

# Joint Budget Committee



## Staff Budget Briefing FY 2025-26

### Department of Health Care Policy and Financing (Office of Community Living)

JBC Working Document - Subject to Change  
Staff Recommendation Does Not Represent Committee Decision

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## ADDITIONAL RESOURCES

Brief summaries of all bills that passed during the 2024 legislative session that had a fiscal impact on this department are available in Appendix A of the annual Appropriations Report:

<https://leg.colorado.gov/sites/default/files/fy24-25apprept.pdf>

The online version of the briefing document may be found by searching the budget documents on the General Assembly’s website by visiting [leg.colorado.gov/content/budget/budget-documents](https://leg.colorado.gov/content/budget/budget-documents). Once on the budget documents page, select the name of this department's *Department/Topic*, "Briefing" under *Type*, and ensure that *Start date* and *End date* encompass the date a document was presented to the JBC.

# Overview of Office of Community Living

The **Office of Community Living** in the Department of Health Care Policy and Financing oversees Home- and Community-Based Services (HCBS) for individuals with intellectual and developmental disabilities. The division is responsible for the following functions related to the provision of services by community-based providers:

- Administration of four Medicaid waivers for individuals with developmental disabilities;
- Establishment of service reimbursement rates;
- Ensuring compliance with federal Centers for Medicare and Medicaid rules and regulations;
- Communication and coordination with Community Centered Boards regarding waiver policies, rate changes, and waiting list information reporting; and
- Administration of the Family Support Services Program.

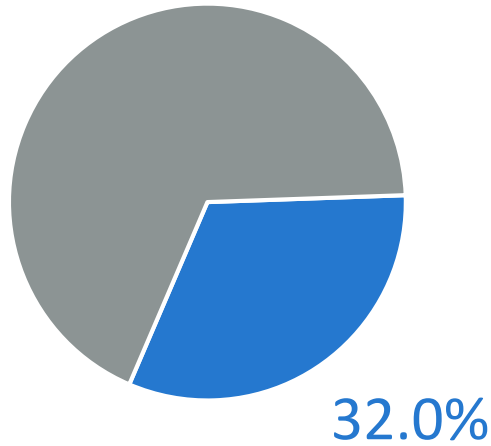
## Recent Appropriations

| Office of Community Living: Recent Appropriations |                      |                        |                        |                        |
|---|----------------------|------------------------|------------------------|------------------------|
| Funding Source                                    | FY 2022-23           | FY 2023-24             | FY 2024-25             | FY 2025-26*            |
| General Fund                                      | \$391,011,268        | \$517,189,645          | \$604,405,530          | \$649,436,260          |
| Cash Funds  | 31,100,093           | 20,486,430             | 12,247,014             | 22,597,296             |
| Reappropriated Funds                              | 0                    | 0                      | 0                      | 0                      |
| Federal Funds                                     | 492,424,174          | 524,360,011            | 593,225,325            | 648,594,622            |
| <b>Total Funds</b>                                | <b>\$914,535,535</b> | <b>\$1,062,036,086</b> | <b>\$1,209,877,869</b> | <b>\$1,320,628,178</b> |
| Full Time Equivalent Staff                        | 39.5                 | 39.5                   | 39.5                   | 39.5                   |

\*Requested appropriation

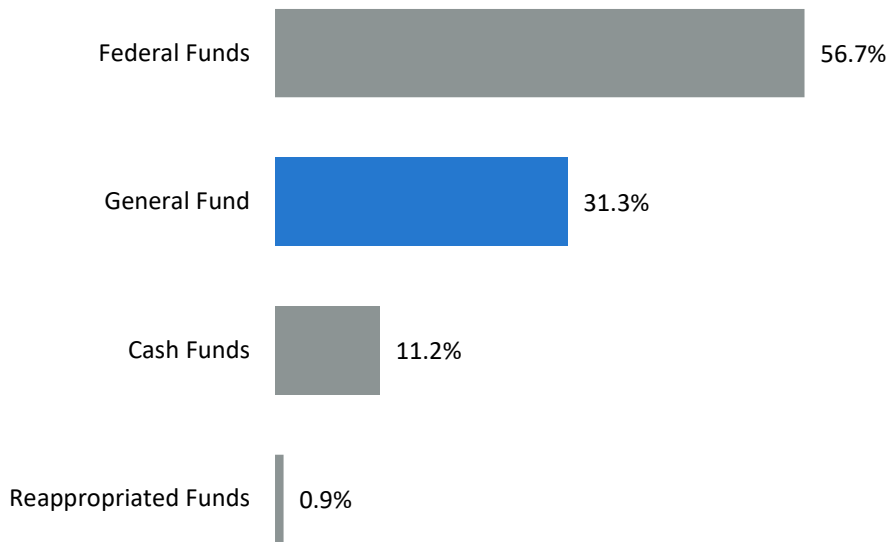
# Graphic Overview

## Department's Share of Statewide General Fund



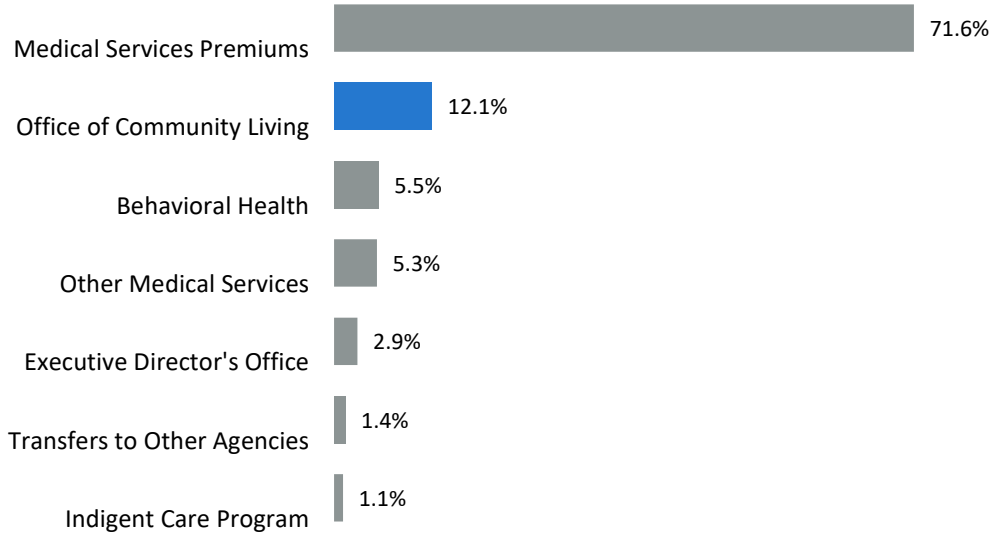
Based on the FY 2024-25 appropriation.

## Department Funding Sources



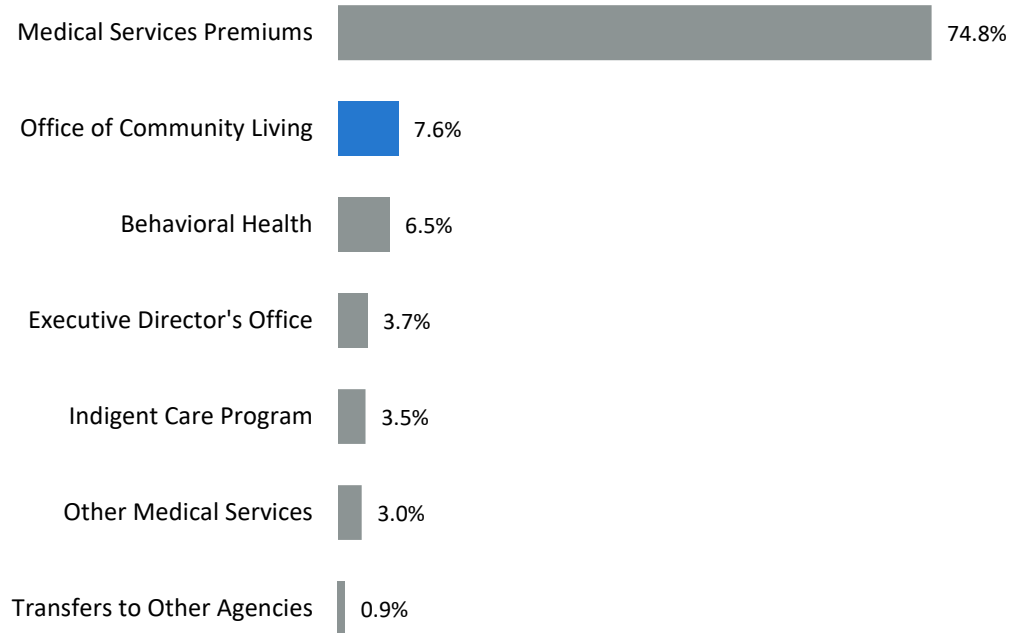
Based on the FY 2024-25 appropriation.

### Distribution of General Fund by Division



Based on the FY 2024-25 appropriation.

### Distribution of Total Funds by Division



Based on the FY 2024-25 Appropriation

# Cash Funds Detail

| Department of Health Care Policy and Financing: Office of Community Living |                     |                           |                                     |   |
|--|---------------------|---------------------------|-------------------------------------|---|
| Cash Funds Detail  |                     |                           |                                     |   |
| Fund Name  | FY 2024-25 Approp.  | Note                      | Primary Revenue Sources             | Primary Uses in Dept.   |
| Healthcare Affordability and Sustainability Cash Fund                      | \$11,346,079        | <sup>1</sup>              | Hospital fees                       | Supplemental payments to increase hospital reimbursements; eligibility expansion populations; General Fund relief; and admin related to the above |
| Home- and Community-Based Services Improvement Fund                        | 900,934             | <sup>1</sup>              | Time-limited federal stimulus funds | Improvements to Home- and Community-Based Services that support the elderly and people with disabilities living at home                           |
| Health Care Expansion Fund   |                     | <sup>1</sup> <sup>2</sup> | Tobacco taxes                       | Eligibility and benefits expansion  |
| <b>Total</b>   | <b>\$12,247,014</b> |                           |                                     |   |

<sup>1</sup> TABOR exempt.

<sup>2</sup> Some tobacco taxes are subject to TABOR but the revenues for these purposes are exempt.

## Additional Detail for Select Funds

**Healthcare Affordability and Sustainability (HAS) Fee:** The HAS Fee is the largest source of cash funds (\$1.3 billion) for the Department. Hospitals pay fees into the fund that are then matched with federal funds and returned with the federal funds to the hospitals in the form of supplemental payments. The supplemental payments are in proportion to the indigent care provided, so the fees paid by an individual hospital might be more or less than the supplemental payments received. A portion of the revenue is used to pay for health care services for expansion populations (primarily for adults without dependent children and higher income parents). To the extent hospitals serve the expansion populations, the hospitals receive the payments for expansion populations in the form of Medicaid and CHP+ reimbursements for services. The General Assembly designated the HAS Fee as part of an enterprise that is exempt from TABOR. The fees are set annually by the board for the enterprise to maximize supplemental payments while not exceeding federal regulatory limits.

