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Revised Fiscal Note

(replaces fiscal note dated April 26)

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|-------------------------|----------------------------------|------------------------|---|
| Drafting Number: | LLS 23-0568 | Date: | April 28, 2023 |
| Prime Sponsors: | Rep. Martinez Sen. Hinrichsen | Bill Status: | Senate Appropriations |
| | | 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 Department of Military and Veterans Affairs to reimburse mental health care providers for up to 26 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 \$642,645 to the Department of Military and Veterans Affairs. See State Appropriations section.

Fiscal Note Status: The revised fiscal note reflects the reengrossed bill, as amended by the Senate State Affairs Committee.

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

| | | Budget Year FY 2023-24 | Out Year FY 2024-25 |
|-----------------------------|---------------------------|---------------------------|------------------------|
| Revenue | | - | - |
| Expenditures | General Fund | \$642,645 | \$660,143 |
| | Centrally Appropriated | \$26,133 | \$33,378 |
| | Total Expenditures | \$668,778 | \$693,521 |
| | Total FTE | 1.6 FTE | 2.0 FTE |
| Transfers | | - | - |
| Other Budget Impacts | General Fund Reserve | \$96,397 | \$99,021 |

Summary of Legislation

The bill creates the Veterans Mental Health Services Program in the Department of Military and Veterans Affairs (DMVA), with assistance from the Behavioral Health Administration (BHA) in the Department of Human Services (DHS).

Department of Military and Veterans Affairs. The bill requires the DMVA to reimburse mental health care providers for up to 26 mental health sessions with veterans residing in veterans' community living centers (VCLC) that have exhausted their federal Veterans Health Administration (VHA) mental health benefits. Subject to available appropriations, the DMVA may reimburse more than 26 sessions if a provider determines additional sessions are necessary. Providers must be able to provide at least 4 sessions, either in person or through telehealth, to an eligible veteran to qualify for reimbursement. Veterans must attest to providers that they have exhausted their federal benefits upon seeking services. The DMVA must adopt rules for the program, determine a reimbursement rate, and deliver a report on the performance of the program to the General Assembly by December 31, 2024.

Behavioral Health Administration. The bill requires the BHA to publish a list of participating providers online.

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 500 veterans living at VCLCs across the state. It is unknown how many of these veterans experience a limit on their federal health benefits. This fiscal note assumes that 50 percent, or 250, of these veterans would qualify for services under the bill.

Assumed service level and costs. This fiscal note assumes that, on average, participating veterans will use about 15 sessions per year. Each session will cost \$143.

State Expenditures

The bill increases expenditures in the DMVA by about \$670,000 in FY 2023-24 and by about \$690,000 in FY 2024-25, paid from the General Fund, and minimally increases workload for the BHA. 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 |
|--|------------------|------------------|
| Department of Military and Veterans Affairs | | |
| Personal Services | \$90,895 | \$121,193 |
| Operating Expenses | \$2,160 | \$2,700 |
| Capital Outlay Costs | \$13,340 | - |
| Mental Health Services | \$536,250 | \$536,250 |
| Centrally Appropriated Costs ¹ | \$26,133 | \$33,378 |
| Total Cost | \$668,778 | \$693,521 |
| Total FTE | 1.6 FTE | 2.0 FTE |

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

DMVA. The DMVA will reimburse providers, develop program rules, set reimbursement rates, and provide required reports.

- **Personal services.** The DMVA requires 2.0 FTE for administrative and accounting staff to develop and monitor the program, create rules, set reimbursement rates, provide reimbursements, and provide required reports. Amounts include standard operating and capital outlay costs, and are prorated for FY 2023-24 for a September 1 start date, and the General Fund pay date shift.
- **Mental health services.** Based on assumptions stated above, the DMVA will reimburse participating providers about \$536,250 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.

BHA. The BHA will collaborate with providers to develop and publish an online list of participating providers. This minimally increases workload for the BHA, and no change in appropriations is required.

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 \$642,645 to the Department of Military and Veterans Affairs, and 1.6 FTE

State and Local Government Contacts

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

Counties
Human Services
Law
Regulatory Agencies