

Human Services Committee JOINT FAVORABLE REPORT

Bill No.: HB-5374

AN ACT CONCERNING ANNUAL INFLATIONARY RATE ADJUSTMENTS FOR

Title: NONPROFIT HUMAN SERVICES PROVIDERS.

Vote Date: 3/19/2024

Vote Action: Joint Favorable Change of Reference to Appropriations

PH Date: 3/12/2024

File No.:

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SPONSORS OF BILL:

Human Services Committee

REASONS FOR BILL:

Connecticut's community healthcare system has faced chronic underfunding for years. Providers are experiencing increases in costs due to inflation that exceed the pace of funding increases from the state. Community providers need the state's support to stabilize their budgets and provide additional services to the state's most vulnerable populations. The purpose of this bill is to provide annual inflationary rate adjustments for nonprofit human services providers who contract with the state. To continue to serve the complex needs of Connecticut residents these nonprofit agencies need adequate funding.

RESPONSE FROM ADMINISTRATION/AGENCY:

Department of Social Services (DSS), Commissioner, Andrea Barton Reeves: opposes this bill stating it would require DSS to annually increase Medicaid rates for nonprofit human services providers by the increase in the consumer price index for all urban consumers in the northeast region. It is stated that this bill is too prescriptive in requiring a set increase based on the consumer price index, without recognizing other measures of inflation, and without recognizing any current discrepancies in the Medicaid rates, which are being analyzed in DSS's rate study. It is stated that this bill would significantly increase Medicaid expenditures in FY 2025 and the cost would compound in future years.

NATURE AND SOURCES OF SUPPORT:

Ability Beyond, Chief Financial Officer, Lori Pasqualini: supports this bill stating despite adjustments they find themselves 32% behind 2007 levels. It is also stated that in the past

four years property and liability insurance has increased by 80%, maintenance has increased by 56%, utility expenses have increased by 66%, and food has increased by 69%. It is also stated that the price of purchasing handicapped vehicles has more than doubled but DSS has not adjusted its maximum allowable cost.

ARI of CT, Clinical Manager, Carey Jaffee; supports this bill stating direct care staff salaries are still roughly equal to what is offered at entry-level supermarkets or fast-food restaurants despite the level of skill and competence required for therapeutic fields. It is stated that as a manager of clinical services with two master's degrees and advanced postgraduate training with the agency for 31 years, Carey makes \$30,000 to \$50,000 less at ARI than those in the public sector. It is stated that Carey has been in the field for 40 years and believes the services were better back in the 80s and they have gone backward.

Autism Speaks, State Government Affairs Director, Emily Frankel; supports this bill stating CT nonprofit providers are currently facing an 18% vacancy rate in direct support positions. It is also stated that 58% of providers have waitlists for I/DD programs and services. It is also stated that without additional funding 42% of nonprofits will have to reduce their programs.

Benchmark Infant Toddler, BCBA, Minoo Makkencherry; supports this bill stating the billing rates were set forth for Birth to Three in October of 2017 and even though the cost of doing business in CT has increased more than 20% since that time, the rates have remained unchanged for more than 7 years. It is also stated that they recommend a rate 39% higher than the current rate available.

Catholic Charities Archdiocese of Hartford, Chief of Operations, Liz Bryden; supports this bill stating in the past several years Catholic Charities has closed two behavioral health clinics due to insufficient funding affecting hundreds of clients. It is stated that staff turnover can have a profound impact on clients as they build strong relationships with staff and learn to trust them and then must start over when staff leave for higher-paying positions. It is stated that if this bill passes, they could serve more people in need, retain good staff, and enhance services.

CCARC, Inc., CEO, Linda Lovanna; supports this bill stating their YTD expenses are 6.24% greater than last year and the 2.5% increase they received in FY 24 was specifically tied to wage adjustments for staff; although they did receive a 4.5% provider bonus it has not been annualized. It is also stated that one of their eleven group homes has a loss of more than \$100K and is on target to have a loss of \$200K by the fiscal year-end.

Child & Family Agency of Southern Connecticut, Inc., Program Manager, Jessica Chan; supports this bill stating that CT's Medicaid program is spending half of what comparable states are spending for behavioral health services. It is stated that each clinician they cannot hire equates to a more underserved community.

Child & Family Agency of Southern Connecticut, Inc., Director of In-Home Services, Lauren Chaplin; supports this bill stating in January 2023, CFA closed their IICAPS program due to ongoing budget deficits. It is stated that there were 36 families on the waitlist at the time of closure. It is stated that recent staffing cuts to other programs reduce their community reach.

