COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE

FY 2010-11 STAFF BUDGET BRIEFING

DEPARTMENT OF HUMAN SERVICES

(Services for People with Disabilities, and related administrative functions)

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

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FY 2010-11 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE

DEPARTMENT OF HUMAN SERVICES

(Services for People with Disabilities, and related administrative functions)

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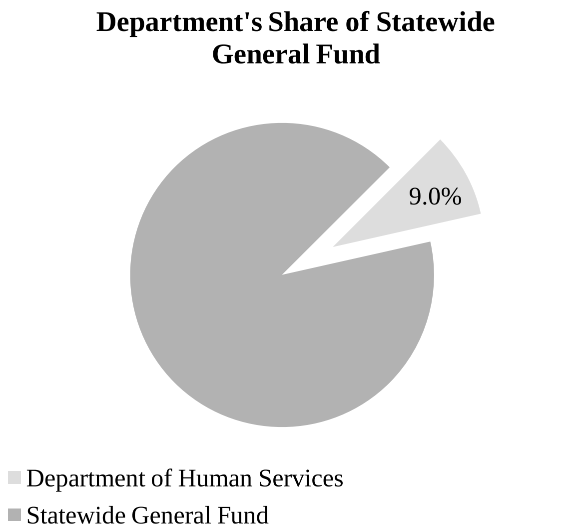
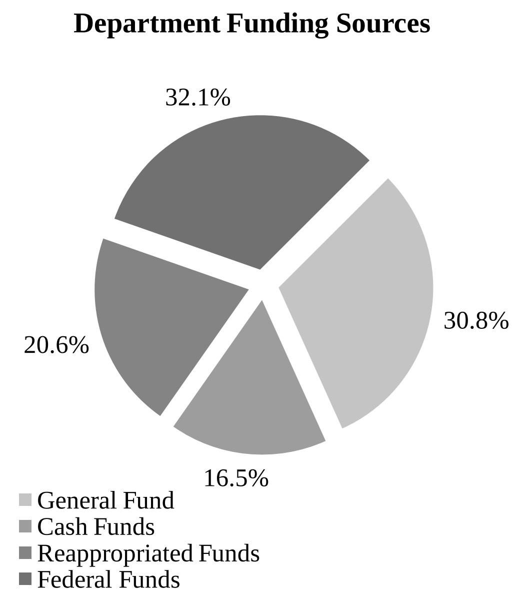
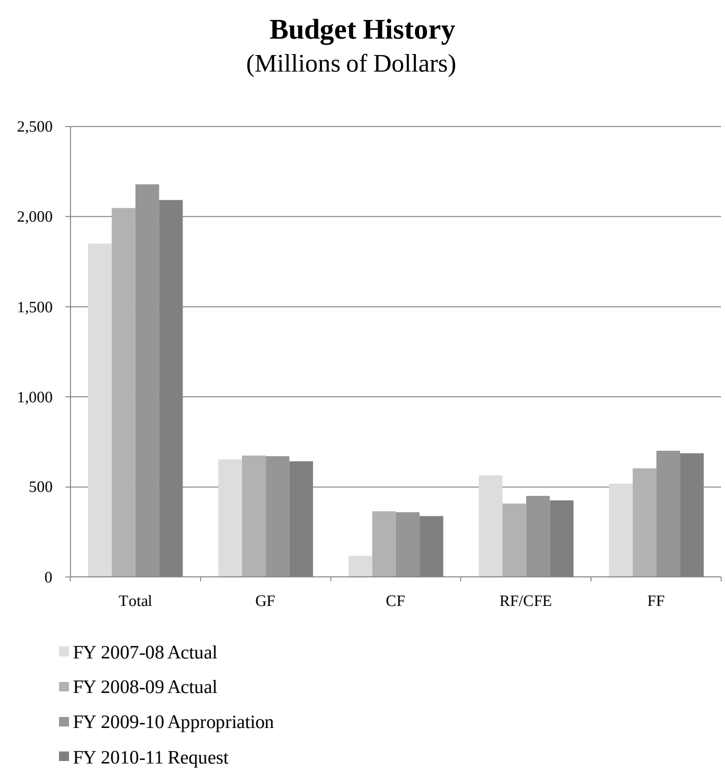
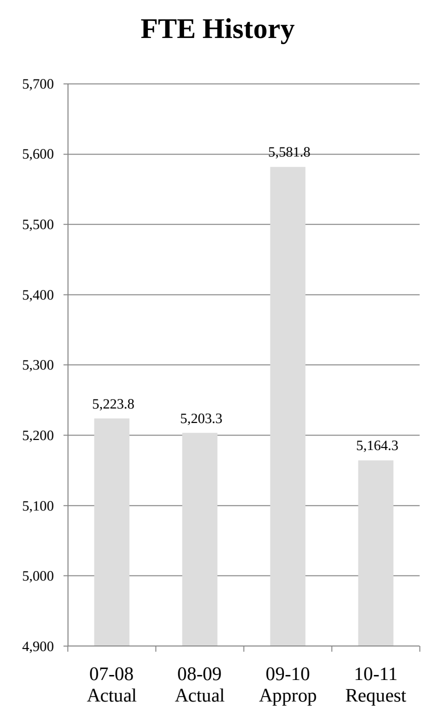
GRAPHIC OVERVIEW





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 11.8%.

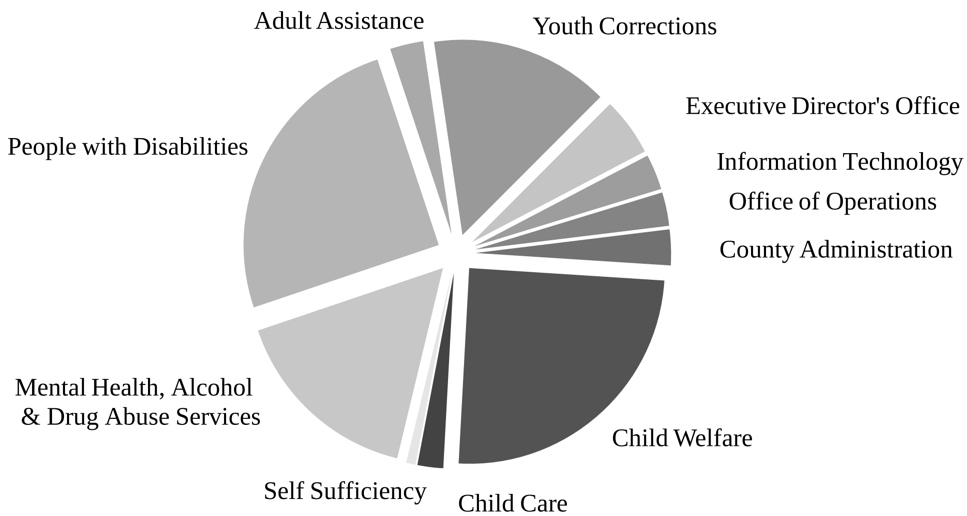




Unless otherwise noted, all charts are based on the FY 2009-10 appropriation.

Distribution of Net General Fund by Division*

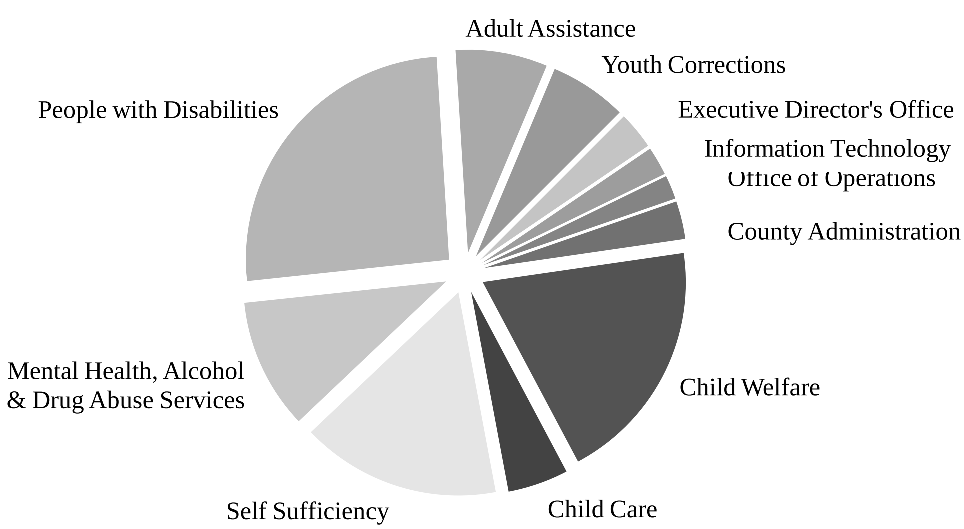
FY 2009-10 Appropriation $879.5 million



*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 2009-10 Appropriation $2,180.2 million



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Department of Human Services
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DIVISION OVERVIEW

Key Responsibilities

- Oversees community-based programs for persons with developmental disabilities and the 20 non-profit Community Centered Boards (CCBs) that coordinate services locally;
- Operates three regional centers that provide institutional and community-based programs for persons with developmental disabilities;
- Administers vocational rehabilitation programs; and
- Manages State and Veterans Nursing Homes.

Factors Driving the Budget

The State funds residential and support services for people with developmental disabilities who are unable to care for themselves without assistance. Most of these services are locally coordinated by 20 non-profit agencies known as community centered boards (CCBs). The state also operates three residential facilities, known as regional centers. The demand for state-funded services has grown significantly over time, reflecting the aging of family members who care for persons with disabilities and state population growth. Service costs have also risen over time due to inflation.

The State has discretion over the growth of programs for persons with developmental disabilities, based on state and federal law. The vast majority of services are funded through federal Medicaid waivers for home- and community-based services. These Medicaid waivers enable the State to support services for persons with developmental disabilities using Medicaid funds that originate as 50 percent state General Fund and 50 percent federal funds. However, they differ from other parts of the Medicaid program in that the State may limit the total number of program participants. As a result, there are waiting lists for services.

All institutional funding and the majority of funding for community-based services for persons with developmental disabilities is for residential services for adults with developmental disabilities. The table below reflects, for FY 2009-10, the total number of full-year participants ("resources") funded, associated dollars, average cost per participant, and waiting lists for community programs for persons with disabilities. Adult Comprehensive Services, Adult Supported Living Services, and the Children's Extensive Support programs are funded primarily or entirely by Medicaid. Family Support Services are funded entirely with state General Fund, and Early Intervention services are funded primarily by state General Fund.

Community Program Costs[/1]	FY 2009-10 Funding	Full Year Persons Funded FY 2009-10[/2]	Avg. Cost per Full Year Person Funded	Waiting List June 2009[/3]
Adult Comprehensive Services	$273,785,089	4,230	$64,732	1,250
Adult Supported Living Services	54,167,273	3,940	13,748	2,315
Early Intervention	11,098,328	2,176	5,100	n/a
Children's Extensive Support	6,882,727	393	17,513	255
Family Support Services	6,507,966	1,226	5,308	4,908
Case Management[/2]	23,122,398	11,965	1,933	n/a
Special Purpose	890,158	n/a	n/a	n/a
Total	$376,453,939	11,965	n/a	8,728

/1 Reflects funding in the Community Services for People with Developmental Disabilities, Program Costs line item. Does not include funding for placements at the regional centers or services supported with federal funds (apart from Medicaid) or local dollars.
/2 Funding provided for one person for half of a year is counted as 0.5 of a full year placement. Of the amounts shown, support for 57 adult comprehensive placements and 29 adult supported living placements is for an average of six months in FY 2009-10. Note that individuals served are funded for case management *in addition to* direct services.
/3 June 2009 count of the persons who request placement by the end of FY 2009-10. (1) The number of children served in early intervention services exceeds the number supported by state funds. Additional children are served using federal Part C "payer of last resort" dollars, insurance funds, and local funds; waiting lists are not allowed. (2) Current funding for the Family Support Services Program is generally spread to serve over 3,000 families, so that many of those on the waiting list are actually receiving some support from the dollars shown.

