

**STATE  
FISCAL IMPACT**

**Drafting Number:** LLS 12-0899  
**Prime Sponsor(s):** Rep. Becker  
 Sen. Lambert

**Date:** April 4, 2012  
**Bill Status:** House Appropriations  
**Fiscal Analyst:** Bill Zepernick (303-866-4777)

**TITLE:** CONCERNING THE COLORADO BENEFITS MANAGEMENT SYSTEM IMPROVEMENT AND MODERNIZATION PROJECT, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2011-12	FY 2012-13	FY 2013-14
<b>State Revenue</b>			
<b>State Expenditures</b>	<b><u>\$8,950,260</u></b>	<b><u>\$14,275,072</u></b>	
General Fund	5,666,858	8,015,478	
Cash Funds			
Old Age Pension Cash Fund	199,942	247,502	
Old Age Pension Health and Medical Care Fund	6,398	8,039	
Children's Basic Health Plan Trust	2,123	2,669	
Various Cash Funds	0	3,732	
Federal Funds	3,074,939	5,997,652	
<b>FTE Position Change</b>		22.0 FTE	
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.			
<b>Appropriation Summary for FY 2012-2013:</b> See State Appropriations section.			
<b>Local Government Impact:</b> None.			

**Summary of Legislation**

The bill, *part of the JBC budget package*, appropriates funds for a project to modernize the Colorado Benefits Management System (CBMS) and implements a system of oversight for the project. CBMS is the state information technology system used to determine eligibility for a number of programs in the Department of Human Services (DHS) and Department of Health Care Policy and Financing (DHCPF) including Medicaid, food assistance, and Colorado Works, among others.

The Governor's Office of Information Technology (OIT) is required to monitor the CBMS modernization project and report quarterly to the Joint Budget Committee. The bill specifies the required information to be reported by the OIT, including information on project management, internal oversight, work plans, scheduled project components, the amount budgeted and spent for project components, and a variety of status updates on project components scheduled, in progress, or completed.

**State Expenditures**

The bill appropriates \$8,950,260 in FY 2011-12 (current fiscal year) and \$14,275,072 and 22.0 FTE in FY 2012-13, providing a total of **\$23.2 million and 22.0 FTE over two years** to the CBMS modernization project. The first-year funding may be carried over to the following year, if required.

After taking into account all the transfers of funds between the agencies, the DHS and DHCPF will each have costs of about \$1.0 million and 11.0 FTE in FY 2012-13, and the OIT will have costs of \$9.0 million in FY 2011-12 and \$12.3 million in FY 2012-13. Table 1 and the discussion below provide an overview of the costs incurred by the agencies responsible for the CBMS modernization project.

**Contract IT Services and equipment.** The OIT is expected to have costs of \$9.0 million in FY 2011-12 and \$12.3 million in FY 2012-13 for contract IT services and equipment.

**Personal services.** The DHS and DHCPF will each have costs of \$825,119 and 11.0 FTE in FY 2012-13 for personal services (\$1,650,237 and 22.0 FTE in total).

**Operating expenses.** The DHS and DHCPF will each have operating expenses of \$64,796 in FY 2012-13 to support the additional staff to manage and implement the modernization project and other related costs (\$129,593 in total).

**Centrally appropriated costs.** The DHS and DHCPF will each have costs of \$107,740 for centrally appropriated costs such as employee insurance and supplemental employee retirement payments (\$215,480 in total).

<b>Cost Components</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
Contract IT Services and Equipment	\$8,950,260	\$12,279,762
Personal Services	0	1,650,237
FTE	0.0	22.0
Operating Expenses	0	129,593
Centrally Appropriated Costs	0	215,480
<b>TOTAL</b>	<b><u>\$8,950,260</u></b>	<b><u>\$14,275,072</u></b>
<b>General Fund</b>	<b>5,666,858</b>	<b>8,015,478</b>
<b>OAP Cash Fund</b>	<b>199,942</b>	<b>247,502</b>
<b>OAP Health and Medical Care Fund</b>	<b>6,398</b>	<b>8,039</b>
<b>Children's Basic Health Plan Trust</b>	<b>2,123</b>	<b>2,669</b>
<b>Various Cash Funds</b>	<b>0</b>	<b>3,732</b>
<b>Federal Funds</b>	<b>3,074,939</b>	<b>5,997,652</b>

**Federal matching funds.** As shown in Table 1, \$13.7 million of the \$23.2 million over two years is from the General Fund. This fund split assumes the typical 50/50 fund split between General Fund and federal funds for the Medicaid-funded portion of the project in the DHCPF. The federal Center for Medicare and Medicaid Services provides funding to states at an enhanced matching rate of 90/10 for projects to build and enhance eligibility systems such as CBMS. The DHCPF has taken initial steps to receive the enhanced federal funding. ***If approval is received, as expected, in June 2012, the amount of General Fund required for CBMS modernization over the two-year period will decrease from \$13.7 million to \$7.5 million, with a corresponding increase in federal funds.*** The fiscal note assumes that if enhanced federal funding is received, the appropriations for CBMS modernization will be adjusted through the annual budget process to reduce the amount of General Fund.

**State Appropriations**

In FY 2011-12 (current fiscal year), the following appropriations are required, with additional detail on fund sources provided in Table 2:

- \$8,950,260 to the DHS, of which the entire amount is reappropriated to the OIT;
- \$3,654,755 to the DHCPF, of which the entire amount is reappropriated to the DHS; and
- \$8,950,260 to the OIT

<b>Table 2. Appropriations in HB 12-1339 in FY 2011-12 (Current Fiscal Year)</b>					
<b>Agency</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reapprop. Funds</b>	<b>Federal Funds</b>	<b>Total Funds</b>
Department of Human Services	\$3,845,866	\$199,942	\$3,654,755	\$1,249,697	\$8,950,260
Department of Health Care Policy and Financing	1,820,992	8,521	0	1,825,242	3,654,755
Governor's Office of Information Technology	0	0	8,950,260	0	8,950,260
<b>TOTAL*</b>	<b>\$5,666,858</b>	<b>\$208,463</b>	<b>N/A</b>	<b>\$3,074,939</b>	<b>\$8,950,260</b>

\* Reappropriated funds are excluded in the total to avoid double counting.

In FY 2012-13, the following appropriations are required, with additional detail on fund sources provided in Table 3:

- \$14,275,072 and 11.0 FTE to the DHS, of which \$12,279,762 is reappropriated to the OIT and \$997,655 is reappropriated to the DHCPF;
- \$9,628,491 and 11.0 FTE to the DHCPF, of which \$8,630,836 is reappropriated to the DHS; and
- \$12,279,762 to the OIT.

<b>Table 3. Appropriations in HB 12-1339 in FY 2012-13</b>					
<b>Agency</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reapprop. Funds</b>	<b>Federal Funds</b>	<b>Total Funds</b>
Department of Human Services	\$3,708,083	\$251,234	\$8,630,836	\$1,684,919	\$14,275,072
Department of Health Care Policy and Financing	4,307,395	10,708	997,655	4,312,733	9,628,491
Governor's Office of Information Technology	0	0	12,279,762	0	12,279,762
<b>TOTAL*</b>	<b>\$8,015,478</b>	<b>\$261,942</b>	<b>N/A</b>	<b>\$5,997,652</b>	<b>\$14,275,072</b>

\* Reappropriated funds are excluded in the total to avoid double counting.

**Departments Contacted**

Health Care Policy and Financing  
 Governor's Office of Information Technology  
 Joint Budget Committee Staff

Human Services  
 Governor/OSPB