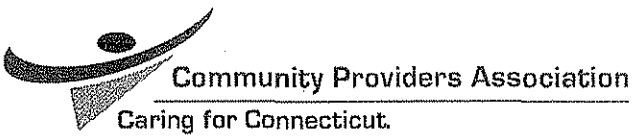

February 4, 2010

To: Legislative Task Force on Community-Based Human Services

From: Terry Edelstein, President/CEO

Re: **Issue Overview**

We commend the Human Services Committee for creating a Legislative Task Force on Community-Based Human Services. This Task Force is taking an important step in identifying system problems and considering solutions in order to assure the provision of services for the more than 500,000 Connecticut residents who rely on state funded, community based human services and supports.

I'd like to provide a brief overview of the funding crisis affecting community providers that limits their ability to provide services and supports for individuals with disabilities and significant challenges. I know that many of you have visited community provider agencies in the past, and I'd like to extend that invitation again. You are all cordially invited to visit our agencies, to meet the individuals we serve, to meet our staff and to speak with the parents and advocates so that you can see first-hand what it means to provide services in the community.

The Quest for A Long Term Solution

Organizations have been supporting individuals with disabilities in the community for years. While some organizations in Connecticut have celebrated their 100th anniversaries, most community provider organizations had their origins at several critical more recent time periods, linked to changes in the philosophy of serving individuals with disabilities in the community. In the early 1950s it was the parents who refused to send their children to live their lives in institutions who created what are now the Arcs and other community based agencies to support children and later adults in vocational and residential settings. The next generation of parents advocated for the passage of federal inclusive education laws. A third wave of parents filed a

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lawsuit so that the state could provide services for people on the Department of Developmental Services waiting list.

In the 1980s and 1990s Connecticut was a major player in closing institutions – Mansfield Training School, Fairfield Hills Hospital, Norwich State Hospital and Seaside Regional Center, contracting with private providers to provide comprehensive residential, employment and support services for individuals with mental illness and people with developmental disabilities. The community provider system expanded to meet the need, funded largely by the state.

Unfortunately, Connecticut remains one of the few states in the country still to maintain a large institution, Southbury Training School. The state continues to face a huge expense and the loss of human potential as long as Southbury Training School remains open. We encourage the Legislature to analyze the cost to run Southbury Training School compared with the cost providing those same services through contracts with community providers.

There were challenges to community based funding from its early days. The mental health system has continued to argue that funding from institutional settings did not follow individuals into the community and while services for people with developmental disabilities were at first well-resourced as a result of a lawsuit settlement, funding has not kept pace with the needs of these individuals with significant disabilities.

Jumping to 1991, the Legislature created a Blue Ribbon Commission on Fair Wages, the first effort by the Legislature to resolve funding issues for private providers. The Commission recommended a funding strategy for paying community-based agencies at 90% of the cost of similar state services. Then came the debate over the state income tax and in subsequent years community providers lost 4% of their contract funding.

The funding crisis didn't go away and other initiatives followed:

- A proposal to index community based human services in relation to state employee wages
- A proposal for a Community Provider Rescue Fund
- Legislation initiated by the Human Services Committee in both the 2008 and 2009 sessions to create a Community Based Services Commission

- Legislation developed by the GAE Committee in 2008 to support a Community Based Services Commission that was passed by the Legislature but vetoed by the Governor
- Legislation passed as part of the 2009 implementer to create an Advisory Committee for Reimbursements for Services under Programs Administered by DDS (Section 57 of Public Act 09-3 of the September Special Session)

We've been advocating for a long term solution to our funding crisis for years, much of the time with the excellent support of the Legislature. But at the same time we've been stymied in our ability to transform our service delivery system from one of begging for every dollar to one that is funded as part of the infrastructure of the state. This is where we need your help to support us in developing a long term solution.

A Few Words About the Budget

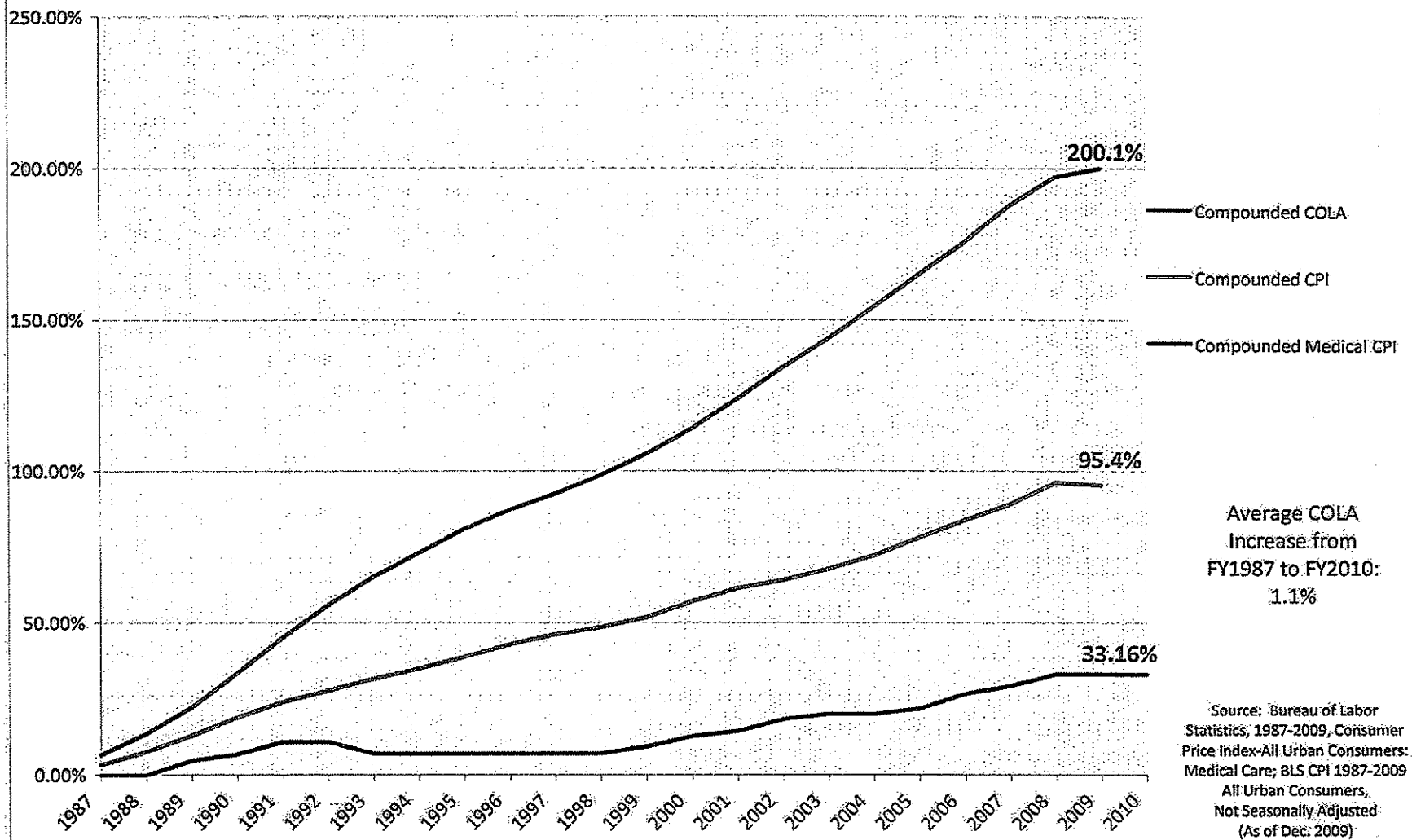
Community providers have gone through three years with no funding increases. Flat funding is the equivalent of a cut in relation to the Consumer Price Index. As you see from our updated COLA chart, with no increases in FY09, FY10 and FY11 we face an ever widening gap with the Medical CPI which has risen by 200.1% compared to community provider increases of 33.1%.

