



State of Connecticut  
Department of Developmental Services

**DDS**

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**Appropriations Health & Hospitals Subcommittee Workgroup: March 5, 2009**

Co-Chairs: Senator Jonathan Harris & Representative Kevin Ryan

We appreciate the opportunity to discuss the proposed budget for Fiscal Years 2010 and 2011 as it relates to the Department of Developmental Services (DDS). We have included the following information in response to questions posed at the Appropriations Public Hearing on February 20, 2009:

**1. As requested, attached please find a copy of the department's RBA responses for programs we did not have time for at the budget hearing including Respite, Community Living Arrangements, Individual Supports and Case Management. We would be happy to discuss any of these programs with you today.**

**2. Related to the RBA discussion about the DDS Voluntary Services Program (VSP), Rep. Urban asked the question: "are there any other measures?"**

See cost avoidance answer (#3) below.

**3. Again, related to the DDS VSP, Rep. Esty had asked, "is there a way of measuring cost avoidance for children who remain in their family homes instead of an out-of-home placement?"**

Over 70% of the children we serve through VSP receive in home services which are the least expensive option within VSP. In home supports average \$46,928 per child in comparison to \$155,090 for residential school and \$158,744 for Community Living Arrangements (CLAs) or "group homes". These amounts reflect annual costs indicating the cost effectiveness of in home support which also allows the child to remain living with his or her family.

Another cost comparison will demonstrate the effectiveness of in home supports. In FY06, when VSP children who qualified for DDS supports and services were transferred from DCF, the average cost per child was \$110,936. After years of developing the capacity to deliver in home supports to more children and their families, the per child cost is reduced to \$55,007.

**4. (OFA) In what ways do you anticipate improved oversight with the VSP funding in a separate account? Describe DDS's interaction with DCF regarding VSP placements.**

We anticipate that the tracking of expenditures and available funding will be more accurate using a separate account for Voluntary Services. The creation of a separate account will separate VSP expenditures and projections in the Consolidated Financial Status Report (CFSR). Currently our interaction with DCF regarding VSP placements focuses on children who are currently served by DCF and need to transfer to DDS VSP. This includes children who start VSP before the age of 8, which is the point at which we can confirm a diagnosis of mental retardation and make them a permanent client of our department. It also includes older children who may have been served by DCF before ever applying for services and being determined eligible for DDS. Transfers have generally occurred in October of each year and we coordinate at both the regional and state agency level to insure there is a smooth transition for both the child and parents.

Families who have a child who is already a consumer of DDS can apply directly to us for VSP. Representatives from DCF and DDS meet monthly to discuss the transfer of cases, provider issues, out-of-state facilities and the development of the in state center of excellence program offered by Justice Research Institute (JRI) and co-funded by both state agencies.

##### **5. Sen. Debicella asked for specific constraints related to the privatization of public services.**

There continues to be significant discussion and debate about the cost of services offered directly by the Department of Developmental Services (DDS) and a comparison of how much could be saved if these services could be privatized. The following information is intended to clarify the facts and assure an accurate comparison of costs.

The DDS budget for FY 09 is currently \$984,647,035. This breaks down as follows:

**Public services:** \$359,242,588 (36%)

**Private and self-directed services:** \$621,588,792 (63%)

**Family support grant account services:** \$3,815,655 (1%)

Currently, the private sector serves 71% of people receiving residential services and the public sector serves 29%. Ninety two percent (92%) of adults receive their day programs from private agencies and 8% receive these supports from public programs.

Public services include the provision of day services to 626 people and residential services to 1,637. Residential supports are offered in ICFs MR, CLAs and Individual Home Supports. Public services also includes respite services provided to over 1,100 families each year and in-home family support to 650 people annually.

Before costs can be reasonably compared between public and private services, it must also be noted that, included in the \$359 million public cost is:

- Case management for over 15,000 individuals
- Eligibility Determination
- The administration of the autism program, Birth to Three, VSP, Community Training Homes (CTH) and family support services
- Contract administration and oversight
- Quality management and improvement
- Staff development and training
- Medicaid Waiver management
- Fiscal management
- Human resource management
- Legal and government affairs
- Communication and constituent affairs

The scope of these varied functions support both public and private services and their costs are not solely attributed to public day and residential services.

