



Legislative
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FISCAL NOTE

Drafting Number: LLS 18-0749
Prime Sponsors: Rep. Pabon
 Sen. Aguilar

Date: April 16, 2018
Bill Status: House Public Health Care and
 Human Services
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Bill Topic: REGULATE RESIDENTIAL SERVICES & SUPPORTS PROVIDERS

- Summary of Fiscal Impact:**
- State Revenue
 - State Expenditure
 - State Transfer
 - TABOR Refund
 - Local Government
 - Statutory Public Entity

This bill requires the Department of Health Care Policy and Financing, in conjunction with the Division of Housing in the Department of Local Affairs, to implement a system of oversight for individual residential services and supports providers and residences. It increases state expenditures on an ongoing basis.

Appropriation Summary: In FY 2018-19, this bill requires an appropriation of \$120,468 to the Department of Local Affairs and an \$75,147 to the Department of Health Care Policy and Financing.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 18-1376

		FY 2018-19	FY 2019-20
Revenue			
Expenditures	General Fund	\$158,042	\$160,209
	Federal Funds	\$37,573	\$37,875
	Centrally Appropriated	\$38,212	\$43,695
	Total	\$233,827	\$241,779
	Total FTE	1.6 FTE	2.0 FTE
Transfers			
TABOR Refund			

This bill requires the Department of Health Care Policy and Financing (HCPF), in conjunction with the Division of Housing in the Department of Local Affairs (DOLA), to implement a system of oversight for individual residential services and supports providers and residences. It requires an individual residential provider to notify HCPF prior to being authorized to operate in a city or county, and the state must conduct an on-site survey of providers every two years to ensure compliance with standards.

HCPF must develop minimum standards and requirements for providers and residences, which include compliance with: housing quality standards; service delivery standards; standards related to the location of persons with disabilities; and compliance with applicable state and local rules. HCPF must also promulgate rules to meet various standards laid out in the bill.

Background

Individual residential services and supports are provided to members on the adult comprehensive waiver for individuals with intellectual and developmental disabilities. These services provide a living environment in which three or fewer persons receiving services may live in a single residential setting.

State Expenditures

In FY 2018-19, this bill will increase state expenditures by \$233,827 and 1.6 FTE in FY 2018-19, and 241,780 in and 2.0 FTE in FY 2019-20. These costs are shown in Table 2 and described below.

Table 2
Expenditures Under HB 18-1376

Cost Components	FY 2018-19	FY 2019-20
Department of Local Affairs		
Personal Services	\$42,664	\$51,197
Operating Expenses and Capital Outlay Costs	\$9,291	\$3,158
Legal Services	\$1,066	\$533
Inspection Costs	\$64,384	\$64,384
Travel Costs	\$3,063	\$3,063
Centrally Appropriated Costs*	\$27,163	\$30,144
FTE – Personal Services	0.8 FTE	1.0 FTE
DOLA (Subtotal)	\$147,631	\$152,479

**Table 2
 Expenditures Under HB 18-1376 (Cont.)**

Cost Components	FY 2018-19	FY 2019-20
Department of Health Care Policy and Financing		
Personal Services	\$57,084	\$68,500
Operating Expenses and Capital Outlay Costs	\$5,463	\$950
Stakeholder Engagement	\$12,600	\$6,300
Centrally Appropriated Costs*	\$11,049	\$13,551
FTE – Personal Services	0.8 FTE	1.0 FTE
HCPF (Subtotal)	\$86,196	\$89,301
Total	\$233,827	\$241,780
Total FTE	1.6 FTE	2.0 FTE

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

Department of Local Affairs. General Fund expenditures will increase in DOLA by \$147,631 and 0.8 FTE in FY 2018-19 and \$152,479 and 1.0 in FY 2019-20 and future years. These costs are described below.

Assumptions. It is estimated that the DOLA will need to complete 1,700 biennial inspections of residential services and supports providers, with approximately 13 percent of sites requiring re-inspection. It is assumed that inspections will be carried about by DOLA's existing network of contractors when possible.

Personal services. The Division of Housing in DOLA will require 1.0 FTE for an Inspector I, which will be responsible for oversight of the inspection program, including coordination and scheduling of all inspections. It is estimated that this position will also complete 250 inspections per year when there is a conflict of interest with a contract inspector. Personal services and operating expenses are outlined in Table 2.

Legal services. It is estimated that DOLA will need 10 hours of legal services at a cost of \$106.56 per hour in FY 2018-19, and 5 hours of legal services in FY 2019-20 and ongoing.

Inspection costs. It is estimated that the 1,700 inspections completed by the Division of Housing will take approximately 2 hours, at a total cost of \$70 per inspection. It is estimated that each re-inspection will take approximately 1.25 hours and cost about \$44 per inspection. Thus, annual contract inspection costs are estimated at \$64,384 per year.

Travel costs. Beginning in FY 2018-19, DOLA will have travel costs of \$3,063 to travel to providers for inspections. This cost assumes an average of cost of \$0.49 per mile, with an average of 25 miles of travel for 250 inspections.

Department of Health Care Policy and Financing. Expenditures will increase in HCPF by \$86,196 and 0.8 FTE in FY 2018-19 and \$89,301 and 1.0 FTE in FY 2019-20 and future years. These costs, which are split evenly between General Fund and federal funds, are described below.

Personal services. HCPF will require 1.0 FTE for an Administrator IV to coordinate with a contractor and manage the ongoing process of rules development and stakeholder engagement, collaborate with DOLA to carry out inspections, and execute any necessary corrective actions.

Stakeholder engagement. The bill requires HCPF to include representation from providers and relevant stakeholders for the rulemaking required in the bill, and a contractor is required to prepare and execute the stakeholder engagement process. It is estimated that the contractor will be required for 18 months, and would work approximately 7 hours per month at a rate of \$150 per hour.

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. These costs, which include employee insurance and supplemental employee retirement payments, indirect costs, and leased space are estimated to be \$38,212 in FY 2018-19 and \$43,695 in FY 2019-20.

Effective Date

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

State Appropriations

For FY 2018-19, this bill requires the following appropriations:

- \$120,468 General Fund and an allocation of 0.8 FTE to the Department of Local Affairs; and
- \$37,574 General Fund, \$37,573 federal funds, and an allocation of 0.8 FTE to the Department of Health Care Policy and Financing.

State and Local Government Contacts

Counties
Human Services
Information Technology

Health Care Policy and Financing
Public Health And Environment
Local Affairs