

Governors' Cabinet on Nonprofit Health and Human Services
Minutes from the
Contract Procurement and Administration Workgroup
Meeting of March 20, 2013
9:00 – 11:00 pm
CCPA Office
35 Cold Springs Road, Suite 522, Rocky Hill CT

Members Present: Co-Chair Kathleen Brennan, DSS; Co-Chair Alyssa Goduti, Community Health Resources; Christian Andresen, DPH; Cindy Butterfield, DCF; Roberta Cook, BH care, Inc.; Bob Dakers, OPM; Patrick J. Johnson, Jr., Oak Hill; Lois Nesci, Catholic Charities; Daniel J. O'Connell, CT Council of Family Service Agencies; Sandy Porteus, Family Services of Greater Waterbury; Anne L. Ruwet, CCARC, Inc.

Members Absent: William Carbone, CSSD; Cheryl Cepelak, DOC; Marcie Dimenstein, The Connection, Inc.

Interested Parties: Linda Burns, DSS; Valerie Clark, OPM; Terry Edelestein, Nonprofit Liaison to Governor Malloy & Co-chair of the Governor's Cabinet on Nonprofit Health and Human Services; Mary Anne O'Neill, CCPA;

Welcome and Introductions

The meeting began at 9:10. The Co-Chairs welcomed back the participants and interested parties.

Review and Acceptance of Minutes

The draft minutes of the February 27 meeting of the Contract Procurement and Administration Workgroup were reviewed and accepted as final by the members. Ms. Brennan will direct the final minutes to Meg Riding for posting on the Cabinet website.

A Discussion on S.B. 1023 – An Act Concerning Revenue Retention by NonProfit Health and Human Service Providers

Shelia Amdur, Interim President/CEO of CCPA had agreed to lead this discussion. Unfortunately due to illness Ms. Amdur was unable to attend the meeting. Mary Anne O'Neill, Director of Public Policy at CCPA opened the discussion with a status of the bill.

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

Purpose: To allow nonprofit providers of health and human services who are in compliance with state

contractual provisions and regulatory standards to retain contracted amounts from the state to enhance their fiscal health and stability.

Introduced by: Human Services Committee

Public Hearing: March 5, 2013

JF deadline: April 4, 2012

There was an open discussion regarding the bill among all of the members. Ms. Ruwet noted that she testified at the public hearing in support of the bill as it goes along with the recommendation of the nonprofit cabinet. She further stated how providers have been unable to give increases to employees and the ability to retain surplus would allow the providers to promote incentive compensation.

Several nonprofit provider members of the workgroup expressed their opinion and support for the bill and the concept of surplus retention categorizing it as making "good business sense" especially in a tight economy. A provider's ability to retain surplus, assuming they have met all of the contractual requirements and outcomes, would help improve the organization's financial stability which would support their ability to work with banks and mortgage property to support their business.

The state representatives on the workgroup offered their opinion on the bill noting that the budget climate, specifically referencing the need to implement a deficit mitigation plan, requires that surplus funding be repurposed for other expenses. Further, while the contractors' position is that programmatic performance should support their ability to retain the surplus funds gained through contractor efficiencies, the lack of confidence within the state agencies that a program is being monitored on the basis of accurate performance measures and measurable outcomes results in the monitoring of a contract from a fiscal perspective.

There was a discussion regarding whether there would be a fiscal note for this bill if it made it out of human services to appropriations. Given that any surplus would result from a total contract amount that had already been factored into the budget, the members questioned the existence of a fiscal impact. Ms. Edelstein commented that the fiscal note might reference the funds that may have been recouped. Mr. Dakers thought that he may have already asked the human services agencies to provide that information and would present the findings to this workgroup.

Ms. Goduti noted that through this workgroup we are charged to: "Consider a surplus retention policy across POS contracts, analyzing the pros and cons of establishing this policy including the cost to the state and the process for ensuring the provision of contracted services." Ms. Goduti noted that in our report to the Cabinet we will need to report whether we support or oppose such a policy. To do so we will have to establish a process on how to make our decisions and how to report the position of the Workgroup to the Cabinet if the positions are not unanimous. Ms. Edelstein noted that she would be calling a meeting of the Workgroup chairs to discuss their progress as well as the reporting out of results.

Ms. Edelstein also noted that the back of the Governor's budget included language pertaining to surplus retention in contracts between nonprofit providers and the Department of Developmental Services and suggested that this group could take a look at revising the language to add other agencies.

