Testimony before the Human Services Committee

February 21, 2023

Good morning, Senator Lesser, Representative Gilchrest, and distinguished members of the Human Services Committee. My name is Andrea Barton Reeves, and I am the Commissioner-Designate for the Department of Social Services (DSS).

I am pleased to appear before you today to offer remarks on several of the bills on today's agenda.

SB 991 (Raised): AN ACT CONCERNING MEDICAID REIMBURSEMENT FOR COMMUNITY HEALTH WORKERS.

This bill requires the Department to amend the Medicaid state plan by October 1, 2023, to provide Medicaid reimbursement for services provided by certified community health workers (CHWs).

The Department understands that CHWs help make a positive impact on the health and well-being of the people and communities served within Connecticut. They are trusted frontline public health professionals who have a unique understanding of the socioeconomic needs of the communities and populations served. They serve as a liaison between individuals, communities, healthcare providers, and social service providers to facilitate access to care, improve the quality and cultural responsiveness of service delivery, address health-related social needs, and address health inequities disproportionally impacting historically marginalized communities.

The Department recognizes the critical role that CHWs play in serving our members and, over the years, the Department has incorporated these professionals into the Department's programs. For example, CHWs have played an important role in our medical administrative services organization, Community Health Network of Connecticut (CHN CT) for over 10 years. The CHWs' responsibilities include: supporting members in the intensive care management program, a voluntary program that supports members' abilities to manage their medical, behavioral and social health needs; connecting members to resources to address social determinants of health; and providing assistance and supporting new members in understanding their benefits. The Department is also working with the nine community action agencies to build or enhance a CHW program and, together with the Office of Early Childhood, the Department of Public Health, the Department of Children and Families, and the Office of Health Strategy, we are preparing to launch the "Family Bridge" pilot program, an innovative perinatal pilot program that combines an evidence-based nurse home visiting model with CHWs in the Bridgeport area.

The Department appreciates the intent of this bill and the valued role CHWs play as members of the healthcare team and community. However, the language in this bill is broad and does not set

any parameters or definitions on the scope of coverage. Although CHWs are capable of effectively providing a diverse range of services, there may be certain services that are not deemed appropriate for provision under a Medicaid program. Additionally, the timeline set in the bill would not allow for the careful and needed review before pursuing a specific reimbursement methodology. The Department, alternatively, endorses a more focused integration of CHWs into Medicaid, primarily through the utilization of value-based models that are presently undergoing evaluation by the Department. Additionally, the Governor's proposed budget does not include funding allocated for CHW reimbursement. For the foregoing reasons, the Department cannot support this bill.

HB 6587 (Raised): AN ACT CONCERNING MEDICAID COVERAGE FOR DIAPERS

This bill would require the Department to provide Medicaid reimbursement for diapers for any child covered by Medicaid who is in need of diapers, or to parents of such child, or to an adult directly responsible for caring for such child. The Department currently provides coverage of diapers under Medicaid for children ages 3 years and older when the diapers are medically necessary in the management of incontinence associated with a medical condition and based on the individual needs for each member. The Department anticipates that adding coverage for diapers for any child covered by Medicaid would result in a significant increase in Medicaid expenditures and would likely require the Department to go through the 1115 waiver process with no guarantee of gaining approval from the Centers for Medicare and Medicaid Services (CMS).

Funding for an expansion of coverage of diapers under Medicaid is not contemplated in the Governor's proposed budget. The Governor's budget does, however, continue to include $700,000 in annual funding for the provision of diapers to low-income families, which the Department accomplishes through a contractual agreement with the Connecticut Diaper Bank. In the first quarter of SFY 2023 the Diaper Bank provided diapers to 6,243 children in 5,557 families across the state, 81% of whom were below 100% of the federal poverty level (FPL) and all of whom were under 200% of FPL. While the Department appreciates the intent of this bill which would provide a form of financial and health support to the low-income families and children that we serve, due to the anticipated significant cost of this proposal and the fact that such a level of funding is not contemplated in the Governor's budget, the Department cannot support this bill at this time.

HB 6612 (Raised): AN ACT CONCERNING NONPROFIT HEALTH AND HUMAN SERVICES PROVIDERS.

