

PA 11-238

HB6612

House	8040-8047	8
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<u>Senate</u>	<u>7192, 7196-7198</u>	<u>4</u>
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**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**HUMAN  
SERVICES  
PART 6  
1529 – 1842**

**2011**

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March 22, 2011  
10:00 A.M.

make blanket statements and say that we are going to do everything. It's an all or nothing, and then we have to tinker back with it a year or two later. And it certainly seems to me that not all out-of-state placements are irresponsible, and that, maybe, for the sake of some of the parents, the birth parents, this is the best place for these children to get help, and some of them may need further help as adults too.

So I'm glad to see that you are looking at them all. And I think that it's a case where DCF is going to have to work with the parents and say, what would you prefer, and -- and how can we work this out.

COMMISSIONER JOETTE KATZ: Thank you for understanding and appreciating the -- the nuances of this.

REP. GIBBONS: Well, thank you for taking on this task. Thank you, Mr. Chairman.

SENATOR MUSTO: Other questions from members of the committee? No?  
Thank you very much, Commissioner.

COMMISSIONER JOETTE KATZ: Thank you.

SENATOR MUSTO: And that was our last public official, so we have the general public list. The first person is Terry Edelstein, followed by Peter DeBiasi, Dan O'Connor -- O'Connell, and Caryl Hallberg.

TERRY EDELSTEIN: Good morning, members of the committee. It's an honor to be the first speaker from the public.

My name is Terry Edelstein. I'm the President, CEO of the Connecticut Community Providers

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Association. We testified before you in the past, so you know that in serving people with disabilities and other challenges, we consider ourselves to be the safety net.

We've included our safety net logo in our printed testimony as a reminder that the services we provide are essential for the people of Connecticut.

We thank you for raising HB 6612 for a public hearing. The commission on nonprofit health and human services has met for the past six months in a comprehensive, cooperative, inclusive, and public process that has yielded a trove of data relating to the provision of health and human services by community providers.

Through the work of four incredibly active work groups, each cochaired by a state agency designee and a CEO of a nonprofit organization, the commission is in the final stages of making recommendations that should have a profound impact on the future of service provision.

We support the language of HB 6612. That would do much to assure timely execution of purchase of service contracts, timely payment on those contracts, and the potential to extend contracts for more than one year.

These and other items in the proposed legislation would streamline and simplify the contracting process, letting community providers focus on service provision, ahead of burdensome and costly contracting red tape.

We also ask that you consider adding another section to 6612, that would require the OPM secretary to conduct a review of wages and benefits of state employees and private

employees, and establish an index of fixed cost, so that appropriate funding mechanisms can be established to address the reasonable cost to providing services.

Establishing an index is crucial to the viability of private providers. We've included and updated chart with this testimony. It shows that, over the past 25 years -- and mind you, our time span is increasing now -- the funding for private providers has been increased by just over 33 percent, compared to the medical CPI that increased by over 209 percent, and the standard CPI that has increased by 98.5 percent.

The cost of service continue to rise, witnessed this past winter with plowing driveways, the cost of clearing roofs, the cost of heating group homes, and steep rise in the price of gasoline.

Now, I just have a personal example to highlight the need and reason for an index. I've been a representative payee for Medicare for two relatives -- and -- and those of you who have been in similar situations know Medicare is indexed.

So when the recession hit, there was no increase in the payments that the Medicare recipients received, but there was no decrease. And now that the CPI is increasing Medicare, CPI is also tracking to the CPI, and that is really no different than the situation that private providers are facing.

We look forward to working with you and members of the General Assembly on amendments to this legislation, as the workgroups and the final report of the commission is released April 1st. Thank you.

SENATOR MUSTO: Thank you. Can -- I'm not sure I'm clear on this index issue. Could you just kind of, briefly, what would the index provide -- what information would it provide and what use would we have for it.

TERRY EDELSTEIN: Sure. The concept of an index is to consider the cost of doing business against some external scale, whether it's the CPI, whether it's the medical CPI, whether it's some other mechanism that the Legislature considers as a viable measure or standard or benchmark.

The commission, itself, had four work groups that were focusing on different aspects of the private provider funding issues, and they are recommending some sort of an index. We'll see -- we think that the final report will include some sort of an index.

It's a way of saying that if you earn \$12 an hour as a direct care worker, you can expect that you earn \$12 an hour in 1990, and in 2000, you're also going to earn \$12 an hour, and in 2010, you're going to earn \$12 an hour, because costs increase, situations change.

And since much of our work force is labor dependent, we look at labor as one good way of showing that you do expect, if you're a worker, that your wages and benefits would also track to something that it's an economic measure.

It's much like current services in the state budget process. That's really an inflation index that's used in developing a budget.

SENATOR MUSTO: Thank you.

Other questions from members of the committee?  
No. Thank you very much.

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TERRY EDELSTEIN: Thank you.

SENATOR MUSTO: Peter DeBiasi. Morning.

PETER DEBIASI: Good Morning. Thank you for the opportunity to speak on House Bill 6612. I come before you as myself this morning. Last time, I was before you I was sitting in for Edith Karsky.

My name is Peter DeBiasi. I am the President and CEO of the Access Community Action Agency. We serve, primarily, northeastern Connecticut but we do programs throughout eastern Connecticut and across the state. I'm here to testify in support of this bill.

As a board member of the Connecticut Association of Nonprofits, CT Nonprofits represents over 500 nonprofits across the state, 300 of which hold purchase of service contracts. Many of our members provide the states safety net for its most vulnerable residents. You can read my written testimony but I want to highlight a couple of items.

