



Legislative
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FISCAL NOTE

Drafting Number:	LLS 18-0553	Date:	February 8, 2018
Prime Sponsors:	Sen. Todd Rep. Hansen	Bill Status:	Senate Health and Human Services
		Fiscal Analyst:	Ryan Long 303-866-2066 RyanC.Long@state.co.us

Bill Topic: DESIGNATE PRADER-WILLI SYNDROME DEVELOPMENTAL DISABILITY

Summary of Fiscal Impact:

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

This bill adds individuals with Prader-Willi syndrome to the list of people who have mandatory eligibility for services and supports under Medicaid. Beginning in FY 2018-19, it increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2018-19, the bill requires an appropriation of \$345,218 to the Colorado Department of Health Care Policy and Financing.

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

Table 1
State Fiscal Impacts Under SB 18-074

		FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Revenue		-	-	-	-
Expenditures	General Fund	\$172,609	\$346,565	\$1,253,225	\$2,710,225
	Cash Funds	-	\$28,023	-	-
	Federal Funds	\$172,609	\$234,308	\$1,253,225	\$2,710,225
	Centrally Appropriated	\$21,056	\$27,101	\$13,551	\$13,551
	Total	\$366,274	\$635,997	\$2,520,001	\$5,434,001
	Total FTE	1.6 FTE	2.0 FTE	1.0 FTE	1.0 FTE
Transfers		-	-	-	-

Summary of Legislation

This bill adds individuals with Prader-Willi syndrome to the list of people who have mandatory eligibility for services and supports under Medicaid. The bill also updates outdated references in statute that refer to people who have intellectual and developmental disabilities.

Background

Prader-Willi syndrome. Prader-Willi syndrome is a genetic disorder that affects metabolism, growth, behavior, and cognitive function. Additionally, individuals with Prader-Willi syndrome cannot tell when they are full and will continue to eat.

Medicaid waivers ~ Home- and Community-Based Services (HCBS). Colorado currently administers 11 HCBS waiver programs. HCBS waivers provide additional services to specified populations with the purpose of keeping eligible clients in their homes and out of nursing facilities.

Section 1115 demonstration waivers. These waivers approve experimental, pilot, or demonstration projects to give states flexibility to design and implement programs.

Assumptions

A Section 1115 demonstration waiver is required to implement this bill. Costs in the fiscal note are based on the waiver being approved by the federal government and eligibility for Prader-Willi beginning on July 1, 2020. Additionally, it is assumed that the expenditures in this bill will be paid using the General Fund, with a 50 percent match from federal funding. It is assumed that IT costs will receive a 75 percent federal match.

The following assumptions were used for this analysis:

- 1 in 15,000 Colorado residents has Prader-Willi syndrome;
- approximately 50 percent of individuals with Prader-Willi are currently covered by Medicaid;
- services offered through the 1115 demonstration waiver will be similar to current HCBS waivers;
- the 1115 demonstration waiver will be approved in January 2020;
- program implementation will begin in July 2020; and
- medical services costs for the first year were adjusted down to account for a ramp up period.

State Expenditures

This bill increases state General Fund and federal fund expenditures by \$366,274 in FY 2018-19 and \$635,997 in FY 2019-20. Once waiver services begin, costs will increase to \$2.4 million in FY 2020-21 and of \$5.3 million in FY 2021-22 and beyond. Costs in FY 2020-21 and future years are conditional on federal approval of the waiver. Expenditures are shown in Table 2 and described below.

**Table 2
Expenditures Under SB 18-074**

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Department of Health Care Policy and Financing				
Personal Services	\$102,752	\$137,000	\$68,500	\$68,500
Operating Expenses and Travel	\$10,926	\$1,900	\$950	\$950
Travel Costs	\$6,540	\$6,540	-	-
Waiver Preparation and evaluation	\$150,000	\$150,000	\$50,000	\$50,000
Actuary Costs	\$75,000	-	-	-
Information Technology	-	\$313,456	-	-
Medical Services Premiums	-	-	\$2,387,000	\$5,301,000
Centrally Appropriated Costs*	\$21,056	\$27,101	\$13,551	\$13,551
FTE – Personal Services	1.6 FTE	2.0 FTE	1.0 FTE	1.0 FTE
Total Cost	\$366,274	\$635,997	\$2,520,001	\$5,434,001
Total FTE	1.6 FTE	2.0 FTE	1.0 FTE	1.0 FTE

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

Personal services. The department will require 1.6 FTE in FY 2018-19 and 2.0 FTE in FY 2019-20 to work with stakeholders, define service standards, develop an implementation program, and manage ongoing waiver and renewal requirements. It is assumed that new personnel will start in September 2018. Beginning in FY 2020-21 and future years, 1.0 FTE will be required to support the program and comply with requirements for waiver evaluation.

Travel costs. The department will require \$6,540 for travel costs to engage stakeholders, including local and federal stakeholders.

Waiver preparation and evaluation. The department must contract with a consultant for assistance with designing and evaluating the 1115 demonstration waiver for costs, savings, and program outcomes. It is assumed that contracting costs will total \$150,000 in FY 2018-19 and FY 2019-20 based on a contractor rate of \$200 per hour and 750 hours. It is assumed that contracting costs will be \$50,000 in FY 2020-21 and future years for 250 contract hours to support the waiver program and comply with requirements for waiver evaluation.

Actuary costs. For FY 2018-19 only, the department must retain a contract actuary to develop actuarially sound rates and estimates prior to the submission of the waiver. This one-time cost will be \$75,000.

Information technology. This bill requires 2,228 hours of contract computer programming for changes to the Colorado Benefits Management System (CBMS), resulting in a cost of \$313,456. Of this cost, \$51,125 is General Fund, \$28,023 is cash funds, and \$234,308 is federal funds. The fiscal note assumes the modifications required by this bill can be conducted within the existing appropriation for CBMS pool hours. If the total hours of computer programming for all planned CBMS modifications and modifications resulting from new legislation exceed this allocation, additional appropriations must be requested through the annual budget process.

Medical Services Premiums. Under current law, only individuals with Prader-Willi Syndrom who meet certain income requirements currently qualify for Medicaid. Offering services to all individuals with Prader-Willi syndrome, regardless of income, will increase medical service costs to the state beginning in FY 2020-21, conditional upon federal approval. It is assumed that at least 90 percent of the newly eligible population will enroll in this program and begin utilizing services.

Regional centers. The Department of Human Services oversees regional centers that offer services and supports for individuals with intellectual and developmental disabilities. To the extent that more individuals with Prader-Willi syndrome begin accessing care through regional centers, workload may increase in these centers. It is assumed that any need for further funding for the centers will be addressed in the budget process. To serve individuals with Prader-Willi syndrome, the regional centers would receive reappropriated Medicaid funds from HCPF. It is unknown how many individuals will access these services, and this impact is not estimated in the fiscal note.

Office of Administrative Courts. To the extent that more individuals become eligible for Medicaid services, workload in the Office of Administrative Courts in the Department of Personnel and Administration may increase to hear potential cases related to these benefits. It is assumed that any increase in workload will be minimal and can be accomplished within existing appropriations. It is assumed that the need for any additional funding will be addressed in the 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 and supplemental employee retirement payments, are estimated to be \$21,056 in FY 2018-19 and \$27,101 in FY 2019-20.

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2018-19, the bill requires an appropriation of \$345,218 to the Colorado Department of Health Care Policy and Financing, of which \$172,609 is General Fund and \$172,609 is federal funds.

State and Local Government Contacts

Counties	Health Care Policy And Financing
Human Services	Information Technology
Law	Personnel