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**Testimony of the Executive Office of Health & Human Services
Joint Hearing of the House & Senate Committees on Ways & Means
Marylou Sudders, Secretary
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Assistant Vice Chair Malia, Assistant Vice Chair Chang-Diaz and Members of the Joint Committee - thank you for the opportunity to present testimony on the Fiscal Year 2019 (FY19) budget for the Executive Office of Health and Human Services (EOHHS).

EOHHS Overview

EOHHS is the largest secretariat in state government; our services directly touch the lives of slightly more than 1 in 4 residents of the Commonwealth – some of our most vulnerable children, youth, adults, and elders. MassHealth, our joint Medicaid and Children’s Health Insurance Program (CHIP), provides health insurance coverage for more than 1.85 million members, almost 28% of our state’s residents. 1 in 9 residents receive SNAP benefits and almost 50,000 children and youth receive support from or are in the care or custody of the Department of Children and Families (DCF).

EOHHS is comprised of 12 state agencies, MassHealth, plus our two soldiers’ homes. I work with a diverse and dedicated group of subject matter experts. EOHHS agency heads and staff reflect our state’s diversity. Throughout the secretariat, 69% of our workforce are women, including 66% of our managers; and 38% are minorities, including 18% of our managers.

In addition to providing EOHHS executive leadership, I chair the Connector Board, Autism Commission and Center for Health Information and Analysis (CHIA) Oversight Council and co-chair the Governor’s Interagency Council on Housing and Homelessness and the Governor’s Council on Aging. I also serve as a member of the Health Policy Commission and as the Governor’s point person on the opioid crisis.

Throughout the secretariat, our efforts are focused on: health, resilience, and independence. We are charged with improving health outcomes, building resilience, and maximizing independence thus contributing to the quality of life for the residents we serve and the Commonwealth as a whole.

EOHHS provides access to medical and behavioral health care, long-term services and supports, and nutritional and financial benefits to those with low income. We connect elders, individuals with disabilities and veterans with employment opportunities, housing and supportive services. We steer at-risk youth towards a more successful path and do everything possible to keep children in our child welfare system safe. We offer safe haven to refugees and open doors of opportunity for immigrants. We support individuals who are developmentally disabled, mentally ill, blind, deaf or hard of hearing and those with addictions. We are tasked with setting policies and providing action on public health issues ranging from the opioid epidemic to the containment of infectious diseases to overseeing a changing nursing home industry. We must ensure that our MassHealth program is a sustainable public insurance program now and for the future for the 1.85 million residents of the Commonwealth who rely on it. We honor our veterans with gratitude and support. We are taking important and appropriate steps to prepare our state to serve our growing older adult population with grace and dignity. And, we are prepared to respond to changing federal programmatic and fiscal priorities.

Federal Landscape

- While we are highly focused on our work each and every day, much of our effort is impacted by federal policy and fiscal decisions. We continue to experience uncertainty and significant delays around federal funding priorities which, over the past year, has posed significant challenges. Annually, EOHHS is responsible for \$12.9 billion in federal revenue from Medicaid federal financial participation (FFP), federal block grants, Medicaid waivers, Targeted Case Management, SNAP, and CHIP. There is uncertainty regarding the continuation of longstanding and important federal funding commitments for critical health and human services programs. It is not safe to assume that grants and programs that have been funded for many years will continue at previous levels.
- Some recent examples include:
 - Elimination of the cost-sharing reduction (CSRs) payments to health insurance companies nine months into calendar year 2017. Massachusetts was the only state in the nation to cover the cost of those CSRs for exchange insurance products, expending \$28M from the Commonwealth Care Trust Fund in order to maintain stability for insured individuals and the plans for the remainder of the 2017 calendar year. The consequence of the federal decision resulted in, on average, an 18% increase in rates for individuals above 400% FPL for plan year 2018.
 - The federal government was very slow to extend funding for family planning services, which was scheduled to end in March. In response, the Governor's February 2018 supplemental budget included \$1.6M to ensure continuation of these services for the rest of the fiscal year. Women's health is a clear priority for our Administration and these state funds will be available if there is a gap in Title X funding.
 - Although not yet announced, it is our understanding that funding from the federal Rehabilitation Services Administration for vocational rehabilitation services will be reduced during FY19. One historically available funding source is referred to as "reallotment funds"; this fiscal year, for the first

time, the state's funding request was not fully granted. While it has not resulted in a negative impact this fiscal year, depending on the federal government's decision next fall, this is an issue we will revisit in FY19 for the Massachusetts Rehabilitation Commission (MRC) and the Massachusetts Commission for the Blind (MCB).

