

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2011-12 STAFF BUDGET BRIEFING

DEPARTMENT OF HUMAN SERVICES

(Office of Information Technology Services)

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

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November 15, 2010**

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**FY 2011-12 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

DEPARTMENT OF HUMAN SERVICES

(Office of Information Technology Services)

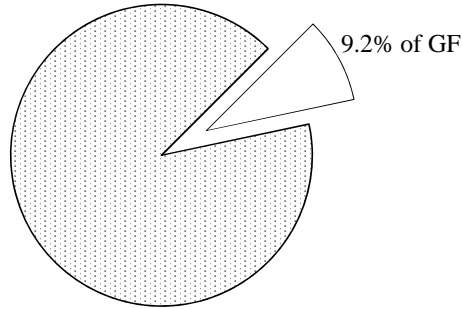
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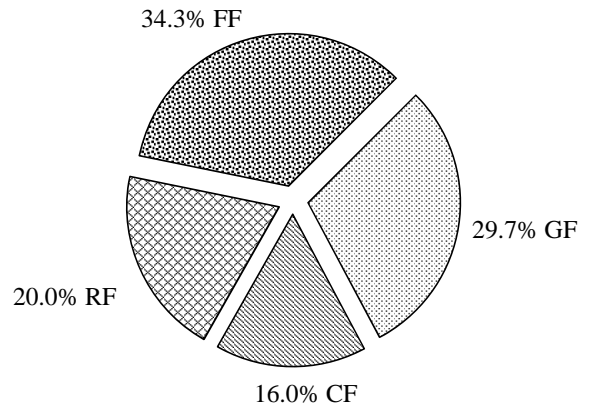
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Human Services**

GRAPHIC OVERVIEW

Department's Share of Statewide General Fund

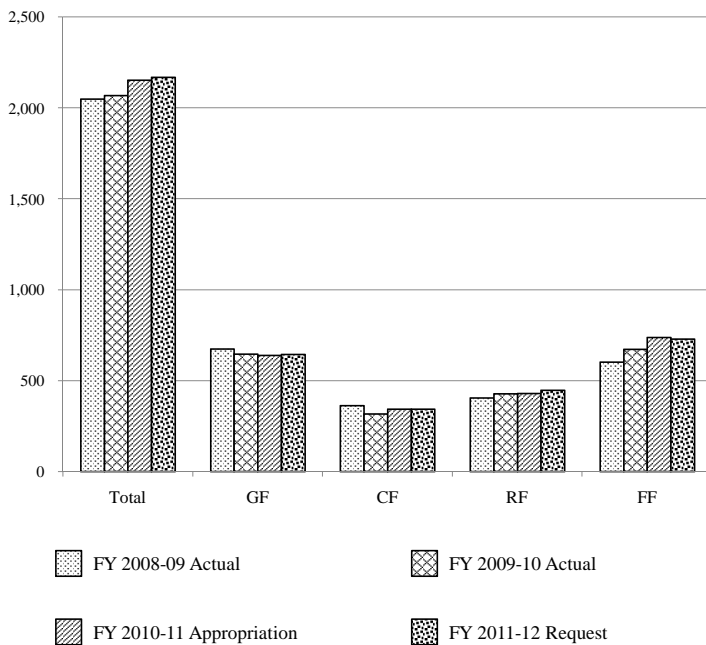


Department Funding Sources

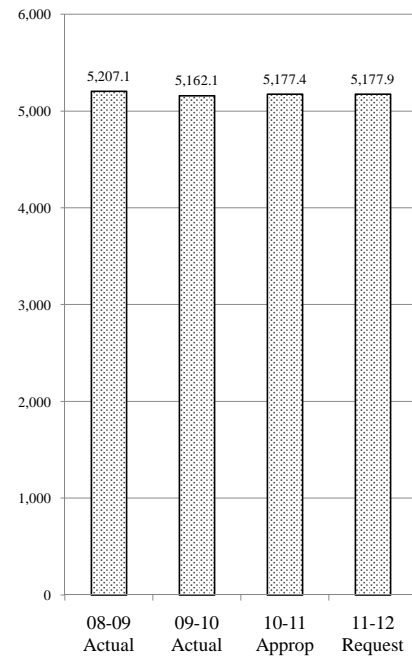


Note: If General Fund appropriated to the Department of Health Care Policy and Financing for human services programs were included in the graph above, the Department of Human Services' share of the total state General Fund would rise to 11.4%.

**Budget History
(Millions of Dollars)**

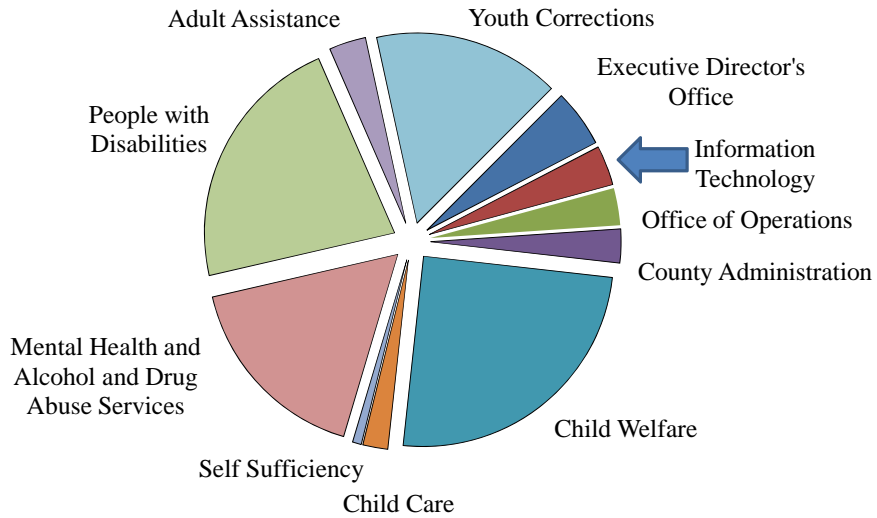


FTE History



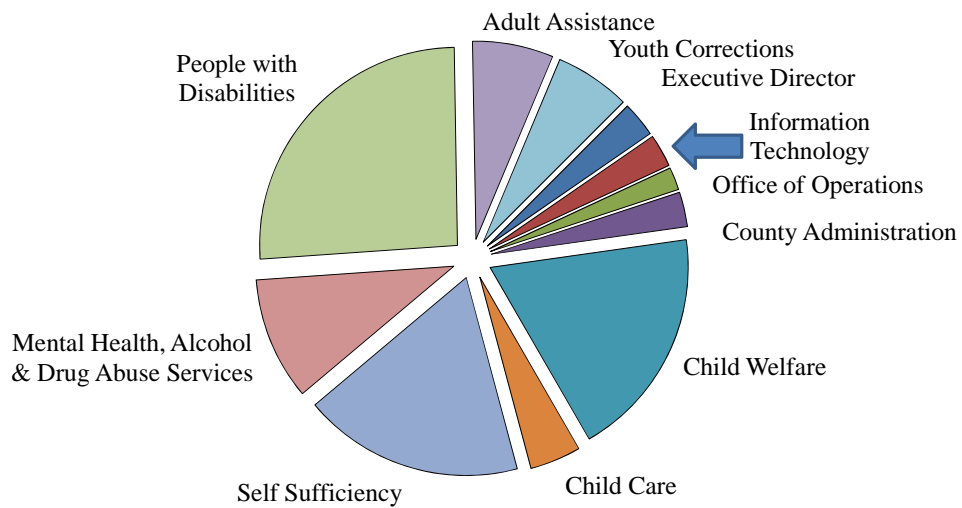
Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

