

This file includes the following documents:

- 1) FY 2006-07 and FY 2005-06 Department of Human Services Supplementals, Services for People with Disabilities, Office of Operations, Child Care, January 24, 2007
- 2) FY 2006-07 Supplemental (Received 1/24/07), Department of Human Services, Child Care, January 24, 2007 (with replacement pages correcting tables approved January 26, 2007)
- 3) Staff Supplemental Comebacks - Department of Human Services, January 26, 2006

COLORADO GENERAL ASSEMBLY

JOINT BUDGET COMMITTEE



**FY 2006-07 and FY 2005-06 SUPPLEMENTALS:
DEPARTMENT OF HUMAN SERVICES
Services for People with Disabilities, Office of Operations,
Child Care**

**PRIORITIZED AND NON-PRIORITIZED
REQUESTS**

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

Prepared By:

Amanda Bickel, JBC Staff

January 24, 2007

For Further Information Contact:

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

DEPARTMENT OF HUMAN SERVICES
Office of Operations, Child Care, Developmental Disability Services
FY 2005-06 and FY 2006-07 SUPPLEMENTAL RECOMMENDATION
JBC WORKING DOCUMENT - SUBJECT TO CHANGE

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DEPARTMENT OF HUMAN SERVICES
Office of Operations, Child Care, Developmental Disability Services
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	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation

DEPARTMENT OF HUMAN SERVICES
Office of Operations, Child Care, Services for People with Disabilities
Executive Director - Karen Beye

Previously Approved 1331 Supplemental 1-A - General Fund for Physician Services at the Regional Centers

(9) SERVICES FOR PEOPLE WITH DISABILITIES

(A) Developmental Disability Services

(2) Regional Centers

Personal Services	39,974,016	40,088,854	237,870	237,870	<u>40,326,724</u>
FTE	<u>871.4</u>	<u>887.4</u>	<u>0.0</u>	<u>0.0</u>	<u>887.4</u>
General Fund	0	0	237,870	237,870	237,870
Cash Funds	2,593,627	2,608,448	0	0	2,608,448
Cash Funds Exempt	37,380,389	37,480,406	0	0	37,480,406
Federal Funds	0	0	0	0	0
<i>Medicaid Cash Funds</i>	<i>37,380,389</i>	<i>37,480,406</i>	<i>0</i>	<i>0</i>	<i>37,480,406</i>
Operating Expenses	<u>2,172,138</u>	<u>2,198,203</u>	<u>6,590</u>	<u>6,590</u>	<u>2,204,793</u>
General Fund	0	0	6,590	6,590	6,590
Cash Funds	366	0	0	0	0
Cash Funds Exempt - Medicaid	2,171,772	2,198,203	0	0	2,198,203
Federal Funds	0	0	0	0	0
<i>Medicaid Cash Funds</i>	<i>2,171,772</i>	<i>2,198,203</i>	<i>0</i>	<i>0</i>	<i>2,198,203</i>

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Total for Supplemental #1-A	42,146,154	42,287,057	244,460	244,460	42,531,517
FTE	<u>871.4</u>	<u>887.4</u>	<u>0.0</u>	<u>0.0</u>	<u>887.4</u>
General Fund	0	0	244,460	244,460	244,460
Cash Funds	2,593,993	2,608,448	0	0	2,608,448
Cash Funds Exempt	39,552,161	39,678,609	0	0	39,678,609
Federal Funds	0	0	0	0	0
<i>Medicaid Cash Funds</i>	<i>39,552,161</i>	<i>39,678,609</i>	<i>0</i>	<i>0</i>	<i>39,678,609</i>
<i>Net General Fund</i>	<i>19,776,081</i>	<i>19,839,305</i>	<i>244,460</i>	<i>244,460</i>	<i>20,083,765</i>
<hr/>					
Previously Approved 1331 Supplemental 1-B - Interim Funding for Child Find for the Division of Developmental Disabilities					
<i>[REQUEST REVISED FROM PREVIOUSLY APPROVED AMOUNT]</i>					
(9) SERVICES FOR PEOPLE WITH DISABILITIES					
(A) Developmental Disability Services					
(3) Services for Children and Families					
Child Find - General Fund	N.A.	N.A.	1,000,000	1,000,000	1,000,000

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Previously Approved 1331 Supplemental 1-C - DDD Medicaid Waiver Transition Costs and Required Changes to DD Medicaid Waiver Program (Part 1)					
[REQUEST REVISED FROM PREVIOUSLY APPROVED AMOUNT]					
(9) SERVICES FOR PEOPLE WITH DISABILITIES					
(A) Developmental Disability Services					
(1) Community Services					
Adult Program Costs [UNCHANGED]	<u>267,971,683</u>	<u>294,358,936</u>	<u>(3,741,725)</u>	<u>(3,741,725)</u>	<u>290,617,211</u>
General Fund	11,168,268	12,438,159	3,741,725	3,741,725	16,179,884
Cash Funds	0	0			0
Cash Funds Exempt	256,803,415	281,920,777	(7,483,450)	(7,483,450)	274,437,327
Federal Funds	0	0			0
<i>Medicaid Cash Funds</i>	<i>224,815,225</i>	<i>247,952,288</i>	<i>(7,483,450)</i>	<i>(7,483,450)</i>	<i>240,468,838</i>
<i>Medicaid - General Fund portion</i>	<i>112,407,612</i>	<i>123,913,507</i>	<i>(3,741,725)</i>	<i>(3,741,725)</i>	<i>120,171,782</i>
<i>Net General Fund</i>	<i>123,575,880</i>	<i>136,351,666</i>	<i>0</i>	<i>0</i>	<i>136,351,666</i>
Medicaid Waiver Transition Costs [REVISED]	N.A	N.A	<u>1,434,635</u>	<u>1,440,468</u>	<u>1,440,468</u>
General Fund			1,012,870	788,703	788,703
Cash Funds			0	0	0
Cash Funds Exempt			421,765	651,765	651,765
Federal Funds			0	0	0
<i>Medicaid Cash Funds</i>			<i>421,765</i>	<i>651,765</i>	<i>651,765</i>
<i>Medicaid - General Fund portion</i>			<i>210,883</i>	<i>325,883</i>	<i>325,883</i>
<i>Net General Fund</i>			<i>1,223,753</i>	<i>1,114,586</i>	<i>1,114,586</i>

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
(2) Regional Centers					
Personal Services [REVISED]	39,974,016	40,088,854	37,938	0	40,088,854
FTE	<u>871.4</u>	<u>887.4</u>	<u>0.0</u>	<u>0.0</u>	<u>887.4</u>
General Fund	0	0	37,938	0	0
Cash Funds	2,593,627	2,608,448	0	0	2,608,448
Cash Funds Exempt	37,380,389	37,480,406	0	0	37,480,406
Federal Funds	0	0	0	0	0
<i>Medicaid Cash Funds</i>	<i>37,380,389</i>	<i>37,480,406</i>	0	0	37,480,406
<i>Net General Fund</i>	<i>18,690,195</i>	<i>18,740,203</i>	<i>37,938</i>	<i>0</i>	<i>18,740,203</i>
Total for Supplemental #1-C	<u>307,945,699</u>	<u>334,447,790</u>	<u>(2,269,152)</u>	<u>(2,301,257)</u>	<u>332,146,533</u>
General Fund	11,168,268	12,438,159	4,792,533	4,530,428	16,968,587
Cash Funds	2,593,627	2,608,448	0	0	2,608,448
Cash Funds Exempt	294,183,804	319,401,183	(7,061,685)	(6,831,685)	312,569,498
Federal Funds	0	0	0	0	0
<i>Medicaid Cash Funds</i>	<i>262,195,614</i>	<i>285,432,694</i>	<i>(7,061,685)</i>	<i>(6,831,685)</i>	<i>278,601,009</i>
<i>Net General Fund</i>	<i>142,266,075</i>	<i>155,091,869</i>	<i>1,261,691</i>	<i>1,114,586</i>	<i>156,206,455</i>
NOTE: INCLUDES ASSOCIATED ADJUSTMENT IN HCPF (see attached spreadsheet)					

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Previously Approved 1331 Supplemental 1-E - Implementing Part C and Achieving Equity in Early Intervention Services					
(9) SERVICES FOR PEOPLE WITH DISABILITIES					
(A) Developmental Disability Services					
(3) Services for Children and Families					
Program Funding	<u>19,213,999</u>	<u>24,848,720</u>	<u>182,242</u>	<u>182,242</u>	25,030,962
General Fund	13,654,700	16,699,924	182,242	182,242	16,882,166
Cash Funds	0	0	0	0	0
Cash Funds Exempt	5,559,299	8,148,796	0	0	8,148,796
Federal Funds	0	0	0	0	0
<i>Medicaid Cash Funds</i>	<i>4,552,042</i>	<i>6,913,658</i>	<i>0</i>	<i>0</i>	<i>6,913,658</i>
<i>Medicaid - General Fund portion</i>	<i>2,276,021</i>	<i>2,971,054</i>	<i>0</i>	<i>0</i>	<i>2,971,054</i>
<i>Net General Fund</i>	<i>15,930,721</i>	<i>19,670,978</i>	<i>182,242</i>	<i>182,242</i>	<i>19,853,220</i>
Previously Approved 1331 Supplemental 1-I - CMS and HCPF Required Changes to DD Medicaid Waiver Program (Part 2)					
(9) Services for People with Disabilities					
(A) Developmental Disability Services					
(1) Community Services					
Adult Program Costs	<u>267,971,683</u>	<u>294,358,936</u>	<u>(1,902,791)</u>	<u>(1,902,791)</u>	<u>292,456,145</u>
General Fund	11,168,268	12,438,159	1,902,792	1,902,792	14,340,951
Cash Funds	0	0	0	0	0
Cash Funds Exempt	256,803,415	281,920,777	(3,805,583)	(3,805,583)	278,115,194
Federal Funds	0	0	0	0	0
<i>Medicaid Cash Funds</i>	<i>224,815,225</i>	<i>247,952,288</i>	<i>(3,805,583)</i>	<i>(3,805,583)</i>	<i>244,146,705</i>
<i>Medicaid - General Fund portion</i>	<i>112,407,612</i>	<i>123,913,507</i>	<i>(1,902,792)</i>	<i>(1,902,792)</i>	<i>122,010,715</i>
<i>Net General Fund*</i>	<i>123,575,880</i>	<i>136,351,666</i>	<i>0</i>	<i>0</i>	<i>136,351,666</i>

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation

NOTE: INCLUDES ASSOCIATED ADJUSTMENT IN HCPF (see attached spreadsheet)

Supplemental #2 - General Fund Backfill for Local Funds Previously Used to Support DD Medicaid Waiver Program Services

(9) SERVICES FOR PEOPLE WITH DISABILITIES

(A) Developmental Disability Services

(1) Community Services

Adult Program Costs	<u>267,971,683</u>	<u>294,358,936</u>	<u>15,215,890</u>	<u>15,215,890</u>	<u>309,574,826</u>
General Fund	11,168,268	12,438,159	0	0	12,438,159
Cash Funds	0	0	0	0	0
Cash Funds Exempt	256,803,415	281,920,777	15,215,890	15,215,890	297,136,667
Federal Funds	0	0	0	0	0
<i>Medicaid Cash Funds</i>	<i>224,815,225</i>	<i>247,952,288</i>	<i>15,215,890</i>	<i>15,215,890</i>	<i>263,168,178</i>
<i>Medicaid - General Fund portion</i>	<i>112,407,612</i>	<i>123,913,507</i>	<i>7,607,945</i>	<i>7,607,945</i>	<i>131,521,452</i>
<i>Net General Fund</i>	<i>123,575,880</i>	<i>136,351,666</i>	<i>7,607,945</i>	<i>7,607,945</i>	<i>143,959,611</i>
Federally-matched Local Program Costs	<u>24,281,838</u>	<u>24,281,838</u>	<u>(15,215,890)</u>	<u>(11,957,531)</u>	<u>12,324,307</u>
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Cash Funds Exempt	24,281,838	24,281,838	(15,215,890)	(11,957,531)	12,324,307
Federal Funds	0	0	0	0	0
<i>Medicaid Cash Funds (\$0 NGF)</i>	<i>24,281,838</i>	<i>24,281,838</i>	<i>(15,215,890)</i>	<i>(11,957,531)</i>	<i>12,324,307</i>

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Total for Supplemental #2	<u>292,253,521</u>	<u>318,640,774</u>	0	<u>3,258,359</u>	<u>321,899,133</u>
General Fund	11,168,268	12,438,159	0	0	12,438,159
Cash Funds	0	0	0	0	0
Cash Funds Exempt	281,085,253	306,202,615	0	3,258,359	309,460,974
Federal Funds	0	0	0	0	0
<i>Medicaid Cash Funds</i>	<i>224,815,225</i>	<i>247,952,288</i>	<i>0</i>	<i>3,258,359</i>	<i>263,168,178</i>
<i>Net General Fund</i>	<i>123,575,880</i>	<i>136,351,666</i>	<i>7,607,945</i>	<i>7,607,945</i>	<i>143,959,611</i>
NOTE: INCLUDES ASSOCIATED ADJUSTMENT IN HCPF (see attached spreadsheet)					

Supplemental #4 - Statutorily Required DD non-Medicaid Case Management Functions

(9) SERVICES FOR PEOPLE WITH DISABILITIES

(A) Developmental Disability Services

(1) Community Services

Adult Program Costs	<u>267,971,683</u>	<u>294,358,936</u>	<u>823,283</u>	<u>581,527</u>	<u>294,940,463</u>
General Fund	11,168,268	12,438,159	823,283	581,527	13,019,686
Cash Funds	0	0	0	0	0
Cash Funds Exempt	256,803,415	281,920,777	0	0	281,920,777
Federal Funds	0	0	0	0	0
<i>Medicaid Cash Funds</i>	<i>224,815,225</i>	<i>247,952,288</i>	<i>0</i>	<i>0</i>	<i>247,952,288</i>
<i>Medicaid - General Fund portion</i>	<i>112,407,612</i>	<i>123,913,507</i>	<i>0</i>	<i>0</i>	<i>123,913,507</i>
<i>Net General Fund</i>	<i>123,575,880</i>	<i>136,351,666</i>	<i>823,283</i>	<i>581,527</i>	<i>136,933,193</i>

