



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated February 2, 2023)

Drafting Number:	LLS 23-0568	Date:	April 26, 2023
Prime Sponsors:	Rep. Martinez Sen. Hinrichsen	Bill Status:	Senate State Affairs
		Fiscal Analyst:	Clayton Mayfield 303-866-5851 clayton.mayfield@coleg.gov

Bill Topic: VETERANS MENTAL HEALTH SESSION REIMBURSEMENT PROGRAM

Summary of Fiscal Impact:

<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

The bill creates a program in the Behavioral Health Administration to reimburse mental health care providers for up to four 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 and includes an appropriation of \$1.7 million to the Department of Human Services.

Fiscal Note Status: The revised fiscal note reflects the reengrossed bill.

**Table 1
State Fiscal Impacts Under HB 23-1088**

		Budget Year FY 2023-24	Out Year FY 2024-25
Revenue		-	-
Expenditures	General Fund	\$1,698,338	\$1,715,466
	Centrally Appropriated	\$15,427	\$19,835
	Total Expenditures	\$1,713,765	\$1,735,301
	Total FTE	0.8 FTE	1.0 FTE
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$254,751	\$257,320

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 four sessions with a veteran that has exhausted his or her federal veterans administration mental health benefits. The BHA must adopt rules for the program, determine the reimbursement rate, develop an online directory for veterans to identify providers, and deliver a report on the performance of the program to the General Assembly by December 31, 2024.

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 three sessions per year (out of the four allowed by the bill) and that each session will cost \$180.

State Expenditures

The bill increases expenditures in the BHA by \$1.7 million in FY 2023-24 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
Behavioral Health Administration		
Personal Services	\$70,588	\$94,116
Operating Expenses	\$1,080	\$1,350
Capital Outlay Costs	\$6,670	-
Mental Health Services	\$1,620,000	\$1,620,000
Centrally Appropriated Costs ¹	\$15,427	\$19,835
Total Cost	\$1,713,765	\$1,735,301
Total FTE	0.8 FTE	1.0 FTE

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

Personal services. The BHA requires 1.0 FTE for administrative and data management staff to develop and monitor the program, establish reimbursement rates, collaborate with mental health providers, develop required rules, develop an online provider directory, and provide required reports. Amounts include standard operating and capital outlay costs, and 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 \$1.6 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.

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 and includes a General Fund appropriation of \$1,698,338 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