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FISCAL NOTE

Drafting Number: LLS 18-0879	Date: April 5, 2018
Prime Sponsors: Rep. McKean; Arndt Sen. Moreno; Martinez Humenik	Bill Status: House Health, Insurance, and Environment
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Bill Topic: EFFICIENT ADMINISTRATION MEDICAID TRANSPORTATION

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill requires HCPF to create and implement an efficient and cost-effective method to meet urgent transportation needs within the existing Medicaid non-medical transportation benefit. Beginning in FY 2018-19, it increases state expenditures and potentially decreases county workload on an ongoing basis.

Appropriation Summary: For FY 2018-19, this bill requires an appropriation of \$814,610 to the Department of Health Care Policy and Financing.

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

**Table 1
State Fiscal Impacts Under HB 18-1321**

		FY 2018-19	FY 2019-20
Revenue		-	-
Expenditures	General Fund	\$359,295	\$290,399
	Cash Funds	\$18,326	\$32,837
	Federal Funds	\$436,989	\$362,049
	Centrally Appropriated	\$10,528	\$13,551
	Total	\$825,138	\$698,836
	Total FTE	0.8 FTE	1.0 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

Under this bill, the Department of Health Care Policy and Financing (HCPF) must create and implement an efficient and cost-effective method to meet urgent transportation needs within the existing Medicaid non-medical transportation benefit. This method must include medical service provider and facility access to approved transportation providers and an efficient method for obtaining and paying for transportation services.

Background and Assumptions

Non-emergent medical transportation (NEMT) is transportation to and from covered non-emergency medical appointments or services, and is only available when a Medicaid client has no other means of transportation. Depending on the area of the state, NEMT services are coordinated by county departments of human services in 36 counties, three multi-county collaboratives, consisting of 19 counties, and Veyo, which is a state-contracted NEMT broker that serves 9 counties in the metro area.

This analysis assumes that HCPF will implement a voucher program to implement this bill. It is assumed that the current contracted broker Veyo will provide the urgent NEMT services described in this bill. Veyo currently serves nine counties in the metro area, and it is assumed that contract services will be expanded to cover the entire state.

The analysis assumes that 13 percent of current services are scheduled within 48 hours, and can be considered urgent. Further, it is assumed that creating the voucher program and expanding the service area will increase program utilization for urgent transportation by 5 percent, primarily from increased urgent access utilization in county-administered programs. It is assumed that the voucher program will be implemented as of January 1, 2019.

State Expenditures

This bill will increase state General Fund, cash fund, and federal fund expenditures by \$825,138 and 0.8 FTE in FY 2018-19 and \$698,836 and 1.0 FTE in FY 2019-20 and subsequent years in HCPF. These expenditures are shown in Table 2 and outlined below.

Table 2
Expenditures Under HB 18-1321

	FY 2018-19	FY 2019-20
Department of Health Care Policy and Financing		
Personal Services	\$51,376	\$68,500
Operating Expenses and Capital Outlay Costs	\$5,463	\$950
Contract Costs	\$576,000	\$384,000
Information Technology	\$87,000	-
Medical Services Premiums	\$94,771	\$231,835
Centrally Appropriated Costs*	\$10,528	\$13,551
FTE – Personal Services	0.8 FTE	1.0 FTE
Total Cost	\$825,138	\$698,836
Total FTE	0.8 FTE	1.0 FTE

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

Personal services. This bill requires 1.0 FTE to implement the urgent transportation services voucher program assumed in this fiscal note. This Transportation Policy Specialist will be responsible for the implementation of this program and will provide ongoing oversight and administration to ensure compliance from the vendor and transportation providers. Personal services and operating costs are outlined in Table 2. Personal services costs are prorated to account for a September 1, 2018, start date and the General Fund pay-date shift.

Contract costs. Implementing the voucher program will result in increased administrative costs of \$576,000 in FY 2018-19 and \$384,000 in FY 2019-20 and future years for the NEMT contractor. This program will increase the broker's current service area to cover the entire state. HCPF will need to include amended requirements in its current contract for provider credentialing, maintenance of provider and driver lists, vehicle inspections, facility outreach and training, and investigations into any incidents.

Information technology. In FY 2018-19 only, the creation of a voucher program will require modifications to the MMIS program. These changes are expected to take 450-650 hours of contractor time at a cost of \$87,000.

Medical Services Premiums. This bill will increase medical services expenditures by \$94,771 in FY 2018-19, and \$231,835 in FY 2019-20. Currently, 13 percent of total NEMT trips are booked within 48 hours and considered urgent. It is assumed that increasing the contractor's service area will increase urgent NEMT utilization by 5 percent over current levels, or a total increase in expenditures of 0.67 percent for the program as a whole.

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 estimated to be \$10,528 in FY 2018-19 and \$13,551 in FY 2019-20.

Local Government

Beginning in FY 2018-19, this bill may decrease county workload associated with urgent NEMT trips, as urgent trips would be covered within the voucher system operated by the statewide contractor, rather than by the counties.

Effective Date

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

State Appropriations

For FY 2018-19, this bill requires appropriations totaling \$814,610, as follows:

- \$359,295 from the General Fund;
- \$18,326 from the Healthcare Affordability and Sustainability Fee Cash Fund; and
- \$436,989 from federal funds.

State and Local Government Contacts

Counties	Health Care Policy and Financing
Human Services	Information Technology
Personnel	