

**FY 2008-09 BUDGET HEARING
DEPARTMENT OF HUMAN SERVICES
Services for People with Disabilities, Child Welfare, Child Care Office of Operations**

Wednesday, December 5, 2007

11:00 a.m - 5:00 p.m.

11:00 - 11:05 INTRODUCTIONS AND OPENING COMMENTS/ALL AREAS

11:05 - 12:00 DEVELOPMENTAL DISABILITY SERVICES

Joint Hearing with Department of Health Care Policy and Financing

Staff Issue: Medicaid Waiver Changes

1. Provide a an updated copy of the work plan for changes to the Medicaid waiver program. What is the status of the CMS waiver changes? What is, and will be, the impact of CMS waiver changes on the system and individuals in services?
2. We understand that CCBs are having a difficult time accessing billing systems multiple times during the day, at the same time they are being required to do more data entry. How do we keep CCBs as a viable partner if we don't compensate for all the time they are required to spend doing this? Do you believe the CCBs are adequately compensated? Is this a problem?
3. Are we able to ask for federal Medicaid waiver adjustments quickly enough that the waiver reflects final budget action and appropriated moneys can be expended (a problem last year)? Explain how the timing works.
4. Will the new rate structure have the 1.35 percent COLA built in? Is there any ability to true up after the rate setting structure is approved by federal authorities? Does new rate structure allow for future COLA adjustments?
5. Please discuss the Medicaid under-expenditures for both the Adult and Children's Program Costs line items in FY 2006-07, current FY 2007-08 Medicaid budget projections, and the implications for the FY 2008-09 budget. Provide any additional information or analysis now available.
6. Are the Medicaid waiver costs a new federal mandate that can be exempted from the 6 percent limit?
7. To what extent do the under expenditures and negative supplementals experienced thus far reflect a reduction in the level of service?
8. Discuss the anticipated changes in the rates paid for individual comprehensive waiver consumers who are currently in the program, if the preliminary rate structure based on the

SIS is adopted. How many individuals would receive increases or decreases, and of what scale, in light of SIS evaluation data collected thus far?

9. How do the Departments propose to minimize the impacts on individuals' services and limit dislocations in FY 2008-09? Discuss your plans with respect to "hold harmless" amounts rolled forward from FY 2006-07 to FY 2007-08.
10. Do you expect that the State will have to backfill local funds beyond the \$7.6 million General Fund already approved. Explain the issue. Is it that the federal authorities are only willing to match state funds?
11. Do you wish the Joint Budget Committee to sponsor legislation to ensure statute complies with Medicaid waiver program changes? If so, what is the scope of the changes desired by the Department? If not, are you pursuing legislation through other legislators?
12. How do we protect the role of CCBs in our system if we change the statutes?
13. Please discuss the conclusions of the University of Southern Maine study of conflict of interest issues in management of developmental disability services. How should conflict of interest issues be addressed in the system? What are the implications of this for management and oversight of HCBS services? ICF/MR services? Are statutory changes required?
14. Has communication between the departments of Human Services and Health Care Policy and Financing improved with regard to working on developmental disability waiver/ federal CMS issues?

Staff Issue: Decision Item #6 - Regional Centers

15. Please provide detailed data on the SIS scores of all regional center clients, by regional center. Provide a comparison with the SIS scores of the larger HCBS-DD comprehensive waiver population. How many individuals with significant behavioral and/or medical needs are currently being served in the community system? How many individuals are there in CCB-managed community-based placements whose SIS scores are similar to those of individuals in the regional centers? How many regional center clients have SIS scores similar to those of individuals in the community?
16. In light of the above data, and recent proposals for the HCBS rate-tiers, is the State pursuing staffing intensity and funding for individuals in state-operated facilities that exceeds amounts available for individuals with similar profiles who are served in the community? Is this reasonable? Why or why not?
17. It is our understanding that the Division for Developmental Disabilities has identified 61 individuals at the Regional Centers that could receive services in the community. If these individuals were to be served in the community, how would that affect the Regional Center's

new FTE request?

