



**Colorado
Legislative
Council
Staff**

SB17-019

**REVISED
FISCAL NOTE**

(replaces fiscal note dated January 19, 2017)

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0148

Date: May 8, 2017

Prime Sponsor(s): Sen. Martinez Humenik
Rep. Singer

Bill Status: House Health, Insurance and
Environment

Fiscal Analyst: Kerry White (303-866-3469)

BILL TOPIC: MEDICATION MENTAL ILLNESS IN JUSTICE SYSTEMS

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures	<u>\$26,000</u>	<u>At least \$26,000</u>
General Fund	26,000	At least \$26,000
Appropriation Required: \$26,000 - Department of Human Services (FY 2017-18).		
Future Year Impacts: Ongoing expenditure increase.		

Summary of Legislation

The *reengrossed* bill, *initially recommended by the Legislative Oversight Committee on the Treatment of Persons with Mental Illness in the Criminal and Juvenile Justice Systems*, requires the Office of Behavioral Health in the Department of Human Services (DHS) to:

- promulgate rules, along with the Department of Corrections (DOC), to require providers under each agency's authority and allow public hospitals and licensed private hospitals to use an agreed-upon formulary by December 1, 2017;
- develop processes for education and marketing the medication formulary on or before December 1, 2017.

The DHS is required to submit a budget request to the Office of State Planning and Budgeting in November 2017 detailing its funding needs in order to assume the following responsibilities:

- on or before September 1, 2018, and every September 1 of every even-numbered year thereafter, to conduct a review of the medication formulary for purposes of addressing any urgent concerns or proposing updates;
- on or before July 1, 2019, and every two years thereafter as necessary, to conduct a review of the medication formulary to update it and ensure compliance with the formulary used by the Department of Health Care Policy and Financing; and
- on or before September 1, 2018, in collaboration with several identified stakeholders, to develop a plan by which the patient-specific mental health and treatment information can be shared electronically across systems.

DHS is also required to:

- encourage providers to utilize cooperative purchasing from the formulary to maximize cost savings; and
- study and develop options for collaboration with local county jails to coordinate medication purchasing and develop, in partnership with the Behavioral Health Transformation Council, a medication purchasing plan on or before September 1, 2018.

In addition, the bill requires the DOC, county jails, community mental health centers, the Division of Youth Corrections in the DHS, and other providers to share patient-specific mental health care and treatment information, provided that federal and state confidentiality requirements are met, including the federal Health Insurance Portability and Accountability Act (HIPAA). Beginning in January 2019, the DHS and DOC are required to report annually to specified committees of the General Assembly on use of the formulary and collective purchasing as part of their annual SMART Act hearings.

State Expenditures

The bill increases General Fund costs in the DHS by \$26,000 per year, beginning in FY 2017-18. Beginning in FY 2018-19, costs and workload are increased for multiple agencies. The exact costs have not been estimated and are anticipated to be requested as part of the FY 2018-19 budget process.

Department of Human Services. The DHS will have costs of \$24,000 per year for medical consultant services related to the development and monitoring of the medication formulary. This cost is based on 120 hours of consultant services at a rate of \$200 per hour. The DHS will also have costs of \$2,000 per year to create and disseminate outreach material to providers and staff concerning the use of the formulary. The fiscal note assumes similar costs will be incurred in future years, but the exact amounts have not been estimated.

In addition to formulary review, the fiscal note assumes that costs will increase for staff to oversee implementation and provide ongoing review and management of the bill's requirements. Costs will also increase to develop an electronic system to share patient-specific information as required by the bill. The specific costs for these elements will be requested in November 2017 once planning for the bill's implementation occurs. Based on earlier estimates, the fiscal note assumes costs will be at least \$500,000, but will depend on the specifics of the system designed.

Department of Personnel and Administration. The bill may increase workload in the Department of Personnel and Administration (DPA) to administer group purchasing by mental health providers. Assuming the DPA may use its existing pharmaceutical group purchasing agreement for this purpose, any workload impact is assumed to be minimal.

Correctional facilities. To the extent that the new formulary differs from the existing formulary used by the DOC and the Division of Youth Corrections in the DHS, costs for offender medical services may increase or decrease. However, assuming any differences between the formulary are minor, no significant impact is expected. Workload in the DOC and the Division of Youth Corrections may increase for its staff to share patient medical records with other agencies and providers.

Institutions of Higher Education. Certain requirements of the bill, including information sharing on patients, may apply to public hospitals and clinics operated by institutions of higher education. Workload in these facilities may increase for their staff to share patient medical records with other agencies and providers.

Rulemaking. The DHS and DOC will have additional workload to promulgate rules under the bill. Correspondingly, the Department of Law may have a small increase in workload to provide legal services to the affected departments. These impacts have not been estimated.

Local Government Impact

County jails may have additional workload to share patient information electronically as required by the bill. In addition, certain requirements of the bill, including information sharing about patients, may apply to clinics operated by school districts and public hospitals operated by local governments. Workload in these facilities may increase for their staff to share patient medical records with other agencies and providers. The exact impact of these changes is not known at this time.

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2017-18, the bill includes and requires a General Fund appropriation of \$26,000 to the Department of Human Services.

State and Local Government Contacts

Corrections	Counties	Health Care Policy and Financing
Human Services	Information Technology	Judicial
Law	Personnel	Public Safety
Sheriffs		