PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE

2002 - 2003
Budget
Highlights
February 5, 2002

Mark Schweiker
Governor

Feather O. Houstoun
Secretary of Public Welfare
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Ridge/Schweiker *Signature*

- Transforming welfare – the first five years
- Offering quality physical and behavioral health through managed care
- Expanding children’s services
- Serving people in their communities
  - Expanding home and community-based capacity
  - Transitioning from state institutions
- Developing a modern information technology infrastructure
- Managing the TANF block grant
Funding Challenges

- Revenue growth well below initial projections
- Need for additional state fund offsets continues unabated
- Impact on DPW
  - Growth in most discretionary programs temporarily halted or slowed
  - Some needed corrections in mandatory programs
DPW General Fund Budget – 2002-03

- Total General Funds - $6.9 billion
- Office of Medical Assistance $3,354M
- Office of Mental Retardation $970M
- Office of Income Maintenance $805M
- Office of Children, Youth, and Families $736M
- Office of Mental Health and Substance Abuse Services $675M
- Office of Social Programs $162M
- Office of Administration $170M
Transforming Welfare - The First Five Years

- **Caseload**
  - Dropped from 444,000 persons to 194,000
  - Most leave within 2 years and do not return

- **7,200 adults exhaust 5-year lifetime limit by June**

- **3,125 have time-outs to extend eligibility**
  - 1,700 participating in Maximum Participation Program

- **Funding**
  - Over $400M from caseload reductions annually reinvested into E&T programs, work supports, and child care
  - E&T funding mix changed to fit people with high barriers
From Cash to Work Supports

1995-96
525,000 persons
$1.28B

- Cash: 62%
- Child care: 13%
- Other families: 6%
- Other support: 19%

Expenditure per AFDC Recipient
$2257

2002-03
194,000 persons
$1.21B

- Cash: 31%
- Child care: 24%
- Other families: 25%
- Other support: 20%

Expenditure per TANF Recipient
$4696
Changing Mix of E&T Funds

1998-99
$149M

- Job search: 12%
- Skills and education: 68%
- High barrier: 14%

2002-03
$247M

- Retention and advancement: 14%
- Work experience: 23%
- Pregnant and parenting youth: 8%
- Job search: 11%

1998-99 vs 2002-03:
- Skills and education increased from 68% to 35%
- High barrier decreased from 14% to 8%
Offering Quality Physical and Behavioral Health Through Managed Care

- 65% of Medicaid recipients covered by managed care as of 4/1/02
- Managed care brings improvements in quality and access at lower, more predictable costs
- Rising health care costs outstrip general inflation and revenue growth
Managed Care Progress

- Continued success across a variety of indicators
  - Consumer satisfaction exceeds 75% of Medicaid plans nationally
  - High levels of satisfaction with access to specialists
  - Preventive services continue to grow
  - High levels of primary care access in all age groups
  - Notable increases in quality of care
Managed Care Status

- Significant capitation increases
  - Rate increases in line with increases in private plans
  - Pharmacy and inpatient costs driving the increases as in FFS and commercial insurers
  - Risk Adjusted Rates projected for 2003 in SE and SW in physical health
  - Children’s behavioral health costs rising rapidly

- Managed care expansion
  - Behavioral health will continue as a carve-out with counties maintaining “right of first opportunity” to manage the initiative
  - Lehigh/Capital fully operational on 4/1/02
  - NE scheduled for 7/1/03
  - NW and SW Expansion planned for 7/1/04
HealthChoices Zones
(Physical Health and Behavioral Health)
Expanding Children’s Services

- Child Welfare
- Child Care
- Child Development
Child Welfare Under Ridge/Schweiker

- Annual Needs-Based authorization increased by $645M or 73% since 1994-95
  - State fund growth of $296M or 96%
  - TANF funds now total $296M annually
- ASFA principles of safety, permanency and timeliness result in higher quality and less restrictive services
- Prevention efforts expanded
- ACF Child and Family Service Reviews in August
County Children and Youth Needs-Based Increase 2002-03

$123 Million Total Fund Increase

- $107
- $14
- $2

Segments:
- Unit Cost Increases
- Increasing Services
- Initiatives/Grants
Child Care under Ridge/Schweiker

- Funding more than doubled since 1994-95: $196M to $440M
- Program now at full capacity
  - Aggressive outreach campaigns successful
  - Sporadic waiting lists in some counties
- $7.9M new federal funds will be directed to:
  - Clear existing waiting lists
  - Reserve balance for spot waiting lists
Growth of Low-Income Children Receiving Subsidies

