



**Legislative
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**FINAL
FISCAL NOTE**

Drafting Number: LLS 18-0749
Prime Sponsors: Rep. Pabon
 Sen. Aguilar

Date: June 8, 2018
Bill Status: Postponed Indefinitely
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Bill Topic: REGULATE RESIDENTIAL SERVICES & SUPPORTS PROVIDERS

**Summary of
Fiscal Impact:** State Revenue TABOR Refund
 State Expenditure Local Government
 State Transfer Statutory Public Entity

This bill requires the Department of Health Care Policy and Financing, in conjunction with the Division of Housing in the Department of Local Affairs, to implement a system of oversight for individual residential services and supports providers and residences. It increases state revenue and expenditures on an ongoing basis.

**Appropriation
Summary:** In FY 2018-19, this bill requires an appropriation of \$32,329 to the Department of Health Care Policy and Financing.

**Fiscal Note
Status:** The fiscal note reflects the reengrossed bill. This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

**Table 1
State Fiscal Impacts Under HB 18-1376**

		FY 2018-19	FY 2019-20
Revenue	Cash Funds	\$54,520	\$163,735
Expenditures	General Fund	\$16,165	\$38,925
	Cash Funds	\$49,141	\$122,335
	Federal Funds	\$16,165	\$38,925
	Centrally Appropriated	\$17,112	\$43,695
	Total	\$98,583	\$243,880
	Total FTE	0.6 FTE	2.0 FTE
Transfers		-	-
TABOR Refund	General Fund	\$54,520	\$163,735

Summary of Legislation

This bill requires the Department of Health Care Policy and Financing (HCPF), in conjunction with the Division of Housing in the Department of Local Affairs (DOLA), to implement a system of oversight for individual residential services and supports providers and residences. It requires an individual residential provider to notify HCPF prior to being authorized to operate in a city or county, and the state must conduct an on-site survey of providers every two years to ensure compliance with standards. To implement this program, the bill directs DOLA to establish a fee for the inspections, which are deposited in the newly created Individual Residential Services and Supports Providers Inspections Cash Fund. Funds in this cash fund are continuously appropriated to DOLA.

HCPF must also develop minimum standards and requirements for providers and residences, which include compliance with: housing quality standards; service delivery standards; standards related to the location of persons with disabilities; and compliance with applicable state and local rules. HCPF must also promulgate rules to meet various standards laid out in the bill.

The bill specifies that all new staff must start after March 1, 2019.

Background

Individual residential services and supports are provided to members on the adult comprehensive waiver for individuals with intellectual and developmental disabilities. These services provide a living environment in which three or fewer persons receiving services may live in a single residential setting.

State Revenue

This bill increases cash fund revenue by approximately \$54,520 in FY 2018-19 and \$163,735 in FY 2019-20 and future years. This revenue is based on DOLA assessing a fee on host home providers and individual residential service providers to cover the cost of home inspections performed by the Division of Housing. Fee revenue will be deposited in the newly created Individual Residential Services and Supports Providers Inspections Cash Fund.

Fee impact for provider inspections. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are estimates only, actual fees will be set administratively by DOLA based on cash fund balance, estimated program costs, and the estimated number of inspections subject to the fee. The table below identifies the fee impact of this bill. Fees revenue for FY 2018-19 is prorated to account for the March 1, 2019, hiring date specified in the bill.

Table 2
Annual Fee Revenue Under HB 18-1376

Fiscal Year	Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
FY 2018-19	Initial Inspection Fee	\$175	283	\$49,525
	Re-inspection Fee	\$135	37	\$4,995
FY 2018-19 Total			\$54,520	
FY 2019-20	Initial Inspection Fee	\$175	850	\$148,750
	Re-inspection Fee	\$135	111	\$14,985
FY 2019-20 Total			\$163,735	

TABOR Refund

This bill increases state revenue from fees, which will increase the amount of money required to be refunded under TABOR for FY 2018-19 and FY 2019-20. Since the bill increases the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget will decrease by an identical amount. State revenue subject to TABOR is not estimated for years beyond FY 2019-20.

State Expenditures

In FY 2018-19, this bill will increase state expenditures by \$98,583 and 0.6 FTE in FY 2018-19, and \$243,880 and 2.0 FTE in FY 2019-20. These costs are shown in Table 2 and described below.

