



**Colorado
Legislative
Council
Staff**

HB16-1321

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0884
Prime Sponsor(s): Rep. Young

Date: March 10, 2016
Bill Status: House Public Health Care and Human Services
Fiscal Analyst: Bill Zepernick (303-866-4777)

BILL TOPIC: MEDICAID BUY-IN CERTAIN MEDICAID WAIVERS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018	FY 2018-19
State Revenue	\$0	\$26,670	\$28,194
Cash Funds	0	26,670	28,194
State Expenditures	\$171,481	\$97,988	\$133,619
General Fund	0	(379,626)	(427,582)
Cash Funds	25,615	441,948	508,489
Federal Funds	145,866	35,666	52,712
TABOR Impact	\$0	\$26,670	Not estimated.
Appropriation Required: \$171,481 - Department of Health Care Policy and Financing (FY 2016-17).			
Future Year Impacts: Ongoing increase in state revenue and expenditures.			

Summary of Legislation

This bill directs the Department of Health Care Policy and Financing (HCPF) to seek federal authorization to implement a Medicaid buy-in program for adults who are eligible to receive home- and community-based services under the Supported Living Services (SLS) Medicaid waiver. HCPF must implement the Medicaid program no later than three months after receiving federal approval.

Background

Colorado Medicaid currently has a buy-in program for working adults with disabilities. The existing buy-in program allows adults with a qualifying disability who earn incomes of less than 450 percent of the Federal Poverty Level to obtain Medicaid coverage by paying a premium (i.e., to buying into Medicaid) based on a sliding payment scale. This bill extends the Medicaid buy-in program to adults that are eligible to receive home- and community-based services under the SLS Medicaid waiver. The SLS waiver provides services and supports to adults with intellectual or developmental disabilities to allow them to remain in their homes and communities. To participate, adults must meet certain financial and program criteria.

Assumptions

Based on data for the existing Medicaid buy-in program, this fiscal note assumes the following for the new SLS waiver Medicaid buy-in program created by the bill:

- 35 clients will participate in the new Medicaid buy-in program in FY 2017-18 and 37 clients will participate in FY 2018-19;
- of the participating clients, 4 clients in FY 2017-18 and 5 clients in FY 2018-19 will be new clients, the remainder (31 in FY 2016-17 and 32 in FY 2017-18) will be existing SLS waiver clients that transition from the waiver to the buy-in program;
- the annual cost per client served on the SLS waiver will be \$26,724 in FY 2017-18 and \$26,955 in FY 2018-19;
- the average annual premium paid by buy-in participants will be \$762;
- a 50.01 percent federal match will be available for SLS clients in FY 2017-18 and a 50.00 percent match in FY 2018-19;
- necessary federal approvals will be received by January 1, 2017, and computer system changes will occur by the end of FY 2016-17; and
- the SLS waiver Medicaid Buy-in Program will begin enrolling clients on July 1, 2017.

State Revenue

The bill increases cash fund revenue to HCPF by \$26,670 in FY 2017-18 and by \$28,194 in FY 2017-18. This revenue is generated from premiums paid by clients participating in the buy-in program based on the participation and premium assumptions listed above.

TABOR Impact

This bill increases state cash fund revenue from Medicaid premiums, which will increase the amount of money required to be refunded under TABOR. TABOR refunds are paid out of the General Fund.

State Expenditures

The bill increases net costs in HCPF by **\$171,481 in FY 2016-17, \$97,988 in FY 2017-18, and \$133,619 in FY 2018-19**. First-year costs are for information technology system modifications. Future-year costs represent the costs of new clients that gain Medicaid coverage through the SLS Waiver Medicaid buy-in program. In addition, by shifting existing clients from the regular SLS waiver to the Medicaid buy-in, General Fund costs for this population are reduced and replaced by Hospital Provider Fee Cash Fund and client premiums. These new costs are summarized in Table 1 and discussed below. Table 2 provides a further break down of the fund source changes that result from shifting Medicaid clients from the regular waiver to the Medicaid buy-in.

