

TESTIMONY OF STEPHEN W. LARCEN, Ph.D

Regarding the Department of Mental Health and Addictions Services

Budget for the Biennium 2016-2017 (HB 6824)

Appropriations Subcommittee on Health, March 6, 2015

Senators Bye and Gerratana, and Representatives Walker and Dillon, and members of the Appropriations Committee, Good Evening. I am Steve Larcen, President of Hartford HealthCare's Behavioral Health Network. My comments tonight are focused on Rushford, a community mental health and addictions provider significantly impacted by the cuts proposed in this budget, but I will also urge you to consider the impact of these cuts on the hospital-based mental health safety net clinics operated by hospitals throughout CT, including our clinics at Hartford Hospital and Backus that are funded by DMHAS and at the Hospital of Central Connecticut which is fully dependent on Medicaid reimbursement.

I understand what a difficult task this committee has to balance the fiscal health of Connecticut, with the healthcare needs of its citizens, especially the thousands of Medicaid insured citizens who depend on programs funded by DMHAS. This hearing is very much a déjà vu experience. This is the third year we have discussed the \$25.5 million cut to the DMHAS community grant account. Last year you took very reasonable steps to reduce that cut by transferring \$10 million from Tobacco Settlement Fund, and appropriating \$5.4 in outpatient Medicaid rate increases. As I understand this budget does not continue the \$10 million in grant support funding, and as you know, DSS has not taken the necessary steps to obtain CMS approval for the outpatient rate increase.

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 and how it impacts Rushford, and hospital-based safety net clinics.

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 impact on Rushford, a community mental health and substance abuse provider in Middletown and Meriden is over \$840,000 annually:** This is a big deal, Rushford lost about \$1

million on our \$30 million operating budget last year. We have worked hard during the current year towards our goal of breakeven. We budgeted for a reduction in our grants of \$224, 000 for the current year. We now are now absorbing a total of \$427,000 due to the lack of the implementation of the \$5.4 million in rate increases you approved last session. If the additional \$10 million in cuts are implemented we are projecting over \$840,000 in reduced DMHAS support. For a provider that is meeting needs of the most vulnerable patients, and is not currently breaking even, these additional cuts will put access and specific programs clearly at risk.

3. I would like to focus on just four of the six programs impacted:
 - a. **An estimated \$364,000 cut to our mental health outpatient programs in Meriden**, this cut will clearly result in reduced access for mental health care who are uninsured and underinsured, as staffing will necessarily be reduced. It is clearly the safety net for mental health outpatient care in the city of Meriden. Rushford operates a Latino outpatient program, including an intensive outpatient program in Meriden also impacted by this reduction. Where will these patients go for care if this safety net is compromised?
 - b. **We estimate a \$106,000 cut to our addictions outpatient treatment programs in Meriden and Middletown.** These programs lost 192,000 just in the past four months. Access to these services will have to be reduced given these losses.
 - c. **We estimate nearly 80% of our \$468,000 DMHAS grant for our inpatient detox program in Middletown could be cut. That program which lost over \$228,000 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? Our Second Chance Society, and great initiative of the Governor, requires that we have adequate substance abuse detox and outpatient treatment to really achieve its vision.
4. We have similar reductions in DMHAS funding our Hartford Hospital and Backus Hospital based safety net outpatient programs. Our four clinics in New Britain at HOCC are all primarily funded by Medicaid. None of the \$5.4 million you appropriated for outpatient mental health care has been earmarked for these hospital-based safety net clinics.

We would urge you to reconsider these drastic reductions in support for these community programs. Please restore the \$10 million to the DMHAS grant accounts, ensure that the \$5.4 million in Medicaid rates are implemented, and fund the needed outpatient rate increases for the hospital-based outpatient clinics to ensure their viability and parity.