



# Nonprofit Human Services Cabinet

Catholic Charities,  
Archdiocese of Hartford

Children's League of  
Connecticut

Connecticut AIDS  
Resource Coalition

Connecticut Association  
for Community Action

Connecticut Association  
for Human Services

Connecticut Association  
of Area Agencies on  
Aging

Connecticut Association  
of Nonprofits

Connecticut Coalition  
Against Domestic  
Violence

Connecticut Coalition to  
End Homelessness

Connecticut Community  
Providers Association

Connecticut Consortium  
of Legal Services

Connecticut Council of  
Family Service Agencies

Connecticut Sexual  
Assault Crisis Services

Connecticut Women's  
Consortium

End Hunger  
Connecticut!

Mental Health  
Association of  
Connecticut

Oak Hill

Planned Parenthood of  
Southern New England

The Connection, Inc.

Wheeler Clinic

## MEMORANDUM

**TO:** Peter DeBiasi, co-chair, Governor's Cabinet on Nonprofit Health & Human Services  
**FROM:** Liza Andrews, Project Director, Connecticut Nonprofit Human Services Cabinet  
**DATE:** April 9, 2012  
**RE:** Recommendations for the Governor's Cabinet on Nonprofit Health & Human Services

The Connecticut Nonprofit Human Services Cabinet (Nonprofit Cabinet) would like to thank you and the members of the Governor's Cabinet on Nonprofit Health and Human Services (Governor's Cabinet) for the time and effort that you have dedicated to improving the partnership between the state and nonprofit human services providers. We would like to take this opportunity to offer feedback and suggestions as the Governor's Cabinet continues its work.

First, we urge the Governor's Cabinet to incorporate the final recommendations of the Commission on Nonprofit Health and Human Services (Nonprofit Commission) that were submitted to the Legislature last year. A great deal of work was done by members of the Nonprofit Commission, many of whom also serve on the Governor's Cabinet, to establish recommended changes and best practices for the state's contracting process. Unfortunately, many of the recommendations have not yet been implemented.

Beyond the recommendations of the Nonprofit Commission, below are specific areas of importance for the Governor's Cabinet to consider while developing recommendations:

### Procurement/Rebidding Process

- The Nonprofit Cabinet does not support automatic rebidding. CT General Statutes § 4-216 should be amended to explicitly state that personal service agreements and purchase of service contracts for health and human services are NOT subject to an automatic competitive rebidding process. There has been confusion regarding waivers and the Secretary of the Office of Policy and Management (OPM) has been questioned by the State Auditors of Public Accounts about the number of waivers granted because their audit does not take into consideration the continuity of care often necessary for the successful provision of health and human services. The state should establish clear outcome measurement guidelines and practice improvement models to use for quality assurance, not arbitrary rebidding dates.
- The state must ensure a fair appeals process to a neutral third party as part of the procurement process.
- The state should allow for prudent and appropriate communication with nonprofit human services providers during the development of Requests for Proposals (RFPs). It would be beneficial for the state, providers and service recipients to have the state and providers work together to develop program models and RFPs as both parties have expertise that will help ensure the best possible final product. The communication, which must be consistent with ethical standards, will assure improved processes, better program design, beneficial outcomes and reduced appeals.
- Outcome measurements must be clearly defined and articulated in the RFP.

- The state should streamline the requirements dictating Memoranda of Understanding (MOU) to demonstrate relevant community linkages when bidding for services. The current process of requiring an MOU for each individual program is time and staff intensive for both the prospective bidder and community partners and often results in duplication of efforts. A more comprehensive, multi-program or agency-wide MOU process that is renewed annually should be established.
- The state should establish a minimum time period of 90 calendar days between bid selection and the commencement of services to ensure that providers have enough time to build the necessary infrastructure for providing the service. There have been instances when bid selection has occurred less than 1 month prior to the contract start date. The state must also ensure that there is no gap in service and extend any existing contract until the new contract can be fully executed.
- State agencies must adhere to the timelines set forth in OPM's Procurement Standards.
- RFPs should not contain any requirements that are not funded under the terms of the contract.

### **Contracting**

- Contract execution must be done in a timely manner prior to the expected commencement of services. There have been many instances of state agencies sending contract renewals to providers after the program start date with the expectation that the provider will commence the service and carry the cost until the contract is executed. This puts an unfair risk and burden on providers.
- The terms of the contract should not differ substantially from the terms of the RFP and the funds available during contract negotiation should be that which was posted in the RFP.
- Risk must be shared by both the state and providers. Currently the nonprofit contractor takes on all of the risk associated with POS contracts for health and human services. Mechanisms should be established to allow recourse for the contractor when the state either terminates or makes changes to the terms mid-contract for reasons other than non-compliance by the contractor, similar to the provisions that exist in contracts for for-profit companies with which the state does business.
- The state should ensure that the proposed document vault under the Department of Administrative Services' BizNet system is implemented as recommended by the Nonprofit Liaison and OPM.

### **Payment**

- The state must pay nonprofit human services providers in a timely manner and should be subject to interest payments when they do not pay on time. A lack of timely payment hinders cash flow for providers and often requires that they deplete reserves or borrow against lines of credit and incur interest fees which are not reimbursed by the state.
- Payment rates must cover the true cost of service and be established in a fair and transparent manner.
- Grants and fee-for-service rates must consider and adequately cover:
  - start-up costs for new programs
  - fixed costs beyond the control of providers (e.g.: health insurance, worker's compensation, unemployment, utilities, etc.)
  - realistic salaries that represent the fair market value for the positions required to run the program that allow providers to attract and retain qualified staff
  - cost-of-living in different areas of the state
- Payment rates must be adjusted annually to reflect increases in the cost-of-living and the cost of providing services.
- The state must develop a long-term funding plan to increase grant amounts and fee-for-service rates. Pending that, the state must be prepared to make service adjustments aggregate to the flat or decreased rate being paid. The cost-standards should also be amended to allow a portion of state contract dollars to be used for fundraising because many aspects of the state services must now be supported by unrestricted dollars that come from private sources.

## **Reporting**

- All POS agencies should review reporting requirements and ensure that data being requested relates to the defined outcomes in the contract and will be utilized for decision making purposes.
- To the fullest extent possible, POS state agencies should develop common reporting systems to limit duplicative data entry across agencies and/or contracts.
- All data collected should be aggregated and made available to providers and policymakers for decision making.

## **Judicial Branch**

- The Judicial Branch must be included in discussions to the fullest extent possible and be given input into the POS procurement and contracting process. It is the hope of the Nonprofit Cabinet that the Judicial Branch will hold itself accountable to the same standards set for Executive Branch agencies.

## **Assess the Need**

- While examining and recommending improvements around how the state does business with the nonprofit human services community is incredibly important, it will also be critical for state government to properly assess the need for health and human services. We recommend that moving forward, the Cabinet include as part of its agenda a statewide scan of basic human needs and how those needs are being met by the available services.

We strongly believe that the state and nonprofit human services providers must be committed to an equal partnership, working together to coordinate services and ensure maximum efficiency and effective service delivery. A clear benefit of the Governor's Cabinet and the Nonprofit Commission that preceded it is having providers and the state's POS agencies around one table discussing policies and sharing ideas for improvements. We certainly hope that the dialogue will continue and are available to assist in any way possible.