

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2014-15 STAFF BUDGET BRIEFING
DEPARTMENT OF HUMAN SERVICES**

(Behavioral Health Services Only)

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

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DEPARTMENT OF HUMAN SERVICES

Department Overview

The Department of Human Services is responsible for the administration and supervision of all non-medical public assistance and welfare activities of the State, including assistance payments, the Supplemental Nutrition Assistance Program (food stamps), child welfare services, rehabilitation programs, substance abuse prevention programs, and programs for the aging. The Department is also responsible for inspecting and licensing child care facilities. The Department operates two mental health institutes, three regional centers for persons with developmental disabilities, and ten institutions for juvenile delinquents. The Department also contracts for community-based behavioral health services for indigent individuals, contracts with community centered boards for services for persons with developmental disabilities, and contracts for the supervision and treatment of delinquent juveniles.

This staff budget briefing document concerns the Office of Behavioral Health, which is responsible for policy development, service provision and coordination, program monitoring and evaluation, and administrative oversight of the State's public behavioral health system. Funding in this section supports community-based mental health and substance use disorder services for indigent individuals who are not eligible for Medicaid¹. Funding in this section also supports administration and operation of the State's two mental health institutes, which provide inpatient hospitalization for individuals with serious mental illness. The institutes serve three populations: (a) individuals with pending criminal charges who require evaluations of competency to stand trial and services to restore competency; (b) individuals who have been found to be not guilty by reason of insanity; and (c) adults and adolescents who are referred for admission by the community mental health centers, county departments of social services, or the Division of Youth Corrections.

Department Budget: Recent Appropriations

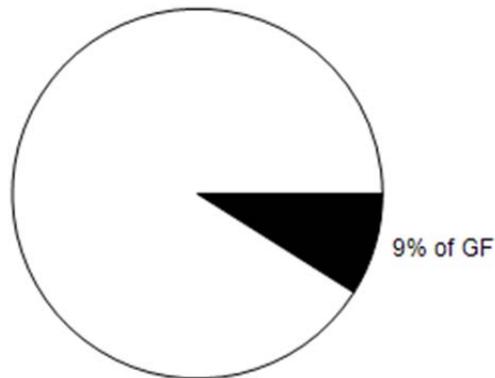
Funding Source	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15 *
General Fund	\$619,593,123	\$645,940,781	\$724,844,518	\$744,450,063
Cash Funds	329,545,321	340,033,047	358,900,608	330,387,731
Reappropriated Funds	455,037,280	485,205,073	519,799,788	132,357,264
Federal Funds	<u>649,001,182</u>	<u>615,983,428</u>	<u>610,833,459</u>	<u>614,836,313</u>
Total Funds	\$2,053,176,906	\$2,087,162,329	\$2,214,378,373	\$1,822,031,371
Full Time Equiv. Staff	4,849.6	4,872.8	4,874.9	4,849.5

*Requested appropriation.

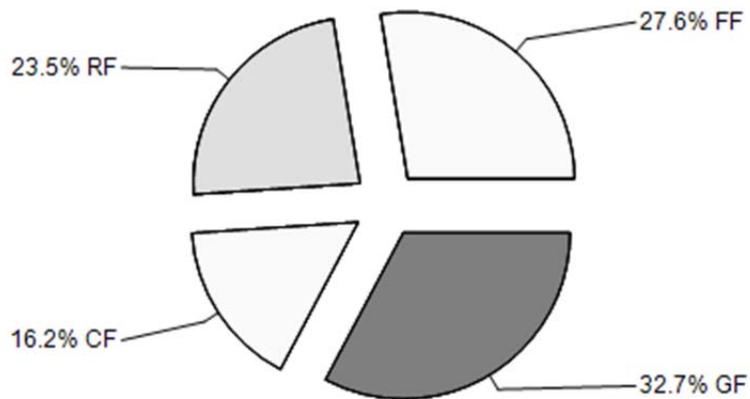
¹ Mental health and substance use disorder services for Medicaid-eligible individuals are funded through the Department of Health Care Policy and Financing.

Department Budget: Graphic Overview

**Department's Share of Statewide
General Fund**

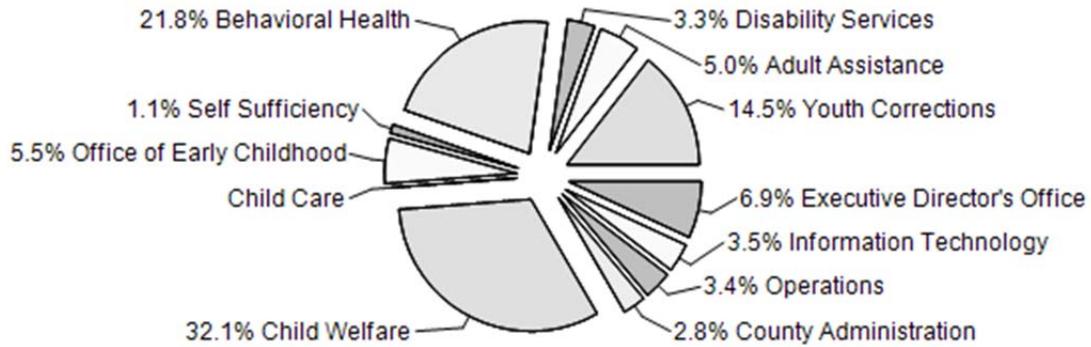


Department Funding Sources

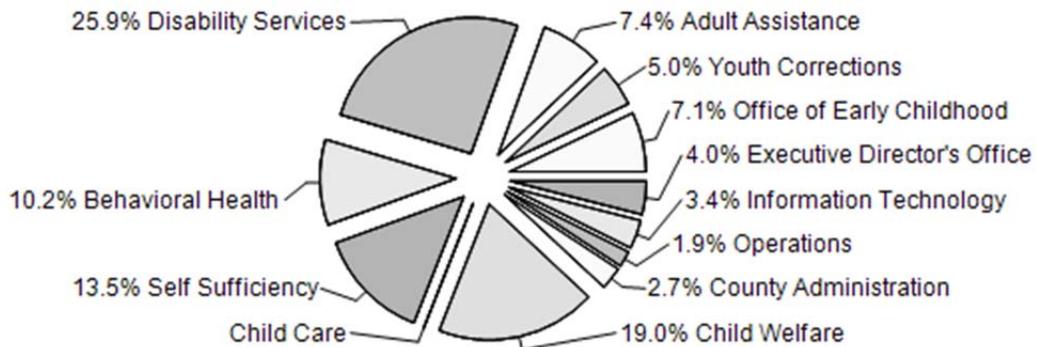


All charts are based on the FY 2013-14 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on the FY 2013-14 appropriation.

General Factors Driving the Budget

The FY 2014-15 budget request for the Behavioral Health Services section of the Department of Human Services consists of 71.8 percent General Fund, 7.3 percent cash funds, 6.2 percent reappropriated funds, and 14.7 percent federal funds. Cash funds primarily include patient revenues earned by the mental health institutes (including Medicaid and Medicare funds), and tobacco litigation settlement moneys that are credited to the Offender Mental Health Services Fund. Reappropriated funds primarily reflect transfers from the Department of Health Care Policy and Financing (originating as General Fund and federal Medicaid funds) and the Judicial Branch (originating as General Fund and drug offender surcharge revenues). Federal funds primarily include the Substance Abuse Prevention and Treatment Block Grant and the Mental Health Services Block Grant.

Mental Health Community Programs and Co-occurring Behavioral Health Services

The Office of Behavioral Health contracts with 17 community mental health centers (CMHCs) across the state to provide mental health services to "medically indigent" individuals who:

- have an income less than 300 percent of the federal poverty level;
- are not eligible for Medicaid; and
- do not receive mental health care from any other source.

Each CMHC is responsible for providing a set of core services including: assessment; rehabilitation; emergency services; clinical treatment services; residential services; inpatient services; vocational services; psychiatric/medication management; interagency consultation; public education; consumer advocacy and family support; case management; and day treatment, home-based family support, and/or residential support services. Each CMHC has access to a certain number of inpatient beds at one of the mental health institutes; these services are funded separately through the Mental Health Institutes subdivision. Each CMHC is responsible for managing admissions to the allotted beds for adults within their service area. If additional inpatient beds are needed, a CMHC must purchase them directly from other public or private hospitals.

Unlike the Medicaid program, services for medically indigent individuals are not an entitlement. Thus, the number of individuals receiving services is largely driven by the level of General Fund support available each year.

The General Assembly periodically adjusts funding for CMHCs to account for inflationary changes and to ensure that programs are viable over the long-term. The rate changes are generally consistent with the common policy adopted by the Joint Budget Committee for a variety of community providers. The following table lists the rate changes for community provider programs administered by the Office from FY 2006-07 through FY 2013-14. For FY 2014-15, the Department has requested funding for a 1.5 percent provider rate increase.

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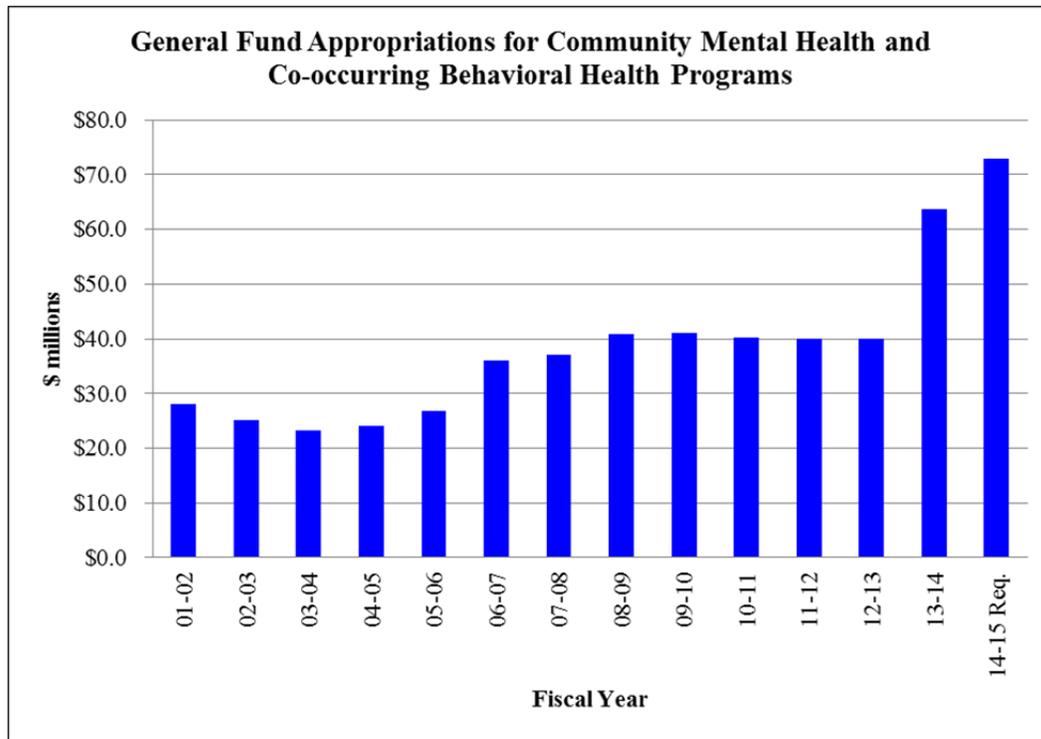
Changes in Community Provider Rates								
	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Rate Change	3.25%	1.50%	1.50%	0.00%	-2.00%	0.00%	0.00%	2.00%

In addition, the General Assembly periodically makes other adjustments to funding for CMHCs based on available revenues. For example, in an effort to respond to a General Fund revenue shortfall, the FY 2003-04 appropriation included a decrease of \$3.6 million General Fund for CMHC contracts and the elimination of various pilot programs designed to assist targeted populations. Conversely, the FY 2006-07 appropriation included an increase of \$4.4 million General Fund and the FY 2007-08 appropriation included an increase of \$1.4 million General Fund for CMHCs.

