



NONPROFITS CAN SAVE THE STATE \$1.24 BILLION OVER FIVE YEARS

WHY THE NUMBERS WORK

May 2017

The Alliance has presented policymakers with a plan by which the State can save as much as \$1.24 billion over five years by using nonprofits to deliver certain human services.

More than half a million people receive life-sustaining support from community-based, nonprofit human service providers every year. By shifting the remaining state-provided services into the community, Connecticut can save hundreds of millions each year, saving programs from closure and expanding opportunities for thousands of people who languish on waiting lists.

This shift is a proposal to end a two-tiered and, thus, duplicative human service system. The overwhelming majority of human service programs in Connecticut are provided by community-based, nonprofits, who serve half a million individuals each year, while the state continues to fund a smaller number of significantly higher cost services.

At a time when the need for programs for people with developmental disabilities, mental health and substance abuse treatment, protection for victims of domestic abuse and homeless shelters, for example, is only increasing and the state is facing a huge budget shortfall, The Alliance proposes a plan that can protect services for some of our most vulnerable citizens.

Below are answers to frequently asked questions about how the numbers work. Remember, the five-year figure is with a three-year phase-in.

Approximately \$110-\$115 million can be saved in FY 18, over \$300 million for the biennium.

NONPROFITS ARE PART OF THE SOLUTION TO THE STATE'S BUDGET PROBLEMS

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1. Background

Community nonprofit providers are partners with the State and municipalities in serving the people and businesses of Connecticut. They take care of the developmentally disabled, feed the hungry, provide behavioral health and substance abuse treatment, and help prisoners make a transition to the community. Nonprofits also enrich the state with art and culture -- operating art galleries, giving public performances and more.

Community nonprofits save the State money. The State's dual role as both a provider and regulator of services is costly, inefficient and redundant, distracting it from its core oversight functions. The State should expand the role of nonprofits to deliver the highest quality community services, which are significantly less costly than state-run programs.

Connecticut's nonprofits simply can't absorb more cuts from the state and federal governments. If nonprofits stop providing services, the people they serve will be knocking on government's doors -- and some will be left outside. If community services are cut, people in need will be forced to turn to more costly alternatives. For example, without treatment people living with mental health and substance use disorders are more likely to visit the Emergency Room or be hospitalized. The average cost of a one week stay in a hospital in Connecticut is more than \$16,000 and the average cost of one emergency room visit is more than \$2,000.

2. Community Services Can Save the State Money

Nonprofit human service providers deliver high-quality care at significantly less cost than when the State provides the services directly. The State is in fiscal crisis, and officials must decide: either keep the expensive status quo and serve fewer people or change the system and serve more people in need. It's that simple.

Because the individual costs per year differ so much between a State and community-based setting, the current provision of health and human services makes for a very costly service delivery system. With adequate support from the State, community programs can provide high quality care to more individuals and families, while saving state dollars.

Intellectual/Developmental Disability Services:

According to the Program Review & Investigations (PRI) Committee, the average annual cost to serve an individual with intellectual/developmental disabilities living in a state-operated group home is \$265,000. The cost for a community nonprofit to provide the same service is just \$113,000. The State can save \$152,000 per individual per year by providing group home services for people with intellectual/developmental disabilities in the community.

Local Mental Health Authorities:

The per-patient cost of state-operated Local Mental Health Authorities (LMHAs) is more than double the cost of private LMHAs. There are thirteen LMHAs in Connecticut. Seven of them are community nonprofits and six are state-operated. Shifting all LMHA services into the community will result in significant cost savings for the State. Community nonprofit providers deliver the same services as state facilities and have demonstrated their capacity to provide high-quality care.

Foster Care Services:

Nonprofits have the ability and capacity to provide high quality services for all of the 4,000 children currently in the foster care system. Nonprofits are already serving most of the neediest children in foster care. They employ experts to coordinate services for children to provide nurturing homes and structured environments and support children and foster families throughout the placement process in a variety of ways such as assigning a team of professionals to each child and family to meet their unique needs, providing 24 hour-a-day on-call support services, and ongoing support groups and training.

