

# Legal Assistance Resource Center

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### Testimony before the Appropriations Committee on the March 1, 2010 Deficit Mitigation Plan

by Jane McNichol, Executive Director  
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Good evening. I am Jane McNichol, Executive Director of the Legal Assistance Resource Center of Connecticut, the advocacy and support center for legal services programs in the state. We represent the interests of very-low income residents of the state. I am also the co-convenor of the Medicaid SAGA Strategy Group, a group of providers and advocates dedicated to preserving and improving Medicaid, SAGA and HUSKY.

The Governor's March 1 Deficit Mitigation Plan, especially when it is viewed in conjunction with the proposed midterm Budget Revisions presented last month and the adopted budget for SFY 2010 and 2011, demonstrates the difficulty, or perhaps the impossibility, of adopting a socially and fiscally responsible budget without seriously considering revenues.

**The Governor's Budget Revisions and Deficit Mitigation Plan rely heavily on new revenues** to fill the budget gaps she identifies. In the proposed Budget Revisions, new revenues, mostly hoped for but not committed increased federal revenues, fill 94% of the \$450 million gap.

In the Deficit Mitigation Plan, 52% of the \$500 million shortfall projected for this year is filled through new revenues - \$219 million from the Rainy Day Fund and \$45 million from newly committed federal funds.

But even with this heavy reliance on revenues, the Governor proposes new **limitations on Medicaid, HUSKY and SAGA in order to achieve costly savings**. The proposed savings are costly for three reasons:

- each \$1 million of Medicaid spending in Connecticut results in nearly **\$2.1 million in new business activity and in 16.67 new jobs**, according to Families USA research in 2005;
- every \$1 cut from state spending in Medicaid (including HUSKY A) also cuts more than \$1.50 in **federal Medicaid reimbursement**. To achieve a \$1 spending reduction, we must cut more than \$2.50 worth of health care services. For HUSKY B, the numbers are even worse. Every \$1 cut from state spending in HUSKY B also cuts \$2 in **federal HUSKY B reimbursement** for a total cut of \$3 in services;
- cuts in health care services to low income residents mean **unnecessary suffering, lost work time, children missing school and a decline in the quality of life** for all of us.

Before making more cuts to public health care services, we should consider all these costs and the decisions that we have already made.

**In the adopted budget, we cut more than \$500 million from public health care programs.**

To achieve these savings, we:

- proposed a **rapid and radical restructuring of the Medicaid program** for people who are elderly or disabled. This restructuring is going forward but is taking longer than projected.
- **dismantled the Medicare Part D Wrap-Around program** for people who are elderly or disabled and receive prescription drugs through Medicare Part D. Connecticut went from having one of the best wrap-around programs in the country to having essentially no program. As a by-product of this, we have the peculiar result that the poorest people on Medicaid, those who are dually eligible for Medicaid and Medicare, are the only Medicaid participants subject to prescription drug co-pays.

The Governor's Deficit Mitigation Plan and Budget Revisions would put into place **many more restrictions on services which have been repeatedly rejected by the legislature**, including:

- eliminating non-emergency dental services for adults in Medicaid and SAGA,
- requiring or increasing co-pays and premiums in Medicaid and HUSKY,
- eliminating or severely restricting access to vision services,
- reducing recent but long-delayed increases in Medicaid provider rates,
- imposing numerous limits on prescription drug access.

Because of the substantial federal match for Medicaid and HUSKY, the net savings from the long list of proposed cuts is low. We cannot make a real dent in the deficit without doing extensive damage to our public health care system. And we should not try.

We should do what Governor Rell did in her recent budget proposals:  
**Look to revenues.**

Delaying the changes in the **estate tax** would bring in **\$75 million** over the biennium.

**Reducing provider rates and eliminating dental services** for adults in Medicaid and SAGA saves only **\$54.5 million**.

A **modest tax on carbonated soda** would raise **\$15 million** next year.

Proposed increases in **co-pays and premiums in Medicaid and HUSKY B** would save the state **less than \$15 million**.

**Continuing to eviscerate our public health care programs in order to achieve modest savings is bad for people, bad for the economy – and unnecessary.**

I urge you to reject the short-sighted health care proposals in the Deficit Mitigation Plan.

Thank you for your continued work on these difficult issues.