

**FY 2007-08 BUDGET HEARING
DEPARTMENT OF HUMAN SERVICES
Services for People with Disabilities, Child Care, Office of Operations**

**Friday, December 15, 2006
9:00 a.m - 12:00 noon**

9:00 - 9:15 INTRODUCTIONS AND OPENING COMMENTS/ALL AREAS

Staff Issue: Developmental Disability Services, Child Care, and Office of Operations
Performance Measures

1. How do your performance measures influence department activities and budgeting?
2. To what extent do the performance outcomes reflect appropriation levels?
3. To what extent do you believe that appropriation levels in your budget could or should be tied to specific performance measure outcomes?
4. As a department director, how do you judge your department's performance? What key measures and targets do you use?
5. With respect to individuals missing from the regional centers, are people going missing as result of under staffing? What have been the trends over the last ten years for both staffing and number of people going missing from the regional centers?

Implementing Legislation Concerning Illegal Immigration: H.B. 06S-1023 and H.B. 06S-1009

6. Provide a list of programs in your department (division covered in this hearing) that are subject to the provisions of the two bills.
7. How has your department implemented the provisions of the two bills? What problems have been encountered in implementing them?
8. Provide an estimate of the costs your department will incur in FY 2006-07 to implement the bills. Are any additional costs anticipated in FY 2007-08? If so, please elaborate.
9. Provide a summary of anticipated savings in FY 2006-07 in your department as a result of not providing services to individuals who are in the country illegally. Are any additional savings anticipated in FY 2007-08? If so, please elaborate.

9:15 - 10:05 SERVICES FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

Joint Hearing with Department of Health Care Policy and Financing

Staff Issue: Coordination between the Departments of Human Services and Health Care Policy and Financing

10. How can coordination between the two departments be improved? Specifically, what do you see as the advantages/disadvantages of : (1) a “super-cabinet” position to which both department-heads would report; (2) use of a high level member of the administration—e.g., the Lieutenant Governor—to play this role; and/or (3) other structural mechanisms for surfacing and resolving inter-departmental disputes.

Staff Issue: Overview of Developmental Disability Request/Decision Item #3

11. Discuss the basis for the proposed HCPF rule change only authorizing ICF/MR Class IV facilities over 30 beds. What’s the status of the rule?
12. Is there any guarantee that, if we either move in the direction of six or eight bed ICF/MR facilities—or prohibit them—CMS will not change its mind a few years down the road regarding what is permissible?
13. Do other states have a Medicaid medical director that is a doctor? Does Colorado have a Medicaid medical director?

Staff Issue: Changes to Developmental Disability Home- and Community-based Medicaid Waiver Programs to Comply with Federal Requirements

14. Provide an overall update on your efforts to comply with federal Centers for Medicare and Medicaid Services (CMS) demands and the programmatic and fiscal implications of the changes underway.
15. Discuss the status of hold harmless funding. With respect to the interim rate structure, what is the Department of Human Services' analysis of how providers are going to be impacted? What size increases/decreases will providers be asked to withstand in the contracts? What is the level of hold harmless that is being provided? When will the hold harmless funds provided through the June 2006 emergency supplemental be distributed? Will they be fully used? When does hold harmless expire? Will an additional supplemental will be requested?
16. Why haven’t the two departments promptly pursued changes to the waiver caps for all three developmental disability waiver programs?
17. Can the departments ask for enough slots to account for anticipated growth over the next few years?

