



Senate

General Assembly

File No. 597

February Session, 2008

Substitute Senate Bill No. 413

Senate, April 14, 2008

The Committee on Appropriations reported through SEN. HARP of the 10th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT ESTABLISHING A COMMUNITY PROVIDER RESCUE FUND ACCOUNT AND COMMUNITY-BASED SERVICES COMMISSION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2008*) There is established an
2 account to be known as the "community provider rescue fund" which
3 shall be a separate, nonlapsing account within the General Fund. The
4 State Treasurer shall administer the account. The Secretary of the
5 Office of Policy and Management shall make funds available in the
6 account to other state agencies, including the Department of
7 Developmental Services, the Department of Children and Families, the
8 Department of Mental Health and Addiction Services, the Judicial
9 Department, the Department of Social Services, the Department of
10 Correction, the Department of Public Health and the Children's Trust
11 Fund, for grants to community providers under purchase of service
12 contracts. Such grants may be used to: (1) Provide an immediate
13 remedy to budget shortfalls for community providers under purchase
14 of service contracts; (2) establish a stable funding system for such

15 community providers; and (3) establish a consistent cost-of-service
16 adjustment to avoid budget shortfalls in the future. The secretary may
17 receive private donations to said account and any such donation shall
18 be deposited in the account. As used in this section, "purchase of
19 service contract" means a contract between a state agency and a private
20 provider organization for the purchase of ongoing direct health and
21 human services for agency clients.

22 Sec. 2. (NEW) (*Effective from passage*) (a) There is established a
23 commission on community-based services. The commission shall
24 consist of (1) the Secretary of the Office of Policy and Management or
25 the secretary's designee; the Commissioners of Developmental
26 Services, Mental Health and Addiction Services, Children and
27 Families, Social Services, Higher Education, Labor, Economic and
28 Community Development or the commissioners' designees; (2) the
29 cochairpersons of each of the joint standing committees of the General
30 Assembly having cognizance of matters relating to appropriations,
31 finance, human services, public health, government administration
32 and elections, and labor, or the cochairpersons' designees; (3) two
33 members appointed by the Governor, one of whom is a provider of
34 social services for children or adults with disabilities, and one of whom
35 is a parent of a child or adult with disabilities; (4) one member
36 appointed by the speaker of the House of Representatives who has
37 knowledge in the area of social services for individuals with
38 disabilities; (5) one member appointed by the president pro tempore of
39 the Senate who has knowledge of the labor market; (6) one member
40 appointed by the majority leader of the House of Representatives who
41 has knowledge of economics; (7) one member appointed by the
42 majority leader of the Senate who has knowledge of Medicaid policy;
43 (8) one member appointed by the minority leader of the House of
44 Representatives who has knowledge of bonding; (9) one member
45 appointed by the minority leader of the Senate who has knowledge of
46 purchase of service agreements or education; (10) two members
47 appointed by the chief executive officer of the Connecticut Community
48 Providers Association; (11) two members appointed by the executive
49 director of the Connecticut Association of Nonprofits; and (12) two

50 members appointed by the executive director of The Arc of
51 Connecticut.

52 (b) All appointments to the commission shall be made no later than
53 June 1, 2008. Any vacancy shall be filled by the appointing authority.
54 The speaker of the House of Representatives and the president pro
55 tempore of the Senate shall select the chairpersons of the commission
56 from among the members of the commission. Such chairpersons shall
57 schedule the first meeting of the commission, which shall be held no
58 later than July 1, 2008. The commission may, within available
59 appropriations, contract consultants with expertise in the areas of
60 economics, the labor market, higher education or accounting to assist
61 in carrying out its duties. The commission may receive funds from any
62 public or private sources to carry out its activities.

63 (c) (1) The purpose of the commission shall be to study and make
64 recommendations pursuant to subsection (d) of this section concerning
65 a long-term funding solution for community providers under purchase
66 of service contracts. The commission shall make recommendations
67 concerning: (A) The development of a state-wide strategic plan for the
68 funding of services under purchase of service contracts that includes (i)
69 consistent funding for the provision of such services; (ii) cost-of-living
70 and other fiscal adjustments in payments to community providers of
71 such services using an indexing option such as the consumer price
72 index, the medical consumer price index, the home health market
73 basket administered by the federal Centers for Medicare and Medicaid
74 Services, or any other indexing option used in this state or other states;
75 (B) a budget to implement the indexing option pursuant to
76 subparagraph (A) of this subdivision; and (C) a budget and plan for
77 stabilizing the service delivery system until indexed payments are
78 allocated.

