

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

**Drafting Number:** HB10-1029  
**Prime Sponsor(s):** Rep. Acree  
 Sen. Keller

**Date:** January 13, 2010  
**Bill Status:** House Health and Human Services  
**Fiscal Analyst:** Kerry White (303-866-3469)

**TITLE:** CONCERNING AGREEMENTS FOR THE PURCHASE OF MEDICAL GOODS.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
<b>State Revenue</b>		
<b>State Expenditures</b>		
General Fund	\$84,547	\$18,122
<b>FTE Position Change</b>	0.5 FTE	0.2 FTE
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2010-2011:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

This bill, recommended by the Interim Committee on the Developmental Disability Waiting List during the 2009 interim, directs the Department of Health Care Policy and Financing to negotiate agreements with suppliers of high-quality durable medical equipment and supplies (DME) for benefit of and purchase by persons receiving or on a waiting list for public medical benefits.

**Background**

The DME benefit in the Medicaid program currently covers all medically necessary items as ordered by a physician. The Children's Basic Health Plan has a capped DME benefit, and persons in this program would be eligible to access the proposed pricing agreements for DME. In addition to Medicaid and the Children's Basic Health Plan, there are 11 Medicaid waiver programs managed by the Departments of Health Care Policy and Financing and Human Services, including 5 with waiting lists. Medicaid waiver programs provide services above and beyond those offered under Medicaid to meet persons' special, specific, and often ongoing needs. An estimated 80 percent of persons on a waiver program waiting list currently receive Medicaid and have their DME needs met, and the remainder would be eligible to access the proposed new pricing agreements.

**State Expenditures**

HB10-1029 will increase costs to the General Fund by \$84,547 and 0.5 FTE in FY 2010-11 and \$18,122 and 0.2 FTE in FY 2011-12 in the Department of Health Care Policy and Financing. Table 1 and the discussion that follows address the cost components of the bill.

<b>Cost Components</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>
Personal Services	\$31,692	\$12,677
FTE	0.5	0.2
Operating Expenses and Capital Outlay	2,810	190
Program Mailings	50,045	5,255
<b>TOTAL</b>	<b>\$84,547</b>	<b>\$18,122</b>

This analysis assumes that the department will conduct an open, competitive solicitation as outlined in the state procurement code and that staff support will be required to manage the procurement process; develop, monitor, and update vendor agreements; develop and maintain a list of persons eligible to use the new pricing agreements; conduct outreach; and provide customer service.

In the first year, a mailing providing information about the new pricing agreements will be sent to approximately 88,575 persons on Medicaid waiver program waiting lists or enrolled in the Children's Basic Health Plan. Based on projected caseload and waiting list growth, the second year mailing will be sent to an estimated 9,300 persons.

The pricing agreements created under this bill will be accessed by persons wishing to obtain non-covered services and those not currently enrolled in the department's programs. The costs for the activities needed to implement the bill are therefore not eligible for federal match, and would require General Fund.

**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 HB10-1029*</b>		
<b>Cost Components</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$4,260	\$1,420
Supplemental Employee Retirement Payments	1,179	574
<b>TOTAL</b>	<b>\$5,439</b>	<b>\$1,994</b>

*\*More information is available at: <http://www.colorado.gov/cs/Satellite/CGA-LegislativeCouncil/CLC/1200536133924>*

### **State Appropriations**

The Department of Health Care Policy and Financing requires a General Fund appropriation of \$84,547 and 0.5 FTE in FY 2010-11.

### **Departmental Differences**

It is the position of the Department of Health Care Policy and Financing that this bill does not require use of the state procurement code. According to the department, negotiating individual agreements with some portion of their existing 500 suppliers would address potential regional differences in DME availability and improve pricing. The department assumes that greater numbers of supplier agreements maximizes the purchasing options for persons across the state, and thereby increases the amount of staff time needed to write rules, conduct negotiations, and provide outreach and customer service activities. The department expects to need 1.0 FTE, at costs that exceed those identified in this fiscal note by \$31,692 in FY 2010-11 and \$50,707 in FY 2011-12. Based on the assumption that the state procurement code applies, these costs have not been included.

### **Departments Contacted**

Health Care Policy and Financing  
Human Services

Personnel & Administration