

CONNECTICUT
ASSOCIATION
of **NONPROFITS**

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

Testimony Submitted to the Human Services Committee

In Support of:

Raised S.B. 413: AN ACT ESTABLISHING A COMMUNITY PROVIDER RESCUE FUND ACCOUNT AND COMMUNITY-BASED SERVICES COMMISSION

Concerns & Recommendations Regarding:

S.B. No. 34: AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS WITH RESPECT TO SOCIAL SERVICES PROGRAMS.

Submitted By: Julia Wilcox, Policy Specialist, CT Nonprofits

Public Hearing Date: February 26, 2008

To Senator Harris, Representative Villano and members of the Human Services Committee, I appreciate the opportunity to provide testimony this afternoon. My name is Julia Wilcox, Policy Specialist, Connecticut Association of Nonprofits (CT Nonprofits). CT Nonprofits is a membership association that represents more than 500 nonprofit organizations. Approximately 300 of CT Nonprofits' member agencies contract with State government for a variety of human and social services.

Support of Raised S.B. 413: AN ACT ESTABLISHING A COMMUNITY PROVIDER RESCUE FUND ACCOUNT AND COMMUNITY-BASED SERVICES COMMISSION. Under separate cover, you will have received my extended testimony, as well as testimony from a great number of our member agencies, in support of the concepts presented in Raised S.B. 413. As you are aware, the Governor's midterm budget does not include any cost-of-living-adjustment (COLA) funding for FY09. The 3% COLA received in SFY08 would not have occurred without the generous support and continued efforts of members of the Human Services Committee. Your consideration of a 9% COLA in FY09, and development of long range solutions moving forward, are greatly appreciated.

Again - we urge your support of the concepts presented in Raised S.B. 413: An Act Establishing a Community Provider Rescue Fund Account and Community-Based Services Commission. However, we would urge passage of S.B. 413, with the recommendation to clarify and/or modify language in the Statement of Purpose, and Section 2; c (1); to prevent any interpretation that could potentially exclude critical areas of service. We respectfully request either:

- 1) Modifications to language, to define a broader purpose of all health and human services. Or,
- 2) The addition of language to include programs related to: Reentry Services (which do not specifically include either substance abuse or mental health components), Juvenile Justice, HIV/AIDS Housing and Services, Homelessness, and/or other services related to health and human services.)

Concerns & Recommendations Regarding: S.B. No. 34: AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS WITH RESPECT TO SOCIAL SERVICES PROGRAMS.

We urge you to repeal the 2% Rate Cap on Residential Care Homes and Community Living Arrangements, and to repeal the Rate Freeze for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/MRs)

There are many aspects of the DSS Budget that will have a positive impact upon the provision of services within the nonprofit sector. However, I am writing to draw your attention to an area of grave concern for providers of residential services who are presently funded by the DSS and the Department of Developmental Services (DDS.)

Specifically, we respectfully urge you to reconsider, and repeal the 2% Rate Cap on Residential Care Homes, as indicated in the following section 3 of S.B. No. 34. S.B. No. 34: Sec. 3. (Regarding Residential Care Homes) For the fiscal year ending June 30, 2009, no facility shall receive a rate that is more than two per cent greater than the rate in effect for the facility on June 30, 2008, except for any facility that would have been issued a lower rate effective July 1, 2008, due to interim rate status or agreement with the department shall be issued such lower rate effective July 1, 2008

We submit that it would be misguided to impose this Cap on the Residential Care Home system, as it has been onerous and damaging to Community Living Arrangements (CLAs) to cap their rates for SFY 08. For this reason, we also urge you to repeal both the 2% Rate Cap on Community Living Arrangements, and to repeal the Rate Freeze for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/MRs) which receive Room & Board funding through DSS.