**Distribution of Net General Fund by Division*
FY 2010-11 Appropriation \$797.2 million**

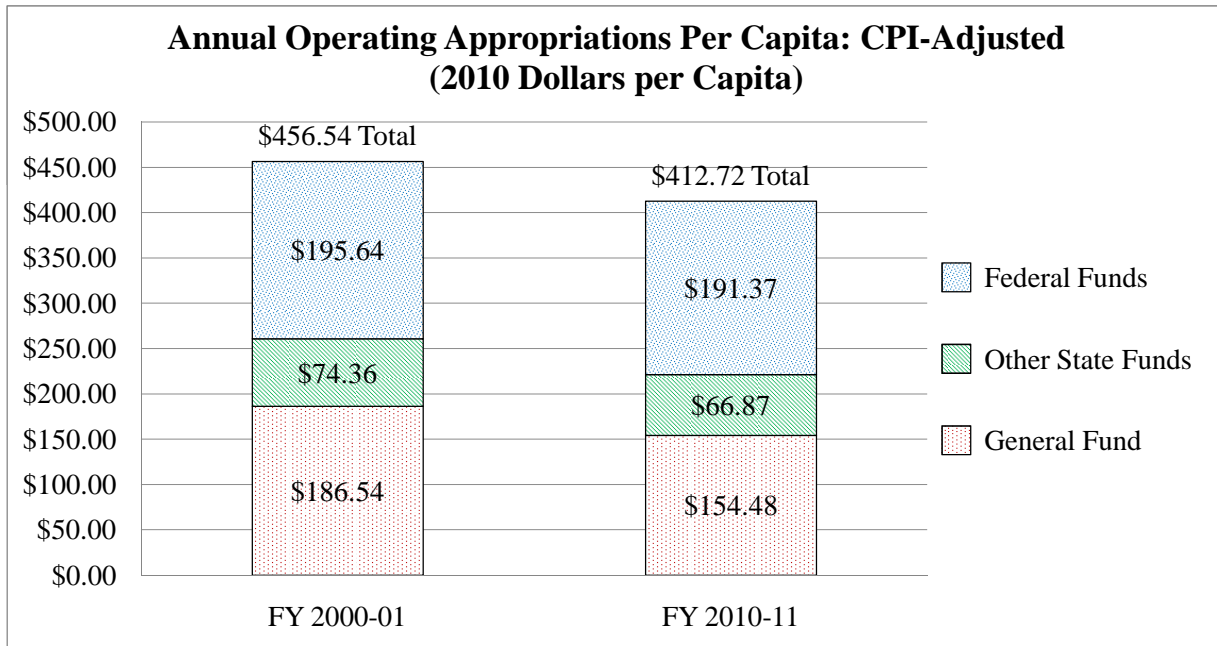
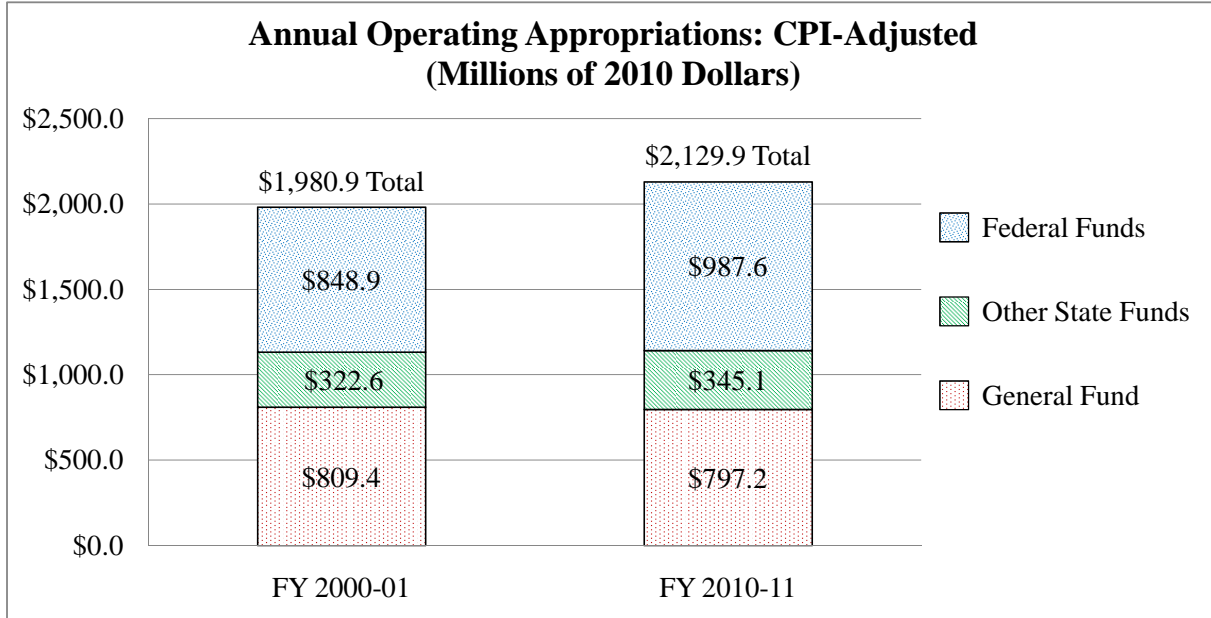


*Net General Fund includes General Fund appropriated to the Department of Human Services and General Fund appropriated to the Department of Health Care Policy and Financing for human services programs.

**Distribution of Total Funds by Division
FY 2010-11 Appropriation \$2,153.1 million**



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 Department of Human Services
 COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS**



NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds). For this department, the majority of reappropriated funds are for transfers from the Department of Health Care Policy and Financing. In this chart, these amounts are shown as General Fund and federal funds in the Department of Human Services, based on how the funds are initially appropriated in the Department of Health Care policy and Financing, and are excluded from the Department of Health Care Policy and Financing appropriation. Other duplicate appropriations in the Department of Human Services are entirely excluded from the chart. This includes transfers from the Department of Education to support vocational rehabilitation programs, transfers from the Department of Corrections for facility support services on the Department of Human Services' Pueblo campus, and funds transferred within the Department of Human Services for administrative support services, among other items.

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

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Department of Human Services
(Office of Information Technology Services)**

DEPARTMENT OVERVIEW

Key Responsibilities

- The Office of Information Technology Services (OITS) is responsible for developing and maintaining the major centralized computer systems of the Department, including systems that link to all 64 counties in the state. The Office supports centralized databases and provides support and training to users, including county staff and private social service providers. The Office also helps to set policies and strategic directions for decentralized information technology systems that are operated by individual divisions within the Department.
- OITS' staff resources were transferred to the Governor's Office of Information Technology (OIT) in FY 2010-11 as part of the consolidation of State executive branch agency information technology personnel resources in OIT. OITS staff continue to support the programs funded and administered by the Department of Human Services, while also leveraging a wide variety of information technology skillsets across State agencies.

Factors Driving the Budget

The budget for OITS is driven in large part by the personnel and operating expenses of the Colorado Benefits Management System (CBMS). CBMS is the computer system used to determine a citizen's eligibility for public assistance programs like Medicaid, the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and many others. CBMS is developed and maintained by the State for use by county social service organizations and various medical assistance sites throughout the state.

OITS' FY 2010-11 appropriation for CBMS-related expenditures totaled \$30.5 million, which equaled 52.5 percent of OITS' full FY 2010-11 appropriation of \$58.1 million. CBMS expenses are driven by standard operating costs, including:

- Contract services;
- personal services;
- postage;
- rental of personal computers;
- hardware and software maintenance and upgrades;
- rental of network equipment; and
- printing and copy supplies.