## General Factors Driving the Budget

### Medicaid vs Medicaid Waivers

Medicaid provides health insurance to people with low income and people needing long-term care. Participants generally do not pay annual premiums and copayments at the time of service are either nominal or not required. The federal and state government share responsibility for financing, administering, and policy setting for the program. Medicaid generally operates as an entitlement program, meaning the people deemed eligible have a legal right to the plan benefits. As a result, if the eligible population and/or the eligible services utilized are greater than expected, then the state and federal government must pay the higher cost, regardless of the initial appropriation.

A Medicaid waiver is a provision in Medicaid law which allows the federal government to waive rules that usually apply to the Medicaid program. The intention is to allow individual states to accomplish certain goals, such as reducing costs, expanding coverage, or improving care for certain target groups. There are several different types of Medicaid waivers, all of which serve different purposes.

- **Section 1115 waivers** – Often referred to as research and demonstration waivers, these allow states to temporarily test out new approaches to delivering Medicaid care and financing.
- **Section 1915(c) waivers** – Home- and Community-Based Services (HCBS) waivers are designed to allow states to provide home- and community-based services to people in need of long-term care. This means they can stay in their own home or a community setting (such as a relative’s home or a supported living community) instead of going into a facility.
- **Section 1915(b) waivers** – “Freedom of choice waivers” allow states to provide care via managed care delivery systems. These organizations contract with state Medicaid agencies, and are paid from the state Medicaid fund for providing health care services to the beneficiaries.

HCBS waivers must demonstrate that providing waiver services won’t cost more than providing these services in an institution, sometimes known as budget neutrality.

## Office of Community Living

Medicaid intellectual and developmental disability (IDD) waiver services are not subject to standard Medicaid State Plan service and duration limits, but rather are provided under a Medicaid waiver program. Colorado has four Medicaid waivers for intellectual and developmental disability services.

- The **Adult Comprehensive/Developmental Disabilities waiver (DD waiver)** for individuals over the age of 18 who require residential and daily support services to live in the community.
- The **Supported Living Services waiver (SLS waiver)** for individuals over the age of 18 who do not require residential services but require daily support services to live in the community.
- The **Children's Extensive Services waiver (CES waiver or children's waiver)** for youth aged 5 to 18 who do not require residential services but do require daily support services to be able to live in their family home.
- The **Children’s Habilitation Residential Services waiver (CHRP waiver)** for children with intellectual and developmental disabilities and complex behavioral support needs requiring HCBS services. This program is residential, unlike the CES waiver above.

Four factors determine the overall cost of waiver services, including:

- number of individuals eligible for services;
- number of enrollments funded for the DD waiver;
- number of providers willing and able to provide services; and
- rates of reimbursement for each type of services.

As part of the waivers, Colorado is allowed to limit the number of waiver program participants. Annually, the General Assembly has appropriated sufficient funding to ensure no waiting list for the SLS, CES, and CHRP waivers.

Unlike the SLS, CES, and CHRP waivers, the DD waiver continues to have a waiting list for enrollments. The Department's annual budget request is based on forecasts of the cost per full program equivalent (FPE) in each of the waivers. FPE is calculated as the average number of clients with a paid claim in a given month or year. Adjustments to targeted appropriations reflect the current average cost per FPE, are based upon current spending trends, and are intended to maximize the number of individuals that can be served in each program. Because the DD and CHRP waivers provide residential services in addition to daily support services, the average cost of the individuals receiving services through these waivers are significantly higher than those for individuals receiving services through other waivers.

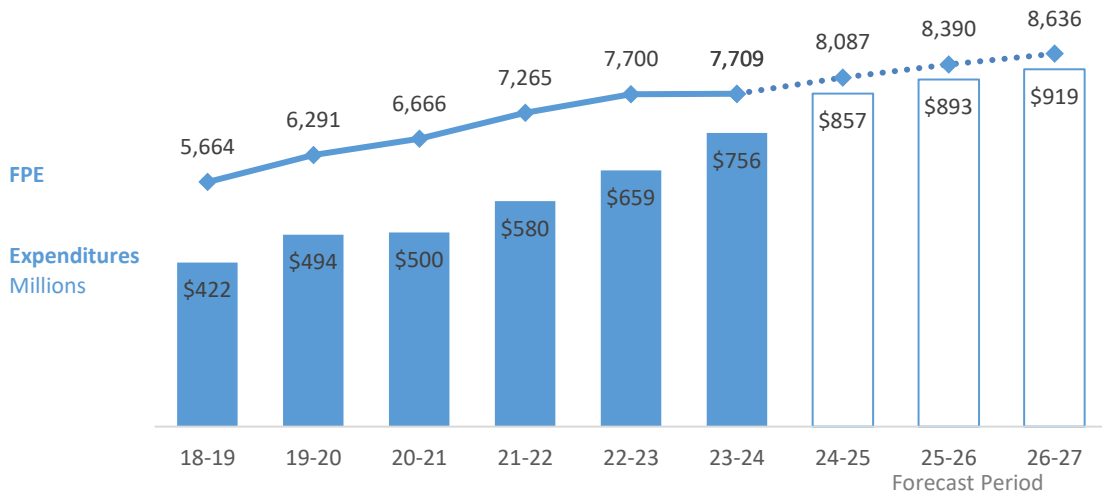
The FY 2023-24 full program equivalent for the DD waiver was 7,709, up 0.1 percent from the previous fiscal year. As of November 2024, 3,038 individuals were identified as needing DD services as soon as available. Of this amount, 401 were newly placed on the waitlist. While the majority of these individuals receive services through other programs, including the SLS waiver, some may not be receiving the level of services required to meet their needs. The Department requests that new DD waiver enrollments are funded annually for youth transitioning to adult services, individuals requiring services resulting from emergency situations, and individuals transitioning from institutions.

## Waiver Programs

The Adult Comprehensive waiver provides access to 24-hour/seven-day-a-week supervision through residential habilitation and daily habilitation services and supports. Caseload and expenditures for the DD waiver have consistently grown over the last six fiscal years, and the Department projects continued growth in the next three fiscal years.

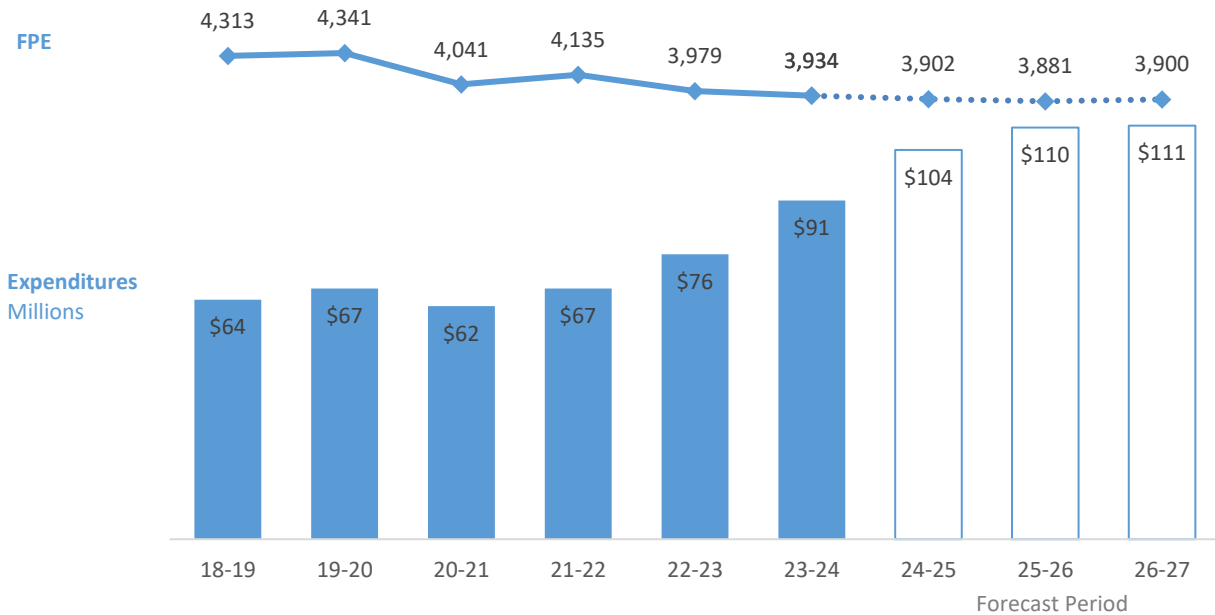


Adult Comprehensive waiver caseload and expenditures continue to grow.



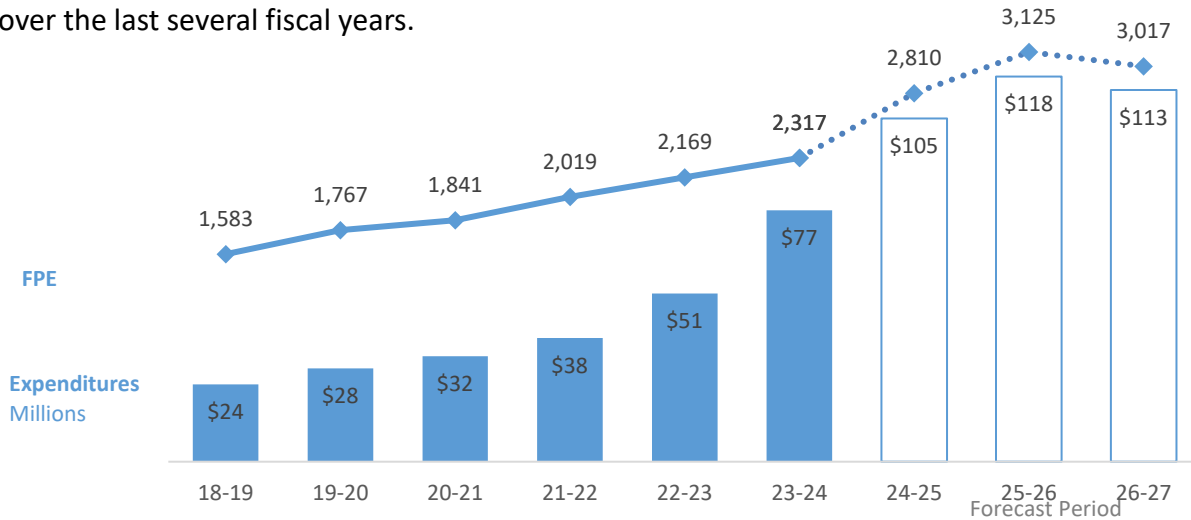
The Supported Living Services waiver provides necessary services and supports for adults with intellectual or developmental disabilities so they can remain in their homes and communities with minimal impact to the individual’s community and social supports. The caseload for SLS waivers has moderately declined over the last six fiscal years, while expenditures have increase substantially in the last three fiscal years. The Department projects caseload to remain relatively flat in the next three fiscal years, with expenditures plateauing.

Supported Living Services caseload has declined in the last several fiscal years, but expenditures have grown.



