

# Joint Budget Committee



## Staff Figure Setting FY 2025-26

### Department of Health Care Policy and Financing (Office of Community Living)

JBC Working Document - Subject to Change  
Staff Recommendation Does Not Represent Committee Decision

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# Contents

|                                                                                       |    |
|---------------------------------------------------------------------------------------|----|
| Department Overview .....                                                             | 1  |
| Summary of Staff Recommendations .....                                                | 1  |
| Description of Incremental Changes.....                                               | 2  |
| Major Differences from the Request .....                                              | 5  |
| Decision Items Affecting Multiple Divisions .....                                     | 6  |
| ➔ R7a County Escalation Resolution Unit .....                                         | 6  |
| ➔ R7b S.B. 22-235 implementation .....                                                | 8  |
| ➔ R7c Colorado Benefits Management System development.....                            | 13 |
| ➔ R7d County eligibility administration .....                                         | 17 |
| ➔ R11a CIH waiver [requires legislation].....                                         | 21 |
| ➔ R11b Hospital Backup Unit expansion .....                                           | 23 |
| ➔ R11c Alternative Care Facilities rates .....                                        | 25 |
| ➔ R11e Supported employment for IDD .....                                             | 27 |
| ➔ BA9 DOJ Settlement Agreement.....                                                   | 32 |
| (4) Office of Community Living .....                                                  | 40 |
| Decision Items .....                                                                  | 41 |
| ➔ R5 OCL caseload adjustment .....                                                    | 41 |
| ➔ R11d CHRP respite rate.....                                                         | 46 |
| Line Item Detail .....                                                                | 47 |
| (A) Division of Intellectual and Developmental Disabilities.....                      | 47 |
| (1) Administrative Costs.....                                                         | 47 |
| (2) Medicaid Programs.....                                                            | 49 |
| (3) State-Only Programs.....                                                          | 53 |
| (7) Transfers to Other State Department Medicaid-Funded Programs (7 line items) ..... | 57 |
| Decision Items .....                                                                  | 57 |
| ➔ BA8b Technical adjustments – DHS indirects .....                                    | 57 |
| Line Item Detail (7 line items) .....                                                 | 58 |
| (3) Office of Economic Security.....                                                  | 58 |
| (6) Office of Adults, Aging, and Disability Services .....                            | 59 |

|                                    |     |
|------------------------------------|-----|
| (7) Other.....                     | 62  |
| Long Bill Footnotes .....          | 64  |
| Requests for Information.....      | 65  |
| Additional Balancing Options ..... | 65  |
| Appendix A: Numbers Pages.....     | A-1 |

**How to Use this Document:** The Department Overview contains a table summarizing the staff recommended incremental change. A similar overview table is provided for each division, but the description of incremental changes is not repeated since it is available under the Department Overview. More details about the incremental changes are provided in the sections following the Department Overview and the division summary table.

Decision items, both department-requested items and staff-initiated items, are discussed either in the Decision Items Affecting Multiple Divisions or at the beginning of the most relevant division. Within a section, decision items are listed in the requested priority order, if applicable.

## Department Overview

This Joint Budget Committee staff figure setting document addresses only the Office of Community Living.

The Department helps pay medical and long-term care expenses for low-income and vulnerable populations. To assist with these costs, the Department receives significant federal matching funds, but must adhere to federal rules regarding program eligibility, benefits, and other features, as a condition of accepting the federal money. The major programs administered by the Department include:

- **Medicaid** – serves people with low income and people needing long-term care
- **Children's Basic Health Plan** – provides a low-cost insurance option for children and pregnant women with income slightly higher than the Medicaid eligibility criteria
- **Colorado Indigent Care Program** – defrays a portion of the costs to providers of uncompensated and under-compensated care for people with low income, if the provider agrees to program requirements for discounting charges to patients on a sliding scale based on income
- **Old Age Pension Health and Medical Program** – serves elderly people with low income who qualify for a state pension but do not qualify for Medicaid or Medicare.

The Department also performs functions related to improving the health care delivery system, including advising the General Assembly and the Governor, distributing tobacco tax funds through the Primary Care and Preventive Care Grant Program, financing Public School Health Services, and housing the Commission on Family Medicine Residency Training Programs.

## Summary of Staff Recommendations

In the table below, the highlighted rows are those that will be discussed as part of the figure setting recommendations for the Office of Community Living. The remaining rows represent the staff recommendations on items that were covered in other figure setting presentations. The figures in the table represent the staff recommendations and not the JBC's actions.

| Department of Health Care Policy and Financing |                 |               |              |                 |               |      |
|------------------------------------------------|-----------------|---------------|--------------|-----------------|---------------|------|
| Item                                           | Total Funds     | General Fund  | Cash Funds   | Reapprop. Funds | Federal Funds | FTE  |
| FY 2024-25 Appropriation                       |                 |               |              |                 |               |      |
| FY 2024-25 Appropriation                       | \$1,269,221,723 | \$613,665,022 | \$31,823,987 | \$0             | \$623,732,714 | 39.5 |
| Long Bill supplemental                         | 77,139,940      | 40,122,268    | -1,552,298   | 0               | 38,569,970    | 0.0  |
| Total FY 2024-25                               | \$1,346,361,663 | \$653,787,290 | \$30,271,689 | \$0             | \$662,302,684 | 39.5 |
| FY 2025-26 Recommended Appropriation           |                 |               |              |                 |               |      |
| FY 2024-25 Appropriation                       | \$1,346,361,663 | \$653,787,290 | \$30,271,689 | 0               | \$662,302,684 | 39.5 |
| R5 OCL caseload adjustment                     | 177,690,388     | 78,728,954    | 9,257,033    | 0               | 89,704,401    | 0.0  |
| R7a County escalation resolution unit          | 0               | 0             | 0            | 0               | 0             | 0.0  |

| Department of Health Care Policy and Financing |                        |                      |                     |                       |                      |             |
|------------------------------------------------|------------------------|----------------------|---------------------|-----------------------|----------------------|-------------|
| Item                                           | Total Funds            | General Fund         | Cash Funds          | Reappropriation Funds | Federal Funds        | FTE         |
| R7b S.B. 22-235 implementation                 | 0                      | 0                    | 0                   | 0                     | 0                    | 0.0         |
| R7c CBMS development                           | 214,909                | -62,623              | -29,592             | 43,582                | 263,542              | 0.0         |
| R7d County eligibility administration          | 0                      | 0                    | 0                   | 0                     | 0                    | 0.0         |
| R11a CIH waiver                                | 0                      | 0                    | 0                   | 0                     | 0                    | 0.0         |
| R11b Hospital backup unit expansion            | -839,287               | -478,182             | 0                   | 0                     | -361,105             | 0.0         |
| R11c Alternative Care Facilities rates         | -717,626               | -358,813             | 0                   | 0                     | -358,813             | 0.0         |
| R11d CHRP respite rate                         | -176                   | -88                  | 0                   | 0                     | -88                  | 0.0         |
| R11e Supported employment for IDD              | 350,000                | 35,000               | 0                   | 0                     | 315,000              | 0.0         |
| BA11 ARPA HCBS adjustments*                    | -15,844,106            | 0                    | -7,158,390          | 0                     | -8,685,716           | 0.0         |
| BA8b Technical adjustment - DHS indirects      | 500,000                | 500,000              | 0                   | 0                     | 0                    | 0.0         |
| BA9 DOJ Settlement Agreement                   | 1,355,142              | 710,266              | 0                   | 0                     | 644,876              | 10.2        |
| Annualize prior year budget actions            | 15,488,417             | 8,392,848            | -864,670            | 0                     | 7,960,239            | 0.0         |
| Community First Choice                         | 0                      | -1,477,443           | 0                   | 0                     | 1,477,443            | 0.0         |
| <b>Total FY 2025-26</b>                        | <b>\$1,524,559,324</b> | <b>\$739,777,209</b> | <b>\$31,476,070</b> | <b>\$43,582</b>       | <b>\$753,262,463</b> | <b>49.7</b> |
| Changes from FY 2024-25                        | \$178,197,661          | \$85,989,919         | \$1,204,381         | \$43,582              | \$91,959,779         | 10.2        |
| Percentage Change                              | 13.2%                  | 13.2%                | 4.0%                | n/a                   | 13.7%                | 25.8%       |
| FY 2025-26 Executive Request                   | \$1,320,628,178        | \$649,436,260        | \$22,597,296        | \$0                   | \$648,594,622        | 39.5        |
| Staff Rec. Above/-Below Request                | \$203,931,146          | \$90,340,949         | \$8,878,774         | \$43,582              | \$104,667,841        | 10.2        |

\* This decision item is not addressed in this document.

## Description of Incremental Changes

### FY 2024-25

**Recommended Long Bill Add-on:** Staff recommends a supplemental adjustment of \$77.1 million total funds, including \$40.1 million General Fund, to the FY 2024-25 appropriations to account for enrollment and utilization trends identified in the Department’s February forecast for the Office of Community Living for care and case management stabilization.

### FY 2025-26

**R5 Office of Community Living (OCL) caseload:** Staff recommends a net increase of \$177.7 million total funds, including an increase of \$78.7 million General Fund, for projected changes in caseload, per capita expenditures, and fund sources for long-term services and supports for people with intellectual and developmental disabilities.

**R7a County escalation resolution unit:** Staff recommends denial of the request. The request includes an increase of \$1.1 million total funds, including \$0.3 million General Fund, and 3.7 FTE in FY 2025-26 for the Department’s County Escalations Resolution Unit. The request includes funding for contract staff support.

**R7b S.B. 22-235 implementation:** Staff recommends denial of the request. The request includes an increase of \$2.0 million total funds, including \$349,314 General Fund, and 4.6 FTE in FY

2025-26 to implement the findings of the studies conducted in accordance with S.B. 22-235 (County Administration of Public Assistance Programs).

**R7c Colorado Benefits Management System (CBMS) development:** Staff recommends an increase of \$214,909 total funds, including a reduction of \$62,623 General Fund, to replace current data syncing technology, implement advanced monitoring, and automate user acceptance testing of software.

**R7d County eligibility administration:** Staff recommends denial of the request. The request includes \$21.0 million total funds, including \$2.6 million General Fund, to support eligibility determinations for and administration of medical assistance programs by counties.

**R11a Complementary Integrated Health Services (CIH) waiver [requires legislation]:** Staff recommends the Committee sponsor legislation to extend the Complimentary and Integrated Health Services waiver; however, staff recommends extending the current repeal date by five years instead of an indefinite extension. Staff recommends an appropriation of \$2,561,312 total funds, including \$1,280,656, General Fund, and 2.0 FTE in FY 2025-26 be included in the legislation.

**R11b Hospital Backup Unit expansion:** Staff recommends a reduction of \$0.8 million total funds, including \$0.5 million General Fund, in FY 2025-26 due to the expansion of eligibility for utilization of Hospital Backup Units.

**R11c Alternative Care Facilities rates:** Staff recommends a reduction of \$0.7 million total funds, including \$0.4 million General Fund, in FY 2025-26 and ongoing from the implementation of a tiered rate structure for services offered in Alternative Care Facilities.

**R11d Children’s Habilitation Residential Program (CHRP) respite rate:** Staff recommends a reduction of \$176 total funds, including \$88 General Fund, in FY 2025-26 and ongoing for adjustments to the group respite rate for the Children’s Habilitation Residential Program waiver.

**R11e Supported employment for IDD:** Staff recommends an increase of \$350,000 total funds, including \$35,000 General Fund, in FY 2025-26 to amend the payment model for the Supported Employment Pilot program

**BA8b Technical adjustments – DHS indirects:** Staff recommends the consolidation of the *Federal Medicaid Indirect Cost Reimbursement for Human Services Programs* line item with the *Department of Human Services Indirect Cost Assessment* line item. This consolidation moves \$500,000 federal Medicaid funds between the lines, but also requires an increase of \$500,000 General Fund in the *Department of Human Services Indirect Cost Assessment* line item for matching purposes. As HCPF is the managing department for Medicaid, where matching funds are appropriated, staff further recommends that the FY 2025-26 Department of Human Services appropriation be reduced by \$3,682,567 General Fund across various line items. The recommendation in a net General Fund reduction of \$3,182,567 in FY 2025-26 and ongoing.

**BA9 DOJ Settlement Agreement:** Staff recommends in an increase of \$1,355,142 total funds, including \$707,052 General Fund, and 10.2 FTE. The recommendation is functionally the

annualization of the related FY 2024-25 supplemental action taken by the Committee regarding this decision item.

| Net Impact of S9/BA9 for FY 2025-26 Appropriation |             |              |            |                 |               |      |
|---------------------------------------------------|-------------|--------------|------------|-----------------|---------------|------|
| Budget action                                     | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE  |
| FY 2024-25 supplemental                           | \$2,384,037 | -\$687,424   | \$0        | \$0             | \$3,071,461   | 2.6  |
| FY 2025-26 annualization                          | 1,355,142   | 710,266      | 0          | 0               | 644,876       | 10.2 |
| FY 2025-26 net impact                             | \$3,739,179 | \$22,842     | \$0        | \$0             | \$3,716,337   | 12.8 |

## Major Differences from the Request

The largest dollar difference between the request and the JBC staff recommendation is due to the JBC staff using the Department's February 2025 forecast of expenditures for the Office of Community Living, rather than the November 2024 forecast that was used for the Governor's request. The February 2025 forecast is higher than the forecast used for the Governor's request by \$77.1 million total funds, including \$40.1 million General Fund, in FY 2024-25 and \$82.4 million total funds, including \$40.6 million General Fund, in FY 2025-26. The cumulative General Fund difference over the two years is \$159.7 million higher than the Governor's November request.

The next largest difference from the request is the staff recommendation to deny the majority of the Department's R7(a-d) request. The request sought \$38.4 million total funds, including \$4.1 million General Fund, for discretionary spending related to county administration of medical assistance programs, primarily for eligibility determination related efforts. Included in this request are the conversion of term-limited staff to permanent status, as well as increases in ongoing appropriations for software development related to the Colorado Benefits Management System.



# Decision Items Affecting Multiple Divisions

## → R7a County Escalation Resolution Unit

### Request

The Department requests an increase of \$1,083,014 million total funds, including \$323,247 General Fund, and 3.7 FTE (representing four new positions) in FY 2025-26 to make the Department's county escalations resolution unit a permanent program and to expand its operations. The request includes:

- \$457,835 total funds, including \$153,375 General Fund, and 3.7 FTE to hire state employees to assist in updating member eligibility information in the Colorado Benefits Management System;
- \$393,864 total funds, including \$131,944 General Fund, for contractor resources to manage the complaints and grievances tracking system; and
- \$231,315 total funds, including \$37,928 General Fund, to purchase Salesforce licenses for all counties and case management agencies for access to the tracking system.

The request increases to \$1,094,204 total funds, including \$327,008 General Fund, and 4.0 FTE in FY 2026-27 and ongoing.

### Recommendation

**Staff recommends denial of the request.** Given the current budgetary constraints, converting term-limited resources into permanent staff is not advisable. The discontinuation of the term-limited funding for the escalations resolution unit does not prevent members from seeking redress. Members are still able to use the standard appeals process through the Office of Administrative Courts, for which the Committee has approved additional resources in FY 2025-26 to buttress the Medicaid appeals process.

### Analysis/Background

Last session, the General Assembly approved the Department's FY 2024-25 BA6 (Public health emergency unwind) request that provided funding for contractor resources through June 30, 2025. With this funding, the Department created an escalations resolution unit. One position in this unit focuses on Home- and Community-based Services member eligibility escalations and coordinates with the Department, community partners and case managers to assist members with both functional and financial eligibility escalations. The remaining positions respond to complaints and escalations about financial eligibility.

The Department reports an increase in the number of grievances received each month and that the counties and Case Management Agencies lack resources for real-time tracking of escalations. However, the surge in county escalations and grievances that predicated the FY 2024-25 budget action appears to have subsided. The Department reports that escalations and

grievances peaked at 1,039 in March 2024, but fell by nearly half by the end of the calendar year. Each case takes 1-3 hours to resolve.

| County Grievances Queue and Days to Resolve Grievances |                               |                                  |
|--------------------------------------------------------|-------------------------------|----------------------------------|
| Month                                                  | County Escalations/Grievances | Avg. Days to Resolve a Grievance |
| October-24                                             | 630                           | 11.1                             |
| September-24                                           | 558                           | 8.1                              |
| August-24                                              | 698                           | 10.3                             |
| July-24                                                | 680                           | 12.8                             |
| June-24                                                | 617                           | 19.7                             |
| May-24                                                 | 910                           | 35.0                             |
| April-24                                               | 1,054                         | 36.2                             |
| March-24                                               | 1,039                         | 8.6                              |
| February-24                                            | 956                           | 14.0                             |
| January-24                                             | 760                           | 14.9                             |
| December-23                                            | 676                           | 18.8                             |
| November-23                                            | 537                           | n/a                              |
| October-23                                             | 571                           | n/a                              |
| Pre-pandemic*                                          | n/a                           | n/a                              |

The Department asserts that some state staff are needed on an ongoing basis, as only governmental, merit-based employees can update member information in the Colorado Benefits Management System. Of the six contracted staff that were approved in the for FY 2024-25, the Department seeks funding to continue three, with additional funding to hire four state employees. To alleviate some of the burden on counties resulting from complaints and escalations, the Department anticipates state staff will update member eligibility without having to divert every escalation to county staff for resolution. The contract staff would assist in the management of the grievance submission system and coordinate workload between state employees, counties, and case management agencies. Lastly, the Department is seeking funding for Salesforce licenses for all 64 counties and 15 case management agencies. These licenses will give counties and case management agencies access to the escalations tracking system in order to help manage those cases that require county intervention.

The Department reports that the scope of work for the escalations unit has also increased over the course of FY 2024-25. In the latter part of 2024, the escalations unit began conducting root cause analyses to determine county compliance issues, instead of simply sending the ticket to the county for resolution. This increases the average ticket resolution time from 2.5 hours to 3.5 hours. Beginning in 2025, the unit now conducts discrimination reviews and auxiliary aids and services reviews. These reviews are intended to ensure counties are not discriminating against applicants or members, and that the appropriate auxiliary aids (e.g., language access or braille) are provided to the individual filing a complaint or grievance. The Department anticipates that this will add an additional 0.5 to 1 hour of resolution time, taking the average ticket resolution time to 4 hours per ticket. While well intentioned, the expansion of scope of the unit prior to the authorization of ongoing funding raises concerns.

## → R7b S.B. 22-235 implementation

### Request

The Department requests an increase of \$2,016,059 total funds, including \$349,314 General Fund, and 4.6 FTE in FY 2025-26 to implement the findings of the studies conducted in accordance with S.B. 22-235 (County Administration of Public Assistance Programs). Specifically, the Department requests:

- \$92,200 total funds, including \$30,887 General Fund, and 0.9 FTE to support collaboration between the State and counties;
- \$106,636 total funds, including \$35,724 General Fund, and 0.9 FTE to develop business process standards;
- \$400,000 total funds, including \$134,000 General Fund, for contractor resources to improve hiring and retention practices; and
- \$1.4 million total funds, including \$148,703 General Fund, and 2.8 FTE to improve policy documentation and dissemination, which includes upgrades and improvements to the Colorado Benefits Management System (CBMS).

### Collaboration Support

The Department is seeking \$92,200 total funds for a staffing resource to assist counties with complex cases and coordinate with the Department of Human Services. The request asserts that there is a lack of dedicated staff to respond to county eligibility questions and staff are overwhelmed with their regular duties. The Department would use the additional staff resource to provide direct support with complex cases or cases where policies or system data entry requirements are misaligned. The Department proposes several improvements that include:

- establishing expectations for counties on how to document what steps were taken to attempt to locate the answer for which they are seeking guidance;
- establishing expectations for state responses to be helpful, comprehensive, and provide examples of how to apply policy to the case, rather than responding with rule; and
- requiring that the program areas coordinate their responses when policies are misaligned.

The Department expects reductions in the time it takes to respond to county email inquiries, allowing counties to respond to clients within a reasonable timeframe. Additionally, the additional staff will help to align policies with the Department of Human Services as complex cases are resolved.

### Develop Business Process Standards

To develop county business process standards, implement standards in rule and contracts, and align administrative requirements with the Department of Human Services in its role of conducting county oversight, the Department of Health Care Policy and Financing requests \$106,363 total funds for an additional staff position. This position is anticipated to help establish the criteria that the Department and counties can use to evaluate their performance against the standard and determine measures for evaluating performance and how that data

will be collected and reported. The state does not currently have business process standards for its public and medical assistance programs, which could lead to inconsistent delivery of programs across counties.

The Department believes it crucial that a series of business process standards be developed and applied to across all counties, arguing that federal regulations support this approach. The request asserts that inconsistent public and medical assistance program delivery can result in significant costs, such as a delay in the delivery of benefits, an incorrect eligibility decision, and the potential of having to repay benefits that were incorrectly issued. The lack of standardized and mandated shared technology systems prohibits the counties from easily sharing work, utilizing staff throughout the state, and ensuring that every member is given the same standard of care and service. The Department claims that the work envisioned for this staff resource has the potential to reduce administrative costs and that the benefits of establishing business process standards outweigh the staff costs.

### Improve Hiring and Retention Practices

The Department reports that the average tenure of an eligibility worker is three years and that salaries may be below living wages in most counties, depending on the family composition of the eligibility worker. Anecdotal evidence also suggests that workers may move between counties based on pay and workforce policies. The Department requests \$400,000 total funds to hire a contractor to conduct a series of analyses on an annual basis. These analyses include:

- Collecting and analyzing eligibility worker pay scales and duties across the State as a first step in improving hiring and retention practices throughout Colorado. This includes creating a two-tiered salary system: one pay scale for eligibility technicians working long term supports and services (LTSS) cases, and another pay scale for general eligibility technicians.
- Establishing an appropriate technician to caseload ratio. The Department would set a standard for how many LTSS cases each technician should manage. The contractor will use existing data sources, such as performance and accuracy monitoring and escalations information, as well as county engagement, to inform its work.
- Modifying the county administration funding model to breakout county administration funding for LTSS cases.
- Modifying the funding model to implement a required eligibility technician to caseload ratio for LTSS, moving LTSS eligibility technicians away from a production environment to more hands-on support for LTSS members.
- Modifying the funding model to implement new LTSS Eligibility Navigators, which are dedicated resources in counties that support members navigating the LTSS financial eligibility process.

### Improve Policy Documentation and Dissemination

The Department requests 3.0 FTE and \$1.4 million total funds in FY 2025-26 for policy centralization and CBMS automation. The Department proposes to develop and manage a comprehensive policy manual and building a one-stop-shop for all information that counties need. The requested funding would allow the Department to implement Program Area Natural

Dialog Assistant (PANDA), which is an artificial intelligence policy bot that would searches of Departmental rules and regulations and provides a structured response to complex policy questions.

County feedback has been that administrative regulations are written in a very formal and legal syntax and each program area has their own set of regulations, which may be misaligned across the departments. Current policies, regulations, and training materials are stored in different locations, and certain processes may be different or not overly transparent. The Department requests 2.0 FTE to manage and direct a one-stop-shop portal and policy manual process, as well as ensuring all stakeholders are involved in policy change discussions and creation of policy materials.

The Department requests \$1,218,387 total funds to expand the use of the Program Area Natural Dialog Assistant across public and medical assistance programs. PANDA will provide an automated solution that will search its resource database to provide the consistent automatic response without the need for manual intervention. The request includes funding for three contractors to gather information, such as statutes, rules, policy memos, guides, question and answer documents, and policy training documents, to create an initial single, cross-program policy manual. Additional funding is sought for CBMD design and development pool hours to build the system. Ongoing maintenance of operations funding is also requested to fully implement PANDA functionality into CBMS. Additionally, the Department requests funding for two positions, one state FTE and one contractor, to ensure the initial implementation of the medical assistance program information is accurate and current, while functioning as the main point of contact for the CBMS vendor. Ongoing, one position will maintain the information database, monitor its performance and efficiency, identify any trends from the requests, and create or revise FAQs, and propose new training topics to address any issues.

## Recommendation

**Staff recommends denial of the request.** Staff's recommendation is made, in no small part, with the current General Fund constraints in mind. The identified work and technological solutions are laudable, but they are discretionary.

## Background

Senate Bill 22-235 (County Administration of Public Assistance Programs) instructed the Departments of Human Services and Health Care Policy and Financing to create an assessment and recommendations on best practices in the administration of public and medical assistance programs in states with a state-supervised, county-administered model on June 30, 2023.<sup>1</sup> This

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<sup>1</sup> Colorado Department of Human Services, *Assessing Best Practices in the Administration of Public and Medical Assistance Programs in Count-Administered States*, June 30, 2023, <https://drive.google.com/file/d/1t5JJq1EgutkuMSGXQK9fpq46DZk4Mibv/view>.

assessment includes the identification of three “quick win” recommendations. These recommendations are:

- **create opportunities for state and county collaboration** to improve the communications and processes surrounding policy and case questions;
- **increase communication and collaboration between the DHS and HCPF** through regular meetings focused on how to best engage counties; and
- **align administrative requirements** across public and medical assistance programs to create operational efficiencies for counties.