18. What is the down-side of asking federal authorities for too many slots under the cap? Can we get sued if we have slots under the cap that are not filled?
19. Does the developmental disability waiver program have a *state* statutory limit on the number of slots/resources that can be provided?
20. Provide an estimate of the total reduction in individuals served between FY 2005-06 and FY 2006-07 as a result of eliminating over service.
21. Discuss the status of the 30 new Children's Extensive Support resources added effective July 2006. Funding for the first six months was 100 percent General Fund and for the second six months assumed access to federal Medicaid match. Have these children been added to the program? Given that the departments have not yet applied for an increase in the federal cap for the CES waiver program, how does the Department of Human Services propose to continue to serve children through the end of FY 2006-07? Does the Department intend to try to access Medicaid match through over service? If so, why are you concerned about over service in the adult supported living and comprehensive program but not in the Children's Extensive Support program?
22. Have we left dollars on the table that we normally could have collected federal match on? What is the total amount of FY 2006-07 federal match that we expect to give up due to waiver caps?
23. Can we ask for retroactive funding of slots that we've General-Funded? Can we ask for retroactive funding of rate increases that we've General-Funded?
24. Specifically with respect to developmental disability programs, do the departments have any suggestions on how to smooth out/maintain a high level of inter-departmental communication?
25. The State's May 2006 Revised Plan of Correction to federal authorities requires the development and implementation of a uniform rate setting methodology by July 1, 2007. Is it possible that the proposed rate setting methodology could have a negative impact on consumers, providers or programs across the state?
26. The community centered boards have proposed a hold harmless associated with the planned uniform long-term rate setting methodology. Does the Department of Human Services feel this is necessary?
27. Do you believe the proposed long-term rate structure should be piloted before implementation, and, if so, when would it be appropriate to explore associated changes to the Plan of Correction with CMS?

28. What statutory changes should be considered during the 2007 legislative session to ensure program changes and current statutes are consistent?
29. Discuss the implications of recently-announced federal audits of community centered boards. What issues do federal authorities appear to be exploring?
30. The largest FY 2006-07 supplemental is likely to be to backfill enhanced Medicaid rates that were previously supported through local CCB dollars. Should General Fund allocations to CCBs be reduced to help offset these costs?
31. For counties that participated in the local match program to enhance services, how do we set up a system that does not penalize them for doing that?
32. Discuss how the Federally-matched Local Program Costs program operated through FY 2005-06. Did enhanced rates go for enhanced services? Was it more money to the providers for the same services? How would quality of services fit into this?
33. Where do sheltered workshops fall in this whole arena? Does anything change in how these services are provided associated with Medicaid waiver changes?

10:05 - 10:45 SERVICES FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

Department of Human Services only

Decision Item NP #1 (Community Provider Cost of Living Increase)

34. Provide an update on the status of the 3.25 percent community provider rate increase that was provided last year. What increase have developmental disability providers received for FY 2006-07 thus far?

Footnote #65 - Community Contract and Management System

35. Please clarify whether you expect to require additional appropriations related to further changes to the Community Contract and Management System and/or its ongoing maintenance.

Footnote #67 and Footnote #70

36. In the past, JBC staff has recommended combining the two major developmental disability community programs line items but also breaking them out to show major programs funded, as is done with the Medicaid Premiums line item. In the FY 2007-08 budget request, the Department of Human Services did not provide the detail requested in the footnote. Further, due to changes in developmental disability waiver systems, management of the line items will differ significantly from the past (when, in return for flexibility, the Department and community centered boards managed all costs within fixed appropriations). In light of these factors, should staff's earlier proposal to provide additional detail in the Long Bill be reconsidered?

Staff Issue: Overview of Developmental Disability Request/Decision Item #3

37. At present, the Department is not even able to fill the large number of additional resources and higher rates approved by the General Assembly for FY 2006-07 due to the limits imposed by federal Medicaid waiver caps. Will the Department be able to ensure that the new request for FY 2007-08, if approved by the General Assembly, will fit under federal waiver caps in time for the new resources and funding to be accessed?
38. What is the rationale for pursuing ordinary “waiting list” resources, given acute demands for emergency placements and for those on the waiting list at “high risk” of emergency placement? Particularly given that the majority of new resources (90 comprehensive/60 supported living) that were intended for the “high risk” populations are apparently being redirected to address emergency situations, shouldn’t an effort be made to target this group with new funding?
39. Does the Department expect to provide revised cost per resource figures prior to FY 2007-08 figure setting, based on the work of its rate setting contractor, given that requested rates are identified as “placeholders”?
40. The number of children in Children’s Extensive Support services at the end of June 2006 (341) was still lower than the 365 resources funded, and the General Assembly added an additional 30 resources for a full year in FY 2006-07. In light of this, please explain projections for need in this program for FY 2007-08.