18. Do you anticipate that CCBs will increasingly face problems similar to those of the regional centers for the more severe client population? If so, should those placements also become ICFs/MR in the community?
19. Conversely, should the state limit growth of ICFs/MR in the community (even if it is converting all state-run beds to be ICFs/MR)?
20. If the state wishes to limit growth of ICF/MR placements in the community, how should this be done? Are you seeking a statute stating that class IV ICF/MRs shall be state-run facilities only?
21. Discuss what other alternatives were explored by the Department to address the problem of ensuring adequate services for individuals at the regional centers without conversion of all beds to ICF/MR. Would it be administratively feasible to convert some—but not all—Wheat Ridge beds to ICF/MR, if that were indicated by the range of needs of the population?
22. For the Department of Health Care Policy and Financing: Please identify the State Plan expenditures that would go away if the regional center HCBS beds are converted to ICF/MR beds. Please include: (a) the exact calculations that tie to the current decision item (*i.e.*, costs for those individuals affected at Wheat Ridge, based on the proposed implementation schedule); (b) the full year savings in HCPF if all regional center HCBS beds were converted.
23. The Department has indicated that it currently expects, for those regional centers not converted to ICFs/MR, that CCBs will be responsible for case management and quality assurance at the regional centers. Is this appropriate, given the State's ultimate responsibility for ensuring that CCBs perform their jobs correctly? Are there alternatives? Could there be a third group in state government that does case management? Would Medicaid allow this?
24. How are background checks dealt with—are they absorbed in this decision item?

12:00 - 1:30 LUNCH BREAK

1:30 - 2:25 DEVELOPMENTAL DISABILITY SERVICES

Department of Human Services only

Size and Components of the Department's Request

Staff Issue: Overview of Developmental Disability Request/Decision Item #4

Rates for New Resources

25. Why are the cost-per-resource amounts for comprehensive services so much higher than past years? What are the implications, if any, for the anticipated cost of the Medicaid

comprehensive waiver program under the new long-term rate structure?

26. Why is the amount requested per new comprehensive residential resource so much higher than the current state average cost per resource?

Community Provider Rate Increase/ Developmental Disability Community Staff Recruitment and Retention

27. Does the Department believe CCBs can fulfill their mission and hire necessary staff with a 1.35 percent increase?
28. Will rates under the new long-term rate structure be adequate?
29. What is the status of recruitment and retention in the developmental disability community centered system?
30. Will the 1.35% provider rate increase be sufficient to effectively address the DD community staff recruitment and retention concerns?

Numbers of New Resources

31. How did you come up with "44" for the number of new wait list resources?
32. What was the Division for Developmental Disabilities' rationale for not requesting any new Early Intervention and/or Family Support Services Program slots?

Targeting and Distribution of Requested Funds

33. Is the request for FY 2008-09 waiting list resources to be targeted to the "high risk" population? How have the FY 2007-08 waiting list resources been distributed. Have they been targeted this way? What is the current estimated size of the "high needs" wait list?
34. How does the Department propose to distribute the funds requested among the community centered boards, in light of issues that have been raised regarding resource distribution among the CCBs? In particular, please discuss how the emergency and waiting list resources are proposed to be distributed and how this will be similar to (or different from) the past.

Reversion Dollars

35. Would the Division for Developmental Disabilities consider using the identified one-time reversion dollars for a direct care line staff retention stipend?
36. What is the status of the money parked in the State Education Fund (unexpended General Fund reduced from the FY 2006-07 Developmental Disability budget in June 2007 that was placed in the State Education Fund)?

37. Would the Division for Developmental Disabilities be willing to use the ongoing reversion dollars for new resources to address the developmental disability waiting list?

Miscellaneous

38. Is the Department taking the necessary steps to ensure that the numbers of resources required and rate increases requested are accommodated under federal Medicaid waiver caps?
39. Wouldn't any new resources approved receive services at rates consistent with those approved for the developmental disability waiver programs as a whole? If yes, why are new resources requested at FY 2007-08 levels (*i.e.*, why don't they include the requested FY 2008-09 community provider cost of living adjustment)?

