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Revised Fiscal Note

(replaces fiscal note dated April 14, 2022)

Drafting Number: LLS 22-0815 **Date:** May 6, 2022
Prime Sponsors: Rep. Kennedy; Will **Bill Status:** Senate Second Reading
 Sen. Jaquez Lewis; Priola **Fiscal Analyst:** Erin Reynolds | 303-866-4146
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Bill Topic: HEALTH-CARE PRACTICE TRANSFORMATION

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill creates the Primary Care and Behavioral Health Statewide Integration Grant Program to be administered by the Department of Health Care Policy and Financing to provide grants to physical and behavioral health care providers for implementation of evidence-based clinical integration care models. It also requires the department to undertake efforts to transform its process for clients attempting to receive long-term care in the community. The bill increases state expenditures through FY 2025-26.

Appropriation Summary: For FY 2022-23, the bill includes an appropriation of \$36.6 million to multiple state agencies.

Fiscal Note Status: The revised fiscal note reflects the reengrossed bill, as amended by the Senate Health and Human Services and Senate Appropriations Committees.

Table 1
State Fiscal Impacts Under HB 22-1302

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-
Expenditures	General Fund	\$616,968	\$566,968
	Cash Funds ¹	\$35,000,000	-
	Federal Funds	\$986,948	\$536,948
	Centrally Appropriated	\$301,659	\$370,314
	Total Expenditures	\$36,905,575	\$1,474,230
	Total FTE	14.3 FTE	17.0 FTE
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$92,545	\$85,045

¹ Cash funds appropriated in FY 2022-23 will be spent over two fiscal years, as detailed in Table 2 in the State Expenditures section. Money in the Behavioral and Mental Health Cash Fund comes from federal ARPA funds.

Summary of Legislation

Primary Care and Behavioral Health Statewide Integration Grant Program. The bill creates the Primary Care and Behavioral Health Statewide Integration Grant Program to be administered by the Department of Health Care Policy and Financing (HCPF) to provide grants to physical and behavioral health care providers for implementation of evidence-based clinical integration care models. In FY 2022-23, the bill appropriates \$31.75 million to HCPF from the Behavioral and Mental Health Cash Fund for this purpose.

Grants may be used to develop outpatient health care infrastructure; increase access to health care; invest in early behavioral health-related interventions; address the behavioral health workforce; and develop and implement alternative payment models. The bill outlines match requirements for hospital-owned or –affiliated practices. The bill outlines certain grantee criteria that HCPF is required to prioritize when awarding grants. HCPF is required to establish a set of statewide resources to support grant recipients and may enter into an interagency agreement or contract to establish these resources. Grant recipients are required to spend or obligate funding no later than December 31, 2024, and expend funding by December 31, 2026.

HCPF is required to form a steering committee to provide input into grant application requirements, feedback and direction on data collection standards and review, and engage with community partners. Any steering committee member who is not a state employee may be reimbursed for reasonable travel expenses.

HCPF, in collaboration with the Behavioral Health Administration (BHA) in the Department of Human Services and the Division of Insurance in the Department of Regulatory Agencies, must prepare a report that includes recommendations on best practices for integrated care models using data collected from grant recipients related to clinical quality improvement and access to care.

Universal contracting provisions. HCPF is required to develop universal contracting provisions for behavioral health services in collaboration with the BHA by July 1, 2023. For FY 2022-23, the General Assembly is required to appropriate \$3.0 million from the Behavioral and Mental Health Cash Fund for this purpose.

Regional Health Connector Workforce Program. The bill also includes an appropriation of \$250,000 from the Behavioral and Mental Health Cash Fund to the Department of Higher Education for use by the University of Colorado for the Regional Health Connector Workforce Program.

Community placement transformation. The bill requires HCPF to undertake efforts to transform its process for clients attempting to receive long-term care in the community. HCPF must report on its efforts to the Joint Budget Committee and relevant legislative committees by January of 2023 and 2024.

Background

The Behavioral Health Transformational Task Force recommended that the General Assembly integrate primary care and behavioral health using federal American Rescue Plan Act (ARPA) funds (Recommendation D). The task force report is available online at:

https://leg.colorado.gov/sites/default/files/images/committees/2017/bhttf_final_report.pdf

State Expenditures

The bill increases costs for the primary care and behavioral health programs, primarily in HCPF, by about \$39.4 million over a four-year period, with \$35.0 million in costs in the first two years paid from the Behavioral and Mental Health Cash Fund and \$4.4 million over the next two years paid from the General Fund and federal funds. HCPF will also have costs of \$1.9 million in FY 2022-23 and \$1.4 million in FY 2023-24, paid from the General Fund and federal funds, to facilitate placement of individuals with disabilities in community settings. Expenditures are shown in Table 2, and detailed below.