First, we urge you to support this bill. As Terry said, it arises out of the work of the Commission on Nonprofit Health and Human Services. I have had the opportunity to serve as cochair of that commission, along with Bob Dakers, who is the executive financial officer at OPM.

I want to make it clear that we are pleased that, since the arrival of our new administration, many of these initiatives that are already being worked on by OPM. Deb Heinrich has been appointed by the Governor as the liaison for nonprofits. That has been a wonderful addition. She's been great to work

with and we really think that she's going to have a very powerful impact in moving this forward, so we applaud this effort.

At the same time, we believe that this bill will help to formalize the process and insure that it continues. Things like timely contracting, timely payments on contracts, believe it or not, often does not happen and it really should. And so we really want to make sure that that continues, and -- and we're confident that it will with the help of this bill.

Nonprofits are forced to go to lines of credit, pay interest that the state doesn't reimburse us on, so we are actually subsidizing the state in the delivery of these services. The idea of data collection -- there is a lot of data collected by the state from nonprofits. It's hard to get to. It's -- it is not aggregated, a lot of its redundant.

We have to send it in for every contract that we provide. So some kind of data warehouse would, we think, be a very wise investment. It would eventually save money because it would lead to better decision making in the future.

Right now, we make a lot of decisions willy-nilly on funding. And good data is critical to making good decisions. We are acutely aware of the state's fiscal situation. But we know that now we have to examine trend and establish long-term funding mechanisms that will help sustain the partnership between the state and nonprofits over the long run.

So I -- just -- just happy that the commission has done the work it has. It's been a great collaboration between state and private providers, really unprecedented. And we hope

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that work continues, and we think this bill will help that to happen. And we are confident the OPM will continue the good work that it has done. So thank you for your time.

SENATOR MUSTO: Thank you.

Questions from members of the committee?

Representative Gibbons.

REP. GIBBONS: Thank you, Mr. Chairman. Good morning. Thank you for being here today. Am I to understand correctly that, currently, when the nonprofits are paid for, paid by the state, a check, a physical check, goes in the mail and they get it that way. There is no electronic payments?

PETER DEBIASI: That is my understanding, yes. Those electronic transfers have not -- not occurred, even acceptance of electronic signatures, those types of things, are not -- not happening.

REP. GIBBONS: Well, I think we should talk with Deb Heinrich and get that instituted immediately --

PETER DEBIASI: Yes.

REP. GIBBONS: -- since all of us Legislators can get paid electronically. I don't understand why the nonprofits can't as well. It would save the state money and facilitate your knowing when you're going to get your -- your funds.

PETER DEBIASI: I -- I would agree with you. I think that there has been a (inaudible) change with the arrival of the new administration. They are much more willing to work cooperatively and effectively with their

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partners, i.e., the nonprofits sector, to make sure those things are streamlined.

I think that, in some cases -- and this is my personal opinion -- there were fiscal benefits to the state delaying payments, not doing things electronically, holding on to money longer.

REP. GIBBONS: There's no fiscal -- yeah -- there's no fiscal benefits anymore because there is no interest being paid on cash balances. So they might as well move forward.

PETER DEBIASI: I agree.

REP. GIBBONS: Just for my own education, do your checks come from DSS, from OPM, or from the controller? I'm just curious to know who --

PETER DEBIASI: To our agency?

REP. GIBBONS: Yes, to your agency. Who -- who sends out the checks?

PETER DEBIASI: I -- I believe -- I'm not the fiscal person in my organization so I can't specifically speak to it, but my understanding is that we get them through the departments.

So some departments, the money will arrive on time. DSS is notorious for -- for late payments, for late contracting. So it depends on which of the state -- state agencies we're working with. That -- that is the key factor in the timeliness of the payments we receive.

REP. GIBBONS: I'm just trying to track backwards and find out who gives the final okay. And I don't know if --

PETER DEBIASI: Yeah.

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REP. GIBBONS: -- that's the controller's office or not. But it seems to me that's something that we can all work on.

PETER DEBIASI: I agree.

REP GIBBONS: Thank you. Thank you, Mr. Chairman.

SENATOR MUSTO: Thank you.  
Other questions from members of the committee?  
None. So thank you very much.

PETER DEBIASI: Thank you. Appreciate your time.

SENATOR MUSTO: Dan O'Connell, who's up next. Mr. O'Connell, welcome.

DANIEL O'CONNELL: Good morning, and thank you for inviting us to this public testimony. My name is Dan O'Connell. And I'm here today in support of House Bill 6612. I'm president of the Connecticut Council of Family Service Agencies and I'm testifying today as a representative of the Connecticut Nonprofit Human Services Cabinet.

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The cabinet is a state-wide coalition comprised of 20 nonprofit human services associations that represents approximately 800 providers. Member agencies provide many of the services that are now commonly known as the safety net services for our most vulnerable of citizens.

I represent this cabinet as a member of the commission on nonprofit health and human services, and along with Peter, have served as a member of that commission since last August.

As you know, the Legislature created the commission to bring together Legislators, executive branch employees, labor leaders and

nonprofit providers to address and number of significant issue that, for years, have challenged the nonprofit human service system.

The commission has met monthly since August, and as Terry indicated, have four working groups that closely examined many areas of critical concern. I need to point out that today there are approximately 2,000 purchase of service contracts between state agencies and nonprofit service providers, at an estimated cost of \$1.4 billion. This is a very significant issue for the state and it's a very significant issue for the community of nonprofit service providers.

I'd like to address a few of the recommendations contained in this bill, but before I do, I'd want to emphasize that each recommendation in this bill, and in the report that will be released April 1st, has been -- each recommendation has been reviewed and voted on separately, by the full membership of the commission, requiring a two-thirds majority to pass.

