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FISCAL IMPACT REPORT

SPONSOR: Salazar DATE TYPED: 03/07/01 HB 915/aHAFC
 SHORT TITLE: Adult Services Department Act SB _____
 ANALYST: Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
\$ 150.0		See Narrative		Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Human Services Department (HSD)
 Agency on Aging (AOA)
 General Services Department (GSD)
 Health Policy Commission (HPC)

SUMMARY

Synopsis of HAFC Amendment

HB 915/aHAFC lowers the appropriation from \$250,000 to \$150,000.

Synopsis of Original Bill

House Bill 915 creates a cabinet level ASD (ASD) to consolidate and administer programs for seniors and other adults currently housed in the AOA, Children, Youth and Families Department (CYFD), Department of Health (DOH) and Human Services Department. There would be six divisions: Administrative Services, Adult Protective Services, Consumer Protection, Disabled Adult Programs, Medicaid Programs, and Senior Programs and a 2-year transition. There is a \$250,000 general fund appropriation to establish the new department in fiscal years 2001 through 2003.

Significant Issues

HB 915 essentially combines the programs of the AOA with other programs specific to seniors and disabled adults, and elevates these issues to cabinet level. With the increase in older adults and more complex issues of health and safety, there could be collaborative and administrative benefits, as well as avoidance of any duplication among programs in various departments.

HSD provided the following:

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To the extent that any programs transferred to the new agency would depend on Medicaid funding, such as the Medicaid D & E waiver program and the Medicaid personal care option, HSD would have to amend the state plan and have HCFA approval to effect the transfers.

Pursuant to federal law, HSD is the single state agency designated to administer and obtain federal matching funds for the state's Medicaid program. The new agency could not exercise full discretion with respect to the transferred programs in accord with the relevant statutes and regulations. Federal law precludes the single state agency -- HSD -- from delegating the exercise of administrative functions, including the issuance of policies, rules and regulations on program matters. Furthermore, the new state agency could not substitute its judgment for that of HSD concerning policies, rules, and regulations issued by HSD.

Joint Powers Agreements (JPA) could be executed to effect the transfers, with caveats concerning HSD's single-state agency status.

AOA provided the following:

Currently, services and programs that serve disabled adults and elders are administered by multiple departments within the State. This results in duplication of effort and fragmentation of services, as well as access barriers for individuals in need of such services. The intent of this legislation is to consolidate these services and programs to create a coordinated delivery system for disabled adults and elders within the State.

FISCAL IMPLICATIONS

HB 915 appropriates \$250.0 from the general fund to the Office of the Governor for expenditure in fiscal years 2001, 2002 and 2003. It is highly likely that if HB915 is enacted the agencies involved will return for additional reorganizational funding and operational funding for the new agency. Any unexpended or unencumbered balance remaining at the end of fiscal year 2003 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

The administrative impact will be very significant. AOA will be the core of the newly created department and they will have to reorganize accordingly. Three other cabinet level departments will have divisions within them removed to join with the ASD. It will be exceedingly difficult to ascertain exactly which resources in the administrative services divisions of HSD, CYFD and DOH belong with the program divisions that are going to the new departments.

RELATIONSHIP

Relates to

SB 135, Reorganize Medical Assistance Department

SB 648, Medicaid, Legislative Oversight

SB 724, Reorganization: Human Services Abolition

HB 846, Reorganize Medical Assistance Department

SUBSTANTIVE ISSUES

The HPC provided the following:

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- § According to the American Association of Retired Persons (AARP), there were 46.3 persons per thousands (age 16-64) and 184.2 persons per thousand (age 65+) who reported having difficulty in mobility or self-care.
- § The most severely disabled population--those who need substantial help (i.e., unable to carry out 3 or more self-care tasks) comprise approximately 5.1 million Americans.
- § The fastest-growing population in America is over 85. The 65- to 74-year-old population is expected to nearly double, from 18 million Americans in 2000 to 35 million in 2050.
- § A new infrastructure will have to be created with ASD that ties programs together from several other departments within the state. This could be a cumbersome and lengthy task that may adversely affect client and provider services.
- § The Adult Protective Services (APS) shares an emergency call service with the Child Protective Services component of CYFD. If the adult related areas are moved from CYFD, there may be a disruption in this emergency reporting process for adults in need of protective services. Due to the critical nature of this particular service, a disruption in service may have serious repercussions on the adult clients. Agreements will have to be made between the child and adult components with careful attention to continuity of service and to insure cooperation remains a high priority.
- § The consolidation of adult services from the various separate departments, after the infrastructure is created and operates smoothly, may better serve the needs of the elderly and disabled as the program experts are centrally located. JPAs will need to be negotiated between ASD and the agencies from which its programs are transferred with careful planning with oversight instituted in order to avoid exacerbating an already stressed and overburdened system.

POSSIBLE QUESTIONS

Would a task force to study the creation of an Adult Services Department be helpful?

DW/njw:ar