Child & Family Agency of Southeastern Connecticut, Inc., Managing Director of Medical Services & Quality Improvement, Anna Goddard; supports this bill stating that the cost of medical equipment has increased by more than 3 times in the last 3 years with an increase in regulations and compliance in delivering these services. It is also stated that to give needed vaccinations in all our schools > requirements for more advanced immunization units (\$4,200/unit), cool cubes for vaccine transfers to sites (\$1,200/unit), and datalogger thermometer tracking (\$800/set/unit) are examples of the rising costs.

Child and Family Agency of Southeastern Connecticut, Inc., CEO, Lisa Otto; supports this bill stating their health insurance costs have increased by 15% since 2019 and are expecting an increase of 20% in the upcoming fiscal year. It is also stated that the cost of their Electronic Health Record has increased from \$145,190 in FY18/19 to \$356,194 this fiscal year, an increase of 245%. Their Outpatient Psychiatric Clinics for Children (OPCC) has seen 56% increases in expenses since FY14 which has far outpaced the 11% increase in grant and fee revenue they have seen in the same period.

Child and Family Agency of Southeastern Connecticut, Inc., Director of Outpatient Services, Brittany Sanchez; supports this bill stating over the past five years, CFA has had a 51% increase in new clients served through outpatient clinics. It is also stated that their intake acuity scores, of Moderately to Most Severe need, reached 54.7%—a 27% increase over FY22. It is also stated that despite the increase in demand the outpatient department faced a budget deficit exceeding \$1 million in the last fiscal year.

Child and Family Agency of Southeastern Connecticut, Inc., Pediatric Nurse Practitioner, Kristie Stolgitis; supports this bill stating the importance of Connecticut's youth being able to access confidential reproductive healthcare at school-based health centers such as pregnancy testing and counseling regarding birth control, and confidential STD treatment and testing.

Child & Family Agency of Southeastern Connecticut, Inc., Supervisor and Nurse Practitioner, Tiffany Allen-Zunum; supports this bill stating many families served in the SBHC express difficulty scheduling appointments and arranging transportation to get required vaccinations, risking school exclusion. It is stated that SBHCs tear down that barrier with the ability to offer same-day appointments, keeping kids healthy and in school and they need the funding to continue to do so.

Community Housing Advocates, CEO, Kara Capone; supports this bill stating the difficulty in retaining staff who are leaving for state jobs because of burnout due to understaffing. It is stated that they have not been able to hire qualified staff who know how to help people with compassion, kindness, and respect.

Community Resources for Justice, President/CEO, Deb O'Brien; supports this bill stating the lack of funds makes it difficult to recruit and retain staff at all levels particularly clinically licensed staff, especially bilingual/bicultural staff. It is stated that an increase in food, rent, and utility costs has resulted in leaky roofs, water damage, HVAC dysfunction, and security issues. It is stated that the need for substance use, mental, health, and recovery services continues to rise, and necessary funding is required to meet this demand for services.

Connecticut Community Nonprofit Alliance, Director of Government Relations, Ben Shaiken; supports this bill stating according to a 2023 survey of Alliance 23% reported their expenses grew by 30-40% in the last five years with an additional 30% reporting expense growth by 20-30%. It is also stated that to bring nonprofit buying power back to 2007 levels it would cost at least \$750 million but would break this never-ending cycle.

Connecticut Resident, Collette Bement; supports this bill stating her 37-year-old son's experience with an intellectual disability receiving residential support through Horizons. It is stated that Governor Lamont negotiated a four-year contract with state employees to include a wage increase of 2.5% in the fourth year. It is also stated that Lamont praised the work of 45,000 state employees saying, "This agreement continues the current wage pattern, reflecting our need to ensure the retention of our best employees...".

Friendship Service Center, Inc., Chief Executive Officer, Caitlin Rose; supports this bill stating they have a scattered site supportive housing program that has had to be unofficially reduced capacity by 2 units because that is the maximum number, they can underserve without losing points in an audit. It is also stated that they cannot afford to serve the full 35 people they are contracted to serve.

Gilead Community Services, CEO, Daniel Osborne; supports this bill stating the experience of a young woman on the brink of poverty as a staff member of a nonprofit. It is also stated that this woman was forced to work multiple jobs and sacrifice time with her family to maintain commitment to the mission. The question is posed, Should Connecticut residents need to take a vow of poverty to serve those in the greatest need in our communities?