The Governor's November rescissions have pushed what was flat funding into a 2% cut in most human services line items. But other services, labeled in the Governor's FY11 Midterm Budget Adjustments as "lower priority contract service types" in the DCF budget have been cut completely and "non-entitlement accounts" in the DSS budget have been cut by 25%.

Does a 25% cut in the DSS budget for "Employment Opportunities" for people with disabilities make sense when these same individuals will shift from earning wages and paying taxes to increasing their dependence on government benefit programs? Does a 2% cut in DDS day program services make sense when the individuals served will need to utilize more hours of residential services? You'll have your challenges as you study the proposed budget adjustments.

Thank you for giving us the opportunity of focusing on issues and solutions with you this evening. We look forward to opportunities of continuing this discussion and crafting recommendations for legislation together.

Compounded COLA vs. Compounded CPI and Medical CPI FY1987-FY2010



Average COLA Increase from FY1987 to FY2010: 1.1%

Source: Bureau of Labor Statistics, 1987-2009, Consumer Price Index-All Urban Consumers: Medical Care; BLS CPI 1987-2009 All Urban Consumers, Not Seasonally Adjusted (As of Dec. 2009)

TESTIMONY-------February 4, 2010

HUMAN SERVICES COMMITTEE

CT. GENERAL ASSEMBLY

Rep. Walker, Sen. Doyle, members of the committee. My name is Patrick Johnson and I am President of Oak Hill and Chairperson of the Board of CCPA. I am here this evening to speak about my colleague agencies in the non-profit community providers group that delivers services to people with developmental disabilities. You have heard us for years come to you and tell you how dire our circumstances are and request a cost of care adjustment, a cost of living adjustment, a rescue fund, a rate study committee or some other solution to our revenue woes. I have been told a few times that we are like chicken little claiming the sky is falling but it never falls.

For the record we have had, on average, less than a 1% increase per year for over 20 years. Our costs have climbed about 3% per year so this has been a de facto budget cut on average every year. Are we in a very fragile financial state? **You bet we are**!! The state is now in the same boat that we have been in for 20 years. Revenue is less than expenses and the state could learn many lessons from how we have managed all these years to fulfill our obligations to those severely disabled people in our care. We have been running our labor intensive services on the backs of our employees. For example no employee at Oak Hill has gotten a wage increase in probably the past 20 years that met or exceeded the CPI. Let's look at just the past six years (FY 03-FY09). State employee salaries increased by 44.1%; almost 2.5 times the rate of inflation. Health care costs for active state employees went up 73.6%. Health care costs for retired state employees went up 101.7%. State employee pensions went up 76.2%. The total inflation rate for that same six year period was 18.7%. I do not begrudge state employees their excellent wages and benefits. In fact they set the standard but this is not social justice. The cost of living adjustment in state contracts to our agencies went up a total of 7.75% in the past six years; less than half the inflation rate and out of that we had to meet inflation fueled operating costs, wages, and benefit costs. Some of my colleague agencies provide little or no benefits to employees and some use Husky as the health care option for employees, though that is not considered in the cost of care. **Imagine where CT would be if the state went through the same 20 years of revenue deprivation! The last two and the next two to four years will bring to the whole state what we have been experiencing for over two decades.** We have demonstrated the kind of penurious fiscal restraint, extraordinary sacrifice on the part of our employees, commitment to core mission and core values, and most importantly of all; putting the most vulnerable people at the center of all we do.

Over 70% of my colleague agencies have been operating in deficit for several years, many have less than 30 days of cash in reserve and many more have less than 90 days. Banks are tightening up lines of credit and, growing less confident about the state's ability to pay, are reducing lines of credit and duration of credit. Private non-profit community based providers are indeed holding up the sky but we have been doing it too long and when we start to let go, and we will, the sky will indeed fall.

We are facing the most revolutionary changes in over 30 years in how services to people with disabilities are funded and being handed contracts and told to return them signed the next day with no explanation of changes and knowing that most will suffer more financial losses to meet the Governor's rescission requirements. We need more legislative oversight and forums like this to share our ideas. It can't be business as usual and we have lessons to share!

At Oak Hill we have over 500 people who are severely disabled living in their group homes in 58 towns throughout the state. When they reach out a hand to be fed, to lead them to the bathroom, to take them to their job or day program, to administer their medication, to control their behaviors, to push their wheelchair, the change their diaper, or to assure their safety; a hand has to be there. Their very lives depend on this. We are coming to you as our clients do to us, hoping that your hand will be there. Their lives and our viability depend on your help. As we must we ask you to put the most vulnerable at the center of all you do and imitate what we've had to do to survive the past 20 years.

