


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 11-0439
Prime Sponsor(s): Rep. Kefalas
 Sen. Aguilar

Date: February 23, 2011
Bill Status: House SVMA
Fiscal Analyst: Clare Pramuk (303-866-2677)

TITLE: CONCERNING PAYMENT REFORMS FOR THE CREATION OF PATIENT-CENTERED MEDICAL HOMES FOR ADULTS.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013	FY 2013-2014	FY 2014-2015
State Revenue				
State Expenditures				
General Fund			Increase	Increase
Cash Funds (Multiple)			\$159,600	\$319,200
Federal Funds			Increase	Increase
FTE Position Change				
Effective Date: August 10, 2011, if the General Assembly adjourns on May 11, 2011, as scheduled, and no referendum petition is filed.				
Appropriation Summary for FY 2011-2012: None required.				
Local Government Impact: None.				

Summary of Legislation

This bill requires public and private payors to make care coordination payments to health care providers who provide services as part of a nationally accredited, patient-centered medical home by January 1, 2014. Private payors include insurance companies writing individual and small group health insurance plans; public payors include Medicaid and the Children's Basic Health Plan (CHP+). The bill defines a patient-centered medical home as a health care team that provides high-quality, safe, continuous, coordinated, comprehensive, and evidence-based care to adults.

Finally, the bill does not prohibit or discourage public and private payors from making care coordination payments prior to January 1, 2014, or from implementing any other payment reform, care coordination, or health care delivery reform.

Background

Senate Bill 07-130 defined a medical home as a qualified medical specialty, developmental, therapeutic, or mental health care practice that ensures access to and coordination of all medically related services to a child. That bill granted the Department of Health Care Policy and Financing (DHCPF) the authority to implement a medical home model of care for children enrolled in Medicaid and CHP+. Over 270,000 of these children are now linked to a medical home.

DHCPF is implementing a client-centered managed care program called the Accountable Care Collaborative (ACC) in April 2011. DHCPF plans on having 35,732 adult clients enrolled in the ACC for the pilot phase of the program. The primary care medical providers participating in the ACC are patient-centered medical homes.

State Expenditures

Department of Health Care Policy and Financing. DHCPF is expected to have increased expenditures for Medicaid and CHP+ clients beginning in FY 2013-14. Because these increases are in out-years, the impact cannot be fully estimated at this time. However the fiscal note assumes the increase in funding will be addressed during the annual budget process.

Medicaid program. The ACC is expected to be the delivery system through which DHCPF meets the requirements of the bill. Because the ACC has not been implemented and accrediting standards for medical homes are still being developed, there is considerable uncertainty as to the costs of the medical home model and for accreditation. As such, it cannot currently be determined how this will affect the Medicaid costs per client per month. These increases will be funded with General Fund and federal funds.

CHP+. The fiscal note assumes that 3,800 pregnant adults who are covered by CHP+ will move to medical homes beginning January 1, 2014. Rates paid to CHP+ providers are expected to increase by approximately \$7.00 per member to cover the care coordination fee. This bill is expected to increase expenditures by \$159,600 for half of FY 2013-14, and \$319,200 in FY 2014-15. A portion of this rate increase will help fund the cost of accreditation.

These increases will be funded from the CHP+ Trust Fund, the Health Care Expansion Fund, and the Hospital Provider Fee based on the income of the member as a percentage of the federal poverty level. If the CHP+ Trust Fund or the Health Care Expansion Fund do not have sufficient funds to cover these expenditures, deficits will be addressed with General Fund or other cash fund sources.

Departments Contacted

Health Care Policy and Financing
Regulatory Agencies

Personnel and Administration