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## OLR Bill Analysis

### sHB 5225

#### ***AN ACT PROHIBITING CLAWBACK OF CERTAIN FUNDS RETAINED BY NONPROFIT PROVIDERS OF HUMAN SERVICES UNDER CONTRACT WITH STATE AGENCIES.***

#### **SUMMARY**

This bill requires state agencies that contract with a private provider organization to provide human services to, within available appropriations, establish an incentive program that allows the providers to retain any excess funds from the contracted services cost at the end of the contract term, if they otherwise meet the contract requirements. The bill also eliminates a similar incentive program for nonprofit human services providers administered by the Office of Police Management (OPM) under current law. By law, “human services” are services directly supporting the health, welfare, and safety of residents who may have conditions including intellectual, physical or mental disabilities, or autism spectrum disorder.

The bill prohibits a state agency from attempting to recover or otherwise offset these retained funds, as long as the provider meets its contract obligations with the agency and reports to the agency on how the excess funds were reinvested to (1) strengthen the quality of human services, (2) invest in deferred maintenance, and (3) make asset improvements. The provider must report at a time and in the way the agency prescribes.

Under current law’s program, providers meeting their contractual requirements may retain any savings realized from the contracted services cost and must report to the OPM secretary on how the funds were reinvested to strengthen quality, invest in deferred maintenance, and make asset improvements. In addition, future state contracts for the same types of services cannot be reduced solely to reflect these previous savings.

Under the bill, a state agency must not allow a provider to retain excess funds under a contract funded in whole, or in part, with federal funds, if doing so will jeopardize federal funding or reimbursement for the contract.

The bill's requirements apply to any office; department; board; council; commission; institution; higher education constituent unit; technical education and career school; or other agency in the executive, legislative, or judicial branch of state government.

It defines "private provider organization" as a nonstate entity that is either a nonprofit or proprietary corporation or partnership that receives funds from the state, and may receive federal or other funds, to provide direct health or human services to agency clients.

It also authorizes the Department of Developmental Services (DDS) commissioner, in consultation with the OPM secretary, to extend the incentive program to other DDS-contracted providers, if they meet the program criteria.

EFFECTIVE DATE: July 1, 2022

**COMMITTEE ACTION**

Human Services Committee

Joint Favorable Substitute

Yea 20 Nay 0 (03/24/2022)