The General Assembly also appropriates additional funds for the provision of specific treatment services or services targeting specific populations. Some, but not all, of this funding is allocated to the CMHCs for the provision of services. Additional state funding is currently appropriated for the following purposes:

- The implementation of a behavioral health crisis response system.
- Alternative placements for people who would otherwise require hospitalization at one of the mental health institutes.
- Enhanced services to adults with serious and persistent mental illness and those transitioning from the mental health institutes to the community.
- Support for two specialized staff positions in each CMHC: one to coordinate mental health services for young children (under age eight) in child care settings, and one to work with local schools to coordinate school-based behavioral health services for children ages five through 18.
- Co-occurring behavioral health services for indigent adolescents and adults in southern Colorado and the Arkansas Valley.

The following chart depicts General Fund appropriations for mental health community programs and co-occurring behavioral health services from FY 2001-02 through FY 2013-14, as well as the request for FY 2014-15 (a total of \$73.0 million General Fund). The significant increases provided for FY 2013-14 and requested for FY 2014-15 primarily relate to the creation of a statewide behavioral health crisis response system and an effort to expand CMHCs' capacity to deliver emergency behavioral health stabilization services to individuals who are voluntarily or involuntarily committed to the State's behavioral health treatment system. *For more information about these initiatives, see staff's issue brief in this document titled "Status of Initiatives Funded in FY 2013-14".*



In addition to General Fund appropriations, these two subdivisions are supported by the federal Mental Health Services Block Grant, moneys transferred from the Judicial Branch, and tobacco settlement moneys that are credited to the Offender Mental Health Services Fund. These fund sources currently provide \$13.8 million to support services for offenders and increase the capacity of the CMHCs to provide services to medically indigent individuals who are not eligible for Medicaid. These other fund sources currently provide 17.8 percent of the total funds that support these two divisions.

Substance Use Treatment and Prevention

The Office of Behavioral Health contracts with four managed service organizations (MSOs) for the provision of substance use disorder treatment and detoxification services to low income individuals who are not eligible for Medicaid. MSOs subcontract with 41 local treatment providers with locations around the state to deliver these services. The contracts the Office enters into with MSOs require the provision of services to all citizens in the state, with an emphasis on: persons involuntarily committed by the courts; pregnant women and women with dependent children; adult and adolescent intravenous drug users; drug-dependent adults and adolescents with human immunodeficiency virus (HIV) or tuberculosis; and uninsured individuals.

Unlike the Medicaid program, substance use disorder services provided through the MSO contracts are not an entitlement. Thus, the number of individuals receiving services is directly affected by the level of General Fund support available each year.

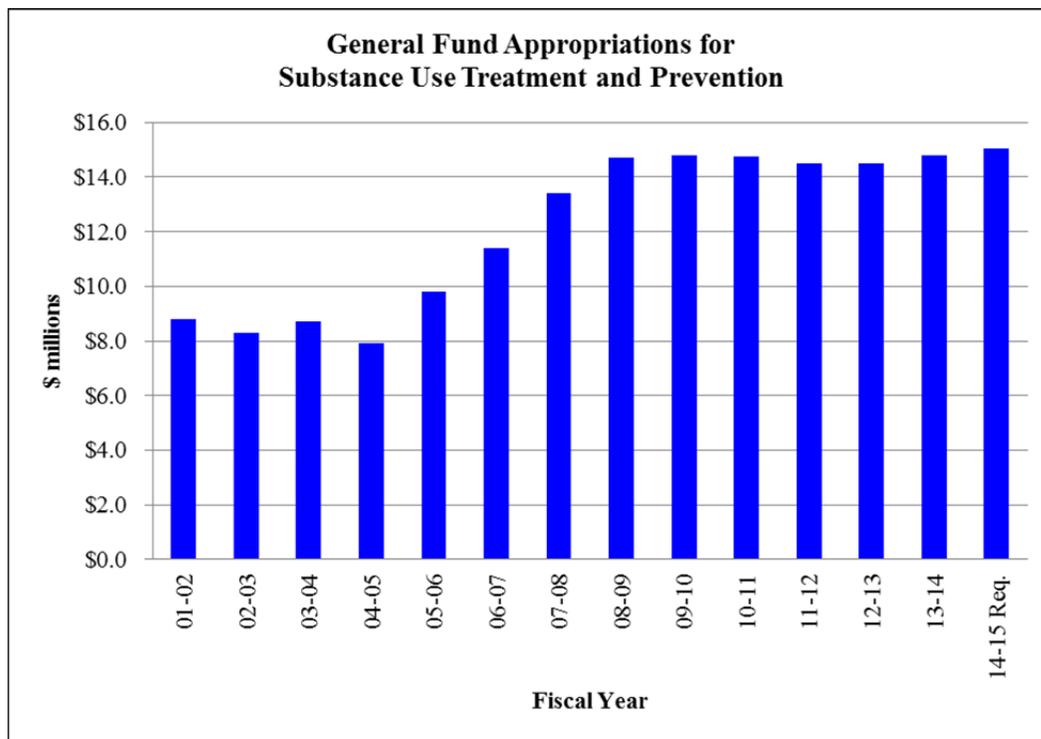
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The General Assembly periodically adjusts funding for MSOs to account for inflationary changes and to ensure that programs are viable over the long-term. The rate changes are generally consistent with the common policy adopted by the Joint Budget Committee for a variety of community providers. The following table shows the rate changes for community provider programs administered by the Office from FY 2006-07 through FY 2013-14. For FY 2014-15, the Department has requested funding for a 1.5 percent provider rate increase.

Changes in Community Provider Rates								
	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Rate Change	3.25%	1.50%	1.50%	0.00%	-2.00%	0.00%	0.00%	2.00%

In addition, the General Assembly periodically makes other adjustments to funding for substance use treatment and prevention programs based on available revenues and for the provision of specific treatment services or for services targeting specific populations. For example, General Fund appropriations were increased from FY 2005-06 through FY 2008-09 to expand specialty programs such as the Short-term Intensive Residential Rehabilitation Program (STIRRT) and to establish other specialty programs such as the Provider Performance Monitoring System.

The following chart depicts General Fund appropriations for substance use treatment and prevention programs from FY 2001-02 through FY 2013-14, as well as the request for FY 2014-15 (\$15.0 million General Fund). This support has been relatively stable since FY 2008-09.



In addition to General Fund appropriations, this subdivision is supported by the federal Substance Abuse Prevention and Treatment Block Grant, moneys transferred from the

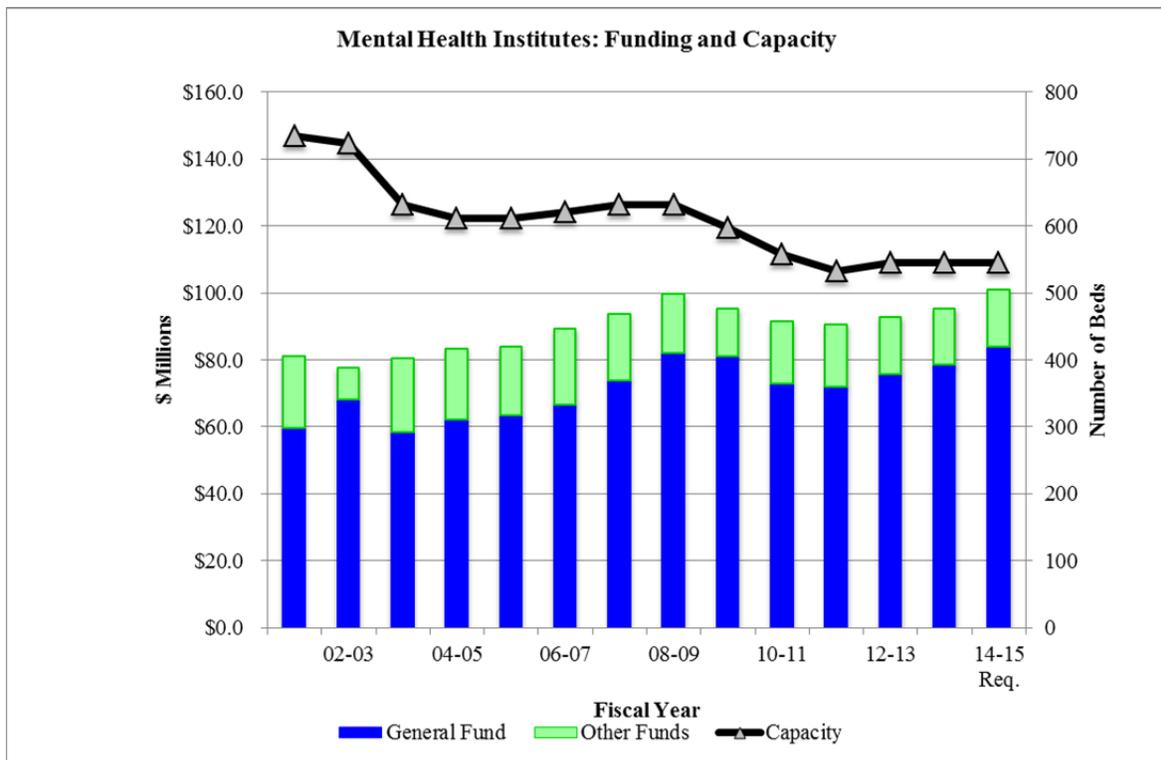
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Department of Health Care Policy and Financing, and moneys transferred from the Judicial Branch. These fund sources currently provide \$29.9 million to support prevention and intervention services, provide services for offenders, and increase the capacity of the MSOs to provide services to indigent individuals who are not eligible for Medicaid. These other fund sources currently provide 66.8 percent of the total funds that support this division.

Mental Health Institutes

The Department administers and operates two mental health institutes providing inpatient hospitalization for individuals with serious mental illness. The institutes provide comprehensive psychiatric, psychological, rehabilitation, and therapeutic care. The Colorado Mental Health Institute at Pueblo (CMHIP) currently operates a total of 451 beds. First, 307 "forensic" beds are used to serve two populations: (a) individuals with pending criminal charges who require evaluations of competency to stand trial and services to restore competency; and (b) individuals who have been found not guilty by reason of insanity. Second, 144 "civil" beds are used to serve adults, adolescents, dually diagnosed adults (mental illness and substance use disorder), and geriatric patients who are referred for admission by the community mental health centers, county departments of social services, or the Division of Youth Corrections. The Colorado Mental Health Institute at Fort Logan (CMHIFL), located in southwest Denver, operates 94 civil beds for adults.

Funding for the Institutes is affected by capacity and operational costs. The graph below depicts changes in the Institutes' bed capacity since FY 2001-02, along with associated appropriations.



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The funding for each Institute is directly related to capacity. As depicted in the above chart, the total capacity of the Institutes has declined by 189 beds (34.7 percent) since FY 2001-02. Most recently, the General Assembly approved the closure of the children's, adolescent, and geriatric treatment divisions at Fort Logan (in FY 2009-10) and the closure of the therapeutic residential childcare facility treatment division at Fort Logan (in FY 2011-12). These closures resulted in an ongoing savings of approximately \$4.3 million General Fund.

As depicted in the previous chart, the Institutes are primarily supported by General Fund appropriations. Other sources of revenue include: patient revenues (including federal Medicare funds and transfers from the Department of Health Care Policy and Financing's Medicaid program), and funds transferred from the Department of Corrections (DOC) for food services provided by the CMHIP to DOC facilities located on the Pueblo campus. *For more information about the services provided to DOC, see staff's issue brief in this document titled "Meal Services for Correctional Facilities".*

The Institutes serve as the state "safety net" provider of inpatient psychiatric services, predominately treating indigent, Medicaid-eligible, and Medicare-eligible individuals. However, both Institutes are considered "institutions for mental disease" (IMD) under federal law because they have more than 16 beds and are primarily engaged in providing diagnosis, treatment, or care of persons with mental health disorders, including medical attention, nursing care, and related services. Under the "IMD exclusion", Medicaid will not reimburse the State for the inpatient hospitalization of adults ages 21 through 64 at the Institutes. While Medicaid will pay for community mental health treatment services for an eligible adult within this age range, when the same adult is admitted to an Institute the cost of his or her care is transferred entirely to the General Fund. In addition, for Medicaid-eligible patients outside this age range (*i.e.*, under age 21 or over age 64), there is a 45-day Medicaid inpatient psychiatric benefit limit (implemented in FY 2003-04). If one of these patients remains at an Institute for longer than 45 days, the costs of care shift to the General Fund.

