

Senator Harp, Representative Geragosian and distinguished members of the Appropriations Committee. I appreciate the opportunity to submit testimony in support of this important legislative initiative.

My name is Mark E. Kovitch, Chief Financial Officer of Key Human Services, a private non profit providing an array of services to individuals with intellectual disabilities or developmental delays since 1989. I am also, a Licensed Certified Public Accountant in Connecticut and Massachusetts, with seventeen years of experience providing services in public accounting firms and private industry to not-for-profit organizations. Today, I am providing testimony regarding SB No. 355, An Act Concerning Capital Improvements required by the Department of Development Services.

Key Human Services strongly urges your support of the concepts raised in S.B. No. 355, with additional recommendations to enhance the outcome as a long-term solution, by utilizing the rate freeze exemption on an ongoing basis, beyond the recommended two year period, or completely removing the Rate Cap from the process.

There are three reasons why I think the rate cap should be removed.

- 1) The practice of under-funding the true cost of services has had a detrimental impact upon the provider network, as they continue to struggle with ever-increasing demands and unfunded mandates imposed upon this vitally important system of care.
- 2) Under licensing regulations in place by the Department of Developmental Services for community living arrangements (Regulation 17a-227-11) which I've attached, providers are being cited for health and safety violations in relation to physical plant. Due to the rate freeze providers do not have any funding to correct

these health and safety violations. Therefore, these issues are not resolved, or the nonprofit borrows from banks to do the improvement, hoping that donors will cover the cost of debt. These health and safety violations could be for issues such as a hole in the roof, a leaky pipe, or the boiler blew up, etc.

- 3) Due to the health and safety violations at the location that the state of Connecticut is requesting federal reimbursement for, there is a potential that the reimbursement will be due back to the federal government. Under the regulations from CMS and Connecticut's waivers, individuals receiving support from the Department of Developmental Services cannot be in a location that has a health and safety problem.

Also, aside from these three reasons to enact this legislation, there is another issue I'd like to discuss with you. The room and board rates are capped but all the regulations related to insuring the rates are correctly calculated are still in place, but the rates haven't changed for three years. Therefore, the state of Connecticut is paying auditing firms to provide desk reviews to find unallowable expenses that exceed the rate. To understand the level of burden put on the provider under one of these desk reviews, I've brought a copy of the backup that we've needed to send to the state to carry out one of these reviews. This backup must be provided within a 10-day period. Even if 25% of all the transactions that were spent for room and board were disallowed, our rate would not change – it's been capped. Please look into this issue.

In closing, once again, I urge you to support S.B. No 355 An Act Concerning Capital Improvements Required by the Department of Development Services. With additional recommendations as stated within this testimony.

I would also encourage you to contact providers within your local communities. The ability of the state 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 citizens at risk.

I thank you for your time and consideration of these critically important issues. Please do not hesitate to contact me with any questions, or for additional information:

(860) 409 7350 x 121 or e-mail at mkovitch@keystonehumanservices.org.

Licensing Regulations

17a-227-11: Physical Requirements

- (a) Any building used as a residence shall be in compliance with all applicable federal, state and local codes which govern construction, building safety and zoning ordinances.
 - (b) A residence located in a building containing more than two living units or more than three individuals per living unit shall obtain a fire marshal's certificate in accordance with Sec. 29-305 CGS.
 - (c) For a residence licensed for three or fewer individuals, the licensee shall comply with the requirements of the department's home safety inspection report unless a fire marshal's certificate is obtained for each residence.
 - (d) The residence and grounds shall be free from unpleasant odors, refuse and potential safety hazards.
 - (e) Furniture and furnishings shall be safe and in good repair.
 - (f) The residence shall have toileting and bathing facilities that are clean, accessible and afford privacy to the individuals.
 - (g) Fire extinguishers shall be located in the kitchen and the furnace area.
 - (h) Each residence and vehicle shall have emergency first aid supplies.
 - (i) All kitchens and dining areas shall be clean, well-lighted, ventilated, screened and provided with appropriate equipment for the preparation and serving of food.
 - (j) There shall at all times be a working telephone accessible to individuals with emergency numbers posted in an easily visible location. The department shall be immediately notified of any change in the telephone number.
 - (k) Each individual shall have a minimum of eighty square feet in a single bedroom and at least sixty square feet in a multiple bedroom.
 - (l) Each individual shall have sufficient and accessible storage space to accommodate all in-season clothing.
 - (m) Laundry facilities shall be available to all individuals.
- (Effective October 1, 1992)