Developmental Disability Waiting List

Footnote 79 (Wait List Plan) and Staff Issue: Waiting Lists for Developmental Disability Services

40. How large is the waiting list, and what would it cost to eliminate it?
41. How quickly could the waiting list be eliminated, if funds were available immediately? Is there the system capacity to address it?
42. What would it take to eliminate the waiting list in a five year period including calculations for growth and turnover in the system?
43. Discuss you long-term plans for meeting the needs of persons with developmental disabilities and the major conclusions of the report on eliminating the waiting list due January 2, 2008, to the extent these conclusions are known.
44. Will the Division for Developmental Disabilities' request for new resources substantially address the developmental disability waiting list?

Footnote 77 - Waiting List Survey

45. How accurate is waiting list? Has the analysis on this been performed?
46. If we wind up paying for waiting list managers in CCBs, would that assist us in keeping track of the waiting list?
47. What is the optimal timing for conducting the next waiting list survey? Would June 2009 (five years after the last survey) be appropriate?
48. Would a sample survey of all of the developmental disability waiting lists be more useful than a population survey of the comprehensive residential waiting list?
49. Would additional funding for a survey be required if it were delayed until June 2009 and, if

so, how much would be required? (In the past, survey costs were absorbed by the Department.)

50. Shouldn't money for a waiting list survey instead be put into reducing the waiting list?

Footnote 78 - Resource Distribution

51. What is the current status of the Department's review of resource-distribution issues?
52. Does the Department intend to proceed with resource-redistribution among the community centered boards, beyond the level that has thus far been typical (to address emergencies, federal OBRA requirements to serve individuals in nursing homes, and to enable resources to follow individuals who move from one CCB to another) and, if so, when; and
53. Does the Department expect to complete a formal report on this topic, given the comments in the OSPB letter of August 16, 2007. If so, when would it be completed?

Miscellaneous

54. Is the term "resource" in statute? Could we instead use "individuals served"?
55. Provide an update on the implementation of Senate Bill 07-255 (Allocating Child Find Responsibilities)

2:25 - 2:35 DEVELOPMENTAL DISABILITY SERVICES AND DIVISION OF VOCATIONAL REHABILITATION

Relationship between Divisions

56. Discuss the relationship between the two divisions and whether that contributes to the number of people with developmental disabilities who are not getting jobs.

Footnote 74 - Supported Employment

57. How has the change back to a fee-for-service reimbursement system for developmental disabilities and enhanced use of DVR employment support affected individuals with developmental disabilities?
58. How have these changes affected the Division for Developmental Disabilities, Community Centered Boards, the Division for Vocational Rehabilitation, and employment service providers from a budgetary and administrative perspective?
59. How does the Department expect the developmental disability interim committee bills, if enacted, would affect employment outcomes for people with developmental disabilities?
60. Are there other initiatives the Department is pursuing or wishes to pursue to support employment among persons with developmental disabilities?

Footnote 75 - DD/DVR Pilot

61. Is this pilot intended to last only through FY 2007-08 or do you wish to extend it into FY 2008-09/future years?
62. When do you expect to be able to conclude whether this service delivery model should be expanded or terminated?

2:35 - 2:45 DIVISION OF VOCATIONAL REHABILITATION

Footnote 82 - Deferred Revenue

63. Please provide a spreadsheet updating actual and projected receipts and expenditures of cash and cash exempt funds from FY 2006-07 through FY 2010-11 and resulting deferred revenue balances (i.e., provide a table similar to the one in last year's footnote report). In light of the federal funds shortfall, please discuss how you have revised your spending plan for deferred revenue.
64. To reduce the growth of deferred revenue, would it make sense to simply increase the matching funds provided by the Division to school districts (from 50 percent district/50 percent federal up to 21.3 percent district/78.7 percent federal, or something in between?)
65. In past years, staff has suggested trading out deferred revenue for General Fund on a one-time basis. Particularly given the ongoing growth in deferred revenue and the limited availability of federal funds, should this be considered for FY 2007-08 or FY 2008-09?
66. Please clarify the status of your federal receipts for SFY 2006-07, SFY 2007-08, and SFY 2008-09 and provide a spreadsheet demonstrating the associated federal fiscal year amounts received and assumptions about funds available during state fiscal years. Does the Division expect to be able to draw down sufficient federal funds to spend at the level currently reflected in the FY 2007-08 Long Bill? If not, what program services will be affected? How might FY 2008-09 spending options be affected?

