**FY 2007-08 JBC Staff Briefing and FY 2006-07 "1331" Supplemental Included in this Section**

The attached file includes the FY 2007-08 Joint Budget Committee staff briefing for Mental Health and ADAD (for both DHS and HCPF). The file also includes a "1331" FY 2006-07 emergency supplemental on mental health for the Department of Human Services.

# COLORADO GENERAL ASSEMBLY

# JOINT BUDGET COMMITTEE

## FY 2007-08 STAFF BUDGET BRIEFING:

## DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

**Medicaid Mental Health Community Programs**

**- and -**

## DEPARTMENT OF HUMAN SERVICES

**Mental Health Programs and**
**Alcohol and Drug Abuse Programs**

**JBC Working Document - Subject to Change**

**Staff Recommendation Does Not Represent Committee Decision**

**Prepared By:**
**Alexis Senger, JBC Staff**
**December 5, 2006**

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# FY 2007-08 Budget Briefing
# Staff Presentation to the Joint Budget Committee:
# Health Care Policy and Financing (Medicaid Mental Health)
# and Department of Human Services (Mental Health/ADAD)

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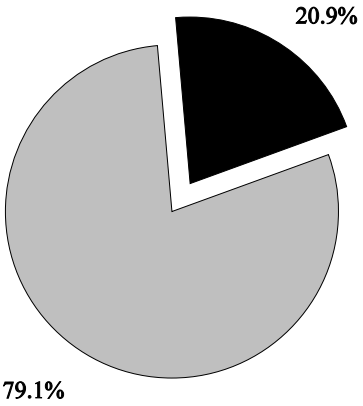


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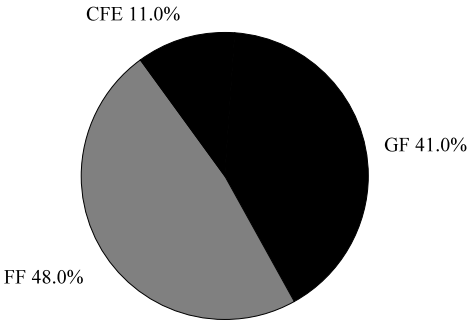
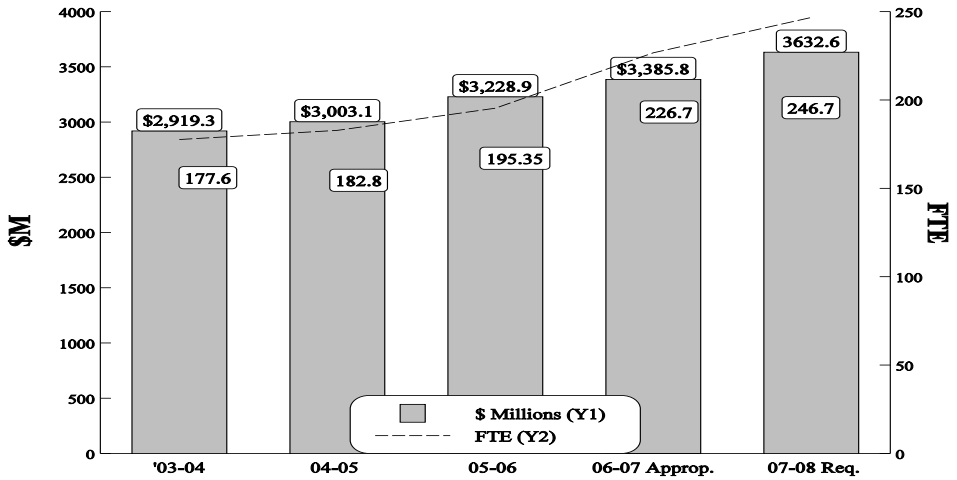



## Budget History



# FY 2007-08 Joint Budget Committee Staff Budget Briefing
# Department of Health Care Policy and Financing

## Medicaid Mental Health Community Programs
## OVERVIEW

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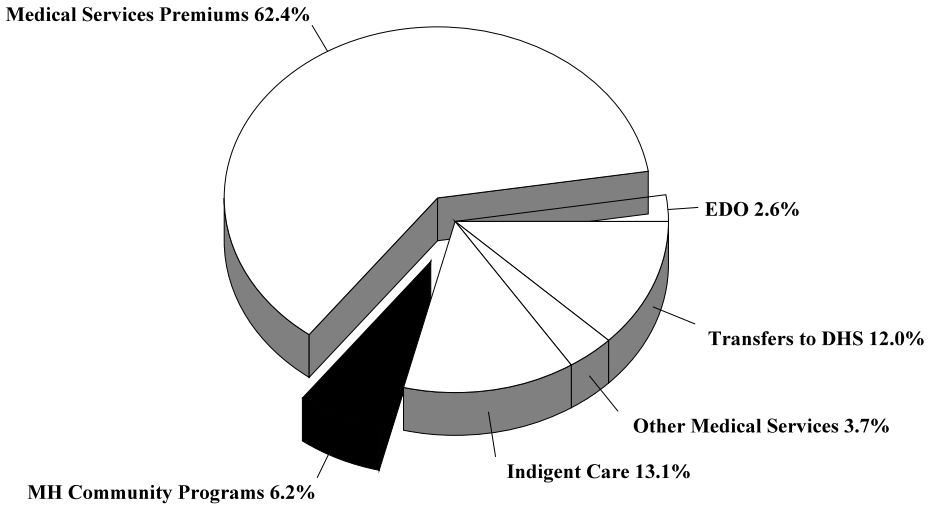
### HCPF Budget by Division
**FY 2007-08 Appropriation ($3,385.8 million)**

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## Key Responsibilities

✓ Administers the state's Medicaid mental health capitation (managed care) program. The state contracts with regional mental health assessment and services agencies (MHASAs) for provision of Medicaid mental health services.

✓ Administers the Medicaid fee-for-service mental health program.

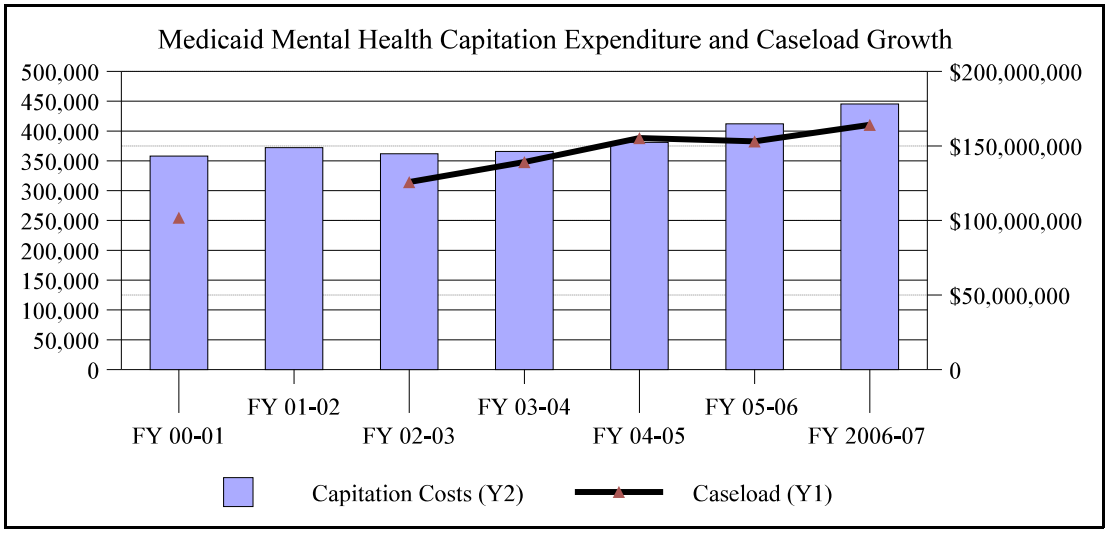
[*Please note, pursuant to H.B. 04-1265, which transferred the Medicaid mental health administration to HCPF, the Department of Human Services continues to administer the non-Medicaid services for persons who are mentally ill, and the mental health institutes*.]

## Factors Driving the Budget

### Medicaid Mental Health Capitation

Medicaid mental health community services throughout Colorado are delivered through a managed care or "capitated" program. Under capitation, the State pays a regional entity - a Behavioral Health Organization (BHO) - a contracted amount (per member per month) for each Medicaid client eligible for mental health services in the entity's geographic area (currently around 383,000 clients statewide). The BHO is then required to provide appropriate mental health services to all Medicaid-eligible persons needing such services.

The rate paid to each BHO is based on each class of Medicaid client eligible for mental health services (*e.g.*, children in foster care, low-income children, elderly, disabled) in each geographic region. Under the capitated mental health system, changes in rates paid, and changes in overall Medicaid eligibility and case-mix (mix of clients within the population) are important drivers in overall state appropriations for mental health services. Capitation represents the bulk of the funding shown for Medicaid mental health community programs.




The following table on the next page provides information on the recent expenditures and caseload for the Medicaid mental health capitation. Please note, the Medicaid mental health caseload used was converted effective FY 2005-06 to mirror how Medicaid caseload is reported in other areas of the Department's budget. Specifically, the caseload beginning in FY 2005-06 does not include retroactivity adjustments.

| | FY 02-03 Actual | FY 03-04 Actual | FY 04-05 Actual | FY 05-06 Actual | FY 06-07 Appropriation |
|---|---|---|---|---|---|
| Medicaid Mental Health Capitation Funding | $144,704,276 | $146,346,423 | $152,435,998 | $164,839,222 | $178,184,177 |
| Annual Dollar Change | $0 | $1,642,147 | $6,089,575 | $12,403,224 | $13,344,955 |
| Annual Dollar Percent Change | 0.0% | 1.1% | 4.2% | 8.1% | 8.1% |
| Individuals Eligible for Medicaid Mental Health Services (Caseload) | 314,345 | 348,140 | 388,254 | 382,734 | 410,343 |
| Annual Caseload Change | 0 | 33,795 | 40,114 | (5,520) | 27,609 |
| Annual Caseload % Change | 0.0% | 10.8% | 11.5% | -1.4% | 7.2% |

The following table breaks out the total Medicaid mental health caseload by eligibility category. Please note, this caseload is based on the Medicaid populations that are eligible for mental health services that are included in the capitation program (*i.e.*, Qualified Medicare Beneficiaries and Non-citizens are not eligible for mental health services and are thus excluded).

| Medicaid Clients Eligible for Mental Health Services | | | |
|---|---|---|---|
| Medicaid Mental Health Eligible Category | FY 2004-05 Actual | FY 2005-06 Actual | FY 2006-07 Appropriation |
| Elderly | 35,615 | 36,219 | 37,036 |
| Disabled | 53,729 | 53,612 | 54,688 |
| Adults | 62,563 | 62,804 | 72,867 |
| Children | 220,592 | 213,600 | 228,438 |
| Children in Foster Care | 15,669 | 16,311 | 17,091 |
| Breast and Cervical Cancer | 86 | 188 | 223 |
| Total | 388,254 | 382,734 | 410,343 |
| *Annual caseload change* | *0* | *(5,520)* | *27,609* |
| *Percent annual caseload change* | *N/A* | *-1.4%* | *7.2%* |

## Summary of Major Legislation

✓ **H.B. 05-1262 (Boyd/Hagedorn): Implementation of Amendment 35.** Implements Section 21 of Article X of the Colorado Constitution, concerning taxes on tobacco products, that was adopted by vote of the citizens of the State in November 2004. The Department of Health Care Policy will receive a total increase in program funding of $49,855 in FY 2004-05 and $99,851,331 in FY 2005-06. The majority of the increase in program funding is related to expanding eligibility for the Medicaid and Children's Basic Health Plan programs. Increases the Medicaid mental health capitation appropriation by $3,871,047 (including $1,933,630 CFE and $1,937,417 FF) through the expansion of eligibility categories.

✓ **H.B. 04-1265 (Witwer/Reeves): Transfer of Medicaid Mental Health program administration from DHS to HCPF.** Transfers the administration of the Medicaid mental health community program from the Department of Human Services to the Department of Health Care Policy and Financing, except for the Goebel lawsuit settlement program.

Adjusts the FY 2003-04 Long Bill appropriation in the following manner: (1) increases the appropriation to the Department of Health Care Policy and Financing, Executive Director's Office, by $259,274 (including $112,415 General Fund and $146,859 federal funds) and 2.3 FTE; decreases the appropriation to the Department of Health Care Policy and Financing, Department of Human Services Medicaid-funded Programs by $259,274 (including $112,415 General Fund and $146,859 federal funds); and (3) decreases the appropriation to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Administration by $259,274 Medicaid cash funds exempt and 2.3 FTE. For FY 2004-05, the associated administrative and programmatic appropriations changes were incorporated in the 2004 Long Bill (H.B. 04-1422). This included a transfer of $1,072,754 total funds and 9.0 FTE for administration; a transfer of $190,534,208 in Medicaid mental health community appropriations from DHS to HCPF, and the elimination of the "double-count" of $149,639,812 in HCPF. The latter was moneys that were appropriated initially in HCPF and then transferred over to DHS. By transferring the program dollars to HCPF, those moneys are not transferred to DHS and are hence not double-counted. [*Please note, the transfer in the FY 2004-05 Long Bill*.]

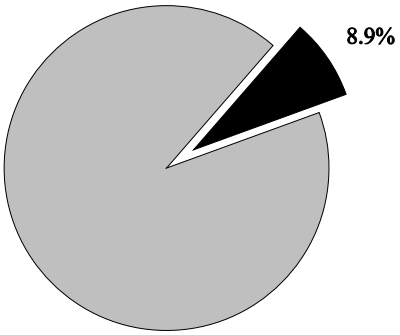
✔ **S.B. 95-78 (Rizzuto/Anderson): Mental Health Capitation.** Instructed the Departments of Human Services and Health Care Policy and Financing to expand the Medicaid mental health capitation program statewide by FY 1997-98. Original pilot authorized by H.B. 92-1306.

## Major Funding Changes FY 2005-06 to FY 2006-07

| **Action** (Source) | **General Fund** | **Other Funds** | **Total Funds** | **Total FTE** |
|---|---|---|---|---|
| *Medicaid Mental Health Community Programs*: | | | | |
| **Medicaid Caseload and Rate Increases** | $5,366,767 | $9,454,538 | **$14,821,305** | **0.0** |
| *(JBC Estimate of caseload and Department rate information)* | | *(Amendment 35 Tobacco CFE and Matching Medicaid Federal Funds)* | | |
| **Medicaid Fee-for-Service** | $79,379 | $79,379 | **$158,758** | **0.0** |
| Dept Estimate | | (Matching Medicaid FF) | | |
| **Pharmaceuticals** | | ($1,472,227) | **($1,472,227)** | **0.0** |
| *Dept/JBC Estimate* | | *(Transfer from Premiums)* | | |

# FY 2007-08 Joint Budget Committee Staff Budget Briefing
# Department of Human Services
# Graphic Overview

## Share of State General Fund
## FY 2006-07

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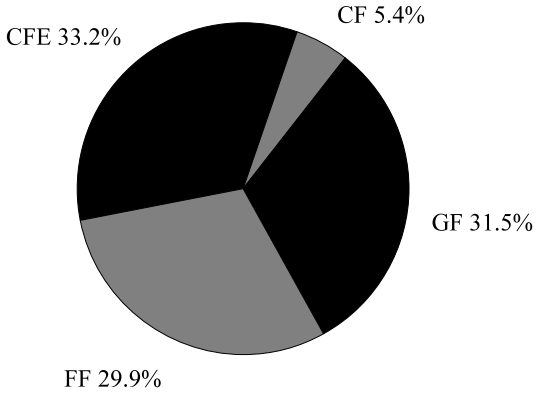
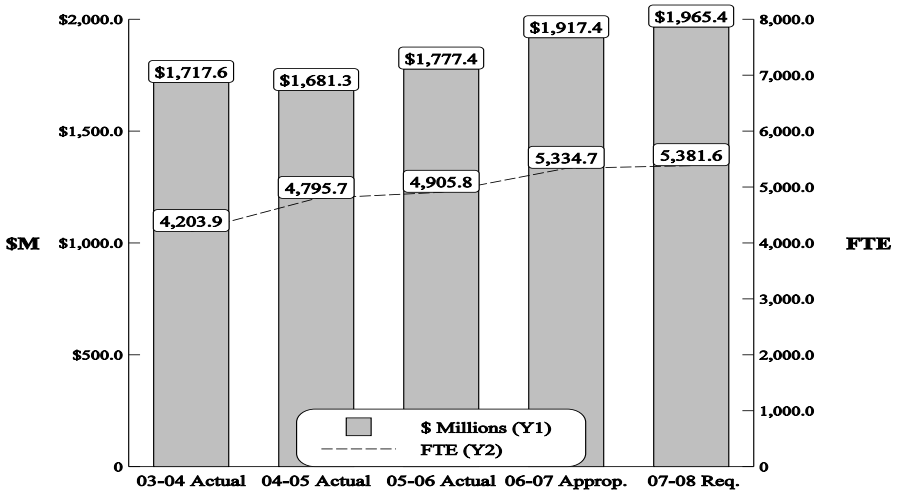
## FY 2006-07




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 11.6 percent.

## Budget History

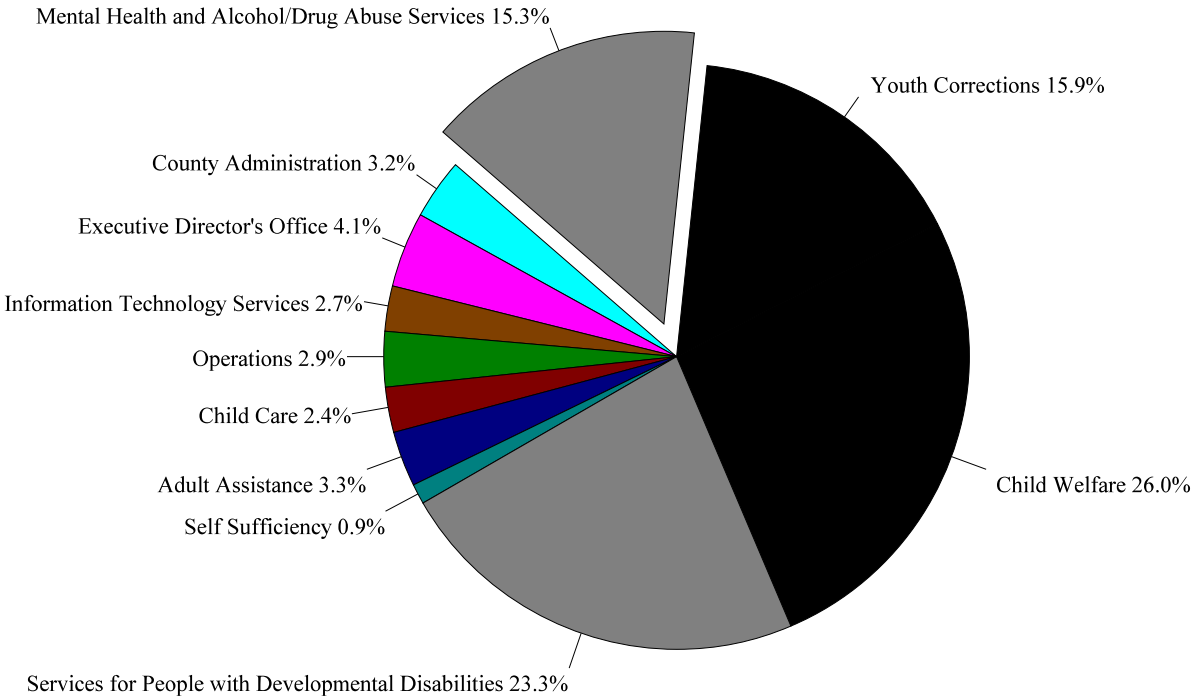


## OVERVIEW

(Please note, the bulk of mental health expenditures are found in the Health Care Policy and Financing

**Department of Human Services: Net General Fund**

**FY 2006-07 Appropriation ($792.6 million)**




budget, transferred in H.B. 04-1265.

## Key Responsibilities

Department of Human Services, Division of Mental Health and Alcohol and Drug Abuse:

- ✓ Administers the Traumatic Brain Injury Program.
- ✓ Administers the Indigent Care Program for the Mentally Ill.
- ✓ Manages the state's two mental health institutes at Fort Logan (in Denver) and Pueblo, which provide inpatient hospitalization for persons with severe mental illness.
- ✓ Oversees the H.B. 99-1116 programs for mentally ill children (previously served in Residential Treatment Centers - or RTCs - now TRCCFs) and coordinates with counties and private providers.

✓ Through the Division of Alcohol and Drug Abuse Division, provides funding for community-based alcohol and drug abuse prevention, treatment, and detoxification programs throughout the State.

[*Please note, pursuant to H.B. 04-1265, the Department of Health Care Policy and Financing administers the Medicaid Mental Health Community Program*.]

## Factors Driving the Budget

### Indigent Mental Health

The state appropriates $41.5 million (including $34.5 million General Fund) for community mental health services for roughly 11,632 clients who are indigent and mentally ill. Of this sum, $28.7 million (including $22.8 million General Fund) is appropriated in one aggregated line item, shown below.

| Services for Indigent Mentally Ill Clients (Main Line Item) [2/] | | | | | |
|---|---|---|---|---|---|
| | FY 2002-03 Actual [1/] | FY 2003-04 Actual | FY 2004-05 Approp. | FY 2005-06 Approp. | FY 2006-07 Approp. |
| Total Funds | 20,856,320 | 19,702,177 | 20,493,986 | 22,804,403 | 28,742,467 |
| General Fund | 15,671,434 | 14,069,799 | 15,069,799 | 16,821,195 | 22,759,259 |
| Federal Funds | 5,184,886 | 5,632,378 | 5,424,187 | 5,983,208 | 5,983,208 |
| | | | | | |
| General Fund Change | (5,197,297) | (1,601,635) | 1,000,000 | 1,751,396 | 5,938,064 |
| Total Funds Change | (5,011,529) | (1,154,143) | 791,809 | 2,310,417 | 5,938,064 |
| % GF Change | -24.9% | -10.2% | 7.1% | 11.6% | 35.3% |
| % Total Funds Change | -19.4% | -5.5% | 4.0% | 11.3% | 26.0% |
| | | | | | |
| Rough Estimate of Clients Served [2/] | 6,911 | 6,528 | 6,791 | 7,556 | 9,225 |
| Change in Estimated Number of Clients | 0 | (382) | 262 | 766 | 1,668 |

[1/] Includes what previously was "Target" and "Non-Target" funding. Ultimately Non-Target was eliminated and funding wrapped into Target. Also, the cash funds exempt included $2,235,259, shown for informational purposes and represented moneys spent in a separate division (Vocational Rehabilitation). The reflection of these moneys in the Long Bill was eliminated in the FY 2003-04 supplemental because they did not represent "additional" funding and had been a source of confusion for the General Assembly and the executive. Indeed, the budget did not reflect the sum being fully expended (instead only $67,800). For comparison purposes, staff has not included this funding source in FY 2002-03 figures.

[2/] Reflects only the funding for the Medically Indigent line item. Does not reflect the substantial increases provided in other areas of non-Medicaid funding. Uses reported average of $3,018 per client, increased by 3.25 percent in FY 2006-07.

[3/] Includes special funding for crisis stabilization services, including $450,000 for Southwest and $450,000 for Colorado West.

**Demand for Services and Staffing at the Mental Health Institutes**

The state operates two hospitals for the severely mentally ill: the Fort Logan Mental Health Institute, located in Denver, and the Pueblo Mental Health Institute. These institutes are administered by the Department of Human Services. The FY 2006-07 budget for the institutes is $87.7 million to maintain 528 beds or around 7,500 individuals, including the churn in and out of the institutes. In FY 2004-05, the average cost per bed was $171,543, including $168,656 at the Mental Health Institute at Fort Logan and $172,683 at the Mental Health Institute at Pueblo.

Since the mid-1990s, expenditures for the state mental health institutes have been severely affected by a loss of patient-based revenue, stemming from a decline in the number of patient hospitalizations. The number of beds used at the institutes declined by about a third in the last decade, from 813 in FY 1994-95 to 528 in FY 2006-07. This declining level of patient hospitalization is attributable to two primary factors: (1) changes in the delivery of mental health services resulting from managed care; and (2) the "deinstitutionalization" of clients into a community setting. The use of managed care for mental health services has resulted in fewer hospitalizations in the institutes as mental health providers seek to provide lower cost alternative services in the community, closer to home. The trend toward "deinstitutionalization" has resulted in shorter hospital stays as patients are moved more quickly to community settings for treatment, instead of being treated through lengthier stays in an institutional setting. Despite this decline in census, the expenditures have increased at the mental health institutes. The increases are attributable to inflationary factors, including salaries, and the *Neiberger* lawsuit settlement.

| | FY 01-02 Actual | FY 02-03 Actual | FY 03-04 Actual | FY 04-05 Actual | FY 05-06 Appropriation | FY 06-07 Appropriation |
|---|---|---|---|---|---|---|
| Institute Budget | $80,337,881 | $79,461,197 | $80,524,106 | $83,316,765 | $84,127,915 | $87,698,179 |
| FTE | 1,308.3 | 1,286.4 | 1,183.0 | 1,246.2 | 1,246.2 | 1,252.6 |
| Ft. Logan Avg. Daily Census | 188 | 171 | 146 | 149 | 151 | 151 |
| Pueblo Avg. Daily Census | 494 | 439 | 390 | 377 | 377 | 377 |
| Total Avg. Daily Census | 682 | 610 | 536 | 526 | 528 | 528 |
| Change in Funding | $0 | ($876,684) | $1,062,909 | $2,792,659 | $811,150 | $3,570,264 |
| Change in FTE | 0.0 | (21.9) | (103.4) | 63.2 | 0.0 | 6.4 |
| Change in Census | 0 | (72) | (74) | (10) | 2 | 0 |

## Summary of Major Legislation

✓ **H.B. 06-1373 (Buescher/Tapia): Refinancing of forensics hospital.** The bill authorizes the executive director of the Department of Human Services to enter into a construction contract for the construction of an institute for forensic psychiatry and auxiliary facilities at the Colorado Mental Health Institute at Pueblo. The bill repeals the authority of the executive director to enter into a lease

for the institute and auxiliary facilities. The total cost of the facility, including heating plant expansion, is $57.9 million. The bill appropriates $20 million General Fund in FY 2005-06 and $15.0 million Capital Construction Fund in FY 2006-07 to the Department of Human Services. Additionally, it transfers General Fund moneys to the Capital Construction Fund for FY 2006-07 and FY 2007-08 to pay for the institute and auxiliary facilities. This expenditure reduces out-year health care costs, saving over $30 million on facility costs.

✓ **S.B. 05-59 (Keller/Hefley):** Mental Health Districts. Authorizes the creation of a mental health care service district to provide mental health care service to residents and to family members of such residents, subject to voter approval. Allows such a district to be created through voter approval to levy either a sales or property tax. If a property tax is approved, the district is required to be created in accordance with the "Special District Act."

✓ **H.B. 05-1309 (Romanoff/Tapia): Forensics hospital.** Authorized the executive director of the Department of Human Services to enter into a lease agreement with a private party to occupy and operate an institute for forensic psychiatry and auxiliary facilities at the Colorado Mental Health Institute at Pueblo (CMHIP). *Please see H.B. 06-1373 which repealed this option.*

✓ **H.B. 04-1265 (Witwer/Reeves): Transfer of Medicaid Mental Health program administration from DHS to HCPF.** Transfers the administration of the Medicaid mental health community program from the Department of Human Services to the Department of Health Care Policy and Financing, except for the Goebel lawsuit settlement program. This included a transfer of $1,072,754 total funds and 9.0 FTE for administration; a transfer of $190,534,208 in Medicaid mental health community appropriations from DHS to HCPF, and the elimination of the "double-count" of $149,639,812 in HCPF. The latter was moneys that were appropriated initially in HCPF and then transferred over to DHS. By transferring the program dollars to HCPF, those moneys are not transferred to DHS and are hence not double-counted.

✓ **H.B. 04-1075 (Romanoff/Johnson): Treatment for High-Risk Pregnant Women.** Authorizes the Department of Health Care Policy and Financing to seek a state plan amendment to expand substance abuse treatment services to Medicaid eligible women from two months to 12 months following a pregnancy. The legislation and appropriation ($95,805) anticipated that the expanded services would begin in October 2004. The appropriation added $95,805 cash funds exempt in FY 2004-05. The bill authorizes a transfer from the state funds within the substance abuse block grant program to be used as the state match for the program.

***NOTE: The funding associated with H.B. 04-1075 has not been occurred as implementation is "on-going". After a very slow state implementation, the federal CMS is reviewing the plan.***

✓ **S.B. 03-282 (Teck/Witwer): Tobacco Litigation Cash Settlement Transfer.** *Child Mental Health Treatment Act*: Appropriated $451,358 cash funds exempt funding to the Department of Human Services for the "Child Mental Health Treatment Act". This funding includes $95,918 in tobacco settlement funds that are appropriated directly to the Department of Human Services and an additional $355,436 in Medicaid funds transferred from the Department of Health Care Policy Financing that

originate as $177,718 tobacco settlement funds and $177,718 matching federal funds. *Mental Health Capitation.* Appropriated $1.0 million to the Department of Human Services, transferred from the Department of Health Care Policy and Financing, for the mental health capitation program for FY 2003-04 only. This amount originates in the Department of Health Care Policy and Financing as $500,000 cash funds exempt out of tobacco settlement funding and $500,000 in matching federal funds.

✔ **H.B. 00-1034 (Kester/Wham): Mentally Ill Juvenile Offenders.** Created two community-based intensive treatment management pilot programs for mentally ill juveniles who are involved in the criminal justice system.

✔ **H.B. 99-1116 (Keller/Arnold): Residential Treatment Centers.** Supports access to residential treatment centers (RTCs) for children who are not eligible for Medicaid services based on income, other "categorical" Medicaid classification, or county "dependency or neglect" actions.

✔ **S.B. 95-78 (Rizzuto/Anderson): Mental Health Capitation.** Instructed the Departments of Human Services and Health Care Policy and Financing to expand the Medicaid mental health capitation program statewide by FY 1997-98. Original pilot authorized by H.B. 92-1306.

## Major Funding Changes FY 2005-06 to FY 2006-07

| Action (Source) | General Fund | Other Funds | Total Funds | Total FTE |
|---|---|---|---|---|
| *Medicaid Mental Health Community Programs* | | | | |
| **Various community programs**<br>Annualization of FY 2005-06 (supplemental) increase to reinstate funding for indigent mental health care | $4,350,000 | | **$4,350,000** | **0.0** |
| 3.25 percent COLA | $1,490,772 | | **$1,490,772** | **0.0** |
| Annualization of FY 2005-06 (supplemental) increase to add funding for early childhood mental health services | $820,000 | | **$820,000** | **0.0** |
| Annualization of FY 2005-06 (supplemental) increase to add funding for Fort Logan residential mental health community services after FY 2001-02 deinstitutionalization | $670,000 | | **$670,000** | **0.0** |
| New funding for Colorado West mental health-- crisis stabilization services | $450,000 | | **$450,000** | **0.0** |
| New funding for Southwest Colorado mental health -- crisis stabilization services | $450,000 | | **$450,000** | **0.0** |
| ***Mental Health Institutes (Pueblo and Ft. Logan)*** | | | | |
| **MH Institutes (Ft. Logan and Pueblo)** | $816,293 | | **$816,293** | **0.0** |

| Action (Source) | General Fund | Other Funds | Total Funds | Total FTE |
|---|---|---|---|---|
| Annualization of FY 2005-06 (supplemental) increase for psychiatrists and other medical professionals | | | | |
| **MH Institutes (Ft. Logan and Pueblo)**<br>*JBC initiated common policy inflationary increases* | $413,842 | | **$413,842** | **0.0** |
| **MH Institutes (Ft. Logan and Pueblo)**<br>Services to Sol Vista DYC and La Vista DOC Clients | | $644,974<br>*Transfer of Funds* | **$644,974** | **6.4** |
| **MH Institutes (Ft. Logan and Pueblo)**<br>Revenue adjustments | ($1,279,486) | $1,279,486 | **$0** | **0.0** |
| ***ADAD Community Programs*** | | | | |
| General Fund infusion to account for federal funds loss in two RTC programs (ARTS and Arapahoe House) | $700,000 | | **$700,000** | **0.0** |
| 3.25 percent COLA | $329,174 | | **$329,174** | **0.0** |
| Annualization of FY 2005-06 STIRRT increase | $300,000 | | **$300,000** | **0.0** |
| Funding restoration | $250,000 | | **$250,000** | **0.0** |

# FY 2007-08 Budget Briefing
# Department of Health Care Policy and Financing
# Change Requests: Decision Items

| Priority | Division: Description<br>*[Statutory Authority]* | GF | CF | CFE | FF | Total | FTE |
|---|---|---|---|---|---|---|---|
| 1 | **Medical Service Premiums**<br><br>Estimated base increase to the medical services premiums line item based on the anticipated number of clients who will be served in FY 2007-08 and the cost of providing medical services to those clients. The Department currently projects an increase in caseload of 5.7 percent. The Department is also projecting an increase in overall per-capita spending of 2.3 percent. Therefore, the total increase projected for the **base** change to medical services premiums is an estimated increase of 7.1 percent.<br><br>*Sections 25.5-4-104 (1), and 25.5-5-101 (1), C.R.S. (2006)* | $53,959,687 | ($38,256) | $19,753,332 | $75,751,403 | $149,426,166 | 0.00 |
| 2 | **Medicaid Community Mental Health Services, multiple line items**<br><br>Estimated base increase for mental health services based on caseload and capitation projections. Staff has prepared a briefing issue about this request.<br><br>*Sections 25.5-5-308, C.R.S. (2006); 25.5-5-408, C.R.S. (2006); 25.5-5-411, C.R.S. (2006)* | $5,088,974 | $0 | ($1,857,803) | $6,950,481 | $10,181,652 | 0.00 |
| 3 | **Indigent Care Program, Children's Basic Health Plan, multiple line items**<br><br>Estimated base increase for medical and dental costs related to caseload growth and the cost of services before any policy changes.<br><br>*Sections 25.5-8-105, C.R.S. (2006); 25.5-8-109, C.R.S. (2006); 25.5-8-107 (1) (a) (I)-(II), C.R.S. (2006); 24-22-117 (2) (a) (II) (A), C.R.S. (2006)* | $4,481,968 | $47,163 | $7,598,277 | $14,023,499 | $26,150,907 | 0.00 |

# FY 2007-08 Budget Briefing
# Department of Health Care Policy and Financing
# Change Requests: Decision Items

| Priority | Division: Description<br>*[Statutory Authority]* | GF | CF | CFE | FF | Total | FTE |
|---|---|---|---|---|---|---|---|
| 4 | **Implementation of the Federal Deficit Reduction Act of 2005 & H.B. 06S-1023 (Immigration Reform) -- Multiple Divisions and Line Items**<br><br>Estimated costs for implementing the Deficit Reduction Act of 2005 and H.B. 06S-1023. Both of these law changes require the Department to verify citizenship before authorizing Medicaid benefits. In order to comply with these law changes, the Department estimates additional costs for processing applications, revising application materials, making changes to computer systems, instituting temporary compliance procedures and conducting audits to insure citizenship is being verified as required by the new rule changes.<br><br>*H.B. 06S-1023 (Sections 24-76.5-101 through 24-76.5-103); S.B. 06-219; Pub. L 109-171, Sec. 6036 (42 U.S.C. 1396b); and Pub. L. 104-193 (8 U.S.C. 1612).* | $979,398 | $0 | $576,871 | $1,475,694 | $3,031,963 | 3.00 |
| 5 | **Executive Director's Office, Commercial Lease Space**<br><br>This request is for additional commercial lease space to accommodate the Department's current and projected FTE.<br><br>*Sections 24-1-107, C.R.S. (2006); 25.5-1-104 (2) and (4), C.R.S. (2006)* | $111,404 | $0 | $0 | $111,404 | $222,808 | 0.00 |
| 6 | **Provider Rate Increase, Multiple Divisions and Multiple Line Items**<br><br>This request is to provide rate increases to maintain inpatient hospital rates at 90% of Medicare's rates; increase reimbursement to single entry point agencies; increase rates for medical procedures and services which are paid below cost or have not received a rate increase over an extended period of time; and to provide an increase for county administration and administrative case management payments.<br><br>*Sections 25.5-4-104 (1), C.R.S. (2006) and 25.5-5-101 (1), C.R.S. (2006)* | $7,009,313 | $0 | $138,113 | $7,065,306 | $14,212,732 | 0.00 |

# FY 2007-08 Budget Briefing
# Department of Health Care Policy and Financing
# Change Requests: Decision Items

| Priority | Division: Description<br>*[Statutory Authority]* | GF | CF | CFE | FF | Total | FTE |
|---|---|---|---|---|---|---|---|
| 7 | **Executive Director's Office, Non-Emergency Transportation Services**<br><br>This request seeks additional funding for non-emergency transportation services due to increases in contractor and county costs to administer the program.<br><br>*Section 25.5-5-202 (1) (s) (II) (2), C.R.S. (2006)* | $732,398 | $0 | $0 | $732,398 | $1,464,796 | 0.00 |
| 8 | **Executive Director's Office, Multiple Line Items, Processing Applications within Guidelines**<br><br>On September 20, 2006, the Joint Budget Committee provided initial approval to the Department for a 1331 supplemental to increase their FTE by 4.0 positions and the corresponding operating costs in order to comply with federal guidelines for processing Medicaid and CBHP applications. This decision item reflects annualized costs of this decision for FY 2007-08 that is not included in the current appropriated base.<br><br>*Sections 25.5-4-205 (1) (a),C.R.S. (2006)* | $38,737 | $0 | $26,367 | $87,703 | $152,807 | 4.00 |
| 9 | **Executive Director's Office, Personal Services and Other Medical Services, S.B. 97-101 Public School Health Services**<br><br>This request is a technical correction on how the funding for the Public School Health Services program is shown in order to be in compliance with a federal CMS audit of the program. The technical adjustment eliminates a double counted transfer of funds to the Department of Education for its administrative oversight of<br><br>*Section 25.5-5-318 (8) (a), C.R.S. (2006)* | $0 | $0 | $0 | $184,520 | $184,520 | 0.00 |