Cost Components	FY 2016-17	FY 2017-18	FY 2018-19
Information Technology Costs	\$171,481	\$0	\$0
New SLS Waiver Clients	0	97,988	133,619
<u>TOTAL</u>	<u>\$171,481</u>	<u>\$97,988</u>	<u>\$133,619</u>
Hospital Provider Fee Cash Fund	25,615	47,460	64,905
Medicaid Buy-in Cash Fund	0	3,049	3,809
Federal Funds	145,866	47,479	64,905

Information technology system modifications. To implement the Medicaid buy-in, modifications to the Colorado Benefits Management System (CBMS) and the Medicaid Management Information System (MMIS) are required at a total one-time cost of \$171,481 in FY 2016-17. For CBMS changes, 412 hours of contract programming is required at a cost of \$137 per hour, resulting in a cost of \$56,444. This work will be managed and paid for through the reappropriation of funds to the Office of Information Technology. For the MMIS, costs are estimated at \$115,037, and this work will be overseen by HCPF directly. For the CBMS changes, a 75 percent federal match is assumed; for the MMIS changes, a 90 percent federal match is assumed, conditional upon advanced federal approval. The remainder is paid from the Hospital Provider Fee Cash Fund.

New SLS waiver clients using buy-in. Based on the assumptions listed above, HCPF will have cost of \$97,988 in FY 2017-18 and \$133,619 in FY 2018-19 to serve new clients that enroll in Medicaid once new SLS buy-in option is available. These costs are paid from the Hospital Provider Fee Cash Fund, the Medicaid Buy-in Cash Fund, and federal funds. Costs are prorated in the first year by one month to reflect the lag in new claims being processed and paid.

Existing SLS waiver clients using buy-in. While the total costs of serving existing SLS waiver clients will not change once they opt to participate in the buy-in, the funding source for serving these clients will shift. Specifically, General Fund costs are instead paid with Hospital Provider Fee Cash Funds and client premiums. Costs in FY 2017-18 are prorated by one-month to reflect the lag in shifting of payment of claims from the regular SLS waiver to the new Medicaid buy-in. This shift in fund sources is outlined in Table 2. It is assumed these funding sources will be adjusted through the annual budget process as clients begin participating in the buy-in.

	General Fund	Hospital Provider Fee Cash Fund	Medicaid Buy-in Cash Fund	Federal Funds	TOTAL FUNDS
<u>FY 2017-18 - Net Change</u>	<u>(\$379,626)</u>	<u>\$367,817</u>	<u>\$23,622</u>	<u>(\$11,813)</u>	<u>\$0</u>
Current SLS Waiver Costs	(379,626)	0	0	(379,778)	(759,404)
Costs under SLS Waiver Buy-in	0	367,817	23,622	367,965	759,404
<u>FY 2018-19 - Net Change</u>	<u>(\$427,582)</u>	<u>\$415,390</u>	<u>\$24,385</u>	<u>(\$12,193)</u>	<u>\$0</u>
Current SLS Waiver Costs	(\$427,582)	\$0	\$0	(\$427,583)	(\$855,165)
Costs under SLS Waiver Buy-in	0	415,390	24,385	415,390	855,165

Other workload. HCPF staff will have an increase in workload to seek any necessary federal authorization to implement the Medicaid Buy-in for SLS waiver clients, to make amendments to the SLS waiver and the Medicaid state plan, and draft program rules. Given that there is a similar, approved buy-in program already in operation, it is assumed this work can be accomplished within existing appropriations.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2016-17, the bill requires appropriations of \$171,481 to the Department of Health Care Policy and Financing, as follows:

- \$56,444 for CBMS modification, of which \$14,111 is from the Hospital Provider Fee Cash Fund and \$42,333 is federal funds. This whole amount is reappropriated to the Office of Information Technology.
- \$115,037 for MMIS modification, of which \$11,504 is from the Hospital Provider Fee Cash Fund and \$103,533 is federal funds.

State and Local Government Contacts

Health Care Policy and Financing
Information Technology

Human Services
Law

Research Note Available

An LCS Research Note for HB 16-1321 is available online and through the iLegislate app. Research notes provide additional policy and background information about the bill and summarize action taken by the General Assembly concerning the bill.