



**Colorado
Legislative
Council
Staff**

HB16-1358

FISCAL NOTE

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

Drafting Number: LLS 16-0736
Prime Sponsor(s): Rep. Singer
Sen. Lundberg

Date: April 4, 2016
Bill Status: House Public Health Care and
Human Services
Fiscal Analyst: Amanda Hayden (303-866-4918)

BILL TOPIC: PROTECT PRIVACY OF SUBSTANCE USE DISORDER PATIENTS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	\$1,546,943	\$851,387
General Fund	1,454,002	737,597
Centrally Appropriated Costs	92,941	113,790
FTE Position Change	10.7 FTE	12.3 FTE
Appropriation Required: \$1,454,002 - Multiple Agencies (FY 2016-17).		
Future Year Impacts: Ongoing state expenditure increase.		

Summary of Legislation

This bill prohibits the Department of Human Services (DHS) from collecting patient information (including name, social security number, or other personal identifying information) at the public and private treatment facilities for alcohol or drug abuse that it oversees. On or before December 1, 2016, DHS must take sufficient actions to ensure that no data it has collected includes any information or records that disclose a patient's personal identifying information.

State Expenditures

This bill increases state General Fund expenditures by \$1,546,943 and 10.7 FTE in FY 2016-17 and by \$851,387 and 12.3 FTE in FY 2017-18 in DHS, the Judicial Department, and the Department of Revenue (DOR). Costs are listed in Table 1 and explained below.

Table 1. Expenditures Under HB16-1358		
Cost Components	FY 2016-17	FY 2017-18
Department of Human Services	<u>\$974,429</u>	<u>\$129,862</u>
Personal Services	\$70,580	\$101,635
FTE	1.4 FTE	1.7 FTE
Operating Expenses and Capital Outlay Costs	5,653	1,900
Travel	1,786	3,571
Information Technology Costs	879,020	0
Centrally Appropriated Costs*	17,390	22,756
Judicial Department	<u>\$264,248</u>	<u>\$337,966</u>
Personal Services	191,675	276,012
FTE	3.3 FTE	3.4 FTE
Operating Expenses and Capital Outlay Costs	29,422	9,800
Centrally Appropriated Costs*	43,151	52,154
Department of Revenue	<u>\$308,266</u>	<u>\$383,559</u>
Personal Services	178,783	257,448
FTE	6.0 FTE	7.2 FTE
Operating Expenses and Capital Outlay Costs	33,918	6,650
Centrally Appropriated Costs*	95,565	119,461
TOTAL	<u>\$1,546,943</u>	<u>\$851,387</u>

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

Fiscal compliance costs (DHS). Last year, staff at OBH conducted ten desk audits to monitor double billing. Under the bill, staff will no longer be able to access personal identifying information through the databases and will have to audit patient records on site. In FY 2016-17 and future years, DHS requires a team of fiscal and billing compliance personnel to conduct audits to ensure that providers are not billing both under the Office of Behavioral Health's (OBH) federal block grant funding and under Medicaid. To conduct ten on-site audits each year, DHS requires 1.7 FTE, prorated to 1.4 FTE in the first year to account for a September 1, 2016, start date. The fiscal note assumes that based on the effective date of the bill, staff will begin as soon as possible. Travel expenses of \$1,786 per FTE per year reflect the need to travel throughout the state to conduct these audits.

Information technology costs (DHS). To modify existing databases and systems to remove all personally identifying information and to update fields to ensure this information is not collected going forward, DHS requires 7,160 contract hours from the Office of Information Technology (OIT), resulting in costs of \$679,020 in FY 2016-17. The changes required involve millions of records across several databases. OIT also requires \$200,000 to conduct a feasibility study to determine the scope, costs, and time frames associated with building a new claims database for OBH, which the office requires in order to ensure contract compliance and proper billing. The fiscal note assumes that DHS will request additional appropriations through the annual budget process for the building of a new claims database when these costs are known.

Probation costs (Judicial Department). In FY 2016-17, the Probation Services Division of the Judicial Department requires \$221,097 and 3.3 FTE. In FY 2017-18, they require \$285,812 and 3.4 FTE (first year costs are prorated to reflect the bill's effective date and the General Fund pay date shift). Currently, probation officers use the Treatment Management System (TMS), managed by OBH, to access information about substance use patients who are on probation for DUI. Without personally identifying information, OBH will no longer be able to use the TMS, and probation officers will have to follow up on their probationers' treatment with providers by phone, email, or post. This change in procedure is expected to add on average 30 minutes per year to the approximately 11,547 cases of DUI probationers in substance use treatment. An increase of probation officer, support staff, and supervisor FTE is required to handle the increase in caseload.

Division of Motor Vehicles DUI Compliance (DOR). The Division of Motor Vehicles (DMV) also utilizes the TMS to ensure that DUI offenders have completed the treatment requirements necessary for driver's license reinstatement. The DMV access information about offenders in treatment in the TMS on a daily basis. Without this information, the DMV must use paper forms to verify that DUI offenders enroll, continue to attend, and successfully complete treatment. Offenders must submit at least 13 forms (one per month to show continued attendance and one signed by the provider to indicate successful completion of treatment). The DMV estimates that each form will take approximately three minutes to process. There are approximately 23,000 DUI offenders in treatment per year. The time to process 299,000 new forms requires 6.0 FTE in FY 2016-17 and 7.2 FTE in FY 2017-18 and future years. The workload associated with creating the new forms and a database to manage this information can be accomplished within existing appropriations.

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. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under HB16-1358		
Cost Components	FY 2016-17	FY 2017-18
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$38,099	\$41,071
Supplemental Employee Retirement Payments	22,442	33,839
Leased Space	32,400	38,880
TOTAL	\$92,941	\$113,790

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

State Appropriations

In FY 2016-17, the bill requires the following General Fund appropriations:

- \$957,039 to DHS and an allocation of 1.4 FTE, \$879,020 of which must be reappropriated to OIT;

- \$221,097 and an allocation of 3.3 FTE to the Judicial Department; and
- \$212,701 and an allocation of 6.0 FTE to the DOR.

State and Local Government Contacts

Human Services
Judicial

Information Technology
Revenue