On March 22, 2022, the Joint Budget Committee approved a placeholder of $476,067 General Fund for a bill concerning the development of a county administration funding model that would subsequently be used to determine allocations to counties for the administration of public and medical assistance programs. The committee asked that the bill include language requiring business process and efficiency improvements.

The placeholder was for FY 2022-23, only, however implementation of the bill as currently drafted by both the Department of Human Services (DHS) and the Department of Health Care Policy and Financing (HCPF) will require appropriations in both FY 2022-23 and FY 2023-24. The fiscal impact of the bill as currently drafted is $168,120 General Fund in FY 2022-23 and $252,180 General Fund in FY 2023-24.

LLS 22-0991 (County administration of public assistance programs) requires in FY 2022-23:
- DHS, HCPF, and county departments of human or social services to develop a scope of work for a comprehensive assessment of public and medical assistance program best practices;
- DHS to contract a third party to conduct the comprehensive assessment, evaluate existing practices for county administration, and make recommendations related to administration of public and medical assistance programs and the ongoing evaluation of such.

The bill requires in FY 2023-24:
- DHS to contract a third party to develop a public and medical assistance program funding model to determine the amount of money necessary to fund county administration.

The bill requires in FY 2025-26:
- Use of the funding model to determine the allocation to counties for county administration.

The bill’s fiscal impact includes the following appropriations:

FY 2022-23:
- $240,000 total funds, including $120,000 General Fund and $120,000 federal funds, to the Department of Human Services; and
- $160,000 total funds, including $48,120 General Fund, $31,880 cash funds from the Healthcare Affordability and Sustainability Fee Cash Fund, and $80,000 federal funds.

The FY 2023-24 impact of the bill includes:
- $360,000 total funds, including $180,000 General Fund and $180,000 federal funds, to the Department of Human Services; and
- $240,000 total funds, including $72,180 General Fund, $47,820 cash funds from the Healthcare Affordability and Sustainability Fee Cash Fund, and $120,000 federal funds.
If the Committee elects to introduce LLS 22-0991 as drafted, JBC staff requests permission to add the appropriation clause to the bill prior to introduction.

In addition, JBC staff and OLLS staff request permission to make technical corrections to the bill draft prior to introduction.
A BILL FOR AN ACT

CONCERNING COUNTY ADMINISTRATION OF PUBLIC ASSISTANCE PROGRAMS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://leg.colorado.gov.)

Joint Budget Committee. The bill requires the department of human services (DHS) and the department of health care policy and financing (HCPF), in consultation with county departments of human and social services (county departments) to develop a scope of work for a comprehensive assessment of the best practices related to the administration of public and medical assistance programs. The bill
requires DHS to enter into an agreement with a third party to conduct the comprehensive assessment, evaluate existing practices for the administration of public and medical assistance programs, and to make recommendations related to administration of public and medical assistance programs and ongoing evaluation of the public and medical assistance program system. DHS is required to submit the results of the comprehensive assessment and a fiscal impact analysis of implementing the third party's recommendations to HCPF, county departments, and the joint budget committee.

Following completion of the comprehensive assessment, DHS is required to enter into an agreement with an outside entity to develop a public and medical assistance programs funding model (funding model) to determine the amount of money necessary to fund county administration of certain public assistance programs overseen by DHS and HCPF. DHS shall enter into an agreement with an outside entity to annually update and modify the funding model.

Beginning with fiscal year 2025-26, the joint budget committee shall use the results of the funding model to inform its decisions regarding the amount of the appropriation to DHS and HCPF to fund county administration of public assistance programs. DHS and HCPF shall allocate money to counties for public assistance program administration in accordance with the results of the funding model.

The bill requires DHS and HCPF to submit an annual report to the joint budget committee on the funding model.

