

**Hearing of the Pennsylvania House Finance Committee on the  
Neighborhood Assistance Program  
Thursday, August 25, 2016**

Dear Honorable Members of the Pennsylvania House of Representatives and House Finance Committee,

On behalf of UPMC and UPMC Health Plan (collectively UPMC), and on behalf of all economically-distressed communities across the Commonwealth of Pennsylvania, we are grateful for this opportunity to testify in our efforts to seek an increase to the existing tax credit funding allocation under the Pennsylvania Department of Community & Economic Development's (DCED) Neighborhood Assistance Program (NAP). Reference is also made to the attached communication dated November 19, 2015 to members of the Pennsylvania House of Representatives formally requesting an increase in NAP funding from the current \$18 Million to a \$36 Million funding level. UPMC Health Plan together with dozens of UPMC's and the Commonwealth's corporate and community stakeholder partners are signatories to this funding request to support locally-based revitalization efforts in low income neighborhoods throughout the Commonwealth. As noted in this communication, NAP funding levels have not been increased since the Program's creation in 1971. Adjusted for inflation, the NAP program should otherwise be funded in excess of \$100 Million today to maintain comparable levels of NAP funding from the original authorized level of funding.

UPMC is a longstanding partner and supporter of DCED and the NAP program. UPMC is the Commonwealth's largest non-governmental employer and the nation's second largest provider-affiliated integrated delivery system with close academic, research, and economic development partnership affiliations with the University of Pittsburgh and UPMC's partnering institutions. UPMC directly employs more than 60,000 employees and impacts approximately 130,000 direct and indirect employees with an estimated annual economic impact of \$26.5 Billion (2015 impact) on Pennsylvania's economy. UPMC is widely recognized for clinical excellence (ranked #12 nationally among more than 5,000 hospitals and health systems); a leading research institution in partnership with the University of Pittsburgh (ranked #5 with \$456 Million NIH Funding in 2015); a major clinical residency training program (the third largest medical residency training program in the US); and an economic development engine for bio-medical and technology leadership and innovation (earning many industry leadership recognitions with broad based commercialization success). Reference is made to UPMC's Community Benefits Report (2015-2016) for additional background information on UPMC's IRS-defined "Community Benefits" in fiscal 2015 that aggregated \$892 Million, including \$313 Million expended for unreimbursed care provided to the Commonwealth's residents, \$362 Million invested in research and education, and \$217 Million funding to support and sustain community programs. UPMC has invested nearly \$4 Billion to support these community-focused programs and services over the past five-year period (2011-2015).

UPMC's core mission is to serve our community by providing outstanding patient care and to shape tomorrow's health system through clinical and technological innovation, research, and education. To this end, UPMC is also deeply committed to the health of our residents and to the overall health of our communities. The health of our citizens and the health of our communities,

our local neighborhoods, and our local economies are inextricably linked. Healthcare industry experts know well that 80% of the determinants of health status are primarily impacted by social factors beyond direct healthcare delivery, including psycho-social and socio-economic factors, and the health of the environments in which our citizens live, work, and engage socially. Industry experts also clearly understand that an estimated 75% of all healthcare costs expended (in the U.S.) can be attributed to the costs of “preventable and avoidable” chronic diseases that are related to “manageable” lifestyle behavior issues and “controllable” environmental conditions. There is also deep appreciation that these health and health disparity challenges are routed in complex societal issues that require comprehensive systemic responses (well beyond just healthcare reform); societal challenges spanning public health, education, environmental health, public safety, workforce development, and access to essential human services, among other systemic responses to these societal challenges.

Reference is also made to the United Nations (UN) Global Corporate Social Responsibility mission and mandate to respond to the massive economic, social, and environmental challenges that we face globally (also applicable nationally and locally) and articulated within the consensus-driven UN Global Compact where seventeen Sustainable Development Goals (SDGs) have been developed to define and focus on Society’s global priorities for the next 15 years (by 2030) ([www.sdgcompass.org](http://www.sdgcompass.org)). Elimination of Poverty, ending hunger, achieving good health, providing access to quality education, gender equality, access to clean water and sanitation, workforce development, environmental stewardship, social justice, innovation/infrastructure development, and creating and supporting sustainable cities and communities are among these Global SDG priorities. To this end, Pennsylvania’s (“Poverty”) challenges have also been comprehensively articulated in a recently published report (April 2014) published by the Pennsylvania House Majority Policy Committee after receiving input from nearly 100 stakeholder groups and community organizations throughout the Commonwealth. The Report “Beyond Poverty Report-Empowering Opportunities: Gateways out of Poverty Initiative” is a compilation of significant barriers preventing citizens from escaping the trap of an impoverished life. Significant barriers include the absence of family support, limited or no access to child support, lack of sufficient employment opportunities, limited access to affordable healthcare, inability to overcome a criminal record, inadequate education and training (including inadequate financial literacy and health literacy), homelessness, mental health illness, hunger, substance abuse, transportation access issues, and working through the “benefits cliff” (losing access to public assistance at inadequate levels of employment).