A comparison of cost for the residential and day service types provided by both sectors yields the information in the following chart using the FY 07 cost reports and the consumer census from December 2008. These costs are all encompassing and include fringe benefits and housing costs.

DDS COST COMPUTATION OF SHIFTING DDS CLIENTS TO PRIVATE SECTOR  
COSTS BASED ON FY 2007 AVERAGES WITH DEC. 2008 CLIENT STATISTICS

| FY 2007 Data<br>REV   | DDS Costs   | Other State<br>Costs | Other      | Total       | Clients | Per Client | Per Diem | 07 Per Client | Dec 08<br>clients  | KP Costs/(Savings)<br>based on 07 per client<br>\$ |
|---|-------------|----------------------|------------|-------------|---------|------------|----------|---------------|--------------------|--|
| DDS IHS   | 9,450,021   | 6,880,156            | 89,602     | 16,419,779  | 375     | 43,786     | 119.96   | 43,786        | 349                | 10,634,053   |
| Pvt IHS   | 54,896,206  | 9,335,357            | -          | 64,231,563  | 865     | 74,256     | 203.44   | 74,256        |                    |  |
| CTH   | 6,548,580   | 5,122,453            | 17,558     | 11,688,591  | 408     | 28,649     | 78.49    |               |                    |  |
| DDS Day   | 13,033,963  | 4,798,316            | 231,586    | 18,063,865  | 310     | 58,271     | 159.65   | 58,271        | 626                | (21,205,208)                                       |
| STS Day   | 8,483,735   | 4,494,721            | 15,529     | 12,993,985  | 399     | 32,566     | 89.22    | 32,566        |                    | ^Cost Comp uses<br>365 days in per diem<br>calc    |
| Pvt Day   | 154,998,972 | 6,509,504            | 15,755,749 | 177,264,225 | 7,266   | 24,396     | 66.84    | 24,396        |                    |  |
| DDS RC ICF-MR   | 52,393,587  | 22,889,827           | 1,654,862  | 76,938,276  | 265     | 290,333    | 795.43   | 290,333       | 257                | (36,330,561)                                       |
| DDS STS ICF-MR  | 98,746,841  | 48,386,122           | 4,376,192  | 151,509,155 | 536     | 282,666    | 774.43   | 282,666       | 489                | (65,377,964)                                       |
| Pvt ICF-MR<br>(CLAs)  | -           | 56,459,276           | -          | 56,459,276  | 379     | 148,969    | 408.13   | 148,969       |                    |  |
| DDS CLA   | 96,637,941  | 43,077,196           | 2,609,538  | 142,324,675 | 575     | 247,521    | 678.14   | 247,521       | 542                | (66,645,876)                                       |
| Pvt CLA   | 294,778,489 | 44,767,444           | -          | 339,545,933 | 2,726   | 124,558    | 341.26   | 124,558       |                    |  |
| *Cost Comp data Revised to remove case management, central office costs, and SWCAP. |             |                      |            |             |         |            |          |               | Total Savings      | (178,925,557)                                      |
|   |             |                      |            |             |         |            |          |               | Less<br>50%<br>FFP | (89,462,779)                                       |

As the chart indicates, if the department were to offer all services through the private sector, it would cost \$179 million less than it currently costs. However, to determine the true reduction in cost, we have factored in the loss of Federal Financial Participation (FFP) that would occur as a result of lesser costs. DDS and the state of Connecticut would have to reduce its billing to the federal government, which would reduce the savings to Connecticut to **\$89.5 million.**

The time and cost of new development of CLAs for people now living at STS and regional centers would also need to be a factor. While the room and board costs are already factored into the private sector costs, Connecticut would have to build 150-187 new CLAs to serve the 750 people who now live in the publicly operated campus settings in either 4 or 5 person homes. For this we would minimally need to finance \$67.5 million to \$75 million in capital. Consideration would also be needed for the siting and development of such a significant number of new residences as well as the cost of property disposition and reuse.