Patrick J. Johnson Jr.

President of Oak Hill

Chairperson, CCPA

MIDDLESEX
HOSPITAL

TESTIMONY OF
TERRI DIPIETRO OTR/L, MBA of
MIDDLESEX HOSPITAL
SUBMITTED TO THE HUMAN SERVICES COMMITTEE
FOR THE LEGISLATIVE TASK FORCE ON
COMMUNITY-BASED HUMAN SERVICES

Thursday, February 4, 2010

Good evening, I appreciate the opportunity to speak to you tonight on behalf of the community health and human services providers in Middlesex County and across the state of CT. My name Terri DiPietro, and I am the Director of Outpatient Behavioral Health Services for Middlesex Hospital. First, I feel compelled to let you know that what seem to be saved dollars on paper, in fact will lead to increased spending that is not discretionary.

I would like to share a specific example with you regarding the potential savings that have been identified in the governor's budget that in fact will likely cost far more dollars than can be saved. Middlesex Hospital's Family Advocacy Program has one Enhanced Care Coordinator. Our relationship with our local DCF office has been collaborative and collegial for many years. We were able to identify cost savings related to 5 cases since August of 2009. The position costs approximate $65, 000.00 annually. Since August the conservative estimate of savings that came from that provision of service is $96,000.00. How can the elimination of this essential service be viewed as a cost savings, when if the ECC had not been involved DCF would have paid out $96,000.00? I would like to highlight some specific cases that demonstrate not only does the ECC role generate savings, it promotes treatment in the community and returns the child to the least restrictive environment. In one case, DCF saved $38,000.00 by finding an alternative to Sub Acute Placement. The ECC worked to establish treatment and supports within the child's community. Another case eliminated the family's use of the Emergency Department and Inpatient Psychiatric Care over the course of 5 months which resulted in a $23,650.00 savings.

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Middletown, Connecticut 06457-3650

tell 860 358-6000
www.middlesexhealth.org

Again, the child received the care they needed in the community rather then the costly chaos of the Emergency Department and Inpatient Psychiatric Unit. This is just one example of how the proposed cuts on paper seem to solve our financial problems, when in fact they will only cause them to grow.

Secondly, Middlesex Hospital's Family Advocacy Program employs 48 staff. 15 of these staff work in programs that are directly funded through DCF grant dollars. Like many Private Not-For-Profits we have struggled to meet the financial obligations to provide care to our most vulnerable children in families in the wake of budget cuts and recision plans. Even in these difficult financial times, the emphasis from all branches of state government has been to keep the people who are working employed, and find ways to create jobs. The proposed cuts counter that line of logic.

I have been in the human services field 25 years this May. I came to this work driven by my passion to make a difference in people's lives. Throughout my many years of service I have worked with people of that same mission. Behavioral Healthcare is not an industry one enters to become rich, however our programs and our staffs need to make a wage that will allow them to support themselves and their families. The proposed cuts will make that goal impossible. I welcome any opportunity to share my data with you as evidence that these proposed reductions will inevitably result in spending far more dollars on more intensive levels of care. Please partner with us to drill down to the true cost for many of these proposed savings.

Thank you the opportunity to share these concerns.

Terri DiPietro OTR/L, MBA
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Testimony of Walter Glomb
To the Legislative Taskforce on Community-Based Human Services
February 4, 2010

Good afternoon, my name is Walter Glomb. I am a resident of Ellington Connecticut and I am the very proud father of this young adult who has Down syndrome and is a consumer in the Department of Developmental Services.

I am here today to tell you how my son and his peers benefit from – and depend on – the Home and Community Based Services, especially the Employment, Day Services and Supported Living that are provided by the Department of Developmental Services.

These services enable individuals who have intellectual disabilities to live in their communities, rent apartments, go to work, earn a living, continue their educations – even pay taxes.

Without these public supports, my son and his peers would not be able to work. They would not be able to continue their educations. They would most likely be homebound with little to do and their parents or caregivers would be unable to work or they would be dependent on other forms of public support.

How many of these people will end up on unemployment? Direct public assistance? Or worse - in hospitals or in the criminal justice system? - all at greater cost to the state, not to mention human dignity.

In many of these cases, a parent must forgo employment, income and tax payments to stay at home with their unemployed son or daughter.

These are really not discretionary programs. The lives of our family members are not discretionary. Their needs for supports will not go away if these services are cut. The only discretion here is how we choose to meet our responsibility to them as a community.

Without funding, the already fragile network of private non-profit human service providers will be forced closer to collapse - and at least will have to eliminate staff.

We realize, of course, that the state is in a financial crisis and we are asking you to sustain these programs under smaller budgets. In fiscal year 2010 the governor has already rescinded nearly four million dollars from DDS employment and day programs and her plan for fiscal year 2011 cuts another nearly six million dollars from these programs. Cuts of that magnitude threaten the elimination of services to hundreds of families. I imagine that the situation is similar at DSS and at DMHAS.

Under these circumstances we believe that the state must reallocate resources to the most efficient means of providing services. The private non-profit providers are the most cost-effective option available to us at this time. The private providers offer us a more agile and a more robust system of care. The private providers give us more choices that enable consumers to determine the nature of their supports and thereby live with greater dignity.

I brought with me today a few copies of a video that was produced by the Connecticut Down Syndrome congress and introduces two of our family members who live, work and pursue postsecondary education in the community with the assistance of support from DDS private providers. It is only a few minutes long I hope that each of you will take a copy so you can see what the private providers mean to our family members.

Thank you.

Spencer Cain
2-4-2010 Taskforce on
ommunity-Based Human Services

Connecticut's Economic and Fiscal Outlook

Connecticut's Economic Condition

Connecticut still faces significant challenges: chief among them is stemming job losses and commencing job creation. An uncertain fiscal climate and the paucity of working capital for small firms contribute to the mediating but continuing loss of jobs and still depressed consumer and business confidence levels. Job losses however continue to contribute to the worst recession 70 years. This has also contributed to the dire fiscal straits the state finds itself.

