



**Legislative
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FISCAL NOTE

Drafting Number:	LLS 18-1085	Date:	March 26, 2018
Prime Sponsors:	Rep. Young Sen. Lambert; Moreno	Bill Status:	House Appropriations
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Bill Topic: REDESIGN RESIDENTIAL CHILD HEALTH CARE WAIVER

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill directs the Department of Health Care Policy and Financing to submit a waiver application for a redesign of the Children's Habilitation Residential Program and specifies changes to the program. On net, this will increase state expenditures on an ongoing basis.

Appropriation Summary: For FY 2018-19, the bill requires a total net change in appropriations of \$97,263 to the Department of Health Care Policy and Financing and the Department of Human Services.

Fiscal Note Status: This fiscal note reflects the introduced bill. The bill was recommended by the Joint Budget Committee and is part of its FY 2018-19 budget package.

**Table 1
State Fiscal Impacts Under HB 18-1328**

		FY 2018-19	FY 2019-20
Revenue			
Expenditures	General Fund	\$48,630	\$217,124
	Federal Funds	\$48,633	\$217,123
	Total	\$97,263	\$434,247
	Total FTE	0.8 FTE	1.0 FTE
Transfers			
TABOR Refund			

Summary of Legislation

This bill requires the Department of Health Care Policy and Financing (HCPF) to redesign the Child Habilitation Residential Program (CHRP) and submit a waiver application to the federal government for approval of the redesigned program. The bill transfers administration of CHRP from the Department of Human Services (DHS) to HCPF and, subject to federal approval, removes the statutory requirement that children be placed in foster care to receive waiver services. In developing the waiver application, HCPF must initiate a stakeholder process to get feedback on the program redesign. The redesigned waiver program must provide access to home- and community-based services that allow a child or youth to remain in or return to his or her family home, while also providing out-of-home services and crisis stabilization services when necessary. HCPF may develop program rules to implement the redesigned waiver, once approved federally, and may limit the number of children served under the program in accordance with the conditions for federal approval.

Background

Under current law, CHRP is administered by the DHS and funded with reappropriated funds from HCPF. The program provides services to children and youths with intellectual and developmental disabilities who have complex behavioral support needs. Currently, for a child to be eligible for services under CHRP, a child must first be placed in foster care. Currently, CHRP serves approximately 81 children.

State Expenditures

This bill increases net costs by \$97,263 and 0.8 FTE in FY 2018-19 and \$434,247 and 1.0 FTE in FY 2019-20. These costs include an increase in HCPF and an offsetting decrease in the DHS. Costs are summarized in Table 2 and discussed below.

**Table 2
 Expenditures Under HB 18-1328**

Cost Components	FY 2018-19	FY 2019-20
Department of Health Care Policy and Financing		
Personal Services	\$141,876	\$170,802
Operating Expenses and Capital Outlay Costs	\$10,270	\$1,900
Stakeholder Outreach	\$29,500	\$29,500
Medical Service Premiums	\$67,940	-
Waiver Services	\$2,515,319	\$2,583,259
Transition Services	-	\$63,848
Case Management	-	\$253,530
Centrally Appropriated Costs	\$15,633	\$15,633
FTE – Personal Services	1.8 FTE	2.0 FTE
HCPF Subtotal	\$2,780,538	\$3,118,472

**Table 2
 Expenditures Under HB 18-1328 (Cont.)**

Department of Human Services*		
Administration	(\$84,383)	(\$85,333)
Child Welfare Services	(\$2,583,260)	(\$2,583,259)
Centrally Appropriated Costs	(\$15,633)	(\$15,633)
FTE – Personal Services	(1.0 FTE)	(1.0 FTE)
DHS Subtotal	(\$2,683,276)	(\$2,684,225)
Total	\$97,262	\$434,247
Total FTE	0.8 FTE	1.0 FTE

* These costs are currently paid using reappropriated funds from HCPF. They are excluded from the HCPF total to avoid double counting of the reduction in costs.

Department of Health Care Policy and Financing. The bill increase costs in HCPF by \$2.8 million and 1.8 FTE in FY 2018-19 and by \$3.1 million and 2.0 FTE in FY 2019-20 (these totals exclude reappropriated funds that are currently transferred to the DHS to manage CHRP). This increase includes transferring administrative and waiver service costs into HCPF from DHS. Staffing in HCPF will include 1.0 FTE transferred from the DHS and an additional 1.0 FTE (prorated to 0.8 FTE in the first year) to manage the waiver redesign and stakeholder processes. HCPF will also have costs to pay community-centered boards (CCBs) for case management services.

Department of Human Services. The DHS will have a reduction in costs of \$2.7 million and 1.0 FTE per year starting in FY 2018-19. This reduction includes costs for staff, operating expenses, and services for children in foster care who qualify for CHRP under current law.

Centrally appropriated costs. Centrally appropriated costs for employee insurance and supplemental retirements payments associated with the transfer of staff are adjusted in the bill's included appropriation. They are shown in Table 2 above.

Local Government

The bill decreases local government workload, costs, and revenue. If federal approval is received for the redesigned waiver, children will no longer be required to be placed in foster care to receive CHRP waiver services, which will decrease county costs. Relatedly, case management for these children will be provided by nonprofit CCBs contracted with HCPF, rather than county caseworkers. Revenue to counties via the state Child Welfare Services block grant will be decreased, as this funding is transferred to HCPF and the CCBs, rather than to DHS and the counties.

Effective Date

The bill takes effect July 1, 2018, except that Sections 3, 4, 5, 6, and 7 take effect upon notice being provided to the Revisor of Statute that federal approval has been received for the redesigned waiver.

State Appropriations

For FY 2018-19, the bill requires and includes the following appropriations:

- an increase of \$2,780,538 to HCPF, split evenly between General Fund and federal funds, to directly administer CHRP;
- a decrease of \$2,667,642 to HCPF, split evenly between General Fund and federal funds, for reappropriation to the DHS;
- a decrease of \$2,667,642 in reappropriated Medicaid funds to the DHS; and
- an increase of 1.8 FTE to HCPF and a decrease of 1.0 FTE to the DHS.

State and Local Government Contacts

Health Care Policy and Financing

Human Services

Information Technology