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STATE OF COLORADO



Colorado Department
of Public Health
and Environment

Tobacco Settlement Monitoring Report

Submitted to the Governor; Joint Budget Committee; the Colorado House of Representatives Health, and Human Services Committee; the Colorado Senate Health and Human Services Committee; and the Attorney General

by the Office of Budget, Planning and Analysis
Tobacco Oversight Program
Colorado Department of Public Health and Environment
January 15, 2005

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I. PREFACE

The Colorado Department of Public Health and Environment (department) respectfully submits the following annual report to the Governor, Joint Budget Committee, the relevant committees of the General Assembly, and the attorney general. The report covers state fiscal year (FY) 2004, which spans from July 1, 2003, to June 30, 2004, and is in accordance with section 25-1-108.5(3), C.R.S. The statute states the following:

(3) (a) On or before January 15, 2002, and on or before each January 15 thereafter, the department shall submit to the joint budget committee, the health, environment, welfare, and institutions committees of the senate and the house of representatives, the attorney general, and the governor a report summarizing the information received by the department pursuant to subsection (2) of this section. In addition, the report shall include:

(I) The reports prepared by the state auditor during the preceding fiscal year pursuant to section 2-3-113, C.R.S., reviewing and evaluating tobacco settlement programs, so long as such reports have been previously released by the audit committee; and

(II) The state board's recommendations concerning any programs for which funding should be discontinued and any additional programs for which the General Assembly should consider appropriating monies received pursuant to the Master Settlement Agreement.

(b) The report prepared pursuant to this subsection (3) shall also be available upon request to any member of the public.

II. EXECUTIVE SUMMARY

This is the fourth-annual tobacco settlement monitoring report. State fiscal year 2000-2001 was the first year programs were appropriated settlement monies. It was a year of promulgating regulations, hiring staff, issuing requests for proposals, establishing advisory committees and boards and otherwise building the infrastructure to support the programs. The time frame for the first year of operation was not sufficient for the infrastructures to be wholly developed; for all grants to be awarded consistent with procurement processes; and for the grantees to reasonably complete a scope of work. The state agencies worked with the State Controller's Office and received approval to extend grant periods or carry spending authority into the second year, state fiscal year 2001-2002 contracts.

Many legislative, funding and programmatic changes occurred during the fourth year, state fiscal year 2003-2004. Appropriations to the tobacco settlement programs were reduced by \$25,260,789 in state fiscal year 2003-2004 and statute was modified to eliminate the balance in the Tobacco Settlement Trust Fund (HB 04-1421). SB 03-282 reduced funding for many of the "core" tobacco programs and provided temporary funding for several new programs. The changes have had a significant impact on the tobacco settlement programs and created uncertainty for short- and long-range planning.

Legislation passed in 2004 had a significant impact on *future* funding of tobacco settlement programs.

Key legislation

HB04-1331 The Colorado Department of Public Health and Environment Supplemental Bill adjusted the FY 2003-04 appropriations for each of the Tobacco Settlement programs to cover the expenses at the State Auditor's Office. Senate Bill 03-019 had reduced each of the programs (approximately \$98,000 total) to cover the expenditures at the State Auditor's office so that they would no longer have to bill each tobacco funded program on a quarterly basis. The intent of SB 03-019 was to reduce each program appropriation in proportion to the overall tobacco settlement. Because subsequent bills changed the final appropriation to each of the programs, SB 03-019 did not impact each program proportionately. HB 04-1331 adjusted each of the program appropriations to ensure that the Auditor funding was reduced proportionately from each program.

HB 04-1416 Eliminated the requirement that the General Assembly appropriate 50 percent of the state costs for the Breast and Cervical Cancer Prevention and Treatment Program from the General Fund in FY 2004-05. Currently, adequate interest earnings on the Tobacco Litigation Settlement Cash Fund are available to fund the state's share of total program costs for FY 2004-05.

HB04-1421 FY 2004-05 Budget Reduction Bill. The bill reallocates tobacco settlement monies received by the state pursuant to the Master Settlement Agreement. The bill requires that at the end of any fiscal year commencing on and after July 1, 2004, any unencumbered and unexpended monies in the Tobacco Litigation Settlement Cash Fund and monies not appropriated for the next fiscal year from the cash fund are to be transferred to the General Fund and not the Tobacco Litigation Settlement Trust Fund. The State Treasurer is required to transfer the balance of monies in the Tobacco Litigation Settlement Trust Fund to the General Fund on July 1, 2004. Additionally, for FY 2004-05 only, \$500,000 is reduced from the Read to Achieve Program and transferred to the General Fund for state funding for senior services.

For FY 2004-05, the following cash funds exempt appropriations were made under HB 04-1421 from the Tobacco Litigation Settlement Cash Fund that adjusted the FY 2004-05 Long Bill. Current (FY 2004-05) appropriations can be found in Table 2.

- Nurse Home Visitor Program — reduction of \$1,058,666
- Comprehensive Primary and Preventive Care Grant Program — decrease of \$2,621,120
- Children's Basic Health Plan Trust — increase of \$3,472,958
- Dental Loan Repayment Program — reduction of \$93
- Tobacco Education, Prevention, and Cessation Grant Program — reduction of \$8,735,022
- Colorado State Veterans Trust Fund — reduced by \$408
- Read to Achieve Program — reduction of \$12,728,215 (vetoed)
- Tony Grampsas Youth Services Program — increase of \$1,143,013
- AIDS Drug Assistance Program — increased by \$3,055,114
- Children's Mental Health Treatment Act — increase of \$209,066
- Senior Services — increased \$500,000 (already included in HB 04-1422)

HB 04-1455 is intended to preserve and maintain, to the greatest extent possible, the General Assembly's discretion in determining the level of state funding for health-related purposes with revenues that are derived from sources other than a source resulting from the voter-approved constitutional amendment in the November 2004 general election. House Bill 04-1455 eliminates the appropriations of revenues on January 1, 2005. By enacting House Bill 04-1455, the General

Assembly reduced the level of state appropriations for health-related purposes that may be required in future fiscal years based on the constitutional amendment.

SB04 177 The bill establishes the Home- and Community-based Services (HCBS) for Children with Autism Act and requires the Department of Health Care Policy and Financing (DHCPF) to seek the federal authorization necessary to implement the act. The bill creates the Colorado Autism Treatment (CAT) Fund to be comprised of tobacco settlement monies.

Legislation without fiscal impact

HB04- 1027 The bill requires the advisory council to the Comprehensive Primary and Preventive Care Grant Program to review and make recommendations to the Department of Health Care Policy and Financing (DHCPF) on the protocols related to awarding grants to qualified providers and to provide feedback to the DHCPF on the design and content of the application and the application and evaluation processes.

This bill includes a recommendation made in the June 2003 performance audit on the Comprehensive Primary and Preventive Care Grant Program. The program provides grants to health care providers in order to expand primary and preventive health care services to Colorado's low-income, uninsured residents. Funding for the program is from tobacco settlement monies, which cannot exceed \$6 million in any fiscal year.

HB04-1447 The bill requires the Department of Health Care Policy and Financing (DHCPF) to provide a child, who is no longer eligible for the state's Medicaid program due to the implementation of SB 03-176, with notice of the opportunity to enroll in the Children's Basic Health Plan (CBHP) prior to the child's disenrollment from Medicaid. Should a child's parent or legal guardian choose to enroll the child in the plan, the DHCPF is required to enroll the child with no lapse in coverage between the child's enrollment in Medicaid and the CBHP. The bill specifies that the child shall be eligible for the plan for 12 months.

Board of Health Recommendation

The State Board of Health recommends funding be continued for core tobacco settlement program subject to monitoring by the Board under section 25-1-108.5 C.R.S. The Board has no recommendation for any additional program for which the General Assembly should consider appropriating monies received pursuant to the Master Settlement Agreement.

III. BACKGROUND

After a four-year legal battle, the major U.S. tobacco manufacturers agreed to a settlement, now known as the Master Settlement Agreement. The states that participated in the settlement are expected to receive payments of \$250 billion over the next 25 years. Colorado's share of the settlement funds is projected to be \$2.6 billion over 25 years, resulting in an average annual payment of \$100 million.

