



HARTFORD DISPENSARY
Established 1871

February 21, 2013

To: Appropriations Committee Members

From: Paul McLaughlin, Executive Director
Hartford Dispensary

**Re: Written Testimony Concerning Governor's Budget
DSS Proposed Restructuring of Methadone Maintenance Reimbursement & DMHAS
Substance Abuse Grant Reductions**

Honorable Chair and Members of the Appropriations Committee, I am Executive Director of the Hartford Dispensary and the Chairperson of the Connecticut Methadone Directors Association.

I am writing on behalf of the Connecticut Community Providers Association (CCPA). CCPA represents providers of services for children and adults with mental illness, addictions, development and physical disabilities, and special needs throughout Connecticut.

Hartford Dispensary is a private not for profit organization established in 1871. We now operate nine (9) licensed and fully accredited opiate treatment program clinics providing methadone treatment services to some 4,100 patients per day.

As I will explain herein, we are opposed to both the DSS \$9,300,000 reduction in behavioral health and methadone maintenance funding due to "reimbursement restructuring", (Page 338) as well as to the \$7,713,353 reduction in DMHAS Substance Abuse Services grants, \$4,700,000 of which is the estimated methadone maintenance portion of the grants (Page 279).

Please note that estimates are made throughout this document, as DSS and DMHAS figures for methadone treatment programs are not available as they are combined with substance abuse and behavioral health categories in their respective budgets.

Testimony Summary

In FY 2012 the combined DSS and DMHAS reimbursement for Connecticut methadone treatment programs was approximately \$38,000,000. The proposed FY-14 & FY-15 DSS and DMHAS budgets could result in a reduction of over \$14,000,000 (36.8 %) by FY 2015. Meanwhile, DMHAS projections show an increase in methadone patients from 11,906 in FY 2012 to 17,635 by the End of FY 2015. An increase in 5,729 patients is predicted with a potential 36.8 % decrease in reimbursement.

We cannot predict with any confidence that the increased revenue from having more Medicaid patients due to health care reform will match the combined DMHAS grant reductions and reduced DSS funding. We will lose significant DSS & DMHAS funds with an unknown Medicaid and health exchange offset.

Thus, we would strongly urge the committee to have DSS delay any reimbursement restructuring of mental health and methadone maintenance until FY 16, when actual costs and patient numbers are known.

In addition, we would request that providers from behavioral health and methadone maintenance be placed on the DSS working group that determines the reimbursement restructuring

Testimony Narrative

The Hartford Dispensary is a private, nonprofit, healthcare organization providing mental health and substance abuse treatment, prevention, and research. The agency was originally established in 1871 as an outpatient medical facility, chartered specifically to provide medical services to the poor and indigent residing in the greater Hartford area.

After a long and distinguished history of providing traditional medical, surgical, and dental services, the agency changed its focus in 1971 to the delivery of outpatient behavioral health care services in response to the heroin epidemic of the 1960s. Since that time, the agency has developed highly specialized and regulated medication maintenance services, substance abuse prevention programs, and infectious disease services. For many years, the agency has actively participated in pharmacological and psycho-social research protocols.

Hartford Dispensary is concerned about our ability to provide methadone maintenance services to persons who are seeking to end their dependence on opiates as a result of the combined reductions in reimbursement due to the DSS "Restructure of behavioral health reimbursement to include methadone maintenance" and DMHAS substance abuse grant reductions.

Research demonstrates that, for the appropriate population, methadone maintenance is the treatment of choice. Presently, the agency has some 4,100 patients on its daily census with services provided within its network of nine (9) statewide clinics.

The agency prides itself in being the lowest cost methadone maintenance provider in the state, while at the same time, providing award winning, quality programs. We have experienced various budget cuts over the past three years. We have absorbed those reductions through reductions in both service hours and staff. With new cuts on the table, our ability to serve all persons in need is becoming more uncertain.

The agency does not support the proposed reductions in DMHAS grants & the DSS "restructuring" of behavioral health and methadone maintenance reimbursement, which could result in reduction in services to those in need of our services as the statewide methadone patient population increases by 5,729 by the end of FY 15.

