

“Promoting Self-Sufficiency Through Sensible Reforms”

Department of Public Welfare
Acting Secretary Gary D. Alexander
2011-2012 Budget Briefing
March 8, 2011



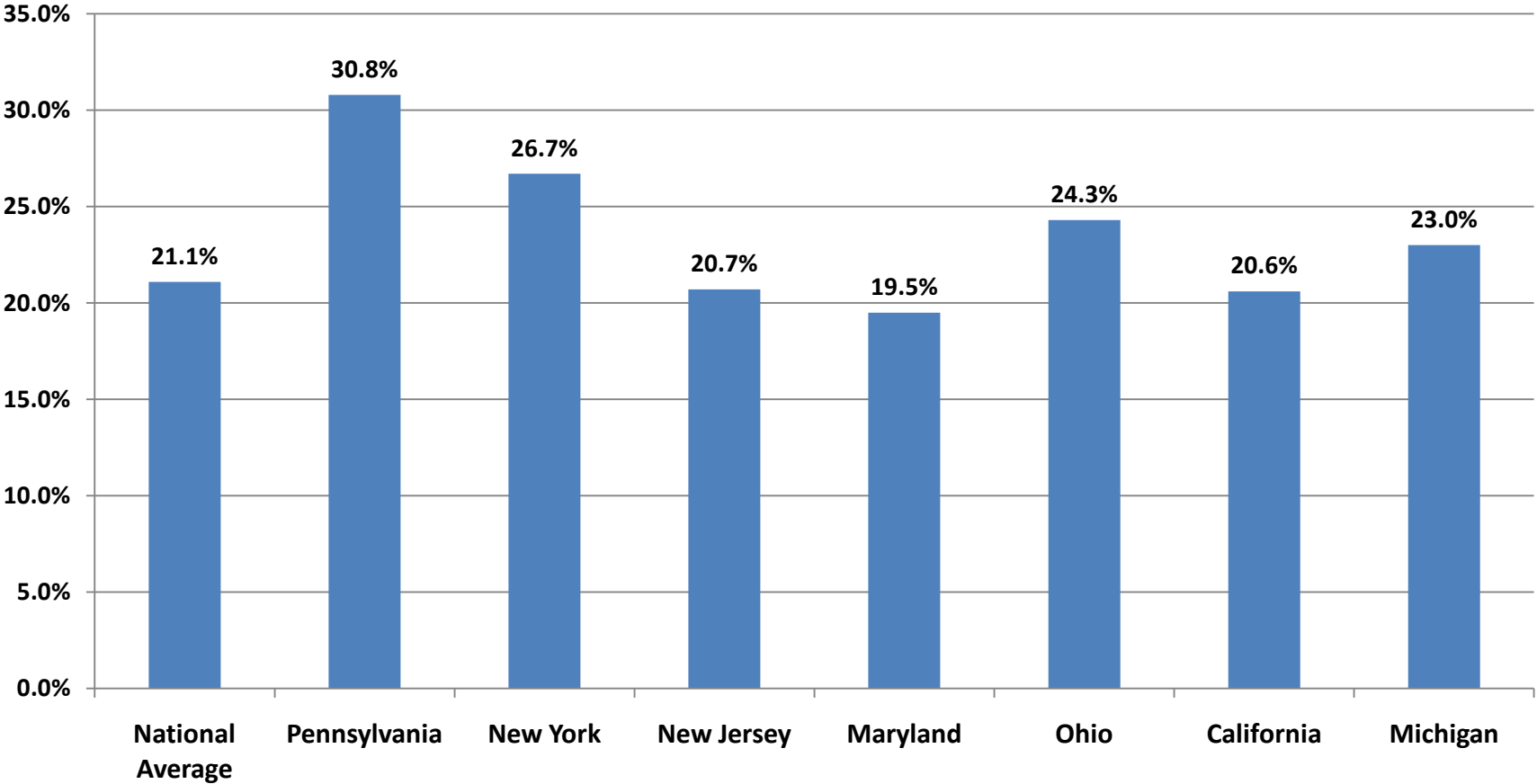
DPW Budget Goals

- Get spending under control
- Embark on a long-term, multi-year strategy to reduce costs
- Change the mindset on public assistance to promote personal independence and individual empowerment

