



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

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| Drafting Number: | LLS 22-0779 | Date: | February 15, 2022 |
| Prime Sponsors: | Sen. Kolker; Sonnenberg Rep. Michaelson Jenet; Rich | Bill Status: | Senate HHS |
| | | Fiscal Analyst: | Erin Reynolds 303-866-4146 Erin.Reynolds@state.co.us |

Bill Topic: CONFLICT OF INTEREST IN PUBLIC BEHAVIORAL HEALTH

Summary of Fiscal Impact:

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

This bill requires the Departments of Health Care Policy and Financing and Human Services to mandate that their contract healthcare administrators comply with specified conflict of interest policies. It will increase state workload beginning in FY 2022-23.

Appropriation Summary: No appropriation is required.

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

Summary of Legislation

This bill requires the Department of Health Care Policy and Financing (HCPF) and the Department of Human Services (DHS) to require managed care entities, administrative service organizations, and managed service organizations that have 25 percent or more provider ownership to comply with specified conflict of interest policies by October 1, 2022.

State Expenditures

The bill will minimally increase workload in HCPF and the DHS beginning in FY 2022-23. This assumes that the bill allows HCPF and the DHS to access and review new information on potential conflict of interests between their providers and the providers' contractors in order to have additional information for each agency's existing contract review cycles. If a detailed or actuarial analysis is required, costs will increase in these agencies. In addition, any rulemaking required by HCPF and the DHS can be accommodated within existing resources.

Effective Date

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

Departmental Difference

Assuming the bill requires detailed review of the contracts between HCPF's managed care entities and the entities' contracted providers for inappropriate preference, HCPF requires 4.0 FTE and a contract with an actuary to meet the bill's review requirements at a cost of \$682,598 in FY 2022-23, \$663,798 in FY 2023-24, and \$566,505 in FY 2024-25 and ongoing. This assumes quarterly review of network adequacy reporting for five managed care entities having 25 percent or more provider ownership for inappropriate preference to providers with ownership or board membership. While HCPF's contracts have certain transparency and vendor management requirements, these do not encompass the level of oversight required by the bill. The fiscal note assumes that the intent of the bill does not encompass this scope of work, but that additional clarification would serve to mitigate future budget impacts to HCPF.

State and Local Government Contacts

Health Care Policy and Financing

Human Services

Law