In considering the broad base of the membership of the commission, where you have Legislators, senior executive branch staff, labor leaders, nonprofit CEOs, and the range of agencies represented, every major state human service agency, DCF, DSS, DOL -- not the Department of -- DOL, was -- was included, CSSD have all been member of the commission, okay, so that the recommendations really have a broad base of support among the stakeholders in the process.

You've heard about the timely extension of contracts, timely payments, use of multi-year contracts. These issues have been challenging our system for years, and in spite of good efforts, they have not been resolved.

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We also ask you to look at the wage and benefit issue. And as Terry has indicated, over a 20 year period of time, the nonprofit sector has received less than one percent annually for wage adjustment during this period of time. We understand --

SENATOR MUSTO: If you could just please wrap up your comments.

DANIEL O'CONNELL: Sure. I'd be happy to.

SENATOR MUSTO: Thank you.

DANIEL O'CONNELL: Let me just indicate that there are 28 members of this commission. And in my close to 50 years of working in the human service field in Connecticut -- 25 years for the state and close to 25 years in the private side -- we've seen a lot of commissions come and go. I've never seen a commission that had the key stakeholders in place that uniformly supported the recommendations coming out in this report.

We look forward to working with you in the future on the report released April 1st. Thank you.

SENATOR MUSTO: Thank you very much.

Questions from members of the committee? No.  
Thank you very much.

DANIEL O'CONNELL: Thank you.

SENATOR MUSTO: Carlynn --

CARYL HALLBERG: Caryl.

SENATOR MUSTO: Caryl -- excuse me -- Caryl

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Hallberg. Good morning.

CARYL HALLBERG: (Inaudible.) Good morning, Senator Musto and Representative Tercyak. I'm Caryl Hallberg. I'm the Executive Director of Covenant to Care for Children. It's a nonprofit, statewide, here in Connecticut. We've been around for 24 years.

Covenant to Care for Children mobilizes and channels the generosity of caring and faithful people to advocate for, mentor and provide direct services to the children of Connecticut who are abused, neglected, or at risk. And I am here today around SB 1199, specifically, Section 8.

CCC provides the -- for the specific individual needs of approximately 25,000 children here, in Connecticut, every year. We do this through our five programs and one project. We work directly with DCF workers across the state, and also with social workers from any agency or nonprofit that deals with the same child client base.

In response to our participation in the TANF program, through DSS, this past summer, we began collecting data from our DCF workers, and that data related to family income for the levels of the children -- levels for the children we served.

Only two of our programs participated in the TANF effort, and they were our smaller programs, Critical Goods, which delivers household items and furniture to families, and our Children's Enrichment Fund, which literally purchases items for children that cannot be found in any other agency or through DCF programs.

Just in those two programs, between July and December of this past year, we served approximately 2,000 children, providing beds to children who had no beds to sleep in, furniture, clothing, and much more. What we provide is basic need items. And every child that comes to us, comes to us through a social worker.

What we found was that all the families receiving aid were U.S. citizens. Most families comprised of two children and a caregiver. Many had more children. Disposable income for these families ranged between 12,000 and 15,000 per year, but most were below 12,000 a year.

Income was being used for rent, utilities, and this is true even when other subsidies were provided to the family. Many of the families were receiving other forms of assistance. And one of the things that surfaced regularly for us during this period was the need for an I.D., photo I.D., for the adults, in order for them to get work or benefits, and that there was a cost to that, and that they were making decisions between feeding their children or getting that I.D. And for you and I, that might be a very small amount of money, but for them it was critical.

I'm going to give you a quick example of what we have seen over and over again. And that is that we have a DSCF investigator to go out and investigate a report of neglect. And what she will find is a single parent, usually a mom -- and this is a specific case that we had -- four children -- I'll be as quick as I can -- the mom was doing everything she could, working full-time jobs, but the children had no furniture, no clothing, very little.

The DCF worker has a choice: Open the case and

**STATE OF CONNECTICUT**

OFFICE OF POLICY AND MANAGEMENT

OFFICE OF THE SECRETARY

**TESTIMONY PRESENTED TO THE HUMAN SERVICES COMMITTEE****March 22, 2011***Benjamin Barnes**Secretary**Office of Policy and Management***Testimony Regarding Raised Bill No. 6612****AN ACT CONCERNING RECOMMENDATIONS FROM THE COMMISSION ON  
HEALTH AND HUMAN SERVICES**

Senator Musto, Representative Tercyak and distinguished members of the Human Services Committee, thank you for the opportunity to offer testimony regarding Raised Bill No. 6612, An Act Concerning Recommendations from the Commission on Non Profit Health and Human Services Relating to the Purchase of Service Contracts. While fully supportive of and committed to the type of reforms reflected in this bill, we do want to raise some issues for your consideration as you review this bill. This first relates to mandating in statute what we already have the authority to implement, and the need to retain adequate flexibility to determine the best approach to these problems. In addition, we do have significant concerns that the bill would impose some costs on the State at a time of unprecedented budgetary challenges.

As you know, Governor Malloy has made it a priority for his administration to work in partnership with the State's non-profit health and human services providers to develop a health and human service delivery system that maximizes client outcomes, cost-effectiveness, accountability and sustainability, as well that reflects the use of best practices from within the state and across the country with respect to such systems. This commitment is best reflected in the appointment of Deb Heinrich to cabinet level position to provide the leadership and focus needed to work through the numerous and complex issues that need to be addressed for true reform to occur.