Pennsylvania Spends More of its General Fund on Medicaid than Most Other States

(FY 2009-10 – Source: National Association of State Budget Officers)

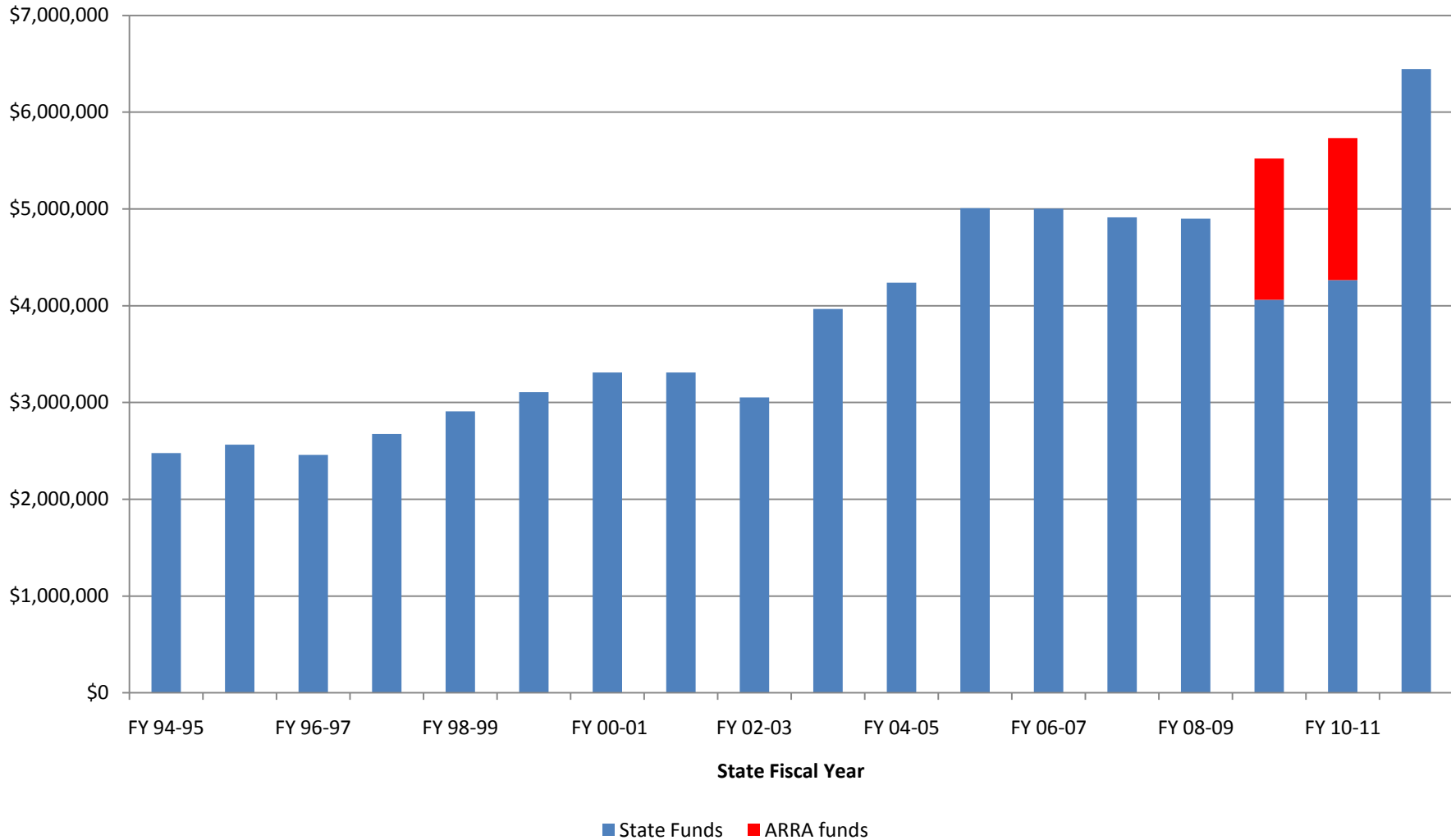
Percent of State Expenditures Used by Medicaid



