



**Testimony Before the  
Appropriations Committee**

**Governor Rell's SFY 2010 Midterm  
Budget Recommendation concerning the  
*Department of Social Services***

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Good morning, Senator Harp, Representative Geragosian and Members of the Appropriations Committee. I am Claudette Beaulieu, Deputy Commissioner of the Department of Social Services. I am representing Commissioner Michael Starkowski, who is not able to be here because of seasonal illness.

Thank you for this opportunity to testify and answer your questions about Governor Rell's midterm budget adjustment recommendations for DSS in fiscal year 2010-2011.

I am accompanied by Regional Administrators and senior staff who are prepared to address detailed questions relevant to their areas of expertise.

During the continuing fiscal crisis in Connecticut state government, it is inevitable that the agency with the biggest budget will be under tremendous pressure to economize. This reality is evident in the Governor's midterm adjustments, just as it was reflected in the budget adopted by the General Assembly in September for the first year of the biennium.

The existing biennial budget, approved only five months earlier, presented challenging program and budget changes for the department. Given the optimistic assumptions that were made at the time the budget was originally passed, we have been moving policy and financial changes aggressively across a wide spectrum of our services. These complex and varied initiatives have been accomplished against a backdrop of significantly lessened staffing resources. We would be remiss if we did not recognize the efforts of all staff in this regard, from line staff to managers.

The DSS biennial budget included \$340 million in savings in SFY 2010, as well as a total of \$662 million in savings in SFY 2011. In as many areas as possible, we have acted decisively and expeditiously to meet legislative intent and budget savings targets. Further, we are in the process of moving on several changes in the near future.

We fully recognize our responsibility to do whatever possible to mitigate the current deficiency and to adapt flexibly and effectively to the budget changes coming for July 1, 2010. Understanding that DSS' projected current-year expenditures of over \$5 billion equate to 29% of the overall state General Fund budget, the department must play a central role in the drive to balance the budget this year and beyond.

That is why the Governor's midterm adjustment recommendations are comprehensive in nature. The very fact that the Governor recommends changes in the Charter Oak Health Plan -- which put Connecticut on the map as one of the few states doing something tangible and pragmatic to attack the problem of uninsured adult citizens -- speaks volumes about the dire straits we're in.

Charter Oak is a signature achievement of the past several years, one for both Governor Rell as initiator and the General Assembly as enabling legislators. The program now serves about 13,000 previously uninsured Connecticut residents, many who had pre-

existing medical conditions that disqualified them for other coverage. But the state's fiscal crisis necessitates an increase in enrollee costs, just as it mandates an unflinching review of other programs and services in DSS as the biggest-budget agency.

I will go through a summary of these changes in a moment. But, first, I think it's only fitting to remind ourselves that our state continues to have a social and human services system to be proud of – we are still a national leader in many categories and by many standards.

As a few examples:

- We have one of the more generous eligibility criteria to qualify for family health coverage through HUSKY, and one of the richest benefit levels. DSS now serves more than 372,000 individuals (including nearly 255,000 children) with HUSKY health coverage.
- Thanks to the initiative of Representative Linda Schofield and the support of the Governor and General Assembly, we have expanded our Medicare Savings Programs, paving a way for thousands more seniors and citizens with disabilities to get relief from paying Medicare Part B premiums.
- Our ground-breaking Money Follows the Person program – authorized by the Governor and General Assembly to help 'rebalance' the long-term care system – has so far resulted in 149 people moving from nursing home care to community living. MFP has joined the lexicon as a key part of the state's array of services promoting independent living with support services. As the state saves on Medicaid expenditures, people see improvements in their quality of life.
- Our HUSKY Newborn Initiative, part of Governor Rell's HUSKY Health 07 initiative, begins enrollment of uninsured newborns and moms in the nursery before they are discharged from the hospital. Applications are expedited so that babies are granted HUSKY eligibility within four to five days, which is vitally important to well-baby follow-up care. Since January 1, 2008, when the program began, over 3,700 babies have been granted HUSKY A and over 400 have been granted HUSKY B benefits at birth.

In Connecticut, we continue to make these kinds of investments in services at a time when public need and demand on DSS is at an all-time high.

### **Snapshot of Social Service Cuts in Other States**

Before we go into the detail of the recommended changes included in the Governor's midterm adjustment, let me set the landscape for what is happening in other cash-strapped states.

**Arizona's** governor is proposing drastic cuts to a range of programs and services. If enacted, her budget would:

- eliminate the state's children's health insurance program (KidsCare), which covers 47,000 children;
- repeal Medicaid coverage for 310,000 childless adults and 3,000 adults with serious mental illness; and
- reduce the number of months that low-income families can receive cash assistance through the TANF program, immediately eliminating assistance for 10,000 families.

