

## *Norwalk Plus*

### **Nonprofit community-based providers comment on impact of five years of no cost of service increases**

**Feb 17, 2012**

Hartford, CT - The Connecticut Community Providers Association (CCPA) and Connecticut Association of Nonprofits (CT Nonprofits) today expressed their thanks to Governor Malloy for proposing a 1% cost of living adjustment (COLA) for FY2013.

Nonprofit community-based providers have faced long-term underfunding that has neither kept pace with inflation nor the true cost of service. These organizations provide health and human services on behalf of the state under Purchase-of-Service (POS) contracts and/or on a fee-for-service basis and have not received a COLA since July 2008.

From 1986 to 2010, the compounded Consumer Price Index (CPI), which is the measure of the average change over time in the prices paid by consumers for goods and services, increased 98.5% while the compounded Medical CPI rose by 209.1%. Meanwhile, during the same time period the state's COLA for nonprofit community-based providers increased by only 33.2%.

According to Terry Edelstein, President/CEO of the Connecticut Community Providers Association, "we are grateful to the Governor for recognizing, through recommending a COLA, that nonprofit community-based providers have had to be creative in how to provide services in challenging times. As the gap between the CPI and private provider reimbursement continues to widen, we need to look at structural changes for addressing this growing problem."

To further gauge the impact of no COLAs on providers, CT Nonprofits and CCPA recently conducted a joint survey of their members that hold POS contracts with the state. The survey, which had a 33% response rate with 106 respondents, asked members what types of cost-savings mechanisms they implemented during FY11 in response to 3 years of 0% cost of service increases. The majority of respondents reported that their three main methods of coping with underfunding were a reduction to employee benefits, keeping positions vacant and delaying hiring. Nearly half of the respondents also reported reducing staff hours and cutting staff positions.

"While we are grateful for the Governor's continued support of nonprofit community-based providers and those we serve, it is unfortunate that providers have had to employ mechanisms that negatively impact Connecticut's economy in order to continue serving clients effectively," said Ron Cretaro, Executive Director of Connecticut Association of Nonprofits. "Cuts to the safety net and deferring much needed COLAs not only result in fewer jobs, but also increases to what staff must pay for their health insurance. This added expense reduces the disposable income of a group that would typically spend it all within their local economy."

Despite having to implement cost-saving strategies that harm the state's economy, respondents also reported several innovative strategies for dealing with underfunding, such as entering into

collaborations with other providers, employing green technologies, and engaging cost-efficient web-based solutions and billing systems that maximize revenue. Nonprofit community-based providers continue to think of creative, cost-efficient ways to meet the needs of their communities.

CCPA and CT Nonprofits both reiterated their thanks to Governor Malloy for proposing a 1% COLA for FY13, which would be effective January 1st. As this difficult economic climate persists, nonprofit community-based providers appreciate his continued commitment to the safety net. Both Associations called on the Appropriations Committee to maintain the Governor's 1% COLA proposal but instead make it effective July 1, 2012 citing the acute need to address long-term underfunding. The provider community hopes that the Governor's proposal is the first of several steps to be taken during the next biennial budget cycle that will correct chronic underfunding.

“Nonprofit community-based providers are a life line to our constituents. I thank them for all their hard work and am happy that the Governor has included a 1% increase to our providers,” said State Representative Catherine Abercrombie, Assistant Majority Whip (D-Berlin, Meriden). “Our providers deserve a much bigger increase, but in these economic times an increase of any amount I am sure is appreciated.”

CT Nonprofits and CCPA represent nonprofit community-based providers of health and human services under contract with and/or on a fee-for-service basis with DDS, DMHAS, DCF, DSS, DPH, SDE, DOC, CSSD, OPM, DOL, DECD and other state agencies. These providers deliver quality health and human services to 500,000 of Connecticut's residents each year. They represent the state's safety net.