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Summary: FY 2013-14 Appropriation & FY 2014-15 Request

Department of Human Services (Behavioral Health Services only)						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$208,295,172	\$141,435,991	\$17,368,821	\$14,350,731	\$35,139,629	1,234.7
Other legislation	<u>16,854,754</u>	<u>16,784,754</u>	<u>0</u>	<u>70,000</u>	<u>0</u>	<u>0.7</u>
TOTAL	\$225,149,926	\$158,220,745	\$17,368,821	\$14,420,731	\$35,139,629	1,235.4
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$225,149,926	158,220,745	\$17,368,821	\$14,420,731	\$35,139,629	1,235.4
Annualize prior year funding	6,704,012	6,704,012	0	0	0	0.8
Centrally appropriated line items	2,789,097	2,651,041	12,884	33,124	92,048	0.0
R10 Outside medical expenses	1,598,792	1,598,792	0	0	0	0.0
R12 Community provider rate	1,346,320	1,313,232	9,872	23,216	0	0.0
R23 Department reorganization	1,163,876	1,163,876	0	0	0	0.0
R15 Mental health first aid	750,000	750,000	0	0	0	0.0
R14 Psychiatrist base salary adjustment	448,580	448,580	0	0	0	0.0
Non-prioritized requested changes	428,529	0	0	428,529	0	0.0
R11 MHIs electronic health record system	<u>309,159</u>	<u>309,159</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4.5</u>
TOTAL	\$240,688,291	\$173,159,437	\$17,391,577	\$14,905,600	\$35,231,677	1,240.7
Increase/(Decrease)	\$15,538,365	\$14,938,692	\$22,756	\$484,869	\$92,048	5.3
Percentage Change	6.9%	9.4%	0.1%	3.4%	0.3%	0.4%

Description of Requested Changes

Annualize prior year funding: The request includes adjustments related to prior year legislation and budget actions, including the following:

- S.B. 13-266: Increase of \$5,199,013 General Fund and 0.1 FTE for the creation of a coordinated behavioral health crisis response system, including telephone hotlines, marketing, mobile response, stabilization units, and respite services;
- FY 2013-14 budget request priority #3B: Increase of \$4,444,176 General Fund to improve the capacity to deliver community-based behavioral health stabilization services;

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- FY 2013-14 budget request priority #3A: Increase of \$391,363 General Fund and 0.1 FTE to increase access to civil beds through the operation of a jail-based restoration program for defendants who have been determined by the court to be incompetent to proceed in their criminal cases;
- S.B. 13-200: Decrease of \$3,259,374 General Fund to reflect the impact of expanded Medicaid eligibility on the population served through the Department's mental health community programs for indigent mentally ill clients; and
- FY 2013-14 budget request priority #7: Decrease of \$71,166 General Fund and an increase of 0.6 FTE to implement trauma informed care best practices at the mental health institutes.

Centrally appropriated line items: The request includes adjustments to centrally appropriated line items for merit pay and salary survey. For this division, this adjustment reflects the allocation of FY 2013-14 salary increases to each respective line item that supports employee salaries (primarily staff at the mental health institutes).

R10 Outside medical expenses: The request includes an increase of \$1,598,792 General Fund to purchase outside medical care for patients at the mental health institutes, and a proposed change to the Long Bill format to include funding for outside medical services in separate line items (rather than as part of the appropriations for personal services).

R12 Community provider rate: The Department's overall request includes \$7.4 million (including \$1.5 million General Fund) for a 1.5 percent community provider rate increase. With respect to the Office of Behavioral Health, the request includes \$1,346,320 total funds, including: \$547,087 for mental health community programs; \$243,566 for substance use treatment and prevention; \$514,575 for co-occurring behavioral health services; and \$41,092 for the mental health institutes.

R23 Department reorganization: The Department requests a realignment of the Long Bill structure to more accurately reflect the structure and operations of the Department. For the Office of Behavioral Health, this proposal reverses the transfer of \$1,163,876 General Fund for school-based mental health services to the Office of Early Childhood that occurred through H.B. 13-1117.

R15 Mental health first aid: The request includes \$750,000 General Fund to expand the availability of mental health first aid instructor and certification courses.

R14 Psychiatrist base salary adjustment: The request includes \$448,580 General Fund to increase salaries for the psychiatrists at the mental health institutes in order to fill vacant positions and improve retention.

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Non-prioritized requested changes: The request includes \$428,529 reappropriated funds transferred from the Department of Corrections (DOC) to cover the costs of food services provided by the Colorado Mental Health Institute at Pueblo to DOC's facilities on the Pueblo campus (La Vista Correctional Facility, San Carlos Correctional Facility, Youthful Offender System, and Southern Transportation Unit). [DOC R9] *For more information about the services provided to DOC, see staff's issue brief in this document titled "Meal Services for Correctional Facilities".*

R11 MHIs electronic health record system: The Department's overall request includes \$350,396 General Fund and 4.5 FTE (including \$309,159 General Fund and 4.5 FTE for the Office of Behavioral Health) for personal services and operating expenses to oversee, analyze, and support the design and implementation of an electronic health record (EHR) system for the mental health institutes. A companion capital construction request has been submitted for \$14.7 million over two fiscal years to purchase the EHR system. The Department indicates that ongoing operating funding would total \$528,164 General Fund and 7.7 FTE in FY 2015-16 and \$2,734,592 General Fund and 8.0 FTE in FY 2016-17.

Issue: Status of Initiatives Funded in FY 2013-14

In response to the Department's FY 2013-14 budget request, the General Assembly appropriated \$26.6 million General Fund to strengthen Colorado's behavioral health system. Funding for most of the proposed initiatives was provided for six months based on a January 2014 implementation date. The contracts for several of these initiatives will not be awarded as quickly as anticipated, so most services are not expected to begin until February or March of 2014.

SUMMARY:

- The General Assembly increased funding for behavioral health services by a total of \$103.0 million (20.3 percent) in FY 2013-14. This increase included a \$26.6 million (20.2 percent) increase in direct General Fund appropriations to the Department of Human Services to strengthen Colorado's behavioral health system.
- The General Assembly appropriated \$19.8 million General Fund for the Department to establish a behavioral health crisis response system; funding was provided for six months of operations. The Department issued three requests for proposals (RFPs) in July 2013 for various components of the system. While contracts were awarded for these RFPs, the Department subsequently determined that all three RFPs were failed solicitations based on an independent, comprehensive review by the Department of Personnel and Administration. The Department is in the process of issuing new RFPs, and anticipates that contracts will be awarded and the crisis response system will begin operations in March 2014.
- The General Assembly approved a Department request for \$4.4 million General Fund to provide intensive behavioral services and supports for individuals transitioning back to the community from the mental health institutes; services were funded for six months in FY 2013-14. However, the Department does not anticipate these services being implemented until February or March of 2014.
- The General Assembly approved a Department request for \$2.1 million General Fund to expand restoration to competency services for individuals found incompetent to proceed to trial. Funding was provided for 10 months of operations. The Department has awarded a contract for this purpose, and the 22-bed unit began operations at the Arapahoe County Detention Center on November 1, 2013.

RECOMMENDATION:

Staff recommends that the Committee direct the Department to provide timely information over the next three months about the status of pending contract awards related to these initiatives and likely FY 2013-14 expenditures. This would allow the Committee an opportunity to determine whether FY 2013-14 appropriations should be adjusted to avoid unanticipated, unintended reversions of General Fund moneys to the State Education Fund.

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Staff also recommends that the Committee consider asking the Department to report, at its budget hearing, the actions it has taken or plans to take to address the Department of Personnel and Administration's recommendations for improving the Department's solicitation processes. The Department should be requested to specifically address issues raised related to:

- the skill sets of staff who play a key role in the solicitation process;
- Department workload and procurement team involvement in program plans;
- the process the Department uses to proactively perform due diligence in order to vet and approve all bid evaluation committee members; and
- the potential of using financial analysts or experts to offer proactive guidance to bid evaluators and the procurement team.

DISCUSSION:

During the 2013 legislative session, the General Assembly took several actions to increase funding for behavioral health programs. The following table provides a comparison of FY 2012-13 and FY 2013-14 appropriations for the two program areas that provide the majority of funding for behavioral health services. Specifically, the table includes appropriations to the Department of Human Services' (DHS)' Behavioral Health Services section and the Department of Health Care Policy and Financing's (DHCPF)'s Behavioral Health Community Programs section. Funding for these two program areas increased by a total of \$103.0 million (20.3 percent) in FY 2013-14, including a \$39.3 million (14.4 percent) increase in direct General Fund appropriations.

Total Appropriations for Behavioral Health Programs: FY 2012-13 and FY 2013-14						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2012-13 Appropriation						
Department of Human Services (DHS), Office of Behavioral Health	\$198,183,081	\$131,593,922	\$17,369,647	\$13,783,520	\$35,435,992	1,230.0
Department of Health Care Policy and Financing (DHCPF), Behavioral Health Community Programs	<u>309,621,509</u>	<u>140,748,089</u>	<u>13,937,752</u>	<u>0</u>	<u>154,935,668</u>	<u>0.0</u>
TOTAL	507,804,590	272,342,011	31,307,399	13,783,520	190,371,660	1,230.0
FY 2013-14 Appropriation						
DHS, Office of Behavioral Health	225,149,926	158,220,745	17,368,821	14,420,731	35,139,629	1,235.4
DHCPF, Behavioral Health Community Programs	<u>385,638,470</u>	<u>153,461,111</u>	<u>2,033,883</u>	<u>0</u>	<u>230,143,476</u>	<u>0.0</u>
TOTAL	\$610,788,396	\$311,681,856	\$19,402,704	\$14,420,731	\$265,283,105	1,235.4
DHS: Increase/(Decrease)	\$26,966,845	\$26,626,823	(\$826)	\$637,211	(\$296,363)	5.4
Percentage Change	13.6%	20.2%	(0.0%)	4.6%	(0.8%)	0.4%
DHCPF: Increase/(Decrease)	\$76,016,961	\$12,713,022	(\$11,903,869)	\$0	\$75,207,808	0.0
Percentage Change	24.6%	9.0%	(85.4%)	0.0%	48.5%	0.0%
TOTAL: Increase/(Decrease)	\$102,983,806	\$39,339,845	(\$11,904,695)	\$637,211	\$74,911,445	5.4
Percentage Change	20.3%	14.4%	(38.0%)	4.6%	39.4%	0.4%

Of the total \$103.0 million appropriation increase in FY 2013-14, nearly three-quarters (\$76.0 million) was appropriated to the DHCPF. This increase primarily included:

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- \$33.8 million to cover projected increases in the number of individuals eligible for Medicaid;
- \$33.4 million to cover the projected costs of expanding Medicaid eligibility as authorized by S.B. 13-200; and
- \$5.3 million to cover the projected costs of enhancing the substance use disorder benefit for Medicaid clients.

Of the total \$39.3 million increase in direct General Fund appropriations in FY 2013-14, more than two-thirds (\$26.6 million) was appropriated to DHS. This increase primarily included:

- \$19.8 million to create a statewide coordinated and seamless behavioral health crisis response system as authorized by S.B. 13-266;
- \$4.4 million to expand community mental health centers' capacity to deliver emergency behavioral health stabilization services to individuals who are voluntarily or involuntarily committed to the State's behavioral health treatment system; and
- \$2.1 million to provide funding for the Department to contract for a 20-bed jail-based program to restore competency for defendants who have been determined by the court to be incompetent to proceed in their criminal cases.

This issue brief provides a status update on DHS' implementation of the above three initiatives.