The following table reflects the overall growth in state funding for community services for persons with developmental disabilities.

State Funding - Community Services for People with Developmental Disabilities, Program Costs[/1]						
Community Programs:	**FY 2004-05 Approp**	**FY 2005-06 Approp**	**FY 2006-07 Approp**	**FY 2007-08 Approp**	**FY 2008-09 Approp[/2]**	**FY 2009-10 Approp**
Total ($ millions)	$271.6	$287.2	$314.1	$341.6	$344.8	$376.5
Change ($ millions)	$0.3	$15.6	$26.9	$27.5	$3.2	$31.7
% Change	0.1%	5.7%	9.4%	8.8%	0.9%	9.2%

/1 For years prior to FY 2008-09, reflects the funding in the Developmental Disability Services, Adult Program Costs and Services for Children and Families, Program Funding line items. These were merged into the Program Costs line item in FY 2008-09.
2/ The final FY 2008-09 appropriation included one-time reductions to the Family Support Services Program ($4.3 million) and the Comprehensive program ($5.1 million) that were backfilled with funds rolled-forward from prior years. An additional $4.0 million rolled forward from prior years was also made available for various special purposes. Thus, the appropriation shown understates funds available to support developmental disability community programs in FY 2008-09.

As reflected in the table, funding for community-based programs for persons with developmental disabilities has increased substantially in recent years. Beginning in FY 2005-06, cuts taken during the FY 2002-03 and 2003-04 economic downturn were largely restored and the General Assembly began to provide significant increases to serve additional individuals and increase provider rates. Increases for FY 2009-10 largely reflect extending to a full year placements that were added for six months in FY 2008-09, as well as the restoration of one-time funding reductions taken in FY 2008-09.[1] Adjustments in recent years include the impact of federally-required changes in the management of Medicaid developmental disability waiver programs.

Number of Participants

The table below reflects changes in the number of persons served and funded.

	Persons Served				**Full-year Persons Funded**	
	FY 04-05 Served June	**FY 05-06 Served June**	**FY 06-07 Served March**	**FY 07-08 Served June**	**FY 08-09 Approp.**	**FY 09-10 Approp.**
Adult Comprehensive/1	3,607	3,652	3,607	3,845	4,049	4,230
Percent Change	0.7%	1.2%	(1.2)%	6.6%	0.0%	4.5%
Adult Supported Living	3,663	3,703	3,427	3,612	3,812	3,940
Percent Change	0.1%	1.1%	(7.5)%	5.4%	0.0%	3.4%
Early Intervention/2	2,099	2,755	2,496	4,770	2,176	2,176
Percent Change	9.8%	31.3%	(9.4)%	91.1%	0.0%	0.0%
Children's Extensive Support	210	341	328	388	393	393
Percent Change	2.9%	62.4%	(3.8)%	18.3%	0.0%	0.0%
Family Support Services/3	3,019	3,651	3,062	3,855	1,226	1,226
Percent Change	(15.4)%	20.9%	(16.1)%	25.9%	0.0%	0.0%

/1 Does not include residential placements at the state regional centers for the developmentally disabled.
/2 "Served June" figure is based on the number served during an average month throughout the year. Federal funds, local funds, and insurance dollars fund support services for more children than those whose services are funded by state dollars. The large FY 2007-08 increase in persons served reflects changes in the data collection system; FY 2007-08 served is not comparable to prior years.
/3 "Served June" figure is based on the unduplicated number served throughout the year. As this is a General Fund program, dollars are "stretched" to serve additional persons.

[1] One-time reductions were taken in FY 2008-09 due to: (1) funds rolled forward from prior years that backfilled FY 2008-09 appropriations; and (2) the impact of Medicaid waiver system changes and interim Medicaid rates that temporarily suppressed spending.

The number of persons served declined significantly in FY 2006-07 primarily as a result of federally-imposed changes in the management and billing of Medicaid waiver programs. Substantially fewer persons were served than the numbers for whom funding was appropriated, and unused funds were reduced at the close of the year. This in part reflected one-time transition difficulties, and expenditures and persons served increased in FY 2007-08. As shown, the FY 2008-09 and FY 2009-10 appropriations provide for significant increases in persons served in adult residential and supported living programs.

Rate Increases

The table below reflects the impact of provider rate and base rate adjustments on the budget from FY 2004-05 through FY 2009-10. Provider rate increases are generally provided to qualified programs throughout state government based on a common policy. Base rate adjustments shown in the table below were provided exclusively for developmental disability programs.

Rate Increases						
	FY 2004-05	**FY 2005-06/1**	**FY 2006-07/1**	**FY 2007-08**	**FY 2008-09**	**FY 2009-10**
Provider Rate Increase	0.0%	2.0%	3.3%	1.5%	1.5%	0.0%
Base Rate Increase	0.0%	0.4%	1.4%	0.0%	0.0%	0.0%
Total Impact on base of DD Community Programs ($ millions)	$0.0	$6.3	$11.1	$4.7	$4.9	$0.0

/1 Amounts shown for FY 2005-06 and FY 2006-07 reflect overall base rate increase of 1.79 percent on selected services implemented beginning the last quarter of FY 2005-06 and annualized in FY 2006-07.

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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	$303,786	$57,359	$463,422	$406,957	$1,231,524	$533,589	0.0
CBMS Client Correspondence Costs							
2	0	0	0	594,492	594,492	0	0.0
Funding for Community Services for the Elderly							
3	0	116,189	0	0	116,189	0	0.0
Increase County Administration in Old Age Pension							
4	0	0	0	0	0	0	0.0
Child Care Automated Tracking System (CHATS) - Point of Sale Maintenance							
5	0	0	0	47,267	47,267	0	0.0
Colorado Works County Oversight							
6	0	0	0	1,300,000	1,300,000	0	0.0
TANF-Specific CBMS Changes							
7	0	0	0	3,083,526	3,083,526	0	0.0
Additional TANF Funding for Refugee Services							
8	0	0	0	1,639,784	1,639,784	0	0.0
Enhanced Medical Support, Paternity Establishment, and Education Initiatives for Child Support Enforcement							
9	0	0	0	0	0	0	0.0
Technical Adjustment of Spending Authority for Business Enterprise Program							

Services for People with Disabilities. Transfers $230,000 spending authority ($48,990 cash funds and $181,010 federal funds) from the Business Enterprise Program - Program Operated Stands, Repair Costs, and Operator Benefits line item to the Business Enterprise Program for People who are Blind line item to ease accounting and reporting requirements for expenditures eligible for federal financial participation. *Statutory authority: Section 26-8-105 (3) (d), C.R.S.*

Decision Item	GF	CF	RF	FF	Total	Net GF*	FTE
10 Refinance of National Aging Program Information System	0	0	0	0	0	0	0.0
Total	**$303,786**	**$173,548**	**$463,422**	**$7,072,026**	**$8,012,782**	**$533,589**	**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	$11,162	($14,431,134)	$17,028	$14,952	($14,387,992)	$19,606	0.0
Enforcing Sponsorship Commitment for Applicants and Recipients of Adult Financial Programs							
2	(9,150,000)	0	0	0	(9,150,000)	(9,150,000)	0.0
Reduction to the Purchase of Contract Placements Appropriation							
3	(5,652,654)	0	0	0	(5,652,654)	(5,652,654)	0.0
Eliminate County Tax Base Relief Appropriation							
4	(6,909,421)	(1,749,279)	(6,592,941)	(2,899,603)	(18,151,244)	(10,170,198)	0.0
In this packet:	*(677,800)*	*(253)*	*(6,198,612)*	*(204,651)*	*(7,081,316)*	*(3,746,518)*	*0.0*
Two Percent (2.0%) Community Provider Rate Base Decrease							
Department-wide. The Department requests a 2.0 percent community provider rate reduction to all line items and programs that are traditionally subject to provider rate adjustments, including programs in County Administration, the Division of Child Welfare, the Division of Child Care, Mental Health and Alcohol and Drug Abuse Services, Services for People with Disabilities, and the Division of Youth Corrections. The request is for a reduction of $18.1 million total funds from multiple fund sources, including $10.2 million "net" General Fund. *Statutory authority: Various.*							
5	(3,000,000)	0	0	3,000,000	0	(3,000,000)	0.0
Refinance $3,000,000 of Child Welfare Services with TANF							
Total	**($24,700,913)**	**($16,180,413)**	**($6,575,913)**	**$115,349**	**($47,341,890)**	**($27,953,246)**	**0.0**
Total for Items in this Packet	**($677,800)**	**($253)**	**($6,198,612)**	**($204,651)**	**($7,081,316)**	**($3,746,518)**	**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
NP2	39,847	27,903	(662)	4,991	72,079	47,985	0.0
DPA Vehicle Lease Payments Common Policy							
NP3	(805,545)	(40,451)	(198,802)	(673,818)	(1,718,616)	(882,932)	(197.1)
Statewide Information Technology Staff Consolidation							
Total	**($765,698)**	**($12,548)**	**($199,464)**	**($668,827)**	**($1,646,537)**	**($834,947)**	**(197.1)**
Total for Items in this Packet	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**0.0**

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AUGUST 2009 BASE REDUCTION PRIORITY LIST
Requested FY 2010-11 Annualization of August 24, 2009 Reduction Proposals

Note: Priority numbers 9, 10, 14, 15, 20 and 22 were intentionally left blank in the Department's submission. These items are omitted from the table below. In addition, Item 25 (Aid to Needy Disabled Program Suspension) is not included, based on a subsequent letter from the Governor.

Base Reduction	GF	CF	RF	FF	Total	Net GF*	FTE
1	($346,500)	($9,000)	($36,000)	($58,500)	($450,000)	($355,500)	(7.0)
Information Technology Services - FTE Reduction							
2	(216,000)	0	0	(184,000)	(400,000)	(216,000)	(3.0)
Information Technology Colorado Trails Personal Services Reduction							
3	(193,037)	(24,423)	(135,142)	(26,716)	(379,318)	(221,557)	(6.0)
Office of Operations Personal Services and Operating Reduction							
4	(2,587,996)	(638,838)	0	0	(3,226,834)	(2,587,996)	(0.5)
Eliminate Functional Family Therapy Program							
5	(2,527,611)	(779,396)	(4,238,722)	(868,243)	(8,413,972)	(4,646,972)	0.0
Reduction to the Child Welfare Services Block							
6	(178,808)	0	0	0	(178,808)	(178,808)	(3.5)
Division of Child Care -Licensing FTE reduction							
7	(150,000)	0	0	0	(150,000)	(150,000)	0.0
Reduce General Fund in Promoting Responsible Fatherhood Grant							
8	(136,000)	0	0	(264,000)	(400,000)	(136,000)	0.0
General Fund Reduction to Automated Child Support Enforcement (ASCES)							
11	(507,920)	0	0		(507,920)	(507,920)	0.0
Eliminate Enhanced Mental Health Pilot Services for Detained Youth							
12	(3,954,019)	(2,667,715)	(4,296,141)	0	(10,917,875)	(4,211,643)	(126.6)
Close 59 Beds at the Colorado Mental Health Institute at Fort Logan							
13	(195,627)	0	0	0	(195,627)	(195,627)	0.0
Remove General Fund from State and Veterans Nursing Homes Consulting Services							

