

THE 157th SESSION OF THE GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA



PROGRESS REPORT
OF THE
HEALTH AND WELFARE COMMITTEE
From January 1 to July 31, 1973

Darvin E. Boyd, Executive Director
Health and Welfare Committee

TABLE OF CONTENTS

Preface Representative Sherman L. Hill
Chairman, Health & Welfare Committee

Legislative Priorities for 157th Session . . . Representative Robert J. Butera
Majority Leader

Part I - Organization and Planning

Part II - Reports of Meetings and Research

Part III - Correspondence

Part IV - Summary of Bills and Analyses

Part V - Correspondence on Performance of Job and Other Related Activities

SHERMAN L. HILL, MEMBER
201 MANOR AVENUE
MILLERSVILLE, PENNSYLVANIA 17551



COMMITTEES
HEALTH AND WELFARE, CHAIRMAN
APPROPRIATIONS

HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

July 31, 1973

SUBJECT: REPORT OF THE HOUSE HEALTH AND WELFARE COMMITTEE
FROM JANUARY 1 to JULY 31, 1973

TO: Honorable Kenneth B. Lee, Speaker
Honorable Robert J. Butera, Majority Leader

FROM: Sherman L. Hill, Chairman - Health and Welfare Committee *SHH*

The House Health and Welfare Committee has been active during the past seven months with the ultimate goal of achieving the objectives regarding health services and public welfare as they were stated in the fifteen priorities presented to the General Assembly and the Governor by Majority Leader Robert J. Butera in the beginning of the session.

During this session, the committee has pursued a constructive and cooperative approach with the Departments of Health and Public Welfare. Numerous meetings have been held with either Secretaries Speller or Wohlgemuth or members of their staff. Through the development of seven interest area groups in the Sub-Committees on Health and Welfare, significant progress has been made in gathering information and learning about various facets of health and welfare programs in the Commonwealth.

In the area of health services, the Committee will continue its present program of periodic hearings to gather sufficient data to develop legislation in those areas where it is most urgently required. Now we are in the process of extracting information and developing legislation for Certificate of Need and for the certification of Physicians' Assistants. Succeeding this, other considerations for legislation are licensure and possibly some form of cost containment.

Significant progress is being made toward fulfilling the stated objective in public welfare through the recent initiation of a study with HEW to review the welfare system in the Commonwealth by conducting a study of the statutes, regulations and, time permitting, the procedures governing the system.

The dawn of professional staff in the House Committee in the 157th Session is already quite productive. This type of support has helped provide an organized, systematic approach to the Health and Welfare Committee in achieving the objectives specified in the beginning of the session. The significance of the staff leadership provided is evidenced through the thoroughness of this report.



STRICTLY EMBARGOED
for use in AMs of
Sunday, December 31, 1972

HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

MEMO

December 29, 1972

SUBJECT: LEGISLATIVE PLANNING, PROGRAMMING AND EXECUTIVE COOPERATION
TO: GOVERNOR MILTON J. SHAPP
FROM: HONORABLE ROBERT J. BUTERA, HOUSE MAJORITY LEADER

During your absence, a great many members of the House of Representatives have been increasingly disturbed by continuing references in the news media to your apparent fear that it would be impossible to get meaningful legislation through the General Assembly next year because of divided political control. I want to assure you that there is no need for pessimism.

It is our feeling that the quality of government can be saved if an open and relevant dialogue is established between the Executive and Legislative branches of government. One vehicle to accomplish this is an exchange of communications as opposed to the Legislative branch always being on the receiving end.

We intend to act as an independent branch of government in cooperation with your office instead of react to administration recommendations or special interests.

As you know, we in the House have initiated action to bring a new order to our operation. Among changes will be open committee meetings, an end to secret payrolls, abolition of ghost voting, and banishment of all lobbyists from the chamber's main floor. These reform measures will make this session more productive for legislators, and offer your Administration an opportunity to work with us on a businesslike basis. We are confident that you will welcome the change.

At the staff level, we are organizing a competent technical staff capable of working professionally with your many departments, boards and commissions. We hope that you will ask all agencies under your jurisdiction to operate fully, and that you will urge them to work directly with our staff and committees.

In order that you will be able to plan your work and organize your staff, I relay to you a listing of major items which we will be addressing this session.

A schedule is being established so that we can not only proceed in an orderly manner, but will prevent the disorder and delay which interfered with the conduct of your office during the past two years.

We identify the following matters as being of primary consequence, and solicit your objective cooperation in addressing them. In some instances, our work is well advanced. In others, such as the milk control matter, we await your guidance.

LEGISLATIVE PRIORITIES

1. **Legislative Reform** - Enact rules changes and improve the quality of legislative performance. Gain a higher degree of respect in the Public eye.
2. **Spending Ceiling** - Our State Government has been operating under the rule "Revenues must rise to meet spending". We must change this to "Spending tailored to meet revenue." There is a tax overburden on the people and business in Pennsylvania.
3. **No Fault Insurance** - We will introduce and enact a No Fault Bill that provides justice and adequate compensation for automobile accident victims.
4. **Consumer Protection** - We will conduct a review of all existing State Consumer Protection functions to determine if a new autonomous State Consumer Protection Agency is needed.
5. Health Services - We will conduct a review of the need for Commonwealth Health Services to the public in terms of cost, quality, quantity and availability.
6. **Right to Know** - We are working with the news media to draft and improve laws protecting the public's right to know about governments at all levels.
7. **Graduated Income Tax** - We believe action already taken to be unconstitutional. Therefore, our major effort will be to enact an equitable State Tax with adequate citizen safe guards that also protects the taxpayer from a graduated wage tax at the local level.
8. **Pennsylvania Business Review** - We are already engaged in a complete in depth study involving all factors in our State Economic Health. This will delve into state and local problems relating to expansion of existing business and the attraction of new business to the Commonwealth.
9. **State Energy Council** - We will create an Energy Council composed of experts in the fields of energy sources which include electricity, gas, oil and coal. This Council will maintain surveillance of the developing energy crisis and inform the Legislature of the measures required to avert it.

