

# Joint Budget Committee Hearing

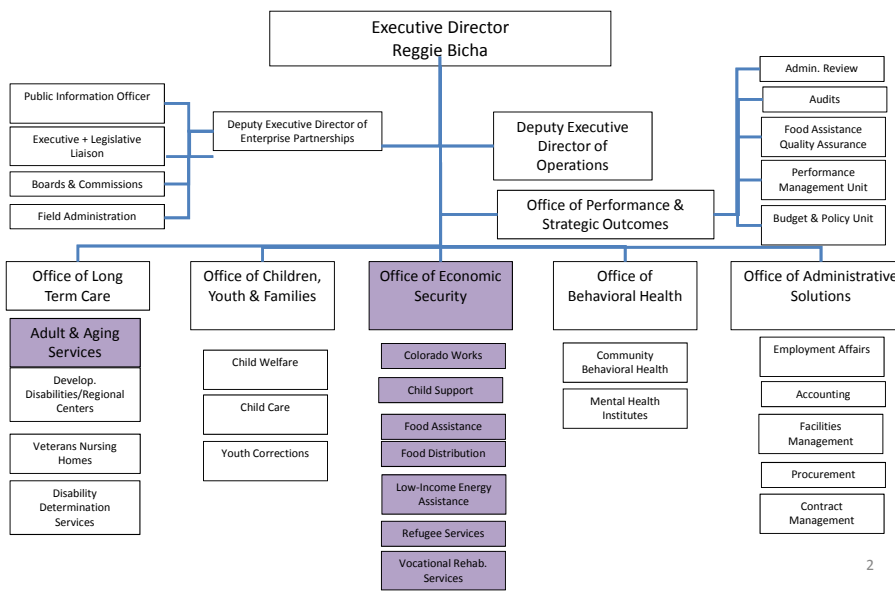
## Colorado Department of Human Services

### County Administration, Self Sufficiency, Adult Assistance

November 28, 2011



## Colorado Department of Human Services



## **Strategic Plan and Performance Based Goals**

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## **Performance Based Goal**

**“To improve the lives of the families we serve  
by helping them to achieve economic security”**

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### **Economic Security Strategies**

- Increase by 3% the percentage of people enrolled in the Colorado Works Program that have employment earnings.
- Improve the timeliness of approving, distributing and maintaining Food Assistance benefits.

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### **Collaborative Efforts to Achieve Economic Security**

In alignment with Governor's Economic Development Plan, the Colorado Blueprint:

- Department of Human Services
- Labor and Employment
- Office of Economic Development and International Trade
- Higher Education

Effective use of resources

Avoidance of Duplication of Effort

Refocusing on employment in a new economy

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## **Temporary Assistance to Needy Families (TANF)**

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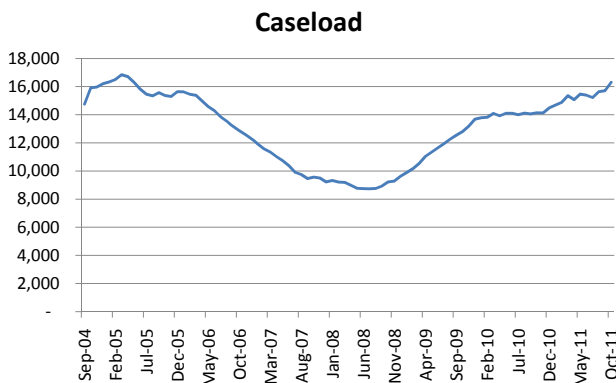
### **Increase Colorado Works Employment Earnings**

- Increase by 3% the percentage of people enrolled in the Colorado Works Program that have employment earnings
  - Rewriting the Colorado Works Program rules in its entirety
  - Including the performance measurement in C-Stat
  - Moving away from the Work Participation Rate with more emphasis on employment and earnings

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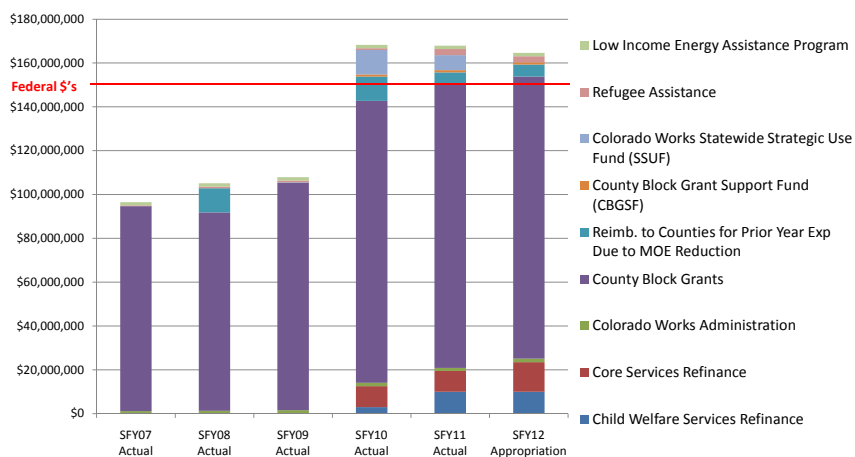
## Colorado Works/TANF Caseload

