



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

Drafting Number: LLS 21-0829
Prime Sponsors: Sen. Moreno
Rep. Herod

Date: September 13, 2021
Bill Status: Signed into Law
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Bill Topic: **REIMBURSEMENT FOR OUT-OF-HOME PLACEMENT SERVICES**

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

This bill makes changes to state responsibilities and requirements relating to out-of-home placement services for children and youth, including the process the Department of Human Services uses to establish provider reimbursement rates. The bill increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2021-22, this bill requires and includes an appropriation of \$250,000 to the Department of Human Services.

Fiscal Note Status: This fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under SB 21-278

| | | Budget Year FY 2021-22 | Out Year FY 2022-23 |
|---------------------|--------------|-----------------------------------|--------------------------------|
| Revenue | | - | - |
| Expenditures | General Fund | \$250,000 | - |
| Transfers | | - | - |
| TABOR Refund | | - | - |

Summary of Legislation

The bill makes several changes relating to out-of-home placements for children and youth, including a study to determine the need for levels of service across the state, a workgroup to provide feedback and recommendations about out-of-home residential care fee collection, as well as adjustments to rate setting practices and requirements for service provision contracts.

Out-of-home placement needs assessment. By January 1, 2022, the bill requires that the Department of Human Services (DHS) and county departments determine the number of placements necessary for each level of care for children or youth in out-of-home placements. By July 1, 2022, the DHS must work with the Department of Health Care and Policy Financing to develop and implement a plan that ensures that the options for out-of-home placement in the state match the needs of children and youth at each level of care.

Updates to the current actuarial analysis. By September 1, 2021, the bill requires the DHS to contract with an outside vendor to conduct an actuarial analysis of costs needed to provide out-of-home placement services, and to include DHS Division of Youth Services out-of-home placement providers, as well as new options required under federal law, in this analysis.

New actuarial analysis. At the beginning of FY 2022-23 and every third fiscal year thereafter, the DHS must contract with an outside vendor to conduct a new actuarial analysis for all licensed out-of-home placement providers. The new analysis must review the costs necessary to provide services for children and youth at a level required by state statute, DHS rules, and federal rules and regulations. By September 1, 2023, and each year thereafter when an updated actuarial analysis is completed, the vendor must also determine if the survey that is performed to review child welfare service employee salaries is sufficient relative to the new actuarial analysis.

Fee collection workgroup. By March 31, 2022, DHS must convene a workgroup to provide feedback and recommendations about fee collection for residential care of children and youth in out-of-home placement who are not adjudicated or neglected, and submit a report of the recommendations to the General Assembly. The workgroup must include geographically and demographically diverse partners and stakeholders.

Updates to DHS rate-setting. By July 1, 2024, and each year following new actuarial analysis, the DHS must update their rate-setting methodology for out-of-home placement providers to reflect the most recent actuarial analysis. DHS must also implement the new rates to the extent that funding is available, and is encouraged to submit requests for additional funding to implement the new rates during the annual budget process. By December 30, 2022, and by the end of each year thereafter in which a new actuarial analysis is conducted, the DHS must submit a report to the General Assembly that includes a summary of the actuarial analysis and the changes made to the rate-setting methodology as a result.

Provider assistance to meet new federal requirements. From FY 2021-22 through FY 2022-23, the DHS must assist residential placement providers meet new federal requirements relating to out-of-home placements, and to ensure that Medicaid-eligible children and youth who are served by these providers continue to maintain eligibility for the state's Medical Assistance Program.

New placement review requirements. The bill requires the Division of Youth Services to review the placement of any child, juvenile or youth under their jurisdiction, 60 days after they enter a qualified residential treatment program.

County rate negotiation with service providers. The bill allows county departments of human or social services to negotiate rates with licensed out-of-home placement providers, above the base rates set by the state, to serve children with higher service needs.

State Expenditures

For FY 2021-22, this bill increases General Fund expenditures in the DHS by \$250,000, for the Division of Child Welfare to conduct an out-of-home placement provider rate actuarial analysis. Workload and costs will also increase for the DHS to work with counties on an assessment of placement needs and related provider rate adjustments, convene a fee collection workgroup, help service providers with new federal requirements, and to report to the General Assembly. Additional funding will be required in out-years for vendor contracting and adjustments to provider rates that reflect new actuarial analyses, with these costs addressed through the annual budget process.

Local Government

To the extent that the bill modifies out-of-home placement provider rates and associated funding, annual allocations to counties for these services will change.

Effective Date

The bill was signed into law by the Governor and took effect on June 25, 2021.

State Appropriations

For FY 2021-22, this bill requires and includes a General Fund appropriation of \$250,000 to the Department of Human Services.

State and Local Government Contacts

Human Services