Base Reduction	GF	CF	RF	FF	Total	Net GF*	FTE
Services for People with Disabilitiees. Eliminates funding for contract services that include review of fiscal operations, quality assurance marketing, pre-survey, pre-survey reviews, and Medicaid cost reports. The Department first started contracting for these services in FY 2005-06. *Statutory authority: Section 26-12-119, C.R.S.*							
16	0	0	(7,851,550)	0	(7,851,550)	(3,911,278)	0.0
Medicaid Waivers Provider Rate Retraction							
Services for People with Disabilities. The Governor proposed reducing provider rates effective October 1, 2009 by 2.5 percent for Adult Comprehensive Services, Adult Supported Living Services, Children's Extensive Support, and Case Management, to save $5.9 million Medicaid funds ($2.9 million General Fund) in FY 2009-10. The FY 2010-11 request reflects the full-year savings form continuing that reduction for all of FY 2010-11. *Statutory authority: 27-10.5-104, C.R.S.*							
17	0	0	(6,479,793)	0	(6,479,793)	(2,985,243)	(57.0)
Close 32 bed Nursing Facility at Grand Junction Regional Center							
Services for People with Disabilities. The request assumes all these medically fragile individuals will be transferred from the Grand Junction facility to a nursing home during FY 2009-10 and so there will be a full year of savings from the policy change in FY 2010-11. The savings in the Department of Human Services is partially offset by an increase in costs for nursing homes in the Department of Health Care Policy and Financing of $2,063,856 ($958,661 General Fund). *Statutory authority: Sections 27-10.5-301, 302, and 307, C.R.S..*							
18	0	(7,033,507)	0	0	(7,033,507)	0	0.0
Old Age Pension Cost of Living and Other Adjustments							
19	(271,421)	0	0	0	(271,421)	(271,421)	0.0
DYC Reduction in Boulder IMPACT Contract							
21	(1,987,350)	0	989,000	998,350	0	(1,492,850)	0.0
Reclassification of Licensing Cateogry of Ridge View Youth Services Center							
23	(642,240)	0	0	0	(642,240)	(642,240)	(9.6)
Reduction in Client Management Positions							
NP1	(320,629)	(1,516)	(193,655)	(23,218)	(539,018)	(320,629)	0.0
Risk Management Reduction of Liability, Property, and Worker's Compensation Volatility							
NP2	(75,544)	(428)	(60,917)	(6,272)	(143,161)	(75,544)	0.0
Risk Management Contract Review and Reduction							
NP3	(8,496)	0	0	(8,495)	(16,991)	(8,496)	0.0
Building Maintenance Reductions							
Total	**($14,299,198)**	**($11,154,823)**	**($22,302,920)**	**($441,094)**	**($48,198,035)**	**($23,115,724)**	**(213.2)**
Total for Items in this Packet	**($195,627)**	**$0**	**($14,331,343)**	**$0**	**($14,526,970)**	**($7,092,148)**	**(57.0)**

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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 2009-10 appropriation and its FY 2010-11 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 Requested Change, FY 2009-10 to FY 2010-11 (millions of dollars)

Category	GF	CF	RF	FF	Total	Net GF	FTE
FY 2009-10 Appropriation	$38.8	$86.4	$372.6	$62.9	$560.7	$221.8	1,963.4
FY 2010-11 Request	38.6	87.8	356.4	59.3	542.1	213.6	1,908.2
Increase / (Decrease)	($0.2)	$1.4	($16.2)	($3.6)	($18.6)	($8.2)	(55.2)
Percentage Change	-0.5%	1.6%	-4.3%	-5.7%	-3.3%	-3.7%	-2.8%

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 2009-10 to FY 2010-11

Category	GF	CF	RF	FF	Total	Net GF	FTE
Administration							
One-time base PS reduction	$5,219	$0	$47,913	$0	$53,132	$29,176	0.0
Postal equipment	0	0	(72)	0	(72)	(36)	0.0
Reallocate 09-1237	0	(46,943)	0	0	(46,943)	0	(1.0)
Subtotal	**$5,219**	**($46,943)**	**$47,841**	**$0**	**$6,117**	**$29,140**	**(1.0)**
Program Costs							
Annualize 09-10 increases	$0	$135,180	$1,611,019	$0	$1,746,199	$805,510	0.0
August 09-10 rate reductions	0	0	(7,679,482)	0	(7,679,482)	(3,839,741)	0.0
2% 10-11 rate reductions	0	0	(6,170,458)	0	(6,170,458)	(3,068,718)	0.0
Subtotal	**$0**	**$135,180**	**($12,238,921)**	**$0**	**($12,103,741)**	**($6,102,949)**	**0.0**
Other Community Programs							
2% 10-11 rate reductions	($1,212)	($74)	$0	$0	($1,286)	($1,212)	0.0

Category	GF	CF	RF	FF	Total	Net GF	FTE
Reallocate 09-1237	0	46,943	0	0	46,943	0	1.0
Annualize 09-1237	0	1,483,750	0	0	1,483,750	0	1.0
ARRA funds	0	0	0	(1,737,534)	(1,737,534)	0	0.0
Subtotal	**($1,212)**	**$1,530,619**	**$0**	**($1,737,534)**	**($208,127)**	**($1,212)**	**2.0**
Regional Centers							
One-time base PS reduction	$0	$0	$863,840	$0	$863,840	$431,920	0.0
One-time late sup. penalty	0	0	415,000	0	415,000	207,500	0.0
Close GJRC nursing facility	0	0	(5,093,052)	0	(5,093,052)	(2,546,527)	(57.0)
Annualize 09-10 increases	0	0	(135,833)	0	(135,833)	(67,916)	0.8
Postal equipment	0	0	(996)	0	(996)	(498)	0.0
Subtotal	**$0**	**$0**	**($3,951,041)**	**$0**	**($3,951,041)**	**($1,975,521)**	**(56.2)**
Vocational Rehabilitation							
One-time base PS reduction	$52,997	$0	$0	$195,769	$248,766	$52,997	0.0
2.0% 10-11 rate reductions	(46,977)	(179)	(37,980)	(204,651)	(289,787)	(46,977)	0.0
Postal equipment	(1,343)	(31)	(135)	(5,492)	(7,001)	(1,343)	0.0
Annualize 09-133 Brain Injury	0	146,100	0	0	146,100	0	0.0
Annualize 09-10 increases	0	(500,000)	0	0	(500,000)	0	0.0
ARRA funds	0	0	0	(1,887,490)	(1,887,490)	0	0.0
Subtotal	**$4,677**	**($354,110)**	**($38,115)**	**($1,901,864)**	**($2,289,412)**	**$4,677**	**0.0**
Nursing Homes							
August eliminate nursing consultants	(195,627)	0	0	0	(195,627)	(195,627)	0.0
Subtotal	**($195,627)**	**$0**	**$0**	**$0**	**($195,627)**	**($195,627)**	**0.0**
Total Change	**($186,943)**	**$1,264,746**	**($16,180,236)**	**($3,639,398)**	**($18,741,831)**	**($8,241,492)**	**(55.2)**

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Services for People with Disabilities, and related administrative functions)

BRIEFING ISSUE

ISSUE: Funding for caseload growth

Discusses funding for caseload growth that is typically provided for the Department, but was not requested this year.

SUMMARY:

- ❏ In prior years the Department has requested and received funding for, at a minimum, services for people with developmental disabilities making a transition from one form of state care to another, or facing an emergency:

  - People aging out of the Child Welfare system who need residential care;
  - People who's needs are severe enough that they are in the Children's Extensive Support program who are aging out of the program and need at least nonresidential Supported Living Services as an adult; and
  - People who need residential care immediately because a care provider is no longer able.

- ❏ The Department also frequently requests funding for people on wait lists in the "high risk" category.

- ❏ The Department estimates funding transitions and emergencies would cost roughly $8.2 million ($4.1 million General Fund) in FY 2010-11.

- ❏ Instead of requesting funding, the Department plans to address transitions and emergencies through vacancies, which could impact the stability of providers.

- ❏ The Department doesn't routinely request funding for Early Intervention Services, but:

  - The identified need has increased dramatically; and
  - As a condition of accepting approximately $7 million federal funds annually through Part C Colorado must provide an assurance that all eligible children are served.

- ❏ In FY 2009-10 the Department is using money from the American Recovery and Reinvestment Act (ARRA) and accelerating the expenditure of Part C money to serve the increased population for Early Intervention Services. Backfilling reductions in the available federal funds for FY 2010-11 would require $3.9 million. Further growth in the identified need for services would increase the cost of providing the Part C assurance.

DISCUSSION:

The Department's request for the Services for People with Disabilities division is more noteworthy for what it doesn't include than what it does include. The Department provides four primary types of services for people with Developmental Disabilities:

- Early intervention services for children under the age of 3;
- Nonresidential support services for families of school-age children;
- Residential services for adults; and
- Nonresidential support services for adults so that they don't need residential services.

The Department also provides case management consultation for people receiving each of these types of services. School districts are responsible for services to school-age children during school hours.

While the State routinely has to limit the number of new people who can access services based on available funds, the Department usually requests, and typically receives, funding for people currently getting state services who are making the transition to a different type of state service because of their age. This includes adult residential services for people with developmental disabilities who are aging out of the child welfare system. It also includes adult nonresidential services for people aging out of the Children's Extensive Support (CES) program for school-aged children.

In addition, the Department often requests, and frequently receives, funding for emergency situations where a care-giver becomes sick, deceased, unemployed, or otherwise incapable of continuing to provide for a person with developmental disabilities, and that person needs immediate residential services from the state. Abuse by a care provider or maladaptive behavior by a care recipient can also cause an emergency situation. The Department usually requests at least funding for the average emergency situations in prior years, and sometimes requests additional funding for people on the wait lists identified as at "high risk." The "high risk" classification is for those likely to need residential services because the person is medically fragile, non-ambulatory, mentally ill, 40-years old or older and living with a parent, exhibiting maladaptive behavior, has severe or profound mental retardation, or other factors.

For the last seven years, and probably for many years before that, the Department has requested an increase in resources for at least transitions and emergencies. For FY 2010-11 the Department did not request funding for transitions or emergencies, due to the statewide budget shortfall. The Department plans to address these cases with funds that become available through turnover. Historic turnover rates suggest that statewide there should be sufficient resources for the Department to ensure continued services for transitions and emergencies.

