

**STATE
FISCAL IMPACT**

Drafting Number: LLS 14-0861 **Date:** February 5, 2014
Prime Sponsor(s): Rep. May; Gerou **Bill Status:** House Appropriations
 Sen. Hodge **Fiscal Analyst:** Bill Zepernick (303-866-4777)

SHORT TITLE: INTELLECTUAL & DEV DISAB SERVICES SYSTEM CAPACITY

Fiscal Impact Summary*	FY 2013-2014**	FY 2014-2015
State Revenue		
State Expenditures	(\$14,344,285)	\$79,075
General Fund	(7,275,604)	33,735
Cash Funds	4,500,000	0
Federal Funds	(11,568,681)	34,777
Centrally Appropriated Costs***	0	10,563
FTE Position Change	0.2 FTE	1.0 FTE
Appropriations Required: (\$14,344,285) - Multiple agencies - Included in bill for FY 2013-14 \$68,512 - Dept. of Health Care Policy and Financing - FY 2014-15		

* This summary shows changes from current law under the bill for each fiscal year. Parentheses indicate a decrease in funds.

** Current fiscal year.

*** These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

Summary of Legislation

The bill, **recommended by the Joint Budget Committee (JBC)**, makes mid-year adjustments in the FY 2013-14 appropriations to the Department of Human Services (DHS) and the Department of Health Care Policy and Financing (HCPF) for intellectual and developmental disability services. The bill also appropriates money to and from the Intellectual and Developmental Disabilities Services Cash fund and allows moneys in the fund to be used for:

- administrative expenses for the renewal and redesign of Medicaid home- and community-based services (HCBS) waivers relating to intellectual and developmental disabilities; and
- increasing system capacity for HCBS programs, supports, and services for persons with intellectual and developmental disabilities.

In addition, the bill requires HCPF to report to the JBC on its plans for distributing moneys for increasing system capacity by April 1, 2014. This funding is to be distributed to community centered boards (CCBs) and providers by April 15, 2014. CCBs and providers receiving funding are required to report to HCPF by October 1, 2014, on the use of funding received. In addition, HCPF, CCBs, and providers are required to report annually to the General Assembly on the effectiveness and use of funds appropriated in the prior fiscal year for increasing system capacity.

State Expenditures

In total, the bill decreases appropriations in the DHS and HCPF by \$14,344,285 in FY 2013-14 and adds an additional 0.2 FTE. Continuing costs in FY 2014-15 are estimated to be \$79,075 and 1.0 FTE. Table 1 summarizes the appropriations included in the bill for FY 2013-14 and the discussion below provides an overview of the costs in FY 2013-14 and FY 2014-15 for increasing service system capacity for services for persons with intellectual and developmental disabilities. The provisions of the bill pertaining to waiver renewal and redesign are repealed on July 1, 2015, and no additional costs are expected in FY 2015-16.

Table 1. Adjustment in FY 2013-14 Appropriations under HB 14-1252					
Cost Components	General Fund	Cash Funds	Reapprop. Funds*	Federal Funds	Total Funds
Mid-Year Adjustments	(\$11,775,604)	\$0	(\$23,564,580)	(\$11,775,607)	(\$23,551,211)*
Dept. of Health Care Policy and Financing	(11,775,604)	0	0	(11,775,607)	(23,551,211)
Dept. of Human Services	0	0	(23,564,580)	0	(23,564,580)
System Capacity Improvements (HCPF)	\$4,500,000	\$4,500,000	\$0	\$206,926	\$9,206,926
Transfer to IDD Services Cash Fund	4,500,000	0	0	0	4,500,000
Personal Services (0.2 FTE)	0	6,455	0	6,455	12,910
Operating Expenses & Capital Outlay Costs	0	471		471	942
Contract Services	0	200,000	0	200,000	400,000
System Capacity Funding	0	4,293,074	0	0	0
TOTAL	(\$7,275,604)	\$4,500,000	(\$23,564,580)	(\$11,568,681)	(\$14,344,285)*

* Reappropriated funds are excluded from the totals to avoid double counting of funds.