- The Unaccompanied Refugee Minor Program is currently underfunded by \$3M. These federal funds are received by the Office for Refugees and immigrants with youth served by the Department of Children and Families (DCF). If additional federal funds are not released, there will be insufficient resources to serve these children.
- The SHINE Program, which helps older adults navigate the complex Medicare insurance system, is funded through April 1, 2018. There has been no word on the continuation of \$880,000 in funding.
- Other federal funding issues that we are closely monitoring include:
 - The SNAP program, which is funded through the federal farm bill, must be reauthorized by the end of the federal fiscal year, September 30, 2018.
 - The TAFDC program, which is supported through the federal TANF block grant, must be reauthorized by the end of the federal fiscal year, September 30, 2018.
 - The Senior Community Service Employment Program (SCSEP), which helps low income job seekers age 55 and over develop the skills and self-confidence to get jobs and become financially self-sufficient, is funded through June 30, 2018.
 - The Moms Do Care program, which provides treatment and recovery support to pregnant women with a substance use disorder, is funded through July 1, 2018. Although this was a SAMHSA discretionary grant, there had been previous indications that funds would be continued.

Finally, it is important to remember that our enhanced federal match rate for CHIP will start to phase out as of state fiscal year 2020. Although not an immediate issue for FY19, starting in FY20 our CHIP revenue will be reduced by \$73 Million and by \$214 Million in FY23.

A few notable and positive updates include:

- This year, Massachusetts was ranked the #1 healthiest state in the country, according to America's Health Rankings Report for 2017 (MA was 2nd last year).
- We have near universal health care coverage, 97.5% of all residents and 99% of children.
- We have the highest vaccination rates in the country and have first-in-the-nation status for immunization coverage for many vaccines for children under 2 and for adolescents 13 to 17.
- We have the lowest teen birth rate in the Country.
- The Commonwealth has been designated as an Age-Friendly State by AARP and has joined the network established by the World Health Organization Global Network of Age Friendly Cities and Communities.

- The Department of Public Health received national accreditation status by the Public Health Accreditation Board for the first time.
- The Health Connector's 2017 benchmark premium was 31% lower than the national average and the second lowest cost in the nation.
- The Executive Office of Elder Affairs (EOEA) revamped its protective services program and launched a new Elder Abuse Hotline, making it easier for the public to report elder abuse by calling a single phone number (down from 21 phone numbers) or reporting online.
- The Turning 22 (T22) program was fully funded for the first time - over 1,074 young adults leaving school this fiscal year will have received Department of Developmental Service's (DDS) supports and for the first time, youth with Autism received T22 funding.
- MRC served over 27,000 individuals with disabilities, including 5,204 students of transition age, and placed 3,973 people with disabilities into employment through its Vocational Rehabilitation program, while 14,284 individuals with disabilities received Community Living services, assisting them to live independently and participate in their communities.
- The Soldiers' Home in Chelsea, in collaboration with EOHHS, DVS, and DCAMM, made significant progress towards obtaining final VA approval to build a \$199 million new long-term care facility for veterans on the campus. We are hopeful that federal funding will be secured in one of the next two funding cycles.
- Earlier this week, we announced our intent to relocate Shattuck's hospital services to the Newton Pavilion in the South End in 2021. After weighing many options the purchase and renovation of an existing hospital was determined to be the best option for patients and the Commonwealth. We are committed to engaging in a transparent comprehensive planning process to identify future uses of the Shattuck's campus in Jamaica Plain.
- And, we continue to be fully in compliance with the requirements of chapter 257 of the acts of 2008.