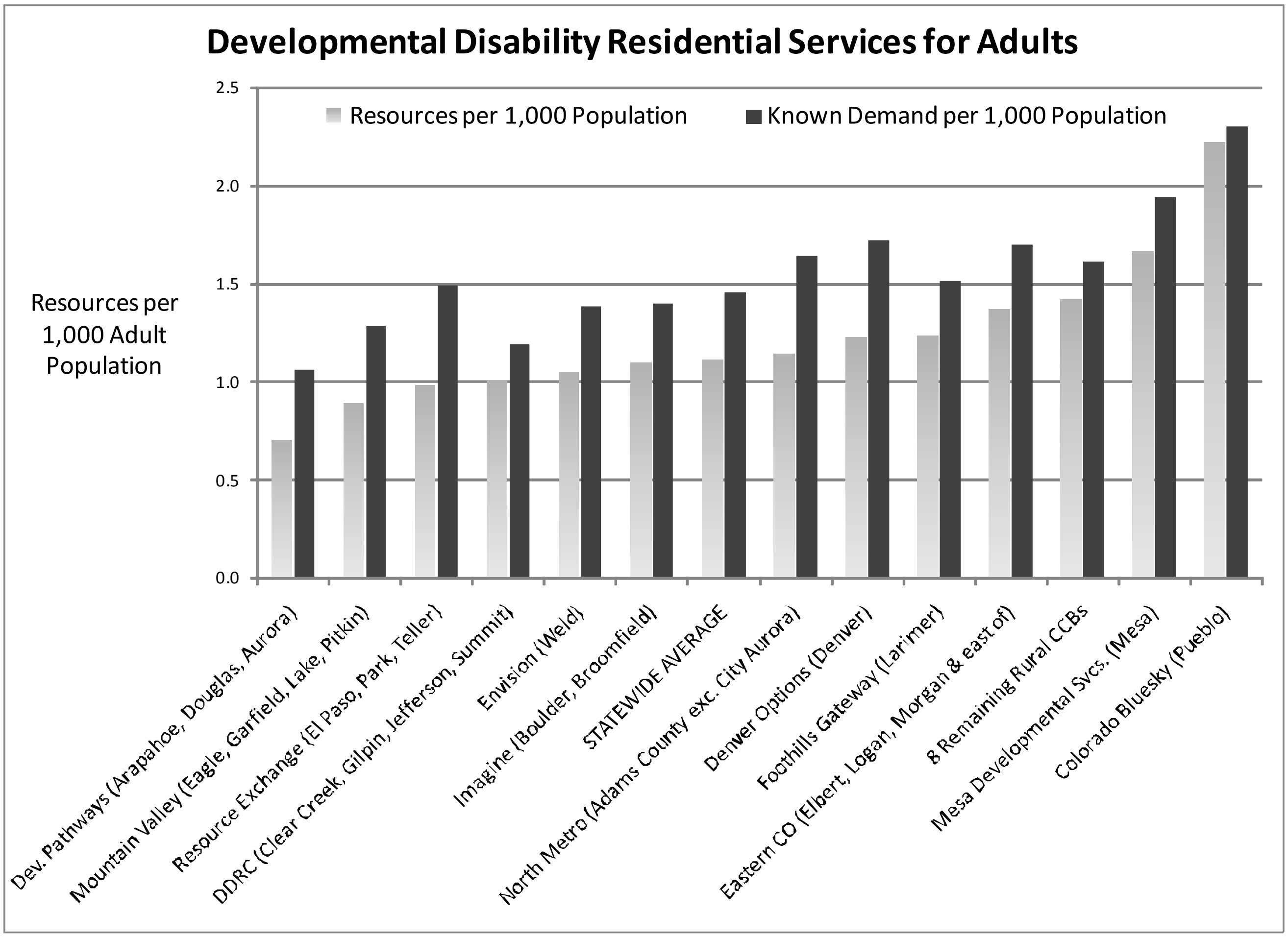
Department Estimated Cost to Fund Transitions, Emergencies, and High Risk				
	Estimated Resources	**Cost per Resource**	**Total**	**Net GF**
Foster Care to Adult Comprehensive Services (Comp.)	42	$86,984	$3,653,328	$1,826,664
Emergency Comp.	49	$78,038	$3,823,862	$1,911,931
Subtotal - Comp.	91		$7,477,190	$3,738,595
Children's Extensive Support (CES) Services to Adult Supported Living Services (SLS)	39	$17,514	$683,046	$341,523
Subtotal - Transitions & Emergencies	130		$8,160,236	$4,080,118
High Risk Comp.	380	$64,129	$24,369,020	$12,184,510
High Risk SLS	541	$17,514	$9,475,074	$4,737,537
TOTAL - Transitions, Emergencies, High Risk	1,051		$42,004,330	$21,002,165

Average 3-year Turnover				
	FY 06-07	**FY 07-08**	**FY 08-09**	**3-year Average**
Adult Comprehensive Services	134	146	160	147
Supported Living Services	203	209	302	238

However, turnover will not always occur where and when it should to optimally address these circumstances. In October the Department issued a directive that resources that become available as a result of vacancies will be reallocated by the Department, rather than the Community Centered Boards.

Small variations in the allocation of resources can have significant impacts on providers and could potentially impact current service recipients. For example, a provider with a six-bed facility matches expenditures for salaries, rent, utilities, etc. to the expected revenue from having those beds occupied for most of the year. If a vacancy occurs and the provider is not permitted to fill the vacancy, because the resources are reallocated elsewhere, then the budget for the facility is thrown out of balance. In some cases providers may be able to reduce expenses to match the reduction in revenues, but in other cases they may have to relocate facilities to less expensive property, or close facilities and consolidate service locations. Current service recipients could be forced to find a new provider, or move facilities within a provider's network. Overall the diversity and geographic availability of providers could be impacted.

Providing no new funds to address waiting lists, and reallocating existing funds based on emergencies and transitions, could exacerbate current inequities in the allocation of resources statewide. As illustrated in the table below, resources relative to the population and relative to the known need (current service level plus wait list) vary widely across the state.



Another area where the Department did not request funding for caseload growth is Early Intervention Services. It is not routine for the Department to request caseload funding for Early Intervention, but there has been a dramatic increase in reported need, and as a condition of accepting federal funds through Part C of IDEA Colorado must provide an assurance that all eligible children receive services. Early Intervention Services are not part of a Medicaid waiver. Colorado uses a combination of General Fund, federal Part C funds, private insurance, and local support to serve children.

Colorado could choose to decline the roughly $7 million Part C annual funds to eliminate the required assurance that all eligible children receive services. There are also potentially ways the Department could restrict eligibility, or create tiered funding, for services. However, part of the purpose of the federal funds is to increase state capacity to identify developmental disabilities and delays and intervene with those children. The federal government sets standards, based on national averages, for the percentage of children it expects should be identified as exhibiting a developmental disability or delay. Colorado's identification rate is currently below the national standard. Research shows that for some developmental disabilities and delays there is a window of opportunity with very young children for significant and lasting improvement in relative adaptive behavior. The Department almost certainly also treats people with developmental delays that would resolve without state intervention. But, the Department argues that the difficulty of identifying at a young age some developmental disabilities and delays supports casting a wide net. Also, state intervention may speed the resolution of developmental delays, helping better prepare students for school.

Part of the dramatic increase in identified need for early intervention services is attributable to changes in reporting habits of CCBs. When lead agency responsibility for Part C funds was transferred from the Department of Education to the Department of Human Services, and new insurance coverage for early intervention was mandated through S.B. 07-004 and H.B. 09-1237, the Department required CCBs to report data on all children served, not just children served with state funds.

The Department also attributes the increase in identified need to better training of physicians and to screening of child welfare recipients. The table below shows the average children served per month during the first three months of the last three fiscal years.

Number of Children Served							
	July - Oct. 2007		**July - Oct. 2008**		**July - Oct. 2009**		
Agency Name	**Average per Month**	**Undup-licated Count**	**Average per month**	**Undup-licated Count**	**Average per month**	**Undup-licated Count**	**3-year Inc.**
ARKANSAS VALLEY	14	21	32	42	34	43	142.9%
BLUE PEAKS	45	59	48	73	41	84	-8.9%
COLORADO BLUESKY	79	96	159	199	176	218	122.8%
COMMUNITY CONNECTIONS	51	64	65	80	71	95	39.2%
COMMUNITY OPTIONS	76	90	90	107	100	122	31.6%
DENVER OPTIONS	592	716	747	925	845	1,096	42.7%
DEV. DISAB. CTR/IMAGINE!	366	474	442	593	430	579	17.5%
DEV. DISAB. RES. CTR	342	436	428	540	453	565	32.5%
DEV. OPP/STARPOINT	58	76	62	87	61	87	5.2%
DEV. PATHWAYS	828	1,058	1,122	1,415	1242	1,551	50.0%
EASTERN	75	90	98	125	95	117	26.7%
ENVISION	170	223	216	289	247	313	45.3%
FOOTHILLS-GATEWAY	192	233	221	278	242	297	26.0%
HORIZONS	72	91	71	100	69	101	-4.2%
MESA DEV. SVC.	103	139	139	183	122	169	18.4%
MOUNTAIN VALLEY	75	95	118	151	130	171	73.3%
NORTH METRO	377	464	508	655	635	775	68.4%
SOUTHEASTERN	27	32	29	40	18	25	-33.3%
SOUTHERN CO DEV. SVC.	14	18	22	25	17	23	21.4%
THE RESOURCE EXCHANGE	435	531	558	713	568	716	30.6%
Total	**3991**	**5,006**	**5,175**	**6,620**	**5596**	**7,147**	40.2%
Percent Growth from Prior Year			**22.9%**	**24.4%**	**7.5%**	**7.4%**	
Full Annual Numbers	**4,291**	**7,649**	**5,322**	**10,016**	**n/a**	**n/a**	
Percent Growth from Prior Year			**19.4%**	**23.6%**	**n/a**	**n/a**	

In FY 2009-10 ARRA funds and a Department policy to accelerate expenditures of Part C moneys are helping the Department cope with the increase in demand for Early Intervention Services. Also, S.B. 07-004 and H.B. 09-1237 increased requirements for private insurance to cover Early Intervention. However, only about 30 percent of insurance policies in Colorado are subject to the provisions of these two bills. Policies issued out of state, federal government policies, and self-insured businesses are examples of policies that are exempt from the requirement to cover Early Intervention. Revenues from insurance payments to the Early Intervention Services Trust Fund to date are approximately $3.1 million lower than projected in the fiscal note for H.B. 09-1237. More children may enrol over the course of the year, but the Department also speculates that the economy is impacting the number of families with private insurance.

In FY 2010-11 the remaining ARRA funding declines to $2 million and the expenditure of Part C moneys can't be accelerated any further. The decrease in the level of federal funds equates to services for approximately 654 FTE children. To serve these children with state funds at a rate of $5,954 per FTE would require $3.9 million. If the Department continues to improve the identification of children in need of services, the cost of providing the Part C assurance to the federal government would further increase. The Department indicates it is working with the Colorado Interagency Coordinating Council and the CCBs on options for containing costs and hopes to have more information in January.

BRIEFING ISSUE

ISSUE: Unbundling Reimbursements for Supported Living Services

Discusses impacts on services and providers, and potential reversions, resulting from a new reimbursement structure for services implemented by the Department in response to federal guidelines.

SUMMARY:

- ❑ Changes to reimbursements for residential Adult Comprehensive Services impacted providers, but had little impact on service recipients.

- ❑ For nonresidential Supported Living Services (SLS) people may be able to purchase greater or fewer services based on the interaction between new:

  - Service Plan Authorization Limits (SPALs); and
  - Statewide, standardized rates for different service types.

- ❑ Department models of the new reimbursement system indicate the majority of people could purchase more services, but this conflicts with anecdotal reports from providers and advocates about their experiences with the actual implementation. Staff does not yet have an explanation to account for the difference in views.

- ❑ Whether people can purchase more services or not, preliminary billing data suggests available resources for Supported Living Services are being underutilized, with many possible explanations for why this might occur.

- ❑ Several reasons why preliminary trends in billing data may not be indicative of year-end utilization are discussed, including potentially significant lag time between when services are provided and when bills are submitted and paid.

- ❑ While preliminary billing data suggests a trend of underutilization for Supported Living Services, the same data suggests an overexpenditure Adult Comprehensive Services. The Department also cautions that the state's exposure to higher expenditures for case management could be significant.

DISCUSSION:

Advocates and providers express concern that recent changes to the Department's reimbursement structure are reducing access to services. In addition, some providers project significant reversions from FY 2009-

10 appropriated funds for adult Supported Living Services and Children's Extensive Support services that they attribute to complications arising from the transition to the new reimbursement structure. The changes to the Department's reimbursement structure were made in response to federal guidance.

Prior to FY 2006-07 the state funded services for people with developmental disabilities through block allocations to Community Centered Boards (CCBs) who would then distribute the funds to providers. The CCBs were expected to serve a minimum number of people based on the appropriated funds. If the CCBs had excess funds due to turnover vacancies, underutilization of services (e.g. a client that didn't want/need the full number of available respite care hours), or favorable contract rates with providers, the CCBs had flexibility to use those funds to serve more people and/or enhance services for existing clients.

