

COLORADO GENERAL ASSEMBLY

JOINT BUDGET COMMITTEE



FY 2008-09 STAFF BUDGET BRIEFING:

DEPARTMENT OF HUMAN SERVICES

Mental Health and Alcohol and Drug Abuse Divisions

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

Prepared By:

Caroline Smith, JBC Staff

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For Further Information Contact:

**Joint Budget Committee
200 East 14th Avenue, 3rd Floor
Denver, Colorado 80203
Telephone: (303) 866-2061
Facsimile: (303) 866-2150**

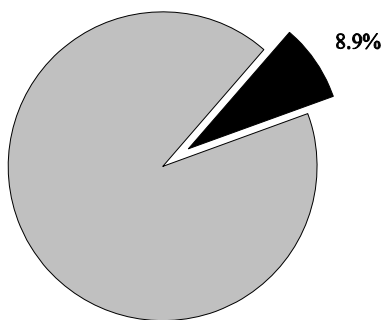
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Department of Human Services
Divisions of Mental Health and Alcohol and Drug Abuse

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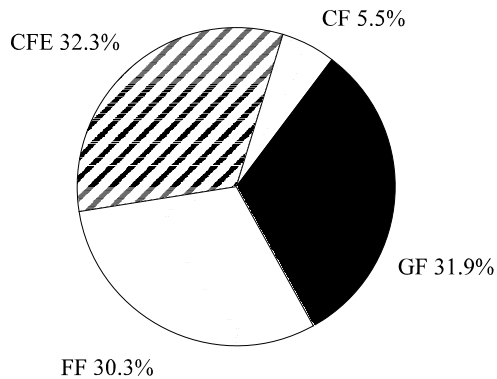
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**FY 2008-09 Joint Budget Committee Staff Briefing
DEPARTMENT OF HUMAN SERVICES
Graphic Overview**

**Share of State General Fund
FY 2007-08**

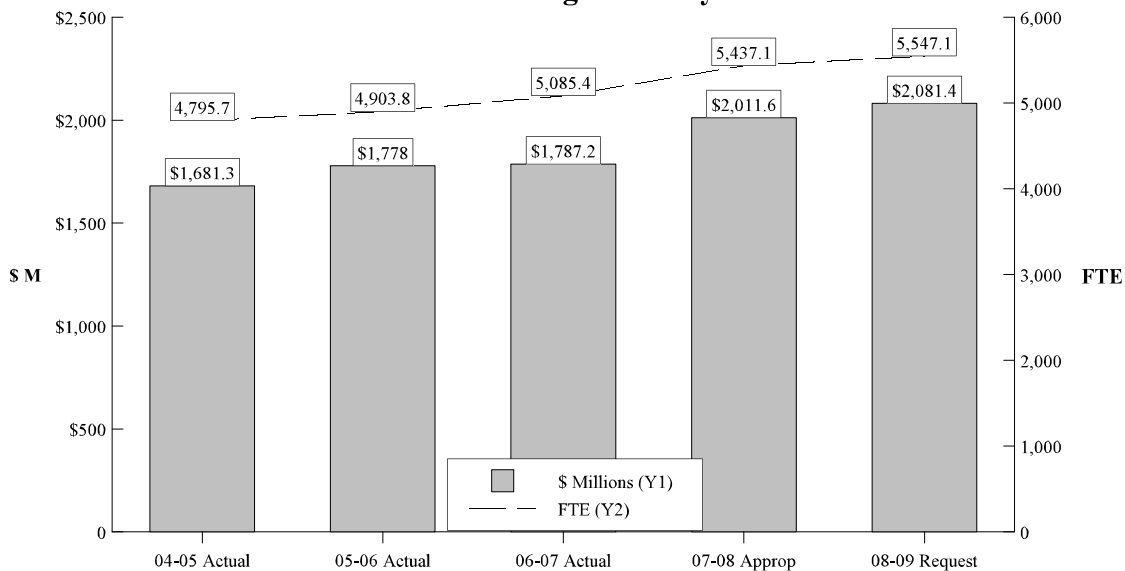


**Funding Source Split
FY 2007-08**



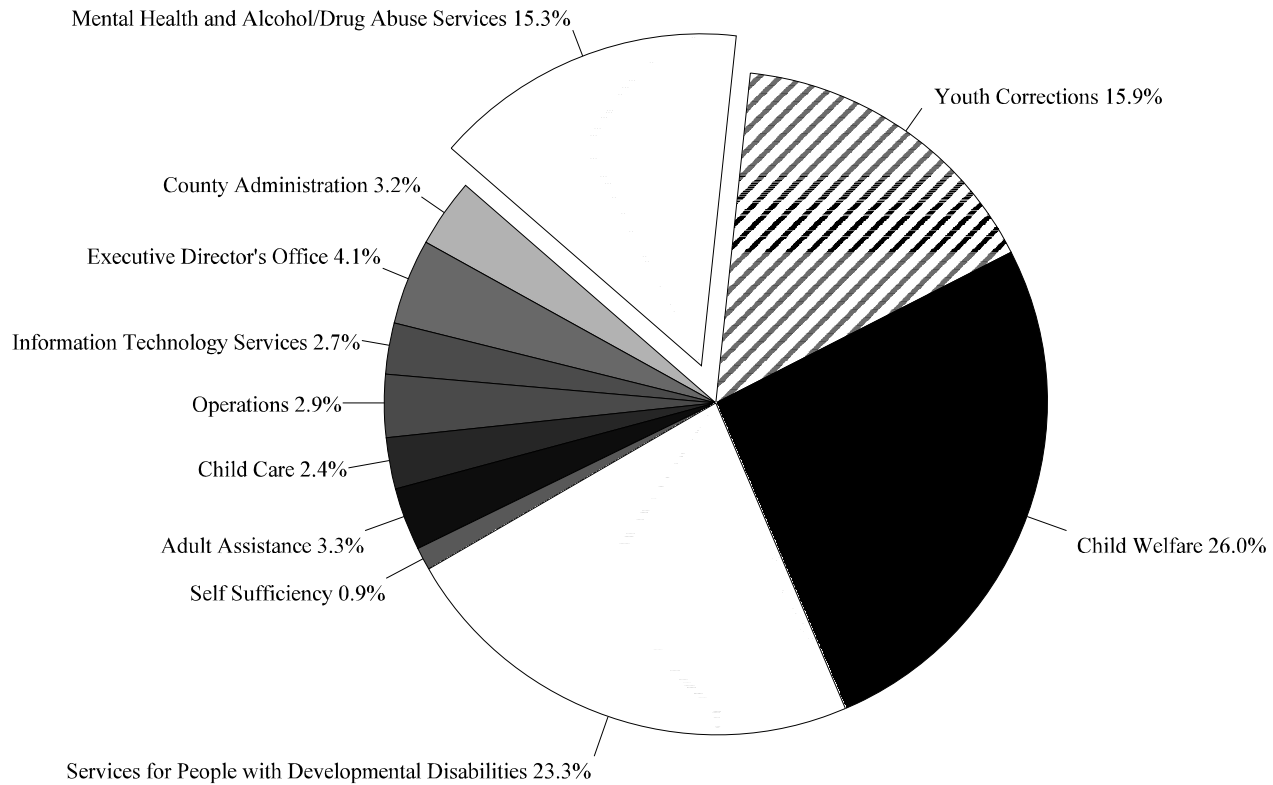
Note: If General Fund appropriated to the Department of Health Care Policy and Financing for human services programs were included in the graph above, the Department of Human Services' share of the total state General Fund would rise to 11.6 percent.

Budget History



Department of Human Services: Net General Fund

FY 2007-08 Appropriation (\$839.2 million)



Key Responsibilities

Department of Human Services, Division of Mental Health and Alcohol and Drug Abuse:

- Administers the Traumatic Brain Injury Program
- Administers the Indigent Care Program for the mentally ill
- Manages the State's two mental health institutes at Fort Logan (in Denver) and Pueblo, which provide inpatient hospitalization for people with severe mental illness
- Oversees the H.B. 99-1116 programs for mentally ill children and coordinates with counties and private providers

- ❑ Through the Alcohol and Drug Abuse Division, provides funding for community-based alcohol and drug abuse prevention, treatment, and detoxification programs throughout the State.

Please note, pursuant to H.B. 04-1265, the Department of Health Care Policy and Financing administers the Medicaid Mental Health Community Program.

Factors Driving the Budget

Indigent Mental Health

The state appropriates \$45.9 million (including \$36.7 million General Fund) for community mental health services for roughly 11,632 clients who are indigent and mentally ill. Of this sum, \$37.5 million (including \$31.4 million General Fund) is appropriated in one aggregated line item, shown below. Other indigent mental health services are for early childhood mental health, assertive community treatment programs, and alternatives to inpatient hospitalization for youth.

Services for Indigent Mentally Ill Clients ^{1/}					
	FY 2003-04 Actual	FY 2004-05 Actual.	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp
Total Funds	\$19,702,177	\$20,670,212	\$22,779,872	\$36,023,738	\$37,534,243
General Fund	\$14,069,799	\$15,069,799	\$16,821,195	\$30,065,061	\$31,389,126
Federal Funds	\$5,632,378	\$5,600,413	\$5,958,677	\$5,958,677	\$5,983,208
Cash Funds Exempt	\$0	\$0	\$0	\$0	\$161,909
General Fund Change	\$0	\$1,000,000	\$1,751,396	\$13,243,866	\$1,324,065
Total Funds Change	\$0	\$968,035	\$2,109,660	\$13,243,866	\$1,510,505
% General Fund Change	0.0%	7.1%	11.6%	78.7%	4.4%
% Total Funds Change	0.0%	4.9%	10.2%	58.1%	4.2%
Rough Estimate of Clients Served ^{2/}	6,528	6,849	6,981	9,225	10,296
Change in Estimated Number of Clients	0	321	132	2,244	1,071

^{1/} Reflects only the funding for the Medically Indigent line item. Does not reflect the increases provided in other areas of non-Medicaid funding.

Demand for Services and Staffing at the Mental Health Institutes

The Department of Human Services operates two hospitals for the severely mentally ill: the Fort Logan Mental Health Institute, located in Denver, and the Mental Health Institute in Pueblo. The FY 2007-08 appropriation for the Institutes was \$89.7 million to maintain 528 beds to serve approximately 7,180 individuals. In FY 2007-08, the estimated average cost per bed at an Institute is \$169,804.

Since the mid-1990s, expenditures for the State mental health institutes have been affected by the loss of patient-based revenue, stemming from a decline in the number of patient hospitalizations. The number of beds used at the institutes declined by approximately a third in the last decade, from 813 in FY 1994-95 to 528 in FY 2006-07. This declining level of patient hospitalization is attributable to two primary factors: (1) changes in the delivery of mental health services resulting from managed care; and (2) the "deinstitutionalization" of clients into community settings. The use of managed care for mental health services has resulted in fewer hospitalizations as mental health providers seek lower-cost alternative services in the community. The trend towards "deinstitutionalization" has resulted in shorter hospital stays as patients are transitioned more quickly to community settings for treatment. Despite this decline in census, the expenditures have increased at the mental health institutes. The increases are attributable to the *Neiberger* lawsuit and inflationary factors, including salaries.

	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp
Institute Budget	\$79,461,197	\$80,524,106	\$83,316,765	\$84,127,915	\$87,698,179	\$89,656,698
FTE	1,286.4	1,183.0	1,246.2	1,246.2	1,252.6	1,252.9
Ft. Logan Avg. Daily Census	171	146	149	150	149	149
Pueblo Avg. Daily Census	<u>439</u>	<u>390</u>	<u>377</u>	<u>382</u>	<u>384</u>	<u>384</u>
Total Avg. Daily Census	610	536	526	532	533	526
Change in Funding	\$0	\$1,062,909	\$2,792,659	\$811,150	\$3,570,264	\$1,958,519
Change in FTE	0.0	(103.4)	63.2	0.0	6.4	0.3
Change in Census	0	(74)	(10)	6	1	0

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Summary of Major Legislation

- ❑ **S.B. 07-36 (Keller/ Stafford): Mandatory Coverage of Mental Health Disorders.** Adds additional mental disorders to mandatory health insurance coverage for mental illness. Includes an appropriation of \$31,459 to the Department of Health Care Policy and Financing for Children's Basic Health Program Premium Costs, including \$11,011 General Fund and \$20,448 matching federal funds. Includes an associated appropriation reduction of \$11,011 General Fund to the Controlled Maintenance Trust Fund.

- ❑ **S.B. 07-97 (Fitz-Gerald/Madden): Allocates Tobacco Litigation Settlement Funds.** Allocates tobacco litigation settlement funds and provides appropriations to multiple departments. In the Department of Human Services, creates the Offender Mental Health Services Fund for the purchase of mental health services for juvenile and adult offenders who are involved in the criminal justice system. Specifies that this fund shall receive twelve percent of tobacco settlement moneys that were formerly allocated to the General Fund for allocation to community mental health centers. For FY 2007-08, appropriates \$2.8 million cash funds exempt and 0.8 FTE from the Offender Mental Health Services Fund to the Department of Human Services for mental health services. Creates the Alcohol and Drug Abuse Community Prevention and Treatment Fund to provide or purchase alcohol and drug abuse community prevention or treatment services. Specifies that this fund shall receive three percent of tobacco settlement moneys that were formerly allocated to the General Fund. For FY 2007-08, appropriates \$700,000 cash funds exempt from the Alcohol and Drug Abuse Community Prevention and Treatment Fund to the Department of Human Services, Alcohol and Drug Abuse Division.

- ❑ **S.B. 07-132 (Keller/White): Repeal Gobel Mental Health Reference.** Eliminates an obsolete statutory provision that made the Department of Human Services responsible for administration of Medicaid mental health services provided pursuant to the *Arevalo v. Colorado Department of Human Services* case (commonly known as the Goebel Lawsuit Settlement; case dismissed with prejudice in March 2006).

- ❑ **S.B. 07-146 (Morse/Rice): Veterans Mental Health Services Pilot.** Creates a three-year pilot to provide mental health services for the families of recently discharged veterans. Provides an appropriation of \$300,000 cash funds exempt and 0.3 FTE to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, to be distributed to community mental health centers in the Colorado Springs area. Transfers tobacco settlement moneys to fund program. Transfers the lesser of 30 percent of funds in the Short-term Innovative Health Programs Grant Fund or \$300,000 for this purpose for FY 2007-08, FY 2008-09 and FY 2009-10.

- ❑ **S.B. 07-213 (Renfroe/Kefalas): Licensing Addiction Treatment Programs.** Continues the licensing of addiction treatment programs by the Alcohol and Drug Abuse Division in the Department of Human Services. Appropriates \$700 cash funds for FY 2007-08 to the Alcohol and Drug Abuse Division.