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Supplemental #12 - Migrant and Seasonal Farm Workers Grant Match					
(9) SERVICES FOR PEOPLE WITH DISABILITIES					
(B) Division of Vocational Rehabilitation					
Rehabilitation Programs - Local Funds Match	20,676,052	22,944,652	200,000	200,000	23,144,652
FTE	<u>11.1</u>	<u>18.0</u>	<u>0.0</u>	<u>0.0</u>	<u>18.0</u>
General Fund	0	0	0	0	0
Cash Funds	48,923	92,432	0	0	92,432
Cash Funds Exempt	4,375,459	4,794,779	20,000	20,000	4,814,779
Federal Funds	16,251,670	18,057,441	180,000	180,000	18,237,441
<i>Medicaid Cash Funds</i>	0	0	0	0	0
Supplemental #20 - Child Care Development Funds and Child Care Assistance Program Adjustments					
(6) DIVISION OF CHILD CARE					
Child Care Assistance Program	<u>74,927,197</u>	<u>79,871,760</u>	<u>(2,106,666)</u>	<u>(2,347,193)</u>	<u>77,524,567</u>
General Fund	15,021,716	16,376,389	0	0	16,376,389
Cash Funds Exempt (local funds)	9,186,572	9,710,597	0	(240,527)	9,470,070
Federal Funds (CCDF and Title XX)	50,718,909	53,784,774	(2,106,666)	(2,106,666)	51,678,108

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Supplemental #T-2 - Correct Federal Match Rate for PASARR Screening in DD Services					
Adult Program Costs	<u>267,971,683</u>	<u>294,358,936</u>	<u>0</u>	<u>0</u>	<u>294,358,936</u>
General Fund	11,168,268	12,438,159	0	0	12,438,159
Cash Funds	0	0	0	0	0
Cash Funds Exempt	256,803,415	281,920,777	0	0	281,920,777
Federal Funds	0	0	0	0	0
<i>Medicaid Cash Funds</i>	<i>224,815,225</i>	<i>247,952,288</i>	<i>0</i>	<i>0</i>	<i>247,952,288</i>
<i>Medicaid - General Fund portion</i>	<i>112,407,612</i>	<i>123,913,507</i>	<i>(386)</i>	<i>0</i>	<i>123,913,507</i>
<i>Net General Fund</i>	<i>123,575,880</i>	<i>136,351,666</i>	<i>(386)</i>	<i>0</i>	<i>136,351,666</i>
NOTE: INCLUDES ASSOCIATED ADJUSTMENT IN HCPF (see attached spreadsheet)					
Totals Excluding Pending Items					
DEPARTMENT OF HUMAN SERVICES					
Office of Operations, Child Care, Services for People with Disabilities ONLY					
TOTALS - ALL line items in these divisions	564,747,173	624,512,955	(3,828,624)	(1,084,653)	623,428,302
FTE	<u>2,220.8</u>	<u>2,408.1</u>	<u>0.0</u>	<u>0.0</u>	<u>2,408.1</u>
General Fund	65,935,317	75,086,858	8,945,310	8,441,449	83,528,307
Cash Funds	5,100,039	5,120,675	0	0	5,120,675
Cash Funds Exempt	387,181,654	418,765,597	(10,847,268)	(7,599,436)	411,166,161
Federal Funds	106,530,163	125,539,825	(1,926,666)	(1,926,666)	123,613,159
<i>Medicaid Cash Funds</i>	<i>301,422,589</i>	<i>328,137,280</i>	<i>(10,867,268)</i>	<i>(7,378,909)</i>	<i>320,758,371</i>
<i>Net General Fund</i>	<i>205,385,595</i>	<i>225,723,171</i>	<i>11,119,235</i>	<i>10,730,760</i>	<i>236,453,931</i>

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Statewide Supplementals -Office of Operations (see narrative for more detail)	<u>N.A.</u>	<u>N.A.</u>	(46,109)	Pending	<u>N.A.</u>
General Fund			(42,571)		
Cash Funds			(324)		
Cash Funds Exempt			(48,177)		
Federal Funds			44,963		
Medicaid Cash Funds			(43,993)		
Net General Fund			(64,568)		
NOTE: INCLUDES ASSOCIATED ADJUSTMENT IN HCPF					

Totals Including Pending Items					
DEPARTMENT OF HUMAN SERVICES					
Office of Operations, Child Care, Services for People with Disabilities ONLY					
TOTALS - ALL line items in these divisions	564,747,173	624,512,955	(3,874,733)	(1,084,653)	623,428,302
FTE	<u>2,220.8</u>	<u>2,408.1</u>	<u>0.0</u>	<u>0.0</u>	<u>2,408.1</u>
General Fund	65,935,317	75,086,858	8,902,739	8,441,449	83,528,307
Cash Funds	5,100,039	5,120,675	(324)	0	5,120,675
Cash Funds Exempt	387,181,654	418,765,597	(10,895,445)	(7,599,436)	411,166,161
Federal Funds	106,530,163	125,539,825	(1,881,703)	(1,926,666)	123,613,159
Medicaid Cash Funds	301,422,589	328,137,280	(10,911,261)	(7,378,909)	320,758,371
Net General Fund	205,385,595	225,723,171	11,054,667	10,730,760	236,453,931

Key:

"N.A." = Not Applicable

"Net General Fund" = Sum of General Fund appropriated to the Department of Human Services and the General Fund portion of Medicaid Cash Funds appropriated to the Department of Health Care Policy and Financing.

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2006-07 Adjustments Associated with
Human Services Supplementals Above

DHS Previously Approved 1331 Supplemental 1-C - DDD Medicaid Waiver Transition Costs and Required Changes to DD Medicaid Waiver Program (Part 1)/ HCPF NP-S12

Department of Human Services Medicaid-Funded Programs

(G) Services for People with Developmental Disabilities - Medicaid Funding

Community Services Adult Program Costs and

CCMS Replacement - Medicaid Funding	<u>225,053,262</u>	<u>248,194,905</u>	<u>(7,483,450)</u>	<u>(7,483,450)</u>	<u>240,711,455</u>
General Fund	112,498,540	124,034,816	(3,741,725)	(3,741,725)	120,293,091
Cash Funds	0	0	0	0	0
Cash Funds Exempt	18,705	32,364	0	0	32,364
Federal Funds	112,536,017	124,127,725	(3,741,725)	(3,741,725)	120,386,000

Medicaid Waiver Transition Costs - Medicaid

Funding [new line item]	N/A	N/A	<u>421,765</u>	<u>651,765</u>	651,765
General Fund			210,883	325,883	325,883
Cash Funds			0	0	0
Cash Funds Exempt			0	0	0
Federal Funds			210,882	325,882	325,882

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Total HCPF portion, Previously Approved					
DHS Supplemental 1-C/ HCPF NP-S12	<u>225,053,262</u>	<u>248,194,905</u>	<u>(7,061,685)</u>	<u>(6,831,685)</u>	241,363,220
General Fund	112,498,540	124,034,816	(3,530,842)	(3,415,842)	120,618,974
Cash Funds	0	0	0	0	0
Cash Funds Exempt	18,705	32,364	0	0	32,364
Federal Funds	112,536,017	124,127,725	(3,530,843)	(3,415,843)	120,711,882
<hr/>					
DHS Previously Approved 1331 Supplemental 1-I - CMS and HCPF Required Changes to DD Medicaid Waiver Program (Part 2)					
Department of Human Services Medicaid-Funded Programs					
(G) Services for People with Developmental Disabilities - Medicaid Funding					
Community Services Adult Program Costs and					
CCMS Replacement - Medicaid Funding	<u>225,053,262</u>	<u>248,194,905</u>	<u>(3,805,584)</u>	<u>(3,805,584)</u>	<u>244,389,321</u>
General Fund	112,498,540	124,034,816	(1,902,792)	(1,902,792)	122,132,024
Cash Funds	0	0	0	0	0
Cash Funds Exempt	18,705	32,364	0	0	32,364
Federal Funds	112,536,017	124,127,725	(1,902,792)	(1,902,792)	122,224,933

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
DHS Supplemental #2 - General Fund Backfill for Local Funds Previously Used to Support DD Medicaid Waiver Program Services/HCPF NP-S9					
(G) Services for People with Developmental Disabilities - Medicaid Funding					
Community Services Adult Program Costs and					
CCMS Replacement - Medicaid Funding	<u>225,053,262</u>	<u>248,194,905</u>	<u>15,215,890</u>	<u>15,215,890</u>	<u>263,410,795</u>
General Fund	112,498,540	124,034,816	7,607,945	7,607,945	131,642,761
Cash Funds	0	0	0	0	0
Cash Funds Exempt	18,705	32,364	0	0	32,364
Federal Funds	112,536,017	124,127,725	7,607,945	7,607,945	131,735,670
Federally-matched Local Program Costs	<u>24,281,838</u>	<u>24,281,838</u>	<u>(15,215,890)</u>	<u>(11,957,531)</u>	<u>12,324,307</u>
General Fund	0	0	0		0
Cash Funds	0	0	0		0
Cash Funds Exempt	12,140,919	12,140,919	(7,607,945)	(5,978,766)	6,162,153
Federal Funds	12,140,919	12,140,919	(7,607,945)	(5,978,765)	6,162,154
Total HCPF portion, DHS Supplemental #2/ HCPF NP-S9	<u>249,335,100</u>	<u>272,476,743</u>	<u>0</u>	<u>3,258,359</u>	<u>275,735,102</u>
General Fund	112,498,540	124,034,816	7,607,945	7,607,945	131,642,761
Cash Funds	0	0	0	0	0
Cash Funds Exempt	12,159,624	12,173,283	(7,607,945)	(5,978,766)	6,194,517
Federal Funds	124,676,936	136,268,644	0	1,629,180	137,897,824

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
DHS Supplemental #T-2 - Correct Federal Match Rate for PASARR Screening in DD Services/ HCPF NP-S14					
(G) Services for People with Developmental Disabilities - Medicaid Funding					
Community Services Adult Program Costs and					
CCMS Replacement - Medicaid Funding	<u>225,053,262</u>	<u>248,194,905</u>	<u>0</u>	<u>0</u>	<u>248,194,905</u>
General Fund	112,498,540	124,034,816	(386)	0	124,034,816
Cash Funds	0	0	0	0	0
Cash Funds Exempt	18,705	32,364	0	0	32,364
Federal Funds	112,536,017	124,127,725	386	0	124,127,725
Totals Excluding Pending Items					
DEPARTMENT OF HEALTH CARE POLICY AND FINANCING					
FY 2006-07 Supplementals Associated with DHS					
Services for People with Disabilities ONLY					
TOTALS - ALL line items in these divisions	N.A.	N.A.	<u>(10,867,269)</u>	<u>(7,378,910)</u>	N.A.
FTE					
General Fund			2,173,925	2,289,311	
Cash Funds			0	0	
Cash Funds Exempt			(7,607,945)	(5,978,766)	
Federal Funds			(5,433,249)	(3,689,455)	

Key:

"N.A." = Not Applicable

	FY 2004-05	FY 2005-06	Fiscal Year 2005-06 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation

NOTE: Supplementals Below are to the FY 2005-06 Appropriation

DEPARTMENT OF HUMAN SERVICES
Office of Operations, Child Care, Services for People with Disabilities
Executive Director - Karen Beye

Previously Approved 1331 Supplemental - Implementing Part C and Achieving Equity in Early Intervention Services

(9) SERVICES FOR PEOPLE WITH DISABILITIES

(A) Developmental Disability Services

(3) Services for Children and Families

Program Funding	<u>14,114,638</u>	<u>20,415,726</u>	<u>(1,432,242)</u>	<u>(1,432,242)</u>	<u>18,983,484</u>
General Fund	9,943,904	13,942,550	(182,242)	(182,242)	13,760,308
Cash Funds		0	0	0	0
Cash Funds Exempt	4,170,734	6,473,176	(1,250,000)	(1,250,000)	5,223,176
Federal Funds		0			0
Medicaid Cash Funds	3,459,500	5,472,157	(1,250,000)	(1,250,000)	4,222,157
Medicaid - General Fund portion	1,729,750	2,461,515	(412,500)	(412,500)	2,049,015
Net General Fund	11,673,654	16,404,065	(594,742)	(594,742)	15,809,323

NOTE: INCLUDES ASSOCIATED ADJUSTMENT IN HCPF AND ADJUSTMENT TO H.B. 05-1262 (Tobacco Tax)

	FY 2004-05	FY 2005-06	Fiscal Year 2005-06 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Previously Approved 1331 Supplemental - DDD Medicaid Waiver Transition Costs					
(9) SERVICES FOR PEOPLE WITH DISABILITIES					
(A) Developmental Disability Services					
(1) Community Services					
Adult Program Costs	<u>257,197,364</u>	<u>268,699,822</u>	<u>(381,292)</u>	<u>(381,292)</u>	<u>268,318,530</u>
General Fund	10,364,215	12,163,614	381,292	381,292	12,544,906
Cash Funds		0	0	0	0
Cash Funds Exempt	246,833,149	256,536,208	(762,584)	(762,584)	255,773,624
Federal Funds		0	0	0	0
<i>Medicaid Cash Funds</i>	<i>216,441,113</i>	<i>224,548,443</i>	<i>(762,584)</i>	<i>(762,584)</i>	<i>223,785,859</i>
<i>Medicaid - General Fund portion</i>	<i>108,220,557</i>	<i>112,243,699</i>	<i>(381,292)</i>	<i>(381,292)</i>	<i>111,862,407</i>
<i>Net General Fund</i>	<i>118,584,772</i>	<i>124,407,313</i>	<i>0</i>	<i>0</i>	<i>124,407,313</i>
NOTE: INCLUDES ASSOCIATED ADJUSTMENT IN HCPF					
Previously Approved 1331 Supplemental - Regional Center Costs Ineligible for Medicaid Reimbursement					
(9) SERVICES FOR PEOPLE WITH DISABILITIES					
(A) Developmental Disability Services					
(2) Regional Centers					
Personal Services	38,717,876	39,275,018	553,399	553,399	39,828,417
FTE	<u>869.7</u>	<u>887.4</u>	<u>0.0</u>	<u>0.0</u>	<u>887.4</u>
General Fund	0	0	553,399	553,399	553,399
Cash Funds	2,580,150	2,681,362	0	0	2,681,362
Cash Funds Exempt	36,137,726	36,593,656	0	0	36,593,656
Federal Funds	0	0	0	0	0
<i>Medicaid Cash Funds</i>	<i>36,137,726</i>	<i>36,593,656</i>	<i>0</i>	<i>0</i>	<i>36,593,656</i>
<i>Net General Fund</i>	<i>18,068,863</i>	<i>18,296,828</i>	<i>553,399</i>	<i>553,399</i>	<i>18,850,227</i>

