JOINT
BUDGET
COMMITTEE

STAFF BUDGET BRIEFING
FY 2022-23

TOBACCO REVENUE

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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ADDITIONAL RESOURCES

Brief summaries of all bills that passed during the 2020 and 2021 legislative sessions that had a fiscal impact on tobacco revenue are available in Appendix A of the annual Appropriations Report: https://leg.colorado.gov/sites/default/files/fy21-22apprept_0.pdf

OVERVIEW

Colorado has traditionally received annual tobacco revenue from two sources, with a third source being added beginning January of 2021:

1. The Tobacco Master Settlement Agreement (MSA), a 1998 legal settlement between tobacco manufacturers and the states who sued the tobacco manufacturers to recover Medicaid and other health-related costs incurred by the states as a result of treating smoking related illnesses.
2. Tobacco taxes imposed by Section 21 of Article X of the Colorado Constitution (often called Amendment 35).
3. An additional tobacco tax created by HB 20-1427 (Proposition EE) beginning January 1st 2021.

Both Amendment 35 and MSA dollars are distributed by formula, while proposition EE revenue distribution is largely specified in HB 20-1427. Long Bill appropriations are determined based on forecasted revenues provided by Legislative Council Staff (LCS). More details about the forecasted distribution of tobacco revenue are included in the following sections.

TOBACCO MASTER SETTLEMENT AGREEMENT (MSA)

The 1998 Tobacco Master Settlement Agreement (MSA) provides Colorado with an annual revenue stream as a result of legal action to recover state expenses incurred for the treatment of illnesses resulting from tobacco use. Tobacco Master Settlement Agreement money is distributed to certain programs based on a statutory formula.

Tobacco Master Settlement Agreement payments are driven by two factors: (1) the Number of "units sold" nationwide, and (2) The inflation adjustment. Pursuant to Section 39-28-202 (10), C.R.S., "units sold" means the number of individual cigarettes sold in the state by the applicable tobacco product manufacturer, whether directly or through a distributor, retailer, or similar intermediary or intermediaries, during the year in question, as measured by excise taxes collected by the state on containers of roll-your-own tobacco, and on packs of cigarettes bearing the excise tax stamp of the state. The inflation adjustment is equal 3.0 percent or the Consumer Price Index (CPI) percentage change for the calendar year being used to determine the payment, whichever is greater. Therefore, if the CPI percentage is lower than 3.0 percent, the inflation adjustment for that year is 3.0 percent. There have only been four years since the inception of the Tobacco Master Settlement Agreement when CPI was greater than 3.0 percent: 2000 (3.4 percent), 2004 (3.3 percent), 2005 (3.4 percent), and 2007 (4.1 percent). As of October 2021 the U.S. Bureau of Labor Statistics reported a 12 month CPI increase of 6.2 percent.

Payments received in April are based on sales and adjustments from the prior year. For example, the payment received by Colorado in April 2021 was based on the number of units sold in 2020.

MSA revenues are distributed according to statutory formula. Fiscal Year 2020-21 and FY 2021-22 allocations are included in the table below, as well as the most recent forecast for FY 2022-23.

TOBACCO MASTER SETTLEMENT AGREEMENT REVENUE ALLOCATIONS

	PERCENTAGE	FY 2020-21 ALLOCATION	FY 2021-22 ALLOCATION	FY 2022-23 FORECAST
Health Care Policy and Financing				
Children's Basic Health Plan Trust	18.00%	$14,464,601	$15,680,184	$13,770,000
Autism Waiver	2.00%	1,607,178	1,742,243	1,530,000
Subtotal - Health Care Policy and Financing	***20.00%***	***16,071,779***	***17,422,427***	***15,300,000***
Higher Education				
University of Colorado Health Sciences Center[1]	17.50%	14,062,807	15,244,624	13,387,500
Human Services				
Nurse Home Visitor Program	26.70%	21,455,825	23,258,940	20,425,500
Tony Grampsas Youth Services Program	7.50%	6,026,917	6,533,410	5,737,500
Subtotal - Human Services	***34.20%***	***27,482,742***	***29,792,350***	***26,163,000***
Law				
Tobacco Settlement Defense Account[2]	2.50%	602,692	2,177,803	1,912,500
Military and Veterans Affairs				
State Veterans Trust Fund	1.00%	803,589	871,121	765,000