Deb and my office are already deep into the work of implementing a number of recommendations made by the Commission on Non-Profit Health and Human Services, including payment reforms, streamlining contracting processes and other areas. For most of these reforms, including those listed in the Raised Bill 6612,

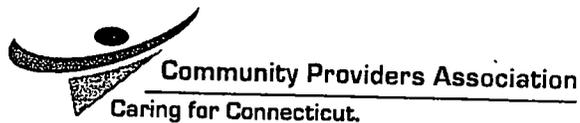
additional statutory changes are not needed for the administration, working with providers, to move forward with implementation.

We suggest that this bill could be an excellent vehicle to affect reforms that require legislative changes. In other words, if there are laws that are an impediment to the reforms recommended by the Commission on Non Profit Health and Human Services Relating to the Purchase of Service Contracts, then it would be beneficial to address them in this bill. We would be eager to work with you in identifying those existing provisions in statutes, including certain reporting requirements and others, which are, in fact, impediments to improving these systems.

There is no doubt that the State and its private providers have much work do in terms of improving our systems. In this regard, Governor Malloy's intention is to move forward with the type of public-partnership reflected in the work of the Commission on Non-Profit Health and Human Services to undertake the hard work of reforming systems that have been years and, in fact, decades in the making.

Finally, I want to emphasize my concern that a number of the provisions in the bill would impose unknown costs on State agencies, including those associated with establishing a state-wide data warehouse. As you know, additional costs are extremely problematic at a time when State agencies are being required to reduce their budgets.

Thank you for this opportunity to comment on Raised Bill 6612, and we look forward to working with you in this regard.



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March 22, 2011

To: Human Services Committee

From: Terry Edelstein, President/CEO

Re: **HB 6612 AAC Recommendations from the Commission on Nonprofit Health and Human Services Relating to Purchase of Service Contracts**

Please accept this testimony in support of **HB 6612 AAC Recommendations from the Commission on Nonprofit Health and Human Services Relating to Purchase of Service Contracts**

The Connecticut Community Providers Association (CCPA) represents organizations that provide services and supports for people with disabilities and significant challenges including children and adults with substance use disorders, mental illness, developmental, and physical disabilities. Community providers deliver quality health and human services to 500,000 of Connecticut's residents each year. We are the safety net.



We thank the Committee for raising **HB 6612** for a public hearing. The Commission on Nonprofit Health and Human Services has met for over six months in a comprehensive, cooperative, inclusive and public process that has yielded a trove of data relating to the provision of health and human services by community providers. Through the work of four incredibly active workgroups each co-chaired by a state agency designee and a nonprofit CEO counterpart, the Commission is in the final stages of making recommendations that should have a profound impact on future service provision.

**CCPA**

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CCPA Testimony - March 22, 2011 – Human Services Committee  
**HB 6612 AAC Recommendations from the Commission on Nonprofit Health and Human Services Relating to Purchase of Service Contracts** – page 2

We support the proposed language in HB 6612 that would do much to assure timely execution of Purchase of Service contracts, timely payment on these contracts and the potential to extend contracts for longer than one year. These and other items in the proposed legislation would streamline and simplify the contracting process, letting community providers focus on service provision ahead of burdensome and costly contracting “red tape.”

We ask that you consider adding a section to HB 6612 that would require the OPM Secretary to “conduct a review of wages and benefits of state employees and private employees and establish an index of fixed cost so that appropriate funding mechanism can be established to address the reasonable cost of providing health and human services on the state’s behalf” by January 1, 2012. **Establishing and utilizing an index is essential for the viability of private providers.** Funding adjustments to community providers have increased by 33.2% over the past 25 years in sharp comparison to the Medical CPI that has increased by 209.1% and the standard CPI that has increased by 98.5%. The cost to provide services continues to rise – witness the added costs of plowing driveways, clearing roofs and heating group homes this past winter or the steep rise in the cost of gas that increases the cost of client transportation.