- ❑ **S.B. 07-230 (Keller/Frangas and Kerr, J): Expands Children's Mental Health Treatment Act.** Modifies the Children's Mental Health Treatment Act and expands services to be funded under the Act to include a continuum of care. Assigns regional mental health centers and behavioral health organizations as responsible for care management for children in the program, including decision-making regarding a child's placement in and discharge from a residential facility. For FY 2007-08, increases the appropriation to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Administration by \$77,667 General Fund and 1.0 FTE and reduces the appropriation to the Department of Human Services, Mental Health and Alcohol and Drug Abuse, Mental Health Community Services, Residential Treatment for Youth by \$77,667 General Fund.

- ❑ **H.B. 07-1057 (Stafford/Windels): Juvenile Justice Family Advocate Program.** Creates three demonstration programs to provide family advocate services to youth with mental health issues who are involved in the criminal justice system, or who are at risk of such involvement, and their families. Directs the Department of Human Services to oversee the program in conjunction with the Department of Public Safety, Division of Criminal Justice. Requires programs to represent urban, rural, and suburban communities and to contribute 20 percent of funding in cash or in-kind support. Includes evaluation of the program's impact by the Department of Public Safety, Division of Criminal Justice. Authorizes appropriations for the programs from the Short-term Innovative Health Programs Grant Fund. For fiscal years 2008-09, 2009-10, and 2010-11, authorizes the appropriation of the lesser of \$185,117 or 8.8 percent of moneys in the Grants Fund to the Department of Human Services and the lesser of \$36,700 or 1.7 percent of moneys in the Grants Fund to the Department of Public Safety.

- ❑ **H.B. 07-1359 (Buescher/Fitz-Gerald): Allocates Tobacco Litigation Settlement Moneys.** Modifies the allocation and fiscal management of tobacco litigation settlement moneys. Allows a portion of the tobacco settlement moneys received by the State to be spent on programs during the fiscal year in which the money is received. Adjusts FY 2007-08 appropriations in S.B. 07-97 and S.B. 07-239 for multiple departments. Reduces the S.B. 07-97 FY 2007-08 appropriation to the Department of Human Services from the Offender Mental Health Services Fund by \$744,535 cash funds exempt. Reduces the S.B. 07-97 FY 2007-08 appropriation to the Department of Human Services, Alcohol and Drug Abuse Division from the Community Prevention and Treatment Fund by \$186,134 cash funds exempt.

- ❑ **H.B. 06-1373 (Buescher/Tapia): Refinancing of Forensics Hospital.** The bill authorizes the Executive Director of the Department of Human Services to enter into a construction contract for the construction of an institute for forensic psychiatry and auxiliary facilities at the Colorado Mental Health Institute at Pueblo. The bill repeals the authority of the Executive Director to enter into a lease for the institute and auxiliary facilities. The total cost of the facility, including heating plant expansion, is \$57.9 million. The bill appropriates \$20 million General Fund in FY 2005-06 and \$15.0 million Capital Construction Fund in FY 2006-07 to the Department of Human Services. Transfers General Fund moneys to the Capital Construction Fund for FY 2006-07 and FY 2007-08 to pay for the institute and auxiliary facilities. This expenditure reduces out-year health care costs, saving over \$30 million on facility costs.

- ❑ **S.B. 05-59 (Keller/Hefley): Mental Health Care Districts.** Authorizes the creation of a mental health care service district to provide mental health care service to residents and to family members of such residents, subject to voter approval. Allows such a district to be created through voter approval to levy either a sales or property tax. If a property tax is approved, the district is required to be created in accordance with the "Special District Act."

- ❑ **H.B. 05-1309 (Romanoff/Tapia): Forensics Hospital.** Authorizes the Executive Director of the Department of Human Services to enter into a lease agreement with a private party to occupy and operate an institute for forensic psychiatry and auxiliary facilities at the Colorado Mental Health Institute at Pueblo (CMHIP). *Please see H.B. 06-1373 which repealed this option.*

- ❑ **H.B. 04-1265 (Witwer/Reeves): Transfer of Medicaid Mental Health Program Administration from DHS to HCPF.** Transfers the administration of the Medicaid mental health community program from the Department of Human Services (DHS) to the Department of Health Care Policy and Financing (HCPF). Includes a transfer of \$1,072,754 total funds and 9.0 FTE for administration; a transfer of \$190,534,208 in Medicaid mental health community appropriations from DHS to HCPF, and the elimination of the "double-count" of \$149,639,812 in HCPF.

- ❑ **H.B. 04-1075 (Romanoff/Johnson): Treatment for High-Risk Pregnant Women.** Authorizes the Department of Health Care Policy and Financing to seek a state plan amendment to expand substance abuse treatment services to Medicaid eligible women from two months to 12 months following a pregnancy. Authorizes a transfer of state funds within the substance abuse block grant program to be used as the state match for the program.

- ❑ **S.B. 03-282 (Teck/Witwer): Tobacco Litigation Cash Settlement Transfer.** *Child Mental Health Treatment Act:* Appropriates \$451,358 cash funds exempt funding to the Department of Human Services for the "Child Mental Health Treatment Act". Appropriates \$1.0 million to the Department of Human Services, transferred from the Department of Health Care Policy and Financing, for the mental health capitation program for FY 2003-04 only.

- ❑ **H.B. 00-1034 (Kester/Wham): Mentally Ill Juvenile Offenders.** Creates two community-based intensive treatment management pilot programs for mentally ill juveniles who are involved in the criminal justice system.

- ❑ **H.B. 99-1116 (Keller/Arnold): Residential Treatment Centers.** Supports access to residential treatment centers (RTC) for children who are not eligible for Medicaid services based on income, other "categorical" Medicaid classification, or county "dependency or neglect" actions.

- ❑ **S.B. 95-78 (Rizzuto/Anderson): Mental Health Capitation.** Instructs the Departments of Human Services and Health Care Policy and Financing to expand the Medicaid mental health capitation program statewide by FY 1997-98.

Major Funding Changes FY 2006-07 to FY 2007-08

<i>Mental Health</i>				
Action (Source)	General Fund	Other Funds (Source)	Total Funds	Total FTE
Mental Health Institutes (Ft. Logan and Pueblo) Personal Services	\$6,622,324	(\$1,303,363)	\$5,318,961	83.0
Supportive Housing and Homelessness	\$0	\$3,178,524 (<i>Federal funds</i>)	\$3,178,524	2.4
Offender Mental Health Services (SB 07-97)	\$0	\$2,100,000 (<i>Tobacco Settlement Funds</i>)	\$2,100,000	0.8
Indigent Mental Health Services for an Additional 446 Clients	\$1,400,000	\$0	\$1,400,000	0.0
Traumatic Brain Injury Trust Fund	\$0	\$1,129,121 (<i>Trust Fund</i>)	\$1,129,121	0.6
Veterans Mental Health Pilot (SB 07-146)	\$0	\$300,000 (<i>Tobacco Settlement Funds</i>)	\$300,000	0.3
Services for Mentally Ill Clients	\$0	\$161,909 (<i>Vocational Rehab</i>)	\$161,909	0.0
Juvenile Justice Family Advocate Program (HB 07-1057)	\$0	\$160,366 (<i>Short-term Innovative Health Programs Grant Fund</i>)	\$160,366	0.5
Children's Mental Health Treatment (SB 07-230)	\$0	\$0	\$0	1.0
Educational Programs	(\$221,805)	\$0	(\$221,805)	2.2
La Vista Facility Services	\$0	(\$277,685)	(\$277,685)	0.0
Sol Vista DYC Facility Services	\$0	(\$355,813)	(\$355,813)	0.0
Juvenile Mental Health Pilot (H.B. 00-1034)	(\$184,512)	(\$184,512)	(\$369,024)	0.0
Federal Programs and Grants	\$0	(\$958,149)	(\$958,149)	2.6
Alternatives to Inpatient Hospitalization at Mental Health Institutes	(\$2,977,822)	\$0	(\$2,977,822)	0.0

Major Funding Changes FY 2006-07 to FY 2007-08

<i>ADAD Community Programs</i>				
Action (Source)	General Fund	Other Funds (Source)	Total Funds	Total FTE
Short-term Intensive Residential Remediation Treatment (STIRRT)	\$1,754,283	\$1,249,820 (Combination of \$346,316 CF, \$600,000 CFE, and \$303,504 FF)	\$3,004,103	0.0
Community Prevention and Treatment		\$521,163 <i>(Tobacco Settlement Funds)</i>	\$521,163	0.0
Persistent Drunk Driver Programs	\$0	\$253,021 (CF and CFE)	\$253,021	0.0
Licensing ADAD programs		\$700 <i>(Cash Fund- Fees)</i>	\$700	0.0

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Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
1A	Office of Behavioral Health and Housing, Mental Health Institute- Pueblo Provide staff and operating funds for new High Security Forensics Institute <i>[Sections 16-8-105 through 16-8-106 and 16-8-112, C.R.S.]</i>	\$638,190	\$0	\$0	\$0	\$638,190	\$638,190	5.1
1B	Office of Operations Provide facility operating funds for new high security forensic institute and heat plant expansion at the Colorado Mental Health Institute at Pueblo <i>[Section 27-1-104, C.R.S.]</i>	\$764,363	\$0	\$0	\$0	\$764,363	\$764,363	6.5
2	Division of Youth Corrections, Community Programs Increase funding due to population impacts on contract bed placements. <i>[Sections 19-2-402 and 403, C.R.S., require DYC to provide care and treatment to detained and committed youth. DYC is responsible for supervising youths on parole pursuant to Section 19-2-209, C.R.S.]</i>	1,718,738	0	41,208 <i>[Medicaid]</i>	0	1,759,946	1,739,342	0.0

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3	Division of Child Welfare, Child Welfare Services Increase funding by 3.4 percent to cover the projected cost increases due to the anticipated growth in the state child / adolescent population. <i>[Sections 26-5-101 and 104, C.R.S.]</i>	6,449,386	0	2,350,210 <i>[Local funds]</i>	2,504,857 <i>[Title IV-E Social Security Act]</i>	11,304,453	6,449,386	0.0
3A	Division of Youth Corrections, Community Programs Increase funding for S.B. 91-94 programs in order to increase capacity. <i>[Sections 19-2-310, 1201, and 1203-1204, C.R.S.]</i>	666,308	0	0	0	666,308	666,308	0.0

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3B	Division of Child Welfare and Division of Youth Corrections Increase support for the Collaborative Management Program, which promotes interagency collaboration in services to children and families. Increase incentive funds for counties and provide 2.0 FTE for DYC program coordination. The impact of the request for areas covered in this briefing packet is shown in italics at right.	122,372	0	500,000	0	622,372	<i>122,372</i>	1.8
		<i>0</i>	<i>0</i>	<i>500,000</i>	<i>0</i>	<i>500,000</i>	<i>0</i>	<i>0.0</i>
	<i>[Section 24-1.9-104, C.R.S.]</i>			<i>[Performance-based Collaborative Management Incentive Cash Fund]</i>				
3C	Division of Youth Corrections, Community Programs Increase funding for the statewide expansion of the Functional Family Parole (FFP) program, which is currently being run as a pilot program.	359,062	0	0	0	359,062	<i>359,062</i>	1.8
	<i>[Section 19-2-1003, C.R.S.]</i>							

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4	<p>Services for People with Disabilities, Developmental Disability Services, Community Services</p> <p>Provide comprehensive community-based residential services for an additional 151 adults for six months, including 45 individuals transitioning from foster care, 62 needing emergency placement, and 44 from the waiting list; provide adult supported living services (SLS) for an additional 28 youth aging out of the Children's Extensive Support (CES) waiver program. Request annualizes to \$16.6 million (\$7.4 million NGF) in FY 2009-10. <i>[Sections 27-10.5-101 through 106 and 25.5-6-401 through 411 C.R.S.]</i></p>	0	0	8,265,672 <i>[Medicaid]</i>	0	8,265,672	3,670,651	0.0
5	<p>Executive Director's Office</p> <p>Increase funding to add five human resources staff to restore portions of staffing cuts made in FY 2003-04 and deal with increased departmental staffing size. <i>[Section 24-50-101, C.R.S.]</i></p>	91,371	7,817 <i>[Various Sources]</i>	37,618 <i>[Various Sources]</i>	107,622 <i>[Various Sources]</i>	244,428	107,828	5.0

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6	<p>Services for People with Disabilities, Developmental Disability Services, Regional Centers</p> <p>Convert Wheatridge regional center beds from the Medicaid waiver program to ICF/MR institutional placements for purposes of management and Medicaid billing. Also continue to increase staffing at regional centers as second year of multi-year plan to increase staffing intensity. Amount shown is annualized to \$4.0 million (\$1.9 million net General Fund) and 72.7 FTE in FY 2009-10)</p> <p><i>[Sections 27-10.5-301 through 304 and 25.5-6-204 C.R.S.]</i></p>	\$150,667	\$0	\$2,111,227	\$0	\$2,261,894	\$1,206,281	40.4
				<i>[Medicaid]</i>				
7	<p>Office of Behavioral Health and Housing, Mental Health Institutes</p> <p>Compression pay for nursing positions at the Colorado Mental Health Institutes, Pueblo and Fort Logan, to improve retention.</p> <p><i>[Sections 27-13-103 and 27-15-103,</i></p>	1,006,095	0	0	0	1,006,095	1,006,095	0.0

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8	Division of Child Welfare, Administration Add 5.5 FTE to improve state oversight of the county-administered foster care program. Request annualizes to 6.0 FTE in FY 2009-10. <i>[Sections 26-1-108 (2); 26-1-111 (1) and (2) (b), (d), (h) and (q); 26-1-118 (1) and (2); 26-6-106.5; 19-3-406; and</i>	373,729	0	0	105,411 <i>[Title IV-E Social Security Act]</i>	479,140	373,729	5.5
9	Office of Operations and Mental Health and Alcohol and Drug Abuse Services, Mental Health Institutes Transfer linen contract from Office of Operations to Mental Health Institutes. <i>[Section 24-102-202 and 27-1-104, C.R.S.]</i>	0	0	0	0	0	0	0.0
10	Office of Behavioral Health and Housing, Mental Health Provide community mental health services to 966 additional clients <i>[Sections 27-1-203 and 27-1-204, C.R.S.]</i>	2,998,464	0	0	0	2,998,464	2,998,464	0.0