# FY 2007-08 Budget Briefing
# Department of Health Care Policy and Financing
# Change Requests: Decision Items

| Priority | Division: Description<br>*[Statutory Authority]* | GF | CF | CFE | FF | Total | FTE |
|---|---|---|---|---|---|---|---|
| 10 | **Multiple Divisions and Line Items, Office Medical Assistance**<br><br>This requests transfers a total of $22,705,084 of administrative costs from the Medical Services Premiums line items into different line items in the Executive Director's Office. This decision item would consolidate all administrative costs in the EDO Division. Currently, costs for disease management and single entry points are contained in the Medical Services Premiums line items. These costs are mainly administrative in nature and the Department believes that they should be more accurately reflected by transferring them from the Medical Services Premiums line item to the Executive Director's Office.<br><br>*Section 26-4-104 C.R.S. (2005)* | $0 | $0 | $0 | $0 | $0 | 0.00 |
| 11 | **Other Medical Services, Services for Old Age Pension State Medical Program Clients**<br><br>The Department requests that all of the fund balance remaining in the Old Age Pension State Medical Care Fund at the end of FY 2006-07 be appropriated in FY 2007-08 in order to alleviate some of the $1.2 million reduction that will occur without this decision item. With this decision item the reduction in FY 2007-08 will only be approximately $500,000.<br><br>*Sections 25.5-2-101 (2), C.R.S. (2006); 24-22-117 (1) © (II), C.R.S. (2006)* | $0 | $0 | $725,468 | $0 | $725,468 | 0.00 |
| 12 | **Executive Director's Office, Personal Services and Indigent Care Program Primary Care Fund Program**<br><br>This item requests that $75,200 be transferred from the Primary Care Fund Program line item into the Department's Personal Services line item. The funding is being transferred in order to conduct an audit of the Primary Care Fund program. The funding is cash funds exempt from the Primary Care Fund. Because this decision is a transfer of funds from the program line item, no new funding is needed for the audit.<br><br>*Section 25.5-3-102, et seq., C.R.S. (2006)* | $0 | $0 | $0 | $0 | $0 | 0.00 |

# FY 2007-08 Budget Briefing
# Department of Health Care Policy and Financing
# Change Requests: Decision Items

| Priority | Division: Description<br>*[Statutory Authority]* | GF | CF | CFE | FF | Total | FTE |
|---|---|---|---|---|---|---|---|
| 13 | **Executive Director's Office, Personal Services**<br><br>This item is a technical request to increase the appropriated full-time equivalent (FTE) count of the Department by 12.8, without a corresponding increase in appropriated funding. The Department believes that 12.8 FTE can be absorbed within the Department's existing resources; therefore, no new funding is requested with this decision item.<br><br>*Section 24-1-107, C.R.S. (2006); 25.5-1-104 (2) and (4), C.R.S. (2006)* | $0 | $0 | $0 | $0 | $0 | 12.80 |
| | **Total HCPF Decision Items (All Items)** | **$72,401,879** | **$8,907** | **$26,960,625** | **$106,382,408** | **$205,753,819** | **19.8** |
| | **Total HCPF Decision Item Impact for Medicaid Mental Health** | **$5,088,974** | **$0** | **($1,857,803)** | **$6,950,481** | **$10,181,652** | **0.0** |

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**DEPARTMENT OF HUMAN SERVICES (Shaded items relate to areas covered in this briefing packet)**
**Decision Item Priority List**

| Priority | Division: Description<br>*[Statutory Authority]* | GF | CF<br>*[Source]* | CFE<br>*[Source]* | FF<br>*[Source]* | Total | *Net GF** | FTE |
|---|---|---|---|---|---|---|---|---|
| 1 | **Services for People with Disabilities, Developmental Disability Services**<br>Increase staffing at regional centers as part of multi-year plan to increase staffing intensity. Amount shown is annualized to $1.0 million ($540,000 General Fund) and 29.0 FTE in FY 2008-09)<br>*[Sections 27-10.5-101 through 27-10.5-503 and 25.5-6-401 through 411 C.R.S.]* | $0 | $0 | $478,783<br>*[Medicaid]* | $0 | $478,783 | *$239,392* | 14.5 |
| 2 | **Division of Youth Corrections, Community Programs**<br>Increase funding due to population impacts on contract bed placements. DYC is projecting an increase of $2,450,819 ($2,395,815 net General Fund) in FY 2008-09.<br>*[Sections 19-2-402 and 403, C.R.S., require DYC to provide care and treatment to detained and committed youth. DYC is responsible for supervising youths on parole pursuant to Section 19-2-209, C.R.S.]* | 2,156,660 | 0 | 536,314<br>*[Medicaid]* | 0 | 2,692,974 | *2,424,817* | 0.0 |

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| Priority | Division: Description<br>*[Statutory Authority]* | GF | CF<br>*[Source]* | CFE<br>*[Source]* | FF<br>*[Source]* | Total | *Net GF** | FTE |
|---|---|---|---|---|---|---|---|---|
| 3 | **Services for People with Disabilities, Developmental Disability Services**<br>Provide comprehensive community-based residential services for an additional 79 persons for six months, including 39 individuals transitioning from foster care, 30 needing emergency placement, and 10 from the waiting list; provide adult supported living services for an additional 24 youth aging out of the Children's Extensive Support (CES) waiver program; provide state-funded early intervention services for an additional 209 infants and toddlers with developmental disabilities and delays; and add 12 youth to the CES program. Request annualizes to $8.8 million ($4.7 million NGF) in FY 07-08.<br>*[Sections 27-10.5-101 through 27-10.5-503 and 25.5-6-401 through 411 C.R.S.]* | 609,872 | 0 | 3,796,001<br>*[Medicaid]* | 0 | 4,405,873 | *2,329,514* | 0.0 |

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| Priority | Division: Description<br>*[Statutory Authority]* | GF | CF<br>*[Source]* | CFE<br>*[Source]* | FF<br>*[Source]* | Total | *Net GF** | FTE |
|---|---|---|---|---|---|---|---|---|
| 4 | **Office of Operations**<br>Increase operating funds for facilities management of direct care facilities. Partially one-time; annualizes to $400,000 ($356,00 NGF) in FY 2007-08.<br>*[Section 24-102-302, C.R.S.]* | 749,737 | 0 | 211,464<br>*[Medicaid (transfer from HCPF)]* | 0 | 961,201 | *855,469* | 0.0 |
| 5 | **Office of Information Technology Services**<br>Increase funding to support contractual increase for the primary vendor of the CBMS; increase system maintenance for hardware that has passed out of warranty; provide ongoing maintenance costs to support Federal TANF reporting process.<br>*[Sections 25.5-4-204; 25.5-6-311; 25.5-8-101 et. Seq.; 26-1-109,111; 26-2-723; 25.5-3-101 et. Seq., C.R.S.]* Please note that some of these citations have been modified from the Department's list to reflect repeal and renumbering. | 64,392 | 32,924<br>*[Old Age Pension]* | 142,403<br>*[Medicaid (from HCP&F)]* | 315,507<br>*[Food Stamps and TANF]* | 555,226 | *131,104* | 0.0 |

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| Priority | Division: Description<br>*[Statutory Authority]* | GF | CF<br>*[Source]* | CFE<br>*[Source]* | FF<br>*[Source]* | Total | *Net GF** | FTE |
|---|---|---|---|---|---|---|---|---|
| 6 | **Division of Child Welfare, Child Welfare Services**<br><br>Increase funding by 1.1 percent to cover the projected cost increases due to the anticipated growth in the state child / adolescent population.<br><br>*[Sections 26-5-101 and 104 (4) (d), C.R.S.]* | 1,661,450 | 0 | 967,306<br><br>*[Medicaid and local funds]* | 1,061,506<br><br>*[Title IV-E]* | 3,690,262 | *1,853,047* | 0.0 |
| 7 | **Division of Youth Corrections, Institutional Programs**<br><br>Increase staffing at the Marvin W. Foote Youth Services Center. Amount shown is annualized to $318,489 (GF) and 7.5 FTE in FY 2008-09.<br><br>*[Sections 19-2-402 and 403, C.R.S., require DYC to provide care and treatment to detained and committed youth. DYC is responsible for supervising youths on parole pursuant to Section 19-2-209, C.R.S.]* | 212,638 | 0 | 0 | 0 | 212,638 | *212,638* | 5.6 |

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| Priority | Division: Description<br>*[Statutory Authority]* | GF | CF<br>*[Source]* | CFE<br>*[Source]* | FF<br>*[Source]* | Total | *Net GF** | FTE |
|---|---|---|---|---|---|---|---|---|
| 8 | **Mental Health and Alcohol and Drug Abuse Services**<br><br>Increase of $1,372,788 for community mental health services to 446 children and adults with mental illnesses and $128,244 to increase 2.0 FTE to enhance monitoring and compliance.<br><br>*[Sections 27-1-203, 27-1-204 (4) (a), 27-1-204 (5), C.R.S.]* Please note, these are not the statutes that the Department submitted to support its request; many of those statutes submitted applied to other programs (Medicaid, ADAD) or had been repealed. | 1,501,032 | 0 | 0 | 0 | 1,501,032 | *1,501,032* | 2.0 |
| 9 | **Executive Director's Office**<br><br>Increase staffing for human resources. Funding is for a temporary staff and associated costs; therefore, there is no FTE or annualization associated.<br><br>*[Sections 24-50-101 through 24-50-145, C.R.S.]* | 69,638 | 0 | 0 | 0 | 69,638 | *69,638* | 0.0 |

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| Priority | Division: Description<br>*[Statutory Authority]* | GF | CF<br>*[Source]* | CFE<br>*[Source]* | FF<br>*[Source]* | Total | *Net GF** | FTE |
|---|---|---|---|---|---|---|---|---|
| 10 | **Executive Director's Office**<br><br>Increase funding for Health Insurance Portability and Accountability Act (HIPAA) ongoing IT maintenance expenses.<br><br>*[45 C.F.R. Parts 160 and 164 HIPAA Administrative Simplification: Enforcement: Final Rule]* | 166,781 | 0 | 44,475<br>*[Medicaid]* | 11,119<br>*[Substance Abuse Prevention & Treatment Block Grant]* | 222,375 | *189,019* | 0.0 |
| 11 | **Executive Director's Office**<br><br>Appropriate staff for disaster recovery/business continuity support. This is a new line item under the EDO for FY 2007-08.<br><br>*[Sections 26-4-403.7, 610; 26-1-107, 109, 111; 26-2-701, 723; 26-15-101; 24-1-20, C.R.S.]* | 52,385 | 289<br>*[Mental Health Institutes (MHI) Patient Fees]* | 6,605<br>*[Medicaid, MHI Patient Revenue, and various sources]* | 13,553<br>*[Child Care Development Funds and various sources]* | 72,832 | *53,952* | 1.0 |

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|---|---|---|---|---|---|---|---|---|
| 12 | **Division of Youth Corrections, Community Programs**<br><br>Increase funding due to population impacts on case management and parole services. Amount shown is annualized to $354,061 (GF) and 3.5 FTE in FY 2008-09.<br><br>*[Sections 19-2-402 and 403, C.R.S., require DYC to provide care and treatment to detained and committed youth. DYC is responsible for supervising youths on parole pursuant to Section 19-2-209, C.R.S.]* | 439,056 | 0 | 0 | 0 | 439,056 | *439,056* | 6.1 |
| 13 | **Office of Self Sufficiency**<br><br>Increase funding and FTE for the Food Stamp Program to provide training, oversight, implement federal corrective action plans, and bring application processing into compliance with federal mandates.<br>*[Section 26-2-301, C.R.S.]* | 81,697 | 0 | 0 | 81,697<br>*[Food Stamps]* | 163,394 | *81,697* | 3.0 |

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|---|---|---|---|---|---|---|---|---|
| 14 | **Division of Youth Corrections, Institutional Programs**<br><br>Increase funding for purchased medical services. Costs are projected to increase $595,517 (GF) in FY 2008-09.<br><br>*[Sections 19-2-402, 403 and 19-1-103 (73) (a), C.R.S.]* | 456,570 | 0 | 0 | 0 | 456,570 | *456,570* | 0.0 |
| 15 | **Office of Information Technology Services**<br><br>Upgrade CMBS disaster recovery hardware to a level sufficient to allow continued operation in case of a disaster.<br><br>*[Section 25.5-3-101; 25.5-4-204; 25.5-6-311; 25.5-8-101; 26-1-107,109,111; 26-2-701; 24-1-120, C.R.S.]* Please note that some of these citations have been modified from the Department's list to reflect repeal and renumbering. | 88,272 | 45,134<br><br>*[Old Age Pension]* | 195,215<br><br>*[Medicaid (from HCP&F)]* | 233,797<br><br>*[Food Stamps and TANF]* | 562,418 | *179,724* | 0.0 |

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|---|---|---|---|---|---|---|---|---|
| 16 | **Executive Director's Office**<br><br>Increase staffing for the Records and Reports of Child Abuse or Neglect Program.<br><br>*[Sections 19-3-107, 313.5, C.R.S.]* | 0 | 124,319<br><br>*[Records and Reports Cash Fund]* | 0 | 0 | 124,319 | *0* | 2.8 |
| 17 | **Office of Information Technology Services**<br><br>Transfer FTE from OITS to Disability Determination Services<br>*[Section 25.5-4-204,205 C.R.S.]* | 0 | 0 | 0 | 0 | 0 | *0* | 0.0 |
| 18 | **Division of Child Care**<br>Automated Colorado Child Care Assistance Program System Replacement - Operating portion of a request totaling $8.6 million in federal Child Care Development Funds. Most of the request has been submitted through the capital development process and is undergoing CDC review. IMC rank 6 of 13.<br><br>*[Section 26-2-801 through 806, C.R.S.]* | 0 | 0 | 0 | 73,924<br><br>*[Child Care Development Funds]* | 73,924 | *0* | 0.0 |

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| Priority | Division: Description<br>*[Statutory Authority]* | GF | CF<br>*[Source]* | CFE<br>*[Source]* | FF<br>*[Source]* | Total | *Net GF** | FTE |
|---|---|---|---|---|---|---|---|---|
| 19 | **Office of Self Sufficiency**<br>Creation of Colorado Works Fraud Investigation FTE<br>*[Section 26-2-701 et. Seq., C.R.S.]* | 0 | 0 | 0 | 0 | 0 | *0* | 1.0 |
| 20 | **Services for People with Disabilities, Vocational Rehabilitation**<br>Business Enterprise Program - Develop and improve food vending facilities operated by blind and visually impaired persons in state and federal buildings<br>*[Section 26-8.5-100.1 through 107, C.R.S.]* | 0 | 0 | 223,080<br>*[Reserves in Business Enterprise Program Cash Fund]* | 824,242<br>*[Section 110 Vocational Rehabilitation funds]* | 1,047,322 | *0* | 0.0 |
| 21 | **Services for People with Disabilities, Vocational Rehabilitation**<br>Expand various vocational rehabilitation programs by increasing the Division's cash funds exempt (deferred revenue) and federal spending authority. Part of a five year plan by the Division to spend down existing deferred revenue from various local sources.<br>*[Section 26-8-101 to 106, C.R.S.]* | 0 | 0 | 287,779 | 1,063,297 | 1,351,076 | *0* | 0.0 |

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| Priority | Division: Description<br>*[Statutory Authority]* | GF | CF<br>*[Source]* | CFE<br>*[Source]* | FF<br>*[Source]* | Total | *Net GF** | FTE |
|---|---|---|---|---|---|---|---|---|
| 22 | **Mental Health and Alcohol and Drug Abuse Services**<br><br>Increase the program's spending authority by $400,000 to serve more clients; and add $45,125 and 1.0 FTE program assistant to address the increasing workload of the program.<br><br>*[Sections 26-1-301 through 26-1-310, C.R.S.]* | 0 | 0 | 445,195<br><br>*[Traumatic Brain Injury Trust Fund reserves]* | 0 | 445,195 | *0* | 1.0 |
| 23 | **Division of Child Welfare**<br><br>Increase funding for the Collaborative Management Program due to the increased number of counties participating in the program.<br><br>*[Section 24-1.9-101, C.R.S.]* | 0 | 0 | 1,088,750<br><br>*[Performance-based Collaborative Management Incentive Cash Fund]* | 0 | 1,088,750 | *0* | 0.0 |

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| Priority | Division: Description<br>*[Statutory Authority]* | GF | CF<br>*[Source]* | CFE<br>*[Source]* | FF<br>*[Source]* | Total | *Net GF** | FTE |
|---|---|---|---|---|---|---|---|---|
| 24 | **Mental Health and Alcohol and Drug Abuse Services**<br><br>Funding increase (pursuant to H.B. 06-1171) to do the following: increase youth prevention programs in successful counties ($110,000), increase funding for the media on repeat DUI offenders ($100,300), reporting on program effectiveness and recidivism ($23,790); reestablish funding for youth prevention programs ($20,000); restore DUI curriculum training materials ($14,334); and other projects.<br><br>*[Sections 42-3-303, C.R.S.]* | 0 | 0 | 273,424<br>*[Persistent Drunk Driver Cash Fund reserves]* | 0 | 273,424 | *0* | 0.0 |

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| Priority | Division: Description<br>*[Statutory Authority]* | GF | CF<br>*[Source]* | CFE<br>*[Source]* | FF<br>*[Source]* | Total | *Net GF** | FTE |
|---|---|---|---|---|---|---|---|---|
| 25 | **Mental Health and Alcohol and Drug Abuse Services**<br><br>Increase of cash fund spending authority to support two offender-specific substance abuse treatment programs and to pay for a portion of an evaluation project.<br><br>*[Section 16-11.5-102 (3), C.R.S.]* | 0 | 268,000<br>*[Drug Offender Surcharge Fund]* | 0<br>. | 0 | 268,000 | *0* | 0.0 |
| 26 | **Office of Operations**<br>Increase spending authority to enable the Department to purchase adequate fuel and maintenance supplies for state vehicles using Department maintenance and fueling stations.<br><br>*[Section 24-30-1104 (2) (b), C.R.S.]* | 0 | 0 | 173,591<br>*[State Garage Fund]* | 0 | 173,591 | *0* | 0.0 |

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| Priority | Division: Description<br>*[Statutory Authority]* | GF | CF<br>*[Source]* | CFE<br>*[Source]* | FF<br>*[Source]* | Total | *Net GF** | FTE |
|---|---|---|---|---|---|---|---|---|
| 27 | **Office of Information Technology Services**<br>Replace Client Index contractors with FTE<br>*[Section 24-37.5-101 et. Seq., C.R.S.]* | 0 | 0 | 0 | 0 | 0 | *0* | 3.0 |
| NP-1 | **Various** | 8,133,385 | 1,538,079 | 8,147,361 | 3,715,326 | 21,534,151 | *10,955,752* | 0.0 |
| | Provide a 2.0 percent cost of living adjustment (COLA) for all community providers. The impact of the request for areas covered in this briefing packet is shown in italics at right. | *$923,128* | *$0* | *$33,854* | *$0* | *$956,982* | *$933,665* | *0.0* |
| | *[Section 26-2-801 through 806, C.R.S.; Sections 27-10.5-101 through 503 and 26-4-621 through 631, C.R.S.; Section 26-8-101 through 26-8.5-107, C.R.S.]* | | | *[Medicaid (transfers from HCPF) and local match]* | | | | |

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|---|---|---|---|---|---|---|---|---|
| NP-2 | **Mental Health and Alcohol and Drug Abuse Services**<br><br>Transfer of Medicaid funds for the Goebel population to the Department of Health Care Policy and Financing, to be combined with the Medicaid capitation program (follows a "1331" request approved in September 2006).<br><br>*[Section 26-4-123, C.R.S.]* Please note, this statutory citation is for the Medicaid program which is appropriate for this request; however, the Department submitted a range of other statutory citations which apply to non-Medicaid, alcohol and drug abuse, and other programs which are not pertinent to this request. | 0 | 0 | (12,275,081)<br>*[Medicaid Cash Funds]* | 0 | (12,275,081) | *(6,137,541)* | 0.0 |

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|---|---|---|---|---|---|---|---|---|
| NP-3 | **Mental Health and Alcohol and Drug Abuse Services**<br><br>Financing mix change to reflect the elimination of the RTC program, includes a decrease of $393,696 Medicaid cash funds exempt, an increase of $196,848 tobacco cash funds exempt funds and $200,785 General Fund appropriated directly to the Department of Human Services.<br><br>*[Section 27-10.3-103, C.R.S.]* | 200,785 | 0 | (196,848)<br><br>*[Increase of $196,838 Tobacco Cash Fund Exempt and decrease of $393,693]* | 0 | 3,937 | *200,785* | 0.0 |
| NP-4 | **Office of Information Technology Services**<br><br>DPA - Multiuse Network<br><br>*[Section 24-30-1101 through 1105; and 24-37.5-202,203, C.R.S.]* | (17,793) | (292)<br><br>*[Various sources]* | (2,333)<br><br>*[Medicaid (transfers from HCP&F) and Various sources]* | (8,751)<br><br>*[ADAD, CCDF, Food Stamps, TANF, and Varioius sources]* | (29,169) | *(18,522)* | 0.0 |

**FY 2007-08 Joint Budget Committee Staff Budget Briefing**
**DEPARTMENT OF HUMAN SERVICES (Shaded items relate to areas covered in this briefing packet)**
**Decision Item Priority List**

| Priority | Division: Description<br>*[Statutory Authority]* | GF | CF<br>*[Source]* | CFE<br>*[Source]* | FF<br>*[Source]* | Total | *Net GF** | FTE |
|---|---|---|---|---|---|---|---|---|
| NP-5 | **Office of Operations**<br>Vehicle lease reconciliation and vehicle replacements<br>*[Section 24-30-1104 (2), C.R.S.]* | 23,281 | 0 | 25,457 | 1,556 | 50,294 | *34,392* | 0.0 |
| | **Total Department Request** | **$16,649,838** | **$2,008,453** | **$4,568,941** | **$7,386,773** | **$30,614,005** | ***$16,051,535*** | **40.0** |
| | ***Total for Shaded Items*** | **$2,624,945** | **$268,000** | **($11,719,456)** | **$0** | **($8,826,511)** | **($3,502,059)** | **3.0** |
| | ***Shaded Items w/o Goebel*** | **$2,624,945** | **$268,000** | **$555,625** | **$0** | **$3,448,570** | **$2,635,482** | **3.0** |

* These amounts are included for informational purposes only. Medicaid cash funds are classified as cash funds exempt for the purpose of complying with Article X, Section 20 of the State Constitution. These moneys are transferred from the Department of Health Care Policy and Financing, where about half of the dollars are appropriated as General Fund. Net General Fund equals the General Fund dollars listed above plus the General Fund transferred as part of Medicaid.

# FY 2007-08 Joint Budget Committee Staff Budget Briefing
## Department of Health Care Policy and Financing -
## Medicaid Mental Health Community Programs (Only)
## Overview of Numbers Pages

The Department of Health Care Policy and Financing, Division of Medicaid Mental Health Community Programs' FY 2007-08 request is **$20.1 million total funds ($5.5 million General Fund) higher** than the FY 2006-07 *estimate*. The following table shows the total change reflected in the request.

**Requested Changes FY 2006-07 *Estimate* to FY 2007-08 Request** [1]

| Category | Total | GF | CFE | FF |
|---|---|---|---|---|
| FY 2006-07 Appropriation [1] | $211,550,200 | $87,803,777 | $33,783,245 | $89,963,178 |
| FY 2006-07 Estimate [2] | 213,857,211 | 93,518,980 | 24,678,208 | 95,660,023 |
| FY 2007-08 Request | 234,006,933 | 99,030,292 | 31,925,442 | 103,051,199 |
| **FY 2007-08 Request Compared to FY 2006-07 Estimate** | **$20,149,722** | **$5,511,312** | **$7,247,234** | **$7,391,176** |
| **Percent Change** | **9.5%** | **6.3%** | **21.5%** | **8.2%** |

[1] This appropriation figure does not reflect the transfer of the Medicaid funding for the Goebel program of $12,275,091 ($6,137,541 General Fund).

[2] This figure reflects the FY 2006-07 estimate/request with all adjustments (rates, Goebel, caseload). Because it includes a variety of FY 2006-07 changes, this figure is the best one to use for FY 2007-08 comparisons.

**Notable FY 2007-08 Budget Changes:**
The FY 2007-08 changes as compared to the FY 2006-07 estimate are primarily comprised of the following factors:

- **$7.0 million** total funds for a **5.6 percent caseload** (22,777 clients) increase over the FY 2006-07 estimate of 408,717 clients, for a total FY 2007-08 mental health Medicaid caseload of 431,494 clients.

- **$7.4 million** total funds for a **3.9 percent inflationary adjustment** in the capitation line item (Medicaid mental health managed care). Please note, this 3.9 percent inflationary increase for FY 2007-08 comes on the heels of a 3.85 percent increase provided in the FY 2006-07 estimate, higher than the 2.71 percent increase reflected in the appropriation.

- $5.4 million cash funds exempt (transferred) for anti-psychotic pharmaceuticals, shown for informational purposes from the Medicaid Premiums budget.

- $91,342 for increased in the area of fee-for-service mental health.

# FY 2007-08 Joint Budget Committee Staff Budget Briefing
## Department of Human Services -
## Mental Health and Alcohol and Drug Abuse Division (Only)
## Overview of Numbers Pages

The Department of Human Services, Division of Mental Health and Alcohol and Drug Abuse's FY 2007-08 request is **$5.7 million total funds ($4.6 million net General Fund) higher** than the FY 2006-07 appropriation. The following table shows the total change reflected in the request.

**Requested Changes Adjusted FY 2006-07 to FY 2007-08** [1]

| Category | Total | GF | CF | CFE | FF | **Net GF** [2] | FTE |
|---|---|---|---|---|---|---|---|
| FY 2006-07 Adjusted Appropriation | $189,297,920 | $112,231,097 | $7,108,280 | $23,014,972 | $46,943,571 | **$115,376,281** | 1,320.7 |
| FY 2007-08 Request | 195,047,581 | 116,765,946 | 7,378,796 | 23,901,220 | 47,001,619 | **119,961,838** | 1,327.3 |
| **Increase** | **$5,749,661** | **$4,534,849** | **$270,516** | **$886,248** | **$58,048** | **$4,585,557** | **6.6** |
| **Percent Change** | **3.0%** | **4.0%** | **3.8%** | **3.9%** | **0.1%** | **4.0%** | **0.5%** |

[1] For purposes of this comparison, the FY 2006-07 appropriation shown is adjusted by the "1331" supplemental FY 2006-07 adjustment which was approved by the JBC on September 20, 2006. [2] Please note, the Net GF reflects the General Fund within the Medicaid Cash Funds Exempt transfer plus the direct General Fund.

**Notable FY 2007-08 Budget Changes:**

- *Allocations and annualizations from FY 2006-07.* Increase of $2,374,767 ($2,301,480 General Fund) in FY 2006-07 salary survey allocations incorporated into the base for FY 2007-08. Also includes an increase of $304,294 cash funds exempt and 3.6 FTE for annualization of DYC and DOC facility services (on the mental health institute grounds).

- *Increases for mental health services and a COLA*. Increase of $1,372,788 General Fund for mental health community services to an estimated 446 adults and children (DI #8). Also includes an increase of $956,982 ($933,665 General Fund) for a 2.0 percent provider rate increase (Non-Prioritized #1) for mental health and alcohol and drug abuse programs.

- *Cash fund programs*. Increase of $268,000 cash funds from the Drug Offender Surcharge (DI #25) and increase of $273,424 cash funds exempt from the Persistent Drunk Driver Cash Fund ( DI #24). Also requests $400,000 cash funds exempt for the Traumatic Brain Injury Program.

- *Administrative increases*. Increase of $128,244 General Fund for 2.0 FTE for additional Mental Health administration staff (DI #8) and an increase of $45,195 cash funds exempt and 1.0 FTE for the Traumatic Brain Injury Program (DI #22).

| | FY 2004-05 Actual | FY 2005-06 Actual | FY 2006-07 Appropriation | FY 2007-08 Request | FY 2007-08 Change Requests |
|---|---|---|---|---|---|
| **DEPARTMENT OF HEALTH CARE POLICY AND FINANCING** | | | | | |
| **Executive Director: Steve Tool** | | | | | |
| | | | | | |
| **(3) Medicaid Mental Health Community Programs** | | | | | |
| | | | | | |
| **Mental Health Programs** | | | | | |
| | | | | | |
| (1) Medicaid Mental Health Capitation | | | | | |
| | | | | | |
| Capitation Base Payments for Medicaid Eligible Client | 149,346,526 | 164,839,222 | 178,184,177 a/ | 204,351,293 | DI #2 |
| General Fund | 74,686,553 | 82,328,858 | 86,935,767 | 98,165,079 | |
| Cash Funds Exempt (Tobacco) | 0 | 85,498 | 2,153,241 | 4,000,227 | |
| Federal Funds | 74,659,973 | 82,424,866 | 89,095,169 | 102,185,987 | |
| | | | | | |
| Mental Health Services for Breast and Cervical Cancer Patients | 12,318 | Consolidated Above | Consolidated Above | Consolidated Above | |
| Cash Funds Exempt (Tobacco) | 4,311 | | | | |
| Federal Funds | 8,007 | | | | |
| | | | | | |
| Mental Health Institute Rate Refinance Adjustment | 1,130,950 | Consolidated Above | Consolidated Above | Consolidated Above | |
| General Fund | 565,475 | | | | |
| Federal Funds | 565,475 | | | | |
| | | | | | |
| Alternatives to Inpatient Hospitalization at the Mental Health Institute at Pueblo | 852,311 | Consolidated Above | Consolidated Above | Consolidated Above | |
| General Fund | 426,155 | | | | |
| Federal Funds | 426,156 | | | | |

| | FY 2004-05 Actual | FY 2005-06 Actual | FY 2006-07 Appropriation | FY 2007-08 Request | FY 2007-08 Change Requests |
|---|---|---|---|---|---|
| Alternatives to Inpatient Hospitalization at the | | | | | |
| Mental Health Institute at Fort Logan | 783,191 | Consolidated | Consolidated | Consolidated | |
| General Fund | 391,595 | Above | Above | Above | |
| Federal Funds | 391,596 | | | | |
| Alternatives to the Fort Logan Aftercare Program | 310,702 | Consolidated | Consolidated | Consolidated | |
| General Fund | 155,351 | Above | Above | Above | |
| Federal Funds | 155,351 | | | | |
| (2) Other Medicaid Mental Health Payments | | | | | |
| Medicaid Mental Health Fee for Service Payment | 1,379,580 | 1,231,389 | 1,736,019 b/ | 1,730,425 | DI #2 |
| General Fund | 689,790 | 615,694 | 868,010 | 865,213 | |
| Federal Funds | 689,790 | 615,695 | 868,009 | 865,212 | |
| Medicaid Mental Health Child Placement Agency - CFE c/ | 2,436,950 | 0 | 0 | 0 | |
| Medicaid Anti-Psychotic Pharmaceuticals - CFI | 45,954,548 | 27,105,418 | 31,630,004 c/ | 27,925,215 | DI #2 |
| | | | | | Request vs. Approp. d/ |
| **TOTAL - Medicaid Mental Health Community Programs** | 202,207,076 | 193,176,029 | 211,550,200 | 234,006,933 | 10.6% |
| General Fund | 76,914,919 | 82,944,552 | 87,803,777 | 99,030,292 | 12.8% |
| Cash Funds Exempt (Tobacco, Including Amend. 35 | 4,311 | 85,498 | 2,153,241 | 4,000,227 | 85.8% |
| Cash Funds Exempt (Transfer from Premiums) | 48,391,498 | 27,105,418 | 31,630,004 | 27,925,215 | -11.7% |
| Federal Funds | 76,896,348 | 83,040,561 | 89,963,178 | 103,051,199 | 14.5% |

| | FY 2004-05 Actual | FY 2005-06 Actual | FY 2006-07 Appropriation | FY 2007-08 Request | FY 2007-08 Change Requests |
|---|---|---|---|---|---|

a/ The budget contains an estimate of $189,665,907. This figure includes a "1331" transfer of $12,275,081 total funds ($6,137,541 General Fund) of the Goebel program from the Department of Human Services, and a decrease of $793,351 from the appropriation.

b/ The budget contains an estimate of $1,639,083, a decrease of $96,936 from the appropriation.

c/ The budget contains an estimate of 24,191,304, a decrease of $9,077,783 from the appropriation.
adjusted for, the FY 2007-08 total percent increase is 4.6 percent over FY 2006-07.
Services, and a decrease of $793,351 from the appropriation.

d/ The inclusion of the Goebel transfer into the request base, but not within the FY 2006-07 appropriation shown distorts the amount of the increase. With Goebel adjusted for, the FY 2007-08 total percent increase is 4.5 percent over FY 2006-07.

| | | | | | Request vs. "1331" Supplemental Approp. a/ |
|---|---|---|---|---|---|
| **TOTAL - Medicaid Mental Health Community Programs** | 202,207,076 | 193,176,029 | 223,825,281 | 234,006,933 | 4.5% |
| General Fund | 76,914,919 | 82,944,552 | 93,941,318 | 99,030,292 | 5.4% |
| Cash Funds Exempt (Tobacco, Including Amend. 35 | 4,311 | 85,498 | 2,153,241 | 4,000,227 | 85.8% |
| Cash Funds Exempt (Transfer from Premiums) | 48,391,498 | 27,105,418 | 31,630,004 | 27,925,215 | -11.7% |
| Federal Funds | 76,896,348 | 83,040,561 | 96,100,718 | 103,051,199 | 7.2% |

a/ This percent change reflects the change to the "1331" supplemental adjusted FY 2006-07 base

| | FY 2004-05 Actual | FY 2005-06 Actual | FY 2006-07 Appropriation | FY 2007-08 Request | Change Requests |
|---|---|---|---|---|---|
| **DEPARTMENT OF HUMAN SERVICES** | | | | | |
| **Executive Director: Marva Livingston Hammons** | | | | | |
| **(4) MENTAL HEALTH AND ALCOHOL AND DRUG ABUSE SERVICES** | | | | | |
| **(A) Administration** | | | | | |
| (Primary functions: Manages and provides policy direction to the Alcohol and Drug Abuse Division, the Indigent and Goebel Mental Health Communi Programs, the Mental Health Institutes, and Housing Programs. The source of cash funds is from the Traumatic Brain Injury Trust Fund, the source of cash fun exempt is primarily Medicaid and reserves in the TBI Trust, and the source of federal funds is primarily from housing grants and federal mental health block gra funds.) | | | | | |
| Personal Services | 1,137,015 | 1,310,149 | 1,510,054 | 1,670,357 | DI #8 |
| FTE | 11.3 | 16.3 | 16.6 | 18.6 | |
| General Fund | 387,540 | 259,325 | 424,366 | 546,117 | |
| Cash Funds Exempt | 366,112 | 371,845 | 389,205 | 403,198 | |
| Federal Funds | 383,363 | 678,979 | 696,483 | 721,042 | |
| *For Informational Purposes* | | | | | |
| *Medicaid Cash Funds Exempt* | *280,587* | *299,003* | *296,077* | *306,725* | |
| *Medicaid - General Fund therein* | *140,293* | *149,501* | *148,040* | *153,363* | |
| *Net General Fund* | *527,833* | *408,826* | *572,406* | *699,480* | |
| Operating Expenses | 84,907 | 80,465 | 33,690 | 44,700 | DI #8 |
| General Fund | 4,815 | 20,431 | 20,431 | 31,441 | |
| Cash Funds Exempt | 0 | 11,274 | 11,274 | 11,274 | |
| Federal Funds | 80,092 | 48,760 | 1,985 | 1,985 | |
| *For Informational Purposes* | | | | | |
| *Medicaid Cash Funds Exempt* | *0* | *0* | *11,274* | *11,274* | |
| *Medicaid - General Fund therein* | *0* | *0* | *5,636* | *5,637* | |
| *Net General Fund* | *4,815* | *20,431* | *26,067* | *37,078* | |

| | FY 2004-05 Actual | FY 2005-06 Actual | FY 2006-07 Appropriation | FY 2007-08 Request | Change Requests |
|---|---|---|---|---|---|
| Federal Programs and Grants | 4,043,331 | 2,785,294 | 1,688,497 | 1,696,825 | |
| FTE | 8.9 | 7.4 | 7.0 | 7.0 | |
| General Fund | 2,289 | 0 | 0 | 0 | |
| Federal Funds | 4,041,042 | 2,785,294 | 1,688,497 | 1,696,825 | |
| Supportive Housing and Homelessness - FI | 17,289,219 | 16,785,235 | 15,656,900 | 15,682,061 | |
| FTE | 13.5 | 13.5 | 13.5 | 13.5 | |
| Cash Funds | 0 | 500 | 0 | 0 | |
| Cash Funds Exempt | 49,651 | 132,105 | 0 | 0 | |
| Federal Funds | 17,239,568 | 16,652,630 | 15,656,900 | 15,682,061 | |
| Traumatic Brain Injury Trust Fund | 558,541 | 1,357,421 | 1,967,016 | 2,414,727 | DI #22 |
| FTE | 1.5 a/ | 1.0 | 1.0 | 2.0 | |
| Cash Funds (TBI Trust Fund) | 558,541 | 1,357,421 | 1,505,318 | 1,507,834 | |
| Cash Funds Exempt (Reserves) | 0 | 0 | 461,698 | 906,893 | |
| | | | | | Request v. Approp. |
| **TOTAL - (A) Administration** | 23,113,013 | 22,318,564 | 20,856,157 | 21,508,670 | 3.1% |
| FTE | 35.2 | 38.2 | 38.1 | 41.1 | |
| General Fund | 392,355 | 279,756 | 444,797 | 577,558 | 29.8% |
| Cash Funds | 558,541 | 1,357,921 | 1,505,318 | 1,507,834 | 0.2% |
| Cash Funds Exempt | 415,763 | 515,224 | 862,177 | 1,321,365 | 53.3% |
| Federal Funds | 21,746,354 | 20,165,663 | 18,043,865 | 18,101,913 | 0.3% |
| *Medicaid Cash Funds Exempt* | *280,587* | *299,003* | *307,351* | *317,999* | 3.5% |
| *Medicaid - General Fund therein* | *140,293* | *149,501* | *153,676* | *159,000* | 3.5% |
| *Net General Fund* | *532,648* | *429,257* | *598,473* | *736,558* | 23.1% |

| | FY 2004-05 Actual | FY 2005-06 Actual | FY 2006-07 Appropriation | FY 2007-08 Request | Change Requests |
|---|---|---|---|---|---|

** NOTE: These lines are included for informational purposes only. Medicaid Cash Funds are classified as Cash Funds Exempt for the purpo of complying with Article X, Section 20 of the State Constitution. These moneys are transferred from the Department of Health Care Policy a Financing, where about half of the dollars are appropriated as General Fund. Net General Fund equals the General Fund dollars listed abo plus the General Fund transferred as part of Medicaid

a/ The Department was appropriated 1.0 FTE for this program, consistent with the Fiscal Note for this program. The Department requested additional FTE bu was denied this request by the JBC. As such, the Department exceeded its FTE authority for this program during this year.