Staff Issue: The Regional Centers for Persons with Developmental Disabilities: Decision Item #1 and Other Budget Issues

41. Can the Department provide an overall severity profile for all persons currently in the regional centers? What proportion of individuals currently in the regional centers are not consistent with targeted populations? How has this changed since the new admissions criteria were implemented?
42. How does the Department envision the types of individuals served at the regional centers changing over time? For example, are you experiencing or do you foresee an increase in demand for skilled nursing or ICF/MR placements as opposed to HCBS group homes? Are you experiencing or do you foresee changes in the proportion of beds allocated for the various service categories (sexual offenses, behavioral, medical)? Would such changes affect your staffing requirements?
43. What are the options for addressing physician services at the regional centers over the long term so that 100 percent General Fund is not required?
44. Based on initial Supports Intensity Scale samples of regional center clients and contractor efforts to develop the new state rate structure, will you be able to predict if HCBS rates will cover regional center costs prior to figure setting for FY 2007-08?

45. What is the Department's contingency plan if HCBS waiver revenues appear insufficient to cover regional center costs for FY 2007-08? What options will be available to the Department? Would it be possible to "restructure" the regional centers to ensure appropriate Medicaid reimbursement? What would this mean?
46. Is the request for additional regional center staff coupled with any program to decrease waiting lists for the regional centers? How big is the waiting list? Please provide a plan that balances the dollars between the existing need and the waiting list in the regional centers.
47. Are there staffing ratio requirements in the regional centers that would limit the ability to provide more beds?
48. Explain how 100 percent General Fund support for physician services at the regional centers works. Are you hiring physicians with 100 percent General Fund to provide all physician services or are you supplementing the Medicaid physician service payments?

Staff Issue: Waiting lists for Developmental Disability Services

49. Please describe the wait list for adult comprehensive services.
50. Do you have a plan for addressing the wait list? If so, what are the implications of the plan?
51. Given statewide funding constraints, should waiting lists identify targeted populations to provide the General Assembly with more achievable funding goals, *e.g.*, the "high risk" population?

Staff Issue: Geographical Equity in Developmental Disability Services

52. Please describe the current state of resource allocation equity within the community centered system.
53. Do you have a plan for addressing equity? If so, what are the implications of the plan?
54. To the extent you expect to bring in a contractor to help develop a plan, describe the time frames and the factors you expect the contractor to examine.

Staff Issue: Early Intervention Services: Child Find Issues, Decision Item #3 and Response to Long Bill Footnote #71

55. If the General Assembly does not add funding for 209 early intervention resources, does the Department really expect that 209 children will be denied services? Also, explain the basis for the 209 figure included in the Department's early intervention funding request in Decision Item #3.

56. Discuss you plans for reviewing the Department's early intervention funding reallocation process to consider issues such as rural transportation costs.
57. Access to local mill levy funds has substantial impacts on a community centered board's ability to serve its local population. Per statute and good public policy, CCB's state funding should not be reduced based on local votes to institute mil levies. However, should the *ability* of a region to adopt an effective mil levy (*i.e.*, some measure of regional wealth) be a part of equity formulas?

10:45-10:55 BREAK

10:55 - 11:05 SERVICES FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

Joint Hearing with Department of Education

Staff Issue: Early Intervention Services: Child Find Issues, Decision Item #3 and Response to Long Bill Footnote #71

58. Do the Departments of Human Services and Education have a coordinated proposal on Child Find legislation? If not, each department is requested to outline its preferred approach to the issue and major factors it believes the General Assembly should consider with respect to this Child Find legislation.
59. Based on data collected in the fall, what are the current estimated costs associated with Child Find activities?

11:05 -11:20 VOCATIONAL REHABILITATION

Decision Item #20

60. Why didn't last year's decision item exhaust Business Enterprise Program reserves?

Numbers Pages

61. Discuss the funding status of the Commission on the Deaf and Hard of Hearing. Are additional Disabled Telephone Users Funds required to sustain the Commission in FY 2007-08? If so, do you expect to submit a related budget amendment?

Footnote 64

62. Discuss the status of your review of supported employment provider reimbursement rates, particularly for services for people with higher needs such as those with developmental disabilities. Do you believe increases are warranted?

Footnote 72/Decision Item #21

63. Please address the inconsistencies between the "spend down" plan outlined in the footnote report and Decision Item #21 and the budget request.