The General Assembly of the State of Colorado in section 24-75-1101, C.R.S. declared that tobacco settlement agreement monies "...will enable Colorado to enact tobacco use prevention, education, and cessation programs, related health programs, and literacy programs and that such programs must involve cost-effective programs at the state and local levels."

The statute at section 25-1-108.5(2), C.R.S., requires that the State Board of Health (state board) and the department monitor the operation and effectiveness of tobacco settlement programs. Each tobacco settlement program shall annually submit to the department, in accordance with rules promulgated by the state board, the following information:

- (a) The amount of tobacco settlement monies received by the program for the preceding fiscal year;
- (b) A description of the program, including the program goals, the population served by the program; the actual number of persons served, and the services provided through the program;
- (c) Information evaluating the operation of the program, including effectiveness of the program in achieving its stated goals; and
- (d) Any other information required by rule of the state board.

The following seven programs reported in accordance with the above requirement:

- Children's Basic Health Plan and Prenatal Care Program
- Comprehensive Primary and Preventive Care Grant Program
- Read to Achieve Grant Program
- Colorado State Veterans Trust Fund
- Colorado Nurse Home Visitor Program
- Tobacco Education, Prevention and Cessation Grant Program
- Dental Loan Repayment Program

In addition, this report updates the status of the Tobacco Related and Tobacco Focused Research Grant program, managed by the University of Colorado. This program no longer receives a current appropriation, however funding for grant projects will continue through June of 2005.

Colorado State Board of Health

The General Assembly declared that the state board and the department monitor the operation and effectiveness of tobacco settlement programs. The state board's obligations under section 25-1-108.5, C.R.S., include:

- Monitoring the operation and effectiveness of the programs receiving tobacco settlement funds (§25-1-108.5(2), C.R.S.);
- Making recommendations concerning any programs for which funding should be discontinued and any additional programs for which the General Assembly should consider appropriating monies (§25-1-108.5(3)(a)(II), C.R.S.); and
- Promulgating rules on reporting (§25-1-108.5(2), C.R.S.) and conflict of interest (§25-1-108.5(4), C.R.S.).

The State Board of Health consists of nine members appointed by the governor. The primary duties of the state board are to adopt or revise standards, rules and regulations to administer the public health laws of the state; to determine general policies to be followed in administering and enforcing the public health laws, standards, rules and regulations; to act in an advisory capacity to the executive director of the department on matters pertaining to public health; and to establish and appoint special

advisory committees when necessary to advise and confer with the state board concerning the public health aspects of any business, profession or industry within the state.

Colorado Department of Public Health and Environment

The Colorado Department of Public Health and Environment is the agency responsible for monitoring the operation and effectiveness of the tobacco settlement programs, in conjunction with the State Board of Health. The department's obligations under the statute include:

- Monitoring the operation and effectiveness of tobacco settlement programs and receiving each tobacco settlement program's annual report §25-1-108.5(2), C.R.S.;
- Submitting on or before January 15 the annual report to the governor, various committees of the General Assembly, and the Attorney General §25-1-108.5(3)(a), C.R.S.; and
- Working with the State Auditor's Office in conducting program reviews and evaluations (§2-3-113(4), C.R.S.).

The department's monitoring plan is designed:

- To use resources efficiently;
- To avoid duplication of existing monitoring or auditing functions; and
- To rely primarily on:
 - The state auditor's program reviews and evaluations;
 - The programs' annual report to the department;
 - The state board's recommendations;
 - The University of Colorado Health Sciences Center's evaluations (where applicable); and
 - The Centers for Disease Control and Prevention's reviews (where applicable).

Office of the State Auditor

Section 2-3-113, C.R.S., established a requirement for the Office of the State Auditor to conduct or cause to be conducted program reviews and performance evaluations of each state program receiving funding from the tobacco settlement agreement to determine whether the programs are effectively and efficiently meeting their goals. The Office of the State Auditor is required to submit an annual executive summary of the program reviews. To date, the Office of State Auditor has released performance audits of all seven programs:

- Children's Basic Health Plan, Department of Health Care Policy and Financing, state fiscal year 2001;
- Read to Achieve Program, Department of Education, state fiscal year 2002;
- Colorado Nurse Home Visitor Program, Department of Public Health and Environment, state fiscal year 2003;
- Comprehensive Primary and Preventive Care Grant Program, Department of Health Care Policy and Financing, state fiscal year 2004;
- Veterans Trust Fund, Department of Military and Veterans Affairs, state fiscal year 2004;
- State Dental Loan Repayment Program, Department of Public Health and Environment, state fiscal year 2005; and
- The Tobacco Education, Prevention and Cessation, Colorado Department of Public Health and Environment, state fiscal year 2005.

The executive summary may be viewed on the Office of the State Auditor's Internet page at [http://www.leg.state.co.us/OSA/coauditor1.nsf/All/00D68F4AECCFF8D787256F6A0071D4E5/\\$FILE/1682%20Tobacco%20Settle%20Pram%20Memo%20Dec%202004.pdf](http://www.leg.state.co.us/OSA/coauditor1.nsf/All/00D68F4AECCFF8D787256F6A0071D4E5/$FILE/1682%20Tobacco%20Settle%20Pram%20Memo%20Dec%202004.pdf)

Office of the State Treasurer

C.R.S. 24-22-115.5 provides statutory authority for distributing tobacco settlement funds from the Tobacco Settlement Cash Fund (TSCF) with the State Treasury. The Treasury Office is also custodian for the Tobacco Settlement Trust Fund (TSTF) and is charged with maximizing earnings with the Tobacco Settlement Trust Fund.

IV. PROGRAM OVERVIEW

Pursuant to section 24-75-1104, C.R.S., for state fiscal year 2003-2004, the following programs receive monies subject to appropriations based on the following statutory funding methodology:

- Children's Basic Health Plan, \$17.5 million each year;
- Comprehensive Primary and Preventive Care Grant Program, 6 percent not to exceed \$6 million;
- Read to Achieve Grant Program, 19 percent not to exceed \$19 million;
- Colorado State Veterans Trust Fund, 1 percent not to exceed \$1 million;
- Colorado Nurse Home Visitor Program, 7 percent not to exceed a \$2 million increase per year;
- Tobacco Education, Prevention and Cessation Grant Program, 15 percent not to exceed \$15 million;
- Dental Loan Repayment Program, \$200,000 maximum;
- Tobacco-Related and Tobacco-Focused Research Grant Program, funding eliminated.

Table 1: 2003-2004 Revised Appropriations. Demonstrates the 2003-2004 long bill appropriation in SB 03-258 and the appropriation as revised in SB 03-019, SB 03-282 and HB 04-1331.

PROGRAM	'03-'04 LONG BILL APPROPRIATION	REVISED '03-'04 APPROPRIATION
Children's Basic Health Plan	\$17,500,000	\$18,460,693
Comprehensive Primary & Preventive Care Grants	\$5,939,047	\$5,419,045
Read to Achieve	\$18,761,169	\$10,675,732
Veterans Trust Fund	\$987,430	\$900,763
Nurse Home Visitor	\$7,577,035	\$6,911,997
Tobacco Education, Prevention and Cessation	\$14,811,449	\$3,863,977
Dental Loan Repayment	\$200,000	\$182,446
Tobacco-Related and Tobacco-Focused Research	\$7,899,440	\$0
Total	\$73,675,570	\$46,414,653

Table 2: General Assembly Appropriations for Tobacco Settlement Programs.

PROGRAM	'01-'02	'02-'03	'03-'04	'04-'05
Children's Basic Health Plan	\$9,800,000	\$9,800,000	\$18,460,693	\$20,949,354
Comprehensive Primary & Preventive Care Grants	\$ 5,156,532	\$5,259,917	\$5,419,045	\$2,618,669
Read to Achieve	\$16,329,017	\$15,990,420	\$10,675,732	\$16,592,664
Veterans Trust Fund	\$ 859,385	\$989,841	\$900,763	\$872,890
Nurse Home Visitor	\$ 4,297,110	\$5,577,035	\$6,911,997	\$7,856,007
Tobacco Education, Prevention and Cessation	\$12,891,329	\$7,347,618	\$3,863,977	\$4,364,449
Dental Loan Repayment	\$ 200,000	\$177,130	\$182,446	\$199,637
Tobacco-Related and Tobacco-Focused Research	\$ 6,875,375	\$3,000,000	\$0	\$0
Children's Basic Health Prenatal Care	NA	\$7,700,000	\$0	0
Ryan White				\$3,055,114
Tony Gramsas Youth Services Program				\$3,491,558

PROGRAM	'01-'02	'02-'03	'03-'04	'04-'05
Children with Autism				\$393,627
Children's Mental Health				\$299,570
Fitzsimons Trust Fund (certificates of participation)				\$1,900,000
Total	\$56,408,748	\$55,841,961	* \$46,414,653	\$43,739,117

*Does reflect Senate Bill 03-019 reductions of \$98,743 for auditing costs, but does not reflect the \$2,473,636 appropriated in SB 03-282 to fund the six additional programs not originally funded in Senate Bill 00-071.