In addition to the aforementioned recommendations, the June 30<sup>th</sup> report details six recommendations on best practices.

- 1 **Develop business process standards for public and medical assistance programs** for both HCPF and DHS to encourage consistency and equity in customer experience, and to reduce the barriers for counties to share work.
- 2 **Make work accessible and portable** through a single statewide document and work management system to allow counties to manage their work more efficiently.
- 3 **Improve hiring and retention practices for eligibility workers** by:
  - a Updating their classification from clerical to professional,
  - b Create a job classification series to improve career progression,
  - c Update pay ranges to promote statewide comparability, and
  - d Enable continuous recruitment and centralized online job posting.
- 4 **Optimize the Program Eligibility and Application Kit (PEAK)** software to improve its usability by eligibility workers and clients. PEAK is the client facing online portal for Coloradans to screen and apply for medical, food, and cash assistance programs.
- 5 **Improve policy documentation and dissemination** to ensure policies, regulations, and training materials are easily accessible to and understood by those using the materials.
- 6 **Continue with improvement to the current training model** to standardize both the materials created and the methods by which trainings are delivered to ensure consistency across counties.

## Best Practices Fiscal Assessment

On November 1, 2023, the departments submitted the required fiscal assessment of the recommendations on best practices (Section 26-1-121.5 (2)(d), C.R.S).<sup>2</sup> The November 1, 2023, fiscal assessment report itemizes the fiscal impact of three recommendations:

- improve policy dissemination and case review collaboration;
- service delivery standards; and
- training.

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<sup>2</sup> Colorado Department of Human Services, *Feasibility of Comprehensive Assessment of Public & Medical Assistance Programs*, Nov. 1, 2023, [https://drive.google.com/file/d/1a7k3sFPGjncS52mu-F1fLSBfaT1JZ\\_l-/view](https://drive.google.com/file/d/1a7k3sFPGjncS52mu-F1fLSBfaT1JZ_l-/view).

The report identifies the state staffing resources and cost estimates for each of these three elements. It is important to note that the cost estimates are a year old and intended to help HCPF and DHS inform any funding requests. In total the report identifies \$1.7 million total funds and 15.0 FTE across both departments; 50.0 percent of the total cost would be covered by federal funds due to cost sharing. For HCPF, the assessment recommends \$994,852 total funds and 8.0 FTE. For DHS, the assessment recommends \$708,639 total funds and 7.0 FTE.

| Fiscal Impacts of Recommendations (Nov. 1, 2023 Report) |                                |                |             |
|---------------------------------------------------------|--------------------------------|----------------|-------------|
|                                                         | Health Care Policy & Financing | Human Services | Total       |
| Policy Dissemination and Case Review Collaboration      |                                |                |             |
| Total Funds                                             | \$472,426                      | \$236,213      | \$708,639   |
| FTE                                                     | 4.0                            | 2.0            | 6.0         |
| Service Delivery Standards                              |                                |                |             |
| Total Funds                                             | 255,514                        | 255,514        | 511,028     |
| FTE                                                     | 2.0                            | 3.0            | 5.0         |
| Training                                                |                                |                |             |
| Total Funds                                             | 216,912                        | 216,912        | 433,823     |
| FTE                                                     | 2.0                            | 2.0            | 4.0         |
| Total                                                   | \$944,852                      | \$708,639      | \$1,653,490 |
| FTE                                                     | 8.0                            | 7.0            | 15.0        |

The assessment summarizes four other recommendations, but does not itemize their fiscal impact. These four additional recommendations align with the quick wins and best practices detailed in the June 30, 2023 report.

## Joint Technology Committee Review

On February 26, 2025, the Joint Technology Committee (JTC) considered the technology aspects of the Department's R7 request. The JTC recommended funding the request on a 5-0 vote.

## Analysis

The Department's request for collaboration support and the development of business process standards aligns with the S.B. 22-235 reports. However, these are also activities that should be core to the Department's role as the supervisor of medical assistance programs across the state, a role the Department has filled for decades. In FY 2024-25, the Department was appropriated funding for 840.9 FTE. A Department of this size would reasonably have sufficient resource to reallocate a couple staff to cover the responsibilities outlined in this request for collaboration support and the development of business process standards. Additionally, the requested contractor resources to improve hiring and retention practices largely duplicates the provisions of S.B. 22-235, which includes ongoing efforts to refine the county administration funding model.

The request to expand the use of the Program Area Natural Dialog Assistant is not accompanied by an assessment of its current use and status. Nor is a development schedule or plan included in the request. The Department provides an estimate of 4,886 development hours for the expansion of the PANDA. The JTC may have been privy to more detailed information regarding functional assessments and development schedules; however, no such information proffered to



JBC staff. As such, a reasonable analysis of the costs and contours of the request is not possible. Setting aside the current budgetary constraints, without such information, an affirmative recommendation to fund the necessary resource expansion and development of PANDA cannot be made.

## → R7c Colorado Benefits Management System development

### Request

The Department requests \$14,147,102 total funds, including \$840,707 General Fund, and 7.3 FTE in FY 2025-26 for core development and upgrades to the Colorado Benefits Management System (CBMS). The request includes:

- \$3,707,073 total funds, including \$344,823 General Fund, and 6.4 FTE (representing seven new positions) for an additional 20,000 pool hours for CBMS to address current development backlogs;
- \$157,021 total funds, including a reduction of \$70,194 General Fund, to replace current data syncing technology and implement advanced monitoring;
- \$57,888 total funds, including \$7,571 General Fund, to automate user acceptance testing of software; and
- \$10,225,120 total funds, including \$558,507 General Fund, and 0.9 FTE (representing one new positions) to implement automation and innovation initiatives, including to expand the use of integrated character recognition, to add interactive voice recognition for client self-service, and the use of artificial intelligence in generating summary pages for correspondence.

### Recommendation

Staff **recommends an increase of \$214,909 total funds, including a reduction of \$62,623 General Fund**, to replace current data syncing technology, implement advanced monitoring, and automate user acceptance testing of software.

Under less constrained budgetary circumstances, the assessment of the cost of the request would certainly account for any return on investment and the multiplicative factor of matching federal funds. However, given the constraints under which the Committee is considering this request, staff does not recommend the significant investment of ongoing resources, both financial and staffing, on discretionary software development. Creating ongoing General Fund obligations at a time when it is an extremely limited resource is not recommended.

### Joint Technology Committee Review

On February 26, 2025, the Joint Technology Committee (JTC) considered the technology aspects of the Department's R7 request. The JTC recommended funding the request on a 5-0 vote.



## Analysis/Background

The Colorado Benefits Management System is the statewide system through which all food, cash, and medical assistance applications and eligibility determinations are processed. The Program Eligibility and Application Kit (PEAK) is the client facing online portal for Coloradans to screen and apply for medical, food, and cash assistance programs. Applications submitted via PEAK are uploaded by end users into CBMS. The programs that run through CBMS and PEAK are administered by several different state departments, and therefore the costs to run the systems are cost allocated between departments based on the programs being served. For CBMS vendor contracts, the Department of Health Care Policy and Financing is responsible for contracting, paying the invoices, and billing other departments for their share of CBMS costs.

This request includes several elements for the stability and improvement of the Colorado Benefits Management System:

- 7 An increase of 20,000 pool hours for core development projects
- 8 Technical improvements associated with data syncing and monitoring
- 9 Implementation of automated user acceptance testing
- 10 Expansion of integrated character recognition
- 11 Implementation of artificial intelligence generated summary pages for correspondence
- 12 Implementation of interactive voice recognition as a self-service tool for members

### CBMS Pool Hours

The Department reports that the current resources for development and improvement of the Colorado Benefits Management System are at their limit. The current contract for CMBS has 200,000 pool hours for maintenance and development projects. The current backlog of development is reported to be 175,000 to 200,000 hours, or approximately a year's worth of development hours, for about 57 projects. State and federal compliance requirements dictate project prioritization and leaves few user experience enhancements or automation functionality to be implemented in the system. The existing allotment of annual pool hours have been budgeted for projects through 2026.

Counties have been vocal in their concerns related to system errors, slowness, and user experience. Much of the backlog of CBMS projects are to support the counties or are requests from counties. An example is a project to reduce the number of CBMS pages that a user must review to evaluate the results for the eligibility determination on a case; estimated hours to develop is 3,600. It is the Department's intent to use the additional 20,000 pool hours to address the backlog and to prioritize development that begins to address projects identified by counties.

The increase in pool hours requires additional staffing resources. These staff will assist in planning, implementing, and overseeing development. The staffing formula used by the Department suggests a need for seven additional positions. These positions include systems analysts and testers, policy and subject matter experts, and trainers. The Department emphasizes the need for these additional resources, asserting that their development and project management team is currently understaffed.

### Technical Improvements – Data Synching [recommended]

The Department's current data synchronization system, which ensures various data sources communicate effectively with each other, has been expanding rapidly. It currently uses over 80 computational units solely for data synchronization tasks. As usage grows, so does its annual licensing costs. Additionally, the Department is considering the need for future expansion. There is a limit to the number of computational resources the Department can use, and it is at risk of hitting that limit.

The Department has identified an open source and proven software that can build efficient processes for data synchronization. This software works well with most major online data storage providers including Amazon Web Services (AWS). An advantage of the alternative software is its pricing structure. Costs incurred are based on usage, which can make it a more cost-efficient choice compared to other tools. Furthermore, the software is designed to efficiently handle large amounts of data, ensuring significant volumes of data move smoothly and consistently between various sources. The Department would incur one-time development, design, and implementation costs, and would have minimal usage costs.

### Technical Improvements – Advanced Monitoring [recommended]

The Department proposes incorporating automated batch and log monitoring with automated escalation through interactive voice response (IVR), also known as an automated phone system. This system will automatically flag a system error and notify the pre-selected staff. The current log and batch monitoring, which are indicators of overall system health, is a manual task that is prone to errors and misses. For example, if a batch job runs and is successful, but instead of updating 100,000 records the job only updates 1,000 records, it can be hard to catch immediately because of the volume of transactions occurring at any given time. With automated escalation, the system would proactively respond to system issues. The Department anticipates that there would be improved response time. Instead of checking the logs every few minutes, an error would be caught the instant it gets flagged and the IVR would notify whoever needs to take action immediately. There is minimal ongoing maintenance and licensing fees by adding advance monitoring to CBMS.

### Automated User Acceptance Testing [recommended]

User acceptance is the final testing that is done on a project, and program areas depend on this testing to let them know that their projects are being put into production without defects. The Department has seen an increasing amount of regression test scenarios, leading to increased workload for current staff. The current user acceptance testing team is responsible for testing all projects implement for CBMS. Increase programmatic complexities and enhancements increase the amount of testing required before system changes go live. The Department identifies the growth in CBMS complexities and development as carrying substantial risk of defects and problems being pushed to production.

The implementation of an automated user acceptance testing tool would increase the team's capacity to perform their testing regimes. The automation of this testing is done through the development of testing scripts, which are essentially step-by-step testing instructions carried

out by a testing tool or bot. These scripts are developed to test common user pathways and actions and are effective at ensuring that base system functionality continues to operate as expected. The creation of these scripts build a library of testing scenarios that can be run autonomously. Automation would also allow the CBMS UAT team to conduct system load testing, which is currently only done by the Department's vendor.

### Automation and Innovation

The Department is requesting funding for three CBMS development projects to increase automation of various processes. The intent is to improve timely processing, enhance member experience, and increase the capacity of county eligibility workers. These three projects are targeted at improving the eligibility determination process, but their implementation requires additional staffing and contract resources. To implement these projects, the Department needs:

- Three contractors to perform the system implementations, including being responsible for initiating and supporting the development life cycle, functioning as the program are points of contact, perform project management duties, and perform program analysis and recommend solutions.
- Two contractors to engage in policy definition and clarification, notice of action drafting, and ensure program policy compliance.
- One state employee and one contractor to provide project oversight and administration through drafting of operational procedures and memos, conducting research to identify best practices and specific operational needs, and monitor performance. These positions will provide essential consultation to management before deciding broad, critical program direction.

The most complex portion of these enhancements are defining the requirements and ensuring alignment with federal and state policy. Once the vendor defines how it will meet the state requirements, the requested staffing resource will be able move to another project or may provide more guidance and expertise on concurrent projects.

### Integrated Character Recognition

The Department requests funding for 63,458 pool hours to expand integrated character recognition functionality that has been implemented for the Supplemental Nutrition Assistance Program. Integrated character recognition is an artificial intelligence platform specializing in character recognition and automation. The technology functions to lessen the need for manual data entry of eligibility applications, change and periodic reports, and verification documents in CBMS, thereby increasing timeliness and accuracy of application processing.

For medical assistance cases, federal rules have been revised to require change reports to be processed within 30 calendar days from receipt. of the change in circumstances. Additionally, the federal government requires the provision of 90-day reconsideration for applications, renewal, and change in circumstances. The automation of processing the change reports will assist the Department remains in compliance with this rule change.

As an example, from October 2023 to April 2024, the volume of PEAK applications, renewals, change reports, and periodic reports received was 108,497. Each of these documents uploaded

into the system required manual intervention by the eligibility sites. By implementing integrated character recognition into CBMS, the data submitted in the documents would auto-populate and, in theory, decrease processing time for eligibility determinations.

### Artificial Intelligence Generated Summary Pages

The Department requests funding for 2,040 development hours to clean up the correspondence generation logic and create a new artificial intelligence generated summary page for all letters sent out in a packet. Currently, there is logic to mail correspondence, but some logic is missing to check for duplicate or contradicting letters. In contrast to previous funding the Department has received for client correspondence, the creation of an artificial intelligence generated correspondence summary page will assist the recipient to understand what is included in the correspondence packet.

The Office of State Auditor (OSA) conducted a Medicaid Correspondence Performance Audit (2261P) and submitted their findings to the Department in September 2023. The key concern was that the Department should improve its management of Medicaid correspondence. The Department does not have effective processes for identifying, updating, and implementing changes to Medicaid correspondence to ensure that correspondence is accurate, understandable, informative, and clear as directed by statute. Part of the key findings included that Medicaid members continue to receive CBMS generated letters with duplicated information, contradictory and confusing messages, unclear status, and directions to members on next steps, and complicated sentences and word choice.

### Interactive Voice Recognition

The Department requests funding for 4,920 development hours to implement an automated self-service tool for members to get updates on their application or case, as well as answers to frequently asked questions, without the need to speak to a live agent. Currently, all inbound calls are handled by a customer service agent at the Medicaid Call Center. Due to call volume, the caller is typically placed into a queue regardless of the reason for the call. Many calls could be answered without the need for human interaction. This tool is also capable of making outbound calls and texts to members during key milestones in the benefits cycle. The Department anticipates a reduced administrative burden of responding to FAQs, allowing agents to focus on more difficult or nuanced member inquiries.

## → R7d County eligibility administration

### Request

The Department requests \$21.0 million total funds, including \$2,623,849 General Fund, to support eligibility determinations for and administration of medical assistance programs by counties.

### Recommendation

**Staff recommends denial of the request.**

## Background

Senate Bill 22-235 (County Administration of Public Assistance Programs) requires the development and implementation of a funding model for the administration of public and medical assistance programs. This funding model is to be used to determine the amount of money necessary to fund the administration of public and medical assistance programs in each county for FY 2025-26. The Departments of Health Care Financing and Human Services completed and submitted this funding model on November 1, 2024.<sup>3</sup>

The report provides a description of the processes for identifying and hiring the contractor responsible for developing the funding model, as well as the process and methodology of the contractor in developing the funding model. The report discusses the stakeholder and engagement processes underpinning the collection of data and the approval of the funding model by the departments and counties. Lastly, the report provides a summary of the base funding model, additional adjustments to the model, and assessed funding levels for HCPF and DHS.

The report cites research of similar administration models in six other states<sup>4</sup> to assess funding formulas and standards. However, this research proved inconclusive and no funding model from another state will function as the basis for implementation of a funding model in Colorado. The development of the funding model for Colorado uses 10 model counties: three large, four medium, and three small.<sup>5</sup> The model counties are considered high performers whose inclusion helps to ensure the funding model promotes effective and efficient operations. However, the report notes that none of the model counties meet all state and federal performance indicators. As such, the funding model does not guarantee that every county will meet its state and federal performance requirements.

The development of the funding model uses workload data from 2023 taken from the Colorado Benefits Management System. The assessment of county workload and the time it takes eligibility technicians to process cases is extrapolated from a 2017 study authorized by S.B. 16-190 (Improve County Administration Public Assistance Programs), a JBC bill. The 2017 study provides the basis for a county-to-county comparison of workload and FTE ratios, but does not reflect the current time it takes to process cases. The report acknowledges this weakness.

The report outlines a five-step calculation for determining county administration funding.

- 1 County tasks x Time per task = Total eligibility work
- 2 County staff / Total eligibility work = Staff per eligibility work
- 3 Calculate average staff per eligibility work per small, medium, large counties = Average staff per eligibility by county size

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<sup>3</sup> Colorado Department of Human Services, *SB 22-235 County Administration Funding Model Final Report and Results of the Model*, Nov. 1, 2024, <https://drive.google.com/file/d/17ux2Hgg-3BWjqUzWPoGGvaApgTWt1sQn/view>.

<sup>4</sup> The six states are Minnesota, Missouri, North Carolina, North Dakota, Ohio, and Oregon.

<sup>5</sup> The ten counties are: Garfield, Ouray, Summit, Larimer, Boulder, Arapahoe, Fremont, Alamosa, Logan, and Yuma.

- 4 Total eligibility work x Average staff per eligibility by county size = Staff for each county  
 5 Staff for each county x Salary per FTE/role = Funding need

In addition to the base funding calculation, the funding model includes increases for timeliness, accuracy, call center staffing, and salary funding for county eligibility technicians. The timeliness adjustment is to fund county efforts to meet federal requirements for processing times for Medicaid and SNAP applications and renewals. The accuracy adjustment provides funding to counties to improve Medicaid error rates and applies only to the HCPF funding allocation. The call center adjustment provides funding for an updated FTE-per-minute ratio that applies to all counties for call center or customer support staff; this funding is split evenly between HCPF and DHS. The salary adjustment funds compensation enhancements for eligibility technicians based on an annual salary of \$75,305. While the report provides a summary of each of these adjustments, it does not detail the data, assumptions, or calculations that underpin the identified costs of these additional elements.

| County Administration Funding Model Results for FY 2025-26 |                                |                |               |
|------------------------------------------------------------|--------------------------------|----------------|---------------|
|                                                            | Health Care Policy & Financing | Human Services | Total         |
| Timeliness                                                 | \$8,424,964                    | \$3,603,630    | \$12,028,594  |
| Accuracy                                                   | 4,904,363                      | 0              | 4,904,363     |
| Call center                                                | 2,009,613                      | 2,009,613      | 4,019,226     |
| Salaries                                                   | 1,923,608                      | 1,416,445      | 3,340,053     |
| Subtotal                                                   | \$17,262,548                   | \$7,029,688    | \$24,292,236  |
| Base funding                                               | 88,082,924                     | 101,659,962    | 189,742,886   |
| Total                                                      | \$105,345,472                  | \$108,689,650  | \$214,035,122 |

## Analysis

The funding adjustments included in the model for timeliness, accuracy, call center staffing, and eligibility technicians salaries provide the opportunity to isolate funding requirements for specific elements of public assistance administration by counties. The Department shared the spreadsheet tool developed for the funding model with JBC staff, which allowed for an evaluation of the assumptions and calculations underpinning the funding model results and the Department's request. Through this evaluation, several assumptions and calculations drew concern from staff. Broadly, these concerns are about the ability to implement the specific adjustments to ensure fidelity with the funding model, as well as the seeming lack of consideration of other funding streams for encouraging county performance.

## Current Funding for County Administration

The current appropriation for county administration of medical assistance programs in the Department of Health Care Policy and Financing is \$123.0 million total funds, including \$21.0 million General Fund. Of this amount, \$84.0 million is set aside for base allocation to counties and consists of General Fund, cash funds, and federal funds. The remaining \$39.0 million is split amongst four categories: the County Incentive Program, the County Grant Program, funding associated with the public health emergency, and excess local and federal spending authority. Over the last six fiscal years, the base allocation for county administration has grown by 51.1 percent, with a 10.1 percent increase from FY 2023-24 to FY 2024-25.



| Medicaid County Administration Funding Allocations |              |              |               |               |               |               |
|----------------------------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|
| Item                                               | FY 2019-20   | FY 2020-21   | FY 2021-22    | FY 2022-23    | FY 2023-24    | FY 2024-25    |
| Base allocation                                    | \$55,605,262 | \$55,183,683 | \$57,191,217  | \$74,167,233  | \$76,289,513  | \$83,998,353  |
| County incentives program                          | 5,744,717    | 5,744,717    | 5,744,717     | 8,224,384     | 8,224,384     | 8,224,384     |
| County grant program <sup>1</sup>                  | 1,000,000    | 1,000,000    | 1,000,000     | 1,000,000     | 1,000,000     | 1,000,000     |
| Public health emergency <sup>2</sup>               | 0            | 0            | 13,002,670    | 15,310,123    | 21,010,078    | 9,520,463     |
| Excess local and federal <sup>3</sup>              | 26,634,307   | 26,246,272   | 26,358,932    | 24,222,148    | 24,861,745    | 20,305,030    |
| Total                                              | \$88,984,286 | \$88,174,672 | \$103,297,536 | \$122,923,888 | \$131,385,720 | \$123,048,230 |

<sup>1</sup> The county grant program funding is split 50/50 between cash funds and federal funds.

<sup>2</sup> The public health emergency funding is anticipate to expire at the end of FY 2024-25.

<sup>3</sup> Represents excess federal and local funds spending authority that is available to help cover county costs when state funds have been exhausted.

Of particular note are the portions of the total appropriation for the public health emergency and the County Incentive Program. The former has served as a necessary amount of additional funding to manage counties' workload during the COVID-19 pandemic and in the unwind of that emergency. This funding is a mix of General Fund, cash funds, and federal funds, and is set to expire at the end of FY 2024-25.

The County Incentive Program, is exclusively General Fund and is used by the Department to encourage counties to meet performance metrics. The County Incentives Program started in FY 2014-15 and provides the Department the resources to work with county partners to set targets and deliverables for county performance. If a county meets these targets, it can earn extra funds, up to its local share. The amount of funding a county receives depends on how many performance targets it meets for each incentive. These performance targets are for call center responsiveness, timeliness of application processing, and accuracy in processing applications.

### Funding Model Concerns

The primary concern and perceived weakness of the funding model is that it does not acknowledge or take into account the County Incentive Program. The overlap between the timeliness, accuracy, and call center adjustments identified in the funding model and the County Incentive Program would mean that, if the Committee were to approve the request, funding would be for duplicative purposes. Additionally, the funding model assumes its adjustment are subject to the standard cost sharing methodologies between the state, counties, and federal government. As a result, there is little the Department could do to ensure that the appropriation based on the funding model adjustments are put to the specified purposes. In contrast, because the County Incentive Program is solely funded from General Fund, the Department is able to put conditions on the distribution of those funds in order to ensure performance metrics are met.

### Salaries Adjustment

The report accompanying the funding model discusses the salary adjustment as funding necessary to create a baseline salary (\$75,305) for eligibility technicians across all counties. The study indicates that the disparity between eligibility technician compensation across counties, as well as the relatively low compensation for this position, impedes the ability of counties to hire and retain these critical staff. The base salary used in the funding model was agreed upon

by both State and county representatives involved in the study, though the salary amount was generally agreed to be at the low end of the range for compensation.

Evaluating the salary adjustment assumptions and calculations show the identified amount is based on total county staffing costs, not just eligibility technician staffing costs. The funding model includes salary and staffing data across 20 job categories for all 64 counties. The salary adjustment compares the base year total county staffing costs with the budget year total county staffing costs, taking the difference between the two to determine the salary adjustment. This method inflates the salary adjustment.

Targeting this adjustment using only a comparison of eligibility technician staffing costs would reduce the adjustment by approximately 63.0 percent. Additionally, the Department does not have a mechanism to ensure funding for this adjustment is actually applied to this specific staff category. This opens the model to a risk that funding would be provided for, but not applied to, these county eligibility technicians.

## → R11a Complementary and Integrated Health Services (CIH) waiver [requires legislation]

### Request

The Department requests an increase of \$2,561,312 total funds, including \$1,280,656, General Fund, and 2.0 FTE in FY 2025-26 and ongoing for the extension of the Complimentary and Integrated Health Services waiver. Additionally, the request a supplemental increase of \$73,133 total funds, including \$36,567 General Fund, and 1.0 FTE for FY 2024-25.

The Department asks the Joint Budget Committee to sponsor legislation to update statutory language and strike the statutory repeal date.

