

Hello, Senator Harris, Representative Ritter, and esteemed members of the Public Health Committee. I appreciate the opportunity to submit testimony today.

My name is Mark E. Kovitch, Chief Financial Officer of Key Human Services, a private non profit providing an array of services to individuals with intellectual disabilities or developmental delays since 1989. I am also, a Licensed Certified Public Accountant in Connecticut and Massachusetts, with seventeen years of experience providing services in public accounting firms and private industry to not-for-profit organizations. Today, I am representing Key Human Services, Inc. and providing testimony regarding Bill 5448 on the administration of the DDS system; specifically the Birth to Three System, Sec 6c and Sec. 6e.

Section 6c. Line 201 to 210

In the Governor's mid-year budget for the Department of Developmental Services (DDS), the Birth to Three Incentive Payments was removed. Currently, per contract Birth to Three providers are allowed to retain 10% of insurance receipts collected. This small incentive does not cover the cost of doing insurance billing. For example at Key last fiscal year, we had third party insurance reimbursements of \$37,620 dollars. So Key's incentive payment was \$3,762. About half of the children Key provided services for were eligible to bill insurance. Key produced well over 540 individual opportunities to bill insurance for each child. Key received payment during the fiscal year for 127 of those opportunities; about a 25% success rate. The cost to Key is well over \$24,000 in salary alone to do this.

One suggestion is to have the DDS use a central billing provider for third-party payers. Since the incentive payment does not cover the cost of billing and governor mid-year budget removes the incentive payment. A good solution would be to one organization or agency to do this function. This central billing would specialize in insurance billing. Birth to Three providers would spend all of their time providing birth to three services to the children of the state with a developmental delay. In order to do this the language in Section 6, line 201 to 202 would need to be changed. Currently, the law requires Birth to Three providers to bill insurance first then bill the Birth-to-Three System.

Section 6e. Line 222 to 227

Section 6e, Line 222 to 227 requires families to pay a parent fee for service from Birth to Three providers. Per the law the fee was increased by 60%. I have attached the Birth to Three Notice on Parent Fees, which shows the difference between the old rate and new rate. DDS implemented this fee increase as of January 1, 2010.

In last five fiscal years the Birth to Three System collected \$3,149,215 in parent fees, which I determined from the page that detailed the cost of early intervention from Birth to Three's Annual Report for the last five years, which are attached. Per a fact sheet from the Birth to Three System on result-based accountability, which I have attached, of all the children who received Birth to Three services, 65% did not require special education by kindergarten. The average annual cost of special education in Connecticut is \$20,250. The cost of special education for a student's career is \$243,000.

What has happen because of parent fees are that families are going to the "no cost option," which is service coordination. The family does not receive Birth to Three Services, but provider gives the family "case management." The children are not receiving active services and State is ~~not~~ collecting a parent fee. Also, the children will most likely need special education after kindergarten because they are not receiving services, just something like case management. In January 229 families chose this option. The cost of special education for these families over their life time is just over 55 million dollars. Why is the State passing this cost to cities and towns? If there were no parent fees, these families would be in receiving services. These parent fees generate a small amount of revenue for the State but cost Connecticut millions of dollars. So, if you need to cut municipal aid because of the budget crisis, then maybe you should look at removing parent fees. All the parent fees do is pass costs to cities and towns, therefore, will recommend this section of the law be removed.

I thank you for your time and consideration of these critically important issues. I would also encourage you to contact me to discuss the Birth to Services that we provide in the towns of Avon, Bristol, East Windsor, Ellington, Enfield, Farmington, Manchester, Plainville, South Windsor, Southington, Vernon, and West Hartford.

Please do not hesitate to contact me with any questions, or for additional information:

(860) 409-7350 ext. 121 or e-mail at mkovitch@keystonehumanservices.org.