- The number of families receiving Basic Cash Assistance is at its highest level since April 2005



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## Colorado Works/TANF Spending Select Items FY 2007 - 2012



Federal TANF Block Grant: \$149.5 million

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## **TANF Supplemental Funds**

- Colorado is one of 17 states to receive TANF Supplemental Funds
- Colorado has received \$13.6 million annually
  - Funding has been suspended since July 2011
  - No indication of whether or when the funding will be reinstated
- The department has been working with counties to identify possible areas for spending reductions, such as:
  - Reimbursement to Counties for MOE Reduction
  - Colorado Works Block Grant
  - TANF Funds in Child Welfare and Core Services
  - State Administrative Costs
  - TANF Funds in Low Income Energy Assistance Program
  - Refugee Services

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## **FOOD ASSISTANCE PROGRAM**

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## Provide Timely Access to Food Assistance

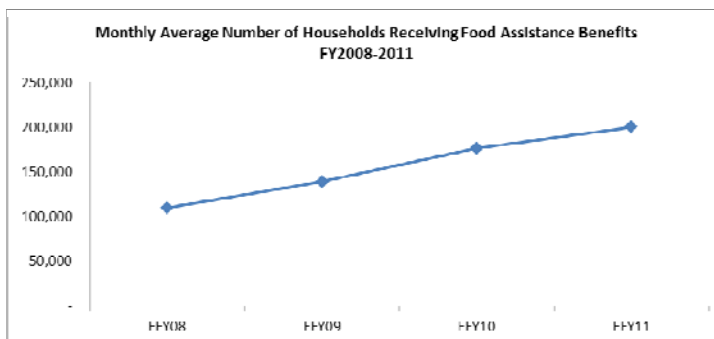
	FY 2009-10 Actual	FY 2010-11 Actual	FY 2012-13 Goal
	<u>% in Compliance</u>		
Regular Applications	75.6%	86.6%	95%
Expedited Applications	70.4%	79.2%	95%
Redeterminations	47.6%	55.1%	25% increase

Timely processing guidelines:

- 30 days for regular applications
- 7 days for expedited applications

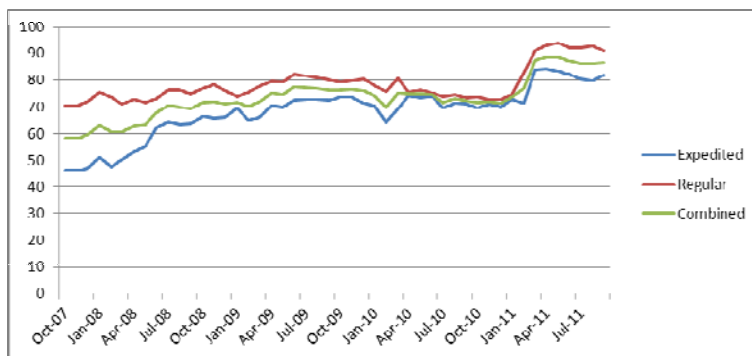
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## Food Assistance Caseload



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### Food Assistance Timely Processing



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### Food Assistance Administrative Costs and Penetration Rate

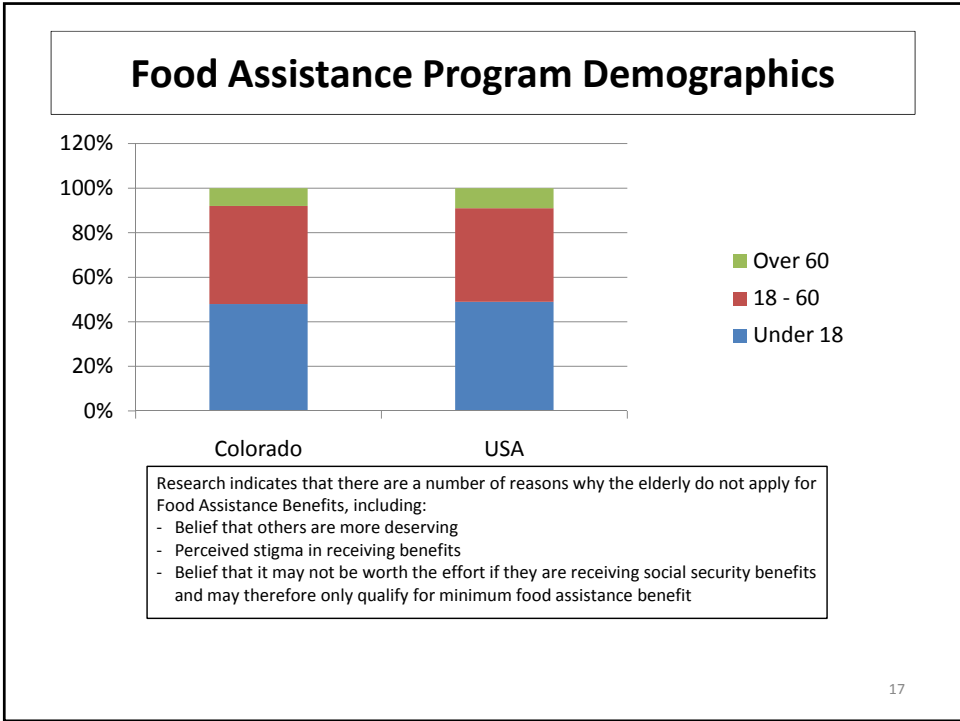
- 24% - The of cost per case between 2009 and 2011 dropped
  - \$14.19 – the cost per case in 2009
  - \$10.79 – the cost per case in 2011