	FY 2004-05	FY 2005-06	Fiscal Year 2005-06 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
DEPARTMENT OF HUMAN SERVICES					
Office of Operations, Child Care, Services for People with Disabilities ONLY					
TOTALS - ALL line items in these divisions	533,487,355	567,074,635	(1,260,135)	(1,260,135)	565,814,500
FTE	<u>2,155.2</u>	<u>2,361.9</u>	<u>0.0</u>	<u>0.0</u>	<u>2,361.9</u>
General Fund	62,263,062	68,438,145	752,449	752,449	69,190,594
Cash Funds	4,461,667	4,897,307	0	0	4,897,307
Cash Funds Exempt	366,527,631	388,745,161	(2,012,584)	(2,012,584)	386,732,577
Federal Funds	100,234,995	104,994,022	0	0	104,994,022
<i>Medicaid Cash Funds</i>	287,990,920	302,061,309	(2,012,584)	(2,012,584)	300,048,725
<i>Net General Fund</i>	194,444,271	206,279,595	(41,343)	(41,343)	206,238,252

	FY 2004-05	FY 2005-06	Fiscal Year 2005-06 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation

NOTE: Supplementals Below are to the FY 2005-06 Appropriation

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2005-06 Adjustments Associated with
Human Services Supplementals Above

DHS Previously Approved 1331 Supplemental - Implementing Part C and Achieving Equity in Early Intervention Services

Department of Human Services Medicaid-Funded Programs

(G) Services for People with Developmental Disabilities - Medicaid Funding

Services for Children and Families - Medicaid

Funding	<u>3,459,500</u>	<u>5,472,157</u>	<u>(1,250,000)</u>	<u>(1,250,000)</u>	<u>4,222,157</u>
General Fund	1,729,750	2,461,515	(412,500)	(412,500)	2,049,015
Cash Funds					0
Cash Funds Exempt (Health Care Expansion)		274,203	(212,500)	(212,500)	61,703
Federal Funds	1,729,750	2,736,439	(625,000)	(625,000)	2,111,439

NOTE: REFLECTS ADJUSTMENT TO H.B. 05-1262 (Tobacco Tax)

DHS Previously Approved 1331 Supplemental - DDD Medicaid Waiver Transition Costs

Department of Human Services Medicaid-Funded Programs

(G) Services for People with Developmental Disabilities - Medicaid Funding

Community Services Adult Program Costs and

CCMS Replacement - Medicaid Funding	<u>216,441,113</u>	<u>224,645,235</u>	<u>(762,584)</u>	<u>(762,584)</u>	<u>223,882,651</u>
General Fund	108,220,557	112,276,003	(381,292)	(381,292)	111,894,711
Cash Funds	0	0	0	0	0
Cash Funds Exempt (Health Care Expansion)	0	18,774	0	0	18,774
Federal Funds	108,220,556	112,350,458	(381,292)	(381,292)	111,969,166

	FY 2004-05	FY 2005-06	Fiscal Year 2005-06 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Totals Excluding Pending Items					
DEPARTMENT OF HEALTH CARE POLICY AND FINANCING					
FY 2005-06 Supplementals Associated with DHS					
Services for People with Disabilities ONLY					
TOTALS - ALL line items in these divisions	N.A.	N.A.	<u>(2,012,584)</u>	<u>(2,012,584)</u>	N.A.
FTE			<u>0.0</u>	<u>0.0</u>	
General Fund			(793,792)	(793,792)	
Cash Funds			0	0	
Cash Funds Exempt			(212,500)	(212,500)	
Federal Funds			(1,006,292)	(1,006,292)	

Key:

"N.A." = Not Applicable

DEPARTMENT OF HUMAN SERVICES
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FY 2005-06 and FY 2006-07 SUPPLEMENTAL RECOMMENDATION
JBC WORKING DOCUMENT - SUBJECT TO CHANGE

FY 2006-07 Supplemental Adjustments

Supplemental # 1 - Previously Approved 1331 Supplemental #1-A - General Fund for Physician Services at the Regional Centers [No change from originally approved]

	Request	Recommendation
Total	\$244,460	\$244,460
FTE	<u>0.0</u>	<u>0.0</u>
General Fund	244,460	244,460
Cash Funds	0	0
Cash Funds Exempt	0	0
Federal Funds	0	0

Description of Supplemental: In June 2006, the Department of Human Services requested 1.5 FTE and associated General Fund to provide physician services at Wheat Ridge Regional Center in Denver and Grand Junction Regional Center in FY 2006-07 (1.0 FTE Physician II at Wheatridge Regional Center and 0.5 FTE Physician II at Grand Junction Regional Center).

In the past, Regional Centers were able to pay for physician and mental health services through the Medicaid comprehensive Home- and Community-Based (HCBS) waiver for persons with developmental disabilities, but now these services must be accessed through the Medicaid State Plan. Beginning in FY 2004-05, associated costs were carved out of the regional center HCBS budget and moved to the Medicaid State Plan, based on a CMS condition for renewal of the Medicaid HCBS-DD waiver. Federal CMS had indicated that the requirement was based on ensuring freedom of choice for consumers, as well as rules that prohibit waivers from covering services available through the State Plan.

The Regional Centers have been unable to secure physician services for the individuals at the Regional Centers from outside physicians. Despite significant effort on the part of current doctors, as well as other staff, the Regional Centers have been unable to find outside physicians that are willing to accept new Medicaid clients. As a result of the lack of Medicaid providers, the Department requested General Fund and FTE to secure physician services. The Department indicated it would like to explore all options of attaining services, including obtaining General Fund to secure physician services for these clients, moving some of the high needs people into institutional “ICF/MR” services, or possibly returning to the previous model where the costs for medical services were included in waiver rates. However, the only option it could see for FY 2006-07 was to secure direct General Fund support.

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The Committee approved the Department’s June request, with minor adjustments (no FTE were provided, on the grounds that contract staff could be used, and funding for new furniture was eliminated). *The Department’s January request is consistent with the amounts approved by the JBC in June.*

Staff recommends the amounts previously approved be included in the Human Services supplemental appropriations bill. However, staff would also note that the Department included continuation funding for these services in its FY 2007-08 budget request, but did not reflect this as a decision item, even though FY 2006-07 funding was identified as one-time in nature. *This recommendation does NOT include continuation in FY 2007-08.* Such a recommendation is pending: (1) an appropriate decision item from the Department; and (2) a comprehensive analysis from the Departments of Human Services and Health Care Policy and Financing on whether/how such services can be appropriately funded in the future through the Medicaid program.

Staff also notes that various contacts in the Department of Human Services have indicated that the Department has not been able to adequately fill the 0.5 FTE-time position required for the Grand Junction Regional Center because the position has been offered as a contract position, rather than as an FTE position. Staff is not recommending an increase in FTE for the regional centers associated with this problem, because no such increase has been requested. However, *staff would note for the record that staff does not object to the Department using existing FTE-authorization to fill the position as a 0.5 FTE for FY 2006-07—as long as the Department also recognizes that the future of funding for this position is pending the JBC’s FY 2007-08 figure setting decision. The Committee may wish to clarify its position on this FTE issue as part of its vote on the supplemental.*

Previously Approved 1331 Supplemental #1-B - Interim Funding For Child Find for the Division of Developmental Disabilities [Request Revised from Previously Approved Amount]

	June 2006 JBC Action	Additional Jan. Request	January 2007 Total Request	January 2007 Total Recommend
Total	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>
General Fund	500,000	500,000	1,000,000	1,000,000
Cash Funds	0	0	0	0
Cash Funds Exempt	0	0	0	0
Federal Funds	0	0	0	0

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Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	YES
Staff and the Department agreed when the request was submitted in June that this was based on data that was not available when the General Assembly was meeting in regular or special session. Additional changes also reflect new data.	

June 2006 Department Request and JBC Action: In June 2006, the Department of Human Services requested—and the JBC approved—emergency supplemental funding of \$500,000 General Fund to pay for assessments under Child Find for children ages 0, 1, and 2 that the Colorado Department of Education and Local Education Agencies would no longer provide.

“Child Find” is the process by which children with developmental disabilities and delays are identified by the State so that they can receive special assistance. The process includes public awareness activities (through doctors and hospitals, preschools, and schools), initial screening of children identified as having concerns, and in-depth evaluations by multi-disciplinary teams to determine whether children qualify for services and the nature of services needed.

In recent years, Child Find for all children has been provided by school districts. This changed in FY 2006-07, as a result of a Governor’s Executive Order at the end of December 2005. The order made the Division for Developmental Disabilities in the Department of Human Services lead agency for the federal grant authorized under Part C of the Individuals with Disabilities Education Act (IDEA). Previously the Department of Education was the lead agency. The Part C lead agency is responsible for ensuring that Child Find, as well as direct early intervention services, are provided for all children under age 3 in need of such services. Based on the Executive Order, the Governor’s action was focused on the provision of early intervention services. *Disruption of the Child Find process was apparently an unintended consequence of the Governor’s action.*

Previously, the Colorado Department of Education, as the lead agency for Part C, required all school districts to conduct Child Find screening and evaluations for children ages 0-21. However, after the change in lead-agency, the Department of Education sent a memorandum dated April 10, 2006 to all Directors of Special Education of local school districts indicating that they were no longer required to provide Child Find services for children under age 3. The letter stated in part:

“The impending change in CDE’s role from Part C lead agency also changes some of the activities required to maintain a comprehensive child find system. Administrative units will have three options for implementing their responsibilities for child identification under the requirements of IDEA and [the state Exceptional Children’s Act]

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- (1) Continue to implement the current birth to 3 child find activities; or
- (2) Negotiate funding to continue providing birth to 3 child find services through an Interagency Agreement/contract with the local community Centered Board; or
- (3) A third, but less preferred option, is to focus child find activities beginning at age 3..."

As a result of the memorandum, school districts began notifying community centered boards (who were being funded by the Department of Human Services to coordinate and provide early intervention services to the under-3 population) that unless they were paid for the screening and evaluations, they would no longer provide the service. According to the Department of Education, Child Find has been funded with the federal (Part B) state special education and school district revenue sources (i.e., local mill levy dollars).

In response to this situation, the Department of Human Services approached the JBC in June 2006 for \$500,000 interim funding to ensure child find services continued through FY 2006-07. The request noted that, per a memo from the Colorado Department of Education on January 19, 2006, the Department of Education provides for the assessment of approximately 1,500 children per year at a cost of between \$600 and \$800 per child or \$1.2 million per year. The memo identified this as a conservative estimate. The Department of Human Services indicated that the supplemental request would provide interim funding while the Department explored alternatives for permanent funding of the assessments.

Staff initially recommended against the request, on the grounds that the General Assembly had never been consulted about moving the Part C lead agency to the Department of Human Services and that costs could be absorbed in the new federal Part C and General Fund increases provided for FY 2006-07; however, the Committee approved the request on the grounds that to do otherwise could hurt children in need of services. The Committee also sent a letter (attached at the end of this packet) requesting that the Departments of Education and Human Services work together to resolve the situation. The letter noted that the Committee would also consider sponsoring legislation during the 2007 session to clarify child find responsibilities.

January 2007 Supplemental Request: The Department's January 2007 supplemental request is for \$1.0 million for interim Child Find costs—an increase of \$500,000 General Fund over the emergency supplemental approved in June 2006. The Department's request indicates that the basis for this total is the January 19, 2006, estimate from CDE that 1,500 children per year are evaluated at a cost of \$600 to \$800 per child (for total costs of \$900,000 to \$1.2 million).

Staff Recommendation: Staff recommends the request. As described to the Committee by the Departments of Education and Human Services in September and December 2006, the Child Find process appears to have been stabilized on an interim basis, in part as a result of the additional funding provided. Notably, a more recent Department of Education estimate puts Child Find costs at \$2.2 million. Several additional points:

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1. Staff emphasizes that the current funding should be considered *one-time only*. *New legislation should be used to clarify child find responsibilities and funding for FY 2007-08. If desired, such legislation could also implement a statutory and funding modification for the last few months of FY 2006-07, although this might be cumbersome.* Department proposals and staff recommendations related to such legislation are discussed under separate cover.
 2. The Committee should also be aware that providing this funding is likely to create an expectation of an ongoing funding level in FY 2007-08. In the past, school districts absorbed child find costs for children ages 0-3 within their budgets. Since up to \$1.0 million is being provided for FY 2006-07—much of which is being passed on to school districts—this is likely to create an expectation of such funding in FY 2007-08, even if the General Assembly expects to ask school districts to again absorb costs.
 3. *Although FY 2006-07 funding is one-time, this funding will increase the base on which the state’s “maintenance of effort” is calculated by federal authorities. Thus, FY 2007-08 funding for early intervention services as identified to federal authorities will need to be at the same or higher level. Note that, in the past, school district child find costs and community centered board expenditures of local funds for early intervention services were never identified in federal reporting.*
 4. *IF the JBC determines that, due to general concerns with the scope of FY 2006-07 supplementals, these additional costs should be absorbed, it would likely be possible to absorb the additional costs within the Department of Human Services and/or the Department of Education budgets. To require costs be absorbed in the Department of Human Services budget, the Committee would simply approve less than the \$1.0 million requested. To require the Department of Education to absorb costs beyond any already being absorbed by school districts, the line item for Special Education - Children with Disabilities could be reduced to cover any DHS increase. This would proportionately affect all school districts, without regard to the extent to which the school district is already absorbing child costs. Staff does not recommend requiring the departments to absorb the additional costs this at this time, in the interests of keeping the child find system as stable as possible through FY 2006-07.*
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Office of Operations, Child Care, Developmental Disability Services
FY 2005-06 and FY 2006-07 SUPPLEMENTAL RECOMMENDATION
JBC WORKING DOCUMENT - SUBJECT TO CHANGE

Previously Approved 1331 Supplemental #1-C - DDD Medicaid Waiver Transition Costs and Required Changes to DD Medicaid Waiver Program (Part 1) [Request Revised from Previously Approved Amount]

	June 2006 JBC Action	Additional Jan. Request	January 2007 Total Request	January 2007 Total Recommend
Total	(<u>\$3,120,927</u>)	<u>\$851,775</u>	(<u>\$2,269,152</u>)	(<u>\$2,301,257</u>)
General Fund	4,362,523	430,010	4,792,533	4,530,428
Cash Funds	0	0	0	0
Cash Funds Exempt	(7,483,450)	421,765	(7,061,685)	(6,831,685)
Federal Funds	0	0	0	0
<i>Medicaid Cash Funds</i>	(<i>7,483,450</i>)	<i>421,765</i>	(<i>7,061,685</i>)	(<i>6,831,685</i>)
<i>Net General Fund</i>	<i>620,800</i>	<i>640,891</i>	<i>1,261,691</i>	<i>1,114,586</i>

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?	YES
[An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	

Staff and the Department agreed in June 2006 that the request was based on data that was not available when the JBC was meeting in regular or special session. Additional adjustments are based on further new data.