Disbursement of funds

C.R.S. 24-22-115.5 provides statutory authority for distributing tobacco settlement funds from the Tobacco Settlement Cash Fund (TCSF) within the State Treasury.

The statute appropriates a percentage of the settlement funds each year to specific programs. Unspent or unencumbered appropriated funds revert from the Tobacco Settlement Cash Fund to the Tobacco Settlement Trust Fund for four programs:

- Comprehensive Primary and Preventive Care Grant;
- Nurse Home Visitor;
- Tobacco Education, Prevention and Cessation; and
- Tobacco-Related Tobacco-Focused Research.

The State Treasury requires the programs to submit documentation of the amount spent during the fiscal year and any valid encumbrances that are rolled into the new fiscal year and to return any unspent and unencumbered appropriated monies to the fund.

The remaining four programs have authority to retain unspent and unencumbered funds in their specific program fund:

- Children's Basic Health Plan;
- Read to Achieve;
- Veterans Trust Fund; and
- Dental Loan Repayment

Table 3 lists funds disbursed from the Tobacco Settlement Cash Fund and funds reverted to the Tobacco Settlement Trust Fund as reported by the State Treasury. Additional expenditure detail is included in the annual report submitted by each program. Care should be taken in comparing program expenditure detail to the Treasury reports due to the multiple fiscal years involved, spending authority vs. cash disbursements, reconciliation of accounts payables and other considerations.

Table 3: State fiscal year 2000-2001 Treasury disbursements and reversion of funds.

PROGRAM	2000-2001 APPROPRIATION	FUNDS DISBURSED	FUNDS FORWARDED TO '02	FUNDS REVERTED TO THE TRUST FUND
Children's Basic Health Plan	\$10,000,000	\$10,000,000	-0-	NA
Comprehensive Primary and Preventive Care	\$4,751,488	\$2,356,435	\$2,256,817	\$138,236
Read to Achieve	\$15,046,378	\$15,046,378	-0-	NA
Veterans Trust Fund	\$791,915	\$791,915	-0-	NA
Nurse Home Visitor	\$2,375,744	\$2,196,054	\$43,724	\$135,966
Tobacco Education, Prevention and Cessation	\$11,878,719	\$3,042,053	\$6,981,767	\$1,854,899
Dental Loan Repayment	NA	NA	NA	NA
Tobacco-Related and Tobacco- Focused Research	\$6,335,317	\$6,335,317	-0-	-0-
Total	\$51,179,561	\$39,768,152	\$9,282,308	\$2,129,101

TABLE 4: State fiscal year 2001-2002 Treasury disbursements and reversion of funds.

PROGRAM	2001-2002 APPROPRIATION	FUNDS DISBURSED (including '02 appropriations and '01 funds carried forward)	FUNDS FORWARDED TO '03	FUNDS REVERTED TO THE TRUST FUND
Children's Basic Health Plan	\$9,800,000	\$9,800,000	-0-	NA
Comprehensive Primary and Preventive Care	\$5,156,532	\$7,403,724	-0-	\$9,625
Read to Achieve	\$16,329,017	\$16,329,017	-0-	NA
Veterans Trust Fund	\$859,385	\$859,385	-0-	NA
Nurse Home Visitor	\$4,297,110	\$3,520,268	\$86,753	\$733,813
Tobacco Education, Prevention and Cessation	\$12,891,329	\$9,173,614	\$9,883,542	\$815,940
Dental Loan Repayment	\$200,000	\$200,000	-0-	NA
Tobacco-Related and Tobacco- Focused Research	\$6,875,375	\$6,875,375	-0-	-0-
Totals	\$56,408,748	\$54,161,383	\$9,970,295	\$1,559,378

Table 5: State fiscal year 2002-2003 Treasury disbursements and reversion of funds

PROGRAM	2002-2003 APPROPRIATION	FUNDS DISBURSED (including '03 appropriations and '02 funds carried forward)	FUNDS FORWARDED TO '04	FUNDS REVERTED TO THE TRUST FUND
Children's Basic Health Plan	\$9,800,000	\$9,800,000	NA	NA
Comprehensive Primary and Preventive Care	\$5,259,917	\$5,057,983	-0-	\$201,934
Read to Achieve	\$15,990,420	\$15,990,420	-0-	NA
Veterans Trust Fund	\$989,841	\$989,841	-0-	NA
Nurse Home Visitor	\$5,577,035	\$5,560,660	\$31,000	\$72,128
Tobacco Education, Prevention and Cessation	\$7,347,618	\$16,247,147	\$504,575	\$479,437
Dental Loan Repayment	\$177,130	\$177,130	-0-	NA
Tobacco-Related and Tobacco-Focused Research	\$3,000,000	\$3,000,000	-0-	-0-
Children's Basic Health Prenatal Care	\$7,700,000	\$7,700,000	NA	NA
Totals	\$55,841,961	\$64,523,181	\$535,575	\$753,499

Table 6: State fiscal year 2003-2004 treasury disbursements and reversion of funds

PROGRAM	2003-2004 APPROPRIATION	FUNDS DISBURSED (including '04 appropriations and '03 funds carried forward)	FUNDS FORWARDED TO '05	FUNDS REVERTED TO THE TRUST FUND
Children's Basic Health Plan	\$18,460,693	\$18,460,693	\$0	\$0
Comprehensive Primary and Preventive Care	\$5,419,045	\$5,064,339	\$0	\$354,706
Read to Achieve	\$10,675,732	\$10,675,732	\$0	\$0
Veterans Trust Fund	\$900,763	\$900,763	\$0	\$0
Nurse Home Visitor	\$6,911,997	\$6,694,353	\$0	\$217,644
Tobacco Education, Prevention and Cessation	\$3,863,977	\$3,850,888	\$0	\$13,089
Dental Loan Repayment	\$182,446	\$182,446	\$0	\$0
Tobacco-Related and Tobacco-Focused Research	\$0	\$0	\$0	\$0
Totals	\$46,414,653			

Auditing and Monitoring Costs

C.R.S. 25-1-108.5(5) and C.R.S. 2-3-113(7) directed that the costs incurred by the Department of Public Health and Environment and the State Auditor's Office beginning in 2001-2002 be paid proportionately from the amounts annually appropriated to each tobacco settlement program.

The auditing costs in FY 01-02 totaled \$51,094, FY 02-03 totaled \$59,350 and FY 03-04 totaled \$98,743. The monitoring costs in FY 01-02 totaled \$85,764, FY 02-03 totaled \$102,260, and FY 03-04 totaled \$65,871. In addition, for FY 01-02 only, C.R.S. 25-1-108.5 appropriated \$75,978 of monies paid to the Department of Public Health and Environment from the tobacco settlement programs to the Stroke Prevention and Treatment Cash Fund created in C.R.S. 25-32-104.

Administrative Costs

The tobacco settlement statute limits the amount of funds available for actual costs incurred by the programs or boards for implementation of statutory provisions based on a percent of the amount annually appropriated by the General Assembly or for Read to Achieve only, based on the amount in the Read to Achieve fund. Table 7 identifies the allowable percentage and dollar amount and the

actual expenditures as reported by the programs. C.R.S. 25-23-104 established that the administrative costs to implement the Dental Loan Repayment Program shall not exceed 10 percent except for fiscal year 2001-2002 only, when administrative costs shall not exceed \$36,000. The Children's Basic Health Plan administrative expenditures may not exceed 10 percent of total program expenditures. The actual administrative expenditures for the Children's Basic Health Plan are not provided in Table 7, but are provided relative to the administration of the full appropriation in the Department of Health Care Policy and Financing's annual report on the Children's Basic Health Plan.