Horizons, Board Member, Tom Avery; supports this bill stating that 92% of community-based services for citizens with developmental disabilities are provided by non-profits. It is stated that hiring and retaining qualified staff is a continuous problem. It is stated that Horizons has a 20-25% vacancy rate. It is also stated that wage compression is another factor that causes experienced staff to leave. It is stated that a responsible budget considers predictable expenses such as inflation.

Horizons, Inc., Director of Human Services, Janice Chamberlain; supports this bill stating that the state's new PR campaign to hire new state employees into direct service jobs impacts their workforce when the starting wage is \$5.00 to \$7.00 higher than what they can pay. It is stated that if the salaries were indexed, they could stabilize and begin to offer likely increases.

Horizons, Inc., Employee, William Darney; supports this bill stating since last March Horizons had 187 applicants and once, they heard the responsibilities only 38 applicants followed through. It is also stated that of those 38 Horizons hired 33 and within 6 months 8 had left.

Horizons, Inc., Director of Health and Operations, Michelle Heimall; supports this bill stating difficulty in retaining staff and for the staff who do stay they are working to cover shifts which stretches them thin and impacts their personal lives.

Horizons, Inc., Associate HR Director, Victoria Hughes Bachiochi; supports this bill stating despite their investment in extensive training programs the revolving door of

employees persists, preventing staff from building the trusted relationships fundamental to the success of the people they support.

Horizons, Inc., Chief of Staff, Simon Wells; supports this bill stating a new hire at Horizons is offered \$18 per hour, the average wage for 1-5 year employees is \$19, employees who have stayed with Horizons for 5-10+ years earn on average \$20 per hour. It is stated that this is why so many people reluctantly leave as the job they love isn't financially viable as a career.

The Kennedy Collective, HR Compliance Manager, Britt Bisson; supports this bill stating if the federal government can see and justify the cost of living adjustments for its beneficiaries, how can the State of Connecticut believe a 2.5% increase over two years is sufficient? It is stated that DDS has delayed that 2.5% increase for months without justification. It is stated that a realistic COLA would help the agency reduce turnover, make the hiring process more competitive, and lead to better outcomes for those served.

The Kennedy Collective, Senior Day Program Manager, Paul Bochicchio; supports this bill stating a request to increase funding for community nonprofits by 5% in FY 25. It is stated that last year DDS providers received the first COLA adjustment in over 10 years. It is stated that DDS contracted providers are required to pay a starting wage of at least 17.25% and if the minimum wage automatically increases by only 3.5% each of the next three years, it will be \$17.31 on January 1, 2027. It is stated the demand for funding has increased and funding has not kept up with the increase in demand.

The Kennedy Collective, Chief of Staff, Merlene Bodnar; supports this bill stating nonprofits such as the Kennedy Collective have costs such as utility, electricity, heat, water, sewer, septic, and maintenance that are associated with the services they provide. It is stated that hiring and retaining staff is a continuous problem with noncompetitive wages. It is stated that the impacts include, waiting lists, fewer opportunities to be in the community, aging transportation fleets, and staff vacancies and turnover.

The Kennedy Collective, Chief Operating Officer, Valerie Reyher; supports this bill stating they used to serve 2400 people and are now down to serving half that number. It is also stated that they can't charge for a seat in their program, but they can't reduce their costs because they may still have 2-3 other people they are serving based on the ratio. It is also stated that they cannot take one-fifth of an employee away from a program.

Klingberg Family Centers, Clinical School Social Worker, Brenda Bryant; supports this bill stating there was a 16% increase in students needing special education services between 2014-2015 and 2019-2020 and only a 3% increase in the special education endorsements for qualified educators. It is stated that this data does not include the impact of the COVID-19 pandemic. It is stated that if they are to provide the services students and families are legally entitled to, they must receive the same pool of qualified educators and paraprofessionals as their public school counterparts. It is stated that CT families from all over the state look to small trauma-informed schools to meet their children's needs and these schools need to receive adequate funding to meet this demand.

Klingberg Family Centers, CEO, Steven Girelli; supports this bill stating the center is facing a vacancy rate of 10% and the staff turnover rate has exceeded one-third over the past

several years. It is also stated that the center is serving 25% fewer families in their outpatient clinic, their trauma specialty service has a 2-month waiting list and their afterschool program is at 65% of its normal capacity.

LifeBridge Community Services, President/CEO, Edith Boyle; supports this bill stating LifeBridge is currently providing over \$750,000 in uncompensated services to individuals with Medicaid coverage. It is stated that after accounting for revenue received through commercial insurance or private payers, the remaining \$1.3 million of their budget must be fundraised or acquired through multiple grants. It is stated that since 2021 their nonprofit has experienced a 13% decline in revenue, resulting in a 28% reduction in staff support and a 12% increase in clients. It is stated that if they do not experience a significant change in the Medicaid reimbursement rate LifeBridge will have no choice but to close.

