

*Colorado Legislative Council Staff Fiscal Note*  
**STATE and LOCAL**  
**CONDITIONAL FISCAL IMPACT**

**Drafting Number:** LLS 08-0773  
**Prime Sponsor(s):** Sen. Boyd  
 Rep. Merrifield

**Date:** February 25, 2008  
**Bill Status:** Senate Health and Human Services  
**Fiscal Analyst:** Amy Larsen (303-866-3488)

**TITLE:** CONCERNING ELIGIBILITY FOR PUBLIC MEDICAL BENEFITS, AND MAKING AN APPROPRIATION THEREFOR.

Fiscal Impact Summary	FY 2007-08	FY 2008-09	FY 2009-10
<b>State Revenue</b>			
Cash Funds	Potential Increase		
DHC PF* Cash Fund - Gifts, Grants, or Donations		\$ 0	\$ 0
<b>State Expenditures</b>			
Total	<u>\$ 0</u>	<u>\$ 258,000</u>	<u>\$ 0</u>
Cash Funds			
DHC PF* Cash Fund	0	142,054	0
Federal Funds	0	115,946	0
<b>FTE Position Change</b>	0.0	0.0 FTE	0.0 FTE
<b>Effective Date:</b> Upon signature of the Governor or upon becoming law without his signature.			
<b>Appropriation Summary for FY 2008-2009:</b> See State Appropriations section of the fiscal note.			
<b>Local Government Impact:</b> See Local Government Impact section of the fiscal note.			

\* Department of Health Care Policy and Financing (DHCPF).

**Summary of Legislation**

Subject to the receipt of gifts, grants, or donations, this bill requires the DHCPF to establish rules for Medicaid and the Children's Basic Health Plan (CBHP) to verify applicant income through records of the Department of Labor and Employment. Applicants may provide other forms of income verification if it is more recent than information available through the Department of Labor and Employment.

In addition, the Advisory Committee on Covering All Children in Colorado is required to investigate the feasibility of combining Medicaid and the CBHP.

**State Revenue**

Sections of the bill related to income verification go into effect only if gifts, grants, or donations are received by June 15, 2008, equal to the final fiscal estimate for SB08-161. While a formal commitment of funding has not been received, Legislative Council Staff, Fiscal Notes Section, has received information from potential donors. Any change to state revenue is conditional upon the receipt of gifts, grants, or donations of \$142,054.

**State Expenditures**

Total state expenditures may increase by \$258,000 in FY 2008-09 only. Any increase is conditional upon the receipt of gifts, grants, or donations of \$142,054 by June 15, 2008. The receipt of sufficient gifts, grants, or donations will draw down \$115,946 in federal funds.

The bill eliminates the need for Medicaid and CBHP applicants to provide verification of their income. Instead, the DHCPF is required to verify income through the Department of Labor and Employment. The fiscal note assumes that automated income verification will be for earned income only and that other verification of unearned income may be required. Both the Colorado Benefits Management System (CBMS) and the Colorado Unemployment Benefits System require programming updates to implement a real-time interface which may take up to one year to complete. Total one-time costs of \$258,000 are anticipated as shown in Table 1.

<b>Table 1. Conditional Expenditures Under SB08-161 One-time Expenses in FY 2008-09</b>	
<b>Department of Health Care Policy and Financing</b>	
CBMS Programming	<u>\$200,000</u>
Gifts, Grants, Donations	84,054
Federal Funds	115,946
<b>Department of Labor and Employment</b>	
Computer Programming - Gifts, Grants, Donations	\$ 58,000
<b>TOTAL</b>	<b>\$258,000</b>

**Local Government Impact**

County departments of social services process most applications for medical assistance and may experience a change in workload once verification of income can be completed through the Department of Labor and Employment. During the implementation period, workload may increase, but over the long term, efficiencies are expected. Any change is conditional upon the receipt of gifts, grants, or donations.

**State Appropriations**

For FY 2008-09, the fiscal note indicates that the following appropriations should be made conditional upon the receipt of gifts, grants, or donations:

**Department of Health Care Policy and Financing**

<u>\$258,000</u>	<u>Total</u>
142,054	DHCPF Cash Fund
115,946	Federal Funds

**Department of Labor and Employment**

\$58,000	Reappropriated Funds from the DHCPF Cash Fund
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**Departments Contacted**

Health Care Policy and Financing  
Labor and Employment

Human Services