Footnote 83 (Independent Living/Vocational Rehabilitation Program)

67. Please provide an update on the Independent Living Centers - Vocational Rehabilitation program. Are any adjustments required for FY 2008-09?

2:45-3:00 BREAK

3:00 - 3:05 GENERAL

68. Is it time to revisit the administrative structure for welfare programs that was adopted by the State in 1997 following federal welfare reform legislation? What are your thoughts on how to approach this?

69. Which of the approaches used by counties to implement welfare reform have worked? Can we back off from having 65 systems to some number less than 65?

3:05 - 3:30 DIVISION OF CHILD CARE

Decision Item #NP1 (COLA)

70. Do Child Care Assistance Program providers get the COLA? Is it passed-through?

Numbers Pages

71. The Department transferred \$303,400 (General Fund and CCDF federal funds) from the CCAP line item to the Child Care Licensing and Administration line item pursuant to Section 24-75-108, C.R.S. This statute authorizes the head of a department of state government, on or after May 1 of any fiscal year and before the 45th day after the close, to transfer moneys from one line item of appropriation to another line item of appropriation to the same department; except that such transfers shall be made only between appropriations for like purposes. The statute further specifies that a transfer shall *not* be deemed a like purpose if it is a transfer from a nonpersonal services item into a personal services item, except that this is allowed for temporary personal services. In response to staff questions, the Department indicated that the transfer enabled the Department to use General Fund "pots" elsewhere that would otherwise have been allocated to the Child Care Licensing and Administration line item. It also noted that, because the Child Care Licensing Cash Fund was under earning, cash funds were not available to cover the need. The implication appears to be that the funds transferred from the CCAP line item were used to cover personal services costs in the Child Care Licensing and Administration line item. This appears to be a violation of statute. Is it? Why or why not?

Footnote 63 (new Child Care Assistance Tracking System (CHATS) development)

72. Review how the system will work, when completed. Will it limit/ track fraud?

Staff Issue: Funding for the Division of Child Care and Child Care Subsidies

73. How many kids at what poverty level are being served through the Child Care Assistance Program (CCAP)? How does this vary across the state?
74. Are Child Care Development Fund (CCDF) reserves located in counties that have more- or less-restrictive eligibility criteria for the CCAP program?
75. Is there any correlation between a decrease in child care availability through CCAP child care subsidies and an increase in child abuse cases? If families are initially refused access to CCAP child care subsidies, do these children then fall through the cracks? Is there evidence of additional problems in counties that have limited access to CCAP by setting more restrictive eligibility thresholds (e.g., 130-150 percent of poverty rather than 225 percent)? Does tighter CCAP eligibility correlate to counties requiring more child welfare services?

76. Discuss the advantages and disadvantages to moving to state-set eligibility levels for the Colorado Child Care Assistance Program. These could be either statewide or regional (*e.g.* mountain resort, metro, rural). Does the Department have a position on this issue?
- a) If we went back to a state-administered child care subsidy program, would we save money and serve more children?
- b) What would happen to counties that are negatively impacted by the State taking over determination of access levels?
77. Does the Department see the impending SAO performance audit as the best venue for determining if state-determined eligibility levels are a reasonable direction for the State--or would the Department suggest other or additional steps for ensuring this issue is thoroughly examined prior to the 2009 legislative session?
78. Discuss the advantages and disadvantages to requiring reimbursement for child care providers be at the 75th percentile or some similar standard. (The 75th percentile refers to the rate at which 75 percent of providers set their rates at or below the specified reimbursement rate.) Does the Department have a position on this issue?
79. What are the Department's current estimates of the fiscal implications of requiring that provider reimbursement rates for the CCAP program be set at the 75th percentile in each Colorado region? If this requirement were instituted in the absence of additional appropriations, what would be the implications for the number of children who could be served by the CCAP program?
80. Is there a need for a provider rate increase for the CCAP program in FY 2008-09, based on current spending projections for the program and the \$40 million in county-held CCDF reserves?
81. Is the requested increase in the federal CCDF portion of the CCAP appropriation advisable at this time, given that the appropriation already exceeds the annual federal allocation to Colorado of CCDF funds and the uncertainties regarding the impact of the CHATs system rebuild on child care subsidy spending beginning in FY 2009-10?
82. Discuss Decision Item #20. What functionality would this new staff person add? Is this an IT position or a content position? Is additional statutory authorization required for this function?
83. Through Decision Item #20, the Department proposes to add a new cash-funded FTE based on higher child care licensing fees. Licensing fee revenues have been coming in below budget, and FTE authority for Child Care Licensing and Administration is also under-