Additionally, changes to CBMS require expenditures and drive increased appropriations. Changes are frequently legislated by the General Assembly as the result of altering eligibility determination requirements for the programs that use CBMS for screening applicants. For example, during the 2010 legislative session, the following bills were passed triggering funded changes to CBMS:

- ❑ Senate Bill 10-068 (Boyd/Massey): amended TANF eligibility and appropriated \$966,000 for CBMS changes;
- ❑ House Bill 10-1022 (Summers & Gagliardi/Boyd): amended SNAP eligibility and provided \$293,520 in non-appropriated federal custodial funds for CBMS changes;
- ❑ House Bill 10-1146 (Hullinhorst/Tochtrop): amended Home Care Allowance (HCA) eligibility and appropriated \$490,000 for CBMS changes; and
- ❑ House Bill 10-1384 (Lambert/White): amended Old Age Pension (OAP) eligibility and appropriated \$45,761 for CBMS changes.

Department budget requests can also cause the appropriation of moneys to CBMS to increase. The Governor's FY 2011-12 budget proposal includes an appropriation request of \$40,352 from the Department of Health Care Policy and Financing (HCPF) for changes to CBMS related to the CHP+ program. A second HCPF budget request for FY 2011-12 seeks \$214,920 to implement CBMS changes to help the agency conform with federal regulations related to low-income Medical Savings Programs.

Recently, CBMS appropriations have grown due to the increased caseload seen in programs serviced by the system, as well. Caseload increases cause additional client correspondence, which increases printing and postage costs.

CBMS is not the only system administered with moneys appropriated to OITS. The following tools support a variety of programs:

- ❑ Colorado TRAILS - a statewide system, operational since 2002, that supports activities in the Division of Child Welfare and the Division of Youth Corrections. It provides case management, financial tools, and other resources to users of the program.
- ❑ County Financial Management System (CFMS) - the system tracks expenditures by program, by funding source, by county, tracks and allocates administrative costs by program, and tracks expenditures that are estimated to count toward federal maintenance of effort requirements. The system manages over \$1.0 billion in payments annually.
- ❑ Child Care Automated Tracking System (CHATS) - a new information technology system for eligibility and payment for the Child Care Assistance Program. The program provides child care subsidies for low-income families, TANF families, and families transitioning from the Colorado Works program.

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 Department of Human Services
 (Office of Information Technology Services)**

DECISION ITEM PRIORITY LIST

Note: This table includes all Department of Human Services decision items. However, the full decision item text is shown only for those decision items that affect the sections of the budget covered in this presentation. In some cases, only a portion of the total decision item amount shown will apply to the budget sections addressed in this packet.

Decision Item	GF	CF	RF	FF	Total	Net GF*	FTE
1 Additional Funding for Electronic Benefits Transfer Service (EBTS)	\$185,194	\$185,194	\$0	\$270,422	\$640,810	\$185,194	0.0
2 Additional Funding for Food Assistance Administration	2,357,640	0	0	2,357,640	4,715,280	2,357,640	0.0
3 Reallocation of Resources and Funding Increase for Emergency Placements in Community Services for People with Developmental Disabilities Program Costs	(6,129,032)	0	13,594,096	0	7,465,064	668,016	0.0
4 Services for People with Disabilities - New Funding Developmental Disabilities Services	3,648,368	0	5,030,723	0	8,679,091	6,163,730	0.0
5 Transfer of Sol Vista Youth Services Center FTE to the Division of Youth Corrections	0	0	(548,765)	0	(548,765)	0	0.0
Total	\$62,170	\$185,194	\$18,076,054	\$2,628,062	\$20,951,480	\$9,374,580	0.0
Total for Items in this Packet	\$0	\$0	\$0	\$0	\$0	\$0	0.0

* These amounts are shown for informational purposes only. A large portion of the Department's reappropriated funds are Medicaid-related transfers from the Department of Health Care Policy and Financing (HCPF). Roughly half of the corresponding HCPF appropriations are General Fund. Net General Fund equals the direct GF appropriation shown, plus the GF portion of the HCPF transfer.

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BASE REDUCTION ITEM PRIORITY LIST

Reduction Item	GF	CF	RF	FF	Total	Net GF*	FTE
1 Purchase of Contract Placements Line Item Appropriation Reduction	(\$9,197,473)	\$0	\$5,733	(\$3,682)	(\$9,195,422)	(\$9,194,607)	0.0
2 Convert Contractual Services to FTE in the Telecommunications Equipment Distribution Program	0	0	(23,919)	0	(23,919)	0	0.5
3 Eliminate County Tax Base Relief Appropriation	(2,700,688)	0	0	0	(2,700,688)	(2,700,688)	0.0
Total	(\$11,898,161)	\$0	(\$18,186)	(\$3,682)	(\$11,920,029)	(\$11,895,295)	0.5
Total for Items in this Packet	\$0	\$0	\$0	\$0	\$0	\$0	0.0

* These amounts are shown for informational purposes only. A large portion of the Department's reappropriated funds are Medicaid-related transfers from the Department of Health Care Policy and Financing (HCPF). Roughly half of the corresponding HCPF appropriations are General Fund. Net General Fund equals the direct GF appropriation shown, plus the GF portion of the HCPF transfer.

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NON PRIORITIZED CHANGE LIST

Base Reduction Item	GF	CF	RF	FF	Total	Net GF*	FTE
NP-1 2% Across the Board Personal Services Reduction (HCPF Impact to DHS) Office of Information Technology Services. This request is for a 2.0 percent personal services reduction as described under NP-4; however, the amount shown reflects solely the portion of the reduction associated with adjustments in the Department of Health Care Policy and Financing. <i>Statutory authority: Sections 24-37-301 and 34-37-304 (d), C.R.S..</i>	(\$2,813)	\$0	(\$4,256)	(\$2,228)	(\$9,297)	(\$4,941)	0.0
NP-2 HCPF BRI-2 Medicaid Fee-For-Service Payment Delay	0	0	(325,593)	0	(325,593)	(159,471)	0.0
NP-3 HCPF CHP+ Program Reductions Office of Information Technology Services. This non-prioritized decision item requests a reduction in CHP+ program expenditures in the Department of Health Care Policy and Financing and subsequent modifications to the Colorado Benefits Management System (CBMS). This decision item will be considered in a separate staff briefing. <i>Statutory authority: 25.5-8-105, C.R.S.</i>	9,955	1,880	15,184	13,333	40,352	17,485	0.0
NP-4 2% Across the Board Personal Services Reduction (DHS Impact)	(1,171,795)	0	(316,239)	(336,666)	(1,824,700)	(1,325,718)	0.0
NP-5 HCPF - CBMS Compliance with Low Income Subsidy and Disability Determination Services Federal Requirements Office of Information Technology Services. This non-prioritized decision item requests an increase in funding for the Colorado Benefits Management System (CBMS) to implement changes to meet the federal application processing limit for the determination of client qualification for the low income Medical Savings Programs. This decision item will be considered in a separate staff briefing. <i>Statutory authority: 25.5-4-105 and 25.5-5-503, C.R.S.</i>	0	0	214,920	0	214,920	107,460	0.0
NP-7 Statewide PERA adjustment	(3,034,793)	(205,236)	(1,196,670)	(824,860)	(5,261,559)	(3,555,727)	0.0
NP-8 Annual Fleet Vehicle Replacement	2,143	151	11,144	2,287	15,725	7,517	0.0
NP-9 Printing of Statewide Warrants and Mainframe Documents	10,115	188	407	8,607	19,317	10,261	0.0

Base Reduction Item	GF	CF	RF	FF	Total	Net GF*	FTE
Office of Information Technology Services. This non-prioritized decision item requests additional funds associated with the transfer of reproduction and printing services from the Governor's Office of Information Technology to the Department of Personnel and Administration. This decision item will be considered in a separate staff briefing. <i>Statutory authority: Sections 24-30-1101 and 24-30-1102 (4), C.R.S.</i>							
NP-10 Pro-Rated Benefits	(438,817)	(556)	(109,381)	(25,343)	(574,097)	(491,642)	0.0
Total	(\$4,626,005)	(\$203,573)	(\$1,710,484)	(\$1,164,870)	(\$7,704,932)	(\$5,394,776)	0.0
Total for Items in this Packet	\$17,257	\$2,068	\$226,255	\$19,712	\$265,292	\$130,265	0.0

* These amounts are shown for informational purposes only. A large portion of the Department's reappropriated funds are Medicaid-related transfers from the Department of Health Care Policy and Financing (HCPF). Roughly half of the corresponding HCPF appropriations are General Fund. Net General Fund equals the direct GF appropriation shown, plus the GF portion of the HCPF transfer.

