

COMMONWEALTH OF PENNSYLVANIA OFFICE OF THE GOVERNOR HARRISBURG

THE GOVERNOR

March 5, 2014

The Honorable Kathleen Sebelius Secretary of the U.S. Department of Health and Human Services 330 Independence Avenue, S.W., Room 4257 Washington, DC 20201

Dear Secretary Sebelius:

It was a pleasure to see you last week at the White House and have an opportunity to discuss with you the Commonwealth's Healthy Pennsylvania Medicaid Waiver.

This waiver represents Pennsylvania's strong commitment to increasing access to affordable, quality health care for all Pennsylvanians. It is a Pennsylvania solution that is grounded in reform and sustainability, encourages healthy behaviors, promotes personal responsibility and increases access through a private coverage option.

As I mentioned during our conversation, Pennsylvania has been in constant discussions with your staff at the Centers for Medicare and Medicaid (CMS) to expedite approval of the waiver in order to move towards implementation of this important program. To date, your staff has indicated a policy position against having eligibility for coverage tied to job training and steps toward employment. Nonetheless, we respectfully believe that encouraging employment for low-income, able bodied Pennsylvanians is the right step, and my proposal specifically exempts children, the elderly, pregnant women and those living with disabilities. We want to move forward in good faith and work towards a reasonable compromise.

I now submit to you a proposal entitled, *Encouraging Employment*, as a potential modification to the waiver. The goal of *Encouraging Employment* is to incentivize low-income, able bodied Pennsylvanians to move from poverty to independence while gaining access to health care. This proposal will be a voluntary, one-year pilot program to positively encourage those who are able to work, to participate in job training and work opportunities, while appropriately exempting the previously mentioned populations. This pilot program will not be a condition of eligibility, but rather those individuals who participate will lower their premiums and cost sharing as incentives. In addition, this pilot program would enable the Commonwealth of Pennsylvania to determine best practices and success rates in transitioning these individuals from government-sponsored health care to private commercial health care coverage through gainful employment.

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Enclosed you will find more detailed information on *Encouraging Employment* and additional information on the success and promising early results Pennsylvanians have had in participating in job training and moving into employment through our TANF and Unemployment Compensation programs. In particular, the number of TANF adults who are working has increased by 8 percent since my administration reinstated participation with work-related requirements. I believe we can realize this same employment success for Pennsylvanians through our Healthy Pennsylvania plan – and most importantly, focus on giving people a pathway to independence.

Specifically, I am asking that you give Pennsylvania a chance to institute the voluntary, incentive-only one-year pilot program, and subsequently share the data with you and your staff at the end of the year. I think we will all be encouraged by the results of helping able-bodied Pennsylvanians have a renewed start in life that is both prosperous and self-sustaining.

Once you have an opportunity to review the proposal, I would be happy to discuss it with you in more detail. In the meantime, I will ensure that my staff continues to discuss this and the other pieces of the Healthy Pennsylvania Medicaid Waiver with members of your staff.

Sincerely,

TOM CORBETT

Governor

Enclosures

Encouraging Employment: A Pathway to Independence

The goal of *Encouraging Employment* is to better enable low-income, able bodied Pennsylvanians to move from poverty to independence while gaining access to health care. This voluntary one-year pilot program would provide health care coverage to individuals and positively encourage those – who can work – to participate in job training and work opportunities. In addition, this program would enable the Commonwealth of Pennsylvania to determine best practices and success rates in transitioning these individuals from government-sponsored health care to private commercial health care coverage through gainful employment.

Voluntary Participation

Encouraging Employment would be offered to all individuals over 18 years of age entering the Medicaid and Private Coverage Option health care plans. The program would be completely voluntary and would not be a condition of eligibility. The populations currently exempt under the proposed 1115 Waiver — including, children, elderly, people living with disabilities and pregnant women — would be exempt from this initiative as well. However, these individuals, if over the age of 18, would be able to take advantage of the job training and employment opportunities if they so choose.

Encouraging Employment Activities & Positive Incentives

To encourage voluntary participation in the pilot program, individuals engaging in job training and employment related opportunities and activities would receive a discount on premiums and co-payments to assist in encouraging healthy behaviors. When applying for Medicaid or the Private Coverage Option, individuals interested in volunteering to participate in the *Encouraging Employment* pilot program would be given the opportunity to register online.