Over the past year, a few critical areas of focus include:

MassHealth

- Representing almost 40% of the state budget, the sustainability of MassHealth is critical. With a commitment to maintaining robust benefits and access, staff has focused on improving the eligibility system issues, negotiating better pharmacy rebates, strengthening program integrity, and obtaining payment recoupments in instances of fraud or abuse. Spending growth has decreased from historical double-digits (12.5% in FY15) to single digits (2.7% in FY17 and 4.4% in FY18).
- Yesterday, MassHealth rolled out the implementation of 17 accountable care organizations (ACOs) for more than 800,000 members within the managed care portion of our Medicaid program. This implementation was the result of more than 15 months of a very deliberative, transparent, and public process - bringing together diverse perspectives and stakeholders and a renegotiated waiver. At the crux of this care model are two basic premises: a strengthened relationship between the member and primary care; and payment for care based upon value, not volume of service delivered. There is a strong focus on care coordination and

integration of behavioral and physical health care. This restructuring is a major component of the state's five-year innovative 1115 Medicaid waiver, bringing in \$1.8 billion in new federal funds to improve the delivery of these services. You may have heard these funds referred to as Delivery System Reform Incentive Payments (DSRIP). MassHealth staff will be providing a briefing to the House on March 14, 2018 and the Senate on March 6, 2018.

Opioids

- We maintain an intense focus on the opioid epidemic. We have added more than 1,100 mental health and substance use treatment beds since 2015, have doubled the number of safe syringe sites, expanded access to medication assisted treatment (MAT), and have certified more than 2,200 sober home beds.
- For the first time in many years, we have slightly bent the trend in the number of individuals who are dying from an opioid-related overdose; in 2017 there was an estimated 8.3% decrease from 2016.
- Since the first quarter of 2015, we have seen a 30% reduction in the number of individuals receiving a prescription for schedule II opioids.
- The data from the state's Massachusetts Prescription Awareness Tool (MassPAT) indicates that we have significantly reduced doctor and pharmacist shopping.
- We filed the CARE Act, which builds upon our current prevention, intervention, treatment and recovery approach to further address the opioid crisis our state faces.
- MassHealth will be investing more than \$200M over the next five years to expand treatment and recovery services through the Substance Use Disorder Federal Reinvestment Trust Fund.

Department of Children and Families (DCF)

- DCF is far more stable today than it was in 2015.
- Since 2016, working closely with the social worker union, we have developed and implemented six new policies, restored a management structure that supports our workers, added a net gain of 357 front line workers and created a medical team.
- Today, 99% of DCF social workers are licensed and 2017 saw the lowest caseloads DCF has experienced since January 2015.
- Last January, DCF hired 15 regional foster care recruiters, followed by the launch of the first statewide foster care recruitment campaign in years, *Foster Massachusetts*. Since then, DCF added 172 unrestricted foster homes statewide.

Department of Transitional Assistance (DTA)

- Since 2015, DTA has gone from being on the cusp of substantial federal financial sanctions to being a recipient of two separate performance bonuses for public access and program integrity - USDA awarded DTA a \$2.9 million bonus in October for improving access to the Supplemental Nutrition Assistance Program (SNAP) and a \$3.3 million bonus in November 2016 for SNAP quality control activities.

- Two months ago, DTA launched a dedicated Senior Assistance Office (SAO) to better serve our aging population. The SAO serves the entire state using a high-touch approach with a dedicated assistance line and staff specially trained in issues affecting older adults.

EOHHS FY19 Budget Overview

Looking towards FY19, the Governor's budget proposes \$22.875 billion for EOHHS: \$15.906 billion for MassHealth; and \$6.348 billion for non-MassHealth spending. Overall, the EOHHS budget represents a \$91 million increase over FY18 estimated spending and \$501.4 million or a 2.2% increase over the FY18 GAA. To put our budget in context, EOHHS comprises approximately 56% of the total state budget.

It is a strong budget with critical strategic investments in mental health and across some EOHHS agencies.

