
OLR Bill Analysis

sSB 432 (File 397, as amended by Senate "A")*

AN ACT CONCERNING STATE CONTRACTS WITH NONPROFIT HUMAN SERVICES PROVIDERS.

SUMMARY

This bill generally requires the Office of Policy and Management (OPM) secretary to review and report on certain issues that affect nonprofit human services providers that contract with state agencies. More specifically, it requires him to report (1) every five years on whether the contracts adequately compensate the providers for the level of service expected by their contracting state agency and (2) every three years on any burdensome or duplicative reporting requirements the providers must meet for the state.

The bill also generally requires the secretary, to the extent allowed under federal law, to require that state agencies pay the providers within 45 days after they deliver their contracted services or submit a properly completed claim, and subjects them to a law requiring interest on late payments.

Under the bill, a “nonprofit human services provider” is a nonprofit entity that contracts with the state to provide health and human services such as (1) services for people with a physical disability; (2) services for people with intellectual or developmental disabilities, including autism spectrum disorder; and (3) behavioral health services. A “state agency” is any department, board, council, commission, institution, or other executive branch agency.

*Senate Amendment “A” among other things (1) requires the review and report on provider compensation to occur every five years, instead of annually, and to cover a portion of the contracts and agencies; (2) delays the start of these review and reporting requirements from 2025

to 2026; (3) requires agency payments to providers within 45 days, rather than 30, and subjects them to a law requiring interest on late payments; and (4) removes a provision that would have required OPM to review and update the state's CORE-CT system.

EFFECTIVE DATE: Upon passage, except that the provision that requires the providers to be paid within 45 days is effective July 1, 2024.

ADEQUATE COMPENSATION FOR PROVIDERS

The bill requires the OPM secretary, every five years, to annually review a portion of the state's purchase of service contracts and personal service agreements with nonprofit human services providers to determine whether their pay rates adequately compensate the providers for the level of service expected by their contracting state agency. The review must be done in consultation with representatives of these providers and examine the contracts and agreements of at least two state agencies each year. The first review must be completed by January 1, 2026.

Then, starting by February 1, 2026, the secretary must submit a report to the Human Services, Government Administration and Elections (GAE), and Appropriations committees every five years. The report must include (1) a summary of the review, (2) any applicable recommendations on requiring contracting state agencies to reduce their contractual expectations if they are not adequately funded by the contract or agreement, and (3) any recommended legislation needed to implement the recommendations.

Under the bill, a "purchase of service contract" is a contract between a state agency and a private provider organization or municipality (but not an individual) to obtain direct health and human services for agency clients, but generally not for material goods or administrative, clerical, training, or consulting services.

BURDENSOME AND DUPLICATIVE REPORTING REQUIREMENTS

The bill requires the OPM secretary, starting by January 1, 2025, to triennially review any reports that nonprofit human services providers

must file with state agencies. The review must at least look at (1) how many reports must be filed, (2) the amount of overlapping information in them, (3) the time and resources needed to prepare and file them, (4) why the reports are required, and (5) how state agencies use them. State agencies and the providers must give the secretary any information he requests for the review.

The bill requires the secretary to eliminate or consolidate any reporting requirement that he identifies in the review as unduly burdensome or duplicative, unless it is (1) needed to prevent fraud or misuse of funds, (2) required by federal law or regulations to use federal funds, or (3) required by state law (it is unclear whether the secretary has the authority to eliminate or consolidate a different agency's reporting requirements).

Starting by February 1, 2025, the secretary must triennially submit a report to the Human Services, GAE, and Appropriations committees. The report must include a summary of the results of the review, any reporting eliminated or consolidated as required by the bill (it appears the bill has an incorrect internal reference), and any recommendations for legislation needed to eliminate burdensome or duplicative reporting requirements under state law.

PAYMENTS TO PROVIDERS

By law, the OPM secretary must set uniform policies and procedures for obtaining, managing, and evaluating the quality and cost effectiveness of direct health and human services purchased from private provider organizations or municipalities. Under the bill, these policies and procedures must include, to the extent allowed under federal law, a requirement that a private provider organization be paid for services it delivers under a purchase of service contract within 45 days after receipt of the services or a properly completed claim, whichever is later. In addition, the payments must be made under the law on prompt payment by state departments and agencies, which generally requires state agencies to pay interest on amounts due when they fail to make timely payments.

As under existing law, the secretary must require all state agencies that purchase direct health and human services to comply with these policies and procedures.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable

Yea 19 Nay 0 (03/22/2024)