



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,

A handwritten signature in black ink that reads "Tom Corbett". The signature is written in a cursive, flowing style.

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.