Table 7. Allowable administrative costs and actual expenditures as reported by the tobacco settlement programs.

PROGRAM	ALLOWED '01-'02	ACTUAL COSTS '01-'02	ALLOWED '02- '03	ACTUAL COSTS '02-'03	ALLOWED '03- '04	ACTUAL COSTS '03-'04
Comprehensive Primary and Preventive Care	1% or \$51,565	\$10,627	1% or \$52,599	\$40,057	1% or \$54,190	\$37,685
Read to Achieve	1% or \$163,290	\$155,436	1% of the fund or \$210,237	\$171,006	1% of the fund or \$106,757	*\$154,664
Veterans Trust Fund	5% or \$10,815	\$2,174	5% or \$16,373	\$12,742	5% or \$14,017	\$7,698
Nurse Home Visitor	5% or \$214,856	\$177,727	5% or \$278,852	\$216,871	5% or \$345,600	\$244,188
Tobacco Education, Prevention and Cessation	5% or \$644,567	\$634,164	5% or \$323,248	\$317,125	5% or \$193,199	\$192,617
Dental Loan Repayment	\$36,000	\$20,699	10% or \$17,713	\$8,432	10% or \$18,244	\$9,957
Tobacco-Related and Tobacco-Focused Research	5% or \$343,769	\$343,769	5% or \$150,000	\$150,000	5% or \$0	\$0

* Read To Achieve calculates the administrative costs based on appropriation and included federal funds from the Federal Jobs and Growth Tax Relief Reconciliation Act of 2003

Table 8. Eligible grantees, populations and key goals as defined by statute.

Program	Eligible Grantees	Eligible Population	Key Goals
Children's Basic Health Plan	Children's Basic Health Plan.	Uninsured children; under 19 years of age; live in a family under 185% of poverty and not Medicaid eligible.	Administer a public/private partnership program to provide subsidized health insurance and a dental program for children in low-income families.
Comprehensive Primary and Preventive Care Grant	Qualified provider that provides comprehensive primary care services and accepts all patients regardless of ability to pay and uses a sliding fee schedule; serves a designated medically underserved area or population; has demonstrated a record of providing cost-effective care; provides or arranges for the provision of comprehensive care services to persons of all ages on a year round basis.	Uninsured, family income below 200% of poverty; no Medicaid, Medicare or other governmental coverage and not receiving third party payments.	Fund grants to increase access to comprehensive primary care services, create new services or augment existing services or establish new sites that offer comprehensive primary care services.
Read to Achieve	Any public school, including charter schools.	2 nd and 3 rd grade pupils and pupils between the 3 rd and 4 th grades whose literacy and reading comprehension skills are below established levels.	Fund intensive reading programs to enhance the literacy and reading comprehension skills of 2 nd and 3 rd grade pupils and raise literacy and reading comprehension to proficiency level on the 3 rd grade reading assessment prior to beginning 4 th grade.
Veterans Trust Fund	State veterans nursing homes, state veterans cemeteries, division of veterans affairs, nonprofit veterans organizations.	Veterans, no income eligibility requirements.	Fund capital improvements for state veterans nursing homes, costs incurred by state veterans cemeteries and veterans outreach programs and veterans programs operated by nonprofit veterans organizations.

Program	Eligible Grantees	Eligible Population	Key Goals
Nurse Home Visitor	Any non profit, or for-profit corporation, religious or charitable organization, institution of higher education, visiting nurse association, existing visiting nurse program, local health department, county department of social services, political subdivision of the state or other governmental agency or any combination thereof.	Mother's income below 200% of poverty; first-time mothers through child's second birthday. May be Medicaid eligible.	Provide the services of trained nurse home visitors to provide education and case management services to low-income, first-time pregnant women to improve their pregnancy outcomes, the health and development of their children and the long-term economic self-sufficiency of their families.
Tobacco Education, Prevention and Cessation	Any local government, local or regional health department, political subdivision of the state, county department of social services, state agency, state institution of higher education, school, school district or board of cooperative services or any private nonprofit or not-for-profit community-based organization.	All Coloradans.	Fund programs designed to reduce initiation of tobacco use by children and youth, promote cessation of tobacco use among youth and adults and reduce exposure to second-hand smoke.
Dental Loan Repayment	Dentists and hygienists who agree to provide care to underserved populations for a minimum of two years.	Children's Basic Health Plan and Medicaid participants and other underserved Coloradans.	Fund a dental loan repayment program to encourage and enable dental professionals to provide care through the Children's Basic Health Plan, Medicaid program, and to other underserved populations in Colorado.
Tobacco-Related and Tobacco-Focused Research	All non profit research institutions within the state.	All Coloradans.	Fund programs to support mental health research and basic scientific, clinical, and evaluative research into tobacco and substance abuse related disease, illness, education, evaluation, cessation, and prevention.

The following table identifies the actual number of persons served as reported by the individual tobacco settlement programs. Data for all programs do not allow for an unduplicated count of individuals served and data may include patients who previously received care but now are receiving services under tobacco settlement programs. Additionally, individuals may be served in more than one program. As programs evolve, eligibility counts are refined and improved and may vary from year to year.

Table 9. Number of eligible persons served for state fiscal years '00-'01, '01-'02, '02-'03 and '03-'04.

PROGRAM	'00-'01 Persons Served	'01-'02 Persons Served	'02-'03 Persons Served	'03-'04 Persons Served
Children's Basic Health Plan (CBHP)	Received 30,437 applications. 34,890 children enrolled.	Received 36,368 applications. 43,600 children enrolled.	Received 44,298 applications. 50,040 children enrolled. 593 women enrolled in the prenatal program.	Received 63,671 applications and 46,695 children enrolled (Average Monthly Enrollment)
Comprehensive Primary and Preventive Care	Included in '01-'02 due to multi-year contracts.	41,986 patients received medical services with at least 76,178 visits and 5,242 received dental services with at least 11,654 visits.	12,607 patients received medical services with at least 33,094 visits and 3,000 patients received dental services with at least 8,369 visits. 265 patients received eyeglasses and at least 2,669 pharmaceuticals were dispensed.	15,400 patients received medical services. 5,500 patients received dental services with at least 2,690 monthly visits. 160 patients received eyeglasses and 2,000 plus clients were dispensed pharmaceuticals. Since the inception, 83,700 patients have been served.
Read to Achieve	Included in '01-'02 due to multi-year awards.	553 schools, 29,059 students.	508 schools, 24,551 students.	483 schools, 22,000 students.
Veterans Trust Fund	NA	11 grantees, 967 veterans.	14 grantees, 1,900 veterans.	14 grantees, 2,704 veterans served. Trained 55 county veteran service officers
Nurse Home Visitor	12 sites, 1,150 families.	14 sites, 1,300 families.	18 sites, 1,562 families.	17 sites, 1,637 families.

PROGRAM	'00-'01 Persons Served	'01-'02 Persons Served	'02-'03 Persons Served	'03-'04 Persons Served
Tobacco Education, Prevention and Cessation	85 grantees, 176,344 individuals served directly.	86 grantees, 215,000 persons served directly.	183 grantees representing 393 programs or entities; 151,999 persons served directly, 792,253 served indirectly, approximately 826,000 documents distributed, over 1.6 million households reached by media campaigns.	76 eligible grantees; 125,956 persons served directly, 435,913 served indirectly and 47,350,000 exposures to anti-tobacco media messages. ¹
Dental Loan Repayment	NA	Six dentists, two dental hygienists.	Nine dentists, two dental hygienists.	Nine dentists, six dental hygienists.
Tobacco-Related and Tobacco-Focused Research	Fifteen grantees, representing six Colorado institutions and five research areas.	Sixteen grantees, representing five Colorado institutions, and four research areas.	Fourteen grantees representing six Colorado institutions and five research areas.	\$17.2 million in grants after 3 funding cycles for a total of 44 active research projects and 8 completed projects at 8 different Colorado institutions.

Following is a summary of each program. This report and the complete annual report as submitted by each program may be viewed on the department's Internet page at http://www.cdphe.state.co.us/pp/tobacco_oversight/index.htm, or call the Colorado Department of Public Health and Environment at (303) 692-2044 to request a copy.

V. TOBACCO SETTLEMENT PROGRAM REPORT SUMMARIES

The following section includes a brief description of each program, a summary of accomplishments as reported by each program and areas for development as identified through any internal and external reviews, monitoring and auditing activities.