TOBACCO MASTER SETTLEMENT AGREEMENT REVENUE ALLOCATIONS				
	PERCENTAGE	FY 2020-21 ALLOCATION	FY 2021-22 ALLOCATION	FY 2022-23 FORECAST
Personnel				
Supplemental State Contribution Fund	2.30%	1,848,255	2,003,579	1,759,500
Public Health and Environment				
Drug Assistance Program (ADAP; Ryan White)	5.00%	4,017,945	4,355,607	3,825,000
AIDS and HIV Prevention Grants (CHAPP)	3.50%	2,812,561	3,048,925	2,677,500
Immunizations	2.50%	2,008,972	2,177,803	1,912,500
Health Services Corps Fund	1.00%	803,589	871,121	765,000
Dental Loan Repayment Program[2]	1.00%	642,872	871,121	765,000
Subtotal Public Health and Environment	***13.00%***	***10,285,939***	***11,324,578***	***9,945,000***
Capital Construction - Department of Higher Education - Fitzsimons Lease Purchase Payments	8.00%	6,428,712	6,968,971	6,120,000
Unallocated Amount[2]	1.50%	2,772,381	1,306,682	1,147,500
TOTAL	**100.00%**	**$80,358,896**	**$87,112,136**	**$76,500,000**

[1] Two percent of this amount is required to be spent on cancer research.
[2] These distribution percentages were modified for FY 2020-21 for one-time budget balancing purposes.

Early in the figure setting process, typically the end of January or beginning of February, staff will make recommendations for the Committee's consideration on the estimated amount of Tobacco Master Settlement money available for distribution to programs based on the forecast done by Legislative Council economists. As seen in the table below, some programs' expenditures were lower than their allocation in FY 2020-21, this is not uncommon as some programs choose to be conservative in their expenditures given the unpredictability of the funding source. Fund balances from the Nurse Home Visitor Program Fund and the Colorado State Veterans Trust Fund were transferred to the General Fund as part of balancing the budget for FY 2020-21. The unspent dollars relating to those items below will be used to build those balances back up.

REQUESTED INFORMATION FOR MSA PROGRAMS FOR FY 2020-21				
DEPARTMENT	PROGRAM	ALLOCATION	EXPENDITURES	OVER/(UNDER)
HCPF	Children's Basic Health Plan*	$14,464,601	$14,464,601	$0
HCPF	Autism Waiver*	1,607,178	1,607,178	0
HED	UC Health Sciences Center	14,062,807	14,062,807	0
DHS	Nurse Home Visitor Program	21,455,825	20,420,795	(1,035,030)
DHS	Tony Grampsas Youth Services Program	6,026,917	5,601,454	(425,463)
DMVA	State Veterans Trust Fund	803,589	781,408	(22,181)
DPA	Supplemental State Contribution Fund	1,848,255	1,242,882	(605,373)
CDPHE	Drug Assistance Program	4,017,945	3,284,516	(733,429)
CDPHE	AIDS and HIV Prevention Grants	2,812,561	2,340,893	(471,668)
CDPHE	Immunizations	2,008,972	1,484,843	(524,129)
CDPHE	Health Services Corps Fund	803,594	803,594	0
CDPHE	Dental Loan Repayment Program	642,877	642,877	0

*Actual expenditures not included in RFI

The Tobacco Settlement Defense Account receives a portion of MSA dollars to fund ongoing litigation needs within the Department of Law (DOL), as well as a small amount of funding for the Department of Revenue. In previous years, this has funded both FTE within the DOL, as well as contracted litigation support from outside counsel. Due to the 2018 NPM Adjustment Settlement

Agreement, which released disputed payments from previous years, the need for outside counsel has been greatly reduced. However, states that sign on to the settlement agree to expand enforcement of the non-participating manufacturer (NPM) clause of the MSA. Mainly, this would involve expanded/enhanced tracking of NPM units sold in Colorado and increased fraud prevention. The DOL is still in the process of identifying exactly what this expansion would entail and what resources would be necessary to diligently enforce the expanded terms of the agreement. As part of the budget balancing package, HB 20-1380 (Move Tobacco Litigation Settlement Moneys) transferred the balance of the Tobacco Settlement Defense Account to the General Fund. Dollars currently being allocated to the fund are used as a reserve in case of future litigation needs.

PROPOSTION EE AND AMENDMENT 35 REVENUE

PROPOSITION EE

Proposition EE was a ballet measure created by HB 20-1427 (Cigarette, Tobacco, and Nicotine Products Tax) and approved by voters during the November 2020 election. The measure raises taxes on cigarettes and other tobacco products (OTP), as indicated in the table below, and creates a tax on nicotine products such as vaping devices. The measure creates a funding stream that is separate from Amendment 35 revenue and has transfer amounts that are largely defined Section 24-22-118 (2), C.R.S., rather than a distribution formula.

INCREMENTAL TOBACCO TAX INCREASES			
	FY 2020-21 TO FY 2023-24	FY 2024-25 TO FY 2026-27	FY 2027 AND BEYOND
Cigarettes			
Before Jan 1, 2021	$0.84	$0.84	$0.84
Increase from Proposition EE	1.10	1.40	1.80
Total	**$1.94**	**$2.24**	**$2.64**
OTP			
Before Jan 1, 2021	40%	40%	40%
Increase from Proposition EE	10%	16%	22%
Total	**50%**	**56%**	**62%**

Tax revenue from Proposition EE is deposited in the 2020 Tax Withholding Fund and distributed on an ongoing basis throughout the year, with dollars going to the funds outlined in statute first, and any remaining revenue being distributed to the State Education Fund and Preschool Programs Cash Fund after the other obligations have been fulfilled. If revenue is insufficient to cover initial obligations dollars will be dispersed on a proportional basis.