**(B) Mental Health Community Programs**

(Primary functions: Funding and oversight of non-Medicaid community-based mental health programs, including the state's network of commun mental health centers and clinics. Pursuant to H.B. 04-1265, most Medicaid mental health programs were transferred to the Department of Health Care Polic and Financing.)

**(1) Mental Health Services for the Medically Indigent**

| | | | | | |
|---|---|---|---|---|---|
| Services for Indigent Mentally Ill Clients | 20,670,212 | 22,590,843 | 28,742,467 | 30,570,440 | DI #8, NP #1 |
| General Fund | 15,069,799 | 16,821,195 | 22,759,259 | 24,587,232 | |
| Cash Funds Exempt (Voc Rehab) | 0 | 0 | 0 | 0 | |
| Federal Funds | 5,600,413 | 5,769,648 | 5,983,208 | 5,983,208 | |
| Early Childhood Mental Health Services - GF | | 214,778 a/ | 1,135,750 | 1,158,465 | NP #1 |
| Assertive Community Treatment Programs | 1,213,600 | 1,237,872 | 1,278,102 | 1,303,664 | NP #1 |
| General Fund | 606,800 | 618,936 | 639,051 | 651,832 | |
| Cash Funds Exempt (Local Funds) | 606,800 | 618,936 | 639,051 | 651,832 | |
| Alternatives to Inpatient Hospitalization at the Mental Health Institute at Pueblo - GF | 894,871 | 912,768 | 942,433 | 961,282 | NP #1 |
| Alternatives to Inpatient Hospitalization at the Mental Health Institute at Ft. Logan - GF | 583,481 | 750,413 b/ | 1,543,743 | 1,574,618 | NP #1 |
| Alternatives to the Fort Logan Aftercare Program | 178,766 | 182,341 | 188,267 | 192,032 | NP #1 |

| | FY 2004-05 Actual | FY 2005-06 Actual | FY 2006-07 Appropriation | FY 2007-08 Request | Change Requests |
|---|---|---|---|---|---|
| Enhanced Mental Health Pilot Services for Detained Youth - GF | 0 | 426,227 c/ | 493,019 | 502,879 | NP #1 |
| Juvenile Mental Health Pilot (H.B. 00-1034) | 350,400 | 357,408 | 369,024 | 0 d/ | |
| General Fund | 175,200 | 178,704 | 184,512 | 0 | |
| Cash Funds Exempt (Local Funding) | 175,200 | 178,704 | 184,512 | 0 | |
| Alternatives to Inpatient Hospitalization for Youth - GF | 246,282 | 251,208 | 259,372 | 264,558 | NP#1 |
| | | | | | Request v. Approp. |
| Subtotal - Mental Health Services for the Medically Indigen | 24,137,612 | 26,923,858 | 34,952,177 | 36,527,938 | 4.5% |
| General Fund | 17,755,199 | 20,356,570 | 28,145,406 | 29,892,898 | 6.2% |
| Cash Funds Exempt | 782,000 | 797,640 | 823,563 | 651,832 | -20.9% |
| Federal Funds | 5,600,413 | 5,769,648 | 5,983,208 | 5,983,208 | 0.0% |
| *Medicaid Cash Funds* | 0 | 0 | 0 | 0 | |
| *Medicaid - GF Therein* | 0 | 0 | 0 | 0 | |
| *Net General Fund* | 17,755,199 | 20,356,570 | 28,145,406 | 29,892,898 | 6.2% |

a/ $280,000 was appropriated for this purpose ($65,222 was reverted).

b/ $825,151 was appropriated for this purpose ($74,738 was reverted).

c/ $477,000 was appropriated for this purpose ($51,273 was reverted).

d/ No funding was requested for this program as it sunsets effective July 1, 2007.

| | FY 2004-05 Actual | FY 2005-06 Actual | FY 2006-07 Appropriation | FY 2007-08 Request | Change Requests |
|---|---|---|---|---|---|
| **(2) Goebel Lawsuit** | | | | | |
| Goebel Lawsuit Settlement | 18,119,075 | 18,482,831 | 19,051,716 a/ | 6,914,582 | |
| FTE | 2.0 | 2.0 | 2.0 | 2.0 | |
| General Fund | 6,301,590 | 6,432,224 | 6,614,726 | 6,752,673 | |
| Cash Funds Exempt (Medicaid and Voc Rehab | 11,817,485 | 12,050,607 | 12,436,990 | 161,909 | |
| *For Information Only:* | | | | | |
| *Medicaid Cash Funds* | *11,817,485* | *11,888,698* | *12,275,081* | *0* | |
| *Medicaid - GF Therein* | *5,908,743* | *5,944,349* | *6,137,541* | *0* | |
| *Net General Fund* | *12,210,333* | *12,376,573* | *12,752,267* | *6,752,673* | |

a/ A "1331" emergency supplemental was approved on September 20, 2006 to transfer $12,275,081 Medicaid cash funds exempt (and $6,137,541 net General Fund within the Medicaid) from the Department of Human Services to the Department of Health Care Policy and Financing. This sum is incorporated into the Medicaid mental health capitation payments, pursuant to a requirement by the federal Centers for Medicare and Medicaid Services (CMS).

| | | | | | |
|---|---|---|---|---|---|
| **(3) Other** | | | | | |
| Residential Treatment for Youth | | | | | |
| (H.B. 99-1116) | 548,638 | 650,530 | 784,666 a/ | 794,127 | |
| General Fund | 0 | 49,342 | 206,500 | 411,415 | |
| CFE (Medicaid, Including Tobacco Match | 458,250 | 510,799 | 487,777 | 95,475 | |
| CFE (Direct Tobacco) | 90,388 | 90,389 | 90,389 | 287,237 | |
| *For Information Only:* | | | | | |
| *Medicaid Cash Funds* | *458,250* | *510,799* | *487,777* | *95,475* | |
| *Medicaid - General Fund therein* | *229,125* | *46,371* | *34,278* | *34,975* | |
| *Net General Fund* | *229,125* | *95,713* | *240,778* | *446,390* | |

| | FY 2004-05 Actual | FY 2005-06 Actual | FY 2006-07 Appropriation | FY 2007-08 Request | Change Requests |
|---|---|---|---|---|---|

a/ The JBC approved a "1331" emergency supplemental for this program on September 20, 2006. This funding request increased General Fund by $196,848, increased cash funds exempt from tobacco funds by $196,848 and decreased Medicaid cash funds exempt by $393,696. This increase is not yet reflected herein.

| | | | | | Request v. Approp. a/ |
|---|---|---|---|---|---|
| **TOTAL - (B) Mental Health Community Programs** | 42,805,325 | 46,057,219 | 54,788,559 | 44,236,647 | -19.3% |
| FTE | 2.0 | 2.0 | 2.0 | 2.0 | 0.0% |
| General Fund | 24,056,789 | 26,838,136 | 34,966,632 | 37,056,986 | 6.0% |
| Cash Funds Exempt | 13,148,123 | 13,449,435 | 13,838,719 | 1,196,453 | -91.4% |
| Federal Funds | 5,600,413 | 5,769,648 | 5,983,208 | 5,983,208 | 0.0% |
| *For Information Only:* | | | | | |
| *Medicaid Cash Funds*** | *12,275,735* | *12,399,497* | *12,762,858* | *95,475* | -99.3% |
| *Medicaid - General Fund therein* | *6,137,868* | *5,990,720* | *6,171,819* | *34,975* | -99.4% |
| *Net General Fund*** | *30,194,657* | *32,828,856* | *41,138,451* | *37,091,961* | -9.8% |

** NOTE: These lines are included for informational purposes only. Medicaid Cash Funds are classified as Cash Funds Exempt for the purpo of complying with Article X, Section 20 of the State Constitution. These moneys are transferred from the Department of Health Care Policy a Financing, where about half of the dollars are appropriated as General Fund. Net General Fund equals the General Fund dollars listed abo plus the General Fund transferred as part of Medicaid

a/ This percent change column is skewed by the 1331s which were approved for the FY 2006-07 budget on September 20, 2006, but whic are not reflected in the appropriation. However, the FY 2007-08 request does include these figures, which reduced the budget substantially. With the "1331" requests included in a recalibrated FY 2006-07 baseline, the FY 2007-08 total funds percent increase is instead 4.1 percent, 5.5 percent for net General Fund.

| | FY 2004-05 Actual | FY 2005-06 Actual | FY 2006-07 Appropriation | FY 2007-08 Request | Change Requests |
|---|---|---|---|---|---|
| **(C) Mental Health Institutes** | | | | | |
| (Primary function: The Mental Health Institutes provide inpatient hospital care for seriously mentally ill citizens of Colorado. There are two state mental heal institutes: the Colorado Mental Health Institute at Pueblo and the Colorado Mental Health Institute at Fort Logan. Cash and cash exempt sources are fror client revenue sources, including Medicaid. | | | | | |
| Personal Services | 69,539,243 | | | | |
| FTE | 1,148.3 | | | | |
| Operating Expenses | 8,554,805 | | | | |
| Mental Health Institutes | | 80,382,676 | 83,211,459 | 85,352,141 | |
| FTE | | 1,147.5 | 1,195.2 | 1,195.2 | |
| Sol Vista DYC Facility Services - CFE | | | 367,279 | 548,765 | |
| FTE | | | 3.8 | 5.0 | |
| La Vista Facility Services - CFE | | | 277,685 | 400,493 | |
| FTE | | | 2.6 | 5.0 | |
| General Hospital Personal Services | 2,687,789 | Consolidated below | | | |
| FTE | 33.1 | | | | |
| General Hospital Operating Expenses | 347,300 | Consolidated below | | | |
| General Hospital | N/A | 3,086,303 | 3,166,203 | 3,247,183 | |
| FTE | | 36.0 | 36.0 | 36.0 | |
| Educational Programs | 847,425 | 868,428 | 675,553 | 688,919 | |
| FTE | 14.0 | 12.3 | 15.0 | 15.0 | |
| Indirect Cost Assessment | 89,323 | | | | |

| | FY 2004-05 Actual | FY 2005-06 Actual | FY 2006-07 Appropriation | FY 2007-08 Request | Change Requests |
|---|---|---|---|---|---|
| | | | | | Request v. Approp. |
| **TOTAL - Mental Health Institutes** | 82,065,885 | 84,337,407 | 87,698,179 | 90,237,501 | 2.9% |
| FTE | 1,195.4 | 1,195.8 | 1,252.6 | 1,256.2 | 0.3% |
| General Fund | 62,189,239 | 63,122,162 | 65,163,670 | 67,398,698 | 3.4% |
| Cash Funds | 1,139,809 | 3,420,066 | 3,770,454 | 3,770,454 | 0.0% |
| Cash Funds Exempt | 18,405,490 | 17,471,305 | 18,119,091 | 18,119,091 | 0.0% |
| Cash Funds Exempt - Special Initiatives (DY( | 0 | 0 | 644,964 | 949,258 | 47.2% |
| Federal Funds | 331,347 | 323,874 | 0 | 0 | |
| *Medicaid Cash Funds*** | *4,661,345* | *3,911,062* | *4,946,108* | *4,946,108* | *0.0%* |
| *Medicaid - General Fund therein* | *2,330,672* | *1,955,531* | *2,473,054* | *2,473,054* | *0.0%* |
| *Net General Fund*** | *64,519,911* | *65,077,693* | *67,636,724* | *69,871,752* | *3.3%* |

** NOTE: These lines are included for informational purposes only. Medicaid Cash Funds are classified as Cash Funds Exempt for the purpo of complying with Article X, Section 20 of the State Constitution. These moneys are transferred from the Department of Health Care Policy a Financing, where about half of the dollars are appropriated as General Fund. Net General Fund equals the General Fund dollars listed abo plus the General Fund transferred as part of Medicaid

| | FY 2004-05 Actual | FY 2005-06 Actual | FY 2006-07 Appropriation | FY 2007-08 Request | Change Requests |
|---|---|---|---|---|---|
| **(D) Alcohol and Drug Abuse Division** | | | | | |
| (Primary function: The Alcohol and Drug Abuse Division develops, supports, and advocates for comprehensive services to reduce alcohol, tobacco, and otl drug abuse, and to promote healthy individuals, families, and communities. Cash fund sources include the Persistent Drunk Driver Cash Fund and the Dru Offender Surcharge Fund. The cash funds exempt is from Medicaid funds. | | | | | |
| **(1) Administration** | | | | | |
| Personal Services | 1,729,322 | 1,900,449 | 1,872,809 | 1,942,667 | |
| FTE | 23.6 | 24.9 | 28.0 | 28.0 | |
| General Fund | | 0 | 51,545 | 97,613 | |
| Cash Funds | "Bottom-line funded" | 37,140 | 37,805 | 37,805 | |
| Cash Funds Exempt (Medicaid) | in FY 2004-05 | 14,213 | 53,136 | 53,136 | |
| Cash Funds Exempt (Other Funds) | | 410,557 | 305,351 | 329,141 | |
| Federal Funds | | 1,438,539 | 1,424,972 | 1,424,972 | |
| *For Informational Purposes* | | | | | |
| *Medicaid Cash Funds Exempt* | | *14,213* | *53,136* | *53,136* | |
| *Medicaid - General Fund therein* | | *7,107* | *26,567* | *26,568* | |
| *Net General Fund* | | *7,107* | *78,112* | *124,181* | |
| Operating Expenses | 141,128 | 140,453 | 189,902 | 191,902 | |
| Cash Funds | "Bottom-line funded" | 37,810 | 11,788 | 11,788 | |
| Cash Funds Exempt (Medicaid) | in FY 2004-05 | 0 | 0 | 0 | |
| Cash Funds Exempt (Other Funds) | | 30,436 | 155,774 | 157,774 | |
| Federal Funds | | 72,207 | 22,340 | 22,340 | |
| *For Informational Purposes* | | | | | |
| *Medicaid Cash Funds Exempt* | | *0* | *952* | *952* | |
| *Medicaid - General Fund therein* | | *0* | *477* | *476* | |
| *Net General Fund* | | *0* | *477* | *476* | |
| Other Federal Grants - FF | Reported below | 225,706 a/ | 126,500 | 126,500 | |
| FTE | Other Federal Programs | 3.1 a/ | 0.0 | 0.0 | |

| | FY 2004-05 Actual | FY 2005-06 Actual | FY 2006-07 Appropriation | FY 2007-08 Request | Change Requests |
|---|---|---|---|---|---|
| Indirect Cost Assessment | 118,895 | 206,112 | 243,723 | 243,723 | |
| Cash Funds | | 1,687 | 3,280 | 3,280 | |
| Federal Funds | | 204,425 | 240,443 | 240,443 | |
| | | | | | Request v. Approp. |
| **Subtotal - (1) Administration** | 1,989,345 | 2,472,720 | 2,432,934 | 2,504,792 | 3.0% |
| FTE | 23.6 | 28.0 | 28.0 | 28.0 | |
| General Fund | 3,404 | 0 | 51,545 | 97,613 | 89.4% |
| Cash Funds | 49,624 | 76,637 | 52,873 | 52,873 | 0.0% |
| Cash Funds Exempt | 440,993 | 455,206 | 514,261 | 540,051 | 5.0% |
| Federal Funds | 1,495,324 | 1,940,877 | 1,814,255 | 1,814,255 | 0.0% |
| *Medicaid Cash Funds*** | *0* | *14,213* | *54,088* | *54,088* | *0.0%* |
| *Medicaid - General Fund therein* | *0* | *7,107* | *27,044* | *27,044* | *0.0%* |
| *Net General Fund*** | *3,404* | *7,107* | *78,589* | *124,657* | *58.6%* |

a/ $114,184 in additional federal funds were received in this area than were shown in the appropriation; in addition, 3.1 FTE are reflecte

| | FY 2004-05 Actual | FY 2005-06 Actual | FY 2006-07 Appropriation | FY 2007-08 Request | Change Requests |
|---|---|---|---|---|---|
| **(2) Community Programs** | | | | | |
| (a) Treatment Services | | | | | |
| Treatment and Detoxification Contracts | 19,861,809 | 21,423,973 | 22,856,933 | 23,348,687 | DI #25, NP#1 |
| General Fund | 7,639,903 | 9,647,704 | 11,187,675 | 11,411,429 | |
| Cash Funds | 1,252,616 | 1,002,616 | 1,030,605 | 1,298,605 | |
| Cash Funds Exempt | 871,343 | 425,706 | 290,706 | 290,706 | |
| Federal Funds | 10,097,947 | 10,347,947 | 10,347,947 | 10,347,947 | |
| Case Management - Chronic Detox Clients | 369,166 | 369,212 | 369,288 | 369,336 | |
| General Fund | 2,283 | 2,329 | 2,405 | 2,453 | |
| Federal Funds | 366,883 | 366,883 | 366,883 | 366,883 | |
| High Risk Pregnant Women - CFE | 834,304 | 943,703 | 983,958 | 1,003,637 | NP #1 |
| *Medicaid Cash Funds* | *834,304* | *943,703* | *983,958* | *1,003,637* | |
| *Net General Fund* | *417,152* | *471,852* | *491,979* | *501,819* | |
| | | | | | Request v. Approp. |
| Subtotal - (a) Treatment Services | 21,065,279 | 22,736,888 | 24,210,179 | 24,721,660 | 2.1% |
| General Fund | 7,642,186 | 9,650,033 | 11,190,080 | 11,413,882 | 2.0% |
| Cash Funds | 1,252,616 | 1,002,616 | 1,030,605 | 1,298,605 | 26.0% |
| Cash Funds Exempt | 1,705,647 | 1,369,409 | 1,274,664 | 1,294,343 | 1.5% |
| Federal Funds | 10,464,830 | 10,714,830 | 10,714,830 | 10,714,830 | 0.0% |
| For Information Only: | | | | | |
| *Medicaid Cash Funds* | *834,304* | *943,703* | *983,958* | *1,003,637* | *2.0%* |
| *Medicaid - General Fund therein* | *417,152* | *471,852* | *491,979* | *501,819* | *2.0%* |
| *Net General Fund* | *8,059,338* | *10,121,885* | *11,682,059* | *11,915,701* | *2.0%* |

| | FY 2004-05 Actual | FY 2005-06 Actual | FY 2006-07 Appropriation | FY 2007-08 Request | Change Requests |
|---|---|---|---|---|---|
| Prevention and Intervention | | | | | |
| Prevention Contracts | 3,822,795 | 3,641,382 | 3,905,073 | 3,905,073 | |
| General Fund | 0 | 0 | 33,329 | 33,329 | |
| Cash Funds | 0 | 0 | 32,989 | 32,989 | |
| Cash Funds Exempt | 0 | 0 | 12,525 | 12,525 | |
| Federal Funds | 3,822,795 | 3,641,382 | 3,826,230 | 3,826,230 | |
| Persistent Drunk Driver Programs | 277,340 | 475,057 | 486,041 | 733,675 | DI #24 |
| Cash Funds | 277,340 | 475,057 | 466,041 | 466,041 | |
| Cash Funds Exempt | 0 | 0 | 20,000 | 267,634 | |
| Law Enforcement Assistance Contracts | 245,381 | 244,905 | 255,000 | 255,000 | |
| Cash Funds (Law Enforcement CF) | 245,381 | 244,905 | 250,000 | 250,000 | |
| Cash Funds Exempt | 0 | 0 | 5,000 | 5,000 | |
| Provider Training - CF | 0 | 0 | 0 | 0 | |
| | | | | | Request v. Approp. |
| Subtotal - (b) Prevention and Intervention | 5,179,820 | 5,305,047 | 4,646,114 | 4,893,748 | 5.3% |
| General Fund | 0 | 0 | 33,329 | 33,329 | 0.0% |
| Cash Funds | 522,721 | 719,962 | 749,030 | 749,030 | 0.0% |
| Cash Funds Exempt | 834,304 | 943,703 | 37,525 | 285,159 | 659.9% |
| Federal Funds | 3,822,795 | 3,641,382 | 3,826,230 | 3,826,230 | 0.0% |
| *Medicaid Cash Funds* | *834,304* | *943,703* | *0* | *0* | |
| *Medicaid - General Fund therein* | *417,152* | *471,852* | *0* | *0* | |
| *Net General Fund* | *417,152* | *471,852* | *0* | *0* | |

| | FY 2004-05 Actual | FY 2005-06 Actual | FY 2006-07 Appropriation | FY 2007-08 Request | Change Requests |
|---|---|---|---|---|---|
| (c) Other Programs | | | | | |
| Federal Grants | 954,922 | 1,291,556 | 921,291 | 921,291 | |
| FTE | 2.9 | 0.0 | 0.0 | 0.0 | |
| Cash Funds Exempt (Transfer from Public Saf | 0 | 0 | 195,500 | 195,500 | |
| Federal Funds | 954,922 | 1,291,556 | 725,791 | 725,791 | |
| Balance of Substance Abuse Grant, Block Grant | | | | | |
| Programs | 7,482,905 | 6,918,360 | 6,019,588 | 6,023,272 | NP #2 |
| General Fund | 238,770 | 178,398 | 184,196 | 187,880 | |
| Federal Funds | 7,244,135 | 6,739,962 | 5,835,392 | 5,835,392 | |
| | | | | | Request v. Approp. |
| Subtotal (c) Other Programs | 7,482,905 | 6,918,360 | 6,940,879 | 6,944,563 | 0.1% |
| FTE | 2.9 | 0.0 | 0.0 | 0.0 | |
| General Fund | 238,770 | 178,398 | 184,196 | 187,880 | 2.0% |
| Cash Funds Exempt | 0 | 0 | 195,500 | 195,500 | 0.0% |
| Federal Funds | 7,244,135 | 6,739,962 | 6,561,183 | 6,561,183 | 0.0% |
| *Medicaid Cash Funds* | *0* | *0* | *0* | *0* | |
| *Medicaid - General Fund therein* | *0* | *0* | *0* | *0* | |
| *Net General Fund* | *238,770* | *178,398* | *184,196* | *187,880* | 2.0% |

| | FY 2004-05 Actual | FY 2005-06 Actual | FY 2006-07 Appropriation | FY 2007-08 Request | Change Requests |
|---|---|---|---|---|---|
| | | | | | Request v. Approp. |
| **Subtotal - (2) Community Programs** | 33,728,004 | 34,960,295 | 35,797,172 | 36,559,971 | 2.1% |
| FTE | | 0.0 | 0.0 | 0.0 | |
| General Fund | 7,880,956 | 9,828,431 | 11,407,605 | 11,635,091 | 2.0% |
| Cash Funds | 1,775,337 | 1,722,578 | 1,779,635 | 2,047,635 | 15.1% |
| Cash Funds Exempt | 2,539,951 | 2,313,112 | 1,507,689 | 1,775,002 | 17.7% |
| Federal Funds | 21,531,760 | 21,096,174 | 21,102,243 | 21,102,243 | 0.0% |
| *Medicaid Cash Funds* | *1,668,608* | *1,887,406* | *983,958* | *1,003,637* | 2.0% |
| *Medicaid - General Fund therein* | *834,304* | *943,704* | *491,979* | *501,819* | 2.0% |
| *Net General Fund* | *8,715,260* | *10,772,135* | *11,866,255* | *12,103,581* | 2.0% |
| | | | | | Request v. Approp. |
| **TOTAL - (D) Alcohol and Drug Abuse Division** | 35,717,349 | 37,433,015 | 38,230,106 | 39,064,763 | 2.2% |
| FTE | 23.6 | 28.0 | 28.0 | 28.0 | |
| General Fund | 7,884,360 | 9,828,431 | 11,459,150 | 11,732,704 | 2.4% |
| Cash Funds | 1,824,961 | 1,799,215 | 1,832,508 | 2,100,508 | 14.6% |
| Cash Funds Exempt | 2,980,944 | 2,768,318 | 2,021,950 | 2,315,053 | 14.5% |
| Federal Funds | 23,027,084 | 23,037,051 | 22,916,498 | 22,916,498 | 0.0% |
| *Medicaid Cash Funds** | *834,304* | *943,703* | *1,038,046* | *1,057,725* | 1.9% |
| *Medicaid - General Fund therein* | *834,304* | *943,704* | *519,023* | *528,863* | 1.9% |
| *Net General Fund** | *8,301,512* | *10,300,283* | *11,978,173* | *12,261,567* | 2.4% |

* NOTE: These lines are included for informational purposes only. Medicaid Cash Funds are classified as Cash Funds Exempt for the purpo of complying with Article X, Section 20 of the State Constitution. These moneys are transferred from the Department of Health Care Policy a Financing, where about half of the dollars are appropriated as General Fund. Net General Fund equals the General Fund dollars listed abo plus the General Fund transferred as part of Medicaid

| | FY 2004-05 Actual | FY 2005-06 Actual | FY 2006-07 Appropriation | FY 2007-08 Request | Change Requests |
|---|---|---|---|---|---|
| | | | | | Request v. Approp. a/ |
| **TOTAL - (4) Mental Health and Alcohol and Drug Abuse Services** | 183,701,572 | 190,146,205 | 201,573,001 | 195,047,581 | -3.2% |
| FTE | 1,256.2 | 1,264.0 | 1,320.7 | 1,327.3 | |
| General Fund | 94,522,743 | 100,068,485 | 112,034,249 | 116,765,946 | 4.2% |
| Cash Funds | 3,523,311 | 6,577,202 | 7,108,280 | 7,378,796 | 3.8% |
| Cash Funds Exempt | 34,950,320 | 34,204,282 | 35,486,901 | 23,901,220 | -32.6% |
| Federal Funds | 50,705,198 | 49,296,236 | 46,943,571 | 47,001,619 | 0.1% |
| *Medicaid Cash Funds*** | *18,051,971* | *17,553,265* | *19,054,363* | *6,417,307* | -66.3% |
| *Medicaid - General Fund therein* | *9,443,137* | *9,039,456* | *9,317,572* | *3,195,892* | -65.7% |
| *Net General Fund*** | *103,548,728* | *108,636,089* | *121,351,821* | *119,961,838* | -1.1% |

** NOTE: These lines are included for informational purposes only. Medicaid Cash Funds are classified as Cash Funds Exempt for the purpo of delineating all expenditures, including double-counts. These moneys are transferred from the Department of Health Care Policy a Financing, where about half of the dollars are appropriated as General Fund. Net General Fund equals the General Fund dollars listed abo plus the General Fund transferred as part of Medicaid

a/ The percent change figure provided here is a little misleading. This variance is attributable to the "1331" changes which are reflected in the FY 2007-08 request but which are not yet included in the FY 2006-07 appropriation. In fact, the overall budget is growing over 3.0 percent in total funds and 4.0 percent in Net General Fund. This adjustment is reflected in the following table which incorporates the "1331" FY 2006-07 changes into the FY 2006-07 appropriation.

| | FY 2004-05 Actual | FY 2005-06 Actual | FY 2006-07 Appropriation | FY 2007-08 Request | Change Requests |
|---|---|---|---|---|---|
| | | | | Request v. Adjusted "1331" Approp. a/ | |
| **TOTAL - (4) Mental Health and Alcohol and Drug Abuse Services** | 183,701,572 | 190,146,205 | 189,297,920 | 195,047,581 | 3.0% |
| FTE | 1,256 | 1,264 | 1,321 | 1,327 | |
| General Fund | 94,522,743 | 100,068,485 | 112,231,097 | 116,765,946 | 4.0% |
| Cash Funds | 3,523,311 | 6,577,202 | 7,108,280 | 7,378,796 | 3.8% |
| Cash Funds Exempt | 34,950,320 | 34,204,282 | 23,014,972 | 23,901,220 | 3.9% |
| Federal Funds | 50,705,198 | 49,296,236 | 46,943,571 | 47,001,619 | 0.1% |
| *Medicaid Cash Funds*** | 18,051,971 | 17,553,265 | 6,415,586 | 6,417,307 | 0.0% |
| *Medicaid - General Fund therein* | 9,443,137 | 9,039,456 | 3,145,184 | 3,195,892 | 1.6% |
| *Net General Fund*** | 103,548,728 | 108,636,089 | 115,376,281 | 119,961,838 | 4.0% |

## FY 2007-08 Joint Budget Committee Staff Budget Briefing

## Department of Human Services - Mental Health
## 2006 Long Bill Footnote Update

Mental Health/ADAD had eight (8) footnotes in the FY 2006-07 Long Bill and one common footnote. Six (6) of the eight (75 percent) of the mental health footnotes were vetoed by the Governor.

4 Department of Corrections, Management, Executive Director's Office Subprogram; Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Alcohol and Drug Abuse Division; and Division of Youth Corrections; Judicial Department, Probation and Related Services; and Department of Public Safety, Division of Criminal Justice -- State agencies involved in multi-agency programs requiring separate appropriations to each agency are requested to designate one lead agency to be responsible for submitting a comprehensive annual budget request for such programs to the Joint Budget Committee, including prior year, request year, and three year forecasts for revenues into the fund and expenditures from the fund by agency. The requests should be sustainable for the length of the forecast based on anticipated revenues. Each agency is still requested to submit its portion of such request with its own budget document. This applies to requests for appropriation from the Drug Offender Surcharge Fund, the Sex Offender Surcharge Fund, the Persistent Drunk Driver Cash Fund, and the Alcohol and Drug Driving Safety Fund, among other programs.

Comment: This footnote expresses legislative intent. The Department submitted a request to spend from the Drug Offender Surcharge Fund, but the request contains no information or detail about the status of the fund.

57 Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Administration, Personal Services -- It is the intent of the General Assembly that the Department utilize this appropriation for personal services for its salaries and other related personal services costs and that the Department not bill these expenses to any program line items.

Comment: This footnote was vetoed and the Department was directed not to comply. This footnote was vetoed citing a conflict with the Colorado Constitution, Article III, in that it interferes with the ability of the executive branch to administer the appropriation. This footnote expressed legislative intent that the Department pay administrative salaries out of its personal services line item and that the Department not pay administrative salaries out of the program pass-through line for indigent mental health costs.

58 Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Community Programs, Mental Health Services for the Medically Indigent, Services for 9,225 Indigent Mentally Ill Clients; Assertive Community Treatment Programs, Alternatives to Inpatient Hospitalization at the Mental Health Institute at Pueblo; Alternatives to Inpatient Hospitalization at the Mental Health Institute at Fort Logan; Alternatives to the Fort Logan Aftercare Program; Enhanced Mental Health Pilot Services for Detained Youth; Juvenile Mental Health Pilot (H.B. 00-1034); Alternatives to Inpatient Hospitalization for Youth; Goebel Lawsuit, Goebel Lawsuit Settlement; Residential Treatment for Youth (H.B. 99-1116); and Alcohol and Drug Abuse Division, Community Programs, Treatment Services, Treatment and Detoxification Contracts; Case Management for Chronic Detoxification Clients; High Risk Pregnant Women Program; and Other Programs, Balance of Substance Abuse Block Grant Programs -- Funding for these line items is calculated including a 3.25 percent rate increase for community providers.

Comment: This footnote simply outlined the methodology by which the program line item was calculated.

59 Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Community Programs, Mental Health Services for the Medically Indigent, Services for 9,225 Indigent Mentally Ill Clients -- It is the intent of the General Assembly that this money be used solely as a direct services pass-through to community mental health centers.

Comment: This footnote was vetoed and the Department was directed not to comply. This footnote was vetoed citing a conflict with the Colorado Constitution, Article III and possibly Article V, Section 32, in that it interferes with the ability of the executive branch to administer the appropriation. This footnote expressed legislative intent that the Department pay administrative salaries out of its personal services line item and that the Department not pay administrative salaries out of the program pass-through line for indigent mental health costs.

60 Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Community Programs, Mental Health Services for the Medically Indigent, Services for 9,225 Indigent Mentally Ill Clients -- It is the intent of the General Assembly that $450,000 General Fund of this appropriation be used for crisis stabilization services in western Colorado and that $450,000 General Fund of this appropriation also be used for crisis stabilization services in southwestern Colorado.

Comment: This footnote was vetoed by the Governor citing a conflict with the

Colorado Constitution, Article III and possibly Article V, Section 32, in that it interferes with the ability of the executive branch to administer the appropriation. The Governor indicated that the two regions have unique needs but stated that the Department has methodologies in place to allocate funding based on need. The Governor directed the Department to comply with the footnote to the extent feasible without disproportionately affecting all needy clientele statewide.

*Department Methodology for Distributing Moneys to Area in Need:*

Staff followed up with the Department about this referenced allocation methodology. The Department responded that "The Division has allocated funding among providers using an historical model that has been adjusted over time in response to state audits, reduction or increases in funding, and in collaborations with the provider community."[1] In response to a separate question, the Department responded that the "Division does not have an historical record for how the current base was established and does not recommend using base funding to assess the status/adequacy of current funding." These statements are confirmed by staff's discussions with community providers who assist the Department in its allocation process each year (e.g., Colorado Behavioral Health Council).

*Information about the Impact/Expenditures of the New Moneys:*

Staff asked the Department for a summary of how the $450,000 was being used at the Southwest Clinic and how the $450,000 was being used at Colorado West. The following response was provided by the Department and is fully included below with only formatting changes to conform to this document:

"The Division accepted proposals for the utilization of funding from both facilities, and included this information as requirements in both Centers' main contracts for FY 2006-07. In addition, the Division required for these new funds that these two Centers:

- Submit quarterly bed utilization reports; Complete a CCAR for each client upon admission and at discharge using a special studies code for client tracking;
- Submit, no later than August 15, 2007, a comprehensive program evaluation report covering FY 2006-07;
- Submit audited financial statements that separately identify the costs and revenues associated with the facility and the funds from this contract; and,
- Obtain and maintain the appropriate facility license(s) and/or designations as required by the State.

[1] Source: Department of Human Services 10/20/06 response to JBC staff.

At this time, the Southwest facility has not served any persons, and the data for the first quarter report for the Colorado West facility is not due until the end of October 2006. However, the Division did ask both Centers for preliminary information to include in this response.

The funds provided to the Colorado West Regional Mental Health Center were to serve clients in need of stabilization services in the Triage Unit of the West Slope Mental Health Stabilization Unit. The Triage Unit consists of 12 beds and four secure rooms. The population served includes children, adolescents, adults and older adults, both male and female. Priority for admission is for residents of the 16 counties served by Colorado West Regional Mental Health Center and the Midwestern Colorado Mental Health Center.

Colorado West reports in the months of July, August, and September 2006, there were 318 admissions to the 23-hour observation within the Triage Unit, and no waiting list for their allocated beds at the Colorado Mental Health Institute in Pueblo. One-third of the 318 admissions resulted in lengths of stay exceeding 23 hours. Colorado West projects more than 1,200 admissions to the Triage Unit this year with 70% of those admissions being indigent. **According to the Center's proposal, approximately 75 percent of those clients served with this program will be appropriately diverted from admission to an inpatient setting.**

The funds provided to the Southwest Colorado Mental Health Center were to open and operate the Crossroads Acute Treatment Unit on the campus of the Mercy Medical Center in Durango, Colorado. Crossroads held an open house on September 30, 2006 and the Triage/Emergency Services Unit was scheduled to open October 6, 2006. The Center plans on accepting its first client to the ATU on October 18, 2006. However, the necessary state license for operating an ATU has not been obtained as of this writing. Division staffs are working with the Center on obtaining a provisional 27-10 certification, and with the Department of Public Health and Environment for a provisional ATU license. The facility consists of 15 adult beds (6 female, 8 male, 1 observation bed for either gender), and is designed to serve individuals in psychiatric crisis who are in need of short-term stabilization. The facility will serve residents in Dolores, Montezuma, San Juan, La Plata, and Archuleta counties.

The average length of stay in the facility is anticipated to be six days with step down level of care treatment available through the Center's residential program. According to the Center's proposal to the Division, the anticipated treatment outcomes are:

- 75 percent reduction of involuntary transports and commitments to psychiatric hospitals;

- 30 percent reduction of average length of stay in inpatient settings; and, reduction of length of stay in the Mercy Medical Center emergency room from six to two hours."