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OVERVIEW OF NUMBERS PAGES

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request for the portion of the Department of Human Services addressed in this briefing packet. A large portion of the Department's reappropriated funds are Medicaid-related transfers from the Department of Health Care Policy and Financing (HCPF). Roughly half of the corresponding HCPF appropriations are General Fund. Net General Fund equals the direct GF appropriation shown, plus the GF portion of the HCPF transfer.

**TOTAL Human Services Division in this Briefing:
 Requested Change, FY 2010-11 to FY 2010-12 (millions of dollars)**

Category	GF	CF	RF	FF	Total	Net GF	FTE
FY 2010-11 Appropriation	\$21.6	\$1.5	\$11.8	\$23.2	\$58.1	\$27.2	0.0
FY 2011-12 Request	21.5	1.2	10.3	20.9	53.9	26.3	0.0
Increase / (Decrease)	(\$0.1)	(\$0.3)	(\$1.5)	(\$2.3)	(\$4.2)	(\$0.9)	0.0
Percentage Change	-0.5%	-20.0%	-12.7%	-9.9%	-7.2%	-3.3%	n/a

The following table highlights the individual changes contained in the Department's FY 2010-11 budget request, as compared with the FY 2009-10 appropriation, for the portion of the Department covered in this briefing packet. For additional detail, see the numbers pages in Appendix A.

Requested Changes, FY 2010-11 to FY 2011-12

Category	GF	CF	RF	FF	Total	Net GF	FTE
Common Policy Base Adjustments	\$811,787	\$14,967	\$36,959	\$659,959	\$1,523,672	\$824,756	0.0
HCPF - CBMS Compliance with Low Income Subsidy and Disability Determination Services Federal Requirements (NP-5)	0	0	214,920	0	214,920	107,460	0.0
HCPF CHP+ Program Reductions (NP-3)	9,955	1,880	15,184	13,333	40,352	17,485	0.0
Printing of Statewide Warrants and Mainframe Documents (NP-9)	10,115	188	407	8,607	19,317	10,261	0.0

Category	GF	CF	RF	FF	Total	Net GF	FTE
2% Across the Board Personal Services Reduction (HCPF Impact to DHS) (NP-1)	(2,813)	0	(4,256)	(2,228)	(9,297)	(4,941)	0.0
Annualize prior-year legislation and decision items	(946,703)	(398,099)	(1,806,222)	(2,921,614)	(6,072,638)	(1,904,048)	0.0
Total	(\$117,659)	(\$381,064)	(\$1,543,008)	(\$2,241,943)	(\$4,283,674)	(\$949,027)	0.0

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Office of Information Technology Services)**

BRIEFING ISSUE

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

If General Fund appropriations to the Department of Health Care Policy and Financing that are transferred to the Department of Human Services are included, the General Fund appropriation to the Department of Human Services decreased by \$43.2 million (5.1 percent) from FY 2007-08 to FY 2010-11. However, total appropriations to the Department of Human Services have increased since FY 2007-08, based primarily on federal funds increases. Since the most recent economic downturn started in 2008, increases for caseloads have been limited, provider rates have declined, beds in state facilities have been closed, and staff compensation has been restricted. However, federal funds increases, including federal funds temporarily available under the American Recovery and Reinvestment Act, have offset General Fund reductions and helped to limit the depth of cuts.

SUMMARY:

- ❑ **Office of Information Technology Services (OITS):** The General Assembly has increased General Fund by over \$3.2 million (17.4 percent) from FY 2007-08 to FY 2010-11. The net General Fund has increased by \$4.5 million in the same time period. The increase in General Fund to OITS is due to the transfer of personal services from OITS to OIT, which migrated \$1.4 million General Fund of centrally appropriated moneys to OITS IT Common Policies from the Department's Executive Director's Office, and costs associated with the administration of the Colorado Benefits Management System (CBMS).

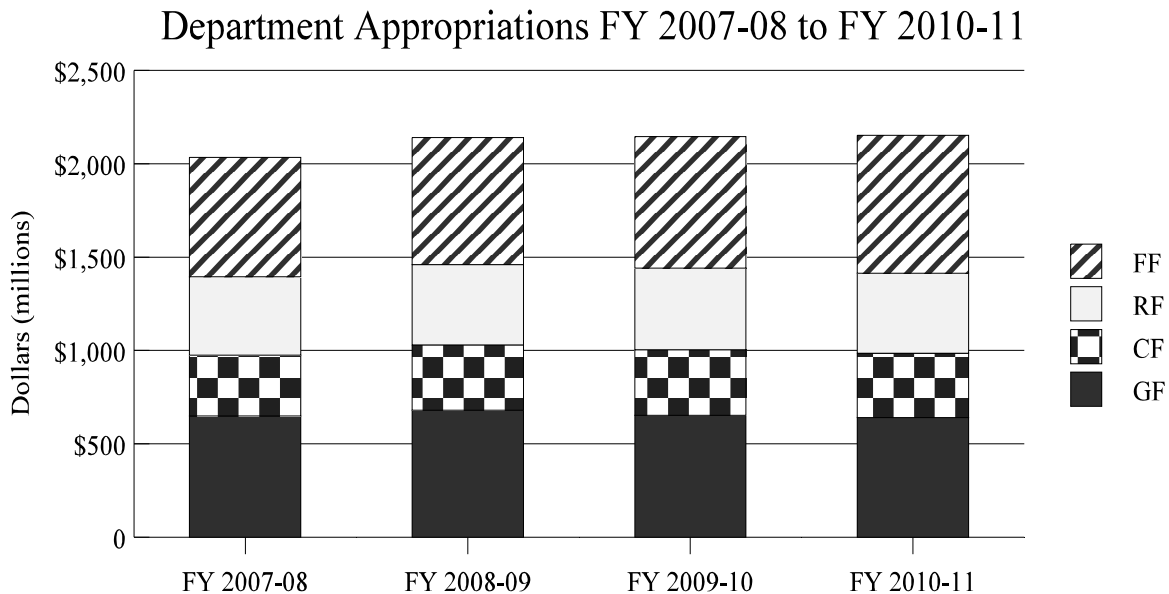
DISCUSSION:

FY 2007-08 to FY 2010-11, total appropriations to the Department of Human Services increased by approximately 5.9 percent (\$119 million). Most of this increase (\$99 million) was provided through federal funds, including technical adjustments to show \$44 million in federal funds not previously reflected in the Long Bill. If these technical adjustments are excluded, appropriations to the Department increased by 3.7 percent (\$75 million), including \$55 million federal funds. The Department appropriation also increased by \$19 million cash funds (primarily local and client share amounts) and \$11 million reappropriated funds (primarily Medicaid funds).

These increases were partially offset by a decrease of \$10 million General Fund. If General Fund amounts transferred from the Department of Health Care Policy and Financing are included, appropriations to the Department of Human Services that originate as General Fund decreased by \$43 million (5.1 percent). This General Fund decrease was largely attributable to a temporary

increase to the Federal Medicaid Assistance Percentage (FMAP), which offset General Fund otherwise required in FY 2010-11.