Nonprofits successfully administer a wide range of foster care programs in Connecticut, including therapeutic foster care, family and community ties programs, respite foster care, and foster care services for children with medically complex conditions, often exceeding the quality and outcome benchmarks set forth by the Department of Children and Families. If permitted, nonprofits can serve every child in Connecticut's foster care system.

3. Analysis: Conversion of Public Services to the Community

Conversions: State-run LMHAs to Community Providers					
<i>Three Year Phase-In</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Clients	4,654	9,308	13,962	13,962	13,962
Yearly Savings	\$34,011,012	\$68,022,025	\$102,033,037	\$102,033,037	\$102,033,037
Cumulative Savings					\$408,132,148

Conversions: State-run DDS Facilities to Community Providers					
<i>Three Year Phase-In</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Clients	296	592	888	888	888
Yearly Savings	\$49,993,240	\$100,042,843	\$150,092,446	\$150,092,446	\$150,092,446
Cumulative Savings					\$600,313,420

Conversions: State Agency Caseworkers to Community Caseworkers					
<i>Three Year Phase-In</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Caseworkers	133	266	400	400	400
Yearly Savings	\$4,000,000	\$7,990,000	\$12,010,000	\$12,010,000	\$12,010,000
Cumulative Savings					\$48,020,000

Conversions: State Overtime Reductions					
<i>Three Year Phase-In</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Yearly Savings	\$9,333,333	\$18,666,667	\$28,000,000	\$28,000,000	\$28,000,000
Cumulative Savings					\$112,000,000

Conversions: Additional Reductions					
<i>Three Year Phase-In</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Additional Conversions to Community Providers	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000
Cumulative Savings					\$75,000,000

Grand Totals By Year	Year 1	Year 2	Year 3	Year 4	Year 5
All Categories	\$112,337,585	\$209,721,535	\$307,135,483	\$307,135,483	\$307,135,483
Cumulative Savings					\$1,243,465,569

Assumptions on the Conversion Cost Estimates

The cost estimates for DDS and DMHAS conversion from state-operated to nonprofits are based upon the differential in cost estimated from financial data related to costs associated with state personnel compared to that of nonprofit provider funding for similar services.

For DDS, the average cost per client for state-run residential services was compared to average cost for nonprofit provider residential services. The cost difference for public-private clients is \$169,000 per year. The difference is based upon DDS supplied cost comparison for FY13 and FY14. The Alliance projects total savings in the DDS system to be approximately \$600 million over five years.

For DMHAS, the average cost per client for state-run Local Mental Health Authority services was compared to average cost for nonprofit provider Local Mental Health Authority services. The cost difference for public vs nonprofit clients was \$7,300 per client per year in FY16. The Alliance collected Medicaid billing data and client counts for all seven nonprofit Local Mental Health Authorities and compared that with the personnel costs and client counts of the six state-operated LMHAS to calculate the cost differential. The Alliance projects total savings in the DMHAS system to be approximately \$408 million over five years.

In addition, the Alliance calculated a 50 percent reduction in overtime for 3 state agencies, DMHAS, DCF, and DDS, as well as converting state case management services to community case managers currently doing the same functions for substantial savings over 5 years. Finally, community providers are identifying additional state services that they are providing which, if done by their organizations, will also result in further savings to the state budget.

Total savings are calculated based on converting state-operated facilities and services to nonprofit community providers over a period covering five state budgets. The Alliance has based the calculations on a three-year transition.

4. Study Finds Nonprofits Deliver High-Quality Services

Community nonprofits are mission driven and highly committed to serving the neediest populations. They provide high quality services to more than 500,000 people in Connecticut each year. Nonprofits are dedicated to improving the quality of life for the individuals they serve and are less costly than state-provided services.

Nonprofits have the expertise and capacity to provide high quality community services at lower costs than the State. A 2012 study by the General Assembly’s Program Review and Investigations (PRI) Committee looked at the experience of 17 group homes for people with intellectual and developmental disabilities that had been converted from state to nonprofit operation. The study found that Department of Developmental Services (DDS) group homes that were converted from public to private settings had fewer deficiencies after the conversion than before, a finding that quality – as measured by DDS inspection outcomes – does not deteriorate in private settings and may even improve.