### Recommendation

Staff **recommends approval of the FY 2025-26 requested appropriation**, but denial of the FY 2024-25 supplemental adjustment. Staff further recommends the Committee sponsor legislation to extend the Complimentary and Integrated Health Services waiver; however, staff **recommends extending the current repeal date by five years** instead of an indefinite extension.

Staff's recommendation annualizes to \$2,561,312 total funds, including \$1,280,656, General Fund, and 2.0 FTE in FY 2026-27 through FY 2029-30.

### Analysis/Background

The Complementary and Integrated Health Services waiver provides acupuncture, chiropractic, and massage therapy to members with qualifying conditions such as a spinal cord injury. This waiver also provides all other Home- and Community-based Services waiver services, such as personal care and respite. There are approximately 240 members on the CIH waiver who utilize alternative therapies. The program has a statutory expiration date of September 2025;



however, the Department and community advocates assert that the statutory repeal was only intended for the required report, not the entire program.

The program was authorized by H.B. 09-1047 (Alternative Therapies for Medicaid) and initiated in July 2012 after a waiver was approved by the federal Centers for Medicare and Medicaid Services (CMS). The purpose of the program is to expand the range of medical services available to eligible Medicaid clients to study the success of the covered services and produce an overall cost savings to the state compared to what would have otherwise been spent on the same individuals absent the program. Participants have access to all of the services offered under the Elderly, Blind, and Disabled (EBD) Waiver Program, plus the three additional services offered under the waiver: acupuncture, chiropractic care, and massage therapy.

The waiver received a statutory extension and continuation funding through S.B. 15-011 (Pilot Program Spinal Cord Injury Alternative Medicine), which also expanded the program to serve additional clients. Senate Bill 19-197 (Continue Complementary or Alternative Medicine Program) continued the program through September 2025 and required an independent evaluation of the program to be submitted by January 1, 2025. Additionally, the bill provided for appropriations of \$823,855 total funds and 1.0 FTE. Senate Bill 21-038 (Expansion of Complementary and Alternative Medicine) modifying eligibility to include residents of the entire state and to include a broader range of conditions covered by the waiver, as well as providing additional appropriations (\$1.8 million total funds and 1.0 FTE) for the expansion of the program.

| FY 2025-26 Net Impact of CIH Waiver Extension |              |              |            |                 |               |      |
|-----------------------------------------------|--------------|--------------|------------|-----------------|---------------|------|
| Item                                          | Total Funds  | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE  |
| SB 19-197 annualization                       | -\$823,855   | -\$411,928   | \$0        | \$0             | -\$411,927    | -1.0 |
| SB 21-038 annualization                       | -1,769,323   | -526,182     | -358,479   | 0               | -884,662      | 0.0  |
| Prior year legislation annualization          | -\$2,593,178 | -\$938,110   | -\$358,479 | \$0             | -\$1,296,589  | -1.0 |
| R11a CIH waiver extension                     | 2,561,312    | 1,280,656    | 0          | 0               | 1,280,656     | 2.0  |
| Net impact of recommendation                  | -\$31,866    | \$342,546    | -\$358,479 | \$0             | -\$15,933     | 1.0  |

The continuation of funding for the FTE provides for the management of the therapies offered under the CIH waiver. The state staff are responsible for provider recruitment, technical assistance, and billing assistance. They monitor and evaluate the CIH services for deficiencies and compliance requirements, collaborate with stakeholders to improve the health outcomes of members, and provide support for case management requests and processing. Additionally, the staff research the impact of policy decisions including member, provider, budgetary and legal ramifications, as well as assist in the writing and presentation of rule changes. Importantly, these staff are responsible for identifying, monitoring, and providing support to facilities that are at higher risk of deficiencies and non-compliance.

### Evidence Designation

The Department labels the Complementary and Integrated Health Services Waiver extension as Promising, and bases this distinction on Departmental reports: one that highlights the results of

randomized controlled trials and patient surveys,<sup>6</sup> and statutory reports to evaluate the CIH waiver program.<sup>7</sup> The reports find promising results for these therapies only in addressing pain relief or wellbeing, all other measured of efficacy have mixed or no results. These findings are supported by the broader body of literature, which does not provide substantial support for the efficacy of the program—although the Department’s claim is solely that the treatments can reduce pain.

The first report outlines literature regarding the efficacy of different approaches to treating spinal cord injuries, including acupuncture, chiropractic care, and massage therapy. The report provides some support for the efficacy of these programs, although all of the included randomized controlled trials showed mixed results or no results for the all of the approaches evaluated. What support was shown was mostly preliminary, in reference to future research regarding alternative approaches and their use as an alternative. A single survey found that alternative treatments led to high overall satisfaction levels, but mostly as a factor of the secondary complications from spinal cord injuries and usually is only experienced or monitored in the short-term. There is evidence supporting the Department’s claim, but the majority of the evidence in the report suggests that further research needs to be done to determine the efficacy of these programs.

The statutory report evaluating the CIH waiver program demonstrates similar findings, where participants reported improvements with pain and wellbeing, although the program did not demonstrate significant cost offsets. Additional literature, including meta-analyses, supported the uncertainty of these therapies compared to other alternatives and traditional methods. The literature surrounding these alternative therapies centers almost exclusively around spinal cord injuries or related conditions—which is only one component of the CIH waiver. This may be due to the use of the alternative therapies to address secondary issues arising from the injuries or treatment, which does not fully support the claim of the Department and does not provide substantial evidence to the efficacy of the program. As such, staff believes a more accurate evidences designation is Evidence-informed.

## → R11b Hospital Backup Unit expansion

### Request

The Department requests a reduction of \$0.8 million total funds, including \$0.5 million General Fund, in FY 2025-26 due to the expansion of eligibility for utilization of Hospital Backup Units.

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<sup>6</sup> Bailit Health. November 2016. *State Spinal Cord Injury Programs: A Best Practices Report for the Colorado Department of Health Care Policy and Financing*.  
<https://hcpf.colorado.gov/sites/hcpf/files/Spinal%20Cord%20Injury%20Best%20Practices%20Report-November%202016.pdf>.

<sup>7</sup> Coombs, Ellie et al. June 2022. *Evaluation of Complementary and Integrative Health Services (CIHS) in the Colorado Medicaid Program: Final Report*. Mission Analytics Group, Inc.  
<https://hcpf.colorado.gov/sites/hcpf/files/Complementary%20and%20Integrated%20Health%20Services%20Evaluation-Final%20Report-June%202022.pdf>.

The request annualizes to a reduction of \$1.9 million total funds, including \$1.0 million General Fund, in FY 2026-27 and ongoing.

## Recommendation

**Staff recommends approval of the request.**

## Analysis/Background

Hospital Backup Units (HBU) provide hospital level care for members who are ventilator dependent, have complex wounds, or have medically complex needs. A Hospital Backup Unit provides long-term care in a skilled nursing facility setting. Clients who no longer need acute care in a hospital but require 24-hour monitoring and life sustaining technology for complex medical conditions may apply to receive long term care in an HBU certified facility. Individuals with certain conditions are currently not eligible to be treated in Hospital Backup Units, including persons with disorders of consciousness, certain neurologic conditions, and bariatric needs. Those unable to qualify for services through Hospital Backup Units often end up with long and costly hospital stays. During calendar year 2023, 1,559 individuals received care in Hospital Backup Units.

The Department seeks to expand the eligibility criteria to allow members with qualifying conditions to receive care through these units, which have per diem rates lower than standard hospital rates. The per diem rate for a hospital setting is currently \$1,266, while the rate for an HBU is \$679. The Department reports that the average number of days in a hospital setting is 182 and transitioning to a Hospital Backup Unit takes approximately 60 days. For a member eligible to transition due to the expanded eligibility, this would mean 122 fewer days in a hospital setting. The per member savings is \$71,563.

The Department has identified 143 members who have at least one of the conditions for HBU eligibility, have been receiving care in a hospital setting, and have a length of stay over 100 days. Members who have a length of stay over 100 days are expected to utilize this service because they will not be eligible for Medicare coverage. Not all members may be approved to transfer into an HBU. Members at this level of care are required to have a Prior Authorization Request (PAR), which would be evaluated and renewed three times per year. In order to complete these evaluations, the Department seeks \$234,154 in utilization review and utilization management (UR/UM) costs per year.

The Department also considered the capacity of Hospital Backup Units to accept members. Facilities designated as Hospital Backup Units are required to meet higher safety standards than other skilled nursing facilities, which means enrolling new providers takes time. During the first year, the Department expects that members will only be able to transition into existing facilities. The Department assumes that 15 people currently in a hospital setting will move to an HBU in FY 2025-26, and assumes that number will double in out years. The Department is not expecting further capacity, as the procedures for a skilled nursing facility to become a Hospital Backup Unit are not easily accessible.

| Hospital Backup Unit Eligibility Expansion Cost Analysis    |            |                        |
|-------------------------------------------------------------|------------|------------------------|
| Item                                                        | FY 2025-26 | FY 2026-27 and ongoing |
| Per Diem Cost in Hospital Setting                           | \$1,265.58 | \$1,265.58             |
| Per Diem Cost in Hospital Backup Units (HBU)                | 679        | 679                    |
| Savings from Moving from Hospital to HBU                    | -\$586.58  | -\$586.58              |
| Average Number of Days in Hospital Setting (Extended Stays) | 182        | 182                    |
| Average Number of Days Reduced in Hospital Setting          | 122        | 122                    |
| Average Savings Per Person                                  | -\$71,563  | -\$71,563              |
| Number of People in Hospital Setting that Fit New Criteria  | 143        | 143                    |
| Number of People Expected to Move to HBU                    | 15         | 30                     |
| UR/UM Contract Cost                                         | \$234,154  | \$234,154              |
| Total Savings Expected from Policy                          | -\$839,287 | -\$1,912,729           |

To support the HBU eligibility expansion, the Department provides evidence that individuals with bariatric conditions are more likely to receive the level of care they require within a nursing home or similar facility.<sup>8</sup> The cited evidence only addresses a component of what the eligibility expansion would address, and is only marginally relevant to the argument that the Department is supporting. The cited study focuses on how increasing body mass index among nursing home residents affects the amount of staffing assistance needed for activities of daily living, finding that the need for staff assistance increases substantially with increases in a resident's body mass index. The Department noted two other states, Massachusetts and Oregon, that have utilized bariatric rates for members and addressed the concerns mentioned in the study. The scope of the study does not address the comparison between hospital stays and systems that mirror the Hospital Backup Units, although the reported need for additional staffing may translate to why the Hospital Backup Unit cost is lower than the alternative.

The other components, disorders of consciousness and neurologic conditions, are not supported by evidence—although they would not need to be, as the argument the Department is making is a matter of logistics and cost efficiency. The cost of HBUs as compared to extended hospital stays is a matter of per diem differentials. Staff does not believe an evidence designation is applicable to this request.

## ➔ R11c Alternative Care Facilities rates

### Request

The Department requests a reduction of \$0.7 million total funds, including \$0.4 million General Fund, in FY 2025-26 and ongoing from the implementation of a tiered rate structure for services offered in Alternative Care Facilities.

<sup>8</sup> Harris, John Alexander, John Engberg, and Nicholas George Castle. "Obesity and Intensive Staffing Needs of Nursing Home Residents." *Geriatric Nursing* 39, no. 6 (November 2018): 696–701.  
<https://doi.org/10.1016/j.gerinurse.2018.05.006>.

## Recommendation

**Staff recommends approval of the request.**

## Analysis/Background

Alternative Care Facilities are certified assisted living residences that offer elders and persons with disabilities health services in a community setting. These services include 24-hour protective oversight, medication administration, and assistance with activities of daily living. There is a segment of individuals whose activities of daily living and behavioral health needs exceed the services of traditional Alternative Care Facilities but are not high enough for a Skilled Nursing Facility. As a result, these members generally receive care through nursing facilities and hospitals that are more expensive, while they await placement in the correct care setting.

The tiered rate proposed by the Department is intended to incentivize Alternative Care Facilities to provide care for higher acuity individuals, shifting services to less costly providers. There is currently a single rate for all Alternative Care Facilities, which the Department asserts incentivizes providers to only serve lower acuity individuals. The rate for facilities in the Denver is \$103.15, while the rate in non-Denver areas is \$96.65. A second, higher rate for members who have greater activities of daily living and behavioral health needs would create a financial incentive for Alternative Care Facilities to meet these higher care needs. The Department is proposing a Denver rate of \$156.01 and a non-Denver rate of \$145.28. These new rates are higher than current Alternative Care Facility rate, but lower than the statewide per diem rate for nursing facilities (\$274.88). Shifting member from nursing facilities and hospital setting would provide savings, while placing members in a more appropriate care setting.

The net impact of the proposed tiered rate is calculated by comparing the per diem Skilled Nursing Facility rate and the proposed per diem tiered rate for Alternative Care Facilities. The Department estimates that members will spend 8 less days in a Skilled Nursing Facility, based on the average length of stay in 2023. Approximately 150 members currently receiving care in Skilled Nursing Facilities are eligible to transfer to Alternative Care Facilities with the new rate. This is based on the total number of members categorized as “Secured” in a rate analysis completed for the Department. Members in the “Secured” tier require a higher rate and smaller staff to member ratio. Not all members in this tier have the same needs as the members expected to transfer into Alternative Car Facilities, so not all Secured members are eligible to transfer.

The Department reports that Alternative Care Facilities across the state have capacity to absorb the newly eligible members. The Department assumes that 14.5 percent of members will transfer to Alternative Care Facilities inside Denver County, and 84.5 percent of members will transfer to facilities outside Denver County. There is also the possibility of members transferring out of hospital care setting and into Alternative Care Facilities. However, the Department is not able to estimate the combination of members transferring out of hospital care setting and has not included this scenario in its savings calculation.

| Alternative Care Facilities Tiered Rate Cost Analysis  |                        |
|--------------------------------------------------------|------------------------|
| Item                                                   | FY 2025-26 and ongoing |
| <u>Denver County</u>                                   |                        |
| Per Diem Nursing Facility (NF) Rate                    | \$274.88               |
| Proposed Per Diem Alternative Care Facility (ACF) Rate | 156.01                 |
| Savings from Moving from NF to ACF                     | -\$118.87              |
| Average Number of Days Decreased in NF                 | 8                      |
| Average Savings Per Person                             | -\$951                 |
| Number of Members in NF that fit Tier Criteria         | 22                     |
| Subtotal                                               | -\$20,922              |
| <u>Outside Denver County</u>                           |                        |
| Per Diem Nursing Facility (NF) Rate                    | \$274.88               |
| Proposed Per Diem Alternative Care Facility (ACF) Rate | 145.28                 |
| Savings from Moving from NF to ACF                     | -\$129.60              |
| Average Number of Days Decreased in NF                 | 42                     |
| Average Savings Per Person                             | -\$5,443               |
| Number of Members in NF that fit Tier Criteria         | 128                    |
| Subtotal                                               | -\$696,704             |
| Total Expected Savings from Policy                     | -\$717,626             |

The Department provides no evidentiary support for the Alternative Care Facility tiered rate, but does mention the California tiered system as an example of a tiered rate plan for alternative care and residential facilities. The savings described by the Department is a question of logistics, knowing the rates paid to Alternative Care Facilities compared to Skilled Nursing Facilities. There is not an extensive body of literature that concerns a tiered rate system for Alternative Care Facilities or compares the care between those facilities and Skilled Nursing Facilities.

## → R11e Supported employment for IDD

### Request

The Department requests an increase of \$350,000 total funds, including \$35,000 General Fund, in FY 2025-26 to amend the payment model for the Supported Employment Pilot program, so that rates and payment structures incentivize Employment First outcomes and Competitive Integrated Employment. The request annualizes to a reduction of \$1.0 million total funds, including \$0.5 million General Fund, in FY 2026-27 and a reduction of \$2.0 million total funds, including \$1.0 million General Fund, in FY 2027-28 and ongoing.

### Recommendation

**Staff recommends approval of the request.**

### Analysis/Background

Competitive Integrated Employment is full or part-time work in an integrated setting where the participant interacts with individuals without disabilities, is not paid less than the state

minimum wage or customary wage paid by the employer and is eligible for the same level of benefits provided to other employees. The goal is to support members in becoming fully independent in their jobs. A fundamental expectation of supported employment is that job support and coaching will be reduced to the minimum level necessary for the participant to sustain employment.

Job development and job exploration services are currently reimbursed hourly, which the Department asserts does not incentivize outcomes based on a participant's interests, strengths, and abilities. The current payment structure leads to more turnover among members, higher utilization, and increased expenditure for this service. Hourly reimbursement for job coaching services encourages providers to maintain the same level of service over time; the fee-for-service model disincentivizes providers from phasing down service. At the system level, this incentivizes providers to maintain the status quo or even increase job support, resulting in unnecessary service delivery and an impediment to member independence. This is contradictory to the principles of reducing member reliance on job coaching and increasing member independence in Competitive Integrated Employment.

The Department requests funding in FY 2025-26 to implement system changes which will establish variable rates. These rates will be based on the amount of time the member has been working in the job and their level of independence. In addition, providers will become eligible for milestone payments as members reach specific goals. The Department will also update the rate structure for job development to improve a member's job match, with a flat rate per member for the initial evaluation and any following updates. These changes will require updates to billing codes and criteria, as well as improvements to tracking payments and members' employment data. The Department estimates that the required system changes will be completed in FY 2025-26, with the new rate and payment structures going into effect in FY 2026-27.

| Fiscal Impact Summary or Rate & Payments Methodology Change |            |              |              |
|-------------------------------------------------------------|------------|--------------|--------------|
| Item                                                        | FY 2025-26 | FY 2026-27   | FY 2027-28   |
| System Changes                                              | \$350,000  | \$0          | \$0          |
| Job Coaching                                                | 0          | -1,072,672   | -2,145,344   |
| Job Development                                             | 0          | -309,354     | -618,707     |
| Milestone Payment                                           | 0          | 362,850      | 725,950      |
| Total expenditures                                          | \$350,000  | -\$1,019,176 | -\$2,038,101 |

The Department estimates that the first year will have 50.0 percent program participation as members will be transitioning on a rolling basis based on their PAR renewal date. Members will not transfer into the new rate system until their individual PAR is renewed. The restructure will be fully implemented by July 1, 2027.

### Rate and Payment Methodology Changes

The Department proposes implementing a three-tiered rate structure to incentivize providers to focus on member's independence and successful employment. The three applicable job coaching periods would be 1-3 months (Job Coaching Period 1), 4-18 months (Job Coaching Period 2), and 19+ months (Job Coaching Maintenance). During the first two job coaching periods, the provider is reimbursed based on how many hours the member worked. When a



member reaches 19+ months, the provider will be reimbursed a flat rate per member per month.

| Proposed Job Coaching Cost Summary |                |                  |                   |                   |
|------------------------------------|----------------|------------------|-------------------|-------------------|
| Item                               | Period 1       | Period 2         | Maintenance       | Total             |
| Total Members in Job Coaching      | 109            | 592              | 1,371             | 2,072             |
| Expenditure for Members            | \$255,452      | \$4,241,422      | \$16,845,992      | \$21,342,866      |
| Average Number of Hours Worked     | 20             | 41               | 44                | n/a               |
| Average New Rate Paid              | \$37.49        | \$29.33          | \$595.62          | n/a               |
| Total Annual Proposed Cost         | \$956,204      | \$8,442,255      | \$9,799,063       | \$19,197,522      |
| Difference In Cost                 | \$700,752      | \$4,200,833      | -\$7,046,929      | -\$2,145,344      |
| <i>FY 2026-27 Impact</i>           | <i>350,376</i> | <i>2,100,417</i> | <i>-3,523,464</i> | <i>-1,072,672</i> |
| <i>FY 2027-28 Impact</i>           | <i>700,752</i> | <i>4,200,833</i> | <i>-7,046,929</i> | <i>-2,145,344</i> |

The Department anticipates that members utilizing job Coaching can maintain successful employment and become more independent in their positions by moving through the job coaching periods and support levels. This payment structure provides the support and flexibility Home- and Community Based Services waiver providers need to provide only the support the member needs. It is assumed a different rate will be established for inside and outside of Denver County, based on the current percentage population utilization for job coaching: 16.0 percent utilize services in Denver County and 84.0 percent utilize services outside of Denver County. The Department anticipates improvement in the level of job coaching with the implementation of this program.

Working in conjunction with the Job Coaching periods, providers will be eligible for milestone payments as members reach different employment goals. Milestone payments will be used to incentivize providers to support members through the job coaching periods. The Department expects that these milestone payments will incentivize and support members achieving more independence in their jobs. The four milestone are:

- when a member increases the number of hours worked;
- increases in a member's wages;
- the graduation of a member moving into the maintenance tier of supported employment; and
- when a member achieves full independence in their job without the use of supported employment services.

| Milestone Payment Breakout             |            |            |            |
|----------------------------------------|------------|------------|------------|
| Item                                   | FY 2025-26 | FY 2026-27 | FY 2027-28 |
| <u>Increase in Hours Worked by 10%</u> |            |            |            |
| Frequency                              | 0          | 1          | 1          |
| Eligible members                       | 0          | 155        | 311        |
| Incentive                              | \$0        | \$250      | \$250      |
| Total Expenditure                      | \$0        | \$38,850   | \$77,700   |
| <u>Increase in Wage by 25%</u>         |            |            |            |
| Frequency                              | 0          | 1          | 1          |
| Eligible members                       | 0          | 155        | 311        |
| Incentive                              | \$0        | \$250      | \$250      |
| Total Expenditure                      | \$0        | \$38,750   | \$77,750   |



| Milestone Payment Breakout                             |            |            |            |
|--------------------------------------------------------|------------|------------|------------|
| Item                                                   | FY 2025-26 | FY 2026-27 | FY 2027-28 |
| <u>Member has Reached Job Maintenance (19+ Months)</u> |            |            |            |
| Frequency                                              | 0          | 1          | 1          |
| Eligible members                                       | 0          | 311        | 622        |
| Incentive                                              | \$0        | \$750      | \$750      |
| Total Expenditure                                      | \$0        | \$233,250  | \$466,500  |
| <u>Member has Completely Faded Out Job Training</u>    |            |            |            |
| Frequency                                              | 0          | 1          | 1          |
| Eligible members                                       | 0          | 52         | 104        |
| Incentive                                              | \$0        | \$1,000    | \$1,000    |
| Total Expenditure                                      | \$0        | \$52,000   | \$104,000  |
| Combined Expenditure                                   | \$0        | \$362,850  | \$725,950  |

Providers are eligible once per member per year for the 10.0 percent increase in hours worked milestone. A provider will become eligible for the second milestone payment when a member's wage is 25.0 percent higher than the prevailing local minimum wage, which a provider would only be able to claim once per member, per employment position. The additional two milestone payments focus on member independence. Providers would only be eligible for these milestone payments once per member, per job.

The Department will change the structure of job development services. Job development is a pre-employment service that supports a waiver member by identifying the employment conditions that will lead to a successful job match. This includes ascertaining a member's job interests and strengths. In this new model, job development will change from an hourly reimbursement to paying a flat rate for intended outcomes, such as the completion of an employment profile. There would be two job development services and rates: initial job development for members with poor employment history or a member just starting their career and follow-up job development. The methodology change will reimburse initial job development at a higher rate because it takes longer and is more technical to complete. Follow-up job development would be a lower rate because it would build off the work done in the initial phase.

| Proposed Job Development Cost Summary |           |            |            |             |
|---------------------------------------|-----------|------------|------------|-------------|
| Item                                  | L1-L2     | L3-L4      | L5-L6      | Total       |
| <u>Initial Job Development</u>        |           |            |            |             |
| Proposed Number of Members            | 182       | 87         | 62         | 331         |
| Hours Billed                          | 35        | 40         | 45         | n/a         |
| Current Hourly Rate                   | \$16.80   | \$16.80    | \$16.80    | n/a         |
| Proposed Flat Rate                    | 2,000     | 2,300      | 2,600      | n/a         |
| Current Expenditure                   | \$428,721 | \$398,306  | \$500,876  | \$1,327,903 |
| Proposed Expenditure                  | 364,000   | 200,100    | 161,200    | 725,300     |
| Difference                            | -\$64,721 | -\$198,206 | -\$339,676 | -\$602,603  |
| <u>Job Development Update</u>         |           |            |            |             |
| Hours Billed                          | 20        | 25         | 30         | n/a         |
| Current Rate                          | \$16.80   | \$16.80    | \$16.80    | n/a         |
| Proposed Rate                         | 700       | 900        | 1,100      | n/a         |
| Current Expenditure                   | \$17,681  | \$12,935   | \$10,688   | \$41,304    |
| Proposed Expenditure                  | 4,200     | 14,400     | 6,600      | 25,200      |

| Proposed Job Development Cost Summary |                |                 |                 |                 |
|---------------------------------------|----------------|-----------------|-----------------|-----------------|
| Item                                  | L1-L2          | L3-L4           | L5-L6           | Total           |
| Difference                            | -\$13,481      | \$1,465         | -\$4,088        | -\$16,104       |
| Total Proposed Savings                | -\$78,202      | -\$196,741      | -\$343,764      | -\$618,707      |
| <i>FY 2026-27 Impact</i>              | <i>-39,101</i> | <i>-98,371</i>  | <i>-171,882</i> | <i>-309,354</i> |
| <i>FY 2027-28 Impact</i>              | <i>-78,202</i> | <i>-196,741</i> | <i>-343,764</i> | <i>-618,707</i> |

## Evidence Designation

The Supported Employment Pilot is labeled as Proven as defined in H.B. 24-1428 (Evidence-based Designations for Budget), citing evidence from models in other states, cost savings, and data from the Pilot program itself. The evidence offered in support of the program is substantial, as many states have similar programs and have seen improved outcomes, but there is no evidence that speaks to the causal relationship between these programs and the outcomes. There is no support for cost-savings other than the data provided from the pilot program.