79 (2) The commission shall conduct studies, research and analyses and
80 make reports and recommendations pursuant to subsection (d) of this
81 section to address the problem of the funding of services provided by
82 community providers under purchase of service contracts. Such

83 research shall include (A) an analysis of the comparative cost of
84 providing such services in the private and public sectors, including an
85 analysis of the wages and benefits of private sector, public sector and
86 private sector unionized employees in the human services field; (B) the
87 impact of standard wage legislation in the state; (C) a comparison of
88 the compounded Medical Consumer Price Index to the cost-of-living
89 allocations made to providers of services over a twenty-year period;
90 (D) an analysis of the percentage increase in the cost of health
91 insurance, workers' compensation insurance, property casualty
92 insurance and energy costs since 2000, and a projection of the
93 percentage increase of such costs to 2013; (E) projected labor market
94 trends to 2013; (F) a calculation of the projected savings that could be
95 generated by serving individuals in communities rather than in
96 institutions; (G) a review of financial mechanisms for establishing an
97 ongoing source of revenue such as a dedicated fund; and (H) any other
98 study, research and analysis the commission deems necessary to
99 accomplish the purpose of the commission. As used in this subsection,
100 "purchase of service contract" means a contract between a state agency
101 and a private provider organization for the purchase of ongoing direct
102 health and human services for agency clients.

103 (d) Not later than October 1, 2008, the commission shall submit a
104 report on proposed budget recommendations and policy and statutory
105 changes to the Governor and to the General Assembly, in accordance
106 with the provisions of section 11-4a of the general statutes.

107 Sec. 3. (*Effective July 1, 2008*) (a) For the purposes described in
108 subsection (b) of this section, the State Bond Commission shall have
109 the power, from time to time, to authorize the issuance of bonds of the
110 state in one or more series and in principal amounts not exceeding in
111 the aggregate sixty five million dollars. All provisions of section 3-20 of
112 the general statutes, or the exercise of any right or power granted
113 thereby, which are not inconsistent with the provisions of this section
114 are hereby adopted and shall apply to all bonds authorized by the
115 State Bond Commission pursuant to this section, and temporary notes
116 in anticipation of the money to be derived from the sale of any such

117 bonds so authorized may be issued in accordance with said section 3-
118 20 and from time to time renewed. Such bonds shall mature at such
119 time or times not exceeding twenty years from their respective dates as
120 may be provided in or pursuant to the resolution or resolutions of the
121 State Bond Commission authorizing such bonds. None of said bonds
122 shall be authorized except upon a finding by the State Bond
123 Commission that there has been filed with it a request for such
124 authorization which is signed by or on behalf of the Secretary of the
125 Office of Policy and Management and states such terms and conditions
126 as said commission, in its discretion, may require. Said bonds issued
127 pursuant to this section shall be general obligations of the state and the
128 full faith and credit of the state of Connecticut are pledged for the
129 payment of the principal of and interest on said bonds as the same
130 become due, and accordingly and as part of the contract of the state
131 with the holders of said bonds, appropriation of all amounts necessary
132 for punctual payment of such principal and interest is hereby made,
133 and the State Treasurer shall pay such principal and interest as the
134 same become due.

135 (b) The proceeds of the sale of said bonds, to the extent hereinafter
136 stated, shall be used, subject to the provisions of subsection (c) of this
137 section, for capital improvement projects for community providers
138 under purchase of service contracts as hereinafter stated: (1) For the
139 Department of Developmental Services for grants-in-aid, not
140 exceeding twenty-nine million two hundred fifteen thousand eight
141 hundred twenty-nine dollars; (2) for the Department of Children and
142 Families for grants-in-aid, not exceeding thirteen million nine hundred
143 twelve thousand nine hundred thirty-eight dollars; (3) for the
144 Department of Mental Health and Addiction Services for grants-in-aid,
145 not exceeding nine million five hundred fifty-three thousand three
146 hundred five dollars; (4) for the Judicial Department for grants-in-aid,
147 not exceeding four million fifty-eight thousand five hundred ninety-
148 two dollars; (5) for the Department of Social Services for grants-in-aid,
149 not exceeding four million four hundred fifteen thousand seven
150 hundred ninety-four dollars; (6) for the Department of Correction for
151 grants-in-aid, not exceeding one million six hundred eighty thousand

