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FISCAL NOTE

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Prime Sponsors: Sen. Pettersen; Priola Bill Status: Senate HHS
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Bill Topic: HARM REDUCTION SUBSTANCE USE DISORDERS

- Summary of Fiscal Impact:
[x] State Revenue [] TABOR Refund
[x] State Expenditure [x] Local Government
[] State Transfer [] Statutory Public Entity

This bill creates and expands certain substance use disorder treatment programs. It creates a mobile response clinic to provide medication-assisted treatment in jails and prisons and an opiate antagonist bulk purchase program. It requires publicly available opioid antagonists and allows opiate antagonists to be administered by school staff. Finally, it expands the medication take-back program to include syringes. The bill will increase state and local government revenue and expenditures on an ongoing basis.

Appropriation Summary: For FY 2019-20, the bill requires an appropriation of \$7,748,606 to multiple state agencies.

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

Table 1
State Fiscal Impacts Under SB 19-227

Table with 4 columns: Category, Sub-category, FY 2019-20, and FY 2020-21. Rows include Revenue (Cash Funds, Total), Expenditures (General Fund, Cash Funds, Centrally Appropriated, Total), Total FTE, Transfers, and TABOR Refund.

Summary of Legislation

The bill creates and expands programs and funding related to substance use disorder treatment, as discussed below.

Mobile response clinics for medication-assisted treatment to jails and prisons. The bill requires the Department of Human Services (DHS) to make mobile response clinics available for the purpose of providing medication-assisted treatment in county jails and Department of Corrections (DOC) facilities.

Bulk purchases of opiate antagonists. The bill creates the Opiate Antagonist Bulk Purchase Fund to facilitate bulk purchasing of opiate antagonists at a discounted price. The fund is to be administered by the Department of Public Health and Environment (CDPHE). Funding consists of payments made by participating eligible entities for the purchase of opiate antagonists; gifts, grants, and donations; and any appropriations from the General Assembly. The fund is continuously appropriated to CDPHE for bulk purchases of opiate antagonists.

CDPHE may contract with a prescription drug outlet for the bulk purchasing and distribution of opiate antagonists, and the department is required to provide technical assistance to eligible entities to ensure completion of all training and registration requirements. CDPHE must promulgate rules specifying the cost of opiate antagonists purchased from the fund.

Household medication take-back program expansion. The bill expands the household medication take-back program in the CDPHE for the purpose of allowing the safe collection and disposal of needles, syringes, and other devices used to inject medication. CDPHE is required to implement a safe disposal process and the General Assembly is required to make a General Fund appropriation beginning in FY 2020-21.

Publicly available opiate antagonists included with defibrillators. The bill requires a person or entity that makes an automated external defibrillator (AED) available to the public to also make an opiate antagonist available to the public at the site. These entities may purchase the opiate antagonist through the bulk purchase fund.

Opiate antagonist policies in schools, expanded prescriber authority, and immunity. The bill allows schools to develop policies related to supplying and administering opiate antagonists to individuals at risk of experiencing a drug overdose and provides immunity from civil liability or criminal prosecution for persons acting in accordance with the policy. The bill also expands prescriber authority so that opiate antagonists may be dispensed to a school, school district, or school employee, as well as law enforcement, first responders, and harm reduction organizations. These individuals are also granted general immunity when acting in to furnish or administer an opiate antagonist.

Hospitals as clean syringe sites. The bill allows a licensed or certified hospital to be a clean syringe exchange site.

Penalty prohibitions. The bill prohibits the Office of Behavioral Health in the DHS from penalizing a facility that provides medication-assisted treatment to an individual who does not have identification documentation. To continue treatment, the individual has six weeks to provide an ID.

State Revenue

The bill will increase state cash fund revenue to the Opiate Antagonist Bulk Purchase Fund by an estimated \$475,000 in FY 2019-20 and \$950,000 in FY 2020-21. This assumes that opiate antagonists will cost \$95 per order and that 5,000 orders will be placed in FY 2019-20 and 10,000 orders will be placed in FY 2020-21 and ongoing. Actual drug prices charged to purchasers will be set by the CDPHE through rulemaking. The fund may also receive gifts, grants, and donations.

