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0434 Study of Old Age Pension Program

RECOMMENDATIONS FOR 1998

**STUDY OF OLD AGE
PENSION PROGRAM COMMITTEE**

**Report to the
Colorado Legislative Council**

**Research Publication No. 434
November 1997**

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LEGISLATIVE COUNCIL

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November 14, 1997

To Members of the Sixty-first General Assembly:

Submitted herewith is the final report of the Committee on the Study of the Old Age Pension Program. This committee was created pursuant to House Joint Resolution 97-1047 to study a variety of issues related to the Old Age Pension Program.

At its meeting on November 13, 1997, the Legislative Council reviewed the report of this committee. A motion to forward this report and the bills therein for consideration in the 1998 session was approved.

Respectfully submitted,

/s/ Representative Chuck Berry
Chairman
Legislative Council

CB/JH/eg

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STUDY OF OLD AGE PENSION PROGRAM COMMITTEE

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Senator Bob Martinez
Senator Frank Weddig
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Office of Legislative Legal Services

Debbie Haskins
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EXECUTIVE SUMMARY

Committee Charge

The Committee on the Study of the Old Age Pension Program (OAP) was established by House Joint Resolution 97-1047. This committee was directed to study a variety of issues related to the Old Age Pension Program. These issues included:

- demographic trends and forecasts and their impacts on future state funding of the OAP;
- recommendations contained in an independent study of the OAP;
- whether to continue the OAP for persons aged 60 to 64;
- measures needed to coordinate the OAP with federal and state public assistance programs;
- methods to enhance the flexibility of the OAP in the future;
- whether to continue funding of the OAP stabilization fund; and
- whether the ten-million-dollar cap on the amount of the state-only health and medical care program for old age pensioners should be eliminated.

Committee Activities

The committee heard testimony and discussed recommendations for legislative action during five days of meetings from July through October. In addition, two hearings were held outside the Denver metropolitan area in conjunction with meetings of the Colorado Commission on Aging. Testimony was provided by representatives of the Departments of Human Services, Health Care Policy and Financing, Law, and Labor and Employment. In addition, the committee solicited testimony from representatives of the Colorado Commission on Aging; the Graduate School of Public Affairs, University of Colorado at Denver; Colorado Senior Lobby; Colorado Legal Aid Society; the Colorado Coalition for the Homeless; Colorado's Community Colleges and Occupational Educational System; and the private employment sector.

Committee Recommendations

As a result of committee discussion and deliberation, the committee recommends one concurrent resolution and four bills in the 1998 legislative session.

Concurrent Resolution A — Old Age Pension modifications. Concurrent Resolution A requests voter approval to change the provisions governing the Old Age Pension Program. The measure provides for a phased-in increase in the minimum age of eligibility for the old age pension from age 60 to age 65 for persons who are not disabled. The minimum age will automatically be increased if Congress raises the retirement age for social security. The 60-year minimum age of eligibility for persons who are disabled is retained, but the General Assembly is required to establish criteria for the determination of disability. The resolution allows the state to be reimbursed for old age pension payments made to a pensioner during the interim period while the pensioner is applying for benefits under the federal Supplemental Security Income Program (SSI), thus preventing the payment of dual benefits. The resolution also increases the cap on the State-Only Health and Medical Care Program for old age pensioners who do not qualify for Medicaid from \$10 million to \$20 million. The constitutional changes apply to pension applicants on or after January 1, 1999, and there is no interruption or change in benefits to persons receiving the pension before that time.

Bill A — Implement constitutional changes to the OAP. Bill A implements the constitutional changes to the Old Age Pension Program found in Concurrent Resolution A.

Bill B — Residency requirement for Old Age Pension. Bill B requires that an applicant for the old age pension must be a resident of the state of Colorado for at least five years immediately preceding the application for an old age pension.

Bill C — Changes to the aid to needy disabled program (AND). Bill C increases the cash grant for the AND program over a five-year period so that it matches the cash grant standard for the federal Supplemental Security Income Program. Recipients who may be eligible for federal or state benefits would be required to apply for and pursue receipt of those benefits. The bill also creates a state-funded health care program for the AND recipients (they currently have no health benefit) and is contingent upon the passage of the constitutional changes to the OAP program.

Bill D — Self-Sufficiency and employment pilot. Under Bill D, the state would assess each OAP and aid to the needy disabled applicant's ability to work and develop an employment plan for those assessed as potentially able to work. Current recipients in OAP and AND would be allowed to voluntarily participate in the self-sufficiency and employment program. A pilot program would be conducted in four workforce development regions that have implemented the "one-stop career center" concept.

COMMITTEE ACTIVITIES

Over the interim, the committee held seven public meetings and considered the major issues related to its charge. Two of these hearings were held outside the Denver metropolitan area in conjunction with meetings of the Colorado Commission on Aging. First, the committee reviewed recommendations from the independent study of the Old Age Pension Program conducted by Professor Franklin James, Graduate School of Public Affairs, University of Colorado at Denver. The committee also received responses to the study recommendations from individuals and organizations affected by changes in the OAP. Second, the committee examined constitutional and statutory questions surrounding the OAP, issues involving immigrants and the OAP, the funding of the OAP, and general information on older and disabled workers. Finally, the committee was briefed on demographic trends, the State Aid to the Needy Disabled Program, and health care programs associated with the Old Age Pension Program.

Old Age Pension

The Old Age Pension Program is a state-funded pension program that provides a monthly pension for indigent elderly persons and access to medical care either through Medicaid or a state-funded health program. Guaranteed by the Colorado Constitution, the pension is adjusted annually for cost of living.

Persons who are 60 years of age or older, who are Colorado residents, who are naturalized citizens or lawfully admitted immigrants, and who meet resource and assets tests are eligible. Individuals must have resources below \$2,000 and have a total gross monthly income below \$526 a month. Excluded assets are a home, household goods, a car, personal belongings, and some life insurance and burial policies.

Franklin James Study

In 1996, the General Assembly requested an evaluation of the Old Age Pension Program and recommendations for future policy. The Colorado Division of Aging and Adult Services contracted the study with Professor Franklin James of the Graduate School of Public Affairs, University of Colorado at Denver. The Franklin James study found that the OAP program will be affected by rapid demographic and economic changes in the next 25 years as the postwar baby boom generation reaches eligibility for OAP. The Colorado population age 60 and over is expected to more than double between 1995 and 2020. Without changes, the state will experience substantial increases in costs of health care for the program and in the number of elderly persons eligible for the program. The study determined that the current eligibility age of 60 is no longer appropriate.

The independent study recommends that the eligibility age of 60 should be increased gradually to the normal retirement age for Social Security (now 65), and any changes made should not affect current pensioners. Other findings include:

- the Aid to the Needy Disabled Program should be strengthened because it might lessen demand for OAP;
- cash benefits to couples should be reduced;
- a constitutional cap on the amount of money that goes into the state health fund should be eliminated (the expenses for the program are about to exceed the cap);
- non-disabled pensioners should be encouraged to work;
- OAP clients should be encouraged or required to participate in federal assistance programs such as Supplemental Security Income (this would lessen the need for OAP);
- the state should be reimbursed for interim assistance payments made while a pensioner is applying for federal SSI, thus preventing the payment of dual benefits; and
- responsibility of sponsors for immigrants should be increased.

Constitutional and Statutory Questions Surrounding the OAP and Issues Involving Immigrants and the OAP

Raising the age of eligibility. People are living longer, healthier lives, and are retiring later in life. The committee heard testimony concerning demographic trends. From now until the year 2020, the size of the age 60 and older population is expected to increase dramatically. By 2020, the State Demographer projects that this age-60-and-older share of the state's population will increase by more than 594,000 people.

The Colorado Constitution allows the General Assembly to set criteria in statute for who qualifies for the Old Age Pension. The committee discussed raising the age of eligibility to make it uniform to the Social Security retirement age. The committee also explored adding eligibility criteria based on functional determination. The committee concluded that a phased-in increase in the minimum age for the OAP from age 60 to age 65 for persons who are not disabled is most appropriate.

Recovery of interim payments. Presently, interim assistance OAP payments are made to recipients who later become eligible for Supplemental Security Income. Consequently, they receive a lump-sum SSI payment for months of retroactive eligibility for which they already have received OAP cash payments. Colorado's Constitution prohibits recovery of interim assistance because it forbids repayment or promises to repay OAP. The committee concluded that the state should be reimbursed for interim assistance payments made while a pensioner is applying for federal SSI, thus preventing the payment

of dual benefits. This would eliminate double payments to clients and make the policy consistent with the Aid to the Needy Disabled Program policy.

Increase cap. Old Age Pension recipients who do not receive Medicaid receive 100 percent state-financed health care benefits through the State-Only Health and Medical Care Program. This program offers generally equivalent coverage to Medicaid, except for psychiatric care and long-term care in nursing homes. The State-Only Health and Medical Care Program cost approximately \$9.1 million in FY 1995-96. The Colorado Constitution caps the amount of moneys for the OAP State-Only Health and Medical Fund at \$10 million. Since the expenses are close to reaching the \$10 million cap, the committee concluded that the cap on the State-Only Health and Medical Care Program for old age pensioners who do not qualify for Medicaid needs to be raised from \$10 million to \$20 million. The increase would guarantee funding for the expected increased caseload. If the expenses exceed the cap, the General Assembly would have to authorize supplemental spending or curtail services to OAP clients.

Recommendations. To implement the changes in the OAP identified above, the committee recommends Concurrent Resolution A and Bill A. A discussion of these measures is found on page 5.

Residency requirement. The Colorado Constitution allows the General Assembly to set a residency requirement. However, a statutory 35-year residency requirement was held unconstitutional by the Colorado Supreme Court in *Jeffrey v. State Department of Social Services*. The committee decided to impose a shorter residency requirement of five years. This is consistent with federal changes in welfare policy. The committee recommends Bill B to impose this change in the residency requirement. The provisions of this measure are summarized on page 6.

Aid to the Needy Disabled Program

The Aid to the Needy Disabled Program (AND) provides assistance to persons age 18 and over who have a disability which lasts six months or longer that precludes them from working. Currently, the AND State-Only cash grant standard is \$229 a month. The recipient must have resources below \$2,000, be a U.S. citizen or eligible alien, and be a resident of Colorado. Individuals must also participate in alcohol or controlled substance programs and remain substance-free if their primary diagnosis is drug or alcohol addiction. No medical coverage is provided. The committee decided to recommend increasing the cash grant standard for the AND program over a five-year period so that it matches the cash grant standard for the federal Supplemental Security Income Program. The increase would equalize cash benefits among OAP, AND, and AND State-Only recipients.

Since the AND Program does not provide health care benefits, the committee also proposes the creation of a state-funded health care program for AND recipients. These changes would be contingent upon the passage of the constitutional changes to the OAP Program. This would provide equal treatment in health benefits among OAP, AND, and AND State-Only recipients.

Testimony indicated that OAP clients should be encouraged or required to participate in federal assistance programs, such as Supplemental Security Income (this would lessen the need for OAP). To implement these changes, the committee recommends Bill C. This bill directs that the rules of the state Department of Human Services governing the AND program require recipients who may be eligible for federal or state benefits to apply for and pursue receipt of those benefits. The provisions of this measure are summarized on page 6.

Self-Sufficiency and Employment for Older and Disabled Workers

Currently, there is a work incentive program for OAP that allows pensioners to retain extra income without losing OAP or affecting their eligibility for Medicaid. However, the Aid to the Needy Disabled Program does not have a work incentive program, and neither the OAP nor the AND programs benefits requires a recipient to work.

Recommendations. The committee proposes the creation of a self-sufficiency and employment program for recipients of OAP and AND benefits who have the potential to work. Bill D features an assessment of each applicant's ability to work and the development of an employment plan for those assessed as potentially able to work. A pilot program would be conducted in four workforce development regions that have implemented the "one-stop career center" concept. This bill is summarized on page 7.

SUMMARY OF RECOMMENDATIONS

The Committee on the Study of the Old Age Pension Program recommends one concurrent resolution and four bills.

Concurrent Resolution A — Old Age Pension Modifications

Concurrent Resolution A requests voter approval to change the provisions governing the Old Age Pension Program (OAP). The measure provides for a phased-in increase in the minimum age of eligibility for the old age pension from age 60 to age 65 for persons who are not disabled. The minimum age will automatically be increased if Congress raises the retirement age for social security. The 60-year minimum age of eligibility for persons who are disabled is retained, but the General Assembly is required to establish criteria for the determination of disability. The resolution allows the state to be reimbursed for OAP payments made to a pensioner during the interim period while the pensioner is applying for benefits under the federal Supplemental Security Income Program, thus preventing the payment of dual benefits. The resolution also increases the cap on the Old Age Pension Health and Medical Care Fund from \$10 million to \$20 million. The constitutional changes apply to pension applicants on or after January 1, 1999, and there is no interruption or change in benefits to persons receiving the pension before that time.

The fiscal note indicates that for FY 1997-98, the Department of Human Services should receive an appropriation of \$26,496 from the Old Age Pension Fund, and the Department of Health Care Policy and Financing should receive an appropriation of \$434,478 from the Old Age Pension Health and Medical Care Fund. These appropriations are contingent upon the constitutional amendment being adopted by the voters at the 1998 General Election.

Bill A — Implement Constitutional Changes to Old Age Pension

The bill establishes the disability criteria for persons over age 60 based on the state's disability criteria for the Aid to the Needy Disabled Program. The bill also implements the constitutional changes to the OAP found in Concurrent Resolution A.

To implement Bill A, the Departments of Human Services and Health Care Policy and Financing would require the appropriations identified with Resolution A. These appropriations are contingent upon the constitutional amendment being adopted by the voters at the 1998 General Election.

Bill B — Residency Requirement for Old Age Pension

Bill B requires that an applicant for the OAP be a resident of the state of Colorado for at least five years immediately preceding the application for an old age pension. Currently, there is no residency requirement. The fiscal note indicates that the following appropriations are needed for FY 1998-99:

Department of Human Services:

General Fund	\$394,202
County Funds — Cash Funds Exempt	98,550
Old Age Pension Fund	(591,343)

Department of Health Care Policy and Financing:

General Fund	\$(5,025,742)
Federal Funds	(5,193,335)
OAP Health and Medical Care Fund	(110,074)

The fiscal impact to counties is \$98,550 in FY 1998-99 and \$326,180 in FY 1999-2000. These moneys represent their 20 percent share of the Aid to the Needy Disabled State-Only Program.

Bill C — Changes to the Aid to Needy Disabled Program

Bill C increases the cash grant for the AND program over a five-year period so that it matches the cash grant standard for the federal Supplemental Security Income Program. The bill also creates a state-funded health care program for the AND recipients (they currently have no health benefit) and is contingent upon the passage of the constitutional changes to the OAP program. The bill provides that the rules of the state Department of Human Services governing the AND Program shall require recipients who may be eligible for federal or state benefits to apply for and pursue receipt of those benefits.

The fiscal note indicates that for FY 1998-99, the Department of Human Services should receive an appropriation of \$1,364,192. Of this amount, \$1,091,354 is General Fund and \$272,838 is cash funds exempt — county funds. The Department of Health Care Policy and Financing should receive a General Fund appropriation of \$8,521,667 and 0.5 FTE.

