

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
FROM Madison Kaemerer, JBC Staff (303-866-2062)
DATE January 26, 2024
SUBJECT FY 2023-24 S11 ARPA HCBS Adjustments

S11 ARPA HCBS ADJUSTMENTS

	REQUEST	RECOMMENDATION
TOTAL	(\$47,437,776)	(\$47,437,776)
FTE	15.0	15.0
General Fund	0	0
Cash Funds	(23,402,873)	(23,402,873)
Federal Funds	(24,034,903)	(24,034,903)

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES

[An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

Explanation: JBC staff and the Department agree that this request is the result of new data that was not available when the original appropriation was made.

DEPARTMENT REQUEST

The Department requests a decrease of \$47.4 million total funds, including a decrease of \$23.4 million cash funds from both the Home- and Community Based Services Improvement Fund and ARPA Healthcare Affordability & Sustainability Fee Cash Fund, for FY 2023-24, along with the addition of 15.6 FTE.

History

The American Rescue Plan Act (ARPA) was signed into law on March 11, 2021, and includes funding to support a wide range of activities, programs, and services. Section 9817 of the Act increased the federal match for Medicaid Home- and Community-Based Services (HCBS) spending by 10 percentage points from April 1, 2021, through March 31, 2022. The bill specified that the state must use the enhanced funds to “implement, or supplement the implementation of, one of more activities to enhance, expand, or strengthen,” Medicaid HCBS.

The Department submitted and received approval for a spending plan from the JBC and from the Centers for Medicare and Medicaid Services (CMS) in September 2021, which was outside of the regular budget process due to the accelerated timeline to begin working on the spending plan. The

Department updated estimated costs through FY 2023-24 BA-8 “ARPA HCBS Adjustments” and is continuing to update estimated costs for the ARPA HCBS spending plan.

Change to Existing Appropriations

ITEM	TOTAL FUNDS	CF	FF	FFP
Reduce General Prof. Services Reallocation Fund	(\$15,912,222)	(7,956,110)	(7,956,112)	50%
Reduce Service Reallocation Fund	(3,142,125)	(1,571,063)	(1,571,062)	50%
Reduce State-Only Reallocation Fund	(16,239,448)	(16,239,448)	0	0
Reduce Systems Reallocation Fund	(100,000)	(50,000)	(50,000)	50%
Technical Adjustments	(13,849,505)	3,743,149	(17,592,654)	127%

Through the Department’s budget tracking, a number of ARPA HCBS projects identified excess funds in their project budgets that were no longer needed to support the project’s goals. These funds were removed from the project budgets and set into a “reallocation fund”¹ per appropriation for other initiatives. There are many small adjustments that created funding in the reallocation fund, such as not needing as much funding than anticipated for certain training materials, changing costs to apply for certain licenses, and lower than expected interest in grants. These reallocated funds will support the decrease in cash funds available for reinvestment, as well as the ARPA related funds in S-6 “PHE Unwind Resources” and R-6 “Provider Rate Adjustments.”

All of the projects that have reduced their budgets and moved funding to the reallocation fund are listed in the Department’s quarterly ARPA HCBS reports to the Centers for Medicare & Medicaid Services (CMS) and the JBC.²

The committee approved the S-6 appropriation on January 24, 2024.

Staffing Extensions

ITEM	FTE	TOTAL FUNDS	CF	FF
FTE Extensions - Admin Match	11.3	869,851	434,926	434,925
FTE Extensions - State Only	4.3	935,673	935,673	0

The Department is requesting \$1.8 million total, including \$1.3 million cash funds, to support extending 15.6 FTE (ARPA HCBS term-limited staff). The Department has also requested the extension of all ARPA HCBS term-limited staff in BA-11, which will be addressed during figure setting.

ARPA Section 9817 directed states to use the state savings from the enhanced FMAP to enhance, expand, and strengthen the state’s HCBS System. Colorado’s spending plan in response to this

¹ The reallocation fund was established to hold funds that were not yet obligated to a particular project but could be reallocated when requests came in. The ARPA Leadership team reviewed proposals and made recommendations about where the funds should be reallocated. The Department did note that all of these changes are subject to approval by the JBC.

² <https://hcpf.colorado.gov/arpa>

additional funding included 62 initiatives. In order to comply with the requirements to expand the HCBS system, the Department hired 58.5 term-limited FTE utilizing ARPA HCBS funds.

These staff serve in a variety of roles across the Department to support the activities required for the execution of the work as delineated in ARPA Section 9817. All 62 projects are scheduled to close by December 31, 2024, at which time the Department requests a term end for 43.0 FTE. These staff are project-specific and at that point should have their work completed. The remaining 15.6 FTE are administrative in nature, and the Department will request that these FTE will remain in their role until a term end date of March 31, 2025, at which point the ARPA HCBS spending period will end. During those three extra months, the administrative staff will close out all of the work related to this effort.

The staff in this request would end their terms on March 31, 2024, if this request is not approved. Currently, this staff is working on a variety of ARPA initiated projects that impact HCBS services.

Systems Reallocation

ITEM	TOTAL FUNDS	CF	FF	FFP
Reallocate Funds – System Infrastructure	\$3,000,000	\$300,000	2,700,000	90%
Reallocate Funds – System Infrastructure	(3,000,000)	(3,000,000)	0	0

The Department requests moving \$3.0 million in total funds from the state-only appropriation to the MMIS appropriation. The Department identified \$3.0 million that was earmarked for the systems infrastructure for social determinants of health project under the state-only appropriation. However, the entirety of the budget for this project is Medicaid systems related and eligible for an enhanced match. The Department states that this will free up \$2.7 million in cash funds to use for other projects/initiatives.

The Department calculated the amount to reallocate for the systems infrastructure for social determinants of health project based on feedback from the project team. The \$3.0 million that is allocated for this project in state-only funding will be used on systems work that receive an enhanced match. Therefore, the \$3.0 million is moving from a 0.0 percent federal match to a 90.0 percent federal match, freeing up cash funds to use for ARPA related requests.

Technical Correction to Fund Sources

ITEM	TOTAL FUNDS	CF
Reallocate Funds – Cash Funds Fix (HCSI)	(14,487,677)	(14,487,677)
Reallocate Funds – Cash Funds Fix (ARPA HAS Fee)	14,487,677	14,487,677

The Department is requesting to move \$14.5 million for the Home- and Community-based Services Improvement Fund to the ARPA Healthcare Affordability and Sustainability (HAS) Fee cash fund within the state-only appropriation. The Department discovered that the spending plan had under reported the amount of ARPA HAS Fee spending compared to the total amount available for reinvestment. This technical adjustment will ensure that the entirety of the ARPA HAS Fee is spent.

The Department calculated the amount of HCSI cash fund to reallocate to ARPA HAS Fee cash fund based on the total ARPA HAS Fee cash fund allocated in the spending plan. The Department found a shortfall and requests to move the shortfall amount within the state-only appropriation to support ARPA HCBS grants.

STAFF RECOMMENDATION

JBC staff recommends approval of this request. The technical adjustments outlined in this supplemental request ensure that funding is provided to HCBS services, and ensures that ARPA funding is allocated to staff and programs to support HCBS services through the unwind period.