

**STATE and LOCAL  
FISCAL IMPACT**

**Drafting Number:** LLS 09-0322

**Date:** January 22, 2009

**Prime Sponsor(s):** Rep. Acree  
Sen. Spence

**Bill Status:** House 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>		
<b>State Expenditures</b>		
<u>Total</u>	<u>\$3,564,280</u>	<u>\$2,414,334</u>
General Fund	1,706,890	1,156,642
Federal Funds	1,857,390	1,257,692
<b>FTE Position Change</b>	0.9 FTE	1.0 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> See State Appropriation section of the fiscal note.		
<b>Local Government Impact:</b> See Local Government Impact section of the fiscal note.		

**Summary of Legislation**

The bill requires the Department of Health Care Policy and Financing (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.

**Background**

For FY 2008-09, the DHCPF was appropriated \$5.3 million, as part of a multi-year project, to design and begin programming an interface to the Colorado Benefit Management System (CBMS) that would expedite the processing of applications. Additional funding in FY 2009-10 and FY 2010-11 would allow the department to create a web-based application suitable for new applicants and clients who are reapplying for benefits. On November 3, 2008, the DHCPF requested \$3.5 million to establish a customer contact center which would provide a range of services to individuals applying for benefits and for existing clients. While funds have been requested, it is not known how much, if any, the General Assembly will appropriate for FY 2009-10 for projects that are similar to the requirements of HB09-1020.

**State Expenditures**

State expenditures for the DHCPF are expected to increase by \$3.6 million and 0.9 FTE in FY 2009-10 and by \$2.4 million and 1.0 FTE in FY 2010-11. Costs are shared between the General Fund and federal funds as shown in Table 1.

*Note: If the General Assembly approves funding for a similar project through the annual budget process (as described in the background section), the expenditures required for this bill would change, and the fiscal note would be revised.*

<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>
Personal Services*	\$58,102	\$63,384
FTE*	0.9	1.0
Operating Expenses and Capital Outlay	6,178	950
System Changes - Web-based Reenrollment	3,500,000	350,000
Client Call Center	0	2,000,000
<b>TOTAL</b>	<b><u>\$3,564,280</u></b>	<b><u>\$2,414,334</u></b>
<b>General Fund</b>	<b>1,706,890</b>	<b>1,156,642</b>
<b>Federal Funds</b>	<b>1,857,390</b>	<b>1,257,692</b>

\* Costs increase in FY 2010-11 based on full-year implementation.

**Personal Services.** 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.

**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. Ongoing costs of \$350,000 (10 %) are included 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.

**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.

### **Expenditures Not Included**

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

<b>Table 2. Expenditures Not Included Under HB09-1020*</b>		
<b>Cost Components</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$6,276	\$6,846
Supplemental Employee Retirement Payments	1,692	2,357
Leased Space	1,540	1,680
<b>TOTAL</b>	<b>\$9,508</b>	<b>\$10,883</b>

\*More information is available at: [http://www.state.co.us/gov\\_dir/leg\\_dir/lcsstaff/2009/comsched/CommonPolicies2009.pdf](http://www.state.co.us/gov_dir/leg_dir/lcsstaff/2009/comsched/CommonPolicies2009.pdf)

### **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**

For FY 2009-10, the fiscal note indicates that the DHCPF should receive an appropriation of \$3,564,280 and 0.9 FTE. Of the total, \$1,706,890 is General Fund, and \$1,857,390 is federal funds.

### **Departments Contacted**

Health Care Policy and Financing

Human Services