

## TESTIMONY OF STEPHEN W. LARCEN, Ph.D.

### Regarding the Department of Social Services Budget for the Biennium 2016-2017

#### Appropriations Subcommittee on Human Services, February 27, 2015

Senators Bye and Flexer, and Representatives Walker and Ambercrombie, and other members of the Appropriations Committee, Good Evening. I am Steve Larcen, President of the Hartford HealthCare Behavioral Health Network.

I understand what a difficult task this committee has to balance the fiscal health of Connecticut, with the healthcare needs of its citizens, especially those 700,000 CT citizens who depend on the Medicaid program for their care. The total of all Medicaid related cuts in this proposed budget is over \$715 million during the biennium, truly staggering. Reductions in grants that support many programs that benefit these clients are also reduced.

During the past two years there has been increased understanding by political leaders and people throughout the state regarding the critical importance of mental health and substance abuse services. 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 have two suggestions for you to consider as you navigate and weigh the many issues in this budget:

1. **Do not further reduce Medicaid rates to providers.** The Governor has proposed significant reductions in provider rates in the Medicaid program. Rates that are already well below the cost of care. In the past session, grants supporting mental health care were reduced as result of expected increases in Medicaid coverage for the uninsured under the Affordable Care Act. As part of your budget actions last May you actually approved increasing the rates of reimbursement for outpatient behavioral health care by about \$8 million to offset these reductions in grant support of mental health care. This increase has not yet been implemented due to CMS review issues, and the \$225 million in unspecified reductions in provider rates will clearly put this increase at risk, and worse. These cuts do not leverage federal support, since only 42 cents is saved for every dollar of Medicaid rate reduction. If there are any rate reductions that you determine are warranted, please specify those reductions in your implementer, and do not leave this process outside of the public scrutiny that this

appropriations process affords. The administration has indicated in public hearings that it supports this increase in behavioral health rates, so providing this specificity should not be a problem.

2. **Partner with providers to achieve real savings in Medicaid.** We are not likely to achieve real savings by simply reducing provider payments. This will clearly reduce access, and the costs of increased emergency room usage, unnecessary hospitalizations, or incarceration are not savings. Providers can partner with the State to improve health outcomes, better coordinate care and improve not only quality but reduce the cost of care. This is not pie in the sky. States are doing this work, creating Medicaid shared savings programs with providers and seeing remarkable results, including real bottom line savings.

Connecticut has been working on a plan since 2012 to coordinate care for those with the most significant health problems and disabilities, including chronic mental health disabilities. We have about 57,000 citizens in this category – on both Medicare and Medicaid. While a small portion of the total 700,000 on Medicaid, their care costs billions, and the opportunity for savings significant. Many providers were engaged in this planning process. We have submitted that plan to CMS as a demonstration program under the ACA. Funding of \$10 million in 2016 and \$15 million was eliminated in this budget to pay for the care coordination required for this demonstration. Savings for this program would be shared between state and federal government and providers. This approach could bring hospitals and community providers together, align our interests in client care and funding, and produce terrific results and better outcome for our clients.

The sense that we can't afford to do something for a group of Medicaid clients that would truly result in better outcomes, and reduced costs, and that our only choice is to reduce provider rates, is not really the hard choice. The hard, and I would argue wise choice, would be to make this investment, phase it in if needed, to begin to see the improvements that will make the Medicaid budget affordable. For the long term.

Thank you for your hard work on behalf of all of Connecticut's citizens. There are ways out of this quagmire.