There are 600 CLAs within the private sector of the DDS system. The following may be helpful, in terms of understanding this system of care:

Community Living Arrangements (CLAs)

- ◇ Licensed by the Department of Developmental Services
- ◇ Group Homes with six or fewer residents
- ◇ Over 600 across the state operated by private nonprofits (DDS/DMR also operates its own)
- ◇ Funded by both DDS (program services) & DSS (room & board)
- ◇ Room & Board includes the following items:
 - Property Costs – e.g. mortgage interest, taxes, fair rental value, etc.
 - Repairs & Maintenance
 - Utilities – heat; electricity, gas, telephone
 - Appliances, equipment & Furniture
 - Food
 - Laundry & housekeeping
- ◇ Funded in DSS budget through a retrospective rate reimbursement system begun in 1983 modeled after nursing home financial/rate system
- ◇ Costs incurred in current fiscal year will not be reimbursed until rate is set for SFY 09 – there is a 12-18 month lag time.
- ◇ 2% Cap was instituted in DSS implementer bill (P.A. 07-02/HB 8002) effective for both SFY 08 & SFY 09
- ◇ If allowed to rise without cap, room & board rate portion would have likely increased around 4.5% in SFY 08.
- ◇ Organizations which made repairs or maintenance on their buildings prior to SFY 08 will only get reimbursed up to an increase of 2% - Otherwise their budgets result in lost dollars they have already had to expend.
- ◇ Neither OFA nor DSS has been able to give us exact cost impact – estimated to be between \$2 and \$4 million.

Members of the nonprofit provider network, greatly appreciate the support that members of the Human Services Committee have demonstrated in the past. In closing, I would encourage you to contact providers within your local communities. The ability of the state of Connecticut to adequately meet the needs of its residents is greatly dependent upon the ability of the nonprofit provider community to sustain a vibrant network, which will continue to serve as the ultimate safety net for Connecticut's most vulnerable citizens.

Your consideration is greatly appreciated. As always, please do not hesitate to contact me at any time, with any questions, or for additional information:

Julia Wilcox, Policy Specialist
jwilcox@ctnonprofits.org or 860.525.5080 ext. 25

We urge you to repeal the 2% Rate Cap on Residential Care Homes and Community Living Arrangements, and to repeal the Rate Freeze for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/MRs)

Excerpt from: S.B. No. 34:

‘AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS WITH RESPECT TO SOCIAL SERVICES PROGRAMS.’

Related to Residential Care Homes:

Sec. 3.: For the fiscal year ending June 30, 2009, no facility shall receive a rate that is more than two per cent greater than the rate in effect for the facility on June 30, 2008, except for any facility that would have been issued a lower rate effective July 1, 2008, due to interim rate status or agreement with the department shall be issued such lower rate effective July 1, 2008.

Excerpts from: House Bill No. 8002 - June Special Session, Public Act No. 07-2

‘AN ACT IMPLEMENTING THE PROVISIONS OF THE BUDGET CONCERNING HUMAN SERVICES AND PUBLIC HEALTH.’

Related to CLAs:

Sec. 13. Subsection (a) of section 17b-244 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

For the fiscal year ending June 30, 2008, no facility shall receive a rate that is more than two per cent greater than the rate in effect for the facility on June 30, 2007, except any facility that would have been issued a lower rate effective July 1, 2007, due to interim rate status or agreement with the department, shall be issued such lower rate effective July 1, 2007. For the fiscal year ending June 30, 2009, no facility shall receive a rate that is more than two per cent greater than the rate in effect for the facility on June 30, 2008, except any facility that would have been issued a lower rate effective July 1, 2008, due to interim rate status or agreement with the department, shall be issued such lower rate effective July 1, 2008.

