

To: Members, Health and Hospitals Subcommittee
Appropriations Committee of the General Assembly
From: Ray Gorman, Executive Director
Community Mental Health Affiliates
Re: Governor's Proposed Biennial Budget
Date: February 14, 2013

My name is Ray Gorman and I am the CEO of Community Mental Health Affiliates, a comprehensive mental health center and Local Mental Health Authority, and also a Board member of the Connecticut Community Providers Association, which represents 120 behavioral health and developmental disability providers in the state.

We have serious concerns about many provisions of this budget as they relate to access to mental health and substance use treatment, and to behavioral health services in schools. Behavioral health nonprofit providers have experienced a decade with an average annual increase of 1% in their funding amidst rising demand for services from the expansion of Medicaid, the recession, and from those seeking services after the Sandy Hook tragedy. We are appreciative that this year's 1% COLA will be annualized, but it still leaves our industry with reduced staff, reduced access, and rising costs that will continue to erode services. We fully understand the state's fiscal challenges, but as a state we also face the challenge of how we will respond to another 50,000 new Medicaid recipients under the Affordable Care Act, with a behavioral health system that cannot meet current demand.

We are relieved to see that the budget does propose funding for caseload growth for the ABI/TBI population, for Young Adult Services, for support for people leaving long term hospitalization, and home and community based services (part of a federal Medicaid waiver to prevent nursing home placements of people with serious mental illnesses). The Young Adult expansion is aimed at those youngsters leaving DCF care, but does not cover those 16 to 25 year olds who are at risk for early onset of mental illness, for substance use, and/or for suicide. This latter group of at risk young people has been highlighted as of particular concern after the tragedy in Newtown. We also must express serious concern about the elimination of expansion of 20 school based health clinics, which often are the first place that a child with troubling issues is identified. It is important to note that the budget provides \$10 million for Health Homes, a new option available under Medicaid targeted to improving health outcomes and reducing the trend of spending for people with chronic illnesses with special emphasis on those with serious mental illnesses. The federal government will reimburse the state for 90% of the cost of this program over two years with the expectation that other cost savings will be realized as the program is fully implemented.

The most puzzling and troubling part of this budget related to behavioral health is the "trifecta" of reducing DMHAS grants for mental health and substance use services by approximately 50%, predominantly focused on wiping out any support for outpatient services as I will outline. Secondly, this is combined with a proposal to eliminate the Behavioral Health Partnership Oversight Council, which this General Assembly initiated to assure we would not have the debacle previously experienced under managed care that almost wiped out behavioral health services and transferred huge liabilities to the state. The Oversight Council has been highly successful working with DMHAS, DCF, and DSS to continue to develop a system of care for the

children and adults who need behavioral health treatment, and to develop sustainable evidence based treatment programs. Lastly, the Governor's budget proposes eliminating \$5 million in payment for behavioral health treatment under DSS. In the light of what we are learning through tragedy about the lack of access to even the most basic mental health treatment, these combined recommendations make little sense.

Specifically, the budget makes the following cuts from outpatient services. This appears to just be the cut for the first year of the budget. We do not have information on all the specific services in these two accounts, nor how the proposed cuts break out over the two year budget, and would recommend the Committee seek both a breakdown of each service type and what assumptions were used to make these proposed cuts:

Funding for SA Outpatient (traditional outpatient) base was \$6,763,915; \$5,936,617 is cut, leaving only \$827,298 in grant funds, a cut of 88%. Our assumption is that over two years the cut would be close to \$12 million.

Funding for Mental Health Outpatient was \$15,866,379; \$14,516,180 is cut, leaving only \$1,350,199 in grant funds, a cut of over 92%. Again the cut over two years would be approximately \$29 million.

These cuts appear to be have been made based upon the erroneous assumption that everyone eligible for coverage on January 1, 2014 under the ACA will be enrolled on that date. The cuts also ignore the unreimbursed costs within outpatient services, administration, clinical support, and other overhead expenditures. Medicaid rates for outpatient services only cover 50% of the cost of providing outpatient behavioral health services.

We urge the General Assembly to reject these cuts, and to examine in depth what is needed to assure adequate access to behavioral health services to the people of our state. Thank you.