

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**SUPPLEMENTAL REQUESTS FOR FY 2014-15  
DEPARTMENT OF HEALTH CARE POLICY AND  
FIANCING**

**(Office of Community Living)**

**JBC Working Document - Subject to Change  
Staff Recommendation Does Not Represent Committee Decision**

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January 23, 2015**

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# DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

## Department Overview

The Department of Health Care Policy and Financing (HCPF) provides health care services to qualifying Colorado residents. Specifically, this supplemental document relates to the Office of Community Living, Division for Intellectual and Developmental Disabilities which oversees community-based services for individuals with intellectual and developmental disabilities. The Division is responsible for the provision of services by community-based providers to individuals with intellectual and developmental disabilities (IDD) including:

- Administration of three Medicaid waivers for individuals with IDD;
- Establishment of service reimbursement rates;
- Ensuring compliance with federal Centers for Medicare and Medicaid rules and regulations;
- Communication and coordination with Community Center Boards regarding waiver policies, rate changes, and waiting list information reporting; and
- Administration of the Family Support Services Program.

## Summary: FY 2014-15 Appropriation and Recommendation

Department of Health Care Policy and Financing: Recommended Changes for FY 2014-15						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	\$478,939,702	\$230,582,978	\$30,841,087	\$0	\$217,515,637	30.5
Other legislation	<u>5,746,227</u>	<u>0</u>	<u>2,829,586</u>	<u>0</u>	<u>2,916,641</u>	<u>0.0</u>
<b>Current FY 2014-15 Appropriation</b>	<b>\$484,685,929</b>	<b>\$230,582,978</b>	<b>\$33,670,673</b>	<b>\$0</b>	<b>\$220,432,278</b>	<b>30.5</b>
<b>Recommended Changes</b>						
Current FY 2014-15 Appropriation	\$484,685,929	230,582,978	\$33,670,673	\$0	\$220,432,278	30.5
S5 Community Living Caseload and Per Capita Changes	<u>(22,428,708)</u>	<u>(9,650,608)</u>	<u>(2,829,586)</u>	<u>0</u>	<u>(9,948,514)</u>	<u>0.0</u>
<b>Recommended FY 2014-15 Appropriation</b>	<b>\$462,257,221</b>	<b>\$220,932,370</b>	<b>\$30,841,087</b>	<b>\$0</b>	<b>\$210,483,764</b>	<b>30.5</b>
<b>Recommended Increase/(Decrease)</b>	(\$22,428,708)	(\$9,650,608)	(\$2,829,586)	\$0	(\$9,948,514)	0.0
Percentage Change	(4.6%)	(4.2%)	(8.4%)	n/a	(4.5%)	0.0%
<b>FY 2014-15 Executive Request</b>	<b>(\$22,428,708)</b>	<b>(\$9,650,608)</b>	<b>(\$2,829,586)</b>	<b>\$0</b>	<b>(\$9,948,514)</b>	<b>0.0</b>
Request Above/(Below) Recommendation	(\$484,685,929)	(\$230,582,978)	(\$33,670,673)	\$0	(\$220,432,278)	(30.5)

## Request/Recommendation Descriptions

**S5 Community Living Caseload:** The request includes a reduction of \$22,428,708 total funds, of which \$9,650,608 is General Fund, \$2,829,586 is cash funds from the Child Welfare Transitions Cash Fund, and \$9,948,514 is federal funds for adjustments to the appropriations for community-based services for individuals with intellectual and development disabilities based on projected FY 2014-15 enrollment figures. Staff recommends the Committee approve the request.

## Prioritized Supplemental Requests

### SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY #5 COMMUNITY LIVING CASELOAD AND PER CAPITA CHANGES

	Request	Recommendation
<b>Total</b>	<b><u>(\$22,428,708)</u></b>	<b><u>(\$22,428,708)</u></b>
General Fund	(9,650,608)	(9,650,608)
Cash Funds	(2,829,586)	(2,829,586)
Federal Funds	(9,948,514)	(9,948,514)

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b> [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.]	<b>YES</b>
JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made.	

**Department Request:** The Department requests a reduction of \$22,428,708 total funds, of which \$9,650,608 is General Fund, \$2,829,586 is cash funds from the Child Welfare Transitions Cash Fund, and \$9,948,514 is federal funds for adjustments to the appropriations for community-based services for individuals with intellectual and development disabilities based on projected FY 2014-15 enrollment figures. The following table summarizes the request by line item.

