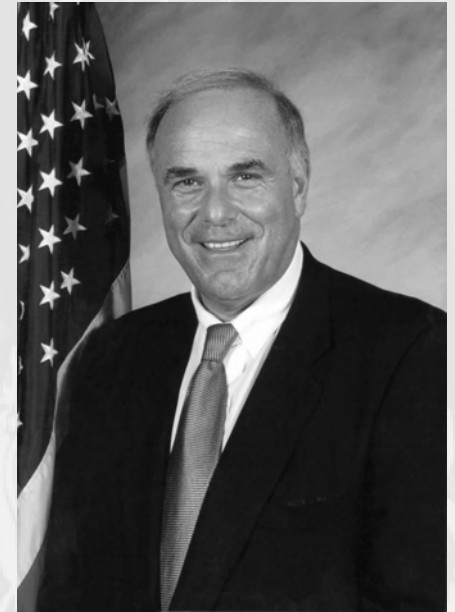


Commonwealth of Pennsylvania

2005-06

Governor's

Executive Budget



Department of Public Welfare

Edward G. Rendell

Governor

Estelle B. Richman

Secretary



**DPW Budget Presentation
2005-2006**

February 9, 2005

Agenda

- **The National Medicaid Picture**
- **Medicaid in Pennsylvania**
- **DPW Budget Overview**



The National Medicaid Picture

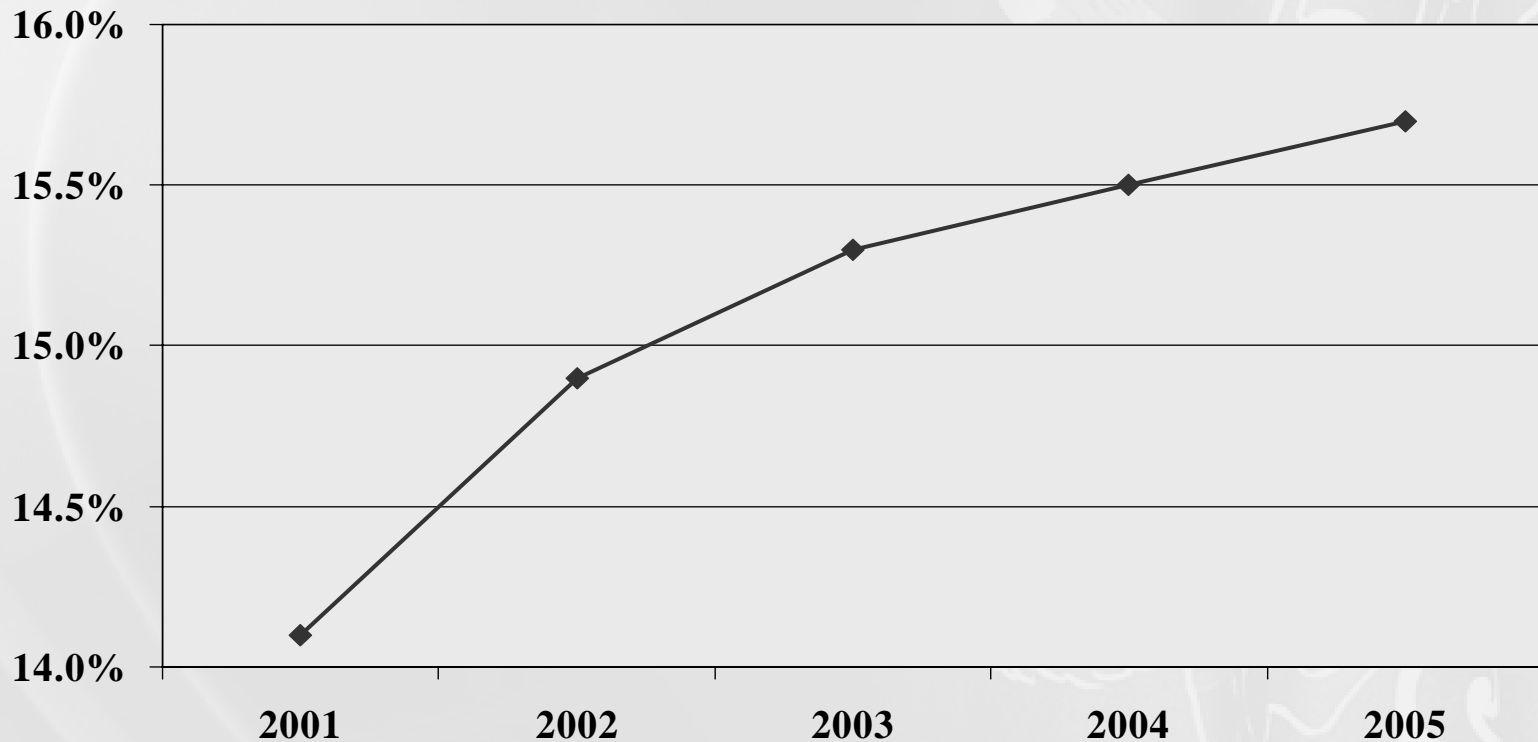


There is a National Healthcare Crisis

- **“And I know from experience that Medicaid is not meeting its potential. It is rigidly inflexible and inefficient. And worst of all, it’s not financially sustainable.” Secretary of Health and Human Services, Mike Leavitt, “Medicaid: A time to Act,” address to the World Health Care Congress, 2/1/05.**
- **“States are in the worst fiscal condition since World War II, and rising healthcare costs are deepening the crisis. Healthcare grew 9.3 percent in 2002. Healthcare spending now accounts for about 30 percent of total state budgets. Medicaid costs alone account for 20 percent of total state expenditures.” NGA Center for Best Practices.**
- **“The current health care system has failed those without coverage, and taxpayers are left to pick up the tab for the health costs of the uninsured.”
- Heritage Foundation, 2004**
- **“Surging Costs for Medicaid Ravage State Federal Budgets”, Wall Street Journal 2-7-05**
- **“Health care is one of the greatest concerns we all have. Health care costs are rising dramatically, straining family budgets and compelling some to forgo coverage altogether.” Rhode Island Republican Governor, Donald L. Carcieri, State of the State Address 1/18/05**

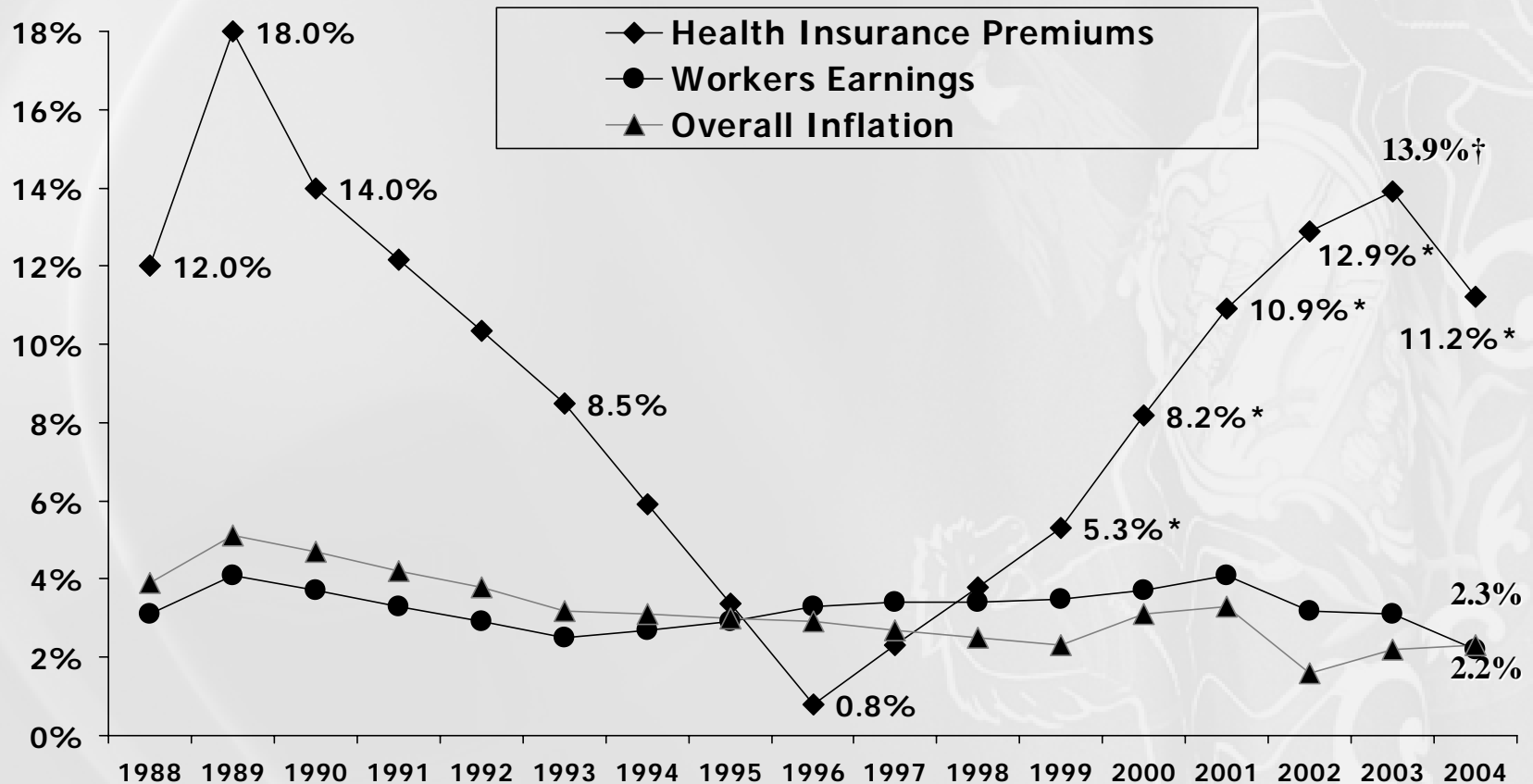
Nationally, Healthcare Spending Growth Outpaces GDP

**National Health Expenditures
(As Percent of Gross Domestic Product)**



Source: Health Affairs –Heffler,
et al., 10.1377 2/11/04

Health Insurance Premiums Are Growing Faster than the Rate of Inflation

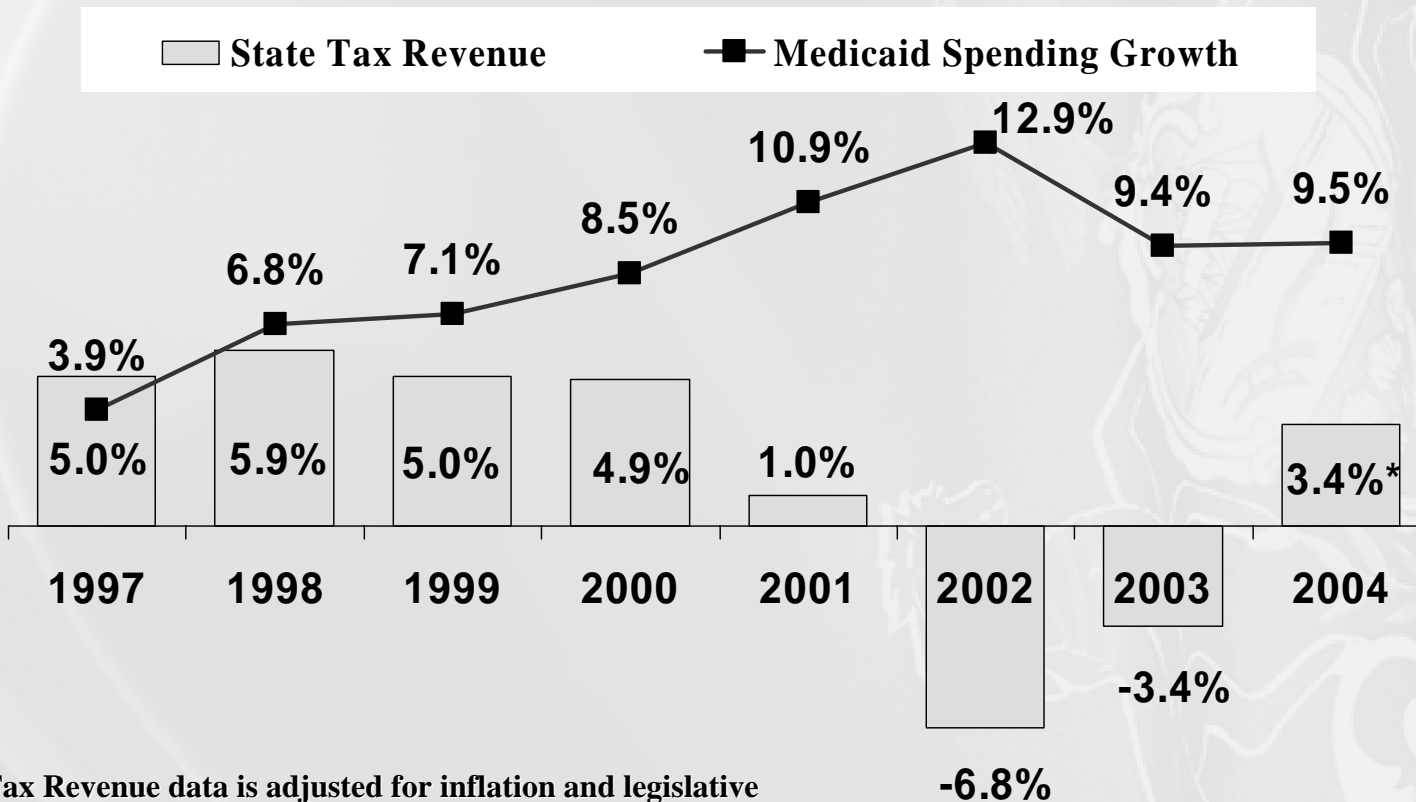


* Estimate is statistically different from the previous year shown at $p < 0.05$.

† Estimate is statistically different from the previous year shown at $p < 0.1$.

Note: Data on premium increases reflect the cost of health insurance premiums for a family of four. Source: KFF/HRET Survey of Employer-Sponsored Health Benefits: 1999-2004; KPMG Survey of Employer-Sponsored Health Benefits: 1993, 1996; The Health Insurance Association of America (HIAA): 1988, 1989, 1990; Bureau of Labor Statistics, Consumer Price Index (U.S. City Average of Annual Inflation (April to April), 1988-2004; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey (April to April), 1988-2004.

Nationally, Medicaid Spending Growth Outpaces State Tax Revenue Growth



NOTE: State Tax Revenue data is adjusted for inflation and legislative changes. 2004 is a preliminary estimate.