The first claim the Department makes is that members who engaged in an employment support program have helped reduce Medicaid costs by \$161.0 dollars per member per month. This is supported by a national study of cost-savings realized from employment programs, where a study of Medicaid for Employed People with Disabilities (MEPD) found that costs were reduced \$161.0 dollars per member per month for enrollees that entered the MEPD from another eligibility category, excluding the Medicare enrolled months.<sup>9</sup> Including Medicare enrolled months increased the realized savings to \$332.0 dollars per member per month. This study included 66,014 individuals and excluded months in which enrollees resided in nursing or residential care facilities in their regression model, which provides a substantial basis of support for the realized savings assumed by the Department.

Tennessee, Oregon, and Michigan are cited as States that have successful programs, and the Department cites some of the statistics provided from those states. These metrics are reflected generally across all states with a supported employment program, with higher employment rates for adults with disabilities and higher working hours for those adults.<sup>10</sup> These statistics do show some potential for this program in Colorado, but it does not speak to the causal nature. The studies do not include any causal inference measures, so the results from these programs could be due to a multitude of other factors. This is not likely to be the case, but by itself it does not fulfill the qualifications for the Proven designation.

<sup>9</sup> Momany, Elizabeth et al. December 2012. "Cost of Health Care: Medicaid for Employed People with Disabilities, Effects of employment on health care costs." The University of Iowa Public Policy Center. <https://www.dol.gov/sites/dolgov/files/odep/topics/employmentfirst/iowa-medicare-buy-in-cost-of-health-care-study-2012.pdf>.

<sup>10</sup> Elevance Health Public Policy Institute. September 2021. *Supporting Competitive Integrated Employment Opportunities in Tennessee*. [https://www.elevancehealth.com/content/dam/elevance-health/articles/ppi\\_assets/50/50\\_report.pdf](https://www.elevancehealth.com/content/dam/elevance-health/articles/ppi_assets/50/50_report.pdf).

The Department cites its report concerns the results of the pilot program, which finds that job-coaching decreased by 8.0 percent over time and the hours worked by enrolled individuals increased by 11.0 percent.<sup>11</sup> These are the intended results of the program, demonstrating the increased independence resulting from the incentive-based payment model. The report does not include any causal inference models or randomized controlled trials, but the theoretical support for the outcomes based on the program incentives is matched by the data. Employment outcomes improve, the quality of the services offered improved, and the program does project savings that aligns with the data collected from the pilot. There is not further evidence provided to justify these savings, although the savings are only mentioned in the supporting evidence section of the proposal.

Given the review of the materials cited by the Department, staff believes an evidence designation of Evidence-informed is more appropriate for the Supported Employment Pilot program. None of the cited studies utilized methodologies that would meet the highest level of evidence-based research and none showed statistically significant results. While comparison groups were provided and discussed, the variability between the program methods and results suggest additional research is necessary to highlight any corollary or causal relationships.

Lastly, the use of a tiered payment methodology is not addressed in any of the materials cited by the Department, nor do any of the studies cited discuss or investigate the payment methods of similar supported employment programs. As such, and given the administrative nature of this request, staff does not believe the request is applicable for an evidence designation.

## → BA9 DOJ Settlement Agreement

### Request

The Department requests a net increase of \$3.8 million total funds, including an increase \$54,229 General Fund, and 12.8 FTE (representing 13 new positions) to provide the necessary resources to meet the requirements of the Settlement Agreement between the Department of Health Care Policy and Financing and the U.S. Department of Justice (DOJ) to resolve litigation regarding claims of violations of Title II of the Americans with Disabilities Act.<sup>12</sup>

The Department identifies 14 elements to be funded to address the Settlement Agreement in FY 2025-26 and ongoing. This request is associated with a supplemental request previously addressed by the Committee.

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<sup>11</sup> Department of Health Care Policy and Financing. August 2024. *Health First Colorado Supported Employment Incentive Based Pilot Report*. State of Colorado. [https://drive.google.com/file/d/1-FxTkI4\\_PiNxBuUHCKgJ\\_U06PBGr6RQn/view](https://drive.google.com/file/d/1-FxTkI4_PiNxBuUHCKgJ_U06PBGr6RQn/view).

<sup>12</sup> Settlement Agreement – U.S. v. Colorado: <https://www.justice.gov/crt/case-document/settlement-agreement-us-v-colorado>

### CDASS Financial Management Services (FMS) Contractor Increase

The Department requests \$539,339 total funds, including \$237,309 General Fund, to increase the Financial Management Services (FMS) contracted per member per month rate in alignment with national averages in order to increase interest in FMS organizations to serve Medicaid clients. In 2023, the Department underwent a Request for Proposal process and received little interest from vendors, primarily due to the Department's low rate of payment. By increasing the rate in alignment with national averages, the Department anticipates increased interest from organizations providing consumer direction. This would help the department fulfill requirements in the DOJ agreement requiring the Department to ensure sufficient flexibility to address members needs and make sure providers are available to address member needs.

The Department assumes that these costs are eligible for a 50.0 percent federal match.

### Home Modification Salesforce License

The Department requests \$30,000 total funds, including \$15,000 General Fund, in FY 2025-26 and ongoing for Salesforce licenses in order for the Department, the Department of Local Affairs, and contractors of the Department to enter, track, and monitor all home modification requests and projects. The licenses are to be used by Department contractors to enter information about home modification projects and upload documents. The Department would use licenses to track home modifications, and the Department of Local Affairs would use licenses to ensure that no duplications of services occur. This request fulfills the Settlement Agreement requirement (Section VII (I)(4)) to ensure the home modification approval process is simplified and streamlined by August 31, 2025. The Department estimates the total cost of Home Modification Salesforce licenses based on the annual cost for approximately 2,000 logins per month for Salesforce.

The Department assumes that these costs are eligible for a 50.0 percent federal match.

### Salesforce Licenses for Escalation

The Department requests \$21,116 total funds, including \$10,558 General Fund, in FY 2025-26 and ongoing for Salesforce licenses in order for department staff to have access to Salesforce and to pay for tracking software in order to better track transitions and transition escalations. These licenses would allow the Department to better track and monitor escalations and referrals related to transitions including the time it takes for transitions to be completed. This funding would help the Department to create a statewide process for tracking transitions and ensure that all transitions taking longer than 120 days are being escalated and reviewed, as required in the agreement. This request would also fulfill the Department's requirement to provide community transitions under the Department of Justice Settlement Agreement.

The Department assumes that these costs are eligible for a 50.0 percent federal match.

### Direct Care Careers Platform

The Department requests \$150,000 total funds, including \$75,000 General Fund, in FY 2025-26 and ongoing for the Direct Care Careers platform to support, develop, and train the direct care

workforce in the state. The Department requires an annual fee in order to maintain the Direct Care Careers interface and allow members access to the training and job posting platform. The platform offers a range of features, including detailed candidate profiles, a jobs board, and a matching system that aligns candidates with Home and Community Based Services employers. The platform also provides a resource library, soft skill modules, and free, portable standardized core curriculum training modules. A key component of the Settlement Agreement (Section VIII (A)) was to ensure a sustainable and well-equipped workforce to meet the growing demands for care of individuals in their homes and communities.

The Department assumes that these costs are eligible for a 50.0 percent federal match.

### Contractor Support

The Department requests \$200,000 total funds, including \$105,000 General Fund, in FY 2025-26 and ongoing to complete the development of a quality assurance and program improvement plan. The Settlement Agreement (Section IX (A)) requires the Department to develop and implement a quality assurance and performance improvement system that collects and analyzes data relevant to assessing compliance with the agreement. The agreement also requires the simplification and streamlining of a number of programs including home modifications, eligibility determination, and long term home health. To fulfill these requirements, the Department requests funding for contract support in order to develop a quality assurance and program improvement plan, provide continued data collection and analysis processes, and to streamline processes and reporting. Additionally, contractor support may be utilized to develop studies or stakeholder engagement to ensure compliance with the agreement, develop trainings, or hire policy expertise to inform program development.

The Department assumes that these costs are eligible for a 50.0 percent federal match.

### Care and Case Management System Changes

The Department requests \$2.0 million total funds, including \$200,000 General Fund, in FY 2025-26 through FY 2028-29 for Care and Case Management (CCM) system changes needed in order to ensure compliance with the Settlement Agreement. The Department anticipates that completing these system changes will assist in compliance by ensuring that CCM reflects the programmatic requirements of the Settlement Agreement. This includes requiring system tracking and oversight of activities like in-reach counseling, at risk diversion efforts, and the implementation of Community First Choice. The Department must ensure that the Care and Case Management System is fully functional in order to streamline the functional eligibility process and in order to deliver timely and appropriate services. The Settlement Agreement requires various data elements that are not currently available. This request helps ensure the Department has the necessary data to report and comply with the settlement agreement. The funding will provide an estimated 11,000 development hours annually for CCM system development and maintenance.

The Department assumes that all of the CCM system changes funding will be eligible for a 90.0 percent enhanced match as all of the work is for Design and Development work.

## Colorado Benefits Management System (CBMS) Changes

The Department requests \$500,000 total funds, including \$50,000 General Fund, in FY 2025-26 through FY 2028-29 to complete eligibility level of care and reporting updates, to automate patient payment forms for Long Term Care and Nursing Facilities, and to integrate home maintenance allowance programs into CBMS. The Department requests this funding to:

- update member level of care information in CBMS and improve reporting functionality related to this information;
- to complete the automation of patient payment forms in order to assist users with this step in the eligibility process to help provide accurate and timely notification of patient payment information to nursing facilities; and
- to integrate the home maintenance allowance programs into CBMS by automating the form and reducing the need for a paper process for the counties.

This funding helps the Department comply with the Settlement Agreement requirements (Section VI (J)) outlining that by June 2026, the Department will take efforts to increase the utilization of the Home Maintenance Allowance Program for at-risk members by improving public awareness, working with case managers to ensure the necessary verifications and documentation is in place for county staff, and ensuring members receive detailed information from case managers.

The Department assumes that all of the CBMS system changes funding will be eligible for a 90.0 percent enhanced match as all of the work is for Design and Development work.

## Staffing for Escalation

The Department requests \$318,621 total funds, including \$159,310 General Fund, and 3.0 FTE (representing three new positions) in FY 2025-26 and ongoing to address transition escalations to get members into the home and community setting through a variety of tactics. With implementation of new programs and adaptation of ongoing programs to ensure compliance with the Settlement Agreement (Sections XI (C) and (E)), the Department anticipates an increase in volume of escalations beyond the capacity of existing staff. The Department is requesting permanent resources to support the ongoing need to address member transition escalations in order to comply with the requirement that transitions taking longer than 120 days be reviewed by an escalation team to expedite and support the transition process. The median transition time for individuals in need of housing support is over 200 days, meaning that the majority of transitions will need to be reviewed.

The Department assumes that these costs are eligible for a 50.0 percent federal match.

## Staffing for Workforce Support

The Department requests \$266,895 total funds, including \$133,447 General Fund, and 2.0 FTE (representing two new positions) in FY 2025-26 in order to ensure appropriate access to care, enhance worker availability, improve candidate employer matches, provide standardized training curriculum, and enhance the skills of individuals in the direct care field. These staff would be responsible for deploying workforce recruitment, training, and retention strategies

and efforts across the state. Additionally, they would collect data for reporting and monitoring, provide stakeholder engagement to identify and evaluate workforce sustainability efforts, and ensure trainings are updated and enhanced to meet the needs of members living in their home and community. The new positions help the Department comply with Sections VI (F)(1) and VII (A) of the Settlement Agreement.

The request annualizes to \$268,901 total funds and 2.0 FTE in FY 2026-27 and ongoing. The Department assumes that these costs are eligible for a 50.0 percent federal match.

### Staffing for Oversight and Monitoring

The Department requests \$130,621 total funds, including \$65,310 General Fund, and 1.0 FTE for FY 2025-26 through FY 2028-29 to compile data necessary to report on compliance metrics with the Settlement Agreement (Sections IX (A), XI (D), V(D), VI(L), VII(G), and VIII(J)). This staff would be responsible for compiling data on any member that receives transition coordination service, options counseling, and any other diversion effort to improve transitions into the community for a bi-annual report for the Settlement Agreement. The work is anticipated to end in June 2029 after the conclusion of the final report in June 2028.

The Department assumes that these costs are eligible for a 50.0 percent federal match.

### Staffing for Service Provision Compliance

The Department requests \$130,621 total funds, including \$65,310 General Fund, and 1.0 FTE for FY 2025-26 through FY 2028-29 to track Home and Community Based Service member's individual service gaps, and work to ensure compliance with the Settlement Agreement (Sections VI (F)(1) and VIII (A)). Per the Settlement Agreement, the Department cannot count a transition if a member moves back into an institutional setting due to lack of services in the community. The position would be responsible for reviewing case management service plans and members' access to those services, identifying individual and systemic issues, and recommending policy changes to improve those concerns. The work is anticipated to end in June 2029.

The Department assumes that these costs are eligible for a 50.0 percent federal match.

### Staffing for System Support

The Department requests \$522,484 total funds, including \$71,842 General Fund, and 4.0 term-limited FTE (representing four new positions) for FY 2025-26 through FY 2026-27 to assist in completing CCM system changes needed to comply with the Settlement Agreement. The staff would develop project descriptions, coordinate document creation, and validate requirements for system changes with vendors. The staff would collaborate with system vendors on developing operational, training, and communication materials for Case Management Agencies in order to ensure a successful implementation of these individual projects. The staff would also manage CCM reporting to ensure data integrity across reporting ecosystems and for accurate reporting on key measurements from the DOJ agreement. The work is anticipated to end in June 2027.

The Department assumes that these costs are eligible for an 86.25 percent federal match.



## Presumptive Eligibility Staff

The Department requests \$263,248 total funds, including \$131,624 General Fund, and 2.0 FTE for FY 2025-26 and FY 2026-27 for the implementation and oversight of Long Term Services and Supports presumptive eligibility. Presumptive eligibility is a program giving eligible individuals immediate temporary coverage for medical services and some home and community based services while eligibility for long term services and supports is determined. The Settlement Agreement (Section VIII (C)(1-3)) requires the Department to implement presumptive eligibility for people with disabilities for the Department's long term service and supports.

The request increases to \$379,574 total funds, including \$189,787 General Fund, and 2.8 FTE to add one staffing resources in FY 2027-28. The request further annualizes to \$394,872 total funds, including \$197,436 General Fund, and 3.0 FTE in FY 2028-29 and ongoing. The Department assumes that these costs are eligible for a 50.0 percent federal match.

## Removal of Litigation Funding

The Department requests a reduction of \$1,256,400 General Fund in FY 2025-26 through FY 2027-28 to remove the funding for legal consultations for the Department of Justice litigation requested in the FY 2024-25 S/BA8 (Community-based access to services) requests approved by the Committee and General Assembly. The Department anticipates being able to mitigate the need for further litigation through the Settlement Agreement.

## Recommendation

Staff recommendation is functionally the annualization of the related FY 2024-25 supplemental action taken by the Committee regarding this decision item. The annualization for FY 2025-26 of the supplemental appropriation results in an increase of \$1,355,142 total funds, including \$707,052 General Fund, and 10.2 FTE.

| Net Impact of S9/BA9 for FY 2025-26 Appropriation |             |              |            |                 |               |      |
|---------------------------------------------------|-------------|--------------|------------|-----------------|---------------|------|
| Budget action                                     | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE  |
| FY 2024-25 supplemental                           | \$2,384,037 | -\$687,424   | \$0        | \$0             | \$3,071,461   | 2.6  |
| FY 2025-26 annualization                          | 1,355,142   | 710,266      | 0          | 0               | 644,876       | 10.2 |
| FY 2025-26 net impact                             | \$3,739,179 | \$22,842     | \$0        | \$0             | \$3,716,337   | 12.8 |

The primary differences between this recommendation and the request is the proration of the requested FTE for the presumptive eligibility program for an August hire date and the removal of their centrally appropriated costs pursuant to Committee policy regarding new FTE.

Staff recommendation for FY 2025-26 net funding for each of the fourteen elements outlined in the previous section are detailed in the table below.

| Summary by Initiative FY 2025-26       |             |              |            |                 |               |     |
|----------------------------------------|-------------|--------------|------------|-----------------|---------------|-----|
| Item                                   | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
| CDASS FMS PMPM Increase                | \$539,339   | \$237,309    | \$0        | \$0             | \$302,030     | 0.0 |
| Home Modification Sales Force Licenses | 30,000      | 15,000       | 0          | 0               | 15,000        | 0.0 |
| Sale's Force Licenses for Escalations  | 21,116      | 10,558       | 0          | 0               | 10,558        | 0.0 |

| Summary by Initiative FY 2025-26          |             |              |            |                 |               |      |
|-------------------------------------------|-------------|--------------|------------|-----------------|---------------|------|
| Item                                      | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE  |
| Direct Care Careers                       | 150,000     | 75,000       | 0          | 0               | 75,000        | 0.0  |
| Contractor Support                        | 200,000     | 100,000      | 0          | 0               | 100,000       | 0.0  |
| Care and Case Management System Changes   | 2,000,000   | 200,000      | 0          | 0               | 1,800,000     | 0.0  |
| Eligibility System Changes                | 500,000     | 50,000       | 0          | 0               | 450,000       | 0.0  |
| Staffing for Escalation                   | 313,419     | 156,709      | 0          | 0               | 156,710       | 3.0  |
| Staffing for Workforce Support            | 262,367     | 131,183      | 0          | 0               | 131,184       | 2.0  |
| Staffing for Oversight and Monitoring     | 128,405     | 64,202       | 0          | 0               | 64,203        | 1.0  |
| Staffing for Service Provision Compliance | 128,405     | 64,202       | 0          | 0               | 64,203        | 1.0  |
| Staffing for System Support               | 513,620     | 70,623       | 0          | 0               | 442,997       | 4.0  |
| Presumptive Eligibility Staff             | 208,908     | 104,454      | 0          | 0               | 104,454       | 1.8  |
| Removal of Litigation Funding             | -1,256,400  | -1,256,400   | 0          | 0               | 0             | 0.0  |
| Total Recommendation                      | \$3,739,179 | \$22,840     | \$0        | \$0             | \$3,716,339   | 12.8 |

## Analysis/Background

The Department manages several programs for children and adults with disabilities. This includes oversight of the Department’s ten Home and Community-Based Services (HCBS) programs. Each HCBS program is an extra set of Medicaid benefits that a member could qualify for in certain cases and includes services such as personal care, homemaker, day habilitation services and behavioral services. These types of services allow individuals to receive essential care and remain in a community setting. Medicaid also covers nursing facility services for members who are no longer able to, or choose not to, live in the community setting. Case management agencies (CMAs) screen members to determine whether they meet the level of care required before being admitted to a nursing facility or provided Home and Community Based Services.

In March 2022, the Department of Justice issued a findings letter alleging that Colorado is violating Title II of the Americans with Disabilities Act by “administering its long-term care system in a way that unnecessarily segregates individuals with physical disabilities in nursing facilities and places others with physical disabilities at serious risk of unnecessary institutionalization.” The letter suggested four main areas for improvement, including:

- providing additional information to members to prevent unnecessary institutionalization
- providing effective transition services
- expanding access to Colorado’s community-based service system
- increasing Access to integrated community-based housing opportunities

On September 29, 2023, the DOJ filed a lawsuit against the State of Colorado based on these allegations.

While the Department disputes the DOJ’s allegations, the Department and the DOJ entered negotiations in February 2024 in order to settle the lawsuit. Through the settlement process, the Department continued to advocate for provisions that aligned with funding approved by the legislature. On October 31, 2024, the DOJ and the State signed a voluntary Settlement Agreement.

The Settlement agreement outlines the allegations and the parties' positions, while detailing those actions agreed upon that are to be taken to prevent litigation. Of particular relevance to the Joint Budget Committee, Section XII of the Settlement Agreement acknowledges the General Assembly's authority to determine the level of appropriations made in support of the execution of the agreement. It also acknowledges that, if funding is insufficient to ensure the Department's efforts to meet its obligations, the federal government has the right to revive litigation.

## Evidence Designation

The Department identifies the Direct Care Career platform and workforce supports as a Promising practice as defined in H.B. 24-1428 (Evidence-based Designation for Budget), asserting that multiple studies with strong comparison groups demonstrate that providing adequate job connection support and training to the direct care workforce lead to a positive impact on the health of members. A review of the studies cited by the Department does not support this designation. While there have been several studies regarding workforce supports for direct care services providers, none of those studies have resulted in statistically significant results. Some of those studies include comparison groups, but there is sufficient variability between those groups to obfuscate any firm conclusions from their results. Many of the studies highlight pay and compensation as the primary factor influencing an individual's decision to pursue, or not, a career in direct care services. All of the cited sources indicate the need for further research. Staff believes that workforce supports are more appropriately designated as Evidence-informed.

The Department identifies presumptive eligibility as an Evidence-informed practice based on a study conducted by the state of Washington that showed the practice reduced emergency room visits and hospitalization within six months of enrollment. Further, the study indicates a low risk of presumptive eligibility resulting in an erroneous Medicaid eligibility determination. Staff agrees with the Evidence-informed designation.

## (4) Office of Community Living

The Office of Community Living provides leadership and case management services for all of the Department's long-term care programs.

For Medicaid clients with intellectual and developmental disabilities, the division includes funding for:

- Residential services through the Adult Comprehensive and Children's Habilitation waivers
- Non-residential services through the Adult Supported Living and Children's Extensive Support waivers

Independent of Medicaid, the Division operates programs for people with intellectual and developmental disabilities to provide:

- Funding for extraordinary costs incurred by families
- Preventive dental hygiene
- Supported employment

| Office of Community Living           |                 |               |              |                 |               |      |
|--------------------------------------|-----------------|---------------|--------------|-----------------|---------------|------|
| Item                                 | Total Funds     | General Fund  | Cash Funds   | Reapprop. Funds | Federal Funds | FTE  |
| FY 2024-25 Appropriation             |                 |               |              |                 |               |      |
| FY 2024-25 Appropriation             | \$1,269,221,723 | \$613,665,022 | \$31,823,987 | \$0             | \$623,732,714 | 39.5 |
| Long Bill supplemental               | 77,139,940      | 40,122,268    | -1,552,298   | 0               | 38,569,970    | 0.0  |
| Total FY 2024-25                     | \$1,346,361,663 | \$653,787,290 | \$30,271,689 | \$0             | \$662,302,684 | 39.5 |
| FY 2025-26 Recommended Appropriation |                 |               |              |                 |               |      |
| FY 2024-25 Appropriation             | \$1,346,361,663 | \$653,787,290 | \$30,271,689 | \$0             | \$662,302,684 | 39.5 |
| R5 OCL caseload adjustment           | 177,690,388     | 78,728,954    | 9,257,033    | 0               | 89,704,401    | 0.0  |
| R11d CHRP respite rate               | -176            | -88           | 0            | 0               | -88           | 0.0  |
| BA11 ARPA HCBS adjustments           | -15,844,106     | 0             | -7,158,390   | 0               | -8,685,716    | 0.0  |
| Annualize prior year budget actions  | 15,488,417      | 8,392,848     | -864,670     | 0               | 7,960,239     | 0.0  |
| Community First Choice               | 0               | -1,477,443    | 0            | 0               | 1,477,443     | 0.0  |
| Total FY 2025-26                     | \$1,523,696,186 | \$739,431,561 | \$31,505,662 | \$0             | \$752,758,963 | 39.5 |
| Changes from FY 2024-25              | \$177,334,523   | \$85,644,271  | \$1,233,973  | \$0             | \$90,456,279  | 0.0  |
| Percentage Change                    | 13.2%           | 13.1%         | 4.1%         | n/a             | 13.7%         | 0.0% |
| FY 2025-26 Executive Request         | \$1,320,628,178 | \$649,436,260 | \$22,597,296 | \$0             | \$648,594,622 | 39.5 |
| Staff Rec. Above/-Below Request      | \$203,068,008   | \$89,995,301  | \$8,908,366  | \$0             | \$104,164,341 | 0.0  |

## Decision Items

### → R5 Office of Community Living (OCL) caseload adjustment

#### Request

The Department requests a change to the Office of Community Living (OCL), Medicaid Programs appropriations for both FY 2024-25 and FY 2025-26 based on a new forecast of caseload and expenditures under current law and policy. The OCL Medicaid Programs pay for Home- and Community-Based Services to Medicaid members with intellectual and developmental disabilities.

