



February 16, 2012

Testimony - Appropriations Committee

H.B. No. 5014 AN ACT MAKING ADJUSTMENTS TO STATE EXPENDITURES AND REVENUES FOR THE FISCAL YEAR ENDING JUNE 30, 2013.

Re: OPM Budget - Funding for a 1% Cost of Living Adjustment for Private Providers

My name is Patrick Johnson and I am President of Oak Hill and the Past Chairperson of the Connecticut Community Providers Association Board of Directors. I am here today to express, on behalf of CCPA our sincere appreciation to Governor Malloy for his support of the safety net for human services in our state that supports and serves our most vulnerable fragile citizens.



We are extremely pleased that the Governor's FY13 midterm budget adjustments include a 1% cost of living adjustment (COLA) for private providers. This increase, slated to begin January 1, 2013 is an excellent start in addressing the issue of the chronic underfunding of community providers. Private provider reimbursement has been flat for four years and FY13 would have been the fifth year without a cost of living increase. The Governor's recommended funding adjustment is a very positive first step.

As you consider changes to the FY13 budget, we encourage you to extend the FY13 adjustment to begin July 1, 2012, rather than deferring this essential increase to a time almost a year away.

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OPM Budget - Funding for a 1% Cost of Living Adjustment for Private Providers

In the absence of our work, people with developmental, intellectual, and behavioral health disabilities have nowhere else to go. In most cases their lives depend on our services being there. Our organizations are increasingly financially fragile after 20 years of less than 1% increases in revenue for existing state contracts. Please know that this is simply not sustainable.

While fixed costs continue to climb over the past 10 years with a 135% increase in health care, a 90.1% increase in charges from CL&P, motor vehicle fuel and insurance climbing 77%, along with dramatic increases in heating oil, natural gas, maintenance of technology, and property maintenance; there has been continued chronic underfunding of state contracts. This has left our private agencies in a financially anorexic and very fragile condition. According to valuable reliable data recently gleaned for the Commission on Nonprofit Health and Human Services from the 2009 independent audits of community providers; over 75% have less than one month of available financial reserves. 33.7% have a negative financial balance; thus experiencing very serious financial difficulties.

As you focus on the bottom line during this session we ask that you support the safety net.

Thank you for this opportunity to be heard!