who are primarily working on telework are folks in our county assistance offices, and they are literally processing claims and doing that type of work. Sometimes they're answering phone calls, and all of that is literally, we have computer systems that are observing it in real time, to the extent that when we see work building up in one part of the state, if we're able, we can sometimes shift work to a different call group in another part of the state to keep things moving. So we're very, very much monitoring folks working from home.

Rep. Eric Davanzo (R-Westmoreland) 2:07:54

Right. Appreciate your answers. Thank you. Thank you, Chairman

Chairman Jordan Harris (D-Philadelphia) 2:08:00

thank you gentlemen. Representative Fleming,

Rep. Justin Fleming (D-Dauphin) 2:08:03

thank you. Chairman, good morning. Secretary, so last year I brought up performance based contracting within the IDA sphere, and I want to revisit that because, you know, I did ask about it. It was scheduled to launch. I asked about it before it launched. It did launch this year. You know, one of the things I asked about was, could it have been a pilot program, perhaps, and, and, you know, the answer was, well, it's only in one sector, but it happens to be residential, happens to be the largest sector of this, of this kind of work. So DHS went live with the performance based contracting in January, and since that time, there have been several adjustments to the PBC metrics and processes. Can you clarify the rationale behind these changes and adjustments and how they align with consistently, consistency and a fair regulatory approach with PBC?

Dr. Val Arkoosh, secretary, DHS 2:09:00

Yeah, I would offer the adjustments that we've made representative have been based on input from the providers who are being asked to meet these new metrics, and so we have worked very, very closely with them. It's been very iterative process. Multiple public meetings with them. We adjusted our start deadlines to accommodate them, and we have taken their feedback very seriously. You

know, they're they are extremely important to us, these providers, but it but we also have a duty to make sure that we're paying for quality care right and and so we have to get this right? And we have to work together with them, and we've been very, very open to their feedback, which is why we have continued to adjust the program.

Rep. Justin Fleming (D-Dauphin) 2:09:48

Okay, does your communication, I understand you said you're in constant contact with the providers. Did your communication also trickle down to the families? Or is that something that the providers take care of?

Dr. Val Arkoosh, secretary, DHS 2:09:59

Um. I'm not certain of the answer to that.

Rep. Justin Fleming (D-Dauphin) 2:10:04

Okay, okay. Again, I thought it might make sense as a pilot, but what, what his Can you give me? And I know we've only been sort of, we're less than one quarter into this, but can you give me a status update in terms of how you believe it's working at this point?

Dr. Val Arkoosh, secretary, DHS 2:10:17

Well, really, we are literally just getting started. In fact, like our first providers have just gotten letters, I think, literally, like in the last week or two, telling them, I think it's the first four, what tier of the three tiers that they've been placed in. Yeah, and I will be happy by next year, we can definitely give you some and I will

Rep. Justin Fleming (D-Dauphin) 2:10:35

I'm sure, be digging into this, because you're right. It is critically important work for a couple of my colleagues raised it the the, you know, the population that's being taken care of, taken care of. It's typically older adults with intellectual disabilities, and so we, I agree wholeheartedly, Secretary, we have to get this right. So I'm going to pivot now to early learning and and specifically child care, the recruitment and retention grants. There's \$55 million proposed in this budget for recruitment and retention grants for child care providers, and another \$15 million increase for rate increases for the pre K Counts program, which I am thrilled for that \$70 million investment, I do want to commend the administration. Can you explain how DHS will determine which child care providers are eligible for the recruitment retention grant?

Dr. Val Arkoosh, secretary, DHS 2:11:31

If you don't mind representative, I just, I'm going to start with the other one first, because actually there is money for pre K counts, but that is PDE, right, right. We the governor has also proposed, very importantly, ten million for our early intervention providers. So those folks, zero to three, right, providing those very early intervention services. So I don't want to get that to get lost, because that is also extremely, extremely important funding to increase their rates. And then in terms of the \$55 million that the governor has proposed, we're really excited about this opportunity to provide teachers and teaching assistants in classrooms of providers child care providers that participate in child care works, which is our subsidized child care program, \$1,000 retention bonus, for lack of a better word, to just acknowledge the incredibly amazing work that they do with our kids across this Commonwealth every single day, and we believe that that will account for about \$40 plus million of the \$55 million, and then the remainder could be used to provide recruitment incentives,