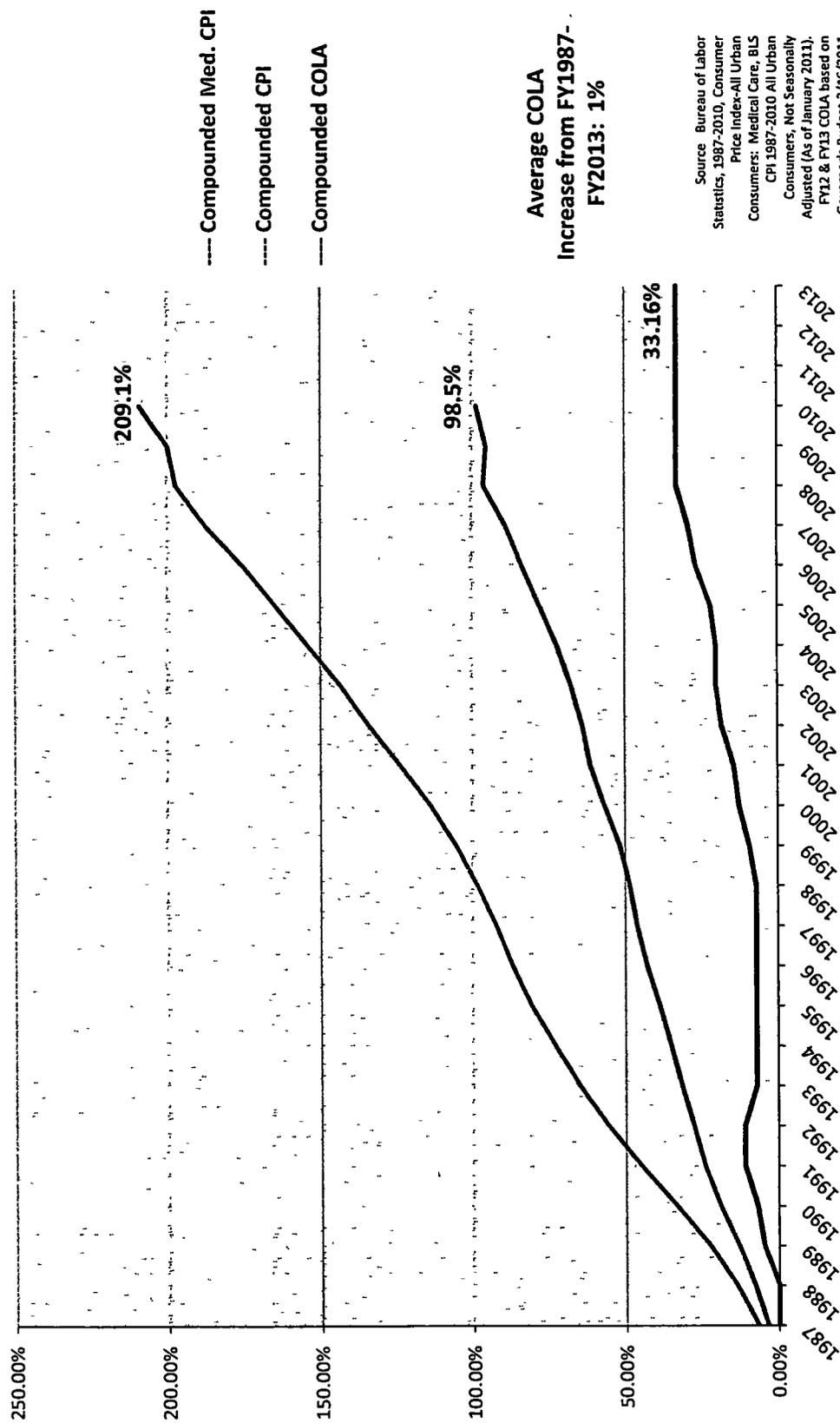
See the detailed chart: COLA / CPI / Medical CPI- FY1987-2013

The four workgroups of the Commission on Nonprofit Health and Human Services will be making substantial recommendations relating to the comparison between public and private sector wages, the financial health of private providers, the differential cost between state and private services and administrative efficiencies to the contracting process. HB 6612 provides a basis for legislation that will most likely be amended once the full Commission makes its recommendations by April 1, 2011.

Thank you for the opportunity of testifying. We look forward to working with your Committee on modifications and expansions to this bill.

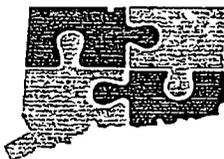


### Compounded COLA vs. Compounded CPI and Medical CPI FY1987-FY2013



Source: Bureau of Labor Statistics, 1987-2010, Consumer Price Index-All Urban Consumers; Medical Care, BLS Consumers, Not Seasonally Adjusted (As of January 2011). FY12 & FY13 COLA based on Governor's Budget 2/16/2011

Average COLA Increase from FY1987 - FY2013: 1%



**CONNECTICUT  
ASSOCIATION  
of NONPROFITS**

*...to serve, strengthen  
and support Connecticut's  
nonprofit community.*

T3

**Testimony before the Human Services Committee  
3.22.11**

**In support of:**

**HB 6612, AAC Recommendations from the Commission on Nonprofit Health and Human Services  
Relating to Purchase of Service Contracts**

My name is Peter DeBiasi and I am the President/CEO of the Access Community Action Agency which primarily serves northeast CT. I am here today to testify as a Board member of Connecticut Association of Nonprofits (CT Nonprofits). We represent over 500 nonprofits, 300 of which hold purchase of service (POS) contracts with the state to provide essential health and human services on its behalf. Our members provide the safety net for the state's most vulnerable residents.

Last year the Legislature created the Commission on Nonprofit Health & Human Services ("the Commission") to bring legislators, Executive Branch employees and nonprofit providers together to begin addressing some of the issues facing the nonprofit human services provider system. I was appointed Commission Co-Chair along with Bob Dakers, Executive Financial Officer of the Office of Policy & Management (OPM). The Commission considered several areas of the state's human services delivery system, including the POS contracting system and the cost to provide health and human services, as well as cost increases and sources of revenue. The Commission has met monthly since August, and empowered four working groups to meet regularly to examine certain areas of the provider system more closely and make recommendations to the full Commission. The Commission has proved a valuable asset in improving communication between nonprofit providers and the state.

CT Nonprofits urges your support of this bill, which contains several of the recommendations of the Commission. This legislation simply asks state government to adhere to good business practices. The first section of the bill seeks to improve several contracting practices that impact nonprofits, including timely contract execution, timely contract payments and the use of multi-year contracts. More often than Committee members are likely aware, nonprofits receive contracts after the date on which a state agency has requested a service commence. Such a practice creates significant cash flow problems for the contracting non-profits and often requires the nonprofit to borrow from lines of credit or draw down on cash reserves as they cannot get timely payment from the state so the non-profit can pay its bills – including staff salaries. The same problem applies when payments are late – nonprofits are forced to fully subsidize state services and incur interest costs that will never be reimbursed. This at a time when banks are making it increasingly difficult for nonprofits to access lines of credit. The state must improve on these business practices. Additionally, utilizing multi-year contracts will drastically reduce the administrative burden on both the state and private providers thereby making the process more efficient.