**California's** governor is proposing deep cuts to health care, education, the state workforce and human service programs beyond those already enacted. Specific cuts include:

- a reduction in Supplemental Security Income/State Supplementary Program grants by \$15 per month;
- the elimination of the state's Calworks (TANF) program and a number of other human service programs.

**Public health programs:** At least 29 states have implemented cuts that will restrict low-income children's or families' eligibility for health insurance or reduce their access to health care services.

For example:

- **Rhode Island** eliminated health coverage for 1,000 low-income parents;
- **Minnesota** is cancelling a health insurance program for 29,500 low-income adults; and
- **Tennessee** has frozen enrollment in its state children's health insurance program.

**Programs for the elderly and disabled:** At least 24 states, plus the District of Columbia, are cutting medical, rehabilitative, home care, or other services needed by low-income people who are elderly or have disabilities, or are significantly increasing cost-sharing for these services.

For example:

- **Ohio** made deep cuts to community mental health services; and
- **Arizona** eliminated temporary health insurance for people with serious medical problems.

With this national backdrop and Connecticut's experience with record-breaking deficits, Governor Rell's recommended budget provides an additional \$156 million for expected caseload increases and other necessary expenditure updates in vital programs as more Connecticut residents apply for services.

In January, we reported that enrollment in nine of our key entitlement programs was up by 18% in just one year – and by 40% in five years.

- Food Stamps – now known as SNAP, or the Supplemental Nutrition Assistance Program – up 32% in one year and 58% in five years;
- State-Administered General Assistance, or SAGA – up 19% and 49% for medical benefits and 5.3% and 21% for cash benefits;
- Medicaid, including HUSKY A and fee-for-service coverage for elders and citizens with disabilities – 6.7% and 33%;
- Even Temporary Family Assistance is up 8.4% in one year, against the grain of an overall drop of 13% over five years.

Clearly, the pressure on DSS to meet the caseload growth is immense, and the job being done by our staff throughout the state nothing less than herculean. For example, during December, the three offices in our southern region received 149,861 phone calls, 91,347 of which went into voicemail. During that same month, that region had over 7,600 walk-in clients. Unfortunately, that office is not an aberration – this kind of demand is being placed on all our offices. This is happening as we adapt to the reality of a smaller workforce after the recent retirement incentive plan (RIP). As quickly as we can, we are refilling critical positions such as front line staff in our regional offices, but those staff needs time and training for us to reach the same level of efficiency and an acceptable level of customer service. This is, as the saying goes, “the new normal.”

As Connecticut and other states seek to serve a growing number of clients in an environment of smaller, more affordable government, we must look at ways to more efficiently provide our services. We cannot provide these services alone. We must work differently with our partners, we must strategically use targeted and temporary resources, and we must take advantage of technological solutions to enable us to serve our clients.

In the long run, as we move into the future with reduced staffing levels, smart use of technology can help fill the void. We are in the midst of revolutionizing and modernizing how we do business at DSS. We still process applications, issue benefits and manage cases in basically the same way we did in the 1980's. I am sure you would agree that our system is not only inefficient; it does not serve the best interests of our clients or of our employees. While our clients often have computer skills and our workforce is dedicated to making a difference, our systems and processes limit our ability to reach our potential. It is clear change is required.

Our three-part modernization project will literally revolutionize the way we do business. Applicants or existing recipients will be able to apply for and renew benefits, to check the status of their case and to communicate with DSS workers, all online via the internet that is known as our web-based solution. Our new interactive voice response system will be

coupled with call center staff who will be able to take changes over the phone and give immediate responses to those who call our offices.

And who here hasn't heard that with the mountains of paper that move through our offices, occasionally something gets misplaced or lost forever? With installation of existing document management technology staff can scan birth certificates, income verifications, rent receipts or other documents, as well as paper applications. This will enable us to create permanent, electronic copies of important documents in electronic case records literally at the initial point of receipt.

This modernization project will bring us into today's era, with technology and processes that will help us provide better service in a time of diminished resources. We are in the midst of selecting a vendor, and we anticipate that we will be implementing the first element of our modernization project in early 2011.

In the interim, however, within limited resources we are working to cushion the impact of the "new normal" on both clients and staff. For example, we are working on a plan to ask the United Way's 2-1-1 staff to handle some of our tremendously high call volume, and expect to roll out a pilot shortly in one office.

In addition, we are targeting temporary resources very strategically. One of the programs that has seen the greatest increase in activity is SNAP, the Supplemental Nutrition Assistance Program, or the old Food Stamp program. The SNAP caseload increased 17%, from 135,346 cases in June 2009 to 158,947 cases in December 2009. As of December 31, the application backlog amounted to 5,000. In response to the mounting regional office workloads, an additional five Temporary Workers were authorized to address the immediate needs of this vital food assistance program. These five highly experienced Temporary Workers will combine with four temporarily redeployed Quality Control Reviewers to address the application backlog during this difficult economic climate. The Temporary Workers have started already. When combined with the redeployed Quality Control Reviewers, this group will divide into three teams, one per region. This should greatly assist us in meeting the tremendous demand we are seeing for this program during these difficult economic times.

