Good afternoon Senator Osten, Representative Walker, Senator Formica, Representative Lavielle and distinguished members of the Appropriations Committee:

I am here to comment on H.B. 7148 An Act Concerning the State Budget for the Biennium Ending June Thirtieth, 2021, and Making Appropriations Therefor

Please protect and fully fund essential community services. Community nonprofits improve our quality of life, making Connecticut a better place to live and work.

Farrell Treatment Center in New Britain, CT is currently serving people in need of treatment for addiction to drugs and alcohol. FTC has been a beacon of light in the dark world of addiction, and can only continue to work as well as it does, provided the sources of funding that keep the program working are in place.

Year-after-year of state budget difficulties have put increasing pressure our community nonprofit.

Current funding allows for only minimal staffing and necessary operating costs for any inpatient 24 - 7 program. Current rates of reimbursement for patient per diem costs prevent greater services and resources available to fully support the patient’s, as they transition from inpatient to outpatient, as well as, allowing for future vocational and housing needs.

We appreciate that in the face of another difficult budget year Governor Lamont has sought to limit the budget impact on people served by my, and other, nonprofits.

But after so many years of difficult budgets, there is more to do and we are here to ask you to build upon the Governor’s proposals

As you know, more than half of the state budget comprises “fixed costs” which are not subject to cuts. That percentage grows each year, and we appreciate the Governor’s tackling those costs.

But funding for nonprofits is in whatever remains. The combination of ongoing budget shortfalls and growing fixed costs mean community nonprofits are a shrinking piece of a diminishing pie.

Nonprofits are dependent on the State for funding and have limited options in the face of budget shortfalls. We can’t raise taxes or charges. This is a model that cannot sustain itself - and it puts Connecticut’s quality-of-life at risk.

You can maximize limited state funding by shifting more expensive state-operated programs into the community. The State must decide: either keep the expensive status quo and serve fewer people or change the system and serve more people in need.
Community nonprofits can reduce state costs and meet the demand for services if you first take the necessary steps.

Please give your utmost attention to these concerns and help prevent the next generation of humanity from this rapacious addiction.

Sincerely submitted,

Malcolm Forbes, M.Ed, LCSW
Board Director, Farrell Treatment Center
Department of Developmental Services

- I support the Governor’s proposal to fund caseload growth for Employment Opportunities and Day Services.
  - The Governor has proposed to add $9.9 million in FY20 and $20.9 million in FY21 to provide day programs and employment for 324 individuals in FY20 and 369 individuals in FY21 who will be graduating high school, and 112 individuals in FY20 and 79 individuals in FY21 who will be aging out of DCF of local school district services, as well as 24 Money Follows the Person Placements.
  - In addition, I support the proposal for caseload growth for residential services included in the DSS budget, as the Community Residential Supports line item was moved there in FY17.

- I am disappointed the Governor’s proposals slows the conversion of state-operated services to the nonprofit sector and I urge the Committee to continue it. It is not clear why this policy change is being proposed, as DDS has been proceeding at the conversion of ten homes per year for the last several years. The savings from the conversions can be used to increase rates and provide services to people on the waiting list.
  - According to a 2009 study from the General Assembly’s Program Review & Investigations (PRI) Committee, the average annual cost to serve an individual with intellectual/developmental disabilities living in a state-operated group home is $265,000. The cost for a community nonprofit to provide the same service is just $113,000.
  - That means the State can save $152,000 per person per year by providing services for people with intellectual/developmental disabilities in the community compared to state provision of the same services.
  - Community providers deliver high quality care. The same PRI study looked at the experience of 17 group homes for people with intellectual and developmental disabilities that had been converted from state to nonprofit operation and found that quality does not deteriorate in private settings and, in many cases, improves.

- I support the Governor’s proposal to annualize funding for private provider wage adjustments, an expenditure of $17.4 million in each Fiscal Year. However, I am concerned that the appropriation is not sufficient to fully fund the increases in statute, that on which many employees are depending.
  - Special Act 18-5 increased the minimum wage paid to private providers of DDS services to $14.75 and provided a wage increase of 5% to anyone else making between $14.75 and $30 an hour. The legislature appropriated approximately $10.8 million for that increase in the current fiscal year, which went into effect on January 1, 2019.
  - Unfortunately, DDS has not made enough funding available to providers to pay for the costs of fully implementing the increases, giving providers millions less than the data shows is necessary.
  - Importantly, Special Act 18-5 requires a wage increase of “up to five percent” for employees making between $14.75 and $30 an hour. In most cases, increases of significantly less than 5% are being funded.
  - If the legislature intends to honor its commitment to Direct Service Professionals, they must appropriate enough funding to pay for the costs of the increases they passed into law and ensure that if enough money has not been appropriated to meet the demonstrated need that there be a deficiency appropriation to keep providers whole.
Department of Mental Health and Addiction Services

