

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE ENACTMENT OF THE "HEALTH CARE OPPORTUNITY AND PATIENT EMPOWERMENT ACT" TO AUTHORIZE THE STATE TO NEGOTIATE WITH OTHER STATES TO DEVELOP AN INTERSTATE COMPACT FOR PURPOSES OF ALLOWING THE SIGNATORY STATES TO OPT OUT OF FEDERAL LAW SO AS TO REGULATE HEALTH CARE AT THE STATE LEVEL.

Prime Sponsors: Reps. Nikkel and Stephens
Senator Kopp

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Date Prepared: April 28, 2011

Summary of Amendments Made to the Bill After the 04/28/11 Legislative Council Staff Revised Fiscal Note Was Prepared

None.

JBC Staff Concurrence with Legislative Council Staff Fiscal Note

Concurs **Does Not Concur** **Updated Analysis**

Amendments/Appropriation Status

At this time, the fiscal impact for this bill can not be determined. Therefore, staff has not prepared an appropriation clause for the bill. Staff assumes that any appropriations needed for implementation during FY 2011-12 would be added during the supplemental process after additional research has been completed on the bill.

Bill Sponsor Amendments

Staff is not aware of any sponsor amendments to be offered.

Points to Consider

1. The long-term fiscal impacts of entering into an interstate compact that would limit the amount of federal funding available to the State for health care expenditures can not be determined.
2. The "Member State Base Funding Level" (base year) is tied to Federal Fiscal Year 2010 (October 2009 through September 2010). Is it likely that Congress would agree to a base year that included temporary federal assistance under the American Recovery and Reinvestment Act (ARRA)?

3. The base year selected does not include the full fiscal impacts associated with the Medicaid eligibility increases under H.B. 09-1293 (implementation of H.B. 09-1293 is over a multi-year schedule). Therefore, the amount of federal funds needed for these Medicaid eligibility increases would be omitted from the "Member State Current Year Funding Level" calculations in future years. This could increase the amount of State funding needed for the Medicaid program under current State law.
4. The "Member State Base Funding Level" includes Medicare funding. Demographic trends (the aging of the baby boomer generation) will substantially increase Medicare funding in the future. The formula in the bill for the "Member State Current Year Funding Level" could diminish the amount of funding available for all other State health programs if the Medicare program costs exceed the population and inflation factors outlined in the bill.
5. The "Member State Base Funding Level" is limited to the base year funding multiplied by the percent changes in population and inflation. These factors do not account for the demographic changes in the population (i.e. the aging of the population) that tend to increase health care costs as well as the higher inflation rates associated with health care services.