

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2009-10 STAFF BUDGET BRIEFING
DEPARTMENT OF HUMAN SERVICES**

(Mental Health and Drug Abuse Division)

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

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**FY 2009-10 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

**DEPARTMENT OF HUMAN SERVICES
Mental Health and Alcohol and Drug Abuse Division ONLY**

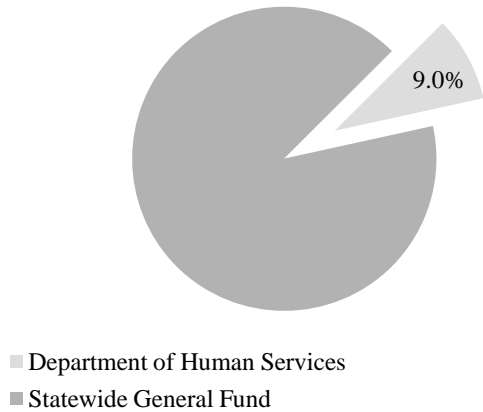
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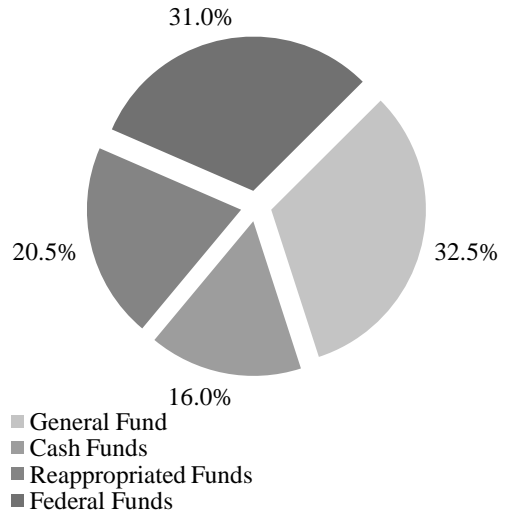
**FY 2009-10 Joint Budget Committee Staff Budget Briefing
Department of Human Services**

GRAPHIC OVERVIEW

Department's Share of Statewide General Fund

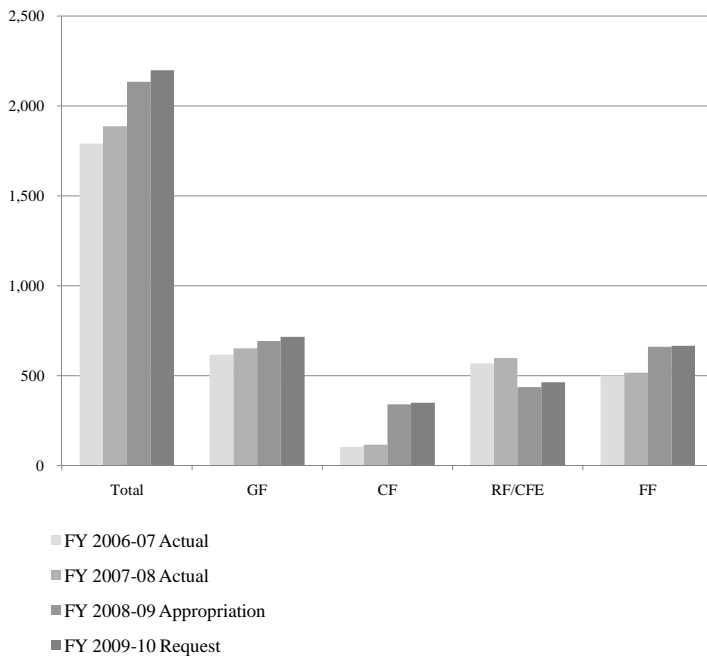


Department Funding Sources

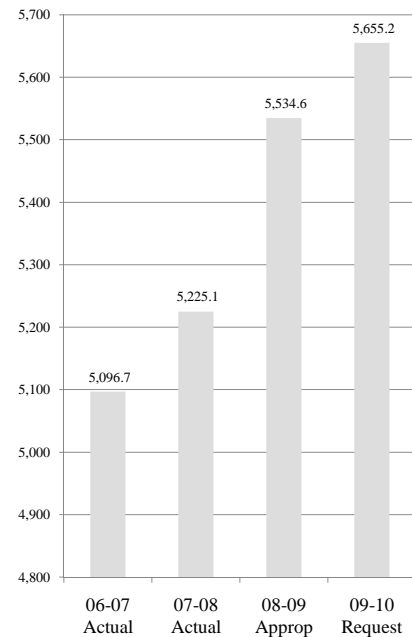


Note: If General Fund appropriated to the Department of Health Care Policy and Financing for human services programs were included in the graph above, the Department of Human Services' share of the total state General Fund would rise to 11.7%.

Budget History
(Millions of Dollars)

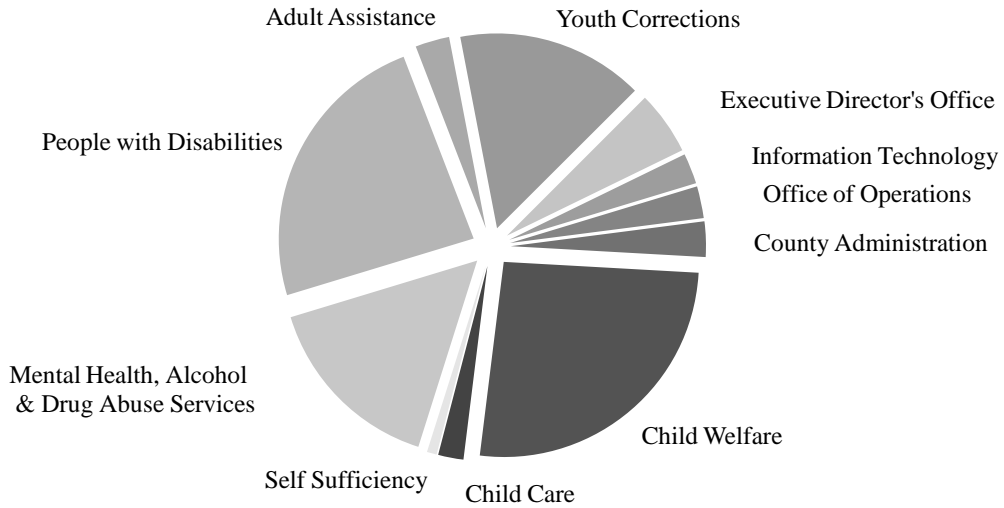


FTE History



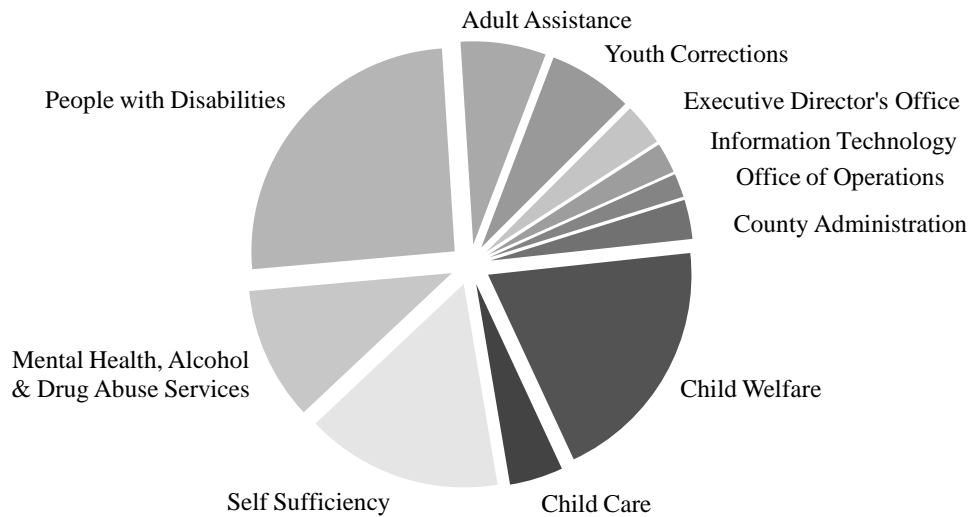
Unless otherwise noted, all charts are based on the FY 2008-09 appropriation.

Distribution of Net General Fund by Division*
FY 2008-09 Appropriation \$896.1 million



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

Distribution of Total Funds by Division



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Department of Human Services
Mental Health and Alcohol and Drug Abuse Division ONLY**

DEPARTMENT OVERVIEW

Key Responsibilities

Division of Mental Health

- 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.
- Manages the Institute for Forensic Psychiatry (IFP) in Pueblo. The IFP treats individuals who are referred by the courts for competency evaluations and restoration to competency to stand trial. The IFP also provides services to individuals who have been found not guilty by reason of insanity (NGRI).
- Administers mental health services for the indigent mentally ill population. The Department estimates that it will serve 11,262 people during FY 2008-09.
- Operates the Supportive Housing and Homeless Programs, which provide Section 8 housing vouchers to individuals with special needs. The Department estimates that during FY 2008-09, it will provide housing vouchers for 3,900 people.

Alcohol and Drug Abuse Division (ADAD)

- Funds community-based alcohol and drug abuse prevention, treatment, and detoxification programs throughout the State.
- Administers contracts for residential and outpatient treatment services and detoxification services. The Department estimates that during FY 2008-09, it will provide treatment services to 27,495 individuals and detoxification services to 14,202 individuals.
- Administers contracts with local and statewide prevention programs to prevent the use of alcohol, tobacco, and other drugs. The Division estimates that during FY 2008-09, it will provide prevention services to 78,000 individuals.
- Administers federal alcohol and drug abuse categorical grants.

Factors Driving the Budget

Demand for Services at the Mental Health Institutes and Forensics Institute

The Department of Human Services operates two hospitals for the severely mentally ill: the Fort Logan Mental Health Institute, located in Denver, and the Pueblo Mental Health Institute. The Pueblo Institute includes the Institute for Forensic Psychiatry (IFP), which has experienced a dramatic increase in the demand for court-ordered inpatient competency exams and restorations. **The average annual cost for an adult bed at the institutes is \$200,401, and the average annual cost for a child's bed is \$373,936 per year.**¹

- ❑ Fort Logan manages 153 inpatient psychiatric beds and 20 Therapeutic Residential Child Care Facility beds.
- ❑ The Colorado Mental Health Institute at Pueblo (CMHIP) is comprised of 120 inpatient beds for adult, adolescent, and elderly civil patients; a 20-bed unit for patients with co-occurring substance use and mental illness; and a 20-bed medical surgical unit.
- ❑ CMHIP also includes the Institute for Forensics Psychiatry (IFP), which manages 298 beds for individuals who have been referred by the courts for competency evaluations and restoration to competency to stand trial. The IFP also provides services to individuals found Not Guilty by Reason of Insanity (NGRI).
- ❑ The IFP has experienced a dramatic increase in the number of referrals for inpatient competency evaluations and restorations. Between FY 2003-04 and FY 2007-08, the number of inpatient competency evaluations increased by 185.4 percent and the number of inpatient competency restorations increased by 97.2 percent.

Table 1: Court-Ordered Competency Evaluations and Restorations Referred to and Served by the Institute of Forensic Psychiatry in Pueblo						
Year	Exams			Restorations		
	In Pt.	Out Pt.	Total	In Pt.	Out Pt.	Total
FY 2002-03	81	333	414	107	0	107
FY 2003-04	90	415	505	111	0	111
FY 2004-05	102	441	543	136	0	136
FY 2005-06	191	629	820	164	5	169
FY 2006-07	224	615	839	228	17	245
FY 2007-08	254	660	914	215	15	230
FY 2008-09 est.	274	786	1,060	204	14	218
Increase Since FY 2002-03	238.3%	136.0%	156.0%	90.7%	n/a	103.7%

¹ The average annual cost for a child's bed does not include those at the Therapeutic Residential Child Care Facility (TRCCF), because it does not provide the same types of services as in the children's units.