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11	Office of Information Technology Services Increase funding to increase OIT staff that provide support to department and county clients. <i>[Section 26-1-105, C.R.S.]</i>	126,550	733 <i>[Old Age Pension]</i>	16,410 <i>[Medicaid (from HCP&F) and various sources]</i>	24,432 <i>[Food Stamps and TANF]</i>	168,125	129,826	2.4
12	Office of Operations Increase FTE and spending authority for Buildings and Grounds Fund, which supports maintenance and repair of Human Services facilities and grounds rented by other state agencies and non-profit organizations. Request annualizes to \$115,410 and 3.5 FTE in FY 2009-101 <i>[Section 25-1-118, C.R.S.]</i>	0	102,888 <i>[Building and Grounds Cash Fund]</i>	308,665 <i>[Building and Grounds Cash Fund reserves]</i>	0	411,553	0	3.5
13	Office of Self Sufficiency Increase funding to add 4.0 FTE to create a quality control unit that will provide oversight of county TANF programs <i>[Section 26-2-712, C.R.S.]</i>	0	0	0	235,542 <i>[TANF long-term reserves]</i>	235,542	0	4.0

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Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
14	Executive Director's Office, Special Purpose, Colorado Commission for the Deaf and Hard of Hearing Add 0.5 FTE and associated funding transferred from the Disabled Telephone Users Fund for a Telecommunications Equipment Distribution Program coordinator. <i>[Section 26-21-102 through 108, C.R.S.]</i>	0	0	31,116 <i>[Disabled Telephone Users Fund]</i>	0	31,116	0	0.5
15	Office of Information Technology Services Fund TANF-related changes to CBMS to support increased supervision of county operations. <i>[Section 26-2-712, C.R.S.]</i>	0	0	0	2,838,755 <i>[TANF long-term reserves]</i>	2,838,755	0	0.0
16	Office of Self Sufficiency Creates a new Promoting Responsible Fatherhood Grant line item with \$222,222 GF. Offsets this with a corresponding GF reduction in County Block Grants, in turn offset by a corresponding increase in TANF funding for County Block Grants. <i>[Section 26-1-109, C.R.S., and 42 U.S.C. 603 (a) (2)]</i>	0	0	0	222,222 <i>[TANF long-term reserves]</i>	222,222	0	0.0

FY 2008-09 Joint Budget Committee Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES (Shaded items relate to areas covered in this briefing packet)

Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
17	Adult Assistance Programs Increase in cash funds for the Old Age Pension program related to COLA increase. This request is informational, as OAP funding is continuously appropriated by the Colorado Constitution. <i>[Article XXIV, Constitution of the State of Colorado, Sections 26-2-111 (2) and 26-2-114, C.R.S.]</i>	0	3,420,600 <i>[Old Age Pension Fund]</i>	0	0	3,420,600	0	0.0
18	Adult Assistance Programs Increases the federal funds shown in the Community Services for the Elderly line item to reflect available federal funds. Requests an increase of \$210,743 cash funds exempt funding needed to draw down the matching federal funds <i>[Section 26-11-207 (6), C.R.S.]</i>	0	0	210,743 <i>[Local Funds]</i>	1,004,271 <i>[Older Americans Act fund]</i>	1,215,014	0	0.0
19	Office of Self Sufficiency Allocates an additional \$358,718 to the Colorado Refugee Services Program from the federal TANF block grant, bringing the total TANF funding in CRSP to \$815,850. <i>[Section 26-2-703 (17.7), C.R.S.]</i>	0	0	0	358,718 <i>[TANF]</i>	358,718	0	0.0

**FY 2008-09 Joint Budget Committee Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES (Shaded items relate to areas covered in this briefing packet)**

Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
20	Division of Child Care Add 1.0 FTE and associated funding to provide support for the Division of Child Care website. <i>[Sections 26-6-105, 26-6-106, and 26-6-108.5, C.R.S.]</i>	0	66,349 <i>[Child Care Licensing Cash Fund]</i>	0	0	66,349	0	1.0
NP-1	Various Provide a 1.35 percent cost of living adjustment (COLA) for all community providers. The impact of the request for areas covered in this briefing packet is shown in italics at right.	5,101,845	939	6,029,442	2,550,772	13,682,998	7,449,528	0.0
		<i>\$874,734</i>	<i>\$0</i>	<i>\$82,161</i> <i>[Various Sources]</i>	<i>\$0</i>	<i>\$956,895</i>	<i>\$1,000,235</i>	<i>0.0</i>
NP-2	County Administration Requests the Long Bill Division "County Administration" and the line item of the same name within the Division be renamed <i>[Sections 26-1-105 and 108, C.R.S.]</i>	0	0	0	0	0	0	0.0
DPA-1	Office of Information Technology Services Multiuse Network Payments <i>[Section 24-30-1104 (2), and 24-37.5-202,203, C.R.S.]</i>	161,324	2,645 <i>[Various Sources]</i>	21,157 <i>[Various Sources]</i>	79,340 <i>[Various Sources]</i>	264,466	167,513	0.0

FY 2008-09 Joint Budget Committee Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES (Shaded items relate to areas covered in this briefing packet)

Decision Item Priority List

Priority	Division: Description <i>[Statutory Authority]</i>	GF	CF <i>[Source]</i>	CFE <i>[Source]</i>	FF <i>[Source]</i>	Total	Net GF*	FTE
DPA-2	Office of Operations Vehicle lease reconciliation and vehicle replacements <i>[Section 24-30-1104 (2), C.R.S.]</i>	(47,747)	1,626	(34,568)	6,146	(74,543)	(65,605)	0.0
			<i>[Various sources]</i>	<i>[Medicaid (transfers from HCP&F) and Various sources]</i>	<i>[Various sources]</i>			
DPA-3	Executive Director's Office Workers' Compensation <i>[Section 24-50-101, C.R.S.]</i>	47,889	214	38,758	3,927	90,788	61,478	0.0
			<i>[Various Sources]</i>	<i>[Various Sources]</i>	<i>[Various Sources]</i>			
	Total Department Request	\$20,728,606	\$3,603,811	\$19,927,658	\$10,042,015	\$54,302,090	\$27,844,811	77.5
	Total for Shaded Items	\$5,517,483	\$0	\$82,161	\$0	\$5,599,644	\$5,642,984	5.1

* These amounts are included for informational purposes only. Medicaid cash funds are classified as cash funds exempt for the purpose of complying with Article X, Section 20 of the State Constitution. These moneys are transferred from the Department of Health Care Policy and Financing, where about half of the dollars are appropriated as General Fund. Net General Fund equals the General Fund dollars listed above plus the General Fund transferred as part of Medicaid.

FY 2008-09 Joint Budget Committee Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
Mental Health and Alcohol and Drug Abuse Services

Overview of Numbers Pages

Description	GF	CF	CFE	FF	Total	FTE
Mental Health Institutes (Personal Services)	\$4,360,567	\$0	\$0	\$0	\$4,360,567	0.0
Compression Pay for Institute Nurses (DI# 7)	\$1,006,095	\$0	\$0	\$0	\$1,006,095	0.0
Mental Health Services for Indigent (DI# 10)	\$2,998,464	\$0	\$0	\$0	\$2,998,464	0.0
Mental Health Services for Juvenile and Adult Offenders	\$0	\$0	\$2,037,174	\$0	\$2,037,174	0.0
Compression Pay for Institute Nurses (DI# 7)	\$1,006,095	\$0	\$0	\$0	\$1,006,095	0.0
New Forensics Institute (DI #1A)	\$638,190	\$0	\$0	\$0	\$638,190	5.1
Personal Services	\$99,804		\$66,250	\$54,459	\$220,513	0.0
Assertive Community Treatment Programs	\$8,757	\$0	\$8,757	\$0	\$17,514	0.0
Alcohol and Drug Abuse Division - Personal Services	\$87,410	\$0	\$0	\$0	\$87,410	0.0
Other	\$468,805	\$259	\$25,818	\$54,589	\$549,471	1.1
Total	\$6,313,620	\$259	\$2,137,999	\$109,048	\$8,560,926	6.2

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Requests
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DEPARTMENT OF HUMAN SERVICES
Executive Director: Karen Bye

(4) MENTAL HEALTH AND ALCOHOL AND DRUG ABUSE SERVICES

(A) Administration

Primary functions: Manages and provides policy direction to the Alcohol and Drug Abuse Division, the Indigent Community Mental Health Programs, the Mental Health Institutes, and Housing Programs. Federal funds are primarily from housing grants and federal mental health block grant funds.

Personal Services	1,310,149	1,504,221	1,883,346	2,076,010	
FTE	<u>16.3</u>	<u>16.0</u>	<u>22.7</u>	<u>23.8</u>	
General Fund	259,325	571,168	790,532	890,336	
Cash Funds Exempt	371,845	389,285	494,587	560,837	
Federal Funds	678,979	543,768	598,227	624,837	
<i>For Informational Purposes</i>					
<i>Medicaid Cash Funds Exempt</i>	299,003	307,351	305,781	317,310	
<i>Medicaid - General Fund therein</i>	149,501	153,675	152,891	158,656	
<i>Net General Fund</i>	408,826	724,843	943,423	1,048,992	
Operating Expenses	<u>80,465</u>	<u>81,614</u>	<u>59,362</u>	<u>45,157</u>	
General Fund	20,431	20,931	35,028	26,121	
Cash Funds Exempt	11,274	11,274	22,349	17,051	
Federal Funds	48,760	49,409	1,985	1,985	
<i>For Informational Purposes</i>					
<i>Medicaid Cash Funds Exempt</i>	0	0	11,274	11,274	
<i>Medicaid - General Fund therein</i>	0	0	5,637	5,637	
<i>Net General Fund</i>	20,431	20,931	40,665	31,758	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Requests
Federal Programs and Grants	2,785,294	3,437,553	2,479,404	2,513,156	
FTE	<u>7.4</u>	<u>8.4</u>	<u>11.0</u>	<u>11.0</u>	
General Fund	0	0	0	0	
Federal Funds	2,785,294	3,437,553	2,479,404	2,513,156	
Supportive Housing and Homelessness - FF	16,785,235	16,813,334	19,991,858	20,040,544	
FTE	<u>15.4</u>	<u>16.6</u>	<u>19.0</u>	<u>19.0</u>	
Cash Funds	500	0	0	0	
Cash Funds Exempt	132,105	183,772	0	0	
Federal Funds	16,652,630	16,629,562	19,991,858	20,040,544	
Traumatic Brain Injury Trust Fund	1,357,421	1,285,058	2,414,179	2,411,498	
FTE	<u>1.0</u>	<u>0.9</u>	<u>1.5</u>	<u>1.5</u>	
Cash Funds (TBI Trust Fund)	1,357,421	1,285,058	1,932,622	1,932,881	
Cash Funds Exempt (Reserves)	0	0	481,557	478,617	
					Request v. Approp
TOTAL - (A) Administration	22,318,564	23,121,780	26,828,149	27,086,365	1.0%
FTE	<u>40.1</u>	<u>41.9</u>	<u>54.2</u>	<u>55.3</u>	
General Fund	279,756	592,099	825,560	916,457	11.0%
Cash Funds	1,357,921	1,285,058	1,932,622	1,932,881	0.0%
Cash Funds Exempt	515,224	400,559	998,493	1,056,505	5.8%
Federal Funds	20,165,663	20,844,064	23,071,474	23,180,522	0.5%
<i>For Information Only*</i>					
Medicaid Cash Funds Exempt	299,003	307,351	317,055	328,584	3.6%
Medicaid - General Fund therein	149,501	153,675	158,528	164,293	3.6%
Net General Fund	429,257	745,774	984,088	1,080,750	9.8%

* NOTE: These lines are included for informational purposes only. Medicaid Cash Funds are classified as Cash Funds Exempt for the purpose of complying with Article X, Section 20 of the State Constitution. These moneys are transferred from the Department of Health Care Policy and Financing, where about half of the dollars are appropriated as General Fund. Net General Fund equals the General Fund dollars listed above plus the General Fund transferred as part of Medicaid.

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Requests
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(B) Mental Health Community Programs

Primary functions: Funding and oversight of non-Medicaid community-based mental health programs, including the state's network of community mental health centers and clinics. Pursuant to H.B. 04-1265, most Medicaid mental health programs were transferred to the Department of Health Care Policy and Financing.

(1) Mental Health Services for the Medically Indigent

Services for Indigent Mentally Ill Clients	<u>22,590,843</u>	<u>36,023,738</u>	<u>37,534,243</u>	<u>40,956,460</u>	DI #10, DI NP #1
General Fund	16,821,195	30,065,061	31,389,126	34,811,343	
Cash Funds Exempt (Voc Rehab)	0	0	161,909	161,909	
Federal Funds	5,769,648	5,958,677	5,983,208	5,983,208	
Early Childhood Mental Health Services - GF	214,778 a/	1,135,740	1,152,786	1,168,349	DI NP#1
Assertive Community Treatment Programs	<u>1,237,872</u>	<u>1,278,102</u>	<u>1,297,274</u>	<u>1,314,788</u>	DI NP#1
General Fund	618,936	639,051	648,637	657,394	
Cash Funds Exempt (Local Funds)	618,936	639,051	648,637	657,394	
Alternatives to Inpatient Hospitalization at the Mental Health Institute at Pueblo - GF	912,768	942,433	0	0	
Alternatives to Inpatient Hospitalization at the Mental Health Institute at Ft. Logan - GF	750,413 b/	1,543,743	0	0	
Alternatives to the Fort Logan Aftercare Program - GF	182,341	188,267	0	0	
Alternatives to Inpatient Hospitalization at a Mental Health Institute General Fund			2,977,822	3,018,023	DI NP#1

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Requests
Enhanced Mental Health Pilot Services for Detained Youth- GF	426,227	480,576	500,414	507,170	DI NP#1
Juvenile Mental Health Pilot (H.B. 00-1034)	<u>357,408</u>	<u>369,024</u>	0	0	a/
General Fund	178,704	184,512	0	0	
Cash Funds Exempt (Local Funding)	178,704	184,512	0	0	
Alternatives to Inpatient Hospitalization for Youth					
General Fund	251,208	259,372	0	0	
					Request v. Approp.
Subtotal - Mental Health Services for the					
Medically Indigent	<u>26,923,858</u>	<u>42,220,995</u>	<u>43,462,539</u>	<u>46,964,790</u>	8.1%
General Fund	20,356,570	35,438,755	36,668,785	40,162,279	9.5%
Cash Funds Exempt	797,640	823,563	810,546	819,303	1.1%
Federal Funds	5,769,648	5,958,677	5,983,208	5,983,208	0.0%
a/ This program sunset effective July 1, 2007					
(2) Goebel Lawsuit					
Goebel Lawsuit Settlement	18,482,831	0	0	0	
FTE	2.0	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
General Fund	6,432,224	0	0	0	
Cash Funds Exempt (Medicaid and Voc Rehab)	12,050,607	0	0	0	
<i>For Information Only:</i>					
Medicaid Cash Funds	11,888,698	0	0	0	
Medicaid - GF Therein	5,944,349	0	0	0	
Net General Fund	12,376,573	0	0	0	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Requests
(3) Other					
Residential Treatment for Youth (H.B. 99-1116)					
General Fund	650,530	1,051,930	1,112,460	1,127,478	DI NP#1
CFE	49,342	564,009	718,753	728,456	
CFE (Direct Tobacco)	510,799	266,929	117,464	122,779	
<i>For Information Only</i>					
<i>Medicaid Cash Funds</i>	90,389	220,992	276,243	276,243	
<i>Medicaid - General Fund therein</i>	510,799	266,929	117,464	119,050	
<i>Net General Fund</i>	46,371	24,232	34,974	35,446	
	95,713	588,241	753,727	763,902	
Family Advocacy Demonstration Sites- CFE			130,769	158,688	DI NP#1
Mental Health Services for Juvenile and Adult Offenders- CFE			1,995,828	4,033,002	DI NP#1
Veteran Mental Health- CFE Cash Fund Exempt			285,529	289,384	
					Request v. Approp.
TOTAL - (B) Mental Health Community Programs	46,057,219	43,272,925	46,987,125	52,573,342	11.9%
FTE	2.0	0.0	0.0	0.0	
General Fund	26,838,136	36,002,764	37,387,538	40,890,735	9.4%
Cash Funds Exempt	13,449,435	1,311,484	3,616,379	5,699,399	57.6%
Federal Funds	5,769,648	5,958,677	5,983,208	5,983,208	0.0%
<i>For Information Only</i>					
<i>Medicaid Cash Funds**</i>	12,399,497	266,929	117,464	119,050	1.4%
<i>Medicaid - General Fund therein</i>	5,990,720	24,232	34,974	35,446 a/	1.3%
<i>Net General Fund**</i>	32,828,856	36,026,996	37,422,512	40,926,181	9.4%

b/ Effective March 31, 2006, the Goebel Lawsuit was dismissed as a result of compliance with court-ordered requirements. The funding associated with Goebel was transferred to the Mental Health Capitation Program and to the Community Mental Health Program.