SOURCE: Analysis by the Rockefeller Institute of Government of data from the Bureau of the Census, Bureau of Economic Analysis and the National Association of State Budget Officers.

The Continuing Medicaid Budget Challenge: State Medicaid Spending Growth and Cost Containment in Fiscal Years 2004 and 2005 – Results from a 50 State Survey

Key Findings:

- **Despite severe state fiscal stress, Medicaid enrollment has grown by nearly one-third since the beginning of 2001 as the program maintained its role as a critical safety-net for low-income populations.**
- **Medicaid spending in FY 2003 and FY 2004 grew faster than other state programs but slower than growth in private health insurance premiums.**
- **Responding to pressure to control Medicaid costs, all 50 states and the District of Columbia implemented actions designed to control Medicaid spending growth in FY 2004 and all states planned to implement cost containment measures in FY 2005.**
- **Federal fiscal relief helped states meet Medicaid shortfalls in FY 2004 and helped to maintain Medicaid eligibility levels; however, states are expecting sharp increases in the state share of Medicaid costs in FY 2005 as they replace the loss of the enhanced federal support.**
- **States are approaching FY 2005 with caution. While revenues are improving overall, many states still face budget shortfalls and pressure to control Medicaid spending growth will continue.**

Why are MA Costs Growing?

Increasing Numbers of Patients with High Cost Needs

Growing Elderly Population

Growing Uninsured

Health Care Trends – Rising Costs

Patient Acuity

Service Utilization

New Technology

New Drug Treatments

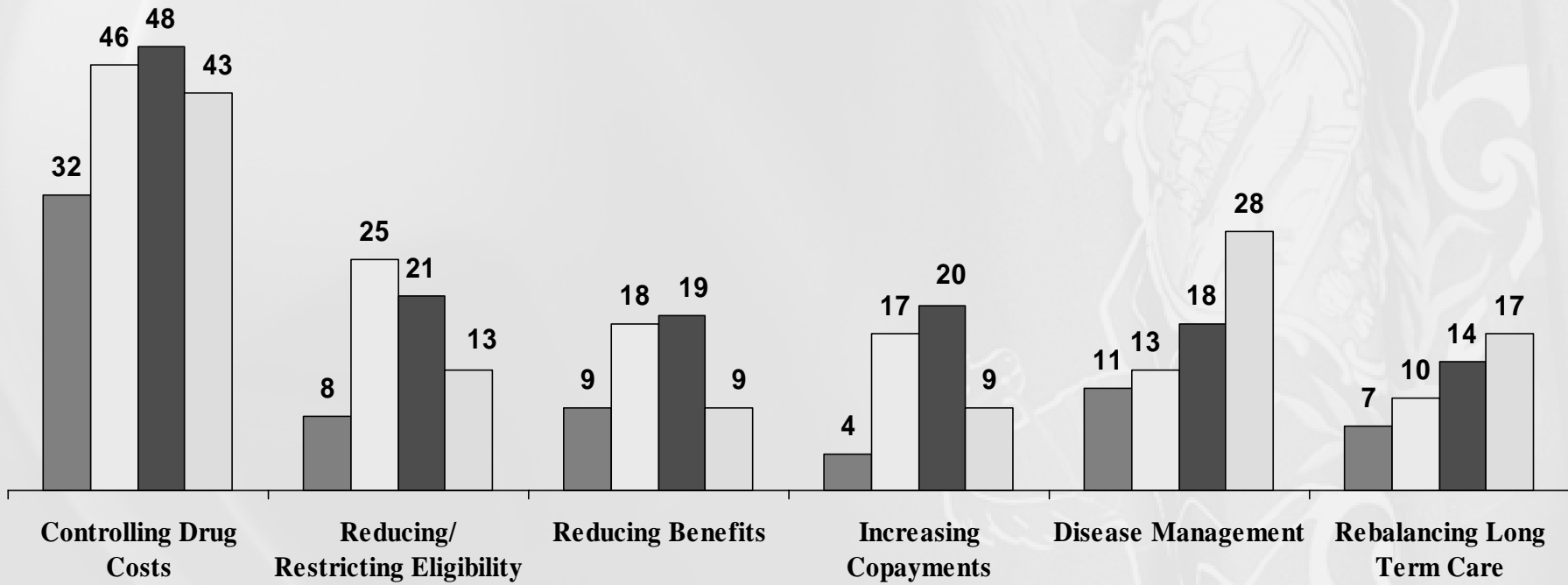
Loss of Federal Funding

FMAP

One-Time Funding

States Undertaking New Medicaid Cost Containment Strategies FY 2002 – FY 2005

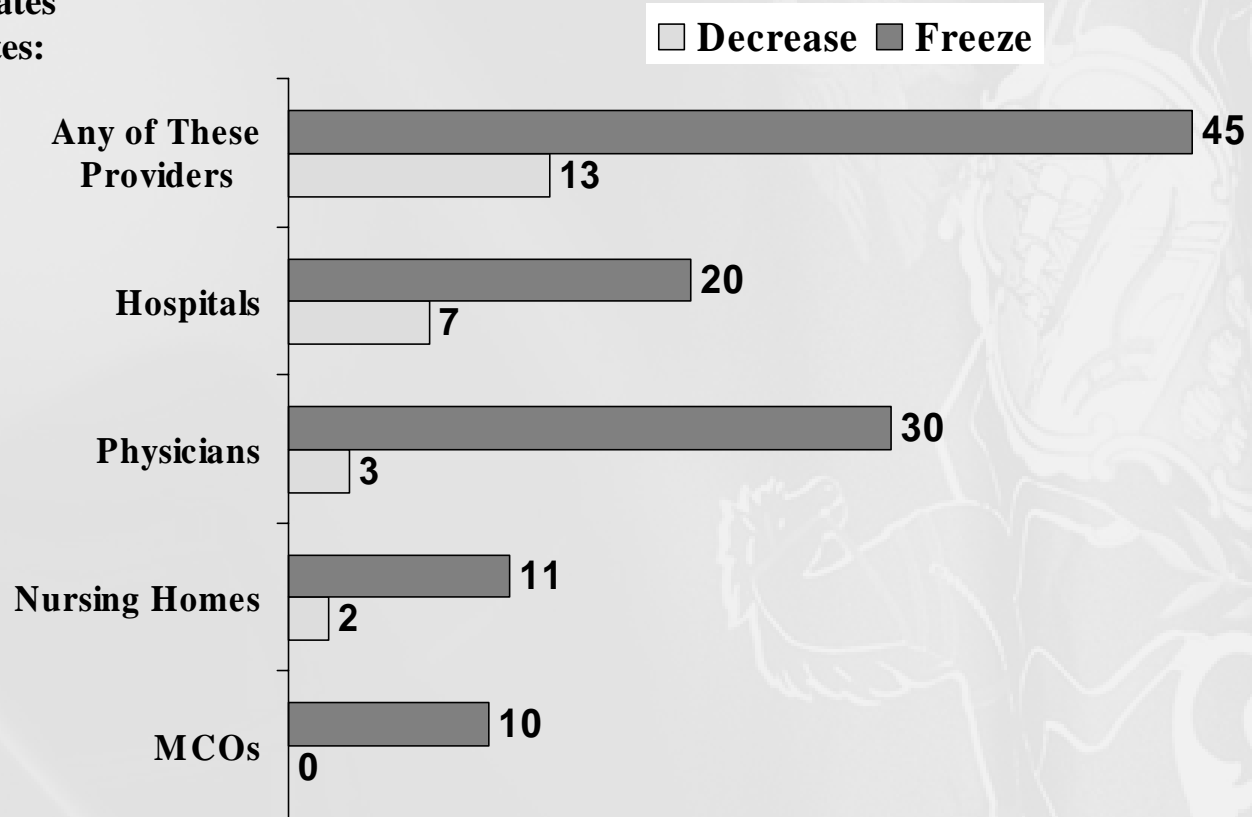
■ Implemented 2002 □ Implemented 2003 ■ Implemented 2004 □ Adopted for 2005



SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, September and December 2003 and October 2004. Additional data provided by PA state survey.

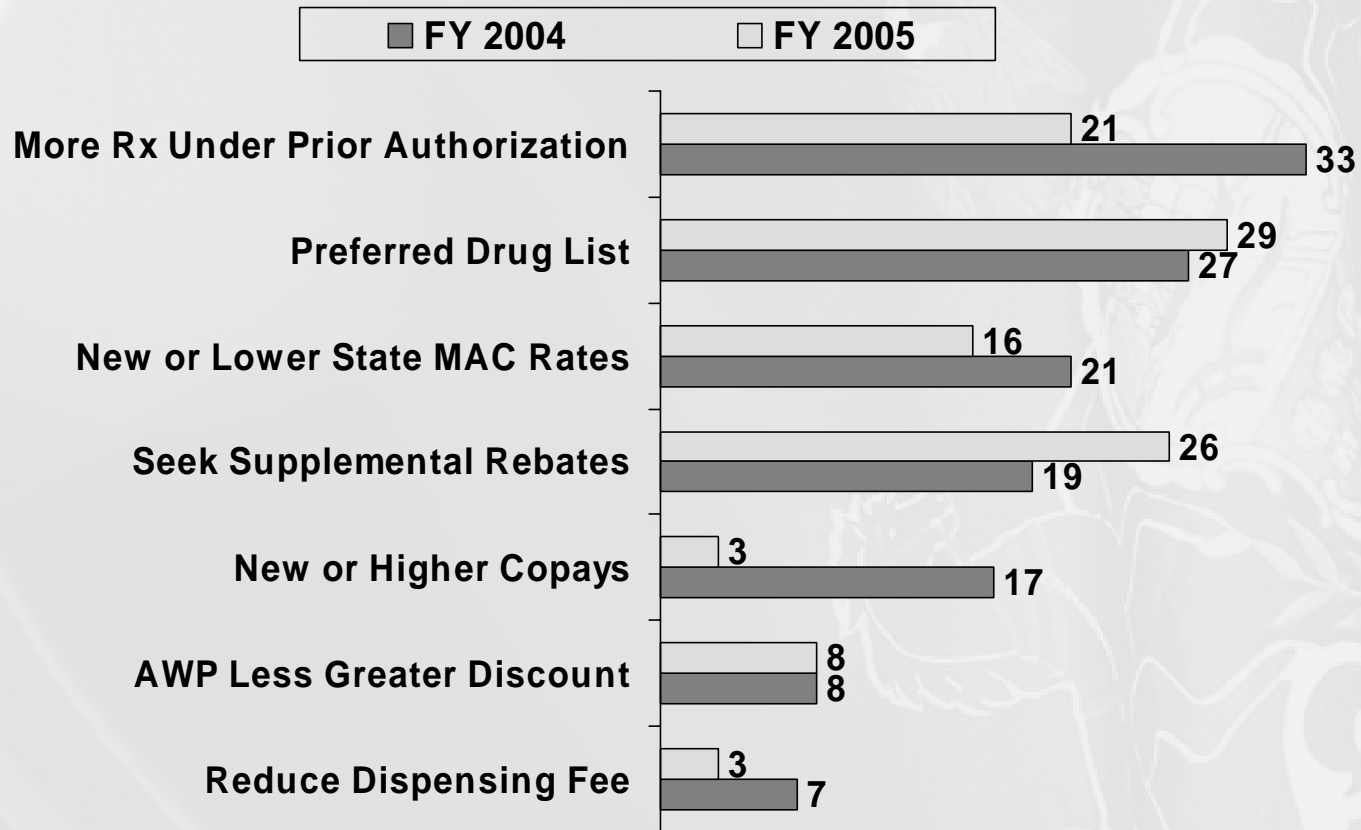
Most States Planned Changes to Provider Rates in 2005

Number of States Changing Rates:



SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2004 and PA state survey conducted by state officials.

States Pursue Prescription Drug Policy Changes FY 2004 and FY 2005



SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2004 and data confirmed by PA state officials.

Medical Assistance in Pennsylvania



Pennsylvania Medical Assistance

- **Provides medical care for low-income individuals**
 - **Children, pregnant women, elderly & disabled**
 - **Currently serves over 1.7 million people**
- **Benefit package is comprehensive**
 - **Is more generous than SCHIP or State employees**
- **Provider network includes 68,000 providers**
- **Total annual expenditures exceed \$15 Billion**

Office of Medical Assistance Programs	\$14.2B
Other DPW Programs (MR, OSP Waivers, Child Welfare, etc)	\$0.8B
- **State administered but jointly funded with Federal, State & County funds**

Medicaid vs. Medicare

Medicaid – part state/part federal dollars

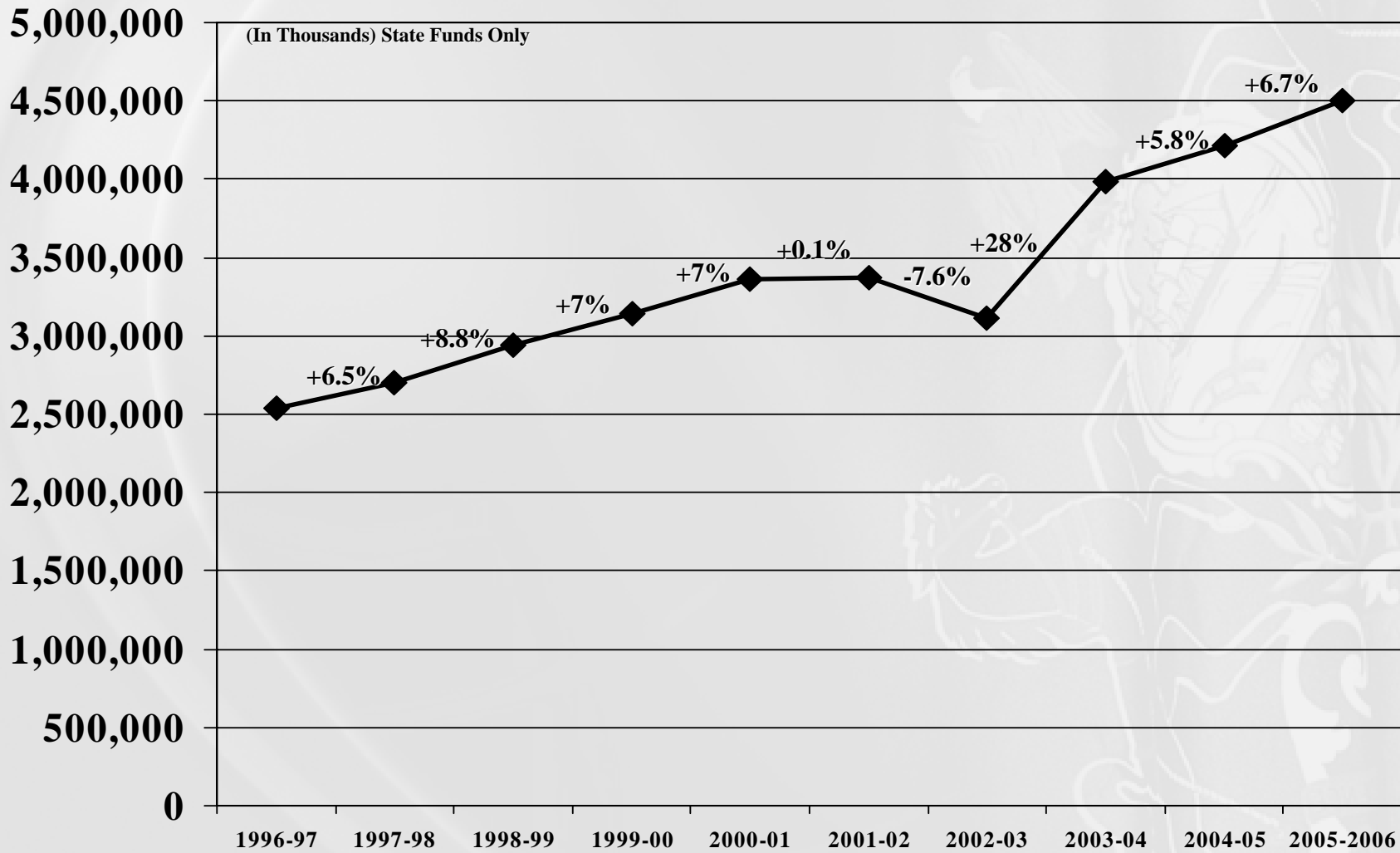
- **Children, pregnant women, elderly & disabled**
- **Comprehensive benefit package**
 - **inpatient & outpatient services**
 - **long term care**
 - **prescription drugs**
 - **limited cost sharing**