The study found Nonprofit-run homes received nearly 40 percent fewer deficiencies when inspected than when the same homes were run by state government, and that only 13 percent of the private homes were cited for “plan of correction” deficiencies, while 38 percent of state-run homes were cited. The report goes on to state that, “in all categories there were fewer deficiencies after the conversion to private homes,” and “the average percentage drop in the total number of deficiencies was 44 percent.” To date, The Alliance is not aware of anyone asking to be returned to the state system after being moved into a community setting.

5. In their own words: What do families have to say?

Families and the people served by nonprofits across the state have filled the Legislative Office Building and Capitol hallways every year to ask lawmakers to reject proposed spending cuts that would significantly reduce or eliminate community services. One of the clearest measurements of the quality of care offered by nonprofit providers in the communities of Connecticut is the quality of life and level of satisfaction for the individuals served and their families. Family members and self-advocates consistently report that both the level of care and quality of staff continue to provide an enhanced quality of life for the individuals served.

The following excerpts from family testimonials are a small sample of the overwhelmingly positive feedback received in support of services provided by the nonprofit provider community:

- **“...we moved Francis to a community-based Oak Hill group home... Although it was a difficult decision to move him from his ‘forever home,’ we have never looked back. Francis now lives in a real home in a real neighborhood where he gets all the attention he needs and loving supportive care from a wonderful staff. He is content, happy, and calm.** We could not be more pleased with his excellent personal and medical care. We know he is safer in his current home than he ever was before. His safety gives us great peace of mind. We encourage eligible families to visit and see for themselves the best practices and quality of care in nonprofit community based group homes.” – Patrick and Marjorie Johnson, family members
- **“I am writing to let you know how pleased I am with Mosaic. Mosaic was able to provide [my daughter] Christine with an amazing support system in a short amount of time. She has grown and blossomed into a more independent person since she has moved.** She is happy and very well cared for. The staff support has been wonderful. I knew that someday Christine would move out of our home as we both grew older. I now have peace of mind that Christine is happy and well taken care of by Mosaic. Thank you for everything that you do for my daughter. I highly recommend the services that you provide at Mosaic.” – Parent
- **“I am the mother of a severely disabled son who is 45 years old. He was placed at Ella Grasso state facility in 1982, when he was 10. My son transitioned to a Kennedy Center group home April 2014. My son is visibly happier** with this small, homey environment which expects him to behave to the best of his ability. He goes out frequently with staff and made a remarkably rapid adjustment to this more intimate setting. **I celebrate all the positive things that the group home has afforded my son;** I applaud the concept of the group home as it allows each resident to be treated individually, with deep dignity and respect. This is possible because of the small, intimate setting that is inherent in the group home atmosphere.” – Jane Rimer, Parent
- **“My daughter is cared for by the Jewish Association for Community Living (JCL.) They are caring, responsible and well-trained people.** I literally trust them with my daughter’s life. Why JCL and not a state-run group home? It was my connection to the employees.... JCL and all agencies

contracted by the state follow strict standards set and monitored by the State. That fact alone was not enough for me to trust them with my girl... It's the staff. No one can fake that job... Their employees **are hard-working, skilled and sensitive people.**" – Ann Levie, Parent

6. Recommendations

The State should acknowledge that nonprofits provide exceptional services that improve the quality of life for individuals receiving care. By preserving and expanding the use of community programs today, the state can more effectively use limited dollars in the years ahead to provide quality care to all people in need.

The State faces a deficit of as much as \$1.7 billion for FY 18. In today's budget context the State's choice is clear. It can (a) keep the expensive status quo method of providing direct services and serve fewer people, or (b) use the nonprofit sector to serve more people at lower cost.

Connecticut should protect funding in the budget for community nonprofits. If funding is cut further, nonprofits will be faced with dramatically reducing services to people in need across the state. Cuts to community programs will force them to turn to more costly methods of care.