



**Colorado
Legislative
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HB17-1045

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0601
Prime Sponsor(s): Rep. Young
Sen. Lambert

Date: January 24, 2017
Bill Status: House Public Health Care and
Human Services
Fiscal Analyst: Bill Zepernick (303-866-4777)

BILL TOPIC: EXTEND HOME CARE ALLOWANCE GRANT PROGRAM

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures	<u>\$800,792</u>	<u>\$800,792</u>
General Fund	788,277	788,277
Centrally Appropriated Costs	12,515	12,515
FTE Position Change	1.0 FTE	1.0 FTE
Appropriation Required: \$788,277 - Department of Human Services (FY 2017-18).		
Future Year Impacts: Ongoing state expenditure increase.		

Summary of Legislation

The bill continues the Home Care Assistance (HCA) Grant Program, which is set to repeal on July 1, 2017, under current law. The bill extends the program for an indefinite period of time until the state has established a consumer-directed support service delivery option for providing homemaker, personal care, and medical support services for individuals who are receiving home- and community-based services (HCBS) on the Supported Living Services (SLS) waiver program under Medicaid. The executive directors of the Department of Human Services (DHS) and the Department of Health Care Policy and Financing (HCPF) must notify the Revisor of Statutes once such a consumer-direct option is available, and the HCA Grant Program is repealed on the date identified in the notice or upon receipt of the notice if no other date is specified.

Background

House Bill 12-1177 created the HCA Grant Program in the DHS. The grant program assists certain people who previously were receiving both regular HCA assistance and HCBS under certain Medicaid waivers, but who dropped HCA assistance when required to choose between the two programs as a result of House Bill 10-1146, which prohibited simultaneous enrollment in both HCA and HCBS. Funding for the grant program was carved out from the regular HCA program, and unspent funds allocated to the HCA grant program may be used to increase awards under the regular HCA program.

Eligibility. To receive HCA assistance under the grant program, a person must:

- have been receiving HCA assistance at any time between September 1, 2011, and December 31, 2011;
- no longer be eligible for HCA assistance because the person is receiving services through either the SLS or the Children's Extensive Service (CES) HCBS waiver programs;
- have been within \$1,000 of the maximum benefit allowable under the HCBS waiver program at any time between September 1, 2011, and December 31, 2011;
- meet any other eligibility requirement established by the DHS; and
- submit an application to the DHS.

Caseload and expenditures. Initially, caseload for the grant program was 227 individuals in FY 2011-12. It has decreased to 117 as of FY 2016-17 through attrition as clients found other programs to meet their home care needs or otherwise became ineligible. For FY 2016-17, the HCA Grant Program is appropriated \$750,000 for its direct costs and is expected to have expenditures of \$587,635. The DHS is also appropriated \$38,277 for single entry point expenses associated with the HCA Grant Program. Appropriations for the HCA Grant Program have not been included in the DHS budget request for FY 2017-18.

Federal maintenance of effort. The HCA Grant Program is one of six programs that contribute toward meeting the state's maintenance of effort requirements for the federal Social Security Administration. The state has only meet this maintenance of effort requirement once in the last 10 years and potentially may face sanctions from the federal government due to this shortfall at some point in the future. If this program expires, the maintenance of effort would need to be met through the remaining programs.

Assumptions

The fiscal note assumes that HCA grant expenditures in the DHS will continue in line with current expenditures, with about 115 clients receiving HCA grant assistance in FY 2017-18 and FY 2018-19. Caseload may slowly decrease over time as people leave the program through attrition. The average benefit under the program expected to be about \$4,700 per year. Additionally, given that funds may move between the HCA Grant Program and the regular HCA Program, the fiscal note assumes that total appropriations will remain in line with FY 2016-17 appropriation levels in order to support both programs' populations.

State Expenditures

Based on the assumptions above, the DHS will have General Fund expenditures of **\$800,792 and 1.0 FTE in FY 2017-18 and \$800,792 and 1.0 FTE in FY 2018-19** under the bill. It is not known when a consumer-direct service option will be available and cause the HCA Grant Program to repeal, and program costs are assumed to extend indefinitely under the bill. These costs are summarized in Table 1 and discussed below.

Table 1. Expenditures Under HB 17-1045		
Cost Components	FY 2017-18	FY 2018-19
Personal Services	\$53,943	\$53,943
FTE	1.0 FTE	1.0 FTE
Operating Expenses	950	950
HCA Grants / Regular HCA assistance	up to 695,107	up to 695,107
Single Entry Point Administration	38,277	38,277
Centrally Appropriated Costs*	12,515	12,515
TOTAL	\$800,792	\$800,792

* Centrally appropriated costs are not included in the bill's appropriation.

Program administration. Extending the HCA Grant Program results in the need for 1.0 FTE to continue oversight of the program at a cost of \$53,943 per year for personal services and \$950 in operating expenses. No furniture/capital expenses or paydate shift savings will be incurred since this is an extension of an existing, temporary staff person.

Single entry point administration. Single entry point agencies provide case management, care planning, and make referrals to Medicaid waiver clients. Extending the HCA Grant Program will increase workload and costs for the that work with these clients, which will increase contract costs paid to the single entry point agencies by \$38,277. This cost is based on resources currently provided to the single entry point agencies for this purpose.

HCA grants. The DHS will spend up to \$695,107 per year on HCA grants to eligible clients, as well as on regular HCA assistance with money remaining after HCA grant obligations are fulfilled. Based on the projected caseload and grant amounts, about \$540,500 per year will be spent on HCA grants to eligible clients, and up to \$154,607 will be available for regular HCA assistance. Given the eligibility requirements for the program, the population served cannot increase and is expected to slowly decline over time if the program is extended. As expenditures for HCA grants diminish over time, it is assumed that remaining funding will be continue to shift toward the regular HCA program.

Community-direct service option. Under the bill, the HCA Grant Program is repealed once a consumer-directed support service delivery option is available to clients. It is assumed that any costs associated with establishing such a service option will be addressed through the annual budget process or future legislation.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under HB 17-1045		
Cost Components	FY 2017-18	FY 2018-19
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$7,681	\$7,681
Supplemental Employee Retirement Payments	4,834	4,834
TOTAL	\$12,515	\$12,515

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2017-18, the bill requires the following General Fund appropriations to the Department of Human Services:

- \$750,000 for the Home Care Allowance Grant Program and an allocation of 1.0 FTE; and
- \$38,277 for Single Entry Point contract administration.

State and Local Government Contacts

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