June 2006 Department Request and JBC Action in June and September 2006: In June 2006, the Department requested—and the JBC approved—emergency supplemental action with several components, related to federally-required changes to the Medicaid HCBS developmental disability waiver program.

Background: During FY 2003-04, the federal Centers for Medicare and Medicaid Services (CMS) reviewed Colorado's three home and community based services Medicaid waivers for persons with developmental disabilities. The final report on the Comprehensive (24 hour) Waiver program was issued in April 2004 and a renewal of the Waiver was approved September 24, 2004. The renewal was conditioned on various changes, including the (1) removal of certain program costs from the Waiver program and their transition to the Medicaid State Plan and (2) steps to increase financial oversight and accountability for the program, including steps to "unbundle" services and costs in the comprehensive waiver program. In FY 2004-05, Colorado unbundled the collection of service encounter data and differentiated costs through Community Centered Board (CCB) audits, but the billings were still bundled. In addition, the CCBs continued to negotiate rates as the Organized Health Care Delivery System (OHCDS). CMS has since stated that: billings must be unbundled, all providers must have the choice to bill directly or to use CCBs as the OHCDS, and that there must be a uniform rate setting methodology.

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Changes were implemented August 1, 2006 and other changes will occur throughout FY 2006-07 as identified in the revised plan of correction submitted by HCPF to CMS in May 2006. Changes include: (1) detailed billings that unbundled services; (2) notification of all providers of their option to become Medicaid providers and to bill directly; and (3) a short-term plan for uniform rates. The short-term solution (effective in FY 2006-07) will be based on a survey of the Community Centered Boards for current rates for each individual by service, analyzing this information and setting rates based on current levels/grouping. For the long term (FY 2007-08 and future years), levels of need will be set based on an acuity tool that measures the intensity of service needs that impact costliness of service provision with up to 7 levels for difficulty of care. The rates associated with these difficulty of care levels will be determined through a rate setting consultant. This analysis will also consider whether a geographic modifier to reflect factors that impact the costliness of services in different regions of the State should be part of the rate setting methodology. The State is also examining the role of the Community Centered Boards (CCBs) and determining the most appropriate mechanism for Medicaid reimbursement, including targeted case management (TCM) and payments for Utilization Review and administrative activities associated with quality. Some current CCB roles have been identified as ineligible for Medicaid reimbursement and will require State general funding if they are to continue. An interim rate for case management and CCB functions under Medicaid is being proposed and the longer term rate setting for these functions will also be part of the rate setting consultant's work.

June Committee Action: The table below reflects the actions taken in June. Note that, in addition to the adjustments reflected below, adjustments were approved to the FY 2005-06 budget, that are reviewed under separate cover.

June 2006 JBC Action				
FY 2006-07 Supplemental Adult Program Resources and Rates	Total	General Fund	Medicaid CFE	Net General Fund
Convert 6 mos. of funds for new 90 comprehensive and 60 supported living resources from Medicaid to General Fund (reduces total dollars by 50 percent). - Translated by the Department into Medicaid funding for into 45 comprehensive and 30 supported living General Fund slots for the first six months of FY 2006-07.	(\$1,902,791)	\$1,902,791	(\$3,805,582)	\$0
Convert 6 mos. of funds for 3.25 percent cost of living increase for developmental disability providers from Medicaid into General Fund (reduces total dollars by 50 percent) for distribution in FY 2006-07. To be used for “hold harmless” for providers negatively affected by Medicaid changes.	(1,838,934)	1,838,934	(3,677,868)	0

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FY 2006-07 Supplemental Adult Program Resources and Rates	Total	General Fund	Medicaid CFE	Net General Fund
Subtotal - Resources and Rates (Adjustment in Adult Program Costs line item)	(3,741,725)	3,741,725	(7,483,450)	0
FY 2006-07 Supplemental Administrative and Consultant Assistance Request				
Project Manager	124,800	124,800	0	124,800
Rate consultant	275,000	275,000	0	275,000
Acuity Tool (purchase of SIS)	67,000	67,000	0	67,000
Prior Authorization Process (PAR) - short-term processing	60,000	60,000	0	60,000
Modify existing Community Contract Management System to address CMS/HCPF requirements	94,000	94,000	0	94,000
Subtotal - One-time Administrative Costs (New Medicaid Waiver Transition Costs Line Item)	620,800	620,800	0	620,800

September Committee Action: The Department did not submit additional emergency supplemental requests in September related to Medicaid waiver changes. However, based on testimony from community centered boards and the Office of State Planning and Budgeting, **the Committee wrote a letter to the Department specifying that up to \$500,000 total funds in the Adult Program Costs line item could be used to cover one-time transition costs of community centered boards associated with Medicaid waiver changes.**

January 2007 Department Request: The Department submitted a revised request in January that (1) requests that the June 2006 changes to FY 2006-07 resources and rates be enacted as originally approved; and (2) expands the funding requested for one-time transition costs. The table below summarizes the January 2007 request. *Bolded items are those that are changed from the originally-approved June 2006 supplemental.*

January 2007 Supplemental Request				
FY 2006-07 Supplemental Adult Program Resources and Rates [NO CHANGE]	Total	General Fund	Medicaid CFE	Net General Fund
Convert 6 mos. of funds for new 90 comprehensive and 60 SLS resources from Medicaid to General Fund (reduces total dollars by 50 percent)	(\$1,902,791)	\$1,902,791	(\$3,805,582)	\$0

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FY 2006-07 Supplemental Adult Program Resources and Rates [NO CHANGE]	Total	General Fund	Medicaid CFE	Net General Fund
Convert 6 mos. of funds for 3.25 percent cost of living increase from Medicaid into General Fund (reduces total dollars by 50 percent). To be used for “hold harmless” .	(1,838,934)	1,838,934	(3,677,868)	0
Subtotal - Resources and Rates (Adjustment in Adult Program Costs line item)	(3,741,725)	3,741,725	(7,483,450)	0
FY 2006-07 Supplemental Administrative and Consultant Assistance Request				
Project Manager [<i>Fund source changed from GF to Medicaid</i>]	124,800	0	124,800	62,400
Rate consultant [<i>Increase to total and chg. GF to Medicaid</i>]	296,965	0	296,965	148,483
Acuity Tool [<i>Increase to total</i>]	74,000	74,000	0	74,000
Prior Authorization Process (PAR) - short-term processing	60,000	60,000	0	60,000
Modify existing Community Contract Management System to address CMS/HCPF requirements	94,000	94,000	0	94,000
One-time Supports Intensity Scale Costs (based on \$500,000 approved by JBC in September 2006)	478,240	478,240	0	478,240
Additional CCB Business Operations Costs	306,630	306,630	0	306,630
Regional Center One-time Supports Intensity Scale Costs	37,939	37,939	0	37,939
Subtotal - One-time Administrative Costs (New Medicaid Waiver Transition Costs Line Item, except Regional Center costs in Regional Center)	\$1,472,574	\$1,050,809	\$421,765	\$1,261,692
June 2006 Approved Waiver Transition Cost	<u>620,800</u>	<u>620,800</u>	<u>0</u>	<u>620,800</u>
Difference	851,774	430,009	421,765	640,892

Description of New Items/Changes:

Major changes from previously-approved supplementals include: (1) \$851,775 in additional total funds for community centered board transition costs and regional center transition costs; and (2) refinance of a portion of the original \$620,800 General Fund approved with Medicaid. *The net General Fund impact of these*

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adjustments is to increase net General Fund requested by \$640,892, with the total net General Fund impact of the request now at \$1.3 million.

Project Manager, Rate Consultant, Acuity tool Changes: The total estimated cost for the rate consultant has increased from \$275,000 and for the acuity tool has increased from \$67,000. In addition the request reflects refinancing costs in these two categories only from General Fund to Medicaid.

CCB Supports Intensity Scale Costs: A total of \$478,240 for the community centered boards and \$37,938 is requested for the regional centers associated with the costs of administering the Supports Intensity Scale to 3,318 Medicaid waiver clients (\$155.57/client). Detailed calculations reflect 5.76 additional staff hours spent on training and conducting assessments per client at an average of \$27 per staff hour.

Additional One-time CCB Business Operations Costs: A total of \$306,630 is requested for community centered board costs associated with the Medicaid waiver program changes. The total is based on a survey on CCB hours and hourly rates spent on these activities. The request is based on average costs of \$122.87 per consumer for 3,892 comprehensive consumers. Calculations reflect an average of 5.68 additional hours of staff work per consumer at an average of \$21.63 per hour (cost per hour vary for each work category). Hours and costs reflect 2.99 billing hours, 0.34 business operations (contract management) hours, 1.43 PAR verification hours, 0.65 BUS (HCPF case management system) training hours, and 0.27 external communication hours per case.

Staff Recommendation: Staff recommends the Department's January 2007 request with modifications. These include:

- Based on communication with the Departments of Human Services and Health Care Policy and Financing, additional components of the request can be funded with Medicaid, rather than 100 percent General Fund. Specifically, the acuity tool, short term PAR processing, and modifications to the CCMS system can be funded with Medicaid, according to HCPF.
- The staff recommendation uses a lower estimate for the additional CCB business operations costs, based on eliminating outliers from the cost calculations. The staff recommendation is reflected in the table below.
- Staff recommends, for simplicity, including the additional amounts for the regional centers in the main waiver transition costs line item.

*The result of these adjustments is a total cost that is \$32,106 less than the request and a net General Fund cost that is \$147,106 less than the request. Changes from the request are shown in **bold**.*

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January 2007 Supplemental Recommendation				
FY 2006-07 Supplemental Adult Program Resources and Rates	Total	General Fund	Medicaid CFE	Net GF
Convert 6 mos. of funds for new 90 comprehensive and 60 SLS resources from Medicaid to General Fund (reduces total dollars by 50 percent)	(\$1,902,791)	\$1,902,791	(\$3,805,582)	\$0
Convert 6 mos. of funds for 3.25 percent cost of living increase from Medicaid into General Fund (reduces total dollars by 50 percent). To be used for “hold harmless” .	(1,838,934)	1,838,934	(3,677,868)	0
Subtotal - Resources and Rates (Adjustment in Adult Program Costs line item)	(3,741,725)	3,741,725	(7,483,450)	0
FY 2006-07 Supplemental Administrative and Consultant Assistance Request				
Project Manager	124,800	0	124,800	62,400
Rate consultant	296,965	0	296,965	148,483
Acuity Tool	76,000	0	76,000	38,000
Prior Authorization Process (PAR) - short-term processing	60,000	0	60,000	30,000
Modify existing CCMS to address CMS requirements	94,000	0	94,000	47,000
One-time Supports Intensity Scale Costs (based on \$500,000 approved by JBC in September 2006)	478,240	478,240	0	478,240
Additional CCB Business Operations Costs	272,524	272,524	0	272,524
Regional Center One-time Supports Intensity Scale Costs (put in waiver transition costs line item)	37,939	37,939	0	37,939
Subtotal - One-time Administrative Costs (ALL in New Medicaid Waiver Transition Costs Line Item)	1,440,468	788,703	651,765	1,114,586
June 2006 Approved Waiver Transition Cost	<u>620,800</u>	<u>620,800</u>	<u>0</u>	<u>620,800</u>
Difference (Increase over 6/2006 approved)	819,668	167,903	651,765	493,786
<i>Compare with Department Request (Increase over 6/2006)</i>	<i>851,774</i>	<i>430,009</i>	<i>421,765</i>	<i>640,892</i>

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Previously Approved 1331 Supplemental #1-E - Implementing Part C and Achieving Equity in Early Intervention Services [No change from originally approved]

	Request	Recommendation
Total	<u>\$182,242</u>	<u>\$182,242</u>
General Fund	182,242	182,242
Cash Funds	0	0
Cash Funds Exempt	0	0
Federal Funds	0	0
<i>Medicaid Cash Funds</i>	<i>0</i>	<i>0</i>

Description of Supplemental: In June 2006, the Committee authorized the reduction of \$182,242 General Fund from the FY 2005-06 budget for Developmental Disability Children and Family Services, Program Funding and an increase of the same amount for FY 2006-07. The Department indicated that the \$182,242 would be used to “hold harmless” in FY 2006-07 those regions of the state (mostly rural) that would be negatively affected by the Department’s efforts to reallocate early intervention funding (including state General Fund and federal Part C funds) in a more equitable manner across the state.

Staff recommends that the June 2006 JBC action be included in supplemental bills. This includes adjustments to FY 2006-07 and to FY 2005-06 (further discussed under FY 2005-06 supplementals, below).

