



General Assembly

February Session, 2022

Raised Bill No. 5225

LCO No. 1455



Referred to Committee on HUMAN SERVICES

Introduced by:
(HS)

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

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective July 1, 2022*) (a) As used in this section, (1)
2 "private provider organization" has the same meaning as provided in
3 section 4-70b of the general statutes, (2) "human services" means services
4 provided under contract with a state agency that directly support the
5 health, safety and welfare of residents who may have conditions that
6 include, but are not limited to, intellectual, physical or mental
7 disabilities or autism spectrum disorder, (3) "state agency" has the same
8 meaning as provided in section 1-79 of the general statutes, and (4)
9 "attempt to recover or otherwise offset" means (A) efforts to recoup
10 excess funds at the end of each contract term or fiscal year, (B)
11 reductions in contracted amounts for the same or similar services from
12 one contract period to the next contract period, or (C) demands for other
13 reimbursement of state funds from such organizations.
- 14 (b) Each state agency that contracts with a nonprofit private provider

15 organization that provides human services shall establish an incentive
16 program that allows such nonprofit organization that otherwise meets
17 contractual requirements to retain any savings realized by such
18 nonprofit organization from the contracted cost for services. No state
19 agency shall attempt to recover or otherwise offset funds obtained or
20 retained by such nonprofit organization from the contracted cost for the
21 services, provided such nonprofit organization (1) meets its contractual
22 obligations with such state agency, and (2) annually reports to the
23 contracting state agency on how excess funds were reinvested to
24 strengthen quality of human services, invest in deferred maintenance
25 and make asset improvements.

26 (c) The Commissioner of Developmental Services, in consultation
27 with the Secretary of the Office of Policy and Management, may extend
28 the provisions of this section to other providers with which the
29 Department of Developmental Services contracts, provided the
30 contractors (1) meet their contractual obligations with the
31 commissioner, and (2) submit annual reports to the commissioner on
32 how excess funds were reinvested to strengthen quality of human
33 services, invest in deferred maintenance and make asset improvements.

34 Sec. 2. Section 4-216 of the 2022 supplement to the general statutes is
35 repealed and the following is substituted in lieu thereof (*Effective July 1,*
36 *2022*):

37 (a) No state agency may execute a personal service agreement having
38 a cost of more than fifty thousand dollars or a term of more than one
39 year, without the approval of the secretary. A state agency may apply
40 for an approval by submitting the following information to the
41 secretary: (1) A description of the services to be purchased and the need
42 for such services; (2) an estimate of the cost of the services and the term
43 of the agreement; (3) whether the services are to be on-going; (4)
44 whether the state agency has contracted out for such services during the
45 preceding two years and, if so, the name of the contractor, term of the
46 agreement with such contractor and the amount paid to the contractor;
47 (5) whether any other state agency has the resources to provide the

48 services; (6) whether the agency intends to purchase the services by
49 competitive negotiation and, if not, why; and (7) whether it is possible
50 to purchase the services on a cooperative basis with other state agencies.
51 The secretary shall approve or disapprove an application within fifteen
52 business days after receiving it and any necessary supporting
53 information, provided if the secretary does not act within such
54 fifteen-day period the application shall be deemed to have been
55 approved. The secretary shall immediately notify the Auditors of Public
56 Accounts of any application which the secretary receives for approval
57 of a personal services agreement for audit services and give said
58 auditors an opportunity to review the application during such fifteen-
59 day period and advise the secretary as to whether such audit services
60 are necessary and, if so, could be provided by said auditors.

61 (b) Each personal service agreement having a cost of more than fifty
62 thousand dollars or a term of more than one year shall be based on
63 competitive negotiation or competitive quotations, unless the state
64 agency purchasing the personal services applies to the secretary for a
65 waiver from such requirement and the secretary grants the waiver in
66 accordance with the guidelines adopted under section 4-215.

67 [(c) The secretary shall establish an incentive program for nonprofit
68 providers of human services that shall (1) allow providers who
69 otherwise meet contractual requirements to retain any savings realized
70 by the providers from the contracted cost for services, and (2) provide
71 that future contracted amounts from the state for the same types of
72 services are not reduced solely to reflect savings achieved in previous
73 contracts by such providers. For purposes of this subsection, "nonprofit
74 providers of human services" includes, but is not limited to, nonprofit
75 providers of services to persons with intellectual, physical or mental
76 disabilities or autism spectrum disorder. Any nonprofit provider of
77 human services allowed to retain savings under the incentive program
78 shall submit a report to the secretary on how excess funds were
79 reinvested to strengthen quality, invest in deferred maintenance and
80 make asset improvements.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2022</i>	New section
Sec. 2	<i>July 1, 2022</i>	4-216

Statement of Purpose:

To prevent state agencies from recouping funds retained by nonprofit, private providers of human services who meet contractual obligations and report on use of excess funds.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]