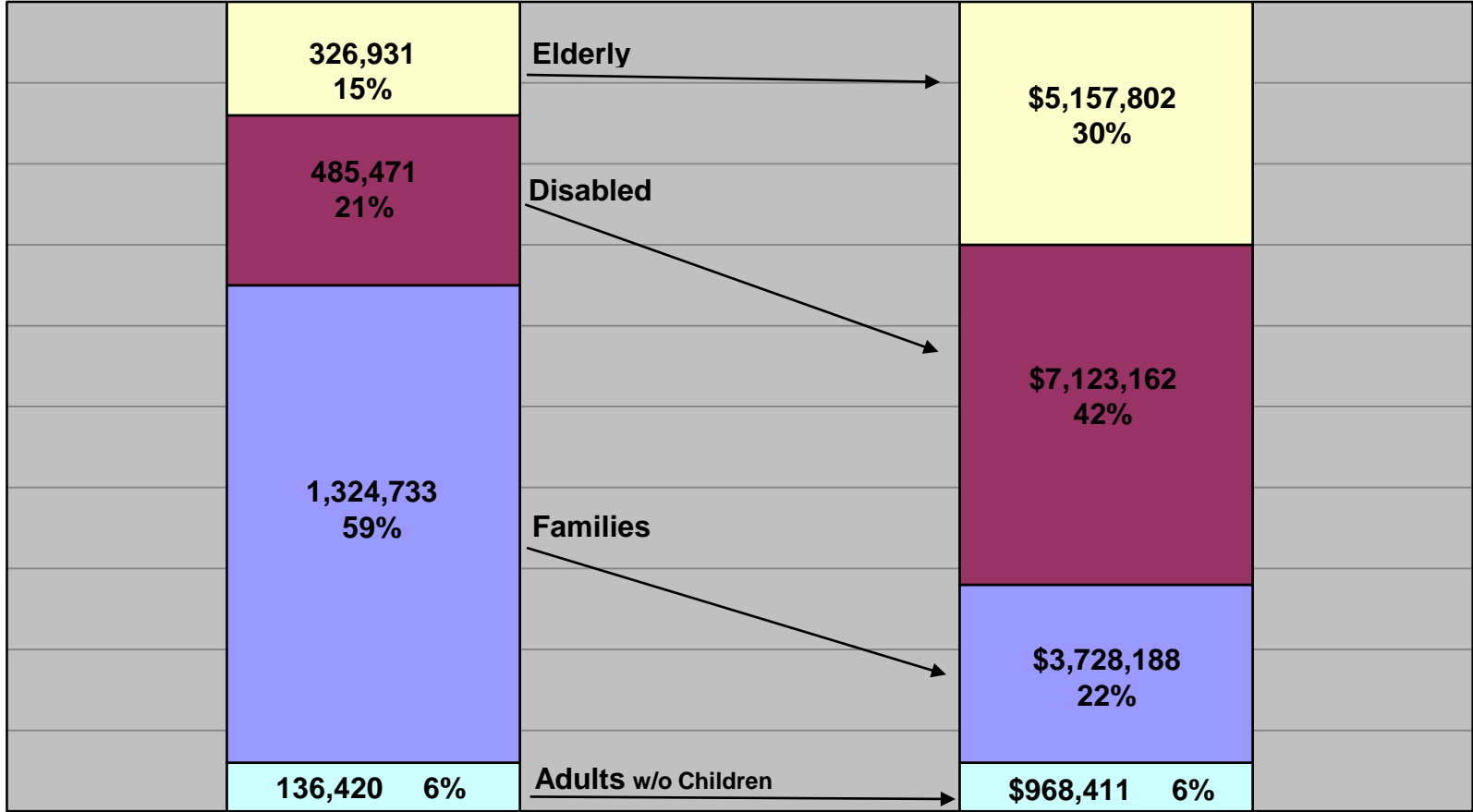
Why are MA Costs Growing?