1. Crisis Response System (\$19,792,028 General Fund for FY 2013-14)

Senate Bill 13-266

In response to a budget request submitted by the Department of Human Services (R3C), the General Assembly passed S.B. 13-266. This act directs the Department to issue a request for proposal (RFP) to entities with the capacity to create a coordinated and seamless behavioral health crisis response system to provide crisis intervention services for communities throughout the state. The act defines "crisis intervention services" to mean an array of integrated services that are available twenty-four hours a day, seven days a week, to respond to and assist individuals who are in a behavioral health emergency. The system created through the RFP must be based on the following principles:

- Cultural competence;
- Strong community relationships;
- The use of peer support;
- The use of evidence-based practices;
- Building on existing foundations with an eye toward innovation;
- Utilization of an integrated system of care; and
- Outreach to students through school-based clinics.

The components of the system are required to reflect a continuum of care from crisis response through stabilization and safe return to the community, with adequate support for transitions to each stage. Specific components of the system are to include the following:

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- A twenty-four-hour telephone crisis service that is staffed by skilled professionals who are capable of assessing child, adolescent, and adult crisis situations and making the appropriate referrals.
- Walk-in crisis services and crisis stabilization units with the capacity for immediate clinical intervention, triage, and stabilization. The walk-in crisis services and crisis stabilization units must employ an integrated health model based on evidence-based practices that consider an individual's physical and emotional health, are a part of a continuum of care, and are linked to mobile crisis services and crisis respite services.
- Mobile crisis services and units that are linked to the walk-in crisis services and crisis respite services and that have the ability to initiate a response in a timely fashion to a behavioral health crisis.
- Residential and respite crisis services that are linked to the walk-in crisis services and crisis respite services and that include a range of short-term crisis residential services, including but not limited to community living arrangements.
- A public information campaign.

The act requires the Department to establish a committee of interested stakeholders, and requires the Department to collaborate with the Committee to develop the RFP, including eligibility and award criteria. This Committee will also be responsible for reviewing the proposals and awarding contracts.

The act authorizes the Department to solicit and accept separate proposals for each of the five components. The act allows the Department to give priority to entities that have demonstrated partnerships with Colorado-based resources. Proposals are to be evaluated on the applicant's ability to:

- Demonstrate innovation based on evidence-based practices that show evidence of collaboration with existing systems of care to build on current strengths and maximize resources;
- Coordinate closely with community mental health organizations that provide services regardless of the source of payment, such as behavioral health organizations, community mental health centers, regional care collaborative organizations, substance use treatment providers, and managed service organizations;
- Serve individuals regardless of their ability to pay;
- Be part of a continuum of care;
- Utilize peer supports;

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- Include key community participants;
- Demonstrate a capacity to meet the demand for services;
- Understand and provide services that are specialized for the unique needs of child and adolescent patients; and
- Reflect an understanding of the different response mechanisms utilized between mental health and substance use disorder crises.

The act appropriates a total of \$19,792,028 General Fund and 0.9 FTE to the Department for FY 2013-14, including: (a) \$17,672,420 for co-occurring behavioral health services, crisis response system–crisis stabilization units, mobile crisis response, respite services, and marketing; (b) \$2,046,675 for co-occurring behavioral health services, crisis response system–telephone hotlines; and (c) \$72,933 and 0.9 FTE for administrative expenses.

The act requires the Department to issue the initial RFP by September 1, 2013, subject to available appropriations. Pursuant to the state procurement code (Articles 101 and 102 of Title 24, C.R.S.), the act requires the Department to make awards by January 1, 2014. The act further states that if the full appropriation is not dispersed as specified in the act, the Committee shall accept and review proposals and award contracts as the proposals are received and not require an application be held until a subsequent RFP.

The act differs from the Department's budget request in three key areas. First, the act included two system components that were not included in the Department's budget request: mobile crisis services; and residential and respite crisis services. The Department's request included information and estimated costs for these components, but indicated that the request was designed to establish a crisis system foundation and these services could be added in the future. Second, the Department's request was based on the system operating for nine months in FY 2013-14, while the act requires the Department to make awards by January 1, 2014 (thus delaying implementation by three months). Third, the act provided \$9,519,154 more than requested by the Department for FY 2013-14 (with full-year funding for FY 2014-15 exceeding the request by \$12,613,934). This funding difference is due to the two additional system components and the three month delay in proposed implementation time frame.

Implementation Status

The following discussion is based on information provided by the Department of Human Services, including documents that were prepared for the Department by the Department of Personnel and Administration. The discussion is presented in a question and answer format due to the length and nature of the content.

How was the RFP prepared and how was it structured? The Department developed three separate RFPs for the 24/7 hotline, marketing, and combined services (walk-in, mobile, and respite) with input from committees of stakeholders. These committees included representation from: peers/advocates; Colorado sheriffs; the Department of Health Care Policy and Finance

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(DHCPF); the Department’s Office of Behavioral Health; the Colorado Behavioral Healthcare Council; the Colorado Hospital Association; the Colorado Department of Public Health and Environment; and the Colorado Coalition for the Homeless.

Both the RFPs for the 24/7 hotline and marketing were structured such that there would be one contractor for the entire state. This structure is based on the need to operate a single phone number system and to have comprehensive and consistent messaging. The combined services RFP was structured to require bidders to bid on all three services within a region, but included an option that allows the Department to select multiple vendors to provide a comprehensive package within a region. This structure also allowed a bidder to bid on multiple or all regions for the three services in order to maximize consistency, economy of scale, and coordination. If an agency wanted to bid on one service, the agency was required to align with an entity or entities bidding on the other two services and submit one joint proposal.

When was the RFP released? The three RFPs were posted on the BID system on July 11, 2013, with an August 28, 2013, deadline for submitting bids.

How many bids were received for various types of services/regions? Six companies submitted bids for each of the three RFPs.

- One entity placed a bid on all three RFPs, with the bid for the combined services representing all four regions.
- One entity bid on both the 24/7 hotline and the combined services solicitations for all four regions.
- The other thirteen bidders bid for single RFPs. Those agencies that submitted proposals for the combined services bid on a single region.

How were the bids evaluated? The bids were evaluated by two teams. One team was assigned to the combined services RFP, and the other team was assigned to review and score the 24/7 hotline and the marketing RFPs. Department procurement staff provided oversight and coordinated the review and scoring activities. Each individual on the team was given a set of bids based on their assignment and each individual reviewed and scored all bids for their assigned RFPs. The teams were comprised of Department and DHCPF staff and stakeholder representatives that were identified as not having a conflict of interest. Stakeholders and groups represented included: County Sheriffs of Colorado; consumers; rural health; Denver Indian Health and Family Services; the Department’s Office of Children, Youth, and Families; and an advocate (NAMI-Empower).

What was the outcome of the initial RFP processes? None of the crisis response system contracts have been awarded. On November 1, 2013, the Department issued a statement that the RFP for combined services was “a failed solicitation” based on an independent, comprehensive review by the Department of Personnel and Administration (DPA). Subsequently, based on a

DPA review of the RFPs for marketing and the 24/7 hotline, the Department determined that these were also failed solicitations.

What were the findings of the DPA review that lead to the conclusion that the three RFPs were failed solicitations? The DPA reviewed the RFP for combined services to determine whether the award was appropriate and consistent with statute, procurement code, and rule. The review included a determination of whether the components required by S.B. 13-266 were properly incorporated into the solicitation, and whether the evaluation criteria were consistent with the solicitation and with statute. The DPA also assessed the evaluation process, scoring template, and evaluator scores. The DPA came to the following conclusions for the combined services RFP:

- There are some principles that were required in the statute but were not addressed in the RFP.
- There are some evaluation criteria that were required in the statute that were not addressed in the RFP.
- The evaluation criteria were consistent with the RFP. However, not all statutorily required criteria were present in the original solicitation.
- There were some concerns with the response format as well as whether the criteria were actually acceptable and how certain criteria was evaluated.
- There were some issues with criteria missing from the master scoring sheet.
- There were scores recorded that were not defined in the scoring guidelines.
- Some scores were missing from the master scoring sheet.

The DPA concluded that: “The failure to fully incorporate statutory requirements in the solicitation, coupled with irregularities noted in the evaluation process, lead to the conclusion that this is a failed solicitation.” The DPA recommended that the award be cancelled and re-solicited.

The DPA also reviewed the RFP process for marketing to ensure that all requirements were followed. The DPA review found several irregularities concerning the Department's evaluation of the costs and budget information included in proposals that were submitted. The DPA review also noted that numerous outlier Evaluation Committee ratings were permitted to stay in the public procurement record without apparent Evaluation Committee discussions and without evident challenge by the Procurement Lead. The DPA review includes several recommended best practices that the Department could consider implementing to improve its solicitation processes in order to avoid introducing unnecessary risk to Department budgets going forward, help avoid vendor challenges, and better defend its contract awards for the public record.

Finally, the DPA reviewed the RFP process for the 24/7 hotline to ensure that all requirements were followed. The DPA review found some gaps in the public record of certain Evaluation Committee member ratings. The DPA also identified shortcomings in the processes used to resolve information gaps in bids submitted and to evaluate the content or reasonableness of cost proposal components. The DPA review includes several recommended best practices that the Department could consider implementing to improve the solicitation process and negotiate better prices with all Offerors.

As the DPA's independent reviews of the other two RFPs noted errors comparable to the combined services RFP, the Department made the decision that these two RFPs were also failed solicitations.

What is the status of the second set of RFPs? A new RFP for combined services was completed and released on November 22, 2013; the Department anticipates that the combined services contract will be awarded by January 31, 2014. New RFPs for the 24/7 hotline and for marketing are in review as of the date this document was published (December 6), but are expected to be released soon. The Department anticipates that all contracts for the crisis response system will be signed and the system will begin operations in March 2014.

How has the new RFP process been restructured to ensure that it will result in a successful outcome? The Department has implemented multiple strategies in order to achieve successful outcomes for all three RFPs. These strategies include:

- Establishing joint coordination and oversight of the re-procurement process by CDHS Procurement (using a newly assigned procurement agent) and DPA.
- Assigning a new team within the Department to review the RFP documents, scoring criteria, and scoring sheets, and to identify new RFP review team members. This new team consists of both Department staff and DPA staff.
- Making revisions to the RFPs to ensure that they are consistent with S.B. 13-266 [Section 27-60-103, C.R.S.], including developing a cross-walk tool that maps each principle and criteria in the statute to the RFPs.
- Making revisions based on direct feedback from DPA staff.
- Adding to the new RFPs questions raised by bidders and potential bidders during the first solicitations, as applicable, in order to avoid repetitive questions.
- Requiring that Department executive leadership review the new RFPs.

2. Community Transition Services (\$4,444,176 General Fund for FY 2013-14)

This line item, first included in the FY 2013-14 Long Bill, provides funding for intensive behavioral health services and supports for individuals transitioning back to the community from the mental health institutes. As detailed in the following table, the \$4.4 million was intended to support: assertive community treatment, alternative living residences, intensive case management services, and wrap-around services for six months in FY 2013-14 and for a full 12 months in FY 2014-15.

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Community Transition Services Funding Components		
	FY 2013-14	FY 2014-15
Assertive community treatment	\$1,974,981	\$3,949,962
Alternative living residences	2,031,350	4,062,700
Intensive case management	245,000	490,000
Wrap-around services	192,845	385,690
Provider rate increase, FY 2014-15	<u>0</u>	<u>133,325</u>
Total General Fund	\$4,444,176	\$9,021,677

The implementation status of each of the above components is described below. In addition, staff has included information about the implementation of housing vouchers that are being administered by the Department of Local Affairs (DOLA).

Staff notes that FY 2013-14 appropriations assumed that services would be provided for a full six months in FY 2013-14. However, as explained below, these community transition services are now expected to begin in February and March of 2014. Thus, it appears likely that the Department will revert at least one-sixth (\$740,696) of its appropriation for Community Transition Services for FY 2013-14.

Assertive Community Treatment

Assertive Community Treatment (ACT) provides clinical, emergency, rehabilitation, and support in the community in a way that emphasizes outreach, relationship building, individual-based services, and recovery. Funding for ACT was significantly increased to serve individuals transitioning from the Institutes and to assist communities with reducing hospitalizations. The Department plans to directly contract with the 17 community mental health centers (CMHCs) and thus was not required to prepare an RFP for this portion of the initiative. The Department expected to complete negotiations with the CMHCs by November 30, 2013, and expects to sign contracts by mid-December 2013. The Department anticipates that CMHCs will begin providing ACT to 429 additional clients at risk of institutionalization in February 2014 at a rate of \$9,207.37 per client per year. The following table details anticipated expenditures.