The fiscal impact to counties is \$272,838 in FY 1998-99 and \$973,305 in FY 1999-2000. These moneys represent their 20 percent share of the Aid to the Needy Disabled State-Only Program.

Bill D — Self-Sufficiency and Employment Pilot

Bill D is designed to assess each applicant's ability to work and develop an employment plan for those assessed as potentially able to work. A pilot program would be conducted in four workforce development regions that have implemented the "one-stop career center" concept.

The bill does not require an appropriation for FY 1998-99, although both the Department of Human Services and the Department of Health Care Policy and Financing will require new moneys in FY 1999-2000 as indicated below:

<i>Department of Human Services — Total</i>	\$3,341,139
General Fund	1,633,801
Old Age Pension Fund	1,365,870
Cash Funds Exempt — County Funds	341,467
FTE	1.0
<i>Department of Health Care Policy and Financing — Total</i>	\$586,621
General Fund	614,520
Federal Funds	(27,899)

There is no fiscal impact to the counties in FY 1998-99. The cost in FY 1999-2000 is estimated at \$341,467, which reflects the counties' 20 percent share.

MATERIALS AVAILABLE

Committee Hearings

The 15-member Committee on the Study of the Old Age Pension Program held seven hearings during the 1997 interim: July 29, September 9, September 17, September 30, October 7, October 14, and October 28. Summaries were prepared for each of the meetings and are on file, along with other items discussed during the meetings, in the Legislative Council Office.

Additional Materials

Several items distributed to the members of the committee were discussed during committee hearings, or referred to in staff research. These additional materials are listed below and are on file in the joint legislative library.

Independent Study of the Old Age Pension Program, Graduate School of Public Affairs, University of Colorado at Denver:

- *Final Report on the Old Age Pension Program, and Policy Recommendations*, by Franklin James.
- *Implications of Future Demographic and Economic Trends for the Old Age Pension Program*, by Franklin James. This report brings together the most authoritative projections of Colorado's population, and projections of the future economic status of the elderly to project numbers of clients and program costs for the years 2010 and 2020. The report notes that the bulk of the postwar baby boom generation will have reached retirement age by 2020.
- *Old Age Pension Program: Evaluability Assessment*, by Franklin James and Laura Appelbaum. This report describes the program, its history and costs, and issues surrounding it.
- *Presentation for the Legislative Interim Committee on the Study of the Old Age Pension Program*, October 7, 1997, by Franklin James.
- *Survey of Old Age Pension Recipients*, by Laura Appelbaum. This report presents the results of a survey of 663 OAP clients. The survey aimed to determine clients' demography, reasons for needing OAP, health and disability status, employability, and living arrangements.

Legislative Council Staff memoranda:

- Old Age Pension Programs in Other States, August 27, 1997
- Revenue Sources of the Old Age Pension Fund and Spending Limit Provisions, September 8, 1997
- Table of Policy Considerations, October 14, 1997
- The Impact of Demographic Trends on the Old Age Pension Program, October 7, 1997
- Update on SB 97-171, Concerning Assistance Programs for Immigrants and an Appropriation of \$13,851,000 from OAP Fund, October 6, 1997

Joint Budget Committee Staff memoranda:

- Authorization and Funding for the OAP Burial Program, September 11, 1997
- Displaced Homemaker Fund, September 11, 1997
- Fiscal Impact of Dr. Franklin James' Policy Recommendations, July 22, 1997
- How the Old Age Pension Program is Funded, August 29, 1997
- OAP Categories and Health Care, October 7, 1997

Legislative Legal Services memoranda:

- Discrimination Based Upon Residency: Out-of-state Tuition for Higher Education, October 1, 1997
- Issues Involving Immigrants and the Old Age Pension Program, August 28, 1997

Documents Submitted by Executive Departments and Agencies:

- 1997 Eligibility Criteria — Financial and Medical Assistance Programs; AND and OAP Case Processing; and Fiscal Year 1996-97 Program Data, October 7, 1997
- Presentation to the Interim Committee on the Study of the Old Age Pension Program by the Colorado Department of Health Care Policy and Financing, October 7, 1997
- Response to Recommendations of the Old Age Pension Study by the Department of Human Services, July 29, 1997
- Responses by the Colorado Commission on Aging to the Old Age Pension Study Recommendations, October 7, 1997

RESOLUTION A

By Representative Pankey

HOUSE CONCURRENT RESOLUTION 98-

SUBMITTING TO THE REGISTERED ELECTORS OF THE STATE OF COLORADO AN AMENDMENT TO ARTICLE XXIV OF THE CONSTITUTION OF THE STATE OF COLORADO, CONCERNING MODIFICATIONS TO THE OLD AGE PENSION PROGRAM, AND, IN CONNECTION THEREWITH, PROVIDING FOR A PHASED-IN INCREASE IN THE MINIMUM AGE OF ELIGIBILITY FROM AGE SIXTY TO COINCIDE WITH THE RETIREMENT AGE FOR SOCIAL SECURITY, RETAINING THE MINIMUM AGE OF SIXTY FOR PERSONS WHO ARE DISABLED, AUTHORIZING THE RECOVERY OF INTERIM ASSISTANCE REIMBURSEMENT PAYMENTS, PROVIDING THAT THESE CONSTITUTIONAL CHANGES SHALL APPLY TO APPLICANTS ON OR AFTER JANUARY 1, 1999, AND THAT THERE SHALL BE NO INTERRUPTION OR CHANGE IN BENEFITS TO RECIPIENTS CURRENTLY RECEIVING THE OLD AGE PENSION, AND INCREASING THE CAP ON THE STATE-ONLY HEALTH AND MEDICAL CARE PROGRAM FOR OLD AGE PENSIONERS.

Resolution Summary

"Old Age Pension Modifications"

(Note: This summary applies to this resolution as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Refers to the voters a constitutional amendment that would change the provisions governing the old age pension program. Provides for a phased-in increase in the minimum age of eligibility for the old age pension from age 60 to

age 65 for persons who are not disabled. Directs that the minimum age be automatically increased if congress raises the retirement age for social security. Retains the 60-year minimum age of eligibility for persons who are disabled. Requires the general assembly to establish criteria for the determination of disability.

Allows the state to be reimbursed for old age pension payments made to a pensioner during the interim period while the pensioner is applying for benefits under the federal supplemental security income program (SSI), thus preventing the payment of dual benefits.

Provides that the constitutional changes apply to applicants for the old age pension on or after January 1, 1999, and that there shall be no interruption or change in benefits to persons receiving the pension before January 1, 1999.

Increases the cap on the state-only health and medical care program for old age pensioners who do not qualify for medicaid from \$10 million to \$20 million.

Be It Resolved by the House of Representatives of the Sixty-first General Assembly of the State of Colorado, the Senate concurring herein:

SECTION 1. At the next election at which such question may be submitted, there shall be submitted to the registered electors of the state of Colorado, for their approval or rejection, the following amendment to the constitution of the state of Colorado, to wit:

Section 3 of article XXIV of the constitution of the state of Colorado is amended to read:

Section 3. Persons entitled to receive pensions. From and after ~~January 1, 1957~~ JANUARY 1, 1999, every citizen of the United States who has been a resident of the state of Colorado for such period as the general assembly may determine, who has attained the age of ~~sixty years or more~~; ELIGIBILITY FOR AN OLD AGE PENSION AS DETERMINED BY THE GENERAL ASSEMBLY and who qualifies under the laws of Colorado to receive a pension shall be entitled to receive ~~the same, provided, a pension~~; however, ~~that~~ no person otherwise qualified shall be

denied a pension by reason of the fact that ~~he~~ SUCH PERSON is the owner of real estate occupied by ~~him~~ THE PERSON as a residence; nor for the reason that relatives may be financially able to contribute to his OR HER support and maintenance; nor shall any person be denied a pension for the reason that ~~he~~ SUCH PERSON owns personal property which by law is exempt from execution or attachment; nor shall any person be required, in order to receive a pension, to repay, or promise to repay, the state of Colorado any money paid to ~~him~~ SUCH PERSON as an old age pension; EXCEPT THAT THE STATE MAY RECOUP INTERIM ASSISTANCE PAYMENTS MADE TO A PERSON WHO QUALIFIES FOR SUPPLEMENTAL SECURITY INCOME. FOR INDIVIDUALS WHO ARE DISABLED, THE AGE OF ELIGIBILITY FOR THE PENSION SHALL BE AGE SIXTY. THE GENERAL ASSEMBLY SHALL ESTABLISH CRITERIA FOR THE DETERMINATION OF DISABILITY. THE GENERAL ASSEMBLY SHALL PROVIDE FOR A PHASED-IN INCREASE IN THE MINIMUM AGE OF ELIGIBILITY FOR THE PENSION FOR THOSE PERSONS WHO ARE NOT DISABLED AND SHALL INCREASE THE MINIMUM AGE FROM SIXTY YEARS BY SIX MONTHS ON JANUARY 1 OF EVERY YEAR COMMENCING ON JANUARY 1, 2000, UNTIL THE MINIMUM AGE FOR THE PENSION REACHES SIXTY-FIVE YEARS. IF THE UNITED STATES CONGRESS INCREASES THE FULL RETIREMENT AGE FOR SOCIAL SECURITY BENEFITS, THE MINIMUM AGE OF ELIGIBILITY FOR THE OLD AGE PENSION FOR PERSONS WHO ARE NOT DISABLED SHALL BE AUTOMATICALLY INCREASED BY SIX MONTHS EACH YEAR UNTIL IT IS EQUIVALENT TO THE FULL RETIREMENT AGE FOR SOCIAL SECURITY BENEFITS. THE CHANGES IN THIS SECTION SHALL APPLY TO PERSONS WHO APPLY FOR A PENSION ON OR AFTER JANUARY 1, 1999, AND THERE SHALL BE NO INTERRUPTION OR CHANGE IN BENEFITS TO RECIPIENTS WHO ARE RECEIVING THE PENSION BEFORE JANUARY 1, 1999.

Paragraph (c) of section 7 of article XXIV of the constitution of the state of Colorado is amended to read:

Section 7. Stabilization fund and health and medical care fund.

(c) Any moneys remaining in the old age pension fund, after full payment of basic minimum awards, and after establishment and maintenance of the stabilization fund in the amount of five million dollars, shall be transferred to a health and medical care fund. The state board of ~~public welfare~~ MEDICAL SERVICES, or such other agency as may be authorized by law to administer ~~old age pensions~~ THE HEALTH AND MEDICAL CARE FUND, shall establish and promulgate rules and regulations for administration of a program to provide health and medical care to persons who qualify to receive old age pensions and who are not patients in an institution for tuberculosis or mental disease; the costs of such program, not to exceed ~~ten~~ TWENTY million dollars in any fiscal year, shall be defrayed from such health and medical care fund; ~~provided, however,~~ EXCEPT THAT all moneys available, accrued or accruing, received or receivable, in said health and medical care fund, in excess of ~~ten~~ TWENTY million dollars in any fiscal year, shall be transferred to the general fund of the state to be used pursuant to law.

SECTION 2. Each elector voting at said election and desirous of voting for or against said amendment shall cast a vote as provided by law either "Yes" or "No" on the proposition: "AN AMENDMENT TO ARTICLE XXIV OF THE CONSTITUTION OF THE STATE OF COLORADO, CONCERNING MODIFICATIONS TO THE OLD AGE PENSION PROGRAM, AND, IN CONNECTION THEREWITH, PROVIDING FOR A PHASED-IN INCREASE IN THE MINIMUM AGE OF ELIGIBILITY FROM AGE SIXTY TO COINCIDE WITH THE RETIREMENT AGE FOR SOCIAL SECURITY, RETAINING THE MINIMUM AGE OF SIXTY FOR THOSE PERSONS WHO ARE DISABLED, AUTHORIZING

THE RECOVERY OF INTERIM ASSISTANCE REIMBURSEMENT PAYMENTS, PROVIDING THAT THESE CONSTITUTIONAL CHANGES SHALL APPLY TO APPLICANTS ON OR AFTER JANUARY 1, 1999, AND THAT THERE SHALL BE NO INTERRUPTION OR CHANGE IN BENEFITS TO RECIPIENTS CURRENTLY RECEIVING THE OLD AGE PENSION, AND INCREASING THE CAP ON THE STATE-ONLY HEALTH AND MEDICAL CARE PROGRAM FOR OLD AGE PENSIONERS."

SECTION 3. The votes cast for the adoption or rejection of said amendment shall be canvassed and the result determined in the manner provided by law for the canvassing of votes for representatives in Congress, and if a majority of the electors voting on the question shall have voted "Yes", the said amendment shall become a part of the state constitution.

Colorado Legislative Council Staff
STATE and LOCAL
CONDITIONAL FISCAL NOTE

State General Fund Revenue and Expenditure Impact
State Cash Funds and Cash Funds Exempt Expenditure Impact
Local Expenditure Impact

Drafting Number: LLS 98-080
Prime Sponsor(s): Rep. Pankey

Date: November 5, 1997
Bill Status: Interim Committee on Old
Age Pension Program
Fiscal Analyst: Janis Baron (866-3523)

TITLE: SUBMITTING TO THE REGISTERED ELECTORS OF THE STATE OF COLORADO AN AMENDMENT TO ARTICLE XXIV OF THE CONSTITUTION OF THE STATE OF COLORADO, CONCERNING MODIFICATIONS TO THE OLD AGE PENSION PROGRAM, AND, IN CONNECTION THEREWITH, PROVIDING FOR A PHASED-IN INCREASE IN THE MINIMUM AGE OF ELIGIBILITY FROM AGE SIXTY TO COINCIDE WITH THE RETIREMENT AGE FOR SOCIAL SECURITY, RETAINING THE MINIMUM AGE OF SIXTY FOR PERSONS WHO ARE DISABLED, AUTHORIZING THE RECOVERY OF INTERIM ASSISTANCE REIMBURSEMENT PAYMENTS, PROVIDING THAT THESE CONSTITUTIONAL CHANGES SHALL APPLY TO APPLICANTS ON OR AFTER JANUARY 1, 1999, AND THAT THERE SHALL BE NO INTERRUPTION OR CHANGE IN BENEFITS TO RECIPIENTS CURRENTLY RECEIVING THE OLD AGE PENSION, AND INCREASING THE CAP ON THE STATE-ONLY HEALTH AND MEDICAL CARE PROGRAM FOR OLD AGE PENSIONERS.

Summary of Legislation

STATE FISCAL IMPACT SUMMARY*	FY 1998/99	FY 1999-00	FY 2000-01
State Revenues			
General Fund Transfer from OAP Fund — Decrease	(\$10,000,000)	(\$10,000,000)	(\$10,000,000)
State Expenditures			
OAP Fund	\$ 26,496	(\$361,871)	(\$2,248,066)
OAP Health and Medical Care Fund**	434,478	58,180	(183,836)
General Fund	0	37,205	42,166
Cash Funds Exempt — County Funds	0	9,301	10,529
FTE Position Change	0.0	2.0	2.0
Local Government Impact — None in FY 1998-99; \$9,301 in FY 1999-00.			