In addition to increased tax rates Proposition EE also sets a minimum price for cigarettes at $7.00 a pack until July 1, 2024 and $7.50 thereafter. The effect of setting a minimum price is an expected increase in sales tax revenue, which is then to be deposited into the Preschool Programs Cash Fund (roughly $600,000 in FY 2020-21) and the General Fund (roughly $220,000 in FY 2020-21).

The net increase revenue from Proposition EE will be deposited into the 2020 Tax Holding Fund, then transferred to individual cash funds in amounts defined in HB 20-1427 and designated for specific purposes. The table below outlines actual and expected distributions of revenue through FY 2023-24.

PROPOSITION EE REVENUE DISBURSEMENT				
DISTRIBUTIONS	FY 20-21 ACTUAL	FY 21-22 FORECAST	FY 22-23 FORECAST	FY 23-24 FORECAST
Tobacco Tax Cash Fund	$5,475,000	$10,950,000	$10,950,000	$10,950,000
General Fund	2,025,000	4,050,000	4,050,000	4,050,000
Rural Schools Fund	25,000,000	30,000,000	35,000,000	-
Housing Development Grant Fund	11,166,000	11,167,000	11,167,000	-
Eviction Legal Defense Fund	500,000	500,000	500,000	-
State Education Fund[1]	4,857,478	133,633,000	125,233,000	-

PROPOSITION EE REVENUE DISBURSEMENT				
DISTRIBUTIONS	FY 20-21 ACTUAL	FY 21-22 FORECAST	FY 22-23 FORECAST	FY 23-24 FORECAST
Preschool Programs Cash Fund[1]	-	-	-	174,400,000
Total	**$49,023,478**	**$190,300,000**	**$186,900,000**	**$189,400,000**

[1] These funds will begin seeing revenue after the other fund obligations outlined in statute have been fulfilled.
*Based on actual receipts and the September 2021 LCS forecast

Tobacco Tax Cash Fund- Revenue transferred to the Tobacco Tax Cash Fund is distributed to programs administered in the Colorado Department of Health Care Policy and Financing and CDPHE, including Medicaid, Child Health Plan Plus (CHP+), immunization programs, primary care programs, cancer and chronic disease detection and treatment programs, tobacco education programs, and various other healthcare programs. The Tobacco Tax Cash Fund is subject to the same distribution formula as Amendment 35 revenue outlined in Section 24-22-117, C.R.S.

Rural Schools Fund- The funding allocated to the Rural Schools Fund, within the Department of Education, will be allocated to rural schools and charter schools within rural districts. Funds will be distributed on a per pupil basis, with 55 percent distributed to large rural districts and charters, and 45 percent to small rural districts and charters as outline in Section 22-54-142, C.R.S.

Housing Development Grant Fund- Revenue credited to the Housing Development Grant Fund, administered by the Department of Local Affairs, will be expended to improve, preserve, or expand the supply of affordable housing in Colorado. At least $5 million of the funds must be used for affordable housing in rural areas. The money in the Housing Development Grant Fund is continuously appropriated.

Eviction Legal Defense Fund- Revenue credited to the Eviction Legal Defense Fund, administered by the Judicial Department, will be expended to provide legal services to indigent parties facing eviction. The Eviction Legal Defense Fund is subject to annual appropriation.

State Education Fund- Any remaining revenue in the first three fiscal years will be deposited in the State Education Fund. Revenue can be spent for the state share of total program funding, or for other programs related to education, as determined by the General Assembly.

Preschool Programs Cash Fund- Beginning in FY 2023-24 any remaining revenue will be deposited into the Preschool Programs Cash Fund, currently within the Department of the Treasury, and must be spent to provide at least 10 hours a week of free preschool to children in the year before they start kindergarten. The program has not been designated to a specific department at the time of this writing, but it is anticipated to live within the Department of Early Childhood Education if such a Department is created. The Preschool Programs Cash Fund is subject to annual appropriation.

