

STATE OF COLORADO

Colorado Department Health Care Policy and Financing
Susan E. Birch, MBA, BSN, RN, Executive Director



Colorado Department of Human Services
Reggie Bicha, Executive Director

John W. Hickenlooper
Governor

February 9, 2012

The Honorable Cheri Gerou, Chair
Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, CO 80203

Dear Representative Gerou:

As a part of our response to joint legislative request for information (LRFI) number 1, the Department of Human Services and the Department of Health Care Policy and Financing had indicated that:

The Department of Human Services has already taken action to address changes in the support needs for waiver clients. However, the departments are conducting additional research to determine if additional changes should be implemented. The assessment and analysis is an ongoing high priority. Both departments continue to analyze the relevant data to identify areas that will produce significant efficiencies with the least disruption to clients. The departments anticipate that results of this analysis will be ready by mid-December and will be shared with the JBC at that time.

The information promised was related to any additional actions that the Departments planned to implement to reduce projected expenditures for FY 2011-12. As the Departments no longer project a need for additional funding to prevent over-expenditures in the People with Developmental Disabilities (DD) waiver programs there were no further actions to report to the JBC.

However, the Departments would like to take this opportunity to update the JBC on the actions that have been, or are planned to be implemented during FY 2011-12 that were described on page 4 of the original LRFI response. The table from page 4 of the original LRFI response is reproduced below with updated projected expenditure reductions.

Service Area	Action Taken	FY 2011-12 estimated expenditure reduction:	FY 2012-13 estimated expenditure reduction:
Behavioral Health	Limit the number of units of Behavioral Services for assessments, consultation and counseling.	(\$250,000)	(\$1,500,000)
Dental Services	Limit Dental Services to \$2,000 per individual plan year for preventative and basic services and \$10,000 per five-year waiver period for major services	(\$155,000)	(\$267,000)
Day Rehabilitation Services	Limit the number of units of Day Habilitation services to 4,800 per year	(\$303,000)	(\$1,900,000)
Support Level Audits	Audit the Support Levels as assigned to clients identified as a community safety risk	(\$2,200,000)	N/A
Targeted Case management	Limit the number of units available for TCM services or reduce the rate per unit	(\$234,961)	(\$1,600,000)
Total Estimated reduction		(\$2,893,211)	(\$5,267,000)

The only change in the projected expenditure reductions are related to the Targeted Case Management change. The Targeted Case Management changes were delayed due to unexpected delays in developing the State Plan Amendment and Rule changes. This has changed the projected implementation date of the Targeted Case Management changes from January 1, 2012 to April 1, 2012. Despite the resulting revision to the expenditure reduction figures, the Departments do not anticipate any need for additional funding for the DD Waiver programs. The Departments plan to offset any remaining shortfall using unspent Early Intervention General Fund to draw matching federal Medicaid funds. In the event that expenditures spike unexpectedly, the Departments would consider other actions to prevent any need to request additional funding for the DD waivers.

It should be emphasized that the Departments will not submit budget requests related to these actions. The expenditure reductions associated with these actions are necessary to keep the DD waiver programs from over expending. If the appropriation were reduced by the projected expenditure reductions, the programs would likely overspend their appropriations by the amount of the reductions.

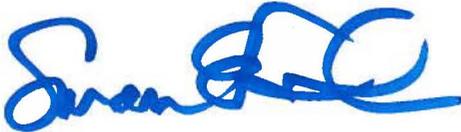
The Departments have been doing a significant amount of data analysis related to the expenditures in the DD waiver programs. The Departments are in the process of verifying the analyses. Once the analyses have been verified, no later than March 9, 2012, the Departments will provide the JBC with both a summary of the results of the analyses as well as the detailed analyses.

The Departments continue to review data related to the DD waiver programs to better understand patterns of service utilization and expenditures with the goal to improve the efficiency and effectiveness of the DD waiver programs without impact to some of the state's most vulnerable

populations. The Departments look forward to continue working with a broad range of stakeholder groups, including clients, client advocates, the CCBs and General Assembly members to achieve this goal.

Questions regarding the information in this letter can be addressed to Joscelyn Gay, Director, Office of Long Term Care, Colorado Department of Human Services, 303-866-2806 or to Suzanne Brennan, Medicaid Director, Colorado Department of Health Care Policy and Financing, 303-866-5929.

Sincerely,



Susan E. Birch, MBA, BSN, RN
Executive Director



Reggie Bicha
Executive Director

Cc: Senator Mary Hodge, Vice-Chair, Joint Budget Committee
Senator Pat Steadman, Joint Budget Committee
Senator Kent Lambert, Joint Budget Committee
Representative Jon Becker, Joint Budget Committee
Representative Claire Levy, Joint Budget Committee
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Senator John Morse, Senate Majority Leader
Senator Bill Cadman, Senate Minority Leader
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