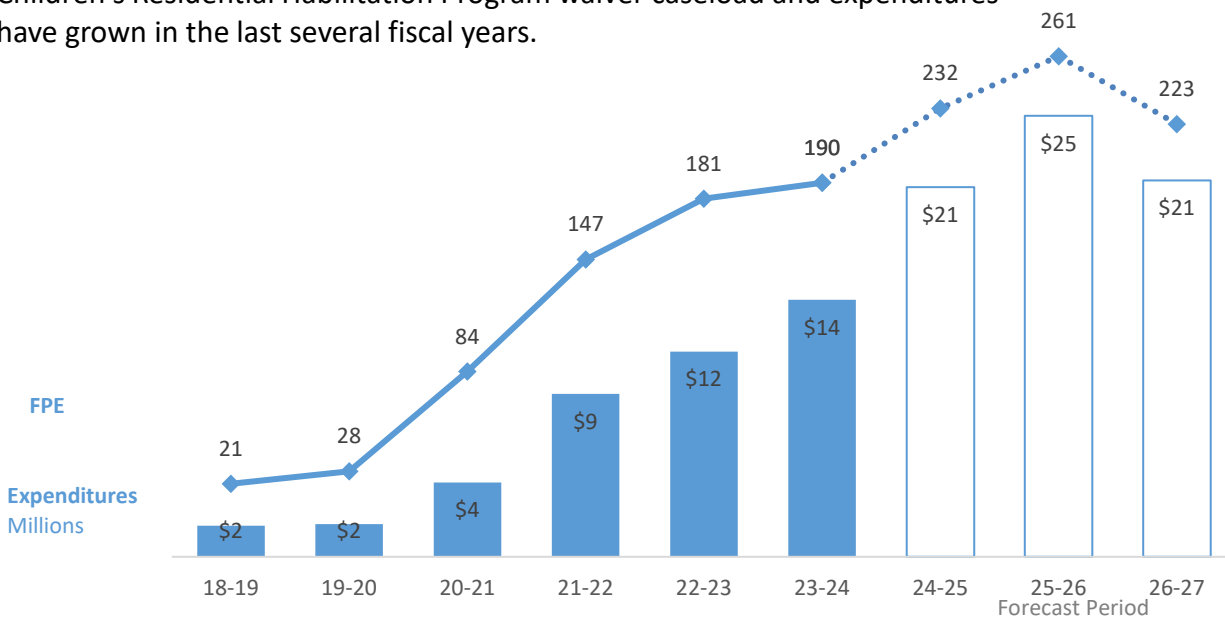
The Children’s Extensive Support waiver provides services and supports to children and families that will help children establish a long-term foundation for community inclusion as they grow into adulthood. Caseload and expenditures for the CES waiver have grown over the last six fiscal years. The Department projects continued growth in the next two fiscal years.

Children's Extensive Support waiver caseload and expenditure has grown over the last several fiscal years.



The Children’s Habilitation Residential Program waiver provides residential services for children and youth in foster care or at risk of child welfare involvement who have a developmental disability and very high needs that put them at risk for institutional care. Caseload and expenditures for the CHRP waiver have grown substantially over the last six fiscal years. The Department projects continued growth in the next two fiscal years.

Children's Residential Habilitation Program waiver caseload and expenditures have grown in the last several fiscal years.



# Summary of Request

## Department of Health Care Policy and Financing: Office of Community Living

| Item   | Total Funds            | General Fund         | Cash Funds          | Reapprop. Funds    | Federal Funds        | FTE         |
|--|------------------------|----------------------|---------------------|--------------------|----------------------|-------------|
| <b>FY 2024-25 Appropriation</b>              |                        |                      |                     |                    |                      |             |
| H.B. 24-1430 (Long Bill)                     | \$1,208,767,765        | \$603,850,478        | \$12,247,014        | \$0                | \$592,670,273        | 39.5        |
| Other legislation                            | 1,110,104              | 555,052              | \$0                 | \$0                | 555,052              | 0.0         |
| <b>Total</b>                                 | <b>\$1,209,877,869</b> | <b>\$604,405,530</b> | <b>\$12,247,014</b> | <b>\$0</b>         | <b>\$593,225,325</b> | <b>39.5</b> |
| <b>FY 2025-26 Requested Appropriation</b>    |                        |                      |                     |                    |                      |             |
| FY 2024-25 Appropriation                     | \$1,209,877,869        | \$604,405,530        | \$12,247,014        | \$0                | \$593,225,325        | 39.5        |
| R5 OCL caseload                              | 95,262,068             | 38,115,413           | 11,214,952          | 0                  | 45,931,703           | 0.0         |
| R7 County administration & CBMS <sup>1</sup> | 38,246,175             | 4,137,117            | 5,199,974           | 2,155,070          | 26,754,014           | 15.7        |
| R11 OCL benefits <sup>1</sup>                | 1,354,223              | 478,573              | 0                   | 0                  | 875,650              | 2.0         |
| Annualize prior year budget actions          | 15,488,417             | 8,392,848            | -864,670            | 0                  | 7,960,239            | 0.0         |
| Community First Choice                       | 0                      | -1,477,443           | 0                   | 0                  | 1,477,443            | 0.0         |
| <b>Total</b>                                 | <b>\$1,360,228,752</b> | <b>\$654,052,038</b> | <b>\$27,797,270</b> | <b>\$2,155,070</b> | <b>\$676,224,374</b> | <b>57.2</b> |
| Increase/-Decrease                           | \$150,350,883          | \$49,646,508         | \$15,550,256        | \$2,155,070        | \$82,999,049         | 17.7        |
| Percentage Change                            | 12.4%                  | 8.2%                 | 127.0%              | n/a                | 14.0%                | 44.8%       |

<sup>1</sup> The amounts shown in this table represent the department-wide impact of these requests.

**R5 Office of Community Living (OCL) caseload:** The Department requests an increase of \$95.3 million total funds, including \$38.1 million General Fund, in FY 2025-26 to fund forecasted caseload growth for the Medicaid funded waiver programs that provide services and supports for individuals with intellectual and developmental disabilities and their families. The request includes:

- an increase of \$45.3 million total funds, including \$22.5 million General Fund, for Adult Comprehensive (DD) waiver services;
- an increase of \$8.1 million total funds, including a decrease of \$3.1 million General Fund, for Supportive Living Services (SLS) waiver services;
- an increase of \$30.6 million total funds, including \$15.6 million General Fund, for Children’s Extensive Support (CES) waiver services;
- an increase of \$4.5 million total funds, including \$2.3 million General Fund, for Children’s Habilitation Residential Program (CHRP) waiver services.

The request annualizes to \$114.4 million total funds, including \$47.9 million General Fund, in FY 2026-27. The request also anticipates a supplemental adjustment for FY 2024-25 of an increase of \$43.5 million total funds, including \$9.3 million General Fund.

**R7 County administration and Colorado Benefits Management System (CBMS):** The Department requests an increase of \$38.2 million total funds, including \$4.1 million General Fund, and 15.7 FTE (representing 17 new positions) in FY 2025-26 for additional resources for the Department’s County Escalations Resolution Unit, additional resources and funding for the

implementation of recommendations resulting from the studies authorized by S.B. 22-235, and for additional resources and funding for improvements and pool hours for the Colorado Benefits Management System. The request annualizes to \$29.6 million total funds, including \$3.8 million General Fund, in FY 2026-27. This request will cost \$28.4 million total funds, including \$3.9 million General Fund, in FY 2027-28 and ongoing.

#### County Escalations Resolution Unit

The request includes an increase of \$1.1 million total funds, including \$0.3 million General Fund, and 3.7 FTE in FY 2025-26 for the Department's County Escalations Resolution Unit. The request includes funding for contract staff support.

Last session, the General Assembly approved the Department's FY 2024-25 B6 (Public health emergency unwind) request that provided funding for contractor resources through June 30, 2025. With this funding, the Department created an Escalations Resolution Unit. One position in this unit focuses on Home- and Community-based Services member eligibility escalations and coordinates with the Department, community partners and case managers to assist members with both functional and financial eligibility escalations. The remaining positions respond to the high volume of complaints and escalations about financial eligibility. The Department reports an increase in the number of grievances received each month and that the counties and Case Management Agencies lack resources for real-time tracking of escalations.

#### Implementation of S.B. 22-235

The request includes \$23.0 million total funds, including \$3.0 million General Fund, and 4.6 FTE in FY 2025-26 to implement the findings of the studies conducted in accordance with S.B. 22-235. Senate Bill 22-235 requires the Department of Health Care Policy and Financing, in partnership with the Department of Human Services, to study best practices and develop a funding model for the supervision and administration of public and medical assistance programs. The Department of Health Care Policy and Financing is seeking:

- \$92,200 total funds (\$30,887 General Fund) and 0.9 FTE to support collaboration between the State and counties;
- \$106,636 total funds (\$35,724 General Fund) and 0.9 FTE to develop business process standards;
- \$400,000 total funds (\$134,000 General Fund) for contractor resources to improve hiring and retention practices;
- \$1.4 million total funds (\$148,703 General Fund) and 2.8 FTE to improve policy documentation and dissemination, which includes upgrades and improvements to CBMS; and
- \$21.0 million (\$2.6 million General Fund) for county administration funding.

More information on the results of the S.B. 22-235 studies can be found in staff's briefing issue later in this document. (pg. 19)

## Colorado Benefits Management System

The request includes \$14.1 million total funds, including \$0.8 million General Fund, and 7.3 FTE in FY 2025-26:

- for an additional 20,000 pool hours for CBMS to address current development backlogs;
- to replace current data syncing technology and implement advanced monitoring;
- to automate user acceptance testing of software; and
- to implement automation and innovation initiatives, including to expand the use of integrated character recognition, to add interactive voice recognition for client self-service, and the use of artificial intelligence in generating summary pages for correspondence.

## Impacts in other agencies

This request includes a non-prioritized request in the Department of Human Services for \$2.1 million total funds, including \$1.0 million General Fund, in FY 2025-26 associated with the CBMS upgrades and improvements. In FY 2026-27 and ongoing, the cost of this request in would be \$0.4 million total funds, including \$0.2 million General Fund.

**R11 Office of Community Living benefits [requires legislation]:** The Department requests an increase of \$1.4 million total funds, including \$0.5 million General Fund, to introduce a group respite rate for the Children’s Habilitation Residential Program waiver; expand the eligibility criteria for the Hospital Backup Unit program; offer a higher, tiered rate for Alternative Care Facilities; extend the Complementary and Integrated Health Services waiver, which requires legislation; and restructure the rates for the Supported Employment Program. The Department anticipates that the FY 2026-27 fiscal impact of this request will be a reduction of \$1.1 million total funds, including \$0.6 million General Fund, and the FY 2027-28 (and ongoing) fiscal impact will be a reduction of \$2.1 million total funds, including \$1.1 million General Fund.

## Children’s Habilitation Residential Program (CHRP)

The request includes a reduction of \$176 total funds, including \$88 General Fund, in FY 2025-26 and ongoing for adjustments to the group respite rate for the Children’s Habilitation Residential Program waiver. The CHRP waiver does not currently offer a group respite rate. Recipients can utilize individual respite services for in-home and residential care, both at an hourly and daily rate. The Department reports that a portion of the CHRP population are receiving respite care within the same home. Currently, members must receive care from different providers, even if they are receiving care in the same home. Parents or caretakers who rely on respite to run errands or take care of other essential tasks are unable to do so if their dependents receive respite at different times. The Department asserts that the implementation of a group rate will improve the wellbeing of parents and caretakers and offer a more efficient service by addressing this service gap.