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Requests
(C) Mental Health Institutes					
Primary function: The Mental Health Institutes provide inpatient hospital care for seriously mentally ill citizens of Colorado. There are two state mental health institutes: one in Pueblo and the other at Ft. Logan (Denver). Cash and cash funds exempt sources are from client revenues sources, including Medicaid.					
Personal Services	72,276,844	74,252,209	79,571,170	84,569,927	
FTE	<u>1147.2</u>	<u>1169.9</u>	<u>1252.9</u>	<u>1258.0</u>	
General Fund	51,809,074	53,113,500	59,735,824	64,724,069	
Cash Fund	3,270,365	3,272,535	4,580,363	4,580,363	
Cash Fund Exempt	17,197,405	17,866,174	15,254,983	15,265,495	
<i>For Information Only</i>					
Medicaid Cash Funds	3,911,062	4,708,030	3,344,403	3,344,403	
Medicaid General Fund	1,955,531	2,354,015	1,672,202	1,672,202	
Net General Fund	53,764,605	55,467,515	61,408,026	66,396,271	
Operating Expenses	<u>8,105,832</u>	<u>9,991,775</u>	<u>10,085,528</u>	<u>10,163,599</u>	
General Fund	8,105,832	9,991,775	9,733,098	9,811,169	
Cash Fund Exempt			352,430	352,430	
Sol Vista DYC Facility Services - CFE		355,813	0 c/	0	
La Vista Facility Services - CFE		277,685	0 c/	0	
General Hospital Personal Services	2,590,795	3,016,787	2,942,964	3,047,740	
FTE	<u>31.4</u>	<u>34.3</u>	<u>36.0</u>	<u>36.0</u>	
General Fund	2,590,795	3,016,787	2,918,964	3,023,740	
Cash Fund					
Cash Funds Exempt			24,000	24,000	
General Hospital Operating Expenses	<u>495,507</u>	<u>209,289</u>	<u>436,883</u>	<u>436,883</u>	
General Fund	495,507	209,289	285,563	285,563	
Cash Funds Exempt			151,320	151,320	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Requests
Educational Programs	868,068	912,050	690,245	715,889	
FTE	<u>12.3</u>	<u>12.8</u>	<u>15.0</u>	<u>15.0</u>	
General Fund	120,593	96,337	100,964	126,608	
Cash Fund	149,701	172,525	264,040	264,040	
Cash Funds Exempt	273,900	300,521	325,241	325,241	
Federal Funds	323,874	342,667	0	0	
					Request v. Approp.
TOTAL - Mental Health Institutes	84,337,046	89,015,608	93,726,790	98,934,038	5.6%
FTE	<u>1190.9</u>	<u>1217.0</u>	<u>1303.9</u>	<u>1309.0</u>	
General Fund	63,121,801	66,427,688	72,774,413	77,971,149	7.1%
Cash Funds	3,420,066	3,445,060	4,844,403	4,844,403	0.0%
Cash Funds Exempt	17,471,305	18,800,193	16,107,974	16,118,486	0.1%
Federal Funds	323,874	342,667	0	0	0.0%
<i>For Information Only</i>					
<i>Medicaid Cash Funds*</i>	3,911,062	4,708,030	3,344,403	3,344,403	0.0%
<i>Medicaid - General Fund therein</i>	1,955,531	2,354,015	1,672,202	1,672,202	0.0%
<i>Net General Fund*</i>	65,077,332	68,781,703	74,446,615	79,643,351	7.0%

c/ JBC Action to consolidate in Mental Health Institutes

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Requests
(D) Alcohol and Drug Abuse Division					
Primary function: The Alcohol and Drug Abuse Division develops, supports, and advocates for comprehensive services to reduce alcohol, tobacco, and other drug abuse, and to promote healthy individuals, families, and communities. Cash fund sources include the Persistent Drunk Driver Cash Fund and the Drug Offender Surcharge Fund. The cash funds exempt is from Medicaid funds.					
(1) Administration					
Personal Services	1,910,021	1,992,175	2,058,702	2,146,112	
FTE	<u>24.9</u>	<u>25.3</u>	<u>30.0</u>	<u>30.0</u>	
General Fund	0	43,805	91,746	179,156	
Cash Funds	37,140	35,986	38,505	38,505	
Cash Funds Exempt (Medicaid)	14,213	53,136	53,136	53,136	
Cash Funds Exempt (Other Funds)	420,129	449,125	472,915	472,915	
Federal Funds	1,438,539	1,410,123	1,402,400	1,402,400	
<i>For Informational Purposes</i>					
Medicaid Cash Funds Exempt	14,213	53,136	53,136	53,136	
Medicaid - General Fund therein	7,107	26,568	26,568	26,568	
Net General Fund	7,107	70,373	118,314	205,724	
Operating Expenses	<u>140,453</u>	<u>115,337</u>	<u>191,902</u>	<u>191,902</u>	
Cash Funds	37,810	17,322	11,788	11,788	
Cash Funds Exempt	30,436	2,613	14,000	14,000	
Federal Funds	72,207	95,402	166,114	166,114	
<i>For Informational Purposes</i>					
Medicaid Cash Funds Exempt	0	952	952	952	
Medicaid - General Fund therein	0	476	476	476	
Net General Fund	0	476	476	476	
Other Federal Grants - FF	225,706	110,725	457,383	457,383	
FTE	0.0	1.2	0.0	0.0	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Requests
Indirect Cost Assessment	<u>206,112</u>	<u>198,293</u>	<u>243,723</u>	<u>243,723</u>	
Cash Funds	1,687	2,134	3,280	3,280	
Federal Funds	204,425	196,159	240,443	240,443	
Subtotal - (1) Administration	2,482,292	2,416,530	2,951,710	3,039,120	3.0%
FTE	<u>24.9</u>	<u>26.5</u>	<u>30.0</u>	<u>30.0</u>	
General Fund	0	43,805	91,746	179,156	95.3%
Cash Funds	76,637	55,442	53,573	53,573	0.0%
Cash Funds Exempt	464,778	504,874	540,051	540,051	0.0%
Federal Funds	1,940,877	1,812,409	2,266,340	2,266,340	0.0%
<i>For Information Only</i>					
<i>Medicaid Cash Funds**</i>	14,213	54,088	54,088	54,088	0.0%
<i>Medicaid - General Fund therein</i>	7,107	27,044	27,044	27,044	0.0%
<i>Net General Fund**</i>	7,107	70,849	118,790	206,200	73.6%
(2) Community Programs					
(a) Treatment Services					
Treatment and Detoxification Contracts	<u>21,423,973</u>	<u>22,828,920</u>	<u>22,811,190</u>	<u>22,966,245</u>	DI NP#1
General Fund	9,647,704	11,187,651	11,485,523	11,640,578	
Cash Funds	1,002,616	1,002,616	990,518	990,518	
Cash Funds Exempt	425,706	290,706	290,706	290,706	
Federal Funds	10,347,947	10,347,947	10,044,443	10,044,443	
Short-term Intensive Residential Remediation Treatment (STIRRT)			<u>3,004,103</u>	<u>3,035,886</u>	DI NP#1
General Fund			1,754,283	2,386,066	
Cash Funds			346,316	346,316	
Cash Funds Exempt			600,000	0	
Federal Funds			303,504	303,504	

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Change
	Actual	Actual	Appropriation	Request	Requests
Case Management - Chronic Detox Clients	<u>369,212</u>	<u>369,288</u>	<u>369,324</u>	<u>369,357</u>	DI NP#1
General Fund	2,329	2,405	2,441	2,474	
Federal Funds	366,883	366,883	366,883	366,883	
High Risk Pregnant Women - CFE	<u>943,703</u>	<u>1,109,447</u>	<u>998,717</u>	<u>1,012,200</u>	
<i>Medicaid Cash Funds</i>	<i>943,703</i>	<i>1,109,447</i>	<i>998,717</i>	<i>1,012,200</i>	
<i>Medicaid General Fund</i>	<i>471,852</i>	<i>554,724</i>	<i>499,359</i>	<i>506,100</i>	
					Request v. Approp.
Subtotal - (a) Treatment Services	<u>22,736,888</u>	<u>24,307,655</u>	<u>27,183,334</u>	<u>27,383,688</u>	0.7%
General Fund	9,650,033	11,190,056	13,242,247	14,029,118	0.0%
Cash Funds	1,002,616	1,002,616	1,336,834	1,336,834	0.0%
Cash Funds Exempt	1,369,409	1,400,153	1,889,423	1,302,906	-31.0%
Federal Funds	10,714,830	10,714,830	10,714,830	10,714,830	0.0%
<i>For Information Only</i>					
<i>Medicaid Cash Funds</i>	<i>943,703</i>	<i>1,109,447</i>	<i>998,717</i>	<i>1,012,200</i>	1.4%
<i>Medicaid - General Fund therein</i>	<i>471,852</i>	<i>554,724</i>	<i>499,359</i>	<i>506,100</i>	0.0%
<i>Net General Fund</i>	<i>10,121,885</i>	<i>11,744,780</i>	<i>13,741,606</i>	<i>14,535,218</i>	5.8%
Prevention and Intervention					
Prevention Contracts	<u>3,641,382</u>	<u>3,925,393</u>	<u>3,887,131</u>	<u>3,887,588</u>	DI NP#1
General Fund	0	33,329	33,829	34,286	
Cash Funds	0	0	27,072	27,072	
Cash Funds Exempt	0	0	0	0	
Federal Funds	3,641,382	3,892,064	3,826,230	3,826,230	
Persistent Drunk Driver Programs	<u>475,057</u>	<u>480,654</u>	<u>733,675</u>	<u>733,675</u>	
Cash Funds	475,057	474,866	590,460	590,460	
Cash Funds Exempt	0	5,788	143,215	143,215	
Law Enforcement Assistance Contracts	<u>244,905</u>	<u>250,000</u>	<u>255,000</u>	<u>255,000</u>	
Cash Funds (Law Enforcement CF)	244,905	245,333	250,000	250,000	
Cash Funds Exempt	0	4,667	5,000	5,000	

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Requests
					Request v. Approp.
Subtotal - (b) Prevention and Intervention	<u>4,361,344</u>	<u>4,656,047</u>	<u>4,875,806</u>	<u>4,876,263</u>	0.0%
General Fund	0	33,329	33,829	34,286	0.0%
Cash Funds	719,962	720,199	867,532	867,532	0.0%
Cash Funds Exempt	0	10,455	148,215	148,215	0.0%
Federal Funds	3,641,382	3,892,064	3,826,230	3,826,230	0.0%
<i>For Information Only</i>					
<i>Medicaid Cash Funds</i>	<i>943,703</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.0%</i>
<i>Medicaid - General Fund therein</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.0%</i>
<i>Net General Fund</i>	<i>0</i>	<i>33,329</i>	<i>33,829</i>	<i>34,286</i>	<i>0.0%</i>
(c) Other Programs					
Federal Grants	1,291,556	2,520,885	5,063,429	5,063,429	
Cash Funds Exempt	0	0	195,500	195,500	
Federal Funds	1,291,556	2,520,885	4,867,929	4,867,929	
Balance of Substance Abuse Block Grant Programs	<u>6,917,987</u>	<u>6,742,646</u>	<u>6,672,351</u>	<u>6,674,875</u>	
General Fund	178,398	184,196	186,959	189,483	
Federal Funds	6,739,589	6,558,450	6,485,392	6,485,392	
Community Treatment & Prevention- CFE	0	0	513,866	1,035,202	
					Request v. Approp.
Subtotal (c) Other Programs	8,209,543	9,263,531	12,249,646	12,773,506	4.3%
General Fund	178,398	184,196	186,959	189,483	0.0%
Cash Funds Exempt	0	0	709,366	1,230,702	73.5%
Federal Funds	8,031,145	9,079,335	11,353,321	11,353,321	0.0%

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Requests
					Request v. Approp.
Subtotal - (2) Community Programs	35,307,775	38,227,233	44,308,786	45,033,457	1.6%
General Fund	9,828,431	11,407,581	13,463,035	14,252,887	5.8%
Cash Funds	1,722,578	1,722,815	2,204,366	2,204,366	0.0%
Cash Funds Exempt	1,369,409	1,410,608	2,747,004	2,681,823	-2.4%
Federal Funds	22,387,357	23,686,229	25,894,381	25,894,381	0.0%
<i>For Information Only</i>					
Medicaid Cash Funds	1,887,406	1,109,447	998,717	1,012,200	1.4%
Medicaid - General Fund therein	471,852	554,724	499,359	506,100	1.3%
Net General Fund	10,121,885	11,778,109	13,775,435	14,569,504	5.8%
					Request v. Approp.
TOTAL - (D) Alcohol and Drug Abuse Division	37,790,067	40,643,763	47,260,496	48,072,577	1.7%
FTE	<u>24.9</u>	<u>26.5</u>	<u>30.0</u>	<u>30.0</u>	
General Fund	9,828,431	11,451,386	13,554,781	14,432,043	6.5%
Cash Funds	1,799,215	1,778,257	2,257,939	2,257,939	0.0%
Cash Funds Exempt	1,834,187	1,915,482	3,287,055	3,221,874	-2.0%
Federal Funds	24,328,234	25,498,638	28,160,721	28,160,721	0.0%
<i>For Information Only</i>					
Medicaid Cash Funds*	943,703	1,163,535	1,052,805	1,066,288	1.3%
Medicaid - General Fund therein	471,852	581,768	526,403	533,144	1.3%
Net General Fund*	10,300,283	12,033,154	14,081,184	14,965,187	6.3%