61 Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Community Programs, Mental Health Services for the Medically Indigent, Juvenile Mental Health Pilot (H.B. 00-1034) -- The Department is requested to provide a report that reconciles its estimates of programmatic savings with that provided by the Department of Public Safety. The report is also requested to include recommendations for program expansion, if appropriate. This report is requested to be provided to the Joint Budget Committee by no later than November 1, 2006.

Comment: The Department submitted a report that had been provided to the General Assembly on May 5, 2006 as its November 1, 2006 response to this footnote. Staff's reporting on this subject begins with a discussion of last year's debate on this topic then follows with the Department's response.

Part One: Last Year's Debate on this Topic

*Program Efficacy*

Last year's statutorily required report on this program show that two pilot programs covered by this funding served a total of 124 youth through FY 2004. The pilot's report show that the covered youth cost $407,909 less than their matched pairs enrolled in community mental health services for the period of time that they were receiving services. "Career costs" of participants were found to be 42 percent lower than matched comparison youth.

The 2005 statutorily required youth show that the program has served 165 youth through FY 2005 and that savings for the pilot youth (compared to the control group) was 9.0 percent. Last year, however, there was a question raised by the Department of Human Services as to whether that figure includes net costs.

The Colorado Department of Public Safety, Division of Criminal Justice provided its statutorily required report on the H.B. 00-1034 program on September 29, 2005. This report shows a savings of $18,457 per youth who completed the program [$24,317 for those that did not complete the program compared to $5,860 for youth who did complete the program]. Furthermore, the Department of Public Safety recommended increasing the program to include at least 200 youths a year (165 have been served thus far). Based on these figures, $3,691,400 would be saved ($24,317 - $5,860 = $18,457 * 200 = $3,691,400). When the Department of Human Services was asked whether it would be appropriate to expand the HB 00-1034 program based on the Department of Public Safety's analysis and report, the Department responded with the following:

**Question #21. What are the Department's plans to expand HB 1034 program given the September 2005 report from DCJ?**

*The Division has no active plans to expand the HB 1034 pilot programs. There are two key issues concerning these programs that would factor into any decision to expand them: Local communities should have the flexibility to design programs to address local priorities. A number of similar, collaborative programs or initiatives exist in other parts of the state. Communities may prefer to have their existing programs supported or expanded rather than adopt these programs. Further, the Division believes the flexibility of providing additional funding for existing and proven programs would be a more efficient use of the limited resources. No clear data show that the HB 1034 programs result in more positive long-term outcomes or cost savings when compared with the treatment regularly provided at a local community mental health center. For the individual youth in these programs (most notably for those that complete the programs), there appear to be some cost savings that may accrue across diverse service systems. However, the administration of these programs is costly, and expansion of the programs as currently administered do not appear to be the most cost efficient method for providing community mental health care to these youth.*

**How large could the program be made, and how quickly?**

*Expanding the HB 1034 programs to serve 200 youth annually in multiple sites (perhaps as many as eight new sites) would require additional staff at the Division to administer the contracting process, as well as to monitor and evaluate the programs. Depending on the number of total sites, the Division would roughly estimate a need for an additional 1.5 to 3.0 FTE. The hiring of staff would likely take up to four months. It would take an additional three months for individual Centers to create a proposal or adapt a current one, apply for the funding, and implement the program. This would mean that new programs might be ready for implementation approximately seven months after they are legislatively authorized.*

Part Two: The Footnote Response Itself

The Department's November 1, 2006 response to this footnote provided the May 1, 2006 joint response about the program. This joint response, between the Department of Human Services, Division of Mental Health, and the Division of Criminal Justice in the Department of Public Safety. The joint response was in response to the contrasting assertions of program success provided last year (noted above).

The response indicates that the two departments' methodologies in determining the program's success were different; however, this does not discount the earlier findings of success by the Division of Criminal Justice earlier last year.

The footnote requested that the Department make "recommendations for program expansion, if appropriate". The two divisions (Mental Health and DCJ) jointly made the following recommendations:"

- Funding for the current pilot projects should continue;
- Access to mental health services should be increased for youth with serious emotional disturbance and juvenile justice involvement as benefits have been clearly demonstrated. Access can be increased through existing channels as traditional mental health services were found to be at least as effective as those provided by the pilot programs."

The JBC may want to be aware that no additional funding was added for this program in the request. The H.B. 00-1034 sunsets effective July 1, 2006.

Additionally, no funding is "earmarked" in the budget under the 6.0 percent General Fund limit. All General Fund moneys under the limit were expended in the request. Thus, the JBC and the General Assembly would have to reduce the requested executive budget to provided even a continuation of the funding into FY 2007-08.

62 Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Community Programs, Goebel Lawsuit, Goebel Lawsuit Settlement -- The Department is requested to report on the status of the court order. The Department is also requested to provide a report detailing any programmatic changes that will be necessary once the state is no longer governed by a court order, including but not limited to changes in categorizing expenditures pursuant to federal funds indicated by the Centers for Medicare and Medicaid Services and changes in service modality to improve outcome measures. This report is requested to be provided to the Joint Budget Committee by no later than November 1, 2006.

Comment: This footnote was vetoed. The Governor's veto message indicates that it is in violation of Article III and possibly Article V, Section 32 because it interferes with the ability of the executive to administer the appropriation and may constitute substantive legislation The Governor directed the Department to comply with the footnote to the extent feasible. The issue of Goebel and the footnote response is discussed in a separate staff issue.

63 Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Institutes -- It is the intent of the General Assembly that civil allocated beds be distributed in a manner such that clients may be served in a mental health institute in closer geographic proximity to the clients' respective homes. Best practices dictate that the provision of care should occur in the closest proximity to family and support in order to facilitate recovery. The Department's 20-year-old bed

allocation plan does not follow this best practice. Because allocated civil beds are instead being utilized at the Mental Health Institute at Pueblo for competency evaluations and restoration of competency services, fewer beds are available for civil allocations. To that end, it is the intent of the General Assembly that the Department evaluate options for addressing the current backlog for competency evaluations and restoration of sanity cases at the Mental Health Institute and explore alternative means for addressing this problem and the problem of the civil allocated beds. A report on the Department's findings and recommendations is requested to be provided to the Joint Budget Committee and the House and Senate Health and Human Services Committees by no later than November 1, 2006. Said report is requested to consider options for addressing this backlog and providing for a more appropriate allocation of civil beds. Said report is requested to evaluate efficient and effective options for utilizing other means and/or facilities in the state to provide said services and to evaluate options for providing mental health services in the jails to minimize the need for such restorations, thus reducing the workload and backlog. As a result of this research, it is the intent of the General Assembly to minimize the evaluations and restorations workload and backlog for the Mental Health Institute at Pueblo so that the beds allocated for civil-based mental health services can be utilized more effectively and efficiently.

Comment: This footnote was vetoed and the Department was directed not to comply. This footnote was vetoed citing a conflict with the Colorado Constitution, Article III and possibly Article V, Section 32, in that it interferes with the ability of the executive branch to administer the appropriation.

The Department did not respond to the General Assembly's request for a footnote report on November 1. However, the problem is even greater than when the footnote was approved during figure setting. Joint Budget Committee staff asked the Department to respond to a query regarding this footnote. The request read as follows, "Although we understand that Footnote 63 was vetoed by the Governor, the committee would like to know what findings and recommendations you have concerning the issues discussed therein." The response is included in its entirety.

"Within the context of general operations planning, the Department has continued to examine the bed allocation issue from a number of perspectives. These perspectives include bed usage rates by mental health center, population per bed by mental health center, geographic location of mental health centers and other (non-Institute) adult inpatient psychiatric capacity in the State. The data show significant variation in bed use as well as population served per bed by each mental health center. We have also reviewed the Tri-West study recommendations and the Office of Behavioral Health and Housing's Operational Plan for the Institutes. Our findings will be subject to discussion by interested parties by the end of the year, including the directors of community mental health centers, before the Department can make specific

recommendations. We are currently in the process of validating these new data and planning for preliminary stakeholder discussions about their implications."

63a Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Alcohol and Drug Abuse Services, Alcohol and Drug Abuse Division, Community Programs, Treatment Services, Treatment and Detoxification Contracts -- This appropriation was calculated with an increase of $700,000 General Fund with the intent that it be allocated equally to the adolescent residential programs in managed service organization sub-state area #2 for comprehensive alcohol, drug and behavioral health services to compensate for losses in residential treatment center funding.

Comment: This footnote was vetoed by the Governor citing a conflict with the Colorado Constitution, Article III and possibly Article V, Section 32, in that it interferes with the ability of the executive branch to administer the appropriation. The Governor indicated that the region has unique needs but stated that the Department has processes in place to allocate funding based on need. The Governor directed the Department to comply with the footnote to the extent feasible without disproportionately affecting all needy clientele statewide.

**FY 2007-08 Joint Budget Committee Staff Budget Briefing**
**DEPARTMENT OF HUMAN SERVICES**
**Mental Health and Alcohol and Drug Abuse Services**

**ISSUE:**

Department of Human Services, Mental Health Section Mission, Goals, and Performance Measures

**DISCUSSION:**

## Department of Human Services' Mission

*Mission Statement*:

> Our mission is to design and deliver quality human services that improve the safety and independence of the people of Colorado.

## Selected Goals and Performance Measures

The 160 page document that the Department has entitled "strategic plan", is largely a reference book containing information on the programs. As such, the bulk of the strategic plan is not used for policy and management planning. As a result, one cannot determine the Department's plans for the future from this document.

That said, the primary strategic element contained within the plan, however, is the Department's "scorecard". This scorecard reflects four categories ("quadrants") which together contain 11 associated goals. Separate documents link the Department's strategic objectives to each of the 11 goals (2-3 objectives per goal).

| Strategic Plan:<br>Data and reference information |
| --- |
| Scorecard: Quadrants (four)<br>Goals (11, within the four quadrants)<br>Strategic objectives (23) |

This particular staff issue focuses specifically on the area of the Mental Health and ADAD Division.

## Staff Analysis

The Department's strategic plan provides useful reference information and historical perspective but does not necessarily provide a plan or strategy to guide for the *future* direction of the department.

This may reflect the complexity of the programs and the realism that merely addressing current workload is a feat given the current budget and staffing opportunities. Regardless, this reflects that the Department has not established a strategic vision for the future.

The Department's strategic plan contains a "scorecard" which contains appropriate overarching goals from which the objectives are written. The performance measures speak to these objectives. Many of the performance measures do not full "describe" department goals; they may either be too narrow or may reflect data collected for other purposes and utilized for this purpose.

Joint Budget Committee staff reviewed the program's performance measures submitted in the budget. Staff assessed these performance measures using the following common checklist:

1. Do the goals and performance measures correspond to the program's directives provided in statute?
2. Are the performance measures meaningful to stakeholders, policymakers, etc.?
3. Does the Department use a variety of performance measures (including input, output, efficiency, quality, outcome)?
4. Do the performance measures cover all key areas of the budget?
5. Are the data collected for the performance measures valid, accurate, and reliable?
6. Are the performance measures linked to the proposed budget base?
7. Is there a change or consequence if the Department's performance targets are not met?

Section 27-1-203, C.R.S. provides that state funding be used to develop preventive, treatment, and rehabilitative services through new programs, improve and expand services and integrate community with state mental health services. Section 27-1-204 (4) (a), C.R.S. provides that funds shall be distributed to approved community mental health centers on the basis of need and in accordance with the services provided. Section 27-1-204 (5), C.R.S. provides that the General Assembly may appropriate funds for assisting community mental health clinics and centers in instituting innovative programs, in providing mental health services to impoverished areas, and in dealing with crisis situations.

The statutes provide that the funding shall be utilized via mental health centers/clinics, and to be used for the following: prevention and treatment, improvement and expansion, integration of community, and to be distributed based on need. Funding should also allow for innovative programs, to focus on impoverished areas, and to deal with crisis situations.

Staff did not find that the Department's performance measures directly correspond to the mental health statutes. Thus, the measures as a whole do not respond to the base budget. That said, none of the measures are contradictory to these directives, however. Many of the Department's performance measures are extremely detailed and minute in scope and appear to be challenging even

for other department staff to comprehend. And while the Department's goals speak to qualities such as efficiency, the measures do not specifically address this.

Some of the Department's measures in the area of mental health may reflect assessments that the Department is required to reported to other entities (e.g., federal block grant). Some of them are overly specific and do not give a baseline from which to evaluate the annual progress (e.g., a 5.0 percent increase a year is not helpful if one doesn't know the starting point). Ultimately, the measures do not give an overall perspective for how well Colorado is serving people who have mental illness or substance abuse problems. As a result, the measures do not necessarily correspond to base funding issues. Staff has no reason to question the validity or quality of the data provided. Rather, the question at hand is whether the measurements are appropriate.

*Other Comments*

Many of the nationally established mental health goals, supported by local mental health experts, indicate that a decreased rate of readmission to state psychiatric hospitals is an appropriate/recommended performance measure. This measure was not among those provided in the Department's strategic plan. Such a measure is outcome based and implies community and institutional programmatic efficacy and efficiency. Staff learned last year that the Division of Mental Health oversees only part of the mental health continuum: strangely, the mental health institutes are not managed by the mental health director. Besides being one of only five states which manage in this way, this archaic management structure may explain why this important measure is not part of the Department's performance measures.

Additionally, the performance measures tend to be program/silo specific and do not necessarily reflect the crossover benefits of say, mental health budgeting to DYC and Child Welfare impacts. Moving to statewide goals for the performance outcome for services is more difficult but is the only way that the true purpose/goals of many programs can be determined. It is staff's understanding from the Department that the goals are not prioritized against each other, nor are the quadrants. Indeed, the purpose of the quadrant based focus is to reflect the inter-reliance of the goals.

The following are examples of selected key goals and performance measures from mental health and alcohol and drug abuse programs.

**Goal #6: Promote self-sufficiency and provide financial assistance for children, adults, and families**

*Division of Mental Health - Performance Measure*

- Increase the percentage of adults with serious mental illnesses who are living independently.

Staff believes this is a strong performance measure that speaks to many indicators of progress and programmatic efficacy. (This measure has been at around 80 percent since FY 2003). Additionally,

following discussion on performance measures for mental health, the Department added benchmark information for FY 2007-08. This change, which showed Colorado at the national average, was very helpful.

**Goal #5: Enhance client safety, independence, functioning, health, and well-being**
*Division of Mental Health - Performance Measure*

- Decrease in the combined mental health institute facility total amount of seclusion and/or restraint hours per 1,000 patient hours by 2.0 percent annually. (The FY 2007 target is 0.59)

Staff believes that the issue of seclusion and restraint is an important issue but a fairly narrow performance measure and that it and its accompanying data do not provide a sufficient baseline from which to observe its adequacy. (Hypothetically, if 900/1,000 patient hours were restrained, a change of 2.0 percent would not be appropriate). Additionally, staff believes it is a data point that is quantifiable but which may not provide a outcome based assessment of actual client progress attributable to DHS services. Additionally, the benchmark goal in this area is not sufficiently clear.

**Goal #4: Improve the overall health and well being of individuals receiving CDHS services.**
*Alcohol and Drug Abuse Division - Performance Measure*

- Increase the percentage of detox clients who are admitted to a treatment setting within 90 days of their discharge.

The Department notes that this statistic is due to a new federal requirement on client outcomes. Half of the treatment dollars in ADAD are expended on detoxification services. Given this substantial commitment of substance abuse dollars, the FY 2006-07 target to have 9.0 percent of detox clients seeking treatment seems limited.

(Please note, while the General Assembly's funding for treatment and detox services increased 46.4 percent from $7.6 million in FY 2004-05 to $11.2 million General Fund in FY 2006-07, with total funding increasing by 15 percent, but the percentage of detox clients seeking treatment changed from 9.3 percent to 9.0 percent.)

**Goal #4: Improve the overall health and well being of individuals receiving CDHS services.**
*Alcohol and Drug Abuse Division - Performance Measure*

- Increase the percentage of clients who report no use of their primary drug from admission to discharge.

(Please note, currently about 75.5 percent of clients reportedly do not abuse substances while they are in the middle of state-funded treatment. This is the same percent in FY 2004-05, when the budget was substantially lower.)

This measure surprisingly reflects national standards and research. However, the measure reflects a fairly narrow performance goal and while certainly appropriate, it does not speak to the overarching policy purpose of substance abuse treatment: to eliminate client substance abuse, not just to eliminate the abuse *during* the provision of treatment. Additionally, the measure does not provide a goal for the acceptable percent of clients who abuse substances during treatment (e.g., is 80 percent considered an appropriate standard?) Finally, this measure does not address recidivism after treatment which should be considered given the limited availability of public dollars. What has the state achieved if a client begins substance abuse immediately after the state has spent public dollars on treatment? The State of Florida uses the following indicator for their substance abuse program: Percentage of clients successfully completing treatment who are readmitted for substance abuse services during 12 months. Florida's use of this measure would appear to show that it may be possible to track the data for such a program.

*Final Thoughts*

The Committee may want to discuss whether the following performance measures may be appropriate for the mental health program:

a) Clinically determined progress toward improvement or recovery where applicable (e.g., use the Global Assessment of Functioning).
b) Decreased rate of readmission to inpatient psychiatric facilities.
c) Rate of recidivism in DOC or DYC from substance abuse related crimes.
d) Recidivism in substance abuse programs after 12 months, 18 months, 2 years, 5 years.

Additionally, the Committee may want to discuss how the state can use statewide performance measures to move between programmatic and funding silos to achieve statewide based results across divisions, departments, systems.

## Questions for Department

Staff recommends that the Committee discuss the following questions with the Department during the FY 2007-08 budget hearing:

Common Questions

1. How do your performance measures influence department activities and budgeting?

2. To what extent do the performance outcomes reflect appropriation levels?

3. To what extent do you believe that appropriation levels in your budget could or should be tied to specific performance measure outcomes?

4. As a department director, how do you judge your department's performance? What key measures and targets do you used?

Additional Questions

5. Would the department consider the following objectives as reasonable additions or alternatives to current performance measures?
   a) Clinically determined progress toward improvement or recovery where applicable (e.g., use the Global Assessment of Functioning).
   b) Decreased rate of readmission to inpatient psychiatric facilities.
   c) Rate of recidivism in DOC or DYC from substance abuse related crimes.
   d) Recidivism in substance abuse programs after 12 months, 18 months, 2 years, 5 years.

6. How can the state use statewide performance measures to move between programmatic and funding silos to achieve statewide based results across divisions, departments, systems?

*Attachment:*

| Colorado Department of Human Services "Scorecard" | |
|---|---|
| **Quadrant #1: Public Value and Stakeholder Goals**<br><br>Goal 1: Demonstrate the responsible use of public dollars within the human services system across Colorado.<br><br>Goal 2: Ensure community safety.<br><br>Goal 3: Develop effective working relationships within the human services system and with community partners. | **Quadrant #2: Consumer Goals**<br><br>Goal 4: Improve the overall health and well being of individuals receiving CDHS services.<br><br>Goal 5: Promote stability and permanency in living situations for children, adults, and families.<br><br>Goal 6: Promote self-sufficiency and provide financial assistance for children, adults, and families.<br><br>Goal 7: Assure CDHS systems are culturally appropriate to the needs of diverse consumer groups. |
| **Quadrant #3: Process Goals**<br><br>Goal 8: Ensure that processes will optimize the performance of CDHS program areas.<br><br>Goal 9: Ensure that processes will optimize the performance of CDHS support functions. | **Quadrant #4: Organizational Capacity Goals**<br><br>Goal 10: Recruit, develop, and retain a prepared, motivated, and diverse human services workforce.<br><br>Goal 11: Establish an up-to-date information technology and physical plant infrastructure that supports human services program missions. |

*Source: DHS FY 2006-07 Budget Request, page 1-2-7*

**FY 2007-08 Joint Budget Committee Staff Budget Briefing**
**DEPARTMENT OF HUMAN SERVICES**
**Mental Health and Alcohol and Drug Abuse Services**

**ISSUE:**

Community mental health funding options vary considerably. Given the extraordinary limitations of the 6.0 percent limit on General Fund appropriations in FY 2007-08 and beyond, a focus on outcome-based strategic goals for any new funding considered in the budget may be prudent.

**SUMMARY:**

- In the FY 2005-06 supplemental and FY 2006-07 Long Bill appropriation, the General Assembly restored $7.8 million General Fund to the mental health community system, restoring services to around 2,500 clients. Despite this restoration, a system-wide need of $52.2 million is reported to remain based on the 2002 Population In Need study.

- The Department of Human Services has requested $1.4 million General Fund for community mental health services in FY 2007-08. This would fund about 446 new clients.

- The Colorado Behavioral Health Council (CBHC) has proposed a three-year plan to equalize the different funding levels between mental health centers across the state. The CBHC plan seeks $16 million General Fund over three years, with $5.36 million in FY 2007-08. The plan would fund 5,325 additional clients over three years, including 1,767 clients in FY 2007-08.

- The Mental Health Planning and Advisory Council has proposed a five-year plan to add a cumulative $52.0 million General Fund with $10.4 million beginning in FY 2007-08. The proposal would seek funding for 17,300 additional clients over three years, including 3,446 clients in FY 2007-08.

- Joint Budget Committee staff estimate that, based on the November 2006 LCS forecast and elected official budget requests, there will be $400.9 million General Fund available under the 6.0 percent limit in FY 2007-08; JBC staff estimate that $388.7 million of that sum is required for caseload and inflationary increases for the "big six" budgets. With the Judicial request included over the OSPB estimate of 6.0 percent for this branch, the FY 2007-08 budget is $20.1 million over the 6.0 percent budget. The budget in FY 2009-10 is even tighter with $450.4 million General Fund available and $447.6 million estimated for base caseload and inflationary estimates.

**RECOMMENDATION:**

Given the challenges of a 6.0 percent General Fund budget and the anticipated future growth in the

state's prison population, staff recommends that the Joint Budget Committee consider an outcome based approach for budgeting for mental health. Staff recommends that this be discussed with the executive branch, beginning with the Department of Human Services at its hearing.

**DISCUSSION:**

At its FY 2006-07 mental health budget hearing with the Joint Budget Committee last year, the Department indicated that it "does not meet the full need for public mental health services" and cited a "significant unmet demand." As discussed last year, around 66,453 people[1] in Colorado are reportedly in need of mental health services. The 66,453 clients estimated are from the "Population in Need" study funded by the General Assembly and released in 2002. This study came to the 66,453 clients in need of service through the following methodology:

**Total Needs - Clients Served Already = Unmet Need**

The total needs estimate (prevalence) used national epidemiological surveys and research studies to estimate prevalence estimates in the population according to federal definitions. The estimate of clients served already (utilization) factor quantified all people receiving services in all systems, including Medicaid mental health, mental health non-Medicaid (GF), the mental health institutes, child welfare, and DYC (but not DOC). The difference between these two factors, prevalence and service utilization, equals the unmet need. This methodology thus resulted in the following estimate of 66,453 clients with unmet need:

**Total Needs** (168,878) minus **Clients Served Already** (102,425) = **Unmet Need** (66,453)

Taking this 66,453 figure further last year, the Department further synthesized the data last year:

- Of the 66,453 people cited, an estimated 51,867 are below 300 percent of poverty and do not have insurance.

- Of these 51,867 uninsured mentally ill, approximately one-third (17,300) would use services immediately if available.[2]

**Unmet Need** (66,453) adjusted for the above factors = **Clients Needing MH** (17,300)

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[1] Those in need of mental health services include adolescents with Serious Emotional Disturbance (SED) or adults with Serious Mental Illness (SED).

[2] Based on the "Population in Need" study from 2002; figures also reflect estimates from the Surgeon General's Report on Mental Health.

Based on the estimates provided, it would cost $159.6 million to serve all those who need services (51,867); however, not all of those eligible may seek services (34,567). Thus, the 17,300 who would use services if available would cost approximately $52.2 million.

*Mental Health Budget Increases Last Year*

As the appendices contained within this briefing document indicate, in the FY 2006-07 budget the General Assembly added $23.2 million General Fund statewide for behavioral health services, including DOC and DYC; included in this sum is $9.8 million General Fund for community mental health. Of the $9.8 million for community mental health, $7.8 million General Fund was restoration of funds that were reduced during the budget downturn. (Please note, the reinstatement of funds does not reduce the 17,300 in need since that figure existed prior to the budget reductions.)

For FY 2007-08, the Department of Human Services has submitted a budget request for community mental health services. Additionally, two separate mental health organizations have submitted alternative proposals for funding. These latter proposals are not part of the executive budget request. However, JBC staff has analyzed those proposals in this briefing document for discussion purposes.

*Summary of Current General Fund Requests, Proposals, and Plans*

| | |
|---|---|
| **(1) Department of Human Services Request**<br>**$1.4M** in FY 2007-08<br><br>**446** additional clients served in FY 2007-08<br><br>*Based on Population in Need study estimates of unmet need* | **(2) Colorado Behavioral Health Council (CBHC) Proposal**<br>**$16.0M** over three years; **$5.36M** General Fund starting in FY 2007-08<br><br>**5,325** additional clients at three years; **1,767** additional clients in FY 2007-08<br><br>*Based on funding per mental health center* |
| | **(3) Mental Health Planning and Advisory Council Funding Priorities**<br>**$52.0M** over five years; **$10.4M** in FY 2007-08<br><br>**17,300** additional clients served at five years; **3,446** additional clients in FY 2007-08<br><br>*Based on Population in Need study estimates of unmet need* |

*FY 2007-08 DHS Budget Request*

The Department of Human Services has requested $1,501,032 General Fund and 2.0 FTE in Decision Item #8 for mental health community services and additional FTE for the Mental Health Division. Of this sum, $1,372,788 would fund additional community mental health services. At an average cost of $3,078, the request would serve 446 people.[3] This caseload translates into 2.6 percent of the 17,300 estimated clients who need services and would also seek services.

The Department's request cites the 1991 to 2003 increase of the mentally ill in the prisons to nearly 20 percent of the inmate population. The Department's budget attempts to calculate a cost/benefit ratio on the request. This cost/benefit ratio reports that the $1.4 million cost would translate into a $33,249 combined annual benefit in the Department of Corrections and the Division of Youth Corrections.[4] Conversely stated, the Department's cost benefit analysis indicates that for every $41.00 dollars spent, there is a $1.00 in benefit (cost avoidance) in DOC.

The Department's cost benefit analysis for its mental health community request indicates that for every $41.00 dollars spent, there is a $1.00 in benefit in DOC.

The Department's request also notes a hospital survey regarding the mental health budget reductions, now wholly restored, of mental health and substance abuse emergency department admissions (Medicaid and indigent). The Department's budget also calculates a cost/benefit ratio for the inpatient hospital impact of funding the request which shows a significant cost/benefit in that area ($2.3 million). However, despite the potential benefit to inpatient hospital stays for this population (which would be at the mental health institutes), none of the benefit is "realized" in the mental health institute budget request.

The Department's cost benefit analysis for its mental health community request indicates, however, that for every 28 cents spent on mental health community services, there is a $1.00 benefit to inpatient hospitalization (including the institutes). The DHS request reports cost avoidance of $3.8 million.

The Department's cost/benefit analysis

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[3] The DHS request seeks 2.0 FTE and $128,244 General Fund attributable to two factors (1) the transfer of Medicaid staff to the Medicaid program to perform Medicaid work and (2) departmental oversight/administrative workload associated with the new resources that the JBC added in the FY 2006-07 Long Bill -- such as the $450,000 for Colorado West Regional Mental Health Center and the reinstatement of early childhood education funds.

[4] The DHS cost benefit assumes that 446 are served; on the adult side (346 clients), 10.34 percent will come in contact with the justice system for a total of 36; the provision of mental health services will result in a 13.07 day reduction in days in DOC for a total of 470.5; at an average cost per day cited of $65.00, this translates to $30,582 (the youth have projected savings of $2,667 for a total of $33,249 combined). Source: page D-8-10 of the DHS FY 2007-08 budget request.

indicates that for the 346 estimated adults served in the $1.4 million mental health community request, there would be a reduction of 7,494 inpatient days (20.5 beds, including at the institutes), with a savings impact of $3.8 million. If nothing else, the "room" afforded the mental health institutes through the costs avoided next year may help offset evaluation and competency workload discussed separately in the next issue within this briefing document. It is also discussed in the "1331" supplemental request that the Department has submitted (provided separately).

*CBHC Three-Year Funding Proposal*

The Colorado Behavioral Health Council (CBHC) has proposed a three-year plan to add dollars and equalize the funding disparities between mental health centers. The CBHC plan seeks $16.0 million General Fund over three years, with $5.36 million beginning in FY 2007-08. The CBHC commits to serve 5,325 clients over three years with the funds received. Its plan uses an average cost of $3,018 (which translates into serving 1,767 clients in FY 2007-08).

The CBHC proposal is based on the following two issues:

- There is a *disparity of funding* between mental health centers across the state.
- There is a *shortfall of total funding* for mental health centers across the state.

Each year, the General Assembly makes a General Fund appropriation for statewide mental health for indigent clients. The proposal argues that the allocation methdology of this appropriation to the mental health centers has resulted in significant disparities between centers. Please note, however, the CBHC model uses the "prevalence" (total estimate of all client needs) of mental illness within the geographic areas that the mental health centers serve. The model does not quantify or remove clients who are already receiving services in other systems, such as the $200 million plus of Medicaid, to come to an "unmet need" client estimate per mental health center. Instead, the CBHC model is based on funding comparisons by mental health center using total client need as compared to General Fund received.

- The additional funding in the CBHC proposal would distribute the dollars to the mental health centers using a formula that would *redistribute new dollars* introduced into the system to smooth out the center by center differences.

- The funding would be distributed in a manner such that mental health centers would be raised to the level of the 4th highest mental health center in the state in dollars per total needs (Centennial at $286.33 of dollars per at-risk person, 128.6 percent of the average cost).

- In addition, $747,000 is proposed for 10 percent for rural centers at or below the 4th highest center.

The following table shows the rank of center from highest (Denver, Southwest, San Luis Valley) to

lowest (Pikes Peak, Arapahoe/Douglas, and Boulder).

| Mental Health Center | GF Dollars Per Mental Illness Total System Need | Average GF Dollars Per Mental Illness Total System Need | Variance to Average | Percent of Average |
|---|---|---|---|---|
| Denver | $ 469.56 | $ 222.66 | $ 246.90 | 210.9% |
| Southwest | 375.47 | 222.66 | 152.81 | 168.6% |
| San Luis Valley | 357.21 | 222.66 | 134.55 | 160.4% |
| Centennial | 286.33 | 222.66 | 63.67 | 128.6% |
| Southeast | 278.12 | 222.66 | 55.46 | 124.9% |
| West Central | 270.91 | 222.66 | 48.25 | 121.7% |
| Jefferson | 250.62 | 222.66 | 27.96 | 112.6% |
| North Range | 214.83 | 222.66 | (7.83) | 96.5% |
| Colorado West | 208.33 | 222.66 | (14.33) | 93.6% |
| Midwestern | 188.90 | 222.66 | (33.76) | 84.8% |
| Spanish Peaks | 182.18 | 222.66 | (40.48) | 81.8% |
| Larimer | 166.81 | 222.66 | (55.85) | 74.9% |
| Community Reach | 129.12 | 222.66 | (93.54) | 58.0% |
| Aurora | 126.73 | 222.66 | (95.93) | 56.9% |
| Pikes Peak | 118.25 | 222.66 | (104.41) | 53.1% |
| Arapahoe/Douglas | 111.03 | 222.66 | (111.63) | 49.9% |
| Boulder | 86.16 | 222.66 | (136.50) | 38.7% |
| Total | $ 222.66 | | | |

Please note, Boulder is lowest because of decisions that were made in the 1990s. Boulder took its share of General Fund in its non-Medicaid base and matched a greater portion of federal Medicaid funding and used that higher (Medicaid) sum to serve its clients, including non-Medicaid. Since that time, the federal CMS has prohibited the use of Medicaid dollars for non-Medicaid clients; this left Boulder in a difficult situation with respect to its non-Medicaid (indigent) clients. Denver is the highest because of the Goebel lawsuit settlement moneys which are in the base. (Please note, staff has provided an issue brief on the dismissal of the Goebel lawsuit settlement in this briefing document.)

In theory, if funds amongst mental health centers were to be "equalized" without the introduction of new funding, Denver would lose $5.9 million (45 percent of its funding) and the San Luis Valley would lose $340,000 but 36 percent of its funding. The redistribution would go to Boulder ($1.1 million or a 135 percent increase), Pikes Peak ($2.1 million or an 83 percent increase), to Community Reach (Adams County with a 68 percent increase). Equalization of mental health center payments attempts without new funding could be devastating to this system.

*The CBHC proposal - which uses an equity model - for mental health centers is based on the estimate of total needs (i.e., without adjustments for clients currently receiving services through other mental health venues such as Medicaid).*[5]

Equity can be defined in many ways: equal funding amongst mental health centers, or equal funding per client with unmet need, or equal funding per severity of illness. Staff compared the CBHC equity model to a prior analysis showing where the clients with unmet needs seeking services are located. Staff estimated the clients served by center in the CBHC plan by dividing the mental health center dollar increase in their plan by the cost per client. This calculation resulted in an estimate of the additional number of people who would be served per mental health center under their plan. Staff then compared that client estimate by center to the Population in Need estimate of unmet need by county[6] (to mental health center). This analysis shows that the CBHC methodology does "equalize" the resource from a mental health center perspective, but this methodology does not appear to coincide with the client unmet needs as reported by the Department in its Population in Need update to the House Democratic Caucus (April 2006).

The base is less unequal when compared to where the needs are (Denver, Jefferson County) using the 66,453 estimate of mentally ill clients needing services.

| Mental Health Center | CBHC New Clients Served | CBHC Plan Distribution of Clients | Population in Need Study - Unmet Client Needs - | Percent of Unmet Need |
|---|---|---|---|---|
| Denver | 0 | 0.0% | 2,358 | 13.6% |
| Southwest | 0 | 0.0% | 437 | 2.5% |
| San Luis Valley | 0 | 0.0% | 207 | 1.2% |
| Centennial | 45 | 0.8% | 437 | 2.5% |
| Southeast | 31 | 0.6% | 299 | 1.7% |

[5] For instance, Medicaid mental health caseload (with 408,717 clients) has increased by almost a third since 2003 and is almost $200 million. These clients receive services which should be counted against total needs at the mental health centers.

[6] The Department of Human Services provided the county by county information on the number of clients with unmet need to the House Democratic Caucus on April 24, 2006.

| Mental Health Center | CBHC New Clients Served | CBHC Plan Distribution of Clients | Population in Need Study - Unmet Client Needs - | Percent of Unmet Need |
|---|---|---|---|---|
| West Central | 44 | 0.8% | 455 | 2.6% |
| Jefferson | 152 | 2.8% | 1,973 | 11.4% |
| North Range | 232 | 4.4% | 810 | 4.7% |
| Colorado West | 421 | 7.9% | 1,181 | 6.8% |
| Midwestern | 165 | 3.1% | 359 | 2.1% |
| Spanish Peaks | 285 | 5.4% | 725 | 4.2% |
| Larimer | 358 | 6.7% | 976 | 5.6% |
| Community Reach, Aurora, Arapahoe/Douglas | 1,856 | 34.9% | 3,817 | 22.1% |
| Aurora | See above | See above | See above | See above |
| Pikes Peak | 1,158 | 21.7% | 2,183 | 12.6% |
| Arapahoe/Douglas | See above | See above | See above | See above |
| Boulder | 557 | 10.5% | 1,080 | 6.2% |
| Asian Pacific | 8 | 0.2% | N/A | N/A |
| Servicios | 15 | 0.3% | N/A | N/A |
| | 5,325 | 100.0% | 17,297 | 100.0% |

While the CBHC plan commits to still serve 5,325 clients with the additional $16M, if the CBHC plan were adopted by the General Assembly in some form, it should be noted that the *specific 17,300 clients with unmet needs* quantified in the Population in Need study would not be served as much as a plan based on the Population in Need study (and referenced last year in the hearing and House Democratic caucus discussions). The Department's request uses this client based *unmet need* methodology as its foundation, as does the Mental Health Planning and Advisory Council proposal, discussed below.

*Mental Health Planning and Advisory Council Five-Year Funding Proposal*

The Mental Health Planning and Advisory Council has proposed a five-year plan to add a cumulative $52.0 million General Fund, beginning with $10.4 million in FY 2007-08. The $10.4 million for FY 2007-08 would serve 3,446 clients at $3,018 per client. After five years, the proposal would fund 17,300 clients. The Council's proposal for community mental health combines the estimate of total clients needing services and an average cost per client of $3,018.[7]

[7] Please note, the Department's request uses the cost per person figure of $3,078; other proposals use $3,018. The only difference is the application of a 2.0 percent COLA. The figures are substantially the

The Mental Health Planning and Advisory Council proposal also indicates other three priorities but it has not associated any funding with these. The proposal states that it has a goal of realigning institute capacity so that clients can be served at the facility closest to home (Fort Logan rather than Pueblo for many), that effective family advocacy programs develop statewide, and that the Division of Mental Health at the Department of Human Services have adequate capacity to carry out its necessary functions. The Council did not associate any funding with these goals.