Appropriations to the Department of Human Services for FY 2007-08 through FY 2010-11 are illustrated in the bar chart and detailed in the table below. As illustrated in the bar chart, General Fund and total appropriations increased in FY 2008-09. Since then, General Fund appropriations have declined while total appropriations have increased just 0.6 percent in the three years (\$13.2 million) from FY 2008-09 to FY 2010-11. "Net" General Fund (shown in the table but not the chart) includes General Fund appropriated directly to the Department of Human Services *and* the General Fund portion of Medicaid funds that support Human Services programs.



Department of Human Services Appropriations FY 2007-08 to FY 2010-11						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	"Net" General Fund /a
FY 2007-08 /b	\$2,033,711,435	\$649,483,006	325,981,045	\$418,626,692	\$639,620,692	\$840,401,436
FY 2008-09	2,139,923,470	680,013,238	350,103,548	429,630,630	680,176,054	877,648,618
FY 2009-10	2,144,727,107	651,948,502	351,463,783	438,101,302	703,213,520	811,376,049
FY 2010-11 /c	2,153,111,241	639,803,262	344,632,848	429,957,794	738,717,337	797,219,689
Increase/(Decrease)/d	\$119,399,806	(\$9,679,744)	\$18,651,803	\$11,331,102	\$99,096,645	(\$43,181,747)
Percent Change /d	5.9%	(1.5)%	5.7%	2.7%	15.5%	(5.1)%

a/ "Net" General Fund includes General Fund appropriated directly to the Department of Human Services (DHS) and the General Fund portion of Medicaid funds appropriated to Department of Health Care Policy and Financing and transferred to DHS.

b/ FY 2007-08 Appropriations have been adjusted to reflect the same "cash funds" and "reappropriated funds" format implemented in FY 2008-09. Source: Page 200 of the FY 2008-09 Appropriations Report, plus 2009 legislation affecting FY 2007-08 appropriations (S.B. 09-189).

c/ The FY 2010-11 federal funds appropriation includes the addition of \$35,279,032 for county child care and child welfare TANF reserves and \$9,044,825 for federal refugee services that were not previously reflected in the Long Bill. If these adjustments are excluded, federal funding grew by 8.6 percent and total funding by 3.7 percent between FY 2007-08 and FY 2010-11.
d/ Increase/(Decrease) and Percent Change compare FY 2007-08 and FY 2010-11.

Overall funding trends reflect:

- ❑ Increases in FY 2008-09 and FY 2009-10 related to caseload growth (for developmental disability placements, child welfare services, and mental health services), and increases in General Fund appropriations to cover fixed facility costs when alternative sources are not available (such as for the mental health institutes).
- ❑ Efforts to offset caseload and General Fund cost increases in FY 2009-10 and FY 2010-11 by reducing provider reimbursements and closing units in institutional facilities (the mental health institutes and regional centers for people with developmental disabilities).
- ❑ Use of cash and federal funds to temporarily refinance General Fund (most notable in child welfare and developmental disability services) or to temporarily enhance spending (most notable in self-sufficiency programs). Funding available under ARRA reduced the General Fund portion of child welfare appropriations and the General Fund portion of Medicaid funds transferred from the Department of Health Care Policy and Financing for Human Services programs. It also provided large, temporary increases in funding for child care, subsidized employment, and housing supports.

Office of Information Technology Services (OITS)

This section of the budget includes appropriations for various information technology systems that provide support to programs in the Department of Human Services, the Department of Health Care Policy and Financing, and county social services agencies. Systems include the Colorado Benefits Management System, the County Financial Management System (CFMS), Colorado TRAILS, and the Child Care Automated Tracking System (CHATS).

Office of Information Technology Services (OITS) Appropriation FY 2007-08 to FY 2010-11					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2007-08 /a	\$53,240,269	\$18,400,428	\$2,207,077	\$12,925,961	\$19,706,803
FY 2008-09	60,523,813	19,160,109	7,613,633	12,405,886	21,344,185
FY 2009-10	52,358,118	21,145,595	1,474,387	11,480,978	18,257,158
FY 2010-11	58,139,287	21,604,217	1,538,380	11,835,055	23,161,635
Increase/(Decrease) /b	\$4,899,018	\$3,203,789	(\$668,697)	(\$1,090,906)	\$3,454,832
Percent Change /b	9.2%	17.4%	(30.3)%	(8.4)%	17.5%

Background on Budget Trends

As reflected in the table above, the overall budget for this section has increased by 9.2 percent since FY 2007-08, based on increases in General Fund and federal funds, offset by a cash funds and reappropriated funds reduction. Most of the General Fund and federal funds appropriations in this section of the budget are comprised of moneys supporting the operation and maintenance of the Colorado Benefits Management System (CBMS). Increases since FY 2007-08 have been driven by:

- The transfer of personal services from OITS to the Governor's Office of Information Technology (OIT). As a result, OIT bills OITS for services provided by FTE formerly appropriated to OITS. Additionally, OIT collects health, life, and dental and other POTS expenses through OITS' IT Common Policy allocations. The change in structure transferred \$3.1 million (\$1.4 million General Fund) from the Department's Executive Director's Office to OITS in FY 2010-11;
- Increases in CBMS costs due to a reallocation of expenses between State and federal sources using a new funding formula pursuant to federal rules. This resulted in an increase of \$2.3 million General Fund in FY 2009-10;
- The transfer of the CBMS Medical Assistance Project from the Department of Health Care Policy and Financing to the Department of Human Services. This resulted in an increase of \$3.3 million total funds (\$0.8 million General Fund)

These increases have been partially offset by the budget reductions described below.

Major Budget Balancing Actions/Revenue Increases from FY 2007-08 to FY 2010-11

1. For FY 2009-10, the General Assembly eliminated 10.0 FTE and \$0.8 million total funds (\$0.6 million General Fund) from personal services positions supporting the Colorado TRAILS system and Department-wide information technology support functions.
2. For FY 2010-11, the transfer of OITS personal services to OIT resulted in a net gain to OITS appropriations due to the funding structure of the transfer, however it resulted in an overall appropriation reduction to the Department of Human Services of \$1.7 million total funds. This occurred pursuant to the statewide ten percent staff optimization reduction associated with the consolidation of information technology personnel resources in OIT.

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Department of Human Services
(Office of Information Technology Services)**

BRIEFING ISSUE

ISSUE: Colorado Benefits Management System (CBMS)

The Colorado Benefits Management System (CBMS) provides automated eligibility determination and benefit calculation for a variety of public assistance programs including Medicaid, Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP), and many others. The majority of the system's 4,000 users are located within county social service agencies. CBMS was appropriated \$30.5 million for FY 2011-12, and the Department of Human Service's request for FY 2011-12 includes a \$24.4 million appropriation.

SUMMARY:

- ❑ CBMS replaced six disparate public assistance program eligibility determination and benefit calculation systems with a comprehensive, automated set of tools based on an interactive interview process model to streamline the users contact with prospective and existing clients.
- ❑ CBMS currently has 4,000 users providing services to 2.4 individuals and more 1.2 million cases (385,000 of which are currently active). Transaction volumes have increased by 25 percent in the last year, with the number of open cases increasing by 11 percent in the last year.
- ❑ Technical, programmatic, and economic factors led to CBMS reaching system capacity during the latter months of FY 2009-10 and beginning months of FY 2010-11. During this time period, users in county social services agencies experienced significant performance issues. The Governor's Office of Information Technology (OIT) has taken steps to mitigate current performance issues to ensure that users are able to provide services to clients in a timely manner.
- ❑ Performance issues occurring in the summer of 2010 highlight CBMS governance issues that must be addressed to ensure long-term stability of the system and protection of the State's investment in CBMS.

RECOMMENDATION:

Staff recommends that the Committee focus on exploring its role in establishing a governance structure for CBMS that includes programmatic policy makers that drive CBMS system changes, including the Department of Human Services, Department of Health Care Policy and Financing, the General Assembly, and county officials, acting in partnership with the technical CBMS implementation team, led by OIT and CBMS users, to develop a model for stable system changes.

