



Fiscal Note

Legislative Council Staff

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HB 25-1017: COMMUNITY INTEGRATION PLAN INDIVIDUALS WITH DISABILITIES

Prime Sponsors:

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Published for: House Health & Human Services**Drafting number:** LLS 25-0390**Version:** Initial Fiscal Note**Date:** February 13, 2025**Fiscal note status:** The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill codifies federal regulations for individuals with disabilities and requires the development of an updated community integration plan.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- Local Government

Appropriations. For FY 2025-26, the bill requires an appropriation of \$579,206 to the Department of Health Care Policy and Financing.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$597,024	\$250,393
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.9 FTE	1.0 FTE

¹ Fund sources for these impacts are shown in the tables below.

**Table 1A
State Expenditures**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$289,603	\$115,297
Cash Funds	\$0	\$0
Federal Funds	\$289,603	\$115,297
Centrally Appropriated	\$17,818	\$19,799
Total Expenditures	\$597,024	\$250,393
Total FTE	0.9 FTE	1.0 FTE

Summary of Legislation

The bill codifies federal law and legal precedent in state statute and requires the Department of Health Care Policy and Financing (HCPF) to create a community integration plan for serving individuals with disabilities.

Codification of Federal Rulings

The bill requires public and government entities to provide services in the most integrated setting that is appropriate to the needs of an individual with disabilities. It requires home- and community-based services to be provided to individuals with disabilities when the services are appropriate, the individual agrees to the services, and placement can be reasonably accommodated.

Public entities providing services must take reasonable steps to prevent the institutionalization of individuals with disabilities, including making a plan to alleviate risk, but they are not required to make modifications that fundamentally alter their programs. The bill outlines criteria for determining when the exception applies, including the cost of providing services in integrated settings, resources available to the state, and the ability to meet the needs of others with disabilities.

Community Integration Plan

By September 1, 2026, the bill requires HCPF to create a community integration plan to assess how well the state is providing services in the most integrated settings, develop state goals and a plan to meet those goals for certain individuals, and identify funding sources to support the plan. The plan must be updated every three years, including a neutral assessment of the state's progress on the plan.

Background

Americans with Disabilities Act

The [Americans with Disabilities Act \(ADA\) of 1990](#) prohibits discrimination on the basis of disability. Title II of the ADA provides federal regulations for public entities to prevent individuals with disabilities from being excluded from services, programs, and activities provided by public entities. It requires entities to provide services in the least restrictive setting and to make reasonable accommodations to avoid discrimination on the basis of a disability, but does not require such measures if it would fundamentally alter the nature of the entity's programs.

Olmstead Decision

In 1999, the federal Supreme Court [decision in Olmstead v. L.C.](#) affirmed that the unnecessary institutionalization of individuals with disabilities violates Title II of the ADA. It clarified that states are required to provide home- and community-based treatments and services if the treatment is appropriate, the person does not oppose the treatment, and that the placement can be reasonably accommodated taking into account state resources. The decision encouraged states to develop plans for transitioning individuals out of institutions and expanding home- and community-based services. The [Colorado Community Living Plan](#) was created in 2014 and outlined the state's comprehensive approach to meeting the requirements of the Olmstead decision. The plan has not been evaluated since 2018.

State Expenditures

The bill increases state expenditures in the HCPF by \$597,000 in FY 2025-26 and \$100,000 in FY 2026-27. These costs, paid by the General Fund and federal funds, are summarized in Table 2 and discussed below. The bill also potentially increases workload and costs in the Department of Law, the Judicial Department, and other state agencies.

Table 2
State Expenditures
Department of Health Care Policy and Financing

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$71,383	\$79,314
Operating Expenses	\$1,152	\$1,280
Capital Outlay Costs	\$6,670	\$0
Contractor	\$500,000	\$150,000
Centrally Appropriated Costs	\$17,819	\$19,799
Total Costs	\$597,024	\$250,393
Total FTE	0.9 FTE	1.0 FTE

Department of Health Care Policy and Financing

HCPF will have staff and contracting costs beginning in FY 2025-26 to implement the bill. Costs will be split equally between federal funds and state General Fund.