Rep. Justin Fleming (D-Dauphin) 2:12:41

excellent. So to retain the to get new to bring in new teachers. And I just want to say, I just want to confirm these awards are you're looking at about \$1,000 each for these awards. Is that correct? Okay, wonderful. Thank you so much for that investment. Thank you Secretary. Thank you Chairman

Chairman Jordan Harris (D-Philadelphia) 2:13:01

thank the gentleman, Representative Marcell

Rep. Kristin Marcell (R-Bucks) 2:13:03

thank you Mr. Chairman, and thank you very much for joining us this morning. I'm glad that we have a full day to be talking to you, since over 41% of the proposed budget that we're looking at rests within your area. So I think it's really important for us to explore a lot of the areas that are going to be in your budget most likely. So I wanted to talk a little bit about personal care homes. I know that Representative Salisbury was asking you about that earlier. I have some in my district, and when I went for a tour of one of them, I actually was able to meet someone who was in the facility that was going about to be moved to a skilled nursing facility because they weren't able to stay in that personal care home anymore. And there was, there was a lot of concern by that family that the outcome would be negative for that person, because they would be the new environment they were to Memory program like, there were a lot of concerns by that family. And so I just want to talk about that, because I think it's really important. Really important for our seniors and our outcomes throughout the state for them. So as a follow up to Representative Salisbury's salaries question, so because the allocation for SSI funding hasn't been sufficient, and there hasn't been an increase in more than 15 years since 2020 106 personal care homes that have been caring for low income seniors across the Commonwealth have closed. So my question for you is, when those are closing, what happens to those seniors? You know? Where do they go? Do you have any information or data behind that?

Dr. Val Arkoosh, secretary, DHS 2:14:41

Yeah, I appreciate that question, Representative. This is something that we do keep a very close eye on. And again, this is all part of to your earlier story that you shared about your constituent. People want to stay in the community, if at all possible, and we share that with them, and so we obviously keep a very close eye on what's happening here. So. So just to give you some big picture sense of this, and I realize that when it gets down to individual districts, it can change. But overall, our personal care home occupancy is 64% and so we have many personal care homes, many that are not at capacity. And so when one closes, we you know, if we need to get involved, we do in helping to move individuals, but generally speaking, we have no issue finding another location for someone to go to. Now, that may not be true in every rural community, obviously acknowledging that, but for the most part, we have quite a bit of available capacity in our personal care homes.

Rep. Kristin Marcell (R-Bucks) 2:15:44

Thank you for answering that. So is there a certain percentage that end up going into skilled nursing facilities just because there simply isn't another, you know, another option for them?

Dr. Val Arkoosh, secretary, DHS 2:15:55

I don't know if we have that data, because I don't know that we necessarily would know why they were going, if it was because the home closed and there was no other place to go, or whether they just chose, you know, for whatever set of reasons, to go into a nursing facility. I could try to see if we can get that for you. I just don't know if we have it or not, but I can check, okay.

Rep. Kristin Marcell (R-Bucks) 2:16:14

Thank you. And then I was wondering, has your department done any type of cost benefit analysis of increasing the SSI funding for personal care home residents that would allow them to stay in a place like you mentioned, kind of like that they're more comfortable where they call home, rather than transitioning to a skilled skilled nursing facility. Obviously, it's more expensive to go to skilled nursing and so have you done you know any type of analysis, or would you plan to be doing anything on that?

Dr. Val Arkoosh, secretary, DHS 2:16:43

So overall, what I can tell you is that staying in the community is always more cost effective than going into a nursing home. When it comes to this issue, in particular, I do want to be real clear that we don't pay Supplemental Security Income. That is a federal payment, and that is set by the federal government. What we do is supplement that, and that is with state funds. And so we have not done any recent analysis, because there hasn't been a formal proposal to increase that come,

that has come from the legislature. Should that come, we would be happy to provide a fiscal note for that.