- **Expected Reduction in DSS Methadone Maintenance Medicaid Reimbursement.** However, the proposed DSS budget includes a budget line description "Restructure behavioral health reimbursement to include methadone maintenance: FY 14 \$4.1 million reduction and FY 15 \$5.1 million reduction." (Page 338). These actions will most surely result in a reduction in Medicaid reimbursement for people receiving methadone maintenance services. We do not and cannot know the actual amount that will be taken from methadone providers as DSS have not yet "restructured reimbursement".
- **DMHAS Reduction in Grant Reimbursement.** The DMHAS budget shows a reduction in "Grants for Substance Abuse Services" of \$5,417,370 a 50.6% reduction. There is also a reduction in Federal contributions for Substance Abuse and Mental Health from \$3,505,577 to \$1,109,594, a total of \$2,395,983. Some \$4.7 million of this \$7,713,353 reduction total supports methadone programs (Page 279). These reductions are planned to be off-set as more of the methadone population will be eligible for Medicaid or receiving insurance through the state health exchange.

- **Methadone Maintenance Service Needs are Growing** . DMHAS data shows that there were 11,906 unduplicated persons who received methadone maintenance services in FY 2012. During that period the Hartford Dispensary served 4,400 unduplicated patients or some 37% of the total. The DMHAS budget projects 13,692 patients in FY 13; 15,746 in FY 14; and 17,635 patients in FY 15. An increase in 5,729 patients by the end of FY 15. This growth is due in part to an increase in prescription drug users, who now represent some 20% of our admissions.
- **DSS Regulatory Changes**. Finally, DSS has drafted new and revised regulations that will result in our agency having to change our entire business and service delivery model. Historically we have hired and trained entry level employees as counselors. Many of these employees came from the communities we serve, and included persons in recovery. Proposed regulatory changes will require us to instead hire licensed counselors who may not represent the communities we serve. Licensed positions can increase personnel costs by 30% to 40%.

Thus, by FY 15, methadone treatment programs could face a population increase of 48%; a potential DSS cut of 28% (\$9.3 million) ; and DMHAS grant reductions of nearly 50% (\$2.35 million).

These factors are creating a perfect economic storm that may result in persons seeking to end their addiction to narcotics, being unable to access appropriate, quality services. Our ability to provide treatment on demand will be hindered. This could result in the return of waiting lists for methadone maintenance services. For example, in the 1990s, this agency alone once had a waiting list of 350 patients with a six (6) month delay in access to services.

As well as supporting persons in recovery, methadone maintenance service providers offer unique public safety and public health benefits to the towns and cities they serve.

- **Public Safety**. Persons who receive methadone begin to immediately reduce drug seeking behavior as well as criminal behavior related to supporting their addiction. Methadone maintenance programs reduce criminal activity in the communities where they are located.
- **Incarceration vs Treatment Costs**. The cost/benefit of our services is clear: agency FY 2012 cost of around \$4,000 per person per year compared to incarceration at a rate of over \$18,492 per year.
- **Public Health**. IV drug users are at high risk for infectious diseases such as AIDs and Hepatitis A, B & C. Some 62% of our current population is positive for hepatitis C. Our agency has a comprehensive infectious disease program that includes screening, prevention education, as well as a hepatitis A & B vaccine program and hepatitis C treatment.
- **Personal Recovery**. A high percentage of persons seeking to end their addiction to opiates make significant progress after a few weeks on methadone. Their lives become stable, they are able to work, take care of their families, and function without the constant need for drugs.

Substance abuse funding for methadone maintenance is an investment in healthy and safe communities, as well as a valuable recovery service for persons who are seeking to end their dependence on narcotics.

Thus, we would strongly urge the committee to have DSS delay any reimbursement restructuring of mental health and methadone maintenance until FY 2016, when actual costs and patient numbers are known. In addition, we would request that providers from behavioral health and methadone maintenance be placed on the DSS working group that determines the reimbursement restructuring

Clients Served	11,905	13,892	15,746	17,635
Ambulatory Drug Detox				
Number of Slots	83	95	110	123
Clients Served	128	147	169	190
Addiction Outpatient SO and PNP				
Number of Slots	4,543	5,224	6,008	6,729
Clients Served	19,893	22,877	26,308	29,466
Addiction Standard IOP				
Number of Slots	223	256	295	330
Clients Served	3,313	3,810	4,381	4,907
Addiction PHP				
Number of Slots	100	115	132	148
Clients Served	1,133	1,303	1,498	1,678