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Request	Change Requests
					Request v. Approp.
TOTAL - (4) Mental Health and Alcohol and					
Drug Abuse Services	190,502,896	196,054,076	214,802,560	226,666,322	5.5%
FTE	<u>1257.9</u>	<u>1285.4</u>	<u>1388.1</u>	<u>1394.3</u>	
General Fund	100,068,124	114,473,937	124,542,292	134,210,384	7.8%
Cash Funds	6,577,202	6,508,375	9,034,964	9,035,223	0.0%
Cash Funds Exempt	33,270,151	22,427,718	24,009,901	26,096,264	8.7%
Federal Funds	50,587,419	52,644,046	57,215,403	57,324,451	0.2%
<i>For Information Only</i>					
<i>Medicaid Cash Funds**</i>	17,553,265	6,445,845	4,831,727	4,858,325	0.6%
<i>Medicaid - General Fund therein</i>	8,567,604	3,113,690	2,392,107	2,405,085	0.5%
<i>Net General Fund**</i>	108,635,728	117,587,627	126,934,399	136,615,469	7.6%

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DEPARTMENT OF HUMAN SERVICES
Mental Health and Alcohol and Drug Abuse Services

2007 Long Bill Footnote Update

- 6 Department of Corrections, Management, Executive Director's Office Subprogram; Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Alcohol and Drug Abuse Division; and Division of Youth Corrections; Judicial Department, Probation and Related Services; and Department of Public Safety, Division of Criminal Justice -- State agencies involved in multi-agency programs requiring separate appropriations to each agency are requested to designate one lead agency to be responsible for submitting a comprehensive annual budget request for such programs to the Joint Budget Committee, including prior year, request year, and three year forecasts for revenues into the fund and expenditures from the fund by agency. The requests should be sustainable for the length of the forecast based on anticipated revenues. Each agency is still requested to submit its portion of such request with its own budget document. This applies to requests for appropriation from the Drug Offender Surcharge Fund, the Sex Offender Surcharge Fund, the Persistent Drunk Driver Cash Fund, and the Alcohol and Drug Driving Safety Fund, among other programs.

Comment: This footnote expresses legislative intent. The Department submitted a request to spend from the Drug Offender Surcharge Fund, the Persistent Drunk Driver Cash Fund, and the Alcohol and Drug Driving Safety Fund.

- 11 Department of Corrections, Totals; Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Alcohol and Drug Abuse Division; and Division of Youth Corrections; Department of Public Safety, Division of Criminal Justice-- It is the intent of the General Assembly that the impacts of the Governor's Recidivism Reduction and Offender Diversion Package funded by the General Assembly in 2007, be analyzed using contract funding appropriated for this purpose to the Department of Public Safety, Division of Criminal Justice. The evaluation should specifically address: the Short-term Intensive Residential Remediation Treatment Program (STIRRT) in the Department of Human Services, Diversion Community Corrections Beds in the Department of Public Safety, Mental Health Beds in the Department of Public Safety, and any new programs or services created or implemented through additional budgetary flexibility provided to the Division of Youth Corrections in the Department of Human Services. It is the intent of the General Assembly that the contractor compare the outcomes for offenders who participate in these programs with outcomes for offenders in predetermined control groups. The Department of Public Safety, Division of Criminal Justice, in conjunction with other state departments, is requested to submit an annual progress report to the Joint Budget Committee by November 1 of each year. This report is requested to include a summary of the number of offenders served by each program and a summary of the program evaluation techniques that will be used to examine the effectiveness

of each program. The Department of Public Safety, Division of Criminal Justice, is requested to submit a final report to the Joint Budget Committee on or before November 1, 2012. The final report should specifically address whether any of the interventions funded were cost-effective and, based on this, recommendations for continuation, modification or elimination of each program.

Comment: The Department of Public Safety, Division of Criminal Justice, submitted an annual progress report. The report says that Researchers from the Department of Criminal Justice's Office of Research and Statistics (ORS) are working with representatives from the Alcohol and Drug Abuse Division (ADAD) to identify the availability of existing data to analyze the short- and long-term outcomes of offenders placed in STIRRT. The ORS will review program data in each of the four STIRRT programs and document barriers to implementation.

- 66 Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Administration, Personal Services -- It is the intent of the General Assembly that the Department utilize this appropriation for personal services for its salaries and other related personal services costs and that the Department not bill these expenses to any program line items.

Comment: This footnote expressed legislative intent that the Department pay administrative salaries out of its personal services line item and that the Department not pay administrative salaries out of the program pass-through line for indigent mental health costs.

- 67 Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Administration, Traumatic Brain Injury Trust Fund-- It is the intent of the General Assembly that no more than 7.5% of total expenditures in this line item be for administrative expenses. The Department is requested to include information in its budget request demonstrating compliance with this intent.

Comment: This footnote expressed legislative intent. The Department's budget request included information that demonstrated compliance with this intent.

- 68 Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Community Programs, Mental Health Services for the Medically Indigent, Services for 10,296 Indigent Mentally Ill Clients; Early Childhood Mental Health Services; Assertive Community Treatment Programs, Alternatives to Inpatient Hospitalization at a Mental Health Institute; Enhanced Mental Health Pilot Services for Detained Youth; Residential Treatment for Youth (H.B. 99-1116); and Alcohol and Drug Abuse Division, Community Programs, Treatment Services, Treatment and Detoxification Contracts; Case Management for Chronic Detoxification Clients; High Risk Pregnant Women Program; and Other Programs, Balance of

Substance Abuse Block Grant Programs -- Funding for these line items is calculated including a 1.5 percent rate increase for community providers.

Comment: This footnote outlined the methodology by which the program line item was calculated.

- 69 Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Community Programs, Mental Health Services for the Medically Indigent, Services for 10,296 Indigent Mentally Ill Clients -- It is the intent of the General Assembly that this money be used solely as a direct services pass-through to community mental health centers.

Comment: This footnote expressed legislative intent that the Department pay administrative salaries out of its personal services line item and that the Department not pay administrative salaries out of the program pass-through line for indigent mental health costs.

- 70 Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Institutes-- It is the intent of the General Assembly that civil allocated beds be distributed in a manner such that clients may be served in a mental health institute in closer geographic proximity to the clients' respective homes. Best practices dictate that the provision of care should occur in the closest proximity to family and support in order to facilitate recovery. The Department's 20-year-old bed allocation plan does not follow this best practice. The Department is requested to provide a report by November 1, 2007, on the options and recommendations for addressing this problem, taking into consideration the limits on available state funding.

Comment: In the Spring of 2007, the Department worked with the Community Mental Health Centers (CMHCs) to begin exploring options for a small-scale bed reallocation scenario (i.e. 8-14 beds) and considered transferring long-term Ft. Logan patients who had no family or support to Pueblo to create additional capacity at Ft. Logan. However, this option was determined to not be in the best interests of the consumers or the mental health system. It was determined that treatment of these patients, especially around discharge planning, involved significant collaboration between the Institute staff and that of the client's CMHC, and this collaboration would be prohibitively difficult if the consumer were relocated to the Institute in Pueblo.

Instead, the Department surveyed the CMHCs to determine whether the public mental health system would benefit from a specialized program at Pueblo which would free up additional bed capacity at Ft. Logan. The survey indicated the highest interest in a specialty unit at Pueblo to address individuals with significant medical issues and the second most desirable specialty unit was for individuals with co-occurring substance abuse and mental illness (i.e. expansion of the CIRCLE program at Pueblo).

The Department has discussed the feasibility of creating these two specialty units and will proceed with reviewing the results of the survey with the community mental health center Directors, the Citizens Advisory Group at Ft. Logan, and the Friends of Ft. Logan and discuss and identify options going forward. These meetings are scheduled for mid-November. The Department will keep the Joint Budget Committee updated on its progress towards resolving this issue.

- 71 Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Institutes-- It is the intent of the General Assembly that a \$500,000 increase to the mental health institute appropriation provided for in FY 2007-08 be used for nurse retention. The Department is requested to provide a report by November 1, 2007, on its plans for use of these funds.

Comment: The Department applied the full amount to the Colorado Mental Health Institute at Ft. Logan (Ft. Logan) to provide a compression pay adjustment for Nurse I's and Nurse II's. Ft. Logan has seen positive results from the compression pay, such as more inquiries into nursing positions at Ft. Logan than at anytime over the past five years. These salary increases have made Ft. Logan a more desirable employer and as a result, it has been able to fill 11 critical vacant nursing positions. Eight of the new hires have more than five years of experience.

- 72 Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Institutes-- The Department is requested to provide the Joint Budget Committee with copies of the quarterly reports on waiting times for competency evaluation and treatment at the Mental Health Institute at Pueblo (CMHIP) that are required pursuant to the *State of Colorado v. Zuniga, Sims and Kirkwood* lawsuit settlement. Such reports shall exclude any personally-identifiable information. The Department is further requested to provide a report to the Joint Budget Committee by November 1, 2007, identifying options and recommendations for ensuring that the waiting list for competency restoration and evaluations at CMHIP does not exceed settlement requirements in the future. The report should include an evaluation of the options for promoting and improving the provision of mental health services in jails to minimize the need for competency restorations and evaluations at CMHIP.

Comment: The Department reports that its efforts at ensuring that the waiting list for competency restoration and evaluations at CMHIP do not exceed settlement requirements have been successful to date. These efforts include, but are not limited to, opening and operating at full capacity the 20-bed competency evaluation unit funded via a supplemental request approved by the Joint Budget Committee in December 2006. This unit was fully staffed and operating at full capacity by January 8, 2007. As of October 29, 2007, there were 14 people on the waiting list for admission to the CMHIP with an average wait time of 9.6 days. To date, the Department has met all of the terms of the settlement agreement as listed and foresees no obvious challenges to meeting such requirements throughout the term of the agreement.

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Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Alcohol and Drug Abuse Services, Alcohol and Drug Abuse Division, Community Programs, Treatment Services, Treatment and Detoxification Contracts -- This appropriation was calculated with the following increases for the following purposes: (1) an increase of \$395,000 General Fund for the purpose of providing residential treatment for parenting female offenders with substance abuse and co-occurring mental illness who are at high risk to enter jail or prison as a result of substance abuse. The program is anticipated to include a 60 day residential program plus 16 week aftercare program and to serve 30 families over the course of a year; (2) an increase of \$310,661 for the purpose of supporting the first year of a three-year project that will enable a managed service organization to acquire, expand, and maintain software for a performance monitoring and treatment outcomes information system. This system, when implemented, is anticipated to enable Colorado's managed services organizations to monitor and improve the performance of alcohol and drug abuse treatment providers in their networks; (3) an increase of \$288,000 General Fund for the purpose of supporting enhanced multi-systemic family therapy services for adolescents using a community reinforcement approach. This funding is anticipated to partially fund such services in the Denver metropolitan area for 120 adolescents per month who have co-occurring psychiatric and substance abuse disorders. It is the intent of the General Assembly that these services show effectiveness in reducing the need for higher-cost residential services; (4) an increase of \$160,000 General Fund for the purpose of dividing the additional funds equally between the Trinidad detoxification facility and the San Luis Valley detoxification facility.

Comment: This footnote expressed legislative intent.

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DEPARTMENT OF HUMAN SERVICES
Mental Health and Alcohol and Drug Abuse Services

Mental Health Institutes: Adult Civil Bed Re-Allocation

ISSUE:

The bed allocation formula between the state's two mental health institutes is over 20-years-old and no longer reflects the state's population distribution or needs amongst the community mental health centers. As a result, some clients are unable to access beds at the Institute closest to them. Best practices dictate that the provision of care should occur in the closest proximity to family and support in order to facilitate recovery.

SUMMARY:

- ❑ There are currently 24 adult beds allocated to Pueblo for individuals who reside geographically closer to Ft. Logan. The geographic issue impacts treatment because clients have better outcomes when they are closer to their community supports, which are an integral component of a client's recovery.
- ❑ The Institutes have decreased in size due to budget cuts and improved community treatments. As a result, there is increasing competition for fewer beds and both Institutes are operating near capacity.
- ❑ Over the past 20 years, community mental health treatment has greatly improved in terms of treatment options and the quality of care a patient can receive in the community. There is also a shift away from long-term institutionalization and instead a focus toward re-integrating patients into the community.
- ❑ The Institutes are dealing with more acute clients who frequently have dual-diagnoses such as a mental illness coupled with a developmental disability or brain injury that make it unsafe for them to live in the community. A bed which could provide short-term stabilization for 15 people a year is instead being occupied for over a year by one person with severe needs. This treatment conflicts with the Department's stated purpose for the Institutes, which is for short-term stabilization.

RECOMMENDATION:

- ❑ Staff recommends that the Joint Budget Committees work with the Department to develop a five-year plan for the Institutes that defines their role in Colorado's mental health system. Questions to consider could be whether the Institutes are the most appropriate place for long-term placements, or whether they should be used more for shorter-term stabilization purposes. It's important for the General Assembly and the Department to have a common understanding of the role of the Institutes in the mental health system so that the Legislature's decisions can support the stated mission of the Institute.

- ❑ The Department's stated policy is to focus the operation of the Institute civil beds on short-term stabilization. Staff recommends that if the Committee chooses to take action on this issue, that it consider options which are congruent with the Department's stated purpose for the Institutes.

- ❑ Staff recommends that any considerations which may affect the care or placement of a patient should include the patient's family and treatment team. The guiding principle of any re-allocation solution should be to improve the quality of care for all patients by identifying the most appropriate treatment and setting to best meet their needs.

DISCUSSION:

Background Information

The Department of Human Services operates two mental health institutes- the Colorado Mental Health Institute in Pueblo (CMHIP) and the Colorado Mental Health Institute at Ft. Logan (Ft. Logan), which is located in Denver. Prior to the early 1980's, Ft. Logan had a "first-come, first-serve" admissions policy. Rising costs for inpatient psychiatric care at public and private hospitals and long waiting lists at Ft. Logan required the Department to re-evaluate this policy. The Community Mental Health Centers (CMHCs) and the Department of Human Services implemented an adult bed allocation formula for both mental health Institutes that was based on the State's population-in-need estimates for mental health services. The state's community mental health centers are each allocated a certain number of the 155 adult civil beds at the state's mental health Institutes (CMHIP has 64 beds and 91 beds are at Ft. Logan). See Table 1 for the bed distribution. Since the allocation plan was developed, the state's population has grown while the number of adult civil beds has decreased. Additionally, consumers at several CMHCs actually drive past Ft. Logan, in Denver, to receive services in Pueblo (see Table #2 for the four most affected CMHCs).