DEPARTMENT OF DEVELOPMENTAL SERVICES


<http://www.ct.gov/dds>

AGENCY PURPOSE

- Provide case management, respite, family support, residential and employment services to DDS consumers and their families through a system of public and private providers.
- Perform as lead agency for the Birth-to-Three program serving infants and toddlers with developmental delays.
- Ensure appropriate delivery of health care services to consumers receiving DDS residential supports.
- Assist DDS consumers involved in the criminal justice system to ensure appropriate representation and services.
- Coordinate an autism pilot program for adults with autism spectrum disorder who do not also have mental retardation.
- Coordinate the Voluntary Services Program for children who have mental retardation and behavioral health needs.
- Plan and manage emergency response activities for persons receiving DDS services.

RECENT HIGHLIGHTS

WAITING LIST INITIATIVE

Successfully completed the fifth and final year of the "Waiting List Initiative" with new residential supports to 218 people, additional residential supports to 167 individuals and enhanced family supports to 107 families, serving a total of 1,598 people with residential supports and 520 with enhanced family supports over the five year period.

FEDERAL WAIVERS

Received five year renewal of the *Comprehensive HCBS (Home and Community Based Services) Waiver* by the Centers for Medicare and Medicaid Services (CMS). Began work on an *Employment and Day Supports Waiver* for anticipated CMS approval in late FY2010.

CONSUMER MILESTONES

Assisted 959 people to fully self-directed supports and 3,951 to control individual budgets for residential, employment and day services and supports.

PRIVATE PROVIDERS

Revised the qualification process for all new prospective providers and added a mandatory training component. Posted provider profiles on the DDS website so consumers and families can search for qualified providers by name or town. Qualified 188 providers.

TRANSITIONED YOUTH

Transitioned 29 youths from DCF to DDS and enrolled approximately 100 others in the Voluntary Services Program bringing the program total to 434. Reviewed requests for out-of-home placements with

the Children's Services Committee – a group consisting of representatives from DCF, SDE, DDS, the Office of the Child Advocate and families.

RESPITE CENTERS

Served approximately 1,203 individuals in 11 respite centers statewide.

EMPLOYMENT INITIATIVE

Launched *Employment First* initiative to promote employment of DDS consumers through Connect-Ability, Connecticut's Medicaid Infrastructure Grant, awarded to the DSS Bureau of Rehabilitation Services.

BIRTH TO THREE

Received, for the second year in a row, a determination of "meets requirements" by the Individuals with Disabilities Education Act according to the U.S. Department of Education. Served 9,112 eligible children - 3.5% of all children under the age of three on a daily basis. Added four new Birth to Three programs to ensure sufficient provider capacity in the northeast part of the state and Fairfield County and ten new autism-specific programs to ensure statewide coverage. Served approximately 250 children in autism-specific programs.

AUTISM SPECTRUM DISORDER PILOT

Operated a pilot program for 55 individuals in the New Haven and Hartford areas with autism spectrum disorder who do not have mental retardation.

RECOMMENDED ADJUSTMENTS

Reductions	2010-2011
<ul style="list-style-type: none"> • Reflect Savings in Employment and Day Services Pursuant to FY2010 Rescissions <i>\$5.9 million is removed to reflect the annualization of the new attendance-based reimbursement system begun in spring 2010 as a result of FY 2010-11 rescissions in the Employment Opportunities and Day Services account</i> 	-5,946,000
<ul style="list-style-type: none"> • Reduce Personal Services through Attrition <i>Funding is reduced in anticipation of the gradual attrition of the DDS workforce and all but the most essential positions not being refilled because of the strict hiring freeze.</i> 	-3,211,338
<ul style="list-style-type: none"> • Reduce Overtime in DDS Operated Settings <i>Savings will be realized through strict management of overtime.</i> 	-2,386,800
<ul style="list-style-type: none"> • Reduce Personal Services through two Building Closures at Southbury Training School <i>Funding is reduced to reflect the consolidation of clients at Southbury Training School to permit consolidation of housing units allowing part time staff to be redeployed to cover existing direct care vacancies throughout the rest of the system.</i> 	-1,190,748