Rep. Kristin Marcell (R-Bucks) 2:17:18

Okay, thank you for giving me an update on that. Given the fact that skilled nursing is more expensive, would it be helpful if we're looking at, you know, your budget, and like some of these line items, with a study like that, if the legislature was asking you to do that, would that be something that you would receive, well, is that something you think would be helpful?

Dr. Val Arkoosh, secretary, DHS 2:17:44

Sure, I mean, we can do that at any time, if you wanted us to consider, for instance, just hypothetically increasing the amount of supplemental payment that we provide by X percent. You know, we can easily do that analysis for you, and then we can compare that to what the cost would be for an individual who went into a nursing facility, for instance.

Rep. Kristin Marcell (R-Bucks) 2:18:06

Thank you. And with that just finished, I know I have to and is that something that you would have to be asked for by us via legislation, or could we just request that through your agency?

Dr. Val Arkoosh, secretary, DHS 2:18:17

Oh, you could just request that. I mean, it's easier for us if there's actually, like, a, you know, co sponsorship memo, or some general outline of what the legislation would look like, so that we can make sure we do the correct analysis, so that just makes it easier for us, but so whatever, but we can probably do a general idea of it.

Gloria Gilligan, Fiscal Management director, Office of the Budget, DHS 2:18:36

Thank you very much. Yeah, I'm also going to add that we did increase the state supplement for personal care homes in January of 23 so there's not a 15 year gap that hasn't been addressed. Thank you.

Chairman Jordan Harris (D-Philadelphia) 2:18:47

Thank the gentle lady, Representative Kosierowski

Rep. Bridget Kosierowski (D-Lackawanna) 2:18:51

good afternoon, and thank you for being here, Dr Arkoosh and your team. Going further down on the list of questioners, a lot of my questions have already been asked, and specifically, Representative Barton did ask about the monies that are set aside for struggling hospitals, and specifically that distribution plan and how you would, you know, determine which hospitals would receive support. But I wanted to drill down just a little bit more and ask you know about the accountability and the accountability and and what if any accountability would be imposed upon hospitals that receive these funds in terms of either transformation to a more sustainable financial model, enhancing patient access, reducing patient costs. And I think about, maybe, like as an example, something more transparent with hospital charitable programs. You know, there's lots of different this month. This is a huge ask, right for these hospitals, they're struggling throughout the commute the Commonwealth, we hear about mergers and closures, urban and in rural areas. So you know, the support is greatly needed, and appreciate it. But I just wanted to know what your thought process was with the accountability part.

Dr. Val Arkoosh, secretary, DHS 2:19:59

Yeah, I think you. Know if the premise of your question is, if we, if the General Assembly approves these dollars, we want to make sure they are well spent, right? These are, these are taxpayer dollars that we want to put to good use to save our most struggling hospitals and and I'm just going to take a moment here to to talk about private equity and the governor's call to really put some constraints on private equity in our Commonwealth when it comes to hospitals, we have seen, I know, you know Well, several instances over the last year of hospitals that are failing, largely because of private equity. Private Equity purchasers have come in, they have bought a hospital system very shortly after, usually within the first year, the principals sell the land that the hospital is sitting on to a real estate investment trust. The principals get all their money out, and then it's the hospital that never had to pay rent. And by the way, they do this to nursing homes too. Now has to pay rent for the land that they've been sitting on for decades. In many cases, it has been an enormously frustrating situation. And so what I can say to you is that, should the General Assembly approve these dollars, they would not be used to the benefit of private equity.

Rep. Bridget Kosierowski (D-Lackawanna) 2:21:19

Good to know. And you are right the I mean, right in my district in Scranton, Pennsylvania, we are, I'm consumed, consumed with what has happened to our community hospitals because of private equity. I call it criminal, what has happened. And it in truly what is going to happen is the constituents, the patients. As Representative Tara Khan said, we kind of use that word quite a bit constituents versus patients, because we are in the health care professionals here, and I am very happy to know that the governor is laser focused on making sure that this does not happen in the future. Thank you. Thank you.

