



DATE: March 5, 2020
TO: Insurance and Real Estate Committee
FROM: Gian-Carl Casa, President and CEO, The Alliance

RE: **H.B. 5018, "AAC Health Care Cost Growth In Connecticut."**

Thank you Senator Lesser, Representative Scanlon, Senator Kelly, Representative Pavalock-D'Amato for the opportunity to testify before you today.

My name is Gian-Carl Casa, President and CEO of the CT Community Nonprofit Alliance (The Alliance). The Alliance is the statewide association of community nonprofits. Community nonprofits provide essential services in every city and town in Connecticut, serving hundreds of thousands of people in need - and employing 117,000 people. They are an important part of what makes Connecticut a great place to live and work and an important piece of our economy.

Put simply, **Connecticut's community nonprofits can help the state control the growth of health care costs.** They can deliver quality services to the people of Connecticut at less cost than if the same services are delivered directly by the State. The savings from conversion of services to community nonprofits can be reinvested in the service-delivery system, meaning more people can be helped.

Community nonprofits provide services more efficiently while maintaining quality, achieving significant savings for the State. This is true even when salaries are increased for nonprofit employees. For example, nonprofits negotiate medical and dental insurance every year, while the State is locked into a contract. Nonprofits also don't have long-term debt obligations associated with healthcare and retirement payments and can more easily manage overtime.

Intellectual/Developmental Disability Services

The average annual cost to serve an individual with intellectual/developmental disabilities living in a state-operated group home was \$265,000, according to the General Assembly's Program Review & Investigations (PRI) Committee. The cost for a community nonprofit to provide the same service was \$113,000. **That means the State would have saved \$152,000 per person per year** by providing group home services in the community compared to state provision of the same services.

Community providers deliver high quality care. The same PRI study looked at the experience of 17 group homes that had been converted from state to nonprofit operation and found that **quality does not deteriorate in private, nonprofit settings and, in many cases, improves.** Community based homes received nearly 40% fewer deficiencies when inspected compared to when the same homes were run by state government, and that only 13% of the nonprofit homes were cited for "plan of correction" deficiencies, while 38% of state-run homes were cited. The report goes on to conclude that, "in all categories there were fewer deficiencies after the conversion to private (nonprofit) homes."

Local Mental Health Authorities

Local Mental Health Authorities (LMHA) provide therapeutic and crisis intervention services to Connecticut's most seriously mentally ill. Of the thirteen LMHAs, seven are run by community nonprofits and six are state-operated. The per-patient **cost of state-operated LMHAs is more than double the cost of nonprofit** LMHAs. The average cost-per-client for state-operated LMHAs in FY16 was \$12,638 per year, compared to \$5,330 for nonprofit LMHAs.

The state can save more than \$7,000 per client per year if it converted LMHAs to nonprofit operation. With almost 14,000 clients served by state-operated LMHAs in FY16, converting services to providers can result in savings that can be used to serve more people in need of behavioral health services, especially important in the midst of an opioid crisis.

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The nonprofit sector can help control costs. They provide exceptional services that improve the quality of life for individuals receiving care, the State should preserve and expand the use of community services, effectively using limited dollars to provide quality care to all people in need.

Thank you.