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Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, add 26-1-121.5 as follows:

26-1-121.5. Public assistance funding model - workload study - evaluation - report - definitions - repeal. (1) As used in this section, unless the context otherwise requires:

(a) "FUNDING MODEL" MEANS THE COUNTY ADMINISTRATION OF PUBLIC AND MEDICAL ASSISTANCE PROGRAMS FUNDING MODEL TO DETERMINE THE APPROPRIATE LEVEL OF FUNDING FOR EACH COUNTY REQUIRED TO MAKE ELIGIBILITY DETERMINATIONS REGARDING PARTICIPATION IN A PUBLIC ASSISTANCE PROGRAM.
(b) "Medical assistance programs" means the following public assistance programs administered by the department of health care policy and financing: The medical assistance program, established in articles 4, 5, and 6 of title 25.5, including long-term care services; the children's basic health plan, established in article 8 of title 25.5; and the old age pension health and medical care program described in section 25.5-2-101.

(c) "Public assistance programs" means the programs of public assistance administered by the state department pursuant to article 2 of this title 26.

(2) (a) On or before August 15, 2022, the state department and the department of health care policy and financing, in consultation with county departments, shall develop a scope of work for the comprehensive assessment of best practices related to the administration of public and medical assistance programs, including, but not limited to, policies, processes, size and structure of the workforce that administers the programs, information systems infrastructure, and data to ensure improved access by eligible individuals to public and medical assistance programs, timeliness of applications processing, administrative efficiency, and cost effectiveness.

(b) On or before November 1, 2022, the state department, after consultation with the department of health care policy and financing and county departments, shall enter into an agreement with a third party to:

(i) Conduct the comprehensive assessment within the scope of work developed pursuant to subsection (2)(a) of this section;
(II) Evaluate the existing policies, processes, size and structure of program workforce, information systems infrastructure, and data for the administration of the public and medical assistance programs at the state and county levels;

(III) Make recommendations for changes to state and county public and medical assistance program policies, processes, size and structure of program workforce, and information systems infrastructure to ensure improved access by eligible individuals to public and medical assistance programs, timeliness of applications processing, administrative efficiency, and cost effectiveness; and

(IV) Make recommendations related to the ongoing evaluation of the public and medical assistance program system, including appropriate metrics for determining whether the efficiency and cost-effectiveness of the system has improved as a result of the implementation of recommendations made pursuant to this subsection (2)(b).

(c) On or before July 1, 2023, the state department shall submit the results of the comprehensive assessment and recommendations required pursuant to subsection (2)(b) of this section to the department of health care policy and financing, the county departments, and the joint budget committee.

(d) On or before November 1, 2023, the state department shall submit an analysis of the fiscal impact of implementing the recommendations required in subsection (2)(b) of this section to the joint budget committee. The analysis must include a determination of the feasibility of implementing the recommendations, a timeline for implementation, and cost of
IMPLEMENTATION FOR EACH FISCAL YEAR INCLUDED IN THE TIMELINE. THE
ANALYSIS MUST ALSO INCLUDE A DISCUSSION OF ANY CONCERNS
EXPRESSED BY THE STATE DEPARTMENT, THE DEPARTMENT OF HEALTH
CARE POLICY AND FINANCING, OR THE COUNTY DEPARTMENTS RELATED TO
THE COMPREHENSIVE ASSESSMENT AND RECOMMENDATIONS DESCRIBED
IN SUBSECTIONS (2)(a) AND (2)(b) OF THIS SECTION.

(e) This subsection (2) is repealed, effective June 30, 2024.

(3)(a) On or before January 2, 2024, the state department
shall enter into an agreement with an outside entity to develop
a county administration of public and medical assistance
programs funding model to determine the amount of money
necessary to fund the administration of public and medical
assistance programs in each county. The outside entity may be
the same entity as the third party that performs the
comprehensive assessment described in subsection (2) of this
section.

(b) The outside entity shall work with the state
department, the department of health care policy and financing,
and county departments to determine the appropriate process
and data to be used in the development of the funding model.

(c) On or before July 1, 2024, the outside entity shall
develop the funding model for fiscal year 2025-26.

(d) On or before November 1, 2024, the state department
shall submit the results of the funding model to the joint
budget committee, the department of health care policy and
financing, and the county departments.

(e) This subsection (3) is repealed, effective June 30, 2026.