Chairman Jordan Harris (D-Philadelphia) 2:21:53

Thank you, gentlemen. Representative Kail,

Rep. Joshua Kail (R-Beaver) 2:21:56

thank you, Mr. Chairman, thank you, Madam Secretary, for being here today. I will try and be quick here. I know the hour is getting a little bit late. There's been a lot of discussion in news lately regarding waste, fraud and abuse, and I think it gets a little bit too politicized, especially at the national level. But there are real measures going on around the country, not the federal government level, but at state levels, regarding benefit integrity, basically just making sure that the people that are supposed to be getting the benefits are, in fact, the ones that are actually getting the benefits. And I know states like Florida and Ohio and others have made certain reforms that have saved significant dollars, and at the same time, ensured that the benefits were going to the right place. I'm curious, what are some things that we could do as a legislature to make sure that the benefits are going to those within the Commonwealth that are supposed to receive it, and not going to places that are Are there any type of policy changes that we could make to make sure that we're doing this better?

Dr. Val Arkoosh, secretary, DHS 2:23:00

I don't know if you heard my response to a similar question. If you question a few minutes ago, but our Bureau of program integrity has recouped or prevented from going out over our \$490 million in the last state fiscal year, and we do that through a number of efforts to make sure that providers are good providers, that there's not another payer available, and that the work is the work that was actually done. When we evaluate people for benefits, we check 12 data exchanges, and I have to go through the list, but we probably don't have time, but we use those 12 data exchanges to verify benefit eligibility. It includes data on wages from the IRS, lottery winnings, unemployment compensation data from L and I on who's working and who's not, Social Security benefits, incarceration, you know, long, long list of benefits there. So when we're actually determining eligibility in the first place, we go to enormous lengths to make sure that that person is indeed actually eligible. Another place where we are putting a lot of attention is something called Electronic visit verification. You've been hearing me talk about all morning that people are living in the community and by choice who would otherwise be in nursing homes. And they're able to do that because people come to their homes and help care for them. And it's extremely important that we make sure that those visits are accurately documented and that people aren't trying to say, Oh, I was here and here at the same time. And so we are building a very robust electronic visit verification system. We are in the midst of procuring a new system that will allow us to require that every home care worker has a unique identification number, and then that will become part of every one of those visit verification so we can add that extra check to help reduce any attempt at COVID. A double billing there. So we are, every day, thinking of new ways to help make sure that every taxpayer dollar that we have, and I take this extremely seriously, because, as has been pointed out, DHS has a considerable amount of the budget about 41% I take this extremely seriously, knowing

the enormity of the role that I have in this seat, and we're always open to other suggestions. If you have heard of something that you think we're not doing and we're not we'll be happy to look into it.

Rep. Joshua Kail (R-Beaver) 2:25:29

And I appreciate the effort that you've put into this, because it is important. It is a massive part of our budget, and I think for our constituents, we need to make sure that we're spending these dollars appropriately. But I was curious, is there, is there anything from your perspective that we as a legislator could be doing to help you to ensure that you have all the resources to ensure that the rules are in place, that these benefits are actually going to the people that they should be going to? I appreciate the work that you have done and are doing, but is there anything more that we could be doing to make sure it's even better?

Dr. Val Arkoosh, secretary, DHS 2:26:07

Yeah, you know, I do think, and this has actually come up with this snap skimming of benefits, this theft of benefits that we've been talking about all morning, we don't have the power to investigate. And so I think that making sure that the Office of the State Inspector General and our state police and others have the resources that they need to do these investigations, we refer constantly to osig. In fact, osig would tell you that about 90% or so of the folks that they catch committing Medicaid fraud, or one of our benefit fraud, fraud of one of our benefits are people that we've referred to them. And then there's also a hotline so they get or tip line. So they do get some calls in through the tip line, but we're sending them stuff constantly, and they want them to have enough resources to actually do all these investigations well.

Rep. Joshua Kail (R-Beaver) 2:27:00

Thank you, Madam Secretary, for being here today and for your testimony. Thank you, Mr. Chairman,

Chairman Jordan Harris (D-Philadelphia) 2:27:04

thank you gentleman. Representative Guzman. He weighs off, and with that, we are going to stop here for the morning. We have a whole list of questions and questioners for the afternoon. So we're going to break here. We're going to come back as close to 1:30 as possible, and we'll start back up with our budget hearing for the Department of Human Services.