* OAP Program changes will result in decreased expenditures. These reductions will result in reversions (transfers) to the state General Fund.

** Although the bill raises the cap on the OAP Health and Medical Care Fund from \$10 million to \$20 million, other provisions of the bill limit expenditures from the fund. Costs identified for FY 1998-99 through FY 2000-01

are for expenditures above the \$10 million cap. Beginning in FY 2000-01 expenditures from the OAP Health and Medical Care Fund begin to fall below \$10 million and will decrease annually to approximately \$4 million by FY 2008-09.

This House Concurrent Resolution refers a constitutional amendment to the voters for the 1998 General Election that would change provisions of the Old Age Pension (OAP) Program. The resolution includes the following constitutional changes which have fiscal implications for the state:

Article XXIV — Section 3. Persons entitled to receive pensions:

- phases in an increase in the minimum age for eligibility for OAP from 60 to 65 years over a 10-year period for persons who are not disabled (commencing on January 1, 2000);
- requires the minimum age of eligibility to be automatically increased if Congress raises the retirement age for Social Security;
- retains the 60-year minimum age of eligibility for persons who are disabled;
- requires the General Assembly to establish the criteria for disability determinations;
- allows the state to be reimbursed for OAP payments made during the interim period while the recipient is applying for benefits under the federal Supplemental Security Income Program (SSI); and
- provides that the constitutional changes shall apply to applicants on or after January 1, 1999, with no interruption in benefits to persons receiving OAP benefits before that time.

Article XXIV — Section 7. Stabilization fund and health and medical care fund:

- increases the amount of moneys in the fund from \$10 million to \$20 million.

If a majority of the electors voting on the question vote “Yes”, the amendment shall become a part of the state constitution.

Current Program

The OAP Program is authorized under Article XXIV of the Colorado Constitution to provide subsistence grants to low income persons 60 years of age or older. The current grant standard (maximum allowable) for OAP eligible recipients is \$526 per month. The Constitution also authorizes a \$5 million Stabilization Fund for OAP grant payments and a \$10 million Health and Medical Care Fund. FY 1997-98 funding for OAP Program categories is identified in Table 1.

Table 1: Funding for OAP Program Categories for FY 1997-98

Program Category	FY 1998-99 Appropriations	
<i>Grant Payments:</i> OAP-A — Individuals 65 and over	Average Monthly Caseload	18,523
	Average Monthly Payment	\$90.34
	Total (12 months)	\$ 20,079,600
<i>Grant Payments:</i> OAP-B — Individuals 60 to 64 years of age	Average Monthly Caseload	6,740
	Average Monthly Payment	\$233.09
	Total (12 months)	\$ 18,852,551
<i>Grant Payments:</i> OAP-C — Individuals 60 years of age and older who are institutionalized in state hospitals	Average Monthly Caseload	7
	Average Monthly Payment	\$400.00
	Total (12 months)	\$ 33,600
OAP Burials	Total Burials	577
	Maximum Benefit	\$1,500
	Total (12 months)	\$ 864,758
State Administration of the OAP Program	\$ 673,780	
County Administration of the OAP Program	\$ 2,827,006	
Health and Medical Care Fund	Total Clients Served	3,140
	Average Annual Cost/Client	\$3,081.79
	Total	\$ 9,676,826
TOTAL — OAP	\$ 53,008,121	

State Expenditures

NOTE: Because implementation of the resolution is contingent upon voter approval of a constitutional amendment to change the OAP Program at the 1998 General Election, costs identified in this fiscal note are noted as conditional.

Department of Human Services (DHS) — \$26,496 in FY 1998-99. The department will require \$26,496 total in FY 1998-99 for 368 hours of system changes to the Client Oriented Information Network (COIN) at a rate of \$65 per hour. The bill allows the state to be reimbursed for Old Age Pension payments made during the interim period while the client is applying for benefits under the federal Supplemental Security Income Program (SSI). Interim assistance reimbursement payments (IARs) are payments DHS will collect from the federal government for clients determined SSI eligible. Prior to setting up the IAR program for OAP recipients on July 1, 1999, the department must modify COIN to perform this function.

DHS — Savings and Expenditures in FY 1999-00. There will be a net reduction of (\$315,365) in FY 1999-00 due to the OAP-B Program changes identified below. A summary chart of costs is included at the end of this narrative on DHS.

- *Change in the Minimum Age — (\$371,339).* The bill increases the minimum age for eligibility from 60 to 65 years over a 10-year period for persons who are not disabled

starting January 1, 1999. Cost savings are estimated at \$371,339 in FY 1999-00 (6 months of the fiscal year) and \$1,854,295 in FY 2000-01. Savings are expected to increase to \$17.5 million by FY 2008-09 as illustrated in the table below.

Fiscal Year	Average Monthly Payment	Caseload Reduction Per Month	Annual Savings OAP Fund
1999-00	\$ 376.23	47	\$ 371,339
2000-01	382.25	49	1,854,295
2001-02	388.37	50	3,292,601
2002-03	394.58	52	4,843,864
2003-04	400.89	54	6,588,226
2004-05	407.30	56	8,475,098
2005-06	413.82	58	10,480,405
2006-07	420.44	60	12,668,698
2007-08	427.17	62	14,985,978
2008-09	434.00	64	17,498,880

- *COIN* — \$13,000 (200 hrs x \$65/hr). The system must be modified to ensure that persons without disabilities, who are too young to qualify for OAP, do not inadvertently get benefits approval. It is anticipated that the system will additionally provide automated notices to advise clients when they may re-apply, barring the contraction of a disability.
- *IARs* — (\$94,918). As noted above in DHS costs for FY 1998-99, IARs are payments DHS will collect from the federal government for OAP clients determined SSI eligible. Once an individual is determined SSI eligible, back payments of SSI benefits are made and cover the application period. The state keeps that portion of the SSI back payments equal to state payments made, thus offsetting program costs. It is estimated that the IAR collection rate will equal 15 percent in FY 1999-00 and 24.2 percent in FY 2000-01. It is estimated that IAR collections will increase to \$722,196 by FY 2008-09.
- *OAP Medical Exams/Reports* — \$13,230. It is estimated that 49 medical exams will be performed monthly on OAP-B clients to determine disability. The cost is identified at \$22.50 per exam.
- *Personal Services* — \$124,662. The department will require 2.0 FTE administrative officers state staff to perform calculation on payments, maintain accounting records, and identify and correct IAR-related problems with the Social Security Administration and the counties. An additional 1.0 FTE technician county staff will be needed to handle associated work at the county level. Beginning in FY 1997-98, several programs administered by counties were block granted to them with no FTE authorization. Thus, funds are noted for increased county staff but FTE authorization is not included in this fiscal note.

Summary of Costs/Savings in the Department of Human Services

Department of Human Services	FY 1998-99	FY 1999-00	FY 2000-01
Interim Assistance Reimbursement — OAP Fund	0	(94,919)	(480,935)
Increase in Minimum Age — OAP Fund	0	(371,339)	(1,854,295)
COIN Systems Changes — OAP Fund	26,496	13,000	0
OAP Medical Exams — Total	0	<u>13,230</u>	<u>19,980</u>
General Fund		10,584	15,984
County Funds		2,646	3,996
State Staff — OAP Fund	0	91,386	87,164
FTE		2.0	2.0
County Staff — Total	0	<u>33,276</u>	<u>32,665</u>
General Fund		26,621	26,132
County Funds		6,655	6,533
TOTAL	\$ 26,496	\$ (315,365)	\$ (2,195,421)
OAP Fund	26,496	(361,871)	(2,248,066)
General Fund	0	37,205	42,116
County Funds	0	9,301	10,529
FTE	0.0	2.0	2.0

Department of Health Care Policy and Financing (DHCPF) — \$434,478. The department will require \$434,478 (above the current \$10 million cap) in FY 1998-99 to accommodate a projected caseload of 2,960 recipients which receive medical benefits out of the OAP Health and Medical Care Fund. FY 1999-00 expenditures are anticipated to be \$58,180 above the \$10 million cap to accommodate 2,688 recipients. Although the bill increases the cap on moneys in the fund from \$10 million to \$20 million, the combined effect of increasing the minimum age and requiring a disability to receive medical benefits, will never result in expenditures reaching \$20 million. Rather, beginning in FY 2000-01 expenditures from the OAP Health and Medical Care Fund are estimated at \$9.8 million and will decrease annually to \$4 million by FY 2008-09 once the change in minimum age is fully implemented. By FY 2008-09 no nondisabled individuals will receive a medical benefits package, and 430 disabled individuals will qualify for medical benefits through the OAP Health and Medical Care Fund. (See assumptions used on page 7 of this fiscal note.)

Maintenance of Effort Considerations

OAP benefits paid to SSI recipients represent supplemental payments in compliance with a 1974 agreement between the federal government and Colorado. The SSI program is a program for low-income aged, blind, and disabled persons. When Congress passed legislation for the SSI and Medicaid programs, the federal government began paying the majority of the financial and

health care costs for the aged, blind, and disabled population. The agreement requires the state to pay the difference between the SSI payment amount and the amount it had been paying prior to passage of the SSI program. The state agreed to hold payments levels at their established level in March 1976 and pass on the annual federal COLA or to maintain the level of expenditures on a calendar year to calendar year basis. The state assesses its options and compliance on an annual basis. If the state should fail to comply with the provisions of the maintenance of effort agreement, the state is subject to losing all its federal Medicaid matching funds. Adoption of change in the OAP Program will need to include a fiscal assessment of the impact of the maintenance of effort agreement for future years.

Election Expenditure Impact (for informational purposes only)

The Legislative Department receives a General Fund appropriation annually in the Long Bill for ballot analysis and election activities; the appropriation for FY 1997-98 was \$693,957. The amount for FY 1998-99 is yet to be determined. Costs for the 1996 General Election were \$1,042,013 for 12 ballot issues (detail provided below). Fixed costs totaled \$177,836 and variable costs totaled \$864,177, or \$72,015 per ballot issue. Based on the costs incurred for the 1996 election, one ballot issue cost \$249,852 to print and mail to the public. The variable (or incremental) cost per ballot issue of \$72,015 would be added for each additional issue to the fixed costs of \$177,836.

Fixed Costs:	
Postage	\$ 174,036
Obtaining Mailing Addresses	<u>3,800</u>
Subtotal — Fixed Costs	\$ 177,836
Variable Costs:	
Spanish Language Translation	11,215
Newspaper Publication	644,828
Printing	206,806
Miscellaneous	<u>1,328</u>
Subtotal — Variable Costs	\$ 864,177
Total Costs — 1996 General Election	\$ 1,042,013

Local Government Impact

No costs will be incurred at the county level in FY 1998-99. However, county costs are identified at \$9,301 in FY 1999-00.

Spending Authority

The fiscal note indicates that for FY 1997-98 the Department of Human Services should receive an appropriation of \$26,496 from the Old Age Pension Fund; the Department of Health Care Policy and Financing should receive an appropriation of \$434,478 from the OAP Health and Medical Care Fund if the constitutional amendment is adopted by the voter at the 1998 General Election.

Departments Contacted

Human Services
Health Care Policy and Financing
Legislature

Assumptions — *Department of Health Care Policy and Financing*

1. Current rate of growth for the OAP-SO population is relatively flat.
2. 19 percent of the current OAP-SO population will remain eligible due to a disability.
3. The medical benefits package remains unchanged with no provision of nursing facility, Home and community based services, or inpatient psychiatric care.
4. The cost per client for OAP-SO recipients who are nondisabled is estimated at \$3,163.53 for FY 1998-99.
5. The cost per client for OAP-SO recipients who are disabled is \$6,302.62 and is based on the average cost for Aid to the Needy Disabled-SSI recipients.

Assumptions — *Department of Human Services*

1. IARs — requirement will apply to new applicants only; OAP collections will be comparable to the Aid to the Needy State-Only Program when first implemented; SSI applications for persons 65 and over take 2 months on average; SSI applications for persons 60-64 take 6 months on average; 60 percent of OAP-A caseload receives SSI; and 41 percent of OAP-B caseload receives SSI.

BILL A

By Representative Pankey

A BILL FOR AN ACT

CONCERNING IMPLEMENTATION OF CONSTITUTIONAL CHANGES TO THE OLD AGE

PENSION PROGRAM.

Bill Summary

"Implement Constitutional Changes To OAP"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Interim Committee on Old Age Pension Program. Conforms provisions of the law governing the old age pension program to the constitutional amendment to be submitted to the registered electors at the 1998 general election. Takes effect only upon the approval of such amendment by the electors.

Phases in an increase in the minimum age of eligibility (from 60 to 65 years) over a 10-year period for persons who are not disabled. Directs that the minimum age for the old age pension be automatically increased if congress raises the retirement age for social security. Retains the 60-year minimum age of eligibility for persons who are disabled, based on total disability as defined by Colorado law that lasts for 6 months or more (the same standard as for the aid to the needy disabled program).

Allows the state to be reimbursed for old age pension payments made to a pensioner during the interim period while the pensioner is applying for benefits under the federal supplemental security income program (SSI), thus preventing the payment of dual benefits.

Increases the cap on the state-only health and medical care program for old age pensioners who do not qualify for medicaid from \$10 million to \$20 million.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 26-2-111 (2), Colorado Revised Statutes, is amended to read:

26-2-111. Eligibility for public assistance. (2) Old age pension.

(a) Except as provided in paragraph (d) (e) of this subsection (2), public assistance in the form of the old age pension shall be granted to any person who meets the requirements of subsection (1) of this section and any one of the following requirements:

(I) The person has attained the age of sixty years or more and meets the resource eligibility requirements of the federal supplemental security income program AND HAS A TOTAL DISABILITY, AS DEFINED BY SECTION 26-2-103 (6) AND THE RULES OF THE STATE DEPARTMENT, THAT HAS LASTED OR CAN BE EXPECTED TO LAST FOR A PERIOD OF SIX MONTHS OR MORE; OR

(I.5) THE PERSON HAS ATTAINED THE AGE REQUIRED BY PARAGRAPH (I) OF THIS SUBSECTION (2) AND MEETS THE RESOURCE ELIGIBILITY REQUIREMENTS OF THE FEDERAL SUPPLEMENTAL SECURITY INCOME PROGRAM; OR

(II) Repealed.

(III) The person is an inmate of an institution, not penal in character, maintained by the state or by a municipality therein or county thereof, and the person has attained the age of sixty years or more. The period of confinement as a patient in such institution shall be considered as residence in the state of Colorado.

(b) No person otherwise qualified shall be denied the old age pension by reason of the fact that relatives may be financially able to contribute to his OR HER support and maintenance, but income and property of the spouse of an applicant or recipient of the old age pension shall be considered in determining

eligibility pursuant to rules and regulations of the state department, which rules and regulations shall be based upon and relate to the need of the applicant or recipient.

(c) No alien who has resided in the United States for less than three years shall be granted public assistance under the provisions of this subsection (2) unless it is shown that the person, other than a relative, who sponsored the alien's entry into the United States and who satisfied sponsorship financial requirements at the time of initial sponsorship now has insufficient income, property, or other resources to meet the needs of the alien as determined pursuant to rules and regulations of the state department.

