


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 09-0276
Prime Sponsor(s): Rep. Todd
 Sen. Williams

Date: January 23, 2009
Bill Status: House Health and Human Services
Fiscal Analyst: Amy Larsen (303-866-3488)

TITLE: CONCERNING A PROGRAM FOR PROVIDING ADDITIONAL THERAPIES TO CERTAIN PERSONS WITH DISABILITIES WHO ARE ELIGIBLE TO RECEIVE MEDICAID.

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011
State Revenue		
Cash Funds - Gifts, Grants, and Donations	Potential Increase	
State Expenditures		
<u>Total</u>	<u>\$53,480</u>	<u>\$139,934</u>
General Fund	26,740	51,067
Federal Funds	26,740	88,867
FTE Position Change	0.8 FTE	1.0 FTE
Effective Date: Unless a referendum petition is filed, the bill is effective August 4, 2009, assuming the General Assembly adjourns as scheduled.		
Appropriation Summary for FY 2009-2010: See State Appropriations section of the fiscal note.		
Local Government Impact: None.		

Summary of Legislation

The bill establishes a pilot program allowing Medicaid clients with spinal cord injuries who are eligible for Home- and Community-based Services (HCBS) to receive complementary or alternative therapies. Alternative therapies are limited to chiropractic care, massage, and acupuncture performed by licensed or certified providers. Independent evaluation of the program is required in the third year. The State Medical Board is required to adopt rules for the implementation and administration of the program, and the bill includes a repeal date of September 1, 2015.

The purpose of the pilot program is outlined in the bill as follows:

- ▶ to expand the choice of therapies available to persons with disabilities;
- ▶ to study the success of alternative therapies; and
- ▶ to produce overall cost savings.

State Revenue

The bill authorizes the executive director of the Department of Health Care Policy and Financing to accept and expend grants or donations for the purpose of implementing the pilot program, but none have been identified at this time.

State Expenditures

State expenditures for the Department of Health Care Policy and Financing are expected to increase by \$53,480 in FY 2009-10 and by \$139,934 in FY 2010-11. Costs are shared between the General Fund and federal funds as shown in Table 1 on the next page.

Key Assumptions. The following key assumptions are made to determine the fiscal impact of HB09-1047:

- ▶ federal approval for this pilot program will be received by January 2011, but federal approval of a Medicaid waiver can take 24 months or more;
- ▶ program implementation will begin in January 2012, as required by the bill;
- ▶ 200 Medicaid clients with spinal cord injuries will shift from the HCBS waiver program to the pilot program;
- ▶ the pilot program will include all services currently available under the HCBS waiver and allow alternative therapies on a limited basis;
- ▶ over the long-term, expenditures under the pilot program must be budget neutral; and
- ▶ if budget neutrality cannot be assured, the federal waiver will not be submitted, and the program will not be implemented.

Personal Services. Staff is required to draft and submit the federal waiver, convene and work with an advisory committee, draft program rules, complete reporting requirements, and provide general administration related to the program. Staff is also expected to provide information and coordination for computer system requirements. Costs are included for 1.0 FTE and related operating expenses.

Medicaid Management Information System (MMIS). Beginning in January 2011 once federal approval is received, system changes are required to activate codes for chiropractic care, massage therapy, and acupuncture for clients participating in the pilot program. In addition, changes to certain reporting functions are necessary to facilitate program evaluation. System changes are expected to require 1,200 hours of programming at \$126 per hour in FY 2010-11 and FY 2011-12.

Medical and Alternative Therapy Costs. The fiscal note assumes that alternative therapies, on a limited basis, will replace current skilled medical care services for Medicaid clients in the HCBS waiver program for the elderly, blind and disabled. It is assumed that the shift in services will result in budget neutrality after any additional costs, such as payments for new alternative therapy benefits and related transportation services, are included. Should the program result in cost savings, the annual budget process will address any necessary adjustments in funding.

Budget Neutrality. If the department is unable to assure budget neutrality or cost savings, the pilot program would not move forward, and no costs would be incurred for MMIS changes or personal services after January 2011. The fiscal note assumes that the annual budget process would address any necessary adjustment in funding.

Table 1. Expenditures for the Department of Health Care Policy and Financing Under HB09-1047			
Cost Components	FY 2009-10	FY 2010-11	FY 2011-12
Personal Services	\$47,538	\$63,384	\$63,384
FTE	0.8	1.0	1.0
Operating Expenses	5,942	950	950
MMIS	0	75,600	75,600
TOTAL	\$53,480	\$139,934	\$139,934
General Fund	26,740	51,067	51,067
Federal Funds	26,740	88,867	88,867

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.

Table 2. Expenditures Not Included Under HB09-1047*		
Cost Components	FY 2009-10	FY 2010-11
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$5,135	\$6,846
Supplemental Employee Retirement Payments	1,384	2,357
Leased Space	1,260	1,680
TOTAL	\$7,779	\$10,883

*More information is available at: http://www.state.co.us/gov_dir/leg_dir/lcsstaff/2009/comsched/CommonPolicies2009.pdf

Departmental Differences

The Department of Health Care Policy and Financing identified costs of \$416,000 spread over FY 2010-11 and FY 2011-12 for temporary staffing to facilitate MMIS changes. This cost was assessed on the bill due to the department's limited capacity to implement system enhancements and changes to MMIS. It is based on temporary contractor services for 4,160 hours at an average rate of \$100 per hour.

In its budget submission for FY 2009-10, the department requested \$395,000 and 1.0 FTE to reduce a significant backlog that has existed for MMIS changes since 1999. At this time, the department reports it has a 19-month backlog of very high priority changes, and requires the augmentation of staffing levels for technical, policy, and contract staff for any new project.

The fiscal note does not include costs for temporary contractor services for MMIS changes. The fiscal note assumes that the department's need for resources to address the backlog of MMIS changes is a base funding issue that should be addressed through the annual budget process. The fiscal note identifies only those MMIS system costs that are needed to implement this bill. Due to the systemic problems with MMIS, the timeline outlined in this fiscal note is not realistic unless and until additional resources are provided to the department.

State Appropriations

For FY 2009-10, the fiscal note indicates that the Department of Health Care Policy and Financing requires funding of \$53,480 split equally between the General Fund and federal funds (\$26,740 each).

Departments Contacted

Health Care Policy and Financing

Human Services