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Previously Approved 1331 Supplemental #1-I - CMS and HCPF Required Changes to DD Medicaid Waiver Program (Part 2)[No change from originally approved]

	Request	Recommendation
Total	(<u>\$1,902,791</u>)	(<u>\$1,902,791</u>)
General Fund	1,902,792	1,902,792
Cash Funds	0	0
Cash Funds Exempt	(3,805,583)	(3,805,583)
Federal Funds	0	0
<i>Medicaid Cash Funds</i>	<i>(3,805,583)</i>	<i>(3,805,583)</i>
<i>Medicaid - General Fund portion</i>	<i>(1,902,792)</i>	<i>(1,902,792)</i>
<i>Net General Fund*</i>	<i>0</i>	<i>0</i>

Description of Supplemental: For FY 2006-07 the Department was approved additional Medicaid resources for High Risk individuals. However, it was not able to fund these additional individuals under its Medicaid “cap”. As a result, in June 2006, the Department requested and received approval to convert the 90 comprehensive and 60 supported living resources to General Fund for the first six months of the fiscal year, resulting in a conversion to 45 comprehensive and 30 supported living General Fund resources. (This is discussed under Supplemental 1-C). In November, the Department requested and, in December 2006, the JBC approved converting the second half of the FY 2006-07 (January-June 2007) new Medicaid resources to General Fund.

It is staff’s assumption that, if CMS approves a change to the waiver cap, the Department will immediately inform the JBC and resources will be converted back to Medicaid. However, as reviewed in staff’s FY 2007-08 budget briefing packet, the request to raise cap for the comprehensive residential program under the current waiver was not submitted until the end of October 2006. The request to raise the supported living cap has not yet been drafted. Federal authorities have 90 days to respond to requests for waiver changes. Thus, even if federal authorities respond in a timely fashion and approve the state’s request to increase the cap, much of FY 2006-07 will be over.

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Supplemental #2 - General Fund Backfill for Local Funds Previously Used to Support DD Medicaid Waiver Program Services

	Request	Recommendation
Total	<u>\$0</u>	<u>\$3,258,359</u>
General Fund	0	0
Cash Funds Exempt	0	3,258,359
<i>Medicaid Cash Funds</i>	<i>0</i>	<i>3,258,359</i>
<i>Net General Fund</i>	<i>7,607,945</i>	<i>7,607,945</i>

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	YES
Staff and the Department agree the request is based on new data.	

Department Request: The Department of Human Services is requesting \$7,607,945 net General Fund to replace the certified public (local match) funds that have been used in the Comprehensive Services Waiver program to generate Medicaid match to augment/enhance rates paid to providers. In Comprehensive Services, these augmented rates were necessitated to enable providers to serve individuals with high cost needs and also to address cost of living increases.

The request is part of the changes being made to comply with federal CMS-required changes to developmental disability waiver programs. Prior to FY 2006-07, under the bundled rate payment methodology, local certified public funds were used in both the Comprehensive and Supported Living Services Waiver programs to generate Medicaid match to serve additional consumers, to provide more units of Medicaid service to consumers ,and to augment/enhance rates paid to providers. In Comprehensive Services, these augmented rates were necessitated to enable providers to serve individuals with high cost needs and also to address cost of living increases.

For Comprehensive Services, augmenting rates or providing additional units of service is not viable with a uniform rate setting process in place and all units of service that are justified via the prior authorization review (PAR) will be payable under Medicaid with State match. Federal CMS has required that rates be set uniformly throughout the state and DDD incorporated the current rates paid to providers in the interim rate setting plan in order to not disrupt services to current waiver consumers. Local county mill levy funds are specific to each individual county and cannot be used as a match for other counties or CCB catchment areas.

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The Division has, however, worked with HCPF to establish a mechanism to continue to match local certified public funds to serve additional persons for both Comprehensive and supported living services. Replacement funds for the additional persons served are not included in the request.

The table below demonstrates the basis for the Department's calculation.

	Amount	JBC Staff Comment
A) FY 2005-06 total local match proposals for comprehensive services. This included funding for 21 new individuals. The balance was for enhanced rates or services	\$16,103,043	- Does NOT include FY 2005-06 local match amounts for targeted case management or supported living services. If these are included, the total, consistent with the FY 2005-06 and FY 2006-07 appropriation, would be \$24.2 million. - Based on original proposals/contracts. Does not reflect final actual expenditures; however, department does not anticipate these will differ substantially.
B) Estimated FY 2005-06 local match program amounts spent on the 21 new comprehensive program individuals, based on FY 2006-07 full year local match contracts to serve 22 people	887,153	- Dollars per person for 22 people (\$40,325) are lower than what would be anticipated based on average cost per person amounts in FY 2005-06 (\$51,360)
C) Balance: Estimated FY 2005-06 local match program amounts spent for enhanced rates or services for persons in the comprehensive waiver program (A-B)	15,215,890	- Used as the estimate of FY 2006-07 comprehensive service expenditures that will be driven by enhanced rates/services created through the local match program but no longer paid for through the local match program. - Amount that should be added to the main Adult Program Costs line item and reduced from the Local Match Program line item, based on this. -Does not include any adjustment for the 1.79 percent rate increases built into FY 06-07 rates or the 3.25 percent that may be built into rates, if approved by CMS
General Fund Backfill Required (0.5 * C)	7,607,945	-Additional General Fund associated with adding the \$15.2 million to the main Adult Program Costs line item.

Recommendation: Staff recommends the request, with a modification.

The staff recommendation differs from the request solely with respect to the adjustment recommended in the Federally-matched Local Program Costs line item. *Specifically, the staff recommendation reduces the local match line item by just \$11,957,531*, leaving a total of \$12,324,307 in the line item for FY 2006-07. Staff anticipates that this line item will be further reduced to approximately \$3.2 million for FY 2007-08.

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The staff recommendation on the Local Match line item is not related to the recommendation for the Adult Program Costs line item, for which staff has recommended the Department request. As a result, the staff net General Fund recommendation matches the Department request. However, staff has highlighted a Committee option for offsetting this General Fund increase, which could be used at the Committee's discretion. Each of these issues is detailed below.

Federally-matched Local Program Costs: The appropriate adjustment to the Federally-matched Local Program Costs line item is driven by two factors not reflected in the Department's request.

First, changes to the Local Match program have reduced the local match program to a far greater extent than is suggested by the request, which addresses solely funds associated with the comprehensive waiver program. The table below shows the components of the program as budgeted in the FY 2006-07 Long Bill. The option to enhance targeted case management rates has been entirely eliminated and therefore should no longer be included in Federally-matched Local Program Costs line item. Most of the supported living services amounts were also based on rate enhancements and thus will also be eliminated from this line item. As a result, most of these Supported Living Services costs will likely be transferred to the General Fund-supported Adult Program Costs line item, as is discussed further below.

Second, over one-third of Local Match program payments associated with FY 2005-06 contracts and services were actually paid in FY 2006-07. These amounts are being counted against the FY 2006-07 appropriation under the current cash accounting system. As a result, the FY 2006-07 Local Match appropriation cannot be reduced as much as would be appropriate based on anticipated FY 2006-07 Local Match services.

FY 2005-06 Supplemental and Original FY 2006-07 Long Bill - Federally-matched Local Program Costs line item components	Total dollars	New persons served	Number of participating CCBs (of 20)
Comprehensive Program*	\$15,566,011	21	12
Targeted Case Management and Administration	5,115,347	46	11
Supported Living Services	<u>3,518,126</u>	29	7
Total Line Item/Program	\$24,199,484	50	15

*As reflected in the supplemental, year end numbers differed slightly from this figure.

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FY 2006-07 Supplemental Federally-matched Local Program Costs line item components	Total dollars	New persons served	Number of participating CCBs (of 20)
Comprehensive Program	\$2,047,488	39	6
Targeted Case Management and Administration	314,235	142	7
Supported Living Services	<u>805,156</u>	103	5
Total Line Item/Program related to FY 06-07 services	\$3,166,879	142	7
Variance (0.15 percent for further analysis/adjustments)	\$475,031		
FY 2005-06 Program Bills, paid in FY 2006-07	\$8,682,397	n/a	n/a
Total Line Item Recommendation for FY 2006-07	\$12,324,307		

Adult Program Costs/Additional Possible General Fund Impact: Staff has recommended the request. However, as reflected in the staff comments on the table above, this figure represents an estimate of the costs that will be driven in the Adult Program Costs line item associated with the changes to the local match program. Staff anticipates making further adjustments to FY 2006-07 appropriations as part of the FY 2007-08 figure setting presentation.

Staff would emphasize that the Department’s proposal does not address the impact of the changes to the Local Match program on supported living services costs. As reflected in the table above, the Department’s FY 2005-06 and FY 2006-07 local match program expenditures included supported living and targeted case management program expenditures, in addition to comprehensive program expenditures. To the extent that supported living service programs were enhanced under the local match program in FY 2005-06, this, too can be expected to drive FY 2006-07 costs. In January 2006, the Department reflected anticipated supported living program expenditures of \$3,518,126 in the local match line item. A total of 29 new resources were expected to be provided. Assuming each of these cost \$17,232 (Department FY 2005-06 fully loaded SLS rate), staff would estimate that at most \$499,728 was for new resources and over \$3.0 million was used for enhanced rates or services to existing populations. **If an approach similar to the one used in the request for the comprehensive program is used, this suggests the need for an additional \$3.0 million program expansion and \$1.5 million General Fund backfill in the Adult Program Costs line item.**

The Department has not included the Supported Living Services program backfill in its calculations because it feels that it is impossible to separate the Local Funds Match issue from other changes in the supported living services program that will drive increased costs per person. Specifically, pursuant to Medicaid program changes, the State will no longer be able to limit CCBs to spending, on average, no more

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than a fixed amount per supported living services client. Instead, SLS clients must be authorized to receive services needed up to the waiver program maximum of \$35,000 per person. As staff has noted in the past, if overall costs increase significantly as a result of this, the State will violate its agreement with federal authorities regarding average costs per person for the program and may drive costs for the state to a point that will endanger the overall program. **Although staff is not making a related adjustment at this time, staff expects that utilization review analysis in February 2007 will clarify the trend in these costs and may shed light on the extent to which any additional costs, and required budget adjustments associated with the supported living program, are being driven by the changes to the local funds match program.**

Options for Offsetting the Request: **The Committee could choose to offset the request with a reduction to the General Fund appropriation to developmental disability programs. The size of the offset would be at the Committee's discretion, up to the full \$7.6 million.** Given the scale of the Department's request and the many other supplemental issues facing the Committee for FY 2006-07, this is an important option. The rationale for using this option is as follows:

- The need for the offset originates in a program pushed by the community centered boards and approved by Department and the General Assembly *with the understanding that there would be no associated General Fund cost.* As reflected in the request, the intent of the program was to use existing local mill levy funds to draw down matching federal Medicaid funds through the certification process. *There was never any expectation that General Fund would be required—but the General Assembly is now being faced with a \$7.6 million General Fund bill associated with the program.*
- *For FY 2006-07 ONLY, the benefits of the General Fund backfill will accrue primarily to a limited number of communities that participated in the Local Funds match program in the first place.* This is because FY 2006-07 interim rates have been designed to be as close as possible to the rates in place prior the federal CMS-required changes. Thus, communities that made use of the local match program to augment payment rates will find that, for FY 2006-07, the augmented rates will continued to be paid for their consumers using General Fund-match Medicaid funds. At the same time, the local match amounts they had previously used to support these consumers will be “freed up” for other activities.

If the Joint Budget Committee were to take a General Fund reduction to help offset this request, there would be two ways in which the Department could apply the reduction: (1) an across the board cut could be taken to all community centered boards; or (2) cuts could be taken in the areas that are receiving General Fund backfill associated with this request. *Staff's intent in suggesting an offsetting cut would be to target those areas that are receiving General Fund backfill, because these are the areas that are benefitting from the backfill;* however, Department staff have expressed concern that any cuts targeted in this fashion *could be interpreted as a violation of Section 27-10.5-104.5 (5), which states that:*

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“Nothing in this article or in any rules or regulations promulgated pursuant thereto and no actions taken by the executive director pursuant to this article shall be construed to affect the obtaining of funds from local authorities, including those funds obtained from a mill levy assessed by a county or municipality for the purpose of purchasing services or supports for persons with developmental disabilities, or to require that such funds from local authorities be used to supplant state or federal funds available for purchasing services and supports for persons with developmental disabilities.”

*Thus, if the Committee wished to target General Fund cuts to those areas receiving General Fund backfill, it might wish to consider offering associated legislation that would specify that cuts taken in FY 2007-08 that are targeted at CCBs based on their previous level of participation in the Federally-matched Local Program Costs program and that are associated with federally-required changes in the management of locally-certified public funds shall not be considered a violation of Section 27-10.5-104.5(5). **Note that the cuts could be taken in the absence of such a statutory change, but the application of the cuts might, as a result, be taken across the board to all CCBs.***

The following table reflects the estimated uses of non-Medicaid General Fund in the Department’s two main developmental disability community services line items. Staff assumes that any cuts would likely need to be accompanied by reductions to CCB contracts to provide services. It would likely remain up to the CCBs as to whether they would maintain support for affected individuals using local funds.