## Hospital Backup Unit

The request includes a reduction of \$0.8 million total funds, including \$0.5 million General Fund, in FY 2025-26 due to the expansion of eligibility for utilization of Hospital Backup Units. Hospital Backup Units provide hospital level care for members who are ventilator dependent,

have complex wounds, or have medically complex needs. Individuals with certain conditions are currently not eligible to be treated in Hospital Backup Units, including persons with disorders of consciousness, certain neurologic conditions, and bariatric needs. Those unable to qualify for services through Hospital Backup Units often end up with long and costly hospital stays. The Department seeks to expand the eligibility criteria to allow members with those qualifying conditions to receive care these units, which have per diem rates lower than standard hospital rates. During calendar year 2023, 1,559 individuals received care in Hospital Backup Units.

#### Alternative Care Facilities

The request includes a reduction of \$0.7 million total funds, including \$0.4 million General Fund, in FY 2025-26 from the implementation of a tiered rate structure for services offered in Alternative Care Facilities. Alternative Care Facilities are certified assisted living residences that offer elders and persons with disabilities health services in a community setting. These services include 24-hour protective oversight, medication administration, and assistance with activities of daily living. There is currently a single rate for all Alternative Care Facilities, which the Department asserts incentivizes providers to only serve lower acuity individuals. Persons with higher acuity needs generally receive care through nursing facilities and hospitals that are more expensive. The Department believes that by implementing a tiered rate, Alternative Care Facilities will be incentivized to provide care for higher acuity individuals, shifting services to less costly providers.

#### Complementary and Integrated Health Services [requires legislation]

The request includes an increase of \$2.6 million total funds, including \$1.3 million General Fund, and 2.0 FTE in FY 2025-26 for the extension of the Complimentary and Integrated Health Services waiver. The Complementary and Integrated Health Services waiver provides acupuncture, chiropractic, and massage therapy to members with qualifying conditions such as a spinal cord injury. This waiver also provides all other Home- and Community-Based Services waiver services, such as personal care and respite. The waiver received a statutory extension and funding through S.B. 19-197 (Continue Complementary or Alternative Medicine Program) and S.B. 21-038 (Expansion of Complementary and Alternative Medicine). The program has a statutory expiration date of September 2025; however, the Department and community advocates assert that the statutory repeal was only intended for the required report, not the entire program. The Department is asking the Joint Budget Committee to sponsor legislation to update statutory language and strike the statutory repeal date.

#### Supported Employment Program

The request includes an increase of \$350,000 total funds, including \$35,000 General Fund, in FY 2025-26 to amend the payment model for the Supported Employment Program, so that rates and payment structures incentivize Employment First outcomes and Competitive Integrated Employment. Competitive Integrated Employment is full or part-time work in an integrated setting where the participant interacts with individuals without disabilities, is not paid less than the state minimum wage or customary wage paid by the employer and is eligible for the same level of benefits provided to other employees. The Department reports that job development and job exploration services are currently reimbursed hourly, which does not incentivize

outcomes based on a participant's interests, strengths, and abilities. A fundamental expectation of supported employment is that job support and coaching will be reduced to the minimum level necessary for the participant to sustain employment. The Department believes amending the payment model for the Supported Employment Program will lead to improved outcomes at lower costs. The Department assumes cost savings in the out years, with reductions of \$1.0 million total funds (\$0.5 million General Fund) in FY 2026-27 and \$2.0 million total funds (\$1.0 million General Fund) in FY 2027-28 and ongoing.

**Annualize prior year budget actions:** The request includes a net increase of \$15.5 million total funds, including \$8.4 million General Fund, for the out-year cost of prior year budget actions.

| Annualize prior year budget actions           |                     |                    |                   |                 |                    |            |
|---|---------------------|--------------------|-------------------|-----------------|--------------------|------------|
| Item  | Total Funds         | General Fund       | Cash Funds        | Reapprop. Funds | Federal Funds      | FTE        |
| FY 23-24 BA7 Community-based access to svcs   | \$7,339,202         | \$3,434,692        | \$0               | \$0             | \$3,904,510        | 0.0        |
| FY 24-25 R6 Provider rates                    | 5,185,146           | 2,591,408          | 20,044            | 0               | 2,573,694          | 0.0        |
| FY 24-25 New DD waiver enroll                 | 4,245,606           | 2,122,802          | 0                 | 0               | 2,122,804          | 0.0        |
| HB 24-1038 High acuity crisis for children    | 1,850,174           | 925,087            | 0                 | 0               | 925,087            | 0.0        |
| FY 24-25 BA8 Community-based access svcs      | 782,985             | 391,493            | 0                 | 0               | 391,492            | 0.0        |
| HB 22-1114 Transport svcs waiver clients      | 360,000             | 180,000            | 0                 | 0               | 180,000            | 0.0        |
| FY 23-24 R10 Children complex needs           | 0                   | 884,714            | -884,714          | 0               | 0                  | 0.0        |
| FY 24-25 Care & case management stabilization | -4,199,696          | -2,099,848         | 0                 | 0               | -2,099,848         | 0.0        |
| HB 23-1197 Stakeholder oversight host homes   | -75,000             | -37,500            | 0                 | 0               | -37,500            | 0.0        |
| <b>Total</b>                                  | <b>\$15,488,417</b> | <b>\$8,392,848</b> | <b>-\$864,670</b> | <b>\$0</b>      | <b>\$7,960,239</b> | <b>0.0</b> |

**Community First Choice:** The Department requests a change in fund sources to reflect the higher match rate for long-term services and supports under Community First Choice. The request saves \$1.5 million General Fund in the Office of Community Living and \$49.2 million General Fund department-wide. The General Assembly approved Community First Choice to move selected long-term services and supports from federal waivers that serve defined populations to the State Plan that serves all members. The Department will still use assessments to determine service needs. States that implement Community First Choice receive an additional federal match of six percentage points for the services.

# Budget Reduction Options

The Executive budget request includes reductions of \$837,083 General Fund for the Department of Health Care Policy and Financing, Office of Community Living, representing less than 0.1 percent of the Department's General Fund appropriations. This issue brief reviews these proposals and additional options identified by staff.

## Summary

- The Department of Health Care Policy and Financing, Office of Community Living, represents 3.7 percent of total state General Fund appropriations in FY 2024-25. The Executive budget request includes proposed reductions of \$0.8 million, representing 0.1 percent of the General Fund appropriations in this section of the budget. These reductions are offset by proposed increases, so that the Office's total General Fund is requested to increase by 7.5 percent.

## Recommendation

- Staff recommends that the Department discuss the Department proposals and staff options in its budget hearing.

## Discussion

### Funding History FY 2018-19 to FY 2024-25

The Office of Community Living in the Department of Health Care Policy and Financing represents 3.7 percent of total state General Fund appropriations in FY 2024-25. As reflected in the table below, General Fund in this section of the budget has increased by 61.8 percent since FY 2018-19 after adjustments for inflation.<sup>1</sup> This is more than the statewide increase in General Fund appropriations of 11.3 percent over the same period after adjustments. Over the same period total funding in this section of the budget, after adjustments, has changed by 67.7 percent. The table below reflects only the Office of Community Living, not the entire department.

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<sup>1</sup> Fiscal year 2018-19 appropriations are adjusted for inflation, calculated based on the Legislative Council Staff September forecast, which reflects an increase in the Denver-Aurora-Lakewood consumer price index of 26.7 percent between FY 2018-19 and FY 2024-25.



| FY 2018-19 to FY 2024-25 Appropriations Comparison - Adjusted for Inflation |               |                  |                 |  |         |
|---|---------------|------------------|-----------------|--|---------|
| Fund  | FY 2018-19    |                  | FY 2024-25      | Increase/ -Decrease after inflation adjustment |         |
|   | Nominal       | FY 24-25 Dollars |                 | Amount   | Percent |
| General Fund  | \$294,875,096 | \$373,470,169    | \$604,405,530   | \$230,935,361                                  | 61.8%   |
| Total Funds   | \$569,722,235 | \$721,574,193    | \$1,209,877,869 | \$488,303,676                                  | 67.7%   |

## Budget Requests for General Fund Relief

For this section of the budget, the budget request includes proposals for General Fund relief totaling \$837,083, representing 0.1 percent of the General Fund appropriations for the Office of Community Living. These reductions are offset by proposed increases, so that the Office’s total General Fund is requested to increase by 7.5 percent. The proposals for General Fund relief are summarized in the table below.

| Budget Requests for General Fund Relief: Office of Community Living |              |             |           |   |  |
|---|--------------|-------------|-----------|---|--|
| Option  | General Fund | Other Funds | Bill? Y/N | Description   |  |
| <b>Revenue Enhancements</b>   |              |             |           |   |  |
| None  |              |             |           |   |  |
| Subtotal - Revenue  | \$0          | \$0         |           |   |  |
| <b>Expenditure Reductions</b>                                       |              |             |           |   |  |
| R11 Long-term care benefits   | -\$837,083   | -\$720,006  | N         | Reductions associated with CHRP group respite services, Hospital Backup Unity eligibility expansion, and Alternative Care Facilities tiered rates |  |
| Subtotal - Expenditures   | -\$837,083   | -\$720,006  |           |   |  |
| Net General Fund Relief   | \$837,083    |             |           |   |  |

## Additional Options for JBC Consideration

The table below summarizes options identified by the JBC staff that the Committee could consider in addition to or instead of the options presented in the budget request. A General Fund reduction of 5.0 percent to the sections of the budget covered in this briefing would require a reduction of \$30.2 million.

| Additional Options for General Fund Relief |              |             |           |             |  |
|--|--------------|-------------|-----------|-------------|--|
| Option                                     | General Fund | Other Funds | Bill? Y/N | Description |  |
| <b>Revenue Enhancements</b>                |              |             |           |             |  |
| None                                       |              |             |           |             |  |
| Subtotal - Revenue                         | \$0          | \$0         |           |             |  |

| Additional Options for General Fund Relief |               |              |           |   |
|--|---------------|--------------|-----------|---|
| Option                                     | General Fund  | Other Funds  | Bill? Y/N | Description   |
| <b>Expenditure Reductions</b>              |               |              |           |   |
| <b><u>Eligibility/benefit changes</u></b>  |               |              |           |   |
| State-only Programs reduction              | -213,711      |              | N         | 1% reduction to State-only Programs budgetary subdivision. Subdivision 4-year reversion average is approximately 2%                                 |
| Comprehensive services for people with IDD | -7,262,471    | -7,262,470   | N         | Cap comprehensive services for adults with intellectual and developmental disabilities and don't fill positions that open through natural attrition |
| <b><u>Grants/special payments</u></b>      |               |              |           |   |
| County Incentive Programs <sup>1</sup>     | -8,224,384    |              | N         | Eliminate County Incentive Program funding for performance incentives for county administration of medical assistance programs                      |
| <b><u>Admin/other</u></b>                  |               |              |           |   |
| OCL personal services reduction - Option 1 | -92,924       |              | N         | 5% reduction to OCL personal services based on 6-year reversion history   |
| OCL personal services reduction - Option 2 | -247,347      |              | N         | Reduction to OCL personal services to eliminate GF in excess of federal match   |
| Subtotal - Expenditures                    | -\$16,040,837 | -\$7,262,470 |           |   |
| Net General Fund Relief                    | \$16,040,837  |              |           |   |

<sup>1</sup> This reduction option falls outside of the Office of Community Living but is shown here because this staff briefing includes the Department's R7 request.