Federal reviews of this payment structure starting in 2003 raised concerns about the audit trail for how funding was used, and the equity of the distribution of funding relative to recipient needs. The federal government required Colorado and other states to change to a payment system based on medical necessity and reimbursement for each actual service provided. The Department negotiated a plan with the federal government that calls for statewide, standardized fee rates for different services and caps on funding per person based on the person's score on the statewide, standardized Supports Intensity Scale (SIS).

The Department implemented this reimbursement system for residential Adult Comprehensive Services in January 2008, and for nonresidential Supported Living Services and Children's Extensive Support Services in FY 2009-10. There is some debate among advocates, providers, and the Department about how much federal guidelines prescribe particular components of the reimbursement structure versus where the Department has flexibility.

The changes to the Adult Comprehensive Services reimbursement system impacted how providers were paid, but had little impact on the level of service provided to current recipients, unless it was indirectly. Adult Comprehensive Services are provided in residential settings and the provider is responsible for all needs of the client. That didn't change with the new billing system. But, the amount of money the provider is reimbursed may have changed. Rather than receiving a lump sum per bed for the year, the providers are reimbursed per day of service with different rates based on how the service recipient scores on the SIS. If a bed is empty because of turnover, a hospital stay, a visit home to family, or other reasons, the provider is not paid. The daily rates are set to take into account this type of normal vacancy, but significant variations from the statewide average vacancy rate could conceivably present challenges to a provider. Small and specialty providers are clearly more vulnerable to negative vacancy anomalies than large providers who can balance negative anomalies at one facility against positive anomalies at another facility. Mostly the changes to the Adult Comprehensive Services reimbursement system created winners and losers among providers based on how the reimbursement by SIS score compared to the old lump sum payment. To the extent the changes to the reimbursement system caused, or may cause, some providers to leave the market or reconfigure facilities, there may be indirect impacts on the level of service provided to current recipients. Staff is not aware of anyone who has lost service as a result of the changes to the reimbursement system.

In contrast to the change in reimbursement for Adult Comprehensive Services, the change in reimbursement for Supported Living Services and Children's Extensive Support services is impacting services for current recipients. Both are nonresidential programs that supplement familial care givers or, in some cases, independent living situations. Because these are supplemental services, the State has more latitude to tailor the standard of care based on Department policy and appropriations. Once the standard of care is codified through the Medicaid waiver process, all people who receive services must be served according to that standard of care.

In the new reimbursement structure, each person has a Service Plan Authorization Limit (SPAL) based on their SIS score. For some services the units of service that may be purchased are capped. And, the rates for services are standardized statewide based on the SIS level of the recipient.

The Department maintains that in the new reimbursement system there are winners and losers. Some individuals will have higher service plan limits and some will have lower service plan limits than what they previously received. Some people will pay more for services and some will pay less based on the standardized rates.

Many advocates and providers, however, argue that the new reimbursement system results mostly in losers. While some will have a higher Service Plan Authorization Limit, a portion of that group will have to pay more per unit of service based on the statewide standardized rates, potentially resulting in fewer units of service received. At the other end of the spectrum there will be some consumers where the standardized rate for services will be less than what they previously spent, theoretically allowing them to purchase more units of service even if their overall SPAL is lower. But, then the question arises whether the consumer will be able to find a provider to work for that lower rate. This may be most challenging in areas with a high cost of living, and the new rate structure lacks geographic modifiers to account for differences in local economies. Some providers may accept the lower rates, but others may leave the market, or scale back offerings for particular types of service. For example, some providers report reducing the hours of operation for day habilitation centers to minimize loses under the new day habilitation rates. Fewer hours of day habilitation could impact the ability of care givers to work, and thereby the ability of a person with developmental disabilities to stay at home, potentially resulting in more demand for residential services.

The Department emphasizes that some of the reductions in service levels are attributable to correcting unequal access to services in the past. The new reimbursement system provides the same amount of funding to people with similar needs, as measured by the SIS, no matter who functions as their case manager or where they live in the state. While the rates lack geographic modifiers, this is no different than other Medicaid rates.

The Department explored adding variables to the SIS to try to account for differences in individual living arrangements, such as the family that needs more day habilitation hours to be able to work and maintain their family member with developmental disabilities at home. One person may have the same adaptive capacity as another, but considerably more or less robust family support, necessitating a different level of financial support. However, the Department was unable to identify any variable for the level of family support that had a statistically significant correlation with the level of supported living services previously provided in the old funding model. While the old funding model allowed this flexibility, it is not clear that variations in funding to account for different levels of family supports were applied equitably by different CCBs and case managers according to any measurable criteria.

The Department looked at SIS scores of FY 2008-09 SLS recipients and concluded that in a full year under the new rate structure 51 percent would have a higher SPAL and 49 percent a lower SPAL than their allocation under the old funding model. The Department also took the new rates multiplied by the FY 2008-09 utilization of each type of service by each person and concluded that the interaction of the SPAL and the new rates would allow 70 percent to purchase more services.

Staff has talked to only a small sample of CCBs, but the Department's analysis is so different than the anecdotal experience with the new rate structure reported by these CCBs that staff is not sure what to conclude. The CCBs consulted by staff argue that there must be something flawed in the Department's assumptions, because they are seeing the vast majority of people needing to reduce SLS utilization. However, the CCBs have not yet provided data to contradict the Department's analysis.

The CCBs noted that if people can purchase more services in the reimbursement structure, it doesn't necessarily mean they will, which could lead to underutilization of the appropriation. Also, the CCBs are seeing cases where people have to significantly reconfigure the types of services they receive to stay within the SPAL using the new rates for each type of service. Where people can purchase more services within the SPAL, it may be because reimbursement rates have been decreased. In this scenario, in order to earn the same total funding as in the prior year, a provider would need to deliver more services for less money per unit of service.

Several providers have predicted large reversions from the Supported Living Services line item in the $10 - $15 million ($5 - $7 million General Fund) range attributable to the transition to the new reimbursement system. There are several possible reasons why reversions might occur including, but not limited to, underutilization of resources, providers failing to adapt business and billing practices, and errors or inequities in the rates or billing procedures that make it difficult for providers to bill the full amount.

The Department did straight-line projections from Medicaid claims through October 19 on both a cash and accrual basis that indicate under-expenditures between $7.5 and $8.7 million. This is a little less than what providers predicted, but still 16-19 percent below the appropriation. The Department's analysis included data from more providers and for a longer period of time than the information presented by the providers. However, the Department is not convinced that the trends from the first few months will continue on a straight line to the end of the year.

To begin with, providers have up to 120 days after service is provided to submit claims, and if claims are denied the providers may make corrections and resubmit the claims within 60 days. If there are still problems, providers can continue to resubmit claims as long as they do so within 60 days of the denial.

For this reason, the data for the first few months does not capture all claims that may eventually be paid for services provided in those first few months.

The new SPALs are being phased in over the course of the year at each participant's annual service plan review date. Since the Department projects most people will be able to purchase more services under the new rates and SPALs, the Department anticipates service utilization will increase as the year progresses.

Providers and participants are still learning the mechanics of the new rate structure. As business practices and consumer behaviors adapt, billings may increase.

Appeals and reevaluations of SIS scores could result in higher needs assessments and correspondingly higher SPALs. Since the Department began paying for Adult Comprehensive Services based on SIS scores, 927 SIS evaluations have been re-administered by CCBs or heard on appeal. Of these, 689, or 74 percent, resulted in an increase to the SIS score.

Finally, the Department is submitting some changes to the way the SPALs work. If approved by the federal government, these changes could increase service utilization for the second half of the fiscal year.

The Department believes it is too early to make projections of SLS expenditures to the end of the fiscal year and plans to review and analyze the available data in January. The Department noted that even if the trend from the first few months of SLS expenditures continues though the end of the year, there is an almost equal trend in the opposite direction in expenditures for Adult Comprehensive Services, attributed by the Department to increases in SIS scores. Supported Living Services and Adult Comprehensive Services are both funded through line items in the Program Costs subsection of the Long Bill. All line items in the Program Costs subsection are treated as one appropriation and the Department has flexibility to move money between them. So, if there is an underexpenditure in the Supported Living Services line item, it could be needed to address an overexpenditure in the Adult Comprehensive Services line item. This impacts the Department's options for addressing an underexpenditure of SLS funds while staying within the total appropriated funds. It does not lessen the impact on SLS recipients or providers. Recipients of Supported Living Services do not benefit from an increase in expenditures for Adult Comprehensive Services. Only a portion of SLS providers also provide Adult Comprehensive Services, and most are more heavily invested in one type of service or the other such that there is not an equal trade-off if reimbursements for one type of service increase relative to the other.

The Department also has concerns about the exposure of the state to potential increased costs for case management services. CCBs expressed concern that the initial case management rates set by the Department did not adequately account for non-billable time case managers spend on meetings, training, planning, etc. The Department responded to this criticism and adjusted rates. However, the Department notes that if CCBs adjust business practices and find ways to reduce administrative time and increase billable time for case managers, the cost of case management services could increase dramatically. There is no cap in the new rate system on the number of units of case management that can be billed.

FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Services for People with Disabilities, and related administrative functions)

BRIEFING ISSUE

ISSUE: Required Functions of Community Centered Boards

Discusses the findings of a report on mandated functions of Community Centered Boards

SUMMARY:

- ❑ The report precipitated out of concern about the potential contribution of unfunded mandates to financial instability of The Resource Exchange (the Community Centered Board for El Paso, Park, and Teller counties). Both The Resource Exchange (TRE) and the Department report that the CCB is now stable. TRE attributes the turnaround to:
  - Cost cutting;
  - A new Department policy allowing TRE to withhold a management assessment for processing Medicaid bills for providers; and
  - A new Department policy removing caps on case management services for early intervention.
- ❑ The report estimates CCBs spend $7.1 million more on mandated service coordination and case management functions for Home and Community Based Service Waivers than they receive in compensation.
- ❑ This does NOT mean that CCBs are necessarily underfunded by $7.1 million.
  - The report is based on how CCB staff actually use their time, and does not attempt to determine if CCB staff use their time effectively or efficiently.
  - The report did not explore whether other reimbursements to CCBs are out of line, for example for direct services. It may be that the state overcompensates for some services and the CCBs use the revenue to pay for undercompensated administrative expenses.
  - The report presents several options for changing or eliminating procedures that, if implemented, would reduce CCB expenditures.
- ❑ The report includes a number of options for regulatory reform, but does not evaluate the costs versus the benefits, or prioritize, any of the options. The Department plans to analyze the options by April 30, 2010.

RECOMMENDATION:

The Myers and Stauffer report should NOT be interpreted to mean that the Community Centered Boards require an additional $7.1 million for service coordination and case management duties mandated by the state. The report does include a number of options for reducing administrative costs for the CCBs and the JBC should follow up to make sure the Department completes the promised analysis.

DISCUSSION:

In May of 2008 the Joint Budget Committee sent a letter to the Department of Human Services requesting a study of mandated functions of Community Centered Boards. The request was made largely in response to concerns about the stability of on-going CCB functions for El Paso, Park, and Teller Counties.

Update on the Status of The Resource Exchange

The CCB currently serving El Paso, Park, and Teller Counties, The Resource Exchange (TRE), is unique from other CCBs in that it does not provide direct services. TRE provides case management and service coordination as the single point of entry for developmental disability services, but direct services are provided by other contractors. At least part of the reason the board for TRE adopted this structure was to avoid the appearance of any conflict of interest that case managers refer people preferentially to services provided by TRE. One result of this decision, though, is that TRE can not cross-subsidize case management operations with revenue from direct services. At other CCBs, fixed and administrative costs can be spread over a wider variety of business activities than at TRE.