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 09 \$	FY 10 \$
Office of Policy & Management, Office of the State Treasurer - Debt Services	GF - Cost	See Below	See Below
Legislative Management	GF- Cost	Minimal	Minimal
Various State Agencies	GF - None	None	None

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill establishes a “community provider rescue fund” account which shall be a separate non-lapsing General Fund account. The Office of Policy and Management (OPM) shall distribute funding from the account to various state agencies for the purpose of issuing grants to community providers. Section 57 of sHB 5021, the budget bill, as favorably reported by the Appropriations Committee, specifies that up to \$10 million of unappropriated surplus remaining in the General Fund for FY 08 shall be transferred to OPM for private providers, to be available as private provider rescue funds in FY 09.

The bill further establishes a commission on community-based services. The commission is required to study and make recommendations concerning a long-term funding solution for community providers. The commission shall include among its members representatives of various state agencies; these members will be able to perform their duties within their respective agency’s resources. Additional members include the chairpersons, or their designees, of six different legislative committees. The Office of Legislative Management would incur minimal costs associated with mileage reimbursement of 50.5 cents per mile for legislators

participating on the commission.

The commission may, within available appropriations, hire consultants to assist in carrying out its duties. sHB 5021 does not include specific funding for the commission. Until such time that appropriations are made, or the commission receives funding from other sources, it is anticipated that no contracts will be entered into.

Finally, Section 3 authorizes \$65 million in General Obligation (GO) bonds for capital improvement projects for community providers as specified in the bill. The total General Fund debt service cost for principal and interest payments on this amount over 20 years assuming a 5.0% interest rate, is \$99.1 million. The first year that the state will experience costs associated with the bonds depends on when they are allocated through the State Bond Commission and when the funds are expended.

The Out Years

The annualized ongoing fiscal impact identified above would depend on any community provider rescue fund account or commission activity in the out years. In addition, the ongoing fiscal impact for the \$65 million in GO bonds is the General Fund debt service payments over 20 years.

OLR Bill Analysis**sSB 413*****AN ACT ESTABLISHING A COMMUNITY PROVIDER RESCUE FUND ACCOUNT AND COMMUNITY-BASED SERVICES COMMISSION.*****SUMMARY:**

This bill establishes a Community Provider Rescue Fund as a separate, nonlapsing General Fund account. Funds from the account must be used as grants to community providers that have purchase-of-service contracts with state agencies to provide health and human services to the agency's clients.

The bill creates a 34-member Community-Based Services Commission to study and make recommendations concerning a long-term funding solution for these providers. The commission must submit a report with any proposed budget recommendations and policy and legislative changes to the governor and General Assembly by October 1, 2008.

The bill authorizes up to \$65 million in general obligation bonds for capital improvements for the providers. The bonds are subject to standard statutory bond issuance procedures and repayment requirements.

EFFECTIVE DATE: July 1, 2008, except for the provisions establishing the commission, which are effective upon passage.

COMMUNITY PROVIDER RESCUE FUND***Separate, Nonlapsing General Fund Account***

The bill establishes the fund as a separate, nonlapsing General Fund account and directs the state treasurer to administer it. It requires the Office of Policy and Management (OPM) secretary to make funds from

the account available as grants to community providers with which state agencies have purchase of service contracts. These agencies include the departments of Developmental Services (DDS), Children and Families (DCF), Mental Health and Addiction Services (DMHAS), Social Services (DSS), Correction (DOC), Public Health (DPH), Judicial Department, and the Children’s Trust Fund (CTF). The bill does not appropriate funds to the account, but it permits the OPM secretary to receive private donations for it.

Use of Funds

Under the bill, the grants can be used to (1) provide an immediate remedy to budget shortfalls for these community providers, (2) establish a stable funding system for them, and (3) establish a consistent “cost-of-service” adjustment to avoid future budget shortfalls.