Summary of S5 Community Living Caseload and Per Capita Changes				
	Total Funds	General Fund	Cash Funds	Federal Funds
Adult Comprehensive	(\$8,611,211)	(\$2,846,872)	(\$2,829,586)	(\$2,934,753)
Adult SLS	(5,028,513)	(2,476,040)	0	(2,552,473)
Children's Extensive Support	(7,627,354)	(3,755,709)	0	(3,871,645)
Case Management	(1,161,630)	(571,987)	0	(589,643)
<b>Total</b>	<b><u>(\$22,428,708)</u></b>	<b><u>(\$9,650,608)</u></b>	<b><u>(\$2,829,586)</u></b>	<b><u>(\$9,948,514)</u></b>

**Staff Recommendation:** Staff recommends that the Committee approve the request. The Staff Analysis section contains a number of options the Committee could consider as alternatives to the staff recommendation.

**Staff Analysis:** The supplemental budget request does two main things: the first is to adjust the appropriation based on projected enrollments and cost per enrollment, and the second is to refinance \$2,829,586 cash funds appropriated for the waivers via H.B. 14-1368 (Transition Youth with Developmental Disabilities to Adult Services) with General Fund. The following analysis is divided into three sections, the first on the refinance of cash fund dollars, the second on the caseload and cost per capita projections, and the third is policy options for the Committee's consideration.

*Section 1 - Refinance of Cash Fund Dollars*

The General Assembly passed H.B. 14-1368 in order to transition youth over the age of eighteen from the Child Welfare System to the adult comprehensive services waiver to enable these youth to receive the services they require but where not available to them through the Child Welfare System. The Child Welfare Transition Fund was created in the bill and consisted of moneys available for use by both the Department of Human Services and the Department of Health Care Policy and Financing to ensure the youth transition did not have a lapse in services. It was estimated that 114 youth would transition to adult services, but once the transition process began at least 36 more youth were identified as eligible to transition. Therefore, the Department of Human Services will use all the dollars in the Child Welfare Transition Fund and the Department of Health Care Policy and Financing will require General Fund dollars to replace the cash fund dollars that were initially assumed to be a to fund services for these youth. Since the requested refinance is a result of legislation which turned out to be more effective than initially projected at enabling youth to receive the services they need to live in the community, staff recommends this component of the request.

*Section 2 - Caseload and Per Capita Changes*

The following table summarizes the Department's projection of FY 2014-15 caseload and per capita costs used to build the supplemental request. Full Program Equivalents (FPE) are the Department's caseload metric used to determine the number of clients the Department projects paying claims for in each fiscal year. Note the number of FPE does not always equal the number of enrollments in a fiscal year.

<b>Summary of S5 Community Living Caseload and Per Capita Changes</b>						
	<b>Appropriation</b>		<b>January Projection</b>		<b>Change</b>	
	<b>Per Capita Amount</b>	<b>FPE</b>	<b>Per Capita Amount</b>	<b>FPE</b>	<b>Per Capita Amount</b>	<b>FPE</b>
Adult Comprehensive	\$64,896	4,874.1	\$66,807	4,648.1	\$1,912	(226.0)
Adult SLS	15,688	4,267.5	14,908	4,153.3	(780)	(114.2)
Children's Extensive Support	20,552	1,200.1	18,804	906.1	(1,748)	(294.0)
Case Management	2,292	10,341.7	2,634	8,559.4	342	(1,782.4)
<b>Total</b>	<b>\$103,428</b>	<b>10,341.7</b>	<b>\$103,154</b>	<b>9,707.5</b>	<b>(\$275)</b>	<b>(634.2)</b>

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Based on the year-to-date paid claims for these waivers, it is likely the reversion amount will be different than the Department's request. The Department will submit a revised caseload and per capita projection for FY 2014-15 in February. If that projection is significantly different than this projection, the Committee can consider another adjustment to the FY 2014-15 appropriation as a supplemental add-on to the Long Bill. The following table summarizes two different staff projections of the reversion. Table 1 provides a straight line projection based on the year-to-date (YTD) expenditures through December 2014. Table 2 provides a projection using the first six months of actuals and then the assumption if the remaining six months were paid at levels equal to the month with the highest paid claims.

<b>Table 1. JBC Staff Calculation Based on YTD Average Monthly Expenditure</b>				
Waiver	FY 2014-15 Appropriation*	FY 2014-15 YTD Total as of December 2014	Projection Based on FY 2014-15 YTD	Over/(Under) Expenditure of Appropriation
HCBS - Developmental Disabilities	\$310,561,572	\$159,229,696	\$318,459,392	\$7,897,820
HCBS - Supported Living Services	62,529,702	20,553,542	41,107,084	(21,422,618)
HCBS - Children's Extensive Support	24,610,892	7,044,670	14,089,340	(10,521,552)
HCBS - Targeted Case Management	26,944,625	10,781,470	21,562,940	(5,381,685)
<b>Total</b>	<b>\$424,646,791</b>	<b>\$197,609,379</b>	<b>\$395,218,756</b>	<b>(\$29,428,035)</b>

