

TESTIMONY OF STEPHEN W. LARCEN, Ph.D.

**HB 5030- AN ACT MAKING ADJUSTMENTS TO STATE EXPENDITURES FOR THE
FISCAL YEAR ENDING JUNE 30, 2015.**

Appropriations Subcommittee on Health & Hospitals, February 18, 2014

Senators Bye and Gerratana, and Representatives Walker and Dillon, and members of the Appropriations Committee, Good Evening. I am Steve Larcen, President of Natchaug Hospital and Rushford, and Senior Vice President for Hartford HealthCare's Behavioral Health Network.

I am most pleased that the critical importance of mental health services is understood by the current Administration and the Legislature, and for the first time in many years this issue is being actively discussed throughout our State. But we need to translate this concern and commitment to mental health care to targeted action or the **safety net for our children and adults suffering with serious mental illness will actually lose ground** as public funding for this safety net is actually being cut significantly in this budget.

I want to focus your attention on just the expected **impact of the \$25.5 million reduction in funding for the DMHAS** funded community mental health and substance abuse services in FY 2015.

1. This \$25.5 million cut in funding is for **outpatient mental health and substance abuse services, crucial detox services, and inpatient care for medically indigent** patients that were previously admitted to our now closed state hospitals. This cut is about 61% of the state funding for these specific programs.
2. The rationale for this cut was that the Affordable Care Act, effective last month, would substantially reduce those uninsured patients served by these programs, and Medicaid funding would replace or offset these reduced grant funds.
3. The latest report from Access Health CT is that about 100,000 people have enrolled in the commercial and Medicaid program through the Exchange. There is not good data regarding how many of these were uninsured and how many were previously insured by the individual commercial market. If half were uninsured (and it is likely far fewer) **less than 15% of the 300,000 uninsured CT residents** would be covered by the ACA.
4. Of course, none of these data account for those patients who are working people who are **underinsured and treated through the safety net of our publically funded programs**. Charity care is often provided these patients, many with high deductible plans with \$3,000 to \$5,000 family deductibles, who cannot afford basic outpatient mental health and substance abuse care, let alone a short stay in a detox program.

5. **The impact on Rushford, a mental health and substance abuse provider in Middletown and Meriden is over \$1 million annually:** I would like to focus on just two of the six programs impacted:
- a. **\$388,000 cut to our mental health outpatient programs in Meriden,** this cut will clearly result in reduced access for mental who are uninsured and underinsured, as staffing will necessarily be reduced. This cut represents 61% of the grant funding and 27% of the total funding for this program. It is clearly the safety net for mental health outpatient care in the city of Meriden. Where will these patients go for care if this safety net is compromised?
 - b. **\$254,000 cut to our inpatient detox program in Middletown, which lost over \$325,000 last year, due primarily to Medicaid rates well below the costs.** Clearly a cut of this magnitude will put this program at risk. If the safety net for substance abuse detox at risk, where will our clients go, how will emergency rooms be impacted?
6. We have similar reductions to mental health outpatient care in our Hartford Hospital based outpatient program. In fact, there will be similar reductions to outpatient mental health programs across every city and town in the state if these cuts remain as planned.
7. An estimated **cut of \$500,000 to both Natchaug Hospital and Hartford Hospital to the fund that supports medically indigent inpatient care,** for those patients previously served by our state hospitals, will clearly impact emergency rooms throughout Eastern Connecticut and Hartford.

We would urge you to reconsider these drastic reductions in support for these community programs. If **15% of the uninsured are likely to be covered by the exchange, a 15% cut in these programs would total a reduction of \$6.4 million, and would require a restoration by you of \$19.1 million.**

You will likely hear testimony tonight supporting an increase in funding to the Behavioral Health Partnership to allow for an increase in Medicaid reimbursement. I would also urge you to consider that, to make it possible for Medicaid reimbursement to offset any reductions in grant support. This will permit leveraging federal match, and make even the \$6.4 million reduction proposed above feasible.

I would be happy to meet with members of the committee to address this issue. Thank you.