



**Colorado
Legislative
Council
Staff**

SB16-202

FISCAL NOTE

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

Drafting Number: LLS 16-1169
Prime Sponsor(s): Sen. Steadman
Rep. Young

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

BILL TOPIC: INCREASING ACCESS EFFECTIVE SUBSTANCE USE SERVICES

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018	FY 2018-2019
State Revenue			
State Expenditures	<u>\$6,013,680</u>	<u>\$6,013,945</u>	<u>\$6,013,945</u>
Cash Funds	6,000,000	6,000,000	6,000,000
Centrally Appropriated Costs	13,680	13,945	13,945
FTE Position Change	1.0 FTE	1.0 FTE	1.0 FTE
Appropriation Required: \$6.0 million - Department of Human Services (FY 2016-17).			
Future Year Impacts: Ongoing state expenditure increase.			

Summary of Legislation

The Office of Behavioral Health in the Department of Human Services (DHS) contracts with managed service organizations (MSOs) to provide substance use treatment for designated regions of the state. This bill, **recommended by the Joint Budget Committee**, requires each MSO to assess the sufficiency of substance use disorder services for various populations in its geographic region, and to prepare a community action plan to address the most critical service gaps by March 1, 2017. The DHS must post these MSO plans on their website.

The bill allows appropriations from the Marijuana Tax Cash Fund to support the implementation of MSO community action plans and to provide substance abuse treatment. The bill specifies the method for distributing this funding to the MSOs. In the first year, 60 percent of the allocation to each MSO is paid on July 1, 2016, and 40 percent is paid upon submission of the community action plan. In future years, 100 percent of the MSO allocation is paid on July 1. Each community action plan must outline the MSO's plan for using this funding to provide substance use treatment in critical areas. The DHS is required to contract for an evaluation of the effectiveness of intensive residential treatment of substance use disorder services provided through MSOs.

State Expenditures

Based on the appropriation included in the bill, expenditures in the Department of Human Services will increase by \$6.0 million per year beginning in FY 2016-17. The fiscal note assumes this level of funding about will remain consistent in future years. Table 1 shows the expected use of the funding, including implementation of MSO community action plans, program evaluation, and administrative costs in the DHS.

Table 1. Expenditures Under SB 16-202			
Cost Components	FY 2016-17	FY 2017-18	FY 2018-19
Personal Services	\$65,715	\$65,715	\$65,715
FTE	1.0 FTE	1.0 FTE	1.0 FTE
Operating Expenses and Capital Outlay Costs	5,653	950	950
Evaluation Contractor	105,000	155,000	80,000
MSO Community Action Plan Implementation	5,823,632	5,778,335	5,853,335
Centrally Appropriated Costs*	13,680	13,945	13,945
TOTAL	\$6,013,680	\$6,013,945	\$6,013,945

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

DHS administration. To manage the new funding to MSOs and the evaluation process, the DHS requires 1.0 FTE at a cost of \$65,715 per year. Standard operating expenses and capital outlay costs are also included for this staff. It is assumed new staff will be hired on July 1, 2016.

Evaluation contractor. Costs to evaluate intensive substance use treatment are estimated at \$340,000 over a three-year period. It is assumed the contractor work will run from November 1, 2016, to December 31, 2018. Costs for each year in Table 1 are prorated to reflect this schedule.

MSO community action plan implementation. After accounting for the evaluation and administrative costs, the fiscal note estimates that about \$5.8 million in funding will be allocated to MSOs each year for implementation of their community action plans and for providing substance use treatment. If the amount of funding from the Marijuana Tax Cash Fund differs from the amount assumed in the fiscal note, the amount of funding to MSOs will increase or decrease accordingly.

Department of Health Care Policy and Financing. The Department of Health Care Policy and Financing (HCPF) is required to collaborate with the evaluation contractor in order to ensure that the analysis is able to provide insight on whether or not Medicaid should provide intensive residential treatment for substance use disorders as a behavioral health benefit. This will increase workload in HCPF by a minimal amount and no change in appropriations is required.

Centrally appropriated costs. 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 estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under SB 16-202			
Cost Components	FY 2016-17	FY 2017-18	FY 2018-19
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$8,057	\$8,057	\$8,057
Supplemental Employee Retirement Payments	5,623	5,888	5,888
TOTAL	\$13,680	\$13,945	\$13,945

Effective Date

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

State Appropriations

The bill requires and includes an appropriation of \$6.0 million from the Marijuana Tax Cash Fund to the Department of Human Services. Of this amount, \$5,823,632 is for distribution to MSOs and \$176,368 is for evaluation of intensive residential substance use treatment and associated DHS administrative costs.

State and Local Government Contacts

Counties
Human Services
Revenue

Health Care Policy and Financing
Information Technology