I would note that the Department has been working diligently to meet the intent of the significant reductions to our Other Expenses (OE) account included in the existing biennial budget. The vast majority of our OE expenses, approximately 60%, are related to contractual services. To date, we have successfully negotiated reductions in costs with contractors that make up 31% of our total OE budget and are currently developing savings options with contractors that make up another 10% of our budget. Recognizing the difficult times the State is currently faced with, and despite the hardships that they are often involved in themselves, these contractors have partnered with us in these efforts to achieve additional savings. This cooperation has not been isolated to our Other Expenses account. Our two contractual partners in administering our Medicaid carve outs have made similar efforts to help us achieve substantial savings.

I'd like now to turn to a discussion of the details of our progress in implementing currently required initiatives and the Governor's recommended budget.

### **Medicaid**

The Medicaid program continues to experience significant increases in expenditures due to higher caseloads in several key areas of the Medicaid program, including HUSKY A. The existing biennial budget gave the department the authority to implement a number of cost savings initiatives. The department has taken steps under tight time constraints to implement a number of the savings initiatives included in the latest biennial budget as quickly and seamlessly as possible. We have already implemented many of the initiatives that did not require major structural or system changes; and where allowable we have made those savings retroactive.

The department's role as a major health care coverage provider requires us to balance the needs for cost containment with the need to ensure access for the individuals who require our services. This can often be a difficult task requiring us to continually innovate to pursue new or enhanced service delivery models and practices. As in past years, the Governor has proposed several cost containment efforts both in addition to, and expanding on, those which were included in the biennial budget. These initiatives are described in more detail below.

### **HUSKY A**

The HUSKY A program provides low-cost or no-cost healthcare to low- and moderate-income children and families. In SFY 2010, the HUSKY A program has experienced substantial increases in enrollment. Over the first 7 months of SFY 2010, enrollment in the HUSKY A program has increased by approximately 14,660 clients, or an average of 2,094 clients per month for a total enrollment as of January 1, 2010, of over 357,000 clients; and a projected enrollment by the end of SFY 2010 of 368,000 clients.

The biennial budget included a full-year reduction to managed care rates of 6%, which is essentially asking the managed care organizations (MCOs) to operate with at a loss, based upon current financial reports. The department is currently in negotiations with the MCOs pertaining to changes in program scope, contract terms and capitation rates. While the biennial budget included rate reductions to the MCOs, the Governor recommends converting HUSKY to a non-risk model with the HUSKY program continuing under an administrative services structure. This ASO structure would be similar to the model being developed to provide care management for the Medicaid Aged, Blind and Disabled population through an ASO, which is centered around improving health outcomes, reducing unnecessary or inappropriate service, and thereby reducing overall Medicaid expenditures.

### **Pharmacy**

Upon passage of the budget, the department took aggressive steps to implement numerous pharmacy initiatives. These initiatives included changes to pharmacy reimbursements, early refills, and prior authorization requirements, representing a reduction in Medicaid expenditures of approximately \$20.2 million in SFY 2010. On an

annualized basis, these changes will result in even higher savings. Some of the initiatives we have implemented include:

- Changing the Maximum Allowable Cost (MAC) reimbursement from Average Wholesale Price (AWP) minus 40% to AWP minus 45%; for those of you not familiar with the MAC programs, these are designed to ensure state Medicaid programs pay appropriate prices for generic and multi-source brand drugs.
- Reducing the dispensing fees paid to pharmacy providers from \$3.15 to \$2.65 to bring the state more in line with dispensing fees paid by commercial health insurers.
- Requiring enrollment in benchmark plans for dual eligibles, those clients eligible for both Medicare and Medicaid, and instituting co-pays.
- Requiring prior authorization for high cost items;
- Changing the early refill criteria from 75% to 85%, consistent with many commercial plans.
- Reducing the automatic first 30 day supply for new scripts to a 14 day supply.
- Eliminating payment for non-formulary drugs for dually eligible clients under Medicare Part D effective January 1, 2010.
- Lessening the state subsidy, dually eligible clients responsible for paying up to \$15 per month of the federal Medicare copay for Medicare Part D covered prescriptions.

