

Schedule 13
1331 Emergency Change Request for FY 08-09 Budget Request Cycle

Decision Item FY 08-09 Base Reduction Item FY 08-09 Supplemental FY 07-08 Budget Request Amendment FY 08-09
 Request Title: DDD – The Resource Exchange Assistance
 Department: Human Services
 Priority Number: N/A
 Dept. Approval by: *Reynold J. [Signature]*
 OSPB Approval: *[Signature]*
 Date: 6/6/08
 Date: 6/9/08

| | Fund | 1 | 2 | 3 | 4 | 5 | 6 | 8 | 9 | 10 | |
|---|--------------|----------------------------|------------------------|------------------------------------|--------------------------------|------------------------|-----------------------------------|-----------------------------|---------------------------|--------------------------------|--------------------------------------|
| | | Prior-Year Actual FY 06-07 | Appropriation FY 07-08 | 1331 Supplemental Request FY 07-08 | Total Revised Request FY 07-08 | Appropriation FY 08-09 | Decision/ Base Reduction FY 08-09 | November 1 Request FY 08-09 | Budget Amendment FY 08-09 | Total Revised Request FY 08-09 | Change from Base (Column 5) FY 09-10 |
| Total of All Line Items | Total | 0 | 292,465,877 | (1,991,030) | 290,474,847 | 320,618,083 | 0 | 320,618,083 | 0 | 320,618,083 | 0 |
| | FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | 0 | 9,864,821 | 1,991,030 | 11,855,851 | 9,986,244 | 0 | 9,986,244 | 0 | 9,986,244 | 0 |
| | CF | 0 | 0 | 0 | 0 | 34,736,473 | 0 | 34,736,473 | 0 | 34,736,473 | 0 |
| | CFE RF | 0 | 282,601,056 | (3,982,060) | 278,618,996 | 275,895,366 | 0 | 275,895,366 | 0 | 275,895,366 | 0 |
| | FF | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | MCF | 0 | 248,916,905 | (3,982,060) | 244,934,845 | 275,404,052 | 0 | 275,404,052 | 0 | 275,404,052 | 0 |
| | MGF | 0 | 124,424,585 | (1,991,030) | 122,433,555 | 137,635,201 | 0 | 137,635,201 | 0 | 137,635,201 | 0 |
| | NGF | 0 | 134,289,406 | 0 | 134,289,406 | 147,621,445 | 0 | 147,621,445 | 0 | 147,621,445 | 0 |
| ((9) Services for People with Disabilities (A) Developmental | Total | 0 | 240,898,908 | (2,027,194) | 238,871,714 | 264,294,183 | 0 | 264,294,183 | 0 | 264,294,183 | 0 |
| | FTE | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | 0 | 1,652,225 | 0 | 1,652,225 | 1,650,459 | 0 | 1,650,459 | 0 | 1,650,459 | 0 |
| | CF | 0 | 0 | 0 | 0 | 31,955,475 | 0 | 31,955,475 | 0 | 31,955,475 | 0 |
| | CFE RF | 0 | 239,246,683 | (2,027,194) | 237,219,489 | 230,688,249 | 0 | 230,688,249 | 0 | 230,688,249 | 0 |
| | FF | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | MCF | 0 | 208,714,434 | (2,027,194) | 206,687,240 | 230,688,249 | 0 | 230,688,249 | 0 | 230,688,249 | 0 |
| | MGF | 0 | 104,323,734 | (1,013,597) | 103,310,137 | 115,310,141 | 0 | 115,310,141 | 0 | 115,310,141 | 0 |
| | NGF | 0 | 105,975,959 | (1,013,597) | 104,962,362 | 116,960,600 | 0 | 116,960,600 | 0 | 116,960,600 | 0 |
| ((9) Services for People with Disabilities (A) Developmental | Total | 0 | 50,511,095 | (1,954,866) | 48,556,229 | 55,259,558 | 0 | 55,259,558 | 0 | 55,259,558 | 0 |
| | FTE | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | GF | 0 | 7,857,085 | 0 | 7,857,085 | 7,974,941 | 0 | 7,974,941 | 0 | 7,974,941 | 0 |
| | GFE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | CF | 0 | 0 | 0 | 0 | 2,774,349 | 0 | 2,774,349 | 0 | 2,774,349 | 0 |
| | CFE RF | 0 | 42,654,010 | (1,954,866) | 40,699,144 | 44,510,268 | 0 | 44,510,268 | 0 | 44,510,268 | 0 |
| | FF | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | MCF | 0 | 39,999,973 | (1,954,866) | 38,045,107 | 44,510,268 | 0 | 44,510,268 | 0 | 44,510,268 | 0 |
| | MGF | 0 | 19,999,986 | (977,433) | 19,022,553 | 22,255,134 | 0 | 22,255,134 | 0 | 22,255,134 | 0 |
| | NGF | 0 | 27,857,071 | (977,433) | 26,879,638 | 30,230,075 | 0 | 30,230,075 | 0 | 30,230,075 | 0 |