Staff

Beginning in FY 2025-26, HCPF requires 1.0 FTE to oversee development of the statewide community integration plan with contractor support. This includes working with the contractor, coordinating with internal and external agencies, and managing stakeholder engagement. Once the initial plan is developed, this staff will perform ongoing analysis and stakeholder engagement to support the development of an updated plan every three years. Staff costs are prorated for an August 1, 2025 start date.

Contractor

HCPF requires \$500,000 initially and \$150,000 in ongoing years for a contractor to develop and evaluate the integration plan. The contractor will assess current practices in the state, set goals and metrics, and develop the plan. After the plan is developed, the contractor will conduct ongoing analysis of the state's progress and publish a neutral assessment every three years to identify the barriers and recommend solutions. Contracting costs are based on similar contracts with HCPF and other departments.

Department of Law

If cases are filed against state agencies for violations of the bill, workload and costs will increase for the Department of Law to represent affected agencies. The fiscal note assumes most agencies will comply with the law, and any additional legal resources will be requested through the budget process as needed.

Judicial Department

If cases are filed against noncompliant public entities, trial court workload and costs will increase. The fiscal note assumes most agencies will comply with the law and any new cases will be managed within existing resources.

Other Agency Impacts

Workload may increase for other state agencies, including the Departments of Human Services and the Department of Corrections, among others, to review and align current practices with the bill and federal requirements. However, this impact is expected to be minimal, as the bill codifies existing law and requirements.

The fiscal note assumes that the bill will not increase workload for Civil Rights Division in the Department of Regulatory Agencies, referenced in the legislative declaration, as the bill does not modify their statutory authority or create new requirements for the division.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, leased space, and indirect cost assessments, are shown in the expenditure table(s) above.

Local Governments

Workload will increase for public entities, including school districts and counties, to review and align current practices with the bill and federal regulations. It is assumed local governments already have a high level of compliance with current federal requirement codified by the bill.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2025-26, the bill requires an appropriation of \$579,205 to the Department of Health Care Policy and Financing and 0.9 FTE, of which \$289,603 is federal funds and \$289,603 is from the General Fund.

Departmental Difference

HCPF estimates that its costs will increase by approximately \$4.0 million per year to comply with the bill's requirements beginning in FY 2025-26 for an additional 5.0 FTE, up to 8,000 hours in legal services, and new custom reporting tools. This includes:

- 2.0 FTE to evaluate the effect of benefit changes on the individual's risk of institutionalization;
- 2.0 FTE to develop fundamental alteration defenses for potential legal proceedings; and
- 1.0 FTE to manage the stakeholder process for the development of the new integration plan.

As the bill is codifying existing federal requirements and not substantively expanding beyond what is currently required, the fiscal note assumes it will not lead to a significant increase litigation or require additional FTE.

Under the Olmstead decision, unnecessary institutionalization constitutes discrimination under the ADA. This means that when services or benefits are modified or reduced, agencies should consider whether the change increases the risk of institutionalization for individuals. If a reduction in services creates such a risk, entities should assess whether reasonable modifications can be made to avoid the institutionalization and discrimination. Because these requirements have been in place since 1990, the fiscal note assumes the department has internal processes for evaluating these risks, developing plans to ameliorate those risks, and determining if a fundamental alteration defense applies.

Further, while the bill may increase awareness of ADA requirements, the risk of litigation has existed since the Olmstead decision. A recent lawsuit by the federal Department of Justice against the state has also resulted in HCPF taking additional efforts and requesting state funds to comply with federal law and requirements.

Additionally, the fiscal note assumes stakeholder engagement for the integration plan can be managed by the 1.0 FTE and contractor, as outlined in the State Expenditure section.

State and Local Government Contacts

Behavioral Health Administration	Law
Counties	Local Affairs
Early Childhood	Municipalities
Education	Regulatory Agencies
Health Care Policy and Financing	School Districts
Human Services	Special Districts
Judicial	