On February 18, 2025, the Department submitted an update to the R5 forecast. This update is not an "official" request and it is not accounted for in the Governor's budget balancing. It was submitted after the General Assembly's budget request deadlines. However, it represents the most current forecast of expenditures available. The February 2025 forecast is higher than the forecast used for the Governor's request by \$77.1 million total funds, including \$40.1 million General Fund, in FY 2024-25 and \$82.4 million total funds, including \$40.6 million General Fund, in FY 2025-26. The cumulative General Fund difference over the two years is \$159.7 million higher than the Governor's November request.

#### Recommendation

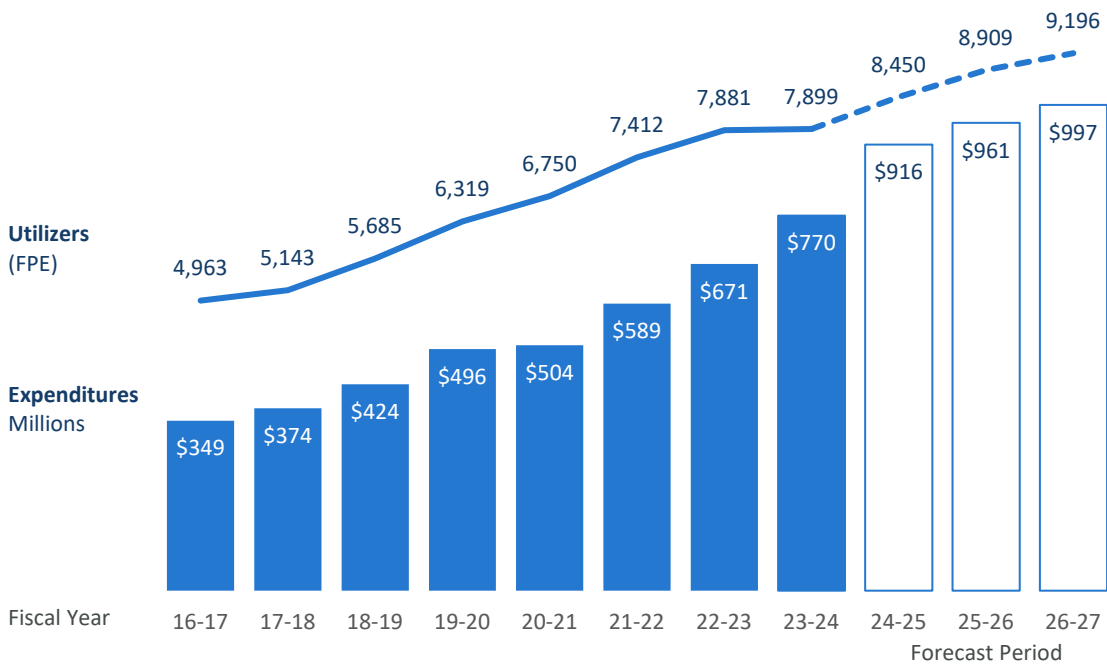
Staff recommends using the Department's February 2025 forecast of enrollment and expenditures to modify both the FY 2024-25 and FY 2025-26 appropriations. This is the best estimate available of what the actual costs will be for the program based on current law and policy.

The graphs below summarize the Department's forecast.

## Office of Community Living Residential Services

### Adult Comprehensive Services and Children's Habilitation Residential Services

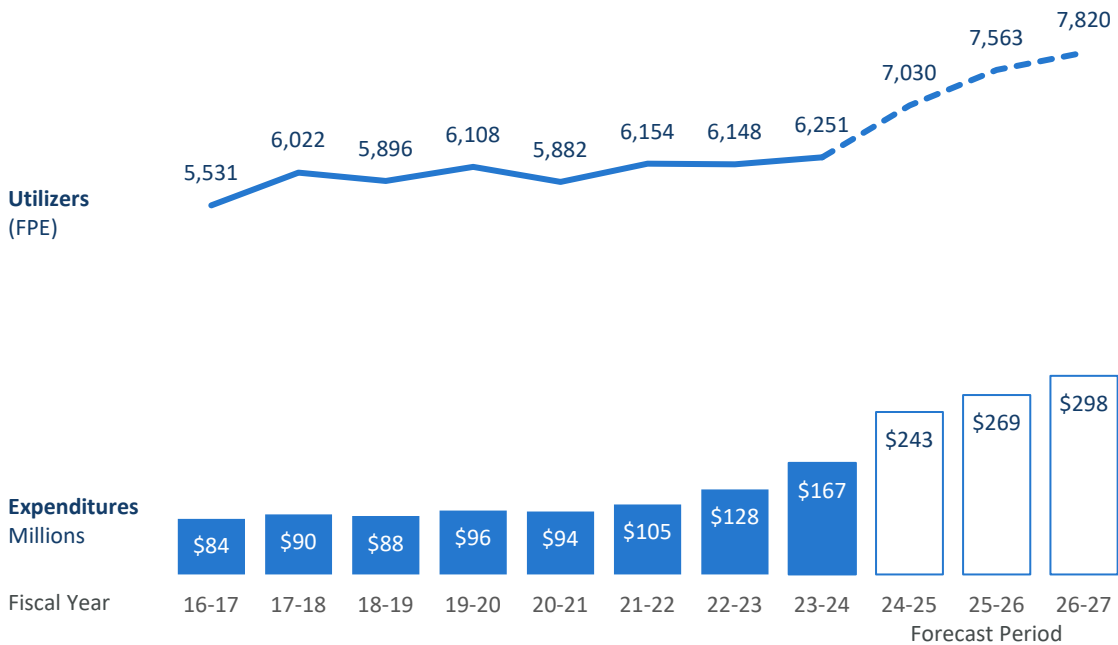
February 2025 forecast



## Office of Community Living Nonresidential Services

### Adult Supported Living Services and Childrens' Extensive Support Services

February 2025 forecast



## FY 2024-25

The table below shows the most significant factors driving the change in the Department's forecast for FY 2024-25. Note that this table displays changes from the appropriation and not changes from FY 2023-24. A negative number does not necessarily indicate negative growth for the fiscal year, but just slower growth than had been assumed for the appropriation.

| FY 2024-25 Office of Community Living Enrollment/Utilization Trends |                 |               |              |               |
|---------------------------------------------------------------------|-----------------|---------------|--------------|---------------|
| Item                                                                | Total Funds     | General Fund  | Cash Funds   | Federal Funds |
| <u>FY 2024-25 Appropriation</u>                                     |                 |               |              |               |
| Adult Comprehensive Services                                        | \$869,579,190   | \$426,742,907 | \$8,226,288  | \$434,609,995 |
| Adult Supported Living Services                                     | 108,283,894     | 35,315,082    | 17,854,604   | 55,114,208    |
| Children's Extensive Support Services                               | 103,600,225     | 51,507,209    | 216,702      | 51,876,314    |
| Children's Habilitation Residential Program                         | 20,741,633      | 10,313,522    | 64,843       | 10,363,268    |
| Case Management                                                     | 141,229,744     | 65,842,320    | 5,461,295    | 69,926,129    |
| Subtotal - Appropriation                                            | \$1,243,434,686 | \$589,721,040 | \$31,823,732 | \$621,889,914 |
| <u>Change by Program</u>                                            |                 |               |              |               |
| Adult Comprehensive Services                                        | \$34,063,837    | \$17,031,075  | \$844        | \$17,031,918  |
| Adult Supported Living Services                                     | 7,941,494       | 6,690,855     | -2,720,108   | 3,970,747     |
| Children's Extensive Support Services                               | 26,594,434      | 13,297,217    | 0            | 13,297,217    |
| Children's Habilitation Residential Program                         | 4,364,823       | 2,182,411     | 0            | 2,182,412     |
| Case Management                                                     | 4,175,352       | 920,710       | 1,166,966    | 2,087,676     |
| Subtotal - Adjustment                                               | \$77,139,940    | \$40,122,268  | -\$1,552,298 | \$38,569,970  |
| <u>FY 2024-25 Forecast (Feb 2025)</u>                               |                 |               |              |               |
| Adult Comprehensive Services                                        | \$903,643,027   | \$443,773,982 | \$8,227,132  | \$451,641,913 |
| Adult Supported Living Services                                     | 116,225,388     | 42,005,937    | 15,134,496   | 59,084,955    |
| Children's Extensive Support Services                               | 130,194,659     | 64,804,426    | 216,702      | 65,173,531    |
| Children's Habilitation Residential Program                         | 25,106,456      | 12,495,933    | 64,843       | 12,545,680    |
| Case Management                                                     | 145,405,096     | 66,763,030    | 6,628,261    | 72,013,805    |
| Total                                                               | \$1,320,574,626 | \$629,843,308 | \$30,271,434 | \$660,459,884 |

## Adult Comprehensive Services

The February forecast decreased the expected reserve capacity needed from 421 to 300; however, the average monthly enrollment increased from 8,290 to 8,404. Additionally, the estimated cost per full program equivalent (FPE) increased by \$2,718 from the November forecast. The General Assembly provides funding for reserve capacity for emergency placements due to factors such as homelessness or abuse and for people transitioning from foster care, a youth waiver, or an institutional setting. Adult Comprehensive Services includes residential habilitation, day habilitation, prevocational services, supported employment, dental and vision services, behavioral services, non-medical transportation, and specialized medical equipment and supplies.



## Adult Supported Living Services

The forecast increased primarily due to higher actual utilization of Supported Living Services by people enrolled in the waiver through the first half of the year. The estimated cost per full program equivalent increased by \$1,221 from the November forecast. Supported Living Services include day habilitation, homemaker, personal care, respite, supported employment, dental and vision services, assistive technology, behavioral services, home accessibility adaptation, mentorship, non-medical transportation, personal emergency response systems, professional therapeutic services, specialized medical equipment and supplies, and vehicle modification.

## Children's Extensive Support Services

The February forecast increase is attributable to increased average monthly enrollment and a higher cost per utilizer (FPE). Average monthly enrollment increased from 3,282 to 3,520 and the estimated FPE cost increased by \$6,305. During the COVID public health emergency, the federal Centers for Medicare and Medicaid Services (CMS) directed states to allow payments to parents for community connector services and recent CMS guidance has made that change in policy permanent. Since the change, the Department has seen significant growth in the utilization of community connector services. Children's Extensive Support Services include: homemaker services, respite, vision care, adapted and therapeutic recreation equipment, equipment and supplies, vehicle modifications, and parent education.

## Case Management

The increase in the forecast is primarily due to the estimated base expenditures for Case Management Agencies for targeted case management and monitoring.

### FY 2025-26

The next table shows the projected changes in expenditures by program from FY 2024-25 to FY 2025-26. The table shows the impact of changes in the forecast only.

| FY 2025-26 Office of Community Living Enrollment/Utilization Trends |                 |               |              |               |
|---------------------------------------------------------------------|-----------------|---------------|--------------|---------------|
| Item                                                                | Total Funds     | General Fund  | Cash Funds   | Federal Funds |
| <u>FY 2024-25 Forecast (Feb 2025)</u>                               |                 |               |              |               |
| Adult Comprehensive Services                                        | \$903,643,027   | \$443,773,982 | \$8,227,132  | \$451,641,913 |
| Adult Supported Living Services                                     | 116,225,388     | 42,005,937    | 15,134,496   | 59,084,955    |
| Children's Extensive Support Services                               | 130,194,659     | 64,804,426    | 216,702      | 65,173,531    |
| Children's Habilitation Residential Program                         | 25,106,456      | 12,495,933    | 64,843       | 12,545,680    |
| Case Management                                                     | 145,405,096     | 66,763,030    | 6,628,261    | 72,013,805    |
| Subtotal - Appropriation                                            | \$1,320,574,626 | \$629,843,308 | \$30,271,434 | \$660,459,884 |
| <u>Change by Program</u>                                            |                 |               |              |               |
| Adult Comprehensive Services                                        | \$81,672,923    | \$40,651,185  | \$185,277    | \$40,836,461  |
| Adult Supported Living Services                                     | 21,601,455      | 5,111,203     | 5,723,682    | 10,766,570    |
| Children's Extensive Support Services                               | 58,578,665      | 28,382,760    | -16,372      | 30,212,277    |
| Children's Habilitation Residential Program                         | 10,813,152      | 5,449,174     | 0            | 5,363,978     |

| FY 2025-26 Office of Community Living Enrollment/Utilization Trends |                 |               |              |               |
|---------------------------------------------------------------------|-----------------|---------------|--------------|---------------|
| Item                                                                | Total Funds     | General Fund  | Cash Funds   | Federal Funds |
| Case Management                                                     | 5,024,193       | -865,368      | 3,364,446    | 2,525,115     |
| Subtotal - Adjustment                                               | \$177,690,388   | \$78,728,954  | \$9,257,033  | \$89,704,401  |
| <u>FY 2025-26 Forecast (Feb 2025)</u>                               |                 |               |              |               |
| Adult Comprehensive Services                                        | \$985,315,950   | \$484,425,167 | \$8,412,409  | \$492,478,374 |
| Adult Supported Living Services                                     | 137,826,843     | 47,117,140    | 20,858,178   | 69,851,525    |
| Children's Extensive Support Services                               | 188,773,324     | 93,187,186    | 200,330      | 95,385,808    |
| Children's Habilitation Residential Program                         | 35,919,608      | 17,945,107    | 64,843       | 17,909,658    |
| Case Management                                                     | 150,429,289     | 65,897,662    | 9,992,707    | 74,538,920    |
| Total                                                               | \$1,498,265,014 | \$708,572,262 | \$39,528,467 | \$750,164,285 |

## Adult Comprehensive Services

The February forecast increased the expected reserve capacity needed from 292 to 300 and the average monthly enrollment increased from 8,601 to 8,832. Additionally, the estimated cost per full program equivalent (FPE) increased by \$1,464 from the November forecast. The General Assembly provides funding for reserve capacity for emergency placements due to factors such as homelessness or abuse and for people transitioning from foster care, a youth waiver, or an institutional setting. Adult Comprehensive Services includes residential habilitation, day habilitation, prevocational services, supported employment, dental and vision services, behavioral services, non-medical transportation, and specialized medical equipment and supplies.

## Supported Living Services

The increase is primarily due to an increase in the projected monthly enrollment from 4,532 to 4,891. The cost per utilizer increased by \$1,041 from the November forecast. Offsetting people entering the waiver there are people who leave the waiver due to entering the Adult Comprehensive Services. Supported Living Services include day habilitation, homemaker, personal care, respite, supported employment, dental and vision services, assistive technology, behavioral services, home accessibility adaptation, mentorship, non-medical transportation, personal emergency response systems, professional therapeutic services, specialized medical equipment and supplies, and vehicle modification.

## Children's Extensive Support Services

The increase reflects projected increases in average monthly enrollment from 3,650 to 3,94. The cost per FPE increased by \$5,553 from the November forecast. Children's Extensive Support Services include: homemaker services, respite, vision care, adapted and therapeutic recreation equipment, equipment and supplies, vehicle modifications, and parent education.

## Children's Habilitation Residential Program

The February forecast reflects projected increases in average monthly enrollment from 348 to 392. The cost per FPE increased by \$10,687 from the November forecast. The enrollment

growth is due to action by the General Assembly that expanded eligibility for the waiver from children in foster care to children with very high needs but no foster care involvement.

## Case Management

The increase in the forecast is primarily due to increases of the estimated base expenditures for Case Management Agencies for monitoring.

## → R11d Children’s Habilitation Residential Program (CHRP) respite rate

### Request

The Department requests a reduction of \$176 total funds, including \$88 General Fund, in FY 2025-26 and ongoing for adjustments to the group respite rate for the Children’s Habilitation Residential Program waiver.

### Recommendation

**Staff recommends approval of the request.**

### Analysis/Background

The CHRP waiver does not currently offer a group respite rate. Recipients can utilize individual respite services for in-home and residential care, both at an hourly and daily rate. The Department reports that a portion of the CHRP population are receiving respite care within the same home. Currently, members must receive care from different providers, even if they are receiving care in the same home. Parents or caretakers who rely on respite to run errands or take care of other essential tasks are unable to do so if their dependents receive respite at different times. The Department asserts that the implementation of a group rate will improve the wellbeing of parents and caretakers and offer a more efficient service by addressing this service gap.

# Line Item Detail

## (A) Division of Intellectual and Developmental Disabilities

### (1) Administrative Costs

#### Personal Services

The Personal Services line item funds the Department's expenditures for FTE and temporary staff who manage services for people with intellectual and developmental disabilities. It was created as a part of H.B. 13-1314 (Transfer Developmental Disabilities to HCPF), which transferred the administration of long-term services for persons with intellectual and developmental disabilities from the Department of Human Services to the Department of Health Care Policy and Financing. Allocated POTS for the FTE, including salary survey; merit pay; health, life, dental; short-term disability; and amortization and supplemental amortization equalization disbursements are paid through the Executive Director's Office General Administration POTS appropriations.

*Statutory Authority:* Section 25.5-10-101, C.R.S.

| Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities, Administrative Costs, Personal Services |             |              |            |                 |               |      |
|------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------|------------|-----------------|---------------|------|
| Item                                                                                                                                           | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE  |
| FY 2024-25 Appropriation                                                                                                                       |             |              |            |                 |               |      |
| FY 2024-25 Appropriation                                                                                                                       | \$3,469,613 | \$1,858,480  | \$0        | \$0             | \$1,611,133   | 39.5 |
| Total FY 2024-25                                                                                                                               | \$3,469,613 | \$1,858,480  | \$0        | \$0             | \$1,611,133   | 39.5 |
| FY 2025-26 Recommended Appropriation                                                                                                           |             |              |            |                 |               |      |
| FY 2024-25 Appropriation                                                                                                                       | \$3,469,613 | \$1,858,480  | \$0        | \$0             | \$1,611,133   | 39.5 |
| Total FY 2025-26                                                                                                                               | \$3,469,613 | \$1,858,480  | \$0        | \$0             | \$1,611,133   | 39.5 |
| Changes from FY 2024-25                                                                                                                        | \$0         | \$0          | \$0        | \$0             | \$0           | 0.0  |
| Percentage Change                                                                                                                              | 0.0%        | 0.0%         | n/a        | n/a             | 0.0%          | 0.0% |
| FY 2025-26 Executive Request                                                                                                                   | \$3,469,613 | \$1,858,480  | \$0        | \$0             | \$1,611,133   | 39.5 |
| Staff Rec. Above/-Below Request                                                                                                                | \$0         | \$0          | \$0        | \$0             | \$0           | 0.0  |

#### Operating Expenses

The Operating Expenses line item provides for most of the non-personal services costs of the office, including telephones, computers, office furniture, and employees supplies. It supports a

number of annual costs such as in- and out-of-state travel, records storage, postage costs, and subscriptions to federal publications.

*Statutory Authority:* Section 25.5-10-101, C.R.S.

| Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities,<br>Administrative Costs, Operating Expenses |                |                 |               |                    |                  |     |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------|---------------|--------------------|------------------|-----|
| Item                                                                                                                                               | Total<br>Funds | General<br>Fund | Cash<br>Funds | Reapprop.<br>Funds | Federal<br>Funds | FTE |
| FY 2024-25 Appropriation                                                                                                                           |                |                 |               |                    |                  |     |
| FY 2024-25 Appropriation                                                                                                                           | \$356,510      | \$202,136       | \$0           | \$0                | \$154,374        | 0.0 |
| Total FY 2024-25                                                                                                                                   | \$356,510      | \$202,136       | \$0           | \$0                | \$154,374        | 0.0 |
| FY 2025-26 Recommended Appropriation                                                                                                               |                |                 |               |                    |                  |     |
| FY 2024-25 Appropriation                                                                                                                           | \$356,510      | \$202,136       | \$0           | \$0                | \$154,374        | 0.0 |
| Annualize prior year budget actions                                                                                                                | -75,000        | -37,500         | 0             | 0                  | -37,500          | 0.0 |
| Total FY 2025-26                                                                                                                                   | \$281,510      | \$164,636       | \$0           | \$0                | \$116,874        | 0.0 |
| Changes from FY 2024-25                                                                                                                            | -\$75,000      | -\$37,500       | \$0           | \$0                | -\$37,500        | 0.0 |
| Percentage Change                                                                                                                                  | -21.0%         | -18.6%          | n/a           | n/a                | -24.3%           | n/a |
| FY 2025-26 Executive Request                                                                                                                       | \$281,510      | \$164,636       | \$0           | \$0                | \$116,874        | 0.0 |
| Staff Rec. Above/-Below Request                                                                                                                    | \$0            | \$0             | \$0           | \$0                | \$0              | 0.0 |

## Community and Contract Management System

This line item funds licensing, reporting functions, and some limited information technology support for the Community and Contract Management System (CCMS) that is used to track client demographics and waiting list information and to bill for services for people with intellectual and developmental disabilities. CCMS is used for the purpose of authorizing and billing for services for state funded programs, including the Family Support Services Program and State Supported Living Services.

*Statutory Authority:* Section 25.5-10-204, C.R.S.

| Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities,<br>Administrative Costs, Community and Contract Management System |                |                 |               |                    |                  |     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------|---------------|--------------------|------------------|-----|
| Item                                                                                                                                                                     | Total<br>Funds | General<br>Fund | Cash<br>Funds | Reapprop.<br>Funds | Federal<br>Funds | FTE |
| FY 2024-25 Appropriation                                                                                                                                                 |                |                 |               |                    |                  |     |
| FY 2024-25 Appropriation                                                                                                                                                 | \$137,480      | \$89,362        | \$0           | \$0                | \$48,118         | 0.0 |
| Total FY 2024-25                                                                                                                                                         | \$137,480      | \$89,362        | \$0           | \$0                | \$48,118         | 0.0 |
| FY 2025-26 Recommended Appropriation                                                                                                                                     |                |                 |               |                    |                  |     |
| FY 2024-25 Appropriation                                                                                                                                                 | \$137,480      | \$89,362        | \$0           | \$0                | \$48,118         | 0.0 |
| Total FY 2025-26                                                                                                                                                         | \$137,480      | \$89,362        | \$0           | \$0                | \$48,118         | 0.0 |
| Changes from FY 2024-25                                                                                                                                                  | \$0            | \$0             | \$0           | \$0                | \$0              | 0.0 |
| Percentage Change                                                                                                                                                        | 0.0%           | 0.0%            | n/a           | n/a                | 0.0%             | n/a |

Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities,  
Administrative Costs, Community and Contract Management System

| Item                            | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
|---------------------------------|-------------|--------------|------------|-----------------|---------------|-----|
| FY 2025-26 Executive Request    | \$137,480   | \$89,362     | \$0        | \$0             | \$48,118      | 0.0 |
| Staff Rec. Above/-Below Request | \$0         | \$0          | \$0        | \$0             | \$0           | 0.0 |

## Support Level Administration

The funding in this line item is used to pay for the ongoing costs associated with the administration of support level determination, including the Supports Intensity Scale (SIS), a tool that is used to determine the needs and authorize funding for individuals with developmental disabilities receiving Home and Community Based Waiver Services through the Supported Living Services or Comprehensive waiver. In addition, to the SIS, two external factors, including *danger to self* and *community safety risk*, are considered when determining an individual's support level.

*Statutory Authority:* Section 25.5-10-204, C.R.S.

Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities,  
Administrative Costs, Support Level Administration

| Item                                 | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
|--------------------------------------|-------------|--------------|------------|-----------------|---------------|-----|
| FY 2024-25 Appropriation             |             |              |            |                 |               |     |
| FY 2024-25 Appropriation             | \$58,350    | \$28,920     | \$255      | \$0             | \$29,175      | 0.0 |
| Total FY 2024-25                     | \$58,350    | \$28,920     | \$255      | \$0             | \$29,175      | 0.0 |
| FY 2025-26 Recommended Appropriation |             |              |            |                 |               |     |
| FY 2024-25 Appropriation             | \$58,350    | \$28,920     | \$255      | \$0             | \$29,175      | 0.0 |
| Total FY 2025-26                     | \$58,350    | \$28,920     | \$255      | \$0             | \$29,175      | 0.0 |
| Changes from FY 2024-25              | \$0         | \$0          | \$0        | \$0             | \$0           | 0.0 |
| Percentage Change                    | 0.0%        | 0.0%         | 0.0%       | n/a             | 0.0%          | n/a |
| FY 2025-26 Executive Request         | \$58,350    | \$28,920     | \$255      | \$0             | \$29,175      | 0.0 |
| Staff Rec. Above/-Below Request      | \$0         | \$0          | \$0        | \$0             | \$0           | 0.0 |

## (2) Medicaid Programs

### Adult Comprehensive Services

This line item funds the costs of the adult Comprehensive Home and Community Based Services Waiver. Through this waiver, services are provided to individuals who require extensive supports to live safely in the community including day habilitation, prevocational services, residential habilitation, supported employment, dental and vision services, behavioral services, non-medical transportation, and specialized medical equipment and supplies.

