

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

**Drafting Number:** LLS 09-0144  
**Prime Sponsor(s):** Sen. Boyd  
 Rep. Massey

**Date:** January 28, 2009  
**Bill Status:** Senate Health and Human Services  
**Fiscal Analyst:** Amy Larsen (303-866-3488)

**TITLE:** CONCERNING DENTAL SERVICES FOR PERSONS PARTICIPATING IN CERTAIN STATE-FUNDED MEDICAL SERVICES PROGRAMS.

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011
<b>State Revenue</b>		
<b>State Expenditures</b>		
<u>Total</u>	<u>\$174,056</u>	<u>\$18,621,109</u>
General Fund	57,292	8,203,970
General Fund Appropriation to the CBHP* Trust	0	29,484
Cash Funds - Health Care Expansion Fund	0	936,840
Federal Funds	116,764	9,450,815
<b>FTE Position Change</b>	0.7 FTE	1.0 FTE
<b>Effective Date:</b> July 1, 2009		
<b>Appropriation Summary for FY 2009-2010:</b> See State Appropriations section of the fiscal note.		
<b>Local Government Impact:</b> None.		

\* Children's Basic Health Plan (CBHP).

**Summary of Legislation**

This bill is recommended by the Health Care Task Force. It adds adult dental services as covered benefits for Medicaid and CBHP.

**Background**

Under current law, comprehensive dental benefits are only provided to the following groups through the state medical assistance programs:

- ▶ children in Medicaid and CBHP; and
- ▶ Medicaid clients enrolled in Home- and Community-based Services waivers for persons with developmental disabilities.

Emergency dental benefits, such as tooth extractions, are provided to clients who do not qualify for comprehensive services, but these are very limited.

**State Expenditures**

Total state expenditures for the Department of Health Care Policy and Financing are expected to increase by \$174,056 and 0.7 FTE in FY 2009-10 and by \$18,621,109 and 1.0 FTE in FY 2010-11. Expenditures are expected for the General Fund, the CBHP Trust, the Health Care Expansion Fund, and federal funds as shown in Table 1.

<b>Table 1. Expenditures for the Department of Health Care Policy and Financing Under SB09-009</b>		
<b>Cost Components</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>
Personal Services	\$48,934	\$73,402
FTE	0.7	1.0
Operating Expenses and Capital Outlay	6,178	950
Dental Benefits - Medicaid 154,872 Clients X \$120 per year	0	18,584,640
Dental Benefits - CBHP Prenatal 3,132 Clients X \$120 per year	0	375,840
Dental Savings - Waiver Programs	0	(749,261)
MMIS* Changes	118,944	335,538
<b>TOTAL</b>	<b>\$174,056</b>	<b>\$18,621,109</b>
General Fund	57,292	8,203,970
CBHP Trust	0	29,484
Health Care Expansion Fund	0	936,840
Federal Funds	116,764	9,450,815

\*Medicaid Management Information System (MMIS).

**Key Assumptions.** Expenditures shown in Table 1 are based on the following assumptions:

- ▶ a single statewide contractor will be selected to provide preventative dental services for over 150,000 Medicaid and CBHP clients at a rate of \$10 per month, \$120 per year;
- ▶ dental services will include comprehensive diagnostic services, cleanings, limited periodontal and restorative services, root canals, and one partial or full denture; other services may be offered due to a competitive bidding process, but an annual cap of about \$1,000 is expected;
- ▶ clients on Medicaid waiver programs that currently include dental services will participate in the capitated program and have reduced expenditures for dental services; the fiscal note reflects a 25 percent reduction in dental services costs for this group due to their high level of need and the expected cap of \$1,000 for the new program; and
- ▶ dental services will begin July 2010.

It should be noted that this time frame is only realistic if the current MMIS backlog is addressed (see Departmental Differences section of the fiscal note).

**Personal Services.** Personal services are needed beginning October 2009, to prepare and submit a state plan amendment, draft rules, develop a request for proposals, and manage the selected administrator. Staff will also be responsible for establishing performance objectives and reporting on the quality and health outcomes of the dental benefit. Costs increase in FY 2010-11 due to full year implementation.

**Cost Sharing.** Cost sharing is based on state funding mechanisms and federal financial participation rates for Medicaid and CBHP.

### **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 SB09-009*</b>		
<b>Cost Components</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$4,564	\$6,846
Supplemental Employee Retirement Payments	1,425	2,730
Leased Space	1,120	1,680
<b>TOTAL</b>	<b>\$7,109</b>	<b>\$11,256</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)

### **Departmental Differences**

The Department of Health Care Policy and Financing identified costs of \$660,000 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 5,280 hours at \$125 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 time line 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 an appropriation of \$174,056 and 0.7 FTE. Of the total, \$57,292 is General Fund, and \$116,764 is federal funds.

### **Departments Contacted**

Health Care Policy and Financing

Human Services