

**Contract Procurement and Administration Work Group
Recommendations for Consideration by
The Governor's Cabinet on Nonprofit Health and Human Services
October 2014**

FAIR RENTAL ALLOWANCE:

SECTION 43. TAXES b. Allowable Costs, pages 48 – 49

The Cabinet should address the issue of fair rental for agency-owned property, including costs of ongoing property management and the need for capital improvement under the Cost Standards.

Recommend for Cabinet Discussion and Vote, re: Cost Standards: Prioritize of the Nonprofit Grant Program and adopt the draft for modifying the DDS Revolving Loan Fund:

A. Agency Bond Funds for Health; Safety and Deferred Maintenance Capital Projects

1. Continue to appropriate bond funding directly for DMHAS, DCF, and DDS for health, safety and code capital projects.
2. Consider appropriating bond funds to DOC for health and safety projects for its community providers.
3. With respect to the Nonprofit Grant Program, further target and enhance the priority given to capital projects proposed by nonprofit providers that directly impact services being provided to State agency clients through programs primarily funded by and operating under State POS contracts and agreements (i.e. rate letters and similar agreements for POS services).
4. While OPM shall continue to manage the overall NGP application and selection process, State POS agencies shall be given an enhanced role in reviewing and providing feedback on projects primarily impacting their clients.
5. For capital projects funded by these State bond funds, replace the lien requirement with similar contractual provisions regarding provider repayment and other requirements related to providers that cease operations or services to a State agency.

B. Modifications to DDS Residential Revolving Loan Program

1. DDS, DSS and CHFA should review and considering revising the 6% interest rate for the loan program to more closely reflect market rates
2. DDS, DSS and CHFA should review the timeliness of when the first loan payment is scheduled to be paid and when the corresponding increase to the provider's room and board rate is effective. The Departments should consider changing the two effective dates to be more aligned with each other.
3. For capital projects requested to be completed over a specified amount and time period, DDS and CHFA should consider developing a process to reimburse providers based on an identified payment plan based on completion targets.

AFFORDABLE CARE ACT:

SECTION 49. TAXES b. Allowable Costs, page 48

No Recommendation, re: Cost Standards.

Recommendation for Future Work:

1. Compile data regarding the cost of providing healthcare to employees for Providers, as well as data regarding Provider strategies for payment of those costs. For example: What does healthcare cost a provider? How best might the costs be reimbursed? What are the methods of paying for healthcare costs now being utilized by providers?

PROGRESS REPORT / EVALUATE DEPARTMENT OF DEVELOPMENTAL SERVICES AND DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES REVENUE RETENTION PILOTS:

HOUSE BILL NO. 5596. PUBLIC ACT NO. 14-47: An Act Making Adjustments to State Expenditures and Revenues for the Fiscal Year Ending June 30, 2015.

Recommendation for Future Work:

1. Assess the DDS plan for revenue retention currently awaiting approval by OPM.
2. Evaluate the framework of the DMHAS plan.
3. Report on both to the Cabinet.

NEW ISSUE ARISING FROM THE WORK GROUP'S DISCUSSION ON FAIR RENTAL ALLOWANCE: TO WHAT EXTENT IS ACCESS TO PRIVATE MARKET CAPITAL, I.E., REPAIR FUNDS, CAPITAL LOANS, ETC., BECOMING AN ISSUE FOR PRIVATE PROVIDERS?

Recommendation for Future Work:

1. Create a survey to be distributed by the Governor's Nonprofit Liaison and Trade Associations to Nonprofit Providers/Members for the purpose of collecting data. It is recommended that this survey be completed by February 17, 2015, and – based on results – acted upon (if necessary) by July 1, 2015.