OUTPATIENT

Personnel Summary

	As of 06/30/2012		FY 2013	FY 2013	FY 2014	FY 2014	FY 2015	FY 2015
	Filled	Vacant	Change	Total	Requested	Recommended	Requested	Recommended
Permanent Full-Time Positions								
General Fund	350	20	0	370	370	370	370	370
Federal and Other Activities	0	0	4	4	5	4	5	4

Financial Summary

(Net of Reimbursements)	FY 2012	FY 2013	FY 2014	Current	FY 2014	FY 2015	Current	FY 2015
	Actual	Estimated	Requested	Services	Recommended	Requested	Services	Recommended
Personnel Services	34,023,299	30,523,832	35,321,667	31,094,176	31,030,285	37,106,577	32,711,801	32,646,821
Other Expenses	3,983,573	3,744,003	3,924,820	3,937,546	5,566,393	4,080,165	4,093,045	5,564,316

Other Client Expenses

Housing Supports and Services	1,000	1,000	1,000	995	930	1,000	997	959
Managed Service System	6,200,866	6,191,686	6,618,939	6,360,143	7,944,212	6,618,939	6,358,900	7,939,483
Connecticut Mental Health Center	4,386,572	4,386,572	4,386,572	4,386,572	3,708,406	4,386,572	4,386,572	3,708,406
Professional Services	2,300,200	1,666,808	1,666,808	1,685,408	0*	1,666,808	1,710,801	0*
Behavioral Health for Low-Income Adults	65,004,719	71,868,384	73,608,712	81,170,235	81,170,186	81,816,576	106,143,340	106,143,222
Young Adult Services	3,627,809	4,127,807	4,298,329	4,234,097	4,214,889	4,298,335	4,212,366	4,180,057
TBI Community Services	64,893	63,390	65,894	60,763	60,482	70,347	65,388	65,114
Behavioral Health Medications	176,687	173,081	180,645	180,712	0*	188,543	188,460	0*
Discharge and Diversion Services	478,654	478,653	490,777	471,137	466,612	490,777	448,990	445,243
Home and Community Based Services	286,963	336,551	337,956	272,655	272,493	337,956	275,937	275,649

Grants to Other Than Local Governments

Grants for Substance Abuse Services	10,705,636	10,719,298	10,951,913	10,352,975	7,820,621	11,269,486	10,352,975	5,288,268
Grants for Mental Health Services	16,189,392	16,128,677	16,478,669	16,209,624	13,067,232	16,956,550	16,209,624	9,924,839
TOTAL - General Fund	147,430,265	150,409,722	158,332,701	160,417,038	155,322,721	169,288,631	187,159,196	176,182,377

Add'l Funds Available

Private Funds	2,485,533	2,737,720	2,750,000	0	0	2,750,000	0	0
Federal Contributions								
CT SIRT Program	80,000	340,100	340,100	340,100	340,100	340,100	340,100	340,100
93243 Substance Abuse & Mental Health Services	748	298,889	399,967	399,967	399,967	399,980	399,980	399,980
93275 Substance Abuse & Mental Health Services	3,565,577	3,119,352	3,173,956	3,173,956	3,173,956	1,109,594	1,109,594	1,109,594
93667 State Services Block Grant	361,560	361,560	361,560	361,560	361,560	361,560	361,560	361,560
93958 Eisk Grants for Community Mental Health	635,577	635,587	635,587	635,587	635,587	635,587	635,587	635,587
93959 Eisk Grants for Prevention & Treatment	4,862,998	4,973,919	4,973,919	4,973,919	4,973,919	4,973,919	4,973,919	4,973,919
TOTAL - All Funds	159,362,258	162,876,849	170,967,790	170,302,127	165,207,810	179,859,371	194,979,936	184,003,117

* Funding for this account has been consolidated elsewhere within the agency's budget. For more information, please see the writeup(s) entitled 'Streamline Agency Account Structure.' Note that other adjustments to the account may also be applicable; such adjustments are referenced in other writeups.