The Governor's Recommended Budget expands a number of these cost-savings initiatives in order to maximize savings while still providing the necessary pharmacy benefit. The Governor recommends revising MAC reimbursement under DSS' pharmacy programs from the average wholesale price (AWP) minus 45% to AWP minus 50%, making existing mental health prescriptions subject to the preferred drug list with prior authorization being required to receive coverage of any mental health drug that is not on the preferred drug list. The recommendation also requires dually eligible clients to be responsible for paying up to \$20 per month in Medicare co-pays for Part D-covered drugs as opposed to the \$15 per month currently. The recommendation also would remove coverage of over-the-counter drugs, with the exception of insulin and insulin syringes, under DSS' pharmacy programs. Over-the-counter drug on average cost **\$29.72**, some of the more common OTCs are Benadryl, Tylenol, Advil and Motrin, hydrocortisone cream, and various cough and cold preparations. Between August 1, 2009, and November 1, 2009, the department covered 178,970 over-the-counter prescriptions at a total cost of \$5.32 million.

The overall savings that will result from the above are \$10.9 million.

### **Medicare Savings Programs**

The Department of Social Services increased the income disregards in the Medicare Savings Programs (MSP) so that the income limits for the MSP component matched that of the ConnPACE income limits. Legislation eliminated the asset test across all MSP components as of October 1, 2009. As of January 31, 2010, there were 79,723 clients enrolled in the Medicare Savings Programs. Additionally, we are estimating that

approximately 23,000 ConnPACE clients with Medicare Part D may now be eligible under the expanded MSP. We began mailing application materials to ConnPACE members in October 2009 and we expect to finalize our mailings over the next several months. We focused on mailing MSP applications to those ConnPACE members with the highest amount of pharmacy claims. As of today, we have sent MSP application materials to 6,000 ConnPACE members. The department has a dedicated MSP Unit which is processing the applications returned from our mailings, as well as applications received independently. As of February 2, 2010, we have received 8,228 MSP applications, of which over 5,600 were from ConnPACE members.

### **Money Follows the Person**

The department successfully implemented the Money Follows the Person initiative on December 4, 2008. As of January 2010, the program has transitioned 149 individuals from nursing facilities and various institutions to home- and community-based settings. The target population groups are individuals with mental illnesses and physical disabilities, including acquired brain injury, intellectual disabilities and elderly. We are projecting another 53 transitions in SFY 2010. The Governor's Recommended Budget recognizes the growth in this program by including an additional 263 transitions in SFY 2011.

### **Nursing Homes**

Through the cooperative efforts of the Legislature, the Governor and the department, the state has actively embraced the treatment of clients in the most appropriate settings. Together, we have made great strides to open up community options for the provision of long-term care services through the expansion of our Medicaid waivers and community-based services. This has helped us to contain Medicaid nursing home costs to some extent, and has provided us with the options necessary to reduce the level of recipients served in institutional nursing home settings from approximately 18,500 to 17,000 from December 2006 to December 2009. Despite our best cooperative efforts in this regard and an overall reduction of 1,500 Medicaid beneficiaries in nursing homes, nursing homes expenditures, estimated at \$1.2 billion in SFY 2011, are still the single largest component of our Medicaid account.

Statutory increases for nursing facilities were repealed and fair rent rate adjustments were eliminated in SFY 2010. Special needs trust are now allowed for our aged, blind, and disabled clients which can help reduce placements in nursing homes from residential care homes. We expect that these initiatives will save approximately \$120 million in SFY 2010. The enacted budget for SFY 2010 also contained funding for a contractor to implement web-based screening tools for nursing home admissions. This new system will reduce the administrative burden on hospitals and nursing homes. In addition, the use of on-site reviews will help to ensure that nursing home admissions are appropriate and it will help identify individuals who might be better served in community settings. It is estimated that the screening process will divert 300 individuals from nursing home care to a more appropriate level of service over the next five years. The system is being piloted as we speak and is expected to be fully operational by March of this year.

## **Waivers**

The biennial budget directed the department to move forward with several Medicaid waiver applications. As you know, the earlier promise of health care reform action at a federal level was expected to have a significant impact on these waiver efforts. Both House and Senate legislation included a simplified opportunity for coverage of populations such as our SAGA population under their reform plans, eliminating the need for a waiver in this area. With the current status of health care reform uncertain, we are now renewing our waiver efforts and directed our actuaries to move forward on the data crunching necessary for the waiver application.

Although we will now move forward with the SAGA Waiver, due to expectations of lengthy federal negotiations, the Governor's Recommended Budget, using caution, removes funding for the waiver in SFY 2011. While cautiously optimistic regarding having a waiver developed and submitted in SFY 2011, due to the continuing debate over health care reform on a federal level, we are not counting on final approval from the federal government until SFY 2012.

The Autism Waiver, with an anticipated implementation date of October 1, 2010, will be open only to those clients currently receiving autism services through DSS, DDS, DMHAS or DCF. DDS will operate the waiver and hold reporting and administrative responsibilities. DMHAS will be operating waiver services and will supply data to DDS for compilation for reporting to the federal Centers for Medicare and Medicaid Services. DSS will be responsible for ensuring that the waiver is operated in accordance with applicable federal regulations, and will have overall responsibility for the waiver. Implementation of this waiver is anticipated to result in increased revenue to the state by approximately \$4 million when fully annualized.