\*Exclusion informational cash funds

<b>Table 2. JBC Staff Calculation Based on YTD Expenditure Plus 6 Months Paid at the Highest Monthly Amount</b>					
Waiver	FY 2014-15 Appropriation*	FY 2014-15 YTD Total as of December 2014	Month with the Most Paid - November 2014	Projection	Over/(Under) Expenditure of Appropriation
HCBS - Developmental Disabilities	\$310,561,572	\$159,229,696	\$28,070,283	\$327,651,394	\$17,089,822
HCBS - Supported Living Services	62,529,702	20,553,542	3,607,672	42,199,574	(20,330,128)
HCBS - Children's Extensive Support	24,610,892	7,044,670	1,074,708	13,492,918	(11,117,974)
HCBS - Targeted Case Management	26,944,625	10,781,470	1,714,021	21,065,596	(5,879,029)
<b>Total</b>	<b>\$424,646,791</b>	<b>\$197,609,378</b>	<b>\$34,466,684</b>	<b>\$404,409,482</b>	<b>(\$20,237,309)</b>

\*Exclusion informational cash funds

*Section 3 - Policy Options*

Pursuant to Section 27-10.5-104.2, C.R.S., any funds not expended by the waivers will roll into the Intellectual and Developmental Disabilities Services Cash Fund (IDD Services Fund) at the end of the fiscal year. Staff is presenting the following options the Committee may want to consider in addition to, or in lieu of, the supplemental recommendation because of the larger

policy discussions this request highlights. All of these options can be done independently or in combination with each other.

- *Option 1 - Sponsor legislation to require the Adult Comprehensive and Adult Supported Living Services Waivers be combined by July 1, 2016:* For this option, the Committee would need to sponsor legislation requiring the Department to consolidate the two adult intellectual and developmental disabilities (IDD) waiver into one continuous waiver for adults with IDD. Waiver consolidation was a recommendation from the Community Living Advisory Group, and the Department is facilitating a working group on how to consolidate the adult IDD waivers, and aligns with the Department's 2013 waiver consolidation concept paper. The Committee could set aside some or all of the funds in the Intellectual and Developmental Disabilities Services Cash Fund to pay for the costs that will be incurred as individuals are transitioned from the old waivers to the new waiver. Staff believes the system of services for individuals with IDD is at full capacity and simply adding additional dollars to the system to serve more individuals will continue to result in reversions because there is not sufficient capacity. This option would enable a system wide change in a comprehensive manner while designating a funding source to cover the initial expenses of the change.
- *Option 2 - Use the Intellectual and Developmental Disabilities Services Fund to Fund the 3+ Initiative:* The Committee has voted to see draft legislation creating a pilot project for how to provide services to children ages three to five that have an intellectual and developmental disability but cannot access services because there is no established program for three to five year olds. The statutory language for the IDD Services Fund references capacity building for services for individuals with IDD which is what this initiative would do.
- *Option 3 - Sponsor legislation to transfer a portion of the IDD Services Fund to the General Fund and use for early intervention services caseload growth:* If the Committee wanted to use a portion of the funds in the IDD Services Fund as a one-time source to pay for early intervention (EI) caseload growth, staff would recommend a transfer to the General Fund and appropriation of General Fund to early intervention services. Staff is recommending a transfer over a direct appropriation in order to avoid a significant General Fund impact in future years when the IDD Services Fund is unable to support early intervention caseload.
- *Option 4 - Alliance proposal:* Staff received a proposal from Alliance, the organization representing the Community Centered Boards and a number of service providers, for how to use moneys in the IDD Services Fund. Those options include the following:
  - *(a) Adjusting service caps:* There were a number of caps implemented during FY 2010-11 and FY 2011-12 as budgeting mechanisms to avert an over-expenditure. This option would eliminate these caps, and a portion of the over-appropriation could be used to fund additional services. This process would require a waiver amendment and could be short-term solution in light of the Department's work on consolidating the waivers.

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- *(b) Fund support intensity scale (SIS) assessments for individuals on the waiting list:* This option would enable the State to have a better picture of how many individuals are actively waiting for services and what the estimated cost would be to serve them.
- *(c) Provide Person Centered Training for all providers:* This option would provide funds for providers to receive Person Centered Training. If the Committee wants to pursue this option, staff would recommend the Committee consider sponsoring legislation in order to create a structure for the program with clear expectations and deliverables.
- *(d) Fund a dual diagnosis actuarial study and pilot programs:* This option would provide funding for a study to determine what it could cost for a functional system of services for individuals dually diagnosed with a mental illness and IDD. Additionally this option could provide funding for pilot programs to provide services to dually diagnosed individuals. As with the prior option, the Committee may want consider legislation for the pilot program if the Committee decides to pursue this option.
- *(e) Frontload new and attrition enrollments:* This option would provide funding in FY 2014-15 to start serving new enrollments or to start serving individuals faster once an enrollment is vacated.

