



Date: March 25, 2021
To: Human Services Committee
From: Ben Shaiken, Manager of Advocacy & Public Policy, The Alliance
Re: H.B. 6636 An Act Concerning COVID-19 and Enhanced Federal Medicaid Funding

Good morning Senator Moore, Representative Abercrombie, Senator Berthel, Representative Case and distinguished members of the Human Services Committee.

My name is Ben Shaiken, Manager of Advocacy & Public Policy at the CT Community Nonprofit Alliance (The Alliance). The Alliance is the statewide association of community nonprofits. Community nonprofits provide essential services in every city and town in Connecticut, serving hundreds of thousands of people in need - and employing 117,000 people. They are an important part of what makes Connecticut a great place to live and work and an important piece of our economy.

Thank you for the opportunity to provide testimony in support of **H.B. 6636 An Act Concerning COVID-19 and Enhanced Federal Medicaid Funding**.

The American Rescue Plan is expected to bring \$10 billion into Connecticut, with over \$4 billion going directly to state and local governments. Connecticut is set to receive a significant increase in federal matching funds for the Federal Medical Assistance Percentage (FMAP), including a 10% increase for Home and Community Based Services as well as the continuation of the 6.2% increase that began in the Spring of 2020. While nonprofit providers were allocated a portion of the Coronavirus Relief Fund through the CARES Act, those funds were spent months ago, and the State has not used the increased federal Medicaid match to increase rates or otherwise compensate providers.

The enhanced FMAP is a once-in-a-lifetime opportunity for Connecticut to finally establish Medicaid rates that pay for the actual cost of care.

Crucial Medicaid services provided by community nonprofits have been underfunded for decades. At the beginning of 2020, The Alliance estimated that nonprofits were at least \$461 million behind the increased costs of doing business since the last time the state raised their funding in 2007. **Then, COVID-19 hit.**

Community nonprofits have been on the frontlines of the COVID-19 pandemic. Many never closed their doors and have been meeting the needs of the communities they serve despite the risks. COVID-19 brought unanticipated and unbudgeted costs and operational challenges for community providers, and for many, Medicaid is a primary or significant source of funding. Nonprofits have incurred costs such as:

- Procuring expensive and hard to find Personal Protective Equipment (PPE) and cleaning supplies;
- Providing hazardous duty pay for essential workers on the front lines with a higher risk of exposure;

- Creating telehealth services seemingly overnight, and purchasing necessary computers, cybersecurity, online meeting platforms and training for both staff and people receiving services. One provider reported spending \$130,000 on additional software and licenses per year, costs that were not reimbursed.

Recently, we surveyed community nonprofits regarding the impact of the COVID-19 pandemic intersecting with decades of underfunding. Below are some examples of COVID-related costs incurred that have not been reimbursed by the State or Federal governments:

- A behavioral health provider hired a staff person just to manage and distribute PPE, a **\$55,000 annual expense** and hired additional IT staff to manage telehealth, a **\$66,000 annual expense**.
- A provider of services to people with Intellectual/Developmental Disabilities (I/DD) had increased expenses to keep group homes fully staffed during daytime hours, because the in-person employment and day services were suspended due to COVID. **This provider incurred unreimbursed expenses of \$260,000 by the end of December, 2020.**
- A different provider of services to people with I/DD who is self-insured has **paid \$13,000 for COVID testing for staff.**

Many community nonprofits never closed their doors even as the pandemic worsened. These organizations provided food, emergency housing, behavioral health supports and other essential services. However, with many in-person services temporarily suspended and capacity for those that are open reduced by social distancing requirements, community nonprofits experienced a drop in revenue, especially for programs that bill Medicaid for units of service.

The Alliance conducted a survey of 258 nonprofit organizations in June/July 2020. Overall, while organizations have scrambled to identify financial and other resources to meet unprecedented needs, the pandemic threatens their long-term ability to remain in business without significant funding commitments from government.

In July, **one in five community nonprofits believed it was unlikely they would be able to fully fund payroll for the next quarter, and more than one in four worried about being able to fully provide services.** It is reasonable to assume those concerns have only increased, as federal funding sources available in June and July have dried up.

Community nonprofits faced daunting fiscal challenges even before the pandemic. In 2019, The Alliance surveyed its members to determine how funding had changed over the last five years. The results showed funding for community nonprofits was already down in most areas, which reduced access to community services and the capacity of nonprofits. And 95% of organizations reported that demand for their services had increased in the last five years, with 40% saying demand was up by more than 15%.

Even before the pandemic, this left the state's most vulnerable children, families, seniors and people with disabilities without support while pushing the State's health and human services delivery system closer towards destabilization. When the safety net fails, people may wind up in more expensive care, such as emergency rooms, nursing homes, or even the prison system.

In the relief bills passed by Congress since the onset of COVID-19, the federal government has recognized the important role that Medicaid plays in the health and wellbeing of a significant portion of the population by providing enhanced federal matching funds for Medicaid. In Connecticut alone, over

800,000 people are served by the Medicaid program and community nonprofits disproportionately provide services to Medicaid members. Congress provided increased FMAP funding because it will increase access to critical care. When Medicaid rates cover the cost of care, providers could better attract staff, open more clinics, and serve more people. **It's time for Connecticut to follow the intent of now two Congresses and Presidents and increase rates for providers with this funding.**

This influx of federal funding in the FMAP and other facets of the American Rescue Plan Act, combined with the state's strong Rainy Day Fund, and more than \$400 million in unexpended Medicaid funds, puts the state in the unique position to use those funds to directly support nonprofit programs and fulfill their needs without complicating the state budget process.

Please support H.B. 6636 **An Act Concerning COVID-19 and Enhanced Federal Medicaid Funding.**

Thank you for your time and consideration.