TRE is also unusual, although not unique, in lacking local tax support. Five of the CCB regions have a dedicated mill levy for developmental disabilities, and many of the CCBs receive city and/or county appropriations, so that 16 CCBs receive some local tax support.

Table 1: City/County Funding by CCB
(Reflects city/county funding not just Mill Levy)

Community Centered Board	Geographic Area (County)	Amount of City/County Funding FY 07-08
Arkansas Valley Community Center	Bent (partial), Crowley, Otera	$0
Blue Peaks Developmental Services	Alamosa, Conejos, Costilla, Mineral, Rio Grande, Saguache	16,551
Colorado Bluesky Enterprises	Pueblo	0
Community Connections	Archuleta, Dolores, La Plata, Montezuma, San Juan	72,890
Community Options	Delta, Gunnison, Hinsdale, Montrose, Ouray, San Miguel	27,800
Denver Options	Denver	8,550,950

Table 1: City/County Funding by CCB (Reflects city/county funding not just Mill Levy)		
Community Centered Board	Geographic Area (County)	Amount of City/County Funding FY 07-08
Developmental Disabilities Resource Center	Clear Creek, Gilpin, Jefferson, Summit	6,500,902
Developmental Pathways	Arapahoe, Douglas	10,622,987
Eastern Colorado Services	Cheyenne, Elbert, Lincoln, Logan, Kit Carson, Morgan, Phillips, Sedgwick, Washington, Yuma	190,412
Envision	Weld	74,658
Foothills Gateway	Larimer	2,839,138
Horizons Specialized Services	Grand, Jackson, Moffat, Rio Blanco, Routt	1,052,083
Developmental Disabilities Center (Imagine)	Boulder	6,069,484
Mesa Development Services	Mesa	426,464
Mountain Valley Developmental Services	Eagle, Garfield, Lake, Pitkin	128,325
North Metro Community Services	Adams	991,264
Southeastern Developmental Services	Baca, Bent (partial), Kiowa, Prowers	0
Southern Colorado Developmental Services	Huerfano, Las Animas	0
Developmental Opportunities (Starpoint)	Chaffee, Custer, Fremont	0
The Resource Exchange	El Paso, Park, Teller	0
		$37,563,908

These factors may have contributed to financial instability TRE experienced that lead TRE to warn the Department it might cease to function as the CCB for El Paso, Park, and Teller counties. TRE also attributed part of the problem to unfunded mandates placed on the CCBs by federal and state laws and regulations. Other CCBs concurred with the criticism of excessive regulation and the Department agreed to investigate the issue.

Through a series of footnotes to the Long Bill the JBC authorized the Department to roll-forward up to $1,966,000 from unexpended FY 2007-08 appropriations to ensure continued services for people with developmental disabilities in the CCB region. Of that amount, $1,089,000 was paid to TRE for cash flow and operating needs and $61,440 was used to hire consultants to monitor TRE. The JBC allowed the Department to roll forward the remaining $726,000 to FY 2009-10, but the money was specifically not earmarked for TRE and designated instead for transition expenses as the Department reevaluated the best way to provide case management and coordinate services in the region.

A recent Department analysis concluded that TRE has improved procedures and brought expenses in line with revenues. TRE concurs and indicates it plans to continue operating as the CCB for the region. To date, none of the $726,000 rolled forward to FY 2009-10 has been spent. TRE has expressed a desire to spend $200,000 for one-time software ($75,000) and physical plant ($125,000) upgrades that TRE argues would further shore up business operations going forward. The Department has not yet evaluated or commented on TRE's proposal.

TRE attributes the change in circumstances to three factors. TRE says it reduced a wide range of expenses, citing as specific examples eliminating transportation services and supported living consultants, and reducing benefits packages. It also started withholding a management charge from payments to service providers for processing their bills to Medicaid. This change generated approximately $700,000 additional revenue in FY 2008-09. In FY 2009-10 providers have the option of billing directly to Medicaid, but a large number are still choosing to go through the CCB, and TRE has raised approximately $147,000 to date. Finally, TRE increased billing for case management services provided for early intervention after a change in Department policies allowed it. The increased case management billings generated approximately $147,000 for TRE in FY 2008-09 and roughly $48,000 in FY 2009-10 to date.

Findings of the Myers and Stauffer Report

The Department commissioned Myers and Stauffer to study the mandated duties of the CCBs. The study estimated that CCBs spend $7.1 million more on mandated service coordination and case management functions for Home and Community Based Services Waivers than what they receive from the state in compensation. This estimate is based on surveys of how CCB employees spend their time. **This does not necessarily mean that the CCBs are underfunded by $7.1 million.** The Myers and Stauffer report did not attempt to determine if CCB staff are using their time efficiently or effectively. Nor did it look at how CCBs are spending their time in other areas. It could be that the Department's rate structure overcompensates for some services and undercompensates for other services. And, the report presents several options for changing or eliminating procedures to reduce CCB expenditures.

The Myers and Stauffer report also identified some discrepancies between case management costs for early intervention services, actual paid claims, and available case management funding. However, the analysis would need to be updated since the Department removed caps on case management, implemented 15 minute billing increments, and changed the rates. Myers and Stauffer did not recommend any regulatory changes in this area. It appears the analysis was aimed more at determining whether the case management rates were appropriate.

The Myers and Stauffer report presented numerous options for changing or eliminating procedures to reduce costs for the CCBs. However, the report did not provide estimates for the savings associated with any of these options. Nor did the report evaluate the risk of potential negative consequences for service recipients. Some of the options, such as changing the behavior of computer programs, would require investments up front in capital, programming, and/or consulting services. The report did not estimate these up front costs. For these reasons, it is hard to evaluate and prioritize which of the recommendations should be pursued.

The Department indicates it will analyze and evaluate all of the recommendations in the Myers and Stauffer report. However, the Department anticipates the analysis will not be complete until April 30, 2010. The recommendations in the Myers and Stauffer report are not likely to save the state money from the current appropriation, but could reduce the administrative burden on CCBs, making it easier for them to live within current funding, and the provider rate reductions proposed in the Governor's budget.

One of the largest uncompensated, or undercompensated, administrative expenses of CCBs identified in the report involves determining whether a person has a developmental disability, which is a prerequisite for program eligibility. Section 27-10.5-102, C.R.S., includes a statutory definition of developmental disability for eligibility determination and this definition is further refined and interpreted by Department policy. The report identifies difficulties in assessing people who have adaptive limitations but have cognitive abilities above the Department's threshold for eligibility. In these cases the CCB must determine whether the adaptive limitations are related to a cognitive disability or disabilities, and deal with appeals of the CCB's determination.

A Department work group is looking at removing the necessity of demonstrating a linear relationship between adaptive limitations and a cognitive disability. This could significantly expand the eligible population, but would not necessarily translate to additional funding, because the state would continue to limit placements and use wait lists. Simplifying the definition for developmental disability could result in a more uniform interpretation across the state, reduce CCB costs for determining eligibility, and reduce the number of appeals.

Some of the recommendations in the Myers and Stauffer report might require statutory change, such as the recommendations regarding wait list management. Myers and Stauffer are critical that the Department maintains multiple wait lists in multiple locations, that the wait lists are used for multiple purposes, and that the multiple purposes of the various wait lists are sometimes not sufficiently articulated to those entering data and interpreting the data, resulting in confusion and entries working at cross-purposes. For example, if a placement comes available for a person on the wait list in the category "As Soon As Available" and that person declines services, the person often maintains their position on the "As Soon As Available" wait list, making it hard to interpret what this category means. Occasionally, but not consistently, that person will be moved to the "Safety Net" category. Maintaining the multiple wait lists on multiple computer systems that don't interface with each other requires duplicate data entry. The report recommends consolidating, clarifying, and integrating the wait lists.

For people on the wait lists, Section 27-10.5-106, C.R.S. requires CCBs to develop Individualized Service Plans (ISP), and review those plans annually. Developing the ISP requires meeting with the already-determined eligible person and their family, assessing the individual's needs, and presenting service options. After the case manager and family invest the time to go through this process, the person still doesn't receive funding for services, because they are on the wait list. The process may prevent families that aren't serious about needing/wanting services from remaining on the wait lists year after year. But, given the life-long nature of developmental disabilities and the severity of needs required to qualify for services, staff doubts there are many frivolous enrollments onto the wait lists. Requiring an ISP, and an annual review of the ISP, for people on the wait lists represents a significant time investment for case managers and families with little or no return in value to the state or individual for that investment.

A number of recommendations in the report focus on eliminating the need to enter similar data in multiple computer systems, or transfer data from one computer system to another. Key computer systems for the delivery of developmental disability services include:

- Benefits Utilization System managed by Health Care Policy and Financing and used to collect demographic, eligibility, and assessment information for Medicaid waiver programs to meet federal assurance requirements. The BUS also stores Individual Service Plans and case management notes.
- Community Contract Management System managed by the Department of Human Services and used to collect similar information to the BUS, but for a broader population that includes non-Medicaid clients. The CCMS also collects information for compliance with Department regulations and policies, and wait list information.
- Supports Intensity Scale On-line used to score and store data from the SIS assessment.
- Medicaid Management Information System managed by Health Care Policy and Financing to process claims and store historical data about services provided.
- Accounting and management software purchased and used by each CCB.

It's not clear from the report the scope of work required to improve the integration of these systems. The Department is already working within existing resources to transfer data between the BUS and CCMS.

Total Payment and Cost Comparison

The following tables summarize the estimated total payments made to Community Centered Boards (CCBs) for single entry point activities and targeted case management performed and total annual expenditures the CCBs make to perform the activities. Data below reflects costs associated with the 'activity' as it is currently structured, without analysis of whether the existing structure is the most efficient and effective. Implementing the recommendations discussed in this report will result in cost savings that are not reflected here.

Table 1: Costs were assigned to Single Entry Point (SEP) administrative activities for all state and Home and Community Based Services (HCBS) Waiver programs.

Non-Medicaid Administrative Functions:	Amount	Total	Reference
General Fund Payment		**$ 877,414**	Page 11
DD Determinations	$ 3,843,591		Page 13
Waiting List	2,275,165		Page 14
Annual CCB Designation	57,423		Page 30
Committee Member Recruitment	31,858		Page 33
Referrals	227,911		Page 34
General Fund Costs:		**6,435,947**	
Total Underfunded Costs		**$ (5,558,533)**	

Table 2: Costs were assigned to targeted case management and other activities for Medicaid HCBS Waivers.

CCB Activities for Medicaid HCBS Waiver	Amount	Total	Reference
Medicaid HCBS Waiver Payment		**$ 19,654,221**	Page 12
Referral and Placement Committee	151,289		Page 15
Individual Service Plan Development	5,512,583		Page 17
ULTC 100.2 and Certification	630,982		Page 18
Prior Authorization Request	1,259,718		Page 19
Individual Monitoring	2,671,804		Page 20
Complaints	378,823		Page 21
Incident Reports	963,342		Page 22
Appeals	351,120		Page 24
MANE Investigations	902,465		Page 25
Human Rights Committee	908,093		Page 26
PASA Monitoring	734,215		Page 28
PASA Choice	185,199		Page 29
Personal Needs Accounts	390,354		Page 32
Record Keeping	2,755,136		Page 35
Misc Case Management	3,377,711		Page 36
Mecidaid HCBS Waiver Costs:		**21,172,834**	
Total Underfunded Costs		**$ (1,518,613)**	

Total Underfunded Costs for Table 1 and Table 2:		**$ (7,077,146)**	

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests

Beginning in FY 2008-09, appropriations reflect eliminating the cash funds exempt category of appropriation and replacing it with reappropriated funds. Reappropriated funds are those moneys that are appropriated for a second or more time in the same fiscal year. Cash funds exempt reflected cash funds that were estimated to be exempt from the limitations of Article X, Section 20 of the State Constitution (TABOR). Moneys that were previously categorized as cash funds exempt that were not reappropriated funds were characterized in the new budget format as cash funds, regardless of the TABOR status of the funds.

