



Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 07-0061
Prime Sponsor(s): Sen. Shaffer
 Rep. Todd

Date: January 10, 2007
Bill Status: Senate Health and Human Services
Fiscal Analyst: David Porter (303-866-4375)

TITLE: CONCERNING A COORDINATED SYSTEM OF PAYMENT FOR EARLY INTERVENTION SERVICES FOR CHILDREN ELIGIBLE FOR BENEFITS UNDER PART C OF THE FEDERAL "INDIVIDUALS WITH DISABILITIES EDUCATION ACT", AND, IN CONNECTION THEREWITH, REQUIRING THE DEPARTMENT OF HUMAN SERVICES TO DEVELOP A COORDINATED PAYMENT SYSTEM AND REQUIRING COVERAGE OF EARLY INTERVENTION SERVICES BY PUBLIC MEDICAL ASSISTANCE AND PRIVATE HEALTH INSURANCE.

Fiscal Impact Summary	FY 2007-2008	FY 2008-2009
NET TOTAL		
State Revenue	(\$ 6,188)	(\$ 6,188)
State Expenditures	452,886	602,436
FTE Position Change	1.0 FTE	1.0 FTE
State Revenue Detail		
General Fund	(\$6,188)	(\$6,188)
Cash Funds Exempt - Children's Basic Health Plan Trust	134,472	187,867
State Expenditures Detail		
General Fund	\$ 165,718	\$ 217,610
Cash Funds - Division of Insurance Cash Fund	6,188	6,188
Cash Funds Exempt - Children's Basic Health Plan Trust	134,472	187,867
Federal Funds	280,980	378,638
Effective Date: July 1, 2007, with changes to insurance coverage effective January 1, 2008.		
Appropriation Summary for FY 2007-2008: See the State Appropriations section.		

Summary of Legislation

This interim committee bill, recommended by the Early Childhood and School Readiness Commission, requires the Department of Human Services (DHS) to develop and implement a coordinated system of payment for developmentally disabled children or children with conditions that may result in developmental delays. Children are eligible for this program from birth until their third birthday. DHS is to work with the Department of Education, Department of Health Care Policy and Financing, Department of Public Health and Environment, and the Department of Regulatory Agencies (Division of Insurance) in developing this new system of payment.

Given adequate appropriations, the DHS is responsible for developing and implementing a plan that accomplishes the following:

- establishes a statewide, comprehensive system of early intervention services coordinated between the aforementioned departments and private insurers;
- certifies community centered boards (CCBs) to be provider networks and private insurance;
- certifies CCBs as billing agents; and
- ensures costs are appropriately allocated between federal, state, local, and private medical insurance providers.

The department is responsible for providing the General Assembly with an annual report including the system's funding sources, costs, number of children served, and other relevant information. The bill becomes effective on July 1, 2007. Mandatory coverage specifications apply to services delivered and health care policies issued on or after January 1, 2008.

Background. Currently, Part C of the federal "Individuals with Disabilities Act", 20 U.S.C. Sec. 1400 et seq., requires that all children needing early intervention services be covered. In Colorado, early intervention services are provided to children from birth to age three from a variety of funding sources including private insurance, state, and federal monies. Since the 1960s, the state has provided services through CCBs. CCBs are private, non-profit organizations responsible for coordinating developmental disability client intake, eligibility determination, service plan development, arrangement for services, delivery of services (either directly and/or through purchase), monitoring, and many other functions.

State Revenue

No new revenues will be generated by this bill. However, General Fund monies will be reallocated as described below.

Department of Regulatory Agencies - Division of Insurance, reduction in General Fund revenue by \$6,188 in FY 2007-08 and thereafter. The Division of Insurance expects expenditures of \$6,188 in FY 2007-08 and thereafter. These costs will be funded by a diversion from premium tax revenue that would otherwise be credited to the General Fund. As a result, General Fund revenues are anticipated to decrease by \$6,188 in FY 2007-08 and thereafter. These monies will instead be credited to the Division of Insurance Cash Fund.

General Fund for Highways and Capital Construction. Based on the December 2006 Legislative Council Staff revenue forecast, money is available to be transferred to the Highway Users Tax Fund (HUTF) and Capital Construction Fund through the mechanism passed in HB 02-1310 each year through at least FY 2010-11. This bill reduces General Fund revenue by \$6,188, thereby reducing the amount available for these transfers by \$4,125 for the HUTF and \$2,063 for the Capital Construction Fund.