Assertive Community Treatment Funding		
	FY 2013-14	FY 2014-15
R3B, FY 2013-14	\$1,930,500	\$3,861,000
Provider rate increase, FY 2013-14	<u>44,481</u>	<u>88,962</u>
Total General Fund	\$1,974,981	\$3,949,962

Alternative Living Residence

The Department indicates that the step-down residential and short-term residential services component of this initiative will be targeted to 32 individuals in the group of new ACT clients who have an impaired ability to live independently. Clients will receive room and board, protective oversight, personal services, and social care. The Department is reviewing potential

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service options in light of the *Olmstead* decision since other states have recently added less restrictive housing for similar individuals. The *Olmstead* decision requires states to ensure that persons with disabilities receive services in the most integrated setting appropriate to their needs and the federal Department of Justice is aggressively enforcing it. The Department anticipates coming to a decision on the appropriate living arrangements and having the RFP finalized by December 31, 2013. It is anticipated that the vendor award will be made by January 31, 2014, and the contract will be signed by February 2014. Reimbursement is projected at a rate of \$347.83 per client per day. The following table details anticipated expenditures.

Alternative Living Residence		
	FY 2013-14	FY 2014-15
R3B, FY 2013-14	\$1,985,500	\$3,971,000
Provider rate increase, FY 2013-14	<u>45,850</u>	<u>91,700</u>
Total General Fund	\$2,031,350	\$4,062,700

Intensive Case Management Services and Wrap-around Services

The Department expected to put out an RFP for seven transition specialists and wraparound funding by the end of November 2013, and it expects to finalize the award and start the contract February 1, 2014, and the contractor to begin providing services effective March 3, 2014.

Transition specialist services under this contract will include assisting with client transition from hospitalization, benefit acquisition, and coordinating various services and funding sources for the 429 clients added in ACT. Seven transition specialists will be contracted at a rate of \$70,000 per specialist per year.

Wrap-around services to assist with overcoming barriers to re-entry into the community will be provided for 52 of the clients added in ACT. These services will include: individualized mentoring; funding for structured activities (recreation, education and training); transportation to promote engagement in treatment and community integration; substance use testing; smoking cessation; respite care for the caretakers of clients; and other individualized treatment services to address other community placement barriers. The Department estimates costs of \$618 per client per month. The following table details anticipated expenditures.

Intensive Case Management Services and Wrap-around Services		
	FY 2013-14	FY 2014-15
R3B, FY 2013-14	\$245,000	\$490,000
OSPB FY 2013-14 Comeback	187,200	374,400
Provider rate increase, FY 2013-14	<u>5,645</u>	<u>11,290</u>
Total General Fund	\$437,845	\$875,690

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Housing Vouchers

The Department has an inter-agency agreement with DOLA to provide housing vouchers to 35 percent of the 429 new clients receiving ACT who are judged to require rent subsidies to improve the client’s stability, independence, and long-term treatment and recovery. While the FY 2013-14 budget request for this program indicated a start date of January 1, 2014, the DOLA began implementing housing vouchers in mid-October 2013. This was accomplished by the Department of Human Services using federal Substance Abuse, Prevention and Treatment (SAPT) Block Grant funding to enhance the \$445,524 General Fund that was appropriated to DOLA for this program, with the intent of providing an opportunity to address any issues with the vouchers before other services were added.

As of October 28, 2013, 15 vouchers had been issued to individuals that were discharged from the Institutes. These individuals are in the process of finding suitable housing. A housing search for this population is estimated to take up to 90 days from the date of receipt of a voucher to the date a lease is signed. The DOLA General Fund was originally calculated to provide 148 vouchers for six months in FY 2013-14 and 159 vouchers for 12 months in FY 2014-15 at a monthly cost of \$501.71 (\$450 voucher + \$51.71 administrative costs). DOLA expects rental costs to increase 6.0 percent by FY 2014-15 ($\$450 * 1.06 = \477) so they now estimate that only 150 clients can be served with these housing vouchers for FY 2014-15 ($\$528.71 * 12 \text{ months} * 150 \text{ clients} = \$951,678$). The following table details anticipated expenditures.

Housing Vouchers Funding		
	FY 2013-14	FY 2014-15
Federal SAPT funds	\$289,000	\$0
DOLA General Fund from FY 2013-14 BA-7	288,900	642,565
DOLA General Fund from OSPB FY 2013-14 Comeback	<u>156,624</u>	<u>313,248</u>
Total General Fund	\$734,524	\$955,813

3. Jail-based Competency Restoration Program (\$2,054,819 General Fund for FY 2013-14)

The multi-year contract for restoration to competency services for individuals found incompetent to proceed to trial was awarded to Geo Care LLC on August 22, 2013, in the maximum amount of \$1,710,389 for FY 2013-14. The Department prepared the following table detailing the calculation of the FY 2013-14 maximum billable amount.

Period	Startup Period (October – December 2013)	Standard Operations (January 2014 – June 2014)
Calculation for Billing	Total period expenses	3,799 census days * \$292/day
FY 2013-14 Total = \$1,710,389	\$601,081	\$1,109,308

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The FY 2014-15 maximum billable amount is \$2,461,998 (22 inmates * 365 days * \$292/day). The calculated billable rates in the contract are subject to Departmental approval and the total payable is also limited to the line item appropriation (\$2,481,883 in FY 2014-15). Services began on November 1, 2013, (the effective date of the contract) at the Arapahoe County Detention Center.

The contractor is required to operate a 22 bed restoration to competency unit at the Arapahoe County Detention Center for inmates found incompetent to proceed to trial from county jails in Broomfield, Denver, Jefferson, Arapahoe, Adams, Douglas, Weld, Larimer and Boulder counties. The contractor must provide the following:

- Necessary program services to support the program, including pre-admission transition, regular periodic assessments, program orientation, treatment planning, restoration to competency services, and psychiatric services.
- Psychiatric services including Cognitive Behavioral Therapy, Illness Management and Recovery Program, Anger Management Group, Social Skills Group, etc.
- Restoration to competency services including competency groups that cover rational decision making skills, criminal charges, severity of charges, sentencing, pleas, plea bargaining, courtroom personnel roles, adversarial nature of the trial process, evaluating evidence, court room behavior, probation, and parole.
- Guaranteed staffing of the unit with eight full-time positions (director, forensic psychologist, psychiatrist, social worker, registered nurse, therapeutic recreation specialist, re-entry specialist, and office coordinator) plus a half-time peer support specialist position. The psychiatrist will also provide 24/7 on-call coverage.
- Requisite psychiatric medication including assessments and monitoring of how the medication is impacting the client.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S PERFORMANCE PLAN:

The Department's implementation of three key FY 2013-14 initiatives is tied to its goal of strengthening the health, resiliency, and recovery of Coloradans through quality and effective behavioral health prevention, early intervention, and treatment services.

Issue: Meal Services for Correctional Facilities

The Department of Corrections (DOC) and the Department of Human Services have submitted corresponding requests to increase General Fund appropriations to the DOC in FY 2014-15 by \$428,529 to cover the actual costs incurred by the Colorado Mental Health Institute at Pueblo for the provision of meal services to DOC facilities in Pueblo.

SUMMARY:

- The Colorado Mental Health Institute at Pueblo (CMHIP) provides meal services to the Department of Corrections (DOC) for offenders housed on the CMHIP campus. This is a cost-effective arrangement for DOC, as it would otherwise incur transportation costs to distribute meals prepared in Canon City.
- Since FY 2004-05, contracted meal rates paid by DOC have not been adjusted to account for increases in raw food costs. As a result, the CMHIP has been required to reduce other hospital operational expenses, including reducing or delaying the repair and replacement of some equipment.
- The DOC has submitted a FY 2014-15 budget request that includes \$428,529 General Fund for the purchase of meal services from CMHIP. This request is intended to properly align the appropriation with actual CMHIP expenses.

RECOMMENDATION:

Staff recommends that the Committee approve additional funding for the DOC to cover the raw food costs incurred by the CMHIP in providing meals for DOC facilities. However, staff recommends that the amount of additional funding be based on the actual shortfall in funding for FY 2012-13, adjusted for anticipated changes in raw food costs for FY 2013-14 and FY 2014-15.

DISCUSSION:

Background

The Department of Correction (DOC) is required to provide nutritionally adequate meals to offenders housed in state-operated prisons. Since at least FY 1990-91, the Colorado Mental Health Institute at Pueblo (CMHIP) has provided meal services to the DOC for offenders housed on the CMHIP campus. The inter-agency agreement currently stipulates the following for each facility:

- prices per day per offender;
- daily caloric requirements; and
- CMHIP FTE by job class and the related compensation costs to be paid by DOC.

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In FY 2012-13, the CMHIP provided approximately 1,116,000 meals for the DOC at a cost to DOC of \$1,661,821 (an average of \$1.49 per meal). This cost includes payments for raw food expenses (\$1,256,101) and labor expenses (\$405,720). Since FY 2004-05, contracted meal rates and labor compensation have been stable with changes being limited to caloric requirements, increased labor for the opening of the La Vista Correctional Facility, and a wider range of menu options.

Raw Food Costs

The meals prepared by CMHIP for DOC follow DOC dietary guidelines, providing additional calories for offenders in the Youthful Offender System and addressing different nutritional requirements for women at the La Vista facility. Kosher meals are also provided, consistent with the practices of DOC-operated kitchens. As detailed in the following table, per meal costs are generally based on the caloric content.

CMHIP Meal Services for DOC Facilities				
Facility and Daily Meal Option	A	B	C	D (B x C)
	FY2012-13 Contract Rates	Average Daily Calories Consumed	Average Cost Per Calorie	Cost per Day
	Daily Meal Option-- Price	July 2012- March 2013 Actual	July 2012- March 2013 Actual (Food Only)	July 2012- March 2013 Actual
La Vista Correctional Facility -- 1 meal	\$1.10	950	\$0.001583616	\$1.50
La Vista Correctional Facility -- 2 meals	\$2.19	1,900	\$0.001583616	\$3.01
La Vista Correctional Facility -- 3 meals	\$3.03	2,100	\$0.001583616	\$3.33
La Vista Correctional Facility -- 3 meals male *	\$3.24	2,700	\$0.001583616	\$4.28
La Vista Correctional Facility -- Kosher	\$4.73	2,650	\$0.001583616	\$4.20
San Carlos Correctional Facility--2 meals	\$2.35	2,000	\$0.001576221	\$3.15
San Carlos Correctional Facility--3 meals	\$3.24	2,700	\$0.001576221	\$4.26
San Carlos Correctional Facility--Kosher	\$4.73	2,650	\$0.001576221	\$4.18
Southern Transportation Unit -- 3 meals	\$3.24	2,700	\$0.001584719	\$4.28
Southern Transportation Unit -- Kosher	\$4.73	2,650	\$0.001584719	\$4.20
Youthful Offender System --3 meals**	\$4.03	3,500	\$0.001600322	\$5.60
*La Vista meals for males not included in service agreements.				
** YOS daily meal plan averages at least 3,200 calories plus an evening snack averaging 300 calories.				

Since FY 2007-08, increases in raw food costs have been absorbed by the CMHIP in its operating expenses line item appropriation. As a result, CMHIP has been required to reduce other hospital operational expenses, including reducing or delaying repair and replacement of equipment.

The DOC has submitted a FY 2014-15 budget request (R9) for \$830,871 General Fund to adjust appropriations to cover actual raw food costs. This request includes an increase of \$402,342 for DOC operations and \$428,529 for the purchase of meal services from CMHIP. The Department of Human Services has submitted a corresponding non-prioritized request to increase the authority of the CMHIP to receive and spend an additional \$428,529 from the DOC.