Note: Does not include current or former TANF children
Early Childhood

- Governor’s Task Force on Early Childhood Care, Education, and Risk Reduction
  - Examine full range of proven, evidence-based strategies available for early childhood care, education, and risk reduction to improve the health, safety, and school readiness of Pennsylvania’s children

- Child Care Local Planning Grants
  - Expand community planning
Early Childhood

Keystone Stars

- Parents assess child care quality via star rating system
- Opportunities for child care providers to improve quality above the minimum level required for DPW licensing or registration
- Recognition and support to providers who achieve higher quality levels of child care
- Existing funding for current child care quality initiatives channeled into a cohesive framework
Continuing the Shift to Home and Community Services

- Expanding home and community-based services
  - 1,158 people with mental retardation
    - 350 residential
    - 808 non-residential
  - 479 people with physical disabilities
  - 2,643 older persons

- Continue placements from state institutions
  - 33 state MH hospital patients
  - 17 state MR center residents
MR/EI Programs Under Ridge/Schweiker

- **Community MR programs since 1994-95**
  - 11,654 served from community waiting lists
  - Annual funding increased by $800M or 122%

- **State Centers since 1994-95**
  - Resident census reduced from 3,300 to 1,400
  - 1,866 residents returned to community
  - 4 Centers and 2 units closed

- **Early Intervention since 1994-95**
  - Increased from 13,000 to 23,000 children
  - Annual funding increased by $49M or 100%
MR Expansion in the Community

- State Centers
- Former Center
- Community


Data ranges: 0 to 14,000
MH Programs Under Ridge/Schweiker

- Community MH programs since 1994-95
  - Over $1B in Medicaid behavioral health funds now administered by county MH programs
  - CHIPP/SIPP funding increased by $111M or 216%

- State MH hospitals since 1994-95
  - Harvard’s Kennedy Innovation award
  - All 9 SMHs plus South Mountain meet JCAHO
  - Resident census reduced from 4,900 to 2,500
  - 4 hospitals and 8 units closed
  - 1,400 more CHIPP beds established for residents, now serving 10,000 in community
MH Expansion in the Community

CHIPP
SMH Admissions
SMH Census
Community

Year

Admissions
0 5,000 10,000 15,000
Building a Comprehensive County Behavioral Health System

Millions

1994-95 | 2002-03

$0      | $0

$500    | $500

$1,000  | $1,000

$1,500  | $1,500

$2,000  | $2,000

$2,500  | $2,500

- HealthChoices
- Community Grants
- State Administered
Other Home and Community-Based Services Under Ridge/Schweiker

Unduplicated Persons

- Older citizens
- Persons with Physical Disabilities

Year:
- 1994-95
- 1995-96
- 1996-97
- 1997-98
- 1998-99
- 1999-00
- 2000-01
- 2001-02
- 2002-03

Number of Persons:
- 0
- 2,000
- 4,000
- 6,000
- 8,000
- 10,000
- 12,000

Legend:
- Green bars: Older citizens
- Pink bars: Persons with Physical Disabilities
Initiatives to Reinforce Shift to HCB Care for Older Citizens

- Implementation of case mix payment system
- Participation review process for nursing home beds
- Expansion of community-based services for older Pennsylvanians
  - 9,500 in waiver plus 2,500 in Bridge projected in 2002-03
- LTCCAP Program
- Long term care website and long term care public outreach
Nursing Home and HCB Services Utilization

Unduplicated persons

- NF Users
- PDA Users
- Bridge
Toward a Seamless System for all Waivers

- Redesigned administrative structure for HCB programs for persons with physical disabilities – single point of contact and accountability for insuring access to services and supports

- Home and Community-Based Governance Structure - Vehicle for cross office/cross agency collaboration on policies and procedures
Developing a Modern Information Technology Infrastructure

- Develop overall architecture for all DPW programs to allow compatible cross-program communication and support.
- Reengineer business practices to take advantage of state-of-the-art information technology.
- Design new client-based systems and revise old to fit new structure.
Major IT Initiatives

- HNET – Common business practices and consistent architecture to support integration
- COMPASS – Web-based entry system to all human services
- CCMIS – Automated and integrated child care information systems
- MEDA – Automated determination of Medicaid eligibility to replace manual processes
- HCSIS – Client-based system for HCB services for case-management, quality management, and monitoring
Recap: Response to Economic Reversal

- Community programs maintained at existing levels
- Funding for direct care initiative continued
- SSBG funding maintained
- Home and community programs growing at slower rate
- Medicaid provider fees stable
- Respite program, Psych Rehab, Acute Care, and Community Access funding suspended
- No state fund COLAs for community and county programs
Program Eligibility Revisions