Another recommendation put forward by the Commission is for the state to begin standardizing and streamlining contract compliance forms and data collection methods. Large amounts of duplicative information related to clients, programs and provider financials are requested by state agencies. Most state agencies use their own forms, their own computer systems and their own methods for collecting data, despite the fact that the requested data is similar and often identical. While providers do not object to providing relevant information to their contracting state agencies, it would be helpful to all parties if the process could be streamlined both within and among state agencies. Time and money could be saved by both the state and providers if this information could be provided in a standard format that was accepted by all state agencies for all contracts. Further, it is critical that information requested by the state be used by the state. Data should be aggregated and made available on a regular basis so that trends can be tracked and well-informed policy and budget recommendations can be made.

(OVER)

There are several additional areas that we urge the state to continue to examine as it works to improve its health and human services delivery system, including:

- o A cost-benefit analysis for all revenue producing initiatives including Medicaid services and waivers, taking into account both the state's cost and the cost to private providers
- o Wage and benefit trends between public and private human services providers, including establishing an index of fixed costs associated with the provision of human services
- o Mechanisms to compensate providers doing business with the state for necessary costs that occur outside the control of provider including, but not limited to, vacancies, admission and discharge delays, transfer delays or unfunded continued occupancy (aka overstays)
- o A break-even analysis when changing service models and funding streams to determine if the funding model matches the program type/size and that the census requirements are realistic for the provider to remain financially viable

We are pleased that recently, efforts have been initiated within the Executive Branch to address some of these recommendations, and we believe that this bill will help to ensure the momentum continues.

The nonprofit community is acutely aware that the state's current fiscal position will make providing additional resources difficult. However, now is the time to examine trends and establish long-term funding mechanisms that will help sustain the private provider system. We are critical partners with the state and we must work together to ensure a viable delivery system that meets the growing needs of Connecticut families. Unfortunately, nonprofits have faced an increased demand for our services and skyrocketing costs while the 20 year average annual cost-of-living adjustment (COLA) on POS contracts is less than 1%. This has put nonprofits in a tenuous position. It is crucial for the state to invest in private provider system on which it relies.

The Commission has brought about unprecedented collaboration between nonprofit providers and the state. We have had a chance to learn from each other and jointly develop solutions that will improve the delivery system for state agencies, nonprofit providers and most importantly the people we serve. We look forward to working with legislators and state agencies to implement these recommendations.

Thank you for the opportunity to testify today.

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# Nonprofit Human Services Cabinet

Testimony before the Human Services Committee  
3.22.11

In support of

**HB 6612, AAC Recommendations from the Commission on Nonprofit Health and Human Services Relating to Purchase of Service Contracts**

Children's League of  
Connecticut

Connecticut AIDS  
Resource Coalition

Connecticut Association  
for Community Action

Connecticut Association  
for Human Services

Connecticut Association  
of Area Agencies on  
Aging

Connecticut Association  
of Nonprofits

Connecticut Coalition  
Against Domestic  
Violence

Connecticut Coalition to  
End Homelessness

Connecticut Community  
Providers Association

Connecticut Consortium  
of Legal Services

Connecticut Council of  
Family Service Agencies

Connecticut Sexual  
Assault Crisis Services

Connecticut Women's  
Consortium

End Hunger  
Connecticut

Mental Health  
Association of  
Connecticut

Oak Hill

Planned Parenthood of  
Southern New England

The Connection, Inc.

Wheeler Clinic

My name is Dan O'Connell and I am the President of the CT Council of Family Service Agencies and a member of the Steering Committee of the CT Nonprofit Human Services Cabinet. The Cabinet is a statewide coalition comprised of 20 nonprofit human service associations and organizations representing approximately 800 providers. Its mission is to advance a strong and unified nonprofit human services system to effectively meet community needs. Focusing on overarching issues impacting the state's human services delivery system, the Cabinet has worked with state agencies on critical contracting issues and business practices that impact over 2,000 Purchase of Service (POS) Contracts valued at approximately \$1.4 billion annually. Members provide the safety net for Connecticut's most vulnerable residents.

Last year the Legislature created the Commission on Nonprofit Health & Human Services ("the Commission") to bring legislators, Executive Branch employees and nonprofit providers together to begin addressing some of the issues facing the nonprofit human services provider system. Some of the areas that the Commission has considered include the POS contracting system and the cost to provide health and human services, as well as cost increases and sources of revenue. The Commission has met monthly since August, including four working groups that met regularly to examine certain areas of the provider system more closely. As a member of the Commission I can say that it has been a valuable process that has improved the communication between providers and the state.

I urge your support of this bill, which contains several of the recommendations of the Commission. Section 1 addresses several of the most critical contracting practices that impact nonprofit human services providers, including timely contract execution, timely contract payments and the use of multi-year contracts. The failure of some state agencies to render timely contracts creates disruption and chaos within organizations, requires unnecessary utilization of lines of credit and borrowing, and creates anxiety among Board, management and staff of service providers. The same applies to late payments. To subsidize state services providers must turn to reserves or lines of credit, which banks are increasingly tightening and making more difficult to access. Lines of credit require providers to pay interest which is not reimbursed by the state. Presenting contracts to human services providers months after the implementation date or forcing them to incur interest while awaiting late payments should no longer be acceptable practices. Additionally, utilizing multi-year contracts will drastically reduce the administrative burden on both the state and private providers.

The Commission also recommends that the state begin standardizing and streamlining contract compliance forms and data collection methods. State agencies require large amounts of client, program and financial reporting from private providers. Providers have no objection to providing necessary and relevant information to their contracting agency, especially financial reporting; however, it is often duplicated among state agencies, all of which have different reporting systems. Time and money could be saved by both the state and providers if this

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information could be provided in a standard format that was accepted by all state agencies for all contracts. Further, it is critical that information requested by the state be used by the state. Data should be aggregated and made available on a regular basis so that trends can be tracked and well-informed policy and budget recommendations can be made.