Table 2
Revenue Under SB 19-227

Fiscal Year	Drug Cost	Orders	Total
FY 2019-20 <i>half-year impact</i>	\$95	5,000	\$475,000
FY 2020-21 <i>full-year impact</i>	\$95	10,000	\$950,000

Eligible purchasers. The revenue (and costs) associated with the Opiate Antagonist Bulk Purchase Fund assume the following entities will purchase an estimated 10,000 orders of opiate antagonists per year:

- units of local government — approximately 2,725 entities;
- entities with publicly accessible AEDs, which include but are not limited to universities, recreation centers, shopping centers, and workplaces — approximately 6,800 entities;
- school districts — 178 entities;
- charter schools — approximately 250 entities; and
- non-public schools — approximately 40 entities.

State Expenditures

The bill will increase state expenditures by \$7,937,384 and 3.4 FTE in FY 2019-20 and \$10,706,080 and 3.6 FTE in FY 2020-21 from the General Fund and the Opiate Antagonist Bulk Purchase Fund. Costs for the DHS and CDPHE are outlined in Table 2 and detailed below.

**Table 2
 Expenditures Under SB 19-227**

Cost Components	FY 2019-20	FY 2020-21
Department of Human Services		
Personal Services	\$83,196	\$90,758
Operating Expenses and Capital Outlay Costs	\$5,938	\$1,235
Mobile Response Clinic Vehicle Purchase and Outfitting	\$7,000,000	-
Mobile Response Clinic Staffing and Operating Costs	-	\$7,000,000
Medication Costs	-	\$2,040,000
Centrally Appropriated Costs*	\$18,187	\$19,760
FTE – Personal Services	1.2 FTE	1.3 FTE
DHS (Subtotal)	\$7,107,321	\$9,151,753
Department of Public Health and Environment		
Personal Services	\$165,766	\$172,520
Operating Expenses and Capital Outlay Costs	\$11,686	\$2,185
Bulk Opiate Antagonist Purchase (Cash Funds)	\$475,000	\$950,000
Training Costs	\$4,000	\$4,000
Mileage	\$520	\$520
Software Costs	\$2,500	\$2,500
Disposal Kiosks and Cabinets	-	\$44,000
Disposal Maintenance Costs	-	\$83,520
Centrally Appropriated Costs*	\$170,591	\$295,082
FTE – Personal Services	2.2 FTE	2.3 FTE
CDPHE (Subtotal)	\$830,063	\$1,554,327
Total	\$7,937,384	\$10,706,080
Total FTE	3.4 FTE	3.6 FTE

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

Department of Human Services. The bill will increase expenditures in the DHS by \$7.1 million and 1.2 FTE in FY 2019-20 and \$9.2 million and 1.3 FTE in FY 2020-21 to operate mobile response clinics as required under the bill.

- *Central staffing costs.* DHS requires 1.3 FTE to administer and monitor mobile response clinic contracts, including 1.0 FTE Program Coordinator and 0.3 FTE Contracts Administrator III. First-year costs reflect the General Fund pay date shift, and standard operating and capital outlay expenses are included.
- *Mobile response clinics.* Beginning in FY 2019-20, mobile response clinics are estimated to cost \$7 million per year. It is assumed that 50 jails and 18 adult correctional facilities will utilize the mobile response clinics during a standard work week, or 68 facilities. It is assumed that a mobile response clinic can cover 5 facilities, necessitating 14 mobile response clinics. Medication costs assume 10 clients per month at each of the 68 facilities will require an opiate antagonist at an estimated cost of \$250 per month per client. The \$500,000 costs to fully equip and staff each of the 14 mobile response clinics are based on the mobile clinics that are being procured and built by the DHS through the federal State Opioid Response grant. It is assumed procurement and implementation will require 12 months. Mobile response clinic staffing costs assume a three-person team of contractors in each clinic, including a nurse practitioner, a peer specialist, and a licensed professional counselor. Fuel, maintenance, and insurance costs are also included. General Fund is assumed because federal Medicaid dollars may not cover persons who are incarcerated.

Department of Public Health and Environment. The bill will increase expenditures in the CDPHE by \$830,064 and 2.2 FTE in FY 2019-20 and \$1,554,327 and 2.3 FTE in FY 2020-21 to meet the requirements of the bill.

