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Testimony before the Program Review and Investigations Committee Regarding:

PRI Study Related to the Provision of Selected Services for Clients with Intellectual Disabilities

Presented By:

Julia Wilcox, Senior Public Policy Specialist, Connecticut Association of Nonprofits

Public Hearing Date: September 27, 2011

Senator Fonfara, Representative Rowe and distinguished members of the Program Review and Investigations Committee: I appreciate the opportunity to submit testimony. My name is Julia Wilcox, Senior Public Policy Specialist for the Connecticut Association of Nonprofits (CT Nonprofits.) CT Nonprofits is a membership organization that represents more than 525 nonprofit agencies. Approximately 300 of our member agencies contract with State government for a variety of human and social services. The following testimony is presented on behalf of the Developmental Disabilities Division of Providers who contract with the Department of Developmental Services (DDS.)

Carrie Vibert, Director; Catherine Conlin, Chief Analyst, and the Staff of the Program Review and Investigations Committee, are to be commended for their efforts to conduct the study related to DDS Services, with such integrity and diligence. Their expertise and commitment are greatly appreciated by all.

CT Nonprofits supports the recommendations as presented in the PRI Study.

The study is expansive, and includes most every aspect of service delivery and funding which are vital to the understanding and future progress of the Sector. Staff has been extremely inclusive in their approach, and it has been a privilege to support them in their research efforts to gather statistics and feedback from our membership. CT Nonprofits submitted a substantial number of reports to PRI staff, which are listed in detail following this testimony (refer to page 4.) Specifically, please note the following, related information and reports:

- CT Nonprofits Report: The Economic Health and Impact of Nonprofits in Connecticut (2010)
- *Connecticut Association of Nonprofits and CBIA Release 2nd Annual Connecticut Nonprofit Compensation Study (05.19.11)

As stated by the PRI staff, this study is comparing the cost of providing public and private services (residential and day) to individuals with intellectual disabilities, who receive 24-hour care in community or institutional settings, to determine the most cost-effective means to deliver those services. CT Nonprofits encourages the Legislature to consider, in particular, the following, as you process your response to the Study:

Section I: Rate Setting and Reimbursement:

- Per PRI Study: The billings for Medicaid services show that the costs are higher in public settings than private; public CLAs are more than twice as costly as private CLAs.

Section II: DDS Client (Consumer) and Cost Comparison Profile:

- PRI staff examined the average contracted residential services and supports and temporary funds per-client costs at each Level of Need (LON), and compared them to the funding guidelines that guide the LON assessment process.
 - In all cases, the average cost per client exceeds the maximum amount that a regional team can approve for services and supports under the funding guidelines until its authority is exceeded and the regional director or the regional UR team must make the decision about resource allocation.
- Based on data provided by DDS, PRI staff analysis, and adjusting client case mix based on level of need:
 - On average, it costs about 2.5 times more to take care of the clients (consumers) with the same LON in a public CLA (\$313,533) as a private one (\$124,443).
 - On average it costs 1.8 times more per-client (consumer) to provide residential care in regional centers (\$325,835) than it does in private ICFs/MR (\$168,786); and
 - On average, it costs twice as much per client (consumer) to provide residential care at STS (\$321,983) than it would at a private ICF/MR (\$168,786).

Section III: Private Provider Profile:

- About 75 percent of DDS clients who have 24-hour care now live in residences operated by private providers.

Section IV: Comparison of Staffing Resources:

- The average hourly wage for a private provider direct care worker is about \$15.53, about one-third less than the average wage for the lowest DDS class of direct care worker (\$24.24).

And finally – and of critical importance:

Section V: Quality Assurance:

- In FY 10 public CLAs had an average of 10 deficiencies per home; private CLAs had an average of 6.4.
- The average number of deficiencies found in CLAs with higher level of need clients was lower than in homes with lower client LON scores.

During April, 2011, CT Nonprofits proposed a list of 'Priorities for Consideration By the Department of Developmental Services.' The complete list of recommendations is included at the conclusion of this testimony. The following is an abbreviated listing of the priorities as presented to Commissioner Macy and the incoming Administration:

1. Strengthen the Integrity of the DDS Private Provider System of Services
2. Continue Efforts to Convert Services in All Areas, to the Least Restrictive Environment
3. Continue Efforts to Research Best Practices & Implementation Processes on a National Level
4. Continue Efforts Regarding Strategic Restructuring of Rate Systems for both Residential and Day Services
5. Continue to Improve Upon the Quality Assurance Systems of the DDS

It is extremely encouraging to note that the priorities of the Developmental Disabilities Division of CT Nonprofits, are very much in alignment with those of the incoming Commissioner and his administration – A philosophy which supports a truly person-centered approach to all aspects of the delivery of services.

