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March 20, 2009

**Testimony of Sheldon V. Toubman Before the Appropriations Committee
Regarding S. B. No. 246 (An
An Act Concerning A Commission On Federal Stimulus Distribution)**

Good afternoon, Senator Harp, Representative Walker and members of the Appropriations Committee. My name is Sheldon Toubman and I am a staff attorney with New Haven Legal Assistance Association. I am here to testify on SB 246, a bill creating a commission to address the distribution of the substantial funds coming to Connecticut in the federal stimulus package. Specifically, I would to talk about the increased federal reimbursement under the Medicaid program and through the TANF Emergency Contingency Fund, and to urge you to not make any cuts in the Medicaid program and the rest of the state's health insurance safety net for low-income residents, or in the TFA cash assistance program. While I support the concept of a commission, I think it also is important to set some basic guidelines at the outset about how this new money should be spent.

Increased Federal Reimbursement under the Medicaid Program

Connecticut is receiving a large sum of money from the federal stimulus and particularly through an increase in the federal reimbursement rate for each dollar we spend under Medicaid—from 50 cents to about 60 cents on the dollar, when the extra increase due to high unemployment is factored in. This money is coming to us through the Medicaid program for a reason: so we can shore up our health insurance safety net.

Yet, at the same time that this money is coming to us, the Governor, who actively worked with our Congressional delegation to get this increased reimbursement to Medicaid, is proposing drastic cuts to Connecticut's health care safety net: Medicaid, HUSKY, SAGA, Part D Wraparound for Medicare/Medicaid recipients, ConnPACE, health care for recent low-income legal immigrants. There are many cuts and, taken individually and certainly together, they will be extremely harmful. They will harm:

- HUSKY parents required to pay unaffordable premiums to keep insurance
- HUSKY children required to get prior authorization for basic dental services
- adults who will get no dental services at all (except in an extreme emergency)
- people (adults and children) with mental illness required to go through prior authorization to get urgently needed psychiatric medications
- child and adult HUSKY recipients who need a drug not on the state's preferred drug and who will no longer get a temporary supply of that drug when their doctor hasn't yet requested prior authorization at the time the prescription is presented to be filled

- elderly individuals with multiple illnesses required to pay unaffordable copays or unable to get drugs that their limited Medicare Part D plans don't cover
- non-citizens cut off of essentially all health benefits despite being legally here and playing by the rules
- Non-English speaking individuals who need medical translation services
- SAGA recipients cut off of medical transportation and vision care
- etc., etc.

Many of you have expressed grave concerns about one or more of the Governor's proposed cuts. But what I would like to address is the inappropriateness of making **any** of these cuts in light of the \$1.3 billion in new money we are receiving under the federal stimulus specifically under the Medicaid program.

I acknowledge that, technically, the federal stimulus act does not require Connecticut to spend this new federal money on Medicaid, and the only prohibition is that new eligibility rules or new procedural requirements to get **on** Medicaid cannot be imposed; cuts in specific Medicaid benefits or new restrictive policies for accessing those benefits are all legally permissible. But the overall intention behind this new money was that states would not cut their Medicaid programs and the related health care safety net.

For example, at a meeting of the National Governor's Association on February 23rd, President Barack Obama emphasized to the governors there convened that the increased Medicaid reimbursement will "*help ensure that you **don't need to make cuts to essential services Americans rely on now more than ever.***"

He further stated to the governors:

"To show you we're serious about putting this recovery plan into action swiftly, I am announcing today that this Wednesday, our administration will begin distributing more than \$15 billion in federal assistance under the Recovery Act *to help you cover the costs of your Medicaid programs.*

"That means that by the time most of you get home; money will be waiting to help 20 million vulnerable Americans in your states get health coverage and 49 million Americans keep it. * * * Children with asthma will be able to breathe easier, seniors won't need to fear losing their doctors, and pregnant women with limited means won't need to worry about the health of their babies."

See http://www.whitehouse.gov/the_press_office/President-Obama-Announces-15-Billion-in-Medicaid-Relief-from-ARRA-Headed-To-States]

Since we are getting 1.3 billion specifically in enhanced Medicaid money, at a bare minimum, we should hold the recipients of the state's health insurance safety net harmless, consistent with the broad intent behind the federal stimulus bill.

I also realize that, even with the \$1.3 billion increase in Medicaid reimbursements and the other provisions in the federal stimulus bill benefitting us, we are still facing a serious shortfall of billions of dollars in the budget for the next two years. And that is why I also urge you to take a close look at the Better Choices proposal of a broad coalition of advocates, which would fill the rest of the hole in the budget by modestly increasing taxes on those individuals in the state who are most able to pay a little more.

TANF Emergency Contingency Fund

In addition, I wanted to mention the options for bringing more money to the state under the federal stimulus package, through the new TANF Emergency Contingency Fund which was also established by it. This fund will pay for **80% of a state's TANF costs related to increased expenditures for basic cash assistance, non-recurrent one-time payments and employment subsidies**, up to 50% of the state's family assistance grant amount, or about \$133 million in Connecticut. These new matching funds will be available from October, 2008 through September, 2010.

Connecticut has not used one-time, short-term payments very extensively in the past in the Jobs First/TFA program. But we should explore whether we have existing programs (possibly eviction prevention, energy assistance, or tuition assistance programs) in which increased spending would qualify for this match. In addition, we should think about desperately needed programs which could be largely paid for by the federal government at least for the first year of the biennium.

Similarly, we have a limited employment subsidy program. We should consider expanding this program to assist families which will have increased challenges to finding work in this economy. These expanded programs will be largely paid for by the federal government.

To qualify for the 80% match on increased cash assistance expenditures, we must show an increase in the TFA cash assistance caseload from the corresponding quarter of the previous year. Connecticut has a very short lifetime limit on cash assistance to families in which the parents are deemed able to work. As a result, our cash assistance caseload rises slowly even in times of significant economic distress. It is likely, however, that we will qualify for this new federal support for increases in our cash assistance payments in the 2009-2010 state fiscal year. Before making any cuts in the TFA cash assistance program, we should assess the increased federal assistance available through this program and apply those funds to the TFA program.