



**Colorado
Legislative
Council
Staff**

HB17-1264

**REVISED
FISCAL NOTE**

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

Drafting Number: LLS 17-0950 **Date:** May 8, 2017
Prime Sponsor(s): Rep. Ginal; Lawrence **Bill Status:** Senate Second Reading
 Sen. Martinez Humenik; Jahn **Fiscal Analyst:** Ryan Long (303-866-2066)

BILL TOPIC: PACE OMBUDSMAN PROGRAM ADD LOCAL OMBUDSMEN

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures	\$445,264	\$534,317
General Fund	445,264	534,317
Appropriation Required: \$445,264 - Department of Human Services (FY 2017-18).*		
Future Year Impacts: Ongoing revenue and expenditure impacts.		

* This amount reflects the funding needed to implement a full local PACE ombudsman program. However, this bill includes an appropriation of \$75,000 to add one local PACE Ombudsman to the State Ombudsman's office.

Summary of Legislation

This bill adds local Program of All-Inclusive Care for the Elderly (PACE) ombudsmen to the State Ombudsman's office, and outlines provisions related the training and authority of the local PACE ombudsmen. The bill specifies time frames for the State PACE ombudsman to complete duties and functions concerning implementation of local PACE ombudsmen, including establishing statewide policies for investigating and resolving complains related to PACE programs and creating a training and certification process for local PACE ombudsmen. The Department of Human Services (DHS) is responsible for operating the local PACE ombudsman program under contract, grant, or agreement between the department and service providers. DHS will report to the Joint Budget Committee and Legislative committees of reference concerning the state Long-Term Care Ombudsman and state PACE ombudsman programs.

Background

PACE provides comprehensive long-term services and supports as an alternative to nursing facility care. The program is available to persons age 55 or older who are enrolled in Medicare or Medicaid and deemed eligible for nursing facility care by a Single Entry Point (SEP) agency. Clients must live within a PACE provider service area and be able, with supportive services, to live in the community safely. Services are typically offered in an adult health center and supplemented with in-home and referral services. Health and service benefits include: primary and hospital care, prescription drugs, emergency services, physical therapy, home care, meals, dentistry, nutritional counseling, social services, and transportation, among others. Once enrolled, if a client requires nursing facility care, the PACE program will also pay for these costs.

Senate Bill 15-137 expanded the type of entities that may operate a PACE program to include private, for-profit organizations and specified a review process by the Attorney General to oversee the conversion of nonprofit organizations into for-profit entities. Following passage of SB 15-137, one PACE provider, InnovAge, converted to for-profit status. As a condition of this conversion, approximately \$200 million, based on the charitable benefit to the community from the nonprofit organization, was set aside in a foundation to continue to fund work associated with the original objectives of the nonprofit organization. In addition, the Attorney General specified that InnovAge establish an ombudsman for its program. InnovAge serves about 80 percent of the 2,800 PACE participants statewide.

State Expenditures

This bill increase state General Fund expenditures by \$445,264 in FY 2017-18 and \$534,317 in FY 2018-19 to contract six local PACE ombudsmen to serve in the current PACE communities statewide. These expenditures are outlined in Table 1 and explained below.

Table 1. Expenditures Under HB 17-1264		
Cost Components	FY 2017-18	FY 2018-19
Contractor Salary and Operating Costs	\$431,945	\$518,334
Travel	9,000	10,800
Administrative Costs	4,319	5,183
TOTAL	\$445,264	\$534,317

Contract local PACE ombudsmen. The six local PACE ombudsmen will be required to provide complaint resolution for the six Area on Aging (AAA) planning service areas. The fiscal note assumes that there will be one local PACE ombudsman for every 500 PACE participants. Total contract costs are shown in Table 1. Costs are prorated for 10 months in the first year of the program, and it is assumed that new local PACE ombudsmen will not start until after August 1, 2017. This fiscal note shows the amount needed to implement the full local PACE ombudsman program. However, should fewer Ombudsmen be hired, each local PACE Ombudsman position is estimated to have salary and operating costs of \$74,211 in FY 2017-18 and \$86,389 in FY 2018-19 and in future years. Table 2 below shows the approximate number of PACE participants in each AAA area.

Table 2. PACE Service Areas		
Service Area (Counties)	PACE Participants	Local PACE Ombudsmen (Contracted FTE)
Denver, Adams, Jefferson, Broomfield, and Arapahoe	2,065	4.0
El Paso	399	0.5
Pueblo	291	0.5
Montrose and Delta	304	0.5
Boulder, Weld, and Larimer	300	0.5
TOTAL	3,359	6.0

Future PACE expansion. If future resources are needed for new PACE sites, it is assumed that funding will be requested through the annual budget process. Additionally, the fiscal note assumes that each ombudsman will need \$1,800 in funds for travel costs, and that administrative costs will equal 1 percent of personnel and operating costs.

State PACE Ombudsman workload. The state PACE ombudsman in DHS will have an increase in workload to train and monitor contracts for local ombudsmen. This work can be accomplished within existing appropriations.

Effective Date

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

State Appropriations

For FY 2017-18, the bill includes an appropriation of \$75,000 General Fund to the Department of Human Services fo FY 2017-18 to add local PACE ombudsmen to the State Ombudsmen's office. In order to fully fund the local PACE ombudsman program, the Department of Human Services would require \$445,264.

State and Local Government Contacts

Health Care Policy And Financing
Information Technology

Human Services