Our cost projection for the development of new homes might be underestimated depending on the economy and the housing market in Connecticut over the next 2 years. Moving people from Southbury would require significant oversight to make sure all consent decree requirements were continually met. Community program staffing patterns would need to reflect these requirements.

Over the past several years the department has been fortunate to receive funding allowing us to serve many more consumers who are school graduates, DCF ageouts or on the waiting list. This development has all occurred in the private sector. This practice will continue. DDS continues to judiciously manage the public sector through attrition and prudent fiscal management so that we can effectively provide quality residential and day services to the remaining public sector consumers. In FY08 the public sector regional census was reduced by 36 individuals in residential services and 40 receiving day services. Through December the reductions in FY09 have been 28 in residential and 34 individuals in day services. We believe that there is a continued role for the public sector within the service delivery system to meet the needs of consumers who present medical or behavioral complexities.

Current labor agreements and statutes restrict the privatization of public services:

CGS Sec. 17a-283a. places a moratorium on sale, lease or transfer of state property used for residential purposes by persons with mental retardation or psychiatric disabilities. Specifically, “(a) Notwithstanding any provision of the general statutes concerning the sale, lease or transfer of real property by or on behalf of the state, during the period commencing on July 1, 2007, and ending on June 30, 2009, no state-owned real property that is being used for residential purposes by persons with mental retardation may be sold, leased or transferred by or on behalf of the state. The provisions of this subsection shall not apply to any agreement for the sale, lease or transfer of any state-owned property entered into before June 2, 2005.” And “(b) Subsection (a) of this section shall only apply to any state-operated community-based residential facility, boarding house, group home or halfway house meeting the criteria set forth in subsection (a) of this section and occupied by persons with mental retardation, persons with psychiatric disabilities, alcohol-dependent persons or drug-dependent persons.”

Both the 1199 and NP-2 contracts have language that restricts contracting out. Article 6 of the District 1199 contract states:

**(a) During the life of this Agreement, no permanent employee will be laid off as a direct consequence of the exercise by the State Employer of its right to contract out.**

**(b) The State employer will be deemed in compliance with this Article if:**

- (1) The employee is offered a transfer to the same or similar position which, in the Employer's judgment, he/she is qualified to perform, with no reduction in pay; or**
- (2) The Employer offers to train an employee for a position which reasonably appears to be suitable based on the employee's qualifications and skills. There shall be no reduction in pay during the training period.**

**(c) Sunset Clause:** The provisions of this Article expire automatically upon expiration of this Agreement. Either party may renegotiate for the inclusion of this provision or any modification thereof in any successor agreement.

Article 13, Section 10 of the NP-2 (Maintenance) contract states:

**Section Ten. Impact of Contracting Out.** Impact of Contracting Out. (a) The State will not initiate the contracting out of work normally performed by employees within the bargaining unit unless two or more of the following conditions are demonstrated:

(1) the bargaining unit employees who would normally perform the work are unavailable to do the work even with a reasonable amount of overtime;

(2) the bargaining unit employees do not possess the required qualifications and skills to do the work in a qualified manner or would be unable to complete the work within the requisite time with a reasonable amount of overtime;

(3) the work can be contracted out at a lesser cost; however, any such proposal or contract shall be jointly evaluated. The State shall cooperate fully with the Union in accomplishing such cost comparison, and in providing the Union with all cost data and documents.

(4) budgetary constraints preclude the use of bargaining unit employees to do the work.

(b) The State may continue to contract out work, other than task labor, which has been contracted out historically without regard to the restrictions stated in this Section.

(c) If the State is found by an arbitrator not to be in compliance with Section 10 (a), the arbitrator's remedial authority shall include the power to assess reasonable compensatory damages and to issue a cease and desist order applicable to any similar future contracting. Grievances filed under this section may be filed directly at Step 3 of the grievance procedure. If the grievance remains unresolved, it may be submitted by the Union to expedited arbitration.

(d) During the lifetime of this Agreement, no full time permanent employee will be laid off as direct consequence of the exercise by the State employer of its right to contract out.

