



STATE FISCAL IMPACT

Drafting Number: LLS 13-0748
Prime Sponsor(s): Rep. Stephens

Date: February 14, 2013
Bill Status: House Public Health Care and
Fiscal Analyst: Human Services
 Kerry White (303-866-3469)

TITLE: CONCERNING REPORTING RELATING TO THE MEDICAID COORDINATED CARE SYSTEM.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Expenditures		
General Fund	\$32,019	\$25,778
Federal Funds	32,018	25,778
FTE Position Change	0.5 FTE	0.5 FTE
Effective Date: August 7, 2013, if the General Assembly adjourns on May 8, 2013, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2013-2014: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

This bill requires the Department of Health Care Policy and Financing (HCPF) to report on efforts by the regional care collaborative organizations (RCCOs) to contain costs and reduce waste in the Medicaid program. The report is to be made to specified legislative committees in September and March of each year, through March 1, 2018, and is required to include:

- detail on the specific efforts of each RCCO to identify and implement best practices related to cost containment;
- an analysis of the cause of any recurring incidents of waste;
- information about the technology used to contain costs and reduce waste;
- information about any statutes or policies that prevent RCCOs from realizing efficiencies;
- discussion of department and RCCO efforts to ensure Medicaid clients are aware of and participate in efforts to reduce waste; and
- a listing of the counties served by each RCCO.

State Expenditures

This bill will increase state expenditures for HCPF by \$64,037 and 0.5 FTE for FY 2013-14 and by \$51,556 and 0.5 FTE for FY 2014-15. Costs are paid with equal shares of General Fund and federal funds, as described in Table 1 and the discussion that follows.

Table 1. Expenditures Under HB13-1196		
Cost Components	FY 2013-14	FY 2014-15
Personal Services	\$23,710	\$26,081
FTE	0.5	0.5
Operating Expenses and Capital Outlay	2,827	475
Statewide Data Analytics Contractor	37,500	25,000
TOTAL	<u>\$64,037</u>	<u>\$51,556</u>
General Fund	32,019	25,778
Federal Funds	32,018	25,778

Personal services, operating, and capital outlay. Department staff will be required to coordinate with RCCOs to obtain data, prepare an analysis of the cause of any recurring incidents of waste, and compile other requested information. Personal services costs are \$26,081 and 0.5 FTE, prorated in the first year to account for the effective date of the bill and the General Fund payday shift. First-year costs include \$2,352 in capital outlay costs. Operating costs are \$475 per year.

Statewide data analytics contractor. Contracting resources are required to obtain total cost of care and utilization analyses. The fiscal note assumes 300 hours of resources are required in the first year and 200 hours are required in future years.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included Under HB13-1196*		
Cost Components	FY 2013-14	FY 2014-15
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$3,356	\$3,356
Supplemental Employee Retirement Payments	1,601	1,811
TOTAL	\$4,957	\$5,167

*More information is available at: <http://colorado.gov/fiscalnotes>

Departmental Differences

It is the position of HCPF that this bill requires \$73,263 and 0.6 FTE in FY 2013-14 and \$78,112 and 1.0 FTE in FY 2014-15. The difference in costs is primarily a result of the estimated amount of work to compile information and to analyze the cause of recurring incidences of waste. HCPF assumes that the bill requires the department to determine the cause of avoidable, duplicative, and avoidable services, and this may require the department to visit providers and hospitals. The department believes it may also be required to conduct significant amounts of research into provider preferences, provider financial incentives, and provider relationships with third parties, such as pharmaceutical companies. The fiscal note asserts that some of these functions are already under the purview of the department and that the bill does not require the same level of workload increase. In addition, the fiscal note includes resources for 0.5 FTE and the statewide data analytics contractor to more readily obtain information that the bill requires.

State Appropriations

For FY 2013-14, the Department of Health Care Policy and Financing requires an appropriation of \$64,037 General Fund and 0.5 FTE.

Departments Contacted

Health Care Policy and Financing