

Public Hearing Testimony  
Submitted to the Appropriations Committee

TESTIMONY FOR FEBRUARY 18, 2010 PUBLIC HEARING  
LOSS OF 10% OF INSURANCE CLAIMS ALLOCATION FOR  
BIRTH TO THREE SERVICES

Good afternoon:

I am Bruce Douglas, Executive Director of the Capitol Region Education Council (CREC). For many years, CREC has been a conscientious provider of services for infants and toddlers in the state's Birth to Three system. We are proud of the long and successful partnership that we have had with the Department of Developmental Services (DDS) to help meet the needs of eligible young children.

CREC is compensated by DDS for provision of services, compensation that, in recent years, often does not cover our costs. In addition to the services we provide, CREC staff also take on the task of billing insurance for the costs of certain services that these children receive. To help cover the costs of filing and tracking the insurance claims, providers like CREC have been able to retain 10% of the claims paid. Typically, this amount equals approximately \$17,000 annually for CREC. Please know that this \$17,000 does not cover the actual costs for personnel and other resources needed to carry out these tasks. However, we have continued to carry out these insurance claim functions, even with a financial loss, to assist the state with work that needed to be done. In essence, we have been subsidizing the state in doing so.

As you are aware, the Governor is proposing to change this current practice that allows providers to retain 10% of insurance claims to help cover the costs of the work involved. Instead, these funds will be utilized to offset program costs of the Birth to Three system. While we are all sensitive to the critical needs of the Birth to Three system, we are also very concerned about this potential loss of financial support for providers who manage all of the work associated with insurance billing and claims. Though it seems like a relatively small amount of money annually, it is critical that we retain the financial support for the services that we provide on behalf of the state. At some point, the continued loss of funds makes the cost of providing those services too great for a non-profit agency such as CREC. That point will likely arrive if the Governor's recommendation to retain the 10% is adopted.

For these reasons, I urge you to not adopt this provision of the proposed mitigation plan. On behalf of CREC and all Birth to Three providers, it is essential that we continue to have the present levels of support maintained to enable us to carry out these tasks in partnership with, and on behalf of, the state.

Thank you for your consideration.

Bruce E. Douglas, Ph.D.