- ❑ The IFP, Ft. Logan, and CMHIP are combined in the Mental Health Institutes line item. *Table 2* reflects the average daily census for the institutes and the total appropriation for the line item. **The FY 2008-09 appropriation is \$98,927,812, which includes \$78,275,227 General Fund.**

Table 2: Average Daily Census at Mental Health Institutes						
	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Approp/ Est
Ft. Logan Avg. Daily Census	137.6	149.3	148.8	147.0	150.6	150.6
Pueblo (Civil Beds) Avg. Daily Census	138.9	134.4	135.0	135.5	139.3	139.3
Pueblo Forensics Institute	<u>250.5</u>	<u>242.7</u>	<u>241.5</u>	<u>242.9</u>	<u>277.6</u>	<u>277.6</u>
Total Avg. Daily Census	527.0	526.4	525.3	525.4	567.5	567.5
Institute Budget	\$80,524,106	\$82,065,885	\$84,337,046	\$89,015,608	\$93,656,556	\$98,927,812
FTE	1,183.0	1,195.4	1,195.8	1,219.6	1,249.1	1,310.6
Change in Funding	n/a	\$1,541,779	\$2,271,161	\$4,678,562	\$4,640,948	\$5,271,256

Community Mental Health Services for the Medically Indigent

The medically indigent are individuals whose income is less than 300.0 percent of the federal poverty level, are not eligible for medicaid, and do not receive mental health services from any other system. Colorado's most recent Population in Need study (2002) identified 17,000 people that had a serious mental illness, were medically indigent, and who would utilize services if they were available.

- ❑ While there is statutory authority for the General Assembly to appropriate funds funds for indigent mental health services, there is not an individual entitlement [see Section 27-1-204 (4) (a), C.R.S.]. The amount of available funding determines the number of people who receive services.
- ❑ Pursuant to Section 27-1-204 (1), C.R.S., the Department of Human Services contracts with 17 community mental health centers (CMHCs), clinics, and other approved organizations to provide community mental health services to the medically indigent.
- ❑ *Recent JBC Action:* During FY 2007-08 and FY 2008-09, the General Assembly appropriated an additional \$4.4 million General Fund for indigent community mental health services.
- ❑ Appropriations for indigent mental health services are included in numerous line items throughout several Departments. *Table 3* reflects funding for the primary indigent mental health care line item.

Table 3: Services for Indigent Mentally Ill Clients^{1/}					
	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Approp
Total Funds	\$38,614,444	\$40,887,210	\$36,023,738	\$37,304,711	\$41,678,905
General Fund	\$21,196,546	\$23,066,955	\$30,065,061	\$31,389,126	\$35,283,427
CFE/ Reappropriated Funds^{2/}	\$11,817,485	\$12,050,607	\$0	\$0	\$161,909
Federal Funds	\$5,600,413	\$5,769,648	\$5,958,677	\$5,915,585	\$6,233,569
Net General Fund Change^{3/}	\$0	\$2,039,644	\$6,998,106	\$1,324,065	\$3,894,301
Total Funds Change	\$0	\$2,272,766	(\$4,863,472)	\$1,280,973	\$4,374,194
% General Fund Change	0.0%	9.6%	30.3%	4.4%	12.4%
% Total Funds Change	0.0%	5.9%	-11.9%	3.6%	11.7%
Estimate of Clients Served	10,436	8,463	9,225	10,296	11,683
Change in Est. Number of Clients	0	(1,973)	762	1,071	1,387

^{1/} Reflects only the funding for the Medically Indigent line item and the former Goebel lawsuit settlement dollars (FY 2004-05 and FY 2005-06). Does not reflect the increases provided in other areas of non-Medicaid funding.

^{2/} For FY 2004-05 and FY 2005-06, these funds consist primarily of Medicaid dollars transferred from Health Care Policy and Financing as part of the Goebel lawsuit settlement. This settlement expired for FY 2006-07.

^{3/} Includes the General Fund portion of the Medicaid dollars transferred from Health Care Policy and Financing.

Alcohol and Drug Abuse Division

The Alcohol and Drug Abuse Division (ADAD) budget is primarily driven by federal grants and cash funds that are appropriated for specific purposes.

- The majority of alcohol and drug abuse services are not statutorily mandated, and therefore the amount of funding determines the number of people served.
- Table 4* reflects ADAD's major line items, the number of clients served, and the net General Fund appropriated.

Table 4: Alcohol and Drug Abuse Division, FY 2008-09 Estimates		
Line Item	Clients Served	Net General Fund
Treatment and Detox Contracts	27,495 Treatment 14,202 Detox	\$11,350,282
Short-term Residential Remediation and Treatment (STIRRT)	1,664 (Residential) 920 (Continuing Care)	3,367,254
High-Risk Pregnant Women	114 (Residential) 284 (Outpatient)	506,849
Case Management for Chronic Detox Clients	762	2,478
Prevention Contracts	78,000	34,336
Total	123,441	\$15,261,199

- Within ADAD, General Fund (\$11,350,282) is primarily appropriated for the Treatment and Detoxification Contracts line item. Due to the nature of the contracts, it is impossible to identify the specific amount of General Fund allocated for different purposes. Table 4 provides a breakdown of the services funded through this line item.

Table 4: Treatment and Detoxification Services FY 2007-08	
Service	Clients^{1/}
Outpatient	
Outpatient	1,802
Intensive Outpatient	1,303
Outpatient Day Treatment	147
Residential	
Transitional Residential Treatment	1,033
Therapeutic Community	575
Intensive Residential Treatment	1,324
Detoxification	
Detox	51,393
Total	57,577
1/ Treatment costs vary, and the number of clients served <i>does not</i> indicate the amount of funds allocated for a purpose.	

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Department of Human Services
Mental Health and Alcohol and Drug Abuse Division ONLY**

DECISION ITEM PRIORITY LIST

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

Decision Item	GF	CF	RF	FF	Total	Net GF*	FTE
1 Regional Centers - High Needs Clients	\$0	\$0	\$1,503,502	\$0	\$1,503,502	\$751,751	39.4
2 Budget Office Staffing	91,869	2,569	37,826	19,868	152,132	107,571	2.0
3 Community Resources for the Developmentally Disabled	313,750	416,386	5,189,494	0	5,919,630	2,908,497	0.0
4 Functional Family Therapy	2,632,599	649,342	0	0	3,281,941	2,632,599	0.5
5 Capital Outlay and Operating Increase for Facilities Management of Direct Care Facilities Office of Operations, Mental Health and Alcohol and Drug Abuse Services, Services for People with Disabilities. The Department requests increases to the current funding levels for direct care capital outlay items, including \$77,650 for the mental health institutes, \$164,250 for the regional centers for the developmentally disabled, and \$327,459 for the Office of Operations, Division of Facilities Management (DFM) to replace old, deteriorated, and broken furniture, fixtures, and equipment. This is the first year of a four-year plan for capital outlay replacement at the regional centers and the first year of a two-year plan for the mental health institutes and the DFM. The request also includes an operating base increase for the DFM for maintenance and housekeeping supplies to appropriately maintain the Department's physical plant. Reappropriated funds reflect Medicaid funds transferred from the Department of Health Care Policy and Financing that originate as 50 percent General Fund and 50 percent federal funds. The request reflects ongoing FY 2010-11 costs of \$643,959 (\$561,834 net General Fund). <i>Statutory authority: Sections 26-1-105, 26-1-201, 19-2-402, 19-2-403, C.R.S.</i>	405,109	405,109	164,250	0	974,468	487,234	0.0
6 Child Welfare Staffing Recommendations from the Division Organizational Assessment	458,933	0	0	133,623	592,556	458,933	8.3
7 Child Welfare Training Academy	918,656	0	0	696,792	1,615,448	918,656	5.5
8 Child Care Business Partnership Program	0	(11,057)	0	0	(11,057)	0	1.0
9 Title IV-E Administrative Claims for Child Placement Agency Administrative Activities	321,250	0	0	0	321,250	321,250	0.0

Decision Item	GF	CF	RF	FF	Total	Net GF*	FTE
10 Child Welfare Services Caseload Increase	5,157,711	1,506,161	365,144	2,099,576	9,128,592	5,340,283	0.0
11 Establish Electronic Benefits Transfer (EBT) Fraud Investigation Unit	54,318	0	0	58,663	112,981	54,318	2.0
12 Deficit Reduction Act (DRA) Child Support Mandates	83,346	0	0	55,008	138,354	83,346	0.0
13 Homeless Program Funding Mental Health and Alcohol and Drug Abuse Services. The Department requests \$241,718 General Fund for Supportive Housing and Homeless programs to continue operating several of the Department's homeless programs. To this point, the Department has used Section 8 fund reserves from the Department of Housing and Urban Development to cover certain administrative expenses. These reserves will be depleted by the end of FY 2008-09, and the Dept has requested General Fund to use for administrative expenses and to fund two current FTE positions. <i>Statutory authority: Sections 26-5.9-102 and 104, C.R.S.</i>	241,718	0	0	0	241,718	241,718	0.0
14 High Risk Pregnant Women Program Mental Health and Alcohol and Drug Abuse Services. The Department requests an additional \$1,026,247 in Medicaid funds (\$513,123 federal Medicaid funds and \$513,124 net General Fund) due to the increased cost and utilization of the Medicaid entitlement program. <i>Statutory authority: Section 24-75-109 (1) (a), C.R.S., Section 24-75-109 (4) (a), C.R.S., Sections 25-1-212 to 25-21-213, C.R.S., and Section 25.5-5-202 (1) ©), C.R.S.</i>	0	0	1,026,247	0	1,026,247	513,124	0.0
15 Increase Drug Offender Surcharge Spending Authority Mental Health and Alcohol and Drug Abuse Services. The Department requests an additional \$250,000 in Cash Fund spending authority from the Drug Offender Surcharge Fund for the purpose of enhancing the availability of offender-oriented substance abuse treatment services. The additional funds will allow the Department to expand and/or enhance outpatient continuing care treatment services for substance use disorders statewide. These are community-based services that compliment the intensive residential services completed by offenders. <i>Statutory authority: Sections 16-11.5-102 (3) (a), C.R.S., and 18-19-103 (1) thru 18-19-103 (4), C.R.S.</i>	0	250,000	0	0	250,000	0	0.0
16 Increase Administrative Review FTE	0	(459,113)	0	459,113	0	0	6.6
17 Inflationary Increase for DHS Residential Programs Office of Operations, Mental Health and Alcohol and Drug Abuse Services, Services for People with Disabilities, Division of Youth Corrections. The Department requests a 1.5 percent increase (\$113,547 total, including \$96,515 net General Fund) in the utilities line item to assist in covering higher costs for electricity, natural gas, water, sewerage, and coal used in its direct care facilities. The request also includes an 8.5 percent increase (\$447,604 total, including \$415,024 net General Fund) to address inflation in the cost of food provided at Department residential facilities. Most reappropriated funds are Medicaid funds transferred from the Department of Health Care Policy and Financing that originate as 50 percent General Fund and 50 percent federal funds. <i>Statutory authority: Sections 26-1-105, 26-1-201, 19-2-402, 19-2-403, 24-82-602, C.R.S.</i>	467,603	0	93,549	0	561,152	511,539	0.0
18 Child Care Assistance Programs Compliance Assurance	0	(20,399)	0	0	(20,399)	0	2.0
19	0	603,077	0	0	603,077	0	0.0

Decision Item	GF	CF	RF	FF	Total	Net GF*	FTE
Spending Authority for Traumatic Brain Injury Trust Fund							
20	0	0	558,909	0	558,909	0	0.0
Garage Fund Spending Authority							
21	0	1,801,722	0	0	1,801,722	0	0.0
Cost of Living Adjustment for the Old Age Pension Program							
22	0	480,266	0	0	480,266	0	0.0
Buildings and Grounds Fund Spending Authority Increase							
23	0	0	0	350,000	350,000	0	0.0
Colorado Works Program Evaluation							
24	0	71,801	0	0	71,801	0	0.0
Increase Persistent Drunk Driver Programs Spending Authority							
<p>Mental Health and Alcohol and Drug Abuse Services. The Department requests and additional \$71,801 in cash fund spending authority from the Persistent Drunk Driver Cash Fund. This request will enable the Persistent Drunk Driver Committee to make informed data-driven decisions, to informal funding priorities, to increase the competency levels of counselors delivering Driving Under the Influence education and treatment, and expand education services and prevention strategies for youth. <i>Statutory authority: Sections 42-3-303 (1), 42-1-202 (68.5), and 42-4-1301 (7) (d) (II), C.R.S.</i></p>							
25	0	0	0	25,460	25,460	0	0.0
Spending Authority to Proceed with the Destruction of Obsolete Forms							
26	647,344	0	0	0	647,344	647,344	0.0
Family Centered Substance Use Disorder Treatment for Families Involved in the Child Welfare System							
<p>Mental Health and Alcohol and Drug Abuse Services. The Department requests \$647,334 General Fund for family-centered substance use disorder treatment for families involved in the child welfare system. The additional funding will enable the Department to implement a treatment model that is currently recognized by the U.S. Department of Health and Human Services Substance Abuse Mental Health Services Administration. It will provide family-centered treatment services for 56 families across Colorado with open child welfare cases. <i>Statutory authority: Section 25-1-206 (1) and 25-1-206 (2), C.R.S., Section 26-5-102 (2), C.R.S., Section 26-6-103, C.R.S., and Section 26-5.5-104 (5), C.R.S.</i></p>							
27	0	0	908,620	0	908,620	0	0.0
Integrated School-based Substance Use Treatment for Adolescents							
<p>Mental Health and Alcohol and Drug Abuse Services. The Department requests \$908,620 Reappropriated Funds to implement integrated, evidence-based, school-based substance use treatment services in 26 metro Denver middle and high schools. The funding will be used to contract with community programs to provide direct counseling services to students. The funds would be transferred from the State Education Fund. <i>Statutory authority: Section 25-1-206 (1) and 25-1-206 (2), C.R.S.,</i></p>							
NP1	133,843	407	102,875	19,365	256,490	180,737	0.0
State Fleet Variable Cost							
<p>Various. This non-prioritized request reflects the Department's share of a prioritized decision item in the Department of Personnel, associated with increases in fuel costs. That decision item will be discussed in the briefing for the Department of Personnel and Administration. <i>Statutory authority: Section 24-30-1104 (2), C.R.S.</i></p>							

