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 Program’s is a behavioral health agency that has been providing services to Windham County since 1970. PPI provides mental health, substance use, Re-entry services, judicial services, case management and risk reduction services- all services focus on helping individuals to lead a productive and meaning life in recovery. PPI touches the lives of over 5,000 people a year.

My department is responsible for providing education, training, and other services around HIV, Hepatitis C, and drug user health. As part of these responsibilities we provide training to communities about how to get and use Narcan (the medication which reverses Opiate Overdoses) and what can be done to try and help keep the members of their community who are fighting with addiction alive until they are able to get help. These services are lifesaving and vital to our communities. In 2017 our syringe exchange handed out 92 kits to our clients and 32 individuals came back and reported that they used the kit to save a life. Between October of 2017 and December 2017 one of our clients saved 5 people from opiate overdose. The northeast corner of the state is being hit hard by the opiate epidemic. In February of 2018 Windham county had the highest rate of hospitalizations in the state for suspected drug overdose at 38.94 people for every 100,000 in the county.

Due to the state’s budget we have had a 39% reduction in funding for our program. This resulted in the loss of one of our 3 full time positions. This loss greatly reduced our ability to both the people who use our services as well as those who need to understand what we do. This makes it much harder to reach the individuals who need our services but face stigma everyday and don’t feel comfortable coming forward to express what they need. One of the other major things that this loss has resulted in is a reduced ability to meet clients at the times most convenient to them. Much like all of us people who are dealing with drug addiction often have other things they need to do such as work, make appointments, and live their lives. This means that often it is easier for them to get the services (especially in an area of the state that has limited public transportation) by meeting them at a location convenient to them at a time of their choosing. With the reduction in staff time available it has made it harder to meet those clients at their convenience and provide them with timely services.

For these reasons I hope that you are able to fund the social service programs that are vital to our state and the health of our communities.

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. As was 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 then individual 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,

Stephen Feathers
Outreach Worker
Perception Programs, Inc