More than 1.6 Million Pennsylvanians are struggling with poverty (as defined), and millions more Pennsylvania citizens (above the Federal poverty income level) are adversely afflicted by and threatened by one of more of these aforementioned social determinants of health. There are close correlations and causal relationships among all these social determinants of health impacting the physical, emotional, and mental health status of individuals and families with resulting cumulative impacts on the overall health of these communities and our global society, particularly among those individuals and families living in poverty or at risk of poverty. There essentially are no real geographic boundaries for those facing poverty locally, nationally, or globally. Not surprisingly, our most “vulnerable” and most “impoverished” populations are more likely to live in low-income communities characterized by higher prevalence of unemployment or underemployment and higher crime rates. These struggling communities

typically have a more limited business presence, frequently lacking one or more anchor employers, and consequently also suffer from an inadequate tax base essential to maintain an adequate community infrastructure, frequently lacking access to even basic education and basic housing with limited or no access to food, healthcare, transportation, emergency services, and security services.

The NAP program was established in 1971 to stimulate (catalyze and transform) community and economic development within low-income, blighted and impoverished neighborhoods. UPMC, as a corporate and community partner, is firmly committed to the NAP program. UPMC annually funds nearly three dozen NAP projects, including eight long-term Neighborhood Partnership Programs in collaboration with corporate and community partners. UPMC funds NAP Human Services projects that address food insecurity, community-based medical and dental care, transportation, security, education, training, and workforce development, among other services. UPMC-funded NAP infrastructure projects include rehabilitation and support of community centers, parks, libraries, and anchor cultural venues. Economic development initiatives include projects supporting business development, entrepreneurship, and leadership training, particularly among diverse and under-represented populations. Many initiatives address special needs within vulnerable community populations including children, seniors, veterans, and immigrants. The composite of these NAP programs address, at least in part, virtually all of the aforementioned identified barriers preventing our vulnerable citizens from escaping the trap of an impoverished life. Beyond financial support, UPMC and our corporate and community stakeholders are engaged in providing extensive pro bono services, developing and sustaining volunteer networks, and leveraging other resources and financial support to help rebuild lives, families, and communities through extensive community planning and organized “grass roots” work efforts within these neighborhoods.

UPMC’s long-term commitments to these NAP sponsored projects has delivered strong results for these local neighborhoods and the Commonwealth. Some NAP initiatives have provided the initial seed funding to catalyze an entire community. Some NAP initiatives have established (or sustained) vital human services through a critical economic transition period. Some NAPs have secured the critical “gap” funding necessary to complete an important community infrastructure project. In virtually all cases, these communities have become more stable and more responsive to human needs. In many cases, this NAP funding has sparked the revitalization of entire neighborhoods which over time have become vibrant and self-sustaining communities with a strong nucleus of employers, affordable mixed-income housing, social and cultural amenities, neighborhood business districts, and strong education and training institutions. These cumulative NAP efforts are helping to create healthy, safe, and livable communities and providing hope and opportunity for neighborhood residents and their families. One just needs to witness the human and economic progress in Pittsburgh’s now vibrant Lawrenceville, Southside, Northside, Oakland, and East Liberty neighborhoods where DCED, UPMC, and our partner institutions have invested in and leveraged these NAP programs over the past decade. More recently established NAP programs and projects are also showing steady progress in McKees Rocks, Connellsville, Wilksburg, Homewood, Sharpsburg, Brownsville, and Hazelwood, among other communities.

UPMC and our partner institutions appeal to our legislative leaders to steadily increase critical NAP funding levels to existing and new neighborhood development programs and projects so that we can serve as a model for the nation and the world. Pennsylvania has this unique opportunity to demonstrate our global leadership by being the first to achieve the Global 2030 SDG Goals, and by putting an end to poverty for our 1.6 Million most vulnerable Pennsylvania citizens.

DCED's NAP program offers an innovative and cost-effective economic tool to invest, leverage, engage, achieve, and sustain healthy communities throughout Pennsylvania. Our cumulative efforts to proactively invest in our communities over time will increase the education, health, and productivity of our citizens; dramatically lower healthcare costs; reduce the economic burdens on our social and criminal justice systems; and reduce citizen dependency on public assistance programs. These economic and human impacts are profound. Investing in our underserved local communities and local neighborhoods should be a significant priority for all stakeholders within the Commonwealth.

For those of us actively engaged in neighborhood development, it is hard for us to imagine a more cost-effective use of our collective resources beyond the NAP program. Please act now to increase the NAP funding levels so that we can help our vulnerable low-income communities engage in these critical revitalization efforts so they can regain their community health and economic prosperity for the benefit of all Pennsylvanians. Thank you for your strong leadership and attention to this most important undertaking for all citizens of our great Commonwealth.

Testimony By  
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