


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 11-0971

Date: April 5, 2011

Prime Sponsor(s): Sen. Hodge

Bill Status: Senate Appropriations

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TITLE: CONCERNING ENROLLEE COST-SHARING FOR CHILDREN ENROLLED IN THE CHILDREN'S BASIC HEALTH PLAN, AND MAKING AN APPROPRIATION THEREFOR.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue		
Cash Funds		
CBHP Trust Fund	\$101,616	\$1,502,216
State Expenditures	<u>(\$1,061)</u>	<u>(\$5,937,552)</u>
General Fund	41,458	(1,435,401)
Cash Funds		
CBHP Trust Fund	101,616	1,506,074
Hospital Provider Fee Cash Fund	(139,597)	(2,146,414)
Federal Funds	(4,538)	(3,861,811)
FTE Position Change	0.2 FTE	1.0 FTE
Effective Date: July 1, 2011.		
Appropriation Summary for FY 2011-2012: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

This bill establishes a new monthly enrollment fee for families enrolling in the Children's Basic Health Plan (CBHP) with incomes of between 205 and 250 percent of the federal poverty level (FPL). The fee will be assessed as \$20 per month for the first child and \$10 per month for each additional child, up to a maximum of \$50 per month per family.

The Department of Health Care Policy and Financing (DHCPF), which administers CBHP, is authorized to share information with the Department of Revenue (DOR) for the purposes of collecting moneys from persons who fail to pay CBHP monthly enrollment fees. The DHCPF is required to establish a process to contest and appeal any determinations of debt and to notify affected persons of the state's intention to collect moneys from their state income tax refund.

Background

Under current law, the DHCPF collects an annual fee for participation in CBHP. Families pay a fee of \$25 for one child or \$35 for more than one child; however, this fee is waived for families with incomes less than 150 percent of FPL and pregnant women. Under SB11-213, the annual enrollment fee will only apply to families with incomes between 150 and 205 percent of FPL. Families with incomes greater than 205 percent of FPL will pay the new monthly enrollment fee instead of the existing annual enrollment fee. The FPL is currently \$10,830 for an individual and \$22,050 for a family of four.

State Revenue

This bill will increase state cash fund revenue from CBHP monthly enrollment fees by \$101,616 in FY 2011-12 and \$1,502,216 in FY 2012-13.

Caseload. Current projections for CBHP caseload are 9,731 for FY 2011-12 and 11,988 for FY 2012-13. This analysis assumes that 20 percent of clients will choose to leave the program as a result of the new fees. Caseload assumptions (rounded) and fees are shown in Table 1.

Table 1. CBHP Monthly Enrollment Fees by Family Size			
Family Composition as a Percent of Total Caseload	Monthly Fee	Caseload FY 2011-12	Caseload FY 2012-13
Only child (50 percent)	\$20	3,893	4,794
1st child (25 percent)	20	1,946	2,398
2nd - 4th child (20 percent)	10	1,557	1,918
5th child (5 percent)	0	389	480
TOTAL	up to \$50	7,785	9,590

Revenue. Required changes to the Colorado Benefits Management System (CBMS) are anticipated to be in place by April 2012, with revenue received beginning in June 2012. The fiscal note assumes a 20 percent non-compliance rate among clients. Table 2 shows revenue calculations.

Table 2. CBHP Revenue Estimates Rounded to the Nearest Dollar			
Caseload Composition	Monthly Fee Per Child	Revenue FY 2011-12	Revenue FY 2012-13
1st and only child families	\$20	\$116,770	\$1,726,271
2nd - 4th child families (below \$50 per month cap)	10	15,570	230,170
Less 20 percent non-compliance rate	N/A	(26,467)	(391,288)
Less current annual enrollment fee	N/A	(4,257)	(62,937)
TOTAL	up to \$50	\$101,616	\$1,502,216

State Expenditures

Overall, this bill will reduce state expenditures by \$1,061 in FY 2011-12 and \$5,937,552 in FY 2012-13. Table 3 and the discussion that follows address the cost components of the bill.

Table 3. Expenditures Under SB11-213		
Cost Components	FY 2011-12	FY 2012-13
Department of Health Care Policy and Financing	<u>(\$6,981)</u>	<u>(\$5,941,248)</u>
Personal Services	4,821	57,856
FTE	0.2	1.0
CBHP Administration	11,087	133,046
CBHP Premiums	(398,849)	(6,132,150)
CBMS Computer Changes	375,960	0
Department of Revenue	<u>\$5,920</u>	<u>\$3,696</u>
Personal Services	0	3,696
CITA Computer Changes	5,920	0
TOTAL	<u>(\$1,061)</u>	<u>(\$5,937,552)</u>
General Fund	41,458	(1,435,401)
Cash Funds	(37,981)	(640,340)
Federal Funds	(4,538)	(3,861,811)

Department of Health Care Policy and Financing. Overall, the DHCPF will decrease expenditures by \$6,981, but add 0.2 FTE in FY 2011-12. The DHCPF will add 1.0 FTE, but decrease expenditures by \$5,941,248 in FY 2012-13. The costs and savings identified in Table 3 above are based on the following assumptions:

- Personal services and operating expenses for 1.0 FTE (pro-rated in the first year) are required to administer the new fee;
- CBHP administrative costs include monthly client invoicing and a contractor to process receipt of monthly enrollment premiums;
- CBHP medical and dental premium expenditures will decrease as a result of the 20 percent of clients that will leave the program due to the new monthly fee; and
- CBMS changes are required to determine and track clients that are required to pay the new monthly fee.

Department of Revenue. General Fund expenditures will increase by \$5,920 in FY 2011-12 and \$3,696 in FY 2012-13. First year costs are to make the required changes to the CITA (taxpayer) computer system. Second year costs are for personal services to provide taxpayer assistance to persons who did not pay the required CBHP monthly enrollment fees and became obligated to the state.

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 4.

Table 4. Expenditures Not Included Under SB11-213*		
Cost Components	FY 2011-12	FY 2012-13
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$1,420	\$7,100
Supplemental Employee Retirement Payments	239	3,386
TOTAL	\$1,659	\$10,486

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

State Appropriations

For FY 2011-12, the bill increases the Department of Revenue's appropriation by \$5,920 General Fund. This amount should be reappropriated to the Governor's Office of Information Technology. The bill also makes the following adjustment in appropriations to the Department of Health Care Policy and Financing:

- The Executive Director's Office appropriation for general administration is increased by 0.2 FTE and \$4,821, including \$1,687 General Fund and \$3,134 federal funds.
- The Indigent Care Program appropriation for CBHP administration is increased by \$11,088, including \$3,881 General Fund and \$7,207 federal funds.
- The Indigent Care Program appropriation for CBHP medical and dental costs is decreased by \$398,849, including \$139,597 from the Hospital Provider Fee Cash Fund and \$259,252 federal funds.
- The Department of Human Services Medicaid-funded Programs, Office of Information Technology Services, Medicaid Funding for CBMS appropriation is increased by \$375,960, including \$29,970 General Fund, \$101,616 from the Children's Basic Health Plan Trust, and \$244,374 federal funds.
- The full CBMS cost of \$375,960 is reappropriated from the DHCPF to the Department of Human Services (DHS), and reappropriated from the DHS to the Governor's Office of Information Technology.

Departments Contacted

Governor's Office of Information Technology
Human Services
Revenue

Health Care Policy and Financing
Joint Budget Committee