In six out of eight employment classifications Connecticut has lost a significant number of jobs. In the sectors of information technology, manufacturing, professional and financial services, transportation, and construction, the state has experienced steep declines in employment since December 2007. Job growth has only occurred in two areas; education and health care. From November 2008 to November 2009, employment in Connecticut declined by 62,000 jobs which represents a negative 3.7 percent of total employment.

The state's unemployment rate is perhaps the most negative indicator. December 2009's unemployment rate of 8.9% is 0.7% higher than the prior month (November 2009) and 0.2% higher than the highest previously observed rate in the state (February 1992). Connecticut has fared better than the nation's rate of 10.0% however. The unemployment rate is likely to lag other indicators as firms will be slow to rehire workers.

Job losses and high unemployment have also translated into declines in personal income. Personal income declined in every quarter in 2009 by as much as 3.5 percent. It is projected to decline by .4 percent for 2010. Examining personal income related to non-wage income such as capital gains, interest income, bonus payments, stock options and other profit sharing sources shows an even more significant decline in 2009. In the fourth quarter of 2009 this source of income declined by 39 percent over the previous year and is projected to decline by 25 percent during the first quarter of 2010. These sources of income are largely responsible for the generating revenue surpluses from 2005 to 2007.

The Connecticut economy has yet to bottom out. Both the leading and coincident components of the state Drift Indicator, as compiled by the University of Connecticut, continue to show negative numbers from the 3rd quarter of 2008 to the 3rd quarter of 2009; the leading indicator by 5.5 percent and the coincident indicator by 4.7 percent. Even when Connecticut does find the bottom, the upturn may be slow as growth in all sectors will be difficult did to the loss of numerous businesses and the downsizing of most large scale enterprises.

Connecticut's Fiscal Crises

Connecticut's revenue picture continues to deteriorate. The following table taken from the Governor's Midterm Budget document indicates that General Fund Revenue has dropped by $452 million since is adoption last September with the largest drop coming from personal income taxes. Connecticut's significant job losses have translated in significant losses of state tax revenue. Just as we have yet to see the bottom in job losses we have yet to experience the floor in state revenue.

Governor's Estimate in the Decline in General Fund Revenue From the Adopted Fiscal Year 2011 Budget (in millions)				
	Adopted Budget	Latest Estimate	Change	Percent Change
Personal Income Tax	$ 6,654.7	$ 6,442.5	$ (212.2)	-3.2%
Sales Tax	3,095.4	3,165.8	70.4	2.3%
Corporation Tax	731.9	694.9	(37.0)	-5.1%
Cigarettes	403.1	386.5	(16.6)	-4.1%
Refunds of Taxes	(983.3)	(1,033.3)	(50.0)	5.1%
Indian Gaming Payments	391.7	353.3	(38.4)	-9.8%
Miscellaneous Revenue	218.5	171.5	(47.0)	-21.5%
Federal Grants	3,770.4	3,634.1	(136.3)	-3.6%
All Other	3,314.4	3,328.9	14.5	0.4%
Total	$ 17,596.8	$ 17,144.2	$ (452.6)	-2.6%
Note: Latest estimate includes $268.0 million in additional revenue derived from the elimination of the sales tax reduction from 6.0% to 5.5% that was scheduled to take effect January 1, 2010.				

2

The latest budget estimates show the following:

- Last month the Office of Policy and Management (OPM) projected a Fiscal Year 2010 General Fund budget deficit of $327.9 million. This estimate includes $129.5 million in estimated revenue that will be realized in Fiscal Year 2010 due to the elimination of a 0.5 percent reduction in the sales tax. The projected year-end balance in the Transportation Fund is estimated to be $98.3 million.
- The Comptroller is projecting a Fiscal Year 2010 General Fund deficit of $513.3 million after accounting for the elimination of the sales tax reduction. The Comptroller is in general agreement with OPM's Transportation Fund estimate. The Comptroller estimates that the General Fund deficit is $36.2 million lower than last month's estimate of $549.5 million. The deficit reduction is explained by a net improvement in revenues of $9.4 million and net spending reductions of $26.8 million.
- The January 15th OPM/OFA Consensus Revenue estimates have declined by $175 million since November 15th consensus estimates.
- Governor's Midterm Budget estimates a $500.5 million deficit for FY10. The Governor will be submitting a Deficit Mitigation Plan in the coming weeks.
- The Governor is projecting a $684 million gap in FY11 current services as compared to estimated revenue. To balance the FY 11 budget the Governor proposes reducing expenditures by $262 million and increasing revenue by $422 million. Most of the

revenue increase, $365 million, is derived from anticipated additional federal stimulus funds.

However the greatest budget deficit is projected for FY 2012 when it is estimated that revenue will for short of expenditures by $3.2 billion dollars a gap of over 18 percent. The following table explains why that deficit is projected to occur. The key factors are the loss of one-time revenue, such as federal stimulus funds and securization, and the growth in several budget areas. At that time the state government will be faced with either increasing taxes or cutting expenditures by over 18 percent. Borrowing may not be an option given the amount of debt that will be accumulating over the prior three fiscal years.

Explaining the FY 12 Deficit

Continuation of FY 11 deficit in FY 12	**($286.7)**
	+
Revenue Issues:	
Typical revenue growth at 5.8%	$870.4
Loss of one-time FY 11 revenue sources	($2,508.3)
Total Revenue Issues	**($1,637.9)**
	+
Expenditure Issues:	
Growth in Four Major Areas	
Personal Services (including fringe benefits)	$380.4
Medicaid	$265.8
Education Equalization Grant (ECS)	$47.2
Debt Service	$25.2
State Administered General Assistance (SAGA) - DSS	$21.3
Board & Care (Residential, Foster Care, and Adoption) - DCF	$22.0
Subtotal growth in four major areas	*$761.9*
	+
Other Expenditure Growth Across All State Agencies	$238.1
	+
New Expenditures	
Debt Services (Economic Recovery Notes)	$238.0
27th State Payroll Costs	$108.7
Juvenile Jurisdiction Age Change (PA 07-4, PA 09-??)	$10.7
Subtotal new expenditures	*$357.4*
Total Expenditure Issues	**$1,357.4**
	=
TOTAL CONTRIBUTING MAJOR FACTORS	**($3,282.0)**

Finally, there is obviously a correlation between jobs, personal income and state revenue. The latter cannot grow without the former. The challenge will be for the state to create an economic environment that promotes job growth and business expansion. Connecticut's community providers are an important agent in assuring a healthy and economically viable environment. The state's current economic and fiscal crisis has increased the demand for services provided by the community. As an industry community providers serve nearly 500,000 of the state's most vulnerable residents. They provide essential human services that keep people out costly settings such as emergency rooms, hospitals, emergency shelters and prisons. And they have consistently been called upon to provide alternate and less expensive care. As policy makers grapple with this historic fiscal crisis, community providers are a key part of the solution.