The reduction is attributable to large caseload growth with relatively flat funding

State	2009		Participation Rate in 2009	2010	
	Average # of Households Participating (Monthly)	Federal Share Certification Costs		Average # of Participating Households (Monthly)	Participation Rate in 2010
Colorado	138,382	\$23,568,103	42%	176,289	48%
Connecticut	139,408	\$10,289,900	68%	180,463	77%
Iowa	135,558	\$15,262,150	66%	156,529	69%

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# ADULT ASSISTANCE

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## Old Age Pension Cost of Living Increase

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### SSI Maintenance of Effort (MOE) Requirement

- If the State Board of Human Services (SBHS) approves a cost of living adjustment to Old Age Pension, spending will increase by \$2.8 million in the current fiscal year and \$5.6 million in FY 2012-13.
- If the SBHS does not approve a cost of living adjustment, the state will need to identify \$3 million in other MOE allowable cash program expenditures, such as:
  - Aid to Needy Disabled - Colorado Supplement
  - SSI Stabilization Fund
  - Colorado Property Tax/Rent/Heat Rebate Program
  - The MOE requirement could be achieved through a stand alone program expenditure or combinations of several options
  - Expenditures of any allowable program are either fully countable in meeting the MOE requirement, or not countable at all

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## Home Care Allowance

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### House Bill 10-1146 Implementation

- The legislation does not allow for dual enrollment in both HCBS and Home Care Allowance.
  - New legislation would be required to “grandfather in” those clients that are dually enrolled.
  - Changes already made to CBMS to end dual enrollment would need to be reversed [this would have a fiscal impact].
  - State Board of Human Services would need to adopt new rules to allow for dual enrollment.
  - Expanding service limits in the HCBS waivers would require federal approval, a process that takes between 120 and 180 days.
    - Client surveys indicate a greater concern about loss of income and not limitations on services.

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## Joint Select Committee on Deficit Reduction

- Current law requires across-the-board cuts in non-exempted discretionary programs. Based on an estimated 10% reduction, the department estimates a loss approaching \$20 million *annually*, including the following:
  - Vocational Rehabilitation Grant                      \$4.0 million
  - Low Income Energy Assistance Program            2.9 million
  - Child Care Development Grant                      2.8 million
  - Social Services Block Grant                          2.8 million
  - Older American Acts Title III Funding            1.6 million
  - Refugee Services Grant                              0.7 million
  - Community Mental Health Services                0.7 million

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**Reggie Bicha, Executive Director**

**303-866-3475**

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**DEPARTMENT OF HUMAN SERVICES  
(County Administration, Self Sufficiency, Adult Assistance)  
FY 2012-13 JOINT BUDGET COMMITTEE HEARING AGENDA**

**Monday, November 28, 2011  
3:00 pm – 5:00 pm**

**3:00-3:30 INTRODUCTIONS AND OPENING COMMENTS**

**3:30-4:00 SELF SUFFICIENCY**

Performance-based Goals

1. With respect to goal #1 (“To improve the lives of families we serve by helping them to achieve economic security”): Do you control this? Can you measure it?

**Response:**

**We agree that the term economic security is a broad one, but the Department chose it deliberately, and then created specific and measurable strategies to make it more concrete.**

**In the last year, the Department of Human Services made the decision to change the name of the Office of Self-sufficiency and Independence to the Office of Economic Security. We did this to reflect several things: first of all, we think that self-sufficiency is not always a realistic goal, because people cannot always move from unemployment to self-sufficiency through a government program.**

**Second, we want our economic support programs to help stabilize individuals and families' economic circumstances, so that whenever possible, they can take care of themselves and their families. But if their own income, or their work alone does not provide sufficient income to cover basic expenses, then government programs can help.**

**Third, in creating a goal of economic security, we are indicating that government's role is to help individuals and families make progress in economic terms, while not taking full responsibility for providing it.**