Colorado Department of Health Care Policy and Financing **Children's Basic Health Plan**

The Children's Basic Health Plan (CBHP) is a public/private partnership providing subsidized health insurance for children in low-income families who are not eligible for Medicaid and have incomes at or below 185 percent of the federal poverty level. The program is administered by the Department of Health Care Policy and Financing, which contracts with private vendors for many of the program services.

¹ The counts in this box are not mutually exclusive (many people received direct services, indirect services and were exposed to media campaign messages) and also represent duplicated counts, i.e., the same individual is counted each time they are exposed to a media message. People served directly are individuals receiving direct services such as tobacco cessation counseling or training. Individuals receiving more informational interventions (receiving a Quitline brochure while at a health fair) are counted in the indirectly served category. The exposure to anti-tobacco media messages uses standardized media measures of reach (rating points and audience size times frequency). This counts each incidence of exposure to a media message. For example, a person seeing the same advertisement (television, billboard, etc.) ten times results in a count of ten exposures. Due to the frequency and reach of media messages, a large proportion of the population was likely to have been exposed to a variety of messages on multiple occasions throughout the year.

In FY 03-04, the program was appropriated \$75,752,510 by the legislature to serve an average monthly enrollment (AME) of 52,965 clients. Due to State budget constraints, the appropriated CBHP AME did not allow for “natural growth” of enrollment in the program. To manage enrollment in the program to the appropriation, CBHP instituted an enrollment cap for children from November 1, 2003, through June 30, 2004. During this period, new enrollments into the program were suspended, although current eligible clients were allowed to renew their membership and keep continuous health care coverage. In October 2002, the CBHP program was expanded to include pregnant women 19 years and older who met the other eligibility guidelines. Due to budget constraints, enrollments of this population into the program were suspended from May 2003 through June 30, 2004, as required by SB03-291. However, CBHP and a temporary State only prenatal program continued to serve the women already enrolled in the program through their delivery and postpartum care, much of which spanned into FY 03-04.

During FY 03-04, the department began investigating the feasibility of streamlining the CBHP and Medicaid family and children’s programs through a federal waiver. The department studied ways to simplify the eligibility process for clients, judiciously purchase health care, and maintain sound benefit levels. Initial findings show this project is feasible, and the Department is now moving forward with the necessary tasks to operationalize the project. The program continues to improve on its ability to use the best aspects of both public and private sectors to offer low-cost health insurance to working families by contracting for services, partnering with public and private organizations and easing the burden on working families.

The Medical Services Board submits an annual report to the Joint Budget Committee of the General Assembly and the Health and Human Services Committee of the Senate and House of Representatives.

The annual report and additional information about the Children’s Basic Health Plan may be obtained through Colorado Department of Health Care Policy and Financing’s Web site at <http://www.chcpf.state.co.us/HCPF/titlexxi/cbhpindex.asp>

The State Auditor’s Office released the results of the performance audit of the Children’s Basic Health Plan in state fiscal year 2001. The audit may be viewed at http://www.state.co.us/gov_dir/audit_dir/2001/2001perf/1225A.pdf.

Accomplishments include:

- In spite of budget cuts, CHP+ enrolled approximately 46,695 children or approximately 54 percent of all estimated eligible children in the program by the end of SFY 2004. This allowed for 9 percent fewer clients to receive services than the previous year (the SFY 03 appropriated AME was 50,040).
- Instituted an enrollment cap from November 1, 2003, through June 30, 2004, in order to manage the program appropriation and stay within the budget (52.965 AME).
- Provided dental services through Delta Dental Plan of Colorado with a network of more than 800 dentists to an average of 2,960 clients per month.
- Improved the referral process between Medicaid and CBHP by processing applications with Medicaid technicians housed at the CBHP offices.

Areas for development include:

- Improve health status for participants by assuring access to appropriate health care services;
- Institute an enrollment cap in order to stay within the budget;
- Maximize the effectiveness of CBHP as a public/private partnership.

Colorado Department of Health Care Policy and Financing

Comprehensive Primary and Preventive Care Grant Program

The Comprehensive Primary and Preventive Care Grants Program is authorized by the addition of Part 10 to the Medical Assistance Act, Sections 26-4-1001 through 26-4-1007, C.R.S. The program provides grants to health care providers in order to expand primary and preventive services to Colorado's low-income residents. The program is not intended to supplant or expand state Medicaid, the Children's Basic Health Plan or the Colorado Indigent Care Program. The grants are intended to increase access to comprehensive primary care services for uninsured or medically indigent patients who are served by qualified providers; create new services or augment existing services provided to uninsured or medically indigent patients; or establish new sites that offer comprehensive primary care services in medically underserved areas of the state or to medically underserved populations. The program is administered by the Colorado Department of Health Care Policy and Financing and is under the direction of the Medical Services Board.

During FY 2003-04, administrative changes were implemented to comply with Senate Bill 03-013, adding the requirement that CPPC grant applicants offer or arrange for services on a "year-round" basis and providing greater consideration for rural projects. In addition, the Department of Health Care Policy and Financing implemented more rigorous financial controls to make quarterly payments contingent upon actual expenditures, and new FY 2004-05 contracts required the applicant to hire an independent reviewer to verify compliance with the award and program regulations.

In May 2004, the General Assembly passed House Bill 04-1421, which permanently reduced CPPC grant funding from the original 6 percent of the money received by the state through the tobacco settlement funds to 3 percent of these funds, or a maximum of \$5 million per year.

The Office of the State Auditor released the results of the performance audit of the Comprehensive Primary and Preventive Care Grant Program on July 14, 2003. The audit included eight recommendations with respect to program policies, procedures, operations, and oversight, all of which the department agreed to or partially agreed to within budgetary and administrative constraints. The department is or has implemented all recommendations or is considering methods by which the recommendations could be implemented.

The audit may be viewed at: http://www.state.co.us/gov_dir/audit_dir/2004/2004perf/1479.pdf.

Additional information about the Comprehensive Primary and Preventive Care Grant Program may be obtained through the Colorado Department of Health Care Policy and Financing's Web site at: <http://www.chcpf.state.co.us/HCPF/cppc/cppcindex.asp>.

Accomplishments include:

- Grants were awarded to a variety of community types ranging from densely populated cities to smaller, more rural areas. These projects served patients across a wide geographic area that included 12 different counties in the Denver metro area, along the Front Range, on the Western Slope and in the San Luis Valley.
- Provided funding to 21 different projects, more than in either of the previous two years. Funding consisted of 10 medical care, five dental care, five for construction and one involving a combination of construction and dental care.
- These 21 projects provided medical services to more than 15,400 uninsured, low-income patients and dental services to another 5,500 patients. In addition, nine construction projects resulted in the opening, expansion or updating of medical or dental clinics serving this population.
- A diabetes program was maintained from a previous CPPC grant award, at least 160 patients received eyeglasses and 2,000 or more received prescription medications.
- Since the inception of the CPPC Grant Program, \$19.7 million has been awarded to help provide medical, dental, mental health and pharmaceutical services to as many as 83,700 patients. Funding also has been used to start 28 construction/remodeling projects, resulting in new or updated facilities in which to deliver health care services to significantly greater numbers of low-income, uninsured patients. This demonstrates the impact the CPPC Grant Program is making toward expanding primary and preventive care services to Colorado's uninsured or medically indigent.
- To increase financial accountability, CPPC Grant contractors are reimbursed on an expenditure basis only, for a maximum of 25 percent of the contracted annual budget at the end of the first quarter, 50 percent at the end of the second quarter and 25 percent at the end of the third quarter.
- For the FY 2004-05 grant application process the program has developed program review guidelines summarizing the key requirements to be verified from CPPC Grant Program statutes, regulations and state application guidelines as well as from the provider's contract, application and quarterly reports.

Areas for development include:

- Provide additional information and guidance on the Web and through the application and pre-bid conferences. Based on the applications received, it appears that additional guidance would be helpful, for example giving a brief explanation of the type of information requested by each question.
- Provide score sheets and feedback to any applicant that did not receive funding.
- Additional auditing or reviewing of the CPPC grant-funded providers is required and has been applied to the FY 2004-05 grant application process.