Table 1: Community Mental Health Centers	Current Bed Allocation	
	Pueblo	Ft. Logan
Community Reach Center		13
Arapahoe/Douglas Mental Health Network	10	
Aurora Mental Health Center		11
Mental Health Center Serving Boulder and Broomfield Counties		14
Centennial Mental Health Center	4	
Jefferson Center for Mental Health		22
Larimer Center for Mental Health	8	
Mental Health Corporation of Denver		31
North Range Mental Health Center	2	
Pikes Peak Mental Health Center	15	
San Luis Valley Comprehensive Community Mental Health Center	2	
Southeast Mental Health Center	4	
Spanish Peaks Mental Health Center	8	
West Central Mental Health Center	4	
Colorado West Regional Mental Health Center		
Midwestern Colorado Mental Health Center	7	
Southwest Colorado Mental Health Center (Crossroads)		
Total	64	91

Table 2: Community Mental Health Centers Proximity to the Mental Health Institute in Pueblo		
Community Mental Center	Number of Beds	Distance in Miles to Pueblo*
Arapahoe/Douglas Mental Health Network	10	109
Centennial Mental Health Center	4	242
Larimer Center for Mental Health	8	176
North Range Mental Health Center	2	168

* Source: Footnote #70, 11/01/07

Factors

The Department can not simply re-assign the number of beds because Ft. Logan is already operating near capacity. Additionally, CMHIP relies on its adult civil beds to accommodate some of the increased demand for competency evaluation and restoration. The Department just settled a lawsuit that included the issue of admitting forensics patients in a timely manner, so it is not advisable to reduce the number of beds at CMHIP. One option is to re-open a 24-bed unit at Ft. Logan to accommodate additional clients. Staff reviewed several estimates for the cost of re-opening the unit and renovating it to become a locked facility. The cost of renovation is estimated at approximately *\$1.3 million* and the operating cost of the 24-bed unit would be approximately *\$3.0 million* per year.

Another consideration is that the Institutes are currently struggling to *recruit and retain nursing staff* to meet the needs of their current clients, and there is concern that adding an additional 24 beds will further amplify the negative effects of the nursing shortage. This could potentially expose Ft. Logan to regulatory sanctions if it is unable to maintain the required staff to patient ratio. The Department's FY 2008-09 request includes a decision item for \$1.0 million for compression pay for nurses at the Institutes as part of their nurse retention efforts.¹ Adding an additional 24 beds could result in the Department requesting additional General Fund to increase nursing salaries in order to maintain adequate staffing levels in new unit.

As an increasing number of clients are able to have their needs met in community settings, the Institutes are caring for more acute patients with more intense, long-term needs. The Institutes also find themselves caring for individuals with co-occurring illnesses whereas 20 years ago these people probably would have been cared for in the correctional system. For example, the Institutes are caring for an increasing number of clients with a co-occurring mental illness combined with developmental disabilities or brain injuries. These conditions cause unpredictable behavior that poses a risk to the person and others. Currently, there are not many community settings with the staff trained to work with these populations, so they stay long-term at an Institute. This treatment method conflicts with the stated purpose of the Institutes (short-term stabilization) and limits the number of people per year that can be served by one bed.

As Table #3 reflects, there are at least 38 adult and geriatric patients who have been at Ft. Logan for more than one year. The average length of stay for discharged adult patients at Ft. Logan was 40.6 days in FY 2006-07. Staff estimates that one bed could serve approximately 7 or 8 people in one year, but these beds are filled with just one person. This limits the capacity of the Institute to use its current beds for their stated purpose. There is also the issue of whether the Institute is an appropriate setting for long-term care.

¹Compression pay increases the salaries of more experienced staff. In this instance, it would be used because the starting salaries of new hires are very close to those of more experienced staff.

Table #3: Colorado Mental Health Institute at Ft. Logan

Cases Served Length of Stay > 180 days	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08*
Adolescent	1	2	0	1	1
Children	0	3	0	0	0
Adult	56	51	54	58	42
Geriatric	12	10	15	15	14
Adolescent Residential	26	20	22	19	15
Cases Served Length of Stay Greater than 360 days, subset of cases LOS > 180 days					
Adolescent	0	0	0	0	0
Children	0	0	0	0	0
Adult	29	27	25	31	31
Geriatric	3	2	6	7	7
Adolescent Residential	5	10	13	11	7
* Through 10/31/07					

Prior Joint Budget Committee Considerations

In 2005 the Department performed an analysis that focused on the historical referral patterns of each center, statewide geographic population distributions, projected future population increases, and the location of vacant civil beds. The Department provided a series of proposals to the Joint Budget Committee to create additional capacity of 24 beds at Ft. Logan to address the need for more beds in the Denver metro area. The cost of these scenarios ranged from \$4.3 million to \$6.9 million. In those proposals, the Department and the Committee considered and rejected reducing the number of beds at CMHIP because at the time it had a significant rise in the demand for court-ordered competency evaluations and restorations. In December 2006, the Committee approved a \$3.4 million funding request to provide an additional 20 beds to Pueblo in order to avert a lawsuit related to the increased demand for competency evaluations and restorations.

Footnote #70

The Joint Budget Committee included a footnote in the FY 2007-08 Long Bill that requested the Department to evaluate this issue. Footnote #70, is listed below:

It is the intent of the General Assembly that civil allocated beds be distributed in a manner such that clients may be served in a mental health institute in closer geographic proximity to the clients' respective homes. Best practices dictate that the provision of care should occur in the closest proximity to family and support in order to facilitate recovery. The Department's 20-year-old bed allocation plan does not follow this best practice. The Department is requested to provide a report by November 1, 2007, on the options and recommendation for addressing this problem, taking into consideration the limits on available state funding.

A summary of the Department's footnote response:

In the spring of 2007, the Department began exploring options for a smaller-scale bed reallocation scenario (e.g. 8-14 beds) and considered transferring long-term Ft. Logan patients who had no family or support to Pueblo to create additional capacity at Ft. Logan. However, upon closer examination by Institute staff and the Community Mental Health Centers (CMHCs), this option was determined to not be in the best interest of clients or the mental health system. These clients required more extensive discharge planning that involved significant collaboration between Institute staff and the CMHC, which would be prohibitively difficult if the patients were relocated to the Institute in Pueblo.

Alternatives

The Department's Footnote #70 report states that it surveyed the CMHCs to determine whether the public mental health system would benefit from a specialized program at Pueblo. The thought behind this approach is that CMHCs could request placement of certain clients requiring specialized treatment at Pueblo, freeing up additional beds at Ft. Logan, allowing more individuals to be served in the Denver metro area closer to their community systems. In October, 2007, the Department received the CMHCs' survey results. There is a high interest in a speciality unit at Pueblo to address individuals with significant medical issues; the second most desirable specialty unit was for individuals with co-occurring substance abuse and mental illness.

Currently, there are no vacant locked units at Ft. Logan. In 2005, the Department analyzed the possibility of converting a 24-person unit, which had been closed in July, 2003, to a locked unit for adult civil beds. Approximately 8,700 square feet would need to be renovated to meet current building code requirements for a locked unit, mitigate safety risks, and to implement security measures. The Department estimated capital construction costs to be \$828,000. The unit also needs a new roof and ventilation system that would add \$285,000 to the cost of other modifications. The direct and indirect care staff would require 35.5 FTE and total \$3.1 million. To reduce 24 beds at Pueblo would save \$1.2 million and 12.2 FTE.

Conclusion

Adult civil bed reallocation appears to be a recurring issue. In order to allocate additional beds at Ft. Logan the Department would have to open a new unit, which doesn't correspond with the Department's stated mission of using the Institutes for short-term stabilization. Staff encourages the Joint Budget Committee to work with the Department to identify a long-term plan for the role of the Institutes in the state's mental health system. It is important for both entities to make decisions that support the same end goal, so that the Committee may fund options which are congruent with the Department's objectives.

FY 2008-09 Joint Budget Committee Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
Mental Health and Alcohol and Drug Abuse Services

Mental Health Institute Nurse Compression Pay

ISSUE:

The Department has requested \$1,006,095 in order to provide compression pay for certain nurses at the Mental Health Institutes as part of its nurse recruitment and retention efforts.

SUMMARY:

- The Department is concerned that the salaries for experienced nurses at the Mental Health Institutes are not competitive with the private sector and could impede the retention of certain experienced staff.
- Over the past several years, the Mental Health Institutes have had increasing difficulty retaining registered nurses and have experienced turnover rates exceeding 15 percent.
- The Department's FY 2008-09 budget request included a decision item for \$1,006,095 to increase the salaries of experienced nurses in the Nurse I job class so that the Institutes are more competitive with the private sector.

RECOMMENDATION:

- Staff recommends that the Committee consider whether this is an issue that affects public nurses state-wide or whether this is specific to the Institutes. The Committee should also consider how compression pay at the Institutes may impact nurses at the community mental health centers.
- Additionally, staff recommends that the Committee consider whether this one-time appropriation will fully address the issue, and if not, to speak with the Department about how to fully address the problem.
- Staff recommends that the questions at the end of the document be incorporated as part of the Department's hearing.

DISCUSSION:

Background

The Colorado Mental Health Institutes at Pueblo (CMHIP) and Ft. Logan (Ft. Logan) employ over 300 nurses and are the State's largest employer of nursing staff. Over the past several years, the Institutes have had increasing difficulty retaining registered nurses. During FY 2006-07, CMHIP experienced turnover rates of approximately 15 percent for the forensic and civil units, and Ft. Logan experienced a 22.6 percent turnover

rate. In comparison, during 2005 the national average turnover rate for all nursing positions was 13.9 percent.

The mental health system trend towards shorter periods of institutionalization has created increased workload for staff. The admission, stabilization and discharge processes are among the more resource-intensive activities that nurses perform. Also, the Institutes are receiving patients with higher acuities, which further strains staff.

The Institutes have had to offer new nurses salaries that are almost 20 percent above the minimum Nurse I salary in order to remain competitive with the private market and to improve recruitment rates. This decreases the salary range between new hires and those nurses with more experience who have been with the Institutes for several years. The Department is requesting \$1,006,095 in personal services funding for the Institutes to reduce the inequities within the Nurse I classification series and to make the salaries more competitive with the private market. The primary criterion for determining the level of salary increase for each employee is years of experience and level of performance. The Department's calculations concluded that overall, Nurse I's would receive an average salary increase of 11 percent at Ft. Logan and 12 percent at CMHIP. In the FY 2008-09 budget request the Department expresses intent to request increases for the Nurse II through Nurse VI job classes, using a phased approach as resources are available in subsequent fiscal years.

Current Status

As with any employment sector, nursing salaries can differ greatly across various settings, depending upon a specific position's required skills, experience, and responsibilities. Sources can report different average or median salaries based upon their method for data collection and the population it included.

Staff reviewed the Bureau of Labor Statistics' Occupational Employment Statistics Survey.² It estimates that in May, 2006, in the State of Colorado the average salary for registered nurses (the qualifications necessary for Nurse I's) in the bottom 25 percent of the salary range was \$49,890 and the median salary for this classification was \$58,560. This survey is based on statewide averages.

According to the Department, Nurse I's at Ft. Logan earn a median salary of \$57,504 and those at CMHIP earn an annual median salary of \$54,765. The Department's comparison with other nurses with similar certifications and experience found that those in the Denver area had a median salary of \$61,646 and Pueblo's nurses had a median salary of \$54,711.³ CMHIP is such a large employer of nurses in the area that its salaries are comparable to the median salary for the private sector, although it does face competition from other agencies such as the Department of Corrections.⁴ Additionally, the Department of Personnel analyzed the Nurse I class in comparison to the Colorado market. The midpoint was \$58,944 in FY 07-08

²website: <http://stat.bls.gov/oes/home.htm>

³Source: Department's FY 2008-09 Budget Request; www.hotjobs.com, as of July 2, 2007

⁴CMHIP employs 230 nurses

The Department's Footnote 71 of the FY 2007-08 long bill, dated November 1, 2007, states that *for several years the Institutes have had to offer salaries that are between 19 and 40 percent above the minimum Nurse I salary*. The minimum salary for a Nurse I position is \$47,988 as of July 1, 2007, so according to the Department it has to offer an additional \$9,118 - \$19,195 per year to remain competitive with the private sector. This additional cost for entry-level nurses is funded out of the Institutes' existing budget.

One of the Department's concerns is that Nurse I's leave the Institutes for higher salaries that are offered by other state Departments (such as Corrections). Table 1 compares the average nursing salaries amongst various departments. Staff took the total funds appropriated to that line item and divided it by the number of FTE to attain an average. It's important to note that the fewer the FTE, the more that the results can be skewed by outliers. Therefore, staff included the number of FTE in the table so that the Committee could take this factor into account.

Table 1: Average Annual Salary for State Nursing Positions, by Department

		Nurse I			Nurse II			Nurse III		
		FY 06	FY 07	Request FY 09	FY 06	FY 07	Request FY 09	FY 06	FY 07	Request FY 09
Human Services Developmental Disabilities Regional Centers	Avg. Salary	\$51,107	\$53,032	\$55,243	\$57,214	\$58,676	\$59,735	\$68,291	\$63,066	\$66,366
	FTE	19.4	17.4	18.0	17.1	19.3	23.6	3.9	4.0	4.0
Human Services State Veteran's Nursing Homes	Avg. Salary	\$50,868	\$52,315	\$53,023	\$56,173	\$59,800	\$59,300	\$67,098	\$64,900	\$70,214
	FTE	7.7	11.7	9.0	46.0	45.9	48.0	16.0	17.5	25.0
Human Services Mental Health Institutes*	Avg. Salary	\$51,594	\$52,436	\$54,279	\$60,265	\$59,226	\$65,694	\$63,600	\$65,748	\$68,279
	FTE	202.2	197.5	223.0	29.9	29.4	32.0	40.3	37.7	42.6
Corrections Medical Subprogram	Avg. Salary	\$48,955	\$52,563	\$55,158	\$55,688	\$69,441	\$64,774	\$58,481	\$62,093	\$64,733
	FTE	91.1	90.0	139.5	5.5	4.5	11.0	21.1	14.2	25.6
Corrections San Carlos Subprogram**	Avg. Salary	\$54,140	\$56,038	\$57,570				\$63,606	\$67,520	\$68,064
	FTE	17.2	20.2	21.0				3.8	4.0	4.0

* The Department of Human Services lists the Institutes at Ft. Logan and Pueblo together.

