



Colorado
Legislative
Council
Staff

SB16-192

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0912
Prime Sponsor(s): Sen. Lambert
Rep. Young

Date: April 20, 2016
Bill Status: Senate Appropriations
Fiscal Analyst: Bill Zepernick (303-866-4777)

BILL TOPIC: ASSESSMENT TOOL INTELLECTUAL & DEVELOPMENTAL DISABILITIES

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020	FY 2020-2021
State Revenue					
State Expenditures	\$302,284	\$1,976,405	Up to \$7,641,205	Up to \$10,576,065	Up to \$1,026,205
General Fund	138,787	916,388	3,806,868	5,274,298	499,368
Federal Funds	138,786	1,032,548	3,806,868	5,274,298	499,368
Centrally Appropriated Costs	24,711	27,469	27,469	27,469	27,469
FTE Position Change	1.8 FTE	2.0 FTE	2.0 FTE	2.0 FTE	2.0 FTE
Appropriation Required: \$277,573 - Department of Health Care Policy and Financing (FY 2016-17).					
Future Year Impacts: Ongoing state expenditure increase.					

Summary of Legislation

This bill, **recommended by the Joint Budget Committee**, requires the Department of Health Care Policy and Financing (HCPF) to select a new needs assessment tool for persons receiving long-term services and supports, including services for persons with intellectual and developmental disabilities, by July 1, 2018. HCPF is required to use its existing stakeholder process concerning eligibility determination when developing or selecting the needs assessment tool. Once the tool is selected, HCPF must report to the Joint Budget Committee and the health and human services committees of the General Assembly about the new tool and the stakeholder process. Use of the new tool must begin as soon as practical after it is selected and must include a process for reassessing clients using the new tool within 30 days of a reassessment being requested.

Background

Currently, HCPF uses various assessment tools concerning clients requiring long-term supports and services through Medicaid waiver programs. A functional eligibility tool is used to

determine initial eligibility for services. HCPF is currently using grant funding to develop and test a new functional assessment for adults. Other tools are used to determine the exact level and type of services required. One such tool is the Supports Intensity Scale (SIS), which is used to assess the needs of persons eligible for home- and community-based services (HCBS) through the Supported Living Services waiver and the Persons with Developmental Disabilities waiver. Other specialized assessment tools are used for financial planning; funding allocation; and rate assessment purposes, such as the funding allocation tool for persons opting to enroll in consumer-directed services and the rate tool for clients on the Brain Injury waiver to determine the intensity of services and allowable rate. Assessments are conducted by case managers at community-centered boards (CCBs) for clients with intellectual and developmental disabilities and at single entry point (SEP) agencies for persons with physical disabilities, mental health conditions, and other disabilities requiring long-term care.

State Expenditures

The bill increases costs in HCPF by **\$302,284 and 1.8 FTE in FY 2016-17 and \$2.0 million and 2.0 FTE in FY 2017-18**. Costs may increase up to \$7.6 million in FY 2018-19, \$10.6 million in FY 2019-20, and \$1.0 million in FY 2020-21, depending on the nature of the new assessment tool and various implementation decisions. The 2.0 FTE will continue in these future years. With the exception of computer programming costs, all costs are split between General Fund and federal funds. These costs are summarized in Table 1 and discussed below.

Table 1. Expenditures Under SB 16-192

Cost Components	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Personal Services	\$116,267	\$126,836	\$126,836	\$126,836	\$126,836
FTE	1.8 FTE	2.0 FTE	2.0 FTE	2.0 FTE	2.0 FTE
Operating Expenses and Capital Outlay Costs	11,306	1,900	1,900	1,900	1,900
Stakeholder Contractor	150,000	50,000	50,000	50,000	50,000
Tool Development Contractor	0	800,000	0	0	0
Rate and Algorithm Contractor	0	825,000	75,000	0	0
Computer System Modifications	0	145,200	0	0	0
Assessment Tool Pilot	0	0	410,000	0	0
Evaluation Contractor	0	0	75,000	25,000	0
Case Manager Training	0	0	6,875,000	0	0
Client Reassessment	0	0	0	10,344,860	820,000
Centrally Appropriated Costs*	24,711	27,469	27,469	27,469	27,469
TOTAL	\$302,284	\$1,976,405	Up to \$7,641,205	Up to \$10,576,065	Up to \$1,026,205

* Centrally appropriated costs are not included in the bill's appropriation.

Assumptions. The fiscal note assumes work on the new tool will begin on July 1, 2016, and the following timeline for development and implementation of the new assessment tool:

- FY 2016-17 - stakeholder consultation and contractor selection;
- FY 2017-18 - tool development and selection, and computer system and procedural modifications;
- FY 2018-19 - pilot testing of new tool, evaluation of tool, and case manager training;
- FY 2019-20 - implementation of new tool and reassessment of all current clients

Personal services. HCPF will require 2.0 FTE for staff to manage the various contractors required to develop the new assessment tool, work with stakeholders, make waiver modifications, work with the federal government to gain approval for the assessment changes, and perform various other tasks. Personal service costs are estimated at \$126,836 per year. First-year costs are prorated to reflect the General Fund paydate shift. Standard operating and capital expenses will be incurred for these staff.

