



STATE OF CONNECTICUT
GOVERNOR DANIEL P. MALLOY

Testimony of
Terry Edelstein, Nonprofit Liaison

Regarding SB 1023 AAC Revenue Retention by Nonprofit Health and Human Services
Providers

Human Services Committee
March 5, 2013

Thank you for the opportunity to provide comment on SB 1023 AAC Revenue Retention by
Nonprofit Health and Human Services Providers.

While I support the concept of this bill, I would call your attention to a legislative proposal put
forward by Governor Malloy, which addresses the issue of revenue retention by nonprofit
providers.

The Governor's budget for FY14/15 includes provisions that support revenue retention by
providers under contract with the Department of Developmental Services. DDS is the only
"Purchase of Service" state agency that has regulatory provisions relating to revenue retention,
50% revenue retention. In the two most recent budget cycles, the budget eliminated revenue
retention for DDS contractors. However in the budget proposed on February 6, the Governor
includes the potential for revenue retention: H.B. 6350 Sec. 37

*Sec. 37. (Effective July 1, 2013) For all allowable expenditures made pursuant to a
contract subject to cost settlement with the Department of Developmental Services by an
organization in compliance with performance requirements thereof, one hundred per cent,
or an alternative amount as identified by the Commissioner of Developmental Services
and approved by the Secretary of the Office of Policy and Management, of the difference
between actual expenditures incurred and the amount received by the organization from
the Department of Developmental Services per such contract shall be reimbursed to the
Department of Developmental Services during the fiscal year ending June 30, 2014, and
the fiscal year ending June 30, 2015.*

In addition, the Governor has charged the Governor's Cabinet on Nonprofit Health and Human
Services, of which I am the co-chair, with making recommendations to him regarding revenue
retention as part of the charge of the Work Group on Contract Procurement and Administration.

This Work Group will do a thorough analysis of issues relating to revenue retention/ cost settlement and is expected to produce specific legislative and policy recommendations for consideration by the administration. The Governor has asked that the full Cabinet report to him by September 1, 2013 on their recommendations.

For these reasons, I would ask you to support Governor Malloy's legislative proposal in H.B. 6350 as the legislative vehicle that provides the most reasonable opportunities for nonprofit providers to retain revenue in the immediate future.

I would be glad to meet with you to discuss revenue retention/ cost settlement and other matters affecting nonprofit community-based providers supported by the Governor in his budget at your convenience.

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