

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee Members
FROM Carolyn Kampman, JBC Staff (303-866-4959)
DATE March 8, 2018
SUBJECT Draft Letter to DHS Concerning Intent of Behavioral Health Appropriations

At the direction of Chairman Hamner, I have been working with staff at the Department of Human Services to address questions about the intended purpose of certain appropriations for behavioral health programs. The Department has requested that the Joint Budget Committee provide written clarification about these appropriations before it finalizes certain contracts or contract amendments. This memorandum provides background information about these appropriations and the intended purposes. Staff has drafted the attached letter for the Committee's consideration to be responsive to the Department's request.

SENATE BILL 17-207

Effective May 1, 2018, S.B. 17-207 eliminates the use of jails to hold individuals who are experiencing a mental health crisis. This act makes a number of changes to the statewide behavioral health crisis response system, including requiring crisis system contractors to care for individuals brought to a crisis system facility through the emergency mental health hold procedure. The act included an appropriation of \$4,070,318 from the Marijuana Tax Cash Fund to the Office of Behavioral Health for FY 2017-18 for "behavioral health crisis response system services". The stated purpose of this appropriation references an existing Long Bill line item that provides funding for most¹ crisis system services described in Sections 27-60-101 through 104, C.R.S., including:

- Walk-in crisis services and crisis stabilization units;
- Mobile crisis services and units; and
- Residential and respite crisis services.

The \$4.1 million appropriation covers multiple enhancements to the crisis system, including the costs of expanding the availability of crisis stabilization services in western Colorado. The estimated costs for this expansion identified in the Legislative Council Staff Fiscal Note for S.B. 17-207 were based on information that was originally included in a budget amendment the Department submitted for FY 2017-18 (BA6). In this request, the Department estimated total costs of \$1.6 million in FY 2017-18 and \$2.2 million in FY 2018-19. These estimates assumed that one new crisis stabilization unit would be established and would operate for eight months in FY 2017-18, "allowing time for the contractor to make building renovations and furnish the facility so that it is operational". The Department

¹Funding for the telephone crisis service and the public information campaign is provided through separate line item appropriations.

indicated that it would require prospective bidders “to assess community needs and to determine the facility and geographic location that will best serve the western portion of the State”. Of the total estimated costs, the Department assumed that a portion would be covered by Medicaid and other payer sources based on the insurance coverage for individuals who receive services when the unit is operational.

Following passage of S.B. 17-207, the Department contracted with crisis system vendors to establish crisis stabilization units in Montrose and Frisco. Staff understands that the vendors are requesting that the Department amend the contract(s) to allow the vendors to spend more than originally anticipated on facility renovations, furnishings, and equipment. Staff understands that the overall contract amounts would remain unchanged. Consistent with the Department’s initial proposal, the statutory changes in the act, and the fiscal note for the act, this appropriation is intended to cover expenses associated with expanding crisis stabilization services in western Colorado. These expenses include the initial costs required to establish and begin operating the crisis stabilization units, such as building renovations, furnishing, and equipment. Thus, staff believes that the Department has the authority to approve the requested contract amendments.

COMMUNITY-BASED CIRCLE PROGRAM

In response to a supplemental request submitted by the Department, the General Assembly appropriated funding from the Marijuana Tax Cash Fund to the Office of Behavioral Health for a “Community-based Circle Program” for FY 2017-18. Following the Department’s closure of the Circle Program at the Colorado Mental Health Institute at Pueblo (CMHIP), this funding was shifted to a new line item to allow the Department to make this type of inpatient treatment available in the community by contracting with a managed service organization. In the JBC staff recommendation to approve this request², staff indicated that the request was “based on five-twelfths of the existing appropriation, and would thus allow some of the funding to be used for start-up expenses (e.g., facility modifications, staff recruitment and training, etc.)”.

Staff understands that the Department is currently in contract negotiations concerning the community-based Circle Program. The Department has indicated that, similar to the above issue, it seeks clarity about whether the appropriation is intended to cover facility-related expenses that will be needed to establish this new program. As indicated in the staff recommendation for this item, the \$830,629 appropriation from the Marijuana Tax Cash Fund that is included in H.B. 18-1162 for the “Community-based Circle Program” is intended to cover expenses associated with establishing a community-based treatment program that provides services similar to the Circle Program at CMHIP. These expenses include the initial costs required to establish and begin operating the program, such as building renovations, furnishing, and equipment. Thus, staff believes that the Department has the authority to approve these types of expenses as part of its vendor contract.

² See page 21 of the JBC staff document titled, “Supplemental Budget Requests, FY 2017-18, Department of Human Services, Office of Behavioral Health” dated January 24, 2018.

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JOINT BUDGET COMMITTEE
200 EAST 14TH AVENUE, 3RD FLOOR
LEGISLATIVE SERVICES BUILDING
DENVER, CO 80203
TELEPHONE 303-866-2061

<http://leg.colorado.gov/agencies/joint-budget-committee>

March 12, 2018

Mr. Reggie Bicha
Executive Director
Department of Human Services
1525 Sherman Street, 8th Floor
Denver, CO 80203

Dear Mr. Bicha:

The Joint Budget Committee understands that the Department has expressed concern about whether it has the authority to allow community-based behavioral health providers to use certain state funds to cover facility-related expenses. The Department has identified two relevant instances where the Department has contracted or is in the process of contracting with community providers to expand their capacity to provide specific types of behavioral health services in specific regions. Each of these appropriations are described below, along with information concerning the intended purposes of these appropriations.

- Senate Bill 17-207 includes an appropriation of \$4,070,318 from the Marijuana Tax Cash Fund to the Office of Behavioral Health for FY 2017-18 for “behavioral health crisis response system services”. The stated purpose of this appropriation references an existing Long Bill line item that provides most of the funding for the crisis system services described in Section 27-60-101 through 104, C.R.S. Consistent with the Department’s initial proposal (budget amendment #6 for FY 2017-18), the statutory changes in S.B. 17-207, and the Legislative Council Staff Fiscal Note for S.B. 17-207, this appropriation is intended to cover expenses associated with expanding crisis stabilization services in western Colorado. These expenses include the initial costs required to establish and begin operating the crisis stabilization units, such as building renovations, furnishing, and equipment.
- House Bill 18-1162 appropriates \$830,629 from the Marijuana Tax Cash Fund for the “Community-based Circle Program”. This appropriation is intended to cover expenses associated with establishing a community-based treatment program that provides services similar to the Circle Program that was previously operated by the Colorado Mental Health Institute at Pueblo. These expenses include the initial costs required to establish and begin operating the program, such as building renovations, furnishing, and equipment.

If you have any questions or concerns, please contact Carolyn Kampman of our staff at 303-866-4959.

Sincerely,

Representative Millie Hamner, Chair
Joint Budget Committee

cc:

Mr. John Ziegler, Staff Director, Joint Budget Committee

Mr. Henry Sobanet, Director, Office of State Planning and Budgeting

Dr. Robert Werthwein, Director, Office of Behavioral Health, Department of Human Services

Mr. Clint Woodruff, Controller, Department of Human Services

Ms. Sarah Sills, Director of Budget and Policy, Department of Human Services