

**STATE
FISCAL IMPACT**

Drafting Number: LLS 10-1051
Prime Sponsor(s): Rep. Lambert
 Sen. White

Date: March 26, 2010
Bill Status: House Appropriations
Fiscal Analyst: Sara McPhee (303-866-4782)

TITLE: CONCERNING THE ALIGNMENT OF ELIGIBILITY FOR THE OLD AGE PENSION PROGRAM WITH ELIGIBILITY FOR OTHER PUBLIC BENEFIT PROGRAMS, AND, IN CONNECTION THEREWITH, ALIGNING THE WAITING PERIOD FOR THE OLD AGE PENSION WITH THE WAITING PERIOD FOR OTHER PUBLIC BENEFIT PROGRAMS, ENFORCING FINANCIAL RESPONSIBILITY REQUIREMENTS FOR RELATIVE SPONSORS OF NONCITIZENS, AND MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011	FY 2011-2012
State Revenue			
State Expenditures			
<u>Total</u>	<u>\$46,000</u>	<u>(\$14,063,056)</u>	<u>(\$29,397,841)</u>
General Fund	\$19,931	\$19,827	(\$265,538)
Cash Funds			
Old Age Pension Cash Fund	\$2,184	(\$14,106,644)	(\$28,866,765)
Children's Basic Health Plan Trust	\$35	\$35	
Federal Funds	\$23,850	\$23,726	(\$265,538)
FTE Position Change			
Effective Date: Sections 1 and 2 take effect on July 1, 2010, sections 3 through 5 take effect on January 1, 2011, or upon expiration of the federal American Reinvestment and Recovery Act, and sections 6 through 8 take effect upon signature of the Governor, or upon becoming law without his signature.			
Appropriation Summary for FY 2010-2011: See State Appropriations section.			
Local Government Impact: None.			

Summary of Legislation

The bill, recommended by the Joint Budget Committee, makes the following changes to the Old Age Pension (OAP) program:

- bars, with some exceptions, qualified aliens from accessing the OAP program for five years after entering the U.S.; and
- requires, with some exceptions, that the income and resources of a qualified alien's sponsor be considered when determining OAP program eligibility.

State Expenditures

The bill will result in expenditures of \$46,000 in FY 2009-10 and savings of about \$14 million in FY 2010-11. An overview of the costs and savings is provided in Table 1.

Table 1. Costs and Savings Under HB 10-1353			
Cost Components	FY 2009-10	FY 2010-11	FY 2011-12
CBMS Changes	\$46,000	\$45,761	
Savings to the OAP Program		(14,108,817)	(\$28,866,765)
Medicaid Savings			(531,076)
TOTAL	\$46,000	(\$14,063,056)	(\$29,397,841)
General Fund	19,931	19,827	(265,538)
Old Age Pension Cash Fund	2,184	(14,106,644)	(28,866,765)
Children's Basic Health Plan Trust	35	35	
Federal Funds	23,850	23,726	(265,538)

Colorado Benefits Management System (CBMS). The Department of Human Services requires \$46,000 in FY 2009-10 and \$45,761 in FY 2010-11 for changes to the CBMS. These costs are split among the General Fund, the Old Age Pension Fund, the Children's Basic Health Plan Trust, and federal funds. The changes to CBMS will reflect the change in eligibility criteria for the OAP program.

Savings to the OAP Program. In FY 2010-11, it is estimated that the bill will reduce OAP program expenditures by at least \$14 million due to the provision that will bar qualified aliens from accessing the OAP for five years after entering the U.S. An estimated 2,447 OAP recipients will no longer be eligible for the program because of this provision barring qualified aliens from accessing the program for five years. According to the state constitution, the OAP program is funded from state sales and excise tax revenue, and after that the remaining sales and excise tax is available for the General Fund; therefore, any reduction in OAP program expenditures results in an increase in General Fund available for other uses.

Conditional expenditure reductions. In FY 2011-12, the bill will generate additional savings of about \$15 million if the American Recovery and Reinvestment Act (ARRA) is not extended past June 30, 2011. The ARRA provided an enhanced federal Medicaid match rate for states under certain circumstances, including restrictions on changes to eligibility for the Medicaid program. The requirement that the income and resources of a qualified alien's sponsor be used to determine OAP eligibility is expected to result in a Medicaid caseload reduction.

State Appropriations

In FY 2009-10, the Department of Human Services requires an appropriation of \$46,000 for changes to CBMS through the following allocation:

- \$11,347 -- General Fund
- \$2,143 -- Old Age Pension Fund
- \$17,309 -- reappropriated funds
- \$15,201 -- federal funds

From the reappropriated funds, the Department of Health Care Policy and Financing should receive an appropriation of \$17,309 through the following allocation:

- \$8,584 -- General Fund
- \$35 -- Children's Basic Health Plan Trust
- \$41 -- Old Age Pension Fund
- \$8,649 -- federal funds

In FY 2010-11, the Department of Human Services requires an appropriation of \$45,761 and an expenditure reduction of \$14,108,817 from the Old Age Pension Fund. The appropriation requires the following allocation:

- \$11,288 -- General Fund
- \$2,132 -- Old Age Pension Fund
- \$17,220 -- reappropriated funds
- \$15,121 -- federal funds

From the reappropriated funds, the Department of Health Care Policy and Financing should receive an appropriation of \$17,220 through the following allocation:

- \$8,539 -- General Fund
- \$35 -- Children's Basic Health Plan Trust
- \$41 -- Old Age Pension Fund
- \$8,605 -- federal funds

Departments Contacted

Human Services

Health Care Policy and Financing