(4)(a) On or before July 1, 2025, and on or before July 1

(b) ON OR BEFORE NOVEMBER 1, 2025, AND ON OR BEFORE NOVEMBER 1 OF EACH YEAR THEREAFTER, THE STATE DEPARTMENT SHALL SUBMIT THE RESULTS OF THE FUNDING MODEL TO THE JOINT BUDGET COMMITTEE, THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING, AND THE COUNTY DEPARTMENTS.

(5) THE FUNDING MODEL MUST INCLUDE:

(a) THE NUMBER OF ELIGIBILITY STAFF, LEAD WORKERS, SUPERVISORS AND MANAGERS, CUSTOMER SERVICE STAFF, QUALITY ASSURANCE STAFF, PROGRAM INTEGRITY STAFF, INVESTIGATORS, CLAIMS ESTABLISHMENT AND COLLECTIONS STAFF, APPEALS STAFF, ATTORNEYS, AND ADDITIONAL SUPPORT STAFF NECESSARY FOR A COUNTY TO PERFORM ALL RESPONSIBILITIES REQUIRED BY STATE AND FEDERAL LAW, AND MUST INCLUDE A COMPONENT THAT CONSIDERS THE VARIOUS RESOURCES, INCLUDING FINANCIAL RESOURCES, REQUIRED TO EFFECTIVELY HIRE, TRAIN, AND RETAIN STAFF IN THEIR RESPECTIVE AREAS OF RESPONSIBILITY ASSOCIATED WITH PUBLIC AND MEDICAL ASSISTANCE PROGRAMS;

(b) DEMOGRAPHIC DATA, INCLUDING POVERTY STATISTICS, AND STATE AND LOCAL ECONOMIC DRIVERS, INCLUDING STAFF COMPENSATION, AT BOTH THE COUNTY AND REGIONAL LEVELS, THAT MAY INFLUENCE THE OVERALL COST OF DELIVERING PUBLIC AND MEDICAL ASSISTANCE PROGRAMS IN EACH COUNTY;
(c) The estimated administrative workload for each county to make public assistance program eligibility determinations, to be funded by the money allocated to counties pursuant to section 26-1-122;

(d) A component that supports business process improvements as described in section 26-1-122.3 (1)(b)(IX) in each county; and

(e) Any modifications to the public and medical assistance program system that have been implemented by the department or the department of health care policy and financing, including those that may have been recommended by the third party pursuant to subsection (2)(b) of this section and provided to the joint budget committee pursuant to subsection (2)(c) of this section.

(7)(a) The joint budget committee shall use the results of the funding model to inform its decisions regarding the amount of the appropriation to the state department for county administration of public assistance programs and the amount of the appropriation to the department of health care policy and financing for county administration of medical assistance programs.

(b) The state department shall allocate money to counties for public assistance programs in accordance with the results of the funding model. The department of health care policy and financing shall allocate money to counties as permitted by state and federal law for medical assistance programs informed by the results of the funding model. If the appropriation made for a fiscal year to either department is not
EQUAL TO THE AMOUNT NECESSARY TO FULLY FUND THE ALLOCATIONS REQUIRED BY THE FUNDING MODEL, THE AFFECTED DEPARTMENT SHALL ADJUST THE ALLOCATION TO EACH COUNTY TO ENSURE THAT THE FUNDING MADE AVAILABLE TO ALL COUNTIES DOES NOT EXCEED THE ANNUAL APPROPRIATION.

(8) (a) On or before November 15, 2026, and on or before November 15 of each year thereafter, the State Department and the Department of Health Care Policy and Financing shall submit a joint report regarding the funding model to the Joint Budget Committee. The report must include the following information concerning the previous fiscal year:

(I) The results of the funding model, including the cost per county necessary to meet all state and federal requirements for the comprehensive delivery of public assistance benefits and medical assistance benefits;

(II) The total amount appropriated for public assistance programs to the State Department and for medical assistance programs to the Department of Health Care Policy and Financing, and the difference between each county's actual allocation and the allocation amount identified by the funding model;

(III) The final close-out for the previous fiscal year;

(IV) Any modifications made to the model to improve the accuracy of the data;

(V) A description of any assessment performed of county business processes and workflow and a description of modifications made by a county that have improved or are intended to improve workflow and the timelines of eligibility determinations, client satisfaction, and workforce retention;
AND

(VI) ANY OTHER ISSUES RELATED TO FUNDING THE DELIVERY OF
PUBLIC AND MEDICAL ASSISTANCE BENEFITS.