The Department of Social Services remains committed to a strong network of private nonprofit providers to deliver necessary human services for the many people who depend on state human services programs. However, this bill's proposed expansion of the surplus retention program, if fully implemented by DSS, would expose the state to federal audit and disallowance risk for Medicaid and other federal programs. It would also remove the state's ability to craft contracts to maximize quality and value for recipients and taxpayers.

As the single state Medicaid agency, DSS claims over $1 billion annually for federal Medicaid matching funds for services paid by other state agencies such as the Department of Developmental

Services, Department of Mental Health and Addiction Services, and Department of Children and Families.

Federal approval for matching funds for those payments is specifically contingent on the state's ultimate reconciliation of costs – which is a complex undertaking to assure that all ***non***-Medicaid costs are appropriately excluded from any federally claimed activity.

For DSS contracted services, such retention programs may only apply to DSS contracts that are ***not otherwise funded or reimbursed by the federal government*** and could likewise not apply to programs that are funded with a combination of state and federal funds unless the contract budget ***clearly separates the activities funded under each source*** (e.g., state vs. federal) and the ***surplus*** is solely and identifiably the result of actions on the ***state-funded*** portion of the contract. It should be noted that of the hundreds of purchase of service contracts that DSS holds with private nonprofit providers, only approximately 10 to 15 are solely funded with state funds. For those that are funded jointly with state and federal funds, there is no financial distinction made between funding sources. As a practical matter, the exception as provided in subsection (c) of section 1 of the proposed bill would substantially negate the expectations contained within subsection (b) of section 1 as relates to any anticipated, categorical surplus retention by such nonprofits.

In addition, a notable portion of services provided by private nonprofit providers utilize a "grant-based payment methodology" that must be converted to a Medicaid-specific rate-based methodology for federal Medicaid claiming purposes. In these arrangements, the state claims an *estimated amount* of the provider's costs as an interim rate that is subsequently reconciled to the provider's *actual documented costs.* It is these *actual documented costs* that must be converted to a final rate to ensure that the state is only claiming for valid Medicaid services at Medicaid approvable rates. As a result of such payment methodologies, requiring payment within 30 days of provision of services as provided in section 4 of the proposed bill is simply not feasible to the extent that the contracted nonprofit does not provide immediate bills, claims or cost reporting.

In short, such proposed surplus retention adds additional complexity to the federal claiming process and puts the state at risk of audit if funds are not appropriately documented and separated between state and federal funding streams and would not constitute an efficient or effective mechanism to provide consistent and reliable funding support to private nonprofit providers of human services in Connecticut. Additionally, the requirement in section 4 for annual cost-of-living adjustments to private provider rates has not been factored into the Governor's budget. For these reasons, the Department cannot support this bill.

HB 6617 (Raised): AN ACT PROMOTING EQUITY IN COVERAGE FOR FERTILITY HEALTH CARE

This bill would require the Department to amend the Medicaid state plan to provide Medicaid reimbursement for fertility treatment services.

Currently Medicaid provides reimbursement for family planning services including those that diagnose, treat, and counsel individuals of child-bearing age. Covered family planning services include, but are not limited to, reproductive health exams and lab tests to detect the presence of

conditions affecting reproductive health which include infertility. The Department's current regulations for physician and hospital services prohibit reimbursement for infertility treatment services under Medicaid. This is in line with most other state Medicaid programs. (Coverage and Use of Fertility Services in the U.S. – Appendix 2: Medicaid – 9528 | KFF)

The Department anticipates that adding coverage for fertility treatment services would result in a significant increase in Medicaid expenditures and funding to cover such an expansion was not included in the Governor's recommended budget. For this reason, the Department cannot support this bill.

HB 6618 (Raised): AN ACT CONCERNING MEDICAL ASSISTANCE FOR CERTAIN PERSONS RECEIVING ABORTION CARE AND RELATED SERVICES IN CONNECTICUT

This bill directs the Commissioner of Social Services to provide medical assistance for abortion care and related services when such services are provided to a qualified patient by a family planning provider who verifies the patient's eligibility to receive services. The bill would use state funding to make abortion care and related services accessible to patients from states where abortion access is limited and would require the Commissioner to seek federal reimbursement to the extent possible, including the submission of an 1115 waiver.

