

*Testimony of Kevin M. Ryan, Commissioner  
Before the Senate Budget and Appropriations Committee  
May 8, 2006*

Good morning Chairman Bryant, Vice Chairman James and members of the committee.

Thank you for the opportunity to appear before you today to discuss Governor Corzine's proposed budget for the Department of Human Services.

Facing very real budget constraints, Governor Corzine has worked hard to maintain our commitment to the core programs and services provided to vulnerable residents of New Jersey. In a few key areas, Governor Corzine has proposed new investments, particularly for community-based services to allow people with developmental disabilities and those with mental illness to live in the least restrictive settings possible, near to their families and friends.

Because too many hard working families throughout New Jersey are unable to provide health coverage for their children, Governor Corzine has proposed an additional \$5 million investment to expand NJ FamilyCare to insure 50,000 children. We want every child to have the opportunity to live a healthy life and be able to learn and grow without any impediments that result from a lack of medical attention. With FamilyCare, we can provide low-cost health insurance for families who need the extra helping hand.

The Department of Human Services - even after carving out the programs that will initially comprise the new, proposed Department of Children and Families - will still be the largest department in state government, with approximately 16,000 employees.

The total proposed budget for DHS is \$9.4 billion. More than 50 percent of this budget is federal and other dedicated funding, combined.

The state funded portion of the DHS FY2007 budget is \$4.35 billion, which includes:

- \$2.2 billion for Medical Assistance and Health Services
- \$656.7 million for Mental Health Services
- \$619.5 million for Developmental Disabilities
- \$584.5 million for Family Development
- \$180.1 million for Disability Services
- \$ 46.7 million for Addiction Services
- \$ 13.4 million for the Blind & Visually Impaired
- \$700,000 for the Deaf & Hard of Hearing

Last year, Governor Codey and his Mental Health Task Force brought keen and focused leadership to mental health reform in New Jersey. Governor Corzine's proposed budget includes \$10 million in new investments for community-based services for persons with mental illness and \$5.4 million to continue programs recommended by the Mental Health Task Force.

The area in which you will see our largest new investment is for community-based services for people with developmental disabilities. This means making capital investments to build living space capacity as well as providing community-based support services.

Governor Corzine has been an advocate for people with developmental disabilities both during and before his tenure in the United States Senate. In his overall state budget, he continues his commitment to support community-based living, and moves New Jersey forward in reducing our reliance on institutional settings for people with developmental disabilities.

Governor Corzine is proposing the following:

- \$50 million in new funds for community-based services for persons with developmental disabilities, including:
  - \$40 million to support moving 180 residents out of state's developmental centers over the next three years;
  - \$6.2 million will be dedicated to serve up 170 people on the state's waiting list for community-based wraparound services and residential housing;

- And, I am pleased to announce today that \$3.8 million will be dedicated to family support services for approximately 750 families, including respite care and other critical services.
- \$3 million is proposed for capital expenditures to shore up aging infrastructure and allow providers to build new community-based residential capacity.
- And, I am pleased to announce that DCA Commissioner Susan Bass Levin is proposing to support this effort with \$5 million for major maintenance on existing, aging housing and with fifty state rental assistance program vouchers to provide additional housing for people with developmental disabilities.

I would also like to take a moment to thank Senator Sweeney for his leadership and support for persons with developmental disabilities. Last year, Senator Sweeney sponsored \$4 million to assist people on the state's waiting list who need community-based support services. The funds are enabling 25 people with developmental disabilities to live and work in the community. This includes five people with dual diagnosis of mental illness and developmental disabilities, a population in critical need of specialized services.

Governor Corzine has also charged the Department with developing a long-term plan to move into the community the approximately 1500 people residing in developmental centers who are eligible for less restrictive living.

As such, I have directed the Director of the Division of Developmental Disabilities, Carol Grant, to develop a plan that addresses three critical areas, which are the same as those outlined in S1090 sponsored by Senators Vitale and Rice and A2947 sponsored by Assemblyman Cryan. This plan will include: (1) an assessment of all people in our developmental centers with an Individual Habilitation Plans (IHP) goal of living in the community who want to live in the community and determine what supports and services they need to be both safe and successful; (2) an assessment of the existing capacity in the community and determine what capacity we need to build; and (3) an implementation plan to build that capacity.

This budget also reflects other maintained commitments, such as funding for personal assistance services to help persons with disabilities work and

live as independently as possible. Funding for educational and Braille services for blind and visually impaired children has also been maintained.

Because this is necessarily a budget of austerity, we have focused on achieving greater savings and efficiencies.

By instituting more efficient purchasing of prescription drugs and maximizing our market presence to secure the best price available, we expect a cost saving of over \$30 million.

Work is already underway within DHS to recoup Medicaid dollars paid out in error as a result of waste, fraud or abuse, and we will be stepping up these efforts to generate \$50 million through increased auditing and investigations next year.

I also want to take a moment to highlight Governor Corzine's leadership in gaining a commitment from U.S. Health and Human Services Secretary Michael Leavitt to reimburse New Jersey for the \$70 million DHS covered for the Medicare prescription drug program to ensure our most vulnerable residents were taken care of when the federal safety net was frayed.

While we have tried to hold the line and avoid any rollbacks in essential services, some of our proposals, including prescriptions and ER co-pays for adult Medicaid recipients, reflect troubling choices in a troublesome fiscal climate. I know that we cannot and will not ask the public to accept these proposals without committing to do our best to be as efficient as possible with the dollars we have.

Thank you again for this opportunity, and I welcome your questions.