Report Out and Discussion of Subcommittee Activities

Subcommittee A: Cost Standards

Alyssa Goduti – Subcommittee Lead;

Subcommittee tasks: (1) Recommend revisions to the OPM Cost Standards for certain allowable depreciable expenses; (2) Recommend revisions to the OPM Cost Standards and to POS contracts to allow nonprofit providers to establish capital reserve accounts; and (3) Consider a surplus retention policy across POS contracts, analyzing the pros and cons of establishing this policy including the cost to the state and the process for ensuring the provision of contracted services.

Ms. Goduti noted that there has been very active participation in each of the subcommittees. This subcommittee had a discussion on the scope of the review of the cost standards questioning whether the review was limited to a review of the recommendations that were part of the first report or an overall review of the cost standards. Workgroup members offered their opinions. Those that supported a more focused review commented that the limited time frame for this work requires a limited focus while others supported a broader review noting that the cost standards have not been looked at in a formal matter in the past seven years. Following a lengthy discussion the subcommittee members suggested that the prioritization of tasks for this subcommittee should be:

1. Surplus retention
2. Follow –up on recommendations to cost standards identified in the first report
3. Identify remaining standards that require additional discussion identifying them as those that need clarification and those that need a more in-depth review including concept and application.

Subcommittee B: Bonding Alternatives

Bob Dakers – Subcommittee Lead;

Subcommittee tasks: (1) Develop recommendations to enhance bonding alternatives for nonprofit health and human services providers; (2) Assess utilization and limitations of existing bond pools (DDS, DMHAS, DSS, DCF); (3) Assess utilization and limitations of OPM Nonprofit Incentive Grant bond pool; and (4) Recommend additional bonding options to support the nonprofit provider infrastructure in such areas as Electronic Health Records, IT systems and infrastructure support

Mr. Dakers discussed the progress of the Bonding Alternatives Subcommittee. There were lengthy discussions regarding the different processes used among the different state agencies to contract for bond funds. Regardless of the differences the state agencies and nonprofit providers

agreed that the process needs to be reviewed and simplified and streamlined. Ms. Edelstein noted that there is 3.5 million dollars remaining in the NonProfit Incentive Grant Fund eligible for contracting but that the complexity of the process impedes the ability to apply and be awarded supporting the need for a more streamlined approach. The Governor's budget includes \$20 million in bonding funds and although it has to be passed by the legislature we need to be thinking about the best and most efficient way to utilize those funds. Members were encouraged to look at the STEAP grant proposal on the OPM website to be used as a simplified bonding model.

Subcommittee C: RFP & Procurement Process

Kathy Brennan – Subcommittee Lead;

Subcommittee task: Monitor status of procurement and action steps recommendations including: (1) Posting "Principles to Guide the State/Private Nonprofit Provider Partnership"; (2) Training on the principles; (3) Revising procurement standards; (4) Streamlining data reporting requirements; (5) Aggregating audit and other data; (6) Assessing financial health of nonprofit providers and (7) Developing training protocols relating to contract and fee for service reimbursement

Ms. Brennan reported that the Subcommittee has been focused on revising the procurement standards in accordance with the recommendations of the last report. OPM had shared a preliminary draft of recommended changes to the procurement standards that were under review by the subcommittee.

Other Business

Ms. Goduti mentioned the March 19, 2013 story in the CT News Junkie about the report by CT21 on "The Partnership between the State of Connecticut and NonProfits". The report, which has been in development over the past few years, assessed the current structure of the human services delivery system and provided recommendations. Ms. Edelstein noted that both she and Deb Heinrich, the former Non-Profit Liaison had been interviewed by CT21 as well as most of the Connecticut nonprofit organizations. Ms. Edelstein noted further that CT21 had been invited to present to the Cabinet at the April 16, 2013 meeting.

Timeline and Meeting Schedule

The next meeting of the Governor's Cabinet on Nonprofit Health and Human Services is Tuesday, April 16, 2013 at 9:00 during which Co-Chairs Brennan and Goduti will be asked to report out on the progress of this WorkGroup.

The next meeting of this WorkGroup during which the Subcommittee Leads will be asked to report out on the progress of each subcommittee is Friday, April 19, 2013 at 9:00 at the CCPA office.

The next meeting of each subcommittee is Monday, April 22 at the CCPA offices

9 – 10:30: Subcommittee A

10:30 – 12:00: Subcommittee B

12:00 – 1:30: Subcommittee C

The Co-Chairs expressed their thanks to Mary Anne O’Neill and CCPA for providing the meeting space.

There being no further business the meeting was adjourned at 11:00 am.

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