*Considerations in Granting Additional Funding*

**Outcome Goals, Rather than Output Goals**

**All of the three proposals for new funding mentioned in this issue focus on outputs (clients served, moneys per mental health center) rather than outcome goals.**

The Department's $1.4 million request contains performance measures but does not contain end outcome goals outside of its cost/benefit calculation. Instead, the performance measures associated with the request are the following:

- Increase the percentage of consumers reporting agreement with access survey items from the Mental Health Statistical Improvement (MHSIP) Consumer Survey: *76.0 percent in FY 2007 to 76.8 percent in FY 2008 with the request.*

- Increase the percentage of children and families reporting agreement with access survey items from the Youth Services Survey for Families (YSS-F): *73.0 percent in FY 2007 to 73.7 percent in FY 2008 with the request.*

- Percentage of consumers (adults and children) with a documented encounter and a completed Colorado Client Assessment Record: *80.0 percent in FY 2007 to 90.0 percent in FY 2008.*

In looking at these measures, one might question whether a 0.8 percent increase in the percentage of consumers reporting agreement with access survey items is worthy of $1.4 million General Fund investment in such a tight budget climate. However, it is likely that this initiative would achieve more than is captured in the Department's proposed performance measures. The Department's cost benefit calculations would seem to imply that additional benefits are anticipated.

All three plans/proposals/requests use the "Population in Need" study to different degrees to describe the needs in the community. The CBHC proposal uses the figures of total need as a baseline against which it calculates its total General Fund moneys targeted to each mental health center. The Mental Health Advisory Planning and Advisory Council uses the Population in Need figures, as adjusted, to determine "unmet need". However, it has not included end outcome measures unique to their

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same.

request such as decreases in jail, prison, or ER visits.

In a limited General Fund spending climate, estimated to be even tighter in FY 2008-09, the JBC may want to consider targeting funds in a way that maximizes the long-term benefits to the state. Such a strategic focus would be consistent with the five year "time-out" from TABOR refunds authorized by the voters in Referendum C.

When the General Assembly reduced mental health community appropriations during the budget shortfalls in 2002 and 2003, the JBC was criticized for not considering the end-outcome impact of those reductions at that time (e.g., the impact on jails, ERs, DOC). Last year, the focus of the JBC was on restoration of mental health funding back to the pre-recession base. For FY 2007-08, staff recommends that the JBC focus on specific outcomes to be achieved with funding changes.

**Staff recommends that the JBC consider funding increases for mental health (and substance abuse too) based on specific performance end outcomes to be achieved so that a multi-year plan for the state could be considered. The end outcomes would be achieved in other areas of the state budget, such as DOC, Child Welfare, Mental Health Institutes, Judicial.**

**Because General Fund dollars are limited in the state budget, this recommendation would ensure that decisions move beyond the output measures of caseload served or dollars per mental health center that are mentioned in the proposals.**

Given that there is a forecast for around 7,000 more prison beds to be needed in future years, given that the mentally ill account for almost 20 percent of the current inmate population, it may be prudent to target the limited dollars available toward programs that would specifically have an impact on the DOC population and recidivism. For instance:

- **The PACE Program**. The PACE Program is a collaboration of agencies in Boulder which came together to reduce the number of inmates and to reduce the number of days that inmates were incarcerated. The focus of the program is on helping clients who are dually diagnosed (mental health and substance abuse) and who become involved in the criminal justice system. The PACE Program is an outpatient diversion program designed to reduce the rates of incarceration through treatment alternatives and integration of services. About half of the clients were charged with misdemeanors and half were charged with felonies. From June 2000 to March 2003, jail days for the 182 clients dropped by 10,008 days. Boulder is increasing its program from 40 to 60 clients but reportedly could serve 200 people if

resources were available. This number would include an additional 70 felony clients served. *Could moneys be targeted to communities using such a model with incentives to reduce state prison bed utilization? Additionally, could such moneys be part of the solution to the competency and restoration problem at the Mental Health Institute at Pueblo?*

- **Boulder Impact Program**. This program takes the multiple funding silos available from DYC, Child Welfare, Substance Abuse, Mental Health, and Judicial and manages the aggregated funding and clients at a local level with a goal of reducing out-of-home placements, psychiatric hospitalizations and commitments, increasing the numbers of youth who reside in family environments, and reinvesting the cost savings from these endeavors into community-based, wrap around programs. *Would a targeted investment in mental health dollars for such a program in Boulder and elsewhere help save money in other areas of the state budget?*

- **JERP (The John Eachon Re Entry Program).** This pilot program is for offenders with mental illness who are in Community Corrections programs. Many offenders with mental illness are denied community corrections placements because of their illnesses. This pilot program was created in 2005 with a Federal Bureau of Justice Assistance grant and multiple agency collaboration. This federal grant is coming to an end, very likely before program outcomes can be fully determined. The area of serving offenders with mental illness is especially interesting since the recidivism rate is significantly higher than other populations. This higher recidivism rate translates into prison bed utilization. To the degree that this population could be successfully served in the community after their sentences are complete, it would be useful to determine if the recidivism rate could be reduced with the provision of mental health and substance abuse services. *Should money be added to continue this pilot program in FY 2007-08 to determine if recidivism can be reduced through this structure?*

- **Assertive Community Treatment (ACT)**. ACT is an evidenced-based program which reports demonstrated decreased days of incarcerations, inpatient hospital admissions and lengths of stay, days of homelessness and substance abuse indicators.[8] The Department of Human Services cited a 41.8 percent decrease in the mean number of days of incarceration (from 31.29 in jail presumably to 18.22 in year one). The memorandum also cited a drop in the number of consumers hospitalized as well as a drop in the length of the hospitalization. Consumers experienced a drop in the mean length of stay from 28.97 days to 7.31 in year one and 3.89 days in year two. Denver has a lot of experience with this program and has cited a 44 percent drop in the arrest rate (impact to jails, not necessarily DOC). *Would this program be appropriate to target to reduce the mentally ill offender population in prisons?*

- **CUSP - Colorado Unified Supervision Treatment Program**. Multiple departments within the executive including DHS - mental health and substance abuse, Public Safety, Corrections,

[8] Source: Department of Human Services Memorandum to House Democratic Caucus, April 24, 2006, page 13.

and Judicial, collaborated on a joint request to reduce commitments for juveniles and adults in order to save money in the corrections system for the State. The project was a three year initiative for 13 demonstration projects (8 adult and 5 juvenile) in 10 judicial districts. The $6.6 million General Fund and 22.3 FTE price tag pays for a collaborative interdisciplinary focus designed to end the "business as usual" approach. The project estimates that 227 offenders will fail without the program compared to 175 failures with the program. Including construction costs, this proposal assumes a $5.9 million prison cost avoidance ($25.9 million compared to $20.0 million) or a $1.0 million private prison savings. For juveniles (not including DYC which did not sign on to CUSP) there is a $1.6 million reported savings. The project also focuses on expanding treatment capacity, particularly for methamphetamine. *This proposal was not approved by the executive in the budget. And, while the cost of the program is high compared to the estimated savings, resulting in a limited cost benefit ratio, would some form of a project such as this hold promise for the state? Most likely, reducing the prison recidivism rate will require numerous and varied approaches.*

- **H.B. 00-1034 "Management for Mentally Ill Offenders".** This program is a pilot program which provides enhanced mental health services to adjudicated youth. As discussed in the footnote section of this briefing document, last year, the Department of Public Safety reported that expansion of the "H.B. 00-1034" committed juvenile mental health pilot to serve an additional 200 youth people would save $3,691,400 in criminal activity related and mental health costs. The Division of Mental Health (DMH) in the Department of Human Services raised concerns about errors in the DCJ report and, while funding continued, no increases were funded. Since that time, the two programs (DCJ and the DMH) have provided a joint report which recommends that services for the pilot continue and stresses the importance of access to mental health services for these youth. *Please note, for FY 2007-08, the program sunsets and no funding was set aside in the budget nor has a sponsor been sought by the Department. Should funding be continued for FY 2007-08? Should the program be expanded? (The JBC may want to discuss this issue with DCJ as well.)*

Other programs may not have a direct relationship to DOC funding but may reduce inpatient hospital stays at the Mental Health Institute at Pueblo. Such a reduction would translate into decreased workload for the Institute such that it could focus on reducing its backlog for restoration and competency evaluations. Funding for Colorado West provides an example of the relationship between community funding and institutional savings:

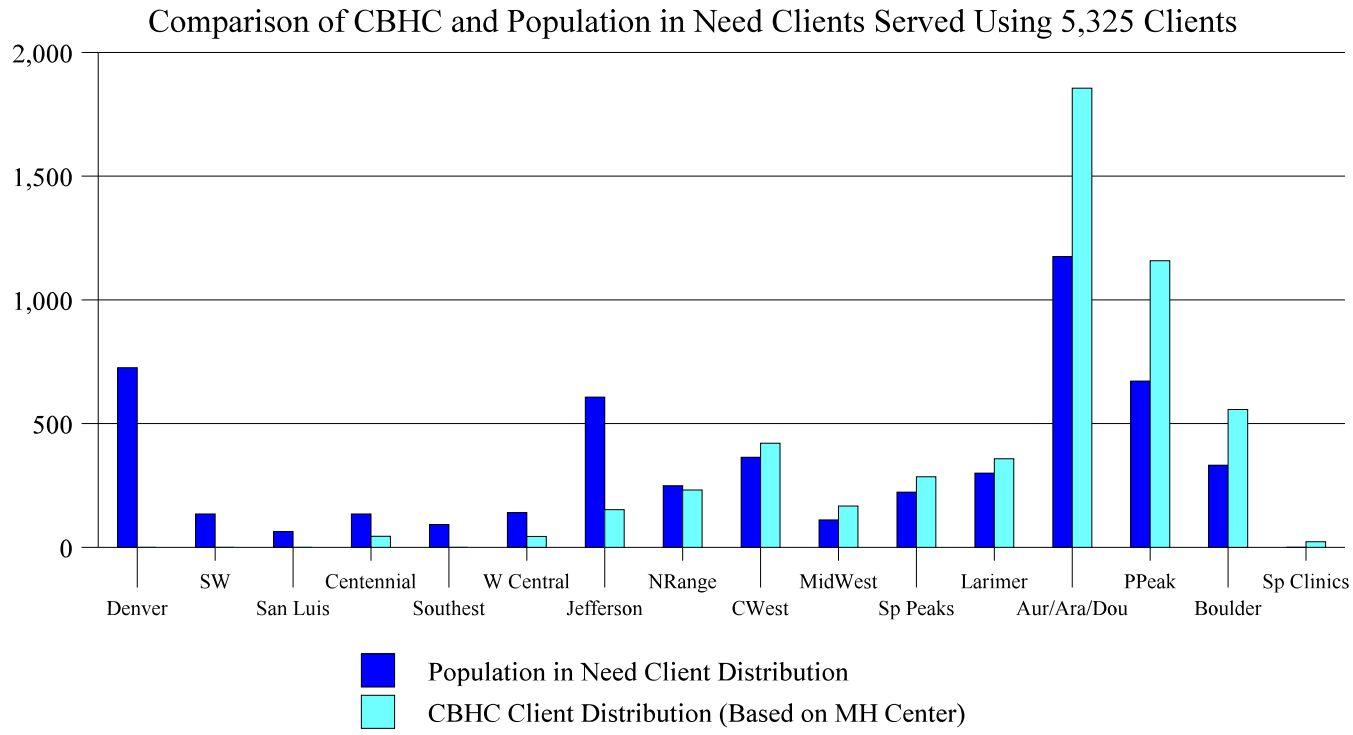
- **Colorado West crisis stabilization bed savings.** In the FY 2006-07 Long Bill, the General Assembly added $450,000 for Colorado West to provide dollars for crisis stabilization at the Colorado West Regional Mental Health Center. These dollars have already had the impact (outcome) of reducing bed utilization at the Mental Health Institute at Pueblo by 40 percent. Given that Colorado West shared seven (7) beds with Southwest and Midwest centers, that translates into 2.8 beds. Based on 2005 data provided by the Department that indicates a $172,683 cost per bed at the Mental Health Institute at Pueblo, that translates into a $483,512

bed savings.[9] The bed utilization reduction is consistent with Colorado West's assertions last year. *If Colorado West was able to reduce its bed utilization at the Mental Health Institute at Pueblo, thus freeing up room in that budget, are there other opportunities where the community may have an impact on institutional inpatient services?*

[9] Of course, the cost per bed includes all overhead and indirect costs which are included in this figure. Those costs remain even if a bed were diverted for another purpose or were not used.

**Assuming Funding for 5,325 People ($16M cumulative over three years)**

| MH Center | Counties | Amount per MH Center CBHC Proposal | Assumed # Served at $3,018 per person | CBHC Proposal Allocation Percent | Pop in Need Study Unmet Need by Center | Unmet Need Percent | Unmet Need Prorated | # Difference | Difference: Models @ $3,018 |
|---|---|---|---|---|---|---|---|---|---|
| Denver | Denver | 0 | 0 | 0.0% | 2,358 | 13.6% | 726 | (726) | (2,190,846) |
| Southwest | Archuleta, Dolores, La Plata, Montezuma, San Juan | 0 | 0 | 0.0% | 437 | 2.5% | 135 | (135) | (406,022) |
| San Luis Valley | Alamosa, Conejos, Costilla, Mineral, Rio Grande, Saguache | 0 | 0 | 0.0% | 207 | 1.2% | 64 | (64) | (192,326) |
| Centennial | Cheyenne, Elbert, Kit Carson, Lincoln, Logan, Morgan, Phillips, Sedgwick, Washington, Yuma | 134,733 | 45 | 0.8% | 437 | 2.5% | 135 | (90) | (271,289) |
| Southeast | Baca, Bent, Crowley, Kiowa, Otero, Prowers | 92,173 | 31 | 0.6% | 299 | 1.7% | 92 | (62) | (185,631) |
| West Central | Chaffee, Custer, Fremont, Lake | 133,653 | 44 | 0.8% | 455 | 2.6% | 140 | (96) | (289,093) |
| Jefferson | Clear Creek, Gilpin, Jefferson | 457,902 | 152 | 2.8% | 1,973 | 11.4% | 607 | (456) | (1,375,236) |
| North Range | Weld | 699,148 | 232 | 4.4% | 810 | 4.7% | 249 | (18) | (53,433) |
| Colorado West | Eagle, Garfield, Grand, Jackson, Mesa, Moffat, Pitkin, Rio Blanco, Routt, Summit | 1,269,819 | 421 | 7.9% | 1,181 | 6.8% | 364 | 57 | 172,538 |
| Midwestern | Delta, Gunnison, Hinsdale, Montrose, Ouray, San Miguel | 496,555 | 165 | 3.1% | 359 | 2.1% | 111 | 54 | 163,004 |
| Spanish Peaks | Huerfano, Las Animas, Pueblo | 860,805 | 285 | 5.4% | 725 | 4.2% | 223 | 62 | 187,199 |
| Larimer | Larimer | 1,079,857 | 358 | 6.7% | 976 | 5.6% | 300 | 57 | 173,044 |
| Community Reach, Aurora, Arapahoe/Douglas | Adams, Arapahoe, Douglas | 5,602,326 | 1,856 | 34.9% | 3,817 | 22.1% | 1,175 | 681 | 2,055,906 |
| Aurora | See Above | See above | See above | | See above | | 0 | | |
| Pikes Peak | El Paso, Park, Teller | 3,493,759 | 1,158 | 21.7% | 2,183 | 12.6% | 672 | 486 | 1,465,508 |
| Arapahoe/Douglas | See Above | See above | See above | | See above | | 0 | | |
| Boulder | Boulder | 1,682,021 | 557 | 10.5% | 1,080 | 6.2% | 332 | 225 | 678,580 |
| Asian Pacific | N/A | 24,910 | 8 | 0.2% | 0 | 0.0% | 0 | 8 | 24,910 |
| Servicios | N/A | 44,561 | 15 | 0.3% | 0 | 0.0% | 0 | 15 | 44,561 |
| | | 16,072,222 | 5,325 | 100.0% | 17,297 | 100.0% | 5,325 | 0 | |


Comparison of CBHC and Population in Need Clients Served Using 5,325 Clients
2,000
1,500
1,000
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Denver
SW
San Luis
Centennial
Southest
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Jefferson
NRange
CWest
MidWest
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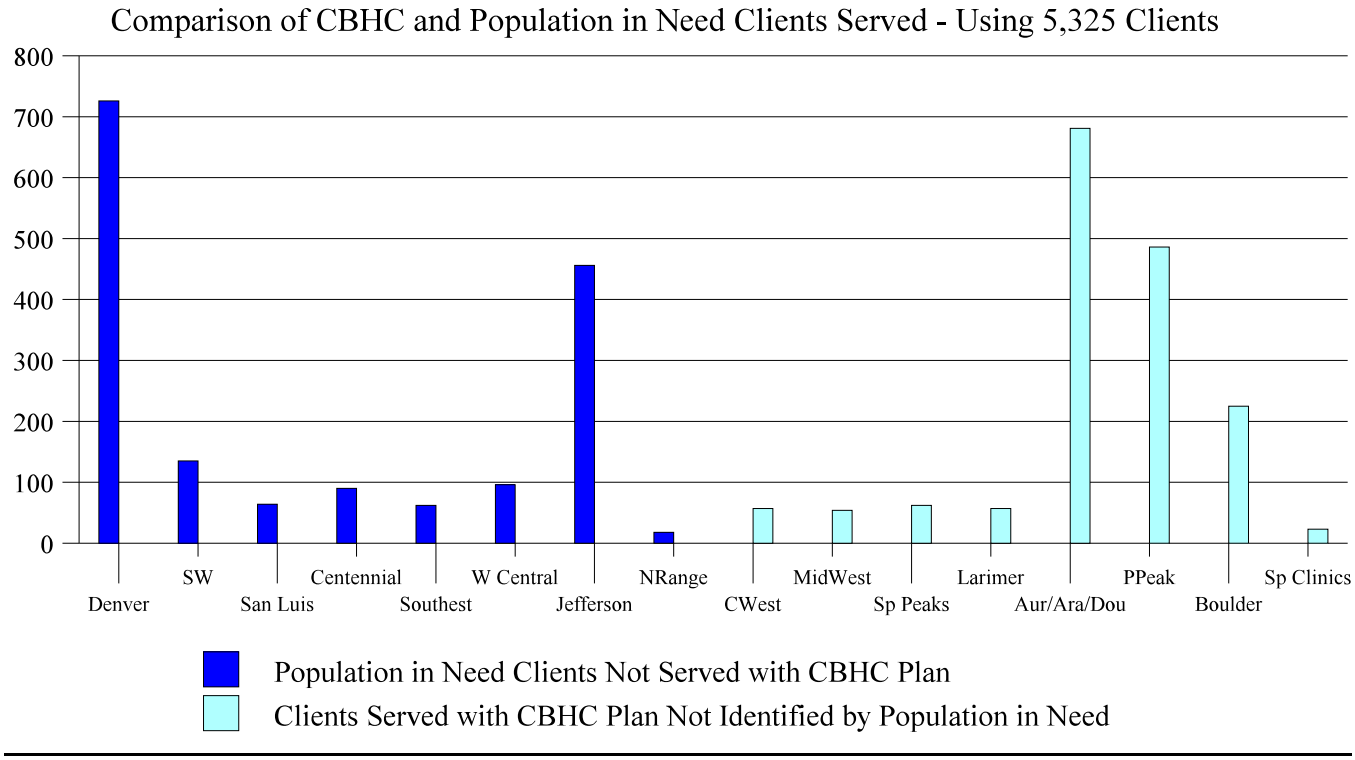
Larimer
Aur/Ara/Dou
PPeak
Boulder
Sp Clinics
Population in Need Client Distribution
CBHC Client Distribution (Based on MH Center)


Comparison of CBHC and Population in Need Clients Served - Using 5,325 Clients
800
700
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Centennial
Southest
W Central
Jefferson
NRange
CWest
MidWest
Sp Peaks
Larimer
Aur/Ara/Dou
PPeak
Boulder
Sp Clinics
Population in Need Clients Not Served with CBHC Plan
Clients Served with CBHC Plan Not Identified by Population in Need

**FY 2007-08 Joint Budget Committee Staff Budget Briefing**
**DEPARTMENT OF HUMAN SERVICES**
**Mental Health and Alcohol and Drug Abuse Services**

**ISSUE:**

The continuing issue of competency and restoration backlog represents a liability to the State. Despite substantial JBC interest and directives provided last year, the only thing that has changed is that the state's problem has grown.

**SUMMARY:**

- There has been a significant increase in the adult competency evaluations referrals from county jails to the Mental Health Institute at Pueblo. This increase has led to a backlog of clients held in county jails that are awaiting their competency screening.

- In FY 2002-03, MHI-Pueblo had 417 evaluations, 357 of which were competency evaluations. In FY 2005-06, the MHI-Pueblo had 797 evaluations, 678 of which were competency evaluations, a 90 percent increase from FY 2002-03.

- The increase in MHI - Pueblo competency evaluations is also driving restoration workload. This restoration workload takes up bed space - and thus reduces the so-called "allocated" beds available for other mental health clients.

- Last year, members of the JBC discussed potential solutions to the competency and backlog problem in some depth. Ultimately, the JBC added footnote 63 to request the Department to provide a comprehensive plan to address this issue. This footnote was vetoed and the Department was instructed not to comply.

- The Department did not submit the footnote report. Additionally, in response to staff queries on the matter, only general information about the problem has been forthcoming. (In fact, the November 1 FY 2007-08 budget request contains less information on the issue than was provided last year as the tables showing workload and backlog have been eliminated from the institute's budget narrative.)

- No requests related to this problem were made in the November 1 budget. However, subsequent issues have prompted a November 21st "1331" emergency supplemental for FY 2006-07 to add $3.5 million and 49.0 FTE to respond to this issue with the worsening problem.

- While the number of mentally ill people going to jail are cited as the reason for this problem, no solution has been proposed by the Department to address this core issue. Only 446 additional people with mental illness will receive community mental health services with the

Department's proposed FY 2007-08 decision item. The 446 represents approximately 2.6 percent of the estimated 17,000 clients needing services. At this rate of funding, it would take about 38 years to address the needs, assuming no growth in the population.

**RECOMMENDATION:**

(1) Staff recommends that the Joint Budget Committee discuss the issues with the Department at its hearing prior to approving any "1331" request for FY 2006-07 supplemental funding.

(2) Staff recommends that the Joint Budget Committee discuss the following issues with the Department and with the Governor elect:

- Currently, about 80 percent of competency evaluations are contracted out and performed in the community. *Is there any way the number of out-sourced competency evaluations can be increased?*

- According to the 2005-2007 Colorado report to the federal government on the federal block grant, the Neiberger lawsuit settlement ends December 31, 2006. *What opportununities for management flexibility at the mental health institute does this create?*

- The funding request for community mental health is sufficiently limited in its ability to address the core issue of providing services to the mentally ill. Thus, it is unlikely that there will be a decrease in the rate of mentally ill clients in jails needing competency evaluations based on the request. *Should funding be targeted to clients likely to commit crimes, such as prior offenders?*

- The state's bed allocation plan between Pueblo and Fort Logan is severely out-dated. Currently, a client from Larimer County needing services will need to drive past Fort Logan in Denver, to Pueblo, to receive services. This geographic issue also has a programmatic impact since clients have better outcomes when they are closer to home. *Can the bed allocation be considered in the competency and evaluation debate? What changes in this area are being considered in the Division's strategic plan?*

- This problem is complex and the solution is most likely complex as well. *What are the Department's strategic planning efforts in this area?*

- The General Hospital at Pueblo's MHI is only 38.5 percent occupied. *Could some of the vacant beds at the General Hospital be used to perform competency evaluations (if the inpatient hospital services were performed at local hospitals and the beds instead used for this purpose?*

- CIRCLE is a 20 bed unit that treats dual diagnosed people with substance abuse and mental health disorders at Pueblo. *Could the CIRCLE program be transferred to community*

*providers, thus freeing up existing bed space at the Mental Health Institute at Pueblo to address competency evaluations?*

**DISCUSSION:**

**Problem Statement.** There has been a significant increase in the adult competency evaluations referrals from county jails to the Mental Health Institute at Pueblo. This increase has led to a backlog of clients held in county jails that are awaiting their competency screening.

The MHI-Pueblo coordinates with independent contractors all over the state to complete more than 400 competency evaluations in local jails (80 percent of the evaluations). The issue at hand is the other 20 percent of competency evaluations.

In FY 2002-03, MHI-Pueblo had 417 evaluations, 357 of which were competency evaluations. In FY 2005-06, the MHI-Pueblo had 797 evaluations, 678 of which were competency evaluations, a 90 percent increase from FY 2002-03.

> The increase in evaluations has caused a backlog of people in jail awaiting competency evaluations. This **continuing backlog** represents a **continuing liability** for the state.

The increase in evaluations has also caused a backlog of people in jail awaiting competency evaluations. This continuing backlog represents a continuing liability for the state. In the November 1 budget request problems are noted in the budget narrative but no funding was requested in the FY 2007-08 request.

**The increase in evaluations is driving restoration workload, reducing allocated beds available**. The Mental Health Institute at Pueblo's need to do an increased number of restoration services is absorbing some of the allocated beds at MHI Pueblo, thus limiting the number of allocated beds available to the mental health centers. This use of the allocated beds in this manner means that some of the Pueblo allocated beds cannot simply be transferred to Fort Logan to decrease the geographic distance between many centers and institute services.

In FY 2002-03 MHI Pueblo conducted 417 evaluations[1]. In FY 2005-06, the MHI-Pueblo had 797 evaluations, 678 of which were competency evaluations, a 90 percent increase from FY 2002-03. Around 80 percent of these evaluations are contracted out in the community to community mental health centers. Last year, 30 to 40 percent of those evaluated were reportedly being admitted to MHI Pueblo for restoration services in conjunction or subsequent to those evaluations.

This increased restoration workload is directly tied to the increased need for evaluations. These evaluations are sought by the courts pursuant to Section 16-8-106, C.R.S. and, according to some

[1] Last year, the Department reported in its budget that it conducted 433 evaluations in FY 2002-03. In its FY 2007-08 budget request, it indicates 417 evaluations in FY 2002-03, a 3.7 percent variance.

court officials, may be attributable to the one-third reduction in indigent mental health appropriations in FY 2002-03 (e.g., if more people are mentally ill and go untreated, they may be likely to commit a crime).

**Information Requested by the General Assembly (Footnote #63)**. Footnote #63 to the FY 2006-07 Long Bill requested that the Department provide a report on its efforts in resolving these issues. This footnote reads as follows with bold and other emphasis added:

> Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Institutes -- It is the intent of the General Assembly that civil allocated beds be distributed in a manner such that clients may be served in a mental health institute in closer geographic proximity to the clients' respective homes. Best practices dictate that the provision of care should occur in the closest proximity to family and support in order to facilitate recovery. The Department's 20-year-old bed allocation plan does not follow this best practice. Because allocated civil beds are instead being utilized at the Mental Health Institute at Pueblo for competency evaluations and restoration of competency services, fewer beds are available for civil allocations.
>
> Footnote #63 was added by the General Assembly to ask for solutions in this area. The footnote was vetoed and the Department was instructed not to comply.
>
> **To that end, it is the intent of the General Assembly that the Department evaluate options for addressing the current backlog for competency evaluations and restoration of sanity cases at the Mental Health Institute and explore alternative means for addressing this problem and the problem of the civil allocated beds**.
>
> A report on the Department's findings and recommendations is requested to be provided to the Joint Budget Committee and the House and Senate Health and Human Services Committees by no later than November 1, 2006. Said report is requested to consider options for addressing this backlog and providing for a more appropriate allocation of civil beds. Said report is requested to evaluate efficient and effective options for utilizing other means and/or facilities in the state to provide said services and to evaluate options for providing mental health services in the jails to minimize the need for such restorations, thus reducing the workload and backlog. **As a result of this research, it is the intent of the General Assembly to minimize the evaluations and restorations workload and backlog for the Mental Health Institute at Pueblo so that the beds allocated for civil-based mental health services can be utilized more effectively and efficiently.** (Emphasis added)

As indicated earlier in this briefing document, this footnote was vetoed and the Department was directed not to comply. This footnote was vetoed citing a conflict with the Colorado Constitution,

Article III and possibly Article V, Section 32, in that it interferes with the ability of the executive branch to administer the appropriation.

The Department did not respond to the General Assembly's request for a footnote report on November 1. However, the problem is even greater than when the footnote was approved during figure setting. Joint Budget Committee staff asked the Department to respond to a query regarding this footnote. The request read as follows, "Although we understand that Footnote 63 was vetoed by the Governor, the committee would like to know what findings and recommendations you have concerning the issues discussed therein." The response is included in its entirety below:

Thus, since this issue was discussed last year, the problem has grown from a backlog and a workload issue to a potential legal issue.

> "Within the context of general operations planning, the Department has continued to examine the bed allocation issue from a number of perspectives. These perspectives include bed usage rates by mental health center, population per bed by mental health center, geographic location of mental health centers and other (non-Institute) adult inpatient psychiatric capacity in the State. The data show significant variation in bed use as well as population served per bed by each mental health center. We have also reviewed the Tri-West study recommendations and the Office of Behavioral Health and Housing's Operational Plan for the Institutes. Our findings will be subject to discussion by interested parties by the end of the year, including the directors of community mental health centers, before the Department can make specific recommendations. We are currently in the process of validating these new data and planning for preliminary stakeholder discussions about their implications."

In October, JBC staff inquired about this issue with the Department of Human Services. The DHS response included the following:

> Nevertheless, as of early October 2006, the waiting list has grown to 77 individuals waiting in jail up to five months for admission. **The situation is posing legal problems for the DHS**: the OBHH Director of Hospital Services recently received a **second contempt of court citation** for failure to admit a patient in a timely manner, increasing the Department's risk of significant legal costs resulting from delayed admissions. The Department is submitting a supplemental to address this backlog. (Emphasis added)

Thus, since this issue was discussed last year, the problem has grown from a backlog and a workload issue to a potential legal issue and service issue.

**A Related Issue: The state's 20+ year old bed allocation plan means that service needs and service provision is out of balance.** Last year, there was community and some legislative interest discussed in changing the geographic distribution of some allocated beds from MHI-Pueblo to MHI-Fort Logan. The Department responded last year that it would not be able to transfer some of the allocated beds from Pueblo to Fort Logan because those allocated beds were being used instead for restoration services at MHI-Pueblo. Thus, the allocation issue and the competency issue may be related in this discussion.

| Community Mental Health Centers | Current Bed Allocation | |
|---|---|---|
| | Pueblo | Ft. Logan |
| Adams Community Mental Health | | 13 |
| Arapahoe/Douglas Mental Health Network | 10 | |
| Aurora Mental Health Center | | 11 |
| Mental Health Center of Boulder County | | 14 |
| Centennial Mental Health Center | 4 | |
| Jefferson Center for Mental Health | | 22 |
| Larimer Center for Mental Health | 8 | |
| Mental Health Corporation of Denver | | 31 |
| North Range Mental Health Center | 2 | |
| Pikes Peak Mental Health Center | 15 | |
| San Luis Valley Comprehensive Community Mental Health Center | 2 | |
| Southeast Mental Health Center | 4 | |
| Spanish Peaks Mental Health Center | 8 | |
| West Central Mental Health Center | 4 | |
| Colorado West Regional Mental Health Center | 7 | |
| Midwestern Colorado Mental Health Center | | |
| Southwest Colorado Mental Health Center (Crossroads) | | |
| Total | 64 | 91 |

The state's bed allocation plan between Pueblo and Fort Logan is severely out-dated. Currently, a client from Larimer County needing services will need to drive past Fort Logan in Denver, to Pueblo, to receive services. This geographic issue also has a programmatic impact since clients have better outcomes when they are closer to home. *Can the bed allocation be considered in the competency and evaluation debate? What changes in this area are being considered in the Division's strategic plan?*

It is possible that contracting out the competency and sanity evaluations conducted at Pueblo would allow Pueblo to better target its resources on restorations. The evaluations can be contracted out to other areas of the state. By relieving MHI-Pueblo's evaluation workload thereby freeing up these beds for restorations, some of the allocated beds could be reallocated to Fort Logan ($0.8M for

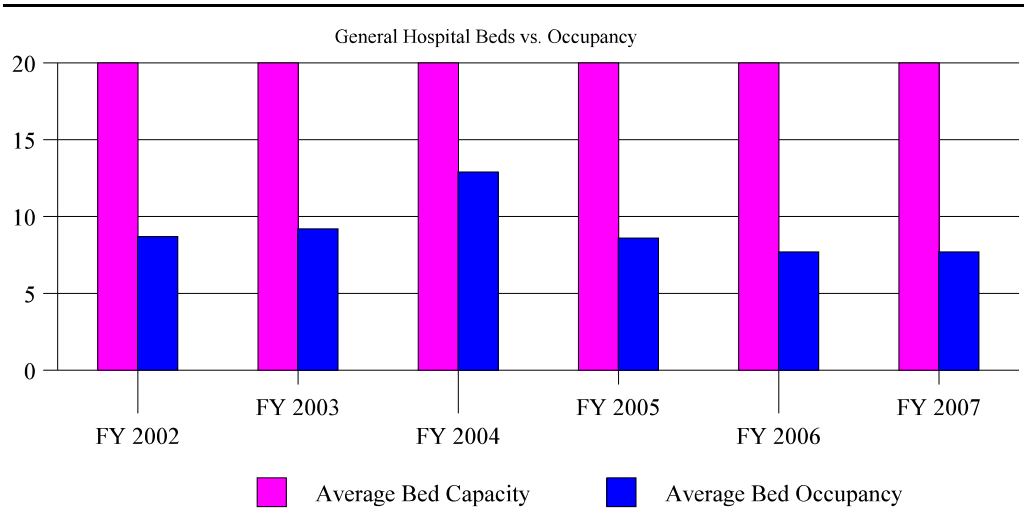
construction costs - however even construction takes time that the state may not legally have). Additionally, some of these allocated beds can be transferred to Fort Logan without a negative impact to Pueblo's restoration and evaluation services. The Department's recent response to JBC indicates that it is also considering this combined benefit:

> Further the Department is exploring the possibility of adjusting bed allocations between the two institutes in order to free more beds and staff at CMHIP for inpatient competency evaluations and restorations. These activities are all partial solutions that serve only to mitigate the problem. Until there are fewer mentally ill individuals going to jails, we believe that we will continue to see a significant backlog in restorations until CMHIP is able to restore and/or develop adequate bed capacity to serve this increasing population.

*Other Questions/Considerations for the Department*

**General Hospital**. The General Hospital (at the Pueblo Mental Health Institute) is at 38.5 percent occupancy. It has a bed capacity of 20 and an average daily census of 7.7. The chart below compares the average bed occupancy with the bed capacity. Thus, a backlog of clients remain in jails awaiting competency evaluations yet a unit nearby is only 38.5 percent occupied. Since the FY 2005-06 actual expenditure for this area were $3,280,915 in direct costs, this means that $426,093 was spent on average per filled bed.

✓ *Could some of the vacant beds at the General Hospital be used to perform competency evaluations?*



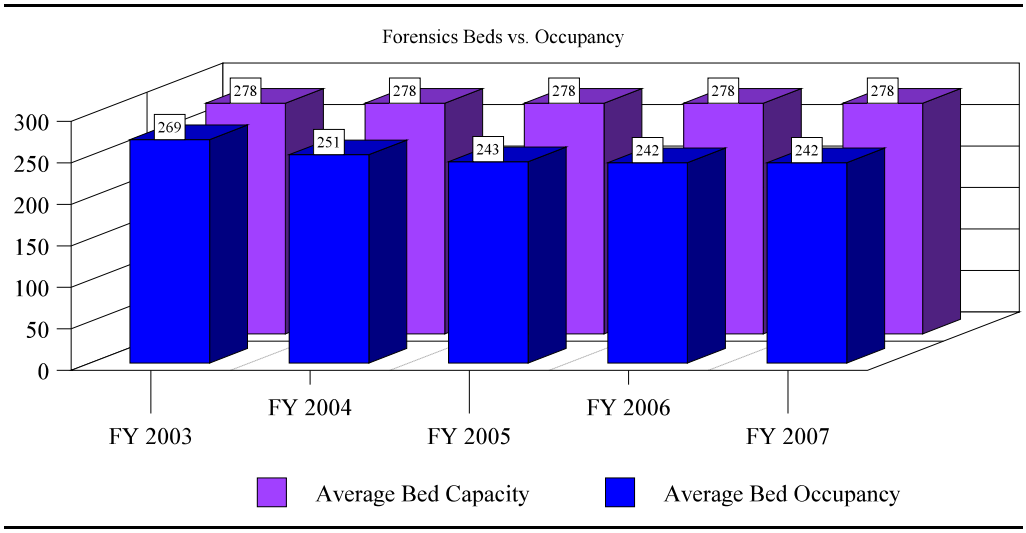

**The CIRCLE Program**. CIRCLE is a 20 bed unit providing a 90 day inpatient treatment program for clients with "the most severe" psychiatric and chemical dependency disorders. Clients must be

18-59 and have dual diagnoses. They are referred from mental health centers, ADAD, the judicial system, and families. The CIRCLE program at the Mental Health Institute at Pueblo was a $1.6 million General Fund program employing 27.3 FTE in FY 2004-05 (staff was not able to find information on this program in the FY 2007-08 budget request).

✓ *Could the CIRCLE program be deinstitutionalized, transferred over to community providers, thus freeing up existing bed space at the Mental Health Institute at Pueblo to address competency evaluations with the existing budget?*

**Neiberger Lawsuit.** The Department's FY 2007-08 strategic plan indicates that the Neiberger lawsuit settlement is a contributing factor in the competency and evaluation backlog issue. The Department's plan indicates that Neiberger requires the Mental Health Institute at Pueblo to comply with a number of requirements, including a staff to patient ratio and a census limit. However, according to the 2005-2007 Colorado report to the federal government on the federal block grant, the Neiberger lawsuit settlement ends December 31, 2006.