## Expenditure Reductions

### State-only Programs reduction

*Description:* A reduction to the State-only Programs budgetary subdivision of \$213,711 General fund.

*Key Considerations:* The reduction is calculated at 1.0 percent of the FY 2024-25 total appropriation for this subdivision. The 1.0 percent target was selected by staff for ease of scaling and because this subdivision has reverted an average of 1.9 percent of its General Fund appropriation in the last four fiscal years for which there are expenditure data. Reductions to this subdivision would likely result in service reductions.

*Additional background:* This Long Bill subdivision was created four years ago and is comprised of four line items. This subdivision is funded exclusively from the General Fund and a Long Bill footnote authorizes the transfer of appropriations between its line items to prevent overexpenditures. The appropriations support programs for individuals not eligible for Medicaid, those who do not meet Home- and Community-Based Services waiver target criteria, and those where the waiver is not able to fully meet their needs. The line items and their descriptions are below.

- **Family Support Services** - The Family Support Services line item provides financial support for families who have children, including adult children, with developmental disabilities or

delays with costs that are beyond those normally experienced by other families. The intent of this funding is to provide supports that help reduce the likelihood of out-of-home placements. Services include: medical and dental expenses, additional insurance expenses, respite care and child care, special equipment, home or vehicle modifications or repairs, family counseling and support groups, recreation and leisure needs, transportation, and homemaker services.

- **State Supported Living Services** - This line item funds the costs of adult supported living services for individuals who do not qualify for Medicaid. The program provides supported living services in the home or community to persons with intellectual and developmental disabilities, including: day habilitation, homemaker, personal care, respite, supported employment, dental and vision services, assistive technology, behavioral services, home accessibility adaptation, mentorship, non-medical transportation, personal emergency response systems, professional therapeutic services, specialized medical equipment and supplies, and vehicle modification.
- **State Supporting Living Services Case Management** - This line item funds Case Management Agencies and Single Entry Points that administer the supports intensity scale and provide case management, utilization review, and quality assurance. Case management is provided for the State Supported Living Services delivery option, the State Supported Family Support Services Program, and the Family Support Loan Fund. Services are delivered through community providers and two state-operated regional centers.
- **Preventive Dental Hygiene** - This line item provides funding for the Preventive Dental Hygiene Program administered by a contract with the Colorado Foundation of Dentistry for the Handicapped. The program is designed to improve oral hygiene in persons with developmental disabilities in order to prevent dental disease. Funding also supports outreach services to match individuals needing care with dentists willing to provide pro-bono dental care. Medicaid eligible children may receive dental screening through the federal Early and Periodic, Screening, Diagnosis and Treatment Program; however, Colorado does not offer adult dental care through Medicaid.

## Comprehensive services for people with IDD

*Description:* A reduction of \$7.3 million General Fund to the Adult Comprehensive Services line item to cap the Adult Comprehensive waiver enrollment and not fill slots open due to natural attrition.

*Key Considerations:* This capping of enrollment can be accomplished through the Long Bill, but has a very high likelihood of increasing the number of individuals on the Adult Comprehensive (DD) waiver waitlist.

*Additional background:* HCPF authorizes enrollment into the Adult Comprehensive waiver monthly, based on the number of individuals who have been removed from the waiver, through such circumstances as switching waivers or moving out of Colorado. Eligible individuals are placed on waiting lists when enrollments in a waiver reach the federally approved capacity and/or when the state-appropriated number of enrollments has been met. Currently, all waivers except the DD waiver are below the waivers' application and appropriations limit,

which is why they do not have waiting lists. Individuals may be included on more than one program's waiting list at a time and can be served in one program while on a waiting list for another.

## County Incentive Programs

*Description:* A reduction of \$8.2 million General Fund from the County Administration line item in the Eligibility Determinations and Client Services subdivision of the Executive Director's Office.

*Key Considerations:* This appropriation supports performance incentives for counties through the County Incentives Program. The Department's R7 (County administration & CBMS) request includes \$21.0 million total funds (\$2.6 million General Fund) to increase funding for timeliness, accuracy, call center staffing, and salary funding for county eligibility technicians.

*Additional background:* This portion of the Department's R7 request is based on the finding of the S.B. 22-235 report evaluating the funding model for county administration of public and medical assistance programs. This report did not evaluate, and was silent on, the need for or funding levels of performance incentives for counties. For a summary of the S.B. 22-235 report, please see staff's briefing issue later in this document. (pg. 19)

## OCL personal services reduction – Option 1

*Description:* A reduction of \$92,924 General Fund to the Personal Services line item in the Office of Community Living.

*Key Considerations:* This reduction represents 5.0 percent of the line item's FY 2024-25 appropriation and is based on its 6-year average reversion. This option is an alternative to Option 2.

## OCL personal services reduction – Option 2

*Description:* A reduction of \$247,347 General Fund to the Personal Services line item in the Office of Community Living.

*Key Considerations:* This reduction eliminates General Fund in excess of the federal Medicaid matching requirements and could result in the elimination of state positions supporting the administration of programs for individuals with intellectual and developmental disabilities. This option is an alternative to Option 1.

# R5 Office of Community Living Caseload

The Department of Health Care Policy and Financing submits an annual budget request for adjustments in appropriations that fund services to individuals with intellectual and developmental disabilities. Budget requests are based on projected caseload and the associated costs for the Home- and Community-Based Services for the Adult Comprehensive (DD), Supported Living Services (SLS), Children’s Extensive Services (CES), and Children’s Habilitation Residential Program (CHRP) waivers.

## Summary

- The Department requests:
  - a FY 2024-25 increase of \$43.5 million total funds, including \$9.3 million General Fund;
  - a FY 2025-26 increase of \$95.3 million total funds, including \$38.1 million General Fund; and
  - a FY 2026-27 increase of \$114.4 million total funds, including \$47.6 million General Fund.
- This funding will maintain a zero enrollment waitlist for the Adult Supported Living Services, Children’s Extensive Services, and Children’s Habilitation Residential Program waivers and provide for an additional 292 transitional enrollments for the Adult Comprehensive Services waiver.
- On September 30, 2024, the State Controller reported that the Adult Comprehensive Services waiver expenditures exceeded FY 2023-24 appropriations by \$6,179,122 General Fund. This is an allowable overexpenditure pursuant to Section 24-75-109(1)(a), C.R.S., and will be address during the supplemental process in January 2025.

## Discussion

The Department is responsible for the administration of four Medicaid waivers through which eligible individuals with intellectual and developmental disabilities (IDD) may access services. Individuals who are not eligible for Medicaid may access IDD services through programs funded with state General Fund. The Department uses per capita costs and average full program equivalent (FPE) to calculate the funding needs for each waiver.

## Comprehensive/Developmental Disabilities Waiver

The Adult Comprehensive Services waiver provides access to 24-hour/seven-day-a-week supervision through residential habilitation and daily habilitation services and supports. The service provider is responsible for supporting individuals in securing living arrangements that can range from host home settings with 1-2 persons, individualized settings of 1-3 persons, and group settings of 4-8 persons. Support is also available for participants who live in their own home or who live with and/or are provided services by members of their family.

Annually, the Department requests funding for reserved capacity and emergency enrollments. The FY 2024-25 appropriation includes funding for 421 enrollments, including 22 transitions from institutions, 189 emergency enrollments, 10 foster care transitions, 71 youth transitions, and 129 additionally authorized enrollments. The Department is requesting funding for 292 additional enrollment spots for FY 2025-26, including 22 transitions from institutions, 189 emergency enrollments, 10 foster care transitions, and 71 youth transitions.

The estimated FY 2025-26 maximum enrollment in the Adult Comprehensive waiver is 9,163 members. With the accounting for churn and enrollment lag, the estimated fiscal year-end enrollment is 8,601 members. The forecast is based on the number of FPE who are anticipated to be served at an estimated cost of \$106,447 per FPE. It reflects a net increase of \$45.3 million total funds, including an increase of \$22.5 million General Fund.

## Comprehensive Waiver Waitlist

Individuals are placed on waiting lists when enrollments meet the limit of a federally-approved waiver application or when additional enrollments would exceed the General Fund appropriation for a given program. The waitlist includes four timelines:

- As soon as available (ASAA) – The individual has requested enrollment as soon as available;
- Date specific – The individual does not need services at this time but has requested enrollment at a specific future date, including those who have not yet reached the age of 18.
- Safety net – The individual does not need or want services at this time, but requests to be on the waiting list in case a need arises at a later time, including those who have not yet reached the age of 18; and
- Internal Management – Individuals who have indicated interest in SLS waiver services and are in the enrollment process.

Most individuals who are waiting for enrollment into the DD waiver as soon as available are receiving other services while they wait. The Department reports that 91% of members waiting on the ASAA waitlist are receiving Medicaid services and 71% are receiving other HCBS waiver services.

## Waiver Enrollments and Expenditures

Although the Department utilizes the average full program equivalent as the basis for annual caseload forecasts, the number of individuals served through each waiver can be communicated in three ways:

- Maximum enrollment represents the allowable number of individuals that can be served in a given year.
- Average monthly enrollment represents an average of the actual number of individuals enrolled in each waiver during a 12-month period.
- Full program equivalent represents the average number of clients with a paid claim in a given year. The average annual FPE is determined by multiplying the average monthly

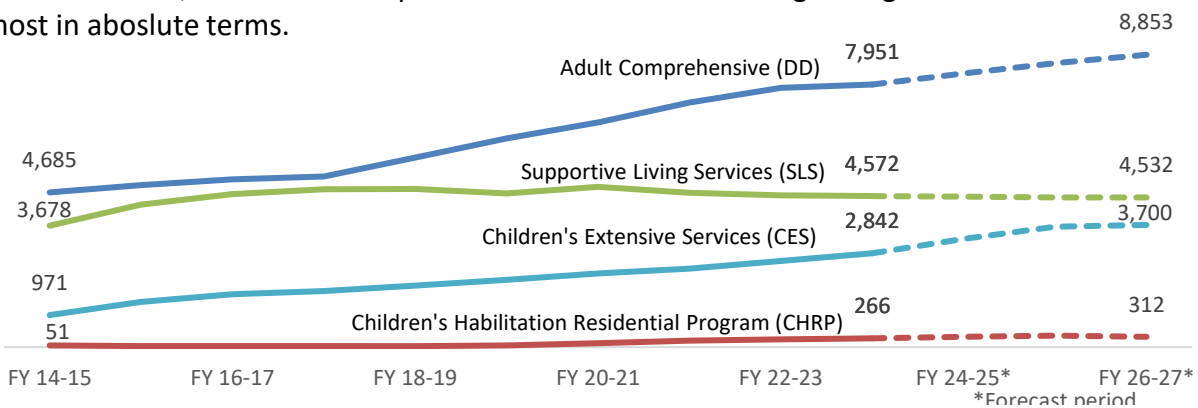
enrollment for a 12- month period by the FPE conversion factor, which varies between waiver (not every client who is authorized to receive services has a paid service each month).