DEPARTMENT OF HUMAN SERVICES
EXECUTIVE DIRECTOR: Karen Beye

(9) SERVICES FOR PEOPLE WITH DISABILITIES

Primary functions: Administers community-based and institutional services for people with developmental disabilities, provides vocational rehabilitation services, and administers the Homelake Domiciliary and veterans nursing homes.

(A) Community Services for People with Developmental Disabilities

Primary functions: Funding for 20 Community Centered Boards (CCBs), and contracting service agencies, to: (1) deliver community-based residential and supported living living services for adults with developmental disabilities; and (2) deliver early intervention, family support services, and children's extensive support services for children with developmental disabilities and delays. Also, funds associated case management by CCBs and state administration and oversight. Medicaid revenue is the primary source of reappropriated funds; local and client payments to CCBs are reflected as cash funds.

(1) Administration

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
Personal Services	2,441,163	2,639,111	2,911,168	2,923,535	
FTE	30.1	32.8	35.0	34.0	
General Fund	247,613	273,646	281,958	287,177	
CF - private ins. Early Intervention Services Trust Func	0	33,000	40,765	0	
RF/CFE - Medicaid	2,193,550	2,332,465	2,588,445	2,636,358	
Operating Expenses	148,013	151,295	159,922	153,672	
CF - private ins. Early Intervention Services Trust Func	0	0	6,178	0	
RF/CFE - Medicaid	148,013	151,295	153,744	153,672	

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
Community and Contract Management System	137,216	137,480	137,480	137,480	
General Fund	41,244	41,244	41,244	41,244	
RF/CFE - Medicaid	95,972	96,236	96,236	96,236	
Medicaid Waiver Transition Costs	568,823	79,028	93,140	93,140	
General Fund	559,610	0	0	0	
RF/CFE - Medicaid	9,213	79,028	93,140	93,140	
					Req. vs. Approp.
Subtotal - (1) Administration	3,295,215	3,006,914	3,301,710	3,307,827	0.2%
FTE	30.1	32.8	35.0	34.0	(1.0)
General Fund	848,467	314,890	323,202	328,421	1.6%
CF - private ins. Early Intervention Services Trust Fun	0	33,000	46,943	0	-100.0%
RF/CFE - Medicaid	2,446,748	2,659,024	2,931,565	2,979,406	1.6%
Net General Fund	*2,071,841*	*1,644,402*	*1,788,985*	*1,818,124*	*1.6%*
(2) Program Costs					
Adult Comprehensive Services	208,655,652	248,063,888	273,785,089	264,662,266	BR #4 - 2% dec.
General Fund	1,523,193	693,077	1,650,459	1,650,459	
CF - client cash	0	28,340,125	30,382,059	30,517,239	
RF/CFE - Medicaid	207,132,459	219,030,686	241,752,571	232,494,568	
Adult Supported Living Services	46,431,134	53,934,755	54,167,273	52,359,154	BR #4 - 2% dec.
General Fund	7,403,678	7,543,037	7,974,941	7,974,941	
RF/CFE - Medicaid	39,027,456	46,391,718	46,192,332	44,384,213	
Early Intervention Services					
General Fund	10,809,324	11,062,198	11,098,328	11,098,328	BR #4 - 2% dec.
Family Support Services					

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
General Fund	6,028,673	2,629,871	6,507,966	6,507,966	BR #4 - 2% dec.
Children's Extensive Support Services	5,756,235	6,913,410	6,882,727	6,576,445	BR #4 - 2% dec.
RF/CFE - Medicaid	5,756,235	5,920,644	5,795,251	5,510,719	
RF/CFE - Health Care Expansion Fund	0	992,766	1,087,476	1,065,726	
Case Management and Quality Assurance	19,718,750	18,114,887	23,122,398	22,266,467	BR #4 - 2% dec.
General Fund	2,986,639	3,021,894	3,888,010	3,888,010	
RF/CFE - Medicaid	16,732,111	12,925,640	19,162,090	18,307,605	
RF/CFE - Health Care Expansion Fund	0	2,167,353	72,298	70,852	
Special Purpose	320,982	536,025	890,158	879,572	BR #4 - 2% dec.
General Fund	320,982	503,523	360,844	360,844	
RF/CFE - Medicaid	0	32,502	38,000	37,240	
RF/CFE - Division of Voc. Rehab.	0	0	491,314	481,488	
Hold Harmless					
General Fund	1,511,289	0	0	0	
					Req. vs. Approp.
Subtotal - (2) Program Costs	299,232,039	341,255,034	376,453,939	364,350,198	-3.2%
General Fund	30,583,778	25,453,600	31,480,548	31,480,548	0.0%
CF - client cash	0	28,340,125	30,382,059	30,517,239	0.4%
RF/CFE - Medicaid	268,648,261	284,301,190	312,940,244	300,734,345	-3.9%
RF/CFE - Health Care Expansion Fund	0	3,160,119	1,159,774	1,136,578	-2.0%
RF/CFE - Division of Voc. Rehab.	0	0	491,314	481,488	-2.0%
Net General Fund	*164,907,909*	*167,604,195*	*187,950,670*	*181,847,721*	*-3.2%*

(3) Other Community Programs
Federal Special Education Grant for Infants,
Toddlers and Their Families (Part C)

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
Federal Funds	6,659,417	9,275,752	10,410,498	8,672,964	
FTE	6.3	6.4	6.5	6.5	
Federally-matched Local Program Costs					
RF/CFE - locally matched Medicaid	3,641,910	0	0	0	
Custodial Funds for Early Intervention Services	130,345	3,968,001	6,327,142	7,857,835	
FTE	0.0	0.0	0.0	2.0	
CF - private insurance	0	3,968,001	6,327,142	7,857,835	
RF/CFE - private insurance	130,345	0	0	0	
Preventive Dental Hygiene	63,386	64,337	64,337	63,051	BR #4 - 2% dec.
General Fund	59,725	60,621	60,621	59,409	
CF - local contributions	0	3,716	3,716	3,642	
RF/CFE - local contributions	3,661	0	0	0	
Developmental Disability Navigator Pilot (H.B. 08-1031)					
General Fund	n/a	0	0	0	
					Req. vs. Approp.
Subtotal - (3) Other Community Programs	10,495,058	13,308,090	16,801,977	16,593,850	-1.2%
FTE	6.3	6.4	6.5	8.5	2.0
General Fund	59,725	60,621	60,621	59,409	-2.0%
CF - private insurance	0	3,968,001	6,327,142	7,857,835	24.2%
CF - local contributions	0	3,716	3,716	3,642	-2.0%
RF/CFE - locally matched Medicaid	3,641,910	0	0	0	n/a
RF/CFE - private insurance	130,345	0	0	0	n/a
RF/CFE - local contributions	3,661	0	0	0	n/a
Federal Funds	6,659,417	9,275,752	10,410,498	8,672,964	-16.7%
Net General Fund	*59,725*	*60,621*	*60,621*	*59,409*	*-2.0%*
					Req. vs. Approp.

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
Subtotal - (A) Community Services for People with Developmental Disabilities	313,022,312	357,570,038	396,557,626	384,251,875	-3.1%
FTE	36.4	39.2	41.5	42.5	1.0
General Fund	31,491,970	25,829,111	31,864,371	31,868,378	0.0%
Cash Funds	0	32,344,842	36,759,860	38,378,716	4.4%
Reappropriated Funds/Cash Funds Exempt	274,870,925	290,120,333	317,522,897	305,331,817	-3.8%
Federal Funds	6,659,417	9,275,752	10,410,498	8,672,964	-16.7%
Net General Fund	*167,039,475*	*169,309,218*	*189,800,276*	*183,725,254*	*-3.2%*

(B) Regional Centers for People with Developmental Disabilities

Primary functions: operates three regional centers that house and provide therapeutic and other services to individuals with developmental disabilities. Reappropriated funds amounts reflect Medicaid revenue. Cash amounts primarily reflect consumer payments for room and board.

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
(1) Medicaid-funded Services					
Personal Services	43,284,413	43,447,597	48,860,981	45,307,227	
FTE	935.6	909.3	995.3	939.1	
CF - Client Cash	2,654,879	2,655,326	2,290,436	2,290,436	
RF/CFE - Medicaid	40,629,534	40,792,271	46,570,545	43,016,791	
Operating Expenses					
RF/CFE - Medicaid	2,327,065	2,450,988	2,760,399	2,556,151	
Capital Outlay - Patient Needs					
RF/CFE - Medicaid	80,249	80,080	244,499	72,126	
Leased Space					
RF/CFE - Medicaid	200,209	189,377	72,820	72,820	
Resident Incentive Allowance					

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
RF/CFE - Medicaid	138,176	137,550	138,176	138,176	
Purchase of Services					
RF/CFE - Medicaid	263,291	261,601	263,291	242,625	
					Req. vs. Approp.
Subtotal - (1) Medicaid-funded Services	46,293,403	46,567,193	52,340,166	48,389,125	-7.5%
FTE	935.6	909.3	995.3	939.1	(56.2)
CF - Client Cash	2,654,879	2,655,326	2,290,436	2,290,436	0.0%
RF/CFE - Medicaid	43,638,524	43,911,867	50,049,730	46,098,689	-7.9%
Net General Fund	*21,819,262*	*21,955,934*	*25,024,865*	*23,049,345*	*-7.9%*
(2) Other Program Costs					
General Fund Physician Services					
General Fund	244,460	153,133	88,009	88,009	
FTE	1.5	0.4	0.5	0.5	
ICF/MR Adaptations					
General Fund	n/a	236,128	0	0	
					Req. vs. Approp.
Subtotal - (2) Other Program Costs					
General Fund	244,460	389,261	88,009	88,009	0.0%
FTE	1.5	0.4	0.5	0.5	0.0
					Req. vs. Approp.
Subtotal - (B) Regional Centers	46,537,863	46,956,454	52,428,175	48,477,134	-7.5%
FTE	937.1	909.7	995.8	939.6	(56.2)
General Fund	244,460	389,261	88,009	88,009	0.0%
Cash Funds	2,654,879	2,655,326	2,290,436	2,290,436	0.0%
Reappropriated Funds/Cash Funds Exempt	43,638,524	43,911,867	50,049,730	46,098,689	-7.9%
Net General Fund	*22,063,722*	*22,345,195*	*25,112,874*	*23,137,354*	*-7.9%*

