

REVISED CONDITIONAL FISCAL IMPACT

(Replaces fiscal note dated March 17, 2007)

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Date: May 1, 2007

Prime Sponsor(s): Sen. Hagedorn
Rep. McGihon

Bill Status: House Health and Human Services

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TITLE: CONCERNING IMPROVEMENTS TO HEALTH CARE FOR CHILDREN, AND MAKING AN APPROPRIATION THEREFOR.

Fiscal Impact Summary	FY 2007-2008	FY 2008-2009
State Revenue	\$ 0	\$ 0
State Expenditures		
Total	\$ 200,340	\$ 80,886
General Fund	89,401	40,443
Cash Funds - Old Age Pension Fund	4,670	
Cash Funds Exempt - Children's Basic Health Plan Trust	1,237	
Federal Funds	105,032	40,443
FTE Position Change	1.3 FTE	1.5 FTE
Effective Date: July 1, 2007, except as noted in the Summary of Legislation.		
Appropriation Summary for FY 2007-2008: See State Appropriation section of the fiscal note.		
Local Government Impact: None.		

Summary of Legislation

This *reengrossed* bill establishes the 15-member Advisory Committee on Covering All Children in Colorado to develop a plan to provide health coverage for all low-income children by 2010. It also allows the executive director of the Department of Health Care Policy and Financing (DHCPF) to hire a chief medical officer who is licensed to practice medicine and has experience in primary care and health care administration.

Effective January 1, 2008, children whose family income does not exceed the applicable income level for Medicaid or the Children's Basic Health Plan (CBHP) are presumptively eligible for coverage. Also, the DHCPF must assure that there is no gap in coverage for children moving from the CBHP to Medicaid. These provisions of the bill are conditional upon the passage of HB07-1021 with sufficient savings to off-set anticipated expenditures.

In addition, the bill requires the DHCPF to annually report information on access to and quality of health care for children eligible for Medicaid and the CBHP to the General Assembly. The DHCPF must also develop clinical standards and methods for collecting, analyzing, and disclosing information regarding clinical performance, and it must make recommendations annually to the General Assembly. These provisions of the bill are conditional upon the passage of HB07-1021 with sufficient savings to off-set anticipated expenditures.

State Expenditures

Total state expenditures for SB07-211 of \$200,340 and 1.3 FTE in FY 2007-08 and \$80,886 and 1.5 FTE in FY 2008-09 are expected. These expenditures are conditional upon the passage and anticipated savings of HB07-1021. The fiscal note for HB07-1021, dated January 2, 2007, indicates General Fund savings of \$276,878 in FY 2007-08, which are sufficient to cover the costs of SB07-211. Expenditures are incurred in the DHCPF and the Department of Human Services as summarized in Table 1 and described below.

Table 1. Expenditures by Department Under SB07-211		
	FY 2007-08	FY 2008-09
Health Care Policy and Financing		
Personal Services	\$64,807	\$79,461
FTE	1.3	1.5
Operating and One-time Expenses	5,933	1,425
Contractor	70,000	
CBMS	20,687	
Subtotal DHCPF	\$161,427	\$80,886
Human Services - CBMS	\$38,913	\$0
TOTAL	\$200,340	\$80,886
General Fund	89,401	40,443
Old Age Pension Fund	4,670	
Children's Basic Health Plan Trust	1,237	
Federal Funds	105,032	40,443

Department of Health Care Policy and Financing. The department is expected to incur expenditures of \$161,427 and 1.3 FTE in FY 2007-08 and \$80,886 and 1.5 FTE in FY 2008-09.

Reports and Standards. The DHCPF is required to provide annual reports to the General Assembly on the access to and quality of health care for children receiving Medicaid and the CBHP. Personal services (0.5 FTE) are required to identify and produce reports on services and participating providers, and to track, summarize, and report on trends over time.

In addition, the DHCPF must develop clinical standards and methods for collecting, analyzing, and disclosing health information. The fiscal note assumes that a contractor will facilitate the development of standards in FY 2007-08 (\$70,000). In FY 2007-08 and subsequent years, staff will develop, organize, manage the processes to measure performance on health standards, and prepare annual reports. FTE increases from 0.8 in the first year to 1.0 in out-years due to a full-year implementation.

Presumptive Eligibility. The bill specifies that children whose declared family income does not exceed the applicable level for Medicaid or the CBHP shall be presumptively eligible, up to 60 days, for the programs. Changes to the Colorado Benefits Management System (CBMS) totaling \$59,600 are required, and are expected to take about 6 months. This cost is shared between the DHCPF (\$20,687) and the Department of Human Services (\$38,913) based on the federally-approved cost allocation tool.

Any payments made during the presumptive eligibility period for children later found to be ineligible must be paid with state-only funds. At this time, the fiscal note does not include an estimate of these costs, and presumes that any additional costs will be addressed through the annual budget process.

Other Provisions. No costs are included for the following provisions of the bill:

Advisory Committee - The committee members are expected to serve without compensation and may be reimbursed for expenses only if gifts, grants, and donations are received. At this time, no revenue or expenses are anticipated. In addition, the DHCPF is expected to provide minimal administrative support, limited by available resources.

Chief Medical Officer - Since the bill is permissive, it is unknown whether a Chief Medical Office will be appointed, and costs are not included at this time.

Verification of Lawful Presence - The bill exempts Medicaid and CBHP clients age 18 to 19 from verification of state lawful presence requirements. However, federal regulations continue to require proof of identity. Thus, no costs or savings are expected.

Department of Human Services. The department is expected to incur one-time costs of \$59,000 in FY 2007-08 for CBMS programming. This amount includes a transfer of funds from the DHCPF, and costs sharing is determined using the federally-approved cost allocation tool.

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

For FY 2007-08, the fiscal note indicates that the following appropriations are required:

Department of Health Care Policy and Financing - Total: \$161,427 and 1.3 FTE

- \$ 80,062 General Fund;
- \$ 1,237 CBHP Trust (cash funds exempt); and
- \$ 80,128 federal funds.

Department of Human Services - Total: \$59,600

- \$ 9,339 General Fund;
- \$ 4,670 Old Age Pension Fund (cash funds);
- \$ 20,687 cash funds exempt transfer from the DHC PF; and
- \$ 24,904 federal funds.

Departments Contacted

Health Care Policy and Financing
Labor and Employment

Human Services