

Human Services Committee JOINT FAVORABLE REPORT

Bill No.: HB-5225

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

Title: STATE AGENCIES.

Vote Date: 3/24/2022

Vote Action: Joint Favorable Substitute

PH Date: 3/1/2022

File No.:

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SPONSORS OF BILL:

Human Services Committee

REASONS FOR BILL:

This bill serves to prevent state agencies from taking funds earned by nonprofits or private providers of services who meet specific contractual obligation and report on how they are using excess funds. This bill reserves the autonomy of nonprofits and private providers, removing some aspects of oversight. This allows the excess funds to be cycled back into the nonprofit or private institution for the betterment of resources, instead of being collected by overarching state agencies.

SUBSTITUTE LANGUAGE:

The substitute language for this bill creates incentive programs within available appropriations and exempts federally funded contracts when contractor fee retention could jeopardize federal funds. This serves as another barrier to provide protection and preservation of nonprofits and private providers of such services. Additionally, it eliminates the chance to have federal funds withheld due to contractor fee retention, which would create obstacles to hinder the services they provide.

RESPONSE FROM ADMINISTRATION/AGENCY:

Commissioner of the Department of Social Services, Deidre Gifford, has concerns about the bill, stating that the bill may expose the state to federal audit and disallowance risk for Medicaid and other deferral programs, removing the state's ability to craft contracts to

maximize quality and value for recipients and taxpayers. DSS looks forward to further discussion with all impacted stakeholders to ensure compliance with federal requirements. **External Affairs Division of the Connecticut Judicial Branch**, neither supports or opposes this bill, but instead requests that the bill redefine "state agency". Also, the Judicial Branch wishes to be excluded from the provisions of this bill, because they already have an inventive program for nonprofit providers. It is also expressed that the fiscal request form process is very reasonable, and without the ability to reject "hard to justify purchases" they wouldn't be able to reallocate funds to help vendors with critical needs

NATURE AND SOURCES OF SUPPORT:

The following individuals support this bill, explaining that business strive to run as efficiently as possible and spend wisely, typically generating a surplus at the end of each fiscal year. The current ability to claw back funds create inequities in the system and encourage providers to fully spend funds rather than improving their cash flow, balance sheets, or providing essential items to clients:

Chief Financial Officer for SARAH Inc., Doug Ardrey
Chief Financial Officer at MidState Arc, Becky Blazejowski
Chief Financial Officer of Adelbrook Community Services, Susan Brosseau
Public Policy Coordinator at Mental Health Connecticut, Mike Finley
President/CEO of Community Health Resources, Heather Gates
Director of Finance at The Caring Community of Connecticut, Michelle Grant
Chief Medical Officer of Boys and Girls Village, Steven M. Kant
Chief Financial Officer for Kuhn Employment Opportunities Inc., Pat Ladner
Chief Business Development Officer of Clifford Beers, Marissa Mangone
Founder and CEO Of Horizons, Chris McNaboe
CEO of Community Solutions Inc., Fernando Muniz
CEO of Perception Programs, Kristie Scott
Director of Government Relations at the CT Community Nonprofit Alliance, Ben Shaiken
Vice President, Public Policy and External Affairs at Oak Hill, Stan Soby
President/Chief Executive Officer of Wheeler Clinic Inc., Sabrina Trocchi
CEO of Journey Found Inc., Tracey Walker

NATURE AND SOURCES OF OPPOSITION:

None expressed

Reported by: Molly Lukiwsky

Date: 3/25/2022