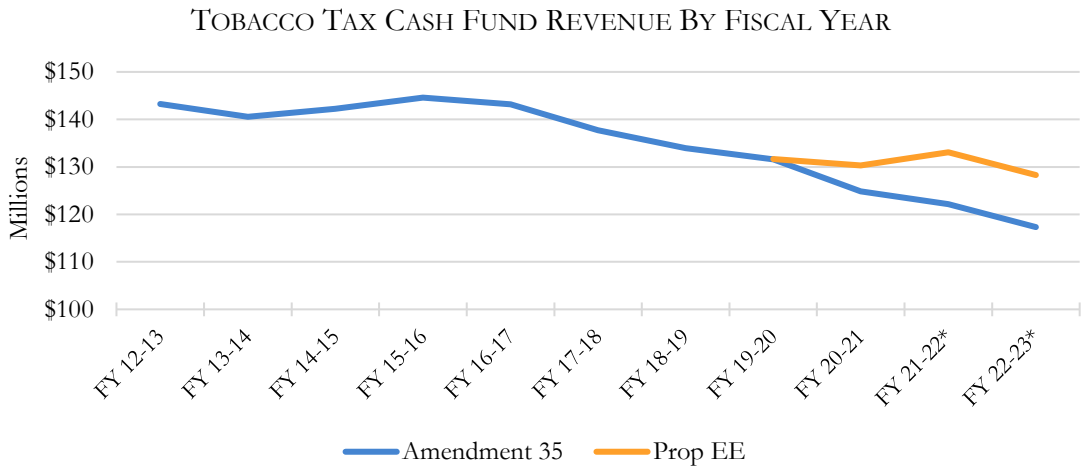
AMENDMENT 35

Amendment 35, approved by voters in 2004, added the following two cigarette and tobacco taxes to Section 21 of Article X of the Colorado Constitution:

- An additional $0.64 tax on each pack of cigarettes sold in Colorado (a pack equals twenty cigarettes); and
- A statewide tobacco products tax equal to 20.0 percent of the manufacturer's list price, on the sale, use, consumption, handling, or distribution of tobacco products by distributors.

Amendment 35 was codified in Section 24-22-117, C.R.S., which outlines how revenue from Amendment 35 is distributed to various state agencies including: the Departments of Health Care Policy and Financing, Public Health and Environment, and Human Services. Revenue from Amendment 35 is first deposited in the Tobacco Tax Cash Fund (TTCF) before being distributed to programs on a monthly basis.

Amendment 35 revenues have been declining over time (as shown in the table below) due mainly to lower consumption of cigarettes. This revenue decline is offset in the short term by increased revenue from Proposition EE taxes, which transfers $5.5 million in FY 2020-21 and $11.0 million in FY 2021-22 and beyond to the Tobacco Tax Cash Fund.



*Forecasted Revenue

The following table summarizes the allocation of TTCF revenue for FY 2019-20, FY 2020-21, and the estimate for FY 2021-22 and FY 2022-23 (based on the September 2021 LCS forecast).

DISTRIBUTION OF TTCF REVENUE						
DEPT.	PROGRAM AND/OR FUND	PERCENT	FY 2019-20 ACTUAL	FY 2020-21 ACTUAL	FY 2021-22 ESTIMATED*	FY 2022-23 ESTIMATED*
HCPF	Health Care Expansion Fund	46.0	$60,563,132	$59,951,603	$61,215,880	59,004,660
HCPF	Primary Care Fund	19.0	25,015,207	24,762,618	25,284,820	24,371,490
DPHE	Tobacco Education Programs Fund	16.0	21,065,437	20,852,731	21,292,480	20,523,360
DPHE	Prevention, Early Detection and Treatment Fund	16.0	21,065,437	20,852,731	21,292,480	20,523,360
HCPF	Old Age Pension Fund	1.5	1,974,885	1,954,944	1,996,170	1,924,065
REV	Local governments compensation for lost revenue from tobacco taxes	0.9	1,184,931	1,172,966	1,197,702	1,154,439
DPHE	Immunizations performed by small local public health agencies	0.3	394,977	390,989	399,234	384,813
HCPF	Children's Basic Health Plan	0.3	394,977	390,989	399,234	384,813
Total		**100.0**	**$131,658,983**	**$130,329,571**	**$133,078,000**	**$128,271,000**

**Based on September 2021 LCS forecast*

Money that is credited to the Prevention Early Detection and Treatment (PEDT) Fund is further divided among three programs: Breast and Cervical Cancer Program, Health Disparities Program Fund, and Center for Health and Environmental Information, with the funds remaining being allocated to the Cancer, Cardiovascular Disease, and Chronic Pulmonary Disease (CCPD) Program. The following table summarizes how the total funds credited to the PEDT Fund are further allocated.