Table 3
Expenditures Under HB 18-1376

Cost Components	FY 2018-19	FY 2019-20
Department of Local Affairs		
Personal Services	\$17,066	\$51,197
Operating Expenses and Capital Outlay Costs	\$8,531	\$3,158
Legal Services	\$1,066	\$533
Inspection Costs	\$21,461	\$64,384
Travel Costs	\$1,017	\$3,063
Centrally Appropriated Costs*	\$13,360	\$30,144
FTE – Personal Services	0.3 FTE	1.0 FTE
DOLA (Subtotal)	\$62,501	\$152,479

Table 3
Expenditures Under HB 18-1376 (Cont.)

Cost Components	FY 2018-19	FY 2019-20
Department of Health Care Policy and Financing		
Personal Services	\$17,126	\$68,500
Operating Expenses and Capital Outlay Costs	\$4,703	\$950
Stakeholder Engagement	\$10,500	\$8,400
Centrally Appropriated Costs*	\$3,753	\$13,551
FTE – Personal Services	0.3 FTE	1.0 FTE
HCPF (Subtotal)	\$36,082	\$91,401
Total	\$98,583	\$243,880
Total FTE	0.6 FTE	2.0 FTE

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

Department of Local Affairs. State cash fund expenditures will increase in DOLA by \$62,501 and 0.3 FTE in FY 2018-19 and \$152,479 and 1.0 in FY 2019-20 and future years. These costs are described below.

Assumptions. It is estimated that the DOLA will need to complete 1,700 biennial inspections of residential services and supports providers, with approximately 13 percent of sites requiring a second re-inspection. It is assumed that inspections will be carried out by DOLA's existing network of contractors when possible. All costs in FY 2018-19 are prorated to account for the March 1, 2019, hiring date specified in the bill.

Personal services. The Division of Housing in DOLA will require 1.0 FTE for an Inspector I, which will be responsible for oversight of the inspection program, including coordination and scheduling of all inspections. It is estimated that this position will also complete 250 inspections per year when there is a conflict of interest with a contract inspector. Personal services and operating expenses are outlined in Table 2.

Legal services. It is estimated that DOLA will need 10 hours of legal services at a cost of \$106.56 per hour in FY 2018-19, and 5 hours of legal services in FY 2019-20 and ongoing.

Inspection costs. It is estimated that the 1,700 inspections completed by the Division of Housing will take approximately 2 hours, at a total cost of \$70 per inspection. It is estimated that each re-inspection will take approximately 1.25 hours and cost about \$44 per inspection. Thus, annual contract inspection costs are estimated at \$64,384 per year.

Travel costs. Beginning in FY 2018-19, DOLA will have travel costs of \$3,063 to travel to providers for inspections. This cost assumes an average cost of \$0.49 per mile, with an average of 25 miles of travel for 250 inspections.

Department of Health Care Policy and Financing. Expenditures will increase in HCPF by \$36,082 and 0.3 FTE in FY 2018-19 and \$91,401 and 1.0 FTE in FY 2019-20 and future years. These costs, which are split evenly between General Fund and federal funds, are described below. All costs in FY 2018-19 are prorated to account for the March 1, 2019, hiring date specified in the bill.

Personal services. HCPF will require 1.0 FTE for an Administrator IV to coordinate with a contractor and manage the ongoing process of rules development and stakeholder engagement, collaborate with DOLA to carry out inspections, and execute any necessary corrective actions.

Stakeholder engagement. The bill requires HCPF to include representation from providers and relevant stakeholders for the rulemaking required in the bill, and a contractor is required to prepare and execute the stakeholder engagement process. It is estimated that the contractor will be required for 18 months, and would work approximately 7 hours per month at a rate of \$150 per hour.

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. These costs, which include employee insurance and supplemental employee retirement payments, indirect costs, and leased space, are estimated to be \$17,113 in FY 2018-19 and \$43,695 in FY 2019-20.

Effective Date

The bill was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on May 2, 2018.

State Appropriations

For FY 2018-19, this bill requires an appropriation of \$36,329 to the Department of Health Care Policy and Financing, of which \$16,165 is General Fund and \$16,165 is federal funds.

State and Local Government Contacts

Counties	Health Care Policy and Financing
Human Services	Public Health and Environment
Information Technology	Local Affairs