- Set Medicaid income limit at $100,000 for families with children with disabilities
- Narrow benefit package for spend-down Medicaid clients
- Limit the use of unpaid medical expenses to establish Medicaid eligibility to the retroactive period of 90 to 120 days
- Minor changes in nursing facility eligibility calculations
Managing TANF Block Grant

- Current commitments
- New initiatives
- Long-term spending plan
- Future outlook
TANF/MOE Use

- Title XX: 2%
- Child Welfare: 24%
- Cash Grants: 32%
- E&T: 17%
- Work supports: 3%
- Child Care: 15%
- Other family supports: 7%

Cash Grants
- Title XX
- Child Welfare
- E&T
- Work supports
- Child Care
- Other family supports
## New TANF/CCDF Initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keystone Stars – Ongoing annual funding to establish “star” rating system for child care providers</td>
<td>$6M</td>
</tr>
<tr>
<td>Eliminate child care waiting lists – Ongoing annual funding targeted to CCISs with waiting lists</td>
<td>$7.9M</td>
</tr>
<tr>
<td>Child care local planning grants – One year funding to support programs to help children enter school ready to learn</td>
<td>$3M</td>
</tr>
<tr>
<td>Continue quality grants – Ongoing annual funding to continue initiatives scheduled to end in current year and expand TEACH</td>
<td>$10.8M</td>
</tr>
<tr>
<td>Critical job training grants – One year funding for DCED programs</td>
<td>$5M</td>
</tr>
<tr>
<td>Early childhood screening package – Ongoing annual funding for PDE program</td>
<td>$1.9M</td>
</tr>
<tr>
<td>Weed and Seed – Ongoing annual funding to expand existing program in PCCD</td>
<td>$2M</td>
</tr>
<tr>
<td>Legal services – One year funding to expand services</td>
<td>$2M</td>
</tr>
</tbody>
</table>
TANF Outlook

- Current authorization expires 9/30/02
  - Reauthorization may be at lower level
  - Level may remain the same, but new funding responsibilities may be added

- Funding Demands
  - Rising caseload - $4.5M for each 1%
  - Child care - $100M for expanded eligibility
  - Child Welfare – Grew by $32M this year
  - Early Childhood - $11M in programs set to end
APPENDICES
Child Welfare Needs-Based 2002-03

Dollars in Thousands

<table>
<thead>
<tr>
<th>Year</th>
<th>State</th>
<th>Federal</th>
<th>County</th>
<th>Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994-95</td>
<td>$880,609</td>
<td>$929,722</td>
<td>$1,038,569</td>
<td>$1,017,005</td>
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<td>1995-96</td>
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<td>$1,171,200</td>
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<td>1998-99</td>
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<td>1999-00</td>
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<td>2000-01</td>
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<td>2001-02</td>
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<td>2002-03</td>
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<td>$1,938,621</td>
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</table>
### Summary of IT Projects

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HNET</strong></td>
<td>Provides overarching framework for DPW business process and IT infrastructure integration. Insures that all projects are integrated to support business processes within DPW... and other agencies</td>
</tr>
<tr>
<td><strong>HCSIS</strong></td>
<td>Provides for individual client case management, as well as quality management and monitoring capabilities within the context of Home and Community-Based Services. Serves as the &quot;champion&quot; project for the master provider index which captures required provider information for all DPW programs</td>
</tr>
<tr>
<td><strong>COMPASS</strong></td>
<td>Provides single door to all human services programs offered through DPW through on-line applications for services</td>
</tr>
<tr>
<td><strong>XNET</strong></td>
<td>Provides for external data exchange and enhances capability to transfer data to and between other business partner systems</td>
</tr>
</tbody>
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<table>
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<tbody>
<tr>
<td><strong>OIS</strong></td>
<td>Provides technical support and leadership to DPW IT infrastructure</td>
</tr>
<tr>
<td><strong>PACSES</strong></td>
<td>Manages the collection and enforcement of child support payments</td>
</tr>
<tr>
<td><strong>HSLIS</strong></td>
<td>Provides easily accessible data related to the licensing status of human services providers</td>
</tr>
<tr>
<td><strong>MAMIS</strong></td>
<td>Advanced Medicaid claims payment and processing system with significant program integrity enhancements; includes HIPPA modifications</td>
</tr>
<tr>
<td><strong>CCMIS</strong></td>
<td>Automate Child Care Information Services and data and integrate it with TANF child care information</td>
</tr>
<tr>
<td><strong>MEDA</strong></td>
<td>Automate Medicaid eligibility determination processes</td>
</tr>
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