**Schedule 13
1331 Emergency Change Request for FY 08-09 Budget Request Cycle**

Decision Item FY 08-09 Base Reduction Item FY 08-09 Supplemental FY 07-08 Budget Request Amendment FY 08-09

Request Title: DDD – The Resource Exchange Assistance
Department: Human Services
Priority Number: N/A

Dept. Approval by:
OSPb Approval:

Date:
Date:

| | Fund | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|--------------|----------------------------|------------------------|------------------------------------|--------------------------------|------------------------|-----------------------------------|-----------------------------|---------------------------|--------------------------------|--------------------------------------|
| | | Prior-Year Actual FY 06-07 | Appropriation FY 07-08 | 1331 Supplemental Request FY 07-08 | Total Revised Request FY 07-08 | Appropriation FY 08-09 | Decision/ Base Reduction FY 08-09 | November 1 Request FY 08-09 | Budget Amendment FY 08-09 | Total Revised Request FY 08-09 | Change from Base (Column 5) FY 09-10 |
| ((9) Services for People with Disabilities (A) | Total | 0 | 1,055,874 | 1,991,030 | 3,046,904 | 1,064,342 | 0 | 1,064,342 | 0 | 1,064,342 | 0 |
| Developmental | FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Disability Services (1) | GF | 0 | 355,511 | 1,991,030 | 2,346,541 | 360,844 | 0 | 360,844 | 0 | 360,844 | 0 |
| Community Services - | CF | 0 | 0 | 0 | 0 | 6,649 | 0 | 6,649 | 0 | 6,649 | 0 |
| (b) Program Costs - | RF/CFE | 0 | 700,363 | 0 | 700,363 | 696,849 | 0 | 696,849 | 0 | 696,849 | 0 |
| Special Purpose | FF | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | MCF | 0 | 202,498 | 0 | 202,498 | 205,535 | 0 | 205,535 | 0 | 205,535 | 0 |
| | MGF | 0 | 100,865 | 0 | 100,865 | 69,926 | 0 | 69,926 | 0 | 69,926 | 0 |
| | NGF | 0 | 456,376 | 1,991,030 | 2,447,406 | 430,770 | 0 | 430,770 | 0 | 430,770 | 0 |

Letternote to the Special Purpose line: Any General Fund not expended by June 30, 2008 may be rolled forward for expenditure in FY 2008-09 for the purposes of providing financial assistance to The Resource Exchange

Cash Fund name/number, Federal Fund Grant name: Title XIX Medicaid

IT Request: Yes No

Request Affects Other Departments: Yes No If Yes, List Other Departments Here: Health Care Policy and Financing

1331 EMERGENCY CHANGE REQUEST for FY 2008-09 BUDGET REQUEST CYCLE

| | |
|-----------------------|--|
| Department: | Human Services |
| Priority Number: | N/A |
| Change Request Title: | DDD – The Resource Exchange Assistance |

SELECT ONE (click on box):

- Decision Item FY 2008-09
- Base Reduction Item FY 2008-09
- Supplemental Request FY 2007-08
- Budget Request Amendment FY 2008-09

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

This request is to convert \$3,982,060 of unspent FY 2007-08 Medicaid funds, to 50% General Fund \$1,991,030 to be rolled forward to FY 2008-09 with a letternote indicating “Any General Fund not expended by June 30, 2008 may be rolled forward for expenditure in FY 2008-09 for the purposes of providing financial assistance to The Resource Exchange”. The Department is requesting that these funds be appropriated in the Special Purpose line of Program Costs so they can more easily be identified and tracked. This will allow the Division for Developmental Disabilities to assist The Resource Exchange, a Community Centered Board, to continue operations for the remainder of FY 2007-08 and continue in FY 2008-09. The \$3,982,060 would normally be rolled forward to FY 2008-09 per footnote 79b in HB 08-1375 that allows up to 3% of unexpended Medicaid funds to be rolled forward.

