SB10-160

Colorado Legislative Council Staff Fiscal Note

STATE FISCAL IMPACT

Drafting Number: LLS 10-0615
Prime Sponsor(s): Sen. Lundberg

Date: February 16, 2010
Bill Status: Senate Health and Human Services
Fiscal Analyst: Kerry White (303-866-3469)

TITLE: CONCERNING THE DEVELOPMENT OF AN ALTERNATIVE MEDICAL ASSISTANCE PROGRAM FOR THE ELDERLY.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Expenditures Total General Fund Federal Funds	 $47,412 $23,706 $23,706	These costs will be identified in a future fiscal note
FTE Position Change	0.6 FTE	
Effective Date: August 11, 2010, assuming the General Assembly adjourns May 12, 2010, as scheduled and no referendum petition is filed.		
Appropriation Summary for FY 2010-2011: See State Appropriations section.		
Local Government Impact: None.		

At this time, Legislative Council staff has not yet received a worksheet from the Department of Health Care Policy and Financing concerning SB10-160. Therefore, the information contained in this fiscal note is preliminary and the fiscal note will be revised once more information becomes available. This bill is similar to those introduced in prior years, which formed the basis for the components identified in the fiscal note.

Summary of Legislation

This bill creates the Alternative Medical Assistance Program for the Elderly in the Department of Health Care Policy and Financing (DHCPF), subject to receiving federal authorization to implement it. The program allows a Medicaid eligible person, age 55 or older, to accept an amount equivalent to 70 percent of the medical assistance benefits the person would have received in the traditional Medicaid program. Enrolled clients will be issued a debit card, funded each month with a portion of the allotted annual benefit. The DHCPF is directed to review benefit eligibility and amounts for each client on an annual basis, although the department may provide this review earlier if the client's health condition substantially changes.

The state is required to waive all estate recovery requirements and allow the client to determine which medical services to purchase from any provider in the state. Participation in the program is voluntary, and a client may withdraw by providing 30 days written notice to the DHCPF.

State Revenue

The crossover population of persons who leave Medicaid for the alternative program is expected to have an adverse effect on estate recoveries. Assets will not be recoverable by the Estate Recovery Program for benefits paid to clients while on the alternative program. This impact will affect recoveries in the long-term. As it is unknown how many clients would enroll in the alternative program and what their assets would be, the amount of potential lost revenue has not been estimated.

State Expenditures

At a minimum, this bill will increase expenditures in the DHCPF by $47,412 in FY 2010-11, including $23,706 General Fund and $23,706 federal funds. In FY 2011-12 and FY 2012-13, state expenditures and FTE are conditional upon the CMS approving a waiver to implement the Alternative Medical Assistance Program for the Elderly. This analysis assumes that, once federal approval is received, the alternative program would become effective on July 1, 2012.

Personal Services and Operating Costs. Personal services and standard operating costs will be incurred to develop and submit a waiver to the Centers for Medicare and Medicaid Services (CMS) and prepare Medical Services Board rules. Provided that the waiver is approved, staffing needs will increase when the program is implemented in FY 2012-13. Staff are required for determining annual eligibility and benefits amounts, ongoing monitoring and reporting, assuring compliance with the Deficit Reduction Act, overseeing increased accounting responsibilities, and fulfilling federal reporting requirements.

Caseload and Medical Services Premiums. Beginning in FY 2012-13, annual costs for Medical Services Premiums are expected to increase. These costs will depend on the number of new clients who enroll and Medicaid clients who transfer to the alternative program. Costs will also be based on the assumption that the state will experience cost savings of 30 percent for Medicaid clients that transfer to the program.

Fiscal Intermediary. The fiscal note assumes that the monthly benefit payments required to be paid to clients through a debit card will be managed by a fiscal intermediary. This cost requires input from the DHCPF and has not been estimated.

Medicaid Management Information Systems (MMIS) and Web Portal. Systems changes will be required upon federal approval of the new alternative program. Modifications will include establishing a new eligibility type, new general ledger codes, and new client eligibility verification. These costs were estimated at $425,000 in 2009.

Colorado Benefits Management System (CBMS). CBMS will be used to determine eligibility for the new alternative program. Modifications will include the addition of a participation field, changes to two existing windows, and interfaces with MMIS. The system will also be used to generate correspondence with current Medicaid clients about the new program. In 2009, this cost was estimated to be $230,000.

State Appropriations

The Department of Health Care Policy and Financing will require an appropriation of $47,412, including $23,706 General Fund and $23,706 federal funds in FY 2010-11.

Departments Contacted

Health Care Policy & Financing Human Services Law