



**STATE
FISCAL IMPACT**

Drafting Number: LLS 14-1068	Date: April 28, 2014
Prime Sponsor(s): Sen. Todd; Herpin Rep. Young; Gardner	Bill Status: Senate Finance
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SHORT TITLE: SENIORS CONTRIBUTIONS TO POOLED TRUSTS

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures	<u>\$831,278</u>	<u>\$2,163,272</u>
General Fund	821,773	2,152,195
Centrally Appropriated Costs**	9,505	11,077
FTE Position Change	0.9 FTE	1.0 FTE
Appropriation Required: \$821,773 - HCPF (FY 2014-15)		

* This summary shows changes from current law under the bill for each fiscal year.

** These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

Summary of Legislation

This bill directs the Department of Health Care Policy and Financing (HCPF) not to delay an individual's eligibility for Medicaid if the individual is age 65 or older and has transferred assets to a pooled trust, as long as an actuarially sound spending plan is submitted to the HCPF or to the county department of social services with the transfer agreement.

Background

A pooled trust is a federally approved exception trust for individuals with disabilities that is established and managed by a non-profit association. Accounts in pooled trusts are established solely for the benefit of the individual who is disabled, as defined by the federal Social Security Act. Federal law provides that an individual who is under age 65 with a disability may transfer assets to a pooled trust without penalty; however, an individual over age 65 with a disability who transfers assets into a pooled trust becomes ineligible for Medicaid benefits under current federal law.

State Expenditures

This bill will increase workload and expenditures in the HCPF by an estimated \$831,278 and 0.9 FTE in FY 2014-15 and \$2,163,272 and 1.0 FTE in FY 2015-16.

Assumptions. The HCPF will be required to establish and administer a state-funded program without federal financial participation for persons age 65 or older who utilize a pooled trust and as a result, lose Medicaid eligibility under federal law. It is assumed that three types of individuals will participate in the program:

- existing clients who have lost eligibility due to the acquisition of new assets and utilized a pooled trust option;
- individuals who are currently utilizing their assets to cover health care costs, are not eligible for Medicaid due to assets, and are using an alternative financial mechanism to manage their assets; and
- individuals not currently utilizing a financial mechanism such as a trust, but who will do so in order to gain access to Medicaid benefits.

Based on HCPF's historic Medicaid caseload, it is estimated that 45 cases will be handled under the program beginning in FY 2014-15 and that the caseload will grow by 12.6 percent each year thereafter.

Program service costs. Estimated service costs for individuals participating in the program include a blend of acute care costs, community-based long term care costs, and nursing facility costs. Using average historical estimates, program service costs will be approximately \$302,794 in FY 2014-15 and approximately \$2.1 million in FY 2015-16. Costs in FY 2014-15 have been prorated to reflect four months of operations after system programming changes are completed and the program becomes operational (March 2015).

System programming. The population impacted by this bill will be funded differently than other existing Medicaid populations, therefore, system programming changes will be required. System changes must be made to the Medicaid Management Information System (MMIS) and the Colorado Benefits Management System (CBMS). These changes will allow the HCPF to track expenditures for clients who participate in the state-funded program. Programming changes are estimated to cost \$456,000 in FY 2014-15 only (\$356,056 for MMIS, \$99,944 for CBMS). The Office of Information Technology will perform the CBMS system programming. Due to the extent of the system changes, it is estimated that the programming required to implement the bill will be completed by March 2015.

Program implementation. Implementation and administration of the program will require additional staff beginning in FY 2014-15, which includes 1.0 FTE at the General Professional IV level. Personal services costs are shown in Table 1, and have been prorated in the first year to account for the General Fund paydate shift.

Table 1. Expenditures Under SB 14-207		
Cost Components	FY 2014-15	FY 2015-16
Personal Services	\$57,421	\$63,799
FTE	0.9 FTE	1.0 FTE
Operating and Capital Outlay Costs	5,558	950
Program Service Costs	302,794	2,087,446
System Programming	456,000	0
Centrally Appropriated Costs*	9,505	11,077
TOTAL	\$831,278	\$2,163,272

* Centrally appropriated costs are not included in the bill's appropriation.

Centrally appropriated costs. 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 estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under SB 14-207*		
Cost Components	FY 2014-15	FY 2015-16
Employee Insurance	\$5,518	\$6,132
Supplemental Employee Retirement Payments	3,987	4,945
TOTAL	\$9,505	\$11,077

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

Effective Date

The bill takes effect July 1, 2014.

State Appropriations

For FY 2014-15, HCPF requires an appropriation of \$821,773 General Fund and an allocation of 0.9 FTE. In addition, the Office of Information Technology requires spending authority for \$99,944 in reappropriated funds.

State and Local Government Contacts

Health Care Policy and Financing

Local Affairs