- I support the Governor’s proposal to convert state-operated DMHAS services to the nonprofit sector, for savings of $2.3 mm the first year and $4.3 mm for FY 20-21. I ask you to go further than his proposal - to save more money by converting more services and reinvesting the savings into the service delivery system.
  - There are thirteen LMHAs in Connecticut; seven of them are community providers and six are state-operated.
  - The per-patient cost of state-operated Local Mental Health Authorities (LMHAs) is more than double the cost of private LMHAs. The average cost-per-client for state-operated LMHAs in FY16/17 was $12,638 per year. In private LMHAs, the average annual cost-per-client was just $5,330.
  - The state can save more than $7,000 per client per year if it converted LMHAs to nonprofit operation.
  - With almost 14,000 clients served by state-operated LMHAs in FY16, converting services to providers can result in savings that can be used to serve more people in need of behavioral health services, which is especially important in the midst of an opioid crisis.

- I oppose the Governor’s proposal to cut an $2 million from the “Grants for Mental Health” and “Grants for Substance Abuse” line items.
  - Mental health and substance use grants pay for the care of the most seriously mentally ill, who are more likely to be uninsured, under-insured or experience gaps in coverage. Grant funding from DMHAS is essential to cover the costs incurred by providers.
  - Before the legislature passed the FY18 budget when the State was funded by Executive Order, DMHAS issued a 5% across-the-board cut to every provider, in every line item that funded their contracts.
  - This cut was not adjusted after a budget passed in October 2017, and much of the restored funding in it was held back by Governor Malloy immediately following its passage.
  - In part in response to these dramatic cuts, the legislature restored $11.3 million to DMHAS line items that fund nonprofit services for FY19. The legislature restored $1.7 million in net funding increases over FY18 levels to the Grants for Mental Health and Grants for Substance Abuse line items.
  - In August, DMHAS sent every provider a letter stating they intended to restore only $1.7 million to providers, 12.7% of the 5% reduction, or 0.64% of total contract funding. Each provider was given an exact amount of their funding restoration, and many implemented service restorations and rehired staff.
  - Unfortunately, providers never received the funds and DMHAS informed them in February they will not be restoring any of the funding that was appropriated by the legislature in the current fiscal year.
  - The cut proposed to the grants in the Governor’s budget corresponds to an annualization of the funding DMHAS had promised to restore to providers in the current fiscal year.
  - During a time when opioids are contributing to a public health crisis, providers will now be forced to lay off the staff they rehired and reduce programs to the amount they were reduced to under the executive order of 2017.

- Cuts to grant funding are exacerbated by the fact that provider Medicaid rates for behavioral health services do not cover the costs of care. A 2015 study found that Connecticut behavioral health providers lose money on nearly every service hour they bill
to Medicaid across nearly all billing codes, resulting in tens of millions of dollars in annual losses.

- The last ten years of state budgets have included significant cuts to the behavioral health system. The Alliance respectfully requests that legislature make it a priority this year to protect and fully fund community nonprofit services.
- This includes maximizing federal reimbursement by increasing Medicaid rates across the mental health and substance abuse treatment system to cover the full cost of providing services and restoring cuts that have been made to grant funding for services not reimbursable under Medicaid or provided to people who are un- or under-insured.
- Grant funding has been cut by $18.8 million since FY13. “Grants for Substance Abuse Services” will have been cut by 30% since FY13.
- These cuts are happening at a time when the demand for mental health and addiction services are increasing. In FY 2017, 1011 people died due to opioids - and increase of 150%.
- Given the reductions in funding of the system, the spike in deaths from opioids and the inequity in the way providers are reimbursed it is clear the substance abuse treatment system needs a substantial influx of new funding. All providers should be paid rates that cover their costs of delivering services.

* I support the Governor’s proposal to annualize the 1% Cost of Living Adjustment for Private Providers. This proposal increases funding in a number of state agencies.
Department of Public Health

• I oppose the Governor’s proposal to cut an additional $645,135 from School Based Health Centers. Combined with the annualization of the holdback, it represents a $1.1 million, or 10%, reduction in funding.
  o School Based Health Centers are part of the essential system of care for children and adolescents, providing physical, mental health, and oral health services to over 44,000 students in CT. Proposed cuts to School Based Health Centers would mean thousands of children will receive fewer direct medical and mental health services provided to them in an accessible way - within their schools.
  o Some of these lost visits will mean that: Students who need state-mandated school entry physicals will have access issues, rather than being seen immediately so they can attend school; students with asthma or other treatable conditions that could have been addressed during the school day may now go into an acute medical crisis and need to be seen in the Emergency Department, costly in terms of missed class time and medical expenses; and students who are in need of mental health supports may now sit on a waiting list rather than being seen before their problems worsen.

• I oppose the Governor’s proposal to annualize FY19 holdbacks, which cut funding for School Based Health Clinics and Community Health Centers.
  o School Based Health Centers are part of the essential system of care for children and adolescents, providing physical, mental health, and oral health services to over 44,000 students in CT. Cuts to School Based Health Centers would mean thousands of children will receive fewer direct medical and mental health services provided to them in an accessible way - within their schools.