Background and Appropriation History:

The following table shows the computations for the FY 2007-08 Adult Community Program and Children’s Program appropriations as consolidated in the Long Bill (SB07-239) as Program Costs and including the supplemental add on from HB 08-1375.

| DDD Programs | Total | General Fund | Cash Funds Exempt | Medicaid | Medicaid General Fund | Net General Fund |
|---|----------------------|---------------------|--------------------------|----------------------|------------------------------|-------------------------|
| FY 2007-08 Adult Program Costs | | | | | | |
| FY 2006-07 Long Bill HB 06-1385 | \$294,358,936 | \$12,438,159 | \$281,920,777 | \$247,952,288 | \$123,913,507 | \$136,351,666 |
| Supplemental 1-C Convert 6 months funds for new 90 comp 60 SLS from Med to GF | (\$1,902,791) | \$1,902,791 | (\$3,805,582) | (\$3,805,582) | (\$1,902,791) | \$0 |
| Supplemental 1-C Convert 6 months funds for COLA | (\$1,838,934) | \$1,838,934 | (\$3,677,868) | (\$3,677,868) | (\$1,838,934) | \$0 |
| Supplemental #2 - Local Funds Match | \$15,215,890 | \$0 | \$15,215,890 | \$15,215,890 | \$7,607,945 | \$7,607,945 |
| DD non-Medicaid case management functions | \$823,283 | \$823,283 | \$0 | \$0 | \$0 | \$823,283 |
| Medicaid cash accounting adjustment | (\$6,390,063) | \$7,738,019 | (\$14,128,082) | (\$14,128,082) | (\$7,064,041) | \$673,978 |
| Subtotal - base FY 2006-07 | \$300,266,321 | \$24,741,186 | \$275,525,135 | \$241,556,646 | \$120,715,686 | \$145,456,872 |
| Annualize one-time 1331 Supplemental 1-C (60/90 resources) | \$1,902,791 | (\$1,902,791) | \$3,805,582 | \$3,805,582 | \$1,902,791 | \$0 |
| Annualize one-time 1331 Supplemental 1-C (COLA) | \$1,838,934 | (\$1,838,934) | \$3,677,868 | \$3,677,868 | \$1,838,934 | \$0 |
| Annualize FY 2006-07 DI #1 | \$3,429,729 | \$0 | \$3,429,729 | \$3,119,463 | \$1,559,733 | \$1,559,733 |
| Annualize FY 2006-07 CES Resources | \$0 | (\$18,736) | \$18,736 | \$18,736 | \$6,183 | (\$12,553) |
| Annualize CCMS adjustments | \$301,675 | \$59,058 | \$242,617 | \$242,617 | \$121,309 | \$180,367 |
| Annualize FY 2006-07 Med cash accounting shift | \$6,390,063 | (\$7,738,019) | \$14,128,082 | \$14,128,082 | \$7,064,041 | (\$673,978) |
| Subtotal - Annualization | \$13,863,192 | (\$11,439,422) | \$25,302,614 | \$24,992,348 | \$12,492,991 | \$1,053,569 |
| Total base FY 2007-08 | \$314,129,513 | \$13,301,764 | \$300,827,749 | \$266,548,994 | \$133,208,677 | \$146,510,441 |

| DDD Programs | Total | General Fund | Cash Funds Exempt | Medicaid | Medicaid General Fund | Net General Fund |
|---|----------------------|---------------------|--------------------------|----------------------|------------------------------|-------------------------|
| Leap Year Adjustment | \$822,865 | \$26,157 | \$796,708 | \$705,941 | \$352,971 | \$379,128 |
| Decision Item #3 (Including COLA and SSI increases) | | | | | | |
| New Foster Care resources | \$1,701,424 | \$0 | \$1,701,424 | \$1,549,661 | \$774,831 | \$774,831 |
| New Emergency resources | \$1,337,338 | \$0 | \$1,337,338 | \$1,220,109 | \$610,055 | \$610,055 |
| New Wait List Resources | \$380,059 | \$0 | \$380,059 | \$345,039 | \$172,520 | \$172,520 |
| New Supported Living Resources | \$216,712 | \$0 | \$216,712 | \$205,876 | \$102,938 | \$102,938 |
| Case Mgt for new CES Resources | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Case Mgt for new EI Resources | \$113,993 | \$78,539 | \$35,454 | \$29,754 | \$14,877 | \$93,416 |
| Total Decision Item | \$3,749,526 | \$78,539 | \$3,670,987 | \$3,350,439 | \$1,675,221 | \$1,753,760 |
| 2.0 Percent Cost of Living Adjustment 1.5% | | | | | | |
| Increase on annualized FY 2006-07 base, except VR & client cash | \$4,312,692 | \$199,526 | \$4,113,166 | \$3,998,235 | \$1,998,130 | \$2,197,656 |
| Total COLA (base) | \$4,312,692 | \$199,526 | \$4,113,166 | \$3,998,235 | \$1,998,130 | \$2,197,656 |
| SBA 3 Community Contract and Management System | (\$148,400) | (\$44,520) | (\$103,880) | (\$103,880) | (\$51,940) | (\$96,460) |
| PASARR Adjustment | \$0 | \$0 | \$0 | \$0 | (\$386) | (\$386) |
| TOTAL - Adult Funding | \$322,866,196 | \$13,561,466 | \$309,304,730 | \$274,499,729 | \$137,182,673 | \$150,744,139 |