- Individuals working 30 hours or more per week would receive an automatic premium or co-payment reduction of 40%
- Individuals working 20-29 hours or more per week would receive an automatic premium or co-payment reduction of 25%
- Individuals working less than 20 hours per week would be asked to register with Job GatewaySM and agree to engage in job training or employment activities each month. Upon agreement, individuals would receive an automatic 15% reduction in premiums and co-payments. Job training and employment activities could include: attending a job fair; search for positions posted on the JobGatewaySM system or Internet job banks; utilize the JobGatewaySM resume, interview or other job training/career readiness activities; take a civil service test or other pre-employment test; look for a job; or gain a GED or other post secondary degrees.

Encouraging Employment Pilot Results

Individuals volunteering to participate will be re-assessed every six months with corresponding discount changes applied as appropriate. In addition, Pennsylvania will track success rates in gaining employment and individuals moving toward full time status to gauge effectiveness of the pilot program on an annual basis. Pennsylvania also will track how many individuals move from government-sponsored health care to private, commercial insurance through new or improved access to full-time employment. Pennsylvania will report the results to CMS.

Unemployment Compensation Work Registration and Search Requirement

Act 6 of 2011 required all individuals who receive unemployment compensation to register for work search opportunities by the 30th day after they receive benefits and required the department of Labor & Industry (L&I) to promulgate regulations. During the two-year regulatory process, L&I provided technical assistance and education on work search registration and work search opportunities provided through JobGateway. Final regulations were published August 17, 2013 and effective immediately. Prior to work search registration enforcement only 61.4 percent of the unemployment compensation claimants were registered by the 30th day. After work search registration enforcement was implemented, 72.1 percent of the claimants were registered by the 30th day. As of December 21, 2013, 79.6 percent of claimants that filed between August 17, 2013 and December 21, 2013 are registered for work search.¹

Job Registration Data

Pre-Work Registration Enforcement Period: September	r 30, 2012	- August
16, 2013		
# of claims	659,060	
# Claimants who enrolled within 30 days	404,714	61.4%
Post-Work Registration Enforcement Period: August 17	', 2013 – I	ecember
21, 2013		
# of claims	248,418	
	248,418 179,152	72.1%

L&I will be monitoring the outcomes of both work search registration and activities and reviewing wage data which is available 6-9 months after each quarter. We have found that the average time an individual is on unemployment compensation continues to decrease which is now at a low of 17.7 weeks, with the majority of individuals leaving unemployment not returning (See Fast Facts Document).

JobGateway

JobGateway is a free, user-friendly job matching website that helps Pennsylvanians looking for work find opportunities through real-time job postings, training for positions they have interest in and real time information on what industries are hiring in their region. From 2011 through 2013, the total number of Active Participants in Commonwealth Workforce Development System/JobGateway increased by over 200,000, from 649,436 in 2011 to 850,755 in 2013.

Highlights include:

- 286,065 people used JobGateway last month
- More than 1,928,832 job applications submitted in the past year
- 345,949 candidates are available to PA employers
- 616.945 average site visits per month
- More than 9,180 updates to resumes and jobs daily

¹ The remaining 20 percent of claimants not registered are most likely those who were determined financially ineligible or are not currently filing for benefits (ie: went back to work).

- 202,076 average job openings per day
- 10,422 average number of new jobs posted per day
- 60 days or less is the age of all job postings
- 38% of visitors are new to the site
- 62 % of visitors are returning at least each month
- 10% of visits are from mobile devices

PA CareerLink® Foot Traffic

Please find below a snapshot on the increase of foot traffic in four of the PA CareerLinks since Unemployment Compensation Work Search was enacted.

