



House of Representatives

General Assembly

File No. 809

January Session, 2011

Substitute House Bill No. 6612

House of Representatives, May 18, 2011

The Committee on Appropriations reported through REP. WALKER of the 93rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING RECOMMENDATIONS FROM THE COMMISSION ON NONPROFIT HEALTH AND HUMAN SERVICES RELATING TO PURCHASE OF SERVICE CONTRACTS.

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

1 Section 1. (NEW) (*Effective July 1, 2011*) Notwithstanding the
2 provisions of section 4-70b of the general statutes and chapter 62 of the
3 general statutes, each state agency that enters into a personal service
4 agreement or a purchase of service agreement with a service provider
5 for the provision of public health services or human services shall,
6 within available appropriations: (1) Execute such agreement not later
7 than fifteen business days prior to the date of the commencement of
8 services under the terms of the agreement; (2) not later than forty-five
9 calendar days after receipt of a provider's request for payment under
10 the terms of the agreement, submit to the service provider, full
11 payment of the amount due to the service provider or submit to the
12 service provider written notice stating the reason for the agency's
13 refusal to pay, in whole or in part, the amount due; (3) enter into
14 agreements that include conditions and terms that cover more than a

15 one-year period; (4) in consultation with the Secretary of the Office of
 16 Policy and Management, (A) standardize purchase of service
 17 agreements and contract compliance forms, (B) streamline processes
 18 for service providers to enter into personal service agreements and
 19 purchase of service agreements with a state agency, by methods that
 20 include, but are not limited to, the elimination of redundant forms, and
 21 (C) develop standardized methods to collect and retain information on
 22 cost methodologies and data, which the secretary shall aggregate,
 23 annually, to enable each state agency to track data trends, become
 24 more efficient and make recommendations for policy changes; (5)
 25 accept an electronic signature from a service provider for a personal
 26 service agreement, purchase of service agreement or financial report;
 27 and (6) make an electronic payment or an electronic funds transfer to a
 28 service provider for payment under the terms of a personal service
 29 agreement or purchase of service agreement.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2011	New section

APP *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill establishes and specifies policies surrounding the purchase of service agreements and personal service agreements, which are not anticipated to result in a cost to the state.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 6612*****AN ACT CONCERNING RECOMMENDATIONS FROM THE COMMISSION ON NONPROFIT HEALTH AND HUMAN SERVICES RELATING TO PURCHASE OF SERVICE CONTRACTS.*****SUMMARY:**

This bill requires every state agency that enters into a personal service agreement (PSA) or purchase of service (POS) agreement with a public health or human services provider to take certain additional steps when doing so. They must do so within available resources and regardless of any contrary requirements in the law governing POS agreements and the State Contracting Standards Board.

A PSA is a written agreement defining the services or end product to be delivered by a contractor to a state agency. (A PSA is not limited to health and human services.) A POS is a contract between a state agency and a private provider organization or municipality for the purchase of ongoing direct health and human services for agency clients.

The bill also requires the Office of Policy and Management (OPM) secretary to annually aggregate cost methodologies and data that state agencies will presumably collect.

EFFECTIVE DATE: July 1, 2011

AGENCY DUTIES WHEN ENTERING INTO PSA OR POS AGREEMENT

Under the bill, each state agency entering into these agreements must, within available appropriations:

1. execute an agreement at least 15 business days before the date services are scheduled to begin under the agreement;

2. pay the service provider the full amount due or provide notice as to why it is refusing to pay all or some of the amount due, within 45 days of receiving the provider's request for payment;
3. include in the agreement conditions and terms that cover more than a one-year period;
4. in consultation with the OPM secretary, (a) create standard POS agreements and compliance forms; (b) streamline POS and PSA processes by, among other things, eliminating redundant forms; and (c) standardize methods for collecting and keeping cost methodologies and data so that agencies can track data trends, become more efficient, and recommend policy changes;
5. accept electronic signatures from service providers for a POS, PSA, or financial report; and
6. pay service providers electronically or by fund transfers.

BACKGROUND

POS Law

By law, the OPM secretary must establish uniform policies and procedures for obtaining, managing, and evaluating the quality and cost-effectiveness of direct health and human services purchased from private provider organizations or municipalities.

State Contracting Standards Board

The State Contracting Standards Board (SCSB) has various responsibilities associated with state contracting processes, including adopting procurement regulations and reviewing, monitoring, and auditing state contracting agencies' procurement processes.

No Legal Distinction between PSA and POS

In 2005, the attorney general issued a formal opinion (Op. Att'y Gen. 2005-031), concluding that there is no legal distinction between a PSA and POS contract and that both are subject to competitive procurements. The PSA law allows sole-source purchases when the

OPM secretary grants a waiver.

Legislative History

The House referred the bill (File 496) to the Appropriations Committee, which favorably reported a substitute that eliminated a requirement that the OPM secretary establish a statewide data warehouse.

COMMITTEE ACTION

Human Services Committee

Joint Favorable

Yea 18 Nay 0 (03/22/2011)

Appropriations Committee

Joint Favorable Substitute

Yea 51 Nay 0 (05/10/2011)