Decision Item	GF	CF	RF	FF	Total	Net GF*	FTE
NP2 Postage Increase and Mail Equipment Upgrade Various. This non-prioritized request reflects the Department's share of a prioritized decision item in the Department of Personnel and Administration. That decision item will be discussed in a separate staff briefing.	79,071	28,342	121,134	212,908	441,455	135,431	0.0
NP3 Office of Administrative Courts Staffing Adjustment	24,178	2,424	0	13,402	40,004	24,178	0.0
NP4 Ombuds Program Increase	6,877	39	5,546	571	13,033	8,821	0.0
NP5 Annual Fleet Vehicle Replacements	150,675	3,652	70,854	15,667	240,848	180,706	0.0
NP6 Disability Program Navigator	0	0	(237,653)	(693,347)	(931,000)	0	(9.0)
Total	\$12,188,850	\$5,730,728	\$9,910,297	\$3,466,669	\$31,296,544	\$16,508,036	58.3
Total for Items in this Packet	\$1,761,774	\$726,910	\$2,192,666	\$0	\$4,681,350	\$2,400,959	0.0

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

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Department of Human Services
Mental Health and Alcohol and Drug Abuse Division ONLY**

OVERVIEW OF NUMBERS PAGES

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2008-09 appropriation and its FY 2009-10 request. The majority of the Department's reappropriated funds are Medicaid-related transfers from the Department of Health Care Policy and Financing (HCPF). Net General Fund (Net GF) equals the direct General Fund appropriation shown, plus the General Fund portion of the HCPF transfer.

Total Requested Change, FY 2008-09 to FY 2009-10 (millions of dollars)

Category	GF	CF	RF	FF	Total	Net GF	FTE
FY 2008-09 Appropriation	\$135.7	\$19.0	\$13.9	\$57.8	\$226.4	\$138.3	1,396.5
FY 2009-10 Request	141.3	19.4	15.8	57.8	234.3	144.4	1,414.1
Increase / (Decrease)	\$5.6	\$0.4	\$1.9	\$0.0	\$7.9	\$6.1	17.6
Percentage Change	4.1%	2.1%	13.7%	0.0%	3.5%	4.4%	1.3%

The following table highlights the individual changes contained in the Department's FY 2009-10 budget request, as compared with the FY 2008-09 appropriation, for the portion of the Department covered in this briefing packet. For additional detail, see the numbers pages in Appendix A.

Requested Changes, FY 2008-09 to FY 2009-10

Category	GF	CF	RF	FF	Total	Net General Fund	FTE
Mental Health							
Salary Survey	2,460,330	0	18,155	55,912	2,534,397	2,469,408	0.0
Performance-based Pay	882,528	0	5,619	16,110	904,257	885,338	0.0
Annualize Operating Costs for Forensics Institute	871,632	0	0	0	871,632	871,632	17.6
Supportive Housing and Homeless Programs	241,718	0	0	0	241,718	241,718	0.0
Inflationary Increase for Residential Programs	218,264	0	0	0	218,264	218,264	0.0
Annualize Nurse Compression Pay	89,672	0	0	0	89,672	89,672	0.0
Capital Outlay for Institutes	77,650	0	0	0	77,650	77,650	0.0
State Fleet Variable Cost	32,095	0	0	0	32,095	32,095	0.0

Category	GF	CF	RF	FF	Total	Net General Fund	FTE
Postage Increase	<u>3,993</u>	<u>0</u>	<u>0</u>	<u>1,731</u>	<u>5,724</u>	<u>3,993</u>	<u>0.0</u>
Subtotal	\$4,877,882	\$0	\$23,774	\$73,753	\$4,975,409	4,889,770	17.6
Alcohol and Drug Abuse Division							
High Risk Pregnant Women	0	0	1,026,247	0	1,026,247	513,124	0.0
School-based Mental Health and Substance Abuse Treatment for Adolescents	0	0	908,620	0	908,620	0	0.0
Family Centered Treatment	647,344	0	0	0	647,344	647,344	0.0
Drug Offender Surcharge Fund Spending Authority	0	250,000	0	0	250,000	0	0.0
Salary Survey	88,561	0	0	0	88,561	88,561	0.0
Increase Persistent Drunk Driver Spending Authority	0	71,801	0	0	71,801	0	0.0
Performance-based pay	25,582	0	0	0	25,582	25,582	0.0
Postage Increase	0	0	0	1,385	1,385	0	0.0
State Fleet Variable Cost	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,017</u>	<u>1,017</u>	<u>0</u>	<u>0.0</u>
Subtotal	\$761,487	\$321,801	\$1,934,867	\$2,402	\$3,020,557	1,274,611	0.0
Total Change	\$5,639,369	\$321,801	\$1,958,641	\$76,155	\$7,995,966	6,164,381	17.6

**FY 2009-10 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Mental Health and Alcohol and Drug Abuse Division ONLY)**

BRIEFING ISSUE

ISSUE: Overview of Mental Health System (Department of Human Services)

The Department of Human Services' Division of Mental Health provides services primarily through community mental health centers and the State mental health institutes. The Division also operates the Institute for Forensic Psychiatry, where individuals are referred by the courts for competency evaluations and to be restored to competency. This briefing issue provides an overview of the Division's mental health treatment service delivery and each component's funding streams.

SUMMARY:

- ❑ *Outpatient Treatment:* The Department of Human Services (DHS) contracts with the State's 17 community mental health centers (CMHC's) to provide outpatient mental health services to the medically indigent. It also contracts with certain CMHC's to administer specialized programs, such as the Mental Health Services for Juvenile and Adult Offenders program.
- ❑ *Inpatient Mental Health Treatment:* Inpatient treatment is provided at the two State mental health institutes, the Colorado Mental Health Institute at Ft. Logan (Ft. Logan) and the Colorado Mental Health Institute in Pueblo (CMHIP). The primary revenue source is General Fund.
- ❑ *Forensic Treatment:* In addition to treating the civil population, CMHIP also includes the Institute for Forensic Psychiatry (IFP). Courts refer individuals to the IFP for competency evaluations and restorations.

DISCUSSION:

General Overview of Services

The Department of Human Services provides mental health treatment through two primary mechanisms - the CMHC's, who provide outpatient care, and the mental health institutes, which provide inpatient psychiatric treatment. The State contracts with the CMHC's to provide mental health treatment to eligible people in their service areas. Each CMHC is also allocated a certain number of civil beds at the institutes, and they manage these beds according to patients' needs. In the event that an institute's beds are full, the CMHC may "borrow" a bed allocated to another center, or it may place a patient back in community treatment so that a more acute patient has access to a bed.

Community Mental Health Centers (CMHC's)

The Department of Human Services (DHS) contracts with 17 community mental health centers (CMHC's) across the state to provide outpatient community mental health services.

CMHC Funding Streams

Direct General Fund comprises approximately 15.0 percent of the CMHC's annual revenue. CMHC's also receive non-General Fund dollars through individual contracts with DHS to deliver special programs. The CMHC's are also the largest provider of mental health care for the Medicaid-eligible population, and those funds are administered by the Department of Health Care Policy and Financing.² The remainder of the CMHC's funding streams are comprised of Medicare, private insurance, self-pay, and local resources.

- ❑ The Division's largest contracts with the CMHC's are to provide services for the medically indigent population, defined as those individuals whose income is less than 300.0 percent of the federal poverty level, who are not eligible for Medicaid, and who do not receive mental health services through any other system. The State's contracted rate for the indigent population is \$3,109 per person. (A total of \$41.7 million is disbursed through these contracts, which includes \$35.2 million General Fund)
- ❑ DHS also contracts with certain CMHC's to administer special programs such as Assertive Community Treatment, mental health services for detained youth, and services for people who are considered to be at high risk for hospitalization. (\$4.2 million General Fund)

State Mental Health Institutes

The State provides inpatient mental health services at two mental health institutes: the Colorado Mental Health Institute at Ft. Logan (Ft. Logan) and the Colorado Mental Health Institute in Pueblo (CMHIP). CMHIP also includes the Institute for Forensic Psychiatry (IFP). The IFP treats those individuals who are referred by the courts for competency evaluations and restoration to competency to stand trial, and those who are found Not Guilty by Reason of Insanity (NGRI).

- ❑ **In June, 2009, the new High Security Forensics Institute (HSFI) will open.** The HSFI will combine the medium and high-security forensic programs into a single facility. When this occurs, the existing medium and maximum security units will close and the patients and staff will be transferred to the new facility.

² Medicaid funds will be discussed during the Health Care Policy and Financing portion of the briefing presentation.

Institute Census

Table 2 lists the types of units at each institute and the number of beds available in each unit (capacity). For each unit, it also lists the average number of filled beds that were occupied during the fiscal year. Each unit's full capacity is listed in the shaded column. The capacity can be compared to the actual average number of filled beds (census) for each fiscal year, which reflects the demand for the various types of beds at each institute. This table demonstrates that there is more demand for beds in certain units.

Table 2: Average Daily Census at Mental Health Institutes							
	Capacity^{1/}	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09 Estimate^{2/}
Ft. Logan							
Children	16.0	8.2	9.4	9.6	10.1	10.1	8.0
Adolescent	18.0	10.4	13.0	12.4	11.8	10.9	10.0
TRCCF	20.0	17.2	17.3	17.0	16.8	17.0	16.1
Geriatric	25.0	16.5	20.2	21.9	19.8	23.1	21.8
Adult	94.0	<u>85.3</u>	<u>90.0</u>	<u>89.0</u>	<u>88.5</u>	<u>88.2</u>	<u>87.2</u>
Total Census	173.0	137.6	149.9	149.9	147.0	149.3	143.1
	Capacity^{1/}	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09 Estimate^{2/}
Pueblo							
Forensics ^{2/}	298.0^{2/}	250.5	242.7	241.5	243.0	277.6	281.2
Adolescents	16.0	10.1	10.0	10.4	10.3	10.5	9.9
Geriatrics	40.0	37.8	34.7	34.9	36.4	37.5	36.6
Adult	84.0	78.1	81.1	81.7	79.6	81.2	82.8
General Hospital	20.0	<u>12.9</u>	<u>8.6</u>	<u>7.7</u>	<u>9.2</u>	<u>10.1</u>	<u>7.9</u>
Total Census	458.0	389.4	377.1	376.2	378.5	416.9	418.4
Total Institutes Census	631.0	527.0	527.0	526.1	525.5	566.2	561.5
1/ Civil unit capacity has not changed since FY 2003-04. The forensics unit increased by ten beds during both FY 2007 and FY 2008, for a total increase of 20 beds.							
2/ Based on first quarter data							

Mental Health Institute Revenue

Over 79.0 percent of the institutes' revenue is from General Fund dollars. The total FY 2008-09 appropriation is \$98.9 million, which is comprised of \$78.3 million General Fund, \$10.7 million cash funds, and \$9.9 million reappropriated funds.