Colorado Department of Education
Read to Achieve Grant Program

The Read to Achieve grant program is authorized by section 22-7-506 C.R.S. The program is structured to award competitive grants to schools to fund intensive reading programs. Pupils in the second and third grades, as well as those between the third and fourth grades, with literacy and reading comprehension skills below the levels established by the State Board of Education, are

eligible to participate in funded programs. Funded activities can include reading academies for intensive reading instruction, after-school literacy programs, summer school clinics, tutoring, and extended-day reading programs.

The program is administered under the direction of the Read to Achieve Board, which consists of 11 members representing education at the state and local levels, both houses of the General Assembly and parents of children who may participate in the program.

The Read to Achieve Board is responsible for collecting and reviewing applications for grants; recommending to the State Board of Education the schools that should receive grants, as well as the duration and amount of each grant; and reporting to the Governor and the General Assembly on the effectiveness of the program by February 1, 2005.

During the 2003-2004 school year (Year 3), schools unexpectedly experienced a significant reduction of funds for all Read to Achieve programs. Because of the budget shortfall in Colorado, funding for the Read to Achieve program was reduced by 44 percent of the original allocation. Schools faced challenges in delivering quality of programs at the caliber originally proposed. These challenges included lack of funding for quality reading instructors, program materials/supplies, and general running expenses of originally proposed programs. Though many schools were not able to continue their programs at the level they had operated in the previous two years, 483 schools were still able to provide additional intensive reading instruction to help bring students to grade level.

Year 3 was the end of the three-year funding cycle; therefore, participating schools were not automatically granted subsequent-year funding for fiscal year 2004-2005. In June, the announcement was made that Read to Achieve would be funded for a second funding cycle. After review by the governor, the Colorado state legislature and the Colorado Attorney General's Office, the program will be funded for approximately \$15 million dollars for the 2004-2005 fiscal year.

During the 2000-2001 school year, the Read to Achieve Program was one of four Department of Education programs audited by the State Auditor's Office. The audit may be viewed at: http://www.state.co.us/gov_dir/audit_dir/2002/2002perf/1327.pdf.

In accordance with the program rules, the Read to Achieve Program contracted with an independent evaluator to conduct an annual evaluation of the program. The 2001-2002 interim evaluation report released in 2003 and additional information about the Read to Achieve Program may be obtained through the Colorado Department of Education's Web site at: <http://www.cde.state.co.us/cdecomp/r2a.htm>.

Accomplishments include:

- A total of 483 elementary schools successfully participated in serving second and third grade students reading below grade level.
- Received \$10,127,319 from the Tobacco Litigation Settlement Cash Fund, the governor appropriated an additional \$3 million dollars in federal funds available to the State of Colorado to the Read to Achieve program (Federal Jobs and Growth Tax Relief Reconciliation Act 2003, P.L. 108-27).
- Each participating school received approximately \$630 per pupil for Year 3.

- Provided research-based intensive reading programs for more than 22,000 second- and third-grade students on Individual Literacy Plans (ILPs).
- Demonstrated that all schools recommended for third year funding met the stated goal of 25 percent of the students served improved to grade level in reading or became proficient on CSAP after a full instructional cycle of intensive reading intervention.
- During the end-of-year evaluation process, 81 schools had 75 percent or more of the participating students reach the statutory goal. In 20 of these schools, more than 90 percent of the students met the stated goal.
- Continued to provide a variety of support to schools including networking days, regional training sessions, an instructional handbook, consultation from Read to Achieve consultants, and an expanded Read to Achieve Web page.
- Collaborated with the Colorado Reading First program. Of the 42 Colorado Reading First school sites, 21 are also Read to Achieve participants. Participation in both programs leverages the systematic research-based approach to reading instruction and assessment used by both programs dramatically increasing the potential for student growth.

Areas for development include:

- In the previous two years, some schools did not submit end-of-year evaluation paperwork as required. Work with all participating schools to assure that recipients of funds submit required evaluation paperwork.

Colorado Department of Military and Veterans Affairs **State Veterans Trust Fund**

The State Veterans Trust Fund is authorized in section 26-10-111 C.R.S. The State Veterans Trust Fund was created to fund capital improvements or needed amenities for existing or future state veterans nursing homes; costs incurred by existing or future state veterans cemeteries; costs incurred by the Division of Veterans Affairs; and veterans programs operated by non profit veterans organizations that meet criteria adopted by the Board of Veterans Affairs and that are selected by the board as grant recipients.

Effective July 1, 2002, House Bill 02-1413 transferred certain functions including the Division of Veterans Affairs, the Colorado Board of Veterans Affairs and the Colorado State Veterans Trust Fund from the Colorado Department of Human Services to the renamed Colorado Department of Military and Veterans Affairs. The Division of Veterans Affairs administers the State Veterans Trust fund in conjunction with the Board of Veterans Affairs. The Board of Veterans Affairs consists of seven members appointed by the governor who are veterans honorably released or separated from the armed forces of the United States. The board advises and assists the governor, any department in the executive branch, and the General Assembly or any committee thereof in regard to veterans' matters.

During the budget cycle for FY 03-04 the legislature reduced the Veterans Trust Fund by \$2.2 million. Additionally, Senate Bill 03-282, which expanded the use of the funds from veterans outreach programs administered by the division to costs incurred by the division, will sunset July 1, 2006.

The Office of the State Auditor released the results of the performance audit on the Veterans Trust Fund on July 15, 2003. The audit recommendations included improving the grant application, review

and award process; ensuring contracts include a scope of work that adequately describes the project; adopting standards for determining the effectiveness of grants; ensuring funds are spent for allowable purposes, adopting a conflict of interest policy; expanding the division's Web site; and developing a standardized form to document onsite visits. The department has implemented all recommendations. The full audit report may be viewed at:

http://www.state.co.us/gov_dir/audit_dir/2004/2004perf/1517.PDF.

Additional information about the Veterans Trust Fund may be obtained at:
www.dmva.state.co.us.

Accomplishments include:

- Allocated \$951,492 from tobacco settlement monies; \$427,873 was retained as principal and \$713,873 was appropriated for administration and grant expenditures.
- Of the \$713,873 available for administrative and grant expenditures: 20 percent to the Division of Veterans Affairs (DVA) for administration; 12 percent for County Veterans Service Officer payments; 19 percent to the State Veterans Cemetery in Grand Junction; 45 percent to grant-eligible agencies; 3 percent statutory general fund transfer and .002 percent to the auditor.
- Agencies that received grants included: the State Veterans Nursing Homes (SVNH) of \$176,840; State Veterans Cemetery of \$131,965; Division of Veterans Affairs (DVA) of \$140,885; Non Profit Veterans Service Organizations of \$131,665.
- Provided direct or indirect services to more than 2,704 veterans.
- DVA trained 55 County Veteran Service Officers.
- Careful monitoring and oversight of the grants were instrumental in achieving the overall success of the program.
- All grant material and information have been placed on the department's Web site for easy access by potential grant applicants.

Areas for development include:

- Continue to monitor implementation of the audit recommendations.
- Continue to improve the coordination and communication between the board and the Division of Veterans Affairs.

Colorado Department of Public Health and Environment

Nurse Home Visitor Program

The Nurse Home Visitor Program (NHVP) is authorized by section 25-31-101 C.R.S. The program was established to provide regular in-home, visiting nurse services to low-income, first-time mothers, with their consent, during their pregnancies and through their children's second birthday. The program is designed to provide trained visiting nurses to help educate mothers on the importance of nutrition and to avoid alcohol and drugs, including nicotine. Additionally, it addresses a mother's personal health, and it provides care-giving advice for her newborn, children's health care, child development and home safety as well as access to educational, social and employment resources needed to achieve personal goals and to improve the well-being of the family.

The University of Colorado's National Center for Children, Families and Communities was selected by the president of the University of Colorado pursuant to Senate Bill 00-71 to provide assistance to the State Board of Health in selecting the grantees and in monitoring and evaluating the implementation of the program in communities throughout the state. The National Center for Children, Family and Communities has established standards to help Nurse Home Visitor Program sites track their fidelity to the program model and monitor outcomes related to common indicators of maternal, child and family functioning. The standards are intended to provide guidance for quality improvement efforts and long-term targets for sites to achieve over time. The National Center for Children, Families and Communities' annual report examined program implementation and participant outcomes.