Medicare – 100% federally funded

- **Elderly & disabled with work history or ability to buy in**
- **Covers inpatient & outpatient services &**
 - **the first 100 days of skilled nursing facility care**
 - **starting in 2006, prescription drugs**
 - **includes extensive cost sharing**

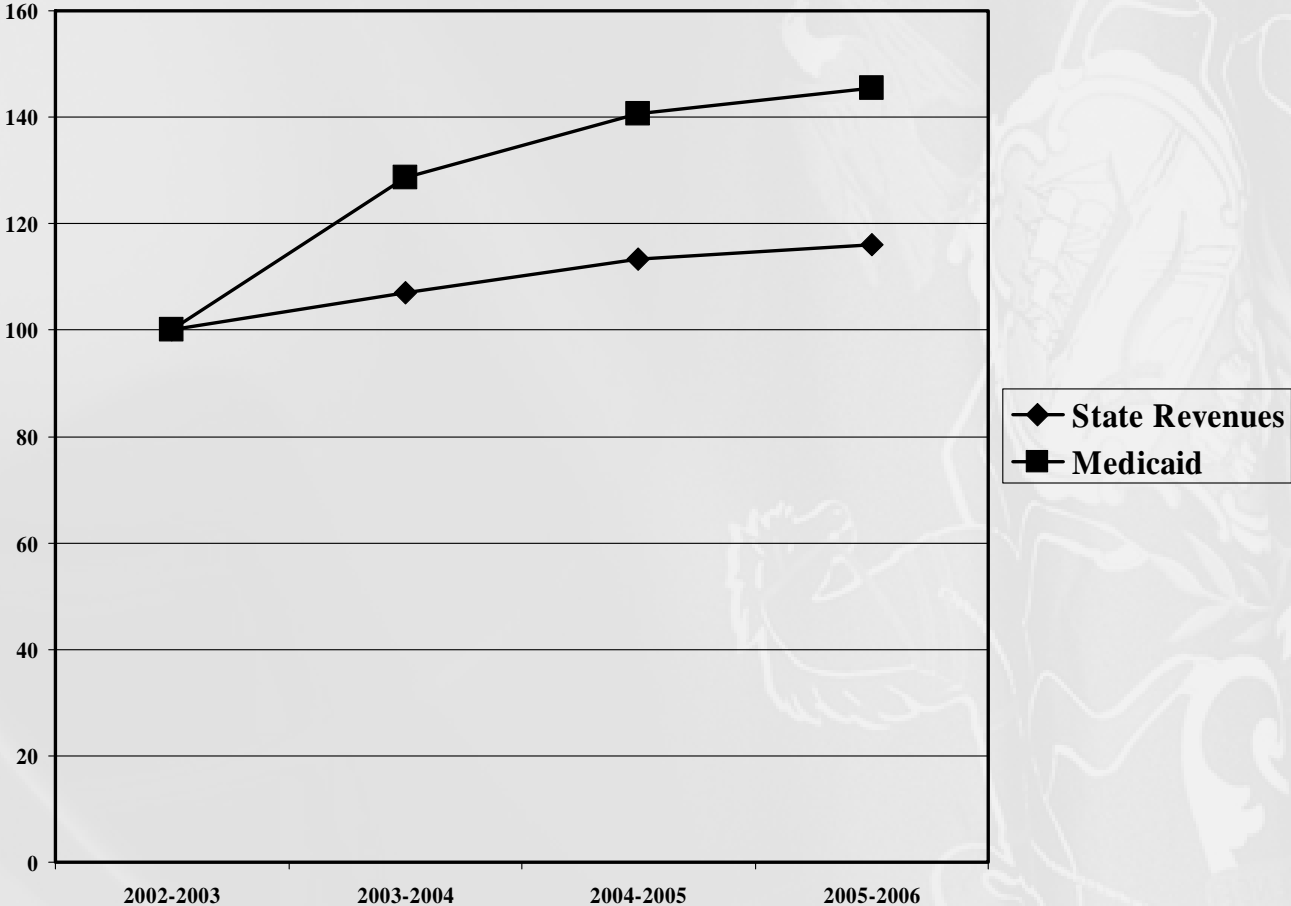
PA Growth in Medical Assistance Spending Mirrors National Picture

PA's Medicaid spending grew at a slower rate than nationally between 2000 and 2003 ---
6% avg. annual growth vs. 11.9% nationally



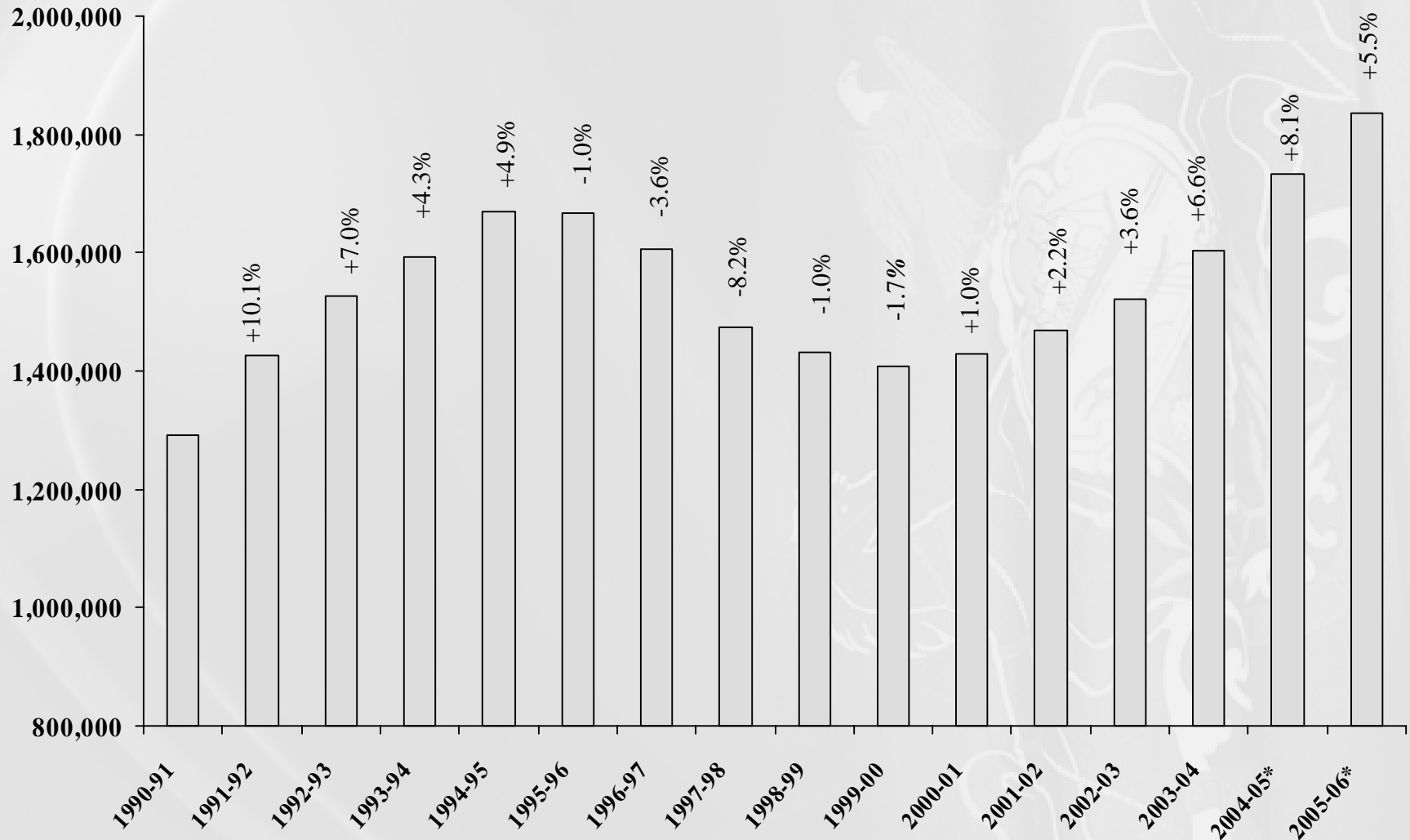
Source: DPW Budget Office

PA Medicaid Spending Outpaces Growth in State Revenues



Caseload Increases Explain Some of the Growth

The Medicaid program is projected to expand by more than 100,000 new eligibles next year.