- ❑ The majority of the cash fund revenue is from Medicare or county reimbursements.
- ❑ The majority of the reappropriated funds are Medicaid funds (primarily to reimburse for children's hospitalization), and funds transferred from other departments such as Corrections.
- ❑ Pursuant to Section 23-103-113, C.R.S., the institutes are not permitted to compete for the same business as that provided by the private sector. The institutes may not contract with private insurance companies.
- ❑ Medicaid will reimburse the institutes for the hospitalization of eligible children under age 21, and for adults who are at least 65-years-old. However, due to IMD exclusion, Medicaid does not reimburse the institutes for the hospitalization of adults ages 18 through 64-years-old.

IMD Exclusion

An Institution for Mental Disease (IMD) is defined as a "hospital, nursing facility, or other institution of more than 16 beds that is primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases, including medical attention, nursing care and related services."

- ❑ Under the Code of Federal Regulations at 42 CFR 435.1009, Medicaid does not cover "services provided to any individual who is under age 65 and who is a patient in an IMD unless the payment is for inpatient psychiatric services for individuals under age 21." **In other words, Medicaid will not reimburse the Institutes for the inpatient hospitalization of an adult who is between 21 and 64-years-old.**
- ❑ Medicaid will pay for the *community* mental health treatment services for an eligible adult between the ages of 21 and 64. However, **when the same adult enters a state mental health institute, the cost of his or her care is transferred entirely to General Fund.**

**FY 2009-10 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Mental Health and Alcohol and Drug Abuse Division ONLY)**

BRIEFING ISSUE

ISSUE: Children's Unit Bed Vacancies at the State Mental Health Institutes

The pediatric and adolescent units at the mental health institutes consistently have a vacancy rate that exceeds 40.0 percent. At the same time, adult civil units are operating at full capacity. An open unit has certain fixed costs, regardless of how many beds are utilized, and staff is concerned that the children's units do not efficiently use State funds. A more important consideration is that there are limited inpatient mental health treatment services for the indigent population. Institute beds should be allocated so that they serve as many patients as possible.

RECOMMENDATION:

Staff recommends that the Committee consider the fiscal and policy implications of the the institutes' children's units. Some options to consider are whether the Department can contract with other hospitals to serve pediatric (ages five to 11) patients or whether the institutes' should decrease the number of beds allocated to adolescents and children. **Staff's intention is that vacant beds be used to serve additional adult patients or to create inpatient alternatives to the adult acute beds.**

SUMMARY:

- ❑ The pediatric and adolescent beds at the State's mental health institutes have a history of operating well below capacity. Between the three units at the two state institutes, approximately 20 beds remain vacant every year. An open unit has certain fixed costs, regardless of whether the beds are fully utilized. There are fiscal implications for operating units with such a low occupancy rate.
- ❑ The demand for beds on the adult and geriatric units continue to increase, and these units are operating at full capacity. Several alternatives include reallocating some of the vacant beds to serve adults, or creating inpatient alternatives to the acute beds.
- ❑ Although vacant beds do not incur treatment costs, there are indirect costs associated with every open bed, regardless of whether or not it is occupied. It is inefficient for the State to operate vacant beds, and it hinders the efficacy of the institutes when the beds are not used for maximum benefit.

DISCUSSION:

Background

The state mental health institute at Ft. Logan has a 16-bed pediatric unit, which serves children ages five to 11, and an 18-bed adolescent unit, which serves children ages 12 to 17 years old. Pueblo's institute has a 16-bed adolescent unit that serves children ages 12 to 17 years old. As *Table 1* reflects, between FY 2003-04

and FY 2007-08, the average annual occupancy rate for Ft. Logan's 16-bed **children's unit was 59.3 percent**, and the average annual occupancy rate in the **adolescent units was 64.5 percent**. *Table 2* lists the average number of beds filled per fiscal year and the average annual occupancy rate for the unit at each institute.

Table 1: Average Occupancy Percentage Rate for Institute Units Between FY 2003-04 and FY 2007-08		
	Ft. Logan	Pueblo
Children's	59.3%	n/a
Adolescent	65.0	63.9
Adult	93.8	95.6
Geriatric	81.2	90.7

Table 2: Average Daily Census at Mental Health Institutes						
	Capacity^{1/}	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
Ft. Logan						
Children	16.0	8.2	9.4	9.6	10.1	10.1
Percent Occupied		51.3%	58.8%	60.0%	63.1%	63.1%
Adolescent	18.0	10.4	13.0	12.4	11.8	10.9
Percent Occupied		57.8%	72.2%	68.9%	65.6%	60.6%
Geriatric	25.0	16.5	20.2	21.9	19.8	23.1
Percent Occupied		66.0%	80.8%	87.6%	79.2%	92.4%
Adult	94.0	85.3	90.0	89.0	88.5	88.2
Percent Occupied		90.7%	95.7%	94.7%	94.1%	93.8%
Pueblo						
Adolescents	16.0	10.0	10.4	10.3	10.5	9.9
Percent Occupied		62.5%	65.0%	64.4%	65.6%	61.9%
Geriatrics	40.0	37.8	34.7	34.9	36.4	37.5
Percent Occupied		94.5%	86.8%	87.3%	91.0%	93.8%
Adult	84.0	78.1	81.1	81.7	79.6	81.2
Percent Occupied		93.0%	96.5%	97.3%	94.8%	96.7%
1/ Unit capacity has not changed since FY 2003-04.						

Analysis

As a result of this low utilization, **an average of 20 beds remained vacant every year**. During this same time, the adult and geriatric units have operated at or near full capacity. Staff notes that these vacancies are yearly averages, so that on certain days the unit may have had many more patients, or fewer, than the average occupancy rate.

From a budget perspective, staff identified fiscal concerns such as the cost of children's beds at the institutes, the dollars spent to keep beds open that aren't used, and the opportunity cost of not using these beds in a more economical and effective manner. A policy question is whether a state psychiatric institute is the most appropriate setting for a small child (the pediatric unit accepts children five to 11 years old).

Cost of Institute Beds

The mental health institutes have some of the State's most expensive treatment beds. **The pediatric and adolescent beds are particularly expensive, with an average annual cost of \$373,937 per bed**. In contrast, the average cost for an adult's bed is \$200,401.

- To provide context, staff compared the cost of the institute's child beds with three other western states (many of the western states do not have pediatric and/or adolescent beds at the state psychiatric hospital). The most recent comparison data is for FY 2004-05, which is displayed in *Table 3*. Colorado's children's beds are the most expensive. Since FY 2004-05, Colorado's average cost per child/adolescent bed has increased by 76.3 percent. It is unclear as to what factors are driving this increase, but possibilities include the increasing costs of medical care and pharmaceuticals, as well as increased nurse salaries.

Table 3: Cost per Pediatric / Adolescent Bed in FY 2004-05^{1/}				
	Colorado	Arizona	Utah	Idaho
Cost per Pediatric/Adolescent Bed <i>Daily</i>	\$581	\$514	\$392	\$377
Cost per Pediatric/Adolescent Bed <i>Annually</i>	212,065	187,610	143,080	137,605
1/ Source: National Conference of State Legislatures				

- **Cost to Operate Vacant Beds:** Although empty beds do not generate treatment costs, open units have certain unavoidable overhead expenses, regardless of the number of patients. Examples include utilities, building maintenance, and insurance. **Colorado funds these expenses for approximately 20 vacant children's beds per year.**

Opportunity Cost

- ❑ As demonstrated in Table 1, the current adult units' occupancy rate consistently exceeds 91.0 percent. The State is funding vacant children's beds, while at the same time the adult civil units are operating at full capacity.
- ❑ Staff's perception is that there are options for the institutes to better maximize every open bed and ensure that State funds serve as many patients as possible.
- ❑ University Hospital is closing its 20-bed adult psychiatric facility in January, 2009. The closure is significant because University Hospital accepted indigent patients, but private hospitals are not required to provide inpatient mental health services to the indigent population. There is a demand for adult civil inpatient beds that serve the indigent population.

Policy Question

- ❑ Many child mental health experts question whether young children should be treated in state psychiatric institutes, citing concerns such as the distance from their families and whether state hospitals are best equipped to treat children as young as five-years- old.
- ❑ Staff reviewed national data to assess the occupancy rate of children and adolescent beds in other states. Staff learned that only 16 other states, and the District of Columbia, have beds for children ages five to 11-years-old at their state psychiatric institutes.³ The majority of states contract with local hospitals to provide inpatient psychiatric treatment to young children.
- ❑ A recent state audit of the Utah state psychiatric hospital questioned whether it was most appropriate to treat young children at the state institutes, and recommended that the Legislature provide these services by contracting with psychiatric hospitals closer to the child's home.⁴

Alternatives

Staff does not recommend closing any units at the institutes. Staff recommends that the state consider several alternatives in an effort to fully utilize the available beds and to minimize the amount of General Fund that is supporting vacant beds. The State is already funding many of the overhead operating costs, so there would not be the costs associated with opening a closed unit.

³ Commonwealth Center for Children and Adolescents. (July, 2006). Directory of State Operated Child and Adolescent Inpatient Psychiatric Treatment Programs. (July, 2006).

⁴ Source: Office of the Utah Legislative Auditor General. (January 2008). *A Performance Audit of the Utah State Hospital*. Report to the Utah Legislature, Number 2008-04.

Alternatives include using the beds to serve adult civil patients, creating a step-down unit, creating a long-term care unit, or converting the beds to serve individuals with co-occurring substance abuse and mental illness.

Adult Beds

There is a high demand for adult civil beds, and these units are operating at full capacity. The vacant beds could be re-allocated to treat acute adult patients.

Step-down Unit

The institutes' adult civil beds are primarily for acute care, which is the highest level of treatment and the most expensive type of inpatient bed. The institutes would benefit from treatment beds for patients who no longer require acute care, but are not yet ready to transition to the community. These step-down beds would treat patients in a less-expensive setting and allow the acute beds to serve additional patients.

A Long-term Care Facility

The nature of certain patients' mental illness is such that it will never be appropriate for them to live independently in the community and they will always require inpatient mental health services. These individuals have long-term, chronic needs, but do not necessarily require the level of services provided on the acute units. A recent audit of Utah's state psychiatric facilities concluded that if this type of care was available, the cost per bed could potentially decrease by between 30.7 percent to 44.6 percent.⁵

Co-occurring Disorders

During the last downturn, one of the downsizing actions was to close ten beds in the Circle unit in Pueblo, which provides inpatient treatment for individuals with severe mental illness and substance use disorders. This program has proven to be very effective and has an extensive wait list. The mental health community would benefit from additional beds for patients with co-occurring disorders.

Considerations

If the Committee chose to pursue any of these alternatives, staff recommends the following considerations:

- The capacity of other children's psychiatric units across the State
- Whether other hospitals are willing to serve children with the same needs as those treated at the institutes
- The rates the other hospitals would charge, whether they would accept Medicaid, etc.

⁵ Source: Office of the Utah Legislative Auditor General. (January 2008). *A Performance Audit of the Utah State Hospital*. Report to the Utah Legislature, Number 2008-04.

**FY 2009-10 Joint Budget Committee Staff Budget Briefing
Department of Human Services
(Mental Health and Alcohol and Drug Abuse Division ONLY)**

BRIEFING ISSUE

ISSUE: Cash Funds in the Alcohol and Drug Abuse Division

Appropriations for many of the Alcohol and Drug Abuse Division's (ADAD) substance abuse treatment and prevention programs have not been increased in numerous years. Additionally, staff identified several instances in which the cash fund revenue is not sufficient to support its spending authority. Increasing cash fund support to ADAD's programs will help the State to make the best use of General Fund investments in other areas.

RECOMMENDATION:

Staff recommends that the Committee sponsor legislation to increase certain cash fund fees, with the intention of using the new revenue to support the Alcohol and Drug Abuse Division's substance abuse prevention and treatment programs. Staff recommends that the Committee request that the Department to analyze available cash funds and to submit its recommendations to the JBC analyst by the beginning of January.

SUMMARY:

- ❑ Cash funds support many of ADAD's community prevention and treatment programs, and in recent years these funds have been insufficient to cover the Department's existing spending authority. As a result of the insufficient revenue, these programs have been unable to access their full appropriation.
- ❑ The majority of individuals who receive mental health treatment services also have a co-occurring substance use disorder. Overwhelming research indicates that mental health services are more effective, and have a greater likelihood of success, when the patient also has access to substance use disorder treatment.
- ❑ The Division's mental health treatment services are primarily funded with General Fund dollars.⁶ Investing additional cash fund revenue into ADAD's programs will increase the benefits of General Fund investments in mental health to go farther.