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Budget-in-Detail

<ul style="list-style-type: none"> • Reduce Enhanced Funding for Nursing Homes and Intermediate Care Facilities from User Fee Increase <i>Effective July 1, 2012, the nursing home user fee was increased to maximize the amount of revenue to the state, while also providing new funding to the nursing home industry through their Medicaid rates. The user fee was also extended to public and private intermediate care facilities for the developmentally disabled. The revenue gained from the user fee assessment, as well as any federal dollars gained from that initial federal claiming, is returned to these facilities in the form of increased Medicaid rates. In FY 2013, nursing homes will be assessed an additional user fee of \$39.3 million while realizing a Medicaid rate increase of \$59.0 million, for a net gain of \$19.7 million. For private intermediate care facilities, these facilities will be assessed a user fee of \$4.0 million while realizing a Medicaid rate increase of \$6.1 million, for a net gain of \$2.1 million in FY 2013. Under this proposal, this enhanced funding will be reduced by 75%.</i> 	-12,200,000	-16,300,000
<ul style="list-style-type: none"> • Implement Step Therapy under the Pharmacy Program <i>Currently, if a prescription is written for a non-preferred drug, the prescriber is required to either (1) request and obtain prior authorization in order to have that drug dispensed or (2) change to a preferred alternative. This option proposes to modify this process for classes of drugs on the preferred drug list, excluding mental health drugs. In order for a client to receive a non-preferred product, the prescriber will need to provide documentation that the client has tried a preferred product. This requirement will result in the increased use of lower cost drugs, either generic or preferred brand drugs, depending on the amount of rebates received.</i> 	-11,800,000	-15,800,000
<ul style="list-style-type: none"> • Eliminate Enhanced Hospital Funding from User Fee Increase <i>In an earlier proposal that annualizes the deficit mitigation plan, the net gain to the hospitals of \$50.4 million under the user fee was reduced to \$12.0 million. Under this option, the balance of the enhanced funding will be eliminated.</i> 	-12,000,000	-12,000,000
<ul style="list-style-type: none"> • Provide Medical Interpreter Services under Medicaid through the ASO <i>Current statute requires DSS to amend the Medicaid state plan to include foreign language interpreter services provided to any beneficiary with limited English proficiency as a covered service under the Medicaid program not later than July 1, 2013. With the conversion from managed care to an ASO structure, the medical ASO now provides interpreting services. Thus, the requirement that DSS implement the use of medical billing codes for foreign language interpreter services is eliminated as it is no longer needed. It should be noted that the current structure allows the state to maximize federal reimbursement since the ASO's expenditures can be claimed as an administrative service with 75% federal reimbursement as opposed to the 50% reimbursement that would be available if DSS implemented the program in the manner required under statute.</i> 	-7,500,000	-8,200,000
<ul style="list-style-type: none"> • Restructure Behavioral Health Reimbursement <i>Under this proposal, DSS will restructure the reimbursement for certain behavioral health services, including methadone maintenance.</i> 	-4,100,000	-5,100,000
<ul style="list-style-type: none"> • Transfer Funds for Smoking Cessation <i>In FY1013, \$3.4 million was transferred from the Tobacco and Health Trust Fund to the Medicaid account to support smoking cessation programs. Under this proposal, \$3.4 million will continue to be transferred from the Fund to help offset the costs of smoking cessation in each year of the biennium.</i> 	-3,400,000	-3,400,000
<ul style="list-style-type: none"> • Eliminate Funding for Transportation Services <i>The transportation to Work account is intended to provide funds for several transportation programs to assist Temporary Family Assistance and other TFA eligible adults with transportation services needed to reach self-sufficiency through work and work-related activities. Although transportation is one of the most significant barriers for individuals to secure employment, the department's current ridership surveys indicate that only 20% of riders under this program receive TFA and are TFA eligible. In an earlier proposal that annualizes the deficit mitigation plan, program funding is reduced by \$400,000. Under this option, the balance of funding for the program is eliminated. TFA recipients that are active in the Department of Labor's Jobs First Employment Services (JFES) program will have access to bus tokens and other transportation supports under JFES.</i> 	-2,628,671	-2,628,671
<ul style="list-style-type: none"> • Align Pharmacy Dispensing Fee with State Employee Plan <i>Under an earlier proposal that annualizes the FY 2013 deficit mitigation plan, the dispensing fee was reduced from \$2.00 to \$1.70. Under this option, the dispensing fee will be further reduced to align with the current levels under the state employee and retiree programs.</i> 	-2,400,000	-2,600,000