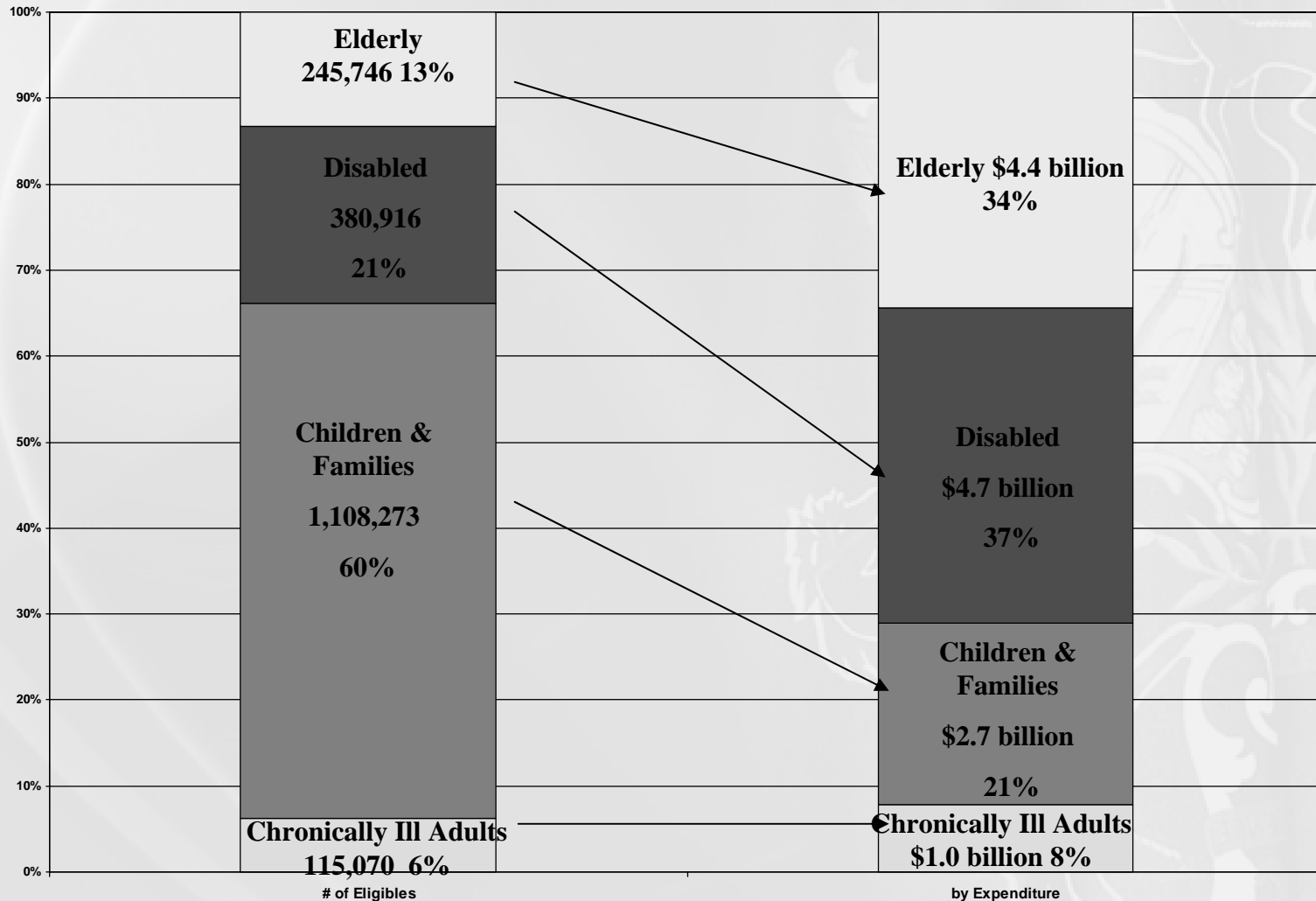


Average Monthly

*Projected

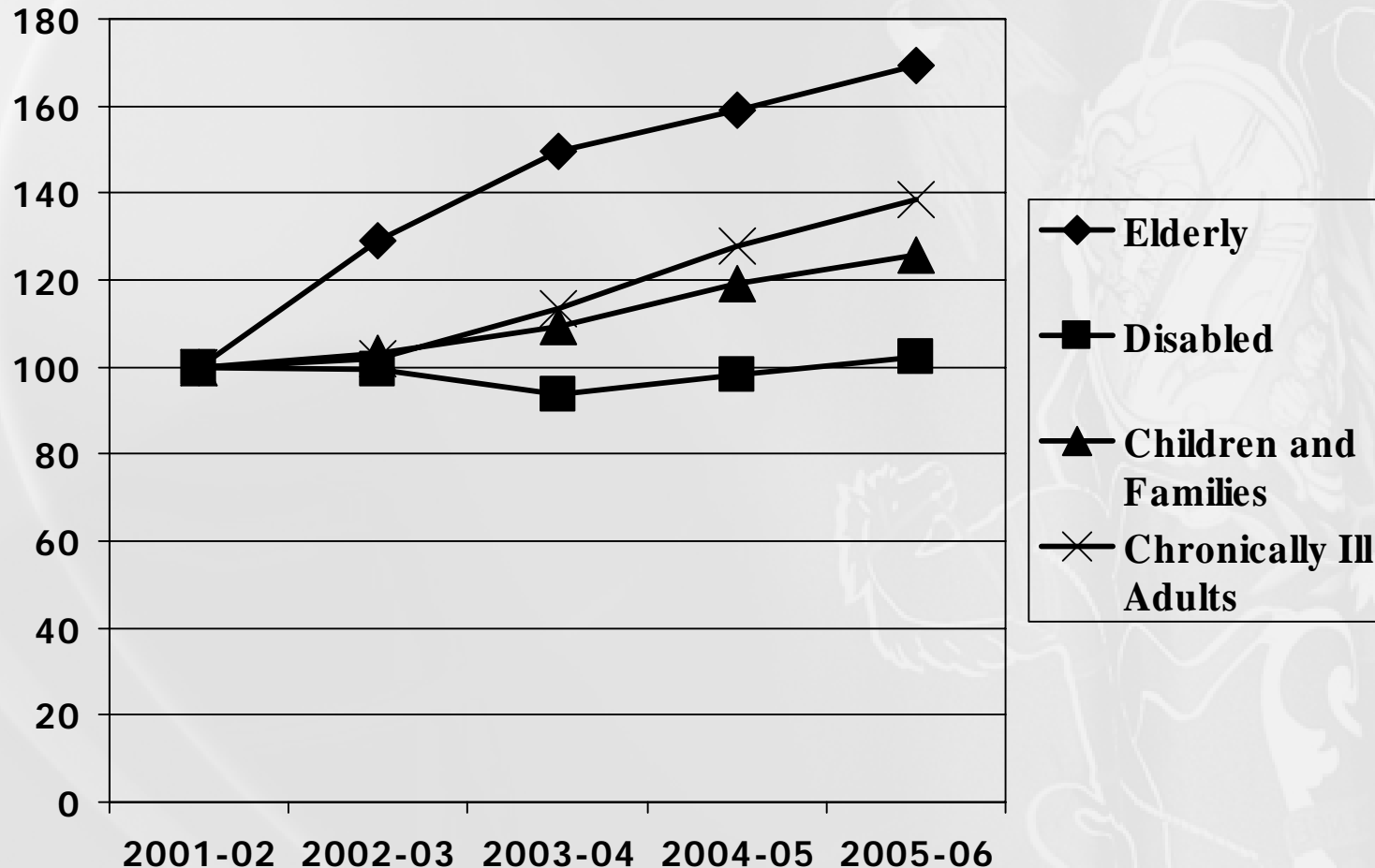
Source: FY 03-04 Governor's Executive Budget & DPW Budget Office

Elderly and Disabled Use the Greatest Share of Medicaid Resources



Seniors Also Represent the Fastest Growing Group in the Medicaid Program

Similar to state and national trends, the number of elderly have been growing at the fastest rate over the past few years, fueling increases in Medicaid spending.

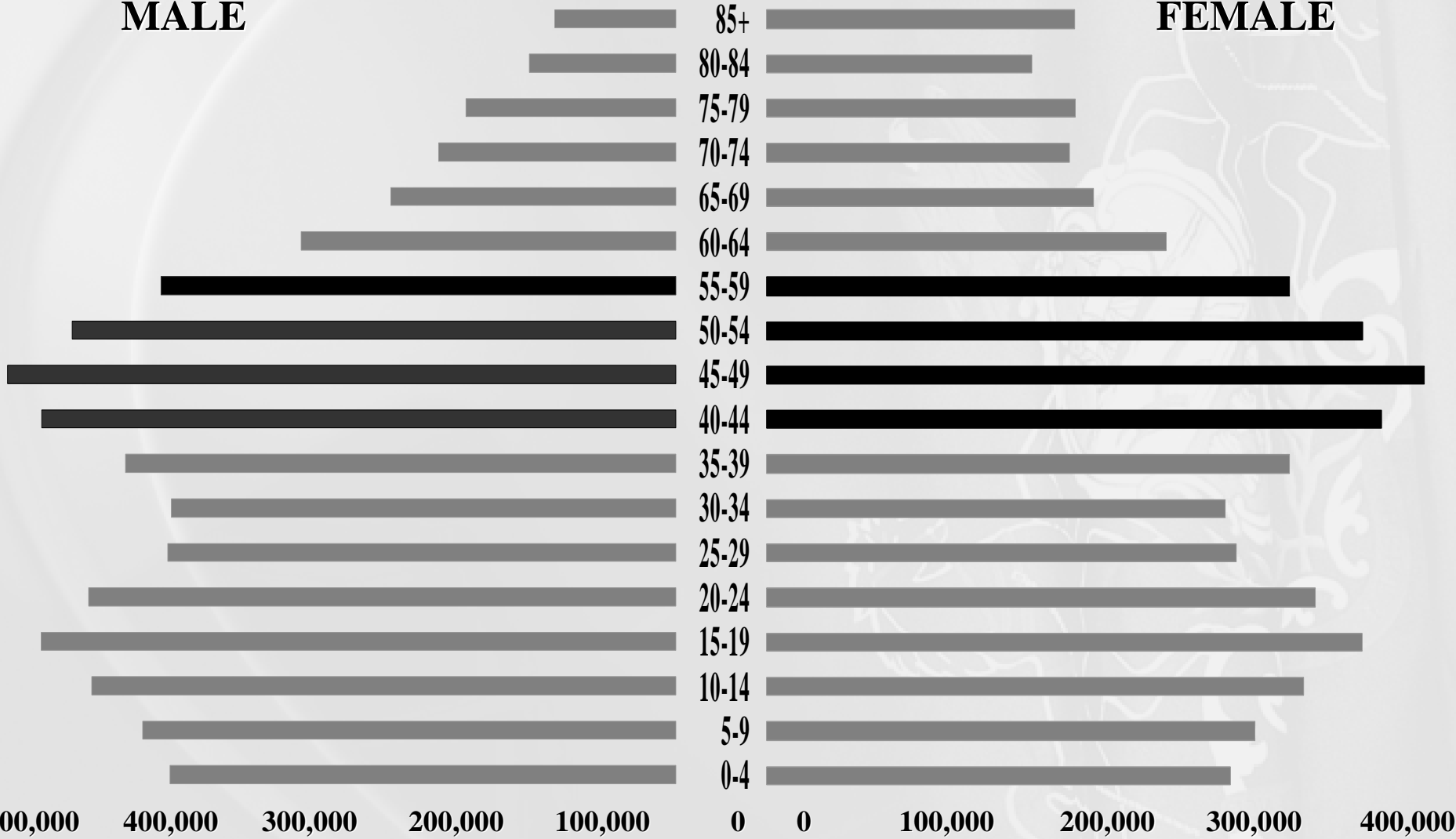


Boomers – “A Pig Through a Python”

Pennsylvania – 2005 Total Population

MALE

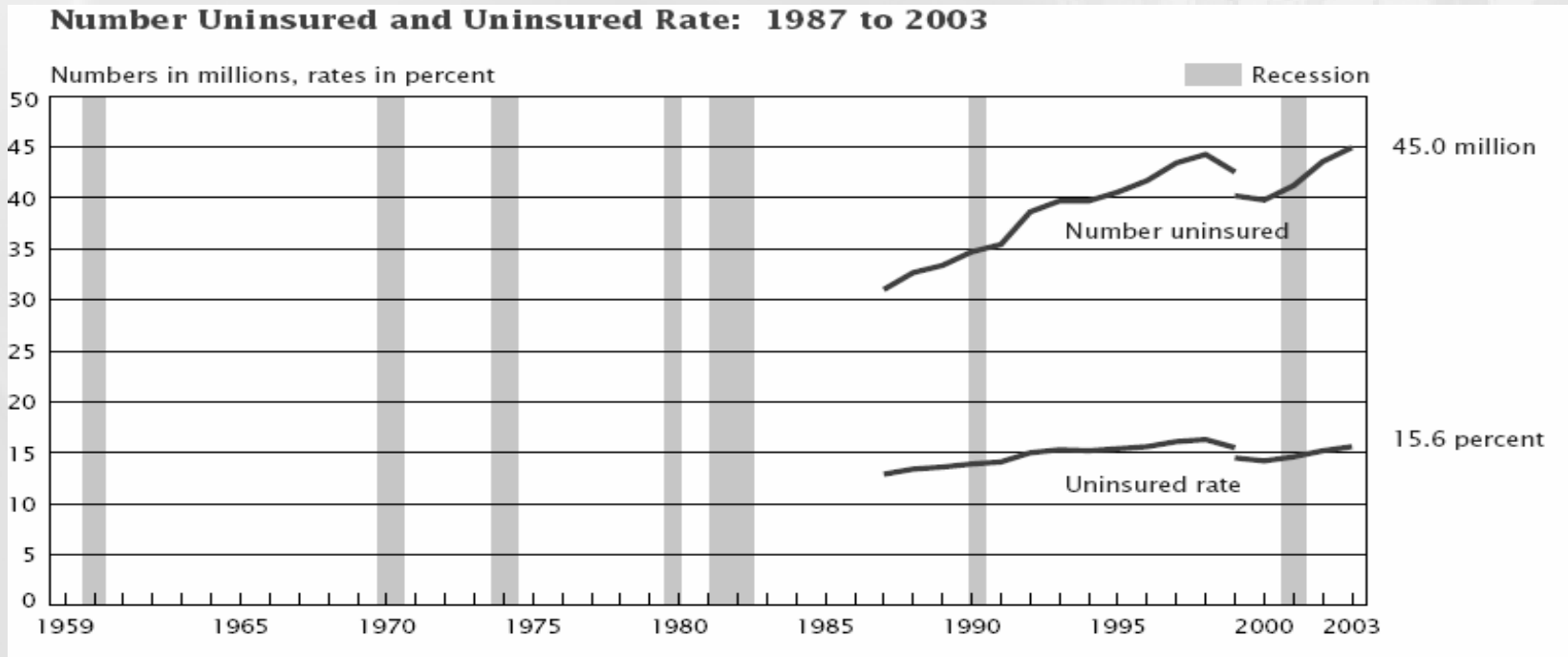
FEMALE



Baby Boomers = Black

The Problem of the Uninsured

The problem of the uninsured is a serious national issue. According to a recent report by the US Census Bureau, the total number of uninsured has risen by 5 million people. From 2001 to 2003, the national rate of uninsurance has increased from 14.6 percent to 15.6 percent. Even more alarming is the fact that people have been losing job-based health insurance coverage at a faster rate than in the general population.



Percentage of Working Age People on Medicaid is Rising

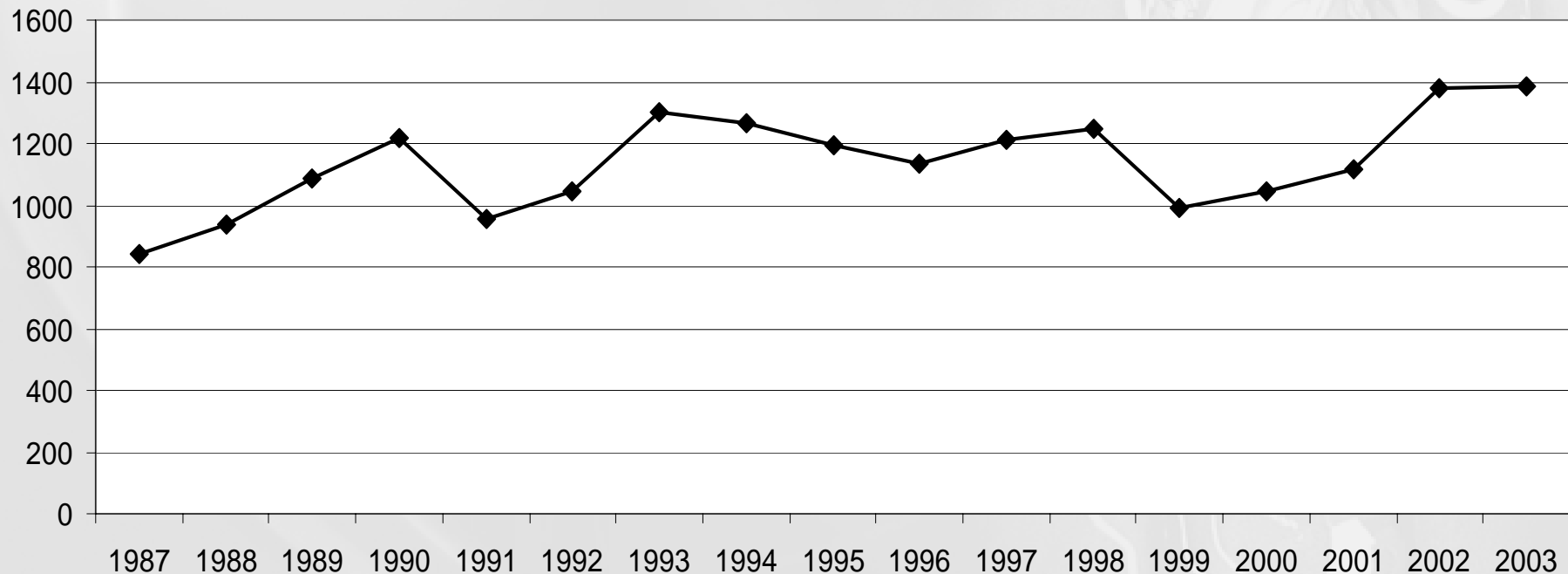
	1987	1990	1995	2000	2001	2002	2003
National	5.5%	6.2%	7.8%	6.4%	6.7%	7.0%	7.3%
Pennsylvania	7.1%	9.6%	12.4%	9.5%	10.5%	10.4%	11.3%

