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Revised Fiscal Note

(replaces fiscal note dated April 13, 2021)

Drafting Number: LLS 21-0786 Date: April 27, 2021
Prime Sponsors: Sen. Buckner, Rep. Herod Bill Status: Senate Appropriations
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Bill Topic: MATERNAL HEALTH PROVIDERS

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

The bill places new requirements on certain health care providers, health benefit plans and Colorado's Medicaid program related to pregnant persons, and requires the Department of Public Health and Environment to conduct research and make recommendations related to perinatal health in Colorado. The bill increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2021-22, the bill requires an appropriation of \$5.4 million to various state agencies.

Fiscal Note Status: This revised fiscal note reflects the introduced bill as amended by the Senate Health and Human Services Committee and includes new information on CBMS programming costs.

Table 1
State Fiscal Impacts Under SB 21-194

Table with 3 columns: Category, Budget Year FY 2021-22, and Out Year FY 2022-23. Rows include Revenue, Expenditures (General Fund, Cash Funds, Federal Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and TABOR Refund.

## **Summary of Legislation**

The bill places new requirements on health providers and insurers, expands public health insurance coverage, and implements other initiatives related to maternal and perinatal health. These provisions are described below.

**Required coverage and services.** The bill requires that insurers offering health benefit plans in Colorado, including the Department of Health Care Policy and Financing (HCPF), reimburse participating providers for healthcare services related to labor and delivery in a manner that promotes high-quality, cost-effective care and prevents risk in subsequent pregnancies; and does not discriminate based on the type of provider or facility. The bill also requires licensed labor and delivery service providers to accept transfers from a home or birthing center, and that birth certificate worksheet forms include a field that designates where a pregnant person intended to give birth at the onset of their labor.

**Extension of postpartum services under Medicaid / CHP+.** The bill allows a person who was eligible for all pregnancy-related and postpartum services, under Colorado's Medicaid Program and the Children's Basic Health Plan for 60 days following pregnancy, to remain continuously eligible for all services under the program for the 12-month postpartum period. It requires HCPF to seek any plan amendments necessary to implement the new benefit, which is subject to the receipt of federal financial participation.

**Colorado Maternal Mortality Review Committee.** The bill makes several changes related to the Maternal Mortality Review Committee, which is housed in the CDPHE. These changes include a redefinition of health facility, and allowing committee reports to be distributed to these health facilities and the Health Equity Commission. The bill also requires the committee to incorporate input and feedback from interested and affected stakeholders, with a focus on persons who are pregnant or in the postpartum period, and their families, and incorporate input from multidisciplinary non-profit and community-based organizations that represent or provide support or advocacy to persons who are pregnant or in the postpartum period, with a focus on persons from racial and ethnic minority groups.

The bill further requires the committee to make recommendations to improve collection and public reporting of maternal health data from hospitals, health systems, midwifery practices and birthing centers, including:

- data on race and ethnicity correlated with conditions and outcomes;
- disability correlated with conditions and outcomes;
- uptake of trainings on bias, racism, or discrimination;
- incidents of disrespect or mistreatment of a pregnant person; and,
- data collected through stories from pregnant and postpartum persons and their family members, with a focus on the experiences of marginalized groups include persons of racial and ethnic minorities.

The bill requires the committee to study the use of research evidence in policies related to the perinatal period in Colorado using the implementation science framework, which incorporates methods for promoting integration of research findings and evidence into healthcare policy and practice. CDPHE may contract with a third-party to meet this requirement.

## **Background**

**Insurance plans.** The provisions of this bill apply to health insurance plans that are subject to state regulation. There are three primary markets that are subject to state regulation: the individual, small-group, and large-group markets, with the exception of self-insured employers. About one million Coloradans receive health insurance through such plans. Except for the HCPF-administered plans specifically mentioned in the bill, the bill requirements do not apply to Medicare, Medicaid, military plans, or self-insured employer-based health plans, which are regulated by the federal government.

