
OLR Bill Analysis

sSB 1059

AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE COMMISSION ON ENHANCING AGENCY OUTCOMES.

§ 1 — DEPARTMENT OF ADMINISTRATIVE SERVICES SMART PROGRAM

The bill requires the governor to consolidate the personnel, payroll, and business office functions of certain state agencies, chosen by the governor, into the Department of Administrative Services (DAS) SmART Unit. The SmART Unit, established by PA 05-251, provides personnel, payroll, and business office functions to participating agencies. It also provides affirmative action functions, but under the bill the selected agencies' affirmative action functions presumably do not transfer to the SmART Unit. The governor must report to the Government Administration and Elections (GAE) Committee by December 31, 2011 on the status of the consolidation and the agencies chosen for it.

The bill also authorizes the governor, with the Finance Advisory Committee's approval, to modify or reduce agency allotments, revise the number of positions agencies may fill during FYs 11 and 12, and transfer funds and positions to DAS to implement the consolidation. If, as a result of efficiencies from the consolidation, the number of filled positions exceeds work requirements, the state must transfer current employees to funded vacancies in their same or comparable classifications in other agencies.

EFFECTIVE DATE: Upon passage

§§ 2-35 & 294 — TRANSFER OF GAMBLING OVERSIGHT TO DEPARTMENT OF CONSUMER PROTECTION

The bill eliminates the Division of Special Revenue (DSR) and transfers its responsibilities to the Department of Consumer Protection (DCP). It also moves the Gaming Policy Board to DCP from the

Department of Revenue Services (DRS). The bill makes minor, technical, and conforming changes to implement these changes.

DSR and the Gaming Policy Board administer, regulate, and oversee all legalized gaming in the state, including tribal casinos, pari-mutual and off-track betting, charitable games, and the state lottery. Generally, the board has policy and review functions, while DSR manages day-to-day operations.

The bill also (1) makes several changes to the bingo statutes, (2) eliminates sealed tickets, and (3) alters state oversight of bazaar and raffle games.

EFFECTIVE DATE: July 1, 2011

§§ 2-6 — Department of Consumer Protection

The bill specifies that any order or regulation of the DSR executive director that is in force on July 1, 2011 will continue to be enforced by the DCP commissioner after that date. If any conflict arises, the commissioner may implement policies and procedures in accordance with quasi-public agency statutes. The bill specifies that whenever the DSR terms are used in the general statutes or special acts, the corresponding DCP terms will be substituted. For example, every time the executive director is mentioned, it will be changed to the DCP commissioner.

The bill adds the DCP commissioner, or his or her designee, as a member of the Abatement Review Committee and removes the executive director. By law, the committee considers and approves certain tax abatements.

The bill removes the restrictions on compensation of public officials and state employees for acting on behalf of another person before DSR, but it does not make the corresponding change to include DCP's assumption of DSR's responsibilities. The bill does not remove the same restriction governing the Gaming Policy Board.

Currently, the executive director is restricted from actively

participating in political activities, which include, among other things, campaigning for a candidate in a partisan election through speeches or writings. The bill does not transfer this restriction to the DCP commissioner.

§§ 7-25 — *Division of Special Revenue*

The bill eliminates DSR, which is currently in DRS, and transfers its responsibilities and authority to the DCP. The transfer eliminates the DSR executive director position, transferring his authority and responsibilities to the DCP commissioner.

§ 19 — *Connecticut Lottery Corporation.* The bill changes the dates for the Office of Policy and Management's (OPM) assessment of the Connecticut Lottery Corporation (CLC) for DCP's regulatory costs (formerly DSR regulatory costs). It changes, from August 1st to May 1st, the date by which OPM must submit its assessment of the preceding year's cost and an estimate of the next year's costs to the CLC. It also changes, from September 15th to June 15th, the date OPM must finalize the assessment for the preceding year. It moves CLC's quarterly payments up by three months, from October 1st to July 1st, January 1st to October 1st, April 1st to January 1st, and July 1st to April 1st.

§§ 11 & 12 — *Special Policemen.* The bill transfers, from DSR to DCP, the special policemen and their criminal enforcement authority. By law, the special policemen and the Division of State Police legalized gambling investigative unit handle legalized gambling criminal enforcement, including charitable gaming, pari-mutual and off-track betting, and the state lottery. The legalized gambling investigative unit remains in the Department of Public Safety.

§§ 28 & 30 — *Bingo*

The bill transfers to DCP most but not all of DSR's authority to administer and regulate bingo. It transfers the authority to grant permits, investigate violations, and revoke or suspend permits, among other powers. It does not transfer the DCP commissioner's ability to adopt regulations to enforce the bingo statutes, but it does allow him

to enforce current regulations.

The bill eliminates:

1. the commissioner's authority to permit qualified members of an approved organization to assist in a bingo game sponsored by another organization;
2. the provision that enables the DSR executive director and public safety commissioner to access information gained from inspecting bingo records of receipts and disbursements; and
3. the requirement that those conducting bingo file returns, which are public records, within 10 days of the game and pay the state 5% of the gross receipts (less the prizes awarded); and
4. the requirement that the executive director pay each municipality where bingo is conducted 0.25% of the total money wagered (less the prizes awarded). These payments are made between one and four times a year, using the bingo permit fees.

§§ 29 & 31-35 — *Bazaars and Raffles*

The bill alters state oversight of bazaars and raffles. It eliminates most of the statutes that govern bazaars and raffles, allowing towns to set up their own scheme.