Labor Costs

The existing inter-agency agreement requires the DOC to pay \$405,720 annually to cover the labor costs for 14.5 FTE at CMHIP. This portion of the agreement has remained unchanged

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since FY 2007-08, when the amount was increased in response to an increase in the number of offenders housed at the La Vista facility. In response to a staff inquiry, CMHIP staff indicate that the total labor expenses associated with the provision of meals to DOC is \$539,849. The difference between the amount DOC pays for labor and actual costs (\$134,129) includes salary increases and centrally appropriated benefits (*i.e.*, health, life and dental, short-term disability, and supplemental PERA payments required by S.B. 04-257 and S.B. 06-235). CMHIP staff indicate that because the cost of these items has been covered through direct appropriations to the Department of Human Services, this shortfall has not affected CMHIP operations.

Analysis

The \$428,529 General Fund request related to CMHIP meal services was based on a comparison of actual raw food costs for the provision of DOC meals and the amount paid by DOC in FY 2012-13. This calculation was based on nine months of data (from July 2012 through March 2013) concerning the number of offenders housed in each DOC facility and actual CMHIP raw food costs per calorie. Based on a full 12 months of DOC census data for FY 2012-13 and some other technical changes, CMHIP staff now estimate a smaller shortfall in funding for FY 2012-13 (\$323,492). The final 12 months food cost report for CMHIP by DOC facility and CMHIP hospital unit is scheduled to be complete in January 2014. Thus, Joint Budget Committee staff should have more accurate data concerning the actual funding shortfall in FY 2012-13 for purposes of making a recommendation to the Committee for FY 2014-15.

In addition, please note that the request for CMHIP does not adjust for anticipated inflationary increases in raw food costs that will occur in FY 2013-14 and FY 2014-15. In contrast, the request for DOC operations includes inflationary adjustments for both FY 2013-14 (for which the DOC already received additional funding) and FY 2014-15. If the Committee intends to provide the DOC with an appropriation that is sufficient to cover the CMHIP's actual costs, estimated inflationary costs should be taken into account. The Committee could consider requesting that the CMHIP provide information annually that compares DOC payments in the previous fiscal year to actual food and labor expenses to ensure that these appropriations remain reasonably aligned.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S PERFORMANCE PLAN:

The adequacy of appropriations to the CMHIP to cover operating expenses directly affects its ability to strengthen the health, resiliency, and recovery of Coloradans receiving services at the CMHIP.

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Appendix A: Number Pages

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
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DEPARTMENT OF HUMAN SERVICES
Reggie Bicha, Executive Director

(8) OFFICE OF BEHAVIORAL HEALTH 1/

The Office of Behavioral Health is responsible for policy development, service provision and coordination, program monitoring and evaluation, and administrative oversight of the State's public behavioral health system. Funding in this section supports community-based mental health and substance use disorder services for indigent individuals who are not eligible for Medicaid. [Mental health and substance use disorder services for Medicaid-eligible individuals are funded through the Department of Health Care Policy and Financing (HCPF).] Funding in this section also supports administration and operation of the State's two mental health institutes. This section is primarily supported by General Fund, the federal Substance Abuse Prevention and Treatment Block Grant, transfers from HCPF (originating as General Fund and federal Medicaid funds), federal Medicare and Mental Health Institute patient revenues, the federal Mental Health Services Block Grant, transfers from the Judicial Branch (originating as General Fund and drug offender surcharge revenues), and tobacco litigation settlement moneys that are credited to the Offender Mental Health Services Fund.

(A) Community Behavioral Health Administration

Funding in this section supports staff who administer community-based mental health and substance use disorder services. This section is primarily supported by the federal Substance Abuse Prevention and Treatment Block Grant, the federal Mental Health Services Block Grant, General Fund, and transfers from HCPF (originating as General Fund and federal Medicaid funds).

Personal Services	<u>4,051,579</u>	<u>4,116,344</u>	<u>4,578,315</u>	<u>4,771,833</u>
FTE	48.7	48.5	58.5	58.6
General Fund	1,144,889	1,215,101	1,265,978	1,323,620
Cash Funds	219,449	261,839	305,206	318,090
Reappropriated Funds	703,343	728,069	804,054	837,178
Federal Funds	1,983,898	1,911,335	2,203,077	2,292,945

1/ Please note that the division and section names and the line item format in this Appendix reflect changes proposed through the Department's Long Bill reorganization (R23).

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Operating Expenses	<u>280,142</u>	<u>260,889</u>	<u>294,883</u>	<u>290,180</u>	
General Fund	17,360	18,729	24,382	19,679	
Cash Funds	33,286	18,664	36,524	36,524	
Reappropriated Funds	15,823	16,245	16,266	16,266	
Federal Funds	213,673	207,251	217,711	217,711	
Federal Programs and Grants	<u>146,793</u>	<u>90,035</u>	<u>2,307,608</u>	<u>2,309,788</u>	
FTE	1.1	1.1	1.5	1.5	
Federal Funds	146,793	90,035	2,307,608	2,309,788	
Other Federal Grants	<u>189,849</u>	<u>195,993</u>	<u>258,209</u>	<u>258,209</u>	
FTE	2.0	1.7	0.0	0.0	
Federal Funds	189,849	195,993	258,209	258,209	
Indirect Cost Assessment	<u>500,152</u>	<u>419,837</u>	<u>270,861</u>	<u>270,861</u>	
Cash Funds	3,280	1,985	3,280	3,280	
Federal Funds	496,872	417,852	267,581	267,581	
Supportive Housing and Homeless Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
Federal Funds	0	0	0	0	
SUBTOTAL - (A) Community Behavioral Health					
Administration	5,168,515	5,083,098	7,709,876	7,900,871	2.5%
<i>FTE</i>	<u>51.8</u>	<u>51.3</u>	<u>60.0</u>	<u>60.1</u>	<u>0.2%</u>
General Fund	1,162,249	1,233,830	1,290,360	1,343,299	4.1%
Cash Funds	256,015	282,488	345,010	357,894	3.7%
Reappropriated Funds	719,166	744,314	820,320	853,444	4.0%
Federal Funds	3,031,085	2,822,466	5,254,186	5,346,234	1.8%

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(B) Mental Health Community Programs

This section provides funding to support mental health services delivered through Colorado's community mental health centers to medically indigent individuals (with incomes less than 300 percent of the federal poverty level) who are not eligible for Medicaid. This section is primarily supported by General Fund, the federal Mental Health Services Block Grant, and tobacco litigation settlement moneys that are credited to the Offender Mental Health Services Fund.

(I) Mental Health Services for the Medically Indigent

Services for Indigent Mentally Ill Clients	<u>39,177,821</u>	<u>39,473,229</u>	<u>39,173,950</u>	<u>36,618,318</u>	*
General Fund	32,774,830	32,774,850	32,778,472	30,222,840	
Reappropriated Funds	0	0	161,909	161,909	
Federal Funds	6,402,991	6,698,379	6,233,569	6,233,569	
Medications for Indigent Mentally Ill Clients	<u>1,713,993</u>	<u>1,713,993</u>	<u>1,748,273</u>	<u>1,513,542</u>	*
General Fund	1,713,993	1,713,993	1,748,273	1,513,542	
School-based Mental Health Services	<u>1,143,107</u>	<u>1,146,676</u>	<u>0</u>	<u>1,163,876</u>	*
General Fund	1,143,107	1,146,676	0	1,163,876	
Assertive Community Treatment Programs	<u>1,290,400</u>	<u>1,290,400</u>	<u>1,316,208</u>	<u>1,335,952</u>	*
General Fund	645,200	645,200	658,104	667,976	
Cash Funds	645,200	645,200	658,104	667,976	
Alternatives to Inpatient Hospitalization at a Mental Health Institute	<u>3,138,615</u>	<u>3,138,615</u>	<u>3,201,657</u>	<u>3,249,682</u>	*
General Fund	3,138,615	3,138,615	3,201,657	3,249,682	
Mental Health Services for Juvenile and Adult Offenders	<u>3,482,992</u>	<u>3,360,423</u>	<u>3,297,476</u>	<u>3,297,476</u>	
Cash Funds	3,482,992	3,360,423	3,297,476	3,297,476	
Mental Health First Aid	<u>0</u>	<u>0</u>	<u>0</u>	<u>750,000</u>	*
General Fund	0	0	0	750,000	

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SUBTOTAL -	49,946,928	50,123,336	48,737,564	47,928,846	(1.7%)
<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	39,415,745	39,419,334	38,386,506	37,567,916	(2.1%)
Cash Funds	4,128,192	4,005,623	3,955,580	3,965,452	0.2%
Reappropriated Funds	0	0	161,909	161,909	0.0%
Federal Funds	6,402,991	6,698,379	6,233,569	6,233,569	0.0%

(II) Residential Treatment for Youth

Residential Treatment for Youth (H.B. 99-1116)	<u>1,018,777</u>	<u>903,334</u>	<u>987,149</u>	<u>997,456</u> *	
General Fund	517,234	559,106	568,556	577,084	
Cash Funds	384,704	300,000	300,000	300,000	
Reappropriated Funds	116,839	44,228	118,593	120,372	
SUBTOTAL -	1,018,777	903,334	987,149	997,456	1.0%
<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	517,234	559,106	568,556	577,084	1.5%
Cash Funds	384,704	300,000	300,000	300,000	0.0%
Reappropriated Funds	116,839	44,228	118,593	120,372	1.5%

SUBTOTAL - (B) Mental Health Community					
Programs	50,965,705	51,026,670	49,724,713	48,926,302	(1.6%)
<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	39,932,979	39,978,440	38,955,062	38,145,000	(2.1%)
Cash Funds	4,512,896	4,305,623	4,255,580	4,265,452	0.2%
Reappropriated Funds	116,839	44,228	280,502	282,281	0.6%
Federal Funds	6,402,991	6,698,379	6,233,569	6,233,569	0.0%

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(C) Substance Use Treatment and Prevention

This section provides funding to support community-based substance use disorder services for low income individuals who are not eligible for Medicaid. This section also includes funding for pregnant women in need of substance use disorder treatment (including women who are eligible for Medicaid), as well as funding for a variety of substance abuse prevention programs. This section is primarily supported by the federal Substance Abuse Prevention and Treatment Block Grant, General Fund, transfers from HCPF (which originate as General Fund and federal Medicaid funds), and transfers from the Judicial Branch (which originate as General Fund and drug offender surcharge revenues).

(I) Treatment Services

Treatment and Detoxification Contracts	<u>22,800,002</u>	<u>22,760,820</u>	<u>23,406,572</u>	<u>23,580,038</u>	*
General Fund	11,326,670	11,337,648	11,564,401	11,737,867	
Cash Funds	1,125,385	331,144	331,218	331,218	
Reappropriated Funds	0	760,238	1,163,006	1,163,006	
Federal Funds	10,347,947	10,331,790	10,347,947	10,347,947	
 Case Management for Chronic Detoxification Clients	 <u>369,311</u>	 <u>369,311</u>	 <u>369,359</u>	 <u>369,396</u>	 *
General Fund	2,428	2,428	2,476	2,513	
Federal Funds	366,883	366,883	366,883	366,883	
 Short-term Intensive Residential Remediation and Treatment (STIRRRT)	 <u>3,240,091</u>	 <u>3,340,683</u>	 <u>3,407,498</u>	 <u>3,452,774</u>	 *
General Fund	2,957,367	2,957,367	3,018,432	3,063,708	
Cash Funds	282,724	0	0	0	
Reappropriated Funds	0	383,316	389,066	389,066	
 High Risk Pregnant Women Program	 <u>1,126,309</u>	 <u>1,052,271</u>	 <u>1,429,133</u>	 <u>1,450,570</u>	 *
Reappropriated Funds	1,126,309	1,052,271	1,429,133	1,450,570	

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SUBTOTAL -	27,535,713	27,523,085	28,612,562	28,852,778	0.8%
<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	14,286,465	14,297,443	14,585,309	14,804,088	1.5%
Cash Funds	1,408,109	331,144	331,218	331,218	0.0%
Reappropriated Funds	1,126,309	2,195,825	2,981,205	3,002,642	0.7%
Federal Funds	10,714,830	10,698,673	10,714,830	10,714,830	0.0%