DISCUSSION:

Background

CBMS is a collaborative effort between the Department of Human Services (DHS), Department of Health Care Policy and Financing (HCPF), and OIT to provide a tool to users to perform edibility determination and benefits calculation across multiple public assistance and welfare programs. CBMS replaced several older, disparate IT systems that supported State-funded social services programs:

- Colorado Indigent Care Program;
- Children's Basic Health Plan;
- Client-Oriented Information Network;
- Colorado Automated Client Tracking Information System;
- Colorado Automated Food Stamp System; and
- Colorado Employment First.

CBMS provides services to the following programs DHS and HCPF funded initiatives:

- Aid To The Blind (AB);
- Aid To The Needy Disabled (AND);
- Adult Protective Services (APS);
- Colorado Works (CO Works);
- Food Assistance (SNAP);
- Old Age Pension (OAP);
- Child Health Plan Plus (CHP+);
- Colorado Indigent Care Program (CICP); and
- Medicaid.

CBMS went live on September 1, 2004, though not without problems. The original contract for the design and operation of the system was awarded to EDS. The fixed price contract amount of \$220 million was nearly \$100 million less than contract bids from both EDS and IBM. However, due to State budget constraints funds were not available for the work proposed by vendors in the request-for-proposals process. As the 2004 launch date neared, users in county social services agencies objected siting technical and training issues. After the launch date had been postponed several times, CBMS reached a point of "do or die," in part as a result of political pressures. Consequently, CBMS was rolled out on September 1, 2004 despite objections from system end users and without the establishment of a satisfactory State governance structure to manage CBMS processes and resources.

Since 2004, CBMS has had issues processing transactions as efficiently as the six systems it replaced (listed above). Delays in processing and service deliveries resulted in a lawsuit being filed against the State on behalf of CBMS beneficiaries. The lawsuit (in which the State mostly prevailed) was based on the grounds that CBMS denies benefits to citizens entitled to receive them and that CBMS should perform at least at the same level as the systems it replaced.

CBMS Today

With system maturity occurring (albeit slowly and at times painfully), CBMS has become a stable tool for the State and end users, including those in county social services agencies. CBMS is not perfect, nor will it ever be for every State agency, every county social service agency, and every CBMS beneficiary. This is the nature of a system that supports multiple State programs, provides tools to 64 county-based users, and facilitates the delivery of benefits to 2.4 million individuals. In an effort to address common system grievances across end users, OIT has developed an approach to gather feedback from users, catalog common performance issues, and develop prioritized strategies for solving the issues within existing resources. This does not exclude widespread CBMS problems from occurring, however.

Technical, programmatic, and economic factors led to CBMS reaching capacity during the latter months of FY 2009-10 and beginning months of FY 2010-11. During this time period, users in county social services agencies experienced significant performance issues. OIT has taken steps to mitigate the current performance issues to ensure that users are able to provide services to clients in a timely manner and to mitigate future issues by creating a scalable technology environment that is flexible in handling potential increased service loads.

Performance issues occurring in the summer of 2010 highlighted CBMS governance issues that must be addressed to ensure long-term stability of the system and protection of the State's investment in CBMS. The same governance issues that CBMS stakeholders bemoaned prior to the 2004 launch of the system still exist today. There is no formal governing entity responsible for prioritizing policy goals in the context of technical feasibility, financial resources, and cross-program interactions of CBMS.

Staff Recommendation

CBMS has been plagued since its inception with well-intended, yet non-productive solutions to the "CBMS problem." Many of the solutions have not focused on user needs and successful contact with clients, but rather on the ownership of CBMS. The system has been "owned" by HCPF, DHS, the Governor's Office, and OIT in a span of less than a decade, yet performance issues remain for users resulting in delays in administering State-funded, public assistance programs. The performance issues constituting the "CBMS problem" are not based in technological limitations. The "CBMS problem" is a governance issue. Without a formal governance structure to guide and funnel programmatic goals and priorities for public assistance programs in a forum that is balanced with feasible technology outcomes, it will not matter which entity holds ownership of CBMS. The outcome will be a continuation of the "CBMS problem."

Staff recommends that the Committee focus its hearing with OIT and OITS on determining viable options for establishing a long-term governance structure for implementing CBMS changes in a manner that does not impair performance for users and provides clients with an efficient interaction with public assistance programs funded by the State. It is staff's opinion that the structure must begin with a core group of programmatic policy makers that guide assistance programs. Policy makers must actively participate in a forum that views public assistance from a statewide perspective rather

than silos of programs. CBMS does not perform well in an environment of siloed priorities all vying for unique and sometimes conflicting desired outcomes of the technology tool. The result of siloed priorities contributes to the "CBMS problem." It causes a traffic jam of system changes that leads to skilled information technology professionals using the State's limited financial resources in ways that are counterproductive to the intent of the very policy goals desired by policymakers.

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 OSPB Request	Change Requests
DEPARTMENT OF HUMAN SERVICES					
Executive Director: Karen Bye					
(1) EXECUTIVE DIRECTOR'S OFFICE					
(B) Special Purpose (2 Line Items Only)					
Health Insurance Portability and Accountability Act of 1996 - Security Remediation	521,102	524,085	419,569	420,230	NP-4, NP-7
FTE	<u>2.0</u>	<u>2.0</u>	<u>1.0</u>	<u>1.0</u>	
General Fund	389,001	389,793	311,385	311,824	
Cash Funds	0	687	377	375	
Reappropriated Funds	102,664	103,307	82,178	82,302	
Federal Funds	29,437	30,298	25,629	25,729	
<i>For Information Only</i>					
Medicaid Reappropriated Funds	102,664	99,904	82,178	82,302	
Medicaid - General Fund therein	56,332	49,952	41,089	41,151	
Net General Fund	440,333	439,745	352,474	352,975	
CBMS Emergency Processing Unit	0	107,313	217,767	217,330	NP-4, NP-7
FTE	<u>0.0</u>	<u>1.9</u>	<u>4.0</u>	<u>4.0</u>	
General Fund	0	52,986	75,149	74,161	
Cash Funds	0	1,345	17,421	17,490	
Federal Funds	0	52,982	125,197	125,679	

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					Request vs. Appropriation
(1) EXECUTIVE DIRECTOR'S OFFICE - Subtotal (B)					
Special Purpose (2 Line Items Only)	521,102	631,398	637,336	637,560	0.0%
FTE	<u>2.0</u>	<u>3.9</u>	<u>5.0</u>	<u>5.0</u>	<u>0.0%</u>
General Fund	389,001	442,779	386,534	385,985	-0.1%
Cash Funds	0	2,032	17,798	17,865	0.4%
Reappropriated Funds	102,664	103,307	82,178	82,302	0.2%
Federal Funds	29,437	83,280	150,826	151,408	0.4%
<i>For Information Only</i>					
<i>Medicaid Reappropriated Funds</i>	102,664	99,904	82,178	82,302	0.2%
<i>Medicaid - General Fund therein</i>	56,332	49,952	41,089	41,151	0.2%
<i>Net General Fund</i>	445,333	492,731	427,623	427,136	-0.1%
(2) OFFICE OF INFORMATION TECHNOLOGY SERVICES					
Personal Services	5,441,271	5,216,612	0	0	
FTE	<u>66.5</u>	<u>64.3</u>	<u>0.0</u>	<u>0.0</u>	
General Fund	4,222,420	4,024,437	0	0	
Cash Funds	310,521	180,786	0	0	
Reappropriated Funds	243,304	352,542	0	0	
Federal Funds	665,026	658,847	0	0	
<i>For Information Only</i>					
<i>Medicaid Reappropriated Funds</i>	185,103	187,671	0	0	
<i>Medicaid - General Fund therein</i>	79,111	80,870	0	0	
<i>Net General Fund</i>	4,301,531	4,105,307	0	0	