The HIV/AIDS waiver is a home- and community-based waiver that is being developed by DSS to provide additional services, such as case management, homemaker, personal care assistance, adult day health and respite care that are not available under traditional Medicaid. In recognition of the state's fiscal situation and the potential for increased expenditures, implementation of the waiver will be delayed through SFY 2011.

The Family Planning Waiver is a demonstration waiver designed to provide family planning services to individuals not otherwise eligible for Medicaid or the State Children's Health Insurance Plan. Services available would include contraceptive services and supplies, family planning counseling and information, medical treatment when necessary, and medical screening and treatment of STDs. The Department is working with its actuaries to revise covered services in line with CMS expectations and to update the cost-effectiveness analysis to reflect a more recent base year and changes to the benefit.

## **Other Medical Initiatives**

The biennial budget appropriated funds to cover the cost of Federally Qualified Health Centers (FQHCs) enhancements. In addition to funds provided in Medicaid to supplement operating costs, funds were provided to cover the full cost of 16 new

outstationed eligibility workers. Of these 16 positions, despite our best efforts, only seven have been filled. The Governor's recommended budget proposes that the discretionary funding provided under Medicaid be removed, which, in turn, will require the FQHCs to contribute toward the cost of any outstationed eligibility workers.

In an effort to improve access to health care for Medicaid clients with limited English proficiency, the legislature mandated that DSS amend the Medicaid state plan to include foreign language interpreter services provided to any beneficiary with limited English proficiency as a covered service under the Medicaid program. The biennial budget includes partial year funding in FY 2010-11 of \$2.5 million for this initiative, with annualized costs projected at \$6.0 million. The Governor recommends obtaining these services from one centralized vendor. We believe this is a more cost-efficient, streamlined model than requiring a Medicaid state plan amendment, where providers would need to submit claims for reimbursement of medical interpreter costs. Providing services from one centralized vendor is expected to result in annualized costs of \$1.7 million, significantly less than the \$6 million projected under a state plan amendment.

Consistent with federal rules, the Governor recommends requiring co-pays of up to \$3 per service on allowable medical services (excluding hospital inpatient, emergency room, home health, laboratory and transportation services), not to exceed 5% of family income. Co-payments for pharmacy services which will be capped at \$20 per month. These co-pay requirements would not apply to any children under 18 years of age, individuals at or below 100% of the federal poverty level, Supplemental Security Income recipients, pregnant women, women being treated for breast and cervical cancer and persons in institutional settings. It should be noted that 45 states require co-payments under their Medicaid programs.

The Governor's recommended budget proposes to expand transportation options under Medicaid to include stretcher van service for those individuals who are medically stable but must lie flat during transport. The new stretcher van rate will be significantly less than the non-emergency ambulance rate, which has a base rate of \$218 plus \$2.88 per mile (approximately \$275 for a 20-mile one-way trip). This change is consistent with a number of other states that have recognized the economic value of stretcher vans.

Eyeglasses, contact lenses and services provided by opticians are considered optional under federal Medicaid rules. The Governor recommends that DSS no longer provide coverage of eyeglasses, contact lenses and services provided by opticians under Medicaid. To comply with federal rules, the current benefit will continue to be provided to all individuals under the age 21.

## **HUSKY B**

The Governor's Recommended Budget includes an increase in premium cost-sharing for HUSKY B members in 'band 2,' those with incomes between 236% to 300% of the federal poverty level. Under this proposal, the monthly premium payment for families with one child will increase from \$30 to \$50, and will increase from \$50 to \$75 for families with more than one child. Those clients in 'band 1,' from 185% to 236% of

FPL, would continue to be exempt from premium cost-sharing. It is important to note that the premium cost share for HUSKY B members has not been raised since the inception of the program in SFY 1998, despite sizable medical cost increases incurred by the state over that time period.

Additionally, HUSKY B co-pay requirements will be structured to align with those of state employee health plans. Consistent with the federal rules, the family obligation, including premium payments and co-pays, cannot exceed 5% of the family's gross income.

### **Charter Oak Health Plan**

The monthly subsidies paid for Charter Oak clients are now limited to \$50 to \$175 per month, depending on income. The proposed budget also contains costs by suspending the state subsidy of premium for one year. Any enrollees coming on to Charter Oak after July 1 will be responsible for the full premium costs. Charter Oak enrollment is expected to increase 74% in SFY 2010, from 8,179 in June 2009 to 14,948 in June 2010. Expenditures for SFY 2010 are estimated at \$23.5 million.