**Table 2
 Expenditures Under HB 22-1302**

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Primary Care and Behavioral Health Statewide Integration Grant Program				
Personal Services	\$191,907	\$456,634	\$456,634	\$228,316
Operating Expenses	\$3,105	\$6,750	\$6,750	\$3,375
Capital Outlay Costs	\$24,800	\$6,200	-	-
Contractor Costs	\$1,072,720	\$3,487,720	\$3,115,000	\$378,750
Grants	\$14,750,082	\$14,750,082	-	-
CU (<i>Higher Ed.</i>)	\$250,000	-	-	-
Centrally Appropriated Costs ¹	\$55,460	\$124,115	\$124,115	\$62,058
FTE—Personal Services	2.3 FTE	5.0 FTE	5.0 FTE	2.5 FTE
Grant Program Subtotal	\$16,348,074	\$18,831,501	\$3,702,499	\$672,499
Transforming Long-Term Care in the Community				
Personal Services	\$853,316	\$853,316	-	-
Operating Expenses	\$11,400	\$11,400	-	-
Leased Space	\$79,200	\$79,200	-	-
Strategic Advisory Team Contract	\$160,000	\$160,000	-	-
Systems Updates	\$500,000	-	-	-
Centrally Appropriated Costs	\$246,199	\$246,199	-	-
FTE—Personal Services	12.0 FTE	12.0 FTE	-	-
Long-Term Care Subtotal	\$1,850,115	\$1,350,115	-	-
<u>HCPF Total</u>	<u>\$18,198,189</u>	<u>\$20,181,616</u>	<u>\$3,702,499</u>	<u>\$672,499</u>
<i>General Funds</i>	\$616,968	\$566,968	\$1,789,192	\$305,221
<i>BMH Cash Fund</i>	\$16,292,614	\$18,707,386	-	-
<i>Federal Funds</i>	\$986,948	\$536,948	\$1,789,192	\$305,220
<i>Centrally Appropriated Costs</i>	\$301,659	\$370,314	\$124,115	\$62,058
HCPF FTE	14.3 FTE	17.0 FTE	5.0 FTE	2.5 FTE

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

Grant Program—HCPF. HCPF will create the Primary Care and Behavioral Health Statewide Integration Grant Program, with resources dedicated to evaluating clinical integration care models.

- **Staffing.** Over four fiscal years, HCPF requires 5.0 FTE to implement the grant program. This includes 1.0 FTE policy advisor hired October 1, 2022, to oversee grant program design at a midpoint salary assuming the person hired will have clinical experience; an administrative assistant, rate and financial analyst, and grant specialist hired January 1, 2023, to facilitate the program, assist in training grant sites in alternative payment models and new data sharing practices, and budget tracking and report; and finally a policy advisor hired July 1, 2023, to perform detailed analysis, also hired at the midpoint assuming clinical expertise.
- **Contractors.** HCPF will engage the following contractors to support the grant program, all of which assume an hourly rate of \$202:
 - grant application and review contractor, which will review 60 applications per year in FY 2022-23 and FY 2023-24 with six hours of review per application;
 - clinical consultation contractors, which will require 7,500 hours in FY 2023-24 and FY 2024-25, and 3,750 in FY 2025-26 to conduct site visits and other clinical engagement with grantees;
 - a contractor to create the universal contracting provisions and monitor compliance, which will require 4,950 hours per year from FY 2022-23 through FY 2024-25; and
 - billing and data sharing contractors, which will require 4,455 hours in FY 2023-24 and 2,970 per year in two subsequent fiscal years.
- **Grants.** Grant amounts assume the remainder of funding after administrative expenses, preliminarily estimated at about \$29.8 million, will be awarded in equal amounts over two fiscal years. The actual timing of issuing grants may differ depending on applications received and HCPF funding decisions.

Regional Health Connector Workforce Program. The bill appropriates \$250,000 for the Regional Health Connector Workforce Program, which is operated by the University of Colorado School of Medicine. This appropriation is from the Behavioral and Mental Health Cash Fund.

Transforming Long-Term Care in the Community—HCPF. In FY 2022-23 and FY 2023-24, HCPF requires 12.0 FTE to transform the process for clients attempting to receive long-term care in the community and to submit reports to the General Assembly on its efforts related to the Olmstead decision by January 2023 and January 2024. Any future resources will be addressed through the annual budget process.

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 shown in Table 2.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature, except that section 3, concerning the creation of universal contracting provisions, takes effect only if House Bill 22-1278 becomes law, in which case section 3 takes effect either upon the effective date of this act or House Bill 22-1278, whichever is later.

State Appropriations

The bill includes the following appropriations to the Department of Health Care Policy and Financing from the Behavioral and Mental Health Cash Fund, which are further appropriated to HCPF through December 30, 2024:

- \$31,750,000 for the Primary Care and Behavioral Health Statewide Integration Grant Program, and 2.3 FTE;
- \$3,000,000 for universal contracting provisions.

The bill also includes an appropriation to the Department of Health Care Policy and Financing for FY 2022-23 of \$1,603,916, including \$616,968 General Fund and \$986,948 federal funds, and 12.0 FTE for transforming long-term care in the community.

Finally, the bill includes an FY 2022-23 appropriation of \$250,000 from the Behavioral and Mental Health Cash Fund to the Department of Higher Education for use by the University of Colorado School of Medicine for the Regional Health Connector Workforce Program.

State and Local Government Contacts

Health Care Policy and Financing
Information Technology

Higher Education
Law