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 OSPB Request	Change Requests
Operating Expenses	<u>407,176</u>	<u>392,276</u>	<u>376,608</u>	<u>376,608</u>	
General Fund	324,068	312,216	297,606	297,606	
Cash Funds	0	0	0	0	
Reappropriated Funds	16,855	16,237	15,477	15,477	
Federal Funds	66,253	63,823	63,525	63,525	
<i>For Information Only</i>					
<i>Medicaid Reappropriated Funds</i>	<i>16,855</i>	<i>16,237</i>	<i>15,477</i>	<i>15,477</i>	
<i>Medicaid - General Fund therein</i>	<i>7,382</i>	<i>8,119</i>	<i>6,186</i>	<i>7,739</i>	
<i>Net General Fund</i>	<i>331,450</i>	<i>320,335</i>	<i>303,792</i>	<i>305,345</i>	
Microcomputer Lease Payments	<u>538,601</u>	<u>517,690</u>	<u>539,344</u>	<u>539,344</u>	
General Fund	288,338	301,832	301,832	301,832	
Cash Funds	94,044	15,466	15,466	15,466	
Reappropriated Funds	63,563	128,647	128,647	128,647	
Federal Funds	92,656	71,745	93,399	93,399	
<i>For Information Only</i>					
<i>Medicaid Reappropriated Funds</i>	<i>63,563</i>	<i>63,563</i>	<i>63,563</i>	<i>63,563</i>	
<i>Medicaid - General Fund therein</i>	<i>31,781</i>	<i>31,781</i>	<i>25,406</i>	<i>31,781</i>	
<i>Net General Fund</i>	<i>320,119</i>	<i>333,613</i>	<i>327,238</i>	<i>333,613</i>	
County Financial Management System (CFMS)	<u>1,511,109</u>	<u>1,506,683</u>	<u>1,494,325</u>	<u>1,494,325</u>	
General Fund	788,355	775,315	770,740	770,740	
Reappropriated Funds	0	0	0	0	
Federal Funds	722,754	731,368	723,585	723,585	
Client Index Project	147,203	139,970	17,698	17,698	
FTE	<u>2.8</u>	<u>3.0</u>	<u>0.0</u>	<u>0.0</u>	
General Fund	90,376	90,014	10,154	10,154	
Federal Funds	56,827	49,956	7,544	7,544	
Colorado Trails	9,313,711	8,412,379	4,952,399	4,952,399	
FTE	<u>43.6</u>	<u>44.2</u>	<u>0.0</u>	<u>0.0</u>	
General Fund	5,303,627	4,540,925	2,665,468	2,665,468	
Reappropriated Funds	59,447	0	0	0	
Federal Funds	3,950,637	3,871,454	2,286,931	2,286,931	

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National Aging Program Information System	<u>82,405</u>	<u>90,575</u>	<u>93,114</u>	<u>93,114</u>	
General Fund	12,995	14,892	23,278	23,278	
Cash Funds	0	7,752	0	0	
Reappropriated Funds	7,752	0	0	0	
Federal Funds	61,658	67,931	69,836	69,836	
Child Care Automated Tracking System - FF	0	0	1,940,669	2,207,219	
Health Information Management System	<u>329,754</u>	<u>339,048</u>	<u>339,168</u>	<u>339,168</u>	
General Fund	211,290	211,170	211,290	211,290	
Reappropriated Funds	118,464	127,878	127,878	127,878	
Colorado Benefits Management System (CBMS)	26,078,109	23,642,025	0	0	
FTE	<u>43.3</u>	<u>42.9</u>	<u>0.0</u>	<u>0.0</u>	
General Fund	3,590,793	5,659,166	0	0	
Cash Funds	3,258,624	1,155,575	0	0	
Reappropriated Funds	10,017,619	8,729,458	0	0	
Federal Funds	9,211,073	8,097,826	0	0	
<i>For Information Only</i>					
<i>Medicaid Reappropriated Funds</i>	<i>10,045,164</i>	<i>8,724,552</i>	<i>0</i>	<i>0</i>	
<i>Medicaid - General Fund therein</i>	<i>3,863,887</i>	<i>4,478,936</i>	<i>0</i>	<i>0</i>	
<i>Net General Fund</i>	<i>7,454,680</i>	<i>10,138,102</i>	<i>0</i>	<i>0</i>	
Office of Information Technology, Colorado Benefits Management System	<u>0</u>	<u>0</u>	<u>26,374,269</u>	<u>24,283,156</u>	NP-1, NP-3, NP-5
General Fund	0	0	6,267,584	6,142,568	
Cash Funds	0	0	1,183,390	940,966	
Reappropriated Funds	0	0	9,561,132	9,223,339	
Federal Funds	0	0	9,362,163	7,976,283	
<i>For Information Only</i>					
<i>Medicaid Reappropriated Funds</i>	<i>0</i>	<i>0</i>	<i>9,561,132</i>	<i>9,223,339</i>	
<i>Medicaid - General Fund therein</i>	<i>0</i>	<i>0</i>	<i>4,741,183</i>	<i>4,458,622</i>	
<i>Net General Fund</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>10,601,190</i>	

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CBMS SAS-70 Audit	<u>149,000</u>	<u>149,000</u>	<u>149,000</u>	<u>149,000</u>	
General Fund	23,386	35,761	36,754	36,754	
Cash Funds	13,126	7,058	6,940	6,940	
Reappropriated Funds	58,664	53,975	56,069	56,069	
Federal Funds	53,824	52,206	49,237	49,237	
<i><u>For Information Only</u></i>					
<i>Medicaid Reappropriated Funds</i>	58,664	53,975	56,069	56,069	
<i>Medicaid - General Fund therein</i>	27,478	25,443	27,804	27,804	
<i>Net General Fund</i>	50,864	61,204	64,558	64,558	
CBMS Federal Reallocation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	(158,947)	0	0	0	
Cash Funds	3,728,466	0	0	0	
Reappropriated Funds	974,393	0	0	0	
Federal Funds	(4,543,912)	0	0	0	
<i><u>For Information Only</u></i>					
<i>Medicaid Reappropriated Funds</i>	0	0	0	0	
<i>Medicaid - General Fund therein</i>	0	0	0	0	
<i>Net General Fund</i>	(158,947)	0	0	0	
CBMS TANF Reauthorization Changes - FF	608,981	0	0	0	
CBMS Client Services Improvement Project	<u>1,437,094</u>	<u>3,138,106</u>	<u>3,302,100</u>	<u>0</u>	
General Fund	278,330	742,547	814,545	0	
Cash Funds	66,030	149,335	153,795	0	
Reappropriated Funds	572,628	1,143,652	1,242,581	0	
Federal Funds	520,106	1,102,572	1,091,179	0	
<i><u>For Information Only</u></i>					
<i>Medicaid Reappropriated Funds</i>	572,628	1,143,652	1,242,581	0	
<i>Medicaid - General Fund therein</i>	282,503	616,172	616,172	0	
<i>Net General Fund</i>	560,833	1,358,719	1,430,717	0	
TANF-Specific CBMS Changes - FF	0	0	700,000	0	