Mid-Year adjustments. As part of the budget process, this bill incorporates mid-year adjustments to the FY 2013-14 appropriations for intellectual and developmental disability services. These adjustments equal a \$23.6 million dollar reduction in appropriations to the HCPF, split evenly between General Fund and federal funds, and a corresponding decrease in reappropriated funds to the DHS for Medicaid-funded home- and community-based services for persons with intellectual and developmental disabilities. Reappropriated funds are excluded from the totals to avoid double counting of funds.

Funding for system capacity improvements. The bill appropriates \$4.5 million General Fund in FY 2013-14 to the Intellectual and Developmental Disabilities Services Cash Fund. A corresponding amount (\$4.5 million) is appropriated from the cash fund along with \$206,926 in federal funds to fund increased system capacity to serve this population. Details on the system capacity improvements are as follows.

Administrative support. The bill allocates 0.2 FTE to HCPF at a cost of \$13,892 in FY 2013-14 for administrative support in the waiver redesign and renewal process. These costs include \$12,761 for personal services and \$1,131 for associated operating and capital outlay costs in the first year. Staff costs increase to \$68,512 and 1.0 FTE in FY 2014-15 to reflect full year operations, which includes personal service costs of \$63,800 and operating and capital expenses of \$4,712.

Consultant. A contract consultant is required at a cost of \$400,000 to study ways to renew and redesign federal Medicaid waivers for HCBS for persons with intellectual and developmental disabilities. Funding for the consultant is provided in the bill in FY 2013-14, with spending authority continuing into FY 2014-15.

System capacity payments. The bill appropriates \$4.3 million in FY 2013-14 to fund increased system capacity by making payments to CCBs and providers. The HCPF is given roll-forward spending authority to FY 2014-15 for this system enhancement funding.

Centrally appropriated costs. Pursuant to a JBC policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy in FY 2014-15 are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under HB 14-1252*	
Cost Components	FY 2014-15
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$6,132
Supplemental Employee Retirement Payments	4,431
TOTAL	\$10,563

*More information is available at: <http://colorado.gov/fiscalnotes>

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature, except that Sections 1, 4, and 5 take effect on March 1, 2014, if the bill is signed before this date.

State Appropriations

HCPF — Mid-year adjustment - FY 2013-14. The bill includes the following mid-year adjustments in appropriations to HCPF for FY 2013-14 that result in a total reduction of \$23,551,211:

- a reduction of \$15,977 for Medicaid Long-Term Care Services, split evenly between General Fund and federal funds;
- an increase of \$29,346 for Behavioral Health Capitation Payments, split evenly between General Fund and federal funds; and
- a reduction of \$23,564,580 for Medicaid-Funded Community Services for Persons with Developmental Disabilities.

DHS — Mid-year adjustment — FY 2013-14. The bill includes the following mid-year adjustment in appropriations to the DHS for FY 2013-14 that result in a total reduction of \$23,564,580:

- a reduction of \$21,136,488 in reappropriated funds for Adult Comprehensive Services;
- an increase of \$1,152,296 in reappropriated funds for Adult Supported Living Services;
- a reduction of \$776,643 in reappropriated funds for Children's Extensive Support Services; and
- a reduction of \$2,803,745 in reappropriated funds for Case Management Services.

HCPF — New appropriations — FY 2013-14. The bill includes the following new appropriations to HCPF for FY 2013-14 related to increasing intellectual and developmental disability services system capacity and renewing and redesigning waiver services totaling \$9,206,926:

- \$4,500,000 from the General Fund to the Intellectual and Developmental Disabilities Services Cash Fund;
- \$13,852, split evenly between the Intellectual and Developmental Disabilities Services Cash Fund and federal funds, and 0.2 FTE to HCPF for administrative expenses;
- \$400,000, split evenly between the Intellectual and Developmental Disabilities Services Cash Fund and federal funds, for contract consulting services; and
- \$4,293,074 from the Intellectual and Developmental Disabilities Services Cash Fund.

HCPF — Required appropriations — FY 2014-15. The bill requires an appropriation of \$68,512, with \$33,735 from the Intellectual and Developmental Disabilities Services Cash Fund and \$34,777 from federal funds, and 1.0 FTE to HCPF for FY 2014-15 for administrative expenses related to waiver renewal and redesign.

State and Local Government Contacts

Joint Budget Committee Staff
Human Services

Health Care Policy and Financing