(II) Prevention and Intervention

Prevention Contracts	<u>3,829,412</u>	<u>3,874,879</u>	<u>3,886,951</u>	<u>3,887,456</u> *
General Fund	33,649	33,649	33,649	34,154
Cash Funds	15,000	15,000	27,072	27,072
Federal Funds	3,780,763	3,826,230	3,826,230	3,826,230
 Persistent Drunk Driver Programs	 <u>1,439,436</u>	 <u>1,666,771</u>	 <u>1,670,823</u>	 <u>1,670,823</u>
Cash Funds	1,439,436	1,666,771	1,670,823	1,670,823
 Law Enforcement Assistance Fund Contracts	 <u>135,633</u>	 <u>100,000</u>	 <u>255,000</u>	 <u>255,000</u>
Cash Funds	135,633	100,000	255,000	255,000

SUBTOTAL -	5,404,481	5,641,650	5,812,774	5,813,279	NaN
<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	33,649	33,649	33,649	34,154	1.5%
Cash Funds	1,590,069	1,781,771	1,952,895	1,952,895	0.0%
Federal Funds	3,780,763	3,826,230	3,826,230	3,826,230	0.0%

(III) Other Programs

Federal Grants	<u>3,403,072</u>	<u>5,184,573</u> 1.1	<u>2,625,422</u>	<u>2,625,422</u>
Reappropriated Funds	0	0	0	0
Federal Funds	3,403,072	5,184,573	2,625,422	2,625,422

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Balance of Substance Abuse Block Grant Programs	<u>8,774,622</u>	<u>9,192,718</u>	<u>6,675,080</u>	<u>6,677,925</u> *	
General Fund	185,967	185,926	189,688	192,533	
Federal Funds	8,588,655	9,006,792	6,485,392	6,485,392	
Community Prevention and Treatment	<u>813,771</u>	<u>798,282</u>	<u>782,400</u>	<u>782,400</u>	
Cash Funds	813,771	798,282	782,400	782,400	
Gambling Addiction Counseling Services	<u>68,417</u>	<u>57,021</u>	<u>70,000</u>	<u>70,000</u>	
Reappropriated Funds	68,417	57,021	70,000	70,000	
Rural Substance Abuse Prevention and Treatment	<u>88,436</u>	<u>88,443</u>	<u>88,443</u>	<u>88,443</u>	
Cash Funds	88,436	88,443	88,443	88,443	
SUBTOTAL -	13,148,318	15,321,037	10,241,345	10,244,190	0.0%
<i>FTE</i>	<u>0.0</u>	<u>1.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	185,967	185,926	189,688	192,533	1.5%
Cash Funds	902,207	886,725	870,843	870,843	0.0%
Reappropriated Funds	68,417	57,021	70,000	70,000	0.0%
Federal Funds	11,991,727	14,191,365	9,110,814	9,110,814	0.0%
SUBTOTAL - (C) Substance Use Treatment and Prevention	46,088,512	48,485,772	44,666,681	44,910,247	0.5%
<i>FTE</i>	<u>0.0</u>	<u>1.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	14,506,081	14,517,018	14,808,646	15,030,775	1.5%
Cash Funds	3,900,385	2,999,640	3,154,956	3,154,956	0.0%
Reappropriated Funds	1,194,726	2,252,846	3,051,205	3,072,642	0.7%
Federal Funds	26,487,320	28,716,268	23,651,874	23,651,874	0.0%

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(D) Co-occurring Behavioral Health Services

This section provides funding for: community-based mental health and substance use disorder services for offenders; behavioral health services and supports for individuals transitioning from the Mental Health Institutes to the community; a behavioral health crisis response system; and co-occurring behavioral health services for indigent adolescents and adults in southern Colorado and the Arkansas Valley. This section is supported by General Fund and transfers from the Judicial Branch (originating as General Fund and drug offender surcharge revenues).

Behavioral Health Services for Juveniles and Adults at Risk or Involved in the Criminal Justice System (H.B.

10-1284)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	

Substance Use Disorder Offender Services (H.B.

10-1352)	<u>1,118,134</u>	<u>1,819,900</u>	<u>3,013,790</u>	<u>3,013,790</u>	
Reappropriated Funds	1,118,134	1,819,900	3,013,790	3,013,790	

Community Transition Services

General Fund	<u>0</u>	<u>0</u>	<u>4,444,176</u>	<u>9,021,677</u>	*
	0	0	4,444,176	9,021,677	

Crisis Response System - Stabilization Units, Mobile Response, Respite Services, and Marketing

General Fund	<u>0</u>	<u>0</u>	<u>17,672,420</u>	<u>22,957,558</u>	*
	0	0	17,672,420	22,957,558	

Crisis Response System - Telephone Hotlines

General Fund	<u>0</u>	<u>0</u>	<u>2,046,675</u>	<u>2,332,881</u>	*
	0	0	2,046,675	2,332,881	

Co-occurring Behavioral Health Services

General Fund	<u>0</u>	<u>0</u>	<u>500,000</u>	<u>507,500</u>	*
	0	0	500,000	507,500	

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SUBTOTAL - (D) Co-occurring Behavioral Health					
Services	1,118,134	1,819,900	27,677,061	37,833,406	36.7%
<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	0	0	24,663,271	34,819,616	41.2%
Reappropriated Funds	1,118,134	1,819,900	3,013,790	3,013,790	0.0%

(E) Mental Health Institutes

The Department administers and operates two mental health institutes providing inpatient hospitalization for individuals with serious mental illness. The institutes provide comprehensive psychiatric, psychological, rehabilitation, and therapeutic care. The Colorado Mental Health Institute at Pueblo (CMHIP) operates a total of 451 beds. First, 307 "forensic" beds are used to serve two populations: (a) individuals with pending criminal charges who require evaluations of competency to stand trial and restoration to competency; and (b) individuals who have been found to be not guilty by reason of insanity. Second, 144 "civil" beds are used to serve adults, adolescents, dually diagnosed adults (mental illness and substance use disorder), and geriatric patients who are referred for admission by the community mental health centers, county departments of social services, or the Division of Youth Corrections. The Colorado Mental Health Institute at Fort Logan (CMHIFL), located in southwest Denver, operates 94 civil beds for adults. This section is primarily supported by General Fund, federal Medicare and patient revenues (including transfers from HCPF that originate as General Fund and federal Medicaid funds), and funds transferred from the Department of Corrections (DOC) for food services provided by CMHIP to DOC facilities located on the Pueblo campus.

Mental Health Institute - Ft. Logan	<u>19,254,908</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	223.0	0.0	0.0	0.0
General Fund	16,237,767	0	0	0
Cash Funds	2,740,522	0	0	0
Reappropriated Funds	276,619	0	0	0
 Mental Health Institute - Pueblo	 <u>71,020,056</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>
FTE	951.1	0.0	0.0	0.0
General Fund	55,830,058	0	0	0
Cash Funds	7,855,072	0	0	0
Reappropriated Funds	7,334,926	0	0	0

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Mental Health Institute - Ft. Logan Personal Services	<u>0</u>	<u>18,927,495</u>	<u>18,074,275</u>	<u>17,800,806</u>	*
FTE	0.0	224.4	216.4	217.5	
General Fund	0	16,140,698	15,833,822	15,560,353	
Cash Funds	0	2,734,268	2,187,924	2,187,924	
Reappropriated Funds	0	52,529	52,529	52,529	
Mental Health Institute - Ft. Logan Contract Medical Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,269,465</u>	*
General Fund	0	0	0	1,269,465	
Mental Health Institute - Ft. Logan Operating Expenses	<u>0</u>	<u>1,041,385</u>	<u>1,080,718</u>	<u>1,065,977</u>	*
General Fund	0	882,102	921,435	906,694	
Cash Funds	0	123,601	123,601	123,601	
Reappropriated Funds	0	35,682	35,682	35,682	
Mental Health Institute - Ft. Logan Pharmaceuticals	<u>0</u>	<u>805,441</u>	<u>1,155,027</u>	<u>1,155,027</u>	
General Fund	0	667,543	1,017,128	1,017,128	
Cash Funds	0	107,007	107,007	107,007	
Reappropriated Funds	0	30,891	30,892	30,892	
Mental Health Institute - Pueblo Personal Services	<u>0</u>	<u>65,591,227</u>	<u>63,953,167</u>	<u>64,322,869</u>	*
FTE	0.0	954.7	955.4	959.4	
General Fund	0	53,694,988	51,238,570	51,608,272	
Cash Funds	0	6,745,490	6,493,976	6,493,976	
Reappropriated Funds	0	5,150,749	6,220,621	6,220,621	
Mental Health Institute - Pueblo Contract Medical Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,589,425</u>	*
General Fund	0	0	0	3,589,425	

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Mental Health Institute - Pueblo Operating Expenses	<u>0</u>	<u>4,858,475</u>	<u>4,885,628</u>	<u>5,264,052</u> *	
General Fund	0	2,647,509	4,012,426	3,962,321	
Cash Funds	0	403,362	403,362	403,362	
Reappropriated Funds	0	1,807,604	469,840	898,369	
Mental Health Institute - Pueblo Pharmaceuticals	<u>0</u>	<u>2,930,675</u>	<u>4,029,321</u>	<u>4,029,321</u>	
General Fund	0	2,321,479	3,385,632	3,385,632	
Cash Funds	0	297,405	297,405	297,405	
Reappropriated Funds	0	311,791	346,284	346,284	
Mental Health Institute - Pueblo Educational Programs	<u>480,537</u>	<u>433,739</u>	<u>138,640</u>	<u>138,640</u>	
FTE	2.7	2.2	2.7	2.7	
General Fund	44,024	38,214	39,574	39,574	
Reappropriated Funds	104,947	99,066	99,066	99,066	
Federal Funds	331,566	296,459	0	0	
Jail-based Restoration Program	<u>0</u>	<u>0</u>	<u>2,054,819</u>	<u>2,481,883</u> *	
FTE	0.0	0.0	0.9	1.0	
General Fund	0	0	2,054,819	2,481,883	
SUBTOTAL - (E) Mental Health Institutes	90,755,501	94,588,437	95,371,595	101,117,465	6.0%
FTE	<u>1,176.8</u>	<u>1,181.3</u>	<u>1,175.4</u>	<u>1,180.6</u>	<u>0.4%</u>
General Fund	72,111,849	76,392,533	78,503,406	83,820,747	6.8%
Cash Funds	10,595,594	10,411,133	9,613,275	9,613,275	0.0%
Reappropriated Funds	7,716,492	7,488,312	7,254,914	7,683,443	5.9%
Federal Funds	331,566	296,459	0	0	0.0%

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
TOTAL - (8) Office of Behavioral Health	194,096,367	201,003,877	225,149,926	240,688,291	6.9%
<i>FTE</i>	<u>1,228.6</u>	<u>1,233.7</u>	<u>1,235.4</u>	<u>1,240.7</u>	<u>0.4%</u>
General Fund	127,713,158	132,121,821	158,220,745	173,159,437	9.4%
Cash Funds	19,264,890	17,998,884	17,368,821	17,391,577	0.1%
Reappropriated Funds	10,865,357	12,349,600	14,420,731	14,905,600	3.4%
Federal Funds	36,252,962	38,533,572	35,139,629	35,231,677	0.3%

NOTE: An asterisk (*) indicates that the FY 2014-15 request for a line item is affected by one or more decision items.

Appendix B: **Recent Legislation Affecting Department Budget**

2012 Session Bills

H.B. 12-1310 (Criminal Proceedings Omnibus Changes): Addresses criminal justice matters in several areas including drug offenses, sentencing, court proceedings, sex offenses, probation, and parole. Consolidates the major state funding sources for substance abuse treatment (including the Drug Offender Surcharge Fund and the Drug Offender Treatment Fund) into a newly created Correctional Treatment Cash Fund. Replaces the State Drug Offender Treatment Board and the Interagency Task Force on Treatment with the newly created Correctional Treatment Board, and expands the membership requirements for each judicial district's drug offender treatment board. Requires the Correctional Treatment Board to prepare an annual treatment plan that the Judicial Department will include in its annual presentation to the Joint Budget Committee. For the Department of Human Services, makes a technical change to eliminate the direct appropriation of cash funds for treatment and detoxification services and short-term intensive residential remediation treatment (STIRRT) to the Department.

