

**STATE
FISCAL IMPACT**

This fiscal note is prepared pursuant to Joint Rule 22. (b) (2)

Drafting Number: LLS 10-0801
Prime Sponsor(s): Rep. Pommer
 Sen. Tapia

Date: February 15, 2010
Bill Status: House Appropriations
Fiscal Analyst: Jason Schrock (303-866-4720)

TITLE: CONCERNING THE USE OF TOBACCO LITIGATION FUNDS FOR HEALTH CARE PROGRAMS, AND MAKING AN APPROPRIATION THEREFOR.

Fiscal Impact Summary	FY 2010-11	FY 2011-12	FY 2012-13
State Revenue			
State Transfers or Diversions* Transfer from Tobacco Settlement Programs to the General Fund	(\$2.6 million)	(\$4.0 million)	
State Expenditures** Cash Funds Multiple Tobacco Settlement Programs Federal Funds	(\$2.6 million) (\$3.0 million)	(\$2.2 million) (\$2.8 million)	(\$2.6 million)
FTE Position Change	(0.2 FTE)	0.0 FTE	0.0 FTE
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.			
Appropriation Summary for FY 2010-11: See State Appropriations section			
Local Government Impact: None			

* See Table 1 in the Transfers or Diversions section for further detail.

** See the State Expenditures section for further detail.

Summary of Legislation

HB10-1323 is recommended by the Joint Budget Committee as part of its budget balancing package. With amendment HB 1323_L.001, the bill makes changes to how the state's tobacco Master Settlement Agreement (MSA) money is used and allocated. The bill provides additional money to the General Fund and also effectively reduces current General Fund spending obligations. Specifically, the bill:

- limits the amount of tobacco MSA money available for the Comprehensive Primary and Preventive Care Grant (CPPCG) Program in the Department of Health Care Policy and Financing (HCPF) for FY 2009-10 to the amount that had already been committed for the program's grants on or before September 30, 2009. The remaining money scheduled to be transferred to the program for FY 2009-10 will be credited to the General Fund;
- transfers all of the tobacco MSA money scheduled to go to the CPPCG Program in FY 2010-11 to the General Fund;

- transfers all of the tobacco MSA money scheduled to go to the Supplemental Tobacco Litigation Settlement Moneys Account of the CPPCG Fund in FY 2009-10 to the General Fund. This account, which is repealed by the bill at the end of FY 2009-10, is for HCPF's Indigent Health Care Program that distributes funds to rural and public hospitals. For FY 2010-11 and thereafter, the money that would have been transferred to this account is reallocated to the Children's Basic Health Plan Trust Fund;
- transfers the balance of tobacco MSA money in the Short-term Innovative Health Program Fund at the end of FY 2010-11 to the General Fund; and
- permits money in the AIDS and HIV Prevention Fund, which supports the Department of Public Health and Environment's AIDS and HIV Prevention Program, to be appropriated to the department's AIDS Drug Assistance Program in FY 2010-11. This provision extends for one fiscal year this spending authority which was authorized by 2009 legislation.

Transfers or Diversions

The following table shows the transfers and reallocations of tobacco MSA and General Fund money under HB 10-1323. The transfers to the General Fund provide additional money for General Fund obligations.

Table 1. Transfers and Reallocations of Tobacco MSA and General Fund Money under HB 10-1323		
	FY 2009-10	FY 2010-11
CPPCG Program to the General Fund	\$600,000	\$2.9 million
Indigent Health Care Program to the General Fund	\$2.0 million	
Innovative Health Program Fund to the General Fund		\$1.6 million
General Fund to the Children's Basic Health Plan Trust Fund		\$531,288
Total General Fund Impact	\$2.6 million	\$4.0 million

The bill also reallocates the tobacco MSA money scheduled to go to the Supplemental Tobacco Litigation Settlement Moneys Account of the CPPCG Fund, which is repealed by the bill, in FY 2010-11 and thereafter to the Children's Basic Health Plan Trust Fund. The tobacco MSA money reallocated to the Trust Fund is expected to be \$2.2 million in FY 2010-11 and \$2.6 million in FY 2011-12.

State Expenditures

For FY 2009-10, cash fund expenditures are reduced by \$2.6 million and federal funds are reduced by \$3 million for HCPF. The bill reduces expenditures for the following programs:

- **(\$648,053 cash funds and 0.2 FTE) - CPPCG Program; and**
- **(\$2.0 million cash funds and \$3.0 million federal funds) - Indigent Health Care Program.**

Since the bill repeals the Indigent Health Care Program, the state will no longer receive matching federal funds for the program.

For FY 2010-11, the net reduction in cash fund expenditures is \$2.2 million and federal funds are reduced by \$3 million for the following programs:

- **\$132,000 - AIDS Drug Assistance Program;**
- **(\$2.9 million cash funds) - CPPCG Program;**
- **(\$2.2 million cash funds and \$2.8 million federal funds) - Indigent Health Care Program; and**
- **\$2.8 million cash funds - Children's Basic Health Program.**

Refinancing of Children's Basic Health Program– reduction in General Fund expenditures. For FY 2010-11 and thereafter, the bill transfers tobacco MSA money normally received by the Supplemental Tobacco Litigation Settlement Moneys Account of the CPPCG Program used by the Indigent Health Care Program, which is repealed by the bill, to the Children's Basic Health Plan Trust Fund. This provides additional money for spending out of the Children's Basic Health Program Trust Fund to support the Children's Basic Health Program. This change effectively reduces the amount of General Fund needed to support the program by the same amount of new tobacco MSA money transferred to the Trust Fund. The amount of additional money available for spending out of the Children's Basic Health Program Trust Fund is expected to be \$2.8 million in FY 2010-11 and \$2.6 million FY 2011-12.

State Appropriations

In FY 2009-10, the Department of Health Care Policy and Financing requires the following changes in appropriations:

- a reduction of \$648,053 and 0.2 FTE from the Comprehensive Primary and Preventive Care Fund;
- a reduction of \$1,990,500 from the Supplemental Tobacco Litigation Settlement Moneys Account of the Comprehensive Primary and Preventive Grant Fund; and
- a reduction of \$3,009,500 in federal funds.

Departments Contacted

Health Care Policy and Financing
Legislature - JBC Staff

Public Health and Environment