



**Colorado
Legislative
Council
Staff**

HB16-1407

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-1083
Prime Sponsor(s): Rep. Young
Sen. Steadman

Date: March 28, 2016
Bill Status: House Appropriations
Fiscal Analyst: Bill Zepernick (303-866-4777)

BILL TOPIC: EXTEND MEDICAID PAYMENT REFORM & INNOVATION PILOT

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	<u>\$592,703</u>	<u>\$1,120,207</u>
General Fund	245,639	509,390
Federal Funds	347,064	610,817
FTE Position Change	1.0 FTE	4.0 FTE
Appropriation Required: \$592,703 - Department of Health Care Policy and Financing (FY 2016-17).		
Future Year Impacts: Ongoing state expenditure increase.		

Summary of Legislation

This bill, **recommended by the Joint Budget Committee**, allows the Medicaid Payment Reform and Innovation Pilot Program to continue on an ongoing basis in the Department of Health Care Policy and Financing (HCPF). Specifically, the bill removes the July 1, 2013, deadline for HCPF to review and select payment projects for inclusion in the pilot program, and removes the June 30, 2016, deadline by which payment projects must be completed. Under the extended pilot program, pilot projects must be at least one year in duration and cannot extend beyond the length of the contract for the current Medicaid coordinated care system contractor. The bill also specifies ongoing reporting requirements for HCPF and criteria that must be included in the evaluation of the pilot program.

Background

The Medicaid Payment Reform and Innovation Pilot Program was created by House Bill 12-1281. During implementation of the pilot, HCPF evaluated several proposals from Regional Care Collaborative Organizations (RCCOs) and selected one proposal for a Medicaid payment reform pilot program, which is now operated by Rocky Mouny Health Plan. For FY 2015-16, the Medicaid Payment Reform and Innovation Pilot Program was appropriated \$1.1 million and 4.0 FTE. For FY 2016-17, \$527,504 and 3.0 FTE was included for the pilot program in the Department's base budget request based on the statutory ending date for the program on June 30, 2016, and the wind down of program evaluation and reporting in FY 2016-17.

State Expenditures

This bill increases state expenditures in HCPF by \$592,703 and 1.0 FTE in FY 2016-17 and \$1.1 million and 4.0 FTE in FY 2017-18 and beyond. These costs, which include General Fund and federal funds, are estimated at a level to continue ongoing operations for the pilot program at the current (FY 2015-16) funding level. This level of funding will allow the current payment pilot project and associated evaluation to continue, as well as for HCPF to consider and potentially implement additional pilot projects in the future.

Costs for the pilot program include actuarial review of payment projects, consultant costs for the evaluation of payment projects, quality review and monitoring of pilot programs, and an enrollment broker to perform outreach to clients enrolled into the pilot program. These costs are summarized in Table 1 below.

Table 1. Expenditures Under HB 16-1407		
Cost Components	FY 2016-17	FY 2017-18
Personal Services	\$74,990	\$299,961
FTE	1.0 FTE	4.0 FTE
Operating Expenses and Capital Outlay Costs	1,267	3,800
Actuarial Services	150,000	150,000
Consultant Costs	0	300,000
External Quality Review Organization	202,856	202,856
Enrollment Broker	163,590	163,590
<u>TOTAL</u>	<u>\$592,703</u>	<u>\$1,120,207</u>
General Fund	245,639	509,390
Federal Funds	347,064	610,817

Effective Date

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

State Appropriations

For FY 2016-17, the bill requires an appropriation of \$592,703 to the Department of Health Care Policy and Financing, of which \$245,639 is General Fund and \$347,064 is federal funds, and an allocation of 1.0 FTE.

State and Local Government Contacts

Health Care Policy and Financing
Joint Budget Committee Staff

Information Technology