

# STATE OF COLORADO

Colorado Department Health Care Policy and Financing  
*Susan E. Birch, MBA, BSN, RN, Executive Director*



Colorado Department of Human Services  
*Reggie Bicha, Executive Director*

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John W. Hickenlooper  
Governor

November 1, 2011

The Honorable Mary Hodge, Chair  
Joint Budget Committee  
200 East 14th Avenue, Third Floor  
Denver, CO 80203

Dear Senator Hodge:

This letter is in response to the Legislative Request for Information affecting multiple departments number 6 which states:

*Department of Health Care Policy and Financing, Executive Director's Office; and Department of Human Services, Services for People with Disabilities -- The departments are requested to keep the House Health and Environment Committee, the Senate Health and Human Services Committee, and the Joint Budget Committee informed on activities of the working group charged with exploring options for how to implement the home and community based waiver programs, and to provide a progress report by November 1, 2011.*

The Office of the Governor has directed the departments to evaluate each request for information to determine which requests could be reasonably completed within the timeframe requested.

The attached report includes the information requested under the referenced Legislative Request for Information. Questions regarding the attached report can be addressed to John Barry, Long Term Care Benefits, Section Manager, at 303-866-3173.

Sincerely,

Susan E. Birch, MBA, BSN, RN  
Executive Director

Reggie Bicha  
Executive Director

**Cc: Representative Cheri Gerou, Vice-Chairman, Joint Budget Committee  
Senator Pat Steadman, Joint Budget Committee  
Senator Kent Lambert, Joint Budget Committee  
Representative Jon Becker, Joint Budget Committee  
Representative Mark Ferrandino, Joint Budget Committee  
Senator Brandon Shaffer, President of the Senate  
Senator John Morse, Senate Majority Leader  
Senator Mike Kopp, Senate Minority Leader  
Representative Frank McNulty, Speaker of the House  
Representative Amy Stephens, House Majority Leader  
Representative Sal Pace, House Minority Leader  
John Ziegler, Staff Director, JBC  
Eric Kurtz, JBC Analyst  
Lorez Meinhold, Deputy Policy Director, Governor's Office  
Henry Sobanet, Director, Office of State Planning and Budgeting  
Erick Scheminske, Deputy Director, Office of State Planning and Budgeting  
Bettina Schneider, Budget Analyst, Office of State Planning and Budgeting  
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Phil Kalin, Center for Improving Value in Health Care (CIVHC) Director  
Carrie Cortiglio, Legislative Liaison  
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**Response to Legislative Request for Information #6  
Regarding Services for People with Developmental Disabilities**

**November 1, 2011**

**Introduction**

The Department of Health Care Policy and Financing (HCPF) and the Department of Human Services (CDHS) respectfully submit this response to the Joint Budget Committee's Legislative Request for Information (LRFI) regarding services for people with developmental disabilities. The request for information provides an update from the two departments on the status of meetings over the course of 2011 to explore options for consolidating and streamlining Colorado's Home and Community Based Services (HCBS) waiver programs.

This response includes the following information:

- Current status of the waivers
- Project metrics and components
- Guiding principles

**Current Status of Colorado's Home and Community Based Services Waivers**

Colorado has 12 different HCBS waivers serving multiple populations through multiple service packages. These waivers are administered through differing entry points, eligibility criteria, case management systems and provider networks. Colorado's waiver programs have become so fragmented, that it is difficult for clients to navigate the system and for the departments to adequately manage the waivers for programmatic and fiscal integrity. HCPF and CDHS are embarking upon an effort to assess all of the Medicaid waiver programs and determine how to structure the programs in order to better serve clients, reduce administrative overhead, and improve program operations. This includes an examination of managed care waivers and other health care reform models such as Accountable Care Collaboratives, as a means of providing the right services to consumers, within a comprehensive cost containment structure.

In August 2011, the Departments of Health Care Policy and Financing, Human Services and Public Health and Environment met with executive staff from the three departments to identify targeted projects the departments might work on together. The Departments have chosen Long Term Care Redesign as one of their priority projects.