⁶ The community mental health centers and the institutes were appropriated \$119.7 million General Fund in FY 2008-09.

DISCUSSION:

Background

The majority of the Alcohol and Drug Abuse Division's (ADAD) appropriations for community substance abuse treatment service are supported by cash funds. The cash fund revenue is typically generated from surcharges levied on offenders with drug and alcohol-related offenses, under the principle of helping to offset the impact of substance abuse on communities. For example, pursuant to Section 43-3-303, C.R.S., the surcharge levied on persistent drunk drivers is used to fund programs that deter drunk driving and to pay a portion of the costs for treatment and intervention. The General Assembly typically sets the surcharge amount and specifies how Departments may use the revenue. In recent years, several cash funds have not generated enough revenue to support a line item's full spending authority. As a result of this uncertainty, the Division also has not requested any cost of living or other inflationary adjustments for these programs.

General Fund Impact

During the last downturn, ADAD's budget was reduced along with the rest of the Department. Unlike other community programs, ADAD's funds have not been restored. Substance abuse treatment and prevention programs support the State's General Fund investments in numerous areas such as Child Welfare, Corrections, Public Safety, and Transportation.

- ❑ There are limited funds for mental health and substance abuse treatment. From a budget perspective, it is important to evaluate how the State can generate the greatest benefits from its \$119.7 million General Fund appropriation for mental health services. Increasing cash fund investments in substance abuse treatment and prevention programs is one way to achieve this.
- ❑ Staff contacted numerous national research organizations and mental health providers to learn how Colorado can make its investments in mental health go farther. Expanding access to substance abuse treatment and prevention services will help the State to take full advantage of its General Fund investment in mental health.

Cash Funds in the Alcohol and Drug Abuse Division

Staff analyzed the cash funds that support ADAD's programs and identified the following concerns:

- ❑ Several cash funds are not generating enough revenue to support the Department's spending authority, such as the Adolescent Substance Abuse Prevention and Treatment Fund, the Controlled Substance Program Fund, and the Law Enforcement Assistant Fund. As a result, the Division's spending authority is restricted or it spends from the Fund's reserves. Neither of these are long-term solutions.
- ❑ Additionally, the surcharges for several cash funds haven't been increased in numerous years. For example, the Law Enforcement Assistance Fund's cash fund collections haven't been sufficient to cover ADAD's spending authority since FY 2003-04, yet the surcharge hasn't been adjusted in over 18 years.
- ❑ Certain funds support programs across several Departments, and use statutorily determined funding formula to allocate funds. Staff identified several instances in which the funding formula appeared to limit ADAD's allocation.

Recommendation

Staff recommends that the Committee sponsor legislation to raise certain cash fund surcharges with the intention of generating additional revenue for substance abuse treatment and prevention programs within the Alcohol and Drug Abuse Division.

Since cash funds are usually targeted for specific purposes, staff recommends that the Committee request the Department to analyze potential cash fund surcharges and to submit a recommendation as to which surcharges it would adjust, the amount of the new surcharge, and which programs would benefit from the new revenue. The Department's analysis should consider the fund's fee compliance rate, the fee tolerance of the client, and the long-term sustainability of the fee source.

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Department of Human Services
(Mental Health and Alcohol and Drug Division ONLY)**

BRIEFING ISSUE

ISSUE: Mental Health / Substance Use Programs Funded by Tobacco Settlement Dollar Transfers

During the 2007 session, the General Assembly enacted legislation that transferred tobacco settlement dollars to various community mental health and substance abuse programs. These programs were enacted during FY 2007-08. This issue provides an update on the activities and progress of these pilot programs.

SUMMARY:

- ❑ During the 2007 session, the General Assembly transferred tobacco settlement funds to the Department of Human Services for various mental health and substance use programs. The total transfer amount was approximately \$3.1 million in FY 2007-08, which annualized to \$6.1 million in FY 2008-09.
- ❑ The transfers funded four new programs - Veterans Mental Health Pilot, Juvenile Family Advocacy Program, Community Prevention and Treatment Program, and the Mental Health Criminal Justice Program. This issue provides an update on their expenditures, clients served, and other activities.

DISCUSSION:

Veterans Mental Health Pilot

As defined by Section 27-1-304, C.R.S., the Veterans Mental Health Pilot program serves the families of recently discharged veterans of the Iraq and Afghanistan conflicts. The purpose is to educate veterans and their families about mental health issues, to encourage the families of discharged veterans to seek mental health services, and to provide mental health services to discharged veterans who would not otherwise be able to access them. The three-year program is administered by Pikes Peak Community Mental Health Center. *According to current statute, the program will be repealed at the end of FY 2009-10.*

- ❑ The program was appropriated \$300,000 in FY 2007-08 and FY 2008-09.
- ❑ Based on total program expenditures divided by the total number of clients served, **the average cost per client in FY 2007-08 was \$5,759.** The high cost per client was influenced by start-up expenses such as website development, staff recruitment, and community outreach. The Department anticipates that this cost will decrease significantly, and **based upon the first quarter of FY 2008-09, it appears that the average cost per client will decrease to \$792.**
- ❑ Pursuant to Section 27-1-304 (3), C.R.S., participating families pay the community mental health center a co-payment not to exceed \$20 per month. If the family has access to alternative insurance coverage, the alternative sources are utilized prior to accessing pilot program dollars.

- ❑ **Table 1 reflects the number of clients served through September, 2008, and Table 2 provides the types of services that have been provided.**

Table 1: Veterans Mental Health Pilot Clients Served				
	Oct - Dec 2007	Jan - Mar 2008	April - June 2008	July - Sept 2008
Total Number of Clients	6	10	15	10
New Clients	6	5	5	6
Clients Discharged	0	2	5	1

Table 2: Types of Services and Clients Served					
	2007	2008			
	Oct - Dec	Jan - Mar	April - June	July - Sept	Total
Assessment	7	8	8	3	26
# of Clients	6	5	5	3	19
Case Management	20	2	3	2	27
# of Clients	5	1	3	1	10
Family Therapy	3	2	1	0	6
# of Clients	2	2	1	0	5
Individual Therapy	1	26	49	46	122
# of Clients	1	8	12	10	31
Med Management	0	6	6	1	13
# of Clients	0	2	4	1	7

Juvenile Family Advocacy Program

The Juvenile Family Advocacy Program provides family advocate services to youth with mental health issues who are involved in the criminal justice system, or who are at risk of such involvement, and their families. The goal is to integrate family advocacy with community-based systems of care.

- ❑ The FY 2007-08 appropriation was \$172,715, which annualized to \$221,717 in FY 2008-09.
- ❑ Pursuant to Section 26-22-104 (4), C.R.S., the Department issued a request for proposals and selected three sites for the program: Denver (urban), Jefferson County (suburban), and Teller County (rural). The programs began to serve clients in early 2008.
- ❑ **The average cost per family is \$3,130, which includes a 20.0 percent local match requirement (the State fund portion is \$2,504 per family).** Table 3 reflects the number of clients that each site anticipates to serve, and the actual number to date.

Table 3: Juvenile Family Advocacy Program		
Site	Total Families the Sites Anticipate to Serve	As of 10/31/08
Denver	25 families during first 18 months of the program	20
Jefferson County	30 families served each year	17
Teller County	Approximately 25 families during first 12-month period	11
Total	80 Families Within First 12 - 18 Months	48

Community Prevention and Treatment

The Legislature appropriated \$527,906 in FY 2007-08 and \$1.04 million in FY 2008-09 to the Community Prevention and Treatment line item. **The funds are allocated for prevention services (25.0 percent) and treatment services (75.0 percent), which are contracted by the Department.** These services are identical to the prevention and treatment contract services funded through the Treatment and Detoxification Contracts line item and the Prevention Contracts line item. The Department blends funds for the various prevention and treatment services, which are administered through 52 direct provider contracts. It is therefore impossible for the Department to differentiate how many people are served by each specific line item and fund source.

Mental Health Criminal Justice Program

Pursuant to Section 27-1-204 (5.5), C.R.S., this program funds mental health and substance abuse services for adults and juveniles who are involved in the criminal justice system. The Department contracts with community mental health centers based upon the local area need and best practices

- The FY 2007-08 appropriation was \$1.9 million, which annualized to \$4.5 million in FY 2008-09. The funding source is tobacco litigation settlement dollars.
- **The fiscal note anticipated that the Mental Health Criminal Justice Program would serve 225 people in FY 2007-08. The Department reports that during this time, approximately 465 people were admitted to the program.**
- Table 4 reflects the actual clients served to date, and the **average cost per client in FY 2007-08 was \$5,598.** The Mental Health Criminal Justice Program represents the majority of the tobacco settlement dollar transfers for the community mental health programs. Staff believes it is useful to include Table 5, which lists the Department's contracts with providers for FY 2008-09.

Table 4: Mental Health Services for Juvenile and Adult Offenders Clients Served July, 2007 - September, 2008					
	2007		2008		
	July - Sept.	Oct. - Dec.	Jan. - March	April - June	July - Sept.
Number of Clients Admitted	29	73	182	181	151
Number of Clients Referred	44	85	309	189	277
Number of Client Readmissions			2	3	1

Table 5: Mental Health Services for Juvenile and Adult Offenders FY 2008-09 Contracts				
Location	Amount	Population	Est. Clients	Services
Colorado West*	\$304,961	Adults	286	Jail diversion, crisis stabilization unit
North Range*	304,961	Adults and Juveniles	50	Jail diversion program
Adams County*	383,158	Adults	30	Community Engagement Supervision and Evaluation Program
Adams County		Juveniles	30	Enhanced mental health treatment
Jefferson MH Center*	480,871	Juveniles (Ages 12-20)	90	Expansion of wraparound services
Jefferson MH Center	-	Adults	100	Day treatment center
Pikes Peak*	533,682	Adults	100	Jail diversion
Denver*	533,692	Adults	48	Assertive Community Treatment
Denver	-	Juveniles (Ages 12-20)	36	Enhanced service delivery
Boulder	304,961	Adults	29	Assertive Community Treatment
Arapahoe Douglas	304,961	Adults	78	Treatment for offenders transitioning from DOC or to avoid incarceration
Spanish Peaks	304,961	Adults and Juveniles	55	Jail diversion, therapy, acute treatment unit, crisis stabilization
Larimer	304,961	Adults	50	Alternatives to incarceration, integrated treatment
Aurora	304,961	Adult females	45	Transition services, Mental health and substance abuse treatment
Total	\$4,066,147^{1/}		1,027 Clients	

1/ The program's total appropriation is \$4.5 million, but the remaining dollars are in the Department's administration and operating line items.

* - These centers also participated in the program's first year

**FY 2009-10 Joint Budget Committee Staff Budget Briefing
Department of Human Services
Mental Health and Alcohol and Drug Abuse Division ONLY**

BRIEFING ISSUE

ISSUE: High Risk Pregnant Women program

The Department requests an increase of \$1,026,247 reappropriated funds (\$513,124 net General Fund) for the High Risk Pregnant Women program. This Medicaid entitlement program provides inpatient and outpatient substance use disorder treatment for pregnant women. The program's expenditures have increased recent years due to an extended benefits period and new treatment sites.

SUMMARY:

- ❑ The High Risk Pregnant Women (HRPW) program is a Medicaid entitlement and the Department is required to serve everyone who presents themselves. The funds originate in the Department of Health Care Policy and Financing as 50.0 percent federal Medicaid funds and 50.0 percent General Fund.
- ❑ The HRPW program has experienced dramatic growth since FY 2004-05. To date, the Department has consistently overspent its appropriation. Staff was concerned about the Department's difficulty in anticipating its expenditures and also about whether the current request is sufficient to fund the program in FY 2009-10.

DISCUSSION:

Pursuant to Section 25-1-212, C.R.S., the High Risk Pregnant Women (HRPW) program serves pregnant women who are at risk of poor birth outcomes due to substance abuse. The purpose is to improve the outcomes for pregnant women with addiction problems. Infants who are exposed to drugs and/or alcohol in the womb frequently have low birth weight, expensive medical problems, and impaired cognitive functioning. Additionally, pregnancy is a time when women are more receptive to treatment and are more likely to change unhealthy lifestyles.

The HRPW program has recently experienced a dramatic increase in its expenditures. These appear to be driven by two main factors - 1) the extension of post-partum benefits from two to twelve months; and 2) an expanded capacity in its residential program. As illustrated in Table 1, the Department's FY 2009-10 request would increase the HRPW program's expenditures by 144.5 percent since FY 2004-05.

