

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

**CONDITIONAL FISCAL IMPACT**

**Drafting Number:** LLS 10-0612  
**Prime Sponsor(s):** Sen. Tapia  
 Rep. Lambert

**Date:** January 29, 2010  
**Bill Status:** Senate SVMA  
**Fiscal Analyst:** Kerry White (303-866-3469)

**TITLE:** CONCERNING THE AUTHORIZATION OF AMENDMENTS TO EXISTING STATE INFORMATION TECHNOLOGY CONTRACTS FOR PURPOSES OF FURTHERING CONSOLIDATION OF THE MANAGEMENT OF STATE AGENCY INFORMATION TECHNOLOGY RESOURCES IN THE OFFICE OF INFORMATION TECHNOLOGY.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Expenditures		
FTE Position Change		
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2010-2011:</b> None required.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

This bill grants the Governor's Office of Information Technology (OIT) the authority to review existing information technology contracts and negotiate contract amendments to increase cost-effectiveness or meet the business needs of the state, through June 30, 2012. Contract amendments can be made by OIT if:

- all contractors agree to the amendment;
- the original contract was awarded in compliance with procurement code, and not as a sole source or emergency procurement;
- federal or other sources of funding are not jeopardized; and
- the amendment establishes a standard for the specific information technology resource to which all state agencies will adhere, unless OIT grants a waiver.

The bill establishes certain requirements for the negotiation of contract amendments and permits OIT to develop related procedures. Amendments to existing contracts are exempted from the requirements of the procurement code.

## **State Revenue and Expenses**

This bill is assessed as having a conditional fiscal impact as future contract amendments may create both costs and savings to state agencies, depending on actions of the OIT. As it is unknown how many contract amendments would be adopted under SB10-032 and what their effects would be, the amounts of potential costs or savings have not been estimated.

This analysis assumes that OIT, and any affected state agencies, can manage the contract review, negotiation, and amendment processes within existing resources.

It should be noted that federal regulations and the Centers for Medicare and Medicaid Services require the Medicaid Management Information System (MMIS) to be under the direct control of the state Medicaid director within the Department of Health Care Policy and Financing (HCPF). For this reason, OIT and HCPF developed a memorandum of understanding effective through June 30, 2010, which allows HCPF to manage MMIS. If, as a result of SB10-032, OIT makes amendments that impact the MMIS, the enhanced federal financial participation of 75 percent or 90 percent may not apply. This ultimately could result in the state having to fund Medicaid systems and operations with 50 percent General Fund.

## **State Appropriations**

This bill does not require an appropriations clause. This fiscal note assumes that any savings realized or additional costs incurred by state agencies as a result of this bill would be addressed through the annual budget process.

## **Departments Contacted**

Agriculture	Corrections
Education	Governor's Office
Health Care Policy & Financing	Higher Education
Human Services	Judicial
Labor and Employment	Law
Legislature	Local Affairs
Military Affairs	Natural Resources
Office of State Planning and Budgeting	Personnel & Administration
Public Health and Environment	Public Safety
Regulatory Agencies	Revenue
Secretary of State	State Auditor
Transportation	Treasury