CONNECTICUT VOICES FOR CHILDREN

*Independent research and advocacy to improve the lives of Connecticut's children*

**Testimony Regarding**
**The Governor's Fiscal Year 2013 Proposed Budget Adjustments:**
**The Departments of Social Services and Children and Families**

Sharon D. Langer
Appropriations Committee
February 17, 2012

Senator Harp, Representative Walker and Members of the Appropriations Committee:

I am a Senior Policy Fellow, testifying today on behalf of Connecticut Voices for Children, a research-based public education and advocacy organization that works statewide to promote the well-being of Connecticut's children, youth, and families.

**Department of Social Services**

*Early Care and Education*

**We laud the commitment to early care and education reflected in the proposed FY13 budget increase for Care4Kids of $6.8 million from FY 12 amounts.** We hope this committee will maintain these increases in its final budget, and dedicate them to be used for reimbursement rate increases for childcare providers. Connecticut is one of just three states that has not raised its rates since 2002.[1] Our state's reimbursement rates are far below the federally recommended level – the 75th percentile of current market rates – that would allow families to access three out of four slots with their subsidy. For example, the reimbursement rate for a four-year-old in North/Central Connecticut in center-based care is 40% lower than recommended.[2]
Raising reimbursement rates will allow families to access more high quality child care options, and will allow providers to attract and retain well-qualified staff, both of which will go a long way to closing the preparation gap that exists at kindergarten between our better-off and at-risk populations. Additionally, more choice for working parents gives them more convenient options for childcare, helping increase stability in the workforce. Although a reimbursement rate increase sufficient to align Connecticut with the federal guidelines would need to be phased in over a number of years, we can make an important down payment on this investment by dedicating the FY13 Care4Kids funding increase to raise provider rates.

*The HUSKY Health Program*

We wholeheartedly **support** the Governor's maintenance of eligibility and benefits for over 410,000 children, parents, and pregnant women, including 395,000 in HUSKY A (Medicaid) and 15,000 children in HUSKY B (Children's Health Insurance Program).[3]

While children and parents/caregivers make up 75% of persons covered by Medicaid in Connecticut, they account for just 22% of all Medicaid spending.[4] The federal government currently reimburses Connecticut for 50 percent of the costs of HUSKY A and 65 percent of the costs of HUSKY B.

We **oppose** the following recommendations by the Governor:

- **Restricting Eligibility for Low-Income Adults (HUSKY D) (-$16.9M)**

There are over 74,000 low income adults in HUSKY D, up dramatically from enrollment at the program's inception in 2010 when SAGA medical was converted from a state-funded program to Medicaid[5]; *however, enrollment growth has slowed in recent months.*[6]

The Governor now proposes to reduce eligibility for this group of low-income adults by imposing an asset test of $25,000. He also proposes to further reduce eligibility for young adults on HUSKY D between the ages of 19 and 26 by counting parents' income and assets when the young adult lives with one or both parents or when the young adult is claimed by the parent(s) as a tax dependent.[7] The Governor assumes that many of these young people could be covered as dependents under their parents' insurance, and that families are choosing instead to take up HUSKY D coverage. The budget narrative does not provide data on the number of young adults between the ages of 19 and 26 on HUSKY D and the state expenditures for this group. It also does not provide data on the number of young adults who live with their parents, and whether in fact the parents' have access to affordable dependent coverage. Reducing eligibility will likely cause disruption in any ongoing medical, behavioral and/or dental health care, as well as reduce access to reproductive health services for these young adults. In addition the proposal would reduce benefits to individuals on HUSKY D, including these young adults, but does not specify what benefits would be cut. The narrative does not explain how much of the cut is attributable to the imposition of an asset test, how much is attributable to counting parental income, and how much is attributable to reduction in benefits.[8] Finally, we would note that young adults are generally the least expensive to cover.

- **Reducing funding for HUSKY B by almost 30 percent without explanation (-$12.7M)**

Funding for HUSKY B – Connecticut's Children's Health Insurance Program (CHIP) - is decreased from $42.6M to $29.9M without explanation of how coverage will change for about 15,000 children in the program. Connecticut receives 65 cents on every dollar in HUSKY B. It is unclear whether the reduction is due to anticipated changes in enrollment or to savings from the program's conversion from capitated managed care to fee-for-service, or both. We would note that enrollment in HUSKY B has held steady for many years.

- **Reducing the funding for 2-1-1/United Way's HUSKY Infoline by 10 percent**

HUSKY Infoline provides one-on-one assistance to HUSKY families by providing program information and help in accessing coverage and coverage. 2-1-1 is now expanding its services to provide similar services to the larger HUSKY Health population. These services are more important than ever, given the ongoing changes to the program, the challenges that the Department of Social Services continues to face in responding to their clients in a timely fashion, and the complexity of the eligibility and coverage rules.

- **Reducing the funding to community-based Healthy Start programs by 10 percent**

Local Health Start programs assist pregnant women to access health coverage and prenatal care. These services are vital to the health of pregnant women and their babies.