- ✓ 10. Public Welfare - We will conduct a complete study of the Welfare Department's organization, its standards, procedures and rules and regulations. Legislative pressure has already resulted in improvements in that Department.
11. Public Employes - We will conduct a impartial review of Act 195 - Public Employee Relations Act - its application and how it has effected government.
12. Local Government Review - We will take a complete look at Local Government to determine what is effective not only in today's society but what will be applicable for the future. This is necessary because of the interlocking of Federal, State and Local Finance Programs, plus the changes now being made since adoption of the new Constitutional Provision for Home Rule.
13. Milk Control - We will await the Governor's recommendation on resolving the problems involving the Milk Marketing Board.
14. Transportation Financing - We are conducting a review of the financing, modernization and maintenance of our roadway and mass transit systems. Decisions on necessary legislation in this field will be made after it is completed.
15. Law Enforcement - We will undertake a total review of the Commonwealth's system of criminal justice, including the law enforcement agencies, the judiciary and the penal system with special emphasis on its application to the problem of juvenile gangs prevalent in major cities.

In conclusion, I would like to emphasize that this is NOT a Republican platform. It is, instead, a statement of the initial goals of the Legislative branch as we see them. There are, of course, other matters which will need attention from time to time.

We hope this initial exchange of ideas will result in greater cooperation between our two branches of government than has existed in the past as well as prompt solution of our common problems for the benefit of all the people of the Commonwealth.

PART I

ORGANIZATION AND PLANNING



HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

July 31, 1973

SUBJECT: ACTIVITY REPORT OF HOUSE HEALTH AND WELFARE COMMITTEE
(January 1 to July 31, 1973)

To: Representative Sherman L. Hill, Chairman
Health and Welfare Committee

From: Darvin E. Boyd, Executive Director *DEB*
Health and Welfare Committee

In the beginning of this session, Majority Leader Robert J. Butera presented a list of legislative priorities for this session to the General Assembly. Two of the fifteen priorities are related to the areas of health and welfare and are stated as follows:

- Health services. "We will conduct a review of the need for Commonwealth health services to the public in terms of cost, quality, quantity and availability."
- Public Welfare. "We will conduct a complete study of the Welfare Departments organization, its standards, procedures, and rules and regulations."

The House Health and Welfare Committee has kept these goals in mind during its work over the last seven months.

The Committee has pursued a constructive and cooperative approach with the Departments of Health and Public Welfare. To get started on this positive basis, we held several meetings in February with the Secretaries of the Departments of Health and Public Welfare and their selected staff members. These briefings and discussions gave us some perception of the specific areas in these fields that deserved further attention. This information and other considerations helped us to develop the following Interest Area Groups:

Sub-Committee on Health

1. Health Care Delivery Systems
2. Communicable Diseases
3. Hospital Costs
4. Special Committee on Drug and Alcohol Abuse

Sub-Committee on Welfare

1. Day Care Review
2. Medicaid Hospital System Payment Review
3. Public Assistance Re-examination

To date all of these interest groups have been active and each group has conducted at least one meeting whereby they had participation from professional people in those related areas. These interest groups have conducted a total of thirteen meetings of this type, most of which were in the Capitol.

The Committee plans to continue its current program of periodic hearings in the most pertinent areas of health services. This approach will lead to piecemeal legislation for those areas requiring this type of action. Efforts are underway to develop legislation for Certificate of Need and for the certification of Physicians' Assistants. Other considerations for legislation are licensure and possibly some form of cost containment. This approach is being taken because it is more realistic and practical than a comprehensive health care act.

Regarding welfare, significant progress is being made toward fulfilling the stated objective through the recent initiation of a study with HEW to review the welfare system in the Commonwealth of Pennsylvania by conducting a study of the statutes, regulations, and time permitting, the procedures governing the system.

The Health and Welfare Committee has been quite busy during this session. The Committee has held thirteen meetings and has taken four field trips. The Sub-Committees on Health and Welfare have actively discussed and researched bills before referring them to the full committee, and a total of eleven meetings have been held for such purposes. Continuous efforts will be made throughout this session to achieve the aforementioned objectives.

HEALTH & WELFARE COMMITTEE

Representative Sherman L. Hill - Chairman
Representative Anita P. Kelly - Minority Chairman

HEALTH:

Representative Patricia A. Crawford - Sub-Chairman
Representative James Barber - Minority Sub-Chairman

Representative Charlotte D. Fawcett
Representative Marvin E. Miller, Jr.
Representative Frank A. Salvatore
Representative Lee C. Taddonio
Representative Jay R. Wells III

Representative Rose Toll
Representative John McMonagle
Representative Charles Hammock

WELFARE:

Representative Richard A. McClatchy, Jr. - Sub-Chairman
Representative Milton Berkes - Minority Sub-Chairman

Representative George W. Gekas
Representative Kenneth S. Halverson
* Representative Edmund Jones
Representative Alvin Katz
Representative Faith Ryan Whittlesey
Representative I. Harry Checchio

Representative Edward Early
Representative James Tayoun
Representative Andrew McGraw
Representative Charles Hammock

HOUSE COMMITTEE ON HEALTH AND WELFARE

	<u>Room</u>	<u>Ext.</u>
Representative Sherman L. Hill, Chairman	528(E)	9042
Representative Anita P. Kelly, Minority Chairman	B-2	8975

INTEREST AREA GROUPS

Sub-Committee on Health

Representative Patricia A. Crawford, Chairman	528(E)	9043
Representative James D. Barber, Minority Chairman	617	3501

1. Health Care Delivery Systems -

Rep. Charlotte D. Fawcett, Chairman	B-9	4331
Rep. Marvin E. Miller, Jr.	B-14	6519
Rep. Charles P. Hammock	606	2635

2. Communicable Diseases -

Rep. Jay R. Wells III, Chairman	B-10	4699
Rep. Frank A. Salvatore	B-15	6908
Rep. Jack T. McMonagle	605	2020