**Medicaid and other HCPF programs for pregnant women.** Currently, pregnant persons in low-income families qualify for various types of coverage for postpartum services, which are overseen by HCPF. Pregnant persons with incomes up to 185 percent of the federal poverty level are eligible for Medicaid and HCPF receives a 65 percent federal match for this population. Individuals receive 60 days of postpartum services, at which point, they are either re-determined as eligible under another eligibility category or disenrolled from Medicaid.

The Children's Health Plan (known as CHP+) is also operated by HCPF and provides insurance to pregnant persons in low-income families (up to 260 percent of the federal poverty level) who do not qualify for Medicaid and do not have private insurance. The program provides 60 days of postpartum services.

**Maternal Mortality Prevention Program.** The Maternal Mortality Prevention Program in the CPDHE administers the Maternal Mortality Review Committee. The CDPHE submitted the first Maternal Mortality Review Committee report to the General Assembly with recommendations on reducing maternal mortality and improving maternal health equity on July 1, 2020, and must continue to do so every three years, with the next report due on July 1, 2023.

**Health Equity Commission.** The Health Equity Commission was created to serve as an advisor to the Office of Health Equity on relevant issues, specifically focusing on data collection, aligning resources, education, and capacity building for the CDPHE, local health programs, and community-based organizations, and promoting workforce diversity. The Health Equity Commission provides equity-related recommendations to implement across programs, proposes policies to support improved health outcomes for communities experiencing health disparities, and provides feedback on strategies to engage affected populations.

**Assumptions**

For the Medicaid program, this fiscal note assumes that 23,759 persons who give birth while on Medicaid will receive an additional two months of coverage as a result of this bill, as currently the average number of covered months for a member after giving birth is 10 months. For CHP+, it is assumed that 1,368 persons who do not otherwise become eligible for Medicaid after the 60 days of postpartum CHP coverage will receive an additional 10 months of postpartum coverage as a result of the bill. This fiscal note also assumes that per member, per month costs for this additional coverage will be \$301, and that HCPF will get federal approval to extend postpartum coverage, as required by the bill, in time to implement the change by April 1, 2022.

**State Expenditures**

The bill increases state expenditures by \$5.3 million and 1.2 FTE in FY 2021-22 and by \$19.2 million and 0.8 FTE in FY 2022-23, as shown in Table 2 and discussed below.

**Table 2  
 Expenditures Under SB 21-194**

<b>Cost Components</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Department of Health Care Policy and Finance</b>		
Personal Services	\$47,855	-
Operating Expenses	\$1,080	-
Capital Outlay Costs	\$6,200	-
CBMS Programming (OIT)	\$291,732	-
MMIS Programming (HCPF)	\$212,505	-
Expanded Coverage (Medicaid)	\$3,736,637	\$14,946,549
Expanded Coverage (CHP)	\$1,029,420	\$4,117,680
Centrally Appropriated Costs <sup>1</sup>	\$11,330	-
FTE – Personal Services	0.7 FTE	0.0 FTE
<b>HCPF Subtotal</b>	<b><u>\$5,336,759</u></b>	<b><u>\$19,064,229</u></b>
<i>General Fund</i>	\$2,086,828	\$8,035,348
<i>Cash Funds</i>	\$219,779	\$879,114
<i>Federal Funds</i>	\$3,018,822	\$10,149,767
<i>Centrally Appropriated</i>	\$11,330	\$0

**Table 2  
 Expenditures Under SB 21-194 (Cont.)**

<b>Cost Components</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Department of Public Health and Environment</b>		
Personal Services	\$37,733	\$56,600
Operating Expenses	\$810	\$1,080
Capital Outlay Costs	\$6,200	-
Research Contractor	\$37,500	\$50,000
Legislative Report Translation	-	\$4,000
Centrally Appropriated Costs <sup>1</sup>	\$25,274	\$36,016
FTE – Personal Services	0.5 FTE	0.8 FTE
<b>CDPHE Subtotal</b>	<b>\$107,517</b>	<b>\$147,696</b>
<b>Total</b>	<b>\$5,444,276</b>	<b>\$19,211,925</b>
<b>Total FTE</b>	<b>1.2 FTE</b>	<b>0.8 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Department of Health Care Policy and Financing.** Expenditures in HCPF will increase by \$5.3 million and 0.7 FTE in FY 2021-22, and \$19.1 million FY 2022-23.