Source: U.S. Census

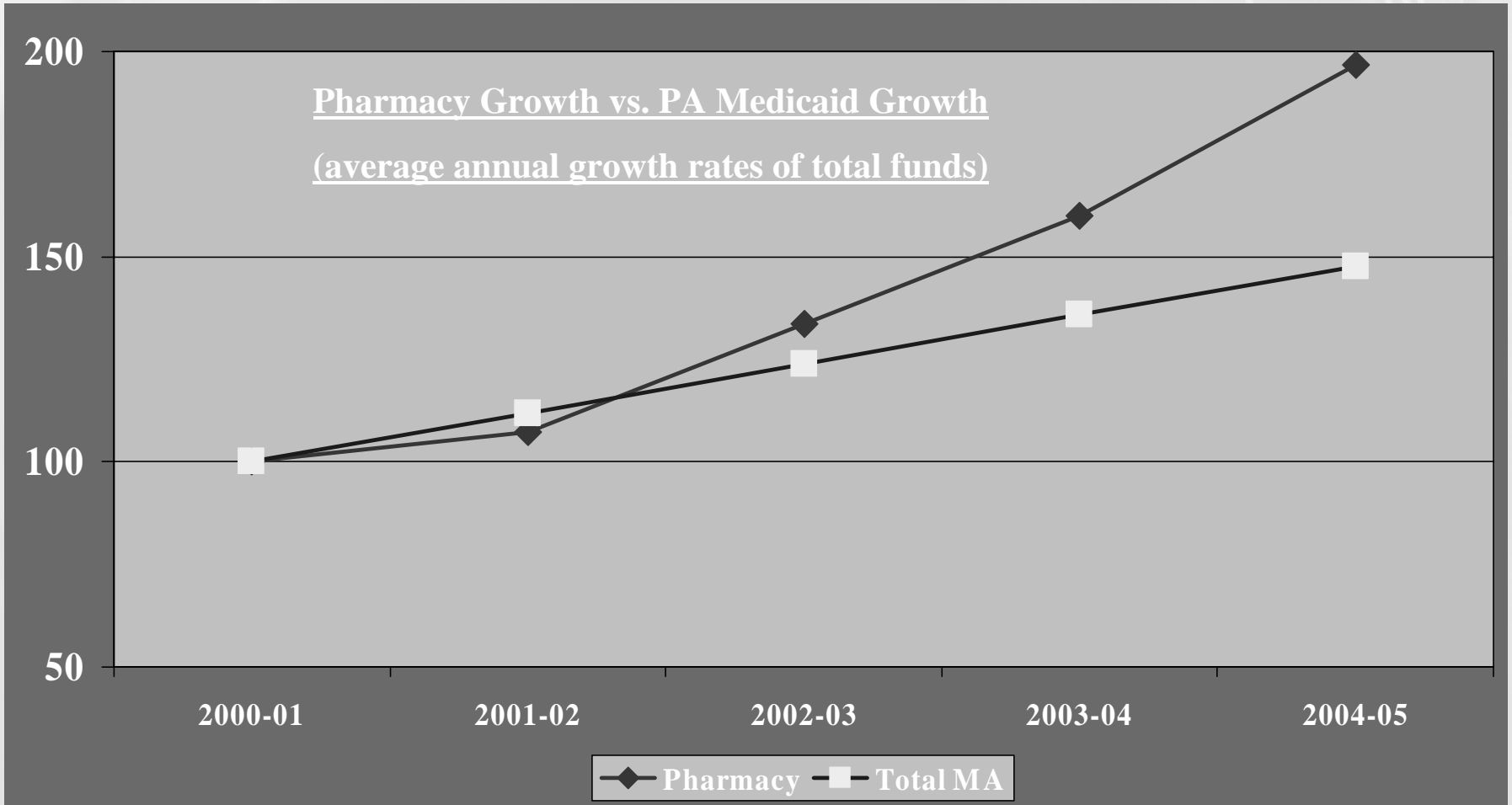
Uninsured in Pennsylvania

The number of uninsured Pennsylvanians increased by 265,000 between 2001 and 2003, an increase of nearly 24 percent. In 2003, 11.4 percent of Pennsylvanians, or 1,384,000, did not have insurance coverage.

PA UNINSURED in Thousands



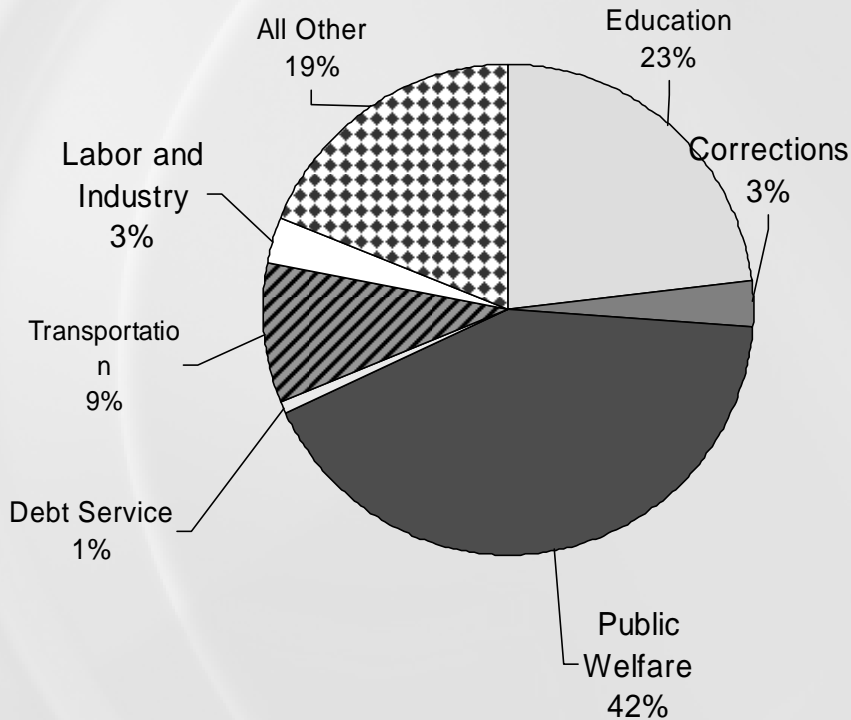
Pharmacy Costs Are Key Cost Driver



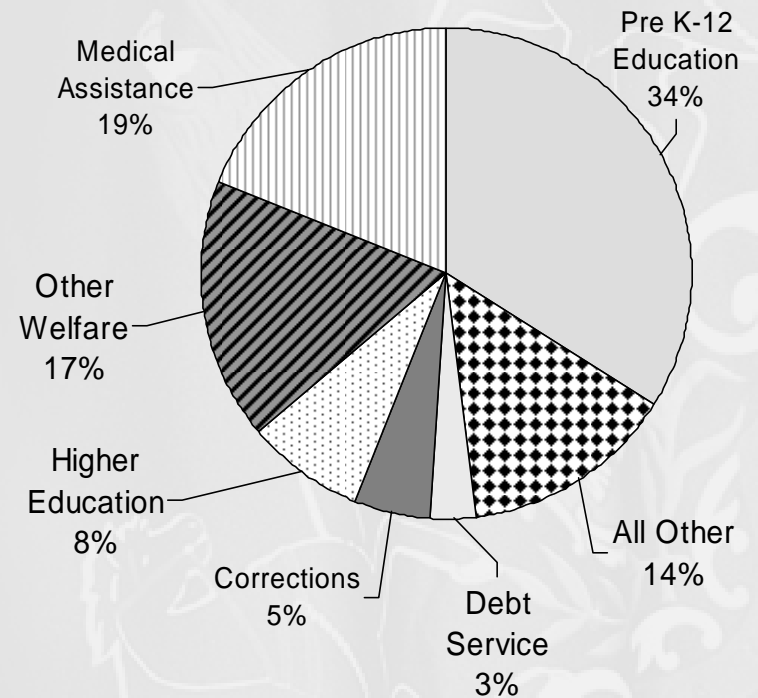
Source: OMAP/ FFS actuals, Managed Care projections

DPW is a Significant Piece of the State Budget

Medical Assistance Portion of the 2005-06 Commonwealth Budget

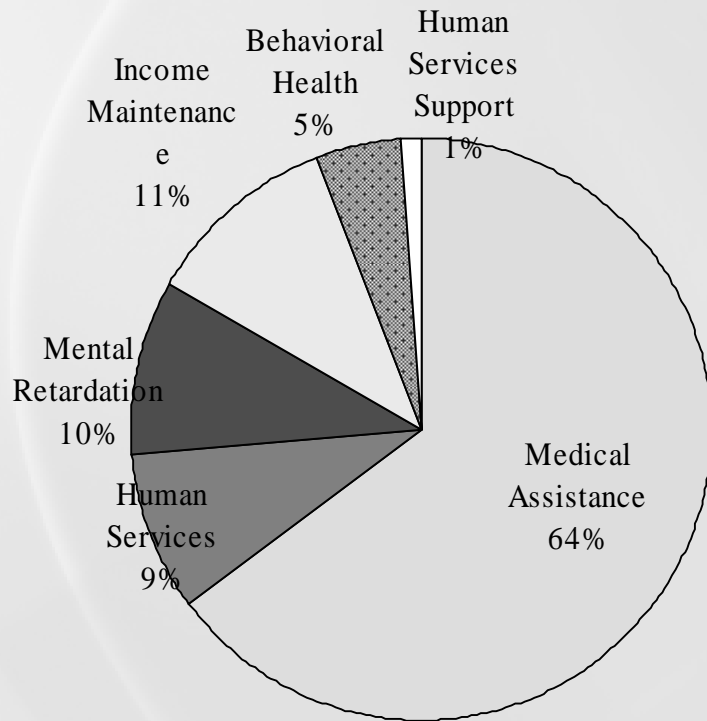


Total Commonwealth Budget - \$52.5 Billion

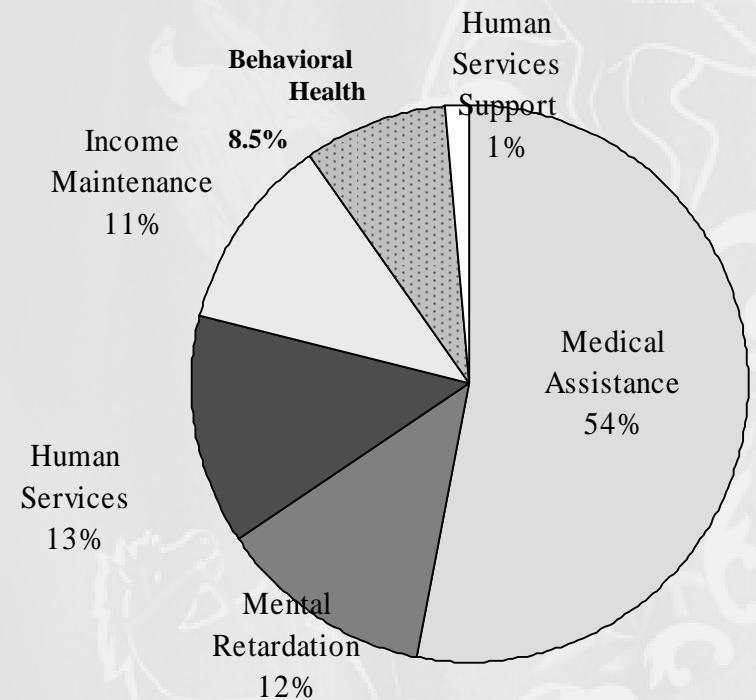


Total General Fund - \$23.8 Billion

Federal Funds Make up Large Part of DPW Budget; Medicaid Is Majority



Total DPW – \$22 Billion



DPW Budget – State Funds only - \$8.5 Billion

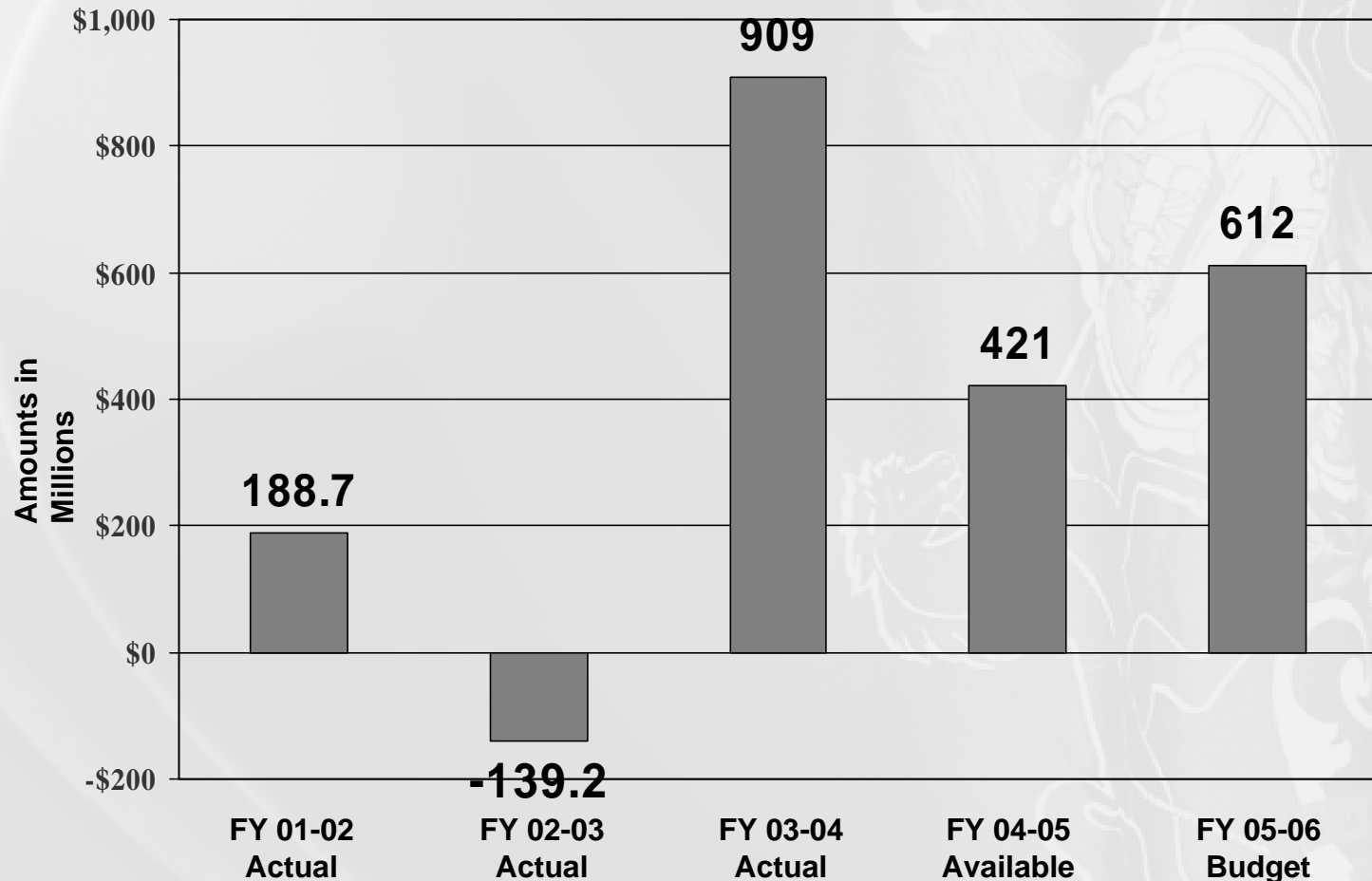
Medicaid Program will Serve About 100,000 New People During FY 2005-06



