HB15-1279

Colorado Legislative Council Staff Fiscal Note

STATE FISCAL IMPACT

Drafting Number:	LLS 15-0878	**Date:**	March 20, 2015
Prime Sponsor(s):	Rep. Vigil Sen. Baumgardner	**Bill Status:**	House Health Insurance & Environment
		Fiscal Analyst:	Kori Donaldson (303-866-4976)

BILL TOPIC: REGIONAL CENTER DEPRECIATION ACCOUNT IN CAP CONSTRUCTION FUND

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016	FY 2016-2017
State Revenue	**$1,044,544**	**$1,054,376**	
State Transfers			
General Fund	514,020	516,539	Increase.
Federal Funds	530,524	537,837	Increase.
State Expenditures		$594,750	
General Fund			Potential
Cash Funds		594,750	Increase.
FTE Position Change			
Appropriation Required: $594,750 - Department of Human Services (FY 2015-16)			

* *This summary shows changes from current law under the bill for each fiscal year. Transfers and diversions result in no net change to state revenue.*

Summary of Legislation

Beginning in FY 2014-15, the bill, ***which is recommended by the Capital Development Committee (CDC)***, creates the Regional Center Depreciation and Controlled Maintenance Account (account) within the Capital Construction Fund. The account consists of all moneys received by the Department of Health Care Policy and Financing (HCPF) for the annual calculated depreciation of the state's regional centers, which are operated by the Department of Human Services (DHS). Spending from the account is subject to appropriation and approval by the CDC. Funds in the account may be spent for regional center controlled maintenance.

Background

DHS calculates annual depreciation as part of its federal cost reporting and these calculated depreciation amounts are included in the daily provider rates paid by HCPF. The full amount paid by HCPF through the daily provider rates is spent by DHS. The 2015 Long Bill will identify the amount of the daily provider rate attributable to calculated depreciation as a separate line item for each regional center.

State Revenue

The bill does not increase state revenues. Prior to reappropriating funds to DHS for the operation of the state's regional centers, HCPF will be required to transfer the portion of the daily provider rate attributable to calculated depreciation to the newly created account.

State transfers. For FY 2014-15, the bill transfers $1,044,544 from HCPF to the Regional Center Depreciation and Controlled Maintenance Account within the Capital Construction Fund, including $514,020 General Fund and $530,524 in federal funds. For FY 2015-16, the bill transfers $1,054,376 from HCPF to the account, including $516,539 General Fund and $537,837 in federal funds. The funding split represents the 49.21 percent and 48.99 percent General Fund match, for FY 2014-15 and FY 2015-16, respectively, required to be paid in order to receive federal Medicaid funds. The transfer amounts were identified by DHS through its federal cost reporting. Although the total amount of calculated depreciation may decline over time, the transfer is anticipated to continue in FY 2016-17.

State Expenditures

The CDC approved a request from DHS to spend from the newly created account to install a heat detection fire alarm system in the regional center group homes across the state in order to comply with state regulations. A FY 2015-16 appropriation of $594,750 from the Capital Construction Fund is required to pay the project costs. The project replaces the fire suppression systems in 28 group homes and modifies the systems in 12 homes, bringing 40 group homes affiliated with the three regional center campuses into code compliance.

This fiscal note assumes that DHS will submit a spending request to use moneys in the account for a FY 2016-17 controlled maintenance project.

There may be an increase in workload associated with tracking and reporting the amount transferred to the account. This fiscal note assumes that any increase in workload will be absorbed within existing appropriations.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2015-16, DHS requires an appropriation of $594,750 from the Capital Construction Fund.

Departmental Difference

Both DHS and HCPF state that the annual transfer to the newly created account should be made by DHS after HCPF has paid the daily provider rate to DHS, rather than by HCPF prior to paying the daily provider rate to DHS. HCPF reports that it cannot separate the depreciation reimbursement component of the daily provider rate because it is built into the overall rate, so the transfer should be made from DHS, after the payment is made by HCPF. This fiscal note assumes that HCPF will make the transfer to the account, as specified in the bill, based on DHS depreciation calculations and prior to paying the daily provider rate to DHS.

State and Local Government Contacts

Health Care Policy and Financing	Human Services
Personnel and Administration	Joint Budget Committee