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Fiscal Note

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Prime Sponsors: Rep. Pelton; Caraveo Bill Status: House HHS
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Bill Topic: PEER SUPPORT PROFESSIONALS BEHAVIORAL HEALTH

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

The bill requires the Department of Human Services to approve for reimbursement recovery support services organizations. It increases state revenue and expenditures on an ongoing basis, beginning in FY 2021-22.

Appropriation Summary: For FY 2021-22, the bill requires an appropriation of \$51,783 to the Department of Human Services.

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

Table 1
State Fiscal Impacts Under HB 21-1021

Table with 4 columns: Category, Sub-category, Budget Year FY 2021-22, and Out Year FY 2022-23. Rows include Revenue (Cash Funds, Total Revenue), Expenditures (Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and TABOR Refund.

Summary of Legislation

The bill requires the Department of Human Services (DHS) to develop a procedure to approve recovery support services organizations that meet certain qualifications, including those established by rule by DHS in collaboration with the Department of Health Care Policy and Financing (HCPF). The bill specifies that peer support professional services provided through an approved recovery support services organization can to be covered under Medicaid.

The bill creates the Peer Support Workforce Cash Fund that contains revenue from fees paid by recovery support services organizations that apply for approval, as well as from gifts, grants, and donations.

Under the bill, contracts entered into between DHS' Office of Behavioral Health and designated managed service organizations must include terms and conditions outlining the expectations for organizations to invest in the state's recovery services infrastructure.

State Revenue

The bill increases state cash fund revenue from fees by \$86,400 in FY 2021-22 and FY 2022-23. This revenue is from fees on recovery support service organizations applying to DHS for approval. Fee revenue is subject to TABOR.

Fee impact on recovery support service organizations. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are estimates only, actual fees will be set administratively by DHS based on cash fund balance, estimated program costs, and the estimated number of organizations subject to the fee. The table below identifies the fee impact of this bill.

Table 2
Fee Impact on Recovery Support Service Organizations

Fiscal Year	Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
FY 2021-22	Application Fee	\$1,728	50	\$86,400
FY 2022-23	Application Fee	\$1,728	50	\$86,400

State Expenditures

The bill increases state cash fund expenditures by \$63,436 in FY 2021-22 and 0.5 FTE and \$109,294 in FY 2022-23 and 1.0 FTE. These costs, primarily in DHS' Office of Behavioral Health, are summarized in Table 3 and described below.

**Table 3
 Expenditures Under HB 21-1021**

	FY 2021-22	FY 2022-23
Department of Human Services		
Personal Services	\$44,908	\$89,817
Operating Expenses	\$675	\$1,350
Capital Outlay Costs	\$6,200	-
Centrally Appropriated Costs ¹	\$11,653	\$18,127
FTE – Personal Services	0.5 FTE	1.0 FTE
Total Cost	\$63,436	\$109,294
Total FTE	0.5 FTE	1.0 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Human Services. DHS requires 0.5 FTE in FY 2021-22 and 1.0 FTE in FY 2022-23 and subsequent years. These expenditures represent 1.0 FTE program manager to manage rulemaking, evaluate applications, respond to inquiries, and perform site-visits of programs. Staffing in FY 2021-22 is prorated for a January 1 start date.

Department of Health Care Policy and Financing. Some of these organizations may be eligible for Medicaid reimbursement under current law. To the extent that organizations that are not currently receiving Medicaid reimbursements for peer support services become eligible after approval by DHS, the bill will increase Medicaid expenditures, with costs paid using General Fund, Healthcare Affordability and Sustainability Cash Fund, and federal funds, depending on a client's Medicaid eligibility. This potential increase has not been estimated.

Department of Law. The bill requires rulemaking by DHS and HCPF, which is supported by the Department of Law. Such rulemaking can be accommodated within existing appropriations.

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 \$11,653 in FY 2021-22 and \$18,127 in FY 2022-23.

TABOR refunds. Under the December 2020 Legislative Council Staff Economic and Revenue Forecast, the state is not expected to collect revenue above the TABOR limit in either FY 2021-22 or FY 2022-23, and refund obligations are not anticipated for these years. This bill does not change these expectations concerning refunds to taxpayers.

Technical Note

The fiscal note assumes that DHS will set the application fee at a level that fully covers the costs of implementing the program; however, fees for other regulatory programs are approximately \$200, significantly less than what is required to cover the bill's costs. Similar programs overseen by DHS are subsidized from the General Fund to reduce the fee impact on participating organizations. If the fee were set at \$200 per organization, the bill would require \$53,436 in FY 2021-22 and \$99,294 in FY 2022-23 in General Fund to cover the remainder of the costs.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2021-22, the bill requires a cash fund appropriation of \$51,783 and 0.5 FTE from the Peer Support Workforce Cash Fund to the Department of Human Services.

State and Local Government Contacts

Health Care Policy and Financing
Information Technology
Personnel
Treasury

Human Services
Law
Regulatory Agencies