


Colorado Legislative Council Staff Fiscal Note
FINAL
FISCAL NOTE

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

Date: August 5, 2008
Bill Status: Signed into Law
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
State Revenue			
Cash Funds			
DHCPF* Cash Fund - Gifts, Grants, or Donations	Increase	\$ 0	\$ 0
State Expenditures			
Total			
	<u>\$ 0</u>	<u>\$ 37,082</u>	<u>\$ 7,554</u>
Cash Funds			
DHCPF* Cash Fund - Gifts, Grants, or Donations	0	17,265	3,777
Federal Funds			
	0	19,817	3,777
FTE Position Change	0.0	0.0 FTE	0.0 FTE
Effective Date: The bill was signed by the Governor and became law on June 3, 2008.			
Appropriation Summary for FY 2008-2009: See State Appropriations section of the fiscal note.			
Local Government Impact: 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 (DOLE). Applicants may provide other forms of income verification if it is more recent than information available through the Department of Labor and Employment. If it is determined that a Medicaid or CBHP recipient is not eligible for benefits due to the recipient's income as verified through DOLE, the DHCPF cannot pursue recovery from the county that processed the application.

In addition, the Advisory Committee on Covering All Children in Colorado is required to investigate the feasibility of combining Medicaid and 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. The DHCPF reports that a grant was received June 13, 2008, and will cover the costs of implementing this bill.

State Expenditures

Total state expenditures are expected to increase by \$37,082 in FY 2008-09 and by \$7,554 in FY 2009-10.

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 DOLE. The fiscal note assumes that automated income verification will be for earned income only and that other verification of unearned income may be required.

To facilitate the verification of income, the DHCPF is expected to modify the Colorado Benefits Management System (CBMS) and purchase computer software to access the DOLE's wage database. Costs of \$37,082 are anticipated in FY 2008-09, with ongoing costs of \$7,554 in FY 2009-10 and subsequent years.

Table 1. Expenditures Under SB08-161 for the Department of Health Care Policy and Financing		
Cost Components	FY 2008-09	FY 2009-10
CBMS Programming	\$ 16,000	\$ 0
Computer Software and User Fees	21,082	7,554
TOTAL	\$37,082	\$7,554
Gifts, Grants, Donations*	17,265	3,777
Federal Funds	19,817	3,777

** The fiscal note assumes that all state costs, including CBMS programming costs that would traditionally be shared across several programs including CBHP and Old Age Pension, are to be paid through gifts, grants, and donations.*

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 DOLE. During the implementation period, workload may increase, but over the long term, efficiencies are expected.

State Appropriations

While the fiscal note assumed that all state costs would be paid through gifts, grants, and donations in the DHCPF Cash Fund, the appropriation clause includes funding from the CBHP Trust and the Old Age Pension Fund as traditionally identified for CBMS programming costs. SB08-161 includes the following appropriations:

Department of Health Care Policy and Financing

<u>\$ 26,636</u>	<u>Total</u>
13,140	DHCPF Cash Fund
334	CBHP Trust
13,621	Federal Funds

Department of Human Services

<u>\$ 16,000</u>	<u>Total</u>
2,511	DHCPF Cash Fund
1,280	Old Age Pension Fund
5,554	Reappropriated funds from the DHCPF
6,655	Federal Funds

Departments Contacted

Health Care Policy and Financing Human Services Labor and Employment