- **Reducing the funding for independent performance monitoring in the HUSKY Program by 20 percent**

Connecticut Voices for Children conducts independent performance monitoring under a contract between the Department of Social Services and the Hartford Foundation for Public Giving. The Governor proposes reducing the funding from $218,317 to $175,000 – funding for which the state receives federal matching funds.

We are pleased that the new administrative services organization for HUSKY Health (CHNCT) will be collecting and analyzing utilization data that will be shared with the Department and health care providers in order to improve access, quality of care, and lower costs where possible. The Department of Social Services and we are in agreement that the performance monitoring will not duplicate but rather will supplement and complement the reporting by the ASO. Our focus in the following areas is very different from the reporting that will be required from the ASO: enrollment dynamics, annual reporting on births to mothers with publicly funded coverage, investigation of service utilization across services administered by different contractors (medical, dental, behavioral health, pharmacy), and analyses of program trends based on over ten years of state-funded independent performance monitoring in the HUSKY Program.

In particular, analysis of enrollment dynamics is not in the purview of the ASO contract, and the Department's stretched resources do not allow it to focus on this important area. Our reporting has uncovered particular problems in maintaining coverage for babies turning one and 18 year olds. CT Voices' analysis of enrollment dynamics assists the Department in improving retention in the program. Retention is key to keeping children and families insured. Insured individuals are more likely to access health care services in a timely and cost effective manner. Not only do enrollment dynamics have implications for the HUSKY Health program but also for the Health Insurance Exchange which will have to coordinate coverage with the Medicaid program and other insurance plans.

**Department of Children and Families**

Governor Malloy's budget makes steep cuts to the Department of Children and Families, amounting to $76.4 million (8.5%) of the agency's FY 13 appropriation. Much of the cost savings come from a $23.8 million (12.1%) reduction in the Residential Board and Care line item, due to DCF's shift to serve fewer children and youth in congregate (group) care and more in family foster care. Serving more children in the community is a positive development, and we believe Governor Malloy and Commissioner Katz deserve praise for moving in this direction. However, in order for this shift to be successful, the Department must reinvest a substantial portion of the savings in community-based services that will support children returning to the community from higher levels of care. Without these needed supports, there is increased risk that the family placements will fail, resulting in poorer outcomes and increased costs as children and youth are returned to institutions.

The Governor's budget also calls for significant reductions in Personal Services of $36.6 million (12.5%), which would bring those expenditures over $7 million below actual spending for FY 11. While some of this is due to wage freeze savings, a large portion is from staffing cuts and reduction in the use of overtime. Decreases in staffing must be monitored carefully to ensure they do not affect the quality of care provided by DCF. Case aides, paraprofessionals who help transport children to appointments, facilitate sibling visitation, and otherwise help support children in care and their families, have been particularly hard hit by personnel cuts.

On a more positive note, the Governor's proposal maintains funding ($4 million) for the rollout of the Differential Response System, a promising reform that diverts less severe cases of neglect from the investigation process to an alternate track that focuses on helping families connect to needed services. After many years of planning, DCF will begin implementing this program next month. Again, we thank Commissioner Katz for her leadership on this issue and encourage the legislature to devote the necessary financial resources to ensuring the success of the program in the coming years.

Thank you for this opportunity to testify regarding the budgets of the Departments of Social Services and Children and Families. Please feel free to contact me or my colleagues if you have questions or need additional information.

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[1] *See* Table 4A:State Reimbursement Rates in 2011 in "State Child Care Assistance Policies 2011: Reduced Support for Families in Challenging Times," *National Women's Law Center* (October 2011), available at:
http://www.nwlc.org/sites/default/files/pdfs/state_child_care_assistance_policies_report2011_final.pdf

[2] *See* Table 4C: State Reimbursement Rate Amount in 2011 Compared to Market Rate Amount for Child Care Centers in "State Child Care Assistance Policies 2011: Reduced Support for Families in Challenging Times," *National Women's Law Center* (October 2011), available at:
http://www.nwlc.org/sites/default/files/pdfs/state_child_care_assistance_policies_report2011_final.pdf

[3] HUSKY Program enrollment as of November 2011, the last month for which HUSKY A enrollment was reported by the Department of Social Services.

[4] Analysis of Medicaid data by the Urban Institute and the Kaiser Commission on Medicaid and the Uninsured. Connecticut: Distribution of Medicaid enrollees by enrollment group, FY2008; distribution of Medicaid payments by enrollment group FY2008. www.statehealthfacts.org. Accessed February 2012.

[5] By converting SAGA medical to Medicaid, the state is able to claim federal matching funds for the program. The state receives 50 cents on the dollar for individuals in Medicaid.

[6] See, Department of Social Services, Active Medical Coverage Groups – Eligibility Report, January 2012 and January 2011. (Enrollment count for Medicaid coverage groups G02, G03, G05, G07, G99, N01, N99).

[7] From prior communications with DSS staff, we know that the federal government in the recent past has indicated to the Department that it could not single out 19 and 20 year olds and count their family income. And yet the Department is again proposing to make this change for a larger subset of the adults on HUSKY D – 19 to 26 year olds.

[8] The Governor's budget adjustments for the Department of Mental Health and Addiction Services includes a $5.6M cut as a result of the anticipated changes to HUSKY D.