**Minutes**

**Governor’s Cabinet on Nonprofit Health and Human Services**

**Rate Setting Methodology Workgroup**

**January 13, 2012**

**2:00 p.m.**

**Connecticut Valley Hospital, Haviland Hall**

**Middletown, CT**

**Members Present: :**  Co-Chairman Patrick Johnson , Co-Chairman Scott McWilliams, Deborah Chernoff, , Glenn Connan, Marcie Dimenstein, Joseph Drexler, Joel Ide, Barbara Lanza, Theresa Santoro, Barry Simon

**Guests Present:** Carol Polsky, Ron Cretaro, Frank McCarthy

**Members Absent:** Cindy Butterfield and Robert Dakers

1. Call to Order and Comments from the Chairs

Co-chairs Johnson and McWilliams called the meeting to order at 2:05 p.m. New members Joel Ide and Barbara Lanza introduced themselves to the workgroup. Co-chair McWilliams summarized the workgroups presentation to the Governor’s Cabinet on Nonprofit Health and Human Services and advised the group the preliminary report was due to the Cabinet in June.

1. Approval of Minutes

A motion and second was made to approve the minutes from the December 2, 2011 meeting. The motion passed unanimously on a voice vote.

1. Open Discussion of Rate Methodologies
	1. The group agreed that we should extend the previous commissions work on private non-profit financial viability by extending analysis of provider Single Audits for another year assuming resources permit.
	2. The group discussed adequacy of provider reimbursement including methods to ensure rates are adequate and how to measure adequacy of reimbursement. There was also discussion about how providers coped with inadequate funding including suppression of wages and benefits. There was also discussion about ways to measure adequacy including movement of staff into entitlement programs, underwater mortgages, and deferred maintenance.
	3. The group talked about how the rising cost of health care with no offsetting revenue crowds out increases in all other line items in operating budgets to the point where the combination of no additional revenue and rising fixed costs, particularly health care, can negatively affect client care.
	4. There was also discussion about the cost impact of state agency requirements on staffing patterns and credentials.
	5. There was also wide ranging discussion about the different sate agency methodologies of determining cost for the purpose of requests for proposals (RFP’s) and how to address some form of indexing or rebasing cost periodically recognizing that it is not reasonable to assume private non-profit agencies can absorb cost increases indefinitely without consequences.
	6. There was general agreement that the focus of the workgroup should be on the adequacy of reimbursement, how to manage fixed and administrative costs over time, and the methods of reimbursement.
2. Administrative Details

The group agreed to meet on the following dates and times:

February 10, 1:30

March 8, 1:30

Meetings would be held on the second Thursday of each month on March 8 and after.

1. Next Steps

The group agreed to:

* 1. Develop a grid of state agencies, service types and reimbursement methodologies to identify to similar services funded by the different state agencies and see if there is an opportunity to increase efficiency through standardization.
	2. The group agreed that we should extend the previous commissions work on private non-profit financial viability by extending analysis of provider Single Audits for another year.
	3. Consider what data is available to measure the adequacy of reimbursement.
1. Adjournment

The co-chairs adjourned the meeting at 3:45.