- *Staffing costs.* HCPF will require a temporary 0.7 FTE in FY 2021-22, which is adjusted to account for the General Fund paydate shift and a presumed effective date of October 1, 2021. The position will provide support to the Family Planning Team, which will have an increase in workload to amend the state plan, negotiate with the federal Centers for Medicare and Medicaid Services, and authorize the new population. These staffing costs are eligible for a 50 percent federal match.
- *Expanded coverage.* Based on the newly eligible populations and expected number of additional months of coverage highlighted in the Assumptions section above, expanded postpartum coverage will increase costs in HCPF by \$3.7 million in FY 2021-22 and \$14.9 million in FY 2022-23 for Medicaid, and \$1.0 million in FY 2021-22 and \$4.1 million in FY 2022-23 for the Children's Health Plan. A 50 percent federal match is assumed for Medicaid costs, and a 65 percent match is assumed for CHP+.
- *CBMS and MMIS programming.* The bill will require changes to the state's benefit management systems, the Colorado Benefits Management System (CBMS) and Medicaid Management Information System (MMIS), to ensure that the systems can identify, determine eligibility and report out on the newly covered population and related expenditures under the bill. HCPF will have one-time costs in FY 2021-22 of \$291,732 for CBMS programming and \$212,505 for MMIS programming, which is assumed to be eligible for a 90 percent federal match. Funding for CBMS programming changes must be reappropriated to the Office of Information Technology.

**Department of Public Health and Environment.** General Fund expenditures in the CDPHE will increase by \$107,517 and 0.5 FTE in FY 2021-22, and by \$147,695 and 0.8 FTE in FY 2022-23.

- *Staffing costs.* CDPHE will require an additional 0.3 FTE in FY 2021-22 and 0.5 FTE in FY 2022-23 to conduct research, collect stakeholder input, and develop recommendations. CDPHE further requires 0.2 FTE in FY 2021-22 and 0.3 FTE in FY 2022-23 to manage a contractor who will be conducting independent research on behalf of the Maternal Mortality Review Committee, as required by the bill. The expansion of other responsibilities for the Colorado Maternal Mortality Review Committee can be accomplished within existing appropriations.
- *Research contractor.* The Maternal Mortality Review Committee does not have capacity or expertise to conduct this study required by the bill, so will hire a contractor to perform the work. This cost will be \$37,500 in FY 2021-22, which is prorated for the legislative effective date, and \$50,000 in FY 2022-23.
- *Legislative report translation.* CDPHE will have costs of \$4,000 in FY 2022-23 to translate the full legislative report and materials used in preparing the report into Spanish.

**Department of Regulatory Agencies.** The bill may require the department to conduct outreach, education and rule-making regarding changes to state-regulated health benefit plans. This workload increase can be accomplished 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 \$36,604 in FY 2021-22 and \$36,016 in FY 2022-23.

## 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 an appropriation of \$5,325,429 and 0.7 FTE to the Department of Health Care Policy and Financing, including

- \$2,086,828 from the General Fund;
- \$219,779 from the Healthcare Affordability and Sustainability Cash Fund; and
- \$3,018,822 in Federal Funds.

From the HCPF appropriation above, \$291,732, is reappropriated to the Office of Information Technology.

In addition, the bill requires a General Fund appropriation of \$82,243 and 0.5 FTE to Department of Public Health and Environment.

### **State and Local Government Contacts**

Corrections  
Health Care Policy and Financing  
Human Services  
Law  
Municipalities  
Public Health and Environment

Counties  
Higher Education  
Information Technology  
Legislative Council Staff  
Personnel  
Regulatory Agencies