Table 1: High Risk Pregnant Women Program Expenditures						
	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Estimate^{1/}	FY 2009-10 Request
Appropriation	\$834,304	\$943,703	\$1,109,447	\$1,505,150	\$1,837,788	\$2,039,945
Net General Fund	417,152	471,852	554,724	752,575	506,849	1,019,973
Percent Increase	n/a	13.1%	17.6%	35.7%	22.1%	11.0%

1/ The current FY 2008-09 appropriation is \$1,013,698. The Department's FY 2009-10 request estimates that the FY 2008-09 expenditure will be \$1,837,788. The revised expenditure would require a supplemental funding request.

Factors Driving Expenditures

- In 2004, the General Assembly directed the Department of Health Care Policy and Financing to seek a federal waiver to expand the program's post-partum benefit from two months to 12 months [see Section 25.5-5-312, C.R.S.]. Assuming that a woman seeks treatment at eight weeks gestation, this legislation extended the benefit timeframe from 330 days to 524 days. Fiscal year 2007-08 was the first full year during which the extended benefit was in effect. **As reflected in Table 2, between FY 2006-07 and FY 2007-08, the average cost per client increased by 125.6 percent for outpatient services and 46.8 percent for residential services.**
- During FY 2006-07, a new treatment program at Araphoe House - The Aspen Center added 16 residential beds. The new site began providing services as of May 1, 2007, and increased the HRPW program's residential capacity to a total of 74 beds at four different sites.

Table 2: High Risk Pregnant Women Program					
	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Actual
Outpatient Clients	302	281	221	181	192
Outpatient Expenditures	\$187,820	\$200,233	\$107,777	\$94,738	\$226,534
Average Cost per Outpatient Client	\$622	\$713	\$488	\$523	\$1,180
Residential Clients	46	57	93	99	85
Residential Expenditures	\$281,729	\$643,071	\$835,926	\$1,014,709	\$1,278,616
Average Cost per Residential Client	\$6,125	\$11,282	\$8,988	\$10,250	\$15,043
Total Expenditures	\$469,549	\$843,304	\$943,703	\$1,109,447	\$1,505,150

Staff Concern

The Department has experienced great difficulty in forecasting this program's budget, and it has had significant overexpenditures in FY 2006-07 and FY 2007-08. Based on Department's FY 2009-10 request, the HRPW program will require another supplemental for FY 2008-09 (the current FY 2008-09 appropriation is \$1,013,698, but the Department's updated estimate requires \$1,837,788).

Although there are reasonable explanations for the program's increased expenditures, **staff is concerned that the Department has not submitted budget requests that anticipated this trend**, and is concerned about whether the FY 2009-10 request is sufficient to prevent another overexpenditure.

Staff contacted several sources to gain a better understanding of contributing factors to the Department's difficulty in projecting the HRPW program's expenditures, and whether it was possible to calculate a more accurate appropriation.⁷ Staff learned that **it is particularly difficult to predict the costs associated with serving this population**. Several reasons are listed below.

- ❑ It is typical for changes in a program, such as the extension in benefits from two to twelve months post-partum, to cause budget fluctuations. According to staff's research, administrators require at least three to four years of data in order to more reliably anticipate the impact of these changes.
- ❑ Many single women become eligible for Medicaid through their children. Prior to pregnancy, a woman may not have been eligible for Medicaid, and therefore was not included in its caseload projections. But by virtue of becoming pregnant, the person instantly becomes eligible for services, which the Department must provide. It is impossible for the Department to know how many women fall into this category.
- ❑ It is more difficult to forecast smaller populations because there is less historical data and smaller variables can have a greater overall impact on the budget.

Conclusion

Based on newly acquired information, it appears that several variables make it difficult to project this program's expenditures. It is reasonable that during recent years the Department has submitted several supplemental funding requests. Additionally, the FY 2009-10 request appears to account for the program's extended benefits period and additional treatment site.

⁷ Staff contacted the National Association of State Budget Officers and Medicaid budget staff in Arizona, New Mexico, and Oklahoma.

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BRIEFING ISSUE

ISSUE: Family-Centered Substance Use Disorder Treatment for Families Involved in the Child Welfare System

The Department requests \$647,344 General Fund for the first year of a two-year pilot program for family-centered substance use disorder treatment. The program will serve 56 families across Colorado with open child welfare cases and provide 90 days of treatment to include substance abuse treatment services, case management services, therapeutic intervention for the child, and therapy for the family. This issue summarizes the Department's request and includes several points to consider.

SUMMARY:

- ❑ This is a two-year pilot program that would provide family-centered treatment for up to 56 families who are involved in the child welfare system. The model recognizes that substance use disorders affect the entire family unit, rather than only the parent(s), and provides therapeutic intervention for the entire family.
- ❑ Of the requested amount, \$600,544 would be used to provide services across Colorado, and \$46,800 would be used to fund an evaluation component. The Department prioritized this request as number 26 out of 27 total requests.

DISCUSSION:

The Department requests \$647,344 General Fund in FY 2009-10 and FY 2010-11 to provide a two-year pilot program for family-centered substance use disorder treatment for families involved in the child welfare system. Of this total amount, \$600,544 will be used for treatment services and \$46,800 will fund an evaluation component. According to the Department, the Family-Centered Treatment Service Model is currently recognized by the U.S. Department of Health and Human Services Substance Abuse Mental Health Services Administration (SAMHSA) as beneficial for families in which there are substance use disorders.

Components of the Request

- ❑ \$600,544 General Fund would provide family-centered treatment services for 56 families across Colorado with open child welfare cases. The treatment model focuses on therapeutic intervention for the entire family unit. Families would be selected on a first-come, first-served basis.
- ❑ \$46,800 General Fund would be for an evaluation component. The evaluation would identify source data and systems to provide program outcome information to determine effectiveness. The

Department's request says that it will use the effectiveness reporting to support a broader implementation of the program model.

Treatment

- ❑ Each family would receive a minimum of 90 days of treatment contact that includes substance abuse treatment services, case management services, therapeutic intervention for the child, and therapy for the family.
- ❑ The Department provided the following benefits of parental substance use disorder treatment: stabilized families and family relationships, reduced out-of-home placement costs, an increase in work productivity, improved school outcomes for children, and reduced juvenile/criminal justice costs.

Department Assumptions

The Department's request included the following assumptions:

- ❑ Each family will consist of one mother, one father, and one child. As a part of its cost-benefit analysis, the Department assumes that all high-risk families who do not receive these services will result in the the termination of parental rights.
- ❑ The Department assumes that only 75.0 percent of participating families will be successful in avoiding out-of-home placement for their children.
- ❑ If this request is not funded, substance use disorder treatment will continue to be provided, using an existing treatment model, to families involved with the child welfare system.

Points for Further Consideration

- ❑ There are various existing funding sources for this specific treatment model.⁸ The Department's request cites a resource that lists the Substance Abuse Treatment Block Grant, Medicaid, and Temporary Assistance for Needy Families (TANF) dollars as some of the potential fund sources.
- ❑ The State has contracts with numerous providers to administer many of these same services to families involved with the child welfare system. Some of the contracts are capitated, so the providers receive the same dollars regardless of whether they actually provide services to these families. It is possible that this request could "double-fund" services by funding services for these families through both existing contracts and the new source of General Fund.

⁸ According to the Department of Health and Human Services, Substance Abuse and Mental Health Services Administration (2007), various federal funding sources that can be used for this specific treatment model. Examples are the Substance Abuse Treatment Block Grant, Medicaid, and TANF. States are allowed some flexibility in how they prioritize and allocate these funds.

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APPENDIX A: NUMBERS PAGES

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	Change
	Actual	Actual	Appropriation	Request	Requests

DEPARTMENT OF HUMAN SERVICES Executive Director: Karen Bye

(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 Community Mental Health Programs, the Mental Health Institutes, and Housing Programs. Federal funds are primarily from housing grants and federal mental health block grant funds.

Personal Services	1,504,221	1,983,381	2,246,124	2,338,632
FTE	<u>16.0</u>	<u>18.7</u>	<u>25.8</u>	<u>25.8</u>
General Fund	571,168	806,779	900,647	969,381
Cash Funds	0	0	301,108	301,108
Cash Funds Exempt / Reappropriated Funds	389,285	441,805	313,925	337,699
Federal Funds	543,768	734,797	730,444	730,444
<i>For Informational Purposes</i>				
<i>Medicaid Reappropriated Funds</i>	307,351	317,113	313,925	337,699
<i>Medicaid - General Fund therein</i>	153,675	158,557	156,963	168,851
<i>Net General Fund</i>	724,843	965,336	1,057,610	1,138,232

Operating Expenses	<u>81,614</u>	<u>90,810</u>	<u>95,512</u>	<u>96,772</u>	
General Fund	20,931	35,028	27,071	28,331	NP #1, NP#2
Cash Funds	0	0	5,777	5,777	
Cash Funds Exempt / Reappropriated Funds	11,274	13,868	11,274	11,274	
Federal Funds	49,409	41,914	51,390	51,390	
<i><u>For Informational Purposes</u></i>					
<i>Medicaid Reappropriated Funds</i>	<i>11,274</i>	<i>11,274</i>	<i>11,274</i>	<i>11,274</i>	
<i>Medicaid - General Fund therein</i>	<i>5,636</i>	<i>5,637</i>	<i>5,637</i>	<i>5,637</i>	
<i>Net General Fund</i>	<i>26,567</i>	<i>40,665</i>	<i>32,708</i>	<i>33,968</i>	
Federal Indirect Costs - FF	0	27,138	27,138	27,138	
Federal Programs and Grants	3,437,553	1,474,066	2,511,447	2,531,634	
FTE	<u>8.4</u>	<u>7.7</u>	<u>11.0</u>	<u>11.0</u>	
Federal Funds	3,437,553	1,474,066	2,511,447	2,531,634	
Supportive Housing and Homelessness	16,813,334	16,291,619	20,037,922	20,333,206	
FTE	<u>16.6</u>	<u>14.7</u>	<u>19.0</u>	<u>19.0</u>	
General Fund	0	0	0	241,718	DI #13
Cash Funds	0	0	0	0	
Cash Funds Exempt / Reappropriated Funds	183,772	212,526	0	0	
Federal Funds	16,629,562	16,079,093	20,037,922	20,091,488	NP#2
Traumatic Brain Injury Trust Fund	1,285,058	1,802,135 a/	0	0	
FTE	<u>0.9</u>	<u>1.4</u>	<u>0.0</u>	<u>0.0</u>	
Cash Funds (TBI Trust Fund)	1,285,058	1,802,135	0	0	
Cash Funds Exempt / Reappropriated Funds	0	0	0	0	

					Request vs. Appropriation
TOTAL - (A) Administration	23,121,780	21,642,011	24,918,143	25,327,382	1.6%
FTE	<u>41.9</u>	<u>42.5</u>	<u>55.8</u>	<u>55.8</u>	0.0%
General Fund	592,099	841,807	927,718	1,239,430	33.6%
Cash Funds	1,285,058	1,802,135	306,885	306,885	0.0%
Cash Funds Exempt / Reappropriated Funds	400,559	455,673	325,199	348,973	6.8%
Federal Funds	20,844,064	18,542,396	23,358,341	23,432,094	0.3%
<i>For Information Only*</i>					
Medicaid Reappropriated Funds	318,625	328,387	313,925	348,973	11.2%
Medicaid - General Fund therein	159,311	164,194	162,600	174,488	7.3%
Net General Fund	751,410	1,006,001	1,090,318	1,413,918	29.7%

a/ This line was moved to Vocational Rehabilitation in the FY 2008-09 Long Bill

* NOTE: These lines are included for informational purposes only. Medicaid Cash Funds are classified as Reappropriated Funds 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.

(B) Mental Health Community Programs

Primary functions: Funding and oversight of non-Medicaid community-based mental health programs, including the state's network of community mental health centers and clinics.

