

*Colorado Legislative Council Staff Fiscal Note*

**STATE and LOCAL  
REVISED FISCAL IMPACT**

(replaces fiscal note dated January 22, 2009)

**Drafting Number:** LLS 09-0322  
**Prime Sponsor(s):** Rep. Acree  
 Sen. Spence

**Date:** April 14, 2009  
**Bill Status:** Senate Health and Human Services  
**Fiscal Analyst:** Amy Larsen (303-866-3488)

**TITLE:** CONCERNING EXPEDITED PROCESSES FOR REENROLLMENT IN PUBLICLY FUNDED MEDICAL PROGRAMS.

<b>Fiscal Impact Summary</b>	<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
<b>State Revenue</b> Cash Funds - Department of Health Care Policy and Financing Cash Fund	Gifts, Grants, and Donations	
<b>State Expenditures</b>		
<u>Total</u>	<u>\$995,089</u>	<u>\$1,700,000</u>
General Fund	476,150	813,450
Federal Funds	518,939	886,550
<b>FTE Position Change</b>	0.0 FTE	0.0 FTE
<b>Effective Date:</b> The bill is effective upon signature of the Governor or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2009-2010:</b> None - See State Appropriation section of the fiscal note.		
<b>Local Government Impact:</b> See Local Government Impact section of the fiscal note.		

**The fiscal note is revised to reflect the reengrossed bill, funding provided in the 2009 Long Bill, and updated assumptions regarding the implementation time line.**

**Summary of Legislation**

The *reengrossed* bill codifies a project currently in process in the Department of Health Care Policy and Financing (DHCPF). The bill requires the DHCPF to establish a process to allow for reenrollment of Medicaid and the Children's Basic Health Plan (CBHP) either over the telephone or through the internet. The DHCPF may implement a pilot program for such reenrollment, but the pilot program may not replace a statewide process.

**State Revenue**

The bill authorizes the DHCPF to solicit and accept gifts, grants, and donations for the implementation of HB09-1020. No such funds are identified at this time.

**State Expenditures**

*For FY 2009-10, no appropriations are required.* The DHCPF received funding through the annual budget process for projects known as "Building Blocks to Health Care Reform" and "Eligibility Modernization Vendor." For FY 2008-09, SB09-187 (the DHCPF supplemental bill) included \$796,000 to begin a multi-year project to design a web-based application system interface to the Colorado Benefit Management System (CBMS). For FY 2009-10, the reengrossed 2009 Long Bill (SB09-259) includes \$995,089 to continue this project. The system, once implemented, would expedite the processing of applications, allow on-line reenrollment, and facilitate a telephone based customer contact center.

HB09-1020 codifies the project, and Table 1 reflects anticipated expenditures for full implementation. The discussion below identifies the cost components of the project.

<b>Table 1. Expenditures for the Department of Health Care Policy and Financing Under HB09-1020</b>			
<b>Cost Components</b>	<b>FY 2009-10*</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>
Personal Services	\$0	\$0	\$58,102
FTE	0.0	0.0	0.9
Operating Expenses and Capital Outlay	0	0	6,178
System Changes - Web-based Reenrollment	995,089	1,700,000	350,000
Client Call Center	0	0	2,000,000
<b>TOTAL</b>	<b><u>\$995,089</u></b>	<b><u>\$1,700,000</u></b>	<b><u>\$2,414,280</u></b>
<b>General Fund</b>	<b>476,150</b>	<b>813,450</b>	<b>1,156,615</b>
<b>Federal Funds</b>	<b>518,939</b>	<b>886,550</b>	<b>1,257,665</b>

\* SB09-259 includes spending authority for the DHCPF for system changes for web-based reenrollment. Assuming SB09-259 becomes law with this spending authority included, no further appropriation is required for FY 2009-10.

**System Changes.** Changes to CBMS are required to allow clients to reenroll for Medicaid and CBHP through the internet. One-time costs of \$3.5 million are based on system changes costs of other states (ranging from \$4.0 million to \$6.2 million for both initial applications and reenrollment) and information provided by the current vendor for CBMS. The fiscal note assumes that system changes will occur over three fiscal years, FY 2008-09 to FY 2010-11. This will align HB09-1020 with the similar project and funding approved by the Joint Budget Committee through the annual budget process.

Ongoing costs of \$350,000 (10%) are included beginning in FY 2011-12 for regular maintenance and required updates. Additional information about specific assumptions and requirements of CBMS changes are available in the Legislative Council Staff, Fiscal Notes Section.

***Client Call Center.*** Once web-based reapplications are available, the DHCPF is expected to establish a client call center to process reapplications over the telephone and to respond to client inquiries about missing documents, participating providers, and general information. The call center is expected to resolve client questions during a single phone call. The web-based system will simplify the training and security processes for call center staff. An annual cost of \$2.0 million is based on information received from vendors, stakeholders, and interested persons after the DHCPF published a request for information on a similar project.

***Personal Services.*** Beginning in FY 2011-12, staff is expected to work with the Colorado Benefits Management System (CBMS) contractor to facilitate web-based reenrollment for Medicaid and CBHP. Duties will include assisting with technology changes and enhancements, identifying technological problems, and providing solutions for system adjustments. In addition, staff will develop a request for proposals for a client call center and manage the contract once a vendor is selected.

***Cost Sharing.*** Since the costs of the bill will support both Medicaid and CBHP, the fiscal notes assumes that expenditures will be shared between the General Fund (47.85%) and federal funds (52.15%) based on historical caseload and federal financial participation rates. This cost sharing formula is also applied to CBMS costs because the web-based system will only support the two medical programs.

### **Local Government Impact**

Once reenrollment for Medicaid and CBHP is available via telephone and the internet, county offices of human services will process fewer reenrollment applications. The fiscal note does not anticipate any change in the state appropriation for county administration, but counties may be able to shift resources to processing initial applications for medical assistance or other responsibilities.

### **State Appropriations**

SB09-259 includes funding for the DHCPF for system changes for web-based reenrollment in the amount of \$995,089. Assuming SB09-259 becomes law, no further appropriation is required for FY 2009-10.

### **Departments Contacted**

Health Care Policy and Financing

Human Services