(b) NOTWITHSTANDING SECTION 24-1-136 (11)(a)(I), THE
REPORTING REQUIREMENT DESCRIBED IN THIS SUBSECTION (8) CONTINUES
INDEFINITELY.

SECTION 2. In Colorado Revised Statutes, 26-1-121, amend (2)
as follows:

26-1-121. Appropriations - food distribution programs.
(2) (a) The general assembly shall appropriate from the general fund for
the costs of administering assistance payments, food stamps, social
services, the food pantry assistance grant program created in section
26-2-139, and other public assistance and welfare functions of the state
department and the state's share of the costs of administering such
functions by the county departments amounts sufficient for the proper and
efficient performance of the duties imposed upon them by law, including
a legal advisor appointed by the attorney general. The general assembly
shall make two separate appropriations, one for the administrative costs
of the state department and another for the administrative costs of the
county departments. Any applicable matching federal funds must be
apportioned in accordance with the federal regulations accompanying
such funds. Any unobligated and unexpended balances of such state funds
so appropriated remaining at the end of each fiscal year must be credited
to the state general fund.

(b) BEGINNING WITH FISCAL YEAR 2025-26, BEFORE MAKING THE
APPROPRIATION DESCRIBED IN SUBSECTION (2)(a) OF THIS SECTION, THE
GENERAL ASSEMBLY SHALL CONSIDER, BUT IS NOT REQUIRED TO
APPROPRIATE AMOUNTS INCLUDED IN, THE RESULTS OF THE PUBLIC
ASSISTANCE PROGRAMS FUNDING MODEL DESCRIBED IN SECTION 26-1-121.5.

SECTION 3. In Colorado Revised Statutes, 26-1-122, amend (2)(a) as follows:

26-1-122. County appropriations and expenditures - advancements - procedures. (2) (a) The county boards, in accordance with the rules of the state department, shall file requests with the state department for advancement of funds for the program costs of assistance payments, food stamps (except the value of food stamp coupons), and social services and for the administrative costs of each. The state department shall determine the requirements of each county for such program costs and administrative costs taking into consideration available funds and all pertinent facts and circumstances, AND ADMINISTRATIVE COSTS, IN ACCORDANCE WITH THE FUNDING MODEL DESCRIBED IN SECTION 26-1-121.5, and shall certify by voucher to the controller the amounts to be paid to each county. The amounts so certified MUST be paid from the state treasury upon voucher of the state department and warrant of the controller and MUST be credited by the county treasurer to the county social services fund in accordance with the law and rules of the state department.

SECTION 4. In Colorado Revised Statutes, 25.5-8-111, add (3) as follows:

25.5-8-111. Department - administration - outsourcing. (3) If THE STATE DEPARTMENT USES COUNTY DEPARTMENTS OF HUMAN OR SOCIAL SERVICES TO PERFORM FUNCTIONS RELATING TO THE ADMINISTRATION OF THE CHILDREN'S BASIC HEALTH PLAN PURSUANT TO SUBSECTION (1)(a)(II) OF THIS SECTION AND ALLOCATES MONEY TO A COUNTY FOR THAT PURPOSE, THE STATE DEPARTMENT SHALL MAKE THE
4.27.22

ALLOCATION IN ACCORDANCE WITH THE RESULTS OF THE PUBLIC
ASSISTANCE PROGRAMS FUNDING MODEL DESCRIBED IN SECTION
26-1-121.5.

SECTION 5. Safety clause. The general assembly hereby finds,
determines, and declares that this act is necessary for the immediate
preservation of the public peace, health, or safety.