### **Other Medical Programs**

#### **SAGA**

The Governor's Recommended Budget includes several cost-saving initiatives in the State-Administered General Assistance (SAGA) program.

The administration of care management for SAGA clients will be modified to mirror the approach current being developed for the Medicaid fee-for-service program. This change will not affect the clients' ability to receive necessary medical care.

Payments to Federally Qualified Health Centers (FQHCs), which are currently made at the Medicaid rate, will be reduced to 90% of the Medicaid rate.

The limited Vision services will be eliminated under the SAGA program. Non-Emergency Medical Transportation (NEMT) benefits provided under SAGA will be limited to support for dialysis and cancer treatments.

#### **Public Assistance**

Caseloads in the Public Assistance and Supplemental Nutrition Assistance Programs have increased dramatically since SFY 2009. In SNAP, we have seen an increase of 17% in the number of families receiving this assistance between June and December 2009. To assist our families during this recession, Governor Rell recommended, and the department implemented, an increase in the income limit from 130% of the federal poverty level to 185% of the federal poverty level, thus allowing more families to receive these federally funded benefits. In Temporary Family Assistance, caseloads have risen 7% in this same time period. Recognizing the critical nature of these services, the only change to Public Assistance accounts has been the elimination of the cost-of-living adjustment.

## **Grants**

SFY 2010 rescissions to many non-entitlement assistance programs have been annualized and continued into SFY 2011 in the Governor's Recommended Budget. The total amount of these rescissions in SFY 2011 is \$3.2 million. The programs affected include HUSKY Outreach, Genetic Tests in Paternity Actions, Emergency Assistance, Food Stamp Training Expenses, Transportation for Employment Independence, Refunds of Collections, Services for Persons with Disabilities, Housing and Homeless Services, Employment Opportunities, Independent Living Centers, Human Services Infrastructure, and Fall Prevention, which is funded out of the insurance fund.

Additionally, the budget contains 25% reductions for certain non-entitlement accounts, including the, Day Care Projects, Safety Net Services, Employment Opportunities, Human Resource Development, Community Services and Human Services Infrastructure. These reductions total \$6.3 million in SFY 2011. Funding was also eliminated for HUSKY Outreach, Transportation for Employment Independence, and Independent Living Centers.

## **Children's Trust Fund**

As you know, legislation was passed last fall to merge the Children's Trust Fund into the Department of Social Services. In October 2009, the Trust Fund moved its offices into the central office of DSS at 25 Sigourney Street in Hartford. Seven staff moved with the Trust Fund and have retained their roles and functions. Seven other Trust Fund staff accepted positions within several state agencies, including two who are working in other areas of the Department of Social Services. Three Trust Fund staff took positions outside of state government and one staff member retired. I have met with the chair of the Trust Fund Council and we have taken steps to support its efforts.

The Governor's mid-term adjustment reduces the overall budget for the Children's Trust Fund for community-based services by \$6.7 million dollars. The reductions to specific programs vary. The mid-term adjustments suspend roughly \$3 million in funding for non-hospital Nurturing Families Network (NFN) sites in Hartford and New Haven, the funding for the Children's Law Center and the Parent Trust Fund. All other Trust Fund programs would be reduced by 25% or \$3.4 million dollars and the 4.2% rescission enacted this year would be annualized in 2011.

Under this budget proposal the Trust Fund would continue to offer its NFN home visiting program at all 29 birthing hospitals in the state and maintain several other initiatives aimed at reducing child abuse and neglect and supporting the positive growth and development of children.

The department will depend on resources already in place or available federal funding to fill any critical gaps in services under these programs.

## **Revenue Maximization**

Revenue maximization has been a strong focus for DSS over the past two years. To put this in perspective, the total actual revenue generated by DSS activities was \$2.54 billion in SFY 2008 and approximately \$3.62 billion in SFY 2010. This represents a 42.4% increase in revenue including ARRA Medicaid Increased FMAP. If we exclude ARRA FMAP the increase would be 21%.

For the two year period, SFY 2009 and 2010, we have qualified for nearly \$1 billion in ARRA-related revenue. In addition, Non-ARRA revenue has increased over the 2008 base year by a total exceeding \$1 billion for the same period. In large part we have achieved this by working closely with other state agencies to update rates to better reflect costs incurred by these agencies.

#### **ARRA Grant Awards**

The American Recovery and Reinvestment Act of 2009 was signed into law by President Obama on February 17, 2009, to stimulate the economy and help put people back to work. Department of Social Services has received 11 grant awards totaling \$108,308,415. As of February 5, 2010, DSS has obligated through contracts or expended nearly 85% of total ARRA awarded grants.

#### **Major Achievements Under the Rell Administration**

The department has implemented many programs dedicated to the delivery of health and human services to increasing populations of vulnerable citizens of Connecticut over the past few years.