Stakeholder contractor. HCPF will be required to use a contractor to manage the stakeholder engagement process as the new assessment tool is developed and implemented. Based on prior projects, this costs is estimated at \$150,000 in FY 2016-17 and \$50,000 per year in future years.

Assessment tool development. HCPF will retain a contractor to develop a single needs assessment tool for both children and adults. This will incorporate a functional eligibility tool for children and service needs evaluation for both children and adults. This work will result in a one-time cost of \$800,000 in FY 2017-18 only.

Rate and algorithm contractor. HCPF will require a rate and algorithm contractor to make adjustments in payment rates and methodologies to ensure that the new tool aligns with existing services authorization limits and to ensure that the new tool does not significantly affect provision of services to various populations. The contractor will also work to ensure that budget neutrality is maintained for waiver programs. This work will cost \$825,000 in FY 2017-18 and \$75,000 in FY 2018-19.

Computer system modifications. HCPF will have costs of \$145,200 in FY 2017-18 to make changes to various computer systems to allow for implementation of the new assessment tool. These changes are required to the Vital system, the case management system for HCBS waiver programs, and the department's Business Intelligence and Data Management (BIDM) system. These costs are based on 1,200 hours of programming and project management at an average rate of \$121 per hour. Subject to advanced federal approval, this cost is eligible for a 90 percent federal match.

Assessment tool pilot. The assessment tool contractor will operate the tool on a pilot basis for six months in FY 2018-19. It is assumed that the contractor will use the tool on a sample of more than 3,000 clients to determine the impact of the tool on services and costs. It is assumed that temporary case managers would be required to do this work, which would increase costs by about \$410,000 in FY 2018-19 only.

Evaluation contractor. A contractor is required to evaluate the new assessment tool and the results of the pilot program. The contractor is expected to cost \$100,000, with \$75,000 spent in FY 2018-19 and \$25,000 spent in FY 2019-20.

Case manager training. HCPF will have costs of \$6.9 million in FY 2018-19 to train case managers at the CCBs and SEP agencies on the use of the new tool once it is developed. The fiscal note assumes this is a one-time cost and that training on the new tool for new employees in future years will be accomplished as part of the regular training process. There are currently almost 2,200 case managers statewide in the CCBs and SEP agencies. The cost is based on 18 hours of training in small groups and 16 hours of individual follow-up training on the new assessment tool. The training contractor is estimated to cost \$177 per hour based on current contractors used by the department. This training will cover both eligibility determination and service assessment.

Client reassessment. It is assumed that all clients receiving long-term services and supports, about 32,000 waiver clients and 17,000 persons with intellectual and developmental disabilities, will be reassessed using the new tool. Most of the reassessment will occur in FY 2019-20, and a smaller percent in FY 2020-21. Reassessments are paid at a rate of \$233 per client. This will result in costs of \$10.3 million in FY 2019-20 and \$820,000 in FY 2020-21. To the extent clients choose not to be reassessed or department rules spread out the reassessments over a longer period, costs could differ from this estimate.

Services costs. Depending on the nature of the assessment tool and how it affects the type and level of services for which clients receive authorization, costs could increase or decrease. The impact of such changes in services costs cannot be estimated at this time. It is assumed that HCPF will request adjustments to appropriations as necessary through the annual budget process.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under SB 16-192		
Cost Components	FY 2016-17	FY 2017-18 to FY 2020-21
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$14,762	\$16,104
Supplemental Employee Retirement Payments	9,949	11,365
TOTAL	\$24,711	\$27,469

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

Departmental Difference

For FY 2019-20 and FY 2020-21, HCPF estimates an additional cost of \$1.3 million per year for ongoing training of new staff with CCBs and SEP agencies concerning the assessment tool. The department states that this training is necessary to maintain consistency in client assessments and quality in use of the new tool. While the fiscal note includes one-time costs for training

associated with the new tool in FY 2018-19, it excludes these ongoing costs because they are not directly attributable to this bill and the development of the new assessment tool. Just as CCBs, SEP agencies, and HCPF must train new staff on the use of the current assessment tools, it is assumed they will continue to do such ongoing training under the bill. Funding to improve or expand ongoing training of staff at CCBs and SEP agencies should be requested separately from this bill through the annual budget process.

State Appropriations

For FY 2016-17, the bill requires an appropriation of \$277,573, including \$138,787 General Fund and \$138,786 federal funds.

State and Local Government Contacts

Counties Information Technology	Health Care Policy Financing Law	Human Services
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