*The forensics unit has 241.5 beds filled compared to a capacity of 278 beds, a difference of 36.5 beds or 15 percent. With changes in other areas of the mental health institute to free up staff, what opportununities for management flexibility at the mental health institute does this create for managing the immediate needs of the competency and evaluation workload more efficiently?*



**FY 2007-08 Joint Budget Committee Staff Budget Briefing**
**DEPARTMENT OF HUMAN SERVICES**
**Mental Health and Alcohol and Drug Abuse Services**

**ISSUE:**

Rethinking the institutional structure of services available under the Children's Mental Health Treatment Act (H.B. 99-1116).

**SUMMARY:**

- The Children's Mental Health Treatment Act was designed to give parents the option of having their children placed in institutional residential services for mental health treatment without requiring a "dependency and neglect" determination through the local county departments of social services or the courts.

- In the Surgeon General's report on mental health (*Mental Health: A Report of the Surgeon General)*, there were a host of concerns noted about residential treatment services, something the report referred to as the *second most restrictive form of care for children*. The Surgeon General's concerns generally point to questions about the actual impact or benefit of said care for children based on research cited.

- In the FY 2005-06 Long Bill, the JBC authorized an increase of $200,000 General Fund for the program to assist with transition activities. The Department's budget indicates that only a fraction of the $200,000 for transitional activities was expended in FY 2005-06 ($46,150). If new admissions into institutional services continue as estimated, this program will surpass $1.0 million this year.

- An estimated 20 percent of children and youth who are approved for residential treatment through the current process "may be able to be diverted to community-based treatment with the consent and full participation of their parent(s)." If targeted community services were available instead, more appropriate services could be provided at a better rate, consistent with the Department's stated performance objectives/measures.

- This program has an average length of stay of 13.4 months (1.12 years) per child. Separate information indicates that the length of stay for these youth is significantly greater than the Behavioral Health Organizations (BHOs) which have an average length of stay of 5.0 months (median of four months). If this is true, this program has a 62.7 percent longer length of stay compared to the BHOs.

**RECOMMENDATIONS:**

Staff recommends that the JBC discuss the option to provide an alternative community wrap-around

service option for children with the Department of Human Services and with the provider and advocacy community.

Staff also recommends that the Committee ask the Department the following questions:

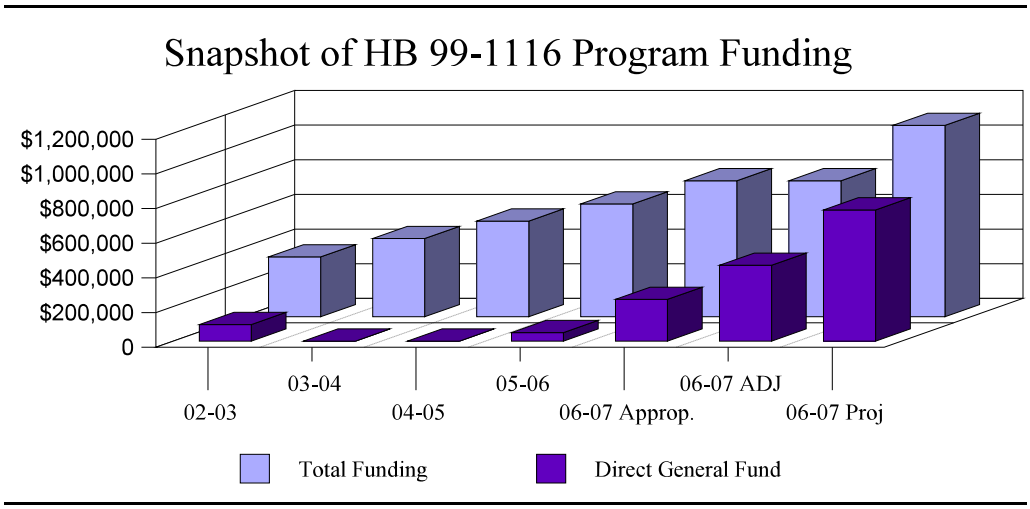
- What are the 1, 3, and 5 year funding estimates for this program?
- Why were only $43,000 of the $200,000 General Fund appropriated for this program in the FY 2005-06 Long Bill spent?
- Why is the length of stay for this program so much longer than placements for the Behavioral Health Organizations (BHOs)?
- What are the end outcomes or improvements achieved through this program?
- What suggestions does the Department have for creating community preventative wrap around services specifically targeted for this population?

**DISCUSSION:**

*Program and Funding Background*

The Residential Treatment for Youth Program was first authorized by H.B. 99-1116. This legislation established the "Child Mental Health Treatment Act" which provides parents the option of having their children placed in residential services for mental health treatment without requiring a "dependency and neglect" determination through the local county departments of social services or the courts. Additionally, Medicaid funding is available for the children for mental health treatment services (only). In 2004, the program was scheduled to sunset and the General Assembly passed S.B. 04-65. Senate Bill 04-65 reauthorized the program based on the passage of H.B. 04-1421, which allocated a sum from the tobacco settlement ($300,000 as amended by H.B. 06-1310).

The following chart shows the change in total funding for the program relative to the General Fund in the program.



In the FY 2005-06 Long Bill, the JBC authorized an increase of $200,000 General Fund for the program to assist with transition activities. Recent reporting from the Department indicates that only a fraction of the $200,000 for transitional activities was expended in FY 2005-06 ($46,150). The FY 2006-07 transition funding available in the budget totals $206,500 (with the addition of the 3.25 percent community provider rate increase).

*Recent Supplemental Change*

On September 20, 2006, the JBC approved the Department's request for a supplemental which contained $0 total funds overall -- but contained *a mix of financing changes* comprised of a decrease of $393,696 Medicaid cash funds exempt, an increase of $196,848 tobacco cash funds exempt funds and $196,848 General Fund appropriated directly to the Department of Human Services. (The tobacco funds had been appropriated to the Department of Health Care Policy and Financing and matched with federal Medicaid funds; the request instead moved those dollars to the Department of Human Services directly). Last year, CMS indicated that the Medicaid federal funds being used by Colorado in its Residential Treatment Center (RTC) programs were not authorized. The shortfall which prompted the funding change was primarily attributable to the loss of Medicaid federal funds allowable for the Residential Treatment Center (RTC) Program.

The request indicated that the "Department is monitoring expenditures, new admissions and overall utilization for the program and will revise the supplemental in January 2007 if necessary". The request did not assume any new clients are admitted to the program for the year - and only reflected those clients already enrolled as of July 1, 2006. Thus, it would appear that the JBC may have an additional supplemental request for this program later in the year.

In response to staff's request, the Department calculated the impact of FY 2004-05 new admissions in addition to the existing clients estimated in this request; these numbers indicate that the total program would surpass $1 million this year. The new admissions in FY 2005-06 greatly exceeded FY 2004-05 and it is not known yet if this as an irregularity, hence FY 2004-05 was used. Because the request is solely based on the youth currently in placement -- and assumes that no other youth will be admitted all year (highly unlikely) -- staff believes that significantly more money may be necessary than was approved in September.

*Program Outcomes*

The Department's performance measure associated with this program is the following: "Increase the percentage of children with serious emotional disturbances who are living in a family-like setting." (projected at 93.0 percent for FY 2007) Please note, clients currently in this program are served in institutional services (TRCCFs) outside the home, not within the home.

In the Surgeon General's report on mental health (*Mental Health: A Report of the Surgeon General)*,

there were a host of concerns noted about residential treatment services, something the report referred to as the *second most restrictive form of care for children*. The Surgeon General's concerns generally point to questions about the actual impact or benefit of said care for children based on research cited. However, given the variety of residential services in Colorado, and the lack of comparison between them, it would be hard to draw a correlation between the findings in this report and all residential services. Moreover, the services in the H.B. 99-1116 program are specifically geared toward those who are mentally ill; not every residential treatment service could or would want to provide services to this population.

On December 1, 2005, the Department provided its statutorily required report on the Colorado program pursuant to Section 27-10.3-101, C.R.S. The report indicates that 66 Medicaid youth have been screened, and 44 (67 percent) were placed into Residential Treatment Centers. Medicaid youth were much more likely than at-risk youth to receive community-based services, including family preservation and post-discharge follow-up.

> An estimated 20 percent of children and youth who are approved for residential treatment through the current process "may be able to be diverted to community-based treatment with the consent and full participation of their parent(s)."

No outcome information was available about the efficacy of the services for the youth served. Upon further inquiry subsequent to this report, there is no data available as to the impact of this program, other than the anecdotal benefits. The Department has assessed the clients going into the program but has not evaluated the status of the clients after they leave the program.

Most importantly, the Department has estimated that 20 percent of children and youth who are approved for residential treatment through the current process "may be able to be diverted to community-based treatment with the consent and full participation of their parent(s)." If funding were available for alternatives to this program, greater efficiency and effectiveness may result. If targeted community services were available instead, more appropriate services could be provided at a better rate. However, the Department's slower start- up use of the JBC's $200,000 added in FY 2005-06 reflects the challenges in this area.

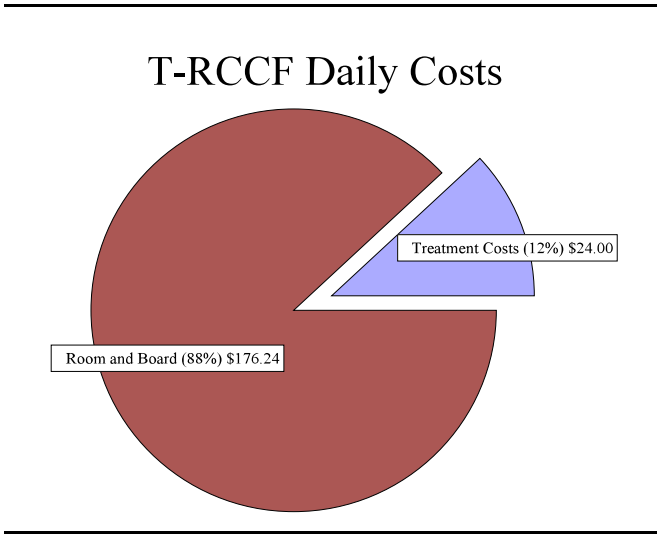
> If targeted community services were available instead, more appropriate services could be provided at a better rate, consistent with the Department's stated performance objectives/measures.

*Recommendations:*

Staff recommends that the Committee cautiously and carefully watch this program in case there is a movement of clients who would otherwise be served in Child Welfare into this small program. This program saw a significant client caseload increase last year in the last 3-4 months of the program; this coincided with other changes to the Child Welfare system (e.g., RTC).

Staff recommends that the JBC discuss the option to provide an alternative community wrap-around service option for children with the Department of Human Services and with the provider and advocacy community. Staff recommends that the JBC discuss with the Department opportunities to fund services for youth at risk of out of home placement at the pre-institutional stage -- *before* out of home services are needed. Currently, moneys are available for institutionalizing the youth, and just recently funds were added to transition the youth from the institution back to the community (family). What is missing, however, is the front-end prevention targeted dollars. With the right (tight) criteria distinguishing this population, there could be programmatic efficiencies and greater effectiveness.

As noted in staff's September presentation, only approximately 12.0 percent of the daily placement costs are attributable to actual treatment ($24.00 compared to an average daily rate of $176.24). Together, the gross cost is $200.24 a day; by comparison, a Medicaid nursing facility is $162.87 gross cost per day. Thus, with a 13.4 month stay and gross cost of $81,638 not offset by patient and family payments, the savings from avoiding an out of home placement can be significant; however, sufficient community resources need to be available to avoid such costs.




Staff also recommends that the JBC discuss with the Department opportunities to improve the case management for these children and families. *This program has an average length of stay of 13.4 months (1.12 years) per child.* Separate information reported by the Department in response to staff's questions indicates that the length of stay is significantly greater than the Behavioral Health Organizations (BHOs) have an average length of stay of *5.0 months* (median of four months) - thus the program has a 62.7 percent longer length of stay compared to the BHOs. Given that all clients in this setting have mental illness or serious emotional problems, it is striking from a management and budget perspective that the two programs have such variety in the length of stay. The difference may be attributable to case management efforts; at a cost of about $200.00 a day for care, providing case management and utilization review in the manner as the BHOs for instance could be an extremely beneficial change.

**FY 2007-08 Joint Budget Committee Staff Budget Briefing**
**DEPARTMENT OF HUMAN SERVICES &**
**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING**
**The Goebel Lawsuit Settlement**

**ISSUE:**

The Goebel lawsuit settlement was dismissed with prejudice on March 31, 2006. On September 20, 2006, the JBC authorized the transfer of the Medicaid funding for Goebel from the Department of Human Services to the Department of Health Care Policy and Financing in order to comply with CMS requirements. Other changes to reorganize the budget in reaction to this "new world" without the settlement requirements are also necessary. Such changes would increase system and departmental efficiency and improve outcomes for clients while maintaining necessary funding levels for clients in Denver.

**SUMMARY:**

- The state has appropriated a cumulative $187.4 million ($129.1 million net General Fund) for the Goebel court settlement from FY 1994-95 to FY 2005-06. The FY 2006-07 Long Bill eliminated funding for the court monitor in anticipation of the lawsuit settlement dismissal, but includes $19,051,716 total funds, including $12,752,267 *net* General Fund and $6,137,540 federal funds.

- Pursuant to requirements by CMS, the JBC approved an emergency supplemental in September to transfer $12,275,081 total funds in Medicaid Goebel payments from the Department of Human Services to the Department of Health Care Policy and Financing. This sum is now included in the BHO rate for Denver (Access Behavioral Care).

- The court settlement agreement required an hours based management model for Goebel (as opposed to an outcome based or managed care model). The court settlement agreement has ended, yet the Department of Human Services continues to require a unique service provision and oversight for these clients.

- The 2.0 FTE (and $178,976 General Fund) which had been appropriated for Goebel oversight are no longer needed for that function. However, the Department's overall mental health workload is stretched enough that an argument could be made to transfer the FTE to the Division of Mental Health Administration to use for overall administrative oversight.

**RECOMMENDATION:**

(1) Staff recommends that the JBC discuss with the Department of Human Services the following changes to its budget:

- Transfer the Goebel General Fund for Denver clients from the "Goebel" line item to the Indigent

line item. The intent of this transfer would be to still provide necessary moneys to serve mentally ill Denver clients but to also reflect that the lawsuit settlement dismissal.

- 2.0 FTE still are funded at DHS to work on the Goebel lawsuit settlement. These FTE are no longer necessary. However, given the Division's administrative needs, staff recommends that these FTE be transferred to the Division's administrative line item to help offset Division of Mental Health workload

(2) Staff recommends that the JBC discuss with the Department of Health Care Policy and Financing the status of the funding transferred from the Department of Human Services on September 20, 2006. It is staff's understanding that not all of the $12,275,081 Medicaid funds that were transferred have been "certified" as a legitimate Medicaid expenditure by Colorado Access.

(3) Staff recommends that the JBC discuss with both departments the option to make a statutory change to remove Goebel oversight from the Department of Human Services' administrative requirements.

**DISCUSSION:**

*Background*

The Goebel lawsuit settlement required services for 1,600 indigent mentally ill individuals located in northwest Denver. These people suffer from chronic mental illnesses, such as schizophrenia, bipolar disorder, and severe depression, which seriously impair their ability to be self-sufficient. The Goebel case combined two class actions asserting that residents of northwest Denver with chronic mental illness were being denied appropriate services. Under the settlement, the City of Denver provided housing specified in the Goebel Services Plan and the State was to provide an array of highly specific services tracked based on hours. The state has appropriated a cumulative $187.4 million ($129.1 million net General Fund) for the Goebel court settlement from FY 1994-95 to FY 2005-06.

*The Goebel Court Settlement was Dismissed*

On March 31, 2006, the Goebel court settlement was "dismissed with prejudice". The court found that "the so-called State Defendants, have satisfied all their obligations under the parties' Settlement Agreement, as clarified by my various post-settlement Orders". The FY 2006-07 Long Bill eliminated funding for the court monitor in anticipation of this dismissal but includes $19,051,716 total funds, including $12,752,267 *net* General Fund and $6,137,540 federal funds. The funding for this program was in the Department of Human Services (with transfers of Medicaid funding from HCPF into its budget).

*Medicaid Portion of Goebel*

The Department of Health Care Policy and Financing submitted a September 2006 "1331" FY 2006-07

supplemental request which was approved by the JBC. This request transferred $12,275,081 total funds, including $6,137,540 General Fund and $6,137,541 federal funds from DHS to HCPF. This sum had previously been transferred as Medicaid cash funds exempt to DHS. This transfer was General Fund budget neutral.

The Department of Health Care Policy and Financing had indicated that The Centers for Medicare and Medicaid Services (CMS) relayed to the Department of Health Care Policy and Financing that effective July 1, 2006, all Goebel payments must be actuarially certified as specified in 42 CFR 438(c). Additionally, the Department of Health Care Policy and Financing relayed that their contract actuary, PricewaterhouseCoopers, indicated that this payment would need to be included in the payment to Access Behavioral Care (the Denver BHO).

It is staff's understanding that not all of the $12,275,081 Medicaid funds that were transferred may be authorized as a Medicaid expenditure by CMS. Staff recommends that the JBC discuss with the Department of Health Care Policy and Financing the status of the funding transferred from the Department of Human Services on September 20, 2006.

*Other Changes Needed*

The FY 2006-07 budget had the appropriations for Goebel all consolidated in the Department of Human Services. The Medicaid portion for clients has been moved to HCPF as noted above in the "1331" JBC action, as discussed above.

This leaves a line item still entitled "Goebel Lawsuit Settlement". There are two problems with this. First, the majority of this funding has been removed with the Medicaid transfer so it is an inaccurate portrayal of the Goebel Lawsuit Settlement moneys. Secondly, there is no Goebel Lawsuit Settlement, so the moneys should be reorganized to meld into the mental health budget. Specifically, staff recommends that the mental health program dollars be integrated into the Mental Health Services for the Indigent line item - still maintained for Denver - but no longer tied to a non-existent court settlement.

Furthermore, the Department of Human Services continues to require specific hours based services and accounting for Goebel clients even though the settlement has changed. This requirement is no longer necessary. The following language is extracted from the Department's contract with Denver on Goebel:

> Regardless of the lawsuit dismissal, the State and the Contractor agree to provide services at the FY 06-07 appropriated funding levels provided through this contract. MHCD/the Contractor shall provide services for at least 1600 continuously enrolled clients. The enrollment of the 1600 clients shall be calculated by the total number of client service days provided divided by the number of service days monitored at any given time. The Contractor shall provide services as follows:
>
> SERVICE HOURS.

1. Service hours are to be computed on a four- month average basis. At least 75% of consumers on High Intensive Treatment Teams (HITT) shall receive an average of no less that 9.69 hours of service per month; at least 75% of consumers on Community Treatment Teams (CTT) shall receive an average of no less than 3.97 hours of service per month and at least 75% of consumers on the Independent Living Team (ILT) shall receive no less than 8 hours of services per month. Additionally no more than 5% of consumers on HITT Teams shall average less that 2.5 hours of service per month; no more than 5% of consumers on the CTT shall average less than 1.0 hour of service per month and no more than 5% of consumers on the ILT shall average less than 2.0 hours of service per month. Services shall continue to be provided through the term of the contract.

As indicated in the past, hours may be appropriate measures for a contractor to decide to count, but it does not seem appropriate for the Department to mandate. What was the point of the lawsuit settlement, if the Division of Mental Health is still managing Goebel with a "business as usual" approach? According to DHS, the Mental Health Center of Denver, which administers Goebel funding, has "begun the implementation of an outcomes approach based on measuring the individual's 'tendency towards recovery'". A Recovery Measures survey has been implemented and the Department's footnote report indicated that 250 of the 1,600 consumers had completed the instrument and that another 250 would be added each month.

> What was the point of the lawsuit settlement dismissal, if the Division of Mental Health is still managing Goebel with a "business as usual" approach?

Additionally, the 2.0 FTE for the Department which total $178,976 for the General Professional VI and the Health Professional VII are no longer necessary for Goebel oversight. However, staff recommends that these staff not be eliminated from the Division; instead, staff believes that an argument can be made for the Division's workload which a transfer of 2.0 new FTE would help ameliorate. Thus, staff would recommend that the JBC consider transferring the staff to Mental Health Administration rather than eliminating the positions. A note, it appears that the Department has included a 2.0 percent community provider rate increase on its 2.0 FTE and the associated funding. This is obviously an error. The changes in the structure of the budget which are recommended in this briefing issue would eliminate the confusion which has led to this.

*Statutory Change*

Section 25.5 -5-411 (3), C.R.S. indicates that the Department of Human Services is the administrator of the Goebel program as follows:

> The administration of the provision of mental health services to persons receiving services pursuant to *Arevalo v. Colorado Department of Human Services,* Case No. 81 CV 6961, in the district court for the city and county of Denver, and the

administration of the mental health institutes shall remain the responsibility of the department of human services.

However, this statute is now out of date due to the settlement and HCPF is managing the Medicaid portion in the BHOs. As such, a change to this outdated statutory language is necessary.

## GOEBEL FUNDING REORGANIZATION: ALL FUNDING AREAS

| Current Appropriation - Goebel (All) Funding | | | RECOMMENDED Appropriation - Goebel (All) Funding | | | RECOMMENDED Change - Goebel (All) Funding | | |
|---|---|---|---|---|---|---|---|---|
| HCPF | (1) Capitation (Medicaid) | 0 | HCPF | (1) Capitation (Medicaid) | 12,275,081 | HCPF | (1) Capitation (Medicaid) | 12,275,081 |
| | GF | 0 | | GF | 6,137,541 | | GF | 6,137,541 |
| | FF | 0 | | FF | 6,137,540 | | FF | 6,137,540 |
| HCPF | (2) Transfer to DHS (Medicaid) | 12,275,081 | HCPF | (2) Transfer to DHS (Medicaid) | 0 | HCPF | (2) Transfer to DHS (Medicaid) | (12,275,081) |
| | GF | 6,137,541 | | GF | 0 | | GF | (6,137,541) |
| | FF | 6,137,540 | | FF | 0 | | FF | (6,137,540) |
| DHS | (1) Mental Health Division - Goebel Line Item | 19,051,716 | DHS | (1) Mental Health Division - Goebel Line Item | 0 | DHS | (1) Mental Health Division - Goebel Line Item | (19,051,716) |
| | GF (including 2.0 FTE) | 6,614,726 | | GF | 0 | | GF | (6,614,726) |
| | CFE (Medicaid transfer) | 12,275,081 | | CFE (Medicaid transfer) | 0 | | CFE (Medicaid transfer) | (12,275,081) |
| | CFE (Vocational Rehab Moneys) | 161,909 | | CFE (Vocational Rehab Moneys) | 0 | | CFE (Vocational Rehab Moneys) | (161,909) |
| | | | DHS | Mental Health Administration (2.0 FTE) | 178,783 | DHS | Mental Health Administration (2.0 FTE) | 178,783 |
| | | | | GF | 178,783 | | GF | 178,783 |
| | | | DHS | Indigent Care Mental Health (Denver portion) | 6,597,852 | DHS | Indigent Care Mental Health (Denver portion) | 6,597,852 |
| | | | | GF | 6,435,943 | | GF | 6,435,943 |
| | | | | CFE (Vocational Rehab Moneys) | 161,909 | | CFE (Vocational Rehab Moneys) | 161,909 |
| Total Statewide | | 31,326,797 | Total Statewide | | 19,051,716 | Total Statewide Change | | (12,275,081) |
| | GF | 12,752,267 | | GF | 12,752,267 | | GF | 0 |
| | CFE (Medicaid transfer) | 12,275,081 | | CFE (Medicaid transfer) | 0 | | CFE (Medicaid transfer) | (12,275,081) |
| | CFE (Vocational Rehab Moneys) | 161,909 | | CFE (Vocational Rehab Moneys) | 161,909 | | CFE (Vocational Rehab Moneys) | 0 |
| | FF | 6,137,540 | | FF | 6,137,540 | | FF | 0 |
| | *For Information Only* | | | *For Information Only* | | | *For Information Only* | |
| | *Net GF* | *12,752,267* | | *Net GF* | *6,137,541* | | *Net GF* | *0* |
| *HCPF* | | *12,275,081* | *HCPF* | | *12,275,081* | *HCPF* | | *0* |
| | *GF* | *6,137,541* | | *GF* | *6,137,541* | | *GF* | *0* |
| | *FF* | *6,137,540* | | *FF* | *6,137,540* | | *FF* | *0* |
| *DHS* | | *19,051,716* | *DHS* | | *6,776,635* | *DHS* | | *(12,275,081)* |
| | *GF* | *6,614,726* | | *GF* | *6,614,726* | | *GF* | *0* |
| | *CFE (Medicaid transfer)* | *12,275,081* | | *CFE (Medicaid transfer)* | *0* | | *CFE (Medicaid transfer)* | *(12,275,081)* |
| | *CFE (Vocational Rehab Moneys)* | *161,909* | | *CFE (Vocational Rehab Moneys)* | *161,909* | | *CFE (Vocational Rehab Moneys)* | *0* |
| | *FF* | *0* | | *FF* | *0* | | *FF* | *0* |

**FY 2007-08 Joint Budget Committee Staff Budget Briefing**
**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING**
**Medicaid Mental Health Capitation**

**ISSUE:**

Medicaid caseload and required cost inflators are driving the Medicaid mental health budget. The ability to manage the inflator could have a large impact on the state's budget. For FY 2006-07, cost increases in the cost per client total $3.6 million ($1.7 million of which is General Fund). A portion of this is an inflationary factor of 3.85 percent, millions higher than the 2.71 percent inflator approved in the budget.

**SUMMARY:**

*Dollar Request*

- The FY 2007-08 budget request for $204.4 million contains caseload estimates that are 22,777 clients higher than the FY 2006-07 estimate of 408,717. This 5.6 percent increase accounts for $7.0 million of the $14.7 million FY 2007-08 budget increase.

- The FY 2007-08 budget request is $14.7 million (7.7 percent) higher than the FY 2006-07 estimate of $189.7 million.

*Rate Increases - Budget Inflators*

- The FY 2006-07 budget estimate contains a 3.85 percent inflator for this program. The General Assembly built in a 2.71 percent inflator, pursuant to the Department's request last year. The impact of the per capita cost adjustments in the budget, including but not limited to the inflator, is $3.6 million ($1.7 million of which is General Fund).

- The FY 2007-08 budget contains a 3.9 cost per client increase, including a 3.76 percent inflator for this program. The 3.9 percent cost per client increase accounts for $7.4 million of the $14.7 million request. Community providers statewide were funded with a 2.0 percent increase in the FY 2007-08 executive request.

**RECOMMENDATION:**

Staff recommends that the JBC discuss with the Department its plans to align the process for rate increases/inflators with the annual budget process.

**DISCUSSION:**

**Notable FY 2006-07 Changes:**
The FY 2006-07 changes as compared to the FY 2006-07 appropriation are primarily comprised of

the following:

- **Goebel Transfer**. $12.3 million total funds for the Goebel program transfer from the Department of Human Services to the Department of Health Care Policy and Financing pursuant to the JBC's September 20, 2006 actions on a "1331" emergency supplemental request. This change is a transfer, not a net increase statewide.

  The September 20, 2006 supplemental action transferred the Medicaid funds appropriated to the Department of Human Services for the Goebel program to the Department of Health Care Policy and Financing capitation (Medicaid managed care) line item. The transfer of these Medicaid funds did not contain a General Fund net impact *per se*.

  According to the Department of Health Care Policy and Financing, The Centers for Medicare and Medicaid Services (CMS) relayed to the Department of Health Care Policy and Financing that effective July 1, 2006, all Goebel payments must be actuarially certified as specified in 42 CFR 438(c). Additionally, the Department of Health Care Policy and Financing relayed that their contract actuary, PricewaterhouseCoopers, indicated that this payment would need to be included in the payment to Access Behavioral Care (the Denver BHO).

- **Rate Enhancement**. An additional rate enhancement was added in the July 1 contracts for providers. This additional inflator is 3.85 percent compared to the 2.71 percent inflator added in the Long Bill. The cost of per capita cost changes in total from the actuarial analysis subsequent to the Long Bill were $3.6 million ($1.7 million General Fund). Thus, the action for the July 1 contract was not consistent with the appropriation authorized in the FY 2006-07 Long Bill. Offsetting caseload decreases kept this increase from affecting the state's budget this year. However, this situation could occur again and could pose a problem.

  Staff recommends that the JBC discuss with the Department of Health Care Policy and Financing a methodology to conjoin the rate setting process with the annual appropriations process.

- **Caseload.** Caseload is down slightly in the current year from the FY 2006-07 appropriation (1,501 clients, or -0.4 percent); this which offsets the impact of the inflator. The category of foster care children is seeing the greatest change in the budget. The per capita change equates to a $6.7 million decrease and there is also a $1.1 million caseload adjustment.

**Notable FY 2007-08 Budget Changes:**
The FY 2007-08 changes as compared to the FY 2006-07 estimate are primarily comprised of the following factors:

- **$7.0 million** total funds for a **5.6 percent caseload** (22,777 clients) increase over the FY 2006-07 estimate of 408,717 clients, for a total FY 2007-08 mental health Medicaid caseload of 431,494 clients.

- **$7.4 million** total funds for a **3.9 percent cost per client including a 3.76 percent inflationary adjustment** in the capitation line item (Medicaid mental health managed care). Please note, this 3.76 percent inflationary increase for FY 2007-08 comes on the heels of a 3.85 percent increase provided in the FY 2006-07 estimate, higher than the 2.71 percent increase reflected in the appropriation.

- The compounding impact of these two factors is $273,000.

The following table shows the budget change over the last couple of years, as well as the caseload and average cost per client. It is important to note that there are a variety of factors which affect the cost per client average shown here, including case-mix. To the degree that the caseload contains more children and other low cost clients, the average cost per client will be lower. If the caseload reflects a greater number of foster care children, the average cost will be significantly higher.

| Medicaid Mental Health Capitation | | | | | |
|---|---|---|---|---|---|
| | **FY 2004-05 Actual** | **FY 2005-06 Actual** | **FY 2006-07 Appropriation** | **FY 2006-07 Estimate [3/]** | **FY 2007-08 Request** |
| Expenditures [1/] | $152,435,998 | $164,839,222 | $178,184,177 | $189,665,907 | $204,351,293 |
| Expenditure Change | 6,089,575 | 12,403,224 | 13,344,955 | 11,481,730 | 14,685,386 |
| *Percent Change* | *4.2%* | *8.1%* | *8.8%* | *7.5%* | *9.6%* |
| Medicaid Caseload [2/] | 388,254 | 382,734 | 410,343 | 408,717 | 431,494 |
| Caseload Change | 40,114 | (5,520) | 27,609 | (1,626) | 22,777 |
| *Percent Change* | *11.5%* | *-1.4%* | *7.1%* | *-0.4%* | *5.9%* |
| "Average" Per Capita | $392.62 | $430.69 | $434.23 | $464.05 | $473.59 |
| Per Capita Change | N/A | $38.07 | $3.54 | $29.82 | $9.54 |
| *Percent Change* | *N/A* | *9.7%* | *0.8%* | *6.9%* | *2.1%* |

[1/] Please note, approximately 48 percent of the total expenditures shown are from the General Fund. The remainder is from cash funds exempt (tobacco) state match and about 50 percent matching federal funds.

[2/] Note: not all Medicaid clients are eligible for mental health services. Those clients not eligible are not included in these Medicaid caseload figures. As such, these will not reconcile in total to Medicaid Premiums.

3/ This expenditure increase is attributable to the transfer of the Goebel program, so it is not a statewide increase. The increase is compounded by a July 1 rate increase, offset by caseload declines.

The following table breaks out the total Medicaid mental health caseload by eligibility category. Please note, this caseload is based on the Medicaid populations that are eligible for mental health services that are included in the capitation program (*i.e.*, Qualified Medicare Beneficiaries and Non-citizens are not eligible for mental health services and are thus excluded).

| Medicaid Clients Eligible for Mental Health Services | | | | | |
|---|---|---|---|---|---|
| **Medicaid Mental Health Eligible Category** | **FY 2004-05 Actual** | **FY 2005-06 Actual** | **FY 2006-07 Approp.** | **FY 2006-07 Estimate** | **FY 2007-08 Request** |
| Total Caseload | 388,254 | 382,734 | 410,343 | 408,717 | 431,494 |
| Elderly | 35,615 | 36,219 | 37,036 | 36,827 | 37,284 |
| Disabled | 53,729 | 53,612 | 54,688 | 54,525 | 55,125 |
| Adults | 62,563 | 62,804 | 72,867 | 70,394 | 77,069 |
| Children | 220,592 | 213,600 | 228,438 | 229,917 | 244,291 |
| Children in Foster Care | 15,669 | 16,311 | 17,091 | 16,797 | 17,385 |
| Breast and Cervical Cancer | 86 | 188 | 223 | 257 | 340 |

**Medicaid MH Appropriation Analysis**

December 4, 2006

# FY 2006-07 Changes

| | Elderly | Disabled | Adults | Children | Foster Care | Breast&Ccancer | Totals | GF | 35.00% Tobacco CFE | 50.00% Tobacco CFE | FF |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **FY 2006-07 Appropriation** | | | | | | | | | | | |
| **Traditional Medicaid Population (GF/FF)** | | | | | | | | | | | |
| Approp Per Capita | $164.73 | $968.41 | $182.79 | $170.46 | $3,779.43 | $90.11 | $0.00 | | | | |
| Approp Caseload | 37,036 | 54,036 | 64,902 | 215,459 | 17,091 | 156 | 388,680 | | | | |
| Additional adjustment | 0 | 0 | 0 | 0 | 0 | 0 | $0 | | | | |
| Total FY 2006-07 Est. Caseload | 37,036 | 54,036 | 64,902 | 215,459 | 17,091 | 156 | $388,680 | | | | |
| FY 2006-07 Forecast | 6,100,803 | 52,329,084 | 11,863,630 | 36,726,606 | 64,594,241 | 14,057 | $171,628,421 | | | | |
| | | | | | | | $0 | | | | |
| FY 2006-07 Est. Total w/ Rate Incr. | 6,100,803 | 52,329,084 | 11,863,630 | 36,726,606 | 64,594,241 | 14,057 | $171,628,421 | | | | |
| Add'l Recoupment Adjustment | 76,157 | 665,784 | 159,345 | 520,491 | 827,782 | 441 | $2,250,000 | | | | |
| Traditional Pop. Appropriation | 6,176,960 | 52,994,868 | 12,022,975 | 37,247,097 | 65,422,023 | 14,498 | $173,878,421 | **86,935,767** | **1,269** | **0** | **86,941,385** |
| **FY 2006-07 Appropriation** | | | | | | | | | | | |
| **Amendment 35 CFE Moneys** | | | | | | | | | | | |
| Approp Per Capita | $164.73 | $968.41 | $182.79 | $170.46 | $3,779.43 | $90.11 | $0.00 | | | | |
| Approp Caseload | 0 | 527 | 7,965 | 12,979 | 0 | 67 | 21,538 | | | | |
| Additional adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| Total FY 2006-07 Est. Caseload | 0 | 652 | 7,965 | 12,979 | 0 | 67 | 21,663 | | | | |
| FY 2006-07 Forecast | 0 | 631,404 | 1,455,946 | 2,212,368 | 0 | 6,037 | 4,305,756 | | | | |
| | | | | | | | 0 | | | | |
| FY 2006-07 Est. Total w/ Rate Incr. | 0 | 631,404 | 1,455,946 | 2,212,368 | 0 | 6,037 | 4,305,756 | | | | |
| HB 05-1262 Appropriation | 0 | 631,404 | 1,455,946 | 2,212,368 | 0 | 6,037 | 4,305,756 | **0** | **2,113** | **2,149,859** | **2,153,783** |
| **FY 2006-07 Estimates as of November 1, 2006** | | | | | | | | | | | |
| **Traditional and HB 05-1262 Populations Combined** | | | | | | | | | | | |
| Approp Per Capita | $164.73 | $968.41 | $182.79 | $170.46 | $3,779.43 | $90.11 | | | | | |
| Approp Caseload | 37,036 | 54,563 | 72,867 | 228,438 | 17,091 | 223 | 410,218 | | | | |
| Additional adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| Total FY 2006-07 Est. Caseload | 37,036 | 54,563 | 72,867 | 228,438 | 17,091 | 223 | 410,218 | | | | |
| FY 2006-07 Forecast | 6,176,960 | 53,626,272 | 13,478,922 | 39,459,465 | 65,422,023 | 20,535 | 178,184,177 | | | | |