| DDD Programs | Total | General Fund | Cash Funds Exempt | Medicaid | Medicaid General Fund | Net General Fund |
|--|--------------|---------------------|--------------------------|-----------------|------------------------------|-------------------------|
| Children's Program's Costs FY 2006-07 Long Bill | \$24,848,720 | \$16,699,924 | \$8,148,796 | \$6,913,658 | \$2,971,054 | \$19,670,978 |

| DDD Programs | Total | General Fund | Cash Funds Exempt | Medicaid | Medicaid General Fund | Net General Fund |
|--|----------------------|---------------------|--------------------------|----------------------|------------------------------|-------------------------|
| Supplemental 1-E | \$182,242 | \$182,242 | \$0 | \$0 | \$0 | \$182,242 |
| Supplemental 2 B requested | (\$1,567,391) | \$0 | (\$1,567,391) | (\$1,567,391) | (\$673,978) | (\$673,978) |
| Subtotal - base FY 2006-07 | \$23,463,571 | \$16,882,166 | \$6,581,405 | \$5,346,267 | \$2,297,076 | \$19,179,242 |
| Annualize June 2006 1331 Supplemental B | (\$182,242) | (\$182,242) | \$0 | \$0 | \$0 | (\$182,242) |
| Annualize Supplemental 2B | \$1,567,391 | \$0 | \$1,567,391 | \$1,567,391 | \$673,978 | \$673,978 |
| Annualize 30 new CES slots (1/2 year trade GF/Medicaid) | \$0 | (\$270,560) | \$270,560 | \$270,560 | \$89,285 | (\$181,275) |
| Subtotal - Annualization FY 2007-08 | \$1,385,149 | (\$452,802) | \$1,837,951 | \$1,837,951 | \$763,263 | \$310,461 |
| FY 2007-08 Base | \$24,848,720 | \$16,429,364 | \$8,419,356 | \$7,184,218 | \$3,060,339 | \$19,489,703 |
| DI #3 -Early Intervention Resources | \$537,432 | \$510,560 | \$26,872 | \$0 | \$0 | \$510,560 |
| COLA: FY 2007-08 1.5% COLA | \$372,730 | \$246,440 | \$126,290 | \$107,763 | \$45,905 | \$292,346 |
| Subtotal - Decision Items | \$910,162 | \$757,000 | \$153,162 | \$107,763 | \$45,905 | \$802,906 |
| TOTAL - Children's Funding | \$25,758,882 | \$17,186,364 | \$8,572,518 | \$7,291,981 | \$3,106,244 | \$20,292,609 |
| Total Adult and Children's Program Lines FY 2007-08 Combined -Program Costs | \$348,625,078 | \$30,747,830 | \$317,877,248 | \$281,791,710 | \$140,288,917 | \$171,036,748 |
| HB 08-1375 FY 2007-08 Add On | (\$7,001,858) | \$2,904,897 | (\$9,906,755) | (\$9,906,755) | (\$4,857,712) | (\$1,952,815) |
| Total Adult and Children's Program Lines FY 2007-08 Combined -Program Costs per Supplemental Add On | \$341,623,220 | \$33,652,727 | \$307,970,493 | \$271,884,955 | \$135,431,205 | \$169,083,932 |

In FY 2007-08 the combined children and adult programs were allocated to types of services in SB 07-239. The following is the history of the two appropriations that are affected by this change request

