



Nonprofit Human Services Cabinet

Children's League of Connecticut

Connecticut AIDS Resource Coalition

Connecticut Association for Community Action

Connecticut Association for Human Services

Connecticut Association of Area Agencies on Aging

Connecticut Association of Nonprofits

Connecticut Coalition Against Domestic Violence

Connecticut Coalition to End Homelessness

Connecticut Community Providers Association

Connecticut Consortium of Legal Services

Connecticut Council of Family Service Agencies

Connecticut Sexual Assault Crisis Services

Connecticut Women's Consortium

End Hunger Connecticut!

Mental Health Association of Connecticut

Oak Hill

Planned Parenthood of Southern New England

The Connection, Inc.

Wheeler Clinic

Testimony before the Human Services Committee 3.22.11

In support of HB 6612, AAC Recommendations from the Commission on Nonprofit Health and Human Services Relating to Purchase of Service Contracts

My name is Dan O'Connell and I am the President of the CT Council of Family Service Agencies and a member of the Steering Committee of the CT Nonprofit Human Services Cabinet. The Cabinet is a statewide coalition comprised of 20 nonprofit human service associations and organizations representing approximately 800 providers. Its mission is to advance a strong and unified nonprofit human services system to effectively meet community needs. Focusing on overarching issues impacting the state's human services delivery system, the Cabinet has worked with state agencies on critical contracting issues and business practices that impact over 2,000 Purchase of Service (POS) Contracts valued at approximately \$1.4 billion annually. Members provide the safety net for Connecticut's most vulnerable residents.

Last year the Legislature created the Commission on Nonprofit Health & Human Services ("the Commission") to bring legislators, Executive Branch employees and nonprofit providers together to begin addressing some of the issues facing the nonprofit human services provider system. Some of the areas that the Commission has considered include the POS contracting system and the cost to provide health and human services, as well as cost increases and sources of revenue. The Commission has met monthly since August, including four working groups that met regularly to examine certain areas of the provider system more closely. As a member of the Commission I can say that it has been a valuable process that has improved the communication between providers and the state.

90 Brainard Road

I urge your support of this bill, which contains several of the recommendations of the Commission. Section 1 addresses several of the most critical contracting practices that impact nonprofit human services providers, including timely contract execution, timely contract payments and the use of multi-year contracts. The failure of some state agencies to render timely contracts creates disruption and chaos within organizations, requires unnecessary utilization of lines of credit and borrowing, and creates anxiety among Board, management and staff of service providers. The same applies to late payments. To subsidize state services providers must turn to reserves or lines of credit, which banks are increasingly tightening and making more difficult to access. Lines of credit require providers to pay interest which is not reimbursed by the state. Presenting contracts to human services providers months after the implementation date or forcing them to incur interest while awaiting late payments should no longer be acceptable practices. Additionally, utilizing multi-year contracts will drastically reduce the administrative burden on both the state and private providers.

information could be provided in a standard format that was accepted by all state agencies for all contracts. Further, it is critical that information requested by the state be used by the state. Data should be aggregated and made available on a regular basis so that trends can be tracked and well-informed policy and budget recommendations can be made.

We also urge the state to continue to look at wage and benefit trends between public and private human services providers and establish an index of fixed costs associated with the provision of human services. Nonprofit human services providers are critical partners with the state in caring for some of its most vulnerable residents. We have faced an increased demand for our services and skyrocketing costs while the 20 year average cost-of-living adjustment (COLA) on POS contracts is less than 1%. The state must invest in the private provider system on which it relies. While immediate funding may not be available, now is the time for the state to examine trends and establish long-term funding mechanisms that will help sustain a private provider system that works in concert with the state system of care. Appropriate distribution of resources among community-based services and institutions along the continuum of care would allow for a more effective service balance that can divert an increasing number of individuals from hospitals and institutions, where appropriate. This would offer the most cost effective health and human services system to Connecticut residents.

The state and private providers must continue to work together to ensure a vibrant health and human services system that can meet the growing needs of Connecticut residents. The Commission has allowed for an open and honest dialogue between state agency staff and providers. It has allowed for increased learning and understanding by both parties of the challenges we face as an integrated service system. Through this valuable process we have jointly developed several recommendations that will improve the system for both state agencies and nonprofit human services providers. We look forward to working with legislators and state agencies to implement these recommendations.

Thank you for the opportunity to testify today.

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