



HARC, Inc.  
Serving People with  
Intellectual and Related  
Challenges

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Testimony Presented to the  
Human Services Committee  
March 3, 2009

*Stephen Becker, EdD*  
*President/CEO*  
*HARC, Inc.*

Members of the Human Services Committee, I am Stephen Becker, President and CEO of HARC, Inc., an organization that serves people with intellectual and related disabilities. Founded in 1951, HARC is a grassroots family organization that provides life span services including: birth-to-three/early intervention, family support, respite, supported employment, adult day program, recreation, residential, behavioral health, elderly and advocacy services. Thank you for the opportunity to offer testimony on Senate Bill 843 and Raised Bill 6609.

With regard to **Senate Bill 843**, I am here today to oppose the room and board rate freeze proposed in the DSS budget for Community Living Arrangements (CLAs). More specifically, we are concerned about community providers' ability to repay bank loans and lease payments associated with tax exempt bonds used for physical plant repairs and capital improvement projects. Here is a summary of facts:

- Room and board rates, set by DSS, are based on a reimbursement system that considers reasonable and allowable expenses incurred by providers such as HARC. The system also contemplates the Gross National Product Deflator, an index that is applied to the rate. Given the actual costs incurred in a given year, the rate varies either upward or downward. The system requires that providers lay out the money until such time reimbursement is made two rate periods later.
- Capital projects, if costing \$7500.00 or above, require pre-approval from DDS and DSS. With the approval in place, community providers are able to apply for loans from banks and other lending institutions such as the Corporation for Independent Living (CIL) that uses tax exempt bonds for such projects. These expenditures are reimbursed according to a schedule of depreciation. Once again, the system requires providers to lay out and/or borrow money until such time as reimbursement is eventually made.
- HARC recently sustained an unanticipated shortfall of \$50,000 due to the two percent cap that was imposed on the current room and board rates. HARC's group home at 6 Brentmoor Road, East Hartford, owned by CIL, is due for a rate adjustment for a \$220,000+ capital project that was pre-approved, completed, and now in jeopardy of being unfunded. In addition, line-item caps were imposed this year without any precedence, prior



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notification, or response to our formal appeal. Changing the rules in the middle (or following) the game, without an opportunity to redo or undo approved projects, is unacceptable from either a business or ethical standard.

I am requesting your **support of Raised Bill 6609**, commonly referred to as "the Rescue Bill." HARC is currently underfunded in our day and residential programs by \$711,400. Each year the losses are growing due to the chronic underfunding of our programs. We originally agreed to provide services, which were previously provided directly by the state, with the understanding of reimbursement for reasonable and allowable expenses. The system has changed from a retrospective cost recovery system to a "take it or leave it" approach. It doesn't make sense to punish the provider community that has performed at least as well as the state's more expensive alternative.

Finally, DDS rate changes scheduled for July 1, 2009 will further deteriorate our situation. The imposition of an attendance based system, *without awarding the approved corresponding Medicaid rate schedule*, as originally planned, will add another \$250,000 to HARC's losses. **HARC alone is looking at one million dollars in losses!** The provider community is unable to continue operating in this environment. As it is, the banks are teetering on withdrawing lines of credit. We are on a downward course and need your attention before this community provider system falls apart completely.

We appeal to you to look into the consequences of these bills and poorly timed changes in rules before we begin to topple. Please **oppose Senate bill 843** and **support Raised Bill 6609**. Thank you for your urgent attention to our critical safety net programs that serve the most vulnerable citizens in Connecticut.