



CT Community Providers Association

Caring for Connecticut

To: Members of the Appropriations Committee

From: Morna Murray, President and CEO

**Re: Appropriations Committee Budget Hearings on HB-5030,
An Act Making Adjustments to State Expenditures for the Fiscal year Ending June 30, 2015**

Date: February 14, 2014

Good afternoon Senator Bye, Representative Walker, Representative Abercrombie, and distinguished members of the Appropriations Committee. My name is Morna Murray and I am the President and CEO of the Connecticut Community Providers Association (CCPA). CCPA represents community-based organizations that provide health and human services for children, adults, and families in multiple areas, including mental health, substance use disorders, and developmental disabilities. Our members serve more than 500,000 people each year.

I am here today to speak on Governor Malloy's proposed midterm budget – specifically, the budgets for the Department of Social Services (DSS) and the Department of Children and Families (DCF).

First, I would like to thank the Governor for sparing community providers from any additional cuts in this midterm budget. However, CCPA has concerns regarding particular budget provisions, as well as the fact that the midterm budget does not reverse severe cuts made to health and human services in the 2014-15 biennial budget.

The Department of Social Services has authority over Medicaid. As such, it necessarily interacts with all human service agencies with respect to their budgets, projected clients, and anticipated needs for services, as well as what services and consumers will be covered under Medicaid.

With the implementation of the Affordable Care Act, and corresponding expansion of Medicaid, DSS has made projections or assumptions about the enrollment of Medicaid eligible citizens into the program and their utilization of certain services that would now be Medicaid reimbursable. For example, a total of \$25.5 million for FY 2015 has been cut from mental health and substance abuse state grants within the Department of Mental Health and Addiction Services, funds that have previously been directed toward services for the uninsured.

The assumption is that these funds are no longer necessary since these consumers are now eligible for and will be enrolled in Medicaid. However, these assumptions beg certain questions:

1. How specifically was the calculation of \$25.5 million made?
2. How do we know that the projected Medicaid-eligible consumers will actually enroll?
3. The time needed for full enrollment in a state like MA was 3-5 years. How will community providers be reimbursed for the cost of care if they continue to have clients who are uninsured, which will most certainly happen?

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There is another concern with the transition to Medicaid payment for these services. That is the adequacy and comprehensiveness of the rates. As is widely known, Medicaid rates are highly inadequate in covering the true cost of care. The rates also do not cover everything that is required for consumers to be adequately treated so that they can make genuine progress, recover, and lead productive lives. As just one example, coordination of care, something critical to the care of any vulnerable consumer and the cornerstone of our state Health Homes and Health Neighborhoods pilot projects, is not reimbursable under Medicaid in our state.

In fact, last session a bill was passed, PA 13-7, which called for recommendations about the adequacy of the Medicaid network and rates. I was honored to be a member of the working group providing recommendations, and I highly commend Representatives Betsy Ritter and Cathy Abercrombie for leading a very rigorous and comprehensive process within a very short timeframe as provided by the legislation.

The legislature will have that final report shortly. CCPA is extremely concerned that while excellent recommendations have been made with respect to the inadequacy of Medicaid rates and other factors, we are currently implementing budget changes that presume these problems have been fixed. They have not.

In fact, the identified problems are complex and the solutions will require lengthy consideration and implementation. As you all well know, changing Medicaid rates, or adding benefits that are reimbursable, is an extremely difficult task. It must also be transparent, one of the recommendations from the 13-7 working group. Since Medicaid is an entitlement program, rates are the only limits the state has over spending. The expansion of clients from increased Medicaid eligibility, the continued needs of consumers who remain uninsured, severely inadequate Medicaid rates – these are all a recipe for destabilizing the system of care that Connecticut has so carefully built. It is exceedingly fragile now, with 2 decades of flat funding or spending cuts to health and human service providers.

We simply cannot move forward with enormous cuts to state funds when there is no evidence that the assumptions made regarding Medicaid reimbursement for services previously covered under these funds are true or even in the ballpark. Again, it is a recipe for destabilizing the system of care. It may well prove penny wise and pound foolish. If vulnerable people cannot be served by community providers, they will end up in emergency departments or worse, jail. These are disproportionately and enormously expensive alternatives. They are also, in plain terms, tragic – since far less expensive and better treatment is readily available if the state chooses to purchase it.

CCPA is also concerned about how the process of fraud detection and audits will affect our member providers. The total revenue budgeted for DSS Medicaid audits for FY 15 is \$104 million. This is highly ambitious and again begs certain questions, the most pressing of which is: How was this figure calculated? Was it simply to balance cuts elsewhere?

Of course, CCPA adamantly opposes fraud in the system. But does data bear out these projections? And the extrapolation methods being used to take one mistake (which may not even be fraudulent) and multiple it many times over can put community providers literally out of business. We strongly urge DSS to work very closely with state agencies to understand the specifics of state contracts in analyzing their

providers' records. If the revenue line for fraud is not met, where else will the state look in order to balance this reduced revenue?

Regarding coverage, we urge DSS to adopt "continuous eligibility," which is a Medicaid and CHIP state option that guarantees coverage for a year, even if an individual would otherwise lose coverage due to changes in circumstances such as income or family size. Continuous eligibility provides continuity of health care for the individual and simplifies administration of the program for DSS.

We also urge the Department to change the default action at redetermination, as individuals often lose coverage at the time of renewal/redetermination because of processing delays at DSS, even though they have submitted all the requested information. Instead of terminating coverage, DSS should continue eligibility for individuals at renewal/redetermination until DSS has been able to make a final determination.

Regarding the Governor's proposed midterm budget adjustments to DCF, we are concerned that the proposed adjustments lower the Department's overall budget by approximately \$11 million from the FY15 amount authorized last year. As you may have seen, \$3.4 million of this decline is due to a reduction in congregate care, including the closing of two safe homes and three group homes.

The Department's goal to reduce the total number of children in congregate care to 10% is one with which CCPA agrees, although the process must be thorough, thoughtful, and in the best interest of children. CCPA strongly urges that DCF commit to reinvesting all savings generated from the closing of group homes to expanding and strengthening community based services for children. Currently, only \$2 million of the \$5.4 million in expected savings is being reinvested in the community through the KidCare account. Providing a strong continuum of community based services is not only cost-effective, but has been proven to improve child well-being.

Thank you very much for your time and consideration. I would be happy to answer any questions you may have or provide any additional information.