

# MEMORANDUM



## JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee  
FROM Robin J. Smart, JBC Staff (303-866-4955)  
DATE April 21, 2021  
SUBJECT Update on child welfare bill drafts

---

During figure setting for the Division of Child Welfare, the Joint Budget Committee moved to draft five child welfare bills. The combined total of General Fund factored into FY 2021-22 balancing for these bills is \$8,040,898. Following is an update on the status of the drafts, including requests for permission to make modifications based on the stakeholder processes that have occurred to date. Please note, the stakeholder process for each of these bills is continuing and the following summaries are subject to change. Bill drafts will be presented to the Committee on May 10, 2021.

### *CHILD WELFARE PREVENTION AND INTERVENTION SERVICES CASH FUND*

Summary of bill draft:

- Creates the Title IV-E Prevention Services Cash Fund into which earned Title IV-E reimbursements for eligible prevention services are deposited;
- Requires the deposited funds to be made available through a process determined by the State Board of Human Services for the continuation, expansion, or initiation of programs that are identified in the federal evidence-based clearing house;
- Requires a minimum percentage (15 percent) of the funding to be used to expand evidence-based programs to areas of the state that do not currently have them;
- Allows for a portion of the funding to be used for programs that are not identified in the clearing house, if those programs are under evaluation in order to be added to the clearing house, but eliminates funding for the programs if they are determined to not meet the required level of evidence after the evaluation; and
- Creates a new line item in the Office of Early Childhood division of the Long Bill.
- No appropriation is necessary.

Request for permission to consider another option:

The Department of Human Services has expressed concern that the current structure of the bill creates a duplicative cash fund and process that is currently administered and performed by the Colorado Children's Trust Fund. If this is the case and the Trust Fund and Board are structured in a way to ensure appropriate oversight of these funds, it is possible to change the language in the bill to require that the Title IV-E reimbursements for prevention services be deposited into the Trust Fund as opposed to creating a new cash fund. **JBC staff** has discussed this option with counties but **requests permission to continue the discussions and modify the bill if it is determined that utilizing the Trust Fund is a better option.**

### *STATE-ONLY PROGRAM FOR MEDICAID ELIGIBLE CHILDREN AND NEW PROVIDER RATE*

*ACTUARIAL*

Summary of bill draft:

- Requires the Department of Human Services to fully implement the rate increases pursuant to H.B. 17-1292 and S.B. 18-254;

APRIL 21, 2021

- Requires an update to the actuarial performed pursuant to H.B. 17-1292 to include the Division of Youth Services and the new out of home placement provider options required by the federal Family First Prevention Services Act of 2018;
- Requires the Department to update the rate setting methodology required pursuant to H.B. 17-1292 to reflect the updated actuarial;
- Requires the Department to contract with an outside entity to perform a new actuarial analysis of out of home placement provider rates every three years beginning in FY 2022-23.
- Requires the submission of an annual report to the Joint Budget Committee concerning the provisions of the bill.
- Appropriates \$250,000 General Fund for the actuarial.

Suggested modifications:

The Committee requested that the bill draft include the creation of a state-only program to cover the cost of Medicaid eligible services provided to children who will lose their benefits when placed in a residential setting that is determined to be an Institute for Mental Disease. The Department of Health Care Policy and Financing believes the creation of this program is premature and believes that the issue can be addressed next session, if necessary. **JBC staff agrees and recommends that this program be removed from the bill draft.** The placeholder for this bill included approximately \$6.0 million General Fund for the program. **JBC staff recommends using this funding to provide supplemental payments to facility schools in order to improve sustainability while a new educational model is developed.**

The remaining contents of this bill draft align with the child welfare related language in the following bill. In addition, the bills are amending the same sections in statute. **JBC staff requests permission to combine the language in this bill with the child welfare related language in the following bill.**

#### *CHILD WELFARE SYSTEM CHANGES*

Summary of bill draft:

- Amends language in Title 19 concerning placements in the Division of Youth Services in order to comply with the Family First Prevention Services Act of 2018;
- Creates a mechanism to determine the appropriate placement option for children and youth, based on the best interests and needs of the child or youth, along the continuum of care;
- Ensures that placement options comply with federal law in order to maximize Medicaid and Title IV-E revenues;
- Requires the use of a portion of the federal Family First Transition and Support Act of 2019 funding to be used to support the transition of current providers to a placement option that meets the needs of the child or youth;
- Modifies the county match rate for placements that should be based on, but are not made based on the determined needs of the child or youth to 50%, beginning July 1, 2024; and
- Requires the development of a work group to develop a sustainable model for facility schools that is not embedded in the child welfare system.

Suggested modifications:

- **Separate the language concerning facility schools into a separate bill;**

APRIL 21, 2021

- **Add language authorizing the Department of Education to make supplemental payments to qualified facility schools in FY 2021-22, only; and**
- **Appropriate \$6.2 million General Fund to the Department of Education for:**
  - **Facilitation of work group and report production - \$200,000**
  - **Supplemental payments to facility schools – not to exceed \$6.0 million**

*CHILD WELFARE FUNDING MODEL*

Summary of bill draft:

- Requires the use of the child welfare funding model for determining Child Welfare Block, Core Services, and additional Staffing allocations to counties beginning in FY 2023-24;
- Requires the funding model to inform annual budget requests;
- Requires ongoing evaluations of the model to ensure that it remains up to date and reflects changes in federal and state law and annually updated county data;
- Requires an updated workload study and the inclusion of that data in the model;
- Requires annual modifications to the model by the contracted entity; and
- Requires a triennial evaluation of the implementation of the model.
- Appropriates \$250,000 for the workload study.

Suggested modifications:

JBC staff's original recommendation did not include an updated county workload study. **Staff recommends an appropriation of \$250,000 General Fund for the study.**

*RESIDENTIAL PLACEMENTS FOR CHILDREN WITH INTELLECTUAL AND DEVELOPMENTAL DISABILITIES*

Summary of bill draft:

- Requires county departments of human social services to enroll eligible children in the Children's Residential Habilitation Program and provide documentation to the Department of Human Services of enrollment or denial of eligibility when applying for placement of children who are in the custody of a county.
- Amends language concerning the opportunity for application to be made by families with children who are not in the custody of a county or the state department.
- Appropriates \$1,162,912 General Fund to increase the number of beds available in the program.

Suggested modifications:

None