The bill does not change the existing process for a town to allow bazaars and raffles. Towns must still vote to adopt an ordinance based on statutory guidelines to allow bazaars and raffles, and groups must still qualify statutorily (e.g., a veterans group or church organization).

The bill eliminates the following bazaar and raffle provisions: (1) the requirements for permit applications, (2) investigations of applicants, (3) kinds of permits, (4) permit fees, (5) prizes, (6) equipment, (7) types of advertising, (8) report requirements, (9) suspension or revocation, (10) receipt reporting, (11) examination of reports, and (12) regulations.

The bill does not eliminate "fifty-fifty" coupon games, cow-chip, teacup, duck-race, frog-race, or tuition raffles, but does make minor,

technical, and conforming changes to state oversight in these games.

It eliminates most of the statute controlling a fifty-fifty coupon game, including the limit of no more than three drawings on any day. The bill keeps the provision that a bazaar or raffle may only operate the game each day of the event and may award cash prizes of 50% of the game sales. Currently, fifty-fifty games are subject to specific regulation by the executive director. This includes regulations on (1) price, (2) how the game is run, (3) notice, (4) record-keeping, (5) filings, and (6) reports.

The bill eliminates requirements that (1) all funds derived from a bazaar or raffle be used exclusively for the purpose stated on the application and (2) an organization conducting a cow-chip raffle furnish, along with its application, a plot plan that displays the area being utilized for the raffle and the numbered plots, each corresponding to a numbered cow-chip raffle ticket.

§ 294 — Sealed Tickets

The bill repeals the law allowing sealed ticket games and makes them illegal. Sealed tickets are cards with tabs that, when pulled, expose pictures of various objects, symbols, or numbers and entitle the ticketholder to receive a prize if the combination of objects, symbols, or numbers pictured matches the winning combination.

§ 36 — SOUTHBURY TRAINING SCHOOL

The bill requires the Department of Developmental Services (DDS) commissioner, or his designee, to lead a working group to develop a plan to deinstitutionalize the residents of Southbury Training School (STS). The group must include the OPM secretary, or his designee, and a representative, each selected by the DDS commissioner, of (1) the school's residents, (2) state employees working at STS or a union representing them, (3) an advocacy group for the residents, and (4) a private provider of services the residents need.

The deinstitutionalization plan must consider the feasibility of safely moving the residents into new community settings. The working group must consider the (1) relationships built between residents and staff and (2) whether state employees, private providers, or both

should provide services to the residents. Any plan recommendations must be based on a cost-benefit analysis that considers both financial costs and quality of care issues.

The DDS commissioner must report on this plan to the GAE Committee and the governor within six months of the bill's passage.

EFFECTIVE DATE: Upon passage

§ 37 — RIVERVIEW HOSPITAL

The bill requires the Department of Children and Families (DCF) commissioner, or her designee, to lead a working group to develop a plan to deinstitutionalize the patients of the Riverview Hospital for Children and Youth. The group must include the OPM secretary, the commissioners of the Mental Health and Addiction Services and Public Health departments, each of whom may select a designee; the child advocate; and a representative of (1) the hospital's patients, (2) state employees working at Riverview or a union representing them, (3) a patient advocacy group, and (4) a private provider of services that the patients need. The DCF commissioner selects each of these representatives.

The working group must consider (1) the quality of care provided, (2) the promotion of home and community-based care, (3) whether state employees, private employees, or both should provide care, (4) possible staff downsizing without compromising care quality, and (5) alternative prevention and intervention treatment programs that could help avoid inpatient care. Plan recommendations must be based on a cost-benefit analysis that considers both financial costs and quality of care issues.

The DCF commissioner must report the plan to the GAE Committee and the governor within six months of the bill's passage.

EFFECTIVE DATE: Upon passage

§ 38 — MANAGER- AND SUPERVISOR-TO-EMPLOYEE RATIO

No later than three months after its passage, the bill requires the

OPM secretary to (1) develop a plan to reduce the Executive Branch agency manager- and supervisor-to-employee ratio to no more than 1:10 and (2) file its plan with the GAE Committee and governor. The plan must ensure that the 1:10 ratio is achieved as a bottom line number, spread across all Executive Branch agencies, within nine months of its completion. The bill defines "Executive Branch agency" as all departments, boards, councils, commissions, or other agencies in the Executive Branch but does not include the offices of the Attorney General, Comptroller, Secretary of the State, or Treasurer.

An agency that fails to comply with the plan's goals within nine months of the time when the OPM secretary files the plan must report its reasons for noncompliance to the governor, OPM, and GAE Committee.

EFFECTIVE DATE: Upon passage

§ 39 — CONSOLIDATION OF ADMINISTRATIVE FUNCTIONS OF HEALTH AND HUMAN SERVICES AGENCIES

No later than three months after its passage, the bill requires the OPM secretary, in consultation with the commissioners of public health, developmental services, children and families, mental health and addiction services, and social services, to create a plan to consolidate these agencies' personnel, payroll, affirmative action, and business office functions. "Business office functions" generally include budgeting, accounts payable, accounts receivable, purchasing, grant management, central accounting, delinquent accounts, or asset management.

The bill requires the plan to reduce the agencies' costs by at least 28%; the OPM secretary must submit it to the governor and GAE Committee.

EFFECTIVE DATE: Upon passage

§§ 40-227 & 294 — ECONOMIC DEVELOPMENT AGENCIES CONSOLIDATION

The bill consolidates the Department of Economic and Community

Development (DECD), and three quasi-public agencies—the Connecticut Development Authority (CDA), Connecticut Innovations, Inc. (CII), and the Connecticut Housing Finance Authority (CHFA)—into a new Connecticut Economic Development Authority (CEDA), which the bill creates as a quasi-public agency (§ 41). The bill also authorizes the treasurer to examine CEDA and requires the state auditors annually to review its accounts, actions current law authorizes with respect to CII.