*Statutory Authority:* Section 25.5-6-401 through 412 and 25.5-10-206, C.R.S.

Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities,  
Medicaid Programs, Adult Comprehensive Waiver Services

| Item                                        | Total Funds   | General Fund  | Cash Funds   | Reapprop. Funds | Federal Funds | FTE |
|---------------------------------------------|---------------|---------------|--------------|-----------------|---------------|-----|
| <b>FY 2024-25 Appropriation</b>             |               |               |              |                 |               |     |
| FY 2024-25 Appropriation                    | \$869,579,190 | \$426,742,907 | \$8,226,288  | \$0             | \$434,609,995 | 0.0 |
| Long Bill supplemental                      | \$34,063,837  | \$17,031,075  | \$844        | \$0             | \$17,031,918  | 0.0 |
| Total FY 2024-25                            | \$903,643,027 | \$443,773,982 | \$8,227,132  | \$0             | \$451,641,913 | 0.0 |
| <b>FY 2025-26 Recommended Appropriation</b> |               |               |              |                 |               |     |
| FY 2024-25 Appropriation                    | \$903,643,027 | \$443,773,982 | \$8,227,132  | \$0             | \$451,641,913 | 0.0 |
| R5 OCL caseload adjustment                  | 81,672,923    | 40,651,185    | 185,277      | 0               | 40,836,461    | 0.0 |
| Annualize prior year budget actions         | 9,708,522     | 4,851,967     | 2,277        | 0               | 4,854,278     | 0.0 |
| BA11 ARPA HCBS adjustments                  | -12,915,405   | 0             | -6,637,303   | 0               | -6,278,102    | 0.0 |
| Total FY 2025-26                            | \$982,109,067 | \$489,277,134 | \$1,777,383  | \$0             | \$491,054,550 | 0.0 |
| Changes from FY 2024-25                     | \$78,466,040  | \$45,503,152  | -\$6,449,749 | \$0             | \$39,412,637  | 0.0 |
| Percentage Change                           | 8.7%          | 10.3%         | -78.4%       | n/a             | 8.7%          | n/a |
| FY 2025-26 Executive Request                | \$893,115,829 | \$444,961,216 | \$1,596,699  | \$0             | \$446,557,914 | 0.0 |
| Staff Rec. Above/-Below Request             | \$88,993,238  | \$44,315,918  | \$180,684    | \$0             | \$44,496,636  | 0.0 |

## Adult Supported Living Waiver Services

This line item funds the costs of adult supported living services provided through the Home and Community Based Services Supported Living Services waiver. This waiver provides supported living services in the home or community to persons with intellectual and developmental disabilities. Services include: day habilitation, homemaker, personal care, respite, supported employment, dental and vision services, assistive technology, behavioral services, home accessibility adaptation, mentorship, non-medical transportation, personal emergency response systems, professional therapeutic services, specialized medical equipment and supplies, and vehicle modification. These waiver services are intended to be flexible and individualized based on the needs of each individual and may help avoid or delay the individual's need for services through the comprehensive waiver.

*Statutory Authority:* Section 25.5-6-401 through 412 and 25.5-10-206, C.R.S.

Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities,  
Medicaid Programs, Adult Supported Living Waiver Services

| Item                            | Total Funds   | General Fund | Cash Funds   | Reapprop. Funds | Federal Funds | FTE |
|---------------------------------|---------------|--------------|--------------|-----------------|---------------|-----|
| <b>FY 2024-25 Appropriation</b> |               |              |              |                 |               |     |
| FY 2024-25 Appropriation        | \$108,283,894 | \$35,315,082 | \$17,854,604 | \$0             | \$55,114,208  | 0.0 |
| Long Bill supplemental          | \$7,941,494   | \$6,690,855  | -\$2,720,108 | \$0             | \$3,970,747   | 0.0 |
| Total FY 2024-25                | \$116,225,388 | \$42,005,937 | \$15,134,496 | \$0             | \$59,084,955  | 0.0 |



| Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities,<br>Medicaid Programs, Adult Supported Living Waiver Services |                |                 |               |                    |                  |     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------|---------------|--------------------|------------------|-----|
| Item                                                                                                                                                                | Total<br>Funds | General<br>Fund | Cash<br>Funds | Reapprop.<br>Funds | Federal<br>Funds | FTE |
| FY 2025-26 Recommended Appropriation                                                                                                                                |                |                 |               |                    |                  |     |
| FY 2024-25 Appropriation                                                                                                                                            | \$116,225,388  | \$42,005,937    | \$15,134,496  | \$0                | \$59,084,955     | 0.0 |
| R5 OCL caseload adjustment                                                                                                                                          | 21,601,455     | 5,111,203       | 5,723,682     | 0                  | 10,766,570       | 0.0 |
| Annualize prior year budget actions                                                                                                                                 | 3,387,362      | 1,452,480       | 13,748        | 0                  | 1,921,134        | 0.0 |
| Community First Choice                                                                                                                                              | 0              | -1,088,383      | 0             | 0                  | 1,088,383        | 0.0 |
| BA11 ARPA HCBS adjustments                                                                                                                                          | -4,225,474     | 0               | -1,140,476    | 0                  | -3,084,998       | 0.0 |
| Total FY 2025-26                                                                                                                                                    | \$136,988,731  | \$47,481,237    | \$19,731,450  | \$0                | \$69,776,044     | 0.0 |
| Changes from FY 2024-25                                                                                                                                             | \$20,763,343   | \$5,475,300     | \$4,596,954   | \$0                | \$10,691,089     | 0.0 |
| Percentage Change                                                                                                                                                   | 17.9%          | 13.0%           | 30.4%         | n/a                | 18.1%            | n/a |
| FY 2025-26 Executive Request                                                                                                                                        | \$110,053,033  | \$38,139,841    | \$16,886,676  | \$0                | \$55,026,516     | 0.0 |
| Staff Rec. Above/-Below Request                                                                                                                                     | \$26,935,698   | \$9,341,396     | \$2,844,774   | \$0                | \$14,749,528     | 0.0 |

## Children's Extensive Support Services

This line item funds the costs of children's extensive support services waiver which provides services to families and their children with developmental disabilities whose behavior and/or medical condition require constant supervision, and who are at high risk of out-of-home placements. The services provided through this waiver enable the child to remain in the family home and include: homemaker services, respite, vision care, adapted and therapeutic recreation equipment, equipment and supplies, vehicle modifications, and parent education.

*Statutory Authority:* Section 25.5-6-401 through 412 and 25.5-10-206, C.R.S.

| Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities,<br>Medicaid Programs, Children's Extensive Support Services |                |                 |               |                    |                  |     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------|---------------|--------------------|------------------|-----|
| Item                                                                                                                                                               | Total<br>Funds | General<br>Fund | Cash<br>Funds | Reapprop.<br>Funds | Federal<br>Funds | FTE |
| FY 2024-25 Appropriation                                                                                                                                           |                |                 |               |                    |                  |     |
| FY 2024-25 Appropriation                                                                                                                                           | \$103,600,225  | \$51,507,209    | \$216,702     | \$0                | \$51,876,314     | 0.0 |
| Long Bill supplemental                                                                                                                                             | \$26,594,434   | \$13,297,217    | \$0           | \$0                | \$13,297,217     | 0.0 |
| Total FY 2024-25                                                                                                                                                   | \$130,194,659  | \$64,804,426    | \$216,702     | \$0                | \$65,173,531     | 0.0 |
| FY 2025-26 Recommended Appropriation                                                                                                                               |                |                 |               |                    |                  |     |
| FY 2024-25 Appropriation                                                                                                                                           | \$130,194,659  | \$64,804,426    | \$216,702     | \$0                | \$65,173,531     | 0.0 |
| R5 OCL caseload adjustment                                                                                                                                         | 58,578,665     | 28,382,760      | -16,372       | 0                  | 30,212,277       | 0.0 |
| BA11 ARPA HCBS adjustments                                                                                                                                         | 1,081,445      | 0               | 616,924       | 0                  | 464,521          | 0.0 |
| Annualize prior year budget actions                                                                                                                                | 398,706        | 1,007,426       | -817,254      | 0                  | 208,534          | 0.0 |
| Community First Choice                                                                                                                                             | 0              | -344,737        | 0             | 0                  | 344,737          | 0.0 |
| Total FY 2025-26                                                                                                                                                   | \$190,253,475  | \$93,849,875    | \$0           | \$0                | \$96,403,600     | 0.0 |
| Changes from FY 2024-25                                                                                                                                            | \$60,058,816   | \$29,045,449    | -\$216,702    | \$0                | \$31,230,069     | 0.0 |
| Percentage Change                                                                                                                                                  | 46.1%          | 44.8%           | -100.0%       | n/a                | 47.9%            | n/a |

Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities,  
Medicaid Programs, Children's Extensive Support Services

| Item                            | Total Funds   | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
|---------------------------------|---------------|--------------|------------|-----------------|---------------|-----|
| FY 2025-26 Executive Request    | \$117,502,630 | \$58,734,943 | \$16,372   | \$0             | \$58,751,315  | 0.0 |
| Staff Rec. Above/-Below Request | \$72,750,845  | \$35,114,932 | -\$16,372  | \$0             | \$37,652,285  | 0.0 |

## Children's Extensive Habilitation Residential Program

This line item funds residential services and supports for children and youth from birth to 21 years of age. Services include: self-advocacy training, independent living training, cognitive services, communication services, counseling and therapeutic services, personal care services, emergency assistance training, community connection training, travel services, supervision services, and respite services.

*Statutory Authority:* Section 25.5-6-401 through 412 and 25.5-10-206, C.R.S.

Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities,  
Medicaid Programs, Children's Habilitation Residential Program

| Item                                        | Total Funds  | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
|---------------------------------------------|--------------|--------------|------------|-----------------|---------------|-----|
| <b>FY 2024-25 Appropriation</b>             |              |              |            |                 |               |     |
| FY 2024-25 Appropriation                    | \$20,741,633 | \$10,313,522 | \$64,843   | \$0             | \$10,363,268  | 0.0 |
| Long Bill supplemental                      | \$4,364,823  | \$2,182,411  | \$0        | \$0             | \$2,182,412   | 0.0 |
| Total FY 2024-25                            | \$25,106,456 | \$12,495,933 | \$64,843   | \$0             | \$12,545,680  | 0.0 |
| <b>FY 2025-26 Recommended Appropriation</b> |              |              |            |                 |               |     |
| FY 2024-25 Appropriation                    | \$25,106,456 | \$12,495,933 | \$64,843   | \$0             | \$12,545,680  | 0.0 |
| R5 OCL caseload adjustment                  | 10,813,152   | 5,449,174    | 0          | 0               | 5,363,978     | 0.0 |
| Annualize prior year budget actions         | 1,898,276    | 1,016,848    | -65,986    | 0               | 947,414       | 0.0 |
| BA11 ARPA HCBS adjustments                  | 20,026       | 0            | 2,465      | 0               | 17,561        | 0.0 |
| Community First Choice                      | 0            | -44,323      | 0          | 0               | 44,323        | 0.0 |
| R11d CHRP respite rate                      | -176         | -88          | 0          | 0               | -88           | 0.0 |
| Total FY 2025-26                            | \$37,837,734 | \$18,917,544 | \$1,322    | \$0             | \$18,918,868  | 0.0 |
| Changes from FY 2024-25                     | \$12,731,278 | \$6,421,611  | -\$63,521  | \$0             | \$6,373,188   | 0.0 |
| Percentage Change                           | 50.7%        | 51.4%        | -98.0%     | n/a             | 50.8%         | n/a |
| FY 2025-26 Executive Request                | \$24,760,863 | \$12,379,110 | \$1,322    | \$0             | \$12,380,431  | 0.0 |
| Staff Rec. Above/-Below Request             | \$13,076,871 | \$6,538,434  | \$0        | \$0             | \$6,538,437   | 0.0 |

## Case Management Services

This line item funds case management for utilizers of the Department's long term care programs. In FY 2023-24, to implement conflict free case management, the case management duties are transferring from 20 Community Centered Boards that serve people with intellectual and developmental disabilities and from 24 Single Entry Points that serve all other utilizers of long term care to 15 case management agencies.

*Statutory Authority:* Section 25.5-6-401 through 412 and 25.5-10-206, C.R.S.

### Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities, Medicaid Programs, Case Management for People with IDD

| Item                                 | Total Funds   | General Fund | Cash Funds  | Reapprop. Funds | Federal Funds | FTE |
|--------------------------------------|---------------|--------------|-------------|-----------------|---------------|-----|
| FY 2024-25 Appropriation             |               |              |             |                 |               |     |
| FY 2024-25 Appropriation             | \$141,229,744 | \$65,842,320 | \$5,461,295 | \$0             | \$69,926,129  | 0.0 |
| Long Bill supplemental               | \$4,175,352   | \$920,710    | \$1,166,966 | \$0             | \$2,087,676   | 0.0 |
| Total FY 2024-25                     | \$145,405,096 | \$66,763,030 | \$6,628,261 | \$0             | \$72,013,805  | 0.0 |
| FY 2025-26 Recommended Appropriation |               |              |             |                 |               |     |
| FY 2024-25 Appropriation             | \$145,405,096 | \$66,763,030 | \$6,628,261 | \$0             | \$72,013,805  | 0.0 |
| R5 OCL caseload adjustment           | 5,024,193     | -865,368     | 3,364,446   | 0               | 2,525,115     | 0.0 |
| BA11 ARPA HCBS adjustments           | 195,302       | 0            | 0           | 0               | 195,302       | 0.0 |
| Annualize prior year budget actions  | 134,930       | 66,006       | 2,545       | 0               | 66,379        | 0.0 |
| Total FY 2025-26                     | \$150,759,521 | \$65,963,668 | \$9,995,252 | \$0             | \$74,800,601  | 0.0 |
| Changes from FY 2024-25              | \$5,354,425   | -\$799,362   | \$3,366,991 | \$0             | \$2,786,796   | 0.0 |
| Percentage Change                    | 3.7%          | -1.2%        | 50.8%       | n/a             | 3.9%          | n/a |
| FY 2025-26 Executive Request         | \$149,448,165 | \$71,279,047 | \$4,095,972 | \$0             | \$74,073,146  | 0.0 |
| Staff Rec. Above/-Below Request      | \$1,311,356   | -\$5,315,379 | \$5,899,280 | \$0             | \$727,455     | 0.0 |

## (3) State-Only Programs

### State Supported Living Services

This line item funds the costs of adult supported living services for individuals who do not qualify for Medicaid. The program provides supported living services in the home or community to persons with intellectual and developmental disabilities, including: day habilitation, homemaker, personal care, respite, supported employment, dental and vision services, assistive technology, behavioral services, home accessibility adaptation, mentorship, non-medical transportation, personal emergency response systems, professional therapeutic services, specialized medical equipment and supplies, and vehicle modification.

*Statutory Authority:* Section 25.5-6-401 through 412 and 25.5-10-206, C.R.S.

Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities, State  
Supported Living Services

| Item                                 | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
|--------------------------------------|-------------|--------------|------------|-----------------|---------------|-----|
| FY 2024-25 Appropriation             |             |              |            |                 |               |     |
| FY 2024-25 Appropriation             | \$5,288,739 | \$5,288,739  | \$0        | \$0             | \$0           | 0.0 |
| Total FY 2024-25                     | \$5,288,739 | \$5,288,739  | \$0        | \$0             | \$0           | 0.0 |
| FY 2025-26 Recommended Appropriation |             |              |            |                 |               |     |
| FY 2024-25 Appropriation             | \$5,288,739 | \$5,288,739  | \$0        | \$0             | \$0           | 0.0 |
| Annualize prior year budget actions  | 8,655       | 8,655        | 0          | 0               | 0             | 0.0 |
| Total FY 2025-26                     | \$5,297,394 | \$5,297,394  | \$0        | \$0             | \$0           | 0.0 |
| Changes from FY 2024-25              | \$8,655     | \$8,655      | \$0        | \$0             | \$0           | 0.0 |
| Percentage Change                    | 0.2%        | 0.2%         | n/a        | n/a             | n/a           | n/a |
| FY 2025-26 Executive Request         | \$5,297,394 | \$5,297,394  | \$0        | \$0             | \$0           | 0.0 |
| Staff Rec. Above/-Below Request      | \$0         | \$0          | \$0        | \$0             | \$0           | 0.0 |

## State Supported Living Services Case Management

This line item funds 20 Community Centered Boards (CCBs) and 24 Single Entry Points (SEPs) that administer the supports intensity scale and provide case management, utilization review, and quality assurance. Case management is provided for the State Supported Living Services delivery option, the State Supported Family Support Services Program, and the Family Support Loan Fund. Services are delivered through community providers and two state-operated regional centers.

*Statutory Authority:* Section 25.5-6-401 through 412 and 25.5-10-206, C.R.S.

Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities, State  
Supported Living Services Case Management

| Item                                 | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
|--------------------------------------|-------------|--------------|------------|-----------------|---------------|-----|
| FY 2024-25 Appropriation             |             |              |            |                 |               |     |
| FY 2024-25 Appropriation             | \$5,153,827 | \$5,153,827  | \$0        | \$0             | \$0           | 0.0 |
| Total FY 2024-25                     | \$5,153,827 | \$5,153,827  | \$0        | \$0             | \$0           | 0.0 |
| FY 2025-26 Recommended Appropriation |             |              |            |                 |               |     |
| FY 2024-25 Appropriation             | \$5,153,827 | \$5,153,827  | \$0        | \$0             | \$0           | 0.0 |
| Annualize prior year budget actions  | 8,435       | 8,435        | 0          | 0               | 0             | 0.0 |
| Total FY 2025-26                     | \$5,162,262 | \$5,162,262  | \$0        | \$0             | \$0           | 0.0 |
| Changes from FY 2024-25              | \$8,435     | \$8,435      | \$0        | \$0             | \$0           | 0.0 |
| Percentage Change                    | 0.2%        | 0.2%         | n/a        | n/a             | n/a           | n/a |
| FY 2025-26 Executive Request         | \$5,162,262 | \$5,162,262  | \$0        | \$0             | \$0           | 0.0 |
| Staff Rec. Above/-Below Request      | \$0         | \$0          | \$0        | \$0             | \$0           | 0.0 |

## Family Support Services

The Family Support Services line item provides financial support for families who have children, including adult children, with developmental disabilities or delays with costs that are beyond those normally experienced by other families. The intent of this funding is to provide supports that help reduce the likelihood of out-of-home placements. Services include: medical and dental expenses, additional insurance expenses, respite care and child care, special equipment, home or vehicle modifications or repairs, family counseling and support groups, recreation and leisure needs, transportation, and homemaker services.

*Statutory Authority:* Section 25.5-10-303 (1), C.R.S.

| Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities, Family Support Services Program |              |              |            |                 |               |     |
|----------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|------------|-----------------|---------------|-----|
| Item                                                                                                                                   | Total Funds  | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
| FY 2024-25 Appropriation                                                                                                               |              |              |            |                 |               |     |
| FY 2024-25 Appropriation                                                                                                               | \$11,251,415 | \$11,251,415 | \$0        | \$0             | \$0           | 0.0 |
| Total FY 2024-25                                                                                                                       | \$11,251,415 | \$11,251,415 | \$0        | \$0             | \$0           | 0.0 |
| FY 2025-26 Recommended Appropriation                                                                                                   |              |              |            |                 |               |     |
| FY 2024-25 Appropriation                                                                                                               | \$11,251,415 | \$11,251,415 | \$0        | \$0             | \$0           | 0.0 |
| Annualize prior year budget actions                                                                                                    | 18,415       | 18,415       | 0          | 0               | 0             | 0.0 |
| Total FY 2025-26                                                                                                                       | \$11,269,830 | \$11,269,830 | \$0        | \$0             | \$0           | 0.0 |
| Changes from FY 2024-25                                                                                                                | \$18,415     | \$18,415     | \$0        | \$0             | \$0           | 0.0 |
| Percentage Change                                                                                                                      | 0.2%         | 0.2%         | n/a        | n/a             | n/a           | n/a |
| FY 2025-26 Executive Request                                                                                                           | \$11,269,830 | \$11,269,830 | \$0        | \$0             | \$0           | 0.0 |
| Staff Rec. Above/-Below Request                                                                                                        | \$0          | \$0          | \$0        | \$0             | \$0           | 0.0 |

## Preventive Dental Hygiene

This line item provides funding for the Preventive Dental Hygiene Program administered by a contract with the Colorado Foundation of Dentistry for the Handicapped. The program is designed to improve oral hygiene in persons with developmental disabilities in order to prevent dental disease. Funding also supports outreach services to match individuals needing care with dentists willing to provide pro-bono dental care. Medicaid eligible children may receive dental screening through the federal Early and Periodic, Screening, Diagnosis and Treatment Program; however, Colorado does not offer adult dental care through Medicaid.

*Statutory Authority:* Section 25.5-10-220, C.R.S.

*Request:* The Department requests a provider rate adjustment in R6a.

*Recommendation:* Staff recommends a provider rate adjustment based on the JBC's common policies.

| Office of Community Living, Division for Individuals with Intellectual and Developmental Disabilities,<br>Preventive Dental Hygiene |                |                 |               |                    |                  |     |
|-------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------|---------------|--------------------|------------------|-----|
| Item                                                                                                                                | Total<br>Funds | General<br>Fund | Cash<br>Funds | Reapprop.<br>Funds | Federal<br>Funds | FTE |
| FY 2024-25 Appropriation                                                                                                            |                |                 |               |                    |                  |     |
| FY 2024-25 Appropriation                                                                                                            | \$71,103       | \$71,103        | \$0           | \$0                | \$0              | 0.0 |
| Total FY 2024-25                                                                                                                    | \$71,103       | \$71,103        | \$0           | \$0                | \$0              | 0.0 |
| FY 2025-26 Recommended Appropriation                                                                                                |                |                 |               |                    |                  |     |
| FY 2024-25 Appropriation                                                                                                            | \$71,103       | \$71,103        | \$0           | \$0                | \$0              | 0.0 |
| Annualize prior year budget actions                                                                                                 | 116            | 116             | 0             | 0                  | 0                | 0.0 |
| Total FY 2025-26                                                                                                                    | \$71,219       | \$71,219        | \$0           | \$0                | \$0              | 0.0 |
| Changes from FY 2024-25                                                                                                             | \$116          | \$116           | \$0           | \$0                | \$0              | 0.0 |
| Percentage Change                                                                                                                   | 0.2%           | 0.2%            | n/a           | n/a                | n/a              | n/a |
| FY 2025-26 Executive Request                                                                                                        | \$71,219       | \$71,219        | \$0           | \$0                | \$0              | 0.0 |
| Staff Rec. Above/-Below Request                                                                                                     | \$0            | \$0             | \$0           | \$0                | \$0              | 0.0 |

## (7) Transfers to Other State Department Medicaid-Funded Programs (7 line items)

Division (7) within the Department of Health Care Policy and Financing (HCPF) includes Medicaid funds appropriated for programs administered by the Department of Human Services (DHS). The seven line items in the section of this document, which appear in the Long Bill in HCPF Section (7), are addressed this document.

### Decision Items

#### → BA8b Technical adjustments – DHS indirects

##### Request

The Department requests a technical adjustment to the line items providing Medicaid funding for indirect costs in the Department of Human Services. Based on historic expenditures, the fund sources to pay indirect cost assessments for the Department of Human Services need truing up. The adjustment, as requested, decreases General Fund by \$3.2 million and increases federal funds by the same amount.

During conversations between Department staff and JBC staff, the request was further clarified and refined. The Department of Health Care Policy and Financing advises the consolidation of the *Federal Medicaid Indirect Cost Reimbursement for Human Services Programs* line item with the *Department of Human Services Indirect Cost Assessment* line item. This consolidation moves \$500,000 federal Medicaid funds between the lines, but also requires an increase of \$500,000 General Fund in the *Department of Human Services Indirect Cost Assessment* line item for matching purposes.

As HCPF is the managing department for Medicaid, where matching funds are appropriated, they further advise and request that the FY 2025-26 Department of Human Services appropriation be reduced by \$3,682,567 General Fund across various line items. This represents the needed matching funds that will now be appropriated in HCPF's section of the Long Bill. Additionally, the Department of Human Services, Office of Economic Security's *Indirect Cost Assessment* line item will need an increase of \$1.0 million reappropriated funds, to account for the line item consolidation in HCPF. The Department of Human Services agrees with this requested revision.

The request results in a net General Fund reduction of \$3,182,567 in FY 2025-26 and ongoing.

##### Recommendation

**Staff recommends approval of the request.**

# Line Item Detail (7 line items)

## (3) Office of Economic Security

### Administration

This line item reflects the amount of Medicaid funds appropriated to support the administrative items within the Office of Economic Security related to county administration of public assistance programs.

*Statutory Authority:* Sections 26-1-201 (d)(v)(w), C.R.S.

