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Fiscal Note

Drafting Number:	LLS 21-0583	Date:	March 08, 2021
Prime Sponsors:	Sen. Pettersen; Moreno Rep. Esgar; Mullica	Bill Status:	Senate HHS
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Bill Topic: **PROTECTING PREVENTIVE HEALTH CARE COVERAGE**

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 checked="" type="checkbox"/> State Diversion	<input type="checkbox"/> Statutory Public Entity

The bill expands preventive health care services that are required to be covered under state regulated health insurance plans and codifies other services into state statute. In addition, the bill increases Medicaid coverage for family planning services. It increases state expenditures and creates a General Fund diversion on an ongoing basis.

Appropriation Summary: For FY 2021-22, the bill requires appropriations of \$918,820 to multiple state agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 21-016

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue		-	-
Expenditures	General Fund	\$90,547	-
	Cash Funds	\$13,353	\$13,353
	Federal Funds	\$814,920	-
	Centrally Appropriated	\$4,477	\$4,477
	Total Expenditures	\$923,297	\$17,830
	Total FTE	0.2 FTE	0.2 FTE
Diversion	General Fund	(\$17,830)	(\$17,830)
	Cash Funds	\$17,830	\$17,830
	Net Transfer	\$0	\$0
TABOR Refund		-	-

Summary of Legislation

Current law requires that the total cost of preventive health care services recommended by the U.S. Preventive Services Task Force with a grade of A or B be covered without cost sharing requirements by insurance plans under the jurisdiction of the Division of Insurance (DOI) in the Department of Regulatory Agencies (DORA). The bill codifies some of these preventive health care services, and adds or expands upon other required coverage, including:

- osteoporosis screening for individuals age 60-64;
- anemia screening;
- urinary incontinence screening; and
- screening and treatment of sexually transmitted infections (STIs).

In addition, the bill modifies requirements for health care providers and facilities when examining or treating a minor for an STI. The bill specifies that, if necessary, a provider must administer, dispense, or prescribe preventive measures or medications.

Lastly, the bill requires that Medicaid cover family planning and family planning-related services and establishes that such services must be provided without cost sharing for the client. The bill authorizes reimbursement for such services for any licensed health care provider.

Background

The required preventive health care coverage provisions of the bill apply to health insurance plans that are subject to state regulation. There are three primary markets that are subject to state regulation: the individual, small-group, and large-group markets, with the exception of self-insured employers. About one million Coloradans receive health insurance through such plans. These provisions do not apply to Medicare, Medicaid, military plans, or self-insured employer-based health plans, which are regulated by the federal government.

State Diversions

The bill diverts an estimated \$17,830 from the General Fund annually beginning in FY 2021-22 for plan review in DORA. This revenue diversion occurs because the bill increases costs in the DOI in DORA, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

The bill increases state expenditures by \$923,297 and 0.2 FTE in FY 2020-21 and \$17,830 and 0.2 FTE in FY 2021-22 from state and federal funds. These costs are shown in Table 2 and described below.

Table 2
Expenditures Under SB 21-016

Cost Components	FY 2021-22	FY 2022-23
Department of Regulatory Agencies		
Personal Services	\$13,353	\$13,353
Centrally Appropriated Costs ¹	\$4,477	\$4,477
FTE – Personal Services	0.2 FTE	0.2 FTE
DORA Subtotal	\$17,830	\$17,830
Department of Health Care Policy and Financing		
MMIS Programming	\$848,467	-
PBMS Programming	\$57,000	-
HCPF Subtotal (90 percent federal)	\$905,467	\$0
Total	\$923,297	\$17,830
Total FTE	0.2 FTE	0.2 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Health Care Policy and Financing. Medicaid currently covers family planning and family planning-related services and does not require a copay if the services are focused on preventing, delaying, or planning for a pregnancy, which includes contraceptives and sterilization services. Expanding services that are exempt from copays will increase state costs in some cases, though the specific services that are exempt under the bill have not yet been identified. This impact is mitigated by a federal requirement that Medicaid only charge up to 5 percent of a member's income in copays, meaning that exempting these services from copays could increase copays for other services for some members until the cap is reached. HCPF will account for any increases in provider payments due to copay exemptions through the annual budget process.

In order to implement these changes, updates are required to the Medicaid Management Information System (MMIS) and Pharmacy Benefit Management System (PBMS) to identify diagnosis codes related to family planning visits and exempt all associated services from copays. The fiscal note estimates these updates will require a combined workload of 7,410 hours of work at a blended rate of \$122 per hour. Of these costs, \$90,547 (10 percent) are from the General Fund and \$814,920 (90 percent) are from federal funds.

Department of Regulatory Agencies. The DOI will review filings for each health benefit plan subject to the bill, which includes all individual, small group, and large group plans that are not self-insured. The fiscal note assumes that DOI will review 800 applicable plans each year, and that each review will require thirty minutes to ensure preventive services are contained in each form filing and are appropriately reflected in rate filings and communicated to policyholders. This workload requires 0.2 FTE of a rate and financial analyst. Costs are paid from the DOI Cash Fund.

State Employee Insurance. State employee insurance is offered through two carriers, one of which (Kaiser Permanente) is subject to state regulation and would be required to expand coverage in accordance with the bill. Any cost increase could contribute to higher insurance premiums, which would be shared between state agencies and employees. Because insurance premiums are influenced by a number of variables and the cost share between the state and employees has not been determined, the cost to the state is not estimated.

Potential new benefit mandate. This bill requires that health insurance plans cover health benefits that may be outside of those identified as essential health benefits in the federal Affordable Care Act, which potentially increases costs to the state. Under the federal law, states may be required to cover health insurers' costs to provide newly mandated health benefits using state funds, rather than the insurer covering these costs using premiums collected from policy holders. At this time, it is unknown if the federal government will require these payments and the potential costs have not been estimated.

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 \$4,477 in FY 2021-22 and future years.

Local Government

As with state employee insurance, to the extent that premiums increase for local government insurance plans, cost increases will be shared by local governments and employees.

Effective Date

The bill takes effect January 1, 2023.

State Appropriations

For FY 2020-21, the bill requires the following appropriations:

- \$90,547 from the General Fund and \$814,920 in federal funds to the Department of Health Care Policy and Financing; and
- \$13,353 from the Division of Insurance Cash Fund to the Department of Regulatory Agencies, and 0.2 FTE.

State and Local Government Contacts

Colorado Health Benefit Exchange
Information Technology
Personnel

Higher Education
Health Care Policy and Financing
Regulatory Agencies