

Second Regular Session  
Seventieth General Assembly  
STATE OF COLORADO

REVISED

*This Version Includes All Amendments Adopted  
on Second Reading in the Second House*

LLS NO. 16-1184.01 Jane Ritter x4342

SENATE BILL 16-201

SENATE SPONSORSHIP

Grantham, Lambert, Steadman

HOUSE SPONSORSHIP

Young, Hamner, Rankin

Senate Committees  
Appropriations

House Committees  
Appropriations

A BILL FOR AN ACT

101 CONCERNING REVISING THE CHILD WELFARE FUNDING MECHANISM.

Bill Summary

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)*

**Joint Budget Committee.** The bill instructs the department of human services (department) to work in conjunction with directors of county departments of human or social services, providers of residential treatment programs, and the joint budget committee to develop a rate-setting process consistent with medicaid requirements. The department, in conjunction with directors of county departments of human or social services and providers of residential treatment programs, shall provide annual reports to the joint budget committee and review the

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

HOUSE  
Amended 2nd Reading  
May 5, 2016

SENATE  
3rd Reading Unamended  
May 2, 2016

SENATE  
2nd Reading Unamended  
April 29, 2016

rate-setting process every 2 years and submit any changes to the joint budget committee.

The bill directs the child welfare allocations committee (committee) to consider, on or before August 1, 2016, whether a restructuring of child welfare funding policy would be advisable. The committee shall solicit and include input in its consideration from any interested county commissioners, directors of county departments of human or social services, county child welfare directors, county financial officers, the department, and the joint budget committee. The committee shall complete the consideration process on or before December 15, 2016, and provide the joint budget committee with its findings and any recommendations for restructuring child welfare funding. The committee may also develop an evaluation process for child welfare funding.

The bill also directs the committee to consider developing a revised allocations model on or before June 15, 2017, based on the committee's recommendations.

As part of its review of the methodology by which counties set rates, services, and outcomes with licensed providers, the department shall convene a group of representatives from the department, counties, provider community, and the joint budget committee to review the rate-setting process for provider compensation. The group shall, on or before December 15, 2016, provide the committee and the joint budget committee with a report including recommendations for improving or maintaining the current rate-setting process.

---

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 26-1-132, **amend** (1)  
3 introductory portion, (1) (a), and (4) as follows:

4 **26-1-132. Department of human services - rate setting -**  
5 **residential treatment service providers - monitoring and auditing -**  
6 **report.** (1) IN CONJUNCTION WITH THE GROUP OF REPRESENTATIVES  
7 CONVENED BY THE STATE DEPARTMENT PURSUANT TO SECTION 26-5-104  
8 (6) (e) TO REVIEW THE RATE-SETTING PROCESS FOR CHILD WELFARE  
9 SERVICES, the state department shall develop a rate-setting process  
10 consistent with medicaid requirements for providers of residential  
11 treatment services in the state of Colorado. ~~Representatives of counties~~

1 ~~and the provider community shall be involved in the actual development~~  
2 ~~of the rate-setting process.~~ THE DEPARTMENT OF HEALTH CARE POLICY  
3 AND FINANCING SHALL APPROVE the rate-setting process for rates funded  
4 by medicaid. ~~shall be approved by the department of health care policy~~  
5 ~~and financing.~~ The rate-setting process developed pursuant to this section  
6 may include: ~~but shall not be limited to:~~

7 (a) A range for reimbursement that represents a base-treatment  
8 rate for serving a child who is subject to out-of-home placement due to  
9 dependency and neglect, a child placed in a residential child care facility  
10 pursuant to the "Child Mental Health Treatment Act", article 67 of title  
11 27, C.R.S., or a child who has been adjudicated a delinquent, which  
12 includes a defined service package to meet the needs of the child;

13 (4) (a) The state department, in conjunction with the counties and  
14 providers, shall submit an initial report to the joint budget committee of  
15 the general assembly on or before January 1, ~~2008~~ 2017, AND EVERY  
16 JANUARY 1 THEREAFTER. The report shall MUST include the rate-setting  
17 process and the implementation timeline developed pursuant to this  
18 section.

19 (b) The department of health care policy and financing and the  
20 state department, in consultation with ~~the representatives of the counties~~  
21 ~~and the provider community~~ THE GROUP OF REPRESENTATIVES CONVENED  
22 BY THE STATE DEPARTMENT PURSUANT TO SECTION 26-5-104 (6) (e) TO  
23 REVIEW THE RATE-SETTING PROCESS FOR CHILD WELFARE SERVICES, shall  
24 review the rate-setting process every two years and shall submit any  
25 changes to the joint budget committee of the general assembly.