EFFECTIVE DATE: July 1, 2011, except for the provisions conforming to tax incentive statutes, which take effect October 1, 2011.

§§ 40, 42 & 48 — Transfer of Powers

The bill consolidates the agencies by designating CEDA as DECD's successor and transferring CDA's, CII's, and CHFA's powers, duties, and programs to the new agency, making many technical and conforming changes. It also makes CDA's subsidiary—the Connecticut Brownfield Redevelopment Authority—a subsidiary of CEDA.

Some of the conforming changes reactivate several one-time technology deployment programs. Other changes affecting DECD programs require CEDA to fund them within existing appropriations, a requirement that applies only to state agencies receiving General Fund appropriations, not self-funded quasi-public agencies.

The bill makes CEDA the successor to CDA's bonds and transfers many existing bond authorizations to it but makes no provisions for funding CEDA. The three quasi-public agencies pay for their salaries and operations with fees, charges, investment earnings, and other revenue they generate; DECD covers its salaries and operations with General Fund appropriations.

The bill also transfers CHFA programs to CEDA and CHFA's annual share of the state's allocation for private activity bonds allocated to Connecticut (§ 98). Under federal law, the proceeds from the sales of these federal tax-exempt bonds can be used to benefit private entities, including first-time homebuyers. By transferring

CHFA's share of the state's allocation, the bill allows CEDA to use the proceeds of private activity bonds for non-housing activities permitted under federal law.

§ 41 — Governing Board

The bill establishes an 11-member board to run CEDA. The members are appointed by the governor and legislative leaders, and include the treasurer and OPM secretary. As Table 1 shows, the board's composition closely resembles CDA's.

Table 1: Comparison of CEDA and Existing Quasi-Public Agency Boards

Appointing Authority	CEDA	CDA	CII	CHFA
Ex Officio	Treasurer and OPM secretary, or their designees	Treasurer, OPM secretary, DECD commissioner, or their designees	DECD and Higher Education commissioners and OPM secretary, or their designees	DECD and Banking commissioners, OPM secretary, and treasurer
Governor	Five members	Four members with expertise in financial lending or developing commerce, trade, or business	Eight members with expertise in innovative technologies and technological processes	7 members with experience in all aspects of housing
House Speaker	One member	One member	One member	One member with housing experience
Senate President Pro Tempore	One member	One member	One member	One member with housing experience
House Minority Leader	One member	One member	One member	One member with housing experience
Senate Minority Leader	One member	One member	One member	One member with housing experience
Total Members	11 members	11 members	15 members	15 members

The bill imposes no experiential requirements for CEDA board members. Their terms, conditions, and requirements for serving on the board are largely the same as those for the CDA board.

The board must annually elect its chairperson and vice chairperson. Under current law, the governor appoints the chairpersons of the CDA and CII boards, subject to legislative approval.

§ 41 — Board Powers and Duties

Under the bill, the powers and duties of CEDA's board are largely the same as those of CDA and CII, including appointing the authority's executive director (see below). The bill transfers to CEDA the CII board's power to approve technology and venture-related applications. In doing so, it drops the requirement that CEDA's board create a finance committee to perform this task.

§§ 43 — Statutory Authority

The bill transfers DECD's, CDA's, and CII's powers and duties to CEDA. Although it eliminates CHFA's board, it neither eliminates CHFA's statutory powers nor transfers them to CEDA (see COMMENT, CHFA Status).

The bill authorizes the CEDA board to adopt written procedures for operating the authority. But it also specifies that DECD's regulations and CDA's and CII's written procedures remain in effect regarding any activity CEDA undertakes under their respective statutes. It does not make similar provisions for CHFA's written procedures.

§44 — Tax Exemption

The bill exempts CEDA and its subsidiaries from all municipal and state taxes.

§45 — Subsidiaries

The bill allows CEDA to establish subsidiaries to implement any of its statutory purposes, including cleaning up contaminated property. Current law allows CDA to establish subsidiaries only for this purpose. Under the bill, CEDA's subsidiaries have mostly the same powers and duties as CDA's. But, unlike the subsidiaries CDA creates under current law, CEDA's subsidiaries must pay the Department of Environmental Protection's fees for entering into covenants not to sue. The covenants are a legal device used to encourage developers to clean

up and redevelop contaminated property.

§ 46 — Executive Director

The bill authorizes CEDA's board to appoint an executive director, who cannot be a board member. It also allows the board to appoint other officers as it determines are necessary and who serve at its pleasure. The bill exempts these officers from civil service law and authorizes the board to determine their compensation.

Under current law, the CDA and CII boards may appoint only the executive directors of their respective agencies. It allows the CDA director to appoint other officers.

The powers and duties of CEDA's executive director are similar to those of CDA's and CII's.

§47 — Annual Legislative Reporting Requirement

The bill imposes the same annual report requirements on CEDA the law currently imposes on DECD, CDA, and CII. But it requires CEDA to do so by submitting separate reports covering its activities under the (1) DECD and CDA statutes and (2) those under the CII statutes.

Current law also requires the three agencies to provide any additional reports and information the Commerce, Appropriations, and Finance committees request. The bill requires CEDA to provide additional information only with respect to the separate report it must submit under the CII statutes.

