



March 5, 2013
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Raised S.B. No. 1023
AN ACT CONCERNING REVENUE RETENTION BY NONPROFIT HEALTH AND
HUMAN SERVICES PROVIDERS.

Good afternoon. I am Alyssa Goduti, the Vice President for Business Development and Communications at CHR (Community Health Resources.) CHR is a leading behavioral health provider in Central and Eastern Connecticut, offering a wide range of services including mental healthcare for children, adults and families, substance use services, child welfare and supportive housing. We serve 11,000 individuals every year through our 80 programs and more than 600 staff. We believe that real life brings with it real challenges and it is our role to help people find real hope for overcoming those challenges.

I appreciate the opportunity to comment on SB 1023, An Act Concerning Revenue Retention by Nonprofit Health and Human Service Providers. Community providers are the backbone of Connecticut's human service system, supporting over 500,000 people a year. For years, community based providers have collaborated with the state to ensure that critical services are provided in a manner that is accessible and affordable, yet maintains the highest standards of quality.

We are also a business under contract with almost all of the state's human service agencies. We were very pleased to see this bill raised. As you may know, human service providers operate under rules that are different from other state contractors. This legislation addresses revenue retention, which is one of the most concerning differences. Like other businesses, we contract with the state to provide a program, which is monitored by our funders. We provide quality data to demonstrate the effectiveness of our programs and report on our outcomes. However, our contracts have built in disincentives for efficiency. We are required to cost settle on our contracts at the end of the fiscal year, meaning any savings we are able to achieve simply goes back to the state.

The state does not look to any other business to recoup savings from contracts. They assume that if the contractor met the contract requirement and produced positive outcomes, then they should be paid the agreed upon amount. However, when providers are successful, creative and innovate and are able to manage their budgets efficiently, there is no reward. It seems counterintuitive to

penalize efficiency especially in a system which has grossly underfunded community providers for decades. Providers currently do not have the ability to build up capital reserves to address agency needs related to physical plant, capital improvement and capital purchases. Community providers should have the ability to build up savings if they are able to meet their goals under budget. Revenue retention is a vital step towards creating a stronger and healthier community based service system.

Thank you for your time and attention.