Appropriations to line items that funds waiver services and targeted case management for individuals with intellectual and developmental disabilities are set in advance of the fiscal year, based on prior year utilization and expenditures. The Department performs forecast analyses throughout the fiscal year and uses the information to request adjustments to the appropriations for the current fiscal year and for the upcoming fiscal year. If necessary, current fiscal year adjustments are made to the appropriation through the Department’s supplemental bill based on the November forecast, and through a Long Bill based on the February forecast. Appropriations for the upcoming fiscal year are based on the February caseload forecast provided by the Department. Appropriations reflect the current cost per FPE and are based on current spending trends in the waiver programs. The Department’s requested FY 2025-26 total appropriations for the waiver programs are:

- Adult Comprehensive Services – \$893.1 million total funds, including \$445.0 million General Fund, to support an estimated **8,390 FPE**;
- Adult Supported Living Services – \$110.1 million total funds, including \$38.1 million General Fund, to support an estimated **4,532 FPE**;
- Children’s Extensive Support Services – \$117.5 million total funds, including \$58.7 million General Fund, to support an estimated **3,650 FPE**; and
- Children’s Habilitation Residential Program – \$24.8 million total funds, including \$12.4 million General Fund, to support an estimated **348 FPE**.

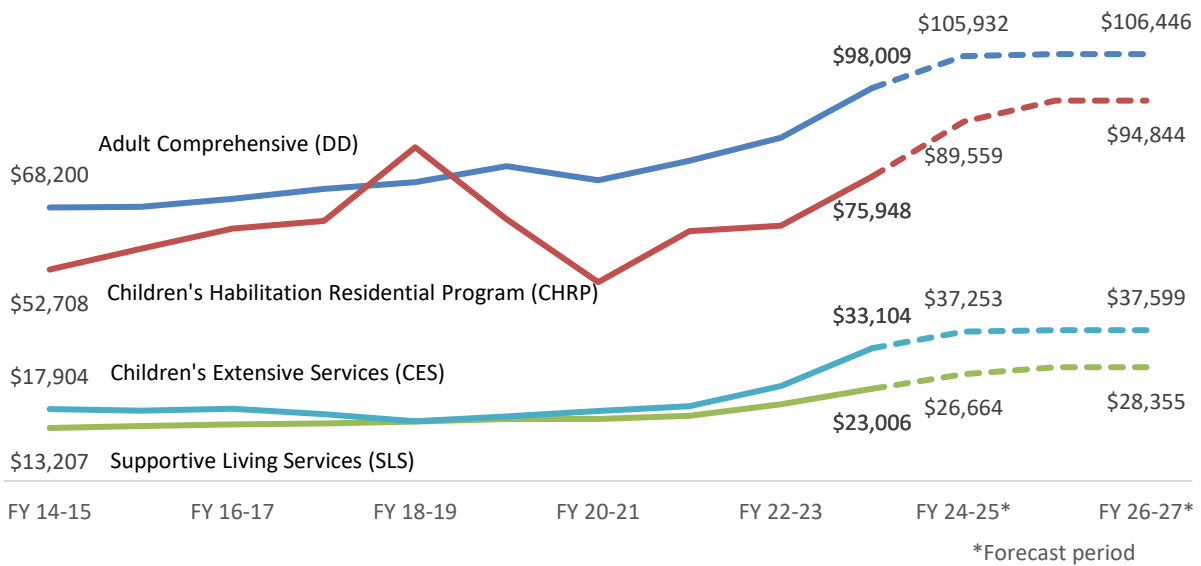
The following chart shows the average monthly enrollment for each category of services funded through the Office of Community Living. Average monthly enrollment is a metric used by the Department in assessing and calculating the funding needs. From FY 2014-15 to FY 2023-24, the last full year for which we have actual data, average monthly enrollment for each category of waiver service has grown. The Children’s Habilitation Residential Program average monthly enrollment has grown at the fastest annual rate (18.0 percent), while Adult Comprehensive Services average monthly enrollment has grown the most in volume (3,266).

The average monthly enrollment for each services category has grown over the last decade, with Adult Comprehensive waiver enrollment growing the most in absolute terms.



The average monthly enrollment is adjusted for the lag between enrollment and delivery of services and the lag between delivery of services and billing of claims. Adjusting for these factors converts the average monthly enrollment into the full program equivalent metric. In addition to the variables discussed above, the Department accounts for cost shifts related to changes in the State Medicaid Plan and movement of individuals from one waiver to another when forecasting costs for services. In the last decade, the cost per FPE has increased for all waiver services. The Children’s Extensive Support Services cost per FPE has grown at the fastest annual rate (6.3 percent), while Adult Comprehensive Services cost per FPE has increase the most (\$29,809).

Expenditures per full program equivalent have increased for each services category over the last decade, with Adult Comprehensive waiver costs growing the most in dollar amount.



As the trends show, the cost of providing services to individuals with intellectual and developmental disabilities will continue to increase. Increases are attributable to caseload growth, the costs of services (including labor and material costs), and policy changes. For FY 2025-26, the following legislative actions from prior years are factored into the cost of waiver services.

- S.B. 21-039 (Elimination of Subminimum Wage Employment)
- H.B. 22-1114 (Transportation Services for Medicaid Waiver Recipients)
- FY 2022-23 R9 (OCL program enhancements)
- FY 2023-24 BA7 (Community based access to services)
- Prior years’ provider rate adjustments
- Additional approved DD waiver enrollments (129 in FY 2024-25)



# S.B. 22-235 Update and Review

This issue brief provides an overview of the results of the required assessments, reporting, and development of a funding model for public and medical assistance programs in the Department of Health Care Policy (HCPF) and the Department of Human Services (DHS), as directed by S.B. 22-235 (County Administration of Public Assistance Programs).

## Summary

- The funding model developed as a result of S.B. 22-235 recommends an increase of \$29.7 million total funds for county administration of public and medical assistance programs. This amount is split between HCPF (\$21.3 million) and DHS (\$8.4 million).
- The Department of Health Care Policy and Financing's R7 (County Administration & CMBS) request includes \$23.0 million total funds, including \$3.0 million General Fund, and 4.6 FTE for several elements identified by the S.B. 22-235 best practices and funding model reports. The majority of this funding is to support county administration of medical assistance programs.
- The Department of Human Services R1 (County public assistance resources) request includes \$4.2 million total funds, including \$1.3 million General Fund, for additional funding to support county administration of public assistance programs. However, the DHS does not explicitly link this request to the results of S.B. 22-235.

## Discussion

Senate Bill 22-235 (County Administration of Public Assistance Programs) requires the development and implementation of a funding model for the administration of public and medical assistance programs. This funding model is to be used to determine the amount of money necessary to fund the administration of public and medical assistance programs in each county for FY 2025-26. The Departments of Health Care Financing and Human Services completed and submitted this funding model on November 1, 2024.<sup>2</sup>

In addition to this funding model, pursuant to Section 26-1-121.5 (2)(c), C.R.S., the departments delivered an assessment and recommendations on best practices in the administration of public and medical assistance programs in states with a state-supervised, county-administered model

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<sup>2</sup> Colorado Department of Human Services, *SB 22-235 County Administration Funding Model Final Report and Results of the Model*, Nov. 1, 2024, <https://drive.google.com/file/d/17ux2Hgg-3BWjqUzWPoGGvaApgTWt1sQn/view>.

on June 30, 2023.<sup>3</sup> This assessment includes the identification of three “quick win” recommendations. These recommendations are:

- **create opportunities for state and county collaboration** to improve the communications and processes surrounding policy and case questions;
- **increase communication and collaboration between the DHS and HCPF** through regular meetings focused on how to best engage counties; and
- **align administrative requirements** across public and medical assistance programs to create operational efficiencies for counties.

In addition to the aforementioned recommendations, the June 30<sup>th</sup> report details six recommendations on best practices.

- 1 **Develop business process standards for public and medical assistance programs** for both HCPF and DHS to encourage consistency and equity in customer experience, and to reduce the barriers for counties to share work.
- 2 **Make work accessible and portable** through a single statewide document and work management system to allow counties to manage their work more efficiently.
- 3 **Improve hiring and retention practices for eligibility workers** by:
  - a Updating their classification from clerical to professional,
  - b Create a job classification series to improve career progression,
  - c Update pay ranges to promote statewide comparability, and
  - d Enable continuous recruitment and centralized online job posting.
- 4 **Optimize the Program Eligibility and Application Kit (PEAK)** software to improve its usability by eligibility workers and clients. PEAK is the client facing online portal for Coloradans to screen and apply for medical, food, and cash assistance programs.
- 5 **Improve policy documentation and dissemination** to ensure policies, regulations, and training materials are easily accessible to and understood by those using the materials.
- 6 **Continue with improvement to the current training model** to standardize both the materials created and the methods by which trainings are delivered to ensure consistency across counties.

## Best Practices Fiscal Assessment

On November 1, 2023, the departments submitted the required fiscal assessment of the recommendations on best practices (Section 26-1-121.5 (2)(d), C.R.S).<sup>4</sup> The November 1, 2023, fiscal assessment report itemizes the fiscal impact of three recommendations:

- improve policy dissemination and case review collaboration;

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<sup>3</sup> Colorado Department of Human Services, *Assessing Best Practices in the Administration of Public and Medical Assistance Programs in Count-Administered States*, June 30, 2023, <https://drive.google.com/file/d/1t5JJq1EgutkuMSGXQK9fpq46DZk4Mibv/view>.

<sup>4</sup> Colorado Department of Human Services, *Feasibility of Comprehensive Assessment of Public & Medical Assistance Programs*, Nov. 1, 2023, [https://drive.google.com/file/d/1a7k3sFPGjncS52mu-F1fLSBfaT1JZ\\_l/view](https://drive.google.com/file/d/1a7k3sFPGjncS52mu-F1fLSBfaT1JZ_l/view).

- service delivery standards; and
- training.

