

**TESTIMONY TO  
JOINT LEGISLATIVE BUDGET HEARING  
HEALTH  
JANUARY 29, 2020**

Submitted by: Steven Sanders, Executive Director  
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Thank You for this opportunity to testify. My name is Steven Sanders. I am Executive Director of Agencies for Children's Therapy Services "ACTS". My association represents providers in the Early Intervention Program from across the state. ACTS providers serve the majority of children who require Early Intervention services from birth to age three.

The has Governor correctly diagnosed the *problem* with the funding of the \$700 million Early Intervention Program which serves 70,000 toddlers each year.

In his words "Commercial Insurance funds LESS than 2% of total Early Intervention costs although 42% of children (in the program) have commercial insurance. This suggests that commercial insurers are approving (only) 15% of provider claims (submitted to commercial insurance). This proposal seeks to increase the percentage of total Early Intervention costs that commercial insurance funds."

Unfortunately, after he got the diagnosis right, he failed to come up with the remedy that will in fact cause the commercial insurance industry to pay their fair share of the cost of Early Intervention. And to illustrate that point all you need to really know is that *while commercial insurance is approving only 15% of the claims it receives, government insurance for those who qualify approve nearly 75% of the claims submitted to it.* These are claims for identical services that commercial insurance always denies. And when they deny a claim for reimbursement under their plans it is the State and the Counties that must pick up the tab to the tune of tens of Millions of dollars each and every year.

This is, and has been outrageous, scandalous, and a totally unjustified and needless cost to the State and Counties who in essence have been subsidizing the commercial insurance industry now for decades. That needs to end.

But these two houses of the Legislature have known all that for years and in fact have tried to provide the right remedy to this problem. Left to their own devices, commercial insurance has proven year in and year out that they will always find creative ways to avoid their responsibility to pay for Early Intervention services. No matter what the Governor may have recommended in the past, and the Legislature may have approved, the needle for payment has never moved. Not last year, not the year before nor for the entire 26 years of this essential program.

But all is not lost. These two Houses had the right answer last year. In the 2019-20 budget the Assembly and the Senate each proposed that the Early Intervention Program be included in the **Covered Lives policy**. **Covered Lives** is an assessment on commercial insurance instead of direct billing of individual claims. The assessment is that amount of reimbursement that the industry *should* be paying if they were fairly adjudicating claims instead of simply denying claims for frivolous reasons. Frankly we have learned through bitter and expensive experience that **Covered Lives** is the **ONLY** way to ensure that commercial insurance pays its fair share as the Governor says he wants. Every other initiative has failed to produce that result.

In reality commercial insurance currently pays only about \$13 million of the total \$700 million program. Its fair share would easily be three times or even four times that amount. The difference between what they actually pay and what they should pay is borne by the State and the Counties...TENS OF MILLIONS OF DOLLARS EACH YEAR. What the Governor proposes in his Executive Budget will at best raise only an additional \$1.6 million when fully implemented. And much less for the upcoming 2020-21 Fiscal Year.

Given the reality of this year's budget challenges especially in health costs, and given the Governor's new found zeal to require commercial insurance to cover Early Intervention costs fairly, there is finally reason to believe that the Governor will agree to **Covered Lives** if the Assembly and the Senate once again make that proposal in your individual Budget bills.

So, I thank you for what you have tried to do in the past and I urge you to continue this year. I believe that the essential three-way agreement for Early Intervention is finally attainable. GOOD LUCK in your important work ahead. The children and families of this state depend on you for your leadership.