



ari Always Reaching for Independence

Human Services Committee

March 5, 2013

SB 1023 AN ACT CONCERNING REVENUE RETENTION BY NONPROFIT HEALTH AND HUMAN SERVICES PROVIDERS

Testimony of Matthew P. Reyher, Treasurer, CCPA Board of Directors

The Connecticut Community Providers Association is pleased to submit testimony in support of Senate Bill 1023, AN ACT CONCERNING REVENUE RETENTION BY NONPROFIT HEALTH AND HUMAN SERVICES PROVIDERS. CCPA represents community-based nonprofit organizations who serve children, adults and families who are experiencing mental health or substance use disorders, as well as providers who serve those with intellectual and other disabilities. Our provider members are the heart of the safety net.

Senate Bill 1023 allows a nonprofit provider organization that is a party to a contract with a state agency for the provision of health or human services to retain one hundred per cent of the difference between the actual expenditures incurred by the organization in the provision of services and the amount received by the organization pursuant to the contract, if they have met the performance requirements of such contract, and are in compliance with the regulatory requirements of the contracting state agency.

Nonprofit health and human services providers are small, medium and large businesses located throughout Connecticut, employing thousands of highly skilled people. Like other businesses, we have contracts with the State to provide vital services to vulnerable state residents.

Most state contractors, if they meet the contract requirements and deliver the required services, receive the funding specified in the contract, even if the cost of providing services is less than the contracted price. This is a normal business relationship.

Nonprofit providers who meet the terms of their contracts, deliver the required services and are able to do so at a cost that is less than the price specified in the contract, however, must return the difference to the State. This is not a normal business relationship and is contrary to the basic concept of a contract where the parties negotiate and agree to mutually acceptable terms. This practice also discourages innovation and efficiency.

Nonprofit providers are a vital component of Connecticut's economy and deliver the majority of health and human services in the state. To deliver these services in an efficient and effective manner, we need to know with certainty what our revenues will be. The state's current practice prevents nonprofit providers from developing any fund balance that allows for coverage of cash flow, of unexpected expenses, and of small capital expenditures. Many nonprofits in this state are in precarious financial straits. We must as a state reform our contracting practices to strengthen the organizations who care for most vulnerable citizens.

CCPA appreciates the opportunity to comment on this important bill, and we urge your support.