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The Human Services Taskforce on Community Based Human Services – February 4, 2010

Good evening Senator Doyle, Representative Walker and members of the Task Force. My name is Barry Simon and I am the Executive Director of Gilead Community Services. Gilead Community Services is a mental health provider funded by DMHAS and DCF that serves almost 600 individuals throughout Middlesex County.

The community provider system is a cost effective means of providing vital services that are an integral part of the core mission of government. I am here today on behalf of my clients, my incredible staff (part of which are 1199 union staff) and hundreds of thousands of individuals served by the community provider system to ask that you look to strengthening the community provider system as a way of addressing aspects of the growing fiscal crisis. We thank you for recognizing the value and potential of the efficient and effective system of community-based human service providers. We are a viable alternative to More Costly and Restrictive Levels of Care. I am not here to pit one part of the system against another as you are aware there is need for all parts to perform certain components, I am here to tell you that we provide excellent care that saves the State money. In fact I have been asked to attest to that by Dave and Marjorie Smith, who state that their son, who has received both State and Privatized residential care "is receiving outstanding support from caring staff. As members of the Gilead Policy & Procedure committee, we have seen, first hand, privatization at its professional best. It is a great concept that works and works well!!" They have volunteered to be contacted if you wish.

Community providers deliver services to over 500,000 of the state's most needy residents. Local agencies in all of your districts continue to witness under funding, yet everyday families and individuals across our state turn to their local community provider, at increasing rates, for the support they need to lead more productive, healthy and fulfilling lives. In these difficult economic times, demand for our supports and services have grown significantly, yet funding has not kept pace. The individuals we are serving are those who are getting hurt most in this economic downturn. If the state doesn't look to better ways to fund the system, then our clients will be the ones who are harmed in the process by having their services reduced or cut completely. We support any legislation that improves our ability to provide vital supports to those in need. As you know, there was no COLA increase in FY09. The current budget has flat funding in FY10 and FY11. Three years of no increase for any state funded community provider contracts, coupled with decades of inadequate COLAs, simply does not address our ever increasing operating costs and has forced providers to reduce services. The true issue is with a long term solution for funding any services state or private.

Programs have closed in the last few years and will continue to do so – this is not a false alarm. As an agency we have closed a program and made reductions in others due to the short sighted approach to state budgeting which ultimately will lead to dire consequences for the total community service system. We recognize and appreciate that the Legislature wants to invest the limited dollars wisely. In order to get the best return on your investment, it is our belief that funds need to be appropriated to address the comprehensive needs of the system and consumers. Given adequate resources that truly fund our costs of services, we have the capacity and willingness to expand services in the private sector; which saves the State money and brings in federal matching funds.

Here are some real life examples of how the State could better spend the limited resources:

When an RFP goes out for $600,000 and is told it can't be done for that but could be done for $700,000; don't do the services yourself for $1,300,000 since there were no positive responses.

When $70,000 in Vocational support services are cut, 15 of the 25 clients supported are still unemployed and 2 have gone into the hospital for a combined total of more than 90 days at a cost of more than $90,000.

We have recently been awarded a program that will serve 5 individuals who have been in the hospital for 5-10 years. At an approximate cost of $365,000 per person per year. We will serve these women for a cost of approximately $125,000 per person.

We are and will continue to be a cost-effective solution to addressing the growing needs of Connecticut's most vulnerable citizens. The 500,000 Connecticut residents that use community services need you to help fix this systemic problem before it becomes their healthcare crisis. There is history and models of system realignment that have worked, saved the State money, and produced better outcomes. I thank you for your time and would be happy to answer any questions.

Barry M. Simon, Executive Director/CEO
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An Analysis of State Fiscal Issues
Statecost

There is a better way: Cost-effective social services through nonprofit providers

by Pete Gioia
CBIA Vice President and Economist

The state of Connecticut administers hundreds of programs that provide much-needed and generally high quality services for many people with disabilities and special needs, including children, people with mental illness and intellectual disabilities, former inmates transitioning to society, people with addictions and others. These are people who probably wouldn't survive without some kind of lifeline or safety net, and state government is helping to fulfill its responsibility to care for them.

But these people, and Connecticut's taxpayers, deserve to have much-needed social services provided in a way that can be sustained as cost effectively as possible over time. With the state facing a steep budget deficit, it is critically important to explore every viable option.

Obviously, the state provides quality services for many of its clients. It is startling, however, how much more expensive state-run programs are, compared with the same or similar services provided by nonprofit organizations.

In Connecticut, state-employee caregivers are providing services at double the cost of comparable programs provided by people in nonprofit agencies.

How big is the discrepancy? Here are some examples, according to the latest data (2007) from the state Department of Developmental Services (DDS):

Community living arrangements for disabled people
Annual rates, per client

	Nonprofit Providers	State programs
Average	**$87,221**	**$238,624**
Low	$43,800	$190,924
Median	$99, 278	$240,228
High	$158,77	$250,193

B. Day programs
Annual rates, per client

	Nonprofit providers	State employee provider
Average	**$20,052**	**$85,298**

As can be seen, average rates for community living arrangement are 2.7 times higher when provided by state employees vs. nonprofit provider services; worse, rates for day programs are 4.2 times more expensive when the state provides the services.

It's important to note that these nonprofit programs are vigorously monitored by the state agencies that have hired them. Nonprofit agencies would not be providing services under contract to the state if their quality was unacceptable.

What then is the advantage of high-cost state agencies providing these services? Wouldn't the state find exceptional savings for taxpayers if it were to make more use of reputable nonprofit social services providers?

