

Colorado Legislative Council Staff Fiscal Note

**FINAL  
FISCAL NOTE**

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<b>Drafting Number:</b> LLS 15-0829	<b>Date:</b> October 5, 2015
<b>Prime Sponsor(s):</b> Rep. Young Sen. Grantham	<b>Bill Status:</b> Signed into Law
	<b>Fiscal Analyst:</b> Kerry White (303-866-3469)

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**BILL TOPIC:** CONSOLIDATE INTELLECTUAL AND DEV DISAB WAIVERS

<b>Fiscal Impact Summary*</b>	<b>FY 2015-2016</b>	<b>FY 2016-2017</b>
<b>State Revenue</b>		
<b>State Expenditures**</b>	<b><u>\$1,188,491</u></b>	<b><u>\$988,204</u></b>
Cash Funds	394,245	394,102
Federal Funds	794,246	594,102
<b>FTE Position Change</b>	2.7 FTE	3.0 FTE
<b>Appropriation Required:</b> See State Appropriations section.		

\* This summary shows changes from current law under the bill for each fiscal year.

\*\* These costs include centrally appropriated costs as a result of the bill's appropriations clause.

**Summary of Legislation**

**Recommended by the Joint Budget Committee**, this bill requires the Department of Health Care Policy and Financing to consolidate two Medicaid waiver programs for home- and community-based services (HCBS) for adults with intellectual and developmental disabilities. The consolidation is required to occur by July 1, 2016, or as soon as the department receives approval from the federal Centers for Medicare and Medicaid Services (CMS).

The redesigned waiver must include flexible service definitions, provide access to services and supports when and where they are needed, offer services and supports based on the individual's needs and preferences, and incorporate specific principles. A functional eligibility and needs assessment tool, an assessment process, and a service payment system that meet certain criteria are also required. The consolidated waiver must ensure continuity of support for adults with intellectual and developmental disabilities that were receiving services as of January 1, 2016.

The department is required to notify the Joint Budget Committee no later than June 1, 2016, if the CMS has not approved the consolidated waiver. The department is also required to collaborate with community-centered boards and other stakeholders to develop a plan, no later than July 1, 2016, concerning the delivery of conflict-free case management services that complies with federal regulations. The department must also report on plan development and needed statutory changes to the Joint Budget Committee during the FY 2016-17 budget process.

For FY 2015-16, the bill includes an appropriation of \$788,347 from the Intellectual and Developmental Disabilities Services Cash Fund and \$1,388,348 federal funds. The bill provides for roll forward spending authority to the next fiscal year for any portion of the funds not expended in FY 2015-16.

**State Expenditures**

**This bill increases state expenditures by \$1.2 million and 2.7 FTE in FY 2015-16 and by \$1 million and 3.0 FTE in FY 2016-17 in the Department of Health Care Policy and Financing.** While costs are less than the amount appropriated for FY 2015-16, this analysis assumes that unexpended funds will roll forward to pay costs in FY 2016-17. Table 1 and the discussion that follows present the costs of the bill.

<b>Table 1. Expenditures Under HB15-1318.</b>		
<b>Cost Components</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>
Personal Services*	\$209,732	\$231,936
FTE	2.7 FTE	3.0 FTE
Operating Expenses and Capital Outlay Costs	16,959	2,850
General Contracting	211,800	403,418
Computer Systems Changes	500,000	250,000
Financial Analysis	250,000	100,000
<b>TOTAL</b>	<b>\$1,188,491</b>	<b>\$988,204</b>
<b>Cash Funds</b>	<b>394,245</b>	<b>394,102</b>
<b>Federal Funds</b>	<b>794,246</b>	<b>594,102</b>

\* This amount includes health insurance and supplemental retirement payments.

**Department of Health Care Policy and Financing.** This analysis assumes that federal approval of the consolidated waiver will not occur until FY 2017-18 and that the existing waivers will continue through June 30, 2019, to allow time for client transition. Until FY 2017-18, estimated costs are shown for computer systems changes (\$750,000), financial analysis (\$350,000), and general contracting (\$615,218) to develop new payment methodologies, conduct caseload and utilization analysis, review administrative authority delegation and procedures, and prepare an analysis on conflict-free case management. These costs are split between FY 2015-16 and FY 2016-17.

In addition to contracting and financial analysis, a total of 3.0 FTE is required to assist in developing system capacity and a statewide provider network, to act as a resource specialist for the Colorado Medicaid Benefits Collaborative, and to serve as a HCBS rules and policy specialist to liaison between the contractors and the department. All positions are assumed to be a General Professional IV level. Standard one-time capital outlay costs and ongoing annual operating costs are shown. First-year costs are prorated to reflect the effective date of the bill.

**Department of Public Health and Environment.** If the consolidated waiver and resulting plan affect provider monitoring duties, costs or workload may be impacted. As of this writing, any such impact is anticipated to be minimal. This analysis assumes that if costs and workload increase or decrease significantly, adjustments in appropriations will be addressed through the annual budget process.

**Effective Date**

The bill was signed into law by the Governor on June 5, 2015, and it became effective on August 5, 2015.

**State Appropriations**

For FY 2015-16, the bill includes the following appropriations to the Department of Health Care Policy and Financing:

- \$788,347 from the Intellectual and Developmental Disabilities Services Cash Fund; and
- \$1,388,348 federal funds.

The department is also allocated 2.7 FTE.

**State and Local Government Contacts**

Health Care Policy and Financing  
Public Health and Environment

Joint Budget Committee Staff