



## Fiscal Note

### Legislative Council Staff

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## HB 25-1017: COMMUNITY INTEGRATION PLAN INDIVIDUALS WITH DISABILITIES

**Prime Sponsors:**

Rep. Clifford; Froelich  
Sen. Michaelson Jenet

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**Fiscal note status:** This revised fiscal note reflects the introduced bill, as amended in the House Health and Human Services Committee.

### 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 \$658,410 to the Department of Labor and Employment.

**Table 1**  
**State Fiscal Impacts**

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$694,048	\$200,786
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	1.8 FTE	2.0 FTE

<sup>1</sup> Fund sources for these impacts are shown in the tables below.

**Table 1A**  
**State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	\$0	\$0
Cash Funds (Disability Support Fund)	\$658,410	\$161,189
Federal Funds	\$0	\$0
Centrally Appropriated	\$35,638	\$39,597
<b>Total Expenditures</b>	<b>\$694,048</b>	<b>\$200,786</b>
<b>Total FTE</b>	<b>1.8 FTE</b>	<b>2.0 FTE</b>

## Summary of Legislation

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The bill codifies federal law and legal precedent in state statute and requires the Colorado Disability Opportunity Office (CDOO) in the Department of Labor and Employment (CDLE) 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 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, 2028, the bill requires CDOO 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 an assessment of the state's progress on the plan.

## **Background**

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### **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 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.

### **Colorado Disability Opportunity Office**

[House Bill 24-1360](#) created the CDOO to provide guidance to the Governor and state agencies on matters related to Coloradans with disabilities, and to implement a statewide strategy to facilitate full societal integration by investing in the success of individuals with disabilities. The office and grant programs are funded through the Disability Support Fund, which holds cash fund revenue from license plate sales.

## **State Expenditures**

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The bill increases state expenditures in the CDOO by \$694,000 in FY 2025-26 and \$200,000 in FY 2026-27. These costs, paid by Disability Support Fund, 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  
 Colorado Disability Opportunity Office**

<b>Cost Component</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Personal Services	\$142,766	\$158,629
Operating Expenses	\$2,304	\$2,560
Capital Outlay Costs	\$13,340	\$0
Contractor	\$500,000	\$0
Centrally Appropriated Costs	\$35,638	\$39,597
<b>Total Costs</b>	<b>\$694,048</b>	<b>\$200,786</b>
<b>Total FTE</b>	<b>1.8 FTE</b>	<b>2.0 FTE</b>

**Colorado Disability Opportunity Office**

CDOO will have staff and contracting costs beginning in FY 2025-26 to implement the bill.

**Staff**

Beginning in FY 2025-26, CDOO requires 2.0 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 that identify barriers and recommend solutions. Staff costs are prorated for an August 1, 2025 start date.

**Contractor**

CDOO requires \$500,000 for a contractor to develop and evaluate the integration plan from FY 2025-26 through September 1, 2028. The contractor will assess current practices in the state, engage stakeholders, set goals and metrics, and develop the plan. Contracting costs are based on similar contracts in 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 Department of Health Care Policy and Financing, Department 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.

Workload will also increase for the Department of Health Care Policy and Financing, the Department of Human Services, and the Department of Local Affairs to collaborate with the CDOO in the development of the integration plan. This workload is expected to be minimal and can be accomplished within existing resources.

## 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

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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

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

## State Appropriations

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For FY 2025-26, the bill requires an appropriation of \$658,410 from the Disability Support Fund to the Department of Labor and Employment and 1.9 FTE.

## **Departmental Difference**

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### **Department of Health Care Policy and Financing**

HCPF estimates that its costs will increase by approximately \$3.3 million per year to comply with the bill's requirements beginning in FY 2025-26 for 4.0 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; and
- 2.0 FTE to develop fundamental alteration defenses for potential legal proceedings.

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 in 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.

### **Department of Personnel and Administration**

The Department of Personnel and Administration (DPA) estimates costs will increase by approximately \$378,000 per year to comply with the bill's requirements beginning in FY 2025-26. DPA anticipates an increase in administrative hearings between Medicaid beneficiaries with disabilities and HCPF over reduced or terminated community-based service coverage, and whether the action is appropriate. DPA assumes 465 additional appeals each year requiring 3.4 new staff to manage the increase.

Since the Olmstead decision, individuals with disabilities have already had the ability to bring forward disputes over Medicaid service changes in administrative courts. While increased awareness of these requirements from the bill may result in additional cases, the fiscal note assumes the overall volume of appeals is unlikely to significantly exceed current levels and any increase in hearings should be absorbable within existing resources.

## State and Local Government Contacts

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