Location	2012	# Months	Avg Foot	2013	# Months	Avg Foot	Difference
	Totals	Recorded	Traffic/Month	Totals	Recorded	Traffic/Month	
PA	12097	11	1100	17031	12	1419	320
CareerLink®							
Mifflin County	ļ						
PA	6520	11	593	12523	12	1044	451
CareerLink®							
Allegheny East							
PA	24840	11	2258	30210	12	2518	259
CareerLink®							
Capitol Region							
PA	2832	9	315	13606	12	1134	819
CareerLink®							Ì
Schuylkill	<u> </u>						Į
County							

Temporary Assistance for Needy Families

In order to receive TANF benefits in PA, applicants are assessed and are determined to be either mandatory or exempt from participation with work requirements. For calendar year 2013, there were 52,392 adults receiving TANF benefits. Of those, 20,231 are required to meet work requirements. The remaining 32,161 adults have been determined to be exempt from participation because they meet a federal or state exemption or they have some sort of temporary good cause reason preventing them from participation.

Of the 20,231 TANF adults required to participate, 7,359 are working (36%). The remainder of the 20,231 who are not yet working but required to participate and are likely engaged in job search (3,138), vocational education training (2,089) or community service (3,616) until such time that they can secure employment.

Since the Corbett Administration took office and reemphasized work for the TANF recipients, the number of TANF adults working has increased by 8%.

Monthly Average of TANF Adults Working:

2011: 33% of TANF Adults Working2012: 37 % of TANF Adults Working2013: 41% of TANF Adults Working

Act 80 of 2012 legislated job search as a condition of eligibility for cash assistance². Beginning in July 2012, Pennsylvania requires applicants over 18 years of age who are not employed 20 hours per week to apply for at least three jobs per week while their application is pending, unless the applicant is exempt from work requirements or establishes good cause.

Looking at our most recent data for November 2013 there were 3,400 individuals participating in job search activity. Of those participating in this activity, 42.5% were meeting work participation requirements. According to November data, 9,982 individuals were employed in unsubsidized or private/public subsidized employment, 69.8% of which were meeting work participation requirements.

Our County Assistance Ombudsmen (CAO) have implemented many strategies throughout the last year to engage TANF recipients in work or work related activities. One of the more successful approaches has been the implementation of a job club or job workshop. The CAO job clubs are effective in providing additional support for CAO-directed TANF participants, allowing CAOs to provide further direction to these individuals in keeping them more focused in connecting with job opportunities.

As an additional strategy in increasing participation, many Ombudsmen have greatly increased the monitoring and tracking of TANF participation hours, which helps to keep clients motivated in meeting their goal of attachment to a job. Ombudsmen are also working closely with their Employment and Training (E&T) contractors to ensure clients are meeting their participation requirements on a weekly basis, and emphasizing the need to make-up missed hours. This early intervention increases the likelihood of full engagement in the job search activity, making it more likely to find that the participant will find a job within 90 days of being enrolled in the E&T Program.

² The Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA) of 1996, which introduced the Temporary Assistance for Needy Families (TANF) cash assistance program, permits states to impose job-search as a condition of eligibility but it does not require states to do so.

November 2013 TNF22 Data	Total Individuals Participating in Activity*	Meeting Participation Rate**	Not Meeting Participation Rate**	Percentage Meeting Work Requirements
Unsubsidized Employment	9594	6701	2893	69.8%
Private Subsidized Employment	48	22	26	45.8%
Public Subsidized Employment	60	56	4	93.3%
Work Experience	0	0	0	n/a
On the Job Experience	11	11	0	100.0%
Job Assistance (job search)	3400	1446	1954	42.5%
Community Service	3466	1646	1820	47.5%
Vocational Education	1965	1365	600	69.5%
Job Skills	979	294	685	30.0%
Employment Related to Education	102	13	89	12.7%
Satisfactory Attendance in GED/HS	210	199	11	94.8%
Providing Child Care Services to an Individual Participating in Community Service	0	0	0	n/a
Other Work Activities (not counted towards participation)	304	27	277	8.9%

^{*}Provides count of the number of individuals participating in each activity during the report month. Individuals may be participating in more than one activity at a time, so the total individuals participating may be overstated.

Indeed, for FY 11/12 (year before applicant job search requirement) there were an average of 314 TANF applications denied because an individual was above income limit for TANF (due to employment). For FY 12/13 (first year of applicant job search) there were an average of 891 applications denied. This is nearly three times the number of clients being denied benefits because they are over the eligibility income limit for their family size and able to leave the TANF program for employment. Though rather new in terms of implementation, we see promise in more clients leaving TANF because of increased earnings.