Budget Summary

• Annualize FY 2009-10 Reductions <i>FY2010 rescission in the Clinical Services and Family Reunion accounts is annualized into FY 2011-12.</i>	-173,099
Reallocations or Transfers	
• Transfer Home Health Services Funding <i>\$500,000 is transferred from the Department of Social Services to support home-health services and increase access for individuals and families for whom home health services have not been readily available.</i>	500,000
Technical Adjustments	
• Annualize Personal Services Savings	-24,151,246
• Reduce Caseload in the Voluntary Services Program <i>Funding is reduced as a result of the FY2010 closure of the Voluntary Services Program and the aging out of 38 children into DDS adult services during the fiscal year.</i>	-1,696,390
• Annualize Transfer for DOIT Revolving Fund Realignment	-783,240
• Annualize Funding for FY 2009-10 Deficiencies <i>Funding is provided to annualize the FY 2010-11 shortfalls in the Early Intervention, Workers' Compensation and Community Residential Services accounts.</i>	13,700,000
• Annualize Community Development Costs <i>Funding is recommended to support the FY 2011-12 costs of 17 group home conversions from public to private operation made possible by the loss of staff in the 2009 retirement incentive program.</i>	7,625,821
Revenue Adjustments	
• Move Individuals Back to Connecticut <i>Additional revenue will result by bringing 24 DDS clients (10 adults and 14 voluntary services children) back to the state permitting them to be put into waivers. An additional cost of \$476,000 required to support these placements will generate \$2.2 million in new revenue.</i>	475,620

AGENCY SUMMARY

Personnel Summary	2008-2009	2009-2010	2010-2011	2010-2011	2010-2011
	Authorized	Estimated	Appropriated	Net Adjustments	Revised Recommended
<u>Permanent Full-Time Positions</u>					
General Fund	4,054	3,981	3,974	-317	3,657
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Financial Summary	2008-2009	2009-2010	2010-2011	2010-2011	2010-2011
	Actual	Estimated	Appropriated	Net Adjustments	Revised Recommended
Personal Services	299,459,381	279,542,628	304,572,458	-36,854,311	267,718,147
Other Expenses	25,815,620	27,654,413	27,199,636	-783,240	26,416,396
<u>Capital Outlay</u>					
Equipment	0	95	100	-99	1
<u>Other Current Expenses</u>					
Human Resource Development	213,436	219,790	219,790	0	219,790
Family Support Grants	3,280,095	3,280,095	3,280,095	0	3,280,095
Cooperative Placements Program	20,103,553	20,679,838	21,639,755	0	21,639,755
Clinical Services	4,639,147	4,642,372	4,812,372	-170,000	4,642,372
Early Intervention	38,167,649	39,243,415	28,840,188	8,964,072	37,804,260
Community Temporary Support Services	67,315	63,949	67,315	0	67,315
Community Respite Care Programs	330,345	313,828	330,345	0	330,345
Workers' Compensation Claims	15,449,122	16,246,035	14,246,035	2,000,000	16,246,035
Pilot Program for Autism Services	723,288	1,448,917	1,525,176	0	1,525,176
Voluntary Services	0	33,138,568	32,692,416	-1,531,300	31,161,116
TOTAL - Other Current Expenses	82,973,950	119,276,807	107,653,487	9,262,772	116,916,259
<u>Pmts to Other Than Govts</u>					
Rent Subsidy Program	4,617,538	4,537,554	4,537,554	0	4,537,554
Family Reunion Program	134,616	134,900	137,900	-3,000	134,900
Employment Opportunities & Day Svcs	162,298,520	174,033,860	185,041,617	-6,014,884	179,026,733
Community Residential Services	395,021,853	385,347,857	390,498,055	16,819,414	407,317,469
TOTAL - Pmts to Other Than Govts	562,072,527	564,054,171	580,215,126	10,801,530	591,016,656
TOTAL - General Fund	970,321,478	990,528,114	1,019,640,807	-17,573,348	1,002,067,459

NOTICE

Public Act 09-03 of the September 2009 Special Session requires the Department of Developmental Services to amend the Birth to Three Regulations to (1) increase fees families pay by 60%; (2) eliminate the two months of initial service that are provided without a fee; and (3) it changed the health insurance laws to require health plans to double the maximum annual coverage for Birth to Three services to \$6400 per child per year.