26 **SECTION 2.** In Colorado Revised Statutes, 26-5-103.5, **add** (6)  
27 as follows:

1           **26-5-103.5. Child welfare allocations committee - organization**  
2   **- advisory duties - allocations model.** (6) ON OR BEFORE JUNE 15, 2017,  
3 THE CHILD WELFARE ALLOCATIONS COMMITTEE SHALL CONSIDER  
4 DEVELOPING AN ALLOCATIONS MODEL BASED ON THE RECOMMENDATIONS  
5 DEVELOPED PURSUANT TO SECTION 26-5-104 (9). NONE OF THE  
6 PROVISIONS OF **SENATE BILL 16-201**, ENACTED IN 2016, SUPERSEDE OR  
7 INFRINGE ON THE STATUTORY AUTHORITY OF THE CHILD WELFARE  
8 ALLOCATIONS COMMITTEE.

9           **SECTION 3.** In Colorado Revised Statutes, 26-5-104, **amend** (6)  
10 (d) and (6.5); and **add** (6) (e) and (9) as follows:

11           **26-5-104. Funding of child welfare services - rules - funding**  
12 **mechanism review.** (6) **County negotiations with providers.** (d) By  
13 July 1, 2008, and by July 1 of each even-numbered year thereafter, the  
14 state department shall complete a review of the methodology by which  
15 counties negotiate rates, services, and outcomes with licensed providers.  
16 ~~which~~ THE methodology USED is governed by rules promulgated by the  
17 state department pursuant to paragraph (b) of this subsection (6). In  
18 preparing for and conducting the review, the state department shall ~~invite~~  
19 ~~and accept the participation of representatives of the counties~~ CONVENE  
20 A GROUP OF PERSONS REPRESENTING THE DIRECTORS OF COUNTY  
21 DEPARTMENTS OF HUMAN OR SOCIAL SERVICES and the provider  
22 community.

23           (e) ON OR BEFORE AUGUST 1, 2016, AS A CONTINUATION OF THE  
24 REVIEW CONDUCTED PURSUANT TO PARAGRAPH (d) OF THIS SUBSECTION  
25 (6) OF THE METHODOLOGY BY WHICH COUNTIES NEGOTIATE RATES,  
26 SERVICES, AND OUTCOMES WITH LICENSED PROVIDERS, THE STATE  
27 DEPARTMENT SHALL CONVENE A GROUP OF REPRESENTATIVES FROM THE

1 STATE DEPARTMENT, COUNTIES, THE PROVIDER COMMUNITY, AND THE  
2 JOINT BUDGET COMMITTEE TO REVIEW THE RATE-SETTING PROCESS FOR  
3 PROVIDER COMPENSATION. ON OR BEFORE DECEMBER 15, 2016, THE  
4 GROUP SHALL PROVIDE THE JOINT BUDGET COMMITTEE AND THE CHILD  
5 WELFARE ALLOCATIONS COMMITTEE WITH A REPORT THAT RECOMMENDS  
6 WHETHER ANY CHANGES TO THE RATE-SETTING PROCESS FOR PROVIDER  
7 COMPENSATION ARE ADVISABLE AND, IF SO, THE RECOMMENDED PROCESS  
8 OR METHODOLOGY. THE GROUP IS NOT REQUIRED TO RECOMMEND  
9 CHANGES TO THE CURRENT RATE-SETTING PROCESS IF IT DETERMINES  
10 THAT THE CURRENT RATE-SETTING PROCESS IS THE PREFERABLE OPTION.

11 (6.5) The state department shall analyze and evaluate expenditures  
12 as reported by child placement agencies each year and compare such  
13 expenditures to county expenditures for the provision of foster care  
14 services. The state department shall provide, at least on an annual basis,  
15 such analyses and comparisons to county departments AND THE JOINT  
16 BUDGET COMMITTEE.