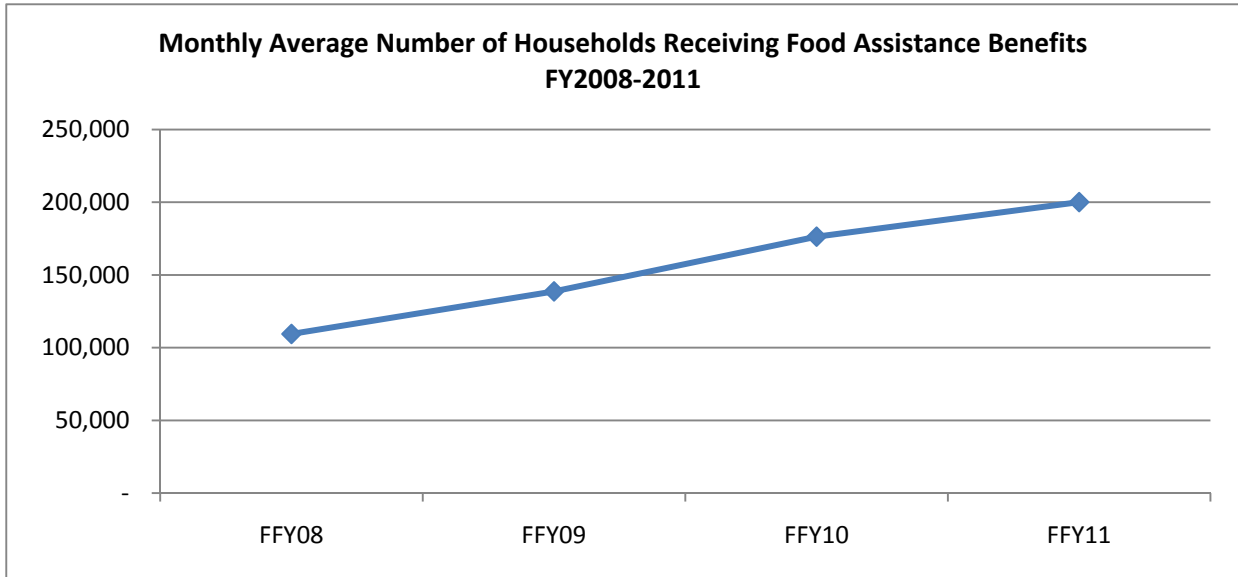
2. Please review the food assistance timeliness requirement under which the State is operating pursuant to the CBMS lawsuit settlement (as amended). When are we released from these court requirements?

**Response:**

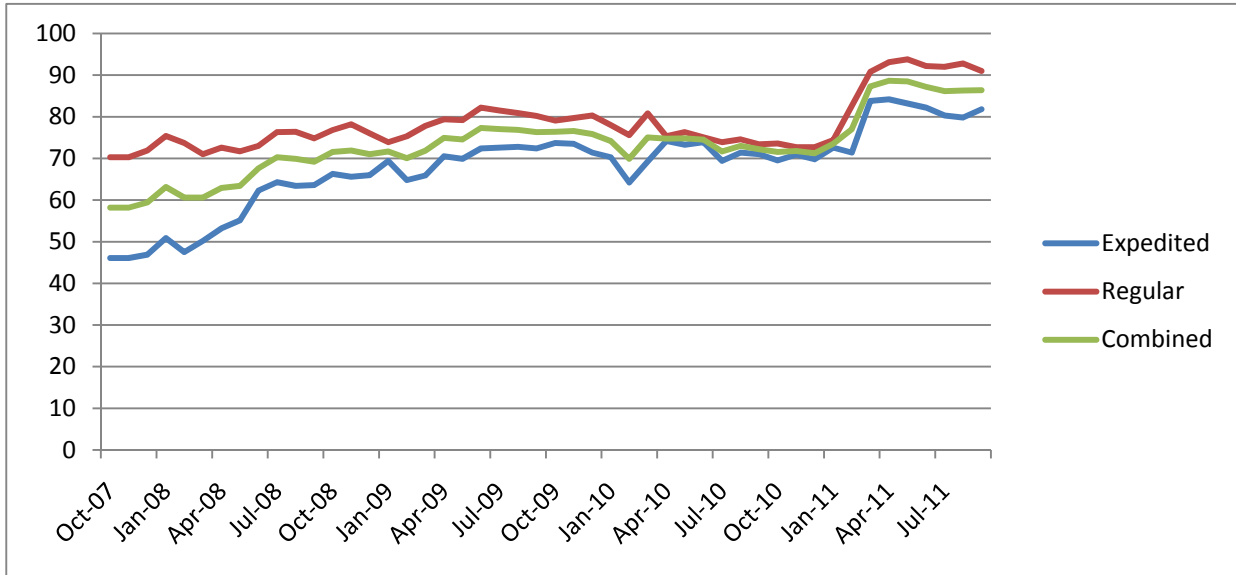
**The Amended Court Stipulation established performance benchmarks for the timely processing of Food Assistance and TANF cases. Under this agreement, the State is required to show a 5% improvement in the timely processing of regular and expedited**

**Food Assistance applications every six months until a rate of 95% is achieved, beginning in March 2011 and ending in September 2012. Once the 95% benchmark has been met, the State must maintain that rate for 12 consecutive months before the Department is released from the agreement. Should the Department reach the 95% goal prior to September 2012, the 12 month countdown begins from that point.**

**Despite a 101% growth in caseload, when October 2011 is compared with October 2008, the State improved the timely processing of applications by 48% from the beginning of FY08 through the end of FY11.**



## History of Timely Processing for Expedited and Regular Food Assistance Cases FY08-11



The increased demand for resources for the Food Assistance Program was supported by the federal government from 2009 to 2011 in the form of federal stimulus funding. For Colorado, this resulted in a total of \$6.3 million.