**HUSKY Primary Care** is Connecticut's Primary Care Case Management (PCCM) pilot program. PCCM is a different model of managed care in which HUSKY A clients enroll directly with their primary care provider (PCP), and not with a managed care organization. The PCP and the clients work directly with each other to manage the clients health care for which the PCP is paid an extra \$7.50 PMPM in addition to fees for direct services. HUSKY Primary Care, established in February 2009, is a fourth coverage option offered to HUSKY A clients living in Waterbury, Windham, Hartford, New haven and their contiguous towns.

**Connecticut added hospice services** to its already exhaustive list of benefits available to Medicaid clients, effective January 1, 2010. End of life services are provided by hospice certified home health agencies in a manner similar to those services offered to Medicare clients. Once a client is determined by their provider to have a terminal illness and elects the hospice benefit, all Medicaid services are coordinated by a licensed hospice agency in cooperation with the client's regular care provider. Health services provided emphasize comfort measures and may be provided in a client's home, nursing home, or in a hospital when necessary.

#### **Connecticut Dental Health Partnership**

The Connecticut Dental Health Partnership (CTDHP) has just completed its first year, and has been very successful in building the dental provider network – there are now 1,025 dentists and specialists delivering care to clients of all ages. Routine appointments

take only an average of 18 days to schedule, and the CTDHP has implemented special services for babies, pregnant women, clients with special healthcare needs and school based health centers.

### **Behavioral Health Partnership**

On January 1, 2006 DSS & DCF implemented the Behavioral Health Partnership, a joint initiative to improve the management and delivery of behavioral health services funded under the HUSKY program and by DCF. The BHP has substantially improved access to home and community-based services, and it has dramatically reduced reliance on institutional care. For example, from calendar year 2007 to calendar year 2009, inpatient psychiatric services have been reduced by more than 20% (9,000 days). In addition, the BHP has markedly improved timely access to routine services through the Enhanced Care Clinic initiative.

### **Pharmacy Carve-Out**

On February 1, 2008 all pharmacy benefits became the responsibility of the department with the carve-out of pharmacy services from the managed care plans. With the department already operating functions such as a preferred drug list, prior authorization process, drug rebate program and retrospective drug utilization review program, the transition of these individuals into the traditional fee-for-service environment was relatively smooth.

### **SNAP increase**

The department has increased income limits for the program and streamlined the rules for the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp program). It is easier than ever for individuals and families to apply for and receive SNAP than ever before. Most households do not need to verify their savings or other assets. We also provide most households with the maximum deductions allowed by federal law, ensuring that individuals and families receive the maximum amount of benefits possible. In addition to providing increased benefits to more Connecticut households, the changes we have made have reduced erroneous payments and eliminated the need for most households to go to a DSS office to apply.

### **Child Care Fraud**

During SFY 09, the combined 8 FTE Central office Fraud & Recoveries Early Detection (FRED) and Active Case Assessment program (ACAP) staff completed approximately 1,800 investigations. The FRED staff cost avoided \$5.7 million and the ACAP staff recovered \$1.5 in improper payments.

### **Charter Oak Health Plan**

The Charter Oak healthcare program was implemented on August 1, 2008, as a health care option for uninsured adults aged 19 through 64. For many Connecticut residents including employees of small businesses, people between jobs, young graduates, early retirees — affordable health coverage had been out of reach. The Charter Oak program now enrolls more than 13,000 members and could not have come at a better time given the economic climate that hit the nation over the past 2 years. Three managed care

organizations provide care coordination, case management and referral assistance to ensure medical services are available in a timely manner.

### **Newborn Initiative**

As part of Governor Rell's HUSKY Health '07 initiative, The Newborn Initiative enrolls uninsured newborns and moms in HUSKY before they are discharged from the hospital. Every hospital in Connecticut participates in the initiative, as well as 2 border hospitals. Applications are expedited so that babies are granted HUSKY eligibility within 4-5 days. Since January 1, 2008 when the program began, over 3700 babies have been granted HUSKY A and over 400 HUSKY B benefits

### **Connect-Ability**

Connect-Ability began in late 2005 with a federal grant to the State of Connecticut to identify and remove barriers to employment faced by people with disabilities. This five-year, multimillion dollar **systems change grant** involved a detailed look at the State's employment and disability services infrastructure in order to identify problem areas and implement lasting solutions.

### **Walgreens**

Walgreens, one of the nation's largest retailers, has opened a large distribution center in Windsor, CT in 2008. The company's goal of having one-third of its workforce composed of persons with disabilities will bring hundreds of full-time job opportunities for persons with cognitive, physical and mental disabilities.