Additional information about nurse home visitation programs, also referred to as "Nurse-Family Partnerships," may be obtained through the department's Nurse Home Visitor Program at: <http://www.cdphe.state.co.us/ps/nursehome/annualrpt.pdf>. The University of Colorado's National Center for Children, Families and Communities evaluation report may be reviewed at: <http://www.cdphe.state.co.us/ps/nursehome/annualrptEval.pdf>.

The State Auditor's Office released the results of the performance audit of the Nurse Home Visitor Program in September 2002. The audit may be viewed at: http://www.state.co.us/gov_dir/audit_dir/2003/2003perf/1435.pdf.

Accomplishments include:

- The total FY 2003-04 spending authority was \$6,942,997. The grants awarded allowed for services in 49 of the state's 64 counties and increased the number of families served from 1,562 in FY 2002-03 to 1,637 in FY 2003-04.
- The program provided continuation funding to the 17 local agencies that had received awards in the previous fiscal year. The amount of the 17 grant awards totaled \$6,587,324. The total amount of funding used in FY 2003-04 was \$6,694,354. Of this amount, \$6,450,165 was paid to the 17 local program grantees and \$244,188 was spent by the Colorado Department of Public Health and Environment in administration of the program, which was 3.5 percent of the appropriation and less than the 5 percent allowed for state administrative costs.
- Services were made available in 21 of the state's 29 rural counties, 18 of its 23 frontier counties and 10 of its 12 urban counties for a total of 49 counties.
- From the inception of the Nurse Home Visitor Program in FY 2000-01 through June 30, 2004, 3,803 participants have been enrolled into the program, of which 46 percent entered the program by the 16th week of gestation and 90 percent entered the program by the 28th week of gestation.
- At the end of FY 2003-04 there were 1,447 families with 1,074 children active in the program. Participant characteristics at intake: The median age of the women served was 19, with 11 years of education completed. Of these women, 82 percent were unmarried. The largest proportion of participants identified themselves as Hispanic (47 percent) or non-Hispanic White (41 percent).
- According to the National Center, the percentage of women who reported using Medicaid at the time of program intake was 72 percent. At 6 months it was 67 percent; at 12 months it was 68 percent and at 24 months it was 58 percent.

- Nurses provided weekly to bi-weekly home visits, averaging nine visits per family during pregnancy, 12 visits per family for those with infants, and six visits per family for those with toddlers.

Areas for development include:

- Areas identified for improvement include reducing the percentage of low birth weight infants and decreasing the client attrition. Nearly one-half of all of the client attrition in Colorado sites is due to clients moving, which is significantly different than other sites across the nation. The remaining attrition falls into a few categories, some of which are amenable to intervention. There is a strong association between increased visits during pregnancy and client retention during infancy as well as an association between nurse attrition from the program and client attrition. In addition, clients are more likely to stay in program during pregnancy if they are also enrolled in Medicaid. Thus, Colorado Nurse Family Partnership sites are focused on enrolling women early in gestational age, increasing visits in all phases of the program, reducing nurse attrition and making every effort to see that eligible clients apply for and receive Medicaid benefits.
- Increase the monitoring of modifiable risk factors (smoking, emerging obstetric complications, and adequate weight gain during pregnancy) that contribute to low birth weight infants.
- Monitor progress toward meeting program standards for premature births.

Colorado Department of Public Health and Environment

Tobacco Education, Prevention and Cessation Grant Program

The Tobacco Education, Prevention and Cessation Grant Program (also known as the State Tobacco Education and Prevention Partnership, STEPP) is authorized by section 25-3.5-801 C.R.S. The program was created to provide funding for community-based and statewide tobacco education programs designed to reduce initiation of tobacco use by children and youth; promote cessation of tobacco use among youth and adults; and reduce exposure to second-hand smoke. The program is housed within the Colorado Department of Public Health and Environment. The State Board of Health is responsible for promulgating rules that specify procedures and timelines for applications, application contents, selection criteria, grant amounts and duration as well as reporting requirements.

The program design and implementation is guided by a state plan submitted to the governor in 2000 that is based on legislative and statutory requirements, Centers for Disease Control and Prevention's Best Practices for Comprehensive Tobacco Control Programs, input from a state advisory board and the Community Preventive Guidelines for Tobacco Use and Reduction.

The Long Bill appropriation for the Tobacco Education, Prevention and Cessation Grant Program in FY 2003-04, the fourth year of operations, was \$14,811,449. As a result of SB03-282, the Long Bill appropriation was reduced to \$3,872,204. Due to a technical adjustment, the program's final spending authority for 2003-04 was \$3,863,977.

As specified in the enabling legislation for the Tobacco Education, Prevention and Cessation Grant Program, 95 percent of the appropriation or \$3,671,360 was designated for grants and 5 percent or \$192,617 was retained by the division to cover administrative costs. Of the administrative funds, \$176,245 was appropriated for personnel costs and \$16,372 was allocated for operating costs. Unlike

previous fiscal years, the program did not have any funding roll-forward from the previous year nor was a roll-forward request submitted for FY 2003-04.

In FY 2003-04, \$3,645,257 or 99.3 percent of the grant appropriation was expended by 76 eligible grantees. Of this amount, \$26,103 (less than 1 percent) remained unexpended by grantees at the end of the fiscal year and was reverted to the Tobacco Settlement Trust Fund. A total of approximately \$1,650 of the administrative funds remained unexpended and were reverted to the Trust Fund.

During the 2004 legislative session, HB04-1421 was passed and permanently changed the appropriation for the Tobacco Education, Prevention and Cessation Grant Program from 15 percent (not to exceed \$15 million) of the annual tobacco settlement payments to 5 percent (not to exceed \$5 million).

Last year's annual report described decreases in the consumption of cigarettes, indicative of smokers both quitting and "cutting down." Additional data collected during 2003 further indicate that the program is producing measurable outcomes. For example, in 2003, that number of adults that smoked had decreased from 22.5 percent in 1999 to 18.6 percent. Nationwide, the prevalence of cigarette smoking has changed very little. Also since 1999, quit attempts among women smokers in Colorado have increased by 43 percent and the prevalence of daily smokers has decreased substantially. Per capita consumption of cigarettes in Colorado continues to decline at rates nearly twice that of the national rate. In regard to youth tobacco use, preliminary data suggests that the number of "current" and "ever" cigarette smokers at both the middle and high school levels in Colorado decreased since 2000.

The annual report and additional information about the Tobacco Education, Prevention and Cessation Grant Program may be obtained through the Colorado Department of Public Health and Environment's Web site at:

<http://www.cdphe.state.co.us/pp/tobacco/Publications/AnnualReports/2003AnnualReport.pdf>

Accomplishments include:

- Awarded 76 grants in FY 2003-04. Twenty three were awarded to local health agencies for community-based programming that covered 31 of Colorado's 65 counties five were awarded to promote tobacco use cessation and 47 were awarded to prevent youth initiation of tobacco product use of which 44 were small grants used to partially support youth coalitions throughout the state.
- During FY 2003-04, a total of \$1,482,452, or 40 percent of the annual grant appropriation of \$3,671,360 was awarded to programs Preventing Youth Tobacco Use. This amount includes funding awarded to serve college students on campuses throughout the state and the components of local health agency programs that serve school-age children. This fulfilled §25-3.5-804(3)(b) C.R.S. that required at least one-third of the funding is awarded to programs that serve school-age children.
- The 24 local health agencies established 142 different objectives in the three different goal areas. A total of 97 objectives were completed (68 percent). The completion rate was lower in FY 2003-04 than in previous years due to the additional loss of local program staff and the reluctance and difficulty of agency personnel to re-fill positions.
- The Colorado Quitline served 4,171 callers. Of the callers, 76 percent enrolled in the counseling program and 24 percent requested self-help materials or other information. Total

