



New Copy
House of Representatives

General Assembly

File No. 200

February Session, 2018

Substitute House Bill No. 5460

House of Representatives, April 4, 2018

The Committee on Human Services reported through REP. ABERCROMBIE of the 83rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING MINIMUM EMPLOYEE WAGES FOR PROVIDERS OF STATE-CONTRACTED HUMAN SERVICES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) (a) The Commissioners of
2 Social Services, Children and Families, Developmental Services,
3 Rehabilitation Services and Mental Health and Addiction Services
4 shall, effective July 1, 2018, adjust the rate methodology in any
5 contracts with private human services providers, in accordance with
6 the application of standard accounting principles as prescribed by the
7 commissioners, to incorporate a pro-rata increase in salaries and the
8 wages of hourly employees to provide a minimum hourly wage of
9 fifteen dollars for such employees. Where applicable, such rate
10 adjustments shall reflect reasonable costs mandated by collective
11 bargaining agreements with certified collective bargaining agents or
12 otherwise provided by a human services provider to employees. For
13 purposes of this section, (1) "employee" means any person who

14 receives compensation for services, including, but not limited to, any
 15 person who receives compensation pursuant to a contractual
 16 arrangement with a human services provider who is not directly
 17 employed by such provider, and (2) "human services" means any of
 18 the services administered by the Departments of Social Services,
 19 Children and Families, Developmental Services, Rehabilitation
 20 Services and Mental Health and Addiction Services that involve direct
 21 care of persons, including, but not limited to, medical services, mental
 22 health and addiction treatment, nutrition and housing assistance,
 23 services for persons with intellectual and developmental disabilities,
 24 residential and habilitative services.

25 (b) Nothing in this section shall require the commissioners to
 26 distribute such rate adjustments in a way that jeopardizes anticipated
 27 federal reimbursement. Effective July 31, 2018, human services
 28 providers that receive such adjustment but do not provide increases in
 29 employee salaries and wages as described in this section may be
 30 subject to a rate decrease in the same amount as the adjustment by the
 31 commissioners.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

HS *Joint Favorable Subst.*

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 19 \$	FY 20 \$
Children & Families, Dept.; Department of Developmental Services; Mental Health & Addiction Serv., Dept.; Rehabilitation Services, Dept.; Social Services, Dept.	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill will result in a cost to the Departments of Social Services, Children and Families, Developmental Services, Rehabilitation Services, and Mental Health and Addiction Services assuming the provisions of the bill are interpreted to require the aforementioned departments to increase contracts with private providers to accommodate a change in rate methodology to reflect a \$15 minimum hourly wage.

For the purposes of illustration, the following examples are provided:

Department of Developmental Services (DDS)

Assuming DDS increased provider reimbursement to accommodate an increase to \$15 per hour for Community Residential Services (funded out of DSS) and Employment Opportunities and Day Services there will be an increase in program costs of approximately \$31.4

million and \$13.9 million respectively.¹

Department of Social Services (DSS)

Assuming DSS increased General Fund supported provider contracts to accommodate an increase to \$15 per hour, there will be an increase in costs of approximately \$14.7 million.

The Out Years

The annualized ongoing fiscal impact identified above will continue into the future subject to changes in rates and the corresponding impact to contracted services.

¹ Based on FY 17 DDS Annual Provider Cost Reports.

OLR Bill Analysis**sHB 5460*****AN ACT CONCERNING MINIMUM EMPLOYEE WAGES FOR PROVIDERS OF STATE-CONTRACTED HUMAN SERVICES.*****SUMMARY**

By July 1, 2018, this bill requires the commissioners of the departments of social services (DSS), children and families (DCF), developmental services (DDS), rehabilitative services (DORS), and mental health and addiction services (DMHAS), to adjust the rate methodology in contracts with private human services providers, in accordance with standard accounting principles as the commissioners prescribe, to provide a proportional increase in salaries and wages of hourly employees to a \$15 per hour minimum wage.

Where applicable, the bill requires rate adjustments to reflect reasonable costs mandated by collective bargaining agreements with certified collective bargaining agents or otherwise provided by a human services provider to employees. It does not require commissioners to distribute the rate adjustments in a way that jeopardizes federal reimbursement. The bill allows the state to rescind rate increases of providers who received rate adjustments but do not provide salary increases by July 31, 2018.

Under the bill, "employees" are any person receiving compensation for services, including anyone under a contractual arrangement with a human services provider who is not directly employed by such a provider (e.g. subcontractors). The bill defines "human services" as any services administered by DSS, DCF, DDS, DORS, and DMHAS that involve direct care of people, including (1) medical services, (2) mental health and addiction treatment, (3) nutrition and housing assistance, (4) services for people with intellectual and developmental disabilities, and (5) residential and habilitative services.

COMMITTEE ACTION

Human Services Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/22/2018)