



## Legislative Council Staff

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# FISCAL NOTE

**Drafting Number:** LLS 18-1182  
**Prime Sponsors:** Rep. Esgar

**Date:** May 3, 2018  
**Bill Status:** House Health, Insurance, and Environment  
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**Bill Topic:** HEALTH CARE COVERAGE REPRODUCTIVE HEALTH CARE

**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 limits patients' out-of-pocket costs for reproductive health services covered under an individual or group health insurance plan, and expands reproductive health coverage under Medicaid. This will increase state and local expenditures and workload on an ongoing basis.

**Appropriation Summary:** For FY 2018-19, this bill requires an appropriation of \$937,250 to the Department of Health Care Policy and Financing.

**Fiscal Note Status:** This preliminary fiscal note reflects the introduced bill. While all agencies were canvassed for this fiscal note, not all agencies were able to respond with complete information within the time frames provided. The fiscal note will be updated if more information becomes available.

**Table 1  
State Fiscal Impacts Under HB 18-1438**

		FY 2018-19	FY 2019-20	FY 2020-21
<b>Revenue</b>		-	-	-
<b>Expenditures</b>	General Fund	\$937,250	\$10,208,746	\$20,169,781
	Centrally Appropriated	\$11,049	\$41,427	\$55,753
	<b>Total</b>	<b>\$948,299</b>	<b>\$10,250,173</b>	<b>\$20,225,534</b>
	<b>Total FTE</b>	<b>0.8 FTE</b>	<b>3.0 FTE</b>	<b>4.0 FTE</b>
<b>Transfers</b>		-	-	-
<b>TABOR Refund</b>		-	-	-

### **Summary of Legislation**

This bill makes the following changes concerning coverage for reproductive health services under individual and group health insurance plans:

- prohibits a health plan from imposing a deductible, coinsurance, copayment, or other cost-sharing requirement on specified reproductive health services or imposing restrictions or delays on coverage;
- allows a carrier to offer a religious employer a plan that does not include coverage for abortion procedures that are contrary to their religious tenets; and
- prohibits a health insurance carrier from excluding an individual from participation in, or denying coverage under, a health plan based on an individual's perceived or actual race, color, national origin, sex, sexual orientation, gender identity, religion, age, or disability.

In addition, the bill makes changes to coverage for reproductive health services under Medicaid and the Children's Basic Health Plan (CHP+), including:

- requiring the Department of Health Care Policy and Financing (HCPF) to administer a program to reimburse the costs of certain reproductive health services for clients who are enrolled in Medicaid or CHP+ or who are not eligible to enroll due to their immigration status; and
- expands coverage for pregnant women on Medicaid and CHP+ to 180 days after the end of the pregnancy, an increase from the current 60 days of mandated coverage.

### **State Expenditures**

This bill increases state expenditures in HCPF by \$0.9 million and 0.8 FTE in FY 2018-19, \$10.3 million and 3.0 FTE in FY 2019-20, and \$20.2 million and 4.0 FTE in FY 2020-21. It is assumed that these costs will be paid from the General Fund, as it is unknown if federal financial participation is available for these services without a waiver or other federal approval. In addition, workload and costs may increase for other state agencies. These impacts are summarized in Table 2 and discussed below.

**Table 2  
 Expenditures Under HB 18-1438**

<b>Cost Components</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b>Dept. of Health Care Policy and Financing</b>			
Personal Services	\$57,084	\$213,990	\$290,981
Operating and Capital Outlay Expenses	\$10,166	\$12,256	\$3,800
Contractor Services	\$150,000	\$150,000	\$150,000
Information Technology Systems	\$720,000	\$720,000	-
County Administration	-	\$1,012,500	\$2,025,000
Noncitizen Reproductive Health Services	-	\$6,000,000	\$12,000,000
Expanded Post-Pregnancy Eligibility	-	\$2,100,000	\$5,700,000
Centrally Appropriated Costs	\$11,049	\$41,427	\$55,753
FTE - Personal Services	0.8 FTE	3.0 FTE	4.0 FTE
<b>Total</b>	<b>\$948,299</b>	<b>\$10,250,173</b>	<b>\$20,225,534</b>
<b>Total FTE</b>	<b>0.8 FTE</b>	<b>3.0 FTE</b>	<b>4.0 FTE</b>

