

**FINAL  
FISCAL NOTE**

**Drafting Number:** LLS 12-0705  
**Prime Sponsor(s):** Rep. Gerou  
 Sen. Hodge

**Date:** July 2, 2012  
**Bill Status:** Signed into Law  
**Fiscal Analyst:** Bill Zepernick (303-866-4777)

**TITLE:** CONCERNING A GRANT PROGRAM TO PROVIDE HOME CARE ALLOWANCE BENEFITS TO CERTAIN ELIGIBLE INDIVIDUALS, AND, IN CONNECTION THEREWITH, MAKING AND REDUCING APPROPRIATIONS.

<b>Fiscal Impact Summary</b>	<b>FY 2011-2012 (Current year)</b>	<b>FY 2012-2013</b>	<b>FY 2013-2014</b>
<b>State Revenue</b>			
<b>State Expenditures</b> General Fund Cash Funds (Local Funds)	No net change. See State Expenditures section.		
<b>FTE Position Change</b>			
<b>Effective Date:</b> The bill was signed into law by the Governor and took effect March 22, 2012.			
<b>Appropriation Summary for FY 2012-2013:</b> See State Appropriations section.			
<b>Local Government Impact:</b> None.			

**Summary of Legislation**

The bill creates the Home Care Allowance (HCA) Grant Program in the Department of Human Services (DHS). The grant program is to assist certain people who previously were receiving both regular HCA assistance and certain Medicaid waiver home- and -community-based services (HCBS), but who dropped HCA assistance when required to choose between the two programs as a result of House Bill 10-1146, which prohibited simultaneous enrollment in both HCA and HCBS.

To receive an HCA grant under the new program, a person must:

- have been receiving HCA assistance at any time between September 1, 2011, and December 31, 2011;
- no longer be eligible for HCA assistance because the person is receiving services through either the Supported Living Services (SLS) or the Children's Extensive Service (CES) HCBS waiver programs;
- be within \$1,000 of the maximum benefit allowable under the HCBS waiver program at any time between September 1, 2011, and December 31, 2011;
- meet any other eligibility requirement established by the DHS; and
- submit an application to the DHS.

The DHS is required to adopted rules governing the grant program, including the application, eligibility, and redetermination requirements and the amount of grant assistance provided. Funding for the grant program is to be diverted from the regular HCA assistance program. The DHS is required to gather information on the grant program and its recipients and submit a report to the relevant committees of the General Assembly by October 15, 2016. The grant program is repealed on July 1, 2017.

**State Expenditures**

The bill results in **no net change** in costs in the DHS, as it diverts funds from the regular HCA program to the new HCA grant program. Total funding required to be set aside for the HCA grant program is expected to be **\$469,612 in FY 2011-12 and \$799,086 in FY 2012-13** and each year thereafter. Costs include grants to eligible applicants and administrative costs to manage the new program as described in Table 1 and the discussion below. Available funding for the regular HCA assistance program is decreased by the same amount.

<b>Table 1. Administrative Costs Under HB 12-1177</b>			
<b>Cost Components</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>
<i>Home Care Allowance Grants</i>			
<b>Grant Payments to Clients</b>	<b>\$436,692</b>	<b>\$691,940</b>	<b>\$691,940</b>
<i>Administrative costs</i>			
Personal Services	\$15,846	\$63,385	\$63,385
Operating Expenses and Capital Outlay	5,653	950	950
Single Entry Point Administration	9,569	38,277	38,277
Printing and Postage	380	380	380
Travel	500	250	250
Electronic Fund Transfer Costs	972	3,904	3,904
<b>Administrative Costs Total</b>	<b>\$32,920</b>	<b>\$107,146</b>	<b>\$107,146</b>
<b>TOTAL</b>	<b>\$469,612</b>	<b>\$799,086</b>	<b>\$799,086</b>

**HCA grant assistance.** There are an estimated 241 persons who meet the criteria for the new grant program who stopped receiving HCA payments as of January 1, 2012, under House Bill 10-1146. Assuming an average award of \$302 per month and that the DHS rules allow payments to be retroactive to January 1, 2012, HCA grant payments will total \$436,692 in FY 2011-12. Full-year costs for HCA grant assistance increases to \$691,940 in subsequent years.

**Administrative costs.** The new HCA grant program is expected to have administrative costs of \$32,920 and in FY 2011-12, assuming the bill is signed into law and rules promulgated in time for the program to start by April 1, 2012. Full-year administrative costs are expected to be \$107,146 in FY 2012-13 and each year thereafter. Costs include contracted staff to administer the grant

program, standard operating and capital outlay expenses, printing and postage to communicate with clients, travel, electronic fund transfer fees to transmit funding to recipients, as well as an increase in the contract payments to single entry point agencies for assessing clients to determine program eligibility.

***Effect on current HCA assistance recipients.*** By carving out funding for the new grant program, it is assumed that payments to regular HCA assistance recipients will decrease in order to serve all clients within existing appropriations. The regular HCA program has three payment tiers based on the client's level of need. Table 2 shows the anticipated decrease in payment amount by payment tier.

<b>Payment Level</b>	<b>Current Law</b>	<b>Under HB 12-1177</b>
Tier I (Lowest need)	\$200	\$136
Tier II	\$342	\$278
Tier III (Highest need)	\$475	\$411

### **State Appropriations**

The bill requires the following appropriations to the Department of Human Services in FY 2011-12:

- \$469,612 General Fund to the Home Care Allowance Grant Program; and
- a decrease of (\$469,612) General Fund from the existing Home Care Allowance Program.

Further, the bill requires the following appropriations to the Department of Human Services in FY 2012-13:

- \$799,086 General Fund for the Home Care Allowance Grant Program; and
- a decrease of (\$799,086) General Fund from the existing Home Care Allowance Program.

### **Departments Contacted**

Human Services

Health Care Policy and Financing

JBC