COMMISSION ON COMMUNITY-BASED SERVICES

Composition

The 34-member commission includes the OPM secretary and the commissioners of DDS, DHMAS, DCF, DSS, Higher Education, Labor, and Economic and Community Development, or their designees. It also includes the chairpersons of the Appropriations, Finance, Human Services, Public Health, Government Administration and Elections, and Labor committees, or their designees.

Table 1 lists the remaining, appointed members and the appointing authorities.

Table 1: Appointed Members of Commission on Community-Based Services

<i>Members</i>	<i>Appointing Authority</i>
A social services provider for children or adults with disabilities and a parent of a child or adult with disabilities	Governor

Person knowledgeable about social services for individuals with disabilities	House speaker
Person with labor market knowledge	Senate president pro tempore
Person with economics knowledge	House majority leader
Person with Medicaid policy knowledge	Senate majority leader
Person with bonding knowledge	House minority leader
Person with knowledge of personal service agreements or education	Senate minority leader
Two members	Chief executive officer (CEO) of the Connecticut Community Providers Association
Two members	Connecticut Association of Nonprofits executive director
Two members	The ARC of Connecticut executive director

The appointments must be made by June 1, 2008. Vacancies are filled by the appointing authority. The House speaker and Senate president pro tempore select the commission's chairs from its membership, who must schedule the first meeting by July 1, 2008.

The bill permits the commission, within available appropriations (the bill does not appropriate money for the commission), to contract for consultants with expertise in economics, the labor market, higher education, or accounting to assist it. The commission can receive funds from any source to carry out its activities.

Commission's Charge

Under the bill, the commission must make recommendations concerning:

1. developing a statewide strategic plan for funding services under purchase-of-service contracts, which must include (a) consistent funding for providing the services and (b) cost-of-living and other fiscal adjustments for making these payments that use an indexing option, such as the Consumer Price Index (CPI), and a budget to implement it and
2. a budget and plan for stabilizing the service delivery system until indexed payments are allocated.

The bill also requires the commission to conduct studies, research, and analyses and recommend ways to address “the problem” of funding community providers’ services. The research must include:

1. comparing the employee costs, including a wage and benefit analysis, of providing these services in the private and public sectors, including unionized private sector employees;
2. the impact of standard wage legislation in the state;
3. a comparison of the compounded Medical CPI to the cost-of-living allocations made to service providers over 20 years;
4. an analysis of the percentage increase in the health insurance, worker’s compensation, property casualty insurance, and energy costs since 2000, with a projection of increases through 2012;
5. projected labor market trends through 2012;
6. calculating savings attributable to serving individuals in the community instead of institutions;
7. reviewing financial mechanisms for establishing an ongoing revenue source, such as a dedicated fund; and
8. any other studies, research, and analysis it deems necessary to accomplish its mission.

BOND AUTHORIZATIONS

Under the bill, the proceeds of the bond sales can be used for capital improvements, which are distributed as grants to community providers by the agencies with which they have purchase-of-service contracts. Table 2 lists the bond authorizations, by agency.

Table 2: Bond Authorizations for Grants to Community Providers

<i>Agency</i>	<i>Authorization Amount</i>
DDS	\$29,215,829
DCF	13,912,938
DMHAS	9,553,305
Judicial	4,058,592
DSS	4,415,794
DOC	1,680,886
DPH	1,485,995
CTF	676,660

Grants

The bill requires the agencies to issue requests for proposals when determining how to allocate the grants. The grant amount may not exceed the project costs. The proposals must be for

1. improvements or expansions of treatment and service facilities;
2. administrative office locations;
3. fire and code compliance and upgrades;
4. physical plan maintenance and upgrades;
5. energy and conservation upgrades;
6. heating and cooling system replacement;

7. generators;
8. communication systems;
9. billing, accounting, and quality assurance software;
10. hardware systems and other technology improvements; and
11. medical records and Health Insurance Portability and Accountability Act (HIPAA) compliance.

BACKGROUND

Related Bill

sSB 678 (File 456), reported by the Government Administration and Elections Committee, establishes a Community-Based Health and Human Services Strategy Board to recommend a long-term funding solution for the “provision of grants” to community providers with purchase of service contracts.

COMMITTEE ACTION

Human Services Committee

Joint Favorable Substitute Change of Reference
Yea 18 Nay 1 (03/13/2008)

Appropriations Committee

Joint Favorable Substitute
Yea 54 Nay 0 (03/28/2008)