**Administration.** To design and administer the new benefit for noncitizens and expanded eligibility for pregnant women, HCPF will require additional staff and contractor services. 2.0 FTE for policy staff are assumed to start on January 1, 2019, to promulgate rules and design the benefit; an additional 2.0 FTE for budget and accounting staff are assumed to start on December 1, 2019, prior to implementation of the new benefits. Table 2 shows the prorated FTE and costs for these staff based on these start dates and the General Fund payday shift. Standard operating and capital outlay expenses are also included. In addition, HCPF will have costs of \$150,000 per year for contractors to conduct financial analysis and stakeholder engagement.

**Information technology costs.** HCPF will have costs of \$1.4 million to make changes to the Colorado Benefits Management System (CBMS) and the Medicaid Management Information System (MMIS) to implement the new eligibility criteria and benefits. The fiscal note assumes this work will begin in January 2019, with costs split between FY 2018-19 and FY 2019-20.

**County administration.** It is assumed that HCPF will have costs of \$1.0 million in FY 2019-20 (half-year impact) and \$2.0 million in FY 2020-21 to reimburse counties for additional eligibility determination and client assistance associated with the expanded eligibility and new benefits.

**Noncitizen reproductive health coverage.** Costs will increase in HCPF by \$6.0 million in FY 2019-20 (half-year impact) and \$12.0 million in FY 2020-21 and future years provide reproductive health services to persons who require such services but who are not eligible due to their immigration status. This estimate is based on 45,000 noncitizens accessing coverage at an average annual costs of \$266 per person.

**Expanded eligibility post-pregnancy.** Costs in HCPF will increase by \$2.0 million in FY 2019-20 and \$5.7 million in FY 2020-21 to expand post-pregnancy edibility under Medicaid and CHP+ for pregnant women from 60 to 180 days. First-year costs are prorated to reflect a phase-in of the expanded coverage for pregnant women giving birth after January 1, 2020.

**Department of Regulatory Agencies.** The Division of Insurance in the Department of Regulatory Agencies will have additional workload to update rules and to communicate the requirements of the bill to health insurers. The division may also have increased workload to process additional complaints and inquiries from consumers regarding reproductive health coverage. This work can be accomplished within existing appropriations.

**State employee health insurance.** Prohibiting cost sharing for reproductive health services will potentially increase state employee health insurance costs, as this change shifts additional costs onto health insurers. Because state employee health insurance contributions are based upon prevailing market rates, with costs shared between the employer and employee, this bill is not expected to affect the state's share of employee health insurance premiums until FY 2020-21. Because insurance rates are influenced by a number of variables, the exact impact on premiums cannot be estimated. Any increase caused by the bill will be addressed through the total compensation analysis included in the annual budget process

**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, supplemental employee retirement payments, and indirect cost recoveries are estimated to be \$11,049 in FY 2018-19, \$41,427 in FY 2019-20, and \$55,753 in FY 2020-21.

## Local Government

Similar to the state expenditure impact discussed above, local governments that offer state-regulated health plans to their employees may have increased costs. These costs will depend on the number of employees enrolled in these types of health benefit plans, how premiums are split between local governments and employees, and the extent to which insurers pass additional costs on to policyholders through increased premiums.

In addition, county departments of human or social services will have additional workload and costs to enroll individuals who are not currently eligible for Medicaid or CHP+ into the new reproductive health coverage program. The exact role of counties will depend on rules adopted by HCPF when establishing the program. It is assumed that additional reimbursement to counties will be paid through the county administration line item in HCPF.

## State Appropriations

For FY 2018-19, the bill requires a General Fund appropriation of \$937,250 and an allocation of 0.8 FTE to the Department of Health Care Policy and Financing.

## Effective Date

The bill takes effect January 1, 2020, assuming no referendum petition is filed. It applies to health benefit plans issued, renewed, or amended on or after this date.

## Technical Note

While the bill takes effect January 1, 2020, the fiscal note assumes that the bill must take effect no later than January 1, 2019, and appropriations provided in FY 2018-19, for the Medicaid benefit to be implemented by January 1, 2020.

## State and Local Government Contacts

Counties  
Information Technology  
Personnel

Health Care Policy and Financing  
Law  
Regulatory Agencies