utilized. Why wouldn't the Department simply increase fees (which have not been increased since July 2000) to fully use *current* spending and FTE authority--and, if appropriate based on statutory authority, reallocate the *existing* FTE and spending authority for the proposed new activity?

3:30-4:30 DIVISION OF CHILD WELFARE

Overall Performance of the Child Welfare System

84. Do we need to do something about counties that have abysmal child welfare systems? If so, what? Does it make sense to add GALs in the Judicial system to handle cases that are the result of poor child welfare systems at the county level?
85. Specifically with respect to child welfare services, which county systems have worked?
86. What counties are using a collaborative management approach in their systems? Do these counties demonstrate better performance or outcomes? Should we mimic this process at the state level so that there is more collaboration on the State's end?
87. Has there been a workload study that would shed light on why some counties perform better or worse in their child welfare systems? Are resources a component of the problem?

Staff Issue: Federal Child and Family Services Reviews

88. Provide an update on the status of negotiations with federal authorities, the scope of sanctions currently anticipated related to the 2002 CFSR and associated Performance Improvement Plan (PIP), and the date when such sanctions would likely be applied.
89. What has happened in other states? Have any ever been sanctioned?
90. How does the Department plan to accommodate in the budget the anticipated financial sanctions for failure to comply with the PIP?
91. Is the Department concerned about the 2008 CFSR data and its difficulty complying with the PIP from 2002? If so, what steps does it propose to take to improve its performance in ensuring safe, permanent placements for Colorado children who have been abused and neglected?
92. Should the State take over child welfare administration in poorly-performing areas to insure compliance with CFSR performance standards?
93. Do we know what it will cost to come into compliance with CFSR performance standards?

Staff Issue: SAO Performance Audit of Foster Care Services

94. Discuss the steps the Department is taking to address concerns raised by the audit, with

particular focus on Department proposals for statutory, regulatory, and staffing changes to improve the Department's oversight of county foster care programs.

Staff Issue: SAO Performance Audit of Foster Care Financial Activities

95. Discuss the most significant steps the Department is taking to address concerns raised by the audit and to ensure child welfare funds are being used efficiently.

Other Child Welfare Issues

Decision Item #NP1 (COLA) and Footnote 57

96. What happened to last year's COLA? Did counties pass the increase on to providers? Please discuss how this worked for CPAs, TRCCFs, and other kinds of child welfare providers.
97. Now that we are doing TRCCFs rather than RTCs, have we reduced the disparities among rates paid to providers?

Staff Issue: Overview of Child Welfare Request

Child Welfare Allocation and Projection Model

98. What are the trends reflected within the child welfare allocation model that drive an overall caseload increase of 3.4 percent for FY 2008-09 when the state's under-17 population is only projected to grow at about 1.7 percent? Why is the FY 2008-09 increase relatively large, while the FY 2007-08 increase was a strikingly small 1.1 percent?
99. Is the allocation model, as presently formulated, an appropriate tool for projecting child welfare cost increases associated with caseload? Does it need to be modified? Do you have the expertise, or do you believe it would be appropriate to bring in some additional outside consulting expertise, to revisit the portion of the model that is being used to project child welfare caseload to determine this?
100. Do you believe the State should consider revising its projection methodology for FY 2008-09 figure setting or should such an adjustment wait until figure setting for FY 2009-10?
101. Is the State comfortable with the allocation model as an allocation tool? What changes or improvements are under consideration?

