



House of Representatives

General Assembly

File No. 496

January Session, 2011

House Bill No. 6612

House of Representatives, April 7, 2011

The Committee on Human Services reported through REP. TERCYAK of the 26th Dist., Chairperson of the Committee on the part of the House, that the 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.

30 Sec. 2. (NEW) (*Effective July 1, 2011*) The Secretary of the Office of
 31 Policy and Management shall establish a state-wide data warehouse
 32 for the storage of public and private health and human services data to
 33 enable each state agency to track data trends, become more efficient
 34 and make recommendations for policy changes. The secretary shall
 35 analyze information received in independent audits of community
 36 service provider agencies to track cost trends and the financial well-
 37 being of community service provider agencies over a period of time.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2011</i>	New section
Sec. 2	<i>July 1, 2011</i>	New section

HS *Joint Favorable*

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:

Agency Affected	Fund-Effect	FY 12 \$	FY 13 \$
Policy & Mgmt., Off.	GF - Cost	96,000	76,000
Comptroller Misc. Accounts (Fringe Benefits) ¹	GF - Cost	16,805	16,805

Note: GF=General Fund

Municipal Impact: None

Explanation

Establishing a statewide data warehouse will result in a cost of \$112,805 in FY 12 and \$92,805 in FY 13. The Office of Policy and Management will need one Lead Planning Analyst (with an annual salary of \$71,000) and \$25,000 in FY 12 to develop a database, and \$5,000 in FY 13 to maintain such database. The bill establishes and specifies policies surrounding purchase of service agreements and personal services agreements, which are not anticipated to result in a cost to the state.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

¹ The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated non-pension fringe benefit cost associated with personnel changes is 23.76% of payroll in FY 12 and FY 13. In addition, there could be an impact to potential liability for the applicable state pension funds.

OLR Bill Analysis**HB 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 services 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 requires the Office of Policy and Management (OPM) secretary to establish a statewide data warehouse for storing public and private health and human services data to enable state agencies to track data trends, become more efficient, and make recommendations for policy changes. It also requires the secretary to (1) analyze information received in independent audits of community service providers (which the bill does not define) to track cost trends and the financial well-being of the providers over time and (2) 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 the agreements 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 agreements conditions and terms that cover more than a one-year period;
4. in consultation with the OPM secretary, (a) create standard POS and PSA compliance forms; (b) streamline POS and PSA processes by, among other things, eliminating redundant forms; (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 services providers electronically or by fund transfers.

BACKGROUND***POS Law***

By law, the OPM commissioner 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 (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.

COMMITTEE ACTION

Human Services Committee

Joint Favorable

Yea 18 Nay 0 (03/22/2011)