



Legislative Council Staff

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Fiscal Note

Drafting Number: LLS 23-0023
Prime Sponsors: Rep. Ricks; Bockenfeld

Date: February 24, 2023
Bill Status: House Public & Behavioral Health
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Bill Topic: **IMPROVED OUTCOMES PERSONS BEHAVIORAL HEALTH**

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 pilot program under the Behavioral Health Administration (BHA) to provide vouchers to applicants for private behavioral health care. Additionally, the bill requires the BHA to develop a family input form for Behavioral Health Entities and Medicaid providers. The bill increases state expenditures through FY 2026-27.

Appropriation Summary: For FY 2023-24, the bill requires an appropriation of \$524,909 to the Department of Human Services

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

Table 1
State Fiscal Impacts Under HB 23-1200

		Budget Year FY 2023-24	Out Year FY 2024-25 ¹
Revenue		-	-
Expenditures	General Fund	\$524,909	\$555,912
	Centrally Appropriated	\$29,936	\$38,449
	Total Expenditures	\$554,845	\$594,361
	Total FTE	1.6 FTE	2.0 FTE
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$78,736	\$83,387

Summary of Legislation

The bill creates a pilot program under the Behavioral Health Administration (BHA) to provide vouchers to applicants to receive behavioral health services from providers that do not participate in BHA service organizations, Medicaid, or CHP. On the applications, clients must demonstrate that they were unable to get necessary services in a timely manner through their state-run program. Vouchers are valid for one year and must pay the private provider at least 90 percent of what the state-run program pays their approved providers for the same service. The pilot program expires July 1, 2027, at which point the BHA, in consultation with the Departments of Health Care Policy and Financing (HCPF) and Human Services (DHS), will produce a report on the program.

Additionally, the bill requires the BHA to create a family input form to allow a mental health patient's family and friends to supply any relevant information. Mental health providers under BHA, HCPF, and CDPHE will review the form a part of their treatment.

Assumptions

Because the bill instructs the BHA to establish a pilot program, the fiscal note assumes that the new voucher program will be limited in nature. While the introduced bill states that any person enrolled in Medicaid or another state-run program is eligible to apply for vouchers, it is assumed that the BHA will establish limits on who is actually accepted into the pilot program. Specifically, the fiscal note assumes that the voucher program will operate in one urban and one rural county, and that total participation in the program will be limited to 150 individuals.

State Expenditures

The bill increases state expenditures in the Behavioral Health Administration (BHA) in the Department of Human Services by about \$550,000 in FY 2023-24 and \$594,000 in FY 2024-25 through FY 2026-27, paid from the General Fund. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 23-1200

	FY 2023-24	FY 2024-25
Department of Human Services		
Personal Services	\$131,409	\$175,212
Operating Expenses	\$2,160	\$2,700
Capital Outlay Costs	\$13,340	-
Voucher Cost	\$378,000	\$378,000
Centrally Appropriated Costs ¹	\$29,936	\$38,449
Total Cost	\$554,845	\$594,361
Total FTE	1.6 FTE	2.0 FTE

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

Staffing costs. Based on the assumed size and location of the voucher program, the BHA will require 2.0 FTE to review applications and operate the program. It is assumed that BHA is under no obligation to review all applications received from outside any pilot program areas that are established and can stop once 150 vouchers have been granted. Should the pilot program parameters be different than assumed, administrative costs may differ from this estimate. First-year costs are prorated for a September 1, 2023, effective date and the General Fund pay date shift.

Voucher costs. It is assumed the 150 vouchers annually are sufficient for the purpose of a pilot program. On average, each voucher is estimated provide services worth \$2,520, based on current mental health expenditures.

Other Budget Impacts

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 an appropriation of \$524,909 from the General Fund to the Department of Human Services, and 1.6 FTE.

Departmental Difference

The BHA estimates that implementing the pilot program will cost up to \$2.0 billion, based on the assumption that all eligible persons who apply must be approved. Using data from a recent statewide needs assessment indicating that around 43 percent of persons served by Medicaid and other state programs indicate difficulty accessing behavioral health care, the BHA estimates that around 735,000 individuals will apply for a voucher. Using the same voucher costs as assumed above (\$2,520), this will result in total costs of about \$2.0 billion per year, including both voucher and administrative costs. The fiscal note assumes that the pilot program will be more limited in nature and that the BHA can limit the number of vouchers issued and geographic location of the program.

State and Local Government Contacts

Behavioral Health Administration	Health Care Policy and Financing	Human Services
Information Technology	Public Health and Environment	