

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING IMPROVING ACCESS TO HEALTH BENEFITS FOR ECONOMICALLY INSECURE COLORADO FAMILIES BY ENHANCING PUBLIC HEALTH PROGRAMS.

Prime Sponsors: Reps. Gonzales-Gutierrez and
McCluskie
Senator Moreno

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Date Prepared: April 18, 2022

Appropriation Items of Note

Appropriation Required, Amendment in Packet

General Fund Impact

Significant Cost Increase in Future Year

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 03/31/22.

	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
XXX	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

On further review, both the JBC Staff and LCS believe the Department of Health Care Policy and Financing needs additional spending authority, beginning in FY 2023-24, for implementing Health Services Initiatives. Section 19 of the bill requires the Department to establish a stakeholder process to determine additional priorities to draw down at least 50% of the Health Services Initiative Funds to expand access to perinatal and postpartum supports. The Department would then need federal approval for a State Plan Amendment and spending authority for the state matching funds to implement the Health Services Initiatives, which this JBC Staff Fiscal Analysis assumes would occur in FY 2023-24. The table below summarizes the estimated additional costs by fiscal year.

Health Services Initiatives Funding				
	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Perinatal and Postpartum Supports	\$0	\$10,512,518	\$9,958,964	\$9,928,371
General Fund	0	3,679,382	3,485,638	3,474,930
Federal Funds	0	6,833,136	6,473,326	6,453,441

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment
L.005/J.002	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation

Current Appropriations Clause in Bill

The bill requires but does not contain an appropriation clause.

Description of Amendments in This Packet

J.001 Staff has prepared amendment **J.001** (attached) to make the appropriations summarized in the table below.

H.B. 22-1289				
	TOTAL FUNDS	GENERAL FUND	FEDERAL FUNDS	FTE
FY 2022-23				
Health Care Policy and Financing				
Personal Services	\$649,976	\$381,926	\$268,050	7.4
Operating	72,530	42,619	29,911	0.0
General Professional Services	1,000,000	409,400	590,600	0.0
<i>Rates Contract</i>	250,000	146,900	103,100	0.0
<i>Outreach</i>	750,000	262,500	487,500	0.0
MMIS Maintenance and Projects	3,048,244	1,791,149	1,257,095	0.0
CBMS Operating and Contract Expenses	120,536	70,827	49,709	0.0
County Administration	125,000	125,000	0	0.0
Medical Services Premiums	322,138	161,069	161,069	0.0
CHP+ Medical and Dental Costs	53,040	18,564	34,476	0.0
Health Care Policy and Financing	\$5,391,464	\$3,000,554	\$2,390,910	7.4
Public Health & Environment	\$423,626	\$423,626	\$0	2.5
Human Services	\$166,000	\$166,000	\$0	0.0
FY 2022-23 TOTAL	\$5,981,090	\$3,590,180	\$2,390,910	9.9

L.005 and J.002

Bill Sponsor amendment **L.005** (attached):

- Provides overexpenditure authority for both the newly created State Medical Assistance Program and State Children's Basic Health Plan Program that is similar to the overexpenditure authority for Medicaid.
- Changes the implementation deadline for new services from January 1, 2024 to no later than January 1, 2025, except for the new requirements for lactation support and breast pumps.

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- Modifies reporting requirements in a manner that does not change the fiscal impact.
- Requires the Department of Health Care Policy and Financing to use cash accounting for the State Medical Assistance Program and State Children's Basic Health Plan Program, which was the accounting method assumed in the LCS Fiscal Note.

See the attached memo from LCS for information on the fiscal impact of L.005.

Staff has prepared amendment **J.002** (attached) to make appropriations consistent with the later implementation date in L.005. The appropriations contained in J.002 are summarized in the table below.

H.B. 22-1289 with L.005				
	TOTAL FUNDS	GENERAL FUND	FEDERAL FUNDS	FTE
<u>FY 2022-23</u>				
Health Care Policy and Financing				
Personal Services	\$440,320	\$258,733	\$181,587	5.1
Operating	50,555	29,707	20,848	0.0
General Professional Services	750,000	262,500	487,500	0.0
Medical Services Premiums	322,138	161,069	161,069	0.0
Children's Basic Health Plan	53,040	18,564	34,476	0.0
Health Care Policy and Financing	\$1,616,053	\$730,573	\$885,480	5.1
Public Health & Environment	\$423,626	\$423,626	\$0	2.5
FY 2022-23 TOTAL	\$2,039,679	\$1,154,199	\$885,480	7.6

If L.005 is adopted, the Appropriations committee should adopt J.002 instead of J.001.

Points to Consider

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2022-23 based on the March 2022 Legislative Council Staff revenue forecast. The budget package includes two set-asides:

- \$40.0 million General Fund for bills that create ongoing obligations; and
- \$900.0 million General Fund for bills that create one-time obligations in FY 2022-23.

The \$40.0 million *appropriations* set-aside includes an additional \$6.0 million General Fund to provide a 15.0 percent General Fund reserve for those appropriations. The \$900.0 million *obligations* set-aside does not include an additional amount for a General Fund reserve and, assumes, but does not require, that obligations be addressed through statutory transfers rather than appropriations. Therefore *appropriations* from the \$900.0 million set-aside require an additional 15.0 percent to maintain the statutory General Fund reserve.

This bill creates an ongoing obligation and requires a General Fund appropriation of \$3,590,180 for FY 2022-23 (\$1,154,199 with L.005), reducing the \$40.0 million set aside by the same amount.

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Future Fiscal Impact

The fiscal impact of the bill is expected to increase significantly in future years, growing to just less than \$10 million General Fund by FY 2025-26 (with or without L.005).

Technical Issues

As noted on page 7 of the Legislative Council Staff Fiscal Note, the Department of Health Care Policy and Financing projects that it would not be able to meet the January 1, 2024 deadline for implementing new services, due to a backlog of changes needed to the Medicaid Management Information System. This would not be an issue with sponsor amendment L.005 that changes the implementation deadline to no later than January 1, 2025.