*Recommendation:* Staff recommends the appropriations in the table below. Staff requests permission to adjust these values if subsequent Committee action results in a necessary change.

| Transfers to Other State Department Medicaid-Funded Programs, Human Services, Office of Economic Security, Administration |             |              |            |                 |               |     |
|---------------------------------------------------------------------------------------------------------------------------|-------------|--------------|------------|-----------------|---------------|-----|
| Item                                                                                                                      | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
| FY 2024-25 Appropriation                                                                                                  |             |              |            |                 |               |     |
| FY 2024-25 Appropriation                                                                                                  | \$0         | \$0          | \$0        | \$0             | \$0           | 0.0 |
| Total FY 2024-25                                                                                                          | \$0         | \$0          | \$0        | \$0             | \$0           | 0.0 |
| FY 2025-26 Recommended Appropriation                                                                                      |             |              |            |                 |               |     |
| FY 2024-25 Appropriation                                                                                                  | \$0         | \$0          | \$0        | \$0             | \$0           | 0.0 |
| Transfers to other state agencies                                                                                         | 240,000     | 72,180       | 47,820     | 0               | 120,000       | 0.0 |
| Total FY 2025-26                                                                                                          | \$240,000   | \$72,180     | \$47,820   | \$0             | \$120,000     | 0.0 |
| Changes from FY 2024-25                                                                                                   | \$240,000   | \$72,180     | \$47,820   | \$0             | \$120,000     | 0.0 |
| Percentage Change                                                                                                         | n/a         | n/a          | n/a        | n/a             | n/a           | n/a |
| FY 2025-26 Executive Request                                                                                              | \$240,000   | \$72,180     | \$47,820   | \$0             | \$120,000     | 0.0 |
| Staff Rec. Above/-Below Request                                                                                           | \$0         | \$0          | \$0        | \$0             | \$0           | 0.0 |

### Systemic Alien Verification for Eligibility

This line item reflects the amount of Medicaid funds appropriated to support the state's interface with the federal alien verification database, which serves all programs for which citizenship or legal residence is a requirement. The federal Deficit Reduction Act of 2005 required that applicants for public assistance programs be verified as United States citizens or as legal immigrants. The Departments of Health Care Policy and Financing and Human Services verify the names and legal status of applicants for public assistance through use of the federal Systematic Alien Verification for Eligibility (SAVE) system. This line item supports the state's interface with this database. These funds are reflected as *reappropriated funds* in the Long Bill



in the Department of Human Services, Office of Self Sufficiency, (C) Special Purpose Welfare, Systematic Alien Verification for Eligibility line item.

*Statutory Authority:* Immigration Reform and Control Act of 1986

*Recommendation:* Staff recommends the appropriations in the table below. Staff requests permission to adjust these values if subsequent Committee action results in a necessary change.

| Transfers to Other State Department Medicaid-Funded Programs, Human Services, Office of Economic Security, Systemic Alien Verification for Eligibility |             |              |            |                 |               |     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------|------------|-----------------|---------------|-----|
| Item                                                                                                                                                   | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
| FY 2024-25 Appropriation                                                                                                                               |             |              |            |                 |               |     |
| FY 2024-25 Appropriation                                                                                                                               | \$80,345    | \$40,173     | \$0        | \$0             | \$40,172      | 0.0 |
| Total FY 2024-25                                                                                                                                       | \$80,345    | \$40,173     | \$0        | \$0             | \$40,172      | 0.0 |
| FY 2025-26 Recommended Appropriation                                                                                                                   |             |              |            |                 |               |     |
| FY 2024-25 Appropriation                                                                                                                               | \$80,345    | \$40,173     | \$0        | \$0             | \$40,172      | 0.0 |
| Transfers to other state agencies                                                                                                                      | 36,459      | 18,230       | 0          | 0               | 18,229        | 0.0 |
| Total FY 2025-26                                                                                                                                       | \$116,804   | \$58,403     | \$0        | \$0             | \$58,401      | 0.0 |
| Changes from FY 2024-25                                                                                                                                | \$36,459    | \$18,230     | \$0        | \$0             | \$18,229      | 0.0 |
| Percentage Change                                                                                                                                      | 45.4%       | 45.4%        | n/a        | n/a             | 45.4%         | n/a |
| FY 2025-26 Executive Request                                                                                                                           | \$116,804   | \$58,403     | \$0        | \$0             | \$58,401      | 0.0 |
| Staff Rec. Above/-Below Request                                                                                                                        | \$0         | \$0          | \$0        | \$0             | \$0           | 0.0 |

## (6) Office of Adults, Aging, and Disability Services

### Administration

This line item reflects the amount of Medicaid funds appropriated to support the administrative items within the Office of Adults, Aging, and Disability Services related to the Regional Centers and community services for the elderly.

*Statutory Authority:* Sections 26-1-201 (d)(v)(w), C.R.S.

*Recommendation:* Staff recommends the appropriations in the table below. Staff requests permission to adjust these values if subsequent Committee action results in a necessary change.

| Transfers to Other State Department Medicaid-Funded Programs, Human Services, Office of Adults, Aging, and Disability Services, Administration |             |              |            |                 |               |     |
|------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------|------------|-----------------|---------------|-----|
| Item                                                                                                                                           | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
| FY 2024-25 Appropriation                                                                                                                       |             |              |            |                 |               |     |
| FY 2024-25 Appropriation                                                                                                                       | \$505,357   | \$252,679    | \$0        | \$0             | \$252,678     | 0.0 |
| Total FY 2024-25                                                                                                                               | \$505,357   | \$252,679    | \$0        | \$0             | \$252,678     | 0.0 |

| Transfers to Other State Department Medicaid-Funded Programs, Human Services, Office of Adults, Aging, and Disability Services, Administration |             |              |            |                 |               |     |
|------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------|------------|-----------------|---------------|-----|
| Item                                                                                                                                           | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
| FY 2025-26 Recommended Appropriation                                                                                                           |             |              |            |                 |               |     |
| FY 2024-25 Appropriation                                                                                                                       | \$505,357   | \$252,679    | \$0        | \$0             | \$252,678     | 0.0 |
| Total FY 2025-26                                                                                                                               | \$505,357   | \$252,679    | \$0        | \$0             | \$252,678     | 0.0 |
| Changes from FY 2024-25                                                                                                                        |             |              |            |                 |               |     |
| Changes from FY 2024-25                                                                                                                        | \$0         | \$0          | \$0        | \$0             | \$0           | 0.0 |
| Percentage Change                                                                                                                              | 0.0%        | 0.0%         | n/a        | n/a             | 0.0%          | n/a |
| FY 2025-26 Executive Request                                                                                                                   |             |              |            |                 |               |     |
| FY 2025-26 Executive Request                                                                                                                   | \$505,357   | \$252,679    | \$0        | \$0             | \$252,678     | 0.0 |
| Staff Rec. Above/-Below Request                                                                                                                | \$0         | \$0          | \$0        | \$0             | \$0           | 0.0 |

## Regional Centers for People with Developmental Disabilities

The state operates three regional centers that provide direct support for adults with developmental disabilities. These are individuals who have significant needs and for whom adequate services and support are not available in the Community Centered Board (CCB) system to safely meet their needs. The regional centers are located in Grand Junction, Pueblo, and Wheat Ridge. Regional centers serve adults in community group homes that provide services for between four and eight people. The majority of regional center beds are operated under the same comprehensive Home and Community Based waiver program that supports most community-based residential services. The regional center campuses also house Intermediate Care Facilities for Persons with Intellectual Disabilities. The department provides funding for Personal Services, Operating Expenses, capital outlay for patient needs, leased space, residential incentive allowance, and the purchase of services.

*Statutory Authority:* Sections 25.5-6-101 through 1206, 25.5-10-224, 27-10.5-118, and 27-10.5-301 through 307, C.R.S.

*Recommendation:* Staff recommends the appropriations in the table below. Staff requests permission to adjust these values if subsequent Committee action results in a necessary change.

| Transfers to Other State Department Medicaid-Funded Programs, Human Services, Office of Adults, Aging, and Disability Services, Regional Centers for People with Developmental Disabilities |              |              |             |                 |               |     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|-------------|-----------------|---------------|-----|
| Item                                                                                                                                                                                        | Total Funds  | General Fund | Cash Funds  | Reapprop. Funds | Federal Funds | FTE |
| FY 2024-25 Appropriation                                                                                                                                                                    |              |              |             |                 |               |     |
| FY 2024-25 Appropriation                                                                                                                                                                    | \$58,276,921 | \$27,249,558 | \$1,888,903 | \$0             | \$29,138,460  | 0.0 |
| Total FY 2024-25                                                                                                                                                                            | \$58,276,921 | \$27,249,558 | \$1,888,903 | \$0             | \$29,138,460  | 0.0 |
| FY 2025-26 Recommended Appropriation                                                                                                                                                        |              |              |             |                 |               |     |
| FY 2024-25 Appropriation                                                                                                                                                                    | \$58,276,921 | \$27,249,558 | \$1,888,903 | \$0             | \$29,138,460  | 0.0 |
| Transfers to other state agencies                                                                                                                                                           | 1,486,236    | 743,118      | 0           | 0               | 743,118       | 0.0 |
| Total FY 2025-26                                                                                                                                                                            | \$59,763,157 | \$27,992,676 | \$1,888,903 | \$0             | \$29,881,578  | 0.0 |

| Transfers to Other State Department Medicaid-Funded Programs, Human Services, Office of Adults, Aging, and Disability Services, Regional Centers for People with Developmental Disabilities |              |              |             |                 |               |     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|-------------|-----------------|---------------|-----|
| Item                                                                                                                                                                                        | Total Funds  | General Fund | Cash Funds  | Reapprop. Funds | Federal Funds | FTE |
| Changes from FY 2024-25                                                                                                                                                                     | \$1,486,236  | \$743,118    | \$0         | \$0             | \$743,118     | 0.0 |
| Percentage Change                                                                                                                                                                           | 2.6%         | 2.7%         | 0.0%        | n/a             | 2.6%          | n/a |
| FY 2025-26 Executive Request                                                                                                                                                                | \$59,763,157 | \$27,992,676 | \$1,888,903 | \$0             | \$29,881,578  | 0.0 |
| Staff Rec. Above/-Below Request                                                                                                                                                             | \$0          | \$0          | \$0         | \$0             | \$0           | 0.0 |

## Community Services for the Elderly

This line item reflects the amount of federal Medicaid funds appropriated to the State Ombudsman Program, including the PACE Ombudsman program, Senior Services, and the Area Agencies on Aging. These funds are reflected as *reappropriated funds* in the Long Bill in the Department of Human Services, Office of Adults, Aging, and Disability Services, Community Services for the Elderly, State Ombudsman Program line item and State Funding for Senior Services line item.

**Statutory Authority:** State Ombudsman Program, Sections 26-11.5-101 et seq., C.R.S.; State Funding for Senior Services and Area Agencies on Aging, Sections 26-11 et seq., C.R.S.

**Recommendation:** Staff recommends the appropriations in the table below. Staff requests permission to adjust these values if subsequent Committee action results in a necessary change.

| Transfers to Other State Department Medicaid-Funded Programs, Human Services, Office of Adults, Aging, and Disability Services, Community Services for the Elderly |             |              |            |                 |               |     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------|------------|-----------------|---------------|-----|
| Item                                                                                                                                                               | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
| FY 2024-25 Appropriation                                                                                                                                           |             |              |            |                 |               |     |
| FY 2024-25 Appropriation                                                                                                                                           | \$1,001,800 | \$500,900    | \$0        | \$0             | \$500,900     | 0.0 |
| Total FY 2024-25                                                                                                                                                   | \$1,001,800 | \$500,900    | \$0        | \$0             | \$500,900     | 0.0 |
| FY 2025-26 Recommended Appropriation                                                                                                                               |             |              |            |                 |               |     |
| FY 2024-25 Appropriation                                                                                                                                           | \$1,001,800 | \$500,900    | \$0        | \$0             | \$500,900     | 0.0 |
| Total FY 2025-26                                                                                                                                                   | \$1,001,800 | \$500,900    | \$0        | \$0             | \$500,900     | 0.0 |
| Changes from FY 2024-25                                                                                                                                            | \$0         | \$0          | \$0        | \$0             | \$0           | 0.0 |
| Percentage Change                                                                                                                                                  | 0.0%        | 0.0%         | n/a        | n/a             | 0.0%          | n/a |
| FY 2025-26 Executive Request                                                                                                                                       | \$1,001,800 | \$500,900    | \$0        | \$0             | \$500,900     | 0.0 |
| Staff Rec. Above/-Below Request                                                                                                                                    | \$0         | \$0          | \$0        | \$0             | \$0           | 0.0 |

## (7) Other

### Federal Medicaid Indirect Cost Reimbursement for Department of Human Services Programs

This line item was created in the FY 2009-10 Long Bill (S.B. 09-259). An indirect cost is for a service that is provided for one department but used jointly by several divisions within the Department. As such, it is difficult to assign costs to a particular cost center such as a specific division. Indirect costs are usually constant for a wide range of service and are grouped under fixed costs because the cost is still occurring even if there is a change in work activities.

**Statutory Authority:** Section 25.5-6-101 through 1206, 25.5-10-224, 27-10.5-118, and 27-10.5-301 through 307, C.R.S.

**Recommendation:** Staff recommends the appropriations in the table below. Staff requests permission to adjust these values if subsequent Committee action results in a necessary change.

| Transfers to Other State Department Medicaid-Funded Programs, Human Services, Other, Federal Medicaid Indirect Cost Reimbursement for Human Services Programs |              |              |            |                 |               |     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|------------|-----------------|---------------|-----|
| Item                                                                                                                                                          | Total Funds  | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
| FY 2024-25 Appropriation                                                                                                                                      |              |              |            |                 |               |     |
| FY 2024-25 Appropriation                                                                                                                                      | \$6,865,134  | \$0          | \$0        | \$0             | \$6,865,134   | 0.0 |
| Total FY 2024-25                                                                                                                                              | \$6,865,134  | \$0          | \$0        | \$0             | \$6,865,134   | 0.0 |
| FY 2025-26 Recommended Appropriation                                                                                                                          |              |              |            |                 |               |     |
| FY 2024-25 Appropriation                                                                                                                                      | \$6,865,134  | \$0          | \$0        | \$0             | \$6,865,134   | 0.0 |
| BA8 Technical adjustments                                                                                                                                     | -6,365,134   | 0            | 0          | 0               | -6,365,134    | 0.0 |
| BA8b Technical adjustment - DHS indirects                                                                                                                     | -500,000     | 0            | 0          | 0               | -500,000      | 0.0 |
| Total FY 2025-26                                                                                                                                              | \$0          | \$0          | \$0        | \$0             | \$0           | 0.0 |
| Changes from FY 2024-25                                                                                                                                       | -\$6,865,134 | \$0          | \$0        | \$0             | -\$6,865,134  | 0.0 |
| Percentage Change                                                                                                                                             | -100.0%      | n/a          | n/a        | n/a             | -100.0%       | n/a |
| FY 2025-26 Executive Request                                                                                                                                  | \$6,865,134  | \$0          | \$0        | \$0             | \$6,865,134   | 0.0 |
| Staff Rec. Above/-Below Request                                                                                                                               | -\$6,865,134 | \$0          | \$0        | \$0             | -\$6,865,134  | 0.0 |

### Department of Human Services Indirect Cost Assessment

This line item was created in the FY 2017-18 (S.B. 17-254). The line item funds the Medicaid share of costs for various Indirect Cost Assessment line items for the Department of Human Services departmental or statewide overhead costs associated with the operation of general government functions.

**Statutory Authority:** Section 25.5-6-101 through 1206, 25.5-10-224, 27-10.5-118, and 27-10.5-301 through 307, C.R.S.

**Recommendation:** Staff recommends the appropriations in the table below. Staff requests permission to adjust these values if subsequent Committee action results in a necessary change.

| Transfers to Other State Department Medicaid-Funded Programs, Human Services, Other, Department of Human Services Indirect Cost Assessment |              |              |            |                 |               |     |
|--------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|------------|-----------------|---------------|-----|
| Item                                                                                                                                       | Total Funds  | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
| FY 2024-25 Appropriation                                                                                                                   |              |              |            |                 |               |     |
| FY 2024-25 Appropriation                                                                                                                   | \$16,969,736 | \$8,484,868  | \$0        | \$0             | \$8,484,868   | 0.0 |
| Total FY 2024-25                                                                                                                           | \$16,969,736 | \$8,484,868  | \$0        | \$0             | \$8,484,868   | 0.0 |
| FY 2025-26 Recommended Appropriation                                                                                                       |              |              |            |                 |               |     |
| FY 2024-25 Appropriation                                                                                                                   | \$16,969,736 | \$8,484,868  | \$0        | \$0             | \$8,484,868   | 0.0 |
| BA8 Technical adjustments                                                                                                                  | 6,365,134    | 3,182,567    | 0          | 0               | 3,182,567     | 0.0 |
| BA8b Technical adjustment - DHS indirects                                                                                                  | 1,000,000    | 500,000      | 0          | 0               | 500,000       | 0.0 |
| Transfers to other state agencies                                                                                                          | 675,569      | 337,784      | 0          | 0               | 337,785       | 0.0 |
| Total FY 2025-26                                                                                                                           | \$25,010,439 | \$12,505,219 | \$0        | \$0             | \$12,505,220  | 0.0 |
| Changes from FY 2024-25                                                                                                                    | \$8,040,703  | \$4,020,351  | \$0        | \$0             | \$4,020,352   | 0.0 |
| Percentage Change                                                                                                                          | 47.4%        | 47.4%        | n/a        | n/a             | 47.4%         | n/a |
| FY 2025-26 Executive Request                                                                                                               | \$17,924,823 | \$8,962,411  | \$0        | \$0             | \$8,962,412   | 0.0 |
| Staff Rec. Above/-Below Request                                                                                                            | \$7,085,616  | \$3,542,808  | \$0        | \$0             | \$3,542,808   | 0.0 |

## Long Bill Footnotes

Staff recommends **continuing** the following footnotes.

- N Department of Health Care Policy and Financing, Office of Community Living, Division of Intellectual and Developmental Disabilities, Medicaid Programs -- It is the General Assembly's intent that expenditures for these services be recorded only against the Long Bill group total for Medicaid Programs.

**Comment:** This long standing footnote provides flexibility for the Department to move money between line items within the Office of Community Living.

- N Department of Health Care Policy and Financing, Office of Community Living, Division of Intellectual and Developmental Disabilities, State-only Programs -- It is the General Assembly's intent that expenditures for these services be recorded only against the Long Bill group total for State-only Programs.

**Comment:** This footnote provides flexibility for the Department to move money between line items within the Office of Community Living. The Department is complying with the footnote.

- N Department of Health Care Policy and Financing, Office of Community Living, Division of Intellectual and Developmental Disabilities, State -- only Programs, Preventive Dental Hygiene - It is the General Assembly's intent that this appropriation be used to provide special dental services for persons with intellectual and developmental disabilities.

**Comment:** This footnote explains the purpose of the appropriation to provide special dental services for persons with intellectual and developmental disabilities. The Department is complying with the footnote.

- N Department of Health Care Policy and Financing, Transfers to Other State Department Medicaid-Funded Programs, Human Services, Executive Director's Office -- The appropriation in this Health Care Policy and Financing line item corresponds to the Medicaid funding in the Department of Human Services, Executive Director's Office, General Administration. As such, the appropriation contains amounts that correspond to centralized appropriation amounts in the Department of Human Services. Consistent with the headnotes to the Long Bill, the Department of Human Services may transfer the centralized appropriations to other line item appropriations in the Department of Human Services. In order to aid budget reconciliation between the Department of Health Care Policy and Financing and the Department of Human Services, the Department of Health Care Policy and Financing may make line item transfers out of this appropriation to other Department of Human Services Medicaid-funded programs appropriations in this section (7) in amounts equal to the centralized appropriation transfers made by the Department of Human Services for Medicaid-funded programs in the Department of Human Services.

**Comment:** This footnote authorizes transfers between line items in the Transfers to Other State Department Medicaid-Funded Programs, Human Services, Executive Director’s Office section of the Long Bill for centralized appropriations, such as Health, Life, and Dental expenses. The Department is complying with the footnote.

## Requests for Information

Staff recommends **eliminating** the following requests for information.

- 3 Department of Health Care Policy and Financing, Office of Community Living -- The Department is requested to provide progress updates by July 15, 2024, and September 15, 2024, on care and case management stabilization.

**Comment:** The Department submitted the reports as requested.

## Additional Balancing Options

As part of staff budget briefings in November and December 2024, staff identified budget reduction options for each department that the JBC could consider in addition to or instead of the options presented in the budget request. **Items staff recommends and items that agencies have requested formally are addressed earlier in this packet.** Other items that could be considered, if needed to bring the budget into balance, are listed below.

A General Fund reduction of 5.0 percent to the sections of the budget covered in this figure setting packet equates to a reduction of \$30.2 million. The Staff recommendations included in this figure setting packet have not incorporated any additional balancing options. Options from the table below, if adopted, increase that amount.

Items in the table are ordered from lowest impact on program operations to highest, based on staff’s understanding of the impact of the change. Staff has also **highlighted** in the table those options that Executive Branch has indicated that it supports, based on letters or other communication with the JBC staff, though it did not formally request these items.

| Additional Options for General Fund Relief |              |             |           |                                                                                                                                                                                     |
|--------------------------------------------|--------------|-------------|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Option                                     | General Fund | Other Funds | Bill? Y/N | Description                                                                                                                                                                         |
| Revenue Enhancements                       |              |             |           |                                                                                                                                                                                     |
| S.B. 22-235 pause                          | -\$252,180   | -\$347,820  | Y         | Pause the provision of Section 26-1-121.5, C.R.S., which requires HCPF and DHS to hire a contractor on a 3-year contract to annually update the County Administration funding model |
| Subtotal - Revenue                         | -\$252,180   | -\$347,820  |           |                                                                                                                                                                                     |
| Expenditure Reductions                     |              |             |           |                                                                                                                                                                                     |
| <u>Eligibility/benefit changes</u>         |              |             |           |                                                                                                                                                                                     |

| Additional Options for General Fund Relief                  |               |               |           |                                                                                                                                                |
|-------------------------------------------------------------|---------------|---------------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Option                                                      | General Fund  | Other Funds   | Bill? Y/N | Description                                                                                                                                    |
| Pre-vocational services                                     | -\$150,000    | -150,000      | N         | Remove pre-vocational services, which are seldom used                                                                                          |
| Community Connector rate alignment                          | -197,421      | -197,421      | N         | Adjust Community Connector rate in accordance with MPRRAC report                                                                               |
| Movement therapy rate alignment                             | -328,380      | -328,381      |           | Reduce movement therapy to 100% of budget neutrality factor                                                                                    |
| Limit Community Connector services                          | -2,664,655    | -2,664,655    |           | Limit community connector services to children ages 6 and up. <b>Reduction begins in FY 2026-27.</b>                                           |
| State-only programs reduction                               | -213,711      |               | N         | 1% reduction to State-only Programs budgetary subdivision. Subdivision 4-year reversion average is approximately 2%                            |
| PETI for Adult Comprehensive waiver                         | -5,833,795    | -5,833,796    | N         | Add Post Eligibility Treatment of Income (PETI) to the Developmental Disabilities (DD) Waiver, a requirement of all other residential settings |
| Individual Residential Services and Supports rate alignment | -16,259,095   | -16,259,095   | N         | Reduce Individual Residential Services and Supports (IRSS, family caregivers and staffed homes) rate to align with host home rate              |
| Comprehensive services for people with IDD                  | -7,262,471    | -7,262,470    | N         | Cap comprehensive services for adults with intellectual and developmental disabilities and do not fill positions that open through churn       |
| <b><u>Grants/special payments</u></b>                       |               |               |           |                                                                                                                                                |
| County Incentive Programs <sup>1</sup>                      | -2,479,667    |               | N         | Reduce County Incentive Program to FY 2021-22 level                                                                                            |
| <b><u>Admin/other</u></b>                                   |               |               |           |                                                                                                                                                |
| Personal services reduction                                 | -92,924       |               | N         | 5% reduction to OCL personal services based on 6-year reversion history                                                                        |
| Subtotal - Expenditures                                     | -\$35,482,119 | -\$32,695,818 |           |                                                                                                                                                |
| Net General Fund Relief                                     | \$35,229,939  |               |           |                                                                                                                                                |

<sup>1</sup> This reduction option falls outside of the Office of Community Living but is shown here because this staff briefing includes the Department's R7 request.

## Revenue Enhancements

### S.B. 22-235 pause

**Description:** Bill to pause the implementation of S.B. 22-235 (County Administration of Public Assistance Programs).

**Key Considerations:** Section 26-1-121.5, C.R.S., requires HCPF and DHS to hire a contractor on a 3-year contract to annually update the County Administration funding model. The next contractor hiring cycle begins in FY 2025-26.

**Additional background:** Statute requires the departments to hire a contractor to annually adjust the County Administration funding model, which functions as the basis for an annual budget



request to adjust appropriation for county administration of public and medical assistance program. The cost of hiring a contractor is \$600,000 total funds, including \$252,180 General Fund, once every three years.

