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TESTIMONY OF SHELDON TOUBMAN IN OPPOSITION TO PROPOSED REVENUE CUTS IN THE REPORT OF THE FISCAL STABILITY AND ECONOMIC GROWTH COMMISSION AND IN SUPPORT OF REVENUE INCREASES

Good afternoon, members of the Appropriations, Commerce, Finance, Revenue and Bonding and Planning and Development Committees.

My name is Sheldon Toubman and I am a staff attorney with New Haven Legal Assistance Association, mostly advocating on behalf of Medicaid enrollees. I am here today to urge you to reject all of the proposals for tax **cuts** for high earners and wealthy individuals in our state, and to instead **raise** revenue so that the legislature can undo the devastating cuts made to the Medicaid program in the October 2017 bipartisan budget, mostly scheduled to go into effect in July 2018 and January 2019.

The Commission's report did not account for the impact on low-income individuals across the state from its recommendations to eliminate the estate tax and lower the income tax rate on the wealthy. Their recommended tax cuts would necessitate cuts to essential services, on top of severe cuts already made in the last austerity budget in October, including particularly to the Medicaid program:

- drastic cut in income eligibility for the Medicaid program known as the Medicare Savings Program, which cover unaffordable Medicare premiums and cost-sharing, affecting, per DSS, about **113,000** seniors and people with disabilities
- elimination of HUSKY A coverage for adults between 138% and 155% of the federal poverty level, resulting in over 13,000 working parents losing **all** health insurance coverage, mostly effective 1/1/19 (about 300 of the affected 13,600 adults, those without any earned income, were already cut off on 1/1/18; **the rest, about 13,300, will be cut off on 1/1/19**, after their one year of federally-mandated additional Medicaid coverage expires)
- imposition of an annual cap of \$1000 on dental care for all adults on Medicaid
- cut in reimbursement rates for primary care providers, affecting access to care for **all** Medicaid enrollees (including children seen by pediatricians), from 100% down to 95% of Medicare rates (the Governor is proposing a further reduction, to 90%)

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CT's Medicaid program now efficiently provides essential healthcare and benefits to approximately 800,000 CT residents. As DSS explained in a detailed presentation last month, our program, which wisely does not contract with insurance companies, far outshines programs throughout the country in both cost control and in how much of our

Medicaid dollars (94.3%) go to actual health care. Given this success, the fact that we chose to gut the Medicaid program in several key ways, rather than modestly raise revenue, is particularly troubling.

Instead of tax cuts, the legislature should adopt reasonable revenue **increases** in order to permanently undo all four of these Medicaid cuts. We urge you to adopt reasonable revenue measures as developed by CT Voices for Children, including moderate tax increases on those most able to afford this, and an expansion of the sales tax to services (**not** an increase in the sales tax rate, as proposed by the Commission) See http://www.ctvoices.org/sites/default/files/Revenue%20Options%202017_0.pdf

In the case of the income tax, our highest rate is far below that of the neighboring states in the Tri-state area in which high earners in the financial services industry must be based, CT (**6.99%**), NY (8.82%) and NJ (8.97%). And, contrary to the commission's assumption, wealthy individuals are **not** being driven out of CT by CT's (relatively low) tax rates. A compilation of research shows a "very limited response" between tax increases and migration. See "The Evidence on Millionaire Migration and Taxes," Kurt Wise and Noah Berger, 4/27/17 and updated 1/18/18. While a handful of wealthy residents may move out during any given year, CT has seen a **net gain** of over 3,000 millionaires/multi-millionaires since 2004, per DRS's annual income tax reports.

Many of the thousands of affected MSP enrollees have already stepped forward describing the harm resulting from these cuts. Increased revenue is essential or this harm will be repeated many times over, this time **cutting over 126,000 off of some or all of their Medicaid coverage between July 2018 and January 2019.**

Finally, I note that some of the proposals for raising revenue as suggested by CT Voices may face obstacles under the "bond lock" adopted in the October budget. For this reason, we urge that the bond lock be delayed, also supported by the commission.

As I taxpayer, I can tell you that a CT that I want to live in does not cut basic social services programs, like Medicaid, in order to protect the wealthy from modest tax increases, and I am not alone: an October 2017 survey by Sacred Heart University found that **60% of CT residents support raising revenue as an alternative to cuts to basic social services**, while only 33% supported the latter. And **75% supported raising income taxes on those earning more than \$500,000/year**. I urge you to undo all of the 2017 Medicaid cuts and adopt revenue options to make this possible.

Thank you for the opportunity to speak with you today.