

  
*Colorado Legislative Council Staff Fiscal Note*  
**STATE**  
**FISCAL IMPACT**

**Drafting Number:** LLS 07-0078  
**Prime Sponsor(s):** Rep. Butcher  
 Sen. Sandoval

**Date:** January 15, 2007  
**Bill Status:** House Health & Human Services  
**Fiscal Analyst:** Gary J. Estenson (303-866-4976)

**TITLE:** CONCERNING HEALTH CARE NEEDS IN RURAL AREAS OF THE STATE, AND, IN CONNECTION THEREWITH, CONDUCTING A STUDY REGARDING THE COST OF HEALTH CARE WITHIN PUEBLO COUNTY, MODIFYING THE NURSING TEACHER LOAN FORGIVENESS PILOT PROGRAM TO INCLUDE ONLY THOSE PERSONS TEACHING IN RURAL AREAS, CREATING A NURSING TEACHER RECRUITMENT PROGRAM, ESTABLISHING A MOBILE CANCER SCREENING UNIT, CREATING A MEDICAL EQUIPMENT GRANT PROGRAM FOR RURAL COMMUNITIES, AND CREATING A FAMILY MENTAL HEALTH SERVICES GRANT PROGRAM.

| Fiscal Impact Summary  | FY 2007-2008 | FY 2008-2009 |
|--|--------------|--------------|
| <b>NET TOTAL</b>   |              |              |
| <b>State Revenue</b>   | \$0          | \$0          |
| <b>State Expenditures</b>  | \$1,523,165  | \$1,481,576  |
| <b>FTE Position Change</b>   | 4.2 FTE      | 4.2 FTE      |
| <b>State Revenue Detail</b>  |              |              |
| General Fund   | (\$29,569)   |              |
| Cash Funds - Division of Insurance Cash Fund                                     | 29,569       |              |
| <b>State Expenditures Detail</b>   |              |              |
| General Fund   | \$1,493,596  | \$1,481,576  |
| Cash Funds - Division of Insurance Cash Fund                                     | 29,569       |              |
| <b>Effective Date:</b> Upon signature of the Governor.                           |              |              |
| <b>Appropriation Summary for FY 2007-2008:</b> See State Appropriations section. |              |              |

**Summary of Legislation**

This Health Care Task Force bill makes a number of changes to state health care law.

First, it requires the Department of Regulatory Agencies, Division of Insurance (DOI), to conduct a **study to determine factors involved in health insurance costs in Pueblo County**. The Pueblo County data to be collected for the study shall be from January 1, 2003, to December 31, 2006. The DOI may contract with a nonprofit entity to perform the study but the Commissioner of Insurance is required to determine the study's parameters. By January 15, 2009, the study's conclusions and recommendations must be reported to leadership of the Colorado House of Representatives and Senate, and to the legislative committees specified in the bill. These provisions are repealed, effective January 15, 2009.

Second, it creates the **Nursing Teacher Recruitment Program** to be administered by CollegeInvest in the Department of Higher Education (DHE). Beginning in the fall semester of the 2007-08 academic year the program shall provide a recruitment incentive of up to \$30,000 to a nursing teacher hired with an advanced degree and who remains in a rural teaching position for 5 consecutive years. The incentive shall be paid out in 5 consecutive academic years in annual increments of \$5,000. Incentive payments shall be made out of the Nursing Teacher Recruitment Fund, created by the bill. A nursing teacher may not participate in both the Nursing Teacher Loan Forgiveness Pilot Program (NTLFPP) and the Nursing Teacher Recruitment Program.

Third, the bill requires the Department of Public Health and Environment (DPHE) to issue a request for proposals for the operation of a **mobile cancer screening unit** to provide prostate, cervical, breast, and colon cancer screenings throughout the state, but especially rural areas.

Fourth, it creates the **Medical Equipment for Rural Communities Grant Program** to be administered by the DPHE. Rural health care providers may apply for grants to purchase medical equipment. The state Board of Health shall determine criteria to award grants. Subject to available appropriations, the General Assembly shall appropriate up to \$1 million annually for grant funding.

Finally, the bill creates the **Family Mental Health Services Grant Program**. Grant funding is available on a one-time basis to community mental health centers for family mental health services. Subject to available appropriations, the General Assembly shall appropriate up to \$200,000 annually for grant funding. The state Board of Human Services shall administer the grant program with the assistance of the Division of Mental Health Services within the Department of Human Services (DHS).

## **State Revenue**

In FY 2007-08, General Fund revenues are expected to decrease by \$29,569. The bill increases one-time costs in the Department of Regulatory Agencies, Division of Insurance, which are funded from a diversion of premium tax revenue that would otherwise be credited to the General Fund. As a result, state General Fund revenues are anticipated to decrease \$29,569 in FY 2006-07. These moneys 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, thereby reducing the amount available for these transfers by \$19,713 for the HUTF and \$9,856 for the Capital Construction Fund.

