Major Areas for CEAO Potential Review

Personnel

(#1) Review delivery of state human services focusing on being more consumer-driven, efficient, accountable and transparent.
   
   a. Consolidate administrative functions including fiscal operations, human resources, payroll, central office legal, information technology, communications, public relations, quality management, rate setting and rate enhancement and may include other areas.
   b. Programmatic changes
   c. Enhance internal operations
      i. consolidate training – maximize federal funding
      ii. online applications systems
      iii. contracting processes

(#16) Consolidating the “steering” function¹ – across existing state agency lines – for (A) health care, (B) services to persons with disabilities, (C) education and job training, (D) integrating institutionalized persons back into the community, (E) supporting innovation and entrepreneurs, (F) housing.
   
   This could take the form of adding a “Deputy Chief of Staff” for each function in the Governor’s Office, or a “Secretary” of each function, above the Commissioner level, or a divisional head at OPM in charge of each function. Such positions would be supported by a Cabinet composed of Commissioners of relevant agencies, would be empowered to use funding streams to provide services from the most effective and efficient providers, and would facilitate the consolidation of “back-office” administrative functions such as personnel/HR, payroll, affirmative action, fiscal/budget/accounting, and contract management from the relevant agencies. Savings from a back-office consolidation among agencies serving persons with disabilities were estimated by the Program Review and Investigations staff in 2003 at $8 million annually.

(#31) Streamline economic development agencies, processes and functions for simpler access, greater focus and reportable outcomes.

Tasks: need to determine refill rates, types of positions approved/not approved – should there be approval only of line or direct service and not on administrative or managerial?

Need to determine number of retire/rehires

Related longer term – Need to build in an incentive for managers to keep personnel (and other costs) down – no incentive for that now

Need to determine the number and percent of state employees in hazardous duty positions – additional benefits—how does percent and benefits—compare with other states?

¹ The idea is from Osborne and Hutchinson, The Price of Government, chapter 5, “Consolidation.” In their view, “steering” – setting policy and direction – focuses on doing the right thing. “Rowing” – service delivery and compliance operations – focuses on doing things right. The best option, according to Osborne and Hutchinson, is to consolidate funding streams and steering authority, but not the organizations that do the actual rowing. Using consolidated funding streams, steering organizations can purchase results from any rowing organization (provider) they consider best equipped to provide them. The benefits: more effective steering and more competitive service delivery.
**State Employees Pension plans**—how do benefits compare with other public pension plans -- other state actions to address

**Other potential proposals:** other **consolidation opportunities** – and **consolidation of administrative functions (not just for human services agencies)** and other similar functions

### REGULATORY

(6) **Streamline licensing and permitting processes**

(15) **Implement lean processes** in all executive branch agencies

(3) **Overhaul DMV functions** focusing on consumer needs (esp. reducing lines at DMV), efficiency, accountability and transparency

**Tasks:** Require agencies to identify their most problematic regulatory process. Identification of most problematic regulatory processes impacting economic development in the state. Identify one or two main processes at DMV that impact the most state residents to target for improvements and/or cost savings.

### CONTRACTING

(5) **Master contracting**
- business to state government
- internal within state government
- intergovernmental
- consumers to state government

(19) **Mandating “managed competition”** – among both internal state government and external providers – for most services (excluding functions involving state-sanctioned violence (e.g., prisons and police), those which protect due process rights, those which handle sensitive security and privacy issues, and those that require absolutely fair and equal treatment (courts). \(^2\)

**Tasks:**

**A:**
1) Identify all major types of state contracts and categorize -- Purchase of service agreements; Personal service agreements; Procurement Contracts; Other.
2) Identify which agencies oversee; 3) Determine total dollar amounts; 4) Status of budget provision calling for reduction in contracts.

**Tasks B:**
1) Identify individual contractors and non-profits 2) contracted amounts and services provided; 3) Determine continued need for contract 4) Identify administrative expenses of contractors/non-profits 5) Determine status and impact of budget provision calling for reduction of $95 million in state contracts

**Tasks C:** Determine the status of the State Contracting Standards Board. Determine potential obstacles to “managed competition”.

---

Other potential proposals: Streamlining agency functions relating to contracting; consolidate, merge or otherwise streamline the number of agencies state contracts with; examine and propose efficiencies of contract agencies’ administrative costs

**Administrative**

(#23) **Consolidate administrative hearings** and/or use judge trial referees to provide administrative hearings for all agencies, as is recommended for CHRO. Potential savings TBD (estimated in CHRO alone to exceed $300 thousand).

(#22) **Requiring “direct deposit” of all state payroll checks**, unemployment compensation checks, and workers’ compensation checks, to eliminate printing and mailing costs. Confirming information can be available online through CORE-CT.

(#7) **Move additional state agencies to DAS SMART Unit** for administrative functions

**Federal Revenue Maximization**

(#25) **Pursuing a Section 1115 Medicaid waiver** for the SAGA program, to save the state about $27 million per year, even while increasing reimbursements to providers by $45 million annually. This action is already required by Section 17b-192(g) of the CGS, but has not yet been implemented.

(#26) ** Seeking new federal revenue** for existing DMHAS services (ACT, Supervised Housing services, Supported Housing services, Mobile Crisis) as Medicaid rehabilitation services, producing about $28 million in new revenue.