3. Hospital Costs -

Rep. Richard A. McClatchy, Jr., Chairman	528(E)	9044
Rep. Charles F. Mebus	245	1711
Rep. Kenneth S. Halverson	145	2486
Rep. Rose Toll	604	6260
Rep. James D. Barber	617	3501

4. Special Committee on Drug and Alcohol Abuse -

Rep. Patricia A. Crawford, Chairman	528(E)	9043
Rep. Charlotte D. Fawcett	B-9	4331
Rep. Lee C. Taddonio	B-7	2798
Rep. Jay R. Wells III	B-10	4699
Rep. Roy W. Wilt	B-11	1868
Rep. James D. Barber	617	3501
Rep. Milton Berkes	301	5811
Rep. Rose Toll	604	6260
Rep. Joseph P. Kolter	301	4456

	<u>Room</u>	<u>Ext.</u>
<u>Sub-Committee on Welfare</u>		
Representative Richard A. McClatchy, Jr., Chairman	528(E)	9044
Representative Milton Berkes, Minority Chairman	301	5811
1. <u>Day Care Review -</u>		
Rep. Edmund Jones, Chairman	B-13	6015
Rep. George W. Gekas	149-B	4652
Rep. Rose Toll	604	6260
2. <u>Medicaid Hospital Payment System Review -</u>		
Rep. Kenneth S. Halverson, Chairman	145	2486
Rep. Lee C. Taddonio	B-7	2798
Rep. James J. Tayoun	620	3540
3. <u>Public Assistance Reexamination -</u>		
Rep. Faith Ryan Whittlesey, Chairman	B-13	6064
Rep. Alvin Katz	150	3558
Rep. Frank A. Salvatore	B-15	6908
Rep. Edward M. Early	620	3569
Rep. Andrew J. McGraw	619	3532

NOTE: The Chairman and Minority Chairman of the Health and Welfare Committee are ex-officio members of the sub-committees and all interest area groups. The chairman and minority chairman of each sub-committee are ex-officio members of each interest area group within their respective sub-committees.



HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

March 19, 1973

MEMO

SUBJECT: Sub-Committee on Welfare

TO: Representative Sherman L. Hill, Chairman
House Health and Welfare Committee

FROM: Darvin E. Boyd *DEB*

The meeting you conducted on March 13 with your two sub-committee chairmen and staff assistants was thought-provoking and productive. At that time, we discussed eleven interest areas in the health and welfare field. It was decided that three of those items should receive priority consideration in the Sub-Committee on Welfare. In accordance with those conclusions and in consideration of subsequent conversations with you and Representative McClatchy, I have developed the attached plans and suggestions.

DEB/nlk



HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

March 16, 1973

MEMO

SUBJECT: Sub-Committee on Welfare
Organization and Implementation of Activities

TO: Representative Richard A. McClatchy, Jr., Chairman
House Sub-Committee on Welfare

FROM: Darvin E. Boyd

In compliance with our discussion on March 13 and subsequent phone conversations, the attached materials have been developed. This information includes an agenda for the sub-committee meeting on March 20 and introductory data regarding the three newly-developed interest study groups which will function within the sub-committee.

A matter that needs attention before the sub-committee meeting is the appointment of a study group for H.B. 286. Representative Hill suggested that House Bills 104 and 483, related to able-bodied work programs, should not be assigned to study groups until Representative Lehr has an opportunity to present his proposal in bill form. Representative Lehr followed the advice of Representative Hill by first sharing a copy of his proposal about community work programs rather than submitting it immediately as a bill. This matter requires further discussion.

As is explained on the attached pages, three interest study groups have been initiated in the areas of Day Care Review, Medicaid Hospital Payment System Review, and Public Assistance Reexamination. Regarding these interest groups, the following considerations must be made:

1. Determination of the number of members to serve on each study group.
2. Selection of majority members, other than the appointed Group Leaders, to serve on the study groups.
3. Discussion of the interest study group areas with the Minority Chairman of the Sub-Committee and solicit his cooperation in selecting minority members for each interest area.
4. Consideration of reporting schedules or deadline dates for reporting of study groups.
5. Consideration of method or form of reporting from each study group.

The degree of success of the interest study groups will depend on a combination of the enthusiasm of the participants and a systematic approach to obtaining the information. It may be helpful for each of the three interest study groups to begin its assignment by receiving a briefing from the appropriate office in the Department of Welfare. This would include the offices of Income Maintenance, Medical Services, and Social Services. This background information in each interest area may be informative and hence helpful in delving more deeply into these specified areas in the field. Therefore, it is suggested that consideration be given to the following items:

1. Write a letter to the Department of Welfare informing them of the interest study groups and requesting their cooperation in appointing the proper people to brief the interest study groups.
2. Schedule three meetings in April for interest related personnel in the Department of Welfare to brief the interest study groups.
3. Plan field trips to have on-the-spot checks of interest group related operations. A visit to Allegheny County would be necessary to learn about PDUR, and Philadelphia would probably be a good place to visit Day Care Centers.

DEB/nlk

AGENDAMEETING OF THE HOUSE SUB-COMMITTEE ON WELFARE

Tues., March 20, 1973 - 11:00-12:00 a.m.