FY 2006-07 Long Bill General Fund Appropriations for Developmental Disability Community Services (Adult and Children’s Line Items)		
Category	Amount	Additional Comments
Adult Comprehensive Services	\$1,708,801	For 66 state-only resources. Excludes Medicaid resources to be converted to GF through supplementals
Adult Supported Living Services	8,623,201	For 692 state-only resources. Excludes Medicaid resources to be converted to GF through supplementals
Early Intervention Services	11,369,214	For 2,072 resources, except a portion of case management, funded as Medicaid
Family Support Services	6,815,737	For 1,175 resources
Children’s Extensive Support	289,296	For 30 resources anticipated to be expended in the first half of FY 2006-07.
Special Purpose	331,834	Special needs emergency funding, CCB audits, behavioral pharmacology clinics
TOTAL		
		\$29,138,083

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Supplemental #4 - Statutorily Required DD non-Medicaid Case Management Functions

	Request	Recommendation
Total	<u>\$823,283</u>	<u>\$581,527</u>
General Fund	823,283	581,527
Cash Funds	0	0
Cash Funds Exempt	0	0
Federal Funds	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?	YES
[An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	
<p>The Department requested this supplemental as based on new data. Staff notes that the services for which funding is requested are not new and were previously absorbed by community centered boards. Therefore, it is questionable whether the request actually meets supplemental criteria. Staff assumes the "new data" reflects the overall changes to the payment system for community centered boards, pursuant to federal requirements, and, on this basis, has recommended the request.</p>	

Department Request: The Department is requesting \$832,283 in General Fund to pay for statutorily-required non-Medicaid reimbursable functions that are provided by community centered boards (CCBs). Currently, funding for the developmental disabilities system is tied directly to enrollment into a developmental disabilities funded program. The costs associated with case management functions prior to enrollment into a program (e.g., eligibility determination, Individualized Plan development, addressing emergency situations for persons on a waiting list for services) is generally recovered once a person is enrolled and case management funding becomes available. However, the developmental disability system has a large waiving list for services. Once a person is determined eligible for services, it may be many years before they are enrolled into a developmental disabilities funded program. This means that several case management functions that take place prior to program enrollment are not currently reimbursable to a CCB for an extended period of time and sometimes never if the person does not eventually enroll into a program.

The table below reflects the components of the request.

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Department Request - Supplemental #4						
Category	Cost/hour	Hours per case	Cases	Total hours	Total cost	
Eligibility determination, person not Medicaid eligible	\$ 40.88	1	176	176	\$ 7,195	
Eligibility determination, person not eligible for services (based on level of disability)	\$ 40.88	1	462	462	18,887	
Develop Individualized Plan, person placed on waiting list	\$ 40.88	2	1,038	2,076	84,867	
Annual Individual Plan update, person on waiting list	\$ 40.88	1	4,465	4,465	182,529	
Emergencies (648 hrs/CCB on avg.) - Assist on case management for persons not enrolled in services	\$ 40.88	n/a	n/a	12,960	<u>529,805</u>	
Total					\$823,282	

The request indicates that the costs reflected are *interim*, because an independent contractor has been hired to perform a broader analysis of the reimbursement methodology for the developmental disability system, including for such non-Medicaid functions.

Staff Recommendation: As noted above, there is some basis for believing that this request does not meet supplemental criteria. Nonetheless, in light of the many issues facing the community board system related to CMS requirements, staff is recommending the request in part. Specifically, staff recommends all components as requested, except that:

- The Department calculated a state hourly rate of \$40.88. The staff recommendation is based on an average hourly rate of \$36.22.
- The staff recommendation related to emergency funding is lower than the request, based on a more reasonable analytical approach for extrapolating statewide emergency funding hours required from a Department survey.
- While staff has included funding for individualized plan development, staff notes that, if the Committee wished, it could modify existing statute to eliminate these requirements. It is not clear that these requirements—and particularly the requirement for an annual update to the individualized

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plan—serve a useful purpose. *Eliminating these requirements from statute would save \$236,906 General Fund (\$161,716 for the annual update alone), based on the staff calculation.*

The table below summarizes the recommendation, and each of these issues is discussed in further detail below.

Category	Cost/hour	Hours/case	Cases	Total hours	Total cost
Non-Medicaid eligibility determine	\$ 36.22	1	176	176	\$6,374
Ineligible determinations	\$ 36.22	1	462	462	16,733
Waiting list Individual Plan	\$ 36.22	2	1,038	2,076	75,190
Annual Individual Plan	\$ 36.22	1	4,465	4,465	161,716
Emergencies	\$ 36.22	not provided	not provided	8,877	<u>321,513</u>
Total					\$581,527

Assumed Hourly Rate: The Department-proposed hourly rate of \$40.88 is based on assumptions related to actual productive work hours for an employee of 1,510 hours—rather than 2,080, the number usually used in calculations for full-time employees. The Department’s calculation incorporates sick leave, annual leave, holiday leave, inservice hours and an 85 percent “productivity” factor. While staff believes there is validity to the overall concept, staff believes the calculation is overly generous and has made adjustments, based on the results of a regional center time-study of actual hours worked by regional center employees. The result of the staff calculation, reflected in the table below, is 1,704 assumed productive hours per employee and an average “fully loaded” hourly rate of \$36.22. Staff used the results of a survey of regional center employees actual working hours (part of a Department decision item) to inform the analysis.

Hourly Rate Calculation Used in Supplemental			
	Department Calculation	Staff Calculation	Comment
Hours for 1.0 FTE (40 hrs x 52 weeks)	2,080	2,080	
Annual Leave	(96)	(96)	
Sick Leave	(80)	(48)	Staff used regional center survey results
Holiday Leave	(88)	(88)	
Other paid leave (e.g. funeral)	0	(15)	Staff used regional center study results
Breaks/productivity	(266)	(105)	Staff used regional center study results

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Hourly Rate Calculation Used in Supplemental			
	Department Calculation	Staff Calculation	Comment
Inservice/training	(40)	(24)	Staff used regional center study + 8 hours
(A) Total working hours assumed FTE	1,510	1,704	
(B) State annual payment for 1.0 FTE caseworker w/caseload of 50	\$61,722	\$61,722	
Hourly Rate calculation (B / A)	\$40.88	\$36.22	

Emergency Funding: The request for emergency services funding is the most problematic component of the request.

- **There is no specific statutory requirement that the State or CCBs case-manage crises for individuals for whom no resource/ funding is available.** Statute is permissive, in allowing the state to contract with community centered boards beyond the specific services listed in statute, but staff could not identify any specific statutory requirement that CCBs address emergencies for those not enrolled in services. State contracts with CCBs currently require that they provide case management services for all eligible persons, but there is no specific reference to emergencies.
- Based on State’s survey of CCB’s, **CCB activities in this area are highly variable.** The table below shows the results of the state’s survey of hours spent by CCBs addressing emergencies. The basis for the variation is unclear: it could include fewer emergencies in an area or reflect a CCB’s historic receptiveness to requests for emergency assistance. **Since there has never been a specific requirement that CCBs provide services, apart from a general requirement that they provide “case management” for anyone who is eligible for services, there is no basis for identifying a minimum or acceptable level of service.**
- **The Department’s approach for calculating average hours per CCB is highly problematic from an analytical perspective:** the Department’s analysis took a straight average of the hours spent on emergencies by six CCBs of very different sizes and extrapolated these hours to an average per CCB for all CCBs. *The table below reflects the Department’s survey results and calculations and an alternative staff calculation, which staff believes is more analytically sound.* The staff calculation results in an estimate of 8,877 hours of emergency funding required statewide, as opposed to the Department estimate of 13,080.

Despite the weaknesses in this portion of the Department’s request, staff does believe that the State has a compelling interest in ensuring that emergency situations in the community receive some level of case

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management assistance from community centered boards. Further, staff understands from the Department that the Department plans to allocate all of the funding received based on the size of CCB catchment areas and actual emergency service provided and that it does NOT intend to allocate the funding out equally among the community centered boards. Finally, the Department has assured staff that, if this request is granted it will include a specific requirement in CCB contracts to address their responsibilities for case-management of emergency situations in CCB contracts.

Emergency Funding Calculations			
Community Centered Board	Population of Catchment Area	Hours per month spent on Emergencies during July, August, Sept. 2006, per survey	Hours per 1,000 Persons in Catchment Area
Colorado Bluesky (Pueblo County)	151,099	40	0.265
Community Options (Montrose, Delta, Gunnison, Hinsdale, Ouray and San Miguel)	94,835	5	0.053
Denver Options (City and County Denver)	571,847	160	0.280
DDRC (Jefferson county and Summit area)	574,595	59	0.103
Imagine (Boulder and Broomfield)	331,635	3	0.009
North Metro (Adams County exc. City Aurora)	<u>363,712</u>	<u>60</u>	0.165
Totals for surveyed CCBs	2,087,723	327	0.157
Department Request: Straight Average (Total hours/month for surveyed CCBs/6 surveyed)		54.5	
Emergency Funding Hours per year, based on straight average hours per CCB x 20 CCBs x 12 months		13,080	
Staff Recommendation: Total hours per month if extrapolate average hours per 1,000 persons in catchment areas to total Colorado 2005 population		4,722,755	740
Emergency Funding Hours per year, based on average hours per month for total CO population x12 months		8,877	

Individualized Plan Development and Annual Updates: The Department's request includes \$84,867 for initial individualized plan development and \$182,529 for annual updates. Key elements of statute, that serve as the basis for the request, are included below:

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27-10.5-106 (1) (a) Any person may request an evaluation to determine whether that person has a developmental disability and is eligible to receive services and supports pursuant to this article. Application for eligibility determination shall be made to the designated community centered board in the designated service area where the person resides.

(b) Pursuant to contract with the department of human services, designated community centered boards shall determine whether a person is eligible to receive services and supports pursuant to this article, and if so shall develop an individualized plan for such person.

27-10.5-113 (1) Each person receiving services shall have an individualized plan or other such plan specified by the department, which qualifies as an individualized plan, developed by the person's interdisciplinary team.

(2) Each individualized plan shall be reviewed at least annually and modified as necessary or appropriate. A review shall consist of, but is not limited to, the determination by the interdisciplinary team as to whether the needs of the person receiving services are accurately reflected in the plan, whether the services and supports provided pursuant to the plan are appropriate to meet the person's needs, and what actions are necessary for the plan to be achieved.

While staff concurs with the Department that current statute requires these plans, it is not clear to staff that such requirements are reasonable for individuals who are not able to access services because funding is not available. *A number of individuals indicated to staff that there appears to be some substantive basis for gathering initial information on an individual who contacts a CCB. One means for doing this could be development of an initial individualized plan. However, there seems to be no good justification for annually updating a plan, if the individual is not actually able to access services.* **Staff therefore recommends that the Committee consider sponsoring legislation to modify the relevant statutes and eliminate the requirement to update the individualized plan for individuals on the waiting list.**

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Supplemental #12 - Migrant and Seasonal Farm Workers Grant Match

	Request	Recommendation
Total	\$200,000	\$200,000
FTE	<u>0.0</u>	<u>0.0</u>
General Fund	0	0
Cash Funds	0	0
Cash Funds Exempt	20,000	20,000
Federal Funds	180,000	180,000

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?	YES
[An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	

Staff and the Department agree the request is based on new data.

Department Request: The Department is requesting additional spending authority in the Division of Vocational Rehabilitation, Rehabilitation Programs - Cash Funds Exempt line item to allow Program to match a five year federal grant. The Division has received notice of the award of \$200,000 per year for five years beginning with SFY 2006-07. The Division has received this award four times in the past four years; however, previous receipt of this grant did not require a DVR local contribution because another organization, Colorado SER, was providing the matching funds. That organization is no longer able to provide the match required for these funds. This request also allows DVR to use and spend down CFE for services that will benefit DVR clients in many parts of the state who would otherwise be unserved.

Staff Recommendation: Staff recommends the request. Targeting migrant and seasonal workers for vocational rehabilitation programs appears to be a reasonable use of funds, particularly given the 90 percent federal match rate. The \$20,000 CFE in the request would come from \$1.7 million in deferred DVR revenue. As discussed further below, these funds have been accumulated by DVR over time associated primarily with unspent revenues from school districts for the School to Work Alliance Program. While, as reflected below, staff believes the Committee should consider substituting some of these deferred revenue moneys for General fund to address current supplemental issues, staff also supports the use of some of these moneys for appropriate vocational rehabilitation special projects, such as this one.

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Supplemental #20 - Child Care Development Funds and Child Care Assistance Program Adjustments

	Request	Recommendation
Total	(<u>\$2,106,666</u>)	(<u>\$2,347,193</u>)
General Fund	0	0
Cash Funds Exempt (local funds)	0	(240,527)
Federal Funds (CCDF and Title XX)	(2,106,666)	(2,106,666)

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	YES
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The Department failed to identify a supplemental criterion in its budget schedules; however, staff believes the request is based on new data.

Department Request: The Department is requesting a supplemental reduction in the amount of \$2,106,666 from the Colorado Child Care Assistance Program (CCCAP) appropriation as a part of the overall Child Care Development Funds (CCDF) appropriation. The need for this reduction is due to the following factors: (1) A funding imbalance as created in the current fiscal year when an increase to CCCAP relied on federal funds in excess of the federal grant award that Colorado will receive through the Child Care and Development Fund; (2) The total spending in CCAP has steadily decreased over the past five years, with SFY 2006 totaling \$74,927,197; (3) There has been a reduction in the counties' relying on TANF transfers for child care expenditures due to the requirements of federal welfare reform legislation; (4) with the passage of S.B. 06-45, that requires child care providers that are otherwise exempt from child care licencing requirements to submit background checks for all household members, in SFY 2007 there is a reduced number of exempt providers servicing CCCAP children, thereby reducing the number of children served and the associated costs. A supplemental reduction for the SFY 2006-07 year will correct the funding imbalance that has occurred and address it in the program area that doesn't have demonstrated need for the current funding level.

Staff Recommendation: Staff recommends the request, with an associated adjustment to the appropriation for county maintenance of effort. As reflected in the request, there is an imbalance between the federal allocation being received by the State for SFY 2006-07 and the state's appropriation of the federal CCDF block grant funds in the amount of \$2,106,666. The origins of this imbalance include:

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- The initial staff recommendation for FY 2006-07 included an over-appropriation of \$780,087, based on the expectation that the requirement for “earmarked funds” would decline in FY 2007-08, thus bringing appropriations and receipts back into balance in FY 2007-08;
- In a last-minute effort to balance the budget, the JBC substituted \$1,450,000 federal CCDF funds for the same amount of General Fund in the Child Care Assistance Program budget.

As also reflected in the Department’s write-up, counties appear likely to substantially under-spend the child care budget for FY 2006-07, due to the impacts of S.B. 06-45 and other factors. In FY 2005-06, this line item reverted over \$840,000 General Fund due to declines in county expenditures (as well as their inability to adjust rapidly to a \$1.0 million supplemental increase). Total expenditures for FY 2005-06 were \$74,927,197. The current FY 2006-07 appropriation of \$79,871,760 represents an increase of 6.6 percent over this expenditure level. With the proposed reduction, the appropriation will still reflect an increase of \$2,597,371 (3.5 percent) over the FY 2005-06 actual. The table below reflects a projection of FY 2006-07 expenditures for this line item, based on expenditures for the first six months of the year. The table compares the projection with the results of equivalent projections for the last several years.