The report identifies the state staffing resources and cost estimates for each of these three elements. It is important to note that the cost estimates are a year old and intended to help HCPF and DHS inform any funding requests. In total the report identifies \$1.7 million total funds and 15.0 FTE across both departments; 50.0 percent of the total cost would be covered by federal funds due to cost sharing. For HCPF, the assessment recommends \$994,852 total funds and 8.0 FTE. For DHS, the assessment recommends \$708,639 total funds and 7.0 FTE.

| Fiscal Impacts of Recommendations (Nov. 1, 2023 Report) |                                |                |             |
|---|--------------------------------|----------------|-------------|
|   | Health Care Policy & Financing | Human Services | Total       |
| Policy Dissemination and Case Review Collaboration      |                                |                |             |
| Total Funds   | \$472,426                      | \$236,213      | \$708,639   |
| FTE   | 4.0                            | 2.0            | 6.0         |
| Service Delivery Standards                              |                                |                |             |
| Total Funds   | 255,514                        | 255,514        | 511,028     |
| FTE   | 2.0                            | 3.0            | 5.0         |
| Training  |                                |                |             |
| Total Funds   | 216,912                        | 216,912        | 433,823     |
| FTE   | 2.0                            | 2.0            | 4.0         |
| Total   | \$944,852                      | \$708,639      | \$1,653,490 |
| FTE   | 8.0                            | 7.0            | 15.0        |

The assessment summarizes four other recommendations, but does not itemize their fiscal impact. These four additional recommendations align with the quick wins and best practices detailed in the June 30, 2023 report.

## County Administration Funding Model

The November 1, 2024 report regarding the county administration funding model for public and medical assistance programs provides a description of the processes for identifying and hiring the contractor responsible for developing the funding model, as well as the process and methodology of the contractor in developing the funding model. The report discusses the stakeholder and engagement processes underpinning the collection of data and the approval of the funding model by the departments and counties. Lastly, the report provides a summary of the base funding model, additional adjustments to the model, and assessed funding levels for HCPF and DHS.

The report cites research of similar administration models in six other states<sup>5</sup> to assess funding formulas and standards. However, this research proved inconclusive and no funding model from another state will function as the basis for implementation of a funding model in Colorado. The development of the funding model for Colorado uses 10 model counties: three

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<sup>5</sup> The six states are Minnesota, Missouri, North Carolina, North Dakota, Ohio, and Oregon.

large, four medium, and three small.<sup>6</sup> The model counties are considered high performers whose inclusion helps to ensure the funding model promotes effective and efficient operations. However, the report notes that none of the model counties meet all state and federal performance indicators. As such, the funding model does not guarantee that every county will meet its state and federal performance requirements.

The development of the funding model uses workload data from 2023 taken from the Colorado Benefits Management System. The assessment of county workload and the time it takes eligibility technicians to process cases is extrapolated from a 2017 study authorized by S.B. 16-190 (Improve County Administration Public Assistance Programs), a JBC bill. The 2017 study provides the basis for a county-to-county comparison of workload and FTE ratios, but does not reflect the current time it takes to process cases. The report acknowledges this weakness.

The report outlines a five-step calculation for determining county administration funding.

- 1 County tasks x Time per task = Total eligibility work
- 2 County staff / Total eligibility work = Staff per eligibility work
- 3 Calculate average staff per eligibility work per small, medium, large counties = Average staff per eligibility by county size
- 4 Total eligibility work x Average staff per eligibility by county size = Staff for each county
- 5 Staff for each county x Salary per FTE/role = Funding need

In addition to the base funding calculation, the funding model includes increases for timeliness, accuracy, call center staffing, and salary funding for county eligibility technicians. The timeliness adjustment is to fund county efforts to meet federal requirements for processing times for Medicaid and SNAP applications and renewals. The accuracy adjustment provides funding to counties to improve Medicaid error rates and applies only to the HCPF funding allocation. The call center adjustment provides funding for an updated FTE-per-minute ratio that applies to all counties for call center or customer support staff; this funding is split evenly between HCPF and DHS. The salary adjustment funds compensation enhancements for eligibility technicians based on an annual salary of \$75,305. While the report provides a summary of each of these adjustments, it does not detail the data, assumptions, or calculations that underpin the identified costs of these additional elements.

| County Administration Funding Model Results for FY 2025-26 |                                |                |               |
|--|--------------------------------|----------------|---------------|
|  | Health Care Policy & Financing | Human Services | Total         |
| Timeliness   | \$8,424,964                    | \$3,603,630    | \$12,028,594  |
| Accuracy   | 4,904,363                      | 0              | 4,904,363     |
| Call center  | 2,009,613                      | 2,009,613      | 4,019,226     |
| Salaries   | 1,923,608                      | 1,416,445      | 3,340,053     |
| Subtotal   | \$17,262,548                   | \$7,029,688    | \$24,292,236  |
| Base funding   | 88,082,924                     | 101,659,962    | 189,742,886   |
| Total  | \$105,345,472                  | \$108,689,650  | \$214,035,122 |

<sup>6</sup> The ten counties are: Garfield, Ouray, Summit, Larimer, Boulder, Arapahoe, Fremont, Alamosa, Logan, and Yuma.

# Footnotes and Requests for Information

## Update on Long Bill Footnotes

The General Assembly includes footnotes in the annual Long Bill to: (a) set forth purposes, conditions, or limitations on an item of appropriation; (b) explain assumptions used in determining a specific amount of an appropriation; or (c) express legislative intent relating to any appropriation. Footnotes to the 2024 Long Bill (H.B. 24-1430) can be found at the end of each departmental section of the bill at <https://leg.colorado.gov/bills/HB24-1430> The Long Bill footnotes relevant to this document are listed below.

25 Department of Health Care Policy and Financing, Office of Community Living, Division of Intellectual and Developmental Disabilities, Medicaid Programs -- It is the General Assembly's intent that expenditures for these services be recorded only against the Long Bill group total for Medicaid Programs.

**Comment:** This footnote provides flexibility for the Department to move money between line items within the Office of Community Living. The Department is in compliance with the footnote.

26 Department of Health Care Policy and Financing, Office of Community Living, Division of Intellectual and Developmental Disabilities, State-only Programs -- It is the General Assembly's intent that expenditures for these services be recorded only against the Long Bill group total for State-only Programs.

**Comment:** This footnote provides flexibility for the Department to move money between line items within the Office of Community Living. The Department is in compliance with the footnote.

27 Department of Health Care Policy and Financing, Office of Community Living, Division of Intellectual and Developmental Disabilities, State-only Programs, Preventive Dental Hygiene -- It is the General Assembly's intent that this appropriation be used to provide special dental services for persons with intellectual and developmental disabilities.

**Comment:** This footnote was first added to the FY 2022-23 Long Bill, and reflects the legislative intent that funds appropriated in this line be used for a specific purpose. The Department is in compliance with the footnote.

# Update on Requests for Information

The Joint Budget Committee annually submits requests for information (RFIs) to executive departments and the judicial branch via letters to the Governor, other elected officials, and the Chief Justice. Each request is associated with one or more specific Long Bill line item(s), and the requests have been prioritized by the Joint Budget Committee as required by Section 2-3-203 (3), C.R.S. Copies of these letters are included as an Appendix in the annual Appropriations Report (Appendix H in the FY 2024-25 Report):

<https://leg.colorado.gov/sites/default/files/fy24-25apprept.pdf>

The RFIs relevant to this document are listed below.

## Requests Affecting Multiple Departments

None.

### Department of Health Care Policy and Financing, Office of Community Living Requests

- 3 Department of Health Care Policy and Financing, Office of Community Living -- The Department is requested to provide progress updates by July 15, 2024, and September 15, 2024, on care and case management stabilization

**Comment:** The Department complied with this request and provided the following information.

The Department identified an urgent need for funding to stabilize care and case management services that are experiencing extraordinary workload and financial challenges due to: (1) implementation of the new care and case management information technology system; (2) the transition to conflict-free case management; and (3) the public health emergency unwind.

To mitigate the problems and stabilize the case management system, funding was approved for three initiatives:

- 6 Case Management Agency stabilization funding to help agencies stabilize financially and deal with the unexpected workload.
- 7 Two term-limited Department staff to accelerate the Department's response to the crisis.
- 8 Care and case management system funding for Care and Case Management system programming resources to implement system changes.

Since receiving approval for these funds, the Department has quickly leveraged them by making direct payments to case management agencies to ensure their financial stability, moving the two term-limited positions through the hiring process, and working with the Care and Case Management IT vendor to identify the urgent needs that can be addressed with the additional funding.

# Department Annual Performance Report

Pursuant to Section 2-7-205 (1)(b), C.R.S., the Department of Health Care Policy and Financing is required to publish an **Annual Performance Report** for the *previous state fiscal year* by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation for the designated fiscal year. In addition, pursuant to Section 2-7-204 (3)(a)(I), C.R.S., the Department is required to develop a **Performance Plan** and submit the plan for the *current fiscal year* to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year.

For consideration by the Joint Budget Committee in prioritizing the Department's FY 2025-26 budget request, the FY 2023-24 Annual Performance Report and the FY 2024-25 Performance Plan can be found at the following link:

<https://www.colorado.gov/pacific/performance/department-performance-plans>

# Appendix A: Numbers Pages

Appendix A details actual expenditures for the last two state fiscal years, the appropriation for the current fiscal year, and the requested appropriation for next fiscal year. This information is listed by line item and fund source.



## Appendix A: Numbers Pages

|  | FY 2022-23<br>Actual | FY 2023-24<br>Actual | FY 2024-25<br>Appropriation | FY 2025-26<br>Request | Request vs.<br>Appropriation |
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|

Department of Health Care Policy and Financing  
Kim Bimestefer, Executive Director

### (4) Office of Community Living

#### (A) Division for Individuals with Intellectual and Developmental Disabilities

##### (i) Administrative Costs

|  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
| Personal Services                        | <u>3,254,836</u> | <u>3,469,613</u> | <u>3,469,613</u> | <u>3,469,613</u> |
| FTE                                      | 33.7             | 39.3             | 39.5             | 39.5             |
| General Fund                             | 1,643,703        | 1,858,480        | 1,858,480        | 1,858,480        |
| Cash Funds                               | 0                | 0                | 0                | 0                |
| Reappropriated Funds                     | 0                | 0                | 0                | 0                |
| Federal Funds                            | 1,611,133        | 1,611,133        | 1,611,133        | 1,611,133        |
| Operating Expenses                       | <u>70,769</u>    | <u>151,897</u>   | <u>356,510</u>   | <u>281,510</u>   |
| General Fund                             | 35,384           | 75,948           | 202,136          | 164,636          |
| Cash Funds                               | 0                | 0                | 0                | 0                |
| Reappropriated Funds                     | 0                | 0                | 0                | 0                |
| Federal Funds                            | 35,385           | 75,949           | 154,374          | 116,874          |
| Community and Contract Management System | <u>62,528</u>    | <u>65,743</u>    | <u>137,480</u>   | <u>137,480</u>   |
| General Fund                             | 31,264           | 32,871           | 89,362           | 89,362           |
| Cash Funds                               | 0                | 0                | 0                | 0                |
| Reappropriated Funds                     | 0                | 0                | 0                | 0                |
| Federal Funds                            | 31,264           | 32,872           | 48,118           | 48,118           |

