



Community Providers Association
Caring for Connecticut.

March 16, 2009

To: Public Health Committee

From: Terry Edelstein, President/CEO

Re: **S.B. 1120 An Act Imposing a Moratorium on the Rebidding of Purchase of Service Contracts Pertaining to the Delivery of Health and Human Services by or on Behalf of State Agencies**

Please accept this testimony with regard to S.B. 1120 An Act Imposing a Moratorium on Rebidding of POS contracts.

The Connecticut Community Providers Association represents organizations that provide services and supports for people with disabilities and significant needs including children and adults with substance use disorders, mental illness, developmental, and physical disabilities. Our members hold Purchase of Service contracts through all of the human services state agencies.

The decision of the state to reprocore human service contracts with its potential to destabilize the provision of services to vulnerable individuals has been a major challenge for community providers. We appreciated the Legislative requirement that the Office of Policy and Management study the impact of reprocorement on the provision of human services through P.A. 07-195, *An Act Concerning the State Purchase of Service Contracts for Health and Human Services*. As a result of this legislation, OPM filed a report with the Legislature on reprocorement standards and developed a policy manual relating to reprocorement. We had input into the provisions of the draft policy manual and its subsequent February 17, 2009 revision, although the final product reflects OPM decisions.

(http://www.ct.gov/opm/lib/opm/finance/psa/psa_pos_procurementstandards_021709.pdf) We suggest that you review this transmittal to confirm that it meets the intent of the 2007 legislation, particularly with regard to whether or not these provisions have been met:

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(1) The current market rate for the services provided, (2) whether services provided by a new private provider assure the health, safety and well-being of service recipients, (3) whether services provided by a new private provider assure that community-based services are conveniently located and readily accessible for service recipients, (4) whether selection of a new private provider can avoid unnecessary challenges of local zoning law, and (5) whether selection of a new private provider can avoid creating a conflict with the current service provider's existing bonding contracts or placing the current service provider at risk for losing bonding investment.

Some of our members welcome reprocurement as an opportunity to restructure their services and expand their service delivery networks. Other members are concerned that widescale rebidding of human services with result in deterioration of services for individuals with disabilities and significant challenges. As you deliberate a moratorium, please consider the following issues:

1. **Cost:** Will rebidding assure that the “cost of services” is fully funded, rather than procuring services at the “low bid”? Is rebidding a “race to the bottom”?
2. **Access:** Will rebidding assure that consumers have access to an array of services, rather than to limited options?
3. **Quality:** Will rebidding assure that services will reflect “best practices,” rather than minimal standards? If the “cost of services” isn’t adequate to assure “best practices” services will reflect minimum rather than exemplary standards.
4. **Appeal Rights:** Will vendors have sufficient opportunity to appeal contracting decisions in an impartial manner? The February 17 OPM compliance manual gives a very short time frame of ten days for an aggrieved vendor to submit an appeal to the agency head. The decision of the agency head, the same party that first approved the winning contract, has final say in the appeal process until the Contracting Standards Board begins its work.
5. **Impact on System Stability:** Will rebidding strengthen or destabilize the provision of services? Recent rebidding of all DOC contracts simultaneously has created the likelihood that entire provider agencies will be a risk of collapse. Current DOC contracts allow for an “Administrative & General” cost allocation. If contracts are lost, the A&G allocation is lost as well. If 75% of an agency’s contracts are with DOC and those 75% of contracts are lost, the agency collapses, much like pulling out three legs on a four leg chair.

Thank you for considering these comments.