(A) Developmental Disability Services (2) Program Costs

| DDD Programs | Total | General Fund | Cash Funds Exempt | Medicaid | Medicaid General Fund | Net General Fund |
|--|----------------------|---------------------|--------------------------|----------------------|------------------------------|-------------------------|
| Adult Comprehensive Services | \$247,005,842 | \$1,652,225 | \$245,353,617 | \$214,821,368 | \$107,377,201 | \$109,029,426 |
| HB 08-1375 adjustment for revision of estimated spending in FY 2007-08 | (\$6,106,934) | \$0 | (\$6,106,934) | (\$6,106,934) | (\$3,053,467) | (\$3,053,467) |
| Total Adult Comprehensive Services – HB 08-1375 Add-on for FY 2007-08 | \$240,898,908 | \$1,652,225 | \$239,246,683 | \$208,714,434 | \$104,323,734 | \$105,975,959 |
| Adult Supported Living Services | \$52,858,984 | \$7,857,085 | \$45,001,899 | \$42,347,862 | \$21,173,930 | \$29,031,015 |
| HB 08-1375 adjustment for revision of estimated spending in FY 2007-08 | (\$2,347,889) | \$0 | (\$2,347,889) | (\$2,347,889) | (\$1,173,945) | (\$1,173,945) |
| Total Adult Supported Living Service HB 08-1375 Add-on for FY 2007-08 | \$50,511,095 | \$7,857,085 | \$42,654,010 | \$39,999,973 | \$19,999,985 | \$27,857,070 |
| Special Purpose | \$1,055,874 | \$355,511 | \$700,363 | \$202,498 | \$100,865 | \$456,376 |
| HB 08-1385 - no adjustments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Special Purpose - HB 08-1375 Add-on for FY 2007-08 | \$1,055,874 | \$355,511 | \$700,363 | \$202,498 | \$100,865 | \$456,376 |

General Description of Request:

The Resource Exchange (TRE) is the Community Centered Board (CCB) that serves the Colorado Springs area. On April 11, 2008, TRE issued a letter to the families, friends, and supporters of the organization indicating that it had issued notice to the State of its intent to terminate its contract as the Community Centered Board for El Paso, Park, and Teller Counties on or about 10 May 2008. The letter indicated that the desire to terminate the contract was based on dramatic increases in administrative and CCB requirements over the past two years without the funding needed to meet them. The letter indicated that TRE does not have the financial resources to sustain the associated losses of \$571,822 in FY 2006-07 and \$808,063 in FY 2007-08.

In response, Senator Morse, in conjunction with Representative B. Gardner, convened two meetings with the TRE director, key department staff, and representatives from the Governor's Office to explore how services to Colorado Springs developmentally disabled consumers can be maintained without disruption. The Resource Exchange has indicated that in order to keep its doors open through June 30, 2008, it will require \$514,086, with additional assistance anticipated through FY 2008-09 in the amount of \$1,476,944. Total needed is \$1,991,030.

Addressing issues at TRE will require additional analysis by the Department before the details of a plan for FY 2008-09 are clear. However, to ensure that the immediate FY 2007-08 situation is addressed and that steps toward the FY 2008-09 solution proceed as rapidly as possible, the JBC indicated the following (see attached letter):

- 1) The Department use **up to** \$514,000 General Fund out of the FY 2007-08 appropriation for Services for People with Disabilities, Developmental Disability Services, Program Costs line item in the "Hold Harmless" category to assist the Resource Exchange through June 30, 2008.
- 2) The Department of Human Services use General Fund amounts currently available in the FY 2007-08 Developmental Disability Services, Administration and Program Costs, Special Purpose appropriations to begin work on two major issues:
 - a) Review of TRE's financial situation and technical assistance to TRE so that a FY 2008-09 interim plan for TRE can be developed. The goal of the plan would be to ensure services for people with developmental disabilities in the Colorado Springs area continue uninterrupted.
 - b) Study of the requirements placed on all CCBs for non-Medicaid case management and related functions to determine the associated costs, the level of support currently provided, and whether additional funding, or reduced requirements, may be appropriate.

Associated with the above, the JBC requested that the Department provide the JBC with the following reports in the coming months:

- 1) An analysis of TRE's financial situation and a proposal, by June 16, 2008, on an interim plan for Colorado Springs developmental disability services and TRE.

2) A report on developmental disability non-Medicaid case-management requirements and cost by December 1, 2008. The report will include recommendations for further action including any statutory changes that may be needed.

The JBC indicated that \$514,000 is the most that would be required to assist TRE in FY 2007-08 and that the Department has funding available this year (FY 2007-08) that will be used for the initial analysis of TRE's financial situation and to begin the study on non-Medicaid case management and related CCB functions. The JBC anticipates that any additional funds that may be required in FY 2008-09 to keep TRE viable, to provide technical assistance to TRE, and to study non-Medicaid case management requirements imposed on CCBs would be requested through the emergency or regular supplemental processes based on further analysis of funds needed and available for these purposes.