Majority Caucus Room

Chairman Richard A. McClatchy, Jr., Presiding

- I. Call to Order and Introductory Comments
- II. Designation of Sub-Committee Secretary
(Authorization - House Rules, Rule #45)
- III. Roll Call and Introduction of Visitors
- IV. Comments by Rep. Hill, Chairman, Health and Welfare Committee
- V. Explanation and Designation of Interest Study Group Areas
 - A. Day Care Review - Edmund Jones, Group Leader

Review Pennsylvania's Day Care Program in an attempt to determine the day care service deletions that will supposedly be incurred to present users due to the enactment of recent Federal revisions.
 - B. Medicaid Hospital Payment System Review - Kenneth Halverson, Group Leader

Review the new system, Pre-Discharge Utilization Review, designed to control medical assistance expenditures for hospital services and check the suitability of further expansion of the program.
 - C. Public Assistance Reexamination - Faith Ryan Whittlesey, Group Leader

Review the Pennsylvania Public Assistance Payment System, the Woodbury Standard, the Penn State proposals for income maintenance and the problem of non-support of absent fathers.
- VI. Appointment of Study Group for H. B. 386
Study Group -
- VII. Study Group Report and Sub-committee consideration of H. B. 181
Study Group - Halverson, Jones, and Berkes
- VIII. Announcements or Other Business
- IX. Adjournment



HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

March 19, 1973

MEMO

SUBJECT: Day Care Review

TO: Honorable Edmund Jones

FROM: Welfare Sub-committee Chairman, Richard A. McClatchy, Jr.
(Ex-officio Member of Review)

1. INTEREST AREA:

Review Pennsylvania's Day Care Program in an attempt to determine the day care service deletions that will supposedly be incurred to present users due to the enactment of the Federal revisions.

2. PROGRAM INFORMATION:

There are approximately 26,000 children in Pennsylvania receiving day care services funded through the Title IV-A Program of the Social Security Act. On October 30, 1972, Congress amended the S. S. A. by passing Public Law 92-603 (H. R. 1) which, in part, restricts the eligibility requirements for Title IV-A Day Care. Recently, a top State welfare official stated that the new Federal regulations governing social services will cause approximately 15,000 to 20,000 of the present day care youngsters to be dropped from these services.

3. ATTACHED DATA:

- a. "A Briefing Paper on the Day Crises in Pennsylvania."
(Social Services Division, Department of Welfare - January, 1973)
- b. Article in the Sunday Bulletin - February 11, 1973.

A BRIEFING PAPER ON THE DAY CARE CRISIS IN PENNSYLVANIA

While more restrictive Federal regulations are anticipated concerning Pennsylvania's Day Care Program, this paper is to give a summary of the causes and implications of the current problems in Pennsylvania's Day Care Program which is funded through Title IV-A of the Social Security Act.

Prior to October, Day Care was provided to current recipients of Public Assistance, past recipients of Public Assistance (within two years of being a recipient) and potential recipients of Public Assistance (other low income people). As of September, there were approximately 26,000 children in the Commonwealth receiving Day Care services funded through the Title IV-A program of the Social Security Act.

In October, the Congress passed an amendment to the Social Security Act which was tied to the Revenue Sharing Bill and restricted the eligibility requirements for Title IV-A Day Care. The new Federal restrictions limited 90% of government financed Day Care to children of Welfare recipients, whether or not they were working. The remaining 10% was to go to children of low income working parents (past recipients or potential recipients). (Children of non-working parents from low income groups who were not current recipients were ineligible for Day Care.)

In November the Department of Health, Education and Welfare published a program instruction which required the State to carry out the provisions of the Social Security Amendment passed in October. Essentially, the Pennsylvania Department of Welfare was required to do a hundred per cent redetermination of eligibility for all 26,000 children to determine which were from families who were work or training related and which were not. This information was essential to comply with the new Federal requirements.

The result was two groups of children receiving Day Care who were discovered to be ineligible. The first, and largest group, were some 3,000 children of families who were previously eligible as past or potential recipients, but who were not work related. Under the new Federal requirements these children were now ineligible. Using an average cost of \$2,000 a year per child it would take approximately \$6 million a year to continue these children in Day Care. The other group that was discovered to be ineligible consisted of several hundred families who were originally eligible for Day Care but by virtue of having found work, now had incomes which exceeded the financial limitations of eligibility, and therefore, now are in fact, ineligible. The ludicrous effect is that if they lose Day Care as they must under the Federal requirements, they would have to leave their jobs and in some cases go back on Public Assistance. *Problem!*

? Seems High

Another group that was effected by these new Federal regulations were mentally retarded children who were receiving Day Care. The Federal law exempted these children from the 90-10 requirements. However, in the redetermination of eligibility in the entire Day Care population, it was discovered that several hundred of these children were financially ineligible under the old regulations. The Department of Public Welfare is making every effort to find ultimate funding sources for these children so that they may remain in Day Care.

In late December and early January the Department issued revised regulations to Day Care providers and county boards of assistance to implement the new Federal requirements. While there was some confusion among providers and county boards of assistance as to the precise meaning of all of the technical aspects of these new requirements, the current situation is apparently clear. Within the next three or four weeks the children who will have been determined to be ineligible will receive notices from the Department of Public Welfare

- 3 -

which inform them of their ineligibility and inform them of their right to appeal this decision. They are given up to 15 days to appeal and if they appeal, they have a right to an individual hearing on the merits of their case. Since the Department anticipates receiving a minimum of 3,000 appeals, it is likely that it will be at least two months before all of these appeals are resolved. Day Care is to be provided to all families until their individual appeals are resolved. It is anticipated that whatever confusion remains among consumers of Day Care service and providers of Day Care service, the appeal procedure will rectify any potential mistakes that might be made as a result of this confusion.

The need for Day Care is so extensive that it is anticipated that the 3,000 slots of Day Care which will be vacated by ineligible children in the next two or three months will be immediately filled by children who are eligible and are coming from waiting lists that currently exist. The net result will be not to lose any Day Care Programs but to shift the Day Care population to 100% eligible children under the new Federal requirements.

If there are any further questions about the Day Care situation in Pennsylvania, please call Mr. Kenneth Johnson at 787-3984, or Mr. Jeff Ball at 787-1870.

Welfare Cuts By U. S. Seen Hurting State

By GENE HARRIS

Of The Bulletin Staff

Harrisburg — A top state welfare official said yesterday new federal regulations governing social services will "break our backs" in the fields of aid to the elderly and day care centers.

Instead of the 3,000 originally expected to be dropped from the 26,000 youngsters now receiving day care services, the state now estimates 15,000 to 20,000 will be dropped.

The estimate was made by Jeffrey Ball, Deputy Secretary for Social Services, who said the new regulations to be printed Feb. 16 in the federal register "are the most restrictive we could have imagined."

