

**FINAL  
FISCAL NOTE**

**Drafting Number:** LLS 13-0484  
**Prime Sponsor(s):** Sen. Newell  
 Rep. McCann

**Date:** May 16, 2013  
**Bill Status:** Signed into Law  
**Fiscal Analyst:** Kerry White (303-866-3469)

**TITLE:** CONCERNING ELIMINATION OF THE WAITING PERIOD FOR CHILDREN'S ELIGIBILITY UNDER THE CHILDREN'S BASIC HEALTH PLAN.

<b>Fiscal Impact Summary</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>
<b>State Revenue</b> Cash Funds CBHP Trust Fund	Increase - see State Revenue section.	
<b>State Expenditures</b>	Increase - see State Expenditures section.	
<b>FTE Position Change</b>		
<b>Effective Date:</b> The bill was signed into law by the Governor on March 29, 2013, and takes effect on July 1, 2013.		
<b>Appropriation Summary for FY 2013-2014:</b> None required.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

This bill modifies eligibility for the Children's Basic Health Plan (known as the Children's Health Plan Plus or CHP+) by eliminating the waiting period for certain clients. Under current law, if a child is insured by a comparable health plan through an employer and the employer contributed at least 50 percent of the premiums, there is a three-month waiting period.

**Background**

CHP+ is administered by the Department of Health Care Policy and Financing. The program provides low-cost health insurance to children and pregnant women in families with incomes of up to 250 percent of the federal poverty level (FPL). Costs are split between state funds (35 percent) and federal funds (65 percent). The state share is funded with about \$28 million in cash funds from the tobacco master settlement agreement, with the remainder coming from the General Fund. For FY 2013-14, per capita costs are anticipated to be \$13,337 for pregnant women and \$2,382 for children.

### **State Revenue**

This bill is expected to increase state revenue by a minimal amount. By eliminating the waiting period, this bill could encourage some people to leave private insurance and enroll in CHP+. Families enrolled in CHP+ with incomes between 151 and 205 percent of FPL currently pay an annual enrollment fee of \$25 for one child and \$35 for more than one child. Families with incomes between 206 and 250 percent of FPL pay an annual enrollment fee of \$75 for one child and \$105 for more than one child. This fee is waived for families with incomes of less than 150 percent of FPL and pregnant women.

### **State Expenditures**

This bill will increase state expenditures for the CHP+ program in the Department of Health Care Policy and Financing by an indeterminate amount.

***Caseload increases.*** As of this writing, no data are available on the number of persons who meet the income standards for eligibility for CHP+ and are enrolled in health care coverage where the employer pays more than 50 percent of the premiums. In addition, the department does not currently capture information about why a person is uninsured when he or she applies for CHP+. While there is data on employer participation in the payment of health insurance premiums, this data does not reveal family incomes (families may have more than one wage earner). For this reason, it is not possible to determine the increase in caseload. This analysis assumes that caseload will grow by a minimal amount from new clients that choose to leave employer-sponsored coverage and also by enrolling some existing uninsured clients more quickly. Any increase in costs will be addressed through the annual budget process.

***Administrative costs.*** Costs will be created for the Department of Health Care Policy and Financing to make a minor adjustment in rules and to prepare a state plan amendment, as well as to remove one eligibility field in the Colorado Benefits Management System (CBMS). As the CBMS system already has a planned upgrade which can include the change required under this bill, no additional resources for programming are necessary. Due to the simple nature of the rule-making and state plan amendment changes, these increases in workload can be accommodated within existing appropriations.

### **Departments Contacted**

Health Care Policy and Financing