(d) AN OLD AGE PENSION RECIPIENT WHO BECOMES ELIGIBLE FOR SUPPLEMENTAL SECURITY INCOME BENEFITS SHALL BE REQUIRED TO REPAY THE STATE OF COLORADO FOR INTERIM ASSISTANCE PAYMENTS MADE UNDER THE OLD AGE PENSION BASIC GRANT PROGRAM.

(~~+~~) (e) (I) No person who is a member of a household ~~which~~ THAT is receiving public assistance under the aid to families with dependent children program OR THE COLORADO WORKS PROGRAM AS set forth in PART 7 of this article shall be eligible to receive public assistance pursuant to this subsection (2). For the purposes of this paragraph (~~+~~) (e), "household" has the same meaning as "assistance unit" as used in 45 C.F.R., 205.40 (~~+~~)(~~+~~) (b) (1), as amended.

(II) (A) The provisions of subparagraph (I) of this paragraph (~~+~~) (e) notwithstanding, on and after January 1, 1992, a supplemental payment funded by state and county funds shall be paid to households ~~which~~ THAT have received public assistance payments for the month of December 1991, under both the aid to families with dependent children program set forth in this article and the old

age pension program set forth in this subsection (2). Such supplemental payment shall be in an amount as will maintain the household's total income at the same level as in December 1991.

(B) Such supplemental payment shall be paid only if the household remains continuously eligible to receive public assistance under both the aid to families with dependent children program set forth in this article and the old age pension program set forth in this subsection (2).

(f) ANY PERSON WHO MEETS THE REQUIREMENTS OF SUBSECTION (1) OF THIS SECTION AND MEETS THE RESOURCE ELIGIBILITY REQUIREMENTS OF THE FEDERAL SUPPLEMENTAL SECURITY INCOME PROGRAM SHALL BE ENTITLED TO RECEIVE BENEFITS UNDER THE OLD AGE PENSION PROGRAM IF SAID PERSON HAS ATTAINED THE AGE OF:

(I) SIXTY YEARS ON OR BEFORE JANUARY 1, 1999, OR ON OR BEFORE THE DATE OF THE GOVERNOR'S PROCLAMATION OF 1998 _____ CONCURRENT RESOLUTION NUMBER _____, WHICHEVER IS LATER;

(II) SIXTY YEARS AND SIX MONTHS ON OR BEFORE JANUARY 1, 2000;

(III) SIXTY-ONE YEARS ON OR BEFORE JANUARY 1, 2001;

(IV) SIXTY-ONE YEARS AND SIX MONTHS ON OR BEFORE JANUARY 1, 2002;

(V) SIXTY-TWO YEARS ON OR BEFORE JANUARY 1, 2003;

(VI) SIXTY-TWO YEARS AND SIX MONTHS ON OR BEFORE JANUARY 1, 2004;

(VII) SIXTY-THREE YEARS ON OR BEFORE JANUARY 1, 2005;

(VIII) SIXTY-THREE YEARS AND SIX MONTHS ON OR BEFORE JANUARY 1, 2006;

(IX) SIXTY-FOUR YEARS ON OR BEFORE JANUARY 1, 2007;

(X) SIXTY-FOUR YEARS AND SIX MONTHS ON OR BEFORE JANUARY 1, 2008;

OR

(XI) SIXTY-FIVE YEARS ON AND AFTER JANUARY 1, 2009; EXCEPT THAT, IF THE UNITED STATES CONGRESS INCREASES THE FULL RETIREMENT AGE FOR SOCIAL SECURITY BENEFITS, THE MINIMUM AGE OF ELIGIBILITY FOR THE OLD AGE PENSION SHALL BE AUTOMATICALLY INCREASED BY SIX MONTHS EACH YEAR UNTIL IT IS EQUIVALENT TO THE FULL RETIREMENT AGE FOR SOCIAL SECURITY BENEFITS.

SECTION 2. 26-2-110, Colorado Revised Statutes, is amended to read:

26-2-110. Repayment not required. No person shall be required, in order to receive public assistance, to repay or promise to repay the state of Colorado any money properly paid to him or her as public assistance pursuant to the provisions of this article and the rules of the state department, except that the state may recoup interim assistance authorized under section 26-2-206, concerning blind and disabled individuals AND CONCERNING RECIPIENTS OF THE OLD AGE PENSION.

SECTION 3. 26-2-117, Colorado Revised Statutes, is amended to read:

26-2-117. Old age pension health and medical care fund. Any moneys remaining in the state old age pension fund after full payment of basic minimum awards to qualified old age pension recipients and after establishment and maintenance of the old age pension stabilization fund in the amount of five million dollars shall be transferred to a fund to be known as the old age pension health and medical care fund, which is hereby created. The state department shall establish and promulgate rules and regulations for administration of a program to provide health and medical care to persons who qualify to receive old age pensions and who are not patients in an institution for tuberculosis or mental

diseases. The costs of such program not to exceed ~~ten~~ TWENTY million dollars in any fiscal year, shall be defrayed from such health and medical care fund, but all moneys available, accrued or accruing, received or receivable, in said health and medical care fund in excess of ~~ten~~ TWENTY million dollars in any fiscal year shall be transferred to the general fund of the state to be used pursuant to law. Moneys in the old age pension health and medical care fund shall be subject to annual appropriation by the general assembly.

SECTION 4. Effective date - applicability. (1) This act shall apply to applicants who apply for the old age pension on or after January 1, 1999.

(2) This act shall take effect upon proclamation by the governor of the vote of the registered electors at the 1998 general election approving 1998 _____ Concurrent Resolution Number _____. This act shall not take effect if the registered electors at the 1998 general election disapprove 1998 _____ Concurrent Resolution Number _____.

SECTION 5. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Colorado Legislative Council Staff
STATE and LOCAL
CONDITIONAL FISCAL NOTE

State General Fund Revenue Impact
State General Fund Expenditure Impact
Local Expenditure Impact

Drafting Number: LLS 98-081
Prime Sponsor(s): Rep. Pankey

Date: November 3, 1997
Bill Status: Interim Committee on Old Age Pension Program
Fiscal Analyst: Janis Baron (866-3523)

TITLE: CONCERNING IMPLEMENTATION OF CONSTITUTIONAL CHANGES TO THE OLD AGE PENSION PROGRAM.

Summary of Legislation

STATE FISCAL IMPACT SUMMARY*	FY 1998/99	FY 1999-00	FY 2000-01
State Revenues			
General Fund Transfer from OAP Fund — Decrease	(\$10,000,000)	(\$10,000,000)	(\$10,000,000)
State Expenditures			
OAP Fund	\$ 26,496	(\$361,871)	(\$2,248,066)
OAP Health and Medical Care Fund**	434,478	58,180	(183,836)
General Fund	0	37,205	42,166
Cash Funds Exempt — County Funds	0	9,301	10,529
FTE Position Change	0.0	2.0	2.0
Local Government Impact — None in FY 1998-99; \$9,301 in FY 1999-00.			

- * OAP Program changes will result in decreased expenditures. These reductions will result in reversions (transfers) to the state General Fund.
- ** Although the bill raises the cap on the OAP Health and Medical Care Fund from \$10 million to \$20 million, other provisions of the bill limit expenditures from the fund. Costs identified for FY 1998-99 through FY 2000-01 are for expenditures above the \$10 million cap. Beginning in FY 2000-01 expenditures from the OAP Health and Medical Care Fund begin to fall below \$10 million and will decrease annually to approximately \$4 million by FY 2008-09.

The bill conforms provisions of the law governing the Old Age Pension Program to the constitutional amendment to be submitted to the voters at the 1998 General Election, and takes effect only upon approval of the amendment by the voters. The bill includes the following provisions which have fiscal implications for the state:

Section 26-2-111. Eligibility for public assistance:

- phases in an increase in the minimum age for eligibility from 60 to 65 years over a 10-year period for persons who are not disabled;
- requires the minimum age of eligibility to be automatically increased if Congress raises the retirement age for Social Security;
- retains the 60-year minimum age of eligibility for persons who are disabled (based on the definition of "total disability" as defined in Section 26-2-103 (6)); and
- allows the state to be reimbursed for Old Age Pension payments made during the interim period while the client is applying for benefits under the federal Supplemental Security Income Program (SSI).

Section 26-2-117. Old age pension health and medical care fund:

- increases the amount of moneys in the fund from \$10 million to \$20 million.

The bill is effective upon proclamation by the Governor of the vote of the registered electorate at the 1998 General Election, and shall apply to applicants who apply for Old Age Pension benefits on or after January 1, 1999.

State Expenditures

NOTE: Because implementation of the bill's provisions is contingent upon voter approval of a constitutional amendment to change the OAP Program at the 1998 General Election, costs identified in this fiscal note are noted as conditional.

Department of Human Services (DHS) — \$26,496 in FY 1998-99. The department will require \$26,496 total in FY 1998-99 for 368 hours of system changes to the Client Oriented Information Network (COIN) at a rate of \$65 per hour. The bill allows the state to be reimbursed for Old Age Pension payments made during the interim period while the client is applying for benefits under the federal Supplemental Security Income Program (SSI). Interim assistance reimbursement payments (IARs) are payments DHS will collect from the federal government for clients determined SSI eligible. Prior to setting up the IAR program for OAP recipients on July 1, 1999, the department must modify COIN to perform this function.

DHS — Savings and Expenditures in FY 1999-00. There will be a net reduction of (\$315,365) in FY 1999-00 due to the OAP-B Program changes identified below. A summary chart of costs is included at the end of this narrative on DHS.

- *Change in the Minimum Age — (\$371,339).* The bill increases the minimum age for eligibility from 60 to 65 years over a 10-year period for persons who are not disabled starting January 1, 1999. Cost savings are estimated at \$371,339 in FY 1999-00 (6 months of the fiscal year) and \$1,854,295 in FY 2000-01. Savings are expected to increase to \$17.5 million by FY 2008-09 as illustrated in the table below.

Fiscal Year	Average Monthly Payment	Caseload Reduction Per Month	Annual Savings OAP Fund
1999-00	\$ 376.23	47	\$ 371,339
2000-01	382.25	49	1,854,295
2001-02	388.37	50	3,292,601
2002-03	394.58	52	4,843,864
2003-04	400.89	54	6,588,226
2004-05	407.30	56	8,475,098
2005-06	413.82	58	10,480,405
2006-07	420.44	60	12,668,698
2007-08	427.17	62	14,985,978
2008-09	434.00	64	17,498,880

- *COIN* — \$13,000 (200 hrs x \$65/hr). The system must be modified to ensure that persons without disabilities, who are too young to qualify for OAP, do not inadvertently get benefits approval. It is anticipated that the system will additionally provide automated notices to advise clients when they may re-apply, barring the contraction of a disability.
- *IARs* — (\$94,918). As noted above in DHS costs for FY 1998-99, IARs are payments DHS will collect from the federal government for OAP clients determined SSI eligible. Once an individual is determined SSI eligible, back payments of SSI benefits are made and cover the application period. The state keeps that portion of the SSI back payments equal to state payments made, thus offsetting program costs. It is estimated that the IAR collection rate will equal 15 percent in FY 1999-00 and 24.2 percent in FY 2000-01. It is estimated that IAR collections will increase to \$722,196 by FY 2008-09.
- *OAP Medical Exams/Reports* — \$13,230. It is estimated that 49 medical exams will be performed monthly on OAP-B clients to determine disability. The cost is identified at \$22.50 per exam.
- *Personal Services* — \$124,662. The department will require 2.0 FTE administrative officers state staff to perform calculation on payments, maintain accounting records, and identify and correct IAR-related problems with the Social Security Administration and the counties. An additional 1.0 FTE technician county staff will be needed to handle associated work at the county level. Beginning in FY 1997-98, several programs administered by counties were block granted to them with no FTE authorization. Thus, funds are noted for increased county staff but FTE authorization is not included in this fiscal note.

BILL A

Summary of Costs/Savings in the Department of Human Services

Department of Human Services	FY 1998-99	FY 1999-00	FY 2000-01
Interim Assistance Reimbursement — OAP Fund	0	(94,919)	(480,935)
Increase in Minimum Age — OAP Fund	0	(371,339)	(1,854,295)
COIN Systems Changes — OAP Fund	26,496	13,000	0
OAP Medical Exams — Total	0	<u>13,230</u>	<u>19,980</u>
General Fund		10,584	15,984
County Funds		2,646	3,996
State Staff — OAP Fund	0	91,386	87,164
FTE		2.0	2.0
County Staff — Total	0	<u>33,276</u>	<u>32,665</u>
General Fund		26,621	26,132
County Funds		6,655	6,533
TOTAL	\$ 26,496	\$ (315,365)	\$ (2,195,421)
OAP Fund	26,496	(361,871)	(2,248,066)
General Fund	0	37,205	42,116
County Funds	0	9,301	10,529
FTE	0.0	2.0	2.0

Department of Health Care Policy and Financing (DHCPF) — \$434,478. The department will require \$434,478 (above the current \$10 million cap) in FY 1998-99 to accommodate a projected caseload of 2,960 recipients which receive medical benefits out of the OAP Health and Medical Care Fund. FY 1999-00 expenditures are anticipated to be \$58,180 above the \$10 million cap to accommodate 2,688 recipients. Although the bill increases the cap on moneys in the fund from \$10 million to \$20 million, the combined effect of increasing the minimum age and requiring a disability to receive medical benefits, will never result in expenditures reaching \$20 million. Rather, beginning in FY 2000-01 expenditures from the OAP Health and Medical Care Fund are estimated at \$9.8 million and will decrease annually to \$4 million by FY 2008-09 once the change in minimum age is fully implemented. By FY 2008-09 no nondisabled individuals will receive a medical benefits package, and 430 disabled individuals will qualify for medical benefits through the OAP Health and Medical Care Fund. (See the facts and assumptions section of this fiscal note for greater detail.)

Maintenance of Effort Considerations

OAP benefits paid to SSI recipients represent supplemental payments in compliance with a 1974 agreement between the federal government and Colorado. The SSI program is a program for low-income aged, blind, and disabled persons. When Congress passed legislation for the SSI and Medicaid programs, the federal government began paying the majority of the financial and health care costs for the aged, blind, and disabled population. The agreement requires the state to pay the difference between the SSI payment amount and the amount it had been paying prior to

BILL A

passage of the SSI program. The state agreed to hold payments levels at their established level in March 1976 and pass on the annual federal COLA or to maintain the level of expenditures on a calendar year to calendar year basis. The state assesses its options and compliance on an annual basis. If the state should fail to comply with the provisions of the maintenance of effort agreement, the state is subject to losing all its federal Medicaid matching funds. Adoption of change in the OAP Program will need to include a fiscal assessment of the impact of the maintenance of effort agreement for future years.

Local Government Impact

No costs will be incurred at the county level in FY 1998-99. However, county costs are identified at \$9,301 in FY 1999-00.

Spending Authority

The fiscal note indicates that for FY 1997-98 the Department of Human Services should receive an appropriation of \$26,496 from the Old Age Pension Fund; the Department of Health Care Policy and Financing should receive an appropriation of \$434,478 from the OAP Health and Medical Care Fund.

