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FISCAL NOTE

Drafting Number: LLS 20-1200	Date: May 26, 2020
Prime Sponsors: Rep. Esgar; McCluskie	Bill Status: House Appropriations
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Bill Topic: REDUCE THE ADULT DENTAL BENEFIT

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 checked="" type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

Budget package bill. This bill reduces the adult dental benefit cap to \$1,000 per recipient per year and makes other adjustments to provide funds for Medicaid services. The bill transfers money to the General Fund and decreases expenditures starting in FY 2020-21.

Appropriation Summary: For FY 2020-21, this bill requires and includes reduced appropriations of \$5.2 million to the Department of Health Care Policy and Financing.

Fiscal Note Status: This fiscal note reflects the introduced bill, as recommended by the Joint Budget Committee as part of the FY 2020-21 budget balancing package.

**Table 1
State Fiscal Impacts Under HB 20-1361**

		FY 2020-21	FY 2021-22
Revenue		-	-
Expenditures	General Fund	(\$331,462)	-
	Cash Funds	(\$807,940)	(\$2,278,804)
	Federal Funds	(\$4,094,136)	(\$8,188,272)
	Total	(\$5,233,538)	(\$10,467,076)
Transfer	General Fund	\$1,139,402	\$2,278,804
	Cash Funds	(\$1,139,402)	(\$2,278,804)
	Total	\$0	\$0
TABOR Refund		-	-

Summary of Legislation

This bill caps the adult dental benefit provided through Medicaid at \$1,000 per year for each recipient once the requirement for a higher federal match through the federal "Families First Coronavirus Response Act" expires. The \$1,000 cap will continue until December 31, 2022. Next, the bill transfers savings from the adult dental benefit cap from the Unclaimed Property Trust Fund to the General Fund. Finally, the bill appropriates \$331,462 from the Healthcare Affordability and Sustainability (HAS) Fee Cash Fund to be used to offset General Fund expenditures for Medicaid.

Background

Adult Dental Benefit. Under current law, the adult dental benefit under Medicaid receives funding from the Adult Dental Cash Fund, which is funded through transfers from the Unclaimed Property Trust Fund. The Treasurer transfers enough funds to implement the adult dental benefit after first reserving enough funds to cover the costs for paying unclaimed property claims, anticipated claims, and any other statutorily required publications or correspondence related to the unclaimed property program.

Colorado Healthcare Affordability and Sustainability Enterprise. The Colorado HAS Enterprise in the Department of Health Care Policy and Financing (HCPF) collects a HAS fee from hospitals for the purpose of obtaining federal matching money to support the state's Medicaid and Indigent Care Programs.

Assumptions

The fiscal note assumes that the cap will be effective on January 1, 2021.

State Transfer

This bill transfers \$1.1 million in FY 2020-21 and \$2.3 million in FY 2021-22 from the Unclaimed Property Cash Fund to the General Fund.

State Expenditures

This bill reduces state expenditures in HCPF by \$5.2 million in FY 2020-21 and by \$10.5 million in FY 2021-22. The reduction in expenditures is shown in Table 2 and described in more detail below.

**Table 2
 Expenditures Under HB 20-1361**

	FY 2020-21	FY 2021-22
Department of Health Care Policy and Financing		
Adult Dental Benefit	(\$5,233,538)	(\$10,467,076)
Medicaid Services - General Fund	(\$331,462)	-
Medicaid Services - HAS Fee	\$331,462	-
Total Cost	(\$5,233,538)	(\$10,467,076)
<i>General Fund</i>	(\$331,462)	-
<i>Cash Fund</i>	(\$807,940)	(\$2,278,804)
<i>Federal Funds</i>	(\$4,094,136)	(\$8,188,272)

Dental benefit. By reducing the adult dental benefit by \$500 per recipient per year, expenditures in HCPF are estimated to be reduced by \$5.2 million in FY 2020-21 and \$10.5 million in FY 2021-22. Of those amounts, it is estimated that \$1.1 million in FY 2020-21 and \$2.3 million in FY 2021-22 will be from the Adult Dental Cash Fund. The remaining reductions will come from federal funds. Costs in FY 2020-21 are prorated for a January 1, 2021, start date.

Medicaid services. In FY 2020-21 only, the bill reduces General Fund expenditures for Medicaid by \$331,462. This General Fund reduction is offset by an appropriation in the same amount from the HAS Fee Cash Fund.

Effective Date

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

State Appropriations

For FY 2020-21, the bill requires and includes the following adjustments in appropriations to the Department of Health Care Policy and Financing:

- for the adult dental benefit, a reduction of \$5,233,538, including \$1,139,402 from the Adult Dental Cash Fund and \$4,094,136 in federal funds; and
- for Medicaid services, reduction of \$331,462 from the General Fund and an increase of \$331,462 from the Healthcare Affordability and Sustainability Fee Cash Fund.

State and Local Government Contacts

Health Care Policy and Financing Treasury

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit: leg.colorado.gov/fiscalnotes.