Breakdown of Money Credited to the Prevention, Early Detection and Treatment Fund

	Percent	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Estimated*	FY 2022-23 Estimated*
Total Amount Credited to the Prevention, Early Detection and Treatment Fund		**$21,065,437**	**$20,852,731**	**$21,292,480**	**$20,523,360**
Breast and Cervical Cancer Program	20.0%	4,213,087	4,170,546	4,258,496	4,104,672
Health Disparities Program Fund	15.0%	3,159,816	3,127,910	3,193,872	3,078,504
Center for Health and Environmental Information	Fixed $	116,942	116,942	116,942	116,942
Remains in the Prevention, Early Detection and Treatment Fund		*$13,575,592*	*$13,437,333*	*$13,723,170*	*$13,223,242*

**Based on September 2021 LCS forecast*

INFORMATIONAL ISSUE: ELIMINATING THE MSA ACCELERATED PAYMENT

BACKGROUND

Prior to FY 2007-08, expenditures for MSA-funded programs were paid exclusively from revenue received in April of the prior fiscal year. While appropriations continue to be based on revenue received in April of the prior fiscal year, the General Assembly changed statute in response to economic downturns so that expenditures are partially paid from revenue received in April of the current fiscal year. This change requires that MSA-funded programs operate for most of the fiscal year before the largest source of revenue to pay for the expenses is received in April. This change is referred to as accelerating the use of tobacco revenues, or accelerated payments. The initial change in SB 09-269 allowed for access to $65.0 million in one-time funding without reducing support for MSA programs.

Since most program expenditures are made prior to the receipt of MSA funds, programs are loaned money from the General Fund for approximately nine months each year. In order to lessen the reliance on General Fund advances prior to the April payment, H.B. 12-1247 began to gradually reduce the use of such advances from the Treasury by reducing the use of current year revenue and increasing the use of prior year revenue. The bill required spending from current year revenue be reduced each year by any unallocated MSA funds (currently 1.5 percent) and other residual funds in the Tobacco Litigation Settlement Cash Fund. A total of $11.4 million received in April 2014 was used for this purpose. Additionally, the amount of money received and allocated to programs in April 2017 was reduced by $15.0 million in order to reduce the accelerated payment. This was ahead of an anticipated reduction of the April 2018 payment due to the elimination of the strategic contribution payment, which was a limited-term supplemental payment Colorado received due to the State's significant contribution to the original litigation. House Bill 20-1380 transferred an additional $20 million from the state's 2020 MSA payment to the General Fund. To compensate, an additional $20 million from the state's 2021 MSA payment was allocated to programs in FY 2020-21, increasing the accelerated payment to just above $60 million.

The size of the accelerated payment should be a concern if there is a possibility that the April payment will be significantly lower than the amount that was used to set the appropriation. For example if the appropriation was based on the forecast of $90.0 million and the actual payment was for $50.0 million, there will be a portion of General Fund that has been expended which cannot be paid back with Tobacco Master Settlement Agreement money, thus resulting in an unaccounted for General Fund expenditure during the fiscal year.

The total receipt of MSA funds in April of 2021 was $87.1 million. Of that amount $27.1 million was made available for FY 2021-22 programs in July of 2021, while $60.0 million was distributed immediately upon receipt of the April 2021 payment to "pay back" the General Fund for FY 2020-21 programs. This $60.0 million is the accelerated payment amount.

If the General Assembly wanted to eliminate the Tobacco Master Settlement Agreement (MSA) accelerated payment a one-time transfer of $60,041,931 from the General Fund to the Tobacco Litigation Settlement Cash Fund could be made in FY 2021-22 (or a $58,735,249 in FY 2022-23). **This transfer would require legislation** and would allow the entirety of the April 2022 payment

received to be allocated to programs in FY 2022-23. Tables comparing allocation amounts with and without the accelerated payments are included below.

CURRENT TOBACCO MASTER SETTLEMENT AGREEMENT ALLOCATIONS						
PAYMENT YEAR	2020		2021		2022	
Total Payment	$80,359,389		$87,112,136		$76,500,000	
Allocated by FY	***FY19-20***	***FY20-21***	***FY20-21***	***FY21-22***	***FY21-22***	***FY22-23***
	61,259,177	20,317,458	60,041,931	27,070,205	60,041,931	16,458,069
1.5% AP Reduction	1,217,246		0[1]		1,306,682	
Accelerated Payment Amount	$61,259,177		$60,041,931		$60,041,931	

[1] The 1.5 percent AP reduction amount was used to increase available General Fund for FY 2020-21.

TOBACCO MASTER SETTLEMENT AGREEMENT ALLOCATIONS WITHOUT THE ACCELERATED PAYMENT					
PAYMENT YEAR	2020		2021		2022
Total Payment	$80,359,389		$87,112,136		$76,500,000
Allocated by FY	***FY19-20***	***FY20-21***	***FY20-21***	***FY21-22***	***FY22-23***
	61,259,177	20,317,458	60,041,931	27,070,205	76,500,000
1.5% AP Reduction	1,217,246		0[1]		
Accelerated Payment Amount	61,259,177		60,041,931		0
General Fund Transfer				60,041,931	

[1] The 1.5 percent AP reduction amount was used to increase available General Fund for FY 2020-21.

