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Revised Fiscal Note

(replaces fiscal note dated April 18, 2022)

Drafting Number: LLS 22-0805 Date: April 26, 2022
Prime Sponsors: Rep. Michaelson Jenet; Bradfield; Sen. Buckner; Priola Bill Status: Senate HHS Fiscal Analyst: Aaron Carpenter | 303-866-4918 Aaron.Carpenter@state.co.us

Bill Topic: YOUTH & FAMILY BEHAVIORAL HEALTH CARE

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, Statutory Public Entity

The bill requires the Colorado Department of Human Services to create an in-home and residential respite care program, provide operational support for psychiatric residential treatment facilities, create additional substance use treatment beds, continue the crisis service program, and build a neuro-psych facility. The bill will increase state expenditures on an ongoing basis starting in FY 2022-23.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$54.7 million to the Department of Human Services.

Fiscal Note Status: The revised fiscal note reflects the reengrossed bill. It has also been updated to reflect continuing costs.

Table 1
State Fiscal Impacts Under HB 22-1283

Table with 5 columns: Category, Budget Year FY 2022-23, Out Year FY 2023-24, Out Year FY 2024-25, Out Year FY 2025-26. Rows include Revenue, Expenditures (General Fund, Cash Funds, Centrally Approp., Total Expenditures, Total FTE), Transfers, and Other Budget Impacts.

1 FY 2022-23 funding may be spent over up to four fiscal years, as detailed in Table 2 in the State Expenditures section. Money in the Behavioral and Mental Health Cash Fund consists of federal ARPA funds.

Summary of Legislation

The bill requires the Colorado Department of Human Services (CDHS) to create an in-home and residential respite care program, provide operational support for psychiatric residential treatment facilities, continue the Statewide Access to Crisis System Services, create new substance use treatment beds, and build a neuro-psych facility, as described below. For each of the four programs, the bill requires the General Assembly to appropriate funding from the Behavioral and Mental Health Cash Fund in FY 2022-23 for implementation costs, and requires the CDHS to obligate funds by December 30, 2024, and expend funds by December 31, 2026.

In-home and residential respite care services and facilities. Starting January 1, 2023, the bill requires the CDHS to create in-home and residential respite care services and facilities for children and families in up to seven regions of the state as determined by the CDHS and a committee of stakeholders. Under the bill, respite care would be provided to foster care home to allow the foster parent or the foster child a temporary break. The bill outlines requirements for these services, including: time and capacity limitations, sibling placement, and reporting requirements, among others.

Starting in FY 2023-24, the bill requires that money appropriated to the CDHS for in-home and residential respite care services must continue to support the Statewide Access to Crisis System Services until June 30, 2026.

Residential mental health and substance use treatment. The bill requires the Behavioral Health Administration to create, develop, or contract to add additional residential substance use treatment beds for youth.

Support for psychiatric residential treatment facilities. Senate Bill 21-137 created a pilot program to provide emergency resources to licensed providers to serve children and youth whose behavioral or mental health needs require services and treatment in a residential child care facility. Starting July 1, 2022, the bill requires the CDHS to provide operational support for psychiatric residential treatment facilities for youth and qualified residential treatment programs for youth across the state for this program. The bill also extends the program to provide emergency resources to licensed providers serving youth who need services and treatment in a residential child care facility from July 1, 2025, to July 1, 2028.

Neuro-psych facility. Starting July 1, 2022, the CDHS must begin the process of building and staffing a neuro-psych facility. The facility must have a capacity of up to 16 residential beds for youth who are under 21 years old. The CDHS must develop and implement admission criteria that ensures Colorado children have been evaluated for the least restrictive level of care before being admitted to the facility.

Background

The Behavioral Health Transformational Task Force recommended that the General Assembly invest in increased adult inpatient and residential care using federal American Rescue Plan Act (ARPA) funds (Recommendation B.1). The task force report is available online at:

https://leg.colorado.gov/sites/default/files/images/committees/2017/bhttf_final_report.pdf

State Expenditures

The bill increases state expenditures in the CDHS by \$90.4 million over four fiscal years starting in FY 2022-23 from the Behavioral and Mental Health Cash Fund and, beginning in FY 2024-25, the General Fund. Starting in FY 2025-26, ongoing costs estimated at \$22.9 million per year will be paid from the General Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2
 CDHS Expenditures Under HB 22-1283**

Cost Components	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Division of Child Welfare				
Personal Services	\$331,260	\$331,260	\$331,260	\$331,260
Operating Expenses	\$5,400	\$5,400	\$5,400	\$5,400
Capital Outlay Costs	\$18,600	-	-	-
Respite Contract Beds ¹	\$1,562,200	\$1,562,200	\$1,562,200	\$1,562,200
Operational Support ¹	\$2,080,500	\$2,080,500	\$2,080,500	\$2,080,500
Travel Reimbursement	\$4,001	\$4,001	\$4,001	\$4,001
Centrally Appropriated Costs ²	\$69,797	\$69,797	\$69,797	\$69,797
FTE – Personal Services	4.0 FTE	4.0 FTE	4.0 FTE	4.0 FTE
DCW Subtotal	\$4,071,758	\$4,053,158	\$4,053,158	\$4,053,158
Behavioral Health Administration				
SUD Beds	\$5,000,000	-	-	-
Crisis System Services ¹	-	\$1,250,000	\$1,250,000	\$1,250,000
BHA Subtotal	\$5,000,000	\$1,250,000	\$1,250,000	\$1,250,000
Neuro-Psych Facility				
Capital Construction ¹	\$35,000,000	-	-	-
Building Maintenance	-	\$539,926	\$399,421	\$415,398
Operating Beds	-	-	\$11,922,360	\$17,152,080
Neuro-Psych Facility Subtotal	\$35,000,000	\$539,926	\$12,321,781	\$17,567,478
Total	\$44,071,758	\$5,843,084	\$17,624,939	\$22,870,636
Total FTE	4.0 FTE	4.0 FTE	4.0 FTE	4.0 FTE