It is our contention that a shift in philosophy is necessary. Discussion must move away from a debate over whether services should be provided by State employees or private providers, to a thoughtful discussion focused on planning for an affordable and sustainable system of services for those who will rely upon them in the coming decades. The dialogue must center upon a strategic discussion about how the needs of individuals may best be addressed with quality services now and for future generations.

As the Legislature continues efforts to address the ongoing fiscal crisis of the State, it is essential to view the support of human and social services (as provided by the nonprofit provider network) not as an 'expense,' but rather, an 'investment' in human capital and the welfare of our state. I would urge all legislators to appreciate and utilize both the capacity and the willingness of the Private Provider Community, to assist the individuals and families served by their collective programs, and to work in conjunction with the state in every way possible.

In closing, I would encourage you to contact nonprofit 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 most vulnerable citizens.

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

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∞ CT Nonprofits - Related Information & Reports ∞

- [CT Nonprofits' 2011 Cross-Sector Legislative Agenda](#)
- [CT Nonprofits Report: The Economic Health and Impact of Nonprofits in Connecticut \(2010\)](#)

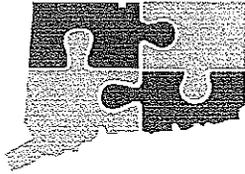
The following are links to both reports and press releases, which CT Nonprofits previously submitted to staff of the Program Review and Investigations Committee, to support them in their efforts:

- [*Connecticut Association of Nonprofits and CBIA Release 2nd Annual Connecticut Nonprofit Compensation Study \(05.19.11\)](#)
- [Joint Press Release Regarding the Final Report of the Commission on Nonprofit Health & Human Services \(04.05.11\)](#)
- [Nonprofits Support OPM's Push for Contracting Reform \(02.02.11\)](#)
- [Survey Reveals Significant Increase in Demand from First-time Users of Nonprofits \(04.26.10\)](#)
- [Opportunity Knocks: 2010 Nonprofit Retention and Vacancy Report \(2011\)](#)

*Connecticut Nonprofit Compensation Study 2nd Edition was distributed this past December/January through Connecticut Association of Nonprofits (CT Nonprofits) and Connecticut Business and Industry Association (CBIA). The study is a summary of information submitted by 266 nonprofit companies, contains information on pay administration, and information on the wages and salaries paid for 96 positions.

For additional information, please contact:

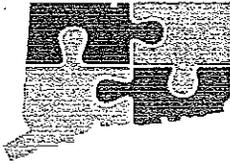
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Priorities for Consideration By the Department of Developmental Services (DDS)
Proposed by The Developmental Disabilities Division of CT Nonprofits, April 2011

(Contact: Julia Wilcox, Senior Public Policy Specialist, CT Nonprofits: JWilcox@CTNonprofits.org)