### **HPRP (pre-ARRA pilot)**

In 2009 the department initiated a pilot program utilizing funding in our Beyond Shelter Program and Counselors in Shelter program to fund efforts to more quickly assist and move homeless residents into permanent housing. This was the precursor to our HPRP funding under ARRA. This program addresses service gaps to the provision of a statewide housing based system by expanding work of emergency homeless shelter case managers/counselors with short term and long term relocation/stabilization services. To stretch these dollars, potential applicants will be required to demonstrate their ability to leverage existing resources to address additional client barriers.

### **Children in Shelters**

The department, working with our partners at the Coalition to End Homelessness, implemented a program of short-term child care benefits to help parents while they look for employment or permanent housing.

### **MFP**

Money Follows the Person is a \$56 million demonstration that is intended to assist with rebalancing Connecticut's long-term care system so that individuals have the maximum independence and freedom of choice about where they live and receive services. Approximately \$31 million of the demonstration cost is reimbursed by CMS. A highlight of Connecticut's program, implemented in December 2008, includes the goal of transitioning 700 Medicaid-eligible elderly and people with disabilities from nursing

facilities or other institutions back into the community to receive support and services at home. As of January 2010, 149 people have been transitioned, and 263 transitional slots are in the Governor's budget for FY 2011.

### **Mental Health Waiver**

In April 2009, DSS and DMHAS initiated a new Medicaid waiver program to offer home- and community-based services to persons with serious mental illness. The waiver, slated to serve 216 persons in the first three years is one of only four such waivers in the country. In order to be eligible for waiver services, the person must be nursing facility level of care. The program is focused on diverting as well as deinstitutionalizing persons from nursing facilities.

### **Elderly Nutrition**

Additional funds have been provided to the Elderly Nutrition Program that serves nutritionally balanced meals and provides nutrition education to individuals age 60 and older and their spouses. Nourishing meals are served once a day for five or more days per week at approximately 200 senior community cafés statewide. These cafés are located in senior centers, elderly housing communities, schools, churches and other community settings, where elderly persons gather to participate in activities and learn about other programs and services. Locations are of easy assessing to the public. Transportation may be provided when available in some areas.

### **Energy Assistance increase**

The Connecticut Energy Assistance Program, administered by DSS with community action agencies statewide, served a record 107,500 households last winter, with an estimated 112,700 households to be served during the current heating season.

### **Medicaid Rate Investments**

In recent years, the department has invested more than \$150 million in hospital, nursing home, clinic, physician, dental, home health, ambulance and other community provider rates.

### **Summary of MMIS Implementation**

After a multi-year planning, procurement, and implementation effort, the Department successfully implemented a new Medicaid Management Information System (MMIS) in 2008. The MMIS is a complex, multifaceted, system, which, processes claims for the fee for service Medicaid program, processes pharmacy, behavioral health, and dental claims for the HUSKY and SAGA programs. It also processes pharmacy and behavioral health claims for the Charter Oak Health Plan, and supports ConnPACE program enrollment and claims processing. It also maintains data for over 560,000 active clients and over 14,000 enrolled providers, and pays out approximately \$4 billion in benefits annually. Its more modern architecture enables the Department to operate multiple medical programs and support ongoing programmatic changes at a lower annual operating cost. The new system also offers enhanced capabilities for providers, such as interactive claim

submission, real-time claim adjudication, and provider enrollment via a secure Internet web portal.

### **Med Rx Bus**

While the original purpose for the Medicare RX Bus was to assist Long Term Care residents in enrolling in Medicare Part D, the prescription drug program, it grew from there. The DSS Medicare RX Bus currently serves as an outreach office that travels throughout Connecticut to assist residents with ConnPACE, Medicare Part D program and Low Income Subsidy requirements in addition to other DSS programs such as: Medicaid, Medicare Savings Program, Food Stamps, Connecticut Home Care for Elders program, etc. Visits are made to senior centers, pharmacies, farmers markets, health fairs, conventions, senior housing, community colleges, libraries, social and human service agencies and more. The Medicare Part D bus is routinely staffed with CHOICES counselors, department staff and pharmacists when needed.

### **e-prescribing**

CMS awarded a \$5 million Medicaid Transformation Grant for ePrescribing and Health Information Exchange to the Department in February, 2007. Providers who currently use an approved ePrescribing system will be allowed access to Medical Assistant Program client's eligibility, formulary and medication history for all Connecticut Medical Assistance pharmacy programs. SureScripts Systems will enable pharmacy benefit information to be transmitted electronically from the MMIS to the prescriber at the point of prescribing. The practitioner's office, via either their prescription software vendor or SureScripts, will transmit prescription information electronically to a pharmacy of the client's choice, through connections between the prescriber's office and pharmacies. The latest information reflects 64,000 eligibility transactions and 41,000 medication history transactions within a given month.

Thank you for the opportunity to speak before you today on the Governor's recommended budget changes.