## Appendix A: Numbers Pages

|  | FY 2022-23<br>Actual | FY 2023-24<br>Actual | FY 2024-25<br>Appropriation | FY 2025-26<br>Request | Request vs.<br>Appropriation |
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Support Level Administration           | 59,317               | 58,350               | 58,350                      | 58,350                |                              |
| General Fund                           | 29,403               | 28,920               | 28,920                      | 28,920                |                              |
| Cash Funds                             | 255                  | 255                  | 255                         | 255                   |                              |
| Reappropriated Funds                   | 0                    | 0                    | 0                           | 0                     |                              |
| Federal Funds                          | 29,659               | 29,175               | 29,175                      | 29,175                |                              |
| <b>SUBTOTAL -</b>                      | <b>3,447,450</b>     | <b>3,745,603</b>     | <b>4,021,953</b>            | <b>3,946,953</b>      | <b>(1.9%)</b>                |
| <i>FTE</i>                             | <i>33.7</i>          | <i>39.3</i>          | <i>39.5</i>                 | <i>39.5</i>           | <i>0.0%</i>                  |
| General Fund                           | 1,739,754            | 1,996,219            | 2,178,898                   | 2,141,398             | (1.7%)                       |
| Cash Funds                             | 255                  | 255                  | 255                         | 255                   | 0.0%                         |
| Reappropriated Funds                   | 0                    | 0                    | 0                           | 0                     | 0.0%                         |
| Federal Funds                          | 1,707,441            | 1,749,129            | 1,842,800                   | 1,805,300             | (2.0%)                       |
| <b>Medicaid Programs</b>               |                      |                      |                             |                       |                              |
| Adult Comprehensive Waiver Services    | 660,264,798          | 755,547,913          | 838,089,305                 | 893,115,829 *         |                              |
| General Fund                           | 274,738,522          | 369,480,850          | 417,653,637                 | 444,961,216           |                              |
| Cash Funds                             | 15,581,089           | 6,388,274            | 1,391,032                   | 1,596,699             |                              |
| Reappropriated Funds                   | 0                    | 0                    | 0                           | 0                     |                              |
| Federal Funds                          | 369,945,187          | 379,678,789          | 419,044,636                 | 446,557,914           |                              |
| Adult Supported Living Waiver Services | 76,193,493           | 90,499,263           | 98,534,109                  | 110,053,033 *         |                              |
| General Fund                           | 25,140,173           | 34,458,327           | 40,867,183                  | 38,139,841            |                              |
| Cash Funds                             | 7,593,201            | 9,486,360            | 8,399,874                   | 16,886,676            |                              |
| Reappropriated Funds                   | 0                    | 0                    | 0                           | 0                     |                              |
| Federal Funds                          | 43,460,119           | 46,554,576           | 49,267,052                  | 55,026,516            |                              |

## Appendix A: Numbers Pages

|   | FY 2022-23<br>Actual | FY 2023-24<br>Actual | FY 2024-25<br>Appropriation | FY 2025-26<br>Request | Request vs.<br>Appropriation |
|---|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Children's Extensive Support Services       | <u>51,164,467</u>    | <u>76,703,034</u>    | <u>86,512,303</u>           | <u>117,502,630</u> *  |                              |
| General Fund                                | 22,227,459           | 37,666,925           | 42,422,526                  | 58,734,943            |                              |
| Cash Funds                                  | 0                    | 0                    | 833,626                     | 16,372                |                              |
| Reappropriated Funds                        | 0                    | 0                    | 0                           | 0                     |                              |
| Federal Funds                               | 28,937,008           | 39,036,109           | 43,256,151                  | 58,751,315            |                              |
| Children's Habilitation Residential Program | <u>11,513,849</u>    | <u>14,430,139</u>    | <u>18,399,879</u>           | <u>24,760,863</u> *   |                              |
| General Fund                                | 5,074,425            | 7,079,937            | 9,132,633                   | 12,379,110            |                              |
| Cash Funds                                  | 6,829                | 1,171                | 67,308                      | 1,322                 |                              |
| Reappropriated Funds                        | 0                    | 0                    | 0                           | 0                     |                              |
| Federal Funds                               | 6,432,595            | 7,349,031            | 9,199,938                   | 12,380,431            |                              |
| Case Management for People with IDD         | <u>88,501,594</u>    | <u>110,074,949</u>   | <u>142,555,236</u>          | <u>149,448,165</u> *  |                              |
| General Fund                                | 40,634,931           | 50,107,475           | 70,385,569                  | 71,279,047            |                              |
| Cash Funds                                  | 2,266,858            | 5,020,810            | 1,554,919                   | 4,095,972             |                              |
| Reappropriated Funds                        | 0                    | 0                    | 0                           | 0                     |                              |
| Federal Funds                               | 45,599,805           | 54,946,664           | 70,614,748                  | 74,073,146            |                              |
| <b>SUBTOTAL -</b>                           | 887,638,201          | 1,047,255,298        | 1,184,090,832               | 1,294,880,520         | 9.4%                         |
| <i>FTE</i>                                  | <u>0.0</u>           | <u>0.0</u>           | <u>0.0</u>                  | <u>0.0</u>            | <u>0.0%</u>                  |
| General Fund                                | 367,815,510          | 498,793,514          | 580,461,548                 | 625,494,157           | 7.8%                         |
| Cash Funds                                  | 25,447,977           | 20,896,615           | 12,246,759                  | 22,597,041            | 84.5%                        |
| Reappropriated Funds                        | 0                    | 0                    | 0                           | 0                     | 0.0%                         |
| Federal Funds                               | 494,374,714          | 527,565,169          | 591,382,525                 | 646,789,322           | 9.4%                         |

## Appendix A: Numbers Pages

|   | <b>FY 2022-23<br/>Actual</b> | <b>FY 2023-24<br/>Actual</b> | <b>FY 2024-25<br/>Appropriation</b> | <b>FY 2025-26<br/>Request</b> | <b>Request vs.<br/>Appropriation</b> |
|---|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| <b>State-only Programs</b>                      |                              |                              |                                     |                               |                                      |
| Family Support Services Program                 | <u>10,311,298</u>            | <u>10,885,327</u>            | <u>11,251,415</u>                   | <u>11,269,830</u>             |                                      |
| General Fund                                    | 10,311,298                   | 10,885,327                   | 11,251,415                          | 11,269,830                    |                                      |
| Cash Funds                                      | 0                            | 0                            | 0                                   | 0                             |                                      |
| Reappropriated Funds                            | 0                            | 0                            | 0                                   | 0                             |                                      |
| Federal Funds                                   | 0                            | 0                            | 0                                   | 0                             |                                      |
| State Supported Living Services                 | <u>4,724,417</u>             | <u>5,676,143</u>             | <u>5,288,739</u>                    | <u>5,297,394</u>              |                                      |
| General Fund                                    | 4,724,417                    | 5,676,143                    | 5,288,739                           | 5,297,394                     |                                      |
| Cash Funds                                      | 0                            | 0                            | 0                                   | 0                             |                                      |
| Reappropriated Funds                            | 0                            | 0                            | 0                                   | 0                             |                                      |
| Federal Funds                                   | 0                            | 0                            | 0                                   | 0                             |                                      |
| State Supported Living Services Case Management | <u>4,682,356</u>             | <u>4,568,635</u>             | <u>5,153,827</u>                    | <u>5,162,262</u>              |                                      |
| General Fund                                    | 4,682,356                    | 4,568,635                    | 5,153,827                           | 5,162,262                     |                                      |
| Cash Funds                                      | 0                            | 0                            | 0                                   | 0                             |                                      |
| Reappropriated Funds                            | 0                            | 0                            | 0                                   | 0                             |                                      |
| Federal Funds                                   | 0                            | 0                            | 0                                   | 0                             |                                      |
| Preventive Dental Hygiene                       | <u>64,894</u>                | <u>64,894</u>                | <u>71,103</u>                       | <u>71,219</u>                 |                                      |
| General Fund                                    | 64,894                       | 64,894                       | 71,103                              | 71,219                        |                                      |
| Cash Funds                                      | 0                            | 0                            | 0                                   | 0                             |                                      |
| Reappropriated Funds                            | 0                            | 0                            | 0                                   | 0                             |                                      |
| Federal Funds                                   | 0                            | 0                            | 0                                   | 0                             |                                      |

## Appendix A: Numbers Pages

|   | FY 2022-23<br>Actual | FY 2023-24<br>Actual | FY 2024-25<br>Appropriation | FY 2025-26<br>Request | Request vs.<br>Appropriation |
|---|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Supported Employment Provider and Certification               |                      |                      |                             |                       |                              |
| Reimbursement   | <u>148,800</u>       | <u>176,100</u>       | <u>0</u>                    | <u>0</u>              |                              |
| General Fund  | 148,800              | 176,100              | 0                           | 0                     |                              |
| Cash Funds  | 0                    | 0                    | 0                           | 0                     |                              |
| Reappropriated Funds  | 0                    | 0                    | 0                           | 0                     |                              |
| Federal Funds   | 0                    | 0                    | 0                           | 0                     |                              |
| <b>SUBTOTAL -</b>   | 19,931,765           | 21,371,099           | 21,765,084                  | 21,800,705            | 0.2%                         |
| <i>FTE</i>  | <u>0.0</u>           | <u>0.0</u>           | <u>0.0</u>                  | <u>0.0</u>            | <u>0.0%</u>                  |
| General Fund  | 19,931,765           | 21,371,099           | 21,765,084                  | 21,800,705            | 0.2%                         |
| Cash Funds  | 0                    | 0                    | 0                           | 0                     | 0.0%                         |
| Reappropriated Funds  | 0                    | 0                    | 0                           | 0                     | 0.0%                         |
| Federal Funds   | 0                    | 0                    | 0                           | 0                     | 0.0%                         |
| <b>TOTAL - (4) Office of Community Living</b>                 | 911,017,416          | 1,072,372,000        | 1,209,877,869               | 1,320,628,178         | 9.2%                         |
| <i>FTE</i>  | <u>33.7</u>          | <u>39.3</u>          | <u>39.5</u>                 | <u>39.5</u>           | <u>0.0%</u>                  |
| General Fund  | 389,487,029          | 522,160,832          | 604,405,530                 | 649,436,260           | 7.5%                         |
| Cash Funds  | 25,448,232           | 20,896,870           | 12,247,014                  | 22,597,296            | 84.5%                        |
| Reappropriated Funds  | 0                    | 0                    | 0                           | 0                     | 0.0%                         |
| Federal Funds   | 496,082,155          | 529,314,298          | 593,225,325                 | 648,594,622           | 9.3%                         |
| <b>TOTAL - Department of Health Care Policy and Financing</b> | 911,017,416          | 1,072,372,000        | 1,209,877,869               | 1,320,628,178         | 9.2%                         |
| <i>FTE</i>  | <u>33.7</u>          | <u>39.3</u>          | <u>39.5</u>                 | <u>39.5</u>           | <u>0.0%</u>                  |
| General Fund  | 389,487,029          | 522,160,832          | 604,405,530                 | 649,436,260           | 7.5%                         |
| Cash Funds  | 25,448,232           | 20,896,870           | 12,247,014                  | 22,597,296            | 84.5%                        |
| Reappropriated Funds  | 0                    | 0                    | 0                           | 0                     | 0.0%                         |
| Federal Funds   | 496,082,155          | 529,314,298          | 593,225,325                 | 648,594,622           | 9.3%                         |