2013 Session Bills

S.B. 13-173 (Sunset Review Division of Gaming): Implements recommendations of the 2012 sunset review of the Division of Gaming in the Department of Revenue to license, implement, regulate, and supervise the conduct of limited gaming, and extends its repeal until September 1, 2022. Reappropriates \$70,000 for FY 2013-14 from the Department of Local Affairs to the Department of Human Services for gambling addiction counseling services.

S.B. 13-200 (Expand Medicaid Eligibility): Expands Medicaid eligibility for adults to 133 percent of the federal poverty level (FPL). The newly eligible populations affected by this change include adults without dependent children with incomes from 11 percent through 133 percent of the FPL and parents with incomes from 101 percent through 133 percent of the FPL. Reduces appropriations for community-based mental health services by \$651,875 General Fund for FY 2013-14.

S.B. 13-230 (Long Bill): General appropriations act for FY 2013-14.

S.B. 13-266 (Coordinated Behavioral Health Crisis Response): Directs the Department to issue a request for proposals to entities with the capacity to create a statewide coordinated and seamless behavioral health crisis response system. Proposals will be accepted for each of five specific components of a crisis system: a 24-hour crisis telephone hotline, walk-in crisis services and crisis stabilization units, mobile crisis services, residential and respite crisis services, and a public information campaign. Requires the Department to make annual reports to the General Assembly on the progress toward implementing the crisis system. Appropriates \$19,792,028

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General Fund and 0.9 FTE to the Department for FY 2013-14 for implementation of the five components.

H.B. 13-1117 (Alignment of Child Development Programs): Transfers and consolidates various child development programs into the Department of Human Services, with no impact on the current level of state spending (\$19.9 million) for these programs. Reflects an increase in anticipated expenditures of federal funds, at the discretion of the Governor, by continuing the Early Childhood Leadership Council. Rearranges several budget line items within the 2013 Long Bill to reflect the organizational structure in DHS following the transfer. With respect to programs covered in this briefing document, transfers the appropriation for School-based Mental Health Services (\$2,339,219 General Fund) and some associated administrative appropriations (\$16,180 General Fund and 0.2 FTE) from the Behavioral Health Services section to the Office of Early Childhood for the provision of early childhood mental health services. The programs transferred to the Department of Human Services from other state agencies include the Early Childhood Leadership Council in the Governor's Office and the following programs from the Department of Public Health and Environment:

- The Nurse Home Visitation Program;
- The Tony Grampas Youth Services Program;
- The Colorado Student Dropout Prevention and Intervention Program;
- The Colorado Before-and-After School Project;
- The Colorado Children's Trust Fund and its board; and
- The Family Resource Center Program.

H.B. 13-1296 (Civil Commitments and Task Force): Creates the Civil Commitment Statute Review Task Force. Modifies civil commitment statutory provisions by adding a definition of "danger to self and others", and amending the definition of "gravely disabled", as those definitions relate to civil commitments. Provides that the new definition of "danger to self and others" only takes effect if approved by a majority of the Task Force. Reappropriates \$5,000 from funds appropriated to the Department of Human Services' Executive Director's Office for FY 2013-14 to Legislative Council for reimbursement and compensation of Task Force members.

Appendix C:

Update on Long Bill Footnotes & Requests for Information

Long Bill Footnotes

29 Department of Human Services, Behavioral Health Services, Co-occurring Behavioral Health Services -- It is the intent of the General Assembly this appropriation be used for the purpose of providing a full continuum of co-occurring behavioral health treatment services in southern Colorado and the Arkansas Valley.

Comment: The FY 2013-14 Long Bill includes a new \$500,000 General Fund appropriation that was added with the above footnote to specify the General Assembly's intent in making the appropriation. The Department awarded these funds to Crossroads' Turning Point, Inc. (CTP), a partner in Signal Behavioral Health Network, Inc., as a result of the request for proposal process. The contract is still in negotiation and is expected to begin on January 1, 2014.

CTP is expected to use the funds for co-occurring substance use and mental health treatment services, including outpatient-based services with a combination of individual and group mental health therapies, individual and group substance use treatment, case management, medication assisted therapy, substance use testing, and other similar services. CTP will be required to provide these services in southern Colorado and the Arkansas Valley in accordance with State regulations and reporting requirements. The Department should be able to provide data next year concerning the adolescents, transition-aged youth, and adults with mental health and substance related disorders served to inform the Committee about the impact of this new line item appropriation.

Please note that this footnote is referenced to the Co-occurring Behavioral Health Services *section* of the FY 2013-14 Long Bill, which includes three line item appropriations: (1) \$3,013,790 transferred from the Judicial Department for substance use disorder services for offenders; (2) \$4,444,176 General Fund for community-based services for individuals transitioning from the mental health institutes to the community; and (3) a new \$500,000 General Fund appropriation titled "Co-occurring Behavioral Health Services". It is staff's understanding that the Committee intended that this footnote apply only to the latter line item. Staff plans to present a staff-initiated mid-year adjustment to the Committee next month to correct both this reference error and a grammatical error.

Requests for Information

Requests Applicable to Multiple Departments

2. **Department of Corrections, Management, Executive Director's Office Subprogram; Department of Human Services, Behavioral Health Services, Alcohol and Drug Abuse Division; and Division of Youth Corrections; Judicial Department, Probation and Related Services; and Department of Public Safety, Division of Criminal Justice; and Colorado Bureau of Investigation** – State agencies involved in multi-agency programs requiring separate appropriations to each agency are requested to designate one lead agency to be responsible for submitting a comprehensive annual budget request for such programs to the Joint Budget Committee, including prior year, request year, and three year forecasts for revenues into the fund and expenditures from the fund by agency. The requests should be sustainable for the length of the forecast based on anticipated revenues. Each agency is still requested to submit its portion of such request with its own budget document. This applies to requests for appropriation from: the Offender Identification Fund, the Sex Offender Surcharge Fund, the Persistent Drunk Driver Cash Fund, and the Alcohol and Drug Driving Safety Program Fund, among other programs.

Comment: Prior to FY 2013-14, this RFI was included as a Long Bill footnote with the intent of ensuring that Departments coordinate requests that draw on the same cash fund.

The 2012 budget instructions issued by the Office of State Planning and Budgeting (OSPB) state that, "In cases where departments share a common cash fund/source, OSPB will be responsible for ensuring that the total request does not exceed the capacity of the fund." Each Department is required to include, as part of its budget request, a Cash Fund Report (schedule 9) for each cash fund it administers to comply with the statutory limit on cash fund reserves, and to allow both OSPB and the Joint Budget Committee to make informed decisions regarding the utilization of cash funds for budgeting purposes. For funds that are shared by multiple departments, the department that administers the fund is responsible for coordinating submission of expenditure and revenue information from all departments to construct a schedule 9 that incorporates all activity in the fund.

Two of the funds that are referenced in this RFI and pertain to this department are listed below, with a brief explanation of fund revenues and authorized expenditures.

Alcohol and Drug Driving Safety Program Fund [Section 42-4-1301.3 (4) (a), C.R.S.] - Section 42-4-1301.3, C.R.S., sets forth sentencing guidelines for persons convicted of driving under the influence (DUI), persons convicted of driving while ability impaired (DWAI), and persons who are habitual users of a controlled substance who are convicted of a misdemeanor for driving a vehicle. The Judicial Department is required to administer an Alcohol and Drug Driving Safety (ADDS) Program in each judicial district. This program is to provide: (1) pre-sentence and post-sentence alcohol and drug evaluations of all persons convicted of driving violations related to alcohol or drugs; and (2) supervision and monitoring of those persons whose sentences or terms of probation

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require completion of a program of alcohol and drug driving safety education or treatment.

The ADDS Program Fund consists of assessments designed to ensure that the ADDS Program is self-supporting. Assessments include fees paid by individuals for alcohol and drug evaluations, as well as inspection fees paid by approved alcohol and drug treatment facilities. The evaluation fee was increased from \$181 to \$200 in FY 2007-08. Moneys in the Fund are subject to annual appropriation to the Judicial Department and the Department of Human Services' Office of Behavioral Health for the administration of the ADDS Program. These two departments are required to propose changes to these assessments as required to ensure that the ADDS Program is financially self-supporting. Any adjustment in the assessments approved by the General Assembly is to be "noted in the appropriation...as a footnote or line item related to this program in the general appropriations bill".

The Judicial Department receives a direct appropriation from the Fund to support probation programs (\$4,795,414 for FY 2013-14), and a portion of this funding is transferred to the Department of Human Services for the administration of alcohol and drug abuse services (\$431,536 for FY 2013-14). However, because fund revenues are not currently sufficient to support these appropriations a program restriction of \$2,000,000 has been put in place for the Judicial Department for FY 2013-14. Budget instructions issued by the OSPB identify the Judicial Department as the lead agency for reporting purposes.

Persistent Drunk Driver Cash Fund [Section 42-3-303 (1), C.R.S.] - This fund consists of penalty surcharge fees paid by persons convicted of DUI, DUI per se, or DWAI, as well as a person who is a habitual user of a controlled substance who is convicted of a misdemeanor for driving a vehicle. Moneys in the Fund are subject to annual appropriation to:

- pay the costs incurred by the Department of Revenue concerning persistent drunk drivers;
- support programs that are intended to deter persistent drunk driving or intended to educate the public, with particular emphasis on the education of young drivers, regarding the dangers of persistent drunk driving;
- pay a portion of the costs of intervention and treatment services for persistent drunk drivers who are unable to pay for such services;
- assist in providing court-ordered alcohol treatment programs for indigent and incarcerated offenders;
- assist in providing approved ignition interlock devices for indigent offenders; and
- assist in providing continuous monitoring technology or devices for indigent offenders.

The Judicial Department does not administer this fund, but it receives moneys from the Fund transferred from the Department of Human Services (\$779,846 for FY 2013-14).

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While fees are collected by the courts, budget instructions issued by the OSPB identify the Department of Human Services as the lead agency for reporting purposes.

For FY 2013-14, a total of \$1,962,044 is appropriated from this fund to the Department of Human Services, including the following amounts appropriated to the Alcohol and Drug Abuse Division:

- \$1,670,823 for Persistent Drunk Driver Programs
- \$254,000 for Treatment and Detoxification Contracts

In addition, there is a total of \$26,221 appropriated for Office of Behavioral Health administrative expenses.

Finally, the Department of Revenue spends \$2,000 annually from this fund.

The schedule submitted by the Department of Human Services indicates that the Fund balance was \$1,420,815 at the end of FY 2012-13 – well in excess of the statutory reserve balance of 16.5 percent of expenditures. However, the Department of Human Services has not requested an increase in appropriations from this fund for FY 2014-15.

Appendix E: Change Requests' Relationship to Measures

This appendix will show how the Department of Human Services indicates each change request ranks in relation to the Department's priorities and what measures the Department is using to gauge success of the request.

Change Requests' Relationship to Measures			
R	Change Request Description	Goals / Objectives	Measures
10	Outside medical expenses	Goal #4: To promote quality and effective behavioral health practices to strengthen the health, resiliency, and recovery of Coloradans..	<u>Mental health institutes:</u> Number of staff and patient injuries Rate of restraint use Rate of seclusion use
11	MHIs electronic health record system	Goal #4: To promote quality and effective behavioral health practices to strengthen the health, resiliency, and recovery of Coloradans.	<u>Mental health institutes:</u> Reduce medication error rate to near zero Number of staff and patient injuries Rate of restraint use Rate of seclusion use
12	Community provider rate	Goal #4: To promote quality and effective behavioral health practices to strengthen the health, resiliency, and recovery of Coloradans.	
14	Psychiatrist base salary adjustment	Goal #4: To promote quality and effective behavioral health practices to strengthen the health, resiliency, and recovery of Coloradans.	<u>Mental health institutes:</u> Maintain physician staffing ratios in compliance with federal standard of care requirements Number of staff and patient injuries Rate of restraint use Rate of seclusion use
15	Mental health first aid	Goal #4: To promote quality and effective behavioral health practices to strengthen the health, resiliency, and recovery of Coloradans.	Train 180 Mental Health First Aid instructors annually, beginning in FY 2014-15 Certify 6,750 individuals in Mental Health First Aid in FY 2014-15