**State Expenditures**

The bill's total fiscal impact is estimated at \$1,523,165 and 4.2 FTE for FY 2007-08 and \$1,481,576 and 4.2 FTE for FY 2008-09. Table 1 illustrates the allocation of total expenditures:

| <b>Table 1. Allocation of Total Expenditures</b>      |                                      |                                      |
|---|--------------------------------------|--------------------------------------|
|   | <b>FY 2006/07</b>                    | <b>FY 2007/08</b>                    |
| <b>Department of Regulatory Agencies</b>              | \$29,569                             |                                      |
| <b>Department of Higher Education</b>                 | \$155,470<br>3.0 FTE                 | \$146,455<br>3.0 FTE                 |
| <b>Department of Public Health &amp; Environment*</b> | \$1,078,621<br>1.2 FTE               | \$1,075,616<br>1.2 FTE               |
| <b>Department of Human Services**</b>                 | \$259,505                            | \$259,505                            |
| <b>TOTAL</b>  | <b>\$1,523,165</b><br><b>4.2 FTE</b> | <b>\$1,481,576</b><br><b>4.2 FTE</b> |

\* *Includes \$1 million in grant for the Medical Equipment for Rural Communities Grant Program.*

\*\* *Includes \$200,000 in grants for the Family Mental Health Services Grant Program*

**Department of Regulatory Agencies, Division of Insurance.** The DOI is expected to identify data sources, determine how to collect the data, create an online survey tool, oversee data collection, and review and normalize the data. These one-time activities are expected to take 875 hours of staff time spread across numerous employees resulting in personal services expenses of \$29,569. The fiscal note assumes that a nonprofit organization will analyze the data and prepare a report for the commissioner as allowed in the bill. If a nonprofit is not identified to complete this work, additional expenses would be expected.

**Department of Higher Education.** CollegeInvest will require 3.0 FTE to implement the Nursing Teacher Recruitment Program. Staff will establish procedures and implement policies to determine whether a nursing teacher is qualified to receive incentive payments and process payments for qualifying applicants. Payment recipients will be monitored annually to ensure that they remain in the qualified teaching position for 5 consecutive years. Total operating expenditures for FY 2007-08 are estimated at \$155,470. The total incentive payments made will depend on the number of applications approved but the fiscal note assumes that the DHE will request incentive payment funding as part of the annual budget process.

**Department of Public Health and Environment.** The DPHE will be required to issue request for proposals (RFPs) to operate the mobile cancer screening unit and promulgate rules related to RFP intake and timetables. Once RFPs are received, a review process and selection criteria will be developed and a contractor recommended to the state Board of Health. The contract cost will depend on the RFPs received. The fiscal note assumes the DPHE will request contract funding as part of the annual budget process.

The fiscal note estimates that the Medical Equipment for Rural Communities Grant Program will award \$1 million annually in grants. The DPHE will administer the program. Preliminary responsibilities will include rule promulgation, developing grant contracts, and determining the format needed for the bill's reporting requirements. On-going functions include developing a process to publicize grant availability, monitoring grant funds, and awarding grants. The DPHE will require 1.2 FTE General Professional IV to perform these tasks at a cost of \$78,621, including one-time capital costs in year one only.

***Department of Human Services.*** The fiscal note estimates that the Family Mental Health Services Grant Program will award \$200,000 annually in grants. The DMS will be responsible for assisting the state Board of Human Services in the administration of the Family Mental Health Services Grant Program. The DMS will perform most administrative and clerical tasks since the board has few support staff. Prior to implementation, the DMS will promulgate rules and establish application procedures for prospective grant recipients. Once the program is implemented, applications will be reviewed and grants will be awarded. Each grant will require ongoing administration, including reviewing and paying bills submitted by community health centers and providing technical assistance regarding contract requirements.

Finally, the DMS will perform on-site monitoring of community mental health centers to ensure program compliance and collect and analyze data to comply with the bill's reporting requirements. Annually, these activities are expected to take 918 hours of staff time spread across numerous employees resulting in personal services expenditures of \$29,505. A private contractor will provide site evaluations at each community mental health center receiving a grant. These evaluations will include collecting and reporting information related to grant expenditures for family mental health services. Based on prior experience with similar grants, it is estimated that the contract price per grant will be \$5,000 and that 6 grants will be awarded each year, resulting in an additional \$30,000 in contract services.

### **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. However, indirect costs are calculated for the purpose of identifying the "per applicant" cost of a new or revised fee to reflect the total direct and indirect costs required to support a particular program.

- 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 following appropriations are required:

- Department of Regulatory Agencies, Division of Insurance -- \$29,569 CF
- Department of Higher Education, CollegeInvest -- \$155,470 GF & 3.0 FTE
- Department of Public Health and Environment -- \$1,078,621 GF & 1.2 FTE
- Department of Human Services, Division of Mental Health Services -- \$259,505 GF

**Departments Contacted**

Public Health and Environment  
Higher Education

Human Services  
Regulatory Agencies