

WRITTEN TESTIMONY OF RAY LANDIS

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**BEFORE A JOINT HEARING OF THE PENNSYLVANIA SENATE
COMMITTEES ON HEALTH AND HUMAN SERVICES, AGING AND
YOUTH, AND INTERGOVERNMENTAL OPERATIONS AND THE
APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN
SERVICES**

MAY 1, 2017

PITTSBURGH, PENNSYLVANIA

Thank you for the opportunity to provide comments to this joint hearing of the Senate Committees on Health and Human Services, Aging and Youth, and Intergovernmental Operations as well as the Health and Human Services Subcommittee of the Appropriations Committee. My name is Ray Landis, and I am the Advocacy Manager for AARP Pennsylvania. AARP is a membership organization of 1.8 million Pennsylvanians over the age of 50 and we work on policies and community outreach in order that our members and all older Pennsylvanians may live meaningful, healthy, and productive lives.

AARP has a deep interest in the proposal to unify the Departments of Aging, Drug and Alcohol Programs, Health, and Human Services. Many programs our members rely on in their daily lives are administered by one of these four departments, so any change in how these programs are delivered or operated has the potential to have a significant impact on hundreds of thousands of Pennsylvanians.

Additionally, however, there is another factor that must be a part of the discussion about the unification of these four departments. Each of the departments currently represents a particular focus in public policy in Pennsylvania. The leadership of each of these departments has a bully pulpit to discuss issues important to the populations they serve with the general public, other elected officials, and within the Administration. How that role continues under a unified Pennsylvania Department of Health and Human Services must factor into the evaluation of this proposal. A significant concern of AARP is the impact unification of these departments would have on drawing attention to the needs of older Pennsylvanians, who will make up one fourth of the Commonwealth's population in just a few years.

It must be stated at the beginning of these comments that AARP has no national policy regarding the unification of state government functions under a reduced number of cabinet-level agencies. AARP recognizes the circumstances of each state government are different and that what may work in one state may not be logical in another state. AARP does share a goal of making government efficient and utilizing taxpayer dollars in a way which provides the best services to individuals. In addition, AARP has no national policy which calls for a distinct and separate cabinet-level Department of Aging in each state.

There are unique circumstances that have led to Pennsylvania creating and maintaining a separate Department of Aging, however. Beyond the fact that Pennsylvania remains among the states with the oldest population is that beginning in the 1970s revenues from the newly-created state lottery were allocated to exclusively fund programs that benefit older Pennsylvanians. No other state utilizes its lottery revenues in this way. This source of funding has enabled Pennsylvania to establish programs that assist older Pennsylvanians. Although each program has a different purpose and are operated by different departments in state government, all of them have a theme – helping older Pennsylvanians to remain healthy and

independent in their homes and communities. And it has been the Department of Aging that has led the focus on this theme.

Again, the Department of Aging does not operate all programs funded by the lottery. The Department of Revenue is responsible for the Property Tax/Rent Rebate program and the Department of Transportation receives lottery revenues to operate the Shared Ride program. The Department of Aging does have responsibility for two other programs – the PACE and PACENET prescription drug assistance programs and a wide range of home and community-based assistance programs delivered to consumers through the 52 Area Agencies on Aging. A number of these programs have income limitations, but there are no asset tests in order to qualify and older Pennsylvanians with incomes in the mid \$30,000 range annually are eligible for some assistance. Some programs, such as APPRISE Medicare insurance counseling and free and reduced transportation fares, have no income limits.

It must be noted that a significant amount of lottery revenues have been used for one other major purpose in the past decade that does not match the theme of the other programs. Transfers to the Department of Human Services' Medicaid Nursing Home Budget and Medicaid Home and Community Based Care budget have ranged from \$150 million to \$500 million each year. Medicaid is a joint federal/state program that has severe income restrictions including an asset test. Nursing home care is an entitlement that Medicaid must provide to individuals deemed nursing home eligible and who meet the income eligibility requirements. Until the mid 2000s, Medicaid nursing home costs were funded entirely out of the general fund budget.

Unifying the functions of the Department of Aging with the other three Departments will move oversight of the pharmaceutical assistance program and the home and community based care programs into the new Department. It also creates a scenario where these programs reside in the same Department as the Medicaid program. Costs for long-term services under Medicaid continue to increase, which will put pressure on the overall budget for the new Department. Although the current Administration and members of the General Assembly pledge to maintain level funding for lottery-funded home and community based care programs, the temptation to utilize more lottery revenues for Medicaid long-term care services, particularly when they can be leveraged for federal matching funds, will grow over the next few years. There is a fear among advocates for older Pennsylvanians that the loss of a separate cabinet-level Department that is focused on older Pennsylvanians will eventually result in more lottery funds being diverted toward the Medicaid long-term care budget. Last week's release of draft legislation to codify the unification and proposed organizational charts have not eased these concerns.