This effort will include significant stakeholder and client input. It will align existing initiatives already underway and identify the best vehicles within health care reform to bring about this transition. It will involve a significant amount of programmatic and financial analysis to determine how Colorado might align service packages across existing HCBS waivers, maximize consumer choice options, streamline eligibility and information and referral, ensure conflict-free case management, standardize needs assessment and service authorization, provide and reimburse for care coordination if necessary, reduce cost and maximize dollars to reduce waiting lists.

## **Project Metrics and Components**

This project will assess overall programmatic structure, quality, and controls of each of the existing waivers, examine service delivery systems in other states, and involve the federal Center for Medicare and Medicaid Services (CMS) and Colorado's providers, consumers and advocates as partners in the design of this system.

CMS has expressed a willingness to be creative and try new models, including combining services to similar populations while allowing specialized services, which capture the unique needs of some of Colorado's most vulnerable populations.

The departments are analyzing the current case management structure and will be developing recommendations for a more cohesive, consistent, quality, streamlined approach. We intend to continue to strengthen quality assessment, auditing, fraud identification and remediation functions to ensure that the programs and the Single Entry Point (e.g. SEP, CCB) structure is operating consistently and according to CMS and state regulations.

As part of this project, the Departments of Health Care Policy and Financing and Human Services are working together to create recommendations and a plan for combining the Division of Developmental Disabilities with the HCPF (Please see LRFI #1). In addition, the two departments are also exploring the feasibility of moving the administration of the Children's Residential Habilitation Program (CHRP) waiver for children with significant developmental disabilities and other Long Term Care programs to HCPF. We believe that we can improve the program and fiscal integrity of these waivers by aligning these programs and more effectively leveraging staff expertise. The goals for combining waiver administration under one department could result in the following benefits sought by overall waiver consolidation: reduced fragmentation and increased consistency of program operations and administration; consistent application of rate changes; coordination and standardization of waiver development and management; consistency in payment methodologies; greater consistency in stakeholder communications; and standardized policies and procedures.

This project is only in its initial stages, but the overall components include:

1. **Hold Community Forums**

Gather stakeholder and community input on outcomes and benefits they would like to see out of a realigned waiver system. (November 2011-July 2012.)

2. **Fiscal and Programmatic Analysis**

Conduct fiscal and programmatic analysis of existing waivers. Determine methods for Colorado to streamline existing waivers and keep expenditures at current levels. (Nov. 2011 – July 2012.)

### 3. Identification of Alternative Models of Service Delivery

Conduct extensive nation-wide search of best practice and analyze the advantages and disadvantages of implementation. Determine how Colorado could establish an organizational structure that simplifies service delivery for consumers, honors the unique aspects of local provider networks, enhances consumer choice, creates incentives for best practice and maximizes resources to reduce waiting lists for services. (Nov 2011 – Nov 2012)

By July 2012, the three departments hope to have a high-level outline of the initial steps required to modify the massive long-term care system into a new model of service delivery. This is not a project that will happen overnight. It will require modifications to local provider networks, which may need to form new relationships with other entities. It may require conversions or modifications of existing computer systems. It may require consumers to adjust to modifications in their service plans or to learn how to direct their services.

#### **Guiding Principles**

The departments will use the principles outlined below to guide this project:

- Ensure that appropriate and necessary services are provided to clients.
- Ensure that services will be provided safely, in a timely manner and with respect and dignity.
- Strengthen consumer choice in service provision.
- Incentivize best practice in service delivery.
- Incentivize less restrictive settings for service delivery.
- Ensure that taxpayer dollars are being used efficiently and effectively.
- Involve all stakeholders in the design and development of this project, including individuals receiving services and their families, service providers, advocates, the Legislature and the Governor's Office.

#### **Reporting to the General Assembly**

The plan described above contains many components of varying size and complexity. The Departments will provide the General Assembly, through the Joint Budget Committee, intermittent updates as the broader system projects progress. The Departments are committed to improving the Long Term Care Delivery System to ensure that clients receive the services they need in the most streamlined and cost effective manner possible.