

OFFICE OF FISCAL ANALYSIS

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sHB-5225

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

OFA Fiscal Note

State Impact: See Below

Municipal Impact: None

Explanation

The bill eliminates an existing incentive program established by the Office of Policy and Management (OPM) for state-contracted nonprofit providers of human services and replaces it with a similar incentive program for each state agency with such contracts.

The bill could preclude future savings to the state to the extent additional state agencies participate in the program, which enables providers to retain excess funds from the contracted cost for services.

The Department of Developmental Services (DDS) accounts for nearly 40% of all private provider contract payments¹ and has historically cost settled with its contracted providers after the close of the fiscal year. This has either resulted in the agency retaining the savings or sharing it with providers depending on the cost settlement policy at the time. Currently, and unchanged by the bill, DDS is participating in the OPM program and any savings is required to go to

¹ Office of Policy and Management Report to the General Assembly – Purchase of Service Contracts FY 21. Nine executive branch agencies have such contracted services: DCF, DOC, DDS, DMHAS, DPH, DSS, ADS DOH and OEC and are included in the report.

the provider.

State agencies that contract on a fee for service basis and do not cost settle, are not anticipated to be impacted by the program.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.