

Colorado Legislative Council Staff

**STATE
FISCAL IMPACT**

Drafting Number: LLS 02-0579

Date: January 12, 2002

Prime Sponsor(s): Rep. Boyd

Bill Status: House HEWI

Fiscal Analyst: Janis Baron (303-866-3523)

TITLE: CONCERNING CHILD WELFARE SERVICE RATES.

Fiscal Impact Summary	FY 2002/2003	FY 2003/2004
State Revenues		
General Fund		
State Expenditures		
General Fund	\$ 10,000	\$ 0
Federal Fund	10,000	0
FTE Position Change	0.0 FTE	0.0 FTE
Other State Impact: None		
Effective Date: 90 Days After Adjournment Unless Referendum Petition Is Filed		
Appropriation Summary for FY 2002/2003:		
Department of Human Services	\$ 20,000	Total
	10,000	General Fund
	10,000	Federal Funds
Local Government Impact: None		

Summary of Legislation

The bill includes the following provisions related to child welfare provider rates:

- requires the Department of Human Services (DHS) and county departments of social services to annually pass through the entire portion of treatment and room and board rate increases for child welfare services appropriated by the General Assembly to the providers of these services;
- requires the DHS to make necessary changes to ensure that cost reporting requirements for child welfare service providers are instructive to ensure that cost reports received by the department are consistent and uniform;
- authorizes the DHS to adjust base room and board provider rates;
- on or before December 1, 2002, requires the DHS to develop a rate setting methodology for providers that uses provider cost reports and adjusts for the levels of service provided;
- requires DHS to establish an appeals process for rate disputes;

- establishes reporting requirements on the new rate setting methodology; and
- with the approval of the Joint Budget Committee, requires implementation of the new rate methodology in FY 2004-05.

State Expenditures

The bill is assessed at having a total fiscal impact of \$20,000 in FY 2002-03 only.

Section 26-5-104 (6) (b) — of the bill requires the DHS and county department to pass through the entire portion of treatment and room and board rate increases for child welfare services appropriated by the General Assembly. The fiscal note assumes that counties will pass through the rate increases to providers separate from their authority to negotiate rates, services, and outcomes with providers.

Section 26-5-104.4 (1) — of the bill requires the DHS to review the current cost reporting rules for providers and make all necessary changes to ensure that the cost reporting requirements are instructive as to how cost factors should be reported so that the DHS receives consistent and uniform cost reports from providers. The DHS indicates that cost reporting requirements can be rewritten and implemented at no additional cost. However, providers and county staff will require training to implement the new cost reporting requirements. The fiscal note assumes that 8 regional training sessions will be conducted at a cost of \$2,500 per session (8 * \$2,500 = \$20,000). Of the total amount required, 50 percent is General Fund and 50 percent is eligible for Title IV-E reimbursement.

Sections 26-5-104.5 (3), (5) and (6) — of the bill require the DHS to develop an equitable rate setting methodology by December 1, 2002; report to the General Assembly on or before May 31, 2003; and implement the new rate setting methodology in FY 2004-05 with the approval of the Joint Budget Committee. The DHS indicates that it, together with the Residential Treatment Center workgroup, families, county departments, and other concerned individuals can develop a rate setting methodology and report to the General Assembly using existing appropriations. The fiscal note assumes that any funding increase needed to implement a rate increase resulting from the new methodology will be addressed through the annual budget process. The bill stipulates that implementation of the new methodology requires the approval of the Joint Budget Committee. Thus, the General Assembly will be apprised as this process unfolds.

State Appropriations

The fiscal note indicates that the Department of Human Services should receive an appropriation for \$20,000 in FY 2002-03. Of the total amount, \$10,000 is General Fund and \$10,000 is federal funds (Title IV-E).

Departments Contacted

Human Services