



REHABILITATION & COMMUNITY
PROVIDERS ASSOCIATION

Testimony

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**Testimony of Richard Edley, PhD, CEO, Rehabilitation and Community Providers Association
During a Public Hearing on "Medicaid & the Affordable Care Act"
Before the Pennsylvania House of Representatives Human Services Committee
Room G-50 Irvis Building, Harrisburg, Pennsylvania
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Good morning members of the committee. My name is Richard Edley and I am President and CEO of the Rehabilitation and Community Providers Association (RCPA). RCPA is a statewide association that represents over 330 providers of health and human services across the Commonwealth. Our member organizations serve well over 1 million Pennsylvanians annually and RCPA is among the largest and most diverse state health and human services trade associations in the nation. RCPA members offer mental health, drug and alcohol, intellectual and developmental disabilities, medical rehabilitation, brain injury, long-term living, and other related services for both children and adults across all settings.

We are pleased that this committee is examining the issue of Medicaid and the proposed federal American Health Care Act (AHCA). While many eyes are focused on Congress in Washington D.C., the real financial impact is going to be that Pennsylvania's General Assembly in Harrisburg is going to have to address the changes being proposed to the Medicaid system.

One of the biggest misperceptions about Medicaid is that the general public seems to wrongly assume it is about traditional health care for people who are able-bodied and poor, but it's equally about – if not more – people with disabilities, mental illness, substance use disorders, brain injury, and children from low-income families. Most of the services for these vulnerable populations are funded with Medicaid dollars – about half from the federal government, and about half from Pennsylvania tax payers. Now Congress is considering reforms to Medicaid which will limit or restrict the amount of Medicaid money the federal government sends to the states by using a block grant approach or per-capita cap system. There is also discussion about pulling back on Medicaid expansion, an option that brought additional federal dollars to Pennsylvania for the purpose of covering hundreds of thousands of new lives.

RCPA is on record as opposing block grants or per-capita caps. We are also very concerned about any federal pull-back in Medicaid expansion. The reason is simple. Limiting federal Medicaid funds to Pennsylvania will place the populations served by our members at serious risk. According to the Department of Human Services' "Medicaid Expansion Report" (January 27, 2017), 855,317 Pennsylvanians have been newly enrolled in Medical Assistance (MA) as a result of Pennsylvania's decision on Medicaid expansion (about 20% higher compared to enrollment before the expansion). About 84% of those Pennsylvanians did not have any existing 3rd party coverage from another source before they enrolled. As I will discuss later in my testimony, a significant number of those Pennsylvanians have mental illness and/or substance use disorders. This means that people who needed health care coverage got it under the expansion, and a significant number of them got access to needed drug and alcohol treatment and/or mental health services due to the expansion.

If there is one message RCPA would like to leave with you this morning, it would be that if the federal government enacts per-capita caps or block grants, or pulls back on expansion, then we will all be in a position where we have to make up the lost federal money to ensure that needed programs continue.

We collectively will have to prioritize Pennsylvania populations so that those who cannot help themselves are first in the priority line to get Medicaid-funded supports.

Vulnerable Pennsylvanians should not have to fight even harder than they already do for “their piece of the federal pie” – a pie that would shrink with per-capita caps and/or block grants or a pull-back on expansion. Put another way, supporting Pennsylvanians who are the most vulnerable is, in our opinion, a core function of state government. Many services and programs in place for those Pennsylvanians are already chronically underfunded, evidenced by waiting lists for services and low wages for the direct service workers. If funds from the federal government are reduced and capped, it will mean that the pressure on state budget will become far more intense, and the various populations served with Medicaid funding will be vying for the same, limited pot of money.

Consider the following:

- We have an existing estimated \$3 billion structural budget deficit in PA.
- The proposed AHCA funding reduction is estimated at an additional \$2-3 billion for PA.
- A recent study on the repeal of the Affordable Care Act (ACA) by the George Washington University Milken Institute of Public Health estimated the loss of jobs in PA related to this change at 137,000.
- People not receiving needed care do not go away; rather it becomes:
 - Uncompensated care
 - Emergency room care
 - Cost shifts to the physical health system
 - Increased homelessness
 - Increased incarcerations.

Intellectual/Developmental Disabilities

Pennsylvanians with Intellectual and/or Developmental Disabilities and their families are a perfect example. While the Office of Developmental Programs (ODP) budget is over \$3.5 billion in total dollars, with about half of it coming from the federal government, there are still unmet needs. About 55,000 Pennsylvanians are receiving some level of support from ODP, but there are over 4,000 Pennsylvanians languishing on a waiting list with an emergency need, and another roughly 9,000 waiting with a critical need. And rates for fee-schedule services within ODP have not been increased since they were instituted nearly a decade ago. The home and community-based supports and services provided to this population are funded almost exclusively with Medicaid funds, through what are known as Medicaid “waivers”. If 13,000 Pennsylvania adults with intellectual disabilities and/or autism cannot even get the supports they need today under a federal entitlement, how do we think they will fare when their needs are put up against everyone else’s, and there is a relatively smaller pool of Medicaid funding?