Departments Contacted

Department of Human Services
Department of Health Care Policy and Financing

FACTS AND ASSUMPTIONS

Assumptions — *Department of Health Care Policy and Financing*

1. Current rate of growth for the OAP-SO population is relatively flat.
2. 19 percent of the current OAP-SO population will remain eligible due to a disability.
3. The medical benefits package remains unchanged with no provision of nursing facility, Home and community based services, or inpatient psychiatric care.
4. The cost per client for OAP-SO recipients who are nondisabled is estimated at \$3,163.53 for FY 1998-99.
5. The cost per client for OAP-SO recipients who are disabled is \$6,302.62 and is based on the average cost for Aid to the Needy Disabled-SSI recipients.

Assumptions — *Department of Human Services*

1. IARs — requirement will apply to new applicants only; OAP collections will be comparable to the Aid to the Needy State-Only Program when first implemented; SSI applications for persons 65 and over take 2 months on average; SSI applications for persons 60-64 take 6 months on average; 60 percent of OAP-A caseload receives SSI; and 41 percent of OAP-B caseload receives SSI.

BILL B

By Representative Kreuz

A BILL FOR AN ACT

CONCERNING THE IMPOSITION OF A RESIDENCY REQUIREMENT FOR ELIGIBILITY FOR

THE OLD AGE PENSION.

Bill Summary

"Residency Reqmt For Old Age Pension"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Interim Committee on Old Age Pension Program. Adds the requirement that an applicant for the old age pension must be a resident of the state of Colorado for at least 5 years immediately preceding the application for an old age pension. Applies such residency requirement to persons applying for the old age pension on or after the effective date of the act.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. The introductory portion to 26-2-111 (2) (a), Colorado Revised Statutes, is amended to read:

26-2-111. Eligibility for public assistance. (2) Old age pension.
(a) Except as provided in paragraph (d) of this subsection (2), public assistance in the form of the old age pension shall be granted to any person who meets the requirements of subsection (1) of this section, WHO HAS BEEN A RESIDENT OF THE STATE OF COLORADO FOR AT LEAST FIVE YEARS IMMEDIATELY PRECEDING THE

APPLICATION FOR AN OLD AGE PENSION, and WHO MEETS any one of the following requirements:

SECTION 2. Effective date - applicability. (1) This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution; except that, if a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

(2) The provisions of this act shall apply to persons applying for the old age pension on or after the applicable effective date of this act.

Colorado Legislative Council Staff
STATE and LOCAL
FISCAL NOTE
State General Fund Revenue Impact
State General Fund Expenditure Impact
Local Expenditure Impact

Drafting	LLS 98-205	Date: November 3, 1997
Number:	Representative Kreutz	Bill Status: Interim Committee on Old Age Pension Program
Prime Sponsor(s):		Fiscal Analyst: Janis Baron (866-3523)

TITLE: CONCERNING THE IMPOSITION OF A RESIDENCY REQUIREMENT FOR ELIGIBILITY FOR THE OLD AGE PENSION.

Summary of Legislation

STATE FISCAL IMPACT SUMMARY*	FY 1998/99	FY 1999/00
State Revenues		
General Fund — Transfer from Old Age Pension Funds	\$ 701,417	\$ 2,310,417
State Expenditures		
General Fund	(\$ 4,626,127)	(\$ 5,154,318)
Old Age Pension Cash Fund	(591,343)	(2,168,948)
Old Age Pension Health & Medical Care Fund	(121,081)	(141,469)
County Funds — Cash Funds Exempt	98,550	326,180
Federal Funds	(5,187,741)	(6,674,428)
FTE Position Change	None	None
<p>Local Government Impact —The fiscal impact to counties is \$98,550 in FY 1998-99 and \$326,180 in FY 1999-00. These moneys represent their 20 percent share of the Aid to the Needy Disabled State-Only (AND-SO) Program.</p>		

* Expenditure reductions in the Old Age Pension Program result in a \$701,417 reversion (transfer) to the state General Fund in FY 1998-99 and a \$2,310,417 reversion in FY 1999-00.

The bill adds a requirement that an applicant for Old Age Pension (OAP) benefits must be a resident of the state of Colorado for at least five years immediately preceding application for OAP.

The bill becomes effective at 12:01 a.m. on the day following the ninety-day period after adjournment sine die of the General Assembly, or on the date of the official declaration of the vote of the people as proclaimed by the Governor, if a referendum petition is filed pursuant to

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Article V, Section 1 (3) of the State Constitution. Residency requirements apply to persons applying for OAP on or after the effective date.

State Expenditures

For the purposes of calculating expenditures for this fiscal note, an effective date of September 1, 1998 was used.

Department of Human Services. The establishment of a 5-year residency requirement will reduce expenditures in the OAP Program and increase expenditures in the AND-SO Program, resulting in a net savings of (\$98,591) for FY 1998-99.

OAP and AND-SO Program — (\$169,622). Caseloads, cost savings, and increased expenditures for FY 1998-99 and FY 1999-00 are identified in the table below for the OAP and AND-SO client categories served by the department. Assumptions used to arrive at these savings and expenditures are identified in the "Facts and Assumptions" section of this fiscal note.

OAP ELIGIBLES	FY 1998-99	FY 1999-00
OAP-A Total Caseload	18,523	18,523
New Cases Monthly	573	573
# of Ineligible Cases	70	70
Average Grant Payment	\$104.79	\$106.37
Savings	(402,900)	(1,472,308)
OAP-B Total Caseload	7,018	7,018
New Cases Monthly	107	107
# of Ineligible Cases	15	15
Average Grant Payment	\$238.21	\$241.78
Savings	(190,654)	(2,168,948)
AND ELIGIBLES		
AND-SSI-CS		
New Cases Monthly	48	48
Average Grant Payment	\$72.83	\$75.08
Expenditures	192,271	713,560
AND-SO		
New Cases Monthly	18	18
Average Grant Payment	\$234.00	\$239.00
Expenditures	231,660	851,796
Total	(\$ 169,622)	(\$ 603,592)
General Fund	339,145	1,252,285
County Funds — Cash Funds	84,786	313,071
Exempt	(593,553)	(2,168,948)
OAP Fund		

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Systems Changes and County Staff — \$71,031. The department will require \$2,210 for 34 hours (\$65/hour) of systems changes to its Client-Oriented Information Network in FY 1998-99. County staff will be required to input, track and edit residency data, and perform approvals or denials based upon the new residency requirements. Additionally, the equivalent of 2.0 FTE county staff (technicians) will be needed to verify residency for each new applicant. It is estimated that this will add 30 minutes per client to the application process. Total personal services costs for FY 1998-99 are identified at \$68,821 and \$65,545 for FY 1999-00. Beginning in FY 1997-98, several programs administered by counties were block granted to them with no FTE authorization. Thus, funds are noted but FTE authorization is not included in this fiscal note.

Department of Health Care Policy and Financing. The establishment of a 5-year residency requirement will reduce expenditures in the department, resulting in (\$10,329,151) in savings for FY 1998-99. OAP recipients who fail to meet the residency requirement will be deemed ineligible and thus denied Medicaid benefits or medical services provided through the state only Health and Medical Care Fund. Caseload reductions and cost savings are identified in the table below for each OAP client category. Assumptions used to arrive at these savings are identified in the "Facts and Assumptions" section of this fiscal note.

OAP ELIGIBLES	FY 1998-99	FY 1999-00
OAP-A Total Caseload	34,107	34,789
New Cases Annually	6,859	6,996
# of Ineligible Cases Annually	837	854
Average Medical Benefit Cost	\$13,952.88	\$14,650.52
Savings	(9,729,668)	(12,504,516)
OAP-B Total Caseload	4,864	4,961
New Cases Annually	482	492
# of Ineligible Cases Annually	66	67
Average Medical Benefit Cost	\$8,958.73	\$9,406.67
Savings	(489,408)	(628,962)
OAP-State Only Total Caseload	3,098	3,160
New Cases Annually	307	313
# of Ineligible Cases Annually	42	43
Average Medical Benefit Cost	\$3,163.53	\$3,321.71
Savings	(110,074)	(141,469)
Total Savings	(\$10,329,151)	(\$13,274,937)
General Fund	(5,025,742)	(6,459,040)
Federal Funds	(5,193,335)	(6,674,428)
OAP Health & Medical Care	(110,074)	(141,469)
Fund		

Maintenance of Effort Considerations

The savings in this bill may result in the state's inability to meet its MOE agreement with the Social Security Administration. This agreement stipulates that the state will expend the same

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amount of money or more, on a calendar year basis, for specified Supplemental Security Income (SSI) recipients. Failure to comply with this agreement or failure to change the agreement with the federal government may jeopardize federal funding for the state's Medicaid program.

Local Government Impact

The fiscal impact to counties is \$98,550 in FY 1998-99 and \$326,180 in FY 1999-00. These moneys represent their 20 percent share of the Aid to the Needy Disabled State-Only Program.

Spending Authority

The fiscal note indicates the following appropriations for FY 1998-99:

Department of Human Services:

General Fund	\$ 394,202
County Funds — Cash Funds Exempt	98,550
OAP Fund	(591,343)

Department of Health Care Policy and Financing:

General Fund	\$ (5,025,742)
Federal Funds	(5,193,335)
OAP Health and Medical Care Fund	(110,074)

Departments Contacted

Department of Human Services
Department of Health Care Policy and Financing

Omissions and Technical or Mechanical Defects

1. Residency Requirement — The US and Colorado State Supreme Court have ruled on the illegality of residency requirements relative to welfare programs.
2. MOE — Under the bill, persons eligible for the Colorado Supplement Program would be excluded from that supplement for the first five years, thus raising the issue of "equitable treatment".

FACTS AND ASSUMPTIONS***Assumptions — Department of Human Services***

1. FY 1998-99 OAP-A caseload will equal 18,523.
2. FY 1998-99 OAP-B caseload will equal 7,018.
3. Assumes 573 new OAP-A applicants monthly and 107 OAP-B applicants monthly.
4. OAP-A — assumes 12.2% of new clients will not meet the residency requirement (70 clients).
5. OAP-B — assumes 13.6% of new clients will not meet the residency requirement (15).
6. Applicants deemed ineligible for OAP benefits will apply and receive benefits through the AND program.
7. Increases in the AND-SSI-CS caseload are estimated at 48 per month, increases in the AND-SO caseload are estimated at 18 per month.
8. Verifying residency requirements will add 30 minutes to the application process.
9. Average payments for FY 1998-99: OAP-A = \$104.79; OAP-B = \$238.21; AND-SSI-CS = \$72.83; and AND-SO = \$234.00.
10. Assumes a 1.5% increase in average payment for OAP in FY 1999-00.
11. Assumes a 3.1% increase in the AND-SSI-CS payment for FY 1999-00.
12. Assumes a 2.1% increase in the AND-SO payment for FY 1999-00.

Assumptions — Department of Health Care Policy and Financing

1. FY 1998-99 OAP-A caseload will equal 34,107.
2. FY 1998-99 OAP-B caseload will equal 4,864.
3. FY 1998-99 OAP-SO caseload will equal 3,098.
4. Assumes 2 % caseload growth annually for OAP-A, OAP-B, and OAP-SO.
5. OAP-A — assumes 20.11% of total caseload is comprised of new applicants annually.
6. OAP-B and OAP- SO — assumes 9.91% of total caseload is comprised of new applicants annually.
7. OAP-A — assumes 12.2% of new clients will not meet the residency requirement.
8. OAP-B and OAP-SO — assumes 13.6% of new clients will not meet the residency requirement.
9. Assumes \$13,952.88 is the average Medicaid cost per client for OAP-A recipients in FY 1998-99.
10. Assumes \$8,958.73 is the average Medicaid cost per client for OAP-B recipients in FY 1998-99.
11. Assumes \$3,163.53 is the average medical benefit package for OAP-SO recipients receiving services through the Health and Medical Care Fund.
12. Assumes a 5% annual increase in the average medical cost per client.

BILL C

By Senator Weddig

A BILL FOR AN ACT

CONCERNING THE PROGRAM FOR AID TO THE NEEDY DISABLED.

Bill Summary

"Changes To Aid To Needy Disabled Program"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Interim Committee on Old Age Pension Program. Increases the amount of the cash grant to recipients of aid to the needy disabled (AND) over a 5-year period. Provides that at the end of the 5-year period, the amount of the AND grant will be equivalent to the supplemental security income (SSI) grant standard.

Directs that the rules of the state department of human services governing the AND program shall require recipients who may be eligible for federal or state benefits to apply for and pursue receipt of those benefits.

Creates a state-funded health and medical care program to provide health care benefits for AND recipients. Authorizes the department of health care policy and financing to administer the program. Directs the state board of medical services to promulgate rules for administering the program, including but not limited to defining the services provided and establishing measures to contain costs and utilization of medical services, such as the use of copayments, managed care requirements, and limitations on provider rates. Makes conforming amendments.

Makes this act effective only if the constitutional amendment making changes to the old age pension program is approved by the voters at the 1998 general election.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 26-2-119, Colorado Revised Statutes, is amended to read:

26-2-119. Amount of assistance payments - aid to the needy disabled.

(1) The amount of assistance payments which shall be granted to a recipient under the program for aid to the needy disabled shall be on the basis of budgetary need, as determined by the county department with due regard to any income, property, or other resources available to the recipient, within available appropriations, and in accordance with rules and regulations of the state department, which may include the use of statistics, averages, tables, standards, and other criteria with respect to such determination of budgetary need. COMMENCING WITH THE EFFECTIVE DATE OF THIS SUBSECTION (1) AND CONTINUING THROUGH FISCAL YEAR 2002-03, THE AMOUNT OF THE MONTHLY CASH GRANT SHALL BE INCREASED TO RESULT IN AN AMOUNT IN FISCAL YEAR 2002-03 THAT IS EQUIVALENT TO THE AMOUNT OF THE MONTHLY GRANT STANDARD IN FISCAL YEAR 2002-03 ESTABLISHED FOR SUPPLEMENTAL SECURITY INCOME UNDER TITLE XVI OF THE SOCIAL SECURITY ACT. THEREAFTER, THE AMOUNT OF THE MONTHLY CASH GRANT SHALL BE IN AN AMOUNT THAT IS EQUIVALENT TO THE AMOUNT OF THE MONTHLY GRANT STANDARD ESTABLISHED FOR SUPPLEMENTAL SECURITY INCOME UNDER TITLE XVI OF THE SOCIAL SECURITY ACT. The rules ~~and regulations~~ of the state department ~~may~~ SHALL require an applicant or recipient who may be eligible for benefits under another federal or state program or who may have a right to receive or recover other income or resources to take reasonable steps to apply for, otherwise pursue, and accept such benefits, income, or resources.

(1.5) (a) In addition to the amount of assistance available pursuant to subsection (1) of this section, the medical services board in the department of

health care policy and financing, with the consent of the general assembly and subject to available funds, may provide adult foster care for persons eligible to receive aid to the needy disabled. For the purposes of this paragraph (a), "adult foster care" means the care and services defined in section 26-2-122.3.