Key Budget investments include:

- A complete overhaul and redesign of adult Department of Mental Health (DMH) community-based services to strengthen clinical services and improve client outcomes - \$83.8M increase;
- Fully funding the Turning 22 classes at DDS, MRC and MCB agencies - \$46.6M increase;
- Funding continued improvements at DCF, including increasing direct care staffing levels in order to lower caseloads - \$3.3M increase;
- Revising DTA benefit structures to simplify program rules, increase incentives to obtain employment, and ease benefit cliff effects - \$2.8 M increase;
- Funding Chapter 257 provider rate increases in compliance with the Chapter 257 Settlement with providers - \$38.5M increase;
- Increasing the formula grant at the Councils on Aging to \$12 per elder - \$2.3M increase; and
- \$500K in new funding at the Department of Public Health (DPH) to support the costs associated with implementing the Mobile Integrated Health program.

Investing in Behavioral Health

The FY 19 budget demonstrates our strong commitment to investing in behavioral health. This budget supports new investments and builds upon the investments made over the past three years. Between FY16-FY22 MassHealth will make **\$1 billion in new investments in behavioral health**, including over \$200 million in expanded substance use disorder (SUD) treatment services and more than \$400 million for behavioral health community partners (CP) as part of the ACO program. CPs will provide high touch wraparound supports and care coordination for the most complex members. They will assertively engage complex members to keep them connected and supported in their care. The \$400 million investment in CPs will improve access, member engagement, and coordination of care.

Investments support:

- Expanding covered services and treatment capacity for MassHealth members with an addiction and co-occurring mental illness (\$219 million over 5 years), specifically:
 - MassHealth will cover Residential Rehabilitation Services;
 - MassHealth will include Recovery Coaches and Recovery Support Navigators in the MassHealth benefit;
 - MassHealth and DPH together will add ~500 Residential Rehabilitation Service treatment beds, which have the ability to treat individuals with an addiction and co-occurring mental illness, over 5 years;
 - MassHealth and DPH will implement a standardized assessment tool based on the American Society for Addiction Medicine (ASAM) criteria; and
 - MassHealth will expand access to MAT within primary care settings;
- Rate increases to enhance access to all levels of care for individuals with serious mental illness and addictions, including outpatient, inpatient and services under the Children’s Behavioral Health Initiative (CBHI) (\$365 million total between FY16-22);
- Creating additional capacity to serve individuals with specialized behavioral health needs, particularly those who have boarded in hospital emergency departments awaiting appropriate treatment (\$65 million over FY16-22); and
- Expanding supports for chronically homeless individuals by adding \$2M per year to the Community Support Program for chronically homeless individuals (CSPECH) program, (\$12 million over FY16-22).

DMH Adult Community Clinical Services

DMH has completely overhauled and redesigned its largest adult community service program (formerly known as Community Based Flexible Supports, CBFS) to more effectively meet the needs of the approximately 11,000 adults with long-term, serious mental illness. Key features include strong clinical integration and active engagement to meet an individual’s medical and behavioral health care needs, including co-occurring treatment interventions; a comprehensive individual plan of care to meet changing needs, with specific attention to young adults and older adults; a strong focus on achieving self-sufficiency; and integration with MRC and other employment services.

ED Boarding

In 2016, EOHHS established an ED Boarding Work Group to assertively monitor, understand, and reduce the long-standing issue of emergency room boarding for those with behavioral health issues across the Commonwealth. A key recommendation from the workgroup was the implementation of an Expedited Psychiatric Inpatient Admission Policy. This policy, which went into effect on February 1st, sets clear steps and responsibility for escalating cases where a psychiatric inpatient placement has not been achieved in a reasonable period of time to senior clinical leadership at insurance carriers, inpatient psychiatric units, and ultimately to DMH, with the goal of identifying and resolving barriers to admission promptly.

A Division of Insurance (DOI) Bulletin, issued jointly by DMH and DPH, reaffirms the expectation that insurance carriers, subject to DOI regulations, maintain adequate networks of inpatient psychiatric facilities and have the capacity to facilitate admission for difficult-to-place patients seven days a week.

