



COLORADO DEPARTMENT OF HEALTH CARE POLICY & FINANCING

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Bill Ritter, Jr., Governor • Joan Henneberry, Executive Director

December 5, 2008

The Honorable Moe Keller, Chairman
Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, CO 80203

Dear Senator Keller:

This letter is in response the Legislative Request for Information number 6 which states:

The Departments are requested to develop a plan with respect to how the State will limit any inappropriate proliferation of intermediate care facilities for the mentally retarded (ICFs/MR) in the community and how it will manage any growth in the number of such facilities to ensure that state and federal funding for persons with developmental disabilities is used efficiently. The Departments are requested to submit such a plan, including any recommendations for statutory changes, by October 1, 2008.

The Department of Health Care Policy and Financing (HCPF), in consultation with the Department of Human Services Division for Developmental Disabilities (DHS-DDD), recommends placing an administrative moratorium on developing new intermediate care facilities for the mentally retarded (ICFs/MR) in the community. The service delivery system providing care to persons with developmental disabilities is undergoing significant change that must be completed before the need for ICFs/MR in the community can be accurately assessed.

The service delivery system for persons with developmental disabilities is currently in the midst of a drive to move away from residential placement overall. DHS-DDD is currently re-evaluating the community-based system in order to structure support for self-direction and to develop a service delivery system that allows individuals to receive services in their family home. DHS-DDD is in the process of implementing Senate Bill 08-002, the Family Caregiver Act, to provide services in the family home and payment to family members, with a planned start date of July 1, 2009. Additionally, Consumer Directed Attendant Support as a Medicaid home and community-based services (HCBS) waiver benefit is slated for implementation design during the current year, with a planned start date of July 1, 2009. The Departments would like to continue efforts towards activity that builds these types of services rather than on activities that result in a return to the institutional model of service delivery through expansion of ICFs/MR in the community.

Another consideration regarding expansion of ICFs/MR in the community is the recent changes to the HCBS waiver administration required by the Centers for Medicare and Medicaid Services (CMS), which have caused substantial restructuring in the system that serves people with developmental disabilities. The system has converted to a fee-for-service payment methodology that drives both financial and programmatic changes, requiring new individual assessment processes and administrative work related to claims development and submission. This conversion requires substantial DHS-DDD and HCPF staff attention and has created challenges to the service delivery system stability.

The interim rate changes, implemented in July 2006, resulted in delayed payments and program disruptions. The finalized rate methodology, and the resulting payment rates, for the HCBS waiver for persons with Developmental Disabilities waiver go into effect January 1, 2009, with rate changes for the HCBS Supported Living Services waiver and the Children's Extensive Services waiver going into effect July 1, 2009. It can be expected that these rate and billing changes may result in further system stability challenges for the fiscal year following transition. While the changes were developed to cause as little disruption in service delivery as possible, the changes are complex and require a great deal of work on behalf of the Departments, Community Centered Boards and providers to maintain service delivery to clients.

The shared position of the Departments is that the first priority must be to focus on these transition issues. Only after the service delivery system for persons with developmental disabilities has stabilized will it be appropriate to reasonably consider whether expansion of ICFs/MR in the community is necessary or desirable.

Sincerely,

Joan Henneberry
Executive Director

JH/bbp

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