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Fiscal Note

Drafting Number: LLS 23-0568
Prime Sponsors: Rep. Martinez

Date: February 2, 2023
Bill Status: House Public & Behavioral Health
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Bill Topic: VETERANS MENTAL HEALTH SESSION REIMBURSEMENT PROGRAM

- Summary of Fiscal Impact:
- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill creates a program in the Behavioral Health Administration to reimburse mental health care providers for up to ten sessions with veterans who have exhausted their federal veterans administration mental health benefits. Starting in FY 2023-24, the bill increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2023-24, the bill requires an appropriation of \$5.8 million to the Department of Human Services.

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

Table 1
State Fiscal Impacts Under HB 23-1088

Table with 3 columns: Category, Budget Year FY 2023-24, and Out Year FY 2024-25. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

## Summary of Legislation

The bill creates the Veterans Mental Health Services Program in the Behavioral Health Administration (BHA) within the Department of Human Services (DHS). The program requires the BHA to reimburse participating mental health-care providers for up to ten sessions with a veteran that has exhausted his or her federal veterans administration mental health benefits. The BHA must adopt rules for the program, conduct a public awareness campaign, determine the reimbursement rate, and develop an online directory for veterans to identify providers.

## Background and Assumptions

**VHA mental health care.** The United States Veterans Health Administration (VHA) provides mental health care services as long as they are clinically warranted. However, once a veteran is deemed to be in a stable condition, the VHA can limit the annual mental health sessions received by a veteran. It is assumed that the bill will provide coverage for veterans in such situations.

**Eligible veterans.** There are an estimated 314,000 veterans in Colorado who are eligible for VHA benefits in Colorado. Based on state and national data, it is estimated that around 33,000 veterans in the state are enrolled in VHA and use mental health services. Of this amount, it is estimated that 3,000 veterans would qualify for services under the bill after exhausting VHA mental health benefits.

**Assumed service level and costs.** It is assumed that, on average, eligible veterans will utilize 8 sessions per year (out of the 10 allowed by the bill) and that each session will cost \$180.

## State Expenditures

The bill increases expenditures in the BHA by \$5.9 million in FY 2023-24, and by \$5.4 million in FY 2024-25 and future years, paid from the General Fund. Expenditures are shown in Table 2 and detailed below. Costs may vary from this estimate depending on the actual number of eligible veterans and their use of available services under the program.

**Table 2**  
**Expenditures Under HB 23-1088**

	FY 2023-24	FY 2024-25
<b>Behavioral Health Administration</b>		
Personal Services	\$68,864	\$84,166
Operating Expenses	\$1,080	\$1,350
Capital Outlay Costs	\$6,670	-
Mental Health Services	\$3,780,000	\$3,780,000
Public Awareness Campaign	\$1,000,000	\$1,000,000
Online Directory	\$1,000,000	\$500,000
Centrally Appropriated Costs <sup>1</sup>	\$15,264	\$18,901
<b>Total Cost</b>	<b>\$5,871,878</b>	<b>\$5,384,417</b>
<b>Total FTE</b>	<b>0.8 FTE</b>	<b>1.0 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Personal services.** The BHA requires 1.0 FTE for administrative and marketing staff to develop and monitor the program, establish reimbursement rates, collaborate with mental health providers, and develop required rules, as well as to develop the public awareness campaign and contact federal, state, and local veterans organizations to make them aware of the program. The fiscal note includes standard operating expenses and capital outlay for this new staff, and first-year costs are prorated for a September 1 start date and the General Fund pay date shift.

**Mental health services.** Based on the Assumptions Section above, the BHA will reimburse participating providers about \$3.8 million per year for the mental health sessions used by eligible veterans. Costs may vary from this estimate if a higher or lower number of eligible veterans access services, or if veterans use more or less than the assumed number of sessions per year.

**Public awareness campaign.** The BHA will conduct the public awareness campaign by contracting marketing services, such as print, digital, and television advertising, that target Colorado veterans. This cost is estimated at \$1 million per year, based on similar public awareness campaigns and the size of the population eligible for this program.

**Online directory.** The BHA, in coordination with providers, will develop an online directory that allows veterans to find participating providers. First-year costs to build and begin maintaining the system are estimated at \$1 million in FY 2023-24, with ongoing maintenance of \$500,000 per year starting in 2024-25.

**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.

## 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. 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, decreasing the amount of General Fund available for other purposes.

## Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## State Appropriations

For FY 2023-24, the bill requires a General Fund appropriation of \$5,856,614 to the Behavioral Health Administration, and 0.8 FTE.

**State and Local Government Contacts**

Behavioral Health Administration  
Health Care Policy and Financing  
Information Technology  
Military Affairs

Counties  
Human Services  
Law  
Regulatory Agencies