Children’s Services

RCPA represents providers of children’s services as well and we fear that children enrolled in Medicaid could be disproportionately affected by per-capita caps, block grants, and a pull-back on Medicaid expansion. Medicaid covers more than 2.8 million individuals in Pennsylvania, and 1.2 million of them are children. Currently, the federal government covers 52% of Medicaid program costs in PA. If Medicaid funding is unavailable, we would be left with limited options; either state-only funding, private insurance, or no coverage at all. Roll backs in Medicaid will also impact the eligibility for families based on income. A reduction in the federal share will limit parent enrollment which would have a negative impact on children who have greater needs such as those who are medically-fragile, those who have complex physical healthcare needs, early intervention or special education needs. Pennsylvania cannot afford to allow children to lose their coverage if federal Medicaid dollars are restricted.

Mental Health

The mental health division of RCPA supports the work of those member providers caring for people with serious mental illnesses. People living with serious mental illnesses are one of the state's most vulnerable populations and frankly, a population whose needs have been underfunded for decades. The lack of adequate funding has already resulted in closures and/or mergers of community-based services, and diminished proximity of services to the people who need them.

Pennsylvania exceeds the national average of Pennsylvanians who seek mental health treatment (20.9% of our population vs 20.3 % nationally). As a Medicaid expansion state, the loss or reduction of Medicaid funding for Pennsylvania will be nothing short of debilitating for our citizens and the RCPA members who are treating them. Because of Medicaid expansion, 159,923 new people were enrolled with a mental health diagnosis. This means more recovery-oriented treatment, community care, and supports that enable individuals to live in the community and lead independent and productive lives. If Medicaid funds are pulled back, that will mean less family-based support, outpatient care, partial hospitalization, emergency and crisis intervention, peer to peer support and after care; fewer community residential services including housing support, residential treatment, inpatient care, crisis services and mobile therapy. In short, less community treatment options will mean longer delays, missed work, isolation from support networks, and missed opportunities to get people on the road to recovery. With access to the right care, at the right time, people can and do recover from mental illness. We must preserve access to and adequate funding of Medicaid.

Substance Use Disorders

RCPA represents nearly 70 drug and alcohol agencies that operate nearly 170 licensed facilities across the commonwealth. Medicaid expansion has literally been a life saver for citizens of Pennsylvania. Of those newly enrolled as a result of expansion, about 97,000 (or 11.5%) Pennsylvanians had a substance use disorder. Medicaid expansion has allowed many to access needed treatment for substance use disorders that were not eligible prior to Medicaid expansion. Medicaid expansion cannot be lost, especially given the opioid epidemic we are facing. Losing Medicaid expansion would mean disaster for countless citizens and families across the commonwealth and cause major cost shifting to other systems (e.g., corrections).

The problems of untreated addiction permeate many other systems within the commonwealth such as education, health care/emergency room costs, law enforcement, welfare, domestic violence, and children's services. Cuts in Medicaid lead to significant costs and significant cost shifting to many different systems. An example: Many individuals who do not receive timely treatment are more likely to become involved in the criminal justice system. Too many people with substance use disorders are incarcerated when treatment would be a more effective path. The Department of Drug and Alcohol Programs, the Department of Corrections (DOC,) the PA Board of Probation and Parole, and the judicial system have been doing excellent work by trying to improve diversion, reentry, and transition services for persons with substance use disorders. Medicaid expansion has been a critical part of these efforts.

Brain Injury, Aging, and Physical Disabilities

Next year almost 70,000 Pennsylvanians with physical disabilities including brain injuries and seniors are projected to need the Medicaid-funded services that help them live in the community rather than in costly institutional settings. These individuals are adults who need in-home assistance with bathing, dressing, meals, taking medications and other services such as therapies and day services. Individuals with brain injuries need comprehensive services in residential and structured day programs, including behavioral supports and cognitive rehabilitation therapy. The Medicaid waiver programs in the Office of Long-Term Living provide the funding for services using a federal matching rate of almost 52%. Next year Pennsylvania would get over \$1.3 billion in federal funds to support these critical services, including for those shifting into Community Health Choices. History shows that program funding for individuals with disabilities are always at risk when funding pressures intensify.

Medicaid is the only payer of long-term community-based services for low-income individuals, most of whom live on Social Security, Supplemental Security Income or Social Security Disability Income. Surveys show that services in the home are strongly preferred over institutional forms of care in addition to being cost-effective. If Pennsylvania receives less Medicaid funding from the federal government, waiting lists for community services in the Aging and Physical Disability system could develop and undercut the state's ability to serve people in the most appropriate setting, thereby hampering the long-term care rebalancing initiatives that are underway. Every person receiving services in the community meets clinical eligibility for services in a nursing home or intermediate care facility. Many people with disabilities and seniors who rely on these services do not have family or other supports to fall back on for their daily needs or to protect their health and safety. The Medicaid program is their key to remaining in the community.

Conclusion

RCPA's membership is diverse, and the Pennsylvanians who rely on Medicaid-funded services are some of the most vulnerable people in our Commonwealth. RCPA believes meeting their needs is a core function of state government. We are appreciative of this committee's interest in the impact of federal changes to the Medicaid program and their potential impact on vulnerable Pennsylvanians with human service needs. We stand ready to work with this legislative committee, the General Assembly, and the Governor to do what is in the best interest of Pennsylvania.

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