Fiscal Year	Child Care Total Thru 6 Periods (50 percent of FY)	Annualize to Full Year	Actual Closeout Expenditure	Difference in Annualize to Actual Closeout	Variance - Annualization to Closeout Expenditure	Child Care Approp.	Difference in Actual Closeout Expenditures to Child Care Approp.
SFY04	\$44,779,727	\$89,559,454	\$ 85,850,643	\$3,708,811	4.3%	\$71,336,427	\$ 14,514,216
SFY05	41,787,276	83,574,552	80,426,556	3,147,996	3.9%	\$73,135,525	7,291,031
SFY06	39,143,179	78,286,358	74,927,197	3,359,161	4.5%	\$75,768,237	(841,040)
SFY07	37,038,718	74,077,436	N/A	N/A		\$79,871,761	N/A
Difference FY 2006-07 Annualization to Appropriation:							(5,794,325)
Variance: Annualization of FY 2006-07 6 mo. Expenditures to Approp.							-7.3%

Several points should be noted:

- Historically, counties have over-spent the child care appropriation. Last year was the first year in which the appropriation was under-spent.

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- Based on data from FY 2003-04 to FY 2005-06, actual expenditures through the first six months of the year appear to be a strong predictor of final closeout expenditures (with 4.5 percent or less variance). Further, for the last three years, the six month annualization would have *over-projected* actual closeout expenditures.
- The current six-month annualization projects *under-expenditure* of the appropriation by 7.3 percent.
- Staff requested that the Department analyze whether county increases in provider rates would be expected to significantly modify projected expenditures. The analysis indicates that the variation will not be a significant factor in total expenditures.
- Counties are holding large amounts of Child Care reserves. As of June 30, 2006, reserves totaled \$47.6 million. Thus, if the Committee were to take a cut and actual expenditures were higher, the likely worst outcome would be that counties would need to spend a few million from these large reserves.

Based on the above factors, staff believes the Department's request is justified. **Furthermore, at the Committee's discretion, staff believes the Committee may also wish to consider an additional *General Fund* reduction to this line item for one-time only in FY 2006-07, based on projections that suggest that, even at the revised appropriation level requested, the Department will still under-spend this line item in FY 2006-07.**

If the Committee wished to bring the total appropriation in-line with the six month projection, a further reduction of \$3,447,132 could be taken, including \$3,093,890 General Fund and \$353,242 in county maintenance of effort funds. The Committee could either choose to make a reduction up to this amount now or, depending upon its final assessment of FY 2006-07 supplemental funding needs (e.g., after Medicaid issues have been addressed in February/March) and an updated assessment of child care spending, it could choose to take a reduction at that point. Staff anticipates that, if no General Fund reduction is taken and the current trends bear out, it is likely that the Department will submit a late supplemental in June 2006 to reduce its federal block grant appropriation for this program, so that General Fund does not revert.

Supplemental #T-2 - Correct Federal Match Rate for PASARR Screening in DD Services

	Request	Recommendation
Total	<u>\$0</u>	<u>\$0</u>
General Fund	0	0
Cash Funds Exempt	0	0
Medicaid Cash Funds	0	0
Net General Fund	(386)	0

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Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?	YES
[An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	
The request is based on a technical error.	

Department Request: The Department has requested a technical correction to the Human Services' portion of the Department of Health Care Policy and Financing appropriation to correct funding splits for PASARR evaluations. These evaluations, costing a total of \$49,000 per year in the Adult Program Costs line item, are eligible for federal Medicaid match at a 75 percent federal/25 percent state match. Due a technical error, \$386 General Fund should have been appropriated as federal funds.

Staff Recommendation: Staff does not recommend the request. The relevant line item in the Department of Health Care Policy and Financing where this adjustment would be made includes an "(M)" notation. Pursuant to the Long Bill head notes for the (M) notation (never vetoed): "In the event that additional federal funds are available for the program, the combined general fund or general fund exempt amount noted as "(M)" shall be reduced by the amount of federal funds earned or received in excess of the figure shown in the "federal funds" column for that program." Thus, the Controller is authorized to make the necessary adjustment without further action of the General Assembly. In light of the small amount of the adjustment, staff does not believe legislative action is appropriate.

Staff will work with the Department to avoid such an error in the FY 2007-08 appropriation.

Statewide Common Policy Supplemental Requests – Office of Operations ONLY

These requests are not prioritized and are not analyzed in this packet . These items will be acted on separately by the JBC when it makes a decision regarding common policies.

Department of Human Services' Portion of Statewide Supplemental Request (Office of Operations only)	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	Total	Net General Fund
NP-8. Capitol Complex Leased Space	52,698	0	0	52,697	105,395	0
NP-9. Vehicle Reconciliation	(95,269)	(324)	(48,177)	(7,734)	(151,504)	(117,266)
Total Statewide Supplemental Requests for Human Services Department, Office of Operations ONLY	(42,571)	(324)	(48,177)	44,963	(46,109)	(117,266)

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Staff Recommendation: The staff recommendation for these requests is pending committee approval of common policy supplementals. Staff asks permission to include the corresponding appropriations in the Department's supplemental bill when the committee approves this common policy supplemental. If staff believes there is reason to deviate from the common policy, staff will appear before the committee later to present the relevant analysis.

FY 2005-06 Supplemental Adjustments

Previously Approved 1331 Supplemental - Implementing Part C and Achieving Equity in Early Intervention Services [No change from originally approved]

	Request	Recommendation
Total	(<u>\$1,432,242</u>)	(<u>\$1,432,242</u>)
General Fund	(182,242)	(182,242)
Cash Funds	0	0
Cash Funds Exempt	(1,250,000)	(1,250,000)
Federal Funds		
<i>Medicaid Cash Funds</i>	<i>(1,250,000)</i>	<i>(1,250,000)</i>
<i>Medicaid - General Fund portion</i>	<i>(412,500)</i>	<i>(412,500)</i>
<i>Net General Fund</i>	<i>(594,742)</i>	<i>(594,742)</i>

Description of Supplemental: This request is associated with Supplemental 1-E above and was approved as part of June 2006 Committee action. The FY 2005-06 adjustment was to reduce funds that would otherwise have been reverted. This included: (1) \$182,242 General Fund that was reduced and then re-appropriated to address equity issues in FY 2006-07; and (2) an FY 2005-06 reduction of \$1,250,000 originally appropriated for the Children's Extensive Support (CES) program through H.B. 05-1262 (the Tobacco Tax legislation). This represented a 50 percent reduction in the initial appropriation for 148 new CES resources provided through the bill, on top of a 30 percent reduction taken earlier. These CES reductions were one-time only and reflected delays in program implementation.

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Note: This request was submitted as part of the Department’s Supplemental 1-E, but a formal schedule (the schedule 6) was not included for the FY 2005-06 portion of the request.

Previously Approved 1331 Supplemental - DDD Medicaid Waiver Transition Costs [No change from originally approved]

	Request	Recommendation
Total	<u>(\$381,292)</u>	<u>(\$381,292)</u>
General Fund	381,292	381,292
Cash Funds	0	0
Cash Funds Exempt	(762,584)	(762,584)
Federal Funds	0	0
<i>Medicaid Cash Funds</i>	<i>(762,584)</i>	<i>(762,584)</i>
<i>Medicaid - General Fund portion</i>	<i>(381,292)</i>	<i>(381,292)</i>
<i>Net General Fund</i>	<i>0</i>	<i>0</i>

Description of Supplemental: This request is associated with Supplemental #1-C above, and was approved as part of June 2006 Committee action. As reflected in the table below, June Committee action had a \$0 net General Fund impact in FY 2005-06, but involved adding a footnote and converting an appropriation from Medicaid to General Fund (resulting in a reduction of 50 percent in the overall appropriation. *It should be noted that all the funding shown was converted BACK to Medicaid by the Controller and expended in FY 2005-06 and the General Fund roll-forward was also converted to Medicaid by the Controller and expended in FY 2005-06. This was to address what would otherwise have been a Medicaid over-expenditure in FY 2005-06 for developmental disability services.* The Controller determined that using the funds to cover an over-expenditure was permissible and of higher priority than the roll-forward of General Fund authorized by the Joint Budget Committee. Staff has nonetheless included in this supplemental as previously approved, given that (1) the Department renewed this supplemental request through a January 2007 submission; and (2) the supplemental reflects the Committee’s original intent.

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FY 2005-06 Supplemental Adjustment and Roll Forward Action		
(1) Convert FY 2005-06 DD Base Rate Increase from Medicaid to General Fund and roll-forward	\$381,292 GF (762,584) CFE Net GF: \$0	Provide \$381,292 General Fund in lieu of \$762,584 Medicaid Cash Funds provided (net GF impact of \$0) and roll-forward - Translates the 1.79 percent developmental disability base rate increase provided by the JBC for the last quarter of FY 2005-06 into General Fund and authorizes roll-forward so these moneys can be distributed <u>as base rate increases</u> in FY 2006-07. The Department has reached the "cap" on the Medicaid waiver for FY 2005-06 and thus cannot build these moneys into Medicaid rates for FY 2005-06.
(2) Training and Transition Issues	Authorize roll-forward via footnote; no \$ change	Allow roll-forward of \$100,000 General Fund of the \$150,000 Fund allocated in FY 2005-06 to address Medicaid system transition issues. Use primarily to coordinate and provide training on waiver changes for CCB administrators, case managers, advocates, and providers.

Previously Approved 1331 Supplemental - Regional Center Costs Ineligible for Medicaid Reimbursement [No change from originally approved]

	Request	Recommendation
Total	\$553,399	\$553,399
FTE	<u>0.0</u>	<u>0.0</u>
General Fund	553,399	553,399
Cash Funds	0	0
Cash Funds Exempt	0	0
Federal Funds	0	0
<i>Medicaid Cash Funds</i>	<i>0</i>	<i>0</i>
<i>Net General Fund</i>	<i>553,399</i>	<i>553,399</i>

Description of Supplemental: The supplemental was approved in June 2006, based on a Department review of FY 2004-05 Medicaid reimbursements for the regional centers. This review revealed the inclusion of unallowable costs in the daily rate in Medicaid waiver program costs. The Department requested, and the Committee approved, \$553,399 General Fund for reimbursement of FY 2004-05 unallowable costs billed to Medicaid through the daily rate charged from the regional centers waiver program. The Department of Health Care Policy and Financing had indicated that it would be required to withhold funds until the overpayment was cured. This supplemental was therefore required to avoid an interruption in Medicaid reimbursement for the regional centers.

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Committee OPTIONS for Additional General Fund Reductions, FY 2006-07

Given the large demand for General Fund represented in some of the developmental disability services supplemental requests in this packet, staff would like to highlight some options for General Fund reductions for FY 2006-07 that could be considered by the JBC. Two of these have been discussed above, namely:

- The optional General Fund reductions in developmental disability services, and possible accompanying legislation, identified under Supplemental #2. Such reductions could be as high as the supplemental request (\$7.6 million), but staff would encourage the Committee to consider a lower figure (e.g., \$3 to \$5 million) if any, given the many other stresses facing the developmental disability system. Such reduction is suggested as a one-time reduction.
- The optional \$3.0 million General Fund reduction in Child Care to the Child Care Assistance Program, identified under Supplemental #20. Such reduction would also be one-time and based solely on projections that indicate that the CCAP program is likely to underspend. Staff believes it likely that, if a reduction beyond that requested by the Department is not taken before the end of the fiscal year, a General Fund reversion for FY 2006-07 can be anticipated.

In addition to these two, staff believes a one-time General Fund reduction to the Division of Vocational Rehabilitation could be considered, based on using one-time deferred revenue in lieu of General Fund.

Potential Vocational Rehabilitation Program General Fund Savings

As discussed in the staff budget briefing (Footnote 72 discussion, pages 66-68), **as of the close of FY 2005-06, a total of \$1,685,154 in deferred cash and cash exempt revenue remained on the Division of Vocational Rehabilitation's books.** The majority of revenue reflects receipts from the Department of Education on behalf of school districts for the School to Work Alliance Program. The funds represent local match that will be recognized as revenue and can be spent (with a federal match 78.7 percent federal/21.3 percent local funds or better) if spending authority is provided by the General Assembly. While a portion of these moneys could be spent in FY 2006-07 based on current spending authority and an additional \$20,000 requested and reviewed in this supplemental packet, that is not the case for most of the funds. The Department submitted Decision Item #21, which would increase spending from this source by \$287,779 in FY 2007-08 (should have been \$293,104, according to a hearing response). Its Footnote 72 discussion indicates plans for a total of \$550,118 in projects, including the Decision Item #21 amounts. *Since it is assumed that the requested funding is tied to multi-year projects, the Department apparently would anticipate that approving the decision item #21 plus the additional items mentioned in its footnote response would essentially exhaust the deferred revenue over five years. However, the Committee could choose to use these funds differently.*

DEPARTMENT OF HUMAN SERVICES
Office of Operations, Child Care, Developmental Disability Services
FY 2005-06 and FY 2006-07 SUPPLEMENTAL RECOMMENDATION
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To understand the origin of the deferred revenue, it is important to note two facts:

- The Department often only promises to provide local agencies with a 1:1 match, even though the Department receives federal reimbursement at the rate of 78.7 percent on all qualifying expenditures, *i.e.*, the Department receives federal VR match of \$3.69 for every \$1 of local match it receives. For the SWAP program, for example, it provides the local agency with \$1 of the federal funds and retains the balance of \$2.69 federal funds to spend both on activities that support the local match program and on “core” vocational rehabilitation programs. Thus, the Department may completely fulfill its contractual agreement with a local agency without having expended all of the funds it has received associated with the local match.
- The Department is only able to draw down federal financial participation based on actual expenditures for qualifying services. Even when the Department has fully met its obligations to local contracting agencies, it has not always been able to identify sufficient additional “core” services on which to expend the balance of funds before the end of the year. Since it is unable to draw down the federal funds in the absence of expenditure, a significant portion of local match revenue has gone into a “deferred revenue” account.