(b) In addition to the amount of assistance available pursuant to subsection (1) of this section, the medical services board in the department of health care policy and financing, with the consent of the general assembly and subject to available funds, may provide a home care allowance for persons eligible to receive aid to the needy disabled. For the purposes of this paragraph (b), "home care allowance" means care and services defined in section 26-2-122.3.

(2) In computing budgetary need pursuant to subsection (1) of this section, due consideration shall, subject to available appropriations, be given to the special needs of the needy disabled recipient. Medical care payments in behalf of recipients may be provided under rules ~~and regulations~~ of the state department to nursing homes, intermediate care, and residential care facilities not covered by Title XIX of the social security act or the "Colorado Medical Assistance Act".

(3) and (4) Repealed.

(5) Any special payment by the federal government in the form of a one-time-only credit against or refund of federal income taxes shall not be considered as income for purposes of this title unless required by federal law.

SECTION 2. Part 1 of article 2 of title 26, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

26-2-119.5. Health and medical care program - aid to the needy disabled. (1) SUBJECT TO AVAILABLE APPROPRIATIONS, THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING SHALL ESTABLISH AND ADMINISTER A

PROGRAM TO PROVIDE HEALTH AND MEDICAL CARE TO PERSONS WHO QUALIFY TO RECEIVE AID TO THE NEEDY DISABLED. THE COSTS OF SUCH PROGRAM SHALL BE FUNDED FROM APPROPRIATIONS MADE BY THE GENERAL ASSEMBLY EACH FISCAL YEAR.

(2) THE STATE BOARD OF MEDICAL SERVICES IS AUTHORIZED TO PROMULGATE RULES FOR THE ESTABLISHMENT AND ADMINISTRATION OF THE HEALTH AND MEDICAL CARE PROGRAM, INCLUDING BUT NOT LIMITED TO THE FOLLOWING:

(a) DEFINING THE TYPES OF SERVICES AND MEDICAL TREATMENTS OR CARE PROVIDED UNDER THE HEALTH AND MEDICAL CARE PROGRAM;

(b) ESTABLISHING MEASURES TO CONTROL COSTS AND UTILIZATION OF MEDICAL SERVICES, INCLUDING SUCH MEASURES AS:

(I) COPAYMENTS;

(II) MANAGED CARE REQUIREMENTS,

(III) LIMITATIONS ON PROVIDER RATES.

SECTION 3. 25.5-1-201 (1), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

25.5-1-201. Programs to be administered by the department of health care policy and financing. (1) Programs to be administered and functions to be performed by the department of health care policy and financing shall be as follows:

(I) THE HEALTH AND MEDICAL CARE PROGRAM FOR THE RECIPIENTS OF AID TO THE NEEDY DISABLED, AS SPECIFIED IN SECTION 26-2-119.5, C.R.S.

SECTION 4. 25.5-1-303 (1) (c), Colorado Revised Statutes, is amended, and the said 25.5-1-303 (1) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

25.5-1-303. Powers and duties of the board - scope of authority - rules.

(1) The board shall have the authority set forth in subsection (3) of this section over the following programs administered by the department:

- (c) Adult foster care, as specified in section 26-2-122.3, C.R.S.; and
- (e) THE HEALTH AND MEDICAL CARE PROGRAM FOR THE RECIPIENTS OF AID TO THE NEEDY DISABLED, AS SPECIFIED IN SECTION 26-2-119.5, C.R.S.

SECTION 5. Effective date. This act shall take effect upon proclamation by the governor of the vote of the registered electors at the 1998 general election approving 1998 Concurrent Resolution Number _____. This act shall not take effect if the registered electors at the 1998 general election disapprove 1998 Concurrent Resolution Number _____.

SECTION 6. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Colorado Legislative Council Staff
STATE and LOCAL
CONDITIONAL FISCAL NOTE

State General Fund Expenditure Impact
Local Expenditure Impact
Federal Funds Expenditure Impact

Drafting	LLS 98-204	Date: November 3, 1997
Number:	Senator Weddig	Bill Status: Interim Committee on Old Age Pension Program
Prime Sponsor(s):		Fiscal Analyst: Janis Baron (866-3523)

TITLE: CONCERNING THE PROGRAM FOR AID TO THE NEEDY DISABLED.

Summary of Legislation

STATE FISCAL IMPACT SUMMARY	FY 1998/99	FY 1999/00
State Revenues		
General Fund		
Other Fund		
State Expenditures		
General Fund	\$ 9,613,021	\$ 22,221,799
Cash Funds Exempt — County Funds	272,838	973,305
FTE Position Change	1.0	1.0
<p>Local Government Impact — The fiscal impact to counties is \$272,838 in FY 1998-99 and \$973,305 in FY 1999-00. These moneys represent their 20 percent share of the Aid to the Needy Disabled State-Only Program.</p>		

The bill includes the following provisions which have a fiscal impact for the state and counties:

- **Section 26-2-119. Amount of assistance payments — aid to the needy disabled:** phases in an increase in the Aid to the Needy Disabled (AND) grant standard over a five-year period, and provides that at the end of the five-year period the AND grant standard will equal the Supplemental Security Income (SSI) grant standard;
- **Section 26-2-119.5. Health and medical care program — aid to the needy disabled:** creates a Health and Medical Care Program for AND recipients in the Department of Health Care Policy and Financing and requires the State Board of Medical Services to promulgate rules for administering the program.

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The bill is effective **only** if the constitutional amendment making changes to the Old Age Pension Program is approved by the voters at the 1998 General Election.

State Expenditures

NOTE: Because implementation of the bill's provisions is contingent upon voter approval of a constitutional amendment to change the OAP Program at the 1998 General Election, costs identified in this fiscal note are identified as conditional.

Department of Human Services (DHS) — \$1,364,192. The department will require \$1,364,192 in FY 1998-99 and \$4,866,523 in FY 1999-00 for the five-year phase-in of increased grant payments to AND State-Only recipients. The fiscal note assumes that, if the constitutional amendment is adopted by the voters, the plan to increase grant payments would become effective January 1, 1999. Thus, costs for FY 1998-99 represent only six months of expenditures.

Grant Standard and Caseload. The current grant standard for the AND State-Only Program is \$229 per month; the SSI grant standard is \$484 per month. Current practice provides a cost of living adjustment (COLA) for the SSI grant standard January 1 of each year which averages 3.2 percent. In accounting for the annual COLA provided with the SSI grant payment, it is estimated that the AND State-Only grant standard must be increased \$66 annually over a five-year period to achieve parity with the SSI grant standard. In year five of the implementation, it is assumed that the incremental amount may be greater or lower than \$66 depending on the exact level of COLA increases adopted during the five-year period. It is estimated that the AND caseload will equal 4,253 in FY 1998-99 and 4,389 in FY 1999-00.

Interim Assistance Reimbursement Payments (IAR). IARs are payments DHS collects from the federal government for clients determined SSI eligible. At the time of AND application, clients meeting the state disability requirements receive benefits immediately (within 40 to 60 days). During the application process clients must simultaneously apply for SSI benefits (a process which may take anywhere from 6 to 12 months to qualify). Once an individual is determined SSI eligible, back payments of SSI benefits are made and cover the application period. The state keeps that portion of the SSI back payments equal to state payments made, thus offsetting program costs. It is estimated that the IAR collection rate will equal 19 percent in FY 1998-99 and 30% in FY 1999-00.

Department of Health Care Policy and Financing (DHCPF) — \$8,521,667. The department will require \$8,521,667 in FY 1998-99 and \$18,328,580 to establish a Health and Medical Care Program to cover persons qualifying for AND State-Only.

Health and Medical Care Program. Persons eligible for this new program currently do not receive health and medical services. The fiscal note assumes that, if the constitutional amendment is adopted by the voters, the plan to implement the medical program would become effective January 1, 1999. Thus, costs for FY 1998-99 represent only six months of expenditures. Costs are based on an FY 1998-99 caseload of 4,253 at an average cost per client of \$3,962.52, and an FY 1999-00 caseload of 4,389 at an average cost per client of \$4,162.55. The cost per client for this new group of persons is based on the average between the cost per

BILL C

client for Old Age Pension - State Only and AND/SSI clients. FY 1998-99 medical benefits costs are identified at \$8,426,299 and \$18,269,395 for FY 1999-00.

Systems Costs and New FTE. DHCPF will require moneys for systems changes to the Medicaid Management Information Systems (MMIS) and the Client-Oriented Information Network (COIN). MMIS costs are based on historical hours needed to add new programs/benefits and per hour costs dictated by the contract fiscal agent. COIN hours are based on historical hours needed and per hour costs DHS will charge DHCPF. MMIS will require \$54,500 in FY 1998-99 (500 hours at \$109/hour) and \$5,700 in FY 1999-00 (50 hours at \$114/hour). COIN will require \$16,250 in FY 1998-99 (250 hours at \$65/hour) and \$3,250 in FY 1999-00 (50 hours at \$65/hour). Additionally, the department will require \$24,618 and 0.5 FTE administrative program specialist in FY 1998-99 to design and implement a new medical program. Responsibilities will include: research on population served, development of benefits package, preparation of rules, data analysis, and program management. In FY 1999-00 the personal services costs are annualized to \$50,236 and 1.0 FTE.

Local Government Impact

The fiscal impact to counties is \$272,838 in FY 1998-99 and \$973,305 in FY 1999-00. These moneys represent their 20 percent share of the Aid to the Needy Disabled State-Only Program.

Spending Authority

The fiscal note indicates that for FY 1998-99 the Department of Human Services should receive an appropriation of \$1,364,192. Of this amount, \$1,091,354 is General Fund and \$272,838 is cash funds exempt — county funds. The Department of Health Care Policy and Financing should receive a General Fund appropriation of \$8,521,667 and 0.5 FTE.

Departments Contacted

Human Services
Health Care Policy and Financing

FACTS AND ASSUMPTIONS

Facts

1. Current AND State-Only grant standard is \$229 per month.
2. Current SSI grant standard is \$484 per month.
3. COLA increases are provided annually on the SSI grant standard.
4. Program implementation is contingent upon passage of a constitutional amendment at the 1998 General Election.

Assumptions

1. Caseload is estimated at 4,253 in FY 1998-99 and 4,389 in FY 1999-00.
2. It will require \$66 annually, over a five-year period, to reach parity between the AND State-Only grant standard and the SSI grant standard.
3. FY 1998-99 — The cost per client (\$3,962.52) for medical benefits is based on the average between the cost per client for Old Age Pension - State Only (\$3,165.53) and AND/SSI clients (\$4,759.51).
4. FY 1999-00 — The cost per client (\$4,162.55) for medical benefits is based on the average between the cost per client for Old Age Pension - State Only (\$3,323.81) and AND/SSI clients (\$4,997.49).

BILL D

By Senator Coffman

A BILL FOR AN ACT

**CONCERNING THE CREATION OF A SELF-SUFFICIENCY AND EMPLOYMENT PROGRAM
FOR CERTAIN PUBLIC ASSISTANCE RECIPIENTS.**

Bill Summary

"Self Sufficiency & Employment Pilot"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Interim Committee on Old Age Pension Program. Creates a self-sufficiency and employment program as a pilot program to evaluate the cost-effectiveness of requiring applicants for the old age pension (OAP) program and the aid to the needy disabled (AND) program who are identified as potentially employable to participate in efforts leading to employment. Allows current recipients in OAP and AND to voluntarily participate in the self-sufficiency and employment program.

Directs that the pilot program be conducted in 4 workforce development regions that have implemented the one-stop career concept. Sets criteria for the selection of the workforce development regions, including the voluntary participation of one or more county departments of social services within those regions.

Requires the department of human services, in conjunction with the department of labor and employment, to design a screening tool to identify those OAP and AND applicants who demonstrate potential for employment. Refers those applicants to the local one-stop career center for an employment assessment. Requires the career center to develop an individual employment plan for those persons who are determined to have employment potential. Requires the participant to agree to follow through with the individual employment plan as a condition of receiving OAP or AND. Allows a participant to be exempted

from participation in the pilot program for good cause, as defined by rules of the state board of human services.

As an incentive to participate in the pilot program, allows participants to earn and retain extra income up to a certain percentage of the federal poverty level without becoming ineligible for OAP or AND.

Subject to available appropriations and the receipt of any necessary federal waivers, allows the following persons to participate in the transitional-plus medicaid buy-in program:

- A recipient of AND during the time he or she is participating in the pilot program;
- A recipient of AND who becomes ineligible for AND due to employment and does not have health insurance as an employee benefit;
- A recipient of OAP whose health care was provided through the state-funded health care program and who becomes ineligible for OAP due to employment and does not have health insurance as an employee benefit.

Requires a report to the _____ committee(s) of the general assembly on the pilot program. Provides for the repeal of the pilot program on July 1, 2003.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Article 2 of title 26, Colorado Revised Statutes, is amended

BY THE ADDITION OF A NEW PART to read:

PART 9

COLORADO SELF-SUFFICIENCY AND EMPLOYMENT ACT

26-2-901. Short title. THIS PART 9 SHALL BE KNOWN AND MAY BE CITED AS

THE "COLORADO SELF-SUFFICIENCY AND EMPLOYMENT ACT".

26-2-902. Legislative declaration. THE GENERAL ASSEMBLY HEREBY FINDS AND DETERMINES THAT ENCOURAGING SELF-SUFFICIENCY AND EMPLOYMENT OF PERSONS DEPENDENT UPON AN OLD AGE PENSION OR AID TO THE NEEDY DISABLED IS BENEFICIAL TO THOSE PERSONS AND TO THE STATE IF SUCH PERSONS CAN MOVE

TOWARD SELF-SUFFICIENCY THROUGH EMPLOYMENT. THE GENERAL ASSEMBLY ALSO FINDS THAT IT IS APPROPRIATE FOR THE STATE TO IMPLEMENT A PILOT PROGRAM TO TEST WHETHER A COMBINATION OF EMPLOYMENT ASSESSMENT, DEVELOPMENT OF INDIVIDUAL EMPLOYMENT PLANS FOR THOSE WITH EMPLOYMENT POTENTIAL, AND INCENTIVES TO RETAIN INCOME EARNED AND TO OBTAIN HEALTH INSURANCE THROUGH THE TRANSITIONAL-PLUS MEDICAID BUY-IN PLAN CAN HELP RECIPIENTS IN THE OLD AGE PENSION AND AID TO THE NEEDY DISABLED PROGRAMS MOVE TOWARD SELF-SUFFICIENCY THROUGH EMPLOYMENT.

26-2-903. Pilot program on self-sufficiency and employment - creation - employment assessment. (1) THE STATE DEPARTMENT SHALL DEVELOP AND IMPLEMENT A PILOT PROGRAM TO EVALUATE THE COST-EFFECTIVENESS OF REQUIRING APPLICANTS FOR THE OLD AGE PENSION PROGRAM AND THE AID TO THE NEEDY DISABLED PROGRAM WHO ARE IDENTIFIED AS POTENTIALLY EMPLOYABLE TO PARTICIPATE IN EFFORTS LEADING TO INCREASED SELF-SUFFICIENCY THROUGH EMPLOYMENT. IN ADDITION, RECIPIENTS RECEIVING ASSISTANCE ON OR AFTER JANUARY 1, 2000, UNDER EITHER PROGRAM MAY VOLUNTARILY PARTICIPATE IN THE PILOT PROGRAM AS OUTLINED IN SECTION 26-2-905.