TOTAL: 97,005

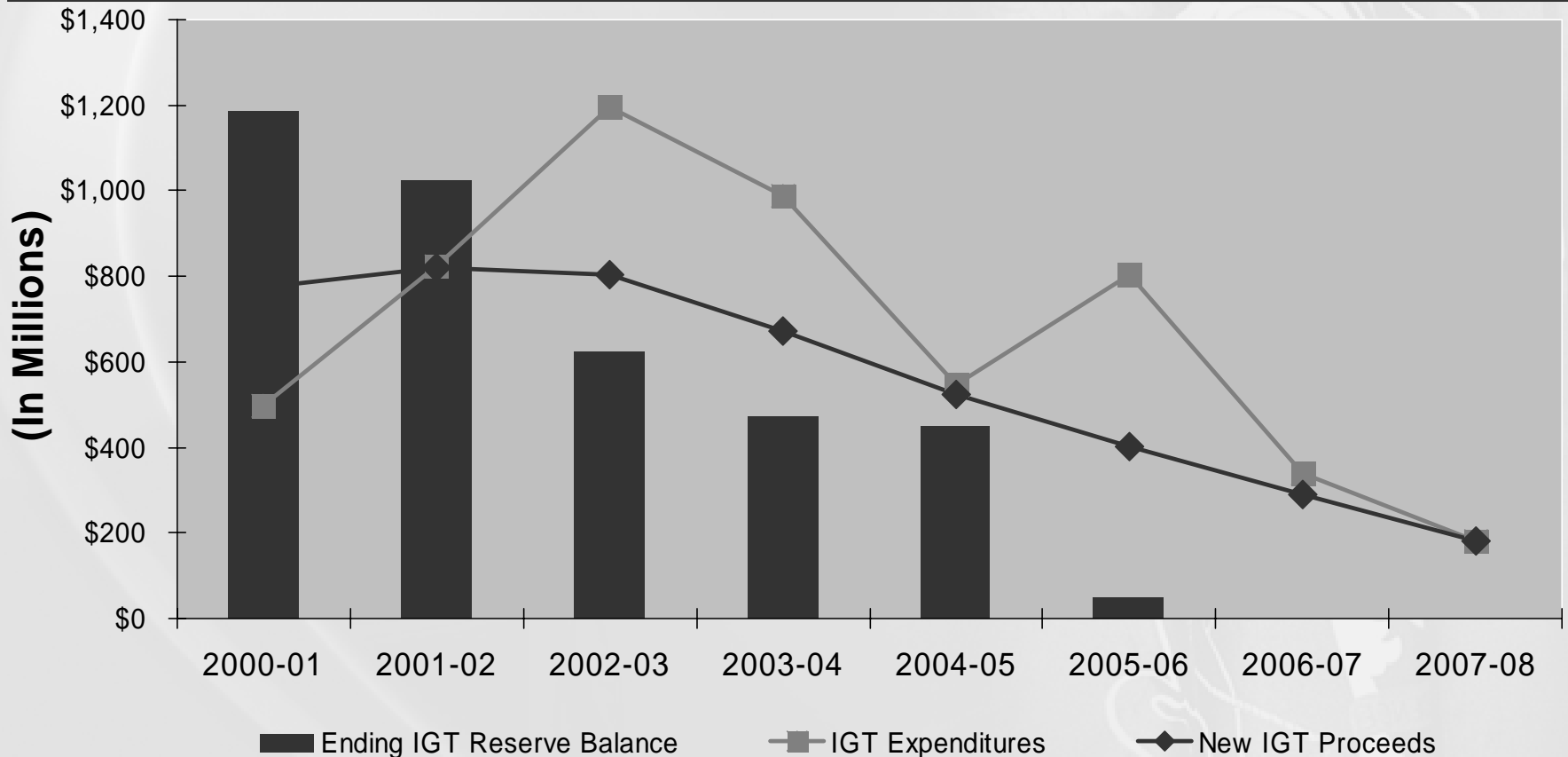
DPW Has Received Significant Funding Increases Under Governor Rendell

Since FY 2002-03, the Department of Public Welfare has received increases totaling over \$1.9 billion in General Funds.



Intergovernmental Transfer Funds Are No Longer Keeping Up with Spending Growth

The Commonwealth's capacity to use Intergovernmental Transfer (IGT) funds to offset General Fund spending requirements will significantly diminish in future years as new IGT proceeds are phased out and the existing IGT reserve balance is depleted.



Aggressive Pursuit of Federal Funds

As the increase in the cost of health care continues to outpace growth in state revenue, Pennsylvania has aggressively pursued alternative funding for the Medical Assistance Program.

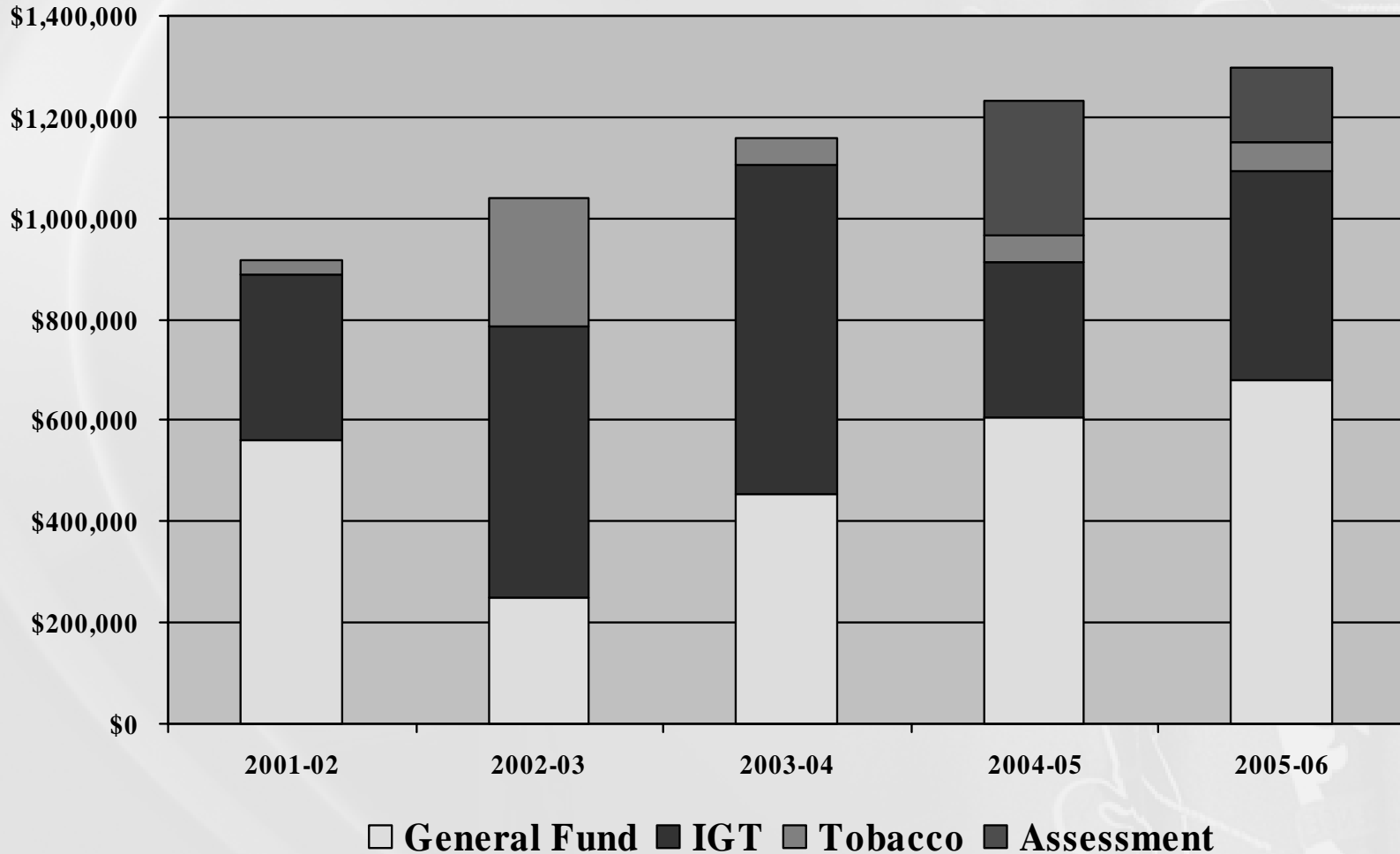
DPW established assessments on nursing homes, Intermediate Care Facilities for the Mentally Retarded, and Managed Care Organizations that:

- **Finance a rate increase, despite the significant budget problems;**
- **Pay for an expansion in community services for mentally retarded citizens;**
- **Increase federal funding for health care services in FY 2005-2006.**

Assessment Revenues Help, But Can't Solve the Entire MA Budget Problem

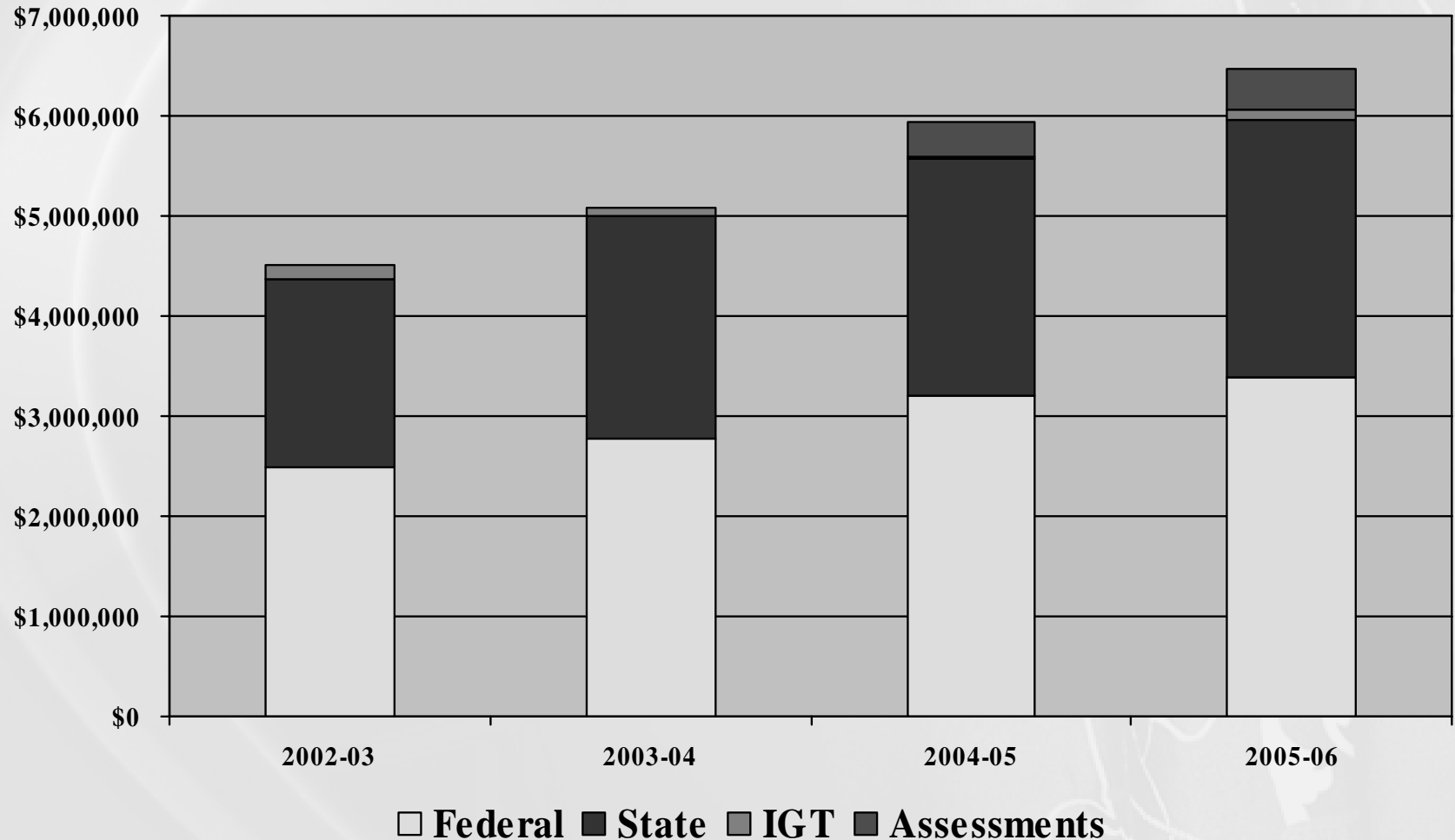
(Amounts in Thousands)

Funding Sources for PA Long Term Care



Medical Assistance Managed Care Funding Growth and Sources of Funding

(Amounts in Thousands)



Federal Support Continuing to Shrink: President's Budget Reduces Medicaid Funding

- **Further Restricts Intergovernmental Transfers**
- **Limits Reimbursements to Government Providers**
- **Reduces Allowable Amount of Provider Assessments**
- **Eliminates Preferential Tax Treatment for MCOs**
- **Reduces Targeted Case Management Matching Rate**
- **Limits Targeted Case Management**
- **Reduces Pharmacy Reimbursements**
- **Limits Medicaid Administrative Matching Funds**
- **Limits Transfer of Assets for Long-Term Care**