Recognizing that the stimulus funding provided necessary and critical assistance at a time of rapid caseload growth and that this funding source would no longer be available after September 30, 2011, the Colorado General Assembly approved additional funding in the Long Bill to provide continuity of the same type of financial support effective July 1, 2011. Amounting to a total of \$4.7 million annually and comprised of 30% General Fund, 20% county local funds, and 50% in federal food assistance funding from the U.S. Department of Agriculture, these funds have been allocated to 21 counties that experienced the greatest amount of caseload growth as a result of the downturn in the economy. These funds are being used to continue to support the offices in hiring additional staff and to pay for overtime as an effort to continue to meet the requirements of the court case and more importantly to meet the needs of the families we serve in a timely manner.

- How frequently does redetermination occur for public assistance programs? Does this align across programs?

**Response:**

All programs require households to report changes that make the household's income exceed the program's eligibility test limits, so that decisions can be made about whether or not the household is still eligible for benefits. For example, the Food Assistance Program requires that households report when the total household's income exceeds

**130% of the federal poverty limit. Additionally, if a change occurs in a household that would increase the amount of benefits, the household is informed to report that change as soon as possible, so that the benefits can be adjusted accordingly.**

**For the Food Assistance Program, there are three certification periods, depending on the household's circumstances. These periods are three, six, and twenty-four months. The majority of households receive a six month certification period. Households with no children and who are considered able to work receive three month certifications, and households with members who are elderly or disabled receive twenty-four month periods with a required check-in at twelve months for changes.**

**In comparison, households receiving Temporary Assistance for Needy Families (TANF), are certified for a 12 month period in addition to those receiving Medicaid.**

**If the Food Assistance program were to change to a twelve month certification period, a six month check-in would still be required in order to continue benefits for the 7th-12th months.**

**Currently, redetermination dates do not align across all programs, which cause a great administrative burden on households who are interested in reapplying and for the offices who must process multiple renewal applications for the same household during a year. However, automated system changes are planned in 2012 to align all certification periods to the Food Assistance Program in an effort to reduce administrative burden and to free up time and resources to process all new and renewal applications timely.**

Temporary Assistance for Needy Families [The TANF program may face substantial shortfalls and require cuts beyond the level outlined in the Executive request due to Congressional decisions]

4. Please provide any additional information that may be available since the staff briefing on November 10 about the level of federal TANF funds expected to be available for FY 2011-12 and FY 2012-13. If funding levels are still unclear, when do you expect the situation will become clearer?

**Response:**

**TANF is operating on continuing resolution, awaiting reauthorization. The Supplemental grants that Colorado has received in past years were funded only through June 30, 2011. While awaiting reauthorization, the Supplemental grants have not been funded in the first two quarters of SFY 2011-12, resulting in a loss of \$6,784,845 in Federal TANF funds. According to the Congressional Research Service, "To continue TANF after December 31, 2011, Congress must once again act, providing another opportunity to consider supplemental grants. However since supplemental grants are not included in the Congressional Budget Office (CBO) baseline, the cost of extending them would have to be offset."**



**The Department has recently consulted with the Federal Regional Office of the Administration for Children and Families, who are as uncertain as is the Department in terms of when TANF might be reauthorized, and whether or not the Supplemental awards will be included. Given the uncertainty, coupled with the declining state TANF long-term reserves, the Department has already begun analyzing its options for reducing the spending of TANF funds.**

5. Are you working with counties on how you will address any additional TANF shortfall?

**Response:**

**Yes, the Department is working closely with the counties, including county commissioners, county directors and county human services finance staff, in developing options to address the anticipated TANF shortfalls. The Department will continue to work with the counties in addressing additional shortfalls.**

6. Assuming the worst case scenario (e.g., if TANF supplemental grants to the State of \$13.6 million are permanently eliminated), what will counties and the State do to address the situation? What are the options?

**Response:**

**In the past three years, TANF funds have been used for a variety of purposes. Legislation required the basic cash assistance grant amount to be increased by a minimum of 20%, with the State Human Services Board approving a 30% increase. TANF has been used to refinance General Funds appropriated to Child Welfare and Core Services. TANF funds have been appropriated to the Statewide Strategic Use Fund, where awards were made to non-profit agencies and other state agencies to support evidence-based and innovative initiatives and programs. At the same time, the State has experienced a 40% growth in its TANF caseload in the past three years, with the October 2011 caseload (in excess of 16,000) being at its highest level seen since April 2005. The Department has identified a number of options that could be exercised to reduce spending by \$13.6 million. The options include, but are not limited to:**

- 1. the elimination of the Reimbursement to Counties for Prior Year Expenditures Due to MOE Reduction (would require statutory change);**
- 2. a reduction to the Colorado Works Block Grant;**
- 3. reductions in State administration;**
- 4. reductions in use of TANF to refinance Child Welfare Programs; and**
- 5. the reduction or elimination of TANF funds used for Low Income Energy Assistance.**

**The impacts to the counties and State will be dependent upon the specific areas within the budget that are subject to reductions.**

Joint Select Committee on Deficit Reduction

7. Is the Department planning for the contingency that entire programs, including TANF, could be cut at the federal level? Are counties planning for this? Is the Department reviewing charities' potential for filling the gap?