- Health Care Trends – Rising Costs
 - Newly Eligible Recipients
 - Patient Acuity
 - Service Utilization
 - New Technology
 - New Drug Treatments
- Loss of Federal Funding
 - FMAP
- Increasing Numbers of Patients with High Cost Needs
 - Growing Elderly Population
 - Growing Uninsured
- Poor Economy

Growth in Medical Assistance Spending *(Dollar Amounts in Thousands)*



Medicaid Expenditures and Enrollees by Category of Assistance Fiscal Year 2011-12 (Dollar Amounts in Thousands)

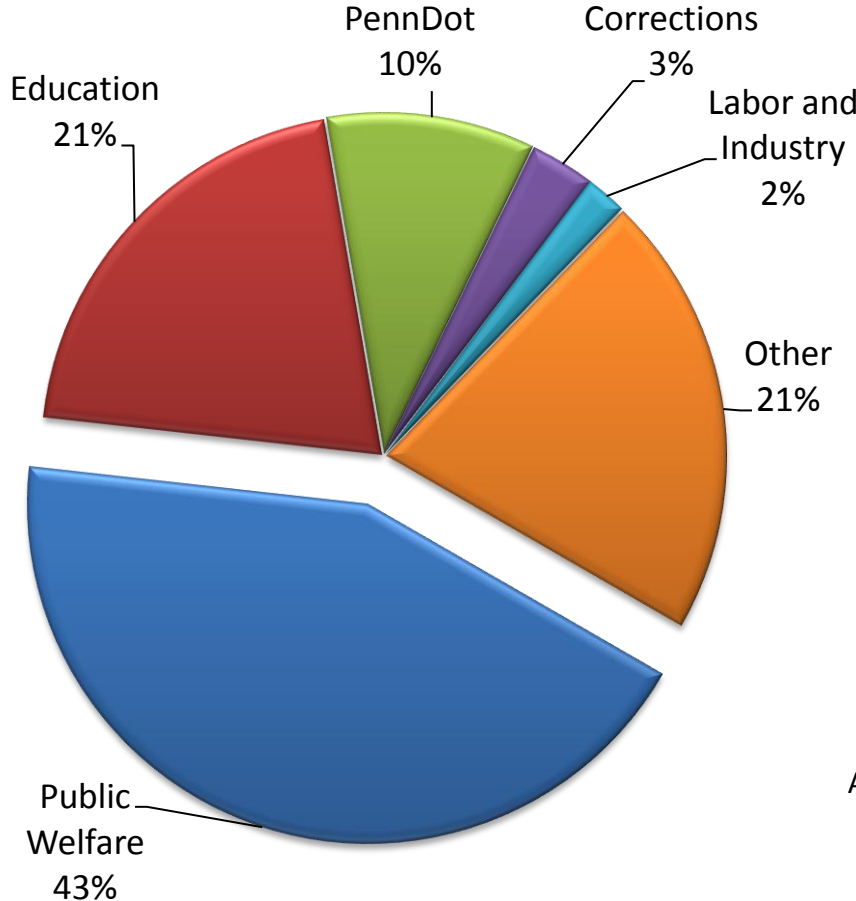


Number of Eligible People

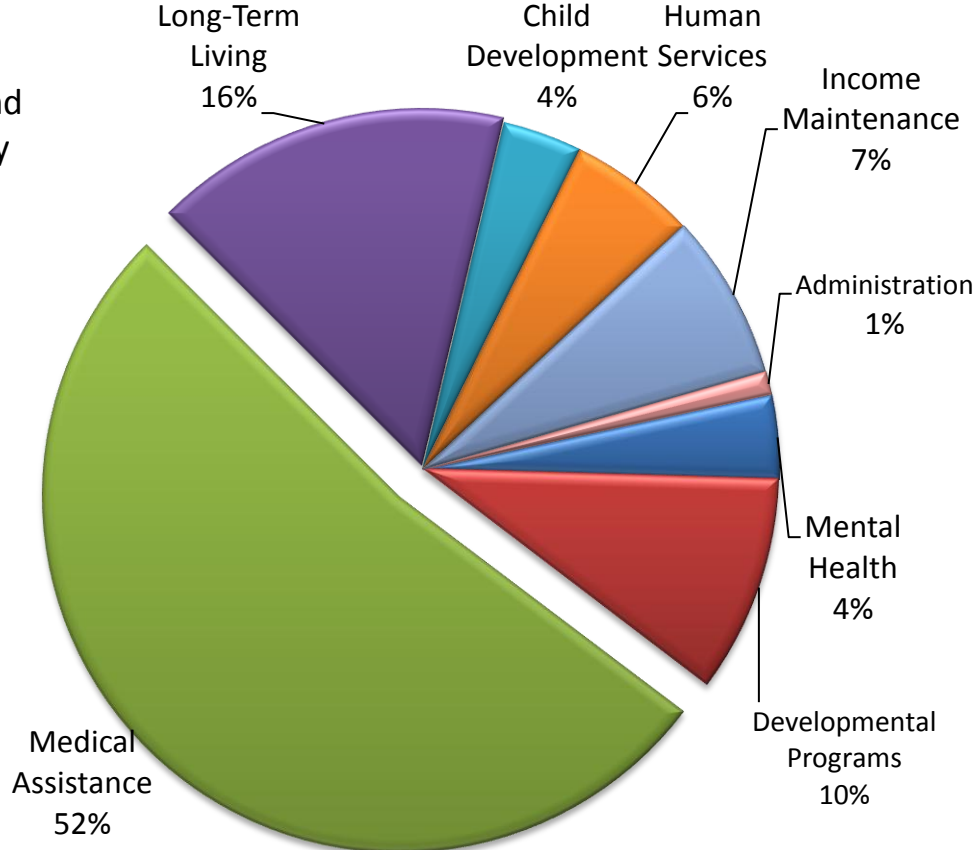
Expenditures

Gary D. Alexander, Acting Secretary of Public Welfare | www.dpw.state.pa.us

Breakout of Commonwealth Budget Total Funds – 2011-12



DPW Represents 43% of Total PA Budget



Breakout of DPW Budget – Medical Assistance Utilizes 52% of DPW's Total Funds Budget

DPW Budget for Fiscal Year 2011-12

State Dollars

(In Thousands)

	FY 09/10	FY 10/11	FY 11/12	FY 11/12 Increase
Office of Mental Health	\$767,387	\$750,935	\$773,504	\$22,569
Office of Developmental Programs	\$963,946	\$1,034,013	\$1,279,056	\$245,043
Office of Medical Assistance	\$3,531,100	\$3,560,731	\$5,184,661	\$1,623,930
Long-Term Living	\$734,632	\$935,669	\$1,499,486	\$563,817
Office of Child Development	\$503,966	\$483,301	\$491,833	\$8,532
Human Services	\$1,157,942	\$1,168,763	\$1,118,395	(\$50,368)
Office of Income Maintenance	\$803,598	\$808,822	\$753,894	(\$54,928)
Office of Administration	\$114,209	\$116,348	\$111,274	(\$5,074)
	\$8,576,780	\$8,858,582	\$11,212,103	\$2,353,521

Reforming Public Welfare

Guiding Principles

- Integrated, Coordinated and Seamless Service System