¹ Behavioral and Mental Health Cash Fund spending from FY 2022-23 to FY 2024-25 is assumed to be obligated by December 30, 2024. Funds appropriated for bed construction in FY 2022-23 will be spent through FY 2024-25.

² Centrally appropriated costs are not included in the bill's appropriation.

Division of Child Welfare. Starting in FY 2022-23, expenditures in the Division of Child Welfare in the CDHS will increase to create a respite program and to provide operating support for residential treatment beds, as described below. Contract bed costs are assumed to be covered by the Behavioral and Mental Health Cash Fund through FY 2024-25, and then will be covered by General Fund starting in FY 2025-26. Staffing costs are assumed to be covered by the Behavioral and Mental Health Cash Fund through FY 2023-24, and then will be covered by General Fund starting in FY 2024-25.

- **Respite program.** Starting in FY 2022-23, expenditures in the CDHS will increase to create a respite program. The fiscal note assumes that the department will contract and provide staffing for three different bed types:
 - two psychiatric residential treatment facility bed at \$1,000 per day;
 - four qualified residential treatment program beds at \$500 per day, and
 - one treatment foster care beds at \$290 per day.

In addition to beds, the CDHS will require 3.0 FTE to oversee the different bed placements. Staff will contract with providers and oversee the contracts, coordinate bed placements, and determine admissions and discharges for bed types, and will support and manage any referrals to the neuro-psych facility for children in the child welfare system.

- **Operating support.** Starting in FY 2022-23, expenditures in the CDHS will increase to provide operating support for the SB 21-137 pilot program. To provide support, the CDHS will continue the operation of six psychiatric residential treatment facility beds at the current rate of \$950 per day and continue the existing staff to support that placement.

Behavioral Health Administration. Starting in FY 2022-23, expenditures in the Behavioral Health Administration will increase to provide additional residential mental health and substance use treatment beds and to continue the Statewide Access to Crisis System Services program, as described below.

- **SUD beds.** The bill appropriates \$5.0 million to create and develop additional residential substance use treatment beds for youth. It is estimated that this amount will increase beds by 8 to 15 beds and represents one-time funding. Any continuation costs will be addressed through the annual budget process.
- **Crisis System Services.** The bill requires the General Assembly to appropriate money in FY 2022-23 to continue the Crisis System Services program until June 30, 2026. The program currently costs \$1.25 million per year and is appropriated through FY 2022-23. Therefore, the program will require an appropriation of \$3.75 million, or \$1.25 million per year to continue through June 30, 2026. The fiscal note assumes funds will come from the Behavioral and Mental Health Cash Fund and will be obligated by December 30, 2024. Costs in FY 2025-26 are assumed to come from the General Fund.

Neuro-Psych Facility—CDHS. Starting in FY 2022-23, expenditures in the CDHS will increase to build a new neuro-psych facility, as well as to maintain and staff the facility, as described below.

- **Capital construction.** The fiscal note estimates that construction of a new neuro-psych facility will cost \$35.0 million over approximately three years.
- **Building maintenance.** Starting in FY 2023-24, expenditures will increase in the CDHS to provide equipment and staff to maintain the new facility. Costs in FY 2023-24 include one-time startup costs, while out-year costs include maintenance costs such as housekeeping and other support operations. The fiscal note assumes that these costs will come from the Behavioral and Mental Health Cash Fund in FY 2023-24 and from the General Fund starting in FY 2024-25.
- **Bed staffing.** Assuming the facility is up and running in FY 2024-25, expenditures in the CDHS will also increase to staff the 16 beds. The fiscal note assumes that staff will begin September 1, 2024, and that it will cost \$2,722 per day to staff a bed based on the current cost to staff beds at the other mental health institutes. Costs in FY 2025-26 are adjusted for inflation. It is assumed that ongoing staffing resources for the facility will continue beyond FY 2025-26, likely paid from the General Fund, and that these costs will be requested through the annual budget process.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2023-24. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve as shown in Table 1, which will decrease the amount of General Fund available for other purposes.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2022-23, the bill requires an appropriation of \$54,667,948 from the Behavioral and Mental Health Cash Fund to the Department of Human Services and 4.0 FTE.

The fiscal note assumes that CDHS requires spending authority through December 30, 2024, for this appropriation. If roll-forward spending authority is not provided, annual appropriations will be required, based on the amounts shown in Table 2 above.

State and Local Government Contacts

Child Protection Ombudsman
Human Services
Office of Respondent Parents' Counsel

Counties
Information Technology
Office of the Child's Representative