**Response:**

**At the current time, the Department is not aware of any conversations or proposals at the federal level to eliminate entire programs such as the Temporary Assistance for Needy Families (TANF) program. In most cases an action to eliminate a large federal program such as TANF would take federal legislation beyond a budget reduction in order to remove the mandated activities and functions for the states from federal law.**

**The Department is engaging our county partners about the potential impact of the "across the board" federal funding reductions that may be implemented, if the Joint Select Committee on Deficit Reduction fails to act. As the Department continues to look at the possible federal funding reductions and gets more formal guidance and direction from the federal government, a comprehensive plan will be developed to manage the loss of federal funds. As part of that plan, the Department would include an examination of the possibility of charities' and other non-profit organization that may be able to assist in serving populations and programs where funding has been reduced. It should be noted that during the current economic downturn, many non-profit organizations are struggling to raise funding and meet the needs of the populations they are serving.**

8. What is the Department's estimate of the potential impact on federal funding the Department receives, based on decisions/lack of decisions by the Joint Select Committee on Deficit Reduction?

**Response:**

**The Department is closely monitoring the actions of the Joint Select Committee on Deficit Reduction. The Committee is currently working to identify specific federal budget reductions and possible revenue enhancement options to meet the requirements of the Budget Control Act of 2011 and reduce the deficit by \$1.5 trillion over 10 years. At this point in time, it is not know what specific budget cuts the Committee is considering or if the Committee will meet their required deadlines to identify specific budgetary reductions. Some near-term deadlines the Committee must meet are listed below.**

- **November 23 - Joint Select Committee must report its package of deficit reductions in the form of a Joint Resolution.**
- **December 7 - Committees of jurisdiction have until December 7 to vote on reporting the resolution, after which the resolution is automatically discharged from the committee. The committees can vote to support, reject, or take no position on the Joint Resolution's provisions affecting programs within the committee's jurisdiction.**

- **December 23** - The Joint Select Committee resolution must be voted on in the House and Senate by December 23.

If Congress fails to produce a deficit reduction bill with at least \$1.2 trillion in cuts, then starting with federal fiscal year (FFY) 2013 funds, sequestration is triggered that is equally split between security and non-security programs. Sequestration starts with the FFY 2013 budget, both the FFY 2011 and FFY 2012 budgets are excluded from sequestration.

The across-the-board cuts would apply to mandatory and discretionary spending in the years 2013 to 2021. The exact amount to be cut in sequestration is equal to the difference between \$1.2 trillion and the amounts contained in the Joint Select Committee's resolution (if enacted). If resolution is adopted then sequestration levels must equal all of the \$1.2 trillion over 10 years.

Given the uncertainty regarding the exact amount that may be reduced under a scenario where sequestration is enacted, the Department has prepared an analysis that considers an 8-12% reduction to all federal funds not exempted from the sequestration reductions. Based on this analysis, the Department has calculated an estimated loss of federal funds totaling almost **\$20 million on an annual basis**. Listed below are some of the larger federal grants received by the Department and the estimated impact (loss of funds) to Colorado. (The information below shows an estimated 10% reduction to specific federal grants.)

- |   |               |
|---|---------------|
| • Vocational Rehabilitation Grant -             | \$4.0 million |
| • Low Income Energy Assistance Grant -          | \$2.9 million |
| • Child Care Development Fund (Discretionary) - | \$2.8 million |
| • Social Services Block Grant -                 | \$2.8 million |
| • Older American Acts Title III Funding -       | \$1.6 million |
| • Refugee Services Grant                        | \$730,000     |
| • Community Mental Health Services              | \$660,000     |

### Child Support Enforcement Statutory Change

[JBC staff made a verbal recommendation during the presentation that the Committee sponsor legislation to modify Section 26-13-108 (1), C.R.S., which specifies that “the state may redirect the state’s share [of recoveries] to the county pursuant to section 26-13-112.5 [state incentives to the counties for child support enforcement]”. This statute previously specified that 50 percent of the state’s share of recoveries would go to counties for child support enforcement incentives but is now open-ended, and legislative intent is therefore unclear. ]

9. Staff suggests that the statute be modified to indicate that the amount of the state’s share of recoveries allocated to counties will be specified annually by Long Bill footnote.] What does the Department think of this idea?

#### **Response:**

**The Department is not opposed to examining this idea in more detail. The Executive Branch will consider the Legislative recommendation by JBC staff and will work with the Legislature on any potential legislative changes.**

**4:00-4:15      BREAK**

**4:15-4:30      COUNTY ADMINISTRATION**

### Food Assistance

10. Why are Colorado’s administrative costs for food assistance (Supplemental Nutrition Assistance Program/SNAP) administration high relative to other states? Is it because we have low penetration for SNAP and high fixed costs? How do we compare to states of similar size/geography with respect to SNAP penetration and administrative costs?

