



**Colorado
Legislative
Council
Staff**

SB17-121

**FINAL
FISCAL NOTE**

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

Drafting Number: LLS 17-0162 **Date:** August 14, 2017
Prime Sponsor(s): Sen. Crowder; Lundberg **Bill Status:** Signed into Law
 Rep. Danielson; Landgraf **Fiscal Analyst:** Ryan Long (303-866-2066)

BILL TOPIC: IMPROVE MEDICAID CLIENT CORRESPONDENCE

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures	\$301,476	\$201,243
General Fund	103,762	64,211
Cash Funds	46,228	30,377
Federal Funds	141,891	93,239
Centrally Appropriated Costs	9,595	13,416
FTE Position Change	0.7 FTE	1.0 FTE
Appropriation Required: \$291,881 - Multiple agencies (FY 2017-18).		
Future Year Impacts: Ongoing state expenditure increase.		

Summary of Legislation

This bill requires the Department of Health Care Policy and Financing (HCPF) to engage in an ongoing process to improve Medicaid client correspondence that are revised or created after January 1, 2018. The bill specifies a number of criteria that must be included in client correspondence.

Subject to available appropriations and receipt of federal financial participation, the bill requires HCPF to electronically provide detailed, client-specific information on household composition, income, and assets if relevant to an eligibility determination. Additionally, HCPF may engage with experts in written communication and plain language to test client correspondence against the criteria in the bill. During its annual SMART Act hearing, HCPF must report on its process for improving Medicaid client correspondence.

State Expenditures

This bill increases costs by \$301,476 in FY 2017-18 and \$201,243 in FY 2018-19 and future years, primarily in HCPF. These costs are paid using General Fund, cash funds, and federal funds. Costs will be incurred in the Office of Information Technology to conduct work on

behalf of HCPF. Additionally, costs will be incurred in the Office of Administrative Courts (OAC) in the Department of Personnel and Administration (DPA) for translation services. The impacts of this bill are summarized in Table 1 and described below.

Table 1. Expenditures Under SB 17-121		
Cost Components	FY 2017-18	FY 2018-19
Personal Services	\$49,153	\$67,027
FTE	0.7 FTE	1.0 FTE
Operating Expenses and Capital Outlay Costs	5,464	950
CBMS System Changes	276,329	135,630
<i>CBMS Changes Absorbed in Pool Hours</i>	(276,329)	(135,630)
MMIS System Changes	110,664	0
Client Correspondence Testing	100,000	100,000
Training	11,000	11,000
Outreach	7,500	7,500
Translation Services	8,100	1,350
Centrally Appropriated Costs*	9,595	13,416
TOTAL	\$301,476	\$201,243

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

Personal services. HCPF requires 0.8 FTE in FY 2017-18 and 1.0 FTE in FY 2018-19 for staff to manage changes to client correspondence. The personal services, operating, and capital outlay costs for this staff are broken out in Table 1. Personal services for FY 2017-18 are prorated to account for the General Fund pay date shift and an assumed start date of September 1, 2017.

Computer system changes. Satisfying the reporting requirements of this bill will require changes to the Colorado Benefits Management System (CBMS) and the Medicaid Management Information System (MMIS). These costs will be paid through General Fund, the Hospital Provider Fee Cash Fund, the Old Age Pension Fund, and federal funds.

CBMS. HCPF will have costs of \$276,329 in FY 2017-18 and \$135,630 in FY 2018-19 and in future years to make changes to CBMS. In FY 2017-18 only, HCPF will have one-time costs of \$140,699 to make client-specific information concerning eligibility determinations available electronically. In FY 2017-18 and in future years, the fiscal note assumes five CBMS letters per year will go through client testing and will require modifications. Changing five CBMS letters per year is estimated to take 990 hours of contract programming billed at \$137 per hour, resulting in a total of \$135,630 in FY 2017-18 and future years until updates to client letters are complete. Contractor costs may vary depending on how many letters are completed in a given year. It is assumed that costs for changing letters and making determinations available electronically can be absorbed in the existing annual appropriation for CBMS (CBMS pool hours).

MMIS. Modifications to MMIS are required to make changes to client correspondence concerning medical authorizations and approved benefits. It will take 850 hours of computer programming for a cost of \$110,664 in FY 2017-18 to complete this work.

Client correspondence testing. HCPF requires \$100,000 per year for a contractor to test correspondence with clients prior to making CBMS modifications. This contractor will examine and gather feedback on written communication and plain language with stakeholders to ensure any modifications to correspondence satisfy the requirements of the bill.

Training. It is assumed that HCPF staff will be required to undergo plain language training on an annual basis. The training costs are \$5,500 for a three-day session, and it is assumed that HCPF will hold two sessions per year.

Outreach. It is assumed that HCPF will engage in additional outreach to promote the use of electronic communications. This includes both printed and electronic materials such as posters, flyers, and email communications to direct existing and potential Medicaid clients to use electronic, rather than paper, notifications. This costs \$7,500 per year.

Translation services. The OAC in DPA will have costs of \$8,100 in FY 2017-18 and \$1,350 in FY 2018-19 and in future years for document translation services. The fiscal note assumes that the notice of appeal and notice of hearing will be translated into the top five languages spoken in Colorado in the first year, with one additional language added per year. Funds for FY 2017-18 will come from the General Fund, and every year thereafter funds will be reappropriated from HCPF.

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. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Cost Components	FY 2017-18	FY 2018-19
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$5,191	\$7,410
Supplemental Employee Retirement Payments	4,404	6,006
TOTAL	\$9,595	\$13,416

Local Government Impact

This bill may decrease county workload, assuming that the streamlined communications reduce the number of client inquiries concerning confusing notices.

Effective Date

The bill was signed into law by the Governor on June 2, 2017, and became effective on August 9, 2017.

State Appropriations

For FY 2017-18, the bill requires and includes an appropriation of \$283,781 to the Department of Health Care Policy and Financing and an allocation of 0.7 FTE for use by the Executive Director's office. Of this appropriation, \$95,662 is from the General Fund, \$46,228 is from the Hospital Provider Fee Cash Fund, and \$141,891 is federal funds. This appropriation is broken down as follows:

- \$49,153 is for personal services, of which 16,569 is from General Fund, \$8,007 is from the Hospital Provider Fee Cash Fund, and \$24,577 is federal funds;
- \$23,964 is for operating expenses, of which \$8,078 is from General Fund, \$3,904 is from the Hospital Provider Fee Cash Fund, and 11,982 is federal funds;
- \$100,000 is for general professional services and special projects, of which \$33,710 is from the General Fund, \$16,290 is from the Hospital Provider Fee Cash Fund, and \$50,000 is federal funds; and
- \$110,664 is for Medicaid Management Information System maintenance and projects, of which \$37,305 is from the General Fund, \$18,027 is from the Hospital Provider Fee Cash Fund, and \$55,332 is federal funds.

For FY 2017-18, the bill requires and includes an appropriation of \$8,100 of General Fund to the Department of Personnel and Administration for use by the Office of Administrative Courts.

State and Local Government Contacts

Counties	Health Care Policy and Financing
Human Services	Information Technology
Law	Legislative Council Staff
Personnel and Administration	State Auditor