Connecticut also continues to maintain institutional services at four regional facilities at very high rates--even though clients with similar disabilities and needs, who were deinstitutionalized years ago at the Mansfield Training School, are now being served at community-based programs.

Here are annual per-client costs, based on fiscal year 2009 annual interim rates:

Nonprofit average: $87,221

Southbury Training School: $347,480

West Regional Center: $266,450

North Regional Center: $268,275

South Regional Center: $386,900

Again, these programs are costing far more than those being provided by community -based services.

Certainly, any kind of change with such vulnerable clients would need careful planning to make sure people's needs are met. However, these cost discrepancies are so clear and Connecticut's fiscal crisis so enormous that continuing to do business as usual is just fiscally unsound. The state should immediately investigate options to provide quality, lower-cost services.

Ultimately, it comes down to deciding whether we simply want to keep doing things in the same high-cost way, or choosing to make the very best use of taxpayers' dollars. People in Connecticut have already voted, saying in two recent Quinnipiac University Polls that they want state government to become smaller and more effective. This is an area in which the state could start making some significant progress.

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CONNECTICUT ASSOCIATION of NONPROFITS

...to serve, strengthen and support Connecticut's nonprofit community.

Testimony Before the Task Force on Community Based Human Services

NEWTOWN – January 21, 2010

To keep a lamp burning, we have to keep putting oil in it – Mother Teresa

I get asked frequently how the nonprofit community is doing and how it is responding to the economy and difficult fundraising environment. Of course, some individual organizations are faring better than others. Yet, the sector is doing what it has always done. We will change and adapt to continue to provide the services our constituents need to strengthen and transform their communities. Strong and focused leadership is needed now more than ever as we lean into this economic storm, to increase efficiency and uncover new opportunities to keep up with our communities' growing needs.

Nonprofits in this state and across the country continue to do more with less. They continue to suck it up for our communities and continue to deliver services as Connecticut's real lifeline. Yet there is a limit to the largesse and capacity of the Nonprofit sector. For years we have asked Connecticut State Government to regard nonprofits as genuine partners and extend fair and adequately funded contracts to us in return for our assistance in helping the State of Connecticut meet the needs of its citizens and our local communities.

Collaboration and partnerships are important vehicles through which nonprofits work to meet increasing needs with declining resources. These relationships help organizations to better leverage and to preserve resources, to re-energize a collective mission and help us to connect to our communities in new ways. It has always been the nonprofit sector's creativity, innovation, resiliency and resourcefulness that stand out. We will encourage all of us to explore new and renewed partnerships so that we can work together to transform Connecticut. (See attached)

Regional Municipal Cooperation. The Governor has proposed an incentive grant fund to foster further collaboration among municipalities. Recently, House Democrats announced the formation of the Blue Ribbon Commission on Municipal Opportunities and Regional Efficiencies (MORE), which will bring together members of the Democratic caucus with municipal officials, regional planning groups, nonprofits, labor unions and business leaders to help local governments "do more with less."

Similarly, this past legislative session Connecticut Association of Nonprofits requested that the Legislature establish a **Nonprofit Collaboration Incentive Grant** program to encourage nonprofit organizations to collaborate leading to consolidation of programs and services. The Finance Committee included in its Bond Package $5 million for this purpose and it was approved by the General Assembly and Governor in HB 7004 (Sec. 25). The Office of Policy & Management is authorized to develop operating guidelines for the program with input from the nonprofit sector.

The bill establishes a nonprofit collaboration incentive grant program and authorizes $5 million in General Obligation bonding to fund it. It requires the Office of Policy and Management (OPM) Secretary to use the funds to provide grants to nonprofit organizations for infrastructure costs arising from any collaboration between two or more organizations

"(c)(1)There is established the nonprofit collaboration incentive grant program to provide grants to nonprofit organizations for infrastructure costs related to the consolidation of programs and services resulting from the collaborative efforts of two or more such organizations. Grant funds may be used for: (A) The purchase of and improvements to facilities; (B) the refinancing of facility loans; (C) equipment purchases; (D) energy conservation, transportation and technology projects; (E) planning and administrative costs related to such purchases, improvements, refinancing or projects; and (F) any other purpose authorized in guidelines established under subdivision (2) of this subsection."

(2) Not later than February 1, 2010, the Secretary of the Office of Policy and Management shall, in consultation with the chairpersons of the joint standing committee of the General Assembly having cognizance of matters relating to human services, and with representatives of nonprofit

organizations that receive state funding, develop guidelines for (A) administration of the nonprofit collaboration incentive grant program, (B) eligibility criteria for participation by nonprofit organizations, and for the expenditure of grant funds, and (C) prioritization for the awarding of grants pursuant to this section.

(3) Not later than March 1, 2010, and annually thereafter, the Secretary of the Office of Policy and Management shall publish a notice of grant availability and solicit proposals for funding under the nonprofit collaboration incentive grant program. Nonprofit organizations eligible for such funding pursuant to the guidelines developed under subdivision (2) of this subsection may file applications for such funding at such times and in such manner as the secretary prescribes. The secretary shall review all grant applications and make determinations as to which projects to fund and the amount of grants to be awarded in accordance with the guidelines developed under subdivision (2) of this subsection.

There is no one solution. There are many solutions. Reasonable and appropriate privatization; additional revenues; an infusion of funds as an investment and incentive to spur greater creativity, innovation and effectiveness are all part of a long term solution. While we were not asked to submit other solutions as part of this testimony, we have developed an array of possible solutions and would be happy to make them available to the Human Services Committee.