(2) ON OR BEFORE JANUARY 1, 1999, THE STATE DEPARTMENT SHALL SELECT FOUR WORKFORCE DEVELOPMENT REGIONS THAT HAVE IMPLEMENTED THE ONE-STOP CAREER CENTER CONCEPT TO PARTICIPATE IN THE PILOT PROGRAM. THE STATE DEPARTMENT SHALL SELECT FROM WORKFORCE DEVELOPMENT REGIONS THAT APPLY IN CONJUNCTION WITH ONE OR MORE COUNTY DEPARTMENTS LOCATED IN THAT REGION THAT VOLUNTEER TO PARTICIPATE IN THE PILOT PROGRAM. THE STATE DEPARTMENT SHALL SELECT WORKFORCE DEVELOPMENT REGIONS THAT ARE DIVERSE GEOGRAPHICALLY AND IN POPULATION SIZE AND

SHALL ALSO CONSIDER THE SIZE OF THE CASELOAD IN THE AFFECTED COUNTY DEPARTMENTS. THE STATE DEPARTMENT AND THE SELECTED WORKFORCE DEVELOPMENT REGIONS AND THE COUNTY DEPARTMENTS WITHIN THOSE REGIONS THAT VOLUNTEER TO PARTICIPATE IN THE PILOT PROGRAM SHALL IMPLEMENT THE PILOT PROGRAM ON OR AFTER JANUARY 1, 2000.

(3) THE PILOT PROGRAM SHALL INCLUDE THE FOLLOWING COMPONENTS:

(a) DEVELOPMENT OF AN INDIVIDUAL EMPLOYMENT PLAN, AS DESCRIBED IN SECTION 26-2-904, FOR THOSE PARTICIPANTS WHO ARE DETERMINED THROUGH EMPLOYMENT ASSESSMENT TO HAVE EMPLOYMENT POTENTIAL;

(b) INCOME INCENTIVES, AS DESCRIBED IN SECTION 26-2-906;

(c) AN OPPORTUNITY TO PARTICIPATE IN THE TRANSITIONAL-PLUS MEDICAID BUY-IN PROGRAM AS DESCRIBED IN SECTION 26-2-907.

(4) THE STATE DEPARTMENT, IN CONJUNCTION WITH THE DEPARTMENT OF LABOR AND EMPLOYMENT, SHALL DEVELOP A SCREENING TOOL TO BE USED BY THE PARTICIPATING COUNTY DEPARTMENTS TO CONDUCT A PRELIMINARY EMPLOYMENT ASSESSMENT OF ALL APPLICANTS FOR ASSISTANCE UNDER THE OLD AGE PENSION PROGRAM AND ALL APPLICANTS FOR ASSISTANCE UNDER THE AID TO THE NEEDY DISABLED PROGRAM AND ANY PERSONS WHO VOLUNTEER PURSUANT TO SECTION 26-2-905. THE SCREENING TOOL SHALL ASSESS THE APPLICANT'S EMPLOYMENT SKILLS AND INTERESTS, WORK HISTORY, EDUCATION AND TRAINING HISTORY, BARRIERS TO EMPLOYMENT, OR SPECIAL NEEDS FOR SUPPORTIVE SERVICES. SUCH SCREENING TOOL SHALL BE USED AS PART OF THE APPLICATION PROCESS FOR THE TWO PROGRAMS. BASED UPON THE PRELIMINARY EMPLOYABILITY ASSESSMENT OF THE APPLICANTS, THOSE APPLICANTS WHO DEMONSTRATE THE POTENTIAL FOR EMPLOYMENT SHALL BE REFERRED TO THE

LOCAL ONE-STOP CAREER CENTER OPERATED IN THE WORKFORCE DEVELOPMENT REGION.

(5) THE ONE-STOP CAREER CENTER SHALL CONDUCT A COMPLETE EMPLOYABILITY ASSESSMENT FOR EACH APPLICANT REFERRED BY A COUNTY DEPARTMENT TO DETERMINE THE PERSON'S SKILLS AND EMPLOYABILITY. IF APPROPRIATE, THE ONE-STOP CAREER CENTER SHALL REFER THE PERSON TO THE DIVISION OF VOCATIONAL REHABILITATION FOR ANY FUNCTIONAL OR MEDICAL ASSESSMENTS NECESSARY TO DETERMINE THE PERSON'S SKILLS AND EMPLOYABILITY. THE ASSESSMENT SHALL BE COMPLETED NO MORE THAN THIRTY DAYS AFTER THE SUBMISSION OF THE APPLICATION FOR ASSISTANCE UNDER THE OLD AGE PENSION PROGRAM OR THE AID TO THE NEEDY DISABLED PROGRAM. THE ONE-STOP CAREER CENTER SHALL ISSUE A WRITTEN ASSESSMENT AND MAKE ONE OF THE FOLLOWING RECOMMENDATIONS:

(a) THE PERSON HAS POTENTIAL FOR BEING EMPLOYED AND AN INDIVIDUAL EMPLOYMENT PLAN SHOULD BE DEVELOPED; OR

(b) EMPLOYMENT FOR THE PERSON IS NOT A REALISTIC OPTION.

(6) IF A PERSON IS DETERMINED THROUGH THE EMPLOYMENT ASSESSMENT TO HAVE POTENTIAL FOR EMPLOYMENT, THE ONE-STOP CAREER CENTER AND THE PERSON SHALL DEVELOP AN INDIVIDUAL EMPLOYMENT PLAN PURSUANT TO SECTION 26-2-904.

(7) IF A PERSON IS DETERMINED THROUGH THE EMPLOYMENT ASSESSMENT NOT TO HAVE EMPLOYMENT POTENTIAL, THE CAREER CENTER SHALL NOTIFY THE COUNTY DEPARTMENT OF SOCIAL SERVICES AND THE PERSON OF SUCH FINDING. SUCH PERSON SHALL NOT BE SELECTED TO PARTICIPATE IN THE PILOT PROGRAM

BUT SHALL RECEIVE ASSISTANCE IF THE PERSON IS OTHERWISE ELIGIBLE TO RECEIVE ASSISTANCE.

26-2-904. Individual employment plan. (1) FOR EACH PERSON REFERRED PURSUANT TO SECTION 26-2-903, THE CAREER CENTER AND THE PERSON SHALL JOINTLY DEVELOP AN INDIVIDUAL EMPLOYMENT PLAN THAT SETS GOALS AND REQUIREMENTS FOR THE PERSON TO FOLLOW IN ORDER TO TRAIN FOR AND SEEK EMPLOYMENT. THE INDIVIDUAL EMPLOYMENT PLAN SHALL BE DEVELOPED WITHIN THIRTY DAYS AFTER THE ASSESSMENT IS COMPLETED AND SHALL BE SUBMITTED TO THE APPLICANT'S COUNTY DEPARTMENT. AS A CONDITION OF ELIGIBILITY FOR AN OLD AGE PENSION OR AID TO THE NEEDY DISABLED, THE PERSON SHALL ENTER INTO AN AGREEMENT WITH THE CAREER CENTER IN WHICH THE PERSON AGREES TO PARTICIPATE IN THE PILOT PROGRAM AND TO FOLLOW THROUGH WITH THE COMPONENTS OF THE EMPLOYMENT PLAN. AN INDIVIDUAL EMPLOYMENT PLAN SHALL COVER A MAXIMUM OF TWO YEARS AND SHALL BE REASSESSED AND MODIFIED AS NECESSARY AFTER THE COMPLETION OF ONE YEAR. THE PARTICIPANT SHALL BE REQUIRED TO PROVIDE DOCUMENTATION TO THE COUNTY DEPARTMENT THAT HE OR SHE IS CONTINUING TO COMPLY WITH THE COMPONENTS OF THE PLAN.

(2) THE FOLLOWING SERVICES OR JOB ASSISTANCE MAY BE PROVIDED THROUGH AN INDIVIDUAL EMPLOYMENT PLAN:

- (a) EDUCATION OR VOCATIONAL TRAINING;
- (b) TUITION ASSISTANCE;
- (c) JOB READINESS TRAINING;
- (d) MENTORING;
- (e) TRANSPORTATION;
- (f) JOB REFERRAL, LABOR EXCHANGE, OR JOB PLACEMENT;

(g) VOUCHERS FOR UNIFORMS OR SUITABLE WORK CLOTHING;

(h) BUDGETING AND MONEY MANAGEMENT TRAINING.

(3) TRAINING PROVIDED THROUGH AN INDIVIDUAL EMPLOYMENT PLAN SHALL NOT EXCEED ONE YEAR.

(4) AN INDIVIDUAL EMPLOYMENT PLAN SHALL ALSO INCLUDE DEVELOPMENT OF THE ONGOING NEEDS OF THE PARTICIPANT TO BECOME SELF-SUFFICIENT DURING RETIREMENT YEARS, INCLUDING AN ASSESSMENT OF THE PARTICIPANT'S CURRENT SOURCES OF RETIREMENT INCOME AND DEVELOPMENT OF WHAT MEASURES COULD BE TAKEN BY THE PARTICIPANT TO DEVELOP BETTER AND MORE DEPENDABLE SOURCES OF RETIREMENT INCOME, PARTICULARLY SELF-FUNDED SOURCES.

(5) A PARTICIPANT MAY BE EXEMPTED FROM PARTICIPATING IN THE PILOT PROGRAM FOR GOOD CAUSE, AS DETERMINED BY RULES OF THE STATE BOARD. GOOD CAUSE MAY INCLUDE THE FACT THAT THE PARTICIPANT IS THE PRIMARY CARE GIVER FOR A SPOUSE WHO IS INFIRM, ILL, OR DISABLED.

(6) THE STATE BOARD SHALL PROMULGATE RULES FOR THE IMPOSITION OF SANCTIONS AFFECTING THE RECEIPT OF ASSISTANCE UNDER THE OLD AGE PENSION OR AID TO THE NEEDY DISABLED PROGRAM IN CIRCUMSTANCES WHERE THE PARTICIPANT FAILS TO MEET THE CONDITIONS OF THE INDIVIDUAL EMPLOYMENT PLAN.

(7) THE STATE DEPARTMENT AND THE DEPARTMENT OF LABOR AND EMPLOYMENT SHALL DEVELOP A METHOD OF FOLLOWING THE PROGRESS OF ALL PARTICIPANTS IN THE PILOT PROGRAM IN COMPLYING WITH THE CONDITIONS OF INDIVIDUAL EMPLOYMENT PLANS.

26-2-905. Voluntary participation of recipients. ANY PERSON WHO IS RECEIVING BENEFITS ON OR AFTER JANUARY 1, 2000, UNDER THE OLD AGE PENSION

PROGRAM OR AID TO THE NEEDY DISABLED PROGRAM AND WHO RESIDES IN A COUNTY THAT IS PARTICIPATING IN THE PILOT PROJECT MAY VOLUNTEER TO UNDERGO THE PRELIMINARY EMPLOYMENT ASSESSMENT AND POTENTIAL REFERRAL TO THE LOCAL ONE-STOP CAREER CENTER FOR A COMPLETE EMPLOYABILITY ASSESSMENT AS SPECIFIED IN SECTION 26-2-903. IF THE PERSON IS DETERMINED THROUGH THE EMPLOYMENT ASSESSMENT TO HAVE POTENTIAL FOR BEING EMPLOYED AND DESIRES TO PARTICIPATE IN THE PILOT PROJECT, AN INDIVIDUAL EMPLOYMENT PLAN SHALL BE DEVELOPED FOR SUCH PERSON AS OUTLINED IN SECTION 26-2-904; HOWEVER, NO RECIPIENT VOLUNTARILY PARTICIPATING IN THE PILOT PROGRAM SHALL BE SUBJECT TO SANCTIONS FOR FAILURE TO MEET THE CONDITIONS OF AN INDIVIDUAL EMPLOYMENT PLAN.

26-2-906. Income incentives. PERSONS PARTICIPATING IN THE PILOT PROGRAM MAY EARN AND RETAIN MONTHLY INCOME IN AN AMOUNT TO BE ESTABLISHED IN RULES ADOPTED BY THE STATE BOARD WITHOUT BECOMING INELIGIBLE FOR ASSISTANCE UNDER THE OLD AGE PENSION PROGRAM OR THE AID TO THE NEEDY DISABLED PROGRAM. A PARTICIPANT SHALL BE ELIGIBLE FOR ASSISTANCE UNTIL SUCH TIME AS THE PARTICIPANT'S INCOME REACHES A SPECIFIC PERCENTAGE OF THE FEDERAL POVERTY LEVEL, WHICH PERCENTAGE SHALL BE ESTABLISHED IN RULES ADOPTED BY THE STATE BOARD.

26-2-907. Health care benefits. (1) IN ENACTING THIS PART 9, THE GENERAL ASSEMBLY RECOGNIZES THAT LACK OF HEALTH INSURANCE IS OFTEN A SIGNIFICANT BARRIER TO PEOPLE ACHIEVING SELF-SUFFICIENCY. THE GENERAL ASSEMBLY RECOGNIZES THAT THE AID TO THE NEEDY DISABLED PROGRAM DOES NOT INCLUDE ANY HEALTH CARE BENEFITS FOR RECIPIENTS. IN ADDITION, PERSONS WHO RECEIVE AID TO THE NEEDY DISABLED OR OLD AGE PENSION ASSISTANCE WHO

BECOME EMPLOYED AND LOSE THEIR ELIGIBILITY FOR SUCH PUBLIC ASSISTANCE MAY NOT ALWAYS HAVE HEALTH INSURANCE BENEFITS AS AN EMPLOYEE BENEFIT. AS A RESULT, THE GENERAL ASSEMBLY HEREBY DECLARES THAT THE INTENT OF THIS SECTION IS TO PROVIDE AN INCENTIVE TO PARTICIPANTS IN THE PILOT PROGRAM TO SEEK EMPLOYMENT BY OFFERING THEM THE OPPORTUNITY TO RECEIVE MEDICAID THROUGH THE TRANSITIONAL-PLUS MEDICAID BUY-IN PROGRAM.

(2) SUBJECT TO AVAILABLE APPROPRIATIONS AND SUBJECT TO THE RECEIPT OF ANY NECESSARY FEDERAL WAIVERS, THE FOLLOWING PERSONS MAY PURCHASE MEDICAL ASSISTANCE THROUGH THE TRANSITIONAL-PLUS MEDICAID BUY-IN PROGRAM IN ACCORDANCE WITH SECTION 26-4-110.5:

(a) A RECIPIENT OF THE AID TO THE NEEDY DISABLED PROGRAM WHO IS PARTICIPATING IN THE PILOT PROGRAM;

(b) A PARTICIPANT WHO HAS BEEN RECEIVING AID TO THE NEEDY DISABLED AND WHO BECOMES INELIGIBLE FOR ASSISTANCE UNDER THE AID TO THE NEEDY DISABLED PROGRAM DUE TO EMPLOYMENT AND DOES NOT HAVE HEALTH INSURANCE AS AN EMPLOYEE BENEFIT;

(c) A PARTICIPANT WHO HAS BEEN RECEIVING AN OLD AGE PENSION AND RECEIVING HEALTH CARE THROUGH THE HEALTH AND MEDICAL CARE PROGRAM AND WHO BECOMES INELIGIBLE FOR ASSISTANCE UNDER THE OLD AGE PENSION PROGRAM DUE TO EMPLOYMENT AND DOES NOT HAVE HEALTH INSURANCE AS AN EMPLOYEE BENEFIT.