**Medicaid MH Appropriation Analysis**

December 4, 2006

| | Elderly | Disabled | Adults | Children | Foster Care | Breast&Ccancer | Totals | GF | 35.00% Tobacco CFE | 50.00% Tobacco CFE | FF |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FY 2006-07 Long Bill Appropriation | 6,100,803 | 52,960,488 | 13,319,577 | 38,938,974 | 64,594,241 | 20,094 | 175,934,177 | | | | |
| Add'l Recoupment Adjustment | 76,157 | 665,784 | 159,345 | 520,491 | 827,782 | 441 | 2,250,000 | | | | |
| Total FY 2006-07 Appropriation | 6,176,960 | 53,626,272 | 13,478,922 | 39,459,465 | 65,422,023 | 20,535 | 178,184,177 | 86,935,767 | 3,382 | 2,149,859 | 89,095,169 |
| Effective Per Capita Approp w/recoup | *$166.78* | *$982.83* | *$184.98* | *$172.74* | *$3,827.86* | *$92.09* | *$434.36* | *0* | *0* | *0* | *0* |
| | | | | | | | | | | | |
| **New Rates and Caseload - November 1, 2006** | | | | | | | | | | | |
| **FY 2006-07** | | | | | | | | | | | |
| **Traditional Population (no HB 05-1262)** | | | | | | | | | | | |
| New (HCPF) Per Capita | $181.61 | $1,201.89 | $185.47 | $202.60 | $3,438.54 | $195.29 | | | | | |
| New (HCPF) Caseload | 36,827 | 53,975 | 64,280 | 217,872 | 16,797 | 180 | **389,931** | | | | |
| New Adjustment | 0 | 0 | 0 | 0 | 0 | 0 | **0** | | | | |
| New (HCPF) Caseload | **36,827** | **53,975** | **64,280** | **217,872** | **16,797** | **180** | **389,931** | | | | |
| New FY 2006-07 Total | 6,688,151 | 64,872,013 | 11,922,012 | 44,140,867 | 57,757,156 | 35,152 | 185,415,352 | | | | |
| | $181.61 | $1,201.89 | $185.47 | $202.60 | $3,438.54 | $195.29 | | | | | |
| New FY 2006-07 Total | 6,688,151 | 64,872,013 | 11,922,012 | 44,140,867 | 57,757,156 | 35,152 | 185,415,352 | | | | |
| Add'l Recoupment Adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| **Traditional Population Calculation** | **6,688,151** | **64,872,013** | **11,922,012** | **44,140,867** | **57,757,156** | **35,152** | **185,415,352** | **92,699,327** | **3,076** | **0** | **92,712,949** |
| | | | | | | | | | | | |
| **New Rates and Caseload** | | | | | | | | | | | |
| **FY 2006-07** | | | | | | | | | | | |
| **OTHER Fund Populations** | | | | | | | | | | | |
| New (HCPF) Per Capita | $181.61 | $1,201.89 | $185.47 | $202.60 | $3,438.54 | $195.29 | | | | | |
| New (HCPF) Caseload | 0 | 550 | 6,114 | 12,045 | 0 | 77 | **18,786** | | | | |
| New Adjustment | 0 | 0 | 0 | 0 | 0 | 0 | **0** | | | | |
| New (HCPF) Caseload | **0** | **550** | **6,114** | **12,045** | **0** | **77** | **18,786** | | | | |
| New FY 2006-07 Total | 0 | 661,040 | 1,133,964 | 2,440,317 | 0 | 15,037 | 4,250,357 | | | | |
| | $181.61 | $1,201.89 | $185.47 | $202.60 | $3,438.54 | $90.11 | | | | | |
| New FY 2006-07 Total | 0 | 661,040 | 1,133,964 | 2,440,317 | 0 | 15,037 | 4,250,357 | | | | |
| | | | | | | | | | | | |
| **HB 05-1262 Calculation** | **0** | **661,040** | **1,133,964** | **2,440,317** | **0** | **15,037** | **4,250,357** | **0** | **5,263** | **2,117,660** | **2,127,434** |
| | | | | | | | | | | | |
| **New Rates and Caseload** | | | | | | | | | | | |
| **FY 2006-07** | | | | | | | | | | | |
| **Traditional and HB 05-1262 Populations Combined** | | | | | | | | | | | |
| New (HCPF) Per Capita | $181.61 | $1,201.89 | $185.47 | $202.60 | $3,438.54 | $195.29 | | | | | |
| New (HCPF) Caseload | 36,827 | 54,525 | 70,394 | 229,917 | 16,797 | 257 | **408,717** | | | | |
| New Adjustment | 0 | 0 | 0 | 0 | 0 | 0 | **0** | | | | |
| New (HCPF) Caseload | 36,827 | 54,525 | 70,394 | 229,917 | 16,797 | 257 | **408,717** | | | | |
| New FY 2006-07 Total | 6,688,151 | 65,533,052 | 13,055,975 | 46,581,184 | 57,757,156 | 50,190 | 189,665,709 | | | | |
| | $181.61 | $1,201.89 | $185.47 | $202.60 | $3,438.54 | $195.29 | | | | | |
| New FY 2006-07 Total | 6,688,151 | 65,533,052 | 13,055,975 | 46,581,184 | 57,757,156 | 50,190 | 189,665,709 | | | | |
| Add'l Recoupment Adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| | 6,688,151 | 65,533,052 | 13,055,975 | 46,581,184 | 57,757,156 | 50,190 | 189,665,709 | | | | |
| **New FY 2006-07 Total** | **6,688,151** | **65,533,052** | **13,055,975** | **46,581,184** | **57,757,156** | **50,190** | **189,665,709** | **92,699,327** | **8,339** | **2,117,660** | **94,840,383** |
| **FY 2006-07 Appropriation** | **6,176,960** | **53,626,272** | **13,478,922** | **39,459,465** | **65,422,023** | **20,535** | **178,184,177** | **86,935,767** | **3,382** | **2,149,859** | **89,095,169** |
| **Rate Difference to Appropriation** | **511,191** | **11,906,780** | **(422,946)** | **7,121,719** | **(7,664,866)** | **29,655** | **11,481,532** | 5,763,560 | 4,957 | (32,199) | 5,745,214 |

**Medicaid MH Appropriation Analysis**

December 4, 2006

| | Elderly | Disabled | Adults | Children | Foster Care | Breast&Ccancer | Totals | GF | 35.00% Tobacco CFE | 50.00% Tobacco CFE | FF |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 11,481,532 | | | | |
| **New Forecast Changes** | | | | | | | | | | | |
| FY 2006-07 Approp. Caseload | 37,036 | 54,563 | 72,867 | 228,438 | 17,091 | 223 | 410,218 | | | | |
| FY 2006-07 New Forecast Caseload | 36,827 | 54,525 | 70,394 | 229,917 | 16,797 | 257 | 408,717 | | | | |
| FY 2006-07 Approp. Cost | $166.78 | $982.83 | $184.98 | $172.74 | $3,827.86 | $92.09 | | | | | |
| FY 2006-07 New Forecast Cost | $181.61 | $1,201.89 | $185.47 | $202.60 | $3,438.54 | $195.29 | | | | | |
| FY 2006-07 Approp Total | 6,176,960 | 53,626,272 | 13,478,922 | 39,459,465 | 65,422,023 | 20,535 | 178,184,177 | 86,935,767 | 3,382 | 2,149,859 | 89,095,169 |
| FY 2006-07 New Forecast Budget | 6,688,151 | 65,533,052 | 13,055,975 | 46,581,184 | 57,757,156 | 50,190 | 189,665,709 | 92,699,327 | 8,339 | 2,117,660 | 94,840,383 |
| | | | | | | | 11,481,532 | 5,763,560 | 4,957 | (32,199) | 5,745,214 |
| | | | | | | Goebel | | (6,137,541) | | | (6,137,540) |
| | | | | | | Real Change | (766,307) | (373,981) | | | (392,326) |
| **FY 2006-07 Est. Compared to FY 2006-07 Appropriation** | | | | | | | | | | | |
| Caseload Change | (209) | (38) | (2,473) | 1,479 | (294) | 34 | (1,501) | | | | |
| % Caseload Change | -0.6% | -0.1% | -3.4% | 0.6% | -1.7% | 15.2% | -0.4% | | | | |
| Cost of Rate Change | $14.83 | $219.06 | $0.49 | $29.86 | ($389.32) | $103.20 | N/A | | | | |
| % Rate Change | 8.9% | 22.3% | 0.3% | 17.3% | -10.2% | 112.1% | N/A | | | | |
| Cost of Caseload Change | (34,858) | (37,348) | (457,455) | 255,477 | (1,125,392) | 3,131 | (1,396,445) | | | | |
| Cost of Rate Change | 549,148 | 11,952,452 | 35,721 | 6,822,074 | (6,653,935) | 23,015 | 12,728,473 | | | | |
| Compounding Impact | (3,099) | (8,324) | (1,212) | 44,169 | 114,461 | 3,509 | 149,504 | | | | |
| Subtotal | 511,191 | 11,906,780 | (422,946) | 7,121,719 | (7,664,866) | 29,655 | 11,481,532 | | | | |
| Check | 0 | 0 | 0 | 0 | 0 | 0 | 11,481,532 | | | | |
| | | | | | | | 0 | | | | |

Budget Projection (FY 2006-07 Est. compared to FY 2006-07 Appropriation)

| | Appropriation Caseload | Caseload Change | Per Capita Rate Change | Caseload Impact | Per Capita Impact | Compounding | Total |
|---|---|---|---|---|---|---|---|
| Elderly | 37,036 | (209) | 8.9% | (34,858) | 549,148 | (3,099) | 511,191 |
| Disabled | 54,563 | (38) | 22.3% | (37,348) | 11,952,452 | (8,324) | 11,906,780 |
| Adults | 72,867 | (2,473) | 0.3% | (457,455) | 35,721 | (1,212) | (422,946) |
| Children | 228,438 | 1,479 | 17.3% | 255,477 | 6,822,074 | 44,169 | 7,121,719 |
| Foster Care Children | 17,091 | (294) | -10.2% | (1,125,392) | (6,653,935) | 114,461 | (7,664,866) |
| Breast & Cervical Cancer Clients | 223 | 34 | 112.1% | 3,131 | 3,509 | 23,015 | 29,655 |
| Subtotal | 410,218 | (1,501) | | (1,396,445) | 12,708,968 | 169,010 | 11,481,533 |

**Medicaid MH Appropriation Analysis**

December 4, 2006

# FY 2007-08 Projection

| | Elderly | Disabled | Adults | Children | Foster Care | Breast&Ccancer | Totals | GF | 35.00% Tobacco CFE | 50.00% Tobacco CFE | FF |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **FY 2007-08 Request - November 1, 2006** | | | | | | | | | | | |
| **FY 2007-08** | | | | | | | | | | | |
| **Traditional Population (GF/FF)** | | | | | | | | | | | |
| HCPF Per Capita | $188.44 | $1,247.07 | $192.44 | $210.22 | $3,567.78 | $202.63 | | | | | |
| HCPF Caseload | 37,284 | 54,370 | 65,515 | 221,450 | 17,385 | 238 | **396,242** | | | | |
| New Adjustment | 0 | 0 | 0 | 0 | 0 | 0 | **0** | | | | |
| HCPF Caseload | **37,284** | **54,370** | **65,515** | **221,450** | **17,385** | **238** | **396,242** | | | | |
| FY 2007-08 Total | 7,025,797 | 67,803,196 | 12,607,707 | 46,553,219 | 62,025,855 | 48,226 | 196,064,000 | | | | |
| | $188.44 | $1,247.07 | $192.44 | $210.22 | $3,567.78 | $202.63 | | | | | |
| FY 2007-08 Total | 7,025,797 | 67,803,196 | 12,607,707 | 46,553,219 | 62,025,855 | 48,226 | 196,064,000 | | | | |
| Add'l Recoupment Adjustment | 10,386 | 93,166 | 19,995 | 71,855 | 104,553 | 45 | 300,000 | | | | |
| **FY 2007-08 Total: Traditional Populati** | **7,036,183** | **67,896,362** | **12,627,702** | **46,625,074** | **62,130,408** | **48,271** | **196,364,000** | **98,170,536** | **4,224** | **0** | **98,189,240** |
| **New Rates and Caseload** | | | | | | | | | | | |
| **FY 2007-08** | | | | | | | | | | | |
| **OTHER Fund Populations (CFE/FF)** | | | | | | | | | | | |
| HCPF Per Capita | $188.44 | $1,247.07 | $192.44 | $210.22 | $3,567.78 | $202.63 | | | | | |
| HCPF Caseload | 0 | 755 | 11,554 | 22,841 | 0 | 102 | **35,252** | | | | |
| New Adjustment | 0 | 0 | 0 | 0 | 0 | 0 | **0** | | | | |
| HCPF Caseload | **0** | **755** | **11,554** | **22,841** | **0** | **102** | **35,252** | | | | |
| FY 2007-08 Total | 0 | 941,538 | 2,223,452 | 4,801,635 | 0 | 20,668 | 7,987,293 | | | | |
| | $188.44 | $1,247.07 | $192.44 | $210.22 | $3,567.78 | $90.11 | | | | | |
| FY 2007-08 Total | 0 | 941,538 | 2,223,452 | 4,801,635 | 0 | 20,668 | 7,987,293 | | | | |
| **FY 2007-08 Total: Other Populations** | **0** | **941,538** | **2,223,452** | **4,801,635** | **0** | **20,668** | **7,987,293** | **0** | **7,234** | **3,983,312** | **3,996,747** |
| **Total Request** | | | | | | | | | | | |
| **FY 2007-08** | | | | | | | | | | | |
| **Traditional and Other Populations Combined** | | | | | | | | | | | |
| HCPF Per Capita | $188.72 | $1,248.76 | $192.70 | $210.51 | $3,573.79 | $202.76 | | | | | |
| HCPF Caseload | 37,284 | 55,125 | 77,069 | 244,291 | 17,385 | 340 | **431,494** | | | | |
| New Adjustment | 0 | 0 | 0 | 0 | 0 | 0 | **0** | | | | |
| HCPF Caseload | 37,284 | 55,125 | 77,069 | 244,291 | 17,385 | 340 | **431,494** | | | | |
| FY 2007-08 Total | 7,036,236 | 68,837,895 | 14,851,196 | 51,425,698 | 62,130,339 | 68,938 | 204,350,304 | | | | |
| | $188.44 | $1,247.07 | $192.44 | $210.22 | $3,567.78 | $202.63 | | | | | |
| FY 2007-08 Total | 7,025,797 | 68,744,734 | 14,831,158 | 51,354,854 | 62,025,855 | 68,894 | 204,051,293 | | | | |
| Add'l Recoupment Adjustment | 10,386 | 93,166 | 19,995 | 71,855 | 104,553 | 45 | 300,000 | | | | |
| | 7,036,183 | 68,837,900 | 14,851,153 | 51,426,709 | 62,130,408 | 68,939 | 204,351,293 | | | | |
| **FY 2007-08 Total** | **7,036,183** | **68,837,900** | **14,851,153** | **51,426,709** | **62,130,408** | **68,939** | **204,351,293** | **98,170,536** | **11,458** | **3,983,312** | **102,185,987** |
| **FY 2006-07 Goebel Adj. Appropriatior** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Rate Difference to Appropriation** | **7,036,183** | **68,837,900** | **14,851,153** | **51,426,709** | **62,130,408** | **68,939** | **204,351,292** | 98,170,536 | 11,458 | 3,983,312 | 102,185,987 |
| | *(0)* | *(0)* | *0* | *0* | *(1)* | *0* | *(0)* | | | | |

**Medicaid MH Appropriation Analysis**

| December 4, 2006 | Elderly | Disabled | Adults | Children | Foster Care | Breast&Ccancer | Totals | GF | 35.00% Tobacco CFE | 50.00% Tobacco CFE | FF |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **New Forecast Changes** | | | | | | | | | | | |
| FY 2006-07 Est Per Capita | $181.61 | $1,201.89 | $185.47 | $202.60 | $3,438.54 | $195.29 | | | | | |
| FY 2006-07 Est Caseload | 36,827 | 54,525 | 70,394 | 229,917 | 16,797 | 257 | 408,717 | | | | |
| FY 2006-07 REQUEST | 6,688,151 | 65,533,052 | 13,055,975 | 46,581,184 | 57,757,156 | 50,190 | 189,665,709 | | | | |
| FY 2007-08 Est Per Capita | $188.72 | $1,248.76 | $192.70 | $210.51 | $3,573.79 | $202.76 | | | | | |
| FY 2007-08 Est. Caseload | 37,284 | 55,125 | 77,069 | 244,291 | 17,385 | 340 | 431,494 | | | | |
| FY 2007-08 REQUEST | 7,036,183 | 68,837,900 | 14,851,153 | 51,426,709 | 62,130,408 | 68,939 | 204,351,293 | | | | |
| | | | | | | | **14,685,584** | | | | |
| **FY 2007-08 Est. Compared to FY 2006-07 Est.** | | | | | | | | | | | |
| Caseload Change | 457 | 600 | 6,675 | 14,374 | 588 | 83 | 22,777 | | | | |
| % Caseload Change | 1.2% | 1.1% | 9.5% | 6.3% | 3.5% | 32.3% | 5.6% | | | | |
| Rate Change | $7.11 | $46.87 | $7.23 | $7.91 | $135.25 | $7.47 | N/A | | | | |
| % Rate Change | 3.9% | 3.9% | 3.9% | 3.9% | 3.9% | 3.8% | N/A | | | | |
| Cost of Caseload Change | 82,996 | 721,134 | 1,238,012 | 2,912,172 | 2,021,862 | 16,209 | 6,992,385 | | | | |
| Cost of Rate Change | 261,787 | 2,555,591 | 508,909 | 1,819,595 | 2,271,861 | 1,920 | 7,419,664 | | | | |
| HB 05-1262 Appropriation | 3,249 | 28,122 | 48,257 | 113,758 | 79,529 | 620 | 273,535 | | | | |
| Subtotal | 348,031 | 3,304,847 | 1,795,178 | 4,845,525 | 4,373,252 | 18,750 | **14,685,584** | | | | |
| Check | 5.2% | 5.0% | 13.7% | 10.4% | 7.6% | 37.4% | | | | | |

Budget Projection (FY 2007-08 Est. compared to FY 2006-07 Suppl Estimate)

| | Appropriation Caseload | Caseload Change | Per Capita Rate Change | Caseload Impact | Per Capita Impact | Compounding | Total |
|---|---|---|---|---|---|---|---|
| Elderly | 182 | 457 | 3.9% | 82,996 | 261,787 | 3,249 | 348,031 |
| Disabled | 1,202 | 600 | 3.9% | 721,134 | 2,555,591 | 28,122 | 3,304,847 |
| Adults | 185 | 6,675 | 3.9% | 1,238,012 | 508,909 | 48,257 | 1,795,178 |
| Children | 203 | 14,374 | 3.9% | 2,912,172 | 1,819,595 | 113,758 | 4,845,525 |
| Foster Care Children | 3,439 | 588 | 3.9% | 2,021,862 | 2,271,861 | 79,529 | 4,373,252 |
| Breast & Cervical Cancer Clients | 195 | 83 | 3.8% | 16,209 | 1,920 | 620 | 18,750 |
| Subtotal | 5,405 | 22,777 | | 6,992,385 | 7,419,664 | 273,535 | **14,685,584** |

*Appendix: Glossary of Medicaid Mental Health Jargon Used in Mental Health Discussions*

| | |
|---|---|
| Anti-psychotic Pharmaceuticals | Commonly known as biologically based mental illness drugs. These drugs typically treat psychoses, such as schizophrenia. These include two classes of drugs: typicals and atypicals. |
| BBA | Balanced Budget Act. The August 13, 2003, BBA rules was particularly notable with respect to Medicaid mental health managed care. |
| BHO | Behavioral Health Organization. Previously referred to as a MHASA. In the current program, there are five BHOs. |
| Capitation | Managed care for which the behavioral health organization is paid a rate based on all the estimated eligibles within a geographic region and bears the risk for said services and costs. |
| COLA | Cost-of-living adjustment. A type of rate increase. |
| CMS | Centers for Medicare and Medicaid Services. Federal administering entity. Previously was the Health Care Financing Administration (HCFA). |
| Eligibles/Caseload | Number of Medicaid clients who have a Medicaid Authorization (MAC Card) in the system. This determination becomes the basis for the payments to the BHOs of rates x caseload = appropriation. |
| IMD | Institution for Mental Disease. This is a federal law that prohibits federal funding for clients ages 22-64 who are served in an institution of over 16 beds that is primarily for mental illness. |
| MHASA | Mental Health Assessment and Service Agency. This is the managed care organization for Medicaid mental health. Now referred to as a Behavioral Health Organization (BHO). In the prior contract/program, there were eight (8) MHASAs. Now there are 5 BHOs. |
| Rates | Payment made on a per member per month basis to each BHO. |
| RFP | Request for Proposal |

*Appendix: Summary of H.B. 04-1265 (Transfer of Medicaid Mental Health from DHS to HCPF)*

Section 26-4-123, C.R.S. had provided for a "cooperative" role between the Department of Health Care Policy and Financing and the Department of Human Services in managing Medicaid mental health managed care/capitation. State department governance changes in 2003 over the Medicaid community portion of the mental health program exacerbated the already fragmented mental health system. These governance changes created confusion amongst providers and clients as to which state department was the "lead" Medicaid agency for mental health community funding. Following the budget reductions of FY 2002-03 and FY 2003-04, the MHASAs sought assistance from the Department of Health Care Policy and Financing on having the Medical Services Board approve changes to the capitation contract so that the reductions could be readily implemented. Given the language in the statutes, prior to H.B. 04-1265 it was not clear which department is primarily authorized to run the program; the prior statute was sufficiently vague. House Bill 04-1265 sought to clarify the responsibilities of the two departments with respect to this program.

The Joint Budget Committee sponsored H.B. 04-1265 to transfer the Medicaid mental health program administration to the Department of Health Care Policy and Financing. These programs included the managed care program known as capitation and the fee-for-service Medicaid program. The Goebel lawsuit settlement program and funding, funding for the medically indigent, and mental health institutes remains with the Department of Human Services.

*FY 2003-04 Fiscal Impact*

House Bill 04-1265 adjusted the FY 2003-04 Long Bill appropriation in the following manner: (1) increased the appropriation to the Department of Health Care Policy and Financing, Executive Director's Office, by $259,274 (including $112,415 General Fund and $146,859 federal funds) and 2.3 FTE; decreased the appropriation to the Department of Health Care Policy and Financing, Department of Human Services Medicaid-funded Programs by $259,274 (including $112,415 General Fund and $146,859 federal funds); and (3) decreased the appropriation to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Administration by $259,274 Medicaid cash funds exempt and 2.3 FTE.

*FY 2004-05 Fiscal Impact*

For FY 2004-05, the associated administrative and programmatic appropriations changes were incorporated in the 2004 Long Bill (H.B. 04-1422). This included a transfer of $1,072,754 total funds and 9.0 FTE for administration; a transfer of $190,534,208 in Medicaid mental health community appropriations from DHS to The Department of Health Care Policy and Financing, and the elimination of the "double-count" of $149,639,812 in The Department of Health Care Policy and Financing. The latter was moneys that were appropriated initially in The Department of Health Care Policy and Financing and then transferred over to DHS. By transferring the program dollars to The Department of Health Care Policy and Financing, those moneys are not transferred to DHS and are hence not double-counted. [*Please note, the transfer occurred in the FY 2004-05 Long Bill*.]

*Appendix: FY 2005-06 and FY 2006-07 Special General Fund Increases*

| General Assembly Budget Actions in Mental Health/ADAD | | | |
|---|---|---|---|
| **Program Funded** | **HB 06-1371 FY 2005-06 (Partial Year Increase)** | **HB 06-1385 FY 2006-07 (Annualized Figure)** | **HB 06-1385 FY 2006-07 Increase over FY 2005-06** |
| **Mental Health Community Programs** | | | |
| Mental Health Services for the Medically Indigent (restores funding previously reduced) | $1,450,000 | $5,800,000 | $4,350,000 |
| Fort Logan Residential Alternative (provides community funding for clients who were deinstitutionalized in 2001/02) | 230,000 | 900,000 | 670,000 |
| Early Childhood Mental Health Services (restores funding previously reduced) | 280,000 | 1,100,000 | 820,000 |
| Services for Western Colorado (new funding for crisis stabilization) | N/A | 450,000 | 450,000 |
| Services for Southwestern Colorado (new funding for crisis stabilization) | N/A | 450,000 | 450,000 |
| **Subtotal Mental Health** | **1,960,000** | **8,700,000** | **6,740,000** |
| **Substance Abuse** | | | |
| Arapahoe House and ARTS programs (new funding to make up for anticipated losses due to the change in the Residential Treatment Center (RTC) system from federal disallowances | N/A | 700,000 | 700,000 |
| Restoration of base funding (partial restoration of past year reductions) | N/A | 250,000 | 250,000 |
| Short-Term Intensive Residential Remediation Treatment (STIRRT) | 100,000 | 400,000 | 300,000 |
| Subtotal Substance Abuse | 100,000 | 1,350,000 | 1,250,000 |
| **TOTAL MH & Substance Abuse** | **$2,060,000** | **$10,050,000** | **$7,990,000** |

In addition to the community based funds for mental health and alcohol and drug abuse noted above, it should be noted that the following additional major changes occurred in the area of mental health:

- The mental health institutes received funding for the forensics unit through HB 06-1373 (part of the JBC's package). There was $20 million General Fund appropriated in FY 2005-06 and $15 million in FY 2006-07 for building the new forensics unit with cash.

- The mental health institutes received a $0.8 million General Fund increase for annualization of FY 2005-06 increases ($0.2 million) on psychiatrists and surgical staff at those facilities. This was added to bring them up to market rates and maintain contract staffing.

- Mental health non-Medicaid community providers received a $1.5 million ($1.1 million General Fund) cost of living increase (3.25%) and ADAD providers received $329,000 General Fund in that same 3.25 percent cost of living increase.

| Statewide Mental Health and Substance Abuse Funding Changes *Authorized* for FY 2006-07 (Includes Funds Restored by the General Assembly) | | | |
|---|---|---|---|
| **Area** | **Net General Fund** | **FTE** | **Description** |
| *Department of Human Services* | | | |
| Mental Health Divison | 5,800,000 | 0.0 | Restoration of funds for indigent mental health care reduced in FY 2002-03 and FY 2003-04 |
| Mental Health Divison | 900,000 | 0.0 | Fort Logan Residential Alternative funds for clients deinstitutionalized in FY 2001-02 |
| Mental Health Divison | 1,100,000 | 0.0 | Early Childhood Mental Health Services (restoration of funds reduced/plus some) |
| Mental Health Divison | 450,000 | 0.0 | Funds for Western Colorado stabilization services |
| Mental Health Divison | 450,000 | 0.0 | Funds for Southwestern Colorado stabilization services |
| Mental Health Divison | 1,031,869 | 0.0 | Increase in physician (psychiatrist/surgeon) salaries |
| Alcohol and Drug Abuse Division | 400,000 | 0.0 | Additional funds for STIRRT |
| Alcohol and Drug Abuse Division | 250,000 | 0.0 | Partial restoration of funds reduced in prior years for treatment and detox |
| Alcohol and Drug Abuse Division | 700,000 | 0.0 | Additional funding for Arapahoe House/ARTS due to loss of federal funds in Child Welfare |
| Division of Youth Corrections (DYC) | 1,576,401 | 42.0 | Resources to operate the new 20 bed mental health facility |
| Division of Youth Corrections (DYC) | 1,685,290 | 28.7 | Increase in treatment services (including $688,000 for sex offenders) |
| Mental Health & ADAD Divison | 1,608,639 | 0.0 | Provider rate increase of 3.25 percent for mental health and substance abuse |
| **SUBTOTAL DHS** | **15,952,199** | **70.7** | |
| *Department of Health Care Policy and Financing* | | | |
| Mental Health | 5,366,768 | 0.0 | Medicaid caseload increase/inflator impact on mental health, other |
| **SUBTOTAL HCPF** | **5,366,768** | **0.0** | |
| *Department of Corrections* | | | |
| Drug and Alcohol Treatment | 89,391 | 0.0 | Additional contract services, associated with parole officers and population |
| Mental Health Subprogram | 121,709 | 1.7 | Caseload related costs for La Vista facility opening |
| Sex Offender Treatment | 462,463 | 10.0 | More treatment because of the increase in inmates sentenced thus |
| Drug and Alcohol Treatment | 500,000 | 0.0 | Partial restoration of prior year cuts |
| Mental Health Subprogram | 438,890 | 3.5 | Restoration of prior year cuts |
| **SUBTOTAL DOC** | **1,612,453** | **15.2** | |
| *Judicial Department* | | | |
| Probation - Offender Treatment & Services | 487,193 | 0.0 | All treatment and service appropriations for probationers were consolidated into this new line item this year (a total of $5.9 million), which will be used for assessments, drug treatment, mental health evaluations, vocational training, supervision, and a variety of other services |
| **SUBTOTAL JUDICIAL** | **487,193** | | |
| *Department of Public Safety* | | | |
| Community Corrections | 235,124 | 0.0 | 20 new mental health transition beds in community corrections |
| **SUBTOTAL PUBLIC SAFETY** | **235,124** | **0.0** | |
| **TOTAL OPERATING** | **23,166,544** | **85.9** | |

| Statewide Mental Health and Substance Abuse Funding Changes *Authorized* for FY 2006-07 (Includes Funds Restored by the General Assembly) | | | |
|---|---|---|---|
| **Area** | **Net General Fund** | **FTE** | **Description** |
| Capital Budget | | | |
| *Department of Human Services* | | | |
| DYC Secure Mental Health Unit | 140,500 | N/A | Phase 3 of 3 for unit on MHI Pueblo campus |
| Mental Health Institute | 807,997 | N/A | Equipment replacement |
| Mental Health Institute - Pueblo | 15,000,000 | N/A | Year 2 of 3 pursuant to H.B. 06-1373 (Forensics) |
| **SUBTOTAL CAPITAL** | **15,948,497** | | |
| **OPERATING AND CAPITAL** | **39,115,041** | **85.9** | |

*Appendix: Department of Human Services Status Report on the new Forensics Building. (Included in its entirety with formatting changes only).*

The Department is aggressively pursuing moving the project forward as quickly as possible due to rapidly escalating construction costs. Significant progress has been made on not only the two major project components, the central heat plant and front-end design work for new construction, but other areas as well. The Forensics Replacement facility Construction Documents are complete and were issued to the pre-qualified general contractors to prepare bids. The date for submitting bids was extended to the end of November to encourage competition among bidders.

The date for submitting bids was extended to mid-November to encourage competition among bidders. The award process is more complicated than a conventional award since only a portion of the funds for construction are currently available. State Buildings Programs has approved alternative agreement language that requires that the apparent low bidder submit a schedule of values and cash flow (draw) analysis for the project prior to signing the agreement. It is anticipated 4-6 weeks will be required to prepare the necessary documentation. Processing a contract through the State system typically requires 2-4 weeks. Once the contract is complete a Notice To Proceed will be issued. If all proceeds as anticipated, the Notice To Proceed, allowing the Contractor to begin work, should be issued by mid-January 2007.

The Notice To Proceed for the demolition and abatement portion of the project was issued August 30, 2006; the project was scheduled to be substantially complete in 120 days with an additional 30 days for final completion. Barring unforeseen circumstances, this work should be complete the end of January 2007 clearing the site for construction.

The boiler procurement portion of the project has already been bid and an award is pending. In addition, the installation of boilers and the related improvements to the Heat Plant that are part of the project will be issued for bidding this December; the value of this contract is estimated at about $2.5 million. The following table indicates activities / progress to date for the project as a whole

**Estimated Project Cost:**
The Estimating Consultant for the Project Architect/Engineer has indicated that costs are inflating by between ½ and 1% per month, which adds nearly $500,000 / month to the cost of the project. This was confirmed by an independent project management and estimating firm retained by the State, as was the overall cost of the project. The rapid escalation of costs and the volatility of the construction market made it essential to bid the project as expeditiously as possible. The projected bid amount for the Forensics Replacement component of the project is $50.25 million. Monies reserved for other components of the project (central Heat Plant Expansion and Demolition & Abatement of Building # 108) total $4.85 million. Other funds reserved for the Art In Public Places program, Furniture, Fixtures & Equipment and Project Contingencies total approximately $6.1 million. Monies already expended, including all previous appropriations or committed to Professional Services totals $5.65 million. The total amount projected for the project, including past expenditures, is $67.29 million. The Department has requested an additional $29.04 million in its FY 07-08 Capital Construction Request to complete the project.

| Activity | Status | **$ Encumbered** (or Projected Cost Rounded to the nearest $1,000) |
|---|---|---|
| Establish Spending Authority | *Complete* | ----- |
| Pre-Design Services for the IFP | **Complete** | **$147,000** |
| IBC Code Review Consultant | **Complete** | **$49,000** |
| Environmental Consultant | **Complete** | **$5,000** |
| Geotechnical Consultant | **Complete** | **$3,000** |
| Survey Consultant | **Complete** | **$6,000** |
| Abatement & Demolition Consultant **(Building #108)** | **Construction Administration in Progress** | **$50,000** |
| Design Consultant **(Heat Plant)** | **Bidding Services in Progress** | **$272,000** |
| EPA Permitting / Certification Consultant **(Heat Plant)** | **Permit Granted Complete** | **$9,000** |
| General Contractor Pre-Qualification / Two Step Bid Process | **Complete / Bidding in Progress** | ----- |
| Determine Project Management Approach | **In Progress** | ----- |
| Independent Cost Estimate Verification | **Complete** | **$18,000** |
| Contact CDPHE for Project Approval | **Complete** | ----- |
| Demolition & Abatement of Building #108 | **Under Construction** | **$498,000** |
| Design Contract for Forensics Replacement Facility | **Construction Documents Complete / Bidding in Progress** | **$1,381,000** |
| Equipment Procurement for Boiler Replacement | **Bidding Complete / Award Pending** | **$1,219,000** |

| Activity (continued) | Status | **$ Encumbered** (or Projected Cost Rounded to the nearest $1,000) |
|---|---|---|
| Testing Agency Contract **(Projected Contract Amount)** | **Contract in Progress** | **$400,000** |
| Proprietary Product Approval | **In Progress** | ----- |
| Secure Approval of Split-Phase Funding Contract | **In Progress** | ----- |
| Establish Phone & Data Requirements **(Projected Cost)** | **In Progress** | **$562,000** |
| Establish DDC Requirements **(Projected Cost)** | **In Progress** | **$749,000** |
| Art In Public Places MOU | **In- Progress** | **$52,000** |
| | **Total to date Projected** | **$5,420,000** |

# COLORADO GENERAL ASSEMBLY

# JOINT BUDGET COMMITTEE

# FY 2006-07 "1331" SUPPLEMENTAL:
# DEPARTMENT OF HUMAN SERVICES
## Competency and Evaluations at the Mental Health Institute at Pueblo

**JBC Working Document - Subject to Change**

**Staff Recommendation Does Not Represent Committee Decision**


**Prepared By:**

**Alexis Senger, JBC Staff**


**December 5, 2006**


**For Further Information Contact:**

**Joint Budget Committee**
**200 East 14th Avenue, 3rd Floor**
**Denver, Colorado 80203**
**Telephone: (303) 866-2061**

**DEPARTMENT OF HUMAN SERVICES**
**FY 2006-07 "1331" EMERGENCY SUPPLEMENTAL RECOMMENDATION**
**JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

| FY 2006-07 Department of Human Services Appropriation | |
|---|---|
| **TOTAL** | **$ 1,917,389,710** |
| FTE | 5,334.7 |
| General Fund | 604,055,742 |
| Cash Fund | 103,736,846 |
| Cash Funds Exempt | 635,958,150 |
| Federal Funds | 573,638,972 |
| Medicaid Cash Funds* | 404,911,178 |
| Net General Fund* | 787,488,117 |

## Total Supplemental Request/ Staff Recommendation

| | Supplemental "1331" Request | JBC Staff Recommendation |
|---|---|---|
| **TOTAL** | **$ 1,681,918** | **$ 0** |
| FTE | 20.5 | 0.0 |
| General Fund | 1,681,918 | 0 |
| Cash Fund | 0 | 0 |
| Cash Funds Exempt | 0 | 0 |
| Federal Funds | 0 | 0 |

* Please note, this request annualizes (calculates to a full year) to $3,456,502 General Fund and 49.1 FTE in FY 2007-08.

**DEPARTMENT OF HUMAN SERVICES**
**FY 2006-07 "1331" EMERGENCY SUPPLEMENTAL RECOMMENDATION**
**JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

**Supplemental # 1 of 1 ("1331" Submitted November 21, 2006)**

Applicable Criteria:

☑ An Emergency or Act of God

☐ A Technical Error in Calculating the Original Appropriation

☐ Data Which Was Not Available When the Original Appropriation Was Made

☐ An Unforeseen Contingency

**MENTAL HEALTH INSTITUTES**
**Line Item Name: Multiple Line Items**

| | FY 2005-06 Actual | FY 2006-07 Appropriated | Year-to-Date | Supplemental Request | Staff Recommendation |
|---|---|---|---|---|---|
| **TOTAL** | **$ 137,537,208** | **$ 139,062,780** | **N/A** | **$ 1,681,918** | **$ 0** |
| FTE | 1,596.9 | 1,692.4 | N/A | 20.5 | 0.0 |
| General Fund | 96,332,600 | 95,874,937 | N/A | 1,681,918 | 0 |
| Cash Funds | 4,107,368 | 4,216,480 | N/A | 0 | 0 |
| Cash Funds Exempt | 32,783,654 | 34,983,590 | N/A | 0 | 0 |
| Federal Funds | 4,313,586 | 3,987,773 | N/A | 0 | 0 |
| *Medicaid Cash Funds* | *12,861,453* | *7,940,633* | *N/A* | *0* | *0* |
| *Net General Fund* | *102,763,327* | *103,815,570* | *N/A* | *1,681,918* | *0* |

This supplemental request is for $1,681,918 General Fund and 20.5 FTE for FY 2006-07 for the Mental Health Institute at Pueblo (MHI-Pueblo). This request annualizes (funds a full year) to $3,456,502 General Fund and 49.1 FTE in FY 2007-08.

The request is categorized as an emergency by the Department because the existing backlog of competency and evaluations for people who are in jail has continued to increase.