#### **Response:**

**Although we do not have the data beyond 2009 to show the administrative costs of other states, a study of Colorado Food Assistance expenditures from 2009 through 2011 shows a 24% drop in the federal share of the administrative cost to provide SNAP benefits. Specifically, the cost per case in Colorado dropped from \$14.19 in 2009 to \$10.79 in 2011. The Department believes this is attributable to the increased number of cases and individuals being served during a time when the county administration appropriation remained relatively flat.**

**Using 2009 data from USDA Food and Nutrition Services, Colorado is most comparable in size to both Iowa and Connecticut; both state run programs. Although costs vary from state to state in state-run systems, in a county administered system like Colorado, disparities are found across counties in the amount spent on the program. For example, eligibility workers with like responsibilities are compensated differently, depending on the county. A duplication of costs also occurs when expenditures for services such as accounting and personnel are charged for each county.**

State	2009 Average # of Households Participating (Monthly)	2009 Federal Share Certification Costs	2009 Federal Cost per Case Month for Certification	Participation Rate in 2009	2010 Average # of Participating Households (Monthly)	Participation Rate in 2010
Colorado	138,382	\$23,568,103	\$14.19	42%	176,289	48%
Connecticut	139,408	\$10,289,900	\$6.15	68%	180,463	77%
Iowa	135,558	\$15,262,150	\$9.38	66%	156,529	69%

11. What are the demographics of people who seek SNAP food assistance? Is the penetration rate particularly poor for older people because they are less willing to seek public assistance?

**Response:**

A 2009 report showed that 48% of the individuals receiving SNAP benefits in Colorado were aged 18 or younger and 8% were aged 60 and above. On average nationally, 49% of all individuals receiving benefits are children and 9% are elderly.

According to a study completed by the Center on Budget and Policy Priorities, from 2007-2009, Colorado had a 36% growth in the number of seniors receiving benefits, up from approximately 18,000 to 25,000 individuals.

Research shows that there are many reasons why the elderly do not apply for SNAP. Those reasons include the belief that others are more deserving of those benefits; a perceived stigma in receiving benefits; and the belief that it may not be worth their effort if they also receive social security benefits and may therefore only qualify for the minimum monthly benefit amount of \$16.

**4:30-5:00 ADULT ASSISTANCE**

Old Age Pension (OAP) Cost of Living Increase

12. Please review how a decision of the State Board of Human Services to provide—or not provide—a cost of living increase for the OAP program would affect the federal SSI maintenance of effort (MOE) requirement.

**Response:**

If the State Board of Human Services (SBHS) passes along the COLA to OAP recipients, the State's MOE expenditures would increase by about \$100,000 per year. If the SBHS does not pass along the COLA to OAP recipients, the State's MOE expenditures would decrease by approximately \$3 million per year. This loss of countable MOE

expenditures would have to be made up through other MOE-allowable expenditure categories, or the state would risk violating MOE requirements.

The State Board of Human Services is scheduled to meet on Friday, December 2nd. The issue of the Old Age Pension COLA is on the agenda for that meeting. The Department would be able to update the Committee on the COLA issue and the State Board's decision at a later DHS hearing in December.

13. How would the Department comply with the SSI MOE if the State Board of Human Services agrees not to provide a COLA for Old Age Pension program? What are the options?

**Response:**

If the SBHS does not pass along the COLA to OAP recipients, the State's MOE expenditures would decrease by approximately \$3 million per year. This loss of countable MOE expenditures would have to be made up through other MOE-allowable cash programs. The following are options/tools that would be pursued either alone or in combination with each other to help mitigate the effect of this lost MOE:

- The Department will have to decrease the amount of expenditures for the Aid to the Needy Disabled-State Only (AND-SO) program by up to \$3 million and increase the amount of expenditures in the Aid to the Needy Disabled-Colorado Supplement (AND-CS) program by a like amount. AND-CS expenditures count toward the State's MOE, while AND-SO expenditures do not. This action would reduce the grant amount paid to AND-SO participants from the current \$175 per month to approximately \$135 per month. It would also create a situation whereby AND-CS participants receive approximately 10% more in cash assistance than OAP recipients.
- In order to minimize the amount by which the Department will have to reduce the AND-SO grant payment (as described above), it can use funding from the SSI Stabilization Fund, up to \$1.5 million. The SSI Stabilization Fund was created by House Bill 09-1215, a JBC bill, which created a stabilization fund to assist the Department in managing the appropriations of the three major programs that fund the MOE – OAP, AND and Home Care Allowance – and still allow it to meet the MOE obligation. Pursuant to 26-2-210, C.R.S., excess interim assistance reimbursements and other moneys recovered due to overpayment of recipients (plus any appropriations to the Fund) are continuously appropriated to the Department to be expended on programs that count toward the SSI MOE in a year when the Department determines the State is at risk of not meeting the MOE.

By not passing on the COLA, the Department may shift \$3 million in expenditures from the AND-SO program to the AND-CS program because those expenditures count toward MOE. (As listed in the previous point.) Because of the existence of the SSI Stabilization Fund, however, the amount of the adjustment to the AND-SO grant

would be \$1.5 million, not \$3 million because the SSI Stabilization Fund can absorb \$1.5 million of the deficit.

- A third source of funding that could be used to help mitigate the effects of not passing the COLA is the Governor’s proposed \$9.5 million increase to the Colorado Property Tax/Rent/Heat Rebate program. If approved, this could increase the State’s MOE contribution by up to \$6 million -- more than enough to cover any lost MOE that would result if the SBHS does not pass on the COLA. However, because all SSI MOE programs are either “all in” or “all out” (see response to Question 14), the additional \$6 million in MOE spending would raise the current threshold spending by another \$3 million, setting up a new spending benchmark that must be met in subsequent years. In this case, the Department would have to review the program currently contributing to the SSI MOE and choose which programs to count in the SSI MOE calculation, as to not exceed the MOE threshold by a significant amount and therefore raise the annual threshold.