§ 49 — Transition Assistance

The bill allows CDA and CII to help CEDA assume their respective powers and duties. Between July 1 and September 30, 2011, CDA and CII can contract with CEDA to provide this assistance, which may include technical support and facilities, equipment, and supplies. But the bill eliminates both agencies on July 1, 2011.

§ 149 — Housing Displacement

The transfer extends a DECD planning requirement to projects CEDA funds under the CDA, CII, and CHFA statutes. Under current

law, applicants for DECD funds must submit plans for minimizing the extent to which their projects displace people from their homes and apartments and relocating those who must be displaced. By transferring this requirement to CEDA, the bill imposes it on all CEDA projects, not just those it funds under the former DECD statutes.

§§ 139, 142, 144-146, 148, 159, 162, 163, 166, 167, 171, 173, 178, 180, 181, 183, 184-193, 197, 199-202, 204-217, 219-223, & 225 — CEDA's Interagency Role

The bill deletes DECD from numerous statutes appointing the commissioner to various commissions, boards, and committees and requiring other agencies to notify her about various actions. It does not substitute CEDA's executive director for the DECD commissioner. These changes apply to such entities as the Business Tax Credit and Tax Policy Review Committee and the Connecticut Maritime Commission. The bill also deletes provisions requiring other officials to notify or consult with the commissioner about policies ranging from designating scenic roads to approving customized job training programs.

§§ 228-234 & 259-260 — DIRECT DEPOSIT

The bill requires (1) state employee wages, (2) state pension payments, and (3) worker's compensation payments made to state employees or their dependents to be paid by (a) electronic direct deposit to a bank or a state or federal credit union or (b) pay card. It allows paying employee wages and pensions by check upon the employee or pension recipient's request. The bill excludes from the direct deposit requirement worker's compensation payments to healthcare providers. The wage provision applies to all state and quasi-public agency employees. The pension provision applies to (1) the retirement system and alternate retirement program administered by the Connecticut State Employees Retirement Commission and (2) the teacher's retirement system.

The bill defines a pay card as a card issued by an employer or payroll service provider that is linked to a payroll card account and credited with employee wages or retiree pension payments,

respectively. A “pay card system” is an electronic pay arrangement where wages or payments are credited on a recurring basis to a payroll card account that is subject to withdrawal charges and fees. Withdrawals may be made at automated teller machines or point of sale terminals.

The bill also requires (1) the state to provide pay records to its employees electronically, with printed records provided only upon request, and (2) each agency to implement and maintain an electronic time and attendance system that is compatible with the statewide time and attendance system. It is unclear if the bill requires itemized deductions and net earnings to be included in the electronic pay advisement.

The bill requires the comptroller to use electronic direct deposit to pay any vendor that receives more than 100 payments per year. It is unclear if the 100-payment requirement refers to payments from the state to the vendor or to all payments received by the vendor. The comptroller must also (1) evaluate the state’s current billing and payment methods with the goal of finding opportunities to make the processes electronic and (2) report the findings to the GAE Committee within three months of the bill’s passage.

EFFECTIVE DATE: Upon passage, except for the section on pension payments, which is effective July 1, 2011

§§ 235-237 & 293 — SECRETARY OF THE STATE

The bill eliminates a requirement for the secretary of the state to send a printed copy of all favorably reported bills to the State Library; the Library of Congress; the UConn, Wesleyan University, and Quinnipiac University libraries; and the UConn and Yale University law libraries. Additionally, it eliminates a requirement that the House and Senate clerks reserve seven copies of each printed bill for distribution to these libraries.

The bill also eliminates requirements that the secretary (1) distribute, to town and Superior Court clerks, printed copies of each

public act that takes effect upon passage; (2) immediately certify to the treasurer and comptroller the amount and purpose of each legislative appropriation; and (3) provide a certificate of mailing for notices of special and reconvened legislative sessions.

The bill also requires the Public Utilities Control Authority commissioners to file their financial disclosure statements with the Office of State Ethics instead of the secretary of the state. By law, these disclosure statements are filed when a commissioner is appointed and annually thereafter.

EFFECTIVE DATE: Upon passage

§§ 238-257 — BUSINESS ENTITY FILINGS

The bill makes changes affecting reports that certain business entities file with the secretary of the state. It affects domestic and out-of-state stock and non-stock corporations, limited partnerships, limited liability companies (LLC), limited liability partnerships (LLP), and statutory trusts.

EFFECTIVE DATE: October 1, 2011

Electronic Document Filing

For the business entities referenced above, other than statutory trusts, the bill allows the secretary of the state to require or permit any document that must be filed with her office by law or regulation to be submitted by electronic transmission or new technology, as it develops. Current law allows corporation documents to be delivered by electronic transmission to the extent the secretary permits it.

Annual Reports

Beginning October 1, 2011, the bill requires these business entities, except statutory trusts, to file their annual reports with the secretary between October 1 and January 1 each year. Under current law, corporations file their annual reports (except the first report, which is due within 30 days after an organizational meeting) according to the secretary's regulations. The other entities file them on the anniversary of their formation, filing of articles of organization, or, in the case of

out-of-state entities, filing of their registration to do business.

The bill requires the annual reports to (1) include the entity's e-mail address if there is one and (2) be filed electronically, unless the secretary grants an exemption. Under the bill, the secretary may grant an exemption if an entity (1) is not capable of filing electronically, (2) cannot pay in an authorized manner by electronic means, or (3) shows good cause.

The bill also requires the secretary to deliver or e-mail a notice that the annual report is due, rather than mail a form for the report.