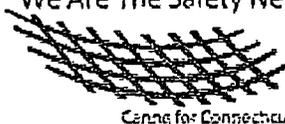
We also urge the state to continue to look at wage and benefit trends between public and private human services providers and establish an index of fixed costs associated with the provision of human services. Nonprofit human services providers are critical partners with the state in caring for some of its most vulnerable residents. We have faced an increased demand for our services and skyrocketing costs while the 20 year average cost-of-living adjustment (COLA) on POS contracts is less than 1%. The state must invest in the private provider system on which it relies. While immediate funding may not be available, now is the time for the state to examine trends and establish long-term funding mechanisms that will help sustain a private provider system that works in concert with the state system of care. Appropriate distribution of resources among community-based services and institutions along the continuum of care would allow for a more effective service balance that can divert an increasing number of individuals from hospitals and institutions, where appropriate. This would offer the most cost effective health and human services system to Connecticut residents.

The state and private providers must continue to work together to ensure a vibrant health and human services system that can meet the growing needs of Connecticut residents. The Commission has allowed for an open and honest dialogue between state agency staff and providers. It has allowed for increased learning and understanding by both parties of the challenges we face as an integrated service system. Through this valuable process we have jointly developed several recommendations that will improve the system for both state agencies and nonprofit human services providers. We look forward to working with legislators and state agencies to implement these recommendations.

Thank you for the opportunity to testify today.

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equivalent of Yale winning the Big East Basketball tournament. It is a memorable victory, probably the best victory that the men's basket -- baseball team has had in the last 50 years. Tonight they have another match with Clemson. Let's wish the UConn men well. If they win this game they go to the Super Regionals and if they win that they go to the World Series College Baseball Games in Omaha.

So I wish them well tonight. Thank you.

DEPUTY SPEAKER RYAN:

Thank you, Representative.

Any other announcements or points of personal privilege? Hearing none, will the Clerk please call Number 277.

THE CLERK:

On page 44, Calendar 277, substitute for House Bill Number 6612, AN ACT CONCERNING RECOMMENDATIONS FROM THE COMMISSION ON NONPROFIT HEALTH AND HUMAN SERVICES RELATING TO PURCHASE OF SERVICE CONTRACTS, Favorable Reported, the Committee on Appropriations.

DEPUTY SPEAKER RYAN:

It is certainly my pleasure to call upon Representative Abercrombie of the 83rd district.

REP. ABERCROMBIE (83rd):

Thank you, Mr. Speaker. Mr. Speaker, I move for the acceptance of the Joint Committee's Favorable Report and passage of the bill.

DEPUTY SPEAKER RYAN:

The question is on acceptance of the Joint Committee's Favorable Report and passage of the bill. Representative Abercrombie, you have the floor.

REP. ABERCROMBIE (83rd):

Thank you, Mr. Speaker. Mr. Speaker, this bill addresses two of the recommendations of the Commission of Nonprofit Health and Human Services. The Commission was created last year with about 28 members, all from three branches of government. The Commission sought to improve the partnership between the state and the private providers by addressing the fiscal and administrative challenges faced by the provider community.

Mr. Speaker, the Clerk is in possession of an amendment, LCO 8209. I ask that that the Clerk please call the amendment and I be granted leave of the Chamber to summarize.

DEPUTY SPEAKER RYAN:

Will the Clerk please call LCO 8209, which will be designated House Amendment Schedule "A."

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THE CLERK:

LCO Number 8209, House "A," offered by  
Representative Tercyak and Senators Musto and  
Markley.

DEPUTY SPEAKER RYAN:

The question is -- the Representative seeks leave of the Chamber to summarize the amendment. Is there objection to summarization? Is there objection? Hearing none, Representative Abercrombie, you may proceed with summarization.

REP. ABERCROMBIE (83rd):

Thank you, Mr. Speaker. Mr. Speaker, there's two sections of this amendment. The first section is that annually the Secretary of OPM must issue a report regarding the state's purchase of service contracting activity. This bill requires the Secretary to include in the report and assessment of the aggregate financial condition of the nonprofit community based health and human services agencies that enter into purchase of service contracts.

The second part calls for the Secretary of OPM in consultation with the nonprofit liaison for the Governor and representatives of nonprofit community based providers to study the feasibility of

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establishing a statewide data warehouse for the storage of public and private health and human services data. Storing data online will allow each state agency to check data trends, operate more efficiently and make recommendations to policy changes. I move adoption.

DEPUTY SPEAKER RYAN:

The question before the Chamber is adoption of House Amendment Schedule "A." Will you remark on the amendment? Representative Gibbons of the 150th.

REP. GIBBONS (150th):

Thank you, Mr. Speaker. Good afternoon. If I may, please, through you, a couple of questions to the proponent of the amendment.

DEPUTY SPEAKER RYAN:

Please proceed, ma'am.

REP. GIBBONS (150th):

Thank you. Through you, just to make sure that I've got the right amendment in front of me, um, because I was given one earlier this week. Is this going to deal with audits and is it going to change the level of what nonprofits can use in their audits, please? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

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Representative Abercrombie.

REP. ABERCROMBIE (83rd):

Through you, Mr. Speaker, no.

DEPUTY SPEAKER RYAN:

Representative Gibbons.

REP. GIBBONS (150th):

Okay. If I may, let me just check the LCO number of the amendment that is here and come back to you so -- if you'll give me 30 seconds, please. Thank you.