Ron Cretaro
Executive Director
Connecticut Association of Nonprofits

COLLABOARATION MODELS

A. Backroom/Administrative
1. Communicare, Inc. – Birmingham Group, Harbor Health, Bridges
2. United Way of Danbury

B. Fiscal Agent/Hosting
1. Regional Youth Substance Abuse Program (RYSAP)
   a. Conn. Juvenile Justice Alliance
   b. Public Allies
2. Nonprofit Cabinet - Connecticut Association of Nonprofits

C. Co-Location of Office – nonprofit owned (common reception or meeting space, etc.) rent to other nonprofits
1. St. Luke's LifeWorks
2. Partnership For Strong Communities
3. Burroughs Community Center
4. Community Foundation of Greater New Haven
5. Connection (48 Howe Street, New Haven)

D. Joint Fundraising Corporation – SARAH Endowment, Inc.
1. SARAH, Inc.
2. SARAH Tuxis
3. SARAH Seneca

E. Management Corporation
1. Partners For Community
2. Residential Management Services (RMS) manages/operates others residential program

F. Joint Fundraising Collaborations
G. Joint Grant Application Collaborations/Shared Grants (too numerous)
H. Joint Group Purchasing Initiatives
I. Joint Training/Conference Collaborations
J. Joint Grant Administration/Lead Agency – multiple grantees
1. Conn. Coalition Against Domestic Violence (CCADV)
2. South Central Area Agency on Aging
3. Conn. Sexual Assault Crisis Services (CONNSACS)

K. Joint Office Location – for profit owned (3 or more nonprofits at same site)
1. 110 Bartholomew – Hartford
2. 205 Whitney Avenue – New Haven
3. 30 Jordan Lane – Wethersfield
4. One Park Street - Norwalk

L. Contracting of Backroom/Administration to For-Profit Business or Other Nonprofit
e.g. Human Resources, Financial, Technology, Development

1. HARC financial services for Jewish Assoc. For Community Living (JCL)

J. Mergers

1. Girl Scout Councils (five CT Councils)
2. United Ways - 3 separate Stamford, Litchfield,
3. Connecticut Fund For the Environment (Save the Sound)
4. Fairfield County Community Foundation (Bridgeport Area Foundation)
5. Easter Seals of CT – (other Easter Seals organizations)
6. Community Renewal Team (Community Action of Greater Middletown, Asian Community Services)
7. New Opportunities (Meriden Community Action Agency)
8. Birmingham Group & Domestic Violence Services of Greater New Haven
9. Red Cross

Behavioral Health Mergers

1. Community Mental Health Affiliates (Central Conn. Family Services, Central Conn. Substance Abuse Council, Reid Treatment Center, Northwest Family & Children's
2. Sound Community Services (First Step & Integrated Behavioral Health, Inc.)
3. Gilead Community Services (Shoreline Counseling)
4. Liberation Programs (Meridian, Guenster Rehab)
5. United Services (Quinebaug Family & Youth Agency)
6. ALSO-Cornerstone
7. Morris Foundation (Lower Naugatuck Alcohol Services)
8. St. Francis Hospital (ADRC)
9. Rushford Center (Curtis Home For Children)
10. Harford Hospital (Natchaug, Rushford, Midstate Behavioral Health, Elmcrest)
11. Community Health Resources (Genesis Center)
12. Birmingham Group (Lower Naugatuck Regional Action Council)

Developmental Disability Mergers

1. Network, Inc. (ChurchCo)

Legislative Taskforce on Community-Based Human Services
Thoughtful Medicaid Redesign and Maximizing Federal Funding
Jeffrey Walter
President and CEO
Rushford Center Inc.
February 4, 2010

Rushford Center is a community-based, non-profit behavioral health care provider serving more than 7,000 individuals and families each year. We provide a continuum of care for people suffering from mental illness and serious addictive disorders. In addition, we serve thousands of children and youth in school- and community-based education and prevention programs. I would like to talk to you this evening about the role of federal funds in Connecticut's health care system.

As I know you are aware, medical assistance programs to needy individuals and families represent the single largest state expenditure category, at more than 25% of the state's $18 billion budget. In the past, Connecticut has taken a conservative approach to the pursuit of federal financial participation under the Medicaid program. In so doing, the state has avoided the pitfalls that some other states have encountered that have been aggressive in converting state-funded services to Medicaid. On the other hand, Connecticut leaves "money on the table", funding that is desperately needed to fill a budget gap – and, at the same time, maintain – or even possibly enhance- the health care safety net for thousands of citizens.

The current biennial budget recognizes the necessity and opportunity of expanding federal funding for state services. It calls for the conversion of the State Administered General Assistance Program (SAGA) to Medicaid, with a projected annual savings of about $40 million. Additional savings of approximately $60 million are planned by arranging for medical management of services to Adult, Blind and Disabled coverage groups. The State could go further by expanding the Home and Community Based Waiver and seeking additional federal reimbursement under the Adult Rehabilitation Option.

Many of the services that are currently funded by the state through grants could be reimbursed through the rehab option. They include: case management, community support teams, and assertive community treatment. Grant funding can be used to meet the federal match, thereby reducing the net expense to the state. Financing a public system of care requires a balance between the state's fiduciary responsibility to contain costs and the importance of funding an appropriate array of services. Keys to achieving this balance include provider accountability, fair reimbursement rates and structures, and appropriate administrative controls to ensure payment for the "right" level of service.

Promoting effective models for the delivery of care is as important as the financing structures. Management of services should promote the "medical home" concept. Primary Care Case Management (or PCCM) is currently being piloted in the HUSKY program. There is application of this concept for state population groups with chronic disease and disabilities. Patient-centered health care homes should be promoted

throughout the Medicaid program. Engaging the community-based providers (including hospitals, clinics and private practitioners) to partner with the state in developing these care coordination structures should be essential components in the State's plans.

Finally, I want to encourage you to build on successful oversight structures for Medicaid services. The Medicaid Managed Care Council and the Behavioral Health Partnership Oversight Council are effective mechanisms for monitoring and promoting quality, cost effectiveness and the development of innovative approaches to the delivery of care. The BHP Oversight Council, which I co-chair with Senator Harris, represents an outstanding model for bringing together all stakeholders – including state agencies, providers, advocates, and consumers- in this common endeavor.

I would like to close by thanking you for all you have done, and continue to do, even in this stressful economic time, to support services to needy Connecticut citizens.

2/4/2010
Taskforce on Community Based Human Services

Good evening. My name is Heather Gates. I am the President/CEO of Community Health Resources. We provide behavioral health and social services in central and eastern Connecticut to all ages. We have contracts with all of the states' human service agencies and the judicial branch through CSSD. We serve the most severely mentally ill and emotionally challenged adults, adolescents and children and their families. Our services include outpatient therapy, case management, residential, in-home interventions, mobile crisis response, partial hospital, therapeutic foster care, and supported housing, among others. We serve over 9,000 adults, children and families a year. We are the product of a merger between two similar mental health agencies in different communities that took place in 1998.