POINTS TO CONSIDER

Currently, only 98.5 percent of total MSA projected revenues are allocated to programs outlined in statute (Section 24-75-1104.5 (1.7), C.R.S.). The remaining 1.5 percent remains in the Tobacco Litigation Settlement Cash Fund to assist in paying down the following year's accelerated payment. If the General Assembly chooses to eliminate the accelerated payment in future years, the remaining 1.5 percent can be allocated to other purposes.

The accelerated payment amount currently sits at around $60 million, while the estimated 2022 MSA payment amount is expected to be about $76.5 million. The General Assembly has had the benefit in previous years of having a fairly large gap between payment amounts and accelerated payment obligation, meaning that in times of economic hardship the General Assembly could borrow more money from future MSA payments in order to balance the budget. With the current gap around $16.5 million, the General Assembly has much less room to safely borrow from the MSA without the danger of creating an additional General Fund obligation. If the Accelerated payment was reduced, or eliminated, a future General Assembly would have more flexibility to use the MSA as a source of General Fund relief in the future.

APPENDIX A
INFORMATION REQUESTS

Department of Health Care Policy and Financing, Medical Services Premiums; Indigent Care Program, Children's Basic Health Plan Medical and Dental Costs; Department of Higher Education, Colorado Commission on Higher Education, Special Purpose, University of Colorado, Lease Purchase of Academic Facilities at Fitzsimons; Governing Boards, Regents of the University of Colorado; Department of Human Services, Division of Child Welfare, Tony Grampsas Youth Services Program; Office of Early Childhood, Division of Community and Family Support, Nurse Home Visitor Program; Department of Military and Veterans Affairs, Division of Veterans Affairs, Colorado State Veterans Trust Fund Expenditures; Department of Personnel, Division of Human Resources, Employee Benefits Services, H.B. 07-1335 Supplemental State Contribution Fund; Department of Public Health and Environment, Disease Control and Environmental Epidemiology Division, Administration, General Disease Control, and Surveillance, Immunization Operating Expenses; Special Purpose Disease Control Programs, Sexually Transmitted Infections, HIV and AIDS Operating Expenses, and Ryan White Act Operating Expenses; Prevention Services Division, Chronic Disease Prevention Programs, Oral Health Programs; Primary Care Office -- **Each Department is requested to provide the following information to the Joint Budget Committee by October 1, 2021 for each program funded with Tobacco Master Settlement Agreement money: the name of the program; the amount of Tobacco Master Settlement Agreement money received and expended by the program for the preceding fiscal year; a description of the program including the actual number of persons served and the services provided through the program; information evaluating the operation of the program, including the effectiveness of the program in achieving its stated goals.**

COMMENT: The following are summaries of Department responses for each program that will receive Tobacco Master Settlement revenue. The summaries are separated by Department, and by program if there is more than one program within that Department which receives Tobacco Master Settlement Agreement money.

Health Care Policy and Financing

Children's Basic Health Plan

The Children's Basic Health Plan (CHP+) provides affordable health insurance to children under the age of 19 and pregnant women in low-income families, up to 260 percent of the Federal Poverty Level who do not qualify for Medicaid and do not have private insurance. In FY 2020-21, the program received $14,464,690 of Tobacco Master Settlement funds and served an average monthly caseload of 66,187, including 65,421 children and 766 pregnant adults. This represents a 14.5 percent decrease over FY 2019-20.

Early and Periodic Screening, Diagnostic and Treatment (EPSDT)

The Department provides comprehensive community support treatment, mental health assessment, request for assessment, an adaptive behavior treatment services. In FY 2020-21, the program received $1,613,611 of MSA funds, and served an average of 1,162 clients monthly (13,944 total), the program

served a total of 135 clients in FY 2019-20. The program seeks to increase the quality of EPSDT services to children and youth who have a documented need for pediatric behavioral therapy services.

Department of Higher Education

University of Colorado Anschutz Medical Campus

Tobacco Master Settlement Agreement money is used by the University of Colorado Anschutz Medical Campus in a number of ways outlined in the table below.

MSA Funding Areas 2020-21	
Program	Amount
Graduate School PhD Student Support	$1,457,843
Colorado School of Public Health	230,964
School of Medicine	2,803,121
School of Dental Medicine	799,438
College of Nursing	581,291
Skaggs School of Pharmacy and Pharmaceutical Sciences	790,292
Area Health Education Centers	303,368
Cancer Center	1,607,178
Classroom, Library, and Student Services	546,150
Mandatory Education Operating Costs	4,943,248
Total	**$14,062,893**

Specifically, MSA funds support:

