



*Testimony before the Appropriations  
Roderick L. Bremby  
Commissioner  
November 14, 2012*

Good afternoon, Senator Harp, Representative Walker, and members of the Appropriations Committee. My name is Roderick Bremby, and I am the Commissioner of the Department of Social Services. I am accompanied today by senior staff who are prepared to address detailed questions relevant to their areas of expertise. Thank you for allowing me the opportunity to review with the committee the current status of the Department of Social Services' budget.

Based upon the most recent estimates, we believe that the estimate of the potential deficiency for SFY 2013, for the agency as a whole, would be \$252 million against our appropriation of \$5.8 billion, after factoring in projected surplus accounts. This represents a variance of 4.3% from the original appropriation.

**Personal Services**

Efforts to modernize client service delivery under the ConneCT project are well underway and over time will improve the efficiency of our operations. For now, we continue to bring on new staff to meet unprecedented public demand for DSS services, particularly in Medicaid and the Supplemental Nutrition Assistance Program (SNAP), which are at record levels. The addition of these staff would result in a deficiency of \$6 million, which along with additional overtime could result in a deficiency as high as \$8 million.

**Other Expenses**

Expenditures in the Other Expenses account are currently projected to be \$139.2 million against an appropriation of \$118.3 million, as adjusted by carryforwards and holdbacks. The resulting (\$20.9 million) deficiency is due primarily to increased costs in the Medical Program Support Services contracts area, and in developing and implementing a number of IT-related mandates and initiatives associated with the federal Affordable Care Act. The ConneCT modernization project encompasses major improvements in the way DSS serves its clients, including online access to benefit accounts and service pre-screening, an interactive voice response telephone system, document management and imaging for client-centered information, an online application system, and modernized service centers. The planning for a new Integrated Eligibility system to replace the ancient eligibility management system (EMS) is underway, and the department will be pursuing

shared costs with other systems under development such as the Health Information Exchange. We are expanding the scope of our outside contracts in connection with these projects. Many of the initiatives contributing to the current projected deficiency will qualify for enhanced federal reimbursement, up to 90% in some cases. The department is looking at options to structure funding in order to maximize the state's reimbursement for these projects.

## **Medicaid**

We are estimating an overall deficiency in the department's Medicaid program of approximately \$223.8 million if the current level of expenditures continues. Preliminary areas within the Medicaid program with shortfalls are outlined below.

### **Hospital Services**

We have observed increased expenditures in the hospital services area, particularly in the outpatient category. Other areas where we have noted increases include pharmacy and durable medical equipment. We have enlisted the assistance of our actuarial consultants to drill down deeper into the data to better determine the cost and utilization factors that are contributing to these increases.

### **Nursing Facility Services**

The appropriation predicted an aggressive savings level based on a higher anticipated level of transitions under the Money Follows the Person (MFP) program. While we have made great progress to date with more than 1,250 community placements, the numbers of transitions into the community have not yet matched the higher numbers that served as the basis for the savings included in the appropriation. We continue to work with the nursing home industry and have submitted an application to the Centers for Medicare and Medicaid Services (CMS) for the Balancing Incentive Payments Program, a federal initiative that authorizes grants to states to increase access to non-institutional long-term services and supports. The purpose of this program is to help states transform their long-term care systems and to provide new ways to serve more people in home and community-based settings. It is important to note that the BIPP initiative is anticipated to generate additional revenue of over \$70 million for the State. As this effort moves forward, we expect to make further progress in achieving our service and savings goals.

### **Home and Community-Based Services**

We are projecting total expenditures for Home and Community-Based services to be \$504.2 million, with a projected deficiency of \$13.6 million. At this time, we believe this additional expense is attributable to the increased utilization of these less expensive supports. In this area, I would like to note a positive development in regard to our Connecticut Home Care Program for the Elderly (CHCPE). The

1915i amendment was approved on October 25, 2012 retroactive to February 1, 2012. This initiative had been projected to claim revenue for approximately 350 clients who are currently CHCPE participants but whose services have been 100% state funded because they are less than nursing facility level of care. Staff subsequently identified an error in the EMS download query that resulted in underestimation of the number of eligible participants. Instead of 350 clients, staff now expects to serve approximately 525. This will positively impact revenue projections as these are not new participants but existing clients being served under the state funded program for all home and community based services with the exception of home health for which federal match is already being claimed.

### **Administrative Services and Adjustments**

While this account funds our medical administrative services contracts, it also serves as the budgeted source for all adjustments that may not be directly attributable to other Medicaid service categories. Adjustments would include refunds and collections, audit and fraud recoveries, and other items that may not be specified by service category at the time of the appropriation. While we believe that funding for our medical administrative service contracts was consistent with our contractual arrangements, the adjustment portion of the appropriation does not match our current estimate. We believe that these offsetting savings and recoveries were overstated, resulting in up to \$45 million in additional requirements.

### **Conclusion**

The department continues in its efforts to identify additional ways to achieve savings that will reduce the deficiency going forward.

Once again, thank you for the opportunity to come before you to address this issue. I appreciate your continued support of the department's programs and services on behalf of children, families, elders and persons with disabilities throughout Connecticut.