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REVISED FISCAL NOTE

(replaces fiscal note dated March 26, 2018)

Drafting Number: LLS 18-1104
Prime Sponsors: Rep. Young, Sen. Lambert

Date: April 2, 2018
Bill Status: Senate Appropriations
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Bill Topic: SUPPORT FOR TRANSITION FROM INSTITUTIONAL SETTINGS

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

This bill requires the Department of Health Care Policy and Financing to provide support and services to Medicaid clients transitioning from an institutional setting to a home- or community-based setting. Overall, this bill decreases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2018-19, the bill requires a net reduction in appropriations of \$684,116 to the Department of Health Care Policy and Financing and an increase to the Department of Local Affairs of \$306,000.

Fiscal Note Status: This fiscal note reflects the reengrossed bill and has been revised to include new information on housing voucher costs. The bill was recommended by the Joint Budget Committee and is part of its FY 2018-19 budget package.

Table 1
State Fiscal Impacts Under HB 18-1326

Table with 5 columns: Category, FY 2018-19, FY 2019-20, FY 2020-21, FY 2021-22. Rows include Revenue, Expenditures (General Fund, Federal Funds, Total), Total FTE, Transfers, and TABOR Refund.

Summary of Legislation

This bill requires the Department of Health Care Policy and Financing (HCPF) to provide support and services to Medicaid clients transitioning from an institutional setting to a home- or community-based setting. The bill sets forth the requirements for a Medicaid client to receive transitional services and specifies that clients may receive services including:

- intensive case management;
- household set-up;
- home-delivered meals;
- peer mentorship; and
- independent living skills training.

HCPF is required to establish rules for community transition services and supports, including caps on assistance to fit within available appropriations. Starting November 1, 2019, and continuing each November 1 thereafter, HCPF must submit a report to the Joint Budget Committee and health committees of the General Assembly on the supports and services provided under this transition assistance program.

Background

Currently, HCPF has established a federal demonstration project, Colorado Choice Transitions (CCT), to assist Medicaid clients who are interested in transitioning out of long-term care facilities back into home- and community-based settings. This federal demonstration is scheduled to expire on December 31, 2018, at which time additional clients cannot be enrolled in transition services. This bill continues key aspects of this federal demonstration project as a state-authorized program.

State Expenditures

Under the bill, HCPF will have increased costs to provide transition services and decreased costs to provide nursing home care, resulting in an overall reduction in expenditures, as shown in Table 2.

**Table 2
 Expenditures Under HB 18-1326**

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Health Care Policy and Financing				
Administration	\$337,500	-	\$240,310	\$458,159
Transition Services	\$679,892	\$1,345,089	\$1,391,009	\$1,438,749
Community-Based Services	\$1,060,132	\$3,174,213	\$5,332,531	\$7,511,556
Nursing Home Utilization	(\$2,761,640)	(\$8,362,654)	(\$13,688,868)	(\$18,823,082)
FTE – Personal Services	-	-	2.1 FTE	5.0 FTE
HCPF - Subtotal	(\$684,116)	(\$3,843,352)	(\$6,725,018)	(\$9,414,618)

**Table 2
 Expenditures Under HB 18-1326 (Cont.)**

Department of Local Affairs				
Housing Vouchers	\$306,000	\$899,640	\$1,472,880	\$2,025,720
DOLA - Subtotal	\$306,000	\$899,640	\$1,472,880	\$2,025,720
Total Cost	(\$378,116)	(\$2,943,712)	(\$5,252,138)	(\$7,388,898)
Total FTE	-	-	2.1 FTE	5.0 FTE

Community transition services. As shown in Table 2, HCPF will have costs to administer the program and to provide transitional services. Costs are assumed to begin on January 1, 2019, after the current federal demonstration ends. Costs are based on 79 Medicaid clients transitioning from an institutional to a community setting, and 3.6 percent of clients who transition are estimated to return to institutional care annually. Transition service costs are estimated to be \$1.0 million in FY 2018-19, which will increase to \$7.5 million in FY 2021-22.

Nursing home savings. As shown in Table 2, savings from reduced nursing home utilization are expected to exceed the costs of the transitional services. Thus, the initiative is expected to result in net savings. Nursing home savings are estimated to be \$2.8 million in FY 2018-19, which will increase to \$18.8 million in FY 2021-22.

Housing vouchers. To assist low-income clients in their transition to the community, the Department of Local Affairs, in coordination with HCPF, will provide housing vouchers to clients. Voucher costs are estimated at \$306,000 in FY 2018-19, which will increase to \$2.0 million in FY 2021-22.

Effective Date

The bill takes effect July 1, 2018.

State Appropriations

For FY 2018-19, the bill requires and includes the following appropriations to HCPF:

- a decrease of \$1,384,496 for Medical Service Premiums, of which \$692,248 is from the General Fund and \$692,248 is federal funds;
- an increase of \$337,500 for the Medicaid Management Information System, of which \$33,750 is from the General Fund and \$303,750 is federal funds; and
- an increase of \$362,880 for adult comprehensive services, of which \$181,440 is from the General Fund and \$181,440 is federal funds.

The bill also requires a General Fund appropriation of \$306,000 to the Department of Local Affairs for housing vouchers. The reengrossed bill includes a General Fund appropriation of \$202,256 to DOLA.

State and Local Government Contacts

Counties
Human Services
Local Affairs

Health Care Policy and Financing
Information Technology