Copies of Documents

For limited partnerships, limited liability partnerships, and statutory trusts, the bill allows the secretary, in her discretion and for good cause, to permit the use of a photostatic or photographic copy of any document required or permitted to be filed or recorded under the laws governing the entity, instead of the original instrument. The bill gives the copy the same force and effect as the original. The law already applies these provisions to corporations and LLCs.

Definitions

The bill adds and changes definitions in the laws that apply to particular entities. As a result, the same definitions will apply to corporations, limited partnerships, LLCs, and LLPs.

The bill adds the following definitions to the laws governing limited partnerships and LLPs:

1. "deliver" or "delivery" is any method used in conventional commercial practice, including by hand, mail, commercial delivery, and electronic transmission;
2. a "document" includes anything delivered to the secretary for filing under the entity's laws;
3. "electronic transmission" is any process of communication not directly involving the physical transfer of paper that is suitable

for the recipient retaining, retrieving, and reproducing information; and

4. “sign” or “signature” includes any manual, facsimile, conformed, or electronic signature.

The bill specifies that these and other definitions for LLPs apply to all provisions on such partnerships.

For LLCs, it adds the same definitions of “deliver” and “document” and changes the definition of “sign” to include electronic signatures.

The bill also adds the definitions for “document” and “sign” to the laws on statutory trusts but does not add the other terms.

Limited Liability Companies

Under current law, articles of organization and any documents required to be filed under the LLC law must be typed, printed, or, if authorized by the secretary, electronically transmitted. The bill requires them to be in a format that can be retrieved or reproduced in a typed or printed form if electronically transmitted.

Statutory Trusts

Current law requires a statutory trust to file the original, signed copy of its certificate of trust with the secretary. The bill eliminates the requirement that the copy be the original document and only requires a signed copy. The bill makes conforming changes to require that the date of filing of the initial certificate of trust, rather than the date of filing an “original” certificate of trust, be included when filing certificates of amendment or cancellation or restated certificates of trust. It requires the secretary to endorse, accept for filing, and retain signed documents instead of signed original documents.

§ 258 — POSTAGE REDUCTION

Regardless of any law to the contrary, the bill (1) requires each state agency to modify its forms to ask for the e-mail address of its clients, licensees, and other people it routinely contacts and (2) authorizes agencies to notify these people by e-mail, rather than by mail. The bill

does not (1) establish a deadline by which agencies must modify their forms or (2) require recipients to consent to e-mail notifications. Apparently, agencies may send e-mail notifications to anyone who provides an e-mail address, even if he or she does not request such electronic notification.

EFFECTIVE DATE: Upon passage

§§ 261-272 — BULK PURCHASING FOR DSS PHARMACY PROGRAMS

Joint Procurement

PA 09-206 required the Department of Social Services (DSS) commissioner, along with the DAS commissioner and comptroller, to develop a plan to (1) implement a drug purchasing program to combine DSS' drug assistance programs with the state employee and prisoner health plans' drug procurement programs and (2) join a multi-state purchasing pool. The plan was to have been submitted to the Human Services and Public Health committees by December 31, 2009.

Although DSS never submitted the plan, it recently joined the multi-state pool to procure additional rebates for DSS drugs on that pool's preferred drug list.

The bill requires DSS to submit the plan to the original committees plus the GAE Committee within 90 days of the bill's passage. It also requires the commissioner to submit to the federal Centers for Medicare and Medicaid Services any Medicaid state plan amendment that may be necessary to implement the plan.

The bill also requires the comptroller to develop, in consultation with the DSS commissioner, a separate plan to combine drug procurement in the (1) state employee and retirees and (2) DSS medical assistance programs. He must implement this joint procurement by July 1, 2012. It makes numerous conforming changes to move responsibility for related functions from the DSS commissioner to the comptroller.

Procurement Costs

The bill requires the state to reimburse pharmacists for prescriptions dispensed to DSS medical assistance program recipients at the rate that the comptroller pays to procure them. Currently, for brand name drugs, DSS reimburses pharmacists the average wholesale price minus 14%, plus a \$2.90 dispensing fee. The bill retains the \$2.90 dispensing fee.

For generic drugs, the bill requires the comptroller to pay the actual acquisition cost. Currently, DSS has three payment options for reimbursing pharmacies for generics dispensed to DSS medical assistance recipients, including paying the actual acquisition cost.

Pharmacy Benefits Manager

The bill requires the comptroller, in consultation with the DSS commissioner, to contract with a pharmacy benefits manager (PBM) or a single entity qualified to deliver comprehensive health care services to Medicaid recipients on a prepaid, capitated basis, to provide prescription drug coverage to Medicaid recipients receiving services in a managed care setting.

The bill also requires the comptroller, in consultation with DSS, to contract with a PBM to negotiate with pharmaceutical manufacturers to get supplemental rebates for drugs on the state's preferred drug list. Currently, DSS alone has this responsibility.

Removal of Reporting Requirement

The bill eliminates a requirement that DSS annually review and update the maximum allowable cost list for generic drugs and report to the Appropriations Committee.

EFFECTIVE DATE: July 1, 2011, except the provision regarding the first drug purchasing plan is effective upon passage.

§ 273 — PURCHASE OF SERVICE CONTRACTS

The bill requires the OPM secretary, in consultation with the public health, developmental services, children and families, mental health

and addiction services, and social services commissioners, to evaluate all existing purchase of service contracts and devise a system to consolidate them to reduce the number of contracts private providers must have with the agencies.

The OPM secretary, within three months of the bill's passage, must submit the evaluation's findings and any recommendations to the GAE Committee.

A purchase of service contract is one between a state agency and a private provider organization or municipality for the purchase of ongoing direct health and human services for agency clients.