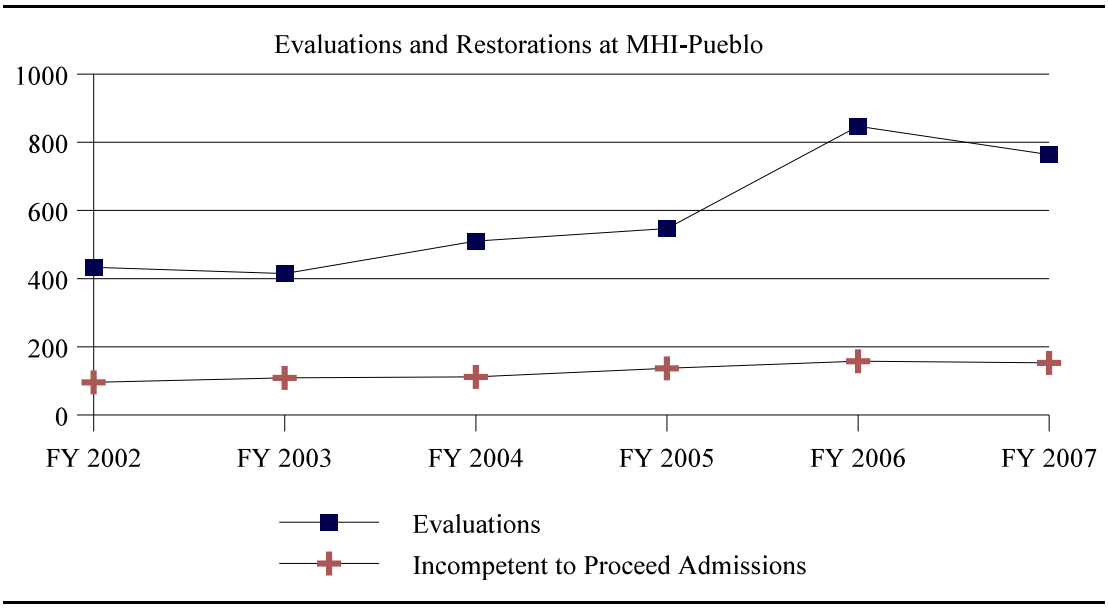
The request seeks to reopen a 20-bed inpatient, medium-security unit at Pueblo. The 20 bed unit would do competency evaluations and restorations in order to eliminate the current backlog of waiting patients within one year. Because the unit was closed by the hospital within only two years ago, the request indicates that no new capital construction dollars would be necessary to renovate/update the unit.

The Department indicates that the waiting list for inpatient competency evaluations has grown from 30 to 81

people waiting in jail to be admitted. As discussed numerous times last year this wait represents a substantial legal liability to the state. This fall, the MHI-Pueblo Superintendent was served by the Denver District Court with a contempt of court citation regarding failure to admit a patient in a timely manner per court order. The case is proceeding as one of punitive contempt because the wait list problem has still not been resolved by the Department. The following statistics were provided by the Department in its request:

FY 2002 -- 433 evaluations and 96 Incompetent to Proceed admissions
FY 2003 -- 415 evaluations and 109 Incompetent to Proceed admissions
FY 2004 -- 510 evaluations and 112 Incompetent to Proceed admissions
FY 2005 -- 547 evaluations and 137 Incompetent to Proceed admissions
FY 2006 -- 815 evaluations and 158 Incompetent to Proceed admissions
FY 2007 -- 764 evaluations and 153 Incompetent to Proceed admissions

The following table illustrates the increase in the evaluations and the restorations (admissions based on incompetent to proceed) since FY 2001-02.




The FY 2006-07 (FY 2007) estimate is based on data from July 1 through October 25th data. Please note, the Department indicates that while the data projected shows a decrease from the prior year of 6.0 percent of evaluations and a decrease of 3.0 percent in incompetent to proceed admissions, that last year at this time the data was also showing a decrease. Thus, the Department indicates that the potential decline reflected in the data may not be indicative of the actual experience come year end.

The Department indicates that these increases have resulted in a waiting list for admission to the Mental Health Institute at Pueblo. The Department indicates that recently an individual still on the waiting list was released from jail on bond and committed suicide. Others on the list continue to present "local jurisdictions with the risks of attempted suicide and acts of violence against others."

The Department indicates that the forensics unit has limited capacity to respond to the increase, due to the terms of the Neiberger lawsuit. The Neiberger lawsuit settlement agreement put limits on the forensics census and the minimum staff-to-patient ratios. The Neiberger lawsuit settlement agreement required the Department to "reduce the census in maximum-security from 80 to 72 patients, and in medium-security from 88 to 80 patients (Settlement Item 5.B.5)".

The Department's request indicates that the increasing waiting list poses an increasing risk of serous legal liabilities for the Department resulting from delayed admissions, as well as legal costs. The Department cites the legal costs associated with the Neiberger lawsuit ($1,720,436) as part of its justification for funding this request.

- **In FY 2004-05**, the MHI-Pueblo Superintendent received a contempt of court citation; however, this was later dropped.
- On **September 19, 2006**, the MHI-Pueblo Superintendent was served by the Denver District Court with an Order to Show Cause (contempt of court citation) regarding failure to admit a patient in a time line manner per court order.
- At the **October 19, 2006**, hearing the judge asked the public defender and District Attorney to make arrangements to proceed with the case as one of punitive contempt on the basis that although the individual named had already been admitted to MHI-Pueblo, the wait list problem still was "not resolved and will continue unless conditions change substantially." (Department is quoted herein).

The Department indicates in its submission that this ruling "appears to be a foreshadowing of a larger-scale legal action." The October letter from the District Court Judge Hoffman referenced the following:

- "widespread problem with CMHIP failing to comply";
- that "defendant's constitutional rights get trampled"; and
- "the likelihood of more contempt citations; the assertion that the "State simply has no right to hold these defendants in a forensic setting except pursuant to the limitations of our orders" and the importance of a concrete solution. The performance measure associated with the November 21, 2006 emergency request is the following:

| Measure | FY 2004 Actual | FY 2005 Actual | FY 2006 Actual | FY 2007 Target | FY 2008 Target | FY 2009 Target |
|---|---|---|---|---|---|---|
| Increase MHI forensic patient satisfaction with the care and treatment they receive by 5% annually | 3.04 | 3.45 | 3.55 | 3.73 | 3.91 | 4.11 |

Please note, this performance measure target is equal to the target submitted on November 1, 2006, without this $3.5 million General Fund request.

The Department considered three alternatives to address this backlog issue. These alternatives are:

- **Alternative One.** Fund this "1331" supplemental and budget amendment request to fund a 20-bed unit at MHI-Pueblo. The cost of this request is $1,681,918 General Fund and 20.5 FTE for FY 2006-07 and $3,456,502 General Fund and 49.1 FTE for FY 2007-08. This alternative reduces the 81 person waiting list for services within one year of operation. This alternative is recommended by the Department.

- **Alternative Two.** Fund the opening of a 10-bed unit at MHI-Pueblo. Cost is $2,377,386 General Fund and 28.9 FTE in FY 2007-08. This alternative eliminates the waiting list by about half (leaving a 40-person wait). This alternative is not recommended by the Department.

- **Alternative Three.** Do not fund this "1331" request. This alternative is not recommended by the Department.

**Staff Recommendation:**

Joint Budget Committee staff acknowledges the seriousness of the problem, but does not recommend this particular solution as a response. This solution, to build a new unit for competency evaluations and restorations at MHI-Pueblo, was proposed by the Department last year (in that case, a 24-bed unit). The JBC did not express interest in creating a new unit last year and did not move forward on that issue. Instead, the JBC asked the Department to explore alternative, community options.

Upon receipt of this request on November 21st, JBC staff contacted the Colorado Behavioral Health Council and asked if the Council could provide any options to help relieve the workload at the MHI-Pueblo. Additionally, JBC staff is recommending a letter to the Department to express the concerns associated with this request and seeking alternative options.

The seriousness and the liability of this important issue are real. The problem was discussed in great detail last year - a discussion that has been wholly initiated by the JBC itself for more than two years now. Given the seriousness of this issue, it is concerning to see that no effective management and policy changes have occurred since last year.

*Past Actions and Discussions*

- Discussion of forensics and goals in outpatient evaluations at **FY 2004-05 hearing**.

- JBC expresses concern about this issue at the briefing asks for reporting on this issue to occur at the **FY 2005-06 hearing**.
- JBC expresses concern about this issue and the allocation of institute beds and asks that this issue be discussed at the **FY 2006-07 hearing**.
- Special adjunct legislative meetings/hearings occur with the Department and community participants in **January and February 2006**.
- JBC adds footnote #63 in **March 2006 for FY 2006-07**:

  Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Institutes -- It is the intent of the General Assembly that civil allocated beds be distributed in a manner such that clients may be served in a mental health institute in closer geographic proximity to the clients' respective homes. Best practices dictate that the provision of care should occur in the closest proximity to family and support in order to facilitate recovery. The Department's 20-year-old bed allocation plan does not follow this best practice. Because allocated civil beds are instead being utilized at the Mental Health Institute at Pueblo for competency evaluations and restoration of competency services, fewer beds are available for civil allocations. **To that end, it is the intent of the General Assembly that the Department evaluate options for addressing the current backlog for competency evaluations and restoration of sanity cases at the Mental Health Institute and explore alternative means for addressing this problem** and the problem of the civil allocated beds. A report on the Department's findings and recommendations is requested to be provided to the Joint Budget Committee and the House and Senate Health and Human Services Committees by no later than November 1, 2006. Said report is requested to consider **options for addressing this backlog** and providing for a more appropriate allocation of civil beds. **Said report is requested to evaluate efficient and effective options for utilizing other means and/or facilities in the state to provide said services and to evaluate options for providing mental health services in the jails to minimize the need for such restorations, thus reducing the workload and backlog. As a result of this research, it is the intent of the General Assembly to minimize the evaluations and restorations workload and backlog for the Mental Health Institute at Pueblo** so that the beds allocated for civil-based mental health services can be utilized more effectively and efficiently. (Emphasis added)
- Footnote is vetoed **April 25, 2006**. Veto message instructs Department not to comply.
- Information on the status of the footnote 63 issues is requested by JBC staff **September 29, 2006**: "Although we understand that Footnote 63 was vetoed by the Governor, the Committee would like to know what findings and recommendations you have concerning the issues discussed therein."

  **October 21, 2006** DHS Response: Within the context of general operations planning, the Department has continued to examine the bed allocation issue from a number of perspectives. These perspectives include bed usage rates by mental health center, population per bed by mental health center, geographic location of mental health centers and other (non-Institute) adult inpatient psychiatric capacity in the State. The data show significant variation in bed use as well as population served per bed by each mental health center. We have also reviewed the Tri-West study recommendations and the Office of Behavioral Health and Housing's Operational Plan for the Institutes. Our findings will be subject to discussion by interested parties by the end of the year, including the directors of community mental health centers,

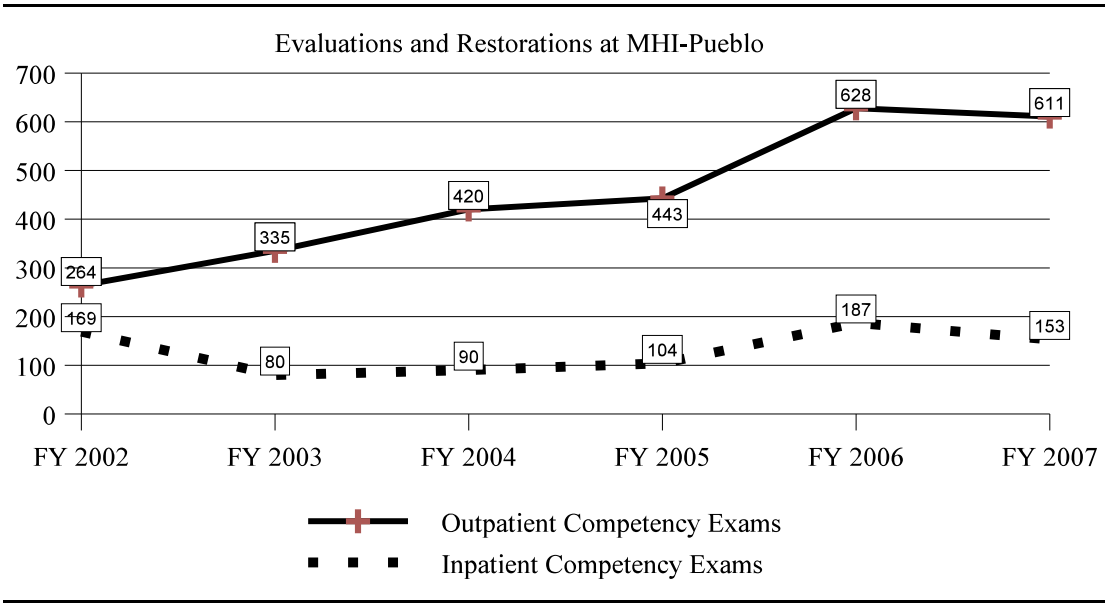
before the Department can make specific recommendations. We are currently in the process of validating these new data and planning for preliminary stakeholder discussions about their implications.

- **November 1, 2006.** Budget request for FY 2007-08 contains no initiative or discussion about making changes in this area.
- **November 8, 2006**. JBC staff is apprised that the problem has worsened and that there is a "1331" supplemental request forthcoming to the JBC.
- **November 21, 2006.** The 1331 emergency supplemental (and budget amendment) request is submitted to the JBC.

The following narrative contains a discussion of the basis for the staff recommendation not to accept the Department's proposal.

*Inpatient vs. Outpatient Exams*

It should be pointed out that around 80 percent of the competency evaluations done at the MHI-Pueblo are contracted out and performed on an outpatient basis. Thus, most of the evaluations in the state are contracted out. The following chart illustrates the exams done at MHI-Pueblo by inpatient (at the institute) or outpatient (performed by mental health centers at the jails).




Please note that the issue of concern for the Department is the inpatient competency exams not the outpatient exams. While the number of inpatient competency exams has increased *in the last few years*, compared to FY 2001-02, inpatient competency exams were only 18 higher (10.7 percent) in FY 2005-06. (Restorations

for those found incompetent to proceed are, however, another matter.)

*Length of Stay*

Furthermore, it should be also noted that the average stay at the MHI-Pueblo for an inpatient evaluation for them to determine competency is 55 days. Thus, it takes MHI-Pueblo staff almost two months to determine if a person is mentally ill for the evaluation. This 55-day length of stay at the institute with its accompanying average cost of $32,000 per evaluation compares to $500 per evaluation performed by contractors on an outpatient basis.

This 55 day length of stay at the institute with its accompanying average cost of $32,000 per evaluation compares to $500 per evaluation performed by contractors on an outpatient basis.

*Legislative Efforts to Address Salary/Quality Issues at MHI-Pueblo*

Last year, there was a question raised by the Department that because of low salaries for psychiatrists at the Mental Health Institute at Pueblo that some of the evaluations were not being adequately considered by the courts. The JBC recommended and the General Assembly **approved targeted institute salary increases of $1,031,869** in FY 2006-07, beyond the salary survey increases approved. This $1.0 million increase included salaries for 12.5 staff on the forensics units, and 19.5 FTE on other units at Pueblo. The basis for the request was the difficulty to get qualified staffing and the quality of the evaluations which were being questioned: "While turnover rates are an important indicator of a management and salary problem, quality of care, including quality of client evaluations/assessments are factors that are not evidenced in turnover rates." (Source: FY 2005-06 JBC staff supplemental presentation).

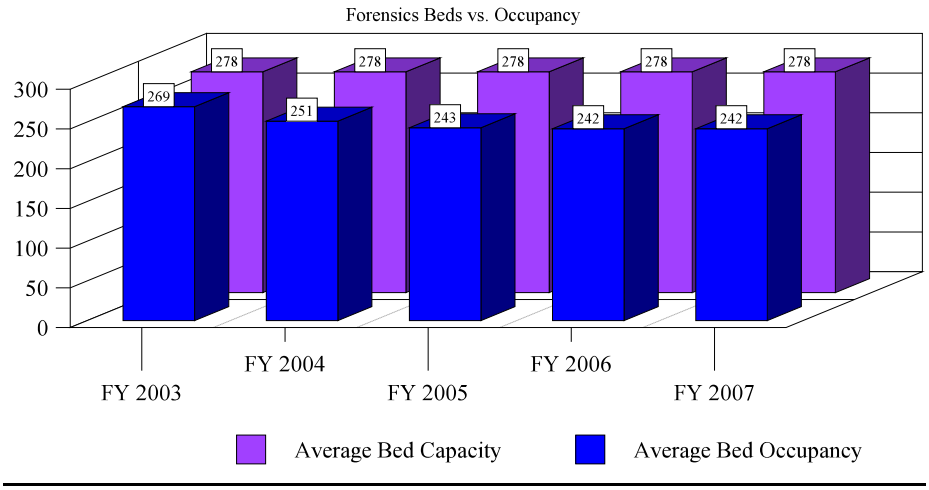
*Cost to Reopen a Recently Closed Unit*

The Department is asking for $3.5 million General Fund and 49.1 FTE to reopen a unit that they closed within two years ago. Because it was closed within two years ago, the request indicates that no capital construction dollars are needed. However, when this unit was closed by the Department the savings were not removed from the budget. Thus, when the unit has now reopened, a question arises. Why should a reopening of a closed unit have a General Fund and FTE cost to the state? Why does it cost $3.5 million in operating expenses to reopen a unit that previously closed with no operating budget change to the MHI-Pueblo? Where is the furniture associated with the closed unit such that new furniture is being sought in the request? Why is a $1,175 TV now needed? What happened to the old TV? What happened to the former staff?

*Neiberger Lawsuit Settlement*

The Department's FY 2007-08 strategic plan indicates that the Neiberger lawsuit settlement is a contributing factor in the competency and evaluation backlog issue. The Department's plan indicates that Neiberger requires the Mental Health Institute at Pueblo to comply with a number of requirements, including a staff to

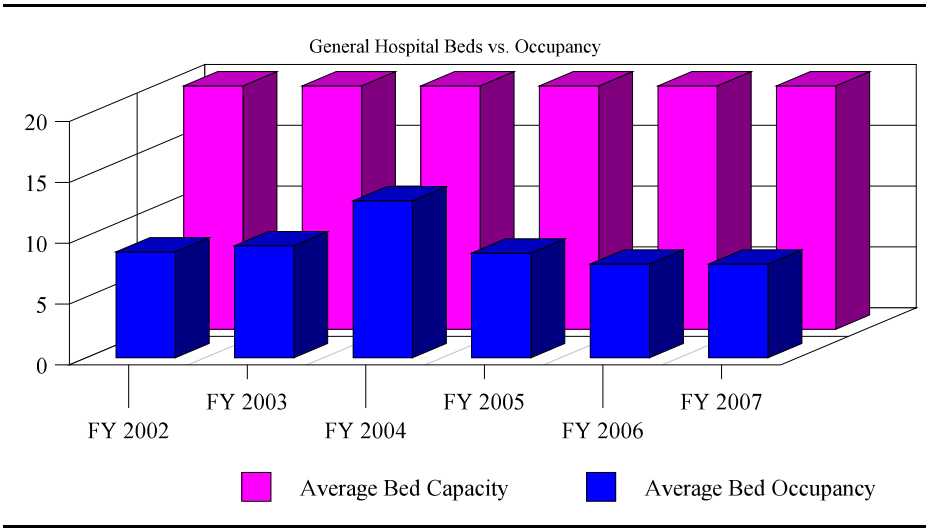
patient ratio and a census limit. The Neiberger lawsuit settlement agreement required the Department to "reduce the census in maximum-security from 80 to 72 patients, and in medium-security from 88 to 80 patients (Settlement Item 5.B.5)" . . . if the construction of the new Forensics Unit was not funded by June 30, 2005."




The forensics unit has 241.5 beds filled compared to a capacity of 278 beds, a difference of 36.5 beds or 15 percent. With changes in other areas of the mental health institute to free up staff, this could create management flexibility for managing the immediate short-term needs of the competency and evaluation workload more efficiently. According to the 2005-2007 Colorado report to the federal government on the federal block grant, the Neiberger lawsuit settlement ends December 31, 2006. The table to the left shows the consistent shortfall of bed capacity to bed occupancy in forensics.

*General Hospital at MHI-Pueblo is Only 38.5 Percent Occupied*

For the last six years, the census for the General Hospital on the campus of the MHI-Pueblo has been dramatically short of its bed space. (Despite this disparity, the General Hospital has spent virtually its entire budget each year, reverting very little.) The general hospital census is 7.7; this compares to 20 beds available. The General Hospital at Pueblo's MHI is only 38.5 percent occupied. The table below depicts this variance.




The request contains no discussion of whether some of the vacant beds at the General

Hospital be used to perform competency evaluations. Conversely, could some of the inpatient general hospital work be done at local Pueblo hospitals, leaving the inpatient beds for competency and evaluation or restoration services?

*Community Options Not Sought*

The CIRCLE program is a 20-bed unit that treats dual diagnosed people with substance abuse and mental health disorders at Pueblo. *Could the CIRCLE program be transferred to community providers, thus freeing up existing bed space at the Mental Health Institute at Pueblo to address competency evaluations?*

*Would community services have an effect on the MHI-Pueblo?* The Department's request for $1.4 million for additional mental health services in its FY 2007-08 decision item also notes a hospital survey regarding the mental health budget reductions, now wholly restored, of mental health and substance abuse emergency department admissions (Medicaid and indigent). The Department's budget also calculates a cost/benefit ratio for the inpatient hospital impact of funding the request which shows a significant cost/benefit in that area ($2.3 million). However, despite the potential benefit to inpatient hospital stays for this population (which would be at the mental health institutes), none of the benefit is "realized" in the mental health institute budget request.

The Department's cost/benefit analysis indicates that for the 346 estimated adults served in the FY 2007-08 decision item for $1.4 million General Fund for mental health community services, there would be a reduction of 7,494 inpatient days (20.5 beds, including at the institutes), with a savings impact of $3.8 million. No community-based institute effect is considered in the request.

> The mental health institutes are not managed by the mental health director. Colorado is one of only five states which manage in this way. This silo based management structure does not allow the Department of Human Services or the Mental Health Division itself to view the mental health community as part of the continuum to which the mental health institutes belong.

As noted in the issue briefing on performance measures in mental health, the Division of Mental Health oversees only part of the mental health continuum. The mental health institutes are not managed by the mental health director. Colorado is one of only five states which manage in this way. This silo-based management structure within the Division does not allow the Department of Human Services or the Mental Health Division itself to view the mental health community as part of the continuum to which the mental health institutes belong.

**The Mental Health Continuum**



**Community mental health services** **Inpatient hospital/institutional services**

*Logistical Considerations*

**FTEs requested.** The Department has requested an increase of 49.1 FTE to reopen a unit. However, the FTE were never reduced when the unit was closed (nor was the funding reduced). The Department has requested 49.1 FTE but at least 47 FTE have been reverted in the past few years from the mental health institute budget. Why is the Department requesting additional FTE when it has reverted so many FTE? Additionally, the backlog is short-term, but the FTE levels continue in out-years. What will be done with the FTE after the immediate backlog is addressed? A long-term solution is proposed when the solution should probably be truncated into a short-and a long-term plan.

**Hiring Delays.** The average hiring time period is 56 days according to the Department. Hiring time periods are significant at the Mental Health Institute - Pueblo, according to the Department last year. Therefore, even if the JBC were to vote immediately to approve the funding, there is no way that the new unit would be on-line on February 1, 2007 according to the Department's own data. The difficulties recruiting staff have been discussed last year and are noted in the budget document and strategic plan.

**Solution is targeted to March or April 2008.** The Department's estimated impact on the problem is one-year from implementation - estimated in the late spring of 2008. Either way, the solution to the problem requires a significant time period for implementation and will likely not please the courts. A more immediate solution is necessary to avoid legal problems for the state.

**Silo-based Solution.** Are there statutory changes that could be considered? Other states have a 30 - 60-day turnaround time requirement for evaluations. Should additional services in the jails through the community mental health centers be funded to get to this issue more directly and immediately? If clients could be better served at that level perhaps clients would decompensate less so that restoration services were not as necessary. As evidenced by these questions, this problem cannot be fixed within one (mental health institute) silo.

*Funding in FY 2007-08*

Joint Budget Committee staff estimate that, based on the November 2006 LCS forecast and elected official budget requests, there will be $400.9 million General Fund available under the 6.0 percent limit in FY 2007-08; JBC staff estimate that $388.7 million of that sum is required for caseload and inflationary increases for the "big six" budgets. With the Judicial request included over the OSPB estimate of 6.0 percent for this branch, the FY 2007-08 budget is $20.1 million over the 6.0 percent budget. The budget in FY 2009-10 is even tighter with $450.4 million General Fund available and $447.6 million estimated for base caseload and inflationary estimates.

The funding dilemma for the state noted in the paragraph above exists without this $3.5 million General Fund (FY 2007-08) impact. Any decision now on this FY 2006-07 supplemental will drive the direct and automatic annualization of funding in FY 2007-08. Thus, the JBC will be doing a portion of FY 2007-08 figure setting through a "1331" supplemental which will have no legislative debate from other members of the General

Assembly. To the degree that this $3.5 million request cannot be accommodated in a total executive budget request which is already over the 6.0 percent limit (including Judicial), further dollars will need to be reduced in other areas of the state budget to stay within the limit.

| | Fund | Actual FY 2005-06 | Approp. FY 2006-07 | Supplemental Request FY 2006-07 | Budget Amendment FY 2007-08 |
|---|---|---|---|---|---|
| **Total of All Line Items** | **Total** | 137,537,208 | 139,062,780 | 1,681,918 | 3,456,502 |
| | **FTE** | 1,596.9 | 1,692.4 | 20.5 | 49.1 |
| | **GF** | 96,332,600 | 95,874,937 | 1,681,918 | 3,456,502 |
| | **CF** | 4,107,368 | 4,216,480 | 0 | 0 |
| | **CFE** | 32,783,654 | 34,983,590 | 0 | 0 |
| | **FF** | 4,313,586 | 3,987,773 | 0 | 0 |
| | **MCF** | 12,861,453 | 15,873,768 | 0 | 0 |
| | **MGF** | 6,430,727 | 7,940,633 | 0 | 0 |
| | **NGF** | 102,763,327 | 103,815,570 | 1,681,918 | 3,456,502 |
| **(1) Executive Director's Office** | **Total** | 11,943,502 | 15,171,966 | 91,269 | 219,046 |
| **(A) General Administration** | **FTE** | | | | |
| **Health, Life Dental** | **GF** | 7,134,820 | 9,168,664 | 91,269 | 219,046 |
| | **CF** | 132,888 | 151,878 | | |
| | **CFE** | 3,033,210 | 3,861,833 | | |
| | **FF** | 1,642,584 | 1,989,591 | | |
| | **MCF** | 2,670,406 | 3,457,352 | | |
| | **MGF** | 1,335,203 | 1,733,373 | | |
| | **NGF** | 8,470,023 | 10,902,037 | 91,269 | 219,046 |
| **(1) Executive Director's Office** | **Total** | 358,717 | 236,618 | 941 | 2,259 |
| **(A) General Administration** | **FTE** | | | | |
| **Short Term Disability** | **GF** | 207,851 | 141,813 | 941 | 2,259 |
| | **CF** | 13,497 | 5,879 | | |
| | **CFE** | 66,731 | 50,417 | | |
| | **FF** | 70,638 | 38,509 | | |
| | **MCF** | 56,456 | 43,596 | | |
| | **MGF** | 28,228 | 20,848 | | |
| | **NGF** | 236,079 | 162,661 | 941 | 2,259 |
| **(1) Executive Director's Office** | **Total** | 638,967 | 1,492,245 | 6,248 | 23,991 |
| **(A) General Administration** | **FTE** | | | | |
| **Amortization Equalization Disbursement** | **GF** | 414,874 | 889,925 | 6,248 | 23,991 |
| | **CF** | 19,694 | 38,052 | | |
| | **CFE** | 94,678 | 315,321 | | |
| | **FF** | 109,721 | 248,947 | | |
| | **MCF** | 81,273 | 268,433 | | |
| | **MGF** | 40,636 | 134,217 | | |
| | **NGF** | 455,510 | 1,024,142 | 6,248 | 23,991 |
| **(1) Executive Director's Office** | **Total** | 2,869,556 | 4,095,243 | 49,831 | 119,594 |
| **(A) General Administration** | **FTE** | | | | |
| **Shift Differential** | **GF** | 1,775,448 | 2,616,820 | 49,831 | 119,594 |
| | **CF** | 1,551 | 2,297 | | |
| | **CFE** | 1,087,476 | 1,467,594 | | |
| | **FF** | 5,081 | 8,532 | | |
| | **MCF** | 924,893 | 1,442,508 | | |
| | **MGF** | 462,447 | 721,254 | | |
| | **NGF** | 2,237,895 | 3,338,074 | 49,831 | 119,594 |
| **(3) Office of Operations** | **Total** | 22,523,184 | 22,068,002 | 17,679 | 42,429 |
| **(A) Administration** | **FTE** | 418.0 | 461.2 | 0.6 | 1.4 |
| **Personal Services** | **GF** | 10,538,418 | 11,192,699 | 17,679 | 42,429 |
| | **CF** | 660,366 | 499,151 | | |
| | **CFE** | 8,839,313 | 8,756,162 | | |
| | **FF** | 2,485,087 | 1,619,990 | | |
| | **MCF** | 3,644,033 | 3,758,110 | | |
| | **MGF** | 1,822,017 | 1,879,056 | | |
| | **NGF** | 12,360,435 | 13,071,755 | 17,679 | 42,429 |
| **(3) Office of Operations** | **Total** | 2,319,269 | 2,345,849 | 10,383 | 10,966 |
| **(A) Administration** | **FTE** | | | | |
| **Operating Expenses** | **GF** | 1,899,167 | 1,396,549 | 10,383 | 10,966 |
| | **CF** | 207 | 12,809 | | |
| | **CFE** | 419,420 | 854,287 | | |
| | **FF** | 475 | 82,204 | | |
| | **MCF** | 419,170 | 419,170 | | |
| | **MGF** | 209,585 | 209,586 | | |
| | **NGF** | 2,108,752 | 1,606,135 | 10,383 | 10,966 |
| **(3) Office of Operations** | **Total** | 6,925,723 | 7,275,195 | 9,392 | 18,785 |
| **(A) Administration** | **FTE** | | | | |
| **Utilities** | **GF** | 4,871,142 | 5,391,069 | 9,392 | 18,785 |

| | Fund | Actual FY 2005-06 | Approp. FY 2006-07 | Supplemental Request FY 2006-07 | Budget Amendment FY 2007-08 |
|---|---|---|---|---|---|
| | CF | 8,800 | | | |
| | CFE | 2,045,781 | 1,884,126 | | |
| | FF | | | | |
| | MCF | 1,154,160 | 1,538,491 | | |
| | MGF | 577,080 | 769,245 | | |
| | NGF | 5,448,222 | 6,160,314 | 9,392 | 18,785 |
| (8) Mental Health & Alcohol & Drug Abuse Services | Total | 86,677,375 | 83,211,459 | 1,436,292 | 2,896,258 |
| (C) Mental Health Institutes | FTE | 1,147.5 | 1,195.2 | 19.9 | 47.7 |
| Mental Health Institutes | GF | 66,209,965 | 62,086,515 | 1,436,292 | 2,896,258 |
| | CF | 3,270,365 | 3,506,414 | | |
| | CFE | 17,197,045 | 17,618,530 | | |
| | FF | | | | |
| | MCF | 3,911,062 | 4,946,108 | | |
| | MGF | 1,955,531 | 2,473,054 | | |
| | NGF | 68,165,496 | 64,559,569 | 1,436,292 | 2,896,258 |
| (8) Mental Health & Alcohol & Drug Abuse Services | Total | 3,280,915 | 3,166,203 | 59,883 | 123,174 |
| (C) Mental Health Institutes | FTE | 31.4 | 36.0 | | |
| General Hospital | GF | 3,280,915 | 2,990,883 | 59,883 | 123,174 |
| | CF | | | | |
| | CFE | | 175,320 | | |
| | FF | | | | |
| | MCF | | | | |
| | MGF | | | | |
| | NGF | 3,280,915 | 2,990,883 | 59,883 | 123,174 |

Office of Behavioral Health and Housing
Questions in preparation for the JBC Briefing
Due October 20, 2006

Mental Health Institutes

1. **(a.) What are the Department's current options for addressing the present and anticipated backlog for competency evaluations and restoration of sanity cases at the Mental Health Institute? (b.) What are the Department's alternatives for addressing this problem and the problem of the civil allocated beds.**

   A number of activities have taken place to help address the backlog for competency evaluations and restorations. Those initiated prior to FY 2005-06 are listed below:

   - CMHIP has assigned a full-time forensics admissions coordinator to facilitate and expedite admissions and discharges.
   - An admission and discharge team meets weekly to examine progress in discharge and admission of new referrals, and to brainstorm processes to help speed turnaround.
   - Lower risk forensics patients are diverted into General Adult Psychiatric Unit civil beds (these beds are constantly full).
   - Staff contact the courts to request early hearings.
   - Staff contact attorneys to provide them with information to assist in working with their clients.
   - Staff make requests for mental health centers to increase the frequency of visiting patients in jail to assist with maintaining mental health competency of patients in jails.
   - The Department of Human Services obtained the assistance of the State Court Administrator to encourage State judges to have patience with our "wait list".

   Efforts occurring during the past twelve months include the following:

   - Explored the possibility of using Colorado West and Denver Health Mental Health Unit to relieve some of the waiting list. Neither of these options appear to offer any significant reduction in the backlog.
   - Examined the potential impact of legislative changes to competency evaluation and restoration statutes and have initiated legislation, which will reduce inpatient stays.
   - Developing a centralized standardized database to track evaluations and restoration data to avoid unnecessary administrative delays, reduce/eliminate extensions and continuances, as well as monitor trends.
   - Reclassified existing positions in order to hire three additional psychologists dedicated to performing inpatient evaluations and completion of restoration reports. These

psychologists will not have other "regular" duties assigned and will report to the ITP/Restoration Coordinator. Two of the three have been hired as of October 3, 2006.

- Assigned 0.6 FTE clerical staff to assist with the increased demand of reports and letters to the court.
- Persuaded Courts to allow competency evaluations to be completed on an outpatient basis (in jails) as much as possible, or to use the "hold-and-wait" (the sheriff transports the defendant to CMHIP, waits as the examiner performs an evaluation, and then returns the patient to jail) evaluation method at CMHIP, which does not admit the patient over night.
    - Requiring the nursing and social work departments to call the jail medical staff the day after the "restored" patient is transported back to jail to keep the patient on prescribed medication and provide consultation to the staff at the jail. This contact is designed to ensure the patient's clinical stability as he/she is waiting for their hearing date. If the transport staff do not want to take the medication with the patient, CMHIP will overnight mail the medication to an identified medication staff recipient.
    - Developed an ITP Review Committee to provide consultation, beginning in November, to treatment teams for ITP patients who have been at CMHIP more than 3 months for a misdemeanor and 6 months for a felony. The intent of the consultation is to help facilitate resolution of the "incompetent to proceed" status.

Nevertheless, as of early October 2006, the waiting list has grown to 77 individuals waiting in jail up to five months for admission. The situation is posing legal problems for the DHS: the OBHH Director of Hospital Services recently received a second contempt of court citation for failure to admit a patient in a timely manner, increasing the Department's risk of significant legal costs resulting from delayed admissions. The Department is submitting a supplemental to address this backlog.

Further the Department is exploring the possibility of adjusting bed allocations between the two institutes in order to free more beds and staff at CMHIP for inpatient competency evaluations and restorations. These activities are all partial solutions that serve only to mitigate the problem. Until there are fewer mentally ill individuals going to jails, we believe that we will continue to see a significant backlog in restorations until CMHIP is able to restore and/or develop adequate bed capacity to serve this increasing population.

**2. Although we understand that Footnote 63 was vetoed by the Governor, the committee would like to know what findings and recommendations you have concerning the issues discussed therein.**

Within the context of general operations planning, the Department has continued to examine the bed allocation issue from a number of perspectives. These perspectives include bed usage rates by mental health center, population per bed by mental health center, geographic location of mental health centers and other (non-Institute) adult inpatient psychiatric capacity in the State. The data show significant variation in bed use as well as population served per bed by each

mental health center. We have also reviewed the Tri-West study recommendations and the Office of Behavioral Health and Housing's Operational Plan for the Institutes. Our findings will be subject to discussion by interested parties by the end of the year, including the directors of community mental health centers, before the Department can make specific recommendations. We are currently in the process of validating these new data and planning for preliminary stakeholder discussions about their implications.

# STATE OF COLORADO



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December 5, 2006

Ms. Marva Livingston Hammons
Executive Director
Department of Human Services
1575 Sherman Street
Denver, CO 80203-1714

Dear Ms. Hammons:

The Joint Budget Committee has discussed the Department of Human Services "1331" supplemental request for $1,681,918 General Fund and 20.5 FTE for FY 2006-07. This request annualizes to $3,456,502 General Fund and 49.1 FTE for FY 2007-08. The Department's request estimates that the 81-person waiting list for competency and restoration of competency would be reduced after a year of operation (spring 2008).

First, the Joint Budget Committee is concerned that the proposed solution may not be as logistically viable as is assumed in the request. Between the Department's current 56-day hiring delays, reported difficulties recruiting and maintaining staff for the MHI-Pueblo, and the one-year implementation estimate before the waiting list is reduced, the proposed solution may not address the problem with the immediacy necessary.

Secondly, the Joint Budget Committee is concerned that the Department has not effectively considered the breadth of alternatives available to the state for addressing this serious problem on a system-wide basis. Some options for addressing this issue were noted in footnote #63 to the FY 2006-07 Long Bill. Among the options noted was increasing the number of examinations, currently at 80 percent, done on an outpatient basis, and the provision of additional mental health services in jails to minimize the need for restoration of competency at the institutes.

Please respond to these concerns with alternative solutions for eliminating the competency and restoration waiting list at the JBC hearing for mental health on December 15th. The Committee asks that you work with the Division of Mental Health, jails, and community providers, and that you include community based options in your response.

Sincerely,

Senator Abel Tapia
Chairman

cc: Henry Sobanet, Director, Office of State Planning and Budgeting
Deborah Trout, Ph.D., Director, Behavioral Health and Housing (MH/ADAD)