
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)