- Focus on Consumer Needs: Quality, Independence, Flexibility and Service Coordination
- Provide value through Financial Integrity and Consumer Appropriate Care
- Personal Responsibility

Cost Containment Initiatives

- Smart purchasing strategies that promote competition & cost containment = **\$165.5M in savings**
- A “fair share” model for public assistance recipients = **\$56.1M in savings**
- Care management that focuses on personal responsibility, prevention and wellness strategies = **\$55.9M in savings**

Cost Containment Initiatives

- More efforts to deter fraud and abuse and recover costs = **\$46.6M in savings**
- Initiatives to encourage more home and community-based care = **\$40.5M in savings**

Total savings from these initiatives = **\$365M**

DPW Budget Goals

- Get spending under control
- ***Embark on a long-term, multi-year strategy to reduce costs***
- Change the mindset on public assistance to promote personal independence and individual empowerment



Next Steps

- Comprehensive review of the entire framework of healthcare and public assistance programs and services
- Continue to ensure that we can sustain our programs by reducing expenditures over the next 18 months
- Preserve essential aid to those truly in need while encouraging independence and self-sufficiency

DPW Budget Goals

- ***Change the mindset on public assistance to promote personal independence and individual empowerment***
 - See public assistance as a temporary safety net, not a long-term restraint
 - Empower recipients to make decisions that lead to self-sufficiency
 - Promote welfare to work strategies

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