EFFECTIVE DATE: Upon passage

§ 274 — PERSONAL SERVICE AGREEMENTS (PSAs)

The bill requires the OPM secretary to review all PSAs with a term of three or more years to determine whether they are a good value. In determining their value, the secretary must assume a preference for:

1. fewer long-term contracts,
2. restrictions on contract amendments,
3. more outside evaluation of need, and
4. more contingency contracting.

After conducting the review, the secretary must recommend contracting practices with the goal of achieving an aggregate savings of 10% for all PSAs. Within three months after the act's passage, the secretary must submit a report with his findings and recommendations to the GAE Committee.

A PSA is a written agreement defining the services or end product to be delivered by a contractor to a state agency.

EFFECTIVE DATE: Upon passage

§§ 275-276 — PROCUREMENT

Modern Procurement Practices

The bill requires all state agencies to use modern procurement practices in routine purchasing in order to achieve a 10% reduction in the cost of state contracting. DAS must establish guidelines for these practices and post them on its website. They may include (1) reverse auctions, (2) job-order contracting, (3) on-line bid submission, (4) membership in purchasing cooperatives, (5) performance-based contracting, and (6) contingency contracting.

Under the bill, “job-order contracting” means a competitively bid contract that uses a catalog of pre-priced, common construction tasks and sets parameters involving the design criteria and the type, location, and maximum amount of work. “Performance-based contracting” means the agency states the result it wants achieved and contractors’ bids state methods for achieving that result. The agency must develop clear ways to measure the result and contractors’ performance. “Contingency contracting” means the contractor is paid on a percentage basis of the savings or revenue collected by the agency that is attributable to the contract.

Reverse Auctions

The bill expands the use of reverse auctions by state agencies, political subdivisions of the state (e.g., municipalities and quasi-public agencies), and school districts. It allows these entities to use reverse auctions to award service contracts that will be performed by someone other than the contracting entity's employees. Under the bill, “services” mean (1) laundry and cleaning, pest control, janitorial, and security services; (2) advertising, photostating, and mimeographing; (3) other service arrangements; and (4) the rental, repair, or maintenance of equipment, machinery, or other personal property owned by the contracting entity. It does not include construction or construction management services.

Under current law, a “reverse auction” is an on-line bidding process in which qualified bidders and proposers anonymously submit bids or proposals to provide goods or supplies pursuant to an invitation to bid or request for proposals. By law, state agencies, political subdivisions,

and school districts may use a reverse auction to award contracts for goods and supplies if they determine that doing so would be to their advantage and ensure a competitive contract award. They may contract with a third party to prepare and manage the reverse auction.

EFFECTIVE DATE: Upon passage

§ 277 — RETURNS OF UNUSED PRESCRIPTION DRUGS

The bill requires the DSS commissioner, within 90 days of the bill's passage, to report to the GAE Committee on the effectiveness of the nursing home drug return program. The report must include:

1. the name of each nursing home that the commissioner has notified of failure to comply with the return program requirements and the amount of the penalty DSS assessed for the noncompliance,
2. the total number of nursing homes that the commissioner has reason to believe have failed to comply with the return program law and why they may have been noncompliant,
3. a description of the commissioner's efforts to increase compliance, and
4. recommendations for increasing compliance.

EFFECTIVE DATE: Upon passage

§ 278 — INCREASING USE OF GENERICS IN DSS PHARMACY PROGRAMS

The bill requires the DSS commissioner, within 90 days of the bill's passage, to develop and implement a plan to (1) increase by at least 5% the use of generic drug substitutions dispensed to DSS pharmacy assistance program beneficiaries and (2) lower the amount the state pays for generics to an amount not more than the national Medicaid average for generics. Currently, for most generics, the state pays the average wholesale price minus 50% for generic products.

The plan must include a description of policy changes to be

implemented to reduce the number of brand-name drugs for which DSS or its independent pharmacy consultant grants prior authorization. In general, medical assistance recipients are supposed to receive chemically equivalent generic substitutions when they present a prescription at the pharmacy. A prescriber must receive prior authorization if he or she wants the patient to have a brand name drug that is not on DSS' preferred drug list.

DSS must submit the plan to the GAE Committee by September 1, 2011.

EFFECTIVE DATE: Upon passage

§279 — DRUG UTILIZATION REVIEW BOARD

The bill requires DSS pharmacy program personnel to direct the state's Drug Utilization Review (DUR) Board to study (1) the average number of prescription drugs dispensed annually to each DSS pharmacy program beneficiary, (2) why the number is higher in Connecticut than other states, and (3) recommendations concerning drug dispensing.

The DSS commissioner, within 90 days of the bill's passage, must report to the GAE Committee on the DUR Board's findings.

EFFECTIVE DATE: Upon passage

§ 280 — FEDERAL VETERANS' BENEFITS

The bill requires the Department of Veterans' Affairs (DVA) to enter into a memorandum of understanding with the Department of Mental Health and Addiction Services (DMHAS) to:

1. permit DMHAS to send quarterly electronic reports to DVA containing lists of DMHAS clients whom DMHAS has deemed eligible for, or currently receiving, DMHAS or federal veterans benefits;
2. require DVA to further research these clients' eligibility for state or federal benefits; and

3. require DVA to report to DMHAS on the status of state and federal veterans benefits for DMHAS clients.

(In April 2009, DVA signed a memorandum with DSS that contains similar terms, as well as the requirement that DVA comply with state and federal privacy and security laws, including the Health Insurance Portability and Accountability Act of 1996 (also known as HIPAA)).