14. Is the heat/fuel rebate either “all in” or “all out” of the SSI MOE? If we were to pull the rebate out of the MOE, what are the alternatives for substituting for it as a component for the MOE?

**Response:**

**The Colorado Property Tax/Rent/Heat Rebate, as with all SSI MOE programs, is either “all in” or “all out” when calculating the amount Colorado spends from year-to-year. This program contributed approximately \$5 million towards our MOE benchmark in calendar year 2010. The Department is not aware of another substitution for MOE other than additional state spending.**

#### Home Care Allowance

*[H.B. 10-1146 required that individuals be served either in Medicaid Home-and Community-based Services programs (HCBS) or receive Home Care Allowance (HCA), but not both. As a result, some people currently on the HCA program will lose HCA eligibility, including a significant number of individuals on the HCBS Supported Living Services and Children’s Extensive Support waivers for people with developmental disabilities.]*

15. Could individuals currently on the HCA program be held harmless/grandfathered in to HCA, so that they would not lose eligibility for HCA but could maintain their HCBS services under the provisions of H.B. 10-1146? What would be the costs of this, including any cost for a CBMS change?

**Response:**

**HB10-1146 does not allow for dual enrollment in HCBS and HCA. Legislation would be required to “hold harmless” or “grandfather in” clients currently on both programs. In the meantime implementation of statute is well underway. The rules to implement HB10-**

1146 have been passed and clients are being notified that they will need to make a choice about which program they want to remain enrolled in after January 1, 2012. The CBMS coding for the HCA-HCBS dual eligibility change is finished and User Acceptance Testing (UAT) is anticipated to be completed by November 25, 2011. The scheduled rollout of this change is January 1, 2012 and it would be extremely difficult and costly to pull this functionality from the January build of CBMS. If this could be accomplished, OIT would need to provide an estimate of the costs associated with this change. For comparison purposes, the cost to separate the HCA and HCBS eligibility was approximately \$500,000.

16. If individuals are accessing additional services using HCA that they are not able to access from the HCBS waiver programs, is there a way to adjust HCBS waived services on a temporary basis to hold these individuals harmless?

**Response:**

The services allowable under HCA are allowable either under the HCBS waivers or allowable through the Medicaid State Plan. The Department is working with affected clients to structure their HCBS waiver services to manage their needs within waiver limits. Service Plans are developed to provide services in sufficient amount and scope to support clients to live safely in the community. By and large, the problem reported to the Department regarding the H.B. 10-1146 change is not a loss of services for the client, but rather, a loss of HCA income which affects the family's finances.

Increasing the service limits in the HCBS waivers requires a waiver amendment. The amendment process takes between 120 and 180 days for submission and approval from the Centers for Medicare and Medicaid Services. If the waivers are amended, the increased limits on services will be applicable to all waiver participants, not only those previously receiving HCA, and will, therefore, have a fiscal impact. However, it is not a limit on services that is driving the hardship most families are experiencing. Please see response to Question 17 below.

17. Why does this situation exist in the first place? Why aren't the services being provided under the HCBS waiver programs meeting individuals' needs? The idea behind H.B. 10-1146 was to serve nursing-home eligible people through the HCBS programs, thus drawing down matching federal funding. The intention was to serve individuals and not have anyone "fall off" assistance. How do we fix the problem so we do not see increased costs in other areas of the budget (e.g., anecdotal information that individuals may go to nursing homes if they are unable to access both HCA and HCBS services)?

**Response:**

The current situation exists because in 2009 the Department received an audit recommendation requiring that the Department address the "overlap and redundancy" of services between the HCA and HCBS programs. H.B. 10-1146 modified the eligibility requirements for HCA to prevent people from receiving services from both programs.



**The bill also allowed 1,758 people on the developmental disability waiting list to receive HCA services. The HCBS waivers provide services that enable a person to live safely in the community, while the HCA provides cash assistance to families to deliver similar services. Approximately 400 people receiving services in the waivers for persons with developmental disabilities were affected by this change. Of those, 247 people were likely to experience a significant loss of service because they were already close to the maximum of their support level. The Department is in the process of conducting a survey of these 247 individuals and guardians. Based on initial survey results, it appears that this cash assistance, in some cases has come to represent income to support the family's financial needs. The maximum HCA benefit provides just under \$6,000/year. As mentioned above in the response to Question 16, services provided under the waiver are meeting client service needs for support to live safely in the community. However, there is no service available that will replace a cash benefit that supports household expenses.**

**Clients have the option to choose which program best meets their needs. The Department is currently contacting families who have chosen between the two options to determine how the choice has impacted them. Thus far, no one reports having "fallen off" assistance. However, as stated earlier, some families are experiencing a loss of income that was allowing them to meet household expenses. Of the 76 families contacted so far, 14 indicated the loss of income is their primary concern, requiring adjustments to the way their family handled finances. No families reported that the client's service needs can't be met as a result of the H.B. 10-1146 changes.**