Copies of the amended regulations and law are available on the Birth to Three website (www.birth23.org) under "What's New." Written comments can be sent until November 20, 2009 to: Department of Developmental Services, 460 Capitol Ave., Hartford, CT 06106 ATTN: Rod O'Connor, Legislative and Regulations Analyst or e-mailed to rod.oconnor@ct.gov. There will be a public hearing on November 12, 2009 from 2PM – 4PM and from 5PM – 8PM at the Legislative Office Building, 300 Capitol Ave., Hartford, CT Sign-up will begin one hour before each hearing.

The 60% increase in fees is expected to go into effect as of **January 1, 2010** and will affect bills that will be sent in mid-February.

Proposed: #1. For families who have no health insurance or families who have health insurance and allow the state to bill for Birth to Three services

Adjusted Gross Family Income	Monthly contribution by Family Size			
	3 or fewer	4	5	6 or more
Less than \$45,000	\$ 0	\$ 0	\$ 0	\$ 0
\$ 45,000 - \$ 55,000	\$ 24	\$ 16	\$ 8	\$ 8
\$ 55,001 - \$ 65,000	\$ 32	\$ 24	\$ 16	\$ 8
\$ 65,001 - \$ 75,000	\$ 40	\$ 32	\$ 24	\$ 16
\$ 75,001 - \$ 85,000	\$ 56	\$ 48	\$ 40	\$ 32
\$ 85,001 - \$ 95,000	\$104	\$ 96	\$ 88	\$ 80
\$ 95,001 - \$105,000	\$120	\$112	\$104	\$ 96
\$105,001 - \$125,000	\$152	\$144	\$136	\$108
\$125,001 - \$150,000	\$192	\$184	\$176	\$168
\$150,001 - \$175,000	\$232	\$224	\$216	\$208
\$175,001 and above	\$272	\$264	\$256	\$248

Proposed: #2. For families who have health insurance but will not allow the state to bill for Birth to Three services

Adjusted Gross Family Income	Monthly contribution by Family Size			
	3 or fewer	4	5	6 or more
Less than \$45,000	\$ 0	\$ 0	\$ 0	\$ 0
\$ 45,000 - \$ 55,000	\$ 48	\$ 32	\$ 16	\$ 16
\$ 55,001 - \$ 65,000	\$ 64	\$ 48	\$ 32	\$ 16
\$ 65,001 - \$ 75,000	\$ 80	\$ 64	\$ 48	\$ 32
\$ 75,001 - \$ 85,000	\$112	\$ 96	\$ 80	\$ 64
\$ 85,001 - \$ 95,000	\$208	\$192	\$176	\$160
\$ 95,001 - \$105,000	\$240	\$224	\$208	\$192
\$105,001 - \$125,000	\$304	\$288	\$272	\$216
\$125,001 - \$150,000	\$384	\$368	\$352	\$336
\$150,001 - \$175,000	\$464	\$448	\$432	\$416
\$175,001 and above	\$544	\$528	\$512	\$496

Costs of Early Intervention



The Birth to Three System expenditures for FY08 were \$43,901,341 from state and federal sources. Revenue sources included parent payments and health insurance reimbursements. Only 3.6% of that total amount was spent on administration of the System, leaving 96.4% for direct services.

Category	Amount
Administrative	1,580,000
Direct Services	42,321,341
Total	43,901,341

Medicaid claims resulted in \$4.3 million in revenue to the State General Fund, decreasing the net state contribution to Birth to Three by that amount.

The average statewide gross annual cost per child was \$8,546. After commercial insurance reimbursements, the net average cost per child was \$8,451.

Category	Amount
Administrative	1,580,000
Direct Services	42,321,341
Total	43,901,341

*\$1 million of this was Part B Child Find funding transferred from the State Department of Education

