



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number:	LLS 22-0991	Date:	April 30, 2022
Prime Sponsors:	Sen. Rankin; Zenzinger Rep. Herod; McCluskie	Bill Status:	Senate Appropriations
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Bill Topic: COUNTY ADMINISTRATION OF PUBLIC ASSISTANCE PROGRAMS

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

The bill requires the development and implementation of a funding model for the administration of public and medical assistance. The bill increases state and local government expenditures beginning in FY 2022-23.

Appropriation Summary: For FY 2022-23, the bill includes an appropriation of \$400,000 to the Department of Human Services. See State Appropriations section for detail.

Fiscal Note Status: The fiscal note reflects the introduced bill, which was recommended by the Joint Budget Committee.

**Table 1
State Fiscal Impacts Under SB 22-235**

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-
Expenditures	General Fund	\$168,120	\$252,180
	Cash Funds	\$31,880	\$47,820
	Federal Funds	\$200,000	\$300,000
	Total Expenditures	\$400,000	\$600,000
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$25,218	\$37,827

Summary of Legislation

The bill requires the development and implementation of a funding model for the administration of public and medical assistance. Among its provisions, the bill requires:

- the Department of Human Service (DHS) and the Department of Health Care Policy and Financing (HCPF), in consultation with county departments, to develop a scope of work for the comprehensive assessment of best practices related to the administration of public and medical assistance programs by August 15, 2022;
- the DHS, after consultation with HCPF and county departments, to enter into an agreement with a third party to, among other provisions, conduct the comprehensive assessment within the identified scope of work, evaluate the existing infrastructure for the administration of the public and medical assistance programs at the state and county levels, make recommendations to ensure improved access by eligible individuals, and make recommendations related to the ongoing evaluation by November 1, 2022;
- the DHS to submit the results of the comprehensive assessment and recommendations to HCPF, the county departments, and the Joint Budget Committee (JBC) by July 1, 2023;
- the DHS to submit an analysis of the fiscal impact of implementing the recommendations to the JBC by November 1, 2023;
- the DHS to enter into an agreement with an outside entity to develop a County Administration of Public and Medical Assistance Programs Funding Model to determine the amount of money necessary to fund the administration of public and medical assistance programs in each county by January 2, 2024 and develop the model for FY 2025-26 by July 1, 2024;
- the DHS to submit the results of the funding model to the JBC, HCPF, and the county departments by November 1, 2024;
- the DHS to enter into an agreement with an outside entity to annually update and modify the funding model in conjunction with HCPF and the county departments, by July 1, 2025, and annually; and
- the DHS to submit the results of the funding model to the JBC, HCPF and the county departments by November 1, 2025, and annually.

Among other provisions, the funding model must include:

- the number of staff necessary for a county to perform all responsibilities required by state and federal law, and resources, required to effectively hire, train, and retain staff;
- demographic data that may influence the overall cost of delivering public and medical assistance programs in each county;
- the estimated administrative workload for each county to make public assistance program eligibility determinations;
- a component that supports business process improvements in each county; and
- any modifications to the public and medical assistance program system that have been implemented by DHS or HCPF.

The JBC is required to use the results of the funding model to inform its decisions regarding the amount of the appropriation to the DHS for county administration of public assistance programs and the amount of the appropriation to HCPF for county administration of medical assistance programs.

The DHS is required to allocate money to counties for public assistance programs in accordance with the results of the funding model and HCPF is required to allocate money to counties as permitted by state and federal law for medical assistance programs informed by the results of the funding model.

By November 15, 2026, and annually, DHS and HCPF are required to submit a joint report regarding the funding model to the JBC.

Beginning in FY 2025-26, the bill allows the General Assembly to consider the results of the Public Assistance Programs Funding Model when making appropriations, and requires DHS and HCPF to allocate funds according to the model.

State Expenditures

The bill increases state expenditures in the Department of Human Services by \$400,000 in FY 2022-23 and \$600,000 in FY 2023-24 from multiple funding sources. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under SB 22-235

Cost Components	FY 2022-23	FY 2023-24
Department of Human Services		
Assessment Contractor	\$400,000	-
Funding Model Development Contractor	-	\$600,000
Total	\$400,000	\$600,000

Department of Human Services. In FY 2022-23, the DHS requires \$400,000 in contractor services to assess policies, practices, and technological enhancements to create efficiencies and make recommendations, and requires \$600,000 in FY 2023-24 in contractor services to develop a county administration funding model. Costs will be split between General Fund, cash funds, and federal funds, as shown in Table 1 and listed in the State Appropriations section.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, which will decrease the amount of General Fund available for other purposes.

Local Government

Workload for counties will increase to inform the development of the assessment and the model. The results of the funding model may affect the amount of funding available and its allocation between counties.

Effective Date

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

State Appropriations

For FY 2022-23, the bill requires the following appropriations:

- \$400,000 to the Department of Human Services, of which \$120,000 is General Fund, \$120,000 is federal funds, and \$160,000 is reappropriated funds from the Department of Health Care Policy and Financing; and
- \$160,000 to the Department of Health Care Policy and Financing, of which \$48,120 is General Fund, \$31,880 is from the Health Care Affordability and Sustainability Fee Cash Fund, and \$80,000 is federal funds. This entire amount is reappropriated to the Department of Human Services.

State and Local Government Contacts

Counties	Health Care Policy and Financing
Human Services	Information Technology
Joint Budget Committee	Treasury