** The Corrections San Carlos Subprogram did not employ any Nurse II's

Impact

Nurse retention directly impacts patient care at the Institutes. An important component of assessing a patient's well-being is being able to interpret both verbal and nonverbal cues, much of which a nurse can only learn over time. Additionally, staff turnover is distressing to patients and impacts their sense of stability and continuity of care. Nurses with experience on a certain unit are better able to identify a patient's warning signs and prevent a situation where a patient hurts himself or others.

Inadequate staffing reduces opportunities for staff to intervene early enough to prevent a patient's behavior from escalating, which in turn increases the number of assaults and their severity. **Both Institutes have experienced increased assaults** compared to last year, by almost two-thirds at CMHIP and by 30 percent at Ft. Logan. Additionally, between March 2006 and March 2007, CMHIP's **seclusion and restraint usage** on the adult civil units increased fivefold and Ft. Logan experienced a 30 percent increase during this time.

A secondary impact is that a nursing shortage increases the potential for potential litigation similar to the *Neiberger* and *Zuniga* lawsuits. The *Neiberger v. Schoenmakers* settlement had direct legal costs of \$1,720,436, including \$850,000 for plaintiff's legal fees, not including additional legal costs paid through the Risk Management Fund. The *Zuniga* lawsuit was averted when the General Assembly provided an additional \$3.5 million to create an additional 20 beds at CMHIP so serve the increased demand for court-ordered competency evaluations and restorations.

Ft. Logan received adverse findings related to inadequate staffing. In July 2004 the federal Dept of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) cited Ft. Logan for deficiencies in adequate numbers of registered nurses to provide the nursing care necessary under each patient's active treatment program. Decertification or other adverse regulatory findings, or a potential class action lawsuit similar to the *Neiberger* lawsuit, could result in the loss of revenue. In this case, it is possible that the Department would have to request additional General Fund.

Community Comparison

As discussed in staff's recommendation, there is also the question of whether this problem is specific to the Institutes. In this regard, at staff's request, the Colorado Behavioral Healthcare Council surveyed 9 Front Range Community Mental Health Centers to determine their RN salary levels. The survey found that the average starting salary at the Centers was \$44,497, and the average median staff nurse salary was \$53,944. Both of these figures are lower than the State-run mental health Institutes. Additionally, turnover was also worse in the community as compared to the Institutes; the CMHCs had an average turnover rate of 25% for RN staff nurses. This difference will be further exacerbated if COLA is appropriated at the 1.35% request level.

Previous Joint Budget Committee Action

In FY 2007-08, the Joint Budget Committee designated \$400,000 of the Institutes' existing budget and an additional \$100,000 in General Fund to address the nursing retention problem. It also included *Footnote 71* as part of the FY 2007-08 Long Bill, which is described below along with a summary of the Department's corresponding report.

"It is the intent of the General Assembly that a \$500,000 increase to the mental health institute appropriation provided for in FY 07-08 be used for nurse retention. The Department is requested to provide a report by November 1, 2007, on its plans for use of these funds."

Footnote Summary: In late FY 2006-07, Ft. Logan was experiencing a number of issues related to nurse retention because new nurses were being hired at salaries comparable to those of experienced nurses, there was a reduced nurse applicant pool, and there was a significant reduction in the quality of nursing applicants. The Department decided to provide compression pay to nurses at Ft. Logan for Nurse Is and Nurse IIs. The Department reports positive results from compression pay such as more inquiries into nursing positions at Ft. Logan than anytime over the past 5 years. Salary increases made Ft. Logan a more desirable employer and as a result, was able to fill 11 critical vacant nursing positions, with eight hires having more than five years of experience.

Recommended Hearing Questions

- How have the retention issues impacted other areas of the Institutes' budget, such as worker's comp claims, patient injuries, etc.
- Other than the factors which are inherent to the Institutes (types of patients, etc.), are there other issues which could be affecting nurse recruitment and retention? Is the Department pursuing any other efforts to improve the recruitment and retention of nurses at the Mental Health Institutes?
- The Department received \$500,000 in FY 07-08 for a similar purpose. Has it seen any improvement in this area?
- Does the Department believe that if approved, this decision item will sufficiently address the matter, or could this potentially become a recurring issue? Why has the Department targeted Nurse I's and not other nursing classifications or staff at the Institutes?
- Are you aware of whether this issue is affecting other Divisions and if there are any successful models that the Institutes can apply?
- What do you believe will be the impact on community mental health centers if COLA is provided at the requested level given the fact that community mental health nursing staff are paid less than their counterparts at the state?

FY 2008-09 Joint Budget Committee Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
Mental Health and Alcohol and Drug Abuse Services

Community Mental Health Services: Indigent Care

ISSUE:

The Department's FY 2008-09 budget request includes a decision item for \$2,998,464 to provide public community mental health services to 966 additional children and adults.

SUMMARY:

- The Department is requesting \$2,998,464 to provide public community mental health services for 966 additional children and adults. The indigent population is defined as those who live under 300 percent of the federal poverty level and do not currently receive care in any system (i.e. non-Medicaid eligible).
- Approximately 17,300 indigent people with a mental illness in Colorado would seek treatment if it were available.
- While there is statutory authority to appropriate funds for indigent mental health services, there is not an individual entitlement. The number of people who receive appropriate services is directly dependent upon the amount of funding that is appropriated for this purpose.
- Untreated mental health disorders place great stresses on multiple systems such as hospitals, justice, employment, and education.

RECOMMENDATION:

Staff recommends that the Committee consider funding this proposal it because it may have potential future cost avoidance. At least 24.8% of all Department of Corrections court commitments in FY 2006 had moderate to severe mental health needs. The average cost for the state to incarcerate an inmate for one year is \$27,588, compared to \$3,063 per person for mental health services.

DISCUSSION:

Background

The Division's 2002 publication of Colorado's "population in need" of mental health services estimates that 66,453 Coloradans have a serious emotional disturbance or serious mental illness, are living under 300 percent of the federal poverty level, and are not receiving mental health care from any system. Further, the Division estimates that amongst the indigent mentally ill (those without insurance and not eligible for Medicaid),

approximately one-third would actively seek treatment if it were available, resulting in an estimate 17,300 people with unmet mental health needs.

Pursuant to Section 21-1-204, C.R.S., the Department of Human Services provides services to this population through 17 Community Mental Health Centers (CMHCs), clinics, and other mental health consumer organizations. At the beginning of FY 2007-08, funding for this line item consisted of 83.6 percent General Fund, approximately 16 percent federal funds and approximately 0.4 percent cash funds exempt funds from the Division of Vocational Rehabilitation.

Due to limited funding, community mental health centers are unable to meet the full demand for public mental health services. Between FY 1999-00 and FY 2004-05, the unduplicated number of non-Medicaid eligible children served declined from 11,094 to 8,592 (22.5 percent). The number of non-Medicaid eligible adults served during the same time period declined by 15.3 percent, from 29,943 to 25,371 persons.

Impact

Additional funding to the public mental health system would reduce the number of children with serious emotional disturbance and adults with serious mental illness who otherwise could not access mental health treatment services. This, in turn, would reduce the number of people with serious mental illness who end up accessing less appropriate and, often, more costly systems of care. For instance, youth who are at-risk of or in the juvenile justice system experience a 38.7 percent decrease in costs in other systems while receiving community-based mental health services. Serving adults in the community mental health system results in 91.3 percent maintaining their employment.

The rate of mental health service utilization in Colorado is 13.7 per 1,000 people, compared to the U.S. national average of 18.58 per 1,000 people.⁵ Untreated mental illness impacts the juvenile justice and adult criminal justice systems. During the same time period that Colorado's mental health system sustained funding cuts and declines in the number of people serviced, other, more expensive public systems have experienced increases in the number of persons with mental illness. The rate of offenders in the State prison system diagnosed with a serious mental illness has grown more than 550% in the past decade.⁶ The rate of committed youth assessed on the Colorado Client Assessment Record (CCAR) as having 'high-moderate' to 'severe' mental health needs increased by four percent between FY 2002-03 and 2003-04, to a total of 40 percent.⁷

⁵ Center for Mental Health Services, FY 2005-06 National Outcome Measures, Uniform Reporting System.

⁶ Colorado Department of Corrections, FY 2006-07, Statistical Report.

⁷ Colorado Department of Human Services, Division of Youth Corrections.

Recent Joint Budget Committee Actions

Funding for indigent mental health was cut during the economic downturn earlier in the decade. The Committee has restored it to the base levels. It also appropriated \$900,000 for cost sharing of mental health center inpatient facilities in Durango and Grand Junction.

In FY 2007-08 the Joint Budget Committee approved a decision item that added \$1,372,888 to provide indigent indigent mental health services for an additional 448 people across the state. The General Assembly also approved legislation that transferred tobacco settlement dollars to treat adults and juveniles with mental illness in the criminal justice system.

Concerns

Staff is concerned about the lack of funding and integrated programs that serve individuals with co-occurring mental health, developmental disability, and/or substance abuse disorders. The Department's updated "Population in Need" study will for the first time include prevalence estimates for individuals with co-occurring disorders living at or below 300% of the federal poverty level.

FY 2008-09 Joint Budget Committee Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
Mental Health and Alcohol and Drug Abuse Services

Update on the High Security Forensics Institute in Pueblo

ISSUE:

The Department submitted a Decision Item for \$638,190 General Fund and 5.1 FTE in FY 2008-09 which annualizes to \$1,737,615 General Fund and 22.7 FTE in FY 2009-10 to provide the remaining staff and operating funds necessary to operate the new High Security Forensics Institute (HSFI) in Pueblo. This issue paper provides a summary of the development of the new Institute and its current status.

SUMMARY:

- The state's new High Security Forensics Institute is scheduled to open in June, 2009. It is designed to replace Medium and Maximum security forensic units in the Institute for Forensic Psychiatry (IFP) at CMHIP.
- The Institute will be a 200,000 square foot facility for medium and maximum security patients. Minimum security patients will continue to be housed in beds at the psychiatric institute.

DISCUSSION:

Background

The state's only forensics hospital is the Institute for Forensic Psychiatry (IFP) on the campus of the Colorado Mental Health Center at Pueblo (CMHIP). Pursuant to Sections 16-8-205 and 16-8-112, C.R.S., persons who are found by a court to be Not Guilty by Reason of Insanity (NGRI) or Incompetent to Proceed (ITP) in criminal proceedings are committed to the Department of Human Services for competency evaluations. Section 16-8-196, C.R.S., requires CMHIP to conduct these psychiatric examinations and to offer an opinion as to whether the defendant is "competent to proceed." The court may order the evaluation to be performed on an inpatient or outpatient basis.

Eighty percent of the evaluations are performed on an outpatient basis by contractors at the county jail where defendant is in custody. The remaining 20 percent are provided on an inpatient basis at CMHIP. If an individual is considered to be Incompetent to Proceed (ITP), the person is detained at CMHIP in order to be restored to competency.

In recent years the number of evaluations and restorations requested at IFP have increased dramatically (see Table 1). The wait list grew to be as long as several months and eventually resulted in litigation against the Department, which is described in more detail later in the issue.

Table 1: Court-Ordered Competency Evaluations and Restorations Referred to and Served by the Institute of Forensic Psychiatry in Pueblo

Year	Exams				Restorations (Incompetent to Proceed)			
	In Pt.	Out Pt.	Total	% Increase	In Pt.	Out Pt.	Total	% Increase
FY 2001	234	181	415		86	0	86	
FY 2002	128	262	430	3.6%	96	0	96	11.6%
FY 2003	81	333	414	-3.7%	107	0	107	11.5%
FY 2004	90	415	505	22.0%	111	0	111	3.7%
FY 2005	102	441	543	7.5%	136	0	136	22.5%
FY 2006	191	629	820	51.0%	164	5	169	24.3%
FY 2007	224	615	839	2.3%	228	17	245	45.0%
% Increase From FY 2001				102.2%	% Increase From FY 2001			184.9%

Results of Recent Litigation

In 1999, a group of patients at IFP who had been found to be Not Guilty by Reason of Insanity (NGRI) filed a lawsuit against the Department which claimed that the IFP physical plant was unsafe, that the staffing levels were insufficient, and that treatment and basic living conditions were constitutionally inadequate (*Neiberger v. Schoenmakers*). This lawsuit was settled in 2002 and required, in part, mandatory staffing levels of 1.35 to 1 staff to patient ratio, caps on the census for the maximum and medium security units, and the creation of the Forensic Community Based Services (FCBS) program (a transitional program for patients to move to a community setting). It also required that a new forensic facility "remain the number one capital construction priority of the Department until the new facility is built." Although the settlement agreement for this lawsuit ended December 31, 2006, the Department will attempt to continue to implement many of the settlement agreements, such as the staff to patient ratio, in an effort to avoid similar litigation in the future.

By the fall 2006, the wait list had grown to at least 80 people waiting up to five months in jail for an evaluation. The Superintendent at CMHIP was served by the Denver District Court with a contempt of court citation regarding failure to admit a patient in a timely manner per court order (*Zuniga v. Department of Human Services*). The lawsuit was avoided when the Department requested and received an emergency supplemental appropriation to open a 20-bed unit designated to serve this population, reduce the wait list, and to address the court's requirements.

FY 2006-07 Supplemental

The total emergency supplemental for FY 2006-07 (FY 2006-07 Emergency Supplemental Request, "S-1-J 1331 20 bed Comp Unit") was \$3,456,502 and 49.1 FTE. Of this amount, 2.4 FTE were applied to administrative roles that reduced the waiting list. The balance of the supplemental that was applied to staff operating for the new 20-bed unit was 46.7 FTE and \$3,005,607. The new unit was open and operating at full capacity by January 8, 2007.

New High Security Forensics Institute

After the new High Security Forensics Institute (HSFI) is complete, it will have a 32-bed unit for competency evaluations and restoration. However, it will only add 12 new beds to the forensics Institute because the Department plans to transfer the patients and staff from the 20-bed unit opened by the FY 2006-07 supplemental over to the new Institute.

Due to the high-security nature of the hospital, and the desire to minimize potential security breaches, many services such as physical and occupational therapy, general medical care, psychiatric assessment, treatment, and rehabilitative services will be provided on-site. The new Institute will also include a combination psychiatric/skilled nursing unit for physically debilitated forensic patients; a specialized unit for competency evaluation and restoration patients; an on-site courtroom to streamline and expedite patient competency hearings, which will assist the state to continue to meet the terms of the *Zuniga* settlement agreement; a unit for female patients; and a unit for prisoners from the Department of Corrections in need of specialized intensive mental health stabilization.

