

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING TREATMENT FOR SUBSTANCE USE DISORDERS.

Prime Sponsors: Reps. Armagost and deGruy Kennedy	JBC Analyst: Emily Hansen
Sens. Mullica and Will	Phone: 303-866-4961
	Date Prepared: April 24, 2024

**Appropriation Items of Note**

**Appropriation Required, Amendments in Packet**

**General Fund Impact**

**Significant Cost Increase in Second, Third, and Fourth Year**

**Fiscal Impact of Bill as Amended to Date**

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/02/24.

	<b>No Change:</b> Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
<b>XXX</b>	<b>Update:</b> Fiscal impact has changed due to <i>new information or technical issues</i>
	<b>Update:</b> Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	<b>Non-Concurrence:</b> JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The Revised Fiscal Note identifies expenditures in the Department of Health Care Policy and Financing related to implementation of partial hospitalization services. Implementation for partial hospitalization was included in the FY 2024-25 Long Bill. Legislative Council Staff and JBC Staff agree that the total appropriation required to implement the bill is therefore \$1,025,500 total funds, including \$243,900 General Fund, lower than the amount identified in the Fiscal Note.

**Amendments in This Packet for Consideration by Appropriations Committee**

<b>Amendment</b>	<b>Description</b>
J.001	Staff-prepared appropriation amendment
L.022/J.002	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation

**Current Appropriations Clause in Bill**

The bill, as amended by the Health and Human Services Committee Report (02/20/24), includes a provision that appropriates a total of \$1,000,000 General Fund in FY 2024-25, including \$500,000 to the Department of Human Services and \$500,000 to the Judicial Department.

**Description of Amendments in This Packet**

**J.001** Staff has prepared amendment **J.001** (attached) to change the existing clause to add a total of \$2,737,172 for FY 2024-25 to align with the Revised Fiscal Note. Total appropriations by Department and fund source, inclusive of the existing appropriation in the amended bill, are provided in the table below.

Fiscal Impact of Amendment						
Department	GF	CF	RF	FF	Total	FTE
Human Services	\$500,000	\$0	\$0	\$0	\$500,000	0.0
Behavioral Health Administration	1,903,767	0	0	0	1,903,767	1.3
Judicial	500,000	0	0	0	500,000	0.0
Health Care Policy and Financing	169,995	31,896	0	733,894	935,785	2.7
Early Childhood	200,000	0	200,000	0	400,000	0.0
Regulatory Agencies	0	231,514	0	0	231,514	0.4
<b>Total</b>	<b>\$3,273,762</b>	<b>\$263,410</b>	<b>\$200,000</b>	<b>\$733,894</b>	<b>\$4,471,066</b>	<b>4.4</b>

**L.022 and J.002**

Bill Sponsor amendment **L.022** (attached) makes the following changes the the amended bill.

- Removes the network adequacy report in the Department of Regulatory Agencies.
- Restores the Contingency Management Grant Program in the Behavioral Health Administration to the introduced version and removes a related working group.
- Reduces the existing appropriations clause from \$1.0 million General Fund to \$500,000 General Fund in FY 2024-25, including \$250,000 to the Department of Human Services and \$250,000 to the Judicial Department.
- Adds an appropriation of \$750,000 General Fund to the Behavioral Health Administration for the Contingency Management Grant Program, which is a reduction from the \$1.3 million assumed in Table 3 of the Revised Fiscal Note.

Legislative Council Staff and JBC Staff agree that **L.022** reduces the General Fund appropriation by \$1,078,120 for FY 2024-25. Staff has prepared amendment **J.002** (attached) to align the appropriation clause with the estimated fiscal impact of the bill, as amended by **L.022**. Total appropriations by Department and fund source are provided in the table below.

Fiscal Impact of Amendment						
Department	GF	CF	RF	FF	Total	FTE
Human Services	\$250,000	\$0	\$0	\$0	\$250,000	0.0
Behavioral Health Administration	1,325,647	0	0	0	1,325,647	1.3
Judicial	250,000	0	0	0	250,000	0.0
Health Care Policy and Financing	169,995	31,896	0	733,894	935,785	2.7
Early Childhood	200,000	0	200,000	0	400,000	0.0
Regulatory Agencies	0	36,514	0	0	36,514	0.4
<b>Total</b>	<b>\$2,195,642</b>	<b>\$68,410</b>	<b>\$200,000</b>	<b>\$733,894</b>	<b>\$3,197,946</b>	<b>4.4</b>

If the Committee adopts L.022, it should adopt J.002 not J.001.

**Points to Consider**

*General Fund Impact*

The Joint Budget Committee has proposed a budget package for FY 2024-25 based on the March 2024 Office of State Planning and Budgeting (OSP) revenue forecast. The budget package includes \$63.1 million in set-asides for legislation outside of the package (see table below). The budget package accounts for the 15.0 percent reserve associated with the placeholders (a total of \$9.5 million).

General Fund Appropriation Placeholders for Other 2024 Legislation	
Description	FY 2024-25
General Legislative Priorities	\$21,739,130
Legislation for Shared Housing Priorities	12,043,478
Legislation for Shared Workforce and Education Priorities	16,152,110
Legislation for Other Shared Priorities	10,519,130
Legislation for Distributions to Rural Hospitals	2,608,689
<b>TOTAL Placeholders for Other 2024 Legislation</b>	<b>\$63,062,537</b>

This bill requires a General Fund appropriation of \$3,273,762 for FY 2024-25, or \$2,195,642 if the Committee adopts L.022 and J.002, reducing the \$63.1 million set aside by the same amount.

*Division of Insurance Impact on General Fund*

Pursuant to Section 10-3-209 (4), C.R.S., taxes on insurance premiums are credited to the Division of Insurance Cash Fund (with a maximum transfer of five percent of premium tax collections) to cover appropriations made by the General Assembly. Any increase in appropriations reduces the

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amount of tax revenue deposited in the General Fund, thereby reducing the amount of General Fund available for other purposes.

The Joint Budget Committee has proposed a budget package for FY 2024-25 based on the March 2024 Office of State Planning and Budgeting (OSPB) revenue forecast. The budget package includes \$63.1 million in set-asides for legislation outside of the package. This bill is anticipated to reduce General Fund revenues by \$239,059, or \$44,059 if the Committee adopts **L.022** and **J.002**, reducing the amount available for appropriation by the same amount.

### *Future Fiscal Impact*

The bill is projected to require General Fund appropriations of \$23.0 million by FY 2027-28. Legislative Council Staff and JBC Staff agree that the future fiscal impact is estimated to be reduced to \$2.5 million General Fund in FY 2027-28 if the Committee adopts **L.022**, due to the removal of reentry services reinvestment.