Marrakech, Case Manager, Anthony LaTorra; supports this bill stating the failure of indexing nonprofits human services provider contracts with inflation over decades has caused not only longer waiting lists but caused the majority of human services nonprofit employees to join the category of economically disadvantaged.

Marrakech, Inc., Chief Compliance Officer, Denise Canady; supports this bill stating Marrakech has not received an increase in their contracts in nearly 20 years. It is stated that the cost of living has increased, and salaries have not so many of their employees work more than one job. It is stated that they currently have over 100 vacant positions and an extremely long waitlist.

Oak Hill, VP for Public Policy, Bruce Stovall; supports this bill stating they are currently carrying over 200 vacancies in the direct support workforce are currently operating 4 vacant group homes, and have 45 open beds across their system. It is also stated that the recent boost in minimum wage adds to their dilemma. It is also stated that the Governor recently announced a COLA as well as a pay step for the 45,000 state workers and they are asking for the same for nonprofit workers.

Reliance Health; supports this bill stating the pattern of inflation versus DMHAS contracted funding is unsustainable and unconscionable. It is stated that the bill provides a chance to fix the historic negligence and disregard for the services provided on behalf of the state.

Reliance Health, Recovery Coach, Autumn Bouchard; supports this bill stating her personal experience recovering from substance use and the death of her brother and roommate from opioid overdose. It is stated that to continue flat funding for non-profits would cause a ripple effect of devastation.

Reliance Health, Director of Recovery Programs, Mike Doyle; supports this bill stating the 500,000 people they serve are affected anytime programs, personnel, and/or services are changed or disrupted. It is also stated that the staffing level of the recovery program is at 50% and all of the staff that have left did so due to financial reasons. It is stated that this puts immense strain on the staff still there.

Reliance Health, CEO, Carrie Dyer; supports this bill stating the annual appeals process “where we parade our staff and clients around the Capitol, enumerate programming deficiencies, and project the impact of closures, is not only demeaning but also places an

undue burden on us.” It is stated that despite high expectations for complex programs the contracted budget remains fixed leaving nonprofits with diminished purchasing power, a weakened workforce, deteriorating physical spaces, and overburdened resources.

Reliance Health, Service Coordinator, Kristen Ludorf; supports this bill stating that imagine living in a home with 7 to 8 housemates and you’re going through a crisis, dilution, depression, or anxiety and there is only one staff to help you. It is also stated that inflation prevents double staffing which means there is one staff to help a member through the crisis, medication cueing, document, make appointments, run a group, make dinner, and save a little time for one-on-one member support.

Reliance Health, Employee, Nicole Reynolds; supports this bill stating Reliance Health operates 3 residential homes on state-owned property, and their rent was raised by 14% when they renewed their lease in 2015. It is also stated that their budget has not been adjusted to account for any rent increase and their budget had not been increased in 8 years at that time.

Reliance Health, Service Coordinator, Marjorie L. Vrabel; supports this bill stating that 16 years ago the legislature believed they had done enough to support nonprofits and began increasing other sectors in education and state employment and flat-funded nonprofits for the next 14 years. It is also stated that 2 years ago small funding improvements were made but not a cost-of-living increase during a time with the worst inflation since 1973.

SARAH, Inc., Director of Enrichment Services, Meghan Alfiero; supports this bill stating while appreciating the increases recently received, they have not been enough to meet the needs of their participants or staff. It is stated that they continue to be hot by crippling increases in costs due in part to increases in inflation that far outpace the rate of increases the legislature has provided. It is stated that if DDS contract rates increased by a few percent each year, it would allow SARAH, Inc., the ability to keep up with increased costs.

SARAH, Inc., Chief Financial Officer, Doug Ardrey; supports this bill stating inadequate funding has negatively contributed to the waiting list for services for young adults transitioning from high school as they are unable to recruit new staff with competitive starting wages. It is stated that unless they get additional funding for competitive employee wages, they will continue to see the long-standing waiting list for new graduates.

SARAH, Inc., Grants and Donor Relations Specialist, Priscilla Clark; supports this bill stating without annual inflationary rate adjustments SARAH Inc., has become unable to be a competitive employer to recruit skilled professionals, unable to retain skilled staff in the face of the rising cost of living, and unable to provide services to individuals in need due to staff shortages

SARAH, Inc., Chief Human Resources Officer, Jessica Guard; supports this bill stating they are unable to compete with current wage requests of \$21, \$22, and \$23 per hour because they have not received the appropriate funding to keep up with inflation. It is also stated that their group's medical premiums increase every year.

