


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 12-0705
Prime Sponsor(s): Rep. Gerou
 Sen. Hodge

Date: January 31, 2012
Bill Status: House Finance
Fiscal Analyst: Bill Zepernick (303-866-4777)

TITLE: CONCERNING A GRANT PROGRAM TO PROVIDE HOME CARE ALLOWANCE BENEFITS TO CERTAIN ELIGIBLE INDIVIDUALS.

Fiscal Impact Summary	FY 2011-2012 (Current year)	FY 2012-2013	FY 2013-2014
State Revenue			
State Expenditures General Fund Cash Funds (Local Funds)	No net change. See State Expenditures section.		
FTE Position Change	0.3 FTE	1.0 FTE	1.0 FTE
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.			
Appropriation Summary for FY 2012-2013: See State Appropriations section.			
Local Government Impact: None.			

Summary of Legislation

The bill creates the Home Care Allowance (HCA) Grant Program in the Department of Human Services (DHS). The grant program is to assist certain people who previously were receiving both regular HCA assistance and certain Medicaid waiver home- and -community-based services (HCBS), but who dropped HCA assistance when required to choose between the two programs as a result of House Bill 10-1146, which prohibited simultaneous enrollment in both HCA and HCBS.

To receive an HCA grant under the new program, a person must:

- have been receiving HCA assistance as of December 31, 2011;
- no longer be eligible for HCA assistance because the person is receiving services through either the Supported Living Services (SLS) or the Children's Extensive Service (CES) HCBS waiver programs;
- be within \$1,000 of the maximum benefit allowable under the HCBS waiver program on December 31, 2011;
- meet any other eligibility requirement established by the DHS; and
- submit an application to the DHS.

The DHS is required to adopted rules governing the grant program, including the application, eligibility, and redetermination requirements and the amount of grant assistance provided. Funding for the grant program is to be diverted from the regular HCA assistance program. The DHS is required to gather information on the grant program and its recipients and submit a report to the relevant committees of the General Assembly by October 15, 2016. The grant program is repealed on July 1, 2017.

State Expenditures

The bill results in **no net change** in costs in the DHS, as it diverts funds from the regular HCA program to the new HCA grant program. Total funding required to be set aside for the HCA grant program is expected to be **\$469,612 in FY 2011-12 and \$799,086 in FY 2012-13** and each year thereafter. Costs include grants to eligible applicants and administrative costs to manage the new program as described in Table 1 and the discussion below. Available funding for the regular HCA assistance program is decreased by the same amount.

Table 1. Administrative Costs Under HB 12-1177			
Cost Components	FY 2011-12	FY 2012-13	FY 2013-14
<i>Home Care Allowance Grants</i>			
Grant Payments to Clients	\$436,692	\$691,940	\$691,940
<i>Administrative costs</i>			
Personal Services	\$15,846	\$63,385	\$63,385
FTE	0.3	1.0	1.0
Operating Expenses and Capital Outlay	5,653	950	950
Single Entry Point Administration	9,569	38,277	38,277
Printing and Postage	380	380	380
Travel	500	250	250
Electronic Fund Transfer Costs	972	3,904	3,904
Administrative Costs Total	\$32,920	\$107,146	\$107,146
TOTAL	\$469,612	\$799,086	\$799,086

HCA grant assistance. There are an estimated 241 persons who meet the criteria for the new grant program who stopped receiving HCA payments as of January 1, 2012, under House Bill 10-1146. Assuming an average award of \$302 per month and that the DHS rules allow payments to be retroactive to January 1, 2012, HCA grant payments will total \$436,692 in FY 2011-12. Full-year costs for HCA grant assistance increases to \$691,940 in subsequent years.

Administrative costs. The new HCA grant program is expected to have administrative costs of \$32,920 and 0.3 FTE in FY 2011-12, assuming the bill is signed into law and rules promulgated in time for the program to start by April 1, 2012. Full-year administrative costs are expected to be \$107,146 and 1.0 FTE in FY 2012-13 and each year thereafter. Costs include a staff person to administer the grant program, standard operating and capital outlay expenses, printing and postage to communicate with clients, travel, electronic fund transfer fees to transmit funding to recipients, as well as an increase in the contract payments to single entry point agencies for assessing clients to determine program eligibility.

Effect on current HCA assistance recipients. By carving out funding for the new grant program, it is assumed that payments to regular HCA assistance recipients will decrease in order to serve all clients within existing appropriations. The regular HCA program has three payment tiers based on the client's level of need. Table 2 shows the anticipated decrease in payment amount by payment tier.

Payment Level	Current Law	Under HB 12-1177
Tier I (Lowest need)	\$200	\$136
Tier II	\$342	\$278
Tier III (Highest need)	\$475	\$411

Expenditures Not Included

Pursuant to a Joint Budget Committee 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 are summarized in Table 3.

Cost Components	FY 2011-12	FY 2012-13	FY 2013-14
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$1,538	\$6,151	\$6,151
Supplemental Employee Retirement Payments	717	3,379	3,891
TOTAL	\$2,255	\$9,530	\$10,042

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

State Appropriations

The bill requires the following appropriations to the Department of Human Services in FY 2011-12:

- \$469,612 General Fund and 0.3 FTE to the Home Care Allowance Grant Program; and
- a decrease of (\$469,612) General Fund from the existing Home Care Allowance Program.

Further, the bill requires the following appropriations to the Department of Human Services in FY 2012-13:

- \$799,086 General Fund and 1.0 FTE for the Home Care Allowance Grant Program; and
- a decrease of (\$799,086) General Fund from the existing Home Care Allowance Program.

Departments Contacted

Human Services

Health Care Policy and Financing

JBC