## Expenditure Reductions

### Pre-vocational services

*Description:* A reduction of \$150,000 General Fund for the removal of pre-vocational services, which are seldom used. There are few providers and would be in-line with broader policy changes to supported employment.

### Community Connector rate alignment

*Description:* A reduction of \$197,421 General Fund resulting from aligning the Community Connector rate with the MPRRAC recommendation. The Community Connector rate is currently set above the rate calculated using the Department's rate methodology for HCBS. Staff would note that there would likely be community and stakeholder concern regarding this balancing option

### Movement Therapy rate alignment

*Description:* A reduction of \$197,421 General Fund resulting from aligning the Movement Therapy rate with the MPRRAC recommendation. The rate is currently higher than the MPRRAC recommended rate. Staff would note that there would likely be community and stakeholder concern regarding this balancing option

### Limit Community Connector services

*Description:* A reduction of \$2.7 million General Fund resulting from limiting Community Connector services to children ages 6 and up. Community Connector Services helps children participate in typical childhood activities that build relationships and natural support with others in the community where the child lives. These services provide assistance to the child to enable them to integrate into their residential community and access naturally occurring resources. However, these services are not intended for children who are under age 6, but are targeted to older children who benefit from broader connections and support in the community and outside the home setting. Staff would note that there would likely be community and stakeholder concern regarding this balancing option.

### State-only Programs reduction

*Description:* A reduction to the State-only Programs budgetary subdivision of \$213,711 General fund.

*Key Considerations:* The reduction is calculated at 1.0 percent of the FY 2024-25 total appropriation for this subdivision. The 1.0 percent target was selected by staff for ease of scaling and because this subdivision has reverted an average of 1.9 percent of its General Fund

appropriation in the last four fiscal years for which there is expenditure data. Reductions to this subdivision would likely result in service reductions.

*Additional background:* This Long Bill subdivision was created four years ago and is comprised of four line items. This subdivision is funded exclusively from the General Fund and a Long Bill footnote authorizes the transfer of appropriations between its line items to prevent overexpenditures. The appropriations support programs for individuals not eligible for Medicaid, those who do not meet Home- and Community-Based Services waiver target criteria, and those where the waiver is not able to fully meet their needs.

### PETI for Adult Comprehensive waiver

*Description:* A reduction of \$5.8 million General Fund resulting adding Post Eligibility Treatment of Income (PETI) to the Adult Comprehensive (DD) waiver. PETI is a requirement of all other residential setting, this disparity creates an imbalance in the application of PETI between waivers. Expanding the PETI process to members utilizing residential habilitation services on the DD waiver would bring that waiver into alignment with other HCBS waivers with residential options. Staff would note that there would likely be significant community and stakeholder concern regarding this balancing option.

### Individual Residential Services and Supports rate alignment

*Description:* A reduction of \$16.3 million General Fund resulting from the alignment of the IRSS rate with the host home rate. The current rate differential is under assessment. Staff would note that there would likely be significant community and stakeholder concern regarding this balancing option.

### Comprehensive services for people with IDD

*Description:* A reduction of \$7.3 million General Fund to the Adult Comprehensive Services line item to cap the Adult Comprehensive waiver enrollment and not fill slots open due to natural attrition.

*Key Considerations:* This capping of enrollment can be accomplished through the Long Bill, but has a very high likelihood of increasing the number of individuals on the Adult Comprehensive waiver waitlist. Staff would note that there would likely be significant community and stakeholder concern regarding this balancing option.

*Additional background:* HCPF authorizes enrollment into the Adult Comprehensive waiver monthly, based on the number of individuals who have been removed from the waiver, through such circumstances as switching waivers or moving out of Colorado. Eligible individuals are placed on waiting lists when enrollments in a waiver reach the federally approved capacity and/or when the state-appropriated number of enrollments has been met. Currently, all waivers except the Adult Comprehensive waiver are below the waiver application and appropriations which is why they do not have waiting lists. Individuals may be included on more than one program's waiting list at a time and can be served in one program while on a waiting list for another.

## County Incentive Programs

*Description:* A reduction of \$2.5 million General Fund from the County Administration line item in the Eligibility Determinations and Client Services subdivision of the Executive Director's Office.

*Key Considerations:* This appropriation supports performance incentives for counties through the County Incentives Program. The County Incentive Program was established in FY 2014-15 and has been an integral part of the Department's ability to ensure key performance metrics regarding timeliness, accuracy, and call center responsiveness are met. The program's funding was increased in FY 2022-23 from \$5.7 million to \$8.2 million.

## OCL personal services reduction – Option 1

*Description:* A reduction of \$92,924 General Fund to the Personal Services line item in the Office of Community Living.

*Key Considerations:* This reduction represents 5% of the line item's FY 2024-25 appropriation and is based on its 6-year average reversion. This option is an alternative to Option 2.

## Appendix A: Numbers Pages

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

**Appendix A: Numbers Pages**

|  | FY 2022-23<br>Actual | FY 2023-24<br>Actual | FY 2024-25<br>Appropriation | FY 2025-26<br>Request | FY 2025-26<br>Recommendation |
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|

**DEPARTMENT OF HEALTH CARE POLICY AND FINANCING**  
**Kim Bimestefer, Executive Director**

**(4) OFFICE OF COMMUNITY LIVING**

**(A) Division for Individuals with Intellectual and Developmental Disabilities**

**(i) Administrative Costs**

|                                          |                  |                  |                  |                  |                  |
|------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Personal Services                        | <u>3,254,836</u> | <u>3,469,613</u> | <u>3,469,613</u> | <u>3,469,613</u> | <u>3,469,613</u> |
| FTE                                      | 33.7             | 39.3             | 39.5             | 39.5             | 39.5             |
| General Fund                             | 1,643,703        | 1,858,480        | 1,858,480        | 1,858,480        | 1,858,480        |
| Cash Funds                               | 0                | 0                | 0                | 0                | 0                |
| Reappropriated Funds                     | 0                | 0                | 0                | 0                | 0                |
| Federal Funds                            | 1,611,133        | 1,611,133        | 1,611,133        | 1,611,133        | 1,611,133        |
| Operating Expenses                       | <u>70,769</u>    | <u>151,897</u>   | <u>356,510</u>   | <u>281,510</u>   | <u>281,510</u>   |
| General Fund                             | 35,384           | 75,948           | 202,136          | 164,636          | 164,636          |
| Cash Funds                               | 0                | 0                | 0                | 0                | 0                |
| Reappropriated Funds                     | 0                | 0                | 0                | 0                | 0                |
| Federal Funds                            | 35,385           | 75,949           | 154,374          | 116,874          | 116,874          |
| Community and Contract Management System | <u>62,528</u>    | <u>65,743</u>    | <u>137,480</u>   | <u>137,480</u>   | <u>137,480</u>   |
| General Fund                             | 31,264           | 32,871           | 89,362           | 89,362           | 89,362           |
| Cash Funds                               | 0                | 0                | 0                | 0                | 0                |
| Reappropriated Funds                     | 0                | 0                | 0                | 0                | 0                |
| Federal Funds                            | 31,264           | 32,872           | 48,118           | 48,118           | 48,118           |

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

|                                            | <b>FY 2022-23<br/>Actual</b> | <b>FY 2023-24<br/>Actual</b> | <b>FY 2024-25<br/>Appropriation</b> | <b>FY 2025-26<br/>Request</b> | <b>FY 2025-26<br/>Recommendation</b> |
|--------------------------------------------|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| Support Level Administration               | <u>59,317</u>                | <u>58,350</u>                | <u>58,350</u>                       | <u>58,350</u>                 | <u>58,350</u>                        |
| General Fund                               | 29,403                       | 28,920                       | 28,920                              | 28,920                        | 28,920                               |
| Cash Funds                                 | 255                          | 255                          | 255                                 | 255                           | 255                                  |
| Reappropriated Funds                       | 0                            | 0                            | 0                                   | 0                             | 0                                    |
| Federal Funds                              | 29,659                       | 29,175                       | 29,175                              | 29,175                        | 29,175                               |
| <b>SUBTOTAL - (i) Administrative Costs</b> | <b>3,447,450</b>             | <b>3,745,603</b>             | <b>4,021,953</b>                    | <b>3,946,953</b>              | <b>3,946,953</b>                     |
| FTE                                        | <u>33.7</u>                  | <u>39.3</u>                  | <u>39.5</u>                         | <u>39.5</u>                   | <u>39.5</u>                          |
| General Fund                               | 1,739,754                    | 1,996,219                    | 2,178,898                           | 2,141,398                     | 2,141,398                            |
| Cash Funds                                 | 255                          | 255                          | 255                                 | 255                           | 255                                  |
| Reappropriated Funds                       | 0                            | 0                            | 0                                   | 0                             | 0                                    |
| Federal Funds                              | 1,707,441                    | 1,749,129                    | 1,842,800                           | 1,805,300                     | 1,805,300                            |
| <b>Medicaid Programs</b>                   |                              |                              |                                     |                               |                                      |
| Adult Comprehensive Waiver Services        | <u>660,264,798</u>           | <u>755,547,913</u>           | <u>903,643,027</u>                  | <u>893,115,829</u>            | <u>982,109,067</u> *                 |
| General Fund                               | 274,738,522                  | 369,480,850                  | 443,773,982                         | 444,961,216                   | 489,277,134                          |
| Cash Funds                                 | 15,581,089                   | 6,388,274                    | 8,227,132                           | 1,596,699                     | 1,777,383                            |
| Reappropriated Funds                       | 0                            | 0                            | 0                                   | 0                             | 0                                    |
| Federal Funds                              | 369,945,187                  | 379,678,789                  | 451,641,913                         | 446,557,914                   | 491,054,550                          |
| Adult Supported Living Waiver Services     | <u>76,193,493</u>            | <u>90,499,263</u>            | <u>116,225,388</u>                  | <u>110,053,033</u>            | <u>136,988,731</u> *                 |
| General Fund                               | 25,140,173                   | 34,458,327                   | 42,005,937                          | 38,139,841                    | 47,481,237                           |
| Cash Funds                                 | 7,593,201                    | 9,486,360                    | 15,134,496                          | 16,886,676                    | 19,731,450                           |
| Reappropriated Funds                       | 0                            | 0                            | 0                                   | 0                             | 0                                    |
| Federal Funds                              | 43,460,119                   | 46,554,576                   | 59,084,955                          | 55,026,516                    | 69,776,044                           |

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

|                                             | <b>FY 2022-23<br/>Actual</b> | <b>FY 2023-24<br/>Actual</b> | <b>FY 2024-25<br/>Appropriation</b> | <b>FY 2025-26<br/>Request</b> | <b>FY 2025-26<br/>Recommendation</b> |
|---------------------------------------------|------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| Children's Extensive Support Services       | <u>51,164,467</u>            | <u>76,703,034</u>            | <u>130,194,659</u>                  | <u>117,502,630</u>            | <u>190,253,475</u> *                 |
| General Fund                                | 22,227,459                   | 37,666,925                   | 64,804,426                          | 58,734,943                    | 93,849,875                           |
| Cash Funds                                  | 0                            | 0                            | 216,702                             | 16,372                        | 0                                    |
| Reappropriated Funds                        | 0                            | 0                            | 0                                   | 0                             | 0                                    |
| Federal Funds                               | 28,937,008                   | 39,036,109                   | 65,173,531                          | 58,751,315                    | 96,403,600                           |
| Children's Habilitation Residential Program | <u>11,513,849</u>            | <u>14,430,139</u>            | <u>25,106,456</u>                   | <u>24,760,863</u>             | <u>37,837,734</u> *                  |
| General Fund                                | 5,074,425                    | 7,079,937                    | 12,495,933                          | 12,379,110                    | 18,917,544                           |
| Cash Funds                                  | 6,829                        | 1,171                        | 64,843                              | 1,322                         | 1,322                                |
| Reappropriated Funds                        | 0                            | 0                            | 0                                   | 0                             | 0                                    |
| Federal Funds                               | 6,432,595                    | 7,349,031                    | 12,545,680                          | 12,380,431                    | 18,918,868                           |
| Case Management for People with IDD         | <u>88,501,594</u>            | <u>110,074,949</u>           | <u>145,405,096</u>                  | <u>149,448,165</u>            | <u>150,759,521</u> *                 |
| General Fund                                | 40,634,931                   | 50,107,475                   | 66,763,030                          | 71,279,047                    | 65,963,668                           |
| Cash Funds                                  | 2,266,858                    | 5,020,810                    | 6,628,261                           | 4,095,972                     | 9,995,252                            |
| Reappropriated Funds                        | 0                            | 0                            | 0                                   | 0                             | 0                                    |
| Federal Funds                               | 45,599,805                   | 54,946,664                   | 72,013,805                          | 74,073,146                    | 74,800,601                           |
| <b>SUBTOTAL - Medicaid Programs</b>         | <b>887,638,201</b>           | <b>1,047,255,298</b>         | <b>1,320,574,626</b>                | <b>1,294,880,520</b>          | <b>1,497,948,528</b>                 |
| <b>FTE</b>                                  | <b>0.0</b>                   | <b>0.0</b>                   | <b>0.0</b>                          | <b>0.0</b>                    | <b>0.0</b>                           |
| General Fund                                | 367,815,510                  | 498,793,514                  | 629,843,308                         | 625,494,157                   | 715,489,458                          |
| Cash Funds                                  | 25,447,977                   | 20,896,615                   | 30,271,434                          | 22,597,041                    | 31,505,407                           |
| Reappropriated Funds                        | 0                            | 0                            | 0                                   | 0                             | 0                                    |
| Federal Funds                               | 494,374,714                  | 527,565,169                  | 660,459,884                         | 646,789,322                   | 750,953,663                          |

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

|                                                 | FY 2022-23<br>Actual | FY 2023-24<br>Actual | FY 2024-25<br>Appropriation | FY 2025-26<br>Request | FY 2025-26<br>Recommendation |
|-------------------------------------------------|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| <b>State-only Programs</b>                      |                      |                      |                             |                       |                              |
| Family Support Services Program                 | <u>10,311,298</u>    | <u>10,885,327</u>    | <u>11,251,415</u>           | <u>11,269,830</u>     | <u>11,269,830</u>            |
| General Fund                                    | 10,311,298           | 10,885,327           | 11,251,415                  | 11,269,830            | 11,269,830                   |
| Cash Funds                                      | 0                    | 0                    | 0                           | 0                     | 0                            |
| Reappropriated Funds                            | 0                    | 0                    | 0                           | 0                     | 0                            |
| Federal Funds                                   | 0                    | 0                    | 0                           | 0                     | 0                            |
| State Supported Living Services                 | <u>4,724,417</u>     | <u>5,676,143</u>     | <u>5,288,739</u>            | <u>5,297,394</u>      | <u>5,297,394</u>             |
| General Fund                                    | 4,724,417            | 5,676,143            | 5,288,739                   | 5,297,394             | 5,297,394                    |
| Cash Funds                                      | 0                    | 0                    | 0                           | 0                     | 0                            |
| Reappropriated Funds                            | 0                    | 0                    | 0                           | 0                     | 0                            |
| Federal Funds                                   | 0                    | 0                    | 0                           | 0                     | 0                            |
| State Supported Living Services Case Management | <u>4,682,356</u>     | <u>4,568,635</u>     | <u>5,153,827</u>            | <u>5,162,262</u>      | <u>5,162,262</u>             |
| General Fund                                    | 4,682,356            | 4,568,635            | 5,153,827                   | 5,162,262             | 5,162,262                    |
| Cash Funds                                      | 0                    | 0                    | 0                           | 0                     | 0                            |
| Reappropriated Funds                            | 0                    | 0                    | 0                           | 0                     | 0                            |
| Federal Funds                                   | 0                    | 0                    | 0                           | 0                     | 0                            |
| Preventive Dental Hygiene                       | <u>64,894</u>        | <u>64,894</u>        | <u>71,103</u>               | <u>71,219</u>         | <u>71,219</u>                |
| General Fund                                    | 64,894               | 64,894               | 71,103                      | 71,219                | 71,219                       |
| Cash Funds                                      | 0                    | 0                    | 0                           | 0                     | 0                            |
| Reappropriated Funds                            | 0                    | 0                    | 0                           | 0                     | 0                            |
| Federal Funds                                   | 0                    | 0                    | 0                           | 0                     | 0                            |



**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

|                                                 | FY 2022-23<br>Actual | FY 2023-24<br>Actual | FY 2024-25<br>Appropriation | FY 2025-26<br>Request | FY 2025-26<br>Recommendation |
|-------------------------------------------------|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| Supported Employment Provider and Certification |                      |                      |                             |                       |                              |
| Reimbursement                                   | <u>148,800</u>       | <u>176,100</u>       | <u>0</u>                    | <u>0</u>              | <u>0</u>                     |
| General Fund                                    | 148,800              | 176,100              | 0                           | 0                     | 0                            |
| Cash Funds                                      | 0                    | 0                    | 0                           | 0                     | 0                            |
| Reappropriated Funds                            | 0                    | 0                    | 0                           | 0                     | 0                            |
| Federal Funds                                   | 0                    | 0                    | 0                           | 0                     | 0                            |
| <b>SUBTOTAL - State-only Programs</b>           | 19,931,765           | 21,371,099           | 21,765,084                  | 21,800,705            | 21,800,705                   |
| FTE                                             | <u>0.0</u>           | <u>0.0</u>           | <u>0.0</u>                  | <u>0.0</u>            | <u>0.0</u>                   |
| General Fund                                    | 19,931,765           | 21,371,099           | 21,765,084                  | 21,800,705            | 21,800,705                   |
| Cash Funds                                      | 0                    | 0                    | 0                           | 0                     | 0                            |
| Reappropriated Funds                            | 0                    | 0                    | 0                           | 0                     | 0                            |
| Federal Funds                                   | 0                    | 0                    | 0                           | 0                     | 0                            |
| <b>TOTAL - (4) Office of Community Living</b>   | 911,017,416          | 1,072,372,000        | 1,346,361,663               | 1,320,628,178         | 1,523,696,186                |
| FTE                                             | <u>33.7</u>          | <u>39.3</u>          | <u>39.5</u>                 | <u>39.5</u>           | <u>39.5</u>                  |
| General Fund                                    | 389,487,029          | 522,160,832          | 653,787,290                 | 649,436,260           | 739,431,561                  |
| Cash Funds                                      | 25,448,232           | 20,896,870           | 30,271,689                  | 22,597,296            | 31,505,662                   |
| Reappropriated Funds                            | 0                    | 0                    | 0                           | 0                     | 0                            |
| Federal Funds                                   | 496,082,155          | 529,314,298          | 662,302,684                 | 648,594,622           | 752,758,963                  |

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

|  | FY 2022-23<br>Actual | FY 2023-24<br>Actual | FY 2024-25<br>Appropriation | FY 2025-26<br>Request | FY 2025-26<br>Recommendation |
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
|--|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|

**(1) TRANSFERS TO OTHER STATE DEPARTMENT MEDICAID-FUNDED PROGRAMS**

Primary functions: Provides all of the administrative, audit and oversight functions for the Department.

**(C) Human Services**

**(III) Office of Economic Security**

|                |          |          |          |                |                |
|----------------|----------|----------|----------|----------------|----------------|
| Administration | <u>0</u> | <u>0</u> | <u>0</u> | <u>240,000</u> | <u>240,000</u> |
| General Fund   | 0        | 0        | 0        | 72,180         | 72,180         |
| Cash Funds     | 0        | 0        | 0        | 47,820         | 47,820         |
| Federal Funds  | 0        | 0        | 0        | 120,000        | 120,000        |

|                                             |               |                |                |  |  |
|---------------------------------------------|---------------|----------------|----------------|--|--|
| Systemic Alien Verification for Eligibility | <u>80,345</u> | <u>116,804</u> | <u>116,804</u> |  |  |
| General Fund                                | 40,173        | 58,403         | 58,403         |  |  |
| Federal Funds                               | 40,172        | 58,401         | 58,401         |  |  |

|                                                     |            |            |            |  |  |
|-----------------------------------------------------|------------|------------|------------|--|--|
| <b>SUBTOTAL - (III) Office of Economic Security</b> | 80,345     | 356,804    | 356,804    |  |  |
| FTE                                                 | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> |  |  |
| General Fund                                        | 40,173     | 130,583    | 130,583    |  |  |
| Cash Funds                                          | 0          | 47,820     | 47,820     |  |  |
| Federal Funds                                       | 40,172     | 178,401    | 178,401    |  |  |

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

|                                                                             | FY 2022-23<br>Actual | FY 2023-24<br>Actual | FY 2024-25<br>Appropriation | FY 2025-26<br>Request | FY 2025-26<br>Recommendation |
|-----------------------------------------------------------------------------|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|
| <b>(VI) Office of Adults, Aging, and Disability Services</b>                |                      |                      |                             |                       |                              |
| Administration                                                              | <u>505,357</u>       | <u>505,357</u>       | <u>505,357</u>              | <u>505,357</u>        | <u>505,357</u>               |
| General Fund                                                                | 252,679              | 252,679              | 252,679                     | 252,679               | 252,679                      |
| Federal Funds                                                               | 252,678              | 252,678              | 252,678                     | 252,678               | 252,678                      |
| Regional Centers for People with Developmental<br>Disabilities              | <u>58,276,921</u>    | <u>59,763,157</u>    | <u>59,763,157</u>           | <u>59,763,157</u>     | <u>59,763,157</u>            |
| General Fund                                                                | 27,249,558           | 27,992,676           | 27,992,676                  | 27,992,676            | 27,992,676                   |
| Cash Funds                                                                  | 1,888,903            | 1,888,903            | 1,888,903                   | 1,888,903             | 1,888,903                    |
| Federal Funds                                                               | 29,138,460           | 29,881,578           | 29,881,578                  | 29,881,578            | 29,881,578                   |
| Community Services for the Elderly                                          | <u>1,001,800</u>     | <u>1,001,800</u>     | <u>1,001,800</u>            | <u>1,001,800</u>      | <u>1,001,800</u>             |
| General Fund                                                                | 500,900              | 500,900              | 500,900                     | 500,900               | 500,900                      |
| Federal Funds                                                               | 500,900              | 500,900              | 500,900                     | 500,900               | 500,900                      |
| <b>SUBTOTAL - (VI) Office of Adults, Aging, and<br/>Disability Services</b> | 59,784,078           | 61,270,314           | 61,270,314                  | 61,270,314            | 61,270,314                   |
| FTE                                                                         | <u>0.0</u>           | <u>0.0</u>           | <u>0.0</u>                  | <u>0.0</u>            | <u>0.0</u>                   |
| General Fund                                                                | 28,003,137           | 28,746,255           | 28,746,255                  | 28,746,255            | 28,746,255                   |
| Cash Funds                                                                  | 1,888,903            | 1,888,903            | 1,888,903                   | 1,888,903             | 1,888,903                    |
| Federal Funds                                                               | 29,892,038           | 30,635,156           | 30,635,156                  | 30,635,156            | 30,635,156                   |

**JBC Staff Figure Setting - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

|                                                  | FY 2022-23<br>Actual | FY 2023-24<br>Actual | FY 2024-25<br>Appropriation | FY 2025-26<br>Request | FY 2025-26<br>Recommendation |   |
|--------------------------------------------------|----------------------|----------------------|-----------------------------|-----------------------|------------------------------|---|
| <b>(VII) Other</b>                               |                      |                      |                             |                       |                              |   |
| Federal Medicaid Indirect Cost Reimbursement for |                      |                      |                             |                       |                              |   |
| Human Services Programs                          | <u>6,865,134</u>     | <u>6,865,134</u>     | <u>6,865,134</u>            | <u>6,865,134</u>      | <u>0</u>                     | * |
| Federal Funds                                    | 6,865,134            | 6,865,134            | 6,865,134                   | 6,865,134             | 0                            |   |
| Department of Human Services Indirect Cost       |                      |                      |                             |                       |                              |   |
| Assessment                                       | <u>16,969,736</u>    | <u>16,969,736</u>    | <u>16,969,736</u>           | <u>17,924,823</u>     | <u>18,645,305</u>            | * |
| General Fund                                     | 8,484,868            | 8,484,868            | 8,484,868                   | 8,962,411             | 9,322,652                    |   |
| Federal Funds                                    | 8,484,868            | 8,484,868            | 8,484,868                   | 8,962,412             | 9,322,653                    |   |
| <b>SUBTOTAL - (VII) Other</b>                    | 23,834,870           | 23,834,870           | 23,834,870                  | 24,789,957            | 18,645,305                   |   |
| FTE                                              | <u>0.0</u>           | <u>0.0</u>           | <u>0.0</u>                  | <u>0.0</u>            | <u>0.0</u>                   |   |
| General Fund                                     | 8,484,868            | 8,484,868            | 8,484,868                   | 8,962,411             | 9,322,652                    |   |
| Federal Funds                                    | 15,350,002           | 15,350,002           | 15,350,002                  | 15,827,546            | 9,322,653                    |   |