MassHealth Sustainability

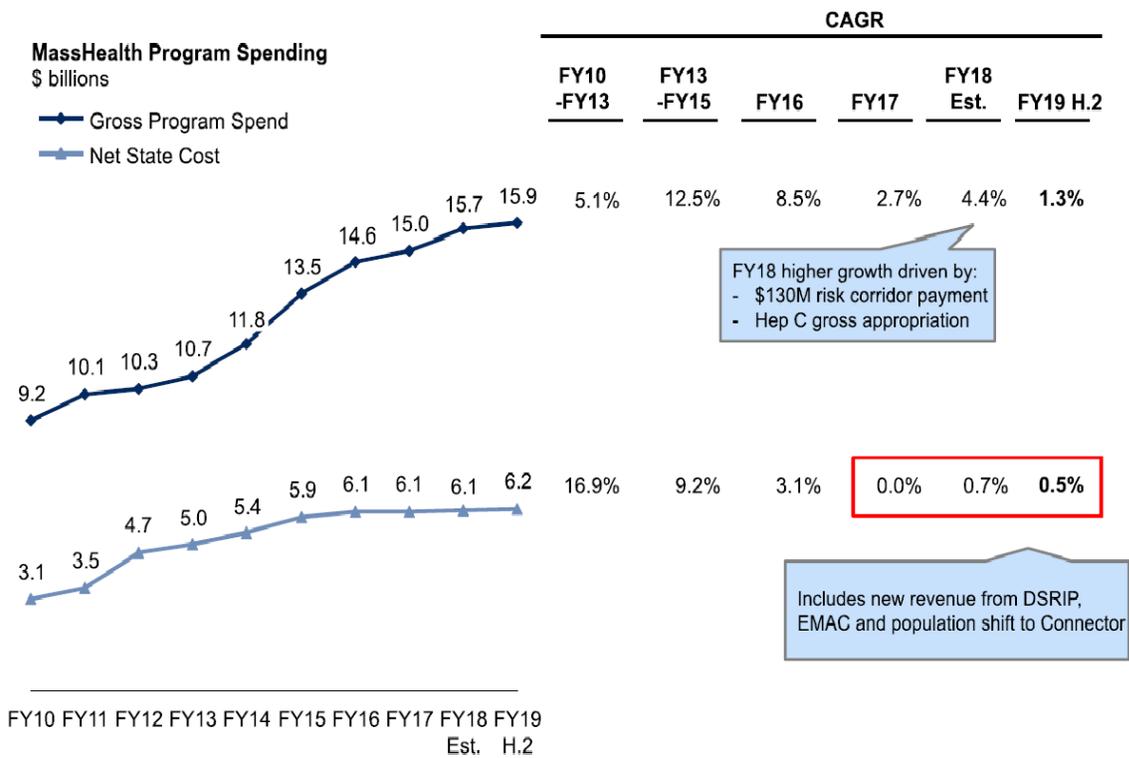
The Governor's proposed FY19 budget maintains the affordability and sustainability of the MassHealth program without reducing benefits. The FY19 budget will increase funding for the program by \$211M gross (1.3%) and \$30M net (0.5%) over FY18 estimated spending. The budget also includes \$620M for MassHealth supplemental payments for hospitals funded by the Medical Assistance Trust Fund (MATF) and new Safety Net Provider Trust Fund. The budget forecasts 1.2% caseload growth from June 2018 to June 2019, a historically low growth rate due to major eligibility system improvements and program integrity initiatives.

The Governor's proposed budget also includes outside section language that will allow MassHealth to address the high cost of pharmaceuticals and will maximize federal revenue for non-disabled adults between 100%-138% federal poverty level (FPL). In order to maximize federal revenue, while maintaining our commitment to high quality health care coverage, EOHHS seeks approval to transition coverage for non-disabled adults with incomes 100%-138% of the FPL from MassHealth to comprehensive, affordable and comparable coverage through the Health Connector. This proposal preserves coverage and ensures members will have access to plans with zero premium, zero deductible and comparable copays to what is currently offered through MassHealth. The increase in federal subsidies is expected to result in \$120M in net value to the Commonwealth annually (\$60M in FY19).

Conclusion

Thank you for your continued partnership on behalf of the citizens of the Commonwealth that most need our services. I look forward working with you and happy to answer any questions you may have.

FY19 H.2 proposal represents 1.3% gross / 0.5% net growth vs. est. FY18



* Commonwealth lost >\$1B in federal revenue with sunset of enhanced revenues under the American