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REVISED FISCAL NOTE

(replaces fiscal note dated February 5, 2020)

Drafting Number: LLS 20-0562 Date: February 25, 2020
Prime Sponsors: Sen. Tate; Fields Bill Status: Senate Finance
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Bill Topic: ALLOW MEDICAID BUY-IN PROGRAM AFTER AGE 65

- Summary of Fiscal Impact:
- State Revenue (checked)
- State Expenditure (checked)
- State Transfer (unchecked)
- TABOR Refund (checked)
- Local Government (unchecked)
- Statutory Public Entity (unchecked)

The bill establishes a Medicaid buy-in program for working adults with disabilities who are 65 or older. It increases state revenue and expenditures on an ongoing basis.

Appropriation Summary: For FY 2020-21, the bill requires an appropriation of \$100,000 to the Department of Health Care Policy and Financing.

Fiscal Note Status: The revised fiscal note reflects the introduced bill, as amended by the Senate Health and Human Services Committee.

Table 1
State Fiscal Impacts Under SB 20-033

Table with 4 columns: Category, Sub-category, FY 2020-21, FY 2021-22. Rows include Revenue (Cash Funds, Total), Expenditures (General Fund, Cash Funds, Federal Funds, Total, Total FTE), Transfers, and TABOR Refund (General Fund).

Summary of Legislation

The Department of Health Care Policy and Financing (HCPF) administers a Medicaid buy-in program for working adults with disabilities up to age 64 that would not otherwise qualify for Medicaid due to income or assets. The bill directs HCPF to seek federal authorization to expand the program to include individuals in the "work incentives eligibility group", which is defined to match federal eligibility criteria for individuals who are age 65 or older with a disability who, except for assets or income, would be eligible for the supplemental security income program. The expanded buy-in must be implemented by July 1, 2021.

Background

The existing Medicaid buy-in program for working adults with disabilities has eligibility criteria that differs from other Medicaid eligibility categories in that the income limit is higher and there is no asset limit. Clients in the buy-in program pay a monthly premium that is calculated on a sliding scale based on income, averaging about \$34 per month. The program has other cost recovery mechanisms such as estate recovery, which obtains assets from clients who die. Participation allows access to standard Medicaid benefits as well as certain home- and community-based waiver services depending on other eligibility criteria. The existing buy-in program is jointly funded with state and federal funds, though under this program, the state cannot draw a federal match for individuals over the age of 64. The program currently has 493 enrollees who are 64 years old.

Assumptions

The fiscal note assumes that administrative work to establish the program will take place in FY 2020-21 and the expanded enrollment will begin in FY 2021-22.

State Revenue

The bill increases state cash fund revenue by an estimated \$255,518 in FY 2021-22 and future years in premiums collected from clients buying in to the program. This assumes 622 participants paying premiums of about \$34 per month, which is based on the existing sliding scale for the buy-in program. The Medical Services Board is authorized to institute a different sliding scale for this program. This revenue is subject to state spending limits established in TABOR.

State Expenditures

The bill increases state expenditures in HCPF by \$0.1 million in FY 2020-21, and \$3.0 million in FY 2021-22 and future years. These costs are paid from cash and federal funds. These costs, which include administrative and medical services premiums, are shown in Table 2 and described below.

**Table 2
Expenditures Under SB 20-033**

	FY 2020-21	FY 2021-22
Department of Health Care Policy and Financing		
Administrative Costs		
Actuarial Analysis of Premium Structure	\$100,000	\$100,000
Caseload-based Administrative Costs	-	\$51,333
Administrative Costs Subtotal	\$100,000	\$151,333
Medical Services		
Medical Services Premiums	-	\$3,325,511
Caseload Shift from Current Medicaid		(\$497,223)
Medical Services Subtotal		\$2,828,288
Total Cost	\$100,000	\$2,979,621
Total FTE	-	-

Administrative costs. Costs include an actuarial contractor, needed for HCPF to reevaluate premium structures under new federal authority for the expanded population. Beginning in FY 2021-22, caseload-based costs include \$44,532 for counties and eligibility vendors to make Medicaid eligibility determinations; \$6,459 for a utilization management vendor, which is paid for each prior authorization request; and \$342 for medical identification cards. Changes to the Colorado Benefits Management System (CBMS) and Medicaid Management Information System (MMIS) can be accomplished within HCPF's existing appropriations.

Medical services. The bill will increase Medicaid caseload by an estimated 622 people in FY 2021-22. Medical services are estimated to cost \$5,346 per enrollee, based on the average cost for current buy-in members with Medicare coverage. Costs are split evenly between federal funds and the Healthcare Affordability and Sustainability Fee (HAS Fee) Cash Fund.

This enrollment estimate includes 93 individuals that transfer from another Medicaid enrollment category to this program, which shifts the state share from General Fund to HAS Fee cash fund. These individuals have an incentive to enroll in order to allow them to continue working and maintaining assets while accessing Medicaid benefits.

Specific eligibility criteria and a cost structure have not yet been defined in rule; therefore, HCPF will use the annual budget process to request changes in appropriations as needed.

TABOR refund. The bill is expected to increase state General Fund obligations for TABOR refunds by \$255,518 in FY 2021-22. Under current law and the December 2019 Legislative Council Staff forecast, the measure will correspondingly increase the amount refunded to taxpayers via sales tax refunds made available on income tax returns for tax year 2021 and 2022. A forecast of state revenue subject to TABOR is not available beyond FY 2021-22.

Effective Date

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

State Appropriations

For FY 2020-21, the bill requires a \$100,000 appropriation to the Department of Health Care Policy and Financing. Of this total, \$50,000 is from the HAS Fee Cash Fund and \$50,000 is federal funds.

State and Local Government Contacts

Health Care Policy and Financing
Information Technology

Personnel
Regulatory Agencies

Law