The Department is currently studying the possibility of creating a specialized unit to treat significantly impaired individuals with a co-occurring developmental disability and mental illness. It would be geared towards restoration and ultimately transitioning these individuals back to the community to the least restrictive treatment environment.

The timetable for the completion of the Forensics Institute is listed below, as Table 2.

Table 2: Timetable for Forensics Replacement Facility			
Phase	Start Date	Completion Date	Remarks
Physical Planning Phase	7/99	12/06	Includes facility program plan, design and restart of the project, completion of the design
Demolition	6/06	1-07	Includes bidding for Building #108 demolition to prepare the site for general construction
Construction PHase	10/06	03/09	Includes bidding and new construction
Equipment Phase	12-08	4-09	Procurement and Installation
Commissioning and Testing	5-09	6-09	
Occupancy	7-09		
*Source: Department of Human Services FY 2008-09 Budget Request			

**FY 2008-09 Joint Budget Committee Staff Budget Briefing
DEPARTMENT OF HUMAN SERVICES
Mental Health and Alcohol and Drug Abuse Services**

Medicaid Mental Health Capitation

ISSUE:

Implications of Medicaid Mental Health Capitation Changes for Department of Human Services Programs

SUMMARY:

- ❑ The majority of state spending for community-based mental health services is in the Department of Health Care Policy and Financing for the Medicaid Mental Health Capitation Program.
- ❑ Changes to the capitation program, including the rebid of the capitation program (process to begin in 2008) could have substantial impacts on programs administered in the Department of Human Services.

RECOMMENDATION:

Staff recommends that the Committee include questions in a joint hearing agenda for the Departments of Human Services and Health Care Policy and Financing that address how changes to mental health capitation may affect programs administered by the Department of Human Services.

DISCUSSION:

Human Services and Health Care Policy and Financing programs interact in a wide range of areas. As a result, changes to the capitation program and other Medicaid programs can have significant impacts on programs in the Department of Human Services. Staff is anticipating possible changes in two major areas.

Child Welfare residential mental health issues. When the capitation program was created, certain Medicaid mental health services and expenditures for residential treatment services were excluded. The services, originally known as the "Residential Treatment Centers (RTCs)" and now known as Psychiatric Residential Treatment Facilities (PRTFs) and Therapeutic Residential Treatment Facilities (TRCCFs), have received considerable federal scrutiny. Changes--possibly in the form of new legislation in 2008--seem likely.

Rebid of the capitation program. The Department of Health Care Policy and Financing has provided the following schedule regarding rebid of the mental health capitation program.

Fall 2007	begin research and internal task force work
Spring 2008	stakeholder forums
Summer 2008	final draft process for RFP
Sept/Oct. 2008	post RFP
Oct./Nov. 2008	RFP proposals due
Dec. 2008	award contracts
Jan.- July 2009	contract negotiations, execution and program transition.
July 1, 2009	contract start date

Thus, while the Department of Health Care Policy and Financing has only recently begun work on issues related to the rebid of the capitation program, if there are issues or changes the Committee wishes to discuss related to this, these issues need to be discussed before the department's new request for proposals is issued in September/October 2008.

Mental Health Program Interactions. The Medicaid mental health programs in the Department of Health Care Policy and Financing were appropriated \$230,114,249 (\$92,060,148 General Fund) in FY 2007-08. In comparison, the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services section, Mental Health Community Programs section was appropriated \$47,046,762 (\$37,387,538 General Fund) for community-based mental health services to individuals who are indigent and mentally ill--but not eligible for Medicaid. The majority of General Fund appropriations for mental health services in the Department of Human Services go to support the two state mental health institutes at Fort Logan and Pueblo (\$93,726,790 including \$72,774,413 General Fund in FY 2007-08). While the Medicaid and Human Services appropriations fall in different sections of the budget, they have a number of important interactions.

- ❑ A large portion of both the Medicaid capitation funding, as well as all funding for non-Medicaid-eligible indigent clients who are served in the community, is used to support services that are delivered by the state's 17 community mental health centers. Medicaid comprises approximately 50 percent of all revenue for these community mental health centers on average, while General Fund appropriations from the Department of Human Services are also a significant portion of their revenue stream.
- ❑ Many individuals with mental illness may be eligible for the Medicaid program in one month and not eligible the next, because income and level of disability is affected by an individual's medication compliance and the "ebb and flow" of his or her illness.
- ❑ The community mental health centers, authorized in statute, are also the "gate-keepers" for the mental health institutes--both for Medicaid- and non-Medicaid eligible adults.
- ❑ The Medicaid capitation contractors (the Behavioral Health Organizations or BHOs) have close relationships with the community mental health centers as reflected in their bids and Medicaid contracts.

Staff recommends the addition of the following question to the hearing agenda:

1. How might changes to the mental health capitation program affect the state's network of mental health services for the indigent? How will such questions be addressed as the RFP for the rebid of the capitation program is developed?

Mental Health Capitation and Child Welfare Services

There is a complex administrative and fiscal relationship between child welfare services and mental health services. Children in out-of-home placement are, by definition, eligible for Medicaid because they are counted as a "family of one". Thus, essentially all children in the child welfare system who are in out-of-home placement access mental health services paid for by Medicaid. In addition, children who are adopted out of the foster care system generally continue to have access to Medicaid until adulthood. Finally, many other children—although not all—who are involved in the child welfare system but who are living in their family home may have access to Medicaid based on other factors such as their family's income. Approximately forty percent of children in the child welfare system are in placement outside of the family home, while about sixty percent receive services often known as "core services" that are designed to prevent an otherwise imminent need for out-of-home placement. The table below demonstrates how financial costs are assigned for a child in foster care who needs mental health services, depending upon the level of the child's placement.

Financial Responsibility for Mental Health Services for Child in the Child Welfare System from Most- to Least-intensive/restrictive Type of Placement	
Type of Placement	Financial Responsibility
Psychiatric hospitalization (mental health institutes or private)	100% Medicaid - Medicaid MH capitation (BHOs)
Psychiatric residential treatment facility (PRTF)	100% Medicaid - County capped child welfare allocations matched 1:1 by federal Medicaid (based on days in placement accessed; not part of MH capitation)
Therapeutic residential child care facility (TRCCF)	County capped child welfare allocations + small county share + match 1:1 by federal Medicaid for portion of services (based on fee-for-service for specific services; not part of MH capitation)
Other residential child care facility or foster care placement	County capped child welfare allocations + county share. IF mental health services are accessed, services paid through MH capitation (BHOs) AND/OR through the same capped allocations + county share used to cover the balance of costs.
Child's family home	County capped child welfare allocations + county share AND/OR MH capitation (BHOs) IF the child's FAMILY is eligible for Medicaid

As can be seen in the chart, **responsibility shifts back and forth: from the behavioral health organizations/mental health capitation, to Medicaid fee-for-service (in which federal funds are matched by capped county child welfare allocations), to 100 percent county capped child welfare allocations for children receiving services in the family home who are not eligible for Medicaid. This mix of financial responsibility can be complex from an administrative perspective and may result in children not**

receiving appropriate services—and possibly in 100 percent state/local/and block grant funds being used for services that should be covered by Medicaid mental health capitation.

The reasons for this date back to the early years of the mental health capitation program and the use of Medicaid to support therapeutic residential treatment for children in foster care. The following is a list of what items were "carved in" and "carved out" of the original Medicaid mental health capitation program.

Carved "in" - Hospital and outpatient services. Children in the child welfare system generally require a disproportionate amount of mental health services. Thus, of the mental health capitation appropriation for FY 2007-08, **32.5 percent (\$62.4 million)** is based on the count of children who are eligible for Medicaid based on their placement in foster care—this is despite the fact that only 17,295 youth (4.7 percent of the total number of people eligible for the Medicaid capitation program) are eligible based on their placement in foster care. This reflects the fact that, prior to capitation, the percent of children in foster care who access mental health services, and the quantity accessed per child, was high. This includes both psychiatric hospitalization and mental health outpatient services.

Carved "out" - Residential treatment for children in foster care. Some mental health services were *carved out* of the mental health capitation program. When the mental health capitation program was created, county child welfare services relied heavily on the Medicaid program to cover out-of-home therapeutic child welfare services (at the time based largely on the residential treatment center or RTC program). Medicaid is still a significant component of county child welfare residential placement, although its importance has reduced over time. For FY 2006-07, **\$18.0 million in Medicaid funds** were transferred to the Department of Human Services, Division of Child Welfare to cover Medicaid-eligible residential child care costs (staff assumes that the FY 2007-08 appropriation of \$34.9 million will ultimately be reduced to be more commensurate with the FY 2006-07 actuals).

Until December 2004, an additional program – the Medicaid Mental Health Child Placement Agency (CPA) Program, allowed access to additional mental health services. Counties/CPAs would provide matching funds to the capitated behavioral health organizations (BHOs, who at the time were known as "MHASAs"). In return, the BHOs would provide additional Medicaid-funded mental health services for children in the child welfare system. Eight of the ten largest counties participated. This program was disallowed by federal authorities on the grounds that associated costs should already have been incorporated into mental health capitation. As of December 2004, the State was required to stop the program (appropriated at \$7.4 million in FY 2003-04). Capitated providers were instructed to absorb associated costs in their base. Some counties and providers have argued that, particularly since this program was eliminated, many children in foster care are not getting the treatment they need from the mental health capitation program.

Financial and Client Care Impacts of the Mix of Responsibilities

Movement between Placements. When children and adolescents are placed in the child and adolescent beds at the state mental health institutes at Pueblo and Fort Logan or in other hospital placements, the BHOs generally cover the associated costs, because the associated Medicaid amounts were "carved in" to the mental health capitation program. However, when a child or adolescent who is otherwise in an out of home placement is discharged from the institutes or another hospital, the costs of their residential care become part of the responsibility of the county. Thus, BHOs have a financial incentive to limit admission for

hospitalization services and limit their duration (either at the institute child/adolescent beds or to private facilities), while counties have a financial incentive to use hospitalization services (and slow discharge) in lieu of the next step down (psychiatric residential treatment facilities) for which the counties are entirely financially responsible. While all parties presumably believe that children should be in the least intensive placement appropriate to their needs, financial considerations may color the positions that the various agencies take. **Arguments over financial responsibility may distract from a more appropriate focus on the individual child's needs.**

Quality of Care/Integration of Mental Health Services in Child Welfare Services. As reflected in the chart above, children in the child welfare system who are in any but the most intensive levels of treatment (hospitalization or PRTF) may have their mental health needs met through capped allocations, through capped allocations matched by federal Medicaid dollars, or by the Medicaid mental health capitation program. **In some cases, counties and residential providers have developed close relationships with their local behavioral health organization and are thus able to integrate appropriate mental health services into their overall package of child welfare services relatively seamlessly. In other cases, relationships between the counties and the BHOs are so poor that, in order to ensure that children and their families receive at least a bare minimum of appropriate services, counties may use other sources of funds to provide appropriate, integrated mental health services—even when the mental health capitation program is theoretically financially responsible for the associated costs.**

Staff requested that the Division of Child Welfare provide a list of mental health expenditures that were paid for from Child Welfare capped allocations, *excluding* the Medicaid fee-for-service TRCCF and PRTF programs. This list may include some types of services that may not be eligible for mental health capitation. It may also reflect some services provided to children living in the family home who are not eligible for Medicaid. However, it is also possible that some of the services and amounts reflected are services that could/should have been paid for by the mental health capitation program but which were not due to difficult relationships **between** particular BHOs and particular counties. **As reflected below, the Department has reported \$16.0 million in mental health child welfare expenditures, excluding costs covered by the Medicaid program.**

Child Welfare Mental Health Expenditures - FY 2006-07	
Service Type	Amount
Day treatment alternative	\$672,735
Day treatment	4,041,741
Functional family therapy	81,163
Intensive family therapy	1,247,658
Mental Health Services	4,372,026
Play therapy	37,465
Sexual abuse treatment	1,100,330
Substance abuse treatment	4,450,253
Total	\$16,003,371

Questions

Staff recommends the following questions be added to the hearing agenda:

1. To what extent do the \$16.0 million in non-Medicaid costs reported in child welfare services reflect costs that could or should have been covered by the Medicaid capitation program? Can the Department of Human Services determine this?
2. Are the Departments of Human Services and Health Care Policy and Financing considering changes to the delineation of Medicaid costs and responsibilities between BHOs and the counties for children receiving foster care services? Should more costs be carved out of the capitation program and moved under county control? Should some costs currently under county control be moved into the mental health capitation program? How do the departments propose to ensure that children in foster care receive appropriate mental health services? How might this be reflected in the rebid of the Medicaid mental health capitation program?
3. Do you expect to include counties and child welfare providers in meetings on how the Medicaid capitation program may be modified when the program is rebid?

Mental Health Capitation and Developmental Disability Services

The division of responsibilities between the Medicaid mental health capitation program (administered by the behavioral health organizations) and developmental disability services (locally coordinated by 20 non-profit community centered boards (CCBs)) has also been problematic at times. The vast majority of state services for individuals with developmental disabilities are covered through several Medicaid home- and community-based (HCBS) waivers authorized under Section 1915©) of the Social Security Act. In recent years, federal

authorities have emphasized that services in the various Medicaid wavier programs and the State Plan be distinct, *i.e.*, services and payments should not be duplicated for the same population in two different waivers and services should not be included in a waiver program that may be accessed via the Medicaid State Plan. However, for clients with developmental disabilities, it is often difficult to clearly differentiate between services that are required because the individual has a developmental disability (dubbed "behavioral" services) and services required because the person with a developmental disability also has a mental illness. Because the funding streams and managing entities are different (BHOs versus CCBs), arguments about who is responsible for providing which services are not uncommon, based on anecdotal information. Is the needed services a capitation-eligible mental health services? Is it a behavioral health services? Further, CCBs often emphasize that individuals with who are dually diagnosed with mental illness and a developmental disability may require something special, *i.e.*, a psychiatrist with specialized expertise in working with individuals with developmental disabilities. Capitated BHOs are not always willing to provide this. As a result, in some cases, in those areas where local funds are available, it is not uncommon for local dollars—rather than Medicaid dollars—to be used to ensure that appropriate mental health services are available. However, this suggests that appropriate services may not be consistently available throughout the State for all individuals in this situation. The Departments do require "memoranda of understanding" between BHOs and CCBs to delineate responsibilities, but this does not always seems to provide the desired result of ensuring appropriate services.

Staff therefore recommends that the following question be added to the hearing agenda:

1. Have you considered any changes to the Medicaid mental health capitation program that might help ensure that individuals with developmental disabilities receive appropriate services? Do you expect to include developmental disability providers/community centered boards in meetings on how the Medicaid capitation program may be modified when the program is rebid?