Would Lose Funds

"The broadest effect is that if they are implemented in the form they are in now, we may lose \$20 million to \$30 million in federal funds, or about 30 percent of our Title 4-A money," Ball said.

If the regulations go into effect without change, Pennsylvania would lose two-thirds of its current Day Care program, the "majority" of state services to the elderly and the entire legal services system for low-income families, he said.

Most of the problem is a result of sharp changes in eligibility, Ball said. Day Care services currently are available to recipients who have been on welfare during the past two years while the new proposed regulations would reduce this to only three months.

Eligibility concerning potential recipients — persons with low income who may eventually wind up on welfare — is dropped from five years to six months under the new regulations, Ball said.

"The impact is on the time we can deliver a service," Ball said. "These regulations eliminate the validity of programs such as Day Care."

Ball and Welfare Secretary Helene Wohlgenuth recently drew criticism from various service agencies because of the issuance of new regulations from Harrisburg which some persons found contradictory. Mrs. Wohlgenuth said the regulations were drawn up on the basis of unofficial reports from Washington in an attempt to make sure the state conforms with federal guidelines to avoid spending money that would not be covered by the Department of Health, Education and Welfare.

Can Object

Once the regulations are printed on the register, opponents have a 30-day period in which to lodge their objections.

Ball said the state would conduct a state-wide meeting of various welfare and social services agencies and workers and then try to remove some of the "restrictive" aspects of the federal rules.

"Certainly the governor and the secretary will be taking strong positions," Ball said.

Another new federal regulation which he said would adversely affect the state is the elimination of private funds as a means for obtaining federal money. He said implementation of this provision alone would reduce funds for Philadelphia's 10,000 Day Care center children by as much as \$5 million.



HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

March 19, 1973

MEMO

SUBJECT: Medicaid Hospital Payment System Review

TO: Honorable Kenneth S. Halverson

FROM: Welfare Sub-Committee Chairman, Richard A. McClatchy, Jr.
(Ex-officio member of Review)

1. INTEREST AREA:

Review the new system, Pre-Discharge Utilization Review, designed to control medical assistance expenditures for hospital services and check the suitability of further expansion of this program.

2. PROGRAM INFORMATION:

On February 1, 1973, the Department of Public Welfare began to test a newly developed experimental system, known as Pre-Discharge Utilization Review (PDUR), in 26 Allegheny County hospitals. The purpose of this system is to control medical assistance expenditures for hospital services. It is presently being tested to hold down increasing medical care costs. According to the illness or injury diagnosed by the admitting physician, the PDUR system provides for a pre-disposition utilization review of medical assistance cases to establish a reasonable limit on the length of hospital stay. After expansion of this program to Philadelphia hospitals, the Department is planning Statewide adoption by the end of the year. This program will include the State general hospitals. The Department is expecting greater savings in hospital costs as a result of this management program. This approach is really the beginning of the pre-paid hospital insurance concept.

3. ATTACHED DATA:

- a. Release from the Pennsylvania Department of Public Welfare - January 28, 1973.
- b. Article in the Sunday Patriot News - January 28, 1973.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
HARRISBURG

January 28, 1973

For release Sunday, January 28
News Room and State Media
73-17MS

Contact:
Bureau of Public Education
Area Code 717-787-6987

State Secretary of Public Welfare Helene Wohlgemuth has taken steps to insure Medicaid patients "get the right care at the right time," while insisting hospitals "get the right payment at the right time" for such care.

Secretary Wohlgemuth said a new system, designed to control Medical Assistance expenditures for hospital services, is being tested by the Department in an effort to hold down spiralling medical care costs.

Secretary Wohlgemuth said the test of the new system, known as Pre-Discharge Utilization Review (PDUR) will begin in 26 Allegheny County hospitals on February

1.

"Governor Shapp charged this Department, through his review of management, to develop and initiate more efficient methods of administering the Medical Assistance Program in Pennsylvania. The recommendation of the Management Task Force in the area of utilization review has the greatest potential impact for this Department of any of the recommendations. We are extremely pleased to have passed the stage of planning for this innovative program and to be able to announce its implementation," said Mrs. Wohlgemuth.

Following a critical evaluation, the system may be expanded to include Philadelphia hospitals and is being considered for statewide adoption by the end of the year.

The PDUR system provides for a pre-disposition utilization review of Medical Assistance cases to establish a reasonable limit on the length of hospital stay, according to the illness or injury diagnosed by the admitting physician.

"When the patient is admitted to the hospital, the Department of Public Welfare will certify to the hospital that the patient is entitled to hospital care for a given period of time," Secretary Wohlgemuth explained.

"At the present time, the Department reviews cases of Medical Assistance recipients after they leave the hospital. Disallowing charges claimed by the hospital after the fact, creates a hardship on hospitals in their ability to do adequate financial planning. The Department has recognized this problem and is now taking steps through the initiation of this new program to correct it."

The system would apply only to those patients receiving acute care in general hospitals and would not include long term rehabilitation or psychiatric patient care. It also establishes procedures for the review of cases where the admitting physicians believe that longer stays than normal are warranted.

Secretary Wohlgemuth said PDUR would provide hospitals with a pre-determined compensation for services provided to Medical Assistance patients.

"Statewide adoption of the system could cut Medicaid's hospital care costs between 10 and 30 per cent," she added. The cost of inpatient hospital care of Medical Assistance recipients and medically needy persons came to nearly \$160 million in fiscal 1971-72.

The PDUR system was developed for the Department by Health Applications Systems, Inc., of Saddle Brook, N.J., and is the direct result of Gov. Milton J. Shapp's Management Review Task Force recommendations that contained the single largest amount of estimated savings to the Department of Public Welfare.

The Department sought input in the design of the new PDUR system from several professional associations, in particular the Hospital Association of Pennsylvania, and the Pennsylvania Medical Society.

On signing the development contract with Health Applications Systems, Gov. Shapp noted that "annual savings of such a pre-disposition procedure are estimated at \$28 million, based on the experience of similar systems in Colorado and California."