The Department of Social Services strongly supports reproductive rights and access to abortion care and supports the overall intent of this bill. DSS does, however, have some concerns about the bill as drafted and proposes some adjustments for the Committee's consideration.

The Department has concerns over the potential scope of the proposal. At this time, it is not possible to accurately predict the number of individuals from other states that may seek abortion care and related services in Connecticut. The Governor's proposed budget includes a one-time pool of $2 million in state-only funding to support access to abortion care and related services, including transportation and lodging and contraceptives for individuals who come to Connecticut for such services because these services are restricted in their states. DSS cannot support spending beyond that $2 million amount, as it was not included in the Governor's budget, and therefore recommends that this proposal be limited in an amount not to exceed the one-time pool of funding that is ultimately allocated for this purpose.

Second, the scope of "related services" and the definition of "limited access to abortion" are not clearly defined. DSS looks forward to working with the Committee to better define these concepts as envisioned by the Committee.

Third, DSS would like to request that the language "shall apply for a waiver under Section 1115 of the Social Security Act" be removed from the bill. DSS does not advise pursuing an application for a waiver under Section 1115 of the Social Security Act for the purpose of federal reimbursement of abortion services and related care. Federal financial support for abortion care and related services is limited by the "Hyde Amendment," which prohibits federal funding for abortion care with the exceptions of cases where the pregnancy was a result of rape or incest or where the pregnant person's life would be in danger if an abortion were not performed. As these cases are relatively uncommon, the amount of federal funding that could be secured pursuant to

an 1115 waiver for this specific purpose would likely be very limited. In addition, the Hyde Amendment rules may impose a personal risk on the patient in requiring disclosure of the circumstances of the abortion.

To summarize, the Department is broadly supportive of the intent behind this bill but requests that the Committee work with the Department to adjust the bill language in a way that ensures that the program structure is clear and can be administered within the funding levels contemplated by the Governor's budget.

HB 6701 (Raised): AN ACT CONCERNING FUNERAL ASSISTANCE FOR PERSONS OF LIMITED INCOME

This bill would increase the maximum funeral benefit authorized under sections 17b-84 and 17b-131 of the general statutes from $1,350 to $1,800. As background, the Department pays up to $1,350 towards a funeral and burial for a decedent who died while receiving cash assistance from the Department, or who was otherwise unable to pay for a proper funeral and burial. This maximum benefit is, in some instances, reduced by certain resources enumerated in the statutes as alternative methods of payment, such as prepaid funeral contracts and known liquid assets in the decedent's estate.

In recent years, this benefit has already been increased from $1,200 to the current rate of $1,350. It is also worth noting that contributions up to $3,400 from sources other than those enumerated in the statutes, such as payments made by friends, family members, and other benefit programs, are allowable before the Department will reduce or deny the funeral benefit.

The Department estimates that the cost of increasing the maximum funeral benefit to $1,800 would be at least $1.2 million per year. This figure is based on adding $450 to every benefit issued in 2022 but does not account for additional cases that would be granted due to the increased benefit amount, and thus actual costs would be higher. While the Department appreciates the intent of this bill, it is unable to support the bill at this time because the Governor's proposed budget does not account for this cost.

HB 6703 (Raised): AN ACT CONCERNING THE LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM

This bill proposes to make several changes to the way deliverable fuel vendors are paid and program benefits are established under the Connecticut Energy Assistance Program (CEAP).

As background, CEAP is the state's energy assistance program for low-income households funded through the federal Low Income Home Energy Assistance Program (LIHEAP) block grant. The Department of Social Services is the state's designated agency for administration of the LIHEAP block grant. DSS receives an annual amount of block grant funding from the federal government, designs a plan for allocating those funds and, with legislative review and approval, implements the state allocation plan.