(e) The State employer will be deemed in compliance with this Section if; (1) the employee is offered a transfer to the same or similar position which, in the employer's judgment, he/she is qualified to perform, with no reduction in pay; or (2) the employer offers to train an employee for a position which reasonably appears to be suitable based on the employee's qualifications and skills. There shall be no reduction in pay during the training period.

Over the past several years, DDS has gradually reduced the number of people served in the public sector through attrition, consumer choice to move, and through the 2004/2005 conversion of some public CLAs as a result of the 2004 ERIP, which created a number of vacancies in public residential staff positions.

**6. (OFA) How much does the department distribute to providers annually, for one-time increased needs (both residential and day programs)?**

The following table shows historical one time expenditures:

| Fiscal Year | Day Services | Residential  | Total        |
|-------------|--------------|--------------|--------------|
| 2005        | \$1,012,713  | \$3,344,220  | \$4,356,933  |
| 2006        | \$961,599    | \$6,457,074  | \$7,418,673  |
| 2007        | \$1,763,789  | \$8,056,397  | \$9,820,186  |
| 2008        | \$3,963,290  | \$10,117,795 | \$14,081,085 |

One time funding is created by savings that occur when new development is delayed, individual budgets are not fully utilized and from provider cost settlement. It allows DDS to address changing health and safety needs of people as required under the Home and Community Based Waiver.

**7. (OFA) What is the current status of the Autism Division and what is the planned development for FY 10 and FY 11?**

The Autism Division is currently serving 52 individuals in two locations: the greater New Haven and greater Hartford areas. New Haven, which currently has 34 participants, was the original pilot location. The pilot expansion to Hartford happened in July 2008 and there are currently 18 participants in that area. In addition, there are 10 individuals who have been accepted, but are awaiting openings in the South Region and there are 10 applications that are pending review. Providers are available in both geographic areas and all staff must participate in DDS sponsored training. Providers are qualified and can be accessed directly by participants. All participants have individual budgets and use a fiscal intermediary for financial accountability. The Division is staffed by a Director, an administrative assistant and two case managers. Other positions are vacant as a result of the state hiring freeze. The division continues to work collaboratively with OPM, DSS, DMHAS and DCF to complete a waiver feasibility study. The outcome study conducted by UCONN is being finalized. Both reports will be shared with the Legislature upon completion. Given the proposed budget, DDS will be able to continue the pilot at the existing level in both FY10 and 11.

**8. (OFA) What is the average cost per resident at Southbury Training School (STS)? What is the average cost to provide a community placement for former residents of STS? How many former STS residents are placed in the community each year?**

The average annual cost per resident at STS is \$282,666 for residential services and \$32,566 for employment or day support. These costs are based on the FY07 agency cost report. The state of Connecticut receives FFP from the federal government for 50% of the cost as part of the ICF MR program. We are still working on getting you an average cost for community placement for former residents. We will forward this information to the subcommittee.

The number of placements from STS to the community for the last 11 fiscal years are:

| FY99 | FY00 | FY01 | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 |
|------|------|------|------|------|------|------|------|------|------|------|
| 7    | 11   | 20   | 6    | 0    | 5    | 2    | 0    | 5    | 0    | 1    |

**9. (OFA) What is the average cost for Money Follows the Person (MFP) placements? What has the savings been when compared to the prior residential placements?**

DDS is responsible for supporting 70 people during the next 2 and a half years as part of MFP. However, MFP began accepting applications in the past two months so no one has been placed as of yet although people have started to be identified who meet the criteria. Our goal under the MFP initiative is to transition 13 individuals to community settings in FY09. The first 365 days of services for individuals under MFP is funded by DSS. After that, the individuals will be enrolled in the DDS comprehensive waiver. The Governor's budget provides continued funding for these 13 placements in FY10 at a maximum of \$110,000 and an additional 20 people in FY11. The cost of each individual placement will not exceed the current cost of the \$110,000 or the current placement; whichever is lower.

Again, thank you for the opportunity to discuss the proposed budget for FYs 10 & 11 as it relates to the Department of Developmental Services. We would be happy to discuss these items or any additional questions that you might have.