17 (9) **Child welfare funding review and restructure.** (a) ON OR  
18 BEFORE AUGUST 1, 2016, THE CHILD WELFARE ALLOCATIONS COMMITTEE  
19 SHALL CONSIDER WHETHER A RESTRUCTURING OF CHILD WELFARE  
20 FUNDING POLICY WOULD BE ADVISABLE. THE CHILD WELFARE  
21 ALLOCATIONS COMMITTEE SHALL SOLICIT AND INCLUDE INPUT FROM ANY  
22 INTERESTED COUNTY COMMISSIONERS, DIRECTORS OF COUNTY  
23 DEPARTMENTS OF HUMAN OR SOCIAL SERVICES, COUNTY CHILD WELFARE  
24 DIRECTORS, COUNTY FINANCIAL OFFICERS, THE STATE DEPARTMENT, AND  
25 THE JOINT BUDGET COMMITTEE IN ITS CONSIDERATION OF CHILD WELFARE  
26 FUNDING RESTRUCTURING. ANY SUCH POLICY CHANGES MUST REFLECT  
27 FEDERAL AND STATE LAW, AS WELL AS CURRENT CHILD WELFARE

1 PRACTICES.

2 (b) ON OR BEFORE DECEMBER 15, 2016, THE CHILD WELFARE  
3 ALLOCATIONS COMMITTEE SHALL PROVIDE THE JOINT BUDGET COMMITTEE  
4 WITH ITS FINDINGS AND ANY RECOMMENDATIONS FOR RESTRUCTURING  
5 CHILD WELFARE FUNDING. THE RECOMMENDATIONS MUST INCLUDE THE  
6 INPUT FROM STAKEHOLDERS AS PROVIDED FOR IN PARAGRAPH (a) OF THIS  
7 SUBSECTION (9), AND MAY INCLUDE STANDARDS FOR A NEW ALLOCATIONS  
8 MODEL FOR CHILD WELFARE FUNDING AND AN EVALUATION PROCESS. THE  
9 CHILD WELFARE ALLOCATIONS COMMITTEE IS NOT REQUIRED TO  
10 RECOMMEND CHANGES TO THE CURRENT CHILD WELFARE FUNDING  
11 STRUCTURE IF IT DETERMINES THAT THE CURRENT STRUCTURE IS THE  
12 PREFERABLE OPTION.

13 (c) THE CHILD WELFARE ALLOCATIONS COMMITTEE SHALL  
14 CONSIDER INPUT FROM STAKEHOLDERS AS PROVIDED FOR IN PARAGRAPH  
15 (a) OF THIS SUBSECTION (9) IN DISCUSSING:

16 (I) FUNDING FOR COUNTY LEVEL STAFF, SERVICES, CHILD  
17 WELFARE-RELATED OPERATIONAL EXPENSES, AND ADMINISTRATIVE AND  
18 SUPPORT FUNCTIONS;

19 (II) STRATEGIES THAT ENHANCE THE FLEXIBILITY FOR COUNTIES  
20 TO USE CHILD WELFARE FUNDING IN ACCORDANCE WITH STATE AND  
21 FEDERAL LAWS;

22 (III) STRATEGIES TO IMPROVE JOB ENRICHMENT AND EMPLOYEE  
23 RETENTION;

24 (IV) THE IMPACT OF ANY RECOMMENDATION ON LOCAL SPENDING  
25 REQUIREMENTS;

26 (V) ANY STATUTORY CHANGES NECESSARY TO IMPLEMENT THE  
27 RECOMMENDATIONS; AND

1           (VI) ALLOCATIONS THAT SUPPORT CURRENT CHILD WELFARE  
2 PRACTICES.

3           (d) ON OR BEFORE JANUARY 1, 2018, AND EACH JANUARY 1  
4 THEREAFTER, THE CHILD WELFARE ALLOCATIONS COMMITTEE SHALL  
5 SUBMIT AN ANNUAL REPORT TO THE JOINT BUDGET COMMITTEE, THE  
6 PUBLIC HEALTH CARE AND HUMAN SERVICES COMMITTEE OF THE HOUSE OF  
7 REPRESENTATIVES, AND THE SENATE HEALTH AND HUMAN SERVICES  
8 COMMITTEE, OR ANY SUCCESSOR COMMITTEES. THE REPORT MUST  
9 INCLUDE THE RESULTS OF REGULAR ASSESSMENTS OF THE METHODS FOR  
10 THE EVALUATION OF AND REPORTING ON THE ALLOCATION, USE,  
11 SUFFICIENCY, AND EFFECTIVENESS OF FUNDING AND SERVICES FUNDED  
12 THROUGH LINE ITEMS FROM WHICH ALLOCATIONS ARE MADE TO COUNTIES.

13           **SECTION 4. Safety clause.** The general assembly hereby finds,  
14 determines, and declares that this act is necessary for the immediate  
15 preservation of the public peace, health, and safety.