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Purchase of Services from Computer Center	<u>4,261,994</u>	<u>4,311,390</u>	<u>12,992,473</u>	<u>14,462,665</u>	NP-9
General Fund	1,748,039	1,883,357	6,803,130	7,572,953	
Cash Funds	8,549	10,188	126,452	140,761	
Reappropriated Funds	30,349	42,511	273,578	304,536	
Federal Funds	2,475,057	2,375,334	5,789,313	6,444,415	
<i><u>For Information Only</u></i>					
<i>Medicaid Reappropriated Funds</i>	2,774	2,774	196,976	219,265	
<i>Medicaid - General Fund therein</i>	1,215	1,215	78,734	109,632	
<i>Net General Fund</i>	1,749,254	1,884,572	6,881,864	7,682,585	
Multiuse Network Payments	<u>2,282,929</u>	<u>2,282,929</u>	<u>3,042,394</u>	<u>3,077,205</u>	
General Fund	1,392,586	1,392,586	1,994,532	2,017,353	
Cash Funds	98,700	22,829	26,449	26,752	
Reappropriated Funds	106,764	182,634	268,629	271,703	
Federal Funds	684,879	684,880	752,784	761,397	
<i><u>For Information Only</u></i>					
<i>Medicaid Reappropriated Funds</i>	106,764	106,764	169,236	171,172	
<i>Medicaid - General Fund therein</i>	53,382	53,382	67,646	85,586	
<i>Net General Fund</i>	1,445,968	1,445,968	2,062,178	2,102,939	
Management and Administration of OIT	<u>888,928</u>	<u>800,687</u>	<u>1,637,966</u>	<u>1,672,293</u>	
General Fund	685,055	617,093	1,247,708	1,273,856	
Cash Funds	54,348	18,067	25,888	26,431	
Reappropriated Funds	35,472	62,903	132,900	135,685	
Federal Funds	114,053	102,624	231,470	236,321	
<i><u>For Information Only</u></i>					
<i>Medicaid Reappropriated Funds</i>	35,472	34,418	95,688	97,693	
<i>Medicaid - General Fund therein</i>	17,736	17,209	38,248	48,847	
<i>Net General Fund</i>	702,791	634,302	1,285,956	1,322,703	
Communication Services Payments	<u>163,475</u>	<u>163,475</u>	<u>187,760</u>	<u>191,419</u>	
General Fund	138,954	138,954	159,596	162,706	
Cash Funds	0	0	0	0	
Reappropriated Funds / Cash Funds Exempt	24,521	24,521	28,164	28,713	
Federal Funds	0	0	0	0	

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					Request vs. Appropriation
TOTAL - (2) OFFICE OF INFORMATION TECHNOLOGY SERVICES	53,641,740	51,102,845	58,139,287	53,855,613	-7.4%
FTE	<u>109.8</u>	<u>107.2</u>	<u>0.0</u>	<u>0.0</u>	N/A
General Fund	18,939,665	20,740,265	21,604,217	21,486,558	-0.5%
Cash Funds	7,632,408	1,567,056	1,538,380	1,157,316	-24.8%
Reappropriated Funds	12,329,795	10,864,958	11,835,055	10,292,047	-13.0%
Federal Funds	14,739,872	17,930,566	23,161,635	20,919,692	-9.7%
<i>For Information Only</i>					
<i>Medicaid Reappropriated Funds</i>	11,086,987	10,333,606	11,400,722	9,846,578	-13.6%
<i>Medicaid - General Fund therein</i>	4,364,475	5,313,127	5,601,379	4,770,011	-14.8%
<i>Net General Fund</i>	23,304,140	26,053,392	27,205,596	26,256,569	-3.5%
					Request vs. Appropriation
TOTAL - HUMAN SERVICES - 2 EDO Line Items, OITS	54,162,842	51,734,243	58,776,623	54,493,173	-7.3%
FTE	<u>111.8</u>	<u>111.1</u>	<u>5.0</u>	<u>5.0</u>	<u>0.0%</u>
General Fund	19,328,666	21,183,044	21,990,751	21,872,543	-0.5%
Cash Funds	7,632,408	1,569,088	1,556,178	1,175,181	-24.5%
Reappropriated Funds	12,432,459	10,968,265	11,917,233	10,374,349	-12.9%
Federal Funds	14,769,309	18,013,846	23,312,461	21,071,100	-9.6%
<i>For Information Only</i>					
<i>Medicaid Reappropriated Funds</i>	11,189,651	10,433,510	11,482,900	9,928,880	-13.5%
<i>Medicaid - General Fund therein</i>	4,420,807	5,363,079	5,642,468	4,811,162	-14.7%
<i>Net General Fund</i>	23,749,473	26,546,123	27,633,219	26,683,705	-3.4%

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APPENDIX B: SUMMARY OF MAJOR LEGISLATION

- ❑ **S.B. 10-068 (Boyd/Massey):** Makes a number of statutory changes aimed at streamlining eligibility requirements for the Colorado Works Program, including removing the asset test, removing the standard of need calculation from statute and instead requiring the State Board of Human Services to promulgate rules, making assistance available upon verification of pregnancy instead of the sixth month, and eliminating verification of immunizations as a condition of eligibility, among other changes. Provides a one-time appropriation of \$966,000 federal Temporary Assistance to Needy Families funds to the Department of Human Services for FY 2010-11 for changes to the Colorado Benefits Management System.

- ❑ **H.B. 10-1022 (Summers & Gagliardi/Boyd):** Requires the Department of Human Services to develop and implement an outreach plan to promote awareness and access to the food stamp program. The bill also removes the asset test for federal food assistance benefits. Implementation is conditional upon receipt of sufficient non-State funding. The bill includes federal, non-appropriated custodial funds for changes to the Colorado Benefits Management System.

- ❑ **H.B. 10-1146 (Hullingshorst/Tochtrop):** Modifies the eligibility requirements for the Home Care Allowance (HCA) program in the Department of Human Services. As of January 1, 2011, prohibits individuals receiving Medicaid home- and community-based services from receiving HCA. As of January 1, 2014, eliminates Old Age Pension (OAP) as a HCA recipient category, except for qualified OAP recipients enrolled in HCA prior to December 31, 2013, who are "grandfathered" into the program. Transfers responsibility for the HCA's single entry point contract from the Department of Health Care Policy and Financing to the Department of Human Services. Provides for multiple appropriation changes for FY 2010-11 to the Departments of Human Services and Health Care Policy and Financing as reflected in the table below. Appropriations reflect the expectation that as some individuals lose eligibility for the HCA program, most HCA funding will be redirected to other individuals, including those eligible for federal Supplemental Security Income (SSI). Appropriated \$490,000 total funds in FY 2010-11 for changes to the Colorado Benefits Management System.

- ❑ **H.B. 10-1384 (Lambert/White):** Resolves conflicting state statutory provisions determining the eligibility of non-citizens for Colorado's Old Age Pension (OAP) program. More closely aligns state eligibility criteria for this program with federal policy on the provision of public assistance to non-citizens. Discontinues benefits for any OAP recipient or applicant found ineligible under the new provisions. Effective July 1, 2010, bars qualified aliens from

accessing the OAP program for five years after their date of entry into the United States, with certain exceptions. Effective January 1, 2014, requires that the income and resources of a qualified alien's sponsor be considered when determining OAP eligibility, with certain exceptions.

Includes an appropriation to the Department of Human Services for Colorado Benefits Management System (CBMS) changes of \$46,000 total funds for FY 2009-10 (includes funds appropriated to and then transferred from the Department of Health Care Policy and Financing). Also includes an appropriation to the Department of Human Services for FY 2010-11 for CBMS changes of \$45,761 total funds (includes funds appropriated to and then transferred from the Department of Health Care Policy and Financing) and reappropriates this amount to the Governor's Office. Reduces the appropriation to the Department of Human Services by \$13.4 million OAP Cash Funds for FY 2010-11 in anticipation of reduced expenditures for OAP benefits. Savings at this level are anticipated to continue in FY 2011-12. Reduced OAP cash fund expenditures result in a General Fund revenue increase, as the OAP cash fund is comprised of sales and excise taxes. Funds not needed for the OAP program "spill over" to the General Fund.

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**APPENDIX C: UPDATE OF FY 2010-11
LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION**

Long Bill Footnotes

There were no Long Bill footnotes for the Office of Information Technology Services.

Requests for Information

There were no requests for information in the Office of Information Technology Services.