

**UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS, WESTERN DIVISION**

ROSIE D., et al.,

Plaintiffs,

**CIVIL ACTION
NO. 01-30199-MAP**

v.

DEVAL PATRICK, et al.,

Defendants.

AFFIDAVIT OF STEPHEN BARNARD

I, Stephen Barnard, hereby depose and state as follows:

1. I am the Chief Financial Officer for the Executive Office of Health and Human Services (EOHHS).
2. My job responsibilities include managing and coordinating the annual budget development process for EOHHS and its sixteen agencies as well as managing the current year budget to ensure that spending does not exceed appropriations. In addition, I oversee accounting functions and revenue operations for EOHHS, including the appropriations for the Rosie D. Compliance Coordinator and her activities and the MassHealth program overall.
3. Funds to support necessary administrative activities related to Rosie D. v. Patrick remedy implementation, including the Court Monitor's activities, are appropriated each year in the State

Budget in Line Item 4000-0950 (although in SFY 2009, the funds were originally appropriated in a reserve at the Executive Office for Administration and Finance, account 1599-7050). For State Fiscal Years (SFY) 2009 and 2010, the annual appropriation to this line item for administrative purposes, exclusive of service dollars, was \$4,007,993 and \$3,330,000 respectively. For SFY11, as a result of the continuing difficult state fiscal picture, the appropriation has been reduced to \$2,617,876.

4. In response to this reduction, the Compliance Coordinator has already made reductions in previously funded administrative activities. All remaining funds are needed to fund activities such as provider training and coaching by Vroon Vandenberg, CANS training and certification, printing and distribution of the CBHI Family Brochure and maintaining the CANS IT application. The administrative funds appropriated for SFY11 are not sufficient to meet the Court Monitor's request for an additional \$200,000 (which would make the Court Monitor's budget total \$670,000.00) to perform the CSR.

5. The other source of administrative funding for the Executive Office of Health and Human Services is line item 4000-0300. This appropriation also funds the administrative activities of the entire MassHealth program as well as the Secretariat level activities of the Executive Office of Health and Human Services activities.

6. Over the past few years, during the recession, appropriations to this account have been repeatedly reduced as the Commonwealth has struggled to balance its budget in the face of declining revenues. The General Appropriations Act (GAA) for State Fiscal Year (SFY) 2009

funded this account at \$145,368,773. The GAA for SFY10 funded the account at \$95,375,349. During the year, additional cuts were made, reducing the appropriation to \$91,326,742. In the Final SFY11 Budget just passed by the Legislature and signed by the Governor, the appropriation is \$86,970,271. EOHHS is currently developing plans to close a \$4.3M gap between appropriations and projected SFY11 expenditures.

7. EOHHS is making every effort to reduce non-payroll expenditures, in order to minimize staff layoffs and preserve vital operational capacity for the MassHealth program, including required Rosie D. implementation, as well as the activities of the Secretariat. These steps have included major reductions in contracted personnel, consultants, travel and supplies. Over one hundred employees who had been working up to two days per week in various EOHHS agencies have been terminated. Because the staff response to voluntary departure and retirement incentives was somewhat greater than anticipated, it does not appear at this time that additional layoffs in the 4000-0300 account will be necessary; however, if other savings strategies do not yield anticipated savings, it may be necessary to implement staff reductions.

8. It now appears that the federal government will, partially and temporarily, reinstate enhanced federal reimbursement for Medicaid and certain educational expenditures. This will help the Commonwealth balance the SFY11 budget by bringing in an estimated \$655 million; however, even with this one-time infusion of additional federal funds, the Commonwealth still faces a sizable deficit in SFY11. The Commonwealth's most recent July 15, 2010 "Supplement" to the June 15, 2010 "Information Statement" to the bond market, issued before Congress had appropriated the new funds, stated "Despite having an approved balanced budget at the start of

fiscal 2011, the failure of Congress to approve the six-month FMAP extension and the associated loss of federal revenue to the Commonwealth will require departments to make significant reductions to programs and services below levels that were contemplated in the original budget proposals of the Governor, the House and the Senate. These spending reductions, **along with continued case-load driven pressures in programs and services like the MassHealth program, emergency family shelters and other safety-net programs, will require departments and agencies to manage over \$1 billion in spending reductions and potential exposures during fiscal 2011.” (emphasis added.)**

9. Although the recently appropriated federal funding will likely alleviate some of the need for substantial cuts to the MassHealth program and other state services, because the projected SFY 2011 budget gap of approximately \$1 billion still far exceeds the federal relief, estimated at \$655 million, it is expected that many cuts will not be restored. And in this context, it is extremely unlikely that administrative funding reductions will be restored.

Signed Under the Pains and Penalties of Perjury:

/s/ Stephen Barnard
Stephen Barnard

August 20, 2010