TANF Challenges Come to a Head This Year

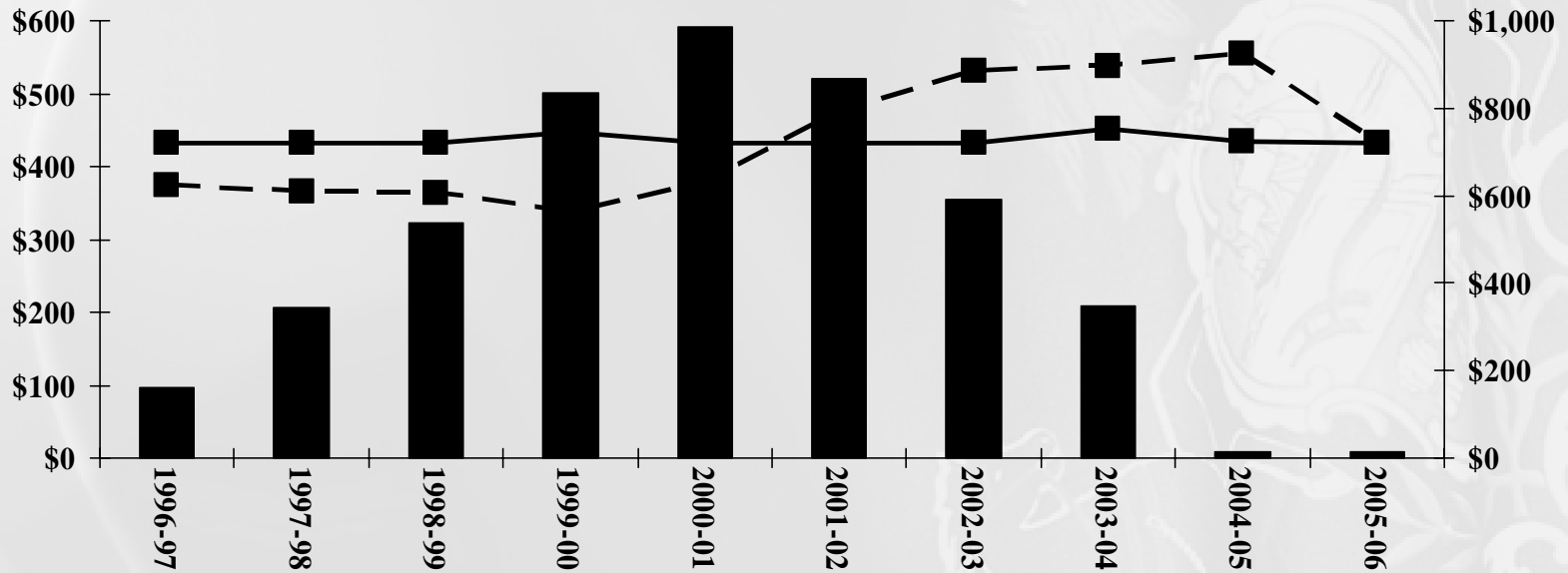
Overspending of the TANF surplus depleted the TANF balance and required shifting of TANF dollars to prevent a deficit.

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DPW Budget Overview



DPW Budget in 2005-2006

- **An extremely difficult budget year**
- **Budget of shared sacrifice**
- **Preserves and reforms the safety net**

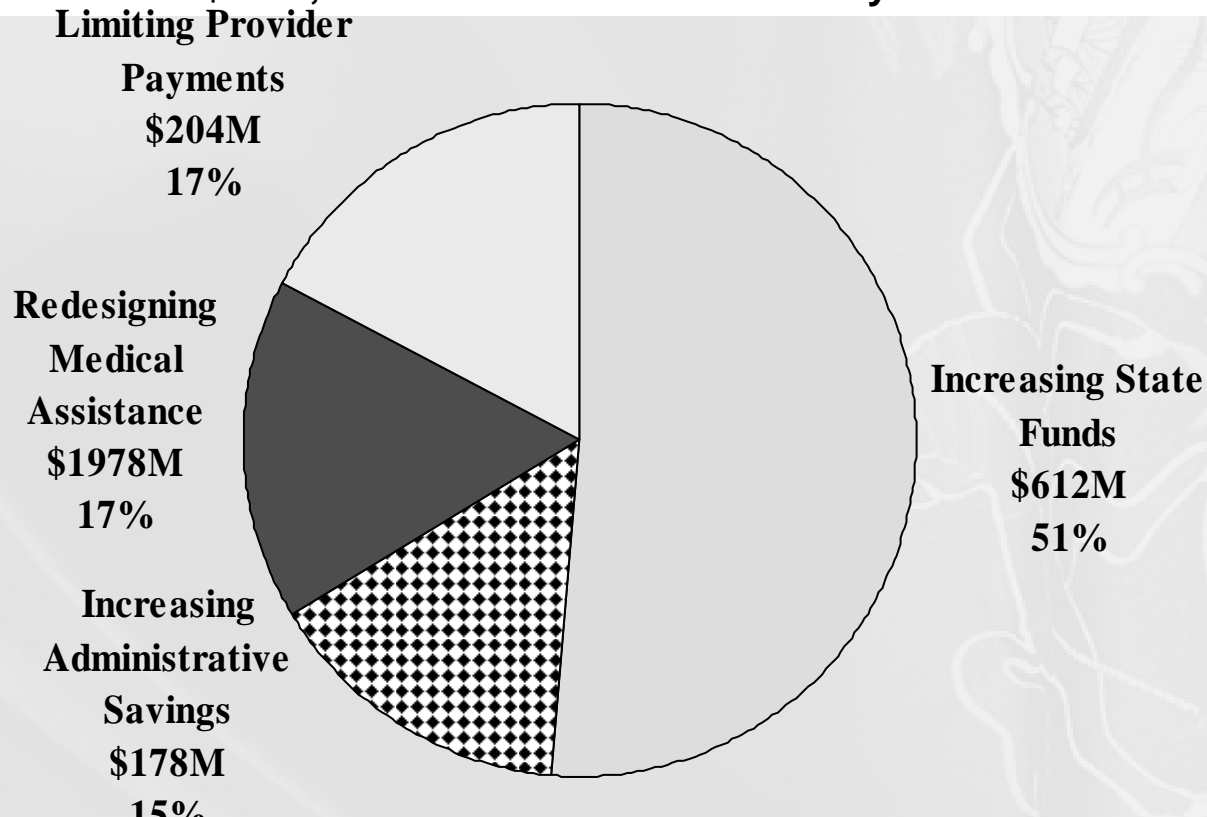
FY 2005-06 Budget will Serve Many New People Across All Services

New People Served in 2005-2006 (Projections)

Medical Assistance	97,005
Children in child welfare system	3,000
Children in child care	1,540
Mental retardation programs	2,472
Behavioral health community programs	2,104
Children's Health Insurance Program (CHIP)	10,000
Uninsured Working Pennsylvanians	
Adult Basic (Tobacco Settlement)	5,427
Community Health Reinvestment	29,000

Constructing the FY 2005-06 DPW Budget

The Department of Public Welfare's initial budget proposal for 2005-06 projected that nearly \$1.2 billion in additional State funding would be required to support departmental programs. Through cost avoidance, program redesign, and administrative restructuring, the level of additional State funds required was reduced by \$580 million. The balance of nearly \$612 million in new State funding is recommended as part of the Governor's 2005-06 budget proposal. This represents a 7.8% increase in DPW state funding from the level of 2004-05. Since 2002-03 the Rendell Administration has increased DPW state funding by \$1.9B, a 29.8% increase over three years.



Preserving and Reforming the Safety Net

Guiding Principles

- **No one currently receiving health care services from the Commonwealth will lose their eligibility.**
- **No changes will be made to the array of health services and social services provided to children.**
- **Pennsylvania will be able to meet the increase in demand anticipated this coming year for services to low-income children, chronically ill adults, uninsured working families, disabled individuals, the infirm elderly and other Pennsylvanians in need.**

Managing Smarter

The Department of Public Welfare took several steps to save money in FY 2004-05, and we will do more in FY 2005-06:

- Changing SSI check processing
- Development of AccessPlus
- Enhanced fraud and abuse detection
- Third party liability initiatives
- Revenue maximization
- CAO Improvement Project

First, Improve Management & Achieve Efficiency

The Department of Public Welfare undertook an exhaustive search for cost saving initiatives so that funding could be directed where it is needed most – the clients. These initiatives below generated at least \$5 million in savings.

- **Reduced overtime usage by nearly 8%, or \$2.2M, last year**
- **Reduced general operating and travel costs, cut facility maintenance projects and froze vacancies**
- **Reduced printing costs by \$2.8M**
- **Renegotiated IT contracts to obtain lower hourly rates, initiated the “bundling” of IT contracts for greater purchasing power, and cut several IT projects**
- **Consolidated County Assistance Offices (CAOs) to gain operational efficiencies**

New Cost Savings Measures in this Budget

- **Continue to reduce operating and IT expenses throughout the department.**
- **Continue to reduce YDC costs through the closure of Weaversville Intensive Treatment Unit.**
- **Continue to improve the contract process and implement “pay for performance” provisions.**
- **Increase administrative control of personnel costs and the reduction of operating costs.**

DPW is Implementing ACCESS Plus Program

Better for Consumers; Better for Management

Primary Care Case Management

PCPs:

- **Will Provide and Manage Care**
- **Locate, Coordinate & Monitor Other Medical Care**
- **Maintain Continuity of Care**

Disease Management

- **Provides System of Coordinated Health Care Intervention/Communication**
- **Targets Conditions where Patient Care Effort makes Significant Difference**

Asthma

Coronary Artery Disease

Diabetes

Congestive Heart Failure

Chronic Obstructive Pulmonary Disease

Managing Smarter: Focusing on Fraud and Abuse

Third Party Liability

- DPW's Bureau of Program Integrity (BPI) is responsible for protecting the MA Program from provider fraud, abuse and waste
- BPI will use the services of a specialized vendor to augment its existing provider review activities
- The vendor will request and review medical records related to the "flagged" claims, and recover identified overpayments

Managing Smarter: Focusing on Fraud and Abuse

Third Party Liability

DPW's Third Party Liability (TPL) Program recovers third party resources (e.g. private insurance, casualty awards) available to MA consumers

DPW proposes to implement legislative initiatives to increase TPL recoveries and cost avoidance

- Require insurance carriers to participate in data exchanges to identify third party coverage of MA consumers
- Prohibit transfers of assets into life estates and non-assignable annuities to circumvent the prohibition against transferring assets to obtain MA eligibility
- Require an open enrollment period for employer health plans covering MA consumers to expand the ability of DPW to purchase less costly employment-related health insurance through the health insurance premium payment program

Managing Smarter: Focusing on Fraud and Abuse

Third Party Liability

DPW has also directed its TPL recovery contractor to implement several new initiatives:

- Conduct audits to identify duplicate payments made by MA and third party coverage to LTC facilities
- Perform expanded data exchanges with pharmacy benefit managers (PBMs) to identify and recover third party liability related to drug claims
- Conduct audits to identify charges that should have been “bundled” in one claim, but were billed separately to obtain higher reimbursements

New PA Medicaid Plan vs. National Picture

Newly Eligible People

Pennsylvania

Pennsylvania is not changing basic eligibility for Medicaid services.

The National Picture

At least 13 other states have proposed cutting people from the Medicaid program while 13 states have already done so.

New PA Medicaid Plan vs. National Picture

Outpatient Services

Pennsylvania

Pennsylvania is bundling and implementing maximum utilization provisions on outpatient services¹ together, giving people the choice and flexibility to use services according to their personal healthcare needs.

1 Physician, outpatient hospital, nurse practitioner, chiropractics, podiatry, optometry, health centers (FOHC), independent med/surgical center

The National Picture

Pennsylvania would be one of a handful of states to give people the ability to decide how to use outpatient services --- although nearly half the states set number limits on certain services.

New PA Medicaid Plan vs. National Picture

Provider Rates

Pennsylvania

Pennsylvania is providing fair rate increases to hospital, managed care, and nursing home providers

The National Picture¹

22 States froze or reduced nursing home rates

31 states froze or reduced payments to hospitals

21 states froze or reduced payments to managed care organizations

¹ All years combined 2002-2004

New PA Medicaid Plan vs. National Picture Prescription Drugs

Pennsylvania

Pennsylvania will achieve efficiencies by being a more prudent purchaser of drugs --- by getting the best price available

The National Picture¹

27 states have implemented preferred drug lists (PDL)

At least 13 other states have announced plans to develop a PDL

¹ Since 2002

New PA Medicaid Plan vs. National Picture

Outpatient Services

Pennsylvania

Pennsylvania will continue to offer access to a range of outpatient services, including comprehensive dental, podiatry, and chiropractics

The National Picture

- 5 states cover no dental services (2 states recently proposed to eliminate it), while 29 states offer very limited access to dental services (e.g., emergency only)
- 26 states don't cover chiropractics
- At least 13 states offer no access to podiatry

Proposes Revised Benefit Package for Adults Receiving Medicaid and General Assistance

Retains Full Scope of Benefits

- keeps all services
- adds some maximum utilization provisions (exempts pregnant women from the outpatient provisions)
- adds some co-pays; increases some co-pays
- gives consumer flexibility to choose priority services

DPW exceptions process will be developed to ensure appropriate application of these changes.

New Medical Assistance Benefit Package

Adults in Medical Assistance

- **Pharmaceutical services not to exceed 6 prescriptions/month (dual eligibles not subject to this change)**
- **Acute inpatient hospital physical health services not to exceed 2 admissions/year**
- **Inpatient medical rehabilitation hospital services not to exceed 1 admission/year**
- **Durable medical equipment up to a maximum of \$5,000 per year**
- **The following group of services subject to a combined maximum of 18 visits per year per recipient (pregnant women exempt)**
 - **Outpatient hospital services**
 - **Physician services**
 - **Certified registered nurse practitioner**
 - **Federally qualified health center services and rural health care centers**
 - **Podiatry**
 - **Chiropractor**
 - **Independent medical/surgical services**
 - **Optometry**

New Medical Assistance Benefit Package

General Assistance

- **Pharmaceutical services not to exceed 3 prescriptions/month**
- **Acute inpatient hospital physical health services not to exceed 1 admission/year**
- **Inpatient medical rehabilitation hospital services not to exceed 1 admission/year**
- **Durable medical equipment up to a maximum of \$5,000 per year**
- **Ambulance services not to exceed one per year**
- **The following group of services subject to a combined maximum of 18 visits per year per recipient (pregnant women exempt)**
 - **Outpatient hospital services**
 - **Physician services**
 - **Certified registered nurse practitioner**
 - **Federally qualified health center services and rural health care centers**
 - **Podiatry**
 - **Chiropractor**
 - **Independent medical/surgical services**
 - **Optometry**
 - **Family planning**

Budget Implements Cost Sharing for Disabled Children from Higher Income Families

- **More than 38,000 children are considered “loophole” children in PA.**
- **Loophole children are part of families with incomes ranging from \$40,000 to over \$1 million.**
- **Pennsylvania now spends nearly \$375 million to finance services for loophole children.**
- **Right now 3,000 of these families have incomes over \$200,000.**
- **This is a program unique to PA.**
- **Proposal would implement a sliding scale premium based on income level, family size, and how many children in the family have disabilities.**
- **All children would continue to receive the same services they currently receive; no eligibility changes will be made.**

Budget Funds Modest Rate Increases to Providers

Hospitals

- **Budget revises pass-through payment methodology to tie payments to hospital operating margins**
- **Includes funding to support a 2% rate increase**

Nursing homes

- **Updates payment methodology**
- **Includes funding to support a 2% rate increase**

Managed Care Organizations

- **Allows managed care organizations to charge same copays as fee-for-service providers**
- **Includes funding to support an actuarially sound rate**

Budget Assumes Medicaid Prescription Drug Cost Containment

- **Implements a Preferred Drug List (PDL)**
- **Updates payment to pharmacies for generic drugs**
- **Revises payment methodology for brand name drugs**

Rebalancing Long Term Care

Community Choice Key to Rebalancing . . .

