HB15-1079

Colorado Legislative Council Staff Fiscal Note

STATE and LOCAL FISCAL IMPACT

Drafting Number:	LLS 15-0324	**Date:**	January 27, 2015
Prime Sponsor(s):	Rep. Coram; Danielson Sen. Roberts	**Bill Status:**	House Finance
		Fiscal Analyst:	Kerry White (303-866-3469)

BILL TOPIC: TEEN PREGNANCY DROPOUT PREVENTION PROGRAM FUNDING

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures	**$2,331,274**	**$538,591**
General Fund	(70,420)	(1,078,726)
Federal Funds	2,401,694	1,617,317
FTE Position Change		
Appropriation Required: $2,331,274 - Department of Health Care Policy and Financing (FY 2015-16).		

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

Summary of Legislation

This bill extends the repeal date of the Teen Pregnancy and Dropout Prevention program within the Department of Health Care Policy and Financing (HCPF) from September 1, 2016, to September 1, 2020. Prior to the new repeal date, the Department of Regulatory Agencies (DORA) is required to conduct a sunset review. The bill also allows General Fund moneys to be appropriated in support of the program's costs.

Background

The Teen Pregnancy and Dropout Prevention program was first established in 1995 under Senate Bill 95-101. The goal of the program was to help Medicaid-eligible teens avoid unintended pregnancies. Funding for the program was initially 90 percent federal funds and 10 percent local funds. The program has been reauthorized several times in the intervening years, most recently under Senate Bill 11-177. Hilltop Community Resources, Inc., which serves Mesa, Montrose, and Delta Counties, is currently the only provider.

State Expenditures

This bill will increase state expenditures in the HCPF by $2,331,274 in FY 2015-16 and by $538,591 in FY 2016-17. However, the net effect of the bill is to reduce General Fund expenditures in the Medicaid program by reducing births among Medicaid-eligible teens ages 13 to 19. Table 1 and the discussion that follows describe the costs required under the bill.

Table 1. Expenditures Under HB15-1079		
Cost Components	**FY 2015-16**	**FY 2016-17**
Program Expenditure	$3,109,800	$3,443,400
Pregnancy Cost Avoidance	(778,527)	(2,904,809)
TOTAL	**$2,331,274**	**$538,591**
General Fund	**(70,420)**	**(1,078,726)**
Federal Funds	**2,401,694**	**1,617,317**

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

Costs are based on the following assumptions:

- General Fund will replace the local share of matching funds in Mesa, Montrose, and Delta counties;
- allowing the use of General Fund moneys will enable the program to expand statewide and serve counties where local matching dollars are not available;
- consistent with the existing program, in counties where the program is implemented, 9.25 percent of Medicaid-eligible teens will participate;
- under the expanded program, 75 percent of the assumed participation rate will access to the program in the first year and 80 percent will access the program in the first year;
- the Medicaid enrolled teen birth rate is 3.97 percent;
- about 80 percent of program participants will avoid a pregnancy and its associated costs to the Medicaid program; however this number is prorated to 25 percent in the first year to account for staggered start dates and pregnancy outcomes; and
- the cost of a Medicaid pregnancy is estimated to be $7,559 in FY 2015-16 and $7,958 in FY 2016-17.

Program costs. Based on the assumptions above, participation is assumed to be 10,366 in FY 2015-16 and 11,478 in FY 2016-17. Based on a program cost of $300 per participant, total costs are $3,109,800 in FY 2015-16 and $3,443,400 in FY 2016-17.

Pregnancy cost avoidance. Continuing and expanding the program will allow the state to avoid Medicaid expenditures that result from unintended teen pregnancies. Based on program participation and the timing of prevented pregnancies (i.e. 9 month lag), the program is anticipated to reduce 103 pregnancies in the first year at a savings of $7,559 per birth, and 365 pregnancies in the second year at a savings of $7,958 per birth. Under current law, costs for Medicaid pregnancies are shared as 48.99 percent General Fund and 51.01 percent federal funds.

Department of Regulatory Agencies (DORA). Workload will increase for the DORA to conduct a sunset review of the program in 2020. The increase in workload is minimal and can be accomplished within existing appropriations to the department for the sunset review process.

Local Government Impact

This bill will reduce local matching funds in the Mesa, Montrose, and Delta county region for the existing program. As of this writing, the exact amount expended by these counties was not available.

Effective Date

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2015-16, the bill requires an appropriation of $2,331,274, including a reduction of $70,420 General Fund and an increase of $2,401,694 federal funds to the HCPF.

State and Local Government Contacts

Counties   Health Care Policy and Financing   Regulatory Agencies