"In addition to resolving an administrative problem, the PDUR system will serve to document a number of other social and medical issues vital to health care programming," Mrs. Wohlgemuth said.

"Under PDUR procedures we will determine the need for and availability of alternate care services for social-medical patients such as the aged, the alcoholic, or abused child who may have been hospitalized for a longer than necessary period because of a lack of alternate facilities.

"We will also be able to verify a patient's eligibility for care quickly and efficiently by eliminating the former procedures that often took as much as 10 months to complete and resulted in further payment delay," Secretary Wohlgemuth added.

#

System to Be Tested in Allegheny County

B *Sunday Patriot-News*, Harrisburg, Pa., Jan. 28, 1973—A5

State to Limit Medicaid Hospital Stays

The State will initiate on Thursday an experimental plan to establish a "reasonable limit" on the length of hospital stay of Medicaid patients, according to the illness or injury diagnosed by the admitting physician.

The test of the new system known as Pre-Discharge Utilization Review (PDUR) will begin in 26 Allegheny County hospitals and is being considered for statewide adoption by

the end of the year. The cost of inpatient hospital care of medical assistance recipients and medically needy persons came to nearly \$160 million last year. Statewide implementation of the experiment would be expected to cost between 10 and 30 per cent.

Secretary of Public Welfare Helene Wohlgenuth said the plan will insure that public assistance patients will "get the right care at the right time" while hospitals will "get the right payment at the right time."

When the patient is admitted, the department will certify to the hospital that the entitlement to hospital care is "for a given period of time" Mrs. Wohlgenuth said.

"At the present time," she said, "the department reviews cases of medical assistance recipients after they leave the hospital.

"Disallowing charges by the hospital after the fact creates a hardship on hospitals in their ability to do adequate financial planning. The department has recognized

this problem and is now taking steps through the initiation of this new program to correct it."

The system would apply only to those patients receiving acute care in general hospitals and would not include long-term rehabilitation or psychiatric patient care.

It also establishes procedures for the review of cases where the admitting physicians believe that longer stays than normal are warranted.

The secretary said PDUR would provide hospitals with a

predetermined compensation for services provided to medical assistance patients.

The system was developed for the department by Health Applications Systems Inc., of Saddle Brook, N.J., and was credited by Mrs. Wohlgenuth as the result of a recommendation by the Governor's Management Review Task Force.

She said the system will also serve to document a number of other social and medical issues considered vital to health care programming.

"Under PDUR procedure,"

she said "we will determine the need for and availability of alternate care services for social-medical patients such as the aged, the alcoholic or abused child who may have been hospitalized for a longer than necessary period of a lack of alternate facilities.

"We will also be able to verify a patient's eligibility for care quickly and efficiently by eliminating the former procedures that often took as much as 10 months to complete and resulted in further payment delay," she added.



HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

March 19, 1973

MEMO

SUBJECT: Public Assistance Reexamination

TO: Honorable Faith Ryan Whittlesey

FROM: Welfare Sub-committee Chairman, Richard A. McClatchy, Jr.
(Ex-officio Member of Reexamination)

1. INTEREST AREA:

Review the Pennsylvania Public Assistance Payment System, the Woodbury Standard, the Penn State Report proposals for income maintenance and the problem of non-support of absent fathers.

2. PROGRAM INFORMATION:

Pennsylvania's Public Assistance Program has four major benefit programs: Income Maintenance, Medical Assistance, Food Stamps, and Public Social Services. The present system is a budget standard based on the Woodbury Standard. It lists those items which are "minimum" essentials for family subsistence. This approach provides 51 different levels of assistance throughout the State due to a combination of economic conditions and geographic locations.

The Penn State Report is basically a flat grant type of proposal. If a Penn State Report proposal should be recommended for adoption in the Commonwealth, a serious consideration would be the amount of financial commitment that would be required in comparison to the present system.

The main cause of AFDC dependency is now the absence of the father who defaults on his support responsibility. This is not what Congress intended when it adopted the ADC program in 1935 nor is it likely that this is a situation the Commonwealth citizenry is pleased with in this age. An inquiry into this area should be informative.

3. ATTACHED DATA:

- a. "Welfare Reform and the Family Assistance Plan"
(The Absent Fathers - pages 35-44)
- b. Senate Bills 1426 and 1427 in 1972 session (Relates to Absent Fathers).



HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

MEMO

SUBJECT: Committee and Interest Area Group Meetings

TO: All Members of the Health and Welfare Committee

FROM: Representative Sherman L. Hill, Chairman
House Health and Welfare Committee

Please remember the Health and Welfare Committee Meeting on Wednesday, April 25 at 11:00 a.m. in room 401. We will evaluate our committee work for the first four months of 1973 and will consider any of House Bills 386, 569, 577, 608 and 609 which may be referred to us from the Sub-Committee on Welfare as a result of their meeting on April 24.

Representative Richard A. McClatchy, Jr., Chairman of the Sub-Committee on Welfare, has announced a series of three interest area group meetings to be held in the Capitol as listed below. All members of the Health and Welfare Committee are welcome to attend these sessions.

These sessions will be composed of briefings from the offices of Social Services, Medical Services and Income Maintenance in the Department of Welfare.

<u>Interest Group Area</u>	<u>Date</u>	<u>Time</u>	<u>Room</u>
Day Care Review	Mon., April 30	10:30 - 12:30	401
Medicaid Hospital Payment System Review	Tues., May 1	10:00 - 12:00	140
Public Assistance Reexamination	Wed., May 2	9:00 - 11:00	401

As can be noticed from the above schedule and the attached memo regarding Health Care Costs, the week of April 30 to May 4 will be filled with a series of meetings regarding the interest area groups on the Sub-Committees on Health and Welfare. Please feel free to attend any or all of these sessions.



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
HARRISBURG, PENNSYLVANIA 17120

March 5, 1973

Mr. Darwin Boyd
Room 113A
Main Capitol Building
Harrisburg, PA

Dear Darwin:

As relates to your questions concerning 1) the departmental position on H.B. 104 and H.B. 181, 2) information concerning the Penn State Study on the flat grant proposal, and 3) the breakdown in medical costs under the medical assistance program, the following may be of some help:

As far as H.B. 104 and H.B. 181 are concerned, I assume that Eva Kepp has provided you with the departmental positions .