- *Central staffing costs.* CDPHE requires 2.3 FTE to oversee the bulk purchasing program and the expansion of the medication take-back program. This includes 1.0 FTE Program Manager, 1.0 FTE Health Professional, and 0.3 FTE Environmental Protection Specialist. The program manager will oversee both programs, the health professional will facilitate the increased demand for opiate antagonist orders, and the environmental protection specialist will oversee the implementation and maintenance of syringe collection sites. First-year costs reflect the General Fund pay date shift, and standard operating and capital outlay expenses are included.
- *Opiate Antagonist Bulk Purchase Fund.* It is assumed that CDPHE will contract with a prescription drug outlet through the standard procurement process and set drug prices through rule twice a year. As discussed in the State Revenue section, it is assumed that standing orders for opiate antagonists will increase by 10,000 per year when the program is fully implemented. Costs are estimated at \$475,000 in FY 2019-20 and \$950,000 in FY 2020-21 and will be paid by the Opiate Antagonist Bulk Purchase Fund.
- *Medication Take-Back Program siting.* Beginning in FY 2020-21, the program will implement 103 new collection sites for syringes. It is assumed that CDPHE will create collection sites in each of the state's 64 counties, and an additional 39 sites to ensure one collection site per 100,000 residents.

Using July 2017 population data from the State Demography Office, these additional sites are as follows:

- ▶ Adams County, population 503,375 — 4 additional sites;
 - ▶ Arapahoe County, population 643,257 — 5 additional sites;
 - ▶ Boulder County, population 322,854 — 2 additional sites;
 - ▶ Denver City and County, population 705,651 — 6 additional sites;
 - ▶ Douglas County, population 335,635 — 2 additional sites;
 - ▶ El Paso County, population 701,283 — 6 additional sites;
 - ▶ Jefferson County, population 575,193 — 5 additional sites;
 - ▶ Larimer County, population 343,853 — 3 additional sites;
 - ▶ Mesa County, population 151,900 — 2 additional sites;
 - ▶ Pueblo County, population 165,974 — 2 additional sites; and
 - ▶ Weld County, population 304,435 — 2 additional sites.
- *Medication Take-Back program supply and maintenance.* A collection kiosk or cabinet will be put in place depending on the expected area demand. Kiosks are larger and cost \$1,400 and cabinets are smaller and cost \$400. It is assumed the installation costs can be accomplished within the existing resources of the host site. Large counties will likely utilize collection kiosks with on-site servicing by a biomedical waste disposal service. Smaller counties will likely utilize cabinets with mailback serving to a biomedical waste disposal service. On-site servicing costs for these facilities are estimated at \$85 per service, and mailback service costs are estimated at \$100 per mailback. Implementation is expected to take place over two years, at a cost of approximately \$44,000 in both FY 2020-21 and FY 2021-22. Ongoing maintenance costs are estimated at \$83,520 in FY 2020-21, and \$167,040 in FY 2021-22 and ongoing.

Department of Regulatory Agencies. The Division of Professions and Occupations may see a minimal increase in complaints related to the bill's expansion of health professionals that may prescribe opiate antagonists. The Pharmacy Board may perform rulemaking to implement the bill. No change in appropriations is required.

Department of Corrections. The department will work to incorporate the use of mobile response clinics to provide medication-assisted treatment to individuals in their facilities. No change in appropriations is required.

State agencies. Agencies with public AEDs currently maintain those systems within their operating budgets. Costs to purchase opiate antagonists to be placed in conjunction with existing public AEDs are estimated to cost \$95 per unit. It is assumed these costs and any associated training efforts can be borne by all affected agencies within existing appropriations. These agencies include the Department of Human Services, the Department of Public Safety, the Department of Revenue, the Legislative Department, and the Secretary of State's office. Any additional costs will be addressed through 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 and supplemental employee retirement payments, are estimated to be \$188,778 in FY 2019-20 and \$314,842 in FY 2020-21.

Local Government, School Districts, Statutory Public Entity

Beginning in FY 2019-20, expenditures will increase for any county participating in the bulk purchase of opiate antagonists, including any counties that currently make AEDs available in their public buildings. This impact will vary depending on the specific requirements and size of each county. Further, workload and costs will also increase in school districts that decide to participate in the bulk purchasing program. These costs will vary depending on the needs of each school district that decides to participate in the program. Finally, similar to the DOC, county jails will be required to incorporate the use of mobile response clinics to provide medication-assisted treatment to individuals in their facilities.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature, except that Sections 14 and 15 take effect only if the Title 12 Recodification bill is passed, House Bill 19-1172, in which case these sections take effect October 1, 2019.

State Appropriations

For FY 2019-20, the bill requires the following appropriations:

- \$7,089,134 General Fund to the Department of Human Services and 1.2 FTE; and
- \$184,472 General Fund to the Department of Public Health and Environment and 2.2 FTE, as well as \$475,000 from the Opiate Antagonist Bulk Purchase Fund.

State and Local Government Contacts

Counties	Education	Health Care Policy and Financing
Higher Education	Human Services	Information Technology
Personnel	Public Health	Public Safety
Regulatory Agencies	Revenue	School Districts
State		