

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
FROM Robin J. Smart, JBC Staff (303-866-4955)
DATE December 16, 2020
SUBJECT Day Habilitation Services for Individuals with Intellectual and Developmental Disabilities

The Developmental Disabilities and Supported Living Services Waiver Programs provide individuals with intellectual and developmental disabilities access to services and supports in order to allow them to live safely and participate in their communities. These services include day habilitation. The amount of day habilitation services an individual is eligible to receive is identified as the service plan authorization limit (SPAL). Typically, the SPAL is reflected as the amount of *time* services may be accessed. Under the current public health emergency, however, the Department of Health Care Policy and Financing was allowed to modify how services are delivered without specific approval from the Centers for Medicare and Medicaid Services (CMS). Modifications included the development of a three tiered approach to delivering services and an identified amount of funds for each individual to cover the cost of the selected services. The three tiered approach to service delivery includes: tier 1 – all virtual services; tier 2 – a mix of virtual or in person services; and tier 3 – one on one services. Rates were determined for each service type and for each service level.

In establishing the funding cap, the Department analyzed previous utilization of the day habilitation in each waiver and determined that, as a whole, utilization was approximately 40 percent of the total historic amount of day habilitation SPAL units that were made available. In order for the modifications to remain budget neutral, the Department allocated the cost of 40 percent utilization across all members and established a given funding cap for each support level within each waiver. In doing so, the Department essentially reduced the amount of funding available to access day habilitation services. This reduction in available funding may or may not have resulted in reduced access for individuals depending upon whether or not each individual's access was typically above or below the utilization average. Regardless of whether or not an individual historically used less than 40 percent of their SPAL units, this adjustment would result in a reduction in access to services. For individuals who typically utilize above 40 percent of their SPAL, the adjustment is a reduction to actual services. For agencies that deliver day habilitation services, this translates as a reduction in their budgets and a potential increase in the net operating loss associated with the day habilitation program.

Joint Budget Committee staff met with the Department on December 14, 2020 to discuss this issue. On December 11, 2020, the Department rescinded the operating memo identifying the funding caps and worked with stakeholders to create a better solution. While the three tiers will remain in effect, the Department will adjust funding on an individual basis as opposed to implementing an across the board cap based on aggregate utilization. Staff has requested an update from the Department and, if necessary, will provide additional information during the Department's supplemental budget request presentation. At this time, staff recommends no action by the committee.