EFFECTIVE DATE: Upon passage

§ 281 — BALANCING INCENTIVE PAYMENT PROGRAM

The bill requires the DSS commissioner to adopt a long-term care rebalancing strategy that (1) meets the objectives of the State Balancing Incentive Payment Program (BIPP) established in the federal Affordable Care Act and (2) establishes a goal to reduce the state nursing home bed ratio to the national ratio by 2017. The nursing home bed ratio is the number of nursing home beds per 1,000 residents aged 65 and older. In 2006, Connecticut's ratio was 61.2 while the national ratio was 45.2.

The Affordable Care Act created the BIPP, which runs from October 1, 2011 through September 30, 2015. The program offers financial incentives to states that spent less than half of their Medicaid long-term care dollars on home- and community-based services (HCBS) in FY 09. Connecticut, which spent 35% of its long-term care funds on HCBS in FY 09, is eligible for a 2% increase in its federal Medicaid match, to 52% instead of 50%.

The bill requires the commissioner, by January 1, 2012, to report to the Aging, Human Services, and Public Health committees on this strategy and recommend any legislative changes needed to meet the BIPP objectives and reduce the state's nursing home bed ratio.

EFFECTIVE DATE: Upon passage

§ 282 — ADDITIONAL PERSONNEL IN THE DEPARTMENT OF REVENUE SERVICES (DRS)

The bill requires DRS to employ more (1) auditors and (2) collection

and enforcement personnel than the number it employed on June 30, 2011.

EFFECTIVE DATE: July 1, 2011

§ 283 — ENERGY TECHNOLOGY TESTING PROGRAM

The bill requires, rather than allows, the OPM secretary to direct a state agency to test an energy technology, product, or process if he finds that using it would promote energy conservation or efficiency or a renewable energy technology. By law, the test involves using the technology, product, or process in the agency's operations on a trial basis to validate its effectiveness in reducing energy use and costs, dependence on fossil fuels, or greenhouse gas emissions.

The bill requires, rather than allows, the secretary to direct an agency to accept for testing purposes, delivery of a technology, product, or process, notwithstanding state purchasing law, if he finds that it would be feasible in the agency's operations and would not have any detrimental effect on them. By law, the manufacturer, marketer, or any investor or participant in the business must pay the costs associated with acquiring and using the technology, product, or process.

Under current law, if the secretary determines that the test program sufficiently demonstrates that the technology, product, or process meets the goals of the testing program, the testing agency may ask the DAS commissioner to procure the technology for use by any or all state agencies. The bill instead requires the testing agency to make this request, which must be for use by all appropriate agencies.

EFFECTIVE DATE: Upon passage

§ 284 — ENERGY PERFORMANCE CONTRACTING PILOT

The bill requires the OPM secretary and public works commissioner, by July 1, 2012, to establish a pilot program under which the state selects an existing state facility or complex of facilities to be covered by an energy performance contract with a private vendor. The secretary and commissioner must submit report on the

results of the program to the GAE Committee. They must begin within three months after the contract's effective date and then annually until the final report is submitted, not later than three months after the contract ends.

EFFECTIVE DATE: July 1, 2011

§ 285 — AGENCY ENERGY COST SAVING

The bill requires the OPM secretary to achieve a (1) 10% reduction in Executive Branch energy costs in FY 12 compared to FY 10 and (2) 30% reduction in these costs for FY 23 compared to FY 10. The reductions may be achieved as a bottom-line number spread across all of the agencies. The secretary may employ any method to reduce these costs, including (1) facility management training in a certification program that provides the knowledge to increase a building's energy efficiency, (2) using the Clean Energy Fund, (3) using any energy efficiency fund that results from a partnership of the state's public utilities, (4) entering into an energy performance contract as described above, and (5) participating in the test program described above. The secretary must report annually, by July 1, 2012 through 2023, on the energy costs reduction achieved under these provisions to the governor and the GAE Committee.

EFFECTIVE DATE: July 1, 2011

§ 286 — LEAN GOVERNMENT STEERING COMMITTEE

The bill establishes a steering committee to study the implementation of "lean techniques" in state agencies. It defines lean techniques as methods of improving administrative processes that:

1. focus on customer service and seek to optimize value to the public;
2. involve employees, the regulated community, and the public in continual improvements and the finding of solutions;
3. use a continual improvement framework that emphasizes rapid implementation rather than lengthy planning;

4. seek to reduce the complexity of the process; and
5. use metrics and visual controls to improve decision making and problem solving.

The committee is chaired by the OPM secretary or a designee. The governor appoints five committee members, with one member each from the banking industry, service sector, manufacturing sector, healthcare industry, and a collective bargaining unit. The appointees must have experience with lean techniques. Additionally, a representative from the Connecticut Center for Advanced Technology (CCAT) (it is unclear how this representative is chosen) is a nonvoting member. Appointments to the committee must be made and its first meeting must occur within 30 days of passage. The bill also requires CCAT to help the committee develop its plan. It requires the committee, within 60 days of passage, to report its findings and recommendations to the governor, House speaker, Senate president pro tempore, and the GAE Committee.

EFFECTIVE DATE: Upon passage

§ 287 — SINGLE HOME- AND COMMUNITY-BASED CARE WAIVER FOR ELDERLY AND DISABLED

The bill requires the DSS commissioner, within 90 days of the bill's passage, to apply for a federal Section 1915c home- and community-based services (HCBS) waiver to enable him to provide HCBS to disabled and elderly people who are receiving Medicaid. He must take any actions necessary to consolidate all Medicaid waivers under which HCBS services are provided to the two groups, as federal law allows.