Costs of Early Intervention

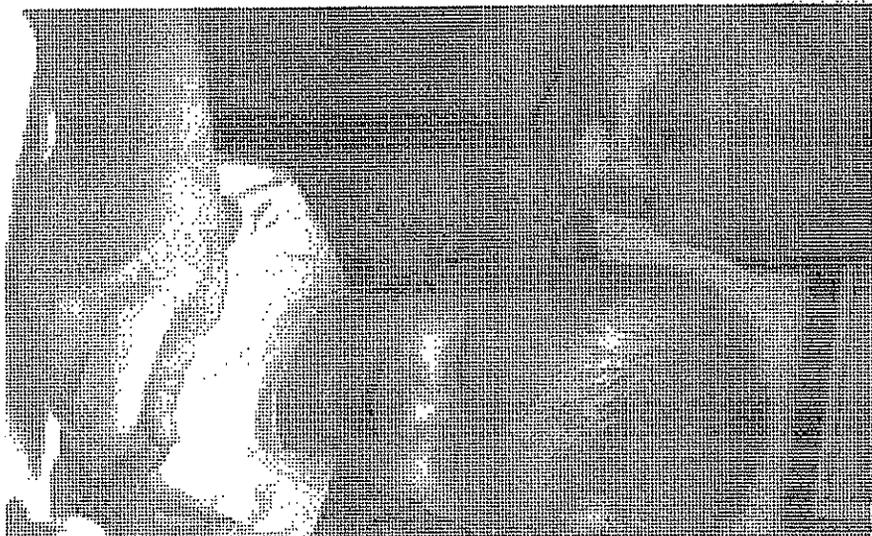
Our Budget and Expenses

The Birth to Three budget for Fiscal Year 2006 was \$33,952,728 from state and federal sources, with total system expenditures (including parent payments and health insurance) of \$37,845,845.

Category	Fiscal Year 2006	Fiscal Year 2005
Total Budget	\$33,952,728	\$33,952,728
Total Expenditures	\$37,845,845	\$37,845,845
Parent Payments	\$1,234,567	\$1,234,567
Health Insurance	\$1,567,890	\$1,567,890
Other Expenses	\$15,043,388	\$15,043,388

Medicaid claims resulted in \$4.3 million in revenue to the State General Fund, DECREASING the net state contribution to Birth to Three to \$35,484,470.

Category	Fiscal Year 2006	Fiscal Year 2005
Medicaid Revenue	\$4,300,000	\$4,300,000
Net State Contribution	\$35,484,470	\$35,484,470
Other Revenue	\$1,234,567	\$1,234,567
Total Revenue	\$35,018,537	\$35,018,537



Category	Fiscal Year 2006	Fiscal Year 2005
State General Fund	\$33,952,728	\$33,952,728
Federal Sources	\$33,952,728	\$33,952,728
Total Budget	\$33,952,728	\$33,952,728

Costs of Early Intervention

Our Budget and Expenses

The Birth to Three budget for Fiscal Year 2005 was \$33,423,421 from state and federal sources, with total system expenditures (including parent payments and health insurance) of \$35,980,488. Only 5% of that total amount was spent on administration of the System, leaving 95% for direct services.

STATE AND FEDERAL BIRTH TO THREE FUNDING SOURCES	
	DOLLARS
Total State Funds	\$26,964,321
Total Federal Funds	5,081,990
Commercial Insurance Funds	3,230,026
Parent Fees	704,151

Medicaid claims resulted in \$4.4 million in revenue to the State General Fund, DECREASING the net state contribution to Birth to Three by that amount.

COSTS OF EARLY INTERVENTION	
	DOLLARS
Average statewide gross annual cost per child was	\$7,937
After commercial insurance reimbursements, the net average cost per child was	\$7,039

State Fiscal Year 2005 July 1, 2004 - June 30, 2005) Expenditures Part C of IDEA Federal Funding Only

CATEGORIES		DOLLARS
Salaries and Fringe for 11.5 FTE Positions (Birth to Three central office and regional staff)		\$1,295,458
Other Expenses (printing, postage, supplies, travel, equipment)		187,388
State ICC		6,292
Local ICCs		7,224
Public Awareness		61,987
Data System		47,945
Personal Development		153,702
Supervision and Monitoring		21,706
Procedural Safeguards		3,985
TOTAL SYSTEM COMPONENTS		\$1,785,687
TOTAL DIRECT SERVICES		\$2,377,094
TOTAL PART C OF IDEA FUNDED EXPENDITURES		\$4,162,781

The available state and federal funding for Fiscal Year 2006 is \$35,676,315. With the addition of \$3,300,000 in projected commercial health insurance funding and parent payments of \$650,000, the total projected budget for the System is \$39,626,315.