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
					Req. vs. Approp.
Subtotal - (C) Work Therapy Program					
(Primary functions: Provide sheltered work opportunities to residents of state operated regional centers and the Mental Health Institute at Fort Logan. Cash amounts reflect payments from private businesses and government agencies for work completed.)					
Program Costs	398,024	348,922	467,116	467,116	0.0%
FTE	1.5	0.2	1.5	1.5	0.0
CF - sales/services	305,646	348,922	467,116	467,116	0.0%
RF/CFE - sales/services	92,378	0	0	0	n/a
(D) Division of Vocational Rehabilitation					
(Primary functions: provides the services and equipment necessary to help individuals with disabilities secure and/or retain employment. Funds Independent Living Centers to provide assisted living and advocacy services to persons with disabilities. Cash and reappropriated funds amounts reflect payments from collaborating agencies, such as school districts, for vocational services.)					
Rehabilitation Programs - General Fund Match	23,689,950	18,791,445	19,564,046	19,725,615	BR #4 - 2% dec.
FTE	215.8	211.7	224.7	224.7	
General Fund	5,044,183	4,003,175	4,160,718	4,195,142	
Federal Funds	18,645,767	14,788,270	15,403,328	15,530,473	
Rehabilitation Programs - Local Funds Match	24,571,732	19,146,970	23,750,460	23,570,676	BR #4 - 2% dec.
FTE	19.8	10.0	18.0	18.0	
CF - local communities	64,968	1,034,287	35,125	34,946	
RF/CFE - schools and state agencies	6,621,923	3,276,251	5,038,957	5,000,842	
Federal Funds	17,884,841	14,836,432	18,676,378	18,534,888	
American Reinvestment and Recovery Act - Vocational Rehabilitation Funding					
Federal Funds	n/a	n/a	3,653,522	1,826,761	
Business Enterprise Program for People who are Blind	791,220	451,065	967,779	1,197,742	DI #9 - technical
FTE	6.4	6.0	6.0	6.0	

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
CF - sales/services	128,770	96,079	205,422	254,404	
RF/CFE - sales/services	39,802	0	0	0	
Federal Funds	622,648	354,986	762,357	943,338	
Business Enterprise Program - Program Operated Stands, Repair Costs, and Operator Benefits	319,843	241,168	659,000	429,000	DI #9 - technical
CF - sales/services	161,169	125,718	477,990	429,000	
RF/CFE - sales/services	26,644	0	0	0	
Federal Funds	132,030	115,450	181,010	0	
Independent Living Centers and State Independent Living Council	1,700,182	1,818,648	1,934,636	1,844,160	BR #4 - 2% dec.
General Fund	1,366,848	1,487,351	1,487,351	1,457,604	
CF - independent living grantees	0	44,902	29,621	29,621	
RF/CFE - independent living grantees	44,902	0	0	0	
Federal Funds	288,432	286,395	417,664	356,935	
Older Blind Grants	0	450,710	698,789	698,789	
CF - recipient match		45,000	45,000	45,000	
Federal Funds		405,710	653,789	653,789	
Traumatic Brain Injury Trust Fund/a					
CF - surcharges for certain driving violations	1,811,115	2,391,227	3,652,456	3,298,533	
FTE	1.4	1.1	1.5	1.5	
Federal Social Security Administration Reimbursement					
Federal Funds	n/a	535,967	813,741	813,741	
Study of Employment of Persons with Developmental Disabilities (S.B. 08-04)					
General Fund	n/a	34,293	50,875	50,875	
FTE		0.5	1.0	1.0	

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
					Req. vs. Approp.
Subtotal - (D) Vocational Rehabilitation	52,884,042	43,861,493	55,745,304	53,455,892	-4.1%
FTE	243.4	229.3	251.2	251.2	0.0
General Fund	6,411,031	5,524,819	5,698,944	5,703,621	0.1%
Cash Funds	2,166,022	3,737,213	4,445,614	4,091,504	-8.0%
Reappropriated Funds/Cash Funds Exempt	6,733,271	3,276,251	5,038,957	5,000,842	-0.8%
Federal Funds	37,573,718	31,323,210	40,561,789	38,659,925	-4.7%
Net General Fund	*6,411,031*	*5,524,819*	*5,698,944*	*5,703,621*	*0.1%*

/a FY 2007-08 actuals shown for informational purposes and not included in totals. The line item was located in the Mental Health and Alcohol and Dr

(E) Homelake Domiciliary and State and Veterans Nursing Homes

Primary Functions: Operation and management of the six state and veterans nursing homes and Homelake Domiciliary. Cash Funds (formerly Cash Funds Exempt) reflect client fees. Cash funds and federal funds are for information only. The nursing homes are enterprises and have continuous spending authority.

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
Homelake Domiciliary State Subsidy					
General Fund	178,888	186,120	186,130	186,130	
Nursing Home Consulting Services					
General Fund	195,627	304,502	195,627	0	
Nursing Home Indirect Cost Subsidy					
General Fund	541,925	800,000	800,000	800,000	
Program Costs	44,427,166	51,857,702	54,428,011	54,428,011	
FTE	625.3	649.0	673.4	673.4	
CF - client cash	1,871	41,423,892	42,453,849	42,453,849	
RF/CFE - client cash	34,601,827	78	0	0	
Federal Funds	9,823,468	10,433,732	11,974,162	11,974,162	
					Req. vs. Approp.

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Request	Change Requests
Subtotal - (E) Homelake Domiciliary and State and Veterans Nursing Homes	45,343,606	53,148,324	55,609,768	55,414,141	-0.4%
FTE	625.3	649.0	673.4	673.4	0.0
General Fund	916,440	1,290,622	1,181,757	986,130	-16.6%
CF - client cash	1,871	41,423,892	42,453,849	42,453,849	0.0%
RF/CFE - client cash	34,601,827	78	0	0	n/a
Federal Funds	9,823,468	10,433,732	11,974,162	11,974,162	0.0%
Net General Fund	*916,440*	*1,290,622*	*1,181,757*	*986,130*	*-16.6%*
					Req. vs. Approp.
(9) TOTAL - SERVICES FOR PEOPLE WITH DISABILITIES	458,185,847	501,885,231	560,807,989	542,066,158	-3.3%
FTE	1,843.7	1,827.4	1,963.4	1,908.2	(55.2)
General Fund	39,063,901	33,033,813	38,833,081	38,646,138	-0.5%
Cash Funds	5,128,418	80,510,195	86,416,875	87,681,621	1.5%
Cash Funds Exempt/Reappropriated Funds	359,936,925	337,308,529	372,611,584	356,431,348	-4.3%
Federal Funds	54,056,603	51,032,694	62,946,449	59,307,051	-5.8%
Net General Fund	*196,430,668*	*198,469,854*	*221,793,851*	*213,552,359*	*-3.7%*

APPENDIX B: SUMMARY OF MAJOR LEGISLATION

S.B. 09-133: Increases surcharges on traffic violations and applies moneys collected to the Traumatic Brain Injury Trust Fund. Provides an increase in the appropriation to the Department of Human Services, for FY 2009-10, of $730,525 cash funds from the Traumatic Brain Injury Trust Fund.

S.B. 09-144: Modifies and expands programs administered by the Colorado Commission for the Deaf and Hard of Hearing. This includes: creating the position of system navigator specialist to promote public awareness and provide technical assistance; clarifying the Commission's role in arranging services and accommodation for the deaf and hard of hearing in the state court system; and establishing a grant program to address the needs of the deaf and hard of hearing community. Provides an increase in the FY 2009-10 appropriation from the Disabled Telephone Users Fund to the Colorado Commission for the Deaf and Hard of Hearing Cash Fund of $135,189. Further appropriates this amount to the Department of Human Services, along with 1.6 FTE, as reappropriated funds.

S.B. 09-206: Repeals the developmental disability waiting list navigator pilot created in H.B. 08-1031 and eliminates the associated FY 2008-09 appropriation of $500,000 General Fund to the Department of Human Services.

H.B. 09-1237: Modifies the statutes that provide for the system that coordinates payments between state and federal funds and private health insurance plans for early intervention services for children from birth to three years of age with developmental delays. Changes to the system include the following:

- requires that a child's private insurance carrier pay for services prior to the use of public funds;
- requires insurance plans to pay the coverage limit into the Early Intervention Services Trust Fund for each eligible child covered;
- allows the Division for Developmental Disabilities to increase coverage limits equal to an increase by the General Assembly to the annual appropriated rate to serve one child;
- clarifies that the coverage limit does not apply for post-surgical rehabilitation services; and
- prohibits an insurer from terminating coverage or refusing to deliver services as a result of a child accessing benefits for early intervention services.

Provides an appropriation to the Department of Human Services, for FY 2009-10, of $46,943 cash funds and 1.0 FTE and also reflects, for informational purposes, the expectation that an additional $3,514,057 cash funds custodial funds will be received by the Department of Human Services from insurance providers for the provision of early intervention services.

APPENDIX C: UPDATE OF FY 2009-10 LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

Long Bill Footnotes

28 **Department of Human Services, Services for People with Disabilities, Community Services for People with Developmental Disabilities, Program Costs --** It is the intent of the General Assembly that expenditures for these services be recorded only against the Long Bill group total for Program Costs.

<u>Comment:</u> Provides the Department with flexibility to move funds between line items in the Program Costs section of the budget.

29 **Department of Human Services, Services for People with Disabilities, Community Services for People with Developmental Disabilities, Other Community Programs, Preventive Dental Hygiene --** The purpose of this appropriation is to assist the Colorado Foundation of Dentistry in providing special dental services for persons with developmental disabilities.

<u>Comment:</u> Explains the purpose of the appropriation. The Department is in compliance, using the money to assist the Colorado Foundation of Dentistry.

Requests for Information

38. **Department of Human Services, Services for People with Disabilities, Division of Vocational Rehabilitation --** The Department is requested to provide an update, by November 1, 2009, on the Division of Vocational Rehabilitation's efforts to operate within existing funding constraints. This is requested to include information on the effectiveness of restrictions imposed during FY 2008-09 and the status of "order of selection" restrictions on new applicants.

<u>Comment:</u> The federal government requires state vocational rehabilitation programs with insufficient resources to serve all eligible applicants to implement an Order of Selection (OOS) criteria to prioritize resources. Colorado's vocational rehabilitation programs began operating under OOS and maintaining wait lists for services October 17, 2008. The OOS provides services first to those already receiving services, then to those with "most significant" disabilities, and then to those whose disabilities are less severe. A similar OOS was in place from 2003 to 2006.

Individuals eligible for services: 1) Have a disability that results in barriers to employment or independent living; 2) Require substantial vocational rehabilitation to achieve employment, and could benefit from these services; and, 3) Desire employment. They receive services based on an individualized plan for employment (IPE). Services must be necessary and the least possible cost to meet the goals of the IPE. Cases are closed after the individual remains employed for 90 days.

In October 2009 there were 2,331 people on the Division's wait list for services. This is down from the zenith of the wait list of 2,838 people in June 2009. The Department indicates it reduced the wait list in part through reducing the cost of services and in part by using additional federal funds provided through the American Reinvestment and Recovery Act (ARRA). To reduce service delivery costs the Department stopped contracting externally for some services, such as job placement, and instead instructed existing in-house staff to provide the services. The Governor designated approximately $2.8 million of the ARRA funds for vocational rehabilitation case services through 2011.

39. **Department of Human Services, Services for People with Disabilities, Division of Vocational Rehabilitation, Rehabilitation Programs --** Local Funds Match – The Department is requested to provide a report to the Joint Budget Committee, by November 1 of each year, that details deferred cash and reappropriated funds revenue on its books as of the close of the preceding fiscal year.

Comment: The required match rate for federal funds in the Rehabilitation Programs -- Local Funds Match line item is 21.3 percent. In some years the Division receives more in local funds than the minimum required to match the available federal funds. The excess is rolled forward and used to match federal funds for direct services in the next year. In FY 2008-09 the Division received $1,382,887 local funds in excess of the necessary match for federal funds.

The primary source of local funds for vocational rehabilitation programs is school districts participating in the School-to-Work Alliance Program (SWAP). These school districts "over-match" and pay 50 percent of program costs, rather than 21.3 percent. The Department uses the over-match to pay for services beyond the school districts. Without this over-match, the Department would have insufficient General Fund to draw down all available federal funds and would need to further curtail services to eligible applicants.