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FISCAL NOTE

Drafting Number: LLS 18-1067	Date: April 23, 2018
Prime Sponsors: Rep. Young; Rankin Sen. Lambert; Moreno	Bill Status: House Public Health Care and Human Services
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Bill Topic: ACCESS TO DISABILITY SERVICES AND STABLE WORKFORCE

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill requires the Department of Health Care Policy and Financing to seek federal approval for a 6.5 percent increase to the reimbursement rate for home- and community- based waiver services, and to offer enrollment to certain individuals on the waiting list for waiver services. Beginning in FY 2018-19, this bill increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2018-19, this bill requires an appropriation of \$24,586,379 to the Department of Health Care Policy and Financing.

Fiscal Note Status: The fiscal note reflects the introduced bill, recommended by the Joint Budget Committee.

**Table 1
State Fiscal Impacts Under HB 18-1407**

		FY 2018-19	FY 2019-20
Revenue		-	-
Expenditures	General Fund	\$12,185,442	\$33,697,967
	Federal Funds	\$12,400,937	\$33,697,963
	Centrally Appropriated	\$16,082	\$17,543
	Total	\$24,602,461	\$67,413,473
	Total FTE	2.7 FTE	3.0 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

This bill requires the Department of Health Care Policy and Financing (HCPF) to seek federal approval for a 6.5 percent increase to the reimbursement rate for specific services that are delivered through home- and community-based services (HCBS) waivers. All of the increased funding must be used to increase compensation for direct support professionals. Service agencies must track and report how they use this funding, and HCPF may recoup all or part of the funding if the funds are not used exclusively for direct support professional compensation. Once HCPF has sufficient data to determine the impact and outcomes attributed to the increased reimbursement rate, it must include the data in its annual report concerning the waiting list for services and supports.

Additionally, subject to the availability of reserve capacity enrollment, a person with an intellectual and developmental disability on the waiting list for services who is at risk of experiencing an emergency due to criteria outlined in the bill must be offered enrollment in the HCBS developmental disabilities waiver. The State Board must promulgate rules regarding the criteria for reserve capacity enrollments. HCPF must also initiate 300 nonemergency enrollments from the waiting list for the HCBS developmental disabilities waiver.

Background

Medicaid waivers ~ Home- and Community-Based Services (HCBS). Colorado currently administers 11 HCBS waiver programs. HCBS waivers provide additional services to specified populations with the purpose of keeping eligible clients in their homes and out of nursing facilities.

State Expenditures

This bill will increase state expenditures by \$24.6 million in FY 2018-19 and \$67.4 million in FY 2019-20 and future years, which are paid from the General Fund and federal funds. These expenditures are outlined in Table 2 and described below.

**Table 2
 Expenditures Under HB 18-1407**

	FY 2018-19	FY 2019-20
Department of Health Care Policy and Financing		
Personal Services	\$176,125	\$192,135
Operating Expenses and Capital Outlay Costs	\$16,674	\$2,850
Information Technology and Administrative Costs	\$506,000	-
HCBS Rate Increase - Children's Extensive Support Waiver	\$838,908	\$2,613,734
HCBS Rate Increase - Supported Living Services Waiver	\$4,375,785	\$13,975,093
HCBS Rate Increase - Developmentally Disabled Waiver	\$8,386,398	\$26,773,832
HCBS Enrollment Costs	\$10,286,489	\$23,838,286
Centrally Appropriated Costs*	\$16,082	\$17,543
FTE – Personal Services	2.7 FTE	3.0 FTE
Total Cost	\$24,602,461	\$67,413,473
Total FTE	2.7 FTE	3.0 FTE

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

Personal Services. This bill will require 2.7 FTE in FY 2018-19 and 3.0 in FY 2019-20 and future years to implement and enforce the wage pass-through requirements for Intellectual and Developmental Disability service providers. HCPF will be required to conduct ongoing reviews of 500 service providers and community centered boards to ensure all direct support professionals are compensated sufficiently. Additionally, new staff would assist with waiting list management for 300 additional enrollments to the Developmentally Disabled HCBS waiver annually.

Information technology and administrative costs. In FY 2018-19, this bill will increase state expenditures by \$506,000 to create a reporting tool in collaboration with provider agencies to report provider agency wage data. This will require programming in HCPF's Medicaid Management Information System (MMIS) and Business Intelligence Data Management (BIDM) system. This will require 3,000 hours at various hourly rates, for a total of \$431,000. Additionally, the department will require \$75,000 for FY 2018-19 only to consult with an outside auditing contractor to effectively create implement a procedure for auditing provider's use of funds.

HCBS rate increase. This bill will increase the reimbursement rate of certain HCBS waivers by \$13.6 million in FY 2018-19 and \$43.4 million in FY 2019-20 and in future years. The bill requires HCPF to seek federal approval for a 6.5 percent increase to the reimbursement rate for specific services delivered through HCBS waivers. It is assumed the department will obtain federal approval and implement the rate increase December 1, 2018. It is assumed this increased rate will be effective December 1, 2018. The increase for the three waivers are shown in Table 2 above.

HCBS enrollment. This bill will increase expenditures related to increased caseload by \$10.3 million in FY 2018-19 and \$23.8 million in FY 2019-20 and in future years. The bill requires HCPF to enroll 300 additional individuals onto the Developmentally Disabled HCBS waiver. It is assumed that enrollments will increase linearly over the course of FY 2019-19, with 300 enrolled

by June 30, 2019. These expenditures will be eligible for a 75 percent federal match. Additionally, caseload will increase from the addition of an aging care giver to the Developmentally Disabled HCBS waiver emergency enrollment criterion.

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, are estimated to be \$16,082 in FY 2018-19 and \$17,543 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 an appropriation of \$24,586,380 to the Department of Health Care Policy and Financing. Of this, \$12,185,442 is General Fund and \$12,400,937 is federal funds.

State and Local Government Contacts

Health Care Policy and Financing