Consequences if Not Funded:

Not funding this request would most likely result in TRE ceasing to provide case management services to Colorado Springs developmentally disabled consumers. In addition, TRE would cease to function as the support-coordinating agency for Supported Living Services and the Children's Extensive Support Program. This would result in a severe disruption to consumers in the community as the State would be forced to find another agency to provide these services on an interim basis and issue a RFP for long-term services.

Calculations for Request:

Developmental Pathways presented their analysis at the May 2, 2008 meeting with stakeholders including Senator Morse, Representative Gardner, and OSPB and JBC staff to DDD identifying The Resource Exchange's anticipated needs. These Financial Statements, based on information from TRE, indicated that \$1,991,030 would be needed for both completing FY 2007-08 (\$514,086) and for on-going needs in FY 2008-09 (\$1,476,944). This supplemental is requested for this identified need. This amount would need to be General Fund.

Analysis of current projected expenditures for the Community Service DD programs indicated \$5.2 M would be available as unspent from the Program Costs area in FY 2007-08. The amount of Medicaid funds necessary to convert to 50% GF of \$1,991,030 to is

\$3,982,060 Medicaid Cash Funds. The following table summarizes DDD's May. 2008 estimates of what is projected to be available and the areas where the appropriations could be reduced to provide the support to TRE.

| Type of Service | Appropriation | Estimated Expenditures | Available |
|--|---|-------------------------------|--------------------|
| Adult Comprehensive Services | \$208,714,434 | \$206,687,240 | \$2,027,194 |
| Children's Extensive Support Services | \$6,007,974 | \$5,836,629 | \$171,345 |
| Supported Living Services | \$39,999,973 | \$37,535,536 | \$2,464,437 |
| Case Management | \$17,279,904 | \$16,642,922 | \$636,982 |
| | Total Available | | \$5,299,958 |
| | Total Needed | | \$3,982,060 |
| | From Adult Comprehensive Services | | \$2,027,194 |
| | From Adult Supported Living Services | | \$1,954,866 |
| | Remaining Available | | \$1,317,898 |

The Department has contracted with its auditors to verify the amount of funding necessary for both FY 2007-08 and FY 2008-09. Myers and Stauffer L.C. through an audit report on TRE will recommend the amount of funding they believe is necessary for continued operations.

| Summary of Request FY 2007-08 | Total Funds | General Fund | Cash Funds Exempt | Medicaid Cash Funds | Medicaid General Funds | Net General Fund |
|---|--------------------|---------------------|--------------------------|----------------------------|-------------------------------|-------------------------|
| 1331 Request to Convert Medicaid Cash Funds to General Fund | (\$1,991,030) | \$1,991,030 | (\$3,982,060) | (\$3,982,060) | (\$1,991,030) | \$0 |
| Community Services for People with Disabilities, Program Costs – Special Purpose for TRE to be spent in FY 2007-08 and rolled forward into FY 2008-09 | \$1,991,030 | \$1,991,030 | | | | \$1,991,030 |
| Community Services for People with Disabilities, Program Costs – Adult Comprehensive Services 1331 Request to Convert from MCF to GF Special Purpose | (\$2,027,194) | \$0 | (\$2,027,194) | (\$2,027,194) | (\$1,013,597) | (\$1,013,597) |
| Community Services for People with Disabilities, Program Costs – Adult Supported Living Services 1331 Request to Convert from MCF to GF Special Purpose | (\$1,954,866) | \$0 | (\$1,954,866) | (\$1,954,866) | (\$977,433) | (\$977,433) |

Assumptions for Calculations:

The JBC supports, on an emergency basis, use of up to \$514,000 General Fund out of the FY 2007-08 appropriation from amounts that were expected to be rolled forward to FY 2008-09 to be part of the \$6.5 million General Fund available for "hold harmless" in FY 2008-09. The Department requests that the Hold Harmless funding be kept in tact and that the current estimated under expenditure of Medicaid funds for Adult Comprehensive Services and Adult Supported Living Services be used to provide the necessary funding to support TRE (\$1,991,030), as outlined in their requests to the Department. The Department requests that this amount be allowed to rollforward with a letter note indicating that unexpended General Fund in FY 2007-08 be allowed to provide services in FY 2008-09 for The Resource Exchange.

There is currently authority to roll-forward up to 3.0 percent of this Medicaid appropriation to FY 2008-09, if it is not used in FY 2007-08. The Department requests to use anticipated unexpended Medicaid funding in the Adult Comprehensive Services and Adult Supported Living Services lines converted to General Fund in the Special Purposes line to assist TRE in meeting its obligations and provide additional oversight of their programs.

