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**REVISED
FISCAL NOTE**

(replaces fiscal note dated April 8, 2019)

Drafting Number: LLS 19-0938 **Date:** April 25, 2019
Prime Sponsors: Sen. Lee; Story **Bill Status:** House Judiciary
 Rep. Esgar; Landgraf **Fiscal Analyst:** Erin Reynolds | 303-866-4146
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Bill Topic: INDIVIDUALS AT RISK OF INSTITUTIONALIZATION

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill sets out requirements for the Department of Health Care Policy and Financing and the Department of Human Services to improve access to behavioral health services for individuals at risk of institutionalization. The bill will increase state expenditures on an ongoing basis, and may reduce state and local expenditures in future fiscal years.

Appropriation Summary: For FY 2019-20, the bill requires and includes an appropriation of \$370,707 to multiple state agencies.

Fiscal Note Status: The revised fiscal note reflects the reengrossed bill.

**Table 1
State Fiscal Impacts Under SB 19-222**

		FY 2019-20	FY 2020-21
Revenue		-	-
Expenditures	General Fund	\$51,000	-
	Cash Funds	\$24,000	-
	Federal Funds	\$295,707	\$216,004
	Centrally Appropriated	\$17,499	\$17,499
	Total	\$388,206	\$233,503
	Total FTE	1.0 FTE	1.0 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

This bill requires the Department of Health Care Policy and Financing (HCPF) and the Department of Human Services (DHS) to improve access to behavioral health services for individuals at risk of institutionalization, as detailed below.

Improve access to behavioral health services for Medicaid recipients. By March 1, 2020, the HCPF must develop measurable outcomes to monitor efforts to prevent Medicaid recipients from becoming involved in the criminal or juvenile justice system. By July 1, 2021, HCPF must work with managed care entities (MCEs) to create a way to incentivize behavioral health providers to accept Medicaid recipients that need high levels of behavioral health services. HCPF is required to determine if a federal waiver or alternative plan is most appropriate to provide long-term behavioral health inpatient services to individuals with a high level of need. If a waiver is determined unnecessary, HCPF must present an alternate plan to the Joint Budget Committee by March 1, 2020.

Access to inpatient beds and mental health institutions. The bill requires the Office of Behavioral Health (OBH) in DHS to develop and implement admission criteria that ensures individuals have been evaluated for the least restrictive level of care prior to admission to an inpatient civil bed at the Mental Health Institutes (MHIs) at Pueblo and Fort Logan. Geographic location, current health care provider, and payer type must not determine whether an individual has access to a civil inpatient bed.

Community Behavioral Health Safety Net System. The bill requires the creation of a comprehensive behavioral health safety net system.

- *Implementation plan and report.* By July 1, 2020, the DHS and HCPF must work collaboratively with stakeholders identified in the bill to define what constitutes a high-intensity behavioral health treatment program, determine what an adequate network of high-intensity behavioral health treatment services includes, and identify existing treatment programs. By November 1, 2020, the DHS and HCPF must develop an implementation plan to increase the number of treatment programs in the state. The DHS is required to submit a report to the Joint Budget Committee outlining the progress of the implementation plan by January 1, 2022.
- *Advisory body.* The DHS is required to form an advisory body to help create a proposal for safety net system, and report on the progress of that safety net system. The bill specifies stakeholders that may be included on the advisory body, and prohibits behavioral health providers that have a financial interest from participating.
- *Safety net system implementation.* In collaboration with the advisory body, the DHS must develop a comprehensive proposal and funding model for a safety net system that provides behavioral health services for individuals, including youth, with severe behavioral health disorders and implement the system no later than January 1, 2024. From January 1, 2022, until July 1, 2024, the DHS must provide an annual progress report on implementing and ensuring a safety net system to the public through the annual SMART Act hearing.

State Expenditures

The bill increases state expenditures by \$388,206 in FY 2019-20 and 1.0 FTE, and \$233,503 and 1.0 FTE in FY 2020-21 in HCPF and DHS. These expenditures are paid from General Fund, the Healthcare Affordability and Sustainability Fee Cash Fund, and federal funds. Expenditure impacts are shown in Table 2 and discussed below.

**Table 2
 Expenditures Under SB 19-222**

Cost Components	FY 2019-20	FY 2020-21
Department of Health Care Policy and Financing		
Contractor Services	\$150,000	-
HCPF (Subtotal and Fund Split)	\$150,000	-
<i>General Fund</i>	\$51,000	-
<i>HAS Fee</i>	\$24,000	-
<i>Federal Funds</i>	\$75,000	-
Department of Human Services		
Personal Services	\$95,054	\$95,054
Operating Expenses and Capital Outlay Costs	\$5,653	\$950
Contractor Services	\$120,000	\$120,000
Centrally Appropriated Costs*	\$17,499	\$17,499
FTE – Personal Services	1.0 FTE	1.0 FTE
DHS (Subtotal) — Federal Funds	\$238,206	\$233,503
Total	\$388,206	\$233,503
Total FTE	1.0 FTE	1.0 FTE

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

Health Care Policy and Financing. In FY 2019-20, HCPF will hire a contractor to determine if a federal waiver is needed and create that implementation plan, or to create an alternative plan by March 1, 2020. It is assumed 750 hours of work will be required at the rate of \$200 per hour. Federal matching funds are available for 50 percent of these costs, as outlined in the fund split in Table 2. HCPF can work with MCEs and the DHS, as required under the bill, within existing resources. Additional funding may be needed to implement provider incentives, which would be addressed through the annual budget process. Any changes in utilization of services based on increased access would be adjusted through the annual budget process.

Department of Human Services. The DHS will hire 1.0 FTE Project Manager III and a behavioral health system facilitator contractor at the hourly rate of \$120 for 1,000 hours per year in FY 2019-20 and FY 2020-21. Together, this staff will define program goals and system requirements to develop an implementation plan by July 1, 2021. It is expected that DHS will require additional funding to design and implement the safety net system; these costs will be determined through the work outlined above and addressed through the annual budget process.

Potential cost savings. If the bill is successful at reducing Medicaid recipients' involvement with the criminal justice system, the trial courts, Division of Probation, and agencies that provide representation to persons who are indigent in the Judicial Department may have a reduction in costs and workload. DHS may also have a reduction in competency evaluation workload. Any corollary revenue impact from related fees is assumed to be minimal and has not been estimated in this fiscal note.

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. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$17,499 in FY 2019-20 and FY 2020-21.

Local Governments

Similar to the state, local governments may experience cost and workload reductions if Medicaid recipients are successfully diverted from the criminal justice system, including district attorneys, county jails, and the Denver County Court.

Effective Date

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

State Appropriations

For FY 2019-20, the bill requires and includes appropriations as follows:

- \$150,000 to the Department of Health Care Policy and Financing, including \$51,000 from the General Fund, \$24,000 from the Healthcare Affordability and Sustainability Fee Cash Fund, and \$75,000 from federal funds; and
- \$220,707 in federal funds to the Department of Human Services and an allocation of 1.0 FTE.

State and Local Government Contacts

Health Care Policy and Financing
Information Technology
Public Health and Environment

Human Services
Judicial