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.

Perception Programs is a behavioral health agency that has been providing services to Windham County since 1970. Perception Programs provides treatment and risk reduction services for people with mental health and substance use, and people involved with the judicial system such as incarceration and probation. Among the many services offered by Perception Programs are individual and group therapy, case management, addiction recovery, sober housing, life skills and work readiness training to reduce recidivism. All Perception Programs services focus on helping individuals to lead a productive and meaning life in recovery. PPI impacts the lives of over 5,000 people a year.

Year-after-year of state budget difficulties have put increasing pressure our community nonprofit. For the past five years Perception Programs has experienced DMHAS and DPH budget cuts to our programs during an Opioid Crisis. Reducing funding of opioid addiction treatment services during an opioid crisis does not make sense. Federal money that flowed into DMHAS went to very specific programs; it did not get shared with every agency to hire more clinicians and APRNs to attend to the agencies wait list. So the wait lists still exist.

Perception Programs has served 39% more clients with less money and our wait list grows longer, the only way to solve this problem is to hire more clinicians and APRNs. It is very difficult to hire more staff when each year you anticipate a funding cut. The current impact of reduced funding is that clients are seen at less frequent intervals, for shorter time periods, and/or provided treatment in clinical groups rather than individualized treatment. Is this really how Connecticut wants to be providing behavioral health care? During an opioid epidemic?

Research has shown that time between sessions matters, and clients who participate in weekly therapy have a faster recovery, while those who participate in therapy every other week make slower progress (Erekson, Lambert, & Eggett, 2015).

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.

The combination of ongoing budget shortfalls and growing fixed costs mean community nonprofits are a shrinking piece of a diminishing pie.

Nonprofits serving our State’s most vulnerable citizens 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 and community safety at risk. As I stated last year, if I was in the restaurant business and facing inflation and budget cuts, I would raise the price of a meal or soda, but we cannot raise the cost of our service as we serve primarily the Medicaid population and those that cannot pay. We could turn individuals away that have no insurance, but they would suffer and so would the community.

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.

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.

Sincerely,

Kristie Scott, LCSW
Chief Executive Officer
Perception Programs, Inc

Administration | a continuum of care for co-occurring substance use and mental health treatment, community justice and risk reduction services