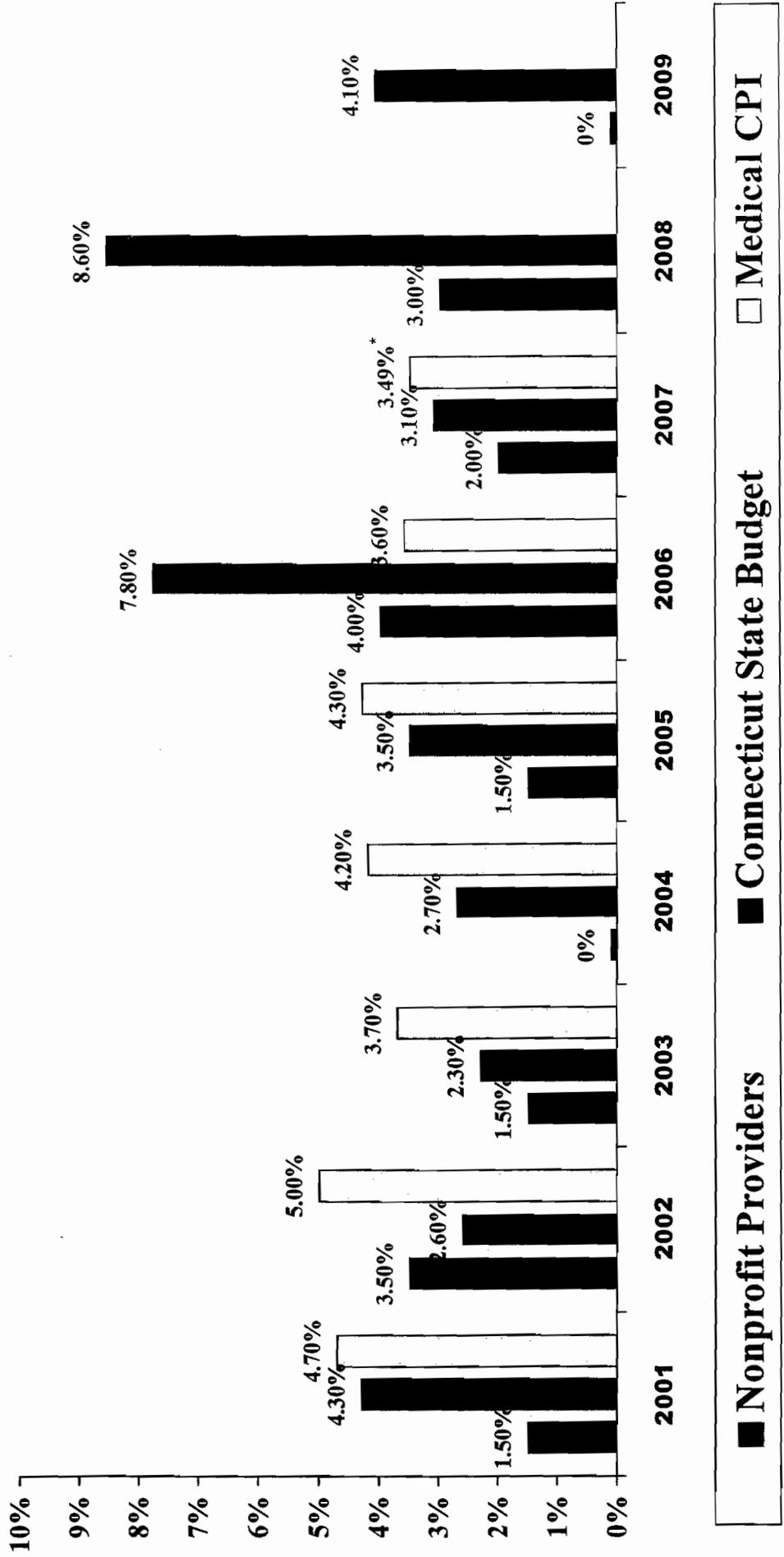
Related to ICF/MR Facilities:

Sec. 12. Subsection (g) of section 17b-340 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2007*):

(g). For the fiscal year ending June 30, 2008, each facility shall receive a rate that is two and nine-tenths per cent greater than the rate in effect for the period ending June 30, 2007, except any facility that would have been issued a lower rate effective July 1, 2007, than for the rate period ending June 30, 2007, due to interim rate status, or agreement with the department, shall be issued such lower rate effective July 1, 2007. For the fiscal year ending June 30, 2009, rates in effect for the period ending June 30, 2008, shall remain in effect until June 30, 2009, except any facility that would have been issued a lower rate for the fiscal year ending June 30, 2009, due to interim rate status or agreement with the department, shall be issued such lower rate.

Rates of Annual Growth 2001-2009 Nonprofit Providers vs. State Budget Growth vs. Medical CPI

1% COLA for Purchase of Service contracts totals approximately \$15 million.



* Average through October 2007.

Distributed By:



CT
NONPROFITS