Department of Health Care Policy and Financing - appropriation from General Fund to Children's Basic Health Plan Trust of \$134,472 in FY 2007-08 and \$187,867 in FY 2008-09. Changes in the coverage for children enrolled in the Children's Basic Health Plan (CBHP) generate costs of \$134,472 in FY 2007-08 and \$187,867 in FY 2008-09. These costs are covered by the CBHP Trust Fund. Projections indicate that the revenue streams for the trust fund will not cover all expenses and General Fund monies will be required. Therefore, the costs generated by this bill require that additional General Fund monies be appropriated to the trust fund.

State Expenditures

Total state expenditures resulting from this bill are \$452,886 in FY 2007-08 and \$602,436 in FY 2008-09. Most state costs result from expanding services in the CBHP, with some costs in the Department of Regulatory Agencies. The CBHP service costs are shared between the state and federal government. Table 1 shows the total funding across agencies.

Table 1: Total State Impact

Department	Cost	
	FY 2007-08	FY 2008-09
Department of Health Care Policy and Financing	\$446,698	\$596,248
Department of Regulatory Agencies	6,188	6,188
Total State Impact	\$452,886	\$602,436
State Share	\$171,906	\$223,798
Federal Funds	\$280,980	\$378,638

A discussion of the impact of the bill on the different departments follows.

Department of Human Services - no fiscal impact. DHS is responsible for coordinating, developing, and implementing a system of payment for early intervention services. Additionally, the department must provide an informational report about the program to the General Assembly each year. Currently, the department receives \$6.9 million from the federal Part C funds and an additional \$11.6 million from the General Fund to coordinate and provide for the payment of the early childhood intervention services addressed by this bill. The department expects that the responsibilities denoted by the bill can either be accomplished with existing resources, or are responsibilities currently required by the federal government and will not create any additional workload.

Department of Health Care Policy and Financing - \$446,698 and 1.0 FTE in FY 2007-08 and \$596,248 and 1.0 FTE in FY 2008-09. Medicaid covers the cost of early intervention services for eligible children. Children in the CBHP program, however, are not covered for all of the same treatments and services. This bill requires that CBHP coverage meet Part C requirements - bringing

Department of Regulatory Agencies, Division of Insurance - \$6,188 CF in FY 2007-08 and FY 2008-09. The division requires 250 hours of contract work at the equivalent of a Rate II Financial Analyst to handle consumer complaints and inquiries. Contract labor will be used to answer an estimated 80 complaints per year and 100 telephone and e-mail inquiries.

Department of Education - no fiscal impact. The Department of Education does not anticipate any costs associated with participating in the interagency agreement. Should the implementation require a greater degree of participation from the department, additional resources may be necessary.

Department of Personnel and Administration - no fiscal impact. The Department of Personnel and Administration is responsible for administering the health care benefits of state employees. This bill affects the state's health care plans and the department is required to provide information and direction to the state's health care plan providers, revise plan documents, and provide training. It is expected that these tasks can be accomplished within existing resources.

The bill applies to some of the health insurance plans provided to state employees under the state's employee benefit program. Any cost increases resulting from the inclusion of early intervention services in employee health insurance plans is borne by state employees and does not increase the state's contribution to those plans. Any adjustments to the state's contribution requires separate legislation. However, this bill may influence the General Assembly to increase the state's contribution to the employee benefit program in order to meet the statutory requirement of providing employee benefits comparable to the private sector. Cost estimates from the state's health insurance plan providers indicate a total cost of \$200,000 per year. Employee plan costs would increase by \$ 0.14 to \$ 11.16 per month, depending on the employee's family status and the plan chosen.

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

The fiscal note indicates the following appropriations for FY 2007-08:

CBHP Trust Fund	\$ 134,472	General Fund
Department of Health Care Policy and Financing	\$ <u>446,698</u>	Total and 1.0 FTE
	31,246	General Fund
	134,472	Cash Funds Exempt - CBHP Trust Fund
	280,980	Federal Funds
Department of Regulatory Agencies	\$ 6,188	Cash Funds - Division of Insurance Cash Fund

Departments Contacted

Education	Health Care Policy and Financing
Human Services	Public Health and Environment
Regulatory Agencies	Personnel and Administration