26-2-908. Report. ON OR BEFORE OCTOBER 1, 2002, THE STATE DEPARTMENT SHALL SUBMIT A REPORT TO THE _____ COMMITTEE(S) OF THE GENERAL ASSEMBLY ON THE COST-EFFECTIVENESS OF THE PILOT PROGRAM, THE

NUMBER OF PERSONS WHO PARTICIPATED IN THE PILOT PROGRAM, THE SUCCESS RATE OF PARTICIPANTS IN OBTAINING EMPLOYMENT, THE NUMBER OF PARTICIPANTS WHO BECAME SELF-SUFFICIENT, THE AVERAGE LENGTH OF TIME FOR PARTICIPANTS TO OBTAIN EMPLOYMENT, THE BARRIERS TO EMPLOYMENT OF PARTICIPANTS, THE COSTS TO RUN THE PILOT PROGRAM, AND THE COSTS SAVINGS, IF ANY. THE STATE DEPARTMENT SHALL SOLICIT COMMENTS AND RECOMMENDATIONS FROM THE LOCAL WORKFORCE DEVELOPMENT REGIONS AND THE COUNTY DEPARTMENTS THAT PARTICIPATED IN THE PILOT PROJECT. THE STATE DEPARTMENT SHALL INCLUDE A RECOMMENDATION ABOUT WHETHER THE PROGRAM SHOULD BE EXPANDED STATEWIDE.

26-2-909. Repeal. THIS PART 9 IS REPEALED, EFFECTIVE JULY 1, 2003.

SECTION 2. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Colorado Legislative Council Staff

**STATE and LOCAL
FISCAL NOTE**

State General Fund Expenditure Impact

Local Expenditure Impact

Cash Funds — Old Age Pension Fund Expenditure Impact

Drafting Number: LLS 98-093
Prime Sponsor(s): Sen. Coffman

Date: November 3, 1997
Bill Status: Interim Committee on Old Age Pension Program
Fiscal Analyst: Janis Baron (866-3523)

TITLE: CONCERNING THE CREATION OF A SELF-SUFFICIENCY AND EMPLOYMENT PROGRAM FOR CERTAIN PUBLIC ASSISTANCE RECIPIENTS.

Summary of Legislation

STATE FISCAL IMPACT SUMMARY	FY 1998-99	FY 1999-00	FY 2000-01
State Revenues			
General Fund			
Other Fund			
State Expenditures			
General Fund	0	2,248,321	3,935,757
Old Age Pension Fund	0	1,365,870	2,496,156
Cash Funds Exempt — County Funds	0	341,467	624,038
Federal Funds	0	(27,899)	1,123,903
FTE Position Change	0.0	1.0	1.0
Local Government Impact — No fiscal impact in FY 1998-99; \$341,467 in FY 1999-00.			

The bill creates a self-sufficiency and employment program as a pilot in four workforce development regions (local one-stop career centers) to evaluate the cost-effectiveness of requiring Old Age Pension (OAP) Program and the Aid to the Needy Disabled (AND) Program applicants deemed employable to participate in efforts leading to employment. The pilot program includes the following provisions:

- requires the Departments of Human Services and Labor and Employment to develop a screening tool to be used by county departments to conduct preliminary employment assessments, requires the career centers to develop an individual employment plan for each applicant deemed employable, and requires participants to agree to follow through with their individual employment plan as a condition of receiving OAP or AND benefits;
- provides for "good cause" exemption from participation in the pilot program;

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- provides for voluntary participation in the pilot program;
- income incentives — allows participants to earn and retain extra income up to a certain percentage of the federal poverty level without losing OAP and AND benefits;
- health care benefits — allows certain program recipients receiving AND or OAP to participate in the Transitional-Plus Medicaid Buy-In Program; and
- repeals the pilot program July 1, 2003.

Effective Dates. Although the bill is effective upon signature of the Governor, it requires the Department of Human Services to select four workforce development regions on or before January 1, 1999. The pilot program will begin to accept participants January 1, 2000.

State Expenditures — No Additional Funding in FY 1998-99

Department of Human Services (DHS). The department will require a total of \$3,341,139 in new moneys to implement the bill's provisions in FY 1999-00. Costs will be incurred in several program areas in addition to savings realized in assistance payments.

Employment Training and Placement Costs for OAP and AND Clients. DHS will require \$3,116,350 in FY 1999-00 to train recipients for employment. Based on data from the Department of Labor and Employment, it is anticipated that: (1) 25 clients per month will get jobs within six months of enrolling in the pilot program (Subgroup A); and (2) 100 clients per month will require additional assessment and training (Subgroup B). The cost to serve a client in the Subgroup A category is estimated at \$2,777, and the cost to serve a client in the Subgroup B category is estimated at \$4,583. This fiscal note assumes that the current federal Job Training Partnership Act (JTPA) and Senior Community Services Employment Program (SCSEP) cannot absorb the OAP and AND client groups. JTPA Title II moneys for older workers (age 55 and over) enroll 243 applicants and place 191 annually within a budget of \$365,000. SCSEP Title V Older American Act moneys place 223 enrollees in 127 subsidized positions and moves 32 of these into unsubsidized jobs annually at a cost of \$755,330. The table below identifies employment and training costs.

EMPLOYMENT TRAINING & PLACEMENT COSTS	Total Cost Per Client	Total Monthly Costs	Total FY 1999-00 a/	Total FY 2000-01 a/
SUBGROUP-A (employed within 6 months)	\$2,777	\$ 69,425	\$ 416,550	\$ 833,100
SUBGROUP-B (more intensive needs)	\$4,583	\$ 458,300	\$ 2,749,800	\$ 5,497,600
TOTAL	—	\$ 527,725	\$ 3,116,350	\$ 6,332,700
OAP Fund		—	1,456,521	2,913,042
General Fund		—	1,367,863	2,735,726
County Funds		—	341,966	683,932

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Additional State/County Staff and Training. The state department will require 1.0 FTE management analyst III (\$59,958) and 2.5 FTE technicians county staff (\$79,447) to implement the bill's provision in FY 1999-00. The state staff position will be responsible for drafting program guidelines, chairing the work teams between DHS, DOLE, and the counties in designing the screening instruments, training pilot county staff, data collection and analysis, rule changes, working with employers, and evaluating the benefit to expand the pilot program statewide. County staff will be required to gather employment history, complete social matrix, determine good cause, discontinue case, administer screening tool, community with the career centers, and do Medicaid-related determinations on all program applicants. Beginning in FY 1997-98, several programs administered by counties were block granted to them with no FTE authorization. Thus, funds are noted for increased county staff but FTE authorization is not included in this fiscal note. (DHS will require the equivalent of 2.5 FTE in FY 1999-00 and 5.0 FTE in FY 2000-01.) DHS will also require \$2,500 in both FY 1999-00 and FY 2000-01 to conduct training workshops for county staff.

Client-Oriented Information Network (COIN). DHS will require \$59,475 for programming changes to the COIN system in FY 1999-00. It is estimated that it will take 915 hours at a rate of \$65/hour to perform the needed program changes (coding applicants, counting discontinuances, tracking disqualification periods, and reporting). The source of funding is the OAP Fund.

Program Savings. Savings in assistance payments will be realized in FY 1999-00 and beyond (the pilot program is repealed July 1, 2003). Total savings for FY 1999-00 are estimated at \$26,641, and will be achieved because participants will: (1) lose benefits for failure to cooperate; or (2) fail to qualify for benefits based on earned income. [See Facts and Assumptions Section of this fiscal note.]

PROGRAM SAVINGS	FY 1998-99	FY 1999-00	FY 2000-01
OAP-A	0	5,532	128,893
OAP-B	0	7,495	123,656
AND-SO	0	13,614	320,898
TOTAL PROGRAM SAVINGS	\$0	\$ 26,641	\$ 573,447
OAP Fund		13,027	252,549
General Fund		10,891	256,718
County Funds		2,723	64,180

Division of Vocational Rehabilitation. The bill provides that, if appropriate, the career center shall refer persons to the division for any functional or medical assessments necessary to determine the person's skills and employability. It is unknown how many clients would be referred to the division for assessment until the pilot locations have been determined and the screening tool has been developed by the one-stop career centers. The assessment cost averaged \$220 per client and vocational rehabilitation services averaged \$1,049 per client for FY 1996-97. Costs for FY 1999-00 cannot be estimated at this time.

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Department of Health Care Policy and Financing (DHCPF). No new funding is required in FY 1998-99. The department will require a total of \$586,621 in General Fund to implement the bill's provisions in FY 1999-00. Savings and costs will be incurred accordingly:

Nonparticipation in the Employment Plan or Failure to Show Good Cause. OAP-A and OAP-B recipients will lose their eligibility for medical benefits if they fail to follow through with their employment plan or establish good cause. For FY 1999-00, it is estimated that 7 OAP-A recipients and 4 OAP-B recipients will lose their medical benefits, resulting in \$39,109 in total savings (based on an average per capita cost of \$2,511 for OAP-A recipients and \$5,383 for OAP-B recipients). Savings are estimated at \$114,230 for FY 2000-01.

Loss of Medical Benefits Due to Increased Income from Employment. It is estimated that 2 OAP-A recipients and 2 OAP-B recipients will lose their eligibility for medical benefits due to employment in FY 1999-00, with savings identified at \$15,788. Savings are estimated at \$305,049 in FY 2000-01.

Transitional-Plus Medicaid Buy-In Program for AND-SO Recipients. The bill provides that AND-SO recipients participating in the pilot program have the option of purchasing medical coverage through Transitional-Plus, regardless if they are employed or not. This fiscal note assumes that all AND-SO clients participating in the employment program will also participate in Transitional-Plus, and that clients will not pay any premiums but will be subject to minimal copays. For FY 1999-00 it is estimated that there will be 189 AND-SO recipients participating in Transitional-Plus at an average annual cost of \$3,322, for a total cost of \$627,858 General Fund. FY 2000-01 costs are estimated at \$2,026,528. The fiscal note assumes that by FY 2000-01, DHCPF will receive a waiver for the program and costs will be approximately 50 percent General Fund and 50 percent federal funds (\$996,646 GF and \$1,029,882 FF). The fiscal note is predicated on the fact that Transitional-Plus will include a more limited benefit package than Medicaid and will not include long-term care or mental health benefits.

Transitional-Plus Medicaid Buy-In Program for Employed OAP-A, OAP-B, and AND-SO Recipients. The bill allows clients ineligible for medical assistance due to employment and without access to employer-sponsored health coverage the opportunity to participate in Transitional-Plus. It is estimated that all participants in the employment pilot will be working part-time and not offered health insurance through their employer. Thus, all clients who gain employment will participate in Transitional-Plus. For FY 1999-00, it is estimated that 2 OAP-A and 2 OAP-B recipients will participate in the program at a cost of \$13,660 General Fund. FY 2000-01 costs are estimated at \$604,287 and include 69 OAP-A, 23 OAP-B, and 91-AND-SO clients. The fiscal note assumes that by FY 2000-01, DHCPF will receive a waiver for the program and costs will be approximately 50 percent General Fund and 50 percent federal funds (\$297,188 GF and \$307,099 FF).

Department of Labor and Employment. Although the department will have involvement with the pilot program, it has indicated that all costs associated with its activities can be absorbed within existing resources.

Local Government Impact

There is no fiscal impact to the counties in FY 1998-99. The cost in FY 1999-00 is estimated at \$341,467, which reflects the counties' 20 percent share.

Spending Authority

The bill does not require an appropriation for FY 1998-99, although both the Department of Human Services and the Department of Health Care Policy and Financing will require new moneys in FY 1999-00 as indicated below:

Department of Human Services — Total	\$ 3,341,139
General Fund	1,633,801
OAP Fund	1,365,870
Cash Funds Exempt - County Funds	341,467
FTE	1.0
Department of Health Care Policy and Financing — Total	\$ 586,621
General Fund	614,520
Federal Funds	(27,899)

Departments Contacted

Human Services
Health Care Policy and Financing
Labor and Employment

FACTS AND ASSUMPTIONS**Assumptions — *Department of Human Services***

1. The self-sufficiency employment demonstration pilot program will include urban and rural areas: (1) the City and County of Denver; (2) Mesa County; (3) Weld County; and (4) Pueblo County.
2. Assumes 19.3% of the OAP-B and 15.9% of the OAP-A populations are not prevented from working due to a disability. This percentage of each population's new applicants will be given a mandatory referral to Employment One by the county technician for an assessment.
3. Assumes 5% of OAP populations referred to Employment One will lack "good cause" exemption and will be denied assistance.
4. Assumes 9.5% of OAP-B and 2.1% of OAP-A will be "job ready" and placed in employment within 2 months, work 30 hours per week at \$6.50/hour, and earn \$838.50 gross income per month.
5. Assumes 9.8% of OAP-B and 13.8% of OAP-A will require additional training and be placed in employment within 6 months.
6. Assumes 44% of AND-SO recipients will be ineligible for SSI and referred to Employment One.
7. Assumes 5% of AND-SO caseload referred to Employment One will lack "good cause" exemption and will be denied assistance.
8. Assistance payments program savings — 2 persons per month in OAP-A, 2 persons per month in OAP-B, and 4 persons per month in AND-SO will lose benefits for failure to cooperate; 9 persons per month in OAP-A will get a job within 6 months and 9 persons per month will get a job after 6 months; 2 persons per month in OAP-B will get a job within 6 months and 2 persons per month will get a job after 6 months; and 14 persons per month in AND-SO will get a job within 6 months and 14 persons per month will get a job after 6 months.

BILL D

Assumptions — Health Care Policy and Financing

Category	OAP-A	OAP-B	AND-SO
Approvals per month	222	57	158
Proportion with no claimed disability	15.9%	19.3%	0%
Number of persons with no disability or no SSI-related disability for AND-SO cases	35	11	70
People taken off program for failure to cooperate (5%)	2	1	4
People reporting for assessment	33	10	66
Proportion of people job ready who get employed within 2 months	2.1%	9.5%	0
Number of persons getting jobs in two months	1	1	0
People remaining with Employment One	32	9	66
Number of volunteers (0.1% of ongoing caseload)	13	3	2
All persons with Employment One	45	12	68
Number of persons getting jobs within 6 months (20%)	9	2	14
Average per capita cost for those Medicaid eligible (FY 99-00)	\$2,511	\$5,383	\$0
Average per capita cost for those participating in Transition-Plus (FY 99-00)	\$2,525	\$4,520	\$3,488