- call volume in FY 2003-04 represents a decrease of 59 percent from the previous year during which more than 10,000 calls were made to the Quitline. The decrease in calls can be attributed to a lack of funding to promote the Quitline through paid media placement.
- Independent follow-up with Quitline users found that for those individuals who participated in the counseling program, 28.3 percent and 28.2 percent reported being tobacco free at three and six months, respectively.
 - A total of 5,185 Colorado tobacco users registered for in-depth cessation services through the Colorado QuitNet – a 35 percent decrease from the previous year. According to non-random self-reports, approximately half of respondents reported being tobacco-free at three, six and 12 months. 90 percent of users said they would recommend the Colorado QuitNet to someone else who was trying to quit smoking.
 - More than 4,500 health care providers received tobacco cessation resource materials including resource kits, training videos and CD-ROMs. This is a significant increase from the previous year. Physician referrals to the Quitline increased from 4 percent of callers in 2001 to 13 percent of callers in 2004.
 - The clearinghouse distributed over 482,000 tobacco education prevention and cessation “items” (brochures, posters, educational materials and curriculum, resource kits). This is a substantial decrease from last year, when over 817,000 items were distributed.
 - A total of 820 students from 53 high schools across the state participated in the Not on Tobacco (NOT) youth cessation program. Upon completion, 34 percent had quit smoking and an additional 48 percent reduced their tobacco use. In addition, 74 percent reported the program raised their self-esteem and 72 percent said they could more effectively deal with stress.
 - A total of 26,660 college students from 16 campuses around the state participated in campus-based peer education and cessation programs.
 - More than 42,900 students in 158 schools received school-based prevention, education and/or cessation services through the K-12 initiative.
 - The Colorado Department of Revenue, Liquor and Tobacco Enforcement Unit conducted 2,592 tobacco-sales compliance checks and issued 160 criminal summons to violating clerks who sold tobacco products illegally.

Areas for development include:

- Continue to evaluate, prioritize and implement, where feasible, recommendations from the external evaluation reports.
- Continue to develop and evaluate county-specific baseline data and the capability to relate this information to state and national statistics. Improve efforts to take into account or communicate the external influence of national tobacco use programs and federal policies when considering the additional impact of state and local efforts.
- Monitor the effectiveness of the site visit protocols and increase the feedback and technical assistance to grantees.
- Continue efforts to improve the grant application process through a two-step process incorporating a technical review to include the contractor’s previous annual reports and results of fiscal reviews and performance standards and a review of specific requirements. Continue efforts to develop performance standards and processes to assure only proven or effective programs receive continuation funding.
- Continue to develop, monitor and evaluate internal quality control procedures for ensuring the timeliness and accuracy of the division’s data and reporting. Continue to evaluate and

monitor grant recipients' expenditures so that unspent funds can be reallocated to other tobacco control projects.

Colorado Department of Public Health and Environment
Dental Loan Repayment Program

The Dental Loan Repayment Program was authorized by the Colorado General Assembly in the 2001 legislative session as Senate Bill 01-0164. The purpose of the legislation was to create a "loan repayment program as an incentive to dental professionals to provide dental services to underserved populations." The program will pay all or part of the principal, interest and related expenses of the educational loan of each eligible dental professional. The program is open to both dentists and dental hygienists. The program is administered by the Oral Health Program in the Prevention Services Division at the Colorado Department of Public Health and Environment.

The Dental Loan Repayment Program is a direct result of recommendations to the governor and the Colorado General Assembly from the Colorado Commission on Children's Dental Health in December 2000. The commission identified loan repayment as a key strategy for addressing the shortage of dental providers willing to serve under-served populations in Colorado and overcoming the significant dental education indebtedness. As a result of this recommendation, Senate Bill 01-164 was passed, creating the state Dental Loan Repayment Program.

The program underwent an audit by the Office of the State Auditor, which presented its findings to the Legislative Audit Committee on July 13, 2004. The auditors made nine recommendations for improving program operations and outcomes, of which seven have already been implemented. Two recommendations regarding prioritization criteria and the loan amount structure were considered by the Colorado State Board of Health on October 20, 2004. The board adopted the rules to clarify geographic distribution in loan prioritization, but decided to maintain the current loan amount structure.

The program has collaborated with key stakeholders -- including the Colorado Rural Health Center's provider recruitment project; the Colorado Community Health Network; and the University of Colorado Health Sciences Center -- to develop a flow chart to assist potential participants in determining the loan repayment programs for which they may qualify.

This flow chart is available at: http://www.uchsc.edu/ahec/lrp/professions/health_professional1.htm

Accomplishments include:

- The Colorado Board of Health promulgated revised rules for the program on September 17, 2003, removing the single application deadline to allow the program flexibility to have multiple calls for applications to ensure maximum expenditure of funds. This resulted in all available funds being expended in FY 2003-04. The providers included six Level I dentists (40 patients per month), three Level II dentists (20 patients per month), and one Level III dentist (10 patients per month). All six of the participating dental hygienists are Level I hygienists (20 patients per month). In total, of the 16 new dental providers currently participating, 10 are employed by community health centers and six are in private practice.
- The total number of underserved patients served by participating providers was 35,520, with 20,520 served in FY 03-04. Of the 20,520 patients served, 6,807 were Medicaid-eligible

children; 1,399 were Child Health Plan Plus children; 11,844 were uninsured adults and children; and 478 were Old Age Pension recipients.

Areas for development include:

- Per the recommendations of the Office of the State Auditor, the Dental Loan Repayment Program requires more documentation regarding the number of patients served and verification of dental licensure in good standing above the current requirement of an active license.
- In addition, increased marketing will be done through the Colorado State Board of Dental Examiners, in their licensing process, to assure maximum expenditure of funds and good competitiveness.

University of Colorado

Tobacco-Related and Tobacco-Focused Research

The Tobacco-Related and Tobacco-Focused Research Program (also known as the Colorado Tobacco Research Program or CTRP) is authorized by section 23-20-201 C.R.S. The program was established to create a comprehensive grant program to be implemented and operated by the Office of the President of the University of Colorado to support mental health research and basic and applied scientific, clinical and evaluative research into tobacco- and substance-abuse-related disease, illness, education, evaluation, cessation and prevention. Senate Bill 00-071 created a nine-member scientific advisory committee to advise the president as to the direction, scope and progress of the research program. A peer review system modeled on the National Institutes of Health peer review process evaluates grant applications.

Senate Bill 03-282 and House Bill 03-1256 eliminated funding for the program for the state fiscal year 2003-2004 and subsequent fiscal years. Because the funds are paid out over the life of the research project, typically from one to three years duration, and because the program lags behind a year in awarding grants due to unavoidable delays from the first year onward in setting up a peer review system evaluating and awarding grants, the Colorado Tobacco Research Program will not conclude all research projects until June 2005.

Additional information about the Tobacco-Related and Tobacco-Focused Research Program may be obtained through the University of Colorado's Web site at: www.cu.edu/ctrp.

Accomplishments include:

- Provided more than \$17.2 million after three funding cycles to fund a total of 44 active research projects and eight completed projects at eight different Colorado institutions. Ongoing and completed studies are contributing to the scientific knowledge on the etiology, pathogenesis, diagnosis and treatment of tobacco- and addiction-related diseases and the development, implementation, evaluation and dissemination of existing or novel approaches to tobacco control and substance abuse education.
- Funded individual investigators from multiple institutions across the state on projects ranging from prevention and cessation of tobacco use to improved diagnosis and treatments that will reduce tobacco-related morbidity and mortality.

Areas for development include:

- Continue the commitment to oversee all active projects through their conclusion and disseminate study results. In the absence of future appropriations, the university will discontinue the Colorado Tobacco Research Program once all ongoing projects are completed by June 2005.

VI. ATTACHMENTS

The State Board of Health regulations, State Auditor's performance reports and the complete annual tobacco settlement report as submitted by each program may be viewed at the Internet addresses listed below. If you are unable to access the Internet address or wish to obtain a copy of this report or attachments, please contact the department at (303) 692-2044.

1. State Board of Health Regulations:

<http://www.cdphe.state.co.us/op/regs/boardofhealth/101402tobaccorules.pdf>

2. State Auditor's Performance Reports:

<http://www.leg.state.co.us/OSA/coauditor1.nsf/ReportPublicRelease?OpenForm>

- Children's Basic Health Plan, state fiscal year 2001;
- Read to Achieve Program, state fiscal year 2002;
- Colorado Nurse Home Visitor Program, state fiscal year 2003;
- Comprehensive Primary and Preventive Care Grant Program, state fiscal year 2004;
- Veterans Trust Fund, state fiscal year 2004;
- State Dental Loan Repayment Program, state fiscal year 2005; and
- Tobacco Education, Cessation and Prevention, state fiscal year 2005.

3. Tobacco Settlement Programs' Annual Reports:

http://www.cdphe.state.co.us/pp/tobacco_oversight/

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