(1) Mental Health Services for the Medically Indigent

Services for Indigent Mentally Ill Clients	<u>36,023,738</u>	<u>37,304,711</u>	<u>41,678,905</u>	<u>41,678,905</u>	
General Fund	30,065,061	31,389,126	35,283,427	35,283,427	
Cash Funds Exempt / Reappropriated Funds	0	0	161,909	161,909	
Federal Funds	5,958,677	5,915,585	6,233,569	6,233,569	
Early Childhood Mental Health Services - GF	1,135,740	1,152,786	1,170,078	1,170,078	

Assertive Community Treatment Programs	<u>1,278,102</u>	<u>1,297,274</u>	<u>1,316,734</u>	<u>1,316,734</u>
General Fund	639,051	648,637	658,367	658,367
Cash Funds Exempt/ Reappropriated Funds	639,051	648,637	658,367	658,367
Alternatives to Inpatient Hospitalization at the Mental Health Institute at Pueblo - GF	942,433	0 b/		
Alternatives to Inpatient Hospitalization at the Mental Health Institute at Ft. Logan - GF	1,543,743	0 b/		
Alternatives to the Fort Logan Aftercare Program - GI	188,267	0 b/		
Alternatives to Inpatient Hospitalization at a Mental Health Institute General Fund		2,977,822	3,022,489	3,022,489
Enhanced Mental Health Pilot Services for Detained Youth- GF	480,576	500,414	507,920 0	507,920 0
Family Advocacy Demonstration Sites - CF		108,797	159,277	159,277
Mental Health Services for Juvenile and Adult Offenders - CF		2,103,239	4,066,149	4,066,149
Veteran Mental Health-CF		178,519	289,812	289,812
Juvenile Mental Health Pilot (H.B. 00-1034) General Fund	<u>369,024</u> 184,512	<u>0</u> 0	<u>0</u> 0	<u>0</u> 0
Cash Funds Exempt / Reappropriated Funds	184,512	0	0	0
Alternatives to Inpatient Hospitalization for Youth General Fund	259,372	0 b/	0	0

					Request vs. Appropriation
Subtotal - Mental Health Services for the					
Medically Indigent	<u>42,220,995</u>	<u>43,233,007</u>	<u>52,211,364</u>	<u>52,211,364</u>	0.0%
General Fund	35,438,755	36,668,785	40,642,281	40,642,281	0.0%
Cash Funds	0	0	5,173,605	5,173,605	0.0%
Cash Funds Exempt / Reappropriated Funds	823,563	648,637	161,909	161,909	0.0%
Federal Funds	5,958,677	5,915,585	6,233,569	6,233,569	0.0%

b/ This line was combined with the "Alternatives to Inpatient Hospitalization" line item

(2) Residential Treatment for Youth (H.B. 99-1116)	<u>1,051,930</u>	<u>732,830</u>	<u>1,129,146</u>	<u>1,129,146</u>	
General Fund	564,009	456,587	729,534	729,534	
Cash Funds	0	0	280,387	280,387	
Cash Funds Exempt / Reappropriated Funds	487,921	276,243	119,225	119,225	
<i>For Information Only</i>					
<i>Medicaid Reappropriated Funds</i>	266,929	117,464	119,225	119,225	
<i>Medicaid - General Fund therein</i>	24,232	34,974	35,499	35,499	
<i>Net General Fund</i>	588,241	491,561	765,033	765,033	

					Request vs. Appropriation
TOTAL - (B) Mental Health Community Program:	<u>43,272,925</u>	<u>43,965,837</u>	<u>53,340,510</u>	<u>53,340,510</u>	0.0%
General Fund	36,002,764	37,125,372	41,371,815	41,371,815	0.0%
Cash Funds	0	0	5,453,992	5,453,992	0.0%
Cash Funds Exempt / Reappropriated Funds	1,311,484	924,880	281,134	281,134	0.0%
Federal Funds	5,958,677	5,915,585	6,233,569	6,233,569	0.0%
<i>For Information Only</i>					
<i>Medicaid Reappropriated Funds**</i>	266,929	117,464	119,225	119,225	0.0%
<i>Medicaid - General Fund therein</i>	24,232	34,974	35,499	35,499	0.0%
<i>Net General Fund**</i>	36,026,996	37,160,346	41,407,314	41,407,314	0.0%

(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 health institutes: one in Pueblo and the other at Ft. Logan (Denver). Cash and reappropriated funds are from client revenues sources, including Medicaid.

Mental Health Institutes	84,243,984	89,226,052	94,767,339	99,216,062	
FTE	<u>1172.5</u>	<u>1201.1</u>	<u>1,259.6</u>	<u>1,277.2</u>	
General Fund	63,105,275	70,350,301	74,879,355	79,328,078	DI #5, #17, NP#1, #2
Cash Fund	3,272,535	3,404,184	10,477,550	10,477,550	
Cash Fund Exempt / Reappropriated Funds	17,866,174	15,471,567	9,410,434	9,410,434	
<i>For Information Only</i>					
Medicaid Reappropriated Funds	4,708,030	3,929,882	3,704,738	3,704,738	
Medicaid General Fund	2,354,015	1,964,941	1,852,369	1,852,369	
Net General Fund	65,459,290	72,315,242	76,731,724	81,180,447	
Sol Vista DYC Facility Services - CFE/RF	355,813	0 c/	0	0	
La Vista Facility Services - CFE/RF	277,685	0 c/	0	0	
General Hospital	3,226,076	3,385,572	3,447,102	3,515,963	
FTE	<u>34.3</u>	<u>34.2</u>	<u>36.0</u>	<u>36.0</u>	
General Fund	3,226,076	3,385,572	3,271,782	3,340,643	
Cash Fund	0	0	0	0	
Cash Funds Exempt / Reappropriated Funds	0	0	175,320	175,320	
Educational Programs	912,050	1,044,932	713,371	761,957	
FTE	<u>12.8</u>	<u>13.8</u>	<u>15.0</u>	<u>15.0</u>	
General Fund	96,337	240,850	124,090	172,676	DI #17
Cash Fund	172,525	139,621	264,040	264,040	
Cash Funds Exempt / Reappropriated Funds	300,521	309,773	325,241	325,241	
Federal Funds	342,667	354,688	0	0	

					Request vs. Appropriation
TOTAL - Mental Health Institutes	89,015,608	93,656,556	98,927,812	103,493,982	4.6%
FTE	<u>1219.6</u>	<u>1249.1</u>	<u>1,310.6</u>	<u>1,328.2</u>	<u>1.3%</u>
General Fund	66,427,688	73,976,723	78,275,227	82,841,397	5.8%
Cash Funds	3,445,060	3,543,805	10,741,590	10,741,590	0.0%
Cash Funds Exempt / Reappropriated Funds	18,800,193	15,781,340	9,910,995	9,910,995	0.0%
Federal Funds	342,667	354,688	0	0	N/A
<i>For Information Only</i>					
Medicaid Reappropriated Funds	4,708,030	0	3,704,738	3,704,738	0.0%
Medicaid - General Fund therein	2,354,015	0	1,852,369	1,852,369	0.0%
Net General Fund*	68,781,703	0	78,508,122	84,693,766	7.9%

c/ JBC Action to consolidate in Mental Health Institutes

(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 other drug abuse, and to promote healthy individuals, families, and communities. Cash fund sources include the Persistent Drunk Driver Cash Fund and the Drug Offender Surcharge Fund.

(1) Administration

Personal Services	1,992,175	1,995,426	2,133,368	2,257,426	
FTE	<u>25.3</u>	<u>26.2</u>	<u>30.1</u>	<u>30.1</u>	
General Fund	43,805	80,102	176,345	290,488	
Cash Funds	35,986	66,702	38,505	48,420	DI#24
Cash Funds Exempt / Reappropriated Funds	502,261	490,089	516,118	516,118	
Federal Funds	1,410,123	1,358,533	1,402,400	1,402,400	
<i>For Informational Purposes</i>					
Medicaid Reappropriated Funds	502,261	54,088	23,136	53,136	
Medicaid - General Fund therein	26,568	27,044	26,568	26,568	
Net General Fund	70,373	345,325	202,913	317,056	

Operating Expenses	<u>115,337</u>	<u>168,601</u>	<u>191,902</u>	<u>194,399</u>	
Cash Funds	17,322	5,000	20,796	20,891	DI#24
Cash Funds Exempt / Reappropriated Funds	2,613	7,173	4,992	4,992	
Federal Funds	95,402	156,428	166,114	168,516	NP #1, NP#2
<i>For Informational Purposes</i>					
Medicaid Reappropriated Funds	952	952	952	952	
Medicaid - General Fund therein	476	476	476	476	
Net General Fund	476	476	476	476	
Other Federal Grants - FF	<u>110,725</u>	<u>217,124</u>	<u>457,383</u>	<u>457,383</u>	
FTE	1.2	0.0	0.0	0.0	
Indirect Cost Assessment	<u>198,293</u>	<u>243,702</u>	<u>243,723</u>	<u>243,723</u>	
Cash Funds	2,134	3,259	3,280	3,280	
Federal Funds	196,159	240,443	240,443	240,443	
					Request vs. Appropriation
Subtotal - (1) Administration	2,416,530	2,624,853	3,026,376	3,152,931	4.2%
FTE	<u>26.5</u>	<u>26.2</u>	<u>30.1</u>	<u>30.1</u>	0.0%
General Fund	43,805	80,102	176,345	290,488	64.7%
Cash Funds	55,442	74,961	62,581	72,591	16.0%
Cash Funds Exempt / Reappropriated Funds	504,874	497,262	521,110	521,110	0.0%
Federal Funds	1,812,409	1,972,528	2,266,340	2,268,742	0.1%
<i>For Information Only</i>					
Medicaid Reappropriated Funds	503,213	491,041	54,088	54,088	0.0%
Medicaid - General Fund therein	27,044	27,520	27,044	27,044	0.0%
Net General Fund**	70,849	107,622	203,389	317,532	56.1%

(2) Community Programs

(a) Treatment Services

Treatment and Detoxification Contracts	<u>22,828,920</u>	<u>22,684,553</u>	<u>22,942,453</u>	<u>23,192,453</u>	
General Fund	11,187,651	11,217,519	11,350,282	11,350,282	
Cash Funds	1,002,616	902,825	953,518	1,203,518	DI #5
Cash Funds Exempt / Reappropriated Funds	290,706	251,762	290,706	290,706	
Federal Funds	10,347,947	10,312,447	10,347,947	10,347,947	
Short-Term Intensive Residential Remediation Treatment		<u>2,993,103</u>	<u>3,750,570</u>	<u>3,750,570</u>	
General Fund		1,985,287	3,367,254	3,367,254	
Cash Funds		383,316	383,316	383,316	
Cash Funds Exempt / Reappropriated Funds		589,000	0	0	
Federal Funds		35,500	0	0	
Case Management - Chronic Detox Clients	<u>369,288</u>	<u>369,324</u>	<u>369,361</u>	<u>369,361</u>	
General Fund	2,405	2,441	2,478	2,478	
Federal Funds	366,883	366,883	366,883	366,883	
High Risk Pregnant Women - RF	<u>1,109,447</u>	<u>1,505,150</u>	<u>1,013,698</u>	<u>2,039,945</u>	DI #14
<i>Medicaid Reappropriated Funds</i>	<u>1,109,447</u>	<u>1,505,150</u>	<u>1,013,698</u>	<u>2,039,945</u>	
<i>Medicaid General Fund therein</i>	<u>554,724</u>	<u>752,575</u>	<u>506,849</u>	<u>1,019,973</u>	
Family-Centered Treatment (NEW LINE)				<u>647,344</u>	DI #26
General Fund				647,344	
School-based Mental Health & Substance Use Treatment for Adolescents (NEW LINE)				<u>908,620</u>	
Reappropriated Funds (State Education Fund)				908,620	