As far as the Penn State Study on the flat grant proposal, Ann Shenburger from my office will be delivering the Study done for the Minority Leader.

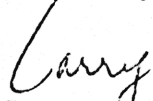
As far as the breakdown in medical costs of our medical assistance program, the following information has been ascertained:

Medical Payment, Fiscal Year 1971-72

	<u>Medically Needy Persons</u>	<u>Cash Assistance Recipients</u>
Inpatient Hospital Care	\$52,081,225	\$104,019,505
Clinics	1,792,945	9,807,811
Psychiatric Clinics	547,141	3,069,358
Drugs	889,264	23,696,954
Physicians	5,702,711	21,006,364
Chiropractors	283,342	620,740

If I can be of any further assistance to you, please do not hesitate to call on me.

Sincerely yours,


Larry J. Hochendoner

LJH:npm

AGENDA

MEETING OF THE HOUSE SUB-COMMITTEE ON WELFARE

Tues., April 24, 1973 - 11:00-12:00 a.m.

Majority Caucus Room

Chairman Richard A. McClatchy, Jr., Presiding

- I. Call to Order
- II. Roll Call
- III. Explanation of Interest Study Group meetings on April 30, May 1, and May 2
- IV. Discussion and Consideration of House Bills
 - A. Study Group Reports
 1. H.B. 386 - Katz, Gekas, and Kelly
 2. H.B. 569 - Jones and McGraw
 3. H.B. 577 - Whittlesey and Early
 4. H.B. 608 - Gekas and Early
 5. H.B. 609 - Halverson and Tayoun
- V. Future Assignment of other House Bills
- VI. Announcements or other business
- VII. Adjournment



HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

MEMO

SUBJECT: Public Assistance Re-examination

June 14, 1973

TO: Members of Aforementioned Interest Group

FROM: Representative Faith Ryan Whittlesey, Chairman

The Public Assistance Re-examination Interest Group of the Sub-committee on Welfare will have a meeting from 10:00 a.m. to 12:00 Noon on Monday, June 25, 1973, in Room 115-A.

We will meet with representatives in the Department of Public Welfare to receive a briefing and have discussion regarding the following items:

- (1) The SWEEP Program from its initiation through to its present status.
- (2) Pennsylvania's Public Assistance payment standard.
- (3) The "Woodbury Standard".
- (4) The Penn State report proposal for public assistance flat-grant payments.
- (5) Evaluation of the Department regarding the public need to increase public assistance grant payments.

Hoping you can attend this session.

FRW:srs



HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

MEMO

SUBJECT: Public Assistance Re-examination

TO: Members of Aforementioned Interest Group

FROM: Representative Faith Ryan Whittlesey, Chairman

The Public Assistance Re-examination Interest Group of the Sub-Committee on Welfare will have a meeting from 11:00 a.m. to 1:00 p.m. in Room 115-A of the Main Capitol on Monday, July 9, 1973.

There will be representatives from various organizations in Dauphin County available for this briefing and discussion regarding legal responsible relatives.



HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

June 25, 1973

To: Representative Sherman L. Hill

From: Darvin E. Boyd

Subject: ACTIVITY OF HOUSE HEALTH AND WELFARE COMMITTEE IN 1973

In the beginning of this session, Mr. Robert J. Butera, the House Majority Leader sent Governor Shapp a list of legislative priorities for this session. Two of the fifteen priorities are related to the areas of health and welfare and are stated as follows:

- Health services. "We will conduct a review of the need for Commonwealth health services to the public in terms of cost, quality, quantity and availability."
- Public Welfare. "We will conduct a complete study of the Welfare Departments organization, its standards, procedures, and rules and regulations."

The House Health and Welfare Committee has kept this goal in mind during its work over the last six months.

We have pursued a constructive and cooperative approach with the Departments of Health and Public Welfare. To get started on this positive basis, we held several meetings in February with the Secretaries of the Departments of Health and Public Welfare and their selected staff members. These briefings and discussions gave us some perception of the specific areas in these fields that deserved further attention. This information and other considerations helped us to develop the following Interest Area Groups:

Sub-Committee on Health

1. Health Care Delivery Systems - Rep. Fawcett
2. Communicable Diseases - Rep. Wells
3. Hospital Costs - Rep. McClatchey
4. Special Committee on Drug and Alcohol Abuse - Rep. Crawford

Sub-Committee on Welfare

- | | |
|---|-------------------|
| 1. Day Care Review | - Rep. Jones |
| 2. Medicaid Hospital Payment
System Review | - Rep. Halverson |
| 3. Public Assistance Reexamina-
tion | - Rep. Whittlesey |

To date all of these interest area groups have been active and each group has conducted at least one meeting whereby they had participation from professional people in those related interest areas.

The Shapp Administration unveiled a "Comprehensive Health Care Act of 1973" on April 26th. This House Bill 987 was introduced into the House on May 24th. The Committee plans to continue our present program of periodic hearings in these related subject areas and develop piecemeal legislation for those areas which may require this type of action such as Certificate of Need.

Regarding welfare, we are in the process of taking some very concrete actions which will definitely contribute to the goal stated in the beginning of the session. There will be more information as this matter is further developed.



HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

July 10, 1973

SUBJECT: BACKGROUND INFORMATION ON THE INITIATION OF A STUDY WITH HEW
REGARDING THE PENNSYLVANIA WELFARE SYSTEM

TO: Honorable Kenneth B. Lee, Speaker
Honorable Robert J. Butera, Majority Leader

FROM: Sherman L. Hill

In the beginning of this year, Majority Leader Robert J. Butera presented a list of legislative priorities for this session to the General Assembly and also sent this list to Governor Shapp. One of the fifteen priorities is related to public welfare and states as follows: "We will conduct a complete study of the Welfare Department's organization, its standards, procedures, and rules and regulations." The leadership of the House Health and Welfare Committee has kept this ultimate goal in mind during its work in this session.