- Competitive financial support for Ph.D. students in biomedical and biological sciences.
- Evaluation of the Colorado School of Public Health's educational programs.
- School of Medicine block directors, who focus on providing basic science curriculum for first and second year students, and well-rounded rotations for third year medical students.
- School of Medicine longitudinal curriculum program, which focuses on skills beyond the lab or clinic, such as teamwork, communication, and ethics, and includes courses such as "Culture, Health, Equity, and Society."
- Educational and clinical training opportunities for School of Dental Medicine faculty.
- Faculty support in the School of Nursing.
- Student scholarships and faculty compensation for the School of Pharmacy.
- Program support for Area Health Education Centers, which works to build statewide network capacity and strengthen academic-community partnerships around career pathways to health professions, recruitment and continuing education in rural and urban medically underserved areas, and increased access to health education for rural/urban communities.
- Projects by the Cancer Center focused on new research, rural impact, and increased enrollment in clinical trials.
- Increased access to electronic education and research materials, such as online journals and databases.
- Utilities, building maintenance, IT infrastructure, and other basic operating needs of the 3.2 million square feet of buildings that support the academic program missions on the Anschutz Medical Campus.

Human Services

Tony Grampsas

The Tony Grampsas Youth Services Program provides funding to community-based organizations that serve children, youth, and their families with programs designed to reduce youth crime and

violence, youth marijuana use, and prevent child abuse and neglect. Eligible TGYS applicants include local governments, schools, nonprofit organizations, state agencies, and institutions of higher education. TGYS- funded agencies serve target populations including children and youth ages 0-25, as well as parents, caregivers, and community members. Overall, in FY 2020-21, 37,876 individuals in 47 counties and the Southern Ute Tribe, were served. Of those served: 9,741 (26 percent) were children (ages 0-8), 19,972 (53 percent) were youth (ages 9- 18), 615 (2 percent) were young adults (ages 19-24), 4,027 (10 percent) were parents or caregivers, 707 (2 percent) were adult mentors, and 2,814 (7 percent) were adult community members.

Nurse Home Visitor

The Nurse Home Visitor Program (NHVP) was created in statute in FY 1999-2000. The NHVP utilizes the Nurse-Family Partnership (NFP), an evidenced-based, voluntary, community health nursing program aimed at improving the lives of vulnerable families expecting their first child. Clients are partnered with a registered nurse early in their pregnancy and receive home visits until the child turns two. All nurses delivering NFP are trained on the model by the NFP National Service Office (NFPNSO) and receive nursing consultation and continuing education from Invest in Kids (IIK). IIK, the NFPNSO, and the University of Colorado monitor the data to ensure the program is being implemented with fidelity to the model as tested in the original randomized controlled trials. The program is open to all first-time, low-income parents (individuals below 200% of federal poverty level). The average age of clients in Colorado is 20. NFP is available in all 64 counties in Colorado. In FY 2020-21, 4,671 clients and 3,971 children were served by the Nurse Home Visitor Program through 50,617 home visits. Of this amount 4,069 of the clients, 3,465 of the children, and 44,072 of the visits were funded with MSA dollar, while the rest was funded by federal funds through the Maternal Infant, Early Childhood Home Visiting Program.

Military and Veterans Affairs

Colorado State Veterans Trust Fund

The Department uses the Trust Fund for the following purposes: capital improvements or needed amenities for exist or future State Veterans' Community Living Centers, operation and maintenance costs of existing or future state veterans' cemeteries, costs incurred by the Division of Veterans Affairs, and veterans programs operated by nonprofit veterans' organizations. The Trust Fund received $846,836 for FY 2020-21, of which $781,408 was provided for grants to nonprofit organizations and Veterans Community Living Centers across the state, of those dollars awarded $587,449 (75 percent) were expended.

Personnel

Supplemental State Contribution Program

Pursuant to Section 24-50-609, C.R.S., the General Assembly established the Supplemental State Contribution Program for eligible state employees to provide access to affordable and adequate health insurance offered by the state to as many children of lower-income state employees as possible, and to encourage lower-income employees with dependent children to enroll in health insurance plans by supplementing the plan premiums. The Department must first use funds to provide each eligible state employee who has an annual household income of less than 200 percent FPL (Level I) with a supplement in the amount needed to reduce the employee contribution to all qualifying group benefit plans to zero. Next, remaining funds shall be used to provide an eligible state employee who has an annual income of 200-249 percent FPL (Level 2) a supplement. Remaining funds shall be used for an eligible state employee who has an annual income of 250-299 percent FPL (Level 3). Supplements are provided to eligible employees at each Level in priority order if funds are available. All supplement

contributions are paid from the supplemental state contribution fund created in Section 24-50-609 (5), C.R.S.

For FY 2020-21, the Department was able to serve 409 eligible applications. A total of 151 employees were approved for Level I, 148 were approved for Level 2, and 110 were approved for Level 3. The program provided the maximum supplement, or 100.0 percent of the total amount of the medical premium, for all levels.