In accordance with federal rules, the large majority of allocated funding is dedicated to helping program participants afford the cost of energy regardless of the energy type used as the household's primary energy source (gas, electric, home heating oil, propane, etc.). DSS partners with the state's nine community action agencies (CAAs) for the operational administration of CEAP, including program eligibility determinations and payments to participating vendors (primarily utility companies and deliverable fuel vendors). Approximately a third of program participants use deliverable fuels (home heating oil, propane, kerosene, etc.) as their primary energy source.

The first proposed change would (a) shorten the timeframe in which the CAAs are required to make payments to a deliverable fuel vendor who has completed an authorized delivery of fuel, and (b) require that payments to vendors be made electronically. Current law requires payment within 30 business days; this bill would shorten that timeframe for payment to 48 hours. Current law does not specify a method of payment.

At the beginning of this program year, DSS established a requirement that the CAAs accommodate electronic fund transfer payment requests from any vendor who requests it. As electronic payment is already a program requirement, the Department does not believe that it is necessary to amend the statute to require electronic payment, but the Department is also not opposed to making it a statutory requirement. This would, however, remove any flexibility for vendors who prefer to be paid through other methods, such as paper checks.

Additionally, at the beginning of this program year, DSS requested that the CAAs make every effort to pay invoices no later than 10 business days after a complete invoice is received. DSS has also proposed to make this a corresponding change to the state statute and believes that 10 business days is a reasonable timeframe for completing payments without adding administrative costs to the program. If this timeframe is shortened to 48 hours it is likely that the CAAs would incur additional administrative costs to effectuate the policy, such as needing to have staff available to work overtime on weekends or simply increasing staffing to comply with such a short payment timeframe. This, in turn, could increase CEAP administrative costs. Because CEAP is funded through a fixed federal block grant, increases to administrative costs reduce the amount of funds available to be issued to low-income households in the form of program benefits. To achieve the goal of this proposal without incurring additional administrative costs, the Department recommends setting the payment timeframe at 10 business days.

The second proposed change would require the Commissioner of Socials Service to (a) establish a county and regional pricing standard for deliverable fuel, and (b) reimburse fuel providers based on the price of fuel on the date of delivery.

The Department currently pays home heating oil vendors based on a fixed margin pricing structure with a county pricing adjustment to account for transportation, delivery, and operation costs.

The county differentials per gallon for FFY 2023 are as follows, and exclude the 50 cents fixed margin:

Fairfield County	$ 0.115
Hartford County	0.039
Litchfield County	0.067
Middlesex County	0.033

New Haven County	0.045
New London County	0.042
Windham County	0.100
Tolland County	0.099

The Department also already pays vendors based on the price of fuel on the date of delivery. Each business day within one hour of receiving the terminal wholesale price information, the Department posts the oil price for deliveries on our website. If a vendor receives authorization on one day but cannot deliver for several days, they would be paid based on the price for the day the delivery is made.

Here is an example of the price that the program pays to a heating oil vendor for one gallon of home heating oil to a household located in Fairfield county:

$3.124	New Haven Rack Average OPIS Price, Wednesday, February 15,
$0.500	Fixed Margin for FFY 2023
$0.115	County Differential – Fairfield County
$3.739	Total Fixed Margin Price for Deliveries on Thursday, Feb 16, 2023

Given that the Department already uses a county pricing standard and pays vendors based on the date of delivery, the proposed changes are unnecessary to add to statute.

The third proposed change would require the Commissioner of Social Services, within available funding, to provide an annual cost of living adjustment (COLA) to the benefits for participating households. As described above and outlined in detail in the state allocation plan, each year the Department receives a fixed amount of federal funding and must design a program plan to allocate that funding. Each year the Department develops a program benefit matrix that takes into consideration estimates of the projected program funding amount, projected enrollment, the cost of fuel and vendor payments, the projected benefit uptake for crisis assistance benefits, and the costs of other LIHEAP-funded services. Given that the benefit matrix is adjusted every year to account for the numerous program components and is not the same from one year to another, there is not a baseline from which to add a COLA while ensuring the program is administered within available funds. As this proposal cannot be practically accomplished, the Department opposes this provision.

For the forgoing reasons, the Department opposes the second and third proposed changes and respectfully requests the committee to consider the alternative payment timeframe of 10 business days put forth by the Department.