I am here tonight to talk to you about mergers, affiliations and other models of collaboration that can improve the cost effectiveness of the community provider system. As a system, we are well aware of the need to find cost effective solutions to the current economic situation and have been doing this for many

years. However, we are at a point where we need to approach the discussion from a business perspective and look to other solutions.

The environment in which we operate has become highly regulated and more complicated over the course of the last ten years. Providers need to have a sophisticated and well developed infrastructure with several key components: corporate compliance programs; IT systems and electronic medical records; quality management and data driven decision making; sufficient capital to weather the ups and downs of the economy; third party billing capacity; and training, among others.

This kind of infrastructure is expensive but necessary. If spread across a large enough base of programs it can improve the quality of care and result in better and more predictable outcomes. This can be achieved when providers merge to create larger agencies, affiliate to achieve specific programmatic goals, or participate in joint purchasing. All of these can achieve economies of scale and savings, but ultimately the more integrated the activity the greater the savings.

The state should create incentives for providers to merge and affiliate by rewarding this activity. For example, if two providers merge, and there are savings from the consolidation of administrative functions the provider should be allowed to redirect the savings into the service system. Or if cuts to services are proposed providers should be encouraged to merge or pursue joint purchasing to save the necessary funding, but leave services whole. The state should develop an active policy approach to this discussion since it can be part of the solution to the current economic situation.

I am happy to answer any questions.

Robert J. Cloonan
333 Cumberland Road
West Hartford, CT 06119

Testimony Before State of Connecticut Human Services Committee
February 4, 2010

My name is Bob Cloonan and I reside at 333 Cumberland Road West Hartford, CT 06119. As a parent with 40 years experience in dealing with the challenges that life presents when you have two multiply disabled young adults I thank you for your foresight and patience in conducting this hearing. My children have been the recipients of very special care and the wonderful dedication of many agencies over the years. The 3 caregivers that I am concerned with at the present are Connecticut Institute for the Blind/Oak Hill, HARC, Inc. and Key Services, Inc. All have a record of outstanding service to individuals, families and the State of Connecticut that cannot be equaled anywhere in the country.

I would simply like to recommend that the proposed Attendance Based System of Provider Payments for services to Agencies serving the disabled be immediately canceled until a Rate Study Committee of the CT Legislature can thoroughly review the pros and cons of such a system to ensure that services to the disabled will not be reduced or eliminated and that these agencies will not be short changed in their critical missions.

I am sure that each of you has already heard the argument that, like a classroom of students, Agency Programs cannot be curtailed nor expenses reduced when a client does not show up on a particular day. Supervision, training, maintenance etc. must still go on. The van still must take the remaining individuals to their worksite or workshop. I would like to know what our school programs would be like if each day our teachers salary were adjusted based on attendance? During the Flu season it would be a disaster. Attendance for the disabled is not something that is as easily controlled as it is for you or me. I have not counted lately but I would estimate that my children have at least 12 Doctors and Nurses that they see on a regular basis. While we make every effort to schedule appointments outside of work (supervised employment) this is not always possible. We also have emergencies that sometimes result in an entire day or multiple days out of work. Regardless, the program must go on for the remaining individuals at the worksite.

I am here to tell you that I fear that any Attendance System, unless carefully and thoughtfully studied, will result in fewer agencies and a reduction in care for the most vulnerable citizens in our state. I urge you to bring this message to your fellow legislators. Cut $ from benefits not from the critical necessities of the disabled. And not from those Agencies who have a track record of excellence in service.

Testimony Special Session, DDS Attendance Base Funding for Day Programs
February 4, 2010

My name is Terry Labbe. I live at 63 John Avenue in Bristol Connecticut with a young man whose residential supports and employment supports are funded by DDS. I also work for Harc as a Director of a Day Services Program currently supporting 83 people who have intellectual disabilities with pervasive support needs.

Given this I could speak about the impact the decision to require our most needy Connecticut residents to maintain a 90% attendance rate at their work sites will have in both capacities. However I am choosing to tell you about the very personal worry this decision gives me and tell you about the young man I have supported through DDS' Community Training Home Program for the past 17 years. His name is Rhannon. He is the light of my life. I need Rhannon as much as his pervasive behavioral needs make him need me, his biological family and all of the people who help him have success at work.

Rhannon has a position at another private provider's program. He works for CW Recourses. This is a program similar to the Harc employment programs in that Rhannon goes to work from 8:30am to 3:00p where he often works on subcontract work, is in the community delivering Meals to other needy people who can not make meals for themselves for one reason or another or having leisure activities in the community or at his employment center in West Hartford.

He requires full support here as well as at home for he does not posses safety skills. Along with lack of safety skills Rhannon has an Intellectual Disability with a significant behavior disorder. His emotional control is heavily reliant on scheduling flexibility. Rhannon currently does not require medications to maintain his quality of life, he has a beautiful life. Emotional control for him is provided by environmental design which is totally reliant on the previously mentioned flexibility.

Let me explain for a moment what I mean. In the past Rhannon has had an intermittent behavioral issue that has required him to stay home. This was so that I, along with his other family, could provide him an environment that maintained his safety and the safety of others until he was able to work through the difficulties he was having.

Rhannon is generally a very polite and calm person given a routine and familiar environment with support people who understand and follow his prescribed interaction style (Behavioral Guidelines). What others who are not so familiar with people who have these needs must remember is that Rhannon does not have the communication ability to talk things over, to recover from loss, (loss can be simply that his computer is broken) and continue safely with his day. Rhannon instead may respond by aggressing toward others, or displaying self injurious behavior and destroying property.

So in conclusion there have been many years in the past 17 years that Rhannon has required missing his Employment Program thus not having a 90% attendance rate. I and his mom, dad, sister, brother, aunts, uncles, cousins and understanding friends have always been thankful that his employment has never been jeopardized due to attendance because we always have an underlying worry that an extremely long and intense behavioral crisis for Rhannon could create a far more intense loss… that of overall quality of life.

Respectfully Submitted
Terry Labbe
Terry Labbe