(#27) ** Maximizing federal revenue by billing Medicaid**, to the fullest extent allowed, for outpatient services by DMHAS state operated and contracted providers (TBD)

**Tasks:** Determine total federal $ received in Connecticut; how (and in what agencies) the state applies for federal $, Federal Medicaid waivers; list human services that are 100% state funded; analyze whether potential for Medicaid (or other) federal funding

**Other potential proposals:** Consolidation and centralize the grant application, federal fund procurement, and applications waiver functions, or contract out

**Purchasing**

(#10) **Cooperative Purchasing Opportunities** – create and/or join cooperative purchasing venture to allow certain eligible entities to purchase goods, certain services and utilities from state/multistate contracts. Greater volume allows for better price. (see Minnesota)

- Requires legislation to define joint powers/governmental entities that may join program. Includes, municipalities, school districts as well as other entities – certain tax exempt, non profits and charitable organizations
- and/or join multistate cooperative purchasing organization – see for example
www.USCommunities.org; other cooperatives allow participating government entities to avoid the time-consuming competitive bid process that involves formulating and issuing requests for proposal, evaluating vendors, and negotiating contracts. Each participating government entity adds an addendum to the original contract, slightly altering the contract’s terms and conditions to meet its own purchasing requirements. Since all purchasers are working off one contract, instead of the contractor having to maintain thousands of contracts across the country, they only have to maintain one. By us streamlining our side, [vendors] can provide the products and prices at a much lower cost than they could otherwise.

- Enforce bulk purchasing rules for higher education (see audit)

(#11) Join Multistate Contracting Alliance for Pharmacy purchases – (see Minnesota Multistate Contracting Alliance for Pharmacy (MMCAP), created in 1985, a voluntary cooperative purchasing group that combines the purchasing power of its members to receive the best prices available for pharmaceuticals, hospital supplies, and related products. MMCAP contracts with over 160 pharmaceutical manufacturers, and also has contracts for distributors (to support the pharmaceutical contracts), hospital supplies, returned goods processing, flu vaccine, and vials and containers. MMCAP’s niche is to provide, through volume contracting and careful contract management, the best value in pharmaceuticals and related products to its members - eligible governmental health care facilities. Currently, MMCAP has membership agreements with 45 states and the Cities of Chicago and Los Angeles - 43 Participating Entities and over 5,000 eligible facilities.

(#13) Sharing services/purchasing with neighboring states (see Minnesota and Wisconsin-savings identified $10m each state); see for example backing up each other’s databases, investing together in communications systems for law enforcement and purchasing products from each other.

(#14) Enforce use of p-cards (review audit findings)

**TASKS:** Determine what state purchasing processes are now. Determine the status of *Buy Smart- Buy Together*, a joint purchasing effort undertaken by the state a few years ago. Inquire of Auditors the use of p-cards in stae agencies. Determine states’ best practices for purchasing, and potential cost-savings if best practices are implemented.

**INFORMATION TECHNOLOGY/AUTOMATION**

(#4) On-line applications system statewide – example: DMV

(#2) Consolidate data centers

(#8) Modernize statewide communication platform

(#28) Facilitating the creation of a statewide, interoperable **electronic health records system** (EHR) to reduce health care costs and improve quality of service. Such an EHR is available free of charge from the federal Veterans Health Administration.³ Potential out-year savings in Medicaid costs: considerable

---

(#29) Taking advantage of **federal assistance to veterans**, by requiring all state agencies to ask clients seeking assistance “Have you served in the military?” and forwarding name and addresses of veterans to the Dept of Veterans’ Affairs, which can then seek out all forms of assistance to veterans. Savings TBD.

(#30) **Leveraging the existing statewide state fiber network** to provide training to state agency personnel (such as DCF, DMHAS, DSS, DDS, affirmative action, etc.) by interactive video, rather than by travel to multiple locations with multiple presentations. (savings TBD)

(#31) **Using the Internet** to allow residents to determine the time and place of receiving services from state agencies (self-service) – including applications for licenses and permits – and using the generated data to make services more responsive.4

(#20) **Using managed competition** for certain information technology services, such as email, file sharing, database applications, and forms automation and processing. Potential savings: $20 million.

**Tasks:** Require the Department of Information Technology (DoIT) to provide description of current information Technology systems, what is provided by DoIT and what state agencies perform. Determine what resources are currently expended. Determine best practices (e.g., Digital Government) for state information technology and other processes, and what implementation would cost or save.

---

**MEDICAID/OFFICE LARGE BUDGET AREAS**

(#32) **Controlling long-term health care costs**

(#17) **Providing community services** to approximately 1,400 persons in prison with moderate to serious mental illness who are incarcerated ONLY for low-level, non-violent offenses. If community services cost $20,000 per person, vs. $32,000 per incarcerated person, savings would be $17 million annually. Medicaid reimbursement for community services could provide additional federal revenue of $10 million or more.

(#33) **Innovation and prevention, state corrections**

(#18) **Exploring the privatization of Inmate Medical Services in DOC,** at a cost of 10% to 15% below the cost of government-provided services. At the 10% level, that could mean $10 million in savings.

**Tasks:** Explore whether federal restrictions on state reducing optional Medicaid services. Determine capacity and occupancy rates of nursing homes, administrative costs of nursing homes. Determine status of Commission on Smart Growth and other regionalization efforts. Determine obstacles to privatizing services for DOC inmates.

**Other potential proposals:** Reduce the categories of optional Medicaid services the state covers. Reduce the number of nursing homes, and expand community services. Regionalize services, including education, at the local level, using state financial incentives or reductions.

---
