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FISCAL NOTE

Drafting Number: LLS 20-0426
Prime Sponsors: Rep. Young; Landgraf; Sen. Todd; Gardner

Date: January 27, 2020
Bill Status: House Public Health
Fiscal Analyst: Aaron Carpenter | 303-866-4918; Aaron.Carpenter@state.co.us

Bill Topic: PROGRAMS FOR CHILDREN WITH DEVELOPMENTAL DISABILITIES

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

This bill expands eligibility for children and youth with intellectual and developmental disabilities who require placement through the Department of Human Services and makes other changes to the program. Starting in FY 2020-21, this bill will increase state and local expenditures on an ongoing basis.

Appropriation Summary: This bill requires an appropriation of \$36,771 to the Department of Human Services.

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

Table 1
State Fiscal Impacts Under HB 20-1012

Table with 4 columns: Category, FY 2020-21, FY 2021-22. Rows include Revenue, Expenditures* (General Fund, Centrally Appropriated, Total), Total FTE, Transfers, and TABOR Refund.

* This amount does not include an expansion of contracted bed space, which is estimated at \$235,220 and 0.1 FTE per bed per year. A contract with a new vendor is likely required to expand bed space, which would cost at least \$1.2 million for five additional beds and require an additional 0.5 FTE.

Summary of Legislation

This bill expands eligibility for children and youth with intellectual and developmental disabilities who require out-of-home residential care through a program administered by the Department of Human Services (DHS). Specifically, the bill expands the program to include children with co-occurring disorders, and to children who are at-risk of out-of-home placement. Currently, the DHS only places children and who are in the custody of a county department of human services.

The bill allows a parent or legal guardian of an eligible child to apply to DHS for placement. Under current law, the DHS reimburses county departments that place children in the program. This bill requires DHS to reimburse the licensed facility for any placement initiated by a parent or legal guardian. Before a parent can apply to the program, a parent must first attempt to qualify the child for licensed out-of-home treatment services through Medicaid. Children covered only by private insurance are not eligible for the program. The bill also removes the priority of placements to county departments and requires the DHS to place a child on the wait list if no beds are available. DHS is also required to maintain up to three emergency placement beds.

Finally, the bill requires DHS to promulgate additional rules and to publish a report online by September 1, 2020. Additional rules required by the bill include rules for:

- planning for services for youth who turn 18 while in the program;
- access to behavioral health services;
- a process for selection criteria and wait list management;
- program evaluation; and
- an application process for children who are at risk of out-of-home placement but not in the custody of a county department.

Background

According to the DHS, it contracts for 10 beds at the Calabrese Center to place children with intellectual and developmental disabilities. Of those 10 beds, 3 beds are held for emergency placements. As of the time of this writing, all the beds in the program were full with 6 children on the wait list. All referrals came from county departments of human services. It costs \$620.39 per day to place a child in the Calabrese Center. It is estimated that 75 new children and youth would become eligible to the program as a result of the bill.

State Expenditures

At a minimum, this bill will increase state General Fund expenditures in the DHS by \$43,364 and 0.4 FTE in FY 2020-21 and by \$44,657 and 0.5 FTE in FY 2021-22. To the extent the General Assembly chooses to expand available bed space for the program to accommodate the newly eligible population, costs will increase beyond this fiscal note estimate. The estimate and potential costs are shown in Table 2 and described below.

**Table 2
Expenditures Under HB 20-1012**

	FY 2020-21	FY 2021-22
Department of Human Services		
Personal Services	\$29,896	\$35,876
Operating Expenses	\$675	\$675
Capital Outlay Costs	\$6,200	-
Legal Services	-	-
Centrally Appropriated Costs*	\$6,593	\$8,106
Total Cost	\$43,364	\$44,657
Total FTE	0.4 FTE	0.5 FTE

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

Staffing costs. DHS requires 0.5 FTE social service specialist to vet new applications, reprioritize the wait list, explore other treatment options for applicants, and compile statistics to produce an annual report. Costs associated with this staff include personnel costs, operating expenses, and capital outlay costs, all shown in Table 2. Costs and FTE in FY 2020-21 are prorated to reflect the General Fund paydate shift.

Residential program. Because the bill does not require an increase in the number of beds in the program, it is assumed that most new applicants will be placed on the wait list and utilization of existing beds will be prioritized by the DHS based on level of need. If additional funding is appropriated to the DHS, in this bill or through the annual budget process, the DHS may be able to contract for additional beds. It is assumed that the current provider for residential beds will not be able to expand their bed space so finding another provider will be necessary. It is estimated that to contract for one additional bed, costs will increase by \$235,220 per year, including \$226,442 for each additional bed and \$8,778 and 0.1 FTE to administer the new bed. Because a new contract will be necessary, the fiscal note assumes that DHS must contract for five additional beds at a cost of \$1.2 million including costs for the new beds and 0.5 FTE to administrator the new beds.

Legal Services. The bill requires the DHS to promulgate new rules, which will require legal services from the Department of Law. The fiscal note assumes that rulemaking will take less than 100 hours of legal services which does not require an appropriation.

Independent Judicial offices involved in child welfare cases. To the extent there is a decrease in child welfare cases, because parents can now place their child in the program, rather than opening a child welfare case, workload to the Office of the Child's Representative and the Office of Respondent Parents' Council will decrease. The fiscal note assumes this decrease will be minimal and not require a change in appropriations.

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 \$6,593 in FY 2020-21 and \$8,106 in FY 2021-22.

Local Government

This bill impacts local departments of human services in several ways. First, the bill may increase costs for county departments to find and pay for services for children that can no longer be placed in the program, if newly eligible children use bed space that is currently accessible to children in the custody of county departments. In addition, costs will increase if children remain in other care settings for longer periods, rather than being placed in the program. Conversely, costs and workload may decrease to the extent there are fewer child welfare cases due to parents placing their children in the program instead of opening a new child welfare case.

Effective Date

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2020-21, the bill requires a General Fund appropriation of \$36,771 and 0.4 FTE to the Department of Human Services. The General Assembly, at its discretion may appropriate \$233,761 General Fund and 0.1 FTE to the Department of Human Services for each additional bed it chooses to fund under the program.

State and Local Government Contacts

Child Protection Ombudsman
Human Services
Law
Office of the Child's Representative

Counties
Information Technology
Office of Respondent Parents' Counsel