In addition the Department is committed to the following within its current appropriation:

- a) DDD would use funds that are available in the current budget to augment the funds requested in this supplemental and track those projects through the Program Costs-Special Projects appropriation. This will allow DDD to begin working on the following major issues as soon as possible: Review of TRE's financial situation and technical assistance to TRE so that a FY 2008-09 interim plan for TRE can be developed. The goal of the plan would be to ensure services for people with developmental disabilities in the Colorado Springs area continue un-interrupted. An estimated \$20,000 will likely be required for this review in FY 2007-08. DDD believes this can be absorbed within its FY 2007-08 Developmental Disability Services administration budget.
- b) Study of the requirements placed on all CCBs for non-Medicaid case management and related functions to determine the associated costs, the level of support currently provided, and whether additional funding, or reduced requirements, may be appropriate. An estimated \$150,000 will be required for this contracted study. DDD anticipates that some or all of this can be absorbed within its FY 2007-08 budget (Developmental Disability Administration and Program Costs, Special Purpose). The Department indicates that, at a minimum, it has \$75,000 available within its base budget that could be used to get this study started. The study is anticipated by December 1, 2008.

Impact on Other Government Agencies:

This request will require funding changes in Health Care Policy and Financing budget to reflect the changes in Medicaid funding.

Cost Benefit Analysis:

The cost benefit is based on a comparison of providing the financial assistance funding for TRE to continue operations, versus the estimated cost of start up for an interim agency and costs associated with an RFP and selection of a designated facility to continue long term services.

| Benefit | Amount |
|--|--------------------|
| Interim agency start up (personnel and infrastructure), RFP and long-term agency selection | \$8,000,000 |
| Decision Item Total (\$514,086 General Fund plus \$2,953,888 Medicaid Cash Funds) | \$3,982,060 |
| Cost Benefit Difference | \$4,017,940 |

Statutory and Federal Authority:

27-10.5-104, C.R.S. (2007) Authorized services and supports - conditions of funding - purchase of services and supports - boards of county commissioners - appropriation.

(2) Service agencies receiving funds pursuant to subsection (1) of this section shall comply with all of the provisions of this article and the rules and regulations promulgated thereunder.

(3) Service and support coordination shall be purchased from the community centered board designated pursuant to section 27-10.5-105, except pursuant to subsection (4) of this section.

(4) (a) The department of human services may purchase services and supports, including service and support coordination, directly from service agencies under the following conditions:

(I) The executive director requests the provision of an authorized service or support for which a need has been identified in at least one designated service area and funds are available to purchase such service or support, and the community centered board has failed to purchase such service or support from a service agency or failed to provide it directly; or

Performance Measures:

| Measure | Outcome | FY 2005-06 Actual | FY 2006-07 Target | FY 2007-08 Target | FY 2008-09 Target |
|---|-------------------|------------------------------|------------------------------|----------------------------------|----------------------------------|
| Families will have the enhanced capacity to provide for their child's needs. Increase the percentage of families participating in early intervention services who report that early intervention services have improved the family's ability to help their child develop and learn. | Program Benchmark | N/A | N/A | Increase above FFY 2007 baseline | Increase above FFY 2008 baseline |
| | Actual | N/A | Available in December 2007 | | |
| Young children will have the enhanced capacity to improve their competencies and talents. Increase the percentage of infants and toddlers participating in early intervention services who improve their acquisition and use of knowledge and skills (motor, cognition, speech, language, etc.). | Program Benchmark | N/A | N/A | Increase above FFY 2007 baseline | Increase above FFY 2008 baseline |
| | Actual | N/A | Available in December 2007 | | |
| Integrated employment should be the primary option for all persons receiving Day Habilitation Services and Supports. Increase the percentage of adults with developmental disabilities in the community enrolled in day services who have integrated employment. | Program Benchmark | 30.1% | 30.9% | 31.9% | 33.0% |
| | Actual | 30.1% | 31.4% | | |
| DDD rules dictate that integrated employment should be the primary option for all persons receiving Day Habitation Services and Supports. Projections were calculated from the FY 2006 total enrollment of 6,574 in day program and 1,981 in integrated employment. The projections assume that the total number enrolled each year in Day Habitation will increase by approximately 100 persons. The measure targets a 5% increase each year in the actual number of persons employed after adjusting the total number enrolled in Day Habitation for this assumption. | | | | | |
| Provide a safe and secure residential environment for Regional Center residents. Decrease the rate of critical incidents, as a percentage of the average daily census, at the Regional Centers. | Program Benchmark | N/A | N/A | 10.56% | 10.27% |
| | Actual | N/A | 10.96% | | |
| The benchmarks assume a 3% reduction in the total number of Critical incidents and no change to the average daily census. | | | | | |

