

**STATE and LOCAL  
REVISED CONDITIONAL FISCAL IMPACT**

(replaces fiscal note dated February 25, 2008)

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

**Date:** March 17, 2008  
**Bill Status:** Senate Appropriations  
**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		
DHCPF* Cash Fund - Gifts, Grants, or Donations	Increase	\$ 0	\$ 0
<b>State Expenditures</b>			
Total	\$ 0	\$ 37,082	\$ 7,554
Cash Funds			
DHCPF* Cash Fund	0	17,265	3,777
Federal Funds	0	19,817	3,777
<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).

**This fiscal note is revised to include amendments adopted in the Senate Health and Human Services Committee and updated information related to implementation of the bill.**

**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.

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 \$21,042 (the 2-year expenditure total for state funds).

**State Expenditures**

Total state expenditures may increase by \$37,082 in FY 2008-09 and by \$7,554 in FY 2009-10. Any increase is conditional upon the receipt of gifts, grants, or donations of \$21,042 by June 15, 2008. The receipt of sufficient gifts, grants, or donations will draw down \$23,594 in federal funds over FY 2008-09 and FY 2009-10 (see table 1).

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.

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

**Departments Contacted**

Health Care Policy and Financing      Human Services      Labor and Employment