The organizational chart identifies a Deputy Secretary for Aging and Adult Living Services in the new Department, with a Bureau of Aging underneath this Deputy Secretary. Today, older Pennsylvanians are represented by a Secretary in the Governor's Cabinet. The proposed new structure of a Bureau Director, reporting to a Deputy Secretary, reporting to an Executive Deputy Secretary, reporting to a Secretary, reporting to the Governor, is a significant change – and it does not portend well for the prominence of issues impacting older Pennsylvanians. AARP is particularly concerned that under this proposal, services for older Pennsylvanians do

not merit a high-level official focused on aging issues. Even at the Deputy Secretary level, the proposal calls for a Deputy Secretary for Aging and Adult Living Services who will have responsibility for services for both the older population and the disabled population. These two populations have very different needs when it comes to the services they receive from the Commonwealth. Making one office within the proposed new Department responsible for both these populations seems to indicate that the architects of the proposal see little difference between these two very distinct groups.

The two rationales that have been advanced for this unification are that it will ease confusion for older Pennsylvanians in need of services who might now be told that they must contact a different department responsible for the particular service they need, and that a unification will end duplicative services and result in a savings of taxpayer dollars. Since the Department of Aging today is funded entirely by lottery revenues, the second argument boils down only to the effort to end duplicative services, since taxpayer dollars are not involved – unless lottery revenues are intended to replace taxpayer dollars. Proponents of the unification insist this is not the intention, but even if it is not the intention today, a new General Assembly and/or new Administration may view this issue differently.

Pennsylvania does have confusion in the way it delivers long-term care services and supports. Different departments are currently responsible for different aspects of the long-term care system. This is an area that is ripe for reform and revision, and a restructuring of the functions and delivery of these services is a worthy goal. But unification of these four departments of state government may not be the best way to achieve this goal, particularly when Medicaid plays such an important role in the funding of long-term services and supports. Medicaid cannot be the only answer when questions about long-term services and supports are addressed. The theme of the lottery-funded programs has been to enable individuals to live in their homes and communities without relying on Medicaid. Oversight of these programs should remain separate from oversight of Medicaid long-term service and support programs.

AARP supports this separation of oversight because of the recent history of oversight of long-term service and support programs. Other testifiers have discussed the problems that the shift to Maximus has caused in the evaluation of individuals in need of long-term care services and supports. The move toward managed long-term care services and supports through Community Health Choices has been bumpy, and concerns remain that the unique needs of older Pennsylvanians in the long-term care services and supports system have not received adequate attention as this change has been debated.

Finally, a key rationale for the unification has been the theory that older Pennsylvanians are confused as to where to go when they need services. It is true that an older Pennsylvania in need of Medicaid assisted services must now get those services from the Department of Human Services, while someone looking for prescription drug assistance must approach the Department of Aging, while someone with a complaint about a nursing home must contact the Department of Health. But most individual older Pennsylvanians do not directly contact state

agencies when seeking information on services they need. Instead, they seek assistance at the local level – most often through their local Area Agency on Aging.

The unification plan does not directly change the role of Area Agencies on Aging at the local level in their interactions with individual older Pennsylvanians. But it has the potential to make the work that local Area Agencies on Aging do on behalf of older Pennsylvanians more difficult. The unification plan that has been published by the Governor's Policy Office shows that many of the functions of the current Department of Aging have been split into different offices in the proposed new Department, under various Deputy Secretaries and Bureaus. Navigating this large Department could create confusion for local Areas on Aging as they attempt to assist residents who come to them in crisis situations. Frankly, there is no guarantee that unification will eliminate silos – in fact, it has the potential to create more within a larger department that is further removed from the public.

The Department of Aging was created in Pennsylvania to provide a cabinet-level advocate for the interests of older Pennsylvanians. Many things have changed in the past 40 or so years – and change is often for the better. For instance, the Medicare Prescription Drug program was created, which addressed a concern that Pennsylvania's pharmaceutical assistance program had been helping older Pennsylvanians with for many years.

Unification of these four state Departments would be a significant change in Pennsylvania government. AARP has kept an open mind about this proposal. But as more details are released, we see little evidence that this change would be for the better. The two greatest threats we see under the current proposal are the potential loss of access to programs that help keep older Pennsylvanians above Medicaid eligibility in their homes and communities and a loss of a recognized, dedicated advocate for older Pennsylvanians at the top levels of state government. The proposal that has been publicly presented does not adequately address those concerns, even after AARP and other advocates for older Pennsylvanians have expressed them in numerous meetings and discussions. Thus AARP cannot support the proposal for unification of these four state agencies as it has been presented.

Thank you for the opportunity to provide these comments today.