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Final Fiscal Note

Drafting Number: LLS 21-0231 **Date:** August 31, 2021
Prime Sponsors: Sen. Jaquez Lewis **Bill Status:** Signed into Law
Rep. Caraveo **Fiscal Analyst:** Matt Bishop | 303-866-4796
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Bill Topic: **REPRODUCTIVE HEALTH CARE PROGRAM**

Summary of Fiscal Impact:

<input checked="" 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

The bill creates a reproductive health care program to provide contraceptive services and counseling to eligible individuals at no cost. The bill increases state and local expenditures on an ongoing basis.

Appropriation Summary: For FY 2021-22, the bill requires and includes an appropriation of \$4,125,347 to the Department of Health Care Policy and Financing.

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

Table 1
State Fiscal Impacts Under SB 21-009

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue		-	-
Expenditures	General Fund	\$4,125,347	\$3,854,615
	Federal Funds	-	(\$775,039)
	Centrally Appropriated	\$77,473	\$92,721
	Total Expenditures	\$4,202,820	\$3,172,297
	Total FTE	3.4 FTE	4.0 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill directs the Department of Health Care Policy and Financing (HCPF) to administer a reproductive health care program to certain individuals who are not eligible for coverage under Medicaid only because of their citizenship or immigration status, beginning January 1, 2022. The program allows eligible individuals to receive the following reproductive health services, upon request and at no cost:

- any contraceptive drug, device, or product approved by the federal Food and Drug Administration (FDA);
- services related to the administration and monitoring of these products, including management of side effects;
- counseling services for continued adherence to a prescribed regimen;
- device insertion and removal; and
- any other contraceptive methods and counseling services identified by the federal Department of Health and Human Services or the Women's Preventive Services Guidelines as of December 17, 2019.

The bill specifies that family planning services provided under Medicaid include a one-year supply of any FDA-approved contraceptive drug, device, or product, or an alternative if indicated by a health provider. HCPF must report on the program to the legislature beginning in FY 2023-24 during its State Measurement for Accountable, Responsive, and Transparent (SMART) Act hearing.

Background and Assumptions

Documented immigrants become eligible for public assistance benefits after five years of residency. However, both documented and undocumented immigrants become eligible upon pregnancy for certain benefits under the Child Health Plan Plus (CHP+). The fiscal note accounts for savings from costs avoided due to a decrease in unintended pregnancies, and assumes that savings attributable to the program begin nine months from the program's implementation date.

These savings, as well as service costs and certain administrative costs, depend on the number of people who enroll in the reproductive health care program. The fiscal note assumes that approximately 27,000 people who are eligible for the program will enroll, resulting in approximately 200 unintended pregnancies avoided each full year, beginning in FY 2022-23. To the extent that the number enrolled is larger or smaller, expenditures will vary accordingly. The fiscal note estimates that program costs, excluding program overhead and information technology (IT) systems, are approximately \$160 per participant and savings are \$80 per person, based on an average cost savings to HCPF of \$10,765 per pregnancy. Costs and savings are described further in the State Expenditures section below.

State Expenditures

The bill increases state General Fund expenditures by \$4.2 million and 3.4 FTE in FY 2021-22 and \$3.2 million and 4.0 FTE in FY 2022-23 in HCPF. These costs are summarized in Table 2 and discussed below.

**Table 2
Expenditures Under SB 21-009**

	FY 2021-22	FY 2022-23
Department of Health Care Policy and Financing		
Personal Services	\$232,463	\$290,908
Operating Expenses	\$5,400	\$5,400
Capital Outlay Costs	\$31,000	-
Service Costs	\$1,822,095	\$3,629,340
IT System Modifications	\$1,335,388	\$5,005
County Administration	\$699,001	\$699,001
Program Savings	-	(\$1,550,078)
Centrally Appropriated Costs ¹	\$77,473	\$92,721
FTE – Personal Services	3.4 FTE	4.0 FTE
Total Cost	\$4,202,820	\$3,172,297
<i>General Fund</i>	\$4,125,347	\$3,854,615
<i>Federal Funds</i>	-	(\$775,039)
<i>Centrally Appropriated</i>	\$77,473	\$92,721
Total FTE	3.4 FTE	4.0 FTE

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

Personal services and operating expenses. HCPF requires 4.0 FTE to implement and administer the program. This staff include benefit coordinators, accounting and budget staff, and a program supervisor. These positions are prorated for an October 1, 2021 start date, and costs are adjusted to account for the General Fund pay date shift.

Service costs. Benefits to program participants include contraceptive methods, counseling services, and a program identification card and are estimated at \$134.42 for 27,000 participants when the program is fully implemented in FY 2022-23.

IT system modifications. HCPF will be required to make adjustments to its information technology systems to expand eligibility for the new program, and make payments to providers and pharmacies. First, the Colorado Benefits Management System (CBMS) must be configured to identify and determine eligibility for the new population and share information with other Medicaid systems. CBMS costs are estimated to be \$273,792 in FY 2021-22, and require a reappropriation to the Office of Information Technology. Second, the Medicaid Management Information System (MMIS), the Medicaid claims and payment processing system, must be configured to accept new information from

CBMS and make payments to providers and pharmacies under the program. MMIS costs are estimated at \$1.0 million in FY 2021-22. System development will occur in FY 2021-22, with ongoing systems maintenance continuing in future years.

County administration. The fiscal note estimates that 40 percent of program applicants will be processed by county health department employees. The state reimburses counties for this work, which will increase costs by \$699,001 per year. It is assumed these applications are renewed each year to maintain updated eligibility.

Program savings. The reproductive health care program reduces expenditures in other HCPF-administered programs, as reducing unintended pregnancy results in avoided costs from prenatal services, deliveries, and early childhood care that are covered by existing public benefit programs. Based on the assumptions listed previously, costs savings from the program are estimated to be \$1.6 million in FY 2022-23, split evenly between the state and the federal government.

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 \$77,473 in FY 2021-22 and \$92,721 in FY 2022-23.

Local Government

Workload will increase in county health departments to process applications for the new program. Costs associated with this workload increase are reimbursed by the state.

Effective Date

The bill was signed into law by the Governor on July 6, 2021, and takes effect on September 7, 2021, assuming no referendum petition is filed.

State Appropriations

For FY 2021-22, the bill requires and includes a General Fund appropriation of \$4,125,347 and 3.4 FTE to the Department of Health Care Policy and Financing, of which \$273,792 is reappropriated to the Office of Information Technology.

Departmental Difference

HCPF estimates it will have service costs of \$2,015,571 and county administration costs of \$773,222 in FY 2021-22, and service costs of \$4,014,714, county administration costs of \$773,222, and program savings of \$1,480,688 in FY 2022-23. The fiscal note makes different assumptions about the size of the program's eligible population, which results in lower costs and savings.

State and Local Government Contacts

Health Care Policy and Financing
Law
Regulatory Agencies

Information Technology
Legislative Council Staff