^{**}Individuals meeting the participation rate may be dependent upon participation in several activities in the same month.

Pennsylvania's Fast Facts - February 2014

General Statistics:

- Pennsylvania's unemployment rate was 6.9% in December 2013; down 0.4 percentage points from November 2013, and an annual decrease of 1.0 percentage point from December 2012.
- There were 443,000 unemployed Pennsylvania residents in December 2013; this was a decrease of 27,000 from November 2013 and a decrease of 76,000 from December 2012.
- The total jobs count for December 2013 in PA was about 5.8 million (5,761,600).
- Pennsylvania's poverty rate in 2012 was approximately 13.7%; the national average for the same period was approximately 15.9%.

	Pennsylvania	National Average
Percent of Population below Poverty Level (2012 ACS 1-Year Estimates)	13.7% +/-0.2%	15.9% +/-0.1%
Persons 65 and older (2012 ACS 1-Year Estimates)	16.0%	13.7%
Unemployment Rate (Bureau of Labor Statistics)	6.9% (Dec 2013)	6.7% (Dec 2013)
Medicaid Enrollment as % of Total Population	17.4% (Dec 2013)	20% (Kaiser Family Foundation Estimate - 2010)

 Approximately 21.9% (2.79 million) of all Pennsylvanians were enrolled in a DPW benefit program as of December 31st, 2013.

Program	Number Enrolled (Dec 2013)	Percent of Population
MA	2,216,167	17.4%
SNAP	1,827,065	14.3%
SSI Adults	304,093	2.4%
SSI Children	90,475	0.7%
TANF	192,294	1.5%
CHIP	188,452	1.5%
Child Care	109,301	0.9%

Unemployment Compensation (UC) Benefits in Pennsylvania:

- In Pennsylvania, approximately 17,635 individuals were receiving UC benefits as of the week ending January 25, 2014.
- The average amount of time an individual is on UC has been decreasing every year since 2010 and is now only 17.7 weeks¹.

2009: 19.6 weeks 2010: 19.9 weeks 2011: 18.7 weeks 2012: 17.9 weeks 2013: 17.7 weeks

• 59% of individuals on UC in Pennsylvania are male.

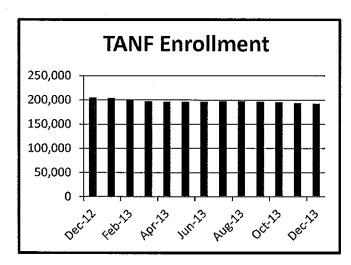
¹ The average duration an individual is on Unemployment Compensation is calculated on a 12-month basis, because claimants have a year to collect their benefits and there are seasonal patterns so you cannot compare different months or different quarters.

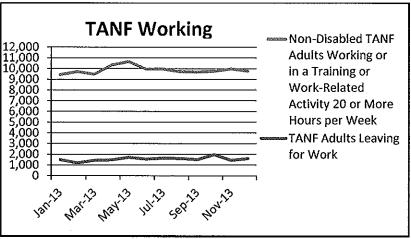
- 94% of individuals on UC are between the ages of 20-64 years old.
- 35% of individuals on UC made more than \$30,000 in 2013.
- 4% of individuals on UC are disabled.
- 56% of the individuals on UC had less than one UC claim since 2008, which shows that the majority of individuals are finding and keeping employment.
- Pennsylvania's economy is diverse with many different industries. As you can see from the list below, the individuals on UC come from a variety of different professions.

Natural Resources and Mining	2%
Construction	14%
Manufacturing	15%
Wholesale and Retail Trade	13%
Transportation and Utilities	7%
Information and Financial Activities	4%
Professional and Business Services	16%
Education and Health Services	15%
Leisure and Hospitality	10%
Other Services	2%
Public Administration	1%

Overview of TANF:

- There were 192,294 individuals enrolled in TANF in December 2013, a 6.2% decrease from December 2012. About 70% of TANF clients are children, with only 57,027 adults on TANF.
- The average TANF recipient is a parent with two children (family of 3); this family would get a maximum of \$421 a month in cash assistance if they had no income when applying for TANF, making their household income about 25.5% of the FPL or \$5,052 annually².





² TANF cash grants are set using a formula based on household size and county, many families are at 0% FPL when they apply for TANF.