On May 31, Representatives Hill, Crawford and McClatchy and staff members, Boyd and Rosenstein, traveled to HEW in Washington, D.C., to meet with Mr. Robert B. Carleson, the Special Assistant to the Secretary for Welfare Matters. This meeting provided the unique opportunity for our delegation to frankly discuss problems relating to welfare with Mr. Carleson and his assistant, Mr. Carl Williams, for about two and one-half hours. Their elaboration and precise explanation of current welfare issues throughout the country gave us a much better insight into the matters the legislature should be paying attention to in Pennsylvania. Both of these gentlemen are rich in experience in the area of welfare reform, since Mr. Carleson served as the Secretary of Social Welfare during the initiation and implementation of the California Welfare Reform Program in 1971 and 1972, while Mr. Williams assisted in this very significant effort.

The contacts and discussions of the aforementioned meeting and the development of the idea of a possible HEW study through a series of subsequent telephone conversations during the first week of June culminated in a letter from Speaker Lee and Chairman Hill to Secretary Weinberger on June 11. This letter requested assistance from the office of the Special Assistant to the Secretary for Welfare Matters in reviewing the welfare system in the Commonwealth of Pennsylvania by conducting a comprehensive study of the statutes, rules, regulations, and procedures governing this system. Secretary Weinberger gave a favorable response in a letter of June 22 which offered to provide whatever assistance is available.

A copy of the Pennsylvania Public Welfare Code plus all amendments to date has been procured from the Legislative Reference Bureau and sent to HEW. In a favorable response to a request to the Department of Public Welfare, a copy each of the Manual of the Department of Public Welfare, the Public Assistance Manual and the Medical Assistance Manual has been obtained, and is available today for review and study by those involved in this endeavor in HEW.

AGENDA

MEETING REGARDING REVIEW OF PENNSYLVANIA WELFARE SYSTEM

July 10, 1973 - 11:00 a.m.

Speaker Lee's Office

- I. Introduction of HEW Representatives Representative Sherman Hill
- II. Brief Review of the Background Information on the Initiation of a Study With HEW Regarding the Pennsylvania Welfare System - (Refer to Attachment) Representative Sherman Hill
- III. Considerations Regarding Welfare Reform Carl Williams, Special Assistant to the U.S. Commissioner of Welfare
- IV. Current Implementation Considerations
 - A. Date and Approach of Contacting Governor of Plan Representative Sherman Hill
Mr. Carl Williams
 - (1) Tentative Date - Tuesday, July 17
 - (2) Approach - To coincide with date of news release (Ex. Positive and constructive effort seeking his support and cooperation)
 - B. Determinations Related to News Release
 - (1) Tentative Date - Tuesday, July 17
 - (2) Type of Release and Participants Involved *
 - (3) Time and Place

* Mr. Carleson is willing to be available for the news release.
 - C. Visit of Mr. Carleson to Harrisburg
 - (1) Tentative Date - July 17
 - (2) To meet House Leadership to Discuss Welfare Reform and Plans for this Project
 - (3) Available for Any Type of Briefing and/or News Release Conference
 - D. Approach and Length of Study
 - (1) Tentative Dates - July 17 to December 31, 1973
 - (2) Tentative Steps Involved in Study
 - (3) Potential Legislation
 - E. Logistical Support for HEW in Harrisburg
 - (1) Personnel Needs
 - (2) Office Space
 - (3) Miscellaneous
- V. Other Comments or Items of Consideration

SCHEDULE FOR MR. WILLIAMS AND MR. HAYES

In The

COMMONWEALTH OF PENNSYLVANIA

Tuesday --- July 10, 1973

- 9:20 Arrival at Harrisburg International Airport
- 9:30 - 10:00 Traveling to Capitol at Harrisburg
- 10:00 - 11:00 Preliminary Discussions in Representative Sherman Hill's Office (527-E)
- 11:00-12:00 Meeting in the Speaker's Office (Room 139) to discuss the Plan *
- 12:15 - 1:45 Luncheon Meeting
- 2:00 - 3:30 Further Discussions in Representative Hill's Office
- 3:30 Departure to Airport

* Participants in Meeting

1. Honorable Kenneth B. Lee, Speaker
2. Honorable Robert J. Butera, Majority Leader
3. Representative Sherman L. Hill, Chairman of the Health & Welfare Committee
4. Representative Patricia Crawford, Chairman - Subcommittee on Health
5. Representative Richard A. McClatchy, Jr., Chairman - Subcommittee on Welfare
6. Eugene M. Fulmer, Director of Research
7. Craig Truax, Director of Programs
8. Robert McCormick, Director of Public Information
9. Michael Rosenstein, Director of Health
10. Darvin E. Boyd, Executive Director - Health and Welfare Committee

SCHEDULE FOR ROBERT B. CARLESON, U. S. COMMISSIONER OF WELFARE

In The

COMMONWEALTH OF PENNSYLVANIA

July 16 and 17, 1973

Monday, July 16

- 7:40 p.m. Arrival at Harrisburg International Airport
- 8:30 Dinner with Sherman L. Hill, Chairman - House Health and Welfare Committee
- 10:30 Lodging at Host Inn, Harrisburg

Tuesday, July 17

- 7:30 a.m. Breakfast
- 8:30 Depart for the Capitol
- 9:00 - 10:00 Majority Caucus Room 140 - Introduction of Plans by Sherman L. Hill.
Briefing by Robert B. Carleson
News Conference
- 10:15 - 11:00 Discussion with House Leadership in Speaker Lee's Office (Room 139)
- 11:15 - 1:15 Luncheon and Discussion with Majority and Minority Leadership of the Senate Health and Welfare Committee (Room 527-E)
- 1:15 - 2:00 Discussion with Eugene M. Fulmer, Director of Research - House Majority Caucus
- 2:00 Depart for the Airport
- 3:00 Flight Departure to Washington, D. C.