- **In operation in 10 counties with 3,775 people receiving services.**
- **Dramatically reduced time from application to receipt of services to 24 hours if needed to avoid an unwanted nursing facility placement.**
- **Has changed the ratio of people served in nursing facilities versus home.**
- **Has 95% consumer satisfaction.**

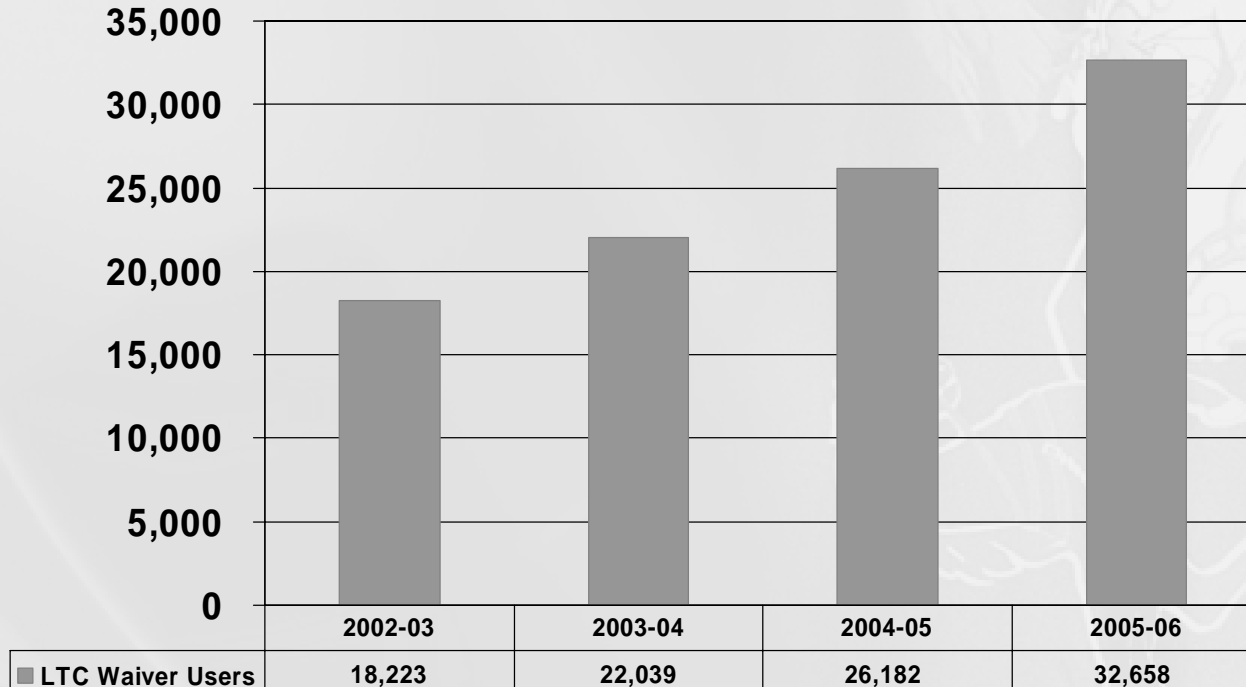
Statewide Roll-out of Community Choice Will Continue

- **Will be able to realize significant increases in home and community based services due to community choice expedited waiver enrollment policies**
- **Will be adding additional counties not added during FY04-05.**
- **Will be piloting cash and counseling so consumers have more flexibility with their services.**

Budget Funds Continued Growth in Home and Community Based Services

This budget supports a 20% increase in waiver users since last year. Waiver users have grown on average 23% during this time period.

Home and Community Based Waiver Users



Note: Includes PDA, Attendant Care, OBRA, and Independence Waivers only.

Child Welfare Needs-Based Budget

- **For FY 2005-06, the budget recommends an increase of \$206 million in State funds for a total of \$838.5 million for County Child Welfare. An additional \$45 million is provided for Child Welfare TANF Transition.**
- **Child Welfare NBB was built from actual prior year expenditures plus a cost of living adjustment and a small increase for expanded services.**
- **Expenditures included increases in mandatory child welfare services and prevention programs and reflect a shift of certain expenditures to Medicaid.**
- **Growth in services and supports to children funded through child welfare and MA Realignment increased by 12.3% over FY 2003-04 actual costs and 5.1% over FY2004-05 OCYF projected costs.**

Budget Promotes Integration of Behavioral Health and Child Welfare Services

- **Major DPW initiative that shifts mental health treatment and other behavioral health services now funded through child welfare dollars to the appropriate payer for these services --- Medicaid Behavioral Health System.**
- **Provides the opportunity to broaden the continuum of services in the behavioral health to address the needs of children.**
- **Increases federal revenue, while decreasing reliance on state and local funds.**
- **Realigns services to a system that has existing credentialing, licensing and other quality assurance structures.**

Budget Replaces TANF Funds in Child Welfare System to Solve TANF Deficit

- **Budget assumes \$225M in TANF funds would be shifted from child welfare budget – leaving a balance of \$68 million in child welfare programs.**
- **These TANF dollars are replaced through a combination of the Child Welfare TANF Transition appropriation, additional Act 148 funding and the associated local share, as specified by Act 30.**
- **Counties will continue to be permitted to use the remaining TANF funds to support detention services until December 31, 2005.**
- **The Child Welfare TANF Transition appropriation, which does not have a matching component, was created to lessen the effect on counties from moving from a 100% funding stream (TANF) to a matching funding stream (Act 148).**

New Approach to Child Welfare Budget Emphasizes Prevention

- **By more appropriately financing behavioral health services through the Medicaid behavioral health system, funds will be made available to enhance prevention efforts.**
- **Prevention services, such as the Nurse Family Partnership, are known through research and practice to promote healthy behaviors, contribute to parental self-sufficiency, and set children on the right course.**

Quality Child Care Continues to Be An Administration Priority

Administration's early childhood education and care strategy spans programs at DPW and the Department of Education through newly created Office of Child Development

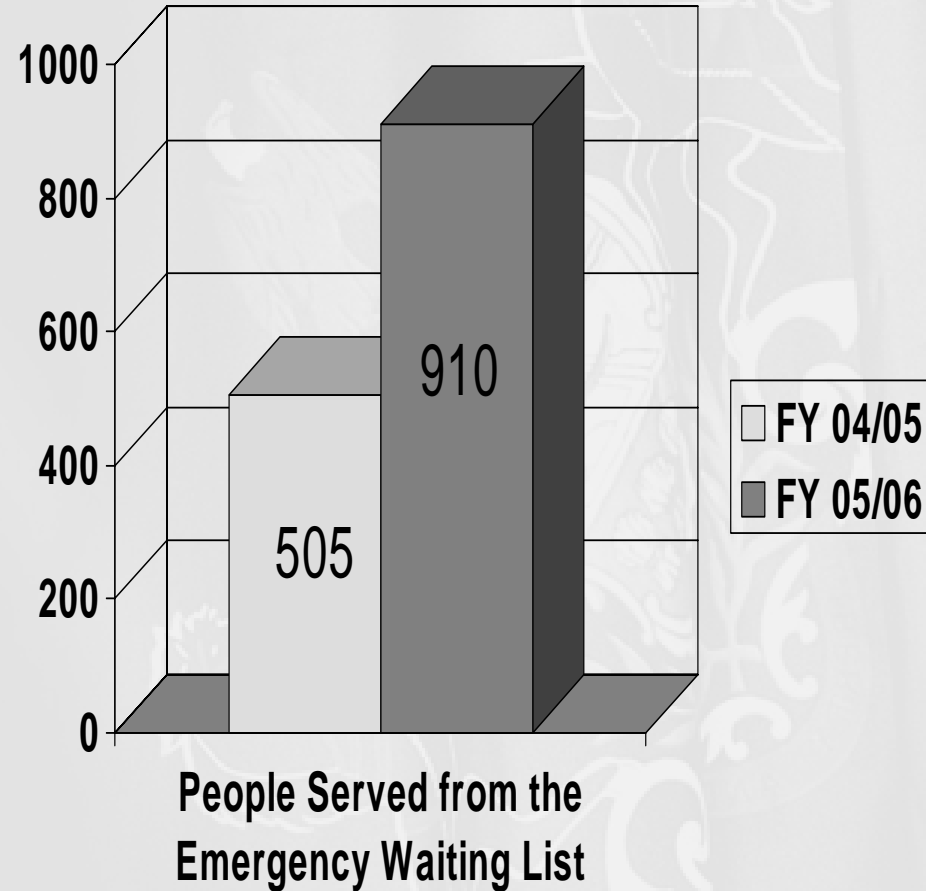
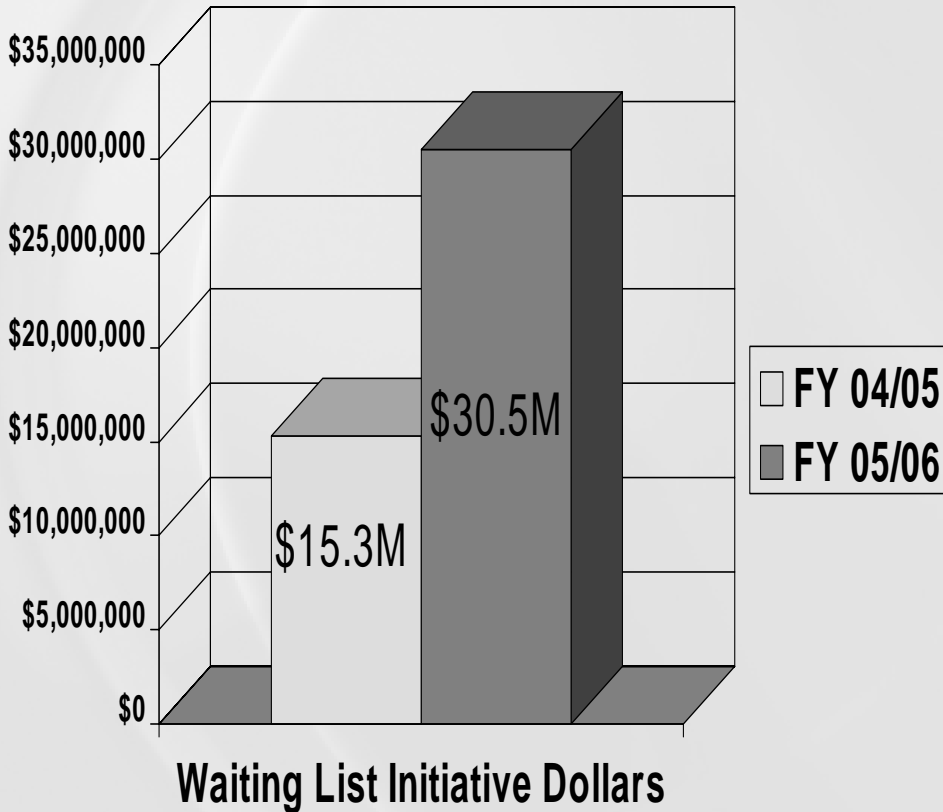
DPW Budget FY 05-06 invests:

\$294 million of continuing resources to assure ongoing services for low income families accessing subsidy, and to support early learning through Keystone Stars and TEACH

\$12.5 million of new resources to enroll 1,540 additional children in the subsidized child care program and to improve payment levels for young children participating in subsidized child care

\$4.0 million of new State resources to enroll an additional 1,217 children in the Early Intervention program

Budget Continues to Address the Mental Retardation Waiting List



**Current emergency waiting list =
2,182 people**

**FY 05/06 initiative =
42% reduction to the waiting list.**

Budget Promotes Development of Human Capital: Redirects Funds to Promote Job Ready PA

- **\$7.5 million redirected funding to create new capacity to offer intensive, work-focused literacy education, GED or ESL to 3000 TANF clients**
- **After compliance with Act 35 job search, pre-24 month TANF recipients not finding jobs will be targeted**
- **Mandated activity for those reading below 8th grade level, speaking English as a Second Language or without GED or high school diploma**

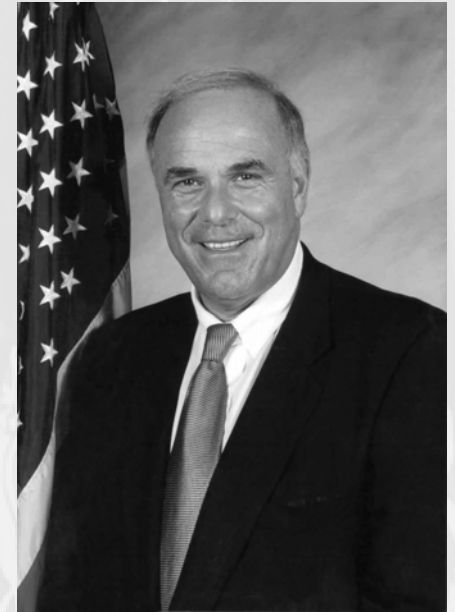
Budget Includes Funds to Support a 2 Percent COLA for Direct Care Workers

- **Supports COLA for mental health, drug and alcohol, mental retardation, and waiver OSP providers**
- **Funds will be directed to counties for direct care workers**

Commonwealth of Pennsylvania

2005-06

**Governor's
Executive Budget**



Department of Public Welfare

Edward G. Rendell

Governor

Estelle B. Richman

Secretary