Currently, the state has several 1915c waivers, including one that serves only elders and others serving individuals with disabilities (e.g., those with acquired brain injuries).

EFFECTIVE DATE: Upon passage

§§ 288 & 289 — STATEWIDE SINGLE POINT OF ENTRY SYSTEM FOR LONG-TERM CARE

The bill requires the DSS commissioner to direct DSS' Aging Services Division and Bureau of Rehabilitative Services (BRS) to establish a statewide, single point-of-entry (SPE) system for people seeking long-term care. The system's goals must be to (1) permit anyone seeking long-term care in Connecticut to obtain the same information on services from any of the entities the bill designates as an SPE agency and (2) promote consumer choice of long-term care.

The bill requires the division and BRS, in consultation with the Long-Term Care Advisory Council and the public, to designate statewide service areas for establishing SPE agencies. They must designate the state's centers for independent living (CIL) and area agencies on aging (AAA) as SPEs for each of the service areas.

Designated CILs and AAAs must:

1. work collaboratively in operating the SPE system;
2. provide anyone seeking long-term care, including those who pay privately, with information on all of the state's long-term care options, including HCBS and nursing home care;
3. assess an individual's eligibility for long-term care services, including Medicaid and other public programs and services offered by private and nonprofit organizations, through a comprehensive, uniform screening process;
4. help people obtain timely eligibility determinations from DSS for publicly funded long-term care services and programs;
5. help people develop a person-centered, long-term care support plan; and
6. implement quality assurance standards and procedures.

The bill permits the directors of Aging Services and BRS to establish additional requirements, criteria, and standards for the SPE agencies' operation. The directors must implement a quality assurance program to measure the SPE agencies' performance. Agencies failing to meet the

requirements and standards may have their SPE designation terminated.

The bill also requires OPM to include information on its long-term care website about SPE. OPM must consult with personnel administering SPE. It eliminates the requirement that the website be operated within available appropriations.

EFFECTIVE DATE: July 1, 2011

§ 290 — OPM TO IMPLEMENT GOALS AND RECOMMENDATIONS IN STATE LONG-TERM CARE PLAN

For FY 12, the bill requires the OPM secretary to direct an employee of OPM's Policy and Planning Division, within available appropriations, to implement the goals and recommendations in the most recent state long-term care plan.

EFFECTIVE DATE: Upon passage

§ 291 — DSS EMPLOYEE AS FEDERAL REVENUE OMBUDSMAN

The bill requires the DSS commissioner to designate a DSS employee as a federal revenue ombudsman who will be responsible for ensuring that DSS takes advantage of opportunities to obtain or increase federal funding for DSS programs.

EFFECTIVE DATE: Upon passage

§ 292 — SUSPENSION STATUS FOR IMPRISONED MEDICAID BENEFICIARIES

The bill requires the DSS commissioner to place Medicaid recipients who are incarcerated in a state-operated correctional facility on suspension status once he is notified of the incarceration. The prisoners must remain otherwise eligible for Medicaid and, once released from prison, must have the suspension lifted if they are still Medicaid-eligible.

EFFECTIVE DATE: Upon passage

§§ 293-294 — REPEALER SECTIONS

(See §§ 2-35, 40-227, and 235-237 above)

BACKGROUND

Related Bills

SB 35 (File 56) eliminates the advertising restrictions on bazaars and raffles, thereby allowing qualified organizations conducting such gaming to advertise on radio, television, billboards, and elsewhere (§ 294).

sSB 297 (File 442) requires DSS to pursue enhanced federal matching funds under the BIPP similar to § 281 of the bill.

SB 417 (File 43) eliminates the \$250 prize limit on teacup raffles, thereby allowing prizes of unlimited value (§ 29).

sSB 944 (File 532) and sHB 6600 (File 546) reduce the distribution of certain documents by the secretary of the state (§§ 235-236 and 293).

sSB 1002 (File 297) places the Culture and Tourism Commission and the Office of Workforce Competitiveness in DECD and makes the commissioner chairperson of the CDA, CII, and CHFA boards (§§ 40-42 and 48).

HB 5184 (File 283) allows a qualified organization conducting a raffle under the required town permit to promote the raffle by offering coupons to ticket buyers (§32).

sHB 6272 (File 468) and sSB 1190 (File 608) require the Public Utilities Control Authority commissioners to file their financial disclosure statements with the Office of State Ethics instead of the secretary of the state (§ 237).

sHB 6389 (File 282) transfers the responsibilities of DSR to DCP (§§ 2-35).

HB 6612 (File 496) makes changes with respect to personal service and purchase of service agreements (§§ 273-274).

COMMENT

Unamended Statutes

The bill consolidates four agencies by substituting CEDA for CDA, CII, DECD, and CHFA in specified statutes, but does not make conforming changes to these statutes:

1. CGS § 2-79a (Connecticut Advisory Commission on Intergovernmental Relations),
2. CGS § 8-37t (Long-Range State Housing Plan), and
3. CGS § 32-6i (Connecticut Economic Information System Steering Committee).

Status of CHFA

Although the bill amends a section delineating CHFA's powers and duties (CGS § 8-250), it does not transfer them to CEDA. The bill also keeps references to CHFA in several statutes that it amends.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Substitute Change of Reference
Yea 15 Nay 0 (03/18/2011)

Public Health Committee

Joint Favorable Change of Reference
Yea 26 Nay 1 (03/30/2011)

Judiciary Committee

Joint Favorable
Yea 35 Nay 5 (04/14/2011)