Collaborative Management Incentive Program/Decision Item 3B

102. Discuss the information currently available with respect to the effectiveness of the collaborative management programs and the basis for the "\$2.9 million in savings" figure included in the request. Please also discuss how you anticipate that the evaluation of these programs could be improved so that effectiveness and cost-effectiveness can be clearly demonstrated.
103. Should there be a change to statutory provisions allowing any county participating in the program that underspends the General Fund portion of its "capped or targeted allocation" to

use the savings to provide services to children and families--given the uncertain link between counties' child welfare expenditure levels and their participation in this program?

104. The FY 2008-09 funding level requested from the Collaborative Management Incentive Cash Fund does not appear to be sustainable. How does the Department expect that it (and counties) will address this when the fund balance is exhausted? Would the anticipated drop in funding after three years present a significant problem for counties participating in the program?

Decision Item #8: Child Welfare Staff

105. Explain decision item #8 and how you anticipate that the staff requested will be used. To what extent is staff time expected to be allocated to training as opposed to monitoring and file reviews? What kinds of data will be collected, accessed and used? What will be the process for follow-up (including sanctions) if problems are found?
106. How do the specific components of this request tie to the problems identified by the CFSR and the 2007 SAO Foster Care performance audit, as well as the associated SAO recommendations?
107. Other Department sections also have responsibility for oversight of foster care services and programs. Specifically, the Administrative Review Division conducts an in-person review of every out-of-home placement every six months. The Child Care division is responsible for licensing both 24-hour facilities and Child Placement Agencies. In addition, the Field Services section provides technical assistance to counties in various compliance areas. In the past, staff from some of these sections were used to assist the Division in conducting reviews of county child welfare programs. The 2007 SAO Audit has also suggested that there may be overlap between the activities of the Division of Child Welfare's 24-hour monitoring team and the Division of Child Care's licensing activities. How would the duties of the staff requested in this decision item overlap with--and interact with--the responsibilities of other Department sections such as the Division of Child Care and the Administrative Review Division?
108. A "risk based" approach could allow the Department to target limited oversight resources to counties with significant problems. The 2007 SAO Audit found that the Department had not authorized a risk-based approach to the licensing of child placement agencies, despite the fact that this approach had been authorized in statute since 2004 [Section 26-6-104(1), C.R.S.]. Would a risk-based approach be used in the review of county foster care programs? Why or why not?

Medicaid Revenues and Rates (PRTF and TRCCF Programs)

109. Is the continuum of care model for residential services (PRTF and TRCCF programs) functioning as anticipated? Is the model consistent with recently-announced federal Medicaid changes? If not, how should it be changed?

110. What are the financial implications of any proposed changes to the PRTF and TRCCF programs (including any proposed changes to county match rates)?
111. Does the Department seek to have the Joint Budget Committee sponsor related legislation in 2008?

4:30 -4:45 OFFICE OF OPERATIONS

Decision Item #1B (New forensics unit)

112. When will this facility be opened, based on progress to-date? How far before the opening date do Office of Operations staff need to be hired, and why?

Decision Item #12

113. Is there statutory authority to receive and expend revenue related to facility leases on the Pueblo campus? Does this need to be fixed?

Footnote 52

114. What trends has the Department seen in the indirect cost collection area in the last five years?

4:45 - 4:50 COLORADO COMMISSION FOR THE DEAF AND HARD OF HEARING

115. Is statutory change required to ensure that General Fund and Disabled Telephone Users Fund appropriations to the Commission may be made without pass-through to the Commission Cash Fund? Explain the problem and possible solutions.

4:50 -5:00 STATE AND VETERANS NURSING HOMES

116. Provide an update on the nursing homes. Briefly review quality of care and fiscal issues, and your request for capital construction funds.