*Fiscal Matrix*

In order to provide the Committee with an idea of the possible costs for each of the options listed above, a chart of the options is included below. If the Committee would like to pursue one or more of the options, staff will work with the Department to fine tune the anticipated costs.

Options	Fiscal Matrix for the Options				Comments
	Estimated Cost Range (in millions)				
Option 1 - Waiver Consolidation	\$2.5	\$9.5	\$15	\$19.2	The Committee could designate any amount for this option
Option 2 - Fund 3+ Initiative	0.25	0.5	0.75	1.0	JBC staff estimated \$250,000 but noted this could be low.
Option 3 - EI Caseload	2.1				Recommendation for FY 2014-15 EI caseload growth General Fund
Option 4 - Alliance Options					
a - Service Caps	7.2	10	15		Used FY 11-12 information as a base - this number will be higher - \$2.9 for CM, \$2.4 for DH, and \$1.9 for behavioral services.
b - SIS assessment	0.85				Assumes \$224 per assessment and 3,795 individuals on the waiting list
c - PCT Training	0.25	0.5	0.75		
d - Dual Diagnosis Study and Pilot	0.43	0.68	0.93		Assumes \$250,000 per pilot, and \$175,000 for the study
e - Frontload	2.45				Estimated cost of new and vacant enrollments



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**Appendix A: Number Pages**

	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2014-15 Requested Change	FY 2014-15 Rec'd Change	FY 2014-15 Total W/ Rec'd Change
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**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING**  
**Sue Birch, Executive Director**

**S5 IDD Caseload**

**(4) OFFICE OF COMMUNITY LIVING**

**(A) Division for Individuals with Intellectual and Developmental Disabilities**

**(ii) Program Costs**

Adult Comprehensive Services	0	347,106,514	(8,611,211)	(8,611,211)	338,495,303
General Fund	0	152,632,855	(2,846,872)	(2,846,872)	149,785,983
Cash Funds	0	33,628,301	(2,829,586)	(2,829,586)	30,798,715
Federal Funds	0	160,845,358	(2,934,753)	(2,934,753)	157,910,605
Adult Supported Living Services	<u>1,976,615</u>	<u>70,648,433</u>	<u>(5,028,513)</u>	<u>(5,028,513)</u>	<u>65,619,920</u>
General Fund	1,976,615	38,709,948	(2,476,040)	(2,476,040)	36,233,908
Federal Funds	0	31,938,485	(2,552,473)	(2,552,473)	29,386,012
Children's Extensive Support Services	0	<u>24,610,892</u>	<u>(7,627,354)</u>	<u>(7,627,354)</u>	<u>16,983,538</u>
General Fund	0	12,080,413	(3,755,709)	(3,755,709)	8,324,704
Federal Funds	0	12,530,479	(3,871,645)	(3,871,645)	8,658,834
Case Management	<u>734,516</u>	<u>29,300,733</u>	<u>(1,161,630)</u>	<u>(1,161,630)</u>	<u>28,139,103</u>
General Fund	734,516	15,594,596	(571,987)	(571,987)	15,022,609
Federal Funds	0	13,706,137	(589,643)	(589,643)	13,116,494

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	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Appropriation</b>	<b>FY 2014-15 Requested Change</b>	<b>FY 2014-15 Rec'd Change</b>	<b>FY 2014-15 Total W/ Rec'd Change</b>
<b>Total for S5 IDD Caseload</b>	2,711,131	471,666,572	(22,428,708)	(22,428,708)	449,237,864
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	2,711,131	219,017,812	(9,650,608)	(9,650,608)	209,367,204
Cash Funds	0	33,628,301	(2,829,586)	(2,829,586)	30,798,715
Federal Funds	0	219,020,459	(9,948,514)	(9,948,514)	209,071,945
<b>Totals Excluding Pending Items</b>					
<b>HEALTH CARE POLICY AND FINANCING</b>					
<b>TOTALS for ALL Departmental line items</b>	6,380,769,096	7,876,855,463	(22,428,708)	(22,428,708)	7,854,426,755
<i>FTE</i>	<u>363.7</u>	<u>390.9</u>	<u>0.0</u>	<u>0.0</u>	<u>390.9</u>
General Fund	1,441,811,987	1,553,211,706	(9,650,608)	(9,650,608)	1,543,561,098
General Fund Exempt	642,674,257	711,259,557	0	0	711,259,557
Cash Funds	883,457,087	952,277,490	(2,829,586)	(2,829,586)	949,447,904
Reappropriated Funds	7,232,284	7,782,578	0	0	7,782,578
Federal Funds	3,405,593,481	4,652,324,132	(9,948,514)	(9,948,514)	4,642,375,618