Thank you, Mr. Speaker. I apologize.

(Inaudible) Representative Abercrombie again.

So basically this amendment just asks for an annual report on the first part and then if within available Appropriations show -- establishes a statewide data warehouse. Is that correct? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Abercrombie.

REP. ABERCROMBIE (83rd):

Through you, Mr. Speaker, yes.

DEPUTY SPEAKER RYAN:

Representative Gibbons.

REP. GIBBONS (150th):

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And through you, Mr. Speaker, is this amendment going to be the bill, please? Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Representative Abercrombie.

REP. ABERCROMBIE (83rd):

Through you, Mr. Speaker, yes.

DEPUTY SPEAKER RYAN:

Representative Gibbons.

REP. GIBBONS (150th):

Thank you, Mr. Speaker. And I thank -- through you, say thank you to Representative Abercrombie for working this out. I know we had lots of different discussions about this bill in committee and it went to various places both last year and this year. I think that this is good bill and a good amendment and it should pass. So I urge acceptance by my colleagues. Thank you, Mr. Speaker and thank you, Representative Abercrombie.

DEPUTY SPEAKER RYAN:

Thank you, Representative.

Will you remark further on the amendment before us? Will you remark further on the amendment before us?

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If not, I will try your minds. All those in favor, please signify by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER RYAN:

All those opposed, nay. The ayes have it. The amendment is adopted. Will you remark further on the bill as amended? Will you remark further on the bill as amended?

If not, will staff and guests please come to the Well of the House. Will the Members please take your seats. The machine will be open.

THE CLERK:

The House of Representatives is voting by roll call. Members to the Chamber. The House is voting by roll call. Members to the Chamber, please.

DEPUTY SPEAKER RYAN:

Have all members voted? Have all members voted? Will the members please check the board to see if their vote is properly cast. If all members have voted, the machine will be locked and the Clerk will take a tally.

The Clerk will please announce the tally.

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House Bill 6612 as amended by House "A."

Total number voting	145
Necessary for passage	73
Those voting yea	145
Those voting nay	0
Those absent and not voting	6.

DEPUTY SPEAKER RYAN:

The Bill as amended is passed.

Will the Clerk please call LCO -- I'm sorry.

Will the Clerk please call Calendar Number 477.

THE CLERK:

On page 47, Calendar 477, House Bill Number  
6515, AN ACT CONCERNING JOB CREATION AND HABITAT  
RESTORATION, Favorable Report of the Committee on  
Transportation.

DEPUTY SPEAKER RYAN:

Representative Mushinsky at the end of the House  
from the 85th district.

REP. MUSHINSKY (85th):

Thank you, Mr. Speaker. Good afternoon.

DEPUTY SPEAKER RYAN:

Good afternoon.

REP. MUSHINSKY (85th):

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SENATOR LOONEY:

Thank you, Madam President.

Calendar page 21, Calendar 649, House Bill 6552;  
move to place the item on the Consent Calendar.

THE CHAIR:

So ordered.

SENATOR LOONEY:

Thank you, Madam President.

Continuing Calendar page 22, Calendar 654, House  
Bill 6515. Madam President, move to place the item on  
the Consent Calendar.

THE CHAIR:

So ordered.

SENATOR LOONEY:

Thank you, Madam President.

Also Calendar page 22, Calendar 653, House Bill  
6612; Madam President, move to place that item also on  
the Consent Calendar.

THE CHAIR:

So ordered.

SENATOR LOONEY:

Thank you, Madam President.

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(Chamber at ease.)

SENATOR LOONEY:

Madam President, if the Clerk might now call the items on the second Consent Calendar, so that we might proceed to a vote on that second Consent Calendar.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Immediate roll call has been ordered in the Senate on the second Consent Calendar. Will all Senators please return to the Chamber. An immediate roll call has been ordered in the Senate on the second Consent Calendar. Will all Senators please return to the Chamber.

Madam President, the second -- the second Consent Calendar -- the second Consent Calendar begins on Senate Agenda Number 2, substitute for Senate Bill 18. Senate Agenda Number 3, House Bill 6215.

Calendar page 9, Calendar 473, House Bill 6514.

Calendar page 19, Calendar Number 639, House Bill 6554.

Calendar page 20, Calendar 641, substitute for House Bill 6591; Calendar 644, House Bill 5567.

Calendar page 21, Calendar 649, substitute for  
House Bill 6552.

Calendar page 22, Calendar 653, substitute for  
House Bill 6612; Calendar 654, House Bill 6515.

Madam President, I believe that completes that  
items placed on Consent Calendar Number 2.

THE CHAIR:

Thank you.

Senator Looney.

SENATOR LOONEY:

Hmm.

A VOICE:

What's the matter?

SENATOR LOONEY:

Yes.

THE CHAIR:

(Inaudible.)

SENATOR LOONEY:

Thank you, Madam President.

If we might move to a vote on that second Consent  
Calendar.

THE CHAIR:

Yes; thank you.

Mr. Clerk, will you call for another roll call vote?

And the machine will be open.

THE CLERK:

Senate is now voting by roll call on the second Consent Calendar. Will all Senators please return to the Chamber. The Senate is now voting by roll call on the second Consent Calendar. Will all Senators please return to the Chamber.

THE CHAIR:

All members have voted? If all members voted, the machine will be closed.

And, Mr. Clerk, will you call the tally, please?

THE CLERK:

The motion -- motion is on adoption of Consent Calendar Number 2.

Total number voting	36
Those voting Yea	36
Those voting Nay	0
Those absent and not voting	0

THE CHAIR:

Consent Calendar passed.

We'll stand at ease a moment.