					Request vs. Appropriation
Subtotal - (a) Treatment Services	<u>24,307,655</u>	<u>27,552,130</u>	<u>28,076,082</u>	<u>30,908,293</u>	<u>10.1%</u>
General Fund	11,190,056	13,205,247	14,720,014	15,367,358	4.4%
Cash Funds	1,002,616	1,286,141	1,336,834	1,586,834	18.7%
Cash Funds Exempt / Reappropriated Funds	1,400,153	2,345,912	1,304,404	3,239,271	148.3%
Federal Funds	10,714,830	10,714,830	10,714,830	10,714,830	0.0%
<i>For Information Only</i>					
<i>Medicaid Reappropriated Funds</i>	<i>1,109,447</i>	<i>1,505,150</i>	<i>1,013,698</i>	<i>2,039,945</i>	<i>101.2%</i>
<i>Medicaid - General Fund therein</i>	<i>554,724</i>	<i>752,575</i>	<i>506,849</i>	<i>1,019,973</i>	<i>101.2%</i>
<i>Net General Fund</i>	<i>11,744,780</i>	<i>13,957,822</i>	<i>14,557,263</i>	<i>16,387,331</i>	<i>12.6%</i>
 Prevention and Intervention					
Prevention Contracts	<u>3,925,393</u>	<u>3,897,234</u>	<u>3,887,638</u>	<u>3,887,638</u>	
General Fund	33,329	33,829	34,336	34,336	
Cash Funds	0	27,072	27,072	27,072	
Cash Funds Exempt / Reappropriated Funds	0	0	0	0	
Federal Funds	3,892,064	3,836,333	3,826,230	3,826,230	
Persistent Drunk Driver Programs	<u>480,654</u>	<u>696,574</u>	<u>1,046,408</u>	<u>1,108,199</u>	
Cash Funds	474,866	590,060	903,193	964,984	DI #24
Cash Funds Exempt / Reappropriated Funds	5,788	106,514	143,215	143,215	
Law Enforcement Assistance Contracts	<u>250,000</u>	<u>252,574</u>	<u>255,000</u>	<u>255,000</u>	
Cash Funds	245,333	250,503	250,000	250,000	
Cash Funds Exempt / Reappropriated Funds	4,667	2,071	5,000	5,000	
 Subtotal - (b) Prevention and Intervention					
General Fund	33,329	33,829	34,336	34,336	0.0%
Cash Funds	720,199	867,635	1,180,265	1,242,056	5.2%
Cash Funds Exempt / Reappropriated Funds	10,455	108,585	148,215	148,215	0.0%
Federal Funds	3,892,064	3,836,333	3,826,230	3,826,230	0.0%

(c) Other Programs

Federal Grants	<u>2,520,885</u>	<u>2,626,981</u>	<u>5,063,429</u>	<u>5,063,429</u>	
Cash Funds Exempt / Reappropriated Funds	0	0	195,500	195,500	
Federal Funds	2,520,885	2,626,981	4,867,929	4,867,929	
Balance of Substance Abuse Block Grant Programs	<u>6,742,646</u>	<u>6,703,064</u>	<u>6,675,155</u>	<u>6,675,155</u>	
General Fund	184,196	186,959	189,763	189,763	
Federal Funds	6,558,450	6,516,105	6,485,392	6,485,392	
Community Treatment & Prevention- RF	0	527,906	1,043,689	1,043,689	
Gambling Addiction Counseling Services			<u>129,961</u>	<u>129,961</u>	
Reappropriated Funds (from Local Affairs)			129,961	129,961	
Subtotal (c) Other Programs	<u>9,263,531</u>	<u>9,857,951</u>	<u>12,912,234</u>	<u>12,912,234</u>	Request vs. Appropriation 0.0%
General Fund	184,196	186,959	189,763	189,763	0.0%
Cash Funds Exempt / Reappropriated Funds	0	527,906	1,369,150	1,369,150	0.0%
Federal Funds	9,079,335	9,143,086	11,353,321	11,353,321	0.0%
Subtotal - (2) Community Programs	<u>38,227,233</u>	<u>42,256,463</u>	<u>46,177,362</u>	<u>49,071,364</u>	6.3%
General Fund	11,407,581	13,426,035	14,944,113	15,591,457	4.3%
Cash Funds	1,722,815	2,153,776	2,517,099	2,828,890	12.4%
Cash Funds Exempt / Reappropriated Funds	1,410,608	2,982,403	2,821,769	4,756,636	68.6%
Federal Funds	23,686,229	23,694,249	25,894,381	25,894,381	0.0%
<i>For Information Only</i>					
Medicaid Reappropriated Funds	1,109,447	1,505,150	1,013,698	2,039,945	101.2%
Medicaid - General Fund therein	554,724	752,575	506,849	1,019,973	101.2%
Net General Fund	11,744,780	13,957,822	14,781,363	16,387,331	10.9%

TOTAL - (D) Alcohol and Drug Abuse Division	40,643,763	44,881,316	49,203,738	52,224,295	6.1%
FTE	<u>26.5</u>	<u>26.2</u>	<u>30.1</u>	<u>30.1</u>	<u>0.0%</u>
General Fund	11,451,386	13,506,137	15,120,458	15,881,945	5.0%
Cash Funds	1,778,257	2,228,737	2,579,680	2,901,481	12.5%
Cash Funds Exempt / Reappropriated Funds	1,915,482	3,479,665	3,342,879	5,277,746	57.9%
Federal Funds	25,498,638	25,666,777	28,160,721	28,163,123	0.0%
<i>For Information Only</i>					
Medicaid Reappropriated Funds	1,612,660	1,996,191	1,067,788	2,094,033	96.1%
Medicaid - General Fund therein	581,768	780,095	533,893	1,047,017	96.1%
Net General Fund*	12,033,154	14,286,232	15,654,351	16,928,962	8.1%

					Request vs. Appropriation
TOTAL - (4) Mental Health and Alcohol and Drug Abuse Services	196,054,076	204,145,720	226,390,203	234,386,169	3.5%
FTE	<u>1288.0</u>	<u>1317.8</u>	<u>1,396.5</u>	<u>1414.1</u>	<u>1.3%</u>
General Fund	114,473,937	125,450,039	135,695,218	141,334,587	4.2%
Cash Funds	6,508,375	7,574,677	19,024,566	19,403,948	2.0%
Cash Funds Exempt / Reappropriated Funds	22,427,718	20,641,558	13,917,788	15,818,848	13.7%
Federal Funds	52,644,046	50,479,446	57,752,631	57,828,786	0.1%
<i>For Information Only</i>					
Medicaid Reappropriated Funds	6,906,244	2,442,042	5,216,948	6,266,969	20.1%
Medicaid - General Fund therein	3,119,326	979,263	2,584,362	3,109,373	20.3%
Net General Fund**	117,593,263	52,452,579	138,279,580	144,443,960	4.5%

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APPENDIX B: SUMMARY OF MAJOR LEGISLATION

- 1. H.B. 08-1314:** Creates the Local Government Limited Gaming Impact Fund to provide financial assistance to certain local governments for documented gaming impacts. Creates the Gambling Addiction Account to award grants for gambling addiction counseling services and to award moneys to addiction counselors who are pursuing national accreditation as gambling addiction counselors. Appropriates \$146,684 reappropriated funds transferred from the Department of Local Affairs to the Department of Human Services.

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**APPENDIX C: UPDATE OF FY 2008-09
LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION**

Long Bill Footnotes

- 2 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, the Persistent Drunk Driver Cash Fund, and the Alcohol and Drug Driving Safety Fund.

Requests for Information

The Department did not have any Requests for Information

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APPENDIX D: Department Request to Increase Drug Offender Surcharge Spending Authority

ISSUE: Increase Drug Offender Surcharge Spending Authority

The Department requests an additional \$250,000 in cash fund spending authority from the Drug Offender Surcharge Fund (DOSF) to expand outpatient continuing care treatment services for drug offenders. Studies have shown that residential treatment services are more effective when they are followed by a minimum of five weeks of continuing care services. If approved, the Department's appropriation would increase from \$953,518 in FY 2008-09 to \$1,203,518 in FY 2009-10.

SUMMARY:

- ❑ Outpatient continuing care services are traditionally under-funded. Clients are frequently assessed an upfront admission fee by the provider to cover unmet cost. These fees can impede admission for services and potentially derail an offender's treatment.
- ❑ The Drug Offender Surcharge Fund is comprised of surcharges assessed to offset the cost to state and local governments from the use of controlled substances. Many of these costs are incurred by the criminal justice system. Improved access to outpatient treatment increases the likelihood that an offender will continue the treatment regimen that he or she began while incarcerated, which reduces the likelihood that the individual will recidivate.

DISCUSSION:

Background

Pursuant to Section 18-19-103 (3) (d), C.R.S., the Drug Offender Surcharge Fund receives 90.0 percent of the surcharge assessed to drug offenders who are either convicted or receive a deferred sentence. The surcharges range from \$100 to \$4,500, and their purpose is to offset the financial burden on state and local governments from the use of controlled substances. Moneys in the fund are subject to annual appropriation to the Judicial Department, the Department of Corrections, the Department of Public Safety's Division of Criminal Justice, and the Department of Human Services for the costs associated with substance abuse assessment, testing, education, and treatment. Pursuant to Section 16-11.5-102 (3), C.R.S., these four departments are required to cooperate and develop a plan for the allocation of moneys deposited in the fund.

Summary of Request

The requested funds would be used to provide outpatient continuing care services to offenders in a community-based environment. The Department utilizes a curricula called Strategies for Self Improvement and Change (SSC), which is a 52-week program that works with the client to change their

behavior patterns. In FY 2007-08, the average cost per client per session was \$35. Using this dollar amount, the request would fund approximately 7,143 sessions. The curricula recommends that groups be limited to a maximum of 12 individuals, resulting in the estimated cost per group of \$420 (and 595 additional group sessions).

Additional Considerations

Several variables will impact the number of offenders who receive SSC-funded services. Many offenders complete approximately one-third (18 sessions) of the curriculum behind bars, so they only need the remainder of the sessions upon re-entry. Additionally, treatments that are more intensive occur on a more frequent basis, so the the curriculum can be completed in a compressed time frame. The Department reports that 76.0 percent of offenders complete 30 days of treatment and 46.3 percent complete 90 days or more of treatment. **The 90-day completion rate exceeds the non-offender treatment population, which is notable for a population that does not typically comply with treatment.**

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APPENDIX E: Department Request to Increase Spending Authority

ISSUE: Increase Persistent Drunk Driver Programs Spending Authority

The Department requests an additional \$71,801 in cash fund spending authority from the Persistent Drunk Driver Cash fund. The funds would be used to improve data collection, to expand education and prevention strategies, and to increase funds for DUI curriculum training.

SUMMARY:

- The Persistent Drunk Driver Cash Fund is comprised of surcharges levied on persistent drunk drivers. The dollars are to be used to support programs to deter drunk driving and to fund a portion of the intervention or treatment services required for low-income individuals.

DISCUSSION:

The Department requests an additional \$71,801 in cash fund spending authority in from the Persistent Drunk Driver (PDD) Cash Fund in FY 2009-10, which annualizes to \$70,237 in FY 2010-11. This request includes \$10,010 for DUI offender data collection, evaluation, and reporting; \$52,500 for education and prevention strategies in Bent, Cheyenne, and Custer counties; and \$9,291 to provide training to counselors that will enhance the effectiveness of treatments that use an ignition interlock device.

As defined in Section 42-1-102 (68.5), C.R.S., persistent drunk drivers are those with a blood alcohol content of 0.17 or above, those with a prior alcohol or drug-related driving offense, or those arrested for an alcohol or drug driving offense while driving under revocation. Persistent drunk drivers comprise approximately half of all DUI offenders in Colorado.

Pursuant to Section 42-4-1301 (7) (d) (II), C.R.S., persons convicted of DUI, DUI per se, DWAI, and habitual users are subject to an additional penalty surcharge of not less than \$50 and not more than \$500 for programs to address persistent drunk drivers. The minimum penalty is mandatory, and the court does not have the discretion to suspend or waive the surcharge unless the defendant is indigent.

According to Section 42-3-303 (1) (a) through 42-3-303 (1) (d), C.R.S., moneys in the PDD Cash Fund may be used to 1) pay for the cost of mailing a notice to a vehicle's owner in instances when the driver of a vehicle involved in an alcohol-related driving violation is not the owner; 2) to pay for costs incurred by the Department for computer programming changes related to treatment compliance for persistent drunk drivers; 3) to support programs that are intended to deter persistent drunk driving or intended to educate the public; and 4) to pay a portion of the costs for intervention or treatment services required for persistent drunk driver who are unable to pay for the services themselves. **Table 1, on the following page, outlines the specifics of the request.**

Table 1: Request to Increase Persistent Drunk Driver Programs Spending Authority		
Purpose	FY 2009-10	FY 2010-11
Personal Services - Fund 0.10 FTE to collect and evaluate data and develop an annual report on the effectiveness of education and treatment in reducing recidivism amongst DUI offenders.	\$10,010	\$10,010
Increase funding for education and prevention strategies in Bent, Cheyenne, and Custer counties.	52,500	52,500
Increase funding for DUI curriculum training. Includes a new one-day focused training and four two-day regional training sessions annually. Part of the training will focus on the use of ignition interlock devices.	9,291	7,727
Total	\$71,801	\$70,237