| Measure | Outcome | FY 2005-06 Actual | FY 2006-07 Target | FY 2007-08 Target | FY 2008-09 Target |
|--|-------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Provide adult services in the least restrictive setting. Increase the number of adults receiving 24-hour residential services who are able to be moved from institutional settings (Regional Centers, nursing facilities, and Mental Health Institutes) into community-based settings. | Program Benchmark | N/A | 32 | 35 | 36 |
| | Actual | 32 | 35 | | |

* These goals/objectives and performance measures were from the FY 2008-09 DHS Strategic Plan.

STATE OF COLORADO

REPRESENTATIVES
Bernie Buescher, Chairman
Jack Pommer
Al White

SENATORS
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John Morse
Steve Johnson



STAFF DIRECTOR
John Ziegler

JOINT BUDGET COMMITTEE

200 East 14th Avenue, 3rd Floor
LEGISLATIVE SERVICES BUILDING
Denver, CO 80203
Telephone 303-866-2061
www.state.co.us/gov_dir/leg_dir/jbc/jbchome.htm

May 5, 2008

Karen Beye
Executive Director
Colorado Department of Human Services
1575 Sherman Street
Denver, Colorado 80203

Dear Ms. Beye:

The Joint Budget Committee has recently become aware of the financial problems faced by the Resource Exchange (TRE), the community centered board (CCB) serving individuals with developmental disabilities in El Paso, Park, and Teller counties. We understand that TRE previously issued notice of its intent to terminate its contract as the CCB for El Paso, Park, and Teller counties, effective May 10, 2008, as a result of these financial problems. The JBC wishes to avoid the disruption of services for individuals with developmental disabilities. Given TRE's notice to the State, and given that the 2008 legislative session is drawing to a close, the JBC believes it may be helpful to express its intent with respect to certain existing FY 2007-08 appropriations for developmental disability services. Specifically:

1. It is our intent that the Department use **up to** \$514,000 General Fund out of the FY 2007-08 appropriation for Services for People with Disabilities, Developmental Disability Services, Program Costs line item in the "Hold Harmless" category to assist the Resource Exchange through June 30, 2008. It is our expectation that the assistance provided will enable TRE to remain open while an FY 2008-09 interim plan for TRE, and the consumers it serves, is developed.
2. We request that the Department of Human Services use General Fund amounts currently available in the FY 2007-08 Developmental Disability Services, Administration and Program Costs, Special Purpose appropriations to begin work on two major issues:
 - a) Review of TRE's financial situation and technical assistance to TRE so that an FY 2008-09 interim plan for TRE can be developed. The goal of the plan would be to ensure services for people with developmental disabilities in the Colorado Springs area continue uninterrupted.

- b) Study of the requirements placed on all CCBs for non-Medicaid case management and related functions to determine the associated costs, the level of support currently provided, and whether additional funding, or reduced requirements, may be appropriate.

Associated with the above, we request that the Department provide the JBC with the following reports in the coming months:

1. An analysis of TRE's financial situation and a proposal, by June 16, 2008, on an interim plan for Colorado Springs developmental disability services and TRE.
2. A report on developmental disability non-Medicaid case-management requirements and costs. We request you provide this by December 1, 2008. We anticipate that the report will include recommendations for further action including recommendations on any statutory changes that may be needed.

We understand that \$514,000 is the most that would be required to assist TRE in FY 2007-08 and that the Department has funding available this year (FY 2007-08) that will be used for the initial analysis of TRE's financial situation and to begin the study on non-Medicaid case management and related CCB functions. We anticipate that any additional funds that may be required in FY 2008-09 to keep TRE viable, to provide technical assistance to TRE, and to study non-Medicaid case management requirements imposed on CCBs would be requested through the emergency or regular supplemental processes based on further analysis of funds needed and available for these purposes.

We appreciate the Department's willingness to work with the JBC on the above issues and look forward to receiving additional information from you as this becomes available.

Sincerely,

Representative Bernie Buescher
Chairman

cc: John Daurio, DHS
Sharon Jacksi, DHS
Todd Saliman, OSPB
Sarah Sills, OSPB
David Ervin, The Resource Exchange
John Ziegler, JBC