

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee Members
FROM Megan Davisson, JBC Staff (303-866-2062)
DATE January 30, 2017
SUBJECT Department of Health Care Policy and Financing S5 Staff Comeback

S5 OFFICE OF COMMUNITY LIVING CASELOAD ADJUSTMENT

	REQUEST	RECOMMENDATION
TOTAL	(\$18,626,814)	\$4,701,000
General Fund	(8,707,629)	0
Cash Funds	0	4,701,000
Federal Funds	(9,919,185)	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 calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

Explanation: JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made.

NEW INFORMATION

The Committee tabled this item pending a response from the Department about the staff recommendation for \$4.7 million cash funds for a one-time Supported Living Services provider incentive.

DEPARTMENT RESPONSE

The JBC staff recommendation is not specific as to how the appropriated funding should be used. If the committee provides an appropriation related to provider capacity, the funding could be targeted to specific areas of need, such as:

- Provide for a grant program for IDD that targets specific providers, such as rural providers or providers in high cost areas.
- Providing CCBs with one-time funding to assist with Business Continuity Plan (BCP) development for Conflict Free Case Management (CFCM). The BCP is a critical part of the CFCM implementation plan submitted by the Department to the JBC.
- Providing one-time funding to HCBS Providers to come into compliance with HCBS Settings Rule requirements, which may include capital expenses such as changes to doors and locks.
- Provide one-time funding to CCBs to provide Respite for families who provide support to individuals waiting for HCBS-DD waiver services.

For any such appropriation, the Department requests that the committee consider that:

- Additional funding is subject to SB 16-038 requirements for CCB recipients, which requires that CCBs post to their website their annual budget and expenditures as have been appropriated by the State.

- The objectives of the appropriation should be clearly defined in statute. Authorizing legislation should include:
 - What circumstances qualify for additional funding
 - What criteria is used to determine which CCBs/provider agency receives funding
 - Whether there is a maximum amount each agency can receive
 - The appeal process, if any
- The Department would only be able to measure outcomes of the appropriation if specific resources are dedicated for that purpose.
- Any program that requires funding to be targeted to specific providers or grant applicants requires staff time for the development of and management for the program, and the more onerous the requirements for this funding, the more likely it is the Department will need dedicated resources to administer this program effectively.
- Depending on the complexity of the program, the Department may need roll-forward authority on the appropriation into FY 2017-18 to ensure that all funding can be spent.

STAFF RESPONSE

The purpose of the staff recommendation was to provide Supported Living Service (SLS) providers with a one-time incentive payment. Staff is unclear how the options provided in the Department's response would accomplish this. Additionally a number of the options in the Department's response would not impact SLS providers, including funds for business plans and respite services for individuals on the Comprehensive Waiver.

ORIGINAL DOCUMENT

DEPARTMENT REQUEST: The Department requests a reduction of \$18,626,814 total funds of which \$8,707,629 is General Fund and \$9,919,185 is federal funds for caseload adjustments to the three intellectual and developmental disability (IDD) waivers based on four months of actual expenditure data.

STAFF RECOMMENDATION: Staff recommends that the Committee deny the supplemental and wait until the February 15th caseload adjustment to determine what FY 2016-17 appropriation adjustments should be made. The first six months of actual expenditure data indicates the expenditures for the IDD waivers will be closer to the appropriation than is projected in this request. Additionally, staff recommends the Committee appropriate \$4,701,000 cash funds from the Intellectual and Developmental Disabilities Services Cash Fund for a one-time Supported Living Services provider incentive.

STAFF ANALYSIS: The supplemental budget request is based on four months of actual expenditure data. The Department publishes a monthly expenditure update. Based on expenditure data through December 2016, expenditures for the IDD waivers will be closer to the original FY 2016-17 appropriation than was projected based on four months of data. The following table summarizes the JBC staff projection based on actual expenditure data. The Department will submit a February 15, 2017 caseload adjustment based on six months of expenditure data. Using the February 15th caseload adjustment will limit the amount of significant appropriation changes.

JBC STAFF LINEAR PROJECTION OF IDD WAIVERS FY 2016-17 EXPENDITURES				
	6 MONTH TOTAL EXPENDITURE	PROJECTED TOTAL	APPROPRIATION	DIFFERENCE (PROJECTION - APPROPRIATION)
Comprehensive Waiver	\$179,822,275	\$359,644,550	\$362,346,433	(2,701,883)
Supported Living Services Waiver	33,184,813	69,746,358	69,681,391	64,967
Children's Extensive Support Services	12,762,163	27,153,915	26,310,826	843,089
Targeted Case Management	15,853,599	31,707,198	32,255,501	(548,303)
TOTAL	\$241,622,850	\$488,252,022	\$490,594,151	(\$2,342,129)

ISSUES WITH SUSTAINING SLS PROVIDERS

Staff is aware of the ongoing issues with retaining providers for services available through the Supported Living Services waiver. It is not feasible within the time remaining in FY 2016-17 to provide a sustainability rate increase for some or all of the services available through the Supported Living Services waiver. Staff is working with the Department to determine the feasibility and cost of rate increases to some, or all, of the services provided through the Supported Living Services waiver. Staff anticipates providing the Committee with additional information and, if appropriate, a recommendation for FY 2017-18 changes during the March 14, 2017 figure setting presentation. Since it is not possible to provide a long-term solution through the supplemental process, but the inadequacy of rates is a current problem resulting in providers ceasing to provide services, staff recommends a one-time provider capacity payment be included in the FY 2016-17 supplemental. Staff recommends a \$1,000 per person provider capacity payment be made to each provider providing services to individuals on the Supported Living Services waiver. The \$1,000 per person figure is based on the average per person capacity increase that was provided in H.B. 14-1252 as well as the amount of available funds in the Intellectual and Developmental Disabilities Services Cash Fund.

Based on the Department's November 1 request there is approximately \$9.0 million available funds in the Intellectual and Developmental Disabilities Services Cash Fund. The Department has request to use approximately \$8.5 million of these available funds for the FY 2017-18 caseload adjustment. If the Committee approves the staff recommendation, the IDD waivers will require \$4.7 million General Fund for the FY 2017-18 caseload adjustment (the Department has requested to use approximately \$8.5 million from the Intellectual and Developmental Disabilities Services Cash Fund for the FY 2017-18 caseload adjustment). Note the caseload adjustment for FY 2017-18 will be revised by the February 15, 2017 caseload submission.

The distribution of funds appropriated for system capacity in HB 14-1252 used "FY 2012-13 claims information to proportionally distribute the funds across providers based on the number of clients served. The Department targeted providers that had a substantial claims volume and set a minimum threshold of \$2,000 in order for a provider to receive funding." Since there is a precedent for the General Assembly to provide a one-time increase to providers for the Supported Living Services waiver, staff recommends the Committee appropriate \$4,701,000 cash funds for a one-time provider sustainability payment.