The Supported Living Group, Executive Director, Jamie Arber; supports this bill stating it signifies a crucial stride towards safeguarding the sustainability of support rendered by

human services providers across CT. It is stated that this bill addresses a longstanding issue of chronic underfunding that has negatively impacted CT's community healthcare agencies. It is stated that the stipulation necessitating the Commissioner of Social Services to synchronize Medicaid reimbursement rates with those established for state agency contracts is significant for providers reliant on Medicaid. It is also stated that the mandate for periodic reporting to the CGA epitomizes a needed dedication to transparency and accountability.

United Way of Connecticut, Director of Advocacy, Daniel Fitzmaurice; supports this bill stating it is a lifeline for those living under or near the ALICE threshold. It is stated that as of 2023 39% of households in CT are living at or below the ALICE survival threshold, this is an 11% increase since 2019. It is stated that the cost of household essentials increased 18% from 2021 to 2023. It is also stated that when nonprofit providers receive income that keeps up with inflation, they are likely to spend more in CT.

United Services, Inc., Director of Development, Emily Morrison; supports this bill stating in 2023 they delivered 132% more services than in 2007 and have done that with the funding that is 32% behind, showing they could do a lot more with appropriate funding.

The following individuals have submitted written testimony in support of this bill. It is stated that this is an important bill that would immensely help community providers stabilize budgets and provide additional services to the state's most vulnerable populations. It is stated that the chronic underfunding over the last 15 years has had a devastating impact on their ability to provide access to their services. It is stated that inflation on the cost of their services since 2007 is 45%; the legislature has only been able to provide an increase equal to about 13% in the last few years

The ARC of Connecticut, Inc., Director of Advocacy, Carol Scully

The ARC Eastern Connecticut, Chief Executive Officer, Kathleen Stauffer

Benchmark Infant and Toddler, LMSW, Emily Fennessey

Beth-El Center, Inc., Executive Director, Jennifer Paradis

BHcare, Payroll Associate, Amber Dobbin

BHcare, Compliance Analyst, Karen Seliga

BHcare, Safety Specialist, Amanda Sellers

Child & Family Agency of Southeastern Connecticut, Inc., Managing Director of Behavioral Health Services, Courtney Seely

Child & Family Agency of Southeastern Connecticut, Inc., Pediatric Nurse Practitioner, Lisa Wrubel

Community Health Resources, Inc., CEO, Heather Gates

Community Mental Health Affiliates, Community Engagement Coordinator, Meaghan Gorman

Connecticut Legal Rights Project, Executive Director, Kate Flaherty

Friendship Service Center, Manager, Sherese Ponder

Marrakech, Inc., Senior Case Manager, Lauren Grant

Marrakech, Inc., VP Person Centered Connections, Lisa Jardin

Marrakech, Inc., CEO, Heather LaTorra

Marrakech, Inc., Case Manager, Kristen McDowell

Mental Health Connecticut, Public Policy Coordinator, Mike Finley

National Alliance on Mental Illness, Public Policy and Affiliates Relations Manager, Thomas Burr

Horizons, Board Secretary, Dede Delaney

Horizons, Director of Camp and Facilities, Scott Lambeck
Horizons, CEO, Chris McNaboe
Horizons, Associate Director of SL, Matthew Mitchell
Horizons, Parent of son supported by Horizons, Sharon Tierney
Horizons, Executive Office Administrator, Patti Vazquez
The Kennedy Collective, Vocational Training and Support Specialist, Brendan Wendt
Reliance Health, Inc., Property Manager, Sue Caplet
Reliance Health, Inc., President, Board of Directors, Heather-Renae Paul
Reliance Health, Inc., President, Chief Operating Officer, Mike Van Vlaenderen
Reliance Health, Inc., Board of Directors, Evangeline Sargent
SARAH, Inc., CEO, Denise Daviau
SARAH, Inc., Enrichment Coordinator, Anna DiNicola
SARAH, Inc., Chief Program Officer, George Reid-Perry
SARAH, Inc., Enrichment Program Manager, Jennifer Wein
SARAH, Inc.,
SCADD, Inc., Chief Financial Officer, Alan Aleia
SCADD, Inc., Executive Administrative Assistant, Jessica French
Southeastern Council on Alcoholism and Drug Dependence, Inc., Chief Financial Officer,

NATURE AND SOURCES OF OPPOSITION:

None expressed.

Reported by: Carley Van Buiten

Date: April 4, 2024