


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 07-0630

Date: February 11, 2007

Prime Sponsor(s): Sen. Boyd

Bill Status: Senate Health and Human Services

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TITLE: CONCERNING MEDICAL HOMES FOR CHILDREN.

Fiscal Impact Summary	FY 2007-2008	FY 2008-2009
State Revenue	\$ 0	\$ 0
State Expenditures		
Total	<u>\$ 344,528</u>	<u>\$ 343,209</u>
General Fund	162,622	171,605
Federal Funds	181,906	171,604
FTE Position Change	1.0 FTE	1.0 FTE
Effective Date: Upon signature of the Governor.		
Appropriation Summary for FY 2007-2008: See State Appropriations section.		

Summary of Legislation

This bill defines a medical home for children as a health care practitioner who provides continuous, accessible, and comprehensive medical and nonmedical services to a child and his or her family. Included in the services are the following:

- health maintenance and preventative care;
- health education;
- chronic illness care;
- coordination of medications, specialists and therapies;
- provider participation in hospital care; and
- 24-hour telephone care.

The bill requires the Department of Health Care Policy and Financing to develop systems to maximize the number of children in Medicaid and the Children’s Basic Health Plan who have a medical home. The department will report progress towards increasing the number of children with a medical home to the Health and Human Services Committees of the General Assembly.

State Expenditures

This bill requires total state expenditures of \$344,528 and 1.0 FTE in FY 2007-08 and \$343,209 and 1.0 FTE in FY 2008-09. All expenditures are incurred within the Department of Health Care Policy and Financing. Table 1 and the narrative that follows address the bill's costs in detail.

Table 1. Total Costs Under SB07-130		
	FY 2007-08	FY 2008-09
Personal Services	\$ 48,238	\$ 48,238
<i>General Professional III</i>	1.0	1.0
Operating Expenses/Capital Outlay	3,955	950
Medical Home Outreach and Marketing	178,092	180,514
Medicaid Management Information Systems Costs	38,572	0
Study - Contracted	75,671	113,507
Bill Total	\$ 344,528	\$ 343,209
General Fund	\$ 162,622	\$ 171,605
Federal Funds	\$ 181,906	\$ 171,604

The Children's Basic Health Plan and Medicaid managed care and primary care physicians contracts currently include medical homes for enrolled clients. Additionally, both programs have avenues available for implementing the requirements of this bill without requiring new resources for marketing, education, and outreach. However, the Medicaid fee-for-service program does not have any resources available to implement the bill's requirements. Costs to meet these requirements include personal services, modifications to the Medicaid Management Information System (MMIS), and procurement of a contract to develop marketing strategies and establish data requirements.

Personal Services. To develop the systems and standards for the program, the department will require 1.0 FTE General Professional III with standard operating and capital expenses. The employee will be responsible for managing the fee-for-service medical home program, developing an addendum to the provider agreement to address medical homes, and assisting in preparing report materials.

Medicaid Management Information System. The MMIS will need a medical home flag added to track participating providers. The development of the flag is expected to require 282 hours at \$126 per hour (\$35,532). Additional information system costs include licensing costs and data tools for a total of \$3,040.

Medical Homes Study - Contracted. The department will employ a contractor to develop a marketing and education plan. The contractor will also develop data standards, collect benchmark data, determine usage rates, and develop reporting mechanisms. The contractor will be needed for 20 months - 8 months in FY 2007-08 and 12 months in FY 2008-09. Costs for the contractor are based on a similar initiative in the department's health benefits division.

Marketing and Outreach Costs. Marketing and outreach costs are required to raise awareness of medical homes and maximize participation of Medicaid fee-for-service clients under 21 years-of-age. Marketing and outreach activities include printed materials for current clients, advertising using various media outlets, and medical home initiative presentations and training.

Costs for these activities are estimated based on the Children's Basic Health Plan marketing and outreach costs - currently averaging \$1.88 per eligible household. With 94,730 clients in FY 2007-08 and 96,018 clients in FY 2008-09, this requires expenditures of \$178,092 and \$180,514, respectively.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, funding for the items noted below will not be included in fiscal note expenditure estimates.

- group health, life and dental insurance
- inflation indices
- amortization equalization disbursements
- supplemental amortization equalization disbursements
- short-term disability
- leased space
- indirect costs

State Appropriations

This fiscal note indicates the following appropriation be made in FY 2007-08:

- Department of Health Care Policy and Financing - \$344,528, split between the General Fund (\$162,622) and federal funds (\$181,906).

Departments Contacted

Health Care Policy and Financing