64. Could some or all of the CFE deferred revenue (\$1.7 million) be used as a one-time substitute for General Fund amounts in the Division's base? Why or why not?
65. Please discuss your General Fund and Local Funds line item spending to-date in FY 2006-07 and plans for FY 2006-07 and FY 2007-08, in light of the large increases provided by the Committee in FY 2006-07 and the associated rapid expansion of DVR programs. Are the FY 2005-06 roll-forward and FY 2006-07 appropriation now on-target to be fully expended in FY 2006-07?

Footnote 73

66. Summarize initial accountability reports received from the Independent Living Centers, and provide an overall assessment of the impact of the \$1.0 million per year in additional General Fund added to the ILC's budget in FY 2006-07.

11:20 -11:40 DIVISION OF CHILD CARE

Staff Issue: Child Care Funding

67. How do you propose to address the funding imbalance between federal child care block grant receipts and appropriation levels? Should the Committee consider NOT funding a federal Child Care Assistance Program (CCAP) community provider cost of living this year, in light of last year's large CCAP increases and the imbalance problem? Should a further reduction in the "earmarks" spending (quality activities) be considered?
68. Can you give a better estimate of the impact of SB 06-45, based on expenditures to-date? Do you see associated reductions in CCAP expenditures assisting with the current imbalance between federal child care block grant receipts and appropriations? Do you see a long-term reduction or only a short-term reduction?
69. CBMS was intended to provide "one stop shopping" for benefits programs. Shouldn't child care be part of this? Last year, the Department indicated that it could not consider integrating the Child Care Automated Tracking System (CHATS) into CBMS before August 2006. Has it now considered this? Does it recommend this? Why or why not?
70. Can the billing/point-of-sale technology be added onto the existing CHATS system without a full system rebuild? What would be the cost and implications?
71. Why shouldn't Colorado buy an information technology system from another state where such a system is functioning well? Why would we reinvent the wheel?
72. Are there business processes, programs or policies that should be changed before a new child care assistance program information technology system is built? Are there changes of this type that might make the new system less expensive to build? Would any of them require statutory changes?

73. Can development appropriations for the new CHATS system be phased in over two years rather than one year? Would there be any benefit to this?
74. What is the reason for the drop in county TANF-transfer moneys for child care subsidies? Are the moneys being used for some other purpose? What are the implications of the reductions? Do you see this as a temporary or ongoing situation?
75. Do you believe some additional statewide standardization of the CCAP program would be beneficial? Would you support associated statutory changes?
76. What are your plans for considering the licensing program staffing increases recommended by the child care licensing work group? What are your time frames?

11:40 -11:50 OFFICE OF OPERATIONS

Decision Item #4

77. Discuss the need for decision item #4.
78. Should some of the proposal be shifted to the capital budget? To the budget for the regional centers?
79. Why wouldn't all of the controlled maintenance costs associated with this decision item be addressed in the capital budget?
80. Does it make sense to spend moneys on repairs given the age and condition of the buildings in question? Are the buildings able to be repaired? Does the Department require capital for new buildings?

Footnote 45

81. Clarify what the amounts copied on pages 58-60 of the staff briefing document represent.
82. The footnote requests that the Department provide a comparison between FY 2005-06 amounts *budgeted* for indirect costs and amounts actually collected and applied. Please provide this information, which was not included in the report.
83. Indirect amounts collected and amounts applied in the cash and cash funds exempt categories do not appear to match. Please provide a reconciliation.

11:50 -12:00 STATE AND VETERANS NURSING HOMES

Footnote 45

84. Indirect cost collections from the state and veterans nursing homes could clearly be increased by over \$500,000, reducing the need for General Fund. Does the Department support this? Why or why not?

Footnote 75

85. Should the budget for the Domiciliary and the Nursing Homes be restructured? Specifically, should the appropriation for Homelake Domiciliary be incorporated into the single line item for the State and Veterans Nursing Homes, with General Fund allocated through a single line item entitled "Homelake Domiciliary State Support"?

Footnote 77

86. If the nursing homes have sufficient disposable income (i.e., profit) available to cover the costs associated with a new Office of State and Veterans Nursing Homes director, why cannot such revenue be used to cover needed consulting services in lieu of the General Fund?
87. Is FTE authorization required to add a new administrator for the proposed new Office of State and Veterans Nursing Homes?