The table below demonstrates the process.

	Potential revenue, based on local contribution of \$1 (A)	Amount to be returned to local agency in funds/services (B)	Balance retained by VR for use on related and “core” VR services (C)	Deferred revenue if funds in (C) are not expended (D)
Local agency (CF/CFE)	\$1.00	\$0.42	\$0.58	\$0.58
Federal funds	\$3.69	\$1.58	\$2.11	Pending
Total	\$4.69	\$2.00	\$2.69	\$0.58

Deferred revenue of \$1.0 to \$1.5 million could be used on a one-time basis to substitute for General Fund appropriations in the Vocational Rehabilitation Budget. As reflected in the Department’s hearing response, it does not support such action, because it would prefer to spend the funds on additional expansion of Vocational Rehabilitation Services. It believes this would be more appropriate given the source of the funds and would offer benefits to Vocational Rehabilitation clients. Nonetheless, given General Fund increases for Vocational Rehabilitation services of \$1.8 million General Fund (\$8.45 million total funds) in FY 2006-07, staff does not believe the proposed one-time reduction would be unreasonable.

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The Committee could take action on this issue at this time, or it could wait until figure setting, when it will review Decision Item #21, to decide whether it wishes to apply the deferred revenue to vocational rehabilitation programs over time or to use some of the funds to address statewide General Fund shortfalls in FY 2006-07.

COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE



FY 2006-07 SUPPLEMENTAL (Received 1/24/07):
DEPARTMENT OF HUMAN SERVICES
Child Care

NON-PRIORITIZED
REQUESTS

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

Prepared By:

Amanda Bickel, JBC Staff

January 24, 2007

For Further Information Contact:

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

DEPARTMENT OF HUMAN SERVICES
Child Care - January 24, 2007 Additional Supplemental Request
FY 2006-07 SUPPLEMENTAL RECOMMENDATION
JBC WORKING DOCUMENT - SUBJECT TO CHANGE
(Tables Corrected January 26, 2007)

One Time Child Care Assistance Program Negative Adjustment for Governor's Office

Human Services	Request	Recommendation
Total	<u>(\$2,500,000)</u>	<u>(\$2,785,435)</u>
General Fund	(2,500,000)	(2,500,000)
Cash Funds Exempt (local funds)	0	(285,435)
Federal Funds (CCDF and Title XX)	0	0

Health Care Policy and Financing	Request	Recommendation
Total	<u>\$2,500,000</u>	<u>\$2,500,000</u>
General Fund	2,500,000	2,500,000
Cash Funds	0	0
Cash Funds Exempt	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	YES
Staff and the Departments agree that the request is based on new data.	

Department Request: This request was initiated by the Governor's Office of State Planning and Budgeting based on new data related to the Child Care Assistance Program expenditure data. The Governor's Office requests a \$2.5 million General Fund reduction to the Child Care Assistance Program line-time and a transfer of these funds to the Children's Basic Health Plan Trust Fund.

The request used FY 2005-06 close-out data as a proxy for FY 2006-07 expenditures. This figure exceeds projections of annualized expenditures from the first half of the fiscal year by roughly \$850,000 which, combined with the remaining \$97,371 of the over-appropriation, provides some flexibility for counties to change their eligibility criteria, increase the number of children served, or increase provider rates. The request does not attempt to capture the full effects of Senate Bill 06-045, which may be disproportionately felt in the second half of the fiscal year and may serve to further

reduce CCAP expenditures.

FY 2006-07 CCAP Program Expenditures	Total Cost
1) FY 2006-07 Child Care Assistance Program	79,871,761
2) Anticipated FY 2006-07 FF and CFE Supplemental adjustment	(2,347,193)
3) Revised Subtotal	77,524,568
4) FY 2006-07 Estimated Expenditures (based on FY 2005-06 Actual)	74,927,197
5) Estimated FY 2006-07 Over-Appropriation (3-4)	2,597,371

The request does not explain why the amount proposed to be reduced should be transferred to the Children's Basic Health Plan Trust.

Staff Recommendation: Staff recommends the proposed reduction to the Child Care Assistance Program, except that the staff recommendation includes an additional reduction to the CCAP program to reflect a reduction to county maintenance of effort.

Staff's analysis of CCAP program expenditures is discussed under Supplemental 20 of the regular Department of Human Services - Services for People with Disabilities/Operations/Child Care supplemental packet (page 47). As reflected in staff's packet, staff had suggested that the Committee consider a reduction of up to \$3,447,132, including \$3,093,890 General Fund, based on expenditures to-date for the CCAP program and projected spending for the year of \$74,077,436. Staff agrees the more conservative figure proposed by the Governor's Office is reasonable. However, consistent with past practice, staff believes county maintenance of effort requirements should be reduced associated with any General Fund or federal funds reduction.

As noted, the request does not explain the basis for placing these funds in the Children's Basic Health Plan Trust Fund. However, according to the analyst for the Department of Health Care Policy and Financing, the Committee currently expects to need to run a bill, with an associated FY 2006-07 General Fund appropriation, to keep the Trust Fund solvent. Placing additional General Fund in the Trust Fund will reduce the amount of General Fund required to be appropriated through such a bill. Alternatively, the Committee could simply take the General Fund reduction and thereby reduce funds required to be taken from the State Education Fund to cover supplementals. As needed, the analyst for the Department of Health Care Policy and Financing is available to discuss the Trust Fund option.

DEPARTMENT OF HUMAN SERVICES
Office of Operations, Child Care, Services for People with Disabilities
Executive Director - Karen Beye

Late Supplemental - One Time Child Care Assistance Program Negative Adjustment for Governor's Office

(6) DIVISION OF CHILD CARE

Child Care Assistance Program	<u>74,927,197</u>	<u>79,871,760</u>	<u>(2,500,000)</u>	<u>(2,785,435)</u>	<u>77,086,325</u>
General Fund	15,021,716	16,376,389	(2,500,000)	(2,500,000)	13,876,389
Cash Funds Exempt (local funds)	9,186,572	9,710,597	0	(285,435)	9,425,162
Federal Funds (CCDF and Title XX)	50,718,909	53,784,774	0	0	53,784,774

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
Executive Director - Joan Henneberry

(4) Indigent Care Program

HB 97-1304 Children's Basic Health Plan Trust	<u>29,431,057</u>	<u>192,072</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,692,072</u>
General Fund	2,000,000	0	2,500,000	2,500,000	2,500,000
Cash Funds	191,726	192,072	0	0	192,072
Cash Funds Exempt	27,239,331	0	0	0	0

Page Corrected 1/26/07

MEMORANDUM

TO: Joint Budget Committee

FROM: Amanda Bickel, JBC

SUBJECT: Staff Supplemental Comebacks - Department of Human Services

DATE: January 26, 2006

Attached are several corrections/clarifications to the staff Human Services Supplemental packet presented on January 24, 2006. These include:

- **Human Services - Office of Operations Supplemental 21 (Garage Fund):** Staff failed to include this supplemental in the original packet. As reflected in the attached document, staff recommends the request.
- **Human Services - Developmental Disability Supplemental 1-I:** Staff had originally requested that the Committee hold-off on action related to Supplemental 1-I. This supplemental was a previously approved supplemental to convert \$3.8 million in Medicaid funds to \$1.9 million in General Fund related to the federal CMS cap on numbers of individuals who could be served under the developmental disability home and community based waiver program. The amounts shown were for funding 90 new comprehensive resources and 60 adult supported living resources for the second half of FY 2006-07. The As reflected, the revised staff recommendation is to **reverse** the previous Committee action and thus to retain the funds as Medicaid, rather than converting them to General Fund. This is based on notification received January 24, 2006 that federal CMS is allowing Colorado to raise the FY 2006-07 funding cap.
- **OSPB/Human Services/Health Care Policy Late Supplemental for Child Care:** Staff has included replacement pages to the late supplemental for Child Care submitted by the Office of State Planning and Budgeting on January 24 that was added to the original packet. Although the write-up and staff's discussion with the Committee correctly indicated that the adjustments being made were General Fund, the spreadsheet and table incorrectly reflected the adjustments to the Department of Human Services as federal funds. With the Committee's permission, staff will post the corrected pages to the web as replacements.

Previously Approved 1331 Supplemental #1-I - CMS and HCPF Required Changes to DD Medicaid Waiver Program (Part 2)[Revised 1/26/07]

	Request/Previously Approved	Revised Recommendation
Total	(<u>\$1,902,791</u>)	<u>\$0</u>
General Fund	1,902,792	0
Cash Funds	0	0
Cash Funds Exempt	(3,805,583)	0
Federal Funds	0	0
<i>Medicaid Cash Funds</i>	<i>(3,805,583)</i>	<i>0</i>
<i>Medicaid - General Fund portion</i>	<i>(1,902,792)</i>	<i>0</i>
<i>Net General Fund*</i>	<i>0</i>	<i>0</i>

Committee Action, December 2006: For FY 2006-07 the Department was approved additional Medicaid resources for High Risk individuals. However, it was not able to fund these additional individuals under its Medicaid “cap”. As a result, in June 2006, the Department requested and received approval to convert the 90 comprehensive and 60 supported living resources to General Fund for the first six months of the fiscal year, resulting in a conversion to 45 comprehensive and 30 supported living General Fund resources. (This is discussed under Supplemental 1-C). In November, the Department requested and, in December 2006, the JBC approved converting the second half of the FY 2006-07 (January-June 2007) new Medicaid resources to General Fund.

Staff Revised Recommendation: On January 24, 2006, the State was notified by federal authorities that federal authorities have agreed to raise the FY 2006-07 "cap" on the Medicaid developmental disability comprehensive Home- and Community-based Services (HCBS) waiver program. Although federal action reflects retroactivity to July 1, 2006, the Department has indicated that it currently does not expect to be able to make use of the revised cap for dates prior to January 1, 2007. Staff recommends that the Committee reverse its previous action on this supplemental and leave Medicaid funding for these resources intact for January-June 2007. If additional FY 2006-07 adjustments are required related to when Medicaid funds can be effectively accessed related to the waiver cap adjustment (either earlier or later), these will be discussed during staff's FY 2007-08 figure setting presentation. (Staff already anticipates late supplemental adjustments to this line item related to FY 2006-07 Medicaid HCBS waiver program utilization.)

Supplemental #21 - Garage Fund Spending Authority Increase [Not previously presented]

	Request	Recommendation
Total	\$173,591	\$173,591
FTE	<u>0.0</u>	<u>0.0</u>
General Fund	0	0
Cash Funds	0	0
Cash Funds Exempt	173,591	173,591
Federal Funds	0	0
<i>Medicaid Cash Funds</i>	<i>0</i>	<i>0</i>

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	YES
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The Department and staff agree the request is based on an unforeseen contingency and new data

Department Request: The Department has requested an increase to the spending authority for the garage fund appropriation, due to the rising fuel and materials costs (repair parts) and the need to provide more frequent maintenance and repair services for our state vehicle fleet. The supplemental request will allow the Division of Facilities Management State Garages to ensure that safe and reliable transportation is available to CDHS program staff and clients.

Staff Recommendation: Staff recommends the request. The request is for spending authority. If the services/fuel is not required, the money will not be received by the Division of Facilities Management and the spending authority will not be used.

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation

DEPARTMENT OF HUMAN SERVICES
Office of Operations, Child Care, Services for People with Disabilities
Executive Director - Karen Beye

Previously Approved 1331 Supplemental 1-I - CMS and HCPF Required Changes to DD Medicaid Waiver Program (Part 2) [REVISED 1/26/07]

(9) Services for People with Disabilities
(A) Developmental Disability Services
(1) Community Services

Adult Program Costs	<u>267,971,683</u>	<u>294,358,936</u>	<u>(1,902,791)</u>	<u>0</u>	<u>294,358,936</u>
General Fund	11,168,268	12,438,159	1,902,792	0	12,438,159
Cash Funds	0	0	0	0	0
Cash Funds Exempt	256,803,415	281,920,777	(3,805,583)	0	281,920,777
Federal Funds	0	0	0	0	0
<i>Medicaid Cash Funds</i>	<i>224,815,225</i>	<i>247,952,288</i>	<i>(3,805,583)</i>	<i>0</i>	<i>247,952,288</i>
<i>Medicaid - General Fund portion</i>	<i>112,407,612</i>	<i>123,913,507</i>	<i>(1,902,792)</i>	<i>0</i>	<i>123,913,507</i>
<i>Net General Fund*</i>	<i>123,575,880</i>	<i>136,351,666</i>	<i>0</i>	<i>0</i>	<i>136,351,666</i>

NOTE: INCLUDES ASSOCIATED ADJUSTMENT IN HCPF (see below)

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation

Supplemental #21 - Office of Operations Garage Fund Spending Authority [NOT PREVIOUSLY PRESENTED]

(3) Office of Operations

(B) Special Purpose

State Garage Fund	442,182	445,298	173,591	173,591	618,889
FTE	<u>0.9</u>	<u>2.1</u>	<u>0.0</u>	<u>0.0</u>	<u>2.1</u>
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Cash Funds Exempt	442,182	445,298	173,591	173,591	618,889
Federal Funds					
<i>Medicaid Cash Funds</i>	0	0	0	0	0

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING
FY 2006-07 Adjustments Associated with
Human Services Supplemental Above

DHS Previously Approved 1331 Supplemental 1-I - CMS and HCPF Required Changes to DD Medicaid Waiver Program (Part 2) [REVISED 1/26/07]

Department of Human Services Medicaid-Funded Programs
(G) Services for People with Developmental Disabilities - Medicaid Funding

	FY 2005-06	FY 2006-07	Requested Change	Recommended Change	New Total with Recommendation
Community Services Adult Program Costs and					
CCMS Replacement - Medicaid Funding	<u>225,053,262</u>	<u>248,194,905</u>	<u>(3,805,584)</u>	<u>0</u>	<u>248,194,905</u>
General Fund	112,498,540	124,034,816	(1,902,792)		124,034,816
Cash Funds	0	0	0		0
Cash Funds Exempt	18,705	32,364	0		32,364
Federal Funds	112,536,017	124,127,725	(1,902,792)		124,127,725