1	<p>Strengthen the Integrity of the DDS Private Provider System of Services:</p> <ul style="list-style-type: none"> → Continue efforts to ensure the stability of the nonprofit provider community. Explore ways in which the DDS may work in collaboration with Providers to strengthen the network of services, in the face of funding which chronically does not meet the actual cost of services provided. → Continue to support recommendations of both the DDS Legislative Rate Study Committee and the Commission on Nonprofit Health & Human Services. → Assist Providers in maximizing revenues by streamlining the PRAT process to ensure that all residential and day services opening are filled as appropriately and quickly as possible. → Review the elimination of the Cost Settlement process in the SFY12-13 Budget. 								
2	<p>Continue Efforts to Convert Services in All Areas, to the Least Restrictive Environment:</p> <ul style="list-style-type: none"> → Continue efforts to deinstitutionalize services for individuals with intellectual and developmental disabilities. → Continue to document the quality assurance and emotional impact of the individuals, families and staff involved in all future conversions. 								
3	<p>Continue Efforts to Research Best Practices & Implementation Processes on a National Level</p> <ul style="list-style-type: none"> → Recently CT Nonprofits conducted a 'State of the States' Forum, which compared & contrasted DDS services provided in 5 States. Above All - Critical to remain open to exploring new and innovative systems, and gain knowledge from both the success and disappointments of others. 								
4	<p>Continue Efforts Regarding Strategic Restructuring of Rate Systems for both Residential and Day Services:</p> <ul style="list-style-type: none"> → Assure continued and broad input from the Provider Community, representing all aspects of programs (both in terms of agency size and populations served.) → Continue to improve upon the coordination between the Level of Need (LON) and rate structure. → Maintain clear guidelines, regarding federal requirements, while continuing discussion related to comparisons between federal requirements vs. state policies and procedures. → Review and support Providers that experience significant revenue losses due to attendance-based issues which are beyond their control. 								
5	<p>Continue to Improve Upon the Quality Assurance Systems of the DDS:</p> <ul style="list-style-type: none"> → Utilize outcomes of CT Nonprofits' 'Quality Assurance Forum' (August 2010) as a blueprint moving forward, to address concerns and inefficiencies. Summary includes the following areas of concern: <table border="0" style="margin-left: 20px;"> <tr> <td>1 Interpretive Guidelines</td> <td>5 Scoring Process</td> </tr> <tr> <td>2 Responsibility / Accountability of DDS</td> <td>6 Medical Concerns</td> </tr> <tr> <td>3 Questions & Concerns Related to Overall Process</td> <td>7 Provider Certification</td> </tr> <tr> <td>4 Documentation</td> <td></td> </tr> </table> 	1 Interpretive Guidelines	5 Scoring Process	2 Responsibility / Accountability of DDS	6 Medical Concerns	3 Questions & Concerns Related to Overall Process	7 Provider Certification	4 Documentation	
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6	<p>Explore Areas for Improvements Regarding a More Collaborative Process Between DDS & DSS:</p> <ul style="list-style-type: none"> → Provide a system whereby funding issues which are affected by both state department, may be more readily resolved. 								
<p><i>"I'm extremely, extremely concerned with how fragile our private provider network is," Macy said. "My first order of business is to make sure they are as whole as they can possibly be." (CT Mirror, 4.07.11)</i></p>									



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2011

Cross-Sector Legislative Agenda

With over 500 members, Connecticut Association of Nonprofits is the largest membership organization in the state dedicated exclusively to nonprofits. Nonprofits play a significant role in our state's economy as both large and small employers that serve tens of thousands of residents annually. Whether it be by saving a life, keeping a family together, instilling hope through art, protecting the environment or giving someone a chance to be independent, nonprofits play a vital role in peoples' lives. Our members are dedicated to strengthening Connecticut's communities.

When Connecticut needs us most, this is what we need to be there for Connecticut...

Priority #1 – Sustainability

- **Allocate consistent and adequate funding** which enables nonprofit human services providers that produce high quality outcomes to meet the rising demand for services and ensure the highest quality of care.
- **Maximize federal revenue and reduce the unnecessary use of costly institutions and emergency room care** by utilizing efficient, cost-effective services provided in nonprofit community-based settings.
- **Create a nonprofit human services provider capital improvement fund** to address infrastructure needs.
- **Reduce unfunded mandates** and other burdensome administrative requirements that take time and resources away from providing services.
- **Expand low interest loan funds.** The expansion of low interest loan funds to all nonprofits are crucial to compensate for the stress placed on provider infrastructure by the dramatic rise in service demand. The state can utilize the format established by the Department of Developmental Services and should expand the scope of the loan to include mortgages, capital improvements and working capital.

Priority #2 – Long-Term Solutions through Meaningful Reform

- **Implement recommendations made by the Commission on Nonprofit Health & Human Services.**
- **Achieve consistent contracting processes across all state agencies** and establish meaningful oversight of these processes, including compliance with timely contract payments.
- **Expand and enhance state revenues** as an alternative to cuts to human services, which are a short-term fix to a budget crisis that will create significantly larger long-term problems for the state. A truly progressive income tax should be adopted and costly tax loopholes should be fixed.
- **Increase the state single audit threshold for nonprofits that contract with the state to \$500,000 in expended state funding.** In 2009, the state increased the threshold from \$100,000 to \$300,000 in expended state funding. Nonprofits will still be required to complete a Core Human Services contract which gives the state full access to all contract-related data, as well as the organization's 990 which must be filed annually with the IRS.
- **Revise the Neighborhood Assistance Act (NAA)** to permit greater utilization by both nonprofits and businesses. The NAA gives tax credits against specified business taxes for investments in local community service activities and programs.

An investment in nonprofits is an investment in Connecticut's well-being.