

TESTIMONY OF
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CONNECTICUT BUSINESS AND INDUSTRY ASSOCIATION
SUBMITTED TO THE
APPROPRIATIONS COMMITTEE
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LEGISLATIVE OFFICE BUILDING
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Good day. My name is Pete Gioia. I am the economist for the Connecticut Business and Industry Association (CBIA). CBIA represents about 10,000 firms, which employ about 700,000 women and men in Connecticut. Our membership includes firms of all sizes and types, the vast majority of which are small businesses with fewer than 50 people.

CBIA would like to comment upon the deficiency bill HB 6351 AN ACT MAKING DEFICIENCY APPROPRIATIONS FOR THE FISCAL YEAR ENDING JUNE 30, 2013. CBIA remains profoundly concerned about high growth areas like Medicaid that routinely have overspending. It should be noted that this bill calls for a huge sum --\$337.2 million. That's more than the state takes in with lottery sales or from Indian gaming revenues! It's obvious with such a huge deficiency bill that the state really does have much more of a spending problem than a revenue problem. It's a big problem!

Certainly this problem requires both review and action on high growth areas of the budget. The state MUST find ways to better control Medicaid expenditures or face repeated deficiencies, cost overruns and high budget growth. Medicaid Acute Care Services needs to be reviewed to understand how we got to a \$151 million deficit in that alone. Certainly a review should focus on cost containment efforts here. Long term care services are vital and serve often the most vulnerable and needy of our citizens. But, a key in sustaining delivery of such services in the difficult budget times is to spend dollars wisely while meeting client preferences. The \$86

million deficiency in LTC is unacceptable and needs to be reviewed. The Connecticut Institute for the 21st Century (www.CT21.org) has released a study of LTC in the state. The study found that clients prefer home care and alternatives to institutional nursing home care where possible. The state should focus upon providing the right care in the right place at the right price. The full study can be accessed at http://ctregionalinstitute.files.wordpress.com/2010/02/findings_full.pdf. The call for the state to pursue waivers to better allow for CHOICE in LTC is a step in the right directions as it empowers the client, allows for appropriate care at the desired location and ultimately better spends scarce budget dollars. We support this effort.

We encourage the committee to call for a review of best practices in Medicaid cost savings efforts in other states with a set report date and a set date to begin IMPLEMENTATION of such recommendations. Connecticut needs to catch up with innovation in the field.

Therefore, while we realize the committee has to pass a deficiency measure we hope the committee attach instructions to immediately proceed with action on the Institute report recommendations and instructions to comprehensively review this area and find and implement best practices other states are doing. We suggest that legislative professional staff work jointly with OPM on this vital task.

In addition, we urge the committee to work closely with the Governor to ensure that realistic estimates of costs are attached to any entitlement type programs in the budget. Sometimes overly optimistic projections for costs of these programs build in potential deficiencies.

State employee benefits see a \$63 million deficiency in this bill. Again this is an area for review and reform. CT 21 has done study in the retirement area. OLR has studied our employee benefits vs. other Northeast states. Reforms, changes and practices currently underway in these states if adopted here could positively impact these areas.

Given the herculean budget challenges we face the General Assembly needs to act now to defuse potential future deficiency problems.

Thank you for the opportunity to present this testimony.