NUMBER OF ELIGIBLE STATE EMPLOYEES RECEIVING THE SUPPLEMENTAL CONTRIBUTION	TOTAL AMOUNT OF SUPPLEMENTS PAID	AVERAGE MONTHLY AMOUNT OF THE INDIVIDUAL SUPPLEMENTS	AVERAGE YEARLY AMOUNT OF INDIVIDUAL SUPPLEMENTS	NUMBER OF DEPENDENT CHILDREN OF ELIGIBLE STATE EMPLOYEES
445	**$1,242,882**	**$253**	**$3,083**	**972**

Public Health and Environment

HIV and AIDS Prevention Program (CHAPP)

The CHAPP sponsors a statewide competitive grants program for HIV and AIDS prevention and education in Colorado. In FY 2020-21, CHAPP reached 39,544 individual clients in Colorado with comprehensive HIV prevention services, including HIV testing and education. 3,461,296 sterile syringes were distributed to prevent HIV transmission through unsafe injection practices. In future years, the program will continue to expand HIV testing programs, to include STI screening, in non-clinical settings (shelters, churches, social service organizations) in order to reach underserved populations.

Immunization Program

The Program provides financial resources to increase the awareness of immunizations improve vaccination rates and decrease the morbidity of vaccine preventable diseases among all Colorado citizens. The following services were provided with these funds during FY 2020-21:

- Enhancement of Immunization Core Services: Support ongoing immunization program infrastructure needs and core immunization service activities for local public health agencies (LPHAs) 52 LPHA projects were funded, serving 47,958 clients and administering 70,119 vaccinations.
- One of the Department's 2020-21 Wildly Important Goals was to raise kindergartner MMR vaccination coverage from 91.1% to 92% by June 30, 2021. The Department partnered with LPHAs to increase MMR vaccinations. Each LPHA received a jurisdiction-specific kindergarten MMR dashboard with targets for the number of kindergarten age kids who needed to be brought up-to-date for MMR using data from the Colorado Immunization Information System (CIIS). The kindergarten MMR rate for the 2020-2021 school year dropped slightly to 90.5%. This reflects the disruption due to COVID and the downward trend in doses administered seen both nationally and in Colorado.
- The Program plans to continue collecting and distributing county level immunization data, identifying immunization trends, and utilizing this information for determination of future MSA funded programs. The programs aims to increase the MMR rate among kindergarteners to 95

percent by July 2023 and increase the number of adults, 65 or older, protected against influenza to 82 percent by July 2024.

Drug Assistance Program
The State Drug Assistance Program (SDAP) provides formulary medications on an outpatient basis, free of charge, to Colorado residents who have HIV and who meet the financial eligibility criteria. SDAP also provides support for the payment of premiums, deductibles, coinsurance, and copays for insured Colorado residents living with HIV on Medicare, private insurance, and Medicaid. In FY 2020-21, outputs included deductible and copay insurance for 1,258 individuals, HPV and other vaccinations for 464 individuals, and health insurance premium assistance for 68 individuals. In total, 4,865 unduplicated people were served.

State Dental Loan Repayment Fund
The State Dental Loan Repayment Program, also known as the Expanded Dental Loan Option of the Colorado Health Service Corps, provides an educational loan repayment incentive for dental professionals who provide dental services to underserved populations including the uninsured and those insured by Medicaid and the Child Health Plan+. The program pays all or part of the principal interest and related expenses of the educational loan of each eligible dental professional. The program is open to both dentists and dental hygienists.

23 obligated health professionals participated in the Dental Loan Repayment Program in FY 2020-21, including 22 dentists and 1 registered dental hygienist. 8 dental professionals practiced in rural or frontier counties and 8 dental professionals practiced in an urban practice that serves the state's medically vulnerable, publicly insured and uninsured population. During the state fiscal year, a total of 28,668 underserved Coloradans received care from participating clinicians. Since the program's inception, it has served 442,481 clients.

Colorado Health Service Corps Loan Repayment Program
The program seeks to improve the health of Colorado's medically underserved and vulnerable populations by alleviating health disparities resulting from poor access to primary, mental, geriatric, and oral health care. Health professionals that participate include: primary care physicians (Family Medicine, Internal Medicine, Pediatrics, Obstetrics and Gynecology, and Psychiatry), physician's assistants, dentists (general and pediatric), dental hygienists, nurse practitioners, certified nurse midwives, licensed clinical social workers, licensed professional counselors, psychologists, psychiatric nurse specialists, marriage and family therapists, clinical pharmacists, licensed and certified addiction councilors, and geriatric providers.

Eligible providers must practice in a designated Health Professional Shortage Area (HPSA) for a period of no less than three years, spend at least 32 hours per week in direct patient care for a full time contract or at least 16 hours per week in direct patient care for a part time contract, serve individuals who are uninsured or publicly insured, offer a sliding fee scale for payment to those below 200 percent of the federal poverty level, and work for a public or nonprofit organization.

In FY 2020-21, across the program, loan repayment was awarded to 195 clinicians.