



DATE: March 4, 2021
TO: Human Services Committee
FROM: Ben Shaiken, Manager of Advocacy & Public Policy, The Alliance
RE: H.B. 6446 An Act Concerning the Governor's Budget Recommendations for Human Services.

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 more than half a million people in need and employing 117,000 people across the State. 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 opposition to H.B. 6446 An Act Concerning the Governor's Budget Recommendations For Human Services. We are opposed to the bill both because of certain provisions of it as drafted and because of its omission of critical investments in community nonprofits.

The bill proposes to freeze rates for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID). These facilities, general slightly larger than Community Living Arrangements (CLA), commonly known as "group homes," nonetheless provide integrated community services for people with Intellectual/Developmental Disabilities (I/DD). There are approximately 40 ICF/IIDs operated by private providers in Connecticut serving 340 people with I/DD. For decades, rate increases for ICF/IIDs have been in state statute and for decades, in order to balance the budget, back-of-the-budget language removes the statutory authorization for rate increases. We oppose the continued rate freeze proposed by H.B. 6446.

The bill also does not implement any funding increases for community nonprofits. The Alliance has respectfully requested the legislature increase funding for community nonprofits by \$461 million over the next five years. Since 2007, community nonprofits have lost at least \$461 million in state funding that has not kept pace with inflation or adequately covered increased costs and demand for services over the last thirteen years.

We respectfully request the Human Services Committee add implementing language that:

- Increases funding by the full \$461 million, or 28%, by Fiscal Year 2026;
- Appropriates \$128 million (a state net of \$67 million after federal reimbursement) in new funding for community nonprofits in Fiscal Year 2022, a 7% increase;
- Indexes increases to inflation, to ensure that state funding will keep pace with increased costs in the future; and
- Hold nonprofits financially harmless from the impact of COVID-19.

In particular, H.B. 6446 does not propose to increase any Medicaid rates for the services provided by community nonprofits. As is evident by the percentage of total funding reimbursable by the federal government, Medicaid is a major payer for community nonprofits, both through waiver services and through fee-for-service billing.

State grants pay for services delivered by community providers for which Medicaid does not reimburse, and for services for people who are uninsured or under-insured. Grants have been the target of repeated budget cuts, holdbacks and rescissions since 2007. For example, all Department of Mental Health and Addiction Services' contracts were cut 5% in Fiscal Year 2017 and those funds have never been restored. Meanwhile, since FY13, Connecticut's drug overdose deaths have increased 253%ⁱ, and have skyrocketed even higher during the pandemicⁱⁱ.

Medicaid pays for services for over 20% of Connecticut residents – more than 800,000 people. And **Medicaid rates do not cover the cost of care.** According to a study published in 2015, the annual loss for the top ten behavioral health procedures by volume was more than \$27 million for approximately 250,000 service hours.ⁱⁱⁱ Meanwhile, the services provided by DDS-contracted providers to people with Intellectual/Developmental Disabilities are provided through a Medicaid waiver. Reimbursement under this waiver only allows providers to pay a minimum wage of \$14.75, barely staying ahead of Connecticut's minimum wage. In 2007, Connecticut's minimum wage was \$7.65^{iv} and providers were reimbursed at virtually the same rate. If the legislature raises the funding level only for grant funds and excludes Medicaid rates, it will only be a half-measure and will fall short of solving problems for Connecticut's nonprofits.

Thank you for your consideration of these important topics. We encourage the Committee to review our White Paper, "Increase Funding for Community Nonprofits," which is available here:

<https://ctnonprofitalliance.org/wp-content/uploads/2021/01/2021-White-Paper-Increase-Funding-by-461-Million.pdf>.

ⁱ <http://data.ctdata.org/visualization/drug-induced-deaths>

ⁱⁱ <https://ctmirror.org/2020/02/17/connecticut-drug-overdose-deaths-up-with-fentanyl-leading-fatalities/>

ⁱⁱⁱ